

Chairman  
**Vidyadhar Anaskar**  
M.Com., D.T.L., D.L.L. & L.W., LL.B.

Vice Chairman  
**Ramakant Khetan**  
B.Sc., LL.B.

Chief Executive & Secretary  
**Sou. Sayali Bhoir**  
B.Com., G.D.C. & A., LL.B., C.A.I.I.B



## The Maharashtra Urban Co-op. Banks' Federation Ltd.

(Regd. No. BOM-GNL-8 of 9th March 1979)

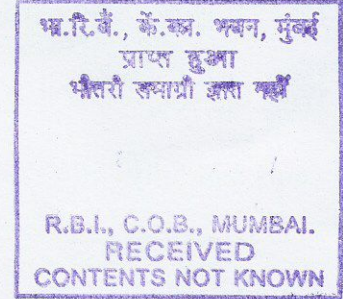
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No. 074 / RBI / 2016-17  
March 9, 2017

To

Shri N.S. Vishwanathan  
Deputy Governor,  
Reserve Bank of India  
Central Office Building,  
19<sup>th</sup> Floor, Shahid Bhagat Singh Road,  
Mumbai-400 001.

9/3/17



**Sub: Post Demonetization effect: Revisiting of FSWM Criteria for UCBs**

Respected sir,

As per RBI's circular No. DCM (PLG) No. 1226/10.27.00/2016-17 dated November 8, 2016 on demonetization of old high value bank notes of ₹ 500/- and ₹ 1000/-, our member UCBs had also accepted SBNs in various accounts including loan accounts of their customers. As a result the loan portfolio of almost all UCBs has been reduced to a considerable extent. Besides, due to contagion effect of demonetization, there is recession in the market and hardly any credit off take. Further, many banks have also reported us that they had not done any banking activities during demonetization drive. All the departments of loans and advances, recovery etc. were practically closed. Banks' profitability is therefore under strain. Several businesses, traders, farmers, artisans, vegetable vendors are drastically affected and are unable to repay their dues.

This combined effect of decrease in loan portfolio particularly standard loans, no demand for fresh credit facilities and inability of existing borrowers to repay their loans, has affected adversely on the Gross NPAs of almost all UCBs. Consequently their percentage level of Gross NPAs has exceeded 7%.