

November 14, 2008

All Scheduled Commercial Banks  
(Excluding RRBs and LABs)

Dear Sirs,

**Asset Classification Norms for  
Infrastructure Projects under Implementation**

Please refer to the paragraph 4.2.18 (iv) of the Master Circular DBOD.No.BP.BC. 20/21.04.048/2008-09 dated July 1, 2008, on prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, which, lays down norms on the captioned subject.

2. In terms of these norms, for the infrastructure projects also, financed by the banks / FIs after May 28, 2002, the date of completion of the project should be clearly spelt out at the time of financial closure of the project. In such cases, w.e.f. March 31, 2008, if the date of commencement of commercial production / operation extends beyond a period of two years after the date of completion of the infrastructure project, as originally envisaged at the time of initial financial closure of the project, the account should be treated as a substandard asset. Thus, if a project is approaching the said two-year period, the banks are expected to undertake a viability study of the project to assess its eligibility for restructuring and if necessary, consider restructuring the asset to ensure that the asset quality is maintained. In case the project needs to be restructured, the restructuring would be governed by our circular DBOD.No.BP.BC.No.37/21.04.132/2008-09 dated August 27, 2008 on Prudential Guidelines on Restructuring of Advances by Banks. These guidelines also provide for special regulatory treatment for asset classification of the restructured account provided the conditions stipulated therein are complied with.

3. It has been represented to us that there are occasions when the completion of infrastructure projects gets delayed for legal and other extraneous reasons. The Indian Banks' Association (IBA) has furnished us a list of seven such projects where the commencement of production / operation has already been considerably delayed and has sought special regulatory treatment for their asset classification. The list of such projects is furnished in the Annex.

4. The request of the IBA has been examined. We advise that the banks may undertake a fresh financial viability study of these projects in order to assess their eligibility for restructuring. In case the projects are found eligible for restructuring and the banks concerned chose to undertake their restructuring, it has been decided, as a one-time measure, having regard to the current market developments, that the aforesaid seven projects under implementation, upon restructuring as per our aforesaid circular dated August 27, 2008, would be categorised in 'standard' category even if the account was NPA at the time of such restructuring provided such restructuring package is implemented within a period of six months from the date of this circular. All other extant norms relating to IRAC and restructuring of advances remain unchanged.

5. It may be noted that the restructuring of the remaining loan portfolio of the banks would continue to be subject to the guidelines contained in our aforesaid circular dated August 27, 2008.

Yours faithfully

(Vinay Bajjal)  
Chief General Manager

**Annex to the Circular DBOD.No.BP.BC. 84 /21.04.048/2008-09  
dated November 14, 2008**

**List of Projects eligible for special regulatory treatment under the RBI's restructuring  
guidelines of August 27, 2008  
if restructured within six months from the  
date of the Circular (viz., November 14, 2008)**

- 1) Nandi Economic Corridor enterprises Ltd.  
(Road Project and Township)
- 2) GVK Industries Ltd.  
(Gas-based Power Project – Phase –II)
- 3) Gautami Power Ltd.  
(Gas-based Power Project)
- 4) Konaseema Gas Power Ltd.  
(Gas-based Power Project)
- 5) New Tirupur Area Development Corporation  
(Development of Tirupur Area)
- 6) Vemagiri Power Generation Ltd.  
(Gas-based Power Project)
- 7) Delhi Gurgaon Super Connectivity Ltd.