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**UNION FINANCE MINISTER HOLDS PRE-BUDGET CONSULTATION MEETING  
WITH THE REPRESENTATIVES FROM BANKING AND FINANCIAL  
INSTITUTIONS; ASKS THE REPRESENTATIVES OF THE BANKS AND  
FINANCIAL INSTITUTIONS (FIS) FOR JOINT ACTION TO STEER THE  
ECONOMY IN THE RIGHT DIRECTION**

**New Delhi, June 5, 2014**  
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The Union Finance Minister Shri Arun Jaitley said that slow down of economic growth coupled with high inflationary pressure poses a challenge to the economic environment. The Finance Minister asked the representatives of the Banks and Financial Institutions (FIs) that we together need to steer the economy in the right direction. The Finance Minister Shri Jaitley was making the opening remarks during his Pre-Budget Consultations with the representatives of Banks and Financial Institutions here today.

Along with the Finance Minister, the meeting was attended by Ms. Nirmala Sitharaman, Minister of State for Finance and Corporate Affairs, Dr. Arvind Mayaram, Finance Secretary, Shri Ratan P. Watal, Expenditure Secretary, Shri Rajiv Takru, Revenue Secretary, Shri G.S. Sandhu, Secretary, Financial Services, Dr. Urjit Patel, Deputy Governor, Reserve Bank of India and other senior officers of the Ministry of Finance among others.

Various suggestions were received from the different representatives of the Banks and Financial Institutions. Major suggestions include reduction in time limit and number of adjournments in case of SARFAESI matters for early resolution, statement in budget regarding recapitalization of public sector banks, dilution of government ownership in public sector banks up to 51%, implementation of recommendations of Naik Committee Report, removal of mismatch between asset liability and banks' balance sheets and need for revision of definition of priority sector lending among others.

Besides it, other suggestions include continuation of interest subvention scheme for the investment lending in agriculture sector, joint collaborative group about 6 lakh in number promoted by NABARD be included in priority Sector lending, about 72 lakh Self Help Groups(SHGs) of women promoted by NABARD be exempted from service tax for the services rendered by them to small farmers etc, tax benefit limit for health insurance be suitably raised, tax exemption under Section 80C of the Income Tax Act be raised, Insurance Awareness be made part of corporate social responsibility(CSR), availability of cheaper credit to 100 Mid Cap exporters, interest subsidy for solar power projects, setting-up of National Asset Management

Company for dealing with NPAs of the banks, more bolder approach in case of Rajiv Gandhi Equity Scheme (RGEES) to enlarge its scope, relook at various provisions of New Companies Bill, inclusion of venture capital in case of small business/entrepreneurs as priority sector lending and making LIC a Public Limited Company among others..

Other suggestions included abolition of Section 80(P)(4) of the Income Tax Act, 1961 i.e. free urban cooperative banks from payment of income tax, need for an Umbrella Organisation in the form of National Level Urban Cooperative Bank (UCB) for all 1600 Primary Cooperative Banks of India and Rs. 5000 crore as Seed Share Capital to this National Level Apex bank of UCB Sector, removal of prohibition on admittance of Cooperative Society as a member of Urban Cooperative Bank existing in Banking Regulation Act, 1948, amendment to Chapter-V of Finance Act 1994 as amended by Finance Act, 2013 dated 10.5.2013 towards adding subscriptions of UCB's Association in 'Negative List', and amending DICGC Act, 1961 (i) to raise the existing limit from Rs. one lakh to Rs. three lakh in general and (ii) further to allow choice to UCBs to insure voluntarily deposits and loans up to Rs. 5 lakh per individual by paying risk weighted premia.

Representatives from different Banking and Financial Institutions who participated in today's meeting included Smt. Arundhati Bhattacharya, State Bank of India, Dr. Rajiv B. Lall, IDFC Ltd., Shri M. Narendra, Indian Overseas Bank (IOB), Shri K.R. Kamath, Punjab National Bank (PNB), Shri S.S. Mundra, Bank of Baroda (BOB), Shri Sudhir Kumar Jain, Syndicate Bank, Shri Rajiv Rishi, Central Bank of India, Shri M.S. Raghavan, IDBI, Dr. Harsh Kumar Bhanwala, NABARD, Shri S.K. Roy, LIC, Shri G. Srinivasan, New India Insurance, Shri Yaduvendra Mathur, EXIM Bank, Shri S.B. Nayar, India Infrastructure Finance Company Ltd. (IIFCL), Shri Arnab Roy, National Housing Bank, Ms. Naina Lal Kidwai, HSBC, Shri Sunil Kaushal, Standard Chartered Bank, Shri Uday Kotak, Kotak Mahindra Bank Ltd, Shri Malay Mukharjee, IFCI, Ms. Shikha Sharma, Axis Bank Ltd, Shri Mukund L. Abhyankar, National Federation of Urban Cooperative Banks and Credit Societies Ltd., (NAFCUB) and Shri Raman Aggarwal, Finance Industry Development Council (FIDC) among others.

The Finance Minister Shri Jaitley assured that the issues raised and suggestions made by different representatives of Banks and Financial Institutions will be looked into in detail and will be duly considered.

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