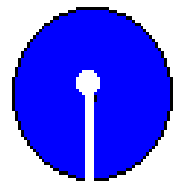


# ICT FOR RURAL REACH – APPROACH & EXPERIENCE



**A PRESENTATION BY**  
**State Bank of India**  
**Micro Credit & Financial**  
**Inclusion Department**  
**-K.A. SALIM**  
**Dy. General Manager**

*Touching the lives of the disadvantaged*



# Rural banking: A new growth opportunity.....

(households in million)

	FY1996		FY2002		FY2005 <sup>E</sup>	
	Urban	Rural	Urban	Rural	Urban	Rural
Middle income	17	16	27	23	35	28
High income	0.7	0.3	1.8	0.7	3.6	1.2

- 43% of households in middle and high income groups from rural India in 2005
  - Their number has grown by 79% from 1996-2005

Middle income Rs. 90,000-5,00,000 per household pa.

High income > Rs. 5,00,000 per household p.a.



## **Rural banking: A new growth opportunity...**

### **Opportunities for growth**

- **Though agriculture constitutes only 20% of India's GDP, rural economy (agri + non-agri) constitutes about 50% of GDP.**
- **Estimated size of the Rural Non-farm market is Rs. 3 Trillion.**
- **Rural population of about 780 million with limited access to financial services.**
- **Informal credit in India amounts to Rs.3.5 lac cr.**
- **A high proportion of rural lending is from informal sources.**



# The Potential

- World Bank study has revealed that the current demand for credit in Rural India is estimated to be around Rs.1,33,000 crores.
- Commercial Bank branches cover only 7% of rural sector and large market is still untapped.

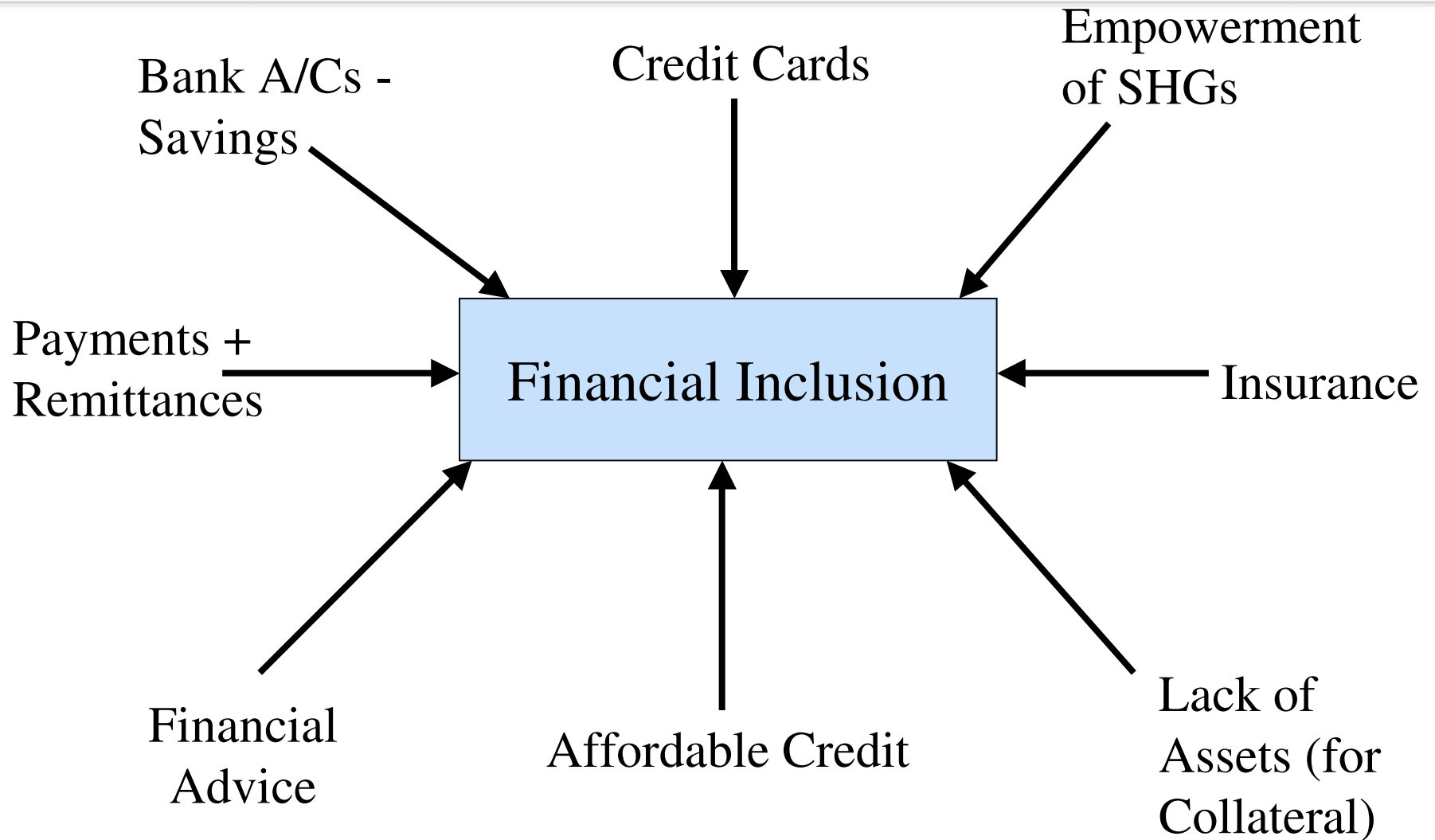


## **WHAT WAS NEEDED TO BE DONE**

- **Increase focus on non farm rural business.**
- **Achieve greater levels of financial inclusion.**
- **Reach out to the needy through micro credit/SHGs.**
- **Expand reach through alternate channels.**
- **Easy and affordable financial services through the best use of technology.**



# Financial Inclusion : The Indian Perspective



# MAIN OBJECTIVES

- a) Providing exclusive focused attention to the Financial Inclusion of unbanked rural area;
- b) Selling vigorously our various products in these areas through Business Facilitator / Correspondent model;
- c) To extend banking services at the customer's convenience;
- d) Achieving the ultimate goal of increasing our income and market share in this segment; and
- e) Improvement in service levels in Rural Areas.



## **SBI's STRENGTHS**

- **Largest commercial bank in India**
- **Bank with largest branch network – 9247**
- **Rural and Semi-urban branches – 6473**
- **Deposit base as on Mar.06 : US \$ 80930 Mn.**
- **Advances portfolio as on Mar.06 : US \$ 62196 Mn.**





- **Development Banking – one of the purposes for incorporation.**

- **Pioneers in agri finance, small scale and small business**

**Micro finance deeply ingrained in SBI.**



## **SBI – A major player in SHG-Bank linkage**

- **Credit linked 677 thousand SHGs as on December 2006 with total disbursement of US\$660 million benefiting 9.48 million families.**
- **Market share of 43% of total SHGs financed by Commercial Banks in the country.**
- **734 thousand SHGs are having thrift account with total thrift of US\$108 million in these accounts.**



## **SBI TINY ACCOUNT**

- *Opening of simple savings accounts for the villagers with zero balance.*
- *One of the villagers as SBI Mitra.*
- *Drop Box for depositing cash – at the SBI Mitra's shop / house.*
- *Small emergency loan.*
- *SBI Mitra assists in opening account.*
- *Piloted in Bahirgaon village in Maharashtra.*
- *Entirely manual – no technology.*



## FINANCIAL INCLUSION THRU ICT

- Comprehensive financial services, viz., savings, credit, remittances, insurance and financial products thru ICT.
- Launching of various Common Services Centres ( CSC) using ICT.
- To promote Govt. Scheme like NREGP, KIOSKS, etc.
- Social obligation services like E-Ticketing, etc.



# **SBI TINY SMART CARDS**

*A SMART CARD WITH PHOTO AND FINGERPRINT  
CARD CAN HAVE AS MANY AS 16 DIFFERENT ACCOUNTS  
CARD SERVES AS THE ACCOUNT  
AT PRESENT SAVINGS – WILL HAVE A SIMPLE LOAN AND RECURRING DEPOSIT SHORTLY  
PILOTS IN MIZORAM, PITHORAGARH AND MEDAK  
CAN BE USED FOR GOVT DISBURSALS, INSURANCE AND LOAN DISBURSALS.*



## LEVERAGING TECHNOLOGY

- ✓ **No Frill Accounts.**
- ✓ **Business Facilitators /  
Business Correspondents.**
- ✓ **Taking banking service to  
100,000 unbanked villages.**



# FINANCIAL INCLUSION

**Pilots launched in mountainous terrains of:**

- ✓ **Pithoragarh in Uttarakhand.**
- ✓ **Aizawl in Mizoram.**
- ✓ **Medak in Andhra Pradesh.**



## **e-Governance and social security:**

- ✓ **Department of Information Technology.**
- ✓ **IIT Madras.**
- ✓ **IDRBT.**
- ✓ **State Governments.**

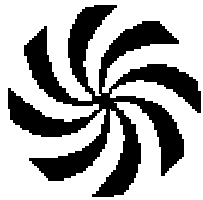


# IMPACT OF SHGs

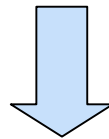
- 6400 thousand women beneficiaries.
- Increase in income.
- Increase in expenditure on education, clothes and health.
- Improvement in status of women and their confidence level.
- Improved health and hygiene.
- Better housing.
- Decline in social evils.



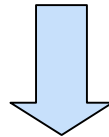
# VISION



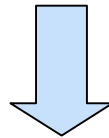
**Economic upliftment**



**Empowerment of women**



**Social transformation**



**Money lender-free villages**



## **WAY FORWARD BEYOND BANK BRANCHES**

- **Take banking services to 1,00,000 villages by March 2008.**
- **Minimum 1% of all SHG financing to go for micro enterprise.**
- **Rural ATMs and e-kiosks.**
- **Greater partnership with NGOs / MFIs / other agencies as Business Facilitators / Business Correspondents.**





***Thank you***

