

Annex – VIIIb

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Meeting of Sub Committee of the Rural Finance Committee with Pakistan Post to discuss practical aspects of involving Pakistan post in developing rural finance held at the Office of Addl. DG Pakistan Post Islamabad on Feb. 20, 2002

The following areas were identified which if developed further may have a positive effect on the Rural Financial Market.

Setting up of Post Telecomm Centers in the rural areas.

The Additional DG was of the view that this initiative would provide access to rural areas with latest communications technology. Each center to have the following:

1. Computer with printers and scanners
2. Telephone through a new “Wireless Loop Telephony” (this is being provided to the Post by PTCL. This will also enable the system to have Internet facilities.
3. Post digital Pay phone
4. Some of the current Post Offices are being proposed to be upgraded

The sub committee appreciated the efforts and proposed the following additions:

Since the center would have access to Internet, a service of offering “Agriculture Commodity Market information System” wherein the farmers can have the knowledge of Commodity and inputs prices at various places within the country. In order to set this up, there would be a need to have a centralized cell, which updates and information regularly. South Korea has a similar system. So does parts of India especially in Andhra Pradesh and there is a need to study these systems.

It was also proposed that such centers should also be open for private sector. Each revenue village would need this kind of a center and can have a potential of providing employment opportunities at the local level. In India, such centers are being run by unemployed educated youth in villages. Rural Support Programmes in Pakistan can join hands with the Pakistan Post to set up and then franchise these centres to the rural people.

One needs to carefully calculate the costs involved and who will pay for what. Based on the Indian experience, one may initially look at the possibility to set up such centres at places where

RSPs have their field offices, try to learn lessons and then offer them to the 25,000 community organizations under the RSPs for adoption.

Crop Insurance:

It was proposed that considering this to be a complex and difficult subject, we might initially focus on covering the risk of interest accumulated on crop loans in case of calamity. On a micro loan, the premium could be minimal. The post wants to discuss this further with their Actuary as they feel it is a new product and not the job of Postal Life Insurance. They also feel that being a new venture, they would probably need an ordinance.

Post Office Savings Bank:

Post offices where savings bank products are offered also have cheque -clearing functions and hence RSPs can utilize this facility for COs as well as their micro credit operations. As regards management of savings accounts, since Community organizations have “institutional accounts” instead of individual account, the post was willing to open such accounts and issue cheque books (cheque book accounts) in these designated branches.

It was informed that out of the reported 12,500 post offices only 7000 were offering savings products, a need to expand this service especially in the rural post offices were emphasized. The post agreed to extend these on a ”case to case basis”. The post however may like to share the minimum resources and business volume they require to extend this service to additional post offices and the RSPs can then consider to look at options to ensure that the minimum requirements are fulfilled.

Additional items:

The DG also discussed two additional ventures. One was transfer of money from abroad through Internet by using a pre paid card system to be offered by the Post to expatriate Pakistanis. The other is a proposal to assign treasury functions in a district to the Post in the current district Government scenario. The Rural Finance Committee in its next meeting may discuss the relevance of these new initiatives if any to its TORs.