

Comparative Study of effectiveness of Bank Mitras vis-a-vis Bank Sakhis towards achieving financial inclusion goals in Unnao district



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“Shaping Minds to Excel”

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Contents

Chapter	Particulars	Page No
1	Background	
2	Evolution of the concept of Banking Correspondent (BC) and Banking Facilitator (BF)	
3	Evolution of the concept of Bank Sakhi	
4	Objectives, Terms of Reference of the Study	
5	Implementation of Bank Mitra and Bank Sakhi models by Gramin Bank of Aryavart	
6	Role of NABARD in promoting Bank Sakhi model	
7	Findings of the Study	
8	Comparative income of Bank Mitras and Bank Sakhis visited	
9	Success Stories	
10	Summary of Observations and Recommendations	
11	Conclusion	

Annexures

Annexure	Particulars	Page No
I	Compensation package for BC and BF services by Gramin Bank of Aryavart	
II	Monthly income of 11 Bank Mitras visited	
III	Monthly income of 10 Bank Sakhis visited	

Disclaimer

This Study Report has been prepared by Shri S. K. Nanda and Shri S. K. Jahagirdar, Faculty Members, National Bank Staff College (NBSC), Lucknow based on the field study undertaken by them from 16 to 18 January 2019 in Unnao district of Uttar Pradesh. The views expressed in the report are that of the authors. It does not necessarily represent or reflect the policy or view of NBSC or that of National Bank for Agriculture & Rural Development (NABARD). NBSC/ NABARD accept no financial liability or any other liability whatsoever to anyone in using this report as also for the accuracy of facts and figures quoted in the report.

Executive Summary

Financial inclusion plays a critical role in improving the socio-economic conditions of poor farmers, landless labourers, socially backward classes, women and other vulnerable groups. The United Nations has defined financial inclusion as providing access to a full range of financial services, namely, savings or deposit services, payment & transfer services, credit and insurance. In India, as per the NSSO 2003 survey, 51.4% of farmer households comprising largely of marginal farmers, landless labourers, oral lessees, self-employed, workers in unorganized sector enterprise workers, urban slum dwellers, migrants, ethnic minorities, socially excluded groups, senior citizens and women were financially excluded. Financial inclusion would help the excluded ones to improve the savings of the hard-earned money, avail the facility of remittances, have micro-insurance products and top of all, receive the direct benefit transfers from the govt relating to various entitlement based schemes.

However, there are several demand and supply side constraints adversely affecting the financial inclusion of the weaker sections of the society. The main reasons for the exclusion from the demand side are; lack of awareness, distance from the bank branches, low income, transportation cost to reach the branches, high opportunity cost for visiting the bank branches in terms of loss of wages and also psychological, cultural, social barriers in dealing with bank staff. Similarly the problems from the point of view of banks side are: branch timings, cumbersome documentation & procedures, language hurdle, staff attitude, unsuitable products, high operating cost vis a vis perceived low business prospects in rural areas, higher risk perception in dealing with poor people etc.,

Realising the importance of financial inclusion and the need to address the issue of accessibility to banking services for the financially excluded section, the Reserve Bank of India (RBI) in 2006 allowed banks to make use of banking business correspondents (BC) and business facilitators (BF), as third party service providers, for financially excluded sections of population. It was envisaged that the BCs & BFs would endeavour to provide basic banking facilities to the customers in rural areas at their doorstep, using technology support thereby addressing many of the issues adversely affecting the provision of such services on both demand and supply side.

NABARD had a long association with SHGs, which were providing financial inclusion to their own members. NABARD started looking at utilizing these SHGs to have an innovative approach towards achieving financial inclusion goal alongside the BC model by converging the BC-based financial inclusion initiatives with SHG networks by appointing SHG members as agents and calling them Bank Sakhis. The pilot project was launched in Uttar Pradesh through Gramin Bank of Aryavart. The Pilot project became a success and has been replicated in other parts of the country as well.

NBSC undertook a study to analyse comparative performance review of BCs and Bank Sakhis in achieving the goal of financial inclusion and to study the comparative financial sustainability & viability of both BCs and Bank Sakhis. The Terms of Reference of the Study (ToR) were to determine what were the obstacles in reaching financial services to the last mile, the banking services offered through BC/Bank Sakhis, how the financial incentives of GBA were working out for a BC/ Bank Sakhi, whether financial incentives are adequate for BC/ Bank Sakhi, the challenges faced by GBA in implementing BC/Bank Sakhi model, do BC/ Bank Sakhi models supplement the work of brick & mortar branches, whether BC/ Bank Sakhi models generate adequate business to bank, the comparative strengths/ weaknesses of using Bank Sakhis as BC over the regular BCs and vice versa and to suggest a way ahead for both models from the point of view of villagers, BC, Bank Sakhis and Bank.

The study was conducted for 3 days (16 to 18 January 2019) in Unnao district. During the course of the study, all major stakeholders namely, Bank Mitra, Bank Sakhi, Villagers, Bartronics India Ltd as Corporate BC, officials from GBA, including Chairman, were interviewed. Out of the 168 BCs (Bank Mitras) and 67 Bank Sakhis in Unnao district under the fold of GBA as on 31 December 2018, the Study randomly selected 11 Bank Mitra and 10 Bank Sakhis in Unnao district. While selecting the sample, care was taken to cover 50% good performing BCs/ Bank Sakhis and 50% not so good performing BCs/ Bank Sakhis and then the selection was done from out of both categories on random sample basis.

The Study observed that both Bank Mitra and Bank Sakhi models have in general created desired impact towards the goal of financial inclusion. However, the Bank Mitras were found to be more aggressive in business mobilization due to better mobility, energy, risk taking ability and freedom from maintenance of daily household chores.

The Study also found that the Bank Sakhis have their own strength viz, better social mobilization among old & aged and women folks. They were able to financially include the village women folks, the most excluded one, due to their networking ability and SHG experience. However, the demerits with Bank Sakhis are: lesser mobility and high work load in family front. It was observed by the study team that wherever the family mainly mother-in-law or husband comes forward to share the family burden, such Bank Sakhis have been performing better as in the case of Smt. Reeta Maura of Kamalpura village or Smt. Rinki of Koiyamandarpur village.

The Study observed that the Branch Managers felt that the Bank Mitras are doing a better job in providing the BF services as compared to Bank Sakhis. This was also corroborated by data collected during the Study. This is mainly because of their mobility and almost single focus towards this profession. The mobility and vehicle support for Bank sakhis is a serious issue and deserves immediate attention of bank. The bank may come out with a customized vehicle loan product for Bank Sakhis.

The Study found that a hurdle of failed Aadhar authentication on account of data mismatch at Branch and UIDAI, is seriously casting a shadow on the performance of Bank Mitras and Bank Sakhis. The villagers have started getting disillusioned and the BCAs are fast losing their income. Therefore, the reconciliation exercise of data mismatch between bank and UIDAI, must be given top priority otherwise the entire programme may fail.

The Study opines that the request of the BCs for enhancement of the cash credit limit to Rs. 50,000, especially for Bank Mitras, merits attention of bank. This will facilitate the BCs to undertake more transactions without frequenting the branch often in a day. The Study also opines that distribution of 4G enabled PoS machine to Bank Sakhis on a mission mode approach would be a suitable option to them whereas as far as Bank Mitras are concerned, the bank may purchase & own the 4G enabled PoS machines and may lease out to Bank Mitras.

Presently, the cash-in-transit insurance beyond Rs. 20,000 is not made available by bank. Keeping in view the risk factor involved in the movement/ travel with cash, especially for Bank Sakhis, the bank may find out a workable solution.

The BCs need training for business promotion and customer mobilization, especially in the areas of identifying potential customers,

counselling villagers about appropriate bank products, helping the customers in completing documentation formalities, educating customers about terms of sanction, skill in recovery of loans. Although the present training needs are taken care by the Corporate BC and the bank branches, much needs to be done in the area of capacity building.

There were complaints from a few Bank Mitras and Bank Sakhis relating to the delay in resolution of technical hurdles relating to PoS machine, debit card reader, printer, etc. M/s Bartronics India Ltd, as the present CSP, must resolve these complaints within a timeframe.

Both Bank Mitra and Bank Sakhi models have been successful in providing banking services to a huge rural population at the doorstep. The Bank Sakhi model has also brought about a shift in attitudes of society in looking at the roles that rural women play. Both Bank Mitra and Bank Sakhi models have in general created the desired impact towards the goal of financial inclusion.

Comparative Study of Effectiveness of Bank Mitra vis-a-vis Bank Sakhi Models Towards Achieving Financial Inclusion Goals in Unnao district*

1. Background

Financial inclusion plays a critical role in improving the socio-economic conditions of poor farmers, landless labourers, socially backward classes, women and other vulnerable groups. The United Nations has defined financial inclusion as providing access to a full range of financial services, namely, savings or deposit services, payment & transfer services, credit and insurance. In India, the financially excluded sections comprise largely marginal farmers, landless labourers, oral lessees, self-employed, workers in unorganized sector enterprise workers, urban slum dwellers, migrants, ethnic minorities, socially excluded groups, senior citizens and women. As per the NSSO 2003 survey, 51.4% of farmer households were financially excluded from both formal and informal sources of credit. Again, out of the 48.6% included households, only 27% had access to formal credit. This means that 73% farmer households had no access to formal credit.

There are several demand and supply side constraints adversely affecting the financial inclusion of the weaker sections of the society. The main reasons for the exclusion from the demand side are; lack of awareness, distance from the bank branches, low income, transportation cost to reach the branches, high opportunity cost for visiting the bank branches in terms of loss of wages and also psychological, cultural, social barriers in dealing with bank staff. Similarly the problems from the point of view of banks side are: branch timings, cumbersome documentation & procedures, language hurdle, staff attitude, unsuitable products, high operating cost vis a vis perceived low business prospects in rural areas, higher risk perception in dealing with poor people etc.,.

There are certain consequences of financial exclusion. Firstly, it complicates day-to-day cash flow management. Being financially excluded means that households, and micro and small enterprises are compelled to deal entirely in cash and are hence susceptible to irregular cash flows. Secondly, the lack of financial planning and security in the absence of access to bank accounts and other saving opportunities for people in the unorganised sector limits their options to make provisions for their adversities and old age. From the macroeconomic standpoint, being without formal savings can be problematic in two respects. First, people who save by informal means rarely benefit from the interest rate advantage that people using formal methods of savings enjoy. Second, informal saving channels are much less secure than formal saving facilities. Those who can afford it least, suffer the highest risk. The resultant lack of savings and saving avenues means recourse to non-formal lenders such as moneylenders. This, in turn, could lead to two adverse consequences – (a) exposure to higher interest rates charged by informal lenders; and (b) the inability of customers to service the loans or to repay them. Further with distressed migration from rural areas to urban centres so common these days, money remittance to native villages at short notice becomes an issue. The Government of India is in a mission

mode to provide subsidies, incentives, social security benefits through Direct Benefit Transfer (DBT). It is very distinct possibility that the financially excluded sections may not reap the intended benefits of DBT. In this background, financial exclusion is a serious concern among low-income households, mainly located in rural areas.

2. Evolution of the concept of Business Correspondent (BC) and Banking Facilitators (BF)

Realising the importance of financial inclusion and the need to address the issue of accessibility to banking services for the financially excluded section, the Reserve Bank of India (RBI) in 2006¹ allowed banks to make use of banking business correspondents (BC) and business facilitators (BF), as third party service providers, for financially excluded sections of population. It was envisaged that the BCs & BFs would endeavour to provide basic banking facilities to the customers in rural areas at their doorstep, thereby addressing many of the issues adversely affecting the provision of such services on both demand and supply side. It was also permitted the use of technology in combination with outsourcing. The guidelines indicated that in habitations without a bank branch, the Business Correspondent would be the main instrument of delivery of financial services. It was also intended that the business model of BCs is commercially sound and that they become financially viable in a reasonable time. This would require that each BC handles a reasonable number of household accounts, keeping the geographical coverage in consideration. Based on the feedback from the various institutions/ stakeholders, it was decided that one BC should be dealing with 1000-1500 households, or cater to a population of about 5000-8000, known as Sub Service Area (SSA), which is nothing but a sub-service area within the service area of the branch. The outreach effort got a big boost with the launch of Prime Minister's Jan Dhan Yojana (PMJDY). It ensures access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance and Pension in an affordable manner. Account can be opened in any bank branch or Business Correspondent outlet. Accounts opened under PMJDY are being opened with Zero balance.

The RBI issued instructions in July 2013 permitting banks to engage the following individuals/ entities as BC²:

- Individuals such as retired bank employees, retired teachers, retired government employees and ex-servicemen, individual owners of *kirana* (provision)/medical/Fair-Price shops, individual Public Call Office (PCO) operators, agents of Small Savings Schemes of Government of India/ Insurance companies, individuals who own petrol pumps, authorised functionaries of well-run SHGs which are linked to banks, any individual including those operating Common Service Centres.
- NGOs/ MFIs set up under Societies/ Trust Acts and Section 8 Companies

¹ RBI/2005-06/288 (DBOD.No.BL.BC. 58/22.01.001/2005-2006) dated January 25, 2006

² RBI Master circular No. RBI/ 2013-14/ 059 dated 01.07.2013

- Cooperative Societies registered under Mutually Aided Cooperative Societies Act
- Post Offices
- Companies registered under the Companies Act with large and widespread retail outlets

There are certain banking activities which are non-financial in nature but undertaken as part of the normal business activities by bank branches. Some examples are; identification of credit worthy borrowers, collection & preliminary processing of loan applications, creating awareness about savings and other products, post-sanction monitoring of loan accounts, follow-up for recovery etc.,. Bank branches were unable to give sufficient time on the above aspects due to paucity of staff, as a result they used to lose potential business opportunities. Poor monitoring and ineffective loan recovery drives also resulted in accounts turning NPAs.

Realising the above need in the context of financial inclusion programme, RBI allowed engagement of Banking Facilitators³ (BF) alongside Banking Correspondents (BC) to help the banks in carrying out non-financial banking services effectively. A Business Facilitator (BF) is a person or entity engaged by bank as intermediary to provide the basic non-financial banking services. In July 2013, RBI issued guidelines³ permitting banks to use the services of intermediaries for BF activities such as:

- NGOs/ SHGs
- Farmer Clubs
- Cooperatives
- Community based organisations
- IT enabled rural outlets of corporate entities
- Post offices
- Insurance agents
- Village Knowledge Centres
- Agri Clinics
- Agri Business Centres
- Krishi Vigyan Kendras
- KVIC/ KVIB

3. Evolution of the concept of Bank Sakhi

Over the last two and a half decades, more than 85.76 lakh SHGs, covering more than 10 crore families across the country, have been established. NABARD started looking at alternate innovative approaches towards achieving financial inclusion goal alongside the BC model. A convergence of BC-based financial inclusion initiatives with SHG networks as a means for speeding up financial inclusion drive was mooted.

³ RBI Master Circular No. RBI/ 2013-14/ 059 dated 01.07.2013

In 2012, it was decided to connect these two approaches with an objective to improve the integration of bank agents into the community by appointing SHG members as agents and calling them Bank Sakhis. The underlying assumption was that by having agents who are part of and selected by the community, the uptake and usage of financial services by other community members would increase and that Bank Sakhis would become an integral part of the financial inclusion drive.

A pilot project was launched by NABARD and GIZ as a part of joint collaboration to explore the potential of SHG members functioning as Business Correspondents to offer banking services at the doorstep of the village residents particularly women and poor households, with hand holding support from SHPIs. The SHG members acting as Business Correspondents were named as Bank Sakhis and they worked as Customer Service Points (CSP) of the bank. GIZ and NABARD jointly supported the pilot project with the objective of assessing the feasibility, coexistence and mutual fit of SHG networks within the BC ecosystem.

Hypothesis:

The hypothesis in engaging a member of the SHG as BC, were:

- i. Women SHG members acting as BC would generally enjoy higher level of trust amongst the villagers
- ii. They have adequate experience in working with banks as they have been handling cash for the SHGs
- iii. They can play a pivotal role towards financial inclusion of excluded womenfolk in the villages due to their intimacy with the prospective clients.

The pilot project that commenced in May 2013 was aimed at developing a model that engaged SHG institutions to promote financial inclusion in the context of the BC-Model. The pilot project on the SHG BC in Unnao district of UP is today being implemented in 47 Gram Panchayats across 174 villages.

The responsibilities of different stakeholders in the project, namely, Bank, Corporate Business Correspondent (CBC) and the Technology Service Provider (TSP), Self-Help Group Promoting Institution and Bank Sakhi (CSP Agents) are discussed in the following paragraphs:

- a. **Bank:** The Gramin Bank of Aryavart (GBA) is responsible to drive the project by partnering with the local institutions which are tasked with appointment and managing of BC agents. The local institutions are tasked to support the Bank Sakhis by introducing them to the villagers as representatives of the bank and supporting them in creating awareness about the banking services.
 - i. **Corporate Business Correspondent (CBC) and the Technology Service Provider (TSP):** Bartronics India Ltd (BIL) is playing the role of corporate BC, while Tata Consultancy Services (TCS) is acting as TSP. TCS is

responsible for all technological support, namely: software, enrolment kit (laptop, webcam, fingerprint scanning machines, stamp pad)

Bartronics India Ltd (BIL) as CBC, is responsible for field management, recruitment and training.

b. Self-Help Group Promoting Institution: Rajeev Gandhi Mahila Vikas Pariyojna (RGMVP) has promoted Block Level Federations (BLF) and Village Organizations (VO) in the pilot project area. In the initial years, RGMVP was responsible for;

- i. Nurturing of BLF and VO and build their capacities to appoint and manage the Bank Sakhis; and
- ii. Monitoring and observing the activities of BLA and VO.

c. Bank Sakhi (CSP Agents): As CSP agents they have entered into a formal agreement with BIL (TSP) to deliver financial products and services on behalf of the bank to the villagers. They are the members of the BLA nurtured and promoted by RGMVP. Each Sakhi has been allocated one Gram Panchayat covering 4-5 villages. They are responsible for;

- i. Delivering banking products and services to the villages mapped to them in a prompt and efficient manner;
- ii. Ensuring safe custody of cash and equipment which are at their disposal; and
- iii. Creating awareness about the banking services.

4. Objectives, Terms of Reference & Methodology of the Study

4.1 Objectives

The objectives for taking up the study were to undertake:

- i. Comparative performance review of BCs and Bank Sakhis in achieving the goal of financial inclusion
- ii. Comparative financial sustainability & viability of both BCs and Bank Sakhis

4.2 Terms of Reference of the Study (ToR)

The terms of reference of the study are as follows:

- i. What are the obstacles in reaching financial services to the last mile?
- ii. What are the banking services offered through BC/Bank Sakhis?
- iii. How the financial incentives of GBA working out for a BC/ Bank Sakhi?
- iv. Whether financial incentives are adequate for BC/ Bank Sakhi?
- v. What are the challenges faced by GBA in implementing BC/Bank Sakhi model?
- vi. Do BC/ Bank Sakhi models supplement the work of brick & mortar branches?

- vii. Whether BC/ Bank Sakhi models generate adequate business to bank?
- viii. What are the comparative strengths / weaknesses of using Bank Sakhis as BC over the regular BCs and vice versa?
- ix. Way ahead for both models from the point of view of villagers, BC, Bank Sakhis and Bank.

4.3 Methodology

4.3.1 Sample Design & Selection Criteria

The study was conducted for 3 days from 16 to 18 January 2019 in Unnao district. During the course of the study, all major stakeholders namely, Bank Mitra, Bank Sakhi, Villagers, Bartronics India Ltd as Corporate BC, officials from GBA, including Chairman, were interviewed.

Sample size assumes critical importance in deriving inferences about the universe. There were 168 BCs (Bank Mitras) and 67 Bank Sakhis in Unnao district under the fold of GBA as on 31 December 2018. For the purpose of the Study, 09 Bank Mitra and 10 Bank Sakhis in Unnao district were randomly selected from the sample available. The names and other details of BCs and Bank Sakhis selected for the study from Unnao district are given in the Table 1(A) and Table 1(B) respectively.

Table 1(A) Details of Bank Sakhis Selected for Study

Sr No	Name of Bank Sakhi	Name of the SSA	Allocated Branch, GBA	Block
01	Uma Devi	Jagatpur	Unchgaon	Summerpur
02	Krishna Devi	Mubarakpur	Unchgaon	Summerpur
03	Rajkumari	Kodrabakt Kheda	Unchgaon	Summerpur
04	Kusuma Devi	Dhankauli	Unchgaon	Summerpur
05	Anita Pandey	Sangrampur	Buxer	Summerpur
06	Rama Devi	Unchdwar	Mohan	Hasanganj
07	Viva	Samadpur Hardas	Mohan	Hasanganj
08	Satyabati	Ahmadpur vade	Mohan	Hasanganj
09	Reeta Maura	Kamalpur	Newalganj	Hasanganj
10	Rinki	Koiyamadarpur	Dhaura	Hasanganj

Table 1(B) Details of Bank Mitras Selected for Study

Sr No	Name of Bank Mitra	Name of the SSA	Allocated Branch, GBA	Block
01	Balendra	Hatai	Akrampur	Sikandarpur, Sarosi
02	Ganesh Shankar	Newarna	Akrampur	Sikandarpur, Sarosi
03	Amit Kumar	Sarosi	Khwazgipur	Sikandarpur, Sarosi
04	Rajesh Kumar Sharma	Sikandarpur	Khwazgipur	Sikandarpur, Sarosi
05	Ranvijay Singh	Chilaula	Khwazgipur	Sikandarpur, Sarosi
06	Rajkumar	Sathra	Khwazgipur	Sikandarpur, Sarosi

Sr No	Name of Bank Mitra	Name of the SSA	Allocated Branch, GBA	Block
07	Rakesh Dixit	Baduara	Padri Kala	Bichiya
08	Santosh Singh	Matriya	Mohan	Hasanganj
09	Ramesh Kumar	Korora	Mohan	Hasanganj

While selecting the sample, care was taken to cover 50% good performing BCs/ Bank Sakhis and 50% not so good performing BCs/ Bank Sakhis and then the selection was done from out of both categories on random sample basis.

Questionnaires were prepared for administering to BCs and Bank Sakhis on the basis of the ToR of the study. These apart, Focussed Group Discussion (FGD) method was used while interviewing the villagers who have been availing the services of BC/ BF. To ascertain the views of the villagers, 03 FGDs involving a total of 56 villagers in three villages namely, Jagatpur and Mubarakpur in Summerpur block and Kamalpur in Hasanganj block were conducted. Majority of these 56 villagers had availed benefits of financial inclusion, while there were a few who were yet to avail any benefits.

As a part of the study, two branches of GBA namely, Unchgaon and Khwazgipur were also visited and detailed discussions were held with the Branch Managers and other officers. The officials of Bartronics India Ltd (BIL) were also interviewed. The Chairman of GBA and other officials were also interviewed on 21 February 2019 at GBA's Head Office and the major findings of the study, especially the operational issues flagged by the BCs, Bank Sakhis, Villagers and officials of BIL were discussed.

4.3.2 Limitations of the study

The study was taken up only in one district with limited sample size.

5. Implementation of Bank Mitra and Bank Sakhi models by Gramin Bank of Aryavart

GBA has identified Bartronics India Ltd (BIL) as Corporate BC. BIL, in turn, has engaged Bank Mitras and Bank Sakhis. The major eligibility criteria for selecting Bank Mitras were; minimum educational qualification up to 10th class, age between 22 to 45 years, basic knowledge on computers and preferably a resident of the village/ area where he would be appointed. While the selection of unbanked/ under-banked villages was done by GBA, the selection & recruitment of Bank Mitras and Bank Sakhis was done by BIL, in the capacity as Corporate BC. Both GBA and BIL were responsible for the capacity building of the Bank Mitras and Bank Sakhis as also monitoring the performance. The bank had come out with a cash management policy guideline for the BCs. As per the guideline, BC was required to open overdraft account in the bank with minimum limit of Rs.10,000. He should give equivalent amount of security deposit for this OD along with security documents. In case the POS machine was provided by the bank, the individual BC has to deposit Rs. 20,000 as additional security in the form of fixed deposit. BC agent/individual BC of corporate BCs are allowed limits in this account depending upon arrangement with their principals. Branches have to earmark the limit/

transfer the balance in the accounts of BC after receiving such request from authorized signatories of corporate BCs. Insurance for cash covering transit, holding, burglary & fidelity in respect of cash with BC is obtained by GBA.

The greater cause of financial inclusion initiatives through Bank Mitra/ Bank Sakhi models can only be achieved, if this model becomes financially viable. To achieve this, it is crucial to ensure that all the stakeholders in the ecosystem make enough money to sustain their operations. The two critical aspects of the business case for stakeholders especially the Bank Sakhis are (i) commission structures and (ii) products and services offered. The compensation package for BC offered by GBA is presented in Annexure I.

6. Role of NABARD in promoting Bank Sakhis

NABARD provides financial support for various activities from the Financial Inclusion Fund (FIF):

a. Training of Master Trainers - The number of Master Trainers is kept at 5 (five) trainers per bank in the case of RRBs. The number in the case of commercial banks could be more on account of larger area/States to be covered by them. The minimum batch size of Master Trainers to be trained should be 25- 30. Any commercial Bank can even consider having a full batch of their own officials based on requirements. In case of SHG Federations/SHPI a group of representatives from each state based on requirement would be trained who in turn would take the responsibility of training project staff of Federations and SHPIs.

b. Sensitization of Branch Managers/Staff and Corporate BC representatives - The Bank Sakhis are linked to a particular branch in whose area the services are provided by her. The branch managers/staff should have conceptual clarity as to their role required to be played by them and therefore the need for sensitisation. The training of corporate BCs is also a necessity because they are an important stakeholder and would be ultimately dealing with the Bank Sakhis for day to day operations. Moreover, the role of corporate BCs would be more important where federations and SHPIs are not present.

c. Training of Project Staff of Federation/SHPI - Wherever the Block level Federation of SHGs or an SHPI at Block level is available, it would be better to involve them. Financial assistance is given to those federations/SHPIs. This training is given by the master trainer, locally. Maximum support @ Rs. 1000/- per person per day are provided for such programmes.

d. Training of Bank Sakhis - Training of Bank Sakhis is the most important link in the Bank Sakhi model. A well-equipped Bank Sakhi can provide excellent service to the villagers. The training module of Bank Sakhi is comprehensive and covers all the aspects of banking services. Maximum support @ Rs. 1000/- per person per day

is provided for conducting the training programme. Training can be conducted in Bank's training centre or in a centrally located village.

e. Compensation for Project Staff - Normally, the SHG Federation/SHPI is to be compensated for the services it renders to Bank Sakhis through "FI Committee" from the commission/remuneration paid to the Bank Sakhi. A formal arrangement is also to be made between the concerned parties, i.e. the Corporate BC, Bank Sakhi and the Federation deciding the rates/amounts which the Bank Sakhi would share with the Corporate BC and the SHG Federation/SHPI. It is presumed that the commission/remuneration of Bank Sakhi would take some time to stabilize as she stabilizes in her work, say 6 months or so. Therefore, a provision of compensating the Federation @ Rs. 500/- per Bank Sakhi per month for a period of 6 months has been made. It is felt that a maximum of 20 Bank Sakhis can be managed by a Project Staff, thus earning him/her around Rs. 10,000/- per month. Thereafter for the support provided by the Federation, a commission sharing mechanism has to be in place between Corporate BC, SHPI/Federation and Bank Sakhis.

f. Support for micro ATMs - Support as per the existing scheme for micro ATM will continue in the case of RRBs for procuring micro ATMs for Bank Sakhis. In case of commercial banks, support will be extended for procuring micro ATMs only in respect of Bank Sakhis to be appointed by the bank. The support to commercial banks will be 60% of the cost of micro ATM or Rs. 25,000/-, whichever is less.

g. Capacity building of the BC/BFs to RRBs – With a view to augment knowledge & skill of BCs & BFs in the areas of banking / financial products and services, financial support is extended to RRBs towards capacity building of BCs/BFs under Financial Inclusion Fund (FIF). The eligible course fee for grant support is maximum Rs. 4500 per candidate for 3 days duration @ Rs. 1500/- per day. Support is also available for reimbursement of examination fees of BCs/BFs who pass the examination/test conducted by IIBF. It is given at 80% of the total examination fee of Rs. 800, all inclusive.

h. Dual Authentication at BC points for SHG transactions for CBs & RRBs: Dual Authentication feature makes it feasible for SHGs to transact at the BC point. It involves development of a software patch both at CBS of the banks and micro ATMs at the BCs. Financial support is given under FIF for making such changes in the banking software. The support is provided towards one time grant assistance towards development of software patch and its installation on micro ATM for a maximum of three Technical Service Providers (TSPs) of SCBs and a maximum of two TSPs of RRBs. It is given @60% of total expenditure or Rs. 7.00 lakh (whichever is lower) per TSP for maximum of 3 TSPs per commercial bank. For RRBs, it is given @80% of total expenditure or Rs. 7.00 lakh (whichever is lower) per TSP for maximum of 2 TSPs per Bank.

7. Findings of the Study

7.1 Feedback from Villagers and Clientele

A total of 56 villagers were interviewed through two Focus Group Discussions (FGD) and also through administering simple individual questionnaire. Two FGDs were conducted in villages viz, Jagatpur and Mubarakpur in Summerpur block and Kamalpur in Hasanganj block of Unnao district. The summary findings of FGDs are given below;

- All 56 respondents, except two, have opened savings bank account under PMJDY. They also opined that Bank Mitra attached to their area, were instrumental in motivating as also arranging opening the savings bank account under PMJDY. But most of them were not aware of the various financial products offered through PMJDY. So proper awareness counselling is required.
- The major contributing factor for opening the savings bank account is the possibility of Direct Benefit Transfer (DBT) in respect of the entitlement schemes and MNREGA payments, besides putting the surplus money in bank.
- All 48 respondents, having done transaction with Bank Mitra or Bank Sakhi, were aware of the services being offered by the BCs. However, most of them were not aware of the BF facilities that were being offered by Bank Mitra & Bank Sakhis.
- The villagers serviced by Bank Mitra, were having greater awareness of BF facilities than the villagers serviced by Bank Sakhi.
- All villagers (100%) expressed happiness that the services of BCs, whether Bank Mitra or Bank Sakhi, have been extremely helpful for all, more so for aged persons, widows, women and ailing persons.
- The study further found out that many villagers were being deprived of the transactions since last 8 months. This has happened because of the mismatch in demographic data as captured in Aadhar system and that of KYC details available in bank record. Although the steps were initiated for smooth resolution, but the issue had not yet been sorted out between bank and the UIDAI. All BCAs also echoed the same complaint as there had been steep decline in their monthly income for last 6-8 months. This is a serious issue and needs to be addressed immediately, else there is fear that Bank Mitra and Bank Sakhi might leave this occupation due to drop in their monthly income.
- Also 56% respondents indicated poor net connectivity as a stumbling block towards hassle free transactions. Yet, they corroborated that the BC services being offered by both Bank Mitras and Bank Sakhis at village level is much better than visiting branches.
- The villagers attached to Bank Mitra commented that they had been getting transaction facility by BCAs mostly at door step. The same was not the case with most of the Bank Sakhi as they had been operating from their homes. The Bank Sakhis expressed that they would match up to the Bank Mitra, provided they are given two wheeler loan on easy terms.

7.2 Observations on Bank Sakhi model:

Detailed discussion were held with Bank Sakhis, the officials of Bartronics India Ltd, the Branch Managers, the villagers and also Senior Management of GBA on the

effectiveness of the Bank Sakhi model in providing doorstep banking facilities to the villagers, besides benefits to bank in business promotion, financial benefits to Bank Sakhis. The study covered 10 Bank Sakhis and discussed with each of them separately using a standard questionnaire. The study also solicited views of all stakeholders on the issues being faced under the model and possible solution thereof. The views expressed by some of the respondents are indicated below;

7.2.1 Feedback from Branch Managers

Shri Ujwal Jha is the Branch Manager of Unchgaon branch of GBA. He indicated that his branch has a service area of 35 villages and having 10 SSAs. Each SSA is covering 3 to 4 villages. The Unchgaon, branch does not have any Bank Mitras but has 6 Bank Sakhis. The Bank Sakhis were selected from the members of SHGs who were office bearers such as treasurer, secretary, etc. They were experienced in understanding the needs of the members of SHGs and also handling of cash. They were also trusted by the other SHGs as they were from within the community. A deposit of Rs. 20,000 has been obtained from each Bank Sakhi towards security deposit towards the Point of Sale (PoS) machine and another Rs.10,000 towards cash is being provided to the Bank Sakhi to meet the daily banking requirements and in lieu of which, a cash credit limit of Rs. 10,000 was sanctioned to each Bank Sakhi. As the withdrawal transactions by customers showed a steady rise, the daily cash credit limit of Rs. 10,000 was not adequate enough especially because of the lesser mobility of Bank Sakhi to bank branch. Accordingly, the daily CC limit was increased from Rs.10,000 to Rs. 20,000 since August 2018 on a demand from the bank sakhis.

The deposit is retained by the bank as an FD and no interest is being paid on the same. Similarly no interest is being charged on the amount provided as overdraft to the bank sakhi for the banking business.

The branch staff also indicated that the footfall in the branch, especially the women customers has reduced despite increase in the business of the branch. They also gave the example of Smt. Rajkumari, a Bank Sakhi, who was instrumental in loan recovery of five tractor NPA loans. They opined that the chance of loan recovery is better, in case of association of Bank Sakhi. People would offer to repay the loans if they were reminded to do so by the Bank Sakhi. Also the case of loan recovery has brought good income to Bank Sakhis due to remunerative commission.

7.2.2 Views expressed by Bank Sakhis:

Interactions were held with 10 Bank Sakhis attached to various branches viz, Unchgaon, Buxer, Mohan, Newalganj and Dhaura belonging to GBA. The major observations are given below;

- The Bank Sakhis were quite happy in discharging their role as BC agent of bank. They were appreciative of their role when they serviced old persons that saved the trouble and expense of going to the branch to collect their measly old age pension. Many times it used to so happen that the branch would not have received the same from the government and the trip would go futile. It was found difficult to

make the trip averaging 4 to 6 km especially in the complete absence of public transport in the interior rural areas.

- They also expressed happiness that the work had given them name, recognition and money and led them towards social and financial empowerment.
- They opined that the overdraft limit sanctioned by the bank was adequate except when there were large scale withdrawals arising due to festivals, when the old-age pension or scholarship moneys were to be disbursed and when wages were to be paid under the MGNREGP. During such times, they had to go to the bank branch on more than one occasion during the day, which was extremely inconvenient as it took a lot of time, was risky, and exhausting as they did not have access to their own transport facility.
- All of them mentioned that to & fro mobility to branches from the villages was a serious issue. Most of the time, they used to take the help of their spouse or brother for commuting to branches. This resulted in notional loss of income for the spouse or brother. There was no public transport which they could use either. They indicated that the maximum distance one of them had to commute to the branch from their village was about 15 km while the average was 5 km. They requested that GBA may come out with a customized vehicle loan policy for the Bank Sakhis.
- They indicated that the system of PoS operated banking services was working quite well until the Aadhar based system was introduced. With effect from 06 August 2018, the bank has moved to an authentication system of verifying the biometrics with the Aadhar database maintained by the UIDAI. The system compares the data available with the bank with that on the UIDAI server and allows a transaction only in case of a perfect match. If there is any discrepancy in the UIDAI database with that on the bank's database with regard to particulars such as name, mobile number, etc., the transaction is declined with a message, **"Demographic Authentication Failed"**. A mismatch generally happens in the KYC details, especially name, gender, date of birth, mobile number. An example will make the issue clearer. For instance, Shri A K Singh has an account with the bank, based on say, his MGNREGP job card or his Voter ID card where his name appears as Ajay Singh. His Aadhar card bears his full name, i.e., Ajay Kumar Singh. Since the system differentiates between Ajay Singh and Ajay Kumar Singh, the transactions do not go through, although the two are versions of the name of the same individual. This has resulted in the number of transactions reducing drastically which in turn has resulted in their income also reducing significantly. They have been facing this difficulty since April, 2018. The problem is also faced by Bank Mitras as well. The Bank Sakhis indicated that prior to the introduction of the system, they were doing average transactions (deposits & withdrawals) of 100 transactions every day, which has now dwindled significantly to just about 40 per day. The issue was discussed with officials of both Gramin Bank of Aryavrat (GBA) and Bartronics India Ltd (BIL).

It was learnt during the discussion with Senior Management of GBA that the bank is in the process of revalidating all such entries but the procedure is taking time and is compounded by the fact that there are only a few Aadhar centres functioning in the area where the updation can be done. The bank is in the process of rectifying their own account details to reflect the details as available in the UIDAI system. However, it is faced with issues relating to connectivity, lack of manpower to undertake the rectifications and lack of awareness amongst the account holders. The bank systems are able to process the transactions if the customer visits the premises.

The failure of the transactions is resulting in multiple issues:

- For one it is resulting in a loss of confidence in the bank sakhis since the clients of the bank sakhis are able to undertake their banking work in the bank premises but not through the bank sakhi and hence, they feel that the bank sakhis are no longer operational. They are slowly moving back to the branch system of banking.
- Secondly, the loss of clientele is resulting in loss of income for the bank sakhis
- Thirdly, if the deficiencies are not rectified quickly, the people will soon become accustomed to undertaking their banking at the branches as in the past and the bank sakhi experiment might collapse.
- Fourthly, it was reported that an element of mistrust is slowly creeping in as the local villagers are unable to comprehend as to why the transactions which were going through till recently are not going through now and whether the bank sakhi/ bank mitra is playing mischief, is incompetent or it is a technological issue. An expeditious solution to the reconciliation problem needs to be found out as early as possible, lest the villagers would gradually lose faith on the BC model.
- The Bank Sakhis also expected increase in the insurance cover for the cash they handle. Presently the bank sakhis are insured for Rs.20,000 towards cash-in-transit. Since the quantum of cash that they are actually carrying is often more, they would appreciate it if the cover is suitably enhanced to at least Rs.50,000. The opinion of the officials of GBA was sought. They indicated that bank may not mind increasing the cash credit limit to Rs. 50,000 but does not intend to fully cover the possible enhanced limit with insurance.
- The bank sakhis have complained that the network has been upgraded to 4G whereas their PoS machines are still operating on the 2G spectrum with GPRS support. This adversely affects the speed of the service as well as results in frequent link drops. They also expressed that frequent failure of the transactions has resulted in loss of trust amongst their clientele. After receipt of a transaction failed message, the bank sakhi checks to see if the transaction has gone through at the bank level or has completely failed. To do this they check their OD account balance. Several times when a transaction has failed, the OD balance remains unchanged, showing that the transaction has not gone through. However, when the customer goes to the bank, he is told that the transaction was successfully processed. Such instances result in misunderstanding and conflict between the

client and the bank sakhi and add to the trust deficit. This issue if not addressed in time and resolved satisfactorily can lead to a complete failure of the BC model. The bank sakhis have indicated that it would greatly help if their PoS machines are upgraded to the latest 4G systems.

- The Sakhis informed that due to the introduction of the Aadhar verification system, the deposits of SHGs are not being processed by the system. Consequently, a major portion of their income has reduced. They have requested for an early resolution to their problem.
- The system currently accepts repayments towards KCC loan accounts and deposits in RD accounts. However, all RD account transactions are not being approved by the system for unknown reasons.
- The bank sakhis were unanimous in their view that they were able to perform their jobs as they received full support from their families. A few said that their husband encouraged them while others said the encouragement came from their mother-in-law or even their children. Smt. Reeta Maura, a bank sakhi indicated that her mother-in-law stepped forward to take care of her daughter who was just 3 months old when she first took up the job of bank sakhi and was advised to proceed to the district head quarter of Unnao to undergo a 7 days' training programme. The study also covered a few mothers-in-law. They were all praise for their daughters-in-law. Smt. Rinki gave the example of her husband who has been a pillar of strength to her. He has been assisting her in household chores to a great extent. This reflects the changing attitude of the rural populace towards working women. It must be understood that these are women from the interior villages of Uttar Pradesh, a state where the society does not look too kindly at women taking up unconventional jobs that take them out of their homes. In such a context, the bank sakhi intervention has helped empower rural women like no other intervention has done both in terms of access to money as well as earning them respect from society for the service they provide.

7.3 Observations on Bank Mitra model:

7.3.1 Views expressed by Bank Mitras: The study covered 11 Bank Mitras and discussed with each of them separately using a standard questionnaire. The observations are presented below;

Shri Kamal Singh, a Bank Mitra, has 13 hamlets in 5 villages allocated to him, with the farthest village, Sadnakheda at a distance of 10 to 12 km from the branch. His HQ is at Mohiki Kheda and SSA is Pathari. He has a two wheeler, which he uses to commute to the villages and branch. He is at his HQ from 8 AM to 1 PM on all days and then travels to the branch to settle the accounts or replenish his cash, submit documents, etc. He then travels to the villages/ hamlets allocated to him to provide banking services from 6 PM to 8 PM.

He has been providing doorstep services to at least 10 to 12 clients every day, especially the old and infirm with old age pension being disbursed to over 1000 extremely frail persons every quarter at their doorstep. He opined that this was a service he felt extremely privileged to be providing. He said it gave him immense joy to be of help to the old and infirm in their twilight years.

He too echoed the problem pointed out by other bank sakhis and bank mitras of demographic data mismatch (Aadhar data mismatch) but said that the problem was more severe in his area with over 80 to 85% of the accounts in his area being deprived of the service due to “Demographic Authentication Failed” error messages generated by the system due to UIDAI and bank data mismatch. He indicated that the problem is persisting since 06 August 2018.

Shri Ganesh Shankar, a Bank Mitra, has 19 hamlets in 4 villages allocated to him, with the farthest village, Gyankheda at a distance of 14 km from the branch. All these villages/ hamlets are within 3 km radius from HQ at Neverna village (SSA). He too has a two wheeler, which he uses to commute to the villages and branch. He stays at Gudwa Bhimma village, which is 5 km from the branch and provides banking services to his fellow villagers from 7 AM to 9 AM on all days and then proceeds to his HQ and the villages allocated to him to provide banking services during the rest of the day. He visits Shivpur, Marohi, Padarikala and Nevarana villages to provide his services.

He indicated that the travel costs take up a significant portion of his earnings and the bank mitras are not being paid any allowance for petrol expenses. He indicated that bank mitras are being paid a total fixed allowance of Rs.2000 per month and the expenses are as follows:

Stationery (pens, ink pad, carbon paper, etc):	Rs.200
Electricity:	Rs.200
Internet charges for PoS machine:	Rs.200
Rent for premise:	Rs.1000
Petrol for two wheeler @Rs.50 per day for 30 days:	Rs.1500
Total	Rs.3100

He strongly pleaded for a revision in the fixed allowances with a provision being made for petrol as it takes up a lion’s share of the expenditure.

He too echoed the sentiments expressed by other bank sakhis and bank mitras regarding the loss of business due to the UIDAI and bank data mismatch. He indicated that his business had reduced by about 50%. He was undertaking 650 to 700 transactions per month previously and the number had dropped to 250 to 350 now. He revealed that his income too had taken a hit on account of the authentication mismatch issue. He was earning Rs.9000 to Rs.10000 per month from his roles as BC and BF, which has now reduced to just Rs.2500 to Rs.3000, which is not enough to cover even the expenses he incurs in providing the services to his clients.

The problem has been compounded further as repairs and servicing of the PoS machine are not being attended to promptly by the service provider, namely Bartronics Ltd. He cited an instance when the scanner of his PoS machine was not functional for 14 days at a stretch! This caused him a huge loss and also inconvenienced the villagers who had to travel long distances to the branch to avail of

the services. He suggested that substitute PoS machines may be kept in the branch or with the service provider and supplied to the bank mitras till the regular machine was repaired.

He also indicated that unlike some other bank mitras he has not undertaken transactions for customers of other banks (other than GBA) as there is no other bank branch up to 20 km distance from his area.

Santosh Singh, another Bank Mitra, has 02 villages allocated to him, with about 2600 households. The branch is about 8 km from his HQ. He has availed of a loan from GBA for purchasing a motorcycle, which he uses for attending to his duties as bank mitra. He reported that there is a fair extent of poaching and encroachment of other BCs. There is a BoI BC about 2 km away from his village, who is also closer to the market place. Hence many of his clients utilise the BoI BC's services when they go to the market place. Incidentally, the GBA branch is also close by but there appears to be a marked preference amongst the customers to go to the BoI BC rather than the branch or utilise Shri Santosh's services. He too reported a reduction in his income on account of demographic authentication failure.

There was one common request from all Bank Mitras about the purchase of new 4G enabled PoS machine. The cost of machine comes to Rs. 26,500. However, the GBA does not have a policy in place for the replacement of the existing PoS machines with the newer 4G machines. There is a confusion prevailing as to who will bear the costs of the new machines. The Bank Mitras have expressed their reservations about investing as much as Rs.26,500 in the new machine, especially as the volume of business has drastically reduced in the last few months. Some Bank Mitras also opined that if they purchase the machine and subsequently they get other opportunities or wish to discontinue working as bank mitras, they would be stuck with a machine for which they have no use. Also, if the machine is owned by them, the responsibility for its repair would also rest with them. They are however, prepared to provide a security deposit to the bank for the machine, purchased by GBA. The study team feels that a leasing option could be more viable, especially as the company would get the facility of claiming depreciation, which would not be available to the bank sakhis/ bank mitras. Study team feels that the issue should be resolved at the earliest so that Bank Mitras can effectively do their banking business riding on a 4G enabled PoS machine. Some of the Bank Mitras who have purchased it on their own and started using these new machines, expressed their happiness regarding its superior performance.

7.3.2 Views expressed by GBA officers

Shri Pradeep Kumar Shukla is the Branch Manager of Khwajipur branch of GBA. Shri Shukla has been Branch Manager since July 2016. He is managing a scale IV branch (Chief Manager) but is himself in Scale I. The branch has a staff complement of a cashier, 2 officers, 2 clerks and a daily wager besides the branch manager. The branch does not have Bank Sakhis but has 7 Bank Mitras. The branch has a service area of 28 villages, with each Bank Mitra catering to 4 to 6 villages. The average distance covered by Bank Mitra is 5 km from the branch. The contribution of the

Bank Mitras in the functioning of the branch, as mentioned by the Branch Manager, is detailed in the following points:

- 100% achievement of target under Atal Pension Yojana, was made due to the efforts made by Bank Mitras. The branch could achieve 116 against a target of 100 accounts.
- Under PMSBY, the Bank Mitras have not been able to make much of a dent. As against the target of 500 accounts, the branch has been able to achieve only 83 accounts. It was indicated that the bank mitras were not able to convince their clients to subscribe to the scheme as the premium amount was higher.
- The bank mitras help in obtaining stamp documents for the branch customers when their loan proposals are sanctioned. This saves the customers a lot of time that would otherwise have been taken up in obtaining the stamp papers and also avoids expenditure in travel etc.
- The bank mitras serve notices for repayment of loans on the defaulting customers. The effectiveness of the bank mitras is so high that the branch is not serving reminders for payment except through the bank mitras.
- The bank mitras have also assisted the branch in identifying NPA customers and convincing them to go in for a one-time settlement. Due to these efforts, the recovery of the branch on NPA accounts has increased.
- However, on the flip side, the branch manager opined that he has observed that due to presence of the bank mitras, the connect between the branch staff and the customers has eroded to such an extent that the branch staff are unable to recognize even its high value customers and defaulters. Consequently, the service standards at the branch have declined. Also, since a very large number of transactions are getting done outside the branch premises, the footfalls in the branch have dwindled drastically by over 70%. The branch is now not aware of the business opportunities that are arising unless brought to its notice by the Bank Mitras. On the other hand, the Bank Mitras do not have the appetite, skill or attitude to do high value banking and undertake risk based appraisal. Hence, the branch is losing business to other private sector banks operating in the area due to their better connect with customer needs.

Shri Sandeep Kumar Maurya is the Branch Manager in Buxer branch of GBA. There are 4 Bank Mitras attached to his branch. He was able to appreciate the contribution of the Bank Mitras towards BF activities, viz, preliminary identification of prospective loanee, issuance of recovery notice, recovery of stressed assets, creating awareness about savings and other products. He also indicated that they were very effective in providing inside information regarding sale of assets, receipt of windfall gains, etc., by the borrowers/ customers, which the branch could utilise to effect recoveries or to garner deposits. He also indicated that a Bank Mitra, on an average, was undertaking a minimum of 60 to 70 transactions per day even in the lean season. The average deposit amount was Rs.1000 and the maximum was Rs.10000, which is the permitted amount per customer per bank mitra. He however indicated that deposits above Rs.5000 are rare as there is little scope for savings in the villages.

7.4 Role of bank in supporting the Bank Sakhis and Bank Mitras

The bank managers indicated that they undertake monthly meetings with all the bank sakhis/ bank mitras attached to their branches. During the meetings, they discuss:

- Difficulties encountered by the bank sakhis
- Issues relating to improvement of business
- Settlement of claims relating to various government insurance schemes like Atal Pension Yojana, etc.
- How to increase the business of the bank sakhis/ bank mitras.
- Dispute resolution between the bank mitras/ bank sakhis in case of complaint regarding encroachment of territory.

7.5 Role of BIL in supporting the Bank Sakhis and Bank Mitras

Bartronics India Ltd (BIL) as CBC, is responsible for field management, recruitment and training. BIL has placed a dedicated team in Unnao district to carry out the assigned work. There are two Cluster Co-ordinators (CC) who are spearheading the work in the district. Below these CCs, Sub Cluster Co-ordinators (SCC) are there. Each SCC is assigned to take care of 35 Bank Mitras/ Bank Sakhis. As of now, there are 6 SCCs in Unnao district. Bank Mitras and Bank Sakhis report all operational issues to these SCCs.

8.0 Comparative income of Bank Mitras and Bank Sakhis

The income of both Bank Mitras and Bank Sakhis has been compiled based on data sourced from the GBA as well as from interactions with the bank sakhis and bank mitras and is presented in Table 3, Annexure II and Annexure III.

Table 3: Comparative business of Bank Mitras and Bank Sakhis during April, 2016 to December, 2018

Sr No	Type of Business	Bank Mitra- Average Monthly Business (in Nos)	Bank Sakhi – Average Monthly Business (in Nos)
1	New Account	4635	3528
2	Transaction (Deposit/ Withdrawal)	99766	68091
3	Aadhar/ Mobile Registration	14330	4179
4	Forwarding loan application	2396	741
5	KCC	1898	531
6	Mudra Loan	498	210
7	Loan Recovery	5542	747
8	Micro Pension	1354	655
9	Micro Insurance	5622	2324
10	Any other activity	No	No

11	Total number of transactions from April 2016 to December 2018 (Nos)	136041	81006
12	Average transactions per month (Nos)	4122	2454
13	Average Monthly Income (Rs)	5278	3055

From the Table 3 it may be observed that the lion's share of the transactions of a Bank Sakhi as well as that of a Bank Mitra are related to basic banking services, namely, deposits and withdrawals. Bank Mitras are having 46.51% more transactions as compared to bank sakhis as they are having the advantage of mobility due to their ownership of two-wheelers and probably because of their gender (being males). The bank mitras are also more aggressive in all BF activities as well, be it, opening of new accounts, forwarding loan applications, KCC, loan recovery, etc. Overall, the bank mitras undertook 67.93% more transactions than the bank sakhis. The monthly income data of both bank mitras and bank sakhis, as furnished in Annexure II & III, revealed that the average monthly income of the bank mitras was also proportionately higher by 72.76% than that of the bank sakhis.

9. “Kusuma Devi -The Phoenix Rises”- Success Story of a Bank Sakhi

The following success story of Smt Kusuma Devi, of Dhankaoli village is just one of the many women who have made a mark for themselves in a highly rigid male dominated society by riding on the Bank Sakhi intervention.

When your world comes crashing down, you have a chance to do something you could not have done before: RISE UP!.

It is the story of the Phoenix, the mythical bird that rises from the ashes reflected in the life of Smt Kusuma Devi, a resident of Dhankaoli village in Sumerpur block of Unnao district.

Kusuma lost her husband in May 2001. She was barely 28 years old, semi-literate, and faced the daunting prospect of supporting her mother-in-law and 5 children, the oldest being 12 years old and the youngest, an infant girl barely 6 month old.

In her own words, “Suffering changes you. If you let it, what happens to you becomes fuel for something new. It's a teacher you learn how not to run away from. If you can do that (and you can), you will learn how to live through what you thought would destroy you. When your world falls apart, it gives you a reason to build something new”.

Taking this motto to heart, she managed to make ends meet by toiling as agricultural labour. In December 2005, when opportunity in the form of employment as an anganwadi sahayakarta (assistant) came her way, she grabbed it with both hands. She was paid a paltry sum of Rs.500 a month with which she had to support 7 hungry mouths to feed. She toiled the days and managed to keep the body and soul of her family intact.

In June 2009, she heard about SHGs and got convinced that it was the only option for her to take control of her life. She mobilised 11 other women and together they set up the Bhartiya Mahila Swayam Sahayata Sangh, named after her youngest daughter, Bharati! The women scrimped, saved, and helped one another tide over difficult times.

In 2013, the GIZ and NABARD came out with a pilot scheme to promote financial inclusion capitalizing upon the network and skills developed by the office bearers of good SHGs. The scheme was popularly known as the Bank Sakhi Model.

Kusuma Devi was supplied with a hand-held POS machine and provided with training in its use. She was expected to provide banking services such as deposits and withdrawals to people in her village, who found it difficult to avail of banking services by visiting the bank branch, which was located 6 km away from her village. Her village had 14 hamlets located 3 to 5 km from her house. By coming to her, the villagers had the convenience to come to her house, at a time of their choosing to withdraw or deposit money. They found it beneficial as they now did not have to go to the branch, waste a full day and could gainfully earn their living. They were also spared the 6 km plus trek to the bank!

Kusuma had an overdraft limit of Rs.20,000 with which to manage the withdrawals. She serves the banking needs of about 1750 to 2000 persons in her village. She also earns handsome commissions from helping the bank track down defaulting borrowers and effect recoveries of NPA loans, identify good borrowers and prepare loan proposals, canvass and submit applications for Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana! She has prepared 250 plus loan applications for activities like kirana stores, dairying, KCC with loan amounts ranging from a modest Rs.10000 to Rs.8 lakh, opened over 1200 SB accounts, and canvassed over 500 life insurance policies.

She attended meetings of SHGs in her area and collected their savings for depositing them in the bank. She was paid a commission for every withdrawal and deposit. Her earnings from these commissions ranged from Rs.7500 to even Rs.10000 a month! She had never seen this much money in her life. She was now able to provide for her family. Her children could now have a full meal, good clothes, and even go to school!

She proudly says, “When the worst happens to you, you think you can’t survive. But the worst of situation make you better than you used to be. One should have faith in one’s ability to rise from fallen ashes to become brighter and more beautiful than ever before. One can do that. One is born for that.”

But the journey was not easy. She had to face the social stigma and snide comments of men and women in the village who could not bear the thought of a woman and widow being independent. She had to fend off unwanted advances. Often she lived in fear of being robbed. She thanks God for giving her courage to withstand the adversities and strength to persevere. She also says that her mother-in-law stood by her as a pillar of support during those stressful times. Today, a son and two daughters have been married. She has a grandson who is the apple of her eye. Her youngest daughter is going to college! Her children are now encouraging their mother to sit back and enjoy the fruits of her labour.

Kusuma smiles and says, “And once the storm is over, you won’t remember how you made it through, how you managed to survive. You won’t even be sure whether the storm is really over. But one thing is certain, when you come out of the storm, you won’t be the same person who walked in. That’s what this storm’s all about.”

One of her friends described the journey of Kusuma Devi - “Life tried to crush her, but only succeeded in creating a diamond.”



10. Summary of Observations & Recommendations:

- Both Bank Mitra and Bank Sakhi models have in general created desired impact towards the goal of financial inclusion. However, the Bank Mitras are found to be more aggressive in business mobilization due to better mobility, energy, risk taking ability and freedom from maintenance of daily household chores.
- The Bank Sakhis have their own strength viz, better social mobilization among old & aged and women folks. They were able to financially include the village women folks, the most excluded one, due to their networking ability and SHG experience. However, the demerits with Bank Sakhis are: lesser mobility and high work load in family front. It was observed by the study team that wherever the family mainly mother-in-law or husband comes forward to share the family burden, such Bank Sakhis have been performing better as in the case of Smt. Reeta Maura of Kamalpura village or Smt. Rinki of Koiyamandarpur village.
- As observed by the Branch Managers and also reflected in the data, the Bank Mitras are doing better as compared to Bank Sakhis on BF activities. This is mainly because of their mobility and almost single focus towards this profession. The mobility and vehicle support for Bank sakhis is a serious issue and deserves immediate attention of bank. The bank may come out with a customized vehicle loan product for Bank Sakhis.
- The hurdle of failed Aadhar authentication on account of data mismatch at Branch and UIDAI, is seriously casting a shadow on the performance of Bank Mitras and Bank Sakhis. The villagers have started getting disillusioned and the BCAs are fast losing their income. Therefore, the reconciliation exercise of

data mismatch between bank and UIDAI, must be given top priority otherwise the entire programme may fail.

- The enhancement of cash credit limit to Rs. 50,000, especially for Bank Mitras, merits attention of bank. This will facilitate the BCs to undertake more transactions without frequenting the branch often in a day.
- The 4G enabled PoS machine may be distributed to Bank sakhis on a mission mode approach. As far as Bank Mitras are concerned, the bank may purchase & own the 4G enabled PoS machines and may lease out to Bank Mitras.
- Presently, the cash-in-transit insurance beyond Rs. 20,000 is not made available by bank. Keeping in view the risk factor involved in the movement/travel with cash, especially for Bank Sakhis, the bank may find out a workable solution.
- The BCs need training for business promotion and customer mobilization, especially in the areas of identifying potential customers, counselling villagers about appropriate bank products, helping the customers in completing documentation formalities, educating customers about terms of sanction, skill in recovery of loans. Although the present training needs are taken care by the Corporate BC and the bank branches, much needs to be done in the area of capacity building.
- There were complaints from a few Bank Mitras and Bank Sakhis relating to the delay in resolution of technical hurdles relating to PoS machine, debit card reader, printer, etc. M/s Bartronics India Ltd, as the present TSP, must resolve these complaints within a timeframe.

11. Conclusion:

The experiment undertaken by GBA has been successful in not only providing banking services to a huge rural population that found it difficult to access these but also has brought about a shift in attitudes of society in looking at the roles that rural women play. Both Bank Mitra and Bank Sakhi models have in general created the desired impact towards the goal of financial inclusion. The hurdle of failed Aadhar authentication because of data mismatch at Branch and UIDAI is seriously casting a shadow on the performance of Bank Mitras and Bank Sakhis and needs to be addressed as early as possible to prevent collapse of the entire programme.

Annexure I
Compensation Package for BCs and BFs Offered by GBA

Sr. No	Activities	Incentive amount (Rs)
1	Fixed Compensation	Rs. 2000 per month, shared equally between Corporate BC and Bank Mitra, subject to the condition that minimum 125 transactions are carried out by Bank Mitra in a month
2	Variable Incentive	
2.1	Opening of SB & RD Account	Rs. 10 per account (80:20)
2.2	Transaction Cost	i.0.5% of amount of transaction (deposit) with minimum of Rs. 2 and maximum of Rs. 20 ii.0.5% of amount of transaction (withdrawal) with minimum of Rs. 2 and maximum of Rs. 20. Customer is charged 3 rd and onward withdrawal in a day (sharing between BC and CBC is 80:20)
2.3	Fund transfer/ Other transaction	0.5% of amount of transaction (for transfer) with minimum of Rs. 2 and maximum of Rs. 25 (sharing between BC and CBC is 80:20)
2.4	Remittance	Customer to be charged @ Rs. 30 per transaction, to be shared between bank (Rs. 5), TSP (Rs. 5) and BC (Rs. 20 - sharing between BC and CBC 80:20)
3.	BF Activities	
3.1	For mobilising Term Deposits	0.25% (Max. Rs. 1000) of Term Deposits for 3 years and above period in a single account. The deposit should remain at least for 6 months. In case of premature payment within 6 months, the incentive shall be recovered (sharing between BC and CBC 80:20)
3.2	Recovery of loans	i.0.5% for Diversion listed accounts subject to recovery of full overdue amount ii. 1% for Sub-standard accounts iii. 2% for Doubtful accounts iv. 3% for Loss accounts v. 5% for Write-off amount

Sr. No	Activities	Incentive amount (Rs)
		(sharing between BC and CBC 75:25)
3.3	Sourcing of loan proposals under Term loan/ cash credit	0.3% of the sanctioned and disbursed loan amount subject to the following; i. Minimum Rs. 150 and maximum Rs. 700 (sharing between BC and CBC 75:25)
3.4	Opening of RD accounts directly in branch	Rs. 25 per account (sharing between BC and CBC 75:25)
3.5	SHG promotion and Credit linkage	i. Rs. 400 per SHG on promotion and savings linkage ii. Rs. 400 per SHG on Credit linkage iii. Rs. 400 per JLG on promotion and credit linkage iv. Rs. 400 per JLG after one year of linkage on 1 st full repayment (sharing between BC and CBC 75:25)
3.6	Organising Financial Literacy/ Credit Camps	Rs. 150 per camp (sharing between BC and CBC 75:25)
3.7	Financing Solar Home Lighting system	Rs. 150 on sourcing application and Rs. 150 for maintenance in one year (sharing between BC and CBC 75:25)
3.8	Delivery of Notices/ Messages	Rs. 10 per Notice/ Message (sharing between BC and CBC 75:25)
3.9	Follow-up and monitoring of loan accounts, as recommended by branch manager	Rs. 28 per account per quarter (sharing between BC and CBC 75:25)
3.10	Aadhar seeding through Bank Mitra/ Bank Sakhi	i. Rs. 10 for Aadhar seeding per customer and ii. Rs. 15 for Aadhar enrolment+ Aadhar seeding per customer (sharing between BC and CBC 75:25)
3.11	Incentive under PMSBY	Rs. 1 per Case (sharing between BC and CBC 80:20)
3.12	Incentive under PMJJBY	Rs. 30 per Case (sharing between BC and CBC 80:20)
3.13	Incentive under APY	Rs. 50 per Case (sharing between BC and CBC 80:20)

Annexure II

Monthly Income of 11 Bank Mitras visited during the study

Month	Transaction (Deposit/Withdrawal) in Numbers	Monthly Income (11 Bank Mitras) in Rs.
Apr-16	342	37582
May-16	2292	57123
Jun-16	2404	45739
Jul-16	2422	60378
Aug-16	2601	70395
Sep-16	2563	81947
Oct-16	3450	69967
Nov-16	1539	22257
Dec-16	1368	15891
Jan-17	2776	34785
Feb-17	2527	41226
Mar-17	2832	46345
Apr-17	2725	36864
May-17	3726	69368
Jun-17	3416	70064
Jul-17	3618	68193
Aug-17	4940	83868
Sep-17	3022	58484
Oct-17	3373	57802
Nov-17	3867	65974
Dec-17	4200	68929
Jan-18	4174	73083
Feb-18	4277	73799
Mar-18	4092	65643
Apr-18	4794	67750
May-18	4533	69314
Jun-18	4578	79839
Jul-18	2270	58230
Aug-18	2026	45833
Sep-18	1936	51725
Oct-18	2225	59010
Nov-18	2332	53548
Dec-18	2526	55076
Total	99766	1916031
	Average Monthly Income Rs	5278

Annexure III

Monthly Income of 10 Bank Sakhis visited during the study

Month	Transaction (Deposit/ Withdrawal) in Numbers	Monthly Income (10 Bank Sakhis) in Rs.
Apr-16	1216	21711
May-16	2742	22359
Jun-16	2411	29566
Jul-16	2350	28306
Aug-16	2803	28493
Sep-16	2474	27440
Oct-16	2385	23579
Nov-16	1283	17199
Dec-16	1377	12668
Jan-17	2371	20637
Feb-17	2148	31414
Mar-17	2083	29435
Apr-17	1579	23664
May-17	1968	31030
Jun-17	2377	38470
Jul-17	2185	35888
Aug-17	2448	46207
Sep-17	2314	37886
Oct-17	2270	36957
Nov-17	2285	40225
Dec-17	2143	43954
Jan-18	2243	37256
Feb-18	2725	44516
Mar-18	2440	39663
Apr-18	2381	33479
May-18	2216	31629
Jun-18	2031	28604
Jul-18	913	24569
Aug-18	1251	23091
Sep-18	1028	21709
Oct-18	1691	30024
Nov-18	1901	30106
Dec-18	2059	36515
Total	68091	1008249
	Average Monthly Income Rs	3055