

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3312

ANSWERED ON:01.08.2014

DEPOSITS IN BANKS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any study to enhance the deposits in banks to encourage the common man;
- (b) if so, the details thereof and if not, the reasons therefore;
- (c) whether the Government has any proposal to give any incentives on the funds deposited as savings in the banks; and
- (d) if so, the details thereof along with steps taken / being taken by the Government in this regard?

Answer

Minister of State in the Ministry of Finance (SMT. NIRMALA SITHARAMAN)

(a) & (b): No such study has been conducted by the Government of India. However, in order to enhance deposits in banks, Reserve Bank of India (RBI) has permitted banks to pay commission to agents employed to collect door-to-door deposits under a special scheme. Banks have also been permitted to use the services of Non- Governmental Organisations(NGOs)/ Self Help Groups(SHG)/ Micro Finance Institutions(MFIs) and other Civil Society Organisations(CSOs) as intermediaries in providing financial and banking services including collection of deposits through the use of the Business Facilitator and Business Correspondent models. Banks may pay reasonable commission/ fee to the Business Facilitators/ Correspondents, the rate and quantum of which may be reviewed periodically. The agreement with the Business Facilitators/ Correspondents should specifically prohibit them from charging any fee to the customers directly for services rendered by them on behalf of the bank.

For simplifying opening of accounts for common man which would help more people to open bank accounts and enhance deposits. Government of India has issued a Notification No. 14/2010/F.No.6/2/2007-E.S dated December 16, 2010. In terms of this notification, a provision has been made to open 'small accounts' without any document for proof of identity and proof of address and by submitting only self-attested photograph and affixing signature or thumb print of the customer in front of the bank official. However, these accounts are subject to certain conditions, such as, all credits to the account in a year cannot exceed Rs. 1 lakh, all withdrawals in a month cannot exceed Rs. 10 thousand and balance cannot exceed Rs. 50 thousand.

Further, accounts can be opened under "simplified measures" in respect of a 'low risk' customers, by furnishing any one document as proof of identity from the following:

i. identity card with applicant's Photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions; or ii. letter issued by a gazetted officer, with a duly attested photograph of the person;

However, accounts under 'simplified measures' would be opened only in cases where, the bank feels that the customer is of 'low risk' according to their risk perception.

(c) & (d): There is no such proposal with the Government.