



**Inception Meeting of State Financial Inclusion Forum (SFIF), Odisha  
18<sup>th</sup> December 2013  
SIDBI International Training Centre, Bhubaneswar**

**Summary of Proceedings**

Assisted by DFID, the Poorest State Inclusive Growth programme(PSIG)has been promoting sustained efforts to facilitate better environment for inclusive growth in 4 poorer states-viz Bihar, Madhya Pradesh, Odisha and UP through enhanced private investment and better access to financial services. SIDBI has been operating as the principal project implementing agency for PSIG. *ACCESS-ASSIST* has been assigned by PSIG to coordinate the initiatives on policy advocacy in the above four states as well as at the national level. Setting up of multi-stakeholder State Financial Inclusion Forum (SFIF) in each programme focus state has been agreed as one of the key mechanisms to achieve the objectives under the policy advocacy component. The SFIF is expected to act as an Exchange and Deliberation Forum and help strengthen effective coordination and synergy among all stakeholders in creating an enabling environment and accelerating the process of financial inclusion in the state. The list of SFIF members and other participants of the meeting is provided in **Annexure 1**.

**SUMMARY OF PROCEEDINGS**

1. **Overview of DFID strategy and programmes** in India by Anu Gupta, Deputy Head Private Sector, DFID India – Please refer to copy of presentation attached as **Annexure 2**.
2. **Overview of Programme Strategy and Present Status of PSIG** by Surendra Srivastava, DGM, SIDBI – Please refer to copy of presentation attached as **Annexure 3**.
3. **Brainstorming on priority themes and issues for PSIG in Odisha**

Specific issues that need support and intervention by PSIG as pointed out by the SFIF members are summarized below:

- Challenges in Business Correspondent model – There was a consensus that further investments both towards policy advocacy with the RBI and the banks as well as for development of effective models are required for making the BC business model sustainable. Potential of utilizing the existing community based institutional base such as that of SHGs and PACS as Business Facilitators should also be tested. There is a need to engage with the banks at all levels and on a regular basis to sensitize them towards operational issues involved in BC operations.
- Status of Self Help Groups – While the Forum acknowledged the efforts NABARD, SHPIs and OLM in promotion and development of SHGs, concerns were raised regarding the status of poor quality of SHGs, slow progress in bank linkages and rising default on bank loans to SHGs

in Odisha. It was mentioned that interest subvention leads to weakening of credit and interest discipline among SHG members which is a fundamental requirement for SHG quality and business model. It was reported that Odisha Livelihoods Mission (OLM) is undertaking an assessment and census of all SHGs in the programme area and developing strategies for working with SHGs of different categories. NABARD and OLM are also collaborating at state level on SHG based financial inclusion. Capacities of SHPIs to promote and manage are an ongoing issue; and so is the unavailability of sources of revenue for the institutions for continued support and monitoring of SHGs on long term basis.

Lack of sustainable enterprise activity for SHG members and poor opportunities for marketing of SHG products was also raised as an issue plaguing the SHG movement. It was however clarified by the PSIG team that while quality of SHGs, flow of loans to groups and delivery of a range of financial services to SHG members is core part of PSIG scope, access to markets for SHG based enterprises did not fall into the ambit of the programme.

- Human resources at different levels for financial inclusion – A critical bottleneck that affects quality and effectiveness of all channels of delivery of financial services is lack of trained and sensitized man power. Investments need to be made in collaboration with local universities and management colleges to develop and administer applied courses for financial services for unbanked. It was reported that PSIG is undertaking an initiative in this regard in Odisha.

#### **4. Potential for Convergence among stakeholders for Financial Inclusion**

In general, the SFIF agreed that since there are various other programmes and initiatives of both the government and non-government agencies to support financial inclusion as one of the key objectives, the PSIG programme should make synergistic and catalytic investments to enable effective deployment of scarce development resources and avoid duplication of efforts. There is need to identify gaps in existing initiatives and programmes and plug those through PSIG investments. A mechanism for this can be to bring together stakeholders under a common and neutral forum to exchange experiences and forge mutually reinforcing collaborations which PSIG as a catalyst programme can facilitate. Identifying potential opportunities for making incremental investments in an ongoing programme or for leveraging resources from agencies such as NABARD, state government, other donors for innovative ideas would be possible through such forums. In view of this, developing a state access to vision document is a good starting point, based on which strategies can be developed.

OLM is exploring partnerships in the area of implementing insurance and pension services for SHG members. It could be a possibility for PSIG and also NABARD to collaborate on this opportunity to develop and roll out pilots in some identified blocks.

#### **5. Access to Finance Vision for Odisha**

A state Access to Finance Vision document for all four focus states including Odisha has been developed as part of the programme. (Copy of presentation attached as **Annexure 4**). The Vision document will be shared with SFIF members for feedback and suggestions.

#### **6. Scope and ways of working for State Financial Inclusion Forum**

**Composition** – The members were informed regarding the details of all members that have been invited and have agreed to join the forum (**Annexure 5**). The Forum is composed of a diverse set of stakeholders involved in financial inclusion covering the government programmes, banks, apex development agencies – NABARD and SIDBI, MFIs, NGOs and Cooperatives, donor organizations and the academia. In addition, it was agreed that representatives of concerned organizations and programmes will be invited based on the themes in the agenda for respective meetings to enrich discussions and support follow-on actions points as required.

**Scope** - The State Financial Inclusion Forum will act a mechanism for candid and open discussions on opportunities and limitations of different channels and intervention for access to finance, leading to prioritization of policy issues for PSIG programme as well as identification of opportunities for fostering collaborations. The scope will include the following channels and services:

- Agent banking – BC/BF models
- MFI channel
- SHG bank linkage model
- Direct banking
- Community based models - Cooperatives/SHG federations
- All financial services – Credit, savings, insurance, pensions and remittances

**Frequency of meetings** – The SFIF will meet quarterly.

**Ways of working** –

- ACCESS ASSIST Odisha team will work as the secretariat for the SFIF
- The Secretariat will present an update on the status of progress on financial inclusion based on availability of most recent data from various sources in the form of SFIF bulletin in every meeting.
- Each meeting will delve into one specific theme that would be identified in the previous meeting
- A sub-group from among the SFIF members may be constituted to lead on the action points arising from the discussions and decisions of the meeting. ASSIST and SIDBI-PSIG will work with this sub-group on the action points and report progress in the next meeting.

**Key Priorities**

The members agreed on the following key priorities for the SFIF to take up for deliberations during the course of programme:

- Issues in SHG bank linkage programme through better convergence among initiatives
- Policy issues in BC model
- Flow of funding from banks for MFIs
- Support to Community based microfinance institutions
- Academic training for availability of Human Resources for financial inclusion

**7. Next Steps**

- The theme for the next meeting will be ‘exploring potential for synergies and collaboration between OLM and NABARD enhancing flow of credit SHGs and delivery of other financial services to SHG members’
- SFIF secretariat will organize meetings with NABARD and OLM to discuss details of current collaborations, further potential, current data and status of their programmes and develop a background note and agenda based on the information
- Next SFIF meeting will be scheduled in February 2014

**Annexure-1**

**List of Participants**

<b>SFIF Members</b>		
<b>Sl. No</b>	<b>Name &amp; Designation</b>	<b>Representing Institution</b>
1	Mr. S P Singh, Convenor-SLBC	UCO Bank
2	Mr. Govinda Pattnaik, MD & CEO	AMPL (NBFC)
3	Dr. Haribandhu Panda, Pro-VC, CUTM	Centurion University
4	Ms. Supriya Pattanayak, State Representative	DFID State Chapter
5	Ms. Nayana Mohanty, CEO	Swayanshree Mahila Samabaya Ltd (Cooperative)
6	Mr. S Ramakrishnan, GM/Regional Head	SIDBI
7	Mr. Manas Pani, CEO	Dhanei- KGFS
8	Mr Subrat Biswal, Sr. Program Manager	OLM/NRLM
9	Ms. Sunanda Ramachandra, AGM	NABARD
10	Mr. Santosh K Padhy, Program Manager	CYSD
<b>Other Participants</b>		
11	Ms. Anu Gupta, Deputy Head, Private Sector	DFID India
12	Ms. Ragini Chaudhary, Advisor	DFID India
13	Mr. Brij Mohan, Member	National Think Tank
14	Mr. Vipin Sharma, CEO	Access Development Services
15	Ms. Radhika Agashe, Executive Director	Access-Assist
16	Mr. Ramesh Dharmaji, CGM	SIDBI
17	Mr. Prakash Kumar, GM	SIDBI
18	Mr. Surendra Srivastava, DGM	SIDBI
19	Mr. Subhranshu S Acharya, DGM	SIDBI
20	Mr. Srikant Das, State Director	SIDBI-PSIG, Odisha
21	Mr. Srinivas B, State Manager	SIDBI-PSIG, Odisha
22	Mr. N Swain, Chief Manager	SLBC-UCO Bank
23	Mr Amulya Mohanty, Vice President	Access Development Services
24	Mr. Narendra Nayak, Associate Director	Access-Assist
25	Mr. Arjun Pagal, Sr. Project Coordinator	Access-Assist

**List of State Financial Inclusion Forum (SFIF) Members, ODISHA**

<b>Members Present</b>			
<b>Sl. No</b>	<b>Name &amp; Designation</b>	<b>Name of the Institution</b>	<b>Represented by ( in SFIF meeting on 18<sup>th</sup> Dec'2013)</b>
1	Mr. S.K. Kale, CGM	NABARD	Ms. Sunanda Ramachandra, AGM
2	Mr. S P Singh, Convenor-SLBC	UCO Bank	
3	Mr. Govinda Pattnaik, MD & CEO	AMPL (NBFC)	
4	Dr. Haribandhu Panda, Pro-VC	Centurion University	
5	Ms. Supriya Pattanayak, State Representative	DFID State Chapter	
6	Ms. Nayana Mohanty, CEO	Swayanshree Mahila Samabaya Ltd (Cooperative)	
7	Mr. S Ramakrishnan, GM/Regional Head	SIDBI	
8	Mr. Manas Pani, CEO	Dhanei- KGFS	
9	Mr. D.V. Swamy, IAS Mission Director	OLM/NRLM	Mr Subrat Biswal, Senior Program Manager
10	Mr. Jagadananda, Member Secretary & Chair, Sa-Dhan	CYSD	Mr. Santosh K Padhy, Program Manager
<b>Members not Present</b>			
11	Mr. Ambika Prasad Nanda, State Programme Officer	UNDP	
12	Mr. Baghrai Majhi, Senior Divisional Manager	LIC of India	
13	Dr. S. K Pradhan, Professor of Finance & Economics	XLRI	
14	Directorate of Institutional Financing	Directorate of Institutional Financing, Govt of Odisha, Bhubaneswar	