The Chairman/ Managing Director/
Chief Executive Officer
[All scheduled commercial banks
(excluding Regional Rural Banks)]

Madam/ Dear Sir,

Priority Sector Lending-Treatment of Contingent Liabilities – Clarifications

It has come to notice that some banks have included contingent liabilities/off-balance sheet items as part of priority sector target achievement. In this connection, we clarify that this is not in conformity with priority sector lending guidelines. Therefore, banks are advised to declassify such accounts with retrospective effect, where a contingent liability / off-balance sheet item is treated as a part of priority sector target achievement.

2. We also clarify that all types of loans, investments or any other item which are treated as eligible for classifications under priority sector target/ sub-target achievement should also form part of Adjusted Net Bank Credit.

Yours faithfully,

(A. K. Misra)
General Manager

Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.