

Priority Sector Advances - Finance extended to dealers in drip irrigation/ sprinkler irrigation systems/ Agricultural machinery

RPCD.PLAN.BC.No./ 31 / 04.09.01/ 2002-03

29 October 2002

The Chairman/ Managing Director/Chief Executive Officer
All Scheduled Commercial Banks (including RRBs) and
Local Area Banks

Dear Sir,

**Priority Sector Advances-
Finance extended to dealers
in drip irrigation/ sprinkler irrigation systems/
Agricultural machinery**

Please refer to Para. 1.2.9(ix) of our Master Circular RPCD.No. Plan.BC./ 56 /04.09.01 /2000-2001 dated February 14, 2001 advising banks to classify finance extended to dealers in drip irrigation/ sprinkler irrigation system/ agricultural machinery under 'Indirect Finance to Agriculture' as a part of priority sector advances subject to certain conditions and with a ceiling of "upto Rs. 10 lakh per dealer".

2. In this connection a reference is invited to Paragraph No. 107 of Governor's Statement on "Mid-term Review of the Monetary and Credit Policy for the year 2002-03" forwarded with circular No. MPD. BC./ 222 / 07.01.279/ 2002-03 dated October 29, 2002. As mentioned therein, in order to improve credit delivery to the priority sector and in particular to agriculture, the limit on advances granted to dealers in drip irrigation/sprinkler irrigation system/ agricultural machinery, located in rural/ semi-urban areas is increased from Rs. 10 lakh to upto Rs. 20 lakh under priority sector lending for agriculture (indirect) with immediate effect, the other conditions remaining unchanged.

3. Please acknowledge receipt.

Yours faithfully,

Sd/-

(A.V.Sardesai)
Chief General Manager-in-Charge