

Uttar Pradesh Inclusive Finance Bulletin

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PSIG PROGRAMME UPDATES

Sixth State Financial Inclusion Forum on the theme of MUDRA



The 6th SFIF meeting was organized on the theme of “Micro Units Development & Refinance Agency Ltd. (MUDRA): Status, Opportunities, and Challenges”. Besides SFIF members,

RBI, NABARD, department of post, key officials from Nationalized Banks, RRB’s, Cooperative Banks, MFIs, and NGOs etc., participated in the meeting. The meeting was also attended by Mr. R. M. Rahate of MUDRA, and he shared a brief presentation on need of MUDRA and how it will bring in the new changes in terms of lending. Under the aegis of Pradhan Mantri MUDRA Yojana (PMMY), MUDRA has created three products i.e. ‘Shishu’, ‘Kishore’ and ‘Tarun’ as per the stage of growth and funding needs of the beneficiary micro unit. All the bankers shared their bank’s progress on MUDRA and also shared the various operational

State Level Orientation Programme on APY

Atal Pension Yojana (APY), a monthly guaranteed pension scheme was launched by Central Government last year. As it is a new scheme, it required more clarity at different stakeholders’ level. Our State level discussions with various officials had demanded for an orientation programme in which key features, eligibility, operational processes etc. at various levels could be discussed and concerns could be shared with the authority. Looking into the demand we organized an orientation programme on

Atal Pension Yojana on 19th January in Lucknow, followed by two district level orientation programme at Raebareli and Rampur on 22nd and 28th January 2016. The three programmes were attended by 122 participants from different banks (Private, national, RRB’s and Cooperatives), MFI’s, and aggregators. Mr. Ashok Bagga, ex-banker & Trainer from PFRDA’s partner agency, Centum learning conducted the session and handled the queries. The Bankers appreciated the initiative and shared the operational challenges faced by

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issues faced during implementation of the scheme on field. Mr. Rahate assured to take up the issues with the higher authorities and come back with solutions.

them on ground and requested that as this schemes is still under blooming stage more such sensitization programme should be organized at regular intervals to update about the changes in the scheme.



Finscope (PSIG) Survey 2015: Stakeholders Consultation Workshop

The FinScope Study in four states of India measures financial inclusion in terms of access and use of different types of financial services, from available providers, the barriers affecting access, financial behavior, and people’s perceptions of relevance and requirements. The FinScope study approach has been developed by FinMark Trust, South Africa and has been conducted in four states of India as part of the Poorest States Inclusive Growth

Project (PSIG). The data collections from 16000 sample households from the four



PSIG states have been completed. The stakeholder’s consultation workshop for review of the draft report was conducted on February 10, 2016 at The Ashok, New Delhi. Mr. Manoj Mittal, DMD, SIDBI inaugurated the workshop. Dr. Kingstone Mutsonziwa, FMT, South Africa presented the technical report and participants from Govt. of India, RBI, Senior Bankers, Sector Experts, MFI etc. participated in the workshop.

Two day exposure visit for Financial Literacy Counselors to FLC Mathura

We successfully conducted the two day exposure visit for FLC Counselors at FLC Mathura on 11th & 12th Feb 2016, with a total of 18 participants including 10 FLC counselors from commercial banks & RRB's, BIRD, RBI, DDM-NABARD and LDM Mathura. The two day exposure visit was well appreciated by FLC counselors specially the session with BIRD faculty Mr. Samir Samantara, as they were able to raise their queries and get more clarity on their roles & responsibilities. FLC counselors were also feeling motivated by special



address by Mr. Deepak Narang- AGM, RBI in which he specified that counselors have a key role in bridging the gap and bringing people closer to banks. We then took them to a Village named Pentha in

Govardhan- Mathura to attend a mega camp organized by the FLC Counselors had a participation of around 100 people. It was heartening to see the females also participating in the camp and people coming up with queries related to schemes. Mr. Deepak Narang, from Reserve Bank of India addressed Villagers on schemes and also added fun element to the whole camp by organizing a random quiz and the person answering correctly will be given a small gift. People were participating with all zing and passion. We were also able to arrange a quick meeting with FLC Counselors of Mathura co-operative bank on Day 2, with the help of DDM NABARD, Post lunch we moved to FLC Mathura - Syndicate bank and had interaction with both FLC Counselors- Mr. Amit Chaturvedi & Mr. Ram Khiladi. The bankers had a very positive feedback on the FLC and were impressed with the way it was covered with all the Financial Literacy material and not specific to a bank. The MIS and registers related to press release, guidelines, attendance, FLC camps maintained by both FLC Counselors



was very impressive and in chronological order. We got extremely positive feedback from all the FLC counselors and they appreciated the efforts put in by both the counselors, LDM & DDM in making their FLC Centre a success story.

Mega camp organized by Financial Literacy Centre of Lucknow- Bank of India

Financial Literacy Centre of Lucknow, run by Bank of India, organized a mega camp on March 1st, 2016, in Kumrahawan, Lucknow. Besides LDM - Mr. A. K. Sharma & FLC Counselor- Mr. Pankaj Khare, others present were DGM from Zonal office, retired CGM of Bank of India Mr. Naveen Chandra Khulbe and branch Manager of Kumrahawan branch, Bank of India. Around 150 people had participated in the camp and were given

information on savings, repayment ethics along with all the FI schemes launched by the Government i.e PMJDY, PMSBY, PMJJBY, APY and MUDRA. The villagers were also given information on KCC cards and Rupay cards usage. It was very well managed camp keeping the audience engaged citing examples from their own village, FLC counselor had also had kept 15 minutes time for queries of people and resolved them.



HR workshop organized by Uttar Pradesh Microfinance Association (UPMA)



UPMA with support from PSIG SIDBI and financial assistance from DFID UKaid organized a two day long workshop on 22-23 February, 2016 for HR heads of member organization. The workshop was organized in the premises of BIRD.

It was attended by 24 participants from 12 member organization. The workshop was conducted by Shri Faisal Wahidi from Grameen Foundation. The workshop was inaugurated by Dr. D. V. Deshpande, Director-BIRD. Various HR related issues were discussed pertaining to recruitment, evolution retention and best practices of HR. During the workshop Shri Sudhir Sinha from UPMA also engaged with the participants on business behavior and its impact. Dr. Shikha Tripathi, Senior academician from BIRD also explained about the 3-Rs of HR viz; Recruitment, Respect, and Retention through various examples. Shri S. M. Nasi, Ex-General Manager (HR) Union Bank of India shared his experience by laying stress on the expectations from HR Head towards Human approach in Human Capital Management.

Closure of 1st Pilot on Financial Literacy and Women Empowerment (FL & WE) in UP & Bihar

Closure and final review meeting of 1st pilot project on Financial Literacy & Women Empowerment (FL & WE) in UP and Bihar was held at Varanasi on March 14, 2016. The meeting was attended by representatives of 7 partner MFIs along with representation from SIDBI and DFID with presentation from ISMW. The pilot project was completed on March 31, 2016. Approximately 60,000 women clients of 7 partner MFIs have been trained on key financial literacy and women empowerment issues. Strong cadres of 80 community resource persons called Master Trainers (MTs) have been created under this project. The 15 months pilot project was envisioned to provide integrated financial literacy and women

empowerment trainings to 60,000 women clients through 80 master trainers. The pilot adopted ToT approach and was implemented by national level resource organization (ISMW) with support from 7 partner MFIs of SIDBI PSIG. Under the project integrated training module on FL & WE was developed in close facilitation of SIDBI and DFID by Indian School of Microfinance for Women (ISMW). The module promotes sustainable household

relations between men and women and roles along with knowledge and skills to do financial planning, budgeting and savings. The modules not only aims to empower women with knowledge of financial products and services but help women and men analyze the unequal distribution of roles and responsibilities within household and thereby influence that. A minimum of 30 hours of training was provided to the clients on financial literacy and

social empowerment issues spread over a period of one year. Similarly total of 26 days training was provided to master trainers in 3 phases over a period of 12 months. Unique was adoption of a mobile based open kit technology based MIS for monitoring and evaluation of trainings along and baseline of nearly 60,000 clients. Along with imparting field training client toolkit was developed and distributed to 60,000 clients with key messages.



UPDATES FROM OTHER PSIG STATES

Madhya Pradesh

- 4th issue of the Quarterly Inclusive Finance bulletin of this financial year has been released in December, 2015 with updates from the sector.
- An orientation programme on Atal Pension Yojana has been organized on 5th February' 2016 in association with PFRDA and Centum Learning.
- Fourth meeting of SFIF, Madhya Pradesh was held on 19th February 2016. The key theme of the meeting was "PMJDY – Progress Till Date, Challenges and Way forward". The meeting was attended by representative from various PSU Banks, RRBs, Cooperative Banks, RBI, NABARD, SLBC, MFIs and SFIF members.

Bihar

- Two District level Sensitization programme on Atal Pension Yojana was organized in Gaya and Begusarai on 19th January and 4th February, 2016. Total 80 participants including Government officials and Bankers attended the workshop.
- Ninth meeting of State Financial Inclusion Forum was organized on 3rd February. Key theme of the meeting was "Role of Financial Literacy in Financial Inclusion of the poor - its strategies, initiatives, challenges and way forward".
- Roundtable on "Mudra Yojana: Status, opportunities and challenges" was organized on 4th of March, 2016.

- The 3rd issue of State Finance Inclusion bulletin for the current FY was released in January'16.

Odisha

- An orientation programme on MFI Appraisal process was conducted for Bankers on 27th Jan'2016 at SITI, Bhubaneswar. The orientation program was facilitated by Mr. Ashok Ranjan Samal (Former GM-SIDBI).
- The above orientation programme was followed by an exposure programme in the afternoon-field visit of bankers to the operational area of SMCS to better understand the operational methodology and have interactions with the SHG members, Branch staff and senior management at HO.
- Two APY orientation programmes-one at district level and another at state level were organized at Baripada and Bhubaneswar on 8th Feb'16 & 10th Feb'16 respectively in association with the LDMs and CENTUM Learning to familiarize stakeholders on various processes involved in APY.
- The 3rd issue of the News Bulletin for the current FY was released in February'16.
- The 9th SFIF meeting was organized on 2nd March'16 (first half) on the key theme of "MUDRA".
- The 2nd State level Lenders' Forum meeting was organized on 2nd March'16 (second half)

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 4,24,375 groups have so far been formed in UP till Dec 2015. In between Sep-Dec, 2015 total 10,962 SHGs got linked with banks for credit with the tune of Rs 9157.56 lakhs and till Dec 2015 total 3,42,757 SHGs linked with tune of Rs 209565.85lakhs. RRBs have contributed by linking 48.00% SHGs for credit with a tune of Rs 4298.80 lakhs in between 2015, Sep-Dec. A total of 12, 147 Women SHGs have been promoted in the 8 backward districts of UP till Dec 2015, out of which 8,779 and 1,725 have been savings and credit linked respectively. Total number of WSHGs sanctioned to SHPIs is 12,900. (Source SLBC report)

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 1.58 million poor households from 275 backward and poverty stricken blocks by Dec, 2015. The initiative was supported by-PSIG and UPSRLM. The achievements till Dec, 2015 are mentioned in **table-1**.

RGMVP Progress Report under PSIG	
Parameters	Progress till Dec 2015
Number of SHGs organized	137,858
Total Households Covered	1,584,551
Amount of Corpus Generated in SHGs	Over Rs. 95 Cr.
Number of SHGs Credit linked (CCL-I)	33,717
Number of SHGs Credit linked (CCL-II)	6,159
Total Amount of CCL-I from Banks	Rs. 323.69 Cr.
Total Amount of CCL-II from Banks	Rs. 84.97 Cr.
Number of Internal CRPs	4400+
Number of Blocks Covered	275
Number of GPs Covered	11,820
Number of Village Organizations (Vos) set up	6,141
Number of Block Organizations (BOs) set up	177

Table-1

Allotment of minimum 1 Acre of land by the State Govt. to the Bank for setting up of R-SETIs in all remaining Districts of the State

On the basis of issues raised and advised by different banks in respect of various RSETIs during the sub-committee meeting held on 19.02.2016, the same are being taken up with respective authorities of concerned districts for an early resolution. As discussed during the meetings, the State Govt. is requested to

speed up the process for clearance of land allotment in all the Districts where issues are reported by the concerned banks and require State Govt. intervention. In view of the new guidelines issued by Ministry of Rural Development, it becomes all the more necessary that the RSETIs do complete various stages of formalities

required to be made for receipt of grant from Govt. of India. All the Lead Banks are also requested to ensure that necessary formalities for construction of the RSETI buildings are completed at the earliest so that RSETIs may start functioning in their own buildings. (SLBC-UP agenda, Dec, 2015)

Coverage of Pradhan Mantri Jan Dhan Yojana (PMJDY)

PMJDY progress Report as on 23-3-16	
Population of UP (as per 2011 census)	199,581,477
Total Account Opened	320,369,64
Zero Balance Account	86,95,857
Rupay cards issued	283,116,56
% Rupay cards issued	88.37%
Aadhar seeded accounts	95,85,511
% Aadhar seeding	29.92%
Deposit in Crore	5498.11

Table-2

Status of claim settlement under PM-JJBY & PMSBY		
Particular	PMJJBY	PMSBY
Paid Total	1509	171
Pending with Insurer	291	58
Rejected	29	58
Under Process	149	46
Grand Total	1978	333

Table-5

On an India basis, banks have opened 21.38 Crore accounts under PMJDY with deposit of more than 35,000 crores and 27.57% of zero balance accounts. Aadhaar has been seeded in 44.15% of accounts opened under PMJDY. Recently the Assessment report of Bank Mitra Operations-Microsave mentioned that high account duplication in PMJDY approx 33% because of having more commission in opening zero balance bank accounts as compare to commission on transaction. The status of Uttar Pradesh is mentioned in table -2

Status of claim pending with Insurer under PMSBY	
Insurance Partner	No. of claims
National Insurance Co. Ltd	3
New India Assurance Co. Ltd	8
Reliance General Insurance Co. Ltd	2
The Oriental Insurance Co. Ltd	24
United India Insurance Co Ltd	9
Universal Sampo General Insurance Co Ltd	12
Grand Total	58

Table-3

Status of claim pending with Insurer under PMJJBY	
Insurance Partner	No. of claims
India First Life Insurance Company Ltd	41
Life Insurance Cooperation of India	136
Max Life Insurance Co. Ltd	3
SBI Life Insurance Co. Ltd	49
Star Union dai-ichi Life Insurance Co. Ltd	62
Grand Total	291

Table-4

Rupay Debit Card

The activation of Rupay Card is necessary to get the insurance claim under the Rupay Card. The Rupay Card needs to have swiped in an ATM or POS machine within 90 days prior to the date of incident resulting in accidental death/permanently disability. However, an analysis of data of the banks showed that only about 32% of the Rupay Cards are active. In view of above, Ministry of Finance directed to all Public Sector banks to organize Rupay Card distribution meeting on working Saturdays. The Lead District Managers may be asked to organize these meetings in close coordination with the District Collectors, Post Masters and the District Administration, who should also be invited in these meetings. Financial Literacy may be also imparted in these meetings regarding process of activating the card and keeping the insurance cover alive and various benefits available under five schemes namely PMJDY, PMSBY, PMMY & APY (SLBC-UP agenda, Dec, 15)

Coverage of Bank Sakhi

Having around 12.26% of the BCs dormant in the state of UP, secretaries of different department have raised their concern over non active banking correspondents as in their absence it is difficult to get DBT transfers done and distribution of other banking services. To ensure smooth transfer through DBT, Govt. of India had urged all the bankers to activate all the dormant Banking Correspondents or replace them with new ones to ensure that banking services are reaching the last mile without any interruptions. For the benefit of general public & expansion of banking services, Govt. of India has urged all the banks to do interoperability transactions as well. With reference to this we would like to share that in Uttar Pradesh 81.20 % of banking correspondents have Aadhar Enabled Payment System (AEPS) transaction machines for smooth running of banking services. (SLBC-UP agenda, Dec, 15)

“As per the socio-economic census, out of total Rural Households (HH) 17.94 crores in India, 10.71 crores HHs are considered deprived. There is a huge scope for SHGs particularly in the priority states like Uttar Pradesh. Back of the envelop calculation indicate that out of 157 lakh poor household of Uttar Pradesh, less than 48 lakhs HH have been covered through 4 lakh SHGs under the SHG movement. There is an urgent need to form about 9.16 lakh SHGs to cover the remaining poor HH – Shri A. K. Singh - GM, NABARD in UPMA Micro News Bulletin”

Financial Inclusion-Progress in opening Banking Outlets in Villages having population below 2000

In Uttar Pradesh, total 76,855 villages have been allotted under this scheme, out of these a total of 32,816 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 Dec’ 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, Dec, 2015)

School Bank Champs Programme

The School Bank Champs Project is a program run by IBA under the directives of the Ministry of Finance. Based on recent circulars, all Bank branches need to adopt a school mandatorily under the program. 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 the students. The target age group is 10 to 18 years. In UP, total 9178 schools adopted by the bank’s branches, out of this the training already imparted in 3819 schools in which total 2,33,460 student participated. Sarva UP Gramin Bank adopted 2350 schools and imparted training in 1056 school which covers 27.65% of total trained students. (SLBC-UP agenda, Dec, 2015)

MUDRA not to regulate micro finance institutions:

Clarifying its stand on regulation of microfinance companies, the government has said that the Reserve Bank of India would continue to regulate MFIs registered as non-banking finance companies (NBFCs) with the central bank. MFIs will not be regulated by the Micro Units Development and Refinance Agency (MUDRA) Bank, as proposed by the finance ministry earlier. “MUDRA Bank will regulate banks only for the purpose of MUDRA loaning. MUDRA Bank will not be the Regulator of the micro finance institutions. We already have the RBI as a regulator for the MFIs registered as the non banking finance companies,” Department of Financial Services Secretary Anjuly Chib Duggal said. (The Indian Express)

Pradhan Mantri MUDRA Yojana (Progress as on 25/03/2016) - Uttar Pradesh
[Amount Rs. in Crore]

Shishu (Loans up to Rs. 50,000)			Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)			Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)			Total		
No of Sanctions	Sanc-tioned Amt	Disburse-ment Amt	No of Sanctions	Sanc-tioned Amt	Disburse-ment Amt	No of Sanctions	Sanc-tioned Amt	Disburse-ment Amt	No of Sanctions	Sanc-tioned Amt	Disburse-ment Amt
3112547	5845.80	5728.26	155107	3330.13	3175.54	34433	2730.20	2577.12	3302087	11906.13	11480.92

RECENT DEVELOPMENTS IN THE FINANCIAL INCLUSION SPACE

SIDBI to raise Rs 10,000 crore Stand up India Fund Corpus from RBI

The Small Industries Development Bank of India (SIDBI) will be raising the proposed Rs 10,000 crore corpus for ‘Stand Up India Fund’ from RBI, which will be disbursed to Dalit and women entrepreneurs. It will be raised from the Reserve Bank through the priority sector lending shortfalls,” the corpus will be used to refinance loans extended by the banks to the Scheduled Castes, Scheduled Tribes and women entrepreneurs as part of the ‘Stand Up India’ scheme announced by the government earlier this year. Apart from these, SIDBI has set up a Rs 1,000 crore ‘Make in India Fund’ to refinance bank loans to the manufacturing sector, adding up to Rs 400 crore worth loans have already been sanctioned under the fund. It has also committed Rs 300 crore of the Rs 10,000 crore ‘Smile Fund’ for small businesses announced earlier this year as part of the Start-Up India initiative. (ET)

PFRDA to train 75,000 people to drive NPS

Pension fund regulator PFRDA proposes to train 75,000 people who will form a “totally committed” workforce for the implementation of government’s National Pension System. The regulator proposes to cover 600 district head-quarters across the country covering about 45 participants per session with an objective to train around one employee per branch office. There would be about 1,670 sessions. NPS is a voluntary, defined contribution retirement savings scheme designed to enable the subscribers to make optimum decisions regarding their future through systematic savings during their working life. Currently, NPS has more than 1.14 crore subscribers with total Asset under Management (AUM) of more than Rs 1.09 lakh crore. (ET)

Aadhaar Bill to improve financial inclusion

The Lok Sabha’s passage of the Aadhaar legislation takes the government one step closer to seed its myriad welfare schemes with the unique identity number while furthering its financial inclusion agenda.

The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Bill, 2016, once passed by the Rajya Sabha and receives the President’s assent would make it essential for people to provide their unique identity number for availing government benefits. Government hopes the provision will help it save thousands of crores in pilferage in welfare payments. The Centre spends close Rs 3 lakh crore on subsidies each year. (ET)

“With Bandhan leaving the MFI space, Rs 10,000 crore worth of priority sector loans was freed up and this amount is now channeled to other MFIs,” said Ratna Vishwanathan, Chief Executive at Microfinance Institutions Network (MFIN), an industry association for the sector.

Atal Pension Yojana: Finance Ministry may allow MFIs to play a role

In microfinance conclave organized jointly by South Asian Micro-Entrepreneurs Network (SAMN) and Microfinance Institutions Network (MFIN), Anjuly Chib Duggal, Secretary, Department of Financial Services, told that the Finance Ministry may allow microfinance institutions (MFIs) to distribute pension products, such as the Atal Pension Yojana (APY). In the past, MFIs were also allowed to be part of the Swavalambham scheme, which is the erstwhile government-backed pension scheme targeted at the unorganized sector. However, in the new avatar — Atal Pension Yojana — only bankers are allowed to be aggregators, not MFIs.

Draw up board-approved financial inclusion plans: Government to banks

Government has asked public and private sector banks to prepare board-approved financial inclusion plans and make them an integral part of their corporate strategies to widen the reach of banking services, Parliament was informed today.

“These plans broadly include self-set targets in respect of rural brick-and-mortar branches opened, business correspondents (BCs) employed, coverage of unbanked villages with population above 2,000 as also other unbanked villages with population below 2,000 through branches/BCs/other modes,” Minister of State for Finance Jayant Sinha said in a written reply in Lok Sabha.

Reserve Bank to redefine branch banking and its outreach

The Reserve Bank of India (RBI) has decided to redefine the concept of branch banking by enumerating what constitutes a bank and how a lender can reach out to customers. “Given that regulations are written in terms of branches, with a view to facilitating financial inclusion and providing flexibility on the choice of delivery channel, it is proposed to redefine branches and permissible methods of outreach, keeping in mind the various attributes of the banks and the types of services that are sought to be provided,” RBI said in its first monetary policy review in FY17. The regulator has also decided to simplify the process of registration of non-banking financial companies (NBFCs). It will also be looking at ways to strengthen the business correspondent (BC) network. For this, RBI has decided to introduce training and certification of BCs, in coordination with external training institutes. It has also decided to have an online registry of BC agents, to help consumers as well as banks keep track of the agents. *(Business Standard)*

Coverage of Microfinance Institutions

Data are witnessing that Microfinance industry in UP is playing an important role in improving the living standards of the poor. In terms of highest gross loan portfolio (Rs. 45.61bn in 28.60 lakh clients) UP falls in the category of top

Coverage of MFIs			
Indicators	Sep 2015	Dec 2015	Change %
Gross Loan Portfolio (cr)	3825	4561	19.2
Loan disbursed (cr) quarterly	1239	1767	42.6
No. of Clients (lakhs)	25	29	16.0
Branches	803	892	11.0
Avg Loan disbursed/ Client	19678	21042	6.0
Employees	7174	7671	7.0

Table-6

four states with a quarterly growth rate of around 17%. The performance indicators of the MFIs operating within the state are mentioned in **table-6 (MFIN micrometer Dec, 2015)**. As shown in the table, GLP and loan amount disbursed increased substantially during the third quarter with a growth rate of around 19% and 42.6% respectively. The branch outreach across state has grown by 11.0% but at the same time the number of clients has increased by 16.0%, pointing towards loan officer’s efficiency in managing and maintaining Risk Par Ratio. The number of employees of MFIs has also increased by 7.0%. UP shares approx 10% of country’s total MFI-clients. Utkarsh and Sonata falling in top 12 MFIs In terms of quarterly growth of their GLP. SVCL has reached out to over 5 lakh poor households through Microfinance. SVCL has crossed milestone of 500 Crore outstanding portfolio.

Capacity Building of PACS secretary as Business Correspondent

Three days PACS training programme on Business Correspondent in partnership with Mohammad Jauhar Ali University-District Cooperative Bank Rampur & ACCESS ASSIST at Rampur turned out to be a huge success with the presence of Shri Mohammad Azam Khan, Cabinet Minister, Govt. of UP, Joint

Secretary Cooperatives - Mohammad Aslam; District Magistrate of Rampur, IAS- Shri R K Gupta; Chief Development Officer Rampur, IAS- Shri Amit Kishore, District Development Manager NABARD - Shri Alok Gupta CEO, District Cooperative Bank-Shri Anjum Khan and important officials of Rampur District administration.

Shri Mohammad Azam Khan appreciated the first kind of initiative done by any District Cooperative Bank of UP with support of NABARD.



Financial Inclusion ‘Budget 2016-17’

- For rural development as a whole, Rs. 87,765 crores have been allocated by the Finance Ministry
- Rs. 500 crore have been allocated for Start-up India and Stand Up India.
- Rs. 3000 crore have been allocated for providing insurance to 1 lakh households under Atal Pension Yojana
- Pradhan Mantri Mudra Yojana will be pumped with Rs 1,80,000 crore to complete the task of financial inclusion
- Rs. 9,00,000 crores Agriculture credit target
- A new health protection scheme for health covers upto one lakh per family.
- Digital Literacy Scheme to be launched to cover 6 crore additional rural household
- Entrepreneurship training to be provided across schools, colleges and massive online courses. Objective to skill one crore youth in the next three years under the PM Kaushal Vikas Yojana.
- Increase ATMs, micro ATMs in Post-offices in next three years.

Highlights of two circulars issued by NABARD within the ambit of Financial Inclusion

NGO-MFI as Self Help Promoting Institution (SHPI) Circular No.-263/MCID-07/2015

This scheme has accordingly been formulated to involve NGO-MFIs in the formation and nurturing of SHGs.

The salient features of the guidelines are as follows:-

- The scheme will be implemented in priority states wherever there is dearth of good NGO- SHPIs.
- The rate of grant support to NGO-MFIs would be maximum Rs. 5,000/- per SHG.
- The NGO-MFI will play the role of a facilitator in the promotion and nurturing of SHGs for credit linkage with banks. In other words the savings account and the loan account of the SHG will be in the books of the bank.
- The period of assistance will be four years with provision for extension, if there is a need, as per the extant guidelines.
- It is expected that NGO-MFIs would also be functioning as BC of a bank and therefore our support has been confined primarily to take care of pre-credit linkage expenditure and audit of SHG books. The post credit linkage support handholding/nurturing of SHGs is expected to be met out of the BC fee being received by them.
- Efforts should be made by Regional Offices to bring down the rates of interest, inclusive of the BC fee, charged by banks to SHGs promoted under NABARD project.
- Expenditure incurred in this regard would be booked under "Expenditure from FIF A/c".

Engagement of SHG Leaders/Members as BC Agents for Financial Inclusion – Bank Sakhi Approach Circular No.-11/DFIBT-01/2016

The approach has been tested with two pilots conducted in the state of UP & MP. While in UP the pilot is being implemented through Gramin Bank of Aaryawart, it is being implemented through Narmada Jhabua Gramin Bank in Madhya Pradesh. The experience from both the pilot has demonstrated better performance for Bank Sakhis vis-à-vis the conventional BCs in terms of lower dormancy, fewer inactive accounts and lower agent attritions.

The Advisory Board of Financial Inclusion Fund (FIF) has decided to replicate the Bank Sakhi model all across the country through Commercial and Regional Rural Banks.

A guide for adoption of the model by the banks and other stakeholders depending upon the ecosystem that may prevail in different States/Districts/Areas available on NABARD website. In order to give boost to this approach, some activities will be eligible for financial support from the FIF. The support would be mainly for capacity building, orientation of stakeholders, etc. details of support available are given in the guidelines.

The model agreement between Corporate BC/TSP and the Federations are also between the Corporate BC and the BC Agents are in the guidelines. These, however, may be finalized at your end keeping in view your policy and requirement but without losing focus of the basic spirit of the project.

Young Women's Self-Help Groups

Working in the rural areas of Uttar Pradesh with women Self Help Groups (SHGs) for the past 13 years, Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP) realized that awareness on health and education, hygiene, financial literacy with the saving habits and knowledge about rights and entitlements, if given at right young age and time to the rural women, their future life could be better than that at present. Orthodox and patriarchy look at women as secondary citizens rather than as individuals with their own rights, it had always been the practice to push women to fit to patriarchy and suit to societal structure. Majority of young women start to adapt it rather than judging whether it is good or bad for individual growth and to have the sense of individuality.

A Young Women SHG (YWSHG) is a social change initiative started by RGMVP with the help of existing community structure by engaging women and young leaders. They encourage young women in the age group of 13 years onwards (till marriage) to come together in groups and work

as game changers or change agents in close association with their mothers' groups on issues related to the sensitization of community, gender equity, health and hygiene and overall empowerment. It becomes a safety net for the young women generating hopes and aspirations in them. It creates platforms for self-help, voluntarism and mutual help among young women. They get valuable lessons in participation and how to lead in all walks of life. Gender equity is part of community strategies for eradicating poverty and human miseries. Young girls who have joined Young Women SHGs are mostly daughters of Women SHG members who fought with the poverty and now running their lives successfully. They know the importance and power of group or collective efforts, raising their voice through their own institutions and this is how they come together in the form of Young Women SHGs. RGMVP in collaboration with Small Industries Development Bank of India (SIDBI) under the DFID supported Poorest State Inclusive Growth Project is giving a new impetus for engaging the marginalized young women through

YWSHGs by leveraging our existing SHG networks. For the proper penetration of the learning, these active participants further started taking meeting cum trainings of each and every YWSHG at Village Organisation level. RGMVP also stated a monthly journal called Udan in which majority of contributions are by the young women themselves. RGMVP has also initiated a library to develop reading habits in young women of SHG to connect them to world. Thus, the aim of YWSHGs is to foster a safe space for young women in the form of Young Women SHGs where they can begin to overcome socio-cultural and economic barriers, question existing patriarchal norms, realizing the fact of the life and their significance in the community and develop leadership capacity, which in turn allows for improved mobility, equitable decision making, and right to self-determination.



Some of the immediately visible impacts of the initiative are as under:

- o Young women SHG leaders are engaging themselves in meeting cum trainings of YWSHGs at VO level on different thematic areas propounding the ideas of self-help and voluntarism.
- o Young Women have started accessing sanitary pads, IFA tablets and vaccinations from ASHAs. Those who could not access pads, at least behavioral change could be seen and now they are using clean cotton cloths during menstruation and fully aware of hygiene matters.
- o They are freely expressing their views on subjects like menstruation, pads, its disposal and related myths, open defecation and eve teasing. They now feel more safe and confident.
- o Many YWSHGs have started weekly savings with the support of their parents and some have opened savings account in banks. Others are depositing their savings with their mother's village organizations or block organization.

Interview – Shri J. S. Ravi Kumar, Chairman-Gramin Bank of Aryavrat



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 and Orissa.

The community driven “Bank Sakhi” model implemented by Gramin Bank of Aryavrat has proved to be an effective business model as well. How important are Bank Sakhis in GBA’s development agenda in the financial year 2016-17?

Yes, from 2012 there is a lot of learning from the pilot project conducted with 50 Bank Sakhis. The efforts have been very successful in reaching out to the women who are the most deprived of banking facilities in the rural areas. Looking at the success of this project we have already decided to scale this up in other parts of GBA’s operations districts by such process of engaging 100 more Bank Sakhis in four more blocks in Barabanki, Unnao and Aligarh districts and have on boarded 15 Bank Sakhis till now. The cluster of these Bank Sakhis has not only been helpful in deepening the financial inclusion but has explored possibilities to tap a sizeable amount of untapped business and we are committed to extend in other blocks/districts of Uttar Pradesh.

Given that the programme has been supported since 2012, what are the new offerings in this regard from NABARD?

Yes, the program started in 2012 and was conducted in a very systematic manner with around 10-11 stages of process starting from survey to execution to digitization of transaction of the model-project. Undoubtedly, it was a challenging task to drag out a simple and shy homemaker & foster her to work as CSP, still some more efforts

are required in strengthening capacity of these SHG leaders to enable them to handle the work as CSP under BC model. From the inception of this model GIZ-NABARD offered financial support to set up of micro ATMs/laptops etc. and also for organizing training & awareness programs for Bank Sakhis and Bank staff. NABARD has already issued circular to Banks for replicating this model in their banks with financial support but we are looking for support in Bank Sakhi commission structure so the earning of the Bank Sakhis may increase.

You also spoke about digitizing SHG transaction. Is it about compiling certain information on SHG transactions and making it available online or complete digitization? Also, what purpose does it intend to serve?

This is a unique type of facility for the SHG which is evolved by developing simple software of operating SHG accounts in microATMs with dual authentication. This facility is a boon for SHGs and its members as they can now do cashless transactions without visiting the branch. Through this software, the savings and CCL accounts of SHG opened in the branch can be operated by authorized leaders in village itself without visiting the branch. With this facility in microATM, SHG can withdraw, deposit and transfer funds from its SB and CCL accounts to the accounts of SHG members’ accounts. This facility brings more confidence amongst the members of the group and help SHGs to maintain proper records & removes reconciliation issues, if any. It enables SHGs to reflect their internal dealing in SHG accounts of the branch thus help Bank in offsite surveillance besides keeping the accounts operative. Digitization ensures that right amount goes to right person and prevents fraudulent transactions.

How important are Technical Service Providers (TSPs) in this model?

The transactions are routed through micro-

ATMs to CBS. As such the technology plays vital role in developing interface for backend and front end support. In GBA’s Bank Sakhi model the Technical Service Provider (TSP) had developed unique software to enable the SHG to operate on micro-ATMs with dual authentication in a very short time of 15-20 days. TSP’s key responsibilities are to ensure seam-less transaction, manage FI server/gateway, generate MIS reports & troubleshoot technology issues.

What are the other initiatives undertaken by GBA in increasing Financial Inclusion outreach in their operational districts? How could PSIG extend support to strengthen in this regard?

Bank had been implementing Financial Inclusion activities with great zeal and enthusiasm. Bank had already engaged Bank Mitras/ Bank sakhis for all of its 2038 SSAs. Overall 1800 Bank Mitras covering all these SSAs are provided with microATMs and are providing doorstep services through these machines. Till now over 35 lakhs transactions amounting Rs 157 crores have taken place. Almost all the Bank Mitras/Bank Sakhis are trained/ certified as required by IIBF. Bank observes 5th day of each month as “Bank Mitra diwas”. This day also utilized to give fresh business lists to BCs for next month. The payment to all Bank Mitras is done on a fixed day I.e. 20th of each month. The attrition rate is comparatively low. Bank has evolved a scheme of utilizing Bank Mitras / Bank Sakhis for various Business Facilitator activities. These are ultimately helping branches in utilizing the services of CSPs for generation of loan applications, for recovery of loans, promotion and linkages of JLGs/SHGs, monitoring of loan accounts of the Bank etc in a cost effective manner. This incentive based scheme has been useful in providing sustainable income to the Bank Mitras but it requires little more attention. We will be happy to collaborate with PSIG to strengthen Bank Sakhis operations in terms of training & technical support.

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.



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