

**Government of India**  
**Department of Financial Services**  
**Ministry of finance**  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 82**

**To be answered on the 14th September, 2020 / Bhadrapada 23, 1942 (Saka)**

**PSL by Private Banks**

82: SHRI GAJANAN KIRTIKAR

Will the Minister of **FINANCE** be pleased to state:

- (a) whether it is true that participation of private sector banks in Priority Sector Lending (PSL) in North Eastern Region (NER) is very poor and unsatisfactory, if so, the details thereof and the reasons therefor;
- (b) whether the Government proposes to adopt any mechanism of ensuring proper participation in PSL by private banks in NER and to enhance CD ratio of the region;
- (c) if so, the details thereof and if not, the reasons therefor;
- (d) whether the Government has set up committees to review the performance of banks during the last three years and current year, if so, the details thereof; and
- (e) the steps taken by the Government towards spreading wide network of nationalized banks into rural and remote areas in NER particularly in Tripura to intensify their activities and facilitating rural population with subsidy schemes?

**ANSWER**  
**(MINISTER OF STATE IN THE MINISTRY OF FINANCE)**  
**(ANURAG SINGH THAKUR)**

(a) to (c) Priority Sector Lending (PSL) targets/sub-targets are assigned to different categories of priority sector. Reserve Bank of India (RBI) has not prescribed any region-wise PSL targets/sub-targets for banks.

Total lending under PSL by Private sector banks in NER during the last three years is given as under :

<b>Total lending under PSL by Private Sector Banks in NER</b>			
<b>FY</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Amt( ₹ crore)</b>	<b>11100</b>	<b>14202</b>	<b>16030</b>

Source: RBI

There are 184 identified districts in the country having comparatively lower PSL credit (per capita PSL less than ₹6000), out of which 77 belong to North Eastern Region (NER). The low credit dispensation in these districts is due to various factors such as lack of necessary infrastructure, varying ability of different regions to absorb credit, etc.

To address regional disparities in the flow of priority sector credit at the district level, *RBI vide its Master Directions dated 04<sup>th</sup> September 2020 on Priority Sector Lending (PSL) – Targets and Classification*, has decided to rank districts on the basis of per capita credit flow to priority sector and build an incentive framework for districts with comparatively lower flow of credit and a dis-incentive framework for districts with comparatively higher flow of priority sector credit. Accordingly, from FY 2021-22 onwards, a higher weight (125%) would be assigned to the incremental priority sector credit in the identified districts where the credit flow is comparatively lower (per capita PSL less than ₹ 6000), and a lower weight (90%) would be assigned for incremental priority sector credit in the identified districts where the credit flow is comparatively higher (per capita PSL greater than ₹ 25,000).

RBI vide its Master Circular dated July 01, 2020 on Lead Bank Scheme has advised banks to achieve a credit deposit ratio of 60 percent in respect of their rural and semi-urban branches separately on an all-India basis. As per these guidelines the banks may review the performance of their bank branches in such areas where the credit flow is comparatively lower, to take necessary steps to augment credit flow. In the districts having Credit-Deposit (CD) ratio less than 40 percent, Special Sub-Committees (SSCs) of District Consultative Committee (DCC) with the Lead District Manager (LDM) as its Convenor should be set up to monitor the CD ratio and to draw up Monitorable Action Plans (MAPs) to increase the CD ratio.

(d): RBI had formed different committees/groups to review the performance of bank lending towards different sectors namely:

- i. 'Expert Committee on Micro, Small and Medium Enterprises' to undertake a comprehensive review of the sector and propose long-term solutions for their economic and financial sustainability.
- ii. 'Internal Working Group to Review Agriculture Credit' to address the issues faced by farmers in accessing agricultural credit.
- iii. 'Internal Group to review PSL guidelines' to align it with emerging national priorities and bring sharper focus on inclusive development. The review also took into account the recommendations made by the above mentioned committees.

(e): RBI vide its circular dated 18.5.2017 on rationalisation of Branch Authorisation Policy, has granted general permission to domestic Scheduled Commercial Banks (including Private Sector Banks) to open banking outlets at any place in the country without seeking prior approval of RBI in each case, subject to at least 25 percent of the total number of banking outlets opened during a financial year being in unbanked rural centres i.e. centres having population less than 10,000 (Tier 5 and Tier 6 centres) and ensure that all such villages under their jurisdiction are covered with a banking outlet on priority basis.

In Tripura, as reported by RBI, out of 38 identified villages, 33 villages have been provided banking services through branches and 5 villages through banking outlets manned by Business Correspondents.

Further, under Pradhan Mantri Jan-Dhan Yojana (PMJDY), as informed by banks, all villages were mapped by banks into 1.59 lakh Sub-Service Areas (SSAs) with one SSA catering to 1000 to 1500 households. While 0.33 lakh SSAs have been covered with bank branches, 1.26 lakh SSAs have been covered by deployment of interoperable Business Correspondents (BCs).

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