

## **Implementation of Differential Rate of Interest (DRI ) Scheme**

23 July 2001

RPCD.No. SP.BC. 10/09.07.01/2001-02

The Chairman/ Managing Director  
All Scheduled Commercial Banks  
(Excluding RRBs)

Dear Sir,

### Implementation of Differential Rate of Interest (DRI ) Scheme

Please refer to our circulars RPCD Nos. SP.BC.82/09.07.01/95-96, SP.BC.17/09.07.01/97-98 and RPCD SP.BC. 36/09.07.01/ 98-99 dated 7 February 1996, 5 August 1997 and 13 November 1998 respectively on the captioned subject.

2. It is observed that the level of advances granted under the scheme continues to be far below the prescribed target of 1% of aggregate advances of the previous year. The Standing Committee on Finance on Demand for Grants (2001-02) of the Ministry of Finance has expressed serious concern over the unsatisfactory implementation of DRI scheme by banks. The Committee has expressed its unhappiness at the continuous decline in the advances under DRI scheme by Public Sector Banks as a percentage to their total advances from 0.40% in 1996 to 0.18% in 2000 and the dismal performance by Private Sector Banks in lending under DRI scheme. As you are aware, DRI scheme exclusively caters to the credit requirements of the weakest among the weak and is a niche scheme for the benefit of poor sections of the rural and urban population. It is, therefore necessary that the scheme be implemented with greater vigor by banks.

3. We shall be glad if you will initiate immediate steps to improve the bank's performance in disbursement of loans under DRI scheme and make all out efforts to ensure achievement of the prescribed target.

Yours faithfully

(Deepali Pant Joshi)  
General Manager