

Cap on lending rates to MFIs

2986. DR. JANARDHAN WAGHMARE: Will the Minister of FINANCE be pleased to state:

- (a) whether Government has asked banks to ensure lower lending rates to Micro Finance Institutions (MFIs);
- (b) if so, the details thereof and the reasons therefor;
- (c) the response of the MFIs;
- (d) whether the cap on lending rates would deter the entry of MFIs into remote areas; and
- (e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) to (e) As per Reserve Bank of India's Circular dated May 3, 2011, Bank loans extended on or after 1st April, 2011 to MFIs have been given the status of priority sector advances subject to fulfillment of certain conditions like 85% of total assets of MFIs being in the nature of qualifying assets, aggregate amount of loan extended for income generating activity not less than 75% of the total loans given by MFIs and compliance to pricing guidelines. The circular *inter-alia* provides for margin cap at 12% and interest cap on individual loans at 26% per annum for all MFIs, no penalty for delayed payment and no security deposit/margin to be taken.

RBI has also reported that the micro finance sector has started witnessing some positive developments after it allowed the continuance of priority sector lending (PSL) status for bank loans to NBFC-MFIs in May this year.

Crop loan on non-priority list of PSBs

2987. SHRI SHYAMAL CHAKRABORTY: Will the Minister of FINANCE be pleased to state:

- (a) the total amount of crop loan disbursed to cultivators by Nationalised Banks during the last three years;
- (b) the total crop loan disbursed to cultivators from 2008 to 2011;
- (c) whether it is a fact that crop loan is no longer on the priority list of Nationalised Bank; and
- (d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) to (d) The total agriculture credit flow to the farmers from 2008 to 2011 is as under: