

Regulatory and Other Measures

March 2009

RBI/2008-09/407 Ref. No. UBD.PCB.Cir.No. 54/13.05.000/2008-09 dated March 9, 2009

The Chief Executive officers of all Primary (Urban) Co-operative Banks

Agricultural Debt Waiver and Debt Relief Scheme, 2008 – Prudential Norms on Income Recognition, Asset Classification, Provisioning and Capital Adequacy

Please refer to our circular UBD.PCB.Cir.No. 5/13.05.000/08-09 dated July 30, 2008 and UBD.PCB.Cir.No. 27/13.05.000/08-09 dated November 17, 2008 on the captioned subject.

2. In this regard, we advise that under the captioned scheme, the Government of India has since decided to extend the last date of repayment of first instalment by the "other farmers" under the Debt Relief Scheme from September 30, 2008 to March 31, 2009. The dates of payment of second and third instalments remain unchanged at March 31, 2009 and June 30, 2009. All other terms of the aforesaid circulars remain unchanged.

3. It is also clarified that the additional period of one month from the pre-specified due dates, permitted to the farmers eligible under the Debt Relief Scheme, for paying their share of the settlement, without affecting the standard asset classification status of the relevant account, shall be available only for the first two instalments *viz.* those due on March 31, 2009. However, no grace period is allowed for the last instalment and the entire share of the farmer is payable by June 30, 2009 itself, in order to maintain the eligibility of the 'other farmers' for Debt Relief Scheme and to retain the standard asset classification status.

RBI/2008-09/403 Ref. No. UBD.PCB. BPD.
No. 53 /13.05.000 / 2008-09 dated March
6, 2009

The Chief Executive Officer of all Primary
(Urban) Co-operative Banks

Prudential Guidelines on Restructuring of Advances by UCBs.

Please refer to the prudential
guidelines on income recognition, asset
classification and provisioning in respect of
restructured accounts issued to Urban
Cooperative Banks on November 12, 2001.
As part of announcement made by the
Hon'ble Finance Minister in 2005, separate
guidelines were also issued for restructuring
of debt of all eligible Small and Medium
Enterprises (SMEs) in order to improve the
flow of credit to the small scale sector.

2. In view of the current economic
downturn and the spillover effects of the
global recession on the Indian economy
particularly from September 2008 onwards,
which has created stress on liquidity and
payments for the otherwise viable units/
activities, certain modifications in the
guidelines are considered necessary. The
matter has been reviewed and it has now
been decided to introduce revised
guidelines on restructuring of advances and

also realign the extant instructions on the
Debt Restructuring Mechanism for SMEs.

3. The revised guidelines on restructuring
of advances are enclosed. These guidelines
are in supercession of all the guidelines
issued on the subject so far and will be
applicable to all accounts restructured after
the date of issue of the circular.

RBI/2008-09/445 Ref. No. MPD.BC. 321/
07.01.279/ 2008-09 dated April 21, 2009

All Schedule Banks [excluding Regional Rural
Banks] and Primary Dealers

Standing Liquidity Facilities for Banks and Primary Dealers

Please refer to the Reserve Bank's
Annual Policy Statement 2009-2010 dated
April 21, 2009, in terms of which the fixed
repo rate under the Liquidity Adjustment
Facility (LAF) has been reduced by 25 basis
points from 5.0 per cent to 4.75 per cent with
immediate effect.

Accordingly, the Standing Liquidity
Facilities provided to banks (export credit
refinance) and Primary Dealers (PDs)
(collateralised liquidity support) from the
Reserve Bank would be available at the
revised repo rate, *i.e.*, at 4.75 per cent with
effect from April 21, 2009.