

August 9, 2004

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

Dear Sir,

Sanction of Temporary Overdraft Facilities (TODs) and Cheque Purchase Facilities

It has come to our attention that some primary urban co-operative banks are indulging in sanction of temporary overdraft facilities/cheque purchase facilities, which are unsecured in nature, much beyond the prescribed limits.

2. In this connection we invite your attention to our directive No.UBD.BPD.PCB. DIR.6/13.05.00/2002 dated April 29, 2003 on maximum limit on advances – limit on unsecured advances to single borrower/connected group and advise that the banks should scrupulously follow the instructions contained therein. Please note that violations, if any, will be viewed seriously and would also attract the provisions of Section 46/47 of the B.R. Act 1949 (As Applicable to Co-operative Societies),

3. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully

sd/-

(N.S. Vishwanathan)
Chief General Manager