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No. 1057—17-NRLM-14-9770/2017-PR.  
GOVERNMENT OF ODISHA  
**PANCHAYATI RAJ DEPARTMENT**  
RESOLUTION

The 19th January 2017

SUBJECT—Guidelines for “Engagement of Odisha Livelihoods Mission as Corporate Business Correspondent of Banks”.

## **1. Introduction :**

Odisha is one of the pioneers in SHG movement in the country through which there has been remarkable progress in empowerment and economic development of the rural poor women in the State. The engagement of SHG members as BCs programme is a major Financial Inclusion initiative which aims at ensuring access to banking services to WSHGs and poor households at G.P. level.

Odisha Livelihoods Mission will support banks in implementation of Business Correspondent intervention by acting as a Corporate BC. The dedicated support structure and grassroot level presence of OLM will facilitate in effective functioning as Corporate BC through which banking services can be provided in unbanked/under banked GPs.

The GP level SHG federations promoted under OLM will be leveraged for implementation of the intervention. As the SHG federations have expertise in financial inclusion services like savings, credit and insurance, they can be effectively utilized for roll out of this intervention. OLM as a Corporate BC will open a tremendous door of opportunity for the SHG federations for deepening financial inclusion in rural areas and financial sustainability of SHG federations.

## **2. Objectives :**

- (a) To offer banking services at the doorstep of the villagers particularly to women and the poor households.
- (b) To facilitate provision of banking services in all unbanked/underbanked GPs through SHG members.
- (c) To enhance Financial Literacy in rural areas.

### **3. Target :**

The unbanked and underbanked GPs in the State will be targeted on a priority basis under this intervention.

### **4. Implementation :**

OLM will act as Corporate BC and will appoint GP level SHG federation as Sub-BCs who will appoint SHG members as BC Agents. This model is suggested by NABARD as Model-4 in its circular, dated the 14th January 2016. The proposed revenue sharing model post taxes and charges will be 80% to SHG member engaged as BC Agent or CSP, 10% to GPLF acting as Sub-BC and 10% to OLM to meet the management cost. It will be a no profit model for OLM.

It is felt OLM will have agreement with multiple banks for extending BC facility at grassroots level. Technology model may vary from Bank to Bank and OLM would meet the necessary requirements prevalent with the concerned Banks. Model of CSC e-Governance would be more suitable for OLM which has individual settlement account.

### **5. Advantages :**

- (a) SHG members are integral part of the community and are known and trusted by the other community members. They are also more likely to stay within the community and will not migrate for other job opportunities.
- (b) SHG members have basic financial literacy and are used to dealing with money (their own and group members' money). They also have experience working with banks and other financial institutions.
- (c) SHG members are mostly women who are known to be more responsible and trustworthy with money. These women will also be able to tap the part of the population which is mostly excluded financially, but provided the highest potential women.
- (d) With one of the SHG members acting as bank agent, the transactions of the SHG including member contributions and repayments can be done directly into the account.

### **6. Nodal Agency :**

Odisha Livelihoods Mission will be the Nodal Agency to implement the scheme. State Mission Director-*cum*-Chief Executive Officer, Odisha Livelihoods Mission will be the Nodal Officer. A Project Management Unit will be constituted under Odisha Livelihoods Mission shall be utilized to roll out this Scheme in State. As the nature of work is technical due to online transactions, support of outside consultants/agencies may be obtained as per requirement from time to time.

### **7. Source of Funding :**

The financial requirement for the intervention is proposed to be met out of OLM funds. Initially financial support may be provided, however, it is envisioned that an appropriate Self Sustainable Business model is developed and rolled out. Necessary coverage under Insurance for Cash transaction and Cash transit is to be ensured by OLM.

**8. Sensitization & Monitoring :**

- (a) OLM will develop an appropriate hierarchy at State/District/Block level for monitoring of SHG members as BC agents.
- (b) A dedicated Project Management Unit (PMU) is to be created by OLM at State level which would have retired Bankers, professionals with experience in BC intervention and young professionals/staff on deputation from District/Block of OLM.
- (c) The Project Management Unit will be part of OLM structure. Existing resources at District and Block level may be utilized to handhold the overall BC management.
- (d) The GP and Block level SHG federations will play a critical role in implementation. They will act as Sub-BC's.

**9. Audit and Evaluation :**

Audit will be conducted along with the statutory audit of OLM. Regular evaluation and impact studies will be conducted by OLM.

**10. Project period :**

2016-2017 onwards

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ORDER—It is ordered that the Resolution be published in the Extraordinary Gazette of the Government of Odisha for general information and copy be communicated to all Departments of Government/Heads of Departments and other concerned.

By order of the Governor

DEORANJAN KUMAR SINGH

Commissioner-*cum*-Secretary to Government