

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:448
ANSWERED ON:27.08.2010
LENDING TO PRIORITY SECTOR
Rama Devi Smt.

Will the Minister of FINANCE be pleased to state:

- (a) the details of the target fixed and achievement made by the Public Sector Banks (PSBs) in regard to the priority sector lending during the last three years and the current financial year;
- (b) the percentage of the loans provided to the priority sector out of the total loans disbursed by the banks during the said period;
- (c) the number of the banks which were unable to achieve the target fixed;
- (d) whether the Government has imposed any penalties on such banks for non-achievement of the target;
- (e) if so, the details thereof; and
- (f) the steps taken/being taken by the Government in this matter?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (f): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (A), (B), (C), (D), (E) & (F) OF LOK SABHA STARRED QUESTION NO.448 TO BE ANSWERED ON 27th AUGUST, 2010 TABLED BY SHRIMATI RAMA DEVI REGARDING LENDING TO PRIORITY SECTOR.

(a) & (b): In terms of Reserve Bank of India's (RBI) extant guidelines on Priority Sector Lending (PSL), a target of 40 per cent of Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, has been stipulated for domestic Scheduled Commercial Banks, including public and private sector banks, for lending to the priority sector. Further, sub-targets of 18 per cent and 10 per cent of ANBC or credit equivalent amount of OBE for agriculture and weaker sections of PSL, respectively, have been stipulated.

The achievement of Public Sector Banks against the target of 40% of ANBC as on last reporting Friday of March 2008, 2009 and 2010, was as under:

crore

As on last reporting Friday of March Achievement of Public Sector Banks under Priority Sector Lending

ANBC or Credit Equivalent of OBE	Overall Priority Sector Lending	Achievement as percentage to ANBC
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2008	13,64,268	6,10,450	44.74
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2009	16,93,437	7,24,150	42.76
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2010 (provisional) 20,74,472 8,64,564 41.68

Source: RBI

(c): The number of Public Sector Banks which could not achieve overall PSL target of 40 percent of ANBC, as on last reporting Friday of March 2008, 2009 and 2010, is as under:

As on last reporting Friday of March Total number of Public Sector Banks Number of Banks could not achieve the target

2008 28 0

2009 27 3

2010 (provisional) 27 3

Source: RBI

(d), (e) & (f): The domestic Scheduled Commercial Banks, including public and private sector banks, which fail to achieve the priority sector targets/ sub-targets, are required to deposit shortfall amounts into Rural Infrastructure Development Fund (RIDF), set up with the National Bank for Agriculture and Rural Development (NABARD) and other funds as decided by the Reserve Bank of India. The aggregate allocation under RIDF has reached the level of T 1, 34,000 crore. For the year 2010-11 (RIDF XVI), ? 16,000 crore has been allocated.