

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1773
ANSWERED ON:29.11.2002
NATIONALISED BANKS AND THEIR CREDIT
TRILOCHAN KANUNGO

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether Nationalized Banks are following the guidelines issued by RBI in respect of credit to priority sector in letter and spirit in each of the States particularly in States (like Orissa);
- (b) whether any effective monitoring system is there in order to ensure credit availability to agriculture and other priority sector in backward areas;
- (c) whether the Government propose to instruct banks to have more efforts and thrusts in backward areas to accelerate their economic activities instead of trying to achieve average macro targets; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) Reserve Bank of India (RBI) has reported that the target/sub-targets under priority sector lending are applicable to a bank as a whole. There is no State-wise and Region-wise target. However, the credit requirements of a State are taken care of through Annual Credit Plan at district level formulated under Lead Bank Scheme. As on the last reporting Friday of March 2002, Public Sector Banks have, as a group, achieved the overall target for priority sector lending of 40 percent of Net Bank Credit (NBC). However, 3 banks have not achieved the stipulated target. As regards lending to agriculture, Public Sector Banks as a whole reached 15.81 percent of NBC and 7 banks achieved target of 18 percent. In lending to weaker sections, banks as a group achieved 7.3 percent while 7 banks achieved the stipulated target of 10 percent of NBC. Priority sector lending by Scheduled Commercial Banks is monitored by RBI through receipt of half-yearly returns as on the last reporting Friday of March and September and banks which do not achieve the target including sub-targets in respect of agriculture, are advised to take steps for improving flow of credit to these sectors. Banks' lending to priority sector is also monitored at the various fora under the Lead Bank Scheme and at meetings taken by RBI from time to time.

(c) and (d) In this regard, no specific instructions have been given to banks by RBI.