



# Bombay Chamber of Commerce & Industry

KS/Agri Representation/2013

August 12, 2009

Mr. Madhabananda Ray  
CEO  
Masuta Producers Company Ltd.  
Chetna Apartment, Flat No.2,  
Circular Road, Barmasia,  
B. Deogha, Jharkhand – 514 112.

Dear Mr. Ray,

As you are aware that we had made a representation to the Reserve Bank of India to include Producer Companies under priority sector lending guidelines.

Mr. N. K. Bhatia, Deputy General Manager has responded to our representation, a copy of which is attached for your perusal.

Regards,

Yours sincerely,

Kavita Sharma  
Joint Director

Encl: as above

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RPCD.CO.Plan. <sup>1458</sup> /04.09.01/2009-10

August 3, 2009

Ms. Manju Sood  
Executive Director  
Bombay Chamber of Commerce & Industry  
Mackinnon Mackenzie Building  
4, Shoorji Vallabhdas Marg  
Ballard Estate  
Mumbai - 400 001

*Handwritten notes:*  
Sood  
Kavita  
12/8/09  
11/8/09



Madam,

**Extending of credit loans to Producer Companies under priority sector**

Please refer to your letter KS/Agri/1132 dated May 28, 2009 addressed to the Governor, requesting us to treat Producer Companies within the ambit of priority sector, as the activities of Producer Companies are by and large focussed on enhancing income generation and livelihood improvement of the weaker sections of the society.

2. We have considered your suggestions and wish to advise that in terms of clauses 1.2.1, 1.2.2, 1.2.3, 1.3.1 and 1.3.2 of Section I of our Master Circular dated July 1, 2009 on Lending to Priority Sector, loans granted by banks to the producer companies are eligible to be classified as direct/indirect finance to agriculture under priority sector subject to certain limits, provided such companies are pursuing agriculture and allied activities.

3. However, it may not be feasible to classify all loans to producer companies under priority sector, as the priority sector has been defined on the basis of activities/occupations, and not on the basis of persons, to ensure adequate flow of credit to those sectors of the economy which impact large segments of population, the weaker sections and the sectors that are employment intensive. Further, the

ग्रामीण आयोजना और ऋण विभाग, केंद्रीय कार्यालय, 13वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगतसिंह मार्ग, पोस्ट बाक्स सं. 10014, मुंबई - 400 001. भारत  
फोन : 2260 1000 फैक्स : 2262 1011/2265 0943/2261 0948 ई-मेल : cgmincrpcd@rbi.org.in

Rural Planning & Credit Department, Central Office, 13th Floor, Central Office Building, Shahid Bhagat Singh Marg, Post Box No. 10014, Mumbai - 400 001. India  
Tel. : 2266 1602 Fax : 2262 1011/2265 8273/2265 8276 E-mail : cgmincrpcd@rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाए

focus of the Reserve Bank has been to enhance flow of credit to priority sectors of the economy through direct means in preference to indirect means of credit. Moreover, it may be difficult to ensure the end use of the funds as the Producer Companies may also be carrying on activities which may not be a part of priority sector.

Yours faithfully,

*N. K. Bhatia*

(N. K. Bhatia)

Deputy General Manager