Policy on Co-Lending

CHAPTER 1 - OVERVIEW OF THE POLICY

1. Background

1.1. Reserve Bank of India vide Notification No. RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated 05-11-2020, has issued the guidelines on Co-Lending by Banks and NBFCs to Priority Sector.

1.2. Further, RBI clarified that Lending institutions, including Banks & NBFCs, can enter into lending arrangements for non-priority sector loans in the nature of co-lending as per their Board approved policies, subject to the compliance with all the extant prudential regulations including Transfer of Loan exposures, outsourcing of financial services, KYC, reporting to CICs etc. and as applicable to all participating entities.

1.3. The co-lending arrangement entails joint contribution of credit by both lenders at the facility level. It also involves sharing of risks and rewards between the Bank and NBFCs for ensuring appropriate alignment of respective business objectives, as per the mutually decided agreement between the bank and NBFC, inter-alia, covering the essential features.

2. Objective

2.1. To manage excess liquidity available with the bank and for deployment of such excess liquidity in more profitable sources.

2.2. To diversify existing portfolio to reduce the concentration risk.

2.3. To churn the existing portfolio to reduce asset liability mismatch.

3. Scope and Applicability

3.1 Bank shall co-lend with all registered NBFCs (including HFCs) (subject to eligibility criteria mentioned in these guidelines) in respect of advances based on a prior agreement. Categorization of priority sector advances shall be as per bank's extant guidelines as updated from time to time. The gist of the same is provided at Appendix I for reference.

3.2 Co-lending can be carried out through the following two approaches:

3.3 Approach I / Co-Lending Model I (CLM I): On the basis of an agreement which entails a prior, irrevocable commitment on the part of the bank to take into its books its share of the individual loans as originated by the NBFC.

3.4 Approach II / Co-Lending Model II (CLM II): Bank can also exercise its discretion regarding taking into its books the loans originated by NBFC as per the Agreement. However, in this case the arrangement will be akin to a direct assignment transaction.

Accordingly, all the requirements in terms of Guidelines on Transactions Involving Transfer of Assets through Direct Assignment of Cash Flows and the Underlying Securities issued vide RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 and RBI/DOR/ 2021-22/86DOR.STR.REC. 51/21.04.048/2021-22 dated September 24, 2021, as updated from time to time, with the exception of Minimum Holding Period (MHP) which shall not be applicable in such transactions undertaken in terms of this CLM shall be complied with.

3.5 The loan will be originated by the NBFC and will be disbursed to the borrower. Subsequently, the Bank will reimburse the NBFC its share of co-participation subject to compliance of Minimum Holding Period (MHP) guidelines, wherever applicable.

Business divisions shall enter into co-lending arrangements with NBFCs under any of the two approaches listed above based on the risks and rewards.

CHAPTER 2 – POLICY FOR CO-LENDING ARRANGEMENT WHEREIN MASTER AGREEMENT PROVIDES FOR BANK TO MANDATORILY TAKE THE SHARE OF INDIVIDUAL LOANS AS ORIGINATED BY THE NBFCs IN ITS BOOKS (APPROACH-I / Co-LENDING MODEL-I)

1. Scope

1.1. Bank shall co-lend with all registered NBFCs (including HFCs) (subject to eligibility criteria mentioned in point 2 below) in respect of advances based on a prior agreement.

1.2. The Loan shall be originated by NBFC.

1.3. The Master Agreement entered into by the Banks and NBFC shall provide that Bank shall mandatorily take the share of individual loans as originated by the NBFCs in its books as per the terms of the Master Agreement.

2. Eligibility Criteria

2.1. Bank may enter into co-lending agreement with the NBFCs (including HFCs) that fulfil the regulatory requirements.

2.2. Only NBFCs (including HFCs) having Minimum External rating of 'A' (by Banks approved Rating Agencies) and having gross NPA (as per the latest ABS) as given below:

For Housing loans portfolio	Less than 3% Gross NPA
For other than Housing loans portfolio	Less than 4% Gross NPA

However, in case of co-lending for agriculture loans, NBFCs with external rating upto 'BBB' (by Banks approved Rating Agencies) may be considered eligible.

2.3. Further, the NBFC should be at least 3 years in operation to be eligible for entering into Co- lending agreement with banks.

2.4. Wherever defined, Bank would enter into co-lending arrangement (with NBFCs having CRAR equal to RBI defined CRAR + 1%. Where the same is not defined, Bank may accept proposals from NBFCs having CRAR of 15%.

2.5. Wherever NW or NOF is defined, the position of the NBFC should be higher than the applicable regulatory definition. However, in case where NW or NOF is not defined, it may be decided by CGM Level Business Review Committee on a case to case basis.

2.6. Bank shall not enter into co-lending arrangement with an NBFC belonging to the promoter Group.

2.7. MFIs with minimum MFI Rating of up to MFR 3 will be considered eligible, subject to a maximum limit of Rs. 500 Crores.

2.8. Same customer may be financed under multiple schemes/co-lending arrangements, subject to fulfilment of eligibility criteria, repayment capacity and performance of existing account(s). Further, a customer who is already financed by several NBFCs will also be eligible to be covered under CLM subject to fulfillment of eligibility criteria, repayment capacity and performance of existing accounts.

NOTE:

i. Powers for any relaxation from the eligibility conditions on case to case basis shall be vested with Credit Risk Management Committee of the Bank.

ii. The NBFC shall give an undertaking to the Bank that its contribution towards the loan amount is not funded out of borrowing from the co-originating bank or any other group company of the partner Bank.

3. Segments Eligible

3.1. Segments eligible for financing under CLM Arrangement:

- 3.1.1. Housing Loan
- 3.1.2. Personal Loan
- 3.1.3. Gold Loan
- 3.1.4. Vehicle Loan (including Car loan & Two-wheeler loan)
- 3.1.5. Loan against Property
- 3.1.6. Business Loan including Secured and unsecured MSME
- 3.1.7. Agriculture Equipment and Agriculture Investment

4. Nature of Loans

Term loan Facility

5. Minimum Holding Period (MHP) (Applicable for Non-Priority Sector Advances Only)

Bank shall take the share of loans originated by the NBFCs in its books only after a Minimum Holding Period (MHP), as prescribed below, which is counted from the date of registration of the underlying security interest with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI):

i. Three months in case of loans with tenor of up to 2 years;

ii. Six months in case of loans with tenor of more than 2 years.

Provided that in case of loans where security does not exist or security cannot be registered with CERSAI, the MHP shall be calculated from the date of first repayment of the loan.

Provided further that in case of project loans, the MHP shall be calculated from the date of commencement of commercial operations of the project being financed.

Provided further that in case of loans acquired from other entities by the NBFC, such loans cannot be transferred before completion of six months from the date on which the loan was taken into the books of the NBFC.

Provided further that the transfer of receivables, acquired as part of ‘factoring business’ as defined under the Factoring Regulation Act, 2011, will be exempted from the above specified MHP requirement subject to fulfilment of following conditions:

a) The residual maturity of such receivables, at the time of transfer, should not be more than 90 days, and

b) Bank shall conduct proper credit appraisal of the drawee of the bill, before acquiring such receivables as prescribed in Bank's extant guidelines on 'Transfer of Loan Exposures'.

6. Minimum Retention Requirement (MRR)

Bank will take its share of the individual loans on a back-to-back basis in their books. However, NBFCs shall be required to retain a minimum of 20 per cent share of the individual loans on their books. In case of priority sector advances, the NBFC share can be extended upto maximum 40% of individual loan.

7. Maximum Loan Outlay per NBFC (Including HFC)

Cumulative for both Priority and Non-Priority Sector Advances

NBFC (Including HFC)/MFI Rating	Max. Outlay allowed per NBFC (Including HFC)/MFI Rating
AAA/ AA Rated	₹2000.00 Crore
A Rated	₹1000.00 Crore
BBB Rated (for Agriculture)*	₹500.00 Crore
Upto MFR3*	₹500.00 Crore

**shall be allowed under priority sector advances only*

8. Ticket Size per Loan

Loans originated under the CLM shall have ticket size as under:

<table>
<tr><td>Minimum ticket size per loan</td><td>No minimum limit.</td></tr>
<tr><td>Maximum ticket size per loan[1]</td><td>
<table>
<tr><th>Segments</th><th>Maximum Ticket size per loan</th></tr>
<tr><td>Housing Loan</td><td>₹ 5.00 Crore*</td></tr>
<tr><td>Personal Loan</td><td>₹ 0.15 Crore</td></tr>
<tr><td>Gold Loan</td><td>₹ 0.25 Crore</td></tr>
<tr><td>Vehicle Loan</td><td>₹ 0.50 Crore</td></tr>
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<tr><td>Unsecured MSMEs, Agriculture & Others (Segment eligible for classification under PS)</td><td>₹0.50 Crores</td></tr>
</table>
*In case of HFCs, the maximum ticket size per loan shall be as per RBI prescribed regulatory limits under priority sector lending and classification.
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</table>

9. Guarantee Cover by Credit Guarantee Trust/Institution

9.1. Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) has introduced the Credit Guarantee Scheme for Co-Lending (CGSCL) for extending credit guarantee coverage to Banks and NBFCs in respect of credit

[1] Sanctioned limit of NBFC

facilities extended by them to eligible Micro and Small Enterprises (MSEs) under CLM.

9.2. NBFC may obtain Guarantee cover from credit guarantee trust/institution in the eligible accounts and the cost shall be borne by the NBFC/borrower.

9.3. If Credit guarantee cover from CGTMSE is obtained, same shall be in accordance with guidelines on CGTMSE-Credit Guarantee Scheme for Co-Lending.

10. Valuation

10.1. Valuation of the underlying individual security shall be as per valuation policy of NBFC & methodology as adopted by NBFC shall be accepted.

10.2. The valuation is to be updated on periodic intervals which shall be decided by the Bank and NBFC on mutually agreeable terms. Further, the same is to be updated in CBS also.

11. Classification of Advances under Priority Sector

Bank can claim priority sector status in respect of its share of credit pertaining to Priority Sector Advances while engaging in the CLM as per RBI guidelines.

12. Loaning Powers

Loaning powers shall be exercised as per Bank’s extant guidelines.

13. Approving authority for on-boarding of NBFC

Credit Risk Management Committee of the Bank shall be the approving authority for on-boarding the NBFC for co-lending. Subsequently, a note in this regard shall be placed to the Board for information.

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CHAPTER 3 – POLICY FOR CO-LENDING ARRANGEMENT WHEREIN MASTER AGREEMENT PROVIDES FOR BANK TO RETAIN THE DISCRETION TO REJECT CERTAIN LOANS AFTER ITS DUE DILIGENCE PRIOR TO TAKING IN ITS BOOKS (APPROACH-II / Co-LENDING MODEL-II)

1. Scope

1.1. Bank shall co-lend with all registered NBFCs (including HFCs) (subject to eligibility criteria mentioned in point 3 below) in respect advances based on a prior agreement.

1.2. The Loan shall be originated by NBFC.

1.3. The Master Agreement provides for Bank to exercise its discretion regarding taking into its books the loans originated by NBFC as per the Agreement. Such arrangement will be akin to a direct assignment transaction.

1.4. All the Co-Lending Arrangement with registered NBFCs (including HFCs) wherein Master Agreement provides for Bank to retain the discretion to reject certain loans after its due diligence prior to taking in its books shall be guided by this policy.[2]

2. General Requirements

2.1. Under direct assignment, a single loan or a part of such loan or a portfolio of such loans can be acquired from NBFC (including HFCs).

2.2. The loan transfer should result in transfer of economic interest[3] without being accompanied by any change in underlying terms and conditions of the loan contract. If there are any modifications to terms and conditions of the loan contract during and after transfer (eg. in take-out financing), the same shall be evaluated against the definition of 'restructuring' provided in Paragraph 16 of Part-B (Prudential Norms Applicable to Restructuring) of Reserve Bank of India, Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances issued vide circular RBI/2023-24/06 DOR.STR.REC.3/21.04.048/2023-24 dated April 1, 2023 or as updated from time to time.

2.3. No credit enhancements or liquidity facilities in any form shall be offered in case of loan transfers.

2.4. NBFC cannot re-acquire a loan exposure, either fully or partially, that had been transferred by the entity previously, except as a part of a resolution plan under the Reserve Bank of India on Framework for Resolution of Stressed Assets stated in Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances issued vide circular RBI/2023-24/06 DOR.STR.REC.3/21.04.048/2023-24 dated April 1, 2023 or as

[2] This policy is without prejudice to the provisions of Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021; Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019; obtention of guarantees; or products explicitly permitted in terms of RBI guidelines.

[3] "Economic Interest" refers to the risks and rewards that may arise out of loan exposure through the life of the loan exposure

part of a resolution plan approved under the Insolvency and Bankruptcy Code, 2016.

2.5. Loan transfer should result in immediate separation of the NBFC from the risks and rewards associated with loans to the extent that the economic interest has been transferred. In case of any retained economic interest in the exposure by the transferor, the loan transfer agreement should clearly specify the distribution of the principal and interest income from the transferred loan between the NBFC and Bank.

2.6. Bank shall have the unfettered right to transfer or otherwise dispose of the loans free of any restraining condition to the extent of economic interest transferred. Bank shall have no recourse to NBFC for any expenses or losses linked to the transferred economic interest except those specifically permitted under these guidelines. Further, the Bank/NBFC shall not be constrained to obtain consent from the NBFC/ Bank, as the case may be, when it comes to resolution or recovery in respect of the beneficial economic interest retained by or transferred to the respective entity.

2.7. NBFC shall have no obligation to re-acquire or fund the re-payment of the loans or any part of it or substitute loans held by the transferee(s) or provide additional loans to the Bank at any time except those arising out of breach of warranties or representations made at the time of transfer.

2.8. In cases where security interest is held by NBFC in trust with Bank as beneficiary, mutually agreed and binding mechanism for timely invocation of security interest, if the need arises, shall be properly documented and put in place.

2.9. The transfer of loans by NBFC must not contravene the rights of underlying obligors and all necessary consents from obligors (including from third parties), where necessary as per the respective contracts, should have been obtained.

2.10. Any rescheduling, restructuring or re-negotiation of the terms of the underlying agreement/s attempted by Bank after the transfer of assets shall be as per the provisions of the Reserve Bank of India on Framework for Resolution of Stressed Assets stated in Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances issued vide circular RBI/2023-24/06 DOR.STR.REC.3/21.04.048/2023-24 dated April 1, 2023 or updated from time to time.

2.11. In cases where loan transfers result in a change of lender of record under a loan agreement, the NBFC and Bank shall ensure that the existing loan agreement has suitable enabling provisions including consent by the underlying borrower that allow for such transactions by laying down the required ground rules.

2.12. The transfer shall be only on cash basis and the consideration shall be received not later than at the time of transfer of loans. The transfer consideration should be arrived at in a transparent manner on an arm's length basis.

2.13. The extant instructions on outsourcing and the applicable provisions of the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016 (as amended from time to time) is required to be complied with in all cases.

2.14. The Loan transfer shall be in respect of loans which are not in default.

2.15. Further, all the requirements in terms of Guidelines on Transactions Involving Transfer of Assets through Direct Assignment of Cash Flows and the Underlying Securities issued vide RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 and RBI/DOR/ 2021-22/86DOR.STR.REC. 51/21.04.048/2021-22 dated September 24, 2021, as updated from time to time, with the exception of Minimum Holding Period (MHP) which shall not be applicable in such transactions under priority sector undertaken in terms of this CLM shall be complied with.

3. Eligibility Criteria

3.1. Bank may enter into co-lending agreement with the NBFCs (including HFCs) that fulfil the regulatory requirements.

3.2. Only NBFCs (including HFCs) having minimum external rating of ‘A’ (by Banks approved Rating Agencies) and having gross NPA (as per the latest ABS) as given below:

For Housing loans portfolio	Less than 3% Gross NPA
For other than Housing loans portfolio	Less than 4% Gross NPA

However, in case of co-lending for agriculture loans, NBFCs with external rating upto ‘BBB’ (by Banks approved Rating Agencies) may be considered eligible.

3.3. Further, the NBFC should be at least 3 years in operation to be eligible for entering into Co- lending agreement with banks.

3.4. Wherever defined, Bank would enter into co-lending arrangement with NBFCs having CRAR equal to RBI defined CRAR + 1%. Where the same is not defined, Bank may accept proposals from NBFCs having CRAR of 15%.

3.5. Wherever NW or NOF is defined, the position of the NBFC should be higher than the applicable regulatory definition. However, in case where NW or NOF is not defined, it may be decided by CGM Level Business Review Committee on a case to case basis.

3.6. Bank shall not enter into co-lending arrangement with an NBFC belonging to the promoter Group.

3.7. MFIs with minimum MFI Rating of up to MFR 3 will be considered eligible, subject to a maximum limit of Rs. 500 Crores.

3.8. Same customer may be financed under multiple schemes/co-lending arrangements, subject to fulfilment of eligibility criteria, repayment capacity and performance of existing account(s). Further, a customer who is already financed by several NBFCs will also be eligible to be covered under CLM subject to fulfillment of eligibility criteria, repayment capacity and performance of existing accounts.

NOTE:

i. Powers for any relaxation from the eligibility conditions on case to case basis shall be vested with Credit Risk Management Committee of the Bank.

ii. The NBFC shall give an undertaking to the Bank that its contribution towards the loan amount is not funded out of borrowing from the co-originating bank or any other group company of the partner Bank.

4. Segments Eligible

4.1. Segments eligible for financing under CLM Arrangement:

- 4.1.1. Housing Loan
- 4.1.2. Personal Loan
- 4.1.3. Gold Loan
- 4.1.4. Vehicle Loan (including Car loan & Two-wheeler loan)
- 4.1.5. Loan against Property
- 4.1.6. Business Loan including Secured and unsecured MSME
- 4.1.7. Agriculture Equipment and Agriculture Investment

NOTE:

The gist of priority sector advances which can be considered eligible for financing under CLM Arrangement is provided at **Appendix I** for reference.

5. Nature of Loans

Term loan Facility

6. Minimum Holding Period (MHP)

6.1. For Non-Priority Sector Advances

Bank shall take the share of loans originated by the NBFCs in its books only after a Minimum Holding Period (MHP), as prescribed below, which is counted from the date of registration of the underlying security interest with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI):

i. Three months in case of loans with tenor of up to 2 years;

ii. Six months in case of loans with tenor of more than 2 years.

Provided that in case of loans where security does not exist or security cannot be registered with CERSAI, the MHP shall be calculated from the date of first repayment of the loan.

Provided further that in case of project loans, the MHP shall be calculated from the date of commencement of commercial operations of the project being financed.

Provided further that in case of loans acquired from other entities by the NBFC, such loans cannot be transferred before completion of six months from the date on which the loan was taken into the books of the NBFC.

Provided further that the transfer of receivables, acquired as part of 'factoring business' as defined under the Factoring Regulation Act, 2011, will be exempted from the above specified MHP requirement subject to fulfilment of following conditions:

a) The residual maturity of such receivables, at the time of transfer, should not be more than 90 days, and

b) Bank shall conduct proper credit appraisal of the drawee of the bill, before acquiring such receivables as prescribed in Bank's extant guidelines on 'Transfer of Loan Exposures'.

The loans will be first opened by NBFC and then Bank will open loan accounts afterwards. The NBFC can sanction and disburse the whole amount of the loan and then approach the bank for reimbursement.

6.2. For Priority Sector Advances

In case of co-lending agreement with regard to priority sector advances, the MHP exemption shall be available only in cases where the prior agreement between the bank and NBFCs contains a back-to-back basis clause and complies with all other conditions stipulated in the guidelines for direct assignment.

7. Minimum Retention Requirement (MRR)

Bank will take its share of the individual loans on a back-to-back basis in their books. However, NBFCs shall be required to retain a minimum of 20 percent share of the individual loans on their books. In case of priority sector advances, the NBFC share can be extended upto maximum 40% of individual loan.

8. Max. Loan Outlay per NBFC (Incl. HFC)

Cumulative for both Priority and Non-Priority Sector Advances

NBFC (Including HFC)/MFI Rating	Max. Outlay allowed per NBFC (Including HFC)/MFI Rating
AAA/ AA Rated	₹2000.00 Crore
A Rated	₹1000.00 Crore
BBB Rated (for Agriculture)*	₹500.00 Crore
Upto MFR3*	₹500.00 Crore

**shall be allowed under priority sector advances only*

9. Ticket Size per Loan

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</table>
</td></tr>
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[4] Sanctioned limit of NBFC

	eligible for classification under PS)	
	**In case of HFCs, the maximum ticket size per loan shall be as per RBI prescribed regulatory limits under priority sector lending and classification.*	

10. Guarantee Cover by Credit Guarantee Trust/Institution

10.1. Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) has introduced the Credit Guarantee Scheme for Co-Lending (CGSCL) for extending credit guarantee coverage to Banks and NBFCs in respect of credit facilities extended by them to eligible Micro and Small Enterprises (MSEs) under CLM.

10.2. NBFC may obtain Guarantee cover from credit guarantee trust/institution in the eligible accounts and the cost shall be borne by the NBFC/borrower.

10.3. If Credit guarantee cover from CGTMSE is obtained, same shall be in accordance with guidelines on CGTMSE-Credit Guarantee Scheme for Co-Lending.

11. Valuation

11.1. Valuation of the underlying individual security shall be as per valuation policy of NBFC & methodology as adopted by NBFC shall be accepted.

11.2. The valuation is to be updated on periodic intervals which shall be decided by the Bank and NBFC on mutually agreeable terms. Further, the same is to be updated in CBS also.

12. Classification of Advances under Priority Sector

Bank can claim priority sector status in respect of its share of credit pertaining to Priority Sector Advances while engaging in the CLM as per RBI guidelines.

13. Loaning Powers

Loaning powers shall be exercised as per Bank's extant guidelines.

14. Approving Authority for On-Boarding of NBFC

Credit Risk Management Committee of the Bank shall be the approving authority for on-boarding the NBFC for co-lending. Subsequently, a note in this regard shall be placed to the Board for information.

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APPENDIX I : CATEGORIES UNDER PRIORITY SECTOR ADVANCES

CATEGORY	CRITERIA
Agriculture	The lending to agriculture sector shall include Farm Credit (Agriculture and Allied Activities), lending for Agriculture Infrastructure and Ancillary Activities.
Micro, Small and Medium Enterprises	All Bank loans to MSMEs conforming to the definition of MSME as prescribed by MSME Circular no. 75 dated 06.06.2020 shall qualify for classification under priority sector lending.
Export Credit	Export credit under agriculture and MSME sectors are allowed to be classified as PSL in the respective categories viz. agriculture and MSME. Export Credit (other than in agriculture and MSME) will be allowed to be classified as Priority sector as per the following: Incremental export credit over corresponding date of the preceding year, up to 2 per cent of ANBC or CEOBE whichever is higher, subject to a sanctioned limit of up to ₹ 40 crore per borrower.
Education	Loans to individuals for educational purposes, including vocational courses, not exceeding ₹ 20 lakh
Housing	a. Loans to individuals up to ₹35 lakh in metropolitan centres (with population of ten lakh and above) and up to ₹25 lakh in other centres for purchase/construction of a dwelling unit per family provided the overall cost of the dwelling unit in the metropolitan centre and at other centres does not exceed ₹45 lakh and ₹30 lakh respectively. b. Loans up to ₹10 lakh in metropolitan centres and up to ₹6 lakh in other centres for repairs to damaged dwelling units conforming to the overall cost of the dwelling unit subject to the cost of dwelling unit mentioned above.
Social Infrastructure	A. Loans up to a limit of ₹5 crore per borrower for setting up schools, drinking water facilities and sanitation facilities including construction/ refurbishment of household toilets and water improvements at household level, etc. and loans up to a limit of ₹10 crore per borrower for building health care facilities including under 'Ayushman Bharat' in Tier II to Tier VI centres. B. Bank loans to MFIs extended for on-lending to individuals and also to members of SHGs/JLGs for water and sanitation facilities

CATEGORY	CRITERIA
Renewable Energy	i. Bank loans up to a limit of ₹30 crore to borrowers for purposes like solar based power generators, biomass-based power generators, wind mills, micro-hydel plants and for non-conventional energy based public utilities, viz., street lighting systems and remote village electrification etc., will be eligible for Priority Sector classification. ii. For individual households, the loan limit will be ₹10 lakh per borrower.
Others	i. Loans provided directly by banks to individuals and individual members of Self Help Groups(SHG)/Joint Liability Group(JLG) satisfying the criteria as prescribed under bank's extant guidelines on Regulatory Framework for Microfinance Loans. ii. Loans not exceeding ₹2.00 lakh provided by banks to SHG/JLG for activities other than agriculture or MSME iii. Loans to distressed persons [other than distressed farmers indebted to non-institutional lenders] not exceeding ₹1.00 lakh per borrower to prepay their debt to non-institutional lenders iv. Loans sanctioned to State Sponsored organisations for Scheduled Castes/ Scheduled Tribes for the specific purpose of purchase and supply of inputs and/or the marketing of the outputs of the beneficiaries of these organisations. v. Loans up to ₹50 crore to Start-ups, as per definition of Ministry of Commerce and Industry, Govt. of India that are engaged in activities other than Agriculture or MSME