



Executive Summary and Key Recommendations

Chapter 1 Introduction

Chapter 2 Need and Scope for the Course

Chapter 3 Clientele and Duration

Chapter 4 Course design and contents

Chapter 5 Infrastructure Support at BIRD

Chapter 6 Costing and fee structure

Annexure 1 Course curriculum of different course on MF/FI

Annexure 2 Details of study visits to Hyderabad and Madurai

Executive Summary and Key Recommendations

The report contains a detailed analysis setting out the broad agenda for offering a one year Post Graduate Diploma programme in Financial Inclusion by Bankers Institute of Rural Development, Lucknow. The key recommendations are as follows:

- The course should be called Post Graduate Diploma in Financial Inclusion
- The duration of the course should be one year of which there would be three terms of class rooms and a brief village stay and an organizational internship;
- The course should admit a mix of entry level and in-service professionals. The mix should be in the ratio of 75:25, with the in-service professionals being chosen from a wide range of organizations;
- The first batch should be of 40 candidates, and depending on the experience BIRD should plan for expanding this batch;
- Selection should be on the basis of an existing competitive examination, group discussion and interviews; Extra weightage to be given to students having had schooling in rural areas, in vernacular medium of instruction and for women candidates;
- A one time grant of Rs.30 Lakh to be made for developing infrastructural facilities;
- The fees from the programme should be in a position to take care of all the revenue expenses and generate a small surplus; and
- The course should be introduced from the academic year 2010-11

Introduction

Background

1.1 Financial exclusion continues to deprive millions of people in our country, living below subsistence levels of the opportunity for earning and improving their livelihood. *Financial Inclusion means delivery of banking services and credit, at an affordable cost to the vast section of disadvantaged and low income groups.* Without access to appropriate banking services, affordable credit, accessible savings products, remittance or insurance, financial counseling and advice they are faced with making decisions that often result in greater financial hardship and high levels of indebtedness. Evidence suggests that people in low income communities often lack the financial understanding, skills and capability that would enable them to maximise their economic well-being.

1.2 Promoting financial inclusion is high on the agenda of the Central Government and of agencies engaged with upliftment of the poor sections of society. Equally important is the strategic development of financial capability education. Achieving economic well-being, through inclusive growth, is one of the key outcomes of policy planners and building financial capability is regarded by the Government as central to supporting the economic well-being of people.

1.3 The challenges before the financial sector especially with regard to financial inclusion is to mobilise a strong workforce that is sensitised to the dynamics of poverty and is committed to bridging the gap between the privileged few and the

vast deprived segments of our society. However, there are very few Institutions that are well placed to address the challenges of capacity building required in the country.

1.4 With this in view, the Governing Council of Bankers Institute of Rural Development (BIRD) constituted a “Committee on Developing a Course on Financial Inclusion by BIRD, Lucknow”, vide Office Memorandum No. 182/BIRD-23/2009-10 dated 15 April 2009, as under:

Chairman

Professor M S Sriram, Indian Institute of Management, Ahmedabad

Members

Shri Sandip Ghose, CGM, Reserve Bank of India, New Delhi

Shri G Sohani, President, BAIF Development Foundation, Pune

Shri B Sambamurthy, Director, IDRBT, Hyderabad

Shri M Moni, Deputy Director General, NIC, New Delhi

Shri S K Chatterjee, Director, BIRD, Lucknow

Member Secretary

Shri R K Das, Joint Director, BIRD, Lucknow

Terms of Reference

1.5 The Committee will look into the following matters and make appropriate recommendations:

- a) The Committee will examine the concept note prepared by BIRD and suggest a title, duration, target group and potential demand for the

- certificate course on Financial Inclusion which will include inputs on microfinance;
- b) The Committee will finalise the course design and contents;
 - c) The Committee will look into fee structure for the course and may recommend freeship/scholarship that may be needed to be given to eligible candidates;
 - d) The Committee may recommend funding, academic/administrative and infrastructural support required to be provided to BIRD; and
 - e) The Committee may also suggest a time frame for introduction of the Certificate Course by BIRD.

Approach of the Committee

1.6 The tasks before the committee were firstly identified and sequenced in a systematic manner. Accordingly, after due deliberations, the following tasks were identified:

- Candidate profile including role of graduates after attending the course
- Delivery mechanism including Attachment/internship
- Batch strength, keeping in view the physical facilities and the delivery mechanism in mind
- Duration for the course
- Design of contents for the course
- Pricing the programme
- Filtering mechanism for selection

1.7 The Committee felt that while there were both supply and demand side constraints that cause financial exclusion, the course must be designed to focus on institutional mechanisms already available. With this in view the Committee reviewed the existing certificate courses on microfinance/financial inclusion being conducted by Institutes both within the country and abroad and held consultations with Bankers, Financial Institutions and MFIs. A few of the Committee Members also visited the BASIX Academy, Hyderabad and the TATA Dhan Academy, Madurai to examine the course design, contents, fee structure and other aspects of the certificate courses being conducted.

Meetings of the Committee

1.8 The first meeting of the Committee was held on 27 June, 2009 at BIRD, Lucknow. The second and wrap up meeting was held on 01 August 2009 at NABARD Regional Office, New Delhi

Structure of the Report

1.9 The report consists of six chapters. Chapter 1 gives a brief introduction along with the constitution of the Committee and the Terms of Reference. Chapter 2 delineates the need for a course on financial inclusion and its scope. Chapter 3 describes the duration of the course and the target candidates. Chapter 4 deals with the course design and the contents. The infrastructure and other support services required by BIRD to conduct the course are given in Chapter 5 and finally Chapter 6 deals with the costing and fee structure for the course.

Acknowledgments

1.10 The Committee wishes to place on record the contribution of Smt Rama Kandarpa and Shri A L Narayana, Principal, BASIX Academy, Shri M.P. Vasimalai,

Executive Director, Dhan Foundation, Madurai, Mrs. Umarani, Director, Tata Dhan Foundation, Madurai, Mr. G. Pannirselvam, Vice President Operation, Mahasemam Trust, Madurai Shri A L Nageswara Rao, GM, Andhra Bank, Shri. Amalorpavanathan, GM, NABARD AP Regional Office, Hyderabad, Shri Kush Sapru, DGM, NABARD RO, New Delhi, Shri R. Srinivasan, Director, Rural Technical Centre, NABARD, Karaikudi, Shri R. Shanker Narayanan AGM, NABARD, Madurai, Shri A. Maria Michael District Informatics officer, NIC (Madurai).

1.11 The study visits of the Committee to Madurai and Hyderabad were ably coordinated by Shri Kamal Kumar, Faculty Member, BIRD and Shri T Sudheer, Manager, BIRD and the Committee is grateful to them for their assistance.

1.12 The Committee would like to make a special mention of the untiring support provided by Shri Vivek K Sinha, Faculty Member, BIRD who facilitated the work of the Committee by analyzing the inputs and preparing the first draft.

Need and Scope for the Course

2

Need for the Course

2.1 The reasons underlying financial exclusion are *poverty, ignorance and environment*. The cycle of poverty begins with being unemployed with little or no earning assets leading to low income and is often difficult to break. Low levels of awareness and understanding of products caused by lack of appropriate marketing or low levels of financial literacy is also an important factor leading to financial exclusion. Finally, lack of access to financial services is caused by several factors, including geographic access to bank branches or remote banking facilities, affordability of products such as insurance, where premiums often price out those living in the most deprived and risky areas, regulatory barriers such as the Know Your Customer (KYC)/money laundering guidelines requiring proof of identification which many people find difficult to provide and Cultural and psychological barriers such as language and suspicion or fear of financial institutions.

2.2 The advent of Information and Communication Technology (ICT) in the formal financial institutions in the form of ATMs, smart cards, internet banking etc has further exacerbated the situation as access to such technology has an urban bias and is restricted to certain segments. This growing divide between the privileged few and the vast masses of our population is a matter of serious concern and needs to be bridged immediately.

2.3 There is also widespread recognition that financial exclusion forms part of a much wider social exclusion, faced by some segments that lack access to essential services such as jobs, housing, education and health care.

2.4 The Microfinance sector has played a vital role in delivering financial services to the poor in a sustainable manner and this sector has made impressive progress in the country. The SHG Bank Linkage Programme (SBLP), pioneered by NABARD, has successfully channelised bank credit to more than 40 lakh SHGs covering about 6 crore household and Rs 12337 Crore as loans outstanding (NABARD, 2007). However, the programme is facing the following challenges (Committee on Financial Inclusion, GOI):

- On an average the per member loan works out to Rs.4000/- which is inadequate to pursue any meaningful economic activity
- The spread of SBLP has been uneven on account of various factors such as role of State Governments, presence of committed NGOs, socio-cultural factors etc.
- Monitoring, Capacity building and Synergy issues: The system for monitoring of SHGs and compiling data on the health indicators needs to be built in order to ensure long term sustainability.
- Care has to be taken to ensure that the movement retains its participatory and self help character
- Transparency in maintenance of records

2.5 The performance of the Microfinance Institutions (MFIs) has been equally impressive and they have also been able to increase their outreach to 1.4 crore clients with loans outstanding of Rs 5954 Crore as on 31 March 2007 (Sa-Dhan 2007). Of late, many of the Indian MFIs have figured prominently in international rankings prepared by the MIX (Microfinance Information Exchange) Market Bulletin and the Forbes Magazine. Many of these MFIs are serving more than 10 lakh clients each. However, with the growth, these big MFIs (five such MFIs command almost 50% share of total loan portfolio of all MFIs) are now facing new

challenges to sustain their operations and meet the expectations of the double bottom line. At the same time, the smaller MFIs are facing the challenge of scaling up their operations for ensuring sustainability.

2.6 There are various estimates about the demand for microfinance. M-CRIL provides a conservative estimate for the annual demand at Rs.480 billion. Another estimate from Vijay Mahajan of BASIX, Hyderabad at Rs. 1450 billion puts the demand in India at 10% of the estimated global aggregate demand. The IFMR, Chennai puts the overall annual cumulated credit demand between Rs. 3562 – 5962 billion (Microfinance in India: Current Trends and Challenges).

2.7 At present, roughly two third of the formal microfinance supply is disbursed through the SHG Bank Linkage Programme (SBLP), pioneered by NABARD while the rest comes from MFIs backed by Commercial Banks. The World Bank estimates that the Indian microfinance activity currently has reached only 4% of the poor (Basu, Priya, World Bank). In a sample study of 40,000 households cited by Sa-Dhan, the money lender is still a force to reckon with. Thus, in spite of the rapid growth in microfinance in recent years, the supply of credit is well below the demand.

2.8 The extent of financial exclusion as per the Report of the Committee on Financial Inclusion (GOI, January 2008) is truly staggering:

- 51.4% of farmer households are financially excluded from both formal/informal sources
- 73% of farmer households have no access to formal sources of credit
- Among regions, exclusion is more acute in Central, Eastern and NE regions with 64% of all financially excluded households in the country

- Among occupation groups, 55% of marginal farmers and 80% of non-cultivator households do not access credit from any source
- Among social groups, 51% of SCs, OBCs and 36% of ST farmers are indebted mainly to informal sources

2.9 With the advancements in technology especially in data processing and communication, access could be provided. Accordingly, a goal for providing access to financial services to 50 per cent (55.77 million) of the excluded rural cultivator and non-cultivators households across different States by the year 2012 and cent per cent coverage (111.55 million) by the year 2015 has been stipulated.

2.10 The availability of the right type of human resource is going to be the biggest constraint for financial inclusion in the coming years. The pool of skilled microfinance professionals in India is still quite small. The sector is still not perceived as a professional workplace and a need based capacity building programme is essential to bring about sustainability in the sector. Some of the important areas where capacity building is needed are transformation, delivery management, managing growth, risk mitigation, product design and market research. To cater to the above challenges there is an immediate need for an investment in human capital that will create socially committed and professionally competent human resources. As per Sa-Dhan estimates, there is a demand for 2,40,000 field level workers and 6500 area managers during the next 5 years (Sa-Dhan 2007). The Public Sector Banks have a shortfall of 85,000 staff to be filled up through recruitment in the next 5 years. In addition, there will be a demand for professionally competent human resources by technical service providers, higher financing agencies as also by regulators and supervisors.

Present Status of Financial Inclusion Education

2.11 Globally, there has been considerable interest in financial inclusion in the last 3-4 years and a few Universities/Institutes have launched certificate programmes on financial inclusion. Some of the prominent institutions that conduct certificate courses on MF/FI are: JMU, Liverpool, Southern New Hampshire University, BASIX Academy, TATA Dhan Academy, Institute for Microfinance Research and the Indian Institute of Banking & Finance. The course curriculum and other details of these courses are given in Annexure 1

2.12 In view of the large expected demand for trained professionals in India at the field level, the present initiatives are not adequate. Even the pedagogy and structure of the curricula offered by some of the existing Institutions lack a practical focus which is so important in developing professional manpower for the sector.

Scope for BIRD

2.13 It is in this context that BIRD can play a meaningful role in developing a course that satisfies the demand of the banking industry and microfinance institutions. BIRD has the following advantages/strengths that make it eminently suitable to launch such a programme:

- The Institute has been active in training officials of RFIs & MFIs
- BIRD has been in touch with a large number of MFIs through its Centre for Microfinance Research & its Sub Centres. This will help BIRD in designing and implementing a practically oriented Field Work by internships/attachment with various MFIs and sub centres of CMR-BIRD

- The research work being done by the CMR-BIRD will help in enriching the course curricula.
- BIRD has a talent pool of Faculty Members who are exposed to various models, practices and nuances of Financial Inclusion.
- BIRD can draw upon the vast talent pool of NABARD's serving or retired officers in imparting practically oriented education.
- BIRD has a good brand image in the sector that will help in finding employment for the candidates who undertake the course.
- BIRD has excellent infrastructure for teaching

2.14 Delivery Mechanism: While alternative mechanisms of delivering the course were considered, it was clear very soon that the mechanism acceptable would be that of a full time, interactive, residential course. However it was suggested that right from the beginning BIRD makes a digital library of all the lectures delivered in the course – so that this could be used as a good resource base in the future in case one needed to launch a distance learning programme or in case one needed to fall back on critical resources – particularly with reference to distinguished speakers.

2.15 An internship/project work of around 2 months with a bank/mFI would be compulsory during the course of the programme. In order to provide a diverse perspective to the candidates it was also suggested that the project work should not be carried out in their sponsor organisation, but in a different organisation. BIRD will facilitate the process of obtaining projects for internship. In addition, the candidates will also work on a series of live projects for around 10 weeks during the programme. This project period will be spread across the different modules and built into the specific courses. These projects so intertwined with the courses

will be undertaken in groups and should involve travel to locations outside of lucknow over the weekends.

2.16 Batch: Keeping in view logistics and other arrangements it was decided that the batch may be restricted to around 40 students to begin with. This would mean that for having greater impacts these students should be in a position to influence practices in their respective organisations and this was expected to have a multiplier effect. However, the committee also recognised the need for the training of a larger set of students who might be offering business support services for inclusion. As of now, this programme should develop an image of an exclusive programme catering to the banking sector and should become one of the most sought after programmes in the sector.

2.17 Duration: It was decided that keeping in view logistics and infrastructure at BIRD, the duration of the programme may be for a maximum period of 1 year. The session could begin in the last week of June or first week of July and close by the end of April. The intervening period between the batches is to be used for maintenance of facilities, break for the faculty to review the course and plan for a fresh offering. It was decided that the course would be broken up into four components of 11 weeks each and the details of project work, breaks, internships etc will be decided within a module of 11 weeks. The tentative schedule for the first offering could be from 28/6/2010 to 30/04/2011.

Clientele and Duration

Candidate Profile

3.1 The candidate profile was deliberated in detail. The considerations that went in was that this programme would be a fully residential programme to start with. Given the physical infrastructure available at BIRD the intake cannot be in large numbers and it was not possible to have a massive scale up plan. In addition the committee also looked closely at the mandate of BIRD and its client profile.

3.2 As BIRD was largely established to address the needs of the banking sector – particularly the cooperative and the rural banking sector, it was initially envisaged that the graduates of the programme would largely be connected to the banking sector in some way. However, on consultation with various stakeholders it was clear that it might be difficult for the banks to spare officers at an appropriate level for the duration of one year for the programme. The alternative considered was also to have a short duration programme of around 3 months.

3.3 However, after due deliberations it was decided by the committee that the duration of the programme should be one year, with admission thrown open to both in service candidates as well as fresh candidates. The reasoning for positioning the programme outside of the traditional ambit that BIRD was dealing is detailed below:

- The governing council is seized of an issue of larger strategic changes in the positioning of BIRD.

- The institute of this size and prominence would need a good flagship programme around which the identity of the institution could be established
- The experience of NIBM and National Insurance Academy has indicated that a programme which is focused both on fresh graduates as well as in-service personnel helps in cross learning and also giving visibility and salience to the institution.

With the above considerations the committee decided to recommend a one year programme with a mixed candidate intake.

3.4 A number of young graduates pass out from the colleges and Universities every year. These youths have the basic educational qualifications for becoming mF professionals, following proper orientation and appropriate training in the concepts and practices of micro finance. After proper training and evaluation, these candidates can be hired by MFIs as well as by the Self Help Group Promoting Institutions (SHPIs), for working at the grassroots and supervisory levels in their micro finance programmes.

3.5 However, there is also a demand for undergoing specialized training among candidates already working with Banks, MFIs or SHPIs, and those engaged in financial intermediation and SHG formation in Government-sponsored programs. To enable the capacity building of such candidates it is important to earmark a few seats for them which can be sponsored by their respective institutions.

3.6 *In view of the above facts it is proposed that the course may have a mix of fresh graduates and candidates sponsored by Banks, MFIs, NGOs and other agencies in the ratio of 75:25.* This will provide a blend of fresh ideas and best

practices prevailing in the sector and will be an enriching experience for the candidates.

3.7 It was decided that this programme should be designed as a high end, exclusive programme for people who academic excellence as well as bankers and other practitioners with relevant experience. While anybody would be free to apply to such a programme, it would be better to have a candidate profile which had a mix of fresh candidates, executives from Banks, NBFC, RFIs, Co-operatives, and executives involved in developmental work in general. This should be offered as a post graduate programme.

3.8 It was expected that all the candidates of this programme would be of good quality. However, given the nature of the entrants, the Institute will have to provide placement facilities. The candidates sponsored by their respective employers may come in with their own arrangements with the respective organizations, and therefore might not seek placements.

3.9 Translating the vast potential for financial inclusion and improving the livelihoods and well-being of the poor requires development of appropriate skilled human resources especially suited, trained, and willing to perform at the grass root level.

3.10 The development of human resources for promoting financial inclusion through the micro finance sector needs to be an ongoing endeavour. A majority of Non Governmental Organisations (NGOs) and/or Micro Finance Institutions (MFIs) needs two types of manpower, one that hails from the nearby villages/towns and the other that originally belongs to distant towns and States. The former is usually engaged in community mobilisation at the grassroots, whereas the latter

comprises graduate professionals engaged in specific desk-jobs, like writing proposals, collating and analysing baseline data and other information, writing reports, etc.

Duration

3.11 It is important to keep the needs of the sector in mind while designing the course. Besides facing constraints in manpower, financial exclusion is also a result of a lack of perspective. A proper perspective about the people at the “bottom of the pyramid” is crucial for finding solutions to their problem.

3.12 The course will aim to enable the candidates to understand, critique and analyse the links between poverty, high indebtedness and financial exclusion in a way that will assist them to develop practical and strategic solutions to promoting financial inclusion. It will also develop skills and competencies to engage with the most financially vulnerable members of society.

3.13 Developing an empathy with the poor is crucial in finding practical and innovative solutions to their problems. As several of the candidates may have an urban background an attachment with an MFI/NGO/CBO will be an integral part of the course design.

3.14 The duration of the existing programmes being conducted by various institutes ranges from 3 weeks to 1 year. However, most of the short duration courses are in the nature of immersion programmes and do not meet the comprehensive needs of the sector

3.15 ***A comprehensive coverage of the various issues involved in financial inclusion can be fulfilled through a one year course comprising of 4 terms inclusive of an attachment with an MFI/NGO***

Selection criteria

3.16 Once the course stabilizes BIRD may formulate suitable selection criteria for selection of candidates. ***However, in the interim the selection may be based on the Common Admission Test (CAT) used by the Indian Institute of Management and has wide acceptance.*** Candidates can be short listed based on a minimum cut off and then invited for a group discussion.

3.17 To ensure that candidates have a rural orientation suitable weightage [as application rating] be given to candidates who have studied in schools in rural areas; students who have studied in vernacular medium of instructions and to women candidates.

Scholarships/freeships

3.18 There will be no scholarship/freeships for the course. However, Institutions such as Banks, MFIs are free to sponsor candidates and pay the course fee.

Course Design & Contents



4.1 The course may be called “Post Graduate Diploma in Financial Inclusion [PGDFI]”

4.2 The committee deliberated in detail the course design and contents in both its meetings and also picked up inputs from the field trips. It is absolutely essential for us to differentiate this course from the other courses offered in the market and develop unique identity.

4.3 As of now BIRD is able to open up one channel and that would translate to a student strength of 40. However, depending on the acceptability of the programme, the committee feels that this should be opened up to more candidates in future.

4.4 The unique identity of the course would emanate from three aspects

- rigorous training in tools and techniques;
- inputs from faculty who have seen the field and therefore bring in rich field experience
- constant interaction with the field including one full term to be placed in the field to understand the practical aspects of inclusion

4.5 Of the 52 weeks available in a given year, the committee suggests that the candidates be engaged for a period of 44 weeks – with the break of 6 weeks seen as time for maintenance of infrastructure and preparation for the next batch. This time period of 44 weeks is to be divided into terms of 11 weeks each. Planning for

each term is done on the assumption of classes for about 10 weeks and one week left for examinations and a brief break.

4.6 The course will have four terms – the first term would expose the candidates to the building blocks of the functional areas. The second term will expose the candidates to the macro perspectives in the respective functional areas. After the second term, the candidates will go in for an internship [and in case of sponsored candidates, they would be placed in a new organization and will not be sent to their host organization]. The internship will give the candidates an insight into the practice of financial inclusion. Organisations invited for participation in the internship programme will be carefully selected. In the fourth and final term the candidates will be engaged with advanced issues pertaining to financial inclusion and will choose from a bouquet of courses to be offered. There will be a brief village stay component between the first and the second term to expose the candidates to the perspective of the beneficiary of financial inclusion

4.7 Classes will be held 6 days a week with no significant breaks for religious and other holidays. Most of the holidays will be structured as term breaks except for National holidays.

4.8 The details of the coverage of the course in the one year is given in the table below:

COURSE ON FINANCIAL INCLUSION

Week 1	Orientation	A day of interaction with senior officials; a couple of days of field trips to nearby areas; a day of heritage tour of Lucknow; a day of screening of films like Manthan, Susman, Ankur, Nishant, Mirch
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		Masala, Bawandar, Pather Panchali.. that deal with issues pertaining to poverty and issues around poverty
<p>Term 1 [10 weeks: Total available days 10 weeks * 6 days per week and 4 sessions per day. 3+3 days are reserved for examinations and 2 days for possible holidays within the term. Therefore available days are 52*4 sessions 208 sessions]</p> <p>Tools and Techniques</p>	Computers and Information Systems	Office Productivity Tools [30 sessions] will give an introduction to managing internal communication, word processing, spread sheets and internet related tools
	Finance and Accounting	Basic Accounting [30 sessions] Will introduce the accounting mechanics and financial statements [10 sessions] Accounting policy choices [10 sessions] Aspects pertaining to non-profit accounting [5 sessions] and analysis of financial statements – cash flows and ratios [5 sessions]
	Behavioural Science	Introductory course on individual and group behavior [30 sessions]
	Micro Economics	Introductory course on micro economics, and market structures [30 sessions]
	PRA and Rural Research Methods	Introduction to participatory research methods and “quick and dirty” research tools that help in breaking the initial barriers and help establishing contact with community [20 sessions]
	Communication Skills	Basic communication skills, introduction to analytical and technical report writing. Introduction to writing proposals [20 sessions]

Term 1: Perspectives	Rural Environment, Sociology and Political Systems	Understanding the rural environment and how the political systems are organized in the rural areas. Introduction to institutional structure of rural areas [30 sessions]
	Lecture series on Dynamics of Rural Poverty	[9 sessions] Organized as a series of lectures by 3-4 eminent people who will deliver 2-3 lectures each
	Lecture series on Institutional arrangements in districts	[9 sessions] Organised as a series that brings in the structure of district administration, the role of the elected representatives, the executive, a perspective on the planning process, lead bank, role of DDM etc.
2 Weeks of Village Stay component/field work as they prepare to get into the next term. Specific exercises to be given to expose them to the realities of rural areas.		
Term II 10 weeks [208 sessions] Tools and Techniques	Finance and Accounting	Cost and Management Accounting [20 sessions]: break evens, product costing, activity based costing, costing in the context of financial products.
	Marketing	Marketing Management – Principles and as applied for rural areas. Understanding the markets for the Base of the Pyramid [30 sessions]
	Communication skills:	Spoken Communication [20 sessions] The course will have two components – spoken communication as required for internal communication purposes which included presentation skills, and dealing with aesthetics of presentations and the second component will relate to mass

		communication – addressing a large gram sabha, communicating with people who belong to different strata and overcoming language barriers.
	Research Methods	[30 sessions] Basic Statistics; introduction to handling of data and data analysis, introduction to Econometrics and Data Interpretation
	Finance and Accounting	Financial Management [30 sessions] introduction to time value of money; understanding working capital; introduction to financial management in financial institutions including cash planning, back office management, treasury and asset liability management
Term II: Perspectives	Behavioral Sciences	Understanding Groups [30 Sessions] Concept of groups; Group dynamics, understanding the importance of trust, coercion and the differences between different forms of groups such as JLG, SHG Grameen and its implication for financial inclusion.
	Economics	Macro Economics [20 sessions] – The role of the state, the role of the central banker, money supply, budgets, fiscal planning, inflation and aspects pertaining the managing the economy
	Behavioural Sciences	Understanding Negotiations and building negotiation skills [10 sessions]
	Lecture series on	[9 sessions] Series of lectures on

	understanding Urban poverty	linking up the rural and urban economies, the dynamics of migration, and the pressure points in urbanization, issues pertaining to resettlement and rehabilitation.
	Lecture series on managing difficult areas.	[9 sessions] Series of lectures on developmental initiatives to be taken in difficult and conflict zones and in post disaster management
Break /Vacation	1 Week break as they proceed for project/immersion work	
10 Weeks of immersion/ project work. People will work on specific assignments related to the field and will be attached to banks/NGOs. The projects should be only in the priority sector departments of banks and could either be in rural or urban settings. Projects not related to the larger issue of poverty/inclusion should not be taken up at all.		
Term 3 [10 week; 208 Sessions] The indicative courses are given here, the candidates will be free to choose from a combination of the courses to add up the 208 sessions. Modules that are compulsory are marked with *	Research Methods*	[30 sessions] Basic statistics; introduction to handling of data and data analysis, introduction to econometrics and data interpretation
	Behavioural Sciences*	[20 sessions] Team Building and Leadership
	Issues in Financial Inclusion*	[20 Sessions] Understanding Microfinance – SHGs/MFI and Banks [10 sessions]; Understanding co-operatives and community based microfinancial institutions [10 Sessions]
	Lecture series on International experiences in policy and regulatory aspects of inclusion*	[9 Sessions] This series should include policy and regulatory initiatives taken up internationally to ensure greater inclusion. It could for instance include the MFRC and its arrangement in South Africa, The

		FFP system in Bolivia and other similar issues. Experts should be invited to deliver lectures on the background of each nation and how the policy evolved
	Lecture series on Mainstreaming financial inclusion*	[9 Sessions] This lecture series should address the challenges of transformation, the role of NGOs and the problems faced by such organizations in undertaking commercial activities. It should address the issues of scale of microfinance institutions and also the necessary changes to be made to achieve larger impacts.
	Commercial Microfinance & Space of other financial services	20 Sessions Understanding issues in commercial microfinance, including challenges of transformation and dealing with MFIs [10 sessions] Understanding the space of other financial services – savings and micro insurance [10 sessions]
	Role of the State	[20 Sessions] Review of the state intervention, [including the intervention of RBI in priority sector] How schemes evolve, which of the schemes have been successful and what are the parameters for examining new schemes.
	Issues in Financial Regulation	[20 sessions] Role of the central bank, Issues in regulation, a perspective on the MF Bill and other regulatory requirements pertaining to foreign contributions, capital adequacy, savings and insurance related activities.

	Issues in Financial inclusion	[20 Sessions] Understanding Micro insurance, how it is different from other financial services, and different from general insurance
	Issues in Financial inclusion	[20 sessions] Understanding Migration and Remittances. The dynamics of migration, the challenge of remittances and how to handle issues pertaining to larger movement of small amounts
	Issues in Financial inclusion	Financial counseling/literacy [10 Sessions]
	Understanding the landscape	[10 Sessions] Political economy of development
		[10 Sessions] Gender issues in development
	Innovations and Entrepreneurship	[10 Sessions] Understanding innovations at the grassroots level, abstracting innovations and diffusion of innovations
		[20 Sessions] Understanding entrepreneurship, with focus on micro entrepreneurship. How does micro-venture funds help such activities
	Issues in Inclusion	[20 sessions] IT enabled services to serve the poor, with specific inputs on financial inclusion and IT aspects pertaining to inclusion

Infrastructure Support for BIRD

5

5.1 BIRD has modern and state of the art infrastructure facilities available such as 140 air-conditioned single occupancy rooms, 6 well appointed classrooms, conference hall, auditorium, a well stocked library, computer lab, technology park on FI, resource inventory management centre, indoor sports stadium, dining hall, dispensary with a doctor on call, yoga hall etc.

5.2 The manpower available in BIRD includes 19 Faculty Members/resource personnel of CMR, C-PEC and 21 support officers engaged in administrative work. The administrative staff is helped in their day to day functions by office assistants who services have been hired by BIRD on a contract basis.

5.3 The following infrastructure needs to be exclusively earmarked for the course on financial inclusion: one hostel block with 40 rooms, one classroom with a minimum seating capacity of 40. Further, a portion of the dining hall will also have to be separately earmarked for the participants of the course.

5.4 The furnishings of the hostel rooms and classrooms will have to be suitably upgraded with the minimum facilities being provided by other training institutes. Further, broadband / wi-fi connections will also have to be provided to enable the participants to have internet connectivity on a continuous basis.

5.5 Village stay, immersion programme and project work are all integral to the course design. The participants will also have to keep themselves abreast with the latest developments in the sector. Accordingly, it is necessary for participants to

have laptops. The participants should be asked to get their own laptops. However BIRD can arrange for bulk purchase of laptops once the course starts for those participants who do not have their own laptops. The cost of the laptop should be borne by the participants.

5.6 A comprehensive reading material for the course needs to be developed. BIRD may develop the course material with the help of other training institutes that are already conducting similar programmes.

5.7 A minimum complement of 4 Faculty Member and 3 supporting officers/staff need to be separately earmarked for the successful coordination and management of the course. This will include a person for coordinating the selection and placement of candidates

Costing & Fee Structure

Costing

6.1 The costs for running the course have been estimated based on the following parameters: Faculty time, development of course material, selection process, library access, computer time and support staff. The boarding and lodging arrangements have not been incorporated in the estimates as they will be paid by the candidates separately on actuals.

6.2 The estimates are based on the following assumptions:

- A. Total no. of candidates : 40
- B. Duration of the programme : 12 months
- C. Hostel occupation by candidates : 9 months
- D. Field attachment : 3 months
- E. No. of Faculty Members : 4
- F. No. of officers : 3 (including placement work)

SN	Particulars	Amount (Rs lakh)
Capital Expenditure		
1	Additional furnishing of hostel rooms (@ Rs. 20,000 per room x 40)	8.00
2	Furnishing of classrooms	6.00
3	Purchase of computers/laptops for faculty and administration	10.00

3	Development of course material	5.00
4	Recruitment of support staff	1.00
	Total	30.00
Revenue Expenditure		
1	Salary and perquisites of 4 faculty members (Rs 9 lakh per Faculty Member)	36.00
2	Salary and perquisites of 3 Officers	15.00
3	Electricity Charges for hostel	7.00
4	Housekeeping charges for hostel	1.00
5	Field visits, computer time etc	1.00
6	Admission process	3.00
7	Charges for Guest Faculty	5.00
6	Miscellaneous	2.00
B.	Total Expenditure	70.00

Fees

6.3 The fee structure should be such that the programme is self sustaining and can be viable for BIRD in the long run. At the same time the fees has to be competitive with the fees being charged by other institutes such as BASIX and TATA Dhan academy that are conducting similar type of programmes.

6.4 While calculating the actual fees the “cost plus” approach was followed by the Committee so that adequate surplus can be generated by BIRD while conducting the programme. The surplus can be used each year for upgrading the facilities and providing value addition.

6.5 *The capital expenses of Rs. 30 lakh will have to be met by NABARD through a project grant to BIRD.*

6.6 The thought of differential pricing of freshers and sponsored graduates was discussed in the Committee, but the committee decided to go with a uniform fee structure for all the candidates.

6.7 *Taking a minimum mark up of 10% over the revenue expenditure the annual fees per candidate works out to approximately Rs. 2 lakh. It was decided by the committee to not only recommend this amount as fees, but also the formula as a basis for further rationalization of fees in future.*

Annexure 1: Comparative Chart on available programmes relating to Microfinance/Inclusion							
S N	INSTITUTE	PROG	CONTENTS	ADMISSION CRITERIA	FEES	PLACEMENT	DURATION
1	BASIX Academy	Triploma in MF & livelihood promotion	<p>Module1: Intro & fundamentals of livelihood</p> <p>Module2: Information Technology for Financial Services</p> <p>Module3: Microfinance Services</p> <p>Module4: Drivers of livelihood: Agri & business development services</p> <p>Module5: Institutional Development Services</p> <p>Module6: Operations & Risk Mgmt</p> <p>Module7: Fundamentals of Banking</p> <p>Module8: Communication, team building & leadership skills</p>	<p>Any graduate with 50% and above with age below 25 years</p> <p>Written test and interview</p>	1,00,000	yes	16 weeks
2	Tata-Dhan Academy	Prog in Dev Management (PDM)	<p>Term1: During this four-week segment, students get introduced to the case method of learning and other teaching methods used at the Academy; and partake in remedial courses in quantitative analysis, written and oral communication, and computer appreciation and application.</p> <p>Term2: This segment is designed to build knowledge and perspectives in subjects like economics, development, and management; enhance creative, critical, and analytic skills of students; develop the oral and written communication skills of students.</p> <p>Term3: The fieldwork segment (FWS) provides learning on development issues helps students identify appropriate intervention strategies through systematic and rigorous field studies and practice. The FWS enables students to learn and adapt to different contexts and improves their observational, analytical and conceptual skills through experiential research.</p> <p>Term4: The development practice segment</p>	<p>Graduates/postgraduate in any discipline with min of 50% marks</p> <p>Age: Below 26 years</p> <p>Professionals, First time graduates, Candidates working in development organizations are encouraged to apply.</p>		yes	2 years (5 terms)

			<p>(DPS) provides students with hands-on experiences for practicing people-focused development skills such as organizing the community, training and capacity building, accounting and financial management, planning, monitoring and evaluation, and project management. Students design, implement, and manage development interventions during their DPS.</p> <p>Term5: At the end of the PDM, students go to different non-governmental organizations (NGOs) to learn about specific development approaches taken by these groups to address poverty in India. Students spend time with development leaders and gain an appreciation for the motivation and dedication towards the development field demonstrated by these leaders. The exposure visit is a two-week module.</p>	Admission Test			
3	Southern New Hampshire University	Practical Microfinance (online course)	<p>Traditional Financial systems Gender issues Role of groups Empowerment Vulnerability, savings and micro insurance Household cash flow analysis Need for rates of return and interest charges Sources of funds MIS Technologies Impact measurement Institutional choices Role of government and foreign aid</p>	Graduate course		no	11 weeks
4	IFMR, Chennai	Rapid Immersion into Microfinance	<p>Module1: Overview Social banking in India, Challenges in delivering financial services to the poor, State of the microfinance sector and operating models</p>	Young professional in NGO's/MFIs,	15,000/-		4 days

			<p>Module2: Scaling up MF services Legal forms of MF and regulatory challenges, case of self regulation, transaction cost, scaling up microfinance-issues and challenges, role of technology</p> <p>Module3: MF products and services Introduction to MF product development, beyond the standard MF product, graduation of MF client to Small/medium entrepreneur, micro insurance and money remittance, targeting ultra poor</p> <p>Module4: Beyond Microfinance What's wrong with MF, measuring impact</p>	banks, corporate's, researchers			
5	JMU, Liverpool	Promoting Financial Inclusion in low income communities	<p>Sociology, Economics and Politics of poverty and financial exclusion in low income communities. Policy development in promoting financial inclusion The dynamics of low income financial market The role of the banking and financial services industry and of co-operative and third sector financial providers. The impact of alternative, sub-prime lenders operating in low income communities The role of money advice agencies in low income communities The dynamics and delivery of financial capability education Pathways to financial inclusion Strategic and partnership approaches in the promotion of financial inclusion.</p>	Post graduate programme			10 weeks
6	Indian Institute of Banking & Finance	Certificate Course on Business Corr/Business facilitators	<p>I General banking including Deposits Principles of banking- Structure of Indian Banking System Banker customer relationship- deposits, accounts, types of customers Ancillary services- plastic money, remittances</p>	SSC/Matriculation		No	Correspondence course

			<p>II Principles of lending with special reference to Rural & Retail Lending Loans and advances Different categories of loans Agricultural finance including KCC- priority sector, MSME, documentation, legal aspects of recovery Asset classification norms</p> <p>III Financial Inclusion and Role of Business Facilitators & Business Correspondents Microfinance and its importance in financial inclusion Channels for delivering micro credit Role of BF/BCs in financial inclusion Ethical issues for BF/BCs</p> <p>IV Skill sets that make BF/BCs effective in relating with Rural People Overview of skill sets required by BF/BCs Credit counselling & Financial Advising skills Marketing skills</p> <p>V Bank's deposits and Priority Sector advances products Designing and developing savings and credit products Check list for filing bank's loans applications and security documents</p>				
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Annexure 2

Report on the Study Team's Discussion with Tata Dhan Academy, Bankers, NGOs
and Micro Financial Institutions (MFIs) in Madurai (Tamilnadu)

Study Team

M.Moni, Deputy Director General, NIC, New Delhi
Kamal Kumar, Faculty Member, BIRD, Lucknow
R. Srinivasan, Director, Rural Training Centre, NABARD, Karaikudi
R. Sankar Narayanan, AGM, NABARD, Madurai
A. Maria Michael, District Informatics officer, NIC, Madurai

July 2009

1. Introduction

In its meeting on 27th June 2007, the Committee on “Developing a Course on Financial Inclusion” by BIRD (Lucknow) decided that the Committee Members should visit a few reputed Institutions that are presently conducting programmes on Financial Inclusion (FI) and Micro-Finance (mF). Accordingly, the Study Team consists of The Committee Member, Shri M.Moni, Deputy Director General, NIC and Shri Kamal Kumar, Faculty Member, BIRD (Lucknow) visited Madurai during 16-19 July 2009 and held discussions with M/s Tata DHAN Academy, Bankers (Public Sector, Cooperative Sector, and Private, Non-Governmental organisations (NGOs) and Micro Financial institutions (mFIs). The Study Team has co-opted Shri R. Srinivasan [Director, Rural Technical Centre, NABARD, Karaikudi], Shri R. Shanker Narayanan [AGM, NABARD, Madurai], and Shri A. Maria Michael [District Informatics officer, NIC (Madurai)], as Members of the Study team.

The purpose of the Study was to interact and understand their experience in conducting the two-Year “Post-graduation in Development Management” programme of M/s Tata DHAN Academy, and also to interact with Bankers, NGOs and mFIs of Madurai District to get their opinion and inputs for developing the proposed **One-Year Course on Financial Inclusion** by BIRD.

2. Deliberations

i. M/s Tata DHAN Academy

Mr. M.P. Vasimalai, Executive Director, made a brief presentation on the objectives of the Dhan Foundation and the various themes on which they are working - Kalanjiam Foundation (SHG movement), Vayalagam (Tankfed irrigation), Dryland farming, People's Mututals (micro insurance), Kalanjiam Development Financial Services (KDFS-mFI arm), Kalanjiam Thozhilagam Ltd (Marketing arm of SHG products), INAFI, INFOS, PRI initiatives, Drinking Water initiatives, etc.

Later Mrs. Uma Rani, Director, Tata Dhan Academy made a brief presentation on the Two Year Five term Master's Program titled "Post Graduate Diploma on Development Management (PGDDM)". She dealt in depth on the origin, objectives, course module, course credit, eligibility for joining, selection criteria, course fees, infrastructure facilities available, faculty members, placement services offered, scholarship/sponsorship extended by Ratan Tata Foundation etc. **The eligible qualification is graduation course.**

The PGDDM is divided into **four segments**: Preparatory, Classroom, Field work, and Development Practice segments. The Class Room Segment (CRS) is organised into five disciplines through 38 courses.

Objective of the Course: is to bring out the graduates who can nurture the rural areas. Earlier, the course was for one year, then increased to 15 months, later to 18 months, and now it is a Two Year Post-Graduation Programme. Since 2007 (i.e., 7th batch onwards), it is a Two Year Programme.

Selection Procedure: is through the Development Management Admission Test (DMAT) Plus Selection camps including Group Discussions, Personal Interview & Rural interface.

Placements: offered in designated development organizations. The first five batches of PDM Graduates were placed in different organizations. Placements with Banks are supported if the Banks are SPVs;

Programme Design: consists of 50% theory and 50% practice focused on: Stay at villages for few days before induction to the Academy so that the Students can decide whether they wish to continue in such environment (Induction);

After induction, Work in a village or a slum for seven weeks;

Identification of any one developmental issue (i.e. malnutrition, microfinance, etc) and then apply practices, knowledge, and research skills, etc. It will help the students to utilize the data collected for the project, attitude part of their village stage and concerns of the villagers; At the outset, the participants are well informed that they have to work in rural areas and work for others.

Focus: to be on vulnerability rather than poverty

Submission of Inception Report: to be submitted at the block level and submit Inception Report.

Course Disciplines (71 Credits):

Basics of Development (BASICS)	: 16.5
Technology of Development (TECH)	:15
Management for Development (MADE)	:17
Leadership Development and Institution Building (LAB)	:16
Communication for Development (CODE)	:6.5

The PGDM Course has only one paper on “Microfinance for Poverty Reduction” (MFPR) in the TERM-II

Course fee: Rs.2.4 Lakh per candidate is fully paid by Ratan Tata Foundation, but after completion of the course, the candidate will have to compulsorily work for 3 years with either Dhan Foundation or other NGOs who are approved for placement under the program. In case, the

candidates discontinue the course before completion of the course, or do not work with them for 3 years, he/she will have to repay the entire stipend amount plus interest for the period stipulated by the Academy.

Mr. Vasimalai remarked that the PGDDM course is only for those who are willing to work for others and not for those who are craving to work for themselves. He said that during the initial stage itself the students are exposed to the realities at the grassroots level to understand livelihoods of the poor communities, the issues of poverty and the social changes happening at the micro level. Thus PGDDM is committed to producing high caliber dedicated development professionals with apt motivation, values and ethics to affect significant impacts on the lives of the poor.

It is suggested that the proposed Course by BIRD should have :-

a Developmental Immersion Programme (DIP) for 10 days for the Participants;

an assessment system for the Participants;

They have the apprehension that BIRD is having only transient faculty.

During interaction, Mr. Vasimalai has stated that the Dhan Foundation is willing to accept as a consultancy project for preparation of course curriculum for the proposed One Year Diploma Course on Financial Inclusion to be conducted by BIRD. Mr. Vasimalai, further, suggested that conducting of the proposed course at Madurai as a Regional Center may also be considered, if offered to Dhan Foundation.

Mr. Vasimalai suggested that the proposed course by BIRD should make the participants have empathy for the poor people for whom financial inclusion is to be extended. That is, the Bankers (Course Sponsors) should have genuine concern to reach the unreached and unbanked sections of the society.

Discussions were also held on the micro insurance products offered by Dhan, in association with Rabo Bank Netherlands (Peoples' Mutuals), on Vayalagam (Tank based watershed) projects, and on KTL (marketing arm of Dhan Foundation), etc. Mr. Moni has suggested to use the AGMARKNET

Portal (<http://www.agmarknet.nic.in>), which gives information on agricultural produces wholesale prices from 2800 Markets located throughout the country and has information about 300 agricultural commodities and 2000 their varieties, by KTL. In addition to this website, various websites such as <http://agris.nic.in>, <http://disnic.gov.in>, <http://seedNet.gov.in>., <http://nhm.nic.in> for ground level testing.

The meeting ended with vote of thanks, proposed by Mr. A. Maria Michael, District Informatics Officer, NIC (Madurai).

On 19th July 2009, Shri M.Moni and Shri A. Michael interacted with the students of the PGGDM, along with Mrs. Umarani, for about an hour, to understand their interest and motivation. During the interaction, their motivation on this was evident. Shri Moni interacted with each student individually and they were found to be committed. The Students are far away from Bihar, Uttar Pradesh, Punjab, Maharashtra, Andhra Pradesh etc. Many of the students are Agricultural graduates. Presentation by the Information and Communication Unit was informative on their various operational projects.

Meeting with Bankers, NGOs & MFIs

To start with, Mr. R. Sankar Narayanan, AGM NABARD, Madurai welcomed the gathering and explained the major objective of the meeting and the expected outcome of the Committee.

R. Srinivasan, (EX-AGM NABARD, Madurai) & now Director, Rural Training Centre, Karaikudi explained for the benefit of the committee members the various initiatives taken by the bankers, NGOs and mFIs in Madurai district to ensure financial inclusion. He said that household surveys have been conducted throughout the district through NGOs, and more than 2.5 Lakh no-frill SB A/Cs have been opened by all the banks and pass books issued. He also emphasized that Financial Inclusion (FI) does not end with opening of no frill A/Cs and FI means extending the facilities of Savings, Credit, Insurance, Remittance facilities and credit counseling to the so far unbanked poor sections of the society. He appreciated the efforts put in

by the bankers to open no-frill A/Cs for more than 70,000 job card holders under the NREGS in the district. He said, in spite of having more than 15000 SHG loan accounts and excellent network of bankers and NGOs/mFIs in the district, so much more needs to be done to ensure FI and free the vulnerable section of the society from the clutches of the local money lenders.

Mr. Moni detailed the objectives of Dr. Rangarajan Committee recommendations on Financial Inclusion and also the purpose of the proposed One Year Diploma Course on FI to be offered by BIRD. He wanted the bankers to offer their valuable suggestions as to how the course module for the course should be modeled.

The representative of SBI shared their positive outcome in Madurai District after implementation of Business Facilitator Model for FI. He said that the course should give wide coverage to the outreach of Business Facilitator and Business Correspondents mode of banking approved by RBI.

Mr. Srinivasan responded that even though RBI has approved BF/BC model, very few banks have followed the guidelines and much more needs to be done for coverage of the poor under FI.

ICICI Bank representative stated that they have implemented Business Correspondent model in the district through selected NGOs and their experience has been quite rewarding.

The representative of IOB revealed that even though their Branch Managers were initially unwilling to open thousands of no-frill SB A/C under FI, due to manpower shortage, he proudly announced that thanks to such A/Cs that his bank has managed to garner huge balance of more than Rs.2 Crores of low cost deposits in two districts (Madurai and Theni) in the last one year. So he was very confident that FI would definitely be a profitable banking proposition for the bankers and not a social banking. Hence he said that bankers should willingly come forward for ensuring a win-win situation for the banks and the poor.

Mr. Moni advised that the banks should document such success stories on FI and submit it to NABARD so that the same can be published under best practices among the bankers in the country.

The representatives of NGOs/mFIs opined that the course should include some NGO representatives also so that their views and perspectives could be a cross learning for the bankers.

The mFIs suggested that the selection of candidates for the course should be based on the background of the officer who is willing to work in the rural areas. Moreover after such one year course, he/she should be posted for at least three years in the rural areas where his/her skills can be better utilized.

The LDM suggested that young officers in scale I who have the energy and the mind set to learn new concepts, practice what they have learnt , should be selected for the course.

Considering the huge number of officers to be covered under the course the bankers suggested that other than BIRD, regional level training institutes of repute should also offer similar courses so that many more can be trained.

The District Coordinator of Pandiyan Grama Bank (RRB) stated that their bank has benefited considerably in business growth through SHG/micro finance, and therefore be willing to sponsor candidates for the proposed course.

Many of the bankers and NGOs suggested that micro insurance products which are more affordable to the poor should be designed by the Government and banks/insurance companies and offered to the poor.

In a nutshell, their opinion is listed below:-

Whether only 35 students per year who undergo this course will be sufficient to spread the knowledge.

Only Scale-I officers who are young and having good learning skills may be eligible for this course.

There should be Credits/ Course on Micro-insurance

The priority should be to the candidates having rural background.

The candidates should be posted to FID after the course.

At least two candidates should be there from NGOs in each programme.

There should be incentive in career development to the participants for completing the course.

For the purpose of promotion also this course should be given weight age.

The course should contain lot of inputs on behavioral sciences.

The meeting ended with vote of thanks proposed by Shri. R. Srinivasan, Director, Rural Training Centre, Karaikudi.

Discussion with M/s SEMAM over Video Conferencing from NIC District Centre, Madurai on 20th July 2009

MAHASEMAM (an NGO who specialized in Micro-Credit) is offering one-Year PG Diploma Course Micro Credit Management (Non-Semester Course), recognized by the Madurai Kamaraj University, Madurai.

Mr. M.Moni has participated from Delhi whereas Mr. R. Srinivasan and Mr. G. Pannirselvam of MAHASEMAM Trust (Madurai) and Mr. A. Maria Michael participated from Madurai.

Mr. Pannirselvam explained the need for the course which consisting of Four Modules (20: 80 pattern) as given below:-

Individual Development

UNIT – Communication : Definition – communication process – communication in an organization –Barriers and breakdowns in communication – Effects communication – interpersonal communication – English for better communication

UNIT II – Leadership: Defining leadership – Ingredients of leadership, traits and approaches to leadership, leadership behavior, Understanding self, transaction analysis, self esteem, steps to building a positive personality, body language, Time management – Team player.

UNIT III - Decision Making: Importance and limitations of radical Decision making –development of alternatives, evaluation of alternatives and selecting a alternative and making decisions. Approaches to decision making, programmed / non programmed decisions, decision making under uncertainty and risks. Modern approaches in decision making under uncertainty.

UNIT IV - Negotiation skills: Meaning – Importance – Fundamental principles of negotiations, developing negotiation package, inter & intra group negotiations, non verbal gestures in negotiation – styles of negotiation – Ethics, focus group discussion, in depth interview, observations.

UNIT V - Computers skills: Basis of computers, Word, Excel, PowerPoint & Windows 2000 – Internet – Browsing Web search, HTML...

Self help Group and Micro Credit Management

UNIT I - Introduction :

Prevalent condition of Poverty in our society: Poverty condition in India – Various poverty alleviation programs – Mode to identify poor – why to alleviate poverty – poverty and its extraction – Measures for poverty alleviation – impact of such program.

Micro – Finance – A strategy of poverty alleviation: Introduction on micro finance – status of micro finance, functions of micro finance – scope and importance – success stories of other big NGO – Growth of micro finance, poverty alleviation program in Bangladesh.

Women Empowerment : Women empowerment meaning – Need for women empowerment existing status of women – woman exploitation – Changing trends – Cultural lag – Defining women empowerment – Areas needed to be developed - social change - Micro finance contribution on women empowerment.

Role of stakeholders: SHGs – NGOs – Finance institutions – Funding organizations – Government etc. Case studies with reference to India – Bangladesh etc.

Different types of Micro financing

Self Help Group (SHG) :Meaning – Definition – Structure – Methodologies – Advantages and disadvantages.

Grameen Bank Model (GB): Meaning – Definition – Structure – Methodologies – Advantages and disadvantages.

Co- Operative: Meaning – Definition – Structure – Methodologies – Advantages and disadvantages.

UNIT – II – Concept of Self Help Groups: Significance of Self Help Groups – Stages of Group Formation Components of effective SHGs – structure and functions of SHGs.

UNIT – III – Introduction about micro finance: Need & importance of SHG and savings – Group characteristics responsibility of group members- Group leader's responsibility – Center Characteristics. Collective responsibility – Who selects the borrowers?; Roles of SHG leader and deputy leader.

UNIT – IV – Targeting – Survey and tolls

Targeting: What is targeting? Need and importance - How to fix target?

Target group and group formation.

Survey: Importance of survey – who should do survey? Different types of survey -

Participatory Rural Appraisal (PRA)

Participatory Wealth Ranking (PWR).

Housing Index

Compulsory Group Training (CGT)

Group Recognition Test (GRT)

UNIT – V: Different Products in Micro Finance

Financial

Savings

Voluntary Savings

Special Savings

Loan

Center fund / Common fund.

Insurance

Non – Financial Products

Health

Education

Social Empowerment

UNIT - VI : Sustainability

Viability: Definition – meaning – How to identify viability? Monitoring Viability Different level of viability – outreach – Operating efficiency portfolio – profitability – Revenue and cost structure.

Institution

Center

Member

Sustainability: Definition: - meaning – how to identify viability? Indicators of sustainability – Basis principles –different levels of sustainability cost effective sustainability.

Institution

Center

Member

UNIT – VII : Networking.

linking micro finance and safety net programs to include the poorest

Networking of self help groups

Women’s empowerment and social transformation

UNIT - VIII : Micro Finance Institutions

Nationalized banks

commercial banks

NABARD – SIDBI – RMK

Other’s NGOs

Government Institutions

Women Development corporations.

FWWD – Trust and foundation – Grameen Bank.

International micro credit organizations.

Entrepreneurship and Management of Micro Enterprises

UNIT - I : Entrepreneurs and Entrepreneurship

Who is an entrepreneur? Defining an entrepreneur – types of entrepreneurship and entrepreneur size

Entrepreneurship: Introduction about entrepreneurship various enterprise activity – Identifying an enterprise – Features of a profitable enterprise – Guidelines to promote entrepreneurship – How to be a profitable enterprise (Success stories of other entrepreneurs.)

Characteristics of an entrepreneur: Women Entrepreneurs: Need of women entrepreneurship – Existing status of women entrepreneurship – women focused entrepreneurship – How to be a competitive entrepreneur? – How to promote entrepreneurship among women.

Micro Finance: Major role of micro finance in entrepreneurship why to focus on enterprise – importance role micro finance in the promotion of entrepreneurship.

UNIT – II: Identifying Business Opportunities.

Strategic Business Plan (SBP): Meaning of strategic business plan need and its importance of SBP – Where we are? Where we want to be? How we are going to achieve it? Impact of the SBP

Opportunity identification process: Why to identify a potential area? Different process involved and important strategy used in this aspect.

Market Study: Defining the market – Need and importance of market study – various methodologies used in market study – impact of the study.

Selecting the final project / Opportunity: How to choose an effective area? Prototype testing?

Business plan for project formulation: Need of planning – how to plan – Assumptions of planning – drafting a plan.

Identifying a New Branch: Process of identification – Different strategy to be used.

UNIT – III : Management of Enterprises

Planning: Nature and scope of planning – Enterprise analysis specification and description. Various stages of planning.

Organizing: Meaning of organizing needs and scope of organizing how to organize?

Leading : Decision Making Skills – promotion of products

Communicating : Communication and dissemination – communication skills

Controlling: Need and scope for controlling – various strategies for controlling.

Coordinating: Different level of coordination – importance of coordination.

UNIT – IV : Marketing Management

Marketing orientation: Concept of marketing – scope of marketing – Areas of marketing – productive marketing areas.

Market assessment – Demand and supply : Assessment at various level – Diverse market trends – market Analysis

Identifying competitive situations: Measuring of competitiveness – How competitive is your product – Nature of competitive products researching – Scaling and grading of markets – Launching of product.

Marketing Research :

Product Policy: Meaning of product policy – Need and importance of policy – Drafting a product policy – product ranking product specification – existing products sampling.

Product costing: Meaning of product costing – scope and need dynamics of market – client analysis – Existing product analysis – market analysis on costing – drafting a product cost.

Market promotion and innovative marketing strategies: How to excel in a product – competing with existing products – non financial services- Marketing linkages – innovative agricultural aspects.

Sales promotion and qualities of a good sales man: Branding – Advertising – Planning – Characteristics of a good sales man – Identification of a right market and client – process identification.

Difference between marketing and sales: Introduction marketing and sales
Need of differentiation – Difference between marketing and sales.

UNIT V – Forms of Business organizations.

Proprietorship: Meaning of proprietorship – Characteristics – How to be a effective proprietor?

Partnership : Meaning profit sharing – partnership business different types of partnership

Enterprise by SHGs – co operatives: Basic of enterprise various strategic followed to promote enterprise –importance of enterprise – different types of enterprises – enterprises promoted by SHG and cooperatives.

Company : Introduction on company – characteristics Different types of company – functions of a company – regulations statutory for a company

Documentations and Accounting Systems in Micro Credit

UNIT - I : Introduction : Need and Importance of documentation and Accounting-report writing -Personal data & Demographic details of SHG's Members-Resolution by SHGs members-documentation and Accounting savings – weekly/monthly and subscription by members.

UNIT - II: Types of Loan Product: Introduction about Loan-Characteristics of a loan product-Different Types of loan product and its importance.

Income Generation Loan.

Housing Loan.

Agricultural Loan.

Emergency Loan.

Medical Loan.

Education Loan.

Star Borrower Loan.

UNIT - III : Accounting System in Micro Finance : Accounting standards for Micro Finance Institution- Governance –Transparency and accountable issues- Performance indicators and Standards-Benchmarking System-Minimum Reporting Information :

Bookkeeping.

Passbooks.

Individual Ledger.

Cashbook.

General ledger.

Petty cash.

Receipts and Payments.

Trail balance.

Income and Expenditure.

Balance Sheet.

UNIT – IV: Reports

Monthly report.

How to analysis reports and use for programme planning and monitoring.

Cost control and effective measures.

Finance and programme auditing.

How to calculate PAR- operational self-sufficiency etc-Weekly monthly/annual actions plan for branch.

Entrepreneurship development-marketing and financial accounting skills.

UNIT V– Auditing

Internal Auditing.

External Auditing.

Annual Auditing.

Account System – NABARD Model.

Account System – Grameen Model.

UNIT - VI : Financial Management

Disclosure Guidelines for financial reporting by Microfinance Institution

Microfinance and Risk Management

Microfinance and Delinquency Management

What is Delinquency Loan

Classification of loan

causes Of default

Mistakes during group formation

Mistakes in area selection

Mistakes in group and staff management

irregularities in disbursement and Others

Default Management

importance of accounts keeping and record Maintenance

Team building

MIS for effective management

Managerial Effectiveness- How to identify weak staff?

How to plan and organize Training programme and study the impacts of the training programme?

Ratio Analysis

UNIT - VII : Micro Finance and Personnel management

Induction: Different source of outsourcing-Planning for manpower.

Staffing: Right Person at Right Job-Productivity-Need analysis of staffing.

Training and development.

Performance Appraisal;

HR Policies: Staff Transfer – Release order –Acceptance of joining and resignation letters- Punishment-Nature of offence and Crime-Wage and Salary Administration (Performance oriented) – Office hours- Leave – Promotions.

Job Rotation.

Administrative Decisions.

Termination Policy.

Staff Training.

UNIT – VIII: Ratings: Meaning –Role of Rating –Need-Importance.

Mcril.

CRISIL.

CAMEL.

GIRAFFE.

Other Ratings.

3. Recommendations

The Study Team recommends the following to the Committee on Course Curriculum on Financial Inclusion:-

The Course Curriculum and methodology can be similar to that of the Course offered by the MAHASEMAM (an NGO who specialized in Micro-Credit) : one-Year PG Diploma Course Micro Credit Management (Non-Semester Course), recognized by the Madurai Kamaraj University, Madurai;

Only Scale-I officers who are young and having good learning skills may be eligible for this course;

There should be Credits/ Course on Micro-insurance;

The priority should be to the candidates having rural background;

The candidates should be posted to FID after the course;

At least two candidates should be there from NGOs in each programme;

There should be incentive in career development to the participants for completing the course;

For the purpose of promotion also this course should be given weight age;

The course should contain lot of inputs on behavioral sciences;

Acknowledgement: The Study Team desires to place on record, the professional contribution provided, the excellent coordination effected and the perfect arrangement made, by the Co-opted Members, Shri R. Srinivasan, R. Shankar Narayanan and Shri A. Maria Michael.

Annexure-A

List of Participants

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Ms. Uma Rani, Director, Tata Dhan Academy, Madurai.

Mr. Ramanathan, General Manager, Madurai DCCB Ltd.

Mr. Kamal Kumar, Faculty Member, BIRD, Lucknow

Mr. K. N. Subramanian, Lead District Manager, Canara Bank, Madurai.

Representative of Canara Bank.

Representative of SBI.

Representative of Indian Bank,

Representative of IOB.

Representative of CBI.

Representative of UBI.

Representative of Bank of India.

Representative of ICICI Bank.

Representative of KVB.

Representative of Tamilnadu Mercantile Bank.

Representative of LVB.

Representative of Pandiyan Grama Bank.

Representatives of major NGOs and mFIs in the district.

Mr. G. Pannirselvam, Vice President Operation, Mahasemam Trust,
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