

Second meeting of Aggregator's Forum, Bihar

Poorest State Inclusive Growth Programme (PSIG)

28th of November, 2014

Venue: Centre for Development Orientation and Training (C-DOT)

96/1E, 2nd Floor, New Patliputra Colony, Patna

Bihar has shown progress on several economic indicators over the past decade, but 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. 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 to financial services to low income households in 4 poorest state 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 programme.

ACCESS- ASSIT has been contracted by SIDBI to coordinate the initiatives on policy and advocacy in the above four state 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 was held on 2nd September 2014. 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 among the members; the second meeting was organized on 28th of November, 2014. List of participants is given in ANNEXURE I.

Summary of Proceeding

Background: In third meeting of SFIF, on 3rd of July 2014, a consensus was built over formation of informal Aggregator's Forum in Bihar. The idea was shared with the aggregators/sub-aggregators and 11

aggregators/sub-aggregators agreed to join the forum, out of which 8 aggregator/sub-aggregators were present in inception meeting.

The objectives of the forum, decided in inception meeting, are

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.

Second meeting of Aggregator's Forum-Bihar was formally initiated with welcome address by CEO, CDOT followed by introduction about the meeting and forum and then participants introduced themselves to the forum. SIDBI shared about PSIG programme, a brief about the first aggregators' forum meeting and background with which the forum has been formed.

Mr. Devesh Mittal, Assistant Manager, PFRDA New Delhi also attended the meeting in order to address the queries and issues that emerged out of discussion in the first meeting and contribute towards making the forum more effective in coming days.

Key points of presentation by aggregators:

Cashpor, Bandhan and Sahaj presented their respective organizations' model for Swavalamban scheme.

The key points of presentations are:

- a) Cashpor Microcredit: Cashpor microcredit, a not for profit Section 25 MFI, has been working in 26 districts in three states of Uttar Pradesh, Bihar and Chhattisgarh with around 7 lakh households. The organization started its micro-pension operations in the month of November, 2012, and has taken 8 months in building the system at the ground. This product aligns with the organization's mission where the product helped the subscriber to establish better and stable life style and encourages savings for stable and better retirement. The organization is using android based mobile technology to reach the customer, manage the database and for the monitoring purpose. For promotion of the use of the product, a special 10 minute is allocated for pension products out of 40 min of core business activity at field level. They also organize financial literacy workshop in which focus is on Old Age Pension Scheme under that module, advertisement through pamphlets, newspapers and electronic media is also encouraged. Up to 31st March of 2014, 88, 805 subscriber were enrolled out of which 77, 141 were eligible under Swavalamban scheme.

- b) Bandhan: A leading MFI in the state, is giving utmost importance to NPS where the enrollment starts at the Centre Office (CO) and the process of flow of enrollment procedure goes from CO to Division Office. A target is fixed branch wise to reach the Swavalamban scheme, which is duly monitored by the Division Office. Through 249 branch, 35 region and 6 division offices the new enrollment grows out to be 27, 390 in which Swavalamban eligible is 31, 912 (cumulative). The operational issues of Bandhan while implementing the Scheme includes withdrawal related details; nominee related confirmation from their ends as the details of nominee which includes KYC is hard to retrieve but essential to get the benefit of the scheme; State Government's own version of NPS with higher benefits, which creates problem to motivate the customer to enroll for the scheme. They too recommended that System of Transaction could be simple (it is burdensome as of now) and death case settlement process may be shortened.
- c) Sahaj – Sahaj was earlier operating the Swavalamban scheme through CSC centre. Now they are working as sub-aggregator and not as an aggregator for Bank of Baroda. Their subscriber base has been transferred to CSC e-governance India Limited.

System Development by PFRDA:

PFRDA has been working in Bihar with 28 Aggregators and enrolled around 1 lakh subscriber as on November, 2014. PFRDA has proposed following system related initiatives so that the Swavalamban Scheme would be a simpler product to be reachable to the people belonging to the unorganized sector. These initiatives have covered majority of issues of aggregators.

- a) Generation of e-PRAN card – Sometimes it was seen that there is delay in providing PRAN card to the subscriber. The reasons could be one delay in sending forms by the field staff of aggregators to the head office; second delay in distribution of PRAN cards from head office to the branch offices, delay in money contribution of subscriber etc...; PFRDA is introducing e-pran card. If PRAN card get delayed, e-PRAN card can be provided to subscriber.
- b) SOT facility at NL-CC level – The Statement of Transaction (SOT) is sent by PFRDA, after the co-contribution by the government. Now, PFRDA has provided the facility to generate SOT, which aggregator can receive at head office. The head office can generate it for the branch and the branch can give the print out of transaction to the subscriber.
- c) Mirror image of rejected form: Forms sent by aggregators get rejected due to several reasons. The hard copy does not come back and is deposited to the NSDL, Mumbai office. The Aggregator

does not know the reasons for rejection and the way of rectifying it. Now the mirror image of the rejected form will be available for ready reference.

- d) Simplification of Swavalamban application form: The subscriber application form will be made simpler like a bank account form with reference of RBI guidelines, so that field staff can fill the form easily and rejection level can be lessened.
- e) Simplified Statement of transaction – statement of transaction will be simplified to make layman understand the deposits made by him/her.
- f) Concept of e-passbook - PFRDA is introducing e-passbook which can be easily reachable to the customer through different electronic gadgets including mobile.
- g) Total/partial withdrawal of subscribers deposit at the age of 60 years: The main motive of the Swavalamban scheme is to provide pension to the people belonging to the unorganized sector when they reach 60 years of age. But for a feasible pension product, at least a certain amount is needed (like at least 1.70 lakh of corpus is necessary for a pension of Rs. 1, 000 per month). A new exit guideline has been introduced, which says if certain amount after super annuation is not available full withdrawable amount will be available for the subscriber.
- h) Lack of information about the aggregators at the district level: While implementing, aggregator faces the challenges of non-recognition from the local government and demands letter from PFRDA on approval of their working in the area. For this, PFRDA has sent letter to the state government departments which includes Department of Social Welfare, Dept of Women and Child Development, NRHM etc mentioning details of aggregators and same copy of letter has been sent to aggregators too.
- i) Fraudulent activity at the field level: Aggregators have shared that the fraudulent activity has been initiated by few organizations or individuals in which they demand more amount from subscriber to enroll under Swavalamban scheme. PFRDA has requested to provide the details of such organization, so that legal action can be taken against them.

Progress on Micro Pension Compendium -

ACCESS ASSIST has developed a draft Micro pension compendium. A copy of the compendium was circulated to PFRDA for feedback and approval and shared with aggregators in the first meeting. The feedback has come from PFRDA on 28th of November; the editing will be done and finalized in the

month of December. It will be translated into Hindi to use as a ready reference for field staffs. A final copy of it will be circulated to the aggregators for further use.

Next meeting of aggregators' Forum-Third meeting of the forum is proposed in first week of February. The meeting will be called in one of the aggregators' office. PSIG will support in arranging for the meeting at aggregators' office in Patna.

Ms. Sonmani Choudhary from SIDBI gave vote of thanks to aggregators. She also thanked PFRDA official to attend the meeting and address the issues of aggregators.

ANNEXURE I

List of Participants

| S. No | Name | Designation | Organization | email id |
|-------|---------------------------|-------------------------|------------------------|--|
| 1 | Kshitiz Kumar | Sr. Manager | MBGB, Patna | kshitizmbgb@gmail.com |
| 2 | Tushar Krishna | Sr. Project Coordinator | Access Assist | tushar@accessassist.org |
| 3 | A K Choudhary | Nodal Officer | Bihar Gramin Bank | bigbankho_fi@yahoo.in |
| 4 | Sudhir Kumar | General Manager | Arohan | sudhir.kumar@arohan.in |
| 5 | Deepak Singh Sardar | Deputy Manager (P & I) | CDOT, Patna | deepak@cdotbihar.com |
| 6 | Manohar Sharan Ojha | CEO | CDOT, Patna | manohar@cdotbihar.org |
| 7 | Devesh Mittal | Asst. Manager | PFRDA | devesh.mittal@pfrda.org.in |
| 8 | Sunanda Basu | BM | Bandhan | Sunanda.basu16@gmail.com |
| 9 | Monika | RM (MT) | Bandhan | 24singh.monika@gmail.com |
| 10 | Bapin Basu | AGM (L & D) | Jagaran | bapin.bose@jagaranmf.com |
| 11 | Kanti Bhushan Kumar Singh | FI Asst Manager | sahaj e-village Ltd | kanti.singh@sahaj.co.in |
| 12 | Sumanyu Agarwal | Sr. Manager | Cashpor Microcredit | nps@cashpor.in |
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| 14 | Aparna Shukla | Manager | Access Assist | aparna@accessassist.org |
| 15 | Sonmani Choudhary | State Director, PSIG | SIDBI | sonmanic@sidbi.in |