

**Snapshot of Operations**

**SKILL LOANS – NABFINS initiative to support Skill Development of unemployed Youth**

Particulars	May 2016	Cumulative position
No. of SHG financed	1400	81277
No. of SLI financed (including NBFCs)	6	135
No. of JLGs financed under PTSLP	-	890
Loan amount disbursed under SHG model (In ₹ Crore)	49.98	2967.16
Loan amount disbursed under SLI model (In ₹ Crore)	1.30	57.84
Loan amount disbursed to JLGs under PTSLP model (In ₹ Crore)	-	18.72
New districts covered	2	94
No. of B&DC/DFs empaneled (active)	0	266
Outstanding as on April 30, 2016 (In ₹ Crore)		827.85



NABFINS with support from National Bank for Agriculture and Rural Development (NABARD) has recently rolled out a new initiative to support youth from regions affected by Left Wing Extremism and other backward regions. The project includes imparting industry oriented skill trainings to the youth and placing them into industry nationally and internationally after successful completion of training and assessment. This project is implemented in association with PanIT Alumni Reach for India Foundation. Under this project NABFINS has extended Skill Loans to one hundred and eighty five students as on date.

**Sector updates**

The Reserve Bank of India vide notification RBI/2015-16/326 DNBR.CC.PD.No.074/03.10.01/2015-16 dated February 18, 2016 has issued instruction and clarifications regarding guidelines on provision of factoring services to ensure against regulatory gaps/ arbitrage if any, arising from differential regulations as between NBFC-Factors and banks.

The Reserve Bank of India vide notification RBI/2015-16/327 DNBR (PD) CC.No.075/03.10.001/2015-16 dated February 18, 2016 has revised the threshold for reporting of frauds and submission of quarterly progress reports on frauds to Central Fraud Monitoring Cell, Reserve Bank of India, Department of Banking Supervision, from ₹ 25 lakh as on date to ₹ 1 crore with immediate effect.

On review of Prudential Guidelines - Revitalising Stressed Assets in the Economy, the Reserve Bank of India vide notification RBI/2015-16/330 DBR.BP.BC.No.82/21.04.132/2015-16 dated February 25, 2016 has made revisions to these guidelines on various aspects including Strategic Debt Restructuring Mechanism, Framework to Revitalize the Distressed Assets in the Economy, Revisions to the Guidelines on Restructuring of Advances by Banks, Flexible structuring of Long Term Project Loans and amendments to guidelines on Sale of Financial Assets to Securitisation Companies (SC) / Reconstruction Companies (SC).

The Reserve Bank of India vide notification BI/DBR/2015-16/18 Master Direction DBR.AML.BC. No.81/14.01.001/2015-16 dated February 25, 2016 had issued Master Directions – Know Your Customer (KYC) Direction, 2016.

Union Budget 2016-17 - Non-banking financial companies shall be eligible for deduction to the extent of 5% of its income in respect of provision for bad and doubtful debts (NPAs).

Union Budget 2016-17 has proposed to provide additional options to banking companies and financial institutions, including non-banking financial companies, for reversal of input tax credits with respect to non-taxable services provided by them by way of extending deposits, loans and advances with effect from April 01, 2016.

Union Budget 2016-17 – Provisions were made to allow FDI will beyond the 18 specified NBFC activities in the automatic route in other activities which are regulated by financial sector regulators.

Union Budget 2016-17– Krishi Kalyan Cess, @ 0.5% on all taxable services, w.e.f. June 01, 2016. Proceeds would be exclusively used for financing initiatives for improvement of agriculture and welfare of farmers. Input tax credit of this cess will be available for payment of this cess.

The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Bill, 2016 was introduced by Shri Arun Jaitley, Minister of Finance, in Lok Sabha on March 03, 2016. The Bill intends to provide for targeted delivery of subsidies and services to individuals residing in India by assigning them unique identity numbers, called Aadhaar numbers.

The Reserve Bank of India in its first Bi-monthly Monetary Policy Statement, 2016-17 dated April 05, 2016 has announced plans on differentiated bank licences. Apart from the recently licensed differentiated banks such as payments banks and small finance banks, the Reserve Bank will explore the possibilities of licensing other differentiated banks such as custodian banks and banks concentrating on whole-sale and long-term financing.

The Reserve Bank of India in its first Bi-monthly Monetary Policy Statement, 2016-17 dated April 05, 2016 has simplified registration norms for non-banking finance companies and proposed norms for peer-to-peer lending that has gained traction in recent years. The Policy Statement has also laid focus on Strengthening Business Correspondent (BC) Infrastructure, Payment and Settlement Systems in India – Vision 2018 and to lay down a framework for accreditation of credit counsellors who can act as facilitators for entrepreneurs to access the formal financial system with greater ease and flexibility.

Government of India plans massive reboot of Direct Benefit Transfer (DBT) scheme for easy transfer of money. DBT 2.0 envisages the use of post offices and roping in the friendly postman as a delivery agent for door-to-door disbursement of payments, including wages for rural jobs and subsidy for fuels, food and fertilisers.

National Payments Corporation of India (NPCI), the umbrella organisation for all retail payments system in the country has launched next generation online payments solution – Unified Payments Interface (UPI) on April 11, 2016. The UPI system will leverage trends such as increasing smartphone adoption and deeper penetration of mobile data. The system will allow customers to instantaneously transfer funds across different banks with the use of a single identifier which will act as a virtual address and eliminate the need to exchange sensitive information such as bank account numbers during a financial transaction.

The Reserve Bank of India vide notification No. DNBR 041/CGM (CDS)-2016 dated April 13, 2016 has made amendments to the Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions, 2011. According to the amended directions, Non-Banking Financial Company-Micro Finance Institutions can now act as Channelizing Agents for Schemes operated by Central/State Government Agencies. Loans disbursed or managed by NBFC-MFIs in their capacity as channelizing agents for Central/State Government Agencies shall be considered as a separate business segment. These loans shall not be included either in the numerator (qualifying assets) or the denominator (total assets) for the purpose of determining the minimum qualifying assets criteria, at present, 85 percent.

**NABFINS signs MoU with PanIIT Alumni Reach for India (PARFI) for Skill Loans**

National Bank for Agriculture and Rural Development (NABARD) had sanctioned a special project - Skill Loans for youth in Left Wing Extremism-Institutionalized scale up Off-Farm Sector Promotional Fund. First meeting of Project Review and Monitoring Committee was conducted at NABFINS Head Office, Bengaluru. The meeting was attended by all the partner agencies including representations from NABARD. The Committee discussed and finalized future action plan for implementation of the project. During the meeting NABFINS signed MoU with PanIIT Alumni Reach for India Foundation (PARFI) for implementation of the project.

**NABFINS Retreat cum Strategizing Workshop held at Alleppey, Kerala**

A three-day Retreat cum Strategizing Workshop was conducted from April 07, 2016 to April 09, 2016 at Alleppey, Kerala. The workshop was attended by Senior Managers and Regional Managers from all the operational areas and Head Office along with senior management from NABFINS Head Office. The workshop was inaugurated in the august presence of Prof. M.S. Sriram, distinguished professor and Director on Board of NABFINS, Dr. B. S. Suran, Managing Director, NABFINS and Sri Ramesh Tenkil, Chief General Manager, NABARD Kerala Regional Office. Sri R.K. Srivastava and Sri Manikumar S. faculties from Bankers Institute of Rural Development, Lucknow oriented the participants on preparing Strategic Business Plans by adopting a Logical Framework Approach.



**Meeting with Shri J. K. Mohapatra, IAS [Retd.], Chairman, NABFINS**

Dr. B. S. Suran, Managing Director along with Shri O. P. Dhoundiyal, General Manager called on Shri J. K. Mohapatra, Ex-Secretary, Ministry of Rural Development, Govt. of India, on May 13, 2016 at Bhubaneswar, Orissa. Shri J. K. Mohapatra who took over as the Chairman of the Board of NABFINS, succeeds Shri Aloysius P. Fernandez who served as Chairman of the Company for 6 years and continue as Director on the Board. During the meeting, the team briefed the Chairman on the NABFINS' business model, its operations, business status, challenges faced, as also the business plan for the year 2016-17. Shri S. K. Kale, Chief General Manager, Orissa NABARD Regional Office, Bhubaneswar was also present during the meeting.

**Induction of newly recruited team members**

Seventeen new professionals have recently joined NABFINS. An induction programme for newly recruited team members was organized at Bankers Institute of Rural Development (BIRD), Mangaluru from May 23, 2016 to June 10, 2016. Faculties from BIRD, Mangaluru along with senior management from NABFINS oriented the newly joined team members on various aspects related to NABFINS, its business and operations. Apart from classroom sessions, field visits were also organized to provide an exposure to field level operations of NABFINS.

**Cartoon space**



Source: <http://timesofindia.com>

**Auditors' Corner**



Before recommending NGO for empanelment as B&DC District Manager should ensure -

- Discrete enquiry & Collection of information about NGO from all available sources such as NABARD DDM, LDM, Panchayat office, District Collectorate, Other Government department etc.
- Visit the office of NGO, discuss with management and staff, verify records, MIS, audit report etc.
- Randomly visit at least 5 SHGs of NGO (selected by DM and not by NGO) in different geographies from minimum 3 villages



Reporting System for B&DC

- B&DC to submit statement of collection amount (SHG wise), remittance amount (with Bank details) and cash in hand to District Office, on daily basis;
- B&DC to submit a monthly performance report in the stipulated format to B&DC Cell at NABFINS HO within 7 days of succeeding month;
- District Office to review status of B&DC on monthly basis and submit a report on stipulated format to B&DC Cell at NABFINS HO;
- B&DC Cell at HO to review the performance of B&DC on half yearly basis in the format and give ratings to B&DC on annual basis.



Objectives of Post Disbursement Visit

- To verify proper functioning of the group (Regularity of group meetings, savings, internal lending & book keeping etc.)
- To establish continuous relationship with the group members.
- To ensure utilization of loan amount for the purpose for which it was applied.
- To identify early warning signals, if any, in the quality of loan/repayment of loan.



**Mr. P. Ragu, FSO, Vellore** has conducted maximum numbers of PDVs digitally by using MuFin-4-NABFINS mobile application among all staffs.



Shri O. P. Dhoundiyal



Shri U. Ramesh Kumar

NABFINS welcomes its new team members- **Shri O. P. Dhoundiyal** who has taken over charge as **General Manager** and **Shri U. Ramesh Kumar**, who has joined as **Chief Operating Officer**.

**Digital PDV**

Have you assigned PDVs to your team members in MuFin-4-NABFINS Mobile App system???

NABFINS Mission – “To be a trusted, client centric financial institution advancing hassle-free services to low income households & the unorganized sector”