

**Inter-branch Accounts –
Provisioning for Net Debit Balance**

DBOD No.BP.BC. 17 /21.04.018/2001-02

August 24, 2001

All Scheduled Commercial Banks
(excluding RRBs & LABs)

Dear Sir,

Inter-branch Accounts –
Provisioning for Net Debit Balance

Please refer to our circular DBOD No.BP.BC.22 /21.04.018/99 dated March 24,1999 wherein banks were advised that from the year ended March 31, 1999 they should make 100 per cent provision for the net debit position in their Inter-branch Accounts, arising out of the unreconciled entries (both debit and credit) outstanding for more than three years as on March 31 every year. To expedite the process of reconciliation, the period allowed for making provision against the net debit balance in the inter-branch accounts was brought down from three years to two years from the year ended 31 March 2001 vide our circular DBOD No.BP.BC. 133 /21.04.018/2000 dated January 10, 2000.

2. It may be recalled that in terms of the instructions issued vide circular DBOD.No.114/16.01.001/93 dated April 28, 1993, the banks are required to reconcile the inter-branch entries within a period of six months. With this end in view and to provide urgency to the efforts needed on the part of the banks to comply with these instructions, it has been decided to further reduce the period allowed for making provision against the net debit balance in the inter-branch accounts **from two years to one year from the year ending 31 March 2002.**

3. Accordingly, banks should arrive at the category-wise net position of unreconciled entries outstanding in the inter-branch accounts for more than one year as on March 31, 2002 and make a provision equivalent to 100 percent of the aggregate net debit under all categories. While doing so, it may be ensured that:

- (i) the credit balance in the Blocked Account created in terms of our instructions contained in circular DBOD No BP BC 73/21.04.018/98 dated July 27, 1998 is also taken into account; and
- (ii) net debit in one category is not set-off against net credit in another category.

Yours faithfully,

(B.Mahapatra)
General Manager