

Loans and Advances –Statutory and Other Restrictions

DBOD No. Dir. BC. 9/13.03.00/2002-03

July 29, 2002
Shravana 7, 1924(S)

Chief Executives of all Scheduled Commercial Banks
(excluding RRBs & LABs)

Dear Sir,

Master Circular-Loans and Advances –Statutory and Other Restrictions

Please refer to the Master Circular DBOD. No. Dir.BC. 11/13.03.00/2001-02 dated 13th August 2001 consolidating the instructions/guidelines issued to banks till 30th June 2001 relating to statutory and other restrictions on Loans and Advances. The Master Circular has been suitably updated by incorporating the instructions issued up to 30th June 2002 and has been placed on the RBI website (<http://www.rbi.org.in>)

2. It may be noted that all the instructions contained in circulars listed in Part A of the Appendix as well as in the relevant paragraphs indicated in Column 5 of the Part B of the Appendix have been consolidated. We advise that this revised Master Circular supersedes the instructions contained in these circulars issued by the RBI.

Yours faithfully

(M.R.Srinivasan)
Chief General Manager

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LOANS AND ADVANCES – STATUTORY AND OTHER RESTRICTIONS

I. STATUTORY RESTRICTIONS

1.1 Advances against bank's Own Shares

In terms of Section 20(1) of the Banking Regulation Act, 1949, a bank cannot grant any loans and advances on the security of its own shares.

1.2 Advances to bank's Directors

Section 20(1) of the Banking Regulation Act, 1949 also lays down the restrictions on loans and advances to the Directors and the firms in which they hold substantial interest.

- 1.2.1 The banks are prohibited from entering into any commitment for granting any loans or advances to or on behalf of any of its directors, or any firm in which any of its directors is interested as partner, manager, employee or guarantor, or any company (not being a subsidiary of the banking company or a company registered under Section 25 of the Companies Act, 1956, or a Government company) of which, or the subsidiary or the holding company of which any of the directors of the bank is a director, managing agent, manager, employee or guarantor or in which he holds substantial interest, or any individual in respect of whom any of its directors is a partner or guarantor.
- 1.2.2 There are certain exemptions in this regard. In the explanation to the Section, 'loans or advances' **shall not** include any transaction which the Reserve Bank may specify by general or special order as not being a loan or advance for the purpose of this Section. While doing so the RBI shall, keep in view the nature of the transaction, the period within which, and the manner and circumstances in which, any amount due on account of the transaction is likely to be realised, the interest of the depositors and other relevant considerations.
- 1.2.3 If any question arises whether any transaction is a loan or advance for the purpose of this Section, it shall be referred to RBI, whose decision thereon shall be final.
- 1.2.4 For the above purpose, the term 'loans and advances' **shall not include** the following :-
 - (a) loans or advances against Government securities, life insurance policies or fixed deposits.
 - (b) loans or advances to the Agricultural Finance Corporation Ltd.
 - (c) such loans or advances as can be made by a banking company to any of its directors (who immediately prior to becoming a director, was an employee of the banking company) in his capacity as an employee of that banking company and on the same terms and conditions as would have been applicable to him as an employee of that banking company, if he had not become a director of the banking company. The banking company includes every bank to which the provisions of Section 20 of the Banking Regulation Act, 1949 apply.
 - (d) such loans or advances as are granted by the banking company to its Chairman and Chief Executive Officer, who was not an employee of the banking company immediately prior to his appointment as Chairman/ Managing Director/CEO, for the purpose of purchasing a car, personal computer, furniture or constructing/ acquiring a house for his personal use and Festival Advance, with the prior approval of the RBI and on such terms and conditions as may be stipulated by it.
 - (e) such loans or advances as are granted by a banking company to its whole-time director for the purpose of purchasing furniture, car, personal Computer or constructing/acquiring house for personal use, Festival advance with the prior approval of RBI and on such terms & conditions as may be stipulated by it.
 - (f) call loans made by banking companies to one another.

- (g) facilities like bills purchased/discounted (whether documentary or clean and sight or usance and whether on D/A basis or D/P basis), purchase of cheques, other non-fund based facilities like acceptance/co-acceptance of bills, opening of L/Cs and issue of guarantees, purchase of debentures from third parties etc.
- (h) For obtaining the prior approval of the Reserve Bank as stipulated in clause (d) and (e) above, the bank should make an application to the concerned regional office of the Bank.

1.2.5 Purchase of or discount of bills from directors and their concerns which is in the nature of clean accommodation is reckoned as 'loans and advances' for the purpose of Section 20 of the Banking Regulation Act, 1949.

1.2.6 As regards giving guarantees and opening of L/Cs on behalf of bank's directors, it is pertinent to note that in the event of the principal debtor committing default in discharging his liability and the bank being called upon to honour its obligations under the guarantee or L/C, the relationship between the bank and the director could become one of the creditor and debtor. Further, it is possible for the directors to evade the provisions of Section 20 by borrowing from a third party against the guarantee given by the bank. Such transactions may defeat the very purpose of restrictions imposed under Section 20, if the bank does not take appropriate steps to ensure that the liabilities there under do not devolve on them.

1.2.7 In view of the above, while extending non-fund based facilities such as guarantees, L/Cs, acceptance on behalf of directors and the companies/firms in which the directors are interested, it should be ensured that -

- (a) Adequate and effective arrangements have been made to the satisfaction of the bank that the commitments would be met by the openers of L/Cs, or acceptors, or guarantors out of their own resources,
- (b) The bank will not be called upon to grant any loan or advance to meet the liability consequent upon the invocation of guarantee, and
- (c) No liability would devolve on the bank on account of LCs/ acceptances.

1.2.8 In case, such contingencies arise as at (b) & (c) above, the bank will be deemed to be a party to the violation of the provisions of Section 20 of the Banking Regulation Act, 1949.

1.2.9 *Restrictions on Power to Remit Debts*

Section 20A of the Banking Regulation Act, 1949 stipulates that notwithstanding anything to the contrary contained in Section 293 of the Companies Act, 1956, a banking company shall not, except with the prior approval of the Reserve Bank, remit in whole or in part any debt due to it by -

- (a) any of its directors, or
- (b) any firm or company in which any of its directors is interested as director, partner, managing agent or guarantor, or
- (c) any individual, if any of its director is his partner or guarantor.

Any remission made in contravention of the provisions stated above shall be void and have no effect.

1.3 **Restrictions on Holding Shares in Companies**

- 1.3.1 In terms of Section 19(2) of the Banking Regulation Act, 1949, the banks should not hold shares in any company except as provided in sub-section (1) whether as **pledgee**, **mortgagee** or absolute owner, of an amount exceeding 30 percent of the paid-up share capital of that company or 30 percent of its own paid-up share capital and reserves, whichever is less.
- 1.3.2 Further, in terms of Section 19(3) of the Banking Regulation Act, 1949, the banks should not hold shares whether as **pledgee**, **mortgagee** or **absolute owner**, in any company in the management of which any managing director or manager of the bank is in any manner concerned or interested.
- 1.3.3 Accordingly, while granting loans and advances against shares, statutory provisions contained in Sections 19(2) and (3) should be strictly observed.

1.4 **Restrictions on Credit to Companies for Buy-back of their Securities**

In terms of Section 77A(1) of the Companies Act, 1956, the companies are permitted to purchase their own shares or other specified securities out of their -

- ? free reserves, or
- ? securities premium account, or
- ? the proceeds of any shares or other specified securities.

subject to compliance of various conditions specified in the Companies (Amendment) Act, 1999. Therefore, the banks should not provide loans to companies for buy-back of shares/securities.

2. **REGULATORY RESTRICTIONS**

2.1 **Granting loans and advances to relatives of Directors**

Without prior approval of the Board or without the knowledge of the Board, no loans and advances should be granted to relatives of Bank's Chairman/Managing Director or other Directors, Directors (including Chairman/Managing Director) of other banks and their relatives, Directors of Scheduled Co-operative Banks and their relatives, Directors of Subsidiaries/Trustees of Mutual Funds/Venture Capital Funds set up by the financing banks or other banks as per details given below

2.1.1 *Lending to directors and their relatives on reciprocal basis*

There have been instances where certain banks have developed an informal understanding or mutual/reciprocal arrangement among themselves for extending credit facilities to each other's directors, their relatives, etc. By and large, they did not follow the usual procedures and norms in sanctioning credit limits to the borrowers, particularly those belonging to certain groups or directors, their relatives, etc. Facilities far in excess of the sanctioned limits and concessions were allowed in the course of operation of individual accounts of the parties. Although, there is no legal prohibition on a bank from giving credit facilities to a director of some other banks or his relatives, serious concern was expressed in Parliament that such *quid pro quo* arrangements are not considered to be ethical. The banks should, therefore, follow the guidelines indicated below in regard to grant of loans and advances and award of

contracts to the relatives of their directors and directors of other banks and their relatives:

2.1.2 Unless sanctioned by the Board of Directors/Management Committee, banks should not grant loans and advances aggregating Rs. 25 lakhs and above to -

- (a) directors (including the Chairman/Managing Director) of other banks *;
- (b) any firm in which any of the directors of other banks * is interested as a partner or guarantor; and
- (c) any company in which any of the directors of other banks * holds substantial interest or is interested as a director or as a guarantor.

2.1.3 Unless sanctioned by the Board of Directors/Management Committee, banks should also not grant loans and advances aggregating Rs. 25 lakhs and above to -

- (a) any relatives of their own Chairmen/Managing Directors or other Directors;
- (b) any relatives of the Chairman/Managing Director or other directors of other banks *;
- (c) any firm in which any of the relatives as mentioned in (a) & (b) above is interested as a partner or guarantor; and
- (d) any company in which any of the relatives as mentioned in (a) & (b) above hold substantial interest or is interested as a director or as a guarantor.

*** including directors of Scheduled Co-operative Banks, directors of subsidiaries/trustees of mutual funds/venture capital funds.**

2.1.4 The proposals for credit facilities of an amount less than Rs.25 lakh to these borrowers may be sanctioned by the appropriate authority in the financing bank under powers vested in such authority, but the matter should be reported to the Board.

2.1.5 The Chairman/Managing Director or other director who is directly or indirectly concerned or interested in any proposal should disclose the nature of his interest to the Board when any such proposal is discussed. He should not be present in the meeting unless his presence is required by the other directors for the purpose of eliciting information and director so required to be present **shall not vote** on any such proposal.

The above norms relating to grant of loans and advances will equally apply to awarding of contracts.

2.1.6 The scope of the term 'relative' will be as under:

- ? Spouse
- ? Father
- ? Mother (including step-mother)
- ? Son (including step-son)
- ? Son's Wife
- ? Daughter (including step-daughter)
- ? Daughter's Husband
- ? Brother (including step-brother)

- ? Brother's wife
 - ? Sister (including step-sister)
 - ? Sister's husband
 - ? Brother (including step-brother) of the spouse
 - ? Sister (including step-sister) of the spouse
- 2.1.7 The term 'loans and advances' will not include loans or advances against -
- ? Government securities
 - ? Life insurance policies
 - ? Fixed or other deposits
 - ? Stocks and shares
 - ? Temporary overdrafts for small amount, i.e. upto Rs. 25,000/-
 - ? Casual purchase of cheques upto Rs. 5,000 at a time
 - ? Housing loans, car advances, etc. granted to an employee of the bank under any scheme applicable generally to employees.
- 2.1.8 The term 'substantial interest' shall have the same meaning as assigned to it in Section 5(ne) of the Banking Regulation Act, 1949.
- 2.1.9 Banks should evolve, *inter alia*, the following procedure for ascertaining the interest of a director of a financing bank or of another bank, or his relatives, in credit proposals/award of contracts placed before the Board/Committee or other appropriate authority of the financing banks.
- (i) Every borrower should furnish a declaration to the bank to the effect that -
 - (a) (where the borrower is an individual) he is not a director or specified near relation of director of a banking company;
 - (b) (where the borrower is a partnership firm) none of the partners is a director or specified near relation of a director of a banking company; and
 - (c)(where the borrower is a joint stock company) none of its directors, is a director or specified near relation of a director of a banking company.
 - (ii) The declaration should also give details of the relationship of the borrower to the director of the bank.
- 2.1.10 In order to ensure compliance with the instructions, banks should forthwith recall the loan when it transpires that the borrower has given a false declaration.
- 2.1.11 The above guidelines should also be followed while granting loans/ advances or awarding contracts to directors of scheduled co-operative banks or their relatives.
- 2.1.12 These guidelines should also be followed by banks when granting loans and advances and awarding of contracts to directors of subsidiaries/trustees of mutual funds/venture capital funds set up by them as also other banks.
- 2.1.13 These guidelines should be duly brought to the notice of all directors and also placed before the bank's Board of Directors.

2.2 Restrictions on Grant of Loans & Advances to Officers and the Relatives of Senior Officers of Banks

2.2.1 The statutory regulations and/or the rules and conditions of service applicable to officers or employees of public sector banks indicate, to a certain extent, the precautions to be observed while sanctioning credit facilities to such officers and employees and their relatives. In addition, the following guidelines should be followed by all the banks with reference to the extension of credit facilities to officers and the relatives of senior officers:

(i) *Loans & advances to officers of the bank*

No officer or any Committee comprising, *inter alia*, an officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to his/her relative. Such a facility shall ordinarily be sanctioned only by the next higher sanctioning authority. Credit facilities sanctioned to senior officers of the financing bank should be reported to the Board.

(ii) *Loans and advances and award of contracts to relatives of senior officers of the bank*

Proposals for credit facilities to the relatives of senior officers of the bank sanctioned by the appropriate authority should be reported to the Board. Further, when a credit facility is sanctioned by an authority, other than the Board to -

? any firm in which any of the relative of any senior officer of the financing bank holds substantial interest, or is interested as a partner or guarantor; or

? any company in which any of the relative of any senior officer of the financing bank holds substantial interest, or is interested as a director or as a guarantor,

Such transaction should also be reported to the Board.

2.2.2 The above norms relating to grant of credit facility will equally apply to the awarding of contracts.

2.2.3 *Application of the Guidelines in case of Consortium Arrangements*

In the case of consortium arrangements, the above norms relating to grant of credit facilities to relatives of senior officers of the bank will apply to the relatives of senior officers of all the participating banks.

2.2.4 *Scope of certain expressions*

(i) The scope of the term 'relative' is same as mentioned at para 2.1.6

(iii) The term 'Senior Officer' will refer to -

(a) any officer in senior management level in Grade IV and above in nationalised bank, and

(b) any officer in equivalent scale in

? State Bank of India and associate banks, and

? in any banking company incorporated in India.

(iv) The term 'credit facility' will not include loans or advances against -

(a) Government securities

(b) Life Insurance policies

- (c) fixed or other deposits
- (d) temporary overdrafts for small amount i.e. upto Rs. 25,000/-, and
- (e) casual purchase of cheques upto Rs. 5,000/- at a time.
- (v) Credit facility will also not include loans and advances such as housing loans, car advances, consumption loans, etc. granted to an officer of the bank under any scheme applicable generally to officers.
- (vi) The term 'substantial interest' shall have the same meaning assigned to it in Section 5(ne) of the Banking Regulation Act, 1949.

2.2.5 In this context, banks may, *inter alia*,

- (i) evolve a procedure to ascertain the interest of the relatives of a senior officer of the bank in any credit proposal/award of contract placed before the Board Committee or other appropriate authority of the financing bank.
- (ii) obtain a declaration from every borrower to the effect that -
 - (a) if he is an individual; that he is not a specified near relation to any senior officer of the bank,
 - (b) if it is a partnership or HUF firm; that none of the partners, or none of the members of the HUF, is a near specified relation of any senior officer of the bank, and
 - (c) if it is a joint stock company; that none of its directors, is a relative of any senior officer of the bank.
- (iii) ensure that the declaration gives details of the relationship, if any, of the borrower to any senior officer of the financing bank.
- (iv) make a condition for the grant of any credit facility that if the declaration made by a borrower with reference to the above is found to be false, then the bank will be entitled to revoke and/or recall the credit facility.
- (v) consider in consultation with their legal advisers, amendments, if any, required to any applicable regulations or rules, *inter alia*, dealing with the service conditions of officers of the bank to give effect to these guidelines.

2.3 Restrictions on Grant of Financial Assistance to Industries Producing/Consuming Ozone Depleting Substances (ODS)

2.3.1 Government of India has advised that as per the Montreal Protocol, to which India is a party, Ozone Depleting Substances (ODS) are required to be phased out as per schedule prescribed therein. The list of chemicals given in *Annexure 1 & 2* to the Montreal Protocol is annexed for ready reference. The Protocol has identified the main ODS and set time limit on phasing out their production/consumption in future, leading to a complete phase out eventually. Projects for phasing out ODS in India are eligible for grants from the Multilateral Fund. The sectors covered in the phase out programme are given below:

Sector	Type of substance
Foam products	Chlorofluoro carbon - 11 (CFC - 11)
Refrigerators and Air-conditioners	CFC - 12
Aerosol products	Mixtures of CFC - 11 and CFC - 12

Sector	Type of substance
Solvents in cleaning applications	CFC - 113 Carbon Tetrachloride, Methyl Chloroform
Fire extinguishers	Halons - 1211, 1301, 2402

2.3.2 The banks should not extend finance for setting up of new units consuming/producing above ODS. In this connection, a reference may be made to the circular No. FI/12/96-97 dated 16.02.96 issued by Industrial Development Bank of India to banks advising that no financial assistance should be extended to small/medium scale units engaged in the manufacture of the aerosol units using CFC and that no refinance would be extended to any project assisted in this sector.

2.4 Restrictions on Advances against Sensitive Commodities under Selective Credit Control (SCC)

2.4.1 Issue of Directives

(i) With a view to preventing speculative holding of essential commodities with the help of bank credit and the resultant rise in their prices, in exercise of powers conferred by Section 21 & 35A of the Banking Regulation Act, 1949, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest to do so, issues, from time to time, directives to all commercial banks, stipulating specific restrictions on bank advances against specified sensitive commodities.

(ii) The commodities, generally treated as sensitive commodities are the following:

- (a) food grains i.e. cereals and pulses,
- (b) selected major oil seeds indigenously grown, viz. groundnut, rapeseed/mustard, cottonseed, linseed and castorseed, oils thereof, vanaspati and all imported oils and vegetable oils,
- (c) raw cotton and kapas,
- (d) sugar/gur/khandsari,
- (e) cotton textiles which include cotton yarn, man-made fibres and yarn and fabrics made out of man-made fibres and partly out of cotton yarn and partly out of man-made fibres.

2.4.2 Commodities currently exempted from Selective Credit Control

(i) Presently the following commodities are exempted from **all the stipulations** of Selective Credit Controls:

Sr. No.	Commodity	Exemption w.e.f.
1.	Pulses	21.10.1996
2.	Other food grains (viz. course grains)	21.10.1996
3.	Oilseeds (viz. groundnut, rapeseed/mustard, cotton seed, linseed, castorseed)	21.10.1996
4.	Oils (viz. groundnut oil, rapeseed oil, mustard oil, cottonseed oil, linseed oil, castor oil) including vanaspati	21.10.1996
5.	All imported oil seeds and oils	21.10.1996

Sr. No.	Commodity	Exemption w.e.f.
6.	Sugar, including imported sugar, excepting buffer stocks and unreleased stock of sugar with Sugar Mills	21.10.1996
7.	Gur and Khandsari	21.10.1996
8.	Cotton and Kapas	21.10.1996
9.	Paddy/Rice	18.10.1994
10.	Wheat *	12.10.1993
* Temporarily covered under SCC w.e.f. 8.4.97 to 7.7.97.		

Banks are free to fix prudential margins on advances against these sensitive commodities.

2.4.3 Commodities covered under Selective Credit Control

(i) Presently, the following commodities are covered under stipulations of Selective Credit Control:

- (a) Buffer stock of sugar with Sugar Mills
- (b) Unreleased stocks of sugar with Sugar Mills representing
 - ? levy sugar, and
 - ? free sale sugar

2.4.4 Stipulations of Selective Credit Control

(i) Margin on sugar

Commodity	Minimum Margin	With effect from
(a) Buffer stocks of sugar	0%	01.04.1987
(b) Unreleased stocks of sugar with Sugar Mills representing -		
? Levy sugar	10%	22.10.1997
? free sale sugar	@	10.10.2000

@ Margins on credit for free sale sugar will be decided by banks **including RRBs and LABs** based on their commercial judgement.

(ii) Valuation of sugar stocks

- (a) The unreleased stocks of levy sugar charged to banks as security by the sugar mills shall be valued at levy price fixed by Government.
- (b) The unreleased stocks of free sale sugar including buffer stocks of sugar charged to the bank as security by the sugar mills, shall be valued at the average of the price realised in the preceding three months (moving average) or the current market price, whichever is lower; the prices for this purpose shall be **exclusive of excise duty**.

(iii) Interest rates

With effect from 18.10.1994, the banks have the freedom to fix lending rates for the commodities coming within the purview of Selective Credit Control.

(iv) Other operational stipulations

- (a) The other operational stipulations vary with the commodities. These stipulations are advised whenever Selective Credit Control are reintroduced for any specific sensitive commodities.
- (b) Although, none of the earlier stipulations are currently applicable to the only sensitive commodity covered under Selective Credit Control viz. buffer stocks and unreleased stocks of levy/free sale sugar with Sugar Mills, yet these are reproduced in the *Annexure 3* for understanding there from the underlying objectives of Selective Credit Control so that the banks do not allow the customers dealing in Selective Credit Control commodities any credit facilities which would directly or indirectly defeat the purpose of the directives.

(v) Delegation of powers

- (a) The matter relating to delegation of powers with regard to approval of credit proposals relating to sensitive commodities coming under Selective Credit Control has been reviewed and it has been decided that with effect from 23 November 2000 the existing practice of banks' submitting credit proposals above Rs. 1 crore to Reserve Bank of India for its prior approval under Selective Credit Control shall be discontinued and banks will have the freedom to sanction such credit proposals in terms of their individual loan policies. Accordingly, banks need not forward the credit proposals above Rs. 1 crore in respect of borrowers dealing in sensitive commodities to Reserve Bank of India for its prior approval.
- (b) The banks are also advised to circulate these instructions among their controlling offices/branches and take all necessary steps to ensure that the powers delegated at various levels are exercised with utmost caution without sacrificing the broad objectives of the Selective Credit Control concept.

3. RESTRICTIONS ON OTHER LOANS AND ADVANCES

3.1 Loans and Advances against Shares, Debentures and Bonds

Banks are required to strictly observe regulatory restrictions on grant of loans and advances against shares, debentures and bonds which are detailed in the Master Circular on '*Bank Finance Against Shares and Debentures*'

The restrictions, *inter alia*, on loans and advances against shares and debentures, are :-

- (a) No loans to be granted against partly paid shares.
- (b) No loans to be granted to partnership/proprietorship concerns against the primary security of shares and debentures.

(cf para 2 of Circular 13 at Part B of Appendix)

- (c) Banks and their subsidiaries should not undertake financing of 'Badla' transactions.

(cf para 4 of Circular 4 at Part B of Appendix)

3.2 Advances against Money Market Mutual Funds

All the guidelines issued by the Reserve Bank of India on Money market Mutual funds have been withdrawn and the banks are to be guided by the SEBI Regulations in this regard. However the banks/ FIs which are desirous of setting up MMMFs

would however have to take necessary clearance from the RBI for undertaking this additional activity before approaching SEBI for registration.

3.3 Advances against Fixed Deposit Receipts (FDRs) Issued by Other Banks

There have been instances where fake term deposit receipts purported to have been issued by some banks were used for obtaining advances from other banks. In the light of these happenings, the banks should desist from sanctioning advances against FDRs, or other term deposits of other banks.

3.4 Advances to Agents/Intermediaries based on Consideration of Deposit Mobilisation

Banks should desist from being party to unethical practices of raising of resources through agents/intermediaries to meet the credit needs of the existing/prospective borrowers or from granting loans to the intermediaries, based on the consideration of deposit mobilisation, who may not require the funds for their genuine business requirements.

3.5 Loans against Certificate of Deposits (CDs)

Banks cannot grant loans against CDs.

3.6 Bank Finance to Non-Banking Financial Companies (NBFCs)

- (i) Banks should not grant any finance to NBFCs for the following activities:
 - (a) Bills discounted/rediscounted by NBFCs except for rediscounting of bills discounted by NBFCs arising from sale of commercial vehicles (including light commercial vehicles as well as two-wheelers and three-wheelers).
 - (b) Investments made by NBFCs in shares, debentures, etc. of a current nature, i.e., stock-in-trade except for stock broking companies which may be provided need based credit against shares and debentures held by them.
 - (c) Investments of NBFCs in and advances to subsidiaries, group companies or other entities.
 - (d) Investments of NBFCs in other companies and inter-corporate loans/deposits to/in other companies.
- (ii) Banks should not grant Bridge Loans to NBFCs/RNBCs or loans of a bridging nature in any form to these companies, including against capital/debenture issues.

3.7 Bank Finance to Equipment Leasing Companies

Banks should not enter into any lease agreements departmentally with equipment leasing companies as well as other non-banking financial companies engaged in equipment leasing. For the purpose of computation of bank finance for equipment leasing companies as well as other non-banking financial companies engaged in equipment leasing, lease rental receivables arising out of sub-leasing of an asset by such companies should be excluded.

3.8 Bank Finance for Purchase/Lease of Existing Assets

Banks should desist from extending finance against existing assets whether by way of term loans for purchase of such assets or by way of finance to leasing companies for purchase and re-lease of such assets.

3.9 Financing of Infrastructure Projects

- (i) Banks should not provide finance for construction of buildings meant purely for Government/Semi-Government offices, including Municipal and Panchayat offices which are funded out of budgetary allocations.
- (ii) In respect of infrastructural projects undertaken by public sector undertakings registered under Companies Act or a Corporation established under the relevant statute, banks should not provide term loans in lieu of or to substitute budgetary resources envisaged for the project. The term loans may only supplement the budgetary resources, if such supplementing was contemplated in the project design. While such public sector units may include Special Purpose Vehicles (SPV) registered under the Companies Act for financing infrastructure projects, it should be ensured by the banks and financial institutions that these loans /investments are not used for financing the budget of the state governments. Banks and financial institutions should undertake due diligence on the viability and bankability of such projects to ensure that the revenue stream from the project is sufficient to take care of the debt servicing obligations and repayment/servicing of the project is out of budgetary resources. They should ensure that the funding proposals are for specific monitorable projects other than those being implemented by the state Governments.
- (iii) These instructions will also be applicable to housing projects which are in the nature of infrastructural development projects.
- (iv) In case of housing projects which the government is interested in promoting either for weaker sections or otherwise a part of the project cost may be met by the Government through subsidies made available and/or contributions to the capital of the institution taking up the project. In such cases bank finance should be restricted to the project cost excluding the amount of subsidy/ capital contribution from the Government. The bank should ensure the commercial viability of the project.

3.10 Issue of Bank Guarantees in favour of Financial Institutions

- (i) Banks are precluded from issuance of guarantees favouring financial institutions, other banks and/or other lending agencies for the loans extended by the latter, as it is intended that the primary lender should appraise and assume the risk associated with sanction of credit and not pass on the risk by securing itself with a guarantee. The following exceptions are permitted:
 - (a) Issuance of guarantee in favour of IDBI, in the case of import of technical know-how by way of drawings and designs under the Technical Development Scheme of the IDBI, under certain circumstances and where no tangible security is available to IDBI.
 - (b) In respect of infrastructure projects, banks may issue guarantees favouring other lending institutions, provided the bank issuing the guarantee takes a funded share in the project at least to the extent of 5 percent of the project cost and undertakes normal credit appraisal, monitoring and follow up of the project.

- (c) Issuance of guarantees in favour of various Development Agencies/Boards, like Indian Renewable Energy Development Agency, National Horticulture Board, etc. for obtaining soft loans and/or other forms of development assistance from such Agencies/Boards with the objective of improving efficiency, productivity, etc., subject to the following conditions:
 - ? Banks should satisfy themselves, on the basis of credit appraisal, regarding the technical feasibility, financial viability and bankability of individual projects and/or loan proposals i.e. the standard of such appraisal should be the same, as is done in the case of a loan proposal seeking sanction of term finance/loan.
 - ? Banks should conform to the prudential exposure norms prescribed from time to time for an individual borrower/group of borrowers.
 - ? Banks should suitably secure themselves before extending such guarantees.
- (d) Issue of guarantees favouring HUDCO/State Housing Boards and similar bodies for loans granted by them to private borrowers who are unable to offer clean or marketable title to property, provided banks are otherwise satisfied about the capacity of borrowers to adequately service such loans.
- (e) Issuance of guarantees by consortium member banks unable to participate in rehabilitation packages on account of temporary liquidity constraints, in favour of the banks which take up their share of the limit.
- (ii) Banks should not grant co-acceptance/guarantee facilities under Buyers Lines of Credit Schemes introduced by IDBI, SIDBI, Exim Bank, Power Finance Corporation (PFC) or any other financial institution, unless specifically permitted by the RBI.

3.11 Discounting/Rediscounting of Bills by Banks

- (i) Only bills covering purchase of raw material/inventory for production purpose and sale of goods should be discounted by banks. Bills covering payments of electricity charges, customs duty, hire-purchase/lease rental instalments, sale of securities and other type of financial accommodation should not be discounted by banks.
- (ii) Accommodation bills should never be discounted by the banks. The underlying trade transactions should be clearly identified and proper record thereof should be maintained at the branches discounting the bills.
- (iii) Banks should be circumspect while discounting bills drawn by front finance companies set up by large industrial groups or other group companies.
- (iv) Bills rediscount should be restricted to usance bills held by other banks. The banks should not rediscount the bills earlier discounted by non-banking financial companies, except bills discounted by NBFCs arising from sale of commercial vehicles including light commercial vehicles, two wheelers as well as three wheelers subject to compliance of normal lending safeguards. Banks should not provide any rediscount facilities to finance companies.

{cf para 3 (iii), (iv), (v) & (vii) of Circular 16 at Part B of Appendix}.

3.12 Advances against Gold/Silver Bullion

- (i) Banks should not grant any advance against gold bullion.
- (ii) Banks should desist from granting advances to the silver bullion dealers which are likely to be utilised for speculative purposes.
- (iii) Banks should desist from giving loans to finance 'Badla' transactions in silver (i.e. buying silver ready and selling forward to earn interest).

3.13 Loans and advances to Small Scale Industries

SSI units having working capital limits of up to Rs 5 crore from the banking system are to be provided working capital finance computed on the basis of 20 percent of their projected annual turnover. The banks should adopt the simplified procedure in respect of all SSI units (new as well as existing).

(cf para 1 of Circular 6 at Part B of Appendix)

3.14 Loan system for delivery of bank credit

In the case of borrowers with working capital limit of Rs 10 crore or above (fund based) from the banking system, the minimum level of loan component shall be 80 percent. If the borrower desires to avail of a higher percentage of loan component, this can be agreed to by the bank. In the case of borrowers with working capital limits of less than Rs 10 crore, banks may persuade them to go in for loan system by offering them an incentive in the form of a lower rate of interest on the loan component as compared to the cash credit component. However the Board of the bank can decide on the method of lending to a particular industry and to exempt from the loan system of credit delivery.

(cf para 2 of Circular 8 & para 1 of Circular 7 at Part B of Appendix).

3.15 Working Capital Finance to Information Technology and software industry

Following the recommendations of the “National Task force on Information Technology and Software development “ Reserve Bank has framed guidelines for extending working capital to the said industry. The banks are however free to modify the guidelines based on their own experience without reference to the Reserve Bank of India to achieve the purpose of the guidelines in letter and spirit. The salient features of these guidelines are set forth below:

- ? The banks may consider sanction of working capital limits based on the track record of the promoters group affiliation, composition of the management team and their work experience as well as the infrastructure.
- ? In the case of the borrowers with working capital limits of up to Rs 2 crore, assessment may be made at 20 percent of the projected turnover. However in other cases, the banks may consider assessment of MPBF on the basis of the monthly cash budget system. For the borrowers enjoying working capital limits of Rs 10 crore and above from the banking system the guidelines regarding the loan system would be applicable.
- ? Banks can stipulate reasonable amount as promoters’ contribution towards margin.

- ? Banks may obtain collateral security wherever available. First/ second charge on current assets if available may be obtained.
- ? The rate of interest as prescribed for general category of borrowers may be levied. Concessional rate of interest as applicable to pre shipment/post shipment credit may be levied.
- ? Banks may evolve tailor made follow up system for such advances. The banks could obtain quarterly statements of cash flows to monitor the operations. In case the sanction was not made on the basis of the cash budgets, they can devise a reporting system as they deem fit.
(cf para 2 , 3(b), (e), (f), (g), (i) of Circular 5 at Part B of Appendix)

Annexure 1

Master Circular
LOANS AND ADVANCES – STATUTORY AND OTHER RESTRICTIONS

List of Controlled Substances

(Vide paragraph 2.3.1)

Group	Substance	Ozone Depleting Potential *
Group I		
CFCl ₃	(CFC-11)	1.0
CF ₂ Cl ₂	(CFC-12)	1.0
C ₂ F ₃ Cl ₃	(CFC-113)	0.8
C ₂ F ₄ Cl ₂	(CFC-114)	1.0
Cl	(CFC-115)	0.6
Group II		
CF ₂ BrCl	(halon-1211)	3.0
CF ₃ Br	(halon-1301)	10.0
C ₂ F ₄ Br ₂	(halon-2402)	6.0
* These ozone depleting potentials are estimated based on existing knowledge and will be reviewed and revised periodically.		

Annexure 2

Master Circular
LOANS AND ADVANCES – STATUTORY AND OTHER RESTRICTIONS

List of Controlled Substances

(Vide paragraph 2.3.1)

Group	Substance	Ozone Depleting Potential
Group I		
CF ₃ Cl	(CFC-13)	1.0
CF ₂ Cl ₅	(CFC-111)	1.0
C ₂ F ₂ Cl ₄	(CFC-112)	1.0
C ₂ FCl ₇	(CFC-211)	1.0
C ₂ F ₂ Cl ₆	(CFC-212)	1.0
C ₃ F ₃ Cl ₅	(CFC-213)	1.0
C ₃ F ₄ Cl ₄	(CFC-214)	1.0
C ₃ F ₅ Cl ₃	(CFC-215)	1.0
C ₃ F ₆ Cl ₂	(CFC-216)	1.0
C ₃ F ₇ Cl	(CFC-217)	1.0
Group II		
CCl ₄	Carbon Tetrachloride	1.1
Group III		
C ₂ H ₃ Cl ₃ *	1,1,1 - trichloroethane (methyl chloroform)	0.1
* This formula does not refer to 1,1,2 - trichloroethane.		

Annexure 3

Master Circular
LOANS AND ADVANCES – STATUTORY AND OTHER RESTRICTIONS
Selective Credit Control
Other Operational Stipulations
[Vide paragraph 2.4.4 (iv)]

1. The banks should not allow the customers dealing in Selective Credit Control commodities any credit facilities which would directly or indirectly defeat the purpose of the directive. Advances against book debts/receivables and collateral securities like LIC policies, shares and stocks and real estate should not be considered in favour of such borrowers.
2. Although advances against security of or by way of purchase of demand documentary bills drawn in connection with the movement of the Selective Credit Control

commodities are exempted, the bank should ensure that the bills offered have arisen out of actual movement of goods by verifying the relative invoices as also the receipts issued by transport operators, etc.

3. Usance bills arising out of sale of Selective Credit Control commodities should not be discounted except to the extent specifically permitted in the directives issued.
4. Clean Telegraphic Transfer Purchase facility may be allowed to a reasonable extent on certain conditions specified in the directives.
5. Priority sector advances are also covered by/under Selective Credit Control directives.
6. Where credit limits have been sanctioned against the security of more than one commodity and/or any other type of security, the credit limits against each commodity should be segregated and the restrictions contained in the directives made applicable to each of such segregated limit.
7. The banks are free to determine the rate of interest in respect of advances covered under Selective Credit Control directives.
8. The bank could grant loans to borrowers dealing in Selective Credit Control commodities, provided the term loans are used for the purpose of acquiring block assets like plant & machinery and normal appraisal and other criteria are followed by the banks.
9. Reserve Bank of India authorises limits to the Food Corporation of India and State Governments for procurement of foodgrains; at prices fixed by the Government of India, for the Central Pool and for the distribution of the same under the Public Distribution System (PDS). As the limits are authorised without margin, credit cannot be drawn against credit sales, book debts, Government subsidies, etc.
10. The banks should refer to the directives on Selective Credit Control measures issued by RBI from time to time.

Appendix

Part A(i)

Master Circular

LOANS AND ADVANCES – STATUTORY AND OTHER RESTRICTIONS

List of Circulars consolidated by the Master Circular

No.	Circular No.	Date	Subject	Para No.
1.	DBOD/FSC/BC.145/24.01.013-2000	07.03.2000	Guidelines relating to Money Market Mutual Funds(MMMF)	3.2
2.	DBOD.No.Dir.CS.BC.2/13.07.05/ 99-2000	16.08.99	Restriction on Credit to Companies for Buy-back of its Securities	1.4
3.	DBOD.No.26/08.95.005/ 99	01.04.99	Section 20 of the Banking Regulation Act, 1949 - General Order	1.2.4
4.	DBOD.No.BC.11/08.95.005/98-99	15.02.99	Section 20 of the Banking Regulation Act, 1949 - Special Order/General Order	1.2.4
5.	DBOD.No.938/08.95.005/99	08.02.99	General Order	1.2.4
6.	DBOD.No.Dir.BC.107/13.07.05/98-99	11.11.98	Rediscounting of Bills by Banks	3.11

No.	Circular No.	Date	Subject	Para No.
7.	DBOD.No.415/08.95.005/98	29.09.98	General Order	1.2.4
8.	DBOD.No.BP.BC.102/21.01.001/ 97	05.09.97	Financial Assistance to Industries Producing/ Consuming Ozone Depleting Substances (ODS)	2.3 2.3.1 2.3.2
9.	DBOD.No.733/09.11.013/97	14.02.97	Special Order	1.2.4
10.	DBOD.No.Dir.BC.45/13.01.04/96	08.04.96	Deposit Linked Advances	3.4
11.	DBOD.No.B.P.BC.23/21.01.001/96	01.03.96	Grant of Loans & Advances and Award of Contracts to Directors of Other Banks	2.1.3 2.1.4
12.	DBOD.No.BC.110/21.01.001/ 94	10.10.94	Grant of Loans & Advances and Award of Contracts to Directors of Other Banks	2.1.3
13.	DBOD.No.FSC.BC.28/24.01.001/ 94	09.03.94	Directors/Trustees of Subsidiaries/Mutual Funds of Banks - Borrowing Arrangements with Sponsor Banks	2.1.3
14.	DBOD.No.GC.BC.25/C.408C(59) S-86	03.03.86	Grant of Loans & Advances and Award of Contracts to Directors of Banks and their Relatives	2.1.3
15.	DBOD.No.Leg.BC.77/C.235C-85	05.07.85	Section 20 of the Banking Regulation Act, 1949	1.2.4 1.2.6 1.2.7
16.	DBOD.No.GC.BC.21/C.408C(59) S-85	28.02.85	Advance to Officers and the Relatives of Senior Officers of Banks	2.2
17.	DBOD.No.GC.BC.34/C.408C(59) S-84	12.04.84	Guidelines in regard to Grant of Loans & Advances and Award of Contracts to Directors of Banks and their Relatives	2.1
18.	ICD.No.CAD(PMS),48/C.446 (PMS)-83	14.01.83	Construction of Infrastructural Facilities	3.9
19.	DBOD.No.Dir.BC.13/C.96-80	22.01.80	Advances Against Gold/Silver Bullion - Curbing of Speculative Tendencies	3.12
20.	DBOD.No.Leg.BC.96/C.235C-78	25.07.78	Section 20 of the Banking Regulation Act, 1949 - General Order	1.2.4
21.	DBOD.No.Leg.320/C.235C-78	25.07.78	General Order	1.2.4
22.	DBOD.No.Leg.BC.95/C.124(P)-78	22.07.78	Advances Against Gold and Gold Ornaments	3.12
23.	DBOD.No.Leg.BC.35/C.235-75	30.04.75	Section 20 of the Banking Regulation Act, 1949 - General Order	1.2.4
24.	DBOD.No.Leg.195/C.235-75	29.04.75	General Order	1.2.4
25.	DBOD.No.Leg.BC.108/C.235C-74	24.10.74	Section 20 of the Banking Regulation Act, 1949 - General Order	1.2.4
26.	DBOD.No.Leg.417/C.235C-74	24.10.74	General Order	1.2.4
27.	DBOD.No.Sch.1140/C.96-69	12.07.69	Advances Against Silver	3.12
28.	DBOD.No.Leg.39/C.233-69	01.02.69	The Banking Regulation Act, 1949, as amended by the Banking Laws (Amended) Act, 1968	1.2.4
29.	DBOD.No.Leg.33/C.233-69	01.02.69	General Order	1.2.4

Part A(ii)

List of Circulars on Selective Credit Controls consolidated by the Master Circular

No.	Circular No.	Date	Subject	Para No.
1	DBOD No. Dir.BC. 52/ 13.08.01/00-01	23.11.00	Selective Credit Controls on Granting of fresh/additional limits to borrowers dealing in sensitive commodities – Delegation of Powers	2.4.(v)
2	DBOD No. Dir. 53/ 13.08.01/2000-01	27.11.00	Selective Credit Controls on minimum margins on levy/ free sale/buffer stock of sugar – (Applicable to RRBs/LABs)	2.4.4(i)
3	DBOD.No.Dir.BC.126/13.08.01/ 97	21.10.97	Selective Credit Controls on Advances against Sugar - Minimum Margins	2.4.3 & 2.4.4
4	DBOD.No.Dir.BC.125/13.08.01/ 97	21.10.97	Selective Credit Controls on Advances against Sugar - Minimum Margins	2.4.3 & 2.4.4
5	DBOD.No.Dir.BC.27/13.08.01/97	07.04.97	Selective Credit Controls - Reintroduction of Controls on Advances against Wheat	2.4.2
6	DBOD.No.Dir.BC.26/13.08.01/97	07.04.97	Selective Credit Controls - Reintroduction of Controls on Advances against Wheat	2.4.2
7	IECD.No.11/03.27.04/96-97	22.10.96	Bank Credit to Sugar Industry - Valuation of Stocks	2.4.4 (ii)
8	DBOD.No.Dir.BC.138/13.08.01/ 96-97	19.10.96	Selective Credit Control - Advances against Sensitive Commodities	2.4.2 & 2.4.3
9	DBOD.No.Dir.BC.137/13.08.01/ 96-97	19.10.96	Selective Credit Control - Advances against Sensitive Commodities	2.4.2 & 2.4.3
10	DBOD.No.Dir.BC.94/13.08.01/96	01.07.96	Selective Credit Control - Advances against Sensitive Commodities - Changes in Margin/Levels of Credit	2.4.2 & 2.4.3
11	DBOD.No.Dir.BC.93/13.08.01/96	01.07.96	Selective Credit Control - Advances against Sensitive Commodities	2.4.2 & 2.4.3
12	DBOD.No.Dir.BC.37/13.08.01/96	03.04.96	Selective Credit Control - Advances against Sensitive Commodities	2.4.2 & 2.4.3
13	DBOD.No.Dir.BC.36/13.08.01/96	03.04.96	Selective Credit Control - Advances against Sensitive Commodities	2.4.2 & 2.4.3
14	DBOD.No.Dir.BC.50/13.08.01/95	17.04.95	Selective Credit Control - Advances against Sensitive Commodities	2.4.2 & 2.4.3
15	DBOD.No.Dir.BC.49/13.08.01/95	17.04.95	Selective Credit Control - Advances against Sensitive Commodities	2.4.2 & 2.4.3
16	DBOD.No.Dir.BC.32/13.08.01/95	24.03.95	Selective Credit Control - Granting of Fresh/Additional Limits to Borrowers Dealing in Sensitive Commodities - Delegation of Powers	2.4.4 (v)
17	DBOD.No.Dir.BC.150/13:08:01/ 94	26.12.94	Selective Credit Control - Advances against Sensitive Commodities	2.4.4
18	DBOD.No.Dir.BC.149/13:08:01/ 94	26.12.94	Selective Credit Control - Advances against Sensitive Commodities	2.4.4
19	DBOD.No.Dir.BC.115/13:07:01/ 94	17.10.94	Interest Rates on Advances	2.4.4 (iii)
20	DBOD.No.Dir.BC.114/13:07:01/ 94	17.10.94	Interest Rates on Advances	2.4.4 (iii)
21	DBOD.No.Dir.BC.113/13:08:01/ 94	17.10.94	Selective Credit Control - Advances against Sensitive Commodities	2.4.2

No.	Circular No.	Date	Subject	Para No.
22	DBOD.No.Dir.BC.112/13:08:01/ 94	17.10.94	Selective Credit Control - Advances against Sensitive Commodities	2.4.2
23	DBOD.No.Dir.BC.108/13:08:01/ 94	01.10.94	Selective Credit Control - Advances against Edible Oilseeds and Oils	2.4
24	DBOD.No.Dir.BC.101/13.08.01/ 94	02.09.94	Selective Credit Controls - Imported Sugar	2.4
25	DBOD.No.Dir.BC.71/13.08.01/94	26.05.94	Selective Credit Controls - Imported Sugar	2.4.4
26	DBOD.No.Dir.BC.57/13.08.01-94	16.05.94	Selective Credit Control - Advances against Sensitive Commodities - Imported Sugar	2.4.4
27	DBOD.No.Dir.BC.56/13.08.01-94	14.05.94	Selective Credit Control - Advances against Sensitive Commodities	2.4
28	DBOD.No.Dir.BC.55/13.08.01-94	14.05.94	Selective Credit Control - Advances against Sensitive Commodities	2.4
29	DBOD.No.Dir.BC.42/13:08:01/94	12.04.94	Selective Credit Control - Advances against Sensitive Commodities - Cotton and Kapas	2.4
30	DBOD.No.Dir.BC.17/13.08.01/94	18.02.94	Selective Credit Control - Advances against Sensitive Commodities	2.4
31	DBOD.No.Dir.BC.16/13:08:01:94	18.02.94	Selective Credit Control - Advances against Sensitive Commodities - Cotton and Kapas	2.4
32	DBOD.No.Dir.BC.175/13.08.01/ 93	11.10.93	Selective Credit Control - Advances against Sensitive Commodities	2.4.2
33	DBOD.No.Dir.BC.174/13.08.01/ 93	11.10.93	Selective Credit Control - Advances against Sensitive Commodities	2.4.2
34	DBOD.No.Dir.BC.169/13.08.01-93	21.09.93	Selective Credit Control - Granting of Fresh/Additional Limits to Borrowers Dealing in Sensitive Commodities - Delegation of Powers	2.4
35	DBOD.No.BC.151/13.08.01/93	20.08.93	Selective Credit Control - Prior Approval of Reserve Bank of India for Granting Advances against Sensitive Commodities and Other Requirements	2.4
36	DBOD.No.Dir.BC.135/13.08.01/ 93	23.06.93	Selective Credit Control - Advances against Sensitive Commodities	2.4
37	DBOD.No.Dir.BC.134/13.08.01/ 93	23.06.93	Selective Credit Control - Advances against Sensitive Commodities	2.4
38	DBOD.No.BC.108/12.01.001/93	07.04.93	Notification	2.4
39	DBOD.No.BC.102/13.08.01-93	07.04.93	Selective Credit Control - Advances against Sensitive Commodities	2.4
40	DBOD.No.BC.101/13.08.01-93	07.04.93	Selective Credit Control - Advances against Sensitive Commodities	2.4
41	DBOD.No.BC.67/13.08.01-93	19.01.93	Selective Credit Control - Advances against Sensitive Commodities	2.4
42	DBOD.No.BC.66/13.08.01-93	19.01.93	Selective Credit Control - Advances against Sensitive Commodities	2.4

No.	Circular No.	Date	Subject	Para No.
43	DBOD.No.BC.61/13.08.01-92	30.12.92	Selective Credit Control - Granting of Fresh/Additional Limits to Borrowers Dealing in Sensitive Commodities - Delegation of Powers	2.4
44	DBOD.No.BC.58/13.08.01-92	10.12.92	Selective Credit Controls on Cotton & Kapas	2.4
45	DBOD.No.BC.57/13.08.01-92	10.12.92	Selective Credit Control - Advances against Sensitive Commodities - Cotton and Kapas	2.4
46	DBOD.No.BC.110/13.08.01/92	21.04.92	Selective Credit Control - Advances against Sensitive Commodities	2.4
47	DBOD.No.BC.109/13.08.01/92	21.04.92	Selective Credit Control - Advances against Sensitive Commodities	2.4
48	DBOD.No.Dir.BC.98/13-08-01/92	11.03.92	Selective Credit Control - Advances against Sensitive Commodities	2.4
49	DBOD.No.BC.97/13.08.01/92	11.03.92	Selective Credit Control - Advances against Sensitive Commodities	2.4
50	DBOD.No.Dir.BC.81/13-08-01/92	10.02.92	Selective Credit Control - Advances against Sensitive Commodities - Wheat, Cotton and Kapas	2.4
51	DBOD.No.Dir.BC.80/13.08.01/92	10.02.92	Selective Credit Control - Advances against Sensitive Commodities	2.4
52	DBOD.No.Dir.BC.36/C.218-91	08.10.91	Selective Credit Control - Advances against Sensitive Commodities	2.4
53	DBOD.No.Dir.BC.35/C.218-91	08.10.91	Selective Credit Control - Advances against Sensitive Commodities	2.4
54	DBOD.No.Dir.BC.22/C.218-91	03.09.91	Selective Credit Control - Advances against Paddy/Rice Wheat, Pulses and Other Foodgrains	2.4
55	DBOD.No.Dir.BC.21/C.218-91	03.09.91	Selective Credit Control - Advances against Paddy/Rice Wheat, Pulses and Other Foodgrains	2.4
56	DBOD.No.Dir.BC.124/C.218-91	08.05.91	Selective Credit Control - Advances against Sensitive Commodities - Sugar	2.4
57	DBOD.No.Dir.BC.123/C.218-91	08.05.91	Selective Credit Control - Advances against Sensitive Commodities	2.4
58	DBOD.No.Dir.BC.107/C.218-91	12.04.91	Selective Credit Control - Advances against Sensitive Commodities	2.4
59	DBOD.No.Dir.BC.106/C.218-91	12.04.91	Selective Credit Control - Advances against Sensitive Commodities	2.4
60	DBOD.No.Dir.BC.75/C.218-91	01.02.91	Selective Credit Control - Advances against Sensitive Commodities	2.4
61	DBOD.No.Dir.BC.64/C.218-91	07.01.91	Selective Credit Control - Advances against Sensitive Commodities	2.4
62	DBOD.No.Dir.BC.63/C.218-91	07.01.91	Selective Credit Control - Advances against Sensitive Commodities	2.4
63	DBOD.No.Dir.BC.59/C.218-90	06.12.90	Selective Credit Control - Advances against Sensitive Commodities	2.4
64	DBOD.No.Dir.BC.30/C.218-90	09.10.90	Selective Credit Control - Advances against Sensitive Commodities	2.4

No.	Circular No.	Date	Subject	Para No.
65	DBOD.No.Dir.BC.29/C.218-90	09.10.90	Selective Credit Control - Advances against Sensitive Commodities	2.4
66	DBOD.No.Dir.BC.125/C.218-90	02.07.90	Selective Credit Control - Advances against Sensitive Commodities	2.4
67	DBOD.No.Dir.BC.124/C.218-90	02.07.90	Selective Credit Control - Advances against Wheat, Oilseeds and Vegetable Oils (including Vanaspati)	2.4
68	DBOD.No.Dir.BC.108/C.218-90	03.05.90	Selective Credit Control - Advances against Sensitive Commodities	2.4
69	DBOD.No.Dir.BC.107/C.218-90	03.05.90	Selective Credit Control	2.4
70	DBOD.No.Dir.BC.98/C.218-90	18.04.90	Selective Credit Control - Delegation of Powers to Regional Offices of Department of Banking Operations & Development (DBOD)	2.4
71	DBOD.No.Dir.BC.92/C.218-90	12.04.90	Selective Credit Control - Advances against Sensitive Commodities	2.4
72	DBOD.No.Dir.BC.91/C.218-90	12.04.90	Selective Credit Control - Advances against Wheat, Cotton & Kapas	2.4
73	DBOD.No.Dir.BC.73/C.218-90	06.02.90	Selective Credit Control - Granting of Fresh/ Additional Limits to Borrowers Dealing in Sensitive Commodities	2.4
74	DBOD.No.Dir.BC.62/C.218-89	29.12.89	Selective Credit Control - Advances against Sensitive Commodities	2.4
75	DBOD.No.Dir.BC.61/C.218-89	29.12.89	Selective Credit Control	2.4
76	DBOD.No.Dir.BC.47/C.218-89	21.11.89	Selective Credit Control - Granting of Fresh/ Additional Limits to Borrowers Dealing in Sensitive Commodities	2.4
77	DBOD.No.Dir.BC.3/C.218-89	19.07.89	Selective Credit Control - Advances against Sensitive Commodities	2.4
78	DBOD.No.Dir.BC.2/C.218-89	19.07.89	Selective Credit Control	2.4
79	DBOD.No.Dir.BC.114/C.218-89	21.04.89	Selective Credit Control - Advances against Sensitive Commodities	2.4
80	DBOD.No.Dir.BC.113/C.218-89	21.04.89	Selective Credit Control - Advances against Paddy/Rice Wheat, Pulses and Other Foodgrains	2.4
81	DBOD.No.Dir.BC.104/C.218-89	03.04.89	Selective Credit Control - Advances against Sensitive Commodities	2.4
82	DBOD.No.Dir.BC.98/C.218-89	27.03.89	Selective Credit Control - Advances against Sensitive Commodities	2.4
83	DBOD.No.Dir.BC.97/C.218-89	27.03.89	Selective Credit Control	2.4
84	DBOD.No.Dir.BC.71/C.218-89	09.02.89	Selective Credit Control - Advances against Oilseeds/Vegetable Oils	2.4
85	DBOD.No.Dir.BC.72/C.218-89	09.02.89	Selective Credit Control - Advances against Oilseeds/Vegetable Oils	2.4
86	DBOD.No.Dir.BC.35/C.218-88	08.10.88	Selective Credit Control - Advances against Sensitive Commodities - Rate of Interest	2.4
87	DBOD.No.Dir.BC.34/C.218-88	08.10.88	Selective Credit Control - Rate of Interest	2.4

No.	Circular No.	Date	Subject	Para No.
88	DBOD.No.Dir.BC.28/C.218-88	19.09.88	Selective Credit Control - Advances against Sensitive Commodities	2.4
89	DBOD.No.Dir.BC.27/C.218-88	19.09.88	Selective Credit Control	2.4
90	DBOD.No.Dir.BC.149/C.218-88	08.06.88	Selective Credit Control - Advances against Wheat - Increase in Margin	2.4
91	DBOD.No.Dir.BC.148/C.218-88	08.06.88	Selective Credit Control - Advances against Wheat - Increase in Margin	2.4
92	DBOD.No.Dir.BC.141/C.218-88	27.05.88	Selective Credit Control	2.4
93	DBOD.No.Dir.BC.140/C.218-88	27.05.88	Selective Credit Control	2.4
94	DBOD.No.Dir.BC.125/C.218-88	09.04.88	Selective Credit Controls - Inclusion of Wheat under the Control	2.4
95	DBOD.No.Dir.BC.124/C.218-88	09.04.88	Selective Credit Control - Advances against Paddy/Rice Wheat, Pulses and Other Foodgrains	2.4
96	DBOD.No.Dir.BC.117/C.218-88	02.04.88	Selective Credit Control - Advances against Sensitive Commodities	2.4
97	DBOD.No.Dir.BC.116/C.218-88	02.04.88	Selective Credit Control - Advances against Paddy/Rice, Pulses, Other Foodgrains, Cotton & Kapas, Oilseeds and Vegetable Oils including Vanaspati	2.4
98	DBOD.No.Dir.BC.69/C.218-87	03.12.87	Selective Credit Control - Advances against Sensitive Commodities to Newly Established Processing/Manufacturing Units	2.4
99	DBOD.No.Dir.BC.53/C.218-87	17.10.87	Selective Credit Control	2.4
100	DBOD.No.Dir.BC.52/C.218-87	17.10.87	Selective Credit Control	2.4
101	DBOD.No.Dir.BC.34/C.218-87	17.09.87	Selective Credit Control	2.4
102	DBOD.No.Dir.BC.23/C.218-87	14.08.87	Selective Credit Control - Advances against Sensitive Commodities	2.4
103	DBOD.No.Dir.BC.22/C.218-87	14.08.87	Selective Credit Control - Advances against Pulses, Paddy/Rice, Other Foodgrains, Oilseeds, Oils, Cotton & Kapas, Sugar, Gur and Khandsari	2.4
104	DBOD.No.Dir.BC.8/C.218-87	14.07.87	Selective Credit Control - Advances against Sensitive Commodities	2.4
105	DBOD.No.Dir.BC.7/C.218-87	14.07.87	Selective Credit Control - Advances against Pulses, Other Foodgrains, Oilseeds, Oils, Sugar, Gur and Khandsari	2.4
106	DBOD.No.Dir.BC.39/C.218-87	31.03.87	Selective Credit Control - Advances against Sensitive Commodities	2.4
107	DBOD.No.Dir.BC.38/C.218-87	31.03.87	Selective Credit Control - Advances against Pulses, Other Foodgrains, Oilseeds, Oils, Sugar, Gur and Khandsari	2.4

Part B
**List of Other Circulars containing Instructions/Guidelines/
Directives related to Restrictions on Loans & Advances consolidated**

No.	Circular No.	Date	Subject	Para No.
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No.	Circular No.	Date	Subject	Para No.
1	IECD No 16/08.12.01/2001-02	February 20,2002	Financing of Infrastructure Projects	3.9, 3.10
2	IECD.No.29/08.12.01/98-99	25.05.99	Lending to Non-Banking Financial Companies (NBFCs)	3.6
3	IECD.No.26/08.12.01/98-99	23.04.99	Financing of Infrastructure Projects	3.9
4	RPCD PLNFS BC.73 /06.02.31 /97-98	01.03.99	Loans and advances to Small Scale Industries SSI	3.13
5	DBOD.No.Dir.BC.90/13.07.05/98	28.08.98	Bank Finance Against Shares and Debentures - Master Circular	3.1
6	IECD/6 /08.12.01/96-97	08.08.98	Working capital finance to Information Technology and Software Industry	3.15
7	RPCD PLNFS BC.127 /06.02.31 /97-98	08.06.98	Loans and advances to Small Scale Industries SSI	3.13
8	IECD/12/08.12.01/96-97	21.10.97	Loan system for delivery of bank credit	3.14
9	IECD/22/08.12.01/96-97	15.04.97	Loan system for delivery of bank credit	3.14
10	IECD.No.21/08.12.01/96-97	21.02.97	Bills Discounting / Rediscounting Schemes Operated by Power Finance Corporation Ltd. (PFC)	3.10
11	IECD.No.17/03.27.026/96-97	06.12.96	Bank Finance for Purchase/ Lease of Existing Assets	3.8
12	IECD.No.8/03.27.25/95-96	27.09.95	Sanction of Term Loans for Housing Projects Involving Budgetary Support from Government - Non-permissibility of	3.9
13	IECD.No.37/08.12.01/94-95	23.02.95	Issue of Bank Guarantees in Favour of Financial Institutions	3.10
14	DBOD.No.Dir.BC.139/13.07.05/94	26.11.94	Advances Against Shares and Debentures	3.1
15	IECD.No.21/08.12.01/94-95	01.11.94	Bill Discounting Schemes Operated by Small Industrial Development Bank of India (SIDBI)	3.10
16	IECD.No.15/08.12.01/94-95	06.10.94	Financing of Projects Involving Creation/ Expansion/Modernisation of Infrastructural Facilities	3.9
17	DBOD.No.BC.8/16.13.100/92-93	27.07.92	Discounting/Rediscounting of Bills by Banks	3.11
18	IECD.No.PMD.BC.12/C.446 (C&P)-90/91	21.09.90	Co-acceptance/Issuance of Guarantees Favours Financial Institutions - Buyers' Line of Credit Scheme (BLCS)	3.10
19	IECD.No.IRD.26/IR-A/89-90	09.04.90	Rehabilitation of Sick/Weak Industrial Units	3.10
20	DBOD.No.App.BC.22/318(B)-84	16.03.84	Guidelines on the Role and Functions of Non-official Directors on the Boards of Private Sector Banks	2.1