

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:494
ANSWERED ON:22.12.2000
CREDIT TO FARMERS
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government propose to set up independent wings of the RBI for different regions;
- (b) if so, the details thereof;
- (c) whether the RBI presently is not able to properly monitor credit needs of farmers and rural sectors;
- (d) if so, the manner in which the Government propose to enforce RBI guidelines on priority sector lending; and
- (e) the steps taken by RBI to rectify such problems?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASHEB VIKHE PATH):

(a) No, Sir.

(b) Does not arise.

(c) to (e) Lending by banks to the priority sector is monitored by the Reserve Bank through half yearly statements from Banks. On the basis of these returns, banks, which do not achieve the target, are advised to improve their performance. As against the target of 40%, public sector banks' lending to the priority sector constituted 43.63% of their net bank credit as on the last reporting Friday of March, 2000. The performance of banks in lending to the priority sector is also discussed and monitored at the Block/District/ State level under the lead bank scheme. Against any shortfall in lending to agriculture as per target, banks are made to contribute to Rural Infrastructure Development Fund.