

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Starred Question No. *389
To be answered on August 12, 2016/Sravana 21, 1938 (Saka)
Loans from Private Money Lenders

*389. SHRI NALIN KUMAR KATEEL:
SHRI NITYANAND RAI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that the poor particularly farmers are being exploited by the private money lenders and being charged high rate of interest and if so, the details thereof;
- (b) whether the Government has received any reports/complaints of their exploitation by private money lenders and if so, the details thereof for the last three years and the current year along with the action taken thereon, State/UTwise;
- (c) whether the Government proposes to bring any legislation to regulate the functioning of private money lenders in the country and if so, the details thereof; and
- (d) the effective steps taken/being taken by the Government in this regard?

Answer
Finance Minister
(Shri Arun Jaitley)

(a) to (d): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No.*389 to be answered on 12th August, 2016 regarding Loans from Private Money Lenders

(a) to (d):The activity of money lending is regulated by State-specific money lending laws.

The following measures have, inter alia, been taken to extend institutional credit to farmers/individuals so as to reduce their dependence on non-institutional sources:

- i. The Priority Sector Lending (PSL) directions of RBI mandate all Domestic Scheduled Commercial Banks to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture including loans to farmers. Further, a sub-target of 8% for small and marginal farmers has also been fixed.
- ii. Loans to distressed farmers and to other persons (not exceeding ₹1,00,000/- per borrower) indebted to non-institutional lenders is an eligible category under PSL, to enable them to repay their debt to non-institutional lenders.
- iii. The Pradhan Mantri Mudra Yojana (PMMY) was launched in April, 2015. Under the scheme, a loan of upto Rs. 50,000/- is given under sub-scheme 'Shishu', between Rs.50,000/- to Rs.5.0 lakhs under sub-scheme 'Kishore', and between Rs.5.0 lakhs to Rs.10.0 lakhs under sub-scheme 'Tarun'. These measures are aimed to provide credit to small traders and entrepreneurs to bring them into the formal banking system.
- iv. To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

