

## **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: 15<sup>th</sup> January 2014  
Time: 11 A. M.  
Venue: Conference Hall (First Floor) Reserve Bank  
of India, R.O. Jammu



**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 30.09.2013:**

#### **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 91<sup>st</sup> SLBC meeting held on 16<sup>th</sup> December, 2013 it was taken on record that coverage of 789 unbanked villages had been completed thereby leaving only 6 residual villages uncovered by J&K Bank due to lack of connectivity and other infrastructure deficiency to access these locations.

The names of the 6 uncovered villages are given below:

<b>S. No</b>	<b>Name of the uncovered village</b>	<b>District</b>
01	Forest Block	Baramulla
02	Yoordu	Kishtwar
03	Rinaie	Kishtwar
04	Qadera	Kishtwar
06	Chanjer	Kishtwar
06	Deharna	Kishtwar

Bank-wise progress achieved in the FIP Phase-1 as at the end of September 2013 is given below:

<b>S. No</b>	<b>Name of Bank to which allocated</b>	<b>Target</b>		<b>Progress</b>		<b>No. of villages yet to be covered</b>
		<b>Number of Villages allocated by J&amp;K SLBC</b>	<b>No. of house-holds to be covered</b>	<b>No. of villages covered</b>	<b>No. of F.I. A/cs opened upto 30<sup>th</sup> June 2013</b>	
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>

#### **Decision Taken in 91<sup>st</sup> Meeting of SLBC held on 16<sup>th</sup> December 2013 on providing coverage to 6 residual villages**

On the issue of providing of banking services to the 6 six residual villages, identified under Financial Inclusion plan phase-I, the Hon'ble Minister for Finance & Ladakh

Affairs, J&K State Jenab Abdul Rahim Rather who presided over the proceedings of 91<sup>st</sup> Meeting of J&K SLBC directed all the concerned agencies/departments to extend the requisite support and other facilities in these villages to ensure their early coverage. The house decided that J&K Bank shall explore all the possibilities to extend coverage to the said 6 villages through the Information & Communication Technology (ICT) based model with the logistics provided by all the stake holders. It was also decided that Secretary, IT, J&K Government be made the part of the already formed steering Sub-committee of SLBC on FIP so as to work out some solution to the connectivity problem in these 6 villages.

However, Financial Inclusion Department, J&K Bank as per their mail dated December 23, 2013 have informed that coverage to the said 6 residual villages has been provided through BC Model. Therefore, with the coverage of these villages by J&K Bank, Financial Inclusion Plan Phase-1 has successfully been accomplished.

### **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-1. The objective is to bring every house hold under the ambit of banking 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 December 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	Ach. Upto Dec. 2013	Cumulative Target upto 31 <sup>st</sup> March 2014	Cumulative Progress upto 31 <sup>st</sup> Dec. 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	541	1600	1528
2	SBI	753	111	196	215	231	94	176	307	270
3	PNB	294	6	137	81	70	2	75	143	77
4	JKGB	1026	54	350	329	293	65	271	404	336
5	EDB	238	40	79	79	40	40	80	119	120
	<b>TOTAL</b>	<b>5582</b>	<b>1314</b>	<b>1259</b>	<b>1504</b>	<b>1505</b>	<b>1188</b>	<b>1143</b>	<b>2573</b>	<b>2331</b>

Banks have a **total target of (1314+1259) = 2573** villages to be accomplished by the end of **March 2014**, against which concerned banks have already **covered 2331 villages upto the end of December, 2013, which is 91% of the target.**

In the meeting of Steering Sub-Committee of SLBC to monitor IT-enabled Financial Inclusion, FLCs & Credit Plus Activities, taken by the Regional Director, RBI on 24.7.2013, it was decided that **“in order to ensure that banked villages do not figure in the list, all participating banks of FIP, viz. J&K Bank, SBI, PNB, JKGB and EDB shall start 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 were to be immediately reported to Convenor SLBC, so that these villages are deleted from the list of identified 5582 villages”.**

Accordingly, all participating banks of FIP viz. J&K Bank, State Bank of India, Punjab National Bank, J&K Grameen Bank and Ellaquai Dehati Bank have submitted list of 82 villages (JKB 58 Villages, SBI 10 villages, PNB 9 villages, J&KGB 3 villages and EDB 2 villages) which are banked but have inadvertently been included in the list of 5582 unbanked below 2000 population villages. Accordingly, proposal to delete these 82 villages from the list of 5582 unbanked villages was placed before the house in 91<sup>st</sup> Meeting of SLBC held on 16<sup>th</sup> December 2013.

The Bank-wise list of 82 already covered villages is given in **Annexure-A** for information of the forum.

**Decision Taken in 91<sup>st</sup> Meeting of SLBC held on 16<sup>th</sup> December 2013 on 82 already covered villages with population below 2000**

It was decided by the house that 82 villages which stand already covered by the FIP participating banks be shown as an achievement for the respective banks under FIP Phase II.

The details of district-wise/ bank-wise achievements are given in **Annexure-A1** for information of the forum.

**Forum is requested to 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 the 12 allocated lead districts. Similarly, SBI has operationalized FLCs in its allocated 10 lead districts. The district-wise position of Financial Literacy Camps indicating number of beneficiaries is given in **Annexure-B**.

- A total of 3243 persons have been provided indoor awareness in 22 FLCs during the Quarter under review.
- J&K Bank has provided indoor awareness to 2512 persons.
- State Bank of India has provided indoor services to 731 persons.
- In 214 awareness camps a total of 15,936 persons participated during Q2 of FY 2013-14, under review.
- J&K Bank organized 158 awareness camps in which 13,980 persons participated.
- SBI organized 56 awareness camps in which 1956 persons participated.

### **FLC initiative by rural branches of banks**

In the 89<sup>th</sup> meeting of J&K SLBC held on 6<sup>th</sup> June 2013 all the banks having rural branches operating in the State were advised to ensure that their rural branches hold at least one financial literacy programme every month in terms of RBI guidelines and submit the same to Convenor Bank for being placed in the SLBC meetings for a review. Besides, all the Lead District Managers were advised to collect the data regarding financial literacy activities undertaken by the rural branches of banks operating in their Districts and submit the same for review in SLBC meetings.

However, the progress has not been satisfactory, as only a few banks viz. J&K Bank, SBI, PNB, EDB & JKGB have submitted progress in this regard to the Convenor Bank so far.

- A total of 436 Financial Literacy camps have been conducted by the branches of 5 major participating banks in which 18,702 persons were benefitted.
- J&K Bank has conducted 249 FL camps benefitting 9881 persons.
- SBI has conducted 122 FL camps benefitting 4633 persons.
- PNB, JKGB and EDB have conducted 28, 14 and 23 literacy camps respectively benefitting total of 4188 persons

The Bank-wise/ district-wise consolidated position whereof is given in **Annexure “C”**

**Decision taken in 91<sup>st</sup> Meeting of SLBC held on 16<sup>th</sup> December 2013 on FLC initiatives taken by the banks**

The House decided that in the next meeting of SLBC the house should have the data and information about the people who after attending the awareness camps have actually set up their income generating units and also have availed credit facilities from various banks.

**Banks may inform progress in the matter.**

**Forum is requested to 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, assessment of the quantity of standardized Financial Literacy Material for 728 rural branches of scheduled commercial banks and 22 Financial Literacy centers operating in J&K State was made by SLBC secretariat which is given below:

<b>Particulars</b>	<b>Financial Literacy Guide</b>	<b>Financial Literacy Diary</b>	<b>Financial Literacy Posters</b>
For 728 rural branches in J&K State holding one camp one branch per month i.e 8736 camps with 50 participants per camp at an average	1450	35000	24000
22 FLCs conducting around 1200 outdoor activities per year with at least 50 participants per camp	50	5000	6000
<b>Total</b>	<b>1500</b>	<b>40000</b>	<b>30000</b>

The estimated requirement of Standardized Financial Literacy Material was forwarded to NABARD JAMMU on October 5, 2013 who in response sought further details regarding number of copies to be printed in English, Urdu & Hindi languages separately and the estimated cost thereof.

### **Forum is requested to deliberate the issue**

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

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

In terms of GoI, 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 SBI in 10 districts.

#### **Progress achieved as on 30.09.2013**

J&K Bank has operationalized RSETIs in its 12 allocated districts, viz. Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Rajouri and Poonch. Similarly, SBI has operationalized RSETIs in its 10 allocated districts, viz. Jammu, Samba, Udhampur, Reasi, Kathua, Doda, Ramban, Kishtwar, Leh and Kargil.

District-wise details of RSETIs are given in **Annexure-D**.

**Performance of RSETIs in J&K State-Position as on 30.09.2013**

S.No	Name of Sponsoring Bank	Districts assigned for setting up RSETIs	No. of RSETIs set up in J&K State	Total No. of persons trained during 2012-13	Q1 Ach. FY 2013-14	Q2 Ach. FY 2013-14	Total No. of persons trained during H1 of CFY (2013-14)
1	J&K Bank	12	12	2349	618	1063	1681
2	State Bank of India	10	10	1705	422	331	0753
	<b>TOTAL</b>	<b>22</b>	<b>22</b>	<b>4054</b>	<b>1040</b>	<b>1394</b>	<b>2434</b>

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

On the issue of allotment of the land by State Government for the RSETIs, in J&K State, Commissioner/Secretary to Government, Rural Development Deptt., Mr. F. A. Peer in 91<sup>st</sup> meeting of SLBC held on 16<sup>th</sup> December 2013 informed the house that the possession of land has been handed over to the concerned sponsoring banks in districts like Kulgam and Bandipora, while as in other 13 districts of the State the land has already been identified by the Government and the case for its final allotment to the concerned banks is pending either with Divisional or District Administration. He informed that Government has not been able to identify the land in remaining five districts viz Kathua, Kishtwar, Ramban, Anantnag and Srinagar and informed that efforts are on to identify the same and the issue is expected to get resolved by the end of March 2014.

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

**Forum is requested to 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.

In order to work out modalities with regard to implementation of Electronic Benefit Transfer (EBT) Scheme and its convergence with Financial Inclusion Plan (FIP), the Government of J&K formed a Committee headed by Principal Secretary Finance. Consequent upon decisions taken



in the maiden meeting of the said Committee on 25<sup>th</sup> April 2013 the Government of J&K has 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 all the 22 districts of the State** (Earlier decision modified as conveyed by Finance Department J&K Government vide letter dated 22.07.2013)
- 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 sustainable and robust Government entitlements disbursement mechanism across the State through J&K Bank for ensuring transfer of money 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 Bank, as per the mutually agreed format for the hassle-free implementation of EBT Scheme.**
- Mr. Ravi Magotra, Chief Financial Consultant in the Finance Department, J&K Government to henceforth look after the issue and work out basic modalities regarding implementation of EBT and Financial Inclusion.

**While reporting progress under the scheme the Leader Bank has informed as under:**

1. Lead District Officers and Cluster Heads are working as Nodal Officers as well as Supervisors in Lead & Non-Lead districts of the bank respectively.
2. All Nodal Officers have been advised to furnish bio-data of the designated officers of the other banks operating in their respective districts for creation of user-ID for providing access on bank's SFTP server for uploading & downloading data.

3. Instructions have been issued to concerned quarters for completion of account opening process as per the scheme.
4. Data feeding of Social Welfare beneficiaries of different districts on SFTP server is in progress.
5. MoU between Finance Department, J&K Government and J&K Bank was signed on 26<sup>th</sup> November 2013, as per the mutually agreed format for the hassle-free implementation of EBT Scheme. The EBT/DBT Scheme in the first phase will be launched in six pilot districts of the State namely Srinagar, Ganderbal, Jammu, Rajouri, Kargil and Leh and beneficiaries of IGNOAPS(old age pension scheme) shall be covered under the scheme during the phase first.

J&K Govt. may inform progress regarding:

**Building a comprehensive architecture for Government entitlements disbursement through the concerned District Treasury Bank route for ensuring transfer of moneys electronically into the savings accounts opened by the concerned Nodal Departments with the Leader Bank.**

**Acquiring of digitized database of EBT beneficiaries from the concerned Nodal Department of State Govt. and delivering the same to concerned Banks for ensuring opening of their bank accounts for EBT.**

**Forum is requested to deliberate the issue**

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

##### **Strengthening of Lead Bank Office of State Bank of India**

In the previous meeting of Steering Sub-Committee of J&K SLBC to monitor IT enabled Financial Inclusion, FLCCs & Credit Plus Activities held on 24<sup>th</sup> July 2013 at RBI Office Srinagar, 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.

Accordingly it was decided 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.**

The representative of State Bank of India may apprise the forum the action taken in this regard.

**Item No. 06**

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