

First meeting of Aggregator's Forum, Bihar

Poorest States Inclusive Growth Programme(PSIG)

2nd September 2014

Hotel Patliputra Ashok, Patna

Bihar has shown progress on several economic indicators over the past decade, but it has not achieved good results in terms of spreading banking and financial services to a vast section of the society. Bihar is still in the bottom five of CRISIL index of Financial Inclusion and microfinance penetration index is 0.15, very low as compared to the national average of 0.27. Among other important efforts, it requires an effective cooperation amongst regulators, government agencies, financial institutions, service providers, and other stakeholders to strengthen financial inclusion efforts. Assisted by DFID, the Poorest State Inclusive Growth (PSIG) programme is working towards improving the access of financial services to low income households in 4 poorest states viz. Bihar, Madhya Pradesh, Odisha and Uttar Pradesh. The project has 3 components viz. – policy advocacy, improving access to finance, and financial literacy. SIDBI is the implementing agency for PSIG.

ACCESS-ASSIST has been contracted by SIDBI 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 a deliberation forum to promote effective coordination and synergy among various stakeholders for accelerating the process of financial inclusion in the state. As per the consensus built in the third meeting of SFIF, an **Aggregator's Forum** has been formed in Bihar and inception meeting is organized on 2nd September 2014. The list of the participants of the meeting is provided in **Annexure 1**.

Summary of Proceeding

The meeting was formally initiated with the introduction about the meeting and forum and then participants introduced themselves. SIDBI has shared about PSIG Programme and background of formation of this forum.

Background - Second meeting of State Financial Inclusion Forum (SFIF) was organized on 11th March 2014 to focus on the issues and way forward in enhancing outreach of micro-pension services in Bihar. Shri Rakesh Sharma, GM, PFRDA attended the meeting along with a few aggregators, as special invitees. Shri Sharma briefed the forum about the NPS-Lite Swavalamban scheme. He interacted with aggregators in order to answer their queries. Out of discussion, one of the major action points was to explore partnerships for setting up a **State level Pension Cell** that can play the role of local point of contact for convergence, communication and information on product and process and coordination with PFRDA. NABARD and JEEVIKA are possible entities to be approached for this proposition. ACCESS ASSIST team has initiated the process with taking views of NABARD and different aggregators. Everyone has felt need

of such cell at state level. Although ensuring to support such activity, NABARD has shown its own limitation to in house the cell.

In third meeting of SFIF, on 3rd July 2014, feedback on the cell has been reported to SFIF and a consensus was build over formation of informal Aggregator's Forum in Bihar. This forum would comprise major aggregators working in Bihar. This idea was shared with the aggregators and 11 aggregators, agreed to join the forum, out of which 8 aggregators were present during the inception meeting.

SIDBI also shared about how, it is supporting different organizations (30 MFIs, 2 RRBs, Rajiv Gandhi Mahila Vikas Pariyojana) to increase outreach of micro pension in 4 states (Bihar, UP, MP and Odisha) under PSIG Programme.

Struture and Ways of Working of the forum

Objective of Forum –

- 1. To work upon awareness generation among customers and stakeholders (financial literacy).**
- 2. To tackle operational issues at aggregators and regulator's level, collectively.**
- 3. To do advocacy for addressing policy level constraints in NPS-Lite implementation/expansion.**

Frequency of the meetings- As per the consensus, the forum decided that it will initially be meeting bi-monthly. In order to keep this forum active and creating ownership towards the forum, it was decided that for every meeting three aggregators will be identified which will take lead and coordinate with the activities of the forum with support from ASSIST Bihar team. These will be on rotational basis in order to ensure equal participation. For next meeting, Sahaj, Bandhan, and Cashpor were identified to coordinate with ASSIST.

An email group of all the members will be formed which will be shared with SIDBI and DFID to discuss about various issues/challenges and possible solutions. Major findings of the discussion will be shared with GM, PFRDA to seek possible actions at both policy and operational level. This e-group will be set up and initially managed by ASSIST Bihar team.

Issues related to NPS-Lite shared by aggregators

Aggregators have shared their issues both – policy related and operational with the forum. Most of the issues were common with other aggregators.

1. Policy related issues –

- Government push** is very much needed to make this scheme popular. Just like insurance, micro pension plan can also be clubbed with account opening under ***Jan-dhan Yojana***. FE.g. if someone is opting to subscribe the scheme, s/he can be given more over draft or some rebate on first year premium. Swavalamban scheme should be implemented in first phase of Jan-dhan Yojana. Also, NABARD is giving support to the organization to organize Financial Literacy camp with account opening; there should be some target of enrolling subscribers under Swavalamban scheme.

- Support from state government departments is essential to implement the scheme through convergence with such departments. Since this is a central government scheme, state government does not give much focus on its implementation and outreach. Advocacy can be done through this forum with the state government departments.
- While in case of bulk subscribers, PFRDA takes the initiative to change the aggregator if required, but for single subscribers this is not facilitated. It was informed that PFRDA has now initiated development of mechanism to help single subscriber in changing its aggregator, however more information on this is needed.
- At district level Financial Literacy Centers of Lead Banks, micro pension should also be included while providing training and counselling to community, BCAs, Bankers etc. Implementing Swavalamban scheme through BCA is a very good idea but they should be trained about this scheme. Even bankers need training to understand micro pension scheme.
- Incentive of aggregators should be revised as it involves more cost in mobilizing people, collecting premium and depositing it. Although PFRDA is working on bi-annual payment of incentive, quarterly payment of incentive should be done to avoid delay and provide support to staff of the aggregator.
- Registration letter to Collection Center (CC) should also be generated by PFRDA to provide these centers credibility specially in those areas where we hear about chit fund scams almost everyday. Recently, an aggregator's staff was locked-up in police station as he was unable to provide any evidence from govt for implementing the scheme at village level.

2. Operational Issues –

- Advertisement of Swavalamban scheme in local language and insufficient supply of promotional materials.
- Delay in receiving documents like PRAN, statement of transaction, advertisement materials etc.
- Due to presence of fraud aggregators and chit fund, there is lack of trust among people about private agencies. A list of authorized/credible aggregators should be generated by PFRDA and can be advertised. Name of aggregator of any particular area should be displayed in local branches of banks to build trust among people. There is a toll free number given to enquire about aggregator but list of aggregator is not updated by PFRDA. This leads to suspicion among potential subscribers.
- Clarity on exit/withdrawal clause is missing- withdrawal after gaining 60 years of age is clear but more clarity is needed over withdrawal before 60 years. In a circular, Finance Minister gave 10 years relaxation in terms of withdrawal but it is not mentioned in detail. There should be more clarity over what a subscriber will get if s/he is withdrawing before 60 years, and after how many years of contribution s/he can withdraw.
- Subscriber form is rejected without informing the reason. Reasons should be clearly communicated to aggregators to avoid same mistake in other forms.

Feedback on Micro pension Compendium –

ACCESS ASSIST has developed a draft Micro pension Compendium, focusing over features of and provisions under Swavalamban scheme. A copy of the compendium was circulated to the aggregators, few days before the meeting, to seek their feedback on the document. Major feedback obtained during the meeting are –

- Addition of different forms as annexures:
 - I. Subscription forms, withdrawal forms etc.
- Checklist
 - II. Document submission requirement with the subscription form
 - III. Last minute checks in mandatory fields
 - IV. Common reasons for rejection of forms
- An annexure can be added on snapshot of filled-in forms .
- Addition of Case II and Case III in withdrawal process by subscriber.
- Update service charge and transaction charge as per current notification from PFRDA.

Next meeting of Aggregators Forum - Next meeting of the forum is scheduled in **November**. In next meeting Sahaj, Cashpor and Bandhan will share their activities/issues/challenges/successful cases etc related to Swavalamban scheme. Also, ASSIST & SIDBI will present best practice related to enrolling Anganwadi Workers of Karnataka under the pension scheme. Updates, any new circular etc on the scheme will also be discussed. Next meeting may be called in the office of one of the aggregator, which will be decided in the e-group with in two weeks. PSIG will support in arranging for the meeting at aggregator's office in Patna.

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ANNEXURE 1: List of Participants

SI No.	Name	Designation	Organization	email	Phone No.
1	Kshitiz Kumar	Sr. Manager	Madhya Bihar Gramin Bank	kshitizmbgb@gmail.com	9771446113
2	Deepak Kumar Sardar	Deputy Manager (P & I)	CDOT, Patna	deepak@cdotbihar.com	9934273870
3	Manohar Sharan Ojha	CEO	CDOT, Patna	manohar@cdotbihar.org	7781006583
4	A. K. Choudhary	Nodal Officer	Bihar Gramin Bank	bigbankho_fi@yahoo.in	8102918701
5	P. K. Aggarwal	HOD, IT Dept	Bihar Gramin Bank	bigbankho_it@yahoo.in	8102918787
6	Vijay Kumar	Head (Operation)	Saija Finance Pvt. Ltd	vijay.kumar@saija.in	9771493430
7	Sunanda Basu	BM- NPS	Bandhan	sunanda.basi16@gmail.com	8271503052
8	Archana	Management Trainee	Bandhan Financial Services Ltd.	archana1.eca@gmail.com	9631783652
9	Bapin Bose	AGM (L & D)	Jagaran Microfin Pvt. Ltd.	bapin.bose@jagaranmf.com	8017523703
10	Sumanyu Agarwal	Sr. Manager	Cashpor Microcredit	nps@cashpor.in	8400700876
11	Saketnath Thakur	Manager	Sahaj e-village	saketnath.thakur@sahaj.co.in	9771435779
12	Pawan Mishra	Asst. Manager	Sahaj e-village	pawankumar.mishra@sahaj.co.in	9771435758
13	Abhishek Pathak	AVP	IIMPS	abhishek.r@micropension.in	9958303363
14	Tushar Krishna	SPC	Access Assist	tushar@accessassist.org	9931592437
15	Saurabh Chatterjee	AM	SIDBI	saurabhc@sidbi.in	9748452120
16	Raman Singh	State Head	Sahaj e-village	raman.singh@sahaj.com	9771435651
17	Sonmani Choudhary	State Director	SIDBI	sonmanic@sidbi.in	9431565048
18	Aparna Shukla	Manager	Access Assist	aparna@accessassist.org	7542025560
19	Shipra Singh	Sr. Manager	Access Assist	shipra@accessassist.org	9711315100