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NOTES FROM THE FIELD

Are Banks Inclusive of the Poor?

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It has been observed in the past that the government and banks highlight SHGs as collectives used for financial inclusion. Even the money distributed to these groups has been impressive. However, it is important to understand the process of loan acquisition. In this light, the process of obtaining a bank loan by the three SHGs promoted by the Department of Social Work, Andhra University, has been closely documented.

The following account illustrates the difficulties encountered by poor women members of the Gullalapalem SHG, despite support from the Department, to obtain a small loan of Rupees 12,000 from a public sector bank (where they have an account), to purchase sewing machines to make *adda* leaf plates (*adda* are large flat leaves that can be stitched together and used as disposable plates).

The people who were involved in the process of obtaining the loan were P.S. Vijaya Bhavani, Project Fellow of UGC DRS Programme, Department of Social Work, Andhra University; Krishna Veni, CHILDLINE Programme; Padma Rani, Secretary, SHG at Gullalapalem; and B. Devi Prasad, then Coordinator, UGC DRS Programme.

Date	Activity
April 25, 2005	The <i>adda</i> leaf training centre, inaugurated for members of SHGs of Gullalapalem, had 34 participants who are members of three SHGs of Gullalapalem. In addition to P.S. Vijaya Bhavani and Krishna Veni, two members from the SHGs of Vasavani Palem were present as part of the exposure visit.
May 6, 2005	A letter to State Bank of India (SBI) Sriharipuram bank manager (where Gullalapalem SHG had a bank account) was drafted, requesting for a bank loan of Rupees 12,000 to purchase sewing machines to stitch <i>adda</i> leaf plates. Padma Rani visited the bank to submit the letter. However, the manager was unavailable.
May 7, 2005	The next day too, Padma Rani visited the bank but the manager remained unavailable.
May 9, 2005	Padma Rani met the manager who asked her to apply for the loan in a prescribed application form that was available with the District Rural Development Agency (DRDA), Muvvalavanipalem. He added that this completed form had to be attested with a letter from the Department of Social Work, another letter from the concerned group applying for the loan and signed by all group members, and a group photo of the SHG. Padma Rani informed the same to the Department.
May 12, 2005	Vijaya Bhavani contacted the DRDA, Muvvalavanipalem, who said that the loan application proforma available with them was not pertinent to urban SHGs as the DRDA was solely working with rural SHGs. They advised Vijaya Bhavani to contact the urban community development (UCD) unit of Municipal Corporation of Visakhapatnam (MCV) for the application form.
May 13, 2005	Following this information given by DRDA office, efforts were made to contact the bank manager for clarification about the proforma for loan application, but he was once again unavailable.
May 16, 2005	The community organiser at the UCD, MCV, was contacted by Vijaya Bhavani. She was informed that the concerned bank could sanction the loan on request and there was no specific application form available for the same.

Date	Activity
May 26, 2005	Keeping in view the DRDA's and UCD community organiser's information, Vijaya Bhavani visited the bank manager of the Sriharipuram branch to discuss the course of action. He phoned the Assistant Project Officer (APO), DRDA informing him that there were no separate loan application forms for urban groups and that the same application form was used by both urban and rural groups. He requested the APO to hand over a loan application form to the SHG group of Gullalapalem.
May 28, 2005	Vijaya Bhavani and Krishna Veni went to the DRDA office and collected the application form.
May 31, 2005	On filling the form, Vijaya Bhavani and Padma Rani visited the bank manager and submitted the form along with the required documents. The manager directed them to a clerk and told them to contact him for any further transactions.
June 10, 2005	The <i>adda</i> leaf training course was completed, but the loan was not yet sanctioned despite daily visits by the members to the bank to inquire of the same. The concerned clerk was on leave at that time, but the members were not informed of this and were instead told that the loan sanction was in process.
June 17, 2005	On realising that the clerk was on leave, Vijaya Bhavani directly approached the bank manager who informed her that the rules had changed and the branch did not have any power to forward the application or release funds. Therefore, the application would have to be submitted to the bank's zonal office located at Siripuram, near Andhra University. Only if the proposal was approved, would the bank then sanction and pay the amount to the group. He also said that application submitted to the Sriharipuram branch be taken back and submitted to the zonal office of the SBI at Siripuram. Vijaya Bhavani collected the application back from the Sriharipuram branch.

Date	Activity
June 18, 2005	Vijaya Bhavani and Krishna Veni visited the SBI Zonal Office at Siripuram and were advised to meet the district manager of the lead bank who examined the loan application and asked them to submit a quotation on the cost of sewing machines.
June 20, 2005	Krishna Veni again visited the Zonal Office with the quotation as advised. However, the manager was unavailable; she went to the bank three times on the same day, but could not meet the manager. He was busy in a conference and suggested that the application be left on his table.
June 21, 2005	Krishna Veni called the Zonal Office and the staff said that the manager was in a meeting/conference and to call back in the evening. When she did, the staff gave the same answer.
June 22, 2005	Krishna Veni called the manager on his cell at 8.30 a.m. and his wife informed that he was getting ready to leave for office and asked her to call back in half an hour. When Krishna Veni called again at 9.10 a.m., the manager's wife informed her that he had left for Chintapalli, a village nearby. Krishna Veni then called the Zonal Office at 10.30 a.m. and the staff informed that the manager might be available in the evening.
June 23, 2005	At 9:00 a.m., Krishna Veni called the Zonal Office for the Bank Manager. Nobody responded to that call. She later tried his cell, which was answered by the manager's wife, who responded saying that the manager was out of station on official work. At 11:00 a.m., Krishna Veni again called the SBI Zonal Office and the staff informed that the manager may not come to office that day.
June 24, 2005	Krishna Veni tried to contact the manager, who remained unavailable.

Date	Activity
June 26, 2005	B. Devi Prasad called the lead bank manager who said he would finalise the loan application the next day itself and asked him to send someone to his office.
June 27, 2005	Krishna Veni went to Zonal Office and waited for an hour. Later, the manager informed her that he would talk to B. Devi Prasad and as he was busy in a conference, he needed some time to finalise the application. The manager asked her to contact him on June 29.
June 29, 2005	Krishna Veni tried to call the manager, but could not reach him.
June 30, 2005	B. Devi Prasad called a friend, who was also the regional manager of the same public sector bank seeking his help to hasten the loan process. As a result, the lead bank manager called Devi Prasad and said that the position of the application would be conveyed to him by the same evening. However, the manger did not call back.
July 1, 2005	Krishna Veni called the zonal lead bank manager who informed them that the application was returned to Sriharipuram branch, as it was not in the standard format. To process and realise loan, the standard format should be filled and enclosed with the application. The amount would then be released within 2–3 days. Krishna Veni informed Padma Rani of the new development and asked the latter to follow-up on the loan application that was returned to the bank's branch at Sriharipuram.
July 3, 2005	B. Devi Prasad called the lead bank manager and told him that so far they have followed all their instructions, and requested him to expedite the process without further delay. The bank manager agreed to this.
July 4, 2005	Padma Rani visited the branch manager who informed her that he had not yet received the application from the Zonal Office. She then immediately informed Krishna Veni of the same. Krishna Veni then called the lead bank manager who said he would check whether it was sent to Sriharipuram branch or not.

Date	Activity
July 5, 2005	<p>Krishna Veni called the zonal manager and asked him about the status of the application. He said that the loan was sanctioned and the amount had been given to the SBI Sriharipuram branch. She immediately informed Padma Rani of the same.</p> <p>Padma Rani visited the Sriharipuram branch and the manager said that they had not received any information regarding the sanction of loan from the Zonal Office.</p> <p>Later in the evening Padma Rani called Krishna Veni and conveyed that the Sriharipuram bank manager had called her and asked her to immediately come and collect the loan amount as it had been sanctioned.</p>
July 6, 2005	<p>Padma Rani collected the loan cheque from the bank.</p> <p>Vijaya Bhavani visited the bank to enquire about loan repayment process, interest rate, duration etc.</p>
July 7, 2005	<p>The members placed an order for the sewing machines.</p>
July 8, 2005	<p>The machines were purchased and handed over to the members of the SHG.</p>