

Maintain adequate cash to support rabi crops: RBI to banks

About Rs 35,000 crore will be required by the DCCB for disbursement of crop loans at the rate of Rs 10,000 crore per week

Anup Roy | Mumbai November 23, 2016 Last Updated at 01:28 IST



In a move that would hugely deliver relief to farmers worried about the prospect of good sowing due to the ongoing liquidity crunch, the Reserve Bank of India (RBI) on Tuesday advised banks to maintain adequate

cash to financially support the farmers engaged in rabi crop production.

“As you all are aware the rabi crop season has already commenced and farmers filled with optimism on the back of good rainfall are looking forward to sowing their crops,” the central bank said in a notification on its website, adding, it was imperative that “farmers are adequately supported financially to ensure unhindered farming operations”.

According to RBI’s estimation, about Rs 35,000 crore would be required by the district central cooperative banks (DCCB) for disbursement of crop loans at the rate of Rs 10,000 crore per week. The fund will mostly come from the National Bank for Agriculture and Rural Development (Nabard), utilising its own cash credit limits up to about Rs 23,000 crore to enable the DCCBs to disburse the required crop loans to agriculture societies and farmers. In addition to their own crop loan disbursals, banks also work as intermediaries between Nabard and DCCBs.

“As many of these loans will be disbursed in cash to facilitate farming-related expenses, we advise in this regard that banks with currency chests should ensure adequate cash supply to the DCCBs and RRBs

(regional rural banks),” RBI’s notification said.

“Adequate cash supply should also be ensured for rural branches of all commercial (including RRBs). Further, bank branches located in APMCs may also be given adequate cash to facilitate smooth procurement,” RBI said.