

## **Short and Medium Term Loans**

Modern agriculture, as distinguished from traditional cultivation, involves substantial investment of recurring nature for using high yielding varieties of seeds, fertilisers, insecticides and costly agricultural implements. In such a situation, arrangements for credit should go much beyond the simple provision of credit and must be linked operationally with productivity and other services. Production and productivity, marketing and raising the level of surplus and savings must, therefore, be the major functions of credit. The benefit of modern technology, the advantages of institutional credit, infrastructural arrangements etc., should accrue to all classes of farmers. Besides, on the supply side, there must be an arrangement for assessing the requirements of funds on the basis of actual cost and raising the resources therefor. It was in this context, the crop loan system or the production oriented system of lending was evolved and conceived as the most appropriate mechanism for mass disbursement of production credit.

Production Credit Department (PCD) deals with short term refinance facilities, for various types of production, marketing and procurement activities, being provided to client institutions, as detailed below:

### **Short Term (Seasonal Agricultural Operations)**

Refinance is provided for production purposes at concessional rate of interest to State Cooperative Banks (SCBs) and Regional Rural Banks (RRBs) by way of sanction of credit limits. Each withdrawal against the sanctioned credit limit is repayable within 12 months.

### **Short Term Refinance to RRBs, PSBs and CCBs (directly) for financing PACS for their Seasonal Agricultural Operations**

A new refinance product for financing of PACS through PSBs & RRBs, wherever Cooperative Banks are weak or not in a position to lend to PACS adequately, was introduced during last year. (2011-12)

### **Short Term (Others)**

The ST (Others) limit would consist of different purposes viz. ST- Agriculture and Allied Activities, ST - Marketing of crops, ST- Fisheries Sector, ST- Industrial Cooperative Societies (other than weavers), ST- Labour Contract and Forest Labour Cooperative Societies including collection of Minor Forest produce. ST- Rural artisan including weavers members of PACS/LAMPS/FSS, ST- Purchases, Stocking and Distribution of Chemical Fertilisers and other Agricultural Inputs on the basis of bank wise RLP for respective purposes. The limit is sanctioned to SCBs and RRBs.

### **MT Conversion.**

NABARD provides relief to farmers whose crops are damaged due to natural calamities, by way of conversion of current short term agricultural loans into medium term loans and rephasing /

reschedulement of existing MT (Conversion) loans. Consolidated limit will be sanctioned to RRBs and SCBs in respect of eligible DCCBs.

### **ST (Weavers)**

**Refinance support is available under ST (Weavers) as under :**

1. Working Capital requirement of Primary/Apex/Regional Weavers Coop Society - through State Coop Banks/DCCBs
2. Working Capital requirement of Primary Weavers Coop Society – through Scheduled Commercial Bank
3. Working Capital requirement of State Handloom Development Corporation – through Scheduled Commercial Banks & State Cooperative Banks
4. Working Capital and Marketing requirement of Individual Weavers, Handloom Weavers Groups, Master Weavers, Mutually aided Coop Societies, Societies outside Coop fold and Producer Group Companies – through Scheduled Commercial Banks & RRBs.

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