

**MASTER CIRCULAR  
PRIORITY SECTOR LENDINGS –  
CREDIT FACILITIES TO MINORITY COMMUNITIES**



**RESERVE BANK OF INDIA  
RURAL PLANNING AND CREDIT DEPARTMENT  
CENTRAL OFFICE, MUMBAI**

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September 29, 2004

All Commercial Banks

Dear Sir,

Master Circular

Priority Sector Lending - Credit facilities to Minority Communities

Reserve Bank of India has, periodically, issued instructions/directives to banks with regard to providing credit facilities to Minority Communities. To enable banks to have current instructions at one place, a Master Circular incorporating all the existing guidelines/instructions/directives has been prepared and is appended. We advise that this Master Circular consolidates all circulars on this subject issued by RBI till date as indicated in the Annexure– IV.

Please acknowledge receipt.

Yours faithfully,

(G. Srinivasan)  
Chief General Manager

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**Master Circular**  
**PRIORITY SECTOR LENDINGS -**  
**SPECIAL PROGRAMMES**

**1. CREDIT FACILITIES TO MINORITY COMMUNITIES**

The Government of India have indicated that care should be taken to see that minority communities secure, in a fair and adequate measure the benefits flowing from various Government sponsored special programmes. All commercial banks, both in public and private sector have been advised to ensure smooth flow of bank credit to minority communities.

**2. Definition of Minority Communities**

2.1 The following communities have been notified as minority communities by the Government of India, Ministry of Welfare:

- (a) Sikhs
- (b) Muslims
- (c) Christians
- (d) Zoroastrians
- (e) Buddhists

**3. Creation of Special Cell and Designating an exclusive Officer**

- 3.1 A Special Cell should be set up in each bank to ensure smooth flow of credit to minority communities and it should be headed by an officer holding the rank of Deputy General Manager/Assistant General Manager or any other similar rank who should function as a 'Nodal Officer'.
- 3.2 The Lead Bank in each of the minority concentration districts should have an officer who shall **exclusively** look after the problems regarding the credit flow to minority communities. It shall be his responsibility to publicise among the minority communities various programmes of bank credit and also to prepare suitable schemes for their benefit in collaboration with branch managers. (List of Minority concentration districts at Annexure II)
- 3.3 The designated officer should exclusively look after aspects relating to credit assistance to minority communities in the concerned districts. The designated officer may be attached to the Lead Bank set up at the district level. He would thus, be able to receive necessary guidance from Lead Bank Officer, who will be senior enough and have adequate experience for liaising effectively with the other credit institutions and Government agencies, and will also be working in close collaboration with the branch managers of other banks in the district. The designated officer will also arrange group meetings for their guidance for formulation of schemes suitable for the members of the minority communities. It will be necessary for the banks concerned to ensure that the role assigned to the designated officer/s is effectively fulfilled.
- 3.4 The convener banks of the District Consultative Committees (DCCs) and the State Level Bankers Committees (SLBCs) should ensure that steps taken to facilitate the flow of credit to the minority communities and the progress made in this regard are reviewed regularly at their meetings.
- 3.5 The Convener banks of DLRC/SLRM/SLBCs may invite Chairman/Managing Directors of State Minority Commissions/Boards or the State Minorities Financial Corporations or their representatives to attend the meetings of District Level Review Committee (DLRC), State Level Review Meeting (SLRM) and State Level Bankers Committee (SLBC)

- 3.6 Names, designation and office addresses of (i) the officer-in-charge of the Special Cell at Head Office and (ii) officer appointed by Lead Banks in the identified districts to look after exclusively the problems of minority communities, should be furnished by banks to the National Commission for Minorities at the following address and updated periodically:

The Secretary,  
National Commission for Minorities,  
Government of India,  
Lok Nayak Bhavan,  
5<sup>th</sup> Floor, Khan Market,  
New Delhi – 110 003.

A copy of the relevant communication may also be furnished to RBI, Central Office.

- 3.7 The Lead Banks in the identified districts having concentration of minority communities may involve the State Minority Commission /Finance Corporation in the extension work including creating awareness, identification of beneficiaries, preparation of viable projects, provision of backward and forward linkages such as supply of inputs/marketing, recovery etc.
- 3.8 The Lead Banks in the identified districts may collaborate with DDMs of NABARD / NGOs / Voluntary Organizations in reaching the poor through Self Help Groups (SHGs).

#### **4 Advances under DRI Scheme**

Banks may route loans under the DRI scheme through State Minority Finance/Development Corporation on the same terms and conditions as are applicable to loans routed through SC/ST Development Corporations, subject to the beneficiaries of the Corporations meeting the eligibility criteria and other terms and conditions prescribed under the scheme.

#### **5. Monitoring**

- 5.1. With a view to monitoring the performance of banks in providing credit to the specified minority communities, data on credit assistance provided to members of minority communities should be furnished to Reserve Bank of India and to the Government of India, Ministry of Finance, and Ministry of Welfare, on half yearly basis as on the last Friday of March and September every year. The statements (given in Annexure I) should reach RBI within one month from the close of each half-year.
- 5.2. In the case of a partnership firm, if the majority of the partners belong to one or the other of the specified minority communities, advances granted to such partnership firms may be treated as advances granted to minority communities and accordingly included in the prescribed statement. A company has a separate legal entity and hence advances granted to it cannot be classified as advances to the specified minority communities.
- 5.3. The convenor banks of the District Consultative Committees in the identified districts should furnish the data on priority sector advances granted by banks to specified minority communities compiled by them in the prescribed format (vide Annexure III) for the district under their lead responsibility to the concerned Regional Offices of RBI within one month from the close of the relative quarter. A list indicating the names of the identified districts, the respective lead banks and RPCD Regional offices to whom the lead bank should submit the statement is in Annexure II.
- 5.4. The progress made in regard to the flow of credit to the minority communities should be reviewed regularly at the meetings of the District Consultative Committees (DCCs) and the State Level Bankers Committees (SLBCs).

- 5.5. The Lead Banks in the identified districts should furnish the relevant extracts of the agenda notes and the minutes of the meetings of the DCCs and of the respective SLBCs to the Union Ministry of Finance and to the Ministry of Welfare on a quarterly basis for their use.

## **6. Training**

- 6.1. With a view to ensuring that the bank staff and officers have proper perspective and appreciation of the various programmes for welfare of minorities, necessary orientation may be provided to officials and other staff. For this purpose, banks should include suitable lecture sessions as part of all relevant training programmes like induction courses, programmes on rural lending, financing of priority sectors, poverty alleviation programmes, etc.
- 6.2. The Lead Banks functioning in the identified districts should organize Entrepreneur Development Programmes so that the members of the minority communities in these areas are enabled to derive the benefit of various programmes being financed by the banks. Depending upon the major vocation and type of activity undertaken by large sections of the people in the districts, suitable programmes may be organized in co-operation with State Governments, Industries Department, District Industries Centre, SIDBI, State Technical Consultancy Organization, Khadi and Village Industries Commission and other voluntary organizations which are fully equipped to impart such training and orientation. The duration of the programme, the course content, the faculty support to be selected etc. should be decided by each lead bank taking into account the prevailing conditions, need and existing skills as well as aptitude of the people in the district.
- 6.3. The Lead Banks in the identified districts may sensitise and motivate the staff posted to identified districts through proper training to assist the minority communities under various credit schemes.
- 6.4. The Lead Banks may organise sensitization workshops for bank officials regarding micro credit/ lending to SHGs with the help of DDMs of NABARD.

## **7. Publicity**

- 7.1 There should be good publicity about various anti-poverty programmes of the Government where there is large concentration of minority communities and particularly in the districts listed in the Annexure II which have a concentration of minority communities.
- 7.2 The Lead Banks in the identified districts may create awareness among minority communities regarding credit facilities available from banks through appropriate measures which may include publicity through (i) print media i.e. distribution of pamphlets in local languages, advertisements/articles in newspapers etc. (ii) TV channels - DD/local channels, (iii) participation / setting up of stalls in the Melas / fairs organized during the religious /festive occasions by these communities.

## **8. National Minorities Development and Finance Corporation (NMDFC)**

- 8.1 National Minorities Development and Finance Corporation (NMDFC) was established in September 1994 to promote economic and developmental activities for the backward sections amongst the minorities. NMDFC works as an apex body and channelises its funds to the beneficiaries through the State Minority Finance Corporation of the respective State/Union Territory Governments.

8.2 The NMDFC is operating, inter-alia, the Margin Money Scheme. Bank finance under the scheme will be up to 60 percent of the project cost. The remaining amount of the project cost is shared by NMDFC, the State channelising agency and the beneficiary in the proportion of 25%, 10%, and 5%, respectively. Banks may implement the Margin Money scheme evolved by NMDFC. While extending bank finance, banks should bear in mind the guidelines/instructions issued by RBI from time to time on priority sector advances. It may be ensured that the assets created out of the loan amount are mortgaged/hypothecated to the banks. Where recoveries have been made by the banks, it would be in order if the amounts are appropriated first towards bank dues.











**List of Minority Concentration Districts**

(vide paragraphs 3.2, 5.3, and 7.1)

<b>States/R.Os of RPCD</b>	<b>Districts</b>	<b>Name of Lead Bank</b>
<b>Uttar Pradesh (Lucknow)</b>	? Rampur ? Bijnor ? Moradabad ? Saharanpur ? Muzaffarnagar ? Meerut ? Bahraich ? Gonda ? Ghaziabad ? Pilibhit ? Deoria ? Barabanki ? Basti	? ? Bank of Baroda ? ? Punjab National Bank ? ? Syndicate Bank ? ? Punjab National Bank ? ? Punjab National bank ? ? Syndicate Bank ? ? Allahabad Bank ? ? Allahabad Bank ? ? Syndicate Bank ? ? Bank of Baroda ? ? Central Bank of India ? ? Bank of India ? ? State Bank of India
<b>West Bengal (Kolkata)</b>	? Murshidabad ? Malda ? North Dinajpur ? South Dinajpur ? ? Birbhum ? ? Nadia ? ? 24-Parganas (N) ? ? 24-Parganas (S) ? ? Cooch Behar ? ? Howrah	? United Bank of India ? United Bank of India ? United Bank of India ? United Bank of India ? ? UCO Bank ? ? United Bank of India ? ? Allahabad Bank ? ? United Bank of India ? ? Central Bank of India ? ? UCO Bank
<b>Kerala (Thiruvananthapuram)</b>	? Mallappuram ? Kozikode ? Cannanore ? Palghat ? Wyanad	? Canara Bank ? Canara Bank ? Syndicate Bank ? Canara Bank ? Canara Bank

<b>Bihar (Patna)</b>	? Purnea ? Araria ? Kishanganj ? Katihar ? Darbhanga	? Central Bank of India ? State Bank of India ? Central Bank of India ? Central Bank of India ? Central Bank of India
<b>Karnataka (Bangalore)</b>	? Bidar ? Gulbarga ? Bijapur	? State bank of India ? State Bank of India ? Syndicate Bank
<b>Maharashtra (Mumbai)</b>	? Greater Mumbai ? Aurangabad	? Bank of Maharashtra ? Bank of Maharashtra
<b>Andhra Pradesh (Hyderabad)</b>	? Hyderabad ? Kurnool	? State Bank of Hyderabad ? Syndicate Bank
<b>Haryana (New Delhi)</b>	? Gurgaon	? Syndicate Bank
<b>Madhya Pradesh (Bhopal)</b>	? Bhopal	? Bank of India
<b>Rajasthan (Jaipur)</b>	? Jaisalmer	? State Bank of Bikaner & Jaipur
<b>Gujarat (Ahmedabad)</b>	? Kutch	? Dena Bank

### ANNEXURE III

Statement showing priority sector advances granted to the members of specified minority communities vis-à-vis overall priority sector advances (in the identified Districts) for the quarter ended -----

(Vide paragraph 5.3)

Name of the District -----

Name of Community	No. of accounts		Amounts outstanding (Rs. in Crores)	
	Previous Quarter	Current Quarter	Previous Quarter	Current Quarter
<b>A. Minority Communities</b>				
1. Christians				
2. Muslims				
3. Buddhists				
4. Sikhs				
5. Zoroastrians				
<b>TOTAL ( 1 TO 5 )</b>				
<b>B. Others</b>				
<b>C. Total priority sector advances in the identified districts (A + B)</b>				
<b>D. Share of A out of C in %</b>				

Note : (1) No. of accounts actual  
(2) Amount outstanding Rupees in crores

**MASTER CIRCULAR**

**ANNEXURE IV**

**Credit Flow to Minority Communities**

**List of Circulars consolidated in the Master Circular**

<b>Sr. No.</b>	<b>Circular No.</b>	<b>Date</b>	<b>Subject</b>
1.	RPCD No.SP.BC.4/PS.160-86-87	24.07.86	Credit facilities to Minority Communities
2.	RPCD No.SP.BC.97/PS.160-86-87	29-07-86	Credit facilities to Minority Communities
3.	RPCD No.SP.1378/PS.160-86-87	09.01.87	Credit facilities to Minority Communities
4.	RPCD No.SP.1563/PS.160-86-87	11.02.87	Credit facilities to Minority Communities
5.	RPCD No.SP.BC.75/PS.160-86-87	08.04.87	Credit facilities to Minority Communities
6.	RPCD No.SP.BC.14/PS.160-87-88	31.07.87	Credit facilities to Minority Communities
7.	RPCD No.SP.374/PS.160-87-88	31.07.87	Credit facilities to Minority Communities
8.	RPCD No.SP.BC.45/PS.160/87-88	16.10.87	Credit facilities to Minority Communities
9.	RPCD No.SP..BC.55/PS.160-87-88	02.11.87	Credit facilities to Minority Communities
10.	RPCD No.SP.BC.56/PS.160-87-88	02.11.87	Credit facilities to Minority Communities
11.	RPCD No.SP.649/PS.160-88-89	27.09.88	Prime Minister's 15-Point Directive about Welfare of Minorities
12.	RPCD No.SP.BC.46/PS.160-88-89	17.11.88	Credit facilities to Minority Communities
13.	RPCD No.Stat.BC.66/Stat-20(CB)/88-89	21.01.89	Credit facilities to Minority communities
14.	RPCD No.LBS.BC.121/LBC.34-88/89	07.06.89	Inclusion of representatives of State Minority Commissions/Boards or State Minorities Financial Corporations and of SC/ST Corporations in the DLRC and SLRM
15.	RPCD No.SP.BC.37/C.453(U)89-90	03.10.89	DRI Scheme – Routing of Advances through State Minority Finance/ Development Corporation
16.	RPCD No.SP.BC.124/PS.160-89-90	26.06.90	Credit facilities to Minority Communities
17.	RPCD No.SP.BC.80/PS.160-92-93	10.03.93	Credit facilities to Minority Communities – Quarterly Statement
18.	RPCD No. SP.1934/PS.160-92-93	22.06.93	Credit facilities to Minority Communities
19.	RPCD No.SP.BC.17/PS.160-93-94	10.08.93	Credit facilities to Minority Communities – Training to Staff
20.	RPCD No.SP.BC.32/PS.160-93-94	06.09.93	Credit facilities to Minority Communities – Revised Format
21.	RPCD No.SP.BC.50/PS160-93-94	13.10.93	Credit facilities to Minority Communities – Revised Format
22.	RPCD No.SP.BC.83/PS.160/93-94	07.01.94	Credit flow to Minority Communities – Quarterly statement.
23.	RPCD No.SP.BC.166/PS.160-93-94	15.06.94	Credit facilities to Minority Communities – 41 Identified Districts
24.	LBS.BC.29/02.03.01-94-95.	31.08.94	Inclusion of representatives of State Minority Commission/Boards or State Minorities Finance Corporations in SLBC.
<b>Sr.</b>	<b>Circular No.</b>	<b>Date</b>	<b>Subject</b>

<b>No.</b>			
25.	<i>RPCD No.SP.BC.79/09.10.01-94-95</i>	<i>09.12.94</i>	<i>List of Specified Minority Communities – Inclusion of Buddhists in place of Neo-Buddhists</i>
26	<i>RPCD No.SP.BC.33/09.10.01-96-97</i>	<i>07.09.96</i>	<i>Credit facilities to Minority Communities – Quarterly Statement</i>
27.	<i>RPCD No. SP.BC.43/09.10.01-96-97</i>	<i>10.10.96</i>	<i>Credit Flow to Minority Communities – Compendium of Instructions</i>
28.	<i>RPCD No. SP.BC.108/09.12.01-96-97</i>	<i>28.02.97</i>	<i>National Minorities Development and Finance Corporation (NMDFC)</i>
29.	<i>RPCD No.SPBC.13/09.10.01/01-02</i>	<i>13.08.01</i>	<i>Credit facilities to Minority Communities-Evaluation Study</i>
30.	<i>RPCD No.SP.1074/09.10.01-2001-02</i>	<i>21.01.02</i>	<i>Enhancing Credit Flow to Minority Communities</i>
31.	<i>RPCD No.SP.BC.62/09.10.01 /2001-02</i>	<i>04.02.02</i>	<i>Enhancing Credit flow to minority communities</i>