

**Risk Weight on Deposits placed with SIDBI / NABARD
in lieu of shortfall in lending to Priority Sector**

Ref.DBOD.BP.BC. 110 /21.01.002/2000-01

April 20, 2001

All Scheduled Commercial Banks (excluding RRBs)

Dear Sir,

**Risk Weight on Deposits placed with SIDBI / NABARD
in lieu of shortfall in lending to Priority Sector**

Please refer to our circular DBOD.No.BP.BC.91/21.01.002/2000-01 dated March 22, 2001 clarifying that all deposits placed with NABARD / SIDBI in lieu of shortfall in advances to priority sector vis-à-vis the prescribed target would attract 100% risk weight since these deposits are in lieu of shortfall in assets which carry 100% risk weight.

2. It has been brought to our notice that some banks are finding it difficult to implement the above instruction for the year ended March 31, 2001, as the circular was issued on March 22, 2001 and banks did not get sufficient time to plan their capital adequacy requirement. Taking into consideration the difficulties faced by banks, it is advised that banks which face problems in this regard may approach us and their representation will be considered by us on a case to case basis.

Yours faithfully,

(M.R. Srinivasan)
Chief General Manager-in-Charge