

# Digital & Financial Inclusion

*India is largely a rural country. A majority of Indians live in the villages, and agriculture is their main profession. Post nationalization, the public sector banks expanded the branch network into rural India in a substantial manner. But rural financial services have had only a limited impact. But things are changing. Banks and other agencies are undertaking innovative projects to expand the quality and scope of rural financial services. Banking Frontiers Editor Manoj Agrawal explores some of these projects. A report:*

## RURAL MOBILE ATM @ ANDHRA BANK

As part of the customer centric attitude of Andhra Bank, a mobile ATM was devised to take technology to unbanked and rural areas. In pursuit of this goal, Reserve Bank of India granted license to the mobile ATM to be placed at various unbanked rural locations in the outskirts of Hyderabad. Taking the spirit of the RBI letter, the bank designed a mobile ATM which is the biggest of its kind in India and with innovative value additions. The unit has been branded: ATMobile - Zooming to Customer Locations. The vehicle is an Ashok Leyland bus with chassis from Airco. The ATM itself is a Diebold front loading machine. The networking technology is CDMA from Reliance Infocomm.

The bus is presently located at Hyderabad. It covers six different routes during a week. Each route is about 100 km. The bus is manned by a driver and a security guard.

The unique feature of the ATMobile is the 'Marketing Point' in the rear of the vehicle of around 10 feet by 10 feet which is designed as mobile office. This air-conditioned office provides accommodation for three people including customers. The objective of this cubicle is to counsel the people in unbanked areas and to cross sell various products and services of the bank. The marketing point is bound by full-length glass which gives a transparent and beautiful look.

This marketing point is manned by Client Relationship Officers who counsel and cross sell at 22 specified rural locations suggested by RBI from Monday to Saturday. This marketing point was created as a customer centric innovation to familiarize and bring banking to the rural and unbanked areas.

The ATM is attached to a branch in Hyderabad city for regular servicing like cash loading. There are no reconciliation issues as



it attached to a branch like any other

ATM. There are no major challenges except that the branch has to ensure that CDMA connectivity is available at all places where the bus halts.

The services currently being offered at the mobile ATMs include cash withdrawal, funds transfer, cash against credit cards, mobile recharges, balance enquiry, mini statement and utility payments. It also offer services to the ATM Cardholders of SBI, Indian Bank, UTI Bank, IDBI and HDFC Bank and 17 member banks of NFS.

## BRAND BUILDING AND PUBLICITY

Another unique feature is the visibility and branding. One entire length of the vehicle is provided with a facility to install a hoarding of nearly 16ft x 8ft which can be lit up. The banks products and services are displayed on this side and period changed. As the vehicle passes through, the bank can get wide publicity and enhanced brand image.

## INAUGURATION

Hon'ble Finance Minister P. Chidambaram has inaugurated this ATMmobile at a function at the head office in the presence of the top management of the bank, including its directors. He spent nearly 20 minutes in the Marketing Point where a he was given a presentation. He was very appreciative about the ATMmobile project and to quote in his own words: "I am happy to launch the



first ATMmobile. As part of inclusive banking, Andhra Bank has launched a number of new products and services. Closely following the successful public issue, their efforts deserve to be warmly applauded. My good wishes."

The inauguration took place on January 22, 2006 at the bank's head office premises, Hyderabad. Andhra Bank has joined few banks that have created such a facility. The Mobile ATMs, apart from expanding the reach of the bank, would also effectively function as a market point offering multiple services even in remote areas. They work on advanced CDMA technology and are designed with inbuilt security features. Computers and wireless connectivity in the mobile ATMs ensure that the records were updated immediately at these mobile locations. Further, they are designed for reaching out to the rural areas, giving the farmers and people an opportunity to access the most modern banking services, virtually at their doorsteps.

The response of the customer has been extremely good. They are feeling happy about the ATM services in the rural areas. Consequently, the bank has plans to introduce some more mobile ATMs at different cities and catering to rural areas. K. Ramakrishnan, CMD, Andhra Bank, said: "The above IT initiative and all such customer service initiatives being launched by our bank almost at regular intervals are aimed at giving our customers unparalleled convenience and security, in addition to making available the most modern banking technology and various other services at remote rural areas, almost at no extra cost to them."

To complement the mobile ATM, Andhra Bank has also launched Andhra Bank Kisan Vikas Card. Farmers having cash credit facility for crop loans can access the bank's ATMs using this card. The card limit depends upon the cultivable land in possession, cropping patterns and scale of finance provided at that time. The card is valid for three years and can be renewed. There are no charges for the card, and at a nominal premium, the bank provides personal accident insurance.

### AGRI BANKING @ KARNATAKA BANK

Karnataka Bank has 400 branches of which more than 50% are in rural and semi-urban area. The major crops to which the bank has financed are plantation crops, horticulture crops, field crops, cash crops, oil seeds and pulses. Finance has been extended for maintenance of the various crops, development of the estate/garden, purchase of land, farm mechanization, minor irrigation, etc. The bank has deployed around Rs.700 crores in the agricultural sector so far, which is around 10% of its total advances.

The bank has prepared a comprehensive document named 'Agri Vision - 2008' drawing up yearly pace for agro-credit expansion. With a view to have better geographical spread of agri advances in all regions of the bank, several new schemes were formulated and implemented, including KBL-Krishik Sarathi for covering financing to tractors, power tiller and all types of agriculture implements, KBL-Krishik Sinchana for financing to minor irrigation, structures like sprinkler irrigation, drip irrigation, etc, KBL-Krishik Bhandar for covering warehouse receipts finance, KBL-Javik Mitra for covering finance to organic fertilizer manufacture, KBL-Krishik Pushpa for



growing / maintaining all types of flowers, KBL-Sasyadham: for establishment of green house / polyhouse, KBL-Krishik Ankur for setting up of tissue culture laboratory and KBL-Krishi Card Scheme for maintenance of all types of plantation/

horticulture crops/ field crops / pulses / cereals, etc.

Apart from this, the bank is also financing dairy, poultry, vermiculture, apiculture, sericulture, mushroom production /export units, etc. The bank has also entered into financing to godown and cold storages construction to store agri commodities. Further, the bank has entered into an MoU with solar equipment manufacturing companies for financing to solar lighting and solar water heaters. The bank has also entered into MOU with tractor manufacturing companies like Punjab Tractors and New Holland Tractors for financing to tractors. The bank has also financed to some innovative projects like gerkins production and exports, jatropha cultivation, production etc.

### MICROFINANCE @ OBC



As part of innovation in rural development, Oriental Bank of Commerce has been implementing Grameen Project since 1995. The endeavor is to promote micro finance with a view to reach out to a large number of rural poor. The project hinges on active participation of people. Through groups of five, each with homogenous socio-economic background, preference is given to poor women. Ingredients of the project includes banking at doorstep, easy access to credit, skill development, capacity building, family welfare, literacy and making beneficiaries independent in decision making. The salient features of the project are as under:

- 1 It has been in operation since May 1995 in Dehradun and Sriganganagar Regions. Later it was expanded to Bhubneshwar, Jaipur, Agra, and Rohtak regions.
- 1 It is being implemented through SHGs concept.
- 1 Each group consists of 5 members.
- 1 Only poor are the target beneficiaries.
- 1 Preference is given to women.
- 1 Banking at doorstep and regular access to credit are regular features.
- 1 Capacity building and skill development are integrated with family welfare & literacy.
- 1 Weekly meetings are held at every center/ village.
- 1 Compulsory saving of at least Rs 7 per week.
- 1 Loan amount up to Rs 15,000 per member (Rs 75,000 per group.) Groups older than 3 years are eligible for loans up to Rs 125,000

now increased to Rs 250,000.

- ┌ It promotes non-subsidy orientation.
- ┌ B/O Rudrapur, Dehradun for all practical purposes is a micro credit branch.

#### GEOGRAPHICAL COVERAGE

OBC introduced Grameen Project in May 1995 on pilot basis in a village each in Dehradun (Uttaranchal) and Hanumangarh (Rajasthan) and now is being implemented in 56 branches of six regions namely Dehradun, Sriganganagar, Jaipur, Bhuvneshwar, Agra and Rohtak. The project is spread among 268 villages. By the end of March 2006, bank had formed 3441 Self Help Groups. During the year 317 groups were added. The project enabled the bank to reach out to 17,050 poor families, helping raise their economic status.

#### INITIATIVES DURING THE YEAR 2005-06

New Regions Implementing OBGP: During the year 2005-06, Agra and Rohtak regions started implementing OBGP through three and two branches respectively, falling under their regions. Under Agra region, 8 groups have been formed with 40 members. These members have been able to save Rs. 14,000 by contributing Rs 1 per day. Under Rohtak region, 23 groups have been formed with 115 members who have been disbursed a sum of Rs 14.10 lakhs, and these members have been able to save Rs 1.71 lakhs.

Increase in Loan Amount: Each member of the group was entitled to a maximum loan of Rs 25,000 after having satisfactory dealings for three years and above. This amount has been increased to Rs. 50,000 on the demand of the members during the visit of the bank's CMD and ED to Pakka Sarna, Sriganganagar and Rajasthan.

Cumulative Progress under Oriental Bank Grameen Project (OBGP) up to 31.03.2006 (*Amt in Lacs*)

|                              |         |
|------------------------------|---------|
| No. of implementing branches | 56      |
| No. of villages              | 268     |
| No. of groups                | 3441    |
| No. of beneficiaries         | 17050   |
| Amount Advanced              | 2025.11 |
| Savings Mobilized            | 450.69  |
| Recovery                     | 1568.26 |
| Amount Outstanding           | 787.25  |

#### ACTION PLAN FOR 2006-07

- ┌ The bank will impart on the job training to the rural and semi urban branches' staff at different centers where this program is being carried out.
- ┌ The bank has set up OBC Rural Development Trust, which shall, inter-alia, train poor women on micro-enterprises. This shall help expand coverage under OBGP.
- ┌ All 107 newly recruited Agriculture Officers shall also be given on the job practical training at these centers in order to create awareness and launching the project through their branch of posting.
- ┌ Each branch having services of AOs will start the project at least

in one village each.

- ┌ Five additional regional offices have been identified to start the project through their rural and select semi urban branches. These are Bareilly, Gurgaon, Karnal, Bhatinda and Lucknow.

This year all the rural branches of the above mentioned 11 regions will implement the project as the first phase of expansion. Next year, the project will also be implemented at the remaining rural branches of the bank.

#### VILLAGE KNOWLEDGE CENTER @ UNION BANK OF INDIA

Agriculture is the lifeline of Indian economy and provides livelihood support to majority of our population. The overall economy of our country directly as well as indirectly depends on the growth of rural areas. However, Indian agriculture needs radical changes to cope up with the increasing demand for quality products in adequate quantities by growing population in domestic as well as world markets. Information technology can be put to great use to bring the needed radical changes by bridging the information deficit gap to unleash development potential in agriculture.

In order to make headway in this direction, it is of prime importance to sensitize the farmers about various aspects related to agriculture / market information and to help rural people at large. Keeping in view these requirements Union Bank of India decided to open Village Knowledge Centers throughout the country.

Village Knowledge Centers are being opened at selected potential rural / semi-urban branches, to cater to the needs of rural population in general and farmers in particular. These centers serve as information dissemination centers, providing instant access to farmers to latest information / knowledge available in the field of agriculture, starting from crop production to marketing. The Village Knowledge Centers are working for mutual benefit of the farmers and the bank.



The Village Knowledge Centers undertake the following activities / offering following services free of cost:

- ┌ Dissemination of information on cropping patterns, improved seeds, fertilizers, pesticides, new technologies etc. coming up in the field of agriculture.
- ┌ Disseminating knowledge about climatic conditions prevailing in the area, current market price of various commodities, daily indices of commodities, employment news, etc.
- ┌ Imparting knowledge on new developments, latest technological progress that has taken place in field of agriculture across the globe in respect of improvement in crop varieties, crop management techniques, superior cropping pattern etc. resulting in good yield and substantial rise in income of farmers.
- ┌ Giving inputs to farmers on skill development, micro enterprises and formation of SHGs.
- ┌ Guiding farmers about the bank's loan products / various schemes and render assistance for completion of loan



applications and other formalities.

- | Marketing the bank's various agriculture loan products for cluster of branches allotted to them.
- | Establishment of Farmers Clubs.
- | Attempting to take banking from door to door and work for making command area villages as "100% Banking Habit Villages".
- | Subscribing to local newspapers at Gram Panchayat office at bank's cost for improving dissemination of information to farmers and to inculcate the reading habit.
- | Subscribing for magazines and periodicals giving useful information to the farmers about modern ways of cultivation, prices of agriculture produce, etc.
- | Encouraging villagers to send their children particularly the girl child to school.

Till March 2006, Union Bank of India has opened 101 Village Knowledge Centers (VKC) across the country. During F.Y. 2006-2007, the bank has planned to open 100 more VKCs. Of that, 21 VKCs have been opened taking the total number of VKCs to 122.

Personnel having agriculture background or have good experience of rural banking and are ready to work with dedication for the cause of upliftment of rural areas have been selected to man these centers. The centers are well equipped with computer terminal and internet connection for better relay of useful information to farmers. The person in-charge of the VKC is also provided with motorcycle for greater mobility and to cover more number of villages. This initiative has demonstrated how individuals associated with Village Knowledge Centers can effectively discharge the role of relationship managers who act as link between the bank and the farmers. The bank is also benefited as Village Knowledge Centers act as extended arm of the bank for marketing of various agriculture loan products and to garner new business. The facilities made available at the Village Knowledge Centers are being utilized to make a difference to the villagers.

### RURAL ATM @ UTI BANK

October 2005. In a bid to provide a further boost to the white revolution in Gujarat, UTI Bank launched a debit card for milk producers in the Anand and Kheda districts. The debit card is printed in Gujarati. Simultaneously, the bank installed two special ATMs in Shekhadi and Uttarsanda for serving these milk producers. The mechanism is that the money earned by the card holders from the sale of milk to Gujarat State Cooperative Milk Marketing Federation (GCMMF) is not given in cash to them. Rather the money is credited into their bank account. And using the debit card, they can withdraw the money whenever required.

The ATMs are not the usual expensive sophisticated ATMs that are seen in the metros and urban areas. Rather, these ATMs have been specifically manufactured by Aplab. These machines have only one tray and don't require air conditioning. The ATMs were inaugurated by G.M. Vyas, Managing Director, GCMMF.

The benefit is to the milk producers, GCMMF and the bank. The milk producers don't have to handle cash on a daily basis and they can withdraw when they need money on a 24x7 basis. For GCMMF, it does not need to handle money on a daily basis. It simply needs

to transfer the money electronically to the account of the milk supplier. UTI Bank, the third partner in this loop, gets new customers to whom it can cross sell other products and services. GCMMF had approached UTI Bank with this scheme to inculcate saving habit among its members.

Over 500 cards have been issued to the members. The ATMs have been networked using VSAT connectivity. About 7 or 8 ATMs more are in the pipeline, awaiting readiness of the softwares in the societies to interface with the ATM.

### FARMER LOANS @ YES BANK



As of March 31, 2006, Yes Bank had set up 7 branches in urban and semi urban areas, and none in the rural areas. Yet the bank was committed to agri and rural banking. Rather than set up branches, the bank tied up with various private sector companies and other organizations that were already in the business of selling something to farmers or buying their crops. On the buyers side,

the partners include textile company for loans to cotton farmers, tire manufacturer for rubber plantations, oil mill for castor and soya farmers, Caffe Day for loans to coffee farmers, Kashmir Apiaries for honey bee. On the supplier side, the bank has partnered with a farm equipments manufacturer for loans to farmers for tractors and drip irrigation systems. A small project has also been done for poultry dairy. Using the contacts of these companies, the Yes Bank representative visits these farmers and disburses the loans. The payment for the loans is taken from the company that is buying the harvest from the farmer. The partner company also does the intermediate followup and reporting. Says Somak with a smile: "So far there is no NPA on this front." The bank has set three levels of exposure for managing risks. One is per farmer, which is typically be in the range of Rs. 50,000 to Rs. 300,000. The other is per acre, which is in the range of Rs. 10,000 to Rs. 15,000. The third is a corporate limit, ie with each partner there is an upper limit of sanctions. "While most banks set up branches in rural areas to serve the farmers, our partnership approach is our exclusive channel. Another difference is that while agri banking is a specialized setup at most banks, for us this is a core business," said Somak.

For these projects, the bank hires people with a B.Sc. or M.Sc. in agriculture and MBA from institutes like IRMA, MANAGE (Hyderabad), etc. These people typically have 3 to 5 years of experience. This project is driven by Somak and is part of the bank's initiative titled Agri, Micro & Rural Banking (AMRB).

### CONSULTANCY @ YES BANK

On June 9, Yes Bank was appointed as national consultants by the Central Committee set up by the Union Ministry of Agriculture

for developing the framework for selection of private enterprises for setting up of Modern Terminal Market Complexes for perishables at important urban centers across the country. The focus is national distribution and exports. These markets will complement the state sponsored APMCs. Yes Bank will help in areas such as location, pricing, processes for fair prices to farmers, cold storage, etc. This is part of the agriculture ministry objective for creating a systemic approach for creating a national blueprint. Central Committee set up by the Union Ministry of Agriculture, is spearheaded under the aegis of the Director General, National Institute of Agricultural Marketing. Yes Bank secured the mandate by going through an elaborate three-phase selection process that was adopted by the Central Committee, which included both technical and financial bids evaluation. The MOU was signed on May 31, 2006.

Under the mandate, Yes Bank will assist the Committee, set up by the Ministry of Agriculture, as advisors in the preparation of the bid document, outline the procedure for the bidding process and develop the framework for the selection of private enterprises. Yes Bank will also work out the modalities for the implementation and mark milestones for monitoring bids and selecting the successful private enterprise.

Somak Ghosh, Head of Development Banking at Yes Bank, said: "We have already begun collecting data in the states of Maharashtra, Andhra Pradesh and Punjab. The approach here is bottom up, ie collect the state wise data and then integrate at the top. Issues involved include real estate, local development boards, forest departments, environmental clearances, etc."

Speaking on the occasion, Anurag Bhatnagar, Director General, National Institute of Agricultural Marketing (NIAM) said: "The appointment of Yes Bank as National Consultants is a major milestone and would facilitate the speedy implementation of the Modern Terminal markets across the country. The implementation of these markets would help in linking the farming community to the retail chains given their requirement for high quality produce. The present marketing system is characterized by a long, fragmented supply chain and high wastage, which not only deters the farmers from getting remunerative prices through a transparent price discovery mechanism but also fails to meet the growing consumer needs for graded and standardized food. The Terminal Markets project would help integrate farm production with buyers by offering an alternative channel to the farmers with appropriate infrastructure. The Modern Terminal Market would offer a wide range of facilities all under one roof like grading and sorting line, electronic auctioning, quality testing laboratories, cold storage and most importantly banking facilities."

The concept of the Modern Terminal Markets operates on the

hub-and-spoke format wherein the Terminal Market (the hub) would be linked to a number of collection centers (the spokes). The spokes would be conveniently located at key production centers to allow easy farmer access and the catchment area of each spoke would be based on meeting the convenience needs of farmers, operational efficiency and effective capital utilization of the investment. Under this model, there will be no service charges, fewer intermediaries, less handling, better and modern infrastructure for handling and processing of perishable produce, ensuring better produce quality, and efficient marketing thus benefiting both the farmers and consumers.

This project is part of Yes Bank's initiatives titled Food & Strategic Advisory & Research (FASAR), which is head by Kalyan Chakravarty who is based at the Delhi office.

### PARTNERSHIP @ YES BANK

On July 29, 2006, Yes Bank and College of Agribusiness Management, of the GB Pant University of Agriculture and Technology, entered into a strategic alliance for establishing an efficient hi-tech agriculture farm and agro park through public private partnership for the development of integrated agribusiness in the state of Uttaranchal.

Yes Bank and College of Agribusiness Management, through the alliance, will aim to overcome the bottlenecks in the development of modern agricultural landscape by adopting high-end technology interventions in the existing landscape of the state. The alliance will set a precedence of successfully running University-Industry linkages. This linkage will create an environment for technological advancement of the

agribusiness sector in the state, and provide investment opportunities for both national and international players.

According to this agreement, about 150 acres of land is being set aside to develop an integrated agri facility. Of this land, about one fourth will be used to set up demo farm for which the bank will bring international experts in the area of tissue culture, etc. Farmers will get trained on the techniques so that they can apply it to their farms. The balance three fourth of the land will be used to set up processing hubs for example converting tomato to ketchup, etc. The technologies for these will be sourced globally.

The bank will invest in bring the project. The revenue model for the bank is that it will charge a fee from the private party that takes up the project. The bank will take the risk till the point where public and private parties come together for the real project. This project is part of Yes Bank's initiative titled Strategic Initiative for Government (SIG), which focuses on projects that are strategic to the government of India. This project was driven by Tushar Pandey of Yes Bank.



## KISAN ATM @ AGS INFOTECH

Mumbai based AGS Infotech is the Indian partner for German major Wincor Nixdorf. AGS has developed a rural ATM. The base ATM is model ProCash 1500xe. This model has been enhanced in several ways. First there is a fingerprint scanner, that enables biometric recognition. This is perhaps the most reliable method of authentication in rural areas where a large population is illiterate. Secondly, the screen is a touch screen, enabling inputs through the screen. This makes navigation and selection much more easier. Thirdly, the ATM has been fitted with speakers that can communicate with the customers through sound. Finally, the ATM has new software that makes interaction with the ATM much easier for rural folks.

The way the ATM operates is that the user inserts his card in the card reader. The ATM, through voice and visual animation, requests the user to place his finger on the biometric scanner. Once the user is authenticated, the ATM throws up the cash withdrawal options on the screen. The visual is animated and accompanied with sound. The visual shows predefined amounts such as Rs. 500, Rs. 1,000, Rs. 5,000, etc. This can be decided by the bank. Below the withdrawal options, the screen also shows options for mini-statement, balance enquiry, etc. Once the user enters his choice, the system will check the available balance in the controller PC, debit the amount, write the new balance and record the transaction on the journal printer, electronic journal as well as the controller PC. The records in the controller PC are used for mini-statement transactions. The balance in the controller PC is used for balance enquiry.

The finger print images are stored on the ATM itself and hence the authentication is done locally, and hence quickly. The disadvantage is that the card be used only on the ATM on which this data is stored. The ATM can also be used with PIN entry instead of biometric, and in this case, it works as the normal ATM where the transaction goes through the ATM switch.



Said Sunil Udupa, MD & CEO, AGS Infotech: "Many people are looking at buying / developing low-cost ATM for the rural sector. This has one major flaw that if the technology is not reliable and sturdy, it will fail and fail often thus killing the rural ATM initiative. The alternative is to find ways that make the rural ATM more viable. One such initiative is to have a roaming rural ATM and another is to use E-Token

enabled ATM for standard branch withdrawals. With E-Token, you re-use the rural ATM for branch's cheque based withdrawals. Then the ATM automatically becomes feasible and profitable. The ATM hardware itself needs to be rugged for rural needs. The ATM should have low heat dissipating LCDs instead of CRT monitors. ATMs should also have finger print authentication. At Wincor/AGS, we have created this ideal ATM. Another challenge was to make the

illiterate farmers use ATMs. These farmers cannot read or write and hence they find the standard ATM menu navigation very complicated especially if they have never used any kind of automation devices...

Understanding this critical need, we have developed a unique Kisan ATM that not only talks but also guides the Kisan through color coded animation to perform 'One-Touch Transactions.' We hope to work with couple of large and small banks shortly with our unique Kisan ATM with finger print authentication, voice guidance and animation enabled One-Touch Application." According to industry sources, one of the public sector banks has signed up with AGS for implementing the Kisan ATM.

## GANASEVA @ MICROSOFT

One of the reasons that a typical villager will go to a private money lender rather than a bank is the amount of time taken to collect documents and visit the bank, which may be miles away. If the villager is a daily laborer, he might lose a full day's wages trying to collect all the information and documents required to apply for a loan. Accessibility problems, lack of knowledge, procedural delays and the lack of an overall focused channel of information make it impossible for the villagers to access banking credit.



Prof. S.S. Satchidananda is a noted economist and professor of banking and finance at Indian Institute of Information Technology at Bangalore. He is the solution architect of a unique and innovative project - Ganaseva Rural Credit Delivery System. Along with a host of partner agencies and companies, he has been instrumental in transforming the potential rural credit

scenario through a revolutionary services delivery system using technology. He said: "Reaching services to the rural people is the important need of the hour. Ganaseva has created an innovative framework using information and communication technology. It is all about creating robust authentic authenticated rural information infrastructure in a digital manner. It offers a configurable model to customize the data analytics offerings to the various service providers. It provides configurable business processes for banking. Most important, it provides a shared and mobile mechanism for delivery of multiple services."

The basis of this project is that information pertaining to family details, finances, landholding size, previous loans, etc. is simply not available. It is also important that beneficiaries knew what credit options they had, how they could reach it, what were their rights as consumers, and how the project would act as a key enabler towards their financial well being.

The project began in January 2005 and ended in April 2006. It had funding from Microsoft and technology support from a coalition

led including Tata Consultancy Services, HP, Envision, Nelito Systems and Reliance Infocomm. The project area was select interior villages chosen on the basis of connectivity, contiguity and proximity in the backward Honavar block in Karnataka. The coverage included all adult individuals in the villages and was not limited to any target group like micro finance or self-help- groups. The project took 25 man months and covered 200,000 citizens.

The ancient Idagunji Ganapati temple was the epicenter of the Ganaseva project as this was the place where the project team initially discussed and laid out the entire project implementation plan. The first and foremost task in preparing a rural credit delivery system was the collation of data. Said Santosh Khanolkar, Banking Specialist at Microsoft: "In the Ganaseva rural credit delivery project, the challenge was to find out the right and cost effective methodology to implement the entire remote banking process, so that the data collection and validation can be done at the point of source itself. So we used web services as a foundation based on Microsoft Dot Net to implement this entire end to end solution."

Said Prof. Satchidananda: "The unique thing about this model is that all these operations are done using a member of the community. Under this model, one of the community members is chosen as the facilitator and he will collect, update and validate the data on an ongoing basis using modern technology tools like PDAs or hand held computers."

The project team conducted village level awareness camps and also made use of gram panchayats and gram sabhas. Information dissemination was also carried out through the innovative means of the local folk theater.

K. Fazalnur was the project manager of the Ganaseva project in Idagunji and has been the key facilitator of all the on-ground implementation. The implementation on the ground began with the data collection exercise. There were over 150 fields of data for every respondent that needed to be collected. AC Nielsen brought data collection and research domain expertise to the table. Working in tandem with Microsoft and other technology partners, a PDA user interface was created with applications for collection and further transmission of data. Image, voice and pictures were easily captured to support key fields such as personal identity, verification of assets such as houses, birth certificates, detailed cross verification, etc.

Even though it was very difficult to collect the data due to lack of transportation and hilly terrain, the project team collected details of about 4500 houses, such as land holdings, number of members in the house, what are the assets, what are the income and expenses, if they have any bank account or loan account, guarantees for anybody, etc. Once all the data was transferred to a central server, and another application layer at the back end converted this data into useful information for banks and other financial institutions.

Said Khanolkar: "In this we used information and communication technology in such a way that the solution is implemented in a very cost effective manner in a very integrated way. The typical consists of collection of data on PDAs, validation of the data at the source itself, uploading that data through the

internet as a communications medium and providing the information about credit rating of the people to the bankers at their fingertips."

The project transformed how banks looked and approached rural credit. With a host of new information available, banks were able to understand the needs of rural customers better and provide tailor made solutions to each individual. Also, with the risk of credit lending being brought down considerably, banks were able to process loans faster and without any fears of potential default.



Ravi Venkatesan, Chairman, Microsoft India, said: "Our mission at Microsoft is to help India realize her full potential. There is a growing realization amongst people today that if India is really going to be a developed nation in our lifetimes, then it is incredibly important to integrate 700 million people who live in rural India into our economic mainstream. We have seen a growing amount of

empirical evidence that a couple of levers to doing this include information access on one hand and access to credit on the other. This is why we have launched a number of other initiatives such as Vikas, Bhasha, Siksha and Saksham."

Ganaseva provides an electronic highway with banking at the core and a number of services that can be tagged along like video conferencing, health services, e-governance services, etc. The possibilities are nearly infinite.

This project has achieved its objectives by demonstrating ICT based rural information infrastructure for providing banking and other services on a shared basis, managing and processing of this rural data for analytics for enabling the delivery of banking services and for credit rating. However, this solution is only a demonstration of the technological feasibility and potential benefits of the model. It needs to be productized with security, house-keeping, disaster recovery features and commercialized with business model and costing. The scalability and the replicability of this kind of solution are yet to be tested.

According to Dr. Satchidananda, the main findings were as follows:

- 1 Empowerment of people with choices for banking is desirable and possible through doorstep banking.
- 1 Digital Rural Information Infrastructure is a requirement for providing any service to the rural and the Ganaseva model demonstrates the successful of building it.
- 1 Banking is a core service which is needed by the people but it also plays an infrastructural role enabling the providing of other services such as e-commerce.
- 1 Shared collection of data and shared processing together with outsourcing and automation can reduce the banking costs, increase access and make banking affordable to the rural people in this country where the ratio of deposit accounts to population is merely 59%.

