

**Loans and advances to staff – assignment of
risk weight and treatment in the balance sheet**

DBOD.No. BP.BC.83/21.01.002/2000 / 2001

February 28, 2001

To All Scheduled Commercial Banks
(excluding RRBs and LABs)

Dear Sir,

**Loans and advances to staff – assignment of
risk weight and treatment in the balance sheet**

Please refer to our Circular DBOD.No.BP.BC.15/21.01.002/2000 dated August 7, 2000 on the captioned subject. On reconsideration of the matter on the basis of representations received from the banks/IBA, it has been decided as under :

a) **Risk weight on Staff Advances**

Banks should, henceforth, assign 20 per cent risk weight on all loans and advances granted to their staff which are fully covered by superannuation benefits and mortgage of flat/house.

b) **Treatment in Balance Sheet**

Banks should, henceforth, include all interest bearing loans and advances granted to their staff, under “Advances” in Schedule 9 of the Balance Sheet. However, all non-interest bearing loans and advances to their own staff should be included in “Others” (item v) under “Other Assets” in Schedule 11 of the Balance Sheet.

Please acknowledge receipt.

Yours faithfully,

(B.Mahapatra)
General Manager