

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

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

(a) Yes, Sir.

(b) and (c) NHB (wholly owned by RBI) is the apex Financial Institution engaged inter-alia in the business of extending financial assistance for housing by way of refinance to various primary lending institutions (PLIs) such as Housing Finance Companies, Scheduled Banks and Cooperative Sector Institutions against the housing loans given by the PLIs for acquisition and construction of new as well as up-gradation of existing dwelling units in Rural and Urban areas.

NHB has reported that refinance to NBFCs can be extended after their inclusion under section 14(b) of the NHB Act, 1987.

NHB has already taken suitable steps in consultation with GOI and RBI for inclusion of the NBFCs under section 14(b) of the NHB Act, 1987.

#### **Anomalies in executive pay of public and private sector banks**

49. SHRI SHYAMAL CHAKRABORTY: Will the Minister of FINANCE be pleased to state:

(a) whether the Ministry has taken note of the issue raised by the RBI Governor on anomalies in executive pay in public and private sector banks;

(b) if so, the reaction of the Ministry thereto; and

(c) the steps Ministry is taking to enable executives of public sector banks to compete with private banks on a level field as there is a good case for compensating them too on a competitive basis?

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

(a) to (c) The Ministry has not received any proposal on the issue.

#### **Harrassment by Micro-finance instutions**

50. SHRI Y.S. CHOWDARY: Will the Minister of FINANCE be pleased to state:

(a) the details of major domestic and foreign companies engaged in micro- finance in India and their annual turn-over during the last three years;

(b) the details of annual interest earned by these companies during the last three years;

(c) whether Government is aware of the suicide committed by people in Andhra Pradesh and other States due to harassment by these companies;

(d) if so, the details thereof;

(e) whether Government intends to impose cap on rates of interest charged by these companies and also to bring in any regulatory authority; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):  
(a) and (b) The Small Industrial Development Bank of India(SIDBI) has reported details of the major companies engaged in Micro Finance in India and their annual turnover during the last three financial years(FY), as under:

(Rs. Crore)

Name of the MFI	Outstanding Loan Portfolio		
	FY 2008	FY 2009	FY 2010
SKS Microfinance Ltd	1050.67	2456.82	2974.69
Spandana Sphoorty Financial Ltd	731.34	1797.96	2130.08
Share Microfin Ltd	608.93	1216.93	1693.54
Bandhan Financial Services Pvt Ltd	52.68	149.35	1195.06
Asmitha Microfin Ltd	335.85	707.10	1418.53
Bhartiya Samruddhi Finance Ltd	225.41	462.12	772.31
Equitas Microfinance India Pvt Ltd	16.74	288.02	605.03
Future Financial Services Ltd	76.65	118.27	243.87
Ujjivan Financial Services Pvt. Ltd.	36.57	168.98	370.77
BWDA Finance Ltd	85.14	104.20	118.99

The details of income earned by these companies during the last three years is as under:

(Rs. Crore)

Name of the MFI	Income during the year		
	FY 2008	FY 2009	FY 2010
SKS Microfinance Ltd	170.01	554.00	958.93
Spandana Sphoorty Financial Ltd	127.45	356.68	724.09
Share Microfin Ltd	113.12	258.21	475.27
Bandhan Financial Services Pvt Ltd	7.45	37.04	274.07
Asmitha Microfin Ltd	65.02	144.61	285.57
Bhartiya Samruddhi Finance Ltd	52.32	103.21	220.89
Equitas Microfinance India Pvt Ltd	0.75	34.97	124.10
Future Financial Services Ltd	9.93	27.34	44.29
Ujjivan Financial Services Pvt. Ltd.	5.33	28.03	83.99
BWDA Finance Ltd.	15.21	19.05	22.68

(c) to (f) The Government of India had in September, 2010 written to all Chief Executive Officers of Public Sector Banks advising them to ensure that the rates of interest charged by the MFIs to the eventual beneficiaries are reasonable. The Banks were also advised to ensure that MFIs do not resort to ever greening of the loans. In this regard, the RBI through its Master Circular on the Fair Practice Code dated July 1st, 2010, advised NBFCs that though Interest Rates are not regulated by the RBI, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be confirming to normal financial practice. The Boards of NBFCs were therefore advised to lay out appropriate principles and procedures and determine interest rates, processing and other charges.

There have been reports about suicides in the State of Andhra Pradesh(A.P). The A.P. Government was of the view that these suicides are related to the usurious rates of interest and the recovery practices being adopted by the MFIs. To curb these practices, the A.P. Government

promulgated the Andhra Pradesh Microfinance Institution (Regulation of Moneylenders) Ordinance, 2010 on 15th October, 2010. Recently, the RBI has set up a Sub-Committee of the Central Board of Directors of the Reserve Bank to study the issues and concerns in the microfinance sector.

**Opening of banking services in unbanked areas**

51. SHRI MOHD. ALI KHAN: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that banks should reduce the cost of services by becoming more efficient in order to provide banking services in unbanked areas;
- (b) if so, the details worked out so far in this regard; and
- (c) the steps being taken to encourage the private players to open the banks in unbanked areas?

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

(a) to (c) In order to extend the reach of the banks in the rural hinterland, various measures are being taken by the Government of India and the RBI. The Government of India has directed banks to draw up roadmaps for extending banking facilities to all rural habitations with a population over 2000 (as per the 2001 census) by March, 2012. The banks will leverage the use of technology to extend banking facilities to areas without bank branches through the Business Correspondent (BC) model. The banks have been advised to select their technologies for branchless banking through the BC model, procure the required hardware/software, identify their business correspondents' State-wise and roll out their financial inclusion plans in a time bound manner. Accordingly, approx. 73,000 unbanked villages having a population of more than 2000 have been allocated to various banks for the provision of banking facilities. Villages have also been allocated to private banks.

Further, the Reserve Bank of India has also set up different Working Groups which are looking at connectivity, interoperability issues and aspects of cash management under the BCs model. This is likely to standardise operations across banks and bring down the operating costs for banks.