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FIDD.CO.GSSD.BC.No 06/ 09.09.01/2015-16

July 01, 2015

The Chairman / Managing Director  
All Scheduled Commercial Banks

Dear Sir,

## Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)

Please refer to the [Master Circular RPCD GSSD BC No.01/09.09.01/2014-15 dated July 01, 2014](#) consolidating guidelines / Instructions / directions issued to banks with regard to providing credit facilities to Scheduled Castes (SCs) and Scheduled Tribes (STs). The Master Circular has been suitably updated by incorporating the instructions issued up to June 30, 2015 and has also been placed on website <https://www.rbi.org.in>.

A copy of Master Circular is enclosed.

Yours faithfully,

Sd/-

(Madhavi Sharma)  
Chief General Manager

Encls: As above

वित्तीय समावेशन और विकास विभाग, केन्द्रीय कार्यालय, 10वीं मंजिल, केन्द्रीय कार्यालय भवन, मुंबई 400 001,

टेलीफोन /Tel No: 91-22-22661000 फैक्स/Fax No: 91-22-22621011/22610948/22610943 ई-मेल/ Email

ID:cgmifidd@rbi.org.in

Financial Inclusion & Development Department, Central Office, 10<sup>th</sup> Floor, C.O. Building, Post Box No.10014 Mumbai -400 001

हिंदी आसान है, इसका प्रयोग बढ़ाइये

“चेतावनी - रिज़र्व बैंक द्वारा मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का न्यॉर, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।”

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## **Master Circular--Credit Facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)**

### **1. Flow of Credit to SCs / STs**

1.1 Special emphasis has been given to the welfare of the scheduled castes and scheduled tribes. Banks should take the following measures to step up their advances to SCs / STs:

#### **Planning Process**

(a) At the block level, a certain weightage is to be given to scheduled castes / scheduled tribes in the planning process. Accordingly, the credit planning should be weighted in favour of scheduled castes / scheduled tribes and special bankable schemes suited to members of these communities should be drawn up to ensure their participation in such schemes and larger flow of credit to them for self-employment. It will be necessary for the banks to consider loan proposals of these communities with utmost sympathy and understanding.

(b) The District Level Consultative Committees formed under the Lead Bank Scheme should continue to be the principal mechanism of co-ordination between banks and development agencies.

(c) The district credit plans formulated by the lead banks should be elaborated to indicate clearly the linkage of credit with employment and development schemes.

(d) Banks will have to establish closer liaison with the District Industries Centres, which have been set up in different districts for promoting self-employment.

(e) Banks should periodically review their lending procedures and policies to see that loans are sanctioned in time, are adequate and production-oriented and that they generate incremental income to make them self-liquidating.

(f) Credit planning should be weighted in favour of Scheduled Castes / Scheduled Tribes. Loan proposals of these communities should be considered sympathetically and expeditiously.

(g) While 'adopting' villages for intensive lending, villages with sizeable population of these communities may be specially chosen; the alternative of adopting specific localities (bastis) in the concerned villages which have a concentration of these communities could also be considered.

(h) Special efforts should be made to evolve suitable bankable schemes for weaker sections including members of these communities.

### **Role of Banks**

(i) Bank staff may help the poor borrowers in filling up the forms and completing other formalities so that they are able to get credit facility within a stipulated period from the date of receipt of applications.

(j) In order to encourage SC / ST borrowers to take advantage of credit facilities, greater awareness among them about various schemes formulated by banks will have to be created. As a majority of the eligible borrowers would be illiterate persons, publicity through brochures, other literature, etc. will be of limited utility. The more desirable method would be for the field staff of banks to contact such borrowers and explain to them the salient features of the schemes as also the advantages that will accrue. Banks should advise their branches to organize meetings more frequently exclusively for SC / ST beneficiaries to understand their credit needs and to incorporate the same in the credit plan.

(k) Bank should keep Application Register / Deposit Register, Complaint Register in desired order and maintain relevant documents and pass book in local language too, besides in Hindi and English.

(l) Circulars issued by RBI / NABARD should be circulated among the staff for compliance.

(m) Banks should not insist on deposits while considering loan applications under Government sponsored poverty alleviation schemes / self-employment programmes from borrowers belonging to SCs / STs. It should also be ensured that applicable subsidy is not held back while releasing the loan component till the full repayment of bank dues. Non release of subsidy upfront amounts to under-financing and hampers asset creation / income generation.

(n) The National Scheduled Tribes Finance & Development Corporation and National Scheduled Castes Finance & Development Corporation have been set up under the administrative control of Ministry of Tribal Affairs and Ministry of Social Justice & Empowerment, respectively. The banks should advise their branches / controlling offices to render all the necessary institutional support to enable the institution to achieve the desired objectives.

(o) Advances sanctioned to State sponsored organizations of SC / ST, for the specific purpose of purchase and supply of inputs to and / or the marketing of outputs of the beneficiaries viz. artisans, village and cottage industries of these organizations, should be treated as Priority Sector Advances, subject to the condition that the relative advances are exclusively for the purpose of purchase and supply of inputs to and / or marketing of the outputs of beneficiaries of these organizations.

### **Role of SC / ST Development Corporations**

(p) The Government of India has advised all State Governments that the Scheduled Caste/ Tribes Development Corporations can consider bankable schemes / proposals for bank finance. As regards Collateral Security and / or third party guarantee for loans, guidelines issued to banks on priority sector lending will apply.

### **Rejection of Applications**

(q) If applications in respect of SCs / STs are to be rejected, it should be done at the next higher level instead of at the branch level. Further, reasons for rejection of applications should be clearly indicated.

## **Centrally Sponsored Schemes**

There are several major centrally sponsored schemes under which credit is provided by banks and subsidy is received through Government Agencies. Credit flow under these schemes is monitored by RBI. Under each of these, there is a significant reservation / relaxation for the members of the SC / ST communities.

## **Reservations for SC / ST Beneficiaries under Major Centrally Sponsored Schemes**

### **National Rural Livelihoods Mission**

(r) The Ministry of Rural Development, Government of India has launched National Rural Livelihood Mission (NRLM) by restructuring Swarnajayanti Gram Swarozgar Yojana replacing the existing SGSY Scheme, effective from April 01, 2013.

To begin with, NRLM would ensure that at least one member from each identified rural poor household, preferably a woman is brought under the self-help group (SHG) network in a time bound manner. Subsequently, both women and men would be organized for addressing livelihoods issues i.e. farmers organizations, milk producers' cooperatives, weavers associations, etc. All these instructions are inclusive and no poor would be left out of them. NRLM would ensure adequate coverage of vulnerable sections of the society such that 50% of these beneficiaries are SC/STs.

### **National Urban Livelihoods Mission**

(s) The Ministry of Housing and Urban Poverty Alleviation (MoHUPA), Government of India, has launched the National Urban Livelihoods Mission (NULM) by restructured the existing Swarna Jayanti Shahari Rozgar Yojana (SJSRY), effective from September 24,

2013, Under NULM, advances should be extended to SCs / STs to the extent of their strength in the local population.

Under NULM, the underemployed and unemployed urban poor will be encouraged to set up small enterprises relating to manufacturing, servicing and petty business for which there is considerable local demand. Local skills and local crafts should be particularly encouraged. Each Urban Local Body (ULB) should develop a

compendium of such activities/projects keeping in view skills available, marketability of products, costs, economic viability etc. Under NULM, advances should be extended to SCs / STs to the extent of their strength in the local population.

### **Differential Rate of Interest Scheme**

(t) Under the DRI Scheme, banks provide finance upto Rs.15,000/- at a concessional rate of interest of 4 percent per annum to the weaker sections of the community for engaging in productive and gainful activities. In order to ensure that persons belonging to SCs / STs also derive adequate benefit under the Differential Rate of Interest (DRI) Scheme, banks have been advised to grant to eligible borrowers belonging to SCs / STs such advances to the extent of not less than 2/5th (40 percent) of total DRI advances.

### **Scheme for Rehabilitation of Manual Scavenger**

(u) The National Scheme for Liberation and Rehabilitation of Scavengers (NSLRS) was being implemented by all Public Sector banks since 1993 with an objective to liberate all scavengers and their dependents from their existing hereditary and obnoxious occupation of manually removing night soil and filth and to provide for and engage them in alternative and dignified occupations within a period of five years. Government of India stopped funding the NSLRS since 2005-06 and approved the Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS).

### **Relaxations/ Reservations for SC/ST beneficiaries under major centrally sponsored schemes**

(v) Under the DRI scheme, the eligibility criteria that size of land holding should not exceed 1 acre of irrigated land and 2.5 acres of unirrigated land is not applicable to SCs / STs. Moreover, members of SCs / STs satisfying the income criteria of the scheme can also avail of housing loan up to Rs.20,000/- per beneficiary over and above the individual loan of Rs.15,000/- available under the scheme (as announced in the Union Budget 2007-2008).

## **2. Monitoring and Review**

2.1 A special cell should be set up at the Head Office for monitoring the flow of credit to SC / ST beneficiaries. Apart from ensuring the implementation of the RBI guidelines, the cell would also be responsible for collection of relevant information /

data from the branches, consolidation thereof and submission of the requisite returns to RBI and Government.

2.2 Convenor bank (of SLBC) should invite the representative of National Commission for SCs / STs to attend SLBC meetings. Besides, the Convener bank may also invite representatives from National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) and State Scheduled Castes and Scheduled Tribes Finance and Development Corporation (SCDC) to attend SLBC meetings

2.3 A periodical review should be made by the Head Office of banks of the credit extended to SCs / STs on the basis of returns and other data received from the branches.

2.4 The Board of Directors should review on quarterly basis, the measures taken to enhance the flow of credit to SC / ST borrowers. The Review Notes, besides indicating the actual performance of the bank during the relevant quarter, should also contain information about how the bank proposes to expand the coverage of this sector in the context of potential for business and its network of branches with particular reference to Centrally Sponsored Schemes. The review should also consider the progress made in lending to these communities directly or through the State-level Scheduled Caste / Scheduled Tribe Corporations for various purposes based, amongst others, on field visits of the senior officers from the Head Office / Controlling Offices. A copy each of such review notes should be sent to Reserve Bank.

### **3. Reporting Requirements**

It has been considered necessary to have data of banks' advances for SCs and STs under priority sectors and Differential Rates of Interest (DRI) Scheme separately. Accordingly banks may submit to RBI on half-yearly basis as on the last reporting Friday of March and September a statement showing the credit extended to SCs and STs under priority sectors (Annexure I). Further, banks may submit to Reserve Bank on yearly basis as on the last reporting Friday of March a statement showing the credit extended to SCs and STs under DRI Scheme (Annexure II). The statements should reach RBI within one month from the end of the relevant half-year / year.



<b>Statement showing Advances granted to Scheduled Caste/Schedule Tribes as on the last reporting Friday of March/September</b> <i>(Amount in thousands of rupees)</i> <i>(Numbers in Actual)</i>							
Serial No.	Item Description	Schedule Castes		Schedule Tribes		TOTAL	
		No. of A/cs	Balance Outstanding	No. of A/cs	Balance Outstanding	No. of A/cs	Balance Outstanding
		1	2	3	4	5	6
A	Priority Sector Advances ( sum of 1 to 8 )						
1	Agriculture						
	Of which						
i)	Crop Loans						
ii)	Investment Credit						
iii)	Allied Activities						
iv)	Others						
2	MSMEs						
(i)	Micro Enterprises						
(a)	Manufacturing Enterprises						
(b)	Service Enterprises (advances up to ₹ 5 crore)						
(ii)	Small Enterprises						
(a)	Manufacturing Enterprises						
(b)	Service Enterprises (advances up to ₹ 5 crore)						
(iii)	Medium Enterprises						
(a)	Manufacturing Enterprises						
(b)	Service Enterprises (advances up to ₹ 10 crore)						
(iv)	Advances to KVI						
(v)	Other Finance to MSMEs						
3	Export Credit						
4	Education						
5	Housing						
6	Renewable Energy						
7	Social Infrastructure						
8	'Others' category under Priority Sector						
B	Advances under Differential Rate of Interest Scheme Annexure II						
1	Advances directly granted						
2	Routed through						
a)	Regional Rural Banks						
b)	State sponsored Corporations of Scheduled Castes/ Scheduled Tribes						
c)	Co-operative/LAMPS identified in specific tribal areas by Government						
C	ANNEXURE I(a) LoanC. disbursed to SHGs belonging to STs under the NSTFDC# Micro-credit scheme						
9	Housing Loans						
10	Consumption Loans						
11	Indirect Finance (i.e. routed through intermediaries like Co-operatives, Regd. Societies and State Sponsored Organisations of Weaker Sections)						
	Total						

**Annexure I ( Paragraph 3)**

ANNEXURE I (a)

Statement to be submitted by the public sector banks as on the last reporting Friday  
of March/September

	(Amount in thousands of rupees)	
	Scheduled Tribes	
Applicable only for Public Sector Banks	No. of accounts	Balance Outstanding
Loans disbursed to SHGs belonging to STs under the NSTFDC* Micro-credit Scheme		

\*NSTFDC – National Scheduled Tribes Finance Development Corporation

## Annexure II

Advances under Differential Rate of Interest Scheme as on the last reporting Friday of March							
		Scheduled Castes		Scheduled Tribes		Total	
		No. of Accounts	Balance Outstanding	No of Accounts	Balance Outstanding	No of Accounts	Balance Outstanding
		1	2	3	4	5	6
1.	Advances directly granted						
2.	Routed through						
	(a) Regional Rural Banks						
	(b) State sponsored Corporations of Scheduled Castes/ Scheduled Tribes						
	(c) Co-operatives/LAMPS identified in specific tribal areas by Government						
	Total						

**Credit Facilities to Scheduled Castes / Scheduled Tribes**  
**List of Circulars Consolidated in the Master Circular**

<b>No.</b>	<b>Circular No.</b>	<b>Date</b>	<b>Subject</b>
1.	DBOD.No.BP.BC.172/C.464(R)-78	12.12.78	Role of Banks in Promoting Employment
2.	DBOD.No.BP.BC.8/C.453(K)-Gen	09.01.79	Agricultural Credit to Small and Marginal Farmers
3.	DBOD.No.BP.BC.45/C.469(86)-81	14.04.81	Credit Facilities to SC / ST
4.	DBOD.No.BP.BC.132/C.594-81	22.10.81	Recommendations of the Working Group on the Development of Scheduled Castes
5.	RPCD.No.PS.BC.2/C.594-82	10.09.82	Credit Facilities to SC / ST
6.	RPCD.No.PS.BC.9/C.594-82	05.11.82	Concessional Bank Finance to SC / ST Development Corporations
7.	RPCD.No.PS.BC.4/C. 594-83	22.08.83	Credit Facilities to SC / ST
8.	RPCD.No.PS.1777/C. 594-83	21.11.83	Credit Facilities to SC / ST
9.	RPCD.No.PS.1814/C.594-83	23.11.83	Credit Facilities to SC / ST
10.	RPCD.No.PS.BC.20/C.568(A)-84	24.01.84	Credit Facilities to SC / ST - Rejection of Loan Applications
11.	RPCD.No.CONFS/274/PB-1-84/85	15.04.85	Role of Private Sector Banks in Lending to SCs / STs
12.	RPCD.No.CONFS.62/PB-1-85/86	24.07.85	Role of Private Sector Banks in Lending to SCs / STs
13.	RPCD.No.SP.BC.22/C.453(U)-85	09.10.85	Credit Facilities to Scheduled Tribes under DRI Scheme
14.	RPCD.No.SP.376/C-594-87/88	31.07.87	Credit Facilities to SC / ST
15.	RPCD.No.SP.BC.129/C.594(Spl)/88-89	28.06.89	National SC / ST Finance and Development Corporation
16.	RPCD.No.SP.BC.50/C.594-89/90	25.10.89	Scheduled Caste Development Corporation - Instructions on Unit Cost
17.	RPCD.No.SP.BC.107/C.594-89/90	16.05.90	Credit Facilities to SCs / STs
18.	RPCD.No.SP.1005/C.594/90-91	04.12.90	Credit facilities to Scheduled Castes and Scheduled Tribes - Evaluation Study
19.	RPCD.No.SP.BC.93/C.594.MMS-90/91	13.03.91	Scheduled Caste Development Corporation (SCDCs) - Instructions on Unit Cost
20.	RPCD.No.SP.BC.122/C.453(U)-90-91	14.05.91	Housing Finance to SCs / STs - Inclusion under the DRI Scheme
21.	RPCD.No.SP.BC.118/C.453(U)-92/93	27.05.93	Priority Sector Advances - Housing Finance
22.	RPCD.No.LBS.BC.86/02.01.01/96-97	16.12.96	Inclusion of National Commission for SCs / STs in State Level Bankers Committees (SLBCs)
23.	RPCD.No.SP.BC.124/09.09.01/96-97	15.04.97	Parliamentary Committee on the Welfare of SCs / STs - Insisting

			on Deposits from SCs / STs by Banks
24.	RPCD.No.SAA.BC.67/08.01.00/98-99	11.02.99	Credit Facilities to SCs / STs
25.	RPCD.No.SP.BC.51/09.09.01/2002-03	04.12.02	Proceedings of the work shop on the role of financial institutions in the development of SCs and STs
26.	RPCD.No.SP.BC.84/09.09.01/2002-03	09.04.03	Amendment to the Master Circular
27.	RPCD.No.SP.BC.100/09.09.01/2002-03	04.06.03	Changes in the reporting system
28.	RPCD.No.SP.BC.102/09.09.01/2002-03	23.06.03	Sample study for review of credit flow to SCs and STs - Major Findings
29.	<a href="#">RPCD.SP.BC.No.49/09.09.01/2007-08</a>	19.02.08	Credit facilities to SC / STs - Revised Annexure
30	<a href="#">RPCD. GSSD. BC. No.81/09.01.03/2012-13</a>	27.06.13	Restructuring of SGSY as National Rural Livelihood Mission (NRLM)
31	<a href="#">RPCD. CO. GSSD. BC. No. 26 / 09.16.03 / 2014-15</a>	14.08.14	Restructuring of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) as National Urban Livelihoods Mission (NULM)