

RBI/2005-06/52
UBD.DS. Cir.No.3/13.05.00/2005-06

July 13, 2005

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

Dear Sir/Madam,

**Maximum Limit on advances-Limits on credit exposure to
individuals /group of borrowers - UCBs**

Please refer to our circular UBD.DS. Cir.No.44/13.05.00/2004-05 dated April 15, 2005 on the above subject advising banks to fix the prudential exposure limits at 15 per cent and 40 per cent of the 'Capital Funds' in case of single borrower and group of borrowers respectively. 'Capital Funds' for the purpose of prudential exposure norm include bank's capital funds both Tier I and Tier II Capital as defined in the annexure enclosed thereto.

2. It is advised that banks which have any difficulty in implementing the revised exposure norms for sanction of fresh advances owing to the impact of past accumulated losses should approach the Reserve Bank explaining the issues involved and with specific proposals for its consideration.

3. Please acknowledge receipt of the circular to the concerned Regional Office of the Reserve Bank.

Yours faithfully

(A.K.Khound)
General Manager