

Bank of India to consider giving Licenses to start Urban Cooperative Banks by the minorities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) No. Sir.

(b) and (c) The present policy of Reserve Bank of India (RBI) is to allow, establishment of primary co-operative bank on the basis of need, potential and prospects of the proposed primary co-operative bank to attain viability within the stipulated time. No primary co-operative bank is to be established on the basis of caste/creed/profession/avocation or a specific section of population or society. RBI has reported that they have not received any proposal specifically for setting up of primary co-operative bank by Minorities.

#### **Housing Loans by Urban Co-operative Banks**

6445. SHRI K. RAHMAN KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether advances by Urban Co-operative Banks for construction of houses above Rs. 25,000/- is considered as non-priority sector advance by Reserve Bank of India (RBI);

(b) if so, whether it is not against the national policy to promote housing; and

(c) whether Government consider directing the RBI to consider advances upto Rs. 5 lakhs by Urban Co-operative Banks as priority sector advance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (c) Reserve Bank of India (RBI) has reported that under their extant instruction, housing loans extended by Urban Co-operative Banks (UCBs) upto Rs. 25,000/- are allowed to be reckoned to wards priority sector. As UCB has been conceived as small man's institution, and its endeavour is to extend loan

facilities to the persons of low income groups, the limit of Rs. 25,000/- towards priority sector was considered reasonable to ensure that more and more housing loans from UCBs may go to the persons of smaller means. However, Reserve Bank of India has decided to enhance the present limit of Rs. 25,000/- to Rs. 2 lakhs and the same would be permitted to be shown as priority sector advances.

#### **Bank Credit to Industry and Commerce**

6446. SHRI O.P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether Government had promised that the reforms would reduce bank lending to Government and increase credit to industry and commerce;

(b) whether out of the additional deposits of Rs. 45,000 crore garnered by the banks in 1993-94, barely Rs. 7,500 crore could be lent out as productive credit to industry and commerce; and

(c) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) One of major ingredients of the banking reforms is to reduce the preemption of banks' resources by the Government by bringing down the Statutory Liquidity Ratio and releasing the same for bank lending to the commercial/productive sector.

(b) and (c) During 1993-94 (March 31 to March 18), out of additional deposits of Rs. 45243 crore, credit to non-food commercial sector rose by Rs. 7477 crore. Among the reasons for modest expansion of bank credit to the commercial sector are (a) careful selection of the borrowers as well as assets by the banks under new provisioning and capital adequacy norms, (b) increased resort to the capital and money market for funds by the corporate sector and (c) relatively slow growth of