

RBI/2009-10/441

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April 30, 2010

The Chairman/ Managing Director

*[All domestic scheduled commercial banks  
(excluding Regional Rural Banks)]*

Dear Sir,

**Priority Sector Lending - Export credit for agriculture and allied activities**

Please refer to our Master Circular dated July 1, 2009 on Lending to Priority Sector, in terms of which loans granted by banks for agriculture and allied activities, as indicated therein, are eligible for classification under priority sector.

2. Some commercial banks have sought clarification in respect of classification of working capital limits granted to units engaged in agricultural and allied activities and to food and agro-based processing units by way of export credit, under priority sector. The issue has been examined and it is clarified that loans granted by commercial banks for agricultural and allied activities are eligible for classification under priority sector, irrespective of whether the borrowing entity is engaged in export or otherwise.

3. The export credit granted for agricultural and allied activities may be reported separately under heading "Export credit to agriculture sector".

Yours faithfully,

**(B. P. Vijayendra)**

Chief General Manager