

Agenda/ Background Papers

For the Meeting of

Steering Sub-Committee of J&K SLBC to monitor IT enabled Financial Inclusion, FLCCs & Credit Plus Activities

Dated: 31.01.2012
Time: 11.00 a.m.
**Venue: Conference Hall (First Floor),
Reserve Bank of India, R.O.
Rail Head Complex, Jammu**

1) **RBI directive regarding providing of banking services in all the un-banked villages having population of 2000 and above in J&K:**

RBI, C.O., Mumbai vide Circular No. RBI/2009-10/233 issued vide RPCD, C.O. LBS.HLC.BC. No: 43/02.19.10/2009-10 dated 27.11.2009 followed by circular No. RBI/2010-11 dated 16.9.2010 directed to draw up Roadmaps for providing banking services through various forms of ICT based models, including BCs, in J&K State.

Accordingly, in J&K State a total number of 795 un-banked villages having population of over 2000 were identified by the concerned Lead District Managers, duly approved by the respective Sub-Committees of District Consultative Committees. These 795 villages were allocated by J&K SLBC to 5 major banks, viz. J&K Bank (535 villages), State Bank of India (95 villages), Punjab National Bank (35 villages), J&K Grameen Bank (95 villages) and Ellaquai Dehati Bank (35 villages), for providing banking services through banking outlets by March 2012.

The consolidated District-wise/ Block-wise/ Village-wise Financial Inclusion Plan (FIP) of J&K State prepared on the basis of the Financial Inclusion Plans (FIPs) submitted by the concerned 5 participating banks envisaging models of banking outlets to be rolled out within stipulated timeframe has already been submitted to Reserve Bank of India as well as Government of India.

Swabhimaan:

Government of India launched a nationwide programme on financial inclusion "Swabhimaan" in February 2011, which is focused on bringing the deprived sections of the society in banking network to ensure that benefits of economic growth reach everyone at all levels. The objective of 'Swabhimaan' is to ensure providing appropriate banking facilities to approximately 73000 habitations having population of over 2000 and is expected to facilitate opening of new bank accounts to around 5 Crore rural households.

Progress achieved in J&K State:

Progress on implementation of the said Financial Inclusion Plan of J&K State is being monitored at the highest level by Reserve Bank of India on quarterly basis and by the Government of India, Ministry of Finance, Department of Financial Services on monthly basis.

The summary of progress achieved by the concerned banks in implementation of the said FIP at the end of December 2011 is given below:

S. No	Name of Bank to which allocated	Target upto 31.03.2012		Progress achieved as on 31 st Dec., 2011					
		No. of Villages Allocated	No. of House Holds to be covered	No. of Villages Covered / model of banking outlets provided by the concerned bank				No. of Financial Inclusion accounts opened	villages yet to be covered
				BR	BC	MV	Total		
1	The J&K Bank	535	347237	2	435	...	437	137490	98
2	State Bank of India	95	42750	...	95	...	95	9963	...
3	Punjab National Bank	35	22436	...	6	...	6	3405	29
4	J&K Grameen Bank	95	34288	...	80	...	80	30146	15
5	Ellaquai Dehati Bank	35	17286	3	...	25	28	20994	7
	TOTAL	795	463997	5	616	25	646	201998	149

The detailed village-wise/ district-wise/ block-wise Financial Inclusion Plan of J&K State alongwith quarterly progress achieved by the concerned banks is enclosed for information of the members.

Encls: District-wise/Block-wise/Village-wise FIP of J&K State with progress as on 31st December, 2011.

2) **Opening of Financial Literacy and Credit Counseling Centres in J&K State:**

Background:

Model Scheme for FLCCs:

Reserve Bank of India circulated model scheme of FLCC Centres vide RBI Circular No. RBI/2008-09/371 dated February 4, 2009, which was conveyed to the concerned lead banks.

HLC of RBI to review LBS:

On the basis of the recommendations of High Level Committee (HLC) of RBI constituted to review Lead Bank Scheme (LBS) provided as under:

Para 3.25 “Each SLBC Office may have a dedicated financial literacy division to promote financial literacy in the State. Lead banks are expected to open a Financial Literacy and Credit Counseling Centre (FLCC) in every district where they have lead responsibility.

Para 5.18 “Each lead bank is expected to open a Financial Literacy and Credit Counseling Centre (FLCC) in every district where it has lead responsibility by following the recent guidelines issued by RBI in this regard. Suitable grant may be provided out of the Financial Inclusion Fund (FIF) to set up such centres in districts identified as being financially excluded by the Committee on Financial Inclusion (Chairman: Dr. C. Rangarajan). Necessary action may be taken by NABARD for drawing up a scheme for this purpose”.

Reserve Bank of India vide Circular No. RBI/2009-10/329 dated February 26, 2010, have advised CMDs of all SLBC Convenor Banks to initiate actions for speedy implementation of the recommendations and also closely monitor the progress made by the lead banks/ commercial banks in this regard.

Besides, vide communication No. RBI/2010-11/456 dated March 31, 2011 addressed to CMDs of all scheduled Commercial Banks (including RRBs) Reserve Bank of India has observed that FLCCs are integral to financial inclusion and therefore, it is imperative that more such Centres are set up and have advised that FLCCs be set as envisaged in the Model Scheme.

Lead Bank Responsibility in J&K State:

In J&K State out of total 22 districts, lead bank responsibility for 12 districts of Srinagar, Ganderbal, Budgam, Baramulla, Bandipore, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Rajouri and Poonch has been assigned to J&K Bank.

In the remaining 10 districts of Jammu, Samba, Udhampur, Reasi, Kathua, Doda, Ramban, Kishtwar, Leh and Kargil the lead bank responsibility has been assigned to State Bank of India.

Progress achieved by the concerned lead banks:

State Bank of India has so far set up two FLCC Centres in district Jammu (w.e.f. 15.03.2011) and District Udhampur (w.e.f.01.04.2011).

J&K Bank has yet to set up the FLCCs in its 12 lead districts.

Encls: **Progress Report on FLCCs in J&K State as of 31st Dec. 2012.**

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