

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

RPCD.PLAN.BC.No./ 93 / 04.09.01/ 2002-03

29 April 2003

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

Dear Sir,

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Please refer to Para. 1.2.7 (ix) of our Master Circular RPCD. No. Plan. BC. 42A / 04.09.01/ 2002-2003 dated November 11, 2002 advising banks to classify finance extended to dealers in drip irrigation/sprinkler irrigation system/agricultural machinery, with a ceiling of upto Rs.20 lakh per dealer under 'Indirect Finance to Agriculture' as part of priority sector advances subject to the conditions, *inter-alia*, that the dealer should be located in the rural/semi-urban areas.

2. In this connection a reference is invited to Paragraph No. 86 of Governor's Statement on the Monetary and Credit Policy for the year 2003-04 forwarded with circular No.MPD.BC./ 230 / 07.01.279/ 2002-03 dated April 29, 2003 (copy of the Paragraph enclosed). As the scheme has been of benefit to the farming community, it has been decided that dealers in drip irrigation/sprinkler irrigation system/agricultural machinery, **irrespective of their location**, would be eligible for such advances, under priority sector lending for agriculture with immediate effect, the other conditions remaining unchanged.

3. Please acknowledge receipt.

Yours faithfully,

Sd/-
(Varughese John)
Chief General Manager

Extract from the statement by Dr. Bimal Jalan, Governor,
Reserve Bank of India on Monetary and Credit Policy for the year 2003-04

Paragraph 86 : In the mid-term Review of October 2002, the limit on advances granted to dealers in drip irrigation/sprinkler irrigation system/agricultural machinery, located in rural/semi-urban areas was increased from Rs.10 lakh up to Rs.20 lakh under priority sector lending for agriculture. As the scheme has been of benefit to the farming community, the following further liberalisation is proposed:

- Dealers in drip irrigation/sprinkler irrigation system/agricultural machinery, irrespective of their location, would be eligible for such advances, under priority sector lending for agriculture.