

LOK SABHA
UNSTARRED QUESTION NO. 3891
ANSWERED ON MONDAY, 24 MARCH, 2025/3 CHAITRA, 1947 (SAKA)

Reduction in Priority Sector Shortfall Collections

3891. SHRI BIBHU PRASAD TARAI:j

Will the Minister of Finance be pleased to state:

- (a) the reasons for reduction in priority sector shortfall collections this year;
- (b) the sectors for which the priority sector shortfall fund is used;
- (c) whether the Government has given any additional amount to NABARD for short-term credit to co-operatives; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) The objective of Priority Sector Lending has been to ensure that the vulnerable sections of the society get access to credit & there is adequate flow of resources to those segments of the economy which have higher employment potential & help in making impact on poverty alleviation. Accordingly, RBI has prescribed an overall target of Adjusted Net Bank Credit (ANBC) for lending to Priority Sector ranging between 40% to 75%, based on category of Bank.

Banks having any shortfall in lending to Priority Sector allocate funds for contribution to Rural Infrastructure Development Fund (RIDF) established with NABARD & other funds with NABARD/ SIDBI/ NHB & MUDRA Ltd. The shortfall in lending to Priority Sector shrinks due to the reason that banks were able to lend more under priority sector viz. Agriculture, Micro, Small & Medium Enterprises (MSMEs, Education, Housing, etc., as deemed crucial for socio-economic development and inclusive growth of the country.

(b) Priority Sector shortfall funds are used for development of Rural and Urban Infrastructure, Agriculture, MSME & Affordable Housing.

(c) and (d) Rs. 25,000 crore out of PSL Shortfall fund was allocated to Short-term Co-operative Rural Credit Refinance Fund (STCRC-RF) which is administered by NABARD, for FY 2024-25. Further, in order to augment the availability of funds for STCRC-RF during the current financial year, an additional allocation of Rs. 7000 crore was done under STCRC-RF.