

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:39
ANSWERED ON:22.02.2013
BANK LOANS TO SHGS
Jindal Shri Naveen

Will the Minister of FINANCE be pleased to state:

- (a) the number and amount of loans sanctioned by the banks to the Self-Help Groups (SHGs) during the last three years and the current year, year-wise and State-wise;
- (b) whether the Government has recently made it mandatory for banks to convert all term-loans to the SHGs into a cash credit limit and also debarred the banks from giving fresh term loans to the SHGs;
- (c) if so, the details thereof and the reasons therefor;
- (d) the total unpaid loan and the amount given to SHGs likely to be converted into cash credit limit, State-wise; and
- (e) the likely impact of this change on the relationship between the banks and the existing SHG borrowers as well as the future lending to SHGs?

Answer

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

- (a): The number and amount of loans sanctioned by the banks to Self Help Groups (SHGs) during the last three years and the current year (upto January, 2013), year-wise and State-wise as reported by NABARD are given in Annexure-I.
- (b) & (c): In order to provide flexibility to SHGs to deposit their available surplus savings with the bank and draw on the limits sanctioned to them besides reducing time taken and inconvenience caused to SHGs, the Government advised banks to sanction cash credit limits to SHGs. The banks are allowed to extend term-loans to SHGs which have back-ended subsidy and the release of subsidy is contingent on repayment of loans. The term loans were also allowed to those SHGs where they undertake a group activity.
- (d): The details of loans outstanding are given in Annexure-II. Details of loans likely to be converted to Cash Credit Limit (CCL) is not available with NABARD.
- (e): This change would considerably reduce documentation, save time and would be convenient to SHG members. It would also reduce average cost of loan to SHGs as they would be able to deposit surplus money, as and when, they have and can draw the same any number of times, as per their requirements.