

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:79
ANSWERED ON:25.02.2011
QUESTION INCLUSIVE BANKING
Singh Shri Dhananjay

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has constituted an Inter-Ministerial Group to develop the concept of inclusive banking in the recent past;
- (b) if so, the details thereof alongwith the main recommendations of the said group and the action taken thereon;
- (c) the ratio of bank density and loan disbursement in rural areas; and
- (d) the action taken / being taken by the Government to improve the said ratio and to keep a check on big loans disbursed by such banks?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (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.79 for answer on February 25, 2011 tabled by Shri Dhananjay Singh regarding Inclusive Banking.

(a) and (b): An Inter Ministerial Group (IMG) under the Chairmanship of Secretary, Department of Information Technology (DIT) was constituted in November, 2009 to work out the relevant norms and modalities for the introduction of a mobile based delivery model for the delivery of basic financial services. The members of the IMG included the Telecom Regulatory Authority of India (TRAI), the Reserve Bank of India (RBI) and Department of Financial Services (DFS). The report of the IMG was accepted by the Government of India in April, 2010 and circulated to all the concerned Departments. The brief details of the recommendations made by the IMG and the action taken thereon are enclosed at Annex-L. Thereafter, a Monitoring Group has been constituted under the chairmanship of the Cabinet Secretary to resolve any inter agency issues and to ensure timely implementation of the recommendations of the Report. Many of the recommendations of the Committee have since been complied with.

(c) and (d): The RBI has reported that the Average Population per Bank Branch Office (APBBO) in India as on September 30, 2010 is 13,800 and there are 85,938 bank branches in the country. The ratio of bank density to loan disbursement in rural areas as sought for is not centrally maintained or monitored. However, the Credit Deposit Ratio (CDR) is taken as a measure of the availability of credit in relation to the deposits mobilized by Banks in a particular geographical area. The RBI has set standards for achievement of CDR by Banks. At the all India level, the CD Ratio of all Scheduled Commercial Banks (SCBs) as on September 24, 2010 stood at 73.6 per cent. The State wise CDR, including details of the rural CDR are enclosed at Annex-II.

RBI is regularly monitoring the efforts being made to improve the CD Ratio. In this regard, the Public Sector Banks were advised by the RBI in 1980 to achieve a CDR of 60% in respect of their rural and semi urban branches, separately, on all India basis and to ensure that wide disparity in the ratios between different States/Regions is avoided in order to minimize regional imbalances in credit deployment, RBI had also advised the State Level Bankers Committee (SLBC) convenor banks to take up the issue in the SLBC meetings for identifying measures for enhancing the CD ratio and the level of CD ratio is regularly monitored in these meetings. Banks have also been advised to set up a Special Sub-Committee (SSC) of District Level Consultative Committee (DLCC) for those districts having CDR less than 40, to monitor and draw up Monitorable Action Plans (MAPs) for improving CDR on a self set graduated basis and to initiate necessary action for improving CDR.

Further, while sanctioning loans to large corporates the Banks in India are required to comply with the RBI's exposure guidelines to ensure that big loans are sanctioned as per RBI norms.