

CHAPTER 5

Institutional and Bank Finances

(HP ECONOMIC SURVEY 2019-20)

(For better explanation, Chapter wise video lectures of this economic survey have been uploaded in the youtube channel of RANA ACADEMY SHIMLA)

- The **LEAD BANK RESPONSIBILITY** has been allocated amongst three banks viz.
 - **PNB in 6 districts**, namely Hamirpur, Kangra, Kinnaur, Kullu, Mandi and Una.
 - **UCO Bank in 4 districts** namely Bilaspur, Shimla, Solan and Sirmour
 - **State Bank of India in 2 districts** namely Chamba and Lahaul-Spiti.
- **The UCO Bank (United Commercial Bank) is the Convenor Bank of State Level Bankers Committee (SLBC).**

The Lead Bank Scheme was introduced in 1969, to guide commercial, regional, rural and Co-operatives to improve their facilities in rural areas and deliver effective services.

State Level Bankers' Committee (SLBC) came into existence under Lead Bank Scheme as per RBI guidelines. SLBC is an inter-institutional forum at State level ensuring co-ordination between Government and Banks on matters pertaining to banking development.

SLBC facilitates effective implementation of development programmes in the areas of poverty alleviation, employment to unemployed, providing banking outlet in un-banked areas, training, financial literacy etc.

***UCO Bank is the Convenor Bank of SLBC, Himachal Pradesh.**

- **Total (public+private) bank branches** in HP : 2,191
- **Rural areas** - 1,699 branches (more than 77 percent branches are in rural areas)
- **Semi-urban areas** - 387 branches
- **Urban area** – 105 branches (Shimla is the only Urban Centre in the State classified by RBI).
- **Banks have opened 52 new bank branches during October 2018 to September 2019.**
- **As per census 2011, the average population per branch in the State comes to 3,156 against National level of 11,000.**
- **Total Public sector bank branches in HP** : 1,168 branches (more than 53 % of total branches in HP).
 - PNB (338 branches) > SBI (324 branches) > UCO bank (173 branches).
- **Total Private sector bank branches in HP** : 175 branches
 - HDFC (67 branches) > ICICI (32 branches).

- **Regional Rural Bank (RRB)** : There is a Regional Rural Bank (RRB) sponsored by PNB namely **Himachal Pradesh Gramin Bank (HPGB)** having total branch network of 265.
- **Co-operative Sector Banks** : The Co-operative Sector Banks have total branch network of 545 and State apex Co-operative Bank i.e. **Himachal Pradesh Co-operative Bank (HPSCB)** have Branch network of **217** and **Kangra Central Co-operative Bank (KCCB)** is having **217** branches.
- **District-wise spread of bank branches:**
 - **Highest** in Kangra (419 branches)
 - **lowest** in Lahaul-Spiti – 23
 - Total ATMs by all banks in State - **2,053 ATMs** by various banks.
- Banks installed **89 new ATMs** in the State between October, 2018 to September, 2019.
- At present total **4,081 Bank Mitras** are deployed in the State by various banks for providing Basic banking services in villages.
- **RBI has its Regional office** headed by Regional Director at Shimla (Kasumpti).
- **NABARD has Regional office** headed by Chief General Manager at Shimla (Kasumpti).
- The **Himachal Pradesh State Cooperative Bank Ltd. is an Apex Bank of the State**, in three tier short term credit structure with KCCB and Jogindra Central Co-operative Bank (JCCB) as Central Banks in six districts. The State Co-operative bank has all its branches on **Core Banking System (CBS)** Mode. The Bank has network of **218 branches and 23 Extension Counters (Fully CBS)** as well as **100 (including Mobile Van ATM) own ATMs**. Around 1,654 Societies are affiliated with the Bank and Bank is giving dividend out of its Profit. The Bank has tied up with SC/ST Corporation, WDC and Khadi & Village Industry Boards (KVIB) and is also giving credit facilities to the beneficiaries for generating self-employment.
- At present, banks have extended **58.37 percent of their total loans to the Priority Sector** Activities viz. Agriculture, MSME, Education Loan, Housing Loan, Micro Credit etc.

Purpose of loan	Proportion of total loan in HP	National parameter
Agriculture loans	18.85 %	18 %
Weaker Sections	24.37 %	10 %
Women	7.03 %	5 %

- Credit Deposit Ratio (CDR) of banks in the State stood at 44.33 percent upto September, 2019.

FINANCIAL INCLUSION INITIATIVES

- The Financial Inclusion denotes delivery of financial services and products at an affordable cost to the excluded sections of our society and low income groups.

PRADHAN MANTRI JAN DHAN YOJANA (PMJDY)

- The scheme was launched by PM Narendra Modi on **15 August 2014 (during Independence day speech from Red fort)**.

- Slogan of the Scheme is "Mera Khatha, Bhagya Vidhatha
- Banks in the State have covered all the households with at least one Basic Saving Deposit Account of each household.
- Total Basic Saving Bank Deposit Accounts (BSBDA) under **PMJDY** = 12.89 lakh (Out of which 10.13 lakh accounts opened rural areas 2.76 lakh accounts in urban areas).
- Banks have issued RuPay Debit Cards to 10.59 lakh PMJDY account holders and thus covered more than 82 percent of PMJDY accounts.
- Banks have taken initiative to link the bank account with Aadhaar and Mobile Number and linked 95 percent of PMJDY accounts up to September, 2019.

UNIVERSAL SOCIAL SECURITY INITIATIVES UNDER PMJDY SCHEME.

PRADHAN MANTRI SURAKSHA BIMA YOJANA- (PMSBY):

- It was originally mentioned in the 2015 Budget speech by Finance Minister Arun Jaitley in **February 2015**. It was formally launched by Prime Minister Narendra Modi on 9 May in Kolkata.
- This scheme is providing renewable one year **accidental death cum special ability cover to saving bank account holders**.
- age group= 18 to 70 years
- premium = Rs. ` 12.00 per annum per subscriber
- cover= `Rs. 2.00 lakh in case of permanent total disability and death (to nominee in case of death) and 1.00 lakh for partial permanent disability.
- **Note** : death by suicide is not covered.
- Renewable from **1st June** every year.
- Banks have **12.05 lakh subscribers** under PMSBY up to September, 2019.
- The Insurance Companies have settled nearly **579 insurance claims** under the scheme upto 5th November, 2019.

PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA- (PMJJBY) :

- It was originally mentioned in the 2015 Budget speech by Finance Minister Arun Jaitley in **February 2015**. It was formally launched by Prime Minister Narendra Modi on 9 May in Kolkata.
- It provides renewable one year **life cover** (Death).
- Age group = 18 to 50 years
- Premium = ` 330.00 per annum per subscriber
- Cover= ` 2.00 lakh in case of death due to any reason.
- renewable from 1st June every year.
- Banks have **3.41 lakh subscribers** under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) upto September,2019.
- The Insurance Companies have settled nearly **1074 insurance claims** under the scheme upto 5th November 2019.

ATAL PENSION YOJANA (A.P.Y) :

- It was launched by Prime Minister [Narendra Modi](#) on 9 May in [Kolkata](#).
- Atal Pension Yojana is focused on the unorganized sector and it provides subscribers a fixed minimum pension of `1,000, `2,000, `3,000, `4,000 or `5,000 per month starting at the age of 60 years, depending on the contribution option exercised on entering at the age between 18 and 40 years. The fixed minimum pension would be guaranteed by the government if regular contribution is made for 20 years. While the scheme is open to the Bank account holders in the prescribed age group, **Central Government** would also co-contribute 50 percent of the total contribution or `1,000 per annum, whichever is lower for a period of 5 years for those subscribers which are not member of any statutory social security scheme and are not income tax payers.

- The co-contribution from **State Government** toward subscribers of APY will be made in eligible accounts subject to **50 percent** of the total contribution by the subscriber or **₹2,000** whichever is lower. The State Government is focusing on **MGNREGA workers, Mid Day Meal workers, Agriculture and Horticulture labourers and Anganwari workers** to adopt the Atal pension Yojana.
- Banks have focused on aggressive **awareness campaign** under the scheme through camps, press media publicity etc. In the APY, banks in HP have enrolled 1,63,885 subscribers under the scheme up to September, 2019. The Department of Post is also participating in the APY Scheme and has mobilized total 2,055 subscribers up to September, 2019.

PRADHAN MANTRI MUDRA YOJANA (PMMY):

- The scheme was launched on **8th April, 2015** by Prime Minister Narendra Modi.
- The smaller of the micro enterprises mainly consist of non- farm enterprises in Manufacturing Trading and Services whose credit needs are below ₹10.00 lakh and all the loans given to these segments for income generation will be known as MUDRA loans.
- It is responsible for developing and refinancing all Micro-enterprises sector by supporting the finance Institutions which are in the business of lending to micro / small business entities engaged in manufacturing, trading and service activities. All advances granted on or after 08.04.2015 falling under this category are classified as MUDRA loan under the scheme.

STAND-UP INDIA SCHEME (SUIS):

- **Standup India** was launched by Prime Minister Narendra Modi on **5 April 2016**.
- It aims to encourage entrepreneurial culture among unserved and underserved segments of the society represented by **SC, ST and women**.
- The Scheme facilitate loan from Banks between **₹10.00 lakh and ₹1.00 crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch** for setting up of a new enterprise in the field of construction, business, service sector. (also termed as green field enterprise).
- Banks have sanctioned ₹188.05 crore to 983 new enterprises set up by SC/ST and Women entrepreneurs under the scheme up to September, 2019.

Financial Awareness and Literacy Campaigns:

- Banks are conducting financial Literacy campaign through the Financial literacy Centers (FLCs) and through its Bank Branches in Himachal Pradesh. According to last year's economic survey of HP, there are total 22 Financial literacy Centers (FLCs) managed by Leads Banks and Cooperative sector Banks.

Business Volume of Banks:

- The Aggregate Deposits of all banks operating in the State increased from ₹1,11,458 crore as on September, 2018 to ₹1,23,113 crore as on September, 2019. The deposits of banks have grown at year over year growth of **10.46** percent.
- Aggregate advances have also increased from ₹46,691 crore as on September, 2018 to ₹52,209 crore as on September, 2019 thereby having year over year growth of 11.82 percent. The total banking business have grown to ₹1,75,321 crore and registered year over year growth rate of 10.86 percent.

- Public Sector Banks (PSBs) have the largest market share of 67 percent, RRB has market of 4 percent, Private Banks at 9 percent and Co-operative Sector Bank has market share of 20 percent.

Performance under Annual Credit Plan 2019-20

Position as on September, 2019 at a glance

(` in crore)

Sr No	Sector	Annual Targets 2019-20	Targets September, 2019	Achievement September 2019	Percentage Achievement September 2019
1	Agriculture Direct	11071.86	5535.93	3645.34	65
2	MSME	7599.42	3799.71	7817.93	205
3	Education	333.11	166.55	64.35	38
4	Housing	1531.39	765.70	486.16	63
5	Others-PS	1730.22	865.11	89.73	10
6	Total Priority Sector Loans (1 to 5)	22266.00	11133.00	12103.51	108
7	Total Non Priority Sector loans Total Loans (6+7)	3042.00	1521.00	4039.21	265

Implementation of Government Sponsored Schemes

a) National Rural Livelihood Mission (NRLM) :

- The Ministry of Rural Development, launched flagship program of Government of India for promoting poverty reduction through building strong institutions of the poor, particularly women and enabling these institutions to access a range of financial services and livelihoods services. The scheme implemented in the State through HP State Rural Livelihood Mission (HPSRLM), Rural Development Department, Government of Himachal Pradesh.
- Banks have been allocated the annual target of `64.88 crore covering 8,620 beneficiaries under the Scheme in the State. Banks have sanctioned 2,435 loan to the tune of `27.87 crore up to 29th November, 2019 under NRLM scheme.

b) National Urban Livelihood Mission (NULM) :

- The Government of India, Ministry of Housing and Urban Poverty Alleviation (MoHUPA), restructured the existing Swarna Jayanti Shahari Rozgar Yojana (SJSRY) and launched the National Urban Livelihoods Mission (NULM).
- The **Self Employment Programme (SEP)** is one of the components (Component 4) of NULM which will focus on providing financial assistance through a provision of interest subsidy on loans to support establishment of Individual and Group Enterprises and Self-Help Groups (SHGs) of urban poor.
- NULM has been **implemented in Himachal Pradesh by Urban Development Department.**
- Targets of `10.00 crore assigned under Self-Employment Programme (SEP) component of **DAY -NULM** for financial year 2019-20 in Himachal Pradesh. Banks have disbursed loans to the tune of `2.03 crore under NULM as on October, 2019.

c) Pradhan Mantri Employment Generation Programme (PMEGP) :

- PMEGP) is a credit linked subsidy programme administered by the Ministry of Micro, Small and Medium Enterprises, Government of India. **Khadi and Village Industries Commission (KVIC) is the nodal agency at national level** for implementation of the scheme. At **state level the scheme is implemented through KVIC, KVIB and District Industries center.**
- In financial year 2019-20, a target of financing 1,181 new units under the scheme was allocated to Banks. The implementing agencies have been targeted to provide margin money disbursement to the tune of ` 35.43 crore under the Scheme. Banks have sanctioned `37.72 crore as margin money to the entrepreneurs of 719 units till September, 2019.

d) Dairy Entrepreneurship Development Scheme (DEDS) :

- The Ministry of Agriculture and Farmer Welfare, Government of India is implementing the Dairy Entrepreneurship Development Scheme (DEDS) through **NABARD** for Dairy sector activities. The capital subsidy under the scheme is administered through NABARD.
- Banks have sanctioned 211 proposals involving amount of `4.27 crore up to September, 2019 under the DEDS.

e) Kisan Credit Cards :

- Credit support from the banking system to the farmers to meet the short-term credit requirements for cultivation of crops and other needs.
- Banks have financed total 73,854 farmers amounting to ` 1,584 crore up to September 2019.
- Banks have financed total 4,25,588 farmers under KCC scheme with amount of ` 6,902 crore up to September 2019.

f) Rural Self Employment Training Institutes (RSETIs)

- Rural Self Employment Training Institutes (RSETIs) an initiative of Ministry of Rural Development (MoRD) to have dedicated infrastructure at **district level** to impart training and skill up gradation of rural youth geared towards entrepreneurship development. **RSETIs are managed by lead banks with active co-operation from the MoRD** and Rural development Department of Government of Himachal Pradesh. **The Lead Banks i.e. UCO Bank, PNB and SBI have set up Rural Self Employment Training Institutes (RSETIs) in 10 districts of the State (except in Kinnaur and Lahaul and Spiti districts).**
- **Special drive for Aadhaar linkages with Bank account and verification of Aadhaar in all existing bank account**
- In Himachal Pradesh, 106 Aadhaar Enrollment and Updation Centers are identified by various Banks to provide facility of Aadhaar enrolment and updation facility.

Rural Infrastructure

RIDF

- Government of India had created **Rural Infrastructure Development Fund (RIDF)** within NABARD in the year 1995-96. Under this scheme, **concessional loans are given by NABARD to State Government** and State owned Corporations for the completion of ongoing projects as also to start new projects in certain selected sectors.
- From an initial allocation of `15.00 crore under RIDF-I from the year 1995-96, the allocation to the State has now reached the level of `700.00 crore under RIDF-XXV (2019-20).

Micro Credit

- In Himachal Pradesh, the cumulative number of credit linked SHGs stood at 54,793 covering 7.93 lakh rural households against 13.12 lakh total rural households in the state with a total loan disbursed of ` 7,641 lakh as on 31st March, 2019. **Women Self Help Groups programme is being implemented by NABARD, through local NGOs, in two districts viz. Mandi, Sirmaur** with grant support of ` 29.55 crore and target of formation and credit linkage of 1,500 and 1,455 Women SHGs respectively. As on 31.12.2019, cumulative 2,926 Women Self Help Groups have been saving linked and 2,782 Women SHGs have been credit linked.
- The announcement in Union Budget 2014-15, financing of Joint Farming Groups **"Bhoomi Heen Kissan"** (landless farmers) has further given credence to effort of NABARD in innovating and reaching out to the landless farmers through Joint Liability Groups mode of financing. As on 31.12.2019, 3,882 Joint Liability Groups have been provided by banks in the State.

Food Processing Fund (FPF)

- NABARD has established a food processing Fund with a corpus of **` 2,000 crore** for the year 2014-15 for providing financial assistance for establishing the designated food parks and also for setting up of individual food/ agro processing units in the designated Food Parks with the purpose to provide impetus to development of food processing sector on cluster basis in the country to reduce wastage of agricultural produce and to create employment opportunities, especially in rural areas.
- **Cremica Mega Food Park Pvt. Ltd. Singha, Una is being established under the fund.**
- **(Food Processing Minister Harsimrat Kaur Badal in feb 2019 inaugurated Cremica Food Park, which is the first mega food park of Himachal Pradesh)**
- **Bank Sakhi Model:** NABARD has sanctioned a project of 50 Bank sakhis to **HPGB (HP Grameen Bank) , Mandi** involving an amount ` 14.50 lakh wherein SHG Leaders/ Members will work as BC (Banking corresponding) agents in the villages thereby thrusting the financial inclusion drive in the state.

NABARD'S FARM SECTOR INITIATIVES

Promotion of Farmers' Producer Organisation

- A farmer Producer Organisation (FPO) is a legal entity formed by primary producers, viz. farmers/milk producers, fishermen. An FPO can be a producer company, a cooperative society or any other legal form which provides for sharing of profits/benefits among the members. The main aim of FPO is to ensure better income for the producers through an organization of their own. NABARD has created its own fund for promotion and nurturing of FPOs throughout the country. **In Himachal Pradesh, NABARD has sanctioned a grant of ` 849.86 lakh for formation / promotion of 87 FPOs in Shimla, Mandi, Kinnaur, Sirmaur, Chamba, Hamirpur, Bilaspur, Kullu and Solan districts.** These FPOs will undertake production, primary processing and marketing of vegetables, medicinal and aromatic plants and flowers on aggregation basis.

Tribal Development through the Tribal Development Fund (TDF)

- NABARD has sanctioned **7** tribal development projects till 31.12.2019 with an amount of ` 1,226.98 lakh including grant assistance of ` 1,170.68 lakh and loan assistance of

`56.30 lakh covering 2,325 families. These projects aims at setting up of Wadis (small orchards) as well as dairy units in selected villages covering about 1,546 acres of area for plantation of Mango, Kinnow, Lemon, Apple, Walnut, Pear, Wild Apricot. These projects are providing tribal people with an opportunity to raise their income level through the wadi and dairy initiatives.

Support through the Farm Sector Promotion Fund (FSPF)

- Under FSPF, till now a cumulative grant assistance of `**243.11 lakh** has been sanctioned benefitting around 13897 farmers. During the year 2019-20 (upto31.12.2019) five projects have been sanctioned. These projects pertain to cultivation of bamboo and bamboo craft, conservation of Chilgoza pines, popularisation of silage making technology for better nutritional management enhancing livelihood through capacity building and demonstrations on improved technologies on various crops, promotion of hi-tech agriculture including hydroponics.

NABARD Consultancy Services (NABCONS)

- NABARD Consultancy Services (NABCONS) is a wholly owned subsidiary promoted by National Bank for Agriculture and Rural Development (NABARD) and is engaged in providing consultancy in all spheres of agriculture, rural development and allied areas.

NABCONS has completed the following major assignments:

- Third party inspection of Border Area Development Programmes in Kinnaur and Lahaul-Spiti districts.
- Third party evaluation of interventions under Rashtriya Krishi Vikas Yojna (RKVY)
- Management Consultancy for Controlled Atmosphere/ Controlled Storage stores and Mandi Automation for Himachal Pradesh Marketing Board.
- Feasibility Study for setting up of **12 controlled Atmosphere (CA) stores /cold stores** in the state.
- Design, Development, Implementation and Maintenance of Mandi Management Information System in APMCs.
- Impact Evaluation Study of watershed project.
- Impact assessment of Mission for Integrated Development of Horticulture (MIDH).
- Impact assessment of National Food Security Mission (NFSM) in five

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