

All Regional Rural Banks (RRBs)

**Circular No.185 / 2021 – 22**

Madam / Dear Sir,

**Revision in Registration Criteria & Inclusion of Retail Trade - RRBs**

As you are aware, consequent upon merger/amalgamation of several Regional Rural Banks (RRBs), registration/re-registration criteria for RRBs as MLIs of CGTMSE was laid down by the Trust vide Circular No.72 dated January 02, 2014. Subsequently, criteria were modified vide Circular No.79 & 103 dated June 10, 2014 and November 19, 2015 respectively.

On a review, it has been decided to remove the criterion regarding 'A' rating (score of 75 and above) under NABARD composite rating model for deciding the eligibility of RRBs as MLIs. Accordingly, the RRBs would need to satisfy the following eligibility criteria to register/re-register as MLI of CGTMSE:

- RRB should have a CRAR of not less than 9%.
- Net NPAs below 5% of advances
- No regulatory defaults
- Positive net worth as per audited Balance Sheet post-merger and provided there are no carry forward losses in the Balance sheet of the newly formed entity (RRB) post-merger.
- RRBs, which are being / have been merged to form the new entity, should have been assessed by NABARD as "Sustainably Viable" or "Currently Viable" as per the latest available list prior to their merger.



Further, in view of growing need of credit in rural economy, it has been decided to **allow Retail Trade as an eligible activity under the Scheme for RRBs** for credit facilities upto ₹50 lakh (the maximum limit for coverage for RRBs). Accordingly, RRBs may avail Guarantee for eligible retail trade loans as per the extant Guarantee guidelines. Further, the extent of coverage & applicable fee for coverage of Retail Trade will be guided as per Circular 141 / 2017 – 18 & 157 / 2018-19 dated February 28, 2018 and October 31, 2018 respectively and any modifications made in this regard from time to time.

It may be noted that all other covenants of the current Credit Guarantee Scheme would apply mutatis mutandis to such credit proposals with regard to other operational modalities, etc, as modified from time to time.

The contents of this circular may please be brought to the notice of all your offices.

Yours faithfully,

Sd/-  
(Jigar Shah)  
Chief Operating Officer