

**Brief Report of the Northern Region Event
On Financial Capability
To Highlight The Strategies to Reduce Poverty And Establish Inclusive Growth,**

- ORGANISED BY : Centre for microFinance (CmF), Jaipur
- Sponsored By: GIZ (German Development Corporation)
- Dated : 09TH MAY, 2014, JAIPUR
- Venue : Hotel Radisson BLU, Tonk Road, Jaipur

The German Development Cooperation (GIZ) has initiated a research and designed Tool Kit on how to make financial inclusion more impactful by centring approaches, products and services on the financial capability of rural low income households in India.

The German Development Cooperation (GIZ) has partnered with the Centre for microFinance (CmF), Jaipur for conducting Regional Event on “Financial Capability - A people-centred approach to rethink Financial Inclusion” covering different stakeholders from Rajasthan, Haryana, Punjab, Himachal Pradesh, Uttarakhand and Jammu and Kashmir. The event held at Hotel Radisson BLU, Jaipur on May 9, 2014, focussed on one of the key strategies to reduce poverty and establish inclusive economic growth across all segments of the stakeholders and target population.

The event was chaired by eminent economist, and Member of the Prime Minister’s Economic Advisory Council Padambhushan Prof. V.S. Vyas. The expert panel consist of distinguished guests comprised of Shri N.S.Sisodia, Former Finance Secretary, Govt of India and Chairman – Centre for microFinance (CmF), Mr.Rajeev Singh Thakur, Secretary Rural Development cum SMD – RAJEEVIKA, Ms Jonna Bickel, Advisor, GIZ, Ms. Miltride Xess, General Manager, NABARD Regional Office, Jaipur, and Mr.Yatesh Yadav, Executive Director (ED)– CmF. The event attended by over 100 participants and observed overwhelming participation from different stakeholders like NGOs, Banks, Micro Finance Institutions (MFIs), donor agencies (e.g. Sir Ratan Tata Trust etc.) Cooperatives, Insurance Companies, Researchers and Government officials, officials from NABARAD, and State Rural Livelihood Mission (SRLM) i.e. Rajasthan Gramin Ajeeevika Vikas Parishad (RGAVP), resource group from GIZ and CmF, .

The event was started with welcome address by Mr. Yatesh Yadav, ED - CmF which was followed by detail presentation by the GIZ Programme Advisor, Ms. Jonna Bickel. Ms. Bickel shared details of study, its purpose, concept, methodology, and sample size, analysis, findings and the Tool. She shared her experiences about the concept of financial capability and said the GIZ had developed financial tool after conducting a detailed survey of low-income rural families in four states -- Rajasthan, Uttarakhand, Odisha and Karnataka. Based on the



Prof VS Vyas, Member of Prime Minister Advisory Economic council addressing while sitting on dias other dignitaries (from left to right) include NS Sisodia, former Fiance Secretary, Govt of India, Rajeev Singh Thakur, Secretary Rural Development, GoR, etc.

findings, a toolbox on how to make financial services more impactful for clients has been developed.

Centre For microFinance (CmF),

D-240, D-Block, Behind World Trade Park, JLN Marg, Malviya Nagar, Jaipur, 302017

Toolbox contains tools for different stakeholders engaged in financial inclusion and microfinance and is labelled as “USE” – Tools to **Understand** the Financial Capability Concept, Tools to **Support** Local Adaptation of the Concept and Tools to **Enable** Development of Household Abilities.

Delivering the keynote address in the workshop eminent economist Prof. V.S. Vyas said that the rural poor were not able to come out of the loop of poverty and deprivation despite the best efforts of the government and technical support extended to them. He underlined the need for finding out causes of this phenomenon and fixing responsibility for it. He pointed out the financial toolbox developed for poverty alleviation and inclusive economic development will be helpful for educating the rural poor to enable them to correctly utilize the loans released to them.

Prof. Vyas said the new government to be formed shortly in the Centre would face two major challenges – firstly, the declining rate of economic development and secondly, the spiraling price rise. “The new government will have to accord significance to employment-oriented industries in order to speed up development”.

Prof. Vyas listed out the reasons of slow development of the poor people, they are: the policy framers were paying more attention to the supply line instead of evolving a balance between demand and supply line. Only this would help extend the benefit of loans to the poor.

Prof. Vyas referred to the Malegaon report presented by the Reserve Bank of India, the noted economist pointed out that 70 per cent of the loan amount was spent on non-productive works. Besides, the needs of the poor are not taken into account while sanctioning loans and the loans are not released at the time when it is needed the most.



Jonna Bickel, Advisor, GIZ India presenting the study

The Secretary for Rural Development cum State Mission Director of Rajasthan Livelihood Mission – RAJEEVIKA (GoR), Mr. Rajiv Singh Thakur, addressed the participants focusing upon importance of Financial Literacy and Financial Inclusion. He stressed that the developed Financial Capability Tool will be vital tool for building financial management. He has given instances about how more than 1 crore bank accounts had been opened through Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) for financial inclusion, and still cooperative banks and post offices were still not playing their expected role.

The CmF Chairman, Mr. N.S. Sisodia, who was earlier Finance Secretary in the Central Government addressed to all the participants and emphasized on the need of financial capability. Mr. Sisodia said that large numbers of poor people are still trapped in the vicious circle of poverty. The poor community has limited or lacks financial capability and they did not know how to utilize the money efficiently and in productive purposes. He cited examples of the people who got huge money after selling of their lands around the urban area and still people are left out without stable livelihoods. The stories of the rural people living around Jaipur, Gurgaon, Noida and Delhi were identical in this respect. Through coding of various examples, Mr. Sisodia emphasized that there is huge need for working on enhancing financial capability of poor to bring them out of poverty. Mr. Sisodia gave vote of thank to GIZ for providing the opportunity to CmF to organise the event and asked GIZ and CmF to join hands and work together for the cause.

Others panel of guests, who addressed the event included NABARD General Manager M. Xess, stressed that the importance of USE Concept of Financial Capability Tool and focused on listening the issues of target community for readdress their concern and issues. Ms Xess shared her experiences from Punjab and of Vidisha in MP, that how the community used the loans taken in nonproductive activities. Ms Xess said that NABARD is working on addressing financial literacy. She emphasized need to understand and analyze the financial capability on the ground greater results of the intervention. GM NABARD also asked NGOs and Banks to work together. Mr. Yatesh Yadav Executive Director - CmF, focused on the strategies for generating awareness and enhancing financial capability of the poor community. Mr. Yatesh emphasized that financial capability of the needy community can be enhanced much efficiently through the established model of Self Help Groups (SHGs), clusters and federations. He said that these community institutions can play significant role in strengthening the financial capability of the community.

After deliberation from Panel of Guests and Chief Guest; a session on clarification round from participants about the topic of financial capability was facilitated by interfacing with guests on dais. A group photo session was organized after the question and clarification round.



Participants attending workshop on Financial Capability to Highlight Strategies to reduce poverty and establish Inclusive Growth

Then three parallel sessions were conducted. The moderators of 03 sessions presented about the topic covered under each session. After market pitch presentation requested the participants to select their participation among 03 sessions and voluntarily join one group among 03 parallel sessions.

The topics discussed during the working sessions include topic -1: “Methodology: Listening to people-design interventions based on the perspective of the people” moderated by session experts, Mr.Thomas Mehwald and Ms. Smita Premchander, topic-2 : “Financial Capability as Framework for Development Interventions (Finance, Livelihood, Social Empowerment) moderated by session experts Mr. Chidambaram and Ms.Poonam Gondia and topic- 3: “Financial Capability in Financial Inclusion: What Does It Mean for the Service Provider? moderated by session expert, Mr.Jaipal Singh and Manab Chakravarty. After the session each topic moderator and facilitator presented the key findings and observation at joint session.

After all three presentations, Ms. Bickel addressed the participants about their active participation and looking way forward to work together for active adoption of this developed tool by different stakeholders. The stakeholders taken keen interest for adopting the tool for their use and suggested to use as per the local language like Urdu in Jammu and Kashmir as per suggested by participants of J&K.

Finally Mr.Yatesh Yadav has given vote of thanks to all the participants and to GIZ for partnering for organising the northern region event and also seeking long term association with GIZ by implementing the developed tool in the field.