

# CAB Training Cards



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## Gist of RBI Guidelines on Priority Sector Lending - Agriculture

**Agriculture** - Lending to agriculture sector has been defined to include;

- i. **Farm Credit** (which will include short-term crop loans and medium/long-term credit to farmers),
- ii. **Agriculture Infrastructure**, and
- iii. **Ancillary Activities**.

A list of eligible activities under the three sub-categories is indicated below:

1. **Farm Credit: Loans to individual farmers** [including SHGs or JLGs, i.e. groups of individual farmers, provided banks maintain disaggregated data of such loans] and Proprietorship firms of farmers, directly engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture.

Farm Credit includes:

- i. Crop loans to farmers, which will include traditional/ non-traditional plantations and horticulture, and loans for allied activities;
- ii. Medium and long-term loans to farmers for agriculture and allied activities;
- iii. Loans to farmers for pre and post-harvest activities, viz., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce;
- iv. Loans to farmers up to ₹50 lakh against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months;
- v. Loans to distressed farmers indebted to non-institutional lenders;
- vi. Loans to farmers under the Kisan Credit Card Scheme; and
- vii. Loans to small and marginal farmers for purchase of land for agricultural purposes.

**Loans to corporate farmers**, farmers' producer organizations/companies of individual farmers, partnership firms and co-operatives of farmers directly engaged in Agriculture and Allied Activities, viz. diary,

fishery, animal husbandry, poultry, bee-keeping and sericulture up to an aggregate limit of ₹2 crore per borrower. This will include:

- i. Crop loans to farmers which will include traditional/non-traditional plantations and horticulture, and loans for allied activities;
- ii. Medium and long-term loans to farmers for agriculture and allied activities;
- iii. Loans to farmers for pre and post-harvest activities, viz., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce; and
- iv. Loans up to ₹50 lakh against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months.

## **2. Agriculture infrastructure**

- i. Loans for construction of storage facilities including cold storage units/cold storage chains designed to store agriculture produce/products, irrespective of their location.
- ii. Soil conservation and watershed development.
- iii. Plant tissue culture and agri-biotechnology, seed production, production of bio-pesticides, bio-fertilizer, and vermi composting.

For the above loans, an aggregate sanctioned limit of ₹100 crore per borrower from the banking system, will apply.

## **3. Ancillary activities**

- i. Loans up to ₹5 crore to co-operative societies of farmers for disposing of the produce of members.
- ii. Loans for setting up of Agri-clinics and Agribusiness Centres.
- iii. Loans for Food and Agro-processing up to an aggregate sanctioned limit of ₹100 crore per borrower from the banking system.
- iv. Loans to Custom Service Units who maintain a fleet of tractors, bulldozers, well-boring equipment, threshers, combines, etc., and undertake farm work for farmers on contract basis.
- v. Bank loans to PACS, FSS and LAMPS for on-lending to agriculture.
- vi. Loans sanctioned by banks to MFIs for on-lending to agriculture sector subject to conditions.

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