

**GOVERNMENT OF INDIA  
RURAL DEVELOPMENT  
LOK SABHA**

UNSTARRED QUESTION NO:316  
ANSWERED ON:09.08.2012  
SELF HELP GROUPS UNDER PRIORITY SECTOR  
Das Shri Khagen

**Will the Minister of RURAL DEVELOPMENT be pleased to state:**

- (a) whether the Ministry has proposed to bring Self Help Groups (SHGs) under priority sector;
- (b) if so, the details thereof;
- (c) the benefits that SHGs would get once they get priority sector status;
- (d) whether any consultations in this regard have been held with Finance Ministry and banking sector;
- (e) if so, the details thereof; and
- (f) the other demands being made by SHGs in the country?

**Answer**

(a) to (f): Based on the interface with various stakeholders including Government of India, banks, financial institutions, non-banking financial companies, associations of industries, the Reserve Bank of India has issued revised guidelines on priority sector lending on 20.07.2012 under which loans to Self Help Groups are covered under priority sector lending. The overall target under priority sector is retained at 40 percent. The targets under both direct and indirect agriculture are retained at 13.5 percent and 4.5 percent respectively while refocusing the direct agricultural lending to individuals, Self Help Groups and Joint Liability Groups (JLGs) directly by banks.

There is no specific concession in interest rates on the loans extended by banks under Priority Sector Lending with effect from 1st July, 2010 as banks are not permitted to lend below the Base Rates approved by the Board of respective Bank.