

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.

² One BC can cover more than one village

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/- 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 Dhande 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 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, GoI).
- ❖ 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 Jun 2015

❖ *Opening of accounts (estimated at 15 crore)*

- 5 Crore (25%) 30th Nov 2014
- 5 Crore (50%) 31st Mar 2015
- 5 Crore (75%) 30th Jun 2015
- Remaining accounts (100%) 14th Aug 2015

Annexure-1

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

Annexure -4

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

Annexure-5

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

Annexure -6

LIST OF 26 CENTRAL SECTOR/ CENTRALLY SPONSORED SCHEMES

Sl. N	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 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
			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 the Child Labour Project.
			4 Stipend to trainees- Welfare of SC/ST Coaching cum Guidance & Vocational
			5 Stipend to trainees in LWE districts
Total		26	

Annexure-7

Scheme for Financing Business Correspondents					
Nature of Facility	Demand/Term Loan/Working Capital Facilities				
Purpose	<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	<p>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.</p> <p>Age: 18 to 60 years</p>				
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.	
<p>Tenor premium as per circular No.BCC/BR/105/213 dated 29.05.2013 as under.</p> <p>Less than 3 years—Nil</p> <p>3 years & above up to 5 years—0.10%</p>					

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	<p>/A. Appropriate DP Note</p> <p>B. Letter of Installment with acceleration clause</p> <p><u>Common Documents:</u></p> <ol style="list-style-type: none"> 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 14th July 2011). 5. All other documents as per Bank's guidelines.
Other Charges	As per Bank's Norms
Other Conditions	<ol style="list-style-type: none"> 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 11th 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

<p>Preventive Vigilance:</p>	<ol style="list-style-type: none"> 1. He/she should be Business Correspondent working for the Bank. 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 3. CIBIL data in respect of applicant should be meticulously verified leaving no scope for non-detection of identity of the applicants 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. 5. Bank's board indicating hypothecation charge should be displayed prominently at the place of business. 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</p>	<p>MSME as per investment in Plant & Machinery/Equipments</p>

Annexure -8

FINANCIAL INCLUSION ACCOUNT OPENING CUM OVERDRAFT APPLICATION FOR INDIVIDUALS

Date: _____

Name of the Branch:- _____ Village/ Town:- _____ Distrct:- _____ State:- _____

First Applicant/ Sole Applicant:-

FULL NAME, In CAPITAL letters (First, Middle and Last Name): Mr./Mrs./Ms _____

Father's/Husband's name in CAPITAL letters: Mr. _____ Date of Birth: __/__/____

Gender: M/F

Occupation: Agri/Service/Housewife/Business/Others- _____

Tel No. _____ Mobile No: _____ Email ID:- _____

Second Applicant/ Joint**Applicant :-**

FULL NAME, In CAPITAL letters (First, Middle and Last Name): Mr./Mrs./Ms _____

Father's/Husband's name in CAPITAL letters: Mr. _____ Date of Birth: __/__/____

Gender: M/F

Occupation: Agri/Service/Housewife/Business/Others- _____

Tel No. _____ Mobile No: _____ Email ID:- _____

Operating instructions:- _____

Present Address: _____ PIN _____ Permanent address:

_____ PIN _____

Other Facilites Required (Please Tick mark in the appropriate box)							
S.No.	Particulars	Yes	No	S.No.	Particulars	Yes	No
1	Passbook			4	Rupay Card/ Debit Card		
2	Statement of A/c through Email/Post			5	Internet Banking Facility		
3	Cheque Book			6	Mobile Banking Facility		
7	Linking of Aadhar No. __/__/____						
	Voter ID No. if available __/__/____						

Nomination:

Deposit			Nominee				
Na tu re of De po sit	D is ti n g u n i n g N o	Addi tion al deta ils	N a m e of N o m i n e e	Addr ess of Nom inee	Rela tion ship with deposi tor		If nominee is a minor, his/her DOB

Since the nominee is a minor on this date, I/we appoint Mr./Mrs/Ms _____ Address _____, Age _____ to receive the amount of deposit on behalf of the nominee in the event of my/our /minor(s) death.

I /We agree to abide by the terms and conditions of Saving Bank Account of Bank of Baroda.

Above Particulars Verified

1. _____ 2. _____

Signature (S) of the applicant(s)

Name and signature of the Business Correspondent (BC)

APPLICATION FOR OVERDRAFT FACILITY

I also request you to sanction me an Overdraft Limit of Rs. _____ (Rs. _____) for meeting my emergency family needs. I shall abide by the terms and conditions stipulated by the Bank in this regards. My Gross Annual Income is Rs. _____ from all sources. My main source of income is _____.

(Signature of the applicant)

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.																			
---------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Customer ID No.:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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**Chief/ Senior/Branch Manager****Saving Bank Deptt****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)