

प्रेषक,

मनोज कुमार सिंह,
अपर मुख्य सचिव,
उत्तर प्रदेश शासन।

सेवा में,

मिशन निदेशक,
उ0प्र0 राज्य ग्रामीण आजीविका मिशन,
गोमती नगर, लखनऊ।

ग्राम्य विकास अनुभाग-6

लखनऊ: दिनांक- 05 अगस्त, 2022

विषय:-बी0सी0-सखी के चयन के संबंध में।

महोदय,

उपर्युक्त विषय के संबंध में आप अवगत ही है कि मई, 2020 से उत्तर प्रदेश सरकार द्वारा बी0सी0-सखी कार्यक्रम का क्रियान्वयन प्रदेश में किया जा रहा है। प्रत्येक ग्राम पंचायत में एक बी0सी0-सखी प्रशिक्षित कर लगाने की कार्यवाही की जा रही है। इस दिशा में लगभग 45,000 बी0सी0-सखी को प्रशिक्षित कर आई0आई0बी0एफ0 से सर्टीफाइड कराया जा चुका है। इस पूरे कार्यक्रम के लिए टेक्नोलॉजी प्लेटफार्म विल एण्ड मिलिण्डा गेट्स फाउण्डेशन (वी0एम0जी0एफ0) के माध्यम से तैयार कराया गया है।


2- कार्यक्रम के विगत 02 वर्ष के क्रियान्वयन के दौरान मिले अनुभव के आधार पर यह महसूस किया जा रहा है कि बी0सी0-सखी कार्यक्रम को अभी और हैण्डहोल्डिंग की आवश्यकता है। साथ ही आरसेटी व पार्टनर बैंक एजेन्सीज को भी टेक्नोलॉजी प्लेटफार्म से आने वाले दिनों में कार्यक्रम से जुड़े उनके दायित्वों के निर्वहन में मदद मिल सकती है।

3- टेक्नोलॉजी प्लेटफार्म आने वाले दिनों में स्वतन्त्र तरीके से आवश्यक अवधि तक संचालित रह सके, इसके लिए टेक्नोलॉजी प्लेटफार्म द्वारा दी जा रही सुविधाओं के मोनेटाइजेशन के लिए प्रस्ताव तैयार किया गया है। यह प्रस्ताव सभी संबंधित स्टेकहोल्डर से उनकी प्रतिक्रिया/फीड बैक प्राप्त करने के लिए सर्कुलेट किया जा रहा है।

4- अतएव यह अनुरोध है कि संलग्न कान्सेप्ट नोट एवं टेक्नोलॉजी प्लेटफार्म के मोनेटाइजेशन के प्रस्ताव पर अपनी राय/फीड बैक ई-मेल पर अगले 03 सप्ताह में उपलब्ध करायें। ई-मेल आई डी psrd.up@gmail.com में विषय "बी0सी0-सखी टेक्नोलॉजी प्लेटफार्म मोनेटाइजेशन प्रोजेक्ट" रखा जाए।

संलग्नक-यथोक्त।

भवदीय,



(मनोज कुमार सिंह)
अपर मुख्य सचिव।


संख्या एवं तददिनांक।

प्रतिलिपि निम्नलिखित को सूचनार्थ एवं आवश्यक कार्यवाही हेतु प्रेषित:-

- 1- समस्त जिलाधिकारी, उत्तर प्रदेश।
- 2- समस्त मुख्य विकास अधिकारी, उत्तर प्रदेश।

- 3— समस्त उपायुक्त (एनआरएलएम), उत्तर प्रदेश।
- 4— 06 पार्टनर एजेन्सीज बैंक कमशः बैंक ऑफ बडौदा, फिनो, पे-नियर बाई, मनीपाल टेक्नोलॉजीज लि०, मार्गदर्शक फाइनेंशियल सर्विसेज लि० एवं पेटीएम पेमेन्ट बैंक ।
- 5— श्री संदीप मांझी, कंसल्टेंट— ग्राम्य विकास विभाग, उत्तर प्रदेश।
- 6— गार्ड फाइल।

आज्ञा से,


(मनोज कुमार सिंह)
अपर मुख्य सचिव।

338/38-6-2022

BC Sakhi program, Uttar Pradesh

**An analytical note on program performance and
a proposal for Monetization of Technology Services**

31/08/2022
05.8.2022

Aug. 05, 2022

Pretext

1. Banking Correspondence (BC) Sakhi program of Department of Rural Development (DoRD), Government of Uttar Pradesh (GoUP) commenced two years ago, has been widely acknowledged as a successful initiative in the domain of financial inclusion (FI). This becomes more significant because the domain of FI was largely ignored for a long time in India. Connecting the poor with banking services has remained an unresolved challenge for the banking and financial institution sector for decades.
2. Amidst the crisis of COVID19, DoRD, GoUP recognised the significance and absence of technology use in program implementation and various operations of the BC program. It did contemplate newer approach to evolve the structural set up of the program; also about monitoring the progress. As reported by DoRD at the National Conclave on Financial Inclusion organised by NRLM, at Varanasi on May 9-13, 2022, technology footprints recorded while implementation of BC program have been astonishing. The participating States were surprised at the approach adopted in technology use and results thereof.

High points

3. An unmatched pool of BC candidates makes implementation of UP BC Sakhi program unstoppable. In four rounds of BC selection drive, approx. 5.94 lakh aspirants registered on UPSRLM portal; more than 3 lakh candidates submitted e-application and eventually **2.55 lakh complete applications were received** by the Mission. On an average, for every GP, the portal keeps a reserve of more than 5 BC candidates.
4. Advantage demonstrated: RSETIs were enabled access to the pool of candidates and to verified profiles of each BC. This helped RSETIs save significant time and energy to (a) mobilise candidates, (b) developing profiles, and (c) plan and prepare for organising trainings. In last 2 years, 78 RSETIs operating in UP were enabled to access an robust database of approx. 83 thousand BC Sakhi trainees, of which **45,500 candidates have been certified by Indian Institute of Banking & Finance (IIBF)** after completing training. Tech.-integrated structures of UPSRLM and Partner Banks conduct distinct functions following which the BCs are IIBF-certified to help them access (a) State-assistance towards BC's working capital, (b) micro-ATMs/ handheld devices, and (c) operational onboarding by Partner Agencies

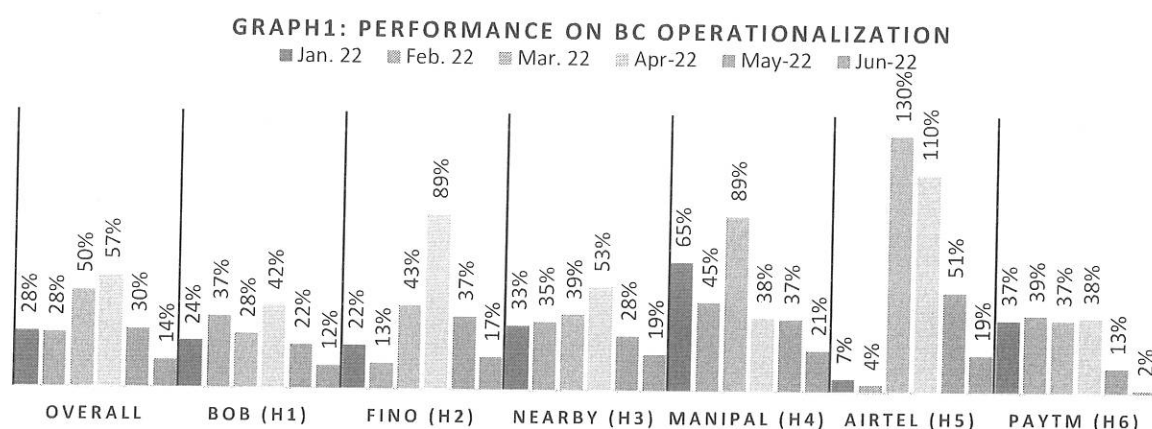
5. BCs are operational since last one year, nearly **30,000 BC Sakhis have been made operational** in this period. Additional 15,500 IIBF certified BCs are waiting to be deployed, pending provision of handheld equipments and onboarding. Movement along each of these progress parameters are captured technologically which enables real time progress tracking.
6. Once onboarded, banking transactions recorded by each of the six partner banks are made accessible to DoRD as operational intel to oversee flow of performances along various denominators. Operational BC Sakhis, in last 12 months, have conducted more than **1.76 Cr. banking transactions**, of which **64% are small-ticket transactions**. One could interpret this as: the BC Sakhi structure succeeded to make an inroad into the poorer segment of rural demography who conventionally stayed un-/under-banked. Saving cost towards (a) expenses in travel to bank branches, and (b) loss of time/ livelihood caused, together which use to be substantial.
7. With increasing number of BCs through this time, **banking transaction worth approx. Rs. 4,500 Cr. has been conducted**. BCs earned more than Rs. 11.46 Cr. as commission for conducting banking transactions and other operations. Hundreds of BCs have started earning more than Rs. 10,000 per month; many of them even earning more than Rs. 25,000/- to 40,000/- per month.
8. Reporting of each of these data points are disaggregated. **The technology ecosystem enables progress tracking in real time and with precise reasoning of non-attainment of operations**; thus, endow clarity over program management. No half measure, this has been the strength of BC Sakhi program management. Hence, progress of UPSRLM in the program looks hugely different when compared to other states.

A reality check

9. Since the start, a robust technology platform was set-up. A range of digital products enabled in the technology ecosystem. This helped UPSRLM reach out to and identify the BCs; create their elaborate profiles. Technology adoption also helped taking each of the BCs through meticulous administrative and thematic processes flawlessly. Major milestones like bank account verification and PFMS mapping, conducted by UPSRLM

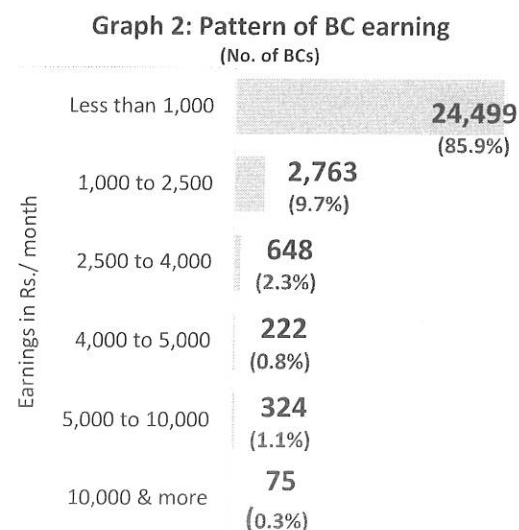
and training conducted by RSETIs, were achieved at much higher scale and speed than expected. Proportion of human error has been negligible.

10. But, the BCs lost connection with the state-assisted technology stream as soon as they were onboarded and BC operations taken over by the partner banks. The partner banks are in an arrangement with UPSRLM to anchor the BC operations. Everything prior to BC operationalization was part of structural preparedness. The assumption that RBI, NPCI and Partner Banks are technologically sound and equipped to keep the program running is not proving true. The BCs seem much less connected with any of the 3 key implementation pillars like UPSRLM, RSETI and partner banks after a point they transited to Partner banks; the point of separation being 'transfer of BC support fund'.



11. BC operationalization commences with twin activities performed by Partner Banks; both expected to undertake simultaneously: *provision of handheld devices & digital onboarding of the BCs*. Assumably an easy task; the UPSRLM portal aptly assist Partner agencies providing precise information on status and location of each of the recipient BCs. In many districts, most of the Partner Agencies engage with UPSRLM teams over BC-mobilization also getting support in organising device distribution camps at block levels. The following graph depicts that partner agency performances are not consistent (Graph 1).

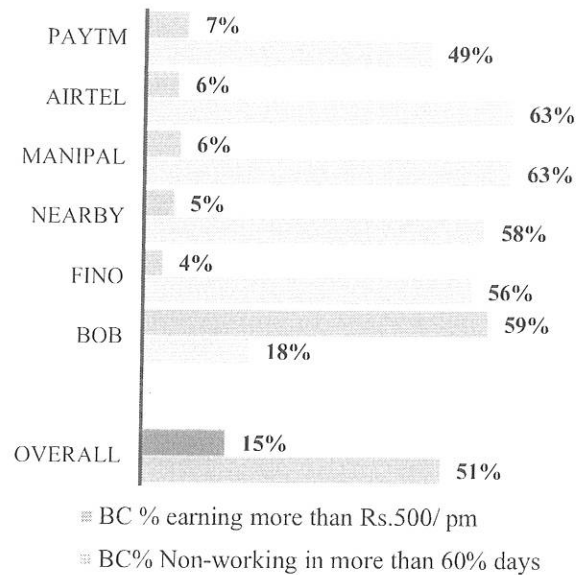
12. There are 520 BCs that have conducted only one banking transaction and never used their handheld device ever after. These BCs have been operational for a period of minimum 21 days to



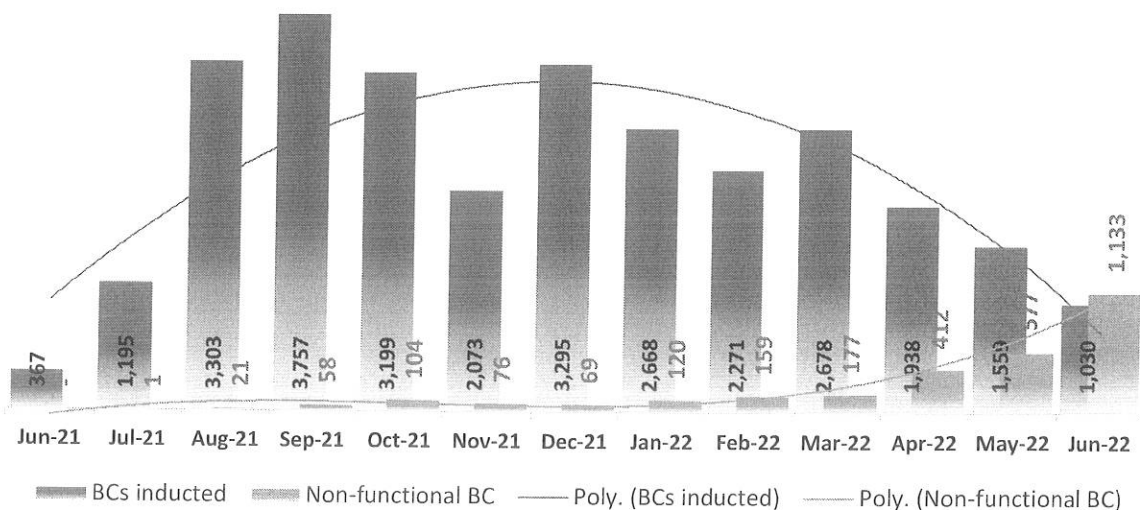
maximum of 350 days; on an average for 133 days. 327 BCs have earned zero commission so far. Resultantly, almost **86% of BCs report a monthly earning of less than Rs. 1,000/-**. This could threaten operational viability of the program.

13. Invisible road ahead: The technology platform provides customised services and assigns specific protocols to UPSRLM and RSETI, which lays out a predictable roadmap for both. Thus, the portal played role of a lighthouse navigating the implementation process. Thematic direction and flow of operational processes were crisp, logical and explicit in articulating the mandates. In case of the Partner agencies, all these are missing. The assumption about partner agencies' expertise in running a BC program, and they would be a help to UPSRLM, stands misplaced. Over the past full year, weakness of partner agencies are evident in (a) understanding the context and background of BCs, (b) managing program implementation, and (c) understanding key performance parameters. The experience of last one year, across all partner agencies, suggests absence of organic connect with the BCs. It is found that partner agencies are not able to take note of the inactive BCs, even those not working for long periods of 6 to 12 months.

Graph 3: Monitoring performance of partner agencies



GRAPH 4: BC-INDUCTION & NON-FUNCTIONAL BCs



14. Partner agencies' lagging performance causes growing number of non-functional BCs, rather consistently. Also, partner agencies have reported declining trend in BC-operationalization consistently for last 7-8 months. This underlines indifference and non-engagement with BCs for months, causing BCs dropping out. Field reports suggest, several non-performing BCs carry a sense that the BC Sakhi scheme is for distribution of honorarium. One could suspect, a host of them could be interested in diverting the BC support fund for other purposes.

Ironies and half-measures

15. As per the UPSRLM MoU entered with partner agencies, BC txn. data has been recognised as an operational intel primarily to learn about program direction and flow to be able to provide inputs whenever needed. The data is not used as an instrument for monitoring of working of BC Sakhis. Analysis of the data or extracting information relevant for monitoring the program, is taking place at the level of DoRD; details of BC-level txn. reports are not accessible to UPSRLM Mission Managers. DoRD accessing the BC txn. data only in 6-7 columns against as many as 30 columns are available in the dump reports of partner banks. Strangely, the partner banks have shown little interest in culling out monitorable indices from their own BC txn. reports!
16. In BC program, the 3 entities undertaking commercial activities are all significant beneficiaries of the technology platform. These are: (a) RSETI commercially running training program for BCs, (b) BCs earning commission for performing banking transactions, and (c) the partner banks, not alone commercially gaining from banking business with whole range of financial services, also expand banking in virgin landscape with a BC-structure that comes for free. The partner banks are incurring no investment, no establishment cost and are free-riding a massive preparatory structure that has been meticulously developed by DoRD. The 3-prong operational set up evolved carefully in last 2 years is highly dependent on the technology developed to aid implementation and & manage the program. This technology platform indeed is highly potent for improved performance in future.
17. It was presumed that once the BC Sakhis are onboarded, which was to be done in one year's time, the program will sustain on its own. But, this is not proving true. On the other

hand, the technology development and support agency is expected to survive with its institutional work or sustain the technology services, through viable assistance or revenue earnings or mix of both. So far, the entity has been assisted on one-time grants through BMGF. The technology support component can be made self-sustaining by providing for technology-user subscription fees. A proposal for monetization of BC Sakhi technology services could consider to start with the 3 commercial entities. The technology solutions along nuanced thematic innovation and service typology; as has been pursued so far, must remain a consistent endeavour. Costs for technology services may be determined on the basis of various factors and dimensions.

18. The UPSRLM has invested Rs. 75,000/- per BC besides their training cost, so running the program successfully is in everybody's interest. If seen in perspective, assumptions made by DoRD were fairly informed and logical along thematic and administrative considerations. However, there are aligned program areas where tech.-integration measures should have naturally expanded. In hindsight, these seem to exist as grey areas. The domains that sought deepening of technology integration simultaneously are (a) BC support loan repayment, (b) the whole of implementation irrespective of partners/ entities, and (c) the base of beneficiaries of state-based inputs/ other financial discourses envisaged, e.g. RF & CIF etc. The program critically needs technology support.

Implementation matrix in ref. of technology use

Implementation set up	Expanse of implementation layers				
	UPSRLM (Theme & projects)	RSETI (CB & skill)	Partner banks (Banking)	Business/ DBT (Livelihoods & entitlements)	SHGs/ members, FPOs (Demand side)
Apex Govt. (RD/ APC)					
UPSRLM/ D/BMMU					
Other actors (UN, etc.)					
BCs					
Other community cadres					
SHGs (Institutional)					
SHG members					
<i>Status of digitization</i>	Fully	Partially	Not yet done		

19. To attain logically-evolved and well-knitted digitization of UPSRLM program, technology provisions may be expanded further and high priority may be assigned to pursue an end-to-end digitization. One must recognise, a host of thematic/ project-based

web-verticals may seamlessly integrate; a herd of technology firms may join in without any fuss. DoRD may need to assume & exercise clear governing principle towards this.

Weaknesses & limitations

20. The BC program is showing a host of operational weaknesses and limitations. Few prominent indicators are –

- RSETI has a mandate to conduct follow-up with each trained BCs for 2 years. The growing number of non-performing BCs raises question on adherence of follow-up protocols.
- For the partner banks, not only the tech.-integrated assistance for BCs is lacking, field staff of the partner banks seem to not access the intel available in www.upsrlm.org portal. More than 90% of BCs are not performing (on count of earnings @less than Rs. 1000/- month).
- Repayment of BC Support fund by UPSRLM stands questionable as there's no institutional or operational system to track such repayments.

21. The backend thematic and technology development components worked silently in build-up of the technology platform. It was developed by quickly learning from the experience and by consistently learnings from them. The development phase withstood the pressure of conventional norms: *thematic logic & practices and technology-architecture*. It established that doing business with the poor needs distinct approach and specialized methods. It did establish that technology and smart pedagogy, made possible deepening of complex work processes without much of assistance from the human-led organizational structure of UPSRLM.

Monetization of technology services: *Possibilities*

22. Framework of technology services: BC Sakhi platform is best poised for successful monetization of technology services. Small in scale and highly recognised for value-added technology services, all three key entities could take-off seamlessly.

User segment(s)	Types of plausible tech. services			
	Performance & result tracking	Info. & progress reporting	e-messaging/ e-alerts & i-calling	Analytics
BCs				

User segment(s)	Types of plausible tech. services			
	Performance & result tracking	Info. & progress reporting	e-messaging/ e-alerts & i-calling	Analytics
Partner banks				
RSETIs				

High priority ☐ Moderate ☐

23. A framework of service subscription has been suggested here. Once considered by UPSRLM, DoRD, the technology services' menu will be detailed out; trials would be conducted before rolling out in a staggered manner for each of the 3 user counterparts.

Entities/ (Choice for tech. service)	Principle towards service charge	Suggestive value of subscription
BCs (Optional)	<ul style="list-style-type: none"> Free access to technology platform, BCs will be availing few services without any subscription charge. A nominal one-time registration fee may be considered. BCs earnings less than Rs. 1,000/- pm may be exempted from subscription charges; Value-added services (VAS), as & if sought, may be considered with prior approval. VAS shall be optional. 	<ul style="list-style-type: none"> Onetime regn. fee: Rs. 25/-/ 50/- Subscription fee/ month: Rs. 20/- or Rs. 50/- or Rs. 200/- or 500/- per year
Partner banks (Mandatory)	<ul style="list-style-type: none"> Each partner banks _ its nodal officer(s), supervisors and all its field officers, must register itself on the platform; A nominal registration fee may be considered for the six entities. The regn. fee could be an onetime/ annual; A monthly subscription fee/ BC may be administered. Value added services, such as 'unlimited internet calling', may be considered; optional. 	<ul style="list-style-type: none"> Onetime regn. fee: Rs. 1,000/- Subscription fee/ month: Rs. 10/- or 15/- or Rs. 100/- per year
RSETIs (Mandatory)	<ul style="list-style-type: none"> Each RSETIs _ its nodal officers/ directors, must register on the platform; Nominal registration fee may be considered for each of 78 RSETIs. The regn. fee could be blended and onetime/ annual; A monthly subscription fee for unit preselected BC/ trained BC may be considered; Value added services, such as 'unlimited internet calling', may be considered; optional. 	<ul style="list-style-type: none"> Onetime regn. fee: Rs. 100/- Subscription fee/ BC: Rs. 10/- or 25/-

24. The DoRD is incurring cost on running the BC Call centre on this program. To make the program self-sustaining, and arrangement needs to be worked out to raise and share revenue in the program. The technology service partner selected through BMGF is Triline Infotech Private Limited. The draft concept note is circulated for comments of all concerned stakeholders.

- I. UPSRLM,
- II. Partner Agencies/ Banks,
- III. BCs
- IV. BMGF/ PCI & MSC, and
- V. UNICEF

25. Monetization of BC Sakhi technology service could help DoRD meet divergent ends: (a) enable 3 entities perform with higher commitment, and (b) strike a balance of sustaining the technology support to BC Sakhi program with adequate operational viability. For the partner agencies, with adequate technology assistance to BCs, the results could be impressive.

26. For DoRD, key considerations could be -

- Success of a host of initiatives of Govt. of UP is dependent on effective grounding of BC Sakhi program. Not just deepening of the BC network and financial products, high emphasis should be laid to ensure comprehensive coverage of underbanked segments of the rural demography.
- **DBT mission and a host of economic activities would be possible with vibrant presence of BC Sakhi banking agents.**
- Past one year's experience suggests, the technology-driven intel and incisive monitoring has lend DoRD a strong position to manage a program effectively. The reputation earned by the project across India has endowed the partner agencies expand its businesses in other States.

Conclusion

27. BC Sakhi program is a rare kind that was never witnessed in India. Despite the fact that DoRD and the State Government are not mainstream players; in last 2 years, it lend unprecedented policy and programmatic support to bring the program to this current level. Losing the plot from here would be a generational loss. A loss that might not just

count from the perspectives of the *interest of the poor*, but also, from the perspective of capability of state-based implementation and management systems.

28. Technology introduction has happened at very basic and progressive level so far. In future, the program may be governed through operational intel that is unheard of. By expanding the scope of digitization, the operational template of UPSRLM and BC Sakhi program in particular, could be made error free and performance-guaranteed. A projected scenario has been depicted here -

With technology-aided performance support: Scenario 2

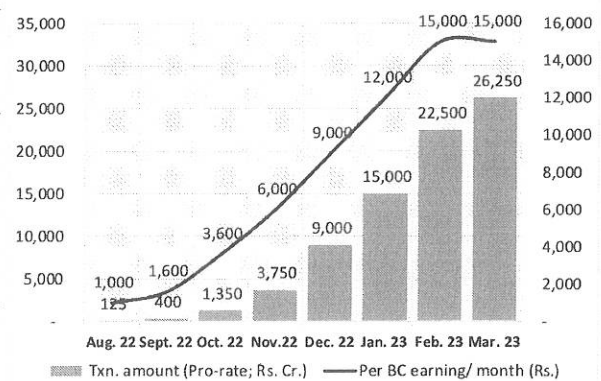
Months	No. of operational BCs* (input 1 to performance)	Days of work (input 2 to performance)	Rate of txn./day (input 3 to performance)	Effective performance (Txn. volume)
Aug. 22	2,500	10	25	6,25,000
Sept. 22	5,000	10	40	20,00,000
Oct. 22	7,500	12	75	67,50,000
Nov.22	12,500	15	100	1,87,50,000
Dec. 22	20,000	18	125	4,50,00,000
Jan. 23	25,000	20	150	7,50,00,000
Feb. 23	30,000	25	150	11,25,00,000
Mar. 23	35,000	25	150	13,12,50,000

* Minimum 350 Txn./ month

Base figure: 1309 BCs with 350 Txn./ month

No. of BCs potential for improved performance: 29,484 - 1,309 = 28,175

Projection: BC performance with adequate tech. support



29. Whatever has been done so far to witness the early signs of success of BC Sakhi program, is due to a series of courageous decisions made by Government. Such decisions have been well thought out and were subjected to careful monitoring of each step of implementation and fall out thereof. DoRD is interested in adoption of strategy of monetization of technology services; another first in India, to provide multi-party implementation arrangements a lasting operational viability.