IV CREDIT DELIVERY AND FINANCIAL INCLUSION

The Reserve Bank undertook several new initiatives during the year for strengthening credit delivery mechanism and also enhancing financial inclusion. Some of these measures include revised guidelines on priority sector lending, launch of Certified Credit Counsellors (CCCs) Scheme for micro, small and medium enterprises (MSMEs), conduct of survey for assessing the challenges faced by the MSME sector, revamp of Lead Bank Scheme (LBS), implementation of some of the key recommendations of the Committee on Medium-Term Path on Financial Inclusion and also innovative approaches for financial literacy. The work is also underway for the formulation of a National Strategy for Financial Inclusion. In order to ascertain efficacies, the Reserve Bank would undertake the impact assessments of some of the projects under credit delivery and financial inclusion during 2018-19.

IV.1 The Reserve Bank continued its focus on ensuring availability of banking services to all sections of people across the country, and further strengthening the credit delivery system to cater to the needs of all productive sectors of the economy, particularly agriculture, and micro and small enterprises sectors. In order to improve credit delivery and promote financial inclusion, a number of initiatives were taken during 2017-18. Some of these initiatives include revision in guidelines on lending to the priority sectors with an emphasis on enhanced flow of credit to more employment intensive sectors, revamping of the Lead Bank Scheme (LBS) to ensure economic development of districts and also adopting innovative approaches to financial literacy to bring more people under financial inclusion. Further, during the year, some of the key recommendations of the Committee on Medium-Term Path on Financial Inclusion (2015) were implemented including launching of the CCCs scheme in co-ordination with Small Industries Development Bank of India (SIDBI) for MSMEs, Business Correspondent (BC) registry portal and BC certification course. Initiatives were also undertaken to provide fillip to financial literacy such as starting a pilot project on the Centres for Financial Literacy (CFL) and also use of various tools for dissemination of financial awareness messages. The Financial Inclusion and Development Department (FIDD) is the nodal department for the seamless implementation of the Reserve Bank's financial inclusion agenda, and a comprehensive forward looking strategy document on financial inclusion is currently being finalised by the department.

Agenda for 2017-18: Implementation Status

IV.2 As integrity and consistency of data are crucial for framing policy and designing strategies, an Automated Data Extraction Project (ADEPT) which was initiated for extraction of data from banks by the Reserve Bank, is in the final stage of implementation. Similarly, the National Strategy for Financial Inclusion document is being finalised under the aegis of the Financial Inclusion Advisory Committee (FIAC).

IV.3 The Statement on Developmental and Regulatory Policies of the first bi-monthly monetary policy for 2018-19, mentioned that a 'one size fits all' approach for imparting financial education to various target groups is sub-optimal and financial education sought to be delivered to diverse target groups needs to be customised. Towards this objective, FIDD has developed tailored financial literacy content for five target groups (*viz.,* farmers, small entrepreneurs, school children, self-help groups and senior citizens) that can be used by the trainers in financial literacy programmes. The content in the form of five booklets can also be downloaded from the financial education webpage of the Reserve Bank. Financial Literacy Centres (FLCs) of banks have been advised to structure the pedagogy for the mandated target-specific financial literacy camps with the help of the booklets.

CREDIT DELIVERY

Priority Sector

IV.4 The priority sector lending (PSL) mechanism seeks to provide an access to credit for those vulnerable sections of the society, who are often deprived of it due to their perceived lack of credit worthiness. Small value loans to farmers for agriculture and allied activities, micro small and medium enterprises, poor people for housing, students for education, other low income groups and weaker sections are included under the priority sector. Social infrastructure and renewable energy sectors are also covered under the priority sector. The performance of scheduled commercial banks (SCBs) in terms of their achievement on priority sector lending (PSL) targets 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
2017	19,889	7,110	1,238
	(39.5)	(42.5)	(36.4)
2018	20,723	8,046	1,402
	(39.9)	(40.8)	(38.3)

Note: Figures in brackets are percentages to adjusted net bank credit (ANBC) or credit equivalent of off balance sheet exposures (CEOBE), whichever is higher, in the respective groups.

Source: Priority Sector Returns submitted by SCBs.

IV.5 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. In a manner similar to carbon credit trading, PSLCs allow market mechanism to drive the PSL by leveraging the comparative strength of different banks. For instance, a bank with an expertise in lending to small and marginal farmers can exceed targets and derive benefit by selling the over-achieved credit target through PSLCs. Another bank that is better at lending to small enterprises can buy these certificates while selling PSLCs for micro-enterprise loans. The Reserve Bank has provided the banks with a platform to trade the certificates through its core banking solution portal (e-Kuber).

IV.6 The PSLC platform saw active participation from all the eligible entities including Urban Co-operative Banks (UCBs) and Small Finance Banks (SFBs) during 2017-18. As at end-March 2018, total trading volume of PSLCs was ₹1843.3 billion as against of ₹498.0 billion at end-March 2017. Among the four PSLC categories, the highest trading was observed in the case of PSLC-general and PSLC-small and marginal farmer with the transaction volumes being ₹796.72 billion and ₹696.22 billion, respectively.

Review of Priority Sector Guidelines

IV.7 Foreign banks with 20 branches and above were on a five year roadmap (2013-18), following which the sub-targets for lending to small and marginal farmers and micro enterprises were to apply after a review in 2017. Accordingly, after the review, it was decided to harmonise their priority sector targets with domestic banks and make applicable the sub-target of 8 per cent of adjusted net bank credit (ANBC) or credit equivalent amount of off-balance sheet exposure (CEOBE), whichever was higher, for lending to

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
2016-17	6,250	7,998	1,500	1,428	1,250	1,232	9,000	10,658
2017-18 *	7,040	8,772	1,560	1,504	1,400	1,410	10,000	11,685

*: Provisional.
Note: Figures might not add up to the total due to rounding off of numbers.
Source: National Bank for Agriculture and Rural Development (NABARD).

small and marginal farmers and the sub-target of 7.5 per cent of ANBC or CEOBE, whichever was higher, for lending to micro enterprises, effective from 2018-19.

IV.8 Based on the stakeholders' feedback and keeping in view the growing importance of services sector in the economy, it was decided to remove the extant applicable loan limits of ₹50 million and ₹100 million per borrower to micro/small and medium enterprises (services), respectively, for classification under the priority sector. Accordingly, all bank loans to MSMEs, engaged in services as defined in terms of equipment investment under the MSME Development (MSMED) Act, 2006, shall qualify under the priority sector without any credit cap.

IV.9 In order to bring greater convergence of the PSL guidelines for housing loans with the affordable housing scheme definition under *Pradhan Mantri Awas Yojana* and to give a fillip to the low-cost housing for the economically weaker sections and lower income groups, it has been decided to revise the housing loan limits for PSL eligibility from the existing ₹2.8 million to ₹3.5 million in metropolitan centres (with population of ten lakh and above), and from the existing ₹2 million to ₹2.5 million in other centres, provided the overall cost of the dwelling unit in the metropolitan centre and at other centres does not exceed ₹4.5 million and ₹3 million, respectively.

Flow of Credit to Agriculture

IV.10 The Government of India has been fixing the target for agricultural credit every year. During 2017-18, the Government set the target of ₹10,000 billion for agricultural credit. As on March 31, 2018, commercial banks achieved 124.6 per cent of their target whereas co-operative banks and regional rural banks (RRBs) achieved 96.4 per cent and 100.7 per cent, respectively (Table IV.2).The Government has set an agricultural credit target of ₹11,000 billion for 2018-19.

IV.11 The Kisan Credit Card (KCC) scheme aims to provide an adequate and timely institutional credit to farmers with simplified and flexible procedures. The scheme is implemented by SCBs, RRBs and co-operative banks. It comprises both short-term crop loan and term loan components. The progress on 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
2016-17	23.37	3,851.89	498.13
2017-18*	23.53	3,911.34	419.80

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

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*	0.10	11.88	0.48	13.68

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

Relief Measures for Natural Calamities

IV.12 Periodical occurrences of natural calamities take a heavy toll of human lives and also cause wide-spread damage to both properties and standing crops in some parts of the country. The devastation caused by such natural calamities calls for massive rehabilitation efforts by all agencies (including banks). During 2017-18, five states, *viz.,* Andhra Pradesh, Rajasthan, Odisha, Madhya Pradesh and Gujarat, declared natural calamities. A dedicated portal was developed to capture the data on relief measures extended by banks (Table IV.4).

Credit Flow to Micro and Small Enterprises (MSEs)

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).

Certified Credit Counsellors (CCCs) Scheme

IV.14 As announced in the first bi-monthly monetary policy statement for 2016-17 on April 5, 2016, a framework for accreditation of credit counsellors was prepared by the Reserve Bank, and provided to the SIDBI which subsequently launched the CCCs scheme in July 2017. The SIDBI, acting as a registering authority of CCCs, has issued operational guidelines on the scheme (details are available at https://udyamimitra.in/Home/CCC). The CCCs are expected to advise the MSMEs in preparing business proposals, and financial documents/ statements. The CCCs would also share information with MSMEs on suitable credit instruments available in the market. In pursuance of greater awareness, the Reserve Bank has advised banks to sensitise their field level functionaries/dealing officials about the scheme. As on June 30, 2018, 512 credit counselling institutions and 13 certified credit counsellors were registered with the SIDBI.

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
2016-17	23.2	10,701.3	14.3
2017-18	25.9	11,493.5	14.6

Source: Priority Sector Returns submitted by SCBs.

IV.15 The MSME sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades, weathering several challenges. This sector has played a crucial role in not only providing large employment opportunities and increasing exports but also in promoting industrialisation of rural and backward areas, thereby reducing regional socio-economic imbalances. MSMEs are regarded as complementary to large industries, as ancillary units. In view of the limited availability of data for assessing the challenges being faced in the MSME sector, a comprehensive survey was conducted by the Reserve Bank with feedback from 2,355 MSMEs and 1,790 bank branches across states during January-February 2018 to examine (a) whether the flow of credit to MSMEs was conditioned by demand side rather than supply side factors, and (b) how effective the various government schemes were in promoting the MSME sector. Box IV.1 provides an empirical analysis on the survey data in order to analyse

Box IV.1
Access to Formal Finance for MSMEs: Some Assessment

Worldwide, micro and small firms face challenges to access formal finance due to the information asymmetry and high transaction cost involved in the case of small value loans. Despite being an important issue, there are very few attempts (e.g., Eastwood and Kohli 1999, Kohli 1997 and Nikaido *et al.,* 2015) to understand what determines small firms' access to formal finance in the context of India. Based on the Reserve Bank survey data, an attempt is made to determine the major factors which influence the probability of an MSME firm accessing a formal source of finance by deploying a logit model. The dependent variable takes the value of 1 if one of the most important sources of finance as reported by an MSME firm was formal, and 0 otherwise. Two sets of independent variables - firm specific and owner specific - are used. Owner specific variables are age profile, social group, religion, gender and education. Firm specific factors are age of the firm, activity, number of employees, annual turnover, and size of the firm. The results of the logit analysis are presented in Table 1.

The results indicate that if a firm is already in operation for more than 5 years, it is less likely to have formal finance as a major source of financing. This may be due to the life cycle of an MSME firm where capital outlays are mostly required in initial years. This may also suggest lack of scaling up by the MSME firms after they start their operations. Further, as compared to manufacturing, services sector MSME firms have higher probability of having formal funding as an important source. As compared to smaller MSMEs with a turnover of less than ₹10 lakh, larger sized firms were found to have higher probabilities of having formal funding as the most important source. Medium-sized firms are more likely to have formal access to finance relative to micro and small entities.

Regarding owner-specific variables, it was found that older owners have better odds of accessing formal funding as the most important source as compared to owners of younger age. Strikingly, the probability of accessing formal source as the most important source did not vary much with higher achievements in education. Rather, it is found that attending training significantly increases the odds of having a formal source as the major source of funding. This supports that training of entrepreneurs rather than their education level is an important step in increasing the flow of credit to the MSME sector.

Table 1: Empirical Results

Variable/Category		Odds Ratio
Firm age (Base≤5 years)	5-10 years	0.587***
	>10 years	0.775*
Firm activity (Base-Manufacturing)	Service	1.444**
	Both	4.056**
Number of employees (Base<10)	10-20	1.191
	20-50	1.431*
	51-100	1.791
	>100	0.938
Annual turnover (Base<10 lakh)	10-50 lakh	4.369***
	50-100 lakh	6.737***
	100-500 lakh	8.467***
	500-1000 lakh	11.808***
	1000-5000 lakh	15.376***
	>5000 lakh	15.577***
Training attended (Base-No)	Yes	3.131***
Size (Base-Micro)	Small	1.264
	Medium	1.708*
Age (Base 18-25 years)	26-49	2.402**
	50-65	3.624***
	>66	2.493**
Social Group (Base-General)	SC	0.969
	ST	0.474**
	OBC	1.391**
Religion (Base-Hindu)	Christian	0.780
	Muslim	1.957**
	Others	2.147***
Gender (Base-Male)	Female	1.086
Education (Base-Illiterate)	Primary	0.466
	Secondary	1.232*
	High School and Junior College	1.329
	Graduation and above	1.415
LR chi^2 (31) = 705.03	Pseudo R^2 = 0.2508	

***: Significant at 1 per cent; **: Significant at 5 per cent;
*: Significant at 10 per cent.
Source: RBI staff estimates.

References:

1. Eastwood, R., & Kohli, R. (1999), 'Directed credit and investment in small-scale industry in India: Evidence from firm-level data 1965–78', *The Journal of Development Studies*, 35(4), 42-63.
2. Kohli, R. (1997), 'Credit Availability and Small Firms: A Probit Analysis of Panel Data', *Reserve Bank of India Occasional Papers 18, No. 1*. Reserve Bank of India, Mumbai.
3. Nikaido, Y., Pais, J., & Sarma, M. (2015), 'What hinders and what enhances small enterprises' access to formal credit in India?', *Review of Development Finance*, 5(1), 43-52.

the impact of various firm and owner specific attributes on MSMEs' access to formal finance.

FINANCIAL INCLUSION

IV.16 The Reserve Bank continued its efforts towards fulfilling the financial inclusion agenda during the year. In this direction, several new initiatives were undertaken during 2017-18.

Revamping the Lead Bank Scheme (LBS)

IV.17 The LBS was started to ensure economic development of the districts/states by establishing co-ordination between banks and government agencies. In view of changes that have taken place in the financial sector over the years, the Reserve Bank constituted a Committee of Executive Directors of the Bank to study the efficacy of the scheme and suggest measures for its improvement. The Committee's recommendations were discussed with various stakeholders and based on their feedback, it has been decided to bring changes in the scheme which include, *inter alia*, streamlining functioning of the State Level Bankers' Committees (SLBCs) by bifurcating policy and operational issues whereby operational issues would be addressed by specific sub-committees and a steering sub-committee would decide on the primary agenda items for the SLBC; a standardised approach to manage websites of the SLBCs including direct collection of data through respective CBS of all participating banks and a revised agenda for SLBC meetings for more focused reviews on setting up of CBS-enabled banking outlets at the unbanked rural centres (URCs); operations of BCs; digital modes of payments including connectivity; Direct Benefit Transfer (DBT); financial literacy initiatives; digitisation of land records; and discussion on improving rural infrastructure/credit absorption capacity.

Small Finance Banks (SFBs) under the Lead Bank Scheme

IV.18 SFBs are required to participate in their respective locations, in various fora under the LBS, *i.e.,* SLBC, District Consultative Committee (DCC)/ District Level Review Committee (DLRC) and Block Level Bankers' Committee (BLBC) as regular members from 2018-19 and also be part of the credit planning exercise.

Assignment of Lead Bank Responsibility

IV.19 Under the LBS, one bank in each district is assigned the leadership role and acts as a consortium leader to coordinate 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 designated banks in every district is done by the Reserve Bank. As of June 2018, 20 public sector banks and one private sector bank have been assigned lead bank responsibility in 714 districts across the country.

Committee on Medium-Term Path on Financial Inclusion

IV.20 The Committee on Medium-Term Path on Financial Inclusion (Chairman: Shri Deepak Mohanty, Executive Director), 2015 sought to propel the economy to a medium-term sustainable inclusion path. Drawing upon the recommendations of the Committee, the Reserve Bank focused on strengthening the mechanism for effective credit delivery to the productive sectors of the economy. Some of the major recommendations that were implemented during 2017-18 include the following: (a) BC registry portal has since been launched to enable domestic SCBs, excluding RRBs, to upload data pertaining to BCs deployed by them. Subsequently, on stabilisation of the database, facility of using BC tracker for public shall be made available; (b) a basic certification course for BCs has commenced. The translation of the syllabus into different languages is also under process; and (c) The CCC scheme for MSMEs which could help bridge the information gap, and thereby help banks to make better credit decisions was launched during 2017-18.

Financial Inclusion Plans (FIPs)

IV.21 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 parameters such as the number of outlets (branches and BCs), Basic Savings Bank Deposit Accounts (BSBDAs), overdraft facilities availed in those accounts, transactions in Kisan Credit Cards (KCCs) and General Credit Card (GCC) accounts and transactions through the Business Correspondent-Information and Communication Technology (BC-ICT) channel. The progress made on these parameters as reported by banks as at end-March 2018 is set out in Table IV.6.

Penetration of Banking Services

IV.22 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 affordable cost. Upon issuance of revised guidelines on branch authorisation policy on May 18, 2017 clarifying on 'banking outlet', SLBC convenor banks were advised to consider opening of a CBS enabled banking outlet or a part time banking outlet in the

Table IV.6: Financial Inclusion Plan (FIP): a Progress Report

Particulars	End-March 2010	End-March 2017	End-March 2018**
1	2	3	4
Banking Outlets in Villages – Branches	33,378	50,860	50,805
Banking Outlets in Villages>2000-BCs	8,390	1,05,402	1,00,802
Banking Outlets in Villages<2000- BCs	25,784	4,38,070	4,14,515
Total Banking Outlets in Villages – BCs	34,174	5,43,472	5,15,317
Banking Outlets in Villages – Other Modes	142	3,761	3,425
Banking Outlets in Villages –Total	**67,694**	**5,98,093**	**5,69,547**
Urban locations covered through BCs	447	1,02,865	1,42,959
BSBDA - Through branches (No. in Million)	60	254	247
BSBDA - Through branches (Amt. in ₹ Billion)	44	691	731
BSBDA - Through BCs (No. in Million)	13	280	289
BSBDA - Through BCs (Amt. in ₹ Billion)	11	285	391
BSBDA - Total (No. in Million)	**73**	**533**	**536**
BSBDA - Total (Amt. in ₹ Billion)	**55**	**977**	**1,121**
OD facility availed in BSBDAs (No. in million)	0.2	9	6
OD facility availed in BSBDAs (Amt. in ₹ Billion)	0.1	17	4
KCC - Total (No. in Million)	24	46	46
KCC - Total (Amt. in ₹ Billion)	1,240	5,805	6,096
GCC - Total (No. in Million)	1	13	12
GCC - Total (Amt. in ₹ Billion)	35	2,117	1,498
ICT-A/Cs-BC-Total Transactions (Number in million)	27	1,159	1,489
ICT-A/Cs-BC-Total Transactions (Amt. in ₹ billion)	7	2,652	4,292

**: Provisional.
Source: As reported by banks.

villages with population less than 2000 that still remain unbanked.

IV.23 The guidelines on Branch Authorisation Policy mandate banks to open at least 25 per cent of the total number of banking outlets opened during a financial year in Unbanked Rural Centres (URCs) (*i.e.*, tier 5 & tier 6 centres). SLBC convenor banks were advised that while opening new banking outlets in URCs, banks should give priority to URCs having population above 5000 (*i.e.,* tier 5 centres). To facilitate banks in doing so, SLBCs were also advised to compile and maintain an updated list of all URCs in the state and review the progress in SLBC meetings.

National Strategy for Financial Inclusion

IV.24 In order to systematically accelerate the level of financial inclusion in the country in a sustainable manner, the National Strategy for Financial Inclusion document is being finalised under the aegis of the FIAC to take forward the momentum generated by the Reserve Bank's financial inclusion policies, the government's *Jan Dhan* programme and the emerging advancements in the field of digital technology.

IV.25 Apart from an overview of the progress made so far in bringing financial inclusion to the hitherto unserved and underserved sections of the population, the document would also provide a critique on the key issues and challenges that hamper financial inclusion in the country. Based on a cross-country analysis, the document would provide a vision and mission for ensuring sustainable financial inclusion in the country, through provision of easy to use, affordable and appropriate financial services to the entire population.

IV.26 With an increased understanding of the inter-linkages among financial inclusion, financial literacy and consumer protection framework, the following strategy pillars have been identified in the document: (a) developing adequate physical and digital infrastructure in the country through providing necessary access points and connectivity; (b) designing suitable regulatory framework that balances innovation and risks in the financial sector to enable financial service providers to come up with innovative ways to ensure universal access to financial services; (c) focus on increasing financial awareness among various target groups in order to enable prospective customers and new customers to make suitable choices; (d) putting in place structures for a robust grievance redressal mechanism to protect the customers' rights and have a timely redressal of their grievances; (e) designing of appropriate scientific assessment tools to granularly measure the extent and issues in financial inclusion; and (f) fostering an effective co-ordination mechanism among all the relevant stakeholders.

FINANCIAL LITERACY

IV.27 Financial literacy is crucial for imparting efficacy to financial inclusion initiatives of the Reserve Bank. In this direction, a number of new initiatives were undertaken during 2017-18.

Innovative Approaches on Financial Literacy

IV.28 In order to explore innovative and participatory approaches to financial literacy, a block level CFL project was initiated in 2017 by the Reserve Bank across 80 blocks in 9 states. The project is currently being implemented by 6 NGOs in collaboration with 10 sponsor banks. Some of the best practices and innovative methods adopted by the NGOs in the execution of the project are highlighted in Box IV.2.

IV.29 In order to improve the effectiveness of financial literacy camps, FLCs and rural branches

Box IV.2
Pilot Project on Centres of Financial Literacy (CFL)

A hub-and-spoke approach to strengthen the financial capabilities of communities has been adopted wherein CFL function as a hub for training and learning, creating trained human resources from communities within the block. Subsequently, these trained human resources drive outreach in their respective communities as spokes.

NGOs work with low income communities to build their financial capabilities. The trainers and community financial health workers engage with the community and deliver financial education. *Anganwadi* teachers, *Asha* workers and self-help group leaders who demonstrate good communication skills are recruited from amongst the community. Peer learning and participatory learning methods are among the key components of the pedagogy.

A mass awareness campaign is initially conducted targeting 100 people in a village. Subsequently, interested participants are divided into batches of 25 and focused 3 day training programmes are conducted for these participants for about 3-4 hours per day. This reinforcement helps the participants build knowledge and skill to choose appropriate financial products and services.

As a first step, influencers, *viz*., members of SHGs, farmers federations, *panchayati raj* institutions and health workers are identified and named as “Change Agents - CAs”. They are then nurtured and equipped with knowledge, and ways of behaviour change, through a series of multiple and repeated literacy sessions.

A suitably designed digitally equipped vehicle is being utilised to reach out to ensure that both illiterate people and people in far-flung areas are targeted. This Digital Financial Literacy Vehicle contains financial literacy material, audio/video (power point, demo equipment, *etc.*) and is managed by a block counselor.

of banks were advised to use hand-held projectors to show audio-visuals and posters on financial awareness messages. Reimbursement for hand held projectors and speakers is provided from the Financial Inclusion Fund (FIF) to the extent of 50 per cent of the cost incurred, subject to a maximum of ₹5,000 per rural branch/FLC.

IV.30 The National Centre for Financial Education (NCFE) supported by the financial sector regulators has prepared audio visuals on the financial awareness messages provided by the Reserve Bank such as (a) address proof declaration under KYC norms, (b) use of BCs, (c) electronic payment systems (NEFT/RTGS), (d) not falling prey to fictitious emails/calls and ponzi schemes, (e) process of using the unified payment interface through BHIM, and (f) various ways of going digital and cashless. FLCs and rural branches of banks were advised to use the audio-visuals while conducting financial literacy camps.

RBI-OECD Global Symposium on Financial Education

IV.31 The Reserve Bank, in collaboration with the Organisation for Economic Co-operation and Development (OECD), organised the RBI-OECD high level global symposium on financial education during November 8-9, 2017 in New Delhi. The symposium stimulated ideas, discussions and solutions around implementing effective financial literacy policies in a changing financial landscape and focused on financial literacy in the digital age. Two hundred and forty high-level delegates from 40 countries participated in the two-day event, including officials and experts from the OECD International Network on Financial Education (OECD/INFE), ministries of finance and education, central banks, regulatory and supervisory authorities, international organisations, academia, private sector and NGOs. The key takeaways from the conference were as follows: (a) countries have initiated evaluation of programmes in their national strategies and their outcomes; (b) digital financial services make it easy for consumers to access credit but consumers might not comprehend the impact that repayment obligations would have on their finances; (c) the increase in digital delivery of financial services is also creating new pockets of financial and social exclusion such as many elderly and digitally illiterate persons; (d) digital tools represent an opportunity to develop more engaging financial education, in particular for young audiences; (e) evidence on the level of financial literacy of the population is a key building block for developing effective and tailored policies and practices; and (f) countries recognise the need to encourage the use of professional advice and of work place initiatives to support new and existing investors.

Financial Literacy Week 2018

IV.32 In order to create awareness at a large scale on key topics every year, the Reserve Bank had decided to observe one week in a year as 'Financial Literacy Week' starting from 2017. This year, financial literacy week was observed during June 4-8, 2018 with the theme of "Consumer Protection". The week focussed on four consumer protection messages, *viz*., 'Know your Liability for Unauthorised Electronic Banking Transactions', 'Banking Ombudsman', 'Good Practices for a Safe Digital Banking Experience' and 'Risk *versus* Return'. The activities during the week involved display of financial literacy material in bank branches, ATM, bank websites and conduct of camps by the FLCs.

IV.33 As at end-March 2018, 1,395 FLCs were operational in the country. During the year ended March 2018, 1,29,280 financial literacy related activities were conducted by the FLCs as against 96,315 activities during the preceding year.

Agenda for 2018-19

IV.34 Going forward, in order to ascertain efficacies, the Reserve Bank would undertake the following steps on credit delivery and financial inclusion: (a) preparation of a framework for credit delivery to tenant farmers; (b) integration of FIP data with ADEPT to enable automated and timely extraction from CBS of banks; (c) impact assessment of pilot CFL project by an independent agency and (d) strengthening of BC Model by capacity building of BCs through the "Train the Trainers" programme.