GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT

LOK SABHA
UNSTARRED QUESTION NO. 302
ANSWERED ON 21/07/2026

RURAL CREDIT AND DEVELOPMENT SCHEMES

302. Shri Pushpendra Saroj:

Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether the Union Government has assessed the impact of tightening banking liquidity conditions on the flow of institutional credit to rural development programmes and self-help groups, if so, the details thereof, particularly for Uttar Pradesh;
(b) the extent to which banks implementing rural development schemes have increased reliance on short-term market borrowings, such as Certificates of Deposit, State and district-wise specifically for Uttar Pradesh;
(c) whether any review has been conducted regarding delays in credit-linked rural livelihood and infrastructure projects due to tightening liquidity conditions, if so, the details thereof;
(d) the number of instances where financing support to rural development programmes faced delays due to banking sector liquidity pressures, State and district-wise specifically for Uttar Pradesh; and
(e) the corrective steps proposed by the Union Government to ensure uninterrupted credit flow for rural development initiatives despite emerging stress in banking liquidity?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT
(DR. CHANDRA SEKHAR PEMMASANI)

(a): The Ministry facilitates access to institutional credit for women Self Help Groups (SHGs) under its flagship programme, Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM). Under the programme, women SHGs are supported to avail collateral-free loans from Scheduled Commercial Banks and Cooperative Banks in accordance with guidelines of the Reserve Bank of India and the

National Bank for Agriculture and Rural Development (NABARD). The details of the institutional credit accessed by women SHGs in the country and in the State of Uttar Pradesh are as under:-

(Amount in Rs. Cr.)

Sr. No.	Year	All India	Uttar Pradesh
1	2024-25	2,00,937.94	2,931.16
2	2025-26	2,27,389.95	3,301.13

As reported by State Level Bankers' Committee, Uttar Pradesh (SLBC, UP), no adverse impact of banking liquidity conditions on the flow of institutional credit to rural development programmes or Self-Help Groups has been reported in the State of Uttar Pradesh.

(b): Liquidity management, including reliance on short-term market borrowings such as Certificates of Deposit, is an internal treasury function of individual banks and is managed at their respective Head Office level.

(c): The progress of credit linkage under Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) is reviewed periodically at various levels in coordination with Banks and State Governments. These review meetings are conducted to monitor the progress of institutional credit to women Self Help Groups, identify and address bottlenecks causing delays in credit linkage, and facilitate timely sanction and disbursement of loans. Further, for continuous monitoring, SHG-bank linkage portal is used.

(d): No such instances have been reported to this Ministry.

(e): To ensure uninterrupted and timely flow of institutional credit to women Self Help Groups under Deendayal Antyodaya Yojana – National Rural Livelihoods Mission, the Government has put in place the following measures:

i. **The Ministry engages with financial regulators to facilitate the issuance of guidelines for SHG credit linkage. The Reserve Bank of India issues an annual Master Circular on Financing of Women Self Help Groups for Scheduled Commercial Banks, Private Sector Banks and Small Finance Banks. The Master Circular prescribes the operational framework for SHG financing, including eligibility criteria, loan quantum, lending norms and other procedural requirements. Similarly, NABARD issues circular for Regional Rural Banks and Cooperative Banks**

to ensure uniform implementation of the SHG-Bank Linkage Programme.

ii. **Bank-wise and State-wise annual credit targets are fixed by the Ministry in consultation with banks, based on the credit potential, performance and the scope for credit expansion. Based on the target, States prepare district, block, and branch wise targets.**

iii. **A Central Level Coordination Committee (CLCC) meeting, chaired by the Secretary, Department of Rural Development, is convened annually with senior representatives of RBI, NABARD, the Department of Financial Services, Indian Banks' Association (IBA), Banks, and State Government to review the progress of SHG credit linkage, and to address bottlenecks and facilitate timely credit flow.**

iv. **Periodic consultation and review meetings are held at various levels with Public Sector Banks, Private Sector Banks, Regional Rural Banks, Cooperative Banks and SRLMs to monitor credit disbursement, resolve operational issues and improve credit delivery.**

v. **Regular training, orientation and sensitisation programmes are conducted for bankers/functionaries to enhance their capacity and promote timely sanction and disbursement of credit to eligible women SHGs.**

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