



# **Financial Education on Remittances- Impact on Inclusive Growth**

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## **The Hadapsar Pilot**

(An Initiative by Department of Financial Services, Ministry of Finance, Government of India)

(January 2013)



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## Executive Summary

### Background and Objective

1. Many people have great need to ensure that money (usually cash) earned at a location can be used by their family members back home- a distant native place in the hinterland. In order to achieve the objective of remitting such money, individuals usually target a bank branch account at the native place which is within the reach of their family members (directly or indirectly). If such a bank has corresponding branches at the urban sites one would usually see core banking solution (CBS) making a difference through a remittance product called ‘non-home branch cash deposit’. Such a non-home branch cash deposit is effectively an intra-bank inter-branch cash deposit.

2. This paper showcases that the existing interoperable platform of Cash- National Electronic Funds Transfer (Cash-NEFT) can be used for credit of the funds in any other bank’s account. Keeping in view the migrant workers in India (who have the dire need to periodically remit money) **the facility of Cash-NEFT provides an effective remittance solution.** However, there is a general lack of awareness and education of the bank-branch staff and the consumer about the product.

### The Hadapsar Pilot

3. A Cash-NEFT pilot at Hadapsar (near Pune) is an initiative taken by the Department of Financial Services (DFS), Ministry of Finance, Government of India, to showcase how through NEFT the migrant population can harness an existing interoperable platform of the whole gambit of different banks in India to deposit cash into any bank account in India. The spirit behind the pilot is to initially show a select group of the population *an avenue* of depositing cash into any bank account, using a means (Cash-NEFT) which is **low-priced and convenient** to use and carries no bar on visiting the same bank where the remote account resides. The fuel for success of this pilot is to have a proper awareness program, initial handholding and showcasing the convenience and economics. For example, see sample flyers as below.

**भारतीय स्टेट बैंक** **कैश योजना**

State Bank Of India

समय और पैसा दोनों बचाइए  
क्या आप जानते हैं, अब आप किसी भी अन्य बैंक की शाखा में जाकर अपने SBI खाते में पैसा जमा कर सकते हैं ?

मात्र ₹/- स्वयंसे शुल्क  
₹ 1 से ₹ 50,000 तक पैसा जमा कर सकते हैं

एक से दो घंटे में पैसा खाते में आ जाएगा

भारत के किसी भी बैंक में कैश-NEFT से संबंधित सहायता के लिए संपर्क करें  
कैश-NEFT कॉम्प्लेंट / हेल्प लाइन नं.: १९२३२०८६९०

**भारतीय स्टेट बैंक** **नोटिस**

STATE BANK OF INDIA

भारतीय रिजर्व बैंक द्वारा आप की सुविधा के लिए कैश NEFT योजना उपलब्ध की गई है। इस योजना के माध्यम से किसी भी अन्य बैंको की शाखा (जहाँपर आपका खाता होना जरूरी नहीं है) में जाकर स्टेट बैंक के खाते में धनराशी जमा कर सकते हैं।

**बैंक ग्राहकों के लिए फायदा**

- ★ नाममात्र अंतरण शुल्क रु. 6/-
- ★ रु. 1 से रु. 50,000 तक की राशी का हस्तांतरण।
- ★ उसी दिन खाते में करीब एक से दो घंटे में धनराशी जमा।

Reserve Bank of India Brings for You the Facility of **Cash NEFT. Deposit Cash in Any Other Bank's Branch** (where you need not have a bank account) for Credit into Any SBI Bank Account.

**BENEFITS**

- ★ Nominal Charges of Rs. 6/-
- ★ Same Day Credit in about 1 to 2 hours.
- ★ Transfer Any Amount from Rs. 1 To Rs. 50,000.



### Assessment of Cash-NEFT on Weekly Basis – Data and Analysis

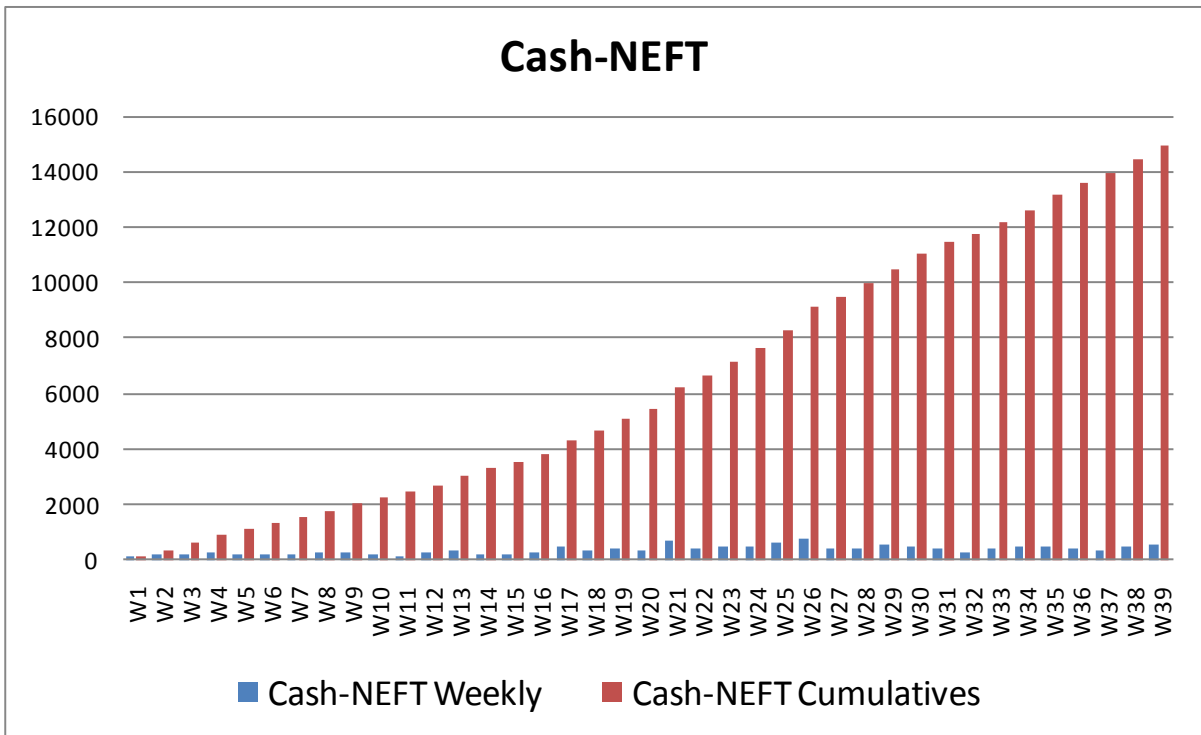
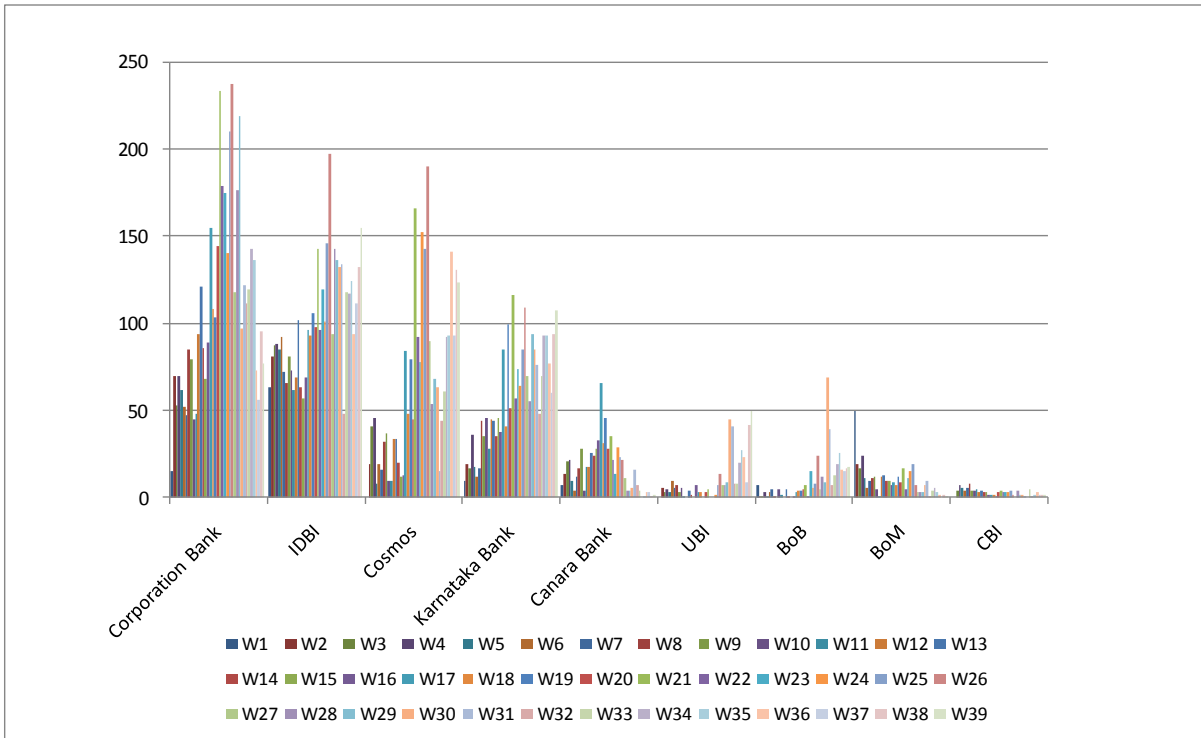
4. Eleven banks participated in the pilot. The banks are *Bank of Maharashtra, Canara Bank, Union Bank of India, Punjab National Bank, Bank of Baroda, Central Bank of India, State Bank of India, Karnataka Bank, IDBI Bank, Cosmos Bank and Corporation Bank*. Weekly data is being sought from the banks on Cash-NEFT transactions. They are presented below. Here, W1 stands for the first week of handholding, i.e. April 23-28, 2012. Similarly W2 stands for the second week and so on ..., W39 stands for the week January 14-19, 2013.

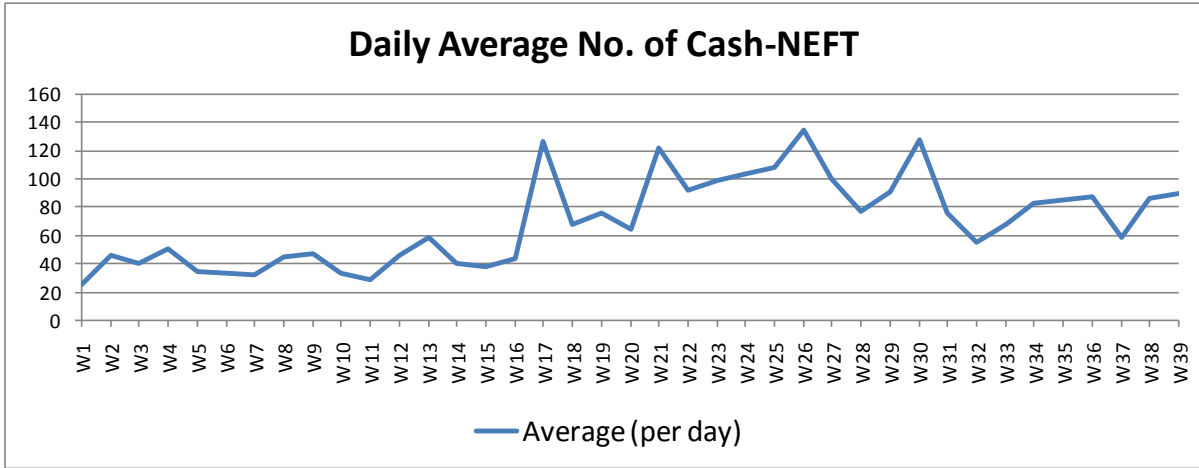
Bank-wise weekly data on the number of Cash-NEFT transactions

Week	No. of Working Days	Corporation Bank	IDBI	Cosmos	Karnataka Bank	Canara Bank	UBI	BoB	BoM	CBI	Total	Average (per day)
W1	6	15	63	0	10	7	0	7	50	0	152	25
W2	5	70	81	19	19	14	6	1	19	0	229	46
W3	6	53	87	41	17	21	3	1	17	4	244	41
W4	6	70	88	46	36	22	5	3	24	7	301	50
W5	6	62	85	8	18	10	3	1	11	6	204	34
W6	6	52	92	19	12	4	10	3	6	4	202	34
W7	6	47	72	16	17	12	6	5	10	6	191	32
W8	6	85	66	32	44	17	7	1	11	8	271	45
W9	6	79	81	37	35	28	3	0	12	4	279	47
W10	6	45	73	10	46	4	6	5	5	4	198	33
W11	6	48	62	10	28	18	1	2	1	5	175	29
W12	6	94	69	34	45	18	0	0	12	3	275	46
W13	6	121	102	34	44	26	4	5	13	4	353	59
W14	6	86	63	20	35	24	2	1	10	3	244	41
W15	6	68	57	12	46	28	0	0	10	3	224	37
W16	6	89	69	13	38	33	7	1	7	2	259	43
W17	4	155	96	84	85	66	3	3	9	2	503	126
W18	5	108	93	48	41	31	3	4	7	2	337	67
W19	6	103	106	79	99	46	0	4	12	1	450	75
W20	6	144	98	45	51	28	3	5	9	3	386	64
W21	6	233	143	166	116	35	5	7	17	4	726	121
W22	5	179	96	92	57	22	0	1	5	3	455	91
W23	5	175	119	78	74	14	0	15	11	3	489	98
W24	5	140	101	152	64	29	2	6	15	3	512	102
W25	6	210	146	143	85	23	7	8	19	4	645	108
W26	6	237	197	190	109	22	14	24	7	2	802	134
W27	4	118	94	90	70	11	7	5	3	0	398	100
W28	6	176	143	54	55	4	7	12	3	4	458	76
W29	6	219	136	68	94	4	9	9	3	2	544	91
W30	4	97	132	63	85	6	45	69	7	2	506	127
W31	6	122	134	15	76	16	41	39	10	1	454	76
W32	5	111	48	44	48	7	8	7	1	0	274	55
W33	6	119	118	61	70	4	8	13	4	5	402	67
W34	6	143	117	92	93	0	20	19	6	1	491	82
W35	6	136	124	93	93	1	27	26	3	2	505	84
W36	5	73	94	141	77	3	23	16	2	3	432	86
W37	6	56	111	93	60	3	9	15	0	2	349	58
W38	6	95	132	131	94	1	42	17	2	2	516	86
W39	6	77	155	123	107	2	50	18	1	2	535	89
<b>Total</b>	<b>221</b>	<b>4310</b>	<b>3943</b>	<b>2496</b>	<b>2293</b>	<b>664</b>	<b>396</b>	<b>378</b>	<b>374</b>	<b>116</b>	<b>14970</b>	<b>68</b>

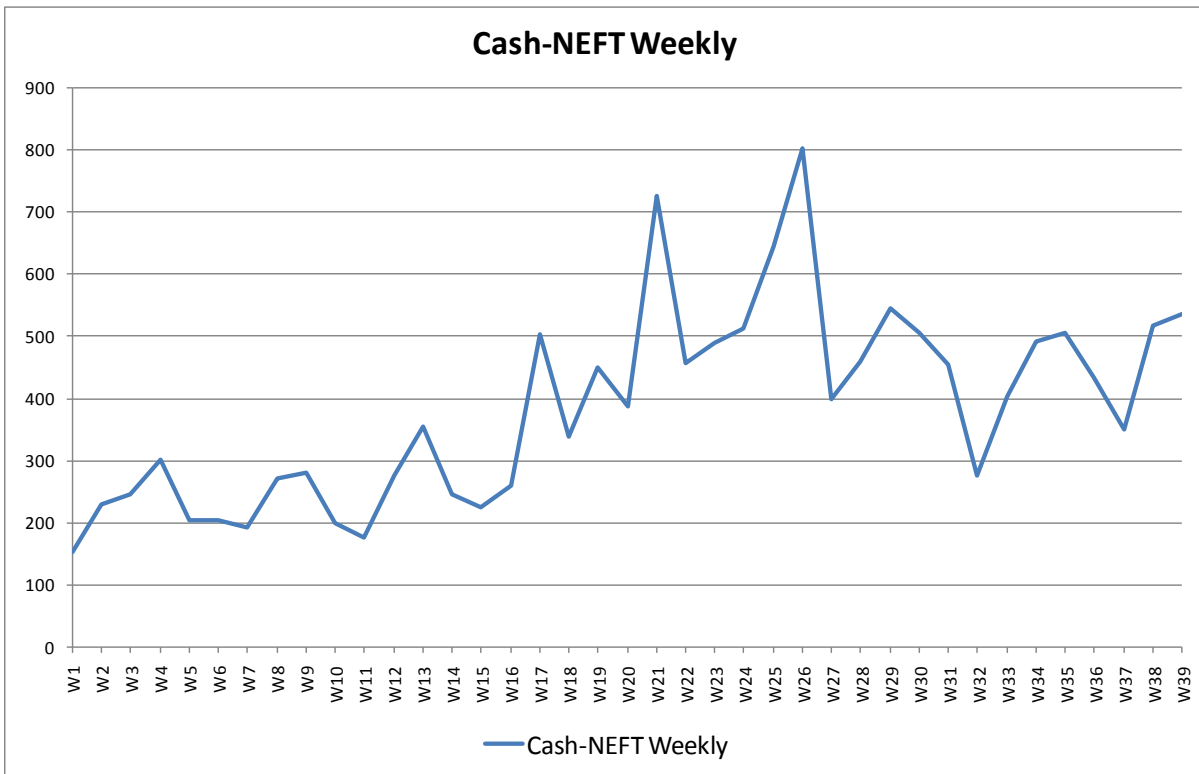


Bank-wise multiple bar chart for weekly number of Cash-NEFT transactions





A maximum of only 7 dedicated staff was available from 7 banks among the 11 banks in the pilot. On an average there were about 3 to 4 dedicated staff efficiently providing handholding services on any day.



The two month period mid-May to mid-July (Weeks 5 through 12) is usually considered the slack period for urban non-home cash deposits since most of the migrants go to their native place. Furthermore, Weeks 25 and 26 being the period in October (festival season) had seen significant cash remittance activities in form of Cash-NEFT.



The following observations follow based on more than 14100 transactions in the first 39 weeks:

- **53% transactions are Cash-NEFTs done by a person for the 2nd or 3rd or 4th, etc. time.**
- **37% people have done Cash-NEFT more than once.**

### **Cash-NEFT Grievance Redressal cum Help Line Number**

5. Since mid-August 2012, we have made public a Cash-NEFT grievance redressal cum help line number (**9923208690**). General public can call at this number in case of any difficulty (in any bank branch) to carryout Cash-NEFT.

6. Beyond the initial handholding, such a grievance redressal system would keep the bank branches at check to facilitate Cash-NEFT.

7. The salient outcome of the Hadapsar Pilot on Cash-NEFT is highlighted in the January edition. Some significant achievements include:

- There have been more than 15000 Cash-NEFT deposits during the past nine months, of which more than 2000 had been during the last one month.
- 72.4% of the deposits are of amounts less than or equal to Rs 10,000. A total of about Rs 14.2 crore has been deposited through this process by the poor migrants.
- About 37% of the people who deposited cash through interoperable Cash-NEFT came back again to do Cash-NEFT and this number is increasing every month.
- Based on 9-months data, we observe that during the immediate past three months (13 weeks) there had been on an average 82 Cash-NEFT transactions on each of the 72 working days. The scenario for the previous such two periods of three months had been: for the first 3-months (77 working days) the daily average was 40 Cash-NEFT transactions; for the next 3-months (72 working days) the daily average was 84 Cash-NEFT transactions.
- There has been a significant migration of non-home branch cash depositors to carry out Cash-NEFT in various vicinity banks under the pilot. The percentage swing of those potential non-home SBI cash depositors who resorted to interoperable Cash-NEFT has increased. Though the data on Cash-NEFT that is being done by these



people outside the immediate vicinity bank is not available, it has come to our notice that the people have been attempting the same at other locations in the Pune region. However, the major hurdles, as usual, are the lack of awareness and practice to carry out such transactions by the bank branch staff.

### **The Delhi and Mumbai Pilots**

8. Based on the success and learnings of the Cash-NEFT pilot at Hadapsar, an initiative was taken by the DFS, Ministry of Finance, Government of India, to further demonstrate and showcase the benefits of Cash-NEFT to those who have dire need to remotely deposit (remit) cash into some bank account in India. The Cash-NEFT's awareness building and handholding program has now been extended to five locations in each of the cities of Delhi/NCR and Mumbai. The metro programs started during November-December 2012 and are at the initial stages of (i) preparing the vicinity bank branches, (ii) planning and execution of the handholding activities and (iii) generating MIS and assessment studies. A detailed follow-up report on the same should be available in the April 2013 edition of this report.





## Financial Education on Remittances- Impact on Inclusive Growth

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July 22, 2012

(Data updated as on January 19, 2013)

### Background

MANY people have great need to ensure that money (usually cash) earned at a location can be used by their family members back home- a distant native place. In order to achieve the objective of remitting such money, individuals usually target a bank branch account at the native place which is within the reach of their family members (directly or indirectly). If such a bank has corresponding branches at the urban sites one would usually see CBS making a difference through what is called 'non-home branch cash deposits'. Such a non-home branch cash deposit has the potential of inter-branch intra-bank cash deposits. The demand and supply needs for the same is shown below in form of two slides. More details are provided in the Annex.



**Slide** (Pictures taken in February 2012): SBI branch at Hadapsar (near Pune) where such queues are a regular feature. On an average the waiting time of an individual is 3 hours when 300 odd people stood in the queue and only 250 individuals could carry out the remittance transactions on the specific day.

<sup>1</sup> Dr. Ashish Das is a Professor of Statistics with the Indian Institute of Technology Bombay. E-mail: ashish@math.iitb.ac.in



## THE PILOT

**A pilot at Hadapsar / Magarpatta Region (near Pune) on "inter-operable cash NEFT" has been initiated by Department of Financial Services (Finance Ministry) involving 11 Banks. The back ground of this pilot is based on the Case-Study report (see Annex).**

There is a need to showcase the existing inter-operable platform of Cash NEFT and thus the pilot on cash-NEFT is commissioned. In this regard, the following eleven Banks have been identified for the cash-NEFT pilot:

Bank of Maharashtra, Canara Bank, Union Bank of India, Punjab National Bank, Bank of Baroda, Central Bank of India, State Bank of India, Karnataka Bank, IDBI Bank, Cosmos Bank and Corporation Bank

Keeping in view all migrant workers in India and the select region's migrant workers in particular (who have the dire need to periodically remit money) **this pilot is an attempt towards Consumer Protection and Market Development for which though there already exists a supply chain, there is lack of consumer education and product awareness.**

**Union Bank of India, Bank of Maharashtra, Canara Bank, Karnataka Bank, Corporation Bank, IDBI Bank, Bank of Baroda, Central Bank of India and State Bank of India have put up displays on Cash NEFT under the customer awareness program.**





The PSBs would facilitate (i) redistribution of users of "non-home branch cash deposits" to cash NEFT using other bank's platform, (ii) develop awareness banners, (iii) test check the Cash - NEFT transactions to ensure that the entire process cycle is in place - both for successful and failed transactions, (iv) carry-out on the spot financial education for migrants attempting remittances with regard to inter-operable cash-NEFT, (v) interactive sessions with various contractors who employ more than 100 people under them and pay cash money as daily wages, (vi) making monthly assessment study and impact evaluation.

The pilot would also aim to study consumer behaviour on the ease of bypassing cash deposits and instead use (account to account) electronic funds transfer.

As a first measure, test Cash-NEFTs were carried out. Such test transactions prepared the branches to handle Cash-NEFT and provided experience to the bank staff. Each participating bank branches carried out test Cash-NEFT in a fashion exactly the way the branch would provide the service for walk-in customers. **The test results on Cash-NEFT are provided in the Annex.**

Next, banners and flyers were put in place. Some pictures in this regards are shown.

Since mid-August 2012, we have also made public a Cash-NEFT grievance redressal cum help desk number (9923208690). General public can call at this number in case of any difficulty (in any bank branch) to carryout Cash-NEFT.











भारतीय स्टेट बैंक

← →

# कैश योजना





समय और पैसा दोनों बचाइए

क्या आप जानते हैं, अब आप किसी भी अन्य बैंक की शाखा में जाकर अपने SBI खाते में पैसा जमा कर सकते हैं ?

मात्र  
₹/- रुपये  
शुल्क

₹ 1 से ₹ 50,000  
तक पैसा जमा  
कर सकते हैं

एक से दो घंटे  
में पैसा खाते में  
आ जाएगा

भारत के किसी भी बैंक में कैश-NEFT से संबंधित सहायता के लिए संपर्क करें  
कैश-NEFT कॉम्प्लेंट / हेल्प लाइन नं.: १९२३२०८६९०



भारतीय स्टेट बैंक

STATE BANK OF INDIA

नोटिस

भारतीय रिजर्व बैंक द्वारा आप की सुविधा के लिए कैश NEFT योजना उपलब्ध की गई है। इस योजना के माध्यम से किसी भी अन्य बैंको की शाखा (जहाँपर आपका खाता होना जरूरी नहीं है) में जाकर स्टेट बैंक के खाते में धनराशी जमा कर सकते है।

बैंक ग्राहकों के लिए फायदा

- ★ नाममात्र अंतरण शुल्क रु. 6/-
- ★ रु. 1 से रु. 50,000 तक की राशी का हस्तांतरण।
- ★ उसी दिन खाते में करीब एक से दो घंटे में धनराशी जमा।

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Reserve Bank of India Brings for You the Facility of **Cash NEFT. Deposit Cash in Any Other Bank's Branch** (where you need not have a bank account) for Credit into Any SBI Bank Account.

BENEFITS

- ★ Nominal Charges of Rs. 6/-
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### Roadmap Ahead

The pilot at Hadapsar on Cash-NEFT is an initiative taken by the DFS to showcase how through NEFT the migrant population can harness an existing inter-operable platform of the whole gambit of bank branches in India to deposit cash into any bank account in India. The spirit behind the pilot is to initially show a select group of the population *an avenue* of operating ones bank account (depositing cash) which is **cheap and convenient** to use and carries no bar on visiting the bank where the account resides.

**The basis of the success of this pilot is to have a proper awareness program, initial handholding and showcasing the convenience and economics.**

For this the remitter has to have the beneficiary details (name, account number, IFSC, branch name). The sender information would include name, address and mobile number (mobile number is desirable but not mandatory).

In the second half of March 2012, despite severe work pressure on account of it being the month of March, the initial awareness and handholding drive for the bank branch staff was done by the participating banks.

Subsequently, we concentrated on actual cases. Keeping in view the annual audit of the bank branches during the first two-three weeks of April, we laid a plan for post April 25, 2012.



## PLAN OUTLINE

1. Have one dedicated staff support from the Zonal/Circle/Administrative Office (not a branch staff at Hadapsar). Such a staff would directly report to the DGM designate for the pilot. The prime objectives of such a dedicated staff would be
  - i. to passionately interact with the migrant population having a need to remit money
  - ii. explain the avenues of depositing cash through
    - Non-home branch cash deposits (which may involve standing in time consuming long queues with a corresponding fee)
    - Money transfer through a CSP (which involves fee of the order of 2% of the remit amount with a minimum fee of Rs 25 and a maximum of Rs 100; cost for enrolling oneself for this service with a onetime fee of Rs 25)
    - Cash-NEFT using the banking network in totality (which would cost only Rs 6; have the convenience of walking into any bank nearest to his/her place of work or stay; requirement of the IFSC code in addition to the account number; that the money would reach the beneficiary within 2 hours if done before 4 pm on a weekday; that they are most likely to receive a SMS confirmation if they provide the senders mobile number)
  - iii. handholding in carrying out an actual Cash-NEFT after explaining its benefits (also facilitate in proving the IFSC code)
  - iv. empower the person, by providing your contact number, so as to facilitate him/her in case of executing Cash-NEFT in any bank branch in future
  - v. explain in clear terms that it is his/her right to carry out such a Cash-NEFT transaction in any bank's branch (other than the beneficiary bank)
  - vi. explain how the Cash-NEFT would be easy to use once they do it for the first time with your help / show the cost benefit of Rs 6 as against Rs 25 or more / explain and disseminate the information that this facility is available at any bank branch / that they should enter a bank branch which is less crowded for speedy delivery of service
2. Each of the dedicated staff should be able to set example by facilitating and handholding 10-15 persons, each day, for actually carrying out Cash-NEFT. The information on number of



handholding assistance provided should be recorded on a daily basis.

3. SBI to facilitate in an explicit fashion in providing their non-home branch cash depositors with a sheet of paper/card on which is indicated the Account Number, Account holder's Name, Branch Name and IFSC code.
4. SBI and Bank of Maharashtra, along with all the other participating banks, would initiate having one summer intern each (involving college students) during the summer break (May-July, 2012) for facilitating the awareness program in the above and other innovative ways.
5. All the participating banks would designate an officer (DGM rank) for coordinating the activities of the Pilot.
6. Identify and sensitize other bank branches in the vicinity.
7. In the true spirit of the pilot, ensure that all banners related to money transfer should first and foremost showcase the Cash-NEFT facility.
8. Have summary reports made once in 7 days and each DGM designate should send a copy of the same to the coordinating bank.
9. SBI can give a press release and advertisements for the same in the region of the Pilot highlighting all benefits. This will help increasing the public awareness.
10. The need is only to divert the customers after proper education and creating awareness for equally distributing them to the nearby branches of other banks. **A prominent coloured board should be placed besides any crowded branch's cash window entertaining 'non-home branch cash deposit'. The board should appropriately highlight Cash-NEFT facility using the banking network in totality** (which would cost only Rs 6; have the convenience of walking into any bank nearest to his/her place of work or stay; requirement of the IFSC code in addition to the account number; that the money would reach the beneficiary in about 1 to 2 hours if done before 4 pm on a weekday).





## **THINGS THAT WE HAVE LEARNED SO FAR**<sup>2</sup>

1. IFSC code required to initiate a NEFT is not easy to obtain. Initially we were depending on an SBI branch to input an account number and tell the IFSC corresponding to the account. This led to a friction due to dependence on a SBI branch and loss of valuable time of the remitter and the SBI bank staff.
2. Did away with the hassle of obtaining IFSC code of the SBI bank branch corresponding to a SBI bank account by introducing a default IFSC for SBI as SBIN0009062 (Branch: SBI Hadapsar). Such a default IFSC was used for remitting money into any SBI bank account in India from any other (different from SBI) bank.
3. A list of Universal IFSC codes have been provided below. Banks marked as “YES” are not tallying the IFSC and thus, as long as any valid IFSC of the bank is used the inward NEFT was being credited to the beneficiary bank account. A similar list of Universal IFSC for the RRBs has also been prepared. It may be noted that all RRBs have a unique IFSC code. A comprehensive list of all such Universal IFSC codes should be readily available in every bank branch.

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<sup>2</sup> For more details see “*Including the Poor– Need for Reforms in Remittances*”  
[http://www.math.iitb.ac.in/~ashish/workshop/NEFT-Report\\_2012.pdf](http://www.math.iitb.ac.in/~ashish/workshop/NEFT-Report_2012.pdf)



<b>Branches of Scheduled Commercial Banks (An effective Universal IFSC Code)</b>				
<b>Sr. No.</b>	<b>Name of the Bank</b>	<b>NEFT</b>	<b>IFSC Code</b>	<b>Location</b>
<b>Public Sector Banks</b>				
1	Allahabad Bank	YES	ALLA0212052	Nibm Road, Khunda Khurd
2	Andhra Bank	NO		
3	Bank of Baroda	YES	BARB0KHARAD	Venus Garden,Kharadi,Pune
4	Bank of India	YES	BKID0000500	Pune,Dr Goyaji Road,
5	Bank of Maharashtra	YES	MAHB0000001	Janmangal, Budhwar Peth
6	Canara Bank	YES	CNRB0000259	Sholapur Road,, Hadapsar
7	Central Bank of India	YES	CBIN0280658	M.G. Road, Pune Camp Br
8	Corporation Bank	NO		
9	Dena Bank	YES	BKDN0510259	Pune Satara Road,Swargatepune
10	Indian Bank	YES	IDIB000K168	Kalyani Nagar Pune
11	Indian Overseas Bank			
12	Oriental Bank of Commerce	YES	ORBC0101319	Kheta Sarai Jaunpur
13	Punjab and Sind Bank	YES	PSIB0000324	M.G.Road, Pune
14	Punjab National Bank	YES	PUNB0038600	Arora Towers, Pune Camp
15	Syndicate Bank	YES	SYNB0005320	Pune Laxmi Road (Main)
16	UCO Bank	YES	UCBA0000068	M G Road, Pune Camp
17	Union Bank of India	YES	UBIN0532177	Moledina Road,Pune Camp
18	United Bank of India	YES	UTBI0DEC632	Deccan Gymkhana, Poona
19	Vijaya Bank	YES	VIJB0005065	Kalyani Nagar,Pune
20	IDBI Bank Ltd.	YES	IBKL0000007	F.C Road Pune
21	State Bank of India	YES	SBIN0009062	Hadapsar, Pune
22	State Bank of Bikaner and Jaipur	YES	SBBJ0010439	Laxmi Road, Pune
23	State Bank of Hyderabad	YES	SBHY0020844	Kondhwa,Pune
24	State Bank of Mysore	YES	SBMY0040298	Gokhalenagar
25	State Bank of Patiala	YES	STBP0000918	Baner, Pune
26	State Bank of Travancore	YES	SBTR0000550	Pune - Deccan Gymkhana
<b>Private Sector Banks</b>				
1	Catholic Syrian Bank Ltd.	YES	CSBK0000282	Ramwadi,Pune
2	City Union Bank Ltd.			
3	Dhanalakshmi Bank Ltd.			
4	Federal Bank Ltd.	YES	FDRL0001500	Pune Kothrud
5	ING Vysya Bank	YES	VYSA0005090	F.C Road Pune
6	Jammu and Kashmir Bank Ltd.			
7	Karnataka Bank Ltd.	YES	KARB0000609	Hadapsar Pune
8	Karur Vysya Bank Ltd.	YES	KVBL0002122	Pune Camp-Area
9	Lakshmi Vilas Bank Ltd.	YES	LAVB0000543	Appa Balwant Chowkpune
10	Nainital Bank Ltd.	NO		
11	Ratnakar Bank Ltd.			
12	SBI Commercial and Int. Bank Ltd.			
13	South Indian Bank Ltd.	YES	SIBL0000499	Bibwewadi, Pune
14	Tamilnad Mercantile Bank Ltd.	YES	TMBL0000151	Sholapur Bazar Road, Polgate
15	Axis Bank Ltd.	YES	UTIB0000073	Bund Garden Road Branch,Pune
16	Development Credit Bank Ltd.			
17	HDFC Bank Ltd.	YES	HDFC0000007	Pune - Law College Road
18	ICICI Bank Ltd.	YES	ICIC0000005	Pune - Bund Garden
19	IndusInd Bank Ltd.	YES	INDB0000002	Cantonment Pune
20	Kotak Mahindra Ltd.	YES	KKBK0000731	Kothrud
21	Yes Bank Ltd.	YES	YESB0000008	Shivaji Nagar, Pune



IFSC of RRBs

Sr.No.	RRB	IFSC Code	Name of the State	Name of Sponsor Bank
1	Allahabad UP Gramin Bank	ALLA0AU1433	Uttar Pradesh	Allahabad Bank
2	Andhra Pradesh Grameena Vikas Bank	SBINORRAPGB	Andhra Pradesh	State Bank of India
3	Andhra Pragathi Grameena Bank	SYNB0003190	Andhra Pradesh	Syndicate Bank
4	Arunachal Pradesh Rural Bank	SBINORRARGB	Arunachal Pradesh	State Bank of India
5	Aryavart Gramin Bank	BKID0000051	Uttar Pradesh	Bank of India
6	Assam Gramin Vikash Bank	UTBIORRBAGB	Assam	United Bank of India
7	Baitarani Gramin Bank	BKID0BAITGB	Odisha	Bank of India
8	Ballia Etawah Gramin Bank	CBINOR30001	Uttar Pradesh	Central Bank of India
9	Bangiya Gramin Bank	UTBIORRBGB	W. Bengal	United Bank of India
10	Baroda Gujarat Gramin Bank	BARBOBGBXX	Gujarat	Bank of Baroda
11	Baroda Rajasthan Gramin Bank	BARBOBRGBXX	Rajasthan	Bank of Baroda
12	Baroda Uttar Pradesh Gramin Bank	BARBOBUPGBX	Uttar Pradesh	Bank of Baroda
13	Bihar Kshetriya Gramin Bank	UCBAORRBKGB	Bihar	UCO Bank
14	Cauvery Kalpatharu Grameena Bank	SBMYORRCKGB	Karnataka	State Bank of Mysore
15	Chaitanya Godavari Grameena Bank	ANDB0007999	Andhra Pradesh	Andhra Bank
16	Chhattisgarh Gramin Bank	SBINORRCHGB	Chhattisgarh	State Bank of India
17	Chickmangalur Kodagu Gramin Bank	CORPOCK0001	Karnataka	CORPORATION BANK
18	Deccan Grameena Bank	SBHYORRDCGB	Andhra Pradesh	State Bank of Hyderabad
19	Dena Gujarat Gramin Bank	BKDN0700000	Gujarat	Dena Bank
20	Durg Rajnandgaon Gramin Bank	BKDN0800000	Chhattisgarh	Dena Bank
21	Ellaqui Dehati Bank	SBINORRELG	J&K	State Bank of India
22	Gurgaon Gramin Bank	GGBK0000001	HARYANA	Syndicate Bank
23	Hadoti Kshetriya Gramin Bank	CBINOR70036	Rajasthan	Central Bank of India
24	Haryana Gramin Bank	PUNBOHGB001	HARYANA	Punjab National Bank
25	Himachal Gramin Bank	PUNBOHPGB04	HIMACHAL PRADESH	Punjab National Bank
26	J & K Grameen Bank	JAKA0GRAMEN	J&K	
27	Jaipur That Gramin Bank	UCBAORRBJTG	Rajasthan	UCO Bank
28	Jhabua Dhar Kshetriya Gramin Bank	BARBOJDKGBX	Madhya Pradesh	Bank of Baroda
29	Jharkhand Gramin Bank	SBINORRVGB	Jharkhand	State Bank of India
30	Kalinga Gramya Bank	UCBAORRBKGB	Odisha	UCO Bank
31	Karnataka Vikas Grameena Bank	SYNB0001205	Karnataka	Syndicate Bank
32	Kashi Gomati Samyut Gramin Bank	UBINORRBKGS	Uttar Pradesh	United Bank of India
33	Krishna Gramin Bank	SBINORRKRGB	Karnataka	State Bank of India
34	Kshetriya Kisan Gramin Bank	not enabled	Uttar Pradesh	U.P.State Cooperative Bank
35	Langpi Dehangi Rural Bank	SBINORRLDGB	Assam	State Bank of India
36	Madhya Bharat Gramin Bank	FBINORRMGB		
37	Madhya Bihar Gramin Bank	PUNBOMBGB06	Bihar	Punjab National Bank
38	Mahakaushal Kshetriya Gramin Bank	UCBAORRBKMG	Madhya Pradesh	UCO Bank
39	Maharashtra Gramin Bank	MAHBORRBMBG	Maharashtra	Bank of Maharashtra
40	Malwa Gramin Bank	HDFC0001431		
41	Manipur Rural ank	UTBIORRBMRB	Manipur	United Bank of India
42	Meghalaya Rural Bank	SBINORRMEGB		State Bank of India
43	Mewar Anchalik Gramin Bank	ICIC00MEWAR	Rajasthan	The Bank of Rajasthan Ltd.
44	MG Baroda Gramin Bank	SBBJORRMRGB	Rajasthan	State Bank of Binaker & Jaipur
45	Mizoram Rural Bank	SBINORRMIGB	Mizoram	State Bank of India
46	Nagaland Rural Bank		Nagaland	State Bank of India
47	Nainital Almora Kshetriya Gramin Bank	BARBONAKGBX	Uttarakhand	Bank of Baroda
48	Narmada Malwa Gramin Bank	SBINORRMIGB	Madhya Pradesh	State Bank of India
49	Neelachal Gramya Bank	IOBA0000159	Odisha	Indian Overseas Bank
50	North Malabar Gramin Bank	SYNB0004200	Kerala	Syndicate Bank
51	Pallavan Grama Bank	IDIB0PLB001	Tamilnadu	Indian Bank
52	Pandyan Gramin Bank	IOBAOPGB001	Tamilnadu	Indian Overseas Bank
53	Parvatiya Gramin Bank	SBINORRPRGB	HIMACHAL PRADESH	State Bank of India
54	Paschim Banga Gramin Bank	UCBAORRBPG	W. Bengal	UCO Bank
55	Pragathi Gramin Bank	CNRB000PGB1	Karnataka	Canara Bank
56	Prathama Bank	BKID0007804	Uttar Pradesh	Bank of India
57	Puduvai Bharathiar Grama Bank	IDIB000P042	Puducherry	Indian Bank
58	Punjab Gramin Bank	PUNB0SUPGB5	Punjab	Punjab National Bank
59	Purvanchal Gramin Bank	SBINORRPUGB	Uttar Pradesh	State Bank of India
60	Rajasthan Gramin Bank	PUNB0001300	Rajasthan	Punjab National Bank
61	Rewa-Sidhi Gramin Bank	UBINORRBRS	Madhya Pradesh	United Bank of India
62	Rushikulya Gramin Bank	ANDB0008999	Odisha	Andhra Bank
63	Samastipur Kshetriya GB	SBINORRSMGB	Bihar	State Bank of India
64	Saptagiri Grameena Bank	SBINORRMIGB	Andhra Pradesh	State Bank of India
65	Sarva UP Gramin Bank	PUNB0SUPGB5	Uttar Pradesh	Punjab National Bank
66	Satpura Narmada Kshetriya Gramin Bank	CBINOR20002		Central Bank of India
67	Saurashtra Gramin Bank	SBINORRSRGB	Gujarat	State Bank of India
68	Sharda Gramin Bank	ALLA0SG5001	Madhya Pradesh	Allahabad Bank
69	Shreyas Gramin Bank	CNRB0005GB7	Uttar Pradesh	Canara Bank
70	South Malabar Gramin Bank	CNRB00SMGB4	Kerala	Canara Bank
71	Surguja Kshetriya Gramin Bank	CBINOR60051	Chhattisgarh	Central Bank of India
72	Sutlej Gramin Bank	PSIB05GB002		
73	Tripura Gramin Bank	UTBIORRBTGB	Tripura	United Bank of India
74	Utkal Gramya Bank	SBINORRUKGB	Odisha	State Bank of India
75	Uttar Banga Kshetriya Gramin Bank	CBINOR40012	West Bangal	Central Bank of India
76	Uttar Bihar Gramin Bank	CBINOR10001	Bihar	Central Bank of India
77	Uttaranchal Gramin Bank	SBINORRUTGB	Uttarakhand	State Bank of India
78	Vanachal Gramin Bank	SBINORRVGB	Jharkhand	State Bank of India
79	Vidharbha Kshetriya Gramin Bank	CBINOR50002	Maharashtra	Central Bank of India
80	Vidisha Bhopal Kshetriya Gramin Bank	SBINORRVDGB	Madhya Pradesh	State Bank of Indore
81	Visveshwaraya Gramin Bank	VJIB0009999	Karnataka	VJAYA BANK
82	Wainganga Krishna Gramin Bank	BKIDOWAINGB	Maharashtra	Bank of India



4. There had been an interesting example where a migrant (Anil) first did a Cash-NEFT to an account of SBI nearest to his village. The distance between his village and the nearest SBI is 21 km. On comprehending that he can remit such cash through NEFT to any other bank as well, he came up with his mother's account number and the IFSC of a RRB (Sponsor Bank is Union Bank of India) which is just 3 km from his village. To verify that things would work, Anil did a Cash-NEFT of Rs 100 to the RRB from Corporation Bank. The money reached within 2 hours. This gave him enough confidence to come back after 2 days and remit Rs 12,000 (through Cash-NEFT from Union Bank of India) to his mother's RRB account. Again the money reached within 2 hours.
5. SBI, Hadapsar has the following bank branches in around it:
  - IDBI Bank (very near)*
  - Cosmos Bank (very near)*
  - Corporation Bank (very near)*
  - Canara Bank (near)*
  - Karnataka Bank (near)*
  - Bank of Maharashtra (near)*
  - Bank of Baroda (15 minutes walk)*
  - Union Bank of India (15 minutes walk)*
  - Central Bank of India (Far off)*
  - Punjab National Bank (Far off)*

Other banks which are close but not part of the pilot are Axis Bank, State Bank of Hyderabad and Shyam Rao Vithal Rao Bank. Cash-NEFT data from these banks have not been obtained.

A typical NEFT form of a bank for Cash-NEFT is presented below.



## Bank Name

### Application form for Cash-NEFT

**Sender's Details:-**

Name:

Address:

**Date:**

**Mobile No.**

### **Beneficiary Details:-**

Name: \_\_\_\_\_

Account Number:

IFSC code:

Account Type: SB / CA

Account Number (re-write for verification):

Bank Name: \_\_\_\_\_ Branch Name: \_\_\_\_\_ City: \_\_\_\_\_

<b>Amount of Remittance</b>	Rs
Bank charges	Rs
<b>Total</b>	Rs

1000 x	Rs
500 x	Rs
100 x	Rs
Other	Rs
<b>Total</b>	Rs

I request you to make the above remittance. I hereby agree to the terms and conditions of NEFT facility as amended from time to time. I agree to be bound by the rules and regulations of the NEFT facility. I also understand that the remittance would be made as per RBI's NEFT scheme.

**Signature** \_\_\_\_\_

## Bank Name

Cash-NEFT Receipt Ref. No.

Date:

Sender's Name:

Beneficiary's Name:

Bank Name:

Account Number:

Amount (Rs):



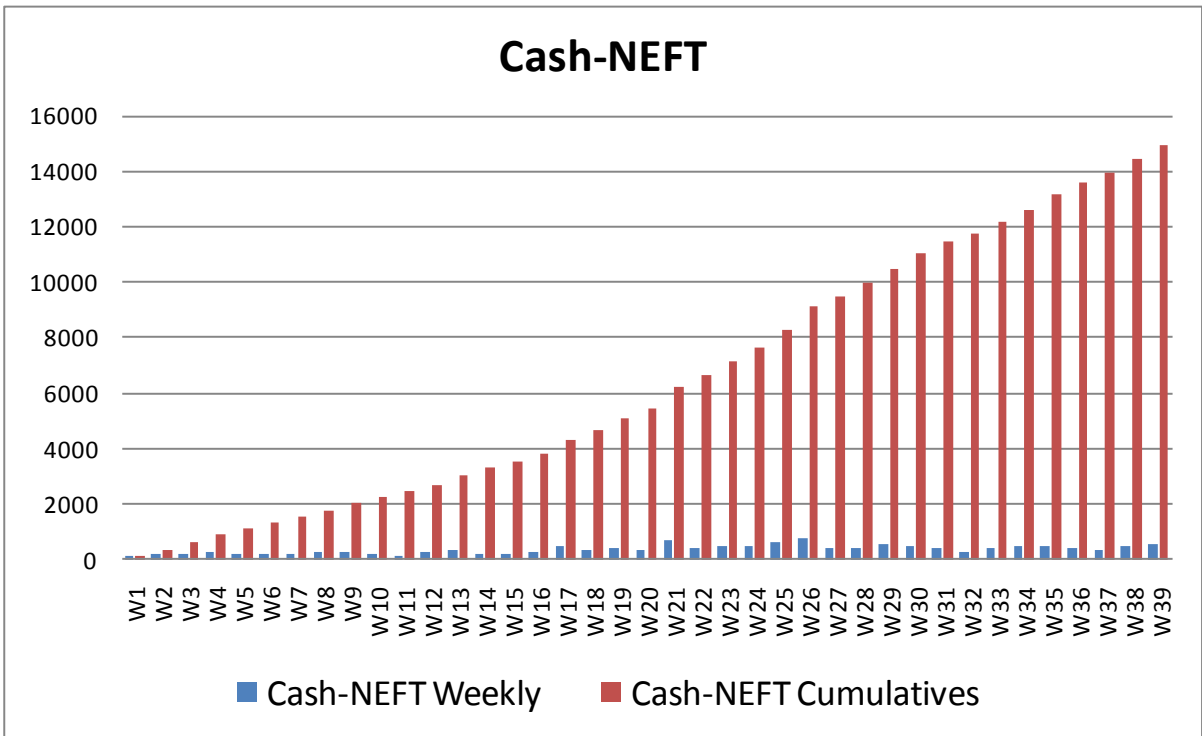
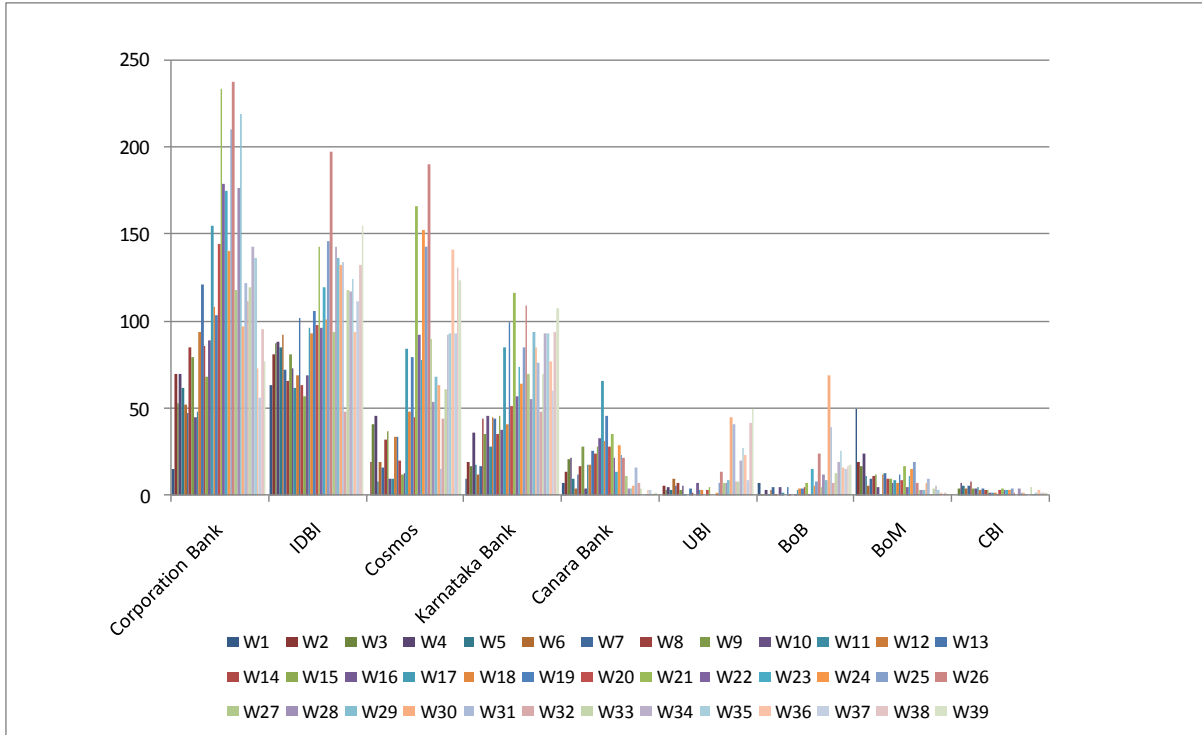
## Assessment of Cash-NEFT on Weekly Basis – Data and Analysis

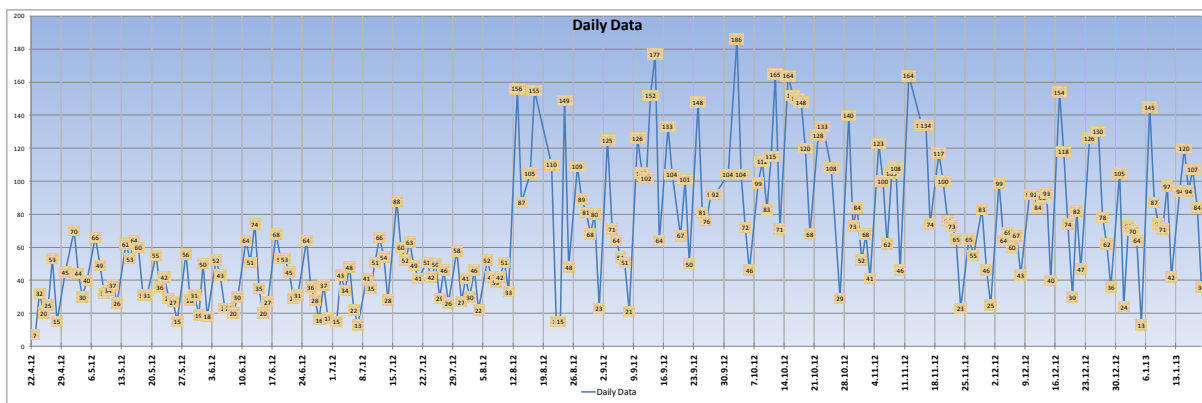
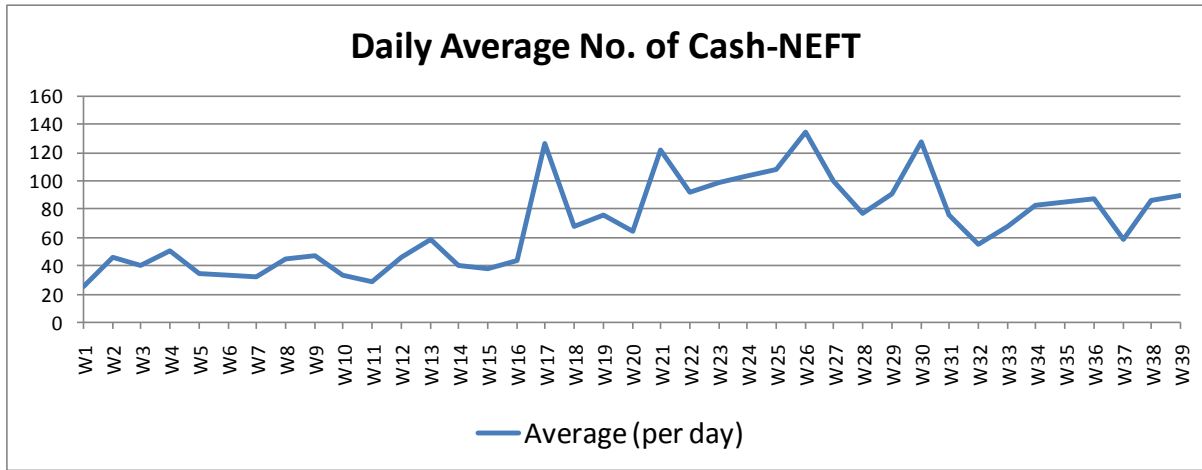
Weekly data is being sought from the banks on Cash-NEFT transactions. They are presented below. Here, W1 stands for the first week of handholding, i.e. April 23-28, 2012. Similarly W2 stands for the second week and so on ..., W39 stands for the week January 14-19, 2013.

**There is no PNB's Cash-NEFT data available.**

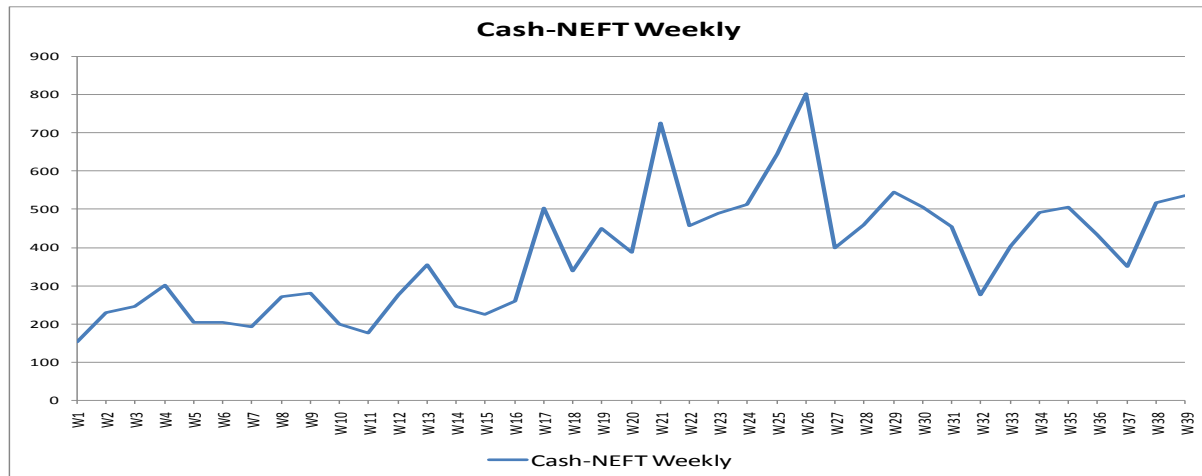
Bank-wise weekly data on the number of Cash-NEFT transactions

Week	No. of Working Days	Corporation Bank	IDBI	Cosmos	Karnataka Bank	Canara Bank	UBI	BoB	BoM	CBI	Total	Average (per day)
W1	6	15	63	0	10	7	0	7	50	0	152	25
W2	5	70	81	19	19	14	6	1	19	0	229	46
W3	6	53	87	41	17	21	3	1	17	4	244	41
W4	6	70	88	46	36	22	5	3	24	7	301	50
W5	6	62	85	8	18	10	3	1	11	6	204	34
W6	6	52	92	19	12	4	10	3	6	4	202	34
W7	6	47	72	16	17	12	6	5	10	6	191	32
W8	6	85	66	32	44	17	7	1	11	8	271	45
W9	6	79	81	37	35	28	3	0	12	4	279	47
W10	6	45	73	10	46	4	6	5	5	4	198	33
W11	6	48	62	10	28	18	1	2	1	5	175	29
W12	6	94	69	34	45	18	0	0	12	3	275	46
W13	6	121	102	34	44	26	4	5	13	4	353	59
W14	6	86	63	20	35	24	2	1	10	3	244	41
W15	6	68	57	12	46	28	0	0	10	3	224	37
W16	6	89	69	13	38	33	7	1	7	2	259	43
W17	4	155	96	84	85	66	3	3	9	2	503	126
W18	5	108	93	48	41	31	3	4	7	2	337	67
W19	6	103	106	79	99	46	0	4	12	1	450	75
W20	6	144	98	45	51	28	3	5	9	3	386	64
W21	6	233	143	166	116	35	5	7	17	4	726	121
W22	5	179	96	92	57	22	0	1	5	3	455	91
W23	5	175	119	78	74	14	0	15	11	3	489	98
W24	5	140	101	152	64	29	2	6	15	3	512	102
W25	6	210	146	143	85	23	7	8	19	4	645	108
W26	6	237	197	190	109	22	14	24	7	2	802	134
W27	4	118	94	90	70	11	7	5	3	0	398	100
W28	6	176	143	54	55	4	7	12	3	4	458	76
W29	6	219	136	68	94	4	9	9	3	2	544	91
W30	4	97	132	63	85	6	45	69	7	2	506	127
W31	6	122	134	15	76	16	41	39	10	1	454	76
W32	5	111	48	44	48	7	8	7	1	0	274	55
W33	6	119	118	61	70	4	8	13	4	5	402	67
W34	6	143	117	92	93	0	20	19	6	1	491	82
W35	6	136	124	93	93	1	27	26	3	2	505	84
W36	5	73	94	141	77	3	23	16	2	3	432	86
W37	6	56	111	93	60	3	9	15	0	2	349	58
W38	6	95	132	131	94	1	42	17	2	2	516	86
W39	6	77	155	123	107	2	50	18	1	2	535	89
<b>Total</b>	<b>221</b>	<b>4310</b>	<b>3943</b>	<b>2496</b>	<b>2293</b>	<b>664</b>	<b>396</b>	<b>378</b>	<b>374</b>	<b>116</b>	<b>14970</b>	<b>68</b>



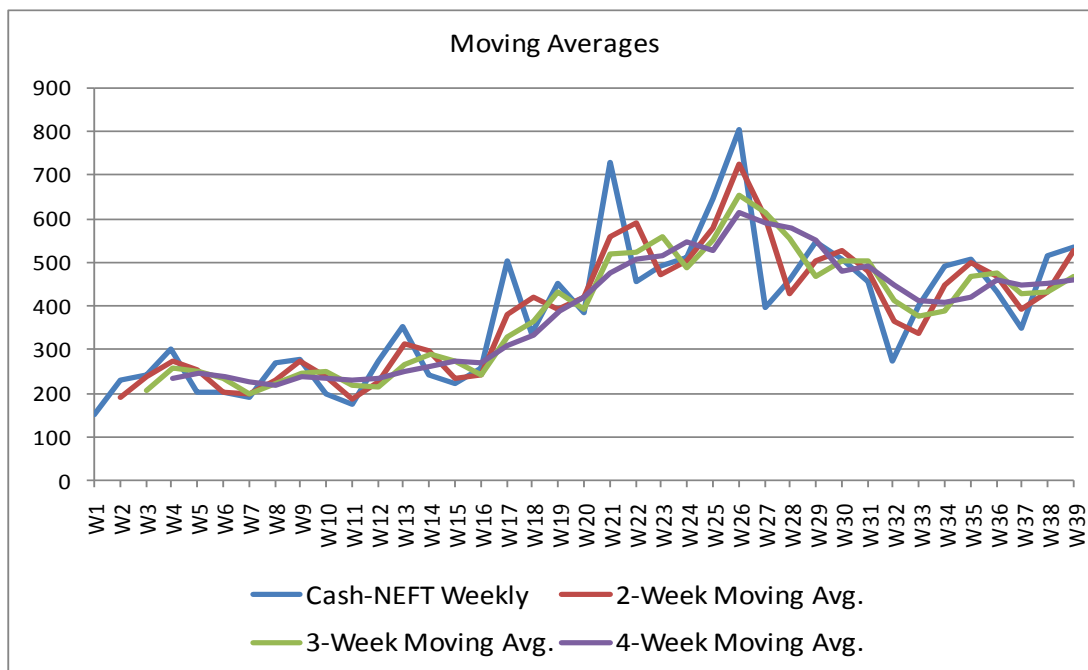


A maximum of only 7 dedicated staff was available from 7 banks among the 11 banks in the pilot. On an average there were about 3 to 4 dedicated staff efficiently providing handholding services on any day.



The two month period mid-May to mid-July (Weeks 5 through 12) is usually considered the slack period for urban non-home cash deposits since most of the migrants go to their native place. Furthermore, Weeks 25 and 26 being the period in October (festival season) had seen significant cash remittance activities in form of Cash-NEFT.





The following observations follow based on more than 14100 transactions in the first 39 weeks:

- 53% transactions are Cash-NEFTs done by a person for the 2nd or 3rd or 4th, etc. time.
- 37% people have done Cash-NEFT more than once.

The following Table provides the summary statistics of 14975 Cash-NEFT transactions which is the significant part of such Cash-NEFT transactions which took place during May 2012 - January 2013 at Hadapsar, Pune. It transpires that about 72.4% of the transactions are of amounts less than or equal to Rs 10,000.

Table

Frequency Distribution of Cash-NEFT Transactions

Class Interval (Rs)	Number of Transactions	% Transactions	Mean Transaction Amount (Rs)
1-5000	7198	48.1	2953
5001-10000	3635	24.3	8062
10001-15000	1432	9.6	13033
15001-20000	1026	6.9	18625
20001-25000	761	5.1	23785
25001-30000	287	1.9	28714
30001-35000	133	0.9	33187
35001-40000	176	1.2	39329
40001-45000	70	0.5	43773
45001-50000	257	1.7	49303
1-50000	14975	100	9466



The salient outcome of the Hadapsar Pilot on Cash-NEFT is highlighted below. Some significant achievements include:

- There have been more than 15000 Cash-NEFT deposits during the past nine months, of which more than 2000 had been during the last one month.
- 72.4% of the deposits are of amounts less than or equal to Rs 10,000. A total of about Rs 14.2 crore has been deposited through this process by the poor migrants.
- About 37% of the people who deposited cash through interoperable Cash-NEFT came back again to do Cash-NEFT and this number is increasing every month.
- Based on 9-months data, we observe that during the immediate past three months (13 weeks) there had been on an average 82 Cash-NEFT transactions on each of the 72 working days. The scenario for the previous such two periods of three months had been: for the first 3-months (77 working days) the daily average was 40 Cash-NEFT transactions; for the next 3-months (72 working days) the daily average was 84 Cash-NEFT transactions.
- There has been a significant migration of non-home branch cash depositors to carry out Cash-NEFT in various vicinity banks under the pilot. The percentage swing of those potential non-home SBI cash depositors who resorted to interoperable Cash-NEFT has increased. Though the data on Cash-NEFT that is being done by these people outside the immediate vicinity bank is not available, it has come to our notice that the people have been attempting the same at other locations in the Pune region. However, the major hurdles, as usual, are the lack of awareness and practice to carry out such transactions by the bank branch staff.

### **The Roll of BC at Urban Locations**

1. The planning and testing of cash NEFT started after March 15, 2012. Subsequently SBI, Hadapsar, with good intentions and to bring-in relief from long queues, opened another counter beside the bank branch (in the form of a BC outlet). Such an outlet in addition to operating during regular business hours of the branch is also working from 8-10 AM. The outlet is allowing non-home branch cash deposits into a SBI bank account upto Rs 10,000 per day. A very prominent coloured board has also been placed besides the branch's cash window (accepting non-home branch cash deposits of any amount less than or equal to Rs 25000) indicating that "SBI customers can deposit cash upto Rs 10,000" at the Customer Service Point (CSP) located beside the SBI bank branch.



2. The CSP started operations from March 24, 2012 (closed on Sundays) and during 6 days of operations, i.e., till March 30, 2012, carried out about 590 non-home branch cash deposits remitting a total of nearly Rs 30,70,000. This gives an average of about 100 hits per day.

3. There is no doubt that such an initiative by SBI is commendable. However there are serious flip sides, more so, since it brings in a conflict of interest in our campaign (involving 11 banks, including SBI) on cash NEFT-- the initiative of a pilot with a specific objective to bring in the awareness on the benefits of cash-NEFT.

4. In what follows are the details regarding the flip side of the remittance solution envisaged at SBI branch at Hadapsar which, though unintentional, is causing mixed feelings among the gullible poor migrant population.

An on-spot assessment at SBI, Hadaspar was carried out on March 31, 2012. Based on personal interactions with the people in the two queues (SBI branch's non-home branch deposit queue and SBI's CSP queue), the following impression emerged:

- There is a tendency to direct many deposits below Rs 10,000 to the CSP. (A similar experience is recollected from Kotputli, Rajasthan while visiting the SBI Kiosk there.)
- Majority of the customers using SBI's non-home branch cash deposit facility at the Hadapsar branch have the knowledge that Rs 25 is debited, as service charge, from the deposit account.
- Some depositors after having stood in the queue of the branch, on reaching the cash window, are redirected to the CSP where again they have to stand in the queue afresh.
- The poor people at the queue of the CSP are unaware of the differential charges (and that too of a significant amount) for the same activity (i.e., non home branch cash deposits).
- When a remitter reaches the CSP, he is told how in future they need to bring only a laminated card (that they provide at the cost of Rs 25). The card has the BC account number (hosted at the FI server) corresponding to SBI account number in which they intend to deposit money. In their registration process, the BC account number is mapped to the SBI account number. Such a BC account number becomes a regular BC account without the cash-out facility (since they are not recording the biometrics).
- The charges for non-home branch cash deposit are imposed at the rate of 2% of the deposit amount with a minimum fee of Rs 25 and a maximum of Rs 100. Thus the poor gullible persons who were able to carry out an Rs 5000 cash deposit, until now, by paying only Rs 25, suddenly finds themselves paying Rs 125 for this new type of exercise.
- The reactions of the poor remitters are nothing but that of helplessness.
- The card containing only the BC account number provide a means of habituating one to move away from branch banking to BC banking. The card provides neither the SBI account number nor the IFSC code.
- For some illustrative pictures we refer to the report "*Including the Poor– Need for Reforms in Remittances*"

[http://www.math.iitb.ac.in/~ashish/workshop/NEFT-Report\\_2012.pdf](http://www.math.iitb.ac.in/~ashish/workshop/NEFT-Report_2012.pdf)



## The Delhi and Mumbai Pilots

1. Based on the success and learnings of the Cash-NEFT pilot at Hadapsar, an initiative was taken by the DFS, Ministry of Finance, Government of India, to further demonstrate and showcase the benefits of Cash-NEFT to those who have dire need to remotely deposit (remit) cash into some bank account in India. The Cash-NEFT's awareness building and handholding program has now been extended to five locations in each of the cities of Delhi/NCR and Mumbai. The metro programs started during November-December 2012 and are at the initial stages of (i) preparing the vicinity bank branches, (ii) planning and execution of the handholding activities and (iii) generating MIS and assessment studies. A detailed follow-up report on the same should be available in the April 2013 edition of this report.

2. A summary of the pilot locations in Delhi/NCR and Mumbai follows. The detailed mapping of the vicinity banks have been carried out and are presented below.

### DELHI/NCR

- a) Chandni Chowk
- b) Neelam Chowk
- c) Nehru Place
- d) Karol Bagh
- e) Dilshad Garden

Chandni Chowk	Neelam Chowk	Nehru Place	Karol Bagh	Dilshad Garden
Canara Bank	UCO Bank	Dena Bank	State Bank of Mysore	Canara Bank
Vijaya Bank	Oriental Bank of Commerce	Indian Bank	HDFC Bank	ICICI Bank
DCB Bank	ING Vysya	Bank of Baroda	ICICI Bank	Punjab National Bank
Syndicate Bank	Federal Bank	State Bank of Patiala	Punjab National Bank	Axis Bank
Central Bank of India (2)	Andhra Bank	Central Bank of India	Indian Overseas Bank	Corporation Bank
Bank of India	Vijaya Bank	Syndicate Bank	Indian Bank	Indian Overseas Bank
Bank of Maharashtra	Allahabad Bank	Indian Overseas Bank	Allahabad Bank	Central Bank of India
ING vysya	Punjab National Bank	Allahabad Bank	Dhanlaxmi Bank	Bank of Baroda
ICICI Bank	SBI	State Bank of Hyderabad	Union Bank of India	Allahabad Bank
HDFC Bank		UCO Bank	Dena Bank	United Bank of India
SBI		Punjab & Sind Bank	Corporation Bank	Bank of India
		Union Bank of India	Canara Bank	HDFC Bank
		State Bank of Mysore	Kotak Mahindra Bank	SBI
		Canara Bank	Punjab and Sind	
		Bank Of India	Vijaya Bank	
		Oriental Bank of Commerce	United Bank of India	
		Punjab National Bank	Axis Bank	
		IDBI Bank	Bank of India	
		Shyam Rao Vithal		
		Kotak Mahindra Bank		
		Dhanlaxmi Bank		
		HDFC Bank		
		ICICI Bank		
		Indusind Bank		
		Federal Bank		
		Axis Bank		
		SBI		



About 4500 Cash-NEFT transactions have been done so far in the Delhi region, under the initiative, at three of the five locations. The MIS data is still at the compilation stage.

## MUMBAI

- a) Goregaon (West)
- b) Masjid Bunder
- c) Mulund (West)
- d) Sakinaka
- e) Linking Road Mulund (W)

Goregaon (West)	Masjid Bunder	Mulund (West)	Sakinaka	Linking Road Mulund (W)
Kotak Mahindra Bank	Indian Bank	Shyam Rao Vithal	ICICI Bank	Kotak Mahindra Bank
Federal Bank	Bank of India	Karur Vysya Bank	Federal Bank	ING vysya
PNB	Union Bank of India (3)	Vijaya Bank	Axis Bank	Indusind Bank
Dhanlaxmi Bank	State Bank of Hydrabad	PNB	Shyam Rao Vithal	Bank of Maharashtra
HDFC	Canara Bank	Axis Bank	Canara Bank	Corporation Bank
BOB	Vijaya Bank	State Bank of Patiala	P&M Co-Bank	SBI
Canara Bank	Syndicate (2)	BOB	SBI	
Indian Bank	IOB	UCO Bank	Bank of India	
Vijaya Bank	Shyam Rao Vithal	SBI		
NKGSB Co-Bank	BOB			
SBI	PSB			
	Central Bank			
	Dena			
	ICICI Bank (2)			
	Saraswat Bank			
	P&M Co-Bank			
	SBI			

About 2500 Cash-NEFT transactions have been done so far in the Mumbai region, under the initiative, at three of the five locations. The MIS data is still at the compilation stage.

3. SBI and Bank of India have taken a lead role in taking forward this initiative of the DFS. With Cash-NEFT being a remittance facility across the banking industry, this pilot has taken all the banks together in their contributing towards the awareness and capacity building drive.

4. In the ongoing Cash-NEFT pilot at Delhi and Mumbai, for the purpose of MIS and evaluation, the following information are being sought from the respective vicinity bank branches. Daily data is being sought (to be submitted on a weekly basis) for the following variables of the Cash-NEFT transactions (for each of the pilot locations).

- a. DATE (in any date format under Excel)
- b. NAME OF THE SENDER
- c. MOBILE NUMBER OF SENDER
- d. AMOUNT
- e. TIME of Cash Deposit for Cash-NEFT (in xls time format)
- f. TIME of Transmission of the Cash-NEFT Transaction from the branch (in xls time format)



The phone number data is being collated across all banks, in a pilot location, to ascertain percentage people who come back to avail the facility at the location. This is an important parameter to judge the effectiveness of the efforts being made.

5. Experience shows that it takes quite a significant time and effort to make the bank branches ready to embrace Cash-NEFT as a regular banking activity. Apart from lack of awareness among the branch staff, there is a general tendency of unwelcoming attitude among the branch staff towards Cash-NEFT. This is a typical situation where users of the banking system may like to use an existing interoperable facility, but there exists a systemic friction created by the banks which defeats the very purpose for which RBI came up with the facility of Cash-NEFT. There is scope for RBI's intervention to take corrective measures and see how, in general, awareness for Cash-NEFT among the staff of the banks can be built.

6. NPCI has put in place the Interbank Mobile Payment Service (IMPS). Even if we ignore the front end being necessarily a mobile, the system is a state of the art interoperable real time back end solution for any remittance service. Based on NPCI's recent launch of new-IMPS, based on account number and IFSC, we look forward to see banks coming forward to embrace the innovative IMPS (immediate payment system) and money transfer facility at the branch level. Through IMPS, all the back end interoperable transactions could be routed through real time IMPS instead of batch run NEFT. Unlike NEFT, for which RBI settlement takes place on the same day, IMPS settlement is done by NPCI and takes place the next day. Though it may sound counterproductive, but this settlement cycle should be seen as an incentive to the originating bank and thus prompt banks to initiate more IMPS based transactions. Accordingly, till the IMPS reach a threshold level of transactions (P2P and P2A), this model should be retained. Furthermore, the compensation model to NPCI and destination banks is the same as in case of NEFT, i.e., 25p is paid to NPCI and 25p is paid to the destination bank by the originating bank for each P2P or P2A IMPS transactions. Some banks have been keen and proactive in tuning their CBS for this new innovative IMPS. One would expect NPCI to support any demand based used-case scenario where IMPS can be showcased, and surely cash money transfer is indeed one of them. The BCs can and should also migrate from NEFT to IMPS.



### Annex: The Case Study

INDIA's migrant population consists of more than 100 million people with an average of 4 persons as their dependent back home. The migrants send money back home for their family's survival. Thus a proper remittance system (one which is formal, efficient and easy to use) for transferring these monies affects about half of India's population. One would on a regular basis see long queues outside bank branches. Such queues, with waiting time averaging 1 to 2 hours, consist of regular remitters (mostly from poor or lower middle class) in a formal payment system. The pain of standing in long queues is well experienced by the elite while trying to apply/service a Passport or Visa. However, if the elites are asked to stand in such queues on a monthly basis one would surely see quick reforms. Such long queues act as a deterrent for use of the formal banking system.

MANY people have great need to ensure that money (usually cash) earned at a location can be used by their family members back home- a distant native place. In order to achieve the objective of remitting such money, individuals usually target a bank branch account at the native place which is within the reach of their family members (directly or indirectly). If such a bank has corresponding branches at the urban sites one would usually see CBS making a difference through what is called 'non-home branch cash deposits'. Such a non-home branch cash deposit has the potential of inter-branch intra-bank cash deposits. The demand and supply needs for the same is shown below in form of two slides.



**Slide** (Pictures taken in February 2012): SBI branch at Hadapsar (near Pune) where such queues are a regular feature. On an average the waiting time of an individual is 3 hours when 300 odd people stood in the queue and only 250 individuals could carry out the remittance transactions on the specific day.



THE demand is clear not only through the slides but from the fact that there are more than 20 million people across urban India spending hours together every month on such banking needs. This is an opportunity lost in terms of loss of over 40 million man hours every month. In fact, most of the migrant labourers lose full day of work as they lose the opportunity to get employed for the day after losing 2-3 hours of the day making the remittance.

WHAT about the supply side? Sticking only to the potential of inter-branch intra-bank cash deposits, the situation is very dismal due to the existence of diverse banks that do not have their presence in all locations. However, the truth is that the supply side actually exists in abundance in the country's banking industry through its more than 83109 National Electronic Funds Transfer (NEFT) enabled bank branches. Majority of the RRBs and the UCBs are already NEFT enabled as direct- or sub-members of NEFT. Such banks and their branches thus have the reach to receive inward NEFT. Through RBI's NEFT initiative, today one has the reach to deposit cash (less than Rs 50,000) in a bank account by walking into any other bank's branch. This is a typical example of an interoperable bank branch facility and costs a customer Rs 5 to carry out such transactions.

HOWEVER, this potential has not been harnessed due to varied reasons. One of the prime reasons is the lack of awareness among the staff of the banks and to some extent, consequentially, lack of awareness among the general public. The other reasons include inapt designing of the product, lack of standardized procedure to initiate a cash NEFT transaction (standardized form, ID requirement and acknowledgement slip), lack of easy access of IFSC of a bank branch in India from any other Bank, and lack of uniform procedure to handle return of cash NEFT (bank's laid procedure to ensure that the return funds reach the correct person and in a form (cash/PO/etc.) convenient to the remitter). RBI should introduce detailed operational and procedural standards for the same.

SO, it is vital to understand as how one could address this long queue at the SBI branch at Hadapsar when there are several other banks in the same location having the potential to provide a similar service of cash deposit into a SBI account located in some other part of India. In fact, just 20 meters beside the SBI branch is the IDBI bank branch where things are pleasant without any queues. On enquiring it was found that the people in the queue were unaware of the fact that they could walk-in to any other bank branch and do the same operation of depositing cash in their remote bank branch account. On explaining about the facility, unexpectedly, one young boy 'Rahul' tried to make sense of what he heard. After ensuring that his position in the queue is maintained, he was eager to see the efficient way of remitting his Rs 3000 which would save his precious time and money (SBI charges Rs 25 for such non-home branch cash deposits). We walked into the adjacent IDBI bank branch and filled the NEFT form. In addition to the SBI's bank account number where the cash gets credited, one needs to know the branch code (IFSC) of the account too. The IFSC corresponding of Rahul's beneficiary account was easily obtained from SBI. Rahul could do cash NEFT at IDBI bank branch by depositing cash. The whole process took less than 15 minutes. Now with all the information at his disposal, next time when Rahul wishes to remit money, it would be a 5 minutes job for him.





### Financial Education Initiative

It is strongly recommended that RBI / BCSBI / IBA prepare a highlighted note indicating...



As part of country's financial education initiative, such a B3 size banner should be placed in all branches in regional languages where people are expected to carry out cash deposits.

### Impact on Inclusive Growth

It has been observed that on an average a migrant worker waste about 2 days of wages per month for sending remittances back home. The opportunity cost for this lost prospect of earning income is at least Rs 500, i.e., about Rs 6000 annually. This lost income is enough to purchase two goats by his family, left behind, as supplementary income. These two goats apart from giving milk can give birth to 8 to 10 young ones annually considering 2 birth cycles in a year. These goats sell for about Rs 3000 each when one year old. As apparent from this illustration, a good remittance system with easy accessibility goes a long way on inclusive growth.





**Annex: Test Results of Cash-NEFT**

Details of Cash NEFT Transactions

Date	Amount	From Bank	To Bank	Time (of initiating NEFT)	Time (When money hits beneficiary account)	Time (When SMS is received by Sender)	Time Taken Hour.Minutes
10-Feb	4.5	HSBC	Canara Bank	11:30 AM	1:44 PM	<b>Not Received</b>	2.14
24-Feb	4	CBI	Canara Bank	11:55 AM	1:29 PM	6:47 PM	1.34
27-Feb	4	Axis Bank	Canara Bank	11:55 AM	1:33 PM	<b>Not Received</b>	1.38
1-Mar	4	Axis Bank	Canara Bank	3:00 PM	7:37 PM	<b>Not Received</b>	4.37
1-Mar	4	Indian Bank	United Bank	12:55 PM	3:04 PM	<b>Not Received</b>	2.09
9-Mar	5	SBI	Canara Bank	3:00 PM	4:38 PM	5:39 PM	1.38
16-Mar	10	BOM	Canara Bank	11:30 AM	12:26 PM	12:42 PM	0.56
16-Mar	5	UBI	Canara Bank	1:10 PM	2:31 PM	3:19 PM	1.21
19-Mar	4	ICICI Bank	Canara Bank	9:45 AM	11:35 AM	1:22 PM	1.50
20-Mar	5	UBI	Canara Bank	??	1:24 PM	1:45 PM	

Date	Amount	From Bank	To Bank	Time (of initiating NEFT)	Time (When money hits beneficiary account)	Time (When SMS is received by Sender)	Time Taken Hour.Minutes
13-Mar	5	BOB	BOM	10:30 AM	12:35 PM	1:08 PM	2.05
14-Mar	5	BOM	??	3:25 PM	6:30 PM	7:00 PM	3.35
15-Mar	5	BOM	??	1:30 PM	2:00 PM	2:40 PM	0.30
20-Mar	10	BOM	UBI	10:15 AM	11:28 AM	12:49 AM	1.13
20-Mar	2000	BOM	AXIS	11:50 AM	12:05 PM	1:08 PM	0.15
20-Mar	10	BOM	CBI	3:50 PM	Success	<b>Not Received</b>	
20-Mar	5000	BOM	BoHy	4:05 PM	Success	<b>Not Received</b>	
21-Mar	10	BOM	SBI	9:45 AM	10:20 AM	10:35 AM	0.35
21-Mar	10	BOM	UBI	2:35 PM	Success	<b>Not Received</b>	
22-Mar	10	BOM	PNB	3:40 PM	Success	<b>Not Received</b>	
15-Mar	10	Canara Bank	PNB	??	??	??	
15-Mar	4	Canara Bank	PNB	??	??	??	
15-Mar	4	Canara Bank	PNB	??	??	??	
22-Mar	10	Canara Bank	PNB	??	1:12 PM	??	
24-Mar	10	Canara Bank	PNB	??	3:43 PM	??	
27-Mar	10	Canara Bank	PNB	??	7:45 PM	??	
15-Mar	2	CBI	PNB	11:30 AM	9:35 PM	<b>Not Received</b>	10.05
16-Mar	5	CBI	BOB	10:20 AM	12:38 PM	2:08 PM	2.18
17-Mar	5	CBI	BOM	10:15 AM	10:13 AM (19th)	11:04 AM (19th)	
19-Mar	5	CBI	BOB	10:15 AM	12:45 PM	<b>Not Received</b>	2.30
20-Mar	5	CBI	BOM	12:01 PM	2:00 PM	3:30 PM	1.59
21-Mar	5	CBI	BOB	10:20 AM	11:33 AM	11:56 AM	1.13
22-Mar	5	CBI	PNB	10:30 AM	1:15 PM	<b>Not Received</b>	2.15
24-Mar	5	CBI	BOB	10:30 AM	12:02 PM	12:13 PM	1.32
26-Mar	5	CBI	PNB	11:00 AM	1:35 PM	<b>Not Received</b>	2.35
27-Mar	5	CBI	PNB	10:15 AM	11:53 AM	??	1.38
28-Mar	5	CBI	PNB	10:30 AM	12:18 PM	??	1.48
29-Mar	5	CBI	PNB	11:10 AM	1:21 PM	2:48 AM (30th)	2.11
30-Mar	5	CBI	PNB	10:15 AM	??	??	
31-Mar	5	CBI	PNB	10:15 AM	??	??	
15-Mar	10	PNB	Canara Bank	12:30 PM	9:00 AM (16th)	<b>Not Received</b>	
22-Mar	2	PNB	Canara Bank	3:03 PM	5:35 PM	received	2.32
22-Mar	2	PNB	CBI	11:19 AM	??	received	
24-Mar	2	PNB	Canara Bank	10:45 AM	12:27 PM	received	1.42
24-Mar	2	PNB	CBI	10:39 AM	??	received	
28-Mar	10	PNB	Canara Bank	11:30 AM	1:32 PM	received	2.02
28-Mar	2	PNB	CBI	11:21 AM	??	received	
29-Mar	2	PNB	Canara Bank	1:49 PM	??	??	
29-Mar	2	PNB	cbi	1:53 PM	??	??	
20-Mar	5	UBI	Canara Bank	12:01 PM	??	??	
20-Mar	5	UBI	BOM	4:00 PM	??	??	
21-Mar	5	UBI	SBI	3:55 PM	??	??	
22-Mar	50	UBI	Canara Bank	3:00 PM	4:30 PM	??	1.30
22-Mar	10	UBI	BOM	3:00 PM	??	??	



As a first measure, we carried out the test Cash-NEFTs. The data-set is shown above. **In order test and to experience the bank staff**, each participating bank branch carried out test Cash-NEFT (in a fashion exactly the way the branch would do for the walk-in customers). This exercise was done for 7 days (including a Saturday).

While initiating the Cash-NEFT, the system prompts for the sender's mobile number. Incorporating this mobile number would allow the sender to receive a confirmation SMS providing time of credit to beneficiary account.

Banks also carry-out few Cash-NEFT (with incorrect beneficiary account number) which got RETURNED. Subsequently, the branches were to note how such a return is handled. The procedure that they actually followed in the return cases were to be explicitly documented.

**THE PRICING OF THE CASH NEFT FACILITY TO A MORE REALISTIC RS 10 OR SOMETHING (TO HELP BANKS ENCOURAGE IN ITS PROMOTION, ETC) COULD BE TAKEN UP BY DPSS. HOWEVER, THIS COULD FOLLOW AFTER ONE SEES PICK-UP IN CASH NEFT TRANSACTIONS THROUGH INDEPENDENT FINANCIAL EDUCATION INITIATIVE EFFORTS OF CONCERNED DEPARTMENTS IN RBI / BCSBI / IBA.**

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