

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1879  
ANSWERED ON:17.07.2009  
MICRO FINANCE BILL  
Siricilla Shri Rajaiah

**Will the Minister of FINANCE be pleased to state:**

- (a) whether there is any proposal to introduce the micro-finance development and regulation Bill; and
- (b) if so, the details thereof and the objective of the Bill?

**Answer**

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

(a) & (b): The Micro Financial Sector (Development and Regulation) Bill, 2007, which was introduced in Lok Sabha on 20.03.2007 and presently stands lapsed due to dissolution of 14th Lok Sabha, intended to create environment friendly policy for micro-finance services and provide a formal statutory framework for the promotion, development and regulation of the micro finance sector in the country. The salient features of the Bill were as follows:-

- (i) to entrust the function of development and regulation of the micro financial sector to the National Bank for Agriculture and Rural Development (National Bank);
- (ii) to define the various entities engaged in the activity of micro finance such as Co-operative Societies, etc.
- (iii) to define various categories of beneficiaries of micro financial services as eligible clients including Self Help Groups (SHGs) or joint liability groups of such eligible clients;
- (iv) to provide for acceptance of thrift i.e. savings of eligible clients other than in the form of current account or demand deposit account by Micro Finance Organisations registered by the National Bank, subject to such terms and conditions as may be prescribed;
- (v) to provide for registration of Micro Finance Organisations that undertake thrift;
- (vi) to provide for creation of a reserve fund and maintenance of accounts and submission of periodical returns by Micro Finance Organisations;
- (vii) to provide for functions and powers of the National Bank in relation to thrift services and micro financial services,
- (viii) to empower the National Bank to frame a scheme for appointment of one or more Micro Finance Ombudsman for settlement of disputes between eligible clients and Micro Finance Organisations;
- (ix) to empower the National Bank to make regulations with the previous approval of the Central Government for carrying out the purposes of the Bill.