

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:857
ANSWERED ON:25.02.2011
MOBILE BANK FOR FARMERS
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Will the Minister of FINANCE be pleased to state:

- (a) whether cases of exploitation of farmers by private money lenders have increased in rural and agricultural dominated areas as they are not getting loan from banks for their cultivation in time;
- (b) if so, the details thereof;
- (c) whether the Government proposes to set up 'Mobile Banks' to lend loans to the farmers to prevent such exploitation by the money lenders;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) 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) & (b): As per the Report of the Expert Group on Agricultural Indebtedness, Ministry of Finance, Government of India, 2007, the share of institutional sources in cultivators' debt improved considerably in the years following bank nationalization. The share of debt of cultivator households from different sources for the period 1951-2002 is tabulated as under:

Source of credit	1951	1961	1971	1981	1991	2002
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Institutional	7.3	18.7	31.7	63.2	66.3	61.1
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Cooperative societies/Banks, etc.	3.3	2.6	22	29.8	30	30.2
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Commercial Banks	0.9	0.6	2.4	28.8	35.2	26.3
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Non-Institutional	92.7	81.3	66.3	36.8	30.6	38.9
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Money lenders	69.7	49.2	36.1	16.1	17.5	26.8
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Unspecified	-	-	-	3.1	-	-
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Total	100	100	100	100	100	100
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(c) to (e): Government of India and the Reserve Bank of India (RBI) have taken several measures to increase the reach of banking services to the excluded population of the country including farmers:

(i) The RBI has recently permitted all Scheduled Commercial Banks excluding Regional Rural Banks to open branches in Tier-III to Tier-VI Centers (with a population upto 49,999 as per 2001 census), without having to take permission from the Reserve Bank of India.

(ii) RBI has permitted scheduled commercial banks to operationalise Mobile Branches in Tier 3 to Tier 6 centres and in rural, semi urban and urban centre in the North Eastern States and Sikkim, subject to reporting. The mobile branch guidelines envisage the extension of banking facilities through a well protected van. The mobile unit would visit the places proposed to be served by it on specific days/hours so that its services could be utilised by the customers. Some banks like Allahabad Bank, UCO Bank, Corporation Bank have launched the mobile van bank services.

(iii) RBI has also permitted banks to provide the facility of 'no-frills' accounts with 'nil' or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population. Both public and private sector banks have been opening such accounts.

(iv) Several other initiatives have also been taken by the Government of India and the RBI for furthering the reach of banking services and financial inclusion. These include easier credit facilities for the smaller customers, simpler Know Your Customer (KYC) norms, permission to use smart cards, mobile hand held electronic devices for banking transactions, 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.

(v) In the financial year 2010-11 the Banks were advised 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 (BC) and other models with appropriate technology back up. The banks have formulated their road maps for Financial Inclusion and have identified approx 73,000 habitations all across the country having a population over 2000 for providing banking facilities. These habitations have been allocated to Public Sector Banks, Regional Rural Banks, Private Sector Banks and Cooperative Banks for providing banking services in a defined time frame by March, 2012. Some banks are using mobile vans as part of their financial inclusion efforts.