



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/2009-10/129

RPCD.SME&NFS.BC.No.16/06.02.31(P) /2009-10

August 24, 2009

The Chairman/Managing Director  
All Scheduled Commercial Banks  
(including RRBs & Local Area Banks)

Dear Sir,

**Collateral Free loans – Micro and Small Enterprises(MSEs)**

Please refer to our circular RPCD.SME&NFS. BC No. 84A /06.02.31(P) /2008-09 dated January 20, 2009 regarding extending collateral free loans upto Rs. 5 lakh sanctioned to the units of MSE sector (both manufacturing and service enterprises) as defined under MSMED Act, 2006. We have received enquiries as to whether these guidelines are advisory or mandatory in nature. It is clarified that these guidelines are mandatory and banks must not obtain collateral security in the case of loans upto Rs. 5 lakh extended to all units of the MSE sector.

2. You are requested to issue suitable instructions to your branches/controlling offices for meticulous and strict compliance in this regard.

3. Please acknowledge receipt.

Yours faithfully,

(R.C.Sarangi)  
Chief General Manager

ग्रामीण आयोजना और ऋण विभाग,, केन्द्रीय कार्यालय, 10 वीं मंजिल, केन्द्रीय कार्यालय भवन, शहीद भगतसिंह मार्ग, पोस्ट बाक्स सं. 10014,  
मुंबई-400 001 फोन :2266 1602 फैक्स: 22610943/22610948 ई-मेल : egmincrpcd@rbi.org.in

Rural Planning & Credit Dept., Central Office, 10<sup>th</sup> Floor, Central Office Building, Shahid Bhagat Singh Marg, P.Box No. 10014,  
Mumbai 400001 Tel : 2266 1602 Fax : 22610943/22610948 E-mail : egmincrpcd@rbi.org.in

हिंदी आसान है, इसका प्रयोग  
बढ़ाइए