

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4886
ANSWERED ON:07.08.2009
REVIEW OF FINANCIAL INCLUSION DRIVE
Rao Shri Nama Nageswara

Will the Minister of FINANCE be pleased to state:

- (a) whether any study has been conducted by Reserve Bank of India (RBI) and State Level Bankers Committee (SLBCs) on financial inclusion;
- (b) if so, the details thereof;
- (c) whether the accounts opened as part of financial inclusion drive are imoperative in the country including Andhra Pradesh;
- (d) if so, the details thereof and reasons therefor State-wise;and
- (e) the steps taken/being taken by the Government to achieve hundred percent financial inclusion?

Answer

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

(a) to (d): Pursuant to the Annual Policy Statement of the Reserve Bank for the year 2007-08, studies were conducted by reputed external agencies in 26 districts in the states of Andhra Pradesh, Gujarat, Himachal Pradesh, Karnataka, Orissa, Punjab, Rajasthan and West Bengal to evaluate the progress made in the districts that had reported 100% financial inclusion. The main conclusions that have emerged from the studies were that

- (i) although the SLBCs have declared several districts as 100% financially included, the actual financial inclusion has not been to that extent and
- (ii) most of the accounts that have been opened as a part of the financial inclusion drive have remained inoperative due to various reasons.

(e): Steps taken by Reserve Bank to facilitate 100% financial inclusion are given below:

At the state level, the State Level Bankers Committee (SLBC) has been advised to identify one or more districts for 100 % financial inclusion.

In November 2005, banks were advised to make available a basic banking `no-frills` account with low or nil minimum balances.

The Know Your Customer (KYC) procedure for opening accounts has been simplified for those accounts with balances not exceeding Rs 50,000/- and credits thereto not exceeding Rs. 100,000/-in a year.

In January 2006, the Reserve Bank permitted banks to utilise the services of non governmental organizations (NGOs), micro-finance institutions and other civil society organisations as intermediaries in providing financial and banking services through the use of business facilitator and business correspondent (BC) models.

Banks have been urged to scale up IT initiatives for financial inclusion.

RBI has proposed a scheme to partially reimburse the banks the cost of opening accounts with bio-metric access at the rate of Rs.50 per account through which payment of social security benefits, NREGA payments, etc would be routed.