

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:256

ANSWERED ON:26.11.2010

FUNDS TO SHGS

Rao Shri Sambasiva Rayapati;Singh Shri Ganesh

Will the Minister of FINANCE be pleased to state:

(a) the details of the loans disbursed to the Self Help Groups (SHGs) by the public and private sector banks in the country during the last three years and the current financial year, State-wise;

(b) whether the Government has taken initiatives for improving financial access by banks to the SHGs;

(c) if so, the details thereof and if not, the reasons therefor; and

(d) the corrective steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

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

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No. 256 to be answered on 26th November, 2010 regarding Funds to SHGs, tabled by Shri Ganesh Singh and Shri Rayapati Sambasiva Rao, MP.

(a) to (d): The details of loans disbursed to Self Help Groups (SHGs) by Public and Private Sector banks during the last three years are as under:

(Rs. in crore)

Agency	During the year	Total Loans	disbursed by Banks to
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No. of SHGs Amount

Commercial Banks	2007-08	735119	5403.90
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(Public & Private Sector)	2008-09	1004587	8060.53
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	2009-10	977521	3780.18
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Regional Rural Banks (RRBs)	2007-08	327650	2651.84
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	2008-09	405569	3193.49
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	2009-10	376797	3333.20
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Cooperative Banks	2007-08	165001	793.52
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	2008-09	199430	999.49
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2009-10 232504 1339.92

TOTAL 2007-08 1227770 8849.26

2008-09 1609566 12253.51

2009-10 1586822 14453.30

The State-wise details of the number of SHGs benefited and the amount of loans given are at Annex.

The following initiatives have been taken to encourage bank lending to SHGs:

(i) To give an impetus to microfinance the Reserve Bank of India (RBI) has categorized microfinance under priority sector lending and lending to SHGs was brought under advances to weaker sections in priority sector lending. Banks lend to SHGs once SHGs attain maturity in handling their own resources, Banks grade them and extend credit to the qualified Groups in multiples of their savings.

(ii) RBI has permitted banks to use the services of Non Governmental Organizations (NGOs)/SHGs, Micro Finance Institutions (MFIs) and other Civil Society Organisations as intermediaries in providing financial and banking services through Business Facilitator (BF) and Business Correspondent (BC) models.

(iii) RBI has advised banks to provide adequate incentives to their branches for financing SHGs.

(iv) NABARD extends refinance to Banks for on lending to SHGs at a rate of 8.25% p.a. to commercial banks [7.75% for financing in North Eastern Region (NER) including Sikkim] and at 7.75% p.a. to Regional Rural Banks (RRBs) and Cooperatives (subject to periodic revision).

(v) NABARD has introduced training and capacity building of SHGs / grading of SHGs, etc.

(vi) A Microfinance Development and Equity Fund has been set up in NABARD with a corpus of Rs. 200 crore. This corpus has been enhanced by another Rs. 200 crore in the Budget 2010-11.