

Department of Financial Inclusion and Banking Technology

Frequently Asked Questions (FAQs)

1. Who has created Financial Inclusion Fund (FIF)?

The GoI constituted two funds - Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) with NABARD in 2008 which were later merged in 2015 to form a new consolidated Financial Inclusion Fund.

2. What is the objective of the Financial Inclusion Fund?

The objective of the FIF is to support "developmental and promotional activities" and includes creation of financial inclusion infrastructure, 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 across the country. The fund shall not be utilized for normal business/banking activities.

3. What is the source of contributions to FIF?

The contribution to FIF is from the interest differential in excess of 0.5% in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund deposits and Food Processing Fund deposits placed by the Commercial Banks as deposits with NABARD out of priority sector shortfalls, a portion of which is credited to FIF. Contribution for GoI schemes/ initiatives, which is monitored by the Sub-Committee of the Advisory Board of FIF, is provided by Government of India.

4. What is the period of operation of the Fund?

The FIF shall be in operation for a period of three years, ie., 2018-21 or till such period as may be decided by RBI and Government of India.

5. Who can avail assistance from Financial Inclusion Fund?

The eligible institutions seeking support from the FIF are Commercial Banks, Regional Rural Banks, Cooperative Banks and NABARD.

6. Can NGOs avail assistance from Financial Inclusion Fund?

Eligible institutions with whom banks can work for seeking assistance from FIF are NGOs, SHGs and SHG Federations, Farmer's Clubs, Functional Cooperatives, IT 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 (PACS)) and State Rural Livelihoods Mission (SRLM) for fulfilling the objectives of the Fund.

7. What are the eligible activities/purposes that are being supported from FIF?

Various activities encouraging the cause of greater financial inclusion are covered under FIF. Broadly it includes measures for creating financial awareness, strengthening BC network, capacity building of stakeholders, increasing banking touch-points and payment and acceptance infrastructure, improving connectivity for banking transactions, on-boarding for fulfilling statutory requirements, etc.

Disclaimer: All above information is subject to changes in the guidelines of FIF from time to time.