

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2142

ANSWERED ON:06.08.2010

DISBURSEMENT OF LOANS

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether targets for receipt of deposits and disbursement of loans to the various sectors of the economy are fixed by the Scheduled Commercial Banks;
- (b) if so, the details thereof and achievements in this regard bank-wise during each of the three years and current year till date;
- (c) the reasons for lopsided development in some banks, if any; and
- (d) the steps taken or proposed to be taken by the Government / Reserve Bank of India in this regard?

**Answer**

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

(a) & (b): The Reserve Bank of India (RBI), in general, does not set any specific target for receipt of deposits for Scheduled Commercial Banks (SCBs). However, as per the existing RBI guidelines, the domestic commercial banks are required to lend 40% of their Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet exposure, whichever is higher to the priority sector areas. Similarly, the targets for these banks for agriculture and weaker sections are 18% and 10% respectively of their ANBC or credit equivalent amount of Off-Balance Sheet exposure, whichever is higher. For foreign banks, the overall priority sector target is 32% of ANBC or credit equivalent amount of Off-Balance Sheet exposure, whichever is higher. Within this target, there are targets for lending to MSE and export sectors at 10% and 12% respectively. No target, in absolute term, is set for disbursement of loans by SCBs.

(c) & (d): In order to ensure that scheduled commercial banks in India extend credit to priority sectors as per target/sub-targets mandated under extant guidelines on lending to priority sector, banks are required to send returns to the Reserve Bank of India on regular basis. The performance of banks in lending to priority sector is reviewed in quarterly meetings of District Level Consultative Committee (DLCC), District Level Review Committee (DLRC) and State Level Bankers' Committee (SLBC) set up under the Lead Bank Scheme at district/ state level. Besides, these banks are also required to allocate the amount of shortfall in lending to their priority sector targets in the Rural Infrastructure Development Fund and other Funds, in operation with National Bank for Agriculture and Rural Development, National Housing Bank and Small Industries Development Bank of India, as stipulated by RBI.