

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:188
ANSWERED ON:06.08.2010
BANKING NETWORK IN RURAL AREAS
J Helen Davidson;Singh Shri Pradeep Kumar

Will the Minister of FINANCE be pleased to state:

- (a) the accessibility/penetration of banking services in the rural areas, Statewise;
- (b) whether the mushrooming of private moneylenders and shortage of bank branches in the rural areas is one of the reasons for the rural indebtedness;
- (c) if so, the details thereof;
- (d) whether the Government proposes to open new branches of the scheduled commercial banks in each block panchayat in order to improve coverage of banks in the rural areas;
- (e) if so, the details thereof, bank-wise; and
- (f) the other steps including mobile/ internet banking services taken/being taken by the Government in this regard?

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.188 for 06-08-2010 tabled by Shrimati J. Helen Davidson and Shri Pradeep Kumar Singh regarding Banking Network in Rural Areas.

(a): 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, out of which 32,603 (37%) bank offices are in the rural areas, 21,011 (24%) in semi-urban areas, 18,268 (20%) in urban areas and 16,481 (19%) in metropolitan areas. Further, there are 31 State Cooperative Banks, 371 District Central Cooperative Banks (DCCBs) about 97,200 Primary Agricultural Credit Societies(rPACS), 20 State Cooperative Agriculture Rural Development Banks (SCARDBS) and 697 Primary Cooperative Agricultural Rural Development Banks (PCARDBS) spread across the country. The State-wise data is at Annex I. The RBI has reported that the all India average population per office as on June 30, 2010 was 13,400.

(b) & (c): The Ministry of Agriculture had commissioned a survey entitled 'Situation Assessment Survey (SAS) of Farmers'. The survey was carried out on the basis of a sample of more than fifty thousand farmer households selected from all over the country and was conducted by the National Sample Survey Organisation (NSSO) during January to December, 2003 as part of its 59th round. The survey report, inter-alia, mentions that at the all India level, 48.6% of the farmer households were reported to be indebted i.e. having a liability in cash or kind with a value of Rs. 300 or more at the time of transaction. It also mentions that the most important source of loan in terms of percentage of outstanding loan amount was banks (36%), followed by moneylenders (26%).

(d) & (e): The Government had identified 129 unbanked blocks in the country in 2009 (91 in the North Eastern States and 38 in the other States). At present, the number of unbanked blocks in the country is 89. Out of these 89 unbanked blocks, 80 are in the North East region while 5 are in Jharkhand and 4 in Jammu and Kashmir. The Government of India is constantly following up with the concerned banks and State Governments to ensure opening of branches in these blocks on priority. Further, the Finance Minister in his Budget Speech 2010-11 had mentioned 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 introduction of Banking Services. Details in this regard are given at Annex II.

(f): Several initiatives have been taken by the Government of India and the RBI for furthering the reach of banking services and financial inclusion. These include opening of 'no frills' accounts with minimum balance, easier credit facilities for the smaller customers, simpler Know Your Customer (KYC) norms for the 'no frills' accounts, permission to use information technology viz. Smart cards, mobile hand held electronic devices for banking transactions, adoption of Electronic Benefit Transfer (EBT) by banks for direct transfer of government subsidies to poor beneficiaries through the banking system, use of the Business Correspondent (BC) Model to

interface with rural customers in far flung areas, liberalization of Bank Branch and ATM authorization policies and encouraging Financial Literacy / Credit Counseling. For mobile banking transactions banks are now permitted by RBI to offer this service to their customers subject to a daily cap of Rs.50,000/- per customer for both funds transfer and transactions involving purchase of goods/services. The maximum value of such transfers shall be Rs 5000/- per transaction.