

Rajasthan Grameen Aajeevika Vikas Parishad

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Business Correspondent Policy

1. Introduction

Financial inclusion plays a crucial role in poverty alleviation. It encompasses delivery of financial services (such as account opening, deposits, withdrawal, remittance, enrolment in social security schemes etc.) at affordable costs to the disadvantaged and / or low-income segments in un-banked and under-banked areas. Still most of the rural population doesn't have access to timely and quality services mentioned above. This is due to the following possible reasons:

- Distance from bank branch
- Lack of awareness about banking services
- Lack of awareness about banking procedures
- Long waiting time in banks
- Apathetic attitude of bank staff towards rural customers

The challenges mentioned above are also being faced by SHG members. Business Correspondent (BC) model is one of the possible strategies to address the issues mentioned above. Business Correspondent is appointed at Gram Panchayat / Branch level and delivers the following services.

Business Correspondent Services	Business Facilitation Services
<ul style="list-style-type: none">• Account Opening• Deposits• Withdrawal• Remittance• Fixed Deposit and Recurring Deposits	<ul style="list-style-type: none">• Prompting and selling insurance products• Promoting and selling pension products• Delivering reminder notices for non-performing assets on behalf of bank branches• Recovering NPAs• Generating eligible loan applications• Any other services as per the need of banks• Any other services as advised by RGAVP

Hence, in order to deliver financial services to the SHG members and other rural poor in a timely and efficient manner, this policy will be implemented by RGAVP in all blocks where RGAVP has entered / to be entered in future and will involve the following strategies:

- Mapping of existing BCs and enabling individual and group transactions through them
- Appointing SHG members as BC agents, where BCs are not deployed or are dormant.

2. Selection of BC Agents

The SHG member should meet the following criteria:

- Should be a member of SHG promoted / nurtured by RGAVP
- Should have attended at least 5 (five) weekly SHG Meetings.
- Age should be between 18 to 45 years.
- Should be minimum 10th pass.
- Should have basic arithmetic and Hindi writing skill.

- Should have interest and aptitude in entrepreneurship.
- Should have cordial relation with community members.
- Should be willing to travel within service area to deliver financial services, and attend Block / District / State Level training.
- Knowledge of basic computer skill is desirable.

Based on the above criteria, the CLF / VO / Nodal VO will identify suitable SHG members as BC for any location and recommend to BPM. BPM will counsel and recommend to DPM, if found suitable. Finally DPM & DM – FI jointly will counsel the candidate and identify BC for any location and communicate to SPMU, if found suitable. District will keep photocopies of all documents (like KYC, recommendation letters, Police Verification report – if done, etc) at DPMU level for future record purpose.

3. Services Offered

The SHG members working as BC agents will provide BC and BF services to individual SHG members and SHGs, as well as other community members. The list of services are mentioned in Point No.1.

4. Investment to be made by BC Agent

SHG members selected as BC agents would work as individual entrepreneurs and are expected to make two kind of investment.

❖ Capital Investment

A. Hardware

The SHG member working as BC agent should purchase the following equipments / hardware in order to deliver financial services. The approximate cost of these equipments would be Rs.55,000/-.

Component	Estimated Cost (Rs.)
Laptop / PC	25,000/-
Printer	7,000/-
Scanner	3,000/-
Pin-pad device for RuPay Card	6,500/-
Finger Print scanner	3,000/-
Internet Connection (Broadband / Dongle)	1,500/-
Fake note detector	6,000/-
Miscellaneous	3,000/-
Total	55,000/-

B. Overdraft

For facilitating transactions, the SHG member working as BC agent would need overdraft facility from bank branch and hence would have to make a fixed deposit in the OD A/c. An overdraft will be provided against the deposit. Initially she can start with a deposit of Rs.10,000/- and may increase the overdraft limit with increase in the number and value of transactions.

The total initial investment by SHG member working as BC agent (including miscellaneous expenses) is expected to be Rs.65,000/-.

❖ Operational Expenses

This would include expenses like rent of Kiosk premises, electricity, internet, hardware maintenance and travel expenditure. The average monthly operational expenses for an SHG member working as BC agent is expected to be Rs.1,700/-

Components	Estimated Cost (Rs.)
Rent of premises	500
Electricity	500
Monthly internet charges	500
Travel expenses, stationary & Misc. Exp.	200
Total Operational Exp.	1700

5. Support from Project:

The SHG members working as BC agents will provide doorstep financial services to the community members. This will not only work as entrepreneurs and enhance their own income, but will also serve the interest of the larger community by providing banking services and facilitating access to social security schemes to individual SHG members other community members and SHGs. They will also facilitate direct benefit transfer of government entitlements.

Therefore initial support will be provided to SHG members working as BC agents so that they may serve the community efficiently. Under the project, there is a provision for financial support to help them meet the capital and other expenditure.

❖ **Special BC Loan Product**

Under the project, there is a provision to provide financial support amounting Rs.60000/- to BC agents for capital and miscellaneous expenditure. Under this provision the CLF / VO (in absence of CLF) / Nodal VO (In absence of VO) / SHG (in absence of Nodal VO) as applicable from case-to-case will provide this as an interest free loan to SHG member working as BC agent, to facilitate the capital investment and miscellaneous expenditure.

The flow of fund in this case is the same as that in the case of CIF, as explained below:

- SHG member (selected as BC Agent and completed necessary formalities to start business) will request to their own SHG for Loan.
- The SHG will request the VO for the loan
- The VO in turn will request the CLF for loan.
- The CLF will request their DPMU for fund.
- The DPMU will scrutinize the CLF's application and release the fund accordingly

❖ **Honorarium support to CLF**

Under the project initial honorarium support to SHG member as BC agents will be provided. DPMU will provide a fund of Rs.18000/- to CLF / VO / Nodal VO / SHG (as applicable case-to-case basis) at a time for honorarium of BC agents. CLF / VO / Nodal VO / SHG (as applicable case-to-case basis) will pay honorarium to BC Agent Rs.3000/- per month for 6 Months on satisfactory work.

The honorarium will be disbursed to the SHG member working as BC agent through the following channel:

DPMU > CLF > VO / Nodal VO > SHG > SHG member working as BC
(as applicable case-to-case basis)


6. Training

A state / District level training would be conducted for the SHG members working as BC agents by RSETI / Bank / Corporate BC / Rajeevika after KO Code generation.

7. Monitoring and Handholding Support from CLF


CLF will monitor & support in following manner:-

- Identification of SHG member to work as BC agent
- Introduction of SHG member appointed as BC agent to the community through awareness camp or CLF meeting.
- Organizing enrolment camps at GP / Village Level.
- Regular monitoring of services delivered by SHG members working as BC agents.
- Coordination with Bank Branch and Corporate BC staff, Rajeevika Staff (Block & District Level) for troubleshooting, grievance redressal and timely commission payment.


(Aruna Rajoria), IAS
State Mission Director,
RGAVP

Copy forwarded to the followings for information and necessary actions:-

1. P.S. to the Addl. Chief Secretary (RD & PR), GoR, Jaipur
2. PA to State Mission Director, RGAVP, Jaipur
3. Financial Advisor, RGAVP, Jaipur
4. State Project Manager (Financial Inclusion / M & E / IB / Finance), RGAVP, Jaipur
5. State Project Manager (MIS) to upload on website
6. District Project Manager (All), RGAVP
7. Concern file.


Project Director (LPs & SHGs)
RGAVP