

President urges lenders to 'deeply involve' underprivileged sections

By: FE Bureau

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India's economic future will be helped if banks have a greater reach and become more efficient, Kovind said, adding that financial inclusion is the best way to gain market depth and de-risk operations.



He said greater engagement and a change in attitude on the part of the banks are required towards the underprivileged population. (Twitter image)

President Ram Nath Kovind on Wednesday urged lenders to reach out to the unbanked population. “As India aims to become a \$5-trillion economy, the banking sector has to start preparing for the next big leap. This mainly involves “banking with the unbanked” and “securing the unsecured”, Kovind said. He said greater engagement and a change in attitude on the part of the banks are required towards the underprivileged population.

India’s economic future will be helped if banks have a greater reach and become more efficient, Kovind said, adding that financial inclusion is the best way to gain market depth and de-risk operations. He was speaking at the golden jubilee celebrations of National Institute of Bank Management in Pune.

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“The challenge before us is now to deeply involve those included. I would urge all of you to think of financial products which meet needs of those at the bottom of the ladder,” Kovind said. He noted that nearly 35 lakh accounts have so far been opened under the Pradhan Mantri Jan Dhan Yojana (PMJDY).

Kovind said the recent Budget proposal to increase deposit insurance coverage to Rs 5 lakh will assure savers, and highlighted the fact that banks have a fiduciary duty as custodians of public money. “I will exhort all bankers to judge their actions by this touchstone given to us... They have to take all possible prudential measures to ensure that trust is not betrayed in any manner. Recent proposal to enhance deposit insurance coverage from Rs 1 lakh to Rs 5 lakh is a positive step in the direction of assuring savers,” he said.

Kovind urged the lenders not to turn away promising entrepreneurs. “Schemes such as Mudra and Stand-Up India are channelling funds to aspirational entrepreneurs. I will request all bankers to keep a keen eye and not let a good idea die for lack of funding.”

On digital banking, the President said, "I trust the Reserve Bank of India is also providing necessary guidance as well as addressing the issue of proper safeguards in adoption of technology."

[RBI](#) governor Shaktikanta Das, who was present at the event, said the central bank is taking all necessary steps to strengthen the banking and financial sector.

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