

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5176

ANSWERED ON:24.04.2015

PRIORITY SECTOR LENDING

Kumar Dr. Virendra ;Senthilnathan Shri PR.;Udhayakumar Shri M.

Will the Minister of FINANCE be pleased to state:

(a) whether the scheduled commercial banks provide loans to priority sectors as per the guidelines framed by the Reserve Bank of India (RBI);

(b) if so, the details thereof;

(c) whether the Government proposes to introduce Priority Sector Lending Certificate (PSLC) on the lines of carbon credit trading; and

(d) if so, the details thereof?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SHRI JAYANT SINHA)

(a) & (b): As per extant guidelines of Reserve Bank of India (RBI) on Priority Sector Lending (PSL), a target of 40 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as of preceding March 31st, has been mandated for lending to the Priority Sector by domestic Scheduled Commercial Banks (SCBs) and foreign banks with 20 and above branches. Within this, sub-targets of 18 percent and 10 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as of preceding March 31st, have been mandated for lending to agriculture and the weaker sections, respectively.

The performance of SCBs with regard to PSL achievement for the last two years is as follows:-

(Amount in Rs. billion)

As on March 31st	Public Sector Banks	Private Sector Banks	Foreign Banks
2013	12,822 (36.2)	3,274 (37.5)	849 (35.1)
2014	16,190 (39.4)	4,645 (43.9)	907 (35.8)

Notes: 1. Figures in brackets are percentages to Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off- Balance Sheet Exposure, whichever is higher, in the respective groups

2. The data for 2014 is provisional.

Source: RBI

All SCBs having shortfall in PSL target / sub-target are allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD/ NHB/SIDBI/other Financial Institutions, as decided by RBI from time to time.

(c) & (d): As informed by RBI, an Internal Working Group to revisit the PSL Guidelines has been constituted and the Working Group has since submitted its report and the same was placed on RBI's website for inviting comments/suggestions. One of the recommendation of the working Group relate to introduction of PSLCs.