



Efficacy of Business Correspondents in Select Districts of Tamilnadu

KEYWORDS

Financial Inclusion, Business Correspondents, Technology, inclusive growth.

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ABSTRACT Several socio-economic development programmes have been implemented to alleviate poverty, generate more employment and income and provide social security for the people who are under-privileged and economically weaker in India since independence in 1947. The primary objective was to improve the standard of living through creation of income generating activities besides granting government grants to support their livelihood activities. Finance has been the integral part in these schemes to transform the weaker section into economically stronger one. Most of the schemes were implemented through Banks mainly after nationalization of banks in India.

A strong and effective financial system is essential for such transformation. Lack of access to financial services and products by the downtrodden people in India is one of the chief reasons for the lacklustre results in post-implementation. This impediment has engaged the attention of policy makers, regulators and other stakeholders. Several measures have been introduced by the Reserve Bank of India (RBI) and Government of India. All Banks especially Public Sector Banks (PSBs) began the new initiative of engaging Business Correspondents (BC) to deliver banking services and products to the people in remote, unbanked areas.

This paper explains the challenges faced by BCs, their expectations from banks to perform at a higher scale and future growth. The relevant data for the study has been collected from data issued by the RBI, Government of India, working papers issued by IIM, research articles, website as well as survey conducted with BCs in two districts in Tamil Nadu (primary data).

Introduction:

The approach and strategy of scheduled commercial Banks had changed from commercial orientation to social development ever since social control was imposed by Government of India in the year 1969. The policy, plan and programme underwent a categorical change and tilted towards poor people living in villages and remote areas. Although several schemes were designed by Govt. of India for the uplift of downtrodden people through "Andhyodha" approach, the results were not so encouraging. The present level of 21.9% of people living below poverty line as per the Tendulkar committee is an evidence to the above inference.

Multipronged strategies have been felt necessary to improve the life conditions of the poor people. Economic independence supported by a strong financial system is vital to enhance their standard of living. In order to ensure the above objective it was felt in India that low income segment of the society should be brought into formal financial system for which access to the banking system is considered to be the foremost necessity. Including all people to get banking access and thereafter the services at an affordable price is known as financial inclusion. Since nationalization many commercial Banks had tried to provide banking access through opening bank accounts. This strategy was adopted as a part of social initiative with business sense to augment low cost funds. One such scheme was introduced by Indian Overseas Bank (One of the nationalized Banks in India) in the name of "One Home One Account" in early 1980s. This inclusive process gained momentum in November 2005 when RBI advised Banks to open no-frills accounts. No-frills account is a basic bank account with low or zero minimum balance and minimum

charges, Account opening procedure was simplified with easy 'Know Your Customer' (KYC) norms to reduce the hardship of low income groups for those accounts with balances not exceeding INR 50,000 and credits thereto not exceeding INR 1,00,000 in a year. This initiative is the first step or foundation stone for a mammoth edifice of financial inclusion.

The next crucial step introduced by RBI in fostering financial inclusion was permitting Banks to utilize technology and engage outsourced Business Agents or Financial Intermediaries viz., Business Facilitators (BFs) and Business Correspondents (BCs). The concept of BC became popular; perhaps the cash transactions handled by BC may be attributed for the popularity and widespread acceptability.

Taking financial services to the remote places becomes a strenuous job due to several reasons like topographical disadvantage, cultural inhibitions, impact of local political systems, reliability of business agent, trust factor of service recipients etc. These factors tend to create financial exclusion. Opening of branches in unbanked and under-banked districts and areas (Subbarao, 2009) was liberalized, in fact encouraged by RBI. Opening of brick and mortar branches in all villages has cost and business constraints. On the basis of the recommendations of the Internal Group on Credit and Microfinance (RBI, 2005; Baskar, 2006) engagement of BC/BF was allowed by RBI to serve low income segment of population with financial services.

All Banks have deployed BCs through various business models suiting their business philosophy and approval from the Board of Directors. With the passage of time the BC model stabilized to a reasonable extent albeit the limi-

tations. The enormous potential to spearhead financial inclusion has not been fully tapped despite the continuous push from RBI and Govt.

The study intends to understand the reason for the slow progress through BC and low volume of business through them for the Bank branch tagged with them.

Literature Review

Financial inclusion has been defined by different organizations and committees in different ways but the unique feature among all explanation is that providing access to everyone especially disadvantaged class/section of society. As per World Bank report "Financial Inclusion or broad access to financial services, is defined as absence of price or non-price barriers in the use of financial services". Committee on Financial Inclusion (2008) constituted by Government of India under the Chairmanship of Dr C Rangarajan defined Financial Inclusion as *the process of ensuring access to financial services and timely and adequate credit needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.*

Any article by authors would not be complete if the definition given by Dr K C Chakrabarty, former Deputy Governor of RBI, who heralded the financial inclusion movement with vigor in the country. The spirit with which he took forward the financial inclusion efforts of Banks in our country requires special mention in the annals of financial inclusion movement in India. According to Chakrabarty (2011) *"Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by regulated main stream institutional players"*.

In India, of the 6 lakh habitations about 30,000 only had a commercial bank branch in 2008 which constituted 5% in the year 2008. As per RBI data as on March, 2014 commercial banks covered 3, 83,804 villages under branch and branchless mode that represents 64% of habitations. India has a net work of 1,25,863 Bank branches as on 31st March 2015.

Appropriate financial products include savings, remittance, credit, investment etc which depend on the specific requirement of the user for financial transactions. In addition to these, banks will provide several kinds of services viz., insurance, pension, leasing, factoring, venture capital, housing finance, merchant banking, mutual funds etc (Nagaraju K C, 2014). Until recently commercial Banks confined the financial inclusion activity only to opening bank accounts that was accentuated by Government of India (GOI) into opening of accounts in a campaign mode for the last mile under Pradhan Manthri Dhan Jan Yojana (PMJDY) started in August 2014. Further it was ascended to insurance schemes by Government of India August 2015 under Pradhan Manthri Jeevan Jyoti Bima Yojana (PMJJBY- life insurance), Pradhan Manthri Suraksha Bima Yojana (PMSBY – accidental insurance) at a low cost (as indicated in the website of Ministry of Finance). This step has popularized insurance schemes through Banks under financial inclusion initiative.

Despite 67 years of independence, India is still lagging behind in the process of providing financial services to the masses with nearly half the households remaining unbanked and nearly 90% villages not having bank branches

(Charansingh, 2014). The ILO Declaration in Philadelphia in 1944 proclaimed that "poverty anywhere is a threat to prosperity everywhere. It is universally agreed that financial inclusion helps to build domestic savings, bolster household, domestic and financial sector resilience and stimulate business and entrepreneurial activity. Banking for poor is viable and scalable on commercial lines, of course, without exploitative intent" (Mundra S S, Oct, 2014).

Access to financial services helps the poor insure themselves against income shocks and equips them to meet emergencies such as illness, death in the family or loss of employment (Subbarao, 2009). Households require access to financial services for creating buffer savings to hedge against unpredictable situations, need credit for livelihood creation, housing, consumption, and other emergencies (Raghuram Rajan, 2009).

For sustainable growth India needs to take basic utilities like financial services to the excluded population. Access to financial services is more than just a basic utility. Boston Consulting Group (BCG) survey revealed that overall financial exclusion in India is about 47 percent. Several positive changes have begun to improve the situation like technological adoption in Telecom as well as within the financial service providers, introduction of BCs and disbursal of Govt. payments through the banking system (Boston Consulting Group, 2011).

The Approach paper for XII Five year Plan in India proclaimed a development theme "A faster, sustainable and more inclusive growth" with an emphasis on financial inclusion. Amartya Sen (2000) argued that poverty is not merely insufficient income, but rather the absence of wide range of capabilities, including security and ability to participate in economic and political system.

A research study concluded that financial inclusion becomes a major pre requisite to poverty alleviation. Need for additional workforce, time consumption, high cost and illiteracy continue to be a road block to financial inclusion in many areas (Nalini G S and Mariappan K, 2012). The BC model ensures a closer relationship between poor people and the organized financial system. Though the BC model has taken off, it needs to be fine-tuned and monitored appropriately to improve its efficacy through better training to BCs (Subba Rao, 2009). The importance of financial inclusion shall be comprehended from the speech of the RBI Governor "Start first with access. We need to bring more of the hitherto excluded to participate in the financial system. The Prime Minister's Jan Dhan Yojana (PMJDY) has created accounts for much of the excluded segment. We also have to ease access to banks through BCs, Payment Banks and Point Of Sales machines so that they are used frequently" (Raghuram Rajan, 2015).

Inradhanush, the plan for revamping Public Sector Banks issued by the Department of Financial Services, Ministry of Finance, Government of India on August 14, 2015 outlined the framework of Accountability for PSBs. Therein it was indicated that bank's performance under Key Performance Indicators (KPI) will be measured in terms of financial inclusion also for which 15 marks are awarded. This step will tweak the performance of Banks (GOI, 2015).

What good are bank accounts if people do not use them and banks have little incentive to service them was the relevant issue raised in media (Bhagwan Chowdhry, 2015). The BC model acts as a support for improving last mile.

Commercial Banks generally view financial inclusion model a social service and not a profitable proposition that increases the customer base or deposits. The BCs earn inadequate income per transaction (Charansingh, 2014). Age of workers will have definite impact on productivity. Clearly, productivity of workers will go down eventually at higher age. However, it is not clear where the turning point of the age-productivity profile is located. To the extent that there is a productivity-wage gap at high ages this age effect is bound to be small (Jan C Van Ours et.al, 2010).

The Bank's response to BC activities has been quite slow which has limited the expansion and sustainability of the model (Laureti,2009). Among various types of BCs certain disadvantages have been observed in respect of 'for-profit' companies as BCs viz., concerns of mis-selling of banking products in the interest of revenue maximization , conflict of interest, misuse of customer related information for their commercial purpose, unfair coercive practices etc., (Indicus Analyticus,2011).

With the nod from the RBI, deployment of BCs has been intensively carried out by banks across the country. Different models include corporate agent model, stand alone model and customer pay model (Lakshmi Kumar, 2015). Many bank officials reported that BCs are not active and not delivering their functions effectively. The reasons are many but it definitely hampers the purpose.

Research Questions:

Why villagers would like to work as BC and who are they? Whether they undertake BC activities as full time job or part time job?

What is the level of awareness about various banking products and inclination to provide financial literacy to the last mile / end users?

What is the level of co-ordination between bank officials and BCs/ what is their esteem level to carry out the job to further financial inclusion?

Methodology

Survey has been conducted using questionnaire to cover BCs functioning in central part of Tamilnadu namely Thanjavur and Perambalur Districts. The individual or stand alone BCs selected by banks getting reasonable remuneration (as stipulated by GOI) are found to be effective to provide banking service at the door step of villagers / customers especially pensioners. It is obvious that lesser remuneration to BCs would diminish the interest and involvement that has adverse impact in the delivery end. Indian overseas Bank (IOB) has adopted a unique and powerful BC model, though cost is high, in order to implement the financial inclusion initiative more effectively.BCs engaged by IOB were selected for survey in these 2 districts. The respondents for the survey were 99 BCs from Thanjavur and 34 BCs from Perambalur districts.i.e totally 133 BCs were interviewed with a detailed questionnaire.

Qualitative and quantitative data were collected. Appropriate tools were used for analysis of data. The findings and suggestions to improve the efficacy of BCs to take forward the financial inclusion into next orbit and further deepen the financial inclusion are discussed in the final section.

Analysis

5.1 Bank's profile

The RBI advised Scheduled Commercial Banks to extend

banking services in unbanked villages having a population of above 2000 through a Customer Sales Point (CSP) under directions from State Level Bankers' Committee (SLBC) through which the unbanked villages were assigned to various bank branches operating in the vicinity. Service Area Villages were considered while making the allotment of villages to bank branches. This allocation was done by the District Consultative Committee (DCC) during the bankers meeting in the Block Level Bankers' Committee (BLBC). In Tamilnadu out of 32 districts Indian Overseas bank has Lead bank responsibility in 12 districts. Lead bank for the remaining districts are Indian Bank, Canara Bank and State Bank of India.IOB has large number of Branches, BCs and villages under financial inclusion in Tamilnadu.

Banking services have to be provided in these identified villages by opening a brick-and- mortar branch or engaging BC or ultra small branch. Establishing a branch in these rural areas with all paraphernalia is more expensive than deploying a BC. The cost is the inhibiting factor. Hence banks had opted BC mode to cover the excluded population in unbanked villages. IOB has adopted individual BC model to ensure stronger 'connectivity' between known person (selected by the branch) and the Branch rather than an unknown person (selected by corporate BC). The factors like 'loyalty' and 'sense of belongingness' will play profoundly when the BC is chosen by the branch to serve its customers. Managers reported that BCs in IOB have higher degree of belongingness and they deliver services more responsibly like any other bank staff.

The Bank followed RBI guidelines for engagement of BCs for regulatory purpose. Branches conducted due diligence i.e verifying their background for honesty, integrity, and social reputation, ability to meet commitment, credit record, and knowledge level to handle devicesetc before entrusting the job of BC. Final approval would be given by Central Office at two levels after verifying their credentials at Regional office level after scrutiny at the branch level. This scrutiny helped in selection of dedicated work force.

Minimum monthly remuneration of Rs.5000/- is being paid to them as stipulated by GOI to sustain the interest of BCs and reduce the attrition rate. The Lead Bank for Thanjavur and Perambalur districts is IOB. The BCs deployed by them were given training in the area of customer service, banking products, creation & hand holding of Self Help Groups (SHG), risks involved, BC's banking operation, risk mitigation, cash management, personal attributes like honesty, commitment, attitude etc, issues related to technology, handling of devices, customer enrollment, Aadhaar linkage etc.

Table 1: Banking network in Thanjavur District

S.No	Bank	TABLE 1: NETWORK OF BANKING OUTLETS IN THANJAVUR DISTRICT (2011 - 2015)														
		2011			2012			2013			2014			2015		
		BRANCH	BC	TOTAL	BRANCH	BC	TOTAL	BRANCH	BC	TOTAL	BRANCH	BC	TOTAL	BRANCH	BC	TOTAL
1	Indian Overseas Bank	41	75	116	44	77	121	41	83	124	44	111	155	41	113	154
2	Indian Bank	30	10	40	33	7	40	32	12	44	42	144	155	41	146	187
3	Canara Bank	18	10	28	17	15	32	15	15	30	22	14	36	2	17	19
4	State Bank of India	22	12	34	22	48	70	22	129	151	23	147	170	26	146	172
5	Other Banks	12	22	34	14	88	74	27	80	107	27	89	116	112	28	212
Total		124	139	263	130	219	349	147	319	466	134	359	493	247	347	594

Figures in parenthesis denote percentage to total network

Source: Lead Bank Department, IOB, ThanjavurDistrict

Table 2: Banking network in Perambalur District

NUMBER OF BANKING OUTLETS IN PERAMBALUR DISTRICT (YEAR 2011 To 2015)																
Sl.No	Name	2011			2012			2013			2014			2015		
		BRANCH	BC	TOTAL	BRANCH	BC	TOTAL	BRANCH	BC	TOTAL	BRANCH	BC	TOTAL	BRANCH	BC	TOTAL
1	IOB	12	9	21	16	18	34	17	22	39	19	27	46	18	27	45
2	Public Bank	262	323	585	257	342	600	271	343	614	282	377	659	292	373	665
3	STATE BANK	7	8	15	7	8	15	7	8	15	7	8	15	7	8	15
4	SB	247	259	506	249	259	508	257	259	516	262	271	533	267	273	540
5	Other Banks	24	12	36	27	12	39	28	12	40	28	18	46	28	18	46
Total		313	358	671	307	369	676	322	380	702	325	385	710	324	386	710

Source: Lead Bank Department, IOB, Perambalur District

Table 1 and 2 show the network of Bank branches operating in the selected districts. There is a gradual increase in Branch network in Thanjavur and Perambalur district from 2011 to 2015. During the period the number of Branches in Thanjavur District increased from 124 to 267 whereas a fourfold increase was observed in BC network from 119 to 517 due to the continuous pressure from RBI and Govt. of India and self-initiatives of banks. The same trend was witnessed in Perambalur District also with branches growing from 51 to 77 and BC network from 35 to 80. Despite the combined increase in Branches and BCs people living in distant places do not receive services instantly and remain excluded in many pockets. The BCs could solve the difficulties to some extent.

5.2.1 Demography of BCs

Table 3: Age of Business Correspondents

District	Maximum	Minimum	Average
Thanjavur	70	21	38
Perambalur	51	23	33
Average	60.5	22	35.5

Source: Primary Data

Table 5: Education of Business Correspondents

District	Below 5th Std	Below 10th Std	Below 12th Std	graduate	Post Graduate	Other Edu qualification	Total BCs
Thanjavur	5	18	33	29	10	4	99
Perambalur	0	2	8	12	8	4	34
Total	5	20	41	41	18	8	133
%	4	15	31	31	14	6	100

Source: Primary Data

Table 5 presents the educational qualification of BCs. Education is one of the key factors for selection of BCs. People need to know operating Hand Held Devices (technology gadgets), enrollment of customers for issuing smart cards, down loading the customer account details, uploading the biometrics data, enabling customer transactions through the devices etc.. The study indicates that 62% of the BCs are above 10th standard and graduate level. Only 4% are below 5th standard. Branches preferred BCs with the above educational level for operational efficiency.

5.2.2 Income and occupation

Table 6: Income level of Business Correspondents / month (in Rs)

District	<1000	1001 -2000	2001 - 3000	3001 - 4000	4001- 5000	>5000	Total Bcs
Thanjavur	9	12	25	17	34	2	99
Perambalur	1	3	3	3	21	3	34
Total	10	15	28	20	55	5	133
%	8	11	21	15	41	4	100

Table 3 shows the age of BCs employed by the Bank. The age is a critical factor that determines their physical and mental ability to go to interior parts of rural centers and render services. Efficiency is also impacted by age of bank service provider. Productivity of workers will descend eventually at higher age. In the sample of 133 BCs only one BC is 70 years old. Others belong to the age ranging from 22 years to 60 years. Young BCs generally have more enthusiasm, agility and fire in belly to enhance business volumes with resultant higher income for them. In the study it was observed that the average age of BC is 35.5 years that clearly indicates that Branches preferred middle aged BCs.

Table 4: Gender of Business Correspondents

District	Male	Female
Thanjavur	37	62
Perambalur	16	18
Total	53	80
%	40	60

Source: Primary Data

Table 4: Out of 133 BCs surveyed, 80 BCs were female representing 60%. During the investigation it was observed that most of Branches preferred female BCs to male BCs due to their higher degree of involvement in the work and inherent savings habit. Male BCs have several other economic activities which ultimately result into frequent switching over of jobs.

Source: Primary Data

Table 6 indicates that 55 BCs i.e 41% could generate a monthly income of Rs. 4001 -5000. Government of India prescribed that commercial banks should ensure minimum monthly remuneration of Rs. 5000/- to keep them in the assignment as viability is a critical component deciding the sustainability. It is evident that BCs do not exert more to increase their income level. Only 4% of BCs earn more than Rs.5000/- per month. Banks have to introduce more products to augment BC's income and similarly laggard BCs should be replaced with new persons with definite involvement to increase the level of operations.

Table 7: Occupation of Business Correspondents

District	Unemployed	daily wage earner	Farm Labourer	Farmers	Small Business	Others	Total BCs
Thanjavur	31	16	9	14	11	18	99
Perambalur	3	1	5	11	4	10	34
Total	34	17	14	25	15	28	133
%	26	13	11	19	11	21	100

Source: Primary Data

Table 7 conveys that 26% of BCs were unemployed before they became BCs for gainful employment. Farmers (19%) also took up this job leveraging their influence and command in their respective villages. Daily wage earners and farm labourers constitute 24% of BC work force.

5.2.3 Reason for taking up BC assignment

Table 8: Reason to become Business Correspondents

District	for basic income	Addl. income	un employment	Social service	Social Status	getting bank job	Total BCs
Thanjavur	22	14	6	24	11	22	99
Perambalur	9	2	4	10	0	9	34
Total	31	16	10	34	11	31	133
%	23	12	8	26	8	23	100

Source: Primary Data

Table 8 lists out the reasons expressed by BCs to enter into the BC service. In order to secure some income for livelihood, 23% joined this foray. It is indeed interesting to note that 23% of BCs hoped to get bank job in future oblivious of bank's rule for recruitment of permanent job. 8% of BCs joined as they believed that this would bring social reputation which is indeed true as per the survey. Social service factor attracted 26% of the people.

Table 9: Period of services as Business Correspondents

District	upto 1 year	2 yrs	3yrs	>3 yrs	Total
Thanjavur	20	24	13	42	99
Perambalur	16	7	3	8	34
Total	36	31	16	50	133
%	27	23	12	38	100

Source: Primary Data

Table 9 presents that 38% only had more than 3 years experience as BC. The length of service indicates their closeness to the clients and more co-ordination with bank officials. As BC concept is expanding and more villages are being covered under BC model it is natural that large number BCs have lesser experience.

5.3.1 Awareness level of BCs and customers

Table 11: Awareness Of BCs About Various Bank Products

Sl.No	Bank Product	Thanjavur District			Perambalur District			Both Districts
		No. of BCs Aware	No. of BCs Unaware	% of BCs aware of products	No. of BCs Aware	No. of BCs Unaware	% of BCs aware of products	
1	Savings Bank account	96	3	97	34	0	100	98
2	Current account	70	29	71	30	4	88	79
3	Recurring deposit	67	32	68	30	4	88	78
4	Fixed deposit	59	40	60	27	7	79	70
5	Agricultural loan	69	30	70	30	4	88	79
6	Small loan	50	49	51	27	7	79	65
7	Housing loan	51	48	52	22	12	65	58
8	Education loan	66	33	67	28	6	82	75
9	Vehicle loan	47	52	47	24	10	71	59
10	Funds transfer	81	18	82	32	2	94	88
11	Demand Draft	63	36	64	27	7	79	72
12	NEFT (National Electronic Funds Transfer)	38	61	38	22	12	65	52

5.2.4 Jurisdiction for BC and activities

Table 10: Number Of Villages served, Accounts opened And Uncovered Households

District	No. of BCs	No. of Vil-lages served	A/cs opened	uncovered households
Thanjavur	99	369	77766	3683
Perambalur	34	47	17321	2843
Total	133	416	95087	6526

Source: Primary Data

In the study 133 BCs (Table10) are catering to 416 villages which mean that on an average a BC served 3 villages. Their activity level was high due to larger jurisdiction. Many BCs reported that they mainly concentrated on payment to large number of beneficiaries under MGNREGS (Mahatma Gandhi National Rural Employment Guarantee Scheme) and OAP (Old Age Pension) spreading over these 3 villages. Owing to this their income also went up. Many people opened bank accounts directly visiting the branches. In addition to the above BCs could open 95087 accounts still 6526 households were yet to get bank access indicating that 100% financial inclusion is yet to be accomplished.

13	RTGS(Real Time Gross Settlement)	31	68	31	21	13	62	47
14	Safety Locker	34	65	34	22	12	65	50
15	Financial inclusion Initiative	24	75	24	24	10	71	47
16	Life Insurance	31	68	31	20	14	59	45
17	Health Insurance	27	72	27	18	16	53	40

Source: Primary Data

The banking service provider (BC) and end user (customer) must be made aware of the spectrum of services and products available from banking industry. If the awareness level is low the demand for the product is also low culminating into lesser degree of usage. Financial literacy precedes financial inclusion. Table 11 provides the number of BCs who are aware of bank products like savings account, other deposits, remittances, safety locker and para-banking products like insurance. It is quite ironical that BCs engaged under financial inclusion initiative do not know about that fact but discharging the functions. Their awareness level about financial inclusion is 24% and 71% in Thanjavur and Perambalur Districts respectively. In respect of both the districts put together 98% of BCs are aware of savings bank account which is a basic account offered by bank known to be the first banking access point for the excluded people. Funds transfer, the facility to remit money to many type of recipients, is known to 88% of BCs. Para-banking product like insurance is lesser known product among BCs (45%). Moderate level of awareness

prevails among BCs about products like loans, demand draft, safety locker etc.

Table 12: Awareness Level Of Rural Customers About Bank Products (% terms)

District	< 10%	11 - 25 %	26 -50 %	51 - 75 %	76 - 100 %	Total
Thanjavur	5	14	28	46	6	99
Perambalur	0	1	6	20	7	34
Total	5	15	34	66	13	133

Source: Primary Data

Use or demand for product depends on the awareness of customers. Unless they know about the availability of services / products they do not demand them and continue to be deprived of that. In the sample, 50% of BCs stated that their rural customers have awareness to the extent of 51 – 75 %. Lower level of awareness among customers is reported by 5% BCs. Table 12 indicates that awareness level of customers is moderately high as 59% of BCs confirmed awareness level of above 51%.

6.1 Co-ordination between BCs and Bankers:

Table 13: Level Of Co-ordination Between Banks And BCs

Sl.No	Bank Product	ThanjavurDist		PerambalurDist		Both Dists	
		Yes	No	Yes	No	Yes[%]	No[%]
1	Branch Managers treat BCs with due recognition and respect	98 [99]	1 [1]	33 [97]	1 [3]	[98]	[2]
2	Branch Staff members treat BCs with due recognition and respect	94 [95]	5 [5]	34 [100]	0	[97]	[3]
3	Branch staff extend desired level of co-operation	83 [84]	16 [16]	34 [100]	0	[91]	[8]
4	Branch Manager fulfil their requirements (to serve customers well)	78 [79]	21[21]	34 [100]	0	[89]	[10]
5	Branch gives adequate account opening forms to BCs	86 [87]	13 [13]	34 [100]	0	[93]	[6]
6	Branch Manager provides brochure about bank's products to BCs	36 [36]	63 [64]	27 [79]	7 [21]	[57]	[42]
7	BCs are aware of incentives available to them for additional services	90 [91]	9 [9]	34 [100]	0	[95]	[4]

Figures in parenthesis denote percentage to total

Source: Primary Data

Table 13 displays the level of co-ordination between Branch and BCs under various parameters as having serious impact on their functioning. Higher level of co-ordination between branch officials and BC is essential for rendering efficient and timely service by BCs to the customers in villages. The role of BC should be recognized by all staff

members in the branch. The survey revealed that 98% of BCs reported that Branch Managers treat them with due recognition and respect that would help them performing well. BCs require adequate account opening forms, product brochures etc., that are not available to them as per 42% of BCs. Availability of various incentives is known to majority of BCs (95%).

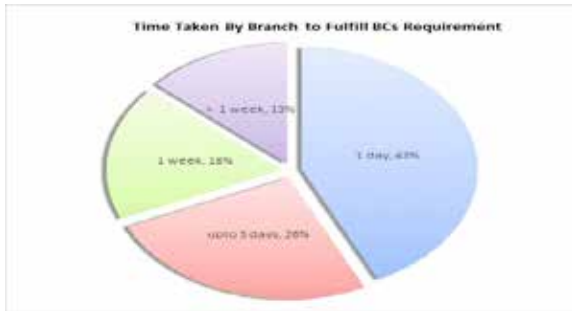
6.2 Timelines to enthuse BCs

Table 14 a : Time Taken By Branch to Fulfill BCs Requirement

District	1 day	Upto 3 days	1 week	> 1 week	Total BCs
Thanjavur	35	24	23	17	99
Perambalur	22	10	1	1	34
Total	57	34	24	18	133
%	43	26	18	14	100

Source: Primary Data

Figure 1 represents above table.



The time taken by Branches in meeting the requirements of BCs determines the efficient and prompt delivery of services to the end users. If account opening form is not provided to BCs, inclusion of excluded gets delayed. Cash required for payment to customers should be handed over to BCs without any delay so that BC can travel to villages and effect disbursement including social security benefits.

Table 14.a presents that 43% BCs get their requirement fulfilled within a day. It is a good sign for further momentum indicating existence of better co-ordination. 14% of BCs said that Branches took more than a week to meet their requirements.

District	upto 2 days	1 week	2 weeks	> 2 weeks	Total BCs
Thanjavur	11	40	30	18	99
Perambalur	5	19	8	2	34
Total	16	59	38	20	133
%	12	44	29	15	100

Source: Primary Data

Hand Held device is the equipment supported by technology to take services outside the brick-and-mortar branch for delivery of services at door step. Any snag in the device will hamper the functioning of BCs. The time taken for repairing the devices should be kept minimal. But 44% of BCs stated that 1 week time was taken by the Technology Service Provider for repairing and another 44% (29% +15%) BCs lamented that 2 weeks and more time was taken for rectification of defects adversely impacting their services and customers become impatient.

District	upto 5 days	6 - 10 days	10 -20 days	>20 days	Total BCs
Thanjavur	21	41	22	15	99
Perambalur	7	23	1	3	34
Total	28	64	23	18	133
%	21	48	17	14	100

Source: Primary Data

Timely payment of remuneration to BCs is the most critical and significant factor deciding the attrition as well as the sustenance of BCs in the job. In many banks grievance redressal mechanism for BC is absent. It is imperative that Banks should pay their salary with least delay i.e within 3 – 5 days in the succeeding month. Unfortunately only 28 BCs (21%) in the sample study informed that they received their remuneration within 5 days as shown in Table 14.c. Remuneration is paid to 14% of BCs after 20 days.

6.3 Esteem level and attrition

Sl No	Statement	Thanjavur		Perambalur	
		Yes	No	Yes	No
1	Are you proud of working as BC?	99	0	34	0
		100%	0	100%	0
2	Did you decide to leave the BC assignment at any point of time?	11	88	1	33
		11%	89%	3%	97%

Source: Primary Data

People are inclined to remain in the job if their esteem level is high. If the subjective emotional evaluation is positive in a person it would lead to a great feeling of self worth. Table 15.a show that all BCs (100%) are proud of their job as the respect and recognition from their villagers are high.

Sl No	Reason	Thanjavur	Perambalur	Both Dists
1	Improper treatment by Branch Official	4[4]	0	4[3]
2	Lack of confidence	3[3]	0	3[2]
3	Lack of training	0	0	0
4	Migrated to other places	4[4]	1[3]	5[4]
Total		11[11]	1[3]	12[9]

Figures in parenthesis denote percentage to total

Source: Primary Data

In the sample study 12 persons out of 133 BCs desired to leave BC job constituting a very small section (9%) for the reasons mentioned in Table 15.b.

7. Conclusion and Policy implications

The responses received from the sample of 133 BCs have been analysed in the earlier sections to gauge the efficacy of BCs deployed by commercial Banks to further financial inclusion. We found that the efficiency of BCs and their effectiveness in delivering services can be improved in many ways. Banks need to address these issues / challenges to enhance the pace of financial inclusion. If Banks adopt a systematic approach not as a compliance strategy but as a commitment to the society the excluded segment will be benefited. Government should also provide necessary support to enable this objective.

The study concludes and suggests the following.

Demography of BCs: Bank shall select middle aged persons around the age of 35 because of more social acceptability and patient customer service. Similarly women are preferable as they serve the villagers 24 x 7 with more commitment and be present in the village. Men have other pre occupation generally in addition to BC job which makes the difference. Though educational background is important Branches prefer neither people with higher qualification nor basic or lesser qualification. The optimum educational level ranges from 12th standard to graduate as they need to assimilate bank products and handle devices.

Income and Timely Payment: BCs income should be augmented by banks by enabling more products to be marketed by them which will arouse more interest and BCs will remain in the job. Belated payment of salary will demotivate them hence salary needs to be paid in time, say within 5 days.

Financial Literacy: In most cases BCs are aware of various bank products and services. Yet there are grey areas where Banks need to create awareness enabling them to explain and market the same. The study clearly shows that the rural customers do not know about many bank products especially loans and electronic fund transfer. This is a major challenge for banks. Banks have to use mass media and publicise, train BCs and conduct campaigns with the help of officials from village panchayat and Block Development Offices and people's representatives.

Co-ordination: The principal stake holders for inclusive activity at village level are Branches and BCs. Better the co-ordination among themselves better the functioning of BCs to excluded segment of population.

Timelines a critical factor: Nowadays everybody demands faster service. Thanks to technology. Convenience matters more now than the price. Hence faster delivery of services

creates more satisfied lot in the market. Branches should ensure expeditious support to BCs especially in matters of repairing devices and payment of BC salary. Many Bcs complained that they did not receive their eligible commission and salary in time which deters their interest and involvement.

The study revealed that several households are yet to open bank accounts. The households with bank accounts as well as the uncovered households offer a good business opportunity for banks to capture. Bank's aim of 100% financial inclusion is yet to be accomplished. The attrition level of BCs is low when their esteem level is high. The study has limitation as it surveyed BCs deployed by one bank and in two districts. It would be advisable to conduct a similar study involving BCs engaged by many Banks functioning in other Districts of Tamilnadu.

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