

RBI/2004-05/178

RPCD. Plan. BC. No. 33 /04.09.01/2004-05

September 15, 2004

The Chairman/ Managing Director/ Chief Executive Officer

(All scheduled commercial banks)

Dear Sir,

Priority Sector Lending – Classification of advances

It has come to our notice that some banks have been classifying the advances to food and agro-based processing sector units, whose investment in plant & machinery is above Rs. 5 crore, as also housing loans exceeding Rs. 10 lakh, under priority sector. Such a classification is not in conformity with the guidelines contained in the Master Circular dated July 20, 2004 on Lending to Priority Sector.

2. Banks are, therefore, advised to classify the advances made by them to various sectors within the priority sector strictly as per the guidelines contained in the Master Circular on Lending to Priority Sector.

3. We shall be glad if you please issue necessary instructions to your controlling offices/branches for appropriate action.

4. Please acknowledge receipt.

Yours faithfully,

(C. S. Murthy)

Chief General Manager-in-Charge