

THE TIRUVALLA EAST CO-OPERATIVE BANK (TECB) LTD. NO. 3260
PRIORITY SECTOR LENDING (PSL)

Priority Sector Lending is encouraged to support environment friendly lending to help to achieve sustainable Development Goals (SDGs). The introduction of PSL is to implore the Urban Co-operative Banks (UCBs) to dedicate funds at comparatively lower interest rates for specific sectors of the economy like agriculture and allied activities, education, housing, food renewable energy etc. The goal of a PSL initiative is to provide credit to the weaker sections of the society for profitable sectors or spaces that are solely important to economic growth.

The following fall into the priority sectors under the policy agriculture (including micro financing groups like SHGs, JLGs, individual farmers and other institutions dedicated to individuals working in the sector), Micro Small and Medium Scale Enterprises (MSMEs) and SSIs, educational and small scale industrial loans, housing loans and other micro credit finances.

Eligible Categories under Priority Sector

1. Agriculture

The lending to agriculture sector will include farm credit (Agriculture and allied activities) lending for agriculture infra-structure and ancillary activities. Loans will be sanctioned to Small and Marginal Farmers (SMFs), directly engaged in agriculture and allied activities, viz. dairy, animal husbandry, poultry, bee-keeping and sericulture. Farmers with land holding of up to 1 hectare (Marginal farmers), Farmers with a land holding more than 1 hectare and up to 2 hectares (small farmers), Landless agricultural labours, tenant farmers, oral lessees and share croppers whose share of land holding is within the limits prescribed for SMFs Loans to SHGs, JLGs are eligible for loans under this scheme.

This will include:

- Crop loans including loans for traditional and non-traditional plantations, horticulture and allied activities.
- Medium and long term loans for agriculture and allied activities such as for purchase of agricultural implements, machinery and developmental loans for allied activities
- Loans for pre and post-harvest activities viz. spraying, harvesting and transporting of their own farm produce
- Loans to distressed farmers indebted to non-institutional lenders.
- Loans under Kissan Credit Card Scheme
- Loans to small and marginal farmers for purchase of land for agricultural purposes.
- Loans to farmers for installation of solar power plants
- Loans for similar other agricultural and allied activities
- The amount of loan shall be fixed on the basis of the scale of finance set by NABARD

Loans to a maximum amount of ₹ 5 lakhs for a maximum period of 3 years can may be sanctioned for Individual Farmers

1.1 Agricultural Infrastructure

Lending to agriculture infrastructure include

- Construction of storage facilities like warehouse, market yards, godowns and silos including cold storage units/cold storage chains designed to store agriculture produce/products.
- Soil conservation and watershed development.
- Plant tissue culture and agri-biotechnology, seed production, production of bio-pesticides, bio-fertilizer, and vermi composting.
- Similar other activities

Loans to a maximum amount of ₹ 20 lakhs for a maximum period of 5 years may be sanctioned to individuals.

1.2 Ancillary Services

Loans for setting up of Agri-clinics and Agri- business centres will be provided under this scheme.

Maximum loans amount of ₹ 20 lakhs for a maximum period of 5 years may be sanctioned

1.3 Food Processing Sector

Loans may be sanctioned for

- Processing of fruits, vegetables, milk, milk products including their packaging, storing and transportation
- Freezing products like fruit, vegetables, meat, fish, sea foods etc.
- Canning of fruits, vegetables including mushrooms, meat, fish, crustaceans, other sea foods etc.
- Processing of fruits and vegetables into different products such as juices, concentrates, sauces, jam, jellies, marmalades, chips, flakes, powders etc.
- Production of bakery and confectionary products-biscuits, bread, cakes, cookies, toffee etc.
- Production of starch and starch products - sago, corn, noodles, macaroni, vermicelli
- Similar other projects.

The maximum loan amount sanctioned may be ₹ 10 lakhs for a maximum period of 5 years.

2. Micro Small and Medium Enterprise (MSME) Loans

Loans can be sanctioned for the following business-related purposes generally coming under Micro, Small and Medium Enterprise:

- To start a new business/company or expand the existing enterprises
- To purchase plant & machinery such as testing or lab equipment/machines, electrical appliances, furniture, spare parts, etc.
- For manufacturing industries, ancillary industries like manufacturing components for machines for other firms or medium-sized businesses, service industries like electronics retailers and the construction sector etc.
- To start feeder industries and quarries or mining units.
- To start small scale business like holiday resorts, rice milling unit, cold storage, skill development centre, ladies garments, textile shops, production of jute gunny bags from fabric, biodegradable plastic bags, baby & adult diaper and sanitary pads, aluminium foil for food packaging, food and beverage industry, kitchen spices (masala powder), spices powder, readymade mixes (red chilli powder, sambar masala, biryani masala, chicken fry masala, and garam masala), spice powder (turmeric, chilli, pepper, coriander and cumin powder),
- To purchase of equipment like computers, air conditioner, furniture & fixtures and other fixed assets like commercial vehicle for the purpose of running business.

- For the construction of building spaces or acquisition of land/factory or commercial properties for industries/enterprises
- To meet working capital requirements like paying salaries, purchase of goods and raw materials, stocking up inventory, marketing and advertising purposes, etc.
- To buy new or pre-owned machinery/equipment or a fleet of vehicles

2.1 Eligibility

- All business enterprises engaged in manufacturing, services and trade sector will be covered under the scheme. Existing and new units are eligible under the scheme.
- MSME units irrespective of constitution i.e. individuals, proprietorship, partnership, limited companies, trust association are eligible
- In case of individual/proprietorship entry age is restricted up to 65 years (age at the time of sanction) and the repayment period should not exceed the day on which the applicant attains the age of 70 years.
- Enterprises engaged in speculative activities/real estate activities are not eligible for financial under this scheme.
- Current account shall be maintained with this bank. The cash flow of the particular project financed by the bank should be routed through the current account maintained with the bank for running the business.

Maximum loan amount of ₹ 40 lakhs, subject to the conditions specified hereunder:

For existing units: Maximum 25% of projected annual turnover for existing business/ enterprise assessing sales performance of preceding 3 years and average growth of the business unit.

For new units: Maximum 25% of validated year around projected turnover and assessing the capability of the borrower to raise adequate funds by the Branch Manager

The Bank offers a maximum amount of ₹ 40 lakhs as MSME loan with a loan margin of 20%.

The maximum period of loan shall be 7 years. In the case of new business/ enterprise, repayment of the loan shall commence after 12 months of disbursement of the loan or on the month on which the business/enterprise becomes operational whichever is earlier. The waiting period is assessed accordingly. The borrower shall remit the interest accrued during the waiting period.

3. Targets/Sub Targets For Priority Sector

As per the targets, UCBs shall achieve the revised targets as follows:

The overall priority sector lending targets shall be as follows:

31.03.2024- 60% of ANBC or CEOBE whichever is higher

31.03.2025- 65% of ANBC or CEOBE whichever is higher

31.03.2026 - 75% of ANBC or CEOBE whichever is higher

(ANBC-Adjusted Net Bank Credit, CEOBE-Credit Equivalent amount of Off Balance Sheet Exposure)

4. Sub Targets For Advances To Weaker Sections

31.03.2024- 11.5% of ANBC or CEOBE whichever is higher

31.03.2025- 11.75% of ANBC or CEOBE whichever is higher

31.03.2026 - 12% of ANBC or CEOBE whichever is higher

When loans and gold loans are sanctioned the categories of priority sector as listed above to be mentioned as the purpose of the loan.