Scale of Finance (SoF) – Fixing by DLTC and SLTC

Over the last few decades India has embarked on a journey towards providing improved access to affordable and hassle free credit for agriculture. The importance of timely and adequate credit for the sector for ensuring viability of agricultural activities on the one hand as also to ensure food security of the nation on the other cannot be undermined. Kisan Credit Card (KCC), a transparent credit instrument introduced in 1998-99 has further enhanced accessibility of agriculture credit in a hassle free manner. Further, efforts are also made to ensure that every farmer is in possession of a KCC so that all farmers are assured of timely credit. The cornerstone of agriculture credit is the Scale of Finance (SoF) being fixed for every crop at the district level which forms the basis for determining the eligible credit for each crop and farmer. The limit for KCC is also decided based on the scale of finance, crop grown and area cultivated. The system of fixing scale of finance is in
2. As of now the SoF is fixed by the District Level Technical Committee (DLTC), the meeting of which is convened by the District Central Cooperative Bank (DCCB) and generally chaired by the CEO of the DCCB/senior most official present. The Internal Working Group constituted by Reserve Bank of India (RBI) to Review Agricultural Credit and to analyse the challenges faced in the agriculture sector stated that there is a need to bring about uniformity and transparency in fixation of scale of finance. The suggestions made were further examined by RBI and NABARD and it has been decided to revise the existing guidelines as enumerated in the following paragraphs.

3. It is now decided that DLTC will continue to play a major role in deciding the SoF and will call for proposals from its members/ all major stakeholders and prepare the agenda for the meeting based on the inputs received from the stakeholders. On approval, the proposals will be forwarded to the State Level Technical Committee (SLTC). The SLTC would review the proposals based on the district level conditions, the characteristic of district /agro-climatic zones etc., and approve the same. The SoF so approved would then be circulated among all stakeholders for its adoption. For wider circulation it may be placed prominently on the website of the SLBC, StCB, DCCB, SCBs and RRBS.

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Rashtra Kosh aur Gramin Vikas Bank

vogue for the last several decades with the Cooperative Bank in the district taking the lead for the same.
Efforts may be made by all concerned to use technology to maximum possible extent to ensure speedy and transparent process for fixing the SoF. The detailed process for the same are enumerated in the following paragraphs.

4. District Level Technical Committee (DLTC)

a. Constitution

The District Level Technical Committee (DLTC) shall be constituted by District Administration with District Central Cooperative Banks as its Convener and shall work in alignment with District Consultative Committee (DCC). The District Collector /District Magistrate may be appointed as Chairman of the committee. In his absence, head of the agriculture department of the district may chair the meeting. Membership may consist of LDM, DDM/DDO of NABARD, representative of Agriculture, Animal Husbandry and Fisheries Departments, Major Commercial Banks, Regional Rural Bank, major NGOs and a few progressive farmers in the district concerned. Representatives of KVK/Agriculture University/ Veterinary University/ Fisheries Colleges or University/ ICAR Regional Research Stations/ ATMA etc. may also be included as regular members of the Committee and be invited for expert technical inputs.

b. Process

The proposals received from the stake holders or proposed by the technical experts may be placed for the consideration of the committee. The
agriculture department shall review the proposals for field crops while the animal husbandry and fisheries departments shall review the proposals for working capital limits under their respective sectors and place it in the Committee. The proposals should be reviewed taking into account the prevailing cost of inputs, productivity and market price of produce and technical inputs from the KVK/Agriculture University/ Veterinary University/ Fisheries Colleges/ University/ ICAR Research stations, ATMA etc.

c.  Fixing of SoF

SoF may be fixed on per Acre basis indicating a range taking into account various aspects including different agro-climatic zones, cropping practices etc. for all important crops grown in the district for different cropping seasons including summer crops, if there are any. Separate scales may also be prescribed for irrigated and unirrigated crops, traditional and modern methods of farming and local variations in farming practices, if any. In districts where organic farming/ natural farming is vogue, separate SoF for the same may also be finalised. In case of Animal Husbandry activities SOF may be fixed per animal / bird basis for all important activities undertaken in the district after giving due consideration to rearing practices in vogue and all recurring expenses required for sustaining production activities. Similarly, for Fishery sector SOF may be fixed based on the average unit size of the

National Bank for Agriculture and Rural Development

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investment. Following are some additional measures suggested while fixing the scale of finance:

i. While the district can continue to be the unit for prescription of the scales of finance, different scales may be fixed, should the agro-climatic characteristics vary, within a district.

ii. DLTC should build up and maintain a data base and detailed worksheets considered for undertaking the exercise for fixation of realistic scales.

iii. Scales should be fixed with reference to package of practices adopted and the extraneous factors like resource constraints of the banks, should not come into the picture.

iv. There is a need for fixing separate/higher scales of finance for commercial production of seeds by the seed growers, for export oriented horticulture/floriculture, tissue culture based seedlings, etc.

v. SoF may be fixed for all the crops including horticulture crops, Animal Husbandry activities and Fisheries activities.

vi. Separate SoF may be fixed for "low volume high value" crops like flowers, aromatic/medicinal crops, spices, etc., depending upon the crop feasibility as per agro-climatic conditions, if prevalent in the district.

d. **Recommendation to SLTC**

DLTC may indicate scales of finance for

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**Vision Statement**

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5. State Level Technical Committee

a. Constitution
The State Level Technical Committee (SLTC) may be constituted by Agriculture Production Commissioner (APC) / Secretary, Agriculture Department with State Cooperative Banks as its Convener and shall work in alignment with State Level Bankers Committee (SLBC). The APC / Secretary Agriculture of the state may be the Chairman of the committee and in his absence, the Director, Agriculture may chair the meeting. Membership may consist of State Agriculture Department, Animal Husbandry and Fisheries Departments, State Cooperation Department, Reserve Bank of India, NABARD, SLBC Convenor, Major commercial banks having presence in the State, RRBs, etc. Representatives of Technical institutions like State Agriculture Universities, Veterinary Universities, Fishery University and ICAR Research Institutes in the State may be invited as regular members for the meeting.

b. Process
The proposals forwarded by the DLTC may be placed for the consideration of the committee. The state agriculture department shall review the proposal for field crops while the animal husbandry
जबकि पशुपालन और मत्स्यपालन विभाग अपने संबंधित क्षेत्रों के तहत कार्यशील पूंजी सुमारे के प्रस्तावों की समीक्षा करेगे और उन्हें समिति के समक्ष प्रस्तुत करेगे। यदि आवश्यक हो, तो विभागों द्वारा राज्य कृषि विश्वविद्यालय जैसे तकनीकी संस्थानों से तकनीकी जानकारी प्राप्त की जा सकती है।

ग. वित्तवाणक निर्धारण
समिति राज्य पर समग्रता विचार करते हुए विभिन्न कृषि-जलवायु क्षेत्रों, सिधित / असिधित क्षेत्रों, कृषि पद्धतियों तथा जिलों में विद्युत फसल प्रथाओं में स्थानीय भिन्नताओं और बादलों के ध्यान में रखते हुए यथायोग्यता वित्तवाणक निर्धारण कर सकती है। चूँकि पारंपरिक कृषि पद्धतियों से खेती करने वाले किसान और आधुनिक कृषि पद्धतियों से खेती करने वाले प्रगति वाले किसान के लिए खेती की लागत अलग-अलग होती है, इसलिए यह वाणिज्यिक है कि वित्तवाणक इस प्रकार निर्धारित किया जाए कि स्वीकार्य वित्तवाणक एक निश्चित राशि न होकर एक सीमा के रूप में भी। संबंधित गतिविधियों हेतु कार्यशील पूंजी रूपने के लिए वित्तवाणक राज्य के विभिन्न हिस्सों में प्रचलित पद्धतियों तथा इकाई के आकार, जैसे - प्रति पृष्ठ / प्रति पत्ती या निवेश के आवश्यक आकार के आधार पर तय किया जाए।

घ।
एसएलटीसी फसल रूपने के साथ-साथ पशुपालन और मत्स्य पालन क्षेत्रों के कार्यशील पूंजी रूपने के वित्तवाणक अधिसूचित करे। वित्तवाणक की अधिसूचना में जिनमे कृषि-जलवायु क्षेत्र, फसल के प्रकार, मौसम, उत्पादन की स्थितियाँ आदि

and fisheries departments shall review the proposals for working capital limits under their respective sectors and place it in the Committee. Technical inputs may be taken by the departments from the technical institutions like State Agriculture University etc., if considered necessary.

c. **Fixing of SoF**
The Committee may take an overview of the state and fix realistic scales of finance considering different agro-climatic zones, irrigated/unirrigated areas, methods of cultivation and taking into account local variations and nuances in the cropping pattern, if any, prevalent in districts. Since the cost of cultivation for a farmer using traditional methods of farming and that for a progressive farmer using modern methods of cultivation are different, it is desirable that the SOF may be fixed as a scale indicating the amount admissible as a range. Scale of finance for working capital loans of allied activities may be fixed considering the prevailing practices in different parts of the State and based on the unit size such as per animal/ birds or average unit size of investment.

d. **Notification**
SLTC may notify the scales of finance for crop loans and the working capital loans for animal husbandry and fisheries sectors. The SoF notification should clearly indicate the district, Agro climatic zone, type of crop, season, conditions in which it is grown etc., format for issuing the notification is
furnished in Annexure I. Dissemination of information at the ground level may be ensured by communicating the same to all operating banks and stakeholders and also by placing in the websites as stated in para 3.

6. **Timelines**

DLTC and SLTC may meet annually for finalising the SoF for an year. However, there can be more meetings in a year if need be. The timelines for completing the process is indicated as under and may be followed scrupulously so as to be ready with the new SOF before start of a cropping season.

<table>
<thead>
<tr>
<th>क्र सं.</th>
<th><strong>विवरण</strong></th>
<th><strong>डीएलटीसी</strong></th>
</tr>
</thead>
</table>
| 1     | प्रस्ताव संगीत की अंतिम तिथि  <br> Last date for calling proposals | 31 अक्टूबर जूनी****<br>(पिछला कैलेंडर वर्ष पूर्वी कृत्रिम कृत्रिम)
| 2     | प्रस्ताव प्राप्ति की अंतिम तिथि  <br> Last date for receipt of proposals | 30 नवंबर नवंम्बर  
| 3     | प्रस्ताव की अंतिम रूप देना  <br> Finalisation of the proposals | 31 दिसंबर डिसंबर  
| 4     | जिला स्तरीय तकनीकी समिति की बैठक <br> District Level Technical Committee Meeting | 1-7 जनवरी जनवरी  
| 5     | बैठक के कार्यकूट के अनुमोदन की तिथि  <br> Date for approval of the minutes of the meeting | 15 जनवरी जनवरी  
| 6     | डीएलटीसी को कार्यकूट के प्रेरण की तिथि  <br> Date for forwarding the same to SLTC | 31 जनवरी जनवरी  

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राष्ट्रीय कृषि और ग्रामीण विकास बैंक

National Bank for Agriculture and Rural Development

**विभाग नाम**

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Department of Refinance

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<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
<th>SLTC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Issuing notification inviting proposals from DLTCs</td>
<td>February</td>
</tr>
<tr>
<td>2</td>
<td>Last date for receipt of proposals</td>
<td>February</td>
</tr>
<tr>
<td>3</td>
<td>Finalisation of the proposals</td>
<td>February</td>
</tr>
<tr>
<td>4</td>
<td>State Level Technical Committee Meeting</td>
<td>March</td>
</tr>
<tr>
<td>5</td>
<td>Last date for approval of the minutes of the meeting</td>
<td>March</td>
</tr>
<tr>
<td>6</td>
<td>Notification of SOF for the new cropping year</td>
<td>April</td>
</tr>
</tbody>
</table>

Note: The process of fixing SOF should start at DLTC for the previous year in the previous year itself as indicated above and will culminate just before the commencement of Kharif season, on 1 April.

7. Extending timely and adequate finance for undertaking farming activities is one of the crucial factors in ensuring sustainability of agriculture, doubling of farmers’ income and food security of nation. The fixation of realistic Scales of Finance before commencement of each cropping season is very important for the same. Hence, guiding principles on fixation of scale of finance by both SLTC and DLTC as elaborated above needs to be followed very meticulously and on a time bound manner. The new system of fixing SOF...
may be put in operation immediately. However, from the next cropping season i.e. 2021-22, the time line mentioned above need to be followed very rigorously.

8. Please acknowledge receipt

भवदीय

विजयमणेन
(विजय माम्मेन)
मुख्य महाप्रबंधक

संस्थाना : उपर्युक्त
Format for Notification – SLTC (Indicative)

Name of the State

Agro-climatic Zone:

Season – Rabi/Kharif/Summer

<table>
<thead>
<tr>
<th>Name of the Crop</th>
<th>SoF (per Acre)</th>
<th>Districts/ Taluka covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy (Rainfed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paddy (irrigated)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paddy (HYV)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diary animal</td>
<td>Per animal</td>
<td></td>
</tr>
<tr>
<td>Poultry</td>
<td>Per bird</td>
<td></td>
</tr>
<tr>
<td>Fishery- Inland</td>
<td>WC for 1 acre pond</td>
<td></td>
</tr>
<tr>
<td>Fishery - Marine</td>
<td>WC to be indicated based on the type of activity</td>
<td></td>
</tr>
</tbody>
</table>

Note:
The above format is an indicative one and may be suitably modified to meet the needs of the district