

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5071
ANSWERED ON:10.12.2010
INVESTMENT BY PSUS IN MFLS
Reddy Shri Magunta Srinivasulu

Will the Minister of FINANCE be pleased to state:

- (a) whether the Ministry wants freedom for Public Sector Undertakings (PSUs) to invest in private Micro Finance Institutions (MFIs);
- (b) if so, the details thereof; and
- (c) the present status thereof?

Answer

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

(a) to (c) : Public Sector Banks (PSBs) are regulated by Reserve Bank of India (RBI) and their operations are governed by the instructions issued by RBI from time to time. At present, PSBs are financing Micro Finance Institutions (MFIs) which form part of Priority Sector Lending. As per the data received from the Banks the loans outstanding to MFIs by PSBs as on 31 March 2010 stood at Rs 10,147.54 crore. In addition, Small Industries Development Bank of India is also financing to MFIs and the loans outstanding by SIDBI as on 31 March 2010 stood at Rs. 3, 808.20 crore.