

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4727
ANSWERED ON:23.04.2010
DISTRICT CREDIT PLAN
Devappa Anna Shri Shetti Raju Alias

Will the Minister of FINANCE be pleased to state:

- (a) the details of the selection procedure of a bank for District Credit Plan (DCP) for Special Area Approach (SAA) and Credit disbursement to different loan schemes in rural areas;
- (b) whether Government/Reserve Bank of India (RBI) has received any complaint regarding poor functioning of banks including Industrial Credit and Investment Corporation of India (ICICI) Bank selected for DCP to cater SSA and other loan disbursement to rural areas; and
- (c) if so, the details thereof and action taken thereon?

Answer

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

(a):- Reserve Bank of India RBI has reported that on the basis of the recommendations of the Committee under the Chairmanship of Dr. P.D. Ojha, a decentralized planning policy was adopted and a Service Area Approach(SAA) to Rural Lending was introduced with effect from April 1, 1989 involving five distinct stages in its implementation:

- (i) Identification of the service area for each bank branch;
- (ii) Survey of the villages in the service area for assessing the potential for lending for different activities and identification of beneficiaries for assistance.
- (iii) Preparation of credit plans on annual basis for the service area by each branch;
- (iv) Coordination between credit institutions on the one hand and field level development agencies on the other on an ongoing basis for the effective implementation of credit plans; and
- (v) A continuous system of monitoring the progress in the implementation of the plans and individual schemes.

Under the SAA, all rural and semi-urban branches of commercial banks and RRBs were allocated specific number of villages, generally in geographically contiguous areas and proximity to the branch concerned, the credit needs of which were to be taken care of by the respective service area branches.

After a review it was decided to dispense with the restrictive provisions of the scheme, while retaining the positive features of the SAA, such as credit planning and monitoring of the credit purveyance. As per the revised norms, the allocation of the villages among the rural and semi urban branches of banks shall not be applicable for lending except under Government sponsored schemes.

(b) and (c):- Reserve Bank of India has informed that it has no information to furnish in this regard.