

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2835

ANSWERED ON:26.11.2010

FINANCIAL INCLUSION

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government had discussions with the heads of the Gramin Banks for its financial inclusion plan;
- (b) if so, the details thereof;
- (c) whether the Government has directed banks to ensure twenty per cent growth in their loan disbursement to made the financial inclusion plan successful;
- (d) if so, the details thereof;
- (e) whether the Government proposes to include the banks in the list of entities eligible to raise long term tax free bonds to achieve the target of financial inclusion plan;
- (f) if so, the details thereof and if not, the reasons therefor alongwith its effects on the economic growth; and
- (g) the other steps taken / being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance (Shri NAMO NARAIN MEENA)

(a) and (b):- In the annual meeting to review the performance of Regional Rural Banks (RRBs) held in July 2010 the Finance Minister, inter-alia, directed the Chairmen of the RRBs to draw up Action Plans for achieving 100% Financial Inclusion in their areas of operation besides directing them to open new branches and roll over the existing branches of RRBs to Core Banking Solution (CBS) by September, 2011.

Further, the Finance Minister in his Budget Speech 2010-11 stated that in order to reach the benefits of banking services to the `Aam Aadmi1, 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. Accordingly, the State Level Bankers Committees (SLBCs) have drawn up plans for Financial Inclusion for each State and have identified approx. 73,000 habitations with a population of over 2000 for providing banking services. These 73,000 habitations have been allotted to Public Sector Banks, Private Banks, RRBs and Cooperative Banks for extending banking services in a time bound manner. Of these 73,000 habitations about 22,000 habitations have been allotted to RRBs for extending banking services under the financial inclusion campaign.

(c) and (d):- The Finance Minister has held zonal review meetings across the country with the Chief Ministers of States and the Chief Executives of Public Sector Banks in June-July, 2010. During these reviews, the FM directed the banks to increase the number of Kisan Credit Cards (KCCs) by 20% and also the lending under KCC by 20% during the financial year 2010-11. These directions shall facilitate the extension of banking services to farmers not so far covered by the formal banking system.

(e) to (g):- The Reserve Bank of India (RBI) has stated that no specific guidelines have been issued regarding `Long Term Tax Free Bonds to achieve Financial Inclusion Plans`. However, guidelines for issue of Long Term Bonds for Infrastructure Finance were issued by RBI vide their circular No.RBI/2004/236 in June, 2004. The detailed RBI circular is available on the RBI website, www.rbi.org.in