

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:906

ANSWERED ON:25.11.2011

BANKING FACILITIES

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has extended the target for providing banking facilities to every village having population of more than 2000;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has launched a new scheme `Swabhiman` to provide banking access to the people;
- (d) if so, the details thereof alongwith the progress made so far under the scheme and the time by which the said Scheme is likely to be implemented;
- (e) whether the Government / Reserve Bank of India (RBI) has granted /proposed banking licenses to some of the industrial and business houses which intend to take over the Regional Rural Banks (RRBs); and
- (f) if so, the details thereof alongwith the steps taken/being taken by the Government to bring the unbanked areas under the banking network?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (d) :- In order to extend the reach of banking to the rural hinterland, Banks were advised in 2010-11 to provide appropriate banking facilities to habitations having a population in excess of 2000 (as per 2001 census) by March, 2012. These services are to be provided using the Business Correspondent and other models, with appropriate technology back up. This Campaign has been named `Swabhimaan`. The Banks have formulated their road maps for Financial Inclusion through the mechanism of the State Level Bankers Committee and have identified approximately 73,000 habitations across the country having a population of 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 extending banking services by March, 2012. As per reports received from State Level Bankers Committee (SLBC) Convener Banks, over 45,000 such villages have been covered.

(e) and (f):- Reserve Bank of India (RBI) released a discussion paper on entry of new banks in private sector in August, 2010 inviting comments and suggestions from various stakeholders. After examining the comments/suggestions received, RBI has issued draft guidelines for licensing of new banks in the private sector in August, 2011 inviting comments from all stakeholders.

General permission has been granted to domestic Scheduled Commercial Banks (other than RRBs) to open branches / mobile branches / Administrative Offices / CPCs (Service Branches), (i) in Tier 3 to Tier 6 centres (with population up to 49,999) and (ii) in rural, semi-urban and urban centres of the North-Eastern States and Sikkim subject to reporting. RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), the Banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.