

**RBI/2005-06/245**  
**RPCD.CO.No.RRB.BC.59/03.05.33 (F)/2005-06**

December 27, 2005

To  
All Scheduled Commercial Banks/  
Regional Rural Banks

Dear Sir/Madam,

**Scheme to cover loans for general purposes under General Credit Card (GCC)**

As you are aware, credit cards are now being extensively issued to and used by individuals to make purchases of goods and services on credit and make cash withdrawals. In rural areas, with limited Point-of-Sale (POS) and limited ATM facilities, while similar product may not be feasible, there has been demand for General Credit Card (GCC) akin to Kisan Credit Card (KCC). The matter has been examined and it has been decided that banks introduce a General Credit Card (GCC) Scheme for issuing GCC to their constituents in rural and semi-urban areas, based on the assessment of income and cash flow of the household similar to that prevailing under normal credit card. Under the scheme, there would not be any insistence on security and the purpose or end-use of the credit. Interest rate on the facility may be charged, as considered appropriate and reasonable. The limit may be periodically reviewed and revised/cancelled depending on track record of the account holder. With a view to targeting women as beneficiaries of bank credit, they may be given a preferential treatment under the GCC Scheme. Banks may utilize the services of local post offices, schools, primary health centers, local government functionaries, farmers' association/club, well-established community-based agencies and civil society organisations for sourcing of borrowers for issuing GCC.

3. Guidelines for the GCC scheme, which include entitlement to draw cash, are annexed.

4. Please acknowledge receipt to our concerned Regional Office.

Yours faithfully,

(G. Srinivasan)  
Chief General Manager

Encl: As above.

**Annex**

## **General Credit Card (GCC) Scheme**

### **1. The Scheme**

The Scheme shall cover general credit needs of bank constituents in rural and semi-urban areas and shall be referred to as the 'General Credit Card (GCC) Scheme'.

### **2. Objectives**

The objective of the scheme is to provide hassle-free credit to banks' customers based on the assessment of cash flow without insistence on security, purpose or end-use of the credit. This is in the nature of overdraft or cash-credit with no end-use stipulations.

### **3. Participating banks**

The Scheme may be implemented by all Scheduled Commercial Banks and RRBs at any of their branches.

### **4. Nature of financial accommodation: Cash withdrawal**

The credit facility extended under the Scheme will be in the nature of revolving credit. The GCC-holder will be entitled to draw cash from the specified branch of bank up to the limit sanctioned and in fact, this may be the only feasible mechanism in many cases.

### **5. Quantum of limit**

Banks would have flexibility in fixing the limit based on the assessment of income and cash flow of the entire household. However, the total credit facility under GCC for an individual should not exceed Rs.25,000/-

### **6. Interest rate**

Interest rate on the facility may be charged, as considered appropriate and reasonable.

### **7. Flexibility in use of credit**

The borrowers would be eligible for availment of the credit facilities provided under GCC, as per their requirement, without any insistence on security and the purpose or end-use of the credit.

### **8. Priority sector lending status**

Fifty per cent of credit outstanding under GCC up to Rs.25,000/- will be eligible for being treated as indirect agricultural financing. The eligibility criteria will be subject to review.

### **9. Form of GCC**

It is not necessary that GCC should be linked to purchase and GCC may not necessarily be in the form of a card. GCC can be issued in the form of a Pass Book, if the holder of GCC desires to operate cash withdrawals from bank-branch.

### **10. Flexibility**

Banks may consider appropriate modification provided the essential features of the scheme are maintained and prior approval of the Reserve Bank obtained.