

Government of India  
Ministry of Finance  
Department of Financial Services

**LOK SABHA**  
Starred Question No. \*153

Answered on Monday, 10 March, 2025/19 Phalgun, 1946 (Saka)

**Credit Disbursement to Priority Sectors**

\*153 Dr Srikant Eknath Shinde:

Smt Shambhavi:

Will the Minister of Finance be pleased to state:

- (a) the details of the increase in credit disbursement to priority sectors, such as agriculture, MSMEs and infrastructure, as a result of the banks' financial growth since 2019, bank-wise and year-wise;
- (b) the way by which the Indian banks have leveraged fintech collaborations to expand their service portfolio and enhance customer satisfaction;
- (c) the mechanism in place to monitor the compliance of banks with regulatory norms to maintain financial stability and prevent future crises;
- (d) the steps taken by the Government to help Indian banks in reducing Non-Performing Assets (NPAs) and their outcomes; and
- (e) whether the Government is considering any policy reforms to ensure the sustainable financial performance of Indian banks and if so, the details thereof?

**Answer**

THE FINANCE MINISTER  
(SMT. NIRMALA SITHARAMAN)

- (a) to (e): A statement is laid on the Table of the House.

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**Statement referred in reply to parts (a) to (e) of Lok Sabha Starred Question No. \*153 to be answered on 10.03.2025 regarding Credit Disbursement to Priority Sectors by Dr Srikant Eknath Shinde & Smt Shambhavi**

(a) : The overall credit disbursement to priority sectors including Agriculture, MSME and Social Infrastructure by banks in 2019 was ₹23,01,567 crores, which has risen to ₹42,73,161 crores in 2024, recording an increase of 85% over the six-year period.

The bank-wise and year-wise details of credit disbursement to priority sectors, such as agriculture, Micro Small and Medium Enterprises (MSMEs), and Social Infrastructure from 2019 to 2024, as reported by Reserve Bank of India (RBI) is given at **Annexure**.

(b) : As the financial landscape continues to evolve and to enhance quality of banking services for customers, banks have been collaborating with FinTechs for provisioning of various services to the customers. Some of the major areas where FinTechs are further augmenting Banking products / services with seamless delivery thereby enhancing customer experience are:

- Openings of savings account through e-KYC, V-KYC processes leveraging Artificial Intelligence (AI) technology for Face recognition and Name match etc.
- Digital Loan journeys such as account statement analysis, leveraging alternate data in Underwriting etc. for quick credit assessment and real-time decision making.
- Development of innovative products for customers using APIs of banks.

(c): The Reserve Bank of India (RBI) has informed that compliance to its guidelines issued is examined on sample basis during the Supervisory Assessment and any non-compliance observed are taken up with the concerned supervised entities for rectification apart from initiating supervisory/ enforcement action, as deemed fit. As regards financial stability, in terms of the mandate given by the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934, the regulatory and supervisory framework of RBI is guided towards the overarching principles of safeguarding customers interest and preservation of financial stability, among others. Further, the regulatory and supervisory frameworks for the regulated entities have been designed on the principle of proportionality consistent with their risk profiles. RBI has taken several measures to strengthen supervisory approach to make it more forward looking, risk-oriented and analytical, which is aimed at identifying vulnerable sectors, borrowers as well as supervised entities.

(d) &(e): Government and RBI have taken various measures to improve financial soundness of banks and to address the issues related to credit discipline, responsible lending and improved governance, adoption of technology, recovery and reduction of NPAs. These measures include, inter alia, the following:

- i. Public Sector Banks have set-up specialized stressed assets management verticals and branches for effective monitoring and focused follow-up of NPA accounts, which facilitates quicker and improved resolution/ recoveries. Deployment of Business correspondents and adoption of Feet-on-street model have also boosted the recovery trajectory of NPAs in banks.
- ii. Prudential Framework for resolution of stressed assets was issued by RBI to provide a framework for early recognition, reporting and time bound resolution of stressed assets, with a build-in incentive to lenders for early adoption of a resolution plan.
- iii. Minimum provisioning requirements have been prescribed for both standard and non-performing advances.
- iv. Credit discipline was instilled through the enactment of the Insolvency and bankruptcy Code, set up of the Central Repository of Information on Large Credits and systematic checking of high-value accounts for wilful default and fraud.
- v. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and the Recovery of Debt and Bankruptcy Act have been amended to make it more effective.
- vi. Institution of comprehensive, automated Early Warning Systems in banks to proactively detect stress and reduce slippage into NPAs.
- vii. A Reform Agenda of PSBs through a unique Enhanced Access & Service Excellence (EASE) Reforms has been initiated. It has enabled objective and benchmarked progress on all key areas in PSBs viz., governance, prudential lending, risk management, technology, data-driven banking and outcome-centric HR.
- viii. The amalgamation of banks, the efficacy and effectiveness of the banking sector has been enhanced by leveraging economies of scale and synergies.

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Credit disbursement to Priority sectors including s Agriculture, MSMEs and Social infrastructure from 2019-2024						
(Amount in ₹ crores)						
Category	Year	Public Sector Banks	Private Banks	Foreign Banks	Small Finance Bank	Grand Total
Overall PSL	2019	1168693	841206	241348	50321	2301567
	2020	1165301	935266	221134	60576	2382277
	2021	1344415	953808	250288	38905	2587416
	2022	1089869	1315571	298793	68122	2772356
	2023	1293632	1670355	347487	98862	3410336
	2024	1853161	1978188	339016	102797	4273161
Agriculture*	2019	525617	305124	36807	19242	886791
	2020	580226	374673	35520	22428	1012847
	2021	644780	412374	43446	18360	1118959
	2022	623244	490808	56907	27866	1198824
	2023	745126	589507	347487	43249	1725369
	2024	1036866	678637	66654	45509	1827666
MSME	2019	549694	456402	72620	20339	1099055
	2020	495986	527993	77990	25473	1127443
	2021	507459	512141	81963	9032	1110595
	2022	389129	755014	109210	19331	1272684
	2023	465157	1051815	153234	31080	1701286
	2024	726254	1264447	153202	29776	2173679
Social Infrastructure #	2019	374	232	0	78	684
	2020	285	263	0	124	671
	2021	255	295	0	12	562
	2022	237	564	0	6	806
	2023	119	520	0	5	644
	2024	79	574	0	23	676

\* Data for Agriculture includes credit disbursement towards agriculture infrastructure by banks

# No specific sub-target has been assigned to banks under this category, however, counted under the overall PSL target.

Source: RBI