

# Priority Sector Lending

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In News

Reserve Bank of India has comprehensively reviewed the Priority Sector Lending (PSL) guidelines to align it with emerging national priorities and bring sharper focus on inclusive development, after having wide ranging discussions with all stakeholders. Revised PSL guidelines will **enable better credit penetration to credit deficient areas; increase the lending to small and marginal farmers and weaker sections; boost credit to renewable energy, and health infrastructure.**

The categories under priority sector are as follows:

- . Agriculture
- . Micro, Small and Medium Enterprises
- . Export Credit
- . Education
- . Housing
- . Social Infrastructure
- . Renewable Energy
- . Others

Targets for individual sectors

Categories	Domestic commercial banks (excl. RRBs & SFBs) & foreign banks with 20 branches and above	Foreign banks with less than 20 branches	Regional Rural Banks	Small Finance Banks
Total Priority Sector	40% of ANBC or CEOBE whichever is higher.	40% of ANBC or CEOBE whichever is higher; out of which up to 32% can be in the form of lending to Exports and not less than 8% can be to any other priority sector	75% of ANBC or CEOBE whichever is higher; However, lending to Medium Enterprises, Social Infrastructure and Renewable Energy shall be reckoned for priority sector achievement only up to 15% of ANBC.	75% of ANBC or CEOBE whichever is higher.

Agriculture	18% of ANBC or CEOBE, whichever is higher; out of which a target of 10% is prescribed for Small and Marginal Farmers (SMFs)	Not applicable	18% ANBC or CEOBE, whichever is higher; out of which a target of 10% is prescribed for SMFs	18% of ANBC or CEOBE, whichever is higher; out of which a target of 10% is prescribed for SMFs
Micro Enterprises	7.5% of ANBC or CEOBE, whichever is higher	Not applicable	7.5% of ANBC or CEOBE, whichever is higher	7.5% of ANBC or CEOBE, whichever is higher
Advances to Weaker Sections	12% of ANBC or CEOBE, whichever is higher	Not applicable	15% of ANBC or CEOBE, whichever is higher	12% of ANBC or CEOBE, whichever is higher

ANBC= Adjusted Net Bank Credit

CEOBE= Credit Equivalent of Off-Balance Sheet Exposures

### Advantages of Priority Sector Lending

- Increase in industries and allied activities at grass root level
- Improved living standards of rural people
- Poverty eradication
- Development of infrastructure in rural areas
- Increase in production of agriculture and allied goods

- Support to gross domestic product
- Providing new opportunities for productive and gainful self-employment to the educated unemployed youth