

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:181
ANSWERED ON:06.08.2010
FINANCIAL INCLUSION PLAN
Reddy Shri Komatireddy Raj Gopal

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has formulated any Financial Inclusion Plan;
- (b) if so, the details thereof alongwith the steps taken so far by the Government during the Eleventh Five Year Plan in this connection;
- (c) whether the State Bank of India and the other public sector banks have launched plans thereunder;
- (d) if so, the details thereof, bankwise;
- (e) whether the Government has received some suggestions in this regard from international funding agencies like International Monetary Fund, Asian Development Bank, etc.; and
- (f) if so, the details thereof?

Answer

THE FINANCE MINISTER (SHRI PRANAB MUKHERJEE)

(a) to (f): A Statement is laid on the Table of the House.

Statement is laid on the Table of the House in respect of Starred question No.181 for 06-08-2010 tabled by Shri K.R.G. Reddy regarding Financial Inclusion Plan.

(a) to (d): The Finance Minister in his Budget Speech 2010-11 stated that in order to reach the benefits of banking services to the 'Aam Aadmi', the Government in consultation with the Reserve Bank of India (RBI), has decided to provide appropriate banking facilities to habitations having population in excess of 2000 (as per 2001 census) by March, 2012. These services will be provided using the Business Correspondent and other models with appropriate technology back up. RBI has advised the domestic commercial banks to draw up specific Board approved Financial Inclusion Plans (FIP) for reaching banking facilities to habitation having a population in excess of 2000, incorporating some basic minimum qualitative features and quantitative indicators. The FIP, inter-alia, covers the status of implementation of Core Banking Solution (CBS) at the rural branches, deadline for its completion and position of CBS implementation in the Regional Rural Banks (RRBs) sponsored by the commercial banks, technology solutions for reaching out to the hitherto unbanked and underbanked areas and strategy for employing the Business Correspondents(BCs). The plan also furnishes the position regarding the types of products and services offered, extent of coverage of villages through the brick and mortar branch model as well as through the BC model / others. It outlines the strategies of the bank to cover the urban centres as also to adapt to the solutions being proposed by the Unique Identity Authority of India. The names of the villages covered by the banks are to be put on the respective bank's website. The FIP is to also indicate the monitoring mechanism for reviewing the progress in implementation of the plans.

The State Bank of India and other public sector banks have submitted their FIPs to RBI. RBI is holding discussions with the Chairman/Chief Executive Officer with regard to their FIPs submitted. Further, the State Level Bankers Committees SLBC convenor banks have also been advised to up-load broad details of the FIPs on their websites in order to facilitate monitoring of the progress by the State Governments, RBI and Government of India. The banks have also been advised to select their technologies for branchless banking through the Business Correspondent (BC) model, procure the required hardware/software, identify their business correspondents state wise and roll out their FIPs in a time bound manner.

The number of habitations having a population of over 2000 (as per the 2001 census) proposed to be covered under these FIPs, as per the information received from the SLBC convenor banks is approximately 72,300. The Banks have already initiated action adopting various technologies and models across the country. The details State-wise of the number of villages identified for coverage are placed at Annex.

(e) & (f): The Government has not received any suggestions from the International Monetary Fund, Asian Development Bank, etc. in this regard.