Impact Story

<u>Powering Financial inclusion ; Story of Indian Overseas Bank (IOB), Changlangshu , Mon</u>

The rural bank branch of Indian Overseas Bank (IOB) in Changlangshu village, Mon district, Nagaland is the lifeline of banking services in the entire catchment area of Changlangshu, Pessao, Bumei, Moniyakshu, Yongkhao villages serving over 3600 rural customers in the remote Upper Mon region. However, the IOB branch was facing several contraints in terms of effectively reaching out to its customers with the bouquet of banking services. With very limited availability of government electricity and the subsequent voltage fluctuations, they had to run the diesel genset everyday. The monthly diesel expenditure was coming to Rs. 20,000/- per month, which was very expensive. Moreover, diesel had to be transported all the way from HQ Mon Town which was over a 110km and 5 hours away. Given the tenuous nature of the supply chain supply could not be guaranteed. The IOB Branch Manager,Shri. Eliberno Odyuo, also commented that the banking hours also had to be compromised. They could power the branch only for 3.5 hours per day through the diesel generator as the bank had to shut down its operations for 2 hours each day towards cooling the diesel genset machine. Overall the banking scenario was quite dismal in IOB , Changlangshu and the staffs were struggling to provide efficient service to the rural customers in this remote geography.

However, things changed for the better when the IOB branch got connected to the solar mini grid plant of Hamara Grid in Changlangshu village in May 2025. The bank branch started getting uninterrupted and reliable solar electricity 24x7 with zero voltage fluctuations. There were no interruptions in the banking services and there has been a 70% savings on electricity expenditure by switching to solar electricity from polluting diesel. The bank branch is powered fully by mini grid solar electricity and they have completely done away with diesel generator.

The most heartening development is that the IOB branch is planning to expand its banking services by introducing micro-ATM service as well as increase some of the equipments in the bank like advanced cash counting machines , computers and printers towards impacting better service delivery to its customers.The IOB Branch Manager,Shri. Eliberno Odyuo happily shared – ‘the solar electricity not only supported us to improve the branch performance but also helped us increase the business volumes in the IOB branch and serve our customers in a more effective manner’.

The villagers are also benefitting hugely from their improved access to the banking services. Earlier in these remote villages in Mon, the villagers were heavily dependent on the local moneylenders. The local moneylenders provided loans to the villagers at an outrageous interest rate of 10% on a monthly basis. This made it very difficult for the villagers to repay the loan amount with interest. Sometimes, the poor villagers were victims of a ‘debt trap’ as they took a new loan to repay the old one. Interest kept accumulating, causing households to remain indebted for long periods to the moneylenders. In some informal arrangements, the borrowers sometimes had to pledge land, livestock or crops to the moneylenders. Poor farmers were forced to sell produce early at unfavourable prices to repay debts with high interest rates. However, access to formal banking services has significantly improved the socio-economic well-being of the rural villagers in Changlangshu village.

Following are the key benefits:

- Safe savings in the bank
- Easy access to credit – the villagers can obtain formal loans for farming, education, housing and small businesses with reasonable interest charged on an annual basis
- Direct receipt of government benefits and welfare payments in their individual bank accounts
- Access to digital payments and ATMs
- Improved financial resilience and inclusion