

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:384
ANSWERED ON:20.08.2010
BANKING NETWORK IN REMOTE AREAS
Sayeed Muhammed Hamdulla A. B.

Will the Minister of FINANCE be pleased to state:

- (a) the extent of coverage of banking network and provision of services in the hilly/inaccessible/remote areas of the country;
- (b) whether all the Islands of the Union Territory of Lakshadweep are not adequately covered by the branches of the public sector banks;
- (c) if so, the details thereof; and
- (d) the action taken by the Government to improve the banking network and services in such areas?

Answer

THE FINANCE MINISTER (SHRI PRANAB MUKHERJEE)

(a) to (d): 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.384 for 20-08-2010 tabled by Shri Hamdullah Sayeed regarding Banking Network in Remote Areas.

(a) to (d): There are approx. 6 lakh rural habitations in India. The Reserve Bank of India(RBI) has reported that as on 30-06-2010 there are 88,363 offices of Scheduled Commercial Banks(SCBs) in the country. The numbers of offices in semi-urban and rural areas constitute around 61 per cent of the total number of bank offices in the country. The RBI has also reported that the all India average population per office as on 30-06-2010 was 13,400. In spite of the presence of these banking offices, a significant proportion of the households, especially in rural areas and in remote and inaccessible areas, remain outside the fold of the formal banking system.

To extend the reach of banking to those outside the formal banking system, the Finance Minister in his Budget Speech 2010-11 had stated that 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. The Banks have already initiated action to implement these plans. The State Level Bankers Committees (SLBCs) have drawn up plans for Financial Inclusion for each State and have identified approx. 72,300 habitations with a population of 2000 and over for providing banking services.

The Union Territory (UT) of Lakshadweep has a population of 60,595 persons as per the 2001 Census. Syndicate Bank, the State Level Bankers Committee (SLBC) Convener Bank for the UT of Lakshadweep has reported that out of the ten inhabited islands in Lakshadweep, nine Islands are covered by 12 bank branches. Presently, 4 islands namely Kavaratti, Agatti, Andrott and Minicoy are having ATM facilities in addition to bank branches. For one island, namely Bitra, having a population of 267 (as per 2001 Census), banking services are proposed to be provided through Business Correspondents. Proposals are under consideration for opening ATMs in the two islands Amini and Kalpeni. ATMs in three other islands will be opened in a phased manner.