



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
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RBI/2020-21/23

DoR (PCB). BPD. Cir. No.1/13.05.001/2020-21

August 12, 2020

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

Madam / Dear Sir,

**System-based asset classification - UCBs**

Please refer to the [Master Circular DCBR.BPD. \(PCB\) MC No.12/09.14.000/2015-16 dated July 1, 2015](#) containing consolidated instructions on income recognition, asset classification, provisioning and other related matters.

2. In order to improve the efficiency, transparency and integrity of the asset classification process, it has been decided to implement system-based asset classification<sup>1</sup> in urban co-operative banks (UCBs). The relevant instructions in this regard are as under:

2.1 UCBs having total assets of ₹2000 crore or above as on March 31, 2020 shall implement system-based asset classification with effect from June 30, 2021.

2.2 UCBs having total assets of ₹1000 crore or above but less than ₹2000 crore as on March 31, 2020 and having self-assessed themselves as being under Level III or Level IV in terms of the [circular DoS.CO/CSITE/BC.4083/31.01.052/2019-20 dated December 31, 2019](#) on Comprehensive Cyber Security Framework for UCBs shall implement system-based asset classification with effect from September 30, 2021.

2.3 UCBs which meet the above criteria as at the end of the current or subsequent financial years shall implement system-based asset classification within a period of six months from the end of the financial year concerned.

2.4 For smooth implementation of the system, all concerned UCBs may conduct pilot/parallel run and evaluate the results for accuracy/integrity of the asset classification in compliance with the applicable RBI instructions so as to ensure that they are ready for implementation of the system-based asset classification from the appointed date.

<sup>1</sup> 'System-based asset classification' would mean asset classification (downgrading as well as upgrading) carried out by the CBS / computerized systems of the bank in an automated manner on an ongoing basis, based on the relevant RBI instructions/guidelines.

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बैंक हिन्दी में पत्राचार का स्वागत करता है -

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिये कोई भी व्यक्तिगत जानकारी जैसे बैंक खाते का न्यौरा, पासवर्ड आदि नहीं माँगा जाता है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी प्रकार से जवाब मत दीजिए।

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It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.

3. UCBs not meeting the above criteria are also encouraged to voluntarily implement the system-based asset classification in their own interest.

Yours faithfully,

(Neeraj Nigam)  
Chief General Manager