

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (d) The relevant information is being collected and will be laid on the Table of the House.

Bank Loans for Agriculture and Rural Development

6443. SHRI AHMED MOHMED BHAI PATEL:
SHRI SURESH PACHOURI:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have underlined the need to accelerate the flow of credit towards agricultural production and re-emphasised that commercial banks should ensure to meet their priority sector lending target of 40 percent;

(b) if so, whether all the nationalised banks have been urged to provide loans to the farmers;

(c) if so, whether any directives in this regard have been issued to the Banks; and

(d) if so, the details thereof and how many banks have provided loans to the farmer so far under the proposed new scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (d) In terms of instruction of Reserve Bank of India (RBI) all public sector banks are required to lend to priority sector 40 per cent of their net credit and the sub-target of 18 per cent has been prescribed for direct agricultural lending. However, since October, 1993 the lending under "direct" and "indirect" categories of agricultural advances has been clubbed together for the purpose of computing the target of 18 percent. To ensure that the focus of the banks on the direct category of agricultural advances

does not get diluted instructions have been issued that agricultural lending under indirect finance should not exceed 4.5 percent of net bank credit in computing the performance for the purpose of the sub-target of 18 percent.

The performance of banks in lending to priority sector including agriculture is being continuously monitored by RBI and Government. RBI vide its circular dated 21.10.93 had advised banks to make every effort to achieve the stipulated target and sub-targets. Banks have been cautioned that failure on their part to achieve the stipulated target and sub-targets could invite bank specific policy measures which could include raising of reserve requirements or withdrawal of refinance facility or such other measures deemed necessary by RBI. According to the latest available data furnished by RBI relating to performance of public sector banks in respect of priority sector /agriculture as at the end of December 1993 is as under:

<i>(Rs. in crores)</i>	
	Balance outstanding
(i) Net bank credit	136771.59
(ii) Total priority sector advances	49821.85
(iii) Total Agriculture (Direct and Indirect)	20513.41

Setting up of Urban Cooperative Banks by Minorities

6444. SHRI K. RAHMAN KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Finance Ministry has directed Reserve Bank of India to permit setting up of Urban Cooperative Banks in the minorities concentrated district;

(b) if so, how many applications have been received for setting up of Urban Cooperative Banks from Minorities and out of them how many Licenses have been issued so far; and

(c) if not, whether Government consider issuing direction to Reserve

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