

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4394
ANSWERED ON:20.08.2010
REJECTION OF LOAN APPLICATIONS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the rejection rate of loan applications pending with nationalised banks under various welfare schemes is very high and there is inordinate delay in loan disbursal;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps taken by the Government in this regard?

Answer

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

(a) & (b): Reserve Bank of India (RBI) has reported that they have no information on rejection rate of loan applications pending with nationalised banks under various welfare schemes.

(c): With a view to effective implementation of Centrally Sponsored Schemes, RBI has advised all Scheduled Commercial Banks (SCBs) on the following steps:

Loans sanctioned under Centrally Sponsored Schemes should be treated as advances under Priority Sector and should be disposed of expeditiously within the prescribed time schedule;

Steps should be initiated to ensure that documentation process is kept simple to avoid hardship to the Swaranjayanti Gram Swarozgar Yojana (SGSY) beneficiaries and consequent delay in disposal of applications;

In case of rejection of applications, reasons for rejection of application should invariably be recorded;

The branch managers should be vested with adequate discretionary powers to sanction proposals under the SGSY Schemes;

If applications in respect of SCs/ STs are to be rejected, it should be done at the next higher level instead of at the branch level;

Regional Managers of banks have been advised to identify the branches with high level of pendency and take necessary steps for quick disposal; and

Lead District Managers in the lead districts have been advised to organise sensitization programmes for the banks and nodal agencies about proper and effective implementation of SGSY and other Government Sponsored Schemes.