

RBI Includes Start-ups into Priority Sector Lending, provides loans up to ₹50 crores:



In a bid to encourage entrepreneurship and boost the growth of Indian startups, the Central Bank has now included the start-ups into the ambit of the priority sector lending.

With this effect, the Reserve Bank of India has now decided to provide financial assistance to the Indian startups to the tune of ₹50 Crores. Besides, RBI has decided to extend financial aid to the farmers for installation of solar power plants as well as compressed biogas plants.

Minutes of the RBI Priority Sector Reforms:

After a thorough review, the RBI has now revised the Priority Sector Lending (PSL) Guidelines in order to align it with the up-and-coming start-up community. As a result, the startups have now been included into the Priority Sector. The motive is to bring sharper focus on the ‘inclusive development’ of the Indian start-ups.

Here are the key features of the Revised PSL Guidelines, with regard to the newly included categories eligible for the finance under priority sector:

- Business loans to the start-ups up to ₹50 crore;
- Loans to the farmers for installation of solar power plants: This is to solarize the entire grid that connects the agriculture pumps;
- Loans for setting up Compressed Bio Gas (CBG) plants

Other Reforms:

Some of the other features of the revised PSL guidelines are as follows:

- Loan limits doubled for renewable energy.
- Credit limits doubled for Ayushman Bharat Yojana and all other schemes for health infrastructure. This is for the enhancement of the health infrastructure of the country.
- To breakaway regional barriers in the priority sector credit flow, greater focus will now be on incremental priority sector credit in the ‘identified districts’. These are the districts where hitherto the priority sector credit flow is less.
- Besides, the aims for the “small and marginal farmers” and “weaker sections” categories are to be raised in a staggered manner.
- Credit limit has been raised for the Farmers Producers Organizations (FPOs) and [Farmers Producers Companies](#) (FPCs). This is to undertake agriculture with assured marketing of the farm produce at a pre-determined price.

Hopes high with RBI!

- The Revised PSL guidelines will now enable better credit mobility into the key credit deficient regions of the country.
- Moreover these guidelines are focused on the more lending to small and marginal farmers and the weaker sections.
- These reforms will provide overall boost to the [MSMEs](#), renewable energy, and the health infrastructure sectors with more and enhanced credit flow.