



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2019-20/159

DOR.No.Ret.BC. 30/12.01.001/2019-20

February 10, 2020

All Scheduled Commercial Banks

Dear Sir / Madam

Incentivising Bank Credit to Specific Sectors – Exemption from CRR Maintenance

It has been announced in paragraph 3 of the [Statement on Developmental and Regulatory Policies of February 6, 2020](#), that the Reserve Bank is actively engaged in revitalising the flow of bank credit to productive sectors having multiplier effects to support growth impulses. Accordingly, banks are allowed to deduct the equivalent amount of incremental credit disbursed by them as retail loans to automobiles, residential housing, and loans to micro, small and medium enterprises (MSMEs), over and above the outstanding level of credit to these segments as at the end of the fortnight ended January 31, 2020 from their net demand and time liabilities (NDTL) for maintenance of the cash reserve ratio (CRR).

Banks are advised that they can claim the first such deduction from the NDTL of February 14, 2020 for the amount equivalent to the incremental credit extended to the sectors indicated above over the outstanding level of credit as at the end of the fortnight ended January 31, 2020.

An amount equivalent to the incremental credit outstanding from the fortnight beginning January 31, 2020 and up to the fortnight ending July 31, 2020 will be eligible for deduction from NDTL for the purpose of computing the CRR for a period of five years from the date of origination of the loan or the tenure of the loan, whichever is earlier.

Banks are required to report the exemption availed at the end of a fortnight under “exemptions/others” in the Section-42 return, prescribed in Annex A to Form A as per [Master Circular on Cash Reserve Ratio \(CRR\) and Statutory Liquidity Ratio \(SLR\) dated July 1, 2015](#). Proper fortnightly records of net incremental credit extended to the select sectors/NDTL exemption claimed, duly certified by the Chief Financial Officer (CFO) or an equivalent level officer, must be maintained by banks for supervisory review.

Yours faithfully

(Dr. S.K. Kar)
Chief General Manager