

RBI / 2006-2007/436

RPCD. SP. BC. No 101 / 09. 07. 01/ 2006-07

June13, 2007

The Chairman / Managing Directors

Indian Scheduled Commercial Banks (Excluding RRBs)

Dear Sir,

Revision of Differential Rate of Interest Scheme.

As you are aware, Government of India had formulated in March, 1972 a scheme for extending financial assistance at concessional rate of interest @ 4% to selected low income groups for productive endeavours initially by public sector banks and then by private sector banks also . The scheme known as Differential Rate of Interest Scheme (DRI) is now being implemented by all Scheduled Commercial Banks. Detailed guidelines to banks for implementation of the scheme were issued vide circular DBOD No B. P. 1900/C.453 (U) -77 dated July 6, 1977.

2 In his Budget Speech (Para 87) for 2007-08, the Hon'ble Finance Minister has proposed to raise the limit of the loan under the Differential Rate of Interest scheme from Rs 6500/ to Rs 15000/ and the limit of the housing loan from Rs 5000/ to Rs 20000/ per beneficiary.

3 You are, therefore, advised to issue necessary instructions to your controlling offices and branch offices to ensure that the revised guidelines are implemented immediately. The other terms and conditions of the scheme remain unchanged.

4 The target for lending under DRI scheme will continue to be 1% of the previous years' total advances as hitherto (para III of our circular RPCD No Plan .BC 84 /04.09.01/ 2006-07 dated April 30, 2007.

5 Please acknowledge receipt.

Yours faithfully,

(G Srinivasan)

Chief General Manager