

Inclusive MSMEs Mission
-Standard Operating Practices(SOPs) for BCs

1. Background

Standup India scheme (SUI) and portal was launched by Hon'ble Prime Minister on April 05, 2016. SUI is providing facility to entrepreneurs for setting up green field (new) enterprises in Manufacturing, Trading and Services. Later SIDBI had positioned www.udyamimitra.in portal as an universal enterprise loan portal. Presently 1.25 lakh bank branches and over 45 alternate lenders are mapped on the portal. 1.06 lakh bank branches and 39 alternate lenders are active on the portal. The portal enables a prospective entrepreneur to check its eligibility under different schemes. It also facilitates classification of the borrowers as Trainee borrower (requiring hand holding support) and Ready Borrower (ready for loan application). Ready Borrower can submit its loan application online with instant acknowledgement through SMS/email.

In case of Trainee Borrower, the hand holding request submitted by the applicant for services from 17000 hand holding (HH) agencies enrolled on the portal based on the area of expertise (ranging from (i) Application form/project report preparation filing, ii) Skilling, iii) EDPs, iv) mentoring, v) Financial training, vi) work sheds from DICs and vi) margin money support) flows to the HH agency of applicant's choice with online confirmation of the service request.

Presently, engagement between HH agencies and Trainee Borrower are envisaged to be offline till the loan application is submitted online to the bank of the choice of the applicant. Workflow after submission of the application by Trainee Borrower will be same as in the case of Ready Borrower.

All submitted applications are available at virtual market place for credit access to entrepreneurs and visible to all stakeholders viz. lenders, HH agencies, applicants, SIDBI and other stakeholders. The current status and salient points of the portal are as follows :

- Around 2000 applications received a month, and around 150 sanctions happening monthly
- The Platform is mobile enabled, hosted on elastic , scalable cloud platform, uses latest MVC-5 based architecture on Microsoft dotNet platform, REST based APIs, standard application forms, reports, alerts and dashboards, SMS, e-mailing, internal messaging, capability to hold all events held on MSMEs, rule engines for guarantee coverage etc.
- Architecture – designed to plugin functionalities and add layers, pieces and players around the core functions, uses object oriented model
- Integration for KYC check and credit score and CIR is already under process

2. BCs for MSME Financing in India

Micro, small and medium enterprises are an integral part of the growth engine in India. Financial inclusion will be incomplete without addressing their financial needs in a manner that is commercially attractive for mainstream institutions. Women-owned enterprises in particular face not only economic but also cultural hurdles in access to finance. We need to figure out the right way to reach them, and once we do, the potential for impact on the individual, the community, and nation can not be overstated.

As a part of its financial inclusion plan to cater to the unbanked and underbanked , RBI had started the Business Correspondent model in 2006. Business Correspondents (BCs) are representatives appointed by banks to act as their agent.

As per RBI:

- Business Correspondents are retail agents engaged by banks for providing banking services at locations other than a bank branch/ATM.
- Banks are required to take full responsibility for the acts of omission and commission of the BCs that they engage.
- BCs enable a bank to expand its outreach and offer limited range of banking services at low cost, as setting up a brick and mortar branch may not be viable in all cases.
- BCs, thus, are an integral part of a business strategy for achieving greater financial inclusion.

Key Strengths

2.1 Pan-India Retailer Touchpoints Network

- Services are offered through a vast network of small retail touchpoints (retailers/agents) across India.
- All the small retail touch-points are micro & small entrepreneur. Over the course of last decade, these entrepreneurs' have become like a financial services' hub.

2.2 Transaction Processing

- BC outlets these days have a set of well-developed systems and processes for settlement and reconciliation – at par with the practices followed by major payments companies. BC outlets lay a lot of stress on Data Security and maintenance of confidentiality, through various checks and balances across the product development and use stages.

2.3 Innovative Prepaid Card Programs

- Some BCs have also launched a first-of-its-kind Open Loop B2B Prepaid Card Program for the common man in collaboration with Banks , that rode on AadhaareKYC Authentication process and is 100% paperless, instant & allowsthe Cardholder to use it across any Bank's ATM, PoS Terminals & online portals in just a minute's time.

2.4 Revolutionary Remittance Service

- BC Companies offering this remittance Service employing direct & indirect workforce. It is also perhaps the only viable Financial Inclusion Service not just for the BC-Agents but also for the Banks & the BCs too, extending its robust Remittance technology platform to address the international market as well.

2.5 Nano Credit – Setting a New Benchmark for Digital Lending

- Most importantly the loan facility is made available to the customers through BCs'outlets in a digital and almost paperless manner. The loan gets disbursed within one hour of application subject to telephonic verification and other online back-end process completion.

3. **Purpose-** Inducting BCs onto the portal to widen the outreach and enrich handholding relationship with MSME sector.
4. **Policy-** Business Correspondents (BCs) may be on boarded onto the portals as handholding agencies, subject to compliance with the following guidelines.
 - i. BCs should be Corporate entities.
 - ii. Membership of BCFI and commitment to the code of conduct being prepared by BCFI is desirable.
 - iii. Credibility check – 2 references from banks
 - iv. Presently managing services with atleast one bank.
5. **Arrangement contours-** The following shall be the key terms (though not limited to) :-
 - Any BC inclined to enroll on the portal shall apply in a prescribed format.
 - SIDBI shall examine the eligibility and allocate userid and password to each institution/entity. They shall agree to standard terms and conditions including code of conduct on the platform.
 - BC shall be provided training on portal operations including live walk-through on their role and responsibilities. A walk in kit shall also be provided.
 - SIDBI shall have discretion to charge membership fees or sharing the revenue.

5.1 Ensuring dispersal of outreach- The BCs shall ensure that activities are suitably distributed across geographies, segments (with thrust on unserved geographies/segments).

5.2 Target- They shall be responsible to ensure that they convert maximum requests into loans applications, where feasible.

Review:- Their performance shall be reviewed by portal or its identified agency.

5.3 Procedure

- **Determination of engagement :** Acceptance of terms on first e login by superuser
- **Fees and Charges-** Partners (BCs) shall follow the guideline provided for the engagement.
- **Login & Activation-** The steps are simple :-
 - ✓ Every BC would have a user id and password for activation on portal

- ✓ Upon first login (on right hand corner of portal- use drop down- choose 'other users'), they have to change their password and contact details and mobile number, if any.
- ✓ Those who have not received or forgotten or require any assistance(functional or technical) can freely contact support@udyamimitra.in or call up on 022 67221526. A dedicated person is there to handle the queries and support activation.
- ✓ The portal has hosted a film & user manual to help in navigation.

5.4 Review of performance and deboarding

- SIDBI reserves the right to undertake a periodic review of performance of BCs. This shall be undertaken by SIDBI or its identified agency.

5.5 Grievance-It shall be as per method of engagement. BCs shall make all endeavors to resolve the grievance at their level.
