

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:398
ANSWERED ON:20.08.2010
SOCIAL SECTOR SCHEMES AND BANKING SYSTEM
Gandhi Shri Feroze Varun;Kataria Shri Lal Chand

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to link the social programmes like Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) and other similar programmes with the banking system;
- (b) if so, the details thereof, state-wise;
- (c) whether the cooperative banks and short term cooperative credit institutions have also played a vital role in this regard;
- (d) if so, the details thereof;
- (e) whether the said banks and institutions are not compensated the expenses incurred by them for their linkage with the said schemes; and
- (f) if so, the details thereof, the reasons therefor alongwith the steps taken / being taken by the Government in this direction for the remaining period of the Eleventh Five Year Plan?

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.398 for answer on 20-08-2010 tabled by Shri Lal Chand Kataria and Shri Varun Gandhi regarding Social Sector Schemes and Banking System.

(a) to (f): The Schedule II of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) has been amended in February, 2009 to provide that the payments of wages shall be made through the individual or joint saving accounts of the workers in the banks or post offices opened in accordance with the directions of the Central Government. In 2009-10, about 84% of this wage payment was routed through Banks and Post Offices. In 2009-10 Rs.21,625 crore was disbursed as wages through 9.18 crore individual and joint bank and post office accounts under the MGNREG Scheme. Of this Rs.12,760 crore was disbursed as wages through 5.01 crore individual and joint bank accounts.

As per the Operational Guidelines, 2008 of MGNREG Act, the type of Banks to be allowed (e.g. Rural Banks, Cooperatives, Nationalized, Post Offices, Mobile Banks for inaccessible areas), should be selected in the light of the local conditions, with a view to ensuring smooth and timely payments. The State-wise details of wages payments made through banks and post offices are at Annex; these details include disbursements through Cooperative Banks and short term cooperative credit institutions. No separate information is being maintained for the cooperative banks and short term cooperative credit institutions.

Some State Governments are providing resources to banks to defray part of expenses incurred by banks in this regard. The provision of financial support to banks for providing these services is engaging the Government of India's attention.