

## RBI releases Priority Sector Lending-Targets and Classification

This is in reference to the revised priority sector guidelines issued to banks vide FIDD.CO.Plan.BC.54/04.09.01/2014-15 circular dated April 23, 2015 by RBI. It was stipulated therein under Para (II) (i) that the sub-targets for lending to small and marginal farmers and micro enterprises shall be made applicable for foreign banks with 20 branches and above, post 2018 after a review in 2017.

Accordingly, after undertaking a review of the priority sector lending profile of the above banks and to create a level-playing field within banks, it has been decided by RBI that the sub-target of 8 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher, shall become applicable for the foreign banks with 20 branches and above, for lending to the small and marginal farmers from FY 2018-19. Further, the sub-target of 7.50 percent of ANBC or CEOBE, whichever is higher, for bank lending to the Micro Enterprises shall also become applicable for the foreign banks with 20 branches and above from FY 2018-19.

Additionally, in the light of feedback received from various stakeholders and in line with the increasing importance of services sector in our economy, **it has been decided by RBI to remove the currently applicable loan limits of Rs 5 crore and Rs 10 crore per borrower to Micro/ Small and Medium Enterprises (Services) respectively, for classification under priority sector. Accordingly, 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.**

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Warm regards,

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