

CHAPTER V

Department of Financial Services

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Department of Financial Services

1. Work Allocation among Sections

1.1 Banking Operation-I (BO-I)

Appointment of Governor/Deputy Governor of RBI, Chairman & MDs of SBI, CMDs and EDs of Nationalised Banks, salary allowances and other terms and conditions of Whole Time Directors of PSBs; constitution of Boards of Directors of RBI and PSBs; nomination of ex-officio Directors, appointment of Employee Directors, appointment of Part-Time Non-Official Directors on Boards of PSBs.

1.2 Banking Operation-II (BO-II)

Deposit Insurance and Credit Guarantee Corporation (DICGC) policy matters and Publicity in Public Sector Banks (PSBs), IFSC. Administration of all Acts/Regulations/ Rules related to Financial System like the Negotiable Instruments Act, 1881, the Chit Fund Act, 1982 and the Price Chits and Money Circulation Scheme (Banning) Act, 1978 etc. and other miscellaneous Act/Bills. Payment and Settlement System Act 2007 for Public as well as Private Sector Banks. International Relations (Banking, Insurance and Pensions Reforms); Financial Action Task Force (FATF); International Cooperation in Joint Investment Funds- Oman-India Fund and Indo-Saudi Fund. WTO and Border Banking facilities. Opening of currency chests; office of the Court Liquidator at Kolkata High Court; terrorist financing matters. Financial Stability and Development Council. All Matters relating to KYC except CKYC. Operation of bank accounts of Shell Companies.

1.3 Banking Operation-III (BO-III)

Customer Service in Banks/FI/Ins. All kinds of complaints/representations received from individual/associations for redressal of their grievances in these institutions such as 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 Institution, 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, ATMs, etc. All kind of complaints received from DARPG/DPG relating to Public/ Private Sector/Foreign Banks/FI/Ins. All kinds of complaints received from MPs/VIPs /PMO against Private Sector & Foreign Banks. Banking Customer Service Centres; Banking Ombudsman.

1.4 Banking Operation & Accounts-I (BOA-I)

Preparation of annual consolidated review on the working of Public Sector Banks (PSBs) 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. 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. Capital restructuring of PSBs (including restructuring of weak PSBs) and Government's contribution to share capital, public issue of banks. Release of externally aided grants to ICICI Bank under USAID. Disputes and arbitration between PSBs and between PSBs and other Govt. Departments/PSEs. Appointment of advocates in PSBs. Residuary matters of Portuguese Banks in Goa. Opening and shifting of administrative offices of banks. All Policy matters related to Banking Operation such as Licensing, amalgamation, reconstruction, moratorium funds, and acquisition of private sector banks. Overseas branches of Indian banks. Functioning of PSBs. Notification regarding exemption from various sections of the Banking Regulation Act, 1949 and appointment of appellate authority to hear appeals under BR Act and Banking Companies (Acquisition and Transfer of Undertakings) Act of 1970 and 1980. Administration of all Acts/ Regulations/ Rules related to Public Sector Banks, RBI and State Level Banks.

1.5 Banking Operation & Accounts-II (BOA-II)

Credit Information Companies (CICs). Works relating to monitoring of NPAs and Recovery including compromises and OTS of all PSBs. Parliament matters, VIP/PMO references, complaints and other matters relating to above works. All matters related to NPA/ Stressed Assets (other than Sectoral Stress), including relief measures by banks in area affected by natural calamities. Stressed Assets Stabilization Fund (SASF). Audit of banks, appointment and fixation of remuneration of auditors of PSBs/FIs. Laying of annual reports and audit reports etc., of PSBs in Parliament. Bank guarantees, Letters of Credit and Letters of Undertaking / Comfort by PSBs and related complaints. Citizen's Charter of PSBs/RBI. Acquisition/Leasing/Renting/ Vacation of premises, Estate Officers under Public Premises Act, 1971. Operation of foreign banks in India (including IDC and FDI Policy matters). Banking Sector Reforms (including EASE Index and PSB Reforms Agenda). NBFCs and Appellate Authority on NBFCs. Operational risk management (other than cyber-security and digital payments security), including frauds and

fugitive offenders. Administration of all Acts/Regulations/ Rules related to NBFCs and CICs. Statement of Intent / Key Performance Indicators / Performance evaluation of whole-time Directors.

1.6 Agriculture Credit (AC)

Credit flow to agriculture and allied sector, Kisan Credit Card Scheme, matters related to NABARD, Banking related matters of Co-operative Banks, Secretariat assistance to the designated appellate authority in regard to appeals by Urban Cooperative Banks against cancellation of license by RBI, externally aided projects related to agriculture and allied sectors, relief measures to farmers affected by natural calamities, bank credit to artisans of handloom and handicraft sector.

1.7 Regional Rural Banks (RRB)

Legislative matters relating to RRB Act, 1976 and framing of rules thereunder; nomination of non-official directors on the Board of RRB; guidelines appointment of Chairman of RRBs; review of performance of RRBs, wage revision of RRB employees; Staff Service Regulation and Promotion Rules for employees and Officers of RRBs.

Matter related to Priority Sector Lending; lending to weaker sections including SC/ST; credit to minorities including PM's new 15 Point Programme for the Welfare of Minorities; DRI Scheme.

1.8 Financial Inclusion (FI)

Work relating to financial inclusion; Minimum deposit balance, cash handling and digital payment charges; On-boarding of merchants on digital payment platforms other than cards; Banking matters relating to digital payment platforms; Pradhan Mantri Jan Dhan Yojana, Mission Office, Business Correspondents and allied financial inclusion matters, including collated financial inclusion inputs and reports for various purposes; e-SamikSha.

1.8.1 Financial Inclusion- External cooperation matters relating to Financial Inclusion Division; Card acceptance infrastructure; e-Governance in Financial Institutions; Bank Branch and ATM Network; Lead Bank Scheme, State Level Bankers' Committees, State Level Financial Inclusion Committees and District Level Coordination Committees; Matters relating to promotion of digital transactions, including digital payments, other than matters specifically allocated; Financial Inclusion Fund; Direct Benefit Transfer; Financial Stability and Development Council; Financial Inclusion Advisory Committee of RBI; Public grievance redress; Financial literacy; Space communication technology for financial inclusion.

1.9 Industrial Relations (IR)

Service matters of PSBs including IDBI/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.

1.10 Coordination (Coord.)

Organising FM's meetings with CEOs of PSB; and regional consultative committee meetings; 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 Question 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.

1.11 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.

1.12 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.

1.12.1 Cash - All matters pertaining to cash and accounts of the department.

1.13 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; Presidential address to the Joint Session of Parliament; keeping track and record of pending Assurances, Special Mentions and References under 377 and other matters as mentioned in the Induction Material.

1.14 Hindi

Implementation of Official Language Policy of the Government, translation work relating to Parliament Questions, Standing Committees, Minutes of the Meetings; Hindi Teaching Scheme and other

miscellaneous work as mentioned in induction material of DFS.

1.15 Welfare Section (SCT)

Ensuring proper implementation of the reservation policy of Government of India for Recruitment/Promotion and Welfare measures of SCs/STs/OBCs/Persons with Disabilities and Ex-Servicemen in Public Sector Banks/Financial Institutions and Public Sector Insurance Companies.

Inspection/examination of Reservation Roster for SCs/STs/OBCs in Public Sector Banks/Financial Institutions and Public Sector Insurance Companies.

1.16 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), Economic Survey, Outcome Budget, Budget Announcement and all budget related matters, PAC & CAG Audit Paras, Speeches of FM/MOS on different occasions.

1.17 Industrial Finance-I (IF-I)

Administration of the “Export-Import Bank (EXIM Bank) Act, 1981” and Scheme for financing Viable Infrastructure Projects (SIFTI) of IIFCL, Policy and Budgetary matters relating to EXIM Bank, IIFCL and IFCI Ltd.; Winding up of IIBI Ltd. and other related matters; Appointment of Whole Time Directors (WTDs), Non-official Directors (NoDs) and Government Nominee Director in IIFCL, EXIM Bank, IFCI Ltd., IDFC Ltd.; Appointment of Statutory Auditors in EXIM Bank; Issues related to sector specific stressed assets; Laying of annual reports of IIFCL, EXIM Bank, IFCI Ltd. and IIBI Ltd.; Project Monitoring Group (PMG) meeting etc.

1.18 Industrial Finance-II (IF-II)

Matters relating to Appointment & Personal matters of Whole time Directors in SIDBI & NHB. Matters relating NHB and Housing Policy, Small and Medium Enterprises (SMEs), SIDBI, Credit Guarantee Fund for Micro and Small Enterprises; MLIs, Credit Guarantee Scheme and other related matters on the subject. Pradhan Mantri Mudra Yojana. Citizens Charter of NHB and SIDBI. Scheme. All matters related to Govt. Sponsored Schemes-PMEGP, Education, employment

generation scheme of SJSRY, SGSY and other poverty alleviation programmes and other related matters. Administration of National Housing Bank Act, 1987. Education Loan, State Finance Corporations, NABARD-Micro Finance SHG Bank Linkage, Micro Finance and other related matters, NRLM, NULM(SEP), Micro Finance Institutions and Legislations thereon, Women SHG, NBFC-MFIs, Stand-Up India.

1.19 Vigilance

Consultation with CVC/CTE; nomination of CVOs for PSBs/FIs/PSICs; 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, Insurance Companies, PFRDA and IRDAI; inquiry into complaints against GMs/EDs and CMDs of PSBs/FIs/PSICs/PFRDA/IRADI/RBI 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. All vigilance matters in the Department of Financial Services, officers of office of Custodian and Government officials in DRTs/ DRATs.

1.20 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; recovery made by DRTs, budget provisions, monitoring, etc relating to DRTs/DRATs. Matter relating to CKYC. Monitoring and amendment of SARFAESI Act, RDDBFI Act, Matters of ARCs, Appointment of Registrar/MD & CEO, CERSAI, Ease of doing business, Central Registry.

1.21 Insurance-I (Ins.-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 BimaYojana, 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.

1.22 Insurance-II (Ins.-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.

Housekeeping - Care taking and maintenance of computers, furniture, photocopiers etc. in Insurance Division. I-card for staff and executives of 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. Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana.

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. Audit Para.

1.23 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; Atal Pension Yojana; 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.

1.24 IT Cell

Work related to Website, Information Technology, Implementation of e-Office, Digitalization, Digital India Initiative, Coordination with NIC etc. UN e-Government Index & Digital Services, Work related to committee of Financial Sector Statistics.

1.25 GST Cell

Oversee preparedness of all institutions under DFS to implement GST, to provide inputs to the “Banking, Financial & Insurance” Sectoral Group with reference to GST, Coordination with concerned nodal Officer in D/o Revenue on GST, other matters related to coordination, rollout and implementation of GST w.r.t institutions under administrative control of DFS, etc.

1.26 Surplus Cell

All service matters and day to day administrative matters related to surplus staff of AAIFR & BIFR including their redeployment, consultation with DoPT, handling of court cases of surplus staff, RTI and personal matters of surplus staff such as leave, retiral benefits, perks & allowances etc.

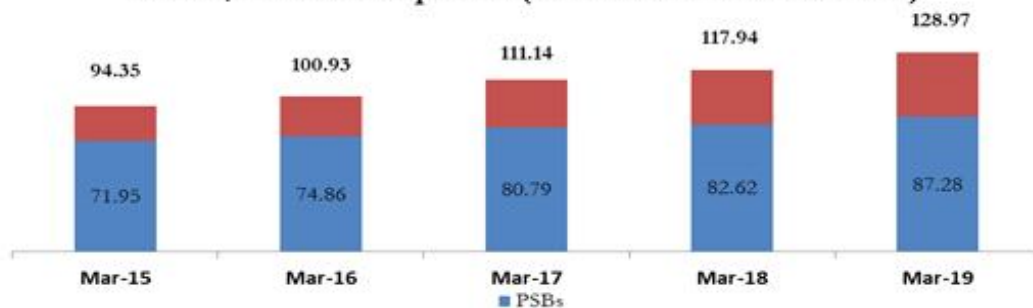
Performance and Significant Development

2. Overview of Banking Sector in India:

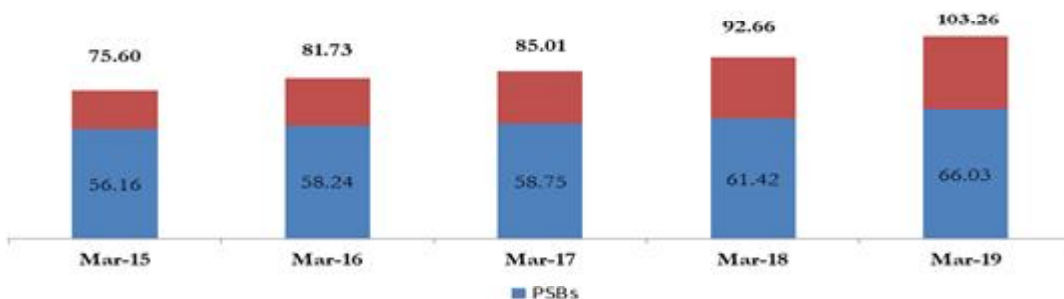
Banking Industry is crucial to the economy of any nation as it channelizes savings and investments to provide capital for economic growth. In India, banks have played a vital role in financial inclusion of the general population by providing access to basic financial services to unbanked households and formal credit to the agriculture sector and micro-enterprises.

Public Sector Banks (PSBs) are the mainstay of the Indian banking industry. PSBs and PSB-sponsored Regional Rural Banks (RRBs) have dominant market presence and constitute 78 percent of the bank network of Scheduled Commercial Banks (SCBs). In rural locations, this share is even higher at 87 percent. PSBs play an important role in fuelling investment needed for the country’s economic development, with a share of over 70 percent of SCBs’ deposits and 66 percent of outstanding credit. In absolute terms, **PSBs (21 PSBs, including IDBI Bank) have a total deposit of Rs. 87.28 lakh crore and total advances amounting to Rs. 66.03 lakh crore, as on 31.3.2019.**

SCBs / PSBs - Deposits (Amount in Rs. Lakh Cr.)



SCBs / PSBs - Advances (Amount in Rs. Lakh Cr.)



In rural and semi-urban (RUSU) locations, their share is even higher at 88 percent of saving account deposits and 81 percent of outstanding credit. PSBs and RRBs play a critical role in priority sector lending and account for 74 percent of outstanding credit to small and marginal farmers, 65 percent of outstanding credit to Micro and Small Enterprises and 95 percent of education loans. PSBs are also key providers of long-term credit (more than 5-year term) with a share of 73 percent of outstanding credit. Given these linkages, PSBs are critical in unlocking investment needed for development of the Indian economy.

2.1 Challenges before the Banking Sector:

The banking system in India has been operating against the challenging backdrop of difficult global economic conditions for a relatively long period. This has, in general adversely impacted the banks’ asset quality, earnings, and capital adequacy

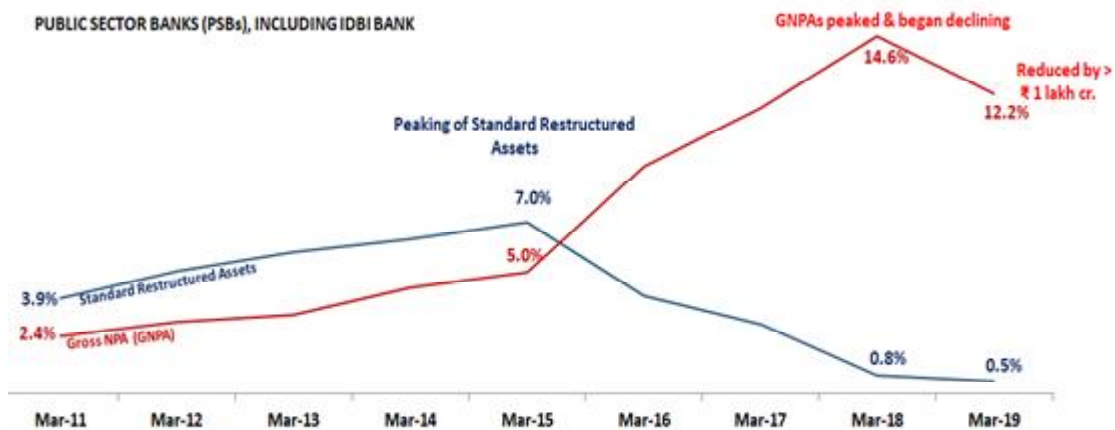
2.2 Initiative taken to Effect Turnaround:

The measures leading to the turnaround can be broadly categorized into the 4R’s strategy of the

Government consisting of Recognition, Resolution and Recovery, Recapitalisation and Reforms. 5 PSBs have posted quarterly profits in Q4FY19 as against only 2 profitable PSB in Q4FY18. The provisioning for NPAs is now at a healthy level of 74.2% in PSBs, fresh slippages have significantly reduced and a comprehensive PSB Reforms package has been initiated.

2.2.1 Recognising NPAs transparently:

Forbearance has been ended and stressed assets classified as NPAs under the AQR in Recognition is essentially over (with SRAs of PSBs reducing from peak of 7% in Mar-2015 to 0.52% in March-2019), eliminating the impact due to unrecognised stressed accounts. The gross NPAs of PSBs peaked in March 2018 to Rs.8.96 lakh crore, i.e. 14.58% of gross advances, and have declined steadily since to Rs.8.06 lakh crore, i.e. **12.21% of gross advances in March 2019**, registering a reduction of Rs.89,189 crore in the current financial year.



Source: RBI

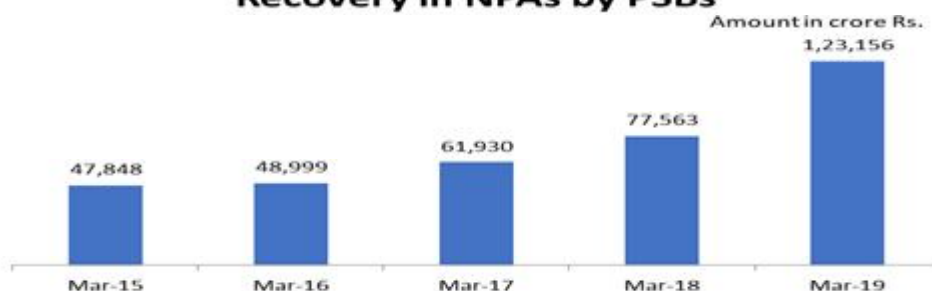
Further, despite PSBs alone making provision of Rs. 8.12 lakh crore from March 2015 to December 2018, recapitalisation to the tune of Rs. 3.20 lakh crore since March 2014 has enabled their **Provision Coverage Ratio** including technically written off accounts to rise by 28.2% over this period, from 46% in March 2015 to 74.2% in March 2019

2.2.2 Resolving & Recovering value from stressed accounts:

The Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted, which has provided for taking over

the management of the affairs of the corporate debtor at the outset of the corporate insolvency resolution process. Coupled with debarment of wilful defaulters and persons associated with NPA accounts from the resolution process, this has effected a fundamental change in the creditor-debtor relationship. About one-third of the GNPA of the banking system, amounting to about Rs. 2.69 lakh crore funded exposure (as of December 2017), are at various stages of resolution in National Company Law Tribunal, with record recovery already having been effected. PSBs, including IDBI Bank, have recovered Rs. 3.59 lakh crore over March 2015 to March 2019, including a record recovery of Rs. 1.23 lakh crore during the last financial year.

Recovery in NPAs by PSBs



Source: RBI

2.2.3 Recapitalising banks:

Government of India announced recapitalisation of PSBs to the tune of Rs. 2.11 lakh crore, through infusion of capital by the Government and raising of capital by banks from the markets. Further, approval was taken for additional infusion of Rs. 41,000 crore during the current FY. The Government has till date infused Rs. 1.94 lakh crore in PSBs since October 2017 and an additional amount of Rs. 63,196 crore has been mobilised through market raising in FY 18 and FY 19. Banks have been recapitalised to the tune of Rs. 3.20 lakh crore since March 2014.

2.2.4 Reforms Agenda:

While the first three R's have cleaned balance-sheets of banks, the fourth R of reforms has brought about systemic change to address root causes, so that the risk of recurrence of excessive stress is minimised. The reforms comprehensively address key areas in PSBs — governance, prudential lending, risk management, technology-driven checks and controls, and Enhanced Access & Service Excellence (EASE) — as well as transparency and accountability in the wider financial ecosystem leading to CLEAN (Clean credit, Leveraging data, Ensuring accountability, Action against defaulters, NPA recovery) and SMART (Speedy, Multi-channel reach, Accessible and affordable, Responsive and Technologically advanced) banking. In January 2018, Government and PSBs jointly committed to and launched a common PSB Reforms Agenda.

2.3 Impact of the Government's measures on the banking sector:

2.3.1 Reduction in fresh slippages

As a result of increased emphasis on prudent lending and better underwriting as well as better monitoring by use of Early Warning Signals, fresh slippages of PSBs (excl. IDBI) have reduced from Rs. 3.9 Lakh crore in FY'2017-18 to Rs. 2.2 Lakh crore in FY'2018-19

2.3.2 Banks coming out of Prompt Corrective Action (PCA):

The reforms have also resulted in systemic improvements in weaker banks, with adoption of best practices under the Reforms Agenda. Banks placed under the Prompt Corrective Action framework deleveraged their balance-sheets, improved lending practices and expedited recovery. As a result, five better-performing PSBs have been freed from PCA restraints during FY 2018-19. For the 5 PSBs which have come out of PCA, taken together, net NPAs have reduced by ~380 bps from 9.4% in Mar-18 to 5.6% in Mar-19 and Credit RWAs to advances ratio have decreased by 6.8% from 73.8% to 67.0%, thus reducing the risk, while at the same time the CRAR has improved by 210bps from 11.0% to 13.1%, for the same period, thus increasing their capital base.

2.4. Amalgamation to create scale and synergy:

As a result of the 4R's strategy, asset classification, provision coverage and capital positions of banks are now converging, and the gap between weaker and stronger banks has narrowed, improving the scope for banks to harness scale and synergy benefits through corporate action. This has facilitated amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank, which will create India's second largest PSB. Earlier on 1.4.2017, the 5 associate banks of State Bank of India and Bhartiya Mahila Bank were amalgamated in State Bank of India.

2.5. Dilution of Government's Stake in IDBI Bank:

Government stake holding in IDBI bank has been reduce to below 50% and the Life Insurance Company (LIC) has now become the majority stakeholders in the bank.

3. Financial Inclusion

The Government initiated the National Mission for Financial Inclusion (NMFII), namely, Pradhan Mantri Jan Dhan Yojana (PMJDY) in August, 2014 to provide universal banking services for every unbaked household, based on the guiding principles of banking the unbanked, securing the unsecured, funding the unfunded and serving unserved and underserved areas.

3.1. Access to banking

Banking Service Points: PMJDY aimed at providing banking service points throughout rural India by mapping over 6 lakh villages into 1.6 lakh Sub Service Areas (SSAs). Each SSA typically comprised of 1,000-1,500 households. Out of 1.6 lakh SSAs, 1.3 lakh SSAs are covered through interoperable, online BCs and

remaining 30,000 are covered through bank branches. BCs deployed in rural areas also provides interoperable Aadhaar Enabled Payment System (AePS) banking services.

The strength of bank branches and ATMs has been augmented over the years. Following tables show the number of bank branches, ATMs:

Table 1: Table showing the number of bank branches of Scheduled Commercial Banks:

AS ON	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
31.03.2014	41,862	32,590	20,828	22,544	117,824
31.03.2015	45,118	34,963	22,354	24,058	126,493
31.03.2016	48,244	37,647	23,944	25,610	135,445
31.03.2017	49,820	39,059	24,977	26,655	140,511
31.03.2018	50,735	39,694	25,377	26,887	142,693
31.12.2018	51,030	40,166	25,655	27,148	143,999

Source: RBI

Table 2: Table showing number of ATMs of Scheduled Commercial Banks (SCBs), Small finance Banks (SFBs), Payment Banks (PBs) and White Label ATM Operators:

As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2014	76676	83379	160055
31.03.2015	92337	89061	181398
31.03.2016	97149	101950	199099
31.03.2017#	112666 #	109809	222475#
31.03.2018#	115471 #	106776	222247#
31.12.2018#	113639#	106412	220051#

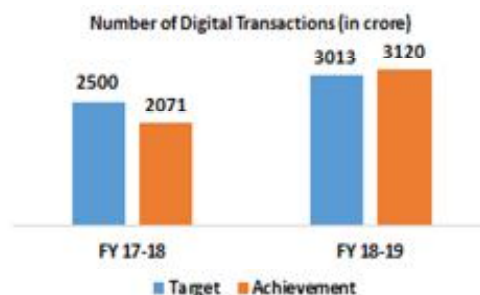
Source: RBI

Includes ATMs deployed by White Label ATM Operators.

Banking Infrastructure & Digital Transactions

Banking Infrastructure (As on 31.12.2018)	Total Number
Rural / Semi-urban branches*	91,196
Urban / Metro branches*	52,803
Total Branches*	1,43,999
ATMs**	2,20,051
Rural BC Agents under PMJDY***	1,26,348

* Source RBI



Source: MeltY Dashboard

The number of card acceptance devices at Point of Sale (POS) has increased from 10.7 lakh in March 2014 to 37.22 lakh in March 2019.

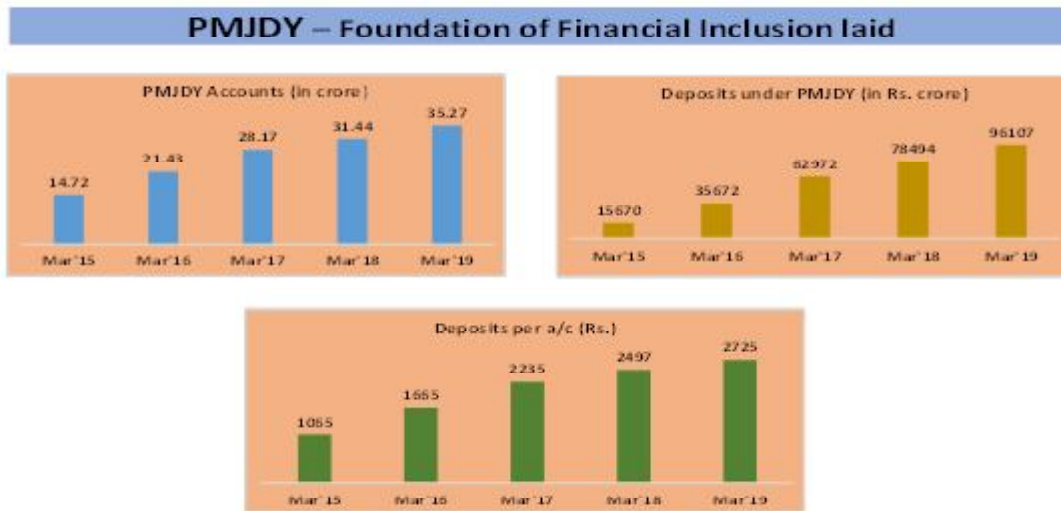
3.2 Performance of PMJDY:

The performance of PMJDY in terms of accounts opened, deposit balance and average deposit balance over the time is tabulated as under, on cumulative basis

S.No	Item	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
1	No. of PMJDY accounts (in Crore)	14.72	21.43	28.17	31.44	35.27
2	Deposit in PMJDY accounts (in Rs. Crore)	15,670	35,672	62,972	78,494	96,107
3	Average Deposit per PMJDY account (in Rs.)	1,065	1,665	2,235	2,497	2,725
4	Number of RuPay debit cards issued to PMJDY account-holders (in Crore)	13.14	17.75	21.99	23.65	27.91

It may be observed from the above table that on major parameters, consistent progress has been observed under PMJDY over the years. Since its inception, over 35 crore new accounts have been opened and over Rs. 96,000 crore has been deposited by the newly banked

people in the formal banking system. The number of operative PMJDY accounts has increased from 17.01 crore on March'17 to 27.54 crore on March'19. There are 53% women Jan-Dhan account holders and 59% Jan-Dhan accounts are in rural and semi-urban areas.



3.2.1 Rapid financial inclusion of women: Out of total savings accounts, there were overall 27% female accounts in March 2014. However, under PMJDY, women accounts constitute 53% of the total Jan Dhan accounts as on 30.3.2019.

3.2.2 Rapid growth in deposits in the PMJDY accounts: As against an average balance of Rs. 1,065 in accounts opened under PMJDY in March 2015, the average balance has grown to Rs. 2,725 as on 30.3.2019 with an overall balance in PMJDY accounts of Rs 96,107 crore.

3.2.3 RuPay Debit cards: A total of 27.91 crore RuPay debit cards have been issued till 30.03.2019 to PMJDY account-holders. Apart from banking convenience, these cards come with an inbuilt accident insurance cover of Rs 2 lakh. As on 30.03.2019, a total 4,657 accidental claims under this RuPay card linked insurance coverage have been paid.

3.2.4 Overdraft facility for PMJDY account holders: An overdraft facility of up to Rs 5,000 (since enhanced to INR 10,000) after satisfactory operation in the account for six months is available to provide hassle free credit to the beneficiaries under PMJDY.

3.2.5 Life Insurance cover under Pradhan Mantri Jan Dhan Yojana (PMJDY)

Pradhan Mantri Jan Dhan Yojana was launched on 28.08.2014 to open bank accounts of people not covered by banking services. One of the benefits under the scheme is providing life insurance cover of Rs 30,000/- on death of the life assured due to any reason to the deceased’s family who have opened bank account between 15.08.2014 to 31.01.2015 (subject to Govt. guidelines and eligibility criteria provided). For availing life insurance cover of Rs.30,000/- under this scheme, a person should be between 18 to 59 years of age and he/ she should have been enrolled under PMJDY between the above specified periods. The scheme is being implemented through Life Insurance Corporation of India

(LIC). As on 31.03.2019, a total of 5,369 claims have been paid under the scheme since inception of the scheme.

3.2.6 Enablement of interoperable, speedy and accurate transactions, through linking of accounts with Aadhaar number: With 84.5% operative accounts opened under PMJDY seeded with Aadhaar number on user consent basis, customers have been enabled for interoperable and immediate Aadhaar-enabled transactions, including those for direct benefit transfer.

3.2.7 With a view to further deepening the financial inclusion interventions in the country, PMJDY has been extended beyond 14.8.2018 with the focus on opening of accounts shifting from “every household” to “every unbanked adult” and making the scheme more attractive with following modifications:

- i. Existing Over Draft (OD) limit of Rs. 5,000 revised to Rs. 10,000;
- ii. There will not be any conditions attached for OD upto Rs. 2,000;
- iii. Age limit for availing OD facility revised from 18-60 years to 18-65 years; and
- iv. The accidental insurance cover for new RuPay card holders raised from existing Rs.1 lakh to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018.

3.2.8 A digital pipeline has been laid for the implementation of PMJDY through linking of Jan-Dhan account with mobile and Aadhaar [Jan Dhan-Aadhaar-Mobile (JAM)]. This infrastructure pipeline is providing the necessary backbone for DBT flows, adoption of social security/pension schemes, facilitating credit flows and promoting digital payments through use of Rupay Cards and thereby accelerating the pace of attaining the goal of a secured, insured, digitalized and a financially empowered society. Around 8 crore PMJDY accounts are receiving Direct Benefit Transfers (DBTs) credits under various schemes of the Government.

3.3 Promotion of Aadhaar-based biometric authentication and digital payment solutions: A digital revolution is in making with more than 100 crore Indians having digital identity through Aadhaar & mobile seeding, enabling them to authenticate and carry out financial transactions. Using biometric ID, highly cost-effective payments solutions have been created both for banking services and for retail payments. There has been significant growth in digital transactions- UPI, AePS, RuPay Card. In the financial year (FY) 2018-19, there were 535 crore transactions amounting to Rs 8710 crore through UPI, 112 crore transactions amounting to Rs 1172

crore through RuPay Debit card at POS and E-Commerce and 169 crore transactions amounting to Rs 680 crore through AePS at Banking Correspondent points.

3.4 Jan Dhan Darshak, a geographic information system(GIS) mobile application, has also been launched to provide a citizen centric platform for locating financial service touch points across all providers such as banks, post office, ATMs, CSC, etc. These services could be availed as per the needs and convenience of the common people. The web version of this application is Findmybank (findmybank.gov.in). This application can be used for various administrative purposes like business strategies for banks. Over 6 lakh FI touch points have been mapped on GIS which includes 1.5 lakh bank branches, 2 lakh ATMs, 1.5 lakh Post Offices and 1.3 lakh BCs.

4. Schemes

4.1 Pradhan Mantri Mudra Yojana

An important aspect of financial inclusion is enabling the flow of credit to small businesses. In pursuance of the announcement in the Union Budget 2015-16, the Micro Units Development finance Agency (MUDRA) was set-up and the Pradhan Mantri Mudra Yojana (PMMY) launched on 8th April, 2015.

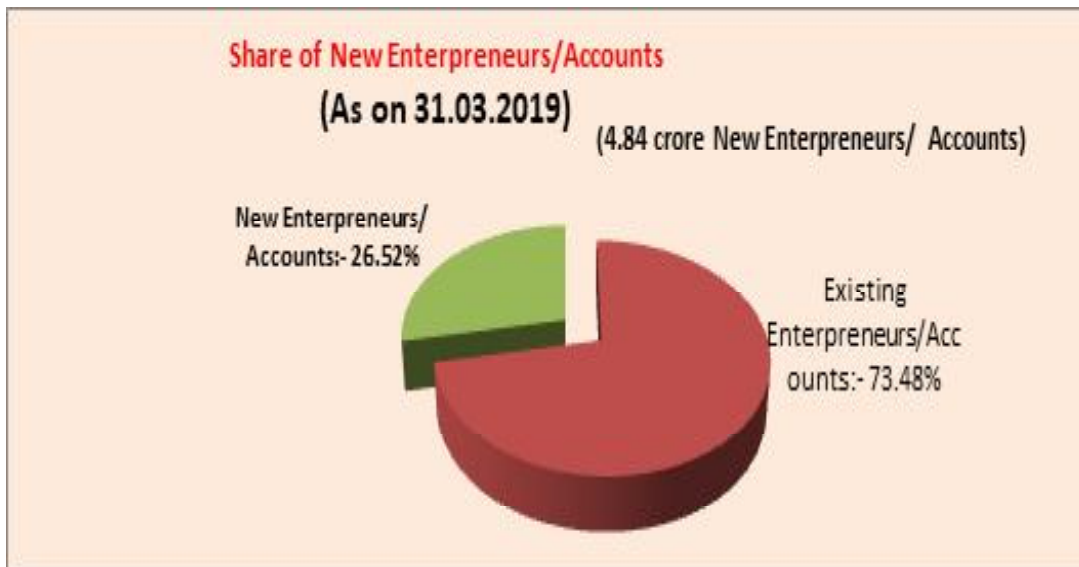
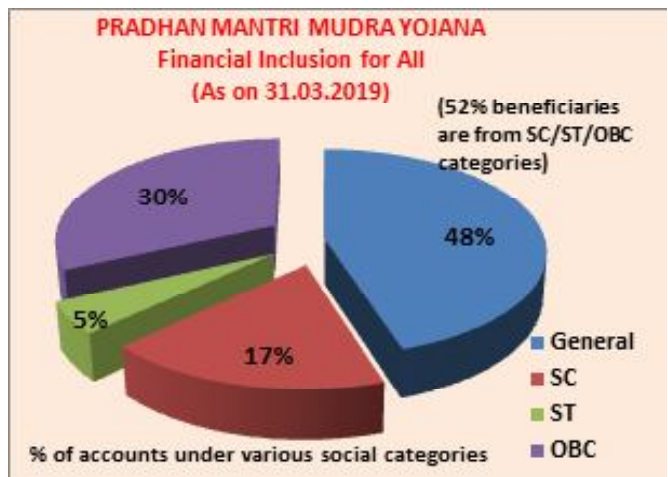
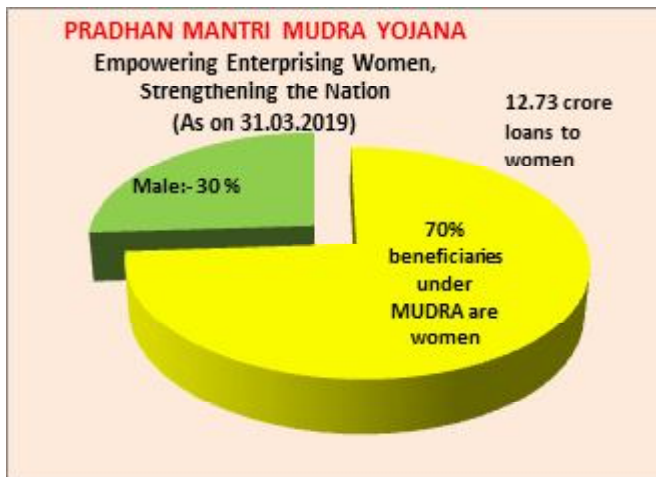
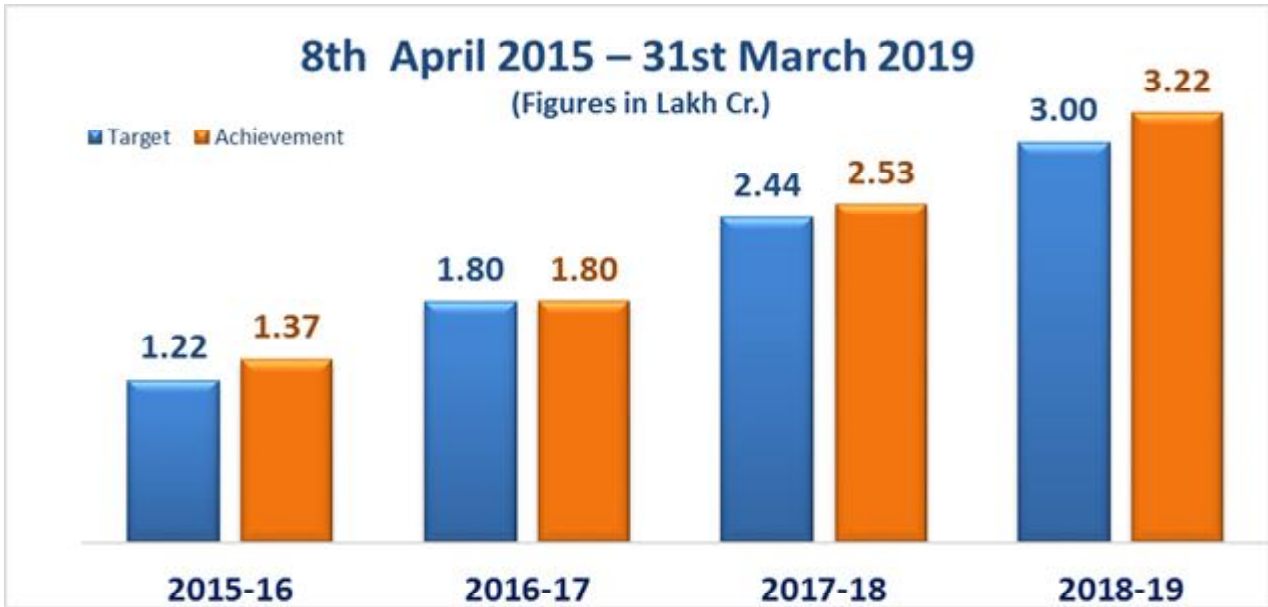
For achieving sustained expansion in the flow of credit to the non-corporate small business sector, loans up to Rs. 10 lakh without collateral are extended to borrowers under PMMY. These loans are extended through partner Member Lending Institutions (MLIs) – such as Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs) and Micro-Finance Institutions (MFIs). In turn, MUDRA Ltd. offers refinance to MLIs for PMMY loans extended by them.

The loans under PMMY are categorized as Shishu (up to Rs.50,000), Kishore (Rs.50,000 to Rs.5 lakh) and Tarun (Rs.5 lakh to Rs.10 lakh). Activities allied to agriculture and services supporting these (excluding crop loans, land improvement such as canals, irrigation, wells) have also been included under PMMY from April, 2016 onwards.

PMMY credit rose from Rs.1,37,449 crore in 2015-16 to Rs.3,21,722 crore in 2018-19 to more than 18 crore borrowers of which 89% loans are under SHISHU Category, 70% loans to Women entrepreneurs & 52% loans to SC/ST/OBC.

PMMY	2015-16	2016-17	2017-18	2018-19	Total
No. of Accounts (in crore)	3.49	3.97	4.81	5.99	18.26
Loan Amount Sanctioned (Rs. in crore)	1,37,449	1,80,528	2,53,677	3,21,722	8,93,376

PRADHAN MANTRI MUDRA YOJANA



4.2 Stand Up India Scheme

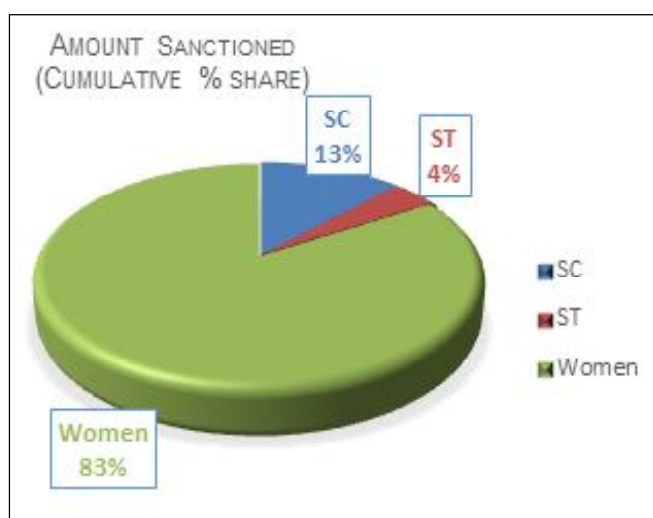
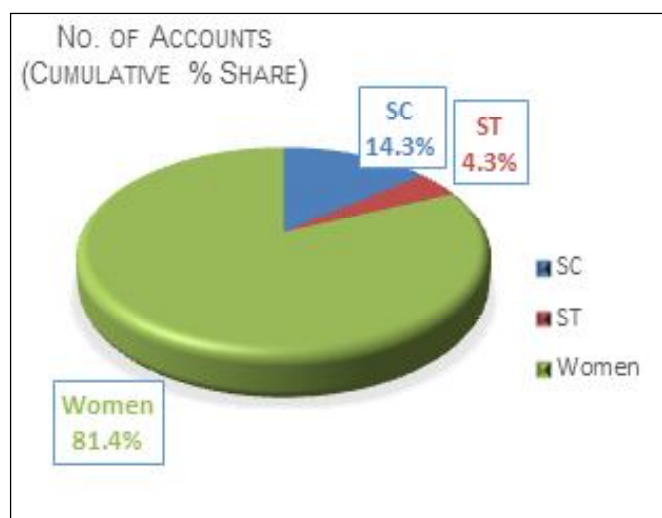
Government of India launched the Stand Up India scheme on 5th April, 2016. Stand Up India scheme caters to promoting entrepreneurship amongst women, SC & ST category i.e those section of the population facing significant hurdles due to lack of advice/mentorship as well as inadequate and delayed credit. The scheme intends to leverage the institutional credit structure to reach out to these underserved sectors of the population in starting greenfield enterprise. It caters to both ready and trainee borrowers. The Scheme facilitates bank loans between Rs.10 lakh and Rs.1 crore to at least one Scheduled Caste/ Scheduled Tribe borrower and at least one Woman borrower per bank branch of Scheduled Commercial Banks for setting up greenfield enterprises in trading, manufacturing and services sector.

To extend collateral free coverage, Government of India has set up the Credit Guarantee Fund for Stand Up India (CGFSI). The scheme is built on the concept of providing handholding support to those borrowers who might have a project in mind but lack the confidence and capability to start up. It also provides for convergence with Central/State Government schemes. Applications under the scheme can also be made online. An online tracking system in the dedicated Stand Up India portal (www.standupmitra.in) is being utilised.

A Credit Guarantee corpus fund of Rs.5000 crore for Stand Up India scheme, operated by National Credit Guarantee Trustee Company Ltd. (NCGTC) has been approved.

Total number of entrepreneurs benefited under Stand Up India scheme, as on 31.03.2019 is tabulated below:

Performance under Stand Up India Scheme								<i>(Amt. in Rs. Crore)</i>	
Date as on	SC		ST		Women		Total		
	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	
31.3.2019 (cumulative)	10451	2096.25	3103	646.1	59429	13342.72	72983	16085.07	



4.3 Social Security Schemes

In order to move towards creating a universal social security system for all Indians, specially the poor and the under-privileged, three ambitious Jan Suraksha Schemes or Social Security Schemes pertaining to Insurance and Pension Sector were announced by the Government in the Budget for 2015-16. The schemes were launched on 9th May, 2015, for providing life & accident risk insurance and social security at a very affordable cost namely (a) Pradhan Mantri Suraksha Bima Yojana and (b) Pradhan Mantri Jeevan Jyoti Bima Yojana and (c) Atal Pension Yojana.

4.3.1 Pradhan Mantri Suraksha Bima Yojana (PMSBY)

The Scheme is available to people in the age group 18 to 70 years with a bank / Post office account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis. Aadhar would be the primary KYC for the bank account. The risk coverage under the scheme is Rs. 2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability. The premium of Rs. 12 per annum is to be deducted from the account holder's bank / Post office account through

'auto-debit' facility in one installment. The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company who are offering the product on similar terms with necessary approvals and tie up with Banks and Post Offices for this purpose.

As on 31st March 2019, the gross enrolment by banks, subject to verification of eligibility criteria, is about 15.47 crore under PMSBY and 32,176 claims of Rs. 643.52 Crore have been disbursed.

PMSBY- Accidental Insurance Scheme
as on 31.03.2019

PMSBY – Pradhan Mantri Suraksha Bima Yojana :

- > Insurance Scheme for death or disability by accident.
- > Coverage:
 - ❖ Accidental death or full disability is Rs. 2 lakh
 - ❖ Partial disability – Rs. 1 lakh
- > Eligibility: 18-70 years
- > Annual premium: Rs. 12

Total Enrollments	15.47 crore
No of claims settled	32,176
Claimed Amount	Rs. 643.52 crore

4.3.2 Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

The scheme is available to people in the age group of 18 to 50 years having a bank / Post office account who give their consent to join / enable auto-debit. Aadhar would be the primary KYC for the bank account. The life cover of Rs. 2 lakhs is available for a one year period stretching from 1st June to 31st May and is renewable. Risk coverage under this scheme is for Rs. 2 Lakh in case of death of the insured, due to any reason. The premium is Rs. 330 per annum which is to be auto-debited in one instalment from the subscriber’s bank / Post office account as per the option given by him on or before 31st May of each annual coverage period under the scheme. The scheme is being offered by Life Insurance Corporation and all other life insurers who are offering the product on similar terms with necessary approvals and tie up with Banks and Post Offices for this purpose.

To facilitate all those getting enrolled under PMJJBY for the first time during the middle of the policy period, payment of pro-rata premium has been allowed at a considerable low premium. Thus, if the enrolment takes place during the months of –

- June, July & August – Annual premium of Rs. 330/- is payable.
- September, October & November – 3 quarters of premium @ Rs.86.00 i.e. Rs. 258/- is payable.
- December, January & February – 2 quarters of premium @ Rs.86.00 i.e. Rs. 172/- is payable.
- March, April & May – 1 Qly premium @ Rs.86.00 is payable.

As on 31st March 2019, the gross enrolment by banks, subject to verification of eligibility criteria, is about 5.91 crore people under PMJJBY and 1,35,212 claims of Rs. 2704.24 Crore have been disbursed.

PMJJBY Life Insurance scheme
as on 31.03.2019

PMJJBY – Pradhan Mantri Jeevan Jyoti Bima Yojana

- Life insurance scheme with coverage of Rs. 2 lakh
- launched in 2015 for person between 18 and 50 years
- Annual premium – Rs. 330

Total Enrollments	5.91 crore
No of claims settled	1,35,212
Claimed Amount	Rs. 2,704.24 crore

4.3.3 Atal Pension Yojana


Atal Pension Yojana (APY) is being implemented with effect from 1st June, 2015. The Scheme aims to provide monthly pension to eligible subscribers not covered under any organized pension scheme. APY is open to all bank and post office account holders in the age group of 18 to 40 years. Under APY, any subscriber can opt a guaranteed pension of Rs.1000 to Rs.5000 (in multiples of Rs.1,000) receivable at the age of 60 years. The contributions to be made vary based on pension amount chosen. The key features of APY are as under:

- The APY is primarily focused on all citizens in the unorganised sector, who join the NPS. However, all citizens of the country in the eligible category may join the scheme.
 - Any Indian Citizen between 18-40 years of age can join through their savings bank account or post office savings bank account.
 - Minimum pension of Rs. 1000 or Rs. 2000 or Rs. 3000 or Rs. 4000 or Rs. 5000 is guaranteed by the Government of India to the subscriber at the age of 60 years, with a minimum monthly contribution (for those joining at age 18) of Rs. 42 or Rs. 84 or Rs. 126 or Rs. 168 and Rs. 210, respectively.
 - After the subscriber's demise, the spouse of the subscriber shall be entitled to receive the same pension amount as that of the subscriber until the death of the spouse.
 - After the demise of both the subscriber and the spouse, the nominee of the subscriber shall be entitled to receive the pension wealth, as accumulated till age 60 of the subscriber.
 - The subscribers in the eligible age, who are not income-tax payers and who are not covered under any statutory social security scheme, are entitled to receive the co-contribution by Central Government of 50% of the total prescribed contribution, up to Rs. 1000 per annum, and this will be available for those eligible subscribers, who join APY before 31st March, 2016. The Central Government co-contribution shall be available for a period of 5 years, i.e., from Financial Year 2015-16 to 2019-20.
 - If the actual returns during the accumulation phase are higher than the assumed returns for minimum guaranteed pension, such excess will be passed on to the subscriber.
 - The contributions can be made at monthly / quarterly / half yearly intervals through auto debit facility from savings bank account/ post office savings bank account of the subscriber. The monthly / quarterly / half yearly contribution depends upon the intended / desired monthly pension and the age of subscriber at entry.
- Major steps have been initiated by the Government to popularize create awareness about APY:
- Simplification of default penal charges
 - The mode of payment has been changed from monthly to monthly, quarterly and half yearly keeping in consideration the seasonal income earners.
 - Removal of closure of account clause after 24 months and continuation of the account till the time corpus is available in the account.
 - Periodic advertisements in print and electronic media.
 - Capacity building of bank branch officials through various training programs.
 - Participating in town hall meetings, SLBC meetings.
 - Conducting meetings with State Governments of Telangana, Kerala, Gujarat, Maharashtra, and Orissa.
 - Meeting with Secretaries of Union Ministries of Agriculture, Rural Development, WCD, Panchayati Raj, Health etc with a view to get their unorganized workforce like MNREGA workers, SHG, Asha workers, Aganwadi workers etc under APY.
- As on 31st March 2019, the number of subscribers is 149.53 lakh with Asset under Management (AUM) of Rs. 6860.30 crore.

Atal Pension Yojana - Social Security Scheme

as on 31.03.2019

- ◆ Launched on 9th May 2015 – for unorganized sector workers.
- ◆ Depending on contribution, fixed pension between Rs. 1000 - Rs. 5000
- ◆ Pension starts at the age of 60 years.
- ◆ Eligibility: 18 – 40 years



APY Subscribers		1.49 crore
Entry age	Pension amount	Monthly Premium
18 years	Rs. 5000	Rs. 210
25 years	Rs. 5000	Rs. 376
39 years	Rs. 5000	Rs. 1318

Contribution chart

4.4 Pradhan Mantri Vaya Vandana Yojana

Pradhan Mantri Vaya Vandana Yojana was launched by the Government to protect elderly persons aged 60 years and above against a future fall in their interest income due to the uncertain market conditions, as also to provide social security during old age. The scheme is implemented through the Life Insurance Corporation of India (LIC) and provides an assured return of 8% per annum for 10 years. Mode of pension payment under the Yojana is on a monthly, quarterly, half-yearly or annual basis depending on the option exercised by the subscriber.

The scheme was initially open for subscription for a period of one year i.e. from 4th May, 2017 to 3rd May, 2018. Further, the minimum purchase price under the

scheme was Rs.1.5 lakh per family for a minimum pension of Rs. 1,000/- per month and the maximum purchase price was Rs.7.5 lakh per family for a maximum pension of Rs.5,000/- per month.

In pursuance to Budget Announcement 2018-19, the Pradhan Mantri Vaya Vandana Yojana has been extended up to 31st March, 2020. The limit of maximum purchase price of Rs. 7.5 lakh per family under the scheme has also been enhanced to Rs 15 lakh per senior citizen. Accordingly, the maximum pension admissible under the scheme is now Rs.10,000/- per month. The minimum purchase price under the scheme is Rs.1.5 lakh for a minimum pension of Rs. 1,000/- per month. As on 31.03.2019, a total number of 3,55,423 subscribers consisting corpus of Rs. 25,523.11 Crore are being benefited under PMVVY.

Pradhan Mantri Vaya Vandana Yojana

Helping Elderly Gain Financial Security & Live With Dignity

Subscription period extended up to 31st March 2020



Over 3 lakh senior citizens benefitted



Investment limit doubled to Rs. 15 lakh from Rs. 7.5 lakh



Pension up to Rs. 10,000/- now instead of Rs. 5,000/-



Senior citizen as eligible unit for investment, instead of family



4.5 Varishtha Pension Bima Yojana (VPBY)

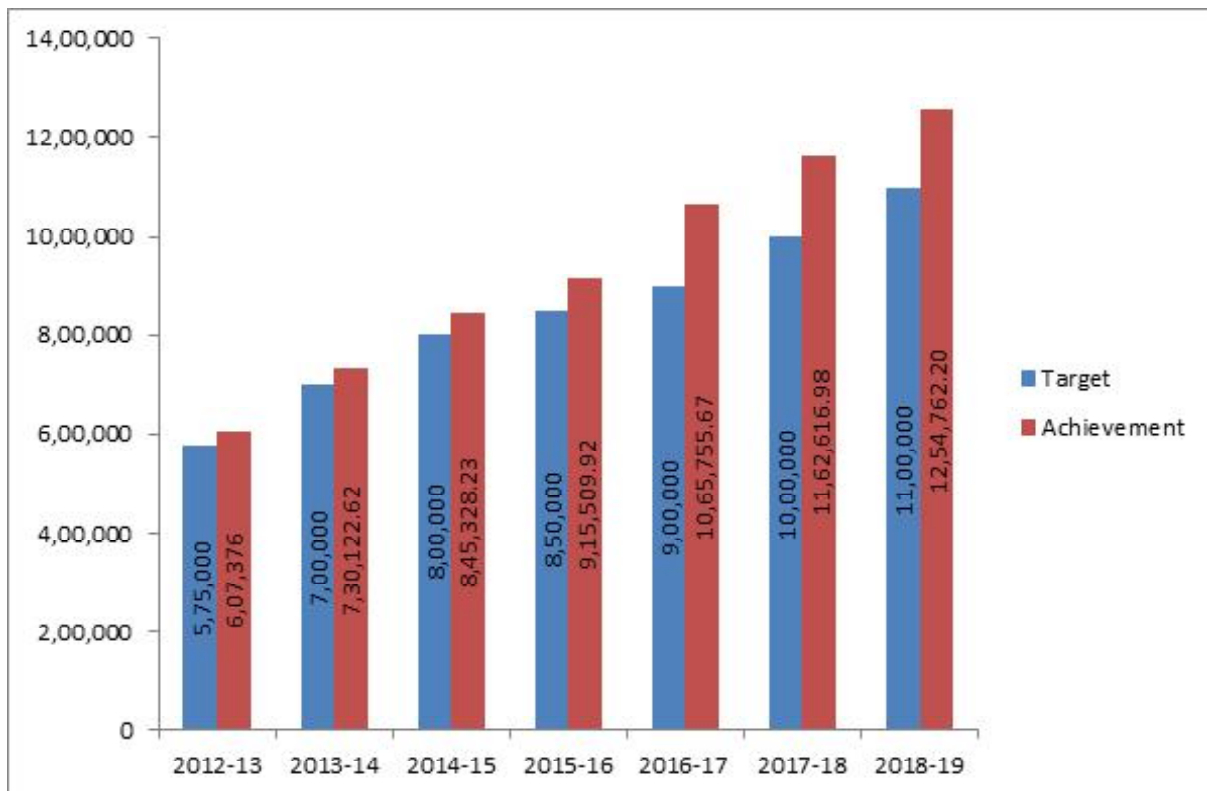
The Varishtha Pension Bima Yojana (VPBY) 2003 launched on 14th July, 2003 and Varistha Pension Bima Yojana (VPBY) 2014 launched on 14th August, 2014, are social security schemes for Senior Citizens intended to give an assured minimum pension to them based on guaranteed minimum return on the subscription amount. The pension is envisaged until death from the date of subscription or upto 15 years whichever is earlier with payback of the subscription amount on death of the subscriber to the nominee or after 15 years to the subscriber on surrender of policy. These Schemes are implemented through Life Insurance Corporation (LIC) of India, which is paid the difference between the actual yield earned by LIC on the funds invested under the Scheme and the assured return of 9% committed by the Government. Both the schemes VPBY 2003 and VPBY 2014 are closed for future subscriptions. However, policies sold during the currency of policy are being serviced as per the commitment of guaranteed 9% return

announced by the Government under the schemes. As per latest data available with LIC, a total number of 2,33,284 beneficiaries and 2,14,957 beneficiaries are being benefited under VPBY-2003 and VPBY-2014 respectively as on 31.03.2019.

5. Agriculture Credit

In order to boost the agriculture sector with the help of effective and hassle-free agriculture credit, the Government has been fixing annual targets for ground level agriculture credit by Scheduled Commercial Banks, Regional Rural Banks (RRBs) and Cooperative Banks.

Year wise position of target and achievement under agricultural credit flow for the last five years given below indicates the sustained trend of actual disbursement, surpassing the incremental annual targets year after year. As against the annual target of Rs.11,00,000 crore for 2018-19, agriculture credit to the tune of Rs. 12,54,762.20 crore was disbursed during 2018-19, registering 114.07 % achievement



Source: NABARD

5.1 Increase in the coverage of small & marginal farmers

To increase the flow of credit to small and marginal farmers a sub-target of 8% for small and marginal farmers (SF/MF) (to be achieved in a phased manner, i.e. 7% by March 31, 2016 and 8% by March 2017) has been set by RBI through its revised guidelines on Priority Sector Lending. As on 31.03.2019, against the target of 8% of

Adjusted Net Bank Credit (ANBC) to SF/MF, Public Sector Banks (PSBs) have achieved 8.87%, as reported by RBI.

5.2 Kisan Credit Card

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 Cooperative Banks, Regional Rural Banks (RRBs) and Public Sector Commercial Banks throughout the country. NABARD monitors the scheme in respect of Cooperative Banks and RRBs, whereas RBI monitors the scheme in respect of Commercial Banks. A revised scheme for KCC was circulated by RBI and NABARD in 2012 prescribing the provision for ATM enabled debit card which can be used at ATM/Point of sale (POS) terminal, inter alia, with facilities of one-time documentation and built-in cost escalation in the credit limit, etc.

The facility of KCC along with interest subvention has been extended to Animal Husbandry farmers and Fisheries during 2018-19 to help them meet their working capital requirements. Government has recently launched a special drive in campaign mode with an objective to saturate the farmers under the KCC scheme.

5.3 Rural Infrastructure Development Fund (RIDF)

The Government of India had set up Rural Infrastructure Development Fund (RIDF) in NABARD with the objective of providing low cost fund support to the States to facilitate quick completion of ongoing rural infrastructure projects, which were languishing for want of resources. RIDF, with 37 activities under its scope, has emerged as a dependable source of public funding of impactful rural infrastructure projects.

The annual allocation of funds under RIDF has gradually increased from Rs. 2,000 crore in 1995-96 (RIDF I) to Rs. 28,000 crore in 2018-19 (RIDF XXIV). As against the allocation of Rs. 28,000 crore made during 2018-19 for RIDF under Tranche XXIV, sanctions to the tune of Rs. 30,497.15 crore were accorded to various State Governments.

The aggregate allocation till 2018-19 has reached Rs.3,20,500 crore, including Rs.18,500 crore for the Bharat Nirman component sanctioned to National Rural Roads Development Agency (NRRDA) under RIDF XII-XV.

Impact evaluation studies on projects funded under RIDF have revealed diverse positive socio-economic developmental outcomes in rural areas. These projects have brought about an improvement in quality of rural life and income levels, besides strengthening the rural banking system and credit absorption capacity.

5.4 Short Term Cooperative Rural Credit (Refinance) Fund

The Short Term Cooperative Rural Credit-STCRC (Refinance) Fund was set up in NABARD in 2008-09 with an initial corpus of Rs.5,000 crore to provide

Short Term refinance to Cooperative Banks so as to ensure increased and uninterrupted credit flow to farmers at concessional rate of interest. NABARD provides refinance to Cooperative bank at an interest rate of 4.5% per annum for crop loans upto Rs.3.00 lakh disbursed by cooperative banks at an interest rate of 7% per annum to ultimate borrowers. An allocation of Rs.45,000 crore has been made for the STCRC (Refinance) Fund during 2018-19.

5.5 Short Term Regional Rural Bank (Refinance) Fund

The Short Term Regional Rural Bank (Refinance) (STRRB) Fund was set up with an allocation of Rs. 10,000 crore in 2012-13, so as to enable NABARD to provide Short Term refinance to RRBs to meet their crop loan lending obligations. NABARD provides refinance to RRBs at an interest rate of 4.5 % per annum for crop loans upto Rs 3.00 lakh disbursed by RRBs at an interest rate of 7% per annum to ultimate borrowers. The allocation under STRRB Fund was at Rs.10,000 crore during 2018-19.

5.6 Strengthening the Capital Base of NABARD

NABARD Amendment Act 2018 has been notified on 19.01.2018 which empowers the Government to increase the authorised capital of NABARD from Rs.5000 crore to Rs.30,000 crore and to increase it beyond Rs.30,000 crore in consultation with RBI as deemed necessary from time to time. This will enable NABARD to potentially increase its borrowing in future for funding the large investments being made in rural infrastructure in sectors like irrigation, housing, universal sanitation, dairy, fisheries etc.

During 2018-19, equity support of Rs. 2,000 crore has been provided to NABARD to enable it to fulfil its lending commitment under various Government initiatives including the flagship programmes i.e PMAY-G, LTIF and Swachh Bharat Mission . Total paid up capital as on 31.03.2019 in respect of NABARD stands at Rs.12,580 crore.

5.7 Role of NABARD in Government of India Initiatives

5.7.1 Long Term Irrigation Fund (LTIF)

The Government of India in the Ministry of Water Resources, River Development and Ganga Rejuvenation has taken a major initiative to complete various stalled irrigation projects in the country for which a Long Term Irrigation Fund (LTIF) was set up in NABARD. As on 31st March, 2019, against the total estimated amount of Rs.77,908 crore, sanctions have been accorded by NABARD under LTIF to the tune of Rs. 68,009.74 crore for 99 identified projects, Rs.6,381.54 crore for the Polavaram project and Rs.1,378.61 crore for North Koel Reservoir Project. The cumulative amount released against these sanctions stood at Rs.27,775.41 crore, Rs.5,814.15 crore and Rs.659.17 crore respectively.

5.7.2 Pradhan Mantri Awaas Yojana- Gramin (PMAY-G)

The Government of India in the Ministry of Rural Development launched 'Pradhan Mantri Awaas Yojana-Gramin' (PMAY-G) on 1st April 2016, with an objective to ensure "Housing for All" by 2022. Under the scheme, one crore houses were to be constructed in Phase-I, over a period of 3 years, viz., 2016-17 to 2018-19, for which Central Share requirement was estimated at Rs. 81,975 crore, out of which Rs.21,975 crore was to be raised through borrowing from NABARD. As on 31st March 2019, the cumulative amount sanctioned and released by NABARD under PMAY-G stood at Rs. 21,975 crore and Rs. 18,008.23 crore respectively.

5.7.3 Swachh Bharat Mission – Gramin (SBM-G)

The Government of India in the Ministry of Drinking Water & Sanitation, launched SBM-G on 2nd October 2014 with the goal to achieve universal sanitation coverage in rural areas by 2nd October 2019. For the construction of around 3 crore Individual House Hold Toilets, 1500 Community Sanitary Complexes and Solid & Liquid Resources Management works during 2018-19, the total fund requirement towards Central Share was estimated at Rs. 30,343 crore, out of which Rs. 15,000 crore was to be raised through borrowing from NABARD. As on 31st March 2019, NABARD has sanctioned loan of Rs. 15,000 crore for the purpose, against which Rs. 8,698.20 crore has been released.

6 Regional Rural Banks

6.1 Revitalizing Regional Rural Banks (RRBs)

With the view to strengthening the RRBs for playing a greater role in agriculture, rural lending and financial inclusion, many measures were taken.

6.2 Branch Network of Regional Rural Banks

The number of branches of RRBs has increased from 21,747 as on 31st March, 2018 to 21,876 branches as on 31st March, 2019 covering 683 districts. During the year 2018-19, 129 new branches have been opened by RRBs. All branches of RRBs are on CBS Platform.

6.3 Capital Infusion for Improving CRAR

The Government of India has approved the proposal of Recapitalisation of Regional Rural Banks (RRBs) to continue the process of recapitalisation of RRBs up to 2019-20, for the RRBs who are unable to maintain minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9%.

Gol sanctioned recapitalisation assistance in respect of 4 RRBs during 2018-19. They were, Utkal GB (Rs.57.8669 crore), Nagaland RB (Rs.0.93 crore), Madhyanchal GB (Rs.46.7331 crore) and Arunachal Pradesh RB (Rs.2.47 crore pertaining to the year 2017-18). It is worthwhile to mention that the recapitalisation assistance is provided by Gol (50%), Sponsor Bank (35%) and concerned State Government (15%).

6.4 Amalgamation of RRBs

With a view to enable RRBs to minimize their overhead expenses, optimize the use of technology, enhance the capital base and area of operation and increase their exposure, Government of India, in FY 2018-19, has carried out amalgamation of RRBs within a state as per the roadmap proposed by NABARD, which has brought down the number of RRBs as on 01.04.2019 to 45 from 56, by amalgamating 21 RRBs into 10 in nine States.

Status

- Shareholding → Central Govt: 50%, Sponsor Bank: 35%, State Govt: 15%
- Total Branches – 21,747; Total Business – Rs. 6,54,437 crore (as on 31.03.2018)
- Total Branches – 21876; Total Business – Rs. 7,14,164 crore (prov.) (31.03.2019)

Progress

- Amalgamation of RRBs
 - carried out to enhance capital base and area of operation and increase their exposure.
 - As on 01.04.2019, number of RRBs brought down to 45 from 56.
- Recapitalisation of RRBs
 - Scheme extended upto 2019-20; having balance amount of Rs 342 Cr

To implement the roadmap of amalgamation, Government has undertaken the consultation process with NABARD, the concerned State Government and the Sponsor Bank, as per the provisions of RRBs Act, 1976.

It is expected that the proposed amalgamation of RRBs will bring about the better efficiency of scale, higher productivity, robust financial health of RRBs, improved financial inclusion and greater credit flow to rural areas.

6.5 Pension Scheme for Employees of RRBs

During 2018-19, GoI approved the Pension scheme for employees of RRBs Accordingly, the model Pension Regulations and model amendment to the RRB (Officers & Employees) Service Regulations were approved. Subsequently, the boards of all the RRBs have adopted the regulations and the notifications thereon were published in the Gazette of India.

6.6 Financial Performance

6.6.1 Owned Funds

'Owned Funds' of the RRBs stood at Rs.31,360 crore as on 31st March, 2018, which increased to Rs. 31,522 crore as on 31st December, 2018. As estimated, the 'Owned Funds' of the RRBs may reach Rs.34,095 crore as on 31st March, 2019 (Provisional).

6.6.2 Deposit

Deposit outstanding with the RRBs which stood at Rs 4,00,459 crore as on 31st March, 2018, increased to Rs.4,10,360 crore as on 31st December, 2018. Aggregate Deposit Outstanding is projected to reach Rs. 4,29,841 as on 31st March, 2019, registering a growth of around 7% over the previous year.

6.6.3 Loans & Advances

Gross Loans & Advances of the RRBs stood at Rs.2,53,978 crore as on 31st March, 2018, which increased to Rs.2,70,972 crore as on 31st December, 2018. Aggregate Loans and Advances is projected to reach Rs.2,90,730 crore as on 31st March, 2019.

6.6.4 Non Performing Assets (NPAs)

Gross NPA of the RRBs as a whole was Rs.24,059 crore as on 31st March, 2018 and the same increased to Rs.27,713 crore as on 31st December, 2018. It is projected to reach Rs. 28,278 crore as on 31st March, 2019. In other words, Gross NPA of RRBs in percentage terms is projected to reach 9.7% as on 31st March, 2019, in comparison with 9.5% as on 31 March, 2018.

6.6.5 Profitability

During 2018-19, 41 RRBs earned profit of Rs. 1957.24 crore (prov.). However, 12 RRBs incurred losses during the year aggregating to Rs.1,637.93 crore (prov.).

Therefore, RRBs as an agency earned profit of Rs.319.31 crore (prov.) during 2018-19 as against Rs.1,501 crore earned in 2017-18.

6.6.6 Accumulated Losses

The number of RRBs that had accumulated losses increased to 11 as on 31st March, 2018 as against 8 as on 31st March, 2017. The aggregate amount of accumulated losses of RRBs increased from Rs.1,147 crore as on 31st March, 2017 crore to Rs.1,866 crore as on as on 31st March, 2018.

Accumulated Loss of all RRBs stood at Rs 2,110 crore as on 31 December 2018 and overall position as on 31 March 2019 will be dependent on the profitability of the RRBs during 2018-19.

7 Priority Sector lending

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 of preceding March 31st, has been mandated for lending to the priority sector by domestic scheduled commercial banks and foreign banks with 20 branches and above. Within this, sub-targets of 18 percent, 10 percent and 7.5 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as of preceding March 31st, have been mandated for lending to agriculture, weaker sections, and micro enterprises, respectively. Within the 18 percent target for agriculture, a target of 8 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, is prescribed for lending to small and marginal farmers. Domestic scheduled commercial banks are also required to ensure that their share of lending to non-corporate farmers does not fall below the system wide average of the last three years of direct lending to non-corporate farmers.

Foreign Banks with 20 branches and above, had to achieve the total priority sector target and target for lending to agriculture and weaker sections within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018. On completion of this 5 year road-map and pursuant to a review undertaken, it was decided to make applicable the small and marginal farmers (8%) and micro enterprises (7.50%) sub-targets for foreign banks with 20 branches and above from FY 2018-19 onwards.

For Foreign Banks with less than 20 branches, 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 of preceding March 31st has been mandated for lending to the priority sector, which has to be achieved in a phased manner by the year 2020.

As per the MSMED Act, enterprises under both MSME Manufacturing and Services are classified as per

respective investment under plant and machinery/equipment. While there is no credit cap for MSME (Manufacturing), the PSL guidelines additionally prescribe a credit cap of Rs.50 million for Micro and Small Enterprises and Rs.100 million for Medium Enterprises engaged in services for classification under PSL. In view of the increasing importance of services sector in our economy and the fact that the MSME(Services) are already defined under the MSMED Act, it was decided, w.e.f. March 1, 2018, to remove the credit cap on MSME (Services) for classification under PSL.

Earlier, housing loans up to Rs.28 lacs in metro centres and Rs.20 lacs in other centres were eligible for priority sector status, provided the overall cost of the dwelling units in metro centres and other centres did not exceed Rs.35 lacs and Rs.25 lacs, respectively. Since the limits were fixed in 2015, it was decided to review the limits and align them with the Affordable Housing scheme of the Government of India. Accordingly, the housing loan limits for eligibility under priority sector lending have been revised w.e.f. June 19, 2018 to Rs.35 lakh in metropolitan centres and Rs. 25 lakh in other centres, provided the overall cost of the dwelling unit in the metropolitan centre and at other centres does not exceed Rs. 45 lakh and Rs. 30 lakh, respectively.

The outstanding priority sector advances of Public Sector Banks increased from Rs.21,99,972 crore as on March 31, 2018 to Rs.22,92,094 crore (provisional) as on March 31, 2019. Advances to agriculture by PSBs amounted to Rs. 9,77,802 crore constituting 18.10 percent of ANBC as on March 31, 2019.

7.1 Lending to Weaker Sections and Credit to Minorities

As per extant guidelines of Reserve Bank of India (RBI) on Priority Sector Lending (PSL), all Scheduled Commercial Banks (SCBs) including Foreign Banks with 20 and above branches are required to lend 10 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure, whichever is higher, for lending to Weaker Sections. To achieve inclusive growth, priority sector loans to distressed persons (other than farmers) not exceeding Rs. 1,00,000 per borrower to prepay their debt to non-institutional lenders and loans to individual women beneficiaries up to Rs. 1,00,000 per borrower are allowed to be categorized under Weaker sections.

The performance of PSBs on lending to Weaker Sections as on March 2016, 2017, 2018 and 2019 is as under:

(Amount in Rs. crore)

As at the year ended	Amount outstanding	% to ANBC
March, 2016	5,58,240.39	11.04
March, 2017	6,00,841.08	11.27
March, 2018	6,08,318.12	11.36
March, 2019	6,34,929.59	11.75

In order to ensure smooth flow of credit facilities to Minority Communities, Reserve Bank of India issued a Master Circular dated July 2, 2018 to all Scheduled Commercial Banks (SCB) including Small Finance Banks (SFB).

These banks have been advised to monitor credit flow to Minorities in 121 Minority Concentration Districts (MCD) having at least 25% minority population, excluding those States / UTs where minorities are in majority (J & K, Punjab, Meghalaya, Mizoram, Nagaland and Lakshadweep).

To ensure adequate flow of credit to minority communities banks have also been advised as below

- A Special Cell should be set up in each bank to ensure smooth flow of credit to minority communities and it should be headed by an officer holding the rank of Deputy General Manager/Assistant General Manager or any other similar rank who should function as a 'Nodal Officer'.
- The Lead Bank in each of the minority concentration districts should have an officer who shall **exclusively** look after the problems regarding the credit flow to minority communities. It shall be his responsibility to publicize among the minority communities various programmes of bank credit.
- The Lead Banks in the identified districts having concentration of minority communities may involve the State Minority Commission / Finance Corporation in the extension work including creating awareness, identification of beneficiaries, preparation of viable projects, provision of backward and forward linkages such as supply of inputs/marketing, recovery etc.
- There should be good publicity about various anti-poverty programmes of the Government where there is large concentration of minority communities and particularly in the districts with a concentration of minority communities.

Total loans outstanding to minority communities as on March 31, 2019 stood at Rs. 3,91,575 Cr which is 12.59% of total priority sector advances. Total outstanding loans to minority communities as on March 31, 2019 in

the 121 identified Minority Concentration Districts stood at Rs.1,41,855 Cr which is 18.45% of total priority sector advances in the identified Minority Concentration Districts.

7.2 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 per latest data available with RBI the amount outstanding towards credit to women was Rs.4,05,353 crore, forming 9.20 percent of ANBC of public sector banks as on 31.03.2018.

7.3 Education Loan

Every meritorious student should have access to bank credit to pursue higher education, if they so desire. 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 a recognised Institution 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. The last revision of the Model Educational Loan Scheme was carried out on 17.08.2015 and circulated to Banks. The main features of revised Model Educational Loan Scheme are as under.

- a) Provision for charging of differential interest rates based on status of collateral, employability and reputation of institutions.
- b) Relaxation in margin and security for loans guaranteed by NCGTC.
- c) Extension of repayment period (after moratorium) upto 15 years for all loans.
- d) Uniform one year moratorium for repayment after completion of studies in all cases.
- e) Provision for moratorium taking into account spells of unemployment/under-employment, say two or three times during the life cycle of the loan. Moratorium may also be provided for the incubation period if the student wants to take up a start-up venture after graduation.

7.3.1 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, circulated vide their 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.

7.3.2 Performance of Education Loans

The total outstanding education loans of Public Sector Banks (PSBs) as on March 31, 2019 stood at Rs.72,800 crore in 21,94,977 accounts. This reflects increase of Rs.1036 crore in total outstanding loans over the correspondence period of the last year. In percentage terms it is an increase of 1.44 percent.

7.3.3. Vidya Lakshmi Portal

Vidya Lakshmi Portal is a first of its kind portal providing single window for Students to access information and make application for Educational Loans provided by Banks. The Portal has the following features:

- i. Information about Educational Loan Schemes of Banks;
- ii. Common Educational Loan Application Form for Students;
- iii. Facility to apply to multiple Banks for Education Loans;
- iv. Facility for Banks to download Students' Loan Applications;
- v. Facility for Banks to upload loan processing status;
- vi. Facility for Students to email grievances/queries relating to Educational Loans to Banks;
- vii. Dashboard facility for Students to view status of their loan application
- viii. Linkage to National Scholarship Portal for information and application for Government Scholarships.

Banks have been requested to give wide publicity to this Portal so that students wanting education loans can apply for it and indicate their bank of choice.

7.3.4 Interest Subsidy Scheme for Education Loans

Ministry of Human Resource Development had formulated, in May, 2010, 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 Rs.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;

7.4 Skill Loan Scheme

Given a huge thrust on skill development, a need is felt to provide institutional credit to individuals for taking skill development courses aligned to National Occupations Standards and Qualification Packs and leading to a certificate/diploma/degree by the Training Institutes as per National Skill Qualification Framework (NSQF). Ministry of Skill Development and Entrepreneurship, Govt of India has launched a Skill India Mission on 15th July, 2015. The, "Skill Loan Scheme" has been developed to support the national initiatives for skill development.

Skill Loan Scheme aims at providing a loan facility to individuals who intend to take up skill development courses as per the Skilling Loan Eligibility Criteria.

8. Financial Institutions

8.1 Export –Import Bank of India (EXIM Bank)

Export-Import Bank of India (Exim Bank) was set up for "providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade". The flagship programmes of the Bank is Buyer's Credit, both commercial and under the National Export Insurance Account (NEIA); Project Export Finance, and Overseas Investment Finance. It is also the operational vehicle for GoI Lines of Credit.

Exim Bank's support has led to creation of opportunities for Indian project exporters, enabling them to expand their global footprint. It is a matter of pride that Indian companies are able to bid for and secure a larger number of international contracts of increasing values, through stringent processes of international competitive bidding. It has facilitated increased exports from India, besides creating additional avenues for employment within the country.

8.1.1 Challenges

Though there has been an upward migration in the average credit rating of the standard asset portfolio in the last few years, it is susceptible to economic cyclicity, and there has been increasing incidence of

NPA slippages under the portfolio in the recent past on account of the industrial downturn globally, including in India, and in line with the NPA levels of the entire banking industry necessitating provisions in line with RBI guidelines, thereby adversely impacting the Bank's financial performance.

The Exim Bank is the principle agency for medium and long term export credit and needs large amount of capital to fulfill its objective. Further, if a certain percentage of credit portfolios are not yielding desired levels of income the capital requirement goes up even further. Although, in the near term, Exim Bank needs to focus on credit quality, recovery & resolution of NPAs to shore up its balance sheet, in the long term, its capital base will require further strengthening. Government of India has infused equity capital of Rs. 500 crore through budgetary support and Rs. 4500 crore through issuance of recapitalization bonds to Exim Bank during last FY 2018-19.

8.2 India Infrastructure Finance Company Ltd. (IIFCL)

India needs over USD \$1.5 trillion in investment over the next decade to bridge its enormous infrastructure gap. This investment is also crucial for maintaining the growth momentum of Indian economy vis-via its global peers. It will not only generate growth & employment but also lift people out poverty and is expected to enable India to graduate into the category of developed economies. India cannot afford to continue to be an also ran among its global peers, especially the developed economies. This large investment needs a focused approach both from financing and institutional perspective.

The Union Budget 2005-06 conceptualized IIFCL as a dedicated institution for financing infrastructure in the country with focus on PPP projects. IIFCL, registered with the RBI as ND-SI-NBFC-IFC, has been playing a key role in bridging the funding gap in the infrastructure sector through its long-term loans as well as other innovative initiatives like Takeout Finance & Credit Enhancement. On a standalone basis, till 31st December, 2018, IIFCL has made cumulative gross sanctions of Rs.1,25,430 crore under Direct lending, Takeout Finance and Refinance schemes. This includes cumulative gross sanctions of Rs.85,231 crore to 474 projects under Direct Lending. The Company has made cumulative disbursements of Rs.64,900 crore, including disbursements of Rs.10,531 crore under Refinance and Rs.15,413 crore under Takeout Finance till December, 2018.

IIFCL's financial support has assisted around 26,000 km of roads, about 60,000 MW of power generation capacity and around 800 MTPA of port capacity, in addition to development of several urban infrastructure projects, station redevelopment as well as redevelopment of Delhi and Mumbai airports.

IIFC (UK), a wholly-owned subsidiary of IIFCL, headquarter in London, provides foreign currency loans for financing import of capital equipment by infrastructure projects in India. Till 31st December, 2018, IIFC (UK) has made cumulative disbursements of USD 2.04 billion. IIFCL has also set up an Infrastructure Debt Fund (IDF) subsidiary, IIFCL Asset Management Company Limited (IAMCL). Further, IIFCL has set up another wholly-owned subsidiary, IIFCL Projects Limited (IPL) to provide advisory services for the development of infrastructure in India.

New infrastructure projects and designing viable financing options for the same is an inevitable reality that India faces. So far, banks have been the key financiers of infrastructure sector. However, going forward, it may not be possible for them to offer the same level of support. This is mainly due to asset-liability mismatch constraints, increased capital requirements owing to introduction of impending Basel III norms, tightening group exposure norms and high stressed assets of banks. The other alternative to finance infrastructure is the corporate bond market. However, considering its nascent stage and preference for commissioned projects with steady cash flow it may not be an ideal vehicle at this point, especially for riskier Greenfield projects. IIFCL, in view of infrastructure financing needs, has a key role to play in terms of cheap & innovative financing, policy advocacy etc. along with banks and corporate bond market. It needs to be suitably augmented in terms of capital, operational freedom and enhanced capacity to continue to be a serious player in this space.

8.3 IFCI Ltd.

IFCI Ltd. is a systemically important Non-Deposit taking NBFCs and also a Public Financial Institutions under Section 2(72) of Companies Act, 2013. Set up in 1948 as the first Development Financial Institution of the Country as a Statutory Corporation to provide medium and long term finance to industry. IFCI became a Public Limited Company registered under the Companies Act, 1956 after repeal of "IFC Act" in 1993. Currently, the Government of India is holding 56.42% stake in the total paid-up share capital of IFCI.

8.4 National Housing Bank

8.4.1 Operational Highlights during 2018-19 (9 months) (FY from July 1 to June 30)

- Subscribed Equity share capital of NHB stood at Rs. 1,450 crore.
- Outstanding Loans & Advances of NHB stood at Rs.67,543 crore as on 31.03.2019 (three quarters).

8.4.2 Financing

- Disbursements of Rs.18,308 crore were made during the year ended 31.03.2019.

8.4.3 Promotion & Development

- NHB has extended Rs.642.20 crore to the Small Industries Development Bank of India (SIDBI) under equity participation.
- As part of its research activities, NHB has undertaken "Study on Property Insurance in New and Existing Housing" "inter-alia, covering the current property insurance market structure in India and "Impact of changes in Stamp Duty and Registration Charge on residential property, and suggest a revenue neutral model for enabling affordable housing for all".
- Till 31.03.2019, 214 Primary Lending Institutions (PLIs) have signed MoU under Pradhan Mantri Awas Yojana (Urban)-Credit Linked Subsidy Scheme (PMAY-CLSS) for EWS/LIG and 206 PLIs have signed MoU with NHB as Central Nodal Agency(CNA), under PMAY-CLSS for MIG.
- NHB has disbursed interest subsidy of Rs.8,860.10 crore to 3,85,467 households under PMAY-CLSS for EWS/LIG, and Rs.3,452.61 crore to 1,63,443 households under PMAY-CLSS for MIG till 31.03.2019.
- NHB has also been identified as CNA by the Government of India, Ministry of Rural Development to implement Rural Housing Interest Subsidy Scheme vertical of Housing for All Mission. Till 31.03.2019, NHB has executed MoUs with 88 PLIs for implementation of the Scheme.

8.5 Small Industries Development Bank of India (SIDBI)

Small Industries Development Bank of India has been established under an Act of the Parliament in April 02, 1990. SIDBI is mandated to serve as the Principal Financial Institution for executing the triple agenda of promotion, financing and development of the Micro, Small and Medium Enterprises (MSME sector) and co-ordination of the functions of the various Institutions engaged in similar activities.

8.5.1 Performance of SIDBI

The total MSME outstanding credit (net of provisions) of SIDBI was Rs.1,32,517 crore as at December 31, 2018 as against outstanding credit of Rs.95,291 crore as on March 31, 2018, registering a growth of 39.06%, mainly driven by refinance activities. The net profit has increased from 1429 crore in FY18 to 1952 crore in FY19 registering 36.50% growth. In the coming years, SIDBI intends to sustain its growth momentum while building a sustainable and profitable organization.

8.5.2 Addressing financial gaps

The MSME financing agenda of SIDBI is discharged through the twin interventions of (i) Direct Lending, disseminated through demonstrative lending products to fill existing credit gaps, which could be further scaled up by banking eco-system. The flagship product under Direct Lending is SMILE, a scheme dovetailed to Make in India initiative, which offers loans at interest rates lower than the general market rates, in addition to offering a quasi-equity component, for longer tenures (ii) Indirect Lending is done through Banks, NBFCs, SFBs and MFIs, which creates a multiplier effect and provides a larger reach.

SIDBI supports the entrepreneurship promotion agenda by extending venture capital assistance to start-ups through its Fund-of-Fund operations. Total corpus commitment to Fund-of-Fund operations is of Rs.10,000 Crore plus; SIDBI organized ‘investor Day’ to facilitate interaction between start-ups and venture capital funds. Such ‘investor days’ will become regular feature and will be organized once every 3-4 months to ensure regular connect between funds and start-ups.

8.5.3 Addressing Non-financial/ Promotional & Developmental Gaps

With adoption of SIDBI Vision 2.0, Promotion & Development (P&D) initiatives were aligned and made thematic, inclusive and impact oriented. P&D activities for MSMEs, Corporate image enhancement (CIE) & CSR interventions SIDBI touched nearly One lakh + people during the year 2018-19 through its various interventions undertaken in three categories viz. Promotion and development (P&D) activities for MSMEs, Corporate image enhancement (CIE) for creating visibility amongst the stakeholders and Corporate Social Responsibility (CSR) to fulfil the institutional responsibility of Bank towards society.

The Promotional and Developmental role of the Bank is delivered through a bouquet of programmes at both macro and micro levels. Macro level initiatives relate to Cluster Development Programmes spread pan India and the micro level initiatives target setting up & stepping up entrepreneurial ventures, including enterprise promotion (Micro Enterprise Promotion Programme / Incubators/ Entrepreneurship Development Programmes), building techno-managerial skills of enterprise (Skill & Technology Upgradation Programmes/ Small Industries Management Assistants Programmes), advisory/ handholding services (Certified Credit Counsellors), financial literacy etc.

To salute the entrepreneurship spirit of Indian masses, SIDBI has introduced Swavalamban, a Pan India print media campaign to focus on encouraging masses to select ‘entrepreneurship’ as a preferred occupational choice.

To carry forward the Promotion & Development role, SIDBI has organized the first edition of the national level ‘SIDBI ET India MSE Awards’ to recognize, reward and motivate entrepreneurs and roping in business leaders to mentor the new entrepreneurs.

To provide robust financial infrastructure, thereby leading to increase in financial inclusiveness, SIDBI along with five other PSBs has developed a technologically advanced online lending portal for in-principle approval. SIDBI has also set up Udyamimitra portal which is a comprehensive digital platform to access credit for MSME aspirants. The portal extends handholding services, basket of project profiles, Samridhhi chatbot and also enables convergence with other stakeholders. The portal hosts more than 148 lenders and 25,000 handholding agencies. As on March 31, 2019, total loan aspirant registrations were 2.96 lakh and online loan applications were 60,347. There were 5,943 loans sanctioned to the tune of Rs.1,176 crore.

8.5.4 SIDBI as Nodal/ Implementing agency for Government scheme

Being the DFI for the MSME sector, is the nodal agency for implementation of certain MSME related schemes of Government of India. Various National Missions like Make in India, Stand-Up India etc. are bolstered by the Bank, by dovetailing them through its own products and initiatives.

9. Insurance Sector

9.1 Overview

The insurance sector was opened for private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. Since its opening up in 2000 the number of participants in the Insurance industry has gone up from seven insurers (Life Insurance Corporation of India [LIC], four public-sector general insurers, one specialized insurer, and General Insurance Corporation as Indian re-insurer) in 2000 to seventy insurers as on 31st December, 2018 operating in the life, general, and re-insurance segments (including specialized insurers, namely Export Credit Guarantee Corporation ECGC and Agricultural Insurance Company AIC).

The Insurance Division deals with policy and legislative matters as well as monitoring of the performance of both life and general insurance segments of the public sector insurance industry. It is also the administrative division for the Insurance Regulatory and Development Authority of India (IRDAI).

9.2 The Public Sector Insurance Companies operating in the sector are as follows: -

- a) Life Insurance Corporation of India

- b) National Insurance Company Limited
- c) Oriental insurance Company Limited
- d) United India Insurance Company Limited
- e) New India Assurance Company Limited
- f) General Insurance Corporation of India – GIC Re (Re-Insurer)
- g) Agriculture Insurance Company of India Limited – Specialised Insurer (Company floated by Public Sector general insurance companies along with NABARD)
- h) Export Credit Guarantee Corporation of India Limited – Specialised Insurer (Government of India enterprise for export credit guarantee under M/o Commerce)

9.3 Legislative Framework governing the Insurance Sector

The Insurance Division is responsible for administration of the following Acts:

- a) The Insurance Act, 1938
- b) The Life Insurance Corporation Act, 1956
- c) The General Insurance Business (Nationalisation) Act, 1972
- d) The Insurance Regulatory and Development Authority Act, 1999
- e) The Actuaries Act, 2006
- f) The Securities and Insurance Laws (Amendment and Validation) Act, 2010.

9.4 Reforms in the Insurance Sector

The insurance sector was opened up for private participation with the enactment of the Insurance Regulatory and Development Authority (IRDA) Act, 1999. The Authority is functioning from its Head Office at Hyderabad, Telangana. The core functions of the Authority as mentioned in Section 14 of IRDA Act include (i) licensing/registration of insurers and insurance intermediaries; (ii) financial and regulatory supervision; (iii) regulation of 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 registration of agents, licensing/registration of corporate agents, brokers and third party administrators. IRDAI has also laid down the regulatory framework for registration of insurance companies, maintenance of solvency margin, investments and financial reporting requirements.

9.5 New entrants in the insurance industry

Since its opening up in 2000 the number of participants in the Insurance industry has gone up from seven insurers (including the Life Insurance Corporation of India [LIC], four public-sector general insurers, one specialized insurer, and the General Insurance Corporation as the Indian re-insurer) in 2000 to seventy insurers as on 31st December, 2018 operating in the life, general, health and re-insurance segments; of which 24 are life insurers, 25 are general insurers, 2 Specialized Insurers, 7 are health insurers exclusively doing health insurance business and 12 are re-insurers including foreign reinsurance branches and Lloyd's India. Of the 70 insurers eight are in the public sector and the remaining sixty two are in the private sector. Two specialized insurers, namely Export Credit Guarantee Corporation of India Limited and Agricultural Insurance Company of India Limited, one life insurer namely LIC of India, four in general insurers and one in re-insurance namely GIC are in public sector. Twenty-three life insurers, twenty-one general insurers, seven standalone health insurers and eleven reinsurers including foreign reinsurance branches and Lloyd's India are in private sector.

9.6 Industry Statistics

Insurance Penetration and Insurance Density

Given the reforms initiated in the insurance sector in India, insurance penetration and insurance density increased in the past decade. As per the latest published data by Swiss Re, Insurance penetration (i.e. premium volume as a ratio of Gross Domestic Product GDP), which was 2.71% of GDP in 2001 has increased to 3.69% of GDP in 2017. Insurance density measured as the ratio of premium to population (per capita premium) increased from US\$ 11.5 in 2001 to US\$ 73.0 in 2017.

In life insurance business, India is ranked 10th among the 88 countries in the global life insurance market, for which the data was published by Swiss Re. India's share in global life insurance market was 2.76% during 2017 where as it was 2.36% in 2016. Further, during 2017, the life insurance premium in India increased by 8% (inflation adjusted) whereas the global life insurance premium increased by 0.5%. During this period, the share of Indian non-life insurance premium in global non-life insurance premium was at 1.11% and India ranks 15th among the 88 countries in the global non-life insurance market.

Life insurance industry

The Life insurance industry recorded a premium income of Rs. 3,35,947.34 crore as on 31.12.2018 as against Rs.3,13,467.52 crore as on 31.12.2017, registering a growth of 7.17 percent (13.25 percent growth in the corresponding period of previous year). While private sector insurers posted 22.63 percent growth

(17.77 percent growth in the corresponding period of previous year) in their premium income, LIC recorded 1.10 percent growth (11.54 percent growth in the corresponding period of previous year). The market-share of LIC as on 31.12.2018 (based on Total Premium) is 67.39 percent.

General insurance industry

The general insurance industry underwrote total direct premium of 1,24,673 crore as on 31.12.2018 as against 1,10,535 crore as on 31.12.2017, registering a growth of 12.79 percent (18.88 percent in the corresponding period of previous year). The public sector general insurers (including specialized insurers) exhibited a growth rate of 0.02 percent as on 31.12.2018 as compared to 13.47 percent growth the quarter ending on 31.12.2017. The private sector general insurers (including Stand-alone Health Insurers) registered a growth rate of 26.88 percent as on 31.12.2018 as compared to the 25.48 percent growth achieved as on 31.12.2017. The market-share of Public Sector General Insurance Companies (including ECGC & AICL) as on 31.12.2018 is 46.51 percent.

9.7 Investments of the Insurance sector

As per latest data available with IRDAI, as on 31st December, 2018 the accumulated total investments held by the insurance sector was Rs.37,40,617 crore. Life insurers continue to contribute a major share with around 92 percent of the total investments held by the insurance industry. Similarly, public sector insurers continue to contribute a major share of 77 percent in total investments though investments.

9.8 Recent Initiatives

- **Increased Foreign Participation:** Post enactment of the Insurance Laws (Amendment) Act, 2015., Rs.30,665 crores of foreign investment has been received in the insurance sector (as of 31/03/2019).
- **Promoting Reinsurance Business in India:** The Insurance Laws (Amendment) Act, 2015 enabled foreign reinsurers to set up branches in India and also enabled Lloyds and its members to operate in India through setting up of branches for the purpose of reinsurance business or as investors in an Indian Insurance Company within the 49% cap. Accordingly, Eleven foreign reinsurers (including Lloyd's) have been granted license to open their branch offices in India.
- **Redressal of Public Grievances:** In exercise of the powers conferred by section 24 of the Insurance Regulatory and Development Authority Act, 1999(41 of 1999) and in supersession of the Redressal of Public Grievances Rules, 1998 the Central Government has notified Insurance

Ombudsman Rules, 2017 on 27.04.2017. The objects of these Rules is to resolve all complaints of all personal lines of insurance, group insurance policies, policies issued to sole proprietorship and micro enterprises on the part of Insurance companies and their agents and intermediaries in a cost effective and impartial manner.

- **Listing of Public Sector General Insurance Companies:** To promote the objective of achieving higher levels of transparency and accountability, Government has approved listing of the five Government owned General Insurance Companies on the stock exchanges, namely; The New India Assurance Company Ltd., United India Insurance Company Ltd., Oriental Insurance Company Ltd., National Insurance Company Ltd. and General Insurance Corporation of India. Out of these five General Insurance companies, General Insurance Corporation of India and the New India Assurance Company Ltd. have been successfully listed on the stock exchanges.
- **Merger of Public Sector General Insurance Companies:** Hon'ble Finance Minister in his Budget Speech 2018-19 announced that three public sector general insurance companies, National Insurance Company Ltd., United India Insurance Company Limited and Oriental Insurance Company Limited will be merged into a single insurance entity and will be subsequently listed. (Para 124). Such a Merger would help them gain scale and efficiency in view of the solvency requirements, underwriting losses and capital intensive nature of the general insurance business.

10 Pension Sector

10.1 National Pension System (NPS)

With a view to providing adequate retirement income on cost effective basis, the National Pension System (NPS) was introduced by the Government of India. It was made mandatory for all new recruits to the Government (except armed forces) with effect from 1st January, 2004, and has also been rolled out for all citizens with effect from 1st May, 2009 on a voluntary basis. NPS has been designed giving utmost importance to the welfare of the subscribers. The design features of NPS are self-sustainability, scalability, maximising outreach and a low-cost yet efficient pension system based on sound regulation. NPS offers two types of accounts, namely Tier-I and Tier-II. Tier-I account is the Pension account. Tier-II is a voluntary withdrawable account which is allowed only when there is an active Tier-I account in the name of the subscriber. Presently, a Government employee under NPS has to mandatorily contribute 10% of pay and Dearness Allowance (DA) and

14% of pay and DA is contributed by the Government to the employee's Tier-I account.

Initiative of 2018-19

- Enhancement of Government contribution from 10% to 14%.
- Providing options to Government employees for choice of Investment Pattern and Pension Fund.
- Compensation for delayed/non-deposit of NPS contributions during 2004-2012.

There are a number of benefits available to the employees under NPS. Some of the benefits are listed below:

- i. **NPS is a well designed pension system** managed through an unbundled architecture involving intermediaries appointed by the Pension Fund Regulatory and Development Authority (PFRDA) viz. pension funds, custodian, Central Recordkeeping and Accounting agency (CRA), National Pension System Trust, trustee bank, points of presence and Annuity service providers. It is prudently regulated by PFRDA which is a statutory regulatory body established to promote old age income security and protect the interests of NPS subscribers.
- ii. **Dual benefit of Low Cost and Power of Compounding-** The pension wealth which accumulates over a period of time till retirement grows with a compounding effect. The all-in-costs of the institutional architecture of NPS are among the lowest in the world.
- iii. **Tax Benefits presently available** under NPS :
 - (a) Tier I: To ensure parity of tax treatment between NPS and various retirement products such as General Provident Fund (GPF), Contributory Provident Fund (CPF), Employees Provident Fund (EPF) and Public Provident Fund (PPF), the limit of tax exemption under section 10(12A) of the Income Tax Act in respect of the amount withdrawn as lump sum to the extent of 40% of the total accumulated balance has been enhanced to up to 60% of the total accumulated balance at the closure of account. **With this, the entire withdrawal will now be exempt from income tax.** Before this, 40% of the total accumulated corpus utilized for purchase of annuity was already tax exempted. Out of 60% of the accumulated corpus withdrawn by the NPS subscriber at the time of retirement, 40% was tax exempt and balance 20% was taxable
 - (b) Tier II: Contribution by the Government employees under Tier-II of NPS will now be

covered under Section 80 C of the Income Tax Act, 1961, for deduction up to Rs. 1.50 lakh for the purpose of income tax at par with the other schemes such as GPF, CPF, EPF, and PPF provided that there is a lock-in period of 3 years.

- (c) Interim/ Partial Withdrawal from NPS Tier I up to 25% of the contributions made by NPS subscriber is tax free.
- (d) Amount utilized for purchase of annuity: Minimum 40% of the amount is to be mandatorily utilized for purchasing an annuity from the Annuity Service Provider registered and regulated by the Insurance Regulatory and Development Authority and empanelled by PFRDA. Amount utilized for purchase of annuity is not taxable. Further, amount utilised for purchase of annuity is exempted from GST.

iv. **Freedom of choice for selection of Pension Funds and pattern of investment** to government employees as under:

- (a) Choice of Pension Fund: As in the case of subscribers in the private sector, the Government subscribers are also allowed to choose any one of the pension funds including Private sector pension funds. They could change their option once in a year. However, the current provision of combination of the Public-Sector Pension Funds will be available as the default option for both existing as well as new Government subscribers.
- (b) Choice of Investment pattern: The following options for investment choices are offered to Government employees: -
 - Government employees who prefer a fixed return with minimum amount of risk have an option to invest 100% of the funds in Government securities (Scheme G).
 - Government employees who prefer higher returns have the options of the following two Life Cycle based schemes.
 - Conservative Life Cycle Fund with maximum exposure to equity capped at 25% at the age of 35 years and tapering off thereafter (LC-25).
 - Moderate Life Cycle Fund with maximum exposure to equity capped at 50% at the age of 35 years and tapering off thereafter (LC-50).

The existing scheme in which funds are allocated by the PFRDA among the three Public Sector Undertaking fund managers based on their past performance in accordance with the guidelines of PFRDA for Government employees will continue as the default scheme for both existing and new subscribers.

- v. **Partial withdrawal**- Subscribers can withdraw up to 25% of their own contributions at any time before exit from NPS Tier I for a maximum of three times during the entire tenure of subscription under NPS for certain specified purposes such as marriage of children, purchase of house, medical treatment etc. The requirement of minimum period under NPS for availing the facility of partial withdrawal from the mandatory Tier-I account of the subscriber has been reduced from 10 years to 3 years from the date of joining w.e.f. 10th August, 2017. The minimum gap of 5 years between two partial withdrawals has also been removed w.e.f. 10th August, 2017.
- vi. **eNPS** - PFRDA introduced eNPS online portal on 07.12.2015 whereby the Permanent Account Number (PAN) and savings bank account of new subscribers to NPS who are already customers of the banks are accepted as KYC with active participation of the banks acting as POPs for opening of accounts under NPS.
 - Opening of account online using PAN and net banking of the selected bank- In this case KYC verification is done by the Bank.
 - Opening of account online using Aadhaar No. issued by Unique Identification Authority of India (UIDAI)- In this case authentication is done through one time password (OTP) received on the registered mobile of the subscriber from UIDAI.
- vii. The status of NPS as on 31st March, 2019 is as under:

Sector	No. of subscribers (in lakhs)	Assets Under Management (Rs. in crore)
Central Government	19.85	1,09,009.55
State Government	43.21	1,58,491.37
Corporate	8.03	30,874.79
All Citizen Model	9.30	9,568.50
NPS Lite	43.63	3,409.23
Total	124.02	3,11,353.44

10.2 Right to Information Act, 2005

There is a dedicated cell in PFRDA to implement the Right to Information Act, 2005 (RTI Act). This Cell processes the applications received under the Right to

Information Act, 2005 and works under Central Public Information Officer (CPIO). As required under the RTI Act, PFRDA has designated an officer as the Appellate Authority (AA) with whom the appeals can be filed against an order of the CPIO.

As per RTI Act, any citizen can seek information under RTI by making an appropriate application in writing along with the prescribed fees to the Central Public Information Officer, Pension Fund Regulatory and Development Authority, First Floor, Chhatrapati Shivaji Bhawan, B-14/A, Qutab Institutional Area, New Delhi 110016 and/or can also file an RTI under RTI Act, 2005 on Online Portal available at www.pfrda.org.in.

During the year 2018-19, 686 RTI Applications and 59 First Appeals were received till 31st March, 2019 *inter-alia* regarding contribution under National Pension System (NPS), opening of individual pension account, transfer, withdrawal & exit under NPS, APY scheme etc. All the applications and appeals were replied/disposed of within the stipulated time as prescribed under RTI Act, 2005.

Section 4 of the RTI Act casts an obligation on every public authority to make certain suo-moto disclosures on its website. PFRDA has also made such suo-moto disclosures on its website. The focus of the disclosure is to improve the level of transparency in the working and functioning of PFRDA. In this regard, information regarding various functions, powers and duties of PFRDA & its officers etc. has been provided on PFRDA's website. Further, the PFRDA Act, rules and regulations made there under, circulars and manuals issued by PFRDA are also available on the website.

10.3 Initiative undertaken for Disabled/ Handicapped and SC/ST & other weaker section of the society

To implement Government instructions on welfare of SC/ST/PWD employees, a cell has been set up in PFRDA. A General Manager grade officer has been nominated as Liaison Officer for SCs/STs/PWDs. Also, a separate cell for welfare of OBCs has been set up in PFRDA. A Deputy General Manager grade officer has been nominated as Liaison Officer for OBCs.

10.4 Initiatives relating to Gender Budgeting and Empowerment of Women

A Committee for prevention of Sexual Harassment at workplace is in place for receiving complaints, holding enquiry etc. in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and meets on quarterly basis.

11. Legislative

11.1 The Negotiable Instruments (Amendment) Act, 2018

With a view to address the issue of undue delay in final resolution of cheque dishonour cases so as to provide relief to payees of dishonoured cheques and to discourage frivolous and unnecessary litigation which would save time and money, the Negotiable Instruments (Amendment) Act, 2018 (20 of 2018) has been enacted. The Negotiable Instruments (Amendment) Act, 2018, *inter alia*, provides for the following, namely insertion of a new Section 143A in the Negotiable Instruments Act, 1881 giving Courts trying an offence under section 138, the power to direct the drawer of the cheque to pay interim compensation to the complainant, not exceeding 20% of the amount of the cheque, and insertion of a new Section 148 in the Negotiable Instruments Act, 1881, giving Appellate Courts the power to order the appellant to deposit a minimum of 20% of the fine or compensation awarded by the Trial Court. The Amendment Act has come into force with effect from 01.09.2018.

11.2 The Banning of Unregulated Deposit Schemes Ordinance, 2019

The Banning of Unregulated Deposit Schemes Ordinance, 2019 has been promulgated on 21.02.2019. It is based on the Banning of Unregulated Deposit Schemes Bill, 2019, which was passed by the Lok Sabha after detailed examination by the Standing Committee on Finance (SCF). The provisions of the Ordinance have come into force with effect from 21.02.2019. The Ordinance contains comprehensive provisions to tackle illicit deposit taking activities in the country and to protect the interests of depositors through (a) complete prohibition of unregulated deposit taking activity; (b) deterrent punishment for promoting or operating an unregulated deposit taking scheme; (c) stringent punishment for fraudulent default in repayment to depositors; (d) designation of a Competent Authority by the State Government to ensure repayment of deposits in the event of default by a deposit taking establishment; (e) powers and functions of the competent authority including the power to attach assets of a defaulting establishment; (f) Designation of Courts to oversee repayment of depositors and to try offences under the Ordinance; and (g) listing of Regulated Deposit Schemes in the Ordinance, with a clause enabling the Central Government to expand or prune the list.

11.3 The Chit Funds (Amendment) Bill, 2018

The Chit Funds (Amendment) Bill, 2018 was introduced in Parliament after extensive stakeholder consultation by the Department of Financial Services (DFS), with the two-fold objective of reducing the regulatory or compliance burden of the Chit Funds

Industry on the one hand, and also protecting the interest of the subscribers on the other hand. It has already been examined by the Standing Committee on Finance (SCF), and the SCF had given its recommendations on the same.

12. Miscellaneous

12.1 Debts Recovery Tribunal

- (a) As per data made available by DRTs, a total number of 36,623 cases (Original Applications) involving Rs. 1,72,400 crores approximately were disposed off by 39 DRTs during the period 01.04.2018 to 31.3.2019.
- (b) **e-DRT Project-** The e- DRT project is being implemented through the National Informatics Center Services Inc. (NICS) in all the Debts Recovery Appellate Tribunals (DRATs) and Debts Recovery Tribunals (DRTs) across the country for the Department of Financial Services, Ministry of Finance. The case information system has been enabled in all DRTs and DRATs of the country, with workflow automation. This will bring transparency and increase the efficiency of DRTs.
- (c) Recruitment Rules (RRs) for Unified Cadre of Staff working in Debts Recovery Tribunal (DRTs) and Debts Recovery Appellate Tribunal (DRATs) published vide e-Gazette Notification dated 08.06.2018.
- (d) Window Sale Notice under SARFAESI Act, for auction of movable and immovable secured assets has been notified vide Gazette notification dated 17.10.2018 to bring uniformity in advertisement formats and to reduce expenses, with emphasis on giving full details of saleable property on the bank's website.

12.2 Representation of SCs, STs, OBCs and PWDs.

The Representation of SCs/STs/OBCs and Persons with Disabilities (PWDs) in Public Sector Banks/ Financial Institutions/Insurance Companies/PFRDA/ IRDA/RBI is at **Annexure I & II** respectively.

12.3 Disposal of Public Grievances

Timely redressal of public grievances relating to banking and insurance Sectors is an important tool towards upgrading the quality of customer service in this very crucial segment of financial sector. Department of Administrative Reforms and Public Grievances (DARPG) has established CPGRAMS (Centralised Public Grievance Redressal and Monitoring System), (an online web-based system), to resolve public grievances.

To ensure that individual grievances are resolved within a maximum time limit of 60 days and the petitioners are informed of the action taken, the following instructions have been issued to PSBs and Insurance Companies.

- i. All PSBs/FIs/PSICs were requested vide DO No. 10.1/2016-BO.III dated 08.02.2017 to ensure that complainants are informed about the incomplete details in the application by sending a reply to the complainant and a copy of the reply be uploaded on CPGRAMS.
- ii. As per directions of DARPG, necessary instructions were issued to PSBs/FIs/PSICs vide DO No. 10/1/2016-BO.III dated 09.03.2017 that public grievances are required to be resolved within 1-2 months from the date of its initiation.
- iii. Grievance Redressal Mechanism and contact details of Nodal Officers of all PSBs updated on DFS website.
- iv. All PSBs/IRDA/PFRDA/RBI/PSICs were requested vide DO No. 11/3/2015-BO.III dated 08.09.2017 to ensure prompt resolution of all pending grievances including those referred by DPG and strengthen their grievance redressal mechanism and carry out regular monitoring/ review at senior level.

In the Department of Financial Services, grievances/complaints concerning Banking and Insurance Sectors are received directly from citizens, both online and by post. The postal grievances are also digitized and processed through CPGRAMS for its onward transmission to the designated Nodal Officers i.e. Deputy General Manager/General Manager (DGM/GM) of concerned Public Sector Banks/Public Sector Insurance Companies (PSBs/PSICs) for its redressal within a maximum time limit of 60 days. All organisations under DFS have made efforts to maximise the use of technology for reducing the grievance redressal time to one month from the existing two months. These directions are followed by all organisations under the Department of Financial Services. Action taken reports are uploaded on the system and a scanned copy of the reply is provided to the complainant as pdf file that can be viewed by the

complainant online. Replies through post are also sent to those complainants who have lodged their grievances physically.

The Banks and Insurance Companies have grievance redressal mechanism in place and are also hosted on their respective websites for information and usage by the customers. The first level of grievance redressal is Branch Manager in Banks and Insurance Companies followed by Zonal Managers and then General Manager (Customer Care) in Head Office. The grievances concerning private banks and private insurance companies are resolved through Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority (IRDA) respectively. The PSBs have also established Ombudsman for settlement of grievances. The unresolved grievances are placed before the Customer Service Committee of the Board chaired by CMD/CEO to review and settlement of grievances / complaints.

Grievances are monitored regularly and followed by periodical reminders through emails and video conferencing to the concerned Nodal Public Grievance Officers in Banks and Insurance Companies and concerned Sections in the Department.

The Reserve Bank of India (RBI) has set up 20 Banking Ombudsmen across the country under Banking Ombudsmen Scheme 2006 and also set up 21 Ombudsman for Digital Transactions. Similarly, there are 17 Insurance Ombudsmen set up by IRDA. In case the petitioners are not satisfied with the kind of disposal by the concerned Banks/Insurance Companies, they can file their complaints with the Banking Ombudsmen concerned within a period of 30 days for the settlement of their grievance through mediation and passing of awards.

As per CPGRAMS database the details of receipt, disposal and pending grievances during the period 01.01.2018 to 31.12.2018 in respect of banking and insurance sectors are as follows:

Sector	Brought Forward	Received	Disposed	Pending as on 31.12.2018	% Disposal as on 31.12.2018	Less than 60 days old	More than 60 days old
Banking	5707	101388	98819	8276	92.27%	6835	1441
Insurance	549	11350	11188	711	94.02%	666	45
Total	6256	112738	110007	8987	92.45%	7501	1486

The present status of public grievances for the period 01/01/2018 to 31/12/2018 relating to social security.

Schemes launched by the Government is as under:

Name of the scheme	Total Grievance	Grievance disposed	Grievance pending	% of disposal
Atal Pension Yojana	256	242	14	94.53
Pradhan Mantri Jan Dhan Yojana	323	283	40	87.62
Pradhan Mantri Mudra Yojana	4822	4500	322	93.22
Pradhan Mantri Suraksha Bima Yojana	442	411	31	92.99
Pradhan Mantri Jeevan Jyoti Bima Yojana	411	384	27	93.43

The present status of public grievances received from PMO for the period 01.01.2018 to 31.12.2018 is as under:

Name of the Sector	Total Grievances	Grievances Disposed	Grievances pending	% of disposal
Banking	51519	46294	5225	89.86
Insurance	5537	5242	295	94.67

12.4 Vigilance

12.4.1 Organisations under Vigilance Section

(a). Special Court

The Special Court (Trial of offences relating to Transactions in Securities) Act, 1992 came into force on 06.06.1992. The Act was necessitated by reasons of the unprecedented situation wherein very large amount of public monies had been siphoned off into private pockets. The legislature sought to set up a Special Court through this Act for (a) speedy trial of offences (b) immediate attachment and freezing of all assets of parties suspected to be involved in the scam and (c) a reasonable and equitable distribution of the property.

The Special Court has been sanctioned four posts of judges. To support their day to day functioning, the office of the Special Court functions with a staff of 49 officials at various levels. These are renewed on a year-to-year basis by Ministry of Finance, DFS with the approval of IFA. Details of cases filed, disposed of for the last five years are given below:

Year	Filed	Disposed
2014	149	217
2015	165	167
2016	141	140
2017	88	140
2018	115	112

Further, The Special Court has stated that the total no. of Pending Matters as on 31.12.2018 were 132 which include **Suits – 11 and Special Cases (Criminal) – 2.**

(b). Office of the Custodian

To assist the Custodian in discharging the duties under the Special Court (TORTS) Act, 1992, at present there are three offices – with headquarters at New Delhi, office at Mumbai mainly attending to the Court matters on day to day basis and third one at Bangalore mainly to deal with matter relating to Fair growth Financial Services Ltd (FFSL) & Fair Growth Investment Ltd (FGIL), Bangalore based notified firms. Office of the Custodian has been sanctioned 29 posts including Custodian and two posts of Directors. These are renewed on a year-to-year basis by Ministry of Finance, DFS with the approval of IFU.

Since inception a total of 13,299 cases were filed in the Special Court, which were defended/contested by the Custodian and 13,167 cases have been disposed of

by the Special Court, leaving a balance of 132 cases as on 31st March, 2019. Similarly a total of 491 appeals were filed in the Supreme Court, of which 456 cases have been disposed of, leaving 35 cases pending. As on 31st March, 2019, while the outstanding liabilities of notified parties totalled to Rs.39,491 crore, the assets were only to the tune of Rs.3,791 crore. Till 31st March 2019, Rs.9,119 crore has been recovered by the Custodian, out of which, Rs.6,339 crore has been distributed to Income Tax Department, Banks etc. and Rs. 712 crore is available in cash, the rest are mainly in shares and properties.

Out of a total of 23.25 crore attached shares, 16.44 crore shares have been sold and a sum of Rs.3,338.19 crore realized. Of the remaining 6.81 crore shares with current value of Rs.1,885 crore, 5.28 crore are traded shares and 1.53 crore are untraded shares. A total of 185 immovable properties of notified parties had been attached by the Custodian, out of which, 149 have been disposed, to realize a value of Rs. 173 crore. Rs. 6.49 crore has been realized by sale of jewellery items through Customs department / SBI. Cash balance in the attached accounts and fixed deposits of notified parties as on 31st March, 2019 is Rs. 712 crores.

12.4.2. Performance

- 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 of PSBs/PSICs/FIs is undertaken in this Department at appropriate intervals.
- During the period of 01.01.2018 to 31.03.2019 a total no. of 13 CVOs have been appointed in PSBs/PSICs/FIs.
- Instructions have been issued from time to time as and when any gap in the system is observed to strengthen the preventive vigilance in these organisations.

The Vigilance Awareness Week was observed from 29.10.2018 to 03.11.2018. A pledge was administered by the Secretary (Financial Services) on 29.10.2018 to the officers of the Department.

12.5 Audit Paras

A Summary of Audit observations made available by the Office of C&AG pertaining to DFS is at **Annexure III.**

Department of Financial Services

Annexure-I																	
Group-wise Representation - SCs, STs and OBCs up to 31.12.2018																	
(Data Source - Public Sector Banks/Public Financial Institutions/Public Sector Insurance Companies/RBI/PFRDA/IRDA)																	
Sl. No	Group	Number of Employees (as on 31.12.2017)			Number of appointments/promotions made during the calendar year 2018 (i.e. 01.01.2018 to 31.12.2018)												
		Total	SCs	STs	OBCs	Appointment by Direct Recruitment			Appointment by Other Methods			Promotions					
		Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	Group-A	461714	83091	35846	87593	11299	1690	795	3359	5754	741	328	650	25556	4552	1814	3739
2	Group-B	26630	3957	1665	3827	5	0	1	1	0	0	0	0	14	1	1	0
3	Group-C	384683	70089	29344	79959	18697	3586	1586	4795	1118	248	73	55	4909	1113	393	522
4	Group-D (Excluding Safai Karam -charies)	115183	33672	7949	24210	1767	345	132	560	231	102	13	30	795	195	121	264
5	Group-D (Safai Karam -charies)	37401	17854	2807	8792	864	264	91	198	41	23	3	8	10	7	1	1
	Total	1025911	208663	77631	204381	32632	5885	2605	8933	7144	1114	417	743	31284	5868	2330	4546

Department of Financial Services

		Group-wise Representation of Persons with Disabilities upto 31.12.2018 (Data Source - Public Sector Banks/Public Financial Institutions/Public Sector Insurance Companies/RBI/PFRDA/IRDA)																				Annexure-II	
Sl. No.	Group	Number of Employees (as on 31.12.2017)										Number of appointments/promotions made during the calendar year 2018 (i.e. 01.01.2018 to 31.12.2018)											
		No. of vacancies reserved					No. of appointments made					No. of vacancies reserved					No. of appointments made						
		Total	VH	HH	OH	ID	VH	HH	OH	ID	VH	HH	OH	ID	VH	HH	OH	ID	VH	HH	OH	ID	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
1	Group-A	461714	1999	720	6273	0	244	173	190	24	211	56	186	3	20	210	29	0	79	24	231	0	
2	Group-B	26930	3	0	41	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	
3	Group-C	384683	2158	1188	5390	0	771	312	253	14	251	70	214	1	129	20	181	0	18	15	65	0	
4	Group-D (Excluding Safai Karam - charities)	115183	176	224	1179	0	30	27	12	0	12	9	41	0	1	1	2	0	0	2	8	0	
5	Group-D (Safai Karam - charities)	37401	83	116	425	0	59	13	7	0	1	5	24	0	0	0	0	0	0	0	0	0	
	Total	1025911	4419	2248	13308	0	1105	525	463	38	475	140	465	4	150	231	212	0	97	41	304	0	

Note: (i) VH stands for Visually Handicapped (persons suffering from blindness or law vision)
(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)
(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)
(iv) ID stands for Intellectual Disability

Department of Financial Services

Sl.No.	Year	No. of Paras /PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Para/PA reports on which ATNs are pending		
			No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to PAC
1.	2018-19	-	18	Nil	Nil

➤ 5 paras relate to Report No. 11 of 2018 (Compliance Audit Observations) and 11 paras relate to Report No.18 of 2018 (Compliance Audit) laid on the table of the Parliament on 07.08.2018.

➤ 7 paras relate to 125th Report of 16th Lok Sabha of PAC (2018-19) laid on the table of the Parliament on 19.12.2018.

Sl.No.	Year	No. of Paras/PA reports on which ATNs have been submitted to PAC after vetting by Audit	Details of the Para/PA reports on which ATNs are pending		
			No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry	No. of ATNs which have been finally vetted by Audit but have not been submitted by the Ministry to PAC
1.	2011-12	3	Nil	Nil	Nil
2..	2013-14	5	Nil	3	Nil
3.	2014-15	3	Nil	1	Nil
4.	2015-16	7	Nil	1	Nil
5.	2016-17	2	5	2	Nil
6.	2017-18	2	Nil	1	9

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