

Master Circular
on
Priority Sector Lending



RESERVE BANK OF INDIA

Urban Banks Department
Central Office, Mumbai

RBI/2004/85

UBD.BPD(PCB)MC. No. 6 /09.09.01/2003-04

March 3, 2004

Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir,

**Master Circular on
Priority Sector Lending**

Reserve Bank of India has, periodically issued instructions / directives / guidelines to primary (urban) co-operative banks regarding deployment of credit to Priority Sector. To enable the banks to have all the currently operative instructions at one place, a Master Circular incorporating all the existing instructions / guidelines / directives on the subject has been prepared and is appended.

2. Please acknowledge receipt of this Master Circular to the concerned Regional Office of this Department.

Yours faithfully,

(S.Karuppasamy)
Chief General Manager-in-Charge

Encl: As above.

**Master Circular
on
Priority Sector Lending**

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**Master Circular
on
Priority Sector Lending**

The need for primary (urban) co-operative bank (PCBs) for providing credit to priority sectors had been examined by the Standing Advisory Committee for PCBs constituted by Reserve bank of India in May 1983. The recommendations of the Committee were accepted by Reserve Bank of India and accordingly the targets for lending to priority sector and weaker section by the PCBs were stipulated.

1 LENDING TARGETS

1.1 Based on the recommendations made by the Standing Advisory Committee for PCBs, the targets for lending to Priority Sector and weaker sections have been prescribed for the PCBs as given below:

1.1.1 60% of total loans and advances to priority sector and

1.1.2 Of the total priority sector advances, at least 25% (or 15% of the total loans and advances) to weaker sections.

1.2 In order to ensure that credit is available to all segments of Small Scale Industries (SSI) sector, (classified on the basis of investment in plant and machinery), the following sub-targets should be achieved:

Sr. No.	Category	Investment in plant & machinery	% to total SSI advances
I	Cottage industries, khadi & village industries, artisans and tiny industries	Upto Rs. 5 lakh	40
II	Cottage industries, khadi & village industries, artisans and tiny industries	Between Rs. 5 lakh and Rs. 25 lakh	20
III	Other SSI units	Between Rs. 25 lakh and Rs. 100 lakh	40

1.3 The stipulation regarding priority sector lendings is not applicable to the Salary Earners' Banks.

1.4 The banks should make concerted efforts to achieve the targets and, if necessary, suitably simplify the systems and procedures keeping in view the types of beneficiaries to be financed.

2 CLASSIFICATION OF PRIORITY SECTOR AND WEAKER SECTION ADVANCES

2.1 The types of advances to be reckoned as priority sector advances and those of it to be considered as advances to weaker sections are indicated in Annexure I.

2.2 The definition of weaker section in priority sectors broadly corresponds to the beneficiaries under the 20-Point Economic Programme aimed at improving the standard of living of the weaker sections of the society.

2.3 For classifying priority sector advances under various categories, it may be noted that the banks should not merely take into account the purpose of the loan mentioned in the borrower's loan application but also the amount involved and should satisfy themselves that the amount borrowed would be utilised for the purpose for which it was sanctioned, by calling for documentary evidence in support thereof, wherever considered necessary. For example, loans to small traders or small businessmen are essentially in the nature of working capital loans and they have to be given primarily against the hypothecation or pledge of the goods in which they are dealing and therefore loans to small traders or small businessmen against gold or jewellery may not necessarily be the loans for undertaking trade or business. Similarly, in the case of a loan for construction of a house, it would

have to be satisfied that the borrower has the land and his construction plans bear the approval of the competent authority or he has joined some co-operative society to construct the house. Mere security of jewels coupled with indication of "housing" as purpose in the loan application should not satisfy the bank for classification of priority sector advances.

- 2.4 Therefore, loans against gold ornaments (jewel loans) which are in a majority of cases availed of by the weaker sections of the society, the purpose of the loan and the loan amount actually sanctioned to each borrower and not the security therefor, should be adopted as the criteria for classification of the priority sector advances and advances given to weaker sections of the society.

3 FLOW OF CREDIT TO SSI INDUSTRIES

- 3.1 The banks should step up the credit flow to meet the legitimate requirements of tiny and SSI. The credit requirements of the tiny industries should be given preferential treatment while providing credit to this sector. Besides, preferential treatment in providing credit to tiny industries, full working capital limits determined on the basis of "need" related to the rated capacity of the unit should be sanctioned at the commencement itself. The bank's decision regarding credit assistance should be communicated to the applicant as early as possible. Requests for increase in the limits should be considered expeditiously and decisions may be taken and conveyed promptly.

- 3.2 The bank's officials/branch managers should be made aware of the importance of the SSI Sector from the point of view of creation of additional employment opportunities, exports etc. A healthy growth of the sector will facilitate smooth loan recovery in the SSI borrowal accounts and timely assistance will prevent the accounts from becoming sticky. Banks' staff should be imparted proper training and the aforesaid aspects should form part of inputs in the training provided. There should be an interaction between the banks' staff and the SSI borrowers as part of the training programme.

- 3.3 With a view to providing better customer service and to ensure that all loan applications relating to SSI/Small borrowers are disposed of expeditiously, the following norms may be adhered to by all the banks provided the loan applications received are complete in all respects and duly accompanied by a check list, if prescribed.

- 3.3.1 Loan applications in respect of loans up to Rs.25,000/- to SSI/Small borrowers etc. may be disposed of within two weeks from the date of receipt of loan application,

- 3.3.2 Other cases of loans upto Rs.5 lakh may be disposed of within a period of four weeks from the date of receipt of duly completed loan application.

- 3.3.3 All such loan applications which are complete in all respects and accompanied by check list where prescribed, should be acknowledged by the bank/branch, on the day the application is received.

4 FLOW OF CREDIT TO MINORITY COMMUNITIES

- 4.1 Primary (urban) co-op. banks should initiate steps to enhance/augment flow of credit under priority sector to artisans and craftsmen as also to vegetable vendors, cart pullers, cobblers, etc. belonging to minority communities. The minority communities notified in this regard are Sikhs, Muslims, Christians, Zorastrians and Buddhists.

- 4.2 The banks should submit a half yearly statement (as on 31 March/30 September) within 15 days of the close of the relevant half year, showing the progress made in deployment of credit to these communities, to the concerned Regional Office of this department under whose jurisdiction they function, in the format given in Annexure II.

5 MONITORING AND EVALUATION OF PRIORITY SECTOR AND WEAKER SECTION ADVANCES

- 5.1 Primary (urban) co-operative banks should take effective steps to achieve the above recommended targets and monitor the priority sector lendings from the quantitative and qualitative aspects.

5.2 In order to ensure that due emphasis is given to lending under priority sector, it is considered desirable that the performance is reviewed periodically. For this purpose, apart from the usual reviews, which the banks are periodically undertaking, specific reviews by the Board of Directors of the respective banks may be made on half-yearly basis. Accordingly, a memorandum may be submitted to the Board of Directors at half-yearly intervals i.e. as on 30 September and 31 March of each year giving a detailed critical account of the performance of the bank during the period showing increase/decrease over the previous half-year as per the proforma given in Annexure III.

5.3 A copy of the annual review as on 31 March may be forwarded to the concerned Regional Office of the Reserve Bank with the Board's observations, indicating the steps taken/proposed to be taken for improving the bank's performance. The report should reach the Regional Office within a month from the end of the period to which it relates.

6 **REPORTING REQUIREMENTS**

6.1 Primary (urban) co-operative banks should submit on Annual Return as on 31st March each year to the concerned Regional Office of the Reserve Bank in the proforma given in Annexure IV. The return should be furnished within one month from the end of the period to which it relates to the concerned Regional Office.

6.2 Member banks of State Federations may also submit a copy of the above returns to their respective federations in order to enable them to monitor their performance.

6.3 It will be seen from Part I, column 3 to 7 of the Return that under each item of priority sector, advances to weaker sections are also to be included.

6.4 Further, while giving the details of the position relating to advances made to different categories, viz. Scheduled castes, Scheduled tribes, women and others, care must be taken to ensure that there is no duplication in reporting and the figures under columns 23 to 27 thereof in part II of the return indicating the position alone should be reported against the relevant columns in Part I of the return.

7 **REGISTER FOR PRIORITY SECTOR/WEAKER SECTION ADVANCES**

In order to facilitate compilation of the relative figures, banks may maintain a register to indicate all the items of priority sector advances and also another register for weaker section advances showing particulars, with separate folios to each activity so that the total of advances to priority sector and weaker sections under each activity and to each type of beneficiary may be available at any given point of time. The proforma of these registers may be on the lines of the annual return to be submitted to RBI as given in Annexure IV.

List of Items of Priority Sector/Weaker Sections Advances

[Ref. Para. 2.1]

1 **PRIORITY SECTOR**

1.1 **Agriculture and Allied Agricultural Activities**

1.1.1 **Advances to individuals for Agriculture activities**

1.1.1.1 Primary (urban) co-operative banks may finance agricultural activities subject to the following conditions:

- (a) Banks would provide direct finance only to regular members not to nominal members and not through any agency like primary agricultural credit societies and primary land development banks etc.
- (b) Credit should be extended only after obtaining 'no dues certificate' from the existing credit agencies in the area,
- (c) Banks should follow the scales of finance and obtain security as per guidelines issued by RBI/NABARD.

1.1.1.2 Finance granted by scheduled primary (urban) co-op banks under the NABARD's scheme of financing "Agriclinics and Agribusiness Centres" will be considered direct finance to farmers for agriculture purposes. These may be reported under agriculture and allied activities in the annual Priority Sector Lending statement.

1.1.1.3 The scheduled primary (urban) co-operative banks may lend to non-banking financial companies (NBFCs) for on-lending to agriculture and such loans may be reckoned for the purpose of priority sector lending as indirect finance to agriculture.

1.1.1.4 Advances granted by banks upto Rs.20 lakh per dealer for dealing in drip irrigation/sprinkler irrigation systems and agricultural machinery, may be classified under 'Indirect Finance to Agriculture as part of the priority sector lending' and reported under this head in the annual statement sent to RBI.

1.1.2 **Advances to individual for Activities Allied to Agriculture**

The following activities undertaken by the members of the primary co-operative banks will comprise activities allied to agriculture:

1.1.2.1 Development of Dairy and Animal Husbandry.

1.1.2.2 Development of Fisheries.

1.1.2.3 Development of Poultry, Piggery etc.

1.1.2.4 Development and maintenance of Studfarms, Beekeeping, Sericulture, etc. However, breeding of race horses cannot be classified under this head.

1.1.2.5 Purchase of Bullock Carts, Camel Carts, Pack Animals etc.

1.1.2.6 Distribution of inputs for allied activities such as poultry feed, cattle feed, etc.

1.2 **Small Scale Industrial Units , Equipment/System for development of new and renewable source of energy, etc.**

1.2.1 **Small Scale and Ancillary Industries**

1.2.1.1 Small-scale industrial units are those engaged in the manufacture/processing/ preservation of goods / tyre retreading activity (through cold/hot process)/ coffee curing or processing (does not include growing coffee) / water mills and whose investment in plant and machinery of (original cost) does not exceed Rs. 100 lakh.

An ancillary industry is an industrial undertaking which is engaged or is proposed to be engaged in the manufacturing or production of parts, components, sub-assemblies, tooling or intermediates, rendering of services, and undertaking supplies, or proposes to supply, or renders not more than fifty percent of

its production or services, as the case may be, to one or more other industrial undertakings and whose investment in fixed assets in plant & machinery does not exceed Rs.100 lakh. These industries are included under SSI.

Note: No SSI Unit or Ancillary unit referred to above shall be subsidiary of or owned or controlled by any other industrial undertaking.

Exemptions

- (a) Small scale industrial units set up prior to 24.12.1999 whose investment in plant & machinery was upto Rs. 300 lakh and were given SSI status vide Government of India Notification No.S.O.857(E) dated 10.12.1997 or units which have got provisional registration with State authorities for their SSI status would continue to remain as SSI units, inspite of the order dated 24-12-1999 provided the provisional registration had taken place within the period of limitation of 180 days specified in the order dated 10 December 1997 would continue to be categorised as SSI/Ancillary units and any advances to such units should be reckoned as advances to SSI sector under priority sector.
- (b) The maximum investment limit i.e. in plant and machinery in respect of certain SSI/ancillary units as specified in the Government of India Gazette notification No. SO. 1013 (E) dated 9-10-2001 as per Annexure VI has been enhanced from Rs.100 lakh to Rs.500 lakh.

Note: Registration of SSI units is not compulsory for including SSI units under priority sector advances

1.2.1.2 Units financed by primary (urban) co-operative banks under the 22 broad groups of Cottage and Small Scale Industries for which refinance is available from RBI under section 17(2)(bb) read with Section 17(4)(c) of RBI Act, 1934, will be covered under this category. These include:

- i) Flaying and tanning
- ii) Leather goods
- iii) Pottery
- iv) Hand pounding of paddy and cereals
- v) Rice Mills, including flour mills and bakeries
- vi) Oil crushing
- vii) Palm gur
- viii) Cane gur and khandsari
- ix) Canning of fruits and vegetables
- x) Manufacturing and processing of agricultural and Marine products and forest produce including beverage industries
- xi) Other village industries such as carpentry and black-smithy, bee-keeping and honey and honey products
- xii) Handicraft Industries
- xiii) General Engineering
- xiv) Chemical Engineering and Chemical Industries
- xv) Construction Material
- xvi) Sericulture
- xvii) Coir
- xviii) Spinners Societies
- xix) Cotton Textiles and other textiles
- xx) Printing, book binding and lithography
- xxi) Saw mills, wood work and furniture and fixtures, and
- xxii) Miscellaneous industries such as manufacture of sports goods, bidis, buttons, card-boards and other paper products, cutting and polishing of real and artificial gems and stones, manufacture and use of equipment/systems for development of new and renewable sources of energy.

1.2.1.3 **New and renewable sources of energy**

In this category, the activities of small-scale industrial units engaged in manufacture and use of equipments/systems for development of new and renewable sources of energy as under:

- i) Flat plate solar collectors
- ii) Concentrating and pipe type solar collectors
- iii) Solar cookers
- iv) Solar water heaters and systems
- v) Air/Gas/Fluid Heating Systems
- vi) Solar refrigeration, cold storages and air-conditioning systems
- vii) Solar crop driers and systems
- viii) Solar stills and desalination systems
- ix) Solar pumps based on solar thermal and solar photo voltaic conversion
- x) Solar power generating systems
- xi) Solar photo voltaic modules and panels, for water pumping and other applications
- xii) Wind mills and any specially designed devices which run on wind mills
- xiii) Any special devices including electric generators and pumps running on wind energy
- xiv) Bio-gas plants and bio-gas engines
- xv) Electrically operated vehicles including battery operated or fuel-cell powered vehicles
- xvi) Agricultural and municipal waste conversion devices producing energy
- xvii) Equipment for utilising ocean waves and thermal energy
- xviii) Machinery and plant used in the manufacturing of any of the above sub-items.

1.2.2 **Cottage Industries, Khadi & Village Industries, Artisans and Tiny Industries**

1.2.2.1 Cottage industries, Khadi & Village Industries, Artisans are those units, which are engaged in manufacturing, processing, preservation or servicing activities involving utilisation of locally available natural resources and/or human skills normally undertaken by the beneficiaries in their houses.

1.2.2.2 Tiny industries are those units whose investment in plant & machinery is upto Rs. 25 lakh irrespective of location of the unit.

1.2.3 **Small Scale Service & Business (Industry Related) Enterprises (SSSBs)**

1.2.3.1 Small scale service and business (Industry Related) enterprises with investment upto Rs. 10 lakh in fixed assets, excluding land and building are categorised as Small Scale Service & Business Enterprises (SSSBs) and are included under SSI Section in Priority Sector.

1.2.3.2 An illustrative list of activities which presently qualify as Small Scale Service & Business Enterprises and those which do not, is given in Annexure V.

1.2.4 **Food and agro based processing and forestry**

1.2.4.1 **Loans and advances by primary (urban) co-operative banks**

- (a) Credit extended by the banks for food and agri-processing industries may be classified under Priority Sector.
- (b) Forestry as an activity is also included under Priority Sector for the purpose of lending by banks. The banks may intensify their efforts to promote development of this sector by financing bankable schemes/activities under forestry.

- (c) The primary (urban) co-operative banks may report disbursements (direct lending only) under the above two segments under "Loans and Advances to Cottage/Small Scale Industry" (item 2 of reporting formats) in the annual return to be sent to Regional Office.

1.2.4.2 **Loans and advances by scheduled primary (urban) co-operative banks**

- (a) Lending by scheduled primary (urban) co-operative banks to NBFCs or other financial intermediaries for on-lending to the tiny sector may be classified under Priority Sector lending.
- (b) The bank's finance to HUDCO, as a line of credit, for on lending to artisans, handloom weavers etc. under tiny sector, may be classified as indirect lending to SSI (Tiny) sector.

While providing credit to tiny sector through NBFCs/Financial intermediaries/HUDCO, banks may devise suitable mechanism to ensure that the bank credit is appropriately classified under Priority Sector after satisfying that the relevant norms at the ultimate borrower level are complied with and the bank observe strict financial discipline and ensure end use of funds.

- (c) Disbursements under above items by the scheduled primary (urban) co-operative banks may be reported under "Loans and Advances to Cottage/Small Scale Industry" (item 2 of reporting formats) under a separate sub-head so that information regarding on-lending to these institutions is readily available at Central/Regional Offices.

1.2.5 **Leasing & Hire Purchase Finance by Scheduled PCBs**

Leasing and Hire purchase finance extended by scheduled primary (urban) co-op. banks to SSI sector at the select branches departmentally, may be classified under SSI sector, provided the beneficiary satisfies the criteria laid down by RBI for treating the advances as advances to Priority Sector and subject to other norms on the subject.

1.3 **Advances to Small Road and Water Transport Operators**

1.3.1 Loans to Small Road & Water Transport Operators (SRWTO) owning not more than six vehicles (including the one proposed to be financed) in respect of primary (urban) co-operative banks having Demand and Time Liabilities (DTL) upto and inclusive of Rs. 25 crore be reckoned as priority sector advances.

1.3.2 Loans to SRWTO owning not more than ten vehicles (including the one proposed to be financed) in respect of primary (urban) co-operative banks having Demand and Time Liabilities (DTL) of more than Rs. 25 crore be reckoned as Priority Sector advances.

1.3.3 The bank credit by scheduled primary (urban) co-operative banks to NBFCs for financing of trucks for the purpose of on lending to SRWTOs, will be treated as priority sector lending, provided the ultimate borrowers (SRWTOs) satisfy the eligibility requirements for being classified under the priority sector. The bank should strictly observe financial discipline and ensure end use of funds. Such loans to NBFCs may be reported under a separate sub-head against Sr. No. 3 (ii) of Annexure 4, Parts I & II in the Annual Return sent to RBI.

The instructions contained in RBI circulars No.UBD.DS.PCB.25/13.05.00/94-95 dated 21 October 1994, DS.PCB.CIR.60/13.05.00/94-95 dated 30 May 1995 and UBD.DS.PCB.Cir.63/13.05.00/95-96 dated 24 May 1996, regarding lending to NBFCs remain unchanged.

1.4 **Retail Traders**

1.4.1 Advances to private retail traders dealing in essential commodities (Fair Price Shops) be reckoned as Priority Sector advances.

1.4.2 Other private retail traders with credit limits not exceeding Rs. 10 lakh may also be reckoned as priority sector advances.

1.5 **Small Business Enterprises**

1.5.1 Small business enterprises include individuals and firms managing business enterprises established mainly for the purpose of providing services other than professional services, whose original cost price of equipment does not exceed Rs.20 lakh without any ceiling on working capital. The banks are free to fix individual limit for working capital depending upon the requirements of different activities undertaken. An illustrative list of small business enterprises, is indicated below:

- 1.5.1.1 Agents selling goods on commission basis
- 1.5.1.2 Booking, clearing and forwarding agents
- 1.5.1.3 Estate agents
- 1.5.1.4 Press cum publishing houses, etc.
- 1.5.1.5 Hair dressing saloons
- 1.5.1.6 Restaurants, hotels, canteens, etc.
- 1.5.1.7 Servicing and repairing of various types of machinery such as automobile, air-conditioning and refrigeration equipment etc.

This segment does not include SSSBEs mentioned in paragraph 1.2.3 above.

1.6 **Professionals and Self-Employed Persons**

1.6.1 Professionals and self-employed persons are those whose borrowings (limits) do not exceed Rs. 10.00 lakh of which not more than Rs. 2.00 lakh should be for working capital requirements. Activities involving the use of skill and labour of the individual or that of his/her family members alone will be covered under this category or persons. Loans to these persons include advances for the purpose of purchasing equipment, repairing or renovating existing equipment and/or acquiring and repairing business premises or for purchasing tools and/or for working capital requirements to medical practitioners including Dentists, Chartered Accountants, Architects, Surveyors, Construction Contractors or Management Consultants, Lawyers or Solicitors, Engineers, Architects, Consultants or to a person trained in any other and/or craft who holds either a degree or diploma from any institution established, aided or recognised by Government or to a person who is considered by the bank as technically qualified or skilled in the field in which he is employed. However, in the case of qualified medical practitioners setting up practice in the semi-urban and rural areas, the aggregate borrowing limits should not exceed Rs. 15.00 lakh, of which not more than Rs. 3.00 lakh should be for working capital requirements. Further, advances granted to a qualified medical practitioner for purchase of one motor vehicle within the above mentioned ceiling may be considered as eligible to be reckoned towards priority sector.

1.6.2 Loans for purchase of cars, motor vehicle to professional and self-employed persons other than qualified medical practitioners to the extent and in the manner indicated above are not considered as priority sector advances.

1.6.3 Loans upto Rs. 10 lakh given to software professionals are to be covered under this category.

1.6.4 Besides, all advances to the following categories of persons will also be classified under advances to Self-employed persons:

- | | |
|---|--|
| • Xerox operators | • Handloom Weavers |
| • Small tea-stall Owners | • Milk Procurers |
| • Carpenters | • Bamboo Workers |
| • Plumbers | • Quilt makers |
| • Launderers | • Lace artisans |
| • Vegetable/Fruit/Eggs/
Fish vendors | • Hand-block printers |
| • Hawkers | • New Garment makers |
| • Hand-craft pullers | • Old and used garment
sellers etc. |

1.6.5 This segment does not include Small Scale Service and Business industry related enterprises (SSSBEs) mentioned in paragraph 1.2.3.

1.7 **Educational Loans**

1.7.1 Educational loans include loans and advances granted to individuals for educational purposes and not those granted to institutions and would also include all advances granted by banks under special

schemes, if any, introduced for the purpose.

1.8 **Housing Loans**

1.8.1 Loans granted for construction, additions, alterations, repairs, etc. granted as under would be categorised as housing loans:

1.8.1.1 Direct housing loans to individuals by banks upto Rs.10 lakh for construction of houses in urban and metropolitan areas will be eligible for inclusion under Priority Sector. Further, banks with the approval of their Boards may also extend direct housing loans upto Rs.10 lakh in the rural and semi urban areas and cost be considered as part of Priority Sector advances.

1.8.1.2 Loans granted by banks upto Rs.1 lakh in rural and semi urban areas and Rs.2 lakh in urban areas for repairs, additions and alterations etc. to individual borrowers, would be reckoned as Priority Sector advances.

1.8.1.3 Assistance granted to any governmental agency for the purpose of construction of houses exclusively for the benefit of SC/STs, where the loan component does not exceed Rs. 5.00 lakh per unit and all advances for slum clearance and rehabilitation of slum dwellers would be classified as priority sector advances as well as weaker section advances.

1.8.1.4 Besides the governmental agencies, assistance given to non-governmental agencies approved by National Housing Bank (NHB) for the purpose of refinance, will also be eligible for all the categories of borrowers as applicable to governmental agencies as priority sector advances.

1.8.2 All investments in bonds issued by NHB/HUDCO exclusively for financing of housing, irrespective of the loan size, per dwelling unit, will be reckoned for inclusion under Priority Sector advances.

1.9 **Consumption Loans**

1.9.1 Consumption loans include loans for general consumption, medical expenses, marriage ceremonies, funerals, births, religious ceremonies etc. not exceeding Rs. 1,000/- per individual.

1.10 **Loans and Advances to Software Industry**

1.10.1 The loans to the software industry having credit limit upto Rs. one crore from the banking system, will be eligible for inclusion under Priority Sector.

1.10.2 Loans given to software professionals upto Rs. 10 lakh will be covered and reported under the category of "loans to professionals and self employed" as indicated in paragraph 1.6.3 above. Advances to Software Industry may be reported under a separate head "Software Industry" in the annual statement of Priority Sector advances.

2 **WEAKER SECTIONS**

2.1 All advances upto to the limits specified under the priority sector, granted to Scheduled Castes (SC), Scheduled Tribes (ST) and Women as enumerated under Item No. 1.1 to 1.6.

2.2 Advances not exceeding Rs. 50,000/- under categories 1.1 to 1.6 to all beneficiaries.

2.3 Advances to road and water transport operators upto Rs. 50,000/- for purchase of cycle rickshaws auto rickshaws, small boats, etc. as also for repairs and replacement of spare parts.

2.4 In respect of education loans, advances granted to persons having monthly income not exceeding Rs. 2,000/-.

2.5 Assistance granted to any governmental agency for the purpose of construction of houses exclusively for the benefit of SC/STs, where the loan component does not exceed Rs. 5.00 lakh per unit and all advances for slum clearance and rehabilitation of slum dwellers would continue to be classified as weaker section advances.

2.6 Besides the governmental agencies assistance given to non-governmental agencies, approved by NHB for the purpose of refinance (Housing Loan) to weaker section, will also be eligible for all the categories of borrowers as applicable to governmental agencies as priority sector advances as well as weaker section advances.

Annexure II

Statement of credit flow under Priority Sector to artisans, craftsman, vegetable vendors, cart pullers, cobblers etc. belonging to Minority Communities

{Ref. Para. 4.2}

Name of the Urban Co-operative Bank: -----

Statement for the half year ended 31 March (Year)/30 September (Year)

Sr.No.	Category	Amount outstanding as at the end of previous half year ending March/Sept.		Fresh loans disbursed			Amount outstanding at the end of half year under report	
		No. of borrowers	Amount (Rs.)	No. of borrowers	Amount sanctioned (Rs.)	Amount disbursed (Rs.)	No. of borrowers	Amount (Rs.)
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	Sikhs							
2.	Muslims							
3.	Christians							
4.	Zoroastrians							
5.	Buddhists							
	Total							

Annexure III

Memorandum to be submitted to the Board of Directors of the bank

[Ref. para 5.2]

Priority Sector Advances - Half-yearly Review - Position as on _____

- I. 1. Name of the bank
2. Place
3. State
4. Number of branches

Position as on

(Rs.in thousands)

Particulars

Last year's half-
year ended Previous half-
year ended Current
half-year ended

- II. 1. Total Deposits
2. Total Borrowings
3. Total Loans and Advances
4. Credit Deposit Ratio
- III. 1. Total Loans and Advances under
Priority Sector
2. Total Loans and Advances to Weaker Sections under
Priority Sector
3. Percentage of item (1 of III) to item
(3 of II) above
4. Percentage of item (2 of III) to item
(1 of III) above
5. Total Overdues of the bank *
6. Overdues under Priority Sector *
7. Overdues under Weaker Sections
under Priority Sector *
- IV. Sector-wise break-up of Loans and Advances under
Priority Sector
i) Advances to Agriculture & Activities Allied to
Agriculture
ii) Loans and Advances to Cottage/Small Scale
Industries etc.

<u>Particulars</u>	Position as on		
	(Rs.in thousands)		
	<u>Last year's half-</u> <u>year ended</u>	<u>Previous half-</u> <u>year ended</u>	<u>Current</u> <u>half-year ended</u>
iii) Advances to Road/Motor Transport Operators for Purchase of Vehicle			
iv) Retail Traders			
v) Small Business Enterprises			
vi) Professional & Self-employed			
vii) Educational			
viii) Housing Loans			
ix) Consumption Loans, etc.			
x) Loans and advances to Software Industry			
V. 1. Where target fixed for priority sector/ weaker sections lending has not been achieved, the reasons therefor			
2. Concentration of loans and advances under any particular sub-group and the reasons therefor			
3. Suggestions for improvement in performance under priority sector/ weaker section			
4. Observations of the Board of Directors and action resolved to be taken for improvement of performance and implementation thereof			

* Please also indicate percentage in bracket.

Date :

G.M./CEO Chairman

Annexure IV

**Proforma of the Annual Return on lending to
Priority Sector and Weaker Section to be submitted to RBI**

Advances to Priority Sector

[Ref. para 6.1]

Part – I

Name of the bank :
Date of Return : As on 31st March -----

Total Advances of the bank :
Outstanding as on (Date of Return) :

Signature of Authorised officials :

Total Priority Sector Advances :
% of P.S. advances to Total advances

Total Weaker Section Advances :
% of Weaker Section Advances to P.S. Advances

(Rupees in thousands)

Sr. No.	Priority Sector Items	No. of Borrowers/ Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 6	Of which Advances to Weaker Sections *				
							No. of Borrowers /Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 11
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1.	Agriculture and activities allied to agriculture i) Direct finance to Agriculture										

Sr. No.	Priority Sector Items	No. of Borrowers/ Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 6	Of which Advances to Weaker Sections *				
							No. of Borrowers /Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 11
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
	ii) Indirect finance to Agriculture a) Lending by scheduled PCBs to NBFC for on lending to agriculture b) Drip irrigation / sprinkler/agricultural machinery iii) Advances to individuals for activities allied to agriculture										
	Total of 1										
2.	(i) Direct Loans and advances to cottage/small scale industries and equipment/systems for development of new and renewable sources of energy, etc. (ii) Loans & Advances through NBFC for on lending to tiny sector (iii) Indirect Loans & Advances through HUDCO to artisans/hand looms workers, etc. under tiny sector										

Sr. No.	Priority Sector Items	No. of Borrowers/ Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 6	Of which Advances to Weaker Sections *				
							No. of Borrowers /Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 11
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
3.	i) Advances to Road and Water Transport Operators for purchase of vehicles ii) Loans & Advances to NBFCs for financing of trucks for on lending to SRWTO by Sch PCBs.										
4.	i) Private Retail Traders dealing in essential commodities (fair price shops)										
4.	ii) Other private retail traders with credit limits not exceeding Rs.10 lakh										
5.	Small business enterprises										
6.	Professionals and self-employed persons										
7.	Educational loans										
8.	Housing loans										
9.	Consumption loans										
10.	Software industry excluding loans upto Rs. 10 lakh given to software professionals										
11.	Total										

* Figures to be incorporated from col. 23 to 27 of Part II of the Return.

Part – II

**“Weaker Sections” Advances –
Position as on _____**

Sr. No.	Priority Sector Items	Scheduled Castes					Scheduled Tribes				
		No. of Borrower/ Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 6	No. of Borrower/ Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 11
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1.	Agriculture and activities allied to agriculture i) Direct finance to Agriculture ii) Indirect finance to Agriculture a) Lending by scheduled PCBs to NBFC for on lending to agriculture b) Drip irrigation / sprinkler/agricultural machinery iii) Advances to individuals for activities allied to agriculture Total of 1										

Sr. No.	Priority Sector Items	Scheduled Castes					Scheduled Tribes				
		No. of Borrower/ Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 6	No. of Borrower/ Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 11
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
2.	(i) Direct Loans and advances to cottage/small scale industries and equipment/systems for development of new and renewable sources of energy, etc. (ii) Loans & Advances through NBFC for on lending to tiny sector (iii) Indirect Loans & Advances through HUDCO to artisans/hand looms workers, etc. under tiny sector										
3.	i) Advances to Road and Water Transport Operators for purchase of vehicles ii) Loans & Advances to NBFCs for financing of trucks for on lending to SRWTO by Sch PCBs.										
4.	i) Private Retail Traders dealing in essential commodities (fair price shops) ii) Other private retail traders with credit limits not exceeding Rs. 10 lakh										
5.	Small business enterprises										

Sr. No.	Priority Sector Items	Scheduled Castes					Scheduled Tribes				
		No. of Borrower/ Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 6	No. of Borrower/ Units	Limit Sanctioned	Amount Advanced	Balance Outstanding	Amount Overdue under Col. 11
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
6.	Professionals and self-employed persons										
7.	Educational loans										
8.	Housing loans										
9.	Consumption loans										
10.	Software industry excluding loans upto Rs. 10 lakh given to software professionals										
11.	Total										

Part – II (Contd...)

Sr.No	Priority Sector Items	Women	Others categories under 'weaker sections' on the basis of amount of advance	Net position to be reported in Part I
.				

		No. of Borrowers/Units	Limits Sanctioned	Amount Advanced	Balance outstanding	Amount overdue under Col. 16	No. of Borrowers/Units	Limits Sanctioned	Amount Advanced	Balance outstanding	Amount overdue under Col. 21	No. of Borrowers/Units	Limits Sanctioned	Amount Advanced	Balance outstanding	Amount overdue under Col. 26
1.	2.	13.	14.	15	16.	17.	18.	19.	20.	21	22.	23.	24	25	26	27
1.	Agriculture and activities allied to agriculture i) Direct finance to Agriculture ii) Indirect finance to Agriculture a) Lending by scheduled PCBs to NBFC for on lending to agriculture b) Drip irrigation / sprinkler/agricultural machinery iii) Advances to individuals for activities allied to agriculture															
	Total of 1															
Sr.No.	Priority Sector Items	Women					Others categories under 'weaker sections' on the basis of amount of advance					Net position to be reported in Part I				

		No. of Borrowers/Units	Limits Sanctioned	Amount Advanced	Balance outstanding	Amount overdue under Col. 16	No. of Borrowers/Units	Limits Sanctioned	Amount Advanced	Balance outstanding	Amount overdue under Col. 21	No. of Borrowers/Units	Limits Sanctioned	Amount Advanced	Balance outstanding	Amount overdue under Col. 26
1.	2.	13.	14.	15.	16.	17.	18.	19.	20.	21	22	23	24	25	26	27
2	(i) Direct Loans and advances to cottage/small scale industries and equipment/systems for development of new and renewable sources of energy, etc. (ii) Loans & Advances through NBFC for on lending to tiny sector (iii) Indirect Loans & Advances through HUDCO to artisans/hand looms workers, etc. under tiny sector															
3.	i) Advances to Road and Water Transport Operators for purchase of vehicles ii) Loans & Advances to NBFCs for financing of trucks for on lending to SRWTO by Sch PCBs.															

4.	i) Private Retail Traders dealing in essential commodities (fair price shops) ii) Other private retail traders with credit limits not exceeding Rs. 10 lakh															
5.	Small business enterprises															
6.	Professionals and self-employed persons															
7.	Educational loans															
Sr.No.	Priority Sector Items	Women					Others categories under 'weaker sections' on the basis of amount of advance					Net position to be reported in Part I				
		No. of Borrowers/Units	Limits Sanctioned	Amount Advanced	Balance outstanding	Amount overdue under Col. 16	No. of Borrowers/Units	Limits Sanctioned	Amount Advanced	Balance outstanding	Amount overdue under Col. 21	No. of Borrowers/Units	Limits Sanctioned	Amount Advanced	Balance outstanding	Amount overdue under Col. 26
1.	2.	13.	14.	15.	16	17	18	19	20	21	22	23	24	25	26	27
8.	Housing loans															
9.	Consumption loans															
10.	Software industry excluding loans upto Rs. 10 lakh given to software professionals															
11.	Total															

ANNEXURE V

(Ref para 1.2.3.2)

ILLUSTRATIVE LIST OF SMALL SCALE SERVICE AND BUSINESS
(INDUSTRY RELATED) ENTERPRISES (SSSBEs)

Part I

1. Advertising Agencies
2. Marketing Consultancy
3. Industrial Consultancy
4. Equipment Rental and Leasing
5. Typing Centres
6. Photocopying Centres (Zerowing)
7. Industrial Photography
8. Industrial R & D Labs
9. Industrial Testing Labs
10. Desk Top publishing
11. Internet Browsing/Setting up of Cyber Cafes
12. Auto Repair, services and garages
13. Documentary Films on themes like Family Planning, Social forestry, Energy Conservation and Commercial Advertising
14. Laboratories engaged in testing of raw materials, finished products
15. "Servicing Industry" Undertakings engaged in maintenance, repair, testing or electronic/electrical equipment/instruments i.e. measuring/control instruments servicing of all types of vehicles and machinery of any description including televisions, tape recorders, VCRs, Radios, Transformers, Motors, Watches, etc.
16. Laundry and Dry Cleaning
17. X-Ray Clinic
18. Tailoring
19. Servicing of agriculture farm equipment e.g. Tractor, Pump, Rig, Boring Machines, etc.
20. Weigh Bridge
21. Photographic Lab
22. Blue Printing and enlargement of drawing/designs facilities
23. ISD/STD Booths
24. Teleprinter/Fax Services
25. Sub-contracting Exchanges (SCXs) established by Industry Associations.
26. EDP Institutes established by Voluntary Associations/Non-Government Organisations
27. Coloured or Black and White Studios equipped with processing laboratory.

28. Ropeways in hilly areas
29. Installation and operation of Cable TV Network;
30. Operating EPABX under franchises
31. Beauty Parlours and Creches

ANNEXURE V

Part II

**ILLUSTRATIVE LIST OF ACTIVITIES WHICH ARE NOT RECOGNISED AS
SMALL SCALE INDUSTRY AND BUSINESS (INDUSTRY RELATED) ENTERPRISES
(SSSBEs)**

1. Transportation
2. Storage (except cold storage which is recognised as SSI)
3. Retail/Wholesale Trade Establishments
4. General Merchandize Stores
5. Sales Outlets for industrial components
6. Health Services including pathological laboratories
7. Legal Services
8. Educational Services
9. Social Services
10. Hotels

Annexure VI

[Ref: Para 1.2.1.1(b)]

**List of Industries which are classified under SSI units
having investments in Plant and Machinery more than
Rs.100 lakh but not more than Rs.500 lakh**

Product Code	Name of the items
--------------	-------------------

260101	Cotton cloth knitted
260102	Cotton vests knitted
260103	Cotton socks knitted
260104	Cotton undergarments knitted
260106	Cotton shawls knitted
260199	Other cotton knitted wears
260201	Woollen cloth knitted
260202	Woollen vests knitted
260203	Woollen socks knitted
260204	Woolen scarves knitted
260205	Woolen undergarments knitted
260206	Woolen caps knitted
260207	Woollen shawls knitted
260208	Woolen gloves
260207	Woolen mufflers knitted
260299	Other woolen knitted wears
	Art Silk / Man made Fiber Hosiery
260310	Synthetic knitted socks and stocking
260302	Synthetic knitted under wears such as vest, briefs and drawer
260304	Synthetic knitted outer wears such as jersey slipovers, pullover, cardigans and jackets
260308	Synthetic knitted children wear such baby suits, knickers, frock underwear and outerwear
26030901	Synthetic knitted fabrics except high pile fabric made by sliver knitting, and synthetic knitted blankets
260311	Synthetic knitted swim wear such as trunk and costume
260312	Synthetic knit wear such as scarf, muffler, shawl, cap ties, blouse and jeans
260313	Synthetic knitted shirt, T-shirt, collar shirt and sports- skirts
260314	Synthetic knitted hose
260315	Synthetic knitted gas mantle fabric
260316	Other synthetic knitwear
	Hand Tool Items
343101	Hacksaw frames
343102	Pliers
343103	Screw drivers
343104	Spanners
343106	Hammers
343108	Anvils
343109	Wood working saws

343111	Wrenches
343112	Knives and shearing blades (all types including those of metal, paper, bamboo and wood for manual operations)
343113	Nail pullers
343114	Chisels
343115	Pincers
343116	Wire cutters
343199	Other hand tools for blacksmith, carpentry, hand forging, foundry, etc.

Appendix

**Master Circular on
Priority Sector Lending**

1. List of Circulars consolidated in the Master Circular

No.	Circular No.	Date	Subject
1.	UBD.No.POT/40/09.09.01/2001-02	06-04-2002	Priority Sector Advances – Enhancement in SSI Investment Limit for specified Hosiery/Handtools items
2.	UBD.No.Plan.PCB.23/09.09.01/2000-01	01-01-2001	Priority Sector Advances -Credit Deployment to SSI Sector
3.	UBD.Plan.No.7/09.09.01/2000-2001	11-12-2000	Priority Sector Advances - Loans to Software Industry
4.	UBD.No.Plan.SPCB.01/09.09.01/2000-2001	01-07-2000	Priority Sector Lending - Lending to NBFCs for On-lending to Agriculture
5.	UBD.Plan.PCB./37/09.09.01/99-2000	31-05-2000	Priority Sector Advances - Credit Deployment to SSI Sector
6.	UBD.No.Plan.PCB.27/09.09.01/99-2000	31-03-2000	Priority Sector advances - Credit Deployment to SSI Sector
7.	USD.Plan.PCB./7/09.09.01/99-2000	22-12-1999	Priority Sector lending - Housing Finance
8.	UBD.Plan.No.SPCB.1/09.09.01/99-2000	27-08-1999	Priority Sector lending - Flow of credit to food and agro-based processing, forestry and tiny sector enterprises
9.	UBD No.Plan.PCB.5/09.09.01/99-2000	27-08-1999	Priority Sector lending - Flow of credit to food and agro based processing and forestry
10.	UBD.No.Plan.Cir./09.09.01/99-2000	03-07-1999	Priority Sector Advances Credit deployment to SSI Sector
11.	UBD.No.Plan.17/09.09.01/98-99	30-01-1999	Priority Sector landing by primary (urban) co-operative banks- Retail Trade
12.	UBD.Plan.Gr.SUB/5/09.09.01/98-99	18-11-1998	Bank Credit to Non Banking Financial Companies (NBFCs) against financing of trucks Classification under Priority Sector

No.	Circular No.	Date	Subject
13.	UBD.NO.Plan.45/09.09.01/97-98	26-03-1998	Priority Sector advances credit deployment to SSI sector
14.	UBD.No.Plan.42/09.09.01/97-98	19-02-1998	Priority sector advances-Advance to SSI
15.	UBD.No.Plan.PCB.CIR.34/09.09.01/97-98	06-01-1998	Monitoring of Priority Sector Advances - Submission of Return/Statement
16.	UBD.No.Plan.PCB24/09.09.01/97-98	01-12-1997	Priority Sector Lending by primary (urban) co-operative banks
17.	UBD.No.Plan.PCB.33/09.09.01/96-97	13-12-1996	Financing agricultural activities by primary Co-operative banks
18.	UBD.No.Plan.(PCB)6/09.09.01/94-95	22-07-1994	Priority Sector Lending by primary (urban) co-operative banks
19.	UBD.No.Plan.68/09.09-01/93-94	09-05-1994	Priority Sector Lending by primary (urban) co-operative banks
20.	UBD No.48/09.09.01/93-94	13-01-1994	Priority Sector Advances - Advances to Small Scale Industries
21.	UBD.No.133/09.09.01/93-94	11-09-1993	lendings to priority sector. Revision in the definition of SSI
22.	UBD.No.Plan.2/UB.17(B)/92-93	08-07-1992	Monitoring of priority sector advances. Submission of returns/statements.
23.	UBD.P&O.40/UB.17(B)-91/92	18-12-1991	Lending to Priority Sector
24.	UBD.P&O.142/UB.17B/86-87	18-08-1987	Lending to Priority Sectors
25.	UBD.No.P&O.105/UB.17(B)-86/87	27-06-1987	Lending to Priority Sectors
26.	D.O.U.B.D.P&O.1217/UB.17(E)-84/85	01-04-1985	Lending to priority sectors
27.	D.O.U.B.D.P&O.687/UB.17(B)-84/85	29-11-1984	Lending to priority sectors
28.	UBD.P&O.995/UB.17(B)-83/84	12-04-1984	Lending to priority sectors
29.	D.O.No.DBOD.UBD.P&O.494-510/UB.17(B)-83/4	29-12-1983	Lending to Priority Sectors
30.	DBOD.UBD.P&O.197/UB.17(B)-83/84	09-09-1983	Lending to priority sectors
31.	ACD.UBD.199/UB.17-81/82	02-06-1982	Advances to priority sector
32.	ACD.Plan.(IFS)835/HG.9-80/81	02-04-1981	Definition of small-scale industry
33.	UBD.Plan.PCB.36/09.09.01	13-03-2001	Recognition of Tyre Retreading & Coffee Curing/Processing activities as SSI.
34.	UBD.POT.Cir.11/09.09.01/2001-02	10-09-2001	Recognition of Water Mills (Gharat) as SSI

B. List of Circulars addressed to Registrar of Co-operative Societies

No.	Circular No.	Date	Subject
1.	UBD.No.Plan./CIR(RCS).9/09.22.01/95-96	01-09-1995	Finance for Housing Schemes - primary (urban) co-operative banks
2.	UBD.P&O.796/UB.-17(B)-83/84	05-03-1984	Grant of loans for agricultural and allied activities by urban co-operative banks

