GENERAL AGREEMENT FOR GRANT ASSISTANCE

(to be stamped as an agreement as per the rates prescribed by the local revenue authority)

THIS GENERAL AGREEMENT FOR GRANT ASSISTANCE executed at .................. on .................. day of Two thousand AND .................

BETWEEN

National Bank for Agriculture and Rural Development, a Statutory Corporation established under the National Bank for Agriculture and Rural Development Act, 1981 and having its Head Office at Plot No. C-24, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051, AND ONE OF ITS Regional Offices at .................................................. represented by its............................... Shri ..................................................... hereinafter referred to as “NABARD” (which expression shall, unless repugnant to the context or meaning thereof, includes its successors and assigns) OF THE

FIRST PART

AND

.........................................................., a Banking Company/Regional Rural Bank/Co-operative Bank / ......................... incorporated/established/Registered under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/ State Bank of India Act, 1955/ The State Bank of India (Subsidiary Banks) Act, 1956/Regional Rural Banks Act, 1976/The Companies Act, 1956/ ............. State Cooperative Societies Act, ............... and having its registered office/Head Office at ................. hereinafter referred to as “..................(Name of Bank etc.)” (which expression shall, unless repugnant to the context or meaning, includes its successors and assigns) OF THE

SECOND PART

NABARD and ------ (Name of Bank) shall hereinafter, where the context permits, be referred to individually as “Party” and collectively as “Parties”.
WHEREAS

1. Government of India (GoI) in the year 2007 – 2008 had announced and created Financial Inclusion Fund (FIF) and financial Inclusion Technology Fund (FITF) with a corpus of Rs. 500 crore each with funding from GoI, Reserve Bank of India (RBI) and NABARD in ratio of 40:40:20 with a view to securing greater financial inclusion.

2. In the year 2015-2016 Government of India has merged Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) into a single Fund “Financial Inclusion Fund” with an overall corpus of Rs. 2000 crore created with “interest differential” in excess of 0.5% on Rural Infrastructure Development Fund (RIDF) and Short Term Cooperative Rural Credit (STCRC) deposits on account of shortfall in priority sector lending kept with NABARD by banks. The new FIF created with objectives to support “developmental and promotional activities” including creating of FI infrastructure across the country, capacity building of stakeholders, creation of awareness to address demand side issue, enhanced investment in Green information and Communication Technology (ICT) Solution, research and transfer of technology, increased technological absorption capacity of financial service provider /user with a view to securing greater financial inclusion. (hereinafter referred to as “financial inclusion programme”).

3. Pursuant thereto, the Financial Inclusion Fund is established in NABARD, inter-alia, to provide financial assistance to eligible institutions engaged in financial inclusion programme as prescribed under the Financial Inclusion Fund Guidelines (hereinafter referred to as “guidelines”) for implementation of Financial Inclusion programme. Copy of the guidelines is annexed herewith as “Annexure I” and shall be read as part and parcel of this Agreement.

4. (Name of Bank etc.) having extensive experience and expertise in the matter of conceptualization and implementation of Financial Inclusion Programme approached NABARD with a request to sanction to it grant assistance for implementing financial inclusion programme on the terms and conditions to be mutually agreed upon.
5. NABARD is agreeable to sanction to [Name of Bank etc.] grant assistance for the aforesaid financial inclusion programme on the terms and conditions hereinafter appearing together with the terms and conditions as mentioned in the sanction letter(s) to be issued by NABARD from time to time.

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. NABARD may, in its absolute discretion but without any obligation on its part so to do, sanction / sanctioned financial assistance to …………….(Name of Bank)…………… by way of grant for implementation of Financial Inclusion programme within the overall framework mentioned in the guidelines. The said guidelines shall be observed and followed by both the parties subject to such modifications or amendments as may be made by NABARD in consultation with the Advisory Board, an apex level policy making body under FIF.

2. The financial assistance by way of grant shall be released in instalments as per requirement subject to the progress of work in proportion of the grant assistance utilized by [Name of Bank etc.]. The schedule of instalment/disbursement to be stipulated by NABARD in its respective letter/s of sanction (hereinafter referred as “the said letter/s of sanction”). NABARD shall reserve its right to vary the said schedule of instalment/disbursement from time to time.

3. ROLE OF [Name of Bank etc.],

   (i) [Name of Bank etc.]

   (ii) [Name of Bank etc.], further agrees/undertakes: -

   a) to carry out each and every condition contained in the application submitted/shall be submitted by [Name of Bank etc.] for availing the grant assistance.
b) that the grant assistance made by NABARD shall be utilized for the purposes and in the manner set forth in its application read with sanction letter/s issued by NABARD from time to time and for no other purpose.

c) to be bound by the terms and conditions of this General Agreement for Grant Assistance in toto and other special terms and conditions as mentioned in the particular/specific sanction letter issued by NABARD, from time to time.

d) to execute / cause to execute such documents as required by NABARD to carry out its obligations under this General Agreement for Grant Assistance and sanction letter(s) issued by NABARD from time to time.

e) to enter into an agreement with agency/institution through whom it is implementing the project and such agreement shall contain the following:

e.i. to furnish to NABARD all such information as NABARD may require from such agency/institution as well as from [Name of Bank etc.] from time to time and also submitting necessary financial data and/or statements as required by NABARD.

e.ii. to allow NABARD to verify /inspect such agency/institution’s as well as the [Name of Bank etc.] books of accounts, vouchers, papers, documents, etc. and any other financial document/s pertaining to the project.

e.iii. it would endeavor to follow principles of sustainable development to prevent negative impact on environment and society keeping in view the norms and regulations stipulated by Government of India or its representatives from time to time.

e.iv. The ------ (Name of the Bank) agrees that it would endeavor to enhance women’s participation and thereby reduce gender disparities and also endeavor to promote awareness and
knowledge among its staff and sensitize them to gender issues relating to its business and functioning.

4. In the event of any misutilisation of funds or utilisation of funds for the purposes not specified in the sanction letter/s of NABARD, NABARD shall reserve the right to suspend disbursements of grant assistance and demand refund of amount so misutilised from the (name of the bank).

5. (Name of Bank etc.) agrees to provide all assistance and cooperation to take up jointly with NABARD for monitoring of the projects. The monitoring of projects could be every quarter or at periodicity as may be mutually agreed by NABARD and (Name of Bank etc.).

6. Notwithstanding anything contained in this General Agreement for Grant Assistance, it is expressly agreed by and between the parties hereto that NABARD shall have full right to terminate the contract forthwith if (Name of Bank etc.) commits breach of any of the terms and conditions of this General Agreement for Grant Assistance and sanction letter/s issued by NABARD from time to time.

7. The decision of NABARD that (Name of Bank etc.) has committed breach of any of the terms and conditions of this General Agreement for Grant Assistance and sanction letter/s issued by NABARD from time to time shall be conclusive, final and binding on (Name of Bank etc.)/any other agency or institution participating in the programme and they shall not question the same in any court, tribunal etc.

8. The account of (Name of Bank etc.) will be got audited by an outside Auditor annually and the Audit report will be presented to NABARD within …… month/s of the close of books in March.

9. The rights and interests of (Name of Bank etc.) hereto shall not be transferred or assigned without the prior consent in writing of NABARD and any transfer or assignment without the consent of NABARD is not binding on it.

10. The data, processes and systems of the Financial Inclusion Programme shall remain the exclusive property of NABARD and shall
not be shared / divulged in any form by (Name of Bank etc.) or the agency/institution unless specifically permitted in writing by NABARD.

11. The --------- (Name of the Bank) shall pay all dues, charges, penalties and taxes as may be levied from time to time by any Government Authority or in accordance with the Applicable Law pertaining to or in respect of the Grant and Grant related transactions.

12. The grant assistance shall not be utilized for any illegal, unlawful or immoral purposes or activities at any time.

13. The --------- (Name of the Bank) shall indemnify NABARD against all claims in respect of intellectual property rights, or other protected rights in respect of innovations used for or any other material in connection with the works or temporary works and from against all claims, demand, proceedings, damages, costs, charges and expenses whatsoever in respect thereof from Third Party or in relation thereto in the implementation of the project sanctioned. The --------- (Name of the Bank) shall defend all actions arising from such claims, before any court/tribunal/authority for such infringement and receive NABARD’s permission to proceed, and shall itself pay all royalties, damages, costs and charges of all and every sort that may be legally incurred in respect thereof. The ------ (Name of the Bank) shall also indemnify NABARD against damages, loss or other claims caused due to the negligence, omission or commission, of its employees, contractors or agent.

14. NABARD shall not be held liable for any financial, non-financial commitments or any other commitments made by the --------- (Name of the Bank) to third parties which are not approved by NABARD or which do not form a part of the project / programme.

15. NABARD may form an internal or external committee for reviewing the performance of the project and/or ------ (Name of the Bank) and reserves the right to suspend or terminate the funding under this Agreement, in case of irregularities or unsatisfactory performance. The --------- (Name of the Bank) shall extend necessary co-operation
and make available records / documents as required by the monitoring team.

16. **Applicable Law and Jurisdiction**
    
    This Agreement shall be governed by, and construed in accordance with the laws of India. This Agreement shall be subject to the exclusive jurisdiction of the Courts in Mumbai.

17. The general terms and conditions contained in this General Agreement for Grant Assistance shall be in addition to the terms and conditions to be specified by NABARD in the letter/s of sanction.

18. Any notice required to be given under this General Agreement for Grant Assistance shall be served on the party at their respective addresses given below by hand delivery or by registered post.

NABARD

………………………………
………………………………
………………………………
………………………………
………………………………

(Name of Bank etc.)

………………………………
………………………………
………………………………

19. **AMENDMENTS**

    No amendment, supplement, modification or clarification to this Agreement shall be valid or binding unless set forth in writing and duly executed by NABARD and ----- (Name of the Bank).

20. **SEVERABILITY**

    Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the
extent of prohibition or unenforceability but shall not invalidate the remaining provisions of this Agreement or affect such provision in any other jurisdiction.

21. **SURVIVAL**

This Agreement shall be in force until all the dues payable under the Agreement have been fully and irrevocably paid in accordance with the terms and provisions hereof.

22. **TERMINATION**

(a) This Agreement may be terminated by one Party after giving a ONE month’s notice to the other Party.

(b) NABARD shall have the right to terminate this Agreement and / or recall the Grant amount and other charges or any part of the same, with immediate effect, in the event the --------- (Name of the Bank) commits a breach or default of terms and conditions of sanction. The ----- (Name of the Bank) shall be deemed to have committed an act of default on the happening of inter-alia, any one or more of the following events:

(i) The ----- (Name of the Bank) commits breach or default of any of the terms and conditions and / or covenants herein or any misrepresentation to NABARD; or

(ii) The ----- (Name of the Bank) fails to furnish any information or documents that may be required by NABARD; or

(iii) The ------ (Name of the Bank) is utilizing the Grant or any part thereof for a purpose other than the purpose for which the Grant has been sanctioned; or

(iv) If the ------ (Name of the Bank) commits an act of insolvency or makes an application for declaring itself an insolvent or an
order is passed against the ------ (Name of the Bank) declaring it as insolvent; or

(v) There exists any other circumstance, which, in the sole opinion of NABARD, jeopardizes NABARD’s interests.

The parties hereto have caused this General Agreement for Grant Assistance and a duplicate hereof to be signed on their respective behalf by their duly authorised officials on the date and place first herein above mentioned.

SIGNED AND DELIVERED for and on behalf of NABARD by the hand of its duly authorized official

Shri ........................................

this ............ day of ............ 20...

In the presence of :-

1) ................................................

2) SIGNED AND DELIVERED for and on behalf of (Name of Bank etc.) by the hand of its duly authorized official

Shri ........................................

this ........ day of ............ 20...

In the presence of: -

1) ................................................

2) ................................................
FINANCIAL INCLUSION FUND - GUIDELINES

1. Constitution of the Fund

1.1 After the completion of the initial five years, it has now been decided to merge both
the Financial Inclusion Fund & Financial Inclusion Technology Fund into a single Fund viz.
Financial Inclusion Fund (FIF).

1.2 The overall corpus of the new FIF will be Rs. 2000 crore - Contribution to FIF would be
from the "interest differential" in excess of 0.5% on RIDF and STCRC deposits on account of
shortfall in priority sector lending (as notified by RBI from time to time) kept with NABARD by
banks.

1.3 All the assets and liabilities of the erstwhile FITF as well as prior commitments from
FITF for projects already sanctioned, which falls within the scope of the erstwhile funds, will
be transferred to/reimbursed from FIF.

1.4 The Fund shall be in operation for another three years or till such period as may be
decided by RBI and Government of India in consultation with other stakeholders.

2. Objective of FIF

The objectives of the FIF shall be to support "developmental and promotional activities"
including creating of FI infrastructure across the country, capacity building of stakeholders,
creation of awareness to address demand side issues, enhanced investment in Green
Information and Communication Technology (ICT) solution, research and transfer of
technology, increased technological absorption capacity of financial service providers/users
with a view to securing greater financial inclusion. The fund shall not be utilized for normal
business/banking activities.

2.1 RBI has always advocated the policy of considering financial inclusion as a business
proposition. It has, therefore, encouraged banks to see cost involved in the FI effort as a long
term investment which would help banks in broadening its base for future business
expansion. At the same time RBI has also realized the need for intervention from the
regulatory and government side which would help creating an eco-system that would support
banks investment in this area. It is with this objective in mind that the creation and
continuation of the Financial Inclusion Fund is justified.

2.2 Based on the policy announcements of RBI, banks have in a big way adopted the ICT-
BL model as a mode for expanding banking operations in the unbanked areas. While the ICT-
BC model is a low cost business model in comparison with the traditional model i.e. the brick
& mortar model for providing banking services, there is still a significant investment required
to be done for further facilitating investments from banks and other financial institutions.

2.3 During the past five years banks have invested heavily in creating an infrastructure,
which has resulted in a large number of business correspondents being appointed for
expanding banking in the unbanked areas and a large number of basic bank accounts being
opened for first time customers of banks. However, these accounts are yet to see any
significant transactions happening and banks have also not started making any significant
profits from the investments. This has led to many instances of attritions of BCs citing lack of
business opportunities and sufficient income. Some of the issues that are hampering scaling
up of the BC model include infrastructure issues like lack of proper connectivity, lack of
training facilities for BCs, evolution of an appropriate business model, etc. The objective of
the new FIF should be towards addressing these key concerns which would help scaling of our
FI efforts.

2.4 All these have led to the reasons for a fresh thinking on the nature of, activities that
needs to be funded out of the Financial Inclusion Fund.

3. Eligible Activities/Purposes

3.1 Support for funding the setting up and operational cost for running Financial Inclusion
& Literacy centers. The setting up of such centers are in sync with the objective of GoI for
setting up Financial Literacy centers up to the block level under the PMJDY. The cost of
technical manpower employed by banks for running the Financial Inclusion & Literacy centres
(as banks have manpower shortages) will be funded from the fund. The scope of activities to
be carried out by these centers would be as follows:-

a. Providing financial literacy training to all individuals/households of the area
b. Providing counseling services for opening of bank accounts and for operating banking
and other financial products and services.
c. Providing training to BCs about various banking and other financial products and services
and also for training them in use of technological devices so as to ensure smooth
servicing of customers.
d. Redressal of customer grievances by attending to customer complaints, if necessary,
by taking up with banks and other institutions.

3.2 Setting up of Standard Interactive Financial Literacy Kiosks in Gram Panchayats and
any other financial literacy efforts undertaken by banks in excluded areas.

3.3 Support to NABARD & Banks for running of Business & skill Development centers
including R-SETIs (to the extent not provided by state Governments) which will help in
imparting skill sets necessary for undertaking income generating activities and for providing
forward linkages for marketing activities. Grant will be in the form of one time capital cost
and working capital for undertaking skill development activities for a maximum period of 3
years. NABARD and Banks will have the discretion to enter into partnerships with other
entities like corporates, NGOs, etc. involved in the running of such Centers, however, proposal
for seeking funding support from the FIF will be entertained only from Banks or NABARD

3.4 Support to pilot projects for development of innovative products, processes and
prototypes, for financial inclusion. Proposals for such products and prototypes will have to be
submitted through any of the implementing banks.

3.5 Financial assistance to authorized agencies for conduct of surveys for evaluating the
progress under financial inclusion

3.6 Sharing the cost of Government projects in connection with laying of last mile fibre optic
network, funding of other technological or infrastructure related projects involved in
improving or creating network connectivity, etc; in excluded areas.
4 Eligible Institutions

4.1 Financial Institutions, viz., commercial Bank, Regional Rural Bank, cooperative Banks and NABARD.

4.2 Eligible institutions with whom banks can work for seeking support from the FIF:-

- NGOs
- SHGs
- Farmer’s Clubs -
- Functional Cooperatives
- I.T. enabled rural outlets of corporate entities.
- Well functioning Panchayats
- Rural Multipurpose kiosks / Village Knowledge Centers
- Common Services Centres (CSCs) established by Service Centre Agencies (SCAs) under the National e-Governance Plan (NeGP).
- Primary Agricultural Societies (PACs).
GENERAL AGREEMENT FOR GRANT ASSISTANCE

(to be stamped as an agreement as per the rates prescribed by the local revenue authority)

THIS GENERAL AGREEMENT FOR GRANT ASSISTANCE executed at .................. on ................... day of Two thousand AND .................

BETWEEN

National Bank for Agriculture and Rural Development, a Statutory Corporation established under the National Bank for Agriculture and Rural Development Act, 1981 and having its Head Office at Plot No. C-24, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051, AND ONE OF ITS Regional Offices at .................................................. represented by its..................................... Shri ............................................................... hereinafter referred to as “NABARD” (which expression shall, unless repugnant to the context or meaning thereof, includes its successors and assigns) OF THE FIRST PART

AND

......................................................................................, a Banking Company/Regional Rural Bank/Co-operative Bank / ....................... incorporated/established/Registered under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/ State Bank of India Act, 1955/ The State Bank of India (Subsidiary Banks) Act, 1956/Regional Rural Banks Act, 1976/The Companies Act, 1956/................. State Cooperative Societies Act, ............... and having its registered office/Head Office at ........................................... hereinafter referred to as “...............[Name of Bank etc.]” (which expression shall, unless repugnant to the context or meaning, includes its successors and assigns) OF THE SECOND PART

NABARD and ........... (Name of Bank) shall hereinafter, where the context permits, be referred to individually as “Party” and collectively as “Parties”. 
WHEREAS

1. Government of India (GoI) in the year 2007 – 2008 had announced and created Financial Inclusion Fund (FIF) and financial Inclusion Technology Fund (FITF) with a corpus of Rs. 500 crore each with funding from GoI, Reserve Bank of India (RBI) and NABARD in ratio of 40:40:20 with a view to securing greater financial inclusion.

2. In the year 2015-2016 Government of India has merged Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) into a single Fund “Financial Inclusion Fund” with an overall corpus of Rs. 2000 crore created with “interest differential” in excess of 0.5% on Rural Infrastructure Development Fund (RIDF) and Short Term Cooperative Rural Credit (STCRC) deposits on account of shortfall in priority sector lending kept with NABARD by banks. The new FIF created with objectives to support “developmental and promotional activities” including creating of FI infrastructure across the country, capacity building of stakeholders, creation of awareness to address demand side issue, enhanced investment in Green information and Communication Technology (ICT) Solution, research and transfer of technology, increased technological absorption capacity of financial service provider /user with a view to securing greater financial inclusion. (hereinafter referred to as “financial inclusion programme”).

3. Pursuant thereto, the Financial Inclusion Fund is established in NABARD, inter-alia, to provide financial assistance to eligible institutions engaged in financial inclusion programme as prescribed under the Financial Inclusion Fund Guidelines (hereinafter referred to as “guidelines”) for implementation of Financial Inclusion programme. Copy of the guidelines is annexed herewith as “Annexure I” and shall be read as part and parcel of this Agreement.

4. [Name of Bank etc.] having extensive experience and expertise in the matter of conceptualization and implementation of Financial Inclusion Programme approached NABARD with a request to sanction to it grant assistance for implementing financial inclusion programme on the terms and conditions to be mutually agreed upon.
5. NABARD is agreeable to sanction to (Name of Bank etc.) grant assistance for the aforesaid financial inclusion programme on the terms and conditions hereinafter appearing together with the terms and conditions as mentioned in the sanction letter(s) to be issued by NABARD from time to time.

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. NABARD may, in its absolute discretion but without any obligation on its part so to do, sanction / sanctioned financial assistance to ...................(Name of Bank)................. by way of grant for implementation of Financial Inclusion programme within the overall framework mentioned in the guidelines. The said guidelines shall be observed and followed by both the parties subject to such modifications or amendments as may be made by NABARD in consultation with the Advisory Board, an apex level policy making body under FIF.

2. The financial assistance by way of grant shall be released in instalments as per requirement subject to the progress of work in proportion of the grant assistance utilized by (Name of Bank etc.). The schedule of instalment/disbursement to be stipulated by NABARD in its respective letter/s of sanction (hereinafter referred as “the said letter/s of sanction”). NABARD shall reserve its right to vary the said schedule of instalment/disbursement from time to time.

3. ROLE OF (Name of Bank etc.),

   (i) (Name of Bank etc.)’s application shall constitute the basis of this General Agreement to provide grant assistance by NABARD and (Name of Bank etc.), hereby confirms the correctness of each and every statement and particulars therein set forth.

   (ii) (Name of Bank etc.), further agrees/undertakes: -

   a) to carry out each and every condition contained in the application submitted/shall be submitted by (Name of Bank etc.), for availing the grant assistance.
b) that the grant assistance made by NABARD shall be utilized for the purposes and in the manner set forth in its application read with sanction letter/s issued by NABARD from time to time and for no other purpose.

c) to be bound by the terms and conditions of this General Agreement for Grant Assistance in toto and other special terms and conditions as mentioned in the particular/specific sanction letter issued by NABARD, from time to time.

d) to execute / cause to execute such documents as required by NABARD to carry out its obligations under this General Agreement for Grant Assistance and sanction letter(s) issued by NABARD from time to time.

e) to enter into an agreement with agency/institution through whom it is implementing the project and such agreement shall contain the following:

   e.i. to furnish to NABARD all such information as NABARD may require from such agency/institution as well as from (Name of Bank etc.) from time to time and also submitting necessary financial data and/or statements as required by NABARD.

   e.ii. to allow NABARD to verify /inspect such agency/institution’s as well as the (Name of Bank etc.) books of accounts, vouchers, papers, documents, etc. and any other financial document/s pertaining to the project.

   e.iii. it would endeavor to follow principles of sustainable development to prevent negative impact on environment and society keeping in view the norms and regulations stipulated by Government of India or its representatives from time to time.

   e.iv. The ------ (Name of the Bank) agrees that it would endeavor to enhance women’s participation and thereby reduce gender disparities and also endeavor to promote awareness and
knowledge among its staff and sensitize them to gender issues relating to its business and functioning.

4. In the event of any misutilisation of funds or utilisation of funds for the purposes not specified in the sanction letter/s of NABARD, NABARD shall reserve the right to suspend disbursements of grant assistance and demand refund of amount so misutilised from the (name of the bank).

5. [Name of Bank etc.] agrees to provide all assistance and cooperation to take up jointly with NABARD for monitoring of the projects. The monitoring of projects could be every quarter or at periodicity as may be mutually agreed by NABARD and [Name of Bank etc.].

6. Notwithstanding anything contained in this General Agreement for Grant Assistance, it is expressly agreed by and between the parties hereto that NABARD shall have full right to terminate the contract forthwith if [Name of Bank etc.] commits breach of any of the terms and conditions of this General Agreement for Grant Assistance and sanction letter/s issued by NABARD from time to time.

7. The decision of NABARD that [Name of Bank etc.] has committed breach of any of the terms and conditions of this General Agreement for Grant Assistance and sanction letter/s issued by NABARD from time to time shall be conclusive, final and binding on [Name of Bank etc.]/any other agency or institution participating in the programme and they shall not question the same in any court, tribunal etc.

8. The account of [Name of Bank etc.] will be got audited by an outside Auditor annually and the Audit report will be presented to NABARD within …… month/s of the close of books in March.

9. The rights and interests of [Name of Bank etc.] hereto shall not be transferred or assigned without the prior consent in writing of NABARD and any transfer or assignment without the consent of NABARD is not binding on it.

10. The data, processes and systems of the Financial Inclusion Programme shall remain the exclusive property of NABARD and shall
not be shared / divulged in any form by (Name of Bank etc.) or the agency/institution unless specifically permitted in writing by NABARD.

11. The --------- (Name of the Bank) shall pay all dues, charges, penalties and taxes as may be levied from time to time by any Government Authority or in accordance with the Applicable Law pertaining to or in respect of the Grant and Grant related transactions.

12. The grant assistance shall not be utilized for any illegal, unlawful or immoral purposes or activities at any time.

13. The --------- (Name of the Bank) shall indemnify NABARD against all claims in respect of intellectual property rights, or other protected rights in respect of innovations used for or any other material in connection with the works or temporary works and from against all claims, demand, proceedings, damages, costs, charges and expenses whatsoever in respect thereof from Third Party or in relation thereto in the implementation of the project sanctioned. The ------- (Name of the Bank) shall defend all actions arising from such claims, before any court/tribunal/authority for such infringement and receive NABARD’s permission to proceed, and shall itself pay all royalties, damages, costs and charges of all and every sort that may be legally incurred in respect thereof. The ---- (Name of the Bank) shall also indemnify NABARD against damages, loss or other claims caused due to the negligence, omission or commission, of its employees, contractors or agent.

14. NABARD shall not be held liable for any financial, non-financial commitments or any other commitments made by the --------- (Name of the Bank) to third parties which are not approved by NABARD or which do not form a part of the project / programme.

15. NABARD may form an internal or external committee for reviewing the performance of the project and/or ------- (Name of the Bank) and reserves the right to suspend or terminate the funding under this Agreement, in case of irregularities or unsatisfactory performance. The ------- (Name of the Bank) shall extend necessary co-operation
and make available records / documents as required by the monitoring team.

16. **Applicable Law and Jurisdiction**

   This Agreement shall be governed by, and construed in accordance with the laws of India. This Agreement shall be subject to the exclusive jurisdiction of the Courts in Mumbai.

17. The general terms and conditions contained in this General Agreement for Grant Assistance shall be in addition to the terms and conditions to be specified by NABARD in the letter/s of sanction.

18. Any notice required to be given under this General Agreement for Grant Assistance shall be served on the party at their respective addresses given below by hand delivery or by registered post.

   NABARD
   
   ........................................
   ........................................
   ........................................
   ........................................
   ........................................

   (Name of Bank etc.)
   
   ........................................
   ........................................
   ........................................

19. **AMENDMENTS**

   No amendment, supplement, modification or clarification to this Agreement shall be valid or binding unless set forth in writing and duly executed by NABARD and ------ (Name of the Bank).

20. **SEVERABILITY**

   Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the
extent of prohibition or unenforceability but shall not invalidate the remaining provisions of this Agreement or affect such provision in any other jurisdiction.

21. **SURVIVAL**

This Agreement shall be in force until all the dues payable under the Agreement have been fully and irrevocably paid in accordance with the terms and provisions hereof.

22. **TERMINATION**

(a) This Agreement may be terminated by one Party after giving a ONE month’s notice to the other Party.

(b) NABARD shall have the right to terminate this Agreement and / or recall the Grant amount and other charges or any part of the same, with immediate effect, in the event the -------- (Name of the Bank) commits a breach or default of terms and conditions of sanction. The ----- (Name of the Bank) shall be deemed to have committed an act of default on the happening of inter-alia, any one or more of the following events:

(i) The ----- (Name of the Bank) commits breach or default of any of the terms and conditions and / or covenants herein or any misrepresentation to NABARD; or

(ii) The ----- (Name of the Bank) fails to furnish any information or documents that may be required by NABARD; or

(iii) The -------- (Name of the Bank) is utilizing the Grant or any part thereof for a purpose other than the purpose for which the Grant has been sanctioned; or

(iv) If the -------- (Name of the Bank) commits an act of insolvency or makes an application for declaring itself an insolvent or an
order is passed against the ------ (Name of the Bank) declaring it as insolvent; or

(v) There exists any other circumstance, which, in the sole opinion of NABARD, jeopardizes NABARD’s interests.

The parties hereto have caused this General Agreement for Grant Assistance and a duplicate hereof to be signed on their respective behalf by their duly authorized officials on the date and place first herein above mentioned.

SIGNED AND DELIVERED for and on behalf of NABARD by the hand of its duly authorized official

Shri …………………………………

day of ……… 20...

In the presence of :-

1)

2)

SIGNED AND DELIVERED for and on behalf of (Name of Bank etc.) by the hand of its duly authorized official

Shri …………………………………

day of ……… 20...

In the presence of: -

1)

2)
1. Constitution of the Fund

1.1 After the completion of the initial five years, it has now been decided to merge both the Financial Inclusion Fund & Financial Inclusion Technology Fund into a single Fund viz. Financial Inclusion Fund (FIF).

1.2 The overall corpus of the new FIF will be Rs. 2000 crore- Contribution to FIF would be from the "interest differential" in excess of 0.5% on RIDF and STCRC deposits on account of shortfall in priority sector lending (as notified by RBI from time to time) kept with NABARD by banks.

1.3 All the assets and liabilities of the erstwhile FITF as well as prior commitments from FITF for projects already sanctioned, which falls within the scope of the erstwhile funds, will be transferred to/reimbursed from FIF.

1.4 The Fund shall be in operation for another three years or till such period as may be decided by RBI and Government of India in consultation with other stake holders.

2. Objective of FIF

The objectives of the FIF shall be to support "developmental and promotional activities" including creating of FI infrastructure across the country, capacity building of stakeholders, creation of awareness to address demand side issues, enhanced investment in Green Information and Communication Technology (ICT) solution, research and transfer of technology, increased technological absorption capacity of financial service providers/users with a view to securing greater financial inclusion. The fund shall not be utilized for normal business/banking activities.

2.1 RBI has always advocated the policy of considering financial inclusion as a business proposition. It has, therefore, encouraged banks to see cost involved in the FI effort as a long term investment which would help banks in broadening its base for future business expansion. At the same time RBI has also realized the need for intervention from the regulatory and government side which would help creating an eco-system that would support banks investment in this area. It is with this objective in mind that the creation and continuation of the Financial Inclusion Fund is justified.

2.2 Based on the policy announcements of RBI, banks have in a big way adopted the ICT-BL model as a mode for expanding banking operations in the unbanked areas. While the ICT-BC model is a low cost business model in comparison with the traditional model i.e. the brick & mortar model for providing banking services, there is still a significant investment required to be done for further facilitating investments from banks and other financial institutions.

2.3 During the past five years banks have invested heavily in creating an infrastructure, which has resulted in a large number of business correspondents being appointed for expanding banking in the unbanked areas and a large number of basic bank accounts being opened for first time customers of banks. However, these accounts are yet to see any significant transactions happening and banks have also not started making any significant
profits from the investments. This has led to many instances of attritions of BCs citing lack of business opportunities and sufficient income. Some of the issues that are hampering scaling up of the BC model include infrastructure issues like lack of proper connectivity, lack of training facilities for BCs, evolution of an appropriate business model, etc. The objective of the new FIF should be towards addressing these key concerns which would help scaling of our FI efforts.

2.4 All these have led to the reasons for a fresh thinking on the nature of, activities that needs to be funded out of the Financial Inclusion Fund.

3. Eligible Activities/Purposes

3.1 Support for funding the setting up and operational cost for running Financial Inclusion & Literacy centers. The setting up of such centers are in sync with the objective of GoI for setting up Financial Literacy centers upto the block level under the PMJDY. The cost of technical manpower employed by banks for running the Financial Inclusion & Literacy centres (as banks have manpower shortages) will be funded from the fund. The scope of activities to be carried out by these centers would be as follows:-

a. Providing financial literacy training to all individuals/households of the area
b. Providing counseling services for opening of bank accounts and for operating banking and other financial products and services.
c. Providing training to BCs about various banking and other financial products and services and also for training them in use of technological devices so as to ensure smooth servicing of customers.
d. Redressal of customer grievances by attending to customer complaints, if necessary, by taking up with banks and other institutions.

3.2 Setting up of Standard Interactive Financial Literacy Kiosks in Gram Panchayats and any other financial literacy efforts under taken by banks in excluded areas.

3.3 Support to NABARD & Banks for running of Business & skill Development centers including R-SETIs (to the extent not provided by state Governments) which will help in imparting skill sets necessary for undertaking income generating activities and for providing forward linkages for marketing activities. Grant will be in the form of one time capital cost and working capital for undertaking skill development activities for a maximum period of 3 years. NABARD and Banks will have the discretion to enter into partnerships with other entities like corporates, NGOs, etc. involved in the running of such Centers, however, proposal for seeking funding support from the FIF will be entertained only from Banks or NABARD

3.4 Support to pilot projects for development of innovative products, processes and prototypes, for financial inclusion. Proposals for such products and prototypes will have to be submitted through any of the implementing banks.

3.5 Financial assistance to authorized agencies for conduct of surveys for evaluating the progress under financial inclusion

3.6 Sharing the cost of Government projects in connection with laying of last mile fibre optic network, funding of other technological or infrastructure related projects involved in improving or creating network connectivity, etc; in excluded areas.
4 Eligible Institutions

4.1 Financial Institutions, viz., commercial Bank, Regional Rural Bank, cooperative Banks and NABARD.

4.2 Eligible institutions with whom banks can work for seeking support from the FIF:-

- NGOs
- SHGs
- Farmer’s Clubs -
- Functional Cooperatives
- I.T. enabled rural outlets of corporate entities.
- Well functioning Panchayats
- Rural Multipurpose kiosks / Village Knowledge Centers
- Common Services Centres (CSCs) established by Service Centre Agencies (SCAs) under the National e-Governance Plan (NeGP).
- Primary Agricultural Societies (PACs).

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