



Reserve Bank of India issues revised priority sector lending guidelines

On 4 September 2020, Reserve Bank of India has issued master directions which revise the priority sector lending (PSL) guidelines so as to (a) enable better credit penetration to credit deficient areas, and (b) increase the lending to small and marginal farmers and weaker sections.

Fresh categories eligible for finance, which are now covered under the revised PSL guidelines, include:

- (a) bank finance to start-ups (up to INR 50 crore),
- (b) loans to farmers for installation of solar power plants, and
- (c) loans for setting up Compressed Bio Gas plants.

Further, with a view to address regional disparities in the flow of priority sector credit, the revised PSL guidelines have assigned higher weightage to incremental priority sector credit in 'identified districts' where priority sector credit flow is comparatively low.

Additionally, the revised PSL guidelines boost credit to multiple sectors including to the renewable energy sector where the loan limits have been increased (doubled), and health infrastructure sector (including those under 'Ayushman Bharat') where credit limit has been doubled for improvement of the health infrastructure.

The revised PSL guidelines can be accessed at the following link: https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959

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We continue business as usual and our attorneys and staff are available to provide our clients uninterrupted service. Please do not hesitate to reach out with questions or concerns at any time. We hope that you and your family remain healthy and safe throughout this global health challenge.

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