

[English]

### LIC Business in Rural Areas

\*791. SHRI K. RAMACHANDRA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the Life Insurance Corporation has been able to exploit fully the rural potential for its activities; and

(b) if not, what steps are contemplated to boost its business in rural areas?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) and (b). Over the years, the Life Insurance Corporation of India has been making strenuous efforts to tap the rural potential for its activities. In particular, during the year 1987-88, the LIC has made good progress in new business in rural areas by securing 32.1% of its total new business and selling 38.9% of total new policies in rural areas. The important steps taken by the Corporation to expand its business in rural areas are summarised below:—

(1) LIC is opening more and more branches located in mofussil centres with large rural areas under their jurisdiction. Out of 256 new branch offices opened during the last 3 years namely, 1985-86, 1986-87 and 1987-88, 182 branches have been opened in mofussil centres with large rural territory under their jurisdiction.

(2) LIC is appointing more and more Development Officers in rural areas. During the last 3 years, more than 50% of the new Development Officers were recruited in rural areas.

(3) LIC has framed a special stipendary scheme of rural career agents under which persons with rural background who want to

make insurance as their career are recruited and a monthly stipend of Rs. 125/- for the first year and Rs. 100/- for the 2nd year during training is paid so as to provide them with some financial support till they are able to build some amount of commission income; and

(4) LIC has introduced a special plan called "New Jana Raksha Policy" specially suited for people in rural areas. Under this plan, if, after payment of premiums for 2 years, the policy-holder is not able to pay any future premium, the policy is kept in full force for a further period of 3 years.

### Bank Charges

\*792. SHRI KADAMBUR JANARTHANAN: Will the Minister of FINANCE be pleased to state:

(a) the rate of bill discount, cheque commission and demand draft commission collected by banks before nationalisation;

(b) the differences in percentage of the commissions collected by banks after nationalisation;

(c) whether small and medium traders and industrialists whose number is more in commercial circle are unable to cope up with the present bank charges;

(d) if so, the steps taken by Government to redress the grievances of small and medium traders and industrialists; and

(e) if no steps have been taken, the reasons therefor?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) to (e). Prior to nationalisation of major banks, levy of service charges such as rate of bill discount,

commission on cheques and drafts, etc. varied from bank to bank. During 1985-86, public sector banks adopted a uniform schedule of charges for different items taking into account the cost of inputs and other related factors. The uniform charges fixed are in slab system providing comparatively lower rates for smaller transactions. A representa-

tive chart of rates charged for above services prior to 1985 and subsequently is given in the statement below. Reserve Bank of India has reported that considering the rising costs relating to the services rendered, banks are not in a position to make any downward change in these charges.

## STATEMENT

	1	2
	Prior to Revision in 1985	After Revision in 1985-86
<b>Rate of Bill</b>		
<b>Discounting</b>	<p>Demand Bills purchased</p> <p>Cheques &amp; Drafts.</p> <p>— Local 25p % with a min. of Rs. 2.50</p> <p>— Outstation 35p% with a min. of Rs. 50</p> <p>— Other clean &amp; docy. DDs 40p % with a min. of Rs. 4.50</p> <p>— Overdue int. 25p% over CC rate where CC a/c is maintained.</p> <p>— Overdue int. 19.50% where no CC a/c is maintained</p> <p>Bills discounted.</p> <p>25p% with a min. of Rs. 6.00 intt. as in respect of CC a/c or 17.50% where no CC a/c is</p>	<p>a) DD Purchase (Bills) . — 35p% plus collection charges for bills as applicable for respective slab.</p> <p>b) DD Purchase (Cheques) 35p% plus collection charges for cheques as applicable for the respective slab.</p>
		Note:-
		<p>1. While the hundian for collection charges for the amounts of bill/cheque will be subject to max. of Rs. 1000/- the int. component @ 35p% shall be calculated for the actual amount.</p> <p>2. If the cheque/bill is returned unpaid, interest @ 17 1/2% should be charged for the period in excess of 7 days</p>

Prior to Revision in 1985

1

maintained.

After Revision in 1985-86

2

from the date of purchase till the date of actual reimbursement

3. Postages telegram charges and other out of pocket expenses have to be recovered in full.
  4. In case of bills discounted, apart from the collection charges for bills as applicable for the respective slab prescribed by the bank interest at the stipulated rate shall also be charged from the date of discount to the date of realisation.
- |                       |   |   |
|-----------------------|---|---|
| Commission on cheques | <p>— 20p with a min. of Rs. 2/- upto Rs. 5000/-</p> <p>— 15p% with a min. of Rs. 10/- for Rs. 5000/- and above</p> <p>— At stations where clearing houses exist, charged at a rate not less than Rs. 1/- per cheque to be levied on cheques drawn on non-clearing on banks.</p> | <p>For amt. Upto Rs. 1000/- Rs. 3 per cheque</p> <p>above Rs. 1000/- Rs. 10 /- per cheque</p> <p>above Rs. 5000/-* Rs. 1000/-</p> <p>above Rs. 10000/-* Rs. 20/- per cheque</p> <p>above Rs. 1 lac.: Rs. 2.50 per thousand or part thereof</p> <p>Rs. 1 lac. Rs. 1000/-*</p> <p>Rs. 1. lac. Rs. 2/- per thousand or part thereof subject to min. of Rs. 250/- and max. of Rs. 1000/-.</p> |
|-----------------------|---|---|

Note:- Postages, telegram charges and out of pocket expenses have to be recovered in full.

## Prior to Revision in 1985

## After Revision in 1985-86

1

2

Commission on drafts	On stations where RBI is established	—	3p% with a min. of Rs. 1/- below Rs. 20000/-	For amt. upto Rs. 5000/- above Rs. 500/- " Rs. 1000/- Rs. 5/- per draft
	Where SBI & other nationalised banks are established	—	2 p% with a min. of Rs. 6/- for amt. of Rs. 2000/- & above 10p% with a min of Rs. 1/- for amount below Rs. 5000/- 8p% with a min. of Rs. 6/- for Rs. 5000/- and upto Rs. 10000/-	above Rs. 1000/- " Rs. 5000/- Rs. 10 per draft above Rs. 5000/- " Rs. 1000/- Rs. 20/- per draft above Rs. 1000/- " Rs. .... Rs. 2/- per thousand or part thereof subject to max of Rs. 1000/-
		—	6p% with a min. or Rs. 8/- above Rs. 10000/- Plus actual out of pocket expenses.	Note:- Out of pocket expenses like telegram and telex charges for TTs and registration charges for sending drafts on customers behalf must be recovered in full.