

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3145
ANSWERED ON:10.08.2001
REGIONAL RURAL BANKS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) whether the RRBs are also given the facility of extending only 40% advances to priority Sector in which 18% to agriculture sector on par with National Bank Branches;
- (b) if so, it is not against the very philosophy that the RRBs are the exclusive financial institution meant for agriculture and rural development; and
- (c) the steps proposed to be taken by the Government for maintaining RRBs as exclusive institutions for rural development?

Answer

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

(a) and (b) As per the extant guidelines of Reserve Bank of India (RBI), Regional Rural Banks (RRBs) are required to lend at least 40% of their outstanding advances to priority sector. Within the priority sector, RRBs are required to provide finance for agriculture as well as indirect finance to agriculture for various activities to the extent of at least 18% of the net bank credit on the lines of commercial banks. The above percentages are minimum to be achieved.

(c) The RRBs as an integral part of the rural credit delivery system continue to meet all genuine credit requirements of the borrowers in their respective areas of operations. The RRBs have been providing production as well as investment credit for agriculture and allied activities. They are also playing a crucial role through an innovative credit delivery mechanism by promoting the concept of Self Help Groups (SHGs) and linking them with bank credit, provision of agriculture crop loans through Kisan Credit Cards etc. The RRBs are also providing loans for rural industries, artisans, retail trade/business, small transport operation professional/self employed persons, consumption and other purposes in rural areas. The RRBs have been actively participating in various Government sponsored programmes viz poverty alleviation, employment generation etc.