



CAIIB

Module-C Unit-4

Rural Banking



CAIIB Rural Banking Module C Unit 4-Initiatives Of RBI Under Financial Inclusion & Financial Education Programs And Implementation Of Various Poverty Reduction Programs

National Strategy For Financial Inclusion

- The National Strategy for Financial Inclusion (NSFI) 2019-24, seeks to address the inherent barriers of access to a gamut of financial products and services.
- The National Strategy for Financial Inclusion for India 2019-2024 has been prepared by RBI, under the aegis of the Financial Inclusion Advisory Committee and is based on the inputs and suggestions from GOI, other financial sector regulators viz. Securities Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority of India (PFRDA).

Strategic Objectives:

- The NSFI visualizes to make the financial services available, accessible and affordable to all the citizens in a safe and transparent manner, to support inclusive and resilient multi-stakeholder led growth.
- Universal access to financial services, providing basic bouquet of financial services, access to livelihood and skill development, financial literacy and education, customer protection and grievance redressal and effective coordination have been identified as the strategic pillars for holding up the aforesaid vision.

Universal Access to Financial Services

Providing Universal Access to Financial Services by expanding the outreach is the key foundation for a successful financial inclusion strategy. **The NSFI has spelt out the following action plans and milestones for the accomplishing the task:-**

- Increasing outreach of banking outlets of Scheduled Commercial Banks/Payment Banks/Small Finance Banks, to provide banking access to every village, within a 5 km radius/hamlet of 500 households in hilly areas
- Strengthen the eco system for various modes of digital financial services in all the Tier II to Tier VI centres, to create the necessary infrastructure to move towards a less cash society.
- Leverage on the development in fin-tech space, to encourage financial service providers, to adopt innovative approaches for strengthening outreach through virtual modes, including mobile apps so that, every adult has access to a financial service provider, through a mobile device
- Move towards an increasingly digital and consent-based architecture, for customer on-boarding.

Providing Basic Bouquet of Financial Services:

- Every willing and eligible adult who has been enrolled under the PMJDY to be enrolled under an insurance scheme (Pradhan Mantri Jeevan Jyoti Bima Yojana- PMJJBY, Pradhan Mantri Suraksha Bima Yojana- PMSBY, etc.) Pension Scheme.
- Capacity building of all BCs either directly by the parent entity or through accredited institutions.
- Make the Public Credit Registry (PCR) fully operational so that authorized financial entities can leverage on the same for assessing credit proposals from all citizens.

Access to livelihood and skill development:

- While ensuring access to livelihood and skill development to the targeted group, it has been recommended convergence of objectives of various employment generation and skill development programs like National Rural Livelihoods Mission (NRLM), National Urban Livelihoods Mission (NULM), Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and other state level programs, through an integrated approach.

Financial Literacy And Education

The following action plans have been identified for the purpose:-

- Develop financial literacy modules through National Centre for Financial Education (NCFE) that cover financial services in the form of Audio-video content/booklets, etc.
- Focus on process literacy along with concept literacy, which empowers the customers to understand not only what the product is about, but also helps them how to use the product by using technology led digital kiosk, mobile apps, etc.,
- Expand the reach of Centres for Financial Literacy, at every block in the country.

Customer Protection and Grievance Redressal:

The following strategies are proposed:-

- Strengthening the internal grievances redressal mechanism of financial service providers, for effectiveness and timely response.
- Develop a robust customer grievance portal/ mobile app, which acts as a common interface for lodging, tracking and redressal status of the grievances, pertaining to financial, collectively by all the stakeholders.
- Operationalize a Common Toll-free helpline, which offers response to the queries pertaining to customer grievances across banking, securities, insurance and pension sectors.
- Develop a portal to facilitate inter-regulatory coordination for redressal of customer grievance.

Effective Co-ordination

The following action plans are suggested to ensure effective and successful coordination:-

- Strengthen the various fora under Lead Bank Scheme, to ensure the achievement of the vision of the strategy at the ground level.
- Leverage on the emerging developments in technology to promote effective stakeholder coordination by having in place a digital dashboard/MIS monitoring.
- Encourage decentralized approach to planning and development, by creating a forum to actively involve Gram Panchayats/Civil Society/NGs to accelerate financial inclusion using various tools like social audit.

Direct Benefit Transfer

With the aim of reforming Government delivery system by re-engineering the existing process in welfare schemes for simpler and faster flow of information / funds and to ensure accurate targeting of the beneficiaries, de-duplication and reduction of fraud, Direct Benefit Transfer (DBT) was started on 1st January, 2013. With the rapid rollout of Aadhaar in the country, it was felt possible to move to a system of transferring cash benefits directly to the poor.

With a view to facilitating DBT for the delivery of social welfare benefits by direct credit to the bank accounts of beneficiaries, RBI has advised banks to:

- Open accounts for all eligible individuals in camp mode with the support of local government authorities
- Seed the existing accounts or the new accounts opened with Aadhaar numbers
- Put in place an effective mechanism to monitor and review the progress in the implementation of DBT.

SLBC Convenor Banks and the Lead Banks have been advised to institute a monitoring and review mechanism to periodically assess and evaluate the progress made in the implementation of DBT by banks.

Guidelines Issued By RBI Under DAY-NRLM

The guidelines issued by RBI to the banks for successful implementation of the scheme are as follows:-

Opening of Savings bank accounts	<p>Opening savings bank account in the name of SHGs: The SHGs engaged in promoting of savings habits among their members would be eligible to open savings bank accounts. KYC verification of only the office bearers shall suffice for opening of savings bank account. Banks may not insist on Permanent Account Number (PAN) of SHGs, at the time of opening of account or transactions and may accept declaration in Form No 60, as may be required. As per the current instructions under Simplified norms for Self Help Groups (SHGs), while opening of accounts Customer Due Diligence (CDD) of all the members of SHG shall not be required and CDD of only the office bearers shall suffice. At the time of credit linking of SHGs, banks may undertake KYC verification of all the members in the SHG. However, opening of savings account of all members with the bank shall not be made a prerequisite for credit linkage of SHGs. Banks are advised to maintain separate Savings and loan account for SHGs.</p> <p>Business Correspondents deployed by banks may also be authorized to open Saving Bank Accounts of the SHGs after verification/approval of the base branch, subject to adherence to extant BC guidelines and in accordance with the bank's Board approved policy on Business Correspondents. However, ensuring compliance with KYC and AML norms, under the BC model continues to be the responsibility of the banks.</p> <p>Opening of Savings account of Federation of SHGs: Banks are advised to open savings account of Federations of SHGs at village, Gram Panchayat, Cluster or higher level. These accounts may be categorized as savings account for Association of persons. The KYC norms for the signatories of such accounts, as specified by RBI from time to time, would be applicable</p> <p>Opening of Current Account of Producer Groups (PGs): In order to facilitate collective production and marketing for their produce, banks are advised to open current account for Producer Groups promoted under DAY-NRLM at village, Gram Panchayat, Cluster or higher level. The KYC norms for the signatories of such accounts, as specified by RBI from time to time, would be applicable.</p>
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Lending norms-eligibility criteria	<p>Eligibility criteria for the SHGs to avail loans shall be as under: (i) SHGs should be in active existence at least since the last 6 months as per the books of account of SHGs (and not from the date of opening of savings bank account). (ii) SHGs should be practicing 'Panchasutras' i.e., regular meetings; regular savings; regular inter-lending; timely repayment; and up-to-date maintenance of books of accounts; (iii) SHGs should be Qualified as per grading norms fixed by NABARD. As and when the federations of the SHGs come to existence, the grading exercise may be done by the Federations, to support the banks.</p> <p>-The existing defunct SHGs are also eligible for credit, if they are revived and continue to be active for a minimum period of 3 months</p>
Loan amount	<p>Emphasis is laid on the multiple doses of assistance under DAY- NRLM. This would mean assisting an SHG over a period of time, through repeat doses of credit, to enable them to access higher amounts of credit for taking up sustainable livelihoods and improve on the quality of life.</p> <p>SHGs may avail either Term Loan (TL) or a Cash Credit Limit (CCL) loan or both based on the need. In case of need, additional loan may be sanctioned even though the previous loan is outstanding, based on the repayment behavior and performance of the SHG.</p> <p>The amount of credit under different facilities are as follows:</p> <p>Cash Credit Limit (CCL): In case of CCL, banks are advised to sanction minimum loan of ₹6 lakh to each eligible SHGs for a period of 3 years, with a yearly drawing power (DP). The drawing power may be enhanced annually based on the repayment performance of the SHG. The drawing power may be calculated as follows:</p> <ul style="list-style-type: none"> • DP for First Year: 6 times of the existing corpus or minimum of ₹1 lakh, whichever is higher • DP for Second Year: 8 times of the corpus at the time review/ enhancement or minimum of ₹2 lakh, whichever is higher • DP for Third Year: Minimum of ₹6 lakh based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit history. • DP for Fourth Year onwards: Above ₹6 lakh, based on the Micro credit plan prepared by SHG and appraised by the Federations /Support agency and the previous credit History. <p>Term Loan: In case of Term Loan, banks are advised to sanction loan amount in doses as mentioned below:</p> <ul style="list-style-type: none"> • First Dose: 6 times of the existing corpus or minimum of ₹1 lakh, whichever is higher • Second Dose: 8 times of the existing corpus or minimum of ₹2 lakh, whichever is higher • Third Dose: Minimum of ₹6 lakh, based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit history. • Fourth Dose onwards: Above ₹6 lakh, based on the Micro credit plan prepared by the SHGs and appraised by the Federations /Support agency and the previous credit History. <p>Banks are advised to take necessary measures to ensure that eligible SHGs are provided with repeat loans. Banks are advised to coordinate with DAY-NRLM to institutionalize a mechanism for online submission of loan application from SHGs for tracking and timely disposal of application. Corpus is inclusive of revolving funds, if any, received by that SHG, its own savings, interest earning by SHG from on-lending to its members, income from other sources, and funds from other sources in case of promotion by other institutes/NGOs.</p>
Purpose of loan	<p>The loan amount would be distributed among members, based on the Micro Credit Plan (MCP) prepared by the SHGs. The loans may be used by members for meeting social needs, high-cost debt swapping, construction or repair of house, construction of toilets and taking up sustainable livelihoods by the individual members within the SHGs or to finance any viable common activity started by the SHGs. In order to facilitate use of loans for augmenting livelihoods of SHG members, it is advised that at least 50% of loans above ₹2 lakh, 75% of loans above ₹4 lakh and at least 85% of loans above ₹ 6 lakh be used primarily for income generating productive purposes. As already indicated, Micro Credit Plan (MCP) prepared by SHGs would form the basis for determining the purpose and usage of loans</p>
Repayment schedule for term loans	<p>The First dose of loan may be repaid in 24-36 months in monthly/Quarterly Instalments. The Second dose of loan may be repaid in 36-48 months in monthly/Quarterly instalments. The Third dose of loan may be repaid in 48-60 months based on the cash flow in monthly/Quarterly instalments. The loan from Fourth dose onwards may be repaid between 60-84 months, based on the cash flow in monthly/ quarterly installments.</p>
Security and margin	<p>No collateral and no margin would be charged up to ₹10.00 lakh limit to the SHGs. No lien should be marked against savings bank account of SHGs and no deposits should be insisted upon while sanctioning loans</p>

Guidelines Issued By RBI Under NULM

Target Group for assistance	<p>The SEP component ensures provision of financial assistance to individuals/groups including street vendors/hawkers of urban poor for setting up gainful self-employment ventures/ micro-enterprises, suited to their skills, training, aptitude and local conditions. The program also supports Self Help Groups (SHGs) of urban poor, to access easy credit from bank and avail interest subsidy on SHG loans. The SEP will also focus on technology, marketing and other support services to the above beneficiaries engaged in micro enterprises for their livelihoods and will also facilitate issuance of credit cards for working capital requirement of the entrepreneurs.</p> <p>The underemployed and unemployed urban poor will be encouraged to set up small enterprises relating to manufacturing, service and small business for which there is considerable local demand. Local skills and local crafts should be particularly encouraged. Each Urban Local Body (ULB) should develop a compendium of such activities/projects keeping in view skills available, marketability of products, costs, economic viability, etc.</p>
	<p>The percentage of women beneficiaries under SEP shall not be less than 30 percent. SCs and STs must be benefited at least to the extent of the proportion of their strength in the city/ town population of poor. A special provision of 5 percent reservation should be made for the differently-abled under this program with priority to women. In view of the Prime Minister's 15-Point Program for the Welfare of Minorities, at least 15 percent of the physical and financial targets under this component shall be earmarked for the minority communities.</p>
Pattern of financial assistance	<p>The financial assistance available to urban poor in setting up individual and group enterprises will be in the form of Interest subsidy on the bank loans. Interest subsidy, over and above 7% rate of interest will be available on a bank loan for setting up of individual or group enterprises. The difference between 7% p.a. and the rate of interest charged by the bank will be provided to banks under DAY-NULM. Interest subsidy will be given only in case of timely repayment of loan. Suitable certification from banks will be obtained in this regard. An additional 3 percent interest subvention will be provided to all Women Self Help Groups (WSHGs) who repay their loan in time. The Interest subsidy will be subject to timely repayment of the loan (as per the loan repayment schedule) and suitable certification obtained from banks by the ULB. The additional 3% interest subvention amount will be reimbursed to the eligible WSHGs. The banks should credit the amount of 3% interest subvention to the eligible WSHGs accounts and thereafter seek the reimbursement.</p>
Individual Enterprises (SEP-I)-Loan & Subsidy	<p>An urban poor individual beneficiary desirous of setting up an individual micro-enterprise for self-employment can avail benefit of subsidized loan under this component from any bank. The norms/ specifications for individual micro-enterprise loans are as follows:</p> <p>The prospective beneficiary should have attained the age of 18 Years at the time of applying for loan.</p> <p>The Maximum unit Project Cost for an individual micro-enterprise is ₹ 2,00,000 (₹ Two Lakhs).</p> <p>No collateral required; only the assets created would be hypothecated/ mortgaged/ pledged to banks for advancing loans. The banks may approach Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) setup by SIDBI or any other appropriate guarantee fund for the purpose of availing guarantee cover for SEP loans as per the eligibility of the activity for guarantee cover.</p> <p>Repayment schedule would range between 5 to 7 Years after initial moratorium of 6-18 months as per norms of the banks.</p> <p>No margin money should be taken for a loan up to ₹ 50,000 and for higher amount loans, preferably 5% should be taken as margin money and it should in no case be more than 10% of the project cost.</p>

<p>Group Enterprises (SEP-G) -Loan & Subsidy</p>	<p>A Self-Help Group (SHG) or members of an SHG constituted under DAY-NULM or a group of urban poor for self-employment can avail benefit of subsidized loans under this component from any bank. The norms/ specifications for group based micro-enterprise loans are as follows:</p> <p>The group enterprises should have minimum of Three (3) members with a minimum of 70% of the members from urban poor families. More than one person from the same family should not be included in the same group.</p> <p>All members of the group enterprise should have attained an age of 18 years at the time of applying for bank loan.</p> <p>The group will be eligible for a maximum loan of ₹ 2 Lakh per member or ₹ 10 Lakh, whichever is lower.</p> <p>Loan can be extended either as a single loan to the group functioning as one borrowing unit or each member of the group can be provided individual loans up to ₹ 2 lakhs and an overall cap of 10 lakhs based on the principal of joint liability of the group. The principles laid down in the RBI circular on “Budget (2014-15) Announcement Financing of Joint Farming Groups of ‘Bhoomi Heen Kisan’ dated 13th November, 2014” and subsequent revisions should be followed in case of loans to a group.</p> <p>Banks may extend finance to groups for capital expenditure in the form of Term Loan and for Working Capital, through Cash Credit Facility. Banks may also extend Composite Loans for Capital Expenditure and Working Capital, depending upon Group’s requirement.</p> <p>The Project Cost minus the beneficiary contribution (Margin Money) would be made available as loan amount to the group enterprise by the bank. No margin money should be taken for loan up to ₹ 50,000 and for higher amount loans, preferably 5% should be taken as margin money and it should in no case be more than 10% of the project cost.</p> <p>No collateral guarantee is required. Only the assets created would be hypothecated/ mortgaged/ pledged to banks for advancing loans. The banks may approach Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) or any other appropriate guarantee fund</p> <p>Repayment schedule would range between 5 to 7 Years after initial moratorium of 6-18 months as per the norms of the banks.</p>
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Relief Measures By Banks In Areas Affected By Natural Calamity- RBI Guidelines To Banks

- **Meetings of State Level Bankers’ Committee/District Consultative Committee:** In the event of the calamity covering entire State/ larger part of a State, the convener of the State Level Bankers’ Committee (SLBC), will convene a meeting immediately after the occurrence of natural calamity, to evolve a coordinated action plan for implementation of the relief program, in collaboration with the State Government authorities. However, in case the calamity has affected only a small part of the State/few districts, the conveners of the District Consultative Committees (DCC) of the affected districts should convene a meeting immediately.
- **Declaration of Natural Calamity:** It is recognized that the declaration of natural calamities is in the domain of the Sovereign (Central/State Governments). Common thread to extend relief measures is that the crop loss assessed should be 33% or more.
- **Restructuring/Rescheduling of Existing Loans**
- **Short-term Production Credit (Crop Loans):** All short-term loans, except those which are overdue at the time of occurrence of natural calamity, should be eligible for restructuring. The principal amount of the short-term loan as well as interest due for repayment in the year of occurrence of natural calamity may be converted into term loan. Banks may allow a maximum period of repayment of up to 2 years (including the moratorium period of 1 year) if the loss is between

33% and 50%. If the crop loss is 50% or more, the restructured period for repayment may be extended to a maximum of 5 years (including the moratorium period of one year). In all cases of restructuring, moratorium period of at least one year should be considered. Further, the banks should not insist for additional collateral security for such restructured loans.

- **Agriculture Loans – Long term (Investment) Credit:** The existing term loan installments will have to be rescheduled, keeping in view the repaying capacity of the borrowers and the nature of natural calamity viz., While the total repayment period for the restructured/ fresh term loan will differ on case-to-case basis, generally it should not exceed a period of 5 years.

Asset Classification:

The asset classification status of these loans will be as under:

- The restructured portion of the short term as well as long-term loans may be treated as current dues and need not be classified as NPA. The asset classification of these fresh term loans would thereafter be governed by the revised terms and conditions. Nevertheless, banks are required to make higher provisions for such restructured standard advances as prescribed by Reserve Bank of India from time to time.
- With the objective to ensure that banks are sufficiently proactive in extending the relief to the affected persons, the benefit of asset classification of the restructured accounts as on the date of natural calamity will be available only if the restructuring is completed within a period of three months from the date of natural calamity.
- The accounts that are restructured for the second time or more on account of natural calamities would retain the same asset classification category on restructuring. Accordingly, for once restructured standard asset, the subsequent restructuring necessitated on account of natural calamity would not be treated as second restructuring, i.e., the standard asset classification will be allowed to be maintained.

Utilization of Insurance Proceeds:

- Under the Prime Minister Fasal Bima Yojana (PMFBY), all Seasonal Agricultural Operations (SAO) loans for notified crops in notified areas are to be compulsorily provided insurance cover for all stages of the crop cycle including post-harvest risks in specified instances.
- Farmers' details are required to be entered by banks in the unified portal for crop insurance which is available at www.agri-insurance.gov.in in order to facilitate assessment of coverage of crops insured, premiums deducted, etc.

Sanctioning of Fresh Loans:

- The fresh loan may be granted even if the value of security (existing as well as the asset to be acquired from the new loan) is less than the loan amount. For fresh

loans, a sympathetic view will have to be taken, to provide relief to farmers availing short term crop loans and affected by a natural calamity, **an interest subvention of 2 percent per annum shall be made available to banks for the first year on the restructured loan amount.** Such restructured loans shall attract normal rate of interest from the second year onwards.

Know Your Customer Norms: Relaxations:

- They can open a small account based on the photograph and signature or thumb impression in front of the bank official. The above instructions will be applicable to cases where the balance in the account does not exceed Rs. 50,000/- or the amount of relief granted (if higher) and the total credit in the account does not exceed Rs. 1,00,000/- or the amount of relief granted, (if higher) in a year.

Providing access to Bank Accounts:

- In areas where the bank branches are affected by natural calamity and are unable to function normally, banks may operate from temporary premises, under advice to RBI. For continuing the temporary premises beyond 30 days, specific approval may be obtained from the concerned regional office (RO) of RBI.

Natural Calamities Portal: Monthly Reporting:

- The Reserve Bank of India has developed a dedicated portal (<https://dbie.rbi.org.in/DCP/>) for collection and compilation of data on natural calamities on a real time basis through a centralized system.
- The portal provides facility for uploading data files relating to relief measures extended by banks and notification issued by State Government with regard to natural calamities. Banks shall upload the actual data on relief measures every month by the 10th of the following month.

Credit Facilities to SCs / STs

- RBI has been periodically advising the banks to step up their advances to SCs/STs, which are reckoned as advances to weaker section, under the priority sector.
- Banks shall not insist on deposits while considering loan applications under Government sponsored poverty alleviation schemes/self-employment programs from borrowers belonging to SCs/ STs. It shall also be ensured that applicable subsidy is not held back, while releasing the loan component, till the full repayment of bank dues.
- The National Scheduled Tribes Finance & Development Corporation and National Scheduled Castes Finance & Development Corporation have been set up under the administrative control of Ministry of Tribal Affairs and Ministry of Social Justice & Empowerment, respectively. The banks shall advise their branches/controlling offices to render all the necessary institutional support to enable the institution to achieve the desired objectives.
 - **Deendayal Antyodaya Yojana – National Rural Livelihoods Mission:** The Ministry of Rural Development, Government of India has launched Deendayal

Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM), DAY-NRLM would ensure adequate coverage of vulnerable sections of the society such that 50% of these beneficiaries are SC/STs.

- **Deendayal Antyodaya Yojana – National Urban Livelihoods Mission:** The Ministry of Housing and Urban Affairs (MoHUA), Government of India, has launched the Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM). Under DAY-NULM, advances should be extended to SCs/STs to the extent of their strength in the local population.
- **Differential Rate of Interest Scheme:** Under the DRI Scheme, banks provide finance up to Rs. 15,000/- at a concessional rate of interest of 4 percent per annum, to the weaker sections of the community, for engaging in productive and gainful activities.
- The eligibility criteria under DRI that size of land holding should not exceed 1 acre of irrigated land and 2.5 acres of unirrigated land are not applicable to SCs/STs. Members of SCs/STs satisfying the income criteria of the scheme can also avail of housing loan up to Rs. 20,000/- per beneficiary over and above the individual loan of Rs. 15,000/- available under the scheme.
- **Credit Enhancement Guarantee Scheme for Scheduled Castes (CEGSSC):** The CEGSSC was launched by Ministry of Social Justice & Empowerment on 6th May, 2015, with the objective to promote entrepreneurship amongst the Scheduled Castes (SCs), by providing Credit Enhancement Guarantee to Member Lending Institutions (MLIs), who shall be providing financial assistance to these entrepreneurs.
- IFCI Ltd. has been designated as the Nodal Agency under the scheme, to issue the guarantee cover in favour of MLIs, who shall be encouraged to finance SCs entrepreneurs. Amount of Guarantee cover under CEGSSC (Minimum Rs. 0.15 crore and maximum Rs. 5.00 crore; Tenure of Guarantee – Maximum 7 years or repayment period whichever is earlier).

Credit Facilities To Minority Communities

- As notified by the Ministry of Minority Affairs, GOI, the persons belonging to the following communities shall be deemed to be belonging to the minority communities (a) Sikhs (b) Muslims (c) Christians (d) Zoroastrians (e) Buddhists and (f) Jains.
- The banks shall set up a special cell, to ensure smooth flow of credit to minority communities and it shall be headed by an officer holding the rank of Deputy General Manager/Assistant General Manager or any other similar rank, who shall function as a 'Nodal Officer'.
- The Lead Bank in each of the minority concentration districts shall have an officer who shall exclusively look after the problems regarding the credit flow to minority communities.
- Names, designation and office addresses of (i) the officer-in-charge of the Special Cell at Head Office and (ii) officer appointed by Lead Banks in the identified districts to look after exclusively the problems of minority communities, shall be

furnished by banks to the National Commission for Minorities located at New Delhi.

- **National Minorities Development and Finance Corporation (NMDFC)** was established in September 1994, to promote economic and developmental activities for the backward sections, amongst the minorities. NMDFC works as an apex body and channelizes its funds to the beneficiaries, through the State Minority Finance Corporation of the respective State/Union Territory Governments.
- The NMDFC is operating, the Margin Money Scheme. Bank finance under the scheme will be up to 60 percent of the project cost. The remaining amount of the project cost is shared by NMDFC, the State channelizing agency and the beneficiary in the proportion of 25%, 10%, and 5%, respectively. Banks may implement the Margin Money scheme evolved by the NMDFC.

Prime Minister's 15 Point Program for the Welfare of Minorities:

- GOI has revised the “**Prime Minister's New 15-Point Program for the Welfare of Minorities**”. An important objective of the Program is to ensure that an appropriate percentage of the priority sector lending is targeted for the minority communities and that the benefits of various government sponsored schemes reach the under-privileged, which includes the disadvantaged sections of the minority communities.
- All scheduled commercial banks are required to ensure that within the overall target for priority sector lending and the sub-target of 12 percent for the weaker sections, sufficient care is taken to ensure that minority communities also receive an equitable portion of the credit. Lead Banks have been advised to keep this requirement in view while preparing district credit plans.

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