

# To take banking to rural areas, govt may turn to women groups

## ‘Could Bridge Gap In Last-Mile Connectivity’

Subodh.Ghildiyal@timesgroup.com

**New Delhi:** With absence of last-mile connectivity turning banking into a luxury in remote villages, the rural development ministry has asked the Centre to employ women’s self-help groups to end the critical gap that is the source of harassment for the rural poor.

In a recent communication to the department of financial services, the RD ministry said banks should give SHGs the job of ‘banking correspondents’ (BCs) in villages with low transactions.

The BC model devised by banks to provide last-mile connectivity hit a roadblock in villages



where transactions are low; correspondents view it as too much trouble for too little. However, the growth of SHGs under National Rural Livelihoods Mission has created women’s bodies adept at handling finances.

The DFS is said to have found that 12,000 BCs are inactive because of low transactions in their areas. As per the ministry’s proposal, SHG women as BCs would provide all banking services in villages designated under their jurisdiction.

The BCs carry ‘micro ATMs’

---

**Though the model of banking correspondents has hit a roadblock in some villages, the growth of self-help groups under rural livelihoods mission has created women’s bodies adept at handling finances**

---

to make payments in villages and also accept deposits and deliver them to banks.

RD secretary Amarjeet Sinha said, “True financial inclusion means an old woman can get her pension in her bed, a student can get his scholarship at home. In the absence of transactions in villages, old persons have to be carried to banks on cots to withdraw money or beneficiaries have to pay someone to fetch their money from banks.”

The RD ministry experimented with ‘bank sakhis’. They were

initially deployed at banks to help SHG members fill forms and avail loans, in 1,707 villages, they were asked to deliver a clutch of important payments — MGNREGA wages, social pensions and scholarships disbursed by RD ministry — to beneficiaries.

Funds are transferred to bank accounts of beneficiaries and withdrawing them proves difficult for inhabitants of remote villages.

Officials said the ‘sakhi’ model has proved successful with each person covering an average of seven villages — together catering to around 12,000 villages.

The ministry showed of 18.4 crore bank accounts in rural areas, women held 9.75 crore. Stating SHGs had 5.3 crore women members, the ministry suggested most rural women with bank accounts were part of the NRLM scheme, positioning them well to serve as BCs.