

7th Floor NDCC-II Building
Jai Singh Road
New Delhi
Dated: 11th July, 2019

To

The SMDs/CEOs of SRLM all States/UTs

**Subject: Positioning of SHG member as Business Correspondent Agent (BC Sakhi)
“Mission One GP One BC Sakhi” - Roll Out Plan.**

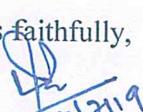
Sir/Madam,

As you are aware that Business Correspondent (BC) model forms the cornerstone for expanding the reach of banking services and has been instrumental in bringing un/under-served households into the ambit of formal banking system by ensuring delivery of various banking services & financial products.

2. It may be pertinent to mention that women SHG member as Business Correspondents has now gained wider acceptability among banks and regulators. Department of Financial Services (DFS), Ministry of Finance has advised all banks to deploy women SHG members as Business Correspondents in the allotted sub service area and in other areas as per their requirements. In view of potential this model holds in deepening financial inclusion, Ministry of Rural Development under Deendayal Antyodaya Yojna- National Rural Livelihoods Mission (DAY-NRLM) has decided to scale-up this intervention across all states. All SRLMs are advised to make the following arrangements mentioned in the attached note for positioning women SHG member as Business Correspondent. (Roll out Plan attached)
3. During implementation of this initiative, it has been realized that due to process delay in readiness of trained and certified BC Sakhi, deployment of SHG Members as BC doesn't not match the pace as and when required by banks. Several bankers have raised their concern regarding this. Recently India Post Payment Bank is also coming forward to deploy large numbers of Business Correspondents across country.
4. In light of the opportunity and concern raised by bankers, it is suggested to create a pool of 1.25 lac trained and certified women SHG members as BC Sakhi in next 3 years with a target of 50000 such BC Sakhi in next one year. Initially, all these trained and certified BC Sakhi will be equipped with FPS and an application for AEPS transactions like DigiPay Pay Points of CSC (for making payments using AEPS) or any other such option till they are engaged as regular BCA of any bank.
5. You are requested to consider this intervention as one of the top priorities under DAY-NRLM and ensure timely implementation of the activities. Report on progress made under the intervention should be shared with this Ministry on regular basis.

Thanking you,

Yours faithfully,


(Leena Johri)
Joint Secretary to the Govt. of India

Roll out SOP for Positioning SHG member as Business Correspondents – BC Sakhi – “Mission One GP One BC Sakhi”

1. Background

Post demonetization, Government of India has given a thrust on digital financial transactions and moving towards an increasingly less cash economy. Government, Regulators and related institution have been working together - licensing of payment banks; emergence of PPI providers; new technologies like compact POS machines, UPI, Aadhar Pay, Bharat QR; changes in bank charges and limitation on withdrawal at ATMs all directed to creating an enabling environment. India Stack (A project of creating a unified software platform to bring [India's](#) population into the digital age) is the underlying enabler allowing governments, financial institutions and market to utilize the digital Infrastructure and move towards presence-less, paperless, and cashless service delivery. Rural areas, with increasing penetration of mobile and internet connectivity will not remain untouched by this.

As on March, 2019, an estimated over Rs 1, 00,000 Cr is being transacted within the SHG ecosystem, bulk of it being in cash. The business processes and transactions conceived for SHGs are more than 2 decades old and are aligned to a more cash base transaction. With cash in short supply, there is an urgent need to redesign the processes and transit from a predominantly cash transactions to digital transactions. Introduction of digital transactions within SHG ecosystem can bring in several advantages like:

- Greater transparency leading to equitable distribution of resources among SHG members
- Ease of book keeping/ accounts within SHGs and their federations
- Faster and real time transactions; reducing redundancy in the system
- Transactions through formal banking channels help SHG members create an individual transaction history which will be helpful for them to graduate to individual customers for higher order of financial support from financial institutions.
- Livelihood opportunity for SHG members as Business Correspondent

The key to promoting digital transactions is to build & strengthen the last mile service delivery architecture. Further, with the advancement of digital technologies, ‘Self Service model’ is becoming the preferred way of banking. Thus the focus of the mission would be to take banking to the doorsteps of people who are still excluded and introduce them to the new age banking tools. This will also help individual SHG members to have credit history of their own for preferred banking client.

The experience from the current intervention on positioning women SHG members as BC agents across 13 states clearly demonstrates that women BC agents are apt in providing this last mile banking service. The inherent strength of the model lies in the ability of these women BCs in connecting with people and providing services with dignity. Learning from the intervention was presented to Reserve Bank of India, Department of Financial Services, commercial banks and other agencies. This has led to a greater acceptability of the model with DFS issuing advisory to banks to prioritize women SHG members while selection of individuals as BC agents.

However, inspite of the willingness across stakeholders to adopt women SHG members as BC agents, the main hurdle in faster scaling up of the model is the unavailability of a trained and certified pool of women SHG members as BC Agents across all states. The current practice of training SHG members as BC, once banks allocate specific locations, is both time consuming and costly. In view of this, it is proposed to create a readily available pool of women SHG members trained and certified as BC who can be deployed on a shorter notice from the banks.

2. Objective of the intervention

The objectives of the interventions are as follows:

- (i) Expand the network of Business Correspondents in all villages for doorstep delivery of financial services to women SHG Groups and their members
- (ii) Enable digital transactions within SHG ecosystems
- (iii) Equip women SHGs, their higher level federations, members and their families to make financial transactions on digital platforms
- (iv) Enable Social Security Products available to SHG members and their family members including other villagers in rural areas.
- (v) Create financial transaction history of SHGs and their members to enable them as preferred bankable client
- (vi) Reduce time in releasing funds from CLF to VO to SHG to Members & Vice Versa
- (vii) Skilling and Livelihood opportunity for SHG member to work as Business Correspondent

3. Implementation architecture under SRLM

Dedicated human resource in addition to existing architecture would be required for successful implementation of the initiative.

- At State Level: One additional dedicated resource beside SPM(FI) preferably at the level of Project Manager with experience on alternate banking channels should be engaged for spearheading the interventions
- At District Level: Existing human resources deployed at district level may be used for implementation. Efforts will be taken to further augment their capacity. The existing human resources may be supplemented by additional manpower deployed by SRLMs as may be required or from partnering corporate BCs/ banks.
- Block Level: One Block Level Coordinator for each of the blocks where this initiative is taken up should be engaged to lead implementation of Alternate Banking Solution/Digital Finance.

4. Partnership with stakeholders

It is advised that each SRLM should partner with banks and corporate BCs for respective locations for effective implementation of the initiative. Such partnership should be given a formal shape through execution of tripartite MoU between banks, SRLMs and Corporate BCs. To expedite implementation, MoRD has signed a MoU with CSC E-Governance Services India Ltd. SRLMs are requested to coordinate with CSC representatives in respective states for implementation of the initiative. SRLM may also initiate partnership with other strong Corporate BCs of respective banks at state level. Implementation of the initiative should be done in coordination with all stakeholders involved and on agreed principles for selection of BC agents, location and services offered. SRLMs may reimburse corporate BCs or RSETI the expenses on training & capacity building of women SHG members as BC and handholding charges (if any) subject to ceiling as mentioned in unit cost. Each SRLM should establish a monitoring arrangement for the initiative.

5. Technical Readiness

Inspite of BC network being a key strategy in expanding the outreach of banking system, women Self Help Groups were not able to take advantage of the channel as it did not have any facility to authenticate jointly operated accounts. In absence of this facility, poor women members of SHGs were forced to travel long distances to reach a bank branch incurring travel expenses and forgoing wages just to complete a simple banking transaction. In view of this, MoRD has been advocating with banks to enable ‘Dual Authentication Facility’ for enabling transaction in jointly operated SHG accounts on the BC channel. Several banks have already confirmed enabling the facility. DFS has also advised all banks including RRBs to enable the facility in a time bound manner. SRLMs are encouraged to validate the availability of such facility on BC channel of each bank in respective states. In case banks have not enabled the facility, the same should be taken up through respective SLBCs. Team at NMMU would extend necessary support in this regard for coordination with Head Offices of respective Public Sector and Private Banks.

6. Identification of geographies

One of the key objectives of the intervention is to ensure doorstep delivery of financial services particularly to women SHG Groups and its members. In line with this, SRLMs are advised to identify potential locations for the interventions. As a strategy and keeping in view viability of each BC point, following is recommended:

- A. All villages/ contiguous areas with 20-25 or more SHGs may be identified for positioning of new women SHG member as BC.
- B. Preference should be given to areas where disbursement of CIF and Credit linkage from banks are higher.
- C. Another key criteria for identifying potential geographies under the initiative would be availability of telecom network.
- D. SRLMs may also include other relevant criteria for identification of geographies.
- E. SRLMs to share grey area in terms of telecom network with NRLM. NRLM in turn will take up with Meity, GoI to provide telecom connectivity in grey areas.
- F. Department of Financial Services and Banks also use to share vacant/inactive/potential locations to deploy women SHG member as Business Correspondents, which may also be taken up in line with other parameters mentioned above.

7. Selection of potential bank partner

At the state level, multiple banks may be extending banking services through BCs. However, it may not be practically feasible to partner with all banks for implementation of the initiative. In interest of the mission it is recommended that SRLMs partner with the leading banks in respective state. SRLMs are advised to sign MoU with banks and their corporate BCs for implementation of the initiative.

At the block level, SRLM should engage with the bank having highest credit linkage for implementation of the initiative. In case some challenges are faced in such partnership, the next best bank may be partnered with.

8. Selection, Training, Capacity building and Certification of SHG member as BC

Potential women SHG member to be trained as BC may be identified from existing pool of cadres. However, new women SHG members may also be trained as BCs as per requirement. Preference should be given to women SHG members with higher educational qualification. It should be noted that no SHG member with education below 10th standard is identified for the role of business correspondent.

Each women member identified as potential BC should be imparted focussed training – technical training on operating equipment; management and personality development training for business promotion and expansion. SRLMs may take the support of corporate BC in delivery of training programmes. Refresher training from time to time should be organised for women SHG members designated as BCs to keep them updated on the latest policies, products, technology and services. SRLM may reimburse corporate BCs or RSETI the expenses on training & capacity building of SHG members as BC subject to ceiling as mentioned in unit cost.

For successful implementation of the entire initiative will require involvement of multiple agencies like:

1. For identification of potential SHG members – SRLM
2. Providing Training and training kit with Finger Print Scanner to SHG members on BC module – RSETIs/NAR/Designated place.
3. Training on DigiPay applications - CSC E-governance
4. Assistance for application for PAN Card, Police verification – CSC; Distt administration, SRLM
5. Distribution and Aadhar mapping of biometric devices – NAR
6. Certification of trained agents – IIBF through RSETI or designated place by IIBF.
7. Overall coordination – MoRD (NMMU)

The strategy to be adopted is detailed below:

A. Identification of Potential SHG Members

Identification of potential women SHG member will be carried out by respective SRLMs. At least 1 member from each GP under intensive implementation will be selected. 1 potential member for every 20-25 or more functional women SHG will be identified. A tentative number members to be identified by each state is given in Annexure-II. Potential members will be identified based on the following criteria

- At least 10th standard Pass
- Should have enrolled fadhar
- Should not be a defaulter with SHG or bank

- Should be conversant with use of smart phone [Preference will be given to those members owning smart phone or tablet or capable of buying one such equipment with Android Ver 6.0 and above.]

B. Training of SHG members on BC module

Training of the potential women SHG members on BC module will be conducted at district level at RSETIs/other selected place. RSETIs already has a 6-8 day course on Training of Business Correspondent which has been notified by MoRD. Each batch of trainees will be imparted training inputs of 6 days. One additional day will be devoted to enable trainees appear for the certification exam conducted by IIBF.

Prior to commencement of training at RSETIs/other place, a one day State level workshop with all State Directors/ Faculty of RSETIs will be conducted to orient them about the course contents and methodology. This event will be coordinated by respective SRLMs supported by National Academy of Rudseti (NAR) . Representatives of IIBF may also be invited in the workshop.

Necessary modification/ enhancement would be made on the module in coordination with National Academy for RUDSETI to align the same with course contents as prescribed by IIBF. The training content will include regular inputs on banking structure, service and products, various schemes for financial inclusion, role of BC agents. Each candidate will be provided with a resource material in vernacular language and a finger print device for reference and onward working. Beside this hands-on training on computer operations will also be imparted during the period.

Each RSETI in consultation with respective SRLM will announce a training calendar for the purpose. Training will be imparted by regular faculty of RSETIs. Representatives of SRLMs will also supplement in providing inputs during training.

MoRD will reimburse the cost of training provided by RSETI through NAR as per the approved norms/rates. NAR will also be provided with budgetary support by MoRD for supply of resource material and finger print device to trained candidates.

C. Training on Proprietary banking applications

It is proposed that all trainees will be on-boarded initially on ‘*DigiPay*’ an application of CSC e Governance India Ltd. (A Meity, Govt of India supported organisation). DigiPay application will be downloaded on the mobile phone (android devices with specific version) of each individual trainee. As a part of the training one session will be dedicated to train participants on the usage/ operations of the DigiPay application with live transactions. Representatives (District teams) from CSC will provide training to participants on the same. MoRD has signed a MoU with CSC in this regard.

D. Assistance for documentation

For on-boarding of member on DigiPay at the beginning of the training and certification at RSETI or designated place, representatives (District teams) of CSC will complete the documentation for each individual. CSC will also facilitate members to apply for PAN wherever required. Assistance of district administration will be sought in cases where police verification is mandatory for registering as BC.

E. Procurement, distribution and Aadhar mapping of biometric devices

Each trained member will be provided a STQC certified biometric device for Aadhar enable banking transaction on DigiPay at the end of the training and certification. Subsequently when such agents are enrolled as BC by any commercial banks, the device will be disconnected from DigiPay and re-registered with the respective banks application.

9. Unit Cost for intervention

The unit cost for intervention on SHG members as Business Correspondent is given as annexure. (Annexure-I)

10. Financing of equipment and OD account

SHG members from low-income households are unlikely to make all upfront investment required for equipment and deposits required, if any for OD account from own resources. To facilitate this, DAY-NRLM has advised all SRLMs to provide loan facility to all such SHG members identified as potential BC. This amount will be extended as loan to the SHG member through SHG/VO/CLF preferably at reduced interest rate. SRLMs should provide additional CIF amount to the respective SHG/VO/CLF providing this loan facility. This loan amount is expected to be recovered by SHG/VO/CLF.

11. Honorarium to BC Sakhi

A lead time will be required by every such women SHG members duly trained and certified and designated as BC to establish her identity in the area as a Business correspondent and stabilize the operations from the day banks engage them as Business Correspondent. It will also take some time before regular stream of income from services offered by the BC agent starts flowing. As women SHG member designated as BCs are delivering critical public service by offering banking services to underserved sections of the population, provision for limited honorarium for fixed period to the members has been made under DAY-NRLM subject to the ceiling mentioned under unit costs (Annexure-I).

12. Servicing of SHGs by BC Sakhi

One of the objectives of this initiative is to enable digital transactions within SHG ecosystem. Towards this, SRLMs should take up the following measures:

- (i) Mapping of SHG bank accounts and individual bank accounts of SHG signatories

This is an important step towards enabling transactions in jointly operated SHG accounts on the BC channel. To operationalize this, all signatories of an SHG should open bank account with the same bank as that of the SHG. In case signatories have existing individual accounts in the same banks, each of the accounts should be

seeded with Aadhar of respective account holders. Mapping of each authorised signatory should be further done with SHG Group Account as per procedure of the bank. SRLM should make arrangements to compile the information of SHG accounts and individual accounts details of signatories in respective groups. This information should be shared with the bank branch for mapping of the accounts. This activity should be completed for all SHGs functioning in the area.

Similar process should be adopted for Village Organisation/ Gram Panchayat Level Federation and Cluster Level/ Block Level Federations also.

(ii) Limit on cash transaction within SHG ecosystem

SRLM should define a policy restricting all cash transactions preferably beyond Rs.2000/- value between members – SHG – VO/GPLF – CLF/BLF. Such transactions should be compulsorily routed through the BC channel. Few of the transactions which should be routed through BC are – Loan disbursed to members by SHG; Repayment by SHG to Bank/ VO/GPLF/ CLF; Loans disbursal and repayment collection between CLF/ BLF and VO/GPLF; Loans disbursal and repayment collection between VO/ GPLF and SHG; Payment to book keepers, community cadres and other community level staff.

(iii) Building an organic link between BC and SHG ecosystem

An important plank in enabling SHG transaction through BC channel is to ensure coordination between the BC agent and SHGs. SRLM should ensure that women SHG member designated as BC agent in a particular area should be physically present along with her equipment at the SHG/ VO/ GPLF/ CLF meetings to facilitate transactions. Accordingly, the schedule of meetings of SHG/ VO/ GPLF/ CLF in the area may be worked out.

(iv) Coordination with banks and other stakeholders

Bank branches are a critical link in the entire chain of positioning of BCs. Hence it is important to involve bank branches in the entire process right from selection of the SHG members. To smoothen the process, SRLM should organize regular consultation with bank branches.

(v) Brand Building

Creating a brand image of women SHG member performing as BC is an important aspect of the intervention. This will ensure greater acceptability and recognition of the role of BC agents. To facilitate this, SRLMs should ensure a dress code for each BC agent. Each BC point should have a display board with the name of the sponsoring bank as well as the name of supporting SRLM.

13. Support structure for BC

Handholding particularly in the initial stages and prompt resolution of technical issues faced by BCs is critical for the entire operation to stabilize. Generally Corporate BCs deploy one person at the district level to address such issues. But this structure would be inadequate in view of the kind of intensive support required. As mentioned earlier, SRLMs should deploy one person at each block for overall supervision and guidance of the initiative. All such personnel deployed at the block level should be trained on both technical and management aspect of the initiative.

14. Involving existing BC

Existing BC (including male BC agents) operating in rural areas should also be involved in the programme. As a strategy in areas where the number of SHGs are less existing BCs in similar approach as mentioned above may be involved.

15. Certification of SHG member as BC

As per RBI regulation, all BC agents deployed will compulsorily require prior certification from IIBF. In view of this, it is proposed that immediately after the training of BC agents, they will be asked to appear for the certification exam conducted by IIBF.

To enable large number of candidates, appear for the certification exam, necessary modalities will be worked out in coordination with IIBF. As a part of this, IIBF will be requested to designate each RSETI or any other convenient location where RSETI is not functional or adequately equipped, as examination centre under supervision of NAR as Nodal Agency on behalf of MoRD.

The cost for appearing for certification exam for BC is currently Rs 800 + GST per candidate. Negotiation on the cost of certification will also be done with IIBF. The cost of candidates appearing for certification will be borne by MoRD under training & capacity building.

IIBF has also allowed designated CSC Centres as IIBF examination centre with a fee of Rs.800/+ GST. CSC is allowed to have flexible dates and slots as may be required. The services of designated CSC Centres may also be used.

16. Post Training Plan:

Post training, the details of these members will be made available to all banks, their corporate BCs for deployment. MoRD will also take up focused discussion with new generation banks like - India Post and Payment bank and other payment banks who are aspiring to increase their BC outlets in rural areas.

Till the time banks engage them as their regular BC, all such trained and certified BC Sakhi will be working as DigiPay points to start earning their commission by providing basic banking services using AEPS etc. This will also help them to keep them skilled till the banks comes forward and deploy them as BC. However, SRLM should give first priority to engage

trained and certified BC Sakhi with Banks only and CSC DigiPay platform to be used as intermediary till bank's engage them as their regular Business Correspondents.

17. Monitoring system

A robust monitoring system is critical for success of the initiative. All SRLMs should put in place an MIS system with data on transactions for each BC agent positioned. This information can be sourced from bank/ corporate BC on a regular basis. Sharing of this information should be made a part of the MoU between SRLM – Banks and Corporate BC. A suggestive template for data is already shared. In addition to data from bank/ corporate BC, few information may be required to be sourced directly from the field. Officials at SRLM responsible for programme implementation should monitor key parameters of the programme on monthly basis. Some of them are as follows:

- No of SHG members functioning as BC agents
- No of SHG being serviced by BC
- Avg no of transaction per month
- Avg value of transactions per month
- Avg remuneration per BC per month
- Avg remuneration earned by BC from banking transactions
- Avg remuneration earned by BC from non-banking transactions (BF activities)
- No of BC with less than average no. of transaction
- No of BC with less than average vale of transaction
- No of BC with less than average remuneration

Based on the analysis of key parameters, appropriate actions may be taken up.

Unit Cost

Particulars	Amount (Rs) – Max.	Remarks
IT equipment for BC points for each unit		
Kisok/ POS Model		
Equipment for each BC point (Desktop Computer/ Laptop with original software; Printer & Scanner; Web Camera; Biometric Authentication device; Data Card; UPS; Pin Pad Device; Cash Box; Fake Currency identifier)	50000	This amount will be provided by as loan to SHG member selected as BC agent though SRLM/VO/CLF. This amount is expected to be recovered by VO/CLF. Procurement of the equipment will be done individually by respective BC agents as per the specifications provided by Banks/ TSP.
Deposit in settlement account	25000	
Capacity Building		
Consultation Meeting with stakeholders – Banks, Corporate BC etc @ Rs 10000 per meeting		
Awareness Camp @ Rs 10000 per BC point		
Training of bankers (3 days) @Rs 2500 per day per participant		
Training of SRLM Staff (5 days) @ Rs 1250 per day per participant		
Exposure visit for staff & community (3 days) @ Rs 1000 per participant		
Training of BC agents (8 days) @ Rs 1500 per day per participant + Training Kit worth @3000/- each.		
Honorarium to BC Agents		
Honorarium of the BC agent upto @ Rs 4000 pm for each BC agent for 6 months.	24000	BC agents will be provided honorarium for maximum 6 months. By the end of this period the BC agents are expected to stabilize with a regular stream of revenue from banks.

Annexure-II

S.No.	State	No. of State Wise Panchayats - LGD Data	No. of Panchayats under Intensive Distt - NRLM MIS Data	Estimated No of BC agents to be trained & certified (1st phase) - One Year	Estimated No of BC agents to be trained & Certified (2nd phase) - Year 2022
1	ANDHRA PRADESH	13065	13332	4500	7839
2	ASSAM	2199	2490	1000	1319
3	BIHAR	8386	7838	4500	5032
4	CHHATTISGARH	10978	6987	3000	6587
5	GUJARAT	14292	10699	2000	8575
6	JHARKHAND	4370	3352	2500	2622
7	KARNATAKA	6021	2819	1000	3613
8	KERALA	941	959	500	565
9	MADHYA PRADESH	22819	23116	8000	13691
10	MAHARASHTRA	27869	28813	8000	16721
11	ODISHA	6798	2904	2500	4079
12	RAJASTHAN	9892	4286	3000	5935
13	TAMIL NADU	12523	12082	5000	7514
14	TELANGANA	13057	13351	4500	7834
15	UTTAR PRADESH	58791	8057	5000	35275
16	WEST BENGAL	3340	2571	2500	2004
17	HARYANA	6197	3017	700	3718
18	HIMACHAL PRADESH	3226	1005	200	1936
19	JAMMU AND KASHMIR	4482	2402	100	2689
20	PUNJAB	13264	1648	100	7958
21	UTTARAKHAND	7762	2331	100	4657
22	ARUNACHAL PRADESH	1785	462	50	1071
23	MANIPUR	161	125	50	97
24	MEGHALAYA	816	816	50	490
25	MIZORAM	325	325	50	195
26	NAGALAND	770	770	50	462
27	SIKKIM	185	74	50	111
28	TRIPURA	591	359	100	355
29	PUDUCHERRY	98	94	20	59
	GRAND TOTAL	255003	157084	59120	153002