

## **Priority Sector Advances-loans for Housing**

RPCD.PLNFS.BC.No.92/06.11.01/2002-03

April 29, 2003

The Chairman/Managing Director/Chief Executive Officer  
All Scheduled Banks  
(including RRBs) and Local Area Banks

Dear Sir,

### **Priority Sector Advances-loans for Housing**

Please refer to circular RPCD. PLNFS. No. BC.37/06.11.01/97-98 dated October 21, 1997 wherein the quantum of direct housing loans for construction of houses by individuals to be reckoned under priority sector advances was enhanced from Rs.3 lakh to Rs.5 lakh. Subsequently, the above limit was enhanced to Rs.10 lakh in urban and metropolitan areas vide circular RPCD.Plan.34/04.09.01/99-2000 dated October 29,1999.

2. In this connection, a reference is invited to Paragraph No.87 of Governor's Statement on the Monetary and Credit Policy for the year 2003-04 forwarded with circular No.MPD.BC/230/07.01.279/2002-03 dated April 29, 2003(copy of the paragraph enclosed). In view of increasing demand for housing in rural and semi-urban areas, and to improve financing to housing sector in these areas, it has been decided that banks, with the approval of their Boards, will be free to extend direct finance to the housing sector upto Rs.10 lakh in rural and semi-urban areas as part of priority sector lending.

3. Please acknowledge receipt.

Yours faithfully,

Sd/-

(**Varughese John**)

**Chief General Manager**

**MONPOL03-04**

Extract from the statement by Dr. Bimal Jalan, Governor,  
Reserve Bank of India on Monetary and Credit Policy for the year 2003-04

Para. 87: At present, the quantum of direct housing loans for construction of houses by individuals to be counted under priority sector advances is Rs.5 lakh in rural and semi-urban areas and Rs.10 lakh in urban and metropolitan areas. In view of increasing demand for housing in rural and semi-urban areas, and to improve financing to housing sector in these areas, it has been decided that:

- Banks, with the approval of their Boards, will be free to extend direct finance to the housing sector up to Rs.10 lakh in rural and semi-urban areas as part of priority sector lending.