

Credit Control and Other Measures

AUGUST 1999

Selected circular issued by the Reserve Bank of India during August 1999 is reproduced below.

Ref.UBD No.Plan.PCB.5/ 09.09.01/99-2000 dated August 27, 1999

All Primary (Urban) Co-operative Banks (except Scheduled PCBs)

Priority Sector Lending - Flow of Credit to Food and Agro-based Processing and Forestry

As you are aware, Finance Minister in his Budget speech on February 27, 1999, *inter alia*, laid emphasis on augmenting the flow of credit for food and agro-processing industry and announced inclusion of lending by banks to this sector under priority sector. Accordingly, we advise that banks may classify credit to food and agro processing industries under priority sector.

2. Further, forestry as an activity is already included under Priority Sector for the purpose of lending by banks. Since this is one of the primary sector activities which serve as an important basis for non-farm sector livelihoods, banks may intensify their efforts to promote development of this sector by financing bankable schemes/activities under forestry.

3. PCBs may report disbursements (direct lending only) under the above two segments under "Loans and Advances to Cottage/Small Scale Industry" (Item 2 of reporting formats) in the annual return to be sent to Regional Office.