

Priority Sector Lending

2607. SHRI SOBHANADREESWARA RAO VADDE: Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to reduce the percentage of lending to priority sector from the existing 40%;

(b) if so, the reasons, therefor;

(c) whether the Government also propose to enforce a uniform set of regulations for all banks, nationalised, private or foreign in respect of priority sector lending setting out minimum percentages for each of the major categories namely, export, agriculture, small-scale industries and poor borrowers coming under the Differential Rate of Interest Scheme; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (d). No, Sir. There is no proposal at present under consideration of the Government and Reserve Bank of India to enforce a uniform set of regulations for all banks including foreign banks operating in India, in respect of priority sector lendings. The priority sector lendings target and sub-targets are uniform for the domestic banks both in the public sector and private sector. However, different targets and sub-targets have been stipulated for foreign banks operating in India as these banks have branch network only in the metropolitan/port centres and they are not in a position to extend credit facilities to priority sector borrowers in the rural areas such as agriculture, village

and cottage industries, artisans, etc. In view of this position, the priority sector lending target and sub-targets stipulated for domestic banks have not been uniformly made applicable to the foreign banks operating in India. The priority sector lending target and sub-targets stipulated for the domestic banks and the foreign banks operating in India are given below:-

	Category of Advances	Percentage of Net Bank Credit (NBC)
Domestic Banks		
1.	Priority Sector Advances	40
2.	Advances to Agriculture	18
3.	Advances to Weaker Sections	10
4.	Advances to Small Borrowers within the SSI segment	40% of SSI Advances
5.	DRI Advances	1% of total advances as at the end of previous year
Foreign Banks operating in India		
1.	Priority Sector Advances (to be achieved by end March 1994)	32
2.	Export Credit	10
3.	Advances to SSI	10