IV CREDIT DELIVERY AND FINANCIAL INCLUSION

The Reserve Bank placed greater emphasis on effective credit delivery during the year by intensifying its ongoing efforts under the financial inclusion plans as well as adopting innovative approaches in expanding credit and spreading financial literacy. The major thrust was on operationalising a market mechanism for enhancing priority sector credit, strengthening the business correspondent (BC) model through BC registry and certification to promote financial inclusion, and enhancing financial literacy through a digital focus in literacy camps, experimenting with ground level camps, capacity building of financial literacy counsellors and observation of a financial literacy week. Work is also underway for the formulation of a National Strategy for Financial Inclusion.

IV.1 The role of the Reserve Bank in the area of financial inclusion involves developing policies towards ensuring the availability of banking services at affordable costs for those vulnerable sections of society who have hitherto been left outside the scope of formal financial services due to factors such as illiteracy, lack of banking infrastructure, difficulty in physical access to such services in far flung areas and perceived lack of creditworthiness. Recognising that financial illiteracy is a major impediment to the diffusion of financial inclusion, the Reserve Bank focused on the dissemination of simple messages introducing people to the benefits of active savings, prudent borrowing practices, financial planning as well as unravelling the world of digital transactions for them. Consumer protection also forms an important aspect of these messages, which are also issued in vernacular language. During 2016-17, the Reserve Bank aimed to provide a fillip to financial literacy through a digital focus in literacy camps, experimenting with ground level camps, capacity building of financial literacy counsellors and observation of a financial literacy week. In order to propel the economy onto a medium-term sustainable inclusion path, greater emphasis was placed on strengthening the business correspondent (BC) model through the creation of a BC registry and introduction of a framework for BC certification. In this context, the Financial Inclusion and Development Department of the Reserve Bank formulates policies for promoting financial inclusion.

IV.2 Given the significant role of micro, small and medium enterprises (MSMEs) in employment generation and GDP growth, a number of initiatives were undertaken to enhance the flow of credit to these sectors, including trading in priority sector lending certificates (PSLCs), expanding the scope of the 'additional working capital limit' for banks to account for possible cash flow mismatches faced by micro and small enterprises (MSEs) borrowers due to withdrawal of legal tender status of Specified Bank Notes (SBNs), scaling-up the capacity building programmes by launching Version 2 of the National Mission for Capacity Building of Bankers for Financing the MSME Sector (NAMCABS) and laying down a framework for accreditation of credit counsellors.

Agenda for 2016-17: Implementation Status

IV.3 Drawing upon the recommendations of the Committee on Medium-term Path on Financial Inclusion (Chairman: Shri Deepak Mohanty), the Reserve Bank focused on strengthening the mechanism for effective credit delivery to the productive sectors of the economy. Major recommendations of the Committee *viz.*, creating a BC registry; formalising certification training programmes for BCs; and designing a framework for accreditation of credit counsellors are nearing the final stage of implementation.

IV.4 The Financial Inclusion Advisory Committee (FIAC) which is tasked with the preparation of the National Strategy for Financial Inclusion (NSFI) deliberated extensively on its formulation, while also drawing upon international best practices on digital financial inclusion. The strategy document is slated to be launched nation-wide in the coming year. For more effective monitoring of the financial inclusion initiatives being undertaken, granular data up to district level is being called for from the banks, as part of the third phase of Financial Inclusion Plan (FIP) progress reports. A 2-tier training programme focusing on the core competencies of financial literacy has been designed for the capacity building of financial literacy counsellors in collaboration with the College of Agricultural Banking (CAB), Pune.

CREDIT DELIVERY

Priority Sector

IV.5 Priority sector lending aims to ensure adequate and timely availability of credit for those vulnerable sections of society which are often deprived of credit due to the perceived lack of viability and creditworthiness. Priority sector loans include small value loans to farmers for agriculture and allied activities, MSMEs, poor people for housing, students for education, other low income groups and weaker sections. Social infrastructure and renewable energy are also eligible categories under this mechanism. The performance in achievement of priority sector lending targets by various groups of scheduled commercial banks (SCBs) is given in Table IV.1.

Table IV.1: Performance in Achievement of Priority Sector Lending Targets

(₹ billion)

End-March	Public Sector Banks	Private Sector Banks	Foreign Banks
1	2	3	4
2016	19,850 (39.3)	6,480 (44.1)	1,104 (35.3)
2017*	19,889 (39.5)	7,110 (42.5)	1,238 (36.9)

*** :** Provisional.
Notes: Figures in parentheses are percentages to adjusted net bank credit (ANBC) or credit equivalent of off balance sheet exposures (OBE), whichever are higher, in the respective groups.

IV.6 An important development during 2016-17 was the operationalisation of priority sector lending certificates (PSLCs) scheme in April 2016. The PSLC scheme is a mechanism to incentivise banks having surplus in lending to different categories of the priority sector and thereby to boost overall priority sector lending. PSLCs allow the market mechanism to drive priority sector lending by leveraging the comparative strength of different banks. This scheme allows a bank to benefit by selling over-achievement of its target in a particular sector through PSLCs to another bank, which can buy it to meet its target in that sector, while selling its own over-achievement of the target in another sector to another bank and so on. A platform to enable trading in the certificates has been provided by the Reserve Bank through its core banking solution (CBS) portal (e-Kuber).

IV.7 The PSLC platform recorded active participation from all the eligible entities including urban co-operative banks and small finance banks during 2016-17. Among the four PSLC categories, the highest trading was observed in case of PSLC – Small & Marginal Farmer, and PSLC – General

Categories, with the transaction volumes being ₹229.9 billion and ₹200.2 billion, respectively. An expected cyclical trend, however, was observed in the trading volume, which peaked mostly in the last month of every quarter.

IV.8 In view of the introduction of quarterly monitoring of priority sector targets, the timing of the transactions in the earlier or later part of the year also had an impact on the premium. Accordingly, PSLCs traded during the first quarter of 2016-17 witnessed higher premiums in the range of 3-5 per cent. The total volume of PSLCs on offer was ₹1,265.5 billion, while the amount finally settled was ₹498.0 billion as on March 31, 2017. This indicates that with better information dissemination and increased awareness among all the eligible participants, the PSLC market is expected to pick-up in the future, which should lead to higher margins for all PSLC sellers, incentivising increased lending to the priority sector.

Flow of Credit to Agriculture

IV.9 The Government has been fixing the target for agricultural credit every year. During 2016-17, commercial banks over achieved the target by 28.0 per cent. All other bank groups under-performed in achieving their targets for agricultural credit though the overall flow of credit had exceeded the target as in the previous year (Table IV.2).

Table IV.2: Targets and Achievements for Agricultural Credit

(₹ billion)

Year	Commercial Banks		Co-operative Banks		RRBs		Total	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
1	2	3	4	5	6	7	8	9
2015-16*	5,900	6,430	1,400	1,533	1,200	1,193	8,500	9,155
2016-17*	6,250	7,998	1,500	1,428	1,250	1,232	9,000	10,658

*: Provisional.
Source: National Bank for Agriculture and Rural Development (NABARD).

New Initiatives for the MSME sector

IV.10 The Government took several initiatives related to the MSME sector as it plays a crucial role in the economy both from the point of view of its employment generation and poverty alleviation potential. The Reserve Bank also accords significant importance to this sector in its agenda for financial inclusion, with its policy focused on improving access, adequacy, timeliness, and price of credit for MSMEs. The Reserve Bank took several unique initiatives, one of which was launching NAMCABS in collaboration with CAB, Pune, in August 2015. Continuing in this direction, the Reserve Bank launched Version 2 of NAMCABS by employing newer and more comprehensive training material covering the latest developments in the sector and providing professional advice to MSME entrepreneurs in the form of credit counsellors.

Sanction of Additional Working Capital Limits to Micro and Small Enterprises (MSEs)

IV.11 In August 2015, banks were advised to incorporate with their Boards' approval, a clause for fixing a separate additional limit in their lending policy to MSEs, at the time of sanction/ renewal of working capital limits, specifically for meeting the temporary increase in working capital requirements arising mainly due to unforeseen/ seasonal increase in demand for products produced by them. During 2016-17, keeping in view the possible cash flow mismatches likely to be faced by MSE borrowers due to the withdrawal of legal tender status of SBNs, banks were further advised to use the same facility of providing 'additional working capital limit' to their MSE borrowers to overcome such difficulties. This was announced as a one-time measure up to March 31, 2017 and to be normalised thereafter in the fresh working capital assessment cycle.

Framework for rolling out Certified Credit Counsellors (CCC) through SIDBI

IV.12 Following the recommendation of the Committee on Medium-term Path on Financial Inclusion to explore a system of professional credit intermediaries/advisors for MSMEs, the Reserve Bank had announced in its first bi-monthly monetary policy statement for 2016-17 that a framework for accreditation of credit counsellors who can act as facilitators for entrepreneurs to access the formal financial system with greater ease and flexibility would be drawn up. Credit counsellors were to also assist MSMEs in preparing project reports in a professional manner which would, in turn, help banks make more informed credit decisions. Accordingly, the Reserve Bank finalised a framework for accreditation of credit counsellors and the same was provided to Small Industries Development Bank of India (SIDBI) for rolling out the certified credit counsellors scheme by acting as their registering authority. SIDBI, after finalising the board-approved operational guidelines, launched the scheme in July 2017.

IV.13 Credit flow to the MSE sector is reflective of these measures taken by the Reserve Bank during the year and several Government initiatives undertaken during the past few years (Table IV.3).

Studies on the Efficacy of Credit Delivery Models

IV.14 The Reserve Bank conducted a study on the efficacy of the Self Help Group (SHG)-Bank Linkage Programme (SBLP) with a view to analysing in detail the inter-connectedness between SBLP and the National Rural Livelihoods Mission (NRLM) as well as the long-run feasibility and usefulness of the SHG programme so that it can serve its intended purpose without building up excessive credit risk in the system. The report is under finalisation. The Reserve Bank also conducted an impact assessment survey, modelled on a randomised control trial (RCT) basis, with the completion of a year of conducting the NAMCABS workshops for the branch managers of the specialised MSME branches through its select nine regional offices. The survey revealed that the branches with trained personnel generally outperformed those with untrained ones, especially in lending to micro enterprises. The impact on qualitative parameters also showed positive developments by way of work process innovations, *viz.,* (i) helping borrowers in preparing project reports and assisting in documentation; (ii) introduction of simplified application formats for MSME loans; (iii) branch officials going to the doorsteps of the borrowers to educate them on various schemes; and (iv) introduction of the lending automation processing system (LAPS) for speedy processing and sanction of MSME loans. It was, therefore, decided to continue with an enhanced and comprehensive capacity building programme as NAMCABS Version 2 by incorporating, *inter-alia*, newer developments in terms of government initiatives, Reserve Bank policy initiatives and use of technology in MSME financing.

Table IV.3: Credit Flow to MSEs

Year	Number of Accounts (million)	Amount Outstanding (₹ billion)	MSE credit as per cent of ANBC
1	2	3	4
2015-16	20.4	9,964.3	14.6
2016-17*	23.2	10,698.2	14.3

*: Provisional.

FINANCIAL INCLUSION

IV.15 The Reserve Bank continued with its efforts towards fulfilling the financial inclusion agenda during the year to help realise the intended economic and social objectives. In this direction, several new initiatives were undertaken during the year.

IV.16 The Committee on Medium-term Path on Financial Inclusion, which submitted its report in December 2015, sought to propel the economy on to a medium-term sustainable inclusion path. The Committee had recommended for setting up a framework for a BC registry and BC certification, following which instructions regarding the same were issued to Indian Banks' Association (IBA) during the year. As recommended by the Committee, a financial literacy week was conducted across the country from June 5-9, 2017. The literacy week focussed on four broad themes, *viz.,* Know Your Customer (KYC), Exercising Credit Discipline, Grievance Redressal and Going Digital (UPI and *99#). During the week, banks were advised to display posters on the four common themes inside branch premises and also display one message each day on the homepage of their respective websites as well as ATM screens across the country. Further, Financial Literacy Centres (FLCs) and rural branches were advised to conduct special camps during the week. A movable asset registry was also launched by the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), as recommended by the Committee to facilitate lending to the MSME sector.

Strengthening the BC Model

IV.17 Strengthening the BC model has been one of the important development agendas, recognising the significant role played by BCs in providing last mile financial services in the under-banked and unbanked regions of the country. Having a BC registry and certification process in place would go a long way in strengthening the BC model.

BC Registry

IV.18 A BC registry is proposed to be structured as a database of comprehensive information pertaining to the existing or potential business correspondents. The BC registry will give a holistic view of under-banked and less penetrated areas in a region and accordingly the delivery of financial services can be improved in such areas through appropriate policy interventions. It will help in effective monitoring and oversight of BC operations. It is expected that banks and the regulators would utilise this database to gather critical insights and frame policies accordingly for strengthening the BC infrastructure. The Reserve Bank has developed the framework for the BC registry and IBA is in the process of setting up the online registry portal.

BC Certification

IV.19 As the customers served by the BCs are usually new to the formal financial system, it is essential to have knowledgeable business correspondents. Thus, a need was recognised to upgrade the skill sets of the BC agents thereby making them more sensitive towards the requirements of various customer groups who use the BC channel, *viz.*, small and marginal farmers, SHGs, micro, medium and small entrepreneurs, migrant labourers and retired people. Accordingly, the Reserve Bank has developed a framework for BC certification with basic and advanced level courses to enhance the functional and behavioural competencies of BCs. On the basis of this framework, IBA has set up a Governing Council comprising members each from IBA, NABARD, two members each from academics and experts from industry. The Council is in the process of developing the course curriculum.

Financial Inclusion Plans

IV.20 The Board approved Financial Inclusion Plans (FIPs) prepared by the domestic scheduled commercial banks provide a structured and

Table IV.4: Financial Inclusion Plan : A Progress Report

Particulars	End- March 2010	End- March 2016	End- March 2017
1	2	3	4
Banking Outlets in Villages – Branches	33,378	51,830	50,860
Banking Outlets in Villages>2000-BCs	8,390	98,958	105,402
Banking Outlets in Villages<2000- BCs	25,784	432,271	438,070
Total Banking Outlets in Villages – BCs	34,174	531,229	543,472
Banking Outlets in Villages- Other Modes	142	3,248	3,761
Banking Outlets in Villages -Total	**67,694**	**586,307**	**598,093**
Urban Locations covered through BCs	447	102,552	102,865
BSBDA-Through branches (No. in million)	60	238	254
BSBDA-Through branches(Amt. in ₹ billion)	44	474	691
BSBDA-Through BCs (No. in million)	13	231	280
BSBDA-Through BCs (Amt. in ₹ billion)	11	164	285
BSBDA-Total (No. in million)	**73**	**469**	**533**
BSBDA Total (Amt. in ₹ billion)	**55**	**638**	**977**
OD facility availed in BSBDAs (No. in million)	0.2	9	9
OD facility availed in BSBDAs (Amt. in ₹ billion)	0.1	29	17
KCCs -Total (No. in million)	24	47	46
KCCs -Total (Amt. in ₹ billion)	1,240	5,131	5,805
GCC-Total (No. in million)	1	11	13
GCC-Total (Amt. in ₹ billion)	35	1,493	2,117
ICT A/Cs-BC-Total Transactions (No. in million)	27	827	1,159
ICT A/Cs-BC-Total Transactions (Amt. in ₹ billion)	7	1,687	2,652

planned approach to financial inclusion. The Plans capture self-set targets of the banks on parameters such as the number of outlets (branches and BCs), Basic Savings Bank Deposit Accounts (BSBDAs) opened by bank branches and BCs, overdraft facilities availed in those accounts, transactions in Kisan Credit Card (KCC), General Credit Card (GCC) accounts and transactions through the BC-ICT channel. The progress made on these parameters is reported to the Reserve Bank by banks on a monthly basis and the progress in this regard as on end-March 2017 is set out in Table IV.4.

IV.21 During 2016-17, the banking outlets opened through BCs in villages increased by 12,243, while the number of accounts opened through BCs increased by 49 million. Similarly, the total number of transactions through the BC channel increased by 332 million, while the amount transacted increased by ₹965 billion.

IV.22 With the conclusion of the second phase of FIP on March 31, 2016, all domestic scheduled commercial banks (including RRBs) were advised to set new Board approved FIP targets for the next three years (April 2016-March 2019). Recognising the importance of granular data for effective monitoring of the progress made by banks, the third phase FIP template has been revised incorporating new parameters keeping in view the emerging financial inclusion landscape. In this phase, banks have been asked to provide data up to the district level across population groups of metro, urban, semi-urban and rural segments. Work is also underway for the formulation of a National Strategy for Financial Inclusion (NSFI) (Box IV.1).

Box IV.1
National Strategy for Financial Inclusion

The Reserve Bank had set up the Financial Inclusion Advisory Committee (FIAC) in 2012 to review financial inclusion policies on an on-going basis and to provide expert advice to the Reserve Bank in this matter. Given the renewed focus on financial inclusion by the Government of India, the on-going implementation of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) and the need for convergence of the financial inclusion efforts of various stakeholders, FIAC was reconstituted in June 2015. Apart from continuous reviewing of the financial inclusion policy, monitoring the progress of financial inclusion and financial literacy, and assessing their impact, the reconstituted FIAC has been actively involved in the process of formulating the National Strategy for Financial Inclusion (NSFI), a public document.

NSFI will comprehensively present the strategy developed at the national level to systematically accelerate the level of financial inclusion. It is being developed through a broad consultative process involving, among others, public and private sector stakeholders engaged in financial sector development. Typically, it will include an analysis of the current status of, and constraints on, financial inclusion in the country; a measurable financial inclusion goal; how the country proposes to reach this goal and by when; and how it will measure the progress and achievements of the strategy.

The proposed strategy pillars for NSFI include: developing physical and digital infrastructure, regulatory framework, fostering competition, increased financial awareness, grievance redressal mechanism and scientific assessment measures.

Given the recent thrust on digital financial inclusion and in line with international best practices, NSFI also seeks to draw upon the G-20 High Level Principles on Digital Financial Inclusion, adapted to meet the India-specific requirements.

Penetration of Banking Services: Achievement of Roadmaps

IV.23 The Reserve Bank had taken several steps to provide banking facilities in all the unbanked villages in the country. A roadmap to cover villages with population more than 2,000 was first rolled out in 2010. A total of 74,414 villages with population more than 2,000 were identified and allotted to various banks (public sector banks, private sector banks and regional rural banks) through State Level Bankers' Committees (SLBCs) for coverage. All the identified villages have been provided banking services through branches or business correspondents or through other modes such as ATMs and mobile vans. In June 2012, a roadmap was rolled out to provide banking services to unbanked villages with population less than 2,000. A total of 491,825 unbanked villages across the country with a population of less than 2,000 were allotted to various banks through SLBCs for coverage. As on March 31, 2017, 96.0 per cent (472,136 villages) of the total villages allotted had been covered comprising of 19,875 villages through brick and mortar branches, 431,359 villages through BCs and 20,902 villages through other modes.

IV.24 Continuing with its efforts to provide banking services in unbanked villages, the SLBC convenor banks were advised in December 2015 to identify villages with population above 5,000 without a bank branch of a scheduled commercial bank in their State and allot these villages among scheduled commercial banks for opening branches.

IV.25 On May 18, 2017, the Reserve Bank issued revised guidelines on branch authorisation policy with a view to facilitate financial inclusion as also to provide flexibility to banks on the choice of delivery channel. Accordingly, SLBC convenor banks have been advised to review and identify the unbanked rural centres (URCs) in villages with population above 5,000 and ensure that such unbanked rural centres are banked forthwith by opening of CBS enabled banking outlets by December 31, 2017.

Assignment of SLBC Convenorship, Telangana

IV.26 In view of the merger of State Bank of Hyderabad with State Bank of India, the SLBC Convenorship of Telangana has been assigned to the State Bank of India.

Assignment of Lead Bank Responsibility

IV.27 During the year, 21 new districts were formed in Telangana, taking the total number of districts in the State to 31. State Bank of Hyderabad, Andhra Bank, Syndicate Bank and Canara Bank were assigned lead bank responsibility of the new districts. In Manipur, seven new districts were formed taking the total number of districts in the State to 16. United Bank of India and State Bank of India were assigned lead bank responsibility of the new districts. In Haryana and West Bengal, one new district each was created and Punjab National Bank and State Bank of India were assigned lead bank responsibility of the new districts, respectively. Lead bank responsibility of the three newly created districts in Arunachal Pradesh was assigned to the State Bank of India. Further, in view of the merger of Associate Banks with the State Bank of India, the lead bank responsibility of districts hitherto held by the Associate Banks in the states of Karnataka, Kerala, Rajasthan, Telangana and Punjab have been assigned to State Bank of India. As on June 2017, lead bank responsibility has been assigned in 706 districts across the country.

FINANCIAL LITERACY

IV.28 Financial literacy has been an important element in the financial inclusion plan of the Reserve Bank. During 2016-17, added importance was attached to spreading financial literacy, given the skewed distribution and limited reach of financial literacy centres in some states as well as in view of the withdrawal of legal tender status of SBNs and the push for digital transactions. A number of initiatives were undertaken, which included conducting a pan-India Financial Literacy and Inclusion Survey (Box IV.2), Pilot Project on Setting up Centres for Financial Literacy at the block levels (Box IV.3), digital focus in literacy camps, capacity building for FLC counsellors and rural branch managers, and observation of a financial literacy week (Also see para IV.16).

Financial Literacy by Financial Literacy Centres and Rural Branches of Banks - A Policy Review

IV.29 Following withdrawal of legal tender status of SBNs, the policy on conduct of camps by FLCs and rural branches of banks was reviewed with a focus on going digital. Accordingly, banks were advised to conduct special camps through their FLCs (2 camps per month) for a period of one year on ‘Going Digital’ through UPI and *99# (USSD). Two posters on UPI and *99# have been prepared for this purpose. The Financial Awareness Messages (FAME) booklet that contains 11 institution-neutral financial awareness messages has been published in 13 languages for the benefit of the trainers and the camp participants. Rural branches of banks are required to conduct one camp per month covering all the messages that are part of the FAME booklet and the two digital platforms UPI and *99# (USSD).

Train the Trainers Programme (TOT)

IV.30 A two-tier training programme has been designed for the capacity building of FLC counsellors and rural branch managers. During Tier-1 of the program, CLOs (Chief Literacy Officer attached to the corporate office of the banks), LLOs (Lead Literacy Officers - faculty members of the Banks’ training/staff colleges) and RLOs (Regional Office Literacy Officers from regional offices of the Reserve Bank) have been trained at CAB, Pune. In Tier-2 of the programme, faculty members of the Bank’s training/staff colleges will

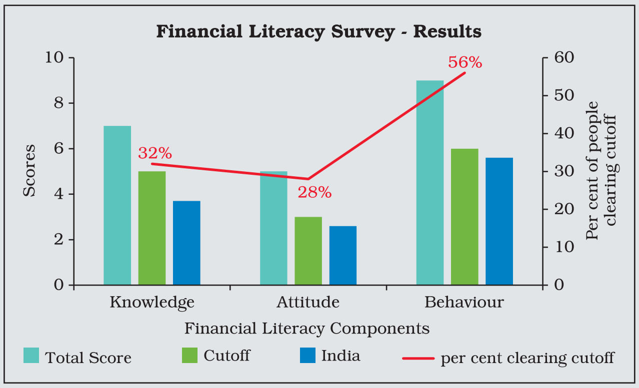
Box IV.2
Pan India Financial Literacy and Inclusion Survey

The Reserve Bank of India undertook a pan-India Financial Literacy and Inclusion Survey based on the OECD/INFE (International Network on Financial Education) Toolkit. The survey was conducted in 29 states and 5 union territories (excluding Andaman & Nicobar Islands and Lakshadweep Islands). Quotas for age, gender and socio economic classes were fixed across the locations to achieve a representative sample. The total sample size for the survey was 20,573 respondents.

As per the OECD/INFE methodology, financial literacy is measured across three components *viz.* financial knowledge, attitude, and behaviour. Questions on financial knowledge test the concepts of time value of money, calculation of interest, compounding, definition of inflation, risk and return, and diversification. Financial attitude captures the trade-off between short term gratification (consumption) and long term planning (saving). Financial behaviour questions are designed to test decision making in the household, budgeting, active saving, considered purchasing, paying bills on time and choosing financial products.

The maximum score for the three components of financial knowledge, financial attitude and financial behaviour are 7, 5 and 9, respectively. India's average scores in the three components are 3.7, 2.6 and 5.6, respectively. In India, the average score is 11.9 out of the total score of 21.

OECD/INFE considers the threshold score as 5 out of 7 for financial knowledge, 3 out of 5 for financial attitude, and 6 out of 9 for financial behaviour. The percentage of Indian population scoring above the minimum required threshold score is 32 per cent for financial knowledge, 28 per cent for financial attitude, and 56 per cent for financial behaviour. The results of the survey are presented in the chart below.



undertake training sessions for FLC counsellors and rural branch managers. A comprehensive curriculum on the core competencies of financial literacy has been prepared for the benefit of the trainers.

IV.31 As at end-March 2017, 1,376 FLCs were operational in the country. During the year ended March 2017, 96,315 financial literacy activities were conducted by the FLCs as against 87,710 activities during the preceding year.

Box IV.3
Pilot Project on Setting up Centres for Financial Literacy (CFLs)

To explore innovative and participatory approaches to financial literacy, the Reserve Bank is initiating a pilot project on financial literacy at the block level. The pilot project is being commissioned in nine states across 80 blocks by NGOs in collaboration with the sponsor banks. Six NGOs registered with the Depositors Education and Awareness Fund (DEA Fund) *viz.*, CRISIL Foundation, Dhan Foundation, Swadhaar FinAccess, Indian School of Micro Finance for Women (ISMW), Samarpit and PACE Foundation have been selected to execute the pilot project in collaboration with the banks. The pilot project will be executed with the objectives of active saving and good borrowing, financial planning and goal setting, going digital and consumer protection. CFLs would be set up under a common name and logo "Moneywise Centre for Financial Literacy".

Agenda for 2017-18

IV.32 Going forward, work related to the preparation of National Strategy for Financial Inclusion, which will comprehensively lay down the policy approach to hasten the process of financial inclusion, will be completed. Financial literacy content for certain target groups like SHGs, farmers, MSEs, students and senior citizens will be introduced. The block level CFLs are expected to begin financial literacy activities in 2017-18, following which an independent impact assessment study would be conducted by the Reserve Bank. As integrity and consistency of data are crucial for framing policy and designing strategies, an Automated Data Extraction Project (ADEPT) from banks to the Reserve Bank and a portal to capture data relating to natural calamities will be implemented to strengthen the existing processes for information and data collection from banks on a real time basis.