

“ROLE OF BANK MITRA IN SHGs”

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Abstract

SHG formation, capacity building and bank linkage is an important aspect for creation of sustainable SHGs. The staffing pattern of rural and semi urban branches are more or less inadequate to handle the day to day business of the regular customers. The SHG customers due to their ignorance and illiteracy find it difficult to receive the attention of branch staff and at times are trapped by the clutches of unwanted mediators and are exploited. To obviate the troubles and inconvenience faced by women SHG members and streamlining easy access to banking, it is conceptualized to identify bank MITRA and avail their services for hassle free availability of bank products to SHG members.

1. Introduction.

Self Help Groups involves forming voluntary, homogenous and affinity groups in a particular area targeting all vulnerable households from amongst our community with the objective of mutual help and socio economic development. A minimum of one woman member from every household is eligible to join an SHG. An SHG will have between 10-20 women. The SHGs will be the first tier of the community institution structure. 10-20 women from the village will form one SHG (in case of persons with disability or migrants the group size may be 5 to 20).

2. Background concept.

A. Self Help Groups

The group would resolve to follow the PANCHASUTRA

- Regular weekly meeting,
- Regular weekly saving
- Regular weekly book keeping
- Regular internal lending,
- Regular and timely repayment
- 2 members of the SHG will be chosen as **representatives** - Representative One and Representative Two. Of the two representatives, **either one would belong to a vulnerable** (SC/ST/Minorities/PWDs/Sexual minorities/widows/single women headed household /persons living with HIV etc.) community.
- SHG formation, capacity building and bank linkage is an important aspect for creation of sustainable SHGs. The staffing pattern of rural and semi urban branches are more or less inadequate to handle the day to day business of the regular customers. The

SHG customers due to their ignorance and illiteracy find it difficult to receive the attention of branch staff and at times are trapped by the clutches of unwanted mediators and are exploited. To obviate the troubles and inconvenience faced by women SHG members and streamlining easy access to banking, it is conceptualized to identify bank MITRA and avail their services for hassle free availability of bank products to SHG members.

- **B. Basic banking services:**

- The **role of banks** would commence with opening savings accounts for all programme beneficiaries, SHGs and their federations (unregistered/registered). Full range of banking services, including savings, credit and remittances, would be facilitated. State Level Bankers' Committee (SLBC) in each State would facilitate consensus on the 'Know Your Customer' (KYC) norms and procedures to be adopted by the banks for providing these services.

3. Literature Review:

As per the NABARD guidelines and Banks, Bank finance to SHGs: The bank financing would take two forms – financing under NABARD's SHG-Bank Linkage Programme for SHGs or their federations; and financing SHGs or their Federations for specific economic activities on cluster basis. The salient features of bank finance are:

- a. Banks, treating this as a mainstream business opportunity, would view SHGs as business clients. Banks would maximize the business potential in SHGs and extend credit support on continuous basis.
- b. Banks would adopt a Rating Index developed by NABARD as appraisal tool for assessing credit worthiness of SHGs.
- c. Consensus among the various participating banks on the norms like eligibility of SHGs, graduating loan sizes with each repeat loan, tenure of loans, uniform rating norms, loan documentation, etc., would be evolved.

As per the literature review in this regard, meaning and nature of work of Bank MITRA: with reference to manual of National Rural Livelihood Mission;

A Bank MITRA is a person like a friend selected by the Apex or **Federation of SHGs** and attached to a bank branch and helps SHGs to avail different services from bank by managing the help desk.

Eligibility criteria's of the "BANK MITRA" for promotion of sustainable SHGs.

- The Bank MITRA preferably must be a woman.
- May preferably be a member in SHGs?
- May preference be given to differently abled person
- If SHG member, should not have hold any office bearer post
- She should be between 18 to 35 years

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- She must be resident from service area of Branch, preferably from the same cluster villages
- She must have passed minimum 10th class and possess good writing and reading skills. Reading and writing skills shall be given more preference
- She should have the ability to write in clear and with good handwriting.
- She should have good communication and liaison skill.
- She shall be preferably from the same community or SHG member or wards of the SHG member's .However, in case of unavailability of such candidate male candidate may be considered.
- She should be very well versed with writing ability and this aspect shall not be compromised as one has to be the role model for future scaling.
- She should have patience by nature and she should have compassionate view and regard for poor women.
- She must be vocal and should not have any constraints regarding mobility in the village and going to and forth to the nearby bank premises.
- She shall have the consent of the family members and willing to attend to the bank premises during the office hours of the banks all through the month.
- She shall be confident to make interpersonal relations with the bank staffs and the community members of the respective cluster.
- She shall be willing to liaison between the bank and the community and do remain prepared to attend to the SHG's in their place in case of requirement to fulfill the procedural requirements of financial linkage be it savings account opening or the credit linkage.

4. about Model and Concept:

The District or Block shall be taking the consent of the related Federation in order to consider the name of the Bank MITRA for further processing. The considered candidate shall be provided with adequate training related to the work one is required to perform. After due training the candidate (Who is needy person) shall be placed to start the work in liaison with banks at the designated bank premise. S/he shall be put under the scanner for first

In the beginning, 3 months and due feedback shall be collected about her from the bank manager and related Federation. Once her performance is found satisfactory, she shall be further asked to continue with the work. During the first 3 months period, periodic training shall be under taken according to the need arising. The training cell at the district level shall be doing the training need assessment and preparing the modules to train them.

Area of operation of Bank MITRA

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- The Bank MITRA will operate from a particular branch and surrounding one or two branches if possible.
- All SHGs within the service area and operational area are to be served by Bank MITRA.

Selection Process

Wide publication of notice by pasting at Federation or Bank branch and other prominent places like Grama Panchayth and Public Places;

- The selection committee consists of President, Secretary and any one other member of nominated by the said bank branch. In case of Service area of the branch is more than one GP, and then all the service area GPs will have a common selection committee constituting members from different Federations
- For a common selection committee comprising of all service area GPs. Either the President or the secretary will be nominated to the selection committee equal to the number of service area GPs
- The application in prescribed format will be submitted to Selection committee and copy of application will be given to own Federation.
- Selection committee will scrutinize and shortlist the candidates.
- Arrange written test and interview if application received are more than one.
- The BPMU will facilitate for scrutiny, examination, and interview but will not be member of selection committee.
- One Bank MITRA will be for one branch.
- There will be Nodal Federation preferably nearer to Bank Federation for monitoring purpose.

Job responsibilities

- Provide support in doing subsidiary banking works like documentation and preparing SHG's and their federations for opening savings account. This may include visit to SHGs and other federations and encouraging community institutions to understand the rules and requirements of opening of saving bank account.
- Providing support in ensuring documentation of bank credit linkage. This may include visit to the locations of SHGs and encouraging SHGs to understand the rules and requirements of bank credit linkage. The range of service shall also include the federated structure of community institutions.
- Provide support in the receipt filling related to the financial transactions in the bank when the members reach the bank premises either for withdrawing or depositing the

amount and supporting the bank with such similar works as required by the branch.

- Become instrumental in facilitating the community members through
- SHG's and their federations make access to financial services.
- Any similar other works as and when assigned by the project/community institutions.

5. Remuneration- Fixed Model (Indicative)

- During the period of Internship of the Bank MITRA's he shall be provided with a stipend / Honorarium or service charges of Rupees. 2,000 to 3000 (Depends on work and coverage of areas) and a travel allowance of Rs.250. This shall be applicable on a monthly basis.
- After completion of the Internship She shall be provided with a stipend /Honorarium of Rs.4000 and a travel allowance of Rs.500.This shall be applicable and paid on a monthly basis.
- Remuneration shall be paid through the Federation of the related district. It shall be assured that the payment shall be paid through the Cheque after opening their accounts.
- In case of non-performance, the concerned person shall be given 2 months' time for improvement. In case the desired improvement does not take place, a suitable replacement shall be sought after informing her in writing by the Federation in charge.
- The source of funds from the Banks or Federation or Promoting organization. And also jointly share the services charges of BANK MITRA for the benefit of all.

6. Remuneration - Incentive Model (Indicative)

Instead of fixed remuneration (as detailed above), an Incentive Model could also be considered to compensate the work of Bank MITRA.

The Bank MITRA will attend the branch and manage help desk on a daily allowance basis of Rupees 50 per day for the working days of the bank and perform the following activities at the branch and at his area of operation.

- She will manage the helpdesk
- She will attend the branch every working day during business hours.
- She will prepare bank vouchers of SHGs and other women costumers
- She will facilitate to collect all documents for KYC compliance
- She will arrange for required documents for bank linkage
- She will collect the data of House Holds those who have no bank accounts and

arrange to open accounts of all households

- Take proactive role in total financial inclusion and She will arrange recovery camps through bank linkage committee for recovery of bank loans

In addition to daily allowance of Rs.50/- performance incentive will be given as follows

- Opening of a SB account individual Rupees. 20/- to 30/-
- Opening of SHG SB account Rupees. 200/- to 300/-
- Facilitating grading of SHGs for bank linkage Rs.50/- to 100/-

The incentive will be paid on receipt of data in monthly report as per the annexure from Bank MITRA duly countersigned by Branch Manager. The payment will be made by the Nodal Federation.

7. Payment can be given to Bank MITRA in the following suggestions.

Nodal Federation will make payment to the Bank MITRAs. The amount will be paid by SLRM or any promoters of SHGs may be Banks, Federations or NGOs after receipt of the cosigned statement by Branch Manager and authorized signatories of Federation through a/c payee cheque.

Supervise and support:

For all purposes the \ Federation will be the controlling authority of Bank MITRA. They can remove the Bank MITRA on receipt of unsatisfactory reports from most of the Federations

Participatory Monitoring:

- Bank MITRA will submit an attendance sheet and work done report
- The statement will be countersigned by Branch manager.
- Block level Federation will scrutinize the statement and recommend to village level or GP level federations for payment on a resolution and may randomly verify from the pass books of SHGs.
- The bank MITRA will also provide data to BPFT on bank linkage related aspects.

Bank Linkage Committee:

There will be a bank linkage committee at each Federation. The Bank Linkage Committee will keep direct contact with banks and facilitate for bank linkage. Bank linkage committee will also formally request the Branch Managers to attend few Federation's meetings.

Grievance / Issues - Handling:

Any unlawful behavior towards the Bank MITRA will be protected through SHGs and Federations and a suitable mechanism to be developed at GP level or Block level of such grievances. A Women Staff / Facilitator member of the District will be designated to handle the cases.

Timing and supporting:

The Bank MITRA will attend the branch every working day from 10 AM to 3 PM. In the afternoon she will meet the SHG members for grading, collecting documents for KYC and other related works. And the services of Bank MITRA is depending on the areas, people and according to their convenience. Sometime door step services also can be given.

8. General Principles:

- Bank MITRA will not handle any cash
- Bank MITRA covertly or overtly will not impose her desire on the SHG members.
- SHGs are free to avail bank products of their own if they so desire.
- Bank MITRA will act as friend, philosopher and guide to the SHG as regards to banking relationship.

Roll out plan: Since bank MITRA is a new concept for the banks and a good number of branches are in the SHG bank linkage business for the last one decade it is necessary that the new concept is to be conceptualized among the bankers for which the following roll out plan to be made

- Conceptualization workshop with the controlling heads of banks and NABARD, (National Bank for Agricultural and Rural Development) State Level Bankers Committee.
- Memorandum of understanding with selected banks initially with major banks
- Selection of Bank MITRA
- TOT for trainers of Bank MITRA
- Training and Exposure of Bank MITRA.
- Exposure visit of bankers to other states where bank MITRA concept is successfully working.
- There will be review committee at state level with the bankers which may sit quarterly to review the activities and progress.

9. Training of Bank MITRA:

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- The bank MITRA will be trained on SHG bank linkage, financial inclusion etc. by the project at district level in suitable batches.
- Recognized Training Institutions at the Block or district will be the training place.
- Local bankers will be resource persons.
- A training module on financial literacy and credit counseling may be designed. Bank products, Savings and loan suitable for SHGs, procedures and documents required for SB accounts. Bank norms, Credit linkage, Appraisal, Micro Invest Plan based linkage, repayment, application of interest; micro insurance, grading etc. will be the topics for training.
- Local bankers may be the resource person
- Course design will be same for which one day Training of Training to director of Self Employment Training Institutions and duration of training –Two days

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