

RBI/2004/215

RPCD. Plan. BC. No. 85 /04.09.01/2003-04

May 18, 2004

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

Dear Sir,

Flow of Credit to Agriculture - Loans for Storage Facilities

Please refer to the Master Circular on Lending to Priority Sector forwarded vide our Circular RPCD. No. Plan. BC. 42A/04.09.01/2002-03 dated November 11, 2002, in terms of which loans for construction and running of storage facilities (warehouse, market yards, godowns, silos and cold storages) in the producing areas are treated as indirect finance to agriculture. Further, loans to cold storage units which are mainly used for hiring are also treated as indirect agricultural advances, provided the cold storage units are in rural areas, the units are used for storing mainly agricultural produce and the units are not registered as SSI units.

2. In this connection, please refer to paragraph No. 81 of the Governor's annual policy Statement for the year 2004-05 dated May 18, 2004 (copy of the paragraph enclosed).

3. In order to further enhance credit flow to build up storage facilities, it has been decided that loans to storage units, including cold storage units, which are designed to store agricultural produce/products, irrespective of their location, would be treated as indirect agricultural finance under priority sector.

4. We shall be glad if you please implement the above decision and issue necessary instructions to your controlling offices/branches for appropriate action.

5. Please acknowledge receipt.

Yours faithfully,

(C S Murthy)

Chief General Manager-in-Charge

Loans for Storage Facilities

81. At present, loans for construction and running of storage facilities (warehouse, market yards, godowns, silos and cold storages) in the producing areas and loans to cold storage units located in rural areas and not registered as SSI units used for hiring are treated as indirect finance to agriculture. In order to further enhance credit flow to build up storage facilities, it is proposed that:

- Loans to storage units, including cold storage units, which are designed to store agricultural produce/products, irrespective of their location, would be treated as indirect agricultural finance under priority sector.

Withdrawn w.e.f May 13, 2022