

RBI/2007-08/273

UBD. PCB.Cir No. 38 / 09.14.000/ 2007-08

April 2, 2008

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

Dear Sir/Madam,

Income recognition, asset classification and provisioning norms-UCBs

Please refer to our circular UBD. PCB. Cir No. 38/ 09.14.000/ 2006-07 dated April 30, 2007 on the above subject wherein *inter alia* the 180 day loan delinquency norm for NPAs was extended by one year i.e. up to March 31, 2008 for Tier I UCBs. Further, for Tier I banks the 12-month period for classification of a substandard asset in doubtful category was made effective from April 1, 2008.

2. We have been receiving representations from UCBs and their federations for further extension of the cut-off date and on a review it has been decided that the 180 day loan delinquency norm for NPAs may be extended by one more year i.e. up to March 31, 2009 for Tier I UCBs. It has also been decided that the 12-month period for classification of a substandard asset in doubtful category by Tier I banks may be made effective from April 1, 2009 instead of April 1, 2008.

3. The classification of Tier I UCBs for the above purpose shall be as defined vide our circular UBD (PCB).Cir.No.35 /09.20.001/07-08 dated March 7, 2008

Yours faithfully,

(A.K Khound)
Chief General Manager-in-charge