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MAD- 2020
Day - 40
ETHICS

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Question:

Bringing the unbanked into the fold of formal banking system has always been a prime agenda of the government. As a part of this drive, you have been sent to a village in the hinterland of the country. The village is known for its traditional ways of living. Right from agriculture to money lending, there are set traditional ways of managing the affairs. The unbanked population is very high and most of the people are not aware of much of the modern banking ways.

You have been sent by the government with the following agenda in mind:

- i. To make people aware of the formal banking system.
- ii. To convince banks to set up a branch in the village.
 - a. What are the likely challenges that you believe you will face?
 - b. What are the options available with you to persuade?
 - i) The people for becoming interested in the formal banking system.
 - ii) The bank to set up a branch in the village.
 - c. What course of action will you recommend as part of your report to the government in scaling up this initiative?

Answer:

The likely challenges that I believe I will face are:

- To organize awareness campaigns in the village.
- To collect demographic data of the village.
- There will money-lenders in the village that will be against the setting up of bank.
- To convince banks that opening up a branch will be beneficial to them.

To persuade people of village to engage in formal banking, I will,

- Tell them about the benefits of opening a bank account. Like, interest on their savings, loan facilities.
- Tell them how they can take loans from the bank and avoid being cheated by the money-lenders.
- Organize a campaign in which I will aware people of the various government schemes that they will entitled to once they open a bank account. Like, Jan Dhan Scheme, PM-KISAN scheme,
- National Health Insurance Scheme etc.
- Aware them about the education loans that their children can take to go for higher studies.

To persuade the bank to set up a branch, I will,

- Approach the bank with all necessary details like demography of the area, geographical area, major occupation in the village (agriculture), how much money is earned by the people.
- Make a detail report on how many people bank needs employ for cost cutting solutions.
- Tell bank that how opening of branch in that village will attract more people from neighbouring villages to open bank accounts.

- Make sure that bank gets advertisement promotions from government, if they decide to set up branch in the village.

The course of action that I will recommend in my report to scale up the initiative is as follows:

- To identify more villages where banking needs to be introduced and collaborating with public and private sector banks.
- To suggest NABARD to collaborate with regional state banks and be key player in rural banking.
- To spread awareness among rural people on how shifting to banking will lead to their technological advancement. Farmers will gain knowledge about other advancements in agriculture.
- It is necessary that to essentially address the issue of rural credit and that of the farmers, there is
- also a necessity to strengthen the cooperative banking sector by both the State and Central
- Governments for their capital requirements and needs.
- Avoid privatizing public sector banks as PSB have social responsibility to improve the nation's economy and are committed to its growth where as private sector banks focus more on profitability.