

November 17 , 2008

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

Dear Sir/Madam,

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

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

2. In this regard we advise that under the captioned scheme, the Government of India has since decided to pay interest on the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> instalments, payable by July 2009, July 2010, and July 2011 respectively, at the prevailing Yield to Maturity Rate on 364-day Government of India Treasury Bills. The interest will be paid on these instalments from the date of the reimbursement of the first instalment (i.e. November 2008) till the date of the actual reimbursement of each instalment.

3. In view of the above, in supersession of the instructions contained in paragraphs 2.2 to 2.7, 3.2 (a), and 3.4 to 3.8 of the Annex to the aforesaid circular, it has been decided that the banks need not make any provisions for the loss in Present Value (PV) terms for moneys received only from the Government of India, for the accounts covered under the Debt Waiver Scheme and Debt Relief Scheme. All other conditions in the aforesaid circular remain unchanged.

Yours faithfully,

**(Sathyan David)**  
General Manager