



1D: 🛡️ Insurance, Pension & Financial Inclusion

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16 🔑 INSURANCE (बीमा): MEANING AND SIGNIFICANCE

- Meaning: insurance policy is a Debt instrument / Legal contract against eventualities of death or damage. (मृत्यु या क्षति की घटनाओं के खिलाफ कानूनी अनुबंध).
- 2 parties in this contract: 1) Insured / client 2) Insurer / Underwriter.
- Insurance provide stability to the households (against death, disability, damage) and entrepreneurs (against fire, theft, natural disasters etc.) बीमा परिवार और उद्योगपतियों को जोखिमों के सामने स्थिरता मुहैया कराता है
- Insurance companies invest clients' premium in various public and private sector projects, thereby channelizing savings towards investment & economic growth. बीमा-किस्त के द्वारा लोगों की बचत निवेश में जाती है

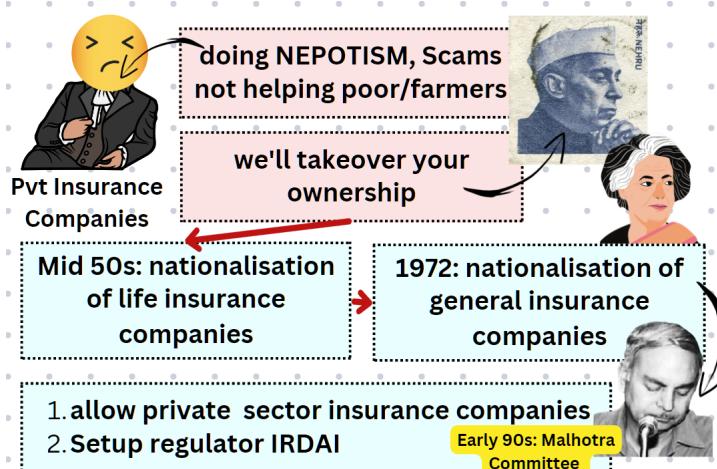
16.11.1 Bancassurance is very great says 📊 ES23

Bancassurance = the selling of insurance products using banks as "agents"



💡 What does above chart mean? Ans. Explained in the video lecture. 🎬

16.12 🔑 HISTORY OF INSURANCE IN INDIA (भारत में बीमा कं. का इतिहास)





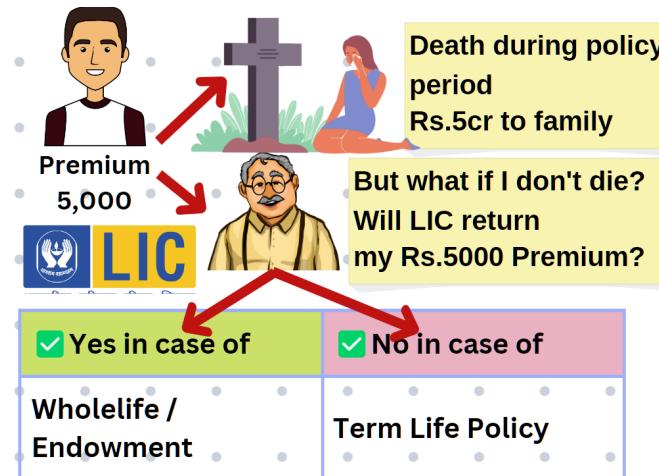
- (1818): Europeans started insurance companies in India, but they charged higher premium on Indian clients with racist bias that Indians belong to an inferior race = higher probability to die.
(अंग्रेज कंपनियां भारतीय लोगों पर ज्यादा बीमा किस्त मांगते थे)
- (1870): Bombay Mutual Life Insurance was the first Swadeshi life insurance company and they did not charge extra premium on Indian clients.
- (1912): Life Insurance Companies Act to regulate them, but lax norms, so just like the banking industry, the insurance industry too faced problems in the aftermath of Great Depression in USA. So, 1938: Insurance Act for tougher regulation. पहले कांड होते रहते थीं फिर कानून बनाया गया
- Just like the banking, the insurance industry had to be nationalized after independence due to scams, financial inclusion and Five-Year Plans. धांधली, वित्तीय समावेशन और पंचवर्षीय योजना के लिए राष्ट्रीयकरण

Chronology	Bank	Insurance
1948-49	RBI nationalized	-----
1955	SBI nationalized	-----
1956	----	LIC Act took over ~245 (private owned) Life insurance companies.
1969	Nationalization of 14 Private Banks	----
1972	----	GIC Act: GIC and its 4 subsidiaries took over ~107 (private owned) General insurance companies.
1980	Nationalization of 6 Private Banks	----
Reforms सुधार समिति	Narasimham '91 & '98	Malhotra Committee 1993 → Private insurance companies were allowed, FDI was liberalized
Safeguards सुरक्षा के लिए कुछ मानदंड	CRR, SLR, BASEL	Investment Pattern, Solvency Margin. E.g. They must invest minimum "x%" of premium in G-Sec, they can't invest more than "y%" of premium in pvt companies shares/debentures etc. They must not invest in companies having less than "AA" credit rating etc. Exact norms not imp.
Financial Inclusion, Welfarism	PSL norms 25% branches in unbanked rural areas	Rural & Social Obligation Norms: every year "x" number of policies must be sold in rural areas, PH/backward etc. Further Insurance companies required to invest minimum "x%" in affordable housing projects, State Govt's fire equipment etc. Else IRDAI imposes penalty. ग्रामीण और सामाजिक दायित्व मानदंड
Delivery Channel	⇒ Bank branch,	Insurance Intermediaries: (मध्यस्थ/ बिचौलिया) - Agents/brokers.



Chronology	Bank	Insurance
	⇒ Business Correspondence Agent (BankMitra)	<ul style="list-style-type: none"> - Bankers selling insurance (Bancassurance) - Surveyor/Loss Assessor (सर्वेक्षक). - Third Party Administrators (e.g. Hospital where treatment is given for health insurance जहां आप का इलाज हो)

16.13 🔑 💀 LIFE INSURANCE (जीवन बीमा)



Life Insurance Type → Money returned?	📅 At maturity	💀 At death
Whole life= Longer policy: (e.g. 35-40 yrs) Endowment= Shorter policy: (e.g. 10-20)	Yes, savings returned with interest	YES
Term life= Short Policy, Low Premium e.g. PM Jeevan Jyoti Bima Yojana. मृत्यु नहीं हुई तो बीमा किस्त वापस नहीं मिलेगी	No	Yes
ULIP: Unit Linked Insurance Plans: Part of money goes in insurance, part in Mutual fund	Yes, savings returned with some profit	YES

16.13.1 🔑 💀 Life Insurance → entities in public sector (सार्वजनिक क्षेत्र के जीवन बीमा संस्थान)

16.13.1.1 🔑 💀 📡 Post Office Life Insurance (डाक जीवन बीमा)



- Initially started as postal life insurance for postal employees (1884), later extended to rural people as well.
- Presently, 6 schemes for govt employees and 6 schemes for rural areas (usually with prefix of "GRAM" e.g. gram Suvidha / Suraksha / Santosh....)
- They've developed "DARPPAN" PLI (Postal Life Insurance) App for this.



16.13.2 🔑💀🏥⚙️ Life Insurance Corporation of India (1956)



- ⇒ To take over/nationalize the private life insurance companies → LIC Act, 1956. So, LIC is a **statutory corporation/statutory company.** (वैधानिक निगम)
- ⇒ Rigveda: “योगक्षेम्” (Yogakshema: well being) = name of LIC HQ@Mumbai & its corporate magazine.
- ⇒ Gita: “योगक्षेमं वहाम्यहम्” (Yogakshemam Vahamyaham:- I ensure safety and well being (of my devotees) = LIC motto.
- ⇒ 2018: LIC became majority shareholder in IDBI bank. (More in 📊Pillar#1B1- Classification)
- ⇒ 2021: 1) Govt 🚧 retirement age of LIC chairman from 60 to 62 years. 2) LIC launched ‘Ananda’ App for insurance agents.

16.13.3 🔑💀🏥⚙️ LIC's Disinvestment (2020, विनिवेश)

- 📜 Budget-2020: LIC Act will be amended → LIC : Initial Public Offering (IPO) → Government will sell part of its shareholding. 2022: SEBI permitted IPO.
- Govt sold 5% of its 100% shareholding. (more about this IPO: refer to Pillar1C: Sharemarket)

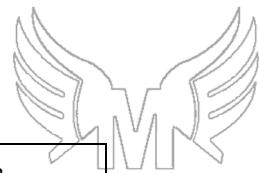
16.13.4 💀🔑 PM schemes for Life Insurance & Accidental (Gen) insurance



Figure 1: शराब पी के मर गए देवदास बाबू तो PM-सुरक्षा बीमा योजना मे कुछ नही मिलेगा!

Table 1: 2015: Finance Ministry → Dept of Financial Services launched these two schemes.

Features	💀🔑💀💡✓₹❌ Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJB)	💀🔑💀💡✓₹❌ Pradhan Mantri Suraksha Bima Yojana (PMSBY)
Age	18-50 years with bank account in India. NRIs eligible but payment in rupee currency only.	18-70 years. Remaining same as PMJJB
Purchase from	LIC or any empaneled pvt. life insurance company.	4 Public Sector, or any empaneled pvt. General Insurance company.
Premium	Rs. 330 per person/ annum	Rs.12/- per person/ annum
Type	LIFE Insurance	General Insurance
Nature of Plan	1 year “term” LIFE insurance. Term LIFE insurance = no death, no money returned.	1-year “term” accident cum death insurance.



Return? Any type of death: ₹ 2 lakhs किसी भी प्रकार की मृत्यु पर परिवार को मुआवजा मिलेगा	Accidental Death: murder, natural disaster etc. ₹2 lakhs <ul style="list-style-type: none"> - Loss 1 eye/hand/leg: 1 lakh - Loss 2 organs/>: max. 2 lakhs Suicide, alcohol-drugs related death: not eligible
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Neither scheme gives hospitalization cost. (अस्पताल में चिकित्सा खर्च के बिल की अलग से कोई राशि नहीं मिलेगी)

16.14 🔑 🚗 🛡️ 💳 GENERAL INSURANCE (सामान्य बीमा)

An insurance policy other than 'life insurance', is called General Insurance. e.g. Accident Insurance, Health Insurance, Crop Insurance, Fire-Theft-Marine & Vehicle Insurance. दुर्घटना बीमा, स्वास्थ्य बीमा, फसल बीमा, आग-चोरी-समुद्री और वाहन बीमा

16.14.1 🔑 🚗 🛡️ 💳 Public Sector General Insurance Entities: Timeline (समय रेखा)

- ⇒ **1948:** Employees' State Insurance Corporation (ESIC) under Labour Ministry – through an act of Parliament to protect selected category of workers. मजदूरों का स्वास्थ्य बीमा
- ⇒ **1957:** Export Credit Guarantee Corporation of India (ECGC: निर्यात ऋण गारंटी निगम) under Commerce Ministry. Gives insurance cover to exporters, and credit guarantee to Bank/NBFC who loan to exporters.
- ⇒ **1961:** DICGC Act: banks must buy deposit insurance from it. Although not considered a General Insurance Company in textbook sense because doesn't directly sell insurance policy to any individual household/businessman. (पाठ्यपुस्तक की परिभाषा में उसको बीमा कंपनी नहीं बोल सकते)
- ⇒ **1972:** General Insurance Nationalization Act: 107 (private) general insurance companies were taken over by GIC and its 4 subsidiaries (viz. National insurance, New India Assurance, United India, Oriental).
- ⇒ **2002:** Agriculture Insurance Company ltd, (formed with funding of GIC, above 4 public sector Gen. Insurance Cos and NABARD.) कृषि बीमा कंपनी

2018: Budget announced to **merge** (विलीनीकरण) National Insurance Company, United India Insurance Company, Oriental India Insurance Company- but the plan has not materialized yet.

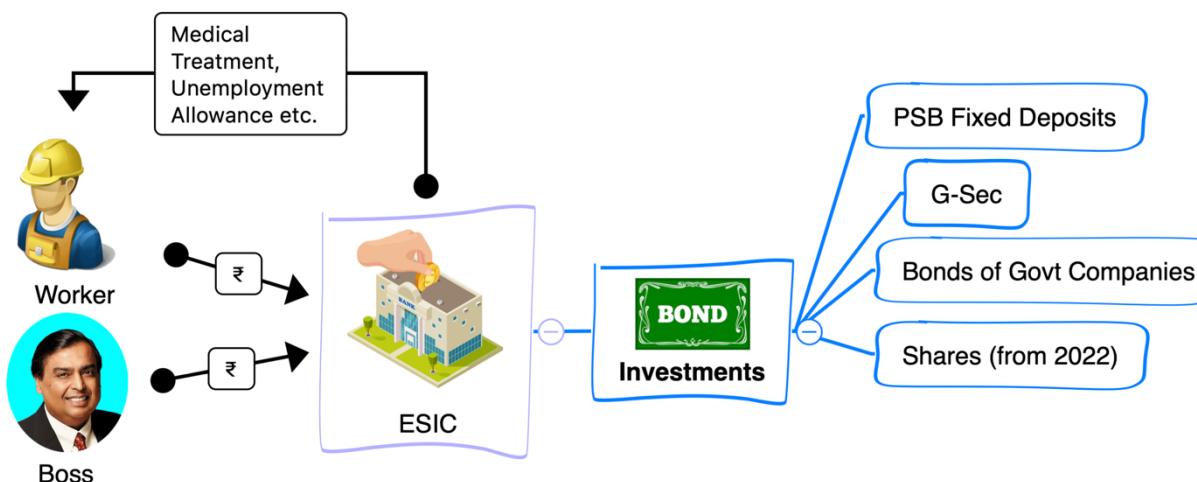
16.14.2 🔑 🚗 🛡️ 💳 : (₹) General Insurance Business (Nationalisation) Amendment Bill, 2021

General Insurance Nationalisation Act 1972 (सामान्य बीमा राष्ट्रीयकरण कानून)	General Insurance Business (Nationalisation) Amendment Bill, 2021
Five General Insurance (GI) Companies brought under Govt control 1) General Insurance Corp of India (GIC) 2) National Insurance, 3) New India Assurance, 4) Oriental Insurance	To facilitate privatization of these public sector/Government owned GIs. सामान्य बीमा क्षेत्र की सरकारी कंपनियों के निजीकरण का रास्ता आसान बनाने के लिए विधेयक

5) United India Insurance.	
Majority shareholding (minimum 51%) must remain under Government control (बहुमत शेयरहोल्डिंग सरकार के हाथ में अनिवार्य रूप से होनी चाहिए)	Removed this rule. So, in future, govt may sell its majority shareholding to private party (e.g. Adani/Ambani etc) [इन पांच कंपनियों में बहुमत शेयरहोल्डिंग सरकार के पास होना अनिवार्य नहीं यानी कि निजी क्षेत्र का आदमी भी मालिक बन सकता है]

- **👉 Pro-Arguments?** Privatization will help in Professionalism, Profitability, Customer responsiveness of these Govt companies (निजीकरण के पक्ष में तर्कः पेशेवर तरीके से संचालन होगा, मुनाफा बढ़ेगा, ग्राहकों की सुविधा बढ़ेगी)
- **👈 Anti-Arguments?** Shifted to Mains Handout.

16.14.3 Employees' State Insurance Corporation



- **1948:** Employees' State Insurance Act → 1952: ESIC corporation (ESIC) setup under Labour Ministry. (कर्मचारी राज्य बीमा निगम, श्रम मंत्रालय)

ESIC applicability?	BEFORE	ATMA-NIRBHAR (2020)
any non-seasonal establishment with 10/> employees	Compulsory	Compulsory (अनिवार्य)
If establishment less than 10 workers → but it's a hazardous industry e.g. (firecrackers, toxic chemicals, acid)	Voluntary (स्वैच्छिक/वैकल्पिक)	Compulsory (खतरनाक उधोगों के मजदूरों का क-रा-बी-नि में पंजीकरण अनिवार्य)
If establishment less than 10 workers → Non-hazardous industries	Voluntary (स्वैच्छिक/वैकल्पिक)	Voluntary (स्वैच्छिक/वैकल्पिक)

- **👉 Who are ESIC subscribers?** Employee in above establishment, with monthly salary less than ₹21,000/-
- **👉 Who pays ESIC premium?** “x%” of employee’s wages + “y%” from employer’s side.



- What is X and Y? notimp unless preparing for ESIC/Insurance Exams. Furthermore, Factoids like ESIC vision-2022 to enrol 100 million workers. notIMP4UPSC
- ESIC covers both permanent employees & casual/temporary employees (= employed only for a few days/weeks/months.) स्थायी-कर्मी और अस्थायी/अयाथवधि-कर्मी दोनों को लाभ मिलता है।
 - 📎 Budget-2021: we'll expand this to cover more workers. But exact details yet to be disclosed.

An ESIC subscriber gets following benefits:

- 1) Medical insurance for the worker and his family from day#1 of joining (स्वास्थ्य बीमा)
- 2) Maternity Benefit to women employees (मातृत्व लाभ)
- 3) Monthly pension to family, if worker dies by employment related injuries. Corona-2020-21 → if worker died of Corona, family member to be given pension. (originally such pension was to be given for workers' death in factory employment related accident, and not for corona illness.)
नौकरी करते वक्त ऑफिस/फैक्ट्री में हादसे के चलते मजदूर मर गया तो परिवार को पेंशन। नया सुधार: कोरोना की बीमारी में मर गया तो भी परिवार को पेंशन
- 4) Sickness benefit: partial wages during medical leave. (बीमारी प्रसुविधा)
- 5) Monthly payment on disability (विकलांगता मासिक भुगतान)
- 6) Unemployment allowance if involuntary loss of employment- through the scheme 'Atal Bimbit Vyakti Kalyan Yojna'. (अटल-बीमित कल्याण = अनैच्छिक रूप से उसकी नौकरी चली गई तो बेरोजगारी भत्ता)

Nirman Se Shakti	'initiative to modernise the infrastructure of ESIC hospitals
🌐 Project Panchdeep	digitization and automation of ESIC processes by WIPRO (2017)
🔧 Project Arrow	Modernization of India Post (2008) डाक विभाग का आधुनिकीकरण

16.14.4 FAQ: Seasonal vs Temporary

Seasonal industry	Temporary worker in non-seasonal
Farm laborer, salt-pan worker, marriage orchestra, marriage catering etc.	⇒ e.g. worker employed in a newspaper factory for 1 month. ⇒ Newspaper company itself is non-seasonal. ⇒ But worker is 'temporary'.
NOT Eligible for ESIC	YES Eligible for ESIC

16.14.5 💳 (Knife) ESIC: 15% share investment

BEFORE	After 2022-Reform
ESIC invested subscribers premium/fees/corpus in 1) fixed deposits in the banks 2) debt instruments (e.g. G-Sec, Companies' bond debentures)	upto 15% of the fund will be invested in equities (shares). Remaining 85% in G-Sec, Bond, FD etc fixed return debt instruments.
Problem: return on investment (ROI) not very high; because BankFD/ G-Sec/Bonds etc are fixed interest instruments.	😊 Benefit? If the share market performance positively, then ESIC could earn more profits.



	This will help ESIC to cover the cost of running hospitals in a sustainable manner
--	--

Q Consider the following: [Asked in UPSC-Pre-2012]

- 1) Hotels and restaurants 2) Motor transport undertakings
 3) Newspaper establishments 4) Private medical institutions

The employees of which of the above can have coverage under ESIC?

- (a) 1, 2 and 3 only (b) 4 only (c) 1, 3 and 4 only (d) 1, 2, 3 and 4

16.14.6 Gen Insurance → Corona Warrior ₹50 lakh cover by Govt (2020-March)

Deleting because outdated for 2023-exam cycle.

16.15 GEN → HEALTH INSURANCE SCHEMES (स्वास्थ्य बीमा योजनाएं)

Fixed Benefit (निश्चित लाभ)	Indemnity Based (क्षतिपूर्ति आधारित)
<p>Fixed payment given depending on illness.</p> <p>⇒ If the Policy agreement said “if you get cancer, we’ll give you ₹50 lakhs.”</p> <p>⇒ So, even if a patient spends ₹10 lakh on hospitalization, still the company will pay ₹50l.</p> <p>इससे कोई फर्क नहीं पड़ता कि हॉस्पिटल का बिल कितना आया आपको एक निश्चित रकम दी जाएगी</p>	<p>Upto to the “actual hospitalization cost” from the total insured sum.</p> <p>⇒ “Indemnity” = upto actual cost in treatment, subject to max limit. so, if ₹5 lakh ki policy=</p> <p>⇒ Actual treatment cost ₹2 lakh → company pays only ₹2 lakh</p> <p>⇒ Actual treatment cost ₹7 lakh → company pays max ₹5 lakh</p> <p style="text-align: center;"><u>Further Subtypes</u></p> <p>⇒ Cashless policy: patient simply goes to an empanelled hospital = free treatment.</p> <p>⇒ Non-Cashless policy: patient first pays hospital bill from own pocket → submits bills to insurance company → gets refund.</p>

16.15.1 Gen→ Health Insurance → Corona Kavach vs Rakshak

Sufficient to know these are corona health insurance policies. More details deleted because topic faded/outdated for 2023/24 exam cycles.

16.15.2 Arogya Sanjeevani Policy – standardized health insurance policies

Sufficient to know, these are health insurance policies by public and private sector insurance companies. More details deleted because topic faded/outdated for 2023/24 exam cycles.

16.15.3 SARAL JEEVAN BIMA-Standardized term Life Insurance policy

Sufficient to know, these are life insurance policies by public and private sector insurance companies. More details deleted because topic faded/outdated for 2023/24 exam cycles.



16.15.4 🔑 💼 Niramya Health Insurance for PH. 🤖 OLD SCHEME DONOT-LOOSE-SLEEP

- ⇒ **Boss?** By Dept. of Empowerment of Person with disabilities (दिव्यांगजन सशक्तिकरण विभाग) → Oriental Insurance Company.
- ⇒ **Benefit?** upto ₹1 lakh health insurance for handicapped
- ⇒ **Premium?** Orphan Minor PH= ZERO; Other PH: ₹250-500, depending on poverty level

16.15.5 🔑 💼 5L / 🏠 / 🏥 Ayushman Bharat / PM Jan Arogya Yojana (PMJAY)

	Rashtriya Swasthya Bima Yojana (2008)	PM Jan Arogya Yojana (PMJAY-2018)
Coverage per family	Upto Rs.30,000	upto Rs.5 lakh
How many persons covered?	upto 5 people per family	No limit.
How many families covered?	LESS	8cr in Rural 2cr in Urban =10 cr families

Governing Board

National Health Authority (NHA) & its CEO

State Health Agencies

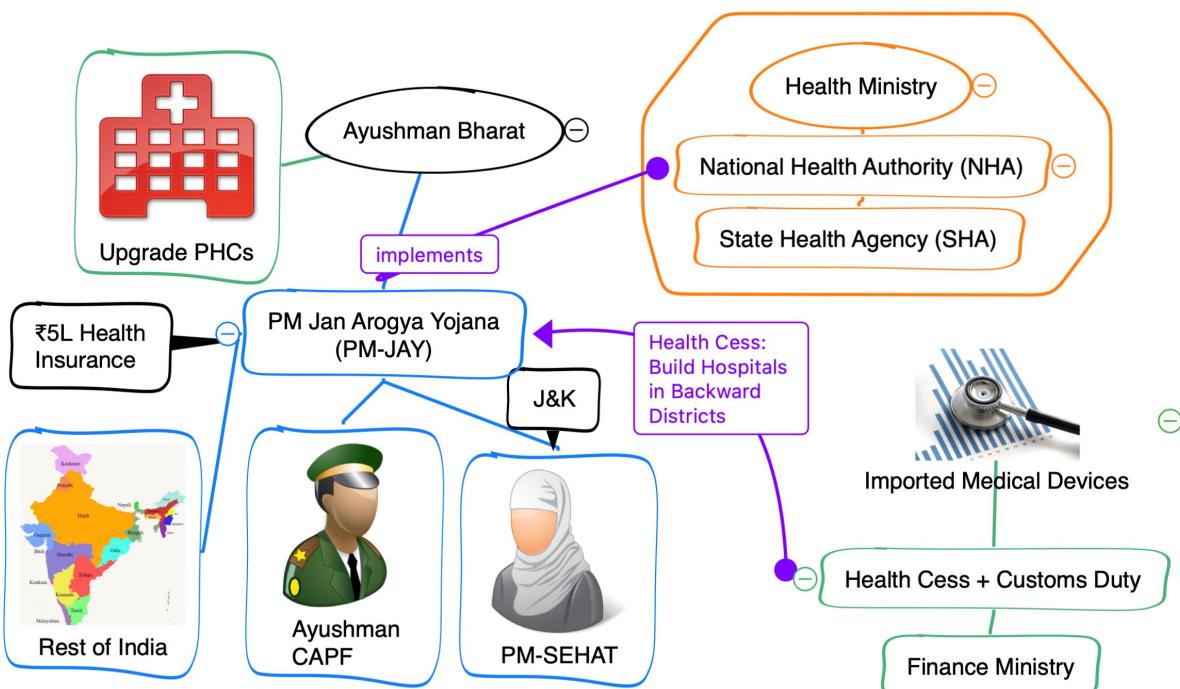
Hospitals: public & private sector

in Budget 2018 launched Ayushman Bharat with two components:

- 1.5 lakh Primary Health Care Centers (PHC) to be transformed into Health & Wellness Centres with Free drugs, checkup, mother-child care etc. (स्वास्थ्य और कल्याण केंद्र)
- National Health Protection Scheme (AB-NHPS)** → Later renamed '**PM Jan Arogya Yojana (PMJAY)**' and launched with Motto "Swasthya Aapka, Saath Hamara" from Ranchi, Jharkhand (2018, Sept).
 - It has subsumed Rashtriya Swasthya Bima Yojana (RSBY) & Senior Citizen Health Insurance Scheme (SCHIS).

16.15.5.1 💼 💼 5L / 🏠 / 🏥 PM Jan Arogya Yojana (PMJAY, 2018)?

- ⇒ What is given? A FREE insurance cover upto ₹ 5 lakh per family, per year for secondary and tertiary hospitalization. All pre-existing disease covered from day 1. Pre and post hospitalization & medicine expenses.
- ⇒ Cashless and paperless access [NITI partnered web portal, with privacy protection]
- ⇒ Beneficiaries? Socio-Economic Caste Census (SECC: सामाजिक आर्थिक जाति जनगणना) data → + 8 cr rural + 2 cr urban = 10 cr families = ~50 crore people.



- ⇒ No limit on family size. No limit on age. (परिवार में कितने सदस्य, उनकी क्या उम्र है- कोई सीमा नहीं)
- ⇒ Where to get treatment? (इलाज कहां पर होगा)= All public hospitals and empaneled private hospitals (by the respective States). [इलाज होगा सरकारी अस्पताल और राज्य सरकार द्वारा अधिकृत निजी अस्पताल में]
- ⇒ Hospitals to have Pradhan Mantri Aarogya Mitras (PMAMs/hospital-receptionist-type-ke-log) to help/guide patients in this scheme. These PMAMs are trained by Ministry of Skill Development. (कौशल्य विकास मंत्रालय द्वारा आरोग्य मित्र को तालीम)

16.15.6 PM-JAY Sub-schemes

1. PM SEHAT (Social Endeavour for Health and Telemedicine) 2020- जम्मू कश्मीर के सभी निवासियों के लिए
 - a. BEFORE: 6 lakh families of the J&K getting Ayushman Bharat Scheme. (= poor family selected through socio economic caste census 2011)
 - b. AFTER PM SEHAT: All residents of J&K (=21 families, rich-poor everyone) eligible for ₹5 lakh health insurance of PM-JAY scheme. Even if they are traveling outside Jammu Kashmir, in other parts of India, they can avail treatment at PM-JAY-wali hospitals.
2. Ayushman CAPF scheme (2021-Jan) केंद्रीय सशस्त्र पुलिस बल
 - a. Joint initiative of Home Ministry & National Health Authority
 - b. Assam Rifles, Border Security Force (BSF), Sashastra Seema Bal (SSB), Central Reserve Police Force (CRPF), Central Industrial Security Force (CISF), National Security Guard (NSG), and Indo-Tibetan Border Police (ITBP)
 - c. Their Personnel & their family members also covered

16.15.6.1 📈 PMJAY → National Health Authority (राष्ट्रीय स्वास्थ्य प्राधिकरण)

- ⇒ Originally it was an “Agency”, then restructured & renamed into “Authority” (2019).



- ⇒ NHA oversees the implementation of PM-JAY, operational guidelines, collaborate with insurance companies & IRDAI, running web-platform etc. (योजना को क्रियान्वित करेगा बीमा कंपनियों के साथ तालमेल बिठाएगा)
- ⇒ NHA is an ‘attached (adjunct) office (संलग्न कार्यालय)’ with health ministry (स्वास्थ्य मंत्रालय). i.e. Health Ministry only looks after parliamentary matters like replying in question hour, annual reports etc. thus giving NHA more freedom in day to day functions. (रोजाना कार्यों में मंत्रालय की दखल कम)
- ⇒ NHA has a Chief Executive Officer (CEO) with status of **Secretary** to Govt of India (सचिव).
- ⇒ Above NHA → “Governing Board” (शासक-मंडल) with following composition:
- ⇒ **Chairman:** Minister of Health & Family Welfare (स्वास्थ्य-परिवार कल्याण मंत्रालय)
- ⇒ **Members:** NITI Ayog CEO, NHA-CEO & other govt officials and experts (विशेषज्ञ).
- ⇒ States will be represented in the Governing Board on rotational basis (चक्रानुक्रम).

16.15.7 Ayushman Bharat Digital Mission

NHA also implements “Ayushman Bharat National Digital Health Mission” (*Basically Sarkaari-google-drive mein x-ray report store kro jojana!*) More in Pillar#6:health schemes

16.15.7.1 PMJAY → State Health Agency (SHA)

- Each State to form a State Health Agency (SHA: राज्य स्वास्थ्य एजेंसी) to get the scheme implementation.

16.15.7.2 PMJAY → Funding / Cost:sharing

	Category (श्रेणी)	Cost sharing (खर्च की साझेदारी)
A	"Special Category States" (विशेष श्रेणी के राज्य): <ul style="list-style-type: none"> - North-Eastern States, and - TWO Himalayan Hilly States: Himachal Pradesh and Uttarakhand[#] 	Union contributes 90%: while State contributes 10% of the cost
B	<ul style="list-style-type: none"> - Other States: who are not in above category (UP, Bihar, etc.) - Union territory (UT) with legislature: Delhi, Puducherry, Jammu & Kashmir. (विधायिका वाले केंद्र शासित प्रदेश) 	60:40
C	<ul style="list-style-type: none"> - UT without legislature: Ladakh, Andaman Nicobar etc. (बिना विधायिका के केंद्र शासित प्रदेश) 	100%

- [#]Before the removal of Article 370 (in 2019), the State of J&K was previously in Special category, so it got 90:10 funding.
- **Afterwards:** J&K is UT with legislature, so, J&K will get 60:40. So, 2019-Aug: Central Government considering creating a new category ‘Hill Union Territory (पहाड़ी केंद्र शासित प्रदेश)’ so J&K may continue to receive 90:10 funding. But, no need for # थोड़ा-पढ़ो-आगे-बढ़ो

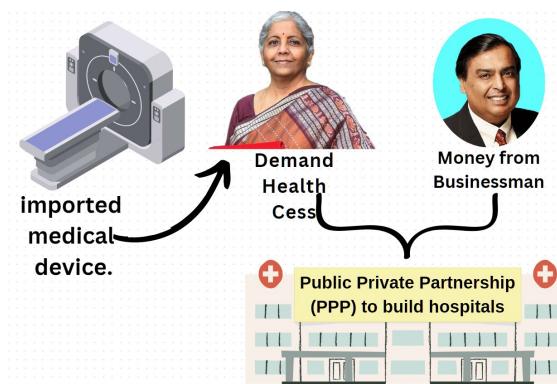


16.15.8 😔 PM-JAY Challenges:



Shifted to Mains Handout. Gist given in above image.

16.15.8.1 💭 PM-JAY- taxes to build hospital?



- ✓ Govt to setup hospitals in aspirational (=backward) districts for treatment of PM-JAY beneficiaries.
- ✓ Hospital construction Funding: Public private partnership (PPP) → Public side's funding will be provided using ₹₹ from health cess on imported medical devices.
- ✓ (More about health cess in 📄 Pillar#2-Taxation) (आयात होने वाले चिकित्सक उपकरणों पर स्वास्थ्य उपकरण कर लगाकर उस पैसों से पिछड़े जिलों में अस्पताल बनाएंगे)

Q&A ? MCQ. Which is not a feature of the Ayushman Bharat Scheme? (CDS-i-2020)

- (a) There is no cap on family size and age. (परिवार की सदस्यों की संख्या और आयु पर कोई सीमा नहीं)
- (b) The scheme includes pre- and post-hospitalization expenses.
- (c) A defined transport allowance per hospitalization will also be paid to the beneficiary.
- (d) The scheme provides a benefit cover of Rs. 10 lakh per family.

Q&A ? MCQ. Ayushman Bharat is a national health insurance system for: (UPSC-Geologist-2020)

- a) women
- b) every citizen
- c) old age people
- d) poor and vulnerable.

Q&A ? MCQ. Which are the benefits of the Pradhan Mantri Jan Arogya Yojana? (CDS-i-2019)

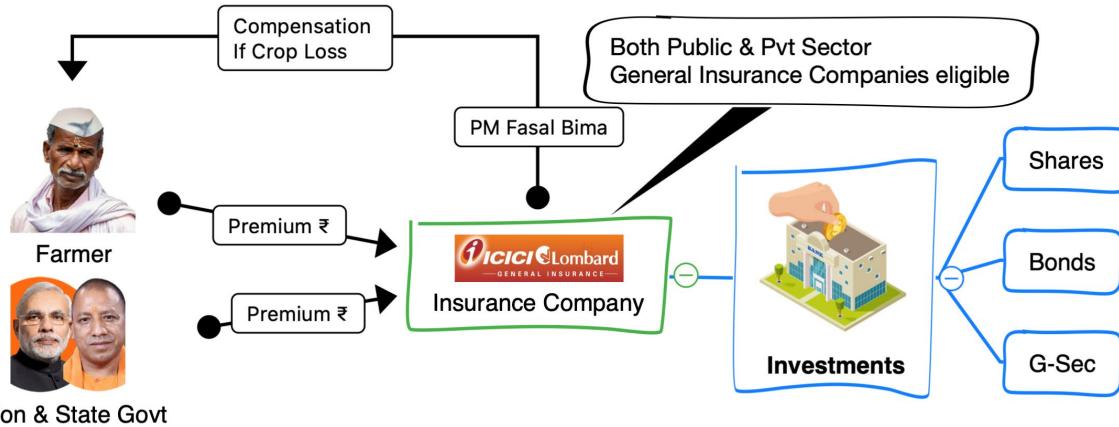
1. Free treatment available at all public and empanelled private hospitals.
2. Cashless and paperless access to quality health care services. नकदी रहित और कागज रहित प्रशासनिक प्रक्रिया
3. Govt provides health insurance up to ₹ 5 lakh per family per year.
4. Pre-existing diseases are not covered. पहले से मौजूद बीमारियों को कवर नहीं किया जाता है



Codes: a) 1 and 3 only b) 1 , 2 and 3 c) 2 and 4 only d) 2, 3 and 4

16.16 🛡️ 🌾 🚗 🌾 GENERAL INSURANCE → OTHER THAN HEALTH INSURANCE

16.16.1 🌾 🛡️ 🌾 Pradhan Mantri Fasal Bima Yojana (2016)



- Nodal Ministry: Agri Min → Public sector general insurance companies, and empanelled private sector insurance companies. सरकारी सामान्य बीमा कंपनियां तथा निजी क्षेत्र की ऐसी सामान्य बीमा कंपनियां जिनको कृषि मंत्रालय ने इस योजना लागू करने के लिए सूचीबद्ध किया है।
- Against natural calamities, pests, diseases; (प्राकृतिक आपदाएँ, कीट, बीमारियाँ)
- Protects before, during and after harvest (फसल की कटाई).
- Premium (बीमा-किस्त) paid by farmers against the total insured amount: Rabi winter crops (1.5%) – Kharif summer monsoon crops (2%) – Horticulture & Commercial crops other than oilseed & pulses (5%). Remainder premium is paid by Union: State Gov. It's optional for States to join.

16.16.2 🌾 🛡️ 🌾 PM-FBY (2.0) reforms in 2020

Before-2020	From 2020-Kharif
Suppose a kharif crop insurance premium = ₹100. ⇒ Farmer paid ₹2 of the premium ⇒ Union paid ₹49 + State paid ₹49. In other words, Union and States shared their premium burden half-half (50:50).	Suppose a kharif crop insurance premium = ₹100. ⇒ Farmer pays ₹2 of the premium ⇒ Union pays only ₹25 to 30 based on whether it's irrigated or unirrigated respectively. ⇒ State may have to pay ₹68-73. So, states' burden increased. ⇒ However, the Union will bear 90:10 of the burden in case of North Eastern States.
Compulsory for farmer to buy this insurance policy, IF he wanted crop loans from bank	Voluntary (स्वैच्छिक) for farmers. (बैंक लोन पास करवाने के लिए किसान को यह योजना यह बीमा निकलवाना अनिवार्य नहि)
-----	Updated methodology for assessment of crop loss

MCQ. Find correct statements about 'Pradhan Mantri Fasal Bima Yojana': (Prelims-2016)



1. Under this scheme, farmers will have to pay a uniform premium of 2% for any crop they cultivate in any season of the year. किसी भी फसल में सिर्फ 2% बीमा किस्त किसान ने चुकानी होगी
 2. This scheme covers post-harvest losses arising out of cyclones and unseasonal rains.
- Codes: (a) 1 only (b) 2 only (c) Both 1 and 2 (d) Neither 1 nor 2

16.16.3 🌱 ₹ Other Agriculture Insurance Schemes? (अन्य कुछ फसल बीमा योजना)

- Apart from PM Fasal Bima, there is Restructured Weather Based Crop Insurance Scheme (RWBCIS, 2016)- protects against weather only. (so not pests/diseases).
- There was a National Agricultural Insurance Scheme and Modified (NAIS), but PM Fasal Bima subsumed it. लेकिन वो सब याद रखने से परीक्षा में बहोत लाभ नहीं.

16.16.4 💳 (₹) Insurance to Banks on Exporters' NPA → NIRVIC Scheme (2019)

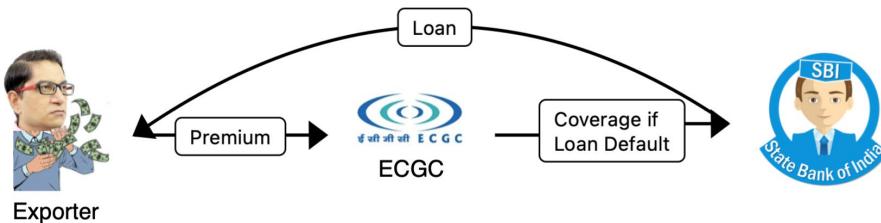
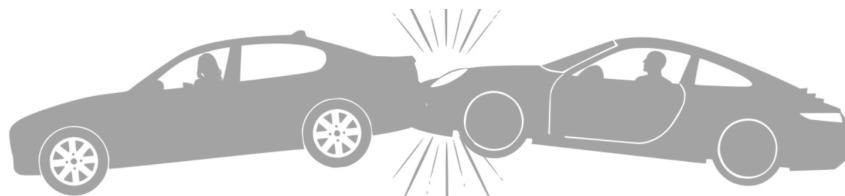


Figure 2: निर्यातक बैंक का कर्जा नहीं चुकाएगा तो नुकसान की भरपाई कौन करेगा

Boss? Commerce Ministry → Export Credit Guarantee Corporation (ECGC)

- ⇒ NIRVIK (Niryat Rin Vikas Yojana) is an Export Credit Insurance Scheme (ECIS).
- ⇒ Exporter takes a loan from a bank. But if he defaults then ECGC will cover upto 90% of his principal + interest losses to the bank. (Before NIRVIC scheme, it was only 60%)
- ⇒ Exporters pay 'premium (बीमा-किस्त)' to the bank → bank pays it to ECGC. (Exporter need not goto ECGC office himself. He can get the application form from the loan giving bank itself.)
- ⇒ Premium rates depend on sector e.g. diamond, chemical etc. exact figures=NOTIMP

16.16.5 🚗 ₹ Third Party Motor Insurance (थर्ड पार्टी मोटर इंश्योरेंस)



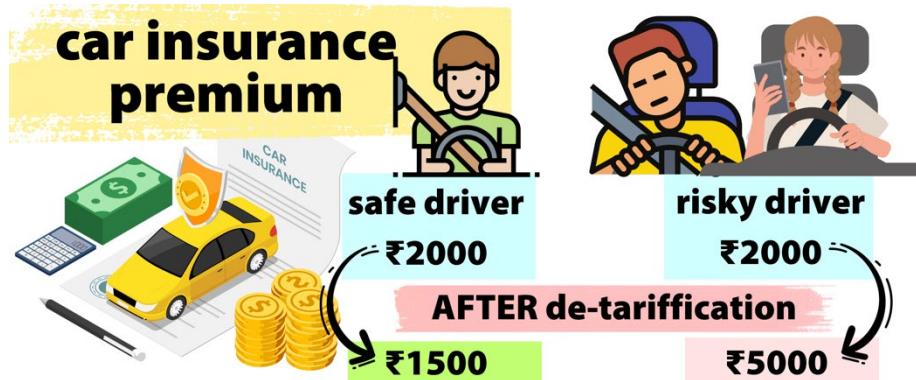
- Motor Vehicles Act (1988) requires all motor vehicle owners to purchase it. (कानूनी रूप से अनिवार्य)
- **Third party (TP) insurance:** When your vehicle hits another vehicle, person or property → that victim (third party) registers a case, gets compensation. IRDAI regulates premium rates & other norms.
- **SC judgement (2019):** TP insurance validity should be 3-5 years, so even if owner forgets to renew annually, the third party is protected. (अवधी ज्यादा होनी चाहिए)



16.16.6 🚗 😢 Own Damage Insurance (OD: मोटर संबंधित स्वयं के नुकसान का बीमा)

- It protects owner of vehicle against theft, vandalism, accident, fire.

16.16.7 De-tariffication in Chinese insurance sector (📊 ES23)



➡️ ES23 said Chinese vehicle insurance sector witnessed De-tariffication. (सामान्य रूप से वाहन बीमा कंपनी की फीस/प्रीमियम फिक्स/सब के लिए एक समान होते हैं। हालांकि डी-टेरिफिकेशन ऐसी प्रणाली है जहां जोखिम की संभावना के हिसाब से फीस/प्रीमियम अलग अलग हो सकता है।)

16.16.8 ⚒️ ೟ Title Insurance (जमीन / इमारत का टाइटल बीमा)



Figure 3: जमीन मकान विवादों के कानूनी लफड़ों में नुकसान से बचने का बिमा #गुलाब-सिताबी

- 'Title' (अधिकार-विलेख) means a legal document showing ownership of a property. 'Title dispute': usually happens when multiple persons are claiming ownership of the same land / building.
- 'Title Insurance' protects the new buyer in case of such legal disputes (by refunding the money he had spent in buying land, construction, legal expenses etc.).
- Real Estate Regulation and Development Act 2016 (RERA) requires the builders to buy this type of insurance. More on RERA in 📊 pillar#5: urban infrastructure.

16.16.9 ✂️ ೟ Clinical Trial Liability Insurance

- ⇒ Type: General Insurance Cover
- ⇒ Objective: To protect the pharmaceutical company From legal expenses/Lawsuits, if a volunteer patient suffers damage/death in clinical trials. (यदि कोई व्यक्ति नैदानिक परीक्षणों में क्षति / मृत्यु तो फार्मा कम्पनी को बीमा कम्पनी मदद करेगी।)



16.16.10 Bharat Griha Raksha & other: Standardized home/factory insurance policies

- IRDAI ordered @General Insurance companies to sell 1) Bharat Griha Raksha, 2) Bharat Sookshma Udyam Suraksha 3) Bharat Laghu Udyam Suraksha from 1/4/2021 onwards.
- **Type?** Standard Fire and Special Perils (SFSP) Policy.
- **Beneficiaries?** protect homes and factories of micro, small and medium enterprises (MSMEs).
- **What damages are covered?** fire, natural catastrophes, riot, strike/hartal, malicious damages, terrorism,, etc upto ₹50 crores.

16.16.11 (Proposed) Catastrophe Insurance (आपदा बीमा)

- ⇒ Protects the client from natural and manmade disasters.
- ⇒ Presently, farmers' crops are protected from natural disasters through PM-Fasal Bima Yojana. But, if his own home was destroyed in floods, it's not covered → Union & State Governments forced to use taxpayers' money for paying compensation to victims of floods, cyclones etc.
- ⇒ IRDAI doing some studies to launch catastrophe insurance (or CAT cover) for poor people.

16.16.12 Catastrophe Bonds, Surety Bonds:

Refer Pillar#1C: SEBI-Sharemarket-यह हम पढ़ते ही पढ़ चुके हैं

16.16.13 General Insurance → Cyber Insurance (साइबर बीमा)

- It covers the losses related to malware attack, phishing and data, identity theft, ransom payment demand made by the hackers, data restoration costs, business interruption losses due to cyberattacks. The loss of reputation, damage to mental health etc.
- Corona lockdown → home-from-home through computer → demand for such policies .
- Bajaj Allianz and HDFC ERGO are notable general insurance companies offering such products.

? In India, under cyber insurance for individuals, which of the following benefits are generally covered, in addition to payment for the loss of funds and other benefits? (UPSC-Prelims-2020 SetB.Q90)

1. Cost of restoration of the computer system in case of malware disrupting access to one's computer
2. Cost of a new computer if some miscreant wilfully damages it, if proved so
3. Cost of hiring a specialized consultant to minimize the loss in case of cyber extortion
4. Cost of defence in the Court of Law if any third party files a suit

Answer Codes: [a] 1, 2 and 4 only [b] 1, 3 and 4 only [c] 2 and 3 only [d] 1, 2, 3 and 4

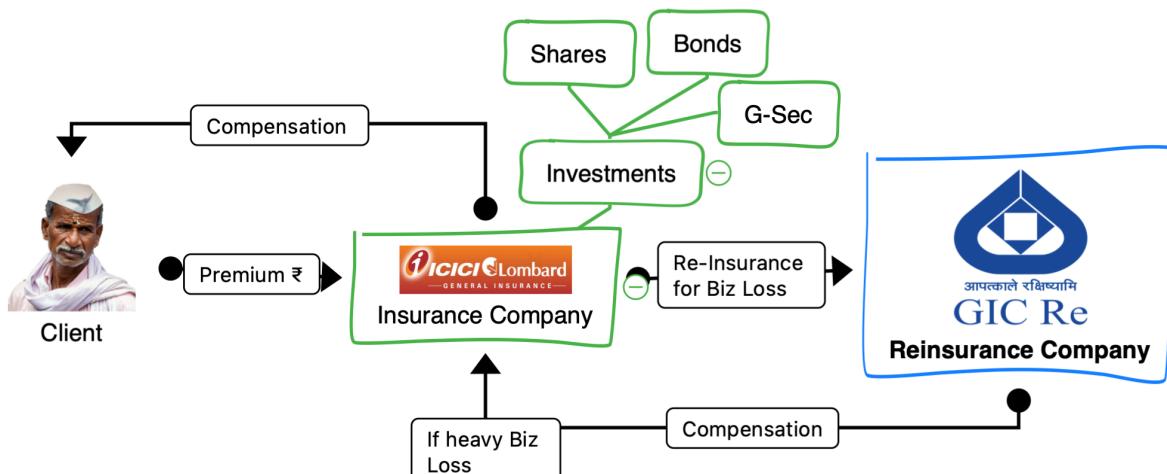
16.16.14 eIA: e-Insurance account

- ⇒ Shares/Bonds are stored digitally in DEMAT accounts. (More in Pillar#1C)
- ⇒ Similarly, Insurance policies can be stored digitally in e-Insurance accounts e.g. NSDL's National Insurance Repository (NIR). (बीमा दस्तावेजों को डिजिटल रूप से संग्रहित करना)



⇒ 📈 Benefit? convenience to customers especially if he bought insurance policies from different companies e.g. Vehicle insurance, fire insurance, Health Insurance, Life Insurance. He can easily track their expiry date/ online renewal etc. in one portal. (सदस्यता का ऑनलाइन नवीनीकरण आसान होगा)

16.17 🔑📝 RE-INSURANCE (पुर्वांश)



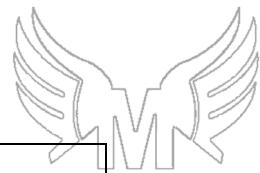
- DICGCI Act (1961) requires banks to take deposit insurance from DICGCI.
- Similarly, Insurance Act (1938) requires insurance companies take 're-insurance' on their biz. बीमा कंपनी ने स्वयं का "धंधा चौपट बचाओ" बीमा लेना होगा
- Previously, only GIC was the sole-reinsurer, but then norms liberalized (2015). New re-insurance cos allowed. e.g. India's ITI Reinsurance Ltd. Even foreign re-insurers such as Swiss Re, Munich Re, General Reinsurance (Warren Buffet) are permitted. (पहले केवल जीआईसी, लेकिन अब अनेक कंपनियों को अनुमति दी गई)
- 📈 Benefits of multiple re-insurance cos? GIC's monopoly in dictating re-insurance premium rates is gone. So, insurance cos' cost of operations to decline → biz. expansion, launch innovative products etc.

16.17.1 🌟(₹ 💰 💡) PANDEMIC RISK POOL proposal by IRDAI

- ⇒ Corona= many people died/sick = insurance companies required to pay large sum of compensation. This is putting lot of Business stress/losses on insurance and reinsurance companies. (महामारी में काफी लोग बीमार हुए/मर गए. बीमा कंपनियों ने मुआवजा देना पड़ा, मुनाफ़े पर गहरा तनाव)
- ⇒ PANDEMIC RISK POOL = Insurance companies and government will contribute ₹₹ into this fund to help in insurance companies in future pandemics. (बीमा कंपनियां और सरकार मिलकर एक निधि/कोष/फंड में पैसा जमा करें ताकि भविष्य में महामारीजन्य तनावपूर्ण स्थितियों में बीमा कंपनी की मदद हो सके।)

16.18 🔑 IRDAI: THE INSURANCE SECTOR REGULATOR (बीमा क्षेत्र नियंत्रक)

Org संगठन	<ul style="list-style-type: none"> - 1996: IRDA setup → given statutory status in 1999 (वैधानिक संस्था बनी) - 2014: Its name changed to Insurance Regulatory and Development Authority of India (IRDAI: भारतीय बीमा विनियामक एवं विकास प्राधिकरण) - HQ: @Hyderabad, Telangana. (Whereas RBI & SEBI HQs @Mumbai.)
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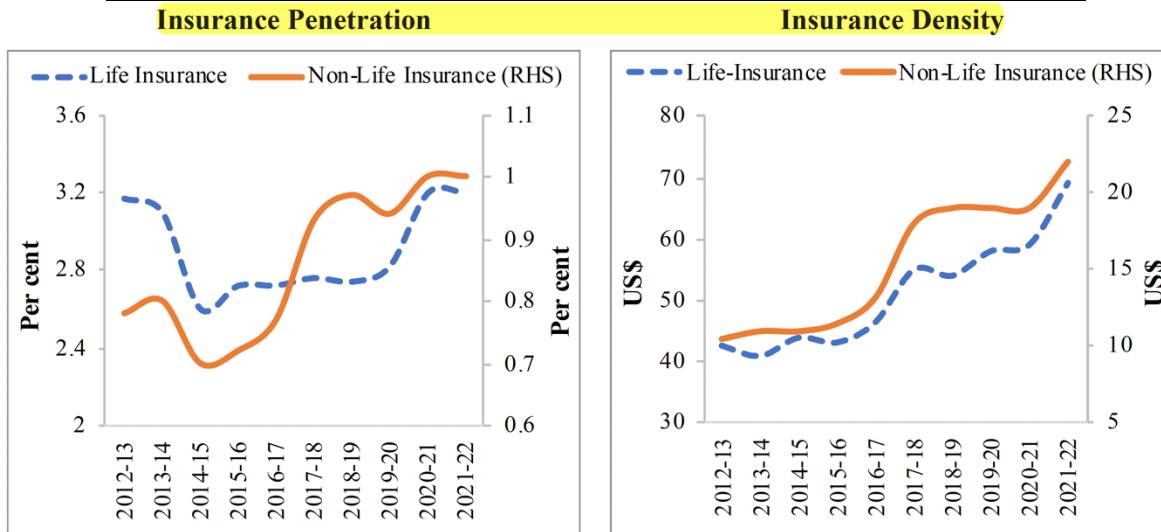
Structure संरचना	1 Chairman: Dr. Debasish Panda (Ex-IAS) (5/65), 9 members (5/62) = Total 10. They can be re-appointed. (पुनर्नियुक्ति संभव है)
Functions कार्य	<p>⇒ IRDAI gives separate licenses for life, general & re-insurance companies.</p> <p>⇒ Prescribes norms for insurance companies for accounting, solvency, audit, commission to agents etc. It can penalize companies, suspend or cancel registration. Appeal → Securities appellate Tribunal (SAT) (More in Pillar#1C)</p> <p>⇒ Norms for agents & brokers, banks selling products (Bancassurance), Surveyor/ Loss Assessor, and Third-Party Administrators (e.g. Hospital)</p> <p>⇒ Consumer grievance redressal via Insurance Ombudsman (शिकायत निवारण अधिकारी).</p> <p>IRDAI is member of Financial Stability & Development Council (FSDC). Ref: 1C</p>

16.18.1 Domestic Systemically Important Insurers (D-SIIs, (घरेलु प्रणालीबद्ध महत्वपूर्ण बीमाकर्ता)

- IRDAI prepares a list of big insurance companies that are “too big to fail” i.e. they feel it will create very great economic distress for India. (यदि ये बीमा कंपनियां गिर गयी तो अर्थतंत्र में भारी तबाही होगी)
- IRDAI labels them as D-SIIs & imposes additional rules/monitoring/supervision on them.
- Latest List: 1) Life Insurance Corporation of India (LIC), 2) General Insurance Corporation of India (GIC), 3) The New India Assurance Co. Ltd. (NIACL) (उनपर ज्यादा सख्त नियम/निगरानी रखेंगे)

16.18.2 Insurance progress indicators (बीमा प्रगति संकेतक)

Insurance penetration (%: बीमा प्रवेश)	Insurance Density (\$: बीमा घनत्व)
=Premium divided by GDP	=Premium divided by population



For India, these indicators are low compared to Malaysia many other developing countries. (उक्त सूचकांकों में भारत अन्य विकासशील देशों के मुकाबले में काफ़ी पीछे है)

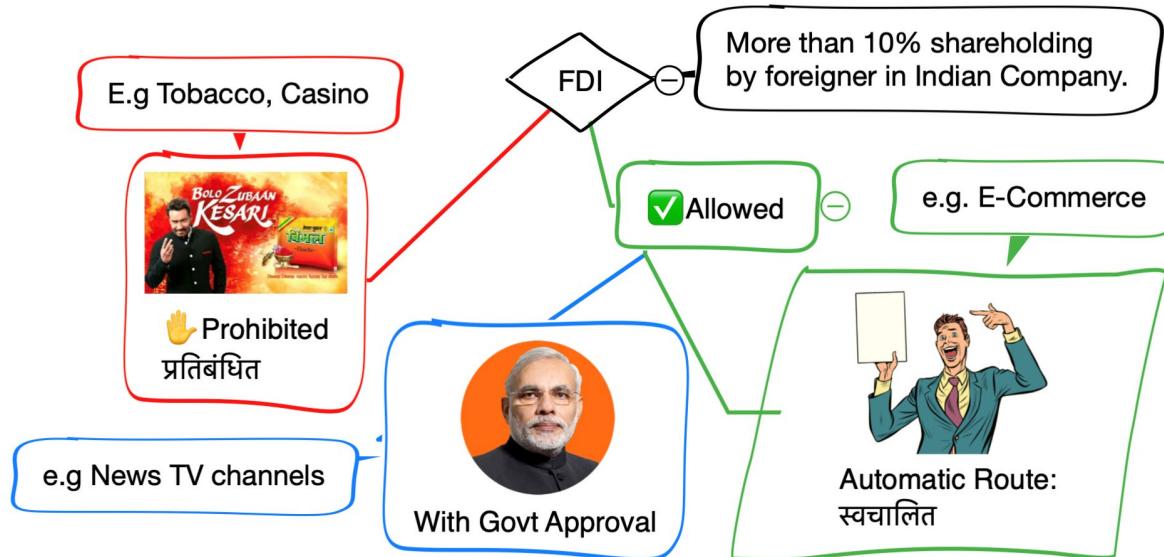
16.18.3 FDI limits in Insurance sector? (बीमा क्षेत्र में प्रत्यक्ष विदेशी निवेश की सीमा)

- ⇒ Foreign Direct Investment (FDI) is the (more than 10% equity / share) investment made by a foreign entity into an Indian company, with the objective to get involved in the management /



production of that Indian company. (किसी विदेशी इकाई द्वारा एक भारतीय कंपनी में 10% से ज्यादा शेयर निवेश करना उसे कहते हैं प्रत्यक्ष विदेशी निवेश) (More on FDI Pillar#3A)

⇒ e.g. 2018: Walmart-USA bought 77% shares in Flipkart-India @ \$16 billion.



FDI limits in insurance sector →	BEFORE	AFTER (Automatic Route)
State owned/public sector Life insurance corporation i.e. LIC (सार्वजनिक क्षेत्र का जीवन बीमा निगम)	NO RULE	20% (done in 2022)
Insurance company itself (Except LIC)	49%	74%** (done in 2021)
Insurance intermediaries e.g. agent/broker, surveyor/loss-assessor, third party administrators (hospital who give treat to health insurance clients) (बीमा क्षेत्र के बिचौलिये/दल्ले)	49%	100% (done in 2020)

** Budget-2021: announced to amend Insurance Act, 1938 to FDI limit from 49% to 74% in Insurance Companies. With following safeguards: हालांकि कुछ शर्तों के साथ →

- ⇒ the Majority of Directors on the Board and key management persons must be Resident Indians. बोर्ड ऑफ डायरेक्टर तथा कंपनी प्रबंधन के वरिष्ठ पदाधिकारियों में बहुमति भारतीय निवासी होने चाहिए
- ⇒ At least 50% of Directors must be Independent directors. (स्वतंत्र डायरेक्टर) (Ref#1C)
- ⇒ Certain % of profits must be retained as general reserve. मुनाफे का कुछ प्रतिशत सामान्य आरक्षित निधि के रूप में अलग से रखना होगा, ताकि अगर कोई कांड हो जाए तो इन पैसों से क्षतिपूर्ति हो सके.

16.18.4 Arguments in favour and against increasing FDI in insurance sector?

Shifted to Mains. #Prelims-RAFTAAR-

17 → () PENSION (पेंशन)

- Insurance: person/his family eligible to receive ₹ ₹ if he suffers death / damage. e.g. PM Jeevan Jyoti: ₹ 2 lakhs on death. जीवन बीमा का लाभ लेना है तो व्यक्ति का मरना जरूरी है



- **⦿ Pension:** Person eligible to receive monthly ₹ ₹ when he retires. And when he dies, his wife (is usually) eligible to receive monthly ₹ ₹. When she also dies, scheme stops. बुढ़ापे में पेंशन मिलता रहे। आपके मरने पर आपके पति या पत्नी को भी पेंशन मिलता रहे।

17.11 ⚒ ⚒ EMPLOYEE PROVIDENT FUND ORG. (कर्मचारी भविष्य निधि संगठन)

- 1951-52: EPFO was setup initially by ordinance & then Act.
- Nodal: Labour Ministry (श्रम मंत्रालय).
- EPFO governed by Tri-partite “Central Board of Trustees” त्रिदलीय केन्द्रीय न्यास बोर्ड -
 - I. Government (Union + state) – 15 nominees (मनोनीत सदस्य)
 - II. Employers (industrialists) - 10 nominees
 - III. Employees (workers) – 10 nominees
- They make policy decision about where to invest money (usually G-sec>C-Bonds>Shares; with minimum and maximum slabs) and they decide how much interest should be paid to subscribers.

Chronology	Scheme (Tech. norms not written here as they're not imp4IASexam)
1952	Employee Provident Fund (EPF) <p>⇒ Principal + interest returned upon retirement age/ death. Interest Rate: 8.5% (2020-21) → <input checked="" type="checkbox"/> Reduced to 8.1% (2022-23) - lowest in last 40 years.</p> <p>⇒ Partial withdrawal upto “X%” allowed for education, marriage, illness and house construction. (अवधि से पहले आंशिक रूप से पैसा निकालना)</p> <p>⇒ 2020: <input checked="" type="checkbox"/> ATMANIRBHAR → PM Garib Kalyan Package → labour ministry allowed EPFO subscribers' to withdraw upto “X%” of EPF fund to help the workers during lockdown. (कोरोना के चलते ज़रूरतमंद मज़दूर अपने खाते से परिपक्ता-अवधि से पहले आंशिक रूप से पैसा निकाल सके)</p>
1976	Employees Deposit Linked Insurance Scheme (EDLI) <p>⇒ Boss pays Premium. If worker dies → family gets insurance.</p> <p>⇒ 2020-Reform: if worker died of Corona family member will be given insurance (min 2.5 lakh to max 7 lakh). कोरोना मृतक श्रमिक के परिजनों को बीमा राशि</p>
1995	Employee Pension Scheme (EPS) <p>⇒ Monthly pension on retirement (once they attain the age of 58 years old) / permanent disability (वय-निवृति/स्थायी विकलांगता में पेंशन मिलेगा).</p>

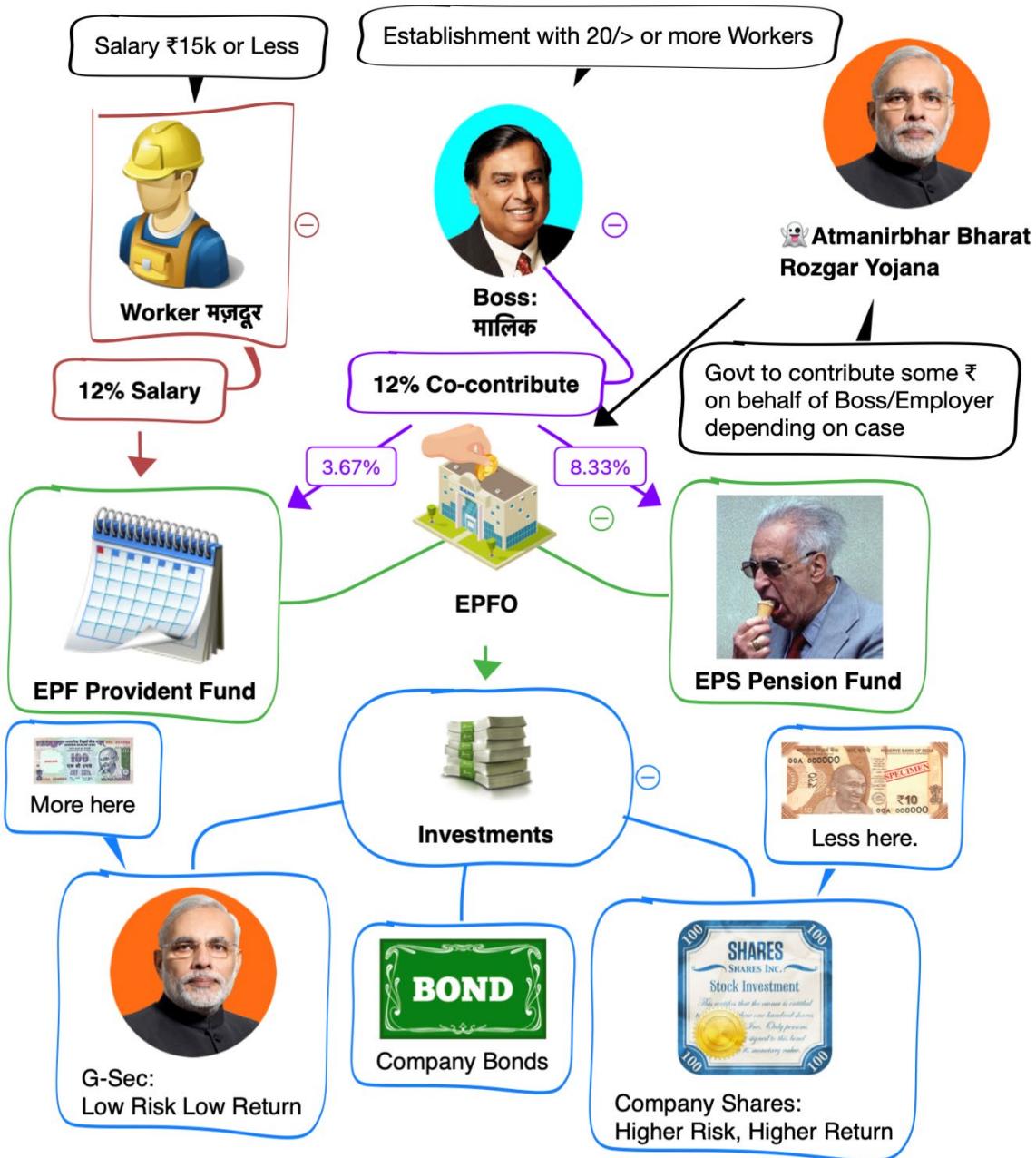


17.11.1 EPFO : Higher pension rule = NOT IMP for Exam



- EPFO covers both permanent employees & casual/temporary employees (= employed only for a few days/weeks/months.) स्थायी कर्मी और अस्थायी/अयाथवधि कर्मी दोनों को लाभ मिलता है।
- EPFO subscriber worker has UAN (Universal Account Number) that remains unchanged even if he changes job from one organization to another. (मजदूर का खाता नंबर- नौकरी बदलने पर भी वही रहता है)
- Previously, employee himself couldn't generate his UAN, he had to request his boss to send forms to EPFO. But 2019: EPFO allowed employees to generate UAN online by simply giving Aadhar & Mobile Number. (एक जमाने में मजदूर ने मालिक द्वारा फॉर्म भिजवाना होता, लेकिन अब मजदूर खुद अपना खाता खोल सकता है)
- Factory owner/Employer has LIN (Labour Identification Number)- which he uses while uploading EPFO documents on Shramsuvidha webportal of Labour Ministry.
- EPFO & ESIC transactions can be done through:
 - Through public and pvt sector banks (बैंक खाते द्वारा पैसा भेज सकते हैं)

- through Ministry of Electronics and Information Technology (MeitY)'s UMANG App (Unified Mobile Application for New-age Governance).



17.11.1.1 EPF Commutation (2020)

- ⇒ EPFO: Employees' Pension Scheme (EPS: कर्मचारियों की पेंशन योजना) = worker gets pension after retirement age (58 years).
- ⇒ EPF Pension commutation= Worker can partially withdraw his pension in advance before reaching retirement age. But, then EPFO will pay him less pension afterwards when he actually reaches retirement age. (पेंशन रूपांतरण: वयनिवृत्ति उम्र/परिपक्वता समय से पहले पैसा उठाना। हालाँकि ऐसा करने पर बाद के वर्षों में पेंशन कम मिलेगा)



17.11.2 🚧 🚧 🚧 (2016) Pradhan Mantri Rojgar Protsahan Yojana (Labour Min)

- Too outdated for 2023 so deleting it.
- Under the scheme government contributed some money to EPFO, on behalf of the factory owner, when factory owner recruited new persons. (फैक्ट्री मालिक जब नए आदमी को नौकरी पे रखेगा तो कुछ वर्षों के लिए सरकार उसका EPF का पैसा भरेगी, ऐसी पुरानी ने योजना के)

17.11.3 📈 Atmanirbhar Bharat Rozgar Yojana= Subsidy from Central Govt in EPFO contribution

It was launched during the Atmanirbhar Bharat 3.0 package (November 2020)

Beneficiary eligibility: Worker's Monthly wages LESS THAN ₹15,000 AND

- 1) Fresh EPFO-Worker got new job in an EPFO registered firm OR
- 2) Past EPFO-Worker had lost job between March 1 to Sept 30 of 2020, BUT got a job on/after October 1, 2020 in an EPFO registered firm

👉 Entitlement: यह योजना में फायदा क्या मिलेगा

EPF scheme	worker (मजदूर)	Boss (मालिक)
if the firm has up to 1000 employees	12% of wages → 🚧 Govt to contribute to EPFO	12% → 🚧 Govt to contribute to EPFO (सरकार देगी)
if the firm has >1000 employees	12% of wages → 🚧 Govt to contribute to EPFO	👉 12%: Boss has to contribute from his pocket. Govt will not contribute. (सरकार नहीं देगी)

👉 Benefit? Formal Job creation, more money in the hands of workers → demand 🚩 → Post corona economy Revival. (औपचारिक रोजगार सृजन, मजदूर के हाथ में ज्यादा पैसा आएगा जिससे बाजार में मांग में बढ़ोतरी)

👉 Scheme validity? (यह योजना कितने दिनों तक वैध/जारी रहेगी)

- ⇒ Scheme registration open till June 2021.
- ⇒ Registered worker will continue to receive benefit for two years. e.g. if registered in January 2021 → then ₹ upto January 2023.

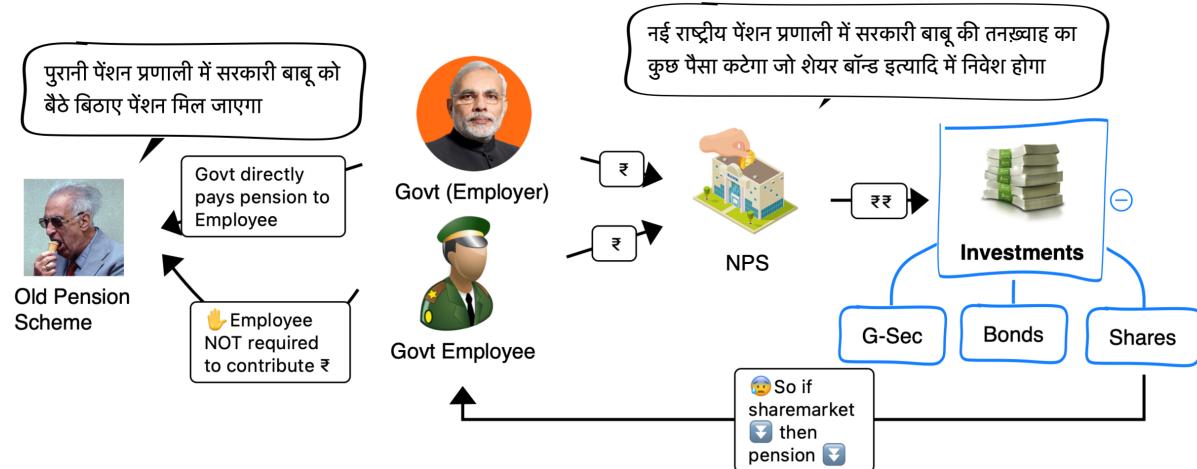
👉 Note: for faster revision I have used the term worker and boss (मजदूर और मालिक) But, in real mains exam, you should write employee and employer/Entrepreneur (कर्मचारी और नोकरीदाता / उद्यमी)

17.11.4 ➡️ 🚧 FAQ: “why not merge EPFO with ESIC!!?”

Their laws are different. To merge them you've to merge two laws. But this is not some priority for govt like Article 370. So, prepare facts as given in the handout. #थोड़ा-पढ़ो-आगे-बढ़ो



17.12 ₹ → ₹ PENSION FOR GOVT EMPLOYEES & MIDDLE CLASS? = NPS



Govt Employees (from 2004)	Middle Class (from 2009)
<ul style="list-style-type: none"> - 2004: New Pension Scheme (नवीन पेंशन योजना) →(2009) renamed into National Pension System. (राष्ट्रीय पेंशन प्रणाली) - Subscriber? Those who joined govt. service on or after 01/01/2004** - Mechanism? Employees (10 % of basic pay) + Govt. contribution (14% of basic pay: since Interim-Budget-2019) → goes to PFRDA →NPS Trust → empaneled NPS-Fund-manager → Invested G-sec, Corporate Bonds and Shares depending on your preference in Tier1/Tier2**. 	<ul style="list-style-type: none"> - In 2009, the Government employee-walla National Pension System was made open for all citizens (and NRIs) aged 18-55 on voluntary basis. You contribute money till age of 60, as per your capacity →invested →pension. - 2010: NPS-Lite (Swavlamban): If poor person from unorganized sector (असंगठित क्षेत्र) joined NPS, then govt to co-contribute (समान योगदान) money for five years**.

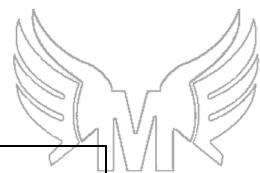
- ** subject to some technical norms which are not imp for exam. (कुछ शर्तों के अधीन)
- NPS subscribers have PRAN: Permanent Retirement Account Number, Just like EPFO subscriber has UAN Number.

17.12.1 ₹ Old Pension Scheme (OPS) in Non-BJP States

- ⇒ Union Government believes 1) we don't have enough money to sustain OPS. 2) better to use tax payers' money for poor.
- ⇒ However some non-BJP states such as Rajasthan reverting to OPS.
- ⇒ Experts argue that OPS is unsustainable because State govts don't have enough money to run it forever. More elaboration / bolbachchan = shifted to Mains. #Raftaar-for-Prelims.

17.12.2 NPS: Andhra Guaranteed Pension Scheme (GPS)

State Govt Employee	State Govt	Guaranteed Pension
10% of salary	10%	33% of last salary before retirement



14%	14%	40% of last salary before retirement
-----	-----	--------------------------------------

17.12.3 → Pension: NPS: Minimum Assured Return Scheme (MARS)

- ⇒ PFRDA yet to release the guidelines so for the sake of simple example
- ⇒ suppose you contribute ₹100 & PFRDA gave MARS of 8% on the NPS account
- ⇒ Then if NPS unable to give u 8% return on ₹60 of subscription then whatever loss- will be paid by PFRDA/other org to subscriber. Benefit? It'll attract more people to join NPS.

न्यूनतम सुनिश्चित वापसी योजना (MARS) - मान लीजिए PFDRA कहता है कि कम से कम 8% सालाना मुनाफ़ा दिया जाएगा और अगर शेयर /बॉंड बाज़ार सिर्फ़ 7% दे पाता है तो 1% नुकसान की भरपाई PFRDA या कोई और अन्य संस्था द्वारा की जाएगी। असल में नियम बनने बाकी है, इसलिए ये तो एक काल्पनिक उदाहरण दिया है)

17.12.3.1 → Jeevan Pramaan (2014)

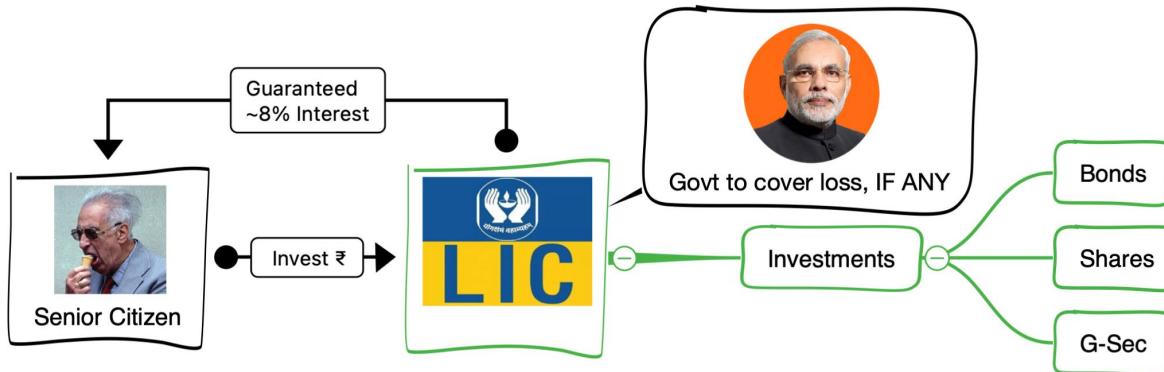


- Previously, a pensioner (in any Govt / public sector org.) had to submit a physical life certificate in November each year to prove that he's alive = hardship, bribery.
- "Jeevan Pramaan" – an "Aadhar-based Digital Life Certificate" by Ministry of Electronics & Information Technology (MEITY) (आधार कार्ड और अंगूठा लगा के ज़िंदा होने का प्रमाण पत्र तकि पेशन मिलता रहे)
- Pensioner's Aadhar number + biometric reading device→ PC, Mobile→ "Digital Life Certificate"→ submit to the authority → pension released.
- 2020: Jeevan Pramaan system also expanded to EPFO subscribers.
- 2022: EPFO also allows facial recognition system because in some very old pensioners, difficult to scan finger-print/iris.

17.13 → PENSION FOR SENIOR CITIZENS WITH CAPACITY TO INVEST ?

17.13.1 Pradhan Mantri Vaya Vandana Yojana (2017-DFS, LIC)

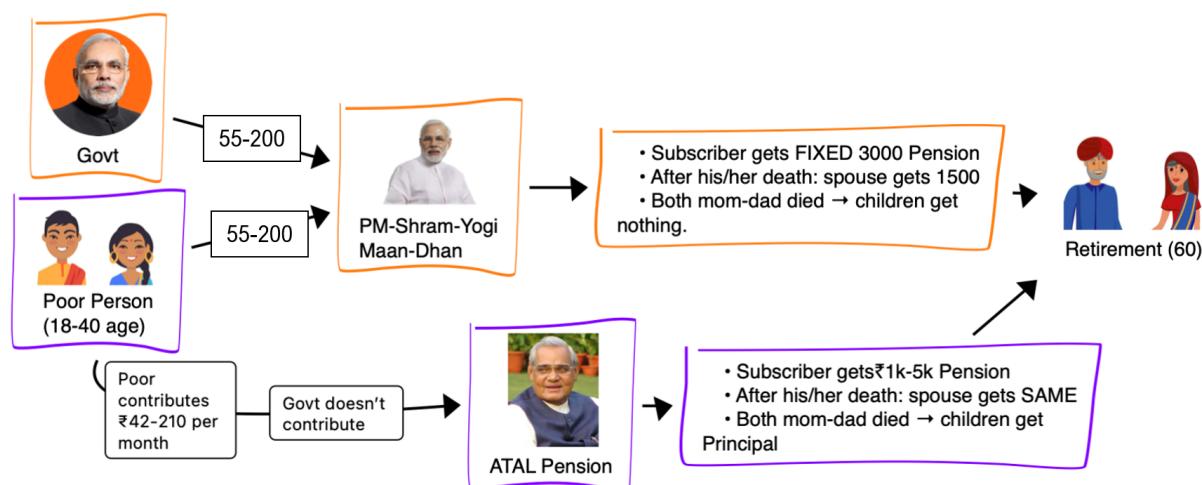
- ⇒ Boss- Dept of Financial Services
- ⇒ 2023-March-31st: this is the last date to join the scheme. Then registration will close.
- ⇒ Other similar schemes: Senior Citizen Savings Scheme, LIC Varistha Pension Bima Yojana but they are old schemes so poor cost: benefit in preparing for UPSC.



Q [Asked in UPSC-CDS-2019-1] Consider the following passage about a scheme : It was launched to provide social security during old age and to protect elderly persons aged 60 years and above against a future fall in their interest income due to uncertain market conditions. The scheme enables old age income security for senior citizens through provision of assured pension / return linked to the subscription amount based on government guarantee to Life Insurance Corporation of India (LIC). Identify the scheme. Answer Choices:

- a) Pradhan Mantri Swasthya Suraksha Yojana b) Pradhan Mantri Vaya Vandana Yojana
c) Liveability Index Programme d) Rashtriya Vayoshri Yojana

17.14 → PENSION FOR POOR PEOPLE WITH CAPACITY TO INVEST?



गरीब आदमी जो खद की जेब से थोड़ा पैसा निवेश कर सके- उनके लिए पेंशन योजना

 Atal Pension Yojana (APY)	 Pradhan Mantri Shram-Yogi Maandhan
By Dept of Financial Services, 2015	By labor Ministry, 2019
Only 18-40 age Indian citizen residing in India	Income Tax-payer, NPS,EPFO,ESIC-subscribers not eligible.
No minimum or maximum income limits. Mukesh Ambani can also join, but given that fact that maximum pension is ₹5,000 a month so	unorganized sector workers with monthly income upto ₹15k. E.g. street vendors, rickshaw pullers, construction workers, rag



⦿ Atal Pension Yojana (APY)	⦿ Pradhan Mantri Shram-Yogi Maandhan
target-audience is poor people, unorganized workers outside EPFO security.	pickers, agricultural workers, beedi workers etc. in the age of 18-40
Monthly pay ₹42-210 rupees till the age of 60	Monthly invest ₹55-200 (depending on age of joining). Govt to co-contribute equal amount. Till the age of 60
₹1k-5k monthly pension- depends on @which age joined, how much contributed?	Fixed ₹3k pension per month after 60.
<ul style="list-style-type: none"> - If subscriber dies after 60, then spouse (Husband/wife) continues to receive same amt. pension. - Both Husband & Wife die → Nominee (e.g. their child) receives the entire principal (premium) back. (माँ बाप दोनो मर गये तो बच्चे को मूलधन वापस) 	<p>If subscriber dies after 60, spouse (husband/wife) gets ₹1500pm as family pension.</p> <p>Both Husband & Wife die → Nominee (e.g. their child) get nothing.</p> <p>निवेशक-पति/पत्नी के देहांत पर उसके पत्नी/पति को आधा ही पेशन मिले। दोनो मर गये तो बच्चे को कुछ नहीं मिलेगा।</p>
One person-1-subscription account only. (एक व्यक्ति का सिर्फ़ एक ही खाता खुल सकता है)	Same as left cell.

💡 Note: 1) Atal Pension Yojana 2) PM Jivan Jyoti Yojana and 3) PM Suraksha Bima Yojana are collectively known as **Pradhan Mantri Jansuraksha Schemes**.

⦿ ? [Asked in Prelim 2016] Find correct statement(s) regarding ‘Atal Pension Yojana’:

1. It is a minimum guaranteed pension scheme mainly targeted at unorganized sector workers.
2. Only one member of a family can join the scheme.
3. Same amount of pension is guaranteed for the spouse for life after subscriber's death.

Codes: (a) 1 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3

17.14.1 ⚡ → ⚡ ⚡ ⚡ : ⚡ Pension: Three Maan Dhan Yojanas



18-40 Age; ₹ 55-200 fees; Pension @60=3000 → family pension ₹ 1500	LIC Fund manager + This Ministry co-contributes	Who?
1) Pradhan Mantri Shram-Yogi Maan-dhan (Feb'19)	Labour Ministry	unorganized sector workers with monthly income upto ₹15k
2) PM Laghu Vyapari Maan- dhan Yojana (Jul'19) # also known as ‘NPS-Traders’	Labour Ministry	Small trader / shopkeepers whose annual turnover does not exceed Rs 1.5 crore, based on self-declaration.



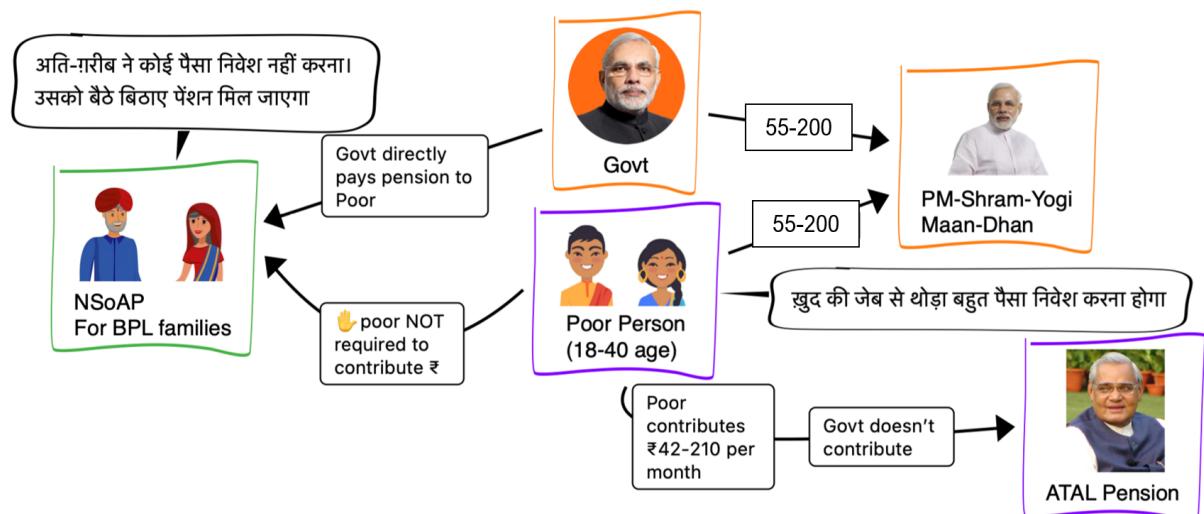
18-40 Age; ₹ 55-200 fees; Pension @60=3000 → family pension ₹ 1500	LIC Fund manager + This Ministry co-contributes	Who?
3) Pradhan Mantri KISAN Maan-dhan Yojana (Aug'19)	Agri	small / marginal farmers with upto 2ha land.

- 1 person can join only 1 type of above scheme. (एक व्यक्ति का सिर्फ एक बार ही पंजीकरण होता)
- Income Taxpayers & those who joined EPFO/ESIC are not eligible for any of these schemes.
- **Budget-2020:** we'll launch a Universal Pension coverage with auto enrolment for workers.
It'll cover workers even when they change jobs. <update when actually done>

17.14.2 ➔ 🎤 FAQ: “why not merge all these schemes into one!??”

- More schemes = more speech points during election-rally for the minister. फिर चुनाव में बोलेंगे क्या?
- So, you may send merger-suggestion to Prime Minister. But until your suggestion is implemented, prepare the facts as given in the handout. #थोड़ा-पढ़ो-आगे-बढ़ो

17.15 🏛️ → 🏛️ PENSION FOR POOR PEOPLE WITHOUT CAPACITY TO INVEST?



- For Below Poverty Line (BPL) people, Rural Development Ministry's National Social Assistance Programme (NSoAP: राष्ट्रीय सामाजिक सहायता कार्यक्रम) in 1995, where direct money is given without asking for any premium from the beneficiary (लाभार्थी).
- It's a core of the core scheme (अति-महत्वपूर्ण योजना) with 100% cost is paid by Union.
- It's optional for state govt. to contribute money- They may contribute, if they want to enhance the scheme's features. (More in 📄 Pillar#2D- Schemes types)



NSoAP Components	总工会	State (Optional to give extra)
Old age pension @60	₹200-500* (depending on how old)	State Govt may give extra ₹₹ & rename it. e.g. Samajwadi Pension in UP
Widow pension Aged 40 onwards	₹300-500 (depending on how old)	State Govt may give extra ₹₹ and rename it e.g. UP Vidhva Pension @1k
Disability pension: Aged 18 onwards	Same as widow pension	State Govt may give extra ₹₹ and rename it e.g. Guj: Sant Surdas Scheme
National Family Benefit INSURANCE	Death of bread winner: ₹20k	e.g. Guj: Sankat Mochan
Annapurna (2001)	If To BPL senior citizens not receiving old age pension then 10kg grain / pm for FREE.	N/A

⇒ 2020: 📈 ATMANIRBHAR → PM GaribKalyan → single time ₹1,000 to poor senior citizen, poor widows & poor disabled (total 3cr person covered)

17.16 📈 PFRDA, THE PENSION FUNDS' REGULATOR

Org	2003: Executive order to setup PFRDA- Pension Fund Regulatory and Development Authority (पेंशन निधि विनियामक एवं विकास प्राधिकरण) 2013: given statutory status. HQ: New Delhi, just like IBBI.
Structure	1 Chairman: (5years / 65age), 5 members (5/62) = 6 people. Re-appointment is possible.
Functions	<ul style="list-style-type: none"> ⇒ Implement National pension system (NPS), select its fund-managers. ⇒ Regulate all public and private pension funds except EPFO, Seaman, Coal miners, Assam tea plantations related pension schemes as they've their separate acts / mechanisms. ⇒ Protect Clients, Pensioners ⇒ Prescribe liquidity, auditing, investment norms for Pension funds. ⇒ Powers of civil court. (दीवानी अद्यालत की सत्ता/अधिकार दिए गये हैं) ⇒ financial awareness generation through pensionsanchay.org.in ⇒ Pension FDI is linked with insurance FDI (49%) so not decided by PFRDA.

17.17 🚲 📈 SOCIAL SECURITY FOR OVERSEAS INDIANS (PENSION / INSURANCE)



17.17.1 🚲 📈 Pravasi Bharatiya Bima Yojana, 2017

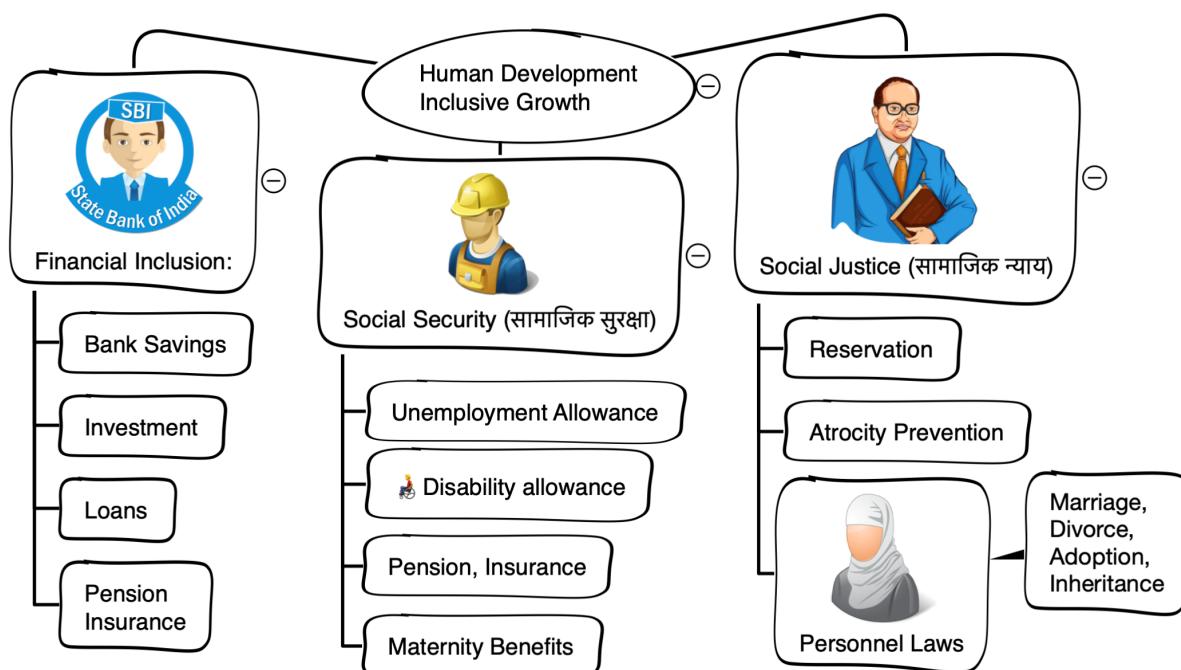
Some nations do not have strict laws regulating the entry, employment or safety of foreign workers. So, the Indian Government classifies them under Emigration Check Required (ECR: उत्प्रवास जांच की आवश्यकता) countries. e.g. Saudi, Qatar, UAE, Libya, Malaysia, etc.



- ✓ It's compulsory for Indian workers going ECR nations to join Pravasi Bharatiya Bima Yojana.
(इसीआर देशों में जाने वाली प्रवासी भारतीय मज़दूरों के लिए ये खरीदना अनिवार्य है)
- ✓ Insurance cover of Rs. 10 lakhs if accidental death/permanent disability while abroad,
- ✓ Maternity expenses (प्रसूति खर्च) cover for women worker, Family Hospitalization etc.
- ✓ Scheme boss? Ministry of External Affairs (विदेश मंत्रालय)

18 () → FINANCIAL INCLUSION (वित्तीय समोवेशन)

- ⇒ **Financial Inclusion:** providing access to banking, investment, pension, insurance and credit (loan) facilities to each citizen. This ensures social, economic and transaction security (लेनदेन में सुरक्षा) (S-E-T), improves social harmony, women empowerment, helps reaping the benefit of “LESS CASH Economy” (Ref: Handout#1A1) सभी नागरिकों को बैंकिंग, निवेश, पेंशन, बीमा और ऋण की सेवा प्रदान करना= उसे वित्तीय समोवेशन कहते हैं
- ⇒ **Social Security (सामाजिक सुरक्षा):** a system of payments / assistance by the government to citizens who are ill, handicapped, poor, aged or unemployed. (बीमार, विकलांग, गरीब, वृद्ध या बेरोजगार को आर्थिक मदद करना)
- The foundation of SS in our constitution @DPSP Article 41- State to provide public assistance to its citizens in case of unemployment, old age, sickness and disablement; and
 - DPSP Article 42- The State shall make provision for securing just and humane conditions of work and for maternity relief. (राजनीतिक पथदर्शक सिद्धांतों में जिक्र)



- ⇒ **Social Justice (सामाजिक न्याय):** distribution of wealth, opportunities, and privileges within a society- through reservation in jobs, admissions and election and through legal safeguards for protection of civil rights, prevention of atrocity and personnel laws. (समाज के विभिन्न जाती/वर्गों में आरक्षण चुनाव तथा कानूनन अधिकारों द्वारा संपत्ति, अवसरों और विशेषाधिकारों का वितरण= उसे समाजिक न्याय कहते हैं)



⇒ Collectively, these three (FI, SS, SJ) help in human development, inclusive economic growth and Sustainable Development Goals (SDG). (More in Pillar#6) [कुल मिलाकर वित्तीय समावेशन, सामाजिक सुरक्षा और सामाजिक न्याय इन तीनों की मदद से मानव-विकास, समावेशी आर्थिक वृद्धि, और सतत विकास लक्ष्यों को हांसिल करने में हमें मदद होगी]

18.11 (→ FIN. INCLUSION: BANK ACCOUNTS FOR EVERYONE)

- ⇒ Nationalization of Banks (1955, '69, '80) → 1961: DICGC Act → 1966 Cooperative Banks under RBI's Ambit → 1969 Lead Bank Scheme (SCB: Pvt or Public) given lead role in district. They prepared credit plan with 'Service Area Approach', and coordinate with the efforts of Government, banks and NBFCs.
- ⇒ 1971: State level Bankers' Committee to monitor progress of financial inclusion
- ⇒ 1976: Regional Rural Bank (RRB) setup through Act. (क्षेत्रीय ग्रामीण बैंकों की स्थापना)
- ⇒ Further, RBI requires commercial banks to setup atleast 25% of their branches in unbanked rural areas. Similar norms for White label ATM Companies. (एक चौथाई शाखाएं गाँव में खोली होगी)
- ⇒ 2005: RBI permitted no-frills savings account with no penalties on zero balance
- ⇒ 2006: RBI permitted Banking Business Correspondent Agents (BCA)
- ⇒ 2011: Government's Swabhiman to increase banking presence in rural area.
- ⇒ 2013: e-KYC permitted.e.g. write Aadhar number, put fingerprint in biometric reading device, no photocopies/xerox required. (कागजी नकल जमा करने की ज़रूरत नहीं, ऑनलाइन प्रमाणीकरण)
- ⇒ 2014: JanDhan Yojana, new Private Commercial Banks (Bandhan, IDFC First)
- ⇒ 2015: Small Finance Banks and Payment Banks. (लघु वित् बैंक और भुगतान बैंक की स्थापना)
- ⇒ 2017-18: India Post Payment Bank (More in Pillar#1B1)

? MCQ. Service Area Approach was implemented under the purview of (UPSC Prelims-2019)

- (a) Integrated Rural Development Programme (b) Lead Bank Scheme
 (c) Mahatma Gandhi National Rural Employment Guarantee Scheme
 (d) National Skill Development Mission

18.11.1 (→ Pradhan Mantri Jan Dhan Yojana (प्रधान मंत्री जन धन योजना))



⇒ 2014: launched by FinMin → Dept of Financial Services with

⇒ Motto "Meraa Khaataa, Bhagya Vidhaataa". Scheme in two phases, 6 objectives:

PM JDY – phase I (2014-15) प्रथम चरण में	PM JDY – phase II (2015-18) द्वितीय चरण
1. Financial literacy (वित्तीय साक्षरता) 2. Banking within 5 kms	1. Credit Guarantee Fund (For Overdraft defaults) उधर से बैंक के नुकसान की भरपाई 2. Direct Benefit Transfer (DBT)



PM JDY – phase I (2014-15) प्रथम चरण में	PM JDY – phase II (2015-18) द्वितीय चरण
3. Account for every family with overdraft, with Rupay ATM-cum-DEBIT Card	3. Sell Micro insurance & pension products through bank.

- ⇒ PM-JDY bank account can be opened in any Commercial or Cooperative Bank provided that (1) bank has CBS (2) bank is tied with Rupay Payment Gateway. अब किसी वाणिज्यिक या सहकारी बैंक में खाता खोल सकते हैं।
- ⇒ Basic Savings Bank Deposit Account - Age 10/>>; Zero balance- no penalty. But, Chequebook only with “balance”; (नाबालिगों के भी खाते खोले जा सकते हैं। बिना एक रुपया बचत जमा किए भी खाता खोल सकते हैं।)
- ⇒ There are restrictions on max. number of money withdrawals per month. (पैसे निकालने पर कुछ सीमाएं)
- ⇒ Overdraft upto ₹ 10k (originally ₹5k) depending on balance history of min. 6 months. Overdraft given on only one account holder in household (preferably woman). (परिवार की महिला को 10,000 रुपये तक की ओवरड्रॉफ्ट)
- ⇒ Money has to be returned with interest within 3 years. Banks to decide the loan interest rate. (ओवरड्रॉफ्ट में दिया पैसा ब्याज के साथ वापस करना होगा। ओवरड्रॉफ्ट कोई दान-खैरात नहि है, वो एक क्रिस्म का कर्ज़/ऋण है।)
- ⇒ EVERY Jan Dhan account comes with FREE Accident Insurance; Premium paid by NPCI, it's therefore necessary to regularly use card- atleast for checking balance. Union Government employees, and income tax payers not eligible for this free insurance. (दुर्घटना/अकस्मात् सुरक्षा बीमा भी मुफ्त में मिलता है)
- ⇒ **⌚ Significance?** JAM trinity (JanDhan, Adhar, Mobile) for targeted and direct transfer of subsidies, scholarship and payments to beneficiaries. (लाभार्थी के खाते में सीधा /प्रत्यक्ष लाभ हस्तांतरण)
- ⇒ **😡 Criticism?** PM-JDY accounts used as money mules during demonetization.
- ⇒ **₹ 2020:** ₹ 10 ATMANIRBHAR → PM GaribKalyan → ₹500 per month to 20 crore women Jan Dhan accounts for 3 months. (कोरोना में महिलाओं के जन धन बैंक खातों में 3 महीनों के लिए थोड़ी-थोड़ी रकम जमा की)

एवं ? [Asked in Pre-2015] Pradhan Mantri Jan-Dhan Yojana' has been launched for:

- (a) providing housing loan to poor people at cheaper interest rates
- (b) promoting women's Self-Help Groups in backward areas
- (c) promoting financial inclusion in the country
- (d) providing financial help to the marginalized communities

18.11.2 💳 Jan Dhan Darshak App (2018)

Jointly developed by Department of Financial Services (DFS) & National Informatics Centre (NIC). It helps people find the nearby financial touch points such as Bank branches, ATMs, Post Offices etc.

18.12 (👤👤₹) → 💳 FIN INCLUSION: INVESTMENTS OTHER THAN BANK

What if poor / lower middle-class person wants better returns than bank deposit? He may opt for...



<i>Act</i>	Small Savings Schemes: लघु बचत योजनाएं
<i>Govt Savings Bank Act 1873</i>	Post Office schemes: monthly, 5 year, savings, time deposit
<i>Govt Savings Bank Act 1873</i>	Senior Citizen Savings (2004)
<i>Government Savings Certi Act '59</i>	National Savings Scheme (NSC)'59
<i>Government Savings Certi Act '59</i>	Kisan Vikas Patra 1988-11, 2014
<i>PPF Act 1968</i>	Public Provident Fund (PPF)
<i>No Act →</i>	Sukanya Samriddhi Yojana '2015

- Individual eligibility, upper-lower limits etc. poor cost: benefit...except Sukanya Samriddhi.
- Money (usually) goes into National Small Savings Fund (NSSF)→ loans to Union and (selected States), with technical norms which not imp for us.
- Here, interest rates are decided by FinMin's Dept of Economic Affairs on quarterly basis. (वित्त मंत्रालय का आर्थिक मामलों का विभाग इन योजनाओं की ब्याज दर तय करता है हर 3-3 महीने पर)

18.12.1 🎃 💍 Small Savings: Mahila Samman Bachat Patra (2023)

It is a new small savings certificate scheme announced in the 🍀 Budget-2023.

Tenure	Two-year period up to 2025-Mar
Max. Deposit	upto ₹2 lakh per girl/woman
Interest	7.5%

18.12.2 🎃 💍 Small Savings: Senior Citizen Savings Scheme limits hiked

Matter	Before	After 🍀 Budget-2023
How much money can be deposited in an account?	Upto ₹15 lakhs	Upto ₹30 lakhs

18.12.3 (GST:₹)→(₹:GST)Sukanya Samriddhi Yojana (2015)



- Parents open a (fixed deposit type) bank account in the name of a 0-10 years girl child, and deposit annually ₹ 250 to ₹ 1.5 lakhs till she reaches age of 14.
- FinMin's Dept of Economic Affairs announces interest rate (originally 9.1%, presently ~8.5%)
- Money (principal and interest) can be withdrawn @ the age of 18-21 depending on whether married or not. So, it indirectly prevents child marriages & empowers the grown-up daughter with money to pursue higher education, small business etc.
- 1 daughter = ONLY 1 account can be opened in this scheme. (एक बेटी के नाम पर सिर्फ एक)
- Maximum two daughters can be enrolled by parents/legal guardians.



18.12.4 ★ 🏡 ₹₹₹₹₹ Five Star Village scheme by Dept of Post (2020)

गाँव वालों को विविध लघु बचत योजना और बीमा योजनाओं से जोड़ने की डाक विभाग की कोशिश

- ⇒ by Ministry of Communications Department of Post (संचार मंत्रालय → डाक विभाग)
- ⇒ Post offices will spread more awareness, enrol more villagers in the following schemes:
- ⇒ Small saving schemes such as Post office Savings Bank accounts, National small savings certificate Kisan Vikas Patra, Sukanya Samridhi Accounts, public provident fund (PPF)
- ⇒ Insurance schemes such as Rural Postal Life Insurance Policy, Pradhan Mantri Suraksha Bima Yojana Account, Pradhan Mantri Jeevan Jyoti Bima Yojana Account.

18.12.5 💳 💰 ₹₹₹₹₹ Sampoorna Bima Gram Yojana (2017)

- ⇒ by Ministry of Communications Department of Post (संचार मंत्रालय → डाक विभाग)
- ⇒ In every district, atleast 1 village identified → In that village, cover all households with a minimum of one RPLI (Rural Postal Life Insurance) policy. (गांव के हर परिवार को कम से कम एक ग्रामीण डाक बीमा पॉलिसी बेची जाए)

18.12.6 💰 💀 💄 ₹₹₹₹₹ Model Insurance Villages (MIV) proposal by IRDAI (2021)

- Insurance Regulatory and Development Authority of India (IRDAI) proposed this
- To give complete insurance coverage to a village for its people's life insurance, health insurance, farm/crop insurance, animal (livestock) insurance, tractor/vehicle insurance etc.
- Funding/Subsidy by Union, State, Companies CSR Funds, NABARD & other AIFIs.
- (गाँववालों के लिए में सभी प्रकार के जीवन बीमा, सामान्य बीमा पॉलिसी उपलब्ध हो, ताकि वह एक आदर्श बीमा ग्राम बन जाए। ऐसी बीमा पॉलिसी खरीदने के लिए सरकार तथा अन्य संस्थानों द्वारा गाँव वालों को सब्सिडी/रियायत दी जाए)

18.12.7 (₹₹₹₹₹ : ₹₹₹₹₹) → 🎫 Chit Funds

- ⇒ Scam and its subsequent judgements have become too outdated for 2023. So deleting it for #Prelims-RAFTAAR- .
- ⇒ Sufficient to know: Chit fund is a collective investment scheme.
- ⇒ Members contribute small, small amount of money, every month. And members are given loan from this fund. (सदस्य उसमें छोटी छोटी रकम जमा करते हैं और फिर सदस्यों को उसी में से लोन दिया जाता है)
- ⇒ Chit fund is a type of “contract” = subject to Concurrent list. So, both Union and State govt have laws for it. (समवर्ती सूची में होने के कारण केंद्र और राज्य दोनों इस पर कानून बनाते हैं लेकिन ढंग से निगरानी कोई कर नहीं पाता)
- ⇒ Scams happened due to lack of proper supervision / nexus with politicians. (इसलिए कांड होते रहते हैं)

18.12.7.1 🎯 🎫 🚫 Banning of Unregulated Deposit Schemes Act, 2019

- अनियमित जमा योजनाओं पर प्रतिबंध कानून
- If an entity is soliciting public to deposit /invest money, then it could be regulated by RBI (Bank, NBFC-D, Home loan NBFCs etc), SEBI (MF, ReITs, InvITs etc), IRDAI & PFRDA, Corporate Affairs ministry (NIDHI), State Governments (chit fund), EPFO, etc.
- A deposit-taking scheme is defined as ‘unregulated’ if person is asking people to deposit/invest money but he has not registered with any of the above organizations. E.g. builders, jewellers, etc.



Act prohibits advertisement & money collection in it. (ऐसी कोई भी बचत योजना जो किसी भी वित्तीय नियंत्रक के द्वायरे में नहीं आती उसे गैरकानूनी माना जाएगा)

- Penalty upto ₹50 crores and jailtime upto 10 years + attaching the assets to refund depositors within prescribed timelines. (जुर्माना, कारावास, संपत्ति की जब्ती)
- Union to setup an online central database of deposit-taking activities in the country.

18.13 ← (₹) FINANCIAL INCLUSION: CREDIT (LOANS: ऋण)

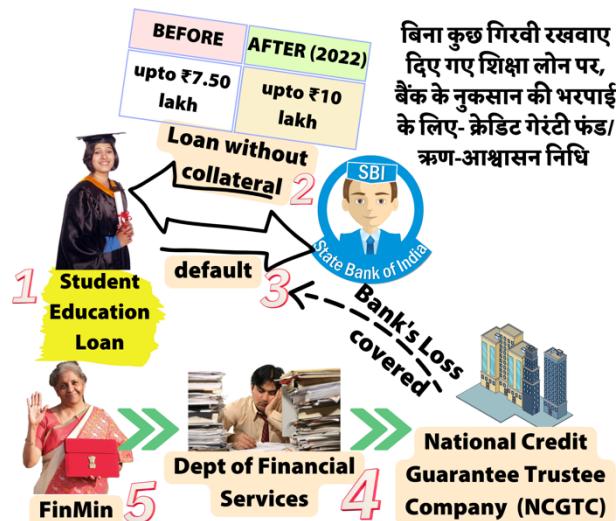
Self Study? Pillar#1A2: Monetary Policy → PSL. Pillar#1B1: Classification → microfinance

18.13.1 : ← (₹) Credit Guarantee (ऋण अदायगी गारंटी)

- **Meaning?** if borrower defaults, then losses of banks/NBFCs will be covered by credit guarantor. So, Bank/NBFC can lend confidently without requiring borrower to pledge collaterals.
- Earlier DICGCI used to give credit guarantee for PSL borrowers, but now this work is done by organizations such as:

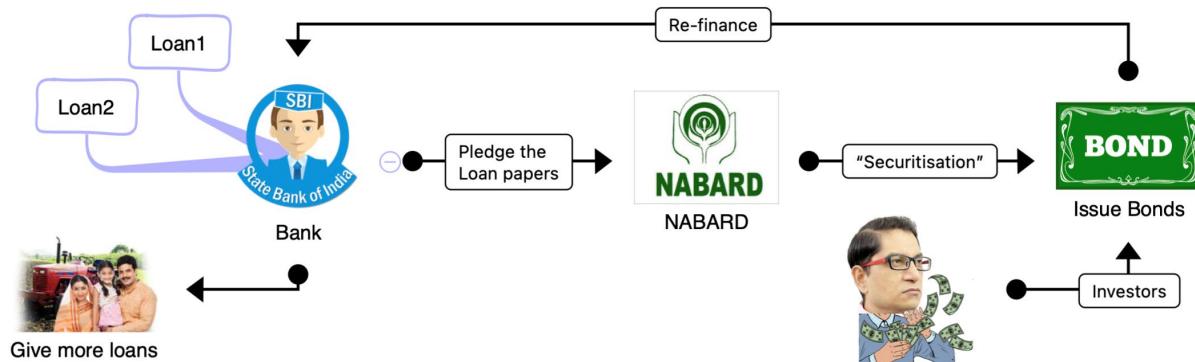
Organization	Credit Guarantee Fund	Loans covered
SIDBI + Govt	Credit Guarantee fund trust for Micro & Small Enterprise (CGTMSE)	Loans to Micro & Small Enterprise
Dept. of Financial Services	National Credit Guarantee Trustee Company (NCGTC)	⇒ Mudra, ECLGS, Stand up India, Skill & Education loans. ⇒ Education loan upto Rs.7.50 lakhs is backed by this org.
Commerce Ministry	Export Credit Guarantee Corporation of India fund (ECGC)	Exporters

18.13.2 Financial inclusion: Credit Guarantee Fund for Education Loans (CGFEL)





18.13.3 (₹ ↘) Re-finance (पुनर्वित्त)



- When an AIFI (or MUDRA) gives new finance to Banks/NBFCs based on the quantum of finance they (Bank/NBFC) have already given to end-borrowers.
- Usually works via **securitization** of the previous loan papers. ? NOT IMP. # 📈 थोड़ा पढ़ो-आगे बढ़ो

18.13.4 🧑‍🏭 MSME: Definition changed in ATMANIRBHAR (2020)

- 2006: Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 gave definition of micro, small and medium enterprises
- 2020: ATMANIRBHAR → MSME ministry changed the definition as following: निवेश और कुल बिक्री के हिसाब से उधयोगों को वर्गीकृत किया जाएगा. विनिर्माण (mfg) और सेवा (services) क्षेत्र के उधयोगों के लिए एकसमान व्याख्या।

Note: This handout only deals with 'loan' component of MSME. For other MSME issues/challenges, refer (More in 📈 Pillar#4B → MSME)

Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment<Rs. 25 lac	Investment<Rs. 5 cr.	Investment <Rs. 10 cr.
Services Enterprise	Investment<Rs. 10 lac	Investment< Rs. 2 cr.	Investment<Rs. 5 cr.

Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment< Rs. 1 cr. and Turnover < Rs.5 cr.	Investment< Rs. 10 cr. and Turnover < Rs.50 cr.	Investment< Rs. 50 cr. and Turnover < Rs.250 cr.

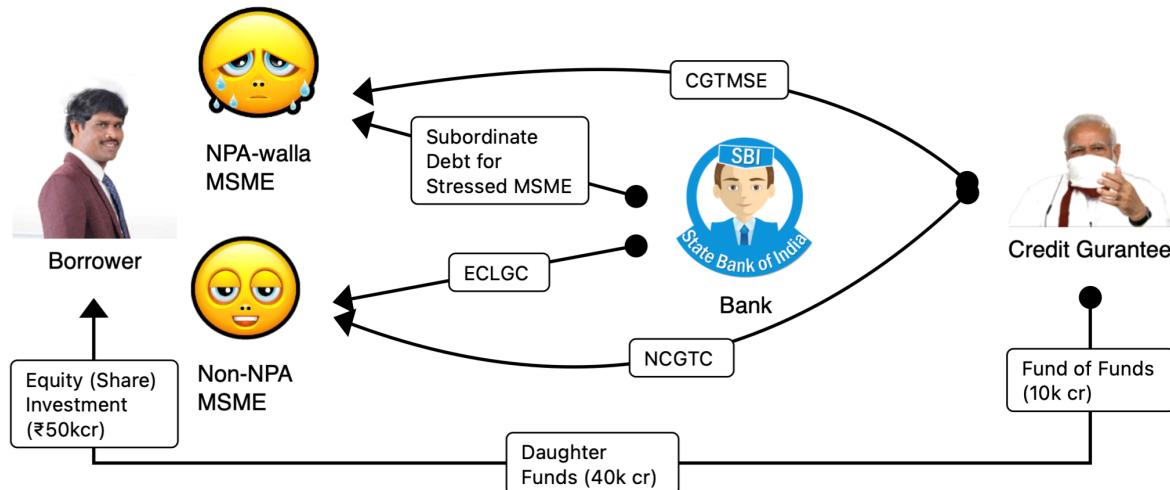
👉 in above image, read "<" sign as "NOT MORE THAN (से अधिक नहीं)

Investment: निवेश annual turnover: वार्षिक कारोबार



18.13.5 📈 ↘️ 💸 💼 MSME Non-NPA borrower → ECLGS 1.0

ऋण अदायगी गारंटी -उन उधोगों के लिए जिनके लोन-खाते अभी एनपीए/अनर्जक परिसंपत्ति की श्रेणी में नहीं हैं



⇒ Corona Lockdown → MSME business hurt → need loans to restart business → Emergency Credit Line Guarantee Scheme (ECLGS: आपातकालीन क्रेडिट लाइन गारंटी योजना).

⇒ 📈 Eligibility?

- MSME Previous outstanding loan account can't be more than ₹25 crores, and can't be not an NPA.

⇒ New/ Extra Loan Amount? 20% of the outstanding loan.

⇒ Loan Tenure? 4 Years (मियादी/समयकाल)

⇒ Loan Interest? 9.25% (Bank), 14% (NBFC).

⇒ Collateral? Not required. (गिरवी कुछ भी नहीं रखना होगा)

⇒ If the borrower doesn't repay loan principal or interest → Credit guarantee covered by NCGTC (National Credit Guarantee Trustee Company Limited), a company under the Dept of financial services in FinMin.

18.13.6 📈 ↘️ 💸 💼 MSME Non-NPA borrower → ECLGS 2.0 (Atma-Nirbhar 3.0)

It was launched during the Atmanirbhar Bharat 3.0 package (November 2020)

equalTo Eligibility? (Two conditions must be fulfilled simultaneously)

- 1) MSME as well as Non-MSME(large) firms operating in
 - (a) Healthcare sector (स्वास्थ्य क्षेत्र) OR
 - (b) 26 stressed sectors Identified by RBI is KV Kamath committee (e.g automobiles, tourism, cement, gems and jewellery etc तनावग्रस्त क्षेत्र) AND
- 2) Its outstanding loans are > ₹50 crore - upto ₹ 500 Crore (as on 29.2.2020)

_equalTo Benefit?

- ✓ Extra 20% loans against outstanding loans. (कर्जा बकाया है उसके सामने 20% अतिरिक्त कर्ज दिया जाएगा)



- ✓ Interest Rate not explicitly mentioned in Press-Statement. (योजना की प्रेस विज्ञप्ति में स्पष्ट रूप से खुलकर नहीं बताया, तो हमने खुद से गूगल सर्च मारने की कोई जरूरत नहीं है# 📊 थोड़ा-पढ़ो-आगे-बढ़ो)
- ✓ Repayment tenure of above loan: 5 years including 1 year moratorium on principal repayment. (5 साल में कर्ज चुकाना होगा और उसमें भी 1 साल तक मूलधन चुकाने पर रोक)

₹ 📈 Budget-2022: This scheme is continued, with more funds.

18.13.7 ₹ 📈 💸 MSME NPA borrower → Subordinate Debt (गौण क्रण)

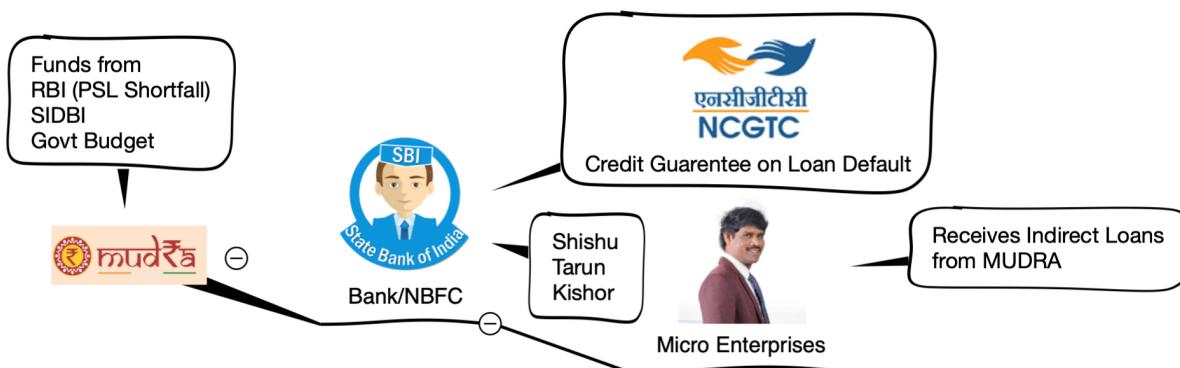
क्रण अदायगी गारंटी- उन आर्थिक तनावग्रस्त उद्योगों के लिए जिनके लोन-खाते पहले से एनपीए श्रेणी में आ चुके हैं।

- ⇒ **Beneficiary?** MSME whose loan account is in NPA/ stressed category. लघु/
- ⇒ Such stressed MSME to be given subordinate loan Upto ₹75 lakhs to revive business.
- ⇒ **Tenure/Interest?** Not clearly mentioned.
- ⇒ If the borrower doesn't repay loan principal or interest → Credit guarantee by CGTMSE (Credit Guarantee Trust for Micro and Small enterprises, an org funded by SIDBI + Govt).

18.13.8 ₹ 📈 💸 MSME → Equity infusion via Fund of Funds (निधियों की निधि)

- ⇒ Govt will set up a Fund of Funds with ₹10,000 crore.
- ⇒ This FoF will invest in daughter funds (who'll supply ₹40k cr from their funds). So, total 10k+40k=50k equity funding/infusion to MSME. (इकिटी के रूप में कंपनी में जान फूकना)

18.13.9 ₹ 🏠 💸 NBFC → Mudra (2015, 100% SIDBI subsidiary)



- Micro Units Development & Refinance Agency. (सूक्ष्म इकाई विकास एवं पून: वित्तपोषण एजेंसी)
- **Objective?** provides indirect lending via SCB, RRB, Cooperative Banks, MicroFinance Inst & other NBFCs. (अनुसूचित वाणिज्य बैंक क्षेत्रीय ग्रामीण बैंक सहकारी बैंक गैर बैंक वित्तीय कंपनियों द्वारा परोक्ष रूप से कर्ज देता है)
- **Ownership?** It's wholly owned by SIDBI, and also receives the funding from PSL-shortfalls via RBI, and budgetary support via Department of Financial Services.
- **Beneficiary?** Micro Enterprises from Agri-allied sectors, mfg & service sector who are not registered under the companies act = Non-corporate type. (जिन्होंने कंपनी कानून में पंजीकरण नहीं करवाया)



Table 2: Mudra-Products:

<u>Pradhan Mantri MUDRA Yojana</u>	<u>MUDRA Rupay Card</u>
1) Shishu : loans upto 50,000/- 2) Kishor : >50,000/- upto 5 lakh 3) Tarun : > 5 lakh and upto 10 lakhs	<ul style="list-style-type: none"> - ATM cum Debit Card issued against MUDRA loan account. - For working capital component. - Can be accessed in all modes like a routine debit card (ATM, MicroATM, PoS, Online)

- Mudra loans are collateral-free (जमानत से मुक्त). If borrower defaults on loan, then lender's losses are covered through Credit Guarantee Fund for Micro Units [CGFMU] which is operated by National Credit Guarantee Trustee Company Ltd. [NCGTC, 2016]- which is a private ltd company by Dept of Financial Services in Finance Ministry.
- 😬 **MUDRA Challenges?** (1) Loan Interests are high (2) Rising NPA/Bad loans.

18.13.10 📈 ↩️ 💳ビルム Mudra Loans → Shishu Loans pe 2% Interest subvention

- ⇒ 💳 ATMANIRBHAR-2020: **Shishu loan borrowers** = 2% Interest subvention (व्याज-अदायगी मे सरकारी-मदद) IF they're prompt payees (=repaying the loans regularly).
- ⇒ This offer is valid for 12 months.

/Q ? Pradhan Mantri MUDRA Yojana is aimed at (Asked in UPSC-Pre-2016)

- bringing the small entrepreneurs into formal financial system
- providing loans to poor farmers for cultivating particular crops.
- providing pensions to old and destitute persons.
- funding the voluntary orgs involved in the promotion of skill development and employment generation.

18.13.11 🕒 ↩️ 💳 psbloansin59minutes.com (2018)

portal by SIDBI & 5 PSBs. GST-registered MSME get loans 10L to 1 cr. Without collaterals. if loan approved then ₹1000 fees need to be paid

18.13.12 📈 Stand Up India Scheme, 2016 (उत्तिष्ठ भारत)

- **Boss?** FinMin's Dept of Financial Services (वित्तीय सेवा विभाग)
- **Objective?** Each SCB bank branch to give Greenfield Loans between ₹10 lakh and ₹1 Crore to at least 1 SC/ST and atleast 1 Woman entrepreneur with tenure upto 7 years.
- **Collateral?** Bank can ask collaterals. If loan without collaterals, then Credit Guarantee Fund for Standup India (CGFSI) operated by NCGTC.
- **Budget-2019:** this scheme extended till 31/3/2025.



- Margin money = is the amount of money that a bizman has to arrange by himself from his own pocket/savings for the given biz-project. Remaining amount is given as a loan by the bank.

₹ Budget-2021: 1) ₹ margin money requirement from 25% to 15%. 2) Agri-biz projects also eligible.

18.13.13

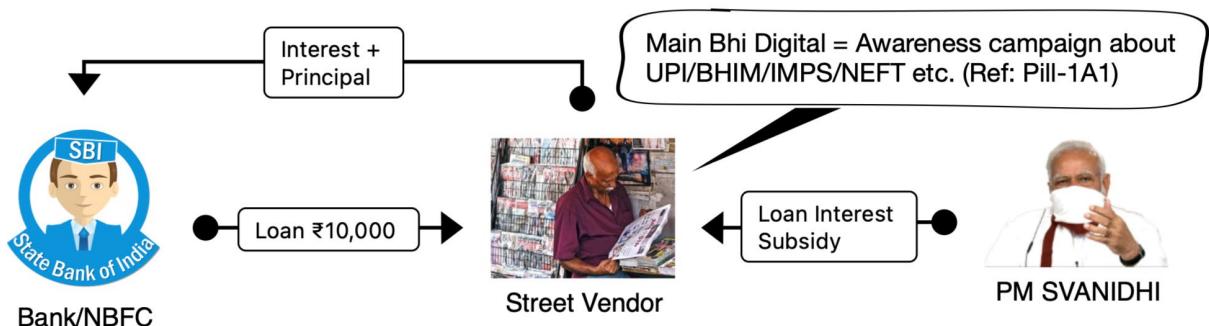
⌚ Self-help group (स्व-सहायता समूह) → Credit



- is an informal group of 10-20 local people to combine their savings/ resources, engage in biz activity like weaving, agarbatti etc अपनी बचत और संसाधनों की मदद से कुछ छोटा उत्पादन करने वाला गरीब लोगों का एक अनौपचारिक समूह
- and not registered in as a firm / company under partnership act or companies act etc.
- Self-Help Groups are formed under the government schemes like National rural livelihood mission (NRLM). More in 📁 Pillar#6]
- Budget-2019:
 - o 1 woman in each self-help group (SHG) will be made eligible for ₹ 1 lakh loan under Mudra scheme.
- ₹ ATMANIRBHAR → PM GaribKalyan → Women Self Help Groups (SHGs) to be given ₹20 lakh collateral free loans. Further,
 - o Government will procure masks and sanitizers prepared by SHG = ₹₹ income for poor families. (सरकार इनसे मास्क और सेनिटाइज़र खरीदेगी)

18.13.14

⌚ PM Street Vendors's AtmaNirbhar Nidhi Scheme (PM-SVANidhi)



- ⇒ Boss? Ministry of Housing and Urban Affairs (MoHUA)- आवास और शहरी मामलों का मंत्रालय
- ⇒ Loan Tenure: 1 year. Repayment to be done on a monthly basis.
- ⇒ Loan Interest? approx @7.25% & if vendor repays in timely fashion → govt will give 7% interest subsidy in his bank account. (फेरीवाला ने रुण अद्यायगी नियमित रूप से की तो ब्याज में सरकार राहत/सब्सिडी देगी)
- ⇒ Scheme Valid till: 2022-March.



18.13.15 Street vendors's PM-SVANidhi → Main Bhi Digital (2021)

- ⇒ MoHUA to give ₹₹ to Urban Local Bodies (ULBs: नगरपालिका को शहरी मंत्रालय पैसा देगा)
⇒ To spread digital literacy among street vendors who took SVANidhi Loans e.g. How to use UPI, BHIM, Netbanking. Connect food-street vendors with online e-commerce players like Swiggy-Zomato etc to expand street-vendors' sales etc. (सड़क विक्रेताओं को डिजिटल भुगतान और डिजिटल बिक्री माध्यमों की जानकारी देना)

18.13.16 PaiSA Portal (2018)

Outdated for 2023. Deleting it.

18.13.17 Jan Samarth Portal (2022)



- ⇒ Finance Ministry's single portal to help beneficiaries to apply for various Government loan schemes for Education Loans, Agriculture Loans, Business Activity (livelihood) Loans, etc.
⇒ It connects borrower with 125+ banks and NBFCs for loan application.
⇒ When person applies for business loan, the portal cross-checks his UIDAI-Aadhar number, income tax, GST, UDYAM (MSME registration number), CIBIL credit score etc data/scores for faster loan processing

18.13.18 Kisan Credit Card (1998)



1998: Launched by RBI +NABARD. Farmer gets credit card from PSB, RRB, State Coop Banks for:

- Can swipe it to buy farm inputs (seeds, fertilizers, pesticides etc.)
- Investment credit requirement for agriculture
- Working capital for maintenance of farm assets
- Post-harvest expenses, (फसल काटने के बाद होने वाले खर्च)
- Consumption requirements of farmer household; (घर में उपभोग हेतु खर्चें)
- Can withdraw cash (as loan).
- Money to be repaid with interest. Accidental insurance also given.
- **Budget-2018:** Kisan Credit Card (KCC) extended to Animal Husbandry and Fisheries farmers.
Interim-Budget-2019: they (animal/fisheries-walla) too will get the interest subvention
- **Interim-Budget-2019:** comprehensive drive with a simplified application form to get all farmers under KCC cards.



MCQ ? MCQ. Under the Kisan Credit Card scheme, short-term credit support is given to farmers for which of the following purposes ? (UPSC-Prelims-2020)

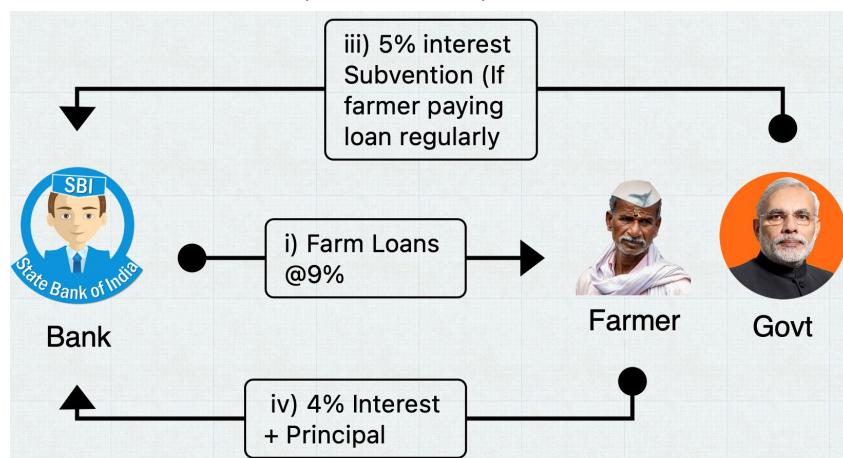
1. Working capital for maintenance of farm assets
2. Purchase of combine harvesters, tractors and mini trucks
3. Consumption requirements of farm households
4. Post-harvest expenses
5. Construction of family house and setting up of village cold storage facility

Codes: [a] 1, 2 and 5 only [b] 1, 3 and 4 only [c] 2, 3, 4 and 5 only [d] 1, 2, 3, 4 and 5

18.13.19 : Interest Subvention (ब्याज सहायता)

Govt pays part of the interest rate for borrower. (farmer, MSME, affordable housing etc) such as:

- Farm loans upto 3 lakhs → 9% MINUS 2% (to all farmers) MINUS 3% (regular paying farmers)= only 4% loan interest farmer has to pay.
- **Budget-2019:**
 - KCC-card-walla Animal Husbandry and Fisheries farmers also eligible.
 - If natural disaster- then crop loans are rescheduled, we'll streamline the subvention norms there.
 - MSME: incremental loans upto ₹1 crore to GST registered MSME industry= 2% subvention. (As such already announced by Modi in 2018)



18.14 FARM LOAN WAIVER (कृषिऋण माफी)

18.14.1 Agri-Finance → Loan waivers for the farmers

Shifted to Mains. Gist of the matter is that economic survey is opposed to loan waivers because then farmer become irregular in returning the loans, whenever the elections are near.



18.15 📈 💳 FINANCIAL INCLUSION: INSURANCE & PENSION

- Various schemes are given in previous sections: But just to quickly recall the notable terms:
Insurance: Postal Life, ESIC, PM Jeevan Jyoti & Surkasha Bima (₹2 lakh), PM-JAY (₹5 lakh annual health insurance per family), PM-Fasal Bima (1.5-5% premium);
- **Pension:** EPFO, NPS, Atal Pension (1-5k), PM Shram Yogi Mandhan (3k), PM Vay-Vandana (8%@LIC), Maan-Dhan Yojanas (3k/pm)

18.15.1 📈 💳 Micro Insurance (सूक्ष्म बीमा)

- ⇒ Insurance policy may be Life / General Insurance with a very low premium.
- ⇒ When small sum insured (upto ₹50k) & target audience is poor / villagers / farmers.
- ⇒ It may be an individual / group based insurance. Intermediaries such as NGO, SHG, MFI help in selling such policy. Policy/ Contracts are given in local language. e.g. LIC's Jeevan Madhur and Jeevan Mangal

18.15.2 🚗 🚗 Gig Workers' social security code (गिग कर्मी की सामाजिक सुरक्षा संहिता)



- ⇒ **Informal workers** (अयथाविधि कर्मी)= doesn't have formal job contracts with employers. E.g. Domestic Maids, Brick Kiln Workers, Construction Labourers, Chowkidar, Dhaabaa cooks/waiters etc.
- ⇒ **Gig workers** (गिग कर्मी)= Uber Taxi Drivers, Amazon/Zomato Delivery boys, Urbancap's beauticians/ plumbers/ AC repairman, Unacademy Educators etc. They are freelancers / independent contractors (स्वतंत्र डेकेदारों) hired by startup or digital companies for short-term engagements. While they may have some written contract to deliver services to the company, but the contract is worded in such manner they are not “regular employees” of a company = not eligible for EPFO, ESIC etc.
- ⇒ 2019-Sept: Labour Ministry drafting a “social security code for all informal & gig workers”. It aims to provide ‘insurance on death/disability/sickness’, maternity benefit, pension, scholarship for their children etc. (मृत्यु / विकलांगता / बीमारी पर बीमा, मातृत्व लाभ, पेंशन, गिग कर्मी के बच्चों को छात्रवृत्ति)

18.16 🏠 : 🏠 FINANCIAL INCLUSION: CUSTOMER PROTECTION (ग्राहक सुरक्षा)

🏦 Bank/NBFC (under RBI)	📝 Share/Bond (SEBI)	💳 Insurance (IRDAI)	👤 Pension
Ombudsman: Bank, NBFC, Digital Transaction (given below)	SCORES Portal→ SEBI→SAT	⇒ Insurance Ombudsman via IRDAI Act '1999, hears matters upto ₹30 lakhs. If higher	<ul style="list-style-type: none"> - If EPFO- then its internal machinery - If NPS: NSDL→ PFRDA.



		claim then consumer courts / other courts. ⇒ Higher appeal against IRDAI → SAT	- If pvt sector pension company's scheme: PFRDA → SAT.
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18.16.1 RBI's 3 Ombudsman (ओमबड्समेन/ शिकायत निवारण अधिकारी/लोक प्रहरी)

- 2021-Feb: BEFORE: RBI appointed 3 types of ombudsman for consumer complaints: (i) Banking Ombudsman Scheme (ii) NBFC Ombudsman (iii) Digital Transaction Ombudsman.
 After: Integrate these 3 into a **One Nation One Ombudsman / Integrated Ombudsman Scheme** (एकीकृत शिकायत निवारण अधिकारी योजना)

18.17 FINANCIAL INCLUSION: VARIOUS REPORTS (भारत का प्रदर्शन)

I'm not writing the ranks here because it will be very poor cost benefit memorising it for exam.

Report	By
Global Microscope Report	The Economist Magazine's Economist Intelligence Unit, Accion global NGO &partners like Bill & Melinda Gates Foundation, Metlife foundation etc.
Global Findex Database	World Bank with help of Bill & Melinda Gates Foundation
Global Pension Index	Mercer CFA Institute, Canada
Indian Government's Financial Inclusion Index	Indian Finance Ministry's Department of Financial Services (DFS).
RBI's Financial Inclusion Index	RBI
National Strategy for Financial Inclusion	RBI

18.18 MOCK QUESTIONS FOR MAINS (250 WORDS EACH)

Mostly around importance of insurance and pension for human development. Whether we should allow more FDI in insurance sector? How does particular government scheme helping the poor people and farmers? Importance of self help groups for poverty removal etc.

NEXT Handout: Pillar2: Budget, Taxation