

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:773
ANSWERED ON:21.02.2003
PRIORITY SECTOR LENDING
GANTA SRINIVASA RAO

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Reserve Bank of India has relaxed the norms for priority sector lending to agriculture;
- (b) if so, the details thereof;
- (c) whether lending to agriculturists and agri business centres under the revised guidelines qualify as direct loans to the agricultural sector;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBAADSUL) :

(a) and (b) Reserve Bank of India (RBI) has reported that during the year 2002-2003 certain changes in the scope of lending to agriculture under priority sector were brought about. These include, increasing of limit for financing of distribution Of inputs for agriculture and allied activities such as cattle feed, poultry feed, etc. from Rs. 15 lakh to Rs.25 lakh, increasing the limit for produce marketing loan from Rs. 1 lakh to Rs. 5 lakh and enhancing the repayment schedule to twelve months. Further, the limit on advances granted to dealers in drip irrigation/spinkler irrigation system/agricultural machinery, located in rural/semi urban areas has also been increased from Rs. 10 lakh to Rs. 20 lakh under priority sector lending for agriculture.

(c) to (e) The lending by banks to agri-clinics and agribusiness centres is treated as direct finance to agriculture under priority sector lending as the Scheme aims at supplementing the existing extension network to accelerate the process of technology transfer to agriculture and providing supplementary sources of input supply and services, for which, by and large, farmers presently depend on State agencies.