

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1851  
ANSWERED ON:17.07.2009  
BANKING AT GRASSROOTS LEVEL  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposes to take banking at grassroots level to facilitate rural poor to avail the benefits of social sector schemes like NREGS;
- (b) if so, the details thereof;
- (c) the banks branches likely to be opened in each State and budgetary allocation made therefor; and
- (d) the role of private sector banks therein?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): Financial inclusion & improvement of delivery of financial services is an important agenda of the Government. In view of this, a number of initiatives have been taken by Public Sector Banks to facilitate rural poor to avail of social sector schemes including the NREGS. These include use of business correspondents/facilitators, no frills accounts, SHG-bank linkage programme, use of Smart Card Technology, financial literacy and credit counselling.

(c): As per the Branch Authorisation Policy of the Reserve Bank of India (RBI), the banks have the freedom to select centres/location for opening of new branches. The number of bank branches to be opened by each bank during a particular year depends on the medium term corporate strategy of the respective bank and no separate budgetary allocation is made by the Government in this regard. However, as a special case during the current year, an amount of Rs.100 crore has been provided in the Budget as additional central assistance for infrastructure support for opening bank branches in unbanked blocks.

(d): As per the Branch Authorisation Policy of the Reserve Bank of India (RBI), the new Private sector banks are required to ensure that at least 25% of their total branches are in semi-urban and rural centres on an ongoing basis.