

SPECIAL STATE LEVEL BANKERS' COMMITTEE MEETING - UT OF PUDUCHERRY

Venue :	Hotel Le Royal Park Kamaraj Salai Puducherry 605 013
Date : 05.08.2014	Time : 4.00 P M

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Profile of Union Territory of Puducherry

The Union Territory of Puducherry comprising of four erstwhile French establishments in India viz. Puducherry, Karaikal, Mahe and Yanam, covers a total area of 479 Sq. Kms.

Puducherry region covering 290 sq. kms is interspersed with enclaves of Villupuram and Cuddalore districts of Tamil Nadu. Puducherry the head quarters of Union Territory which is 162 Kms south of Chennai along with east coast is situated in this region. The district presents more or less a flat land. There are no hills or forests. The main soil types are red ferrallitic black clay and coastal alluvial.

Karaikal district is situated in more or less a flat land. There are no hills or forest in this district. The area of Karaikal region is 161 sq. kms which is about 150 kms south of Puducherry and is surrounded by Nagapattinam district of Tamil Nadu.

Yanam region is spread over an area of 20 sq. kms and is 840 kms north-east of Puducherry near Kakinada surrounded by East Godavari District of Andhra Pradesh. Yanam lies on the spot where the Coringa river and Godavari river separate. It is more or less a flat land.

Mahe region with a total area of 9 sq. kms is in the west coast near Tellicherry in Kerala, 653 kms away from Puducherry. This district is entirely rain fed and is covered by typical red laterite soil. There is no forest area in this district.

Population - The Union Territory of Puducherry has a population of 9,74,345 according to the 2001 census. The provisional census as per 2011 census is 12,44,464.

Soil - Various types of soil found in the Union Territory are red loamy, coastal alluvium, delta alluvium, red laterite, deep black and red sandy.

Climate - The mean maximum temperature is 38.2°C and mean minimum temperature is 24°C.

Rainfall - North-East monsoon is the major source of rainfall in the Union Territory.

Rivers - Gingee and Pennaiyar are the major rivers in the Puducherry region. Gingee river traverses diagonally from North-West to Southeast, while Pennaiyar river forms the southern border of Puducherry region. A branch of Pennaiyar River called Malattar flows through the Puducherry region. Cauvery River along with its seven tributaries flows through Karaikal region. Godavari is the only major river in the Yanam region, the rivers Mahe and Moolakadavu serve Mahe region.

Mineral resources - The mineral deposits in the Union Territory of Puducherry include limestone, clay, lignite, phosphatic rocks, brick clays, canker, seashells, garnet sands, laterite and beach sands etc. There are no mineral resources in the Yanam region, which is of economic value.

Rail linkage - Puducherry is connected with Chennai by Broad Gauge railway line via Villupuram. Karaikal has now being connected to rail network through Nagore. Mahe is on the Broad Gauge line between Kozhikodu and Thalassery. Yanam has no railway facility and the nearest railway station is Kakinada, which is located at about 26 Kms from Yanam.

Roadways - Puducherry has well developed roads. All the rural roads are all weather roads.

Revenue and administration - The Union Territory consists of 236 census villages/wards, 129 revenue villages 6 taluks (4 in Puducherry, 2 in Karaikal) and 2 sub-taluks (Mahe & Yanam). For the purpose of Development administration, the Territory is divided into six blocks namely (i) Ariyankuppam block (Karikalampakkam) (ii) Oulgaret block (Reddiarpalayam) (iii) Vilianur block (iv) Karaikal block (v) Mahe block and (vi) Yanam block consisting of 47 circles of village level units. Puducherry Panchayats Act of 1973 & Municipalities Act of 1973 came into force in 1974. There are five municipalities, namely Puducherry, Oulgaret, Karaikal, Mahe and Yanam. There are 10 Commune Panchayats, namely, (i) Vilianur (ii) Mannadipet (iii) Ariyankuppam (iv) Bahour (v) Nettareppakkam (vi) Tirunallar (vii) Neravy (viii) Nedungadu (ix) Kottucherry and (x) T.R. Pattinam.

Minutes of the first Meeting of the Secretary, Financial Services on CFI with the Chief Executives / Executive Directors / Senior Representatives of selected Public Sector Banks, HDFC, ICICI, , NABARD, NPCI, LIC , PFRDA to discuss an approach paper prepared for Comprehensive Financial Inclusion on Friday, 27th June, 2014, at 3.00 PM in the 3rd floor at IBA, Mumbai

A meeting of Chief Executives / Executive Directors / Senior Representatives of selected Public Sector Banks, HDFC, ICICI, NABARD, NPCI, LIC, PFRDA to discuss and seeking feedback on the approach paper prepared for Comprehensive Financial Inclusion was held under the chairmanship of Secretary (Financial Services) on Friday, 27th June, 2014, at 3.00 PM at IBA, Mumbai The list of participants is annexed.

2. Sh. K R Kamath, Chairman, IBA & CMD, PNB welcomed the participants for the meeting.
3. Dr. G S Sandhu, Secretary, Deptt. Of Financial Services highlighted the importance of financial inclusion and shared the initial draft paper on financial inclusion plan titled "Sampurna Vittiyea Samaveshan (SVS)". Key points of the Secretary address are as under:

- ❖ Financial inclusion activities are being undertaken for many years, still large section of population is deprived of financial services provided by the banks, which is a most critical area.
- ❖ All the areas to be provided with banking infrastructure by way of branches (Existing or new) and BC outlets so that the customers have access to banking outlets within a distance of 5 KMs.
- ❖ PMO has asked that two adults in every family to be covered within a timeframe of one year. To ensure this, problems like manpower, logistics, LWE area, remote area are to be discussed.
- ❖ The strategy for FI needs to be finalized at the earliest as the PMO has directed the framework to be finalized by 3rd Jul, 2014 and to be launched on 15th Aug, 2014.
- ❖ After placing the initial document to PMO, next round of discussion may take place in the mid July after budget.

(Action: DFS, All Banks, NPCI)

4. A comprehensive presentation on the subject was made by Dr. Alok Pande, Director, DFS. Based on 2011 census, 20 Crore bank accounts are required to be opened by 14th Aug, 2015. It was informed that complete Financial Inclusion can be undertaken in two phases.

- (i) Phase I : Hard targets for universal access to banking facilities & Providing basic banking accounts
- (ii) Phase II : Financial literacy programme, micro credit availability , micro insurance and pension

It was discussed that wherever possible parallel activities may take place.

5. Views expressed by the CEO/ Senior representatives of banks/ other Financial Institutions are as follows:-

- i. Shri Aditya Puri, informed:

- a. that for doing these activities lot of cost is involved for providing staff, ATM, Cards etc.
- b. Most of the accounts are under zero balance category and there is no earning for the bank.
- c. There is challenge in KYC also as most of the accounts are without aadhaar.
- d. Two account per household may not be workable, and one account may suffer.
- e. SLBC has already allocated villages and opening of account per household may be done.
- f. Cooperative Bank to be included.

- ii. SBI:

- a. In case Aadhar is allowed, banks can do e-KYC authentication.
- b. Bank will come back on key issues within 3-4 days, say by Monday.
- c. Bank will have to subsidize cost of ATM card. Secretary (FS) said that FI needs to be done by the bank.
- d. Govt. has not paid for DBT so far and there should be clarity on these issues.

iii. Bank of Baroda:

- a. The FI activity already being undertaken is to be carried forward.
- b. The time for opening of account is very short.
- c. Earlier there was a concept of one account per family.
- d. There should not be duplication of effort.
- e. There should be focus on opening of those citizens accounts who have been left out.
- f. There should not be fixed remuneration.
- g. Job opportunity is not a good idea and not sustainable in Law.
- h. CSC model is good. However it is not applicable in all areas.

iv. PNB:

- a. Time limit for opening of account will be difficult to achieve.
- b. First we should cover families who do not have accounts and then we should go for second account.

v. IBA:

- a. Soft targets are already covered. Now we have hard targets.

vi. ICICI:

- a. Time limit is short.
- b. There should be cooperation from Govt. in the shape of DBT etc. Secretary(FS) assured to look into it.
- c. ICICI bank raised hand held device issues. It was clarified that vendors will be called and matter will be discussed

vii. NABARD:

- a. Cooperative Banks are now on CBS and they should be used for this effort.
- b. NABARD was asked to get back on Monday with a paper on the subject.

viii. UCO Bank:

- a. Connectivity is a major problem in some areas, which was supported by all the banks.

6. Secretary(FS) responded on the various issues raised by the banks as under:

- (i) As far as possible, necessary support would be provided to the banks, however FI should be undertaken in mission mode.
- (ii) DBT commission repayment issues will be looked into.
- (iii) There should be a champion in each bank at the level of ED to achieve this.
- (iv) There has to be portal to be maintained by DFS to track progress and data to be pushed on daily or weekly basis on the same.
- (v) There should be visibility of BC by way of branding, T-shirts, Caps and I-cards at BC outlets.
- (vi) BC outlets to have proper infrastructure and bank board/ Signage etc.
- (vii) Weekly visit of BC outlet by branch official is necessary.
- (viii) Bank wise and State wise data on common format by Monday evening to be submitted to DFS.

(Action: DFS, All Banks,NPCI, PFRDA,LIC)

The meeting ended with a vote of thanks to the chair.

List of Participants

S. No	PARTICIPANT	GoI / BANK
1.	DR. G S SANDHU, SECRETARY (FS)	MINISTRY OF FINANCE, GOI
2.	SHRI MUSTAFA MOHAMAD, JT. SECRETARY (FS)	MINISTRY OF FINANCE, GOI
3.	DR. ALOK PANDE, DIRECTOR (FS)	MINISTRY OF FINANCE, GOI
4.	SHRI V P JAIN, GENERAL MANAGER (FI)	PUNJAB NATIONAL BANK
5.	SMT ARUNDHATI BHATTACHARYA, CHAIRMAN	STATE BANK OF INDIA
6.	SHRI RAKESH SETHI, CHAIRMAN & MANAGING DIRECTOR	ALLAHABAD BANK
7.	SHRI C VR RAJENDRAN, CHAIRMAN & MANAGING DIRECTOR	ANDHRA BANK
8.	SHRI S S MUNDRA, CHAIRMAN & MANAGING DIRECTOR	BANK OF BARODA
9.	SHRI B P SHARMA, EXECUTIVE DIRECTOR	BANK OF INDIA
10.	SHRI SUSHIL MUHNOT, CHAIRMAN & MANAGING DIRECTOR	BANK OF MAHARASHTRA
11.	SHRI RAJIV RISHI, CHAIRMAN & MANAGING DIRECTOR	CENTRAL BANK OF INDIA
12.	SHRI S R BANSAL, CHAIRMAN & MANAGING DIRECTOR	CORPORATION BANK
13.	SHRI B K BATRA, DEPUTY MANAGING DIRECTOR	IDBI BANK LTD
14.	SHRI B RAJKUMAR, EXECUTIVE DIRECTOR	INDIAN BANK
15.	SHRI A D M CHAVLI, EXECUTIVE DIRECTOR	INDIAN OVERSEAS BANK
16.	SHRI SURESH N PATEL, EXECUTIVE DIRECTOR	ORIENTAL BANK OF COMMERCE
17.	SHRI KISHORE KUMAR SANSI, EXECUTIVE DIRECTOR	PUNJAB & SIND BANK
18.	SHRI K R KAMATH, CHAIRMAN & MANAGING DIRECTOR	PUNJAB NATIONAL BANK
19.	SHRI ARUN KAUL, CHAIRMAN & MANAGING DIRECTOR	UCO BANK
20.	SHRI ARUN TIWARI, CHAIRMAN & MANAGING DIRECTOR	UNION BANK OF INDIA
21.	SHRI MURLI RAMASWAMY, GENERAL MANAGER	VIJAYA BANK
22.	SHRI B SRIRAM, MANAGING DIRECTOR	STATE BANK OF BIKANER & JAIPUR
23.	SHRI SHANTANU MUKHERJEE, MANAGING DIRECTOR	STATE BANK OF HYDERABAD
24.	SHRI JEEVANDAS NARAYAN, MANAGING DIRECTOR	STATE BANK OF TRAVANCORE
25.	SHRI ADITYA PURI, MANAGING DIRECTOR & CEO	HDFC BANK LTD
26.	SMT CHANDA KOCHHAR, MANAGING DIRECTOR & CEO	ICICI BANK LTD
27.	SHRI SHYAM SRINIVASAN, MANAGING DIRECTOR & CEO	THE FEDERAL BANK LTD
28.	SHRI SHRINIVAS D JOSHI, MANAGING DIRECTOR	THE SHAMRAO VITHAL CO-OP. BANK LTD
29.	SHRI H R DAVE, CHIEF GENERAL MANAGER	NABARD

Minutes of the Second Meeting of the Secretary, Financial Services with the Chief Executives / Executive Directors of all Public Sector Banks, RBI, IBA , NABARD and NPCI to discuss an approach paper prepared for Comprehensive Financial Inclusion held on Wednesday, the 2nd July, 2014 at 10.00 AM in the 3rd floor Jeevan Deep Building, New Delhi

Second meeting with Chief Executives / Executive Directors of all Public Sector Banks, RBI, IBA , NABARD and NPCI to discuss an approach paper prepared for Comprehensive Financial Inclusion was held under the chairmanship of **Secretary (Financial Services) on Wednesday , the 2nd July, 2014, at 10.00 AM** in the conference room, Department of Financial Services, 3rd floor Jeevan Deep Building, Sansad Marg, New Delhi. The list of participants is annexed.

2. S(FS) welcomed the participants and reiterated about the instructions received from Prime Minister's Office regarding preparation of an immediate time bound action plan for 100% Financial Inclusion of all the household across the country and lead emphasis on creation of infrastructure for implementation of the Financial Inclusion Plan being formulated by DFS as per the timelines .

3 DR. Alok Pande, Director(FI), DFS made a presentation on the draft Financial Inclusion Plan being formulated by DFS.

4. Discussions were held on various points in the draft FI Plan.

5. Following discussions, the decisions taken in the meeting are as under:

(i) Out of the six pillars proposed in the draft FI Plan, following four pillars should be taken under Phase I for implementation within a period of one year from 15./8/2014 to 15/8/2015.

(a) Universal access to banking facilities

(b) Providing Basic Banking Accounts with issuance of RuPay card

(c) Financial Literacy Programme

(d) Micro Credit availability & Creation of Credit Guarantee Fund for coverage of defaults in such A/Cs.

The remaining two pillar viz. Micro Insurance and Unorganized sector Pension schemes like Swavlamban may be taken up in the Phase-II (2015-2018).

(ii) All banks/ NPCI should advertise RuPay card in a big way. Each new customer should be issued a Rupay card. Issuance of cards will help in increasing the hits on ATMs and increase the viability of ATMs.

(iii) Financial support may be taken from Financial Inclusion Fund maintained with NABARD for the purpose of Financial Literacy.

(iv) To explore the possibility of obtaining support for Financial Literacy from Depositor Education and Awareness Fund maintained by RBI under **Depositor Education and Awareness Fund Scheme, 2014.**

- (v) Banks to ensure timely engagement of BCs, creation of infrastructure.
- (vi) All SLBC conveners to do publicity for the programme in a big way .
- (vii) LDMs to canvass about the programme at district level. .
- (viii) Branch managers should be sensitized about the programme and its implementation.
- (ix) Micro credit of Rs. 5000/- as proposed in the draft FIP should be restricted to only one account per family.
- (x) The programme should also cover urban financial inclusion.
- (xi) Post offices and individual youths to be appointed as BCs.
- (xii) In order to make the BC viable and to retain them minimum remuneration to be paid to BCs was agreed at Rs. 5000/ p.m .
- (xiii) NIC, DFS to create a portal and the same should be updated by LDMs at district level.
- (xiv) Banks to provide support staff to LDMs/ branches for the implementation of the programme.
- (xv) Monitoring of the implementation of programme should be done by SLBCs and DFS.

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

List of Participants :

S. No.	Name	Designation /Organisation
1	Dr. G. S. Sandhu	Secretary(FS)
2	Ms. Snehlata Shrivastava	Addl. Secretary , DFS
3	Sh. Mohd. Mustafa	Jt. Secretary , DFS
4	Dr. Alok Pande	Director(FI), DFS
5	Sh. Rajiv Sharma	Under Secretary (FI), DFS
6	Sh. Harsh Kumar Bhanwala	Chairman, NABARD
7	Sh. K.R.Kamath	CMD, PNB
8	Ms. Usha Ananthasubramanian	CMD,Bhartiya Mahila Bank
9	Shri Jatinderbir Singh	CMD, P&SB
10	Sh. Suresh N. Patel	ED, Oriental Bank of Commerce
11	Sh. R.K. Gupta	ED, Bank of Maharashtra
12	Sh. B.S. ramarao	ED, Vijaya Bank
13	Sh. T.K. Srivastava	ED, Syndicate Bank
14	Sh. Deepak Narang	ED, United Bank of India
15	Sh. J. K. Garg	ED, UCO Bank
16	Sh. S.K.V. Srinivasan	ED, IDBI Bank
17	Sh. Atul Agarwal	ED, Indian Overseas Bank
18	Sh. B. Raj Kumar	ED, Indian Bank
19	Sh. Animesh Chauhan	ED, Central Bank of India
20	Sh. Bibhas Kumar Srivastav	ED, Corporation Bank
21	Sh. S.K. Kalra	ED, Andhra Bank
22	Sh. J.K. Singh Kharb	ED, Allahabad Bank
23	Sh. K. Subrahmanyam	ED, Union Bank of India
24	Sh. P.S. Rawat	ED, Canara Bank
25	Sh. B.P. Sharma	ED, Bank of India
26	Sh. B.B. Joshi	ED, Bank of Baroda
27	Ms. Manju Agarwal	CGM(RB), State Bank of India
28	Ms. Trishna Guha	ED, Dena Bank
29	Sh. A.P. Hota	CEO,NPCI
30	Sh. K. Unnikrishnan	Dy. Chief Executive, IBA
31	Sh. H.N. Vishweshwar	Advisor, IBA
32	Sh. Rajeev Lal	GM(Outreach), SBI
33	Sh. P.K. Sharma	DGM(FI) , UCO Bank
34	Sh. B. Venkataramana	DGM(FI), State Bank of Mysore
35	Sh. Ashok Pradhan	GM (NW-DIh), State Bank of Mysore
36	Sh. G. Venkatanarayanan	GM(IT&FI), State Bank of Patiala
37	Sh. Sunder Singh Negi	GM, SBBJ
38	Sh. J. Sitapathi Sarma	GM, State Bank of Hyderabad
39	Sh. Subrata Gupta	CGM,NABARD
40	Sh. Ganesh V. Hegde	DGM, SBI
41	Sh. V.P. Jain	GM(FI), PNB
42	Sh. Sachin	MORPHO

F.No.1/9/2014-FI
Government of India
Ministry of Finance
Department of Financial Services

3rd Floor, Jeevan Deep Building,
New Delhi, dated the 4th July, 2014

To

All SLBC Convener Banks

Subject: Comprehensive Financial Inclusion under Mission Mode

Sir(s) / Madam(s),

Prime Minister's Office has asked for preparation of an immediate time bound action plan for 100% Financial Inclusion of all the household across the country. In this regard, a comprehensive Financial Inclusion plan to be launched under the Mission Mode is being prepared. A draft copy of the same would be sent shortly.

2. It is estimated that under the plan, about 12 crore accounts would need to be opened and about 50,000 new Business Correspondents would need to be engaged in rural areas. In addition a large number of accounts would need to be opened in urban areas and for those families who have only single account.

3. The plan will be launched on 15th August, 2014 and will be implemented in a phased manner. Based on the discussions with Bankers phase wise target may be seen in the Annexure attached.

4. Timelines for undertaking various activities for the first phase are as under:

Activity	Timelines	Responsibility
Allocation of districts and villages	15/07/2014	SLBCs and LDMs
Placement of order for machines	15/07/2014	Respective Banks
Delivery of machines	31/07/2014 onwards	Vendors
Infrastructure arrangement (Cards, forms, furniture etc)	07/08/2014	Respective Banks
Search/Identification and selection of Business Correspondents	07/08/2014	Respective Banks
Orientation of Business Correspondents	10/08/2014 To 14/08/2014	Respective Banks
Activation of Business Correspondents	14/08/2014	Respective Banks
1 st Account opening	15/8/2014	Respective Banks

5. In view of the importance attached to the plan, all SLBC convener banks/ banks are requested to gear up themselves to initiate the process for implementation of first phase of the plan as per the above timelines.

Yours faithfully,

Sd/-

(Dr. Alok Pande)

Director (FI)

Tel: 23365809

Encl: as above

Copy to:

1. CEOs of all Public Sector Banks – For information and necessary action .
2. All nodal officers of DFS in SLBCs

Phase wise target for coverage of Business Correspondents				
State	Phase 1 (upto 14.08.2014)	Phase 2 (15.08.2014 to 30.11.2014)	Phase 3 (01.12.2014 to 31.03.2015)	Phase 4 (01.04.2015 to 30.06.2015)
Arunachal Pradesh	25	25	25	25
Andhra Pradesh	400	600	600	Any additional left over SSAs
Assam	25	50	100	144
Bihar	1000	1500	1500	101
Chhattisgarh	150	225	225	86
Goa	20	20	18	Any additional left over SSAs
Gujarat	500	750	750	117
Haryana	500	500	120	Any additional left over SSAs
HP	200	300	300	78
JK	100	150	120	Any additional left over SSAs
Jharkhand	150	225	225	91
Karnataka	500	750	750	129
Kerala	300	350	350	55
MP	1000	1500	1500	1332
Maharashtra	1000	1500	1500	1172
Manipur	25	25	25	25
Meghalaya	25	25	25	25
Mizoram	25	25	25	25
Nagaland	25	25	25	25
Orissa	500	750	750	198
Punjab	400	500	500	3
Rajasthan	1000	1500	1500	643
Sikkim	25	25	25	25
Tamil Nadu	50	70	70	4
Telangana	100	150	150	Any additional left over SSAs
Tripura	25	25	25	25
UP	2000	3000	3000	3055
Uttarakhand	50	50	65	Any additional left over SSAs
West Bengal	400	700	700	72
Total	10520	15290	14943	7430
				Plus any additional left over SSAs

F.No.1/9/2014-FI
Government of India
Ministry of Finance
Department of Financial Services

3rd Floor, Jeevan Deep Building,
New Delhi, dated the 15th July, 2014

To

All SLBC Convener Banks

Subject: Comprehensive Financial Inclusion under Mission Mode – Coverage in urban areas.

Sir / Madam,

In continuation of this Department's letter of even number dated 4/07/2014 wherein it was informed that the Prime Minister's Office has asked this Department to prepare an immediate time bound action plan for 100% Financial Inclusion of all the household across the country, the draft Financial Inclusion Plan is now enclosed.

2. Since the plan also envisages Financial Inclusion in urban areas, all SLBC convener banks are requested to allocate wards in the urban areas to all banks operating in the area. For the purpose of coordination and assignment of regulating, one bank in the area should be assigned the responsibility of a coordinator of a ward. The customers residing in the ward, however, should be free to open accounts in any bank operating in the area. The ward coordinators would have the prime responsibility of organizing Camps in the ward. They would also assist the LDM in survey of the ward for 100% coverage of all households with banking facilities. All banks in the ward would report to the ward coordinator.

3. It is also requested to call for a special SLBC in the first week of August to discuss the progress made in the implementation of the plan. In view of the importance attached to the plan, all SLBC convener banks are requested to ensure compliance for implementation of the plan as per the timelines. Action taken may be reported at pande.alok@nic.in with a copy to fi-dfs@nic.in.

Yours faithfully,

(Dr. Alok Pande)
Director (FI)
Tel: 23365809

Encl: as above

Copy to: All Government nominee Directors in SLBC

Action Plan

for

Comprehensive Financial

Inclusion

(15th August 2014 to 14th August 2015)

*By: Department of Financial Services
Ministry of Finance
(www.financialservices.gov.in)*

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Executive Summary

1. Current status of financial inclusion in the country:

- Census, 2011 estimated that out of 24.67 crore households in the country, 14.48 crore households had access to banking services. Of the 16.78 crore rural households, 9.14 crore were availing banking services. Of the 7.89 crore urban households, 5.34 crore households were availing banking services.
- In the year 2011, Banks covered more than 74,000 villages, with population more than 2,000 (as per 2001 census), with banking facilities under the “Swabhimaan” campaign.
- The present banking network of the country (as on 31.03.2014) comprises of a bank branch network of 115082 and an ATM network of 160055. Of these, 43962 branches (38.2%) and 23334 ATMs (14.58%) are in rural areas. Moreover, there are more than 1.4 lakh Business Correspondents (BCs) of Public Sector Banks and Regional Rural Banks in the rural areas. BCs are representatives of bank to provide basic banking services i.e. opening of basic Bank accounts, Cash deposits , Cash withdrawals, transfer of funds, balance enquiries, mini statements etc.
- Public Sector Banks (PSBs) have estimated that by 31.05.2014, out of the 9.17 crore rural households which were allocated to them, for coverage, about 5.23 crore households have been covered (3.94 crore uncovered). In addition, the Regional Rural Banks (RRBs) have also covered about 1.99 crore households out of the 3.97 crore households allocated to them (1.98 crore uncovered).

2. The task at hand:

- Putting the PSBs and RRBs numbers together implies that about 5.92 crore rural households are yet to be covered. Considering field level data mismatches in some instances, it is estimated that there are about 6 crore uncovered households which would need to be covered in the rural areas.
- Assuming 2 accounts per family, one for the husband and the other for the wife, this translates into opening of 12 crore accounts in villages.
- In addition account opening of uncovered households in urban areas would also be required. These households are estimated at 2.55 crore as per Census, 2011. However, the exact number of households without bank accounts are not available but estimated to be 1.5 crore implying opening of about 3 crore accounts in urban areas.
- Besides, those households which were covered under the earlier campaigns and have only one account per family would need to be provided with two accounts-one for the husband and the other for the wife.

3. Present plan :

- There are three major shifts from the earlier programme on Financial Inclusion. First , the earlier efforts of financial inclusion had village as the unit for coverage while the present plan focuses on coverage of households. Second, only rural areas have been the focus so far while both rural and urban areas have been included now. Third, the present plan is proposed to be implemented as a Mission Mode Project. It envisages a comprehensive coverage of all excluded households in the country by a six pillar approach in two phases.
- These comprise of

Phase I (15th August ,2014-14th August,2015)-

- ❖ Universal access to banking facilities
- ❖ Providing Basic Banking Accounts with overdraft facility of Rs.5000 and RuPay Debit card with inbuilt accident insurance cover of Rs. 1 lakh
- ❖ Financial Literacy Programme
- ❖ Creation of Credit Guarantee Fund for coverage of defaults in overdraft A/Cs

Phase II (15th August 2015-14th August,2018)-

- ❖ Micro Insurance
- ❖ Unorganized sector Pension schemes like Swavlamban

In addition, in this phase, coverage of households in hilly,tribal and difficult areas would be carried out. Moreover, this phase would focus on coverage of remaining adults in the households and students.

- The implementation strategy of the plan is to utilize the existing banking infrastructure as well as expand the same to cover all households. While the existing banking network would be fully geared up to open bank accounts of the uncovered households in both rural and urban areas, the banking sector would also be expanding itself to set up an additional 50,000 Business correspondents (BCs), more than 7000 branches and more than 20000 new ATMs in the first phase .
- The comprehensive plan is necessary considering the learnings from the past where a large number of accounts opened remained dormant, resulting in costs incurred for banks and no benefits to the beneficiaries.
- The plan therefore proposes to channel all Government benefits (from Centre/State/Local body) to the beneficiaries to such accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government including restarting the DBT in LPG scheme.
- Keeping the stiff targets in mind, in the first phase, the plan would focus on first four pillars in the first year starting from 15th August, 2014. The other three pillars would not have any hard targets in the first year.
- The target for setting up additional 50,000 BCs is quite challenging given the constraints of telecom connectivity.
- In order to achieve this plan, phase wise and State wise targets for Banks have been set up for Banks for the period 15th August,2014 to 14th August,2015.
- In order to achieve a “demand” side pull effect, it would be essential that there *is Branding and awareness of Business Correspondent model for providing basic banking services, Banking Products available at BC outlets and RuPay Cards*. A media plan for the same is being worked out in consultation with banks.
- A Project Management Consultant/Group would be engaged to help the Department implement the plan.
- It is proposed to launch the programme simultaneously at National level in Delhi, at every State capital and all district headquarters.
- A web-portal would be created for reporting/monitoring of progress.
- Roles of various stakeholders like other Departments of the Central Government, State Governments, RBI, NABARD, NPCI and others have been indicated.
- Department of Posts would be requested to utilize the services of Post offices in rural areas as Business correspondent of Banks
- Department of Telecom has been requested to ensure that problems of poor and no connectivity are resolved. They have informed that of the 5.93 lakh inhabited villages in the country(2011 census) only about 50,000 villages are not covered with Telecom connectivity.

1. Introduction:

The efforts to include the financially excluded segments of the society in India are not new. The concept was first mooted by the Reserve Bank of India in 2005. In the year 2011, the Government of India gave a serious push to the programme by undertaking the “Swabhimaan” campaign to cover more than 74,000 villages, with population more than 2,000 (as per 2001 census), with banking facilities. This campaign was launched on 10th February, 2011 by Smt. Sonia Gandhi, Chairperson UPA, in Vigyan Bhawan, New Delhi. State-wise number of villages covered under the campaign may be seen in Annex-1.

The learnings from the campaign suggest that

- The efforts need to be converged so as to cover the various aspects of Comprehensive Financial Inclusion.
- The campaign focussed only on the supply side by providing banking outlets in villages of population greater than 2000 but the entire geography could not be covered.
- The target was for coverage of villages and not of the households
- It also came out that some technology issues hampered further scalability of the campaign.
- The deposit accounts so opened under the campaign had very limited number of, or no transactions and
- The task of credit counselling and Financial Literacy did not go hand in hand with the campaign. Consequently the desired benefits were not visible. Learning from the past, the present proposal is, therefore, an integrated approach to bring about comprehensive financial inclusion.

2. Financial Inclusion – Background:

Comprehensive Financial Inclusion incorporates ensuring access to financial services and timely & adequate credit to the excluded sections i.e. weaker sections & low income groups.

It is a known fact that in India, while one segment of the population has access to assortment of banking services encompassing regular banking facilities & portfolio counselling, the other segment of underprivileged and lower income group is totally deprived of even basic financial services.

Exclusion of large segments of the society from financial services affects the overall economic growth of a country. It is for this reason that Financial Inclusion is a global concern. In Sweden and France, banks are legally bound to open an account for anybody who approaches them. In Canada, law requires Banks to provide accounts without minimum balance to all Canadians regardless of employment / credit history. In the United States, the Community Reinvestment Act (1977) is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighbourhoods, consistent with safe and sound operations.

In India, the Banking industry has grown both horizontally and vertically but the branch penetration in rural areas has not kept pace with the rising population and the need for accessible financial services. Even after decades of bank nationalization, whose rationale was to shift the focus from class banking to mass banking, we still find usurious money lenders in rural areas continuing to exploit the poor. After economic reforms of 1991, the country can ill-afford not to include the poor in the growth paradigm. Financial Inclusion of the poor will help in bringing them to the mainstream of growth and would also provide the Financial Institutions an opportunity to be partners in inclusive growth.

3. Financial Inclusion: Current Status - India

- Despite various measures for financial inclusion, poverty and exclusion continue to dominate socio economic and political discourse in India even after six decades of post independence era. Through economy has shown impressive growth during post liberalization era of 1991, impact is yet to be percolated to all sections of the society and therefore, India is still home of 1/3rd of world's poor.
- The present banking network of the country (as on 31.03.2014) comprises of a bank branch network of 115082 and an ATM network of 160055. Of these, 43962 branches (38.2%) and 23334 ATMs (14.58%) are in rural areas¹.

¹ Source RBI. “Rural” areas are defined as those centres which have population of less than 10,000.

3.1 Financial Inclusion – Summary progress of all Banks including Regional Rural Banks (RRBs), during three years period are as under:

Particulars	Year Ended, 2010	Year Ended, 2011	Year Ended, 2012	Year Ended, 2013
Banking Outlets in Villages				
a) Branches	33,378	34,811	37,471	40,837
b) Villages covered by BCs ²	34,174	80,802	1,41,136	2,21,341
c) Other modes	142	595	3,146	6,276
d) Total	67,674	1,16,208	1,81,753	2,68,454
Urban Locations through BCs	447	3,771	5,891	27,143
Basic Saving Bank Deposit A/c- branches				
a) No. in millions	60.19	73.13	81.20	100.80
b) Amt. in billions	44.33	57.89	109.87	164.69
Basic Saving Bank Deposit A/c- BCs				
a) No. in millions	13.27	31.63	57.30	81.27
b) Amt. in billions	10.69	18.23	10.54	18.22
OD facility availed in BSBDA's account				
a) No. in millions	0.18	0.61	2.71	3.92
b) Amt. in billions	0.10	0.26	1.08	1.55
KCCs (No. in millions)	24.31	27.11	30.24	33.79

Source: Table IV.4, RBI Annual Report, 2013

3.2 According to World Bank Findex Survey (2012) (http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2012/04/19/000158349_20120419083611/Rendered/PDF/WPS6025.pdf), only 35% of Indian adults had access to a formal bank account and 8 % borrowed from a formal financial institution in last 12 months.. The miniscule number suggests an urgent need to further push the financial inclusion agenda to ensure that people at the bottom of the pyramid join the mainstream of the formal financial system.

3.3 The statistics show that there is substantial progress towards opening of accounts, providing basic banking services during the recent years as indicated above. However, it is essential that all the all sections to be financially included in order to have financial stability and sustainability of the economic and social order.

4. Mission Mode Objectives (6 Pillars):

The present proposal of Comprehensive Financial Inclusion under the Mission Mode envisages provision of affordable financial services to all citizens within a reasonable distance. It comprises of the following six pillars:-

4.1 Universal access to banking facilities:- Mapping of each district into Sub Service Area(SSA) catering to 1000-1500 households in a manner that every habitation has access to banking services within 5 km by 14th August,2015. Parts of J&K, Himachal Pradesh, Uttarakhand, North East and the 82 Left Wing extremism affected districts which have telecom connectivity and infrastructure constraints would be covered by the end of Phase II of the program (14th August,2018)

4.2 Financial Literacy Programme:- To be extended to the block level from district level at present by March, 2016.

4.3 Providing Basic Banking Accounts with overdraft facility and RuPay Debit card:- To all households. The effort would be to first cover all uncovered households with banking facilities by August 2015 by opening two bank accounts-one for the husband and the other for the wife. This would need to be then continued on an ongoing basis to cover those households who have only one account per family. Facility of an overdraft of Rs.5000/-

² One BC can cover more than one village

through RuPay debit card to every basic banking account holder. This card would have an inbuilt accident insurance cover of Rs. One lakh.

- 4.4 **Creation of Credit Guarantee Fund** - Creation of a Credit Guarantee Fund would be to cover the defaults in overdraft accounts..
- 4.5 **Micro Insurance:-** By 14th August,2018 and then on an ongoing basis.
- 4.6 **Unorganized sector Pension schemes like Swavlamban:-** By 14th August,2018 and then on an ongoing basis.

Under the campaign, the first four pillars would be given thrust in the first year .

5. Financial Inclusion Plan :

Comprehensive Financial inclusion of the excluded sections is therefore proposed to be achieved by 14th August,2018 in two phases as under:

Phase I (15th August ,2014-14th August,2015)-

- ❖ Universal access to banking facilities
- ❖ Providing Basic Banking Accounts with overdraft facility of Rs.5000 and RuPay Debit card with inbuilt accident insurance cover of Rs. 1 lakh
- ❖ Financial Literacy Programme
- ❖ Creation of Credit Guarantee Fund for coverage of defaults in overdraft A/Cs

Phase II (15th August 2015-14th August,2018)-

- ❖ Micro Insurance
- ❖ Unorganized sector Pension schemes like Swavlamban

Some of the Phase II activities would also be carried out in Phase I .

In addition, in this phase, coverage of households in hilly, tribal and difficult areas would be carried out. Moreover, this phase would focus on coverage of remaining adults in the households and students.

6. Strategy for achievement of Objectives :

- In order to achieve the above objectives, a broad collaborative strategy with all stake holders is proposed. It is proposed to encourage Public-Private partnerships. Moreover inter-Department convergence and synergies are proposed to be encouraged. The existing national infrastructure of post offices if they agree to become BCs of banks or are able to offer debit cards from post offices and the proposed setting up of payment banks would be optimally utilized to deliver the results. Department of Posts would be requested to utilize the services of Post offices in rural areas as Business correspondent of Banks.
- The strategy is to take forward the Business Correspondent model for expansion of banking services by modifying it to ensure both operational flexibility and viability of the BC Agents (BCAs). Convergence with the National Rural Livelihood Mission (NRLM) in rural areas and National Urban Livelihood Mission (NULM) in urban areas would be sought for in covering each household with bank accounts. The expansion plans of the Department of Telecom to provide telecom connectivity in difficult areas would be effectively utilized for the provision of banking facilities in these areas. Department of Telecom has been requested to ensure that problems of poor and no connectivity are resolved. They have estimated that of the 5.93 lakh inhabited villages in the country (2011 census) only about 50,000 villages are not covered with Telecom connectivity.

7. Implementation of Financial Inclusion in Mission Mode :

7.1 Reaching out – Network expansion and Geographical coverage of the banks:

- 7.1.1 The first and basic pillar of this plan is the expansion of banking network of the country to reach out to the financially excluded segments of the population. In the year 2013-14, the Public Sector Banks(PSBs) , set up 7840 branches across the country of which about 25% were in rural areas. More than 40,000 ATMs were also set up pursuant to the Budget announcement of 2013-14 of providing an ATM at every branch. In the year 2014-15, the Public Sector Banks propose to set up 7332 branches and 20130 new ATMs. However given the staff constraints of banks and the viability of opening full fledged branches in rural areas, the demands for branch expansion far exceed the supply. The efficient and cost effective method to cover rural areas is by way of mapping the entire country through Sub Service Area (SSA) approach and deploying fully enabled BC outlets. Public Private Partnerships in this area shall facilitate the process and promote efficiency and pace of coverage.
- 7.1.2 **Rural financial inclusion:-** In the year 2011-12, Banks covered more than 74,000 villages, with population more than 2,000 (as per 2001 census), with banking facilities under the “Swabhimaan” campaign. The present banking network of the country (as on 31.03.2014) comprises of a bank branch network of 115082 and an ATM network of 160055. Of these, 43962 branches (38.2%) and 23334 ATMs (14.58%) are in rural areas and the remaining in semi-urban and metropolitan areas. Moreover, there are more than 1.35 lakh BCs of Public Sector Banks and Regional Rural Banks in the rural areas.
- 7.1.2.1 Under the present plan, all the 6 lakh villages across the entire country are to be mapped according to the Service Area of each Bank to have at least one fixed point Banking outlet catering to 1000 to 1500 households, called as Sub Service Area (SSA). Villages with Panchayat offices can be made the nodal point. This approach was tried in 121 DBT districts and the entire mapping resulted in creation of 30855 SSAs. Of these, 30751 SSAs were saturated with banking facilities. It is estimated that across the country there would be about 1.6 lakh SSAs of which under the present campaign, of which about 1.1 lakh would already be covered by banking facilities and about 50,000 new SSAs would need to be covered.
- 7.1.2.2 Villages without Brick and Mortar branches of banks would be covered by fixed location BC outlets preferably in the panchayat office/ bus station/local market. The BC may cater to the neighbouring villages in his area on pre defined time and days. The working and visit timing would be prominently displayed at his place of working. Public Sector Banks have estimated to set up about 31846 SSAs in order to cover the entire geography of the country. In addition the Regional Rural Banks have estimated to set up another 14216 SSAs to complete the SSA coverage. This translates to a target of coverage of 46162 SSAs. Considering the possibility of some field level data mismatches, a conservative estimate of coverage of 50,000 SSAs is being planned for, under the present campaign.
- 7.1.3 Every habitation will have access to Banking services within 5 km by August 2015 except parts of J&K, Himachal Pradesh, Uttarakhand, North East and the 82 Left Wing extremism affected districts which have telecom connectivity and infrastructure constraints
- 7.1.4 **Urban Financial Inclusion:** As per Census 2011, there were 7.89 crore Urban households out of which 5.34 crore households were availing banking services. As on 31st March,2014, the Banking network has 71120 branches and 136721 ATMs in urban, semi-urban and metropolitan areas. In Urban areas too, the Banks would engage BCs wherever required. The exact number of uncovered households at present is not available with Banks but is estimated to be about 1.5 crore.
- 7.1.5 In the Urban centres of the district, the Lead District Managers (LDMs) would be responsible to coordinate with all available banks in the centre to cover all households.
- 7.1.6 The Urban centre saturation would be measured by opening at least 150% accounts of the Urban households in that centre as per Census 2011.

- 7.1.7 The BC outlets (in both rural and urban areas) would be fully equipped with the required infrastructure including the computers and other peripherals like micro ATM, Bio metric scanners and internet connectivity.
- 7.1.8 BCs need to carry out on-line transactions for which internet connectivity is essential. However as per the present status there may be certain connectivity related issues particularly in hilly and tribal areas of the country which need to be addressed immediately. Hence there would be a committee consisting of various stakeholders including BSNL to sort out technology related issues.
- 7.1.9 Each BC would be given proper training about basic banking, insurance and pension products and also on customer handling.
- 7.1.10 Adequate compensation to the BCs would be ensured for enabling him to provide uninterrupted services particularly in the difficult rural and remote areas.
- 7.1.11 The suggested remuneration to reach the last mile BC Agents would be at least Rs.5,000/- pm comprising of fixed amount and additional transaction / activity based variable component. While deciding upon the remuneration structure it would be ensured that the costs on Rent, electricity, internet, travelling etc are also accounted for. While selecting BC Agents/ certain minimum qualification like having passed 10+2 exam should be stipulated. Individuals & entities like retired bank employee, retired teachers , retired Government etc, kirana shops, PCOs, CSCs , NGOs/MFIs and section 25 companies , non deposit taking NBFCs, post offices , cooperative societies or other eligible individuals/entities allowed by RBI from time to time etc may be engaged as BC Agents. Unemployed youth having passed 10+2 exam in villages should be encouraged subject to fulfilling other eligibility conditions.
- 7.1.12 There would be a dress code with a specified colour for the BCs. Each BC would be provided would a minimum of four sets of dresses-trousers, T shirts and caps. One pullover for winters would also be provided. The dresses would carry the campaign logo as well as the logo of the bank.
- 7.1.13 The Banks would adopt a scheme for financing the BCs with loans upto Rs. 1.5 lakh in rural areas, Rs. 2 lakh in urban areas and Rs. 2.5 lakh in Metro centres. These loans can be used for working capital requirement, purchasing furniture and purchasing a two wheeler. A scheme is suggested in Annexure 7.
- 7.1.14 Regular and timely payment to the BC Agents for the services rendered by them would be the key factor in ensuring their continuance at the village level.
- 7.1.15 **Suggested variants of the BC structure could be :**
 - 7.1.15.1 Individual BCAs deployed directly by the Bank.
 - 7.1.15.2 Utilising the network of 'Lok Mitra Kendras' of Common service Centres (CSC). Every state has a large network of these centres which are fully equipped with internet and computers etc. They are providing the Government to Citizen(G2C) services. They can be very useful for fast and cost effective creation of BC network.
 - 7.1.15.3 Through Corporate BC Companies i.e. through private participation. While this system has advantages of administration and centralised control for the Banks and also insulates them against several threats, but many times these players turn up in exploitation of the last mile delivery agents (BCAs).
 - 7.1.15.4 While engaging the Corporate BC Companies the remuneration structure for the agents deployed by them and time line for their payment would be ensured by the respective banks.
 - 7.1.15.5 RBI had directed Banks to cover all villages by March 2016. This task would now need to be preponed to August 2015 except the hilly, tribal, desert and difficult areas having challenge of Telecom connectivity .

- **Summary of Action Points:**

- Map the entire country with SSAs:- Identification of SSAs at the district level through the District Level Coordination Committees (DLCCs) has already been completed.
- Allocation of SSAs to different banks has also been done.

- Coverage of estimated 50,000 SSAs with Bank branches and Business Correspondents would need to be ensured.
- Monitoring and follow up through a portal of the Department of Financial Services (DFS) which would capture the daily progress made in setting up these SSAs.

7.2 Opening of Basic Saving Bank account of every adult citizen:

The second pillar of this plan envisages providing basic bank accounts to all adult citizens starting with coverage of all households. The Financial Inclusion campaign in the past has targeted opening of basic savings accounts. As per RBI estimates, by March 2013, 182 million basic savings accounts were opened (http://www.rbi.org.in/scripts/BS_SpeechesView.aspx?id=862).

- Census, 2011 estimated that out of 24.67 crore households in the country, 14.48 crore households had access to banking services. Public Sector Banks (PSBs) have estimated that by 31.05.2014, out of the 9.17 crore rural households which were allocated to them, about 5.23 crore households have been covered (Bank wise details are in Annex 5). This leaves about 3.94 crore rural households to be covered by PSBs. In addition, the Regional Rural Banks (RRBs) have also covered about 1.99 crore households out of the 3.97 crore households allocated to them, which leaves 1.98 crore households to be covered by them.
- Putting the PSBs and RRBs numbers together implies that about 5.92 crore rural households are yet to be covered. Considering field level data mismatches in some instances, it is estimated that there are about 6 crore uncovered households which would need to be covered in the rural areas. Assuming 2 accounts per family, one for the husband and the other for the wife, this translates into opening of 12 crore accounts in villages.
- In addition account opening of uncovered households in urban areas would also be required. At a conservative estimate for about 1.5 crore uncovered households, 3 crore accounts would be needed.
- Besides, those households which have only one account per family would need to be provided with two accounts—one for the husband and one for the wife.

In the past, it was seen, that many of the accounts opened did not have sufficient number of transactions for banks to find them viable. This was because these accounts were being opened in isolation without proper linkages. Under the present plan, this anomaly is proposed to be removed by its six pillar approach. Moreover, the accounts will also be ATM enabled to get the benefits of flexibility. The approach under this pillar of the campaign would be as follows:

- 7.2.1 Opening of SB account with zero balance. For ease of opening of accounts Banks would be advised to take benefit of e-KYC approach.
- 7.2.2 *In order to cut down time on account opening, under the campaign, a one page account opening form has been designed which may be seen in Annexure 8. All Banks will make suitable amendments in their account opening forms immediately.*
- 7.2.3 Each SB account holder to be on the main Core Banking Solution (CBS) platform of the Bank and would be given ATM/Debit (RuPay) card. *The card will have inbuilt accident insurance of Rs. 1 lakh.*
- 7.2.4 It has been ascertained from National Payments Corporation of India (NPCI) that the RuPay cards to be issued do not have a production/operationalization constraint and the manufacturing capacity is estimated to be about 18 lakh per day. The personalization capacity available is also 7.75 lakh per day.
- 7.2.5 The network of Cooperative Banks which are on CBS would also be used for account opening.
- 7.2.6 This account would be linked with the Aadhaar number of the account holder and would become the single point for receipt of all Direct Benefit Transfers (DBT) from the Central Government/State Government/Local Bodies. Presently the Direct Benefits Transfer scheme under LPG/Gas delivery has been stopped and the Dhanda committee appointed to study the scheme has submitted its report. The

other Government schemes under DBT are continuing but the Government Departments are yet to pay the 1% commission due to Banks. No commission has been agreed to in the DBT for LPG by the Department of Expenditure (DoE) on the argument that these are normal operations for the Banks while the 1% commission in other schemes is to compensate banks for the Business Correspondents. Department of Financial Services (DFS) has taken up the matter with DoE arguing that Banks have to do substantial other works in operationalizing the scheme including dealing with customer grievances but there has been no result of these efforts. This anomaly would need to be corrected in order to ensure complete buy-in of the banks for the DBT schemes. The DBT in LPG which was the largest of all DBT schemes would need to be re-started.

- 7.2.7 It is proposed that DBT including DBT in LPG should be pursued to make the programme of financial inclusion a success. The list of DBT schemes is given in
- 7.2.8 Each account holder would be provided financial literacy sessions on how to manage his money and credit facilities.
- 7.2.9 The Accounts would be opened in camp mode to ensure that account may be opened for all eligible residents in time bound manner and there after account opening process to take place in on going basis. The dates / day of the camp to be announced in advance through adequate and effective publicity locally available. The camps would be organised in coordination with the Government & Bank officials and in each of the camp BCAs & Bank officer to ensure opening of account.
- 7.2.10 Bank may be required to hold more than one camp in each village till 100% saturation level is achieved in that village.
- 7.2.11 Convergence with the efforts of the National Rural Livelihoods Mission (NRLM) would be sought in order to open bank accounts for the Self Help Group(SHG) members.
- 7.2.12 Overdraft (OD) of Rs.5,000/- would be provided to the customers (only to the lady member in case of bank accounts of both husband and wife) . Release of said OD facility would be in a phased manner starting with Rs.1000/- and after observing satisfactory performance of these OD accounts, the remaining amount should be released by the Banks within the next six months. This OD facility would be covered by the Credit Guarantee Fund proposed to be created by the Government which is further described in section 7.4 of this document. The Rate of Interest on these accounts is proposed @ 11 % (Including the fees to be paid to Credit Guarantee fund).

All Government benefits to flow this account – Facilitating servicing of interest & Reducing the chances of account becoming dormant

- **Summary of Action Points:**

- About 12 crore bank accounts will be required to be opened in rural areas and
- In addition about 3 crore bank accounts for the urban people not having bank accounts would need to be opened.
- Identification of people without any bank account
- Re-activation of dormant accounts
- Opening of bank accounts at village level in camp mode
- Opening of bank accounts in urban areas in camp mode
- RuPay debit card will be provided to all account holders
- Using mobile banking for low end phones to facilitate withdrawal, payments and transfer of money through Banks.

7.3 Financial Literacy and Credit Counselling (FLCC)- Establishing adequate number of Financial Literacy Centre (FLCC) & Mechanism to increase financial literacy among the financially excluded sections:

The third important pillar focuses on preparing the people for financial planning and availing credit. It has been seen from the experience of microfinance firms as well as Self Help Groups (SHGs)

that before availing credit, people need to be made aware of the advantages of access to formal financial system, savings, credit, importance of timely repayments and building up a good credit history. As per RBI, 718 Financial Literacy Centres (FLCs) have been set up as at end of March, 2013. A total of 2.2 million people were made aware through awareness camps / choupals, seminars and lectures during 2012-13. However most of these FLCs have not been set up in rural areas. The present plan aims to expand the FLCCs to the block level. The focus would be on availing credit and coming out of the exploitation by informal financial system:-

- 7.3.1 Financial literacy is a prerequisite for effective financial inclusion, which will ensure that financial services reach the unreached and under-reached sections of the society. Financial markets now offer complex choices to consumers, but literacy is essential for consumers to make informed choices. Informed choices will help in demand generation of the financial services.
- 7.3.2 In countries with diverse social and economic profile like India, financial literacy is particularly relevant for people who are resource-poor, who operate at the margins and are vulnerable to persistent downward financial pressures. With no established financial awareness, the un-banked poor are pushed towards expensive alternatives.
- 7.3.3 India is among the world's most efficient financial markets in terms of technology, regulation and systems. Financial literacy is most important for India as it is a developing country with problem of poverty in addition to illiteracy and population. Financial literacy is considered an important adjunct for promoting financial inclusion and ultimately financial stability of the global economy. In India, the need for financial literacy is even greater considering the low levels of literacy and the large section of the population, remaining out of the formal financial set-up.
- 7.3.4 While savings as a percentage of GDP in India is fairly good, where the savings are invested is a cause for concern. Further only a minority of Indians are covered by mandated, and/or government financed social security schemes and social safety nets. We need to convert a country of savers into a nation of investors. Everyone saves money for future needs but the approach most of the time is to save surplus money without preparing household budgets & without prioritizing personal needs.
- 7.3.5 Impact of financial illiteracy: Recent experiences in the microfinance arena have shown that poor people take loans that they have no capacity to service. Farmers have also taken loans that they have not been able to repay. Many have been driven to suicide because of debt problems. Unless financial literacy goes hand in hand with financial inclusion, instead of helping the poor, they may be put into more trouble.
- 7.3.6 National Institute of Securities Market (NISM) has set up National Centre for Financial Education (NCFE) with the support of all the financial sector regulators in India: RBI, SEBI, IRDA, PFRDA and FMC, to further the cause of financial literacy and inclusion in India in a collaborative manner. Role and functionality of NCFE would be strengthened.
- 7.3.7 RBI has a scheme of "Depositor Education & Awareness Fund Scheme 2014", which is created out of unclaimed money of the depositors, 10 years and above. Part of this fund may be utilised to increase financial literacy awareness. RBI would be consulted for utilizing the amount.
- 7.3.8 A convergence with the National Rural Livelihood Mission (NRLM) of Ministry of Rural Development and National Urban Livelihood Mission (NULM) of the Ministry of Housing and Urban Poverty Alleviation (HUPA) would be sought to achieve the objective of Financial Literacy. NGOs working with NRLM and NULM may be utilized for this purpose.
- 7.3.9 It is proposed to provide basic financial literacy including operating an ATM card and benefits of the repayment of the overdraft due during the camps to be conducted for account opening.

- **Summary of Action Points:**

- Revamping and expansion of FLCCs upto the block level to increase its scope
- Finalizing the course material in consultation with all stake holders
- Effective use of technology for training through Video Conferencing
- Monitoring and follow-up

7.4 Credit Guarantee Fund:

The fourth pillar of this plan is the creation of a Credit Guarantee Fund. It is proposed to be housed in National Credit Guarantee Corporation (NCGC). As per RBI estimates, up to March 2013, 3.95 million Basic banking accounts availed Over draft facility of Rs.1.55 billion (These figures respectively, were 0.18 million and 0.10 billion in March, 2010). However, considering that 182 million such accounts were opened by March, 2013, the over draft facility has been availed in a very small fraction of these accounts. Reasons for this can be:

- ❖ Cap of Rs.2,500/- for each account that too on select basis.
- ❖ Perceived defaults in such accounts by Banks made them shy of lending.

7.4.1 Provision of Rs.5,000/- as is projected to have multi dimensional benefits like:

- 7.4.1.1 This exigency fund shall be a great support for them in meeting out their basic needs like health, farming etc. The idea is to bring out people from the clutches from the money lender in both rural and urban areas.
- 7.4.1.2 Learning to manage this account shall be the first step to larger dosage of credit by creating their credit history. It shall help the banks also in Credit appraisal for his future needs.
- 7.4.1.3 Provision of Rs. 5,000/- as instant overdraft (It is a credit and not grant).
- 7.4.1.4 Over draft of Rs. 5,000/- to be provided to only one lady account of the family.
- 7.4.1.5 Banks can consider customers having good credit history for more than one year eligible for higher credit limits.

7.4.2 The present plan proposes to create a credit guarantee fund with a corpus of Rs.1,000 crores to provide guarantee against defaults in over drafts in basic banking accounts. It is estimated that there are 18.2 crore basic banking accounts and it is estimated that by the end of the campaign another 15 crore accounts would get added. An overdraft of Rs. 5000 in each of these translates to a total of Rs.1,65,000 crores. Using a 1:20 leverage ratio we would need Rs.8250 crore over a period of time. Hence to begin with, it is proposed to start with a corpus of Rs.1000 crore. This corpus would be budget neutral for the Government of India and would be funded by the Financial Inclusion Fund (FIF) being maintained by NABARD.

- **Summary of Action Points:**

- Setting up the Credit Guarantee fund for micro credit

7.5 Micro Insurance:

The fifth pillar of this plan is to provide micro-insurance to the people. Insurance Regulatory and Development Authority (IRDA) has created a special category of insurance policies called micro-insurance policies to promote insurance coverage among economically vulnerable sections of society. The IRDA Micro-insurance Regulations, 2005 defines and enables micro-insurance. A micro-insurance policy can be a general or life insurance policy with a sum assured of Rs.50,000 or less.

A general micro-insurance product could be

- Health insurance contract
- Any contract covering belongings such as
 1. Hut
 2. Livestock
 3. Tools or instruments or
 4. Any personal accident contract

They can be on an individual or group basis

A life micro-insurance product is:

- A term insurance contract with or without return of premium
- Any endowment insurance contract or
- A health insurance contract

They can be with or without an accident benefit rider and

Either on an individual or group basis

7.5.1 There is flexibility in the regulations for insurers to offer composite coverage or package products that include life and general insurance covers together. Micro-insurance business is done through the following intermediaries:

- Non-Governmental Organisations
- Self-Help Groups
- Micro-Finance Institutions

7.5.1.1 Most of the entities appointed as BCAs, including companies registered under Companies Act, have also been permitted by IRDA for appointment as MI agents to sell Micro-insurance products by a separate circular.

7.5.2 The micro-insurance portfolio has made steady progress. More and more life insurers have commenced their micro-insurance operations and many new products are being launched every year. The distribution network has also been considerably strengthened and the new business has shown a decent growth, although the volume is still small. Micro-insurance business is procured largely under the group portfolio. Life Insurance Corporation of India (LIC) contributes the most both in terms of policies sold and number of micro-insurance agents.

7.5.3 With the notification of the IRDA (Micro-insurance) Regulations 2005, by the Authority, there has been a steady growth in the design of products catering to the needs of the poor. The flexibilities provided in the Regulations allow the insurers to offer composite coverage or package products.

- **Summary of Action Points:**

- Enabling the extension/distribution machinery to offer micro-insurance products and full coverage of scheme like Aam Admi Bima Yojna (Estimated target of 12 cr. families, 4.6 cr. Covered)

7.6 Unorganized sector Pension schemes like Swavlamban:

The sixth and final pillar of this plan relates to old age income security. To encourage workers in the unorganised sector to save voluntarily for their old age, an initiative called “Swavlamban Scheme”, a co-contributory pension scheme was launched on 26.09.2010, wherein the Central Government would contribute a sum of Rs.1000 per annum in each National Pension Scheme (NPS) account opened and having a saving of Rs.1,000 to Rs.12,000 per annum for a period not exceeding five years. The Scheme runs up to Financial Year 2016-17. The Scheme operates through 79 Aggregators appointed by the Pension Fund Regulatory and Development Authority (PFRDA), an authority constituted by the Government to implement NPS. A total of 3,01,980 subscribers during 2010-11, 6,43,979 subscribers during 2011-12 and 11,01,079 subscribers during 2012-13 have been benefitted. During the financial year 2013-14, a total of 15,94,790 subscribers have been benefitted.

- **Summary of Action Points:**

- Use the extension/distribution mechanism for full coverage under pension scheme like Swavlamban
- Estimated 35 cr. unorganised labour in the country. 15.94 lakhs subscribers enrolled till 31.03.2014

8 Administrative Structure for Monitoring:

8.1 Central Level:

	Headed by	Other members	Frequency of monitoring
Mission Head	Finance Minister	Minister of Communications, Minister of Rural Development, Secretary(FS), Governor RBI, Secretary(Telecom), Secretary(RD), Chairman IBA	Quarterly
Executive Committee	Secretary(FS)	Deputy Governor(RBI), DG NIC, CEO IBA, CMD BSNL, CMDs of Banks, Chairman NABARD, CEO NPCI,	Monthly
Mission Director	Joint Secretary(FI)	Nodal Officers of banks, NABARD, NPCI, BSNL	Weekly/ Fortnightly

8.1.1 Director (FI) would be Additional Mission Director.

8.2 State Level:

	Headed by	Other members	Frequency of monitoring
State Level Implementation Committee	Preferably Mission Director, NRLM to achieve convergence with NRLM or Principal Secretary(Finance)	Heads of Major Banks, Regional Heads of RBI and NABARD, Insurance Companies etc.	Monthly

8.2.1 SLBC Convenor Bank General Manager in the State capital would be the Secretary to the State Implementation Committee.

8.3 District Level:

	Headed by	Other members	Frequency of monitoring
District Level Implementation Committee	District collector	Senior most officers of banks in the district and NABARD, NRLM members, Insurance Companies, officers of district administration and Local Bodies	Fortnightly

8.3.1 Lead District Manager (LDM) to act as Secretary to the implementation committee.

8.3.2 The committee to meet every fortnight. The frequency could be even higher in the initial stage till creation of the infrastructure. Presence of DC would be necessary in at least in one of the two consecutive meetings.

9 Monitoring Mechanism/ MIS:

- 9.1 A web portal shall be created by DFS at 'Financialservices.gov.in' for online monitoring the creation of BCAs in the field shall be the tool to ensure proper coverage of villages.
- 9.2 The reports to be generated would be district wise/ State wise and would include
- a) Covered villages with uncovered households needing two accounts per family
 - b) Covered villages with covered households needing one more account per family or reactivation of earlier account
 - c) Uncovered villages with households needing two accounts
 - d) Urban areas with uncovered households needing two accounts/one account/account reactivation
 - e) Number of new BCs set up in Rural and Urban areas
- 9.3 Each Bank would have a structured System generated MIS system to monitor the function of B C Agents in the field. The format would be standardised across the system for ease and uniformity purposes. This shall be uploaded regularly on the Portal created by DFS for this purpose.
- 9.4 This MIS would have a linkage with the portal for DFS i.e. 'Financialservices.gov.in'. All banks have already been provided with the necessary id and password to access this portal .
- 9.5 IBA will have a monitoring committee which shall review the progress on weekly basis. The information for monitoring shall be extracted from the DFS portal.
- 9.6 A Project Management Group would be set up in DFS comprising of sector experts to do a day to day monitoring.
- 9.7 A single Toll free number would be provided across the country. This number shall be connected to a call centre with multi language facility, controlled by IBA and funded by all member banks. Citizens facing difficulty in opening of account may call on this number where his/her complaint shall be registered. The same shall then be forwarded to the concerned for necessary action within 15 days.

10. Media and Publicity :

Adequate publicity would need to be carried out in structured manner based on different tiers like Central level, State level and Districts / Local level. Structure & Mechanism for publicity would be devised by Indian Bank Association (IBA) and NABARD in co-ordination with Banks and other stake holders. There would be a common fund to be contributed by the Banks for publicity. In the states, State Level Bankers Committees (SLBCs) would coordinate based on broad guidelines of the IBA/NABARD. However the local level publicity would be taken up by the respective Lead District Managers. All publicity material like posters, banners etc would be in local/regional language. Broadly modes for campaign shall be used as under:

- ❖ Central level
 - Print
 - Electronic
 - Radio
- ❖ Local level (vernacular)
 - Posters
 - Banners
 - Brochures

11. Financial Implication for one Year:

Estimated costs for setting up of BC outlets (estimated 50,000) & other activities for the first year are as under:

S.N.	Activity	Amount(in Rs. crore)
1.	Remuneration of BCs	300
2.	Media campaign for awareness building	300
3.	Infrastructure, merchandising, infrastructure	200
	Total	800

The contribution for the media campaign for awareness building would be under Financial Inclusion Fund (FIF) maintained with NABARD. Depositor Education and Awareness Fund scheme 2014 of RBI would also be utilized for supporting this initiative.

The remaining amount would be contributed by the banks. In addition, the Credit Guarantee Fund to be created for defaults in basic banking accounts would need a contribution of Rs.1000 crore for which the guidelines of FIF would need to be suitably amended.

12. Challenges identified in the implementation of the Mission:

12.1 Telecom connectivity: The feedback from the Banks is that in tribal and hilly areas of the country, the telecom network is not reliable and therefore setting up BCs in these areas and ensuring opening of bank accounts is going to be difficult. A meeting was held with representatives of the Department of Telecom(DoT) and BSNL in this regard and it was assured that the ongoing telecom connectivity problems would be resolved by mutual consultation. It was also informed that DoT is separately seeking the Government approval to cover all villages in the North East and difficult areas with telecom connectivity. Banks would also work to utilize the National Optical Fibre Network (NOFN) when it reaches the Panchayat level.

12.2 Keeping the accounts “Live”: It is essential that all Government benefits –Central, State or local should flow to these accounts as it has been observed that a lot of duplicacy exists in this area and sometimes States have not followed the service area approach and allocated areas to some banks other than service area banks creating avoidable confusion. The DBT schemes need to be pushed and DBT in LPG needs to be restarted. The list of DBT schemes may be seen in Annexure 6.

12.3 Brand awareness and sensitization: In order to achieve a “demand” side pull effect, it would be essential that there is Branding and awareness on Business Correspondent model for providing basic banking services, Banking Products available at BC outlets and Rupay Cards. Customers to be made aware that overdraft of Rs.5,000/- to be provided in their account is a credit facility which needs to be repaid in order to get fresh limits and is not a grant.

12.4 Coverage of difficult areas: Parts of North East, Himachal Pradesh, Uttarakhand, J&K and 82 Left Wing Extremism (LWE) districts face challenges of infrastructure besides Telecom connectivity. All households in such areas may not be fully covered under the campaign.

13. Roles of major stakeholders:

13.1 Role of Department of Financial Services:

- ❖ Overall ownership of the Mission Mode Project on Financial Inclusion
- ❖ Overall Monitoring and Implementation of the Mission

13.2 Role of other Central Government Departments:

- ❖ In order to achieve the complete financial inclusion and transfer of social benefits in the accounts of the beneficiaries, the concerned Departments of Central Government would coordinate with the stake holders.
- ❖ Presently, 26 centrally Social benefits scheme under DBT are sponsored by eight Departments of the Central Government as under:
 - I. M/o Social Justice & Empowerment
 - II. M/o Human Resources Development, D/o Higher Education
 - III. M/o Human Resources Development, D/o School Education & Literacy

- IV. M/o Tribal Affairs
 - V. M/o Minority Affairs
 - VI. M/o Women and Child Development
 - VII. M/o Health & Family Welfare
 - VIII. M/o Labour and Employment
 - ❖ MGNREGS is sponsored by Ministry of Rural Development (MoRD, Gol).
 - ❖ Departments like Department of Posts for using the rural post offices, Department of Telecommunications for telecom connectivity, Ministry of Information & Broadcasting and DAVP to assist in media campaign, DEITY in development of logistic support for monitoring like creation of portal for data updating, development of electronic reporting system, MoRD for convergence with NRLM, HUPA for convergence with NULM etc.
- 13.3 **Role of RBI:**
- ❖ To align their directions to the Banks on Financial inclusion with the Mission mode
 - ❖ FIF fund allocation support
 - ❖ Depositor Education and Awareness Fund scheme 2014 support
 - ❖ To guide and support Banks in Financial Literacy Campaign and revamping and expansion of FLCCs upto the Block level
- 13.4 **Role of Banks:** As defined in the Mission Mode document
- 13.5 **Role of IBA:**
- ❖ Coordination in Financial Inclusion Effort with all Banks
 - ❖ Key monitoring role in Financial Literacy campaign
 - ❖ Coordination in publicity and campaign
 - ❖ Coordination in centralised handling of customers grievances / issues through Toll free numbers in coordination with Banks
 - ❖ A dedicated Desk to be set up for monitoring of implementation of FI. The desk will have a call centres with Toll free numbers to be activated by 15/08/2014
- 13.6 **Role of NABARD:**
- ❖ Coordination in publicity and campaign
 - ❖ Monitoring of Implementation of Financial Inclusion in respect of organisations working under NABARD
 - ❖ Allocation of funds from Financial Inclusion Fund (FIF)
- 13.7 **Role of State Governments:**
- ❖ Appointment of Mission Director at State level
 - ❖ Monitoring of financial inclusion campaign in coordination with SLBC & all the stake holders
 - ❖ Direct Benefit Transfer of the State schemes in the bank accounts of the beneficiaries
- 13.8 **Role of SLBC:**
- ❖ SLBC Convenor GM to act as Secretary to state implementation committee
 - ❖ Coordination with all the Banks for Financial Inclusion Activity
 - ❖ Monitoring and follow up of different activities of Financial inclusion
- 13.9 **Role of District Administration:**
- ❖ Key role in implementation of FI in the districts
 - ❖ District Collector (DC) to act as chairman of District level implementation committee
- 13.10 **Role of Lead District Manager:**
- ❖ Lead District Manager (LDM) to act as Secretary to the District Implementation Committee
 - ❖ LDM to coordinate with all the Banks in FI implementation in the District
- 13.11 **Role of Local Bodies:**
- ❖ Representatives of local bodies (panchayats in rural areas and municipalities in urban areas) to assist in implementation of FI in various ways like in organising camps in opening of accounts, identification of persons for opening of account , in financial literacy campaign etc.

13.12 National Payment Corporation of India (NPCI):

- ❖ Coordination and necessary guidance and supports to banks for in providing and proper operations of RuPay cards
- ❖ To facilitate Interoperability among BCs
- ❖ Necessary supports to Banks in making available USSD based mobile banking with low end mobile phones so that customer can avail basic banking services like deposit, withdrawal, fund transfer, balance enquiry etc across the banks. This product may be enabled at BC outlets also.

14. Launch Function

- a. Simultaneous launch in Delhi, State capitals and Districts
- b. Unveiling of the logo and merchandise of the campaign
- c. Low cost mobile banking (USSD) launch with all Telecom providers
- d. Highlighting of RuPay Card to be provided to the beneficiaries

15. Time Lines for Implementation:

- ❖ *Launch* 15th Aug 2014
- ❖ *Coverage of SSAs (Opening of 50,000 BC outlets in rural areas and additional ones as necessary in Urban areas)*
 - 10,000 15th Aug 2014
 - 15,000 (Aggregate 25,000) 30th Nov 2014
 - 15,000 (Aggregate 40,000) 31st Mar 2015
 - 20,000 (Aggregate 50,000) 30th Jun2015
- ❖ *Opening of accounts (estimated at 15 crore)*
 - 5 Crore (25%) 30th Nov 2014
 - 5 Crore (50%) 31st Mar 2015
 - 5 Crore (75%) 30th Jun2015
 - Remaining accounts (100%) 14th Aug 2015

State-wise number of unbanked villages with population of over 2000, provided with banking facilities under 'Swabhimaan' Campaign 2010-13.		
S.N.	Name of State	No. of Villages provided with banking facilities
1	Andaman & Nicobar Islands	9
2	Andhra Pradesh	6640
3	Arunachal Pradesh	11
4	Assam	2319
5	Bihar	9206
6	Chandigarh	0
7	Chhattisgarh	1050
8	Dadra & Nagar Haveli	30
9	Daman & Diu	6
10	Delhi	110
11	Goa	41
12	Gujarat	3502
13	Haryana	1838
14	Himachal Pradesh	48
15	Jammu & Kashmir	789
16	Jharkhand	1541
17	Karnataka	3395
18	Kerala	120
19	Lakshadweep	0
20	Madhya Pradesh	2736
21	Maharashtra	4292
22	Manipur	186
23	Meghalaya	39
24	Mizoram	14
25	Nagaland	196
26	Odisha	1877
27	Puducherry	42
28	Punjab	1576
29	Rajasthan	3883
30	Sikkim	43
31	Tamil Nadu	4445
32	Tripura	419
33	Uttar Pradesh	16270
34	Uttarakhand	226
35	West Bengal	7452
	Grand Total	74351

- Focus was on coverage of villages not households

Annexure-2**ACTIVITY SHEET FOR SETTING UP BCs IN PHASE 1**

Sr. No.	Activity	Timelines	Responsibility
1.	Allocation of Districts and Villages	15/07/2014	SLBCs and LDMs
2.	Placement of order for Machines	15/07/2014	Respective Banks
3.	Delivery of Machines	31/07/2014 onwards	Vendors
4.	Infrastructure arrangements (Cards, Forms, Furniture etc)	07/08/2014	Respective Banks
5.	Search/Identification and Selection of BC	07/08/2014	Respective Banks
6.	Orientation of BCs	10/08/2014 to 14/08/2014	Respective Banks
7.	Activation of BC	14/08/2014	Respective Banks
8.	First account opening	15/08/2014	Respective Banks

Annexure-3**ACTIVITY SHEET FOR OPENING OF BANK ACCOUNT IN CAMP MODE IN PHASE I**

Sr. No.	Activity	Timelines	Responsibility
1.	Announcement of dates for Organising Camps for account opening	01/08/2014	Respective Banks
2.	Adequate Publicity at District level of Bank branches	01/08/2014	-- do--
3.	Identification of households without bank accounts	14/08/2014	-do-
4.	Completion of first Account opening process & providing Rupay Debit Card	15/08/2014	(i) Bank Officials & (ii) BC Agents

Phase wise target for coverage of Business Correspondents				
State	Phase 1 (upto 14.08.2014)	Phase 2 (15.08.2014 to 30.11.2014)	Phase 3 (01.12.2014 to 31.03.2015)	Phase 4 (01.04.2015 to 30.06.2015)
Arunachal Pradesh	25	25	25	25
Andhra Pradesh	400	600	600	Any additional left over SSAs
Assam	25	50	100	144
Bihar	1000	1500	1500	101
Chhattisgarh	150	225	225	86
Goa	20	20	18	Any additional left over SSAs
Gujarat	500	750	750	117
Haryana	500	500	120	Any additional left over SSAs
HP	200	300	300	78
JK	100	150	120	Any additional left over SSAs
Jharkhand	150	225	225	91
Karnataka	500	750	750	129
Kerala	300	350	350	55
MP	1000	1500	1500	1332
Maharashtra	1000	1500	1500	1172
Manipur	25	25	25	25
Meghalaya	25	25	25	25
Mizoram	25	25	25	25
Nagaland	25	25	25	25
Orissa	500	750	750	198
Punjab	400	500	500	3
Rajasthan	1000	1500	1500	643
Sikkim	25	25	25	25
Tamil Nadu	50	70	70	4
Telangana	100	150	150	Any additional left over SSAs
Tripura	25	25	25	25
UP	2000	3000	3000	3055
Uttarakhand	50	50	65	Any additional left over SSAs
West Bengal	400	700	700	72
Total	10520	15290	14943	7430 and any additional left SSAs

Bank wise Detail of Villages/ SSAs/ Households Allotted and Covered as on 31.05.2014							
S. No.	Name of Bank	Villages (Nos.)		SSAs (Nos.)		Households (Nos.)	
		Allotted	Covered	Allotted	Covered	Allotted	Covered
	[1]	[2]	[3]	[4]	[5]	[6]	[7]
1	Allahabad Bank	17689	4787	5093	2880	46,24,622	26,63,739
2	Andhra Bank	4856	3688	1954	1851	24,12,380	23,53,325
3	Bank of Baroda	21526	14729	6811	5034	56,21,924	46,28,182
4	Bank of India	18533	10866	5283	3691	45,78,361	35,37,927
5	Bank of Maharashtra	10235	7106	3048	2128	27,06,761	20,75,228
6	Canara Bank	10122	5404	3547	2938	32,19,401	22,77,980
7	Central Bank of India	30382	12788	8946	4119	89,67,061	52,82,702
8	Corporation bank	1880	1402	1143	1143	2,91,804	1,02,397
9	Dena Bank	4309	3033	2644	1882	14,96,366	10,08,947
10	IDBI Bank Ltd.	998	974	497	491	2,47,555	1,72,513
11	Indian Bank	5902	5079	159	159	23,71,454	17,31,684
12	Indian Overseas Bank	5672	3659	538	538	21,52,273	15,54,284
13	Oriental Bank of Commerce	4603	2608	1494	1029	18,53,027	12,94,864
14	Punjab & Sind Bank	2716	1027	1070	560	14,93,021	6,19,560
15	Punjab National bank	38970	25147	8490	5171	92,01,800	47,15,921
16	SBBJ	7590	2989	1880	1350	8,08,360	2,26,012
17	State Bank of Hyderabad	3941	3872	1504	1487	18,78,884	25,47,393
18	State Bank of India	47622	18201	16691	9643	2,24,14,193	50,00,240
19	State Bank of Mysore	3556	1980	697	438	8,41,910	6,27,633
20	State Bank of Patiala	3612	1762	1030	630	5,04,700	3,99,837
21	State Bank of Travancore	49	42	426	365	6,39,000	4,30,000
22	Syndicate Bank	6380	3547	3358	2152	24,55,945	15,23,140
23	UCO Bank	17102	10198	5636	3881	34,07,505	23,03,399
24	Union Bank of India	18667	7494	7650	4398	47,80,816	33,15,536
25	United Bank of India	12671	9949	2065	2065	22,55,159	20,13,092
26	Vijaya Bank	3170	2627	1013	798	5,36,071	3,47,329
	Total	302753	164958	92667	60821	9,17,60,353	5,27,52,864

LIST OF 26 CENTRAL SECTOR/ CENTRALLY SPONSORED SCHEMES

Sl. No	Ministry/ Department	No. of Schemes	Name of the Scheme	
1	M/o Social Justice & Empowerment	7	1	Post Matric Scholarship for SC Students.
			2	Pre-Matric Scholarship for SC Students.
			3	Pre-Matric Scholarship for Children of those engaged in unclean occupations.
			4	Upgradation of merit of SC Students.
			5	Post Matric Scholarship for OBCs.
			6	Top Class Education Scheme.
			7	Rajiv Gandhi National Fellowship.
2	M/o Human Resources Development, D/o Higher Education	3	1	Scholarship to Universities/College Students.
			2	Fellowship Schemes of UGC.
			3	Fellowship Schemes of AICTE.
3	M/o Human Resources Development, D/o School Education & Literacy	2	1	National Means cum Merit Scholarship.
			2	National Scheme for Incentive for the girl child for secondary education.
4	M/o Tribal Affairs	3	1	Post Matric Scholarship Scheme.
			2	Top Class Education System.
			3	Rajiv Gandhi National Fellowship.
5	M/o Minority Affairs	3	1	Matric Scholarship Scheme.
			2	Maulana Azad National Fellowship.
			3	Merit cum Means Scholarship Scheme.
6	M/o Women and Child Development	2	1	Indira Gandhi Matritva Sahyog Yojana (IGMSY).
			2	Dhanalakshmi Scheme.
7	M/o Health & Family Welfare	1	1	Janani Suraksha Yojana.
8	M/o Labour and Employment	5	1	Scholarship to the Children of beedi workers.
			2	Housing subsidy to beedi workers.
			3	Stipend to children in the special schools under the Child Labour Project.
			4	Stipend to trainees- Welfare of SC/ST through Coaching cum Guidance & Vocational Training
			5	Stipend to trainees in LWE districts
Total		26		

Scheme for Financing Business Correspondents					
Nature of Facility Purpose	Demand/Term Loan/Working Capital Facilities <input type="checkbox"/> Working Capital Requirement <input type="checkbox"/> Purchase of Computers, peripherals, printers, Furniture & Fixtures etc for setting up or renovation of office. <input type="checkbox"/> Purchase of two wheeler				
Limit	Minimum Rs.25000 /- Maximum Rs. 250000/-				
	Area	Demand Loan	Overdraft (Working capital)	Term Loan(veh icle loan)	Total
	Rural and semi urban	75000/-	25000/-	50000/-	150000/-
	Urban	115000/-	35000/-	50000/-	200000/-
	Metro	150000/-	50000/-	50000/-	250000/-
Eligibility	The Product is specifically designed for Business Correspondents (BCs) and Kiosk Operators who have valid agreement with service providers engaged by the Bank for the purpose of providing banking services under Financial inclusion. Age: 18 to 60 years				
Margin	10%				
Rate of Interest		Micro Enterprises		Small Enterprises	
	Up to Rs. 50000/-	Base Rate, i.e. 10.25% p.a.		Base Rate + 0.50%, i.e. 10.75% p.a.	
	Above Rs. 50000/-to 2.00 lacs	Base Rate + 0.50%, i.e. 10.75% p.a.		Base Rate + 1%, i.e. 11.25% p.a.	
	Above Rs.2.00 Lacs to Rs.10.00 Lacs	Base Rate + 1.00% i.e. 11.25% p.a.		Base Rate + 1.25%, i.e. 11.50% p.a.	
	Tenor premium as per circular No.BCC/BR/105/213 dated 29.05.2013 as under. Less than 3 years—Nil 3 years & above up to 5 years—0.10%				
Unified processing charges	As per Bank's Guidelines				

Period	Demand Loan- Repayable in Maximum 35 equated monthly installments commencing from one month after disbursements.
	Term Loan- Repayable in Maximum 60 equated monthly installments commencing from one month after disbursement. Overdraft- 12 months subject of review every 12 months.
Security Documents	/A. Appropriate DP Note B. Letter of Installment with acceleration clause <u>Common Documents:</u> 1. Letter of Declaration-Cum-Undertaking – LDOC 134 2. Instrument of composite hypothecation - LDOC 17B 3. Instrument of Hypothecation of Vehicle. 4. An undertaking regarding CGTMSE as per Proforma annexed with circular No. BCC: BR: 103/205 dated 14 th July 2011). 5. All other documents as per Bank's guidelines.
Other Charges	As per Bank's Norms
Other Conditions	1. Overdraft account to be brought into credit once in a month. 2. Credit Rating to be carried out as per Bank's extant guidelines though ROI is de-linked from credit rating. Minimum rating MSMEBOB-6 3. Inspection to be carried out as per extant guidelines and inspection report to be kept on record. 4. Branch to ensue end use of funds. 5. Applicant has to comply with KYC norms. 6. All eligible accounts to be covered under CGTMSE. 7. All other General terms & conditions for working capital/Term Loan/Demand Loan to be complied with. 8. The applicant should not be defaulter of any bank/financial institution. 9. Should be residing in the area of his/her BC operations for more than 3 years. 10. Has to liquidate the entire loan outstanding as soon as relinquishes the Business Correspondent work. 11. Sanction of credit facility under the scheme should be in agreement with the terms & conditions and other criteria as per CGTMSE circular No. BCC: BR: 103/205 dated 11 th July 2011. 12. Remuneration/ BC/BF Commission to be paid by the TSP/Bank should be credited in account of the BC with the bank. A letter of undertaking to that effect to be obtained from the employer/Principal of Business Correspondent Agent
Preventive Vigilance:	1. He/she should be Business Correspondent working for the Bank.

	<p>2. KYC guidelines should be meticulously and strictly complied with, which include proper verification / cross checking of information submitted by the applicants for their identity. Documents submitted for identity and proof of residence i.e. copy of ration card/ photo-identity card/ PAN card/ driving license should be properly scrutinized and also verified with the originals. Noting for having verified with the originals should be made on relative documents and report kept on record</p> <p>3. CIBIL data in respect of applicant should be meticulously verified leaving no scope for non-detection of identity of the applicants</p> <p>4. Pre-sanction inspection including visit to the place of residence and work must be carried out independently, preferably without giving prior information to the applicant and report to be kept on record.</p> <p>5. Bank's board indicating hypothecation charge should be displayed prominently at the place of business.</p> <p>6. The link branch has to monitor day to day transactions processed by the BC and ensure that no other transaction than FI transactions should be allowed in the settlement account to ensure end use of the funds. In case BC leave the job the entire credit balance available in the settlement account should be transferred to the loan accounts and gets the accounts settled. In case of requirement of more funds to settle the loan account BC has to arrange for required funds to settle the entire loan accounts. In case BC is willing to continue with DL/TL with regular repayment after leaving the job it may be considered by the link branch on merits.</p>
Classification of Advances	MSME as per investment in Plant & Machinery/Equipments

**On the Back side of the Single page Application Form
FOR OFFICE USE ONLY**

(Processing Cum Sanction Memo)

Branch: _____ Branch Alpha _____ Scheme Code: SB124/150

Name /s of the A/c Holder(s):- _____

A/C No.														
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Customer ID No.:

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Annual Income from various sources as declared by the applicant(s) Rs. _____

Overdraft Limit Sanctioned Rs. _____ (Rs. _____)

Rate of intt. _____% above Base Rate minimum _____% with monthly rests

Period: 12 Months

Documents: 1- D P Note; 2- Letter of continuing security to be signed by the borrower

Recommended

Sanctioned

**In charge
Saving Bank Deptt**

Chief/ Senior/Branch Manager

KYC IDENTIFICATION DOCUMENTS/PAPERS TO BE SUBMITTED BY APPLICANT (S)

(Any one document from each of the following two lists subject to Bank's satisfaction)

S. No	List-I (Latest /recent documents showing identity proof)	Tick Mark	S. No	List-II (Latest /recent documents showing identity proof)	Tick Mark
1	Driving License with photograph		1	Driving License with photograph	
2	MNREGA job Card		2	Telephone Bill, Electricity Bill, Ration Card	
3	Voter's identity Card		3	Bank account Statement (with address) MNREGA job Card	
4	PAN Card, Government ID Card		4	Any documentary evidence in support of residential address to the Bank.	
5	Aadhaar Card		6	Aadhaar Card, Voter Card	
5	Any other document as per RBI Guidelines		5	In case of married women address proof of the groom is acceptable.	

Details of documents for identification submitted by the applicant:

In case the KYC documents as mentioned above are not available then introduction from an existing account holder (at least six months old satisfactorily conducted and KYC compliant account) needs to be obtained.

Name:	Account No.
Address	Date of Opening of A/c
	Customer ID
Email:	Branch Name
Mobile No.	Type of A/c SB/CA/CC/OD:

It is certified that Mr./ Mrs./Ms. _____ is known to me/us personally since last _____ months/years and confirm the occupation, photograph and address in the application form for opening of account are correct to the best of my/our knowledge and belief.

(Signature of the introducer)

CORE-COMMITTEE MEETING - DATE:22.07.2014

1. Financial Inclusion

Sampoorn Vittiyea Samaveshan (SVS) Comprehensive Financial Inclusion (CFI)

Government of India Ministry of Finance have sent an approach paper on the above subject which is to be launched shortly in mission mode from 15.08.2014 to 14.08.2015. The objectives are as follows:

Mission Mode Objectives (6 Pillars):

The present proposal of SVS under the Mission Mode envisages provision of affordable financial services to all citizens within a reasonable distance. They have mentioned the following six pillars and the action points for achievement of the same is also briefly given below:

a. Universal access to banking facilities:- Mapping of each district into Sub Service Area(SSA) catering to 1000-5000 households in a manner that every habitation has access to banking services within 5 km.

- Map the entire country with SSAs:- Identification of SSAs
- The identified SSAs would need to be allocated to different banks
- Coverage of the SSAs with Bank branches and Business Correspondents

b. Financial Literacy Programme:- To be extended to the block level from district level at present.

- o Revamping and expansion of FLCCs upto the block level to increase its scope
- o Finalizing the course material in consultation with all stake holders
- o Effective use of technology for training through Video Conferencing

c. Providing Basic Banking Accounts:- To all families and to all beneficiaries of Government schemes and then on an ongoing basis.

- Identification of people without any bank account
- Re-activation of dormant accounts
- Opening of bank accounts at village level

d. Micro Credit availability & Creation of Credit Guarantee Fund for coverage of defaults in such accounts:- Facility of an overdraft of Rs.5000/- through debit card to every basic banking account holder on completion of financial literacy training.

- Micro Credit upto Rs.5,000/- to all basic banking accounts
- Setting up the Credit Guarantee fund for micro credit

e. Micro Insurance:-

- Enabling the extension/distribution machinery to offer micro-insurance products and full coverage of scheme like Aam Admi Bima Yojna

f. Unorganized sector Pension schemes like Swavlamban:-

- Use the extension/distribution mechanism for full coverage under pension scheme like Swavlamban

With regard to Union Territory of Puducherry the villages and wards allocation has already been done during the year 2006 when the National Pilot Project for Financial Inclusion was successfully implemented which envisages opening of atleast one account per household. Under Financial Inclusion Plan to cover all villages with population of above and below 2000 in the year 2011, which also provided other financial services in the villages through BCAs and products like OD/GCC, Micro insurance and Micro Pension to these villages under Financial services Plan. The same was further extended to cover all the villages and wards to ensure all beneficiaries of Direct Benefit Scheme like PDS, LPG, Scholarship and other welfare schemes have bank account during the year 2012.

Comprehensive financial inclusion encompasses all the above to everyone in the Union Territory including urban areas. The allocation of villages and wards have been revised taking into account opening of new bank branches and importance give to new technology requirements for successful implementation of CFI. The details are provided in annexure. **With opening of new branches the same would be revised periodically.** The main objective is to ensure all the households are having atleast 2 operative bank account.

With regard to opening of account banks in UT of Puducherry have successfully implemented the earlier financial inclusion programmes and all the households at that point of time would be having accounts. But

banks have to ensure the new entrants to their allotted village/wards are also have a bank account. Comprehensive Financial Inclusion plan envisages opening of atleast 2 accounts per household (adult members) and one of such account should be in the name of female member of the household. Banks have to ensure this also.

Another important point is activation of dormant accounts. As per the information from banks the accounts opened during NPPFI in the year 2006 when more banks were not in CBS mode may not be active now. Banks have to come up with suitable strategy to activate such accounts and ensure that all the households are to have atleast 2 active bank account of which one in the name of female member and suitably linked with Aadhaar number. The action plan also envisages common SB opening form and camp based approach for opening of account through BCAs. So banks are also requested to engage BCAs for their allotted villages/wards in urban areas also.

We request all the banks to provide feedback in the format provided regarding the status of accounts so that collective approach may be carried out for ensuring successful implementation of CFI. The status may be periodically updated. Government of India has requested for camp based approach for the same which can be finalized based on the data received from the banks. Banks are also informed that special meeting would be called for on weekly basis as the implementation of the programme is monitored by Government of India and periodically they would be having Video conference meetings with SLBC regarding the status of implementation. So all the banks are requested to invariably attend such urgent meeting as and when convened with updated particulars. **Lead Bank would be periodically updating the banks on various information being received from Government of India.**

The CFI also includes implementation of Direct Benefit Transfer to Identified Central Government Schemes, LPG Consumers and other beneficiaries, Providing ATM cards & Delivery Channels for withdrawing money by account holders, Credit facilities and other facilities extended under Annual Financial Inclusion Plan to FI villages to all villages and wards. Financial Literacy Campaigns are also to be conducted as per directives of Reserve Bank of India in all the areas.

Time line prescribed by Government of India for various activities under the plan

Identification of BCs		28.07.2014
Delivery of POS Machine to BCs		31.07.2014
Infrastructure arrangements (cards,forms etc)		05.08.2014
Activation of BCs		12.08.2014
CFI Plan launch		15.08.2014
Formation of committees		02.10.2014
Coverage of SSAs	25%	05.08.2014
	50%	30.11.2014
	80%	31.03.2015
	100%	30.06.2015
Opening of accounts	25%	30.11.2014
	50%	31.03.2015
	75%	30.06.2015
	100%	14.08.2015

All the banks were requested to plan as per the time line of the CFI Plan

Allotment of villages in the State & SSAs

The allotment of village and wards in Union Territory of Puducherry is in vogue since 2006 when the National Pilot Project for Financial Inclusion was implemented. There were 236 village & wards as per 2001 census and the same were allotted to 114 bank branches functioning at that time. Periodical revision in allotment was carried out with the opening of new bank branches and as on 31.03.2014 there are 214 bank branches including Co-operative banks. As the implementation of Comprehensive Financial Inclusion (CFI) envisages opening of accounts, transaction through BCA through handheld POS machines the need for banks to be in CBS environment is important. So the villages and wards allocation has been revised taking into account the guidelines of CFI to commercial banks and RRB. It will be the responsibility of the Banks for implementation of Sampoorna Vitteeyea Samaveshan in the state. Banks have to make available the infrastructure in the state by appointment of Business Correspondents. It will be the responsibility of the branch to implement SVS in the service area allotted to them. All the 90 villages have been allotted to various banks under Service Area Approach. The list of villages with population above and below 2000,

have already been given to all the banks and the banks have already covered these villages. The bank wise and district wise list of villages is available on SLBC web site. To ensure the sustainability of the BC model,

The Department of Financial Services, Government of India has given the guidelines for preparation of Sub Service Area (SSA) within the service area. Each SSA will comprise of all the villages within a radius of 3-5 Kms and will be covering around 1000-1500 households in the area. Banking need of the customers in the SSA will be catered through the BC agent. The BC agent will be stationed at one of the villages in SSA and will visit the other villages in the SSA on predetermined day at least once in a week. The board will be displayed in the village preferably in Panchayat office. The gram Panchayats covering rural and semi urban areas have also been allotted to branches. As per the latest census there are 90 villages and all the 90 villages have been taken as SSA in rural areas and allotment of the same was made taking into GP concept to the banks which have already covered them through branch/BCA. Due to increase in household as per 2011 census the allotted banks have ascertain the need for new BCAs or any other mode suitable to the allotted areas. With regard to urban area the wards and census towns have been allotted to banks and banks are requested to cover the same through appoint of urban BCAs to provide services to the households as per the extant guidelines.

F.No. 6/36/2012-FI

Government of India, Ministry of Finance, Department of Financial Services
3rd Floor, Jeevan Deep Building, Sansad Marg, New Delhi,

Dated the 20th December, 2012

To

1. CMDs of all Public Sector Banks,
2. Chairman of all RRBs (through sponsor Banks) ,
3. All SLBC Convenors

Sub: Mapping of Gram Panchayats and Planning for BCA/CSCs for Direct Cash Transfer – Sub Service Area Approach – Regarding

Sir/ Madam,

Under the Financial Inclusion Programme 'Swabhiman', Banks had provided banking services in over 74,000 habitations of 2,000 and above population. This, inter alia, included established Business Correspondents in such villages. This is being extended to habitations of 1,000 and above population in North-East and Hilly States and 1,600 and above population in the rest of the country this year.

2. However, with the announcement of Direct Cash Transfer in 43 Districts w.e.f. January, 2013 and in the rest of the country in a phased manner, it has become necessary that comprehensive plan for coverage of the entire country through banking services to enable Direct Cash Transfer is prepared.

3. The following guidelines are issued in this regard:

(i) It shall be the endeavor to ensure that there is at least one bank branch/ Business Correspondent Agent (BCA) in every Gram Panchayat(s). Since the population of Gram Panchayat varies across the States, Banks need to ensure that about 1,000 to 1,500 households are available in the sub-service area of BCA. In case of North-East, Hilly States and sparsely populated regions of other States banks may decide the households to be covered by each BCA appropriately. In case of larger Gram Panchayats more than one BCA could be appointed. In case of smaller Gram Panchayats more than one contiguous Gram Panchayat, taking into consideration the geographical area, could be assigned to each BCA. In every case, it should be ensured that the Gram Panchayat(s) to be covered by each bank branch/ BCA is clearly identified as a sub-service area within the service area of the branch.

(ii) Banks had earlier carried out an exercise of preparing Service Area Plans in which bank branch/ BCA to service each Gram Panchayat(s) was indicated. This should be immediately revisited by every bank for all Gram Panchayats in its service area keeping (i) above in mind.

(iii) The first step in this exercise would be to form sub-service area, based on the group of Panchayats as at 3(i) above, taking the population and geographical conditions into consideration such that one Branch/BCA/CSC extends service to each sub-service area. In case any Panchayat requires more than one BCA/CSC, the sub-service area for each BCA/CSC, within the Gram Panchayat must be specified.

(iv) Wherever the existing BCA is functioning satisfactorily, the same should be continued and remaining households in the allocated sub-service areas should be covered through the BCA. Considering the larger

benefits of the kiosk banking model, it should be endeavoured to, in a phased manner, migrate the BCAs to kiosk banking system.

(v) In case the existing BCA is stationed at a place other than Gram Panchayat headquarters, there should be no need to change its location. It should, however, be ensured that the BCA serves the entire sub-service area allocated to it.

(vi) Wherever there is either no BCA functioning or the performance of the existing BCA is less than satisfactory, the Common Service Centre, set up under aegis of the Department of Electronics and Information Technology, Government of India, under the National e-Governance Programme, should be engaged as BCA. It may be located at a place other than the Financial Inclusion village in the same sub-service area. All PSBs have already signed an agreement with M/s CSC e-Governance Service India Ltd., for engaging CSCs as BCA. Immediate action for assigning code and making the CSCs functional should be taken. Till such time the banks install the software and complete other technical requirements for cash transactions, the CSC should be used for activities other than cash withdrawal transactions. They should, in particular, be used for opening new accounts of beneficiaries under the scheme for Direct Cash Transfer. All Banks must ensure expeditious issuance of KO code for the CSCs which are identified for appointment as BCAs. CSC Services India Ltd. would ensure that the required information is furnished to the banks and that all CSCs are ready in terms of equipments, connectivity, biometric device, card reader and printer latest by 31.12.2012.

(vii) In the sub-service area where neither a BCA nor a functional CSC is available, the M/s CSC e-Governance Services India Ltd. would establish a new CSC for which suitable advice would be issued by the CSC Services India Ltd. In case this is not feasible, the Banks could engage a new BCA.

(viii) RBI guidelines provide for the category of persons/ organizations which could be engaged as BCA. This, inter-alia, include Self-Help Groups, NGOs, Post Offices. Since the BCAs are to be appointed in consultation with the banks, it should be ensured that the BCAs, as per the guidelines approved by RBI, only are appointed by the BCs engaged by the Banks.

In case of CSCs, as the agreement for BC has been signed by the banks with M/s CSC e-Governance Services India Ltd., there should be no need to enter into any fresh agreement with Service Center Agencies (SCA) in the States/Districts, who would be sub-BC for the CSC Services India Ltd.

(ix) In case of urban areas, banks do not have any specified service area. Instructions had earlier been issued that in the urban areas specific wards/ areas could be allocated to specific banks for the purpose of Financial Inclusion. The above guidelines would apply accordingly to the wards/ areas allocated to banks in urban areas. Wherever CSC exists in urban areas, the same may be considered for engagement as BCA.

(x) This exercise has to be completed for all districts in the country. In view of the roll out of Direct Cash Transfer in 43 districts w.e.f. 1.1.2013, the following time lines may be adhered to:

a. In 43 Pilot Districts

i. Mapping of Gram Panchayat(s) and BCA/CSC in their service area, and assignment of sub-service areas, be completed by 28.12.2012. This exercise should clearly indicate the sub-service area, number of sub-service areas covered by the existing BCAs, to be covered by existing functional CSCs and sub-service areas which remain to be covered by BCA/ CSCs.

ii. Lead Bank Managers in these districts would consolidate the information for the district on 29.12.2012 while the SLBC Convenors would consolidate the information for the State on 31.12.2012. This should show district-wise number of sub-service areas in each district, no. of sub-service areas covered by existing BCAs, no. of sub-service areas to be covered by existing and functional CSCs, and no. of sub-service areas to be covered by new BCAs/CSCs.

iii. SLBC Convenors would send the consolidated the information for their State on 31.12.2012 to this Department at fi-dfs@nic.in.

iv. It should be ensured that the process of engaging the existing and functional CSCs as per para 3(v) above, is completed by 31.12.2012. Engagements of CSCs/BCAs in the Gram Panchayats in the sub-service area, which remain uncovered as per para 3 (vii) above, should be completed and these SCS/BCAs become functional by 15.1.2013.

b. In the remaining districts

i. Mapping of Gram Panchayat(s) and BCA/CSC in their service area, and assignment of sub-service area, be completed by 15.1.2013. This exercise should clearly indicate the sub-service area, number of sub-service areas covered by the existing BCAs, to be covered by existing functional CSCs and sub-service areas which remain to be covered by BCA/ CSCs.

ii. Lead Bank Managers in these districts would consolidate the information for the district on 20.1.2013 while the SLBC convenors would consolidate the information for the State on 25.1.2013. This should show district-wise number of sub-service areas, no of sub-service areas covered by existing BCAs, no. of sub-service areas to be covered by existing and functional CSCs, and no. of sub-service areas to be covered by new BCAs/CSCs.

iii. SLBC Convenors would send the consolidated information for their State on 31.1.2013 to this Department at fi-dfs@nic.in.

iv. It should be ensured that the engagement of CSCs/BCAs in the sub-service area which remain uncovered as per para 3 (vii) above is completed and these CSCS/BCAs become functional by 31.3.2013. CSC Services India Ltd. would ensure that the required information is furnished to the banks and that all CSCs are ready in terms of equipments, connectivity, biometric device, printer, card reader etc.

4. An electronic file containing the District-wise names of Gram Panchayat(s) along with their Headquarters is being separately emailed to all banks and SLBC Convenors for use for undertaking the mapping exercise of Gram Panchayat(s) with BCA/CSC.

5. This issues with the approval of Secretary (FS)

Yours faithfully,
Director (FI)

F.No. 6/36/2012-FI
Government of India
Ministry of Finance
Department of Financial Services

3rd Floor, Jeevan Deep Building,
Sansad Marg, New Delhi,
Dated the 21st December, 2012

To

All SLBC Convenors

Sub:

Mapping of Gram Panchayats for coverage through Branch/ BCA/ CSC – Sub Service Area Approach –
Regarding

Sir/ Madam,

Please refer to this Department's letter of even number dated 20.12.2012 regarding guidelines for Sub-Service Area (SSA) approach for mapping of Gram Panchayats for coverage through BCA/ CSC.

2. For 43 pilot districts , as per para 3(a) (ii) of the guidelines, Lead Bank Managers(LDMs) in the districts would consolidate the information for the 43 pilot districts by 29.12.2012 while SLBC Convenors would consolidate the information for the State by 31.12.2012. As per para 3(a)(iii) , SLBC Convenors would send the consolidated information in respect of the pilot districts for their State by 31.12.2012 to this Department .

For the remaining districts, as per para 3(b) (ii) of the guidelines, LDMs would consolidate the information for the district by 20.1.2013 while the SLBC convenors would consolidate the information for the State by 25.1.2013. As per para3 (b) (iii), SLBC convenors would send the consolidated information for their State by 31.1.2013 to this Department.

3. In this regard, a format for collecting the information for the district from the Branch Managers by LDMs and from LDMs by SLBC Convenors and sending the consolidated information for the State to this Department is enclosed for information and necessary action.

4. SLBC convenors are requested to send the consolidated information for the 43 pilot districts for their State by 31.12.2012 and for the remaining districts by 31.01.2012 to this Department through e-mail at fi-dfs@nic.in.

Yours faithfully,

(Sandeep Kumar)
Director (FI)

COMPREHENSIVE FINANCIAL INCLUSION – ISSUES & ROLE

Connectivity issues if any

In the Union Territory of Puducherry as such GPRS connectivity is available in all the villages and wards. The signal strength is to be ascertained by the allotted bank in the particular areas. In the FI villages the connectivity is available to POS in the respective villages and the BCAs are functioning in a locality where the signal strength is satisfactory based on their testing.

All the banks are requested to verify the availability of connectivity in all the villages/SSAs/wards allotted to them. The connectivity should be examined with the help of 2-3 service providers available in that area. The best available connectivity should be selected and tested. Connectivity issues are in the form of No Connectivity or Eradicated Connectivity. This should be studied properly. All the banks should refer the matter to the LDM giving full details of the testing. In case the connectivity is available and there are no issues as regards the connectivity, the same information should also be given to LDMS.

LDM after receipt of issues of connectivity in the sub service area should take up the matter with BSNL authorities to sort out the problems. The issue should also be discussed in the Block level meetings where they are facing the connectivity issues & the discussions are to be minutised. SLBC will follow up the matter with Government of Puducherry as well as with Government of India for improving the situation.

Working of CSPs/BCAs

Working of BC Model is one of major factor which plays important role in implementation of financial Inclusion Program. All these SSAs are required to be provided with the banking services through BCAs. Every bank have engaged the services of corporate BCs working in the field. In some banks the banks are working with their own BC models. In many banks the services of CSCs are also utilized for BCAs. The commercial paid on to the corporate BCs varies from Bank to Bank. The remuneration paid to the CSPs or the BCAs working in the field also different and depends upon the corporate BCs. This issue has already been discussed from time to time in various forums. The BC model is yet to stabilize and BCAs as well as corporate BCs are facing many problems in implementation of the financial Inclusion project. Some of the common issues are enumerated as under.

- The Corporate BCs are not getting desired business from BC model introduced for implementation of financial Inclusion.
- The BCAs working in the field are getting the meager remuneration.
- The remuneration is not received in time.
- The handhold devices are not working properly in some cases.
- The training is not imparted to the BCAs.
- There is no motivation for continuing the job.
- There is no co-operation from the field level functionaries of the bank.
- The Business Facilitation activities are not done through the BCAs.
- The forms for opening the accounts are not available.
- The passbooks are not given to the account holders.

We request all member Banks to kindly look into the aspect and take remedial measures for sustainability of the BC model. Government of India in the mission document has suggested that the BCA should get the minimum amount of Rs. 5000/ per month so that the BC model will work effectively. We appeal all the banks

- To increase the number of transactions through the BC model
- To explore the possibility of shifting of some existing accounts in the rural area on BC model for their transaction.
- To ensure that the BCA is getting its monthly remuneration in time.
- To increase its business through BCAs so as to increase the earning through the BF activities.
- To ensure regular dialog with BCA for sorting out their issues.

Role of Banks

- Ensure completion of coverage as per time lines prescribed by Plan document
- Submission of requisite data under Sampurna Vittiyea Samaveshan to Government of India through SLBC.
- All the co-ordinators are requested to provide the data to SLBC periodically so as to send consolidated data to Government of India.
- If any data is provided to controlling offices of the banks to Government of India directly then the copy fo the same should also be sent to SLBC.

Implementation of the Scheme

Necessary item-wise review to be taken during BLBC & Core Committee meetings. The bankers who have achieved the set targets be appreciated. Similarly, the non achievers be asked to explain the reasons of lagging behind. Necessary feedback to be given to the top authorities.

Role of LDM • To monitor the implementation status in a systematic way. The success stories & performance of excellent workers be discussed during each BLBC & Core Committee meeting.

- Random visits should be paid to the existing as well as newly appointed BCs with the District Co-ordinators of concerned Bank, for verification of proper working in the area allotted to these BCs.
- Appointment of more number of BCAs and to ensure that all the SSAs are covered.
- Making availability of all Banking facilities to the existing as well as new clientele.
- Business growth in Insurance products as well as pension & other schemes of Government through these accounts.
- Periodical Submission of progress reports to Government of India & SLBC in structured format.
- Reallocation of Service Area Villages on opening of new bank Branch.
- To have a regular dialog with the field BCAs for redressal of their grievances.
- Infrastructure at LDM Offices
- As there is additional burden on the LDMs, all controllers are requested to provide necessary infrastructure support staff to LDM offices, so as to have ease in their day to day working.

Role of State Government & District Collector

For smooth implementation of the scheme, the Bankers should get proper response from the State Government & District Collectors.

In this case, we request the State Government authorities to pass on necessary instructions to all the District Collectors for providing the infrastructure support in all senses. Under this the Gramsevak & field level functionaries may be suitably instructed by the District Collector to provide necessary help to the Bankers as far as the data of un-tackled families are concerned. The concerned subsidy / aid releasing authorities are supposed to provide the list of beneficiaries to the Bankers for necessary account opening.

Necessary marketing & publicity be given at grass root level by publishing the same in local news papers, Cable network, distribution of pamphlets, Radio publicity etc.

As the BCAs / CSPs are not getting enough amount in form of salary / incentive, Government is requested to come up with specific decision as far as aid to these persons is concerned, which will reflect in smooth implementation of the scheme.

Necessary Committees are to be formed for monitoring purpose. Such Committees are to be formulated as under.

S.No	Particulars	Chairman	Convenor	Members
1	State Level	Secretary (Finance)	Convenor, SLBC	RBI, NABARD, Government of Puducherry, Government of India & Co-ordinators of Major banks in UTP
2	District Level - Puducherry	District Collector	Lead District Manager-UTP	LDM, NABARD, RBI & Co-ordinators of major banks in Puducherry
3	District Level - Karaikal	District Collector	Convenor-BLBC, Karaikal	LDM, NABARD, RBI & Co-ordinators of major banks in Karaikal
4	District Level - Mahe	Regional Administrator	Convenor-BLBC, Mahe	LDM, NABARD, RBI & Branch Managers of all banks in Mahe
5	District Level - Yanam	Regional Administrator	Convenor-BLBC, Yanam	LDM, NABARD, RBI & Branch Managers of all Banks in Yanam

Census 2011 Data regarding Banking coverage of families in the Union Territory of Puducherry

S.No	District	Total Households	Informed as availing banking services	Details to be ascertained
1	Puducherry	230703	146675	84028
2	Karaikal	50068	34706	15362
3	Mahe	7197	5965	1232
4	Yanam	13308	5349	7959

RuPay Cards

The Indian Payments industry has witnessed a marked shift from traditional to electronic form factors. Payment forms like cards, IVR, mobile payments are rapidly becoming the preferred modes of transactions. Card payments in particular are becoming extremely popular in India. Cards offer numerous advantages over the traditional means including customer convenience, reduction in expenditure for banks in processing cash, cheques and reduction in manual intervention. Debit cards, especially, are proving to be the key to modern retail banking, offering customers' access to their accounts at all times. The debit card market in India has grown at a CAGR of 37% over the last 6 year period and is expected to grow at the current pace till 2015. Increasing comfort with using the debit card as an effective mode of transaction will ensure consistent growth in issuance and usage numbers. Although the number of active credit cards grew rapidly till 2007-2008, it has witnessed a decline in the period 2008-2011.

x Debit spends have grown at a CAGR of 28%, and now contribute to 33% of indcard payments ustry
x Growth in debit card issuance has been led by PSU banks in the recent past (3CAGR ~32%); however, spends have been dominated by Private Sector banks -year
x The total number transactions of debit card transactions have surpassed the credit card

The National Payments Corporation of India (NPCI) is a pioneer organisation in the field of retail payments in India .It is a body promoted by RBI and has presently ten core promoter banks (State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Union bank of India, Bank of India, ICICI Bank, HDFC Bank, Citibank and HSBC). It has been incorporated as a Section 25 company under Companies Act and is aimed to operate for the benefit of all the member banks and their customers.

RuPay, a new card payment scheme launched by the National Payments Corporation of India (NPCI), has been conceived to fulfill RBI's vision to offer a domestic, open-loop, multilateral system which will allow all Indian banks and financial institutions in India to participate in electronic payments. The name RuPay is derived from the words 'Rupee' and 'Payment'. Since "RuPay" is also the name of the Indian currency in Hindi, the word is expected to strike an immediate chord with the nation's populace. The card has been introduced by NPCI in order to grow the electronic payments market in India and provide a domestic, competitive alternative to international cards schemes, to banks in India.

The Indian market offers huge potential for cards penetration despite the challenges. RuPay cards will address the needs of Indian consumers, merchants and banks. The benefits of RuPay debit card are the flexibility of the product platform, high levels of acceptance, and the strength of the RuPay brand -all of which will contribute to an increased product experience.

1. Lower cost and affordability

Since the transaction processing will happen domestically, it would lead to lower cost of clearing and settlement for each transaction. This will make the transaction processing cost affordable and will drive usage of cards in the industry.

2. Customized product offering

RuPay, being a domestic scheme is committed towards development of customized product and service offerings for Indian consumers.

3. Protection of information related to Indian consumers

Transaction and customer data related to RuPay card transactions will reside in India. This will ensure the sanctity of data related to Indian consumers.

4. Provide electronic product options to untapped / unexplored consumer segments

There are under-penetrated / untapped consumer segments in rural areas that do not have access to banking and financial services. Right pricing of RuPay products would make the RuPay cards more economically feasible for banks to offer to their customers. In addition, relevant product variants would ensure that banks can target the hitherto untapped consumer segments.

5. Inter-operability between payment channels and products

RuPay card is uniquely positioned to offer complete inter-operability between various payments channels and products. NPCI currently offers varied solutions across platforms including ATMs, mobile technology, chequesetc and is extremely well placed in nurturing RuPay card across these platforms.

The RuPay Debit card offers great utility, as it allows the cardholders to access their funds from their account as well as make secured payments for purchase of goods and services at merchant locations.

NPCI has developed a solution which is well equipped to handle both the single message and dual messaging systems. However it would offer Pin based products on the SMS platform for the member banks to provide enhanced security and superior product experience for the cardholders.

RuPay Debit offers two unique products

1. The RuPay Classic
2. The RuPay Gold

The RuPay Debit card supports the following transaction types

Purchase

RuPay debit card can be used by cardholders for any purchase transactions across merchant establishments

Purchase with Cash Back

This facility would be made available for member banks. RuPay cards can be used for cash back options at all POS terminals enabled for cash at POS.

x POS Balance Enquiry

RuPay cardholder can check its account balance at any ATM location in India.

x Cash at POS

Cardholders can use their RuPay debit cards to withdraw instant cash, at POS terminals, subject to limit prescribed by RBI regulation.

x ATM Cash withdrawals

RuPay cardholders will enjoy the facilities of withdrawing cash from any ATM across the country with the help of NPCI's card network.

x ATM PIN Change

PIN change facility will be offered to cardholders across all issuer ATMs.

x ATM Balance Enquiry

RuPay cardholder can check its account balance at any ATM location in India.

In order to achieve its strategic objectives and play a role in facilitating the proliferation of electronic payments in India, RuPay will deliver a unique value proposition to the various stakeholders and participants in the payments ecosystem. RuPay's key objective is to build an ecosystem which will improve the penetration of cards and facilitate nationwide acceptance.

RuPay has devised a pricing approach which would encourage the banks to increase their card issuance as well as acceptance network. This would contribute to the growth of acceptance ecosystem in the country. The salient features of RuPay pricing are:

x Simple

The RuPay pricing structure is extremely simplified with very few charge heads. The pricing is non-complex and can be easily comprehended.

x Transparent

On the basis of feedback received from the banks, RuPay has taken utmost care to build a pricing structure which is transparent and bereft of hidden charges.

x Standard

The pricing will be standard for all banks and will not vary from bank to bank.

x Lower than the competition

The proposed pricing for RuPay is priced considerably lesser than the competition making RuPay an attractive value proposition for the Indian banks

x Charges in INR

RuPay fees are in INR and not USD. So there is no impact of currency (USD/INR) fluctuations unlike with the charges in international card schemes where banks might be subjected to additional fees in INR because of depreciation of Rupee against USD. This happened last year (2011) when bank's charges in INR increased by ~10 -15% due to the rupee depreciation.

The Enhanced technology features that RuPay provides would benefit the member banks.

x Complete Web based architecture

Member banks will not have to develop file based interface since NPCI offers a complete web based architecture for its product and services.

x Processing of advanced features

Certain advanced features like surcharging may be difficult to implement in SMS platform. However RuPay platform provides the security and efficiency of SMS platform along with features such as processing of adjustment file to enable Tip and Surcharge processing.

x Simplified file structure

RuPay provides very Simplified File Structure which will enable the member's banks in case of future up gradations

1. There are less than 30 fields in presentment or CB records
2. XML and Field Separator Files Structure for clearing will enable greater flexibility and seamless future product rollout

x User friendly reporting

RuPay systems provide XLS and PDF based comprehensive reporting which are both users friendly and easy to comprehend.

x Informative message formats

The message formats have been defined keeping future enhancements in mind. The additional fields defined in the message formats provide the option of carrying more data and can be enabled for MIS or Value Added Services.

To conclude, RuPay is a very significant nationwide initiative in a cash dominated market to support the initiatives of banks towards achieving electronification. RuPay is aligned to work with banks in a manner that the interests of the member banks are protected and overcome legacy issues of existing card schemes. Further, as government and other bodies progress their initiatives for achieving electronification, RuPay together with member banks would work seamlessly to achieve a cashless environment.

FINANCIAL INCLUSION- UNION TERRITORY OF PUDUCHERRY

Reserve Bank of India in its Annual Policy Statement for the year 2005-06, while recognizing the concerns in regard to the banking practices that tend to exclude rather than attract vast sections of populations, urged banks to review their existing practices to align them with the objectives of financial inclusion. In the Mid Term Review of the Policy (2005-06) the RBI, with a view to achieving greater financial inclusion, exhorted the banks to make available a basic banking 'No frills' account either with 'nil' or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population and in a transparent manner.

Further to this direction, Dr. Y.V.Reddy, Governor, Reserve Bank of India, in his visit to UT of Puducherry mooted the idea of reaching the un-reached and called Bankers in Pondicherry on 21.11.2005 to take up a NATIONAL PILOT PROJECT ON FINANCIAL INCLUSION (NPPFI) in the UT of Puducherry for a period of one year commencing from 01.01.2006.

He also called upon the State Level Banker - "Indian Bank" to put in place the project guidelines for operation and allocation of specific villages/wards to each Bank branch.

Financial Inclusion Package

The financial inclusion schemes provides "No frills" SB account with Overdraft (OD) facility up to a maximum of Rs. 5000/- per individual for general consumption purpose without insisting on any purpose and issue of General Credit Card (GCC) for individuals with a maximum of Rs. 25,000/- for income generating activities.

With a view to providing social security to the Below Poverty Line (BPL) families, Indian Bank has launched a Mediciam Scheme in association with United India Insurance Company Limited (UIIC), Universal Health Care Policy for 'no frills' account holders. Besides, for providing life cover to SHG members, a Group Insurance scheme in the name of Jana Shree Bima Yojana (JBY) has been launched in association with LIC of India. In addition to life coverage the policy provides scholarship facility to the wards of SHG members.

- a) Issue of Savings Bank Account - No frills Savings Bank accounts have been opened for all the eligible individuals in the rural/semi-urban households at their doorsteps using simplified KYC / documentation procedures.
- b) Issue of Overdraft (OD) - All eligible "No frill" account holders preferably lower end segment of the people have been provided Overdraft facility with a maximum of Rs.5000/- per individual without insistence on any security, purpose or end use of the credit.
- c) Issue of General Credit Card (GCC) / Kisan Credit Card (KCC) - All eligible account holders have been issued General Credit Card based on the assessment of the income and cash flow of the household up to a maximum limit of Rs. 25,000/- without insistence on any security and the purpose or end use of the credit.
- d) Defaulters Cleansing Mechanism - RBI has advised Banks to provide a simplified mechanism for one time settlement of loan where the principle amount is equal to/less than Rs.25,000/- and which have become doubtful and loss assets as of September 30, 2005.
- e) Strengthening SHG lending - In order to further strengthen and to take forward the micro enterprise, based on the track record of SHGs, a general line of credit with simplified accounting is provided to the SHGs instead of frequent modification of limit based on the savings mobilized. This arrangement will reduce the transaction cost and provide feasibility in the credit delivery to the beneficiaries.
- f) Insurance Products - These account holders are offered various insurance products inclusive of Life insurance and medical insurance to provide social security. Indian Bank has introduced Insurance Products to provide Life, Accident and Health cover to the neglected segment of the people under Janashree Bima

Yojana, the insurance scheme for SHG members and Universal Health Care, a Mediciam insurance scheme for Below Poverty Line (BPL) families under Financial Inclusion project.

The performance of Total Financial Inclusion at UT of Puducherry

As State Level Bankers Committee (SLBC) Convenor Bank for Union Territory of Puducherry, Indian Bank has pioneered in Financial Inclusion by formulating first of its kind FI model and launched the National Pilot Project on Financial Inclusion on 31 12 05, by selecting Mangalam Village where entire households were covered by No Frill accounts. Thus our Mangalam village in UT of Puducherry has become first village in the entire nation to have 100% financially included with credit/overdraft facilities and General Credit Cards.

The same concept was emulated in all the village and wards of Union Territory by distributing them to all the banks operating in UT of Puducherry. All the households were surveyed and bank accounts were opened. The UT of Puducherry was then declared as covered with 100 per cent banking facilities to all its eligible and willing households. Bank accounts are opened on on going basis following the applicable guidelines of NPPFI and as on December 2012,

National Pilot Project for Financial Inclusion was implemented in Union Territory of Puducherry in the year 2006. The bank branches surveyed the allotted villages and wards and opened accounts to all its eligible and willing households. Banks are opening SB accounts without insisting on minimum balance to the household/population on ongoing basis. The same guidelines are being following for opening of SB accounts to beneficiaries of various schemes. The bankers are also assisting the needy population by way of overdraft and General credit card. As on March 2014, a total number of 394522 accounts have been opened. All the Banks have also extended credit facilities to the tune of Rs. 548.44 lakhs to 35373 beneficiaries under OD/GCC scheme and Rs. 973.80 lakhs to 4607 beneficiaries under other facilities. Banks are requested to provide more credit facilities to the account holders

In Union Territory of Puducherry 67 unbanked villages with population above and below 2000 were identified and allotted to various banks. All these villages have been covered with banking services through Branches/Ultra Small Branches/Business Correspondent Agents (BCA) etc. The concerned branches are to ensure that all the households of the village are provided with banking services including credit facility and other micro insurance/pension products as a part of Annual Financial Inclusion Plan. Smart cards are provided to account holder to facilitate operation in the accounts through Hand held machines operated by BCAs.

Reserve Bank of India has informed that all the Rural branches should play their due role in providing financial literacy to people by conducting campaigns in service area villages at least once in a month. Posters prepared by Reserve Bank of India have also been supplied to rural branches. They are requested to conduct campaigns in the service area villages every month as per the guidelines as informed in the previous meeting. With the start of new academic year Financial Literacy Campaigns are also planned in educational institutions.

A total of 105 programmes were conducted by INDSETI upto March 2014 since inception in which 2646 candidates were trained in various skills to start self employment ventures and build their financial capabilities.

Since inception upto March 2014, 7233 clients have indoor counselling services provided through FLCC on various aspects of finance related matters and services provided by banks to increase their financial capabilities.

Financial Inclusion Initiatives of Government of India and RBI

The objective of Financial Inclusion is to extend financial services to the large hitherto un-served population of the country to unlock its growth potential. In addition, it strives towards a more inclusive growth by making financing available to the poor in particular.

Expansion of Banking Infrastructure: As per Census 2011 data, only 58.7% households are availing banking services in the country. There are 97,473 branches of Scheduled Commercial Banks (SCBs) in the country, out of which 35,966 (36.9%) bank branches are in the rural areas, 25,566 (26.2%) in semi-urban areas, constituting 63 per cent of the total numbers of branches in semi-urban and rural areas of the country. However, still a significant proportion of the households, especially in rural areas, are still outside the formal fold of the banking system. To extend the reach of banking to those outside the formal banking system, Government and Reserve Bank of India (RBI) are taking various initiatives from time to time some of which are enumerated below:-

(a) **Opening of Bank Branches:** Government had issued detailed strategy and guidelines on Financial Inclusion in October 2011, advising banks to open branches in all habitations of 5,000 or more population in under-banked districts and 10,000 or more population in other districts. As per reports received from the Convener Banks of State Level Bankers Committees (SLBCs), out of 3,955 identified villages / habitations, branches have been opened in 3116 villages / habitations (including 1,998 Ultra Small Branches) by end of December, 2012.

(b) **Each household to have atleast one bank account:** Banks have been advised to ensure service area bank in rural areas and banks assigned the responsibility in specific wards in urban area to ensure that every household has at least one bank account.

(c) **Business Correspondent Model:** With the objective of ensuring greater financial inclusion and increasing the outreach of the banking sector, banks were permitted by RBI in 2006 to use the services of intermediaries in providing financial and banking services through the use of Business Facilitators (BFs) and Business Correspondents (BCs).

Business Correspondents are retail agents engaged by banks for providing banking services at locations other than a bank branch/ATM. BCs and the BC Agents (BCAs) represent the bank concerned and enable a bank to expand its outreach and offer limited range of banking services at low cost, particularly where setting up a brick and mortar branch is not viable. BCs as agents of the banks, thus, are an integral part of the business strategy for achieving greater financial inclusion.

Banks had been permitted to engage individuals/ entities as BC like retired bank employees, retired teachers, retired government employees, ex-servicemen, individual owners of kirana / medical / fair price shops, individual Public Call Office (PCO) operators, agents of Small Savings Schemes of Government of India/ Insurance Companies etc. Further, since September 2010, RBI had permitted banks to engage „for profit“ companies registered under the Indian Companies Act, 1956, excluding Non Banking Financial Companies (NBFCs), as BCs in addition to the individuals/entities permitted earlier.

(d) **Swabhimaan Campaign:** Under “Swabhimaan” - the Financial Inclusion Campaign launched in February 2011, Banks had provided banking facilities by March, 2012 to over 74,000 habitations having population in excess of 2000 using various models and technologies including branchless banking through Business Correspondents Agents (BCAs). Over 3.16 crore accounts were opened and more than 62,000 BCAs were engaged during the campaign.

Further, in terms of Finance Minister's Budget Speech 2012-13, it has been decided to extend the “Swabhimaan” campaign to habitations with population of more than 1000 in North Eastern and hilly States and to habitations which have crossed population of 1600 as per census 2001. Accordingly, about 45,000 such habitations had been identified to be covered under the extended “Swabhimaan” campaign.

(e) **Setting up of Ultra Small Branches (USBs):** Considering the need for close supervision and mentoring of the Business Correspondent Agents (BCAs) by the respective banks and to ensure that a range of banking services are available to the residents of such villages, Ultra Small Branches (USBs) are being set up in all villages covered through BCAs under Financial Inclusion.

A USB would comprise of a small area of 100-200 sq. feet where the officer designated by the bank would be available with a lap-top on pre-determined days. While the cash services would be offered by the BCAs, the bank officer would offer other services, undertake field verification and follow up the banking transactions. The periodicity and duration of visits can be progressively enhanced depending upon business potential in the area.

(f) Banking Facilities in Unbanked Blocks : All the 129 unbanked blocks (91 in North East States and 38 in other States) identified in the country in July 2009, had been provided with banking facilities by March 2012, either through Brick and Mortar Branch or Business Correspondents or Mobile van.

As a next step it has been advised to cover all those blocks with BCA and Ultra Small Branch which have so far been covered by mobile van only.

(g) USSD Based Mobile Banking : The Department through National Payments Corporation of India (NPCI) worked upon a "Common USSD Platform" for all Banks and Telcos who wish to offer the facility of Mobile Banking using Unstructured Supplementary Service Data (USSD) based Mobile Banking. The Department helped NPCI to get a common USSD Code *99# for all Telcos. More than 20 Banks have joined the National Uniform USSD Platform (NUUP) of NPCI and the product has been launched by NPCI with BSNL and MTNL. Other Telcos are likely to join in the near future.

USSD based Mobile Banking offers basic Banking facilities like Money Transfer, Bill Payments, Balance Enquiries, Merchant payments etc. on a simple GSM based Mobile phone, without the need to download application on a Phone as required at present in the IMPS based Mobile Banking.

4. Steps taken by Reserve Bank of India (RBI) : To strengthen the Banking Infrastructure –

(a) RBI has permitted domestic Scheduled Commercial Banks (excluding RRBs) to open branches in Tier 2 to Tier 6 Centres (with population upto 99,999 as per census 2001) without the need to take permission from RBI in each case, subject to reporting.

(b) RBI has also permitted SCBs (excluding RRBs) to open branches in rural, semi urban and urban centres in North Eastern States and Sikkim without having the need to take permission from RBI in each case, subject to reporting.

(c) Domestic SCBs have been advised that while preparing their Annual Branch Expansion Plan (ABEP), they should allocate atleast 25% of the total number of branches proposed to be opened during the year in unbanked Tier 5 and Tier 6 centres i.e. (population upto 9999) centres which do not have a brick and mortar structure of any SCB for customer based banking transactions.

(d) Regional Rural Banks (RRBs) are also allowed to open branches in Tier 2 centres (with population of 50,000 to 99,999 as per Census 2001) without the need to take permission from the Reserve Bank in each case, subject to reporting, provided they fulfill the following conditions, as per the latest inspection report:

- (i) CRAR of at least 9%;
- (ii) Net NPA less than 5%;
- (iii) No default in CRR / SLR for the last year;
- (iv) Net profit in the last financial year;
- (v) CBS compliant.

(e) RRBs have also been advised to allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) Centres).

5. Roll out of Direct Benefit Transfer w.e.f. 01.01.2013 : The Government of India has decided to introduce Direct Benefit Transfer in respect of benefits, to begin with, under 26 schemes directly into the bank accounts of beneficiaries. This is being started with effect from 1.1.2013 in a phased manner in 43 identified Districts across respective States and Union Territories.

Banks are ensuring that all beneficiaries have a bank account. All Public Sector Banks (PSBs) and RRBs have made provision for Aadhaar seeding in the CBS. All PSBs have also joined the Aadhaar Payment Bridge of NPCI.

SLBC/LDMs of the concerned districts are undertaking mapping of Gram Panchayats based on concept of Sub Service Area to plan for providing a banking outlet (Branch with ATM or BCA or CSC) to every Sub Service Area of 1000-1500 households. Banks have also commenced the process of operationalising existing and functioning Common Service Centres (CSCs) in the pilot districts as Business Correspondent Agents to provide a larger population access to banking services.

Banks have also been advised to provide an onsite ATM in all the branches in these 43 districts and a Debit Card to all beneficiaries to enable him / her to withdraw the money as per his ease and convenience.

6. GIS: Geographical Information System (GIS) can be effectively used to assist the decision makers in planning for expansion of infrastructure of the Banks by highlighting the pockets of the hinterland which are yet to have access to these facilities. A web based application to develop a GIS for the banking network in the country has been launched by the Department of Financial Services. Information about bank branches, ATMs, Business Correspondents, Clearing Houses and Currency Chests of Scheduled Commercial Banks has been captured in the GIS. This would enable the Banks to easily identify the deficit areas of banking as per the guidelines of the Department, where expansion of branch/ ATM/BCA network needs to be carried out. Banks have been advised to update information on GIS on regular monthly basis.

7. Expansion of ATM network : Public Sector Banks (PSBs) have installed around 60,000 ATMs. In close consultation with the Department of Financial Services, the PSBs worked on a model of area based deployment of ATMs/Cash Dispensers, taking benefit of the power of aggregation, with all PSBs/RRBs clubbing their requirement and one of the PSB issuing a common RFP on behalf of all these banks for a Geographical Cluster. This has brought in greater economies and integration of services.

The Banks have finalized contracts for installation of over 63,000 ATMs in the country over the next two years, of which almost 33,000 will be rural and semi-urban areas.

PSBs also propose to install 2 million Merchant PoS devices in the country, on a similar area based model.

New Initiatives – Insurance Sector

To address the issue of reach of insurance to each and every district of the country the division prepared an Action Plan for the GIPSA member companies as follows:

- A separate list of the existing offices/representatives is to be drawn for each State.
- In each Class-I & II Towns, at least one GIPSA Member Company shall aim to have either a Branch Office or a Micro Office/Extension Counter/Business Centre depending upon the business potential / viability.
- On flagship basis the following companies would be the lead insurers in the four zones of the country:
 - North Zone- Oriental Insurance Co. Ltd;
 - West Zone- New India Assurance Co. Ltd;
 - East Zone- National Insurance Co. Ltd;
 - South Zone- United India Insurance Co. Ltd.
- Zonal Lead Insurers would be responsible for coordinating all activities relating to the expansion of network in all the States under their respective zones.
- The suggested strategy, depending upon the geography, financial viability and other factors, may be as under:
 - For Class III and IV Towns which are unrepresented by way of any office the following Action Plans have to be undertaken immediately:
 - Mapping the towns with the districts under which they fall.

- Mapping the towns with Agents/ Development Officers/ Micro Office /Extension Counter/ Business Centre.
 - In Class-III and IV towns, the Companies would adopt a case-by-case policy under which each Class-III and IV town would be examined on per se basis for its business potential and depending upon the same either a Micro Office/Extension Counter/Business Centre would be opened by one of the Companies or presence through Development Officer / Agent shall be ensured.
 - Wherever a full-fledged Office (either Branch Office or Micro Office) is not possible and presence is caused through a Development Officer / Agent, a prominent signage of the Company concerned shall be displayed for signifying the presence of the Company and infrastructure for transacting business is to be provided.
- For those towns which still remain unrepresented after carrying out the above exercise, the following line of action is to be taken to ensure representation:
 - The possibility of appointing LIC Agents in Class-III/ IV Towns as composite Agent.
 - New Agents to be appointed.
 - To engage Banks who are Bancassurance Tie- Up partners.
 - LIC and AICL were also requested to prepare an action plan and consider the above suggested framework for the same.

B) Guidelines on taking up Insurance Policies by Business Correspondents

The government has suggested that bank correspondents (BCs) should be allowed to sell the Life and Non-Life Insurance products in the small villages where an insurance agent can't reach. This will help in increasing the reach of the insurance (penetration) and also help BCs in having a little extra remuneration. These BCs will be known as 'specified persons'.

C) Nodal officers were designated for each State for LIC (placed at annexure-I) and GIPSA companies (placed at annexure-II) and advised to contact the SLBC convenors in the respective States, and coordinate the action taken for integrating the Business Correspondent model for provision of insurances services as part of the Financial Inclusion Initiative.

D) A meeting was conducted of Nodal GMs and the following issues were discussed to be finalized in this regard:

Mapping of uncovered districts to be completed and a final list of unrepresented locations upto Tier IV cities is required to be prepared. Various options of covering these unrepresented locations through the BC model, agency network/development officer/bank assurance/ opening of new branch office, whatever is feasible, is also to be finalized.

Wherever new branch offices are required to be opened, the necessary personnel to man such offices is required to be finalized for which the transfer/posting orders are required to be issued by individual company/concerned by 10.5.2012 so that all those identified are able to join their respective place of posting by 30.6.2012. The insurance companies may also have a plan to leverage the Business Correspondents (BC) model of the banks. BC's working under the agency appointed at micro insurance agency may be designated as specified agents after providing exposure/training to them on micro insurance products. The purpose is that the BCs should act as extension staff for micro insurance, animal insurance, crop insurance etc.

The nodal officers of public sector insurance companies are also required to prepare a comprehensive annual district financial services plan. The nodal officers are also expected to meet once every month to review the progress and resolve any interagency issues.

At the state level, in-charges of public sector insurance companies would prepare a similar annual financial services plan. At the state level also, these officers would meet once every month to review the progress and resolve interagency issues. The objective of the exercise is to ensure financial inclusion by ensuring extensive coverage under micro insurance and other insurance schemes.

2. E-Governance

A) Preparation of internal E-Governance plan for each Institution/Regulator under DFS

- Public Sector Insurance Companies need to formulate and structure a model E-Governance Plan by suitably incorporating the following:
- Websites to be redesigned to make them more customer-friendly and to improve the customers' experience by means of animations and flowcharts for various claims processes.
- The vision and mission of E-Governance Plan of the company should be broadened in lines with initiatives taken by Private Sector Insurance Companies.
- An e-readiness report should be prepared by independent consultants or experts.
- A mechanism to evaluate the status of e-governance must be devised in order to monitor the implementation of the E-Governance Plan after adoption.

B) E-Payment Plan

- Under the E-Payment Plan, the Public sector Insurance companies are required to ensure:
- All within-company payments to be done via NEFT/ECS.
- Claim payments to be done via NEFT/ECS.
- POS machines to be installed in branch offices for premium collection.
- Video Conferencing facility to be made available at all branches.
- MIS reports of the performance of the companies to be sent in a prescribed format.

C) Draft Policy on Mobile Governance

A draft policy on mobile governance was asked to be prepared by the public sector insurance companies.

D) E-audit

E-Audit of one of the four public sector general insurance companies was conducted by IDBI Intech which has been further advised to study the current status of all the GIPSA companies and prepare a common template for the status of IT implementation of these companies. A draft report is to be submitted in the third week of May 2012.

3. Citizen's Charter:

- A) Public sector insurance companies were asked to prepare and review their citizen's charter and vision of the company. The companies were asked to include time line and penalty provisions in the common charter.
- B) Customer Contact Week in Public Sector Insurance Companies.
- Each public sector insurance company should organize a customer contact week. The actions to be taken during the week are as follows:
- Visits by representatives from ZO/ROs to branches at least two days in a week. The branch should be away from the location of the ZO/RO.
- The purpose of the visits should be to understand the customers' (large and small retail) impression about the bank/insurance company in terms of the service it provides and identify areas for improvement.
- Visits should be used to motivate staff and understand their grievances if they have any.
- During the week, all ROs/ZOs and branches must be well-maintained and aesthetically attractive without incurring major expenditure.
- On the days when ROs Supervisory officers are not visiting, they would video conference with customers as per a pre-determined schedule for the particular district. The Head of the organization can decide the itinerary keeping the above objectives in mind.

4. Dispute Resolution between financial institutions under DFS

Any dispute between any two or more Financial Institutions under this Department will be resolved in the Department itself under the chairmanship of Additional Secretary (FS). The Joint Secretary (P&I) will be the member of the Committee. The Committee will look in to the matter and make final recommendations with the approval of Secretary (FS) and the decision of the Committee will be binding on both the parties.

National Pilot Project for Financial Inclusion – UTP Approach Paper

The Governor of Reserve Bank of India during his discussions with the Bankers at Pondicherry on 21.11.2005 mooted the idea of implementing the project in the Union Territory of Pondicherry. During his address, he informed that Pondicherry was chosen to implement this project as it has the following distinct advantages:

- Pondicherry is a compact state with a total population of less than a million.
- More number of Banks are operating in the Union Territory of Pondicherry. As many as 34 Banks with a branch network of 114 branches.
- The Union Territory of Pondicherry has branch for an average of 9000 population.
- The density of population is 2029 per Sq. Km. when compared to all India average of 324 per Sq. Km.
- Electoral Photo ID cards issued for the people of the Union Territory of Pondicherry.
- The literacy level is very high at 81.49% which is very much above the National average.

General Credit Card (GCC)-A new product for financial Inclusion:

Objective: ➤ To cover the entire Union Territory of Pondicherry under the project for opening of Zero balance/Over Draft accounts and issue of General Credit Card (GCC).

Coverage : ➤ 100% of the population will be covered for opening Zero balance SB Account.
➤ 75 % of the population to be brought under Over Draft/GCC.

Coverage of the unbanked:

- All the people who have not been covered by the Banking institution will be allowed to open zero balance SB accounts.
- Credit assistance.
- To start with credit limit ranging from Rs.500/- will be extended.
- The limit may be enhanced over a period of time.
- Rate of Interest for GCC may range between 13% - 14%. (Commercial borrowing rate)

Insurance Products

- Wherever feasible all these account holders will be covered by various insurance products to provide social security.

Time Frame ➤ The scheme will be launched from 1st January 2006 and 100% coverage to be ensured before 31st December 2006

Compliance of KYC ➤ Simplified KYC norms will be followed upto balance of Rs.2.00 Lakhs

Systems & Procedures ➤ Simplified formats and procedures for the balance upto Rs.2.00 lakhs will be followed.

Coverage of Existing borrowers:

- All the existing account holders will be brought under either Kisan Credit Card (KCC) or General Credit Card (GCC) depending upon their activity.
- Limit to be fixed based on their activity.

IT Connectivity:

To take the project to the Rural and interior areas.

- Ensure and accelerate the process of bringing all Bank branches in Union Territory of Pondicherry under Central Banking Solution (CBS) to implement the project within the time frame.

Defaulters Cleansing Mechanism

- One Time Settlement (OTS) Scheme will be framed for the defaulters with loan limit of Rs.2.00 Lakhs so as they may also be made eligible for inclusion under this project for issuing General Credit Cards (GCC)/Over Drafts to them.
- The loan will be given to defaulters unless there is malfeasance or frauds.

SHGs

In order to reduce transaction cost and providing flexibility with credit delivery to SHG members the following system may be introduced.

- A General Line of credit may be given to SHGs.
- For assessing the credit limit – track record of the SHGs will be the main criteria.
- Simplified monitoring process should be evolved like calling for details of utilization of funds on a monthly basis.

Role of SLBC

- To prepare Bank wise plan involving all the Banks operating in the Union Territory of Pondicherry.
- To ensure 100 % coverage of the project within the time frame.
- Monitoring / reviewing the implementation periodically.

NATIONAL PILOT PROJECT FOR FINANCIAL INCLUSION (NPPFI)- UTP - GUIDELINES

India is a country with diverse Socio-economic conditions. This diversity is prominent in every aspect of life, The financial services are not free from it. India with a population of more than 1 billion has nearly 350-400 million poor people; most of them lack access to financial services. On the other hand there are people who are enjoying all kinds of services starting from savings to insurance to net banking all at their doorstep.

Financial inclusion means access to financial services. In developed countries nearly 90-95% of the population are covered by banking services, where as in India only 15% of the population have got access to the financial services. Thus a large number of unbanked are cut-off from main stream sources of Institutional credit.

Reserve Bank of India's initiative – Reserve Bank of India during its mid-term review policy announced during October 2005 advised the Financial Institutions to initiate all possible measures to ensure financial support to the hitherto unbanked population. RBI Governor stressed the need for the banks to reach the unreached at his special address to Bankers in Pondicherry on 21.11.2005. State Level Bankers Committee accepted to implement the National Pilot Project in Financial Inclusion from 01.01.2006 to 31.12.2006. Union Territory of Pondicherry is identified as an ideal location for the launching of the project due to the following reasons:

- Pondicherry is a compact state with total population of less than a million. The density of population is 2029 sq. km. when compared to all India average of 324 sq. km.
- High literacy rate of 81.49% which is very much above the National average.
- Electoral Photo Identity card issued to all the people.
- Good coverage by banks. As many as 37 banks with 114 branches operating in all the r regions of Pondicherry. Banking service coverage at the rate of 9000 / bank branch.

Salient Features of the Project :

Objective :

- ❖ To cover the entire population of Union Territory for opening zero balance account.
- ❖ To sanction overdraft to all eligible persons for consumption needs.
- ❖ To sanction General Credit Card (GCC) / Kisan Credit Cards (KCC) for economic activities.
- ❖ 75% of the population has to be brought under overdraft / KCC/GCC

Project : The project is called as National Pilot Project for Financial Inclusion.

Project Year : The project starts from 1.1.2006 and to be completed before 31.12.2006.

Area of operation : For the sake of convenience to bankers each bank branch is allotted to a particular areas, it is villages for rural areas and wards for urban areas.

Opening of SB accounts

All the eligible willing individuals of age group 18 to 70 are allowed to open savings bank account. Simplified KYC norms and documentation may be followed. Bank branches has to ensure that entire population of the allotted areas are covered without any omission.

Sanction of Overdraft

Overdraft is sanctioned to all eligible needy persons. The OD may be a minimum of Rs.500/- to a maximum of Rs.5000/- . The rate of interest is around PLR.

Issue of General Credit Card

General Credit cards are issued to traders, self employed persons and others apart from individuals having Kisan Credit Cards. A maximum limit of Rs.2.00 lacs is allowed based on the activity and its feasibility / viability of the proposed project.

Line of Credit to SHGs

General Line of Credit may be provided to the Self Help groups having a good track record. This will enable in the reduction of transaction coast as well as providing flexibility in the credit delivery system.

Insurance products

All the account holders will be covered by various Insurance products to provide social security.

IT connectivity

Technology upgradation such as implementation of core banking solution is an important initiative to be taken by banks for taking the project to rural and interior areas. This should be accelerated in order to implement the project within the time frame. Since BSNL is now expanding the connectivity in rural areas, the implementation of Financial Inclusion is subject to availability of the connectivity.

Defaulters Cleansing Mechanism

The existing borrowers who are defaulters are also made eligible under the project after settling their old dues through an appropriate one time settlement scheme. The defaulters list with loan limit upto Rs.2.00 lacs may be prepared and OTS settlement may be considered.

Monitoring the project

Indian Bank, Lead Bank of UT of Pondicherry will monitor the implementation so as to ensure 100% coverage of the project. Fortnightly statements will be collected from the member banks and monthly review will be conducted.

NATIONAL PILOT PROJECT FOR FINANCIAL INCLUSION - PRODUCTS

Opening of No frills SB account:

As per the project SB accounts are to be opened for all the eligible persons. In order to ensure this village/wards population details should be collected from census authorities and election authorities. Based on this Household survey and account opening campaign should be conducted by a team of officials from Bank with photographer by visiting every households of the area allotted. A model format on household survey is enclosed. Simplified account opening forms should be used. SB Account should be opened on the spot for the eligible and willing persons of the family. Electoral photo identity card / Ration Card issued by the Government serves the purpose of identifying the person and verification of address with the help of neighbors

Sanction of Overdraft facility: OPERATIONAL GUIDELINES ON OVERDRAFT FACILITY – NPPFI-OD

<u>Name of the Scheme</u>	➤ National Pilot Project for Financial Inclusion Overdraft (NPPFI-OD)
Target Group	<ul style="list-style-type: none"> ➤ Small farmers/ Marginal farmers ➤ Agricultural Labourers/other Labourers ➤ Salaried persons not enjoying any other credit facilities ➤ SHG members, Kisan Credit Card (KCC)/ General Credit card (GCC) holders whose consumption credit needs are taken care separately are not eligible under this scheme
Facility	➤ Over draft facility for consumption purposes
Eligibility	➤ The beneficiary eligible under the scheme should have opened SB account under National Pilot Project Scheme operating in selective wards/villages in Union Territory of Pondicherry.
Limit	<ul style="list-style-type: none"> ➤ Minimum limit of Rs.500/- and maximum limit of Rs.5000/- per individual depending on income earned and repaying capacity. ➤ For pure consumption (without any activity for agricultural labourers limit may be Rs.500/- maximum per individual to start with. ➤ If the beneficiary is having any activity say Diary, Goat rearing, self-employment, small/petty micro trade which are not / could not be covered in any of formal bank scheme the OD limit may be a maximum of Rs.5000/-
Margin	➤ Nil
Rate of Interest	➤ BPLR/ Around BPLR as may be decided by individual banks
Security	➤ Nil
Validity	➤ NPPFI-OD is valid for 3 years subject to satisfactory operation of the account and renewal on yearly basis. The operation should be regular.
Repayment	➤ Renewal once in a year. The account must be brought to credit balance atleast once in a year.
Application Form	➤ Simplified Application form - Format enclosed
Documents	➤ As applicable for clean overdraft limit.
Operational guidelines	<ul style="list-style-type: none"> ➤ The banks will have absolute freedom to select the client. ➤ The client should have opened SB account under the NPPFI. ➤ Beneficiaries under the scheme would be covered under the Personal Accident Insurance Scheme (PAIS). Premium to be borne by the account holder
Implementing branches	➤ All Bank branches in Union Territory of Pondicherry implementing the scheme of National Pilot Project on Financial Inclusion.

Sanction of General Credit Card facility- OPERATIONAL GUIDELINES ON- NPPFI-GCC

<u>Name of the Scheme</u>	➤ General Credit Card - National Pilot Project for Financial Inclusion
Target Group	➤ Small artisans, traders, self employed persons and other entrepreneurs etc., (for sole proprietors only)
Facility	➤ General Credit Card
Purpose	➤ To carry on/improve the existing economic activity.
Eligibility	➤ The beneficiary eligible under the scheme should have opened SB account under National Pilot Project Scheme operating in selective wards/villages in Union Territory of Pondicherry and not availed any credit facility
Limit	➤ Minimum limit of Rs.5000/- and maximum limit of Rs.25000/- per individual, including credit requirement for consumption purposes (not to exceed 10% of the total limit.)
Margin	➤ Nil
Rate of Interest	➤ BPLR / Around BPLR as may be decided by individual banks.
Security	➤ Nil
Validity	➤ NPPFI-GCC is valid for 3 years subject to satisfactory operation of the account and renewal on yearly basis. The operation should be regular.
Repayment	➤ Renewal once in a year.
Application Form	➤ Application for advance to Retail Trade/Small business
<i>Documents</i>	➤ As applicable for Swarojgar Credit Card
Operational guidelines	➤ The banks will have absolute freedom to select the client. ➤ The client should have opened SB account under the NPPFI. ➤ Cash withdrawals allowed by means of cheque. ➤ Beneficiaries under the scheme would be covered under suitable Insurance Scheme.
Issue of cards	➤ All the beneficiaries under the scheme will be issued with a laminated photo identity card.
Implementing branches	➤ All Bank branches in Union Territory of Pondicherry implementing the scheme of National Pilot Project on Financial Inclusion.

Special line of credit for self help groups:

SCHEME DETAILS – General Line of Credit for Self Help Groups (SHGs)

Under the project, a General line of credit is to be provided to the SHGs

<u>Name of the Scheme</u>	➤ General Line of Credit
Target Group	➤ SHGs having good track record
Facility	➤ Over draft facility
Eligibility	➤ SHGs in existence for 2 years
Limit	➤ 10 times of savings plus 10% increase every year.
Margin	➤ Nil
Rate of Interest	➤ BPLR – 2.25% or as may be decided by Individual Banks
Security	➤ Nil
Validity	➤ OD is valid for 3 years subject to satisfactory operation of the account and renewal on yearly basis. The operation should be regular.
Repayment	➤ At least one credit and one debit operation per month coinciding with their record and lending operation to members.
Documents	➤ As applicable to direct credit to SHGs.
Implementing branches	➤ All Bank branches in Union Territory of Pondicherry implementing the scheme of National Pilot Project on Financial Inclusion.

Insurance products

For KCC holders : As per the existing guidelines they will be covered under Personal Accident Insurance scheme.

For All the beneficiaries of OD and General Credit card : They will be covered under Personal Accident Insurance Scheme (PAIS).

All the SB Account holders : They will be covered under Life Insurance scheme of Insurance companies similar to IB CHHATRA.

COMPREHENSIVE FINANCIAL INCLUSION – UNION TERRITORY OF PUDUCHERRY ACTION PLAN

Comprehensive financial inclusion encompasses all the areas of Union Territory of Puducherry. The main objective is to ensure all the households are having atleast 2 operative bank accounts (adult members) per household and one of such account should be in the name of female member of the household.

With regard to UT of Puducherry in villages due to Financial Inclusion Plan almost all the households were covered and banks are also opening bank accounts on ongoing basis through the existing FI programme to ensure every household has bank account. Comprehensive Financial Inclusion plan envisages opening of atleast 2 accounts per household, so banks have to ensure that all the household of their allotted village/wards both existing as well as new are having account as per the guidelines of CFI.

The following action points are suggested.

Coverage of allotted area through BCA, Survey & Account opening

1. Ascertain the banking facilities presently available in the allotted village/ward.
2. Consider opening of new branch/ installation of new ATM immediately wherever necessary.
3. Engage Business Correspondent Agent/s (BCA) to provide service to the allotted village/ward. The number of BCAs to be engaged is to be finalized based on the households available in the area and extant guidelines.
4. If there is existing BCA the functioning is to be studied and if required additional BCAs to be engaged.
5. Ensure that all BCAs are provided with working Point of Sale (POS) Machine with all facilities to ensure opening of accounts and to carry out prescribed the transactions.
6. All the BCAs are provided with required forms and other materials to ensure account opening.
7. Identify the street-wise details of wards/villages allotted to the bank branch
8. Map the households in the area with voter list or local enquiry or survey.
9. Map the availability of accounts of the area with your bank branch/s with the branch database.
10. Ascertain the availability of bank account of the Head of the Family.
11. Ascertain the availability of bank account of the adult female member of the family.
12. If no one is having bank account immediately open new accounts in their name.
13. If only the head of the family has bank account open new bank account in the name of the adult female member of the family.
14. If the Head of the family and/or adult female member have account with other banks ascertain the details.
15. If more number of accounts are to be opened Conduct campaigns in the allotted area with BCA & POS machine to ensure opening of accounts on mission mode.
16. The details of BCA engaged, Contact details, the data of the existing accounts as on 31.07.2014 (Base Data) is to be submitted to Lead Bank before 14.08.2014 based on the mapping of the existing data/account details. (Format enclosed)
17. Weekly progress report is to be submitted to Lead Bank (format enclosed) as on every Friday and the same is to reach by following Saturday.

Administrative Committees

The State Level Committee will be convened once a month

District Level committees would be convened for Puducherry and Karaikal every fortnight and similarly the committees at Mahe & Yanam would be convened every fortnight.

Sensitisation of Branch Managers

Financial Inclusion is already in operation in Union Territory of Puducherry; however Branch Managers and other field level functionaries would be sensitized as per the directives of Ministry of Finance.

Publicity – Common Publicity by SLBC through media would be done as per directives of GOI/IBA/RBI.

Launching of the Scheme – As per the action plan of Government of India the launching of scheme would be on 15.08.2014 and account opening under mission mode would start thereafter.

SURVEY FORMAT

REF.No. _____

Date of Survey		Time of Survey	
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Survey conducted by	
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Name of the Village/Ward	
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Name of the street	
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DETAILS

Name of Head of the family/household	
Residential Address	
Mobile No:	
Ration card Number	
Voter ID Number	
Aadhaar Card Number	
Bank account details	Name of Bank: _____ Branch: _____ Account No.: _____
Details of Credit facilities availed	
Name of Female family member	
Voter ID Number	
Aadhaar Card Number	
Bank account details	Name of Bank: _____ Branch: _____ Account No.: _____
Name of other family member	
Voter ID Number	
Aadhaar Card Number	
Bank account details	Name of Bank: _____ Branch: _____ Account No.: _____
Any other details	
Remarks	

(attach separate sheet wherever necessary)

Signature of the official