

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6832
ANSWERED ON:07.05.2010
COMPULSORY RURAL BANKING BY PRIVATE BANKS
Singh Shri Dushyant

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has issued any guidelines to the private banks for compulsory rural banking and lending credits to small and medium level farmers;
- (b) if so, the details thereof;
- (c) the details of the loans disbursed by private banks in the rural areas during the last three years, State-wise including Rajasthan;
- (d) whether the Government has any proposal to give incentives to the private banks for indulging themselves in rural banking; and
- (e) if so, the details thereof?

Answer

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

(a) and (b): Reserve Bank has mandated all domestic scheduled commercial banks including private sector banks to lend at least 18 percent of their Adjusted Net Bank Credit (ANBC) outstanding as on the last reporting Friday of the previous financial year for agriculture and allied activities. Within this, advances for direct agriculture purposes which include short term production loans as well as medium /long term loans granted to small and marginal farmers should not be less than 13.5% of the ANBC.

Further, with effect from the year 2004-05 all domestic scheduled commercial banks, including private sector banks are required to make efforts to increase their disbursements to small and marginal farmers to 40 percent of their direct disbursements under the annual Special Agricultural Credit Plans.

(c): A statement showing state-wise figures of agricultural loans disbursed by private sector banks during the last three years is enclosed.

(d) & (e): The domestic scheduled commercial banks, including private sector banks, which fail to achieve the targets/sub-targets set under Priority Sector Lending, are required to deposit shortfall amount into Rural Infrastructure Development Fund (RIDF), setup with the National Bank for Agriculture and Rural Development (NABARD) or other funds as specified by the RBI.