

# Uttar Pradesh Inclusive Finance Bulletin

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## PSIG PROGRAMME UPDATES

### Lunch time Roundtable on Small Finance Banks



As part of the Poorest States Inclusive Growth (PSIG) Programme, Funded by DFID and Implemented by SIDBI, ACCESS ASSIST organized a lunchtime roundtable on “Financial Inclusion in India: Small Finance Banks: New Harbingers of Hope” The roundtable meeting was moderated by Mr. Manoj Sharma from MicroSave(technical partners for the session). The meeting witnessed the presence of participants from several Small Finance Bank Licensees along with dignitaries from the sector.

### Inclusive Finance India Summit

The Inclusive Finance India Summit 2015 looked at the full diversity of initiatives, channels and policies that impact financial inclusion in India. This Summit is a global platform to deliberate on issues related to financial inclusion, financial education, and financial stability, and build a financial inclusion vision 2020. The objective of the event is to inform and influence the pro-poor policy framework and strengthen the enabling financial inclusion environment, and bringing all stakeholders together to discuss key issues and challenges and build consensus on the way forward for financial inclusion. It will also bring all stakeholders together to discuss key issues and challenges and build consensus on the way forward in advancing the financial inclusion campaign.

The Inclusive Finance India Report 2015, the Responsible Finance India Report

There were several issues which were discussed during the roundtable meeting such as deposits for SFBs, Clients segments and products, human resource management, delivery channels and mechanisms, etc. During the deliberations, Mr. Alok Prasad (former CEO-MFIN) shared various insights with the forum. He reiterated the fact that while SFBs focus on the small transactions it should not be considered that institutionally they are small or as a banking class they are small. The Q&A session was extremely engaging involving all the participants. While Mr. C.S. Ghosh (Bandhan) pointed out and emphasized on customers’ literacy on financial services, Mr. Rangarajan (JFS) talked about the ethics and focus of SFBs which are evolving from MFIs. The roundtable was concluded on the premises that SFBs would need to invest in transforming the brand to be able to convince and gain the trust of customers to deposit savings with the institution. At the same time competition for small balances is going to be enormous with PSUs on one

2015 and a compendium of interview with Governor RBI Shri Raghuram Rajan was released in summit. Two day summit comprises of five plenary sessions and nine technical sessions with four roundtables and two inauguration events represented by India’s top bankers and executives including Shri S S Mundra, Smt. Usha Ananthasubramanian, Shri Hemant Contractor, Shri Jiji Mammen etc.

In summit, Microfinance India Award and Inclusive Finance India Award were given



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hand and Payment banks on the other. Under such circumstances, technology investment could serve as a differentiator. Further introduction of differentiated products and savings mechanisms (customizable products) could help in generating more deposits for the banks. Finally sensitizing the customers and making them aware about the revised role of the SFBs along with adoption of differentiated marketing strategies could advance the growth and outreach of SFBs in the longer run. The Roundtable was followed by a felicitation ceremony of the Small Finance Bank licensees as part of the Inclusive Finance India Summit 2015.

to the winners by the support of HSBC & NABARD respectively in collaboration with ACCESS- ASSIST. Shri Jayant Sinha, Union Minister of State for Finance presented the Micro finance india Awards & Chairman NABARD presented the Inclusive Finance India Awards to the winners in all categories. SIDBI was awarded under the category of contribution to the sector by an enabling institution under the Micro Finance India Awards 2015.



## Fifth Meeting of the State Financial Inclusion Forum (SFIF)

The 5th meeting of UP SFIF was organized in BIRD, Lucknow on 14th Oct, 2015 on the key theme “Strengthening of Financial Literacy Centers (FLCs) Issues, Constraints & Way forward”. The meeting was attended by SLBC, DFID, SEBI, SIDBI, NABARD, NBFCs, National

Banks, Private Banks, RRBs, Cooperative, UPMA, UPSRLM, BIRD, MicroSave, MFIN, IIM-Lucknow, FLCs counselors, LDM, aggregators & NGOs. The discussion in the meeting centered on the Bank-FLC model which is currently one of the most promising channels of banks to promote Financial Literacy. ASSIST’s team presented the findings of Dipstick Study on strengthening FLCs and shared the major recommendations to strength FLCs

in all four PSIG states. The participants reinforced that the FLCs are playing major role to facilitate government sponsored schemes and they require more support in HR, technologies and organizational development. The forum raised their concern on continuation of NABARD’s funding to FLCs and suggested to extend financial support. As a result NABARD extended the financial support to current running FLCs from the year 2015.

## State Microfinance Lender’s Forum meeting

The first lenders forum meeting was organized in BIRD on 14th Oct 2015 with an objectives to help bankers identify and familiarize with the needs, issues of the sector at the state level and build consensus for increased bank lending to the MFIs. The discussions with the bankers help to identify

issues within MFIs that need improvement through regular studies, monitoring and interfacing with investors and other sector players. The meeting was attended by 22 participants including representatives from 11 nationalized Banks/Private Banks, DFID, SIDBI, BIRD, MicroSave, CRIF High Mark, and provided the updates on the Microfinance

lending & its channels viz. SHG, JLG in the progressive state UP.



## Winners Profile-Inclusive Finance India Awards, 2015 from Uttar Pradesh

**Rampur District Cooperative Bank** has performed exceedingly well to win the award for the Best Cooperative Bank at this year’s Inclusive Finance India Awards. It is one of the pioneer cooperative banks in the country in terms of implementing a three tier cooperative computerization system called KisanMitra. Rampur DCCB is first cooperative bank in northern India/ Uttar Pradesh to develop a three-tier integrated RuPay-smart- KCC-card system, obtain NPCI’s IIN connected to NFS, provide NEFT/RTGS facility on host-to-host basis, install ATMs in cooperative sector, provide transaction SMS facility and become live on NPCI for card-based e-commerce and debit-P.O.S. merchant operations. More than 96,000 PMJDY accounts, 1,245 PMSBY and 1,144 JJBY accounts have been opened by the bank. All statements at PACS/DCCB branch/ HO level are system generated. Balance Sheets of DCCB, 30 branches, 64 PACS and 6

FLCs as of 31March 2015 were system-generated instantly. Appropriate Data Security Systems have been incorporated; entire system is bio-metric enabled, eliminating problems of password for illiterate customers. The system is totally transparent, avoiding hassles to farmers at Branch/PACS level, providing freedom of 24x7 accesses to their accounts. It also offers non-financial transactions to its customers through mobile banking (SMS based). These indicators helped them to win Financial Inclusion Award, 2015 among all Cooperatives Banks.

**Baroda UP Gramin Bank** has won the Runners Up award in the category of Outreach, Growth and Diversity in Financial Inclusion Products in this year’s Inclusive Finance India Awards 2015. BUPGB head quartered at Raebareli serves 14 districts of Uttar Pradesh with 907 CBS Branches and 24 Satellite Outlets; 789 Rural Branches, 98 Semi Urban and Urban Branches, 20 Metro Branches has been at the forefront of working towards the agenda of financial inclusion. The bank truly believes in the fact that the poor are bankable and has an exposure of more than 80% under priority sector advances. The bank reaches out to over 45 lakh rural people in the 14 districts it serves. The bank has the highest number of SHGs in the state of Uttar Pradesh. The bank has launched innovative gender related schemes like the Rasoi Gas Muskan

Jojana which it implements through its SHGs. The bank also promotes Farmers Clubs/Krishak Clubs to provide the facilities offered by NABARD to farmers so that they adopt modern and scientific techniques of farming and facilitate this through credit and other allied services. The following indicators helped BUPGB to win the award:

- The bank had the highest number of branches and banking outlets in unbanked villages with 2nd highest average among all banks that participated in the awards
- The bank also has one of the highest growth rates in terms of number of BSBDA opened through BCs among all the participating banks

Even though the bank did not win an award in the category of IT, it is impressive to note that it is one of the few RRBs that offer both financial and non-financial transactions to its customers through internet banking.





## UPDATES FROM OTHER PSIG STATES

### Madhya Pradesh

- State level APY Workshop: Conducted 1st State Level APY workshop on 2nd Nov' 2015 in association with PFRDA in Bhopal. The workshop had a participation of 37 mid to senior level officials from NABARD, 17 Banks (2 RRBs, 2 Private sector banks, co-operative bank and 12 PSU banks), corporate BCs, FLC counselor & LDM and NGOs.
- District Level APY Orientation programme: Conducted a 1st District level APY orientation programme at Damoh district on 3rd Nov' 2015. District level Workshop saw a great response from various stakeholders and had participation of total 75 officials.
- The 3rd MP newsletter was released during the 3rd SFIF held on September 2015.

### Bihar

- APY Orientation Programme: An orientation programme on Atal Pension Yojana has been organized on 5th October in association with PFRDA and Centum Learning. Bankers, MFIs, KVIB, Government Departments were major participants of this programme.
- SFIF meeting: Eighth meeting of SFIF, Bihar was organized on 13th October. Key theme of the meeting was PMJDY – Implementation and challenges ahead. Apart from SFIF members, representative from different major banks were also invited. Second inclusive finance bulletin of this financial year was released in the meeting.

### Odisha

- A workshop on understanding the prevailing challenges of Business Correspondents was organized in Bhubaneswar on 16th Oct, 15.
- Odisha SFIF Conclave: Under PSIG program conclave was organized on 4th of November 2015. The event witnessed approx 100 participants from variety of sectors. It was inaugurated by Mr. U. N. Behera, IAS, Development Commissioner-cum-ACS, Govt of Odisha, accompanied by Mr. S. K. Kale, CGM-NABARD, Mr. S. Ramakrishnan, CGM-SIDBI and Mr. B. P. Samantaray, GM & SLBC Convener-UCO Bank. Second inclusive finance bulletin of this financial year was also released.

## STATE FI STATUS AT A GLANCE: WHAT NUMBERS SPEAK IN UP ?

### Self Help Group Coverage

To further advance the financial inclusion agenda in UP, the government has been leveraging on the **Self Help Group Bank linkage programme** under which around 4,22,497 groups have so far been formed in UP till Sep 2015. In between 2015, April-Sep, total 7,258 SHGs got linked with banks for credit with the tune of Rs 5403.58 lakhs and till Sep 2015 total 3,45,601 SHGs linked with tune of Rs 2,17,192.13 lakhs. RRBs have contributed by linking 39.39% SHGs for credit with a tune of Rs 2144.48 lakhs in between 2015, April-Sep. A total of 11, 787 Women SHGs have been promoted in the 8 backward districts of UP till Sep 2015, out of which 8,355 and 1,676 have been savings and credit linked respectively. Total number of WSHGs sanctioned to SHPIs is 11,900. (Source SLBC report)

Under UPSRLM total 30642 new WSHGs formed out of this total 6982 SHGs linked with bank and 26,193 WSHGs received revolving fund till Oct, 15

Further Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP), an organization working in UP by bringing together poor rural women to form Self-Help Groups (SHGs) has covered over 1.57 million poor households from 275 backward and poverty stricken blocks by Sep, 2015. The initiative was supported by-PSIG and UPSRLM. The achievements till Sep, 2015 are mentioned in *table-1*.

RGMVP Progress Report under PSIG	
Parameters	Progress till Sep 2015
Number of SHGs organized	1,36,942
Total households covered	15,74,653
Amount of corpus generated in SHGs	Over Rs 95cr
Number of SHGs credit linked (CCL – I) Sanctioned	33,593
Number of SHGs credit linked (CCL –II) Sanctioned	6,157
Total Amount of CCL-I from banks	322.21 cr
Total Amount of CCL-II from banks	84.92 cr
Number of Internal CRPs	4400+
Number of Blocks covered	275
Number of GPs covered	11,790
Number of Village Level Organization	6,054
Number of Block Level Organizations	174

Table-1

### Exemption of Stamp Duty on documentation for SHG functioning in UP

It is informed by DIF, GoUP that the Principle Secretary, Tax & Registration had convened a meeting on 4th November,

15 where in the assessment for the expected amount of exemption of Stamp Duty on SHG-bank linkage programme during the

year 2015-16 was made. A decision in this regard is expected shortly from the State Government. (SLBC-UP agenda, Sep, 2015)

## Joint Liability Group (JLG) Coverage

Much like the SHGs, Joint liability Groups have also been playing a pivotal role to make credit facilities available to the poor and unbanked populations. In UP, upto Sep 2015, 1,28,712 JLGs have been credit linked with banks. Over the period of six months from April'15 to Sep'15, total 28,359 JLGs credit-linked with banks. In private banks category (only HDFC) linked JLGs with a total credit of Rs 14,247.83 lakhs which is 85.02% of total credit in the first six months of the financial year 2015-16 (Rs. 16,756.50 lakhs). On the other hand, among Non-Lead banks, no banks have linked any JLG in second quarter. For more details refer table-2 (SLBC-UP agenda, June & Sep, 2015)

Status of Joint Liability Group (JLG) till Sep, 2015						
Type of Banks	Advance amount (01-04-15 to 30-09-15)		Advance amount (01-04-14 to 31-03-15)		Cumulative update	
	No.	Advance Amount (in lakhs)	No.	Advance Amount (in lakhs)	No.	Cumulative updated (in lakhs)
Lead Banks	362	951.56	2,944	2,287.37	51,494	17,596.52
Non Lead Banks	-	-	67	13.52	596	470.64
Private Banks	26,668	14247.83	17,672	22,264.11	39,093	22,851.36
RRBs	1329	1557.11	6,852	6,051.06	37,529	22,836.15
Total	28,359	16756.50	16,903	18,679.56	1,28,712	63,754.67

Table-2

## Bank Branch Coverage

As on Sep, 2015 there are 17,352 bank branches in UP. Over the period of 3 months from June'15 to Sep 15, total 141 new branches have been opened with an increment of .81%. It is noticed that in rural areas private banks expanded significantly. Maximum percentage branch growth over this period is by Private Banks, followed by non-lead banks and then by lead banks. For more detail refer table-3 (SLBC-UP agenda, Sep, 2015)

Status of Bank Branches in UP, till Sep, 2015								
Types of Bank	Rural	Semi Urban	Urban	Metro	June, 2015	Sep, 2015	Branch increase	% Rural branches
Lead Banks	3789	2014	1585	1102	8459	8490	31	44.62
Non-Lead Banks	611	391	758	424	2161	2184	23	27.97
Private Banks	130	307	338	231	940	1006	66	12.92
RRBs	3302	460	197	52	3991	4012	21	82.30
UP Cooperative Banks Ltd	915	363	52	7	1337	1337	0	68.43
UP SGV Bank Ltd	323	0	0	0	323	323	0	100
Grand Total	9070	3535	2930	1817	17211	17352	141	52.27

Table-3

## Kisan Credit Card/Crop Loan – Personal Accident Insurance Scheme

In UP a total of 23,09,745 KCCs have been newly issued/updated till Sep 2015. Out of this 7,61,225 are newly sanctioned and 15,48,520 are updated with tune of Rs.11,24,487 & Rs. 16,91,954 lakhs respectively. Cooperative Bank shares .76% & 3.84% in newly issued/updated Kissan cards disbursed amount respectively.

Under KCC-PAIS 1,92,11,880 farmers are covered since inception. In the first six months of FY 2015-16, total 7,61,225 farmers are covered by all banks; out of this 3.25% are covered by Cooperative banks. In terms of settlement of claim, Cooperative Banks settled 784 out of

938 (83.58%) complaints claim whereas commercial banks settled only 422 out of 2712 (15.56) complaints claimed first six months of 2015-16. Total 3,811 claim

complaints were received by all banks, out of which only 1290 are settled till Sep, 15. For more details refer table-4 (SLBC-UP agenda)

Settlements till Sep, 2015 under Personal Accident Insurance Scheme (PAIS)/Kisan Credit Card Scheme						
Types of Bank	Farmers Covered during 01.04.15 to 30.09.2015 (No.)	Cumulative since inception (No.)	Lodgment of complains (in lakhs)		Claims Settled In first quarter 01.04.15 to 30.06.2015	
			No.	Amt.	No.	Amt.
Commercial Banks	512956	8642216	2712	1188.9	422	23.48
Cooperative Banks	24800	5230690	938	469.00	784	392.00
RRBs	223469	5338974	161	83.25	84	42.50
Grand Total	761225	19211880	1303	1741.2	1290	457.98

Table-4

## Weavers & Artisan Credit Card Scheme

On 24th Nov, 15 a meeting was held under the supervision of Syndicate Bank and the forum focused on the calculation of interest rate under weavers' credit card scheme which is changed, for first three years the rate of interest is 6% and the claim of interest subvention max cap 7% from NABARD.

In the first six month of financial year 2015-16 total 3203 credit card issued with a tune of Rs. 2214.34 lakhs, out of this Rs 1820.75 lakhs disbursed by commercial bank and rest Rs 395 lakhs disbursed by RRBs. Punjab National Bank topped by disbursing Rs 691.5 lakhs then Oriental

Bank of Commerce Rs 386 lakhs. In RRBs, especially Kashi Gomti Samyut Gramin Bank disbursed Rs 178.54 lakhs and Rs 104.00 lakhs by Purvanchal Kshetriya Gramin Bank, zBs. Till now 94,842 Artisan credit cards issued with tune of Rs 60844.46 lakhs. (SLBC-UP agenda, Sep, 2015)

## School Bank Champs Programme

During the Bankers' Retreat at Gyan Sangam, Pune, the Prime Minister in his address had said that all the banks should have one day every month when the bankers go to the schools to impart financial education to the children there. The School Bank Champs Project is a program

## Coverage of Business

### Correspondent

In Uttar Pradesh, out of 1, 07,753 villages' total 32,814 villages are having fixed BCs and 24,256 villages are those where BCs visit weekly and once in fortnight for direct meeting with underserved population. Till Sep' 15 out of the total number of fixed BCAs, approximately 20% are covered by RRBs, 0. 4% by Private Banks and remaining by the commercial nationalized Banks. Business Correspondent Model using ICT has been used widely to make financial services available to the remotest village. (SLBC-UP agenda, Sep, 2015).

## Coverage of PradhanMantri Jan DhanYojana (PMJDY)

Pan India, banks have opened 20.02 Crore accounts under PMJDY with deposit of more than 29,000 crores and 31.55% of zero balance accounts. Aadhaar has been seeded in 42.70% of accounts opened under PMJDY. To ensure universal banking access more than 1.26 lakhs Bank Mitras have been deployed with online devices capable of e-KYC based account opening and interoperable payment facility. Total 46,81,128 lakhs accounts have been offered for overdraft facility. The status of Uttar Pradesh is mentioned in table -5

PMJDY progress Report as on 6-1-16	
Population of UP (as per 2011 census)	199,581,477
Total Account Opened	300,840,38
Zero Balance Account	94,11,092
Rupay cards issued	273,589,23
% Rupay cards issued	90.94%
Aadhar seeded accounts	81,62,920
% Aadhar seeding	27.13%
Deposit in Crore	4459.55

Table-5

run by IBA under the directives of the Ministry of Finance. Unlike the earlier communication wherein participation was voluntary, now all Bank branches need to adopt a school mandatorily. The Banks branches would be responsible for providing last mile financial education in the school in co-ordination with the nominated teachers and also provide access to suitable financial products for

## Suraksha Bandhan

Suraksha Bandhan facilitation drive [with Suraksha Deposit Scheme (Rs. 201), Jeewan Suraksha Deposit Scheme (Rs. 5001) and Jeevan Suraksha gift cheques (Rs. 351) for enrolment under PMJJBY, PMSBY and APY. ] was organized to reach out to

the students. The target age group is 10 to 18 years.

In UP, total 7559 schools adopted by the bank's branches, out of this the training already imparted in 2607 schools in which total 1,58,153 student participated. Sarva UP Gramin Bank adopted 2350 schools and imparted training in 1056 school which covers 40.36% of total trained students.

eligible bank account holders who are still out of the ambit of these schemes. Till Sep, 15 total 1,87,117 deposits were made out of which Suraksha Deposit Scheme counted for 1,75,886 deposits; Jeewan Suraksha Gift Cheques 8,094 deposits; Jeewan Suraksha Deposit Scheme-3,137 deposits (SLBC-UP agenda, Sep, 15)

**“District Cooperative Bank, Rampur launched UP's first ATM mobile van with partial support of NABARD to strengthen financial literacy and dissemination of other financial inclusion schemes. The van has carrying one LCD, projector, ATM machine, m-ATM with a counselor.”**

## Debt Swap Scheme

This is one of the pioneer schemes of NABARD to solve the issues related to small farmers/entrepreneur who got trapped into the Sahukar's conspiracy. Till Sep, 15 total 1,48,555 clients were taken out of the Sahukars interest trap. In 2015-16, NABARD set a target to uplift 30,000 tenant farmers & oral lease by giving Loan Eligibility Card. This was also discussed by SLBC with state government during the meeting held on 4th Sep, 15. Total 2,623 loans have been sanctioned by the all the Commercial (1791), RRBs (505) & Private (327) banks with the advanced amount of Rs 1903.01 lakh. The strength of this scheme is also refinance of livelihood activities for the existing client.

## Annual Loan Scheme

Under annual loan scheme 2015-16, UP received total target of Rs 1,36,356.88 cr and according to SLBC's quarterly report Rs 62,961.22 cr (46.17%) has been disbursed by the banks in three major sector viz. agriculture, small business, services (education, home loan etc) in first

six months till Sep 2015. The achievement in the first six months has been noted in small business, it is 62.80%. The ratio in between loan and saving, Cooperative banks shows remarkable increment from Sep, 14 to Sep, 15 is 74.50% as compare with other types of banks in UP. (SLBC-UP agenda, Sep, 2015)

## MUDRA now MUDRA SIDBI Bank

The Union Cabinet, chaired by PM has given away its nod to covert MUDRA Ltd to MUDRA Small Industries Development Bank of India (MUDRA SIDBI Bank) - a wholly owned subsidiary of SIDBI. The union cabinet on Wednesday approved the setting up of a credit guarantee fund for loans of Micro Units Development & Refinance Agency Ltd or MUDRA Bank. The fund is expected to guarantee more than Rs.100,000 crore worth of loans to micro and small units in the first instance. (sometimes.in) Operational status of MUDRA as on 8th Jan, 2016 mentioned in table-6. (<http://mudra.org.in/PMMYReport>)

## Pradhan Mantri MUDRA Yojana (Progress as on 08/01/2016) - Uttar Pradesh

Pradhan Mantri MUDRA Yojana (Progress as on 08/01/2016) - Uttar Pradesh											[Amount Rs. in Crore]
Shishu (Loans up to Rs. 50,000)			Kishore (Loans from Rs. 50,001 to Rs. 5.00)			Tarun (Loans from Rs. 5.00 to Rs. 10.00)			Total lakhs		
No Of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	Disbursement Amt	No of Sanctions	Sanctioned Amt	Disbursement Amt	No Of Sanctions	Sanctioned Amt	
1578824	3009.03	2862.07	103849	2261.65	2128.80	22978	1817.15	1679.58	1705651	7087.83	

Table-6

## RECENT DEVELOPMENTS IN THE FINANCIAL INCLUSION SPACE

### Rs. 2000 cr fund to push Financial Inclusion

RBI announced merger of the Financial Inclusion Fund and Financial Inclusion Technology Fund into a new Financial Inclusion Fund with a corpus of Rs 2,000 crore to support 'developmental and promotional activities' for expanding reach of banking services. "The overall corpus of the new FIF will be Rs 2,000 crore. Contribution to FIF would be from the 'interest differential' in excess of 0.5 per cent on Rural Infrastructure Development Fund and Short-Term Cooperative Rural Credit deposits on account of shortfall in priority sector lending kept with NABARD by banks," it said while issuing revised guidelines of the new FIF. Banks can work for seeking support from the FIF with NGOs SHGs, and farmer's clubs, among others. (ToI)

### The report 'Within Reach'

Banks can address an additional \$380 billion market in annual revenues by targeting micro-enterprises and bringing unbanked and under banked adults into the formal financial system, according to a report produced jointly by Accenture and CARE International UK, The report 'Within Reach' notes that closing the small-business credit gap at average lending spreads and adding fee-based services could generate about \$270 billion in additional revenue for banks, while including unbanked adults into the formal financial system could generate another \$110 billion, according to Accenture research. (ToI)

### Arogya Finance ties up with Dr. Reddy's Laboratories for providing medical loans for Hepatitis C

Arogya Finance, a social healthcare venture based in Mumbai tied up with Dr. Reddy's Laboratories a multinational pharmaceutical company for providing medical loans for treatment of Hepatitis C. Arogya Finance will facilitate easy Equated Monthly Installments to patients to pay for the drug for Hepatitis C and a few other therapies provided by Dr. Reddy's Laboratories. (indiaonline.com)

### Telenor launches free insurance for mobile phone users

In a first from a telco in India, Telenor will begin offering life insurance to its new and existing customers, with covers starting from Rs 5,000 going up to Rs 50,000, while consumers don't need to pay any premium. Telenor has offered a similar insurance scheme called Nirvoy Life in Bangladesh, where its local unit Grameen phone is the market leader. (Eco times)

### Bajaj Allianz Bima Dhan Suraksha Yojana

Bajaj Allianz Life Insurance has launched micro term insurance plan Bajaj Allianz Bima Dhan Suraksha Yojana with return of premium option. Targeted at the small income groups in rural parts of the country, minimum premium of Bima Dhan Suraksha Yojana is capped at Rs 1,500 annually or Rs 200 monthly. For a longer policy term of maximum 10 years, a person can get a protection cover (Sum Assured) of up to 35 times of the annual premium if he or she opts for regular premium before the age of 35 years. (Business Standard)

### "2016 will be the year of Financial Inclusion - Bill Gates"

#### Microfinance Conclave

UP - Microfinance Association (UPMA) in collaboration with MFIN organized a one day event on 2nd December, 15 at Hotel Lineage Lucknow. SIDBI-CMD inaugurated the conclave and discussed on the topic "Microfinance-Fostering the Financial Inclusion Agenda". DFID, UK and all UP based MFIs participated and shared their inputs to strengthen FI in UP.



- The Reserve Bank of India has released the Report of the Committee on Medium-term Path on Financial Inclusion. Visit [rbi.org.in](http://rbi.org.in) to read full report.
- MFIs now cover 30 States/Union Territories
- Top five top states viz. TN, Karnataka, Maharashtra, UP, MP account for 61% of India's total gross loan portfolio.

RBI/2015-16/196

DNBR.CC.PD.No. 069/03.10.01/ 2015-16

October 01, 2015

To  
All NBFC-MFIs  
Madam/ Sir

#### Non Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) - Directions - Modifications

In terms of extant instructions on pricing of credit by MFIs, the maximum variance between the minimum and maximum interest rate on loans cannot exceed 4 per cent.

2. The National Scheduled Castes Finance & Development Corporation (NSFDC) under the Ministry of Social Justice & Empowerment, Government of India, has proposed to expand its outreach by channelizing funds through select NBFC-MFIs at lower rate of interest. The objective of NSFDC is to work for the economic empowerment of persons belonging to Scheduled Castes living below the Double Poverty Line.

3. In order to enable NBFC-MFIs to act as channelizing agents of NSFDC, it has been decided that the condition relating to the maximum variance permitted shall not be applicable to loans extended by NBFC-MFIs against funding by NSFDC. The on-lending to individuals by NBFC-MFIs out of funds of NSFDC shall only be through direct credit to their accounts with banks. Further, NBFC-MFIs shall exclude borrowing from NSFDC in arriving at the average cost of funds of the company for the purpose of pricing of credit, other than to the beneficiaries targeted by NSFDC. For this, NBFC-MFIs shall maintain proper record of funds received from NSFDC and the lending out of those funds.

4. Appropriate disclosures in this regard shall be made in the balance sheet of such NBFC-MFIs. The minimum disclosures should include quantum of funds received from NSFDC, cost of such funds, loans disbursed therefrom, rate of interest on such loans and the number of beneficiaries.

5. NBFC-MFIs shall inform the concerned Regional Office of the Reserve Bank of India of their appointment as a channelising agent by NSFDC within one month from the date of such appointment.

Yours faithfully  
(C.D.Srinivasan)  
Chief General Manager

## Coverage of Microfinance Institutions

The Microfinance industry in UP is playing an important role in improving the living standards of the poor by offering various need based products and services. In terms of highest gross loan portfolio (Rs. 38.30bn in 25.3 lakh clients) UP falls in the category of top four states with a quarterly growth rate of around 17%. Seventeen prominent MFIs are currently operating in UP with an outreach of around 806 branches all over the state. Some of the prominent local players in the state are Margdarshak, Sonata, Utkarsh, Fusion, Disha and Cashpor. The performance indicators of the MFIs operating within the state are mentioned below in **table-7 (MFIN micrometer Sep, 2015)**. As shown in the table, GLP and loan amount disbursed increased substantially during the second quarter with a growth rate of around 17% and 21.5% respectively. The branch outreach across state has grown by 12.7% but at the same time the number of clients has increased by 11.9%, pointing towards loan officer's efficiency in managing and maintaining Risk Par Ratio. The number of employees of MFIs has also increased by 13.9%. UP shares approx 10% of country's total MFI-clients. Fusion & Utkarsh falling in top 15 MFIs In terms of quarterly growth rate, 29% & 21% respectively

Coverage of MFIs			
Indicators	June 2015	Sep 2015	Change %
Gross Loan Portfolio (cr)	3270	3830	17.1
Loan disbursed (cr) quarterly	1020	1240	21.5
No. of Clients (lakhs)	22.6	25.3	11.9
Branches	715	806	12.7
Avg Loan disbursed/ Client	19557	19680	(-)0.1
Employees	6315	7196	13.9

Table-7

## NBFC-MFI to Small Finance Bank – UTKARSH

Particulars	As on Sep 2014	As on Sep 2015
<b>MICROFINANCE OUTREACH</b>		
No. of States	8	9
No. of Districts	55	80
Total No. of Branches	198	277
No. of Branches in Uttar Pradesh	83	94
No. of Branches in other states	-	183
Total No. of group Members	454,886	840,493
Total No. of Clients	430,016	776,353
Total Disbursement–Cumulative(in Mn)	12,617.5	24,124.9
Loan Outstanding (in Mn) (Own+Managed)	4,890.5	9,218.3
Total No. of Loan Disbursed	885,122	1,552,361
Total No. of Credit Officers	881	1,278
No. of Client Per Credit Officer	488	607
Repayment Rate(%)	99.9%	99.8%

<http://utkarshmf.com/>

Table-8

## SIDBI Mitra – Android Based Mobile App

Small Industries Development Bank of India created an Android based mobile app – SIDBI MITRA – for their MSME loan clients. Using the App, clients can get and view the account details, receive messages and alerts from SIDBI as well as send their own messages to their relationship manager in the Bank. (*sidbi.in*)

## Interview with Shri A. K. Panda, Chief General Manager – NABARD



**Priyanka & Azhar:** Thank you for agreeing to speak to us for our upcoming bulletin under Poorest State Inclusive Growth (PSIG) programme, implementing by

SIDBI in four progressive State Viz. UP, MP, Bihar & Orissa.

**Q. NABARD is the apex institution for agriculture and rural development in the country, how important is micro-finance in NABARD's development agenda?**

A. I am sure you will concur with me that universal access to financial services and opportunities to utilize one's capabilities is a human right. However, despite the vast expansion of formal banking system in the country and flagship programmes of the Government, overcoming financial exclusion has been a formidable challenge. Quoting Franklin D. Roosevelt, I would say that the test of our progress is not whether we add more to the abundance of those who have much, it is whether we provide enough for those who have too little. In NABARD, all our initiatives are focused towards sustainable and equitable development of

the marginalized and hitherto excluded rural poor. Our efforts in the field of micro-finance encompass the widely adopted SHG (Self Help Group) -Bank Linkage Programme (SHG-BLP), enterprise development and livelihood-centric programmes for SHG members, Joint Liability Groups programme, skill and capacity building initiatives for all stakeholders and so on.

**Q. As you just mentioned about the SHG-Bank Linkage Programme, would you share with us the status of this programme in Uttar Pradesh?**

It gives me pleasure and pride to share with you that the SHG Bank Linkage Programme piloted by NABARD in 1992 with 500 SHGs of rural poor has now transformed into the world's largest microfinance initiative with over 77 lakh SHGs linked to Banks in the country. In Uttar Pradesh, the pace of the programme is gaining traction and over 3.92 lakh SHGs are already part of this movement in the State. There has also been successful innovations in this field in our State, like the Bank Sakhi project in Unnao where SHG members are working successfully as BC agents and BFs of the bank. There is still huge scope for formation of SHGs and as per our assessment based on the socio-economic census, around 9.16 lakh SHGs need to be

formed to cover all poor and marginally poor households in the State. I am hopeful that all stakeholders including the State Govt, SRLM, bankers, NGOs and Civil Society Organisations will converge their efforts in this direction and we will see encouraging results.

**Q. This programme has been supported since 1992 as you said, what are the new offerings in this regard?**

Well, the positive impact of this programme on the social and economic upliftment and empowerment of the disadvantaged and marginalized sections, especially women has been overwhelming. Now, the emphasis of the SHG-BLP is towards expanding the outreach, roping in new channel partners like NGO-MFIs for formation of SHGs, digitization through adoption of technology and creation of sustainable livelihood opportunities for SHG members. In the course of my interactions and field visits to SHGs in the field, I have come across many success stories of women SHG members who have set up successful micro-enterprises. We are now launching pilots in five districts of the State where we will be supporting Livelihood and Enterprise Development Programmes for clusters of matured SHG members. Our vision is that with our support, these

SHG members will graduate as producers in a cluster so that they could eventually be nurtured into sustainable Producers' groups over time.

**Q. You also spoke about digitization of SHGs. What exactly are we talking about, is it about compiling certain information on SHGs and making it available online or complete digitization? Also, what purpose does it intend to serve?**

Let me tell you that, in line with the GoI's mission of Digital India, the process of Digitization of SHGs has already begun in select districts all over the country under the ambit of NABARD's pilot programme, 'e-Shakti'. In Uttar Pradesh also, the project is likely to be launched in a few districts. Under the project, SHGs will use a tablet or a mobile hand set with an app in the local language. All the data about the group will be put into the tablet or mobile hand set and it will be uploaded in a server. All the stakeholders involved, will have rights to access and use this data. Volunteers trained by Application Service Providers (ASPs) will initially capture all the legacy data and gradually data can be uploaded directly by SHG members with necessary handholding support. This digital empowerment will ensure transparent and proper maintenance of records of SHGs, eradicate irregularities and pave the way of credibility of SHG data which can later be used by Credit Bureaus to reduce the issues related to multiple and over financing.

**Q. How does the concept of JLGs fit in NABARD's micro-finance and financial inclusion programme?**

The concept of Group liability has evolved as a key 'disruptive innovation' in the field of micro-finance. If you trace the history of this initiative, JLGs were first pioneered by the Bank of Agriculture and Agricultural Cooperatives (BAAC) in Thailand as a methodology to finance large number of small farmers. I agree that the SHG-BLP has lent great impetus to financial

inclusion initiatives and enabled provision of micro-saving and micro-credit to the poor. However, some members of SHGs and other poor may need higher doses of credit for productive purposes, but do not have collateral for obtaining bank loan. So, to meet the credit requirements of this mid-segment, NABARD formulated a scheme for financing of Joint Liability Groups in 2004-05. The JLG model enables members to avail credit without collateral, purely on the strength of peer partnership, either individually or in the group as a whole. They are also encouraged to hold periodical meetings and save regularly.

**Q. How is the Bhoomi Heen Kisan Scheme launched by GoI different from NABARD's JLGs scheme?**

The underlying philosophy, that is "One for All, All for One" and the approach for financing JLGs remains the same, with the major add-on being Government of India's thrust on financing of landless farmers through the Joint liability mode on a mission-mode. Since the JLG mode of financing takes care of the most vulnerable and marginalized sections of the society who do not have access to proper legal documents like land records, property documents and so on, it is an apt medium for small and marginal farmers, landless farmers, tenant farmers, share-croppers and oral lessees to access institutional finance.

**Q. What has been NABARD's effort in this direction in Uttar Pradesh?**

We have been making small but steady strides in this regard. During the current financial year, as against a total target of 30,000 JLGs to be financed by bankers in Uttar Pradesh, NABARD has sanctioned financial assistance to 22 Joint Liability Group Promoting Institutions (JLPs) for financing of nearly 15,000 groups. We are making all-out efforts for creating awareness on the scheme, sensitizing bankers and other JLPs like NGOs & MFIs to take up this challenge and harness the immense untapped potential available in the State. All stakeholders must

understand and appreciate that this is a model which creates a win-win situation for not only the borrower but also the lender who gets to add a good loan portfolio to his books through this mechanism. All RRBs in the state have already been associated with us in formation of JLGs through branches, BC/BF and good working SHG leaders. We are making sustained efforts to involve other channel partners as well and saturate the State by covering all eligible small and marginal farmers, landless farmers, tenant farmers, share-croppers, oral lessees and small entrepreneurs who are unable to offer collateral for their credit needs.

**Q. What are the other initiatives taken by NABARD in furthering Financial Inclusion in the State?**

NABARD has been providing financial support for deepening of Financial Inclusion measures in the State by addressing both the demand side as well as the Supply side constraints. On the demand aspect, we have been supporting initiatives for creating awareness on financial products and services, to equip the masses with basic level of financial literacy through camps, display material in public domain, innovative efforts like puppet shows, magic shows, quiz programmes for children and so on. On the Supply side, we have been supporting technology adoption by Cooperative banks and RRBs so that they can issue RuPay cards, both debit cards as well as Kisan Cards, as also extend their outreach to the remotest corners of the State through micro-ATMs. This year, we have also given financial assistance to select Cooperative banks for Mobile ATM Vans that will be used for demonstration of technology among the rural masses. Besides, under one of our Pilot programmes, we are providing assistance to Cooperative banks for installation of ATMs. We are also working on a proposal for computerization of PACS which will be a major breakthrough in providing banking services to the rural masses at par with the current banking scenario across the country.

## About us:

The **Poorest States Inclusive Growth Programme (PSIG)**: The DFID supported PSIG programme, implemented by SIDBI, aims to increase access of financial services to 12 million low income clients in the 4 State of UP, MP, Bihar and Odisha. This £30m, 7-year project has three distinct outputs – policy advocacy, capacity building and financial literacy & women empowerment. ACCESS-ASSIST is managing the policy component of the programme.



For sending feedback & queries please contact: Ms. Priyanka Pathak ([priyanka@accessassist.org](mailto:priyanka@accessassist.org))  
Mohammad Azhar ([azhar@accessassist.org](mailto:azhar@accessassist.org))