

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 865

Answered on Tuesday, February 11, 2025/ 22 Magha, 1946 (Saka)

Difficulty in household borrowings from Banks

865. SHRI MASTHAN RAO YADAV BEEDHA:

Will the Minister of Finance be pleased to state:

- (a) the present status of borrowing by households in the country;
- (b) the most common modes of OBC, SC and ST household borrowings in rural and urban areas;
- (c) whether Government is aware that lending by the banks to the OBCs, SCs and STs is becoming very difficult for accessing the household borrowings;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the measures taken by Government to cover the OBCs, SCs and STs in accessing household borrowings, as part of inclusive approach for nation's development?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (e) Total outstanding credit to Retail Sector by the Scheduled Commercial Banks (SCBs) has grown from ₹ 33.95 lakh crore as on 31.3.2022 to ₹ 56.70 lakh crore as on 30.9.2024. Further, in the deregulated credit environment, credit facilities are governed by approved lending policies of individual bank boards & extant guidelines of Reserve Bank of India (RBI). As per RBI guidelines on statutory and other restrictions on loans and advances, lenders must not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude lenders from participating in credit-linked schemes framed for weaker sections of the society.

Accordingly, specific credit linked schemes are initiated by the Government as a measure to cover weaker sections of the society, including, *inter alia*, individuals from Other Backward Castes (OBC), Scheduled Castes (SC) and Scheduled Tribes (ST) as part of inclusive approach for nation's development. Some of these schemes are –

- (i) Stand-Up India Scheme (SUPI): The scheme was launched in April 2016 to facilitate loans of value between ₹ 10 lakh and ₹ 1 Crore to at least one SC, ST and one-woman borrower per bank branch for setting up a greenfield enterprise in manufacturing, services or trading sector and also for the activities allied to agriculture. Total sanctioned amount of credit to members of SCs and STs was ₹ 13,137 Crore, till 31.12.2024, under this scheme.
- (ii) Pradhan Mantri Mudra Yojana (PMMY): The entrepreneurs belonging to backward classes, SC and ST are also provided collateral free loans upto ₹ 10 lakh to enable them to set up or expand their business activities the scheme launched in April 2015. Total

sanctioned amount to members of OBCs, SCs and STs was ₹ 11.17 lakh Crore in 25.61 crore loan accounts, till 31.12.2024, under this scheme.

- (iii) PM SVANidhi: A special micro-credit facility for providing affordable loans to street vendors was launched in June 2020, which also provides easy access to credit to members of OBCs, SCs and STs, including others. Total amount disbursed to members of OBCs, SCs and STs was ₹ 8,913.63 Crore in 61.83 lakh loan accounts, till 31.12.2024, under this scheme.

Further, as per RBI Master Directions on Priority Sector Lending (PSL), banks are required to ensure lending to weaker sections, including, *inter alia*, members of SCs and STs. The sub-target advances to weaker section under the PSL guidelines, has been revised upward from 10% to 12% of Adjusted Net Bank Credit (ANBC), in phased manner.

Also, to ensure easier access of credit to SCs and STs, RBI has issued specific guidelines for extending credit facilities, including, *inter alia*, the following –

- (i) to create awareness to help SC/ST borrowers benefit from credit facilities
- (ii) easier loan norms and priority in credit planning
- (iii) to not insist for on deposits while considering loan applications under Government sponsored poverty alleviation schemes/self-employment programmes from borrowers belonging to SCs/STs.
- (iv) to ensure that applicable subsidy is not held back while releasing the loan component till the full repayment of bank dues.
- (v) to ensure that loan application in respect of SCs/STs, if rejected, should be done at the next higher level instead of at the branch level and reasons of rejection should be clearly indicated.
