

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1507

ANSWERED ON:03.03.2006

PRIORITY SECTOR LENDING

Jagadeesan Smt. Subbulakshmi;Mahtab Shri Bhartruhari

Will the Minister of FINANCE be pleased to state:

- (a) whether there is move to put Food Processing industry under priority lending sector;
- (b) if so, the details thereof;
- (c) whether NABARD is reluctant to lend to this sector;
- (d) if so, the reasons therefor;
- (e) whether there is any proposal to create Agricultural Bank for the purpose;
- (f) if so, the details thereof; and
- (g) the percentage of the contribution of private banks in priority sector lending during the last three years;

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Food and agro-based processing units of small and medium size with investment in plant and machinery up to Rs 5 crore is included! under priority sector lending.

(e) & (d): No, Sir. NABARD has identified Agro Processing, including Food Processing as a thrust area. It extends refinance support to Banks for then lending to Food Processing Industries.

(e) & (f): No, Sir.

(g): The percentage of contribution in priority sector lending was 44.14, 47.27 & 43.63 per cent during 2002-03, 2003-04 and 2004-05, respectively by the private banks.