

Annex I

FINANCIAL INCLUSION FUND – GUIDELINES (revised as on August 8, 2024)

1. Constitution of the Fund

- 1.1. Financial Inclusion Fund (FIF) was created in 2015 with an overall corpus of ₹2000 Crore by merging erstwhile Financial Inclusion Fund (FIF) with Financial Inclusion Technology Fund (FITF) into a single Fund. All the assets and liabilities of the erstwhile FITF as well as prior commitments from FITF for projects already sanctioned, which were within the scope of the erstwhile Funds, were transferred to/reimbursed from FIF.
- 1.2. Contribution to FIF is from the interest differential generated in case of margin exceeding 0.5% under Rural Infrastructure Development Fund (RIDF) and other direct lending funds on account of shortfall in priority sector lending (as notified by Reserve Bank of India (RBI) from time to time) kept with NABARD by banks.
- 1.3. Contribution for specific Government of India (Gol) schemes/ initiatives will be provided by Gol.
- 1.4. The Financial Inclusion Fund, had been in operation for nine years (2015-24) and the period of operation for the same has been extended for another period of three years i.e. 2024-27, as decided by Advisory Board (AB) for FIF.
- 1.5 The proposal for extension of FIF beyond the current period would be placed before AB for FIF, for deliberation and approval.

2. Objective of FIF

- 2.1. The objectives of the FIF shall be to support developmental and promotional activities related to financial inclusion such as strengthening of access infrastructure (physical and digital), capacity building of stakeholders, promoting financial literacy, conceptualising and implementing targeted initiatives for specific excluded segments and aiding the adoption of technology for achieving Financial Inclusion.



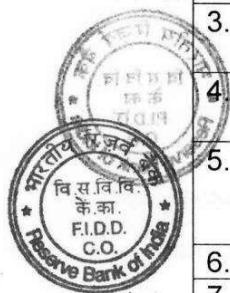
2.2.RBI has always advocated the policy of considering Financial Inclusion as a business proposition. It has, therefore, encouraged banks to see cost involved in the Financial Inclusion effort as a long-term investment which would help banks in broadening the base for future business expansion. At the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

3. Institutional Mechanism

3.1. Advisory Board which is constituted by Gol in consultation with RBI shall guide and render policy advice on various aspects relating to FIF. Advisory Board would be the final authority for sanctioning/extending/closing all projects that fall within the scope of FIF guidelines.

3.2 Composition of AB for FIF shall be as follows (*notified by Ministry of Finance (MoF), Government of India (Gol) vide letter dated February 3, 2024*):

S N	Name	Designation
1.	Chairman, NABARD	Chairman
2.	Joint Secretary (FI), DFS, Ministry of Finance or representative	Member
3.	Executive Director, Financial Inclusion and Development Department (FIDD), RBI	Member
4.	Joint Secretary, Ministry of Electronics and Information Technology	Member
5.	Joint Secretary, Rural Livelihoods, Dept. of Rural Development, Ministry of Rural Development	Member
6.	Joint Secretary (Credit), Ministry of Agriculture	Member
7.	Joint Secretary (Telecom), Department of Telecommunications, Ministry of Communications & Information Technology	Member
8.	Shri Thomas Devasia, Member (Non-life), Insurance Regulatory and Development Authority (IRDA)	Member
9.	Chairman, State Bank of India	Member



10.	MD & CEO, Punjab National Bank	Member
11.	MD & CEO, Bank of Baroda	Member
12.	MD & CEO, Canara Bank	Member
13.	CEO, Axis Bank	Member
14.	CEO, National Association of Software and Services Companies (NASSCOM) Foundation	Member
15.	Director, Institute for Development and Research in Banking Technology (IDRBT)	Member
16.	Chief General Manager (FI), NABARD	Member Secretary

3.3. A Sub-Committee of the Advisory Board will be set up to review/monitor Govt schemes/ initiatives on FI funded by Gol and submit its recommendations to Advisory Board for appropriate decision. The Sub-Committee shall comprise of representatives from concerned Ministry/ Department, RBI, NABARD and any other subject expert as decided by the Advisory Board/ Sub-Committee.

3.4. NABARD will administer the fund and provide secretarial service to the Advisory Board.

4. Eligible Activities/Purposes

The following activities are eligible to be considered for funding support:-

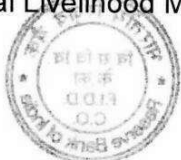
- 4.1.a. Support for funding Financial Literacy related activities including a helpdesk for counselling and grievance redressal
- 4.1.b. Financial Literacy Camps conducted by Financial Literacy Centres (FLCs) and Rural Branches
- 4.1.c. Centre for Financial Literacy (CFL) project
- 4.1.d. Providing handheld projectors to banks to facilitate financial literacy camps.
- 4.1.e. Other innovative Financial Literacy activities as approved by Advisory Board
- 4.1.f. Setting up of Standard Interactive Financial Literacy Kiosks in Gram Panchayats and any other financial literacy efforts undertaken by banks in excluded areas.
- 4.2. Support to NABARD and banks for running Business and Skill Development Centres including R-SETIs (to the extent not provided by State Governments).



- 4.3. 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 or it may be suggested directly by RBI or GoI before AB for consideration.
- 4.4. Financial assistance to agencies of repute with relevant experience for conduct of surveys, research and studies for evaluating the progress under financial inclusion.
- 4.5. Support for initiatives aimed at strengthening BC Model, such as capacity building, incentivising in difficult geographies, encouraging women BCs etc.
- 4.6. Funding of proposals on Digital Financial Inclusion will be restricted to subsidizing new technologies and broadly in conformity with FIF mandate.
- 4.7. Funding of proposals exclusively aimed at women-centric Financial Inclusion initiatives.
- 4.8. The Fund shall not be utilized for normal business/banking activities.

5. Eligible Institutions

- 5.1. Financial Institutions viz., Commercial Banks, Regional Rural Banks, Cooperative Banks and NABARD.
- 5.2. Eligible institutions with whom banks can work for seeking support from the FIF:-
- NGOs
 - SHGs and SHG Federations
 - Farmers' Clubs
 - Functional Cooperatives
 - I.T. enabled rural outlets of corporate entities
 - Well-functioning Panchayats
 - Rural Multipurpose kiosks / Village Knowledge Centres
 - Common Services Centres (CSCs) established by Service Centre Agencies (SCAs) under the National e-Governance Plan (NeGP)
 - Primary Agricultural Societies.
 - State Rural Livelihood Mission (SRLMs)



- National Centre for Financial Education (NCFE)

6. Monitoring and Review of Schemes under FIF

- 6.1. Meetings of the Advisory Board shall be convened at quarterly intervals.
- 6.2. A review of all existing programmes/ schemes/ initiatives supported by the fund shall be placed before the AB on annual basis, clearly stating the outcomes achieved vis-à-vis those envisaged. On similar lines, a review of schemes closed during the year shall also be placed before AB.
- 6.3. The amount sanctioned and disbursed under each of the FIF schemes / programmes / initiatives, along with geographical distribution of each shall be disclosed on NABARD's website and the data updated regularly.
- 6.4. Proposals placed before the AB seeking funding support should include details such as estimated time period for which programme/schemes/initiatives would be in operation, estimated funding and outcomes envisaged. Any further extension of the scheme should be with the approval of the AB for FIF.

7. Standard Operating Procedures (SOP) in the event of closure of Financial Inclusion Fund

In the event of closure of FIF, the matter may be taken up in Advisory Board for FIF. The Advisory Board for FIF may take a decision of closure of fund, as per the following Standard Operating Procedures (SOP):

- i. Opening Balance of the fund as on 01 April of the year of closure.
- ii. **Add:** Contributions to the fund during the Financial Year including the component of '*Interest Accrued on the fund balance*' in the calculation part of the balance amount (up to the date of closure).
- iii. **Less:** Amount disbursed from the fund during the Financial Year (up to the date of closure).
- iv. **Less:** Commitments in respect of the ongoing scheme including phase-wise sanction from the fund as at the end of the closure date
- v. Amount available as at the end of the closure date. **(i+ii-iii-iv)**



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- vi. Transfer of balance amount to any such other fund as may be existing or be constituted by NABARD or any other treatment as deemed fit by the Advisory Board for FIF, while aligning with the objectives of FIF.
- vii. Till such time that a decision is taken on the treatment of balance amount, the same would continue to be managed by NABARD.

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