

MF — Microfinance

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CH-1 Poverty and Rural Credit

Topic 1 — Rural Credit: Meaning, Need and Classification

Rural credit is the flow of loans to rural households and enterprises for farming, allied activities, non-farm work and household needs.

- **Borrowers** — Cultivators, tenant farmers, landless labourers, artisans, small traders and rural micro-enterprises.
- **Income gap** — Farm income arrives once or twice a year, but costs and household needs arise every month.
- **Capital formation** — Credit finances wells, pumpsets, livestock and land improvement that raise productivity.
- **Shock coping** — Loans help households survive crop failure or illness without distress sale of assets.

Basis	Type	Examples
Period	Short-term	Crop loans and working capital, repaid from the harvest
	Medium-term	Pumpsets, livestock, farm machinery, repaid over a few years
	Long-term	Land development, minor irrigation, orchards, farm buildings
Purpose	Productive	Seed, fertiliser, a milch animal, stock for a village shop
	Consumption	Food in the lean season, medical treatment, festivals, marriages
Activity	Farm	Agriculture and allied activities such as dairy, poultry and fisheries
	Non-farm	Artisans, processing, trade, transport and services

Remember this

- Rural credit is classified by **period** (short, medium, long), **purpose** (productive, consumption) and **activity** (farm, non-farm). The poor need both productive and consumption credit.

Topic 2 — Features and Problems of Rural Credit Markets

- **Small, numerous loans** — Many tiny loans mean a high cost of appraisal, disbursement and recovery per rupee lent.
- **Seasonality** — Demand peaks at sowing; repayment depends on the harvest and crop prices.
- **Covariant risk** — A drought or flood hits all borrowers of a village together, so defaults cluster.
- **Information gap** — A distant lender cannot easily judge a borrower's honesty, income or use of funds.
- **Collateral gap** — Small farmers, tenants and the landless lack clear land titles to offer as security.
- **Interlinked markets** — A trader may lend only if the crop is sold to him at a price he fixes.

Market problem	Meaning	Effect on lending
Adverse selection	Lender cannot tell good from bad borrowers before lending	Raising the rate drives out safe borrowers and leaves riskier ones
Moral hazard	Borrower may misuse funds or shirk after getting the loan	Higher default and costly monitoring
Enforcement cost	Recovering small sums through courts is slow and costly	Lenders demand collateral or refuse to lend

Market problem	Meaning	Effect on lending
Transaction cost	Fixed cost per loan, travel time and paperwork	Small loans become unprofitable for banks

Example: A tenant farmer in Bihar needs ₹15,000 at sowing. The bank branch is 12 km away, asks for land records he does not have and takes three weeks. The village trader lends the same day, but only if the paddy is sold to him after harvest at his price.

Remember this

- Four classic credit-market failures: **adverse selection**, **moral hazard**, **enforcement cost** and **transaction cost**. Collateral is the formal lender's usual answer, and the poor lack it.

Topic 3 — Sources of Rural Credit

Institutional (formal) sources	Non-institutional (informal) sources
Commercial banks, including Small Finance Banks	Professional and agricultural moneylenders
Regional Rural Banks	Traders and commission agents
Co-operative banks and PACS	Landlords and employers
NBFCs, including NBFC-MFIs	Relatives and friends
NABARD (refinance to rural lenders)	Pawnbrokers, chit funds and rotating savings groups

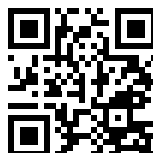
- **Semi-formal** — SHGs and JLGs are informal groups that borrow from formal lenders; they bridge both systems.
- **Informal strengths** — Speed, flexibility, little paperwork and close knowledge of the borrower.
- **Informal costs** — Very high interest, tied sales, loss of mortgaged land and coercive recovery.

Share of institutional credit in rural household debt

Survey (debt as on 30 June)	Institutional	Non-institutional	Moneylenders
1951	7.2%	92.8%	69.7%
1961	14.8%	85.2%	60.8%
1971	29.2%	70.8%	36.9%
1981	61.2%	38.8%	16.9%
1991	64.0%	36.0%	15.7%
2002	57.1%	42.9%	29.6%
2018 (AIDIS 2019)	66%	34%	Not reported separately

Shares are of outstanding cash debt, from RBI's All-India Rural Credit Survey (1951-52) and the All-India Debt and Investment Surveys.

- **AIDIS 2019** — About **35%** of rural households were indebted on 30 June 2018.
- **Average debt** — ₹59,748 per rural household and ₹1,70,533 per indebted rural household.
- **Urban contrast** — Institutional sources held **87%** of urban household debt against 66% in rural areas.



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N1. [Numerical] A vegetable vendor borrows ₹10,000 from a moneylender at ₹5 per ₹100 per month. Find the yearly cost if interest is paid monthly, and if unpaid interest is added to the loan each month. Compare with an SHG loan at 1% a month.

Item	Value
Principal	₹10,000
Moneylender rate	5% a month
SHG rate	1% a month
Period	12 months

Solution:

Formula:

$$\text{Simple interest} = P \times r \times n$$

$$\text{Effective rate} = (1 + r)^n - 1$$

Interest paid monthly: $10,000 \times 0.05 \times 12 = ₹6,000$, a simple rate of 60% a year.

If unpaid interest is added every month, the cost is $10,000 \times [(1.05)^{12} - 1] = \text{about } ₹7,959$.

SHG loan: $10,000 \times 0.01 \times 12 = ₹1,200$ (12% a year).

$$\text{Effective rate} = (1.05)^{12} - 1 = 0.7959 \approx 79.6\%$$

Answer: ₹6,000 (60%) at simple interest, about ₹7,959 (79.6%) if compounded, against ₹1,200 from the SHG.

Remember this

- Institutional share: **7.2%** (1951) → **61.2%** (1981) → **57.1%** (2002) → **66%** (AIDIS 2019). One-third of rural debt is still informal.

Topic 4 — Poverty: Meaning and Types

Poverty is the inability to meet basic needs such as food, shelter, clothing, health and education, and to live with dignity.

Type	Meaning
Absolute poverty	Income or consumption below a fixed minimum, the poverty line
Relative poverty	Being poor compared with others in the same society, for example below half the median income
Income (consumption) poverty	Measured by money earned or spent
Multidimensional poverty	Deprivations in health, education and living standards measured together
Chronic poverty	Poor for long periods, often across generations
Transient poverty	Falling below the line for a time after a shock such as illness or crop loss

- Vulnerability** — Many households just above the line slip back into poverty after a single shock.
- Vicious circle** — Low income leads to low saving, low investment, low productivity and again low income.
- Rural face** — Poverty is concentrated among landless labourers, marginal farmers, SC/ST households and women-headed families.

Remember this

- Absolute poverty uses a fixed line; relative poverty compares with others. **Transient** poverty follows a shock; **chronic** poverty persists.

Topic 5 — Measuring Poverty in India

- Poverty line** — The monthly per capita consumption needed for a minimum standard of living.
- Head-count ratio (HCR)** — The share of the population below the poverty line; it shows how many are poor.
- Poverty gap index (PGI)** — The average shortfall from the line, as a share of the line; it shows how poor they are.

- National MPI** — NITI Aayog's index covers health, education and standard of living, one-third weight each, through 12 indicators.
- MPI poor** — A person deprived in at least one-third of the weighted indicators is counted poor.

$$\text{HCR} = \frac{q}{N} \times 100$$

$$\text{PGI} = \frac{1}{N} \sum_{i=1}^q \frac{z - y_i}{z} \times 100$$

$$\text{MPI} = H \times A$$

Here q = number of poor, N = population, z = poverty line, y = income of a poor person, H = MPI headcount and A = average intensity of deprivation.

Estimate	Key figures
Tendulkar method, 2011-12	Line ₹816 (rural) and ₹1,000 (urban) per person per month; poverty ratio 21.9% (rural 25.7%, urban 13.7%)
Rangarajan method, 2011-12	Line ₹972 (rural) and ₹1,407 (urban); poverty ratio 29.5% (rural 30.9%, urban 26.4%)
NITI Aayog MPI paper (January 2024)	Headcount fell from 29.17% (2013-14) to 11.28% (2022-23); about 24.82 crore people moved out
World Bank (June 2025, 2021 PPP)	Extreme-poverty line USD 3.00 a day; India 27.1% (2011-12) and 5.3% (2022-23)

Monetary lines, PPP lines and the MPI use different units and methods, so their figures must not be compared directly.

N2. [Numerical] A hamlet has 10 persons with monthly incomes of ₹900, ₹1,200, ₹1,350, ₹1,500, ₹1,800, ₹2,100, ₹2,400, ₹2,600, ₹3,000 and ₹3,500. The poverty line is ₹1,500. Find the HCR and the poverty gap index.

Item	Value
Population (N)	10
Poverty line (z)	₹1,500
Persons below the line	₹900, ₹1,200, ₹1,350

Solution:

Formula:

$$\text{PGI} = \frac{1}{N} \sum \frac{z - y_i}{z}$$

Persons strictly below ₹1,500: 3 (the person at ₹1,500 is not below the line).

$$\text{HCR} = 3 \div 10 \times 100 = 30\%$$

$$\text{Gaps: } (1,500 - 900) \div 1,500 = 0.40; (1,500 - 1,200) \div 1,500 = 0.20; (1,500 - 1,350) \div 1,500 = 0.10.$$

$$\text{PGI} = (0.40 + 0.20 + 0.10) \div 10 = 0.07 = 7\%$$

Total transfer needed to lift all three to the line = $600 + 300 + 150 = ₹1,050$ a month.

Answer: HCR 30%; poverty gap index 7%; ₹1,050 a month would close the gap.

Remember this

- HCR shows **how many** are poor; PGI shows **how poor**. $\text{MPI} = H \times A$, with a **one-third** deprivation cut-off.



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Topic 6 — Causes of Rural Poverty and the Credit Link

Cause	How it keeps households poor
Dependence on rain-fed farming	Income swings with weather and prices
Small and fragmented holdings	Low output and little to offer as collateral
Low skills and education	Low wages and few non-farm options
Under-employment	Seasonal work leaves long idle periods
Poor health and shocks	Medical costs push families into debt
Exclusion from formal finance	Dependence on costly informal credit

- **Debt trap** — High-cost borrowing for consumption leads to fresh borrowing to repay old debt.
- **Distress sale** — Without savings or insurance, a shock forces the sale of land, livestock or jewellery.
- **What finance can do** — Safe savings, timely credit, insurance and remittances smooth consumption and build assets.
- **What finance cannot do** — Credit alone cannot create markets, skills or health; it works best with livelihood support.

Example: Kamala, a landless labourer in Odisha, borrows ₹8,000 from a moneylender for her son's treatment at ₹10 per ₹100 a month. Her wages cannot cover the interest, so she pledges her goat and borrows again. Health insurance, a savings account and low-cost group credit could have broken this **debt trap**.

Topic 7 — State Interventions in Rural Credit: Phases

Since the Co-operative Credit Societies Act, 1904, the State has tried to replace the moneylender with institutional credit.

Phase	Main measures
Co-operative phase (1904–1969)	Co-operative Credit Societies Act, 1904; Co-operative Societies Act, 1912; RBI's Agricultural Credit Department (1935); AIRCS Committee report (1954); SBI (1 July 1955); Agricultural Refinance Corporation (1963)
Social and directed banking (1969–1990)	14 banks nationalised (19 July 1969) and 6 more (1980); Lead Bank Scheme (December 1969); priority sector targets; DRI scheme (1972); RRBs (2 October 1975); IRDP nationwide (2 October 1980); NABARD (12 July 1982); Service Area Approach (April 1989)
Reforms and new channels (1991–2005)	SHG-Bank Linkage pilot (1992); Rural Infrastructure Development Fund (1995-96); Kisan Credit Card (1998); SGSY (1 April 1999); interest-rate deregulation
Financial inclusion (2005 onwards)	No-frills accounts (2005); business correspondents (2006); NRLM (June 2011); PMJDY (28 August 2014); MUDRA, Small Finance Banks and Payments Banks (2015); RBI common microfinance framework (2022)

- **AIRCS verdict** — The All-India Rural Credit Survey Committee said that co-operation had failed, but co-operation must succeed.
- **Integrated scheme** — It proposed State partnership in co-operatives and a State-sponsored commercial bank, which became SBI.
- **Multi-agency approach** — Co-operatives, commercial banks and RRBs were made to work together, with NABARD at the apex.
- **NABARD's origin** — It was set up under the NABARD Act, 1981 on the recommendation of the CRAFTCARD committee.

Remember this

- Co-operatives (1904) → AIRCS (1954) → SBI (1955) → nationalisation and Lead Bank Scheme (1969) → RRBs (1975) → NABARD (1982) → SHG-BLP (1992) → PMJDY (2014).

Topic 8 — Directed Credit: Priority Sector, DRI and Lead Bank Scheme

Instrument	Key norms (position at the exam cut-off)
Priority sector lending (PSL Directions, 2025, from 1 April 2025)	Domestic commercial banks: 40% of ANBC or CEBOE, whichever is higher. Sub-targets: agriculture 18% (small and marginal farmers 10%), micro enterprises 7.5% , weaker sections 12% . RRBs 75% ; SFBs 60%
Differential Rate of Interest (DRI)	Loans at 4% simple; up to ₹15,000 (₹20,000 for housing); family income up to ₹18,000 rural and ₹24,000 urban or semi-urban; land up to 1 acre irrigated or 2.5 acres unirrigated; target 1% of previous year's total advances; at least 40% to SC/ST; two-thirds through rural and semi-urban branches
Lead Bank Scheme (December 1969)	One lead bank per district coordinates credit planning through block, district and State fora (BLBC, DCC, DLRC, SLBC). The revised circular of 19 June 2026 gives each district an exclusive Lead District Manager
Service Area Approach (April 1989)	Each rural and semi-urban branch was allotted villages for planned development lending; later relaxed

- **Microfinance link** — Bank loans to SHGs and JLGs, and eligible loans to MFIs for on-lending, count as priority sector lending.
- **Effect** — PSL targets make banks the largest wholesale funders of microfinance in India.

Remember this

- PSL **40%** | agriculture **18%** (SMF 10%) | micro **7.5%** | weaker sections **12%**. DRI: **4%**, up to ₹15,000, **1%** of advances, **40%** to SC/ST.

Topic 9 — Achievements and Limitations of State Interventions

Achievements	Limitations
Institutional share of rural debt rose from 7.2% (1951) to 61.2% (1981)	The informal share rose again to 42.9% by 2002
A wide rural network of bank branches, RRBs and co-operatives	Many co-operatives and RRBs became financially weak
Credit reached small farmers and weaker sections	Subsidy-linked programmes such as IRDP saw misuse and poor recovery
Specialised institutions such as NABARD and SIDBI	Loan waivers, as in 2008, weakened repayment discipline

- **Supply-led** — Targets and subsidies pushed loans, but products rarely matched the cash flows of poor households.
- **Elite capture** — Larger farmers with land and influence cornered much of the cheap institutional credit.
- **Missing savings** — The poor were treated only as borrowers; their need for safe savings was ignored.
- **Rigid procedures** — Collateral, documents and distant branches kept the poorest with moneylenders.

Remember this

- The key lesson: for the poor, **timely access, suitable products and repayment discipline** matter more than subsidised interest rates.

Topic 10 — Emergence of Microfinance: Global Roots

- **Grameen Bank** — It began as an action-research project in Jobra village, Bangladesh, in 1976.
- **Formal bank** — It became a bank in 1983; it and its founder shared the Nobel Peace Prize in 2006.
- **Classic design** — Small groups, mainly of women, no collateral, weekly repayments at centre meetings and larger repeat loans.
- **Big idea** — The poor are creditworthy, and lending to them can cover its costs.

Old paradigm (directed credit)	New paradigm (microfinance)
Subsidised, below-cost interest	Cost-covering interest for sustainability
Credit only	Savings, credit, insurance and remittances
Physical collateral	Group guarantee and social collateral
Government targets drive lending	Client demand drives products
Low recovery tolerated	High repayment and financial viability

Remember this

- Microfinance moved the focus from **subsidised credit** to **sustainable financial services** for the poor.

Topic 11 — Emergence of Microfinance in India

Period	Development
1974	SEWA Bank (Shri Mahila SEWA Sahakari Bank) set up in Ahmedabad by self-employed women
1980s	NGOs such as MYRADA promote savings-and-credit groups; NABARD funds action research on them
26 February 1992	NABARD guidelines launch the SHG-Bank Linkage pilot for groups at least 6 months old with 10–25 members
April 1996	RBI makes SHG lending a separate priority-sector segment within weaker-section lending
1999	NABARD Task Force on a supportive policy and regulatory framework; SIDBI Foundation for Micro Credit
2000s	Rapid growth of NBFC-MFIs funded by banks and private equity
October 2010	Andhra Pradesh crisis: over-indebtedness and coercive recovery; the State issues an Ordinance on MFIs
2011	Malegam Committee report (January); RBI creates the NBFC-MFI category (December)
2015	10 in-principle Small Finance Bank approvals, 8 of them to MFIs; Bandhan begins as a universal bank
1 April 2022	RBI common framework for microfinance loans of all regulated entities

- **Two channels** — India's microfinance grew through the bank-led SHG-BLP and through MFIs using the JLG model.
- **Why it emerged** — It answered the failures of directed credit: high cost, collateral demands and poor reach.
- **Course correction** — The 2010 crisis showed that growth without borrower protection creates over-indebtedness.

Remember this

- SEWA Bank (1974) → SHG-BLP pilot (1992) → NBFC-MFI category (2011) → SFBs from MFIs (2015) → common framework (2022).

MF | Module I | CH-1 | MCQs

Q1. A bank raises the interest rate on small farm loans and finds that safe farmers stop applying while riskier borrowers keep coming. This illustrates: [Ref: Topic 2, p. 2]

- Moral hazard after the loan is disbursed
- Adverse selection before the loan is made
- Covariant risk from a common weather shock
- Enforcement cost of recovering small loans

Q2. A drought hits a whole district and most borrowers of a rural branch default in the same season. The risk behind these clustered defaults is: [Ref: Topic 2, p. 2]

- Adverse selection in choosing borrowers
- Moral hazard in the use of loan funds
- Covariant risk from a common shock
- Interest-rate risk on the bank's deposits

Q3. A vendor borrows ₹20,000 from a moneylender at ₹4 per ₹100 per month and pays the interest every month. The interest for one year and the simple annual rate are: [Ref: Topic 3, p. 2]

- ₹9,600; 48% a year
- ₹8,000; 40% a year
- ₹4,800; 24% a year
- ₹12,000; 60% a year

Q4. Which statements on rural household debt are correct? 1. The institutional share was about 7% in 1951. 2. It crossed 60% by 1981. 3. AIDIS 2019 shows about two-thirds from institutional sources. 4. The moneylenders' share fell in every survey after 1951. [Ref: Topic 3, p. 2]

- 1 and 2 only
- 2, 3 and 4 only
- 1, 3 and 4 only
- 1, 2 and 3 only

Q5. A weaver's family normally lives above the poverty line, but a month-long illness of the earning member pushes it below the line until he recovers. This is: [Ref: Topic 4, p. 3]

- Chronic poverty lasting across generations
- Relative poverty measured against the median
- Transient poverty caused by a shock
- Multidimensional poverty across three dimensions

Q6. A village has 8 persons and a poverty line of ₹2,000 a month. Two persons earn ₹1,500 and ₹1,000; the rest earn above the line. The head-count ratio and the poverty gap index are: [Ref: Topic 5, p. 3]

- HCR 25%; PGI about 9.4%
- HCR 25%; PGI 37.5%
- HCR 20%; PGI about 9.4%
- HCR 25%; PGI 75%

Q7. A landless household keeps borrowing from a moneylender to repay earlier loans taken for medical treatment. Which response best addresses the root of this debt trap? [Ref: Topic 6, p. 4]

- A larger loan from the same moneylender at a lower rate
- A one-time waiver with no savings or insurance support
- Sale of the household's livestock to clear all dues
- Health insurance with a savings account and low-cost group credit

Q8. In a district, the MPI headcount ratio H is 0.25 and the average intensity of deprivation A is 0.44. The district's MPI is: [Ref: Topic 5, p. 3]

- 0.69
- 0.19
- 0.11
- 0.57

Q9. A 1954 report declared that co-operation had failed but must succeed, and proposed an integrated scheme of rural credit with a State-sponsored commercial bank. Which institution came directly from this proposal? [Ref: Topic 7, p. 4]

- National Bank for Agriculture and Rural Development
- State Bank of India
- Regional Rural Banks
- Small Industries Development Bank of India



Q10. A domestic commercial bank has ANBC of ₹50,000 crore, higher than its CEODE. Its minimum agriculture and weaker-section targets are: [Ref: Topic 8, p. 4]

- (a) ₹9,000 crore and ₹6,000 crore (b) ₹9,000 crore and ₹5,000 crore
(c) ₹20,000 crore and ₹6,000 crore (d) ₹7,500 crore and ₹3,750 crore

Q11. Which applicant meets the DRI scheme norms? [Ref: Topic 8, p. 4]

- (a) Urban vendor, family income ₹30,000 a year, seeking ₹10,000 for stock
(b) Rural farmer with 3 acres irrigated land seeking ₹15,000
(c) Rural labourer, family income ₹17,000, seeking ₹25,000 for a business
(d) Rural artisan, family income ₹16,000 a year, seeking ₹12,000 for tools

Q12. Which of the following is NOT a lesson drawn from directed rural credit? [Ref: Topic 9, p. 4]

- (a) Subsidised rates often reached better-off borrowers
(b) Loan waivers weakened repayment discipline
(c) The poor value timely access over subsidised rates
(d) Poor households need only credit and not savings

Q13. Which feature belongs to the microfinance paradigm rather than the directed-credit paradigm? [Ref: Topic 10, p. 5]

- (a) Interest kept below cost through Government subsidy
(b) Group guarantee and peer pressure instead of physical collateral
(c) Lending targets fixed by Government for each branch
(d) Low recovery tolerated in order to meet social goals

Q14. Which statements on the growth of microfinance in India are correct? 1. NABARD's 1992 pilot linked SHGs at least 6 months old to banks. 2. RBI treated SHG lending as a separate priority-sector segment in 1996. 3. Over-indebtedness and coercive recovery marked the 2010 Andhra Pradesh crisis. 4. The pilot required each SHG to mortgage land. [Ref: Topic 11, p. 5]

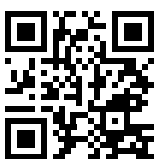
- (a) 1, 2 and 3 only (b) 1 and 3 only
(c) 2 and 4 only (d) 1, 2, 3 and 4

Q15. A marginal farmer borrows to buy seed and, separately, to buy food in the lean months before harvest. These loans are best classified as: [Ref: Topic 1, p. 2]

- (a) Both productive short-term loans for crop inputs
(b) Productive short-term credit and consumption credit
(c) Medium-term and long-term investment credit for farm assets
(d) Non-farm credit and consumption credit

Answer key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	b	4	d	7	d	10	a	13	b
2	c	5	c	8	c	11	d	14	a
3	a	6	a	9	b	12	d	15	b



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CH-2 Basics of Banking

Topic 1 — The Financial System: Components and Functions

A **financial system** links savers and borrowers through institutions, markets, instruments and services, under the watch of regulators.

Component	Meaning	Examples
Institutions	Intermediaries that pool savings and lend or invest them	Banks, NBFCs, insurers, pension funds, mutual funds
Markets	Platforms where funds and securities are traded	Money market, capital market, foreign exchange market
Instruments	Claims that carry money value	Deposits, loans, shares, bonds, insurance policies
Services	Activities that help money move and grow	Payments, remittances, custody, advice

- **Mobilise savings** — Small savings of many households are pooled into usable funds.
- **Allocate capital** — Funds flow to farms, enterprises and homes that can use them productively.
- **Manage risk** — Insurance and pensions protect households against death, illness and old age.
- **Payments** — Safe, cheap transfers support trade, wages and remittances.
- **Formal and informal** — Banks and NBFCs are regulated; moneylenders and unregistered chit groups largely are not.

Example: Members of a women's SHG in Nashik deposit ₹2,000 a month in their group account. The bank pools such savings and lends to a dairy farmer in the next village. The financial system has turned idle savings into a productive loan.

Topic 2 — Financial Regulators in India

Regulator	Law	Main jurisdiction
RBI	RBI Act, 1934; Banking Regulation Act, 1949	Banks, NBFCs including NBFC-MFIs, payment systems, money and foreign exchange markets
SEBI	SEBI Act, 1992	Securities markets, stock exchanges, brokers, mutual funds
IRDAI	IRDA Act, 1999 and Insurance Act, 1938	Insurers and insurance intermediaries
PFRDA	PFRDA Act, 2013	National Pension System, Atal Pension Yojana, pension funds
NABARD	NABARD Act, 1981	Supervises RRBs and rural co-operative banks; RBI remains their regulator

- **Coordination** — The Financial Stability and Development Council (FSDC), chaired by the Finance Minister, coordinates the regulators.
- **Microfinance view** — A poor household's loan, insurance and pension may each fall under a different regulator.

Remember this

- **RBI** — banks and NBFC-MFIs; **SEBI** — securities; **IRDAI** — insurance; **PFRDA** — pensions; **NABARD** — supervision of RRBs and rural co-operatives.