ANNEXURE - I

LIST OF ITEMS INCLUDED IN DIFFERENT SEGMENTS OF PRIORITY SECTOR :

I. AGRICULTURE :
   (i) Direct Finance to farmers for Agricultural Purposes.
       a) Short-term loans for raising crops i.e. for crop loans. In addition, advances upto Rs. 5,000/- to formers against pledge/hypothecation of agricultural produce for a period not exceeding three months, where the formers were given crop loans for raising the produce.
       b) Medium and long-term loans provided directly to formers for financing production and development needs.
   A. Purchase of Agricultural Implements & Machinery
      a) Purchase of agriculture implements; Iron ploughs, harrows, hoses, landlevellers, bundformers, handtools, sprayers, dusters, hay-press, sugarcane crushers, thresher machine etc.
      b) Purchase of farm machinery: tractors, drillers, power tillers, tractor accessories viz. disc ploughs etc.
      c) Purchase of trucks, bullock carts and other transport equipments etc. to assist the transport of agricultural inputs and farm products.
      d) Purchase of plough animals.
   B. Development of Irrigation Potential Through
      a) Construction of shallow and deep tube wells, tanks etc. and purchase of drilling units.
      b) Constructing, deepening, clearing of surface wells, boring of wells, electrification of wells, purchase of oil engines and installation of electric motor and pumps.
      c) Construction of lift irrigation project.
      d) Installation of sprinkler irrigation system.
C. **Reclamation and Land Development Schemes**

Bunding of farm lands, levelling of land, terracing, conversion of dry paddy lands into wet irrigable paddy lands, development of farm drainage, reclamation of soil lands and prevention of salinity, reclamation of ravine lands, purchase of bulldozers etc.

D. **Construction of Farm Buildings and Structures etc.**

Bullock sheds, implement sheds, tractor and truck sheds, farm stores etc.

E. **Construction and Running of Storage Facilities**

Construction and running of warehouse, godowns, silos and cold storages.

F. **Production and Processing of Hybrid Seeds of Crops**

G. **Payment of Irrigation Charges etc.**

Charges for hired water from wells and tubewells, canal water charges, maintenance and upkeep of oil engines, and electric motors, payment of labour charges, electricity charges, marketing charges, service charges to custom service units, payment of development cess etc.

H. **Other Types of Direct Finance to Farmers**

i) Short-term loans (a) to non-traditional plantations and horticulture, (b) for allied activities such as dairying, fishery, piggery, poultry bee-keeping etc.

ii) Medium and long-term loans:

a) Development loans to all plantations, horticulture, forestry etc.

b) Development loans for allied activities.

i) Development of dairying and animal husbandry in all its aspects.

ii) Development of fisheries in all its aspects; from fishcatching to stage of export, financing of equipment necessary for breeding etc.

iii) Development of poultry, piggery etc. in all its aspect including erection of poultry houses, pig houses, bee keeping etc.

iv) Development and maintenance of stud farms and sericulture etc.

However, breeding of race hotses cannot be classified here.
II. INDIRECT FINANCE TO AGRICULTURE:

(1) Credit for financing the distribution of fertilisers, pesticides, seeds, etc. However, under the New Information System, the guidelines for classification state that only credit for financing the distribution of fertilisers, pesticides and seeds through Co-operatives and other State-sponsored organisations, irrespective of credit limits should come under "Distribution of fertilisers and other inputs". Advances granted to private retail traders (subject to credit limits) should be reported under Retail Trade.

(2) Loans to Electricity Boards for reimbursing the expenditure already incurred by them for providing low tension connections from step down point to individual farmers for energising their wells.

(3) Loans to farmers through Primary Agricultural Credit Societies (PACS), Farmers Service Societies (FSS) and Large-size Adivasi Multi-purpose Societies (LAMPS).

(4) Other types of indirect finance such as -

(i) Finance for hire-purchase schemes for distribution of agricultural machinery and implements.

(ii) Loans for construction and running of storage facilities (warehouse, godown, silos and cold storages) in the producing areas. If the loans to the cold storage are covered by the guarantee of the DICGC, they should be classified under SSI advances.

(iii) Advances to Custom Service Units managed by individuals, institutions or organisations who maintain a fleet of tractors, bulldozers, well-boring equipment, threshers, combines etc. and undertake work from farmers on contract basis.

(iv) Loans to Co-operative marketing societies, Co-operative banks for relending to Co-operative marketing societies (provided a certificate from the State Co-operative Bank in favour of such loans is produced).

(v) Loans to Co-operative banks producers (e.g. A arey Milk Colony Co-operative Bank, consisting of licensed cattle owners).
(vi) Financing the farmers indirectly through the co-operative system (other than by subscription to bonds and debentures issues) provided a certificate from the State Co-operative Bank in favour of such loan is produced.

(vii) Loans to Agro-Industries Corporations.

(viii) Loans to State-sponsored Agricultural Credit Corporations.

(ix) Advances to the Agricultural Finance Corporation.

(x) Advances to State-sponsored Corporations for onward lending to weaker sections.

2. SMALL SCALE INDUSTRIES:

Small scale industrial units are those engaged in the manufacture, processing or preservation of goods and whose investment in plant and machinery (original cost) does not exceed Rs. 60 lakhs. These would, inter alia, include units engaged in mining or quarrying, servicing and repairing of machinery. In the case of ancillary units the investment in plant and machinery (original cost) should not exceed Rs. 75 lakhs to be classified under small scale industry. Indirect finance in the small-scale industrial sector will include credit to:

   i) Agencies involved in assisting the decentralised sector in the supply of inputs and marketing of out puts of artisans, village and cottage industries and

   ii) Government sponsored corporations/organisations providing funds to the weaker sections in the priority sections in the priority sector.

   iii) Industrial Estates - loans for setting up industrial estates.

3. SMALL ROAD AND WINTER TRANSPORT OPERATORS:

Advances to small road and water transport operators owning a fleet of vehicles not exceeding six vehicles, including the one proposed to be financed.

4. RETAIL TRADE:

Advance granted to (i) private retail traders in fertilisers and mineral oils with annual turnover not exceeding Rs. 10 lakhs and (ii) Other retail traders with annual turnover not exceeding Rs. 4 lakhs and which are eligible for DICGC cover.
5. SMALL BUSINESS:

Small business would include individuals and firms managing a business enterprise established mainly for the purpose of providing any service other than professional services whose original cost price of the equipment used for the purpose of business does not exceed Rs. 2 lakhs and who are eligible for DICGC cover. Advances for acquisition, construction, renovation of house boats and other tourist accommodation will be included here.

6. PROFESSIONAL AND SELF-EMPLOYED PERSONS:

Loans to professional and self-employed persons include loans for the purpose of purchasing equipment, repairing or renovating existing equipment and/or acquiring and repairing business premises or for purchasing tools and/or for working capital requirements to medical practitioners (including dentists), Chartered Accountants, Cost Accountants, Lawyers or Solicitors, Engineers, Architects, Surveyors, construction contractors or Management consultants or to a person trained in any other art or craft who holds either a degree or diploma from any institution, established, aided or recognised by the Government or to a person who is considered by the bank as technically qualified or skilled in the field in which he is employed. Preference may be given by banks to financing professionals like doctors etc. who are carrying on their profession in rural or semi-urban areas. The term also includes firms and joint ventures of such professional and self-employed persons. This category will include all advances granted by the bank under special schemes, if any, included for the purpose. Only such professionals and self-employed persons whose borrowings (limits) do not exceed Rs. 2 lakhs and who are eligible for DICGC cover should be covered here.

7. EDUCATION:

Educational loans should include only loans and advances granted to individuals for educational purposes and not those granted to institutions and will include all advances granted by banks under special schemes, if any, introduced for the purpose.

8. HOUSING:

a) Direct finance - Loans up to Rs. 5,000/- for construction of houses granted to SCs/STs and the weaker sections of the society irrespective of DICGC coverage.
b) Indirect finance - It includes -

i) Assistance given to any governmental agency for the purpose of constructing houses exclusively for the benefit of SCs/STs and low-income groups and where loans component does not exceed Rs. 5,000/- per unit.

ii) Assistance to any governmental agency for slum clearance and rehabilitation of slum dwellers subject to other conditions specified above.

9. CONSUMPTION:

Pure consumption loans granted under the consumption credit scheme should be included in this item.

10. STATE SPONSORED ORGANISATION FOR SCs/STs:

Advances sanctioned to State sponsored organisations for SCs/STs for the specific purpose of purchase and supply of inputs to and/or the marketing of the outputs of the beneficiaries of these organisations.

11. FUNDS PROVIDED TO RRBs:

The amount of funds provided by sponsor banks to RRBs for the purpose of on-lending betreated as priority sector lending of the sponsor banks. 50 percent of the amount of refinance granted to RRBs will be treated as indirect finance to agriculture and 40 percent of the amount of refinance may be treated as advance to weaker section.

12. LOANS TO SHGs/NGOs:

Loans provided by banks to SHGs and NGOs for on lending to SHGs/members of SHGs/discreet individuals or small groups which are in the process of forming into SHGs will be reckoned as priority sector lending.