

The [Reserve Bank of India](#) (RBI) is unhappy with public sector [banks](#) (PSBs) for poor implementation of the ‘Lead Bank’ scheme for financial inclusion.

At the crux of the issue is a huge discrepancy in the data supplied at the [State Level Bankers Committee](#) (SLBC) and that available through the Core Banking System.

RBI has raised questions about the integrity and timeliness of the data sent by banks, most of it manually compiled. The regulator has called for a standardised system to be developed on the website maintained by each SLBC. This should have the option to upload and download all data pertaining to the block, district and state.

“One of the biggest problems [banks](#) face at the district level is the lack of trained manpower for feeding of data. Hence, there is a need to outsource data entry operators,” said a PSB official. This request has gone to RBI.

[Banks](#) are likely to give a report next week on proposals to revamp the [Lead Bank](#) scheme. Notably, with corporate credit drying due to high payment delinquencies, banks have been forced to revamp their focus on loans to individuals and their rural outreach, where defaults are much less.

The [Lead Bank](#) scheme was started for providing adequate banking and credit in rural areas through an ‘area approach’, with one bank assigned for one area.

RBI has said SLBC meetings should primarily focus on policy issues, with participation of only senior functionaries of banks and government departments. All routine issues should be delegated to sub-committees. It also wants a steering sub-committee, to finalise a compact agenda for SLBC meetings.

This apart, it says corporate business targets for branches, blocks, districts and states should be aligned with the annual credit plans under the [Lead Bank](#) scheme.

Banks have also been told that Rural Self Employment Training Institutes should be more actively involved, and monitored. With a focus on development of skills to enhance an area’s credit absorption capacity.

In recent years, Jan-Dhan accounts have been a major driver of financial inclusion but banks have been burdened with a high cost in maintaining these accounts. The number of Jan-Dhan accounts is close to 125 million, with a balance of about Rs 104 billion.