



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2009-10/249

UBD.BPD(PCB).Cir No. 29 /09.11.600/2009-10

December 8 , 2009

Chief Executive Officer  
All Primary (Urban) Cooperative Banks

Dear Sir,

**Second Quarter Review of Monetary Policy for the Year 2009-10 -  
Provisioning Requirement for Standard Assets**

Please refer to paragraph 158 of the Second Quarter Review of Monetary Policy for the year 2009-10 announced on October 27, 2009 (copy of the paragraph enclosed).

2. In terms of paragraph 2(a) of our circular [UBD.PCB.Cir.No 29 / 09.11.600 / 2008-09](#) dated December 1, 2008, the provisioning requirements for all types of standard assets in case of Tier II UCBs had been reduced to a uniform level of 0.40 per cent except in the case of direct advances to Agriculture and SME sectors which continued to attract a provisioning of 0.25 per cent. Tier I UCBs were also advised to make a general provision of 0.25% on all their standard assets.

3. In view of large increase in credit to the Commercial Real Estate (CRE) sector over the last one year and the extent of restructured advances in this sector, it would be prudent to build cushion against likely non-performing assets (NPAs). Accordingly, it has now been decided to increase the provisioning requirement for advances to the CRE sector classified as 'standard assets' to 1.00 per cent.

4. The standard asset provisioning requirements for all categories, after the above change, are summarised below

Sr. No	Category of Standard Asset	Rate of Provisioning	
		Tier II	Tier I
(a)	Direct advances to Agriculture and SME sectors	0.25 %	0.25%
(b)	Commercial Real Estate (CRE) sector	1.00 %	1.00%
(c)	All other loans and advances not included in (a) and (b) above	0.40%	0.25%

Yours faithfully,

(A.K. Khound)  
Chief General Manager

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**Paragraph 158 of the Second Quarter Review  
of Monetary Policy for the year 2009-10**

In view of large increase in credit to the commercial real estate sector over the last one year and the extent of restructured advances in this sector, it would be prudent to build cushion against likely non-performing assets (NPAs). Accordingly, it is proposed to increase the provisioning requirement for advances to the commercial real estate sector classified as 'standard assets' from the present level of 0.40 per cent to 1 per cent.

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बैंक हिन्दी में पत्राचार का स्वागत करता है ।