

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

UNSTARRED QUESTION NO:5043
ANSWERED ON:25.04.2003
LOANS THROUGH NATIONALISED BANKS
DUKHA BHAGAT;LAXMAN GILUWA

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

- (a) the prescribed rules of the scheduled banks for giving loans to the public in States;
- (b) the details of loans provided by these banks to the people during each of the last three years, State-wise;
- (c) whether the nationalized banks have disbursed less loan to people in Jharkhand in comparison to other States; and
- (d) if so, the reaction of the Government thereto?

Answer

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

- (a) The banks have been advised by RBI to prepare well defined Loan Policy. The Loan Policy may lay down exposure limits to individual/group of borrowers, documentation standards, sectoral exposure limits, delegation of powers including for write off and review procedures, maturity and pricing policies. Sanction of loans by functionaries at various levels is governed by clearly laid down delegation of powers, which may not be exceeded under normal circumstances. The management of the Credit Exposures to Individual/Group Borrowers, loansanctioning in a bank is purely a management function and each bank's Board of Directors is authorised to frame suitable policies in this regard.
- (b) The state-wise data on outstanding gross bank credit of all scheduled commercial banks as on last Friday of December 2000,2001 and 2002 are furnished in the enclosed statement.
- (c) and (d) Credit deployment by banks in a particular region depends upon various factors such as development of infrastructure, level of economic activity, entrepreneurship, credit absorption capacity and availability of bankable projects in the area. Credit is only one of the inputs in the development of an area. It will therefore not be appropriate to make a comparison of credit disbursed in Jharkhand with other states.