

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2255
ANSWERED ON:05.12.2014
BANKING FINANCIAL INSTITUTION IN TRIBAL BELTS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to establish an adequate network of banking/ financial institutions in remote and inaccessible tribal belts in States to counter the existing informal market which provides credit at extremely high rates of interest and on arbitrary term; and

(b) if so, the details thereof along with the correcting steps taken/being taken by the Government to improve the existing credit facility in rural areas?

Answer

THE FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) and (b) In order to extend the banking network in unbanked areas, general permission has been granted by Reserve Bank of India (RBI) to domestic Scheduled Commercial Banks (other than Regional Rural Banks) to open branches/ mobile branches/ Administrative Offices/CPCs (Service Branches), (i) in Tier 2 to Tier 6 centres (with population upto 99,999) and (ii) in rural, semi-urban and urban centres of the North-Eastern States and Sikkim subject to reporting. RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), the banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.

Pradhan Mantri Jan-Dhan Yojana (PMJDY) launched in August 2014 across the country, envisages universal access to banking facilities within a reasonable distance through branch or branchless banking.

Further, the following steps have inter-alia been taken to improve credit facilities for farmers:

(i) The Kisan Credit Card (KCC) Scheme enables farmers to purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. and draw cash to satisfy their consumption needs. The KCC Scheme has since been simplified and converted into ATM enabled card.

(ii) There is provision of interest subvention to make short-term crop loans upto Rs. 3 lakh for a period of one year available to farmers at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

There are other Government Schemes with credit linkages inter-alia for rural livelihood, rehabilitation of manual scavengers, artisans etc.