GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

***

No 24075 / F
PT3-FIN-PUIF-FININC-0002-2023

Date: 24.08.2023

NOTIFICATION

Sub: **Providing banking services in all Unbanked Gram Panchayats of the State through CSP Plus banking outlets**

The State Cabinet in their 63rd meeting held on 11.08.2023 have approved the scheme - "**Providing banking services in all unbanked Gram Panchayats of the State through CSP Plus banking outlets**". The scheme is progressive and inclusive as it ensures uninterrupted banking services and availability of DBT in all Gram Panchayats of the State.

2. Background:

a. Financial Inclusion is one of the key priorities of the State Government for ensuring access to appropriate financial products and services for the vulnerable groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream institutional players.

b. Financial inclusion is still a critical challenge since banking penetration in the state is quite low. The availability of brick-and-mortar branches across the state is skewed. Most of the branches are concentrated in urban areas because of business profitability. People in the remotest part of state are still struggling for the basic banking services including direct benefit transfer.

c. Out of 6798 GPs in the State, 4373 GPs (around 65%) do not have a brick-and-mortar branch. Since banking is an essential service, every GP of the state needs to be provided with a brick-and-mortar branch for uninterrupted banking services.

3. Objective:

Provision of banking facilities is a sine qua non of modern economy. Financial inclusion has also been accepted as one of the policy goals enunciated by Reserve Bank of India. In spite of efforts made in the past, there are many GPs which do not have any banking facilities. Banks are at times reluctant to open any Branch in unbanked rural areas due to lack of financial viability. Presence of bank is indispensable for uninterrupted banking services and timely availability of Direct Benefit Transfer by Government for the citizens. Therefore, Government of Odisha has come forward with an ambitious target of providing banking services to every GP through CSP Plus banking outlets. This will serve a big step towards achieving the goal of financial inclusion.

4. Strategy for providing banking services in unbanked GPs:

A series of discussion was made with various Stake holders to provide banking service in all unbanked GPs. Initially PACSs, IPPB (Indian Post payment banks), Fixcd Point BCs were considered for the above purpose. A team from Finance Dept. visited few PACSs, IPPB access points and CSP outlets of SBI to understand the strengths and weakness of existing infrastructure and how best those can be revamped to provide banking services to every GP.

After several rounds of discussion with various stakeholders like RBI, NABARD, SLBC, PR & DW Department, Cooperation Department and six major Public Sector Banks (PSBs) having more than 500 fixed points BCs in the State as on 31.12.2022 namely State Bank of India, UCO Bank, Punjab National Bank, Union Bank of India, Bank of Baroda, Bank of India, it was unanimously decided that the most suitable and financially viable proposition for providing banking services in unbanked GPs in the State could be an intermediary between a Brick & Mortar Branch and a Fixed Point Business Correspondent which may be named as CSP Plus banking outlet.

The CSP Plus outlet will be set up preferably in GP premises or any other unused Government buildings available in the GP. CSP Plus will have two BC agents (one Kiosk Operator and one sub- Kiosk Operator) to maintain uninterrupted banking services. These BC agents will be engaged by the respective banks and will invariably follow the regular banking calendar and banking hours without any interruption. Six PSBs namely SBI, PNB, Union Bank of India, Bank of India, UCO Bank and Bank of Baroda are selected to partner with Government in providing banking services to unbanked GPs. The services will be offered by banks through their CSP Plus banking outlets free of cost for all citizens:

5. Availability of Services at CSP Plus banking outlets:

The following services will be offered by banks through their CSP Plus banking outlets free of cost for all citizens from the date of inception. Other banking related services may be added from time to time after consultation with SLBC and the aforementioned 6 public sector banks.

a. Basic Saving Bank Deposit Account (BSBDA).

b. Cash transaction / Remittance facility.

c. PMJJBY, PMSBY, APY enrolment, renewal and maintenance.

d. Recurring Deposit / Fixed Deposit account opening.

e. Aadhaar Enabled payment System.

f. Lead generation / account opening for PPF / Sukanya scheme.

g. Bharat Bill Payment System (BBPS) (Electricity, Mobile, Landline & Broadband, Gas, Water bill, DTH etc.)

h. Request services (Cheque book, Stop payment, Life certificate, Apply for debit card, Pass book update etc.)

i. Lead in Current account opening.

j. Credit linkage of SHG / JLG.

k. Collection of New KCC proposal / renewal / activation.

l. Recovery of KCC and retail loan.

m. Recovery in NPA accounts.

n. Lead generation of loan applications and sanction of eligible cases within stipulated time period.

o. Doorstep banking services for senior citizens, differently abled persons and pregnant women.

6. Implementation modalities:

The scheme will be implemented in phased manner to cover all unbanked GPs in the State for providing banking services through CSP Plus banking outlets within the current financial year 2023-24. State Government will provide rent free banking space for 5 years and other infrastructure facilities like Electricity and Internet etc. in GP Offices, closed Schools, BNRGSK & other assets owned by Government. Out of the total unbanked GPs, PR&DW Department will identify the GPs which have unused space for opening of CSP Plus banking outlets and renovate the space. PR&DW Department will construct the new building space in GPs where banking space is not available.

Government will extend financial assistance in terms of one-time fixed cost for setting up of banking outlets and recurring cost for running the banking outlets for first 3 years for all unbanked GPs. A bipartite agreement is to be signed between Government of Odisha represented by Finance Department and six PSBs for implementation of the scheme.

State Government will place the funds (one-time fixed cost) to each bank based on the number of unbanked GPs allotted to them and recurring expenses on quarterly basis for a period of three years only. GPs will apply and deposit the security fees for dedicated electricity connection with separate meter for the designated premises. The respective CSP plus banking outlets will apply for internet connection. Energy Department and

E&IT Department will ensure the electricity connection and internet connection in all unbanked GPs for smooth functioning of CSP plus banking outlets.

The 6 selected PSBs will procure the fixed items at their end as per the model specification and items finalised by SLBC in consultation with Finance Department.

7. Financial Implication:

The financial assistance in form of onetime fixed cost @ Rs.3.56 lakh per CSP Plus banking outlet and annual recurring cost @Rs.1.32 Lakh per CSP Plus banking outlet per year for initial 3 years will be provided to designated accounts of selected banks.

Budget provision will be made for construction of new building space, renovation of existing building space and security deposit for dedicated electricity connection with separate metering. Funds ear marked under 5th SFC grants for creation of Infrastructure for banking facilities at GP headquarters will also be utilized for construction of new building space.

The total financial implication of the scheme is around Rs. 500 crore which will be met from State Government budgetary support.

8. Mode of Release of Funds:

a. The one-time fixed cost amount to the banks will be released to a nodal account of the bank which will be utilized for this purpose only.

b. The fund for meeting the recurring cost of the CSP Plus banking outlets will be released to the banks on Quarterly basis in advance.

c. The concerned bank will submit the utilization certificate along with supporting bills for the fixed cost and recurring cost.

9. Monitoring and Supervision:

a. Working Group Committee under the chairmanship of Principal Secretary, Finance to review the progress periodically.

b. State Level Steering Committee under the chairmanship of Chief Secretary to monitor and supervise the implementation plan at the apex level.

c. District Level Implementation Committee under the chairmanship of Chief Development Officer-cum- Executive Officer, Zilla Parishad to review the progress of activities at the ground level.

d. Weekly review by PR & DW Department to ensure construction / renovation of buildings, availability of electricity, internet and drinking water before handing over of premises to the banks.

e. Weekly review of banks by Finance Department for timely opening of CSP Plus in respective unbanked GPs.

f. Energy Department and E&IT Department to ensure the electricity connection and internet connection in all unbanked GPs for smooth functioning of CSP plus banking outlets.

g. After rolling out of the CSP Plus banking outlet, Finance Department, SLBC, Odisha, CDO-cum-EOs, BDOs, will make field visit to ensure the functioning of CSP Plus banking outlet in desirable manner.

10. Grievance Redressal:

There shall be a grievance redressal mechanism for the public. They can register their complaint in Janasunani portal of State Government, if they are denied of any of the banking services mandated for the CSP Plus banking outlets or in case there is any deviation in banking hour of operation. Besides, the citizens can also approach the respective linked Bank Branch Manager, District Collectors and Controlling Head of the Bank for lodging their complaints.

11. Social Audit:

The scheme will be open to Social Audit involving public. Transparency, accountability and efficiency in execution shall be the key and is to be strictly adhered to by all concerned. Odisha Society for Social Audit Accountability and Transparency (OSSAAT) will conduct Social Audit of this scheme.

Order: ***Ordered that the notification be published in the extraordinary issue of Odisha Gazette.***

By orders of the Governor

24.8.23

(Hemant Sharma)
Principal Secretary to Government

Memo No. 24076 **/F** **Date.** 24.08.2023

Copy forwarded to the Private Secretary to Additional Secretary to Hon'ble Chief Minister, Odisha / P.S to Hon'ble Minister, Finance and Parliamentary Affairs for kind information.

24/08/2023

Under Secretary to Government

Memo No. 24077 **/F** **Date.** 24.08.2023

Copy forwarded to OSD to the Chief Secretary / Principal P.S to DC-cum-ACS for kind information of the Chief Secretary and DC-cum-ACS.

24/08/2023

Under Secretary to Government

Memo No. 24078 **/F** **Date.** 24.08.2023

Copy forwarded to the P.S to Additional Chief Secretary to Government, Energy Department / P.S to Principal Secretary to Government, PR & DW Department / P.S to Principal Secretary to Government, E & IT Department for kind information of Additional Chief Secretary to Government, Energy Department / Principal Secretary to Government, PR & DW Department / Principal Secretary to Government, E & IT Department.

24/08/2023

Under Secretary to Government

Memo No. 24079 **/F** **Date.** 24.08.2023

Copy forwarded to the Director, Printing, Stationary & Publication, Odisha, Cuttack with a request to publish the said Notification in the Odisha Gazette and supply 10 copies to Finance Department for reference and record.

24/08/2023

Under Secretary to Government

Memo No. 24080 **/F** **Date.** 24.08.2023

Copy forwarded to the Regional Director, Reserve Bank of India, Bhubaneswar / CGM, NABARD, Bhubaneswar / CGM, BSNL / G.M, UCO Bank-cum-Convener, State Level Bankers' Committee, Odisha / Chief General Manager, SBI, Bhubaneswar / Regional Controlling Heads of Bank of Baroda / Bank of India / Punjab National Bank / Union Bank of India for information and necessary action.

24/08/2023

Under Secretary to Government

Memo No. 24081 **/F** **Date.** 24.08.2023

Copy forwarded to all Officers of Finance Department /All Branches of Finance Department / Sub-Nodal Officer (E-Gazette), Finance Information Division, Finance Department for hosting in the Finance Department website.

24/08/2023

Under Secretary to Government

Memo No. 24082 **Date.** 24.08.2023

Copy forwarded to all Collectors & District Magistrates / Chief Development Officer-cum-EO, Zilla Parishad, All Districts for kind information & necessary action.

24/08/2023

Under Secretary to Government

78

25/8