

Jaitley to PSBs: continue focus on financial inclusion schemes

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Roadblocks to interoperability of schemes will be “smoothened” soon

Taking stock Finance Minister Arun Jaitley along with (from left) Secretary (Financial Services) Anjuly Chib; Minister of State for Finance Jayant Sinha, and Chief Economic Adviser Arvind Subramanian at a meeting in New Delhi Kamal Narang

New Delhi, June 6:

Finance Minister Arun Jaitley on Monday advised public sector banks (PSBs) to remain focused on implementing the various financial inclusion schemes even while grappling with the biggest challenge of non-performing assets (NPAs).

Importance of financial inclusion schemes — which are a way for flow of credit — must continue, Jaitley told bankers during his quarterly performance review meeting with chief executives of PSBs here.

Financial inclusion issues remained an important area of discussion at today’s meeting. Chief Economic Adviser in the Finance Ministry Arvind Subramanian made a presentation to bankers on the interoperability of the financial inclusion schemes.

Jaitley later told reporters that “existing roadblocks” to interoperability of financial inclusion schemes would soon get “smoothened”. Asked about Mudra loans, Jaitley said that banks had last year disbursed Mudra loans to tune of Rs. 1.35 lakh crore, an increase of Rs. 12,000-13,000 crore over the target of Rs. 1.22 lakh crore.

Current year target

“This year their (banks’) target is up 50 per cent and I hope banks will meet this comfortably,” Jaitley said.

Meanwhile, Piyush Goyal, Minister of State (Independent charge) for Power, Coal and New and Renewable Energy, made a presentation on the UDAY scheme to bankers at this meeting. “Met heads of all public sector banks on financing of UDAY, power plants, solar rooftops & other renewable projects,” Goyal later tweeted.

UDAY is the central government’s scheme to revive financially-stressed state electricity distribution utilities. States can join the scheme voluntarily.

Under the scheme, 75 per cent of the distributional utility’s debt is taken over the respective State government. Of this, 50 per cent is issued as bonds in the first financial year of the State joining the UDAY scheme and the remaining in the next financial year.

The remaining 25 per cent of the debt at electricity distribution utilities is also refinanced through State-government backed Discom bonds.

UDAY scheme

Till now, 10 States have joined the scheme and eight have issued bonds worth Rs. 1.11 lakh crore in fiscal 2015-16. In the current fiscal, Goyal expects another Rs. 1.5 to 1.75 lakh crore of bonds to be issued as talks are on with other States to finalise their joining of the scheme.

Prior to the launch of UDAY, electricity distribution utilities had accumulated Rs. 4.37 lakh crore of debt. At today’s meeting, SK Pattanayak, Agriculture Secretary, also made a presentation on Fasal Bima Yojana, Jaitley said.

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