

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1557  
ANSWERED ON:05.03.2010  
LOANS TO MINORITIES  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government is giving priority to minority communities in giving loans to micro, small and medium enterprises;
- (b) if so, the details thereof for the last three years, State-wise including Kerala;
- (c) if not, the reasons therefor; and
- (d) the steps being taken by the Government to improve the loan availability to minorities ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): The Reserve Bank of India (RBI) has advised the Scheduled Commercial Banks, vide Master Circular dated July 1, 2009 to improve loan availability to all the identified Minority Communities throughout the country. The circular, inter-alia, advises the banks to create a special cell and appoint nodal officers in each Bank. It also indicates how Banks should monitor credit flow to Minority Communities, etc. The detailed circular is available on website of RBI at [www.rbi.org.in](http://www.rbi.org.in).

Further in October 2007, Public Sector Banks (PSBs) were advised by the Government to step up their lending to Minority Communities to 15% of their Priority Sector Lending over the next three years, i.e. by the end of 2009- 2010. As per progress reported by PSBs, the achievement, as at the end of December, 2009 stood at Rs, 102570.80 crore, which is 78.62% of the target set by the PSBs.

(b) & (c): RBI has reported that it does not collate data separately for the loans given to the Minority Communities under Micro, Small and Medium Enterprise. However, total loans (outstanding) of Scheduled Commercial Banks to Minority Communities State-wise, including Kerala, for the last three years, is given in the Annexure.

(d): As reported by RBI, the following are the broad guidelines issued to the Banks for improving loan availability to Minority Communities throughout the country:

# That the field level functionaries should ensure that there is no inordinate gap/ delay between the sanction of applications and disbursement of loans, which cause unnecessary hardship to the eligible beneficiaries;

# Branch Manager should be vested with adequate discretionary powers to sanction proposals under the various welfare schemes. The exercise of these powers should not require reference to any higher authority;

# Banks should adopt simple and transparent procedure eliminating middlemen operating between beneficiaries and the banks, and expedite disposal of applications in a timely manner;

# Banks should not insist for deposit amount or documents, guarantees, etc. not envisaged in the scheme; Proper record of receipt and disposal of applications to be maintained.