**Certificate Examination in Rural Banking Operations**

RBI Notifications during the period 1st Jan 2019 to 30th June 2019

RBI/FIDD/2016-17/34

Master Direction FIDD.CO.Plan.2/04.09.01/2016-17 July 7, 2016

(Updated as on June 18, 2019)

The Chairman All Regional Rural Banks

**Master Direction-Regional Rural Banks-Priority Sector Lending- Targets and Classification**

The guidelines for priority sector lending by Regional Rural Banks were revised by the Reserve Bank of India vide circular dated December 3, 2015. The Master Direction enclosed incorporates the updated guidelines/ instructions/ circulars on the subject. The list of circulars consolidated in this Master Direction is indicated in the Appendix. The Direction will be updated from time to time as and when fresh instructions are issued. This Master Direction has been placed on the RBI website at www.rbi.org.in.

2. The revised guidelines on priority sector lending by Regional Rural Banks were made operational with effect from January 1, 2016. Accordingly, the priority sector loans sanctioned under the guidelines issued prior to this date will continue to be classified under priority sector till repayment/ maturity/ renewal.

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**Master Direction- Reserve Bank of India (Regional Rural Banks-Priority Sector**

**Lending –Targets and Classification) Directions, 2016**

In exercise of the powers conferred by Sections 21 and 35 A of the Banking Regulation Act, 1949, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby, issues the Directions hereinafter specified.

**CHAPTER – I**

**PRELIMINARY**

**1. Short Title and Commencement**

(a) These Directions shall be called the Reserve Bank of India (Regional Rural Banks -Priority Sector Lending – Targets and Classification) Directions, 2016.

(b) These Directions shall come into effect on the day they are placed on the official website of the Reserve Bank of India.

**2. Applicability**

The provisions of these Directions shall apply to every Regional Rural Bank (RRB) licensed to operate in India by the Reserve Bank of India.

**3. Clarification:**

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act or the Reserve Bank of India Act, or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

**CHAPTER II**

**CATEGORIES AND TARGETS UNDER PRIORITY SECTOR**

**4. The categories under priority sector are as follows:**

1. Agriculture
2. Micro, Small and Medium Enterprises (MSMEs)
3. Education
4. Housing
5. Social Infrastructure
6. Renewable Energy
7. Others

The details of eligible activities under the above categories are specified in Chapter III.

**5. Targets /Sub-targets for Priority sector:**

RRBs will have a target of 75 per cent of their outstanding advances for priority sector lending and sub-sector targets as indicated in table below.

|  |  |
| --- | --- |
| **Categories** | **Targets** |
| Total Priority Sector | 75 per cent of total outstanding\* |
| Agriculture | 18 per cent of total outstanding |
| Small and Marginal Farmers | 8 percent of total outstanding |
| Micro Enterprises | 7.5 per cent of total outstanding |
| Weaker Sections | 15 per cent of total outstanding |

\* The overall Priority Sector target should be achieved across all prescribed categories viz. – Agriculture, MSME, Education, Housing, Social Infrastructure, Renewable Energy and Others. However, lending to Medium Enterprises, Social Infrastructure and Renewable Energy shall be reckoned for priority sector achievement only up to 15 per cent of total outstanding.

The computation of priority sector targets/sub-targets achievement will be based on the total outstanding as on the corresponding date of the preceding year.

**CHAPTER III**

**DESCRIPTION OF ELIGIBLE CATEGORIES UNDER PRIORITY SECTOR**

**6. Agriculture**

The lending to agriculture sector will be categorized as (i) Farm Credit (which will include short-term crop loans and medium/long-term credit to farmers) (ii) Agriculture Infrastructure and (iii) Ancillary Activities. A list of eligible activities under the three sub-categories is indicated below:

|  |  |
| --- | --- |
| 6.1 Farm credit | A. Loans to individual farmers [including Self Help Groups(SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual farmers, provided banks maintain disaggregated data of such loans], directly engaged in Agriculture and Allied Activities, *viz.,* dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture. This will include:(i) Crop loans to farmers which will include traditional/non-traditional plantations and horticulture, and, loans for allied activities*.*(ii) Medium and long-term loans to farmers for agriculture and allied activities (*e.g*. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm, and developmental loans for allied activities.)(iii) Loans to farmers for pre and post-harvest activities, *viz*., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce.(iv) Loans to farmers up to ₹ 5 million against pledge/ hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months.(v) Loans to distressed farmers indebted to non-institutional lenders.(vi) Loans to farmers under Kisan Credit Card Scheme.(vii) Loans to small and marginal farmers for purchase of land for agricultural purposes.B. Loans to corporate farmers, farmers' producer organizations/companies of individual farmers, partnership firms and co-operatives of farmers directly engaged in Agriculture and Allied Activities, *viz*., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture up to an aggregate limit of ₹ 20 million per borrower. This will include:(i) Crop loans to farmers which will include traditional/non-traditional plantations and horticulture, and, loans for allied activities.(ii) Medium and long-term loans to farmers for agriculture and allied activities (*e.g*. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm, and developmental loans for allied activities.)(iii) Loans to farmers for pre and post-harvest activities, *viz*., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce.(iv) Loans up to ₹ 5 million against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months.  |
| 6.2. Agriculture infrastructure | i) Loans for construction of storage facilities(warehouses, market yards, godowns and silos) including cold storage units/cold storage chains designed to store agriculture produce/products, irrespective of their location.ii) Soil conservation and watershed development.iii) Plant tissue culture and agri-biotechnology, seed production, production of bio-pesticides, bio-fertilizer, and vermi composting.For the above loans, an aggregate sanctioned limit of ₹ 1 billion per borrower from the banking system, will apply. |
| 6.3.Ancillary activities | (i) Loans up to ₹ 50 million to co-operative societies of farmers for disposing of the produce of members.(ii) Loans for setting up of Agriclinics and Agribusiness Centres.(iii) Loans for Food and Agro-processing up to an aggregate sanctioned limit of ₹ 1 billion per borrower from the banking system.(iv) Loans to Custom Service Units managed by individuals, institutions or organizations who maintain a fleet of tractors, bulldozers, well-boring equipment, threshers, combines, etc., and undertake farm work for farmers on contract basis. |

For the purpose of computation of achievement of the sub-target, Small and Marginal Farmers will include following:-

* Farmers with landholding of up to 1 hectare are considered as Marginal Farmers. Farmers with a landholding of more than 1 hectare and up to 2 hectares are considered as Small Farmers.
* Landless agricultural labourers, tenant farmers, oral lessees and share-croppers, whose share of landholding is within the limits prescribed for small and marginal farmers.
* Loans to Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual Small and Marginal farmers directly engaged in Agriculture and Allied Activities provided banks maintain disaggregated data of such items.
* Loans to farmers’ producer companies of individual farmers, and co-operatives of farmers directly engaged in Agriculture and Allied Activities, where the membership of Small and Marginal Farmers is not less than 75 per cent by number and whose land-holding share is also not less than 75 per cent of the total land-holding.

**7. Micro, Small and Medium Enterprises (MSMEs)**

7.1. The limits for investment in plant and machinery/equipment for manufacturing / service enterprise, as notified by Ministry of Micro, Small and Medium Enterprises, vide S.O.1642(E) dated September 9, 2006 are as under:-

|  |
| --- |
| **Manufacturing Sector** |
| **Enterprises** | **Investment in plant and machinery** |
| Micro Enterprises | Does not exceed twenty-five lakh rupees |
| Small Enterprises | More than twenty-five lakh rupees but does not exceed five crore rupees |
| Medium Enterprises | More than five crore rupees but does not exceed ten crore rupees |
| **Service Sector** |   |
| **Enterprises** | **Investment in equipment** |
| Micro Enterprises | Does not exceed ten lakh rupees |
| Small Enterprises | More than ten lakh rupees but does not exceed two crore rupees |
| Medium Enterprises | More than two crore rupees but does not exceed five crore rupees |

Bank loans to Micro, Small and Medium Enterprises, for both manufacturing and service sectors are eligible to be classified under the priority sector as per the following norms:

**7.2. Manufacturing Enterprises**

The Micro, Small and Medium Enterprises engaged in the manufacture or production of goods to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 and as notified by the Government from time to time. The Manufacturing Enterprises are defined in terms of investment in plant and machinery.

**7.3. Service Enterprises**

All bank loans to MSMEs, engaged in providing or rendering of services as defined in terms of investment in equipment under MSMED Act, 2006, shall qualify under priority sector without any credit cap.

**7.4. Khadi and Village Industries Sector (KVI)**

All loans to units in the KVI sector will be eligible for classification under the sub-target of 7.5 per cent prescribed for Micro Enterprise under priority sector.

**7.5. Other Finance to MSMEs**

(i) Loans to entities involved in assisting the decentralized sector in the supply of inputs to and marketing of outputs of artisans, village and cottage industries.

(ii) Loans to co-operatives of producers in the decentralized sector viz. artisans, village and cottage industries.

(iii) Credit outstanding under General Credit Cards (including Artisan Credit Card, Laghu Udyami Card, Swarojgar Credit Card, and Weaver’s Card etc. in existence and catering to the non-farm entrepreneurial credit needs of individuals).

7.6. To ensure that MSMEs do not remain small and medium units merely to remain eligible for priority sector status, the MSME units will continue to enjoy the priority sector lending status up to three years after they grow out of the MSME category concerned.

**7.7 Overdrafts under PMJDY:**

In terms of revised guidelines issued by Department of Financial Services, Ministry of Finance, dated September 24, 2018, Overdraft limit to Pradhan Mantri Jan-Dhan Yojana (PMJDY) account holder has been raised to ₹10,000/-, age limit of 18-60 years has been revised to 18-65 years and there will not be any conditions attached for overdraft up to ₹2,000/-. These overdrafts will qualify as achievement of the target for lending to Micro Enterprises.

**8. Education**

Loans to individuals for educational purposes including vocational courses upto ₹ 1 million irrespective of the sanctioned amount will be considered as eligible for priority sector.

**9. Housing**

(i) Loans to individuals up to ₹ 3.5 million in metropolitan centres (with population of one million and above) and ₹ 2.5 million in other centres for purchase/construction of a dwelling unit per family provided the overall cost of the dwelling unit in the metropolitan centres and at other centres does not exceed ₹ 4.5 million and ₹ 3 million respectively. The housing loans to banks’ own employees will be excluded.

(ii) Loans for repairs to damaged dwelling units of families up to ₹ 0.2 million.

(iii) Bank loans to any governmental agency for construction of dwelling units or for slum clearance and rehabilitation of slum dwellers subject to a ceiling of ₹ 1 million per dwelling unit.

(iv) The loans sanctioned by banks for housing projects exclusively for the purpose of construction of houses for Economically Weaker Sections (EWS) and Low-Income Groups (LIG), the total cost of which does not exceed ₹ 1 million per dwelling unit. For the purpose of identifying the economically weaker sections and low-income groups, the family income limit is revised to ₹ 0.3 million per annum for EWS and ₹ 0.6 million per annum for LIG, in alignment with the income criteria specified under the Pradhan Mantri Awas Yojana.

**10. Social Infrastructure**

Bank loans up to a limit of ₹ 50 million per borrower for building social infrastructure for activities namely schools, health care facilities, drinking water facilities, sanitation facilities, construction/refurbishment of household toilets and household level water improvements in Tier II to Tier VI centres.

**11. Renewable Energy**

Bank loans up to a limit of ₹ 150 million to borrowers for purposes like solar based power generators, biomass-based power generators, wind mills, micro-hydel plants and for non-conventional energy based public utilities viz. street lighting systems, and remote village electrification. For individual households, the loan limit will be ₹ 1 million per borrower.

**12. Others**

12.1 Loans not exceeding ₹ 50,000/- per borrower provided directly by banks to individuals and their SHG/JLG, provided the individual borrower’s household annual income in rural areas does not exceed ₹ 0.1 million and for non-rural areas it does not exceed ₹ 0.16 million.

12.2 Loans to distressed persons [other than farmers already included under 6.1(A) (v)] not exceeding ₹ 0.1 million per borrower to prepay their debt to non-institutional lenders.

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

**13. Weaker Sections**

Priority sector loans to the following borrowers will be considered under Weaker Sections category:-

|  |  |
| --- | --- |
| **No.** | **Category** |
| (i) | Small and Marginal Farmers |
| (ii) | Artisans, village and cottage industries where individual credit limits do not exceed ₹ 0.1 million |
| (iii) | Beneficiaries under Government Sponsored Schemes such as National Rural Livelihood Mission (NRLM), National Urban Livelihood Mission (NULM) and Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS) |
| (iv) | Scheduled Castes and Scheduled Tribes |
| (v) | Beneficiaries of Differential Rate of Interest (DRI) scheme |
| (vi) | Self Help Groups |
| (vii) | Distressed farmers indebted to non-institutional lenders |
| (viii) | Distressed persons other than farmers, with loan amount not exceeding ₹ 0.1 million per borrower to prepay their debt to non-institutional lenders |
| (ix) | Individual women beneficiaries up to ₹ 0.1 million per borrower |
| (x) | Persons with disabilities |
| (xi) | Overdraft limit to PMJDY account holder upto ₹ 10,000/- with age limit of 18-65 years |
| (xii) | 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 (xii) will cover only the other notified minorities. These States/ Union Territories are Jammu & Kashmir, Punjab, Meghalaya, Mizoram, Nagaland and Lakshadweep.

**CHAPTER IV**

**MISCELLANEOUS**

**14. Priority Sector Lending Certificates**

The outstanding priority sector lending certificates bought by banks will be eligible for classification under respective categories of priority sector provided the assets are originated by banks, are eligible to be classified as priority sector advances and fulfil the Reserve Bank of India guidelines on Priority Sector Lending Certificates issued vide Circular FIDD.CO.Plan.BC.23/04.09.001/2015-16 dated April 7, 2016.

**15. Monitoring:**

The data on priority sector advances has to be furnished by RRBs to NABARD at quarterly and annual intervals. The quarterly and annual reporting formats are annexed. For the purpose of calculation of priority sector lending targets, total outstanding will be calculated as on corresponding date of the previous year. (i.e. for reporting PSL data for quarter ending June 2019, total outstanding will be considered as on June 30 2018).

**16. Other Guidelines**

RRBs can issue Inter Bank Participation Certificates (IBPCs) to Scheduled Commercial Banks in respect of their priority sector advances in excess of 75 per cent of their outstanding advances.

**17. Common guidelines for priority sector loans**

RRBs should comply with the following common guidelines for all categories of advances under the priority sector.

(i) Rate of interest

The rate of interest on bank loans will be as per directives issued by our Department of Banking Regulation from time to time.

(ii) Service charges

No loan related and adhoc service charges/inspection charges should be levied on priority sector loans up to ₹ 25,000. In case of lending to SHGs/JLGs, the loan limit shall be applicable per member of SHG/JLG and not to the group as a whole.

(iii) Receipt, Sanction/Rejection/Disbursement Register

A register/ electronic record should be maintained by the bank, wherein the date of receipt, sanction/rejection/disbursement with reasons thereof, etc., should be recorded. The register/electronic record should be made available to all inspecting agencies.

(iv) Issue of Acknowledgement of Loan Applications

Banks should provide acknowledgement for loan applications received under priority sector loans. Bank Boards should prescribe a time limit within which the bank communicates its decision in writing to the applicants.

**18. Amendments**

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

Banks should ensure that loans extended under priority sector are for approved purposes and the end use is continuously monitored. The banks should put in place proper internal controls and systems in this regard.

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RBI/2018-19/179 FIDD.CO.Plan.BC.18 /04.09.01/2018-19 May 6, 2019

The Chairman/MD & CEO All Regional Rural Banks/**All Small Finance Banks**

**Priority Sector Lending – Targets and Classification**

Please refer to Para 10 of the Statement on Developmental and Regulatory Policies of the First Bi-Monthly Monetary Policy Statement 2019-20 dated April 4, 2019 and Para 9 of Master Direction – Regional Rural Banks (RRBs) - Priority Sector Lending – Targets and Classification dated July 7, 2016/Para 5 of the Compendium for Small Finance Banks (SFBs) – Priority Sector Lending – Targets & Classification dated July 6, 2017, prescribing eligibility criteria of housing loans for classification under priority sector.

2. In terms of the above Master Direction for RRBs, loans to individuals up to ₹ 20 lakh for purchase/construction of a dwelling unit per family provided the overall cost of the dwelling unit does not exceed ₹ 25 lakh are eligible to be classified under priority sector. In terms of the Compendium for SFBs, loans to individuals up to ₹ 28 lakh in metropolitan centres (with population of ten lakh and above) and ₹ 20 lakh in other centres, are eligible to be classified under priority sector, provided that the cost of dwelling unit does not exceed ₹ 35 lakh and ₹ 25 lakh, respectively.

3. In order to bring the RRBs and SFBs at a level playing field with other Scheduled Commercial Banks, it has now been decided to enhance the housing loan limits for eligibility under priority sector lending. Accordingly, in respect of RRBs and SFBs, housing loans to individuals up to ₹ 35 lakh in metropolitan centres (with population of ten lakh and above) and ₹ 25 lakh in other centres, provided the overall cost of the dwelling unit in the metropolitan centres and at other centres does not exceed ₹ 45 lakh and ₹ 30 lakh, respectively will be eligible for classification under Priority Sector Lending.

4. Furthermore, the existing family income limit of ₹ 2 lakh per annum, prescribed under Para 9.4 of the above Master Direction for RRBs/Para 5.4 of the Compendium for SFBs, eligible for loans to housing projects exclusively for the purpose of construction of houses for Economically Weaker Sections (EWS) and Low Income Groups (LIG), is revised to ₹ 3 lakh per annum for EWS and ₹ 6 lakh per annum for LIG, in alignment with the income criteria specified under the Pradhan Mantri Awas Yojana.

5. Accordingly, the RRBs/SFBs are allowed to reckon their outstanding portfolio of housing loans meeting the revised criteria for classification under priority sector lending from the date of this circular.

6. All other terms and conditions specified under the Master Direction/Compendium shall remain unchanged.

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RBI/2018-2019/208 DPSS (CO) RPPD No.2557/04.03.01/2018-19 June 11, 2019

The Chairman / Managing Director / Chief Executive Officer of member banks participating in RTGS and / or NEFT

**National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) systems – Waiver of charges**

Please refer to paragraph No. 8 of the Second Bi-monthly Monetary Policy Statement on Developmental and Regulatory Policies for 2019-20 dated June 06, 2019 on the above subject. A reference is also invited to the following circulars:

1. DPSS (CO) EPPD No. 2649/04.03.01/2010-11 dated June 02, 2011 on ‘Retail Electronic Payment Systems – Levy of Processing Charges’; and
2. DPSS (CO) RTGS No.1926/04.04.002/2015-16 dated February 4, 2016 on ‘RTGS service charges for members and customers - Rationalisation’.

2. The Reserve Bank has since reviewed the various charges levied by it on the member banks for transactions processed in the RTGS and NEFT systems. In order to provide an impetus to digital funds movement, it has been decided that with effect from July 1, 2019, processing charges and time varying charges levied on banks by Reserve Bank of India (RBI) for outward transactions undertaken using the RTGS system, as also the processing charges levied by RBI for transactions processed in NEFT system will be waived by the Reserve Bank.

3. The banks are advised to pass on the benefits to their customers for undertaking transactions using the RTGS and NEFT systems with effect from July 1, 2019.

4. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act 2007 (Act 51 of 2007).

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RBI/2018-19/189
DPSS (CO) RTGS No. 2488/04.04.016/2018-19 May 28, 2019

The Chairman/Managing Director/Chief Executive Officer of member banks participating in RTGS

**Real Time Gross Settlement (RTGS) System – Extension of Timings for Customer Transactions**

A reference is invited to [circular DPSS (CO) RTGS No.492/04.04.002/2015-16 dated September 1, 2015](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10012&Mode=0) on ‘Changes in RTGS time window’ and [circular DPSS (CO) RTGS No.1926/04.04.002/2015-16 dated February 4, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10260&Mode=0) on ‘RTGS service charges for members and customers - Rationalisation’.

2. It has been decided to extend the timings for customer transactions (initial cut-off) in RTGS from 4:30 pm to 6:00 pm. Accordingly, the RTGS time window with effect from **June 01, 2019** will be as under:

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Event** | **Time** |
| 1. | Open for Business | 08:00 hours |
| 2. | Customer transactions (Initial Cut-off) | 18:00 hours |
| 3. | Inter-bank transactions (Final Cut-off) | 19:45 hours |
| 4. | IDL Reversal | 19:45 hours - 20:00 hours |
| 5. | End of Day | 20:00 hours |

3. The time-varying charges for transactions in RTGS from 13:00 hours to 18:00 hours shall be ₹ 5 per outward transaction. The time varying charges structure is as under:

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Time of Settlement at the Reserve Bank of India** | **Time varying charge per outward transaction(in addition to flat processing charge) (exclusive of tax, if any)** |
| **From** | **To** |
| 1 | 08:00 hours | 11:00 hours | Nil |
| 2 | After 11:00 hours | 13:00 hours | ₹ 2.00 |
| 3 | After 13:00 hours | 18:00 hours | ₹ 5.00 |
| 4 | After 18:00 hours |   | ₹ 10.00 |

4. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act 2007 (Act 51 of 2007).

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RBI/2018-19/138 DPSS.CO.OD.No.1916/06.07.011/2018-19 March 7, 2019

**White Label ATMs (WLAs) in India – Review of Guidelines**

Please refer to our circulars DPSS.CO.PD.No.2298/02.10.002/2011-2012 dated June 20, 2012, DPSS.CO.PD.No.1088/02.10.003/2013-14 dated November 14, 2013, DPSS.CO.PD.No.1025/02.10.003/2014-2015 dated December 5, 2014 and DPSS.CO.PD.No.1621/02.10.002/2016-17 dated December 30, 2016 prescribing the guidelines / instructions for setting up, owning and operating White Label ATMs (WLAs) in the country.

2. On a review of operations of WLAs and representations received from stakeholders, as also to enhance the viability of WLAs, it has been decided to allow the WLA Operators to : -

1. buy wholesale cash, above a threshold of 1 lakh pieces (and in multiples thereof) of any denomination, directly from the Reserve Bank (Issue Offices) and Currency Chests against full payment.
2. source cash from any scheduled bank, including Cooperative Banks and Regional Rural Banks.
3. offer bill payment and Interoperable Cash Deposit services, subject to technical feasibility and certification by National Payments Corporation of India (NPCI).
4. display advertisements pertaining to non-financial products / services anywhere within the WLA premises, including the WLA screen, except the main signboard. It shall be ensured that the advertisements running on the screen disappear once the customer commences a transaction.

3. The permission to WLA Operators to source cash from retail outlets, accorded vide circular DPSS.CO.PD.No.1621/02.10.002/2016-17 dated December 30, 2016, stands repealed.

4. Further, banks may issue co-branded ATM cards in partnership with the authorised WLA Operators and may extend the benefit of ‘on-us’ transactions to their WLAs as well.

5. All guidelines, safeguards, standards and control measures applicable to banks relating to (a) currency handling, and (b) cyber-security framework for ATMs, shall also be applicable to the WLA Operators.

6. This directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

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RBI/2018-19/206 DBR.LEG.BC.No.47/09.07.005/2018-19 June 10, 2019

All Scheduled Commercial Banks (including RRBs), All Payments Banks, All Small Finance Banks

All Local Area Banks

**Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account (BSBDA)**

Please refer to our circular DBOD.No.Leg.BC.35/09.07.005/2012-13 dated August 10, 2012 on the captioned subject.

2. The Basic Savings Bank Deposit (BSBD) Account was designed as a savings account which will offer certain minimum facilities, free of charge, to the holders of such accounts. In the interest of better customer service, it has been decided to make certain changes in the facilities associated with the account. Banks are now advised to offer the following basic minimum facilities in the BSBD Account, free of charge, without any requirement of minimum balance.

1. The deposit of cash at bank branch as well as ATMs/CDMs
2. Receipt/ credit of money through any electronic channel or by means of deposit /collection of cheques drawn by Central/State Government agencies and departments
3. No limit on number and value of deposits that can be made in a month
4. Minimum of four withdrawals in a month, including ATM withdrawals
5. ATM Card or ATM-cum-Debit Card

The BSBD Account shall be considered a normal banking service available to all.

3. Banks are free to provide additional value-added services, including issue of cheque book, beyond the above minimum facilities, which may/may not be priced (in non-discriminatory manner) subject to disclosure. The availment of such additional services shall be at the option of the customers. However, while offering such additional services, banks shall not require the customer to maintain a minimum balance. Offering such additional services will not make it a non-BSBD Account, so long as the prescribed minimum services are provided free of charge.

4. The holders of BSBD Account will not be eligible for opening any other savings bank deposit account in that bank. If a customer has any other existing savings bank deposit account in that bank, he/she will be required to close it within 30 days from the date of opening a BSBD Account. Further, before opening a BSBD account, a bank should take a declaration from the customer that he/she is not having a BSBD account in any other bank.

5. The BSBD Account shall be subject to RBI instructions on KYC/AML for opening of bank accounts issued vide Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 on ‘Master Direction - Know Your Customer (KYC) Direction, 2016’, as amended from time to time.

6. The instructions issued on free transactions available for normal savings bank account in own-bank/other bank ATMs vide circulars DPSS.CO.PD.No.316/02.10.002/2014-15 dated August 14, 2014 and DPSS.CO.PD.No.659/02.10.002/2014-15 dated October 10, 2014 are not applicable to BSBD accounts. The minimum free withdrawals available to the BSBD Account holders can be made at all ATMs (own-bank/other bank ATMs).

7. This circular supersedes earlier instructions issued vide circulars DBOD.No. Leg.BC.35/09.07.005/2012-13 dated August 10, 2012 on ‘Financial Inclusion- Access to Banking Services–Basic Savings Bank Deposit Account’ and DBOD.No. Leg.BC.52/09.07.005/2013-14 dated September 11, 2013 on ‘Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account (BSBDA) – FAQs’.

8. These instructions will come into force with effect from July 1, 2019. Banks are advised to frame Board approved policy/ operational guidelines in this regard.

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RBI/2018-19/137 FIDD.CO.FSD.BC.No.15/05.02.001/2018-19 March 7, 2019

The Chairman / Managing Director & CEOs All Public & Private Sector Scheduled Commercial Banks

**Interest Subvention Scheme for Short Term Crop Loans during the years 2018-19 and 2019-20**

Please refer to our circular FIDD CO.FSD.BC.No.21/05.04.001/2017-18 dated June 7, 2018 conveying continuation of Interest Subvention Scheme on the interim basis. In this regard, it is advised that Government of India has approved the implementation of the Interest Subvention Scheme with modifications for the years 2018-19 and 2019-20 for short term crop loans up to ₹ 3 lakh with the following stipulations:

1. In order to provide short-term crop loans upto ₹ 3 lakh to farmers at an interest rate of 7% p.a. during the years 2018-19 and 2019-20, it has been decided to offer interest subvention of 2% per annum to lending institutions viz. Public Sector Banks (PSBs) and Private Sector Commercial Banks (in respect of loans given by their rural and semi-urban branches only). This interest subvention of 2% will be calculated on the crop loan amount from the date of its disbursement/drawal up to the date of actual repayment of the crop loan by the farmer or up to the due date of the loan fixed by the banks whichever is earlier, subject to a maximum period of one year.
2. To provide an additional interest subvention of 3% per annum to such of those farmers repaying in time i.e. from the date of disbursement of the crop loan upto the actual date of repayment by farmers or upto the due date fixed by the banks for repayment of crop loan, whichever is earlier, subject to a maximum period of one year from the date of disbursement. This also implies that the farmers repaying promptly as above would get short term crop loans @ 4% per annum during the years 2018-19 and 2019-20. This benefit would not accrue to those farmers who repay their crop loans after one year of availing such loans.
3. In order to discourage distress sale by farmers and to encourage them to store their produce in warehouses, the benefit of interest subvention will be available to small and marginal farmers having Kisan Credit Card for a further period of upto six months post the harvest of the crop at the same rate as available to crop loan against negotiable warehouse receipts issued on the produce stored in warehouses accredited with Warehousing Development Regulatory Authority (WDRA).
4. To provide relief to farmers affected by natural calamities, an interest subvention of 2% per annum will be made available to banks for the first year on the restructured loan amount. Such restructured loans will attract normal rate of interest from the second year onwards.
5. However, to provide relief to the farmers affected due to severe natural calamities, an interest subvention of 2 percent per annum will be made available to banks for the first three years/entire period (subject to a maximum of five years) on the restructured loan amount. Further, in all such cases, the benefit of prompt repayment incentive @ 3% per annum shall also be provided to the affected farmers. The grant of such benefits in cases of severe natural calamities shall, however, be decided by a High Level Committee (HLC) based on the recommendation of Inter-Ministerial Central Team (IMCT) and Sub Committee of National Executive Committee (SC-NEC).
6. To avoid multiple loaning and to ensure that only genuine farmers avail concessional crop loan through the mechanism of gold loans, the lending institutions may conduct due diligence and ensure proper documentation including recording of land details even when the farmer avails gold loans for such purposes.
7. To ensure hassle-free benefits to farmers under Interest Subvention Scheme, banks are advised to make Aadhar linkage mandatory for availing short-term crop loans in 2018-19 and 2019-20.
8. Further, from 2018-19, the Interest Subvention Scheme is being put on DBT mode on ‘In Kind/services’ basis and all short term crop loans processed in 2018-19 are required to be brought on ISS portal / DBT platform. Banks are advised to capture and submit category wise data of beneficiaries under the scheme and report the same on ISS portal individual farmer wise once it is launched to settle the claims arising from 2018-19 onwards.

2. Banks may give adequate publicity to the above scheme so that the farmers can avail the benefits.

3. All lending banks are requested to send us the eligible pending audited claims of 2017-18 latest by August 30, 2019. Please note that under no circumstances further extension will be granted in this regard.

4. It is also advised as under:

i) Claims in respect of 2% interest subvention and 3% additional interest subvention may be sent in Formats I and II (enclosed herewith) respectively to the Chief General Manager, Financial Inclusion and Development Department, Reserve Bank of India, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001 both in hard copy and soft copy (excel format) to fsdco@rbi.org.in.

ii) In respect of 2% interest subvention, banks are required to submit their claims on a half-yearly basis as on September 30 and March 31 for the years 2019 and 2020, of which, the latter needs to be accompanied by a Statutory Auditor's certificate certifying the claims for subvention for the financial year ended March 31 of the corresponding period. Any remaining claim pertaining to the disbursements made during the years 2018-19 and 2019-20 and not included in the claim for March 31, 2019 and March 31, 2020 respectively, may be consolidated separately and marked as an 'Additional Claim' duly certified by Statutory Auditors.

iii) In respect of the 3% additional subvention, banks may submit their one-time consolidated claims pertaining to the disbursements made during the year during 2018-19 and 2019-20 latest by April 30, 2020 and April 30, 2021 respectively, certifying the correctness of the claim by Statutory Auditors.

iv) In respect of 2% IS claims towards post–harvest credit against negotiable warehouse receipts, 2% claim on restructured loans on account of natural calamity and 2 % or 3% claim on account of severe natural calamity, banks may submit their one-time consolidated claims separately for each head pertaining to the disbursements made during the year, certifying the correctness of the claim by Statutory Auditors.

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RBI/2018-19/118 FIDD.CO.FSD.BC.No.13/05.05.010/2018-19 February 7, 2019

The Chairman/Managing Director/Chief Executive Officer All Scheduled Commercial Banks (including RRBs and SFBs)

**Credit Flow to Agriculture- Collateral free agricultural loans**

Please refer to paragraph 13 of the Statement on Development and Regulatory Policies of the Sixth Bi-Monthly Monetary Policy Statement for 2018-19 released on February 7, 2019.

2. In this connection, please refer to our circular RPCD.PLFS.BC.No 85/05.04.02/2009-10 dated June 18, 2010 on the captioned subject.

3. Keeping in view the overall inflation and rise in agriculture input cost over the years since 2010, it has been decided to raise the limit for collateral free agricultural loans from the existing level of ₹1 lakh to ₹1.6 lakh. Accordingly, banks may waive margin requirements for agricultural loans upto ₹1.6 lakh.

4. You are requested to give adequate publicity to this change and instruct your controlling offices/branches to implement the same immediately.

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RBI/2018-19/112 FIDD.CO.FSD.BC.12/05.05.010/2018-19 February 04, 2019

The Chairman/Managing Director/Chief Executive Officer All Scheduled Commercial Banks (including Small Finance Banks and excluding RRBs)

**Kisan Credit Card (KCC) Scheme: Working Capital for Animal Husbandry and Fisheries**

Please refer to our Master Circular - Kisan Credit Card (KCC) Scheme issued vide FIDD.CO.FSD.BC.No.6/05.05.010/2018-19 dated July 4, 2018. It has been decided to extend KCC facility to Animal Husbandry farmers and Fisheries for their working capital requirements. The guidelines are given in the Annex.

2. Banks are advised to implement the Scheme as per the guidelines.

**Annex**

**1. Introduction**

In the Budget 2018-19 the Union Government had announced their decision to extend the facilities of Kisan Credit Card (KCC) to Animal Husbandry farmers and Fisheries (AH & F) to help them meet their working capital requirements. In pursuance of the said budget announcement the matter has been examined, and in consultation with all stakeholders, it has been decided to extend the KCC facility for working capital requirement for activities related to Animal Husbandry and Fisheries.

**2. Purpose:**

The KCC facility will meet the short term credit requirements of rearing of animals, birds, fish, shrimp, other aquatic organisms, capture of fish.

**3. Eligibility:**

The criteria for eligible beneficiaries under KCC for Animal Husbandry and Fisheries will be as under:

3.1 Fishery

3.1.1 Inland Fisheries and Aquaculture

3.1.1.1 Fishers, Fish Farmers (individual & groups/ partners/ share croppers/ tenant farmers), Self Help Groups, Joint Liability Groups and women groups.

3.1.1.2 The beneficiaries must own or lease any of the fisheries related activities such as pond, tank, open water bodies, raceway, hatchery, rearing unit, possess necessary license for fish farming and fishing related activities, and any other State specific fisheries and allied activities.

3.1.2 Marine Fisheries

3.1.2.1 Beneficiaries listed at 3.1.1.1 above, who own or lease registered fishing vessel/boat, possess necessary fishing license/permission for fishing in estuary and sea, fish farming/mariculture activities in estuaries and open sea and any other State specific fisheries and allied activities.

3.2 Poultry and small ruminant

3.2.1 Farmers, poultry farmers either individual or joint borrower, Joint Liability Groups or Self Help Groups including tenant farmer of sheep/goats/pigs/poultry/birds/rabbit and having owned/rented/leased sheds.

3.3 Dairy

3.3.1 Farmers and Dairy farmers either individual or joint borrower, Joint Liability Groups or Self Help Groups including tenant farmers having owned /rented/leased sheds.

**4. Scale of Finance**

4.1 The scale of finance will be fixed by the District Level Technical Committee (DLTC) based on local cost worked out on the basis of per acre/per unit/per animal/per bird etc.

4.2 The working capital components in fisheries, under the scale of finance, may includerecurring cost towards seed, feed, organic and inorganic fertilisers, lime/other soil conditioners, harvesting and marketing charges, fuel/electricity charges, labour, lease rent (if leased water area) etc. For capture fisheries, working capital may include the cost of fuel, ice, labouring charges, mooring/landing charges etc. may form part of the scale of finance.

4.3 The working capital components in Animal Husbandry, under the scale of finance, may include recurring cost towards feeding, veterinary aid, labour, water and electricity supply.

4.4 The maximum period for assessment of working capital requirement may be based on the cash flow statement or completion of one production cycle.

4.5 Fisheries and Animal Husbandry experts of the Govt. may be made members of the DLTC for giving technical inputs for assessing the cash credit requirement.

4.6 Progressive entrepreneurs of livestock/fisheries sector may also be included in the DLTC for providing field level inputs while assessing the working capital requirements.

**5. General Guidelines**

5.1 *Drawing power:* The drawing power will be worked on the basis of the latest valuation of stocks, receivables and/or cash flows as per terms of sanction.

5.2 *Repayment:* The loan will be in the nature of a revolving cash credit limit. Repayment will be fixed as per the cash flow/income generation pattern of the activity undertaken by the borrower.

5.3 *Monitoring of end use:* The account/smart card for the loan issued under the scheme is to be maintained/issued separately from the existing KCC loan to monitor the utilization limit. The monitoring of end use of funds will be in line with other loans (KCC on crop loans included) viz., field visits to the site of unit/project to be carried out by the branch officials for checking the progress of the unit. Banks will periodically review the facility and continue/withdraw/scale down the facility based on the performance of the borrower.

5.4 *Prudential norms:* The extant prudential norms on income recognition, asset classification and provisioning[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11462&Mode=0#F1) on allied activities will apply.

5.5 *Rate of Interest*: The rate of interest will be as stipulated in DBR’s [Master Direction – Reserve Bank of India (Interest Rate on Advances) Directions 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10295).

5.6 All other guidelines laid down in Kisan Credit Card Scheme for short term crop loans will be applicable mutatis mutandis.

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