

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:844
ANSWERED ON:24.02.2006
SUGAR INDUSTRY ON PRIORITY SECTOR LENDING
Adhalrao Patil Shri Shivaji

Will the Minister of FINANCE be pleased to state:

(a) whether sugar industry including Sugar Cooperative industry of Maharashtra has been pressing a proposal to make the sugar industry eligible for priority sector lending by commercial banks; and

(b) if so, the decision taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Government has been receiving various suggestions from the sugar industry. One of the suggestions was that the sugar industry, being agriculture based, may be classified under priority sector. The matter was examined in consultation with the Reserve Bank of India (RBI). It is felt that the sugar industry, being of a large size, requires loans of substantially higher amounts. Thus, bank credit to other segments of the priority sector, particularly the small borrowers, may be affected, if loans to sugar industry are included under priority sector lending.