

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. †640

To be answered on the February 6, 2023/Magha 17, 1944 (Saka)

Bank Loans to OBCs

†640. SHRI ASHOK MAHADEORAO NETE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to provide loans especially to Scheduled Castes, Scheduled Tribes and Other Backward Classes of the country at lower rate of interest and a fixed percentage of loans provided by the Nationalised and Cooperative Banks;
- (b) if so, the details thereof along with the steps taken by the Government in this regard; and
- (c) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) to (c): The Reserve Bank of India (RBI) has informed that it has deregulated the interest rate on advances sanctioned by Scheduled Commercial Banks (SCBs) and interest rates on advances are determined by banks with the approval of their respective Board, subject to broad regulatory framework issues in this regard by RBI.

There are several centrally sponsored schemes under which significant reservation/relaxation in credit/ financial assistance is extended by banks/corporations to persons from Scheduled Castes (SC), Scheduled Tribes (ST) and Other Backward Class (OBC) community. These include, *inter alia*,—

- (i) Differential Rate of Interest (DRI) Scheme at a concessional interest rate of 4% per annum, with 40% of beneficiaries from SC/ST communities having easier eligibility and higher permissible loan amount;
- (ii) Stand-Up India scheme, in which banks extend loans between ₹10 lakh and ₹1 crore at low interest rate to SC/ST and women borrowers for setting up greenfield enterprise;

- (iii) Financial assistance for income generating schemes for SCs, by National Scheduled Castes Finance and Development Corporation (NSFDC), through Channel Partners (State Channelising Agencies/Banks), on concessional interest rates, under various schemes *viz.*, Mahila Samridhi Yojana, Mahila Kishan Yojana, Shilpi Samridhi Yojana, Laghu Vyavsay Yojana and Aajeevika Micro finance Yojana and Green Business Scheme etc.;
- (iv) Financial assistance for income generating schemes for STs by National Scheduled Tribes Finance and Development Corporation (NSTFDC), through various agencies at concessional rate of interest under various schemes *viz.*, Adivasi Mahila Sashaktikaran Yojana, Micro Credit Scheme for Self Help Groups, Adivasi Shiksha Rrinn Yojana and Term Loan Scheme;
- (v) Financial assistance for income generating schemes for Backward Classes by National Backward Classes Finance & Development Corporation (NBCFDC), through Channel Partners (State Channelising Agencies/Banks), on concessional interest rates, under various schemes *viz.*, New Swarnima Scheme, Education Loan Scheme, Micro Finance Scheme, Mahila Samriddhi Yojana and General Loan Scheme; and
- (vi) Dr. Ambedkar Central Sector Scheme of Interest Subsidy on Educational Loans provides interest subsidy to the student belonging to the OBCs and economically backward classes on the interest payable for the period of moratorium for the education loans for overseas studies.

Further, under RBI's Priority Sector Lending (PSL) targets for all commercial banks, including nationalised banks and Primary (Urban) Co-operative Banks, a sub-target of 11.5%, for FY 2022-23, has been mandated for lending to weaker sections which include, *inter alia*, persons from SC/ST communities.

RBI has also, from time to time, issued guidelines/instructions to banks for ensuring credit flow to SCs/STs and for reviewing the measures taken to enhance the flow of credit to SC/ST borrowers on a quarterly basis. The review also considers the progress made in lending to these communities directly or through the State Level SC/ST Corporations for various purposes.
