



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

RBI/2014-15/82  
RPCD.CO.RRB.BC.No.5/03.05.33/2014-15

July 1, 2014

The Chairman  
Regional Rural Banks

Dear Sir,

**Master Circular – Lending to Priority Sector**

The Reserve Bank of India has, from time to time, issued a number of guidelines / instructions / directives to banks on lending to Priority Sector. In order to enable the banks to have current instructions at one place, a Master Circular incorporating the existing guidelines / instructions / directives on the subject has been prepared and enclosed. This Master Circular consolidates all the circulars clarifications issued by Reserve Bank on the subject up to June 30, 2014, as indicated in the Appendix.

2. Please acknowledge receipt of this circular to our Regional Office.

Yours faithfully,

(A.Udgata)  
Principal Chief General Manager

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

चेतावनी: रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का ब्यौरा, 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।  
Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.

## **Lending To Priority Sector - Background**

At a meeting of the National Credit Council held in July 1968, it was emphasised that commercial banks should increase their involvement in the financing of priority sectors, viz., agriculture and small scale industries. The description of the priority sectors was later formalised in 1972 on the basis of the report submitted by the Informal Study Group on Statistics relating to advances to the Priority Sectors constituted by the Reserve Bank in May 1971. On the basis of this report, the Reserve Bank prescribed for commercial banks a modified return for reporting priority sector advances and certain guidelines were issued in this connection indicating the scope of the items to be included under the various categories of priority sector. Although initially there was no specific target fixed in respect of priority sector lending, in November 1974 the commercial banks were advised to raise the share of these sectors in their aggregate advances to the level of 33 1/3 per cent by March 1979.

At a meeting of the Union Finance Minister with the Chief Executive Officers of public sector banks held in March 1980, it was agreed that banks should aim at raising the proportion of their advances to priority sector to 40 per cent by March 1985. Subsequently, on the basis of the recommendations of the Working Group on the Modalities of Implementation of Priority Sector Lending and the Twenty Point Economic Programme by Banks (Chairman: Dr. K. S. Krishnaswamy), all commercial banks were advised to achieve the target of priority sector lending at 40 per cent of aggregate bank advances by 1985. Sub-targets were also specified for lending to agriculture and the weaker sections within the priority sector. Since then, there have been several changes in the scope of priority sector lending and the targets and sub-targets applicable to various bank groups.

### **Regional Rural Banks (RRBs)**

RRBs were originally allowed to lend only to the Target Group comprising small and marginal farmers, landless labourers, rural artisans and other weaker sections of society. Subsequently, they were allowed to lend up to 60 per cent of their incremental lending during a year to Non-Target Group borrowers. After a review, it was decided that from the financial year beginning April 1, 1997, the advances of RRBs to Priority Sector borrowers were to constitute 40 per cent of their outstanding advances, as in the case of commercial banks. Within the overall target of 40 per cent, the advances granted to weaker sections of society were to constitute 25 per cent of the Priority Sector advances (i.e. 10 per cent of total outstanding advances).

The levels of achievements vis-à-vis the prescribed targets as above for lending to priority sector by RRBs were reviewed in the meeting with the Estimate Committee of Parliament held on August 6, 2002. With a view to providing more credit to the segments under priority sector, it was decided that RRBs should achieve a target of 60 per cent of their outstanding advances for priority sector lending as against

40 per cent. Further, of the total priority sector advances, at least 25 percent (i.e. 15 percent of the total advances) were required to be advanced to weaker sections of the society. The revised targets were made effective from the year 2003-04.

### **Internal Working Group on Priority Sector Lending**

On the basis of the recommendations made in September 2005 by the Internal Working Group (Chairman: Shri C. S. Murthy), set up in Reserve Bank to examine, review and recommend changes, if any, in the existing policy on priority sector lending including the segments constituting the priority sector, targets and sub-targets, etc. and the comments/suggestions received thereon from banks, financial institutions, public and the Indian Banks' Association (IBA), it has been decided to include only those sectors as part of the priority sector, that impact large sections of the population, the weaker sections and the sectors which are employment-intensive such as agriculture, and tiny and small enterprises.

Accordingly, the broad categories of priority sector for RRBs will be as under:

#### **I. CATEGORIES OF PRIORITY SECTOR**

**(i) Agriculture (Direct and Indirect finance):** Direct finance to agriculture shall include short, medium and long term loans given for agriculture and allied activities (dairy, fishery, piggery, poultry, beekeeping, etc.) directly to individual farmers, Self-Help Groups (SHGs) or Joint Liability Groups (JLGs) of individual farmers without limit and to others (such as corporates, partnership firms and institutions) up to the limits indicated in Section I, for taking up agriculture/allied activities.

Indirect finance to agriculture shall include loans given for agriculture and allied activities as specified in Section I, appended.

**(ii) Micro and Small Enterprises (Direct and Indirect Finance):** Direct finance to micro and small enterprises shall include all loans given to micro and small (manufacturing) enterprises engaged in manufacture / production, processing or preservation of goods, and micro and small (service) enterprises engaged in providing or rendering of services, and whose investment in plant and machinery and equipment (original cost excluding land and building and such items as mentioned therein) respectively, does not exceed the amounts specified in Section I. The micro and small (service) enterprises shall include small road & water transport operators, small business, professional & self-employed persons, retail trade i.e. advances granted to retail traders dealing in essential commodities (fair price shops), consumer co-operative stores and advances granted to private retail traders with credit limits not exceeding Rs.20 lakh and all other service enterprises, as per the definition given in section I appended.

Indirect finance to small enterprises shall include finance to any person providing inputs to or marketing the output of artisans, village and cottage industries, handlooms and to cooperatives of producers in this sector.

**(iii) Micro Credit:** Provision of credit and other financial services and products of very small amounts not exceeding Rs. 50,000 per borrower, either directly or indirectly through a SHG/JLG mechanism will constitute micro credit.

**(iv) Education loans:** Educational loans include loans and advances granted to individuals for educational purposes up to Rs.10 lakh for studies in India and Rs.20 lakh for studies abroad, and do not include those granted to institutions. Loans granted to educational institutions will be eligible to be classified as priority sector advances under micro and small (service) enterprises, provided they satisfy the provisions of MSMED Act, 2006 .

**(v) Housing loans:** Loans up to Rs. 25 lakh to individuals for purchase/ construction of dwelling unit per family, (excluding loans granted by banks to their own employees) and loans given for repairs to the damaged dwelling units of families up to Rs. 1 lakh in rural and semi-urban areas and up to Rs. 2 lakh in urban and metropolitan areas.

## **II. OTHER IMPORTANT FEATURES OF THE GUIDELINES**

**(i)** Investments by banks in securitised assets, representing loans to various categories of priority sector, shall be eligible for classification under respective categories of priority sector (direct or indirect) depending on the underlying assets, provided the securitised assets are originated by banks and financial institutions and fulfil the Reserve Bank of India guidelines on securitisation. This would mean that the banks' investments in the above categories of securitised assets shall be eligible for classification under the respective categories of priority sector only if the securitised advances were eligible to be classified as priority sector advances before their securitisation.

**(ii)** Outright purchases of any loan asset eligible to be categorised under priority sector, shall be eligible for classification under the respective categories of priority sector (direct or indirect), provided the loans purchased are eligible to be categorized under priority sector; the loan assets are purchased (after due diligence and at fair value) from banks and financial institutions, without any recourse to the seller; and the eligible loan assets are not disposed of, other than by way of repayment, within a period of six months from the date of purchase.

(iii) RRBs can sell their loan assets held by them under priority sector categories in excess of the prescribed priority sector lending target of 60 per cent.

(iv) RRBs can issue Inter-Bank Participation Certificates (IBPC) of a tenor of 180 days on risk sharing basis to scheduled commercial banks against their priority sector advances in excess of 60% of their outstanding advances.

### **III.TARGETS/SUB-TARGETS**

As at present, RRBs will have a target of 60 per cent of their outstanding advances for priority sector lending. Further, of the total priority sector advances, at least 25 percent (i.e. 15 percent of the total advances) should be advanced to weaker sections of the society.

The detailed guidelines for RRBs in this regard are given hereunder:

## **SECTION I**

### **1. AGRICULTURE**

#### **DIRECT FINANCE**

**1.1 Finance to individual farmers [including Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual farmers, provided banks maintain disaggregated data on such finance] for Agriculture and Allied Activities (dairy, fishery, piggery, poultry, bee-keeping, etc.)**

**1.1.1** Short-term loans for raising crops, i.e. for crop loans. This will include traditional/non-traditional plantations and horticulture.

**1.1.2** Advances up to Rs. 10 lakh against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months, irrespective of whether the farmers were given crop loans for raising the produce or not.

**1.1.3** Working capital and term loans including credit sanctioned under Kisan Credit Card for financing production and investment requirements for agriculture and allied activities.

**1.1.4** Loans to small and marginal farmers for purchase of land for agricultural purposes.

**1.1.5** Loans to distressed farmers indebted to non-institutional lenders, against appropriate collateral or group security.

**1.1.6** Loans granted for pre harvest and post harvest activities such as spraying, weeding, harvesting, grading, sorting, processing and transporting undertaken by individuals, SHGs and cooperatives in rural areas.

**1.1.7** Loans granted for agricultural and allied activities, irrespective of whether the borrowing entity is engaged in export or otherwise. The export credit granted by RRBs for agricultural and allied activities may, however, be reported separately under heading "Export credit to agricultural sector".

**1.2 Finance to others [such as corporates, partnership firms and institutions] for Agriculture and Allied Activities (dairy, fishery, piggery, poultry, bee-keeping, etc.)**

**1.2.1** Loans granted for pre harvest and post harvest activities such as spraying, weeding, harvesting, grading, sorting and transporting.

**1.2.2** Finance up to an aggregate amount of Rs. one crore per borrower for the purposes listed at 1.1.1, 1.1.2, 1.1.3 and 1.2.1 above.

**1.2.3** One-third of loans in excess of Rs. one crore in aggregate per borrower for agriculture and allied activities.

**INDIRECT FINANCE**

**1.3 Finance for Agriculture and Allied Activities**

**1.3.1** Two-third of loans to entities covered under 1.2 above in excess of Rs. one crore in aggregate per borrower for agriculture and allied activities.

**1.3.2** Loans to food and agro-based processing units with investments in plant and machinery up to Rs. 10 crore, undertaken by those other than 1.1.6 above. Credit under the dairy segment which may primarily benefit small/marginal farmers and tiny units and may contribute to the development of dairy business.

**1.3.3** (i) Credit for purchase and distribution of fertilisers, pesticides, seeds, etc.

(ii) Loans up to Rs. 40 lakh granted for purchase and distribution of inputs for the allied activities such as cattle feed, poultry feed, etc.

**1.3.4** Finance for setting up of Agriclincs and Agribusiness Centres.

**1.3.5** Finance for hire-purchase schemes for distribution of agricultural machinery and implements.

**1.3.6** Loans to farmers through Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi Purpose Societies (LAMPS).

**1.3.7** Loans to cooperative societies of farmers for disposing of the produce of members.

**1.3.8** Financing the farmers indirectly through the co-operative system (otherwise than by subscription to bonds and debenture issues).

**1.3.9** Loans for construction and running of storage facilities (warehouse, market yards, godowns, and silos), including cold storage units designed to store agriculture produce/products, irrespective of their location. If the storage unit is registered as micro or small enterprise, the loans granted to such units may be classified under advances to Micro and Small Enterprises sector.

**1.3.10** Advances to Custom Service Units managed by individuals, institutions or organisations who maintain a fleet of tractors, bulldozers, well-boring equipment, threshers, combines, etc., and undertake work for farmers on contract basis.

**1.3.11** Finance extended to dealers in drip irrigation/sprinkler irrigation system/ agricultural machinery, irrespective of their location, subject to the following conditions:

(a) The dealer should be dealing exclusively in such items or if dealing in other products, should be maintaining separate and distinct records in respect of such items.

(b) A ceiling of up to Rs. 30 lakh per dealer should be observed.

**1.3.12** Loans to *Arthias* (commission agents in rural/semi-urban areas functioning in markets/*mandies*) for extending credit to farmers, for supply of inputs as also for buying the output from the individual farmers/ SHGs/ JLGs.

**1.3.13** Credit outstanding under loans for general purposes under General Credit Cards (GCC).

**1.3.14** Loans granted to NGOs/MFIs for on-lending to individual farmers or their SHGs/JLGs.

**1.3.15** Overdrafts, up to Rs.25,000 (per account), granted against 'no-frills' accounts in rural and semi-urban areas.

#### **1.4 Loans not eligible for Classification as Direct / Indirect finance to Agriculture**

**1.4.1** Loans sanctioned to NBFCs for on-lending to individuals or other entities against gold jewellery, investments made by banks in securitised assets originated by NBFCs, where the underlying assets are loans against gold jewellery, and purchase / assignment of gold loan portfolio from NBFCs.

## **2 MICRO and SMALL ENTERPRISES**

### **DIRECT FINANCE**

#### **2.1.1 Manufacturing Enterprises**

##### **(a) Micro (manufacturing) Enterprises**

Enterprises engaged in the manufacture / production, processing or preservation of goods and whose investment in plant and machinery [original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification no. S.O.1722(E) dated October 5, 2006] does not exceed Rs.25 lakh, irrespective of the location of the unit.

##### **(b) Small (manufacturing) Enterprises**

Enterprises engaged in the manufacture / production, processing or preservation of goods and whose investment in plant and machinery [original cost excluding land and building and such items as in 2.1.1 (a)] is more than Rs.25 lakh but does not exceed Rs.5 crore, irrespective of the location of the unit.

#### **2.1.2 Service Enterprises**

##### **(a) Micro (service) Enterprises**

Enterprises engaged in providing / rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 does not exceed Rs.10 lakh, irrespective of the location of the unit.

##### **(b) Small (service) Enterprises**

Enterprises engaged in providing / rendering of services and whose investment in equipment [original cost excluding land and building and furniture, fittings and such items as in 2.1.2 (a)] is more than Rs.10 lakh but does not exceed Rs.2 crore, irrespective of the location of the unit.

**(c)** The small and micro (service) enterprises shall include small road & water transport operators, small business, professional & self-employed persons, and other service enterprises engaged in activities, viz, consultancy services including management services, composite broker services in risk and insurance management, Third Party Administration (TPA) services for medical insurance claims of policy holders, seed grading services, training-cum-incubator centre, educational institutions, training institutes, retail

trade, practice of law i.e. legal services, trading in medical instruments (brand new), placement and management consultancy services, advertising agency and training centres, etc. and which satisfy the definition of micro and small (service) enterprises in respect of investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the services rendered or as may be notified under the MSMED Act, 2006) (i.e. not exceeding Rs.10 lakh and Rs.2 crore respectively).

**(d)** Loans granted by RRBs to micro and small enterprises (MSE) (manufacturing and services) are eligible for classification under priority sector, provided such enterprises satisfy the definition of MSE sector as contained in MSMED Act, 2006, irrespective of whether the borrowing entity is engaged in export or otherwise. The export credit granted by banks to MSEs may, however, be reported separately under heading "Export credit to micro and small enterprises sector".

### **2.1.3 Khadi and Village Industries Sector (KVI)**

All advances granted to units in the KVI sector, irrespective of their size of operations, location and amount of original investment in plant and machinery.

## **INDIRECT FINANCE**

**2.2** Indirect finance to the micro and small (manufacturing as well as service) enterprises sector will include credit to :

**2.2.1** Persons involved in assisting the decentralised sector in the supply of inputs to and marketing of outputs of artisans, village and cottage industries.

**2.2.2** Advances to cooperatives of producers in the decentralised sector viz. artisans village and cottage industries.

## **3. MICRO CREDIT**

**3.1** Loans of very small amount not exceeding Rs. 50,000 per borrower provided by banks either directly or indirectly through a SHG/JLG mechanism.

**3.2** Loans to distressed persons (other than farmers) to prepay their debt to noninstitutional lenders, against appropriate collateral or group security, would be eligible for classification under priority sector.

## **4. EDUCATION LOANS**

**4.1** Loans granted to individuals for educational purposes up to Rs.10 lakh for studies in India and Rs.20 lakh for studies abroad. Loans granted to educational institutions will be eligible to be classified as priority

sector advances under micro and small (service) enterprises, provided they satisfy the provisions of MSMED Act 2006.

## **5. HOUSING LOANS**

**5.1** Loans up to Rs.25 lakh, irrespective of location, to individuals for purchase / construction of a dwelling unit per family, excluding loans granted by banks to their own employees.

**5.2** Loans given for repairs to the damaged dwelling units of families up to Rs.1 lakh in rural and semi-urban areas and up to Rs.2 lakh in urban and metropolitan areas.

**5.3** Assistance given to any governmental agency for construction of dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to a ceiling of Rs.5 lakh of loan amount per dwelling unit.

**5.4** Assistance given to a non-governmental agency approved by the NHB for the purpose of refinance for construction / reconstruction of dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to a ceiling of loan component of Rs.10 lakh per dwelling unit .

## **6. STATE SPONSORED ORGANIZATIONS FOR SCHEDULED CASTES/ SCHEDULED TRIBES**

Advances sanctioned to State Sponsored Organisations for Scheduled Castes/ Scheduled Tribes for the specific purpose of purchase and supply of inputs to and/or the marketing of the outputs of the beneficiaries of these organisations.

## **7. WEAKER SECTIONS**

The weaker sections under priority sector shall include the following:

(a) Small and marginal farmers with land holding of 5 acres and less, and landless labourers, tenant farmers and share croppers;

(b) Artisans, village and cottage industries where individual credit limits do not exceed Rs. 50,000;

(c) Beneficiaries of Swarnjayanti Gram Swarozgar Yojana (SGSY) now National Rural Livelihood Mission (NRLM) .

(d) Scheduled Castes and Scheduled Tribes;

- (e) Beneficiaries of Differential Rate of Interest (DRI) scheme;
- (f) Beneficiaries under Swarna Jayanti Shahari Rozgar Yojana (SJSRY);
- (g) Beneficiaries under the Scheme for Rehabilitation of Manual Scavengers (SRMS);
- (h) Advances to Self Help Groups;
- (i) Loans to distressed poor to prepay their debt to informal sector, against appropriate collateral or group security.
- (j) Loans granted under (a) to (i) above to persons from minority communities as may be notified by Government of India from time to time.

In States, where one of the minority communities notified is, in fact, in majority, item (j) will cover only the other notified minorities. These States/Union Territories are Jammu & Kashmir, Punjab, Meghalaya, Mizoram, Nagaland and Lakshadweep.

## **SECTION II**

### **Common Guidelines for Priority Sector Advances**

1. RRBs should follow the following common guidelines prescribed by the Reserve Bank for all categories of advances under the priority sector.

#### **2. Processing of Applications**

##### **2.1 Completion of Application Forms**

In case of Government sponsored schemes such as NRLM, the concerned project authorities like DRDAs, DICs, etc. should arrange for completion of application forms received from borrowers. In other areas, the bank staff should help the borrowers for this purpose.

##### **2.2 Issue of Acknowledgement of Loan Applications**

RRBs should give acknowledgement for loan applications received from weaker sections. Towards this purpose, it may be ensured that all loan application forms have perforated portion for acknowledgement to be completed and issued by the receiving branch. Each branch may affix on the main application form as well as the corresponding portion for acknowledgement, a running serial number. While using the existing stock of application forms which do not have a perforated portion for acknowledgement separately given, care should be taken to ensure that the serial number given on the acknowledgement is also recorded on the main application. The loan applications should have a check list of documents required for guidance of the prospective borrowers.

## **2.3 Disposal of Applications**

(i) All loan applications up to a credit limit of Rs.25,000 should be disposed of within a fortnight and those for over Rs.25,000, within 8 to 9 weeks.

(ii) All loan applications for Micro and Small Enterprises up to a credit limit of Rs.25,000 should be disposed of within 2 weeks and those up to Rs.5 lakh within 4 weeks, provided the loan applications are complete in all respects and are accompanied by a 'check list'.

## **2.4 Rejection of Proposals**

Branch Managers may reject applications (except in respect of SC/ST) provided the cases of rejection are verified subsequently by the Divisional / Regional Managers. In the case of proposals from SC/ST, rejection should be at a level higher than that of Branch Manager.

## **2.5 Register of Rejected Applications**

A register should be maintained at the branch, wherein the date of receipt, sanction / rejection / disbursement with reasons therefor, etc., should be recorded. The register should be made available to all inspecting agencies.

## **3. Mode of Disbursement of Loan**

With a view to providing farmers wider choice as also eliminating undesirable practices, banks may disburse all loans for agricultural purposes in cash which will facilitate dealer choice to borrowers and foster an environment of trust. However, banks may continue the practice of obtaining receipts from borrowers.

## **4. Repayment Schedule**

**4.1** Repayment programme should be fixed taking into account the sustenance requirements, surplus generating capacity, the break-even point, the life of the asset, etc., and not in an "ad hoc" manner. In respect of composite loans, repayment schedule may be fixed for term loan component only.

**4.2** As the repaying capacity of the people affected by natural calamities gets severely impaired due to the damage to the economic pursuits and loss of economic assets, the benefits such as restructuring of existing loans, etc. as per NABARD's instructions may be extended to the affected borrowers.

## **5. Rates of Interest**

**5.1** The rates of interest on various categories of priority sector advances will be as per RBI directives issued from time to time.

**5.2 (a)** In respect of direct agricultural advances, banks should not compound the interest in the case of current dues, i.e. crop loans and instalments not fallen due in respect of term loans, as the agriculturists do not have any regular source of income other than sale proceeds of their crops.

(b) When crop loans or instalments under term loans become overdue, banks can add interest to the principal.

(c) Where the default is due to genuine reasons banks should extend the period of loan or reschedule the instalments under term loan. Once such a relief has been extended, the overdues become current dues and banks should not compound interest.

(d) Banks should charge interest on agricultural advances in respect of long duration crops, at annual rests instead of quarterly or longer rests, and could compound the interest, if the loan / instalment becomes overdue.

## **6. Penal Interest**

**6.1** The issue of charging penal interests that should be levied for reasons such as default in repayment, non-submission of financial statements, etc. has been left to the Board of each bank. Banks have been advised to formulate policy for charging such penal interest with the approval of their Boards, to be governed by well accepted principles of transparency, fairness, incentive to service the debt and due regard to difficulties of customers.

**6.2** No penal interest should be charged by banks for loans under priority sector upto Rs.25,000 as hitherto. However, banks will be free to levy penal interest for loans exceeding Rs.25,000 in terms of the above guidelines.

## **7. Service Charges / Inspection Charges**

**7.1** No service charges / inspection charges should be levied on priority sector loans up to Rs.25,000.

**7.2** For loans above Rs.25,000/-banks will be free to prescribe service charges with the prior approval of their Boards, in terms of circular No. DBOD.Dir.BC.86/03.01.00/99-2000 dated September 7, 1999.

## 8. Insurance against Fire and Other Risks

8.1 RRBs may waive insurance of assets financed by bank credit in the following cases :

No.	Category	Type of Risk	Type of Assets
(a)	All categories of priority sector advances up to and inclusive of Rs.10,000	Fire & other risks	Equipment and current assets
(b)	Advances to Micro and Small Enterprises up to and inclusive of Rs.25,000 by way of -		
*	Composite loans to artisans, village and cottage industries	Fire	Equipment and current assets
*	All term loans	Fire	Equipment
*	Working capital where these are against non-hazardous goods	Fire	Equipment

8.2 Where, however, insurance of vehicle or machinery or other equipment / assets is compulsory under the provisions of any law or where such a requirement is stipulated in the refinance scheme of any refinancing agency or as part of a Government-sponsored programmes such as NRLM, insurance should not be waived even if the relative credit facility does not exceed Rs.10,000/- or Rs.25,000/- as the case may be.

## 9. Photographs of Borrowers

While there is no objection to taking photographs of the borrowers for purposes of identification, banks themselves should make arrangements for the photographs and also bear the cost of photographs of borrowers falling in the category of Weaker Sections. It should also be ensured that the procedure does not involve any delay in loan disbursement.

## 10. Discretionary Powers

All Branch Managers of RRBs should be vested with discretionary powers to sanction proposals from weaker sections without reference to any higher authority. If there are difficulties in extending such discretionary powers to all the Branch Managers, such powers should exist at least at the district level and arrangements be ensured that credit proposals on weaker sections are cleared promptly.

## **11. Machinery to look into Complaints**

11.1 There should be machinery at the regional offices to entertain complaints from the borrowers if the branches do not follow these guidelines, and to verify periodically that these guidelines are scrupulously implemented by the branches.

11.2 The names and addresses of the officer with whom complaints can be lodged should be displayed on the notice board of every branch.

## **12. Amendments**

These guidelines are subject to any instructions that may be issued by the RBI from time to time.

**Appendix**

**List of circulars consolidated by the Master Circular**

No	Circular No.	Date	Subject
1	<a href="#">RBI/2012-13/85</a> <a href="#">RPCD.CO.RRB.BC.No.6/03.05.33/2012-13</a>	2.07.2012	Master Circular on Lending to Priority Sector
2	<a href="#">RPCD.CO.RRB.BC.No.74/03.05.33 2011-12</a>	27.04.2012	Priority sector lending-indirect finance to Housing sector
3	<a href="#">RPCD.CO.RRB.BC.No.24/03.05.33 2011-12</a>	18.10.2011	Inclusion of Credit under KCC under direct finance for Agriculture
4	<a href="#">RPCD.CO.RRB.BC.No.71/03.05.33 2010-11</a>	16.05.11	Increase in Housing Loan Limit under Priority Sector
5	<a href="#">RPCD.CO.RRB.BC.No.82/03.05.33 2009-10</a>	11.05.10	Priority Sector Lending Export Credit for Agriculture and Allied Activities
6	<a href="#">RPCD.CO.RRB.BC.No.76/03.05.33 2009-10</a>	21.04.10	Priority Sector Lending – Advances to Micro and Small Enterprises engaged in Exports
7	<a href="#">RPCD.CO.RRB.BC.No.29/03.05.33 2009-10</a>	06.10.09	Priority Sector Lending – Categorisation of Activities under Service under the MSMED Act,2006
8	<a href="#">RPCD.CO.RRB.BC.No.13/03.05.33 2009-10</a>	04.8.09	Inter-Bank Participations
9	<a href="#">RPCD.CO.RRB.BC.No.33/03.05.33 2007-08</a>	22.5.08	Increasing Opportunities for Flow of Credit to Priority Sector
10	<a href="#">RPCD.CO.Plan.BC.No.66/04.09.01 2007-08</a>	06.5.08	General Purpose Credit Cards and Overdrafts against 'No Frills' Account as Indirect Finance to Agriculture under Priority Sector

## Appendix

List of circulars consolidated by the Master Circular No.	Circular No.	Date	Subject	Paragraph No.	Gist of instructions
1	<a href="#">RPCD.CO.RRB.BC.No.74/03.0</a> <a href="#">5.33 2011-12</a>	27.04.2012	Priority sector lending-indirect finance to Housing sector	6.4	Increase in limit from Rs. 5 lakh to Rs. 10 lakh for the bank loans extended to non-governmental agencies, approved by NHB for their refinance, for on-lending for the purpose of construction/reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers.
2	<a href="#">RPCD.CO.RRB.BC.No.24/03.0</a> <a href="#">5.33 2011-12</a>	18.10.2011	Inclusion of Credit under KCC under direct finance for Agriculture	1.4.1	Credit under Kisan Credit card is to be treated as direct finance for agriculture under priority sector.
3	<a href="#">RPCD.CO.RRB.BC.No.71/03.0</a> <a href="#">5.33 2010-11</a>	16.05.11	Increase in Housing Loan Limit under Priority Sector	I.V, 6.1	Housing loan limits increased from Rs. 20 lakh to Rs. 25 lakh