

Minutes of the meeting of the Steering Sub-Committee of J&K SLBC to monitor IT enabled Financial Inclusion in J&K State held on 10th December 2012 at Reserve Bank of India, R.O. Rail Head Complex, Jammu

A meeting of the Steering Sub-Committee of J&K SLBC to monitor IT enabled Financial Inclusion in J&K State was held on 10th December 2012 at Reserve Bank of India, R.O. Rail Head Complex, Jammu. The meeting was chaired by the Regional Director (for J&K), Reserve Bank of India, Mr. K. K. Saraf. Representatives of all members of the Steering Sub-Committee attended the meeting. The list of participants is enclosed.

At the outset Mr. M. S. Wani, Vice President, J&K Bank/ SLBC welcomed all the participants and reiterated that GoI attaches greater significance for accomplishing the objective of coverage all 6417 villages in J&K State through the medium of various ICT-enabled banking outlets already established under “**Swabhimaan**” by the same major five banks who participated under FIP Phase-I for coverage of 795 identified unbanked villages and FIP Phase-II for coverage of 1393 identified unbanked villages, for extending credit and other banking services besides enabling electronic benefit transfer (**EBT**) aimed to facilitate direct credit of funds/benefits/cash subsidies made available under various Govt. poverty alleviation programs/ schemes such as MGNREGA to the accounts of beneficiaries electronically without intervention of intermediaries focused to achieve economic prosperity of not only inhabitants of rural villages but also of urban poor and slum dwellers residing in the Urban/ Metro centres to realize the objective of inclusive growth.

He informed that on the directions of GoI **PNB as Leader Bank** has already floated RFP on behalf of all the public sector banks for the geographic cluster of the States of Punjab, Haryana, Himachal and J&K to select Business Correspondent Services Provider for providing financial services in un-banked villages through ICT-based (BCA) model. As the process has not yet been finalized banks need to continue with the infrastructural set-up presently put in place till RFP process materialises ensuring that there is no let up in the effort towards accomplishment of the desired objective of 100% FI.

He stated that RBI has issued clear cut guidelines in this regard and the GoI/ RBI has been closely monitoring the progress at the highest level but to their dismay the progress made so far has not been encouraging, which was a cause of concern. He emphasized the need to accelerate the process of Financial Inclusion in the State so that targets are achieved within the timelines set by GoI. Thereafter he requested the Chairman to take up the Agenda for deliberations.

The deliberations on the agenda of the meeting proceeded as under:

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:

It was observed that out of total 795 identified unbanked villages allocated by SLBC among 5 major banks for providing banking services through various ICT-based banking outlets under Swabhimaan, banks have covered 785 villages leaving 10 villages allocated to J&K Bank as uncovered because of lack of infrastructure including networking. It was informed that NABARD, Head office with whom the issue was earlier referred for guiding to remove the impeding factors and

suggest some resolution for coverage of these 10 remaining uncovered villages were of the opinion 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.” Responding to the request of The President, J&K Bank, Mr. S.K Bhat for deleting these 10 villages under FIP, the Chairman advised that this forum was not competent to take such decisions and therefore, the issue be put up in SLBC for review.

It was observed that against target of 4.64 lakh households 3.41 lakh F.I accounts have been opened indicating a huge gap in coverage of households. **The chairman advised the banks to gear up and complete the process of 100% coverage of households as there is no other way out.**

(Action: All participating Banks/ SLBC)

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

It was informed that a total of 1393 identified unbanked villages in the population segment of >1000 and <2000 were allocated by SLBC amongst the same five participating banks, which were involved in Swabhimaan campaign for coverage of 795 villages (having population over 2000) for providing banking services through various ICT-based banking outlets within the prescribed timelines set by GoI, MoF under extension of Swabhimaan campaign.

It was observed that out of total 1393 identified unbanked villages allocated by SLBC banks have covered 602 villages upto ending October 2012. **Taking serious note of sluggish progress the Chairman advised the concerned banks to step up their efforts to ensure that the target is fully accomplished by 31.03.2013 as prescribed by GoI.**

(Action: All participating Banks)

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

It was informed that in terms of RBI guidelines SLBCs have been assigned the task to prepare a roadmap covering all unbanked villages of population less than 2000 and notionally allot these villages to banks for providing doorstep banking services by ensuring to provide a bank account to every household/ person in a time-bound manner to facilitate transferring all state benefits and various cash subsidies to beneficiaries by direct credit to their bank accounts.

• **Preparation of District-wise Service Area Plans (SAPs):**

It was informed that in order to include all other villages irrespective of population coming under the Gram Panchayats in J&K State (in Sub-service Area) to be clearly demarcated and linked with the concerned BCs/banks, for allocation among the participating Banks under District-wise Service Plans (SAPs) has been completed for 20 districts while as in respect of two districts of Jammu and Leh it was under progress as SBI has not been fully cooperating in providing the necessary data.

The Chairman observed with serious concern that there has been inordinate delay in preparation of district-wise SAPs hampering the allocation process of villages among banks and defeating the objective of accomplishing the 100% Financial Inclusion Programme.

Responding to the query of Chairman on the delay caused in preparation of SAPs, the Vice President SLBC clarified that besides above reasons there were some hitches coming in the way of segregating of villages/ Gram Panchayats caused due to creation and demarcation of 7 new districts in the State. He, however, assured to complete the task within two days.

The Chairman stated that in J&K State we are lagging behind in preparation of SAPs as well as allocation of villages to banks and therefore, he attaches more significance to this issue and will be monitoring the progress personally to ensure that the task is completed at the earliest. **He advised the SLBC to complete the entire process including allocation of villages to banks within two days and report compliance to RBI immediately which shall be considered as approved by this forum.**

(Action: SLBC/ SBI)

- **Opening of one bank account for each family in FI villages**
Already discussed above.
- **Urban Financial Inclusion – launch of campaign to ensure at least one bank account for each family:**
Already discussed above.

Item No. 02

(i) Green Initiative–e-payment:

All the participating banks have been advised to initiate necessary steps for observing compliance of the regulators/GoI on green initiative and report progress achieved periodically.

(Action: All participating Banks)

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

It was informed that the basic objective of preparation of SAPs by SLBCs is to cover all unbanked villages of population less than 2000 and their allocation to banks for ensuring to provide a bank account to every household/ person and to pave the way for successful implementation of EBT to facilitate transferring all state benefits including MGNREGA wages and various cash subsidies to beneficiaries by direct credit to their bank accounts.

It was observed that the 1st part of the EBT devolves on the banks, who are already on CBS and are in the process of opening FI accounts, issuing Smart Cards to beneficiaries through ICT-enabled models however, the successful implementation of EBT in J&K State could be made possible only when the State Government comes forward and puts in place the mechanism for transmitting the money to banks in electronic mode only, which formed the 2nd part of the EBT process. It was informed that a sub-group headed by Commissioner/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. It was informed by Mr. S.K Bhat, President J&K Bank that the said group has taken some initiatives for facilitating automation of some treasuries in J&K but the details on the same could not be ascertained because IT Deptt. (GoJ&K) has not been divulging the same. Therefore, it was noted that there has been no visible progress on the part of J&K Govt. in this regard.

In response to this the representative from State Finance Department informed the forum that since the matter stands referred to their IT Department they shall be writing to them for seeking progress alongwith some visible achievements which shall be conveyed to SLBC/RBI very soon.

The Chairman also advised that SLBC should take up the matter with I. T Deptt., J&K Government with a copy to Commissioner/Secretary to Govt. Finance Deptt. (Nodal Officer) for stepping up the efforts to complete the process and reporting progress in this regard.

(Action: SLBC/I.T Deptt./ Finance Deptt. J&K Govt)

Item No. 03

Financial Literacy Centres (FLCs) – Guidelines:

It was noted that J&K Bank has operationalised FLCs in 11 out of 12 allocated districts except district Poonch while SBI has operationalised FLCs in all its allocated 10 districts. The Vice President SLBC assured to operationalise the FLC in district Poonch very shortly.

Commenting on setting up need based FLCs in other locations and undertaking of financial literacy activities by rural branches also, he stated that J&K Bank has taken a number of measures for financial literacy of the masses at cluster levels besides LDMs of the Bank had been conducting financial literacy and awareness camps frequently in their respective jurisdictions.

The AGM, NABARD stated that the role of J&K Grameen Bank has been commendable in conducting awareness camps in rural areas as per schedule prepared in coordination with NABARD benefiting the rural masses and yielding positive results for the bank also. He impressed upon other banks to follow such initiatives of Grameen Bank.

Other Issues:

Monthly Data Reporting:

It was informed that despite repeated requests banks are not submitting the monthly FI statements within the stipulated time scheduled. Copies of **monthly roadmap to cover unbanked villages <2000 population format** were handed over to the representatives of Banks for submitting the same to RBI for the month of November 2012.

(Action: All participating Banks)

Summing up the discussion the Chairman impressed upon the participating banks to pay their focussed attention for ensuring the implementation of the Financial Inclusion Programme of high national priority in the State and submit progress as per directives.

The meeting concluded with a vote of thanks to the Chair.

(M. S. Wani)
Vice President
Lead Bank/ J&K SLBC

List of Participants

| <u>S. No.</u> | <u>Name of Participant</u> | ... | <u>Designation/ Organization</u> |
|-------------------------------------------------|-----------------------------------|------------|-----------------------------------------|
| <u>Reserve Bank of India</u> | | | |
| 1. | Mr. K. K. Saraf (in the Chair) | ... | Regional Director, R.O. Jammu |
| 2. | Mr. Ramesh Chand | ... | DGM (RPCD), R.O. Jammu |
| 3. | Mr. G. C Talukdar | ... | DGM (Banking), R.O. Jammu |
| 4. | Mr. Ravinder Kumar | ... | AGM (RPCD), R.O. Jammu |
| <u>State Government (Finance Deptt.)</u> | | | |
| 5. | Mr. Rakesh Mangotra | ... | Representative from Finance Deptt.. |
| <u>J&K Bank</u> | | | |
| 6. | Mr. S. K. Bhat | ... | President |
| 7. | Mr. M. S. Wani | ... | Vice President (LBD/J&K SLBC) |
| 8. | Mr. R. A Baba | ... | Executive Manager |
| <u>NABARD</u> | | | |
| 9. | Mr. Naveen Dhingra | ... | AGM |
| 10. | Mr. J. K Meena | ... | AM |
| <u>State Bank of India</u> | | | |
| 11. | Mr. Daya Ram | ... | AGM, |
| 12. | Mr. S. K. Bhalla | | Chief Manager |
| <u>Punjab National Bank</u> | | | |
| 13. | Mr. Ashok Gupta | ... | Circle Head, C.O., Jammu |
| 14. | Mr. A. K Mota | ... | Chief Manager |
| <u>J&K Grameen Bank</u> | | | |
| 15. | Raja Abdul Latief | ... | Chairman |
| <u>Ellaquai Dehati Bank</u> | | | |
| 16. | Mr. A.K. Razdan | ... | Chairman |

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