



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2008-09/440

UBD.PCB.Cir.No. 61/09.18.201 / 2008-09

April 21, 2009

The Chief Executive Officer of
All Primary (Urban) Cooperative Banks

Dear Sir / Madam

Instruments for Augmenting Capital Funds - UCBs

Please refer to the guidelines on issue of preference shares enclosed to our circular [UBD.PCB.Cir.No.4 / 09.18.201 / 08-09](#) dated July 15, 2008.

2. It has been decided to partially modify Para (A) 2.7 (b) & (c) and Para (B) 2.8.1 (d) & (e) and Para 2.8.2 of the guidelines (Annex-1) which will read as follows:

A. Guidelines on Perpetual Non-Cumulative Preference shares (PNCPS) – Annex-1

2.7 Payment of Dividend

(b) The dividend shall not be cumulative, ie., dividend missed in a year will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum. When **dividend is paid at a rate less than the prescribed rate, the unpaid amount will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum.**

(c) All instances of non payment of dividend / **payment of a dividend at a lesser rate than prescribed** in consequence of conditions as at (a) above should be reported by the issuing banks to the Chief General Manager-in-Charge of Urban Banks Department, Central Office of the Reserve Bank of India, Mumbai.



B. Guidelines on Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)

2.8 Payment of coupon

(d) In the case of PCPS and RCPS the unpaid / **partly unpaid** coupon will be treated as a liability. The interest amount due and remaining unpaid may be allowed to be paid in later years subject to the bank complying with the above requirements.

(e) In the case of RNCPS, deferred coupon will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum. **The bank can however pay a coupon at a rate lesser than the prescribed rate, if adequate profit is available and the level of CRAR conforms to the regulatory minimum.**

2.8.2 All instances of non payment of interest / **payment of interest at a lesser rate than prescribed rate** should be notified by the issuing banks to the Chief General Manager-in-Charge of Urban Banks Department, Central Office of the Reserve Bank of India, Mumbai.

3. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully

(Uma Shankar)
Chief General Manager

शहरी बैंक विभाग, केन्द्रीय कार्यालय, गारमेंट हाउस, पहली मंजिल, डॉ.ए.बी.रोड, वरली, मुंबई - 400 018, भारत
फोन: 022 - 2493 9930 - 49; फैक्स: 022 - 2497 4030 / 2492 0231; ई मेल: rbiubdco@rbi.org.in

Urban Banks Department, Central Office, Garment House, 1 Floor, Dr.A.B.Road, Worli, Mumbai - 400018, India
Phone: 022 - 2493 9930 - 49; Fax: 022 - 2497 4030 / 2492 0231; Email: rbiubdco@rbi.org.in

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