

The Chief Executive Officer of all
Primary (Urban) Co-operative Banks

Dear Sir / Madam,

Prudential Guidelines on Restructuring of Advances by UCBs.

Please refer to the prudential guidelines on income recognition, asset classification and provisioning in respect of restructured accounts issued to Urban Cooperative Banks on November 12, 2001. As part of announcement made by the Hon'ble Finance Minister in 2005, separate guidelines were also issued for restructuring of debt of all eligible Small and Medium Enterprises (SMEs) in order to improve the flow of credit to the small scale sector.

2. In view of the current economic downturn and the spillover effects of the global recession on the Indian economy particularly from September 2008 onwards, which has created stress on liquidity and payments for the otherwise viable units / activities, certain modifications in the guidelines are considered necessary. The matter has been reviewed and it has now been decided to introduce revised guidelines on restructuring of advances and also realign the extant instructions on the Debt Restructuring Mechanism for SMEs.

3. The [revised guidelines](#) on restructuring of advances are enclosed. These guidelines are in supercession of all the guidelines issued on the subject so far and will be applicable to all accounts restructured after the date of issue of the circular.

4. Please acknowledge receipt to the Regional Office concerned.

Yours faithfully,

(A.K Khound)
Chief General Manager-in-Charge
Encls: As Above.