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Dear Reader,

It gives me immense pleasure to present to you the latest newsletter of 2013 giving updates of our major activities in the last quarter and some thought provoking articles.

The article 'Facts and Figures: Agricultural Holdings and Credit' brings out the increasing fragmentation of the agricultural land holdings and the importance of the STCCS in making agricultural credit available to the vast majority of small and marginal farmers through its extensive outreach. In pursuance of our support to the strengthening of the CCS, a workshop was held in Orissa to help 50 Primary Agricultural Credit Societies (PACS) develop their vision and strategic plan for the future based on structured analysis through an instrument called "future search". Key findings from an extensive study conducted across 4 states by the RFIP on the important cross-cutting issue of 'Financial Capability of Rural Low Income Households' are shared for the first time in this newsletter.

A couple of publications under the Financial Systems Development domain focussing on Crop Insurance and Livestock Insurance respectively based on research and field studies present the state of knowledge on the topics. Also during the last quarter, a training video has been designed under the 'SHG as BC' project to help SHG members selected to work as BC-CSPs in explaining benefits of being financially included to the villagers.

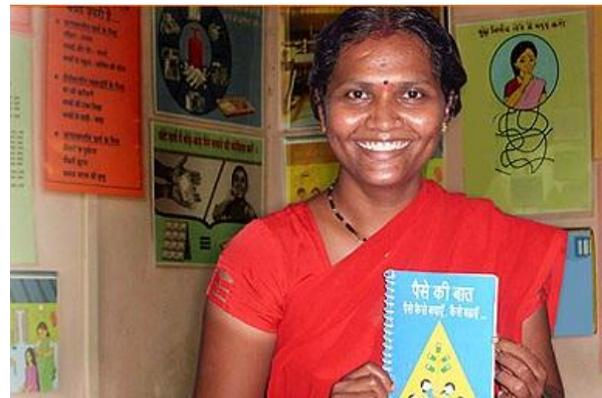
I hope you enjoy reading the newsletter as much as we enjoyed writing it. In case you would like to provide feedback to improve the newsletter or share your thoughts, please do so at [nitin.jindal@giz.de](mailto:nitin.jindal@giz.de).

Ramakrishna Regulagedda, Senior Program Specialist

## FINANCIAL INFORMATION AND LITERACY CENTRE - MUMBAI

Swadhaar FinAccess (SFA), a not-for-profit organisation has set up a Financial Information Literacy Centre (FILC) for low income groups at Chembur, Mumbai with support from GIZ-RFIP. Since September 2012, the centre has been functioning as a permanent resource for providing both financial education as well as access to financial services and products to the urban financially excluded community.

The FILC has been a source of assistance to community members including women, men, and youth. The trained counsellor at the FILC provides information and gives handholding support to community members. Since its inception 5,020 community members have benefited through different financial education activities which are taken up at the FILC. The community members have also been linked to different banks for opening savings accounts as well as to providers of life insurance.



SFA has designed customised education programs for various segments of the community, for e.g. the package for women consists of 5 sessions of 1.5 hours each of Financial Education Program designed specifically for the women. The women are mobilised through door to door campaigning and enrolled for the training programme. **793** women attended the 5 session module in the last quarter of January-March 2013. Other approaches to improve awareness have also been adopted like street campaigns, shows and distribution of leaflets etc. In a 2 day campaign conducted in March in 4 slum pockets of Chembur over 600 people registered with SFA and showed interest in enrolling for specific education programs. Feedback from the field has indicated high levels of interest in the community to have access to remittance services and insurance products apart from bank account facility.

Due to the new government mandate to link the bank account to Aadhaar (UID) number for transfer of different subsidies, there is increased demand and urgency from the slum community members to open new accounts. However, SFA is facing some challenges in facilitating the opening of saving accounts for the community members due to conflicting signals emanating from the banks in the area. Also, there is some confusion created among the community by service providers like LPG dealers, ration shopkeepers, kerosene dealers etc. regarding the Aadhaar linked accounts.

## FINANCIAL CAPABILITY OF RURAL LOW-INCOME HOUSEHOLDS

## Key Findings



As described in the previous RFIP newsletters, the programme has engaged in an extensive study on 'Financial Capability of Rural Low-Income Households in India'. During 96 focus group discussions in 2 districts each across Rajasthan, Karnataka, Uttarakhand and Odisha, participants identified key features which describe or influence financial capability. Based on these statements, we designed a questionnaire and administered it in the same 8 districts to 800 households. Key insights gained regarding the financial capability of low-income households are as follows:

**1 How people manage their day to day cash flow** has been identified as one of the key factors influencing one's financial capability level:

- People in Karnataka do not feel that they spend too much on unnecessary expenses compared to Rajasthan, where 85% felt they do spend wastefully.
- In Rajasthan, 50% of the interviewees said they gifted money in the past year to people of their community in need of financial help – in Odisha only 10%, and in Karnataka only 4% said to have done the same.
- Being able to send kids to school is also deemed to be a sign of good money management. Yet, 24% of boys and 33% of girls are not being sent to school.

**2 The way people use financial services** also determines the level of financial capability:

- While 68% of all respondents confirmed having an account at a bank or a formal financial institution, only 39% have deposited savings in that account over the last month. In Odisha this number is slightly higher (42%) than the average, whereas in Rajasthan it is particularly low (17%)
- 79% of the respondents have an SHG or Cooperative account. Yet, the usage patterns differ significantly: Only 12% of the PACS account holders have deposited money in their accounts in the last month, against 60% of the SHG account holders who declare to have done so.
- When in need of a loan, 50% of all respondents would first go to family and friends, 25% to a money lender, around 12% to their bank and another 12% to their group (SHG, PACSs etc.).
- Nearly 70% of all respondents feel that it is acceptable to be late on a loan instalment if one suffers from financial difficulties. Yet, only 36% say they really delay. 55% of the respondents would rather borrow money from somewhere else and another 10% would sell off an asset to cover the repayment.

The results of the second stage survey show that the occurrence and impact of the various factors identified in the first stage vary greatly across states. When analysed according to gender, social or economic groups, income or education levels, variances are however only minor. This clearly indicates the necessity of a very local and community-based definition of financial capability, implying that the consequent design of development and support measures for enhancing the latter should bear proof of the local households' needs and peculiarities. A preliminary cross-check of a target group's perceived concerns may allow a better uptake of community-oriented initiatives.

A detailed analysis of the results of the whole study can be read soon in an upcoming publication on the topic.

**3 How people plan ahead for their future** is another important concept associated with financial capability:

- 98% of all respondents in Odisha agree that making a financial plan or budget helps to plan ahead, while 45% of the respondents in Karnataka do not agree with this statement.
- 81% of all respondents stated that they do not have enough savings to cover one month of their expenses. The only noticeable outlier was Uttarakhand where 72% of the interviewees declared that they have sufficient savings to cover at least one month of their expenses.
- More than 77% of the people interviewed have not done any investments over the last 6 months and only few have invested in animals (11%), agricultural equipment (5%) or business (4%).

**4 A range of other factors** which do not directly relate to a financial activity but **influence financial behaviour** have also been found to play an important role when determining a household's financial capability level:

- While in 3 states between 93 to 99% of the respondents declared that they share their income with the rest of the family, in Karnataka only 12% of the respondents seem to do so.
- Also, the amount of assets owned by a family was perceived to be a good indicator to measure financial capability. In the survey we can see that people are more likely to own farmland, house or animals than gold/silver or agricultural equipment. While on average only 38% owned gold or silver, in Rajasthan nearly 70% declared to do so. 16% of all respondents from Rajasthan, 20% from Karnataka and 38% from Uttarakhand and nearly 70% from Odisha said they own agricultural equipment.



## FACTS AND FIGURES: AGRICULTURAL HOLDINGS AND CREDIT

The strengthening of the Short Term Cooperative Credit Structure (STCCS) has been a major focus of the RFIP because the more than 90,000 Primary Agricultural Credit Societies (PACS) and cooperative banks have the highest outreach to small and marginal farmers and play an important role for making agricultural credit available to them.

### Small and Marginal Agricultural Holdings

Small and marginal farming households, which constitute the majority of rural households and the vast majority of farming households in the country, have been exposed to multiple livelihood risks. The increasing fragmentation of operational holdings used for agricultural production is one of these risks. New data from the Agriculture Census 2010-11 (All India Report of Number and Area of Operational Holdings, Ministry of Agriculture, Government of India, 2012) confirm the continued trend of this fragmentation. Since 2005-06 the number of marginal holdings (below 1 ha) and its share in the total number of holdings has further increased, and the average size of holdings has further decreased.

#### Highlights of the 'All India Report of Number and Area of Operational Holdings'

- The number of operational holdings increased by 6.6% from 129.2 million (2005-06) to 137.8 million (2010-11).
- The number of marginal holdings increased by 10.3% from 83.7 million (2005-06) to 92.4 million (2010-11).
- The average size of operational holdings declined by 5.7% from 1.23 ha (2005-06) to 1.16 ha (2010-11).
- The marginal (67%) and small (18%) holdings together constitute 85% of all operational holdings (2010-11).
- The share of female operational holders increased from 11.7% (2005-06) to 12.8% (2010-11).

### STCCS Market Share in Agricultural Credit for Small and Marginal Farmers

The recently published 'Report of the Expert Committee to examine Three Tier Short Term Cooperative Credit Structure' (Reserve Bank of India, January 2013) found that due to a slower growth rate the share of the STCCS in the total agricultural loan amount disbursed during the financial years 2006-7 and 2011-12 decreased from 18.5% to 17.2%. But, it also shows that its share in terms of the number of agricultural loan accounts financed during the years increased from 44.7% to 47.8%, and that the share in small and marginal farmer accounts increased from 47.0% to 50.6%. This shows the importance of the STCCS in making agricultural credit available to the small and marginal farmers.



A comparison doing justice to the STCCS would look at actual loan portfolios as well as the STCCS' typical area of operation and target clientele. Scheduled Commercial Banks (SCB) also cater to larger farmers, the corporate sector, and to urban/metropolitan areas. Data published by the Reserve Bank of India (RBI) show that agricultural loans with a credit limit higher than Rs 10 million make up only 0.04% of all accounts but 26.6% of the total agricultural loan amount outstanding. 9.7% of the accounts with 33.1% of the total agricultural loan amount outstanding are located in urban/metropolitan areas. Consequently, small borrowing accounts (credit limit up to Rs 200,000) in rural and semi-urban areas contribute only 41% to the SCBs' total agricultural loan portfolio.

## FACTS AND FIGURES: AGRICULTURAL HOLDINGS AND CREDIT - Continued

Unfortunately, similar data for cooperative banks are not available, and a reliable information system generating complete and reliable data on PACS does not exist. The following rough estimates are based on data provided by the Expert Committee and own assumptions (see notes below table).

RBI Data for Scheduled Commercial Banks (March 2011) Source: Basic Statistical Returns, Tables 5.5, 1.17, 1.6	No. of Accounts	Percentage of Total	Amount (Rs Million)	Percentage of Total
All agricultural loans of SCB	46,639,101	100%	4,610,219	100%
(1) utilised in rural and semi-urban areas	42,108,392	90.3%	3,083,002	66.9%
(2) with credit limit up to Rs 200,000 (small borrowing accounts)	42,757,122	91.7%	2,112,112	45.8%
(2) small borrowing accounts utilised in rural/semi-urban areas	39,033,795	83.7%	1,890,970	41.0%
<b>Estimate of market shares in rural &amp; semi-urban areas, for agricultural loans to small and marginal farmers</b>	<b>No. of Accounts</b>	<b>Percentage of Total</b>	<b>Amount (Rs Million)</b>	<b>Percentage of Total</b>
Small borrowing accounts (credit limit up to Rs 200,000) Total	76,033,795	100%	2,690,970	100%
SCB agricultural loans utilised in rural/semi-urban areas	39,033,795	51.3%	1,890,970	70.3%
Agricultural loans of Central Cooperative Banks (CCB)/PACS <sup>1 2</sup>	37,000,000	48.7%	800,000	29.7%
Borrowing accounts with credit limit up to Rs 25,000 Total	34,817,606	100%	516,092	100%
All SCB agricultural loans (area differentiation not available)	16,817,606	40.2%	266,092	51.6%
70% of all PACS agricultural loans <sup>3</sup>	25,000,000	59.8%	250,000	48.4%
<p>1) 34.5 million PACS accounts reported by the Expert Committee, plus estimated additional accounts of CCBs and PACS not covered by the report.</p> <p>2) Loan amount outstanding of CCBs (03/2012) as reported by the Expert Committee. Assumptions: The agricultural loan amount outstanding of PACS is about 50-60% of the total loan amount outstanding (Rs 876,250 million) reported by the Expert Committee and is fully refinanced by CCBs. Reported borrowings of PACS were Rs 538,920 million (03/2011).</p> <p>3) Assumptions: The total agricultural loan amount outstanding of PACS is Rs 500,000 million and up to 70% of the accounts have a credit limit up to Rs 25,000. According to the Expert Committee the average agricultural loan amount per borrower was Rs 19,590 in PACS (Annexure 3.1) and Rs 28,467 for "Coops."</p>				

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Though these estimates deserve critical discussion, it may be concluded that **the market share of the STCCS in agricultural credit for small and marginal farmers is significantly high, if measured at its area of operation and target clientele.**

## HELPING PACS HELP THEMSELVES

*“A primary society, according to the criteria recommended by the conference, would be viable if it could afford to engage a full-time secretary, set up a regular office of its own, contribute to statutory and other reserves on the scales considered necessary, and pay a reasonable dividend”.*

- The Conference of Ministers of Cooperation held in Hyderabad in June 1964

The reform of the Credit Cooperative Structure (CCS) in India had a major focus on the capacity development of Primary Agricultural Credit Societies (PACS). PACS are the grass-root institutions of the CCS with direct access to its members and connecting them to the higher tiers of the structure.

At the request of the Balasore Bhadrak District Central Cooperative Bank (DCCB), GIZ-RFIP supported the process of strategic planning for some of its affiliated PACS. Representatives from about 50 PACS participated in the workshop. The methodology for the planning process was participatory and used the concept of ‘future search’ to ‘develop Vision and Strategic Plan framework for the PACS to grow and ensure that the PACS become stronger and vibrant’. The workshop also aimed at bringing a change in the perceptions and approach of the key representatives of the PACS towards the ultimate objective of providing demand oriented services to its members.

The workshop aimed at enabling PACS’ secretaries and representatives of other key stakeholders to recognize the need for a vision and a strategic plan for sustained growth of the PACS. The workshop focused on discussing the past, its relevance to the present and developing a shared understanding towards a desired future.

The deliberations were around the following four key themes:

- **SWOT Analysis of the PACS** through a timeline representation of the achievements of the PACS in the last ten years including factors that helped them succeed, support they have received, constraints, problems and external challenges faced.
- **Identification of business opportunities** through the development of a resource map of the operational area of the PACS indicating banking, financial services, other institutional resources, natural features, infrastructure and growth opportunities available in the area.
- **Identifying the changes in the members’ livelihoods patterns and the likely demands from PACS** over the next three to ten years with a focus on their economic activities like agriculture, horticulture, allied sectors, service, women SHGs, small business enterprises as well as the likely demand for financial and non-financial services from PACS.
- **Assessment of their present capacities and support required** from apex structure for institutional capacity building including capacity building of HR, improved systems, processes, book-keeping and accounting etc.



Extensive group work was followed with presentations from each group. The chosen themes for each of the four group activities was designed in such a way so as to help the participants through a thought process that encompassed historical perspective, the need for change, and the focus on demand from members and of course the thrust on sustainable growth for the PACS.

The workshop helped the participants to engage in developing a shared vision and developing business plans for the PACS, through a process of diagnosis, scanning the environment for opportunities, aligning products and services of PACS to demands of members and identifying the resources/support required to realize the business plans in the future.

PAST EVENTS

**Demand-oriented Financial Products and Services for SHG Members, Stakeholder Consultations, December 2012 to March 2013, India:** The inclusion of new products and services for SHG members is part of NABARD's new SHG 2 concept. The RFIP has conducted a study of 1,350 SHG members across 4 states to gain a better understanding of the financial products and services needed by SHG members and how they can be designed. The state-level stakeholder consultations served to disseminate and discuss the findings of this study.



**Consultative Workshop on Development of Financial Literacy Centres, IIBF, New Delhi, 11<sup>th</sup> January 2013:** The RFIP in collaboration with the Indian Institute of Banking and Finance (IIBF) is developing support materials for Financial Literacy Centres (FLC) managers. The workshop gathered inputs from relevant stakeholders including RBI, bankers and FLC managers. It brought out the need for a) improving general awareness about the availability of FLC facilities, b) strengthening capacities of FLC staff and c) creating a pool of materials including guidelines/manuals, reference materials and collaterals in vernacular language to support the work of FLC managers.

**CEOs of DCCBs and CCS Stakeholders Workshop organised by OSCERT, 18<sup>th</sup> January 2013:** The workshop focused on the outcomes of the implementation of the CCS reform package in Odisha. It also reviewed the sector's capacity development gaps. The major outcome of the workshop was a prioritisation of capacity development needs, with the development of an independent audit system and the institutionalisation of support functions for the CCS institutions ranking first.



**RFIP Annual Planning and Team Workshop, 30<sup>th</sup> January to 1<sup>st</sup> February 2013, Jaipur:** In order to review the activities of the previous year and finalise the operational and budget planning for 2013, an annual planning and team workshop was organised in Jaipur. The main aim of the workshop was to reflect, refocus and critically evaluate 2012 work and also to scan through relevant concerns of the programme.

**3<sup>rd</sup> All India Conference of Principals/Directors of Cooperative Training Institutions, 9<sup>th</sup> February 2013, Lucknow:** The Annual Conference of Principals of Cooperative Training Institutes concluded that there is a need to standardize the most common training courses delivered by CTIs so as to improve quality of training design, content, methodology and delivery of the training courses by the CTIs. The participants also expressed the need for coordination and sharing of resources amongst the CTIs as well as for CPEC to function as a knowledge management centre.



**Showcasing of Financial Literacy Work at the India-OECD-World Bank Regional Conference on Financial Education, 4<sup>th</sup> March 2013, Delhi:** The RFIP supports Swadhaar FinAccess in testing the delivery of financial education through an Urban Financial Information & Literacy Centre (FILC), currently being piloted in Chembur, Mumbai. Under this initiative, counsellors from Swadhaar FinAccess are providing customised financial education sessions for women, men and youth apart from providing generic hand holding support to the low-income community. The Swadhaar FinAccess team was invited to the India-OECD-World Bank Regional Conference on Financial Education in Delhi on 4th March, 2013 to showcase its work in the field of Financial Education and Financial Inclusion. The conference was part of a series of events organized to disseminate information about the activities of the Russia, OECD, World Bank Trust Fund on Financial Literacy and Education. It was an endearing experience for the team to meet Dr Subbarao, Governor, Reserve Bank of India, and share information about its work.



## PAST EVENTS - Continued

**Sector Network Economic Development in Asia, Financial Sector Development Working Group Meeting, 4<sup>th</sup> to 6<sup>th</sup> March 2013, Jaipur:**

25 members from various GIZ projects in India, China, Philippines, Laos and Vietnam met during the annual meeting this year in India. The main agenda of the meeting was the exchange of experiences regarding Financial Inclusion approaches in the different countries, updates from regional programmes like Consumer Protection, Climate Change Finance and Risk Mitigation as well as from the Competence Centre in GIZ Head Office in Eschborn. Besides exchanges, knowledge management and networking, the Working Group is currently jointly organising a Regional Conference on Consumer Protection that will be held later this year in India with SEBI as the main facilitator.

**Training Programme for Master Trainers of Odisha on Internal Audit and Concurrent Audit, 18<sup>th</sup> to 21<sup>st</sup> March 2013, Bhubaneswar:**

Odisha Society for Cooperative Education, Research and Training, Odisha (OSCERT) organised the abovementioned training programme. GIZ provided resource support in the form of a trainer as well as course design and course material. The master trainers trained in this programme would further train fellow auditors in the state. The trainers' training programme also provided a forum to address some systemic issues concerning the role of the auditors and that of the bank especially in providing information to the auditors. This forum also provided an opportunity to disseminate the Auditors Manual for the audit of cooperative banks.

The participation of the State Cooperation Department, RCS, NABARD and the apex state cooperative bank in the final session of the programme on operational issues and finding solutions thereof was successful in helping bring the key issues to the fore for them to be addressed by the stakeholders.

**Consultative Workshop for Cooperative Banks on the Implementation of Payment Systems Solutions, Mumbai, 22<sup>nd</sup> March, 2013:**

The stakeholder consultation aimed at identifying key challenges faced by State Cooperative Banks (SCBs) and District Central Cooperative Banks (DCCBs) in the process of on-boarding onto the payment system for providing facilities such as electronic funds transfer, ATMs and Point-of-Sale (PoS) device based services. The workshop was attended by representatives from 14 Cooperative Banks as well as representatives from NPCI, NABARD and GIZ. Mr. Niraj K Gupta, CGM, NABARD, set the tone for the workshop by highlighting the accomplishments of the cooperative banks in introducing Core Banking Solution. Key challenges that emerged from the deliberations include lack of technology readiness, slow response from vendors and technology providers, lack of clarity on functioning of the whole solution and inter-dependencies of various components and non-availability of infrastructure.



**Inauguration of Financial Literacy Centre (FLC) at Ghazipur, New Delhi, on 24<sup>th</sup> April, 2013:** As a part of the Financial Literacy Centre (FLC) Project supported by GIZ-RFIP and IL&FS, Sanchayan Society (an NGO) inaugurated its first FLC in Ghazipur, New Delhi on 24<sup>th</sup> April 2013. This FLC seeks to be a one-stop destination for local low-income people to access Financial Information (assistance in PAN Card issuance, financial planning/budgeting etc.) and Financial Services (LIC Insurance products, NPS-Lite, Bank Accounts, Money Transfer via local agencies like EKO, Suvidhaa etc.). Mr. Kedar Nath, DGM, Indian Overseas Bank, inaugurated the FLC and assured the Sanchayan team of complete support from the bank in enabling sustainable financial inclusion. The FLC is located opposite IL&FS Waste to Energy Plant and very near to Ghazipur Mandi which has over 2 lakh people comprising traders and labourers. Sanchayan shared its plan to tie-up with a few other providers like Airtel to facilitate remittances on mobiles through their Customer Service Points in Delhi; and NGOs like Chintan who work with over 15,000 rag pickers in the areas, thereby giving a boost to this initiative.

## UPCOMING EVENTS

**Dates to be confirmed**

- May and June 2013 – **Training and workshop for Auditors of Banks**, in Tamil Nadu and Gujarat
- May and June 2013 – Piloting of the SHG Financial Awareness and Education Toolkit

## FINANCIAL SYSTEMS DEVELOPMENT

## Past Events

**Workshop on Climate Change and Risk Mitigation, January 22<sup>nd</sup> to 23<sup>rd</sup> 2013, CRIDA, Hyderabad:** With a view to assess these imminent challenges posed by the phenomenon of Climate Change and its impact on agricultural production in India, the Central Research Institute for Dry land Agriculture (CRIDA) supported by NABARD, GIZ, the Ministry of Earth Sciences (GoI), Department of Science & Technology (GoI), ISRO and the Indian Council of Agricultural Research organized a two day symposium in Hyderabad on the 22<sup>nd</sup> and 23<sup>rd</sup> of January 2013.

Titled “Climate Change and Indian Agriculture-Slicing down the Uncertainties” the event attempted to deliberate on adaptation and mitigation strategies for climate resilience in agriculture and allied sectors. The role of financial institutions in providing access to finance and banking as well as innovative risk management solutions in addressing issues related to food production and food security were also discussed in the agricultural planning sessions.



## Featured Publications

**Agricultural Livelihoods and Crop Insurance in India*****Situation Analysis & Assessment***

The study provides a short sectoral overview of the Indian Crop insurance market. The study examines the agricultural sector and the role of crop insurance therein across four main sections:

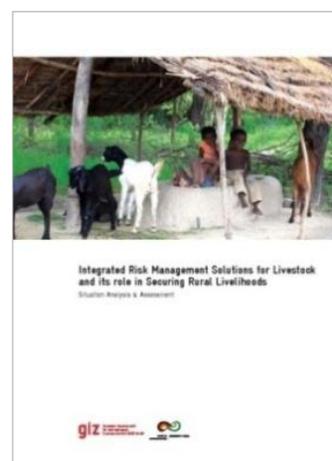
**Section 1:** Indian agricultural sector and the important trends in agricultural infrastructure development, changing rural & agricultural livelihoods, key risks, coping strategies and challenges in sustaining rural livelihoods. **Section 2:** Genesis of crop insurance schemes in India, existing products, demand supply situation, sectorial challenges, improvement areas and details of stakeholders involved in the sector. **Section 3:** Existing policies, their role in sector development and the emergent scenario as an outcome of policy interventions. **Section 4:** Strategic assessment and recommended interventions.

**Integrated Risk Management Solutions for Livestock and its role in Securing Rural Livelihoods*****Situation Analysis & Assessment***

The study provides a short sectoral overview of the Indian Livestock insurance market. The study examines the livestock sector and the role of livestock insurance therein across four main sections:

**Section 1:** Livestock Population, Livestock and Poverty Reduction, Livestock Rearing – Factors of Production, Livestock Insurance Schemes and Coverage, Livestock Insurance Claim Experience, Core Problems under Livestock and Livestock Insurance. **Section 2:** Responses of Different Stakeholders to the Core Problems are scrutinized under two broad categories of Livestock and Rural Livelihoods & Livestock Insurance. **Section 3:** Solutions for addressing the gaps have been suggested across the two given areas of Livestock and Rural Livelihoods & Livestock Insurance. **Section 4:** Strategic assessment and recommended interventions.

These 2 reports have been prepared within the framework of the study project ‘Identifying Feasible Concepts for Enhancing Rural Insurance Services and Literacy in India’, and have been funded by the Ministry for Economic Cooperation and Development (BMZ), Federal Republic of Germany and supported by the Department of Financial Services, Ministry of Finance, and the Government of India. The report is part of a preparatory process for a new development cooperation project titled ‘Risk Reduction through Rural Insurance Services’ to be undertaken in India.



## FEATURED PRODUCT

**Training Kit under the SHG as BC Pilot Project with Grameen Bank of Aryavart in Uttar Pradesh**

The training kit consists of a video and a flip book. Its purpose is to aid *Bank Sakhis* (an SHG member facilitating SHG transactions with the bank), acting as Customer Service Points (CSPs) in this project, in explaining banking products and services. The video has been shot in a village in Uttar Pradesh with real *Bank Sakhis* and other villagers. Everyday situations in which banking services are relevant are depicted to enable the viewers to connect to the topic.

Then the *Bank Sakhi* is introduced as an extended arm of the bank. Subsequently, the *Bank Sakhi* uses the flip book to introduce the concept of agent-based banking as well as the products and services she would be providing in the village.

**NOW, THE BANK IS AT OUR DOORSTEP**

The SHG-Bank linkage programme (SBLP) has supported the formation of SHG networks with extensive geographical reach, now covering about 100 million households. If SHG members are supported to become Business Correspondent-Customer Service Points (CSPs), this huge network could be tapped for the door step delivery of financial services, especially in rural areas.

Aryavart Kshetriya Gramin Bank with support from the GIZ-NABARD Rural Financial Institutions Programme has embarked upon a pilot project that intends to capacitate selected SHG members to act as the bank's extended arm. In this project, Bank Sakhis of self-help groups promoted by Rajiv Gandhi Mahila Vikas Pariyojana are being trained to take on the role of the Bank's CSPs.

This training video is a tool to be used by the Bank Sakhi while addressing the people of her village in explaining the benefits of being financially included. Such an intervention is expected to go a long way in bringing about total financial inclusion as per the guidelines of the Reserve Bank of India.

*The video has been produced in Sumerpur Block of Unnao District of Uttar Pradesh.  
The protagonists are real people from the village and bank staff.*



A FIREBIRD MEDIA PRODUCTION

**ABOUT US**

The newsletter series 'Rural Finance and Financial Systems Development India' is published by the Rural Financial Institutions Programme (RFIP), a technical cooperation programme of the National Bank for Agriculture and Rural Development (NABARD) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The RFIP focuses on providing capacity development support for strengthening the Short-term Cooperative Credit Structure, improving the delivery and use of microfinance services through SHGs, and promoting financial inclusion through improved bank business correspondent models.

The newsletter series covers these areas of work as well as our initiatives in other fields of financial systems development such as micro insurance, agricultural insurance and risk management, and green finance. Cross-cutting issues are financial literacy and capability as well as consumer protection.

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