

*e-Circular*

REGIONAL RURAL BANKS, LEAD BANK  
COMMUNITY SERVICES.

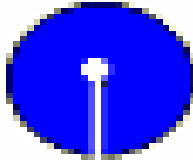
Sl. No. : 56/2009 - 10

Circular No. : NBG/RRBLBCSB-LB/1/2009 - 10

Wednesday, April 22, 2009.

MASTER CIRCULAR

DIFFERENTIAL RATE OF INTEREST (DRI) SCHEME



**STATE BANK OF INDIA  
LEAD BANK DEPARTMENT**

**AGRI BUSINESS UNIT  
CORPORATE CENTRE  
MUMBAI**

Master Circular No. ABU/LB/DRI/1

Date: 22.04.2009

**All the Branches / LHOs**

Madam / Sir,

**MASTER CIRCULAR  
DIFFERENTIAL RATE OF INTEREST (DRI) SCHEME**

The DRI Scheme was introduced by Govt. of India in March, 1972. To enable the operating functionaries to have current instructions at one place, a Master Circular incorporating all the existing Circulars/Instructions up to 31.03.2009 has been prepared and is appended. We advise that this Master Circular consolidates all the previous instructions issued by us from time to time, which are listed in Appendix.

Yours faithfully,

Chief General Manager  
(Rural Business)

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## **DIFFERENTIAL RATE OF INTEREST**

The Government of India has formulated a scheme for extending financial assistance at concessional rates to selected low income groups for productive endeavors. The salient features of the scheme as on 31.03.2009 are as under:

### **1. Eligibility Criteria:**

- i) Family income of the borrower from all sources does not exceed Rs.18000/- in Rural area and Rs. 24000/- in Urban and Semi urban area per annum.
- ii) Land holding not to exceed 1 acre of irrigated land or 2.5 acres of non-irrigated land.
- iii) SC/ST borrowers are eligible for finance irrespective of their land holdings
- iv) The applicant should not be assisted under any of the subsidy linked schemes of Central/State Government and State owned corporation.
- v) Physically handicapped persons pursuing a gainful occupation
- vi) Indigent students of merit going in for higher education who do not get scholarships/maintenance grants from Governmental or educational authority

### **2. Institutions:** Following institutions are eligible for credit under the Scheme:

- i) Orphanages and women's homes where saleable goods are made and for which no adequate and dependable source of finance e.g., endowments or regular charities, exist.
- ii) Institutions of physically handicapped persons pursuing a gainful occupation where some durable equipment and/or continuous supply of raw material is useful.

**3. State Corporations for Scheduled Castes and Scheduled Tribes:** Banks may route credit under the scheme through State Corporations for the welfare of

Scheduled Caste and Scheduled Tribes subject to the beneficiaries of the corporation meeting the eligibility criteria indicated in para 1 and other terms and conditions indicated in the scheme.

#### **4. Quantum of Loan:**

- i) For House Loan Purpose : Rs 20000.00
- ii) For Others Purpose : Rs 15000.00

#### **5. Target**

- Minimum of 40% of DIR advances to SC/ST beneficiaries. 2/3<sup>rd</sup> of the advances should be routed through Rural/Semi urban branch.
- Overall target for the Bank: 1% of the total advances of the bank as on previous year.

#### **6. Lending to Artisans under DRI**

- i) Rural Branches : 10 loans per quarter per branch
- ii) Semi-Urban/Urban Branches : 5 loans per quarter per branch

**7. Subsidy** : NIL

**8. Margin** : NIL

**9. Rate of Interest** : 4% p.a. at Simple rate

**10. Security** : Hypothecation of assets created by bank loan. No collateral security is required

**11. Repayment** : 5 years including moratorium period

**12. Moratorium period** : Suitable moratorium period may be considered.

**13 Selection of beneficiary:** By Field Staff

**14. Insurance** : No insurance except for live stock. If considered necessary, the premium amount should be borne by the Bank.

**15. Extend lending under DRI scheme to non-SGSY SHGs provided all the members of SHG meets individually the eligibility and other criteria under DRI lendings. The lendings to SHGs will be at 4% p.a.**

In this regard, the following aspects may please be noted that

- i)* The scheme is extended to new non-SGSY SHGs financed (*subject to satisfaction of criteria laid down as above*)
- ii)* To begin with, such SGSY lending at 4% is available till the Bank achieves 1% benchmark. Thereafter, the scheme will be reviewed. (*Corporate Centre will revert in the matter*)
- iii)* Preference is given to SHGs where members are from SC/ST/Minority community, women SHGs and SHGs in districts identified by the Bank for 100% financial inclusion.
- iv)* Other extant guidelines of the Bank for lending to the SHGs are satisfied.

## Appendix

### MASTER CIRCULAR

### DIFFERENTIAL INTEREST RATE (DRI) SCHEME

### LIST OF CIRCULARS CONSOLIDATED IN THE MASTER CIRCULAR ISSUED UPTO 31.03.2009

Sr. No.	Circular No.	Date	Subject
1	ABU/LB/343	21.06.2007	Revision in DRI Scheme-Loan limits
2	ABU/LB/VAR/154	05.05.2008	Revision of the Income Limits
3	ABU/LB/VAR/790	29.09.2008	Lending to Village Artisans under DRI Scheme
4	ABU/LB/VAR/1077	07.01.2009	Financing selected non-SGSY SHGs under DRI Scheme