

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

RAJYA SABHA

QUESTION NO 09.11.2010

ANSWERED ON

RURAL PARTICIPATION IN BANKING AND INSURANCE BUSINESS .

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Shri Mohd. Ali Khan

Will the Minister of COALCOALCOALCOALFINANCE be pleased to state :-

(a) whether it is a fact that the rural India accounts for just 9 per cent of total deposits, 7 per cent of total credit and 10 per cent of life insurance business;

(b) if so, the details thereof; and

(c) the steps being taken to improve the situation in future?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI NAMO NARAIN MEENA)

(a) & (b): According to the Basic Statistical Returns (BSR) of the RBI, rural deposits accounted for 9.2% of total deposits and rural credit accounted 7.5% of total credit of scheduled commercial banks as on 31st March, 2010. According to the Insurance Regulatory & Development Authority (IRDA), the average percentage of life insurance premium business was 11% in the rural sector whereas the share was 25% in terms of number of policies procured in the rural sector.

(c): A number of measures have been taken recently to ensure greater penetration of financial services in rural areas. These include formulation of Financial Inclusion Plans for approximately 73,000 habitations having a population of more than 2000, relaxed Know Your Customer (KYC) requirements for bank accounts with balances not exceeding Rs.50,000, enlargement of the scope of entities eligible to be engaged as Business Correspondents, and liberalization of norms for mobile banking. As regards insurance, the regulations with respect to obligation of insurers to rural or social sectors have been revised with a view to increasing the penetration of insurance policies in these sectors. The IRDA reviews the performance of the insurers in this regard and non-compliant insurers are penalized under provisions of the Insurance Act, 1938.