THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) No, Sir.

(b) There is no such proposal.

Equity shares for import of capital goods

2992. SHRI A. ELAVARASAN: Will the Minister of FINANCE be pleased to state:

(a) whether the RBI has allowed domestic companies to issue shares against the import of capital goods and machinery making it easier for them to expand;

(b) if so, the details thereof;

(c) whether the companies will have to get prior approval of Government to trade equities for imports and it has also been decided to permit issue of equity shares/preference shares under the Government route of the FDI scheme for import of capital goods; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (c) Yes, Sir.

(b) and (d) The extant Foreign Direct Investment (FDI) policy on this subject is contained in Para 3.4.6 (iii) of the 'Circular 2 of 2011- Consolidated FDI Policy', issued by the Department of Industrial Policy and Promotion. This is available on the website *http://dipp.nic.in*

This FDI policy is also reflected in the RBI Circular A.P. (DIR Series) Circular No. 74 dated 30.6.2011 and is available on *www.rbi.org.in*

Demand for credit

2993. SHRI BAISHNAB PARIDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that banks loan growth fell below RBI projection;

(b) if so, the reasons therefor; and

(c) the steps Government is taking to create conditions conducive for picking up demand for credit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The year on year non-food credit growth of scheduled commercial banks decelerated from the peak of 24.2 per cent in December, 2010 to 21.3 per cent at end-March, 2011 and further to 17.4 per cent in November, 2011. Credit growth needs to be consistent with the current and evolving growth-inflation dynamics. Considering the persistence of inflation at a level much above the comfort zone of the Reserve Bank of India (RBI) during most of 2010-11 and 2011-12, the RBI raised the policy rate at regular intervals. In addition, to specifically address the high credit to deposit ratio among banks during large part of 2010-11, RBI in its Third Quarter review of Monetary Policy, January 2011 stated that it would constantly monitor the credit growth and, if necessary, will engage with banks which showed an abnormal incremental credit-deposit ratio. Keeping in view the evolving growth-inflation dynamics, the RBI brought down its indicative projection of non-food credit growth from 19 per cent to 18 per cent in its first quarter review in July, 2011. The credit growth has moderated since then and was placed at 17.4 per cent in November, 2011. At this level, it remains close to the RBI indicative projection and is in line with the prevailing and evolving growth-inflation scenario.

RBI regulations on agricultural loan

2994. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Banks do not follow the regulations of Reserve Bank of India with regard to agricultural loans;

(b) if so, the names of defaulting banks in the last two years; and

(c) the details of action Government proposes to take against these erring banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) In terms of Reserve Bank's extant guidelines on lending to priority sector, a target of 40 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March, 31 of the previous year, has been mandated for lending to the priority sector by domestic scheduled commercial banks, both in the public and private sector, Within this, a sub-target of 18 per cent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as on March, 31 of the previous year, has been mandated for lending to agriculture sector. The bank-wise details of the targets achieved by public sector and private sector banks during the last three years are given in Statement (*See* below).

The domestic scheduled commercial banks, both in the public and private sector, which fail to achieve the priority sector targets/sub-targets, are required to deposit the shortfall to the extent of corpus of funds announced by the Government of India into Rural Infrastructure Development Fund (RIDF) set up with the National Bank for Agriculture and Rural Development (NABARD) and other funds set up with the Small Industries Development Bank of India (SIDBI) and National Housing Bank (NHB).