

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: 10th December 2012
Time: 3.00 p.m.
Venue: Conference Hall (First Floor),
Reserve Bank of India, R.O.
Rail Head Complex, Jammu



J&K Bank

The Jammu & Kashmir Bank,
Lead Bank Department,
Corporate Headquarters, Srinagar
Tele/Fax: 0194-2481925, 0194-2486140
Email: convenorbank@jkbmail.com
Visit us at: www.jkslbc.com

Item No. 01

Roll out of banking ICT outlets in SLBC allocated un-banked villages:

(i) Swabhimaan - providing of banking services in the un-banked villages having population of 2000 and above:

Under Swabhimaan induced Financial Inclusion Plan (FIP) of J&K State 795 unbanked villages were allocated among 5 major banks for providing banking services through various ICT-based banking outlets in terms of RBI guidelines conveyed vide Circular No. RBI/2009-10/233 dated 27.11.2009 and circular No. RBI/2010-11 dated 16.9.2010.

Progress achieved in the matter as at the end of September 2012 is given below:

S. No	Name of Bank to which allocated	Number of villages allocated by J&K SLBC	No. of households to be covered	No. of villages covered and the model of banking outlet provided				No. of F.I. A/cs opened	No. of villages yet to be covered due to infra-structural deficiency
				BR	BC	MV	Total		
1	The J&K Bank	536	347237	3	522	...	526	242307	10
2	SBI	95	42750	...	95	...	95	25640	...
3	PNB	34	22436	...	34	...	34	9374	...
4	JKGB	95	34288	...	95	...	95	40365	...
5	EDB	35	17286	8	...	27	35	23836	...
	TOTAL	795	463997	11	741	27	785	341522	10

However, in the month of November, J&K Bank has opened a BC outlet in Village Badwan Wanpora, District Budgam, thereby taking the total number of villages covered to 785, leaving only 10 villages yet uncovered.

In the 86th SLBC meeting CGM, NABARD was requested to guide for removing the impeding factors and suggest some resolution for coverage of the remaining uncovered villages.

But in the recently held 87th SLBC meeting the representative of NABARD informed that the issue was taken up with their Head Office, who are of the view that “**server can be set up only with the help of phone/ internet connectivity, which is not available in these villages to provide ICT based solution**”.

(ii) Extension of Swabhimaan – (Gol, MoF, DFS directive for coverage of unbanked villages having population above 1000 & below 2000:

Gol, MoF vide communication bearing F.No.3/5/2012-FI(C 52937) dated 1.5.2012 decided to extend the “Swabhimaan” campaign to habitations with population of more than 1000 in northeastern and hilly States including J&K. Accordingly, directions were conveyed to make

concerted efforts to provide banking facilities to these habitations in a time bound manner latest by 31.03 2013.

Consequently 1393 identified unbanked villages in the population segment of >1000 and <2000 were allocated amongst the same five participating banks, which were involved in Swabhimaan campaign for coverage of 795 villages (having population over 2000) and the concerned banks were directed to ensure coverage of these allocated villages for providing banking services within the prescribed timelines set by Gol, MoF. Progress achieved by concerned participating banks upto the end of October is given as under:

S. No.	Name of the participating Bank	Total No. of villages allocated	Villages covered upto 30.09.2012	Villages covered upto 31.10.2012	No. of FI accounts opened till 31.10.2012
1	J&K Bank	1093	358	504	20,763
2	State Bank of India	112	24	30	12,504
3	Punjab National Bank	82	..	02	678
4	J&K Grameen Bank	66	37	41	9,722
5	Ellaquai Dehati Bank	40	16	25	4,798
	TOTAL	1393	435	602	48,465

Progress is slow. Concerned banks need to step up their efforts to ensure that the target is fully accomplished by 31.03.2012 as prescribed by Gol.

(iii) RBI directive for provision of banking services in villages with population below 2000 – Preparation of Roadmap:

RBI vide its Circular RBI/2011-12/606 issued under RPCD.CO.LBS.BC.No.86/02.01/001/2011-12 dated June 19, 2012 have conveyed that Gol has been emphasizing the need for transferring all state benefits including MGNREGA wages and various cash subsidies to beneficiaries by direct credit to their bank accounts. However, pre-requisite for successful implementation of EBT is availability of doorstep banking services. The objective is to provide a bank account to every household/ person throughout the country. Hence, banks should endeavour to have a BC touch point in each of the village in the country, to start with, through provision of EBT services, initially at least once a fortnight.

In view of the above, SLBCs have been mandated to prepare a roadmap covering all unbanked villages of population less than 2000 and notionally allot these villages to banks for providing banking services in a time-bound manner by 31.03.2013.

(iv) Gol directives regarding

- **Preparation of District-wise Service Area Plans (SAPs)**
 - **Opening of one bank account for each family in FI villages**
 - **Urban Financial Inclusion – launch of campaign to ensure at least one bank account for each family:**
-

In view of “Extension of Swabhimaan” campaign in northeastern and hilly States, Gol, MoF, DFS directed vide Master Circular dated 4th April, 2012 directed for preparation of Gram Panchayat based Service Area Plans of all districts and subsequently vide another Circular dated 25.6.2012 Gol directed that names of all other villages irrespective of population comprising the Gram Panchayat should be included in the Sub-Service Area of the BC. Therefore, in the SAPs all the villages in a Gram Panchayat are to be bracketed and linked with the concerned BCs and the sub-service area of the BC has to be clearly demarcated, so that the BCs/ banks to whom the service areas under Gram Panchayats are allocated would be responsible for all the financial inclusion activities in such allocated areas including the campaign to ensure opening of one bank account for each family as per Gol, MoF directives dated 15th May 2012, 24th July, 2012 and 3rd August, 2012.

Progress achieved in J&K State:

Service Area Plans (SAPs) have been readied for 20 districts of J&K State. SAPs in respect of the remaining 2 districts of Jammu and Leh are also under process.

As soon as the Service Area Plans in respect of all the 22 districts are completed, the detailed Roadmap for providing banking services to all the villages including those with population less than 2000 shall be prepared.

Item No. 02

(i) Green Initiative – e-payment:

(ii) Implementation of Electronic Benefit Transfer (EBT) Scheme;

Gol, MoF, DFS vide D.O. letter dated 19th August, 2011 directed as under:

- (a) All payments to the beneficiaries be made by electronic fund transfer to the respective accounts of beneficiaries. The banks asked to open ‘no frills’ accounts.**
- (b) Lead Banks have been advised to ensure that no beneficiary has any difficulty in opening bank account.**

Subsequently, Gol, MoF, DFS issued “Strategy and Guidelines on Financial Inclusion” vide Master Circular dated 4th April, 2012 directing therein that benefits and subsidies under various Government Schemes must be transferred electronically into the accounts of the beneficiaries and such basic banking accounts be opened by banks under Financial Inclusion to facilitate direct transfer of such benefits and subsidies.

In terms of the Operational Guidelines issued by Reserve Bank of India, the following measures were required to be taken by the State Government to enable the direct transfer of benefits into beneficiaries' accounts by ensuring as under:

- **The concerned Government departments have to be ready with automation for electronic transfer of benefits under various schemes.**
- **State Govt. to select a Leader bank for EBT implementation in respect of a particular district and designate a Nodal Department for coordination at district level;**
- **State Govt. to sign MOU with the Leader bank in respect of a particular district;**
- **Nodal Department to give list of all beneficiaries to the Leader bank;**
- **Nodal Department to open a savings bank account with the Leader Bank;**
- **Nodal Department to provide files electronically containing details of beneficiaries each month and arrange for crediting the required amount into the Saving bank A/c with leader bank;**

However, J&K Government has yet to enable the EBT process as per the guidelines.

Recently GoI, MoF, DFS vide Circular dated 26th June 2012 have conveyed strategy and approach for implementation of EBT and it has been directed that **“among other things Service Area of banks may be revised, wherever required, to align it with Gram Panchayats for facilitating opening of bank accounts and mapping of beneficiaries. As per the said directive the Operational responsibilities include as under:**

- **SLBC to finalize the action plan for the extension of Electronic Benefit Transfer to the entire State in a reasonable time.**
- **While it is imperative to cover all beneficiaries in all schemes, EBT could commence for every scheme even at the level of each disbursing office without waiting for the exercise to be completed for all schemes or entire State or District.**

Implementation in J&K State

In terms of the decision taken in the Special SLBC meeting held on 21.3.2012 during the visit of Governor, RBI to J&K State, a sub-group under Secretary to Govt. Information Technology was constituted by the State Government vide Order No. 137 of 2012 dated 23.04.2012 to activate the process of preparations by GoJ&K in this regard. But no progress regarding the activities of the said sub-group have been reported so far.

In the recently held 87th SLBC meeting the Commissioner/ Secretary (IT) has assured to look into the matter, issue minutes of any previous meetings held by the Sub-group and hold further meetings to sort out the issue. Besides, Commissioner/ Secretary (IT) has been advised by the Chief Secretary to prepare the status report to the Chief Secretary for deciding further course of action in the matter.

Item No. 03

Financial Literacy Centres (FLCs) – Guidelines:

RBI, C.O. Mumbai, vide Circular No. RBI/2011-12/590 dated June 6, 2012 has modified the earlier Model Scheme for FLCCs issued vide RBI/2008-09/371 dated February 4, 2009. The fresh guidelines envisages as under:

- **While the existing FLCCs would continue to function with a renewed focus on financial literacy, lead banks are advised to set up FLCs in each of the LDM offices in a time bound manner.**
- **In addition banks may consider setting up need based FLCs in other locations as well.**
- **Further the financial literacy activities will also be undertaken by all the rural branches of Scheduled Commercial Banks;**

The new guidelines envisage Financial Literacy Centres (FLCs) that will impart financial literacy in the form of simple messages like: Why Save? Why save early in your Life? Why save with banks? Why borrow from Banks? Why borrow as far as possible for income generating activities? Why repay in time? Why insure yourself?, and Why save for your retirement?, etc. RBI directives provides that the FLCs would also **conduct out-door financial literacy camps with focus on financially excluded people at least once a month. It will be responsibility of the officer specifically identified for the purpose in LDMS office to ensure that misselling of financial products and services does not take place.**

Progress achieved by the concerned:

J&K Bank has already operationalized FLCs in 11 out of its 12 allocated districts. The only district yet to be covered, is District Poonch. In the 87th SLBC, the J&K Bank has assured to operationalize FLC Poonch within a week's time. SBI has operationalized FLCs in all its allocated 10 allocated districts. The detailed position is given in **enclosed statement** for ready reference.

Item No. 04

Any other issue with the permission of Chair