सत्यमेव जयते

Government of India

ANNUAL REPORT 2012-13

Ministry of Finance

(Budget Division)

CHAPTER IV

Department of Disinvestment

CHAPTER V

Department of Financial Services

Department of Financial Services

Work Allocation among Sections

Banking Operation-I (BO-I) - Appointment of Governor/Deputy Governor of RBI, Chairman & MDs of SBI, CMDs and EDs of Nationalised Banks, CMDs of NABARD and NHB; appointments of Whole Time Director in Exim BANK, SIDBI and IDBI, salary allowances and other terms and conditions of Whole Time Directors of PSBs and FIs/ above institutions; constitution of Boards of Directors of RBI and PSBs;-appointment of Workmen Employee Directors, appointment of Part Time Non Official Directors and Officer Employee Directors of PSBs.

Banking Operation-II (BO-II) - Publicity in PSBs; functioning of PSBs; disputes and arbitration between PSBs and between PSBs and other Govt. Depts.,/PSEs; appointment of advocates in PSBs, acquisition/leasing/ renting/ vacation of premises; residuary matters of Portuguese Banks in Goa, Estate Officers under Public Premises Act, 1971; opening and shifting of administrative offices of banks including currency chests; office of the Court Liquidator at Kolkata High Court; terrorist financing matters. All acts and laws relating to commercial banks(excluding those specifically allotted to other Sections); banking sector reforms, subordinate legislations on the aforesaid matters. Matters relating to Appellate Authority on NBFCs. NBFCs/Asset Restructuring Companies; Deposit Insurance and Credit Guarantee Corporation (DICGC) policy matters; Local Area Banks. Receipt and payment work of Government. International Relations (Banking, Insurance and Pensions Reforms); Financial Action Task Force (FATF); International Cooperation in Joint Investment Fund-Oman-India Fund and Indo-Saudi Fund. WTO and Border Banking facilities.

Banking Operation-III (BO-III) - Customer Service in Banks, All kinds of complaints/representations received from individual/ associations for redressal of their grievances on delay in clearance of cheques, non-payment/non-issue of drafts, non issue/delay in issue of duplicate drafts, misbehaviour/rude behaviour/ harassment on the part of staff of the Bank, non settlement/delay in settlement of deceased accounts, non-transfer/delay in transfer of accounts from one office to another, non opening/delay in opening of new accounts, non-compliance with standing instructions of the customers, non-payment of term deposits before maturity, delay in payment to pensioners, including those related to credit cards against PSBs, All kinds of complaints received from MPs/VIPs/PMO/President Sett. , received against PSBs on items allotted to the Section, All kind of complaints received from DARPG/DPG relating to Public/ Private Sector and Foreign Banks, All kind of complaints received from MPs/VIPs /PMO against Private Sector & Foreign Banks. Banking Customer Service Centres; Banking Ombudsman.

Banking Operation & Accounts (BOA) -Licensing, amalgamation, reconstruction, moratorium funds, and acquisition of private sector banks; overseas branches of Indian banks; operation of foreign banks in India; preparation of annual consolidated review on the working of Public Sector Banks and laying it on the Tables of both Houses of Parliament; pattern of accounting and final accounts in Public Sector Banks; study and analysis of the working results of PSU Banks; audit of banks, IFSC, appointment and fixation of remuneration of auditors of PSBs/FIs; laying of annual reports and audit reports etc., of PSU Banks, in Parliament; taxation matters of PSBs/ FIs; dividend payable to Central Government by PSBs; scrutiny of the annual financial reviews of PSBs conducted by RBI under Section 35 of the Banking Regulation Act, 1949 and follow up action; operation of the schemes of bank guarantee and complaints; matters regarding PSBs; capital restructuring of banks *(including restructuring of weak public sector banks)* and Government's contribution to share capital, public issue of banks; notification regarding exemption from various sections of the Banking Regulation Act, 1949 and Payment and Settlement System Act, 2007 for public as well as private sector banks; appointment of appellate authority to hear appeals under BR Act and PSBs Act; Release of externally aided grants to ICICI Bank under USAID. Citizen's Charter of Public Sector Banks/RBI.

Agriculture Credit (AC) – Agriculture Credit; Agricultural Debt Waiver and Debt Relief Scheme, 2008; matters relating to NABARD (except service matters), Agriculture Finance Corporation(except Service matters), State Legislations on the subject, Co-operative Banks (including Urban Co-operative Banks), World Bank, ADB and kfw aided projects relating to rural/agriculture credit, appeals made by co-operative banks, matters relating to Micro Finance, financial assistance to persons affected by natural calamities, riots disturbances, etc. Bank credit to KVIC, handloom and handicraft sector. Citizen Charter of NABARD.

Credit Policy (CP) - Priority Sector Lending,; lending to weaker sections of Priority Sector including *SC/ST*; PM's New 15 Point Programme for the Welfare of Minorities; Credit to Minorities; Follow up action of Select Parameters recommended by Sachar Committee; DRI Scheme; Govt. Sponsored Schemes-PMEGP, Education, employment generation scheme of SJSRY; SGSY and other poverty alleviation programmes, educational loans.

Regional Rural Banks (RRB) – Legislative matters with regard to RRB Act, 1976 and framing of rules thereunder; nomination of non-official directors on the Board of RRB, appointment of Chairman, Recommendation of RRBs, review of performance of RRBs, wage revision, manpower planning; laying of Annual Reports of all RRBs along with review thereof; formation of Staff Service Regulation and Promotion Rules for employees and officers of RRBs, IR matters of RRBs. Citizen's Charter of RRBs.

Financial Inclusion (FI) - Work relating to financial inclusion, coordination with other sections, offices, institutions etc on Financial inclusion; Branch expansion of banks; Lead Bank Scheme and Service Area Approach; District and State Level Bankers' Committee(SLBC); Regional imbalances of banking network, matters related to Business Correspondents/Business Facilitators, Mobile Banking etc., matters relating to e-Governance in all FIs and e-Payments in banking system and computerisation of PSBs.

Industrial Relations (IR) – Service matters of PSBs including IDBI/FIs/NABARD/RBI; Industrial Disputes Act matters, HR matters relating to PSBs and RBI Unions and Associations in the Banking Industry, Bipartite settlements of, policy of transfer, promotion, and HRD in banks; IB reports about political activities of bank employees; Pay and Allowances of bank employees in overseas branches; HR Reforms.

Coordination (Coord.) – Organisation of FM's meetings with CEOs of PSBs; and regional consultative committee meetings; Presidential address to the Joint Session of Parliament; Staff Meeting of Secretary (FS); monitoring & review of disposal of VIP references, PMO references, coordination of RBI pending matters; compilation and submission of material for Parliament Questions to other Ministries/Departments; Parliament Questions regarding VIP references; Monthly DO letter to Cabinet Secretary from Secretary (FS);Appointment of CPIOs, ACPIOs, AA and Nodal Section for RTI matters of DFS and to deal with CIC for Annual Report etc.; Updation of Induction Material for DFS; Co-ordination of VIP, PMO, President Sectt., etc. references involving more than two Divisions of DFS.

Establishment (Estt.) – Matters pertaining to the Officers and Staff of DFS, including RRs, appointment, ACRs, deputation(including abroad), training, IWSU, SIU, welfare, review of officers under FR 56(J), internal vigilance, staff grievances, pension, etc.; grant of various advances to officers and staff, payment of fees to advocates, settlement of medical claims and CGHS matters, family welfare programme.

General Administration (GA) - House keeping, cleanliness, stores, canteen, R&I, library, Staff Car Drivers, vehicles to the officers of DFS, purchase of Computer Hardware and Maintenance of Computers, Printers and other equipments. Providing of Identity Cards to the Staff of DFS and CMDs/EDs/PROs of Public Sector Banks/Financial Institutions/Insurance companies, etc.

Parliament – Collection, identification and marking of Parliament Questions, Notices, admitted Questions, and getting the files approved from the Minister. Preparation of facts and replies for pads of Ministers; keeping track and record of pending Assurances, Special Mentions and References under 377 and other matters as mentioned in the Induction Material.

Office of Custodian - Joint Parliamentary Committee (JPC) (which enquired into irregularities in securities transactions); disciplinary action against bank employees/executives involved in irregularities in securities transactions; establishment matters relating to Special Courts/Office of the Custodian; all issues pertaining to continuation of posts, budget matters of the O/o Custodian and Special Court including extension of the Office of Custodian and appointment of Custodian.

Welfare – matters relating to recruitment, promotion and welfare measures of SC/ST/OBC/PH and Ex-servicemen in PSBs/FIs; matter of policy regarding reservation for these categories in PSBs/FIs, Insurance Companies, reservation matters in RRBs etc.

Data Analysis (DA) - Reserve Bank of India Credit Policy – Busy Season – Slack Season and selective credit control; financial sector assessment and sectoral credit analysis; Banking Statistics regarding bank deposits and advances; deposits and advances of banks; rates of interest on bank deposits and advances; Dissemination of results and important information relating to RBI, IBA, studies on banking reforms; analysis of other international reports relevant to banking sector in India; Analysis of Reports of committees on Financial Sector Reforms etc. Management Information System – collection, collation of data relating to Banking Industry. Result Framework Document (RFD), Speeches of FM/MOS on different occasions.

Industrial Finance-I – Administration of the Export-Import Bank Sct-1981 and Scheme for financing Viable Infrastructure Projects (SIFTI) of IIFCL, Operational/ Policy/Budgetary matters relating to Exim Bank, IIFCL, IWRFC and IIBI Ltd; Matters related to IFCI Ltd, IDFC Ltd, Closure of IIBI Ltd, related matters; Board level appointments-Whole Time Directors- IIFCL, IWRFC and IIBI Ltd; Government Nominee Directors-Exim Bank, IIFCL, IWRFC, IIBI Ltd, IFCI Ltd. and IDFC Ltd; Non-official Directors-Exim Bank, IIFCL, IWRFC and IIBI Ltd; Sector-specific matters like infrastructure, power, textiles, exports; commerce etc.; Administration of Exim Bank Act; laying of annual reports of FIs; matters related to Ratnagiri Gas and Power Pvt. Ltd (RGPPL). Citizen's Charter of EXIM Bank and IIFCL.

Industrial Finance-II – Matters relating to NHB and Housing Policy, BIFR, Appellate Authority for Industrial and Financial Reconstruction (AAIFR), Sick Industrial Companies (Special Provisions) Act (SICA), appointment of members of BIFR, AAIFR; Small and Medium Enterprises (SMEs), SIDBI, SFCs, Credit Guarantee Fund for Micro and Small Enterprises; MLIs, Credit Guarantee Scheme and other related matters on the subject. Citizens Charter of NHB and SIDBI.

Housing - Issues relating to operation of 1% Interest Subvention Scheme on housing loans upto ₹ 10 lakh where the cost of the house does not exceed ₹ 20 Lakh. National Housing Bank (NHB) and Reserve Bank of India (RBI) are the nodal agencies for the scheme for Housing Finance Companies (HFCs) and Scheduled Commercial Banks (SCBs) respectively. All claims received are being released to NHB and RBI for further sanction to HFCs and SCBs. Implementation of Credit Guarantee Fund Trust for Low Income Housing (CGFTLIH) being managed by Ministry of Housing and Urban Poverty Alleviation (M/o HUPA) Issues relating to Rural Housing Fund (RHF).Issued related to Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) being operated by Ministry of HUPA. Administration of National Housing Bank Act, 1987.

Vigilance - Consultation with CVC/CTE; nomination of CVOs for PSBs/FIs; correspondence with CBI; Annual Action Plan on Anti Corruption measures; investigation of cases of frauds by CBI & RBI; matters under Prevention of Corruption Act; preventive vigilance; vigilance systems and procedures in RBI/PSBs/FIs and Insurance Companies; inquiry into complaints against GMs/EDs and CMDs of PSBs/FIs and Vigilance Surveillance over them; major frauds in PSBs (in India and abroad); PMO references on anti corruption measures; bank security; robberies & loss prevention in banks; sanction of prosecution in case of ED/CMDs; War Book matters; Annual Reports of CVC; Conduct Regulation in PSBs/FIs, employment after retirement regulations in PSBs; CVC/CBI references relating to DRTs/DRATs.

Debts Recovery Tribunals (DRT) – Establishment of DRTs/DRATs under the Recovery of Debts due to Banks and Financial Institutions Act, 1993; framing or amending rules for implementing of the provisions of the DRT Act; filling up of the posts of Chairpersons, Presiding Officers, Registrars, Assistant Registrars, Recovery officers, and other posts in DRTs/ DRATs; issuing clarifications/guidelines etc. on administrative matters/review; progress and disposal of cases by DRT/DRATs; budget provisions, monitoring, etc relating to DRTs/DRATs. SARFEASI/DRT, Central Registry and CIBIL, Securitisation and Foreclosure, subordinate legislation on the aforesaid matters; resolution of NPAs of PSBs etc.

Micro Finance

Matters related to Micro Finance Institutions and Legislation thereon, Self Help Groups, as well as NABARD's Micro Finance, etc.

Insurance-I

LIC Business -Review of the performance of LIC; Laying of Reports of LIC in Parliament; Opening/ winding up of branches of LIC in India; Appointment of Auditors for LIC; Administration of PP Act in LIC and references relating to Estate matters in LIC; Foreign operations/ subsidiaries of LIC; References on Social Security Schemes and other life insurance schemes; Review of performance and making budgetary provisions for various GOI funded schemes such as Janashree Bima Yojana, Shiksha Sahayog Yojana, Varishatha Bima Yojana and Aam Aadmi Bima Yojana; Other Social Security Group Insurance Schemes under LIC; Central Government Employees Group Insurance Scheme; Postal Life Insurance Scheme; Employees' Provident Fund Scheme; All Government sponsored/ supported schemes in life insurance; Any other life insurance or social security products/ scheme proposals; Others: Appellate Authority constituted under Section 110H of the Insurance Act, 1938;

Coordination work relating to the following Committees: Committee for the Welfare of Women; Committee for the Welfare of SC/ST; Estimates Committee;

Appointments - LIC - Selection & appointment of Chairman/ MDs, LIC, appointment of Directors on the Board of LIC, appointment of ex-officio members on the subsidiaries of LIC; Permission for foreign deputation of Chairman and MDs of LIC; Permission for commercial Employment after Retirement for Chairman/ MDs, LIC and other ————-executives of LIC; **IRDA -** Appointments of Chairperson and Members of IRDA; Service condition of Chairman, Members and employees of IRDA; Budget and Funds of IRDA; Other matters relating to Brokerage agencies, entry of new companies and regulations of IRDA.

Service Matters - Service matters, rules and regulations in all public sector insurance companies; Representations on service matters by employees of public sector insurance companies; Service matters of Development Officers/ Agents/Intermediaries; Wage Revision/ Bonus/ VRS in LIC / Public Sector General Insurance Cos; Implementation of Pension Scheme/ policy matters on commercial employment. Citizen's Charter of Life Insurance Corporation Ltd.

Insurance-II

Grievances - Public grievances against services provided by Public Sector Insurance Companies including

AICL and IRDA other than on service matters; Periodical meetings of Public Grievances Officers of public sector insurance companies; Functioning of internal public grievances redressal machinery in public sector insurance companies; Functioning of external redressal machinery like Consumer Courts, Ombudsmen, Lok Adalats, MACT and Courts etc; Appellate Authority constituted under Section 110H of the Insurance Act 1938. Citizen's Charter of Non Life Insurance Companies.

Insurance Sector Reforms - All matters relating to reforms in insurance sector; Reforms related amendments to Insurance Act, 1938, LIC Act, 1956, GIBNA, 1972, IRDA Act, 1999 and Actuaries Act, 2006; Implementation of Law Commission Reports..

Appointments - Policy issues concerning selection of Chief Executives in the PSU insurance companies including AICL; Appointment on the Boards of public sector non-life companies including AICL; Foreign deputation of Insurance executives; permission for Chief Executives of non-life companies including AICL.

General Insurance: Review of the performance of General Insurance Companies including AICL; Matters relating to Insurance Schemes of Public Sector General Insurance Companies including AICL and audit paras thereon; Computerization of public sector general insurance companies; References relating to Surveyors and Agents of non-life PSICs; Foreign operations of public sector general insurance companies; Reference relating to Re-insurance, Third Party Administrators, Tariff Advisory Committee; Opening/ winding up of branches ; Administration of War Risk (Marine Hull) Reinsurance Schemes, 1976; Reference from RBI on permission for release of foreign exchange for insurance policy abroad; Laying down of Annual reports of General Insurance Companies/ GIC/ AICL; Administration of PP Act in non-life insurance companies and references relating to Estate matters in those companies.

Coordination - Work relating to Budgeting, Tax proposals, Budget Announcements relating to insurance, Annual Report, Economic Survey, India Reference Annual, Economic Editors Conference, PMO/ Cabinet References, CII & FICCI, within Insurance Division, matter related to e-payments in Insurance Companies, computerization of Insurance Companies.

Coordination work relating to the following Committees: - Standing Committee on Finance; Committee on Subordinate Legislation; Petitions Committee; Committee on Public Undertaking (COPU).

Others - WTO multi-lateral/ bilateral agreements; Inter-Government agreement between India and any other country.

Pension Reforms (PR) - Coordinating and introducing Pension Reforms; Introduction of New Pension System and extension of its coverage to State Governments and unorganised sector and implementation of the Co-Contributory Swavalamban Scheme; Creation of a Non-statutory Interim Pension Fund Regulatory and Development Authority and administrative matters relating thereto; Formulation of the Pension Fund Regulatory and Development Authority Bill, 2011 and its passage through the Parliament; Matters relating to the Investment Pattern for Non-Government Provident Funds, Superannuation Funds and Gratuity Funds.

Work relating to Parliament Questions, Legislation, Cabinet Notes, Court Cases, VIP References, RTI applications will be attended to by the respective Sections.

1. Banking Operations and Accounts

1.1 Capitalization of Public Sector Banks

As capital is a key measure of bank's capacity for generating loan assets and is essential for balance sheet expansion, Government of India has regularly been investing additional capital in the Public Sector Banks (PSBs) to support their growth and keep them financially sound and healthy so as to ensure that the growing credit needs of the economy are adequately met. A sum of ₹12,000 crore has been infused in seven PSBs during 2011-12 to enable them to maintain a minimum Tier I CRAR of 8% and also to increase shareholding of the Government of India in these PSBs.

For the year 2012-13 also, the Government has approved infusion of capital in PSBs to augment their Tier-I CRAR so as to maintain their Tier-I CRAR at comfortable level and to ensure that they remain compliant with the capital adequacy norms under BASEL-III as well as to support internationally active PSBs for their national and international banking operations undertaken through their subsidiaries and associates. For this purpose an amount of ₹12,517 Crore is being released to 13 PSBs.

1.2 Formation of Non operating Financial Holding Company

The High Level Committee to assess the capitalization of PSBs in the next 10 years, headed by Finance Secretary has, inter-alia, recommended various options for funding of PSBs. One of the options is raising of Extra Budgetary Resources through formation of Holding Company.

Given the budgetary constraints, it may not be feasible for GoI to infuse huge sums into the PSBs as it will impact the budget deficit. Given the fact that PSBs are playing a critical role in financial inclusion and poverty alleviation, the GoI needs to have control over the PSBs. Therefore, to reduce pressure on Budget, there is a need to leverage budgetary support by raising extra budgetary resources.

The Government is, therefore, considering formation of a non- operating Financial Holding Company (HoldCo) under a Special Act of Parliament with the following key objectives:

a. to act as an investment company for the Government of India;

b. to hold a major portion of Government of India's holdings in all PSBs;

c. to raise long term debt from domestic and international markets to infuse equity into PSBs; and

d. to service the debt from within its sources.

1.3. The Banking Laws (Amendment) Act, 2012

i. In order to amend the Banking Regulation Act, 1949, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 / 1980 and other certain Acts, such as, RBI Act, 1934, Indian Stamp Act, 1899 and the Indian Contract Act, 1872, the Government has enacted the Banking Laws (Amendment) Act, 2012 (No. 4 of 2013).

ii. The Banking Laws (Amendment) Act, 2012 seeks to strengthen the regulatory and supervisory powers of Reserve Bank of India (RBI) and it would increase the access of the banks to capital market to raise capital required for expansion of banking business.

iii. The strengthening of RBI's power would quicken the process of finalization of guidelines for licensing of new banks in the private sector and grant of new bank licenses. This would increase the level of financial inclusion and also provide financing for the productive sectors of the economy so that the growth momentum is sustained

1.4 Central Know Your Customer (KYC) Registry.

The limitations and weaknesses in the existing KYC framework in financial, triggered the need for a Central KYC Registry covering the entire gamut of financial services in the country. Finance Minister in his Budget Speech, 2012 announced setting-up of Central KYC Registry to avoid multiplicity of registration and data upkeep. The Registry would be operationalised soon.

2. Regional Rural Banks

2.1 Branch Network of Regional Rural Banks

The number of branches of RRBs has increased from 16001 as on 31st March, 2011 to 16,909 as on 31 March, 2012 taking the network of RRBs to 620 districts in 26 states and 1 Union Territory.

2.2 Capital Infusion for Improving CRAR

Dr. K. C. Chakrabarty Committee had recommended recapitalisation support to 40 RRBs to enhance their CRAR to 9% .The amount of recapitalisation was assessed to be ₹ 2200 crore, to be shared by the stake holders in proportion of their shareholding, i.e, 50%,(Central Govt.),15% (State Govt) and 35% (Sponsor banks). The share of Central Government came to ₹ 1100 crore. The recapitalisation process was started in 2010-11. As per the approved scheme, the release of Central Government share was subject to release of the share by the respective State Government and Sponsor Banks. An amount of ₹ 468.92 crore was released to 21 RRBs in 2010-11 and 2011-12. Since all the State Governments did not release their share towards recapitalisation, the scheme has been extended upto March 31, 2014. An amount of ₹ 200 crore has been released during 2012-13 up to December, 2012. A provision of ₹ 535.00 crore has been made in RE of 2012-13 and ₹ 98 crore has been proposed for BE of 2013-14.

2.3 Financial Performance

The financial performance of RRBs improved during 2011-12 with 79 RRBs recording profit (before tax) of ₹ 2,549 crore as on 31 March, 2012. The total profit of the RRBs has increased from ₹ 2,349 crore in 2010-11 to ₹ 2,521 crore during 2011-12. After payment of Income Tax of ₹663 crore, the net profit aggregated to ₹1,886 crore during the year. The number of loss making RRBs decreased from 7 in 2010-11 to 3 during 2011-12 and their losses decreased from ₹ 71 crore to ₹ 29 crore in the corresponding period. As on 31 March 2012, 22 of the 82 RRBs reported accumulated losses to the tune of ₹ 1,333 crore as against ₹ 1,532 crore reported by 23 RRBs, as on 31 March, 2011. The accumulated loss has decreased by ₹ 199 crore during this period. As a result of improved financial performance, the aggregate reserves of RRBs stood at ₹ 11262.99 crore, as on 31st March, 2012 as against ₹ 9,565.58 crore, as on 31 March, 2011.

2.4 Non-performing Assets (NPA)

The Gross NPA of RRBs, increased from ₹ 3,712, crore as on 31 March, 2011 to ₹5859 crore, as on

31.3.2012. The Gross NPA as a percentage has increased from 3.75% to 5.03% in the corresponding period. The Net NPA of RRBs increased from ₹ 1,941 crore, as on 31 March, 2011 to ₹ 3372 crore, as on 31 March, 2012. The percentage of Net NPA also increased from 2.05% to 2.98% in the corresponding period.

2.5 Amalgamation of geographically contiguous RRBs in a State.

RRBs have played a pivotal role in institutional credit delivery network in rural areas, particularly to the agriculture sector. To enhance their outreach and provide banking services more effectively to rural masses, RRBs need to undertake a continuous process of technology and capital up-gradation.

With a view to minimise overhead expenses and optimise the use of technology in RRBs, the Government has, in consultation with National Bank for Agriculture and Rural Development (NABARD), the concerned State Government and sponsor banks, initiated the process of amalgamation of geographically contiguous RRBs in a State. With amalgamation, the capital base and area of operation of amalgamated RRBs will be enhanced and the amalgamated entities will be able to serve their area better. Till 7th January, 2013, 25 RRBs have been amalgamated into 10 RRBs bringing the number of RRBs to 67

3. Financial Inclusion

Effective access to and usage of financial services, particularly to the hitherto uncovered areas and sections of population is an important priority of the Government. Efficient delivery of financial services not only helps in unlocking the growth potential of the economy but also helps in a more equitable growth. It is with this objective that the Department of Financial Services has been pursuing the agenda of Financial Inclusion in the country, with the following key initiatives and achievements:

3.1 Initiatives and Achievements:

(a) "Swabhimaan" – the Financial Inclusion:

Under "Swabhimaan" - the Financial Inclusion Campaign launched in February 2011, banking facilities to over 74,000 habitations having a population of 2000 and above have been provided by engaging over 62,000 business correspondent agents (BCAs) and opening branches. About 3.16 crore Financial Inclusion accounts have been opened till March, 2012. Further, Public Sector Banks and Regional Rural Banks (RRBs) have operationalised over 43,000 Ultra Small Branches so far.

In pursuance to the announcement made by Finance Minister in budget speech 2012-13, the "Swabhimaan" campaign is being extended to about 45,000 habitations with population of more than 1000 in North Eastern and hilly States and with 1600-2000 population (as per 2001 census) in other States.

(b) Opening of Bank Branches:

Scheduled Commercial Banks have opened 6,503 branches during 2012-13, out of which 2,051 are in rural areas, 2,479 in semi-urban areas, 1,065 in urban areas and 908 branches in metropolitan areas.

(c) Reserve Bank of India (RBI)'s Branch Authorization Policy : To strengthen the Banking Infrastructure –

(i) RBI has permitted domestic Scheduled Commercial Banks (excluding RRBs) to open branches in Tier 2 to Tier 6 Centres (with population upto 99,999 as per census 2001) without the need to take permission from RBI in each case, subject to reporting.

(ii) RBI has also permitted SCBs (excluding RRBs) to open branches in rural, semi urban and urban centres in North Eastern States and Sikkim without having the need to take permission from RBI in each case, subject to reporting.

(iii) Domestic SCBs have been advised that while preparing their Annual Branch Expansion Plan (ABEP), they should allocate atleast 25% of the total number of branches proposed to be opened during the year in unbanked Tier 5 and Tier 6 centres i.e. (population upto 9999) centres which do not have a brick and mortar structure of any SCB for customer based banking transactions.

(iv) Regional Rural Banks (RRBs) are also allowed to open branches in Tier 2 centres (with population of 50,000 to 99,999 as per Census 2001) without the need to take permission from the Reserve Bank in each case, subject to reporting, provided they fulfill the following conditions, as per the latest inspection report:

a) CRAR of at least 9%;

b) Net NPA less than 5%;

c) No default in CRR / SLR for the last year;

d) Net profit in the last financial year;

e) CBS compliant.

(v) RRBs have also been advised to allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) Centres.

(d) Roll out of Direct Benefit Transfer w.e.f. 01.01.2013 :

The Government of India has introduced Direct Benefit Transfer in respect of 26 schemes in 43 pilot districts to begin with, directly into the bank accounts of beneficiaries with effect from 1st January, 2013. The purpose of Direct Benefit Transfer is to ensure that benefits go to beneficiaries' bank accounts electronically, cutting down delays. The scheme is to extended to other districts and schemes in a phased manner.

Under the Direct Benefit Transfer, Government will transfer cash benefits like scholarships, pensions, etc. directly to the Bank or Post Office Accounts of identified beneficiaries. Direct Benefit Transfer will be undertaken using Aadhaar issued by UIDAI. All Public Sector Banks are in a state of readiness for benefit transfer using beneficiaries Aadhaar. Regional Rural Banks (RRBs) sponsored by Public Sector Banks, are also getting ready for accepting and executing Aadhaar based benefit transfer advice.

Direct Benefit Transfer requires strengthening of banking infrastructure in the districts taken up under the scheme. At present Scheduled Commercials Banks have 97,473 bank branches (as on 30th June, 2012 and 1,05,784 ATMs (as on December, 2012) in the country. Besides, under the Financial Inclusion Campaign – "Swabhimaan", to extend banking services to habitations of 2000 or more population, banks have extended banking services to over 74,000 such habitations. Banks have been advised to complete mapping of the entire service area of districts under Direct Benefit Transfer to assess the requirement of additional bank branches, Business Correspondents, etc., to cater to the requirement of Direct Benefit Transfer. It is the endeavour that one banking outlet {branch / Business Correspondent Agent (BCA)} is available for, on an average, 1000-1500 households, taking the geographical and local conditions in consideration.

4. Agriculture Credit Targets

In order to boost agriculture productivity, farmers need access to affordable and timely credit facilities. As against the farm credit target of ₹5,75,000 crore for the year 2012-13, an amount ₹ 239,628.93 crore was disbursed upto September, 2012. Year wise position of target flow to agricultural credit and achievement is given in the following table:-

(₹ in crore)

Year	Target	Achievement
2004-05	1,05,000	1,25,309
2005-06	1,41,000	1,80,486
2006-07	1,75,000	2,29,400
2007-08	2,25,000	2,54,658
2008-09	2,80,000	3,01,908
2009-10	3,25,000	3,84,514
2010-11	3,75,000	4,59,341
2011-12	4,75,000	5,11,029
2012-13	5,75,000	239,628.93*

* Provisional figures upto, September 2012

4.1 Interest Subvention Scheme

The Government of India has since 2006-07 been subsidizing short term crop loans to farmers in order to ensure the availability of crop loans to farmers for loans up to ₹3.00 lakh, at 7% p.a. This Interest Subvention Scheme has been further continued for 2011-12 for Public Sector Banks, Regional Rural Banks and Cooperative Banks. In the year 2010-11, an additional subvention of 2% was being provided to farmers who repay timely. This additional subvention has been increased from 2% in 2010-11 to 3% in 2011-12. Thus, the effective rate of interest for such farmers will be 4% per annum.

Around Rs.870 crore, ₹1,856 crore, ₹2,472 crore, ₹3,083 crore, ₹2,011 crore and 3531 crore have already been reimbursed to the lending institutions during the years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 respectively for implementation of the Scheme. A provision of ₹6000 crore has been made in the BE 2012-13, out of which, ₹4377.99 crore has been released upto 19th November, 2012.

In order to discourage distress by farmers and to encourage them to store their produce in warehousing against warehouse receipts, the benefit of interest subvention will be available during 2011-12 to small and marginal farmers having Kisan Credit Card for a further period of up to six months post harvest on the same rate as available to crop loan against negotiable warehouse receipt for keeping their produce in warehouses.

4.2 Kisan Credit Card (KCC)

The Kisan Credit Card (KCC) Scheme was introduced in 1998-99, as an innovative credit delivery system aiming at adequate and timely credit support from the banking system to the farmers for their cultivation needs including purchase of inputs in a flexible, convenient and cost effective manner. The Scheme is being implemented by all the District Central Cooperative

Banks, Regional Rural Banks (RRBs) and Public Sector Commercial Banks throughout the country. KCC is one of the most effective tools for delivering agriculture credit. As per report received from NABARD, as on 31st March 2012, the banking system has issued 11.39 crore KCCs (since inception). Total amount sanctioned is ₹5,72,617 crore. Banks have been advised to issue Kisan Credit Cards (KCC) to all eligible farmers and General Credit Cards (GCC) to non-farmers. A new scheme for KCC has been circulated by NABARD which provides for KCC as an ATM card which can be used at ATM/ Point of sale (POS) terminals. This Department has advised all banks to implement the new KCC Scheme and issue ATM/Debit Cards to farmers in July, 2012.The progress of KCC during the year 2011-12 is as under

Institutions	No of KCCs issued	Amount sanctioned (in Crore)
Cooperative Banks	2959043	10642.52
Regional Rural Banks	1995565	11516.20
Public Sector Banks	5118549	50087.53
Total	10073157	72246.25

4.3 SHG-Bank Linkage Programme

The Self Help Group (SHG) – Bank Linkage Programme has emerged as the major micro finance programme in the country. The focus under this programme is largely on those rural poor who have had no sustainable access to the formal banking system. Upto 31.03.2012, 79.60 lakh SHGs were linked and 43.54 lakh SHGs were credit linked with various Banks across the country.

4.4 Rural Infrastructure Development Fund (RIDF)

The GOI established a fund to be operationalized by NABARD in the Union Budget **1995–96** called the RIDF which was set up within NABARD by way of deposits, from Scheduled Commercial Banks operating in India from the shortfall in their agricultural lending / priority sector/ weaker sections. The Fund has since been continued, with its allocation being announced every year in the Union Budget. Over the years, coverage under the RIDF has been broad based, in each tranche, and at present, ***a wide range of 31 activities*** are financed under various sectors. The annual allocation of funds announced in the Union Budget has gradually increased from ₹2,000 crore in 1995–96 (RIDF I) to ₹ 18,000 crore in 2011-12(RIDF XVII). The aggregate allocations have reached ₹1,52,500 crore. In the Budget speech 2012-13(RIDF XVIII), allocation of ₹20,000 crore has been made out of which ₹5,000 crore has been earmarked exclusively for creating warehousing facilities under RIDF.

4.5 Main Programmes and Schemes

Some of the important Programmes and schemes of AC Section during the year were:

(i) Interest Subvention Scheme for interest relief to farmers on short term production credit

(ii) Scheme for financing to warehousing infrastructure under specific allocation of ₹ 2,000 crore under RIDF.

(iii) Augmentation of Capital base of NABARD by infusing equity of ₹3,000 crore.

4.6 Other Legislations

The Micro Finance Institutions (Development and Regulation) Bill, 2011, for promotion, development and regulation of Micro Finance Institutions in rural and urban areas, is under formulation in the Ministry.

4.7 Revitalisation of Long Term Cooperative Credit Structure

The revival package for the Long Term Cooperative Credit Structure (LTCCS), based on the recommendations of Vaidyanathan Task Force-II was approved by the Government of India. Total outlay for implementation of this Revival Package is for ₹3,070 crore (₹2,206 crore for GoI, ₹482 crore for State Governments and ₹382 crore for Agriculture and Rural Development Banks or LTCCS). ₹20 crore has been released to NABARD for implementation of this Package during 2008-09. A provision of ₹1,000 crore has been made in the BE 2010-11 for the same. However, the Government of India had constituted a Task Force to assess the impact of the implementation of the Agricultural Debt Waiver & Debt Relief Scheme (ADWDRS), 2008 and STCCS package on the financial health of the LTCCS. The report of the Task Force has been accepted by the Government. A revival package for LTCCS (merger of STCCS and LTCCS) is under consideration of the Government.

4.8 Strengthening of the Capital Base of NABARD.

To enhance its borrowing capacity to ensure availability of adequate and affordable credit to farmers and to also meet the growing refinance needs of the Banks that are extending agriculture loans and are undertaking other development activities in the rural areas. The Union Finance Minister in his Budget Speech 2011-12 has proposed to strengthen NABARD's capital base by infusing ₹3,000 crore in a phased manner, so far ₹1500 crore have been released.

5. Industrial Relations

5.1 Scheme for Training in Left Wing Extremist affected areas

To achieve the target of inclusive growth, Indian Banks' Association was advised to take steps to operationalize a coaching programme in Left Wing Extremist (LWE) affected areas of the Country as well as in the state of Jammu and Kashmir to prepare candidates to appear in the Common Written Examination (CWE) conducted by IBPS. Greater participation of youth from such areas in the Examination would also help the banks in getting over the problem of recruiting local staff in such areas.

5.2 Sabbatical leave for female employees

In view the dual responsibility held by the female employees, a welfare measure was taken and a concept of Sabbatical Leave to female Employees of Public Sector Banks(PSBs) was introduced for the first time in the PSBs. A Sabbatical leave of 2 years is allowed to female employees to meet their special problems during their career such as medical grounds, care of family members or children, higher studies, visit spouses, etc.

6. Debts Recovery Tribunals

The Central Government has established 33 Debts Recovery Tribunals (DRTs) and 5 Debts Recovery Appellate Tribunals (DRATs) established all over the country under the provisions of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 for expeditious adjudication and speedy recovery of debts due to banks and financial institutions and matters connected therewith.

DRTs are providing valuable services to the banks and Financial Institutions for effecting recovery of dues. The role of the DRTs has been further enhahced by enacting the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, which provides for aggrieved parties to make appeals before the DRTs.

As per data (Provision) made available by DRTs, a total number of 9125 cases (OA) involving ₹ 16078 crores were disposed off by the DRTs during the period 01.01.2012 to 31.12.2012.

6.1 Recovery : The Recovery of Debts due to Banks and Financial Institutions Act, 1993 & SARFAESI Act, 2002 and their Rules, Central Registry, Credit Information Companies including CIBIL, Securitisation and Foreclosure, resolution/recovery of Non-Performing Assets (NPAs) of Public Sector Banks (PSBs), One Time Settlement / Compromise of loan accounts etc.

a. Non-Performing Assets of Public Sector Banks (PSBs)

i) As per data made available by the Reserve Bank of India (RBI), Gross NPAs of PSBs have shown an increase during the last three years i.e. ₹ 59,972 crore (March, 2010), ₹ 71,080 crore (March, 2011), ₹ 112,489 crore (March, 2012) and ₹ 143,610 (September, 2012). Although GNPAs have increased at system level, the GNPAs ratios of PSBs do not indicate any systemic vulnerability.

ii). Main reasons for increase in NPAs of banks, inter-alia, are switch over to System Based Identification of NPAs, current macro-economic situation in the country, increased interest rates in the recent past, lower economic growth during 2011 and aggressive lending by banks in the past, especially during good times.

iii). Some recent initiatives taken by the Government include appointment of Nodal officers by banks for recovery at the Head Office/ Zonal Office/ for each Debts Recovery Tribunal (DRT), thrust on recovery of loss Assets by banks, close watch on NPA by picking up early warning signals and taking of timely corrective steps by banks, directing the State Level Bankers' Committee to be proactive in resolving with the State Governments and designating of Asset Reconstruction Companies (ARCs) as Resolution Agents of banks.

iv). Pursuant to the second review of the Monetary Policy, RBI has also announced the following remedial measures: the provision for restructured standard accounts is to be raised from the existing 2 per cent to 2.75 per cent; the sanction of fresh loans/ad-hoc loans from 1st Jan 2013 will be made on the basis of sharing of information among the banks; the banks will conduct sector / activity wise analysis of NPAs; banks will put in place a robust mechanism for early detection of sign of distress, amendments in recovery laws and strengthening of credit appraisal and post credit monitoring.

v). The steps taken by the Government and RBI have resulted in improvement in recovery of NPAs. The recovery of NPA by Public Sector Banks has increased from ₹ 10,237 crore (March 2010) to ₹ 14,650 crore (March 2011) and ₹ 17,202 crore (March 2012).

6.2. Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012

Pursuant to the Budget announcement 2011-2012, in order to ensure expeditious recovery of defaulted loans of Banks and Financial Institutions through effective enforcement of their security interest, it was decided to amend the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and Recovery of Debts due to Banks and Financial Institutions Act (DRT Act), 1993. Accordingly, the aforesaid Bill was introduced in the Lok Sabha on 12 December, 2011 and passed by both the Houses of Parliament in the Winter Session of Parliament, 2012. The Act has come into force w.e.f 15.01.2013.

The amendment Act empowers the banks to accept the immovable property in full or partial satisfaction of the claim of the bank against the defaulting borrower at any subsequent sale, in case there is no acceptable bid in the first auction; lays down the procedure to be followed by the Chief Metropolitan Magistrate or the District Magistrate before taking possession of the secured assets on any application filed by a bank or an FI; enable the banks or any other person to file caveat so that before granting any stay, the bank or any other person is heard by the Debt Recovery Tribunal so as to expedite recovery of defaulting loans; allows the Central Registry to register the existing transaction of securitisation, reconstruction or creation of security interest; and enable the banks and financial institutions to enter into settlement or compromise with the borrower and empower the Debt Recovery Tribunal to pass an order acknowledging such settlement or compromise.

7. Financial Institutions

7.1. India Infrastructure Finance Company Ltd

IIFCL was incorporated under the Companies Act as a wholly-owned Government of India company in January 2006 and commenced operations from April 2006 to provide long term finance to viable infrastructure projects through the Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called India Infrastructure Finance Company Ltd (IIFCL), broadly referred to as SIFTI. The sectors eligible for financial assistance from IIFCL are roads and highways, power, airport, port, railways, urban infrastructure, Gas pipelines, Infrastructure projects in Special Economic Zones, International convention centres and other tourism infrastructure projects, cold storage chain, warehouses, and fertilizer manufacturing. IIFCL accords overriding priority to Public-Private Partnership (PPP) Projects. The authorised & paid up capital of the company as on 31st December 2012 was ₹ 5,000 crore and ₹ 2,900 crores respectively. The company is operating profitably since commencement of operations in April 2006.

Within 7 years of its operations, on a consolidated basis, till 31st December 2012, under direct lending IIFCL has made gross sanctions of ₹ 72,906 crore and has disbursed ₹ 28,214 crore (including refinance of ₹ 4,168 crore and takeout finance of ₹ 2,165 crore). Commercial Operation Date (CoD) has been achieved in 63 projects (including 3 in IIFC(UK)).

Till 31st December 2012, IIFCL financing as part of the consortium would help in development/four laning/ six laning of around 17,000 Kms of roads, addition of around 50,000 MW of power generation capacity, addition of more than 50 million tonnes of port capacity, and redevelopment of Delhi & Mumbai airports which together handle majority of India's passenger and cargo traffic.

For the first time in Infrastructure Sector in India, IIFCL raised resources for tenors in excess of 25 years in July 2012 to enable lending for longer tenure to infrastructure sector. IIFCL has also established strong relationships with bilateral and multilateral institutions like ADB, World Bank and KfW and has committed lines of credit. Till December 2012, the company has availed USD 1041 million out of ADB's line of credit of USD 1200 million, USD 22.93 million out of World Bank line of credit of USD 1195 million and has availed Euro 29.51 million out of KfW line of credit of Euro 50 million.

7.2. New Initiatives

To facilitate incremental lending to the infrastructure sector by addressing banks' exposure and asset-liability mismatch constraints, IIFCL has implemented the Takeout Finance Scheme. IIFCL operationalized its Modified Takeout Finance Scheme in December 2011 subsequent to suitable modifications. IIFCL also has introduced non-discriminatory and non-discretionary external rating based pricing mechanism for takeout of infrastructure loans. IIFCL is also considering replacing debt from other lenders debt with longer-tenor loans to infrastructure projects by carrying further amendments in the scheme. Till 31st December 2012, IIFCL has sanctioned ₹ 7,098 crore and has disbursed ₹ 2165 crore.

To enable channelization of long term funds from investors like insurance companies and pension funds, IIFCL is presently undertaking pilot transactions under its Credit Enhancement initiative wherein IIFCL provides partial credit guarantee to enhance the ratings of the project bond issue by infrastructure project companies. During the pilot phase, Asian Development Bank (ADB) is participating in this endeavor by committing to support IIFCL by providing up to 50% backstop guarantee facility. Till 31st December 2012, IIFCL has accorded in-principle approval to two pilot transactions for extending partial credit guarantee to bonds worth around ₹ 1500 crore.

7.3 Subsidiaries of IIFCL

IIFC(UK)

IIFCL has set up its wholly owned subsidiary, IIFC (UK) Ltd at London with the objective of borrowing up to USD 5 billion from the Reserve Bank of India and on-lend to Indian companies implementing infrastructure projects in the country for the purpose of meeting the capital expenditure solely outside India. IIFC (UK) began its operations from April 2008 and till end December 2012 has made gross sanction of USD 4.17 billion to 40 infrastructure projects. The company has disbursed USD 930 million including outstanding Letter of Comfort of USD 262 million, till end December 2012. Recently, IIFC(UK) has reduced its lending rates on foreign currency loans to infrastructure sector to around LIBOR+200 bps as compared to earlier rate of around LIBOR+450 bps. This would enable lowering of the financial debt service burden on infrastructure projects thereby increasing viability of many infrastructure projects.

IIFCL Infrastructure Debt Fund (Mutual Fund route)

IIFCL has set-up an Asset Management Company and is in the process of operationalisation of the Infrastructure Debt Fund (IDF) through Mutual Fund route in line with the SEBI guidelines.

IIFCL Projects Ltd

IIFCL has also established a wholly owned subsidiary, IIFCL Projects Limited to provide varied advisory services from the point of identification and conception of infrastructure project and gauging their feasibility to the point of monitoring and supervision.

Equity stake in Delhi Mumbai Industrial Corridor Development Corporation

IIFCL has also acquired a 41% stake in the Delhi Mumbai Industrial Corridor Development Corporation (DMICDC).

7.4 Export-Import Bank of India (Exim Bank)

Export-Import Bank of India, set up in 1982, by an Act of Parliament for the purpose of financing, facilitating and promoting foreign trade of India, is the principal Financial Institution in the country for coordinating working of institutions engaged in financing exports and imports. It is wholly owned by the Government of India. Exim Bank lays special emphasis on extension of Lines of Credit (LOC) to overseas entities, national governments, regional financial institutions and commercial banks. During the year 2011-12, Exim Bank extended 18 LOCs, aggregating US$ 1.50 billion, to support export of projects, goods and services from India. Several of these lines have been extended at the behest of Government of India.

During the financial year 2011-12, the Bank approved loans of ₹ 44,411 crore as against ₹ 47,798 crore during 2010-11. Disbursements during the year amounted to ₹ 37,045 crore as compared to ₹ 34,423 crore during the previous year. Loan assets increased to ₹ 58,889 crore as on March 31, 2012 from ₹ 45,655 crore as on March 31, 2011.

Exim Bank also actively supports and facilitates outward investments by Indian companies in their quest for enhanced access to global markets. During the year 2011-12, 53 corporates were sanctioned funded and non-funded assistance aggregating ₹ 41.78 billion for part financing their overseas investment in 24 countries. Exim Bank has provided finance to 387 ventures set up by 313 companies in 69 countries so far, including Austria, Bangladesh, Brazil, Canada, China, Croatia, Egypt, Indonesia, Ireland, Israel, Italy, Malaysia, Malta, Mauritius, Morocco, Nepal, Netherlands, Oman, Romania, Singapore, South Africa, Spain, Sri Lanka, Sudan, UAE, UK, USA, and Vietnam

7.5 BRICS Interbank Cooperation Mechanism

Exim Bank is the nominated member development bank under the BRICS Interbank Coorperation Mechanism. Other nominated development banks of BRICS nations, viz., Banco Nacional de Desenvolvimento Economicoe Social – BNDES, Brazil; State Corporation Bank for Development and Foreign Economic Affairs – Vnesheconombank, Russia; China Development Bank Corporation, (CDB) China; and Development Bank of Southern Africa (DBSA), South Africa. Exim Bank and other nominated member development banks under the BRICS Interbank Cooperation Mechanism have signed two Agreements, viz., 'Master Agreement on Extending Credit Facility in Local Currency' and 'BRICS Multilateral Letter of Credit Confirmation Facility', in the presence of Heads of States / Government of all the five BRICS countries, during the BRICS Summit 2012, hosted by India during March 2012. Exim Bank hosted the Annual Meeting and Financial Forum under the BRICS Interbank Coorperation mechanism during the BRICS Summit 2012 at New Delhi.

7.6 GOI supported Exim Bank of India Lines of Credit extended to foreign countries

In the year 2012-13 (during April 2012 to December 2012), the following proposals for extension of GOI supported lines of credit to be routed through the Exim Bank of India have been approved:

i. USD15 million credit line to the Government of Benin;

ii. USD 19.72 million credit line to the Government of Mozambique;

iii. USD 28.60 million credit line to the Government of Zimbabwe;

iv. USD 247.20 million credit line to the Myanma Foreign Trade Bank, Myanmar; and

v. USD 2.71 million credit line to the Government of Cuba.

7.7 New Initiatives by department

Exim Bank has, in conjunction with the Export Credit Guarantee Corporation of India (ECGC), introduced a new product viz. Buyer's Credit under the National Export Insurance Account (NEIA), which is a non-recourse financing option and an effective market entry tool for the Indian exporters. Under this product, Exim Bank finances and facilitates project exports from India by way of extending credit facility to overseas sovereign governments and government owned entities for import of goods and services from India on deferred credit terms. In order to make the Scheme gain momentum, it is proposed by the Government to provide Interest Equalization Support of 2% for the Buyer's Credit under NEIA Programme.

7.8 Interest Subvention of Exporters

To help exporters, Government of India has extended 2% Interest Subvention Scheme on pre and post shipment export for the following employment incentive sectors w.e.f. April 1, 2013 to March 31, 2014:

a) Handicraft

b) Carpets

c) Handlooms

d) Small and Medium Enterprises (SMEs)

e) Readymade Garments

f) Processed Agriculture Products

g) Sport Goods

h) Toys

i) 134 Tariff lines on Engineering Products

7.9 National Housing Bank(NHB) :

(The financial year of National Housing Bank (NHB) is from July to June)

National Housing Bank (NHB), a wholly owned subsidiary of Reserve Bank of India (RBI), was set up by an Act of Parliament in 1987. NHB is an apex financial institution for housing. It commenced its operations in 9th July 1988. NHB has been established with an objective ***to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support incidental to such institutions and for matters connected therewith.***

NHB registers, regulates and supervises Housing Finance Company (HFCs), keeps surveillance through On-site & Off-site Mechanisms and co-ordinates with other Regulators.

7.10 Refinance Operations Department Performance during the year

During the year 2011-12 (July - June), refinance aggregating ₹ 14389.91 crore was disbursed, out of which ₹ 5607.54 crore was disbursed for rural housing under the Golden Jubilee Rural Housing Refinance Scheme and the Rural Housing Fund.

For the year 2012-13 (July to December, 2012) refinance aggregating ₹ 9453.23 was disbursed, out of which ₹ 3747.22 crore was disbursed for rural housing under the Golden Jubilee Rural Housing Refinance Scheme and the Rural Housing Fund.

The breakup of the releases made during 2011-12 (July - June) is as under:

(₹ in crore)

Institution Category	REGULAR Scheme	RHF	GJRHRS	Total
I	II	III	IV	V
HFCs	2772.37	2125.25	404.51	5302.13
Banks (SBs)	6010.00	877.78	2200.00	9087.78
Total	**8782.37**	**3003.03**	**2604.51**	**14389.91**

The breakup of the releases made during 2012-13 (July to December, 2012) is as under:

(₹ in crore)

Institution Category	REGULAR Scheme	RHF	GJRHRS	Total
I	II	III	IV	V
HFCs	1769.23	831.87	1836.72	4437.82
Banks (SBs)	3936.78	728.63	350.00	5015.41
Total	**5706.01**	**1560.50**	**2186.72**	**9453.23**

7.11 Performance under Rural Housing

During the year 2012-13 (July to December, 2012), 39.64% of total disbursements of ₹ 9453.23 crore i.e. ₹ 3747.22 crore have been made under the Rural Housing Fund (RHF) and the Golden Jubilee Rural Housing Refinance Scheme (GJRHRS) in respect of loans given by Primary Lending Institutions (PLIs) in rural areas.

The breakup of the disbursements made for rural housing (RHF and GJRHRS) is as under:

Institution Category	2011-12 Amount (₹ crore)	2011-12 (Jul-Dec, 2011) Amount (₹ crore)
Housing Finance Companies	2529.76	2668.59
Scheduled Banks	3077.78	1078.63
Total	**5607.54**	**3747.22**

7.12 Rural Housing Fund

The Hon'ble Finance Minister, in his Union Budget speech for 2008-09, announced the setting up of the Rural Housing Fund to enable primary lending institutions to access funds for extending housing finance to targeted groups in rural areas at competitive rates. The corpus of the fund for 2008-09 was ₹ 1778.18 crore, which was enhanced by ₹ 2000 crore during 2009-10, another ₹ 2000 crore for 2010-11, another ₹ 3000 crore for 2011-12 and further by ₹ 4000 crore by 2012-13. A total amount of ₹ 8778.18 crore has been received by the Bank under the Fund till June, 2012 and the Bank has been able to deploy the full amount towards refinance for rural housing for the target groups. For the year 2012-13 (July-December, 2012), the Bank has disbursed ₹ 1560.50 crore under this scheme.

The breakup of the disbursements made under RHF is as under:

Institution Category	2011-12 Amount (₹ crore)	2011-12 (Jul-Dec, 2012) Amount (₹ crore)
Housing Finance Companies	2125.25	831.87
Scheduled Banks	877.78	728.63
Total	**3003.03**	**1560.50**

Many of the large housing finance companies which were hitherto only urban-centric, have been persuaded to extend housing loans in rural areas. This has resulted in not only a better geographical distribution of housing finance, but has also brought about increased penetration of housing loans among the under privileged segments of the society, including the women, marginal farmers, small artisans, members of scheduled castes and scheduled tribes and minority communities. The success of these forays into the rural market has enthused these companies to make efforts towards increasing their disbursements in the rural areas, and has also encouraged other HFCs, which have not yet entered the rural markets to actively look at the rural housing finance market as a channel for future growth.

Also, one of the benefits of the Rural Housing Fund has been that availability of funds at competitive rates for housing has encouraged the Regional Rural Banks (RRBs) to take up housing finance as a major focus area. The RRBs have an active presence in the rural areas throughout the country and are well acquainted with the contours of the rural market, thereby putting them in a good position to promote housing finance in their respective areas of operations. The Bank has, during 2011-12, added 7 new Regional Rural Banks as its refinance clients. Efforts are on to encourage RRBs across the country to take up rural housing finance in a major way and to avail refinance from NHB for this purpose, which will go a long way in promoting housing finance in rural areas throughout the country.

7.13 Focus on EWS and LIG

The disbursement of refinance during the year 2011-12 focused on EWS and LIG. The refinance disbursements in respect of housing loans under ₹ 15 lakhs amounted to 76% of the total disbursements, with refinance in respect of housing loans upto ₹ 5 lakhs amounting to more than 34% of the total disbursements.

7.14 Equity Participation by NHB

As part of its promotional role, National Housing Bank participates in the equity of housing finance companies and other institutions which can play an important role in the development of the sector. Currently, the Bank's contribution in the equity of two housing finance companies, namely, Cent Bank Home Finance Limited and Mahindra Rural Housing Finance Limited, stood at 16% and 12.50%, of their total paid up capital, respectively.

The Bank also has contributed 5% equity shareholding in Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI). The Company is a Government Company with Central Government shareholding of 51%. 10 Public Sector Banks hold the balance amount of equity capital.

7.15 Energy Efficient Housing Programme

NHB, in partnership with KfW, Germany, is promoting energy efficiency in the housing sector. The Bank, in 2010-11, launched the Energy Efficient Housing Refinance Scheme, aimed at encouraging energy efficiency in the residential sector. During the year 2011-12, refinance disbursements aggregating ₹ 128.96 crore were made under this Scheme. The refinance assistance under the Scheme is expected to improve the demand for energy efficient residential units. For the year 2012-13 (July-December, 2012), the Bank has disbursed ₹ 63.06 crore under this scheme.

7.16 Launch of New Schemes

During the year 2012-13, the Bank launched two new refinance schemes, Special Refinance Scheme for Urban Low Income Housing, and the Refinance Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes. The two schemes were launched by the Hon'ble Union Minister for Housing and Urban Poverty Alleviation, Government of India, Kumari Selja, at the inaugural ceremony of the Bank's Silver Jubilee Year on 09-07-2012. For the year 2012-13 (July-December, 2012), the Bank has disbursed ₹ 15.25 crore under Special Refinance Scheme for Urban Low Income Housing, and the Refinance Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes.

7.17 Project Finance Department

Till December 31, 2012 (2012-13), NHB has sanctioned 444 projects having project cost of ₹ 6839.37 crore and loan component of ₹ 4,996.92 crore to provide low income housing for the poor and has financed various agencies including Public Housing Agencies, MFIs, NGOs, and Public Private Partnership projects. NHB through its long term financial support, technical assistance and training, engaged many MFIs/NGOs in doing housing finance for low income families.

During the year 2012-13 till December 31,2012 the Bank has sanctioned Project Finance assistance for 4 projects amounting to ₹ 154.26 crore and disbursed ₹ 62.33 crore including unutilized sanctions of previous years. The disbursements were made to Housing Micro Finance Institutions, Public Agencies and Public Private Partnerships.

Under Housing Micro Finance, the Bank's focus is to develop sustainable human habitats which are eco friendly, cost effective and productive. So far, the Bank has sanctioned ₹ 101.68 crore to 32 Microfinance Institutions spread across in 11 states for financing 40,210 urban and rural housing/sanitation units. The beneficiaries include farmers, petty traders, artisans, dairy workers and other low income households. More than 90% of the beneficiaries were women.

NHB has launched the water and sanitation programme along with UN-HABITAT, and financed ₹ 7.91 crore for construction of about 16,612 toilets for members of SHGs/MFIs in the States of Tamil Nadu and Gujarat.

7.18 Resource Mobilization and Management Department

Resources mobilised during the half year ended 31st December 2012 (2012-13)

NHB raised both short term and long term resources. Short term resources included issuance of Commercial Papers (CPs) and Short Term Loans from Banks. Long Term borrowings included issuance of Zero-coupon Bonds (ZCB), Coupon Bonds, Term Loans from Banks, Rural Housing Fund (RHF), Deposits from Housing Finance Companies (HFCs) and Deposits from public under "SUNIDHI" and "SUVRIDDHI" term deposit schemes. While the gross incremental borrowing during the period was ₹ 25,504.32 Crores net incremental borrowing was ₹ 9262.27 Crores.

The total borrowing outstanding as on 31st December 2012 (2012-13) was ₹ 30689.56 Crores.

7.19 Main Avenues of Resources

a) Rural Housing Fund (RHF)

While presenting the Finance Bill for the year 2008-09, the Hon'ble Finance Minister established a Rural Housing Fund administered by National Housing Bank. Contributions to this fund are done by various banks based on allocation made by Reserve Bank of India which fall short in their lending to priority sector.

The position of RHF Mobilized year wise till date is as follows:

Year	Allocation in ₹ crores	Amount received in ₹ crores
2008-09	2,000.00	1,778.18
2009-10	2,000.00	2,000.00
2010-11	2,000.00	2,000.00
2011-12	3,000.00	3,000.00
2012-13	4,000.00	2,000.00
Total	13,000.00	10,778.18

As against allocation of ₹ 4000 Crores for the year 2012-2013, the Bank has received an amount of ₹ 2000 Crores till the end of December 31, 2012 (2012-13).

Further, demand for the third & fourth instalment each of ₹ 1000 Crores will be issued to the contributing scheduled Commercial Banks in due course of time.

b) Bonds

1. One of the main components of resources raised during the half year was through issuance of Bonds. Bonds issued by NHB are rated "AAA" by at least two of the rating agencies approved by SEBI viz. CARE ratings, CRISIL, Fitch ratings and Brickwork ratings and are listed on Bombay Stock Exchange / National Stock Exchange. Commercial Papers issued by NHB during the year were rated "A1+" by ICRA. These ratings indicate highest degree of certainty regarding timely payment of financial obligation on the instruments. Bonds for a face value of ₹ 2730 crs were issued during the half year.

2. **Tax Free Bonds**: Hon'ble Finance Minister, while presenting the Union Budget for 2012-13, has allocated Tax-free bonds to the tune of ₹ 5000 Crores for NHB. Consequently, CBDT vide gazette [Notification No. 46/2012 F.No. 178/60/2012-(ITA.1)] dated 06.11.2012 has authorized National Housing Bank to issue ***tax-free secured redeemable non-convertible*** Bonds aggregating to ₹ 5000 crs during the financial year 2012-13. NHB is raised first tranche of private placement of tax free bond of ₹ 126.01 Crores.

c) "SUNIDHI" & "SUVRIDDHI" term deposit schemes

NHB launched two new term deposit schemes viz. "SUNIDHI" & "SUVRIDDHI" during the year 2008-09. "SUNIDHI" term deposit is open for individuals/HUFs/ Partnerships/ Societies & Trusts / Association of Persons. Minimum tenor is one year and the maximum is five years. "SUVRIDDHI" is term deposit scheme open only for individuals / and HUFs and the tenor is five years. "SUVRIDDHI" is notified under section 80C of Income Tax Act, 1961.The total amount outstanding as on 31.12.2012 under both the schemes is ₹ 200 Crores out of which ₹ 19 Crores was mobilised during the half year.

D. National Housing Bank (Amendment) Bill, 2012

A Bill to amend the National Housing Bank (Amendment) Bill, 2012 was introduced in the Lok Sabha on April 30, 2012. The Bill aims to transfer the ownership of the Reserve Bank of India (RBI) in the National Housing Bank (NHB) to the Central Government. It also aims to transfer the power of NHB to regulate and register Housing Finance Companies (HFCs) to RBI. The supervision of the housing finance companies will continue to remain with NHB. Further, the Bill proposes the empower the Company Law Board (CLB) to redress the grievances of the depositors by ordering repayments by CLB in case of failure of HFC to do so.

To enlarge the scope of functions of NHB, the Bill proposes to include certain additional businesses which NHB may undertake viz., refinancing of housing loans by NBFCs, securitization of housing loans and advances, promotion of mortgage guarantee companies, credit information companies, etc.. The proposal in the Bill will enable NHB to close its books of accounts on 31st March instead of 30th June each year. NHB is also being empowered to collect information from any institution engaged in housing activities which will enable policy formulation and implementation at Centre and Sate level in the light of information/data received.

The Bill also proposes to cover all HFCs registered under the NHB Act, 1987 for the purposes of the SARFAESI Act, 2002.

The Bill introduced in Lok Sabha on 30th April 2012. Further sent to Standing Committee on Finance for examiniation

E. Scheme of 1% Interest Subvention on Housing Loan up to Rs. 10 lakhs

The Finance Minister had announced a Scheme of 1% Interest Subvention on Housing Loan up to ₹ 10 lakhs. An allocation of ₹ 1,000 Crores was also announced for the purpose.

Pursuant to the above mentioned announcement, the Government of India has approved a Scheme of Interest Subvention on Housing Loan up to ₹ 10 lakhs, provided the cost of the unit does not exceed ₹ 20 lakhs. The Scheme will be implemented throughout the country and will be in operation for a period of 1 year starting from 1st October, 2009 to 30th September, 2010. Interest subsidy of 1%, by way of reduction in interest rate by 100 basis point per annum, will be applicable for first 12 months of eligible loans sanctioned and disbursed during the currency of the Scheme.

The Scheme will be implemented through the Scheduled Commercial Banks (SCBs) and Housing Finance Companies (HFCs) registered with National Housing Bank (NHB). The Reserve Bank of India (RBI) and NHB will be Nodal Agencies for the Scheme for SCBs and HFCs respectively.

The Government has allocated an initial sum of ₹ 300 crores for implementation of the Scheme during the current financial year. The Department of Financial Services (DFS) has framed guidelines for implementation of the Scheme.

The Scheme guidelines along with Operational modalities have been circulated among the HFCs. National Housing Bank has received claims totaling ₹ 87.80 lakh from 4 HFCs as on 31.12.2009. Accordingly, The Ministry of Finance has been requested for release of interest subsidy for onward release of the same to the HFCs concerned.

7.20 SIDBI :

Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under an Act of Indian Parliament, acts as the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities. Financial support is provided by way of (a) refinance to eligible Primary Lending Institutions (PLIs), such as, banks, State Financial Corporation (SFCs), etc. for onward lending to MSMEs, (b) direct assistance to MSMEs which is channelised through the Bank's branch offices and (c) financing other activities as per SIDBI Act.

The business strategy of SIDBI has been reoriented towards filling up the financial and non-financial gaps in the MSME eco-system. The financial gaps which are being addressed by SIDBI are in the niche areas like risk capital/equity, sustainable finance (promoting energy efficiency and cleaner production technologies in the MSME sector), factoring & reverse factoring, service sector financing through tailor-made products, etc. This way, SIDBI would be complementing and supplementing the efforts of banks in meeting the diverse credit needs of MSMEs. The highlights of such niche financing support are given below:

- **Risk Capital:** SIDBI offers risk capital assistance through its Growth Capital and Equity Assistance Scheme for MSMEs (GEMs) scheme to bridge the gap between the two chief sources of finance viz. bank loans (senior debt) and promoter's capital. SIDBI offers this assistance in form of mezzanine/ convertible instruments, subordinated debt and equity (in deserving cases). This niche assistance is based on project viability and its future earnings rather than asset / collateral based.

  In order to channalise more equity funding to the MSME sector, the Union Budget 2012-13 announced setting up of a ₹ 5,000 crore India Opportunities Venture Fund (IOVF) with SIDBI. The Fund would be sector agnostic and utilized for providing equity assistance to MSMEs. SIDBI would act as the Fund of Funds to help create sufficient number of venture equity funds in the country, as also tap various channel partners like Banks, NBFCs, etc., apart from providing such equity / quasi-equity support directly to MSMEs. As on December 31, 2012, commitments aggregating ₹ 174 have been made under the Fund of Funds to 8 MSME dedicated VC funds.

- **Sustainable Finance:** As a part of its Green initiative, SIDBI has formulated certain specialized loan schemes to promote energy efficiency, environment protection and improving social standards in the MSME sector. With a view to promoting energy saving and facilitate adoption of clean production technologies in MSMEs, SIDBI has devised special schemes for providing assistance for investment in Energy Efficiency Projects and Cleaner Production Options to MSMEs, under which assistance is provided at concessional terms.

- **Addressing Delayed Payments:** In order to help the MSMEs for quicker realization of their receivables, SIDBI fixes limits to well-performing purchaser companies and discounts usance bills of MSMEs / eligible service sector units supplying components, parts, sub-assemblies, services, etc. so that the MSME / service sector units realise their sale proceeds quickly. SIDBI also offers invoice discounting facilities to the MSME suppliers of purchaser companies.

  NTREES: SIDBI, alongwith National Stock Exchange, took the initiative to set up an electronic platform for discounting of trade receivables SIDBI. The e-platform is named as NTREES (NSE Trade Receivables Engine for E-discounting in association with SIDBI). Operations on the platform are on RTGS basis. So far, more than 430 vendors are registered through the purchaser company and are getting advantages of discounting their bills on real time basis within 1 or 2 hours as against earlier time of 3 to 4 days and paper based transactions.

- **Service Sector –** In order to address lower credit flow to services sector which could be due lack of adequate security, inadequate banking skill on cash flow based project appraisal, as also valuation of intangibles, many MSMEs operating from leased premises, lack of financial literacy among MSMEs resulting in improper maintaining of balance sheet, etc., SIDBI has identified service sector as one of the niche areas for extending financial assistance by working out tailor-made products.

- **Promoting responsible micro finance -** SIDBI has created a consortium of lenders called Lenders' Forum, wherein all the major lenders of MFIs have agreed to work together to impress upon the Micro Finance Institutions (MFIs) to implement the same through a common set of loan covenants. SIDBI is actively involved in development of a Code of Conduct Assessment Tool, which applies to providing credit services, recovery of credit, collection of thrift etc, for MFIs to assess their degree of adherence to the voluntary microfinance Code of Conduct formulated by the MFIs. Further, SIDBI proposes to develop in line with the MIX Market, which is a global, web-based, microfinance information platform, a MIX market tailored for India i.e., the India Microfinance Platform (IMFP) - to provide and disseminate valuable information on the Indian MFIs

  The socially motivated efforts of SIDBI have also been strengthened by setting up of the "India Microfinance Equity Fund" of ₹ 100 crore with SIDBI, as announced in the Union Budget 2012-13, with the primary emphasis of providing equity and quasi-equity support to smaller MFIs to help them maintain growth and achieve scale and efficiency in their operations. As on December 31, 2012, the Bank has committed an amount of ₹ 98.25 crore to 35 MFIs out of the ₹ 100 crore fund. The fund is expected to be fully committed/ utilized in FY 2013.

7.21 Developmental Support

In the overreaching framework of MSME eco-system, capacity building of MSME sector is an important component of the Bank's business model. This is being primarily addressed by SIDBI through its Promotional & Developmental (P&D) activities which are designed to achieve the twin objectives of national importance, viz. (a) Promotional- enterprise promotion resulting in setting up of new units , thereby creating additional employment and (b) Developmental- enterprise strengthening to enable MSMEs to face the emerging challenges of globalization and growing competition. SIDBI has benefitted the MSME sector through its P&D activities, i.e. setting up of over 1 lakh enterprises, which generated employment of around 3 lakh and benefitting around 4 lakh persons.

Some of SIDBI's important initiatives to address the developmental gaps in the MSME sector are given below:

7.22 Credit Advisory Centres – As a part of the capacity building of MSMEs, SIDBI provides a number of escort services to MSMEs at the cluster level. These services include guiding new / existing entrepreneurs regarding availability of schemes of commercial banks, government subsidies / benefits, provide borrowers with debt counseling, answering queries raised by banks etc and support in the areas of rehabilitation of viable units / capacity building of bankers etc. Till December 31, 2012, SIDBI has set up 41 Credit Advisory Centres (CACs) covering more than 150 clusters in partnership with industry associations, more than 1500 MSME units have been interacted by the CACs.

7.23 Loan Facilitation - SIDBI also provides loan facilitation / syndication to MSMEs to help them avail credit from banks/FIs. This is a validated model which is expected to go a long way in facilitating access to credit by MSMEs.

7.24 Capacity building of smaller banks - Regional Rural Banks (RRBs) / Urban Cooperative Banks (UCBs) / District Central Cooperative Banks (DCCBs) are well suited to meet last mile credit requirement of micro enterprises. In order to enable these banks to purvey credit to small, micro enterprises, SIDBI is extending capacity building support to these institutions for handling micro enterprises loans (MEL). The assistance will be in the areas of free access to software on Downscaling Methodology developed for lending to micro enterprises.

7.25 Information gap - SIDBI has been consistently addressing the information gap in the MSME sector by ensuring availability of trustworthy information to MSMEs. Whether it is financial literacy programmes for MSMEs, stakeholders, bankers, it has been addressing these all along. Accordingly, SIDBI has set up a website *www.smallb.in* which aims at inspiring all existing and potential entrepreneurs to look at the business opportunities available all around. It will act as virtual mentor and handholding tool for new entrepreneurs to set up new units and for the existing entrepreneurs, to grow their businesses.

7.26 Representation of SCs, STs, OBCs and PWDs

The representation of SCs, STs, OBCs and Persons with Disabilities (PWDs) are annexed at **Annexure – III and IV** respectively.

7.27 Implementation of Right to Information Act, 2005

The Bank is implementing the Right to Information Act, 2005, (RTI Act). Accordingly, the Bank has displayed in its website *(www.sidbi.in)* functions and duties of the organization, norms set by the Bank for discharge of its functions, powers and duties of its officers and employees, organization chart, sub-ordinate legislations, etc. as envisaged under Section 4(1) (b) of the Act. The

Bank has designated a Central Public Information Officer (CPIO), Alternate Central Public Information Officer, Central Assistant Public Information Officers, the First Appellate Authority and the Alternate First Appellate Authority, the details of which are available on the Bank's website. In terms of the directives of Central Information Commission (CIC), the Bank has also designated a Transparency Officer for the better implementation of Section 4 of RTI Act with a view to promote congenial conditions for timely response by CPIO to RTI queries. A standing Committee for Implementation of the RTI Act (CIRA) has been constituted by the Bank to assist the Transparency Officer for the effective implementation of the RTI Act in the Bank.

7.28 E-Governance

Several activities were taken up as part of e-Governance and Green Initiative in the Bank, e.g. facilitating transactions through electronic channel, sending 'demand advice' through e-mails and extending Video Conferencing (VC) facility to 62 offices covering almost three-fourth of offices / branches, for providing faster and cost effective communication channel to Branches and Departments. A drive was initiated to handle all payments / receipts using electronic channel so as to move towards chequeless payment / receipts. Some new modules / changes were implemented, e.g. introduction of handling charges, accrual of Interest on monthly basis, booking penal interest on accrual basis, software for third party entities (TPEs) - facilitating due diligence for TPEs and certain new exception alerts assisting the Branches to effectively monitor NPAs, etc. 'Integrated Risk Management Software' and workflow based software for Micro Enterprise Loan was also implemented in the Bank.

7.29 Initiatives in NER

SIDBI accords special attention to the development of North Eastern Region (NER) in terms of (i) credit support including micro finance assistance and (ii) various promotional and developmental (P & D) initiatives.

- SIDBI has implemented Micro Enterprise Promotion Programme (MEPP erstwhile Rural Industries Programme) in 22 districts in NER. MEPP aims at promoting viable rural enterprises leading to employment generation in rural areas. The programme addresses problems of rural unemployment, urban migration, under-utilisation of know-how and latent rural resources and marketing of rural products. These MEPPs have cumulatively resulted in promotion of about 2500 units.

- The Bank has supported 39 Cluster Development Programmes (CDPs) in different states of NER covering activities like bamboo mat weaving, carpet weaving, handicrafts, handloom weaving, etc. These cluster development initiatives would benefit about 6000 artisans. Out of above, skill and entrepreneurship training programme are presently being conducted in 9 different clusters of NER.

- SIDBI has signed a Memorandum of Understanding (MoU) with The North Eastern Development Finance Corporation Ltd (NEDFi) in March 2012 for providing various financial and developmental services including MSME finance, Micro Finance and also for undertaking various developmental activities in NER. Under this arrangement, Credit Counseling Centers were also opened. There are five such centres in operation in NER, which includes Shillong (Meghalaya), Silchar (Assam), Aizawl (Mizoram), Gangtok (Sikkim) and Agartala (Tripura).

7.30 Nodal / Implementing Agency for Government Schemes

SIDBI is the Nodal Agency for implementation of some of the schemes of the Government of India (GoI) for encouraging implementation of technology upgradation and modernisation in the MSME sector. SIDBI provides Nodal Agency services for implementation of Credit Linked Capital Subsidy Scheme (Ministry of MSME), Technology Upgradation Fund Scheme for Textile Industry (TUFS) (Ministry of Textiles), Integrated Development of Leather Sector Scheme (IDLSS) (Ministry of Commerce & Industry) and Scheme of Technology Upgradation of Food Processing Industries (Ministry of Food Processing Industries).

7.31 Associate and Subsidiaries

SIDBI Venture Capital Limited (SVCL) was set up in July, 1999 for providing venture capital assistance to knowledge based MSMEs. Under these two funds viz. National Venture Fund for Software and Information Technology Industry (NFSIT) and SIDBI Growth Fund (SGF). Under NFSIT, SVCL has provided VC assistance ₹ 84.40 crore to 31 companies with average investment per unit being less than ₹ 3 crore and under SGF it has provided assistance of ₹ 456.09 crore to 25 companies in diverse sectors. SVCL has launched its third fund viz., India Opportunities Fund with a corpus of ₹ 600 crore.

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) was set up in July 2000 by the Government of India and SIDBI to provide credit guarantee support to collateral free / third-party guarantee free loans upto ₹ 1 crore extended by banks/FIs to micro and small enterprises. Cumulatively, as December 31, 2012, a total of 9.85 lakh accounts have been accorded guarantee approval for ₹ 47,622 crore.

SME Rating Agency of India Ltd. (SMERA) was established in September 2005 by SIDBI, alongwith few Public Sector banks and Dun & Bradstreet (D&B) as an MSME dedicated third-party rating agency to provide comprehensive, transparent and reliable ratings and risk profiling. SMERA has so far rated more than 19,000 MSMEs as on December 31, 2012.

India SME Technology Services Ltd. (ISTSL) set up in November, 2005, provides a platform for MSMEs for transfer of technology and acquisition of modern technologies. ISTSL has also identified Clean Development Mechanism (CDM) and carbon credit as its thrust areas and has been working actively in this regard in select MSME clusters, organising awareness campaigns, seminars and guiding MSMEs to take advantage of the opportunities existing in carbon credit market.

India SME Asset Reconstruction Company Ltd. (ISARC) is the country's first MSME focused ARC striving for speedier resolution of non-performing assets (NPA) by unlocking the idle NPAs for productive purposes which would facilitate greater and easier flow of credit from the banking sector to the MSMEs. It started operations in April 2009. As of December 31, 2012, ISARC has assets under management of ₹ 573 crore.

8. Vigilance

8.1 Department of Financial Services is the administrative department of Public Sector Banks(PSBs), Financial Institutions (FIs) and Public Sector Insurance Companies(PSICs). Joint Secretary (IF) has been designated as Chief Vigilance Officer of the Department. He is assisted by a Director (Vig.) and Under Secretary (Vig.) in the discharge of his functions. The Vigilance Section in the DFS deals with, inter alia, the following issues pertaining to PSBs, FIs and PSICs:-

8.2 Vigilance matters of all Public Sector Banks/ Financial Institutions/ Insurance Companies/ and RBI

a. Consultation with CVC/CTE/CBI on matters relating to complaints, clearances, sanction of prosecution and any other matter of the Board level appointees.

b. Appointment of CVOs.

c. Annual Action Plan on Anti-Corruption measures.

d. Matters under Prevention of Corruption Act; preventive vigilance; vigilance systems and procedures; Conduct Regulation;

e. Annual Reports of CVC.

8.3 Reports on Bank security; robberies & loss prevention in banks.

8.4 CVC/CBI/Vigilance references relating to:

a. All officials in the Department of Financial Services.

b. Government appointees in DRTs/ DRATs.

c. Members and Chairman in of BIFR and AAIFR.

d. Officers of Custodian's office, BIFR and AAIFR.

8.5 To strengthen the preventive vigilance, steps taken by Vigilance Department are briefly summarized below:-

a) To ensure timely completion of various tasks relating to vigilance work, a close liaison is maintained with all CVOs in PSBs/F1s/PSICs.

b) CVOs implemented the Annual Action Plan for vigilance/anti corruption measures of the DoPT. The CVOs in the PSBs etc. are asked to implement the Plan effectively and report the progress every quarter to the Department. Regular reviews of vigilance activities in these institutions are undertaken and reports sent to the DoPT at the end of every quarter.

c) All reports required to be sent to CVC and DoPT, are sent to the concerned authorities at the prescribed periodic intervals.

d) Banks and FIs are advised to ensure regular rotation of staff posted in sensitive posts. It serves as an effective tool in ensuring that only persons with unimpeachable integrity are posted in sensitive places. It also helps to curb development of vested interest. Guidelines have also been issued for checking delay in completion of Departmental proceedings.

e) The Vigilance Division of the Department monitors the progress on disposal of complaints received from various sources and pendency of disciplinary/vigilance cases regularly and meeting with CVOs is undertaken in this Department at appropriate intervals. Last review meeting was held at the level of CVO, DFS on 19.07.2012.

f) During the period 01.01.2012 - 31.12.2012 a total of 159 CVC references have been received out of which 111 cases have been disposed off.

g) During the period 01.01.2012 - 31.12.2012 a total of 15 CVO's have been appointed in PSBs/PSICs/FIs.

8.6. The Vigilance Awareness Week was observed from 29.10.2012 to 03.11.2012. A pledge was administered by the Secretary (Financial Services) on 29.10.2012 to the officers of the Department. During Vigilance awareness week, Department of Financial Services has organized an Essay Competition in Hindi and English amongst the officers/officials of the Department. The First and Second winners in each category were given cash prizes in a function chaired by Secretary (FS) on 02.11.2012. A report in this regard has also been given to Central Vigilance Commission on 14.11.2012.

9. Pension Reforms

The pension sector reforms were initiated in India to establish a robust and sustainable social security arrangement in the country against the backdrop that only about 12-13 per cent of the total workforce was covered by any formal social security system.

9.1 Pension Reforms Initiative

The New Pension System (NPS) was introduced w.e.f. 1st January, 2004 for newly recruited Central Government employees (Except for the Armed Forces) replacing the existing Defined Benefit Pension System. Pension Fund Regulatory and Development Authority (PFRDA) was set up by the Government of India to develop the Pension Market and to regulate the NPS.

9.2 Main Programmes and Schemes

Some of the important Programmes and Schemes of the Department during the year were

NPS-Lite / Swavalamban Scheme –a co-contributory pension scheme was introduced on 26.09.2010, to extend the benefit of NPS to the people from unorganized sector.

9.3 Pension Sector

With a view to providing adequate retirement income, the New Pension System (NPS) has been introduced by the Government of India with a view to develop the pension sector. It has been made mandatory for all new recruits to the Government (except armed forces) with effect from 1st January, 2004 and has also been rolled out to all citizens with effect from 1st May, 2009 on a voluntary basis. The features of the NPS design are self-sustainability, portability and scalability. Based on individual choice, it is envisaged as a low-cost and efficient pension system backed by sound regulation. As a pure "defined contribution" product with no defined benefit element, returns would be totally market driven. The NPS provides various investment options and choices to individuals to switch over from one option to another or from one fund manager to another, subject to certain regulatory restriction.

9.4 The NPS architecture is transparent and web-enabled. It allows a subscriber to monitor his/her investments and returns. The facility for seamless portability is designed to enable subscribers to maintain a single pension account throughout the saving period.

9.5 Pension Fund Regulatory and Development Authority (PFRDA), set up as a regulatory body for the pension sector, is engaged in consolidating the initiatives taken so far regarding the full NPS architecture and expanding the reach of NPS distribution network. The process of making NPS available to all citizens entailed the appointment of NPS intermediaries, including twenty eight institutional entities as Points of Presence (POPs) that will serve as pension account opening and collection centres, a Centralised Record Keeping Agency (CRA) and five Pension Fund Managers to manage the pension wealth of the investors. PFRDA adopted a transparent, non-discretionary, competitive bidding process for selection of NPS intermediaries, in line with best international practice, which ensured high quality service delivery for NPS subscribers at optimum cost.

9.6 As of date, **27 States and UT Governments have notified and joined NPS for their employees. Of these, 26 states and UTs have already signed agreement with NPS Trust and 27 States and UTs have signed agreements with CRA for carrying forward the implementation of NPS. The other states are at different stages of preparation for roll out of NPS. In addition, over 26.10 lakh employees of the Central and various state governments are already a part of NPS. The corpus being managed under the NPS is ₹ 24720 crore.**

9.7 NPS has also been rolled out to all citizens with effect from 1st May, 2009 on a voluntary basis. The process of making NPS available to all citizens entailed the appointment of NPS intermediaries, including **Fifty five** institutional entities as Points of Presence (POPs) that will serve as pension account opening and collection centers (26830 branches so far), a Centralised Record Keeping Agency (CRA) and five Pension Fund Managers to manage the pension wealth of the investors. PFRDA adopted a transparent, non-discretionary, competitive bidding process for selection of NPS intermediaries, in line with best international practice, which ensured high quality service delivery for NPS subscribers at optimum cost.

9.8 The Department of Posts has also been appointed as PoP in addition to other financial institutions which will expand the PoP-SP network by more than five times. While Tier-I, the non-withdrawable pension account under the NPS has been in operation since May1, 2009. Tier-II, the withdrawable account has been made operational from December 1, 2009. These initiatives are expected to help realize the full potential of the NPS in terms of economies of scale and benefit the subscribers in terms of lower fees and charges and higher returns.

9.9 In order to facilitate the organised entities to move their existing and the new employees to NPS architecture, a customised version of the core NPS Model, known as the "NPS- Corporate Sector Model" has been introduced since December 2011. As on December 8, 2012, 340 corporates and 1.09 lac employees have been enrolled under this model. The AUM under NPS-Corporate Sector Model is ₹ 805.51 crore.

9.10 The PFMs manage three separate schemes consisting of three asset classes, namely (i) equity, (ii) Government securities and (iii) credit risk-bearing fixed income instruments, with the investment in equity subject to a cap of 50 percent. The fund managers will invest only in index funds that replicate either the BSE sensitive index or NSE Nifty 50 index. The subscriber will have the option to decide the investment mix of his pension wealth. In case the subscriber is unable / unwilling to exercise any choice regarding asset allocation, his contribution will be invested in accordance with the "auto choice" option with a predefined portfolio. The offer document containing details of the NPS, application form for opening NPS account is available on the website of PFRDA (www.pfrda.org.in) as well as the website of other NPS intermediaries.

9.11 Swavalamban Scheme - The Government of India is extremely concerned about the old age income security of the working poor and is focused on encouraging and enabling them to join the NPS. To encourage the workers in the unorgnised sector to save voluntarily for their old age, an initiative called Swavalamban Scheme was launched on 26.09.2010. It is a co-contributory pension scheme whereby the Central Government would contribute a sum of ₹ 1000 per annum in each NPS account opened having a saving of ₹ 1000 to ₹ 12000 per annum. Government will provide contribution for 5 years to the beneficiaries who register in the year 2010-11, 2011-12 and 2012-13. The Scheme otherwise is extended up to the year 2016-17 on a yearly contribution basis from Government for the remaining years from 2013-14.

9.12 The scheme operates **through 69 Aggregators out of which 22 Public Sector Banks (PSBs) and 12 Regional Rural Banks (RRBs) have also been appointed Aggregator. A total of 3,01,920 subscribers during 2010-11, 6,39,480 subscribers have been enrolled in 2012-13 and 3,31,690 new subscribers have been registered as on December 31, 2012. For all citizens including workers of unorganized sector, NPS was available through nearly 26830 service provider branches of 55 Points of Presence (PoPs). The PSBs have been asked to utilize the services of their Business Correspondents to increase the enrollment under Swavalamban Scheme.**

9.13 It is important that the pension reforms in India are carried forward. Substantial interest has been generated in the defined contribution pension schemes and market related investments, notwithstanding the turbulence in the financial sector. Pension funds, with their long investment horizons, have the inherent advantage of providing the stabilising force to the financial markets. It is felt that as the pension sector in India grows, it will play an important role in providing socio- economic stability as well as in meeting the long term financing needs of the economy.

Number of Subscribers registered under NPS (as on 7th January, 2013)

S. No.	Employer/Sector	Number of subscribers	Corpus under NPS (In crore)
1.	Central Government	11,00 ,241	16,165
2.	State Government	15,09,927	8,555
3.	Private Sector	1,83,755	1,092
4.	NPS-Lite	14,23,062	377
Total		**42,16,985**	**26,189**

10. Credit Policy

10.1 Educational Loans

The Government is aware that in order to realize the demographic dividend of the country, every meritorious student should have access to bank credit. Indian Banks' Association (IBA) had prepared the Model Educational Loan Scheme and circulated to banks in the year 2001. The Scheme is for all students including students belonging to the economically weaker sections and those below the poverty line. Indian Nationals who have secured admission to a higher education course in recognised Institutions in India or abroad through an entrance test/merit based selection process are eligible for educational loans under the Scheme.

The Scheme has been modified from time to time keeping in view the changing needs of the students. IBA has vide circular letter No. CE/220 dated 27th September, 2012, revised the existing Model Educational Loan Scheme and circulated to Banks for adopting the scheme. The main features of revised Model Educational Loan Scheme are as under:

I. Banks may consider a meritorious student (who qualifies for a seat under merit quota) eligible for loan under this scheme even if the student chooses to pursue a course under Management Quota. The revised scheme also includes Degree/diploma in nursing or any other discipline approved by Indian Nursing Council;

II. The quantum of loan is to be justified by the employment potential;

III. Extension of repayment period upto 15 years depending on the quantum of loan;

IV. Banks may offer differential interest rates based on rating of institutions/students. Tracking of students after completion of course may be done in co-ordination with educational institutions.

10.2 Service Area Norms for Education Loans- RBI guidelines:

RBI has advised the banks on November 09, 2012 that Service Area Norms are to be followed only in the case of Government Sponsored Schemes as advised in its circular dated December 8, 2004 and are not applicable to sanction of educational loans. Hence, banks have been advised not to reject any educational loan application for reasons that the residence of the borrower does not fall under the bank's service area.

10.3 Interest Subsidy Scheme for Educational Loans:

Ministry of Human Resource Development had formulated and circulated in May, 2010 to all Scheduled Banks a Central Scheme to provide 'Interest Subsidy' for the period of moratorium on educational loans taken by students of economically weaker sections from scheduled banks under the Educational Loan Scheme of the Indian Banks' Association. The scheme is applicable to the following categories of loans:

- Educational loan disbursed/availed after 1st April, 2009 from scheduled Banks which follow IBA Model Educational Loan Scheme;
- Students belonging to economically weaker sections, i.e, whose parental income from all sources do not exceed ₹ 4.5 lakhs per annum;
- The scheme is applicable starting from academic year 2009-10, disbursement starting on or after 01.04.2009, irrespective of date of sanction;

10.4 Performance of Education Loans:

The total outstanding education loans of Public Sector Banks (PSBs) as on March 31, 2012 stood at ₹ 49,069 crore in 24,60,493 accounts. The increase in total loans outstanding over previous year in absolute and percentage terms was ₹ 5,995 crore and 13.92 per cent respectively.

Year-wise break-up of education loans outstanding as on March 31, 2004 to September 30, 2012 is given below:

As on March 31st	No. of A/c	Amt. O/s (Rs. Crore)	Year on Year Growth (%) No. of A/c	Amt.
2004	3,19,337	4,550		
2005	4,68,207	6,713	46.62	47.54
2006	6,79,945	10,012	45.22	49.14
2007	9,44,397	14,283	38.89	42.65
2008	12,46,870	19,847	32.03	38.75
2009	16,03,385	27,646	28.59	39.51
2010	19,28,350	35,628	19.21	29.81
2011*	22,37,031	43,074	17.03	20.03
2012*	24,60,493	49,069	9.99	13.92
As on				
30.9.2012	24,62,948	52,481	0.10#	6.95#

Source: IBA * Source: PSBs (Figures are provisional), # Growth over March, 2012.

Bank-wise (PSBs) details of education loan outstanding as on March 31, 2012 and September 30, 2012 are given at **Annex-I.**

10.5 Educational Loan Scheme for Vocational Courses

Skill development is critical to sustain the growth of the country and about 500 million people in the country would need skilling/up skilling by 2022. Banks will play an important part in funding the acquisition of these skill sets. Indian Banks' Association (IBA) had formulated "Model Educational Loan Scheme for Vocational Courses" as an extension of the existing Model Educational Loan Scheme for pursuing higher education in India & Abroad, to support the national initiatives for skill development. The aim of the scheme is to provide financial support from the banking system to Indian Nationals who have secured admission in a course run or supported by a Ministry / Department/ Organisation of the Government or a company / society / organization supported by National Skill Development Corporation or State Skill Missions / State Skill Corporations, preferably leading to a certificate / diploma / degree, etc. issued by a Government organization or an organization recognized / authorized by the Government to do so.

10.6 Priority Sector Lending

As per extant guidelines of Reserve Bank of India on lending to priority sector, a target of 40 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March 31 of the previous year, has been mandated for lending to the priority sector by domestic Scheduled Commercial Banks and Foreign Banks with 20 and above branches. Within this, sub-targets of 18 percent and 10 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as on March 31 of the previous year, have been mandated for lending to agriculture and the weaker sections, respectively. Indirect lending in excess of 4.5 percent of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher, does not reckon for computing performance under 18 percent target of agriculture credit.

For Foreign Banks with less than 20 branches, a target of 32 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March 31 of the previous year, has been mandated for lending to the priority sector.

For Foreign Banks with 20 and above branches, priority sector targets and sub-targets have to be achieved within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018. Foreign Banks with 20 and above branches will submit an action plan for achieving the targets over a specific time frame to be approved by RBI.

The outstanding priority sector advances of Public Sector Banks (PSBs) increased from ₹10,21,496 crore, as on the last reporting Friday of March 2011 to ₹11,29,993 crore, as on the last reporting Friday of March 2012, showing a growth of 10.6 percent. Advances to agriculture by PSBs amounted to ₹4,75,148 crore, constituting 15.7 percent of ANBC, as on the last reporting Friday of March, 2012. Sector-wise break up of priority sector advances of PSBs, as on the last reporting Friday of March 2012, is given at Annex- II.

10.7 Economic Empowerment of Women

To help overcome the hurdles faced by women in accessing bank credit and credit plus services, the Government of India had drawn up a 14-point action plan (now 13-point action plan) in the year 2000 for implementation by PSBs. The PSBs were advised to earmark 5 per cent of their ANBC for lending to women. As reported by RBI, as on March 31, 2012, the amount outstanding towards credit to women was ₹2,23,061.09 crore, forming 7.34 per cent of ANBC of public sector banks. Further, as at the end of March 2012, ten public sector banks (Canara Bank, Dena Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab National Bank, State Bank of Travancore, Union Bank of India, United Bank of India, Bank of Baroda and Bank of Maharashtra) have opened 36 specialized branches for women. Particulars of Credit to women are given at **Annex-III (a), Annex-III (b) and Annex-III (c).**

10.8 Prime Minister's New 15 Point Programme for the Welfare of Minorities:

In order to ensure improved financial services for the welfare of minorities, Reserve Bank of India issued a Consolidated Master Circular dated July 02, 2012 to all scheduled commercial banks advising them to take care to see that minority communities secure, in a fair and adequate measure, the benefits flowing from various Government sponsored special programmes. This Master Circular also envisages creating a separate cell in each bank to ensure smooth flow of credit to minority communities and also covers the role of the lead bank in the 121 districts identified for purpose of earmarking of targets and location of development projects under the Prime Minister's New 15 Point Programme for the welfare of minorities. Minority Communities have also been included in the category of "Weaker Sections" for availing credit within the Priority Sector advances.

The following are some of the major instructions/ guidelines issued by RBI vide Master Circular dated July 2, 2012 to all SCBs on credit facilities to minority communities to ensure adequate credit flow to the minority communities:

- RBI has advised banks that the field level functionaries should ensure that there is no inordinate gap/ delay between the sanction of applications and disbursement of loans, which causes unnecessary hardship to the eligible beneficiaries;
- Branch Managers should be vested with adequate discretionary powers to sanction proposals under the various welfare schemes. The exercise of these powers should not require reference to any higher authority;
- Banks should adopt simple and transparent procedure eliminating middlemen operating between beneficiaries and the banks, and expedite disposal of applications timely;
- Proper record of receipt and disposal of applications to be maintained;
- Banks should not insist for deposit amount or documents, guarantees, etc. not envisaged in the scheme.

10.9 Apart from the above, the Public Sector Banks (PSBs) have been directed by the Government of India in October 2007 to step up lending to minorities. As per progress reported by PSBs, total outstanding loans to minority communities as on March 31, 2012 stood at ₹1,64,748 crore which works out to 14.55 per cent of total priority sector advances of PSBs. Further, as per reports of PSBs, the total outstanding loans to Minority Communities, as on September 30, 2012 stood at ₹1,71,960 crore (provisional) which works to 15.10% of total priority sector advances of PSBs. As reported by PSBs, the total number of new branches opened by PSBs in Minority Concentrated Districts/areas during 2011-12 was 1098 and during the year 2012-13, upto September 30, 2012, the total number of new branches opened by PSBs in these areas was 288.

Annex I

Total Educational Loan outstanding of Public Sector Banks

(₹ in crore)

Name of the Bank	As on March 31, 2012		As on September 30, 2012	
	No. of A/cs	Amount	No. of A/cs	Amount
Allahabad Bank	47310	1179.60	47449	1235.55
Andhra Bank	71360	1515.88	64405	1477.25
Bank of Baroda	87876	1881.28	87576	1960.57
Bank of India	124028	2190.03	117826	2378.65
Bank of Maharashtra	24811	503.86	25243	537.82
Canara Bank	208943	3948.26	208188	4189.31
Central Bank of India	101536	2100.58	104951	2331.25
Corporation Bank	47291	1037.96	47634	1119.72
Dena Bank	15319	325.14	15160	333.46
Indian Bank	203159	3281.62	202091	3593.49
Indian Overseas Bank	189475	2512.17	191646	2851.84
Oriental Bank of Commerce	47234	1191.09	48450	1225.51
Punjab National Bank	152730	3309.22	154152	3547.90
Punjab & Sind Bank	7409	226.67	7275	223.61
Syndicate Bank	118092	2290.85	121305	2424.77
Union Bank of India	86692	1859.59	88234	2044.98
United Bank of India	23654	530.24	23836	518.97
UCO Bank	46959	995.72	48619	1093.74
Vijaya Bank	33067	643.43	33293	674.42
State Bank of Bik & Jaipur	22158	476.98	22241	505.37
State Bank of Hyderabad	53367	1140.04	51958	1147.13
State Bank of India	586573	12565.11	590309	13491.06
State Bank of Mysore	29212	585.18	29424	614.41
State Bank of Patiala	14338	373.38	14869	394.04
State bank of Travancore	112430	2266.77	111015	2414.89
IDBI BK Ltd	5470	138.31	5799	150.85
TOTAL	**24,60,493**	**49,068.96**	**24,62,948**	**52,480.56**

Source: PSBs (Data is provisional)

Annex-II

Advances to Priority Sector by Public Sector Banks

Sector	No. of Accounts (in lakh)				Amount Outstanding (₹ crore)			
	As on last reporting Friday of March							
	2009	2010	2011	2012	2009	2010	2011	2012@
Agriculture	288	316	339	384	2,99,415 (17.7%)	3,72,463 (17.3%)	4,14,973 (16.6%)	4,75,148 (15.7%)
i) Direct	283	310	332	375	2,17,931 (12.86%)	2,65,826 (12.8%)	3,00,190 (12%)	3,66,398 (12.1%)
ii) Indirect	5	6	7	9	81,483 (4.8%)	1,06,637 (5.1%)	1,14,782 (4.6%)	1,11,872 (3.7%)
Small Enterprises	41	72	74	71	1,91,408 (11.3%)	2,76,319 (13.3%)	3,69,430 (14.8%)	3,96,343 (13.1%)
Micro Credit	12	13	8	11	4,505	5,916	7,243	6,861
Education	15	19	22	24	27,002	35,855	41,342	46,740
Housing	36	37	40	40	1,57,441	1,73,184	1,88,472	2,01,672
Total Priority Sector Advances	425	458	483	531	7,24,150 (42.8%)	8,37,777 (41.6%)	10,21,496 (40.9%)	11,29,993 (37.4%)
Adjusted Net Bank Credit	-	-	-		16,93,437	20,78,398	24,93,499	30,18,475
Source: RBI.	@ Provisional							

Note:

(i) The figures in parenthesis show percentage of advances to Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-balance Sheet Exposure (CE of OBE), whichever is higher, as on March 31 of the previous year.

(ii) In terms of guidelines on lending to priority sector (applicable as of March 2012), broad categories of advances under priority sector include agriculture, micro and small enterprises sector, microcredit, education and housing.

(iii) Indirect agriculture is reckoned only up to 4.5% of the ANBC or credit equivalent of off-balance sheet exposures, whichever is higher.

(iv) The guidelines on priority sector advances take into account the revised definition of small and micro enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.

11. Insurance Division

The functions of the Insurance Division include formulation of policy for the orderly growth of the insurance sector, monitoring of the performance of the nationalized insurance companies, framing of rules and regulations in respect of service conditions of employees of nationalized insurance companies; framing of rules in respect of terms and conditions of service of the Chairpersons and Members of Insurance Regulatory and Development Authority (IRDA), appointment of Chief Executives and Directors on the Boards of nationalised insurance companies, framing of rules under IRDA Act, 1999 and appointment of Chairperson and Members of the IRDA.

The following main Acts, inter alia, are administered by this Department:

(i) Insurance Act, 1938;

(ii) Life Insurance Corporation Act, 1956

(iii) General Insurance Business (Nationalization) Act, 1972

(iv) Insurance Regulatory and Development Authority (IRDA) Act, 1999

(v) Actuaries Act, 2006

In addition to the above, the Insurance Division administers special socially oriented insurance schemes such as Aam Aadmi Bima Yojana, etc..

11.1 Reforms in the Insurance Sector:

The insurance sector was opened up to private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. The IRDA at present consists of the Chairman, 4 full-time members and 4 part-time members. The Authority is functioning from its Head Office at Hyderabad, Andhra Pradesh. The core functions of the Authority include (i) licensing of insurers and insurance intermediaries; (ii) financial and regulatory supervision; (iii) regulate premium rates; and (iv) protection of the interests of the policyholders. With a view to facilitating development of the insurance sector, the Authority has issued regulations on protection of the interests of policyholders; obligations towards the rural and social sectors; micro insurance and licensing of agents, corporate agents, brokers and third party administrators. This is in addition to the regulatory framework provided for registration of insurance companies, maintenance of solvency margin, investments and financial reporting requirements.

11.2 New entrants in the insurance industry:

Since opening up, the number of participants in the industry has gone up from six insurers (including Life Insurance Corporation of India, four public sector general insurers and General Insurance Corporation as the national re-insurer) in the year 2000 to 52 insurers operating in the life, non-life and re-insurance segments (including specialized insurers, viz., Export Credit Guarantee Corporation and Agricultural Insurance Company). Four of the general insurance companies, viz., Star Health and Alliance Insurance Company, Apollo MUNICH Health Insurance Company, Max BUPA Health Insurance Company and Religare Health Insurance Company function as standalone health insurance companies. Of the twenty three insurance companies which have set up operations in the life segment post opening up of the sector, twenty one are in joint venture with foreign partners. Of the twenty one insurers (including standalone health insurers) who have commenced operations in the non-life segment, sixteen had been set-up in collaboration with the foreign joint venture partners. Thus, as on date, thirty seven insurance companies in the private sector are operating in the country in collaboration with established foreign insurance companies from across the globe.

11.3 Industry Statistics:

(a) Life insurance industry: The post liberalization period has been witness to tremendous growth in the insurance industry, more particularly so in the life segment. The first year premium, which is a measure of new business secured, underwritten by the life insurers during 2011-12 was Rs. 113942 crore as compared to Rs. 126398 crore in 2010-11 registering a decline of 9.85 per cent against a growth rate of 15.02 during the year 2010-11. In terms of linked and non-linked business during the year 2010-11, 15.25 per cent of the first year premium was underwritten in the linked segment while 84.75 per cent of the business was in non-linked segment as against 42.37 & 57.63 in the previous year. The total premium, which includes first year premium and renewal premium during 2011-12, was Rs. 287072 crore as compared to Rs. 291639 crore in 2010-11 registering a decline of 1.57 per cent against 9.87 per cent growth in the previous year. In terms of linked and non-linked business during the year 2011-12, 24.26 per cent of the total premium was procured in the linked segment while 75.74 per cent of the business was in non-linked segment as against 37.39 & 62.61 in the previous year.

The life insurers underwrote new business of Rs. 69184 crore during the period April to December 2012 in the current financial year, 2012-13 as against Rs. 71954 crore in the corresponding period of 2011-12, recording a decline of 3.85 per cent. Of the new business premium underwritten, LIC accounted for Rs. 50277 crore (72.67

per cent market share) and the private insurers accounted for Rs. 18907 crore (27.33 percent market share). The market share of these insurers was 72.34 per cent and 27.66 per cent respectively in the corresponding period of 2011-12.

11.4 Non-life insurance industry: The non-life insurers (excluding specialized institutions like ECGC and AIC and the standalone health insurance companies) underwrote premium of Rs. 54578 crore in 2011-12, as against Rs. 43842 crore in 2010-11 registering a growth of 24.49 per cent. This premium includes the business done outside India by the public sector insurers. The net premium for the financial year 2011-12 was Rs. 44451 crore as against Rs. 34933 crore in the year 2010-11. One of the benefits of opening up of the insurance sector has been the extension of health cover to a wider cross-section of the society. Health premium accounted for 22.27 per cent (Rs. 11777 crore) of the gross premium underwritten by the non-life insurance industry in 2011-12 as against 23.35 per cent (Rs. 9944 crore) in 2010-11. Health insurance is one of the fastest growing segments in the non-life insurance industry in recent years, and has grown 18.43 per cent during 2011-12.

At the time of opening up of the sector in 2000-01, the health premium was Rs. 519 crore, viz., 5.29 per cent of the gross premium underwritten. It has grown to Rs. 11777 in 2011-12.In addition, standalone health insurers underwrote premium of Rs. 1660 crore in 2011-12 as against Rs. 1536 crore in 2010-11.

The non-life insurers underwrote a premium of Rs. 49891 crore during the period April to December 2012 in the current financial year recording a growth of 19.17 per cent over Rs. 41867 crore underwritten in the same period in 2011-12. The private sector non-life insurers underwrote a premium of Rs. 21268 crore in April-December, 2012 as against Rs. 17373 crore in April-December, 2011, reporting a growth of 22.42 per cent. The public sector non-life insurers underwrote a premium of Rs. 28623 crore which was higher by 16.86 per cent (Rs. 24493 crore in the April-December 2011). The market share of the public and private insurers stood at 57.37 and 42.63 per cent at the end of December, 2012 (58.50 and 41.50 at the end of December, 2011).

11.5 Penetration and Density: The potential and performance of the insurance sector is universally assessed in the context of two parameters, viz., Insurance Penetration and Insurance Density. Insurance penetration is defined as the ratio of premium underwritten in a given year to the gross domestic product (GDP). Insurance density is defined as the ratio of premium underwritten in a given year to the total population (measured in US$ for convenience of comparison).

The Insurance Penetration was 2.32 (Life 1.77 and Non-life 0.55) in the year 2000 when the sector was opened up for private sector, and has increased to 4.10 in 2011 (Life 3.40 and Non- life 0.70). Insurance Penetration in some of the emerging economies in Asia, i.e., Malaysia, Thailand and China during the same period was 5.1, 4.4 and 3.0 respectively. The insurance density in India was US$9.9 in 2000 which has increased to US$59 in 2011 (Life 49 and Non-life 10). The comparative figures for Malaysia, Thailand and China during the same period were US$502, 222 and 163 respectively.

11.6 Investment of the Insurance sector:

As on 31st March, 2012 the accumulated total investments held by the insurance sector was Rs. 16,80,527 crore. During 2011-12, Assets Under Management (AUM) had grown by 11.10 per cent. Life insurers continue to contribute a major share with around 94 per cent of the total investments held by the insurance industry. Similarly, public sector insurers continue to contribute a major share (around 80 per cent) in total investments; although investments by private sector insurers have also been growing at a fast pace in recent years.

The various sources of funds available for Investment by life insurers are from traditional products and ULIP products. Out of the total amount of invested funds i.e., Rs. 15,81,259 crore, Rs. 3,69,972 crore (23.40 per cent of total funds) are ULIP funds and Rs. 12,11,287 crore (76.60 per cent) are traditional funds. The share of ULIP funds slipped in the year 2011-12 by 7.30 per cent compared to the previous year.

The total investments of the non-life sector, as on 31st March, 2012, stood at Rs. 99,268 crore comprising 6 per cent of the total AUM and increased by Rs. 16,748 crore in 2011-12.

During the current financial year the accumulated total investments held by the insurance sector increased from Rs. 15,60,204 crore as at 30th September, 2011 to Rs. 17,89,048 crore as at 30th September, 2012 registering a growth of 14.66 per cent.

The total amount of funds invested by life insurers as at 30th September, 2012 was Rs. 16,76,738 crore as against Rs. 14,68,482 crore as at 30th September 2011 an increase of Rs. 2,08,256 crore (14.18 per cent). This consists of Rs. 3,74,733 crore i.e., 22.35 per cent of life funds (Rs. 3,53,628 crore i.e., 24.08 per cent of life funds in September, 2011) from the ULIP funds and the remaining Rs. 13,02,005 crore i.e.,77.65 per cent of life funds was from the traditional funds (Rs. 11,14,854 crore i.e., 75.92 per cent of life funds in September, 2011).

During the current financial year the non-life insurers contributed to the extent of 6.28 per cent of total investments held by the insurance industry. The total investments of the sector, as at 30th September, 2012, stood at Rs. 1,12,310 crore, viz., an increase of Rs. 20,588 crore from the corresponding period of the previous year.

11.7 Rural & Social Sector Business:

The life insurers underwrote 140 lakh policies in the rural sector, viz., 31.67 per cent of the new policies underwritten (442 lakh policies) by them in 2011-12. LIC underwrote 32.68 per cent of the new policies and private insurers underwrote 27.38 per cent of the new policies in the rural sector. Of the total number of lives covered (657 lakh) under the new schemes underwritten during 2011-12, 145 lakh lives, viz., 22.07 per cent lives were covered in the social sector. LIC covered 24.87 per cent of their lives and private insurers covered 18.28 per cent in the social sector.

The non-life insurers underwrote gross direct premium of Rs. 7,470 crore in the rural sector, viz., 14.13 per cent of the gross direct premium underwritten (Rs. 52,876 crore) by them in 2011-12. Public insurers underwrote 11.49 per cent of their gross direct premium and private insurers underwrote 17.73 per cent in the rural sector. In the social sector 1093 lakh lives were covered during the year 2011-12. The contribution of private sector was 218 lakh lives and public sector accounted for 875 lakh lives.

The insurance companies are by and large fulfilling the obligations in the rural and social sectors.

11.8 Micro insurance

In an effort to ensure a balanced and speedy expansion of insurance coverage in the country, the Authority has put in place the regulatory framework laying down the obligations of insurers to the rural and social sectors. These regulations impose obligations on insurers towards the rural population - to sell a specified percentage of policies and underwrite specified percentage of gross premium underwritten for life and non-life insurance companies respectively; and cover a specified number of lives/assets belonging to people below poverty line or those pursuing certain traditional occupations. These obligations have been linked to the number of years of having been in operations of the respective insurer. The Government of India had set up a consulting group in 2003 to examine the existing insurance schemes for the rural poor; and on the basis of the group's recommendations, the Authority issued IRDA (Micro insurance) Regulations, 2005. Since notification of the Micro Insurance Regulations in November, 2005, the Authority has been monitoring the progress of micro insurance business and examining the possibilities of offering a facilitative approach to the industry so that the micro insurance business could take off as a class of business to further extend insurance penetration amongst various sections of the society. Towards this direction, the Authority permitted Non-Governmental Organizations (NGOs) registered as Non Profit Companies, including NGOs registered under Section 25 of the Companies Act, 1956 to act as micro insurance agents vide its circular dated 13th March, 2008, in addition to NGOs registered as societies that were already permitted to act as agents under the Micro Insurance Regulations.

With a view to giving a further fillip to micro insurance business, the Authority has reviewed comprehensively the extant regulatory architecture of the micro insurance business and issued an exposure draft on 26th July, 2012 proposing modifications to the existing IRDA (Micro Insurance) Regulations, 2005. The intent of the review is to create an encouraging regulatory environment for promoting micro insurance business in the country. Towards this end, the existing standalone delivery channel is proposed to be strengthened; encourage diversity in the products offered by insurance companies under this stream; customize products to meet the needs of the targeted sections of society; expand the coverage to include micro, small and medium enterprises; and strengthen regulatory oversight.

Micro insurance regulations issued by the IRDA have provided the necessary impetus in promoting insurance to the needy rural sector. There were 12,797 micro insurance agents operating in the micro insurance sector as at the end of 2011-12 (10,482 agents in 2010-11). In micro-insurance-life, the individual new business premium in the year was Rs. 115.68 crore under 46.20 lakh policies (Rs. 130.40 crore under 36.51 lakh policies in 2010-11) and the group business amounted to Rs. 109.82 crore premium under 101.94 lakh lives (Rs. 155.23 crore under 152.59 lakh lives in 2010-11). Individual death claims paid under micro insurance portfolio for the year 2011-12 amounted to Rs. 21.09 crore on 14,509 policies (Rs. 16.79 crore on 11,283 policies in 2010-11) and in the group category Rs. 415.97 crore was paid as death claims on 1, 30,261 lives (Rs. 206.36 crore on 50, 250 lives in 2010-11).

11.9 Recent Initiatives Taken by IRDA

Recent initiatives taken by the Authority in the insurance sector include:

11.10 Dismantling the Indian Motor Third Party Insurance Pool (IMTPIP)

During the year, one of the significant measures taken by IRDA was to dismantle the IMTPIP. The Authority chose to prescribe the clean-cut method which is a well accepted principle of settling long-tail outstanding liabilities. By this method the motor third party pool liabilities could be determined and settled for all times on 31st March, 2012. This would thereby de-risk the general insurance industry. The long-tail outstanding liabilities could be determined on actuarial principles. This is a quick and efficient way of settling liabilities. On the other hand, the run-off method of settling claim would have meant that the actual and true liability would be ascertained and shared amongst all the players in the proportion agreed at the beginning. However this would have meant that the companies would have to keep their books open till the settlement of last claim and so the process could run through many years.

11.11 Provisioning for Third Party Liability:

Authority during the financial year undertook Actuarial valuation of the Indian Motor Third Party Insurance Pool (IMTPIP) in order to assess adequacy of the reserves which are to be calculated as per the IRDA Regulations. The actuarial report established that the ultimate loss ratios are 172.3 per cent, 181.81 per cent and 194.15 per cent for the years 2007-08, 2008-09 and 2009-10 respectively. Against this estimate, the pool had maintained reserves at 126 per cent for all these years which was considered to be insufficient. Hence, the Authority, under Section 14 of the IRDA Act, 1999 issued directions to the non-life insurers to maintain a solvency ratio of not less than 130 per cent for all lines of business as on 31st March, 2012 for the IMTPIP losses being valued at an ultimate loss ratio of not less than 159 per cent for all the years the pool was underwriting business. It also directed the insurers not to declare dividends to the shareholders without the prior specific approval of the Authority for any year wherein the solvency ratio is reported below 150 per cent. It also directed the companies to submit a financial plan as approved by the Board of Directors, to the Authority within a period of two months, indicating a course of action proposed to correct the deficiency for the said three year period up to March 2014.

During the year, one of the significant measures taken by IRDA was to dismantle the IMTPIP. The Authority chose to prescribe the clean-cut method which is a well accepted principle of settling long-tail outstanding liabilities. By this method the motor third party pool liabilities could be determined and settled for all times on 31st March, 2012. This would thereby de-risk the general insurance industry. The long-tail outstanding liabilities could be determined on actuarial principles. This is a quick and efficient way of settling liabilities. On the other hand, the run-off method of settling claim would have meant that the actual and true liability would be ascertained and shared amongst all the players in the proportion agreed at the beginning. However this would have meant that the companies would have to keep their books open till the settlement of last claim and so the process could run through many years.

11.12 Formation of Indian Motor Third Party Declined Risk Insurance Pool:

The Authority issued an Order in December 2011 and created a declined risk pool for Liability Only Commercial Vehicle Third Party Insurance with effect from 1st April, 2012. The purpose of creating the Indian Motor Third Party Declined Risk Insurance Pool for Commercial vehicles (Act only Insurance) is (a) Equitable and fair sharing by all insurers; (b) No supply side constraints; (c) Simple to administer; and (d) To bring claims management efficiency. The Pool shall apply to the commercial vehicles for standalone third party liability insurance. No comprehensive motor insurance policy or part thereof shall be ceded to the Pool. All existing general insurers and every newly registered general insurer shall automatically be admitted as member of the Indian Motor Third Party Declined Risk Insurance Pool (Declined Risk Pool) and specialist insurers not licensed for motor insurance business shall not be members of the declined risk pool. GIC shall act as the pool administrator of the Declined Risk Pool. The premium for declined risk pool shall be determined in accordance with the actuarial principles which shall be used by all the insurers and shall be notified by the Authority from time to time.

11.13 Initiatives towards policyholder protection:

IRDA has brought out regulations providing for various do's and don'ts for insurers and intermediaries at the point of sale, point of claim etc. Timeframes have been set for servicing policyholders under the Regulations. Further, the Regulations mandate insurers to have in place an effective mechanism for redressal of policyholder grievances. IRDA has set up a "Grievances Cell" for policyholders of life and nonlife insurance companies and a separate channel for senior citizens for expressing their grievances with regard to health insurance policies. Apart from playing a facilitative role in helping policyholders getting their grievances redressed by insurers within the stipulated time, IRDA examines on a continuous basis the underlying issues that cause grievances and works towards rectifying the systemic issues involved.

IRDA has advised all the life and non-life insurance companies not to reject the genuine claims intimated or submitted, at a later date than the time specified in the policy, due to unavoidable circumstances. It has also been advised that the insurer's decision, to reject a claim due to delay in submission of intimation or documents, shall have to be based on sound logic and valid grounds as the time limitation clause is neither absolute nor does it work in isolation. As such it has been advised not to repudiate any claim unless and until the reasons for delay are specifically ascertained, recorded and insurers satisfy themselves that those claims would have even otherwise been rejected even if reported in time.

11.14 Public Grievances

With the successful implementation of the IGMS, the status of complaints across the industry is available to the Authority on a real time basis. The IGMS has now the repository of the industry's complaints including the status as well as the various analytical reports on public grievances. The insurer is the first port of call for a complainant and in case he/she is not satisfied with the insurer's decision, the policyholder may escalate the complaint online on the IGMS or through the Integrated Grievance Call Centre (IGCC). All complaints received are now part of a single repository, viz. IGMS complaints. The Authority also regularly accesses the portal of the Department of Administration and Public Grievances (DARPG), Government of India and ensures that complaints relating to the insurance sector are downloaded and necessary action is initiated to ensure that the complaints are examined and redressed by the insurance companies.

11.15 Fraud:

In order to improve the governance standards of insurance industry with regard to Fraud, IRDA has issued the guidelines on insurance fraud monitoring framework for life/non-life and re-insurance sectors.

The framework envisages the adoption of anti-fraud policy by the Boards of the insurance companies and will enable them to identity potential areas of fraud, and to develop strategies to identify, detect, investigate and report such instances to the management or to law enforcement agencies to mitigate the risks of frauds in the insurance industry.

The Guidelines mandate insurance companies to put in place, as part of their corporate governance structure, fraud detection and mitigation measures and submit periodic reports to the Authority in the formats prescribed therein. All insurers are required to ensure that the risk management function is organized in such a way that the insurer is able to monitor all the risks across all lines of business on a continuing basis and initiates measures to address them suitably.

11.16 Insurance Education and Research:

IRDA has initiated an insurance awareness campaign through mass media, mainly through print, television and internet. This program aims at educating the public on the benefits, as well as the policyholders on the available insurance plans. IRDA is also working on the need and types of internal channels such as consumer education web-page and publication of booklets on the aforementioned topics, in simple terms and language. The booklets will contain generic information on the benefits of insurance and will be supplied to the public.

As a part of its developmental role in spreading insurance in the country, IRDA along with Government of Andhra Pradesh established an Institute of Insurance and Risk Management (IIRM) at Hyderabad. The institute provides opportunities to students wishing to pursue PG Diploma in Insurance. Earlier, accreditation was accorded by the CII to the International Post Graduate Diploma in Insurance conducted by IIRM. A Distance Learning Wing has been opened in IIRM to provide opportunities to students wishing to pursue the diploma in a distance mode. Diploma obtained from this mode also received accreditation from the CII, London. As there has been a shortage of actuaries with the opening up of the sector and recognizing the need for more actuaries in the insurance industry, International School of Actuarial Sciences was also established at IIRM.

Data is paramount for taking policy decisions; as such IRDA has been concentrating on the improvements in data collection as well as disseminating the data to the public at large and to promote research in insurance. Further, IRDA has brought out a Handbook on Indian Insurance Statistics 2011-12, putting at one place the time series data on various financial variables submitted by the insurance companies as a compliance of the regulations. This is the fifth edition of the Handbook. As a part of research activity, R&D department of IRDA has been engaged in preparing and presenting research papers on insurance related data.

11.17 Health Insurance Regulations:

Health Insurance continues to be one of the most rapidly growing sectors in the Indian insurance industry. The growth of health insurance industry lies mainly in better customer orientation in terms of servicing the customers, standardization of procedures and definitions across the industry. Standardization provides simple yet innovative products, better understanding of the terms by the public, less complaints and easy penetration in the market. Increased awareness about the benefits of Health insurance, particularly in urban areas has occurred due to rise in medical costs and also as a result of popular Government schemes. Simultaneously, this has led to increase in both number of complaints and queries under the Right to Information Act (RTI) from the general public on Health insurance. This in turn has steered the regulator to take a number of corrective measures for strengthening protection of health insurance policyholders and for the orderly growth of the sector. The Authority has also taken up key initiatives including constitution of the Health Insurance Forum, standardizing of claims formats and other documents. With the objective to track the business progress of health insurance industry as also to regulate the health insurance industry in India, IRDA has formulated IRDA (Health Insurance) Regulations, 2012, which are presently in the advanced stage of discussions for notification.

11.18 Economic Capital:

The framework for assessment of Economic Capital plays an important role in the entire risk management mechanism of insurance companies, which enables insurers to determine the right amount of capital to be allocated to each and every risk encountered by individual insurers in carrying out the insurance business. Economic Capital reflects the individual company's specific risk profile; and provides the framework for quantification of optimum capital to be allocated against each risk based on company specific internal models. Keeping in view the importance and necessity of assessment of 'Economic Capital' in the insurance sector, the Authority has mandated both life and non-life insurance companies to submit the Economic Capital report annually. The computation is based on a one year time horizon calibrated on a Value at Risk (VaR) level of 99.50 per cent with risks categorized as Insurance, Operational, Market, Liquidity and Credit risks for life insurers; and Underwriting, Market, Expense, Operational and Liquidity risks, for non life insurers. Insurers are allowed to reduce the total economic capital requirement to the extent of diversification effect which has been capped at 30 per cent of the Economic Capital for life insurers. This move of the Authority can be considered as the starting point to sensitize all insurers of the need for moving towards the risk based capital regime from the current fixed factor based formula approach.

11.19 Life Insurance Corporation of India (LIC)

LIC was established on 1st September, 1956 to take over the assets and liabilities of the erstwhile insurers and to carry on life insurance business in the country. The main objective of the Corporation was to spread the message of life insurance in the country and to mobilize people's savings for nation building activities.

The Corporation also has Branch Offices in Fiji, Mauritius and United Kingdom. It also operates through Joint Venture(JV) Companies in overseas Insurance Market, namely Life Insurance Corporation (International) B.S.C.(c), registered in Manama (Bahrain); Kenindia Assurance Company Ltd. registered in Nairobi; Life Insurance Corporation (Nepal) Ltd. registered in Kathmandu; Life Insurance Corporation (Lanka) Ltd. registered in Colombo and Saudi Indian Company for Co-operative Insurance(SICCI) registered in Riyadh.

A Wholly owned subsidiary, Life Insurance Corporation (Singapore) Pte Ltd. has been established on 30.4.2012 and the Company is awaiting operating license from the local Regulator.

Among the above two Joint Ventures (JVs), Kenindia Assurance Co. Ltd., Nairobi, Kenya and Saudi Indian Company for Co-operative Insurance (SICCI), Riyadh, Kingdom of Saudi Arabia are composite companies transacting life and non-life business; and two JVs, LIC (Nepal) Ltd. & SICCI are listed on their respective Stock Exchanges.

As on 31st December, 2012, LIC has 8 Zonal Offices, 113 Divisional Offices, 2048 Branch Offices , P& GS units 77 , SSS units 4 and 1268 Satellite Offices

New business procured during the calendar year is as follows:-

New Business Performance for the period 01.01.2012 to 31.12.2012

	First Year Premium (' figures in crore)		%Growth rate	Policies		% Growth rate
	Jan'12 to Dec"11	12Jan to Dec'11		Jan'12 to Dec'12	Jan'11 to Dec'11	
Total	45580.49	39893.50	14.25	3,62,17,521	3,59,59,926	0.72
Single Premium	14273.98	13633.33	4.70	20,50,857	22,61,298	-9.30
Non-Single Premium	31306.51	26260.17	19.22	3,41,66,664	3,36,98,628	1.39

We have an agency force of 12,05,161 including new recruitment of 86,214 agents during the current calendar year up to December 2012.

Social Security Schemes of LIC: The Social Security Fund (SSF) was set up in 1988-89 for providing social security through group insurance schemes to the weaker and vulnerable sections of the society. Different group insurance schemes for the approved occupations belonging to these sections are being subsidized from this Fund. The schemes are as under.

11.20 **Janashree Bima Yojana:** In pursuance to Government's announcement in the Budget 2000-2001, LIC launched a new scheme of group insurance namely, 'Janashree Bima Yojana' on 10th August, 2000. The scheme provides for life insurance protection to the rural and urban poor persons below poverty line and even persons marginally above poverty line provided they belong to identified occupational group. Persons between the age 18 years and 59 years are eligible. The minimum membership of the group should be 25. The scheme provides for cover of ` 30,000/- on natural death of the member,

Rs.75,000/- on death / total permanent disability due to accident. On partial permanent disability due to an accident the benefit is Rs. 37,500/-. The premium per member is

Rs.200/- out of which 50% premium is borne out of the Social Security Fund and the balance 50% by the member or Nodal Agency or State Government. As on 31.12.2012, 2,89,93,690 lives were covered under the scheme.

11.21 **Shiksha Sahayog Yojana (SSY):** In pursuance to the Government's announcement in the Budget 2001-2002, LIC launched the 'Shiksha Sahayog Yojana' for the benefit of children of members of Janashree Bima Yojana. The scheme provides for the scholarship of Rs. 600/- per half year without any additional premium for availing the supplementary benefit of scholarship. Numbers of scholarships disbursed during the last 5 years are:

Financial Year	No. of Scholarships	Total Amount (in Rs.)
2007-08	13,01,136	76,29,88,382
2008-09	13,08,858	97,21,43,040
2009-10	9,13,281	67,58,87,984
2010-11	13,78,744	1,02,52,96,780
2011-12	20,90,972	1,80,25,27,977

During the period: 01.04.2012 to 31.12.2012 total number of scholarships paid were 14,36,081 amounting to Rs. **1,38,55,42,380/-**

11.22 Aam Aadmi Bima Yojana (AABY)

AABY was launched on 2nd October, 2007 by the Hon'ble Finance Minister to provide insurance to the head of the family of rural landless household against natural death, accidental death and partial / permanent disability. The Scheme also envisages an add-on benefit of providing scholarship upto a maximum of two children of the beneficiary studying between 9th to 12th standard at the rate of Rs. 600/- per half year per child. The annual premium payable per member is Rs. 200/- of which 50% shall be paid by the Central Government and the remaining 50% by the State Government. Taking into account the annual cost to the Central Government, a sum of Rs. 2000 crore has been placed in a Fund by Government of India during 2007-08 & 2008-2009, that will be maintained by LIC. This will take care of the premium share of Government of India. A separate fund of Rs. 500 crore has been created out of the Government of India's share of LIC's valuation surplus for meeting the expenditure on the add-on benefit of granting scholarship to the children of the beneficiaries. The scheme is being operated by LIC of India. As on 31.12.2012, 2,29,38,610 Rural landless households were covered under this scheme since inception and 1,84,43,461 lives are in force

11.23 **Scholarships settled under AABY since inception**:

FINANCIAL	SCHOLARSHIPS	YEAR NO. AMOUNT (Rs.)
2007-08	0	0
2008-09	2,17,211	13,03,26,600
2009-10	86,905	5,44,86,600
2010-11	8,40,568	81,84,77,200
2011-12	4,44,750	47,24,83,200

During the period: 01.01.2012 to 31.12.2012 total number of scholarships paid were 5,53,703 amounting to Rs. 57,81,28,200/-

11.24 Micro-Insurance Products:

The IRDA Micro Insurance Regulations, 2005 provides a platform to distribute insurance products which are affordable to the rural and urban poor. The Micro Insurance (MI) business channel of LIC was initiated in the year 2006 and the first MI plan "**JEEVAN MADHUR**" for low income persons was launched on 28th September, 2006 by the then President of India, H'onble Dr. A. P. J. Abdul Kalaam. Jeevan Madhur is a simple savings related life insurance plan with unique feature of Auto Cover. The second micro insurance product "**Jeevan Mangal**", a term assurance plan with refund of premium, was launched on 3rd September, 2009. The third product "**Jeevan Deep**" was launched on 01.09.2012 which is an endowment product with benefit of guaranteed addition and loyalty addition, if any.

The salient features of these products are as follows.

11.25 Jeevan Madhur:

- With Profit Endowment Plan
- In-built Accident Benefit
- Min/Max Age at entry – 18/60 yrs
- Maximum Maturity age – 65 years.
- Min/Max Policy term 5/15 years
- Minimum/Maximum Sum Assured Rs. 5000/ 30000
- Premium payment mode: Weekly/Fortnightly/ Monthly/Quarterly/Hal-year/Yearly.
- Minimum premium: Rs. 25/- Weekly, Rs. 50/- Fortnightly, Rs. 100/- Monthly and Rs. 250/- for other modes.
- Maturity Benefit : Maturity Sum Assured + Accrued Bonuses
- Death Benefit: Total premiums payable during the policy term alongwith vested bonuses, if any.
- Auto Cover: If at least two full years premiums have been paid in respect of this policy, any subsequent premium be not duly paid, full death cover shall continue from the date of First Unpaid Premium (FUP) for a period of two years or till the end of policy term which ever is earlier.

11.26 Jeevan Mangal

- Term assurance plan with return of premium paid on maturity
- Accident Benefit Optional/available as a rider
- Min/Max Age at entry – 18/60 yrs
- Maximum Maturity age – 70 years.
- Min/Max Policy term 10/15 years
- Minimum/Maximum Sum Assured Rs. 10000/ 50000
- Premium payment mode:

  Weekly / Fortnightly/ Monthly/ Quarterly/ Half-year / Yearly and Single Premium.
- Minimum premium: Rs. 15/-
- Maturity Benefit: Return of premiums (excluding accident benefits and any other extra premiums)
- Death Benefit: In case of death under natural circumstances, Basic Sum Assured is payable. In case of death due to accident, an additional amount equal to the sum assured is payable if accident benefit rider is opted for.
- Grace period: Two calendar months or 60 days (for all modes)

  whichever is higher.

11.27 **Jeevan Deep**

- With Profit Endowment Plan
- Optional Accident Benefit rider for regular modes only.
- Min/Max Age at entry – 18/60 yrs
- Maximum Maturity age – 65 years.
- Min/Max Policy term 5/15 years
- Minimum/Maximum Sum Assured Rs. 5000/ 30000
- Premium payment mode: Monthly/Quarterly/ Hal-year/Yearly & Single Premium, Minimum Premium- Rs. 29 / p.m.
- Maturity Benefit : Basic Sum Assured + Accrued Guranteed Addition @Rs. 20/- per 1000 SA per year & Loyalty addition, if any
- Death Benefit: Basic Sum Assured with Guaranteed Addition of Rs. 20/- per thousand SA per year.
- Auto Cover: If at least two full years premiums have been paid in respect of this policy, any subsequent premium be not duly paid, full death cover shall continue from the date of First Unpaid Premium (FUP) for a period of two years or till the end of policy term which ever is earlier.

The progress of MI since inception till 31.12.2012 has been as under.

- MI policies sold: 1.37 crore
- Number of Death Claims settled: 22953 (up to 30.11.2012)
- Claim Amount disbursed: Rs. 36.83 crore
- Number of Micro Insurance Agents: 14103

11.28 Inspection by various Parliamentary Committees

संसदीय राजभाषा समिति द्वारा निरीक्षण	Goa Division,WZ	19.01.2012
संसदीय राजभाषा समिति द्वारा निरीक्षण	Branch office Bolpur, EZ	10.02.2012
संसदीय राजभाषा समिति द्वारा निरीक्षण	Uttarkashi, NCZ	02.06.2012
संसदीय राजभाषा समिति द्वारा निरीक्षण	Branch office Gopeshwar, NCZ	22.06.2012
Visit of Committee on Subordinate Legislation	Srinagar, NZ	29.06.2012
संसदीय राजभाषा समिति द्वारा निरीक्षण	Divisional office Jalandhar, NZ	29.09.2012
Visit of Parliamentary Committee on Welfare of OBCs	Chennai, SZ	29.09.2012
संसदीय राजभाषा समिति द्वारा निरीक्षण	Branch office Jaisalmer,NZ	15.10.2012
Visit of Committee on Subordinate Legislation-Rajya Sabha	Hyderabad, SCZ	09.11.2012

11.29 Settlement of Claims:

The settlement of claims is a very important aspect of service to the policyholders. Hence, LIC has laid great emphasis on expeditious settlement of the maturity as well as death claims. During the period 01/01/2012 to 31/12/2012, the Corporation has settled 1.72 Crore number of claims out of the total 1.86 Crore claims payable. It is our endeavour to settle the claims before the due date. LIC has adopted the Electronic Mode of payment for directly crediting the policy money into Bank Account of respective policyholders.

11.30 Redressal of Public Grievances:

The Corporation (LIC) has Grievance Redressal Officers (GRO) at Branch/ Divisional/ Zonal/ Central Office to redress grievances of customers. Their names with contact numbers are available on our website 'www.licindia.in'. Also GROs names and availability timings are published in newspapers of wide circulation from time to time. The spirit of customer relations and customer care have been ingrained in our complaint redressal system with emphasis on placing customer oriented personnel at all touch points.

IT enabled proactive support systems have been operationalised to reduce manual interventions and minimize grievances. For ensuring quick redressal of customer grievances Corporation has introduced a Customer friendly **Integrated Complaint Management System (ICMS)** through our **Customer Portal (website) which is http://www.licindia.in**, where policy holder can directly register complaint/grievance and track its status (online). This ICMS system has been integrated with IRDA's Integrated Grievance Management System (IGMS) w.e.f. 01/06/2011.

As per the Corporate Governance Guidelines 2009 issued by IRDA, the Corporation has constituted 'Policyholders Protection Committee' consisting of 3 Members of the Corporation to look into the issues related to the protection of the interest of the policyholders as well as the grievance redressal mechanism of the Corporation.

A Grievance Redressal Committee has also been constituted by the Chairman of the Corporation under the supervision of Executive Director (CRM) to monitor the functioning of the grievance redressal mechanism, with Chief (Health), Chief (Pension & Group Scheme) and Secretary (Micro Insurance) as members of the committee.

The Corporation has Board approved Grievance Redressal Policy framed as per the Guidelines issued by IRDA.

A Claims Review Committee is in place to review repudiated death claims. These committees at Central & Zonal Offices have among their Members, a retired High Court / District Court judge. This has helped providing transparency and confidence in our operations and has resulted in greater satisfaction among claimants, policyholders and public.

Apart from the Claims Review Committee, a Standing Committee is also formed at Divisional, Zonal & Central Office level to deal with issues related to customer service which cannot be decided at the respective servicing departments on account of procedural constraints.

11.31 Aam Aadmi Bima Yojana

Vide Cabinet Resolution dated 22ndNov 2012 the Government has merged the two social sector life insurance Schemes viz. Janashree Bima Yojana (JBY) and the Aam Aadmi Bima Yojana (AABY) into the **Aam Aadmi Bima Yojana (AABY)**. The merger would enable better administration and services in providing life insurance cover to the economically backward sections of society.

The Scheme extends life and disability cover to persons between the age of 18 years to 59 years, living below and marginally above the poverty line under 47 identified vocational/occupational groups, including 'rural landless households'. The member should be the head of the family or one earning member of the family under the eligible groups.

The Scheme provides for insurance cover for a sum of Rs. 30,000/- on natural death, Rs.75,000/- on death due to accident, Rs.37,500/- for partial permanent disability (loss of one eye or one limb) due to accident and Rs. 75,000/- on death or total permanent disability (loss of two eyes or two limbs or loss of one eye and one limb) due to accident. The Scheme also provides an add-on benefit, wherein Scholarship of Rs100 per month per child is paid on a half-yearly basis to a maximum of two children per member, studying in 9th to 12th Standard (including ITI courses).

The total annual premium under the Scheme is Rs.200/- per beneficiary of which 50 per cent is contributed from the Social Security Fund created by the Central Government and maintained by LIC. The balance 50 per cent of the premium is contributed by the State Government/UTs in the case of 'Rural Landless Households' and for the other groups, it is contributed by the State Government / Nodal agency/ Individual. The Central Ministerial Dept./State Government/Union Territories/ any other institutionalized arrangement/ registered NGOs may act as nodal agencies under the Scheme. However, in case of 'Rural Landless Households' category, it is the State Government/ UT which will be the Nodal Agency.

The Scheme is being implemented through Life Insurance Corporation of India (LIC) in the country.

11.32 General Insurance Corporation of India

General Insurance Corporation of India (GIC Re) was approved as 'Indian Reinsurer' on 3rd November, 2000. GIC Re aims at optimizing the retention within the country and developing adequate reinsurance capacity.

As an Indian Reinsurer, GIC Re has been giving reinsurance support to non-life insurance companies in India. GIC Re also manages Marine Hull Pool, Indian Terrorism Insurance Pool and India Motor Third Party Insurance Pool for Commercial vehicles on behalf of Indian Insurance industry. The Motor Third Party Insurance Pool for Commercial vehicles was dismantled on 31st March 2012 and w.e.f 1.4.2012, GIC Re is the administrator of the new Indian Motor Third Party Declined Risk Insurance Pool.

The Reinsurance Programme of GIC Re aims at optimizing the retention within the country and developing adequate reinsurance capacity.

GIC Re continues to lead the reinsurance programme of the Companies in SAARC nations, African countries and Middle East. In the process, it has emerged as a preferred Reinsurer in the Afro-Asian region. GIC Re is expanding its global presence and now plans to enter the Latin American market having got the 'Eventual Reinsurer' status in Brazil. GIC Re has been selected as a Manager for Nat Cat Pool promoted by the Federation of Afro-Asian Insurers & Reinsurers (FAIR).

GIC Re is financially strong as reflected by its high grade ratings from credit rating agencies. It is rated A- (Excellent) by A M Best & AAA (In) by CARE. GIC Re is also the 5th largest aviation reinsurer globally. During the year 2011-12, the net premium of the GIC Re was Rs. 12558.24 crores as against Rs. 10512.57 crore in the previous year. The net incurred claims were at Rs. 13986.41crores i.e.,123.6 % as against Rs. 8625.87 crores in the previous year i.e., 90.4%. Catastrophic losses in Thailand, Japan, New Zealand , Australia ; loss provisioning on the dismantling of the Motor Pool and the Regulator IRDA instructing to settle liabilities of the Motor Pool on Ultimate Liability, resulted in GIC Re incurring loss after tax amounting to Rs. 2468.75 crores as on 31st March 2012 compared to Profit after tax of Rs. 1033.41 crores as on 31st March 2011. The total assets and networth as on 31st March 2012 was Rs. 53730.92 crores and Rs. 7690.51 crores, respectively. The present paid up capital of the Corporation is Rs. 430.00 crores

The Corporation has its presence in foreign reinsurance business through its Branch offices in Dubai , London and Kuala Lumpur and a Representative office in Moscow. Apart from reinsurance business, GIC Re continues to participate in the share capital of Kenindia Assurance Company Ltd., Kenya; India International Insurance Pvt. Ltd., Singapore; Asian Reinsurance Corporation, Thailand; East Africa Reinsurance Company Ltd., Kenya . It also holds 35% share in Agricultural Insurance Company of India Ltd.

11.33 Public Sector General Insurance Companies

The General insurance industry was nationalized in 1972 and 107 insurers were amalgamated and grouped into four Companies – National Insurance Co. Ltd., the New India Assurance Co. Ltd., the Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd. The four entities were set up as subsidiaries of General Insurance Corporation of India (GIC) which also played the role of Re-insurer.

With the opening up of the insurance sector the Insurance Regulatory and Development Authority (IRDA) came into existence in 1999 and GIC became the Indian Reinsurer and the four Public Sector General Insurance Companies got delinked from GIC.

The details of premium and growth of GIPSA companies' vis-à-vis industry are given in the following table.

Year	GIPSA		
	Amt (Rs.Crore)	Growth %	Market Share (%)
2007-08	16829	3	60.00
2008-09	18027	7	57.80
2009-10	20619	14	57.36
2010-11	25151	21	56.48
2011-12	30531	21	55.76

(Source: IRDA)

Market Share: It may be observed that the market share of GIPSA companies has come down to 55.76%.

Financial strength: The Financial strength of the GIPSA companies is reflected in the following table.

(Rs. crs.)	NIACL		NICL		OICL		UIICL	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Paid-up equity capital	200	200	100	100	100	100	150	150
Solvency Ratio	*3.2	3.2	1.37	1.3	1.38	1.3	2.71	2.89
Reserves	7531	6912	1883	1557	2145	1884	4392	4095

Source: GIPSA

Combined Ratio: The operational efficiency of the insurance companies is reflected by the combined ratio. The combined ratio measures the ratio of outgo as a percentage of inflow of resources. In case of GIPSA companies, it has been observed that this ratio has remained adverse over the last many years. Details of the combined ratio of the last five years are given on the following table. (%)

Company	2007-08	2008-09	2009-10	2010-11	2011-12
National	133.45	135.46	125.17	136.04	**122.82**
New India	117	127	130	140.84	**129.03**
Oriental	123.67	136.06	129.56	137.29	**125.32**
United	131.58	117.09	122.95	137.33	**120.09**

Source: GIPSA

Underwriting results: Adverse combined ratio gets reflected in negative underwriting results. During the last five years GIPSA companies have shown negative underwriting results(losses) to the extent of Rs.26156.24 crore. The details of underwriting results for the last five years are reflected in the following table.

Year	National	New India	Oriental	United India	Total
2007-08	-1010	-845.09	-680.95	-853.35	-3389.39
2008-09	-1213	-1439.9	-1106	-546.79	-4305.69
2009-10	-960.6	-1719.8	-1061.19	-880.98	-4622.57
2010-11	-1717	-2643.4	-1608.91	-1734.93	-7704.24
2011-12	-1386	-2286.3	-1239.37	-1222.68	-6134.35
Total	-6286.6	-8934.49	-5696.42	-5238.73	**-26156.24**

Source: GIPSA

11.34 Investment income: The GIPSA companies have built up their stock of investment fund over a period of time which has helped them to generate investment income through earning from interest, dividend and from sale of equities in the secondary market. The details of investment income generated by the GIPSA companies during the last two years are given in the following table.

Company	2011-12	2010-11
National	1,711.68	1,820.13
New India	2,344.42	2,352.00
Oriental	1,554.00	1796.56
United India	1,600.09	1831.8

Source: GIPSA

11.35 Profitability: Because of the huge investment income the companies are able to generate some profits. The following table gives details of profit after tax during the last five years generated by the GIPSA companies.

(Rs. Cr.)

Year	National	New India	Oriental	United India	Total
2007-08	163.43	1401.15	9.3	631.62	2205.5
2008-09	-149.2	224.14	-52.66	476.05	498.33
2009-10	224.86	404.69	-44.25	707.79	1293.09
2010-11	74.89	-421.56	54.62	130.54	-161.51
2011-12	325.21	179.31	261.16	386.79	1152.47
Total	639.19	1787.73	228.17	2332.79	4987.88

Source: IRDA, GIPSA

11.36 Dividend to Government: The GIPSA companies are supposed to declare dividend to the Government since they are 100% owned by the Government. As per the instant procedure, the companies are expected to declare dividend to the extent of 20% of the equity capital or 20% of the profit after tax whichever is higher. In case any company wishes to build its reserve by not declaring dividend has to seek specific exemption from the Government. The following table gives details the dividend declared by the GIPSA companies to the Government during the last five years.

(Rs. Cr.)

Year	National	New India	Oriental	United India	Total
2007-08	32.66	283	7.5	126	449.16
2008-09	0	45	0	96	141
2009-10	43.98	85	0	142	270.98
2010-11	0	0	0	30	30
2011-12	0	40	50.67	78	168.67
Total	76.64	453	58.17	472	1059.81

Source: GIPSA

One of the major contributory factor for not declaration of dividend to the government is the low solvency ratio against the prescribed statutory limit (1.3).

11.37 Major reasons for losses: The following three segments are the major contributors to the losses.

- Motor Segment
- Fire segment
- Health Segment

The government has asked the companies to set up working groups to look into these portfolios and the companies have to fine tune their policies to improve performance of these segments. Details of claims ratio on net earned premium basis are as under:

INCURRED CLAIMS RATIO (ON NET EARNED PREMIUM) %

FY2011-12	United	Oriental	National	New India
Fire	75.61	100.29	82.07	130.61
Motor(TP)	148.66	156.05	121.73	106.29
Motor (Total)	101.12	103.76	86.55	84.32
Health (Individual)	94.05	93.03	116.49	94.41
Health (Group)	99.09	104.54	97.90	100.69
Health (Total)	97.68	100.45	104.96	97.24

Source: GIPSA

It was considered necessary that the companies be more cautious and prudent in underwriting polices under these three segments. Accordingly, Government has issued advisory to the companies to formulate strategy to be adopted by the companies in order to improve upon the pricing of these products viz. Health, Fire and Motor insurance.

11.38 Cost reduction: There is an urgent need to cut down management cost in order to reduce the combined ratio which is unviable for all the PSU general insurers. It was informed that the ratio of salary and other overheads is 70:30. In this regard it was decided that expenses on rent, travelling, paper, power and conveyance be examined in order to cut down the same without effecting efficiency. On the salary component it was emphasized that the companies must work out a 10 year vision and accordingly dovetail the recruitment plan keeping in view BPR and e-governance implementation.

All efforts be made to market products directly to the customers rather than through intermediaries. In this regard online issuance of policies be given priority. In health and motor segment maximum number of policies be sold online. Massive media campaigns should also be launched in this regard. Companies may also work out an incentive scheme for employees in order to encourage direct sales.

The PSGICs have various policies to provide insurance cover to the poor for reconstruction of their houses in case of natural calamities like fire, flood, cyclone, earthquake etc. Policies like Gramin Suraksha Micro Policy, Farmers Package Policy, Hut Insurance Policy, Tribal Package Policy, Uni-Micro Policy. Long Term House Policy to cover houses constructed under Weaker Section Housing Scheme for a period of 10 years is also available. Strategic Alliances spearhead the retail focus of the companies through tie-up arrangements with automobile manufacturers, banks and other entities with large distribution network. Besides providing cover through traditional policies, the PSGICs are continually evolving themselves to provide tailor made policies to suit the changing / emerging needs of the customers.

11.39 Agriculture Insurance Company of India Limited (AICIL)

Agriculture Insurance Company of India Limited (AICIL) was established on 20th December, 2002 to promote crop insurance in order to protect the farmers against the crop losses suffered due to natural calamities. General Insurance Corporation of India (GIC), NABARD and four public sector general insurance companies have contributed Rs. 200 crore towards the paid-up share capital out of the authorized capital of Rs. 1500 crore. The Company having received approval from Insurance Regulatory & Development Authority (IRDA) commenced its business operations w. e. f. 1st April, 2003. The total number of employees as on 31.12.2012 is 243 all over the country. It has its Head Office in New Delhi and 17 Regional Offices in various State Capitals. The Company is implementing National Agricultural Insurance Scheme (NAIS), a central sector crop insurance programme of GoI and also implementing the Government introduced Pilot Weather Based Crop Insurance Scheme (WBCIS), Pilot Modified NAIS and Pilot Coconut Palm Insurance Scheme (CPIS)along with its other commercial crop insurance products.

The various Flagship programmes of the Company and performance under such programmes are detailed as under:

11.40 National Agricultural Insurance Scheme (NAIS): The Government of India introduced the Scheme from Rabi 1999-2000 seasons to protect the farmers against losses suffered by them due to crop failure on account of all non-preventable natural calamities so as to restore their credit worthiness of the loanee farmers. The Scheme is available to non-loanee farmers as well. The Scheme, at present covers 73 different crops during the year which includes food crops (cereals, millets and pulses) and oilseeds. Annual commercial / horticultural crops presently covered are sugarcane, potato, cotton, ginger, onion, turmeric, chilly, jute, tapioca, annual banana, pineapple, garlic, cumin, coriander and isabgol. Other crops can also be covered under NAIS, subject to the availability of the past yield data. In Kharif season, the premium rates for Bajra and Oilseeds are 3.5%, while for cereals and other millets and pulses, the premium rates are 2.5% of the sum insured or actuarial rates, whichever is less. In Rabi season, the premium rates for Wheat is 1.5%, while for other cereals and millets and pulses, the premium rates are 2% of the sum insured or the actuarial rates, whichever is less. At present, 10% subsidy on premium is available to small & marginal farmers.

11.41 Weather Based Crop Insurance Scheme : Weather Based Crop Insurance Scheme aims to mitigate the hardship of the insured farmers against the likelihood of loss on account of anticipated crop loss resulting from incidence of adverse conditions of weather parameters like rainfall, temperature, frost, humidity etc.

While crop insurance specifically indemnifies the cultivator against shortfall in crop yield, WBCIS is built upon the fact that weather conditions affect crop production even when a cultivator has taken all the care to ensure good harvest. Historical correlation studies of crop yield with weather parameters helps in developing weather thresholds (triggers) beyond which crop starts getting affected adversely. Payout structures are developed to compensate cultivators to the extent of losses deemed to have been suffered by them using the weather triggers. In other words, WBCIS uses weather parameters as 'proxy' for crop yield in compensating the cultivators for deemed crop losses. Pursuant to the budget proposals, AICIL introduced a Pilot Weather Based Crop Insurance Scheme (WBCIS) in Karnataka during Kharif 2007 season covering 70 Hoblis in respect of eight rain-fed crops. The Pilot is continuing since Kharif 2007 onwards, and it was implemented in 15 States during 2012-13. Four insurers from private sector are also being allowed to pilot WBCIS for both loanee and non-loanee farmers.

The performance under Pilot WBCIS during Kharif 2007 to Kharif 2012 is given in Table below:

Rs. in 00,000)

Particulars	Rabi 09-10	Kharif 2010	Rabi 2010-11	Kharif 2011	Rabi 11-Dec	Kharif 2012
Farmers covered	873352	3915052	2822499	5263741	3169869	3595649
Sum Insured	197636	443618	524668	834181	669485	728211
Farmers' premium	3998	13067	11452	27181	14785	24672
Claims	13790	15009	28888	35396	58779	13244

* Claims payable figures for Kharif 2012 are estimated. The Scheme is being continued in Rabi 2012-13.

11.42 Pilot Modified National Agricultural Insurance Scheme (MNAIS) was launched for implementation in 50 districts during Rabi 2010-11 seasons. Modified NAIS has many improvements over NAIS like the insurance unit for major crops has been lowered down to village / village Panchayat, minimum indemnity level has been raised to 70%, threshold yield is based on past seven years' yield excluding a maximum of two calamity years, pre-sowing and post-harvest loss are covered. Besides these, 'On-account' payment of claims during the season and payment of claims for sowing failure have also been included. The benefit of individual assessment of claims due to localized calamities i.e. hailstorm and landslide has been extended to all the notified areas.

AICIL implemented MNAIS during Rabi 2010-11 in 32 Districts across 12 States. Four private insurance companies have also been empanelled to implement MNAIS. During Kharif 2012, the pilot was implemented by AIC in 29 districts across 12 States. The coverage so far under MNAIS is as under:-

(₹ in 00,000)

S N	Particulars	Rabi 2012	Kharif 2010-11	Rabi 2011	Kharif 2011-12
1	Farmers covered	336724	417831	603814	1360013
2	Sum Insured	66679	112748	157481	368176
3	Farmers' premium	2271	4424	5750	17268
4	Claims	1596	7672	6478	Yield data yet to be received

The pilot is being continued during Rabi 2012-13 season.

11.43 AIC is also implementing **Pilot Coconut Palm Insurance Scheme (CPIS)** from the year 2009 for the benefit of coconut growers with the premium subsidy being borne by Coconut Development Board (CDB) and the concerned State Govt. The pilot is available to eight major coconut growing States i.e. Andhra Pradesh, Goa, Karnataka, Kerala, Orissa, Maharashtra, Tamil Nadu and West Bengal. The coverage so far under CPIS is as under:-

(Rs. in 00,000)

S N	Particulars	2009	2010	2011	2012
1	Farmers covered	436	35257	7960	5062
2	Sum Insured	269	19834	4600	2246
3	Farmers' premium	1.22	27.48	6.08	2.95
4	Claims	0	121.21	30.03*	**

* More claims are likely to be reported as the risk period is continuing.

** Provisional as the coverage period is on.

11.44 AICIL's own Commercial Products: Besides the above, AIC has designed and is implementing few crop specific products to cater to the needs of diverse farming community of India to meet their diversified risks. These products are supplementing the coverage already available under NAIS and WBCIS.

11.45 Utilisation of agency network of GIPSA companies: In order to increase the penetration of crop insurance it has been decided to use the agency network of the four GIPSA companies to sell crop insurance. In this regard IRDA has given its approval for the Co-Insurance arrangement between AICIL & the four GIPSA companies which will cover only Non-Loanee farmers. As per the Co-Insurance agreement and MOU, business will be co-shared in the ratio of 51:49 with AICIL and the four GIPSA companies. Also, AICIL shall be solely and exclusively responsible for claim assessment and payment so as to ensure smooth implementation of the schemes.

11.46 Index-Plus Insurance product: WBCIS broadly captures parametric weather risks like rainfall, temperature, humidity etc. However, a risk like hailstorm cannot be included in WBCIS due to its non-parametric nature. Apple and grapes growers who invest heavily in these crops fear hailstorm as a serious risk. WBCIS being used for these crops could not address the hailstorm risk. In order to capture and mitigate the hailstorm risk of apples and grapes where WBCIS is implemented, AIC with approval from the Government of India launched a pilot on 'index plus' insurance. The product gives payout based on weather deviations in case of parametric weather, and on individual loss assessment basis for hailstorm and other localized risks. The pilot is introduced during Rabi 2011-12 season for apple in Shimla district of Himachal Pradesh and for grapes in Nasik district of Maharashtra.

Annexure III (a)

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MARCH- 2012

Adjusted					Credit to Women						Of the credit to Women under Priority Sector					
		Credit to Women			Under P/S		Under P/S		Under Mircro Credit		Under SSI		Under Government Sponsored Programme		Others	
Name of the Bank	Adjusted Net Bank Credit	No. of A/cs	Amt O/s	%of ANBC	No. of A/cs	Amt.O/s	no. of A/cs	Amt. O/s	No. of A/cs	Amt.O/c	No. of A/cs	Amt. O/c	No. of A/cs	Amt.O/c	No. of A/cs	Amt O/c
Allahabad Bank	9078200	324205	476513.00	5.25	279890	335746.00	44315	140767.00	145348	136968.00	33154	73303.00	64571	104013.00	36817	21462.00
Andhra Bank	7248025	593824	511321.78	7.05	399441	348905.49	194383	162416.29	230668	291142.00	1214	4323.01	40074	16302.22	127485	37138.26
Bank of Baroda	15802210	696043	799129.78	5.06	607992	634251.73	88051	164878.05	18334	9641.68	46051	42260.00	82038	34591.75	461569	547758.30
Bank of India	17850591	586917	1577131.00	8.84	503104	724700.00	83813	852431.00	279889	72116.00	79043	250212.00	136081	104097.00	366753	363679.00
Bank of Maharashtra	4704243	143603	219144.57	4.66	119325	167367.25	24278	51777.32	12899	2763.42	22729	23075.62	19414	13150.43	64283	128377.78
Canara Bank	20142094	1340433	2526921.01	12.55	1268191	1354155.50	72242	1172765.51	37463	11278.41	8148	177983.01	45297	15103.46	1222580	1164894.09
Central Bank of India	13127700	629472	658514.00	5.02	427300	431317.00	202172	227197.00	96568	108128.00	43522	65412.00	147757	86022.00	139453	171755.00
Corporation Bank	8685040	194682	454476.00	5.23	158834	'	35848	180259.00	23785	96933.00	14985	52178.00	7727	7970.00	112337	117135.00
Dena Bank	4450234	151545	226116.09	5.08	130212	165650.13	21333	60465.96	23341	9711.20	26347	45894.05	30929	9498.69	49595	100546.19
Indian Bank	7229116.00	1022295	959080.48	13.27	568725	522077.93	453570	437002.55	52872	61575.08	3246	18638.30	10154	6102.66	502453	435761.89
Indian Overseas Bank	10318927	1248478	1405965.00	13.63	1148834	1034463.00	99644	371502.00	109834	102845.00	67911	197672.00	114948	45273.00	856141	688673.00
Oriental Bank of Commerce	9590821	137566	480624.00	5.01	110332	374097.00	27234	106527.00	19572	5665.00	18678	85271.00	16671	8159.00	68316	279912.00
Punjab National Bank	23036200	750329	1175890.00	5.10	639093	842100.00	111236	333790.00	74850	51246.00	57438	73021.00	151619	92579.00	355186	625254.00
Punjan and Sind Bank	4215512	50247	205487.85	4.87	38968	156641.46	11279	48846.39	1504	19476.99	9105	45030.20	9216	7368.00	19723	84848.45
Syndicate Bank	9154215	691041	734410.84	8.03	560178	601687.60	130863	132723.24	18714	15992.65	90378	120526.96	13798	9884.05	451086	465167.99
Union Bank of India	14175927	478911	691681.67	4.88	443708	535906.12	35203	155775.55	43994	43978.76	64685	57050.28	58570	22874.08	276459	412003.00
United Bank of India	5393400	410253	320834.11	5.95	363069	260417.02	47184	60417.09	165209	87801.55	28189	32158.47	124118	67034.75	45553	73422.25
UCO Bank	8434000	314653	524141.24	6.21	295106	345010.24	19547	179131.00	102479	80000.97	10415	43615.88	86427	44245.00	95785	177148.39
Vijaya Bank	4930400	205961	359343.00	7.29	170354	316517.00	35607	42826.00	22852	27555.00	22597	25955.00	17132	12493.00	107773	250513.00
State Bank of India	66402300	3225842	4528441.00	6.82	2500400	2894980.00	725442	1633461.00	1032578	284725.00	24981	301675.00	405290	290557.00	1442841	2308580.00
State Bank of Bikaner & Jaipur	4174350	190781	229009.00	5.49	141582	152877.00	49199	76132.00	72694.00	14397.00	4529	1531.00	21008	4936.00	43351	132013.00
State Bank of Hyderabad	6542676	561552	576808.00	8.82	461469	420577.00	100083	156231.00	889	1740.00	220	4532.00	128518	126783.00	331842	287522.00
State Bank of Mysore	3405030	140461	200613.00	5.89	94983	133063.00	45478	67550.00	17373	8031.00	1374	2152.00	5359	2495.00	70877	120385.00
State Bank of Patiala	5234261	124522	319445.00	6.10	90928	238202.00	33594	81243.00	31681	17471.00	6370	2067.00	8701	3115.00	44166	215549.00
State Bank of Travancore	4648395	575882	697724.00	15.01	320535	402043.00	255347	295681.00	82094	68610.00	28913	95292.00	40160	45554.00	169368	192587.00
IDBI Bank Ltd.	15581577.20	150402	1447343.81	9.29	136502	1287899.06	13900	159444.75	232	37624.23	2785	35243.25	3090	1586.75	130395	1213445.00
Total	**303555444.20**	**14939900**	**22306109.23**	**7.34**	**11979055**	**14680651.53**	**2960845**	**7351240.70**	**2717716**	**1667416.94**	**717007**	**1876072.03**	**1788667**	**1181787.84**	**7592187**	**10615530.59**

Source: RBI

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MARCH- 2012

	Of the Credit to Women Under Non-Priority Sector						Credit Extended under different Government Sponsored Programmes											
			Other				PMRY						SJSRY					
	Under Medium & Large Industries				Total Outstanding		Against Women		Percentage		Total Outstanding		Against Women		Percentage			
Name of the Bank	No. of A/cs	Amt O/s	No. of A/cs	Amt O/s	No. of A/cs	Amt.O/s	no. of A/cs	Amt. O/s	No. of A/cs	Amt.O/c	No. of A/cs	Amt. O/c	No. of A/cs	Amt.O/c	No. of A/cs	Amt O/c		
Allahabad Bank	636	2743.00	43679	138024.00	51723	174413.00	6743	57031.00	13.04	32.7	26154	15828.00	5910	5395.00	22.60	34.09		
Andhra Bank	389	11253.41	193994	151162.88	10838	4912.26	3109	1145.23	28.69	23.31	6507	3017.50	2659	840.44	40.86	27.85		
Bank of Baroda	13	3564.16	88038	161313.89	28787	13261.91	4152	715.61	14.42	5.40	32528	9621.19	8314	1841.46	25.56	19.14		
Bank of India	313	634058.00	83500	218373.00	29383	18070.00	4560	2542.00	15.52	14.07	25061	9396.00	6863	2423.00	27.39	25.79		
Bank of Maharashtra	944	4194.25	23334	47583.07	16284	14482.08	3289	2868.41	20.19	19.81	9280	4788.75	2335	754.90	25.16	15.76		
Canara Bank	1638	673950.07	70604	498815.44	310473	18597.55	8545	4236.90	27.53	22.78	13873	6428.45	5298	1791.88	38.19	27.87		
Central Bank of India	4627	25475.00	197545	201722.00	92647	69641.00	13847	11462.00	14.95	16.46	63759	21838.00	11717	7225.00	18.38	33.08		
Corporation Bank	43	19080.00	35805	161179.00	9452	9439.00	2620	3369.00	27.72	35.69	3535	1676.00	1484	735.00	41.98	43.86		
Dena Bank	32	9637.23	21301	50828.73	18060	10610.65	3352	1897.94	18.56	17.89	11405	2824.46	3775	1233.44	33.10	43.67		
Indian Bank	0	1759.85	453570	435242.70	7749	10110.13	3033	3153.02	39.14	31.19	6854	2588.15	3797	1227.75	55.40	47.44		
Indian Overseas Bank	2	723.00	99642	370779.00	10353	8964.00	2858	2485.00	27.60	27.72	7423	3222.00	3988	1726.00	53.72	53.57		
Oriental Bank of Commerce	46	8164	27188	98363.00	18134	20401.00	2986	3346.00	16.00	16.00	11072	3411.00	2793	745.00	25.00	22.00		
Punjab National Bank	16	15420.00	111220	318370.00	60737	34067.00	13098	5277.00	22.00	15.00	23771	8243.00	6668	2461.00	28.00	30.00		
Punjan and Sind Bank	0	0.00	11279	48846.39	12913	7644.00	2016	1692.00	15.61	22.14	2883	1150.00	610	246.00	21.16	21.39		
Syndicate Bank	258	348.62	130605	132374.62	2606	9543.98	455	1702.54	17.46	17.84	10476	5470.34	2621	1622.06	25.02	29.66		
Union Bank of India	195	21507.40	35008	134268.15	56715	34775.36	9440	4643.70	17.00	13.00	27723	8685.60	7229	2064.66	26.00	24.00		
United Bank of India	1278	7165.79	45906	53251.30	40497	44516.59	10613	11385.80	26.2	25.57	22492	12947.19	6936	3766.72	30.83	29.09		
UCO Bank	543	78603.13	19004	100527.87	30248	26895.00	9552	8792.26	31.58	32.69	23968	10105.60	12305	3986.62	51.34	39.45		
Vijaya Bank	7	1509	35600	41317.00	10824	9474.00	3399	2574.00	31	27	4353	2347.00	1687	852.00	39	36		
State Bank of India	2409	102162.00	723033	1531299.00	185060	144632.00	30068	19999.00	16.20	13.80	92872	34953.00	23571	6822.00	25.40	19.50		
State Bank of Bikaner & Jaipur	1	1537.00	49198	74595.00	14984	7199.00	1378	624.00	9.20	8.67	21279	4663.00	6378	1329.00	29.97	28.50		
State Bank of Hyderabad	77	970.00	100006	155261.00	10796	7507.00	2180	1073.00	20.19	14.29	5501	2443.00	2123	850.00	38.59	37.79		
State Bank of Mysore	0	0.00	45478	67550.00	8219	4222.00	2587	1143.00	31.48	27.07	4232	2070.00	2050	726.00	48.44	35.07		
State Bank of Patiala	3314	52870	30280	28373.00	9436	5257.00	1444	683.00	15.30	12.99	2819	1039.00	676	208.00	23.98	20.04		
State Bank of Travancore	944	139916.00	254403	155765.00	6866	2462.00	2815	1034.00	41.00	42.00	2934	837.00	1232	410.00	42.00	49.00		
IDBI Bank Ltd.	26	1243.36	13874	158201.39	2037	1137.82	430	236.83	21.00	20.81	1871	875.91	712	448.84	38.00	51.24		
Total			**177511817854.27**		**29430945533386.43**	**1055821**	**712235.33**	**148569**	**155112.24**			**464625**	**180469.14**	**133731**	**51731.77**			

Source: RBI

Annexure III (C)

STATEMENT SHOWING PARTICULARS OF CREDIT TO WOMEN IN THE BOOKS OF PUBLIC SECTOR BANKS FOR THE QUARTER ENDED MARCH- 2012

	Credit Extended under different Government Sponsored Programmes														
	SGSY						Others								
	Total Outstanding		Against Women		Percentage		Total Outstanding		Against Women		Percentage		Of total credit to Women Non-Perorrming Assets		
Name of the Bank	No. of A/cs	Amt O/s	No. of A/cs	Amt O/s	No. of A/cs	Amt.O/s	no. of A/cs	Amt. O/s	No. of A/cs	Amt.O/c	No. of A/cs	Amt. O/c	No. of A/cs	Amt.O/c	% of NPA to totla credit to Women
Allahabad Bank	137435	107563.00	39845	25652.00	28.99	23.85	76030	73277.00	12073	15935.00	15.88	21.75	16304	75168.00	8.17
Andhra Bank	5194	3034.13	1411	410.18	27.17	13.52	137472	206399.12	32895	13906.37	23.93	6.74	53813	21873.00	4.28
Bank of Baroda	100819	50129.81	29238	9480.06	29.00	18.91	148148	147260.06	40334	22554.62	27.23	15.32	38302	25430.17	3.18
Bank of India	104735	39961.00	31094	14222.00	29.69	35.59	796030	839306.00	93564	84910.00	11.75	10.12	60594	115702.00	7.34
Bank of Maharashtra	24264	14395.22	3876	1208.13	15.97	8.39	25705	69053.13	9914	8318.99	21.69	12.05	23840	11055.55	5.04
Canara Bank	39905	21214.64	4431	1759.34	11.10	8.29	158249	40749.09	27023	7315.35	17.08	17.95	83385	80643.41	3.19
Central Bank of India	149786	80272.00	77772	45400.00	51.92	56.56	210898	88976.00	44421	21935.00	21.06	24.65	39032	30422.00	4.62
Corporation Bank	2338	1547.00	1349	1196.00	57.70	77.27	3832	9053.00	2274	2670.00	59.34	29.50	25460	16401.00	3.61
Dena Bank	31600	7177.99	11496	3202.61	36.38	44.62	29846	25598.61	12306	3164.70	41.23	12.36	19611	10188.47	4.51
Indian Bank	6172	2481.90	2924	16383.97	47.38	67.85	870	80.10	400	37.92	45.98	47.35	1022295	959080.48	3.09
Indian Overseas Bank	62275	23186.00	56047	19939.00	89.99	86.00	71045	24568.00	52055	21123.00	73.27	85.98	37890	27912.00	1.99
Oriental Bank of Commerce	11643	3542.00	3364	1050.00	29.00	30.00	27394	18466.00	7528	3018.00	27.48	16.34	18927	21744.00	4.52
Punjab National Bank	116679	39979.00	47757	16319.00	41.00	41.00	241560	563585.00	84096	68522.00	35.00	12.00	81945	27701.00	2.36
Punjan and Sind Bank9242	5019.00	2560	2117.00	27.70	42.18	15251	20438.00	4030	3583.00	26.12	17.53	6261	4572.69	2.23	
Syndicate Bank	14896	9093.52	4502	3120.67	32.23	34.32	39986	25681.47	6220	3438.78	15.56	13.39	11410	8960.21	1.22
Union Bank of India	63881	22411.11	23172	9896.58	36.00	44.00	75943	226993.87	18729	6269.14	25.00	3.00	99582	55341.23	8.00
United Bank of India	105090	55355.93	62501	27918.95	59.47	50.43	162597	59750.49	44068	23963.28	27.10	40.10	30744	12895.60	4.02
UCO Bank	67456	25418.97	36865	14398.02	54.65	56.64	70801	59025.25	27705	17068.10	39.13	28.92	18467	15022.33	2.87
Vijaya Bank	4547	3335.00	2637	1707.00	58.00	51.00	21197	20977.00	9409	7360.00	44.00	35.00	28692	14065.00	3.91
State Bank of India	353567	147587.00	84275	37312.00	23.80	25.30	698555	763325.00	267376	226424.00	38.30	29.70	319124	190172.00	4.20
State Bank of Bikaner & Jaipur	31879	7695.00	11742	2699.00	36.83	35.07	5338	1524.00	1510	284.00	28.28	18.63	26085	10209	4.46
State Bank of Hyderabad	4554	4153.00	1594	826.00	35.00	19.89	208502	338700.00	122621	124034.00	58.81	36.62	33043	14043.00	2.43
State Bank of Mysore	1864	1506.00	619	334.00	33.21	22.18	456	1833.00	103	292.00	22.59	15.93	7413	1915.00	0.95
State Bank of Patiala	4319	1458.00	1167	306.00	27.02	21	18889	35384.00	5414	1918.00	28.66	5.42	8203	7891.00	2.47
State Bank of Travancore	5069	3554.00	2889	1351.00	57.00	38.00	53198	68730.00	33224	42759.00	62.00	62.00	32944	27891.00	4.00
IDBI Bank Ltd.	2316	1370.68	1037	742.37	45.00	54.16	2633	759.29	911	158.71	35.00	20.90	4808	16705.42	1.15
Total	1461525	682440.90	546164	258950.88			3300425	3729492.48	960203	730962.96			2148174	1803004.56	

Source: RBI

CONSOLIDATED TOTAL REPRESENTATION OF SCs, STs & OBC.

Statement of filling up of Representation SC/ST/OBC identified up to 31.12.2011 (Position furnished by Public Sector Banks/ Financial Institutions/ RBI and Insurance Companies)

GROUP	Number of Employees				Number of appointments made during the previous calendar year											
					By direct recruitment				By Promotion				By other Methods			
GROUP	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
*Group 'A' &' 'B	422520	72625	27860	40354	24895	3973	1829	7092	24101	5115	1763	105	141	26	9	-
Group' C'	390012	73482	28791	127407	23894	4467	2489	6467	5737	1743	507	29	180	52	20	-
Group 'D'Excluding Safai Karmachari.	135313	40575	9596	20347	9596	2025	397	2258	764	429	30	1	20	7	2	-
Group 'D' Safai Karmachari	38533	20428	2518	6331	2999	1299	208	824	50	25	2	-	10	7	-	-
Total	**986378**	**207110**	**68765**	**194439**	**61384**	**11764**	**4923**	**16641**	**30652**	**7312**	**2302**	**135**	**351**	**92**	**31**	**-**

***In the PSBs/FIs /Ins.Co. there is only one officers grad**

Statement II

CONSOLIDATED TOTAL REPRESENTATION OF THE PERSONS WITH DISABILITIES

Statement of filling up of Representation Persons with Disabilities identified up to 31.12.2011 (Position furnished by Public Sector Banks/ Financial Institutions/ RBI and Insurance Companies).

GROUP	Number of Employees as On 31.12.2010				Number of appointments made during the previous calendar year 2010							Promotion						
					No. of Vacancies reserved							No. of Vacancies reserved			No of appointments made			
GROUP	**Total**	**VH**	**HH**	**OH**	**VH**	**HH**	**HH**	**Total**	**VH**	**HH**	**OH**	**VH**	**HH**	**OH**	**Total**	**VH**	**HH**	**OH**
*Group ‘A’ & B’	345346	558	337	4018	384	283	369	14513	179	66	302	-	-	-	3244	23	22	43
Group ‘C’	316964	1273	1101	5835	452	460	477	16266	260	194	288	17	13	68	2252	5	8	46
Group’D(Excluding Safai Karmachaies	22754	33	56	375	1	1	4	773	-	1	8	-	-	5	137	-	-	5
Group’D(Safai Karmachaies	105225	92	166	1142	81	67	60	6306	4	11	71	-	-	1	57	-	-	-
Total	**790289**	**1956**	**1660**	**11370**	**918**	**811**	**910**	**37858**	**443**	**272**	**669**	**17**	**13**	**74**	**5690**	**28**	**30**	**94**

***In the PSBs/FIs /Ins.Co. there is only one officers grad**

Annexure-A

CAG's Report No.1 for the year 2011-12 on Accounts for the year 2010-11

of the Union Government

Ministry of Finance

Para No. 2.1.4: Public funds of SEBI and IRDA lying outside Government accounts

The Ministry of Finance, Department of Economic Affairs (DEA) directed all Ministries and departments of the Government in January 2005 to ensure that funds of regulatory bodies were maintained in the Public Account.

However, the funds of two regulatory bodies, viz., Securities and Exchange Board of India (SEBI) and Insurance Regulatory and Development Authority (IRDA) aggregating Rs 2,323.29 crore (SEBI Rs 1,617.43 crore and IRDA Rs 705.86 crore) at the end of March 2011 remained outside Government account. The Finance Accounts of the Union Government, therefore, do not present a correct and complete picture of Government finances to the extent of funds of Rs 2,323.29 crore lying outside Government accounts.

Audit Report No 8 of 2012-13

General Insurance Corporation of India

8.1 Forgoing profit on non-disposal of shares against initial open offer from the promoters

The decision of General Insurance Corporation of India not to accept open offer of promoters of Alfa Laval (India) Limited for acquisition of shares at Rs1300 per share in May 2007 without comprehensive analysis as envisaged in its Investment Policy resulted in forgoing profit of Rs12.56 crore on subsequent disposal.

National Insurance Company Limited

8.2 Motor Own Damage Portfolio

Competition from the private general insurance companies adversely affected the growth of the motor OD business of all the general insurance companies in public sector, including NICL. The strategic alliances with different automobile and finance companies, especially with Maruti helped NICL to garner motor OD policies and premium, but the high ICRs resulted in underwriting losses in all the years from 2007-08 to 2010-11. Thus, the growth of motor OD business had little rationalization and did not result in profits.

In conclusion, the survey process and appointment of surveyors is required to be streamlined to bring down the ICR. Customer satisfaction has to be improved through speedier settlement of claims and redressal of grievances.

The existing software has distributed database and no on-line processing facilities are available and the database was not reliable for monitoring and analyses. The controls were inadequate, leading to inefficiencies in underwriting and claims-processing. Operationalisation of EASI software and optimal utilisation of Information and Communication Technology coupled with deployment of trained and sensitised staff would immensely help the Company in gaining a competitive edge through competitive pricing, prudent underwriting, effective control over claims, reduced 'turn-around time' and customer satisfaction.

8.3 Irregular settlement of an aviation claim

Settlement of a claim by ignoring the policy conditions led to a loss of Rs 16.62 crore

The New India Assurance Company Limited

8.4 Investment in equities

A study was undertaken to assess the adequacy of systems for investments, compliance with regulatory requirements and the adequacy of risk mitigation measures mainly with reference to investment in equities. The study covered a period of three years from April 2008 to March 2011. It was seen in audit that despite the overall appreciation of investments in equities as shown above, there were areas that needed closer monitoring to achieve better results, as discussed below:

Non-Compliance with regulatory requirements

Audit observed that the CIO of NIA was not represented in the IC for three years ending 31 March 2011. One post of NED was also lying vacant since August 2010. Further, in the Standard Operating procedures (SOP) approved in March 2010, the DGM and Chief Manager of Investment department were designated as CFO and CIO respectively, although they were not the members of the IC. The post of DGM (Investment) i.e. the designated CFO as per SOP, also remained vacant since September 2010 to-date (November 2011). NIA also did not have a separate mid office for investment management and the same was clubbed with the back office resulting in non-compliance with investment risk management systems and processes mandated by IRDA.

Stop loss limits

It was observed that NIA did not have a stop loss policy.

Audit observed that on account of non-existence of stop loss policy, the market value of equity shares of 29 companies with a book value of Rs 94.92 crore deteriorated beyond 25 per cent and upto 94.75 per cent resulting in erosion of the value to the extent of Rs 47.02 crore (March 2011).

Non-acceptance of open offer

Taking a decision of not disposing off shares at a higher price of Rs 1300 per share without obtaining the approval of the competent authority and disposal of the same at ' 1000 per share at a later date resulted in foregoing of a profit of Rs 14.27 crore.

Delay in implementation of Investment Management System

NIA placed a work order (February 2004) for implementation of Investment Application Software on M/s. Wipro Limited at a cost of Rs 0.63 crore with a timeline of 19 weeks. The system was expected to provide total systems solution taking into account the enterprise-wide book keeping, information and reporting requirements of Investment Department catering to a wide array of investment products. The implementation of the system was fraught with shortcomings like frequent changes in the user requirement, non-integration of investment accounting with the corporate accounting module of NIA etc. The system was not able to generate the required reports though an amount of Rs 0.48 crore had been released (upto August 2010). Taking into account the limitations, NIA decided (October 2010) to go in for upgraded version of the software to be commissioned by 31 March 2011 at an additional cost of Rs 0.30 crore. However, the system was yet to be completed (September 2011).

The non-completion of the project resulted in non-compliance to the IRDA's regulations on 'Investment Risk Management Systems and Processes' as there was no seamless transfer of data from front office to back without manual intervention, non-monitoring of group and industry exposure norms through the system, incapability to upload corporate actions such as stock splits, dividend, rights issue etc.

NIA agreed (October 2011) that there was delay in implementation of the application software and attributed the same to changes in composition of the supplier's and company's team, cost over run and difficulties in changing from legacy to the new system.

The Ministry stated (June 2012) that the company (NIA) would ensure full implementation of the project during the current year.

The fact remained that despite initiating the process seven years ago, NIA did not have a full-fledged investment management system compliant with IRDA guidelines.

The Oriental Insurance Company Limited

8.5 Undue favour extended to M/s. Paramount Airways Private Limited in underwriting of credit insurance policies

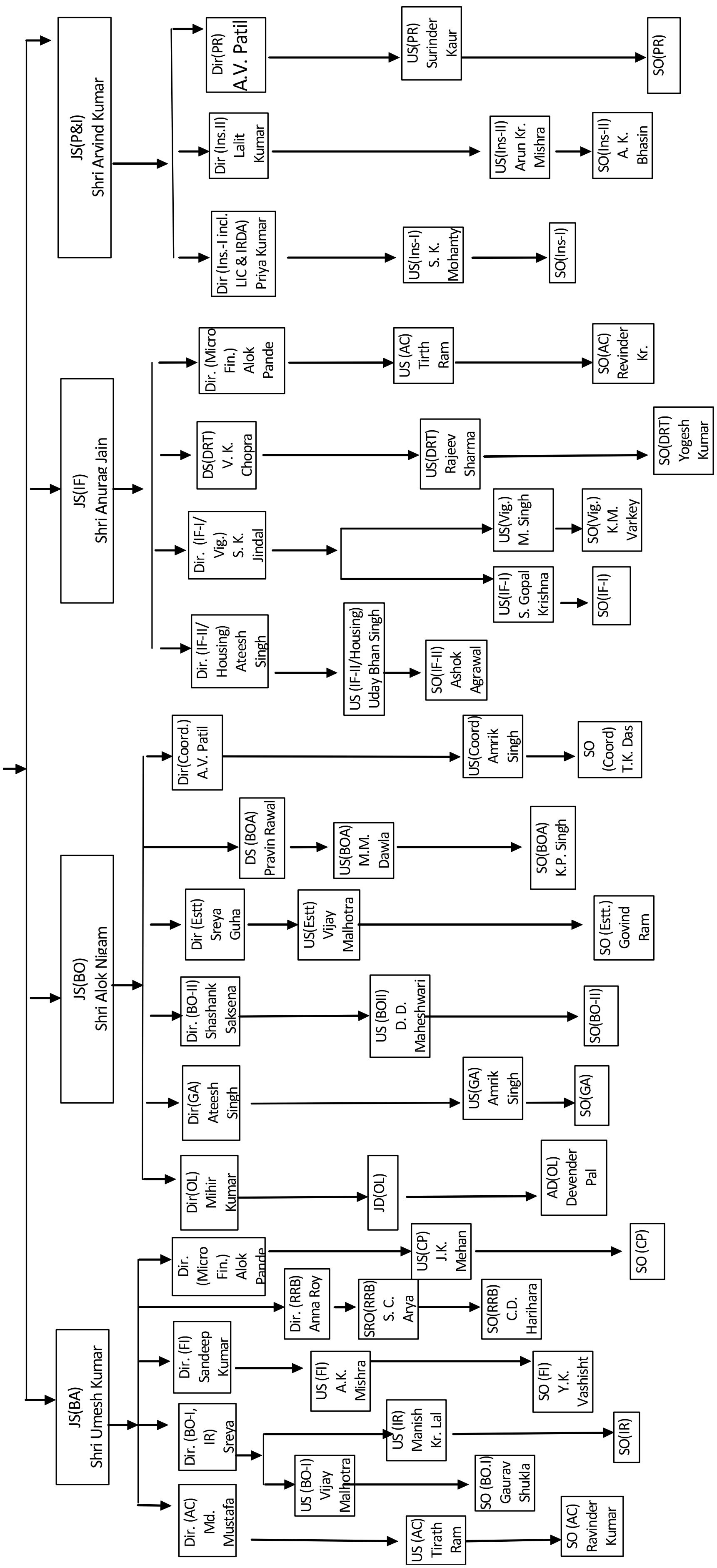
The Company issued credit insurance policies in violation of IRDA instructions, re-insurance program and insurance principles. Besides, there was significant delay in appointment of surveyors, receipt of survey reports and processing of the claims, which led to further insurance cover by the Company to the benefit of M/s. Paramount Airways.

United India Insurance Company Limited

8.6 Short Collection of Premium and revenue loss

Non compliance with policy guidelines resulted in short collection of premium of Rs 5.49 crore leading to revenue loss of Rs 3.96 crore

ORGANISATION CHART IN THE DEPARMENT OF FINANCIAL SERVICES



ORGANISATION CHART IN THE DEPARMENT OF FINANCIAL SERVICES