

RBI asks banks to ease norms for individual borrowers

To ensure hassle free credit to small borrowers, the RBI on Wednesday directed banks to do away with the practice of obtaining 'No Due Certificate' from individual loan takers.

The RBI said it received complaints from borrowers as banks were refusing to grant loans without 'No Due Certificate', specially 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 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," RBI said in a notification.

The dispensation will include for Self Help Groups (SHGs) as well as Joint Liability Groups (JLGs) in rural and semi-urban areas for all types of loans.

It will also cover loans under government sponsored schemes, irrespective of amount involved.

This announcement follows RBI's earlier directive on relaxing service area norms and simple procedures for farm loans of up to Rs 50,000 to small and marginal farmers.

For sanctioning such loans, bank can use alternative ways of due diligence other than the No Due Certificate.

These include loan history from credit information companies, self declaration from borrower, peer monitoring, registration from Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) and information sharing among lenders.

(ZEE News)