

**GOVERNMENT OF INDIA
STATISTICS AND PROGRAMME IMPLEMENTATION
LOK SABHA**

UNSTARRED QUESTION NO:1179
ANSWERED ON:01.03.2006
SURVEY CONDUCTED BY NSSO
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Will the Minister of STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state:

- (a) whether any survey has been conducted by the National Sample Survey Organisation (NSSO) regarding loans provided by the Cooperative Commercial Banks and Non-Institutional Agencies like Sahukars and Mahajans (money lenders) in rural and urban areas during the year 2004-05 as reported in the Rashtriya Sahara dated February 1, 2006;
- (b) if so, the details thereof alongwith the percentage of loan out of the total loan provided by the money lenders during the year 2002-03;
- (c) whether the Government proposes to increase the number of Commercial Banks and Co-operative Institutions in the rural areas; and
- (d) if so, the details of the areas identified for the purpose, location-wise?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE), MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (SHRI G. K. VASAN)

(a) & (b) The National Sample Survey Organisation (NSSO) in the Ministry of Statistics and Programme Implementation conducted an All-India Debt and Investment Survey as part of 59th round of NSS (Jan-Dec 2003). According to the survey results, the percentage share of money lenders in the total cash borrowings of the households during 1.7.2002 to 30.6.2003 was about 30% for rural areas and about 14% for urban areas. A statement giving percentage share of different credit agencies in cash borrowings of the households separately for rural and urban population is enclosed as Annex - 1.

(c) & (d) In terms of Section 23 of Banking Regulation Act, 1949, commercial banks are required to obtain prior approval of Reserve Bank of India (RBI) for opening a new place of business. Although banks have the freedom to select centres for opening of new branches, RBI, while granting approvals ensures that sanctions include centres in rural areas also. In terms of the current Branch Authorisation Policy announced on Sep. 8, 2005, banks are actively being encouraged to open branches in underbanked and rural centres. As regards New Private Sector Banks, a condition is stipulated while issuing a license under section 22 of the Banking Regulation Act, 1949 that 25 % of the branches should be in semi-urban and rural centres. At present, more than 40% of branches of the SBI Group and Nationalised Banks are in rural areas. The annual plans submitted by the banks indicate the plans for opening branches in semi-urban and rural centres also as per the branch authorisation policy. Such proposals are given preferential treatment while granting approvals. Further, it has been observed from the annual branch expansion plans being submitted that banks are showing increased interest in opening branches in underbanked areas including rural centres and small towns. Hence, we may expect greater number of branches to be opened by banks in these centres in the current year.

Statement attached to Qn. With Dy no. 1607

Annex - 1

Percentage Share of Different Credit Agencies in cash borrowings of the households

Credit Agency	Rural	Urban
Government etc.	2.7	6.2
Co-operative societies/banks	28.0	22.0
Commercial banks etc.	22.7	30.6
Insurance	0.3	1.5
Provident Fund	1.0	3.0
Financial Corporation/Institution	0.6	8.4
Financial Company	0.8	2.5
Other Institutional Agencies	1.0	1.5
All Institutional agencies	57.2	75.8
land lord	0.6	0.2
Agricultural Money Lender	9.6	0.6
Professional Money Lender	20.6	13.3

Traders	2.9	1.3		
Relatives and Friends	7.4	7.0		
Doctors, Lawyers etc.	0.2	0.1		
Others	1.5	1.7		
All Non-Institutional agencies	42.8	24.2		
ALL AGENCIES	100.0	100.0		

Source: Report no. NSS 502, 'Household Borrowings and Repayments in India during 1.7.2002 to 30.06.2003'