



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2011-12/170

DBOD.Dir.BC.34 /13.03.00/2011-12

September 9, 2011

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir / Madam

Guidelines on Base Rate

Please refer to our circular No. DBOD.Dir.BC.88/13.07.001/2009-10 dated April 9, 2010 and our letter DBOD.Dir.No. 21957/13.07.001/ 2009- 10 dated June 24, 2010 addressed to Indian Banks' Association (IBA) on the subject.

2. The National Scheduled Tribes Finance and Development Corporation (NSTFDC), a wholly owned Government of India Section 25 Company under the Ministry of Tribal Affairs, extends financial assistance at concessional rates of interest for viable income generating activities to eligible beneficiaries belonging to Scheduled Tribes. The guidelines for implementation of the Micro Credit Scheme of NSTFDC were issued by IBA vide their circulars SB/Govt/113 dated November 22, 2007 and SB/CIR/Govt/NSTFDC/43 dated April 6, 2009. Under the scheme, banks may extend subsidised loans to eligible beneficiaries/SHGs for undertaking Self Employment Ventures/activities at interest rates not exceeding six per cent/eight per cent where refinance at three per cent/five per cent from NSTFDC is available. Similarly, banks may extend subsidised loans to eligible beneficiaries under the various schemes of National Handicapped Finance and Development Corporation (NHFDC) at interest rates prescribed therein where refinance from NHFDC is available. In this context, we advise as under:

Banks may charge interest at the rates prescribed under the schemes of NSTFDC /NHFDC to the extent refinance is available. Such lending, even if it is below the Base Rate, would not be considered as a violation of our Base Rate Guidelines. Interest rate charged on the part not covered under refinance should not be below Base Rate.

Yours faithfully

(P. R. Ravi Mohan)
Chief General Manager