

RBI/ 2004-2005/239

RPCD.PLFS.BC.No. 46 /05.05.14/2004-05

October 26,2004

The Chief Executive Officer
(All Indian Private Sector Banks)

Dear Sir,

Special Agricultural Credit Plans (SACP)

At present, public sector banks are formulating Special Agricultural Credit Plans (SACP) under which they fix for themselves targets for disbursement of agricultural credit during a year. The banks have been advised to fix targets at about 20 to 25 per cent higher than the disbursement during the immediately preceding year.

2. In this connection, a reference is invited to paragraph No. 80 of the Governor's Statement on the Mid-Term Review of the Annual Policy for the year 2004-05 (copy of the paragraph enclosed). In order to enhance flow of credit to agriculture, it has been decided to extend the SACP mechanism to private sector banks. Accordingly, all private sector banks are urged to formulate Special Agricultural Credit Plans from the year 2005-06, targeting an annual growth rate of at least 20-25 per cent of credit disbursements to agriculture.

3. The State-wise/ activity-wise targets for SACP 2005-06 may be fixed as per the format enclosed. Banks are required to submit half-yearly statements as at the end of March and September every year in the same format showing the progress in implementation of the Special Agricultural Credit Plans. However, column Nos 3 onwards may be sub-divided to indicate targets and achievements under SACP during the half-year concerned.

4. Please acknowledge receipt.

Yours faithfully,

(G.Srinivasan)
Chief General Manager

Encl : As stated.

Priority Sector Lending

Special Agricultural Credit Plans

80. With a view to achieving the priority sector lending target for agriculture, public sector banks are required to formulate SACP. In order to enhance flow of credit to agriculture, it is proposed to extend the SACP mechanism to private sector banks. Accordingly:

- All private sector banks are urged to formulate special agricultural credit plans from the year 2005-06, targeting an annual growth rate of at least 20-25 per cent of credit disbursements to agriculture.

