

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:211
ANSWERED ON:18.02.2009
LOANS TO BPL PEOPLE
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Will the Minister of FINANCE be pleased to state:

- (a) the norms followed by the public and private sector banks in granting loans to people living Below the Poverty Line (BPL); and
- (b) the amount and type of loans provided to them under various welfare schemes during each of the last three years and the current year; State-wise and bank-wise?

Answer

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

(a): Reserve Bank of India (RBI) has reported that the Scheduled Commercial Banks are free to decide norms while sanctioning loans to people living Below Poverty Line (BPL). However, RBI has advised certain norms to be followed for lending under Government Sponsored Schemes which are as under:

- (i) The banks should ensure that their branches extend all cooperation to the applicant/ beneficiaries.
- (ii) The banks should not insist for deposit amount in the fixed deposit from the beneficiary,
- (iii) The banks should adopt simple and transparent procedure and expedite disposal of applications,
- (iv) All loan applications up to a credit limit of Rs. 25,000 should be disposed of within a fortnight and those for over Rs. 25,000 within 8 to 9 weeks.
- (v) Proper record of receipt and disposal of applications as required should be maintained.
- (vi) Applications should not be rejected on flimsy grounds,
- (vii) The performance of banks under the Government Sponsored Schemes should be periodically reviewed at different fora under the Lead Bank Scheme, at SLBC meetings etc.
- (viii) To encourage lending to the beneficiaries, efforts should be made to educate and reorient the attitude of the banks' staff for an attitudinal shift,
- (ix) To meet the target, banks should improve their pre-sanction scrutiny and tighten post disbursement follow up.

(b): Loans are provided by banks under the following Government Sponsored Schemes meant for BPL population in Rural and Urban areas:

(1) Swarnajayanti Gram Swarajgar Yojana(SGSY): for rural BPL population.SGSY is a holistic scheme conveying all aspects of self employment such as organizing of poor into Self Help Groups,training, credit technology,infrastructure and marketing.The loan provided under the scheme is composite loan comprising of term loan and working capital loan.

(2) Swarna Jayanti shahari Rozgar Yojana(SJSRY): to provide gainful employment to the urban poor (living below poverty line) unemployed or under employed through setting up of self- employment ventures or provision of wage employment. State-wise and Bank-wise details of loan disbursed under these schemes during last three year and current year are at Annexure-I and Annexure- II respectively.