

RBI/2006-07/131

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September 20, 2006

**All Commercial Banks
(excluding RRBs)**

Dear Sir,

**Banks' exposure to entities for setting up Special
Economic Zones (SEZs) / Acquisition of units in SEZs**

Keeping in view the current market conditions, it has been decided that the exposure of banks to entities for setting up Special Economic Zones (SEZs) or for acquisition of units in SEZs which includes real estate would be treated as exposure to commercial real estate sector with immediate effect and banks would have to make provisions as also assign appropriate risk weights for such exposures as per the existing guidelines.

Yours faithfully,

(Prashant Saran)
Chief General Manager-in-Charge