



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

RBI/2019-20/6

FIDD.CO.GSSD.BC.No.03/09.09.001/2019-20

July 01, 2019

The Chairman & Managing Director / CEO
All Scheduled Commercial Banks &
Small Finance Banks

Dear Sir/Madam,

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

Please refer to the [Master Circular FIDD.CO.GSSD.BC.No.06/09.09.001/2017-18 dated July 01, 2017](http://www.rbi.org.in) consolidating guidelines / Instructions / directions issued to banks with regard to providing credit facilities to Scheduled Castes (SCs) and Scheduled Tribes (STs).

2. The Master Circular has been suitably updated by incorporating the instructions issued up to June 30, 2019 and has also been placed on website <https://www.rbi.org.in>.

Yours faithfully,

(Sonal Sen Gupta)
Chief General Manager

वित्तीय समावेशन और विकास विभाग, केन्द्रीय कार्यालय, 10 वी मंजिल, केन्द्रीय कार्यालय भवन, शहीद भगतसिंह मार्ग, पोस्ट बॉक्स सं. 10014, मुंबई -400001

Financial Inclusion & Development Dept., Central Office, 10th Floor, Central Office Building, Shahid Bhagat Singh Marg, P.B.No.10014, Mumbai-1

टेली Tel:022-22601000 फैक्स: 91-22-22621011/22610943/22610948 ई -मेल : cgmincfidd@rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाइए।

“चेतावनी : द्वारा बैंक रिज़र्व 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.

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

Banks should take the following measures to step up their advances to SCs / STs:

1. Planning Process

- 1.1 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 in this regard.
- 1.2 The district credit plans formulated by the lead banks should clearly indicate the linkage of credit with employment and development schemes.
- 1.3 Banks will have to establish closer liaison with the District Industries Centres, which have been set up in different districts for promoting self-employment.
- 1.4 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.
- 1.5 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.
- 1.6 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.

2. Role of Banks

- 2.1 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.
- 2.2 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.

2.3 Circulars issued by RBI / NABARD should be circulated among the staff for compliance.

2.4 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.

2.5 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.

2.6 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.

2.7 Rejection of loan applications in respect of SCs / STs should be done at the next higher level instead of at the branch level and reasons of rejection should be clearly indicated.

3. Role of SC / ST Development Corporations

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.

4. Reservations for SC / ST Beneficiaries under Major 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.

(i) Deendayal Antyodaya Yojana - National Rural Livelihoods Mission:

The Ministry of Rural Development, Government of India has launched Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) by restructuring erstwhile Swarnajayanti Gram Swarozgar Yojana, effective from April 01, 2013. DAY-NRLM would ensure adequate coverage of vulnerable sections of the society such that 50% of these beneficiaries are SC/STs. Details of the scheme are available in the Master Circular on NRLM ([FIDD.GSSD.CO.BC.No.02/09.01.01/2019-20 dated July 01, 2019](#)).

(ii) Deendayal Antyodaya Yojana - National Urban Livelihoods Mission:

The Ministry of Housing and Urban Affairs (MoHUA), Government of India, has launched the Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM) by restructuring erstwhile Swarna Jayanti Shahari Rozgar Yojana (SJSRY), effective from September 24, 2013, Under DAY-NULM, advances should be extended to SCs / STs to the extent of their strength in the local population. Details of the scheme are available in the Master Circular on DAY-NULM ([FIDD.GSSD.CO.BC.No.01/09.16.03/2019-20 dated July 01, 2019](#)).

(iii) Differential Rate of Interest Scheme

Under the DRI Scheme, banks provide finance up to ₹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. Further, the eligibility criteria under DRI that size of land holding should not exceed 1 acre of irrigated land and 2.5 acres of unirrigated land are not applicable to SCs / STs. Members of SCs / STs satisfying the income criteria of the scheme can also avail of housing loan up to ₹ 20,000/- per beneficiary over and above the individual loan of ₹ 15,000/- available under the scheme.

5. Credit Enhancement Guarantee Scheme for Scheduled Castes (CEGSSC)

The CEGSSC was launched by Ministry of Social Justice & Empowerment on 6th May, 2015 with the objective to promote entrepreneurship amongst the Scheduled Castes (SCs), by providing Credit Enhancement Guarantee to Member Lending Institutions (MLIs), who shall be providing financial assistance to these entrepreneurs. IFCI Ltd. has been designated as the Nodal Agency under the scheme, to issue the guarantee cover in favour of MLIs, who shall be encouraged to finance SCs entrepreneurs to boost entrepreneurship amongst the marginal strata of the society.

Eligibility: Registered Companies and Societies/Registered Partnership Firms/Sole Proprietorship firms/Individual SC Entrepreneur having more than 51% shareholding by SC entrepreneurs/promoters/members with the management control for the past 6 months are eligible for guarantee from IFCI Ltd. against the loans extended by MLIs Bank / Institutions.

Amount of Guarantee cover under CEGSSC- Min ₹ 0.15 Cr. & Max. ₹ 5.00 Cr

Tenure of Guarantee – Max. 7 years or repayment period whichever is earlier.

6. Monitoring and Review

6.1 A special cell should be set up at the Head Office of banks 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.

6.2 SLBC convenor Bank 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.

6.3 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.

6.4 Bank should review the measures taken to enhance the flow of credit to SC / ST borrowers on a quarterly basis. 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. Any major gap

or variation in credit flow to SC/ST on a year to year basis should be reported to Board of the Bank for review under the themes of “Financial Inclusion” in term of [circular DBR No.BC.93/29.67.001/2014-15 dated May14, 2015](#).

7. Reporting Requirements

Data on advances to SCs and STs should be reported as prescribed in Master Direction under Priority sector lending vide [Master Direction FIDD.CO.Plan.1/04.09.01/2016-17 dated July 07, 2016](#) and updated as on December 04, 2018. Banks are advised to submit the same in a timely manner. For Small Finance Banks a Notification is available on our website vide [FIDD.CO.SFB.No.9/04.09.001/2017-18 dated July 6, 2017](#).

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

No.	Circular No.	Date	Subject
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.	RPCD.SP.BC.No.49/09.09.01/2007-08	19.02.08	Credit facilities to SC / STs - Revised Annexure
30	RPCD.GSSD.BC.No.81/09.01.03/2012-13	27.06.13	Restructuring of SGSY as National Rural Livelihood Mission (NRLM)
31	RPCD.CO.GSSD.BC.No.26/09.16.03/2014-15	14.08.14	Restructuring of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) as National Urban Livelihood Mission
32	FIDD.CO.GSSD.BC.No.06/09.09.001/2017-18	01.07.2017	Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)