

# CAB Training Cards



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## Revised Guidelines of RBI on Priority Sector Lending by UCBs

Categories under Priority Sector			
(i) Agriculture	(ii) MSME	(iii) Export Credit	(iv) Renewable Energy
(v) Education	(vi) Housing	(vii) Social Infrastructure	(viii) Others

### Targets / Sub-targets for Priority sector

Total Priority Sector	40% of A
Total Agriculture	No Target
Micro Enterprises	7.5% of A
Advances to Weaker Sections	10% of A

Where,

*A is higher of Adjusted Net Bank Credit [ANBC] or credit equivalent amount of Off-Balance Sheet Exposure.*

### Monitoring of Priority Sector Lending targets

To ensure continuous flow of credit to priority sector, there will be more frequent monitoring of priority sector lending compliance of UCBs on 'quarterly' basis instead of annual basis as of now. The data on priority sector advances shall be furnished by UCBs at quarterly and annual intervals as per revised reporting formats **Statement I** and **Statement II** (Part A to E) to the concerned Regional Office of the Reserve Bank. The reports should reach the Regional Office within a period of 15 days from the end of the period to which they relate.

### Salient features of the revised guidelines are as under:

- (i) With effect from April 1, 2018, achievement of priority sector targets will be included as a criterion for classifying a UCB as Financially Sound and Well Managed (FSWM), in addition to the other criteria.
- (ii) Agriculture: Distinction between direct and indirect agriculture is dispensed with.
- (iii) Bank loans to food and agro processing units will form part of Agriculture.

- (iv) Medium Enterprises, Social Infrastructure and Renewable Energy will form part of priority sector.
- (v) A target of 7.5 per cent of ANBC or credit equivalent of off-balance sheet exposure, whichever is higher, has been prescribed for micro enterprises.
- (vi) Education: Distinction between loans for education in India and abroad is dispensed with.
- (vii) Micro Credit ceases to be a separate category under priority sector.
- (viii) Loan limits for housing loans qualifying under priority sector have been revised.
- (ix) Priority Sector assessment will be monitored through quarterly and annual statements.

### Priority Sector Target Achievement - Calculation of shortfall / excess – Example 1

(Amount in Lakh)

	PSL Targets	PSL Achievements	Shortfall /Excess
June	329	316	-13
September	308	311	3
December	317	319	2
March	324	321	-3
Total	1278	1267	-11
<b>Average</b>	<b>320</b>	<b>317</b>	<b>-3</b>

As may be seen from the above table, average shortfall in PSL achievement was ₹ 3 lakh at the end of the year.

### Priority Sector Target Achievement - Calculation of shortfall / excess – Example 2

(Amount in Lakh)

	PSL Targets	PSL Achievements	Shortfall /Excess
June	329	327	-2
September	308	312	4
December	317	327	10
March	324	321	-3
Total	1278	1287	9
<b>Average</b>	<b>320</b>	<b>322</b>	<b>2</b>

As may be seen from the above table, average excess in PSL achievement was ₹ 2 lakh at the end of the year.

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July 2018