

RBI/2004-05/54

RPCD. No. Plan. BC. 7 / 04.09.01/ 2004-05

July 20, 2004

**The Chairman/ Managing Director/
Chief Executive Officer**

*[All scheduled commercial banks
(excluding Regional Rural Banks)]*

Dear Sir,

**MASTER CIRCULAR -
LENDING TO PRIORITY SECTOR**

As you are aware, the Reserve Bank of India has, from time to time, issued a number of guidelines/instructions/directives to banks in regard to matters relating to Priority Sector Lending. To enable the banks to have current instructions at one place, a Master Circular incorporating the existing guidelines/instructions/directives on the subject has been prepared and is appended. This Master Circular consolidates the instructions issued by the RBI up to June 30, 2004, which are listed in the *Appendix*, to the extent they deal with the priority sector lending by commercial banks.

Please acknowledge receipt.

Yours faithfully,

sd/-

(C. S. Murthy)

Chief General Manager-in-Charge

LENDING TO PRIORITY SECTOR

At a meeting of the National Credit Council held in July 1968, it was emphasised that commercial banks should increase their involvement in the financing of priority sectors, viz., agriculture and small scale industries. The description of the priority sectors was later formalised in 1972 on the basis of the report submitted by the Informal Study Group on Statistics relating to advances to the Priority Sectors constituted by the Reserve Bank in May 1971. On the basis of this report, the Reserve Bank prescribed a modified return for reporting priority sector advances and certain guidelines were issued in this connection indicating the scope of the items to be included under the various categories of priority sectors. Although initially there was no specific targets fixed in respect of priority sector lending, in November 1974 the banks were advised to raise the share of these sectors in their aggregate advances to the level of 33 1/3 per cent by March 1979.

At a meeting of the Union Finance Minister with the Chief Executive Officers of public sector banks held in March 1980, it was agreed that banks should aim at raising the proportion of their advances to priority sectors to 40 percent by March 1985. Subsequently, on the basis of the recommendations of the Working Group on the Modalities of Implementation of Priority Sector Lending and the Twenty Point Economic Programme by Banks, all commercial banks were advised to achieve the target of priority sector lending at 40 percent of aggregate bank advances by 1985. Sub-targets were also specified for lending to agriculture and the weaker sections within the priority sector. Since then, there have been several changes in the scope of priority sector lending and the targets and sub-targets applicable to various bank groups.

At present, the priority sector broadly comprises the following :

- (i) Agriculture
- (ii) Small Scale Industries
- (iii) Other activities / borrowers (such as small business, retail trade, small transport operators, professional and self employed persons, housing, education loans, microcredit etc.)

SECTION I

CLASSIFICATION OF PRIORITY SECTOR ADVANCES

Detailed classification containing the list of items in different segments of priority sector advances is given below.

1. AGRICULTURE

1.1 Direct Finance to Farmers for Agricultural Purposes

- 1.1.1 Short-term loans for raising crops i.e. for crop loans. In addition, advances upto Rs. 5 lakh to farmers against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months, where the farmers were given crop loans for raising the produce, provided the borrowers draw credit from one bank.
- 1.1.2 Medium and long-term loans (**Provided directly to farmers** for financing production and development needs).

- (i) ***Purchase of agricultural implements and machinery***
 - (a) Purchase of agricultural implements - Iron ploughs, harrows, hose, land-levellers, bundformers, hand tools, sprayers, dusters, hay-press, sugarcane crushers, thresher machines, etc.
 - (b) Purchase of farm machinery - Tractors, trailers, power tillers, tractor accessories viz., disc ploughs, etc.
 - (c) Purchase of trucks, mini-trucks, jeeps, pick-up vans, bullock carts and other transport equipment, etc. to assist the transport of agricultural inputs and farm products.
 - (d) Transport of agricultural inputs and farm products.
 - (e) Purchase of plough animals.

- (ii) ***Development of irrigation potential through -***
 - (a) Construction of shallow and deep tube wells, tanks, etc., and purchase of drilling units.
 - (b) Constructing, deepening clearing of surface wells, boring of wells, electrification of wells, purchase of oil engines and installation of electric motor and pumps.
 - (c) Purchase and installation of turbine pumps, construction of field channels (open as well as underground), etc.
 - (d) Construction of lift irrigation project.
 - (e) Installation of sprinkler irrigation system.
 - (f) Purchase of generator sets for energisation of pumpsets used for agricultural purposes.

- (iii) ***Reclamation and Land Development Schemes***
 Bunding of farm lands, levelling of land, terracing, conversion of dry paddy lands into wet irrigable paddy lands, wasteland development, development of farm drainage, reclamation of soil lands and prevention of salinisation, reclamation of ravine lands, purchase of bulldozers, etc.

- (iv) ***Construction of farm buildings and structures, etc.***
 Bullock sheds, implement sheds, tractor and truck sheds, farm stores, etc.

- (v) ***Construction and running of storage facilities***
 Construction and running of warehouses, godowns, silos and loans granted to farmer for establishing cold storages used for storing own produce.

- (vi) Production and processing of hybrid seeds for crops.

- (vii) ***Payment of irrigation charges, etc.***
 Charges for hired water from wells and tube wells, canal water charges, maintenance and upkeep of oil engines and electric motors, payment of labour charges, electricity charges, marketing charges, service charges to Customs Service Units, payment of development cess, etc.

- (viii) ***Other types of direct finance to farmers***
 - (a) Short-term loans
 - (1) To traditional/non-traditional plantations and horticulture.
 - (2) For allied activities such as dairy, fishery, piggery, poultry, bee-keeping etc.

- (b) Medium and long term loans
 - (1) Development loans to all plantations, horticulture, forestry and wasteland.
 - (2) Development loans for allied activities
 - (3) Development of dairying and animal husbandry in all its aspects.
 - (4) Development of fisheries in all its aspects from fish catching to stage of export, financing of equipment necessary for deep sea fishing, rehabilitation of tanks (fresh water fishing), fish breeding, etc.
 - (5) Development of poultry piggery, etc., in all its aspects including erection of poultry houses, pig houses, bee-keeping, etc.
 - (6) Development and maintenance of stud farms, sericulture including grainages, etc. However, breeding of race horses cannot be classified here.
 - (7) Bio-gas plants.
 - (8) Financing of small and marginal farmers for purchase of land for agricultural purposes
 - (9) Financing setting up Agriclincs and Agribusiness Centres by agriculture graduates
 - (10) Investment by banks in securitised assets which represent direct advances to agriculture

1.2 Indirect Finance to Agriculture

- 1.2.1 (i) Credit for financing the distribution of fertilisers, pesticides, seeds, etc.
- 1.2.1 (ii) Loans up to Rs. 25 lakh granted for financing distribution of inputs for the allied activities such as, cattle feed, poultry feed, etc.
- 1.2.2 (i) Loans to Electricity Boards for reimbursing the expenditure already incurred by them for providing low tension connection from step-down point to individual farmers for energising their wells.
- 1.2.2 (ii) Loans to SEBs for Systems Improvement Scheme under Special Project Agriculture (SI-SPA).
- 1.2.3 Loans to farmers through PACS, FSS and LAMPS.
- 1.2.4 Deposits held by the banks in Rural Infrastructure Development Fund (RIDF) maintained with NABARD.
- 1.2.5 Subscription to bonds issued by Rural Electrification Corporation (REC) exclusively for financing pump set energisation programme in rural and semi-urban areas and also for financing System Improvement Programme (SI-SPA).
- 1.2.6 Subscriptions to bonds issued by NABARD with the objective of financing exclusively agriculture/allied activities.
- 1.2.7 Other types of indirect finance such as,
 - (i) Finance for hire-purchase schemes for distribution of agricultural machinery and implements.
 - (ii) Loans for constructions and running of storage facilities (warehouse, market yards, godowns, and silos), including cold storage units designed to store agriculture produce/products, irrespective of their location.

If the storage unit is registered as SSI unit, the loans granted to such units may be classified under advances to SSI, provided the investment in plant and machinery is within the stipulated ceiling.

- (iii) Advances to Customs Service Units managed by individuals, institutions or organisations who maintain a fleet of tractors, bulldozers, well-boring equipment, threshers, combines, etc., and undertake work from farmers on contract basis.
- (iv) Loans to individuals, institutions or organisations who undertake spraying operations.
- (v) Loans to co-operative marketing societies, co-operative banks for re-lending to co-operative marketing societies (provided a certificate from the State Co-operative Bank in favour of such loans is produced) for disposing of the produce of members.
- (vi) Loans to co-operative banks of producers (e.g. Aarey Milk Colony Co-operative Bank, consisting of licensed cattle owners).
- (vii) Financing the farmers indirectly through the co-operative system (otherwise than by subscription to bonds and debenture issues), provided a certificate from the State Co-operative Bank in favour of such loans is produced.
- (viii) Advances to State-sponsored Corporations for onward lending to weaker sections.
- (ix) Finance extended to dealers in drip irrigation/sprinkler irrigation system/agricultural machinery, irrespective of their location, subject to the following conditions:
 - (a) The dealer should be dealing exclusively in such items or if dealing in other products, should be maintaining separate and distinct records in respect of such items.
 - (b) A ceiling of up to Rs. 20 lakh per dealer should be observed.
- (x) Loans to National Co-operative Development Corporation (NCDC) for on-lending to the co-operative sector for purposes coming under the priority sector.
- (xi) Loans to farmers for purchase of shares in Co-operative Sugar Mills and Sugar Mills set up as Joint Stock Companies and other agro-based processing units. (Maximum 6 shares of Rs 1000 each or 3 shares of Rs 2000 each, i.e., Rs 6000 per eligible borrower irrespective of their land holding)
- (xii) Loans to Arthias (commission agents in rural/semi-urban areas functioning in markets/mandies) for meeting their working capital requirements on account of credit extended to farmers for supply of inputs.
- (xiii) Lending to Non Banking Financial Companies (NBFCs) for on-lending to agriculture.

- (xiv) Investment by banks in securitised assets, which represent indirect advances to agriculture.

2 SMALL SCALE INDUSTRIES

2.1. Small Scale and Ancillary Industries

Small scale industrial units are those engaged in the manufacture, processing or preservation of goods and whose investment in plant and machinery (original cost) does not exceed Rs. 1 crore. These would, *inter alia*, include units engaged in mining or quarrying, servicing and repairing of machinery. In the case of ancillary units, the investment in plant and machinery (original cost) should also not exceed Rs. 1 crore to be classified under small-scale industry.

The investment limit of Rs.1 crore for classification as SSI has been enhanced to Rs.5 crore in respect of certain specified items under hosiery, hand tools, drugs & pharmaceuticals and stationery items by the Government of India

2.2 Tiny Enterprises

The status of 'Tiny Enterprises' may be given to all small scale units whose investment in plant & machinery is up to Rs. 25 lakh, irrespective of the location of the unit.

2.3 Small Scale Service & Business Enterprises (SSSBEs)

2.3.1 Industry related service and business enterprises with investment up to Rs. 10 lakh in fixed assets, excluding land and building will be given benefits of small scale sector. For computation of value of fixed assets, the original price paid by the original owner will be considered irrespective of the price paid by subsequent owners.

2.3.2 An illustrative list of eligible activities as SSSBEs and the illustrative list of activities that will not qualify as SSSBE is given in *Annexures I & II* respectively

2.4 Indirect finance in the small-scale industrial sector will include credit to:

2.4.1 Agencies involved in assisting the decentralised sector in the supply of inputs and marketing of outputs of artisans, village and cottage industries.

2.4.2 Government sponsored Corporation/organisations providing funds to the weaker sections in the priority sector.

2.4.3 Advances to handloom co-operatives.

2.4.4 Term finance/loans in the form of lines of credit made available to State Industrial Development Corporation/State Financial Corporations for financing SSIs.

2.4.5 Credit provided by banks to KVIC under the scheme for provision of credit to KVIC by consortium of banks for lending to viable Khadi and Village Industrial Units.

2.4.6 Funds provided by commercial banks to SIDBI/SFCs by way of rediscounting of bills of SSIs which are originally discounted by a commercial bank and rediscounted by SIDBI/SFCs will be eligible for inclusion under the priority sector

as indirect finance to SSI.

2.4.7 Subscription to bonds floated by SIDBI, SFCS, SIDCS and NSIC exclusively for financing SSI units.

2.4.8 Subscription to bonds issued by NABARD with the objective of financing exclusively non-farm sector.

2.4.9 (i) Financing of NBFCs or other intermediaries for on-lending to the tiny sector.
(ii) All new loans granted by banks to NBFCs and other intermediaries for on-lending to SSI sector with effect from November 11, 2003.

2.4.10 Deposits placed with SIDBI by Foreign Banks in fulfilment of shortfall in attaining priority sector targets.

2.4.11 Bank finance to HUDCO either as a line of credit or by way of investment in special bonds issued by HUDCO for on-lending to artisans, handloom weavers, etc. under tiny sector may be treated as indirect lending to SSI (Tiny) Sector.

2.5 Industrial Estates

Loans for setting up industrial estates.

2.6 KVI Sector

All advances to KVI sector, irrespective of their size of operations, location and investment in plant and machinery, will be covered under priority sector advances and will also be eligible for consideration under the sub-target (60 percent) of the SSI segment within the priority sector.

2.7 Manufacture of common salt through any process including manual operation (involving solar evaporation) may be considered as an industrial activity and credit provided by banks to units engaged in the manufacture of common salt which satisfy the norms of SSI unit may be classified under advances to SSI.

2.8 Units engaged in ship breaking/dismantling are composite ones which also undertake the processing of scrap thus obtained and hence the entire activity can be covered under processing. Therefore, all small scale industrial units with original cost of plant and machinery not exceeding Rs. 1 crore and engaged in ship breaking/dismantling activity may be considered as small scale industrial undertaking and bank advances to such units reckoned as priority sector advances.

2.9 Bank loans to bought leaf factories manufacturing tea are to be reckoned as priority sector lending to small scale industry, provided the investment in plant and machinery (original cost) does not exceed the prescribed limits.

2.10 Water mills (Gharat) has been recognised as an industrial activity and shall be eligible for registration as small scale industry.

3 OTHER ACTIVITIES/ BORROWERS IN THE PRIORITY SECTOR

3.1 SMALL ROAD & WATER TRANSPORT OPERATORS (SRWTO)

3.1.2 Advances to small road and water transport operators owning a fleet of vehicles not exceeding ten vehicles, including the one proposed to be financed.

3.1.2 Advances to NBFCs for on-lending to truck operators and SRWTOs other than truck operators satisfying the eligibility criteria. Also, portfolio purchases (purchases of hire purchase receivables) from NBFCs made after 31 July 1998 would also qualify for inclusion under priority sector lending, provided the portfolio purchases relate to SRWTOs satisfying priority sector norms.

3.2 RETAIL TRADE

Advances granted to

3.2.1 retail traders dealing in essential commodities (fair price shops) and consumer co-operative stores, and

3.2.2 private retail traders with credit limits not exceeding Rs. 10 lakh.
(Retail traders in fertilisers will form part of indirect finance for agriculture and those to retail traders of mineral oils under small business).

3.3 SMALL BUSINESS

Small Business would include individuals and firms managing a business enterprise established mainly for the purpose of providing any service other than professional services whose original cost price of the equipment used for the purpose of business does not exceed Rs. 20 lakh. Banks are free to fix individual limits for working capital depending upon the requirements of different activities.

Advances for acquisition, construction, renovation of house-boats and other tourist accommodation will be included here. Distribution of mineral oils shall be included under 'small business.' Advances to judicial stamp vendors and lottery ticket agents may also be classified under this category.

3.4 PROFESSIONAL & SELF-EMPLOYED PERSONS

3.4.1 Loans to professional and self-employed persons include loans 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, Cost Accountants, Practising Company Secretary, Lawyers or Solicitors, Engineers, Architects, Surveyors, Construction contractors or Management Consultants or to a person trained in any other art or craft who holds either a degree or diploma from any institutions 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. The undernoted specific categories of advances will also be eligible for classification under this item:

3.4.2 Advances to accredited Journalists and Cameramen who are freelancers, i.e., not employed by a particular newspaper/magazine for acquisition of equipment by such borrowers for their professional use.

- 3.4.3 Credits for the purpose of purchasing equipment, acquisition of premises (strictly for business) and tools to practising company secretaries who are not in the regular employment of any employer.
- 3.4.4 Financial assistance for running 'Health Centre' by an individual who is not a doctor, but has received some formal training about the use of various instruments of physical exercises.
- 3.4.5 Advances for setting up beauty parlours where the borrower holds qualification in the particular profession and undertakes the activity as the sole means of living/earning his/her livelihood.
- 3.4.6 Preference may be given by banks to financing professionals like doctors, etc., who are carrying on their profession in rural or semi-urban areas. The term also includes firms and joint ventures of such professional and self-employed persons. This category will include all advances granted by the bank under special schemes, if any, introduced for the purpose.
- 3.4.7 Only such professional and self-employed persons whose borrowings (limits) do not exceed Rs. 10 lakh of which not more than Rs. 2 lakh should be for working capital requirements, should be covered under this category. However, in the case of professionally **qualified medical practitioners, setting up of practice in semi-urban and rural areas**, the borrowing limits should not exceed Rs. 15 lakh with a sub-ceiling of Rs. 3 lakh for working capital requirements. Advances granted for purchase of one motor vehicle to professional and self-employed persons **other than** qualified medical practitioners **will not be included** under the priority sector.
- 3.4.8 Advances granted by banks to professional and self-employed persons for acquiring personal computers for their professional use, may be classified in this category, provided the ceiling of total borrowings of Rs. 10 lakh of which working capital should not be more than Rs. 2 lakh per borrower, is complied with in each case for the entire credit inclusive of credit provided for purchase of personal computer. However, home computers should not be treated on par with personal computers and excluded from priority sector lending.

3.5 STATE SPONSORED ORGANISATIONS FOR SCHEDULED CASTES/ SCHEDULED TRIBES

Advances sanctioned to State Sponsored Organisations for Scheduled Castes/ Scheduled Tribes for the specific purpose of purchase and supply of inputs to and/or the marketing of the outputs of the beneficiaries of these organisations.

3.6 EDUCATION

Educational loans should include only loans and advances granted to individuals for educational purposes up to Rs. 7.5 lakh for studies in India and Rs. 15 lakh for studies abroad, and not those granted to institutions and will include all advances granted by banks under special schemes, if any, introduced for the purpose.

3.7 HOUSING

3.7.1 Direct Finance

- i) Loans up to Rs. 10 lakh in rural/ semi-urban areas, urban and metropolitan areas for construction of houses by individuals, excluding loans granted by banks to their own employees.
- ii) Loans given for repairs to the damaged houses of individuals up to Rs.1 lakh in rural and semi-urban areas and to Rs.2 lakh in urban areas.
- iii) Loans granted by banks up to Rs. 5 lakh to individuals desirous of acquiring or constructing new dwelling units and up to Rs. 50,000/- for upgradation or major repairs to the existing units in rural areas under Special Rural Housing Scheme of NHB.

3.7.2 Indirect Finance

- i) Assistance given to **any governmental agency** for construction of houses or for slum clearance and rehabilitation of slum dwellers, subject to a ceiling of Rs. 5 lakh of loan amount per housing unit.
- ii) Assistance given to a **non-governmental agency** approved by the NHB for the purpose of refinance for reconstruction of houses or for slum clearance and rehabilitation of slum dwellers, subject to a ceiling of loan component of Rs. 5 lakh per housing unit.
- iii) All the investment in bonds issued by NHB/HUDCO exclusively for financing of housing, irrespective of the loan size per dwelling unit, will be reckoned for inclusion.

3.8 CONSUMPTION LOANS

Pure consumption loans granted to the weaker sections of the community under the Consumption Credit Scheme should be included in this item.

3.9 LOANS TO SELF-HELP GROUPS (SHGS)/NGOS / MICROCREDIT

3.9.1 Loans provided by banks to SHGs/NGOs for on-lending to SHG/members of SHGs/discreet individuals or small groups which are in the process of forming into SHGs will be reckoned as priority sector lending.

3.9.2 Lending to SHGs is to be included as a part of bank's lending to weaker sections.

3.9.3 Microcredit provided by banks either directly or through any intermediary should be included under priority sector.

3.10 FOOD AND AGRO-BASED PROCESSING SECTOR

The following items within the food and agro-based processing sector would be eligible for classification as priority sector for lending by banks:

- Fruit and vegetable processing industry
- Food grain milling industry
- Dairy products
- Processing of poultry and eggs, meat products
- Fish processing
- Bread, oilseeds, meals (edible), breakfast foods, biscuits, confectionery (including cocoa processing and chocolate), malt extract, protein isolate, high protein food, weaning food and extruded/ other ready to eat food products
- Aerated water/ soft drinks and other processed foods
- Special packaging for food processing industries
- Technical assistance and advice to food processing industry

With regard to the size of the units within this sector, it is clarified that food and agro-based processing units of small and medium size with investment in plant and machinery up to Rs 5 crore would be included under priority sector lending.

While loans to units satisfying SSI definition may be shown under advances to SSI, loans to other units should be shown separately in the half-yearly statements on priority sector lending.

3.11 SOFTWARE INDUSTRY

Loans to software industry with credit limit upto Rs. 1 crore from the banking industry to be included under this item.

3.12 VENTURE CAPITAL

Investment in Venture Capital will be eligible for inclusion in priority sector, subject to the condition that the venture capital funds/companies are registered with SEBI.

SECTION II

CERTAIN TYPES OF FUNDS DEPLOYMENT ELIGIBLE AS PRIORITY SECTOR ADVANCES

1. INVESTMENTS IN SPECIAL BONDS

1.1 Investments made by the banks in special bonds issued by the specified institutions could be reckoned as part of priority sector advances, subject to the following conditions:

- (i) ***State Financial Corporations (SFCs)/State Industrial Development Corporations (SIDCs)***
 - (a) Subscription to bonds exclusively floated by SFCs & SIDCs for financing SSI units will be eligible for inclusion under priority sector as **indirect finance to SSI**.
 - (b) List of institutions in various States which are notified as SIDCs is given in *Annexure III*.
- (ii) ***Rural Electrification Corporation (REC)***
Subscription to special bonds issued by REC exclusively for financing pump-set energisation programme in rural and semi-urban areas and the System Improvement Programme under its Special Projects Agriculture (SI-SPA) will be eligible for inclusion under priority sector lending as **indirect finance to agriculture**.

(iii) ***NABARD***

Subscription to bonds issued by NABARD with the objective of financing exclusively agriculture/allied activities and the non-farm sector will be eligible for inclusion under the priority sector as **indirect finance to agriculture/ SSI**, as the case may be.

(iv) ***Small Industries Development Bank of India (SIDBI)***

Subscriptions to bonds exclusively floated by SIDBI for financing of SSI units will be eligible for inclusion under priority sector as **indirect finance to SSIs**.

(v) ***The National Small Industries Corporation Ltd. (NSIC)***

Subscription to bonds issued by NSIC exclusively for financing of SSI units will be eligible for inclusion under priority sector as **indirect finance to SSIs**.

(vi) ***National Housing Bank (NHB)***

Subscription to bonds issued by NHB exclusively for financing of housing, irrespective of the loan size per dwelling unit, will be eligible for inclusion under priority sector advances as **indirect housing finance**.

(vii) ***Housing & Urban Development Corporation (HUDCO)***

(a) Subscription to bonds issued by HUDCO exclusively for financing of housing, irrespective of the loan size per dwelling unit, will be eligible for inclusion under priority sector advances as **indirect housing finance**.

(b) Investment in special bonds issued by HUDCO for on-lending to artisans, handloom weavers, etc. under tiny sector will be classified as indirect lending to SSI (Tiny) sector.

1.1.1 The issue of bonds should be accompanied by a declaration from the issuing institution that the proceeds would be utilised for financing of borrowers under the priority sector as detailed above and no refinance would be availed of against such loans to the ultimate borrowers from any other agency.

1.1.2 The rate of interest and maturity period of bonds may be settled by banks with the respective institutions.

1.13 While reporting to the RBI, the quantum of investment in bonds (as they would appear under investments in the Balance Sheet) should be shown separately under the appropriate sub-head in the priority sector returns.

2 OTHER INVESTMENTS

Investment by banks in venture capital will be eligible for inclusion in priority sector lending. This is subject to the condition that venture capital funds/companies are registered with SEBI.

3 LINES OF CREDIT

3.1 Banks may consider on merit, proposals received from State Industrial Development Corporations (SIDCs) and State Financial Corporations (SFCs) for sanction of term finance/loans in the form of lines of credit.

3.2 Such term finance/loans to the extent granted for/to the Small Scale Industrial (SSI) units, will be treated as priority sector lending, subject to the observance of following conditions:

- (i) SFC/SIDC should maintain separate and distinct accounts of fresh disbursements made to SSI units and outstanding amounts thereagainst.
- (ii) Periodical statements to be obtained from SFC/SIDC to monitor the position.
- (iii) Annually, a certificate issued by SFC/SIDC statutory auditors certifying that the outstanding borrowings from banks were fully covered by the non-overdue loans outstanding in respect of fresh disbursements made to SSI units from out of term finance/lines of credit granted by banks.
- (iv) The rate of interest to be charged by banks on such term finance/ loans/ lines of credit will be in conformity with the directives on interest rates issued by the Reserve Bank from time to time.

4 BILLS REDISCOUNTING

4.1 Funds provided by commercial banks to SIDBI by way of rediscounting of bills of SSIs which are originally discounted by a commercial bank and rediscounted by SIDBI will be eligible for inclusion under the priority sector as indirect finance to SSI.

4.2 Funds provided by commercial banks to State Financial Corporations (SFCs) by way of rediscounting of bills of SSIs earlier discounted by the SFCs will be eligible for inclusion under the priority sector as indirect finance to SSI.

5 DEPOSITS IN RURAL INFRASTRUCTURE DEVELOPMENT FUND (RIDF)

Outstanding balances of the deposits placed by banks in Rural Infrastructure Development Fund (RIDF) will be reckoned as their indirect finance to agriculture under the priority sector.

6. LEASING AND HIRE PURCHASE

Para-banking activities such as leasing and hire purchase financing undertaken departmentally by banks will be classified as priority sector advances, provided the ultimate beneficiary satisfies the criteria laid down by RBI for treating such advances as advances to priority sector.

SECTION III

TARGETS FOR PRIORITY SECTOR LENDING BY SCHEDULED COMMERCIAL BANKS (EXCLUDING RRBS)

1 MAIN TARGETS FOR ALL SCHEDULED COMMERCIAL BANKS EXCLUDING FOREIGN BANKS

1.1 The scheduled commercial banks are expected to enlarge credit to priority sector and ensure that priority sector advances constitute 40 per cent of net bank credit and that a substantial portion is directed to the weaker sections.

1.2 Within the overall main lending target of 40 per cent of net bank credit, it should be ensured that:

- (i) 18 per cent of net bank credit goes to agricultural sector,
- (ii) 10 per cent of net bank credit is given to the 'weaker sections' and
- (iii) 1 per cent of previous year's total advances is given under the Differential Rate of Interest (DRI) scheme.

2 SUB-TARGETS FOR ALL SCHEDULED COMMERCIAL BANKS *EXCLUDING FOREIGN BANKS*

2.1 *Direct/Indirect Agricultural Lending*

- (i) Taking into consideration the fact that ultimate objective of agricultural credit whether 'direct' or 'indirect' is to help the agricultural production, the lendings under the 'direct' and 'indirect' categories of agricultural advances will be clubbed for the purpose of computing performance of banks vis-à-vis the sub-target of 18 per cent.
- (ii) However, to ensure that the focus of the banks on the direct category of agricultural advances does not get diluted; the lendings under the indirect category **should not exceed one-fourth** of the agricultural sub-target of 18 per cent, i.e. 4.5 per cent of net bank credit.
- (iii) Advances under the 'indirect' category in excess of 4.5 per cent of net bank credit would not be reckoned in computing performance under the sub-target of 18 per cent. However, all agricultural advances under the categories 'direct' and 'indirect' will be reckoned in computing performance under the overall priority sector target of 40 per cent of the net bank credit.

2.2 *Small Scale Industries*

In order to ensure that credit is available to all segments of the SSI sector, banks should ensure that -

- (a) 40 per cent of the total credit to small scale industry goes to the cottage industries, khadi & village industries, artisans and tiny industries with investment in plant and machinery up to Rs. 5 lakh;
- (b) 20 per cent of the total credit to small scale industry goes to SSI units with investment in plant and machinery between Rs. 5 lakh and Rs. 25 lakh; and
- (c) The remaining 40 per cent goes to other SSI units with investment exceeding Rs. 25 lakh.

2.3 *DRI Advances*

- (i) It should be ensured that not less than 40 per cent of the total advances granted under DRI scheme go to scheduled caste/scheduled tribes.
- (ii) At least two third i.e. $66\frac{2}{3}$ per cent of DRI advances should be granted through rural and semi-urban branches.
Under the DRI Scheme, financial assistance is provided at concessional rate of interest (4 per cent per annum) to selected low income groups, for productive endeavours.

2.4 *Weaker Sections*

- (i) In order to ensure that more under-privileged sections in the priority sector are given proper attention in the matter of allocation of credit, it should be ensured that the advances to the weaker sections reach a level of **25 per cent** of priority sector advances or **10 per cent of net bank credit**.
- (ii) The weaker sections under priority sector include the following:
 - (a) Small and marginal farmers with land holding of 5 acres and less and landless labourers, tenant farmers and share croppers.
 - (b) Artisans, village and cottage industries where individual credit limits do not exceed Rs. 50,000/-
 - (c) Beneficiaries of Swarnjayanti Gram Swarajgar Yojana (SGSY)
 - (d) Scheduled Castes and Scheduled Tribes
 - (e) Beneficiaries of Differential Rate of Interest (DRI) scheme
 - (f) Beneficiaries under Swarna Jayanti Shahari Rojgar Yojana (SJSRY)
 - (g) Beneficiaries under the Scheme for Liberation and Rehabilitation of Scavengers (SLRS).
 - (h) Advances to Self Help Groups

3 **TARGETS FOR FOREIGN BANKS**

- 3.1.1 With a view to reducing the disparity between the domestic banks and the foreign banks operating in India in regard to their priority sector obligations the minimum lending to priority sector by the foreign banks shall be 32 per cent of their net credit.
- 3.1.2 However, keeping in view that the foreign banks have no rural branch network, the composition of priority sector advances in their case will be inclusive of export credit provided by them.
- 3.1.3 Within the overall target of 32 per cent to be achieved by foreign banks, the advances to small scale industries sector should not be less than 10 per cent of the net bank credit and the export credit should not be less than 12 per cent of the net bank credit.

[The net bank credit should tally with the figures reported in the fortnightly return submitted under section 42(2) of the Reserve Bank of India Act, 1934. Outstanding deposits under the FCNR (B) and NRNR Schemes are excluded from net bank credit for computation of priority sector lending target/ sub-targets. However, as the NRNR scheme has been discontinued, the existing accounts under NRNR account scheme may be continued only up to the date of maturity as advised vide circular DBOD. DIR. BC. 93/13.01.09/2001-02 dated April 29, 2002.]

4. **DEPOSIT BY FOREIGN BANKS WITH SIDBI TOWARDS SHORTFALL IN PRIORITY SECTOR LENDING**

- 4.1 In the event of failure to attain the stipulated targets and sub-targets, the foreign banks will be required to make good the shortfall in the achievement of the targets / sub-targets by depositing for a period of one year, an amount equivalent to the shortfall with the Small Industries Development Bank of India (SIDBI) at rate of interest equal to the Bank Rate or as may be decided by the Reserve Bank from time to time.

- 4.2 The shortfall in achieving the priority sector lending target and the sub-targets should be computed as on the last reporting Friday of March every year and made good by placing a deposit with SIDBI as stated above. The deposits should be placed before the end of April of that year.
- 4.3 In regard to the above, it is to be clarified that in the event of failure on the part of foreign banks to achieve any of the stipulated sub-targets in respect of advances to SSI sector and export credit, even if they achieve the overall target of 32 per cent, the shortfall should be made good by placing with SIDBI a deposit of an amount equivalent to the shortfall in each of the sub-targets. Also, in the event of failure on the part of banks to achieve one of the sub-targets or both the sub-targets, and also the overall target of 32 per cent, the shortfall in achieving the sub-targets and the overall target should be made good by placing with SIDBI a deposit of an amount equivalent to (i) aggregate shortfall in the sub-targets, or (ii) the shortfall in the overall target, whichever shortfall is higher. In case the shortfall is in achievement of the overall target only and not in the sub-target, banks should make good the shortfall in achieving the overall target.
- 4.4 The outstanding balances of these deposits placed with SIDBI may be reckoned as part of their priority sector advances during the currency of the deposits, as indirect finance to SSI. The amount of deposits should, however, be shown separately in the returns on priority sector advances submitted to RBI.

5. CONTRIBUTION BY BANKS TO RURAL INFRASTRUCTURE DEVELOPMENT FUND (RIDF)

- 5.1 Domestic scheduled commercial banks having shortfall in lending to priority sector / agriculture are allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD. Details regarding operationalisation of the RIDF such as the amounts to be deposited by banks, interest rates on deposits, period of deposits etc., are decided every year after announcement in the Union Budget about setting up of RIDF. The contributions to be made by banks are communicated to the banks concerned separately.
- 5.2 Shortfall in lending to priority sector / agriculture is taken into account while making allocations to banks under RIDF, which amount has to be deposited with NABARD at a certain rate of interest. In the case of RIDF-I to VI, the rate of interest on deposits placed in the Fund was uniform for all banks irrespective of the extent of their shortfall. Effective RIDF-VII, the rate of interest on RIDF deposits was linked to the banks' performance in lending to agriculture.

- 5.3 Keeping in view the declining interest rates scenario and with a view to further provide disincentive to the banks for not achieving the agricultural lending target, the lending and deposit rates in respect of the undisbursed amounts of RIDF IV to IX have been restructured with effect from November 1, 2003. Accordingly, the banks will be paid 6 per cent in respect of the undisbursed amounts of RIDF IV to VII uniformly and varying rates of interest between the Bank Rate and Bank Rate minus 3 percentage points (i.e. currently varying between 6% and 3%) in respect of RIDF VIII and RIDF IX. In the case of RIDF-VIII and IX, therefore, the rates of interest on deposits will continue to be linked to the shortfall in lending to agriculture and will be as follows:

Sr. No.	Shortfall in lending to agriculture in terms of percentage to Net Bank Credit (i.e. Target minus achievement)	Rate of interest on the entire deposit to be made in RIDF VIII and IX (Percent per annum)
1	Less than 2 percentage points	Bank Rate (6% at present)
2	2 to 4.99 percentage points	Bank Rate minus 1 percentage point
3	5 to 8.99 percentage points	Bank Rate minus 2 percentage point
4	9 percentage points and above	Bank Rate minus 3 percentage point

SECTION IV

COMMON GUIDELINES FOR PRIORITY SECTOR ADVANCES

- 1 Based on the recommendations made by the working groups and high powered committees appointed by the Government of India and the Reserve Bank, a set of comprehensive guidelines to be followed for advances to all categories of borrowers in the priority sector were evolved. These guidelines are detailed in the subsequent paragraphs. Banks should follow these common guidelines prescribed by the Reserve Bank for **all categories of advances under the priority sector**.

2 PROCESSING OF APPLICATIONS

2.1 Completion of Application Forms

In areas covered by special schemes such as SGSY, the concerned project authorities like DRDAs, DICs etc. should arrange for completion of application forms received from borrowers. In other areas, the bank staff should help the borrowers for this purpose.

2.2 Issue of Acknowledgement of Loan Applications

Banks should give acknowledgement for loan applications received from weaker sections. Towards this purpose, while getting fresh stocks of application forms printed, it may be ensured that these forms have perforated portion for acknowledgement to be completed and issued by the receiving branch. Each branch may affix on the main application form as well as the corresponding portion for acknowledgement, a running serial number. While using the existing stock of application forms till then, an acknowledgement (separately prepared) should be given for each application, care being taken to ensure that the serial number given on the acknowledgement is also recorded on the main application.

2.3 Disposal of Applications

(i) All loan applications up to a credit limit of Rs. 25,000/- should be disposed of within a fortnight and those for over Rs. 25,000/-, within 8 to 9 weeks.

(ii) All loan applications for SSI up to a credit limit of Rs. 25,000/- should be disposed of within 2 weeks and those up to Rs. 5 lakh within 4 weeks provided the loan applications are complete in all respects and accompanied by a 'check list'.

2.4 Rejection of Proposals

Branch Managers may reject applications (except in respect of SC/ST) provided the cases of rejection are verified subsequently by the Divisional/Regional Managers. In the case of proposals from SC/ST, rejection should be at a level higher than that of Branch Manager.

2.5 Register of Rejected Applications

A register should be maintained at branch wherein the date of receipt, sanction/rejection/disbursement with reasons therefor etc., should be recorded. The register should be made available to all inspecting agencies.

3 MODE OF DISBURSEMENT OF LOAN

As far as possible, disbursement of loan amounts sanctioned should be made directly to the suppliers of inputs such as seeds, fertilisers, raw materials, implements, trucks, machinery, etc.

With a view to providing farmers wider choice as also eliminating undesirable practices, banks may disburse all loans for agricultural purposes in cash which will facilitate dealer choice to borrowers and foster an environment of trust. However, banks may continue the practice of obtaining receipts from borrowers.

4 REPAYMENT SCHEDULE

4.1 Repayment programme should be fixed taking into account the sustenance requirements, surplus generating capacity, the break-even point, the life of the asset, etc., and not in an "ad hoc" manner. In respect of composite loan up to Rs. 50,000/- to artisans, village and cottage industries, repayment schedule may be fixed for term loan component only (subject to SIDBI's requirements being fulfilled).

4.2 In case of default on account of natural calamities like floods, drought, etc. crop loans may be converted into medium-term loans of 3 to 5 years and extension/ re-phasing may be allowed in the case of term loans.

- 4.3 In the case of other borrowers affected by natural calamities, banks may convert drawings in excess of the value of security into a term loan repayable over a reasonable period of time and provide further working capital and extend/re-phase the instalments due under term loans.

5 RATES OF INTEREST

The rates of interest on various categories of priority sector advances will be as per RBI directives issued from time to time.

6 PENAL INTEREST

6.1.1 The issue of charging penal interests that should be levied for reasons such as default in repayment, non-submission of financial statements etc. has been left to the Board of each bank. Banks have been advised to formulate policy for charging such penal interest with the approval of their Boards, to be governed by well accepted principles of transparency, fairness, incentive to service the debt and due regard to difficulties of customers.

6.1.2 No penal interest should be charged by banks for loans under priority sector up to Rs 25,000 as hitherto. However, banks will be free to levy penal interest for loans exceeding Rs 25,000, in terms of the above guidelines.

7. SERVICE CHARGES / INSPECTION CHARGES

7.1.1 No service charges/inspection charges should be levied on priority sector loans up to Rs. 25,000/-.

7.1.2 For loans above Rs. 25,000/- banks will be free to prescribe service charges with the prior approval of their Boards in terms of circular No. [DBOD.Dir.BC.86/03.01.00/99-2000](#) dated September 7, 1999.

8. INSURANCE AGAINST FIRE AND OTHER RISKS

- 8.1 Banks may waive insurance of assets financed by bank credit in the following cases:

No.	Category	Type of Risk	Type of Assets
(a)	All categories of priority sector advances upto and inclusive of Rs. 10,000/-	Fire & other risks	Equipment and current assets
(b)	Advances to SSI sector upto and inclusive of Rs. 25,000/- by way of - <ul style="list-style-type: none"> • Composite loans to artisans, village and cottage industries • All term loans • Working capital where these are against non-hazardous goods 	<p>Fire</p> <p>Fire</p> <p>Fire</p>	<p>Equipment and current assets</p> <p>Equipment</p> <p>Current Assets</p>

- 8.2 Where, however, insurance of vehicle or machinery or other equipment/assets is compulsory under the provisions of any law or where such a requirement is stipulated in the refinance scheme of any refinancing agency or as part of a Government-sponsored programmes such as, IRDP (since replaced by SGSY), insurance should not be waived even if the relative credit facility does not exceed Rs. 10,000/- or Rs. 25,000/-, as the case may be.

9. PHOTOGRAPHS OF BORROWERS

While there is no objection to taking photographs of the borrowers, for purposes of identification, banks themselves should make arrangements for the photographs and also bear the cost of photographs of borrowers falling in the category of Weaker Sections. It should also be ensured that the procedure does not involve any delay in loan disbursement.

10 DISCRETIONARY POWERS

All Branch Managers of banks should be vested with discretionary powers to sanction proposals from weaker sections without reference to any higher authority. If there are difficulties in extending such discretionary powers to all the Branch Managers, such powers should exist at least at the district level and arrangements be ensured that credit proposals on weaker sections are cleared promptly.

11 MACHINERY TO LOOK INTO COMPLAINTS

11.1.1 There should be a machinery at the regional offices to entertain complaints from the borrowers if the branches do not follow these guidelines, and to verify periodically that these guidelines are implemented by the branches in actual practice.

11.1.2 The names and addresses of the officer with whom complaints can be lodged should be displayed on the notice board of every branch.

12 AMENDMENTS

These guidelines are subject to any instructions that may be issued by the RBI from time to time.

Master Circular
GENERAL GUIDELINES ON
PRIORITY SECTOR LENDING
Illustrative List of Small Scale
Service Business (Industry Related) Enterprises (SSSBEs)

(Vide paragraph 2.3.2 of Section I)

[As per circular issued by the Ministry of SSI, Government of India]

1. Advertising Agencies
2. Marketing Consultancy
3. Industrial Consultancy
4. Equipment Rental & Leasing
5. Typing Centres
6. Photocopying centres (Xeroxing)
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 servicing of all types of vehicles & machinery of any description including electronic/electrical equipment/instruments, i.e., measuring/control instruments, televisions, tape recorders, VCRs, radios, transformers, motors, watches, etc.
16. Laundry & Dry-cleaning
17. X-Ray Clinic
18. Tailoring
19. Servicing of Agricultural 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, and 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

[Computerised Design and Drafting, Creation of Databases suitable for foreign/ Indian markets and Computer Software Development which were hitherto being registered as SSSBE, have since been deleted from the list as Computer Software Development and Software Services (including computer graphics, engineering design, computerised design and drafting) have since been recognised as industrial activity eligible for registration as Small Scale Industries]

Master Circular
GENERAL GUIDELINES ON
PRIORITY SECTOR LENDING
Illustrative List of Activities which
are not Recognised as SSSBE's

(Vide paragraph 2.3.2 of the Chapter 1)

[As per circular issued by the Ministry of SSI, Government of India]

Illustrative List of Activities which are **not** recognised as Small Scale Industry/Business (Industry Related) Enterprises i.e. SSSBEs

1. Transportation
1. Storage (except cold storage which is recognised as SSI)
2. Retail/Wholesale Trade Establishments
3. General Merchandise Stores
4. Sales Outlets for Industrial Components
5. Health Services including Pathological Laboratories
6. Legal Services
7. Educational Services
8. Social Services
9. Hotels

Master Circular
PRIORITY SECTOR LENDING TARGETS

List of Notified Financial Institutions under IDBI Act (SIDCs)

[Vide paragraph 1.1 (i) (b) of Chapter II]

1. Assam Industrial Development Corporation Ltd., R.G. Baruah Road, Guwahati 731 024.	7. Meghalaya Industrial Development Corpn. Ltd., Kismat, Upland Road, Laitumkrah, Post Box 9, Shillong - 793 003.
2. Bihar State Credit & Investment Corpn. Ltd., Udyog Vikas Bhavan, 4th flr., Ram Charitra Path, Near Railway Crossing on Baily Road, Patna 800 001.	8. Pondicherry Industrial Promotion Development & Investment Corp. Ltd., 38, Romain Rolland Street, Pondicherry - 605 001.
3. Gujarat Industrial Investment Corporation Ltd., Chunibhai Chambers, Behind Deepali Cinema, Ashram Road, P. B. No. 4003/4004, Ahmedabad 390 009.	9. Punjab State Industrial Development Corpn. Ltd., SCO 54, 55 6:56, Sector 17 A, Chandigarh - 160 017.
4. Himachal Pradesh State Industrial Development Corporation Ltd., New Himrus Bldg., 3rd & 4th flr, Cart Road, Shimla - 171 001.	10. Rajasthan State Industrial Development and Investment Corporation Ltd., Udyog Bhawan, Tilak Marg, Jaipur - 372 005.
5. Jammu & Kashmir State Industrial Development Corporation Ltd., Drabu House, Ram Bagh, Post Box No. 26, Srinagar, Kashmir.	11. State Industrial Promotion Corporation of Tamil Nadu Ltd., No. 19 - A, Marshalls Road, Egmore, P. B. No. 7223, Madras - 600 000.
6. Kerala State Industrial Development Corpn. Ltd., Keston Rd., T. C. 10/402, Kawdiar, Thiruvananthapuram 695 003.	12. Arunachal Pradesh Industrial Development Financial Corporation Ltd., Itanagar, Naharlagun, Arunachal Pradesh 791 110.
13. Mizoram Industrial Development Corpn. Ltd., Upper Khatla, Aizawal, Mizoram - 796 007.	21. Nagaland Industrial Development Corporation Ltd., IDC House, P.B.No. 5, Dimapur - 797 112.
14. The Andaman and Nicobar Islands Integrated Development Corporation Ltd., New Marine Dry Dock/ Workshop Complex, P. B. No. 180, Port Blair - 744 101.	22. Pradeshiya Industrial & Investment Corpn. Of Uttar Pradesh Ltd., PICUP Bhawan, Gomti Nagar, Lucknow - 226 021.
15. Andhra Pradesh Industrial Development Corporation Ltd., Parishrama Bhavanam, 5 9 50/B, Fateh Maidan Road, Hyderabad 500 029.	23. Sikkim Industrial Development & Investment Corpn. Ltd., Bhanupath, Tashiling Gongtok, Sikkim - 737 101.
16. Economic Development Corporation of Goa, Daman & Diu Ltd., EDC House, Dr. Atmaram Borkar Road, Panaji, P.B. No. 225, Goa 403 001.	24. State Industrial & Investment Corporation of Maharashtra Ltd., Nirmal Building, 1st floor, P. B. No. 11571, Nariman Point, Bombay - 400 021.

17. Haryana State Industrial Development Corpn. Ltd., S.C.O. 40 41 Sector 17 A, Post Box No. 22, Chandigarh 160 017.	25. West Bengal Industrial Development Corpn. Ltd., 5 – Council House Street, 2nd & 3rd floor, P. B. No. 649 Calcutta – 700 001.
18. Industrial Promotion & Investment Corporation of Orissa Ltd., IPICOL House, Janpath, Bhubaneswar – 751 007.	26. Tripura Industrial Development Corpn. Ltd., Pandit Nehru Complex, Kunjaban, Agartala – 799 006. (Tripura)
19. Karnatak State Industrial Investment & Development Corporation Ltd., MSIL House, 36, Cunningham Rd., Bangalore - 560 052.	27. Manipur Industrial Development Corpn. Ltd., Type C 11, Industrial Estate, Takyelpat, P. B. No. 46, Imphal – 795 001, (Manipur)
20. Madhya Pradesh Audyogik Vikas Nigam Ltd., Panchanan, 2nd floor, Malviya Nagar, Bhopal – 462 003.	28. Delhi State Industrial Development Corpn. Ltd., 4th floor, Mohan Singh Palace, Connaught Palace, New Delhi – 110 001.

Master Circular
PRIORITY SECTOR LENDING TARGETS
List of Circulars consolidated by the Master Circular

No.	Circular No.	Date	Subject	Paragraph No.
1.	RPCD. Plan. BC. 86/04.09.01/2003-04	18.05.04	Flow of credit to agriculture – Investment by banks in securitised assets	I. 1.1.2 (10), 1.2 (xiv)
2.	RPCD. Plan. BC. 85/04.09.01/2003-04	18.05.04	Flow of credit to agriculture – Loans for storage facilities	I. 1.2.7 (ii)
3.	RPCD. PLNFS. BC. 44/06.12.05/2003-04	04.11.03	New Education Loan scheme – Ceiling for priority sector lending	I. 3.6
4.	RPCD. Plan. BC. 43/04.09.41/2003-04	04.11.03	Rural Infrastructure Development Fund (RIDF) – Rates of interest	III. 5.2
5.	RPCD. Plan. BC. 41/04.09.01/2003-04	03.11.03	Priority sector lending – Deposit of shortfall with SIDBI	III. 4.1
6.	RPCD. PLNFS. BC. 40/06.02.31/2003-04	03.11.03	Credit facilities for SSIs – Lending by banks to NBFCs for the purpose of on-lending to SSIs	I. 2.4.9
7.	RPCD. Plan. BC. 24/04.09.41/2003-04	15.09.03	Rural Infrastructure Development Fund (RIDF) – Rates of interest	III. 5.2
8.	RPCD. PLNFS. BC. 7/06.02.31/2003-04	14.07.03	Enhancement in SSI investment limit for specified items of the stationery sector and drugs & pharmaceuticals sector	I. 2.1
9.	RPCD. Plan. BC. 93/04.09.01/2002-03	29.04.03	Priority sector advances – Finance extended to dealers in drip irrigation/ sprinkler irrigation systems/ agricultural machinery – Liberalisation of	I. 1.2.7 (ix)
10.	RPCD. PLNFS. BC. 92/06.11.01/2002-03	29.04.03	Priority Sector advances – Loans for housing	I. 3.7.1
11.	RPCD. Plan. BC. 53/04.09.01/2002-03	20.10.02	Levying of service charges and inspection charges by banks in respect of priority sector loans	IV. 7.1.1, 7.1.2
12.	RPCD. Plan. BC. 32/ 04.09.01/2002-03	29.10.02	Lending to weaker sections under priority sector	III.2.4 (ii)
13.	RPCD. Plan. BC. 31/ 04.09.01/2002-03	29.10.02	Priority sector advances - Finance extended to dealers in drip irrigation/ sprinkler irrigation systems/ agricultural machinery	I.1.2.7 (ix)
14.	RPCD. PLNFS. BC. 30/ 06.11.01/2002-03	29.10.02	Priority sector lending - Repair of damaged houses	I.3.7.1 (ii)
15.	RPCD. PLNFS. BC. 29/ 06.14.01/2002-03	29.10.02	Priority sector lending - Small Business	I.3.3
16.	RPCD. PLNFS. BC. 24/06.02.77/2002-03	04.10.02	Flow of credit to SSIs – Time schedule for disposal of loan applications	IV. 2.3 (ii)
17.	RPCD. PLFS. BC. 12/ 05.02.02/2002-03	31.08.2002	Priority sector lending - Scheme for financing agri clinics and agri business centres	I.1.1.2 (viii) (b)(9)
18.	RPCD. PLNFS. BC. 11/ 06.14.01/2002-03	31.8.2002	Priority sector advances- Retail trade	I.3.2
19.	RPCD. PLNFS. BC. 10/ 06.13.01/2002-03	31.8.2002	Priority sector advances- Professional and self-employed persons	I.3.4
20.	RPCD. PLNFS. BC. 94/ 06.02.31/2001-02	23.05.2002	Inclusion of leasing and hire purchase assets under priority sector	II.6
21.	RPCD. Plan. BC. 84/ 04.09.01/2001-02	29.04.2002	Priority sector lending - Funds provided to RRBs	--

No.	Circular No.	Date	Subject	Paragraph No.
22.	RPCD. Plan. BC. 83/ 04.09.01/ 2001-02	29.04.2002	Priority sector lending - Produce marketing loans	I.1.1.1
23.	RPCD. Plan. BC. 82/ 04.09.01/ 2001-02	29.04.2002	Priority sector lending - Indirect finance to agriculture - Distribution of inputs for activities allied to agriculture	II.2.1 (ii)
24.	RPCD. PLNFS. BC. 77/ 06.02.31/ 2001-02	15.04.2002	Credit deployment to SSI sector - Revised list of SSSBEs	I.2.3.2
25.	RPCD. PLNFS. BC. 41/ 06.02.31/ 2000-01	26.11.2001	Enhancement of SSI investment limit for specified hosiery/ hand tools items	I.2.1
26.	RPCD. PLFS. BC. 28/ 05.01.14/ 2001-02	22.09.2001	Scheme for financing farmers for purchase of land for agricultural purposes - Classification	I.1.1.2 (viii) (b)(8)
27.	RPCD. PLFS. BC. 18/ 05.02.02/ 2001-02	31.08.2001	Priority sector lending - Scheme for financing agri clinics and agri business centres	I.1.1.2 (viii) (b)(9)
28.	RPCD. Plan. BC. 16/ 04.09.01/ 2001-02	29.08.2001	Priority sector lending - Loans to food and agro based processing sector	I.3.10
29.	RPCD. Plan. BC. 15/ 04.09.01/ 2001-02	17.08.2001	Charging of penal interest by banks on priority sector loans	IV.6
30.	RPCD. PLNFS. BC. 8/ 06.02.31/ 2000-01	10.07.2001	Recognition of water mills (gharat) as small scale industry	I.2.10
31.	RPCD. PLNFS. BC. 21/ 06.02.31/ 2000-01	03.10.2000	Priority sector advances – Credit deployment to SSI sector	I. 2.3.1
32.	RPCD. Plan.BC.88A/ 04.09.01/ 99-2000	27.04.2000	Priority Sector Lending- Indirect Finance to Agriculture- Distribution of Inputs for Activities Allied to Agriculture	I 1.2.1.ii
33.	RPCD. No. Plan. BC. 88/ 04.09.01/ 99-2000	24.04.2000	Bank Finance to Agriculture through NBFCs	I 1.2.9. xiii
34.	RPCD. No. PL. BC. 62/ 04.09.01/ 99-2000	18.02.2000	Micro credit	I 3.10.3
35.	RPCD.PLNFS.BC.No.57/06.02.31/ 99-2000	02.02.2000	Priority Sector Advances – Credit Deployment to SSI Sector	I 2.1-2.3
36.	RPCD.No.Plan.34/04.09.01/99-2000	29.10.99	Priority Sector Lending – Housing	II 1.1 (vi) I 3.7.1, 3.7.2
37.	RPCD.No.Plan.BC.95/04.09.01/98-99	24.04.99	Priority Sector Lending – Investment in Venture Capital	I 3.13
38.	RPCD.No.Plan.BC.82/04.09.01/98-99	12.03.99	Priority Sector Lending - Flow of Credit to Food & Agro-based Processing, Forestry and Tiny Sector	I 2.4.9
39.	RPCD.No.Plan.BC.69/04.09.01/98-99	22.02.99	Priority Sector Lending - Bank Credit to NBFCs	I 3.1.2
40.	RPCD.No.Plan.BC.60/04.09.01/98-99	28.01.99	Priority Sector Lending - Loans to Food and Agro-based Processing Sector	I 3.11
41.	RPCD.No.PLFS/BC.35/06.14.01/ 98-99	13.11.98	Priority Sector Advances - Retail Trade	I 3.2.2
42.	RPCD.No.Plan.BC.32/04.09.01/98-99	26.10.98	Priority Sector Lending - Loans to Software Industry	I 3.12
43.	RPCD.No.PLNFS.BC.21/06.02.31/ 98-99	08.08.98	Priority Sector Advances - Credit Deployment to SSI Sector	I 2.2.1
44.	RPCD.No.BC.Plan.17/04.09.01/98-99	31.07.98	Bank Credit to NBFCs against Financing of Trucks – Classification under Priority Sector	I 3.1.2

No.	Circular No.	Date	Subject	Paragraph No.
45.	RPCD.No.Plan.BC.16/04.09.01/98-99	30.07.98	Priority Sector Lending - Loans to NCDC	I 1.2 (x)
46.	RPCD.No.PLNFS.BC.89/06.02.31-97/98	19.02.98	Priority Sector Advances - Credit Deployment to SSI Sector	I 2.2, III 2.2
47.	RPCD.No.Plan.BC.84/04.09.01/97-98	12.02.98	Guidelines for Credit to Priority Sector – Amendment	I 3.4.2
48.	RPCD.No.Plan.BC.67/04.09.01/97-98	05.01.98	Priority Sector Lending - Subscription to Special Bonds Issued by REC	I 1.2.7, II 1.1 (ii), II 1.1 (ii)
49.	RPCD.No.BC.PLNFS.66/06/02.031/97-98	05.01.98	Priority Sector Advances – Credit Deployment to SSI Sector	I 2.1, III 2.2
50.	RPCD.PLNFS.BC.37/06.11.01/97-98	21.10.97	Priority Sector Advances - Loans for Housing	I 3.7.1, 3.7.2
51.	RPCD.PLNFS.BC.36/06.09.01/97-98	21.10.97	Priority Sector Advances - Small Road & Water Transport Operators	I 3.1.1
52.	RPCD.PLNFS.BC.8/06.11.03/97-98	15.07.97	Priority Sector Advances - Special Rural Housing Scheme of NHB	I 3.7.1(iii)
53.	RPCD.No.PLFS.BC.141/05.05.10/96-97	28.05.97	Priority Sector Advances - Loans to State Electricity Boards for Systems Improvement Scheme under Special Project Agriculture (SI-SPA)	I 1.2.2
54.	RPCD.No.Plan.1103/04.09.01/96-97	23.04.97	Priority Sector Lending – Subscription to Special Bonds Issued by SIDCs	II 1.1 (i)
55.	RPCD.No.Plan.BC.109/04.09.01/96-97	03.03.97	Priority Sector Lending - Investment in Special Bonds	II 1.1 (iv), (v), (vii)
56.	RPCD.PLNFS.BC.104/06.11.01/96-97	21.02.97	Priority Sector Advances - Loans for Housing	I 3.7
57.	RPCD.No.Plan.BC.74/04.09.01/96-97	11.12.96	Priority Sector Lending - Shortfall in Achievement of Target	III 4.1-4.4
58.	RPCD.No.Plan.BC.73/04.09.01/96-97	11.12.96	Priority Sector Lending - Shortfall in Achievement of Target	II 6
59.	RPCD.No.PLFS.BC.71/05.02.07/96-97	05.12.96	Financing of Farmers for Purchase of Generator Sets for Irrigation Purposes	I 1.1.2 (ii) f
60.	RPCD.No.Plan.BC.67/04.09.01/96-97	22.11.96	Priority Sector Lending - Investment in Special Bonds	II 1.1, III 1.1
61.	RPCD.No.Plan.BC.59/04.09.09/96-97	04.11.96	Bank Credit to Priority Sector	III 3, 4.2
62.	RPCD.No.PLFS.BC.17/05.02.04/96-97	01.08.96	Priority Sector Advances - Short-term Loans to Traditional Plantations	I 1.1.2 (viii) (a)1
63.	RPCD.No.PLFS.BC.150/05.05.03/95-96	10.06.96	Priority Sector Advances - Finance Extended to Dealers in Drip Irrigation/ Sprinkler Irrigation Systems/Agricultural Machinery	I 1.2.9(ix)
64.	RPCD.No.PL.BC.120/04.09.22/95-96	02.04.96	Linking of SHGs with Banks - Working Group on NGOs & SHGs	I 3.10
65.	RPCD.PLAN.BC.114/05.02.14/95-96	23.03.96	Scheme of Financing Commission Agents for Supply of Agricultural Inputs to Farmers	I 1.2.9(xii)
66.	RPCD.PLAN.BC.113/05.02.07/95-96	23.03.96	Financing of Farmers for Purchase of Generator Sets for Irrigation Purpose	I 1.1.2 (ii) f

No.	Circular No.	Date	Subject	Paragraph No.
67.	RPCD.No.Plan.BC.60/04.09.01/95-96	20.11.95	Indirect Finance to SSIs - Rediscounting of Bills	II 4.2
68.	RPCD.No.PLNFS.BC.23/06.06.12/95-96	01.09.95	Bank Credit to KVI Sector	I 2.6
69.	RPCD.No.PLAN.BC.166/04.09.01/94-95	13.06.95	Weaker Sections in the Priority Sector – Revision of Definition	III 2.4
70.	RPCD.No.PLNFS.BC.165/06.03.01/94-95	06.06.95	Scheme for Financing Primary Weaving Co-operative Societies	I 2.4.3
71.	RPCD.No.BC.159/05.02.02/94-95	29.05.95	Financing of Farmers for Purchase of Shares in Sugar Mills and Other Agro-based Processing Units	I 1.2.9(xi)
72.	RPCD. No. Plan BC. 148/04.09.01/ 94-95	21.04.95	Priority sector lending- Contribution to RIDF	III 5
73.	RPCD.No.Plan.BC.128/04.09.01/94-95	03.03.95	Priority Sector Advances - Funds Provided to RRBs	I 3.9
74.	RPCD.No.PLFS.BC.117/05.03.01/94-95	16.02.95	Produce (Marketing) Loan Scheme	I 1.1.1
75.	RPCD.No.Plan.BC.112/04.09.01/94-95	21.01.95	Indirect Finance to SSIs - Rediscounting of SIDBI Bills	II 4.1
76.	RPCD.No.Plan.BC.66/04.09.01/94-95	17.11.94	Priority Sector Advances - Financing of Cold Storage Units	I 1.1.2(v), I 1.2.9(ii)
77.	IECD.No.23/08.12.01/94-95	09.11.94	Loans to SIDCs / SFCs	II 3
78.	RPCD.No.Plan.BC.38/04.09.09/94-95	22.09.94	Lending to Priority Sector by foreign banks	III 4.1-4.3
79.	RPCD.No.BC.34/05.02.02/94-95	15.09.94	Financing of Farmers for Purchase of Shares in Sugar Mills	I 1.2.9(xi)
80.	RPCD.No.PLNFS.BC.16/06.06.12/94-95	28.07.94	Bank Credit to KVI Sector	I 2.6
81.	RPCD.No.Plan.BC.144/04.09.01/93-94	17.05.94	Priority Sector Advances	I 3.9, 1.2.1, I 3.4
82.	RPCD.No.Plan.BC.127/04.09.01/93-94	20.04.94	Priority Sector Advances - Loans for Housing	I 3.7
83.	RPCD.No.Plan.BC.125/04.09.01/93-94	05.04.94	Priority Sector Advances - Loans for Housing	I 3.7
84.	RPCD.No.Plan.BC.118/04.09.01/93-94	15.03.94	Priority Sector Advances - Loans for Housing	I 3.7
85.	RPCD.No.PL.BC.111/04.09.01/93-94	03.03.94	Priority Sector Advances - Retail Trade & Small Business	I 3.2, 3.3
86.	RPCD.No.Plan.BC.110/04.09.01/93-94	02.03.94	Priority Sector Lending - Advances to Farmers	I 1.1.2(c)
87.	RPCD.No.PLNFS.BC.84/06.06.12/93-94	07.01.94	Bank Credit to KVI Sector - Priority Sector Advances	I 2.6
88.	RPCD.No.BC.72/05.05.06-93/94	30.11.93	Forestry & Wasteland Development	I 1.1.2 (viii)(6)(i)
89.	RPCD.PLNFS.BC.64/06.13.01/93-94	11.11.93	Priority Sector Advances - Professional and Self-Employed Persons - Loans for Purchase of Motor Vehicles	I 3.4
90.	RPCD.No.Plan.BC.55/04.09.01/93-94	21.10.93	Priority Sector Advances	III 2.1, 2.2

No.	Circular No.	Date	Subject	Paragraph No.
91.	RPCD.No.Plan.BC.127/04.09.09/92-93	23.06.93	Bank Credit to Priority Sector	III 4.1
92.	RPCD.No.PLNFS.BC.124/06.13.01/92-93	12.06.93	Priority Sector Advances - Professional and Self-Employed Persons - Loans for Purchasing Motor Vehicles	I 3.4.6
93.	RPCD.No.Plan.BC.103/04.09.09/92-93	19.04.93	Bank Credit to Priority Sector	III 3.1.3
94.	RPCD.No.PLNFS.BC.65/06.03.01/92-93	21.01.93	Small Scale Services and Business (Industry Related) Enterprises (SSSBEs)	I 2.3
95.	RPCD.No.PLNFS.BC.61/06.11.01/92-93	14.01.93	Priority Sector Advances - Housing Finance	I 3.7
96.	RPCD.No.PLFS.BC.16/CPFS-178/91-92	30.07.91	Rural Electrification (SPA I & II) Finance to State Electricity Boards	I 1.2.2
97.	RPCD.No.PL.BC.13/09.22/90-91	24.07.91	Improving Access of Rural Poor to Banking - Role of SHGs	I 3.10.1, 3.10.2, III 2.4.2.8
98.	RPCD.No.Plan.BC.77/PL-09.01/89-90	18.01.90	Lending to Priority Sector – Loan Application Forms	V 2.2
99.	RPCD.No.PLFS.BC.51/PS.137-89/90	31.10.89	Bank Finance for Purchase of Computers for Personal Use	I 3.4.7
100.	RPCD.No.PLFS.BC.84/PS.137/88-89	09.03.89	Priority Sector - Eligibility for Classification	I 3.4.1
101.	RPCD.No.PLFS.BC.78/PS.165/88-89	28.02.89	Advances to Priority Sector – Direct Agricultural Advances	III 1.2 (i)
102.	RPCD.No.PLFS.BC.52/PS.72/88-89	09.12.88	Inclusion of Salt Industry under Priority Sector	I 2.7
103.	RPCD.No.Plan.BC.85/PS.22-87/88	10.03.88	Advances to Priority Sector – Direct Agricultural Advances	III 1.2 (i)
104.	RPCD.No.Plan.BC.67/PS.22/87-88	12.12.87	Advances to Priority Sector - Issue of Acknowledgement to Applicants from Weaker Sections	IV 2.2
105.	RPCD.No.SP.BC.64/C.568A(P)/87-88	08.12.87	IRDP – Uniform Application Form - Issue of Acknowledgement Slip	IV 2.2
106.	RPC.No.PLFS.BC.79/PS.161A-87	21.04.87	Short-term Loans to Traditional Plantations	I 1.1.2 (viii)(a)(i)
107.	RPCD.No.PLNFS.BC.45/PS.72/86	20.01.86	Financing of Bought Leaf Factories for Manufacturing	I 2.9
108.	RPCD.No.PLNFS.BC.44/PS.72/86	17.01.86	Bank Finance to Ship-breaking Industry	I 2.8
109.	RPCD.No.CP.NFS.BC.20/PS.72-85/86	08.10.85	Revision in the Definition of SSI	I 2.1
110.	RPCD.No.BC.29/PS.22/84	16.03.84	Margin and Security Norms, etc. in respect of Borrowers under Priority Sector Advances	III 2.4, IV
111.	RPCD.No.PS.BC.22/C.682/83-84	06.02.84	Monitoring advances to priority sector	III 3
112.	RPCD.No.PS.BC.21/C.682/83	07.02.83	Report of the Working Group on the role of Banks in Implementation of New 20-Point Programme	III 2.4

No.	Circular No.	Date	Subject	Paragraph No.
113.	DBOD.No.BP.BC.126/C.464 (M)-80	29.10.80	Report of the Working Group on the Modalities of Implementation of Priority Sector Lending	III 1, 3.4
114.	DBOD.No.BP.BC.178/C.453 (U)-78	22.12.78	Differential Rate of Interest Scheme	I 1.2, 2.3
115.	DBOD.No.BP.1900/C.453 (U)-77	06.07.77	Scheme of DRI	I 1.2, 2.3