

4

DIRECTORATE OF COOPERATIVE AUDIT:ORISSA:BHUBANESWAR,

No. 2164 (16)/VI(4)99/03-Audit-2-Dated: 12-4-2004

To

All Asst. Auditor General of Coop.  
Societies of Circles.

Sub: Income recognition, Asset Classification  
and Provisioning-Adoption of 90 days  
norm by U.C.Banks and Utkal Coop. Banking  
Society Ltd.

Sir,

Your attention is drawn to the R.B.I. Circular No. UBD No. B & D.I. PCB.12/12.05.05/2001-2002 dt. 5.10.2001 on the subject above, wherein it has been stipulated that the 90 days norm for income recognition of loan impairment will be extended to the Urban Cooperative Banks in the State from the year ending 31.3.2004 to get along with the international best practices and to ensure better financial status and transparency. The said Circular instructions have already been communicated to you vide this office Memo No. 4034 dt. 6.7.2002.

As the modified norm on income recognition, asset classification and provisioning thereof prescribed by R.B.I. is to be adopted by the Primary Urban Coop. Banks and the Utkal Coop. Banking Society Ltd. from the year ending 31.3.2004, they are to make provisions for all such loans remaining overdue for more than 90 days instead of 180 days as stipulated earlier with effect from 31.3.2004 and the audited financial statements have to reflect the asset classification and provisioning as per the modified norm prescribed by R.B.I. from the year 2003-2004.

Therefore, while examining the status of assets of the Primary Urban Coop. Banks and Utkal Coop. Banking Coop. Society Ltd. and making provisions on non-performing assets, the aforesaid modified norms to this effect should be followed scrupulously by the concerned auditors from the year 2003-2004. It is, therefore, decided that the concurrent auditors have to furnish a certificate in proof of adoption of 90 days norm for income recognition, asset classification and provisioning thereof by the Bank(s) in the audit report of the respective U.C. Banks/Branches in the manner prescribed below.

Contd....2....

424

"Certified that the Bank has adopted 90 days norm for Income recognition and Asset classification and made adequate provision for all such loans remaining overdue for more than 90 days as per R.B.I. Circular instructions No. UBD No. B & D I. PCB.12/12.05.05/2001-02 dt. 5.10.2001 and D.C.A. Circular No. 4034 dt. 6.7.2002 to this effect.

Signature of the Concurrent-Auditor/ Final Auditor.

As such, you are all requested to instruct the Concurrent Auditors of Urban Coop. Banks under your control for doing the needful and ensure that the above Certificate is furnished below the NPA Statement of Concurrent/Interim audit report of the concerned branch bank for the year 2003-04 and onwards positively. Also, the final auditor of the Bank as well as the Asst. A.G.C.S. themselves are instructed to furnish a Similar Certificate to this effect and the same be furnished below the N.P.A. Statement of the Final Audit Report of the concerned Bank for the year 2003-2004.

Yours faithfully,

*Mar Pankaj*  
Auditor General  
Coop. Societies, Orissa. 17/1/2004

Memo No. 2165 (17)/Dt. 12.11.2004

Copy forwarded to the Secretaries of all Urban Coop. - Banks/Chief Executive of Utkal Coop. Banking Society Ltd. for information and necessary action.

*[Signature]*  
Joint Auditor General of C.S.(O).

Copy to Guard file/  
5 spare copies.

M.M/-8.4.2004.

*S/e*

*Audit - 2*