



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2014-15/430

FIDD.CO.LBS.BC.No.49 /02.01.001/2014-15

January 28, 2015

The Chairmen & Managing Directors
All Scheduled Commercial Banks (including RRBs)

Dear Sir/Madam,

Dispensing with 'No Due Certificate' for lending by banks

Please refer to our [circular RPCD.LBS \(SAA\).BC.No.62/08.01.00/2004-05 dated December 8, 2004](#) on Relaxation in Service Area norms. Further, in terms of [circular RPCD.PLFS.BC.No.85/05.04.02/2006-07 dated April 30, 2007](#) on 'Simplification of the Procedures and Processes for Obtaining Agricultural Loans', banks were advised to dispense with the requirement of 'No Due Certificate' for small loans up to Rs.50,000 to small and marginal farmers, share-croppers and the like and, instead, obtain self-declaration from the borrower.

2. Reference is also invited to [circular RPCD.GSSD.BC.No.1/09.01.01/2012-13 dated July 02, 2012](#) wherein for lending under Government Sponsored Scheme SGSY (now NRLM), if the Service Area branch does not issue 'No Due Certificate' within 15 days from the date of receipt of application from the borrower, the borrowers are free to approach any branch in the block for their credit requirements.

3. In this connection, we have been receiving complaints from borrowers as banks are refusing to grant loans without 'No Due Certificate', especially in rural and semi-urban areas. In order to ensure hassle free credit to all borrowers, especially in rural and semi-urban areas and keeping in view the technological

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

चेतावनी: रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।

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developments and the different ways available with banks to avoid multiple financing, banks are advised to dispense with obtaining 'No Due Certificate' from the individual borrowers (including SHGs & JLGs) in rural and semi-urban areas for all types of loans including loans under Government Sponsored Schemes, irrespective of the amount involved unless the Government Sponsored Scheme itself provides for obtention of 'No Dues Certificate'.

4. Banks may kindly note that while Service Area Approach continues to be applicable for Government Sponsored Schemes, the borrower is free to approach any bank branch in his service area for obtaining credit under Government Sponsored Schemes.

5. Banks are encouraged to use an alternative framework of due diligence as part of credit appraisal exercise other than the 'No Due Certificate' which could, among others, consist of one or more of the following:

- Credit history check through credit information companies
- Self declaration or an affidavit from the borrower
- CERSAI registration
- Peer monitoring
- Information sharing among lenders
- Information search (writing to other lenders with an auto deadline)

6. Banks are also advised to submit credit information/data to all Credit Information Companies (CICs), as required in terms of extant instructions issued by RBI.

Yours faithfully

(A. Udgata)
Principal Chief General Manager