



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/2011-12/ 306

RPCD.CO.Plan.BC.43 /04.09.01/2011-12

December 19, 2011

To,  
The Chairman / Managing Director /Chief Executive Officer  
[All Scheduled Commercial Banks (excluding Regional Rural Banks)]

Dear Sir / Madam,

**Credit under dairy segment of Agriculture and Allied Activities-Treatment under Indirect Finance to Agriculture**

Please refer to para 1.3.2 of our circular on lending to priority sector, [RPCD.CO.Plan.BC.No.10/04.09.01/2011-12 dated July 1, 2011](#), wherein bank loans to entities other than individual farmers engaged in food and agro based processing under Agriculture and Allied activities are treated as indirect finance to agriculture.

2. A doubt has been expressed on the financial activities which promote dairy development in the districts. As credit under the dairy segment (including procurement, storage, processing, collection, transportation, etc.) primarily benefits small/marginal farmers and tiny units, it has been decided that bank credit to all activities which contribute to the development of dairy business would be treated as indirect finance to agriculture under priority sector. However, due care may be exercised by banks to ensure that the ultimate beneficiaries are farmers engaged in dairy farming, who will benefit from such investment.

Yours faithfully,

(Deepali Pant Joshi)  
Chief General Manager-in-Charge