

November 17, 2008

All State Co-operative Banks (StCBs) and
District Central Co-operative Banks (DCCBs)

Dear Sir,

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

Please refer to our circular RPCD.CO.RF.BC.No.17/07.38.03/2008-09 dated July 30,
2008 on the captioned subject.

2. We advise that the Government of India has since decided to pay interest on the second and subsequent instalment/s of the 'eligible amount' under the captioned scheme, 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 aforesaid circular, it has been decided that the banks 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