GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 2372
ANSWERED ON MONDAY, 3 AUGUST, 2026/ SHRAVANA 12, 1948 (SAKA)

Achievements of Banks in Priority Sector Lending targets in Karnataka

2372. DR. PRABHA MALLIKARJUN

Will the Minister of Finance be pleased to state:

(a) whether the Government has reviewed the performance of banks in achieving Priority Sector Lending (PSL) targets in Karnataka;

(b) if so, the achievement of PSL targets, including agriculture, MSMEs and weaker sections, bank-wise and sector-wise;

(c) whether shortfalls have been observed in any sectors;

(d) if so, the reasons for such under performance;

(e) the corrective measures taken by the Government to ensure compliance with the Reserve Bank of India (RBI) guidelines; and

(f) whether any monitoring mechanism has been strengthened at the district level and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) Priority Sector Lending (PSL) targets and sub-targets for banks have been prescribed under the Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, dated 24 March 2025 (updated on 19.01.2026). Accordingly, the achievement of PSL targets and sub-targets is assessed at the bank level and not separately for any state, including Karnataka.

As a part of the monitoring framework, RBI monitors the Priority Sector Lending performance of banks on a calendar-quarter basis.

(b) to (e) The achievement of Scheduled Commercial banks (SCBs) under PSL as on 31st March, 2026 is placed at **Annexure.** The underperformance of SCBs have been observed in specific sectors viz. Agriculture and Small & Marginal Farmers.

Banks are required to achieve prescribed PSL targets and sub-targets as stipulated in the RBI Master Directions on Priority Sector Lending. Banks failing to meet these targets or sub-targets are required to contribute the shortfall amount at concessional rate to designated funds administered by Development Financial Institutions (DFIs) viz. NABARD, SIDBI, NHB, MUDRA ltd., as decided by the Government of India from time to time.

(f) To address regional disparities in the flow of priority sector credit at the district level, a system of ranking districts on the basis of per capita credit flow to priority sector and building an incentive framework for districts with comparatively lower flow of credit and a dis-incentive framework for districts with comparatively higher flow of priority sector credit has been put in place.

With effect from FY 2024-25, a higher weight (125%) has been assigned to the incremental priority sector credit in the identified districts where the credit flow is comparatively lower (per capita PSL less than ₹9,000), and a lower weight (90%) is assigned for incremental priority sector credit in the identified districts where the credit flow is comparatively higher (per capita PSL greater than ₹42,000).

State Level Bankers' Committees (SLBCs) / Union Territory Level Bankers' Committees (UTLBCs) and District Consultative Committee (DCC) monitor credit delivery at the district level.

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Annexure

ANNEXURE REFERRED TO IN PART (b) to (e) OF LOK SABHA UNSTARRED QUESTION NO 2372 ON 'ACHIEVEMENTS OF BANKS IN PRIORITY SECTOR LENDING TARGETS IN KARNATAKA' FOR ANSWER ON 03.08.2026

Achievement of Scheduled Commercial Banks (SCBs) under Priority Sector Lending (PSL) as on 31st March, 2026

(Amount in ₹ lakh crore)

Period	**ANBC**	**Priority Sector Lending**		**Agriculture**		**Small and Marginal farmers**		**Micro Enterprises**		**Weaker Sections**	
		Amt	**% of ANBC**	**Amt**	**% of ANBC**	**Amt**	**% of ANBC**	**Amt**	**% of ANBC**	**Amt**	**% of ANBC**
31.03.2026	153.78	69.49	45.19	26.59	17.29	14.93	9.71	16.24	10.56	19.31	12.56

Source: *RBI*

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