

FAQs on Budget Announcements 2025-26

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Credit Guarantee Startup Scheme (CGSS)

Budget Announcement:

To improve access to credit, the credit guarantee cover will be enhanced:

For Startups, from ₹ 10 crore to ₹20 crore, with the guarantee fee being moderated to 1 per cent for loans in 27 focus sectors important for Atmanirbhar Bharat

1. When was the Credit Guarantee Startup Scheme (CGSS) launched?

The scheme was launched on 06th October 2022 with the purpose to provide guarantee upto Rs.10 crore against credit instruments extended by lenders to finance eligible Startups.

2. What is the objective of CGSS?

The broad objective of CGSS is to provide guarantee upto a specified limit against credit instruments extended by financial institutions to finance eligible startups. This scheme would help provide collateral free debt funding to startups. In this regard, an eligible startup can approach a lending institution (who is a member of the scheme) and seek credit assistance under this guarantee scheme.

3. What is the quantum of assistance under CGSS?

CGSS enables guarantee to lenders against debt funding up to Rs.10 crore. The same is proposed to be increased to Rs. 20 crores.

4. What are the two models under the Credit Guarantee Start-up Scheme?

The two models are:

- i) **Transaction based** - single borrower basis for **Banks/NBFCs/FIs**
 - a) Guarantee cover to the extent of 80% of the amount in default, if the original loan sanction amount is upto Rs.3 crore.
 - b) Guarantee cover to the extent of 75% of the amount in default, if the original loan sanction amount is above Rs.3 crore and upto Rs 5 crore.
 - c) Guarantee cover to the extent of 65% of the amount in default, if the original loan sanction amount is above Rs.5 crore.

- ii) **Umbrella based** - portfolio basis for **Alternative Investment Funds**.
- a) Guarantee cover shall be of actual losses or upto a maximum of 5% of pooled investments, subject to maximum of Rs.10 crore per borrower.

5. What are the eligibility criteria for an entity to borrow under the Credit Guarantee scheme for startups?

Eligibility criteria for a borrower is as below:

- a) Startup recognized by DPIIT as per Gazette Notifications.
- b) Startups that have reached stage of stable revenue stream, as assessed from audited monthly statements over a 12-month period, amenable to debt financing
- c) Startup not in default to any lending/investing institution and not classified as Non-Performing Asset as per RBI guidelines.
- d) Startup whose eligibility is certified by the member institution for the purpose of guarantee cover.

6. What is the proposed fee structure of the scheme?

Annual guarantee fee under transaction-based model is currently 2% p.a. of outstanding amount (sanction amount in case of working capital). It is 1.50% per annum for Northeast entrepreneurs and for women.

It is proposed to reduce the annual guarantee fee to 1% of the outstanding amount.

Annual guarantee fee for umbrella model is 0.15% of outstanding amount per annum (sanction amount in case of working capital). It is proposed to be maintained at the same level.

7. What are the proposed key sectors?

It is proposed to introduce a list of 27 key sectors which will be the focus area under CGSS and will augment the Make in India initiative. These sectors also have huge potential of growth and are important for export promotion and import substitution. List is provided as annexure.

8. What is the position of NPAs in the portfolio of CGSS?

There is Nil NPA reported till date under the scheme.

9. What has been the impact of the scheme till date?

- (a) Cumulatively, 257 loans for an amount of ₹601.86 crore have been guaranteed under the scheme.
- (b) Employment generation through these startups stands at 20871 as on December 2024.
- (c) Coverage of the scheme is across India in eighteen states, with more than 50 startups located in Tier II and Tier III cities.
- (d) 19 EOUs and 19 Import Substitutive units have been supported under the scheme.
- (e) Out of the total portfolio, around 75% of the loans are for working capital support helping startups meet their operational needs.

Annexure: List of Key sectors

1. Aerospace and Defence
2. Automotive and Auto Components
3. Pharmaceuticals and Medical Devices
4. Bio-Technology
5. Capital Goods
6. Textile and Apparels
7. Chemicals and Petrochemicals
8. Electronics System Design and Manufacturing
9. Leather & Footwear
10. Food Processing
11. Gems and Jewellery
12. Shipping
13. Railways
14. Construction
15. New and Renewable Energy
16. Information Technology & Information Technology enabled Services
(IT&ITES)
17. Tourism and Hospitality Services
18. Medical Value Travel
19. Transport and Logistics Services
20. Accounting and Finance Services
21. Audio Visual Services
22. Legal Services
23. Communication Services
24. Construction and Related Engineering Services
25. Environmental Services
26. Financial Services
27. Education Services

Credit Guarantee Scheme for Export Oriented Units under MSME

Budget Announcement:

NaBFID will set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.

1. What is the purpose of the Scheme for Export Oriented Units under MSME segment?

The objective of the scheme is to enable better credit access to export-oriented units through a guarantee scheme, especially for their working capital requirements and expansion projects. This will enable the lending institutions to provide collateral free loan to such units. It is proposed that the units are to be MSMEs registered under the Udyam portal.

2. What is the target group under the scheme?

MSMEs who are export oriented units as well as units which support import substitution will be the target beneficiaries of the scheme.

Export Oriented Units (EOUs) are units undertaking export their entire production of goods, except the level of permissible sales in Domestic Tariff Area. EOUs can engage in manufacturing and services and are to be approved by the Board of Approval (BoA) under the aegis of Ministry of Commerce.

3. What is the nature of Credit Facility offered to the borrowers?

The credit facility will be offered for working capital requirements of the borrower as well as for expansion projects in the form of term loans.

4. How would introduction of such a scheme help the EOUs?

The scheme shall cover the risk of default of lenders against term loan / working capital extended to the EOU. Basis the same, the lending institutions shall be more open to lend to these units at reasonable costs and credit is expected to become easier to these units. A focused approach for providing guarantee to EOUs will increase the flow of export credit to the eligible sectors and industries.

This will facilitate increase in exports, thereby helping in earning foreign currency and strengthening the economy of the country.

5. Whether there is any credit guarantee scheme for guaranteeing defaults for Term loans or working capital facility extended to Export oriented units?

No, there is no such credit guarantee scheme catering to the EOUs at present. The Export Credit Guarantee Corporation (ECGC) provides risk cover against export orders as packing/post shipment facility. However, these borrowers have other working capital needs also which they avail as Cash Credit/Overdraft facilities from banks, which are not covered by ECGC. Further, EOUs will also need term loans for expansion/modernisation/setting up new units etc. for which credit guarantee scheme is not available.

6. What is the maximum amount of loan eligible for support under the Scheme?

The scheme is proposed to have a maximum credit guarantee for loans upto Rs. 20 crores per borrower.

7. How the limits will be assessed for a borrower?

Limits will be assessed by the lending institutions as per their existing guidelines. For export credit requirement, assessment will be based on reduced margin requirements wherever the exporter is eligible for such reduced margins.

8. Is there any stipulation regarding interest rate to be charged on loans covered under scheme?

No. Interest rate on these facilities can be charged as per board approved policies of the lender and as per regulatory guidelines. However, it is expected that the interest rates charged will be competitive to account for the reduced risk levels due to the guarantee cover offered to the credit facility.

9. Will there be any processing fee to be charged by banks for sanction of credit facility under ME-Card Scheme?

It is proposed that banks shall charge any processing fee as per the internal policies of the lending institutions.

10. Who shall decide the eligibility of a borrow under the scheme?

The scheme parameters will be clearly defined detailed guidelines which will be issued. It shall be the responsibility of the banks and lending institutions to check the eligibility of the borrower and satisfy themselves regarding the eligibility of the borrower under the scheme.

Additionally, based on the feedback and clarifications sought, FAQs shall be issued from time to time to ensure clarity on eligibility.

11. How will the scheme be different from the existing credit guarantee schemes for MSME sector?

The focus of the scheme will be to the export-oriented units under MSME sector. The quantum of the scheme will be higher and will also enable Medium Enterprises also to avail the benefits, as compared to the CGTMSE scheme which is primarily focused on the Micro and Small Enterprises.

12. Whether a borrower will be eligible under the scheme, if they are beneficiary of any other guarantee scheme of the government.

It shall be ensured that the benefits of the scheme, can be availed by a borrower who has not availed credit facility through another guarantee scheme. This is to ensure that there is no overlap between various guarantee schemes for MSME sector.

13. Whether credit facilities under foreign currency will be eligible to be covered under the guarantee scheme.

It is proposed that lending in foreign currency will be eligible, subject to the cap in maximum equivalent amount of Indian Rupees.

14. Whether import substitution units will be eligible to avail the benefits under the guarantee?

At initial launch stage it is proposed to roll out the guarantee scheme for EOUs. However, at a later stage with the stabilization of the scheme, it is proposed to include units which facilitate import substitution also to avail the benefits of the scheme.

Fund of Funds for Start-Ups

Budget Announcement:

***Fund of Funds for Startups:** The Alternate Investment Funds (AIFs) for start-up have received commitments of more than ₹91,000 crore. These are supported by the Fund of Funds set up with a Government contribution of ₹ 10,000 crore. Now, a new Fund of Funds, with expanded scope and a fresh contribution of another ₹ 10,000 crore will be set up.*

1. What is the purpose of the Fund of Funds for Start-ups?

The objective of the proposed Fund of Funds (FOF) for start-ups is to enable investment support through additional deployment of Rs. 10,000 crores. Through its investments, the fund of fund will enable start-ups to drive innovation and foster entrepreneurship.

2. What is the eligibility for availing funding under the scheme?

All start-ups that fulfil the guidelines of Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, will be eligible for participate in the scheme.

The first level AIFs should be registered under appropriate category as AIF with Securities and Exchange Board of India (SEBI). Fund Manager / team should have prior investment management experience.

3. How will the corpus be structured and leveraged?

The corpus shall be in the nature of a perpetual revolving corpus to be placed with a fund manager who will manage the invested funds on behalf of GoI for achievement of the objectives of the scheme. The corpus shall be allocated for deployment by investments to start-ups through fund of funds model.

Gains and losses from the investments made by the fund shall be credited / debited to the corpus and the entire corpus along with gains from deployment shall be held in trust by the fund manager on behalf of GoI.

Leveraging of the corpus shall be at the level of the child funds / AIFs. It is proposed that the AIFs supported by the FOF shall be mandated to ensure a multiplier of at least 2x of the amount contributed by FOF.

4. How would introduction of such a scheme help the start-ups?

The fund shall be addressing important funding gaps being faced by smaller start-ups in traditional and emerging sectors and further the theme of “Make in India for the World”. It shall provide funding through appropriately structured products/ instruments and meeting funding requirements which are not being catered to by the existing / conventional banking system. These shall include support for modernization, R&D and IPO readiness, IPO anchoring, acquisition financing etc. Management of the corpus by a fund management agency with strong relationships with the VC/AIF ecosystem will facilitate a strong impact on addressing the funding gap of the start-ups.

5. What will be the operational structure of the FOF?

A two-tier structure of a recommending committee and approval committee is proposed for the operation of the FOF. The investments by the proposed FOF will be based on the evaluation and approvals of a recommending committee which shall be constituted with leading industry experts. The decision on investment in an AIF based on the recommended proposals shall be by the Executive Committee of the Fund Manager. The corpus shall be allocated to AIFs for deployment by direct equity investments or structured long term capital to start-ups through fund of funds model.

6. Whether there is any such fund of funds operating in the same space? If yes, whether the scheme be different from the existing FoF?

The existing fund of fund for start-ups supported by Government is already active. The proposed FOF will be sector agnostic and the focus will be on enabling investment to help start-ups in their growth capital and the objectives will include in in modernization, R&D, IPO readiness, IPO anchoring, acquisition financing etc.

The proposed FOF will also have focus on women entrepreneurship with 25% of the corpus to be invested in business led by women. Also, specific focus will be provided to climate action and sustainability and 25% of the funds will be mandated to invest in business in the area.

7. What is the maximum amount of funding support under the Scheme?

Contribution shall be capped at 25% of the corpus of a single AIF. Also, a pre-defined percentage cap on the overall corpus of the proposed FOF, shall be stipulated per AIF where the FOF invests.

8. How will the eligibility of the units be identified?

Upon approval of the scheme, operational guidelines shall be put in place defining eligibility criteria framed in alignment with the objectives of the scheme. Essentially, the scheme shall target start-ups across all sectors on growth path. Criteria like ability to provide innovative solutions, being part of global supply chain, acquisition of new technologies abroad, growth in existing manufacturing activity to achieve scale etc. will also be considered.

9. Whether a start-up will be eligible under the scheme, if they are beneficiary of any other guarantee scheme or other subsidy schemes of the government?

The scheme shall facilitate risk capital through suitably structured instruments for the target start-ups to enable them to grow as per the scheme's objectives. While there may be losses / gains arising from such investments/ funding, it needs to be emphasized that the nature of funding under the scheme shall be driven by commercial rationale and no subsidy / concessional element shall be involved as such.

In view of the same, the entities supported under the present scheme may be permitted to avail support under other concessional / subsidy / guarantee scheme(s) which may be in vogue from time to time.

10. What is the expected impact of the scheme (number of sub funds, amount leveraged, number of MSMEs likely to be impacted etc.)

The expected impact of the scheme with a corpus of Rs. 10,000 crores are as under:

The support through FoF model for AIFs shall result in a capital pool of around ₹20,000-25,000 crore through leverage and recycling of funds. It is expected that around 30-35 step down AIFs investments shall be made by the FOF. Assuming an average ticket size of ₹50 crore for each investment company, there is potential to support around 500 start-ups.

Thus, the FOF is expected to create around 500 well capitalised start-ups over a period of 5 years, having quality/ advanced product and services with global market presence.

Partial Credit Enhancement (PCE)

Budget Announcement:

To improve access to credit, the credit guarantee cover will be enhanced:

For well-run exporter MSMEs, for term loans up to ₹ 20 crore.

1. What is Partial Credit Enhancement (PCE)?

PCE is a support provided by financial institutions to improve the credit rating of the bonds issued by Corporates including their SPVs, NBFC and HFCs. It helps these entities get better terms when raising money through bonds.

2. Who are the lenders eligible to issue the PCE facility?

Scheduled Commercial Banks, excluding regional rural banks (RRBs) and National Bank for Financing Infrastructure and Development-NBID (as per a special approval) are eligible to issue the PCE facility.

3. What is the need for PCE facility?

The Infrastructure sector in India has massive credit needs, which ideally should be met through the bond market. However, a significant share of infrastructure financing needs is met through project term loans by banks.

Insurance and provident/pension funds, with their long-term liabilities, are better suited for such investments but are constrained by investment guidelines to invest only in higher rated bonds. Bonds issued by corporates or SPVs for project funding often fail to secure high ratings from Credit Rating Agencies (CRAs) due to the inherent risks during the initial stages of project implementation. To address this, measures are needed to enable long-term fund providers, such as insurance and provident/pension funds, along with other investors, to invest in bonds issued for project financing.

4. Which entities can avail PCE from the PCE issuing bank / FI?

PCE issuing bank/ FI can extend PCE to bonds raised by corporates, including infrastructure developers, bonds raised by urban local bodies and bonds raised by Non-Deposit taking NBFCs and HFCs.

5. What is the structure of PCE facility extended by PCE issuing banks?

- Banks including NBID can provide PCE to a project as a non-funded irrevocable line of credit, which will be drawn in case of shortfall in cash flows for servicing the bonds.
- Banks/NBID cannot provide PCE by way of a guarantee.
- The project created out of the bond issue for which PCE has been provided should have a viable financial structure and escrow account mechanism for cashflows.

6. How much PCE can banks provide?

Banks / NBID can provide PCE up to 20% of a bond's issue size. If multiple PCE providers are involved, the total PCE limit is capped at 50% of the bond's issue size.

7. Does the PCE facility have any restriction on the credit rating or the underlying business of the bond issuer?

Banks/NBID may offer PCE only in respect of bonds whose pre-enhanced rating is BBB minus (or better) by a minimum of two external credit rating agencies.

8. What can be the maximum tenor of the PCE facility?

The PCE facility can be extended for the entire tenor of the underlying bonds. There is no stipulation in this regard.

9. Is there any stipulation of security required by the lender under PCE?

RBI guidelines does not stipulate any minimum-security requirements for the PCE facility. Accordingly, the underlying security for the PCE facility will be determined by the PCE issuing institution.

10. What happens if the bond issuer defaults on payments?

PCE will be drawn to cover cash flow shortfalls of the issuer to the extent of the credit enhancement available towards the specific bond issue.

11. What are the exposure norms followed by PCE issuing bank?

- PCE exposure to a single counterparty or group of counterparties shall not exceed 5% of the PCE issuing bank's Single Borrower/ Group Borrower limit to the counterparty to whom the PCE is provided.

- The aggregate PCE exposure of a PCE issuing bank shall not exceed 20 percent of its Tier 1 capital.

12. In case the PCE is invoked and disbursement is to be made by the PCE issuing bank, when does it become due?

A drawn tranche of the PCE facility will be required to be repaid within 30 days from the date of its drawal (due date).

Further, the PCE facility will turn into a Non-Performing Asset (NPA) if it remains outstanding for 90 days or more from the due date and provided for as per the usual asset classification and provisioning norms.

13. Can the PCE facility be revoked by the PCE issuing bank in any scenario?

The PCE facility will be irrevocable. PCE issuing bank shall honour the full PCE commitment made ab-initio in respect of a bond issue.

14. Can the PCE be a revolving facility, and does it reinstate after the payment of the availed PCE facility?

The PCE can be structured as a revolving facility, at the discretion of the PCE issuing institution, and it reinstates once the drawn PCE amount is repaid by the issuer.

However, if the PCE facility is partially drawn and interest accrues on the drawn amount, the unpaid accrued interest will be excluded from the calculation of the remaining amount available for further drawing.

15. What is the documentation required for an issuer to avail PCE for the bonds?

There has to be a clear agreement documenting all aspects of the PCE arrangement; such agreement will need to be signed between the bond issuer, the PCE provider and all other lenders to the project.

The PCE will be available only for servicing the bond and not for any other purpose. The PCE gets drawn only in a contingent situation of cash flow shortfall for servicing a bond and not in the normal course of business.

Customized Credit Card for Micro Enterprises (ME-Card)

Budget Announcement:

Credit Cards for Micro Enterprises: *We will introduce customized Credit Cards with a ₹ 5 lakh limit for micro enterprises registered on Udyam portal. In the first year, 10 lakh such cards will be issued.*

1. What is the purpose of the Micro Enterprises Card scheme?

The objective of the scheme is for enabling credit access on easier terms and through a faster process to Udyam registered Micro Enterprises for financing their working capital requirements

2. What is the target group under the scheme?

Units classified as Micro Enterprises (ME) as per the guidelines of MSMED Act and having valid Udyam Registration Number are the target beneficiaries. It is expected that 10 lakh MEs will be covered under the scheme during the first year.

3. What is the nature of Credit Facility offered to the borrowers?

The facility shall be towards financing the working capital requirements / general business expenses of the ME. The facility will be in the form of a revolving account facility valid for one year and renewable upon satisfactory performance of the micro enterprise.

The card may be used by the ME for expenses like purchase of raw materials, spares etc. as well as for payment of statutory and utility bill payments like GST, electricity, water bill etc.

The ME will have to pay the minimum amount every month as per the terms and conditions and ensure to keep the account live and to comply with the prudential guidelines on asset classification.

4. Is there any special feature that differentiates the scheme?

Entire process (sanction, approval, issuance and disbursement) shall be digital and digital footprints will form the basis of assessment.

Credit guarantee will be available for the exposures under the scheme to enable larger coverage of MEs.

5. What is the maximum amount of loan eligible for support under the Scheme?

The scheme is proposed to have a maximum credit limit of Rs. 5 lakhs.

6. How the limits will be assessed for a borrower?

- For micro units without existing regular limit, the limit will be assessed by individual banks based on the working capital requirement of the units, subject to maximum of Rs. 5 lakhs.
- For existing borrowers, limit may be fixed as a percentage of the existing working capital limit subject to a maximum of Rs. 5 lakhs, and as an additional limit.

7. Is there any stipulation regarding interest rate to be charged on loans covered under scheme?

No. Interest rate on these facilities can be charged as per board approved policies of the lender and as per regulatory guidelines.

8. Will there be any processing fee to be charged by banks for sanction of credit facility under ME-Card Scheme?

It is proposed that banks shall not charge any processing fee under the scheme.

9. How will the scheme be beneficial for Micro Enterprises?

The scheme envisages simpler assessment based on turnover captured through digital data without need for submission of detailed financial statements and without the need for any collateral. Thus, the scheme will enable smaller micro enterprises with quick and easy access to funds. Also, being a card-based usage, for specific purposes of working capital expenses, the same will enable them to track their spends and have better credit discipline.

10. Does the scheme have any restriction on business activity of a borrower?

The scheme is admissible for all business activities as long as the borrower is a Micro Enterprise registered under Udyam Portal. There is no negative list for coverage.

11. Who shall decide the eligibility of a borrower under the scheme?

The scheme parameters will be clearly defined through detailed guidelines which will be issued in due course. It shall be the responsibility of the banks to check the eligibility of the borrower and satisfy themselves regarding the same under the scheme.

12. Whether a borrower will be eligible under the scheme, if they are beneficiary of any other guarantee scheme of the government.

There shall be no restriction on availing the benefits of the scheme, even if the borrower has availed credit facility through another guarantee scheme, subject to satisfying other eligibility criteria. However, only one ME Card can be availed by a single borrower and multiple facility under the scheme will not be available to the borrower.

Gramin Credit Score

Budget Announcement

Public Sector Banks will develop 'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.

1. What is a Credit Score?

A credit score is a numerical representation of borrower's creditworthiness. Lending institutions use credit scores to assess credit worthiness and capacity of borrower to repay loans and advances and discharge obligations in respect of credit facilities availed. Credit scores are based on credit information, which *inter alia* include amount and nature of loans and advances availed, amount outstanding under credit facilities and non-fund-based facilities availed such as guarantees etc.

2. What are regulatory provisions for the development of credit score in India?

The Credit Information Companies (Regulation) Act, 2005 provides for regulation of credit information companies and to facilitate efficient distribution of credit. At present, there are 4 Credit Information Companies registered with RBI under the provisions of this act. These are namely, TransUnion CIBIL, Equifax, Experian, and CRIF High Mark. Based on the regulations framed by RBI, Credit Information Companies collect, process and collate information on trade, credit and financial standing of the borrowers and generate credit scores that are used for credit appraisal of potential borrowers. RBI regulates the functioning of Credit Information Companies, maintenance of accuracy and security of credit information along with privacy principles with respect to storage, processing and sharing of data.

3. Why is there a need for a Grameen Credit Score?

Rural borrowers often have spending and financial profiles which may differ with normal urban borrower. These may include seasonal variations of income and a varying consumption basket of goods and services. The Grameen Credit Score aims

to bridge this gap by considering challenges specific to rural areas and incorporate wider credit information into the assessment of credit worthiness of borrowers in rural areas. Grameen Credit Scoring model would create scored specific for rural areas and SHGs thereby aiding in easier and more efficient assessment of credit needs in rural areas.

Public sector banks in consultation with RBI will develop necessary scoring model for rural areas and SHGs.

4. How does Grameen Credit Score differ from traditional credit scores?

Traditional credit scores rely heavily on factors like payment history, credit utilization, and credit history length. Many individuals, particularly in rural and backward areas, have limited credit history and are thus underserved by traditional credit scoring models. Grameen credit scores may incorporate additional factors like cyclical income, education, employment history, rent and utility payments and even spending habits to provide a more nuanced view of an individual's creditworthiness.

5. What are the potential benefits of Grameen Credit Score?

Grameen Credit score aims to complement the existing focus of Government in development of rural and backwards areas by further increasing access to cheaper and affordable formal credit. This customised credit evaluation will promote financial inclusion, increase investment in agriculture, support development of rural enterprises, and empower rural communities.

100% FDI in the Insurance Sector

Budget Announcement

The FDI limit for the insurance sector will be raised from 74 to 100 per cent. This enhanced limit will be available for those companies which invest the entire premium in India. The current guardrails and conditionalities associated with foreign investment will be reviewed and simplified.

Over the last two decades, the insurance sector has made rapid progress. At present, there are 26 life insurers, 27 general insurers including 2 specialised insurers, 8 standalone health insurers and 12 reinsurers including 11 foreign re-insurance branches, and approximately 71 lakh distribution points. The sector has registered approximately **10% CAGR** in the last five years, generating a **total premium of ₹ 11.23 lakh crore** in the FY 2023-24, with the total **Assets Under Management of ₹ 67.57 lakh crore** as on March 31st, 2024.

Insurance penetration and density are two metrics, among others, often used to assess the level of development of the insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium). **In India, insurance penetration has risen from 2.7% to 3.7%, whereas insurance density has grown from USD 11.5 to USD 95 between 2001 to 2024.** As against this, the **global average** for insurance penetration and density stands at **7% and USD 889** respectively in 2024.

In the budget speech 2025, Hon'ble FM has announced to increase the FDI limit for the insurance sector from 74 to 100 per cent. This enhanced limit will be available for those companies which invest the entire premium in India. The current guardrails and conditionalities associated with foreign investment will be reviewed and simplified.

1. How has the FDI limit in the insurance sector evolved over time?

The FDI limit in insurance was introduced in 2000 with a cap of 26%. This was gradually raised to 49% in 2015 and 74% in 2021. The same is now proposed to be increased to 100%. Insurance intermediaries, such as brokers, were allowed 100% FDI in 2019.

2. What has been the impact of FDI on the insurance sector so far?

Since the introduction of FDI in 2000, the insurance sector has **received ₹82,847 crore** as of September 2024. This investment has supported growth, enhanced operations, and increased customer reach. Insurance broking companies have received ₹5,688 crore as of September 2023. A total of **41 insurance companies have FDI** as on 31.03.2024. The phase-wise details of FDI received in insurance sector and no. of companies with FDI is as follows:-

Year	FDI limit	FDI amount (₹ crore)
2000-2014	26%	20,858
2014-2021	49%	34,610
2021 onwards	74%	27,379
Total		82,847

FDI limit	No. of insurance companies
Upto 49%	34
49%-74%	3
74%	4

3. Why is the Government proposing to increase the FDI limit in insurance to 100%?

The Government aims to unlock the full potential of the Indian insurance sector, which is projected to grow at 7.1% annually over the next five years, outpacing global and emerging market growth. Removing the FDI cap will attract stable and sustained

foreign investment, increase competition, facilitate technology transfer, and improve insurance penetration across India.

4. What benefits does 100% FDI bring to the Indian insurance industry?

100% FDI will provide long-term growth capital, help insurers invest in emerging technology and enhance distribution channels, improve competitiveness, attract global players, and generate employment opportunities. It will also bring in more players in the market by eliminating the need for foreign investors to find Indian partners for the remaining 26%, enabling the ease of doing business.

5. How will 100% FDI benefit customers?

Greater foreign participation will lead to more players in the market, enhancing competition. This will likely result in better products, improved customer service, and more affordable premiums, ultimately improving insurance penetration and density thereby reducing the protection gap.

6. How does the proposed 100% FDI compare with global practices?

Countries like Canada, Brazil, Australia, and China permit 100% FDI in their insurance sectors. Aligning India's FDI norms with global best practices will position the country as an attractive destination for foreign investors.

7. Will this policy lead to foreign dominance in the Indian insurance market?

Regulatory oversight by the IRDAI and Government policies will ensure that the sector operates in the best interest of the citizens. Increased FDI will complement domestic initiatives and drive inclusive growth rather than domination by foreign players.

8. What safeguards will be in place to regulate 100% FDI in insurance?

The Insurance Regulatory and Development Authority of India (IRDAI) will continue to oversee and regulate the sector to ensure transparency, accountability, and compliance with Indian laws and standards. The focus will remain on fostering growth while protecting policyholders' interests.

9. What are the impediments with current 74% FDI?

Foreign investors request ease of doing business without the burden of finding a reliable domestic partner since insurance is an investment intensive sector. Further, the FDI Rules regarding provisions of appointment of Key Management Persons, Board Composition etc., are also being considered for revision so as to create a congenial atmosphere for bringing more FDI into the insurance sector, thereby boosting its growth.

Forum for regulatory coordination and development of pension products

Budget Announcement

A forum for regulatory coordination and development of pension products will be set up.

Q.1 What is the need of Forum for Regulatory Coordination and Development of Pension Products?

In 2003-04, shift to the National Pension System (NPS) marked a significant change in the pension landscape of India. Public sector pension (excluding armed forces) moved from fiscally unsustainable “Pay as you Go” system to “defined contributory system”. Pension Fund and regulatory development authority was created in 2013 through PFRDA Act as a pension sector regulator to regulate and supervise defined pension contribution schemes. However, contributory pension landscape is still marked by multiple supervisory overlaps. Table below provides details: -

S.No	Pension programmes	Regulator/Administrator
1	National Pension system, Atal pension yojana, NPS Vatsalya	PFRDA
2	Employee pension scheme (EPS 95)	EPFO
3	Superannuation funds	Concerned commissioner of Income tax
4	Annuity offered by life insurance companies	IRDAI
5	Mutual fund annuity plans	SEBI
6	Occupational pension plans (PM Kisan maan dhan yojana/PM shram yogi maan dhan yojana etc.)	Concerned administrative ministry

7	Special provident funds for coal miners/seaman/Assam tea plantation workers etc.	Concerned administrative ministry
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The fragmented regulatory landscape, with multiple bodies overseeing different types of pension schemes, creates inefficiencies and lack of consumer protection. This fragmentation reduces attractiveness of pension as a financial product, hinders the growth of pension assets and reduces trust in the system. Proposed forum can play a coordination role, develop common minimum supervisory reporting formats, enhance consumer protection standards and undertake comprehensive market development initiatives.

Q.2 What will be the purpose of Pension Products Regulatory Coordination forum?

Ans:- It will serve following purposes:-

- **Improve consistency across regulators:** India currently has multiple regulators supervising varying pension products, such as the PFRDA (National Pension System), EPFO (Employees’ Pension Scheme), IRDAI (Annuity), and SEBI (Mutual fund), each with different frameworks. Proposed forum will provide a platform to streamline and harmonize regulations for ensuring consistency and simplification of overall pension landscape.
- **Enhance Consumer Protection:** A common and shared approach towards pension market will enhance consumer protection and address concerns like information about choices, fragmented oversight, and common standards across various pension products.
- **Support Market Development:** Proposed forum would help in developing a robust pension market infrastructure, including the promotion of a wider range of investment options and better fund management practices.

- **Ensure Adequate Coverage:** Proposed forum would aim to ensure that pension coverage reaches a larger segment of the population and encourages long-term contributions, addressing the current challenges in sustaining contributions and improving pension adequacy.

Q.3 What are likely to be responsibilities of proposed forum?

Ans: - Forum is expected to serve following functions: -

- **Coordinating across regulators:** It would oversee that pension plans across all sectors—public and private— adhere to standard compliance and uniform operational practices requirement.
- **Compliance and Reporting Standards:** Minimum compliance, reporting, and operational standards for pension fund managers, trustees, and pension providers will be evolved.
- **Better awareness and informed choice by Subscriber:** By educating subscribers through financial literacy programmes, it will be ensured that subscribers have access to the best available pension plans. This would eliminate the lack of choice that currently restricts subscribers' ability to select better options.
- **Addressing Coverage Gaps:** By establishing standards and incentives to boost pension penetration, especially in informal sectors and for those with low contribution persistency. This would help address the current problem of low pension coverage among large segments of the population

Q.4 Why Government needs to focus on development of pension market?

Ans: - By 2050, India's elderly population (above 60) is expected to reach 347 million from 153 million. Projected median age will be 38 years in 2050 from approximately 28 years now. Financially supporting such large aged population with higher median age will put tremendous pressure on government finances at that point in time. Further, increasing urbanization will lead to nuclear families. Therefore, elderly will often lack traditional family support.

To address this challenge strong financial buffers and a robust regulatory environment are crucial for long-term pension security. This will be an important pillar of old age security in future.

KYC Simplification

Budget Announcement

To implement the earlier announcement on simplifying the KYC process, the revamped Central KYC Registry will be rolled out in 2025. We will also implement a streamlined system for periodic updating.

1. What is Central KYC Registry?

Central KYC Registry is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity.

2. What are the salient features of Central KYC Registry?

- i. Facilitates uniformity & inter-usability of KYC records & process across the financial sector.
- ii. Unique KYC identifier linked with independent ID proofs.
- iii. Substantial cost reduction by avoiding multiplicity of registration and data upkeep.
- iv. KYC data and documents stored in a digitally secure electronic format.
- v. Facilitates KYC Search, Upload, Download, Update.
- vi. Secure and advanced user authentication mechanisms for system access.
- vii. Data de-duplication to ensure single KYC identifier per applicant.
- viii. Real time notification to institutions on updation in KYC details.

3. Who can get access to Central KYC application?

Central KYC application can be accessed by authorised institutions or other notified institutions under the Prevention of Money Laundering Act or rules framed by the Government of India or any Regulator (RBI, SEBI, IRDA, and PFRDA) there under.

4. What will be the features of the revamped Central KYC Registry?

- Verification of the data uploaded by the REs with the documents uploaded so as to ensure that there is no mismatch in the data & documents uploaded.
- AI based matching algorithm including face match technology proposed to be used for deduplication at the time of issuing unique CKYCR number
- Verification/validation of the documents of individual client uploaded by Financial Institutions from the document issuing authorities.
- View only access to clients to see their KYC details with CKYCRR, the details of Financial Institutions which uploaded/ downloaded/ updated her KYC record and which Financial Institution to approach for correction, if any, required.
- For digital onboarding, CKYCRR will be integrated with DIGI locker.
- Customer consent through OTP/face authentication on use of KYC data with CKYCRR
- Availability of metadata – the number of times KYC Records are downloaded /updated in last five years will be available to the Financial Institutions.
- No fee for uploading of KYC records

5. What are the stipulations regarding periodic updation of KYC?

As per RBI's Master Directions, periodic updation shall be carried out at least once in every two years for high-risk customers, once in every eight years for medium risk customers and once in every ten years for low-risk customers from the date of opening of the account / last KYC updation.

In case of no change in the KYC information, a self-declaration from the customer in this regard shall be obtained through customer's email-id registered with the RE, customer's mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter, etc.

In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the RE, customer's mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter, etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables, etc.

The process of periodic updation will be streamlined.

Tax Relief under NPS Vatsalya

- Under Sec 80 CCD (1B), any NPS subscriber can claim tax benefit for investment up to Rs. 50,000 in NPS. The same has been now been extended in respect of contributions made by Guardians under NPS-Vatsalya.
- The tax exemption available for NPS subscriber on the amount withdrawn upto 25% of the self-contribution, under Section 12(B), has also been extended to NPS Vatsalya.
- Further, the tax exemption on receipt of accumulated wealth on account of death of NPS subscriber under Section 80 CCD(3) has also been extended to subscribers of NPS Vatsalya.

(The above amendments will apply in relation to assessment year 2026-27 onwards)

NPS-Vatsalya scheme, announced in the Union Budget 2024-25 as a plan that allows parents and guardians to contribute to minors' accounts, was launched on 18th September, 2024. A total of 89,475 subscribers have joined the scheme with Assets Under Management (AUM) of 61.98 crore. The enrolments under the Scheme would further increase with the tax exemptions allowed in the Budget.

SWAMIH Fund 2

Budget Announcement

Under the Special Window for Affordable and Mid-Income Housing (SWAMIH) fifty thousand dwelling units in stressed housing projects have been completed, and keys handed over to home-buyers. Another forty thousand units will be completed in 2025, further helping middle-class families who were paying EMIs on loans taken for apartments, while also paying rent for their current dwellings.

Building on this success, SWAMIH Fund 2 will be established as a blended finance facility with contribution from the Government, banks and private investors. This fund of Rs. 15,000 crore will aim for expeditious completion of another 1 lakh units.

1. Introduction:

On November 06, 2019, the Honourable Finance Minister announced that the Union Cabinet has cleared a proposal to set up a 'Special Window' in the form of an Alternate Investment Fund (AIF) to provide priority debt financing for the completion of stalled/stressed housing projects. Special Window for Affordable and Mid-income Housing (SWAMIH) Investment Fund I has been formed to complete construction of stressed, brownfield, RERA registered residential developments that are in the affordable housing / mid-income category and requires last mile funding.

The Sponsor of the Fund is the Secretary, Department of Economic Affairs (DEA), Ministry of Finance, Government of India on behalf of the Government of India (GOI). GOI has committed a fund infusion of up to INR 10,000.0cr in the Special Window. The Fund has successfully achieved its final close on 6.12.2022 with aggregate capital commitment of INR 15,531.0cr from all its investors. The Fund has 14 investors that include investors such as LIC of India and Public Sector Banks e.g. State Bank of India (SBI), Punjab National Bank (PNB) etc.

The Investment Manager of the Fund is SBI Ventures Ltd. (SVL), an asset management arm of SBI which is a wholly owned subsidiary of SBI.

Investment Objectives:

Listed below are some investment objectives of SWAMIH that form part of the key criteria for qualification of last mile funding of construction of stalled/stressed residential development by investing in a portion of a project:

- At least 90% of the available FSI / FAR is being developed as Affordable Housing units or Middle-Income Housing units; Affordable or Mid-income Housing units has been defined as any housing units that do not exceed 200sqm RERA carpet area and are priced as following:
 - Less than INR 2.0cr in Mumbai Metropolitan Region (MMR).
 - Less than INR 1.5cr in National Capital Region (NCR), Chennai, Kolkata, Pune, Hyderabad, Bengaluru, and Ahmedabad; or
 - Less than INR 1.0cr in the rest of India
- Is net-worth positive – value of sold receivables plus unsold inventory is greater than cost to complete construction and to service the investment by the Fund
- Has completed at least 30% of the project costs
- Is a part of a RERA registered project

2. The Fund does not have a focus on just Tier 1 cities and does investments anywhere in India where RERA is applicable. The geographical spread of the 124 projects that have received funding is as follows:

City	No of Projects Funded
National Capital Region	43
Mumbai Metropolitan Region	40
Bengaluru	4
Pune	4
Chennai	4

City	No of Projects Funded
Hyderabad	6
Other Tier II cities	23

Other Tier II cities include cities such as Amaravati, Amhedabad, Amritsar, Coimbatore, Dehradun, Jaipur, Jodhpur, Kota, Mohali, Nagpur, Nashik, Prayagraj, Thrissur and Vizag.

Mudra Scheme for Home Stay

Budget Announcement

1. **Para 76** *The following measures will be taken for facilitating employment-led growth:*

2) *Providing MUDRA loans for homestays;*

Frequently Asked Questions (FAQs)

What are the features of Pradhan Mantri MUDRA Yojana ?

Reply : - The Scheme was launched on 8th April,2015

- **Purpose:** For financing income-generating small business enterprises in manufacturing, trading and service sectors, including activities allied to agriculture such as poultry, dairy, beekeeping, etc. Term loan and Working Capital requirements can both be met
- **Categories:** Shishu – upto Rs.50,000/-, Kishor – above Rs.50,000 & upto Rs.5.00 lakh, Tarun – above Rs.5.00 lakh & upto Rs.10.00 lakh, Tarun Plus – above Rs. 10.00 lakh & upto Rs. 20.00 lakh (for those entrepreneurs who have availed and successfully repaid previous loans under the ‘Tarun’ category w.e.f. 24.10.2024)
- **Collateral free** loans up to Rs. 20 lakh.

Status as on 24.01.2025:

- More than **51.67 crore** loans amounting to **Rs.32.61 lakh crore** have been sanctioned since the launch of Scheme with approximately **20%** loans to New Entrepreneurs/ Accounts
- About **68%** loans have been sanctioned to **Women Entrepreneurs** & **50%** loans have been sanctioned to **SC/ST/OBC category of borrowers**

- Category-wise break-up: -

Category	Percentage as per No. of Loans	Percentage as per Amount Sanctioned
Shishu	78%	36%
Kishor	20%	40%
Tarun	2%	24%
Total	100%	100%

- Targets have been consistently met since inception of the Scheme, except for FY 2020-21 due to COVID-19 pandemic.

Tarun Plus – A total number of 7,151 loans amounting to more than Rs.1,061 crore have been extended, as on 34.01.2025 under this Category.

Stand Up India

Scheme for First-time Entrepreneurs

Para 32 - A new scheme will be launched for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs. This will provide term loans up to ` 2 crore during the next 5 years. The scheme will incorporate lessons from the successful Stand-Up India scheme. Online capacity building for entrepreneurship and managerial skills will also be organized.

Q 1. What is the genesis of "Stand-Up India" scheme?

Reply: The "Start-up India Stand-Up India" initiative was announced by the Hon'ble Prime Minister in his address to the nation on August 15, 2015 to promote bank financing for green field enterprises promoted by SC/ST/ Woman entrepreneurs. Accordingly, the Scheme was launched on 5th April, 2016. The Scheme has been designed to be operated through bank branch network of Scheduled Commercial Banks (SCBs) across the country and was extended till the year 2025, in terms of announcement made in Union Budget 2019-20.

Q-2 What are the objective of the Scheme?

Reply: The objective of the Stand-Up India scheme is to facilitate bank loans between ₹ 10 lakh and Rs.1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services, agri-allied activities or the trading sector In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or Woman entrepreneur.

Q-3 What is the eligibility of borrowers under the Scheme?

Reply: SC/ST and/or woman entrepreneurs, above 18 years of age

2. Loans under the scheme is available for only green field project. Green field signifies, in this context, the first time venture of the beneficiary in the manufacturing, services, agri-allied activities or the trading sector.
3. In case of non-individual enterprises, 51% of the shareholding and controlling stake should be held by either SC/ST and/or Women Entrepreneur.
4. Borrower should not be in default to any bank/financial institution.

Q-4 What is the size of Loan under the Scheme ?

Reply: Composite loan of 85% of the project cost inclusive of term loan and working capital. The stipulation of the loan being expected to cover 85% of the project cost would not apply if the borrower's contribution along with convergence support from any other schemes exceeds 15% of the project cost.

Q-5 What is the repayment period of loan under the Scheme ?

Reply: The loan is repayable in 7 years with a maximum moratorium period of 18 months.

Q-6 What is Handholding Support under the Scheme ?

Reply: More than 8000 Hand Holding Agencies are active on the portal. Any new entrepreneur requires guidance in his endeavor to set up his or her business enterprise starting from training to filling up loan applications as per bank requirements. This portal facilitates by providing step by step guidance for connecting to various agencies with specific expertise viz. Skilling Centres, Mentorship support, Entrepreneurship Development Program Centres, District Industries Centre, together with addresses and contact number.

Q-7. Whether any credit guarantee available under the Scheme ?

Reply: Yes, the Government is providing credit guarantee through National Trustee Credit Gurantee Corporation (NCGTC) under Credit Gurantee Fund for Stand Up India (CGFSI).

Q-8. Has implementation of Stand Up India Scheme led to any increase in employment generation?

Reply: Yes, as on date more than 2.59 lakh applications have been sanctioned under the Scheme and as per the data available on the www.standupmitra.in Portal, employment of around 10 lakhs has been generated.

Q-9. What changes have been made in the Scheme over a period of time?

Reply: In Union Budget 2021-2022, the following changes have been implemented in the Stand Up India Scheme:

(i) The extent of margin money has been reduced from 'upto 25%' to 'upto 15%' of the project cost. However, the borrower continues to contribute at least 10% of the project cost as his/her own contribution.

(ii) Loans for enterprises in 'Activities allied to agriculture' have been made eligible for coverage under the Scheme.

Kisan Credit Cards (KCC)

Budget Announcement

Kisan Credit Cards (KCC) facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers. The loan limit under the Modified Interest Subvention Scheme will be enhanced from Rs 3 lakh to Rs 5 lakh for loans taken through the KCC.

Q 1 What is the KCC Scheme?

Answer: Kisan Credit Card (KCC) Scheme, launched in August 1998, across the country with the objective of providing adequate and timely credit to the farmers, including Self Help Groups (SHGs) or Joint Liability Groups of Farmers including tenant farmers, share croppers etc., to facilitate them to readily purchase agricultural inputs such as seeds, fertilizers etc., and to draw cash for crop production, allied and non-farm activities during the year for their agricultural operation.

Q 2 What are the features of the Kisan Credit Card Scheme ?

Answer:

- Adequate and timely credit to farmers to purchase agricultural inputs such as seeds, fertilizers etc., and to draw cash for crop production, allied and non-farm activities during the year for their agricultural operation
- Single window for needs e.g. post-harvest expenses, produce marketing loan household/consumption requirements, working capital for maintenance of farm asset, investment credit for agriculture and allied activities
- Loans, up to the limit of Rs. 2 lakh are extended without the need for collateral.
- Interest Subvention/Incentive for prompt repayment.

Q 3 What are the eligible lending institutions under KCC?

Answer: Following are the eligible lending institutions:

- Scheduled Commercial Banks
- Regional Rural Banks (RRBs)
- Rural Cooperative Banks (RCBs) viz. State Cooperative Banks & District Central Cooperative Banks (DCCBs)
- Computerized Primary Agricultural Credit Societies (PACS) ceded with Scheduled Commercial Banks (SCBs)

Q 4 What is Interest Subvention and Prompt Repayment Incentive under KCC?

Answer: Modified Interest Subvention Scheme (MISS) was launched in 2022 with interest subvention of 1.5% for providing short-term agri loans availed through KCC up to Rs 3 lakh at a concessional interest rate of 7% per annum.

An additional interest subvention of 3% is provided to farmers on prompt repayment of loans, which effectively reduces the rate of interest to 4% for farmers.

Hon'ble Finance Minister in her budget speech 2025-26 has announced enhancement of loan limit under MISS from existing Rs. 3 lakh to Rs. 5 lakh.

Q 5 What is the limit of collateral-free agricultural loans?

Answer: RBI vide its notification dated 06 December 2024 "Credit Flow to Agriculture - Collateral free agricultural loans" has raised the limit for collateral-free agriculture loans from Rs. 1.6 lakh to Rs. 2 lakh.

Q 6 How increase in MISS loan limit will benefit farmers?

Answer: The benefits of increase in MISS loan limit are as follows:

- The enhancement of limit will ensure credit deepening in agriculture and reduce the dependency on non-institutional credit.
- This will encourage farmers to diversify between agriculture and allied activities with increase in availability of concessional KCC loans.
- The announcement will incentivise farmers having KCC loans below 3 lakh to seek larger KCC concessional credit limit upto Rs. 5 lakh.
- Increase in MISS loan limit along with increase in collateral free agriculture limit will significantly help in increasing disbursement of hassle-free and affordable agriculture credit to farmers.
- These steps will also increase credit flow of allied activities, primarily benefitting small and marginal farmers.

Q 7 How many farmers will be benefitted from increase in MISS limit from Rs. 3 lakh to Rs. 5 lakh?

Answer: Out of total 7.72 crore operative KCC approximately 11% of KCC accounts are with loans above 3 lakh. Therefore, approximately 80 lakh farmers will get immediate benefit from the budget announcement. However, the KCC scheme is estimated to benefit 8.21 crore farmers annually.

Q 8 What is the mechanism for deciding the loan amount to be availed by farmers under KCC?

Answer: The mechanism for deciding the loan amount to be availed by farmers under KCC is based on the operational land holding, cropping pattern and scale of finance.

Q 9 When was the KCC Scheme for Animal Husbandry and Fisheries Farmers introduced?

Answer: In the Budget 2018- 19 the Union Government had announced its decision to extend the facilities of Kisan Credit Card (KCC) to Animal Husbandry farmers and Fisheries (AH & F) to help them meet their working capital requirements. RBI vide its circulars dated February 04, 2019 and May 18, 2022 has extended KCC facility to Animal Husbandry farmers and Fisheries for their working capital requirements.

Q 10 What are the details of KCC Card issued to the farmers in the country?

Answer: The number of operative accounts and amount outstanding in KCC as on 30.09.2024 are as follows:

(Account in Lakh, Amount in Rs. Crore)

Activity	Account	Amount O/s
Crop Loan	723	9,42,279
Animal Husbandry	47	52,109

Fisheries	1	4,552
Total Operative KCC	772	9,98,940

Q 11 What is KCC saturation drive?

Answer: Hon'ble Prime Minister launched Kisan Credit Card (KCC) Saturation Drive for PM Kisan beneficiaries in February, 2020 at Chitrakoot, UP. The drive was made part of the Atmanirbhar Bharat Abhiyan with the objective to cover 2.5 crore farmers, including Fishermen and Dairy farmers with a credit boost of Rs. 2 lakh crore. As on 17th January 2025, 5.69 crore farmers have been issued KCCs with sanctioned credit limit of Rs 7.29 lakh as part of Saturation Drive.

Q 12 What is Nationwide District Level AHDF saturation campaign?

Answer: To encompass a maximum number of Fishermen, Animal Husbandry & Dairy farmers under the KCC scheme, the Government of India launched a "Nationwide AHDF KCC Campaign" from 15th November 2021. The campaign has been extended till 31st March 2025. As on 17.01.2025, 40.43 lakh KCC applications have been sanctioned for Animal Husbandry, Dairying and Fisheries farmers under this campaign.

Jan Vishwas: Decriminalisation of various provisions in the laws

Purpose of Jan Vishwas Bill 1.0

Through the Jan Vishwas (Amendment of Provisions) Bill, 2023, a total of 183 were decriminalized in 42 Central Acts administered by 19 Ministries/Departments. Decriminalization was done in the following manner:

1. Both Imprisonment and/or Fine were removed in some provisions.
2. Imprisonment be removed and fine retained in few provisions.
3. Imprisonment removed and Fine enhanced in few provisions.
4. Imprisonment and Fine converted to Penalty in some provisions.
5. Compounding of offenses introduced in few provisions.

Department of Financial Services (DFS) Role

1. In 2020, the Government of India launched a flagship program to decriminalize various acts to enhance citizen trust.
2. The Department of Financial Services (DFS) undertook a review of all 32 Acts administered by DFS and assessed that 67 Sections under 19 Acts have criminal provisions.
3. DFS after an extensive exercise finalized **9 Sections** of **5 Acts** for decriminalisation. Amendments were made to change ‘fine and imprisonment’ to a civil liability like ‘penalty’, which is to be levied by the concerned authority.
4. The 5 Acts include the Deposit Insurance and Credit Guarantee Corporation Act, 1961, Payment and Settlement Systems Act, 2007, Factoring Regulation Act, 2011, National Housing Bank Act, 1987, and the National Bank for Agriculture and Rural Development Act, 1981.

Jan Vishwas 2.0

1. The remaining 58 Sections of DFS are further being examined for decriminalization in consultation with stakeholders.
2. Financial sector laws provide for criminal provisions to ensure that fiduciary responsibilities of institutions are not diluted in any manner. Decriminalization will keep discharge of fiduciary responsible foremost in mind while decriminalizing routine procedural offences.
