

RBI/2007-2008/114
RPCD.CO.No RRB.BC.19 /03.05.33/2007-08

August 13, 2007

All Regional Rural Banks

Dear Sir,

Priority Sector Advances- Loans for Housing Purposes

Please refer to our circular RPCD.PLNFS.BC.No. 92 /06.11.01/ 2002-03 dated April 29, 2003 in terms of which RRBs, with the approval of their Boards, were permitted to extend direct finance to the housing sector up to Rs.10 lakh in rural and semi-urban areas as part of priority sector lending. In order to bring RRBs at par with commercial banks, it has now been decided that RRBs may extend, with the approval of their Boards, direct finance to the housing sector up to Rs. 20 lakh, irrespective of the area.

2. Further, the limit of 5 per cent of incremental deposits over previous year, prescribed vide our circular RPCD.RRB.BC. 54/03.05.33/96-97 dated October 24, 1996 also stands withdrawn.

Yours faithfully,

(C.S.Murthy)
Chief General Manager-In-Charge