

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:6958  
ANSWERED ON:18.05.2012  
BANK LOAN TO MR  
Shetkar Shri Suresh Kumar

**Will the Minister of FINANCE be pleased to state:**

- (a) the exposure of banks to the Micro Finance Institutions (MFIs) during each of the last three years and the current year;
- (b) the guidelines issued by the Reserve Bank of India (RBI) to banks regarding lending to MFIs;
- (c) whether the RBI has directed banks to relax the norms in terms of providing loans to MFIs in the recent past and cap their interest to borrowers at 26 per cent;
- (d) if so, the details thereof; and
- (e) the steps taken/being taken by the Government to provide loans from banks to MFIs and from MFIs to poor people at reasonable rates?

**Answer**

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

(a): Reserve Bank of India has reported the outstanding credit of Scheduled Commercial Banks to Microfinance Institutions during the last three years was as under ()

(Amount in Rs. crore)

March 2009    5572.15

March 2010    7960.21

March 2011 (Provisional) 15467.58

(Large borrowings each with credit limit above Rs. 2 lakh)

(b) to (e) : As per Reserve Bank of India's circular dated May 3, 2011, bank loans to MFIs have been given the status of priority sector subject to certain conditions. The circular inter-alia provides for margin cap at 12% for all MFIs, interest cap on individual loans at 26% per annum for all MFIs, no penalty for delayed payment and no security deposit/margin to be taken. The Department of Financial Services is formulating a Micro Finance Institutions (Development and Regulation) Bill, 2012 after taking into account the views of Malegam Committee and other stakeholders.