# IV CREDIT DELIVERY AND FINANCIAL INCLUSION

*The Reserve Bank has made sustained efforts during the year to increase the penetration of formal financial services in unbanked areas, while continuing with its policy of ensuring adequate flow of credit to all productive sectors of the economy. Some of the new initiatives during the year include setting up of an expert committee/working group to examine the issues relating to credit flow to MSMEs and agriculture sectors, and allowing SCBs to co-originate loans with non-deposit taking systemically important NBFCs for credit delivery to the priority sector. Further, the National Strategy for Financial Inclusion 2019-24 was prepared, besides ongoing measures to strengthen financial literacy and inclusion in the country.*

IV.1 The Reserve Bank continued its focus on strengthening the credit delivery mechanisms to ensure adequate and timely flow of credit to all productive sectors of the economy, especially agriculture and micro, small and medium enterprises (MSMEs), and also ensuring the availability of banking services to all sections of people in the country. In order to review the credit flow to these sectors, an Expert Committee on MSMEs as well as an Internal Working Group to review agricultural credit were constituted. Further, the Reserve Bank has prepared the National Strategy for Financial Inclusion (NSFI) 2019-24 under the aegis of the Financial Inclusion Advisory Committee (FIAC), to ensure access to financial services to all the citizens in a safe and transparent manner. The primary objective is to enable the financially excluded to have an access to financial services from the financial institutions.

IV.2 Several innovative measures were undertaken to facilitate the creation of a conducive environment and increase the level of penetration of the banking system to serve the unserved and underserved population for achieving the objective of sustainable and inclusive economic growth. The co-origination model was rolled out which enables the scheduled commercial banks (SCBs) to co-originate loans with non-deposit taking systemically important NBFCs (NBFCs-ND-SI) for credit delivery to the priority sector. As financial literacy precedes financial inclusion, a two-tier 'Train the Trainers' programme was designed to build the capacity and skills of business correspondents (BCs) for effectively delivering financial services at the grass-root level. Similarly, to build capacity and skills, and sensitise the Counsellors of Financial Literacy Centres (FLCs) and rural banks' branch managers for delivering basic financial literacy at the ground level, a two-tier programme on financial literacy was designed. Further, the National Centre for Financial Education (NCFE) has been set up under Section 8 of the Companies Act 2013 to focus on promoting financial education across the country for all sections of the population as per the National Strategy for Financial Education (NSFE). In this context, the Financial Inclusion and Development Department (FIDD) of the Reserve Bank is the nodal department for formulating and implementing policies for promoting financial inclusion in the country.

IV.3 Against the above backdrop, implementation status of agenda for 2018-19 is presented in section 2, covering performance of credit flow to priority sectors and developments with respect to financial inclusion and financial literacy. The agenda for 2019-20 is provided in section 3.

**2. Agenda for 2018-19 - Implementation Status**

IV.4 In order to strengthen the BC model, “Train the Trainers” programme for the capacity building of BCs was rolled out in March 2019 in co-ordination with College of Agricultural Banking (CAB), Pune. The banks’ training faculty who participated in Tier-I of this programme have been advised to initiate the Tier-II leg of the programme for rural branch managers in their respective jurisdictions. These branch managers, in turn, are expected to sensitise and handhold the BCs attached to their branches. The baseline survey forming part of the impact assessment of the pilot Centres for Financial Literacy (CFL) project has been completed. Similarly, the desired process to get the Financial Inclusion Plans (FIPs) integrated with Automated Data Extraction Project (ADEPT) has been initiated. The preparation of the framework for credit delivery to tenant farmers has been subsumed in the Internal Working Group set up to review agricultural credit.

## CREDIT DELIVERY

*Priority Sector*

IV.5 The overarching principle of priority sector lending (PSL) is to enhance credit flow to those vulnerable sections of the society which despite being credit worthy may not get timely and adequate credit in the absence of a special dispensation. Priority sector loans include small value loans to farmers for agriculture and allied activities, MSMEs, housing, education, and other low-income groups and weaker sections. Social infrastructure and renewable energy have also been brought under the ambit of PSL. The performance in achievement of priority sector lending targets by 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 |
| 2018 | 20,723<br>(39.9) | 8,046<br>(40.8) | 1,402<br>(38.3) |
| 2019 | 23,060<br>(42.55) | 10,190<br>(42.49) | 1,543<br>(43.41) |

**Note:** Figures in brackets are percentages to adjusted net bank credit (ANBC) or credit equivalent of Off-Balance Sheet exposures (CEOBE), whichever are higher, in the respective groups.

**Source**: Priority Sector Returns submitted by SCBs.

IV.6 The Priority Sector Lending Certificates (PSLCs) scheme was introduced in April 2016 as a mechanism to incentivise banks which surpass their targets in lending to different categories under the priority sector. PSLCs allow market mechanism to drive priority sector lending by leveraging the comparative strength of different banks. 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 saw active participation from all the eligible entities including Urban Co-operative Banks (UCBs) and Small Finance Banks (SFBs) during 2018-19. The total trading volume of PSLCs grew by around 78 per cent to ₹3,274.3 billion as on March 31, 2019 as against ₹1,843.3 billion in the same period of last year. Among the four PSLC categories, highest trading was recorded in the case of PSLC-General and PSLC-small and marginal farmer, with the transaction volumes at ₹1,324.8 billion and ₹1,125.0 billion, respectively.

*Review of Priority Sector Guidelines*

IV.8 Since 2015-16, SCBs have been directed to ensure that the overall lending to non-corporate farmers does not fall below the system-wide average of the last three years. SCBs were also directed to reach the level of 13.50 per cent direct lending to beneficiaries that constituted the erstwhile direct lending to agriculture. For 2018-19, the applicable system-wide average target was 11.99 per cent.

IV.9 SCBs (excluding regional rural banks and SFBs) were allowed to co-originate loans with non-deposit taking systemically important NBFCs (NBFCs-ND-SI) for the creation of eligible priority sector assets in order to provide a competitive environment for credit delivery to the priority sector. The arrangement entails joint contribution of credit by both lenders at the facility level and sharing of risks and rewards within an appropriate alignment of respective business objectives as per mutually decided agreement between the bank and the NBFC. In this regard, guidelines were issued to banks and NBFCs in September 2018.

*Flow of Credit to Agriculture*

IV.10 The Government of India has been fixing the target for agricultural credit every year. During 2018-19, the Government of India set the target of ₹11,000 billion for agricultural credit. As on March 31, 2019, commercial banks achieved 119.9 per cent of their target whereas co-operative banks and regional rural banks (RRBs) achieved 93.26 per cent and 105.78 per cent, respectively (Table IV.2). The target for 2019-20 is ₹13,500 billion.

IV.11 The Kisan Credit Card (KCC) has emerged as an innovative credit delivery mechanism to provide adequate and timely bank credit to farmers under a single window for their cultivation and other needs, including consumption, investment and insurance. The KCC Scheme has now been extended to farmers involved in animal husbandry and fishery to enable them to meet their working capital requirements. The performance of the scheme for the last two years is presented in Table IV.3.

**Table IV.3 : Kisan Credit Card (KCC) Scheme**

(Number in Million, Amount in ₹ Billion)

| Year | Number of Operative KCCs | Outstanding Crop Loan | Outstanding Term Loan |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 2017-18 | 23.52 | 3,906.02 | 407.20 |
| 2018-19* | 23.63 | 4,136.70 | 414.09 |

*: Provisional.

**Source:** Public Sector Banks and Private Sector Banks.

**Table IV.2: Targets and Achievements for Agricultural Credit**

(₹ Billion)

| Year | Commercial Bank | | Co-operative Banks | | RRBs | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Target | Achievement | Target | Achievement | Target | Achievement | Target | Achievement |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 2017-18 | 7,040 | 8,711 | 1,560 | 1,503 | 1,400 | 1,412 | 10,000 | 11,626 |
| 2018-19* | 7,920 | 9,496 | 1,650 | 1,539 | 1,430 | 1,513 | 11,000 | 12,548 |

*: Provisional.

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

**Table IV.4: Relief Measures for Natural Calamities**

(Number in Million; Amount in ₹ Billion)

| Year | Loans restructured/ rescheduled | | Fresh finance/ Relending provided | |
|---|---|---|---|---|
| | No. of accounts | Amount | No. of accounts | Amount |
| 1 | 2 | 3 | 4 | 5 |
| 2017-18 | 0.36 | 26.38 | 1.04 | 36.01 |
| 2018-19* | 0.39 | 103.49 | 0.55 | 109.83 |

*: Provisional.
**Source:** State Level Bankers Committees (SLBCs).

*Relief Measures for Natural Calamities*

IV.12 Currently, the National Disaster Management Framework of the Government of India covers 12 types of natural calamities under its ambit, *viz.,* cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst, pest attack and cold wave/frost. Accordingly, the Reserve Bank has mandated banks to provide relief measures, where the crop loss assessed was 33 per cent or more, in the areas affected by natural calamities. The relief measures by banks, *inter alia*, include restructuring/ rescheduling existing loans and sanctioning fresh loans as per the emerging requirement of the borrowers. During 2018-19, natural calamity was declared by seven states, *viz.,* Rajasthan, Andhra Pradesh, Kerala, Maharashtra, Karnataka, Tamil Nadu and Gujarat. The extent of relief measures provided by banks at the time of natural calamities during 2018-19 is given in Table IV.4.

**Table IV.5: Credit Flow to MSEs**

| Year | Number of Accounts (million) | Amount Outstanding (₹ billion) | MSE Credit as Per Cent of ANBC |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 2017-18 | 25.9 | 11,493.5 | 14.6 |
| 2018-19 | 31.8 | 13,132.3 | 15.05 |

**Source**: Priority Sector Returns submitted by SCBs.

*Credit Flow to the MSME Sector*

IV.13 The measures taken by the Reserve Bank for facilitating flow of credit to MSMEs and other steps taken by the government over the last few years have resulted in an increase in credit flow to MSEs (Table IV.5).

IV.14 The MSME sector plays a crucial role in the economy both in terms of its employment generation and reducing regional social

**Box IV.1**
**Expert Committee on Micro, Small and Medium Enterprises (MSME)**

Micro, Small and Medium Enterprises form a vital component of the economy in terms of contribution to employment generation, innovation, exports, and inclusive growth of the economy. The government and the Reserve Bank have, from time to time, taken several steps to support the sector. However, MSMEs continue to face challenges of formalisation, technology adoption, capacity building, backward and forward linkages, lack of access to credit, risk capital and access to latest technology and marketing. Hence, during the Fifth Bi-Monthly Monetary Policy Statement for 2018-19 (December 5, 2018), it was announced that the Reserve Bank will constitute an 'Expert Committee on Micro, Small and Medium Enterprises' to identify causes and propose long-term solutions, for the economic and financial sustainability of the MSME sector. Accordingly, the Committee was constituted (Chairman: Shri U. K. Sinha). The Committee held consultations with the Central Ministries, state governments, multilateral organisations, industry associations, MSME entrepreneurs and various other stakeholders, and looked into areas of capacity building, policy changes and financing needs to unlock the potential of this sector. The Report was submitted to the Reserve Bank on June 18, 2019. The Committee has made various recommendations in areas such as legislative and institutional framework, access to finance, capacity building and new technological interventions for lending to MSME sector. The recommendations are being examined for implementation. The Report is available on the RBI's website for wider dissemination.

economic imbalances (Box IV.1). However, access to finance and cost of credit have been a concern for the sector. To address this issue, the Government of India, on November 2, 2018, announced 2 per cent interest subvention for the MSME sector, applicable for 2018-19 and 2019-20. All fresh or incremental amount of working capital or new term loan to the extent of only ₹10 million in the sector would be eligible for interest subvention during the period of the scheme. All MSMEs which have a valid Udyog Aadhaar Number (UAN) and GSTN Number are eligible under the scheme. Further, the loan accounts of the eligible beneficiaries under the scheme, on the date of filing claim, should not have been declared as NPA as per the extant guidelines in this regard. No interest subvention shall be admissible to the eligible beneficiaries for any period during which their loan accounts remain under NPA category. Small Industries Development Bank of India (SIDBI) is the nodal national level implementing agency for the scheme. Regarding implementation of the scheme, the Reserve Bank has issued the operational guidelines to SCBs in February 2019.

## FINANCIAL INCLUSION

IV.15 The Reserve Bank continued 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 2018-19.

*Revamping of Lead Bank Scheme (LBS)*

IV.16 A Committee of Executive Directors of the Reserve Bank was constituted to study the efficacy of the Lead Bank Scheme (LBS) and suggest measures for its improvement. Based on the Committee's recommendations, on April 6, 2018, guidelines on the revamping of LBS were issued to all State Level Bankers Committee (SLBC) Convenor Banks/Lead Banks, as also separately to all Lead Banks on enhancing the effectiveness of Lead District Managers (LDMs) along with certain action points. As per the action points suggested in the guidelines, a Steering Sub-committee of SLBC / UT Level Bankers Committee (UTLBC) has been constituted in all the states/UTs and a revised agenda has also been adopted for all SLBC/UTLBC meetings. Action points pertaining to alignment of corporate business targets for branches, blocks, districts and states with an Annual Credit Plan (ACP), standardisation of information/data, and management of data flow under the LBS are under various stages of implementation.

*Assignment of Lead Bank Responsibility*

IV.17 Under the LBS, one bank in each district is assigned the leadership role and acts as a consortium leader to co-ordinate the efforts of the banks in that district, particularly in matters such as branch expansion and credit planning to meet the credit needs of the district. The assignment of lead bank responsibility to a designated bank in every district is done by the Reserve Bank. As of June 2019, 18 public sector banks and one private sector bank have been assigned lead bank responsibility in 717 districts across the country.

*Financial Inclusion Plans (FIPs)*

IV.18 In order to have a planned and structured approach to financial inclusion, banks have been advised to prepare Board-approved Financial Inclusion Plans (FIPs). These FIPs capture banks' achievements on various parameters such as the number of outlets (branches and BCs), Basic Savings Bank Deposit Accounts (BSBDAs), overdraft facilities, KCCs and General Credit Card (GCC) accounts and transactions in ICT-BC accounts. The progress made by banks on such parameters under FIPs is given in Table IV.6.

**Table IV.6: Financial Inclusion Plan: A Progress Report**

| Particulars | End-March 2010 | End- March 2018 | End-March 2019* |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Banking Outlets in Villages - Branches | 33,378 | 50,805 | 52,489 |
| Banking Outlets in Villages > 2000-BCs | 8,390 | 100,802 | 130,687 |
| Banking Outlets in Villages < 2000- BCs | 25,784 | 414,515 | 410,442 |
| Total Banking Outlets in Villages – BCs | 34,174 | 515,317 | 541,129 |
| Banking Outlets in Villages- Other Modes | 142 | 3,425 | 3,537 |
| **Banking Outlets in Villages - Total** | **67,694** | **569,547** | 597,155 |
| Urban locations covered through BCs[$] | 447 | 142,959 | 447,170 |
| **BSBDA - Through branches (No. in Million)** | **60** | **247** | 255 |
| **BSBDA - Through branches (Amt. in ₹ Billion)** | **44** | **731** | 878 |
| BSBDA - Through BCs (No. in Million) | 13 | 289 | 319 |
| BSBDA - Through BCs (Amt. in ₹ Billion) | 11 | 391 | 532 |
| BSBDA - Total (No. in Million) | 73 | 536 | 574 |
| BSBDA - Total (Amt. in ₹ Billion) | 55 | 1,121 | 1,410 |
| OD facility availed in BSBDAs (No. in million) | 0.2 | 6 | 6 |
| OD facility availed in BSBDAs (Amt. in ₹ Billion) | 0.1 | 4 | 4 |
| KCC - Total (No. in Million) | 24 | 46 | 49 |
| KCC - Total (Amt. in ₹ Billion) | 1,240 | 6,096 | 6,680 |
| GCC - Total (No. in Million) | 1 | 12 | 12 |
| GCC - Total (Amt. in ₹ Billion) | 35 | 1,498 | 1,745 |
| ICT-A/Cs-BC-Total transactions (Number in million)[#] | 27 | 1,489 | 2,084 |
| ICT-A/Cs-BC-Total Transaction (Amount in ₹ billion)[#] | 7 | 4,292 | 5,884 |

*: Provisional.
[$]: Out of 447,170 outlets, It is reported that 388,868 outlets provide limited services like only remittances or sourcing of loans, *etc*.
[#]: Transactions during the financial year.
**Source:** As reported by banks.

*National Strategy for Financial Inclusion*

IV.19 In order to systematically accelerate the level of financial inclusion in the country in a sustainable manner, the National Strategy for Financial Inclusion has been prepared under the aegis of the FIAC and is based on the inputs and suggestions from the Government of India and other financial sector regulators (Box IV.2).

*Penetration of Banking Services*

IV.20 The Reserve Bank has taken several steps to provide banking facilities in the unbanked villages in the country. The use of information technology (IT) and intermediaries has made it possible to increase outreach, scale and depth of banking services at an affordable cost. SLBC convenor banks were advised that while opening new banking outlets in Unbanked Rural Centres (URCs) in tier 5 and 6 centres, banks should give priority to URCs having population above 5,000 (*i.e.,* tier-5 centres). Further, SLBC convenor banks were advised to consider opening of a CBS enabled banking outlet or a part time banking outlet in the villages with population less than 2,000 that still remain unbanked. To facilitate banks (including SFBs) in opening their outlets, SLBCs were also advised to compile and maintain an updated list of all URCs in the state and review the progress in SLBC meetings. As on September 30, 2018, 6,054 (75.51 per cent)

**Box IV.2**
**National Strategy for Financial Inclusion**

Financial inclusion is increasingly being recognised world over as a key driver of economic growth and poverty alleviation. Access to formal finance can boost job creation, reduce vulnerability to economic shocks and increase investments in human capital. At a macro level, greater financial inclusion can support sustainable and inclusive socio-economic growth for all.

To achieve the above objectives in a co-ordinated and time-bound manner, formulation of a National Strategy for Financial Inclusion (NSFI) is essential. Globally, the adoption of the National Financial Inclusion Strategy (NFIS) has been accelerated significantly in the past decade. As of mid-2018, more than 35 countries, including Brazil, China, Indonesia, Peru and Nigeria have launched an NFIS and another 25 countries are in the process of formulating a strategy. Further, several countries have also updated their original NFIS (World Bank, 2018).

The National Strategy for Financial Inclusion for India 2019-24 has been prepared by the Reserve Bank under the aegis of the Financial Inclusion Advisory Committee (FIAC) and is based on the inputs and suggestions from the Government of India, other financial sector regulators *viz.,* Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA). This document also reflects various outcomes from wide-ranging consultations held with a range of stakeholders and market players, including National Bank for Agriculture and Rural Development (NABARD), National Payments Corporation of India (NPCI), Commercial Banks, Non-Governmental Organisations (NGOs), and Self-Regulatory Organisations (SROs), *etc*.

The document includes an analysis of the status and constraints in financial inclusion in India, specific financial inclusion goals, action plan to reach the goals and the mechanism to measure progress. The strategy envisages to make formal financial services **available, accessible, and affordable** to all the citizens in a **safe and transparent** manner to support **inclusive and resilient** multi-stakeholder led growth. It proposes forward looking recommendations to help achieve universal access to financial services through a bouquet of basic financial services leveraging on the BC Model, access to livelihood and skills development, financial literacy and education, customer protection and grievance redressal with effective co-ordination. While the various initiatives have helped in extending financial services to the hitherto excluded sections of society, the strategy aims to focus on deepening the reach, usage and sustainability of financial inclusion. The document was approved by the Financial Stability and Development Council Sub-Committee on March 14, 2019.

out of 8,018 identified villages across the country having a population of more than 5,000 were provided with banking services. Also, 481,303 (97.85 per cent) out of 491,879 identified villages across the country having a population of less than 2,000 have been provided with banking services (September 30, 2018).

*'Train the Trainers' Programme for Capacity Building of Business Correspondents*

IV.21 To build the capacity and skills of Business Correspondents (BCs), for effectively delivering financial services at the grass-root level, a two-tier 'train the trainers' programme, '*Skill Upgradation for Performance of* Resources – *BCs'* (SUPER-B) was designed by the Department, with the following objectives: (a) to train a group of motivated trainers who will take the responsibility of training their field level functionaries who deal with the BCs; (b) to create a professional BC workforce to cater to the needs of the people beyond the traditional financial products; and (c) to provide a forum to share the best practices on BC framework and possible convergence across the banks and apprise them of the potential opportunities and risks with rapid expansion of BC network.

IV.22 During the first tier of the programme, Members of Faculty from the banks' training establishments and officers from the Regional Offices of the Reserve Bank are sensitised at the CAB, Pune. The second tier of the programme involves a one-day sensitisation workshop for bank branch managers (with special focus on rural bank branches) to be driven by the beneficiaries of the first-tier programme. Finally, the bank managers being trained under this programme are expected to sensitise and handhold the BCs attached to their branches.

*Setting up of National Centre for Financial Education (NCFE)*

IV.23 The NCFE has been set up under Section 8 of the Companies Act, 2013 as per the directions of the Financial Stability and Development Council – Sub Committee (FSDC-SC) with a share capital of ₹1,000 million (shared among RBI, SEBI, IRDAI and PFRDA in the ratio of 30 per cent, 30 per cent, 30 per cent and 10 per cent, respectively). The NCFE continued its focus on promoting financial education across India for all sections of the population under the aegis of the National Strategy for Financial Education for creating financial awareness and empowerment through financial education campaigns across the country in the form of seminars, workshops, conclaves, trainings, programmes, campaigns, *etc.*

## FINANCIAL LITERACY

IV.24 Financial literacy is crucial for imparting efficacy to the financial inclusion initiatives of the Reserve Bank. In this direction, a number of new initiatives were undertaken during 2018-19.

*Impact Assessment of Pilot Project on Centres of Financial Literacy (CFL)*

IV.25 The baseline survey forming part of the impact assessment of the pilot project on CFL has been completed during the year. Some of the observations/ findings of the baseline survey are as under:

a. Many socially and economically marginalised communities have relatively lower exposure to financial literacy initiatives thereby requiring more focused approach to these communities.

b. Out of the various financial education initiatives, one-to-one discussion and group training or awareness generation programme was found to be effective.

c. With regard to the effectiveness of media/channel used for dissemination of messages, television has the highest reach among the targeted rural population owing to its ability to transmit both audio and visual contents and thereby disseminating messages with higher visibility and recall for longer periods.

IV.26 The survey has also suggested that adequate efforts on practical exposure to use of digital financial services and awareness on the grievance redressal mechanism are essential in helping people onboard to use digital financial services. Further, there is a need to periodically review the existing training content and align them with the needs of the community in order to enable better adoption of desirable behaviour.

*Financial Literacy Week 2019*

IV.27 The Financial Literacy Week is an initiative of the Reserve Bank to promote awareness on key topics every year through a focussed campaign. This year, Financial Literacy Week was observed during June 3-7, 2019 on the theme of 'Farmers' and how they benefit by being a part of the formal banking system. To build awareness and disseminate financial literacy messages to the farming community, content in the form of posters/ leaflets and Audio Visuals on *Responsible Borrowing & Agricultural Finance* were prepared. Banks were advised to display the posters and content in their rural bank branches, FLCs, ATMs and websites. Further, the Reserve Bank also undertook a centralised mass media campaign during the month of June 2019 on Doordarshan and All India Radio to disseminate essential financial awareness messages to farmers.

*Train the Trainers Programme for Rural Branch Managers and Financial Literacy Counsellors*

IV.28 To build capacity and skills and sensitise the Counsellors of FLCs and rural bank branch managers for delivering basic financial literacy at the ground level, a two-tier programme on financial literacy was designed. During the first tier of the program, the Chief Literacy Officers (CLO) and Lead Literacy Officers (LLO) of the banks are sensitised every year at CAB, Pune. The second tier of the programme involves training of FLC Counsellors, rural branch managers of the bank and the sponsored RRBs by the LLOs of the banks. The LLOs have been advised to conduct the Tier II program in co-ordination with the regional/staff training centres of banks.

*Financial Literacy Activities Conducted by FLCs*

IV.29 As at end-March 2019, 1,483 FLCs were operational in the country. During 2018-19, 145,427 financial literacy related activities were conducted by the FLCs as compared to 129,280 activities during the preceding year.

### 3. Agenda for 2019-20

IV.30 Going forward, the Reserve Bank would undertake the following measures towards enhancing credit delivery and financial inclusion: (a) the CFL project has been extended to 20 tribal blocks of Rajasthan, Jharkhand and Madhya Pradesh, and will run for a period of two years; (b) the various recommendations made by the Expert Committee on MSME (Chairman: Shri U. K. Sinha) will be examined for implementation; and (c) the Reserve Bank has constituted an Internal Working Group in January 2019 to review agricultural credit (Chairman: Shri M. K. Jain, Deputy Governor). The Working Group is likely to examine the issues of regional disparity in agricultural credit disbursement and arrive at workable solutions and policy initiatives for addressing skewed distribution of credit for agriculture including allied activities and augmentation of capital formation.