

**REVISED**  
**FINANCIAL INCLUSION PLAN**  
**SEPTEMBER, 2010**



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## **Background**

Reserve Bank of India (RBI) vide their letter no. D.O.RPCD.CO.MFFI.No.7412 /12.01.011/2009-10 dated January 07, 2010 has advised all banks to draw a roadmap by March 2010 to provide banking services in every village having population of over 2000, not necessary through a brick and mortar branch but through any of the various forms of ICT based models, which includes Business Correspondents (BC) as part of their Financial Inclusion Plan (FIP) and future plan to extend it to all the villages in the country. RBI has also advised all banks to submit by 15<sup>th</sup> March 2010, the Board approved FIP, with a view to rolling them out over the next three years.

The Board approved Plan was submitted to RBI on 15 April, 2010. RBI has called a meeting with our CMD with Deputy Governor on 17 May, 2010. During the meeting some points were emerged, and we were advised vide RBI letter dated May 21, 2010 to revise the FI plan. Accordingly, the Plan was revised and submitted to RBI on 09 July, 2010. The Gist of the plan which was submitted to RBI is as under.

### **Old Road Map:**

| Year     | Population   | Total no. of Villages | Villages Coverage |            | Estimated BCs to be appointed |
|----------|--------------|-----------------------|-------------------|------------|-------------------------------|
|          |              |                       | Through Branches  | Through BC |                               |
| 2010-'11 | of over 2000 | 5500                  | 1200              | 4300       | 1850                          |
|          | below 2000   | 5000                  | 1655              | 3345       | 1675                          |
| 2011-'12 | below 2000   | 17700                 | 450               | 17250      | 5900                          |
| 2012-'13 | below 2000   | 11800                 | 500               | 11300      | 2675                          |
|          | Total        | 40000                 | 3805              | 36195      | 12100                         |

Additional Secretary (FS), Ministry of Finance has called a meeting on 23 Sep, 2010 in IBA to review the progress made in the implementation of Financial Inclusion Plan. In order to avoid duplication of efforts & confusion among Banks, It was advised that Banks should stick to the villages, which are allotted to them. It was further advised by Ministry of Finance and RBI that villages having population of over 2000 are to be covered by March 2012, as against March 2011. Accordingly FI plan is further revised.

## **Our Mission**

To provide financial services to financially excluded, under privilege segment of the society through Brick and Mortar branch and through branch-less banking by way of various available and emerging Information Communication Technology (ICT) Models.

### **Bank's Vision of FI**

Financial Inclusion leads to economic inclusion and then to social inclusion. Keeping this as core activity, bank has planned to open bank accounts not only for the mere purpose of government payments and subsidies to the poor but also extend them Credit to make them self employed, which will provide an equal opportunity and a level playing field, as enjoyed by other sections of the society. It will reduce unemployment in rural areas and possibly also address the problem of migration of youth towards urban areas.

### **Holistic inclusion includes.**

Financial Literacy is very poor in India, we need to inculcate banking habits in poor as part of Corporate Social Investment (CSI). Our bank to educate the poor about the financial services and its benefits which is as follow:

- Deposit includes saving and recurring which will earn them interest, Balance queries etc.
- Remittances by way of electronic transfer. An easy way to transfer money to kith and kin.
- Micro loan for income generation, production etc.
- Micro Insurance for unforeseen events like crop insurance against fire, flood etc. Health insurance against hospitalization etc.
- Micro Loans for consumption like personal needs example marriage of daughter.
- Micro Investments by way of Weekly Installment and Daily Installment plans.

Bank has planned to target Below Poverty Line (BPL) segment and poor among Above Poverty Line (APL) such as Economic Weaker Section (EWS), Low Income Group (LIG) and Medium Income Group (MIG) separately with customized products and services especially design to suit their requirement, which will enhance their income generating capabilities. It will help them to climb step by step to higher level of the ladder and to make them self sufficient.

### **Position as on 15<sup>th</sup> Sep, 2010 for ICT based Financial Inclusion in our bank w.r.t unbanked villages planned in FIP**

|   |           |
|---|-----------|
| No. of Enrollments  | 18,59,018 |
| No. of Cards Issued   | 5,25,141  |
| No. of appointed BCs  | 559       |
| No. of Villages covered-<br><b>(With population more than</b> | 409       |

|                                     |           |
|-------------------------------------|-----------|
| <b>2000)</b>                        |           |
| Total No. of villages covered       | 2205      |
| No. of Transactions done            | 8187      |
| Amount of Transactions done (In Rs) | 95,09,063 |

Till now, Bank has issued orders to many experienced Technology Service Providers for various Districts (about 51) on the discovered price. With these orders implementation the coverage will be for 1243 villages with population of over 2000 by Dec, 2010

**The revise FIP is furnished as per the original agenda given in the RBI missive dated 07 January, 2010 is as under:**

**FIP: Minimum Qualitative Features and Quantitative Indicators are as follow.**

**Part A**

**(I) The FIP Should cover present status of CBS implementation at rural branches, deadline for its completion and position regarding completion of CBS at branches Regional Rural Banks (RRB):**

Present Status of CBS Roll out as on 24<sup>th</sup> Sep, 2010, in our bank:-

| Classification of CBI Branches | Total No. of Branches | No of branches under CBS | No. of branches without CBS | Deadline for CBS completion* |
|--------------------------------|-----------------------|--------------------------|-----------------------------|------------------------------|
| Metro                          | 627                   | 621                      | 6                           | <b>Nov 2010</b>              |
| Urban                          | 691                   | 687                      | 4                           |                              |
| Semi-Urban                     | 908                   | 826                      | 82                          |                              |
| Rural                          | 1395                  | 603                      | 792                         |                              |
| <b>Total</b>                   | <b>3621</b>           | <b>2733 (75.5%)</b>      | <b>888</b>                  |                              |

Central Bank of India (CBI) is the sponsor Bank for 7 RRBs with a Branch network of 1738. The Names of RRB and other information required is as under:-

|   | <b>Name of RRB</b>     | <b>No. of Districts</b> | <b>Rural</b> | <b>Semi Urban</b> | <b>Urban</b> | <b>Total</b> |
|---|------------------------|-------------------------|--------------|-------------------|--------------|--------------|
| 1 | SATPURA<br>NARMADA KGB | 20                      | 227          | 98                | 22           | 347          |

|   |                         |    |      |     |    |      |
|---|-------------------------|----|------|-----|----|------|
| 2 | SURGUJA KGB             | 2  | 77   | 8   | 0  | 85   |
| 3 | UTTAR BIHAR GRAMIN BANK | 18 | 747  | 90  | 31 | 868  |
| 4 | VIDHARBHA KGB           | 5  | 56   | 34  | 6  | 96   |
| 5 | BALLIA ETAWAH GB        | 4  | 116  | 18  | 4  | 138  |
| 6 | HADOTI KGB              | 3  | 63   | 16  | 5  | 84   |
| 7 | UTTARBANGA KGB          | 3  | 73   | 39  | 7  | 119  |
|   | TOTAL                   | 55 | 1359 | 303 | 75 | 1737 |

Bank has already finalized the system integrator for the CBS of RRBs. Bank intends to implement the 100% CBS in all its RRBs by September, 2011. First RRB Branch is planned to be cover under CBS is November, 2010 and 25 Branched are Planned in January, 2011.

**(II) The Road Map by March 2010, to provide banking services through a banking outlet in every village having population of over 2000, by March 2011 not necessarily through a brick and mortar branch but through any of the various forms of ICT-based models, including through BCs, should be included in the FIP, and future plan to extend it to all villages in the country.**

Our Bank is evenly spread across all the states hence, our endeavor is to start implementation of FI projects in almost all the states, covering 50% of the allotted villages in 2010-2011 and the rest villages in year 2011-12. However, more focus will be given to the states, where we have in the lead bank responsibility in the districts. Out of total 3975 allotted villages, our bank will target 1975 and 2000 villages having population of over 2000 in Year 2010-2011 & 2011-2012 respectively. We have set target to cover total 40,000 villages under FI in next 3 years starting April 2010. With following assumptions the revised Road Map is furnished as under:

**Assumptions:**

- 1) Average population in villages having population of over 2000 is 4000, having average household in each village is 800. Total no. of estimated a/cs to be opened in these villages is 700
- 2) Average population in villages having population below 2000 is 1500 having average household in each village is 300. Total no. of estimated a/cs to be opened in these villages is 250
- 3) Each house hold will have at least 5 members

**Road Map:**

| Year               | Population | Total Villages to be covered | Villages to be covered |       | Estimated BCs to be Appointed | Estimated No. Frill with OD a/cs to be opened | Estimated No. of KCC/GCC a/cs |
|--------------------|------------|------------------------------|------------------------|-------|-------------------------------|---|-------------------------------|
|                    |            |                              | By Branches            | By BC |                               |   |                               |
| 2010-11            | Over 2000  | 1975                         | 100                    | 1875  | 1875                          | 1382500                                       | 790000                        |
| 2011-12            |            | 2000                         | 110                    | 1890  | 1890                          | 1400000                                       | 800000                        |
| <b>Total</b>       |            | 3975                         | 210                    | 3765  | 3765                          | 2782500                                       | 1590000                       |
| 2010-11            | Below 2000 | 5000                         | 500                    | 4500  | 1312                          | 1250000                                       | 750000                        |
| 2011-12            |            | 10000                        | 500                    | 9500  | 3805                          | 2500000                                       | 1500000                       |
| 2012-13            |            | 21025                        | 525                    | 20500 | 6833                          | 5256250                                       | 3153750                       |
| <b>Total</b>       | 36025      | 1525                         | 34500                  | 11951 | 9006250                       | 5403750                                       |                               |
| <b>Grand Total</b> |            | 40000                        | 1735                   | 38265 | 15716                         | 11788750                                      | 6993750                       |

\* It is assumed that one BC will cover at least 2 villages. BCs appointed for villages having population of over 2000 will also cover one additional nearby village having population below 2000.

# These BC will cover 3 villages having population below 2000

**(III)The FIP should focus on Information and Communication Technology (ICT) based solution for reaching out to the hitherto unbanked and under banked areas. The technology solutions employed should ensure compatibility and connectivity on a seamless basis.**

IDRBT has come up with common standards for Technology Solution to adopt for FIP via biometric smart card model, which would help in accelerating ICT deployment and avoid vendor lock in for all technology components. Common standards enhance convenience to customers and provide inter-bank and intra-bank access, which will ensure compatibility and connectivity of multi vendors solutions. It will be, ensured that the technology, which solution provider is providing via Biometric Smart Card, is in compliance with the common standards set by IDRBT. Brief on the various ICT based solution which will be adopted by bank are as under:

**Smart Card (Biometric) Solution:** Each customer is being provided with Smart Card, which works as electronic pass book. It will contain details of the account holder and will be used to authenticate the account holder through biometrics. BCs are provided with

PoS (Point of Service) terminal which are equipped with wireless connectivity, printer, biometric scanner and voice enunciation in local language.

**Mobile Based (Biometric) Solution:** This model also works similarly as smart card based. The only difference is biometric of the customers are stored on the NFC enabled Mobile phone provided to BC. Customers are issued a plastic photo identity card which carries a unique number, which is linked to the account of the customer. When this number is dialed on mobile, it prompts for biometric authentication. A customer biometric is verified with one stored on Mobile phone and the one scanned at the time of transaction at PoS terminal with BC.

**Mobile-2-Mobile Based (non-Biometric) Solution:** At present, there are approx. 600 million Cell phone connections in our country, it is said to be double in next 5 years, whereas there are only 200 million bank accounts with one person having more than one account. Taking this into account, it is estimated that only 120 million populations enjoy banking services. The tele-density in India is increasing at an upbeat rate, adding millions of customers every month. With this phenomenal rate, Mobile-2-Mobile based FI solution, would leverage the higher proportion of mobile phones. The solution works as under, the customers should have an account and must possess a mobile with SMS facility available. Customer would call a toll free no. of the bank and would get routed to an Interactive Voice Response system (IVR) in the language preferred. A call would originate to the registered mobile no. and the customer would ask to choose a PIN, which is a secure PIN for carrying out financial transaction and the PIN would be a interactive PIN and would not be stored in the handset. Once PIN is obtained, the customer can call the toll free number and provide his/ her PIN and choose the financial services. In case of cash withdrawal, the customer would be prompted to enter the amount of withdrawal. The customer would get an SMS with the Transaction ID and the One Time Password (OTP). With this, the customer can approach the BC. On entering the Transaction ID, the system verifies whether it is a valid transaction and then prompts for the OTP, on entering the OTP the system displays the complete transaction to the BC and the BC pays the requisite money to the customer. A pilot is being initiated using Mobile as delivery channel in Anand district of Gujarat state.

**Micro ATM Solution:** The Micro ATM is an emerging concept, which constitutes of mobile phone, scanner, smart card reader, printer, voice enunciation capability etc. A customer, who is having Mobile phone enabled, or smart card enabled, or Biometric ID card can transact at Micro ATMs deployed with BC. It will provide online interoperable transactions.



This device will be based on a mobile phone connection and would be made available at every BC. Essentially, BCs will act as an agent of bank for the customers and all they need to do is verify the authenticity of customer using customers' UID and finger prints.

Standards of Micro-ATMS are being finalized by UIDAI/IBA. We have already mandated all our Technology Service providers to replace/upgrade the currently deployed Hand Held devices being provided to BCs, with Micro-ATMs without any cost to the Bank.

**Mobile ATM Solution:** Mobile ATM Solution is one of the means to cover financially excluded people. A mobile ATM machine will be moving from one place to another in order to provide basic banking services like cash withdrawal, cash deposit, fund transfer, balance enquiry, mini statement etc. It is a most suitable model in urban inclusion. Bank will also deploy few Mobile ATMs in urban area for urban inclusion.

**Mobile Branch:** Bank will also deploy Vans for mobile branches. These vans will be properly manned with suitable network connectivity to CBS. These Vans will visit the identified area on regular basis. Bank is planning at least 10 such Vans.

Under all options, Open Standards prescribed by IDRBT, UIDAI etc will be used to have true channel agnostic infrastructure. A Middleware, Gateway/Switch will connect/integrate all channels mentioned above at one end and it will be connected to FI Core system to the other end, which in turn will be integrated to CBS.

**(IV) The Business Correspondent (BC) model should be effectively utilized to reach out to the villages and the FIP should specifically outline the strategies for employing the BCs.**

**BC Model:**

BCs are engaged as per the RBI guidelines which includes entities such as NGOs / MFIs set up under the Indian Societies / Trust Acts, Societies registered under Mutually Aided Cooperative Societies (MACS) Act or the Cooperative Societies Acts of States, Section 25 companies, registered NBFCs not accepting public deposits, post offices and individual such as kirana/medical/fair price shop owners/individual Public Call Office (PCO) operators, agents of small savings schemes and Insurance companies, Individual who own petrol pumps, retired teachers, CSCs, ex-service man, retired Bank/Govt. officials and authorized functionaries of well run Self – Help Groups.

**Strategy for BC appointment :**

i. Bank will appoint about 70% field BCs through the eligible BC entities and 30% from individual category, directly based on a set of criteria and scoring model. Bank will soon

come out with specific guidelines to appoint BCs from different categories. The guidelines i.e BC policy will cover various aspects such as:

|                       |                      |                    |
|-----------------------|----------------------|--------------------|
| 1. Selection Criteria | 2. Scoring Model     | 3. Remuneration    |
| 4. Due Diligence      | 5. Do's and Don'ts   | 6. Cash Management |
| 7. ID card Format     | 8. Name plate format |                    |

Bank will also appoint retired Bank officials from Commercial Banks/ NABARD/RBI to manage BCs/CSPs as part of our channel management strategy.

ii. Presently the field BCs are being deployed by the BC entities, which are finalized at Central office level after doing the Due Diligence as per the indicative parameters given by RBI.

iii. The field BCs, i.e Customer Service Points (CSP) which are appointed by BC entity at the grass root level to render the services of a BC, bank ensures that the BCs appointed carries out proper due diligence in respect of sub agents/CSP to take care of the reputation and other risks involved. For it, following methodology is adopted:

a) A rigorous screening process is conducted for the BCs on the following:

- ✓ Well established, good reputation and stature and confidence of the local people.
- ✓ Significant rural / semi-urban presence.
- ✓ Satisfactory track record and ability to generate the funds required for the service.

b) Proper due diligence along with full KYC is done before enrolling an individual as field BC (CSP) by the concerned base branch to which the CSP is attached for various services.

c) The BC furnishes a list of authorized agents employed by him with details of their bio-data containing photograph, address, age, educational background, present occupation, monthly income, details of existing banking arrangements (should not be a defaulter with any bank), area of operation and past experience, if any related to banking & insurance.

### **BC Compensation**

It is observed that the appointment of section 25 company as BCs (who are partners of Technology Providers) provides operational convenience in terms of easy hand – holding with CSPs for operation of devices, which speeds the enrollment process of customers.

Although the BC is compensated by the Banks, due to lack of proper compensation to CSPs, by the BC, the CSPs lack enthusiasm to extend prompt and efficient services to the customers. As a result the Banks FI initiatives do not yield the desired results within the planned time frame. Therefore to address the issue, Bank will discover a suitable remuneration structure, which will ensure & bind the filed BCs/CSPs with Bank and to serve the customers better. Such remuneration structure will have various components viz.

- ✓ Fixed Salary to field BCs
- ✓ Incentives for loans amount canvassed
- ✓ Incentive on recovery
- ✓ Commission on Insurance products
- ✓ Fee on Remittances etc.

These rates will be discovered from the experience within the Bank as well as by calling Quotation which will bring industry experience.

### **BC /Bank staff Training**

i. Bank will have detailed Plan for Training of BCs

- ✓ Training manual which will have details the training of District Coordinators, Base Branch Mangers, CSPs etc from time to time. It is an ongoing progress
- ✓ Course contents for each along with material will be prepared
- ✓ Institutions: Russettis, IIBM (Guwahati), Arrangement Accredited Institutions of IIBF such as IL&FS, FINO etc
- ✓ Field BCs/CSPs will be encouraged to undertake IIBF certification & Reimbursement from NABARD.

ii. The current methodology for training is:

- ✓ Workshop at District HQ for BC/CSP and Bank staff by Technology service providers. Training to field BCs by Technology Providers on aspects such as Create awareness, various Products, use of technology, Enrollment process, Transactions and Settlement process, Do's and Don'ts, Knowledge on Cash Handling, Handling customers query etc
- ✓ Dedicated lecturers on FI to Bank staff at Bank's Training Colleges.
- ✓ All base Branch Managers are provided training on various day-to-day operations, dealing with BCs & BFs, spreading awareness in the villages, KYC compliance, Monitoring field BCs/CSPs, use of technology etc.,

## **2) Cash Management**

In cases where the place of business of the BC and the base branch is such that it is not feasible for the BC to travel back to the base branch to collect and deposit cash, Cash management can be streamlined by adopting 'Cash Routes'. This can be done by linking various BCs which are in close proximity to each other to a base branch wherever warranted with suitable cash transit insurance which is to be born by the Bank. In cases where there are other banks in close proximity to the place of business of the BC and the other bank and as well as our branch bank are on the same CBS platform, The money shall be later transferred to our base branch through NEFT. In cases where the Kirana shops are BCs, the masses (customers) can use the FI smart card provided to them for the purchase of groceries from the kirana shop. In this no physical cash will be involved and transaction will be accounted for in the system. The issue of cash management shall be resolved to a great extent by recycling of cash at kirana shop. The BCs will be provided with Cash Box for safe keeping.

**(V)The plan should indicate the process of vendor selection, infrastructure arrangement, cost structure, fees etc.**

#### **Process of vendor selection**

- ✓ Bank will float RFP for major field roll outs after having suitable & sufficient experience from its various pilots
- ✓ Bank will also finalize its FI Core system through RFP process..
- ✓ Bank will evaluate the vendors based on their technical skills, exposure and if they agree to bank's discovered commercials.
- ✓ In case the solution is unique and innovative of its kind, it is tried out on pilot basis after doing due diligence and price discovery from the industry.

#### **Infrastructure**

Infrastructure like software and hardware, application compatible mobile handset, laptops and other hardware machines required for customer enrollment are provided to Business correspondent (BC) by the technology provider. Later the FI server for capturing the transactions will be hosted by Bank, which will provide us better control, standardization of various services/products, training etc facilitate interoperability and help reducing the risk to some extent. Rest of the equipments and channels for communication are outsourced to the vendor and network service provider to enable us to run the host services.

#### **Cost structure, fees etc.**

For Cost Structure and Fee please refer to point no. VIII.

**(VI) The no-frills accounts should have an in-built limited over draft facility. Further, the beneficiaries should be provided GCCs/KCCs. Each household must have either a KCC or GCC**

Around 43.28 lakh, Cent Bachat Khata has been opened as on Aug 2010, which are also used for payment of NREGA wages in different districts of the country. Features of No-Frills Saving Deposit Scheme- Cent Bachat Khata are as under:-

- ✓ Relaxed KYC for opening of No Frill a/c
- ✓ Zero amount for initial opening of account
- ✓ Zero minimum balance requirement
- ✓ Cheque book facility available for accounts opened in branches
- ✓ No restriction on Number of deposit in the Account.

**Central Kisan Credit card (CKCC)** : The objective is to provide need based timely and hassle free credit support to the farmers for their farm needs as well credit requirements of non-farm activities in a flexible and cost effective manner. The farmers are allowed to draw cash to meet their requirement or pay to the dealer by bankers cheque. As on August 2010, Number of cards outstanding is 9.97 lakh.

**Features of CKCC:**

- ✓ Laminated CKCC with photograph accompanied by passbook.
- ✓ No restriction on number of withdrawal and repayment within the sanctioned limit.
- ✓ All eligible farmers can make use of CKCC
- ✓ Full year credit requirement of the borrowers taken care of.
- ✓ Minimum paper work and simplification of documentation for withdrawal of funds in the bank.
- ✓ Flexibility to draw cash and buy inputs from any source of choice.
- ✓ Assured availability of credit at any time resulting in reduced interest rate burden on the farmer.
- ✓ Allow entire cash withdrawal, which can be supported by bills subsequently.

**Cent Janta Credit card (CJCC)** The scheme cover general credit needs in rural and Semi-urban areas. The objective of the scheme is to provide hassle free credit to branch customers based on their assessment of cash flow without insistence on security, purpose of loan and end use of the credit

### **Features of CJCC**

- ✓ Credit facilities provided under CJCC without any insistence on security.
- ✓ The cardholder will be covered under Personal Accident Insurance Policy for an amount of 25,000/- under master policy
- ✓ In case of accidental death of a cardholder, the bank's dues outstanding, if any, will be adjusted out of Insurance claims received and balance amount, if any, will be given to the legal heir and vice versa.
- ✓ No service charges to be levied.

**Cent Vikas Khata: Limited Overdraft (OD) on No-Frill a/c** of NREGA beneficiaries on NREGA wage and urban poor a/cs held with bank for at least 6 months old. Features of Cent Vikas Khata is as under

- ✓ OD cum no-frill a/c to NREGA wagers
- ✓ An illiterate or visually impaired person is also eligible to avail the facility.
- ✓ The minimum limit for OD is 500/-
- ✓ The maximum limit for OD is 1500/-
- ✓ Enhancement in OD limit may be considered

This product has been introduced since April 2010 on the CBS platform. On other platform the facility will be provided shortly.

**(VII) The FIP should have framework to monitor and evaluate the progress in implementing the plan. The monitoring should capture details pertaining to the number and names of the villages covered, number of beneficiaries provided with smart cards/ Biometric access/ Mobile phones, Number of person who have received Government payments through EBT mechanism, etc.**

To monitor and evaluate the progress in implementing the Plan, we have following strategy in place

- a) At each District level there is district coordinator who monitor the Implementation/performance of the FI project under taken in various villages
- b) These Coordinators are reporting to Rural Development Dept of Regional Offices and providing reports including details of FI activity.
- c) At Zone level a Dedicated FI cell has been placed to monitor implementation of FI projects
- d) At Central office Separate FI wing under Priority Sector department has been placed
- e) Fortnightly Review by CMD/ED

- f) Quarterly review on progress of various projects under FI is done by the Board
- g) Quarterly Reports are submitted to RBI in the prescribed format (Monitoring format for FI plan).
- h) Surprise Visit in villages by Regional Office Staff
- i) In addition to the above when ever an executive from Central Office visits District HQ or ROs/ZOs, the progress of FI is reviewed and same is submitted to Central office
- j) Surprise visit by RO/ZO staff
- k) Bank will also form an high level steering Committee which will review and monitor the progress on monthly basis
- l) Bank will set up specialized one man FI Branch to monitor & manage the BCs/CSPs in rural areas.
- m) 1% of our villages having population of over 2000 will be visited by our CMD/ED and 5% will be visited by GM/DGM of Central Office. This will also help in creating awareness in the field to all concerns
- n) Nodal Officers will be designated to monitor the grievance redressal.

**(VIII) The plan should indicate the extent of coverage that is proposed to be achieved through smartcard/mobile phones/ others models, etc., the cost factor and the time line for achieving the same:**

There are various delivery channels available like Mobile Phone, Smart Cards, Biometric ATMs. UIDAI has also proposed Micro ATM, Kiosk Banking is at the nascent stage. Going Forward, some new Technology may emerge, which may be better than the existing one and may also be cost effective as well. The extent of coverage we proposed to achieve through Smart Card/ Mobile Phones and Others Models is as under, however it may be noted that in future we may adopt new technology depends on its flexibility, compatibility with exiting CBS, coverage, mode of communication, costing etc.

| Year    | Percentage coverage of villages through |              |             |                |            |
|---------|---|--------------|-------------|----------------|------------|
|         | Smart Card                              | Mobile Phone | Mobile Vans | Biometric ATMs | Micro ATMs |
| 2010-11 | 95%                                     | 5%           | --          | --             | --         |
| 2011-12 | 90%                                     | 5%           | 3%          | 1%             | 2%         |
| 2012-13 | 70%                                     | 20%          | 5%          | 1%             | 5%         |

### Cost Estimation for FIP Implementation

Note: Basic Assumption is No. of Accounts per Village is 1000

| Sr. No.  | Particulars   | Appx. Unit Cost (Rs.) |
|----------|---|-----------------------|
| <b>i</b> | <b><u>Fixed /One-Time Cost</u></b>  |                       |
| a)       | Survey Cost   | 2                     |
| b)       | Customer Acquisition Cost   | 3                     |
| c)       | Enrollment Cost and Personalization (filling of application, capturing of biometrics and photo) | 15                    |
| d)       | Card Cost   | 60                    |
|          | <b>Total</b>  | <b>80</b>             |

*Cost amortized in 3 yrs =Rs. 27 appx.*

| Sr. No.   | Particulars                                     | Appx. Unit Cost per month(Rs.) |
|-----------|---|--------------------------------|
| <b>ii</b> | <b><u>Variable Cost</u></b>                     |                                |
| a)        | HHD Rental (incl. Printer, Scanner, Laptop etc) | 1.5                            |
| b)        | Technology Maintenance                          | 2                              |
| c)        | BC Remuneration                                 | 3                              |
| d)        | Connectivity Cost                               | 1                              |
| e)        | Cash Management                                 | 2.8                            |
|           | <b>Total</b>                                    | <b>10.3</b>                    |

*Cost per annum = Rs 124*

| Sr. No.    | Particulars   | Appx. Cost per month for 10 villages |
|------------|---|--------------------------------------|
| <b>iii</b> | <b><u>Miscellaneous Cost</u></b>  |                                      |
| a)         | Manpower Cost(BC Supervision, Accounting, Reconciliation, Reporting, Grievance redressal etc) | 50000                                |
| b)         | Awareness Cost  | 5000                                 |
| c)         | Stationary Cost   | 5000                                 |
|            | <b>Total</b>  | <b>60000</b>                         |



**Cost per annum = Rs 72.**

**Total Cost per customer per annum = Rs 27 + Rs. 124 + Rs. 72 = Rs. 223**

| Year     | No. of No<br>frill A/cs | Fixed one<br>time cost @<br>Rs.27/- | Variable cost<br>@ Rs.124/- | Miscellaneous<br>cost @ Rs. 72/- | Year wise<br>Budget (Rs) | Cumulative<br>Budget (Rs) |
|----------|-------------------------|-------------------------------------|-----------------------------|----------------------------------|--------------------------|---------------------------|
| 2010-'11 | 2632500                 | 71077500                            | 326430000                   | 189540000                        | 587047500                | 587047500                 |
| 2011-'12 | 3900000                 | 105300000                           | 483600000                   | 280800000                        | 869700000                | 1456747500                |
| 2012-'13 | 5256250                 | 141918750                           | 651775000                   | 378450000                        | 1172143750               | <b>2628891250</b>         |

Since Various ICT based models are still emerging and Unique Identification Authority of India (UIDAI) is also coming out with a concept of micro ATMs, hence the above estimates on extend of coverage may undergo a change in times to come.

**(IX) The FIP should clearly indicate strategies for urban centers. This should cover aspects relating to compliance with KYC norms and specific plans to address the remittance requirement of the urban poor.**

### **Strategy**

As part of urban strategy, BC will target vegetable vendors, hawkers and urban poor, who are unbanked. It will include opening a no-frill account and receiving the amount to be deposited in their account. Since it will not be feasible for them to visit any bank branch during their business time, hence the banking services will be provided through BC at their point of presence. Mobile phone channel is most suitable for facilitating remittance. However, all the method such as biometric smart card for illiterate, PIN based ATM cards, RFID cards, Mobile banking will be made available for urban inclusion.

### **Compliance with KYC norms**

Account can be introduced by the BC of our Bank, who has been enrolled after following full KYC. The BC should be of the same base / linked branch to which, the customer account is proposed to be linked. The norms of relaxed KYC guidelines will be applicable, however BCs will be directed to visit the place of resident, and to make enquiry about the customer and then provide introduction. Few cases will be verified on random basis, by our officials just to ensure the authenticity of BC verification. A letter of thanks giving will be issued to their provided address before issuing cheque book facility to urban poor.

### **Remittance requirement of the urban poor**

Remittance via the BC does not require any of the Bank's conventional infrastructures such as, branch / ATM. The cost of affecting a remittance is the lowest via the BC infrastructure. Remittance through the BC is proposed to be free of any transaction charge (either as a flat transaction fee or as a percentage of the amount being remitted). The remittance via the BC model can be either done at a BC outlet in an online transaction in an attended mode authenticated by the payer's fingerprint, or can be done via mobile phones in a self-service mode, authenticated by the Payer's PIN. Fingerprint (Biometric) Authentication will be used in the attended mode at a BC outlet. This is now a standard transaction type at BC outlets.

**(X) The financial inclusion efforts should suitably leverage on the unique identity solution being proposed by the Unique Identity Authority of India.**

India with its large population base faces several challenges arising due to the duplication of individual identities. The consequences of unproven identities are largely felt by the poor and the downtrodden in the society. Inability to prove identity is one of the biggest barrier preventing the poor from accessing benefits and subsidies designed for them. To date, there is no definite nationally accepted identity number, as a result of which to access any facilities and services, one must undergo the full cycle of identity verification. Such duplication of effort and 'identity silos' not only increase cost of identification but also causes extreme inconvenience to the individual, which is primarily unfair to the poor and underprivileged residents.

In February 2009, Unique Identification Authority of India (UIDAI) was established. The purpose is to issue a unique identification number (UID) to all Indians that is robust enough to eliminate duplicate and fake identities and can be verified and authenticated in an easy, cost effective way.

The UID, is crucial to promote FI, is the online, cost-effective real time authentication of the identity of the person making any transaction. This in turn, can significantly improve the effectiveness of existing financial inclusion strategies and address the last-mile challenge, banks now face in cash transfers and service delivery. The UID thus, provides with opportunity to strengthen emerging delivery mechanisms for financial inclusion. The timing of this initiative coincides with the increased focus of the government on social inclusion programme, and upgrading public services delivery through e-governance programme.

**UID KYR (Know your Resident) standards used for KYC**

The strong biometric authentication that the UID offers, combined with its KYR standards, would remove the need for individual KYC by banking institutions for no-frills accounts. It will vastly reduce the documentation the poor are required to produce for a bank account. Once that happens, then opening a no-frill account will not require any additional authentication, the basic authentication done by UID should be sufficient. The UID's biometric authentication processes would allow banking institutions to verify poor residents clearly both in person, as well as online and over the phone.

### **Ubiquitous BC network and BC choice**

The UID's clear authentication and verification processes will allow banking institutions to network with village-based BCs such as, SHGs, kirana stores and post offices. The BC would be equipped with a micro ATM solution and customers can easily withdraw money and make deposits. Multiple BCs at the local level will also give customers a choice of BCs when it comes to making transactions. This would make customers, particularly in villages, less vulnerable to local power structure and to the risk of being exploited by BCs

### **Intensive use of bank accounts by residents and governments**

Widespread financial access would encourage central, state and local governments to transfer cash benefits and subsidies directly to the UID-enabled bank accounts of poor residents. This in turn, will increase the use of these accounts and allow them to become a source of savings.

## **(XI) The extension of non-banking financial facilities like remittances, insurance and other services and products should be specified in the FIP**

### **Insurance**

Bank offers different Insurance products to its Accounts holders. The Insurance product includes life and non life insurance (General insurance). Insurance companies are also trying their way out through Micro insurance to increase their presence in rural areas, where the penetration level of insurance is very low. Bank through its BC model can help Insurance companies to increase their penetration level which would help them to earn premium by way of providing insurance. There are different insurance products available in the market, since, we need to target rural area as well as semi urban area, insurance product will be design in such a way that it should caters to the requirements of poor people. For it to happen, Bank will tie up with leading Insurance and General Insurance

companies having presence in India. Insurance Policies Beneficial for rural people are as follows:

1. Cattle Insurance Policy
2. Crop Insurance
3. Health Insurance from General Insurance Co like New India Assurance Co, Oriental Insurance etc
4. Micro Pension plans from LIC Such as Jeevan Madhur and Jeevan Mangal
5. Group policies
6. Micro Insurance cum Micro credit
7. Micro Insurance with Micro Investment
8. Micro Pension form UTI
9. New Pension Scheme- Swavlambhan

#### **Benefits to the Bank**

It will help bank to earn commission by way of providing insurance cover through BC Model, where Insurance will be provided to customers and premium will be collect by bank on behalf of Insurance companies.

#### **Benefit to Insurance companies**

It will open an untapped market for insurance companies and help them to generate more premium income.

#### **Benefit to BCs**

The portion of commission received from selling Insurance policy will be provided to BCs to encourage them to proliferate more Insurance Products & services in rural area.

#### **Micro Mutual Fund:**

Bank will tie up with Mutual Fund Asset Management companies to draw a Mutual fund plan targeting poor people. The money collect will be invested Through Systematic Investment Plan (SIP). BC will collect small payments from hawkers and vegetable vendors on daily/weekly/monthly basis, depending on the customer choice and the collected amount will be deposited to the bank branch that will be invested through the mutual fund houses to which bank will have tie up. BC will be trained to educate the investor that such investment is subject to the risk involved in such investment.

Amount collected can also be deployed in Recurring Deposit (RD) account, where the money collection will be done by BC and invested in RD for fixed and guaranteed returns. However, the choice is with customer to either invest his money in Mutual Fund or RD

**(XII) The names of the villages that have been provided with banking connectivity either through BCs or any of the ICT initiative should be put on bank's website.**

The names of the villages and other details are made available on official website of the bank ([www.centralbankofindia.co.in](http://www.centralbankofindia.co.in)). This is being updated every month.

**Part B**

Quantitative aspects to be covered in the FIP and the year wise Plan (Based on Census 2001)

**Plan for Villages Having Population of over 2000 by March 2011 through BC & Branches**

| Year             | Month  | Qtr.       | Target Villages | Through BC  |             |                       |                           | Through Branches |                       |                           |
|------------------|--------|------------|-----------------|-------------|-------------|-----------------------|---------------------------|------------------|-----------------------|---------------------------|
|                  |        |            |                 | Villages    | BCs         | Estimated House Holds | Estimated No Frill A/c+OD | Villages         | Estimated House Holds | Estimated No Frill A/c+OD |
| <b>2010-2011</b> | Apr-10 | April-June | 99              | 94          | 94          | 75000                 | 65625                     | 5                | 4000                  | 3500                      |
|                  | May-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|                  | Jun-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|                  | Jul-10 | July-Sep   | 395             | 375         | 375         | 300000                | 262500                    | 20               | 16000                 | 14000                     |
|                  | Aug-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|                  | Sep-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|                  | Oct-10 | Oct-Dec    | 988             | 938         | 938         | 750000                | 656250                    | 50               | 40000                 | 35000                     |
|                  | Nov-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|                  | Dec-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|                  | Jan-11 | Jan-Mar    | 494             | 469         | 469         | 375000                | 328125                    | 25               | 20000                 | 17500                     |
|                  | Feb-11 |            |                 |             |             |                       |                           |                  |                       |                           |
|                  | Mar-11 |            |                 |             |             |                       |                           |                  |                       |                           |
| <b>Total</b>     |        |            | <b>1975</b>     | <b>1875</b> | <b>1875</b> | <b>1500000</b>        | <b>1312500</b>            | <b>100</b>       | <b>80000</b>          | <b>70000</b>              |

**Product Offered**

| Month        | Coverage |             |                | Estimated nos. in each category |               |               |                |              |
|--------------|----------|-------------|----------------|---------------------------------|---------------|---------------|----------------|--------------|
|              | (%)      | Villages    | HouseHolds     | No Frill A/c+OD                 | KCC           | GCC           | Insurance      | Remit        |
| Apr          | 1%       | 20          | 15800          | 13825                           | 6320          | 1580          | 11060          | 790          |
| May          | 2%       | 40          | 31600          | 27650                           | 12640         | 3160          | 22120          | 1580         |
| Jun          | 2%       | 40          | 31600          | 27650                           | 12640         | 3160          | 22120          | 1580         |
| Jul          | 6%       | 119         | 94800          | 82950                           | 37920         | 9480          | 66360          | 4740         |
| Aug          | 7%       | 138         | 110600         | 96775                           | 44240         | 11060         | 77420          | 5530         |
| Sep          | 7%       | 138         | 110600         | 96775                           | 44240         | 11060         | 77420          | 5530         |
| Oct          | 10%      | 198         | 158000         | 138250                          | 63200         | 15800         | 110600         | 7900         |
| Nov          | 20%      | 395         | 316000         | 276500                          | 126400        | 31600         | 221200         | 15800        |
| Dec          | 20%      | 395         | 316000         | 276500                          | 126400        | 31600         | 221200         | 15800        |
| Jan          | 10%      | 198         | 158000         | 138250                          | 63200         | 15800         | 110600         | 7900         |
| Feb          | 10%      | 198         | 158000         | 138250                          | 63200         | 15800         | 110600         | 7900         |
| Mar          | 5%       | 99          | 79000          | 69125                           | 31600         | 7900          | 55300          | 3950         |
| <b>Total</b> |          | <b>1975</b> | <b>1580000</b> | <b>1382500</b>                  | <b>632000</b> | <b>158000</b> | <b>1106000</b> | <b>79000</b> |

Our Bank has been allotted 1695 number of villages in 48 Lead districts.

**Plan for Villages Having Population below 2000 by March 2011 through BC& Branches**

| Year         | Month  | Qtr.        | Target Villages | Through BC  |             |                       |                           | Through Branches |                       |                           |
|--------------|--------|-------------|-----------------|-------------|-------------|-----------------------|---------------------------|------------------|-----------------------|---------------------------|
|              |        |             |                 | Villages    | BCs         | Estimated House Holds | Estimated No Frill A/c+OD | Villages         | Estimated House Holds | Estimated No Frill A/c+OD |
| 2010-2011    | Apr-10 | April- June | 250             | 225         | 66          | 67500                 | 56250                     | 25               | 7500                  | 6250                      |
|              | May-10 |             |                 |             |             |                       |                           |                  |                       |                           |
|              | Jun-10 |             |                 |             |             |                       |                           |                  |                       |                           |
|              | Jul-10 | July- Sep   | 1000            | 900         | 262         | 270000                | 225000                    | 100              | 30000                 | 25000                     |
|              | Aug-10 |             |                 |             |             |                       |                           |                  |                       |                           |
|              | Sep-10 |             |                 |             |             |                       |                           |                  |                       |                           |
|              | Oct-10 | Oct- Dec    | 2500            | 2250        | 656         | 675000                | 562500                    | 250              | 75000                 | 62500                     |
|              | Nov-10 |             |                 |             |             |                       |                           |                  |                       |                           |
|              | Dec-10 |             |                 |             |             |                       |                           |                  |                       |                           |
|              | Jan-11 | Jan- Mar    | 1250            | 1125        | 328         | 337500                | 281250                    | 125              | 37500                 | 31250                     |
|              | Feb-11 |             |                 |             |             |                       |                           |                  |                       |                           |
|              | Mar-11 |             |                 |             |             |                       |                           |                  |                       |                           |
| <b>Total</b> |        |             | <b>5000</b>     | <b>4500</b> | <b>1312</b> | <b>1350000</b>        | <b>1125000</b>            | <b>500</b>       | <b>150000</b>         | <b>125000</b>             |

**Product Offered**

| 2010-2011    | Month | Coverage |             |                | Estimated nos. in each category |               |               |                |              |
|--------------|-------|----------|-------------|----------------|---------------------------------|---------------|---------------|----------------|--------------|
|              |       | (%)      | Villages    | HouseHolds     | No Frill A/c+OD                 | KCC           | GCC           | Insurance      | Remit        |
|              | Apr   | 1%       | 50          | 15000          | 12500                           | 6000          | 1500          | 10500          | 750          |
|              | May   | 2%       | 100         | 30000          | 25000                           | 12000         | 3000          | 21000          | 1500         |
|              | Jun   | 2%       | 100         | 30000          | 25000                           | 12000         | 3000          | 21000          | 1500         |
|              | Jul   | 6%       | 300         | 90000          | 75000                           | 36000         | 9000          | 63000          | 4500         |
|              | Aug   | 7%       | 350         | 105000         | 87500                           | 42000         | 10500         | 73500          | 5250         |
|              | Sep   | 7%       | 350         | 105000         | 87500                           | 42000         | 10500         | 73500          | 5250         |
|              | Oct   | 10%      | 500         | 150000         | 125000                          | 60000         | 15000         | 105000         | 7500         |
|              | Nov   | 20%      | 1000        | 300000         | 250000                          | 120000        | 30000         | 210000         | 15000        |
| Dec          | 20%   | 1000     | 300000      | 250000         | 120000                          | 30000         | 210000        | 15000          |              |
| Jan          | 10%   | 500      | 150000      | 125000         | 60000                           | 15000         | 105000        | 7500           |              |
| Feb          | 10%   | 500      | 150000      | 125000         | 60000                           | 15000         | 105000        | 7500           |              |
| Mar          | 5%    | 250      | 75000       | 62500          | 30000                           | 7500          | 52500         | 3750           |              |
| <b>Total</b> |       |          | <b>5000</b> | <b>1500000</b> | <b>1250000</b>                  | <b>600000</b> | <b>150000</b> | <b>1050000</b> | <b>75000</b> |

**Plan for Villages Having Population over 2000 by March 2012 through BC & Branches**

| Year         | Month  | Qtr.       | Target Villages | Through BC  |             |                       |                           | Through Branches |                       |                           |
|--------------|--------|------------|-----------------|-------------|-------------|-----------------------|---------------------------|------------------|-----------------------|---------------------------|
|              |        |            |                 | Villages    | BCs         | Estimated House Holds | Estimated No Frill A/c+OD | Villages         | Estimated House Holds | Estimated No Frill A/c+OD |
| 2011-2012    | Apr-10 | April-June | 100             | 95          | 95          | 75600                 | 66150                     | 6                | 4400                  | 3850                      |
|              | May-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|              | Jun-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|              | Jul-10 | July-Sep   | 400             | 378         | 378         | 302400                | 264600                    | 22               | 17600                 | 15400                     |
|              | Aug-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|              | Sep-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|              | Oct-10 | Oct-Dec    | 1000            | 945         | 945         | 756000                | 661500                    | 55               | 44000                 | 38500                     |
|              | Nov-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|              | Dec-10 |            |                 |             |             |                       |                           |                  |                       |                           |
|              | Jan-11 | Jan-Mar    | 500             | 473         | 473         | 378000                | 330750                    | 28               | 22000                 | 19250                     |
|              | Feb-11 |            |                 |             |             |                       |                           |                  |                       |                           |
|              | Mar-11 |            |                 |             |             |                       |                           |                  |                       |                           |
| <b>Total</b> |        |            | <b>2000</b>     | <b>1890</b> | <b>1890</b> | <b>1512000</b>        | <b>1323000</b>            | <b>110</b>       | <b>88000</b>          | <b>77000</b>              |



**Product offered :**

| 2011-2012 | Month        | Coverage |             | Estimated nos. in each category |                |               |               |                |              |
|-----------|--------------|----------|-------------|---------------------------------|----------------|---------------|---------------|----------------|--------------|
|           | (%)          | Villages | HouseHolds  | No Frill A/c+OD                 | KCC            | GCC           | Insurance     | Remit          |              |
|           | Apr          | 1%       | 20          | 16000                           | 14000          | 6400          | 1600          | 11200          | 800          |
|           | May          | 2%       | 40          | 32000                           | 28000          | 12800         | 3200          | 22400          | 1600         |
|           | Jun          | 2%       | 40          | 32000                           | 28000          | 12800         | 3200          | 22400          | 1600         |
|           | Jul          | 6%       | 120         | 96000                           | 84000          | 38400         | 9600          | 67200          | 4800         |
|           | Aug          | 7%       | 140         | 112000                          | 98000          | 44800         | 11200         | 78400          | 5600         |
|           | Sep          | 7%       | 140         | 112000                          | 98000          | 44800         | 11200         | 78400          | 5600         |
|           | Oct          | 10%      | 200         | 160000                          | 140000         | 64000         | 16000         | 112000         | 8000         |
|           | Nov          | 20%      | 400         | 320000                          | 280000         | 128000        | 32000         | 224000         | 16000        |
|           | Dec          | 20%      | 400         | 320000                          | 280000         | 128000        | 32000         | 224000         | 16000        |
|           | Jan          | 10%      | 200         | 160000                          | 140000         | 64000         | 16000         | 112000         | 8000         |
|           | Feb          | 10%      | 200         | 160000                          | 140000         | 64000         | 16000         | 112000         | 8000         |
|           | Mar          | 5%       | 100         | 80000                           | 70000          | 32000         | 8000          | 56000          | 4000         |
|           | <b>Total</b> |          | <b>2000</b> | <b>1600000</b>                  | <b>1400000</b> | <b>640000</b> | <b>160000</b> | <b>1120000</b> | <b>80000</b> |

**Plan for Villages Having Population below 2000 by March 2012 through BC & Branches**

| Year      | Month        | Qtr.       | Target Villages | Through BC  |             |                       |                           | Through Branches |                       |                           |
|-----------|--------------|------------|-----------------|-------------|-------------|-----------------------|---------------------------|------------------|-----------------------|---------------------------|
|           |              |            |                 | Villages    | BCs         | Estimated House Holds | Estimated No Frill A/c+OD | Villages         | Estimated House Holds | Estimated No Frill A/c+OD |
| 2011-2012 | Apr-10       | April-June | 500             | 475         | 190         | 142500                | 118750                    | 25               | 7500                  | 6250                      |
|           | May-10       |            |                 |             |             |                       |                           |                  |                       |                           |
|           | Jun-10       |            |                 |             |             |                       |                           |                  |                       |                           |
|           | Jul-10       | July-Sep   | 2000            | 1900        | 761         | 570000                | 475000                    | 100              | 30000                 | 25000                     |
|           | Aug-10       |            |                 |             |             |                       |                           |                  |                       |                           |
|           | Sep-10       |            |                 |             |             |                       |                           |                  |                       |                           |
|           | Oct-10       | Oct-Dec    | 5000            | 4750        | 1903        | 1425000               | 1187500                   | 250              | 75000                 | 62500                     |
|           | Nov-10       |            |                 |             |             |                       |                           |                  |                       |                           |
|           | Dec-10       |            |                 |             |             |                       |                           |                  |                       |                           |
|           | Jan-11       | Jan-Mar    | 2500            | 2375        | 951         | 712500                | 593750                    | 125              | 37500                 | 31250                     |
|           | Feb-11       |            |                 |             |             |                       |                           |                  |                       |                           |
|           | Mar-11       |            |                 |             |             |                       |                           |                  |                       |                           |
|           | <b>Total</b> |            | <b>10000</b>    | <b>9500</b> | <b>3805</b> | <b>2850000</b>        | <b>2375000</b>            | <b>500</b>       | <b>150000</b>         | <b>125000</b>             |

**Product offered**

| <b>2011-2012</b> | Month | Coverage |              | Estimated nos. in each category |                 |                |               |                |               |
|------------------|-------|----------|--------------|---------------------------------|-----------------|----------------|---------------|----------------|---------------|
|                  |       | (%)      | Villages     | HouseHolds                      | No Frill A/c+OD | KCC            | GCC           | Insurance      | Remit         |
|                  | Apr   | 1%       | 100          | 30000                           | 25000           | 12000          | 3000          | 21000          | 1500          |
|                  | May   | 2%       | 200          | 60000                           | 50000           | 24000          | 6000          | 42000          | 3000          |
|                  | Jun   | 2%       | 200          | 60000                           | 50000           | 24000          | 6000          | 42000          | 3000          |
|                  | Jul   | 6%       | 600          | 180000                          | 150000          | 72000          | 18000         | 126000         | 9000          |
|                  | Aug   | 7%       | 700          | 210000                          | 175000          | 84000          | 21000         | 147000         | 10500         |
|                  | Sep   | 7%       | 700          | 210000                          | 175000          | 84000          | 21000         | 147000         | 10500         |
|                  | Oct   | 10%      | 1000         | 300000                          | 250000          | 120000         | 30000         | 210000         | 15000         |
|                  | Nov   | 20%      | 2000         | 600000                          | 500000          | 240000         | 60000         | 420000         | 30000         |
|                  | Dec   | 20%      | 2000         | 600000                          | 500000          | 240000         | 60000         | 420000         | 30000         |
|                  | Jan   | 10%      | 1000         | 300000                          | 250000          | 120000         | 30000         | 210000         | 15000         |
|                  | Feb   | 10%      | 1000         | 300000                          | 250000          | 120000         | 30000         | 210000         | 15000         |
|                  | Mar   | 5%       | 500          | 150000                          | 125000          | 60000          | 15000         | 105000         | 7500          |
| <b>Total</b>     |       |          | <b>10000</b> | <b>3000000</b>                  | <b>2500000</b>  | <b>1200000</b> | <b>300000</b> | <b>2100000</b> | <b>150000</b> |

**Plan for Villages Having Population less than 2000 by March 2013 through BC & Branches**

| Year             | Month  | Qtr.       | Target Villages | Through BC   |             |                       |                           | Through Branches |                       |                           |
|------------------|--------|------------|-----------------|--------------|-------------|-----------------------|---------------------------|------------------|-----------------------|---------------------------|
|                  |        |            |                 | Villages     | BCs         | Estimated House Holds | Estimated No Frill A/c+OD | Villages         | Estimated House Holds | Estimated No Frill A/c+OD |
| <b>2012-2013</b> | Apr-10 | April-June | 1051            | 1025         | 342         | 307500                | 256250                    | 26               | 7875                  | 6563                      |
|                  | May-10 |            |                 |              |             |                       |                           |                  |                       |                           |
|                  | Jun-10 |            |                 |              |             |                       |                           |                  |                       |                           |
|                  | Jul-10 | July-Sep   | 4205            | 4100         | 1367        | 1230000               | 1025000                   | 105              | 31500                 | 26250                     |
|                  | Aug-10 |            |                 |              |             |                       |                           |                  |                       |                           |
|                  | Sep-10 |            |                 |              |             |                       |                           |                  |                       |                           |
|                  | Oct-10 | Oct-Dec    | 10513           | 10250        | 3417        | 3075000               | 2562500                   | 263              | 78750                 | 65625                     |
|                  | Nov-10 |            |                 |              |             |                       |                           |                  |                       |                           |
|                  | Dec-10 |            |                 |              |             |                       |                           |                  |                       |                           |
|                  | Jan-11 | Jan-Mar    | 5256            | 5125         | 1708        | 1537500               | 1281250                   | 131              | 39375                 | 32813                     |
|                  | Feb-11 |            |                 |              |             |                       |                           |                  |                       |                           |
|                  | Mar-11 |            |                 |              |             |                       |                           |                  |                       |                           |
| <b>Total</b>     |        |            | <b>21025</b>    | <b>20500</b> | <b>6833</b> | <b>6150000</b>        | <b>5125000</b>            | <b>525</b>       | <b>157500</b>         | <b>131250</b>             |

**Product Offered**

| 2012-2013 | Month        | Coverage |              | Estimated nos. in each category |                 |                |               |                |               |
|-----------|--------------|----------|--------------|---------------------------------|-----------------|----------------|---------------|----------------|---------------|
|           |              | (%)      | Villages     | HouseHolds                      | No Frill A/c+OD | KCC            | GCC           | Insurance      | Remit         |
|           | Apr          | 1%       | 210          | 63075                           | 52563           | 25230          | 6308          | 44153          | 3154          |
|           | May          | 2%       | 421          | 126150                          | 105125          | 50460          | 12615         | 88305          | 6308          |
|           | Jun          | 2%       | 421          | 126150                          | 105125          | 50460          | 12615         | 88305          | 6308          |
|           | Jul          | 6%       | 1262         | 378450                          | 315375          | 151380         | 37845         | 264915         | 18923         |
|           | Aug          | 7%       | 1472         | 441525                          | 367938          | 176610         | 44153         | 309068         | 22076         |
|           | Sep          | 7%       | 1472         | 441525                          | 367938          | 176610         | 44153         | 309068         | 22076         |
|           | Oct          | 10%      | 2103         | 630750                          | 525625          | 252300         | 63075         | 441525         | 31538         |
|           | Nov          | 20%      | 4205         | 1261500                         | 1051250         | 504600         | 126150        | 883050         | 63075         |
| Dec       | 20%          | 4205     | 1261500      | 1051250                         | 504600          | 126150         | 883050        | 63075          |               |
| Jan       | 10%          | 2103     | 630750       | 525625                          | 252300          | 63075          | 441525        | 31538          |               |
| Feb       | 10%          | 2103     | 630750       | 525625                          | 252300          | 63075          | 441525        | 31538          |               |
| Mar       | 5%           | 1051     | 315375       | 262813                          | 126150          | 31538          | 220763        | 15769          |               |
|           | <b>Total</b> |          | <b>21025</b> | <b>6307500</b>                  | <b>5256250</b>  | <b>2523000</b> | <b>630750</b> | <b>4415250</b> | <b>315375</b> |

| Items                              | Business Volume |             |             |
|------------------------------------|-----------------|-------------|-------------|
|                                    | 2010-2011       | 2011-2012   | 2012-2013   |
| <b>No of no Frill Accounts</b>     | 2632500         | 3900000     | 5256250     |
| Total Deposit @ Rs.50/-            | 131625000       | 195000000   | 262812500   |
| Interest Payout @ 3.5% <b>A</b>    | 4606875         | 6825000     | 9198437.5   |
|                                    |                 |             |             |
| <b>OD on No-Frill</b>              |                 |             |             |
| No. of A/c                         | 2632500         | 3900000     | 5256250     |
| Amount o/s @ Rs.500                | 1316250000      | 1950000000  | 2628125000  |
| Delinquencies @ 5%                 | 65812500        | 97500000    | 131406250   |
| Net Amount o/s                     | 1250437500      | 1852500000  | 2496718750  |
| Interest Earned @ 9% <b>B</b>      | 112539375       | 166725000   | 224704687.5 |
|                                    |                 |             |             |
| <b>KCC/GCC</b>                     |                 |             |             |
| No. of accounts (50% of HH)        | 1540000         | 2300000     | 3153750     |
| Average o/s @ 5000/-               | 7700000000      | 11500000000 | 15768750000 |
| Delinquencies @ 5%                 | 385000000       | 575000000   | 788437500   |
| Net Amount o/s                     | 7315000000      | 10925000000 | 14980312500 |
| Interest earned @ 7% <b>C</b>      | 512050000       | 764750000   | 1048621875  |
|                                    |                 |             |             |
| <b>Total Interest Earned (B+C)</b> | 624589375       | 931475000   | 1273326563  |
| <b>Net Interest Earned (B+C-A)</b> | 619982500       | 924650000   | 1264128125  |

### Plan C

(I) Strategies to be adopted to achieve the target (Business Volume) and Support requirement and how the plan will be integrated with the Business plan of the bank

### Strategy and plan with review and monitoring mechanism

In view of the foregoing, at present many channels and delivery mechanisms are still evolving / emerging, therefore, we have to go with the models already in vogue and being implemented by all the Banks i.e. Biometric smart card based wherein biometric of customer is stored on the mobile phone of the BC in a secured manner. However, looking into the recent developments we have to stipulate in the work orders to the technology providers to adopt the “Open Standards for the Biometric Smart Card” from IDRBT without disturbing the customer interface and business. The business potential which is clearly visible in the unbanked areas has to be tapped in a planned and timely manner. Therefore, timely and planned action with suitable strategies / approach on selection of BCs, technology and roll-out of solution is must. The essence is initiation of action.

Accordingly, we propose following strategies / approach for IT e FI: –

- ✓ To set up full fledged FI department in central office reporting to Executive Director (ED), bank will hire regular staff and other staff on contract basis to execute the FI plan.
- ✓ We have to adopt multi solution models with multi-vendor approach, which will fulfill our twin objectives i.e. to capture the sizeable business as per the plan time-frame and to demonstrate our presence and retain / acquire the customers where we have strong presence.
- ✓ Opening of branches in unbanked areas as suggested in the road map.
- ✓ Designing of flexible products, such as Savings + Overdraft accounts and Recurring Deposit + Overdraft Accounts, etc. and consumption, entrepreneurship loan on equated daily installment (EDI) and equated weekly installment (EWI) concept.
- ✓ For roll-out of ITeFI in the above identified districts, our bank has invited all technology solution providers (both existing & new) along with BCs.
- ✓ To frame a BC enrolment policy & parameters empowering our field functionaries to appoint BCs after the due diligence.
- ✓ To build a team at Central Office for smooth implementation of ITeFI. At the beginning of the implementation more follow-ups and monitoring efforts are required.
- ✓ To designate Officer at each Zonal Office and concerned ROs and branch, to be responsible for IT-e FI implementation.
- ✓ To design a training module for the officers of branches / ROs / ZOs and impart them training through our training college/Centre.
- ✓ To design a training module for the BCs with DO’S and DON’TS to be circulated from time to time through our branches.
- ✓ In the present implementations, the Financial Inclusion servers where the customer’s accounts are maintained are outsourced to the respective Technology Provider’s locations (except in case of E-Muster, State of Bihar). With the tendering process it is proposed to host the Financial Inclusion Servers in our own premises preferably at our own data center.

- ✓ To appraise our board from time to time in quarterly review about the achievement, deviations (If any) in the plan etc.
- ✓ To form an Steering committee comprising of Senior Officials from the FI-PS Dept and Head of IT dept. Chairman & Managing Director (CMD) to nominate and approve.
- ✓ In the performance appraisal/evaluation of the field staff, a suitable entry will be made so as to reward the field staff accordingly in proposition to the efforts made by them. **The criteria with respect to achievements in financial inclusion have been put in performance evaluation of field staff effective from year 2010-11.**

### **Publicity & Awareness Plan**

- Day long camp in villages in coordination with Gram Panchyats where ever we undertake FI project. Where in the Branch officials, Technology Providers & BCs disseminate the Benefits of the Project to the villagers.
- Audio Visual Demonstration of technology to villagers to build confidence
- To invite villagers at the Camp site by Munadi, Distribution of Pamphlets/ Brouchers, Display of banners etc are undertaken
- Visit to all the households of the villages on the enrollment day, to spread the messages.
- Banners to be displayed on five prominent locations in each villages
- Pamphlet & Brouchers in local language covering the benefits of the schemes will be distributed
- Small size posters will be displayed
- Local Newspaper Advertisement in regional language

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