

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7044
ANSWERED ON:18.05.2012
BANKING PENETRATION RATIO
Rai Shri Prem Das

Will the Minister of FINANCE be pleased to state:

- (a) whether the banking penetration ratio in the Eastern and North Eastern States is less than that of the national average;
- (b) if so, the details thereof, State-wise;
- (c) whether any studies have been undertaken to find out the reasons for such low banking penetration in those states; and
- (d) if so, the findings of such reports and the measures taken by the Government to effectively deal with the problem?

Answer

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

(a) and (b):- As reported by Reserve Bank of India (RBI), the number of functioning branches of scheduled commercial banks(SCBs) as on 31st March, 2012 is 93,659 and the Average Population Per Bank Branch (APPB) in the country is 12,921. The State-wise details are given in the Annexure.

(c) and (d) In order to address the financial exclusion, uneven growth and constraints in the country's North Eastern Region, RBI constituted a Committee on Financial Sector Plan for North Eastern Region (NER) in January 2006. The committee observed that new strategies may have to be devised to deal with the cases of centres where the banks, on their own, do not find it commercially viable to open branches. Consequently, a Special Task Force was constituted to give a fresh impetus for creation of banking facilities in North-Eastern India. A scheme of providing financial support to banks by the RBI for setting-up banking facilities at `agreed` centres in the North-Eastern Region, was formulated. Accordingly, 42 agreed centres were identified in 5 States of NER. Upto April 2012, 27 bank branches have been opened at 27 centres under Special Dispensation Scheme.

The bottlenecks, as reported by banks mainly relate to lack of suitable premises for banking, security, connectivity, electricity & water connections, metalled road connectivity, accommodation for employees,etc.

Banks were advised in 2010-11 to provide banking services in every village with a population above 2,000 in the country. Under the roadmap, 74,414 villages with population above 2,000 were identified as unbanked, which were allocated to various banks, including regional rural banks (RRBs) for providing banking services by March 2012. Banks have covered 74,199 of these unbanked villages. Out of the total 74,414 such villages in the country, 23,353 unbanked villages were identified in Eastern States including North Eastern Regions. As at the end of March 31, 2012, as reported by various State Level Bankers Committees (SLBCs), banking outlets have been opened in 23,226 such villages.