

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 24th July 2013 at Reserve Bank of India, Office, Amir Manzil, Srinagar.

A meeting of the Steering Sub-Committee of J&K SLBC to monitor IT enabled Financial Inclusion in J&K State was held on 24th July 2013 at Reserve Bank of India Office, Amir Manzil, Srinagar. 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. S. K. Bhat, President (LBD/SLBC), J&K Bank welcomed all the participants and reiterated that financial inclusion was the highest national priority for extending benefits of economic prosperity to the excluded segments. He briefed the participants about the objectives of the meeting. Thereafter he requested the Chairman to take up the Agenda for deliberation.

Before taking up the Agenda for deliberation, Mr. K. K. Saraf, Regional Director, Reserve Bank of India (Chairman of the Meeting) highlighted that the Electronic Benefit Transfer (EBT) Scheme has taken off in J&K State and in the first phase 6 (six) districts of the State have been taken up on a pilot basis for coverage. He stressed upon the banks operating in the State to build up necessary infrastructure for proper implementation of the EBT Scheme in the State. He also stressed upon the banks to remain prepared in all respects to implement the EBT/DBT Scheme in the State. Thereafter, the deliberations on the agenda of the meeting proceeded as under:

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)

The President (LBD/SLBC), J&K Bank stated that out of the 795 identified unbanked villages having population >2000 in J&K State, which were allocated to 5 participating banks, viz. J&K Bank, SBI, PNB, J&K Grameen Bank and Ellaquai Dehati Bank, 786 villages had been already covered by the concerned banks upto the end of March, 2013, while as during the quarter ended June 2013 three more villages falling in District Kishtwar had been covered by J&K Bank, leaving only 6 villages uncovered due to lack of road/ internet connectivity and other infrastructural issues.

The DGM, RBI, Srinagar, Mr. Ramesh Chand desired to know the way out adopted by J&K Bank to cover these three villages of District Kishtwar, so that similar roadmap could be replicated in the remaining 6 villages.

The Executive President (LBD), J&K Bank stated that the terrain/ topography of these three villages, though tough, was comparatively easier than the other left-over villages and with the improvement in road connectivity it had become possible for the bank to appoint Business Correspondents in these villages.

The President (FI), R. K. Chhibber pointed out that location of one of the leftover villages, i.e. "Forest Block" falling in District Baramulla is not properly identified and the population of the forest area is migratory in nature, thereby causing difficulty in coverage of the area. He also stated that even if the villages is properly identified, there would be viability issues for the Business Correspondent to be appointed to provide banking services to the people, who are seasonal dwellers there.

After thorough discussions, it was decided as under:

- **Convenor Bank will obtain a fresh report regarding the pending village "Forest Block" falling in District Baramulla, so that the issue is suitably decided.**

(Action: Convenor, J&K SLBC)

- **As regards the remaining 5 uncovered villages falling in Block Marwah of District Kishtwar, J&K Bank will continue its efforts to ensure coverage of these villages on the similar lines as done in case of the three villages recently covered by the bank. For this purpose, November 30th, 2013 was fixed as the deadline for J&K Bank to ensure coverage of these villages.**

(Action: FID, J&K Bank)

Opening of Accounts- coverage of Households

The Chairman expressed concern that upto the end of June 2013 the concerned participating banks had been able to open only 3,41,522 accounts in the 789 villages covered so far, against the target of covering 4,63,997 households in these villages.

It was decided that:

- **Concerned participating banks will complete the process of opening of accounts of all the households in the identified 795 villages by the end of October 2013.**

(Action: J&K Bank, SBI, PNB, JKGB & EDB)

FIP (Phase- II)

It was taken on record that upto the end of June, 2013, 1659 villages have been covered by the concerned banks, which included 1188 villages covered upto the end of March, 2013. The DGM, Reserve Bank of India, Srinagar, Mr. Ramesh Chand made following observations:

- **J&K Bank has covered 295 villages during the quarter ended June 2013, which included 61 villages covered through branch model and remaining through BC model;**
- **State Bank of India has not made any progress during the Q1 of CFY;**
- **Punjab National Bank has covered 58 villages during the quarter under review, which include 50 villages covered through BF model, which is not in conformity with the Roadmap/ Plan submitted by the bank;**
- **J&K Grameen Bank has indicated coverage of 54 villages during the quarter under review including 37 villages covered through branch model, which is not as per the Roadmap submitted by the bank; and**
- **Ellaquai Dehati Bank has covered 64 villages during the quarter ended June 2013, taking the total No. of villages covered by the bank to 104.**

The DGM, Punjab National Bank clarified that they have covered these villages through Business Facilitator (BF) model, which are operating through their branches operating in the vicinity of these villages. He stated that until these BFs are provided machines, they will continue to operate in BF mode. He further stated that the model is working nicely.

On an observation of the Regional Director, RBI as to whether the BFs so appointed by the PNB will be operational by 30th September 2013 in the BC Mode, the DGM, PNB stated that the BF model has been started by the Bank in these villages, which is working nicely. He assured that the coverage of villages will be brought up soon as per the Roadmap. PNB was advised to send a communication to SLBC conveying that PNB will be bringing the coverage of villages strictly as per the Roadmap/ Plan.

(Action: Punjab National Bank)

The representative of J&K Grameen Bank explaining the coverage of 37 villages through branch model by their bank stated that these villages have been covered by their bank branches which are already existing in these villages or are operating in the vicinity of these villages.

Similarly, it was observed that J&K Bank has indicated coverage of 61 villages through branch model, which again has been done through the bank branches that are either already existing in these villages or are operating in the vicinity of these allocated villages.

The Regional Director, RBI observed that this indicates that the villages that have been shown as covered through the existing bank branches, are not basically unbanked villages and should not have appeared in the Roadmap.

After thorough deliberations on the issue it was decided that:

- **In order to ensure that the banked villages do not figure in the list, all the participating banks of FIP, viz. J&K Bank, SBI, PNB, JKGB and EDB, shall do the exercise of re-verifying their respective allocated villages to find out if any bank branches are already operating in any of these allocated villages. Details of all such villages should be immediately reported to Convenor SLBC, so that these villages are deleted from the list of identified unbanked villages included in the Roadmap.**

(Action: J&K Bank, SBI, PNB, JKGB & EDB)

- **State Bank of India, which has marked zero achievement during the Q1 of CFY, was advised to make up this shortfall in the Q2 of the CFY.**

(Action: State Bank of India)

Agenda Item No: 02

A) Financial Literacy Centres (FLCs) – Guidelines:

It was taken on record that Financial Literacy Centres (FLCs) have been established by concerned lead banks and are operating in all the districts of the State satisfactorily.

However, as regards the financial literacy efforts to be made by all the rural branches of the scheduled commercial banks, the Chairman reiterating the decision taken in the 89th SLBC meeting, stated that all the banks having rural branches operating in the State have to hold at least one financial literacy programme every month through their rural branches.

The President (LBD/SLBC) of J&K Bank, Mr. S. K. Bhat clarified that all the Lead District Managers have been directed 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 for being placed in the SLBC meetings henceforth. He, however, pointed out that so far none of banks operating in the State have conveyed such data to the SLBC.

Representative of SBI informed that out of their 80 rural branches operating in the State, 24 branches have conducted financial literacy programmes. Similarly the representatives of all other banks present in the meeting stated that their branches are conducting FLC programmes.

Assistant Vice President (LBD/SLBC) Mr. Gulzar Ahmad, however, pointed out that no progress in the matter is being reported by the banks to SLBC/ Convenor Bank.

- **It was decided that all the Scheduled Commercial Banks having rural branches operating in the State shall strictly ensure to hold financial literacy programmes every month through their rural branches, for which progress report, as per the prescribed format already circulated by SLBC to the banks, shall be submitted by the concerned banks to the Convenor bank by 5th of every month without fail.**

(Action: All banks having rural branches operating in J&K State)

- **Convenor Bank shall compile the data received from banks and submit consolidated progress report to Reserve Bank of India before 10th of every month.**

(Action: Convenor, J&K SLBC)

B) Standardized Financial Literacy Material:

It was taken on record that despite repeated reminders from SLBC Secretariat, only four banks, viz. J&K Bank, State Bank of India, Punjab National Bank and Ellaquai Dehati Bank have so far submitted the quantity of financial literacy material required to be printed for these banks. The Chairman took a strong note of the lack of response by the other banks having rural branches operating in the State, viz. Central Bank of India, Oriental Bank of Commerce, UCO Bank, Punjab & Sind Bank, HDFC Bank, ICICI Bank and J&K Grameen Bank. It was decided that:

- **The Convenor Bank shall issue a final reminder to all these banks advising them to submit the feedback to SLBC indicating the quantity of financial literacy material required by those banks;**

(Action: Convenor, J&K SLBC)

- **The banks, which have already submitted their requirement to Convenor Bank, shall also reassess their requirement and submit the fresh feedback to Convenor Bank immediately.**

(Action: All concerned banks)

- **Thereafter, the Convenor Bank shall take necessary measures for printing the financial literacy material as per the RBI guidelines.**

(Action: Convenor, J&K SLBC)

Agenda Item No. 03

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

It was taken on record that J&K Bank has already operationalized the RSETIs in all its 12 allocated districts but State Bank of India had operationalized the RSETIs in 9 out of the 10 allocated districts, leaving district Kargil yet to be covered.

The President, J&K Bank Mr. Nayeem-ullah informed that possession of land has been handed over for RSETIs in district Kulgam and Bandipora. He however, pointed out that non-allotment of land by the State Government for other RSETIs was a matter of concern. He also pointed out that sponsorship of BPL candidates was the other major issue being faced by J&K Bank and sought intervention of the forum for the same.

Responding to the query of Chairman regarding the reasons for not setting up the RSETI in district Kargil, the representative of SBI informed that they were facing difficulties in getting premises in the district Kargil. He further informed that possession of 6 kanals of land has been handed over by the district Administration to RSETI Leh.

After threadbare discussions, Mr. Shakeel-ur-Rehman Rather, Special Secretary (Finance), J&K Government was requested to intervene in the matter and pursue with the concerned department of the State Government for ensuring early allotment of land in favour of all the RSETIs operating in the State as well as for ensuring sponsorship of BPL candidates by the DRDA for imparting skill development training in the RSETIs.

The Special Secretary Finance Department, J&K Government assured that:

- **Both the issues, viz. allotment of land for the RSETIs as well as sponsorship of BPL candidates for being imparted skill development training in the RSETIs will be vigorously pursued with the Rural Development Department, J&K Government.**

(Action: Finance Deptt. Govt. of J&K)

Agenda Item No. 04

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

The house was informed that as per Finance Department communication the J&K Government has decided that J&K Bank will now be the leader bank for all the 22 districts of J&K State for the purpose of implementation of Electronic Benefit Transfer/ Direct Benefit Transfer (EBT/DBT) Scheme in J&K State. The Chairman expressed the view that none of the stakeholders, viz. State Government, J&K Bank or the State Bank of India had any problem with this arrangement. He, however, stressed the need for banks to expedite the process of opening accounts of all the beneficiaries.

The President (IT) J&K Bank giving status of preparedness with regard to implementation of EBT stated that the process of opening of accounts in the identified districts is presently underway. He stated that data of a few districts has been made available to J&K Bank, which is being examined by the bank and at present some inconsistencies have been found, which have been forwarded to the State Government for rectification.

The Incharge, Data Centre, J&K Bank, Mr. Shadab Mehboob informed that data in respect of Jammu, Kargil and Leh districts has not been received yet.

The Executive President, J&K Bank, seeking active support of Finance Department, J&K Government, requested the Special Secretary Finance, J&K Government to take up the matter with the District Development Commissioners of the concerned districts, so that the data bases of the beneficiaries are made available to J&K Bank for ensuring opening of bank accounts of all the beneficiaries.

The AGM, RBI, Mr. Ravinder Kumar stated that Lead District Managers of concerned districts shall have to take immediate steps for acquiring the database of the beneficiaries from the concerned government departments and provide the same to the banks for ensuring opening of accounts of the beneficiaries.

(Action: All Lead District Managers)

The President (IT), J&K Bank stated that the requisite databases of beneficiaries shall have to be loaded on SFTP Server by the State Government, who shall be provided User-Ids/ Passwords by J&K Bank. Thereafter the said data shall be downloaded by other participating banks, viz. SBI, PNB, J&KGB & EDB, for validation through SFTP. The Lead Bank Department shall be kept posted of the progress.

(Action: State Govt. /J&K Bank/ Concerned Banks)

Other issues deliberated in the meeting:

1) Strengthening of Lead Bank office of State Bank of India:

Convenor, J&K SLBC pointed out that State Bank of India has placed a single person to carryout the activities of its Lead Bank Office, and the same person is simultaneously discharging duties as the Lead District Manager for District Jammu. Similar arrangements have been worked out by State Bank of India in some other districts also, where activities of RSETIs and FLCs are simultaneously assigned to those persons who are functioning as Lead District Managers. It was observed that this state of affairs is bound to hamper the

smooth functioning of both the offices. Most often the submission of data is getting inordinately delayed as a result of which the Convenor Bank is subjected to face lot of difficulties.

Taking a serious notice of the same, the Chairman directed that:

- **The State Bank of India shall suitably strengthen their Lead Bank Office and ensure to post sufficient staff in all their Lead District Offices, so that the lead bank activities are carried out smoothly and the delay experienced in submission of data to RBI, SLBC and other quarters is avoided. State Bank of India was directed to take action in the matter expeditiously and confirm the same to SLBC/ RPCD, RBI.**

(Action: State Bank of India)

2) Delivery of Credit and other services to Financial Inclusion accounts:

The Chairman pointed out that the concerned participating banks have to ensure that all other facilities like Over-draft, KCC / GCC, remittance and the micro-insurance products are delivered to the people in the identified villages.

The President (IT) J&K Bank stated that J&K Bank had already taken necessary measures for providing credit and delivery of other basic financial services and micro products like OD, KCC, GCC, DRI, RD and Remittances to the beneficiaries. He informed that J&K Bank had firmed up a reworked arrangement with FINO, which is in final stages.

3) Delayed submission of SLBC data by banks to Convenor Bank:

The Executive President, J&K Bank, Mr. O. P. Sharma, emphasized upon the member banks and various other agencies to ensure that data collection and reporting is done within the fixed timelines in the prescribed RBI formats and in a correct manner.

The President (LBD/SLBC), J&K Bank invited attention of the participants to the fact that as per Calendar of SLBC meetings, all the member banks and all Lead District Managers are supposed to ensure submission of SLBC data for quarter ended June, 2013, to Convenor Bank latest by 15th of July, 2013. He, however, pointed out that the said deadline had since elapsed, but the data in respect of a large number of banks is still awaited. As a result of which consolidation of data for the ensuing 90th SLBC meeting is getting delayed. Accordingly, all the member banks and LDMS in J&K State were advised to strictly adhere to the deadline fixed by the Reserve Bank of India for submission of SLBC data to Convenor Bank.

The meeting ended with a vote of thanks to the Chair, which was presented by Mr. S. K. Bhat, President (LBD/SLBC), Convenor Bank.

Assistant Vice President
Lead Bank/ J&K SLBC

List of Participants of the Steering Sub-Committee of SLBC to monitor IT-enabled Financial Inclusion, FLCs & Credit Plus Activities, held on 24th July 2013

<u>S. No.</u>	<u>Name of Participant</u>	<u>...</u>	<u>Designation/ Organization</u>
<u>Chairman</u>			
1)	Mr. K. K. Saraf	...	Regional Director, R.O. Jammu
<u>Reserve Bank of India</u>			
2)	Mr. A. K. Mattu	...	General Manager (RPCD), Jammu
3)	Mr. Ramesh Chand	...	DGM, RBI Office, Srinagar
4)	Mr. Ravinder Kumar	...	AGM (RPCD), R.O. Jammu
<u>State Government (Finance Deptt.)</u>			
5)	Mr. Shakeel-ur-Rehman	...	Special Secretary Finance
<u>J&K Bank</u>			
6)	Mr. O. P. Sharma	...	Executive President
7)	Mr. S. K. Bhat	...	President (LBD/SLBC)
8)	Mr. R. K. Shah	...	President
9)	Mr. Nayeem-ullah	...	President/ Nodal Officer, RSETIs
10)	Mr. R. K. Chhibber	...	President (FI)
11)	Mr. Gulzar Ahmad	...	Asstt. Vice President (LBD/SLBC)
12)	Mr. Altaf Ahmad Zargar	...	Executive Manager (FID)
13)	Mr. Shadab Mehboob	...	Incharge, Data Centre
14)	Mr. Riyaz Ahmad Bhat	...	Executive (LBD/SLBC)
<u>NABARD</u>			
15)	Mr. Desh Raj	...	AGM, Srinagar
<u>State Bank of India</u>			
16)	Mr. Ajay Kumar Gupta	...	Regional Manager, Srinaga
<u>Punjab National Bank</u>			
17)	Mr. M. Latif Mir	...	DGM, C.O., Jammu
<u>J&K Grameen Bank</u>			
18)	Mr. G. M. Sadiq	...	General Manager
<u>Ellaquai Dehati Bank</u>			
19)	Mr. A.K. Razdan	...	Chairman
