



भारतीय रिज़र्व बँक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2008-09/498

RPCD.CO.RF.BC.No.113/07.37.02/2008-09

June 16, 2009

All State Co-operative Banks (StCBs) and
Central Co-operative Banks (CCBs)

Dear Sir,

Income recognition, asset classification, provisioning and other related matters

Short-term agricultural advances as well as advances for other purposes are granted by State Co-operative Banks/Central Co-operative Banks to Central Co-operative Banks/Primary Agricultural Credit Societies respectively for the purpose of on-lending. As per extant instructions contained in paragraph 2 of the Annexure to our circular RPCD.No.BC.155/ 07.37.02/95-96 dated June 22, 1996, out of such advances granted under on-lending system, only that particular facility which becomes irregular is treated as NPA and not all other facilities granted to them.

2. On a review, it has been decided to extend the above concession to all other credit societies under on-lending system, in addition to Primary Agricultural Credit Societies. However, in respect of all **direct** loans and advances granted to a borrower, all such loans will become NPA even if one loan account becomes NPA, as hitherto.

3. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully,

(B.P.Vijayendra)
Chief General Manager