

2014

*Special SLBC
MEETING*

MADHYA PRADESH

DATE : 06/08/2014

VENUE : Conference Hall, Central Bank of India
Zonal Office, 9, Arera Hills, BHOPAL

TIME : 11.00 AM



**सेन्ट्रल बैंक ऑफ़ इंडिया
Central Bank of India**

**[SPECIAL MEETING OF STATE LEVEL BANKERS COMMITTEE ON
SAMPOORN VITTIYA SAMAVESHAN]**

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1. SAMPOORN VITTIYA SAMAVESHAN (SVS) - AN OVERVIEW

Financial Inclusion has been one of the priority areas for the Govt. of India. In simple terms, FI is about access to formal financial services to people in rural and urban areas, particularly to weaker sections and low-income groups.

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 2010, 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.

The learnings from the campaign are:

- The existing efforts need to be converged so as to cover the various aspects of Comprehensive Financial Inclusion.
- The campaign “Swabhimaan”, focused 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 necessary demand push was not visible so far.
- The focus 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 or no transactions, exposing the demand side weaknesses.
- The task of credit counseling and Financial Literacy did not keep pace 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.

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 counseling, 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 India, the Banking industry has grown both horizontally and vertically but the branch penetration in rural areas has not kept pace with the accessible financial services to all, particularly to the rural masses. Even after decades of bank nationalization, the rationale of which 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 & vulnerable class in the growth paradigm. Financial Inclusion of this segment of people 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.

Financial Inclusion: Current Status

- Despite various measures for financial inclusion, poverty and exclusion of the masses from the mainstream of growth continues to dominate socio economic and political discourse in India even after six decades of post-independence era. Though 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, only 43962 branches (38.2%) and 23334 ATMs (14.58%) are in rural areas.

In Madhya Pradesh the banking network is of 6412 branches and an ATM network of 6294(as on31.03.2014).

After the launch of “Swabhimaan” campaign in 2010 and going through different exercises the process has been streamlined to some extent, and learning from the continuous upgradation of the implementation procedure, the Sampoon Vittiya Samaveshan has been brought into operation.

With launch of the SVS, the focus of financial Inclusion shifts from Village and Population to Households in Villages and Wards in Urban Areas.

2. SALINT FEATURES OF SVS:

- The SVS will be launched in the country from 15th August, 2014.
- At least one account for every Household in the country is mandatory, for the Head of the Household. Every Household will have access to Banking Services within 5 km by September 2015 except hilly, tribal, forest and desert areas.
- Issuance of RuPay Card in accounts is to be encouraged. The card and accounts should not become dormant. Account holder should be motivated to make card transactions.
- An Overdraft limit of Rs.5000/- is to be allowed to the account after a reasonable period and after taking into consideration the saving/credit history of account holder.
- The overdraft limit has been introduced with the objective to free the poor villagers from the clutches of the Money-Lender for their small needs. With this RuPay Card facility & banking services near door-step, the account holder has access to it any time and without having any questions asked.

3. PILLARS OF SVS AND ITS PHASES:

Six pillars of the SVS have been divided into two phases.

1ST PHASE:

- Universal Access to banking facilities through allotment of SSA to Banks in rural and Wards in urban areas.
- Providing basic Banking Accounts.
- Financial Literacy Programme.

2ND PHASE:

- Micro-credit availability & creation of Credit Guarantee Funds for coverage of defaults in Overdraft Accounts under the scheme.
- Information about Micro Insurance and issuance thereof.
- Information on Unorganized Sector Pension schemes like “Swavlamban” to be imparted to all villagers.

4. ACTION POINTS WITH TIME LINES: Madhya Pradesh Scenario

- ❖ The **Sub Service Area** mapping has been completed in all 51 districts in Madhya Pradesh. The area of operation has been allotted for implementation of SVS to all banks in all districts. All banks and all LDMs were advised to check and rectify the mapping in case of any discrepancy. Time line given to them was 31.07.2014. The final version of the SSA mapping is available on SLBC web-site www.slbcmadhyapradesh.com.
- ❖ Subsequent to allotment, the identification and deployment of Business Correspondent needs to be completed.
- ❖ In-Charge Bank of the SSA is required to survey the coverage of the Households through its BCAs.
- ❖ Opening of accounts of Head of every Household of the SSA should commence from 15/08/2014 in camp mode.

- ❖ Every Bank to prepare a monthly and quarterly calendar for holding camps in allotted SSAs.
- ❖ LDMs Office must be strengthened with sufficient manpower, vehicle for mobility and other required infrastructure for improved delivery.
- ❖ Issues on connectivity in the SSA for telecommunication are to be informed to SLBC. Banks may shift the BC locations to the village within 5 km radius, where connectivity is available. If there is no connectivity in any of the villages in the SSA, Banks should explore to provide VSATs for those locations. Ministry of Finance may be requested to reimburse the cost of the same to Banks through the Financial Inclusion Fund.
- ❖ USSD Platform (through mobile banking) may be used as a tool for Financial Inclusion.
- ❖ While opening accounts, the KYC of the customer will be preferably through UID. E-KYC should be accepted for fulfilling the KYC requirement for those who are having UID Numbers. Banks should have the infrastructure for online verification of e KYC.
- ❖ Wherever possible Enrolment should be combined with account opening. (Initially the EID will suffice for the KYC and subsequently this will capture the UID Number.
- ❖ Banks to design the system for data capturing in CBS on the following parameters for the accounts to be opened on or after 15th August 2014.
 1. Whether the account holder is the head of the family or a dependent family member.
 2. Male/Female.
 3. Urban/Rural Flagging.
- ❖ The FLC exercise by every branch, LDM, BLBC and DLCC should be made compulsory by every Bank. Information about Benefits of opening accounts in the Bank, Micro Insurance, Pension Schemes and proper use of the overdraft limit is to be imparted to villagers through FLCs.
- ❖ LDMs to meet the District Collector of the concerned District and discuss the various issues related to implementation of Sampoon Vittiya Samaveshan.

- ❖ The visibility of the mission will be envisaged. BCAs will be having a definite brand identity, to be prescribed by the DFS, GOI.
- ❖ All customers are to be provided with a welcome account opening kit on opening of the account.
- ❖ Banks are requested to provide the information on the number of stationary BCAs in SSAs with arrangement for room with display board and required infrastructure and the number of mobile BCAs in SSAs. Likewise Banks are requested to provide the information on how many SSAs are covered through CSCs. All mobile BCA points have to be converted to fixed location BCAs within the programme period.
- ❖ All Stake-Holders to have a definite **publicity plan** for branchless banking.
- ❖ A **Core Committee** will be formed, with the Convener of SLBC as its Chairman and an official of AGM rank of each bank as mandatory members. Where AGM or equivalent of a bank is not there in the State, Chief Manager or equivalent will be admitted as a member. Representative of all related Govt. Departments in the State will be members of the committee.
- ❖ In the initial Stage, it will be a push programme and it will turn into a pull programme gradually and to realize this dream, a certain percentage of villages covered (will be decided by DFS) will be visited by the top executives of Banks and Government representatives at regular intervals to assess the extent of coverage and its impact.
- ❖ Remuneration to BCAs should be regular and system driven. To make the programme successful it is critical to remunerate BCAs timely and adequately. Hence, the remuneration as far as possible must be system driven and linked to minimum wages in the State.
- ❖ There are around 2.5 lac part time postmen earning about Rs. 10000/- per month. Banks may engage them as field BCAs. They are the known face and accepted persons for the villagers and BCA activity can supplement their income and success of the programme.

- ❖ It was informed that UIDAI is providing Rs. 15000/- as subsidy for installation of Micro ATMs. Benefit of this scheme may be availed by the stakeholders.
- ❖ UIDAI, BSNL and Public Sector Insurance companies should be the permanent invitees for SLBCs/DLCCs on SVS.

5. RESPONSIBILITY MATRIX

Success of the Mission depends on sharing the responsibility by all Stake-holders. Given below are the Department wise responsibilities which are indicative only:

A. ADMINISTRATION (State Government)

- ✓ The monitoring mechanism prescribed by the DFS, GOI to be followed by forming:

State Level Implementation Committee:

	Headed by	Other members	Frequency of monitoring
State Level Implementation Committee	Mission Director to be nominated by the State Government	State Heads of Major Banks including RRBs, Regional Heads of RBI and NABARD, Insurance Companies etc.	Monthly

SLBC Convener Bank General Manager in the State would be the Secretary to the State Level Implementation Committee.

District Level Implementation Committee:

	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

- ✓ A “Core Committee” will be formed to monitor progress of implementation on weekly basis. SLBC Convener should be the Chairman of the Committee. Each Bank should nominate one Asst. General Manager (In case Asst. General Manager is not available, then one Chief Manager should be nominated) who will be the members of that Committee. Private Sector Banks should nominate any senior official equivalent to Asst. General Manager of a Public Sector Bank. The meeting will also be attended by the representatives of related Government Departments in the State.
- ✓ State Administration to provide the infrastructure for the fixed point for the BCA (Like providing premises and allied facilities).
- ✓ The Enrolment Agencies should be directed to extend cooperation for UID enrolment along with account opening in each SSA.

B. BANKS

- a) To update the progress in DFS SSA portal from time to time.
- b) Identifying and appointment of BCAs in the allotted SSA.
- c) Making survey of the allotted SSA for existing accounts of Heads of Households, and uncovered Households.

- d) Account opening under SVS to commence from 16/08/2014 in camp mode. All banks to prepare a calendar for monthly and quarterly camps in their SSAs.
- e) Wherever possible the UID enrolment should be combined with the account opening.
- f) Flagging of accounts necessary by banks as mentioned earlier.
- g) Banks should have a definite **publicity plan** for the mission.
- h) Definite plan should be given to FLC s for Financial Literacy up to village level.
- i) BLBC and DLCC forums should take the responsibility of reviewing the status of implementation in their districts.

C. INSURANCE COMPANIES

- a) Insurance companies to ensure the literacy part of the mission.
- b) To prepare micro-insurance schemes suitable for the FI account holders.
- c) To advertise and enroll in the schemes.

6. CURRENT STATUS OF ATR

Activity	Timelines	Responsibility	Action Taken
Allocation of Districts and Villages	15/07/2014	SLBCs and LDMs	Allocation of SSAs is completed in all the 51 Districts and the details are uploaded in our website www.slbcmadhyapradesh.com . Allocations of Urban wards done by BLBCs/DLCCs.
Placement of order for Machines	15/07/2014	Respective Banks	Bank wise and District wise targets are allotted for appointment of BCAs and delivery of machines based on the provisional number of uncovered SSAs as on 05.07.2014
Delivery of Machines	31/07/2014 onwards	Vendors	Will be undertaken by the vendors
Infrastructure arrangements (Cards, Forms, Furniture etc)	07/08/2014	Respective Banks	Action: Respective Banks
Search/Identification and Selection of BCA	07/08/2014	Respective Banks	Action: Respective Banks
Orientation of BCAs	10/08/2014 to 14/08/2014	Respective Banks	Action: Respective Banks
Activation of BCA	14/08/2014	Respective Banks	Action: Respective Banks
First account opening	15/08/2014	Respective Banks	Action: Respective Banks

OTHER ACTIVITIES UNDERTAKEN

SLBC Madhya Pradesh has printed and distributed Financial Literacy Materials (Total Contract Amounting Rs.60,84,000.00 with the support of NABARD) on behalf of RBI and distributed to all 51 FLCs functioning in the State.

The details of materials printed are

<i>Financial Literacy Guide</i>	<i>3000 copies</i>	<i>60 copies supplied to each District</i>
<i>Financial Literacy Dairy</i>	<i>12,75,000 copies</i>	<i>25000 copies supplied to each District</i>
<i>Financial Literacy Posters</i>	<i>200 Sets (Each set with 16 types of posters)</i>	<i>4 Sets supplied to each District</i>

7. EXTENT OF COVERAGE:

	Allotted	Covered	% Covered
Total Number of SSA	10567	5394	51%
Total Number of Villages	50396	27046	53%
Total Number of Households	11188027	7832607	70%
Number of villages with connectivity problem	5360 , (As per data received from SBI, NJGB,BOI,CBOI *)		

*As per data received from LDMs, DFS web-portal & Census 2011

**As per census 2011, in M.P., 45 lacs Households are having bank accounts. Subsequently Banks have opened 70 Lacs of accounts under FI. The actual coverage can be found only after conducting detail survey.(Ref: Annex 1&2 for Bank wise and District wise details)

PROGRESS OF URBAN WARD ALLOCATION

	Allotted	Covered
Total Number of WARDS in urban areas	5759	5759

(Subject to updation)

8. GOAL FOR NEXT ONE YEAR (UP TO 14.08.2015)

- ✓ Appointment of BCAs for remaining SSAs
- ✓ Coverage of all uncovered SSAs
- ✓ Opening of at least one account of each remaining households.

9. Proposed Programme for launch of Sampoon Vittiya Samaveshan

On the launch day (to be decided)

- a) It is proposed that all public representatives in their public address should enlighten the masses about Sampoon Vittiya Samaveshan.
- b) In all district a publicity programme should be chalked out for SVS by DLCC.
- c) Publicity through electronic media.
- d) Banks propose to publicize, Posters, and distribution of Pamphlets.
- e) Banners will be displayed at branches, Panchayat and Janpad Panchayat Bhawans.
- f) Publicity will be made through FLCs.
- g) Branches to hold camps in SSAs
- h) Schools/Colleges may be directed to have a special class on SVS on the launch day.
- i) NABARD to ensure meetings of Farmers Clubs on SVS on launch day.
- j) VOs/BLFs of SHG be advised to enlighten masses through word to mouth publicity specially on SVS launch day.

10. Any other issue with the permission of the Chair