

**PRESS INFORMATION BUREAU
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FM: Government to continue its Focus on Governance Reforms in Banking Sector; Basic Savings Bank Deposit Accounts (BSDAs) picks-up during the year 2015-16 in view of the Government's initiative under the Pradhan Mantri Jan Dhan Yojana (PMJDY).

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The Union Finance Minister Shri Arun Jaitley said that there was considerable improvement in the opening of Basic Savings Bank Deposit Accounts (BSDAs) during the year 2015-16 in view of the Government's initiative under the Pradhan Mantri Jan Dhan Yojana (PMJDY). He said that BSDAs reached 440 million for the period ended September 2015 as against 398 million for the year ended March 2015. The Finance Minister said that as part of the Governance Reforms in Public Sector Banks (PSBs), the setting-up and structure of Bank Board Bureau (BBB) will replace the Appointment Board for appointment of Whole time Directors as well as Non-Executive Chairman of Public Sector Banks (PSBs) to formulate appropriate strategies for their growth and development. He said that the Government has replaced the earlier mechanism of Statement of Intent on Annual Goals for Public Sector Banks with Key Performance Indicators to make the targets generic and not bank specific so that the need to interact with bank is eliminated or minimized. The Finance Minister was making the Opening Remarks during his Pre -Budget Consultative Meeting with the representatives of Banks and Financial Institutions (FIs) here today.

Various suggestions were made during the meeting by the representatives of Banks and FIs. The major suggestions included increase in exemption limit to Rs.2.5 lakhs for savings under the Income Tax Act, incentives for encouraging cashless transactions including through Debit/Credit cards, focus on promoting growth and increase in public spending till private sector investment picks-up. Other suggestions include listing of non-life insurance public sector undertakings while retaining majority Government control, PFRDA regulations for PFMs could be drafted with a vision to promote the growth of NPS sector with commercially viable incentives. Other suggestions included broad based Government Capex spending, allow banks to issue off-shore INR bonds to cater to infrastructure requirements and regulatory treatment of these bonds at par with the domestic infra bonds guidelines.

Other suggestions included broad based FDI in agriculture sector, introduction of a New Crop Insurance Scheme backed by technology and fully integrated financial inclusion and biometric authentication initiatives of the Government. New Crop Insurance Scheme needs to be redesigned so that the compensation covers not only the cost of cultivation but also some part of the farmer's prospective income. Other suggestions included digitization of land records to compensate farmers swiftly, direct distribution of fertilizer subsidies to farmers through DBT and savings thus accrued could be utilized for increasing public capex spending.

Other suggestions included interest rate of small savings schemes need to be rationalized and fixed at a five year Government Security yields. This alignment could be done on a quarterly basis so that small savings rate does not become an impediment in the monetary transmission process. Other suggestions included that income which is subject to

distribution tax and subsequently exempted in hands of recipient be excluded from the scope of the Section 14A of the Income Tax Act or distribution tax be abolished. Special regime of taxation for income distribution by securitization trust, the Income Tax Act be suitably amended to allow Corporate Social Responsibility (CSR) expenses as business expenditure and amendment of Section 41 (4A) of the Income Tax Act to specify a period of retaining the transfer amounts in special reserves to fulfill the purpose of granting long term finance and release of capital in the financial system for deployment purposes.

Along with the Finance Minister Shri Arun Jaitley, the aforesaid Pre Budget Consultative Meeting with the representatives of Banks and Financial Institutions was also attended among others by Shri Jayant Sinha, Minister of State for Finance, Shri RP Watal, Finance Secretary, Shri Shaktikanta Das, Secretary, DEA, Dr. Hasmukh Adhia, Revenue Secretary, Ms. Anjuly Chib Duggal, Secretary, Financial Services, Dr. Arvind Subramanian, Chief Economic Adviser (CEA). Among the representatives of the various Banks and Financial Institutions included Shri Urjit Patel, Deputy Governor, RBI, Ms Arundhatti Bhattacharya, Chairman, SBI, Shri BB Joshi, Executive Director, Bank of Baroda, Shri Bharath Sondur, Janaagraha, Shri SK Roy, Chairman, LIC, Shri S.B.Nayar, Chairman & MD, IIFCL, Shri Kishore Kharat, CMD, IDBI Bank, Shri HK Bhanwala, Chairman, NABARD, Shri Ashwani Kumar, Chairman, Indian Bankers' Association (IBA), Ms Shikha Sharma, MD&CEO, Axis Bank, Shri Pramit Jhaveri, CEO, CITI Bank, Shri Aditya Puri, MD, HDFC Bank, Shri Rana Kapoor, MD&CEO, Yes Bank, Shri S.N.Kanan, ED, ICICI Bank Ltd, Shri M Udaia Kumar, MD, Share Microfin Limited, Shri YM Deosthalee, CMD, L&T Finance Holdings, Shri Milind Kamble, Dalit Indian Chamber of Commerce and Industry, Shri Vijay Mahajan, CEO, Basix-Microfinance Livelihood Institute and Shri CVR Rajendran, Chief Executive, Association of Mutual Funds of India (AMFI) among others.
