

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
LOK SABHA  
UNSTARRED QUESTION NO. 164  
TO BE ANSWERED ON THE 22<sup>ND</sup> JULY 2024, / Ashadha 31, 1946 (Saka)**

**Reserved Loans**

**QUESTION**

**164. SHRI SATPAL BRAHAMCHARI**

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

- (a) the details of providing reserved loans in the country and its current status;
- (b) the details of steps taken by the Government to make the loan reserved for the banking sector as safe as possible;
- (c) whether the Government keeping in mind the importance of reserved loan for the deprived sections and promotion of small businesses is considering to formulate comprehensive policy in this area; and
- (d) if so, the details thereof?

**ANSWER**

**To be answered by**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)**

(a) to (d): Reserve Bank of India (RBI) has framed the Priority Sector Lending (PSL) guidelines in order to facilitate the flow of credit to segments which, though credit worthy, may not have access to adequate credit from the banking system. RBI has prescribed an overall target of 40% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-balance Sheet Exposures (CEOBE). Within the overall target of 40% of ANBC/ CEOBE, whichever is higher, a target of 18% has been prescribed for Agriculture. Sub-target of 10% have been specified for specific segments such as small and marginal farmers and 7.5% for micro enterprises. Further, a target of 12% has been mandated for lending to weaker sections, which *inter-alia*, include Scheduled Castes (SCs) & Scheduled Tribes (STs), small & marginal farmers, Artisans, beneficiaries of NRLM/NULM, SHGs, Minority communities etc.

***Current Status (as on March 31, 2024) of credit under PSL by Schedules Commercial Banks:***

Sectors	AMT (in crores)	Target as % of ANBC	% Achievement
Priority Sector Lending	6330079	40	45.33
Agriculture Advances	2636664	18	18.88
Small and Marginal Farmers	1507638	10	10.80
Micro Enterprises	1273968	7.5	9.12
Weaker Sections	1888902	12	13.53

*Source: RBI*

## **Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)**

Additionally, RBI issues a Master Circular dated 16<sup>th</sup> April 2024 on Credit Facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs), wherein banks are advised to take measures to step up their advances to SCs/STs.

- Banks should periodically review their lending procedures and policies to see that loans are sanctioned in time, are adequate and production-oriented and that they generate incremental income to make them self-liquidating.
- Banks should not insist on deposits while considering loan applications under Government sponsored poverty alleviation schemes/self-employment programmes from borrowers belonging to SCs/STs.
- Rejection of SC/STs' loan applications under government programmes should be done at the next higher level instead of at the branch level and reasons of rejection should be clearly indicated.
- A special cell should be set up at the Head Office of banks for monitoring the flow of credit to SC/ST beneficiaries.

## **Credit Facilities to Minority Communities**

RBI issues a Master Circular dated 1<sup>st</sup> April 2023 on Credit Facilities to Minority Communities to ensure that minority communities secure, in a fair and adequate measure, the benefits flowing from various Government sponsored schemes. Further banks are also advised to ensure smooth flow of bank credit to minority communities.

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