

November 17, 2008

Regional Rural Banks

Dear Sir,

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

Please refer to our circular RPCD.CO.RRB.No.BC.18 /03.05.072/2008-09 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 2nd, 3rd, and 4th installment, 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 installment (i.e. November 2008) till the date of the actual reimbursement of every installment.

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 aforesaid circular, it has been decided that the RRBs need not make any provisions for the loss in Present Value (PV) terms for moneys receivable only from the Government of India, for the accounts covered under the Debt Waiver Scheme and the Debt Relief Scheme. All other conditions in the aforesaid circular remain unchanged

Yours faithfully,

(G.Srinivasan)
Chief General Manager-in-Charge.