

## **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: 24<sup>th</sup> July 2013  
Time: 3.00 p.m.  
Venue: Conference Hall,  
Reserve Bank of India,  
Amir Manzil, Srinagar



**J&K Bank**

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## Agenda Item No. 01

### Financial Inclusion Plan (FIP) for providing banking services in the identified villages – Progress as on 30.06.2013:

#### FIP (Phase-I)

In the phase-I of Financial Inclusion Plan (FIP) of J&K State, 795 identified unbanked villages (having population over 2000) were allocated among 5 major banks for providing banking services through various ICT-based banking outlets in terms of RBI Circular No. RBI/2009-10/233 dated 27.11.2009 and circular No. RBI/2010-11 dated 16.9.2010. On reviewing the progress in the 89<sup>th</sup> SLBC meeting held on 6<sup>th</sup> June, 2013 it was taken on record that coverage of 786 unbanked villages had been completed thereby leaving only 9 residual villages uncovered by J&K Bank due to lack of connectivity and other infrastructure deficiency to access these locations.

However, J&K Bank has reported that out of the residual 9 villages the following three villages have been covered during the quarter ended June 2013:

- 1) **Village Sounder (District Kishtwar);**
- 2) **Village Lapara (District Kishtwar); and**
- 3) **Village Loharna (District Kishtwar).**

Thus leaving only 6 villages yet to be covered.

Progress achieved in the matter as at the end of June 2013 is given below:

S. No	Name of Bank to which allocated	Target		Progress		No. of villages yet to be covered
		Number of Villages allocated by J&K SLBC	No. of house-holds to be covered	No. of villages covered	No. of F.I. A/cs opened upto 30 <sup>th</sup> June 2013	
1	<b>The J&amp;K Bank</b>	536	347237	530	265085	6
2	<b>SBI</b>	95	42750	95	36604	...
3	<b>PNB</b>	34	22436	34	10455	...
4	<b>JKGB</b>	95	34288	95	49274	...
5	<b>EDB</b>	35	17286	35	25133	...
	<b>TOTAL</b>	<b>795</b>	<b>463997</b>	<b>789</b>	<b>341522</b>	<b>6</b>

The residual six villages, which are pending due to lack of connectivity, are:

Village **Yoordu, Rinaie, Qadera, Chanjer and Deharna** falling in Block Marwah of District Kishtwar and Village **Forest Block** in District Baramulla.

## **FIP (Phase-II)**

In terms of Reserve Bank of India guidelines conveyed vide Circular RBI/2011-12/606 dated June 19, 2012; a total of 5582 villages (having population less than 2000) were identified. These villages were allocated among the same 5 participating banks, which were involved in coverage of FIP Phase-I. The objective is to provide a bank account to every household throughout the State for facilitating transfer of all state benefits including MGNREGA and various other cash benefits to the accounts of the beneficiaries directly.

The brief summary of bank-wise/ year-wise Roadmap for coverage of these allocated 5582 villages alongwith progress achieved by concerned banks upto the end of June 2013 is given below for information of the forum:

S. No.	Name of the Bank to which allocated	Total No. of villages allocated	Target/ Plan for coverage of villages				Progress achieved as on 31 <sup>st</sup> March 2013	Progress achieved during qtr. Ended June 2013	Total Progress as on 30 <sup>th</sup> June 2013
			31 <sup>st</sup> Mar. 2013	31 <sup>st</sup> Mar. 2014	31 <sup>st</sup> Mar. 2015	Beyond March 2015			
1	J&K Bank	3271	1103	497	800	871	987	295	1282
2	State Bank of India	753	111	196	215	231	94	...	94
3	Punjab National Bank	294	6	137	81	70	2	58	60
4	J&K Grameen Bank	1026	54	350	329	293	65	54	119
5	Ellaquai Dehati Bank	238	40	79	79	40	40	64	104
	<b>TOTAL</b>	<b>5582</b>	<b>1314</b>	1259	1504	1505	<b>1188</b>	<b>471</b>	<b>1659</b>

Note: The progress reported by Punjab National Bank and J&K Grameen Bank has not been strictly as per the Roadmap/ Plan submitted by the bank

The details of district-wise/ bank-wise achievements are given in **Annexure-A** for information of the house

**House may deliberate the issue**

## **Agenda Item No. 02**

### **A) 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 envisage 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;

### **Progress achieved in setting up of FLCs in the districts:**

J&K Bank has already operationalized FLCs in all the 12 allocated districts. Similarly, SBI has operationalized FLCs in all its allocated 10 allocated districts. The district-wise position of FLCs indicating number of beneficiaries is given in **Annexure-B**.

In the 89<sup>th</sup> meeting of J&K SLBC held on 6<sup>th</sup> June 2013 it was decided as under:

- **All the banks having rural branches operating in the State shall ensure to hold at least one financial literacy programme every month through its every rural branch.**
- **Convenor, SLBC shall issue instructions to all the Lead District Managers to collect data from the banks operating in their jurisdiction regarding financial literacy camps organized through their rural branches every month and pass on the same to SLBC Convenor, which shall be placed in the SLBC meetings henceforth.**

Minutes of the said SLBC meeting were circulated on 24.6.2013 for desired action on the actionable points by all the member banks having rural branches operating in the State. Subsequently, vide letter No. LBD/SLBC/89/2013-103 dated July 2, 2013 all the banks having rural branches operating in the State were directed to ensure compliance of the RBI directive. Simultaneously, all the LDMs have been directed to collect the data regarding FLC activities undertaken by the rural branches of banks operating in the respective districts. But till date none of the banks/ LDMs have submitted any data to SLBC in this regard.

**Banks may inform progress in the matter**

**Forum may deliberate the issue**

## **B) Standardized Financial Literacy Material:**

Reserve Bank of India, Central Office, Mumbai vide Circular bearing RPCD.FLC.No.7641/12.01.018/2012-13 dated January 31, 2013 released Comprehensive Financial Literacy Material comprising of Financial Literacy Guide, Financial Diary and 16 No. of Financial Literacy Posters, to be used as a standard curriculum during Financial Literacy Camps to be organized at least once in a month by all the rural branches of banks and Financial Literacy Centres as also for other Financial literacy related activities. SLBC was directed to assess the requirement for banks and other organizations like schools, colleges, Training Colleges etc. and arrange for distribution of the same to all concerned. As per RBI guidelines, the expenses incurred towards printing and distribution of the above Financial Literacy Material has to be claimed from the Financial Inclusion Fund managed by NABARD.

Accordingly, all the scheduled commercial banks having rural branches operating in the State have been advised to provide necessary feedback to Convenor Bank indicating quantity of financial literacy material required for their rural branches in J&K State.

However, till date only 4 banks have indicated the quantity required by their rural branches, details whereof are given below:

S. No.	Name of the major Scheduled Commercial Bank	No. of Rural Branches operating in the State	Quantity of Financial Literacy Material requisitioned		
			Financial Literacy Guide	Financial Diary	Financial Literacy Posters
1	J&K Bank	332	1000	10000	1000 sets
2	State Bank of India	78	100	300	2000
3	Punjab National Bank	29	35	100	1000
4	Central Bank of India	4	...	...	...
5	Oriental Bank of Commerce	5	...	...	...
6	UCO Bank	4	...	...	...
7	Punjab & Sind Bank	3	...	...	...
8	HDFC Bank	8	...	...	...
9	ICICI Bank	2	...	...	...
10	J&K Grameen Bank	161	...	...	...
11	Ellaquai Dehati Bank	88	50	1500	50 sets

J&K Grameen Bank and all other Scheduled Commercial Banks mentioned above who are yet to convey their requirement of financial literacy material, may convey the same to Convenor Bank at the earliest, so that process of printing the said material is initiated.

**Forum is requested to deliberate the issue**

### **Agenda Item No. 03**

#### **Setting up of Rural Self-Employment Training Institutes (RSETIs):**

In terms of Gol, MoRD guidelines issued under No. I.12011/19/2008-SGSY(C) dated 07.01.2009, the responsibility of setting up RSETIs in all the districts of J&K State was assigned by J&K SLBC to J&K Bank in 12 districts and to SBI in 10 districts.

#### **Progress achieved as on 31.3.2013**

J&K Bank has operationalized RSETIs in all the 12 districts allocated to it by the J&K SLBC, viz. Districts Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Rajouri and Poonch.

But State Bank of India has operationalized RSETIs in only 9 out of its 10 allocated districts, viz. Districts Jammu, Samba, Udhampur, Reasi, Kathua, Doda, Ramban, Kishtwar and Leh, leaving one District Kargil yet to be covered. District-wise details of RSETIs are given in **Annexure-C**.

**State Bank of India may inform progress regarding setting up RSETI in District Kargil.**

#### **Performance of RSETIs in J&K State:**

S. No.	Name of Sponsoring Bank	Districts assigned for setting up RSETIs	No. of RSETIs set up in J&K State	No. of RSETIs yet to be set up	Total No. of persons trained during 2012-13	Total No. of persons trained during Q1 of CFY
1	J&K Bank	12	12	Nil	2349	618
2	State Bank of India	10	9	01	1805	422

- **J&K Bank has sought cooperation of DRDAs in sponsoring BPL candidates for imparting training in the JKB-RSETIs.**

#### **ii) Status regarding allotment of land by State Government**

As per information received from J&K Bank, State Government has handed over possession of land in favour of two RSETIs, viz. RSETI Kulgam and RSETI Bandipora. State Bank of India has conveyed that State Government has not allotted land for any of their RSETIs, so far.

**Govt. of J&K may inform progress regarding allotment of land to all the RSETIs in the State.**

**Forum may deliberate the issue**

## Agenda Item No. 04

### Implementation of Electronic Benefit Transfer (EBT) Scheme in J&K State:

Strategy and guidelines on Financial Inclusion issued by GoI, MoF, DFS vide Circular dated 21.10.2011 requires 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.

Operational Guidelines on EBT were issued by Reserve Bank of India in August 2011.

Recently Government of J&K has formed a Committee headed by Principal Secretary Finance to work out modalities with regard to implementation of Electronic Benefit Transfer (EBT) Scheme and its convergence with Financial Inclusion Plan (FIP). The Committee held its maiden meeting on 25<sup>th</sup> April 2013 at Jammu, wherein a number of decisions were taken for ensuring implementation of EBT in the State.

Consequent upon decisions taken in the said meeting as well as subsequently in the Special SLBC meeting held on 8<sup>th</sup> May, 2013, the Finance Department, J&K Govt. vide communication No.FD/BKG/12/2010 dated 20.05.2013 have conveyed as under:

- **Finance Department, J&K Govt. to be the umbrella department**, instead of Information Technology Deptt. to coordinate, oversee and facilitate the roll out of EBT in the State on a fast track basis. **The concerned Administrative Department I/C of the Economic Growth oriented/ other Social Security Benefit Schemes to be the Nodal Departments.**
- **J&K Bank to be the Leader Bank in 12 districts of the State, viz. Anantnag, Bandipora, Baramulla, Budgam, Ganderbal, Kulgam, Kupwara, Poonch, Pulwama, Rajouri, Shopian and Srinagar.**
- **State Bank of India to be the Leader Bank in remaining 10 districts, viz. Doda, Jammu, Kargil, Kathua, Kishtwar, Leh, Ramban, Reasi, Samba and Udhampur.**
- Nodal Departments to open savings accounts in their name in the bank branches of Leader Banks and other Participating Banks at the district headquarters for electronic transfer of beneficiaries entitlements into the savings accounts by the Treasury Bank of the State Government at the District level for in turn, electronic transfer of the benefit to the beneficiaries accounts opened in various bank branches in the district.
- Nodal Department to send instructions to Leader Bank in each district together with Government entitlements to each beneficiary in electronic form;
- State IT Department to take responsibility of building a comprehensive architecture for a sustainable and robust Government entitlements disbursement mechanism across the State through the J&K Bank / SBI for ensuring transfer of moneys electronically into the savings accounts opened by the concerned Nodal Department I/C of the economic growth

oriented / other social security Benefit Schemes, with the Leader Bank through the concerned District Treasury Bank route.

- EBT to be rolled out in a phased manner with 6 districts of Ganderbal, Jammu, Kargil, Leh, Rajouri and Srinagar to be covered in the first phase, on pilot basis, for which the target date is 31<sup>st</sup> July, 2013. This is as per the decision taken in Special SLBC meeting held on 08.05.2013 at SKICC, Srinagar;
- The EBT roll out to be under the twin approach, both district and multi-schemes oriented rather than district and one scheme specific like NREGS of Rural Development Department or NOAPS of Social Welfare Department.
- **MoU to be signed between Finance Department and the Leader Banks, as per the mutually agreed upon format for the hassle-free implementation of EBT Scheme.**
- Mr. Ravi Magotra, Chief Financial Consultant in the Finance Department to henceforth look after the issue and work out basic modalities regarding implementation of EBT and Financial Inclusion.

#### **Meeting on EBT/DBT held on 24.6.2013 at Civil Secretariat, Srinagar**

The high level team comprising of senior officers from the GoI, MoF lead by Additional Secretary (FS), Department of Financial Services, National Payment Corporation of India (NCPI), Office of Controller General of Accounts etc. visited State in June, 2013 and took a meeting of all stakeholders regarding implementation of DBT/ EBT in J&K State at Civil Secretariat, Srinagar, wherein the issue was thoroughly discussed and a number of decisions were taken. Minutes of the said meeting have been circulated by the GoJ&K vide Ref. No. CFC/FD/2013-14/21 dated 28.06.2013 for desired action by all concerned. Gist of decisions taken in the said meeting is enclosed as **Annexure-D** for information of the members.

Recently, Finance Department, J&K Govt. vide Email dated 22 July 2013 have conveyed to J&K Bank as under:

**“It has now been decided that the J&K Bank will play the role of Leader Bank in all the 22 districts of J&K State and, as such, all the necessary arrangements in this behalf will have to be made quickly by the Bank authorities”.**

**The representative of Finance Department may clarify the position of allocating all 22 districts to J&K Bank for EBT by the State Govt.**

**The Leader Bank/s may inform progress regarding:**

- 1) **Signing of MOU with the Finance Department, J&K Government;**
- 2) **Status of opening of accounts of all the EBT/ DBT beneficiaries;**

#### **Item No. 05**

**Any other issue with the permission of Chair**