

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3573
ANSWERED ON:16.04.2010
VEHICLE LOANS
Chauhan Shri Sanjay Singh

Will the Minister of FINANCE be pleased to state:

- (a) the criteria laid down by the Public Sector Banks (PSBs) for granting car and tractor loans;
- (b) the number of customers granted car and tractor loans during the last two years; and
- (c) the measures taken by the banks for the recovery of said loans in the case of default in payment?

Answer

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

(a): The management of loan sanctioning /loan recovery activity in a bank is essentially an internal management function and each bank`s Board is authorized to frame suitable policies in this regard. In the context of the operational autonomy given to banks, Reserve Bank of India (RBI) has advised banks to prepare a well-defined loan policy to be approved by the Board of Directors of the respective bank. Further, loans for purchase of tractors and vehicles for transporting agriculture produce form part of finance to agriculture, under Priority Sector Lending of Banks.

(b): RBI and Indian Banks` Association (IBA) reported that the information is not available.

(c) : Public Sector Banks are guided by their individual loan policy in this regard. However, IBA has reported that banks are committed to use civil methods for recovery. IBA has circulated a Model Recovery Policy Document and a Model Code of Conduct for recovery.