

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:316
ANSWERED ON:24.07.2009
NATIONAL RURAL FINANCIAL INCLUSION PLAN
Munda Shri Arjun

Will the Minister of FINANCE be pleased to state:

- (a) whether Dr. C. Rangarajan Committee on Financial Inclusion has recommended that under the National Rural Financial Inclusion Plan Bank loans should be provided at least to 50 per cent families in the rural areas;
- (b) if so, the details thereof, and
- (c) the action taken or proposed to be taken by the Government on the recommendations of the Committee?

Answer

THE MINISTER OF FINANCE
(SHRI PRANAB MUKHERJEE)

(a) to (c) : A Statement is laid on the Table of the House.

State referred to in reply to Parts (a) to (c) of Lok Sabha Starred Question No. 316 to be answered on 24 July, 2009 regarding National Rural Financial Inclusion Plan, tabled by Shri Arjun Munda.

(a) & (b): Dr. C. Rangarajan Committee on Financial Inclusion has suggested that a National Rural Financial Inclusion Plan may be launched with a target to provide access to comprehensive financial services, including credit, to at least 50% of financially excluded households by 2012, through rural/semi-urban branches of Commercial Banks and Regional Rural Banks. The Committee also recommended that the remaining households, with such shifts as may occur in the rural/urban population, be covered by 2015.

(c): To bring the 'financially excluded' population with the formal banking system, the Government and Reserve Bank of India (RBI) have taken the following steps:-

Pursuant to the Budget announcement for 2008-09, the Commercial Banks and Regional Rural Banks were advised to open 250 new rural household accounts every year at each of their rural and semi urban branches. Most of the Public Sector Banks have nearly achieved their target for the year 2008-09.

Government has set up two funds, with NABARD, viz., Financial Inclusion Fund and Financial Inclusion Technology Fund with an overall corpus of Rs. 500 crore each, to facilitate financial services particularly among weaker sections, low income groups and in backward regions/hitherto unbanked areas.

Banks have been advised to make available a basic banking 'no frills' account either with 'nil' or very low minimum balances.

Banks have been advised to issue General Credit Cards to eligible beneficiaries without insistence on security, purpose or end use of credit.

Banks have been permitted to utilize the services of Non-Government Organisation, Self Help Groups, Micro Finance Institutions and other Civil Society Organisation as intermediaries in providing financial and banking services.

In January 2006, the RBI permitted banks to use the services of intermediaries in providing financial and banking services through the use of Business Facilitator (BF) and Business Correspondent (BC) models. In this light, banks can use post offices as their BF's or BC's for carrying out banking services including disbursement of small value credits, recovery of principal/collection of interest, collection and preliminary processing of loan applications, post sanction monitoring, etc.

All State Level Bankers' Committee convener banks have been advised to initiate action for identifying atleast one district in their States/ Union Territories for 100% financial inclusion. In many states, SLBCs have identified and taken steps to cover a large number of district for 100% financial inclusion.

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