

Limit of Unsecured Guarantees and Advances

DBOD.No.BP.BC. 47 /21.04.141/2002-03

December 13, 2002

All Foreign Banks in India.

Dear Sir,

Limit of Unsecured Guarantees and Advances

Please refer to paragraph 2.2 of our master circular DBOD.No.Dir.BC.07/ 13.03.00/ 2002-03 dated July 26, 2002, in terms of which banks are required to limit their commitments by way of unsecured guarantees in such a manner that 20 per cent of a bank's outstanding unsecured guarantees together with its total of outstanding unsecured advances should not exceed 15 per cent of its total outstanding advances. However, certain types of unsecured advances as indicated in paragraph 2.3 of the master circular referred to above are excluded from the total of unsecured advances while applying the above norm.

2. It has been decided that unsecured advances granted by the branches of foreign banks in India which are backed by the guarantees of their overseas branches may not be taken into account for the purpose of computing the limit on unsecured guarantees and advances.

3. Please acknowledge receipt.

Yours faithfully,

Sd/-

(*M.R.Srinivasan*)

Chief General Manager-in-Charge