

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:228
ANSWERED ON:03.07.2009
WELFARE SCHEMES OF BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the nationalized banks have formulated schemes for the welfare and upliftment of Schedule Castes (SCs);
- (b) if so, the details thereof;
- (c) whether the credit facilities granted to SCs by the nationalized banks have declined and SCs face difficulties in getting the loans;and
- (d) if so, the corrective measures taken by banks in their regards?

Answer

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

(a) and (b) : Reserve Bank of India(RBI) has issued guidelines to banks regarding implementation of Central Government Sponsored Schemes viz., SGSY, SJSRY, SRMS and DRI. RBI monitors the credit facilities to SCs and STs, in respect of these schemes, as per the formats prescribed by the nod&l ministries in this regard.

(c) : RBI has reported that it does not collate information on credit to SCs separately.However, the outstanding amount of advances to SC/ST's under priority sector has increased from Rs. 26163 crore as on last reporting .Friday of March 2007 to Rs. 33426 crore as on last reporting Friday of March 2008.RBI has further reported that a study has revealed the following problems are faced in extending credit to SC/ST:

- (i) Applicants were defaulters in credit availed earl, er either from the bank or from other financial institutions;
- (ii) Projects proposed were unviable;
- (iii) Illiteracy, lack of experience and technical knowledge;
- (iv)Loans misutiltsed for consumption rather than for productive purposes;
- (v) Appliciints found to be ineligible for loans on account of having been assisted under other subsidy linked schemes;
- (vi) Applicants were absconding, untraceahle and hence, particulars not identifiable, or not contactable alter1 having given the loan applications;
- (vii)Appiications were sponsored to meet the targets tind were bunched together at the end of the year.

(d): As reported by RBI, banks have initiated the following corrective steps to streamline the credit flow to the SC/ST.

- (i) Banks have advised field staff to consider welfare of SC/ST as National Priority.
- (ii) Controlling Offices have been advised to increase the flow of credit to SC/ST.
- (iii) Applications of SC/ST are necessarily to be submitted to the next higher authority in case of rejection.
- (iv) Special Training sessions, awareness camps have been proposed for SC/ST youth.
- (v) Review of credit disbursed to SC/ST bertsficiaries are made on quarterly basis. Periodical reviews are made at HO Level.
- (vi) Debt-Swap schemes are being implemented in some banks to fret; the SC/ST from the clutches of the moneylenders.

RBI has issued comprehensive guidelines vide Master Circular dated July 1, 2009 to step up the credit to SC/ST. The district Level Consultative Committee formed under the Lead Bank Scheme: would continue to be the principal mechanism of co-ordination between banks and developmental agencies. They have been advised to set up special cells at their Head Offices to monitor the flow

of credit to SC/ST beneficiaries. The Board of Directors are required to review on quarterly basis, the measures taken to enhance the flow of credit to SC/ST borrowers.