

## **People's pride; Naxals' Envy!**

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Palakkad: Some three decades ago, Naxals tried to free the poor of Malabar from the clutches of greedy money lenders. Bitten by romanticism, they then used sickles and guns to silence them. In retrospect, one can't help recall what flowed along the waters of Bharathapuzha. That too at a time when Palakkad—once the beehive of naxalite activity—has become the first district in all of India to achieve Total Financial Inclusion (TFI) status. It's ironical, because TFI's predominant aim is to weed out money lenders through a massive movement of the people.

"Today, every household here has a bank account. We achieved this task in September 2006 itself and we've notified RBI. Very soon, we'll hold a massive function for formal announcement," says K M Sathyanathan, manager, Canara Bank, which led a consortium of banks in this task. Ever since the State Level Bankers' Committee picked up Palakkad for implementing its TFI programme following RBI's annual policy statement for 2005-06, a total of 5,30,216 savings bank accounts were opened in the district. Of this, 1,40,343 were no-frills accounts, opened with zero deposit. Now, it's estimated that 3,89,873 accounts were opened with deposits ranging from Rs 300 to Rs 10 lakh.

RBI's annual policy had envisaged identification of at least one district in every state, including Union territories, for achieving 100% financial inclusion and issuance of general purpose credit cards towards extending need-based loans.

So, how did they go about it?

"It's simple. We converted this into a people's programme," says V K Satheesan, assistant general manager, National Bank for Agriculture and Rural Development, which guided the consortium in its Herculean task. Bank branches were allocated areas and surveys were conducted to ascertain the financial requirements of the people. This culminated into a full-fledged campaign so that people would develop banking habits. Agriculture, revenue and panchayat officials were roped in, as were members of State Poverty Eradication Mission (Kudumbasri). "We also received valuable support from the elected representatives at various levels," says Sathyanathan.

Satheesan says, "The drive took us to many remote tribal villages. It took several sittings and meetings to convince the people of the need for a savings account. If we've achieved it within such a short span, it's definitely because of the joint effort."

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Sathyanathan says, Palakkad will soon become free of money lenders. That's tougher than opening several lakh bank accounts, but Satheesan hopes something meaningful will now happen as banks gear up to issue 10,000 credit cards to people who fall in the low-income category. "By end 2007, all account holders will have cards," he says. This will enable users to draw up to Rs 25,000 from any ATM—a great blessing to farmers who're in need of agricultural loan. No applications. No red-tape. They'll have money an ATM away.

Will the interest rate be people friendly? "Of course! Money lenders charge 120% interest. But our rates would be in conformity with the benchmark prime lending rate," says Sathyanathan. For now, it could be calculated at 11% per annum on a day-to-day diminishing rate basis. Credit card loan could be repaid in a year's time. "But, there's no hard and fast rule. If the account holder is prompt in paying the interest, we'll extend the period up to three years," says Sathyanathan.

The scheme doesn't guarantee an egalitarian society for which the Naxals of Kerala once fought. But, if Sathyanathan's words are to become a reality, it'd no doubt free the people from exploitation. Politicians know this well. That's one reason Palakkad is awaiting finance minister P Chidambaram to accord the district a formal TFI status.

