

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**GOVERNMENT TO LAUNCH A NEW PROGRAM OF FINANCIAL INCLUSION IN
MISSION MODE TO PROVIDE HOUSEHOLDS WITH FACILITIES OF SAVINGS,
CREDIT, REMITTANCES, INSURANCE AND PENSION: FM**

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The Union Finance Minister Shri Arun Jaitley said that the Government is going to launch a new program of Financial Inclusion in Mission Mode which will provide households with facilities of savings, credit, remittances, insurance and pension among others. He said that this is a marked shift from earlier effort where only opening of account was the focus of the financial inclusion drive. The Finance Minister Shri Jaitley was speaking after holding a meeting with the Chief Executive Officers (CEOs) of Public Sector Banks (PSBs) and Financial Institutions (FIs) here today.

The meeting was attended among others by Shri G.S. Sandhu, Secretary, Department of Financial Services, Deputy Governor, Reserve Bank of India, Ms. Snehlata Shrivastava, Additional Secretary, Department of Financial Services, Chief Executive Officers (CEOs) of Public Sector Banks and Financial Institutions and senior officers of Ministry of Finance.

The Finance Minister Shri Jaitley further said that this time the Government is targeting the individual households rather than the village. He said that there are 7.5 crore households in the country who do not have bank account so far. The Finance Minister said that the Government is targeting that every village should get a banking facility within a reasonable distance and that every household should have at least one bank account within the time frame of one year. This is a big challenge and there are several difficulties like lack of connectivity and infrastructure facilities etc, the Minister added.

The Finance Minister Shri Jaitley said that in our country where we have very low levels of financial literacy, it is essential that people understand the importance of availing financial services which will enable them to participate in the growth story. Therefore, financial literacy will receive a special emphasis in this new programme of financial inclusion, the Minister added.

The Finance Minister Shri Jaitley said that technology has made rapid strides in recent times and, therefore, the Government must use technology, especially mobile based services in a big way to achieve the desired results. The Government has integrated provisions of access to

banking facilities, account opening, financial literacy, credit availment, micro insurance and pension, the Minister added.

The Financial Inclusion Mission has two phases starting from 15th August this year. The first phase will get over by 14th August, 2015 and the second Phase by 14th August, 2018. Most of the activities will be done in Phase – I and insurance and pension would be covered in Phase – II.

The Finance Minister Shri Jaitley said that the primary method of branchless banking has been that of the Business Correspondents. It is therefore important to ensure that the Business Correspondents have a viable business model and for this purpose Government has decided to encourage transfer of subsidies directly to bank accounts of the beneficiaries.

The Finance Minister Shri Jaitley added that the previous efforts did not involve the State Government and District administration. He said that this time the State Governments have been requested to achieve this ambitious task. There would be State level and District level Committees to monitor the progress under the plan, the Minister stated.

The Finance Minister Shri Jaitley said that there was no pull factor in the earlier campaign where people could demand access of banking facilities in their villages. He added that under the Mission, there would be awareness generation amongst the people so that they can ask for opening of their bank accounts by the banks and the business correspondents.

The Finance Minister Shri Jaitley stated that in the past, the Know Your Customer (KYC) process was very cumbersome. This has now been eased and the e-KYC facility has been introduced in the banks.

Comparison between Old Financial Inclusion Programme and New Programme

Old Program	New Program
Village based approach for villages where population greater than 2000 (Limited Geography)	Households in all villages
Only Rural	Both Rural and Urban
Mobile BC	Fixed Point BC in each SSA comprising of 3 to 4 villages. This visit other villages in the SSA on fixed days.

Focus on opening of Basic Savings Bank Deposit Accounts (BSBDA)	Focus on Financial Literacy, opening of BSBDA Account, Convergence with other subsidy schemes & Micro Insurance/Pension, RuPay Debit Card, USSD Scheme, Kisan Credit Card
Monitoring by banks	Monitoring Mechanism at Centre, State, District level. Active participation of state and district emphasized.
Operation of Accounts offline; separate server.	Accounts on line 'on CBS of banks. Provision of RuPay Card to each account holder giving him freedom to operate anywhere

Besides above, the following decisions were also taken in today's meeting of the CEOs of Public Sector Banks and Financial Institutions which was chaired by the Union Finance Minister Shri Arun Jaitley.

- New emphasis on fixed point Business Correspondents (BCs) like
 - Common Service Centres (CSCs)
 - Gramin Dak Sewak
 - PDS shops
 - NBFCs
- Banks to explore the possibilities of installing ATMs in rural areas under the RBI subsidy scheme.
- Convergence with the efforts of UIDAI to enroll beneficiaries for Aadhar number during account opening
- Convergence with the efforts of other programmes for SHGs/JLGs
- e-KYC to be used for opening of accounts in the camps where Aadhaar number is available
- Financial Literacy material would be standardized by IBA
- Logo / tagline of the plan to be used on all correspondence material for one year
- Overdraft facilities would be after satisfactory operation.
- Grievance redressal cell at State level by State Level Banker's Committee (SLBC)
- In order to ensure viability of BCs Banks would start a financing scheme
- Banks would take Micro ATMs which are Aadhar enabled
- All passbook based KCCs to be enabled on RuPay card
- Mobile wallet cash points also to be used as BCs
- Monitoring mechanism strengthened
- State Governments requested to depute an officer to SLBC for monitoring purpose
