

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4854
ANSWERED ON:24.08.2001
CO- OPERATION OF BANKS IN RURAL DEVELOPMENT SCHEMES
NARESH KUMAR PUGLIA

Will the Minister of FINANCE be pleased to state:

- (a) whether the success of the functioning of the rural self-help groups, poverty alleviation programme and employment generation programme, Swarnajayanti Gram Swarajgar Yojana (SGSY) depends on the cooperation of banks;
- (b) if so, the position in this regard;
- (c) whether it has come to the notice of the Government that the banks are not co-operation in this matter and the applicants received/pending for loan under the scheme are being harassed; and
- (d) the details of the remedy proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) and (b) Yes, Sir. Reserve Bank of India (RBI) has reported that the success of rural Self Help Groups (SHGs), poverty alleviation and employment generation programmes under Swarnajayanti Gram Swarajgar Yojana (SGSY) scheme does depend on the cooperation of the banks. As per the guidelines of the SGSY scheme, credit is the major element of the Scheme. The banks are closely associated and involved in preparing the project reports for the key activities identified under the scheme, so as to avoid delays in sanctioning of loans and to ensure adequacy of financing and also in identification and selection of Swarajgaris.

(c) and (d) It is not true that banks are not co-operating in the implementation of Government sponsored schemes. However, whenever some complaints relating to procedural delay in sanction and disbursement of loans are received, remedial action is taken to rectify the complaint. RBI has issued instructions prescribing a time frame within which cases are required to be disposed off. Progress under the scheme is regularly reviewed and is discussed in fora like State Level Bankers Committee, District Level Regional Committee, etc. and the concerned Lead Banks are advised to take all efforts for the smooth implementation of the various Poverty Alleviation Programmes. Banks are also advised to sanction and dispose off the applications within the prescribed time period so as to minimize the gap between sanction and disbursements.