

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2203
ANSWERED ON:12.08.2011
LOANS BY PUBLIC SECTOR BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) the details of total loan sanctioned by public sector banks during the last year and the current year, bank-wise;
- (b) the percentage of loans sanctioned to minority community, farmers and small scale industries out of total loan during the said period separately;
- (c) the details of percentage of loan to be disbursed out of total loan to different categories by public sector banks as per the instructions of Government, category-wise particularly minority, farmers and Small Scale Industries (SSIs);
- (d) whether public sector banks are flouting the norms fixed by Government in this regard;
- (e) if so, the details thereof and the reasons therefor; and
- (f) the action taken/proposed to be taken by the Government against such erring banks?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) & (b): The bank-wise details of gross advances, credit to agriculture and credit to Micro-Small Enterprises by public sector banks as at end March 2011 and June 2011 is at Annex.

The percentage of loan sanctioned to minority communities during the years ended March 2010 and March 2011 out of total priority sector advances is given as under:-

(Amount in Rs. crore)

Year Ended Priority Sector Share of Minority Amount of Credit to
Advances (PS) Communities in Minority Communities in
Priority Sector 121 identified districts
(in all districts)

(B) Amt. (A) % share
to PS (A/B)

March 2010	863777	111327	12.88	35645
March 2011	1022925	143514	14.03	44465

(c): As per extant guidelines of Reserve Bank of India (RBI) on lending to priority sector a target of 40% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March 31 of the previous year, has been mandated by, both in the public and private sector. Within this, sub-targets of 18 per cent and 10 per cent of ANBC or Credit Equivalent (CE) amount of OBE, whichever is higher, as on March 31 of the previous year, have been mandated for lending to agriculture and the weaker sections, respectively. Loans granted under specified conditions to persons from minority communities as may be notified by Government of India from time to time are treated under lending to Weaker Sections, which has a target of 10% of ANBC or CE of OBE, whichever is higher.

Advances by PSBs to micro and small enterprises sector are reckoned for computing performance under the overall priority sector target of 40% of ANBC or credit equivalent amount of OBE, whichever is higher. Further, domestic scheduled commercial banks have to ensure that;

(i) 40 per cent of total MSE advances should go to micro (manufacturing) enterprises having investment in plant and machinery up to

Rs 5 lakh and micro (service) enterprises having investment in equipment up to Rs. 2 lakh;

(ii) 20 per cent of total MSE advances should go to micro (manufacturing) enterprises with investment in plant and machinery above Rs 5 lakh and up to Rs. 25 lakh, and micro (service) enterprises with investment in equipment above Rs. 2 lakh and up to Rs. 10 lakh. (Thus, 60 per cent of micro and small enterprises advances should go to the micro enterprises).

(d) & (e): Some banks fail to achieve the target / sub-targets specified under RBI's guidelines on lending to priority sector. As per the provisional data reported by the PSBs, 7 out of 26 PSBs, failed to achieve the overall priority sector target of 40% and 17 PSBs failed to achieve the sub-target of lending to agriculture sector, as on the last reporting Friday of March 2011

(f): The domestic scheduled commercial banks, both in the public and private sector, which fail to achieve the priority sector targets/ sub-targets, are required to deposit into Rural Infrastructure Development Fund (RIDF) set up with the National Bank for Agriculture and Rural Development (NABARD) and other funds as decided by RBI, such amounts as may be allocated to them by RBI.