

**Minutes of the meeting of the Steering Sub-Committee of J&K SLBC to monitor IT enabled Financial Inclusion, FLCCs and Credit Plus activities in J&K State held on 6<sup>th</sup> August, 2015 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, FLCCs and Credit Plus activities in J&K State was held on 6<sup>th</sup> August, 2015 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. D. Sethy. The list of participants is enclosed as “Annexure A”

At the outset, Mr D.Sethy, Regional Director, RBI welcomed all the participants of the meeting and briefed about the objectives of the meeting. Then, asked for a brief introduction from the participants. Taking serious notice of the absence of controlling heads of SBI, PNB and EDB, he observed that low level participation particularly from the members defeats the very objective of convening these meetings. He strongly advised that henceforth all the members of the forum should participate in the meetings of the forum in person only and anybody other than the member himself shall not be allowed to participate in the meeting. Thereafter, he advised President, (J&K SLBC) to take up the agenda for deliberation:

**AGENDA ITEM NO: 01**

**FINANCIAL INCLUSION PLAN (FIP) OF J&K STATE:**

- (I) Provision of banking services to villages with population below 2000**
- (II) Pradhan Mantri Jan Dhan Yojana (PMJDY)**

Before starting the proceedings of the meeting, S. K. Bhat, President (J&K SLBC) explained the background and purpose of the meeting. Then, he informed that out of the remaining target of 1263 villages the concerned FIP participating banks in J&K State had covered 774 villages upto the end of June, 2015, thereby leaving 490 villages uncovered as on June 30, 2015. He said that the coverage of which the banks are required to complete by 14<sup>th</sup> of August, 2015 in terms of the RBI directive, which included 119 villages to be covered by J&K Bank, 126 villages by SBI, 216 villages by JKGB and 29 villages by EDB. The Regional Director, RBI advised the concerned banks to divulge their plan of action for ensuring coverage of these remaining villages by the August 14, 2015 as stipulated by the Hon'ble Prime Minister.

The President (FI), J&K Bank informed that they have already covered 48 villages and as on date only 71 villages are left uncovered.

The representative of SBI informed that the bank was in the process of covering 40 villages falling in districts of Jammu, Kathua and Kargil, which would be completed within a period of 10 days from now, whereas in case of the remaining 86 villages the bank was facing certain problems related to geographical accessibility and connectivity etc.

The President, J&K SLBC, informed the forum that in the Video Conference held by the DFS, MoF, Gol the day before, the Secretary Financial Services was very emphatic about the coverage of all these unbanked villages as well as on all other lateral issues like PMJDY, PMSSBY, PMJBY etc. Highlighting that the issue was being monitored by the Government of India at highest level, the President, J&K SLBC impressed upon all the concerned banks to be compliant on all the directives and ensure coverage of all these uncovered villages within the timelines as prescribed by the Gol/ RBI.

Commenting on the problems cited by SBI, the Regional Director, RBI emphasized that this attitude is not going to help the banks in any way as the geographically difficult terrain was not with SBI alone. He directed that the banks have to ensure coverage of all their allocated villages within the set timelines. He pointed out that the banks have not fully provided banking services in their allocated villages and even the coverage already shown by them was questionable as the BC outlets opened at various places were not properly functional. He made it clear that the basic intension of financial inclusion was to provide the banking facilities to the people and mere opening of the BC outlets for the purpose of compliance would be a meaningless exercise. He stated that the banking services should be made available to the people of the villages at their door steps and this would be possible only when the BCs are functioning in real terms with all possible infrastructure and connectivity. The people should be facilitated to deposit their money and avail credit facilities also through these BC outlets. Commenting upon the recently announced three social security schemes of Gol, viz. PMSSBY, PMJJBY and APY, the Regional Director emphasized that linkage of these schemes with the bank accounts of the beneficiaries would ensure that their accounts remain operational and active thereby reducing the cost of carrying of the banks.

The Regional Director pointed out that though in J&K State the population per branch was good i.e. more than the national average, but area-wise coverage number of branches is quite less as compared to other states of the country due to highly dispersed population. People do not get sufficient banking services because branches are located at very far off places and nodal branches are very far away from the people that is why the coverage of villages with touch-points is quite imperative.

The Regional Director further stated that in case banks are facing difficulties in ensuring coverage of these villages and need intervention from State Government, they should take up the matter with the concerned Government authorities under advice to RBI/SLBC for early resolution. He stated that in many States of the country the State Governments have intervened by providing various incentives, which has helped a lot in penetration of bank branches/ banking outlets in the villages. Citing an example of the State of Orissa (which resembles with J&K in geography), the Regional Director, RBI stated that in a period of one and a half year's time, with the help of proactive intervention of the State Government, about 900 new bank branches were opened in the State.

Mr. R. B. Gupta, AGM, RBI pointed out that in the last meeting of the forum it was decided that in addition to coverage of villages the agenda shall also include statistics regarding the households covered in the allocated villages. However, the President (J&K SLBC) clarified that the data regarding coverage of households was collated in the agenda under PMJDY as the programme was now holistic.

- **It was decided that all the concerned banks shall comply with the deadline of 14<sup>th</sup> August, 2015 for coverage of all the un-banked villages allocated to them under FIP and no bank will go beyond the said date and ensure all the banking services are provided to the people in these areas.**

**(Action: FIP Participating Banks in J&K)**

President, J&K SLBC informed that in terms of RBI instructions J&K SLBC has already uploaded the lists of BCs in respect of J&K Bank, SBI, PNB and J&K Grameen Bank, but the information regarding EDB was lacking as no such data was made available by the concerned

bank so far. When AGM, RBI pointed out that the relevant link was not working, Mr. Gulzar Ahmad, AVP, J&K SLBC, clarified that BC lists in respect of four FIP participating banks, viz. J&K Bank, SBI, PNB, JKGB were already uploaded, which can be accessed on [www.jkslbc.com](http://www.jkslbc.com) at **Banking Network>Banking outlets>BC details**.

The Regional Director, RBI pointed out that recently some people from the MSMEs representative organization had asked for some information regarding MSMEs and we had advised them to visit J&K SLBC website, but after some days they complained that they could not derive the desired information from the website. He emphasized that all the relevant information regarding MSMEs should be made available on the website and the same should be made as user-friendly and enriched as possible, so that more and more people visit this website and get benefited. **He advised that the representatives from FCIK be advised about the details of the website where the data is available.**

**Action: Convenor SLBC**

The President, J&K SLBC pointed out that although all the FIP participating banks have ensured coverage of their respective allocated villages, but there was confusion regarding Ellaquai Dehati Bank to the extent that in the previous meeting the bank reported coverage of 15 villages through BC model and the rest through other mode/ mobile van, but now they are reporting that they are still in the process of switching over to BC model of coverage of the villages. The representative of EDB informed that inadvertently the data provided had some mistake and they are now in the process of appointing the BCs and they had completed all the formalities with their service provider and sorted out all the technical modalities in this behalf. He assured that the EDB will soon switch over to the BC / Kiosk Model for coverage of their allocated villages for which they have already finalized 56 locations.

**Summing up the deliberations on the issue, the Regional Director, RBI strictly advised that there should be no discrepancies whatsoever regarding providing of banking services by EDB in their allocated villages. He advised that the State Bank of India being the Sponsoring Bank of EDB should also look into this aspect for their proper guidance.**

**Action: EDB and SBI**

The Regional Director, RBI instructed that whenever J&K SLBC sends a communication to the banks or other offices seeking any type of data, it should be treated seriously and the data whatsoever asked for, be provided to them without any delay, realizing that the J&K SLBC has limited resources and within those available limited resources they have to manage all the requirements. **He therefore, emphasized upon the banks to be sensitive towards this issue and ensure that any correspondence coming from SLBC Secretariat is replied promptly.**

**Action: All banks**

**RBI directions regarding 5% of FIP villages to be covered through Brick & Mortar mode**

The President JK SLBC stated that the FIP participating banks were required to ensure coverage of 5% of the allocated villages through brick and mortar model and against the target of 5582 a total of 279 villages required to be covered through branch model, whereas till date the banks have covered 164 villages through brick & mortar mode thus leaving a deficit of 115 brick & mortar outlets.

The Regional Director, RBI stressed the need for having adequate number of branches for ensuring access to banking services by all the people as the BCs have to operate through their

nodal/ base branches and in case the base-branch happens to be located at a far off place the BC cannot function properly to provide banking services to the people. Due to this reason RBI had prescribed coverage of 5% of villages through the regular brick & mortar mode. He therefore, desired to have the feedback from the concerned FIP participating banks regarding this issue.

Responding to the issue, the President (FI) of J&K Bank informed that J&K Bank has already covered 115 villages through brick & mortar mode and only 48 brick & mortar outlets are yet to be opened by the bank for coverage of the unbanked villages. He assured that the target will be met by the bank this year.

**The Regional Director, RBI advised that 48 branches planned to be opened by J&K Bank for coverage of unbanked villages will be met out of the 3,271 allocated unbanked villages only and not outside.**

**(Action: J&K Bank)**

The forum observed that so far SBI had opened only 1 branch in its 753 allocated unbanked villages against the target of 38, leaving a gap of 37. The Regional Director, RBI expressed serious concern as the performance of SBI was quite unsatisfactory, which indicates that SBI has not given any cognizance to the RBI directives on this account so far. He emphasized that when the Regulator has prescribed a well-thought plan of covering 5% of un-banked villages through brick & mortar model within a period of 3 years, it should have been taken cognizance of by the concerned banks by giving business turn-over plans for such branches to their respective controlling offices, so that they could have devised plans for opening the required number of brick & mortar outlets in the State.

Punjab National Bank had a target of 15 locations to be covered through brick & mortar mode against which they have opened just 2, which too was a matter of concern.

The representative of PNB stated that they already have four licenses in hand for covering unbanked villages, and for other locations they have started the process of surveying the areas for obtaining licenses for opening few branches soon. **He assured that these four locations would be covered by opening branches before 30<sup>th</sup> September, 2015 and the target of covering the required number of villages through brick & mortar model would be met by 31<sup>st</sup> December, 2015.** The President, J&K SLBC pointed out that for opening branches in identified un-banked villages the concerned banks do not require any licences.

**The Regional Director, while taking note of the commitment given by PNB, advised that complete and comprehensive business proposals for opening such new branches be submitted by PNB to their Head Office/SLBC urgently.**

**(Action: Punjab National Bank)**

Regarding Regional Rural Banks, the Regional Director, RBI apprehended that they may not be able to open branches till the time their financials improve and till then they may provide banking services in these areas by other means.

#### **Performance under PMJDY**

The performance of banks in implementation of the PMJDY as at the end of June, 2015 in having opened 16,50,446 accounts and coverage of 100% households in the State despite weather/ other topographical constraints, was taken on record by the forum as satisfactory. However, it was observed that performance under issuance of RuPay Cards was not quite satisfactory and the concerned banks were advised to improve the same substantially.

The forum, however, observed that SLBC Secretariat should ensure authenticity of the data collated in the agenda by reconfirming the same from the concerned banks.

**Action: FIP participating banks and SLBC**

**AGENDA ITEM NO: 02**

**Financial Literacy Centres (FLCs) – Guidelines:**

The performance of Financial Literacy Centres set up by the J&K Bank and SBI in conducting financial literacy camps was taken on record. The Regional Director, RBI pointed out that FLCs set up by the J&K Bank had conducted 314 camps benefiting over 28300 persons, while as SBI FLCs had done only 119 camps benefiting a little more than 4700 persons, which indicates that SBI has not devised proper strategy for its FLCs in the State and hence showing poor performance.

**Financial Literacy initiatives by rural branches of banks:**

The forum placed on record that 895 rural branches of various banks operating in the State, have conducted 1,566 financial literacy camps during the quarter ended June, 2015 benefitting 41,563 persons, which was not satisfactory. J&K Bank had done 778 against the target of 1,302 camps, SBI had done 169 camps against the target of 261, Ellaquai Dehati Bank had done 19 against the target of 318 camps and JKGB had done 358 camps against the target of 519.

The Regional Director, RBI emphasized that from the business perspective of the banks, educating the people by conducting financial literacy camps was quite imperative. He stated that the performance of both State Bank of India and Punjab National Bank was not satisfactory. He also expressed displeasure on banks operating in the State, like HDFC Bank, UCO Bank, Bank of India, Yes Bank and Indian Bank etc. that have not complied with the guidelines in this regard. The Regional Director observed that performance of both the RRBs remained quite dismal during the quarter.

- **The Regional Director, RBI directed that SBI should make an analysis of what they were supposed to do and what they have actually done and come up with adequate strategy on how to make up the deficiency and improve performance.**  
**(Action: State Bank of India)**
- **The Regional Director, RBI advised that this forum too should write to the Government that there must be some kind of support available from the State Government, who is one of the important stakeholders in this initiative. The Special Secretary (Finance), J&K Government was requested to take up the issue with the concerned authorities in the State Government.**  
**(Action: Special Secretary, J&K Government/ SLBC Secretariat)**
- **All the Scheduled Commercial Banks having rural branches in the State were directed to be fully compliant on this issue and ensure conducting at least one financial literacy programme every month through their rural branches and report progress thereof to the SLBC Secretariat as per prescribed time schedule.**  
**(Action: All member banks)**

The representatives of SBI, PNB and other concerned banks assured that the position will be substantially improved in the next quarter of the CFY. AGM, RBI desired that the bank-wise/ district-wise details of the camps conducted by rural branches of banks and FLCs be provided to RBI for record and reference.

**(Action: SLBC Secretariat)**

**AGENDA ITEM NO: 03**

**Setting up of Rural Self-Employment Training Institutes (RSETIs) in J&K State - Allotment of land by State Govt. for creating permanent infrastructure for the RSETIs**

The performance of all the RSETIs set up by J&K Bank in its 12 lead districts and 9 RSETIs set up by SBI in its 10 lead districts was taken on record, leaving district Kargil yet to be operationalized by SBI. The forum observed that the issue had also come up for deliberation in the 97<sup>th</sup> SLBC meeting, wherein the representative of SBI was advised to take necessary measures immediately to ensure that the RSETI in district Kargil is operationalized.

The AVP, J&K SLBC, Mr. Gulzar Ahmad informed the forum that allotment of land for construction of the permanent infrastructures for the RSETIs for all RSETIs, except District Leh, is pending with the State Government though government has identified land for a number of RSETIs. He pointed out that in the SLSC meeting of RSETIs, the then Secretary, Rural Development Deptt. has questioned the allotment of land for RSETI Leh by the DDC Leh on the plea that DDC is not empowered to allot land and the authority rests with the Commissioner/ Secretary, Rural Development only.

The Regional Director, RBI pointed out that RSETIs can be operationalized only if the funding support from Government of India is made available. He emphasized that the funding support from the GoI is an incentive but is subject to allotment of land by the State Government and unless State Government takes necessary measures for allotment of land, banks will have to incur huge sums on payment of rent for the hired premises to be borne by them out of their profits.

The forum observed that the aim of setting up the RSETIs in all the districts of the State was to ensure capacity building and skill development of the youth. It was noted that the RSETIs established in J&K State have been performing well and many of these RSETIs have been awarded for good performance, but these RSETIs are lacking basic infrastructural facilities. 8 RSETIs have acquired Category A status, 3 RSETIs are in B Category and One RSETI in C Category. Despite constant persuasion from J&K SLBC and other quarters, the Government of J&K has not so far allocated land in favour of the RSETIs, which as per the GoI guidelines the State Government is supposed to do, with the result the RSETIs have not been able to acquire the funding support from Government of India for construction of infrastructure/ building, as a result the RSETIs are functioning from the hired premises for which the rent is being borne by the concerned sponsoring banks out of their profits. The forum observed that J&K State is the only State, which is yet to receive the infrastructure development fund from MoRD, GoI.

The Special Secretary Finance, J&K Govt. stated that the issue of allotment of land for the RSETIs falls within the domain of the Commissioner/ Secretary, Rural Development Department. He informed the house that recently a meeting on RSETIs was taken by the Hon'ble Minister for Rural Development, at Civil Secretariat, Srinagar, wherein the Divisional Commissioners of Jammu and Kashmir Divisions were advised to take speedy actions for processing the papers related to the transfer of land to the identified agency in the districts for the institutes and submit the papers to the Financial Commissioner Revenue, who will forward them to Commissioner Secretary Revenue by 22<sup>nd</sup> July, 2015 for issuing the orders.

The Vice President (Priority Sector), J&K Bank pointed out that reimbursement of Rs.92.00 lakh in respect of J&K Bank has been pending against the State Government. The Special Secretary (Finance), J&K Government was requested to project this issue to the concerned authorities in

the State Government so as to ensure that the amount is reimbursed to the bank without any further delay. After thorough deliberations on the issue it was decided that:

- **The Special Secretary, Finance, should take up the issue of allotment of land to RSETIs with the State Government and convey them that the issue be resolved before the concerned sponsoring banks become hesitant to invest more money in this and loose interest in carrying this initiative forward.**  
(Action: Special Secretary Finance, J&K Govt.)
- **For the next meeting of the forum invitation for participation should be extended to the Commissioner/ Secretary, Rural Development Department, and the Commissioner/ Secretary (Revenue), J&K Govt. so as to arrive at fruitful conclusion on the issue.**  
(Action: SLBC Secretariat)
- **The J&K Bank was advised to send a communication to the concerned department of the State Government on the issue of pending reimbursements with a copy thereof to the Special Secretary (Finance).**  
(Action: J&K Bank)
- **Both J&K Bank and SBI were advised to provide necessary inputs/issues regarding RSETIs to RBI to enable Regional Director, RBI to take up the same with Chief Secretary, J&K Government, so that the State Government is persuaded to take necessary action in the matter immediately.**  
(Action: J&K Bank/ SBI)

The Special Secretary (Finance) stated that banks concerned should provide him necessary documents relating to the issue and assured that he will be the facilitator for the concerned banks for taking up the issue with the concerned authorities in the State Government for settlement of the issues relating to RSETIs.

#### **AGENDA ITEM NO: 04**

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

The forum noted that in the first phase the Electronic Benefit Transfer (EBT) scheme has been implemented in six pilot districts of the State, i.e Srinagar, Ganderbal, Jammu, Rajouri, Kargil & Leh and benefits under IGNOAPS have been transferred into the accounts of beneficiaries successfully. As regards implementation of EBT Scheme in other districts of the State and coverage of other social security schemes under EBT Scheme as envisaged, it was taken on record that the data validation in respect of remaining 16 Districts is under process and these districts shall be covered under the scheme very soon.

The Regional Director, RBI stated that EBT Scheme is a very good initiative of the Government of India, which will substantially cut down the costs and time of transactions and so many other issues of the government will be automatically mitigated. Various social security benefits can be transferred directly into the accounts of the beneficiaries electronically without any loss of time. He desired that the State Government should take all necessary measures to ensure that the scheme is implemented fully in the State as soon as possible. He advised the Special Secretary, Finance to contact the Department of payment and Settlement System of RBI at Jammu, for any help if needed by the State Government on this account.

- **The RD, RBI, desired that the State Government should form a high-level task force comprising of RBI, concerned banks, and concerned departments of the**

**State Government, to work for speedy implementation of the EBT Scheme in J&K State.**

**(Action: J&K Government)**

- **The Regional Director, RBI further advised that SLBC Secretariat shall henceforth prepare Power Point Presentation for this meeting, which will cut down time and facilitate focussed deliberations in the meeting. SLBC Secretariat shall also ensure in future that agenda for meeting of this forum is circulated at least one week in advance, so that all the members are able to go through the agenda in advance, do the homework and come fully prepared for the meetings.**

**(Action: SLBC Secretariat)**

The Regional Director, RBI informed that RBI is contemplating to organize a Seminar in J&K State on IT, EBT and Financial Inclusion shortly, which would include a technical session on the issues, wherein all the stakeholders including the State Government, will be requested to participate.

**Agenda Item No. 05**

**Strengthening of Lead Bank office of State Bank of India:**

The forum took strong note of placing of single person by SBI to carryout the activities of Lead District Office, Branch Office and RSETI/FLC simultaneously in some of their allocated districts. President (SLBC), while expressing concern over the issue stated that despite lot of discussions and assurances over the issue in the previous meeting, SBI has not sorted out the issue till date, thereby hampering the performance and working of the Lead District offices.

The Regional Director, RBI made it amply clear that State Bank of India should take necessary measures immediately to strengthen its Lead District Offices in J&K State and warned that in case SBI failed to set the things right, RBI will be constrained to take action against the bank and will consider taking away the lead bank responsibilities from the bank and assign the same to some other bank operating in the State.

After discussions on the issue the forum decided that:

- **The State Bank of India shall suitably strengthen their Lead Bank Offices 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 addressed.**

**(Action: State Bank of India)**

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)

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**Annexure "A"**

**List of Participants of the Steering Sub-Committee of SLBC to monitor IT-enabled Financial Inclusion, FLCs & Credit Plus Activities, held on 6<sup>th</sup> August, 2015**

<b><u>S. No.</u></b>	<b><u>Name of Participant</u></b>	<b><u>...</u></b>	<b><u>Designation/ Organization</u></b>
<b><u>Reserve Bank of India</u></b>			
1)	Mr. D. Shetty (in the Chair)	...	Regional Director(for J&K State)
2)	Mr. R. B. Gupta	...	AGM (RPCD),R. O. Jammu
3)	Mr. A. K. Reshi	...	Manager, RBI, Sub-Office, Srinagar
<b><u>Convenor Bank</u></b>			
4)	Mr. S. K. Bhat	....	President (LBD/SLBC)
5)	Mr. Gulzar Ahmad	...	Asstt. Vice President (LBD/SLBC)
6)	Mr. Riyaz Ahmad	...	Executive (LBD/SLBC)
<b><u>NABARD</u></b>			
7)	Mr. Dinesh K. Kapila	...	DGM, NABARD, Srinagar
<b><u>J&amp;K Government</u></b>			
8)	Mr. M. S. Sheikh	...	Special Secretary (Finance)
<b><u>J&amp;K Bank</u></b>			
9)	Mr. Vagesh Chander Sharma...		Sr. President (IT)
10)	Mr. R. K. Chhibber	...	President (FI),
11)	Mr. M. I. Wani	...	Vice President (Priority Sector)
12)	Mr. Altaf Ahmad Zargar	...	Executive Manager (FID)
13)	Mr. Ashok Raina	...	Sr. Executive, IT,
14)	Mr. Sajad Wani	...	Sr. Executive, T&ISD
<b><u>State Bank of India</u></b>			
15)	Mr. M. K. Basson	...	Regional Manager, RBO-1, Srinagar
16)	Mr. M. K. Bhat	....	Chief Manager, Lead Bank, Z.O., Jammu
<b><u>Punjab National Bank</u></b>			
17)	Mr. Pawan Kohili	...	Chief Manager,
<b><u>J&amp;K Grameen Bank</u></b>			
18)	Mr. Gurcharan Singh	....	General Manager
<b><u>Ellaquai Dehati Bank</u></b>			
19)	Mr. M. L. Bhat	....	General Manager.
20)	Mr. J. L. Koul	...	Manager (GS)

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