

April 15, 2008

The Chairman/ Managing Director/
Chief Executive Officer
All Scheduled Commercial Banks

Dear Sir,

Total Financial Inclusion and Credit Requirement of SHGs

Please refer to our Master Circular on Micro Credit RPCD. MFFI. BC.No.08 / 12.01.001/ 2007-08 dated July 2, 2007 wherein it has been stated, inter alia, that such credit should cover not only consumption and production loans for various farm and non-farm activities of the poor, but also include their other credit needs such as housing and shelter improvements. In this connection, we invite your attention to Paragraph 93 of the Union Budget announcement made by the Honourable Finance Minister for the year 2008-09 (Copy enclosed) and advise you to meet the entire credit requirements of SHG members, as envisaged therein.

Please acknowledge receipt.

Yours faithfully

(A.K.Pandey)
General Manager

Extract of Budget Announcement- 2008-09

Para No. 93:

"Banks will be encouraged to embrace the concept of Total Financial Inclusion. Government will request all scheduled commercial banks to follow the example set by some public sector banks and meet the entire credit requirements of SHG members, namely, (a) income generation activities, (b) social needs like housing, education, marriage, etc. and (c) debt swapping".