CHAPTER 5

PARTNERSHIPS AND COLLABORATIONS IN ASSAM -
CASE STUDIES

5.1 Introduction

To mitigate the demand – supply gap and make available the formal financial services in rural and fur flung areas, RBI created category of intermediaries called Business Correspondents and Business Facilitators in the year 2006\textsuperscript{lxi}. RBI also directed banks to use organized networks of Customer Service Points (CSPs) in line with the agents working in other countries for greater financial inclusion. These CSPs are retail outlets operated by individuals linking the banks with its customers in remote locations to enable them for undertaking their financial transactions (Chen and Thoumoung, 2012).

The previous chapter delineated the data collected from secondary sources regarding supply side interventions for greater financial inclusion in Assam. This chapter attempts to outline the efforts of major commercial banks operating in Assam highlighting their outreach through partnerships and collaboration for increasing the financial inclusion in the areas under study. For this purpose, primary data have been collected interviewing the various stakeholders including customers, bank officials, BCs/ BF and CSPs operating in the rural areas under study. To study the outreach of financial inclusion case study method has been used highlighting the Appointment, Training, Funding and Infrastructural Support to CSPs, their operational outreach and challenges. Specific conclusion and

\footnote{lxi The details available in Chapter-3}
suggestions have been drawn from individual cases. Further, a summary of all the nine CSPs started in association with Zero Mass Foundation (ZMF) have been presented to understand their outreach, issues and challenges. A comparison have also been attempted to highlight the strengths and weaknesses of CSPs appointed by both Drishtee and ZMF.

5.2 The BC mechanism

RBI notified attachment of every BC under the supervision of a bank branch called ‘base bank branch’. The distance between the place of business of a BC and the base bank branch, ordinarily, should not exceed 15 Kms in rural, semi-urban and urban areas. In metropolitan centres, the distance could be upto 5 Kms. However, in case a need is felt to relax the distance criterion, the matter can be referred to the District Consultative Committee (DCC) of the district concerned for the approval. Where such relaxations cover adjoining districts, the matter may be cleared by the SLBC, which shall also be the concerned forum for metropolitan areas. Such requests may be considered by the DCC/SLBC on merits in respect of under-banked areas or where the population is scattered over large area and where the need to provide banking services is imperative but having a branch may not be viable, keeping in view the ability of the base branch of the bank (RBI 2007-08).
The Figure 5.1 reveals the mechanism of delivery of financial services to customers in the unbanked villages allotted to the banks by involving players at two levels - at the first level BCs are appointed by banks and at the next level CSPs are appointed by the concerned BCs. In some cases individual BCs act as CSPs and directly deal with the customers at field level.

As revealed in the previous chapter, for increasing the banking outreach the unbanked villages having population size exceeding 2000 were allotted to different banks in Assam and the mode selected for greater financial inclusion in these villages was through BCs. The interview with the bank officials in Assam revealed that the process of collaboration for greater coverage of unbanked villages starts with the appointment of either BCs and/or the technology providers by the bank. Technology providers are appointed through an agreement between the technology vendor and the corporate head office of the banks. In some cases, BCs also act as technology vendors. In that case they provide both the hardware and software assistance and also help the banks in selection and
training of CSPs and field BCs (FBCs). The CSPs operate by opening a kiosk outlet while the FBCs function by carrying the machines to the field. The appointment of FBCs/ CSPs is approved after the internal committee of the bank verifies their eligibility criteria. The committee normally consists of four members namely Branch Manager, Senior Manager, Chief Manager and Zonal Manager. Once the CSPs/ FBCs are selected, trained and appointed, they are required to deposit security money, after which the facilitating devices such as Mobile phone, Finger scanner, Printer, Internet connecting devices and Computer/ Notepad/ laptop are given to FBCs/ CSPs as per the agreement between the bank and the BC. After receiving the equipments, the FBCs are eligible to start operation. They collect, enter, store and upload the information supplied by the prospective customers at the time of opening the bank accounts on the banks server and once the base bank branch receives, verifies and approves the same, accounts are opened and bio-metric/ smart cards are issued to customers. The CSPs/ FBCs can take cash deposit; make cash payment (up to Rs. 10,000). They help the customers in filling up the forms (if necessary) and deposit the cash in the base bank branch in the same day and if not possible in case of fur-flung areas than the very next day. The other services rendered by CSPs/ FBCs include money transfer, payment of utility bills, disbursal of loans, collection of loan installments, and cashless payments at local and remote merchant establishments. Through their low cost, direct delivery rural supply chain network the partnering agencies create significant cost and time savings for villagers, and provides an effective channel for banks to sell their products and services in a cost effective manner. Bio-metric or smart cards are issued either by banks or these BCs as per the agreement between the banks and the technology vendors.

lxiv This Biometric card is capable of storing Biometric Information about the a/c holder along with photograph and personal details and
5.3 Outreach and effectiveness of Business Correspondent Model in Assam

In Assam, many banks have laid down their FIPs. Most of the banks have planned to cover the unbanked villages allotted to them through BC model. Interviews were conducted with bank officials of seven of the major commercial banks operating in Assam at their regional/zonal offices to acquire primary information on the achievements and hindrances in extending the financial inclusion in their designated areas. The discussion with the bank officials about the collaboration of banks with various service providers to function as BCs in Assam reveals that though RBI has expanded the category and has allowed many entities to work as BCs, generally the banks in Assam have engaged Section 25 Companies floated by Technology Service Provider (TSP) as BCs. The main partnerships and collaborations existing in Assam as on October 2011 are SBI’s collaboration with Drishtee Foundation and Zero Mass Foundation (ZMF), UCO Bank’s collaboration with Integra Microsystem Private Limited; UBI’s collaboration with Bapuji Rural Enlightenment and Development Society (BREDS) and Atyati Technology Private Limited; CBI’s collaboration with Integra Microsystem Private Limited and SRDF & SSEVL; Allahabad Bank’s collaboration with Integra Microsystem Private Limited and Aurionpro Solution Limited and Assam Gramin Vikas Bank’s collaboration with Asomi (Figure - 5.2).
However, interviews with the bank officials revealed that although they collaborated with various agencies but most of these partnerships and collaborations with BCs and technology vendors existed only in papers and were not operational or had very marginal outreach till September 2011. The Corporate office of UCO bank appointed M/s Integra as BC for north eastern states in October 2010. However, it did not start the procedure of appointing CSPs despite several correspondences from the bank to the BC. Similar, was the case with UBI which collaborated with BREDS & Atyati Technology Private Limited. The outcome of ALB collaboration with M/s Integra Micro System (P) Ltd and M/s Aurionpro Solutions Ltd was also very meager and BOI reported that they could not appoint any BC in Assam as no suitable applicant was found. CBI appointed two BCs namely Sahaj Rural Development Foundation (SRDF) in the year 2010 and ‘I-25 Rural’ in the year 2005. CBI tied up with the technology vendors Srei Sahaj e-village limited (SSEVL) (a subsidiary of SREI Infrastructure Finance Limited) and Integra for enabling Technology Services for the BC model. Both were appointed by CBI’s corporate office. The status report of the Information Technology enabled financial inclusion
Projects as on 30th June 2011 reveals that CBI started the financial inclusion initiatives in 11 districts of Assam, however, it did not include Kamrup and Sonitpur (Annexure-v).

In Assam, as revealed in Chapter-4, AGVB and SBI were the major banks which were allotted around 63 percent of the unbanked villages in Assam in the year 2010-11 (having population of more than 2000) under FIP. These two banks were playing the major role in increasing banking outreach under FIP and appointed highest number of CSPs. These two were the only banks which claimed to cover allotted villages up to March 2011 in various districts of Assam\textsuperscript{lv}. Hence, the study focuses on presenting the operational mechanism of Asomi – the BC appointed by AGVB and SBI appointed BCs – Drishtee Foundation and Zero Mass Foundation. A total of 15 CSPs of SBI were selected in the rural areas of Sonitpur and Kamrup district for the study. Case based approach was followed to get a deeper understanding on the functioning of collaborations of SBI-BCs and CSPs in Assam.

5.4 Assam Gramin Vikas Bank and Asomi

AGVB appointed Asomi (an MFI) as BC in Assam. Asomi uses mobile banking technology while functioning as BC. Asomi developed its own software and uses the same for account opening and data transfer from fur-flung areas to the head office. The data is fed by the Asomi field staff using mobile banking and the information is uploaded to the Asomi server with the help of GPRS connection. For issue of Smart Cards, Asomi head office sends these stored data to a Delhi based company. The cards are manufactured in China. After arrival of the cards from China, the customer details are encrypted on these bio-metric Smart Cards by the Delhi based company. The same is received by Asomi in

\textsuperscript{lv} Details available in Chapter-4
due course and handed over to the field staff for the final delivery among the customers. After the information is uploaded, it takes around four weeks to deliver the Smart Cards to the customers. Asomi has issued almost 20,000 smart cards in different locations in Assam till October 2011. The major hindrances faced by Asomi relates to poor Internet connectivity in the field/ villages. Despite the constraints Asomi has successfully implemented three pilot projects for issuing smart cards in association with AGVB in three villages namely Boitabari (Bongaigaon District), Bilasipara (Dhuburi District) and Nagabat (Jorhat District).

5.5 SBI collaboration with Drishtee and ZMF

In its endeavour for greater financial inclusion, SBI has made 10 national alliances including India Posts, ITC, Zero MASS Foundations, Drishtee Foundation, FINO Fintech Foundation, EKO Aspire Foundation, 3i Infotech Foundation (Kiosk based) etc. and other 10 regional level alliances. SBI has also designed and implemented financial inclusion products namely smart card based SBI Tiny Card savings bank accounts\textsuperscript{lxvi}. The process works through POS comprising of a mobile phone, fingerprint scanner & printer. The technology supports opening and operation of savings bank accounts, recurring deposit products and remittance products. SBI has also started installing Kiosk Banking infrastructure which is internet based and biometrically enabled (www.statebankofindia.com).

SBI appointed two BCs in Assam namely Drishtee Foundation and Zero Mass Foundation to help in achieving the two objectives of ensuring greater financial inclusion and increasing the outreach of SBI. Further, through the collaboration SBI aims to provide

\textsuperscript{lxvi} which are based on technology and is to be operated with fingerprint identification
comprehensive financial services to the underprivileged sections of society encompassing savings, credit, remittance, insurance, mutual funds and pension products in a cost effective manner, particularly in untapped/unbanked areas. SBI also aims at improving the process efficiencies and reduce transaction costs by providing linkages between the existing network of SBI Branches and the informal and formal agencies engaged with the poor, by adopting technology based solutions. For accelerating the process of financial inclusion in unbanked areas, SBI is leveraging on the strengths of intermediaries (http://www.statebankofindia.com).

5.5.1 Drishtee Foundation and Drishtee Development and Communications Ltd (DDCL)

Drishtee foundation is a registered society under Society Registration Act 1860 working in the pursuit of sustainable human development through research and development, microfinance, nurturing entrepreneurship, financial support and vocational training. DDCL is a rural distribution network and a social enterprise, which is delivering need based products and services to the rural community. Its slogan is “Connecting Communities Village by Village”. It has entered into agreements with the SBI and HDFC Bank to extend BC and BF services to rural India. The company was started in 2000 providing e-governance services. Since its start, Drishtee has facilitated and supported a network of over 14,000 rural enterprises to cater to the critical needs of the
base of the pyramid by the year 2011. Drishtee has strong presence in 3 states of India namely, Assam, Bihar and Uttar Pradesh. The performance so far in the NER region as on September 2009 reveals that 199 CSPs were active and they covered 450 villages out of which 265 villages were unbanked. They issued 4,935 smart cards. The number of deposit accounts and loan accounts were 11,493 and 1,623 respectively. Drishtee has been in operation in the state since the year 2008 with over 300 CSPs upto June 2011 and has been offering computer education and other related services along with banking services. Drishtee-SBI Health & Financial Awareness Camp was organized in Dhontola & Bari Nohira in Kamrup District of Assam in December 2009. Further, Drishtee organized a Health Camp in Panikhati, Assam. Thus, DDCL, along with its group companies Drishtee Foundation (engaged in research and promotion of ICT) and Quiver Info Services (offers Franchisee Entrepreneur based products and services), is focused at building local capacity by following a rural franchisee model to create opportunities for growth. Drishtee is building service kiosks in countryside villages for providing internet connections and other critical community services. They can also access computer education, financial credit and health care services through these Drishtee Kiosks. Over the past years DDCL has developed an expertise in rolling out a unique last mile distribution network, built on both ICT, application and 'ground level entrepreneurship'. The distribution network is represented by local entrepreneurs at the retail end who provide access to their community at minimum opportunity cost. Drishtee has created significant cost and time savings for villagers, and provided an effective channel for enterprises to sell products and services. In its approach to greater financial inclusion Drishtee identifies and creates a number of
'milkman routes' in a given district. Through each route, it caters to a minimum of 20 - 25 villages. As a social enterprise, Drishtee works towards creating an impact in villages by creating an eco-system of micro-enterprises run by entrepreneurs with a specific focus on women. It identifies a number of potential entrepreneurs and train them on the specific skill sets required (www.drishteefoundation.org).

5.5.2 Zero Mass Foundation (ZMF)

Zero Microfinance and Savings Support Foundation is a Section 25 Company. It is closely affiliated to ‘A Little World’ which has been creating the last mile operations network in villages, under pre-defined service agreements with banks and front-ends the delivery of full-featured transactional services on behalf of banks for financial inclusion in fur-flung areas. The technology focus of ALW is on biometrics based ID, RFID smart cards, and Near Field Communication (NFC) mobile phones as acceptance and enabling devices (with merchants, field forces of MFIs and as cashless ATMs). ZMF has been appointed as BC by 15 banks in India and is providing field operations. In this mechanism mobile phone functions as core bank branch and mobile phones are used for opening accounts on-the-spot by local CSPs. Smart cards are not needed for biometric authentication in local service area. The ZERO platform converts new generation low cost NFC mobile phones with large storage capacities as a secure, self-sufficient bank branch, with biometrics based customer ID, for customer enrollments for no-frills accounts and all types of transactions in the village with the local CSPs operator acting as a Teller. Existing mobile communication networks are used for all transactions including uploads, downloads and application updates. Applications of ZERO includes biometric identity,
cash deposit, cash withdrawals, Money transfer, MNREGA / pensions, micro credit, micro insurance, cashless payment, utility payments and SHG utilities like disbursal, repayment and attendance. Printout of each transaction is provided to the customers. An agreement between ZMF and a bank typically includes the following services in the scope of activities of ZMF as BC (http://www.alittleworld.com)

i. Enrolment of customers for no-frills zero-balance savings accounts and other account types that may be specified by the bank.

ii. Enrolling, training and equipping the CSPs in villages to provide various kinds of transaction services including but not limited to cash deposit, cash withdrawal, transfer of money, payment of utility bills, disbursal of loans, collection of loan installments, and cashless payments at local and remote merchant establishments.

iii. Engaging the CSPs to provide enrolment services for opening no-frills account

iv. Engaging the CSPs to provide various kinds of transaction services including but not limited to cash deposit, cash withdrawal, transfer of money, payment of utility bills, and disbursal of loans and collection of loan installments.

v. Third party cash collection

vi. Cashless payments at local and remote merchant establishments

vii. Management of cash

viii. Lending activities on behalf of the Bank (as an MFI)

ix. Other service as may be advised by the Bank in writing to ZMF, and which ZMF agrees to perform
The internet-based kiosk banking with bio-metric verification, innovated by SBI was rolled out through BCs in the state. The BCs operate through both smart card-based SBI 'Tiny Card' accounts and internet-based Kiosk banking, thereby increasing the bank's outreach to those deprived of banking facilities. SBI plans to introduce SMS-based mobile phone technology and bio-metric enabled rural ATMs to support this movement to reach to the rural population in the state (http://www.business-standard.com). In its endeavor to increase its outreach in rural areas SBI North-East circle launched an ambitious programme of appointing 3,000 CSPs of BCs across the rural and semi urban centres in Assam. The scheme envisaged loans from SBI for all technology devices and infrastructure required for setting up kiosks of BCs. The state government came forward to extend support by offering subsidy to the identified CSP operators under employment generation schemes. A total of 303 CSPs were appointed by the two BCs in Assam upto June 2011. The districts are allotted to the BCs by the respective banks (Table - 5.1).
Table – 5.1: District wise number of CSPs by Drishtee & ZMF-The two BCs appointed by SBI in Assam

<table>
<thead>
<tr>
<th>Districts</th>
<th>CSPs appointed by Drishtee</th>
<th>CSPs appointed by ZMF</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Baksa</td>
<td>1</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>2. Barpeta</td>
<td>-</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>3. Bongaigaon</td>
<td>-</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>4. Cachar</td>
<td>-</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>5. Chirang</td>
<td>7</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>6. Darrang</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>7. Dhemaji</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>8. Dhubri</td>
<td>49</td>
<td>-</td>
<td>49</td>
</tr>
<tr>
<td>9. Dibrugarh</td>
<td>1</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>10. Goalpara</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>11. Golaghat</td>
<td>10</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>12. Hailakandi</td>
<td>-</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>13. Jorhat</td>
<td>-</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>14. Kamrup</td>
<td>4</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>15. Kamrup Metropolitan</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16. Karbi Anglong</td>
<td>-</td>
<td>2</td>
<td>2</td>
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<tr>
<td>17. Karimganj</td>
<td>4</td>
<td>9</td>
<td>13</td>
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<tr>
<td>18. Kokrajhar</td>
<td>5</td>
<td>-</td>
<td>5</td>
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<tr>
<td>19. Lakhimpur</td>
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<td>-</td>
<td>7</td>
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<tr>
<td>20. Morigaon</td>
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<td>3</td>
</tr>
<tr>
<td>21. Nagaon</td>
<td>41</td>
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</tr>
<tr>
<td>22. Nalbari</td>
<td>-</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>23. North Cachar Hills</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>24. Sibsagar</td>
<td>26</td>
<td>-</td>
<td>26</td>
</tr>
<tr>
<td>25. Sonitpur</td>
<td>8</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>26. Tinsukia</td>
<td>10</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>27. Udalguri</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>186</strong></td>
<td><strong>117</strong></td>
<td><strong>303</strong></td>
</tr>
</tbody>
</table>

Source: Compiled from LIST OF VILLAGES HAVING POPULATION ABOVE 2000 COVERED UNDER FINANCIAL INCLUSION PLAN UP TO 30TH JUNE 2011; available at: http://www.statebankofindia.com/user.htm

The district-wise distribution revealed that the highest numbers of CSPs were appointed in Dhubri (49) and Nagaon (41) district whereas the bank did not appoint any CSP in Dhemaji, North Cachar Hills and Kamrup Metropolitan districts (Table - 5.1).
Figure 5.3 clearly reveals that Drishtee was operating in both Kamrup and Sonitpur districts whereas ZMF was not having presence in Sonitpur district up to June 2011. Total number of CSPs operating in Kamrup was 18 out of which 4 were appointed by Drishtee and 14 by ZMF. In Sonitpur, Drishtee appointed 8 CSPs.

Total 15 CSPs were interviewed for developing an insight of the functioning and outreach of CSPs.

To provide a district wise analysis- the brief cases of the two Drishtee-CSPs and one ZMF-CSP and the analysis of nine ZMF-CSPs interviewed in Kamrup (Rural) are discussed.
Out of the four CSPs interviewed in Sonitpur, the brief cases of two CSPs are presented.

5.6 SBI- CSPs Cases in rural areas of Kamrup

5.6.1 Case 1: Drishtee-CSP at Hajo Chowk

During the field survey in the month of September 2011 the researcher visited a Drishtee-SBI customer service point a place called Hajo chowk which is around 25 Km from Guwahati. Depth interview was conducted with the entrepreneur who runs the CSP to glean the intricacies of operational and functional aspects along with the achievements and hindrances.

Pankaj (name changed) aged 28 years runs the CSP a ‘Kiosk’ outlet in a one room divided into two parts, bifurcated into front office and back office. The outlet was established in the year 2009 in the interior part of Hajo block. The CSP is set up by the local entrepreneur under the aegis of the tie-up between SBI, the largest public sector bank and Drishtee. The reason to set up the outlet in the remote area was deprivation of rural masses from availing the financial facility. The CSP is linked to nearby SBI-Dadra Branch and covers the entire Hajo. Some of the customers who were transacting at the time when the interview was in process revealed that they feel more comfortable in visiting the CSP run by a local person mostly known to them compared to the SBI branch located at a far

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lxvii As the other two CSPs whose details are not specifically mentioned revealed similar analysis which might lead to unnecessary repetition.
off place. Some customers are of the opinion that bank branches are meant for the elite class people only.

**Establishment-Appointment, Training, Funding and Infrastructural Support:**

Drishtee in association with SBI enabled the person to get loan under the Government’s scheme of Prime Minister Rojgar Yojana (PMRY). The amount of loan was Rs. 60,000, for setting up the infrastructure and for buying necessary equipments for CSP. Drishtee provided necessary equipments needed to discharge the functions as BC from the amount sanctioned under PMRY loan which included:

a. Notepad- HP
b. Printer-Xerox
c. Camera- Canon
d. Finger Scanner
e. Wireless Internet Connecting Device-Tata Photon
f. Rs. 8,000 for buying necessary office Furniture.

Training support was made available to the CSP by Centre for Education & Entrepreneurship Programme (CEEP), a programme run by Drishtee\textsuperscript{lxviii}. Training was provided after appointment as CSP at “SBI-Learning Centre” Dispur and at a later stage training regarding loan recovery was also also imparted to the entrepreneur.

\textsuperscript{lxviii} CEEP has been operating in the field of computer education and spoken English for the past twelve years and has actively contributed to bringing about computer awareness and literacy among rural countrymen across India. The aim of CEEP is to spread the good word about computer literacy, reduce the digital divide, not only between the rich and poor, rural and urban but also between men and women and at the same time usher in a new era of an uplifted, aware rural society. CEEP enhances both computer and employability skills.
Figure-5.4: CSP and the Partnering Agencies

**Operation:**

As reported, the CSP owner had to generate awareness regarding his services as CSP and convince villagers about the convenience of opening an account especially through a CSP. He had to pay door to door visit in many nearby villages to convince people for opening bank account and to get business. However, the scenario changed after two years of its start in 2011 as people started approaching the CSP on their own, in large number for availing the financial services.

The CSP is engaged in opening accounts and help the customers in filling up account opening and loan applications forms. It also used
to process these forms to verify the authenticity of supportive documents and completeness of information furnished by customers in the applications forms before submitting the duly filled in application forms to the base bank branch.

Till September 2011, customers opened mainly savings account. Regarding no-frills accounts, the CSP revealed that initially he opened no-frills accounts but later he had to stop as the base branch (SBI-Dadra) was not promoting no-frills accounts seriously due to limited number of transactions in no-frills accounts which were adding only cost to bank but no value. Again, the beneficiaries of various government schemes opened no-frills accounts to receive government payments after which most of the accounts were dormant. Hence, the CSP was instructed from base branch to give preference to savings accounts over no-frills accounts.

**Outreach/Achievements:**

The entrepreneur running the CSP was proud to reveal that he opened more than 3000 bank accounts in a period of three years since it started its operation.

**Procedure of opening the Bank account:**

As revealed by CSP it takes one month to open a bank account and arrival of the SBI Kit from the base branch to the CSP after which it can be handed over to the customers. However, the procedure of opening the accounts is a bit lengthy according to the person running the CSP. He opined that customers prefer a shorter duration.

**Remuneration of CSP:**
The CSP’s receive Rs. 20 as commission for opening an account. Out of this, the CSP has to share 20 percent with Drishtee. Thus, the net amount received is Rs. 16 per account.

**Challenges faced by the CSP under study:**

The maximum cash limit of Rs. 10,000 per day for the CSPs once created a problem for the entrepreneur when around 260 Indira Awas Yojana (IAY) beneficiaries in the year 2010 deposited cheque received under the scheme for encashment. But the CSP was unable to encash the same because of the fixed maximum ceiling on cash transaction for the CSPs and it led to chaos at the CSP. The illiteracy of customers made it difficult on the part of the CSP to make them understand the limitations of CSP. They were mostly no-frill account holders.

Another problem highlighted by the CSP relates to granting of loans. A number of documents are required for securing loan from bank via CSP which includes voter list, verification from Gaon Bura (village headman) so it becomes a bit difficult to grant loans and hence it reduces the popularity of the CSP over the informal sources of finance.

The other grievances of the CSP were related to equipments as he was not satisfied with equipments provided by Drishtee. The individual was of the opinion that instead of Notepad, it would have been better if the CSP was given a computer or laptop. Further, after the equipments were handed over by Drishtee to the CSP, adequate training regarding operation of the equipments were not provided. Further, operational difficulties were also not properly addressed by Drishtee.
Further, the CSP revealed that the training facilities were not adequate. The duration of training was merely 3 – 4 days and the number of participants used to be very large. Further, the training for loan recovery was also not satisfactory. The CSP opined that the recovery training is provided by SBI at its Head office in Guwahati. But he is not interested in undergoing training as he has to share the recovery commission with Drishtee but the expenses of obtaining the training for visiting Guwahati has to be borne entirely by CSP and Drishtee contribution towards travelling and other expenses was negligible.

Despite the bottlenecks, it should be noted that the initiative of SBI in association with Drishtee and establishment of CSP has not only provided employment to a local entrepreneur like Pankaj but also it has created an employment opportunity for the other four persons employed in the CSP.

**Observations from the case:**

The SBI-Drishtee initiative is a step forward for greater financial inclusion in the rural areas. However, the CSP was mainly engaged in opening savings account. For improving the services of CSP it is important to reduce the time lag between application and actual opening of
account, a minimum fixed remuneration should be fixed for the CSPs apart from the present mechanism of commission based earning to ensure their financial viability. Again, the maximum per day limit of cash transactions should be more than Rs. 10,000. BC should provide follow-up services, more promotional activities are needed to popularise the services of CSPs. Further, the drive for financial literacy should be extended in fur flung areas explaining the role & capacity of CSPs. Improved training & development facilities for CSPs along with relaxed norms of documentation and verification for account opening and credit facility are vital. Last but not the least improved equipments should be provided for smooth functioning of CSPs.

5.6.2 Case 2: Drishtee-SBI CSP at Boko

Hiren Nath (Name Changed), was appointed as CSP by Drishtee in January 2010. He studied up to class 12. Prior to serving as CSP, he was engaged in Bamboo supply business from Boko to state capital (Guwahati). But now he earns his livelihood by running the CSP Kiosk. He opines that his association as Drishtee-SBI CSP has enhanced his social status in the locality.

Loan and infrastructural support to CSP:

The CSP reported that a loan amount of Rs. 1,00,000 was sanctioned by SBI for starting the CSP out of which Rs. 25,000 was subsidy. The loan was disbursed in the name of entrepreneur but was credited to Drishtee’s account. Out of which Drishtee deducted Rs.15,000 as Security Deposit. Further, from the balance amount the cost of electronic equipments provided to the CSP by Drishtee were deducted. The equipments included a
Notepad, a Printer, a Camera, a Finger Scanner and a wireless device for connecting to internet. The CSP received only Rs.8,000 in cash from Drishtee for furnishing the Kiosk.

Training:

After appointment, training was provided in Guwahati and afterwards recovery training was provided at Khanapara in Guwahati.

Services offered by CSP:

The CSP is authorized to open Tiny Accounts i.e. no-frills accounts, savings accounts and provide Tiny Loan ranging from Rs. 1,000 to a maximum of Rs. 25,000. However, the CSP is not authorized to offer Personal Loans. Further, its per day Cash limit is Rs.10,000.

Outreach/ Achievements:

The CSP opened fixed deposit accounts of around 8 Lakhs. It also opened a few recurring deposit accounts but some of these accounts turned dormant. The CSP gave KCC Loan to more than 200 customers and opened more than 100 no-frills accounts till September 2011. However, the opening of the no-frills accounts was stopped later. Total transactions on these 100 no-frills accounts were around Rs. 2 Lakh. Out of which the CSP received a meager amount of Rs. 638 as commission in 4 months. The CSP had to share 30 percent of the total commission received with Drishtee.

Hindrances faced by Boko CSP:

CSP was satisfied with SBI- base bank branch collaboration. However, it has some operational issues with the devices and internet connectivity. Due to poor internet connectivity the CSP encountered problem in opening of Tiny accounts. The internet
connecting device did not function properly in the area. The Finger scanner device often malfunctioned at the time of operation. The ‘Tiny Cards’ given at the time of opening of bank accounts were considered as of low quality by customers. The per day cash limit of Rs. 10,000 was inadequate. Further, no pass book was provided to the Tiny account holders and they had to do with loose sheets for record keeping of their transactions.

Observations from the case

The CSP has been effective in the capacity building of a local entrepreneur. The major problem of the CSP relates to malfunction of the operating devices and poor internet connectivity. High quality equipments and good quality ‘Tiny Cards’ were desirable. Again, the per day cash limit of Rs. 10,000 was inadequate for proper functioning of the CSP. Provision of pass book is desirable even for no-frills account holders.

5.6.3 SBI & Zero Mass Foundation - CSPs

Interview with ZMF officials in September 2011 revealed that initially ZMF plans to offer only no-frills and savings bank accounts through the appointed CSPs. A sister concern of ZMF-A Little World (ALW) provides the technology platform for the BC operations. ZMF appointed one field officer for supervising the activities of the CSPs in Kamrup (Rural) District.

5.6.3.1 Case 3: ZMF- SBI CSP at Pachim Dadra

Tapas Das (name changed) was appointed by ZMF in December 2010 for running the CSP outlet under the initiative of covering the unbanked villages having population of above 2000 under FIP in Assam. ZMF has been appointed as BC in Assam by SBI to
enhance the banks outreach in rural areas. To earn his livelihood Tapas was running a small retail grocery shop in the village Paschim Dadra in Dadra block in Kamrup district before his appointment as CSP.

The CSP reported that after being identified as CSP by ZMF he attended 3 days training at Guwahati before his appointment as CSP. After training and appointment he received two devices to operate his CSP which included (Near Field Communication) NFC Mobile and a Finger Scanner.

He highlighted the procedure of opening the accounts with the help of these two devices. The finger print of the customer is captured in Finger Scanner, and photograph and voice mail in NFC Mobile phone while opening the accounts for bio-metric identification. The customer has to say his/ her name after which it gets recorded in the mobile phone. Once the enrolment formalities are over the details are uploaded in the server after which ZMF needs to supply the Bio-metric cards in the name of enrolled customers to the CSP for handing over the same to the respective customers.

After getting the devices the CSP started his activities in the new capacity from the same retail outlet and he collected application forms from 80 prospective customers who were willing to open their bank accounts till September 2011. Some of the customers even deposited Rs. 1,000 along with the application form for opening the accounts.

It was also reported that even after around nine months of his appointment and submission of the applications of the customers to ZMF, Bio-metric cards were not received by the CSP. The cards were expected to reach the CSP within a maximum period of 3 months as indicated by ZMF Field officer.
The CSP opined that the delay in delivery of the bio-metric cards caused annoyance amongst the prospective customers and many wanted to withdraw their applications. Further, at the time of appointment, ZMF assured the CSP that it will provide assistance in obtaining a loan of Rs.50,000 to run his CSP, but he could not secure the loan even after nine months of his appointment.

Further, it is important to note that the village Pachim Dadra is declared to be covered under the FIP as on 15th January 2011 as per SBI website information and also as per the SLBC report in the ‘List of Villages covered by SBI up to March 2011’. However, in a depth interview, the CSP under study reported that it did not start its operation till September 2011. Hence, mere appointment of CSPs should not be considered as a basis of declaring the village to be covered under the FIP.

5.6.3.2 Operational issues and challenges of SBI-ZMF CSPs: Observations from field

To have a deeper understanding of the operational issues and challenges and outreach of SBI-ZMF CSPs in Assam, telephonic interviews of 9 SBI-ZMF CSPs were conducted in September 2011. The objective of the interviews were to collect information regarding their procedure of operation, type of services offered, their outreach in terms of number of accounts opened and number of accounts active. The study tried to obtain information regarding the target group of customers for the CSPs. An attempt is made to understand the mechanism of tie-up and the technology facilitating the operations of CSPs. Further, details of remuneration and cost of establishing the outlet was collected along with the details of sharing of cost and benefit between the ZMF and CSPs. An attempt is also made to understand the other hindrances faced by the CSPs.
i. Respondents Profile:

The addresses, educational qualification and occupation of the CSPs prior to and after appointment as CSP is given in the following chart (Table - 5.2):

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Respondents</th>
<th>Addresses</th>
<th>Educational Qualification</th>
<th>Main Occupation Prior to appointment</th>
<th>Main Occupation After appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Respondent 1</td>
<td>Hajo 1 No. Singimari</td>
<td>Matriculation</td>
<td>Medical Shop</td>
<td>Medical Shop</td>
</tr>
<tr>
<td>2.</td>
<td>Respondent 2</td>
<td>Soneswar Athagaon</td>
<td>Higher secondary</td>
<td>Grocery Shop</td>
<td>Grocery Shop</td>
</tr>
<tr>
<td>3.</td>
<td>Respondent 3</td>
<td>Mirza Barduaon Tea Garden No. 2</td>
<td>Matriculation</td>
<td>Electrical repairing Shop</td>
<td>Electrical repairing Shop</td>
</tr>
<tr>
<td>4.</td>
<td>Respondent 4</td>
<td>Rangia Bihapara</td>
<td>Matriculation</td>
<td>Grocery Shop</td>
<td>Grocery Shop</td>
</tr>
<tr>
<td>5.</td>
<td>Respondent 5</td>
<td>Rangia Dhulabari</td>
<td>Under Matric</td>
<td>Photo Studio</td>
<td>Photo Studio</td>
</tr>
<tr>
<td>6.</td>
<td>Respondent 6</td>
<td>Mirza Sanpara</td>
<td>Higher secondary</td>
<td>Grocery Shop</td>
<td>Grocery Shop</td>
</tr>
<tr>
<td>7.</td>
<td>Respondent 7</td>
<td>Chaygaon Margenda</td>
<td>Higher secondary</td>
<td>Medical Shop</td>
<td>Medical Shop</td>
</tr>
<tr>
<td>8.</td>
<td>Respondent 8</td>
<td>Dadra Pachim Dadora</td>
<td>Matriculation</td>
<td>Grocery Shop</td>
<td>Grocery Shop</td>
</tr>
</tbody>
</table>

Source: Primary Data

The information regarding educational qualification of the respondents reveals that most of the CSPs are run by individuals who have done at least their matriculation. Except one CSP, the rest eight were local entrepreneurs. Most of the CSPs were running small grocery/medical shops both before and after their appointment as CSP because they did not start their operations as CSPs on a full-fledged manner till September 2011. Only one CSP left his job which he was doing in a private company. However, during interview he was regretting his decision of leaving his job and wanted to rejoin somewhere to earn his livelihood.

ii. CSP Outlet:

Most of the CSPs established their CSP outlets by dividing their existing shop in two parts one for their primary business and the other for their CSP business. However, one respondent took a shop on rent basis to run his CSP.
iii. Training to CSPs:

As reported by the CSPs, agreement between ZMF and SBI provides that ZMF as BC has to enroll, train and equip the CSPs to enable them to provide various kinds of services including but not limited to cash deposit, cash withdrawal, transfer of money, payment of utility bills, disbursal of loans, collection of loan installments, and cashless payments at local and remote merchant establishments. They also train the CSPs to handle and operate the devices.

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Respondents/ CSP</th>
<th>Training Duration</th>
<th>Satisfied Yes/ No</th>
<th>Devices received Yes/No</th>
<th>If received, Satisfied Yes/ No</th>
<th>Finger Scanner &amp; Mobile</th>
<th>Tiny /Biometric Cards received by the CSPs</th>
<th>Yes/ No</th>
<th>No. of application received for opening Tiny Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Respondent 1</td>
<td>3 days</td>
<td>Yes</td>
<td>No</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Respondent 2</td>
<td>3 days</td>
<td>Yes</td>
<td>No</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Yes</td>
<td>400</td>
</tr>
<tr>
<td>3</td>
<td>Respondent 3</td>
<td>3 days</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>-</td>
<td>No</td>
<td>214</td>
</tr>
<tr>
<td>4</td>
<td>Respondent 4</td>
<td>3 days</td>
<td>Yes</td>
<td>No</td>
<td>-</td>
<td>-</td>
<td>No</td>
<td>Yes</td>
<td>325</td>
</tr>
<tr>
<td>5</td>
<td>Respondent 5</td>
<td>3 days</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Over 200</td>
</tr>
<tr>
<td>6</td>
<td>Respondent 6</td>
<td>3 days</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Respondent 7</td>
<td>3 days</td>
<td>Yes</td>
<td>No</td>
<td>-</td>
<td>No</td>
<td>-</td>
<td>No</td>
<td>100</td>
</tr>
<tr>
<td>8</td>
<td>Respondent 8</td>
<td>3 days</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>80</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>Respondent 9</td>
<td>3 days</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>50</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Primary Data

Three days training was provided to the respondents before their appointment at ‘SBI-Learning Centre’ at SBI LHO Dispur. The training was provided free of cost and only the expenditure of conveyance has to be borne by the CSPs. All the CSPs were satisfied with the training.
iv. Process of opening accounts with the help of Technology:

During training, the entrepreneurs were trained in regard to the working of the technology and proper usage of the devices while opening accounts. The process is enlisted below:

**Figure -5.5: Procedure involved in opening of bank accounts through ZMF CSPs**

1. **Step 1:** Filling up of the form by the CSP and affixing photo of customers and obtaining customers signature on the form.

2. **Step 2:** Obtaining Finger Print of customers in Finger Scanner

3. **Step 3:** Recording voice prompts during enrolment i.e. recording voice of customers as voice mail in ‘User Voice Record Option’ in mobile where he/she has to say his/her name.

4. **Step 4:** Capturing the photo of the customer through the mobile

5. **Step 5:** Capturing the photo in the Application form of customer in Mobile

6. **Step 6:** Uploading the entire details through Bluetooth GPRS connection to the server.

The CSPs were instructed during training that they need to fill up the application forms on behalf of customers, affix photo of customers and has to obtain customers signature on the form. After obtaining the Finger Print of customers in Finger Scanner the voice prompts of the customers are recorded during enrolment i.e. recording voice of customers as voice mail in ‘User Voice Record Option’ in mobile where he/she has to say his/her name. The next step is capturing the photo of the customer through the mobile and
also the photo in the application form of customer is captured in Mobile. Uploading the entire details through Bluetooth GPRS connection to the ZMF server. After completion of all the formalities tiny cards are to be provided by the Bank to ZMF (the BC). ZMF in turn delivers it to the respective CSPs for onward delivery to the customers (the applicants). Once the tiny cards are received by the customers, they can start their transactions through the CSPs.

v. Devices to CSPs:

Mobile functions as a bank branch performing major functions at the CSP along with the finger scanner which helps in keeping bio-metric information of the CSPs. The CSPs were promised after appointment that they will be provided NFC mobile phones and Finger Scanner. These are the acceptance and enabling devices with the help of which bank accounts are opened and CSPs can start their operation of opening accounts. Mobile phone functions as core bank branch. Mobile phones are used for opening accounts on-the-spot by local CSP. However, out of the nine CSPs, only five CSPs received the devices. The other four CSPs were waiting for the devices even after 7-8 months of their appointment. They were supposed to receive the devices within one month of their appointment. They reported that they got several enquiries from customers who submitted their applications for opening the accounts. The CSPs without devices reported that some customers even asked their application forms to be returned and new customers did not even ventured near these CSPs. The existence of such CSPs in the area was just for the name sake.
vi. Tiny/ Bio-metric Cards to be delivered to CSPs:

Even after 7-8 months of completion of all the formalities of opening accounts and submission of the applications by the CSPs who had received the devices none of the CSPs received the Tiny / Bio-metric Cards. This limitation put them in a difficult situation as customers were eagerly waiting for the Cards. In response to the enquiry of the CSPs, every time ZMF assured delivery of the cards shortly.

5.6.3.3 Details of Interview of ZMF Field officer

After taking note of CSPs complaints regarding non-availability of devices and tiny cards, the ZMF Field Officer was interviewed to know about the causes of delay. Regarding delay in the delivery of the devices to CSPs, ZMF official responded that due to technological and expertise gap they were unable to hand over the devices to some CSPs. The Software which is known as enrollment software is required to be installed. An updated version of the software was to be installed. Due to lack of expert technicians ZMF was unable to install the software and hence unable to provide the devices to the CSPs. Again, regarding delay in delivery of tiny cards to CSPs, ZMF official reported that the printing of the cards is done centrally. The process of delivering the tiny cards to the customers involves the Mumbai head office. It is a lengthy procedure which involves

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\textsuperscript{lxix} An extensive ID profile of the customer is created on the card. Some information fields are compulsory and others are optional. The fields which are optional can also be captured in the future and written post-issuance on the card with control of the back-end system. Pre-created information slots on each card includes:- First Name; Middle Name; Last Name; Gender; Date of Birth; Occupation; Marital Status; Blood Group; Caste; Full Address (Home/Business/Permanent/Correspondence); Yr. of Marriage; Yr. of passing (SSC); Mother's Name; Father's Name; Spouse's Name; No. of children; Handicapped (Y/N); Fingerprint (Left); Fingerprint (Right); Phone (Res); Mobile; Passport No.; PAN No.; Other SBI A/C No.; Driver Lic. No.; Vehicle Type; SHG No.; NREGS No.; National ID; Voter ID; Employee ID; Pension ID; Insurance Policy No.; Email ID; Income Group; Loyalty; Nominee Name and Relationship with card holder.
Following is printed on card:
Photograph; Sex, Date-of-Birth; Issuance Date; Name; Card Number; Address; SBI-Tiny; ZERO; Disclaimer (usually at Back); Helpline Number; URL (www.cab.org.in)

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various players at different levels. Initially the customers have to enroll themselves with CSPs. Then their details are supplied to ZMF office and office entry is done after which the Soft Copy containing names and other details of the enrolled customers is sent to SBI LHO. Once the information is received by SBI LHO, it gives the Bank A/c numbers for customers/ enrollment numbers to ZMF which in turn supplies it to the customers on one hand and on the other hand SBI LHO sends the information to SBI Head Office (Mumbai). Once the tiny cards are dispatched by SBI Mumbai Office, those are handed over to ZMF office which in turn hands it over to its CSPs after which CSPs can give it to the customers. According to ZMF official, the details were sent to SBI Mumbai office but the cards did not arrive in due time which delayed the delivery of the cards by ZMF to CSPs. So, the lengthy procedure of bank is the main reason for the delay.

Source: Primary data

Figure 5.6: Steps involved in Delivering Tiny Cards to Customers

1. Customers are enrolled at CSPs
2. Office entry is done
3. Soft Copy/ Name of the enrolled customers are send to SBI LHO
4. SBI LHO gives the Bank A/c nos. for customers/ enrollment nos.
5. SBI LHO sends the information to SBI Bombay
6. Tiny Cards are despatched by SBI Bombay Office
7. Tiny Cards arrives at ZMF office at Guwahati
8. Tiny Cards are given to CSPs
9. Tiny Cards are delivered to enrolled customers by CSPs

Source: Primary data
vii. Security Deposit and Loan Facility:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Respondents</th>
<th>Security Deposit (Amt Rs.)</th>
<th>Loan Facility (Yes/No)</th>
<th>If Yes Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Respondent 1</td>
<td>7500</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Respondent 2</td>
<td>7500</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Respondent 3</td>
<td>5000</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Respondent 4</td>
<td>7500</td>
<td>Yes</td>
<td>50,000</td>
</tr>
<tr>
<td>5</td>
<td>Respondent 5</td>
<td>7500</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Respondent 6</td>
<td>7500</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Respondent 7</td>
<td>7500</td>
<td>Yes</td>
<td>50,000</td>
</tr>
<tr>
<td>8</td>
<td>Respondent 8</td>
<td>7500</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>Respondent 9</td>
<td>7500</td>
<td>No</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Primary Data

Most of the entrepreneurs gave a security deposit of Rs. 7,500 at the time of their appointment (Table-5.4). However, they were disappointed that even-after 7-8 months of their appointment; they were unable to recoup it. Further, almost all CSPs were assured at the time of their appointment that they will be provided with Loan Facility from SBI; and out of 9 CSPs interviewed only two CSPs were able to secure the loan of Rs. 50,000 each.

Mahmud Ali (name changed) of Bihapara village in Rangia Block of Kamrup district (one of the CSPs surveyed who secured the loan) reported during the interview that he was sanctioned a Loan of Rs. 50,000 by SBI Chayagaon Branch but he got only Rs. 10,000 in cash and rest of the amount was deducted by ZMF for providing Security Deposit, Banking Kit, Fees for ZMF and Commission to SBI, Chayagaon Branch.

viii. Observations from SBI- ZMF CSPs

The major observations of interviews with CSPs appointed by ZMF revealed that most of the individuals appointed as CSPs had minimum educational qualification of matriculation except one person and majority of them were local entrepreneurs. The CSPs were satisfied with the training. However, delay in receipt of the devices restricted their
functioning. None of the CSPs received the tiny cards and hence none of them could start operation till September 2011 even though the villagers were enthusiastic and willing to have access to bank account through the CSPs and few prospective customers applied for bank accounts. The delay in opening the accounts created annoyance among the customers and few of them expressed their doubts about the role of CSPs in making available the financial services. Further, it is pertinent to note that the declaration in SBI website as ‘Date of Coverage’ is actually the date on which CSPs were appointed in those villages. But none of the CSPs covered the villages by opening accounts. Hence, it should not be regarded as the date when the unbanked villages having population more than 2000 were covered under FIP. The villages should be regarded as covered under the FIP once the CSPs start opening accounts. However, most of the bank website mentioned the date of appointment of the CSPs as date of coverage under the FIP progress up to June 2011.

5.7 SBI- CSPs Cases from rural areas of Sonitpur

5.7.1 Case 4: Drishtee-SBI CSP at Panchmile

Appointment, Training, Funding and Infrastructural Support:

In August 2010, Ajgar Ali (Name changed) was identified by Drishtee to act as the Drishtee-SBI CSP at Panchmile, a small market place in a rural area of Sonitpur District. He was given the BC code as per the procedure of the tie-up. He secured a loan of Rs. 80,000 under the
Governments scheme of PMRY out of which 40 percent was government subsidy and 60 percent was the loan amount. The CSP received the operating equipments namely- Notepad, Printer, Camera, Finger Scanner and Wireless Internet Connecting Device. Again, Rs. 8,000 for buying necessary office Furniture. After appointment the CSP underwent Training under Centre for Education & Entrepreneurship Programme (CEEP), a programme run by Drishee at “SBI-Learning Centre”, Guwahati.

**Operation:**

The CSP convinces people and creates awareness by visiting nearby villages. The CSP reports that financial awareness and literacy was very low and often people expressed their consent regarding the security of their money if deposited. The villagers were unable to differentiate between SBI-CSP and other private societies existing in the area.

**Outreach/Achievements:**

Initially under the FIP, he was given a target of opening 350 accounts but he submitted around 1300 applications for opening no-frills accounts to the link branch located at Mission Chariali, Tezpur.

**Challenges faced by the CSP under study:**

The CSP could not start operation even after six months of its appointment. The reasons were that initially the bank instructed that documents were not required for opening no-frills accounts, but later they emphasized the CSP to collect and provide
supportive documents. It was not feasible on the part of the CSP to collect required documents from the applicants after submission of their application as per the previous instruction. Again, after few months, Tiny cards arrived for around 350 applicants but there were printing errors like mismatch between applicants name and photograph etc. Further, the devices were not operational. Poor internet connectivity hampered the work of the CSP.

Observations from the case:

The CSP suggested that a different desk should be created in the link branch to attend the operational grievances of CSPs and more cooperation from the bank officials were desirable.

5.7.2 Case 5: Drishtee-SBI CSP at Parowa

Appointment, Training, Funding and Infrastructural Support:

Sridhar (name changed) was appointed to run the CSP outlet in June 2011 under Drishtee-SBI collaboration for greater financial inclusion in the rural areas. After appointment he underwent training as SBI-Learning Center in Dispur (Guwahati). The concerned CSP was satisfied with the training facility. It is important to note that the CSP did not avail the loan facility and hence was not given the equipments. The CSP acted as BF for SBI-Tezpur Branch. As BF he used to go to villages and convince people to open bank accounts. He used to help them in filling the no-frills account opening forms. Again in December 2011, under the FIP, the ‘Swabhiman Lakshya’ scheme was launched. Under this scheme the CSP under study was given a target to cover the three allotted villages
namely-Gutlong, Parowa & Harigaon. As BF the CSP used to share commission with Drishtee at the same rate as the BC-CSPs share.

**Operation:**

As BF the CSP had no transaction rights. It used to create awareness, take the application forms to unbanked villages, help the villagers in filling up the forms and complying with other necessary formalities and then depositing the filled up forms in the base branch. Once the accounts were opened, the CSP used to get commission via Drishtee.

**Outreach/Achievements:**

The CSP visited allotted villages under the Swabhiman Lakshya scheme and successfully opened at least one account in each household. The CSP reported that the T-Shirt given under the scheme with SBI logo helped in getting attention of the villagers. The CSP-BF took initiative for linking SHGs to bank by organizing meetings with the SHGs.

**Challenges faced by the CSP under study:**

It was challenging for the CSP to differentiate itself from the private societies and to counter the concern of the villagers for cheating. The CSP expressed that it had to share the commission with Drishtee even though the CSP while acting as BF was not getting any support from Drishtee and had to bear all the expenses of visiting the villages and getting business. Again, the commission was not paid by Drishtee regularly and the CSP used to get its share of commission after 3-4 months.
Observations from the case:

The CSP suggested that promotional support should be provided by BC (i.e. Drishtee) and direct appointment of CSPs by Banks was more desirable. Further, the CSP opined that the selection of villages for the scheme ‘Swabhiman Lakhsya’ was not proper. As the villages selected under the scheme were near highway and had comparatively easy access to bank branch. Few households already had bank accounts. Hence, identification and selection of more interior villages was desirable.

5.8 Comparative Analysis of Drishtee and ZMF CSPs in Assam

Even though the CSPs of both the BCs were not satisfied with the equipments provided and were disappointed because of inadequate promotional support from the BCs, the following are the point of differences as is evidences from the CSP interviews of both Drishtee and ZMF:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Point of Difference</th>
<th>Drishtee</th>
<th>ZMF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Operations</td>
<td>The CSPs were operational and were rendering the financial services as they had access to operating devices</td>
<td>The CSPs were not operational because of delay in operating device as well as Tiny Cards</td>
</tr>
<tr>
<td>2</td>
<td>Devices</td>
<td>Drishtee provided to each CSP one Notepad- HP, Printer-Xerox, Camera-Canon, Finger Scanner and Wireless Internet connecting Device-Tata Photon</td>
<td>ZMF CSPs were to operate with the help of NFC Mobile and a Finger Scanner.</td>
</tr>
<tr>
<td>3</td>
<td>Delivery of Equipments</td>
<td>It handed over the operating devices to CSP on time</td>
<td>Delay in delivery of equipments was reported by CSPs</td>
</tr>
<tr>
<td>4</td>
<td>Loan Assistance</td>
<td>It assisted the CSPs in securing loan and the CSPs under study could secure loan</td>
<td>CSPs reported lack of assistance from the ZMF for securing loan and only 2 out of 9 CSPs could secure the loan</td>
</tr>
<tr>
<td>5</td>
<td>Training Facility</td>
<td>CSPs were not satisfied with training provided</td>
<td>CSPs were satisfied with training provided</td>
</tr>
<tr>
<td>6</td>
<td>Security Deposit</td>
<td>The amount of security deposit was higher in comparison to ZMF</td>
<td>The amount of security deposit was lower in comparison to ZMF</td>
</tr>
<tr>
<td>7</td>
<td>Operational Issues</td>
<td>CSPs could identify some operational issues &amp; challenges because they were in existence</td>
<td>CSPs had no idea of operational issues &amp; challenges because they could not start their operations till September 2011</td>
</tr>
</tbody>
</table>

Source: Primary data
5.9 Operational issues and challenges of the Partnerships and Collaboration (BC model) in Assam

The major hindrances faced by banks for delay in operation and implementation of BC Model in Assam relates to the tussle regarding agreements. As the agreement is made between the ‘Technology providers’ and the banks ‘head office’ so it becomes difficult to enforce or speed up the work at the state or regional level. The follow up mechanism suffers at regional level because of indirect contact between the regional offices and technology vendor. If the regional office/ or the branches want to enquire about or fasten the process, they cannot approach the vendor directly and have to route the communication through head office and all this leads to wastage of time. For example M/s Integra Private Ltd entered in to partnership with UCO bank but it did not start appointing CSPs in unbanked areas despite several correspondences till December 2011. Same was the case with UBI and its technology vendor BREDs. Whereas the tie-up between the AGVB with a local NBFC ‘ASOMI’ whose head office is in Assam was found to be comparatively satisfactory as it started its operation and issued a number of bio-metric or smart cards in various unbanked villages in Assam. However, it also faced difficulties in operation due to poor internet connectivity. Lack of proper co-ordination between the Technology Service Provider and the BCs/ Field Staff was another hindrance in implementing the BC model. Again, many SBI-ZMF CSPs were unable to operate because of delay in delivery of bio-metric equipments as well as biometric / smart cards. Further, only 2 out of nine CSPs surveyed could secure the loan amount. Improved quality of
equipments and tiny cards, passbook facility for tiny account holders, better training facilities and increase in per day cash limit were desirable for better functioning of CSPs.

5.10 Conclusion and Suggestions

The functioning and outreach of CSPs in the study areas was not satisfactory. Negligence and lack of enthusiasm on the part of bank officials in promoting the no-frills accounts, time lag and lengthy procedure for opening the no-frills accounts were hindering the success of the financial inclusion drive. A separate desk should be created in link/ base branch to help the CSPs. Further, the CSPs were not satisfied with the remuneration and in their opinion opening of no-frills account were not financially viable for them. The percentage of commission they had to share was high and receipt of remuneration via BC (i.e. Drishtee) was more of a hindrance. Also payment of remuneration was not regular and sometimes it used to take 3 to 4 months for receipts of the same. It is highly important that the problem of remuneration be sorted out quickly and efficiently. Improper technology and weak internet connectivity hampered the smooth functioning of CSPs. Further, the CSPs should be allowed to buy equipments of their choice as most of the Drishtee-SBI CSPs were dissatisfied with the equipments. Again, no promotional support was augmented by the BCs for popularising the services of CSP. The other issues with BC model in Assam included non-availability of variety of products to be offered by CSPs, delay in payment and insufficient amount of commission to CSPs, insufficient number of CSPs, difficulty in monitoring the functions of CSPs etc.
Some suggestions for bringing effective and efficient delivery of services by BCs and CSPs for greater financial inclusion include timely delivery of the equipments and biometric cards. Time limits should be fixed for delivery and actions. Further, proper coordination between the Technology Service Provider and the BCs and CSPs is required for the greater success of the financial inclusion drive. The agreements between banks and technology vendor should be at regional/ state level and not at corporate office level. Further, appointment of local NGOs & NBFCs as BC might be more desirable as they have better understanding of the needs of the common people and suitable financial products and services may be developed to serve the poor. Further, it will enable the bank to have better monitoring and will bring efficiency and speed in the financial inclusion drive. Again to reduce the time lag in printing and delivery of tiny cards, local agencies should be involved. Even for providing technological support and reduce the expertise gap, local agencies might be enrolled. This might facilitate the banks in better monitoring of BCs and technology vendors and bring efficiency and effectiveness in the functioning of CSPs. Again, there is a need to increase number of CSPs for greater outreach of the financial services in remote locations. More interior villages in the far-flung areas should be identified for covering under the FIP plan to bring effective financial inclusion. Bank staff may be given extra incentives for carrying out financial inclusion work more efficiently. Internet connectivity needs to be improved. Most importantly government should work for greater financial literacy in rural areas and make it compulsory on the part of the BCs as they share commission with the CSPs on opening of accounts, hence the cost of creating awareness should also be shared by the BC.
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