

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:303

ANSWERED ON:14.12.2012

CONCESSIONAL LOANS TO WEAKER SECTIONS

Biswal Shri Hemanand ;Rathwa Shri Ramsinhbhai Patalbhai

Will the Minister of FINANCE be pleased to state:

- (a) the details of the various schemes run by the banks both in the public and the private sectors for grant of concessional loans to the weaker sections of the society including scheduled castes/scheduled tribes/ widows;
- (b) the details of loans granted under those schemes during the last three years and the current year;
- (c) whether the impact of such concessional loans have been assessed; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

(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. 303 for answer on 14th December, 2012 tabled by Shri Hemanand Biswal and Shri Ramsinh Rathwa regarding 'Concessional loans to weaker sections'

(a) and (b): As per extant guidelines of Reserve Bank of India (RBI) on Priority Sector Lending (PSL), all Scheduled Commercial Banks (SCBs) including Nationalised Banks are required to earmark 10% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure, whichever is higher, for Weaker Sections, which inter-alia, include Scheduled Castes (SCs) & Scheduled Tribes (STs) and loans to individual women beneficiaries upto Rs.50,000 per borrower. Loans at concessional rate of interest are provided, inter-alia, under different Schemes:

(i) The Interest Subvention Scheme is being implemented by the Government of India since 2006-07 to make short term crop loans upto Rs.3 lakh for a period of one year available to farmers at the Interest rate of 7% per annum. The Government of India has since 2009-10 been providing additional interest subvention to prompt payee farmers, i.e., those who repay their loans in time. The additional subvention was 1% in 2009-10, 2% in 2010-11 and 3% in 2011-12. The Scheme is continuing in 2012-13 also. Interest subvention amount released by the Government in the last three years is given in Annexure.

(ii) Under Differential Rate of Interest (DRI) Scheme, the banks provide loans to poor borrowers at concessional rate of interest of 4% per annum. The credit outstanding of Scheduled Commercial Banks for the last three years is given in Annexure.

(iii) Full interest subsidy is made available for educational loans disbursed by scheduled banks on or after 1st April, 2009, during the period of moratorium for the students belonging to economically weaker sections, under 'Interest Subsidy' scheme of Ministry of Human Resource Development. Interest subsidy of Rs. 1616.42 crore has been released upto 30.09.2012 under the scheme.

(c) and (d): Based on the recommendations of the Committee constituted to re-examine the existing classification and suggest revised guidelines with regard to Priority Sector Lending classification and related issues, the Reserve Bank of India has revised its guidelines on Priority Sector Lending. The changes, inter-alia, include inclusion of loans to distressed persons other than farmers not exceeding Rs. 50,000 per borrower to prepay their debt to non-institutional lenders and loans to individual women beneficiaries upto Rs. 50,000 per borrower under the category of Weaker Sections.