

Plan (ABEP), the banks should allocate at least 25 per cent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.

(b) to (c) No Sir.

#### **Delinking of non-tax fund transactions**

862. SHRI DEVENDER GOUD T. : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that 14th Finance Commission has recommended that all non-tax fund transactions be delinked from schemes;

(b) if so, the details of the recommendations made;

(c) what action his Ministry has taken on the above recommendations; and

(d) to what extent the States would be benefited from the proposed increase of share to 35 per cent from the existing 32 per cent, with a particular reference to Telangana?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA) : (a) to (d) Report of the Fourteenth Finance Commission has been laid in the Parliament on 24th February, 2015 along with the Explanatory Memorandum as to Action Taken on the recommendations of the Commission. Fourteenth Finance Commission has recommended 42% share in the net proceeds of the Union tax revenues as States shares as compared to 32%, recommended by the Thirteenth Finance Commission. The Fourteenth Finance Commission has also recommended Post-Devolution Revenue Deficit Grant (for 11 states), Local Body Grants for rural and urban local bodies and State Disaster Relief Fund.

#### **Non-compliance of KYC norms by credit co-operatives**

863. DR. CHANDAN MITRA : Will the Minister of FINANCE be pleased to state:

(a) whether Know Your Customer (KYC) and anti-money laundering norms are not implemented by a large number of credit Co-operatives;

(b) if so, the details thereof along with the reasons therefor; and

(c) the corrective steps taken by Government in the matter and also to make those Credit Co-operatives part of payment system?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA) : (a) to (c) In order to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering or other illegal activities, the Reserve Bank of India (RBI) has issued Guidelines through its Master Circular dated 1.7.2014, to all the banks, including cooperative banks, on Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT)/ Obligation of banks under Prevention of Money Laundering Act, 2002.

As per these Guidelines, all banks, including cooperative banks, should, *inter alia*, frame their KYC policies incorporating four key elements *viz.* Customer Acceptance Policy; Customer Identification Procedure; Monitoring of Transactions; and Risk Management.

The Credit Cooperatives such as State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs) regulated by RBI and supervised by National Bank for Agriculture and Rural Development (NABARD), are implementing the KYC/AML policy of RBI. The StCBs and DCCBs are guided by the RBI instructions issued from time to time. Other Credit Cooperatives, *viz.* Primary Agricultural Credit Societies (PACS), etc. do not fall under the supervisory purview of NABARD.

NABARD has reported that operational deficiencies have been observed during the course of statutory inspection of StCBs and DCCBs and recommendations have been made to RBI to impose penalties on some of the deficient banks.

NABARD has also reported that all the StCBs and DCCBs are eligible to become part of the payment system either by direct membership route or sub-membership route depending upon the fulfilment of eligibility criteria.

#### **Targets of core banking service**

864. SHRI P. BHATTACHARYA : Will the Minister of FINANCE be pleased to state:

(a) the number of people using core banking service in the country;

(b) whether banks have achieved the target in this regard during last three years;

and