Chapter - V

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: appointment of Workmen Employee Directors, appointment of Part Time Non Official Directors and Officer Employee Directors of PSBs. Nomination of Directors on the Board of PSBs.

1.2 Banking Operation-II (BO-II)

Administration of all Acts/Regulations/Rules related to Financial Systems like the Negotiable Instruments Act, 1881, the Chit Funds Act, 1982 and the Price Chits and Money Circulation Schemes (Banning) Act, 1978, etc., Banning of Unregulated Deposit Scheme Act, 2019. Deposit Insurance and Credit Guarantee Corporation (DICGC), Act, 1961. Payment and Settlement System Act, 2007. Factoring Regulation Act, 2011.

State Legislations – Protection of Interest of Depositors Acts of State Governments. Matters relating to Multi-level Marketing and Ponzi Schemes. Setting up of IFSC – GIFT. International Relations (Banking) / Bilateral issues. International Cooperation in. WTO, RCEP, JCCII and CEPAs/CECAs/FTAs of India with bilateral and multilateral partners. Matters relating to Financial Sector Development Council and its Sub-committees. Matters relating to Central Economic Intelligence Bureau (CEIB). Matters relating to office of Court Liquidator, Kolkata. Work relating to Government Agency Business. Financial Action Task Force (FATF). Setting up of Currency Chest by banks in border districts (within 80 KMs of International Border). Rationalization of Bank Holidays / declaration of bank holidays under section 25 of the Negotiable Instruments Act, 1881. Know Your Customer (KYC) matters – AML and CFT matters

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. Banking Ombudsman. Coordination of PRAGATI meetings.

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. 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. Laying of annual reports and audit reports etc., of PSBs in Parliament

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. 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. Insolvency Bankruptcy Code (IBC). Overseas branches of Indian banks.

1.6 Agriculture Credit (AC)

Credit flow to Agriculture and allied sectors. Agricultural Debt Waiver and Debt Relief Scheme, 2008. Matters relating to NABARD (except pension matters), Agriculture Finance Corporation(except Service matters), State Legislations on the subject, Co-operative Banks (including Urban Co-operative Banks), external aided projects relating to rural/agriculture credit, appeals made by co-operative banks, financial assistance to persons affected by natural calamities, riots disturbances, etc. Bank credit to KVIC, handloom and handicraft sector. Citizen Charter of NABARD. Appointment of CMDs & Directors of NABARD. Kisan Credit Card (KCC) Scheme. Secretarial assistance to the designated appellate authority in regard to appeal by Urban Cooperative banks against cancellation of license by RBI.

1.7 Regional Rural Banks (RRB)

Legislative matters with regard to RRB Act, 1976 and framing of rules there under. Nomination of non-official directors on the Board of RRB, appointment of Chairman, Recommendation of RRBs, review of performance of RRBs, wage revision, manpower planning. Laying of Annual Reports of all RRBs along with review thereof. Formation of Staff Service Regulation and Promotion Rules for employees and officers of RRBs, IR matters of RRBs. Citizen's Charter of RRBs.

Priority Sector Lending, Micro Finance and other related matters which includes lending to weaker sections including SC/ST, PM's New 15 Point Programme for the Welfare of Minorities, Credit to minorities, Follow up action of Select Parameters recommended by Sachar Committee, DRI Scheme.

1.8 Financial Inclusion (FI)

Work relating to financial inclusion, coordination with other sections, offices, institutions etc. on Financial inclusion. Branch expansion of banks. Lead Bank Scheme and Service Area Approach. District and State Level Bankers' Committee (SLBC). Regional imbalances of banking network, matters related to Business Correspondents/Business Facilitators, Mobile Banking etc., matters relating to e-Governance in all FIs and e-Payments in banking system and computerisation of PSBs. Matters relating to Payment Regulatory Board (PRB) constitution and matters related to PRB. Matters relating to Minimum deposit balance, cash handling & 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 (PMJDY), Mission Office. All matters related to Stand Up India (SUI).

1.9 Industrial Relations (IR)

Service matters of PSBs including IDBI/ RBI, Pension matters of NABARD. 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.)

Organisation of FM's meetings with CEOs of PSBs and regional consultative committee meetings. Staff Meeting of Secretary (FS)/ Senior Officers Meeting (SOM). Monitoring & Review of disposal of VIP references, PMO references, coordination of RBI pending matters. Parliament Questions regarding VIP references. Monthly DO letter to Cabinet Secretary from Secretary (FS). Appointment of CPIOs, ACPIOs, AA and Nodal Section for RTI matters of DFS and to deal with CIC for Annual Report etc. Updation of Induction Material for DFS; Co-ordination of VIP, PMO, President-Secretariat 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)

Housekeeping/Security matters, 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. Maintenance of furniture and electricity items. Logistic support for arranging farewell of staff of DFS. Providing of Identity Cards to the Staff of DFS and CMDs/EDs/PROs of Public Sector Banks/Financial Institutions/Insurance companies, etc.

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. Keeping track and record of pending Assurances, Special Mentions and References under 377 and other matters as mentioned in the Induction Material. Presidential address to the Joint Session of Parliament. Compilation and submission of material for Parliament Questions to other Ministries/ Departments. Parliamentary Committee Matters

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)

Matters relating to recruitment, promotion and welfare measures of SC/ST/OBC/ PH and Ex-servicemen in Public Sector Banks/Financial Institutions and Public Sector Insurance Companies (PSBs/FIs/PSICs). Matter of policy regarding reservation for these categories in PSBs/FIs/PSICs, reservation matters in RRBs etc. Inspection/examination of Reservation Roster for SCs/ STs/OBCs in PSBs/FIs/PSICs.

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), Speeches of FM/MOS on different occasions. Audit Paras. UN e-Government Index & Digital Services. Work related to committee of Financial Sector Statistics. Coordination of budget proposals of DFS. Matters related to Budget Announcements, Output-outcome Monitoring Framework. Sustainable Development Goals – Indicators pertaining to DFS.

1.17 Industrial Finance-I(IF-I)

Administration of the Export-Import Bank Act-1981 and Scheme for financing Viable Infrastructure Projects (SIFTI) of IIFCL, Operational/Policy/Budgetary matters relating to Exim Bank and IIFCL**.** Matters related to IFCI Ltd, IDFC Ltd, Winding up matter related of IIBI Ltd, and other related matters. Board level appointments-Whole Time Directors- IIFCL, EXIM, IFCI Ltd and their personnel matters**.** Government Nominee Directors-EXIM Bank, IIFCL, IFCI Ltd. and IDFC Ltd. Non-Official Directors/ Independent Director in -EXIM Bank, IIFCL and IFCI Ltd. Sector-specific matters like infrastructure, power, textiles, exports; steel, telecom, road, shipping (added) etc. matters related to sectoral issues. Laying of annual reports of IIFCL, EXIM Bank, IFCI Ltd and Liquidator's report of IIBI Ltd. before the Parliament. Matters related to Ratnagiri Gas and Power Pvt. Ltd (RGPPL). Citizen's Charter of EXIM Bank and IIFCL. All matters related to resolution and registration issues of Asset Reconstruction Company (ARC) and to track the activities of the ARCs. All matters related to National Investment and Infrastructure Fund. Appointment of Statutory Auditor pertaining to DFS in EXIM Bank. Media and Publicity related matters of DFS. Project Monitoring Group (PMG) Meeting. Partial Credit Guarantee Scheme (PCGS).

1.18 Industrial Finance-II (IF-II)

Administration of National Housing Bank Act, 1987. Administration of Small Industries Development Bank of India Act. Administration of State Financial Corporation Act. Operational, Policy and Budgetary matter relating to SIDBI and NHB. Matters relating to NHB and Housing finance. Matters relating to winding up of BIFR & AAIFR. Matters related to credit to Micro, Small and Medium Enterprises (MSMEs), TreDS National Credit Guarantee Trustee Company (NCGTC)**,** Credit Guarantee Fund for Micro and Small Enterprises, CGFMU, CGFSI, CGFF, Credit Guarantee Scheme and other related matters on the subject. Citizens Charter of NHB and SIDBI. All matters related to Educational Loans including Vidyalakshmi Portal, Credit aspects of Govt. Sponsored Schemes-PMEGP, Education, employment generation scheme of SJSRY, SGSY and other poverty alleviation programmes and other related matters. Appointment and all personnel matters of Whole Time Director in SIDBI and NHB. Appointment of Non Official/ Independent Directors and Government Nominee Directors in SIDBI and NHB. Laying of annual reports of SIDBI and NHB before the parliament. All matters related to Pradhan Mantri Mudra Yojana (PMMY) and MUDRA Ltd. Matter related to psbloansin59minutes portal. Matters related to Micro Finance Institutions and Legislation thereon, Self Help Groups as well as NABARD's Micro Finance, etc.

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 and Insurance

Companies PFRDA and IRDAI/RBI. Inquiry into complaints against GMs/EDs and CMDs of PSBs/FIs/ PSICs/PFRDA and IRDAI/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. Vigilance clearance, sanction of prosecution and any other matter of Board level appointees of PSBs, FIs, PSICs, PFRDA, IRDA and RBI. Vigilance matters of Officials in DFS, Officers of Office of Custodian and Government Officials in DRTs/DRATs. Joint Parliamentary Committee (JPC) (which enquired into irregularities in securities transactions). Disciplinary action against bank employees/executives involved in irregularities in securities transactions. Establishment matters relating to Special Courts/Office of the Custodian. All issues pertaining to continuation of posts, budget matters of the O/o Custodian and Special Court including extension of the O/o Custodian and appointment of Custodian.

1.20 Debts Recovery Tribunals (DRT)

Establishment of DRTs/DRATs under the Recovery of Debts due to Banks and Financial Institutions Act, 1993. Administration of Recovery of Debts and Bankruptcy (RDB) Act, framing or amending rules for implementing of the provisions of the Act. Filling up of the posts of Chairpersons, Presiding Officers, Registrars, Assistant Registrars, Recovery officers, and other posts in DRTs/DRATs. Issuing clarifications/guidelines etc. on administrative matters/review. Progress and disposal of cases by DRT/DRATs. Budget provisions, monitoring, etc relating to DRTs/DRATs. Administration of SARFAESI Act, appointment of Registrar/MD & CEO, CERSAI, ease of doing business agenda- flowing from recent amendments. CKYC matters under Prevention of Money Laundering Act, 2002. Policy matters relating to Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI), a PSU, including the Central Registry under the SARFAESI Act, 2002

1.21 Insurance-I (Ins.-I)

Administration of LIC Act, 1956, Administration of IRDA Act, 1999, LIC Business -Review of the performance of LIC, Laying of Reports of LIC in Parliament, Opening/ winding up of branches of LIC in India. Appointment of Auditors for LIC. Administration of PP Act in LIC and references relating to Estate matters in LIC. Foreign operations/ subsidiaries of LIC. References on Social Security Schemes and other life insurance schemes. Review of performance and making budgetary provisions for various GOI funded schemes such as Janashree Bima Yojana, Shiksha Sahayog Yojana, Varishatha Bima Yojana and Framing rules and Implementation of social security schemes viz. PMJJBY & PMSBY. Convergence of life and personal accident insurance schemes to PMJJBY & PMSBY. Managing Mission Office for monitoring & implementation of PMJJBY & PMSBY. All Government sponsored/ supported schemes in insurance except crop insurance schemes. Senior Citizens' Welfare Fund. Other Social Security Group Insurance Schemes under LIC. Central Government Employees Group Insurance Scheme. Postal Life Insurance 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, Committee on Subordinate Legislation.

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/ tour 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 (LIC) - Service matters, rules and regulations, representations on service matters by employees in LIC, 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 LIC.

Institute of Actuaries of India - Administration of the Actuaries Act, 2006, Framing of Rules / regulations under the Actuaries Act 2006. Constitution of Quality Review Board, Appellate Authority, nominations on the council of IAI.

1.22 Insurance-II (Ins.-II)

Insurance Sector Reforms - All matters relating to reforms in insurance sector; Reforms related amendments to Insurance Act, 1938, GIBNA, 1972, Implementation of Law Commission Reports.

Appointments - Policy issues concerning selection of Chief Executives in the PSU insurance companies including AICL and GIC; 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. Opening and winding of branches of PSGICs. Service matter, rules and regulations of PSGICs, including GIC & AICIL

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. Party Administrators, Tariff Advisory Committee;; 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.

Grievances - Public grievances against services provided by Public Sector Insurance Companies including GIC, AICL and 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. Framing of rules, appointment and service matter related to Insurance Ombudsman.

Housekeeping - Care taking and maintenance of computers, furniture, photocopiers etc. in Insurance Division. I-card for staff and executives of Insurance Companies.

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. Matters related to IIISLA & NIA Pune. FDI in Insurance Sector. Matters related to crop insurance.

1.23 Pension Reforms (PR)

The administration of Pension Fund regulatory and Development Authority (PFRDA) Act, 2013, and administrative matters relating thereto viz. framing Rules and PFRDA Act, 2013 and appointments on the Board of PFRDA, CVO in PFRDA. Providing legislative and policy prescriptions to PFRDA.

Coordinating and introducing Pension Reforms. Introduction of National Pension System and extension of its coverage to State Governments and unorganised sector and implementation of the Co-Contributory Swavalamban Scheme. Atal Pension Yojna (APY). 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. Employees' Provident Fund Scheme.

1.24 IT Cell

Work related to the website, information technology, digitalization, Digital India initiative, liaison/ coordination with NIC, etc. Matters related to Cyber Security and e-office.

1.25 GST Cell

Overseas preparedness of all institutions under DFS to implement GST, to provide inputs to the " Banking, Financial and Insurance" Sectoral Group with reference to GST. Other matters related to coordination, rollout and implementation of GST w.r.t institutions under administrative control of DFS etc.

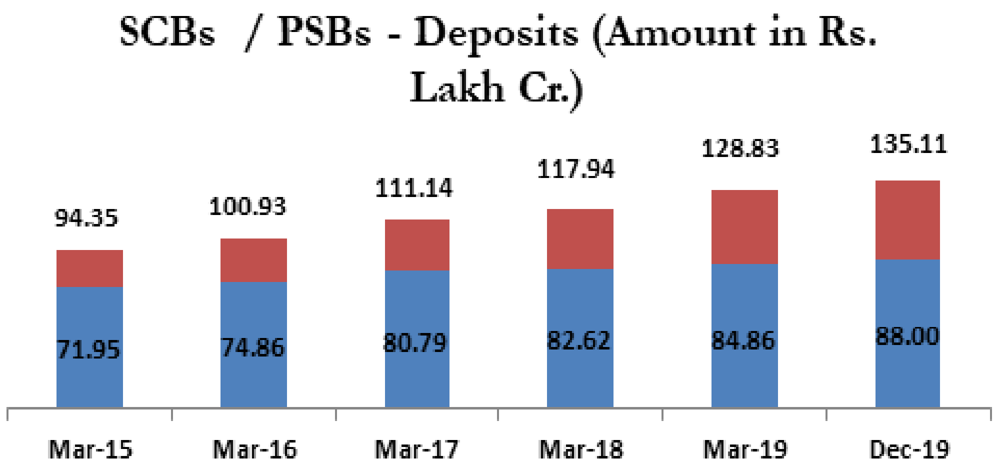
1.26 Surplus Cell

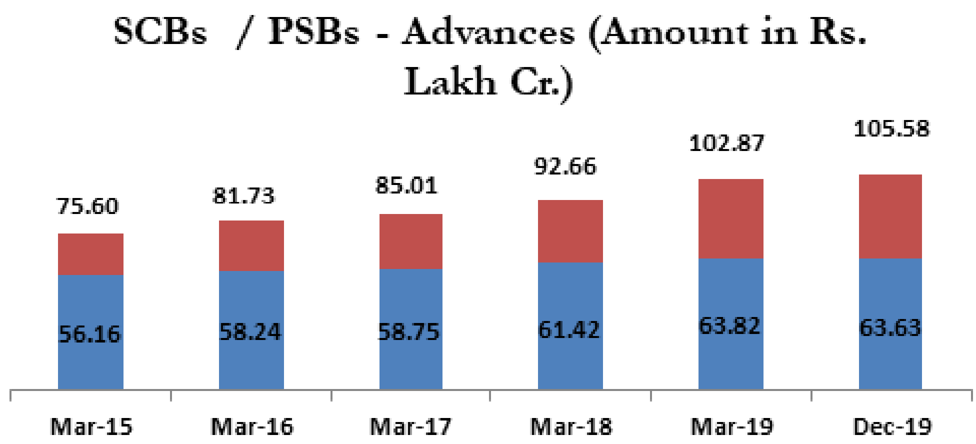
All service matters and day-to-day administrative matters related to surplus staff of AAIFR & BIFR including their redeployment, consultation with DoPT, handling of court cases of surplus staff. RTI and personal matters of surplus staff such as leave, retrial benefits, perks & allowances etc.

Performance and Significant Developments

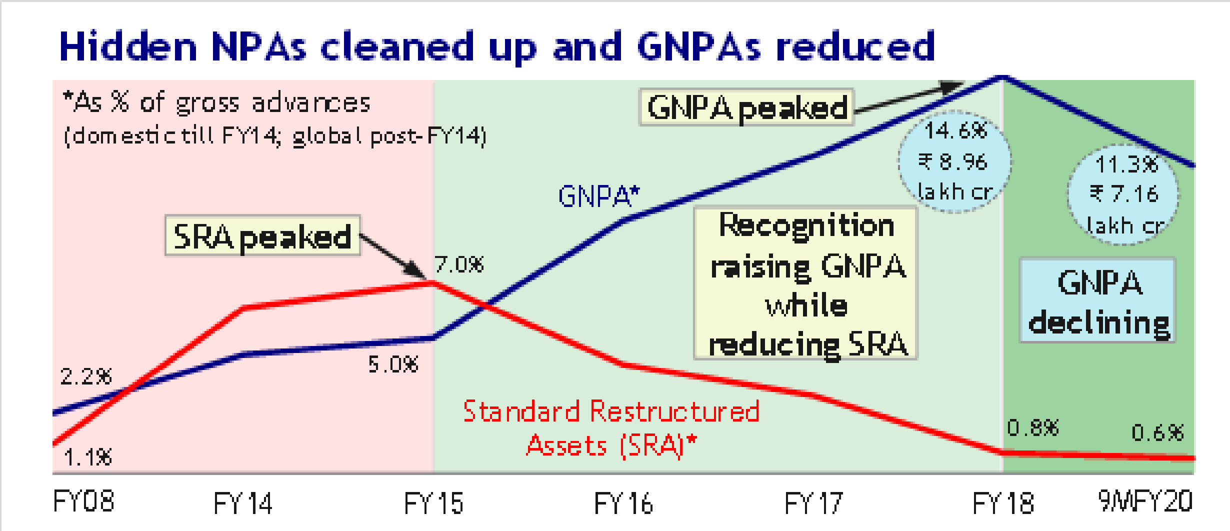
2. Overview of banking

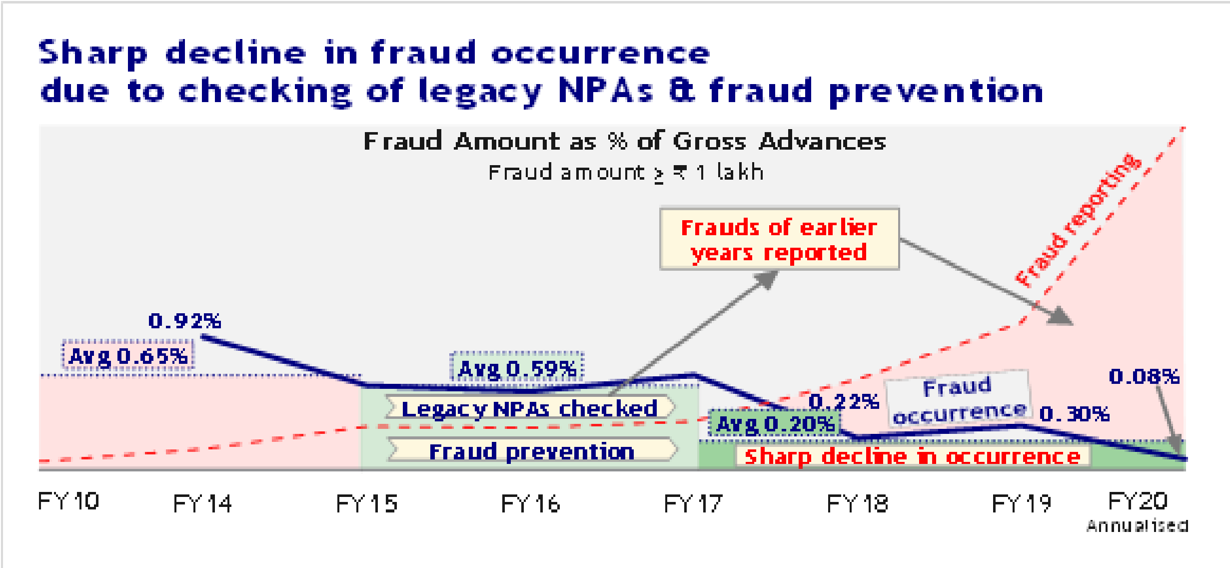
PSBs are the mainstay of the Indian banking industry. PSBs and PSB-sponsored Regional Rural Banks (RRBs) have dominant market presence and constitute the major proportion of the bank network of Scheduled Commercial Banks (SCBs), particularly in rural and semi-urban areas. PSBs play an important role in fuelling investment needed for the country's economic development, with a share of over 65 percent of SCBs' deposits and 60 percent of their outstanding credit, as on 31.12.2019. In absolute terms, PSBs have a total deposit of Rs.88 lakh crore and total advances amounting to Rs.63.63 lakh crore, as on 31.12.2019.





Public Sector Banks (PSBs) in India have played a pivotal role in transforming the Indian economy from one characterised by low savings and credit-to-GDP rates of 11.2% and 12.2% respectively at the time of bank nationalisation to current levels of 29.4% and 56.0% respectively, powering India's growth story. However, over the first half of the last decade, they witnessed excessive build-up of stress in their loan portfolios, although this remained hidden till transparent recognition of stressed loans as NPA began in 2015. Owing, *inter alia*, to aggressive lending and frauds (with credit growth averaging 18% and fraud incidence averaging 0.65% of advances between FY 2009-10 and FY 2013-14), lack of robust lending practices, wilful defaults, and misconduct in certain cases, the total stressed assets of PSBs rose to 12.0% by March 2015. With recognition of stress since 2015 and progressive withdrawal till early 2018 of restructuring schemes that enabled stress to remain hidden, the adverse impact of the hidden stress on key financials became manifest. Clean-up began with transparent recognition of stressed assets as NPAs, issuance of a proactive fraud detection framework for high-value loans and recapitalization under Indradhanush in 2015, followed by fundamental reform in recovery through IBC in 2016.



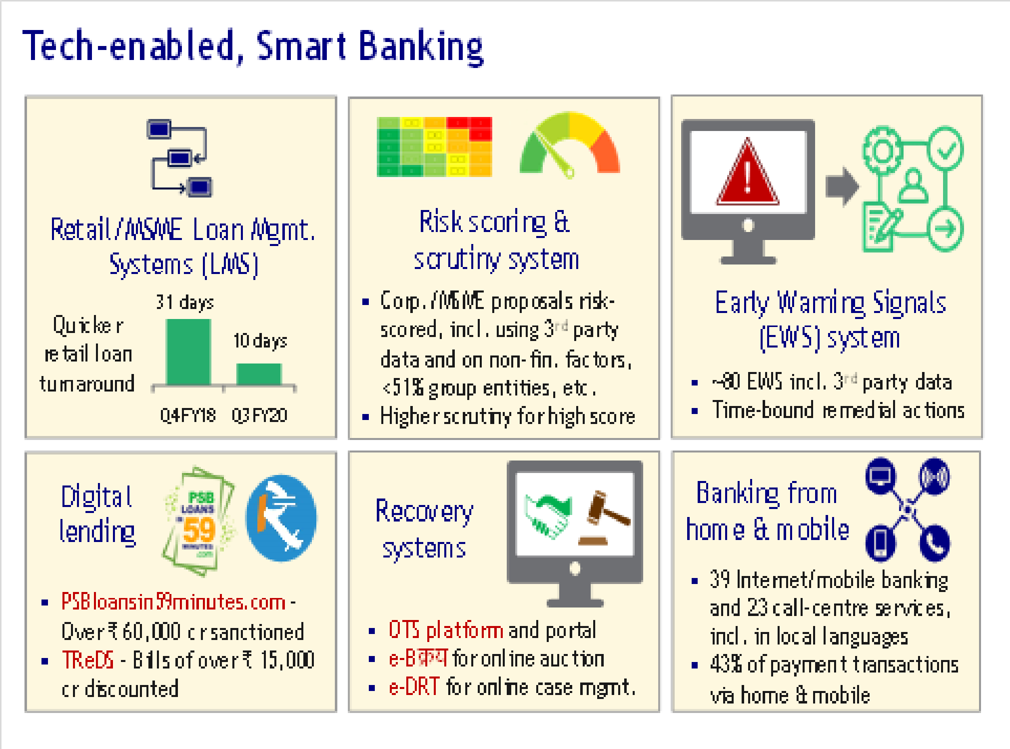


2.1 Comprehensive banking reforms

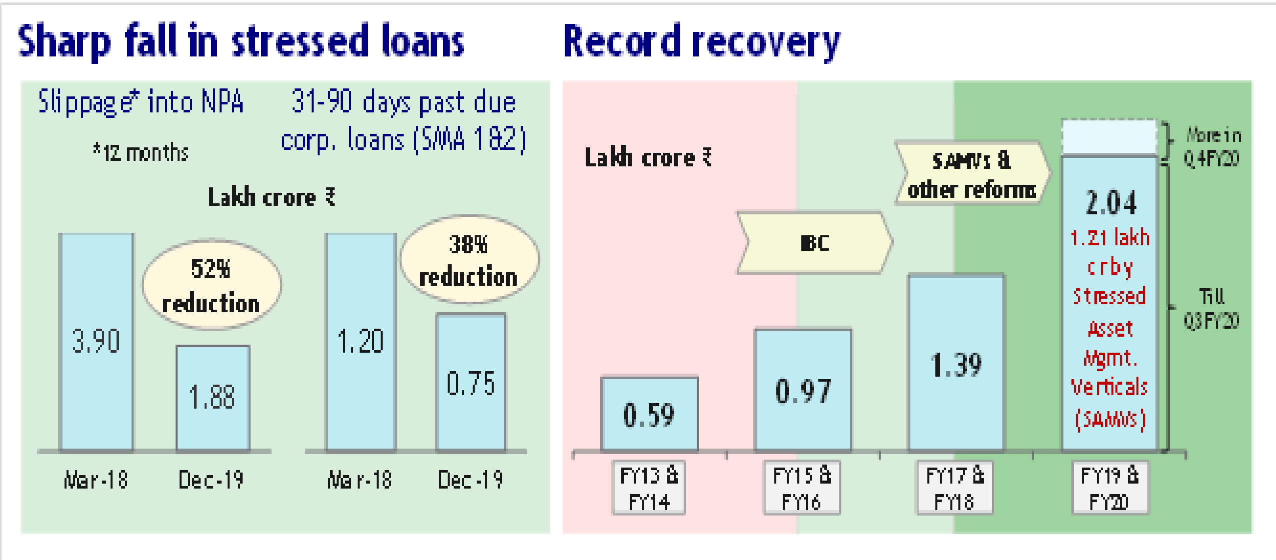
With the extent of legacy bad loans becoming fully known by FY 2017-18, Government initiated comprehensive reforms in PSBs. For this, it announced an unprecedented 2.11 lakh crore recapitalisation in October 2017, through infusion of capital by the Government and raising of capital by banks from the markets. In the budget for FY 2019-20, Rs. 70,000 crore was provided for capital infusion in banks, of which Rs. 69,169 crore has been infused, including Rs. 4,557 crore in IDBI Bank Limited which was recategorised as private sector bank by RBI w.e.f. 27.1.2019. Till date, Government has infused Rs.2.63 lakh crore in PSBs since October 2017 and an additional amount of Rs.79,505 crore has been mobilised by banks from FY 2017-18 till December 2019. Thus, PSBs including IDBI Bank Limited have been recapitalised to the tune of Rs.4.07 lakh crore since March 2014.

A PSB Reforms Agenda in January 2018 for publically reported, independently measured and benchmarked reforms was pursued through a unique Enhanced Access & Service Excellence (EASE) Reforms Index that enabled objective and benchmarked progress on all key areas in PSBs — *viz.*, governance, prudential lending, risk management, technology- and data-driven banking, and outcome-centric HR.

Root causes of weaknesses in PSBs have been systematically addressed through the annual EASE Reforms Index for FY 19 and FY 20 (EASE 1.0 and EASE 2.0). These have equipped Boards and leadership for effective governance, instituted risk appetite frameworks, created technology and data-driven risk assessment and prudential underwriting and pricing systems, set up loan management systems for faster processing and tracking, introduced Early Warning Signals (EWS) systems and specialised monitoring for time-bound action in respect of stress, put in place focussed recovery arrangements, and established outcome-centric HR systems.



Building on earlier governance reforms in terms of arm's length selection of top bank management through Banks Board Bureau and introduction of non-executive chairpersons, during the year Government widened the talent pool for such selections, empowered bank Boards, strengthened the Board committees system, enhanced effectiveness of non-official directors, and initiated leadership development and asked bank Boards to institute succession planning for the senior executives. In larger nationalised banks, Executive Director strength has been increased and Boards empowered to introduce Chief General Manager level to cater to increased business.



Stressed assets management verticals for focused slippage prevention and recovery in large-value stressed loans have been set up. There has been sharp fall in stressed loans.PSBs have adopted tech-enabled, smart banking in all areas, setting up retail and MSME Loan Management Systems for reduced loan turnaround time, PSBloansin59 minutes.com and TReDS for digital lending, and OTS platforms and e-Bक्रय stressed assets auction platform for effective recovery.

Governance reforms

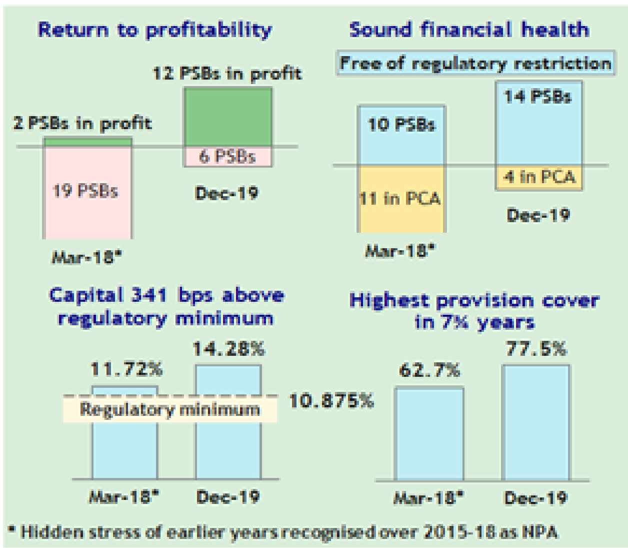
Selection of top management not done independently	Selection at arm's length through Banks Board Bureau	✓
MD being Chairman weakened Board oversight	Non-executive Chairman introduced	✓
MD selection from within banks of same category	Pool for MD selection widened and market recruitment introduced	✓
No change in organisational structure despite increase in business and operation and technological complexity	Boards afforded flexibility for change in organisational structure with additional Executive Director (ED), introduction of CGMs and market recruitment of CRO	✓
MDs and EDs appointed for full term without any performance review	Performance-based extensions of MDs and EDs	✓
No role to Board in appraising MD and ED performance	MD and ED performance appraisals entrusted to Boards	✓
Non-official directors (NODs) not made effective use of	NODs given role analogous to independent directors, and their training and peer-evaluation introduced	✓
Difficulties in working of the Board committee system	Board committees system rationalised and strengthened	✓
No succession planning or leadership development programme	Creation of leadership pipeline initiated, Boards to institute succession planning system with Individual Development Plans for senior executive positions	✓

2.2 **Turnaround in performance of PSBs**

Since the institution of comprehensive reform in the second half of FY 2017-18 following the completion of recognition of legacy stress as NPA, PSBs have returned to profitability with sound financial health and durable technology-enabled systems to prevent recurrence of past weaknesses. This is reflected in–

- Gross NPAs reducing from Rs.8.96 lakh crore (14.6%) in March 2018 to Rs.7.16 lakh crore (11.3%) in December 2019;
- Sharp decline in fraud amount by occurrence from 0.65% of advances during the period from FY 2009-10 to FY 2013-14, to 0.20% during the period from FY 2017-18 to FY 2019-20 (till December 2019);
- Record recovery of Rs.2.04 lakh crore in during the period from FY 2018-19 to FY 2019-20 (till December 2019);
- Reduction in the number of PSBs placed under RBI's Prompt Corrective Action framework from 11 to 4;
- As many as 12 PSBs reporting profits in the first 9 months of FY 2019-20, amounting to Rs. 508 crore;
- The Capital to Risk-weighted Assets Ratio (CRAR) being 341 basis points above the regulatory minimum of 10.875%, at 14.28% in December 2019; and
- The highest provision coverage ratio in 7¾ years at 77.5% in December 2019.

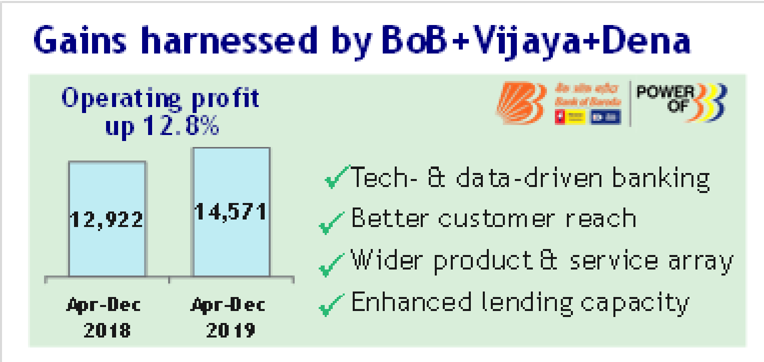
Robust PSBs



Thus, over the last five years, PSBs have not only cleaned up legacy stress and addressed underlying systemic weaknesses, but have emerged stronger as a result of comprehensive and institutionalised EASE reforms.

2.3 Amalgamation of Public Sector Banks

With reforms strengthening the banks and instituting robust systems across PSBs, the potential for inter-bank synergy and scale benefits has been harnessed through the merger of six banks into State Bank of India and amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank, which has significantly improved the operating efficiency of the consolidated banks.

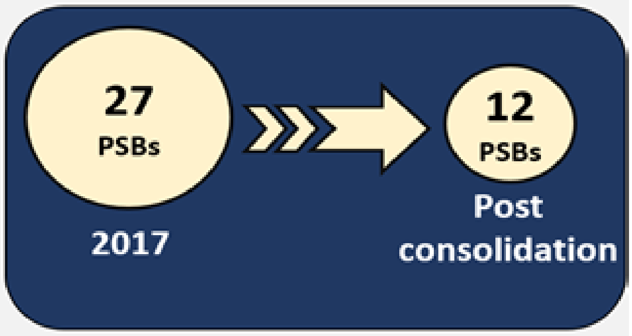


Government approved in-principle amalgamation of 10 PSBs into 4 PSBs. This would enable investments in technology, better customer reach, wider array of products and services, enhanced lending capacity and improved operating efficiency.

Anchor bank	Amalgamating bank(s)	Business size*	PSB rank by size	CBS
Punjab National Bank	Oriental Bank of Commerce United Bank of India	₹ 17.94 lakh cr.	2nd largest	Finacle
Canara Bank	Syndicate Bank	₹ 15.20 lakh cr.	4th largest	iFlex
Union Bank of India	Andhra Bank Corporation Bank	₹ 14.59 lakh cr.	5th largest	Finacle
Indian Bank	Allahabad Bank	₹ 8.08 lakh cr.	7th largest	BaNCS
SBI	Amalgamated earlier	₹ 52.05 lakh cr.		
Bank of Baroda	Amalgamated earlier	₹ 16.13 lakh cr.		

Bank	Business size*
Bank of India	₹ 9.03 lakh cr.
Central Bank of India	₹ 4.68 lakh cr.

Bank	Business size*
Indian Overseas Bank	₹ 3.75 lakh cr.
UCO Bank	₹ 3.17 lakh cr.
Bank of Maharashtra	₹ 2.34 lakh cr.
Punjab and Sind Bank	₹ 1.71 lakh cr.



* March 2019 financials

2.4 Measures taken to support credit

Following default in a large infrastructure non-banking financial company (NBFC) in September 2018, the growth of credit from the NBFC sector slowed down to 16.0% by September 2019 (as per RBI's Report on Trend and Progress of Banking in India 2018-19). To address credit concerns and facilitate lending, a number of steps have been taken, including, *inter alia,* the following:

(A) To address concerns related to credit default,—

(i) Overall positive liquidity has been maintained in the financial system.

(ii) The NBFC sector has received liquidity support through—

(a) National Housing Bank's Liquidity Infusion Facility (LIFt) for refinance to Housing Finance Companies (HFCs) for affordable housing;

(b) Substantial increase in credit extended by banks;

(c) Partial Credit Guarantee Scheme for purchase of high-rated pooled assets of NBFCs;

(d) Bank credit to NBFCs for on-lending being classified as priority sector; and

(e) Banks co-originating loans with NBFCs.

(iii) Financing for stalled housing projects in the affordable and middle-income housing sector has been enabled through an Alternate Investment Fund. NBFCs, including HFCs, are also eligible for such finance.

(iv) Mechanism for resolution of stress in NBFCs has been created by empowering RBI to take action in this regard through amendments effected to the Reserve Bank of India Act, 1934 and bringing NBFCs with asset size of Rs. 500 crore and above within the ambit of resolution under the Insolvency and Bankruptcy Code, 2016 (IBC).

(v) Concerns in lending to stressed entities in respect of which market perception regarding risk of credit default is higher have been addressed by improvements made in respect of resolution under IBC, in terms of—

(a) Protecting the primacy of secured creditors in realisation from secured assets;

(b) Bringing the resolution and bankruptcy of personal guarantors of corporate debtors within the ambit of the resolution process; and

(c) Ring-fencing resolved corporate debtor in favour of successful resolution applicant, from criminal proceedings against offences committed by previous management/ promoters.

(B) To address concerns related to incidents of fraud,—

(i) The Prevention of Corruption Act, 1988 has been amended to prohibit conduct of inquiry/ investigation of offences relatable to decision taken by public servant in discharge of functions, without previous approval of the authority competent to remove him.

(ii) An Advisory Board for Banking and Financial Frauds has been set up for distinguishing between commercial failure and criminal act in cases of suspected frauds over Rs. 50 crore, before initiation of investigation by the Central Bureau of Investigation.

(C) To facilitate and incentivise lending—

(i) By reduction in lending rates, for which—

(a) successive cuts were effected in the benchmark Repo rate since February 2019, resulting in the weighted average lending rate of banks on fresh loans reducing by 69 basis points till December 2019,

(b) fresh floating loans for retail and micro, small and medium enterprises (MSME) lending have been linked to an external benchmark rate, and

(c) RBI announced relief in the Cash Reserve Ratio requirement of banks on incremental outstanding loans for automobiles, residential housing and MSMEs between 31.1.2020 and 31.7.2020;

(ii) To MSMEs, measures taken include—

(a) introduction of a scheme for restructuring of loans,

(b) up to 25% enhancement by PSBs in existing working capital limits in standard MSME accounts,

(c) launch of an MSME Outreach Initiative by PSBs,

(d) online bill discounting via Trade Receivables electronic Discounting System (TReDS) platform, and

(e) time-bound in-principle approval on the PSBloansin59minutes.com platform;

(iii) For export, measures taken include—

(a) expanding the eligibility for classification of such credit as priority sector lending, and

(b) infusing capital in Exim Bank;

(iv) For retail, measures taken include—

(a) reduction in risk weight on consumer loans other than on credit cards, and

(b) introduction of in-principle approvals for retail lending through PSBloansin59minutes.com; and

(v) For infrastructure, equity support has been provided to India Infrastructure Finance Company Limited (IIFCL) to enable it to borrow and finance infrastructure projects.

2.5 Ensuring security of depositors

To ensure security of depositors across banks, insurance coverage for depositors in insured banks has been increased from Rs. 1 lakh to Rs. 5 lakh per depositor. Further, in the Budget speech on 1.2.2020, an announcement has been made regarding to amendments to the Banking Regulation Act. The aim is to protect the interests of depositors and strengthen cooperative banks by improving governance and oversight for sound banking through RBI, and by ensuring professionalism and enabling their access to capital.

3. Financial Inclusion

The Government initiated the National Mission for Financial Inclusion (NMFI), namely, Pradhan Mantri Jan Dhan Yojana (PMJDY) in August, 2014 to provide universal banking services for every unbanked household, based on the guiding principles of banking the unbanked, securing the unsecured, funding the unfunded and serving the 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 provide interoperable Aadhaar Enabled Payment System (AePS) banking services.

The strength of bank branches and ATMs has been augmented over the years. The number of bank branches, ATMs are as under:

Table1 : Number of bank branches of Scheduled Commercial Banks

AS ON	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
31.03.2015	45,068	34,965	22,232	23,386	125,651
31.03.2016	48,180	37,673	23,812	24,824	134,489
31.03.2017	49,790	39,121	24,860	25,898	139,669
31.03.2018	50,768	39,690	25,155	25,825	141,438
31.03.2019	51,566	41,154	26,106	26,491	145,317
30.06.2019	51,658	41,264	26,182	26,528	145,632

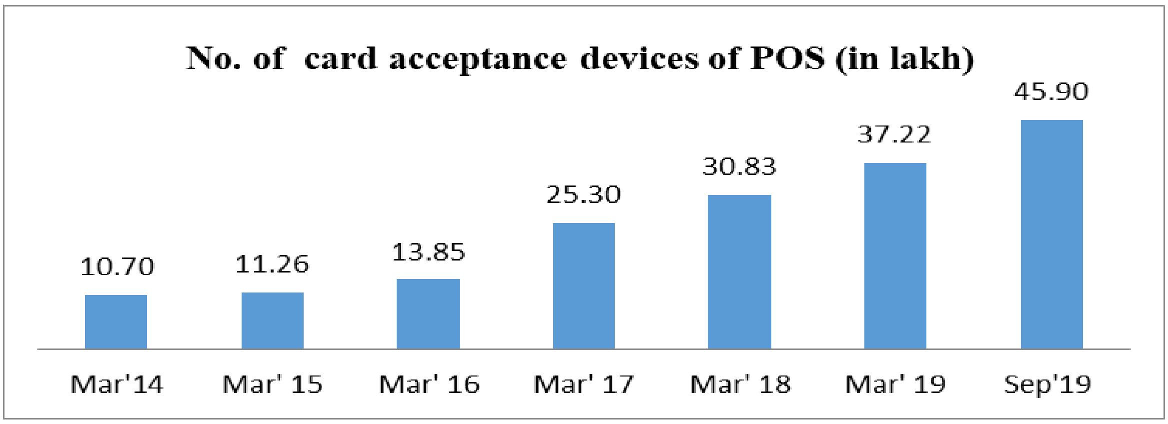
Source: RBI

Table2: 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#
31.03.2019#	115323#	106380	221703#
30.09.2019#	118467#	109419	227886#

Source: RBI *# includes ATMs deployed by White Label ATM Operators.*

The number of card acceptance devices of Point of Sale (POS) has increased from 10.7 lakh in March 2014 to 45.90 lakh in September 2019. The growth in the number over the years is given in the graph below.



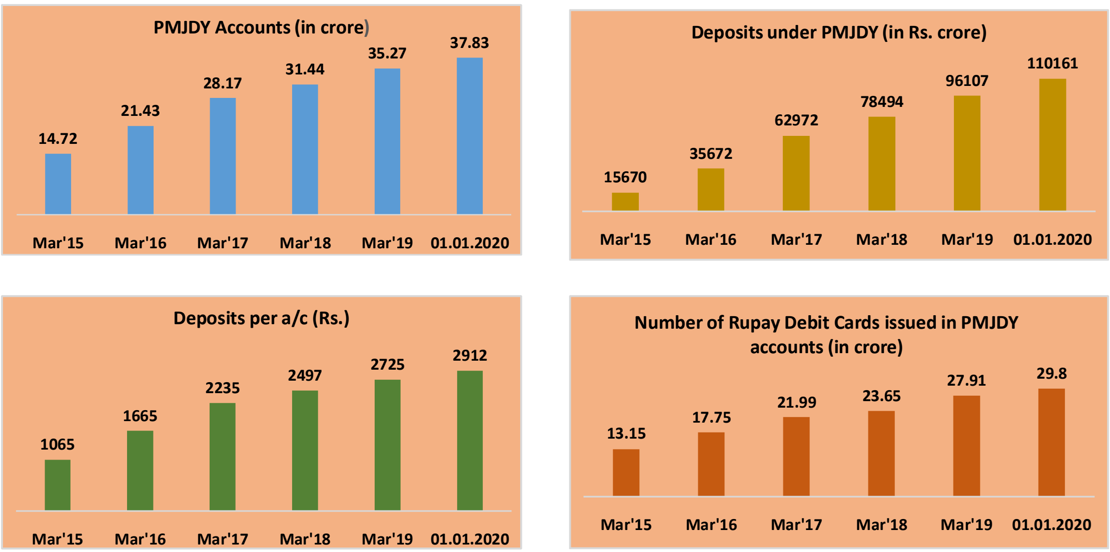
Source: RBI

3.2 Performance of PMJDY

The result of the consistent and coordinated efforts of the Government in respect of FI related interventions in the country is reflected in terms of 37.83 crore Jan-Dhan accounts opened till 01.01.2020 under PMJDY, with a deposit balance of over Rs.1,10,161 crore. While there are 53.31% women Jan-Dhan account holders, about 58.68% accounts are in rural and semi-urban areas. Approximately 29.80 crore RuPay cards, with an inbuilt accidental insurance coverage have also been provided to PMJDY account holders.

Major trends under PMJDY in terms of opening of accounts, deposit balance, average deposit balance, etc. over the time are as under:

PMJDY – Foundation of Financial Inclusion laid



3.2.1 RuPay Debit cards: 29.80 crore RuPay debit cards have been issued till 31.12.2019 to PMJDY account-holders. Apart from banking convenience, these cards come with an inbuilt accident insurance cover of Rs.2 lakh. As on 20.12.2019**,** a total 5,894 accidental claims under this RuPay card linked insurance coverage have been paid.

3.2.2 Overdraft facility for PMJDY account holders: An overdraft facility 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.

3.2.3 Rapid financial inclusion of women: Under PMJDY, accounts opened by women accounts constitute 53.31% of the total Jan Dhan accounts as on 01.01.2020.

3.2.4 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.2,912 as on 31.12.2019 with an overall balance in PMJDY accounts of Rs.1,10,161 crore.

3.2.5 Enablement of interoperable, speedy and accurate transactions, through linking of accounts with Aadhaar number: With 80.7% 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.

3.2.6 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” with added emphasis on usage of accounts by enhancing Direct benefit (DBT) flows through these accounts, adoption of social security schemes, promoting digital payments, etc. Some other modifications were also made to the existing schemes which are as follows:

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.

3.3 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 core PMJDY accounts are receiving Direct Benefit Transfers (DBTs) credits under various schemes of the Government. The Department is regularly monitoring the issue of rejection/failure cases under DBT on account of avoidable cases, as identified by National Payments Corporation of India (NPCI) with objective to minimise the failure rate so that eligible beneficiaries receive timely DBT credit.

3.4 Promotion of Aadhaar-based biometric authentication and digital payment solutions:

A digital revolution is in the making with more than 125 crore digital identity generated through Aadhaar; further, mobile seeding in bank account enables 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- Unified Payments Interface (UPI), Immediate Payment Service (IMPS), RuPay Debit card etc. in the financial year, 2019-20 (till November’19) which is illustrated as under:

i. UPI: there were 733 crore transactions amounting to Rs.12,840 crore.

ii. RuPay Debit card at POS and E-Commerce: there were 96 crore transactions amounting to Rs.1,136 crore.

iii. IMPS: there were 160 crore transactions amounting to Rs.14,933 crore.

Further, there were 56.26 crore inter-bank transactions through Aadhaar Enabled Payment System (AePS).

3.5. Jan Dhan Darshak, a mobile application, was launched in 2018 to provide a citizen centric platform for locating banking touch points such as bank branches, ATMs, Bank Mitras, Post Offices, etc. in the country. Over 6 lakh banking touchpoints have been mapped on the GIS App. The facilities under Jan Dhan Darshak App could be availed as per the need and convenience of common people. The web version of this application could be accessed at the link http://findmybank.gov.in. The Jan Dhan Darshak App is also being used for identification of unbanked inhabited villages not having a banking touch point through the GIS mapping facility available through this App and thereupon opening banking touch point within a distance of 5 km of the identified villages.

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 Pradhan Mantri Mudra Yojana (PMMY) launched on 8th April, 2015 and the Micro Units Development Finance Agency (MUDRA) Ltd. was established as a wholly owned subsidiary of SIDBI.

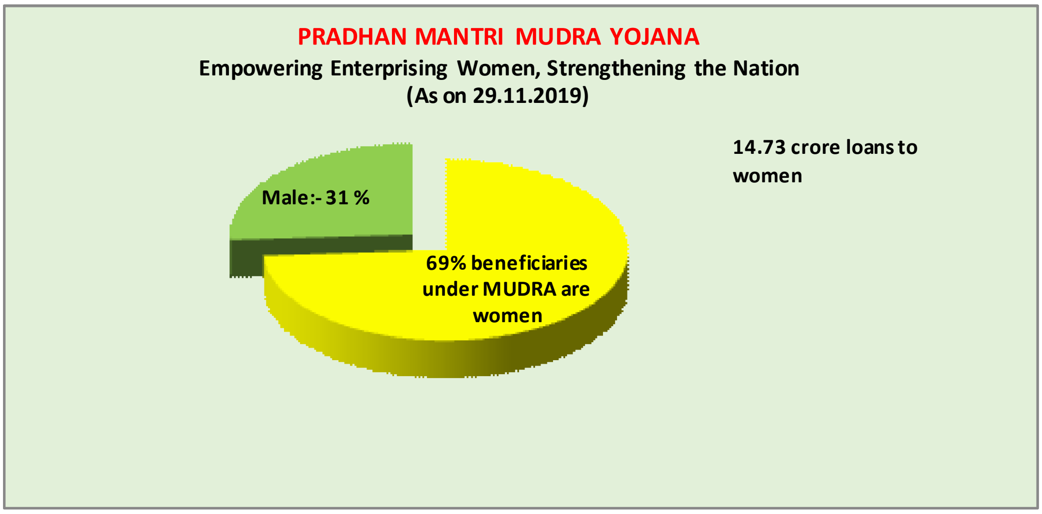
For achieving sustained expansion in the flow of credit to the non-corporate small business sector, loans up to Rs. 10 lakh without collateral are extended to borrowers under PMMY. These loans are extended through partner Member Lending Institutions (MLIs) – such as Scheduled Commercial Banks, Non-Banking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

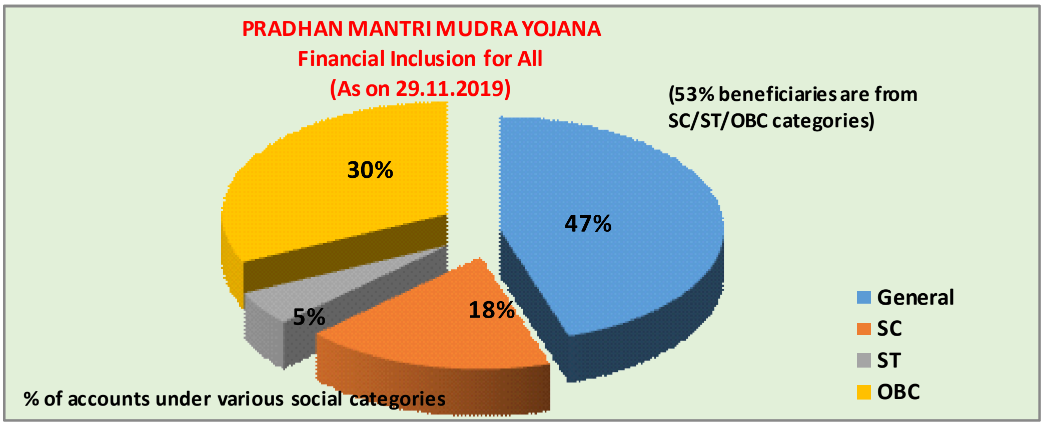
The loans under PMMY are categorized as Shishu (up to Rs.50,000), Kishore (Rs.50,000 to Rs.5 lakh) and Tarun (Rs.5 lakh to Rs.10 lakh). Activities allied to agriculture and services supporting these (excluding crop loans, land improvement such as canals, irrigation, wells) have also been included under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

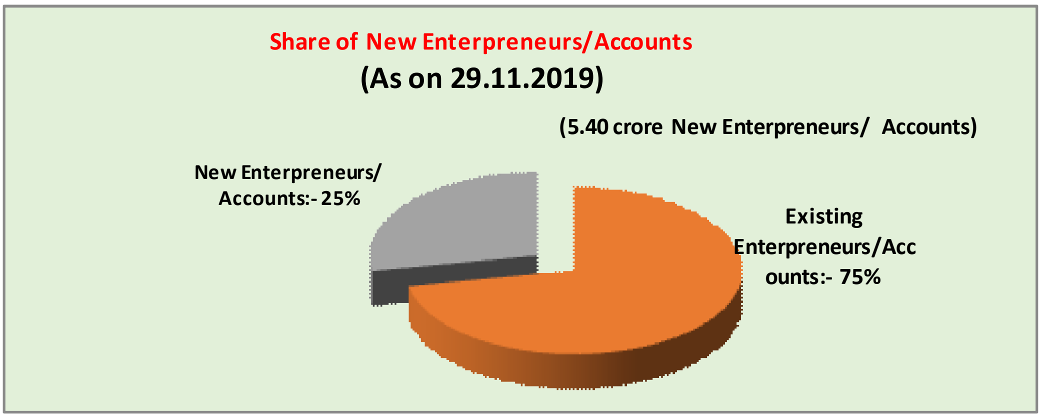
PMMY credit rose from Rs.1,37,449 crore in 2015-16 to Rs.3,21,722 crore in 2018-19. More than 18 crore loans were extended of which 89% loans were under SHISHU Category, 70% loans to Women & 52% loans to SC/ST/OBC. During 2019-20, till 27.12.2019, 3.33 crore loans were sanctioned amounting to Rs.1,69,374 crore. Since the inception of the scheme, 21.59 crore loans have been sanctioned amounting to Rs.10,62,750 crore.

Table3 : Pradhan Mantri Mudra Yojana (Year-wise data)

PMMY	2015-16	2016-17	2017-18	2018-19	2019-20 (till 27.12.2019)	Total (as on 27.12.2019)
No. of Accounts (in crore)	3.49	3.97	4.81	5.99	3.33	21.59
Loan Amount Sanctioned (Rs. in crore)	1,37,449	1,80,528	2,53,677	3,21,722	1,69,374	10,62,750







4.2 Stand Up India Scheme

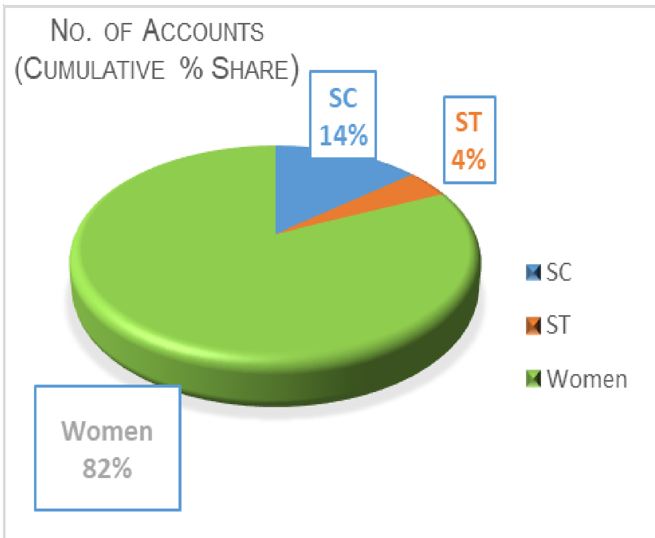
Government of India launched the Stand Up India scheme on 5th April, 2016. Stand Up India scheme aims to promote entrepreneurship amongst women, SC & ST category i.e those sections of the population understood to be facing significant hurdles due to lack of advice/ mentorship as well as inadequate and 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. The Scheme facilitates bank loans between Rs.10 lakh to 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.

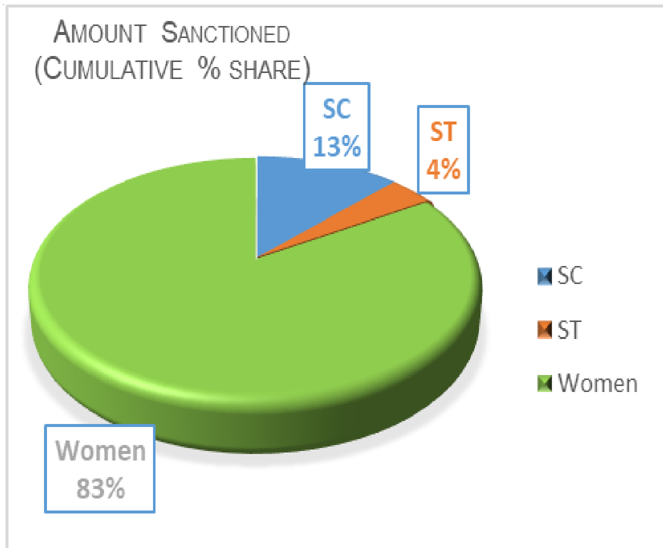
To extend collateral free coverage, Government of India has set up the Credit Guarantee Fund for Stand Up India (CGFSI). The scheme is built on the concept of providing handholding support to those borrowers who might have a project in mind but lack the confidence and capability to start a new enterprises. Apart from providing credit facility, Stand Up India Scheme also envisages extending handholding support to potential borrowers. It also provides for convergence with Central/State Government schemes. Applications under the scheme can also be made online, on the Stand Up India portal *(www.standupmitra.in)*.

The total number of SC/ST and Woman borrowers extended loans under Stand Up India scheme and the total sanctioned amount as on 31.12.2019 and since inception are tabulated below.

Table 4: Stand Up India as on 31.12.2019 (cumulative)

Performance under Stand Up India Scheme (Amount. in Rs. Crore)								
Date	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.
31.12.2019	12,271	2,509.26	3,561	755.66	70,808	16,186.58	86,640	1,9451.50





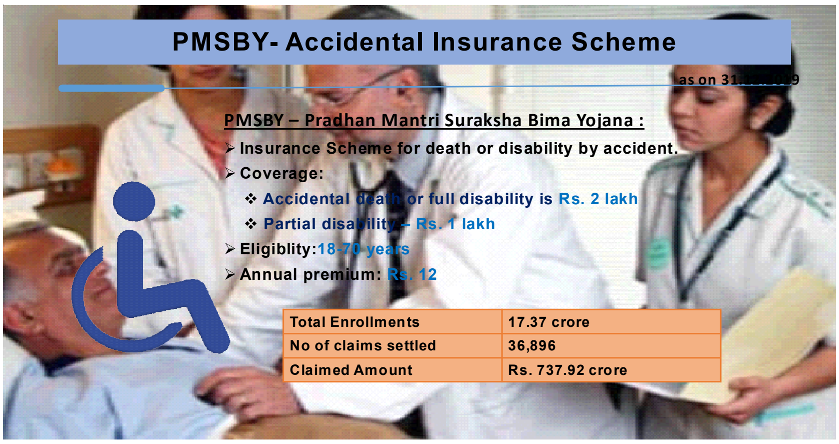
4.3 Social Security Schemes

In order to move towards creating a universal social security system for all Indians, especially 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 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. 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 instalment. 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 December, 2019 the gross enrolment by banks subject to verification of eligibility criteria is about 17.37 crore under PMSBY and 36,896 claims of Rs.737.92 crore have been disbursed.



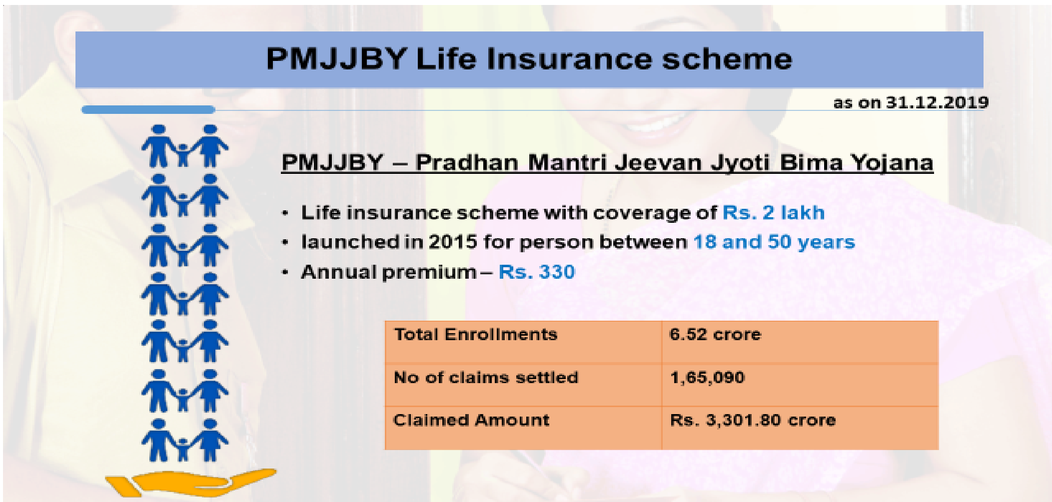
4.3.2 Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

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. 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 December 2019 the gross enrolment by banks, subject to verification of eligibility criteria, is about 6.52 crore people under PMJJBY; and 1,65,090 claims amounting to a total of Rs.3,301.80 Crore have been disbursed.



4.3.3 Atal Pension Yojana

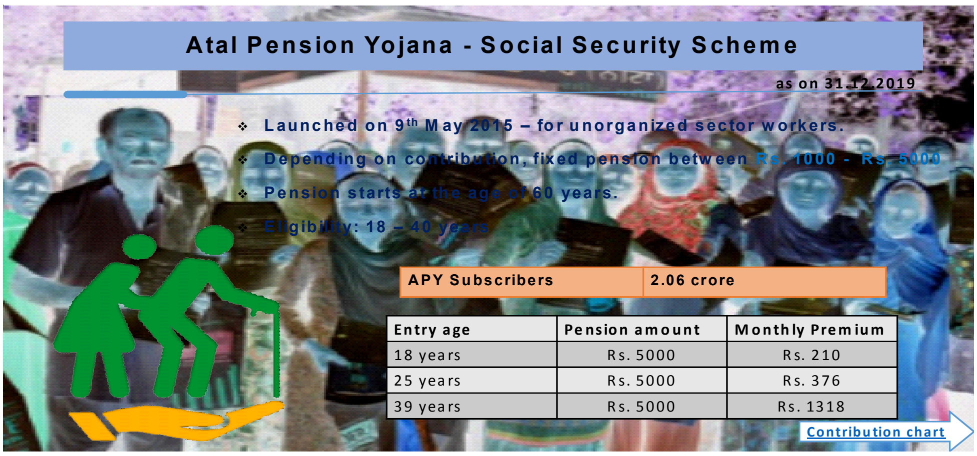
Atal Pension Yojana (APY) was launched by the Hon'ble Prime Minister on 9th May, 2015, and is being implemented with effect from 1st June, 2015. The Scheme aims to provide monthly pension to eligible subscribers not covered under any organized pension scheme. APY is open to all bank and post office account holders in the age group of 18 to 40 years. Under this Scheme, any subscriber can opt for a guaranteed pension of Rs.1,000 to Rs.5,000 (in multiples of Rs.1,000) receivable at the age of 60 years. The contributions to be made vary based on pension amount chosen and the age at time of enrolment. The key features of APY are as under:

- 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.1,000 or Rs.2,000 or Rs.3,000 or Rs.4,000 or Rs.5,000 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.1,000 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.

As on 31st December, 2019, the number of subscribers under APY is 2.06 Crore with contribution of Rs.8,818 crore uploaded by banks.

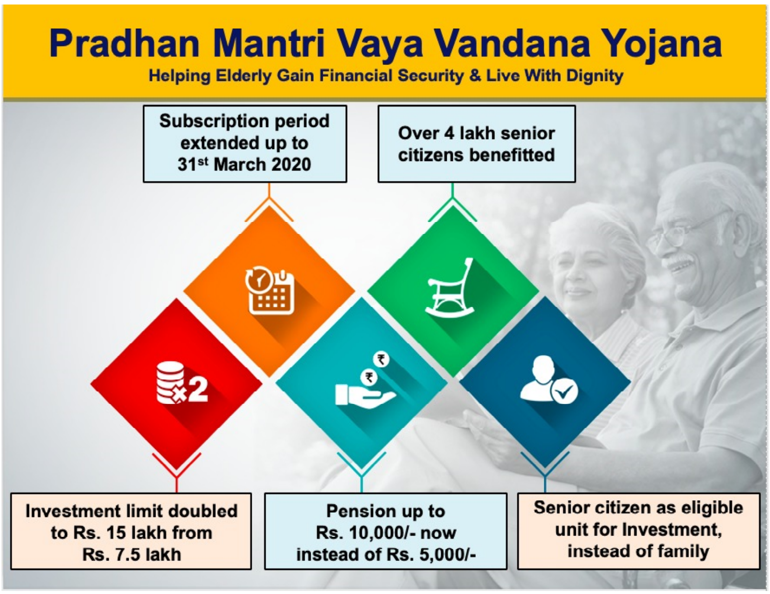


4.4 Pradhan Mantri Vaya Vandana Yojana

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 15.12.2019, a total number of 4,14,351 subscribers consisting corpus of Rs.32,356.78 Crore are being benefited under PMVVY.



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.

As against the annual target of Rs.11,00,000 crore for 2018-19, agriculture credit to the tune of Rs.12,56,829.62 crore was disbursed during 2018-19, registering 114.26 % achievement. As on 30th Sept 2019, Rs.7,05,417 crore was disbursed (Provisional) against annual target of 13,50,000 crore, registering 52.25 % achievement in the first six months.

5.1 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.

The facility of KCC along with interest subvention has been extended to Animal Husbandry farmers and Fisheries to help them meet their working capital requirements.

5.2 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 2019-20 (RIDF XXV). As against the allocation of Rs.28,000 crore made during 2019-20 for RIDF under Tranche XXV, sanctions to the tune of Rs.7,841.28 crore were accorded to various State Governments(Projected/estimated to be Rs.28,000 crore by 31 March 2020).

The aggregate allocation till 30 November 2019 has reached Rs.3,48,500 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.

5.3 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 2019-20**.** As on 30.11.2019, Rs.26,193.33 crore has been utilised out of STCRC (Refinance) Fund during 2019-20.

5.4 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 2019-20. As on 30.11.2019, Rs.4,991.04 crore has been utilised out of STRRB (Refinance) Fund during 2019-20.

5.5 Long Term Rural Credit Fund (LTRCF):

This fund has been set up for the purpose of providing long-term refinance support to Cooperative Banks and Regional Rural Banks for their lending towards investment activities in agriculture. Government has allocated Rs.15,000 crore to this fund during 2019-20. As on 30.11.2019, Rs.5,062.38 crore has been utilised out of LTRCF during 2019-20.

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.5,000 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 2019-20, equity support of Rs.1,500 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 Swatch Bharat Mission. Total paid up capital as on 30.11.2019 in respect of NABARD is Rs.14,080 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 Department of Water Resources, River Development and Ganga Rejuvenation, Ministry of Jal Shakti (earlier Ministry of Water Resources) has taken a major initiative to complete various stalled major/medium irrigation projects in the country, for which a Long Term Irrigation Fund (LTIF) was set up in NABARD. As on 30 November 2019, against the total estimated amount of Rs.77,908 crore for the 99 identified projects, NABARD sanctioned amounts to the tune of Rs.70,654.44 crore for 99 identified projects, Rs.6,381.54 crore for the Polavaram Irrigation project, Rs.1,378.61 crore for North Koel Reservoir Project, Rs.485.35 crore for Shahpurkandi Dam and Rs.826.17 crore for Relining of Sirhind and Rajasthan Feeder. The cumulative amount released against sanction of 99 identified projects stood at Rs.30,549.66 crore. Similarly for Polavaram Irrigation project, North Koel Reservoir Project and Shahpurkandi Dam Project, cumulative releases stood at Rs.5,814.15 crore, Rs.659.70 crore for and Rs.60.00 crore, respectively.

5.7.2 Pradhan Mantri AwaasYojana- 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 30th November 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 Jal Shakti (earlier 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 30 November 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

Revitalizing Regional Rural Banks (RRBs)

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

6.1 Branch Network of Regional Rural Banks

The number of branches of RRBs has increased from 21,747 as on 31st March, 2018 to 21,871 branches as on 31st March, 2019 covering 683 districts. During the year 2018-19, 124 new branches have been opened by RRBs. All branches of RRBs are on CBS Platform.

6.2 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%.

During 2019-20, as on 30th September 2019, Government of India has released recapitalisation assistance in respect of 3 RRBs. They are Madhyanchal Gramin Bank (Rs.35.5969 crore), Utkal Gramin Bank (Rs.103.6431 crore) and Odisha Gramin Bank (Rs.41.2 crore). It is worthwhile to mention that the recapitalisation assistance sanctioned by GoI is met by GoI, Sponsor Bank and the concerned State Government in the proportion 50:35:15.

6.3 Amalgamation of RRBs

With a view to enable Regional Rural Banks (RRBs) to minimize their overhead expenses, optimize the use of technology, enhance the capital base and area of operation and increase their exposure, a roadmap for amalgamation of RRBs within a state was prepared in consultation with NABARD. The roadmap proposes to bring down the number of RRBs to 38 from 56.

Government of India, in FY 2019-20, has carried out the amalgamation of RRBs within a state as per the roadmap proposed by NABARD, which has brought down the number of RRBs to 45 with effect from 1st April 2019 from the 53 RRBs which were present on 31st March 2019 by amalgamating 16 RRBs into 8 RRBs in seven States of Assam, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Tamil Nadu & Uttar Pradesh. Furthermore, amalgamation of Baroda Uttar Pradesh Gramin Bank, Kashi Gomti Samyut Gramin Bank and Purvanchal Gramin Bank in the state of Uttar Pradesh will be effecting from 1st April 2020 and shall be named as Baroda UP Bank.

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

6.4 Pension Scheme for Employees of RRBs

Consequent upon adoption of RRB Pension Scheme & Regulations 2018, by the Board of Directors of all RRBs and publication /notification of the Regulations in the Gazette of India, all RRBs have started the payment of pension to eligible pensioners/family pensioners.

6.5 Medium of examination for direct recruitment to certain levels in Regional Rural Bank

With a view to provide a level playing field and to expand employment possibilities for local youths, it has been decided that examination for direct recruitment of Officers (Scale-I) and Office Assistant (Multipurpose) in RRBs will be conducted in 13 regional languages in addition to English and Hindi. These 13 regional languages are Assamese, Bengali, Gujarati, Kannada, Konkani, Malayalam, Manipuri, Marathi, Oriya, Punjabi, Tamil, Telugu and Urdu. The candidates will, in addition to English and Hindi, also have the option to choose the regional language of the State that they have opted for, from among the above languages, as their medium of examination.This change has been implemented from the Mains examination of CRP RRB VIII (2019) onwards.

6.6 Financial Performance of RRBs

(Amount in Rs. crore)

	As on 31st March 2019	As on 30th September 2019
Owned Funds	32,141	33,003
Deposits	4,34,444	4,46,873
Loans & Advances	2,80,755	2,84,433
Non Performing Assets (NPAs)	30,317	31,819

6.6.1 Profitability & Accumulated Losses

During 2018-19, 39 RRBs earned profit of Rs. 1759 crore. However, 14 RRBs incurred losses during the year aggregating to Rs.2,411 crore. Therefore, RRBs as an entity incurred a net loss of Rs.652 crore during 2018-19 as against a net profit of Rs.1,501 crore earned during 2017-18.

The number of RRBs that had accumulated losses remained the same at 11 RRBs as on 31st March, 2019 as was the case on 31st March, 2018. The aggregate amount of accumulated losses of RRBs increased from Rs.1,866 crore as on 31st March, 2018 crore to Rs.2,887 crore as on as on 31st March, 2019.

7. Priority Sector Lending (PSL)

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 and foreign banks with more than 20 branches 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.

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 MSME Act, enterprises under both MSME Manufacturing and Services are classified as per respective investment under plant and machinery/ equipment. . Presently, bank loans to MSMEs engaged in services or manufacturing without any credit cap, are eligible for PSL classification.

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. 23,62,471 crore as on March 31, 2019, registering a growth of 7.4 per cent. Advances to agriculture by PSBs amounted Rs. 9,82,117 crore constituting 18.12 percent of ANBC, as on March 31, 2019. Whereas for the quarter ended September 2019 priority sector advances outstanding for public sector banks is Rs. 23,74,216 crore and agriculture outstanding is Rs. 10,04,074 crore.

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 to the 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 2017, March 2018, March 2019 and September 2019 is as under:

(Amount in Rs. crore)

As at the year ended	Amount outstanding	% to ANBC
March 2017	6,00,841.08	11.27
March 2018	6,08,318.12	11.36
March 2019	6,39,874.74	11.29
September 2019	7,01,317.02	12.24

In order to ensure smooth flow of credit facilities to Minority Communities, Reserve Bank of India issued a Master Circular dated July 1, 2019 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. 3,84,680 crore which is 11.73% 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.1,42,645 crore which is 17.39% 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 reported by PSBs, as on March 31, 2019, the amount outstanding towards credit to women was Rs.5,37,139.51 crore, forming 10.40 per cent of ANBC of public sector banks. The Insurance Companies provide various insurance products exclusively for women e.g. Bhagyashree Child Welfare policy, Mother Teresa Women & Children Policy, Mahila Suraksha Bima Policy, Sakhi-Tata AIG maternal care, New India Asha Kiran Policy, SBI Life Dhanrashi Insurance Scheme (Ladli), LIC Aadharshila etc.

The women account holders/beneficiaries under the schemes of this Department are as under.

(As on December, 2019)

Name of Schemes	Total Accounts/ Enrollment/ Beneficiary	Women Accounts/ enrollment/ Beneficiary
Pradhan Mantri Jan Dhan Yojana (PMJDY)	37.83 Cr.	20.17 Cr.(53%)
Pradhan Mantri Suraksha Bima Yojana(PMSBY)	17.37 Cr. Claims Disb. – 36,896	6.04 Cr. Claims Disb. – 22,467
Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)	6.52 Cr. Claim Disb.-1,65,090	1.84 Cr. Claim Disb. – 96,040
Atal Pension Yojana (APY) as on 11.01.2020	206.96 Lac	89.63 Lac
Pradhan Mantri Mudra Yojana (PMMY)	21.59 Cr. Amount– Rs.10.62 Lac Cr.	14.98 Cr. Amount–Rs.4.77 lac Cr.
Stand Up India (SUI)	86,640 Amount-Rs.19,451 Cr.	70,808 Amount-Rs.16,186 Cr.

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 the 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 which have further increased to Rs 75,939 crore in 20,16,525 accounts as on 31.12.2019. This reflects increase of Rs. 3,139 crore in total outstanding loans over March, 2019.

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;

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 Government of India (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.

As on 06.12.2019, 297 Lines of Credit aggregating USD 30.53 billion have been extended to various countries across Asia, Africa, LAC, CIS and Oceania region. Besides LOCs, under the Bank's other flagship product-Buyer's Credit under National Export Insurance Account (BC-NEIA), the Bank has sanctioned an aggregate amount of USD 2.13 billion for 23 projects. As regards Overseas Investment Finance, during 2018-19, the Bank sanctioned funded and non-funded assistance aggregating Rs.1,136 crore to 13 Indian corporates for part financing their overseas investments in 8 countries. As on November 30, 2019, the Bank's net loans and advances stood at Rs. 96,447 crore, while the non-fund portfolio of the Bank was at Rs. 15,371 crore. The Bank has made a net profit of Rs 81,64,75,448 (approx 81.65 Crore) during 2018-19.

8.2 India Infrastructure Finance Company Ltd (IIFCL)

Government has announced its intention to invest Rs. 100 lakh crore in infrastructure over the next five years. This investment is 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. 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 30th September 2019, IIFCL has made cumulative gross sanctions of Rs.1,29,594 crore under Direct lending, Takeout Finance and Refinance schemes. This includes cumulative gross sanctions of Rs. 88,955 crore to 492 projects under Direct Lending. The Company has made cumulative disbursements of Rs.67,428 crore, including disbursements of Rs.11,721 crore under Refinance and Rs.15,413 crore under Takeout Finance till September 2019. The company, excluding its subsidiaries, made a net profit of Rs.101.66 crore during 2018-19.

IIFCL's financial support has assisted around 27,500 km of roads, about 57,000 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 30th September 2019, IIFC (UK) has made cumulative disbursements of USD 2.06 billion. IIFC (UK) enjoys a USD 5 billion line of credit facility from the RBI. Apart from RBI line of credit, IIFC(UK) is continuously exploring new sources of funds with a view to further supplementing financial resources for infrastructure development in India.

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

NHB on August 2, 2019 introduced Liquidity Infusion Facility (LIFt) scheme of Rs.30,000 crore for HFCs to infuse liquidity in to the housing finance system and also to cater the demand of HFCs to address the housing finance requirements in the affordable housing finance sector. This scheme supports HFCs in creating individual housing loan portfolio that falls under the priority sector, as defined by RBI.

8.4.1 Operational Highlights during FY 2018-19(01.07.2018 to 30.06.2019)

· NHB has been nominated as a Central Nodal Agency for Pradhan Mantri Awas Yojana (Urban) – Credit Linked Subsidy Scheme and Rural Housing Interest Subsidy Scheme under the Housing for All Mission by 2022.

- Subscribed Equity share capital of NHB stood at Rs.1,450 crore as on 30.06.2019.
- Outstanding Loans & Advances of NHB stood at Rs.69,805 crore as on 30.06.2019, showing a growth of 21% on Y-o-Y *(Rs.57,684 outstanding as on 30.06.2018).*
- Disbursements of Rs.25,177 crore were made during the period.
- Cumulatively, NHB has made disbursement of Rs.2,39,110 crore till *30.06.2019*.

8.4.2 Financing FY 2019-20 (01.07.2019 to 31.12.2019)

- The total sanctions made by NHB during 01.07.2019 to 31.12.2019 were Rs.23,935 crore of which Rs.8,827 crore were sanctioned under LIFt scheme.

8.4.3 Promotion & Development (as on 30.11.2019)

- NHB has been nominated as a Central Nodal Agency for Pradhan Mantri Awas Yojana (Urban) – Credit Linked Subsidy Scheme and Rural Housing Interest Subsidy Scheme under the Housing for all Mission by 2022.

- Till 30.11.2019, 235 Primary Lending Institutions (PLIs) have signed MoU under Pradhan Mantri Awas Yojana(Urban)-Credit Linked Subsidy Scheme (PMAY-CLSS) for EWS/LIG and 226 PLIs have signed MoU with NHB as Central Nodal Agency(CNA), under PMAY-CLSS for MIG.
- Till 30.11.2019, NHB has disbursed interest subsidy of Rs.12,103.36 crore to 5,20,384 households under PMAY-CLSS for EWS/LIG, and Rs.4,977.99 crore to 2,35,374 households under PMAY-CLSS for MIG.

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 and co-ordination of the functions of the various Institutions engaged in similar activities.

8.5.1 Performance of SIDBI

The significant financial achievements of the Bank continued to create new milestone during the year, epitomizing the renewed Vision 2.0 of the Bank in progress. The Asset Base of the Bank registered annual growth of 43.2%, reaching a new peak of Rs.1,55,861 crore as on March 31, 2019 and stood at Rs.1,67,883 crore as on September 30, 2019.

Net Profit of the Bank scaled an all-time high of Rs1952 crore during FY 2019 at growth rate of 36.5% over FY 2018 and was Rs 986 crore during the first half year of FY 2020.

8.5.2 Addressing financial gaps

The MSME financing agenda of SIDBI is discharged mainly through bulk Indirect Lending. Loans & Advances of the Bank grew by 42.9% to touch Rs 1,36,230 crore as at the end of FY 2019 and stood at Rs 1,44,347 crore as at September 30, 2019. During FY 2019, the Bank has launched a pilot scheme to finance new-age fintech NBFCs.

SIDBI supports the enterprise promotion agenda by extending venture capital assistance to start-ups through its Fund-of-Funds operations. Under India Aspiration Fund (IAF), Fund of Funds for Startups (FFS) and ASPIRE Fund (AF), the Bank has provided assistance to the tune of Rs 1,200 crore to 78 AIFs, against the aggregate commitment of Rs. 4,107 crore, as on September 30, 2019.

During the year, a strategic shift was made in Microfinance operations through the PRAYAAS initiative, which is a first-ever effort to deliver “affordable credit” to the small entrepreneurs, especially women, at the bottom of the pyramid. Total fund of Rs.1063.53 crore has been allocated under the scheme. As on November 30, 2019, the Bank has entered into agreements with 9 partner institutions for limits aggregating Rs.495 crore and arrangements with 8 are fully operational.

8.5.3 Digital Interventions

On PSBLoansin 59 minutes portal, as on November 30, 2019, 2.01 lakh MSMEs have obtained in-principle approval in less than 59 minutes from the lenders out of which 1.68 lakh MSMEs have obtained final sanction. Disbursements have been made in respect of 1.46 lakh proposals amounting to Rs.39,654 Crore. UdyamiMitra portal hosts more than 138 lenders and 26,963 handholding agencies. During FY 2020 (till November 30, 2019), 4.57 lakh loan applications registered on the portal, which resulted in submission of 85,485 loan applications, of which 6,012 loan applications were sanctioned Rs.1,009 crore.

8.6 Partial Credit Guarantee Scheme

The Cabinet has approved “Partial Credit Guarantee Scheme”, to be offered by the Government of India (GoI) to Public Sector Banks (PSBs) for purchasing high-rated pooled assets from financially sound Non-Banking Financial Companies (NBFCs) / Housing Finance Companies (HFCs), with the amount of overall guarantee being limited to first loss of up to 10 per cent of fair value of assets being purchased by the banks under the scheme, or Rs. 10,000 crore, whichever is lower. The proposed Government Guarantee support and resultant pool buyouts will help address NBFCs/ HFCs resolve their temporary liquidity or cash flow mismatch issues, and enable them to continue contributing to credit creation and providing last mile lending to borrowers, thereby spurring economic growth.

As on 10.01.2020, approval for issue of guarantee for purchase of pools worth Rs.7,290 crore has been accorded.

9. Insurance Sector

9.1 Overview

Insurance, being an integral part of the financial sector, plays a significant role in India’s economy. Apart from protecting against mortality, property and casualty risks and providing a safety net for individuals and enterprises in urban and rural areas, the insurance sector encourages savings and provides long-term funds for infrastructure development and other long gestation projects of the Nation. The development of the insurance sector in India is necessary to support its continued economic transformation.

9.2 Legislative Framework governing the Insurance Sector

The Government promulgated an Ordinance namely - the Insurance Laws (Amendment) Ordinance, 2014 on 26th December, 2014 to make amendments to the Insurance Act, 1938, the General Insurance Business (Nationalization) Act, 1972 and the Insurance Regulatory and Development Authority Act, 1999 in accordance with the Insurance Laws (Amendment) Bill 2008 as reported by the Select Committee of the Rajya Sabha. The Ordinance was replaced by the Insurance Laws (Amendment) Act, 2015. With the coming into force of the Insurance Laws (Amendment) Act, 2015, the foreign investment cap in an Indian Insurance Company has gone up from 26% to 49% with the safeguard of Indian ownership and control.

The Insurance Division is responsible for policy formulation and 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 IRDA Act, 1999

e) The Actuaries Act, 2006

f) The Securities and Insurance Laws (Amendment and Validation) Act, 2010.

9.3 Reforms in the Insurance Sector

The insurance sector was opened up for private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. The Authority consist of a Chairperson, not more than five whole-time members and not more than four part-time members. As on 31st March, 2019 Authority has Chairman, 4 full-time members and 3 part-time members. The Authority is functioning from its Head Office at Hyderabad, Telangana. The core functions of the Authority as mentioned in Section 14 of Insurance 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.

9.4 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 March 2019 operating in the life, general, health and re-insurance segments; of which 24 are life insurers, 27 are general insurers, 7 are standalone health insurers 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. During the financial year 2018-19, 1 Standalone health insurance company under private sector, 1 foreign reinsurers' branch and 1 Service Companies of Lloyd's India have been granted certificate of registration.

9.5 Insurance Industry Statistics

Insurance Penetration and Insurance Density

The potential and performance of the insurance sector are generally assessed on the basis of two parameters, viz., Insurance Penetration and Insurance Density. The measure of insurance penetration and density reflects the level of development of insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (measured in US$ for convenience of international comparison).

Insurance penetration which was 2.71% in 2001, increased to 3.70% in 2018 (Life 2.74% and Non-Life 0.97%). The Insurance density in India which was US$11.5 in 2001 increased to US$ 74 in 2018 (Life-55 US$ and Non-Life -19 US$).

Life Insurance Industry

The post liberalization period has been witnessed to sharp growth in the insurance industry, more particularly in the life segment. The New business premium is measured as total of first year premium and single premium underwritten by the life insurers. During 2018-19, this was Rs.2,15,003 crore as compared to Rs.1,94,154 crore in 2017-18 registering a growth of 10.74% against 10.82% during the previous year. In terms of linked and non-linked business during the year

2018-19, 12.74% of the new-business premium was underwritten in the linked segment while 87.26% of the business was in non-linked segment as against 13.46% and 86.54% in the previous year. The total premium, which includes new-business premium and renewal premium during 2018-19, was Rs.5,08,132 crore as compared to Rs.4,58,809 crore in 2017-18 registering a growth of 10.75% against 9.64% in the previous year. Of the new business premium underwritten, LIC accounted for Rs.1,42,336 crore (66.20% market share) and the private insurers accounted for Rs.72,667 crore (33.80% market share). The market share of these insurers was 69.36% per cent and 30.64% respectively during the year 2017-18.

General Insurance Industry

The general insurers had underwritten gross direct premium of Rs. 1,69,448 crore in 2018-19, as against Rs.1,50,662 crore in 2017-18 registering a growth of 12.47%. This premium excludes the business done outside India by the public sector insurers. The private sector (including standalone health insurers) had underwritten Rs.92,641 crore as against Rs.73,734 crore in the previous year achieving a growth rate of 25.64% whereas the public sector (including specialized insurers) had underwritten premium of Rs.76,801 crore as against Rs.76,928 crore in the previous year with a negative growth rate of 0.16%. The market share of the public and private insurers stood at 45.33% and 54.67% during the year 2018-19 as against 51.06% and 48.94% respectively in 2017-18. One of the benefits of opening up of the insurance sector has been the extension of health cover to a wider cross-section of the society. Health premium accounted for 30% (Rs.50,834 crore) of the gross direct premium of the general insurance industry within India (including standalone health insurance companies) in 2018-19 as against 27.86% (Rs.41,981 crore) in 2017-18.

9.6 Investments of the Insurance sector

As on 31st March, 2019 the accumulated total investments held by the insurance sector was Rs.38,47,474 crore. During 2018-19, Assets under Management (AUM) had grown by 11.26%. Life insurers continue to contribute a major share with around 91.83% of the total investments held by the insurance industry. Similarly, public sector insurers continue to contribute a major share of 76.40% in total investments though investments by private sector insurers are growing at a fast pace in recent years.

9.7 Rural and Social Sector Business

During 2018-19, Twenty-two private sector life insurance companies had fulfilled their rural sector obligations. (M/s Sahara India Life Insurance Co. Ltd. was directed not to underwrite any kind of new business from 24th June, 2017 vide the IRDAI order reference IRDAI/F&A/OR/FA/148/06/2017 under section 52 B (2) of the Insurance Act, 1938. Hence, Sahara India Life is not considered for Rural and Social Sector Obligations).

The life insurers underwrote 66.37 lakh policies in the rural sector, viz., 23.2% of the new individual policies underwritten (286.48 lakh policies) by them in 2018-19. All life insurers including LIC (except Sahara life) were compliant with their social sector obligations in terms of number of lives covered.

9.8 Micro Insurance

In order to facilitate penetration of insurance to the lower income segments of population, IRDAI had notified the micro insurance regulations, 2005 which was further amended in 2015. They provide a platform to distribute insurance products, which are affordable to the rural and urban poor and to enable micro insurance to play its role in financial inclusion. In micro-insurance-life, the individual new business premium for the year 2018-19 was Rs.32.10 crore through 8.65 lakh new policies and the group business amounted to Rs.3,205.74 crore premium for 12.13 crore lives. Individual death claims paid under micro insurance portfolio for the year 2018-19 amounted to Rs.14.76 crore on 9,395 policies and in the group category Rs.875.01 crore was paid as death claims on 2,99,451 lives. There were 72,857 micro insurance agents operating in the micro insurance sector at the end of 2018-19.

Micro insurance being a low price-high volume business, its success and sustainability depends mainly on keeping the transaction costs down. Section 32B and 32C of the Insurance Act, 1938 and IRDAI (Obligations of insurers to Rural and Social sectors) 2015, stipulate obligations of insurers in respect of rural and social sector, which has also contributed substantially to the development and promotion of micro insurance products in India.

Total number of general insurance policies procured by Micro Insurance Agents (excluding Micro insurance policies issued by Standalone health insurers) in the year 2018-19 are 14,124.

10 Pension Sector

10.1 National Pension System (NPS)

With a view to provide adequate retirement income on cost effective basis. It was made mandatory for all new recruits to the Government service (except armed forces) with effect from 1st January, 2004. NPS has also been rolled out for all citizens with effect from 1st May, 2009, on voluntary basis. It has been designed giving utmost importance to the welfare of the subscribers with aim of maximising outreach. The Scheme offers two types of accounts, namely Tier-I and Tier-II. The Tier-I account is the Pension account, while the Tier-II account 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.

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 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:

a) 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 (i.e. 60% of accumulated balance) is now exempt from income tax.

b) Interim/ Partial Withdrawal from NPS Tier I up to 25% of the contributions made by NPS subscriber is tax free.

c) 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.

(B) Tier II:

Contribution by the Government employees under Tier-II of NPS is now 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 three years.

(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: -

(1) 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).

(2) Government employees who prefer higher returns have the options of the following two Life Cycle based schemes.

(i) Conservative Life Cycle Fund with maximum exposure to equity capped at 25% at the age of 35 years and tapering off thereafter (LC-25).

(ii) 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.

(v) **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.

(vi) **Major measures/steps undertaken under NPS/eNPS:**

a) UPI has been added as a mode of payment on eNPS platform besides credit card, debit card and net banking

b) A number of Annuity Literacy Programs across the country have been conducted for the prospective retiring subscribers and nodal offices for spreading awareness on seamless exits from National Pension System

c) NPS Lite subscribers have been enabled to make contribution online.

d) Efforts have been made to offer direct remittance facility to NPS subscribers for reducing the time involved in investment of contribution as well as to enable the SIP facility.

(vii) **The status of NPS as on 30th November, 2019, is as under:**

Sector	No. of subscribers (in lakhs)	Assets Under Management (in Rs Crores)
Central Government	20.54	1,31,120
State Government	46.05	1,97,637
Corporate	9.00	98,695
All Citizen Model	10.58	11,815
NPS Lite	43.36	3,728
Total	**129.53**	**3,82,995**

11. Legislative

11.1 The Banning of Unregulated Deposit Schemes Act, 2019

The Banning of Unregulated Deposit Schemes Act, 2019 received the assent of the President on 31.07.2019. The Act has come into existence with effect from 21.02.2019 i.e. from the date on which the Banning of Unregulated Deposit Ordinance, 2019 had come into force. The Act seeks to effectively tackle the menace of illicit deposit taking activities in the country. It will significantly impact poor and gullible people who are being duped by illicit deposit schemes launched by rapacious operators. Deposit raising entities which are regulated by and accountable to the Government or Regulators established by the Government will also be benefited through the Act by increasing public faith in them.

11.2 The Chit Funds (Amendment) Bill, 2019

To facilitate orderly growth of the Chit Fund Sector, to remove bottlenecks being faced by the registered Chit Funds industry, and to enable greater financial access to people, The Chit Funds (Amendment) Act, 2019 received the assent of the President on 5th December, 2019. The main beneficiaries of the amendments will be the subscribers to Chit Funds as well as the Registered Chit Funds industry.

12. Miscellaneous

12.1 Debts Recovery Tribunal

As per data made available by DRTs, a total number of 15,812 cases (Original Applicants) involving Rs. 54,473 crores approximately were disposed off by 39 DRTs during 1.4.2019 to 30.9.2019

e-DRT Project:- The e-DRT project to digitize the functioning of all 39 Debts Recovery Tribunal (DRTs) and 5 Debts Recovery Appellate Tribunals (DRATs) has been implemented through the National Informatics Centre (NIC). The e-DRT project has automated the full cycle of workflow of DRATs and DRTs, which has bought transparency and increased their efficiency. The project has ensured online availability of case and access to e-filing and e-payment.

e-Bक्रय: Banks Common e-auction facility- This Department coordinated with Indian Banks' Association (IBA) and Allahabad Bank for development of a **common landing platform** with property search features and navigational links to all PSB e-auction sites that was launched in January, 2019. The property details on e-Bक्रय are structured and segregated for an enhanced user experience through **seamless single–window access to information by search** across Banks or limited to a selected Bank, based on the type and location of property. In the second phase, **a common e-auction** portal, for all the PSBs has been developed in this financial year, with access through the **e-Bक्रय website https://ibapi.in .**

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 and Insurance Companies 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.

- All PSBs/FIs/PSICs were requested 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.
- As per directions of DARPG, necessary instructions were issued to PSBs/FIs/PSICs that public grievances are required to be resolved within 1-2 months from the date of its initiation.
- Grievance Redressal Mechanism and contact details of Nodal Officers of all PSBs updated on DFS website.
- All PSBs/IRDA/PFRDA/RBI/PSICs were requested 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, a large number of 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.

Grievances received from PMO are attended promptly and present status is being uploaded on portal by concerned Banks/ Insurance companies. Most of the grievances related to ATM, Pension, Loan Applications, Bank transactions and fraud cases, which can be easily handled by Bank / Insurance officers. Grievances are monitored regularly and followed by periodical reminders through emails 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 IRDAI. 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 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 01.04.2019 to 30.11.2019 in respect of banking and insurance sectors are as follows:

Sector	Brought Forward	Received	Disposed	Pending as on 30.11.2019	% of Disposal as on 30.11.2019	Less than 60 days old	More than 60 days old
Banking	9191	82508	82416	9283	89.88%	8356	927
Insurance	309	9224	8748	785	91.77%	730	55
Total	**9500**	**91732**	**91164**	**10068**	**90.04%**	**9086**	**982**

Status of public grievances on PG Portal for the period 01.04.2019 to 30.11.2019 is as under:

Total Grievances received	Grievances Disposed Off	Balance	% of disposal	Average time of disposal
101232	91164	10068	90.04	24 days

The present status of public grievances for the period 01/04/2019 to 30/11/2019 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 Yojna	66	56	10	84.85
Pradhanmantri Jan Dhan Yojna	234	224	10	95.73
Pradhanmantri Mudra Yojna	3421	3247	174	94.91
Pradhanmantri Suraksha Bima Yojna	236	214	22	90.68
Pradhanmantri Jeevan Jyoti Bima Yojna	281	265	16	94.31

The present status of public grievances received from PMO for the period 01.04.2019 to 30.11.2019 is as under:

Name of the Sector	Total Grievances	Grievances disposed	Grievances pending	% of disposal
Banking	**37400**	**33906**	**3494**	**90.66**
Insurance	**3567**	**3230**	**337**	**90.55**

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 DFS, Ministry of Finance with the approval of IFU.

Further, The Special Court has stated that the total no. of Pending Matters as on 31.12.2019 were 126 which include **Suits – 06 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 Fairgrowth Financial Services Ltd (FFSL) and 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 13,348 cases were filed in the Special Court, which were defended/contested by the Custodian and 13, 227 cases have been disposed of by the Special Court, leaving a balance of 121 cases for their disposal as on 31st October, 2019. Similarly, a total of 495 appeals were filed in the Supreme Court, of which 466 cases have been disposed of, leaving 29 cases pending (31st October, 2019). As on 30th November, 2019, while the outstanding liabilities of notified parties totaled to Rs. 37,338.57 crore, the assets were only to the tune of Rs.2,986.46 crore. Till 30th November, 2019, Rs. 9,767 crore has been recovered by the Custodian out of which, Rs. 6,339 crore has been distributed to Income Tax Department, Banks etc.

Out of a total of 23.77 crore attached shares, 16.70 crore shares have been sold and a sum of Rs.3,344.69 crore realized. Of the remaining 7.07 crore shares with current value of Rs. 1,995.35 crore, 5.55 crore are traded shares and 1.52 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 30th November 2019 is Rs. 1,236.32 crore.

12.4.2 Vigilance Division Performance

a) The Vigilance Division of the Department monitors the progress on disposal of complaints received from various sources and pendency of disciplinary / vigilance cases regularly and meeting with CVOs is undertaken in this Department at appropriate intervals.

b) During the period of 01.01.2019 to 31.12.2019 a total no. of 15 CVOs have been appointed in PSBs/PSICs/FIs.

c) 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.

d) Vigilance Awareness Week was observed from 28.10.2019 to 02.11.2019.

12.5 Audit Paras

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

Annexure I

Department of Financial Services

Group-wise Representation - SCs, STs and OBCs up to 30.11.2019

(Data Source - Public Sector Banks/Public Sector Financial Institutions/Public Sector Insurance Companies/RBI/PFRDA/IRDA)

Sl. No	Group	Number of Employees (as on 31.12.2018)				Number of appointments/promotions made during the calendar year 2019 (i.e. 01.01.2019 to 30.11.2019)											
						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	448613	82152	36227	93545	12736	1958	924	4191	19673	3977	1614	3853	41558	8055	3570	9337
6	Group-B	25585	3793	1644	3692	61	2	6	17	0	0	0	0	51	5	2	6
3	Group-C	353088	66233	27431	76761	19895	3454	1863	4791	10745	1669	1112	2647	4760	1110	335	789
4	Group-D (Excluding Safai Karam - charies)	107232	30714	7342	22451	307	56	10	111	3508	1048	339	901	527	199	24	84
5	Group-D (Safai Karam - charies)	33805	16247	2435	10062	1051	359	169	414	951	376	73	315	22	6	0	9
	Total	**968323**	**199139**	**75079**	**206511**	**34050**	**5829**	**2972**	**9524**	**34877**	**7070**	**3138**	**7716**	**46918**	**9375**	**3931**	**10225**

Department of Financial Services

Annexure II

Group-wise Representation of Persons with Disabilities upto 30.11.2019

(Data Source - Public Sector Banks/Public Sector Financial Institutions/Public Sector Insurance Companies/RBI/PFRDA/IRDA)

Sl. No.	Group	Number of Employees (as on 31.12.2018)					Number of appointments/promotions made during the calendar year 2019 (i.e. 01.01.2019 to 30.11.2019)															
							Appointment by Direct Recruitment								Appointment by Promotion							
							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	367025	2076	695	5951	6	140	231	202	30	158	78	142	27	19	29	25	6	93	79	217	0
2	Group-B	24185	3	0	33	0	1	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Group-C	301859	2188	1041	4861	15	201	326	218	44	259	73	199	16	93	23	191	4	7	2	25	0
4	Group-D (Excluding Safai Karam - charies)	94357	183	212	1064	0	1	3	1	1	1	2	1	0	0	0	1	0	0	0	5	0
5	Group-D (Safai Karam - charies)	22501	72	105	396	0	3	1	4	0	0	6	11	0	2	0	0	0	0	0	0	0
	Total	**809927**	**4522**	**2053**	**12305**	**21**	**346**	**563**	**426**	**75**	**418**	**159**	**353**	**43**	**114**	**52**	**217**	**10**	**100**	**81**	**247**	**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

Annexure III

Summary of Audit Observations pertaining to DFS
(As on 20.12.2019)

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.	2019-2020	-	3	Nil	Nil

➢ 3 paras relate to Report No. 13 of 2019 (Compliance Audit observations) laid in Lok Sabha and Rajya Sabha on 25.11.2019.

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.	2013-14	-	Nil	2	Nil
2..	2014-15	1	Nil	1	Nil
3.	2015-16	-	Nil	1	Nil
4.	2016-17	2	1	7	Nil
5.	2017-18	9	Nil	Nil	1
6.	2018-19	13	3	5	1

Organisational Chart of Department of Financial Services