

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:448
ANSWERED ON:08.08.2014
LOANS DISBURSED BY FOREIGN BANKS
Patil Shri Bheemrao Baswanthrao

Will the Minister of FINANCE be pleased to state:

- (a) the details of foreign banks operating in the country and quantum of loans disbursed by them in the rural areas during each of the last three years and the current year, Bank and State / UT-wise;
- (b) whether the Government has received complaints against foreign banks for their reluctance to lend loans to the cooperative societies for agriculture related activities;
- (c) if so, the details thereof including the number of such complaints reported during the said period and the action taken by the Government against the erring banks, State/UT-wise;
- (d) whether the Government has issued guidelines to foreign banks in this regard; and
- (e) if so, the details thereof along with other remedial measures taken/being taken by the Government to ensure that foreign banks lend credit for agriculture related activities to all legal entities?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (A) TO (E) OF LOK SABHA STARRED QUESTION NO. 448 FOR 8TH AUGUST, 2014 ASKED BY SHRI BHEEMRAO B. PATIL REGARDING LOANS DISBURSED BY FOREIGN BANKS.

(a): At present 44 Foreign Banks are operating in the country. The Bank-wise details of outstanding gross bank credit of foreign banks in the rural areas during each of the last three years and current year are as under:

(Amounts in Rs. Crore)

S. No	Bank Name	27th December 2013	31st March 2013	31st March 2012	31st March 2011	31st March
1.	DBS Bank Ltd.	345	200	161	54	
2.	Hong Kong & Shanghai Banking Corporation Ltd.	0	0	1	2	
3.	The Bank of Tokyo - Mitsubishi UFJ Ltd.	86	0	0	0	
4.	The Royal Bank of Scotland NV	0	0	0	1	

(b) and (c): No complaint has been received by the Government against foreign banks in this regard.

(d) and (e): Reserve Bank of India (RBI) Master Circular dated 01.07.2014 on Priority Sector Lending-Targets and Classification envisages as under:

Categories Domestic Commercial Banks / Foreign Banks with less than 20 branches
Foreign Banks with 20 and above branches

Total Priority Sector 40 percent of Adjusted Net 32 percent of ANBC or credit
Bank Credit (ANBC) or equivalent amount of Off-
credit equivalent amount of Balance Sheet Exposure,
Off-Balance Sheet Exposure, whichever is higher.
whichever is higher.

Total agriculture 18 percent of ANBC or credit No specific target. Forms
equivalent amount of Off- part of total priority target.
Balance Sheet exposure,
whichever is higher.

Micro and Small Enterprises (MSE) Advances to No specific target. Forms part of
micro and small enterprises sector total priority target.
will be reckoned in computing
achievement under the overall
priority sector target of 40 percent
of ANBC or credit equivalent
amount of Off-Balance Sheet
Exposure, whichever is higher.

Export Credit Export Credit is not a separate No specific target. Forms part
category. Export credit to eligible of total priority target.
activities under agriculture and MSE
will be reckoned for priority sector
lending under respective categories.

Advances to Weaker 10 percent of ANBC or credit No specific target in the
Sections equivalent amount of Off-Balance total priority sector target.
Sheet Exposure, whichever is higher.

For foreign banks with 20 and above branches, priority sector targets and sub-targets have to be achieved within a maximum period of five years starting from 01.04.2013 and ending on 31.03.2018 as per the action plans submitted by them as approved by RBI.

All scheduled commercial banks having shortfall in lending to priority sector target/sub shall be allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD / National Housing Bank (NHB) / Small Industrial Development Bank of India (SIDBI) / other Financial Institutions, as decided by the RBI from time to time.

For the purpose of allocation of RIDF and other Funds, as decided by RBI from time to time, the achievement levels of priority sector lending as on the March 31st will be taken into account. The deposits under the various Funds will be called upon by NABARD or such other Financial Institutions as per the terms and conditions of the scheme.

The interest rates on banks' contribution to RIDF or any other Funds, periods of deposits, etc. shall be fixed by RBI of India from time to time and will be communicated to the concerned banks every year by RBI at the time of allocation of funds.

Non-achievement of priority sector targets and sub-targets are taken into account while granting regulatory clearances/approvals by RBI for various purposes.