

**RBI/2004-2005/237**

RPCD.PLNFS.BC. No. 44/06.11.01/2004-05

October 26, 2004

The Chairman/Managing Director  
All Scheduled Commercial Banks  
(Including RRBs & Local Area Banks)

Dear Sir,

**Priority Sector Lending - Housing Loan: Enhancement of ceiling**

Please refer to paragraph 3.7.1 of Section I of the Master Circular RPCD.No.Plan.BC.7/04.09.01/2004-05 dated July 20, 2004 on lending to priority sector in terms of which bank loans up to Rs. 10 lakh for construction of houses by individuals, excluding loans granted by banks to their own employees are reckoned under priority sector advances.

2. In this connection, please refer to paragraph **83** of the Mid-Term Review of Annual Policy Statement for the year 2004-05 dated October 26, 2004 (copy of the paragraph enclosed). In order to further improve flow of credit to the housing sector, it has been decided that banks, with the approval of their Boards, may extend direct finance to housing sector up to Rs. 15 lakh irrespective of location, as part of their priority sector lending.

3. We shall be glad if you please issue necessary instructions to your controlling offices/branches in the matter for appropriate action.

4. Please acknowledge receipt.

Yours faithfully,

**(G. Srinivasan)**  
**Chief General Manager**

Encl: As above.