

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4766
ANSWERED ON:18.12.2009
SUPPORT TO BANKS
Ponnam Shri Prabhakar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government of Andhra Pradesh has requested that National Bank for Agriculture and Rural Development(NABARD) which is operating Financial Inclusion Technology Fund (FITF) may be given a direction to import at least part of initial capital costs to Banks;
- (b) If so, the details thereof;
- (c) the action taken so far in this regard; and
- (d) the plan prepared for the FITF for the Eleventh Five Year Plan as far as Andhra Pradesh is concerned?

Answer

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

(a) to (c): National Bank for Agriculture and Rural Development (NABARD) has reported that a proposal was submitted by Government of Andhra Pradesh (GoAP), requesting funds for upscaling the smart card project in Andhra Pradesh. The project mainly targeted the timely disbursement of the benefits to the target group of pensioners under social security pensions and wage seekers under National Rural Employment Guarantee Scheme (NREGS) sanctioned by Government of India (GoI). The proposal was examined by NABARD in consultation with representatives of GoAP and State Bank of India and it was observed that the proposal is for a payment mechanism of the State Government for NREGS as it envisages "Electronification of Money Transfer" mechanisms and therefore it cannot be considered as financial inclusion project. The State Government of Andhra Pradesh has been advised accordingly by NABARD in the matter.

(d): The action taken by NABARD with regard to Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) is as under:

(i) Based on Budget Announcement 2007 – 2008, guidelines for Financial Inclusion Fund and Financial Inclusion Technology Fund were issued on 14 May 2008 for all Regional Rural Banks (RRBs), State Co-operative Banks (SCBs) and State Co-operative Agriculture and Rural Development Banks (SCARDBs) / District Central Co-operative Banks (DCCBs) and on 02 June 2008 to all Commercial Banks. The circular lists out the activities and institutes eligible under the FIF and FITF funds. A request was sent to all Co-operative Banks (CBs) and RRBs to issue necessary instructions to all their branches to ensure at least 250 new rural household accounts are added every year to their existing numbers.

(ii) Guidelines for organising a one day State level seminars and one day District level workshops on financial inclusion have been issued. Accordingly, a State level seminar and divisional level workshops were conducted in AP for sensitising the stakeholders for Financial Inclusion.

(iii) NABARD, in collaboration with Indian Institute of Banking & Finance (IIBF), has decided to support capacity building of Business Correspondents/Business Facilitators (BCs/BFs) through a certification course for Business Correspondents and Business Facilitators. The course will be conducted by IIBF, at the State/District level. The details of the course has been forwarded to all CBs, RRBs, DCCBs, SCARDBs and SCBs by 2012.

(iv) It is proposed to cover 50% of concerned rural households.

In Andhra Pradesh following pilot projects have been supported from FITF :

An amount of Rs 340.13 lakh has been sanctioned for project on smart cards in three districts, viz., Medak, Mahbubnagar and Warangal districts of Andhra Pradesh to facilitate payments to the beneficiaries of NREGS and Social Security Pensioners and opening of 'No Frill Accounts' of other rural households by Andhra Pradesh Grameen Vikas Bank (APGVB).

An amount of Rs 11.53 lakh has been sanctioned for pilot project to bring about inclusive growth through Financial Inclusion at the bottom of the pyramid by establishing Financial Inclusion Hubs at 10 Primary Agricultural Cooperative Societies (PACS) in Andhra Pradesh.