

# Contents

|  | <b>Page No.</b> |
|--|-----------------|
| <b>List of Select Abbreviations</b>  | <b>i</b>        |
| <b>Chapter I : Perspective and Policy Environment</b>                            | <b>1-5</b>      |
| Introduction   | 1               |
| Major policy measures for scheduled commercial banks                             | 1               |
| Measures for improving the system's ability to deal with distress                | 1               |
| Supervisory measures   | 2               |
| Measures for broadening and deepening access to finance                          | 3               |
| Other measures   | 4               |
| Regulatory and supervisory measures in the co-operative and non-banking segments | 4               |
| Way forward for the banking sector   | 4               |
| <b>Chapter II : Operations and Performance of Scheduled Commercial Banks</b>     | <b>6-15</b>     |
| Consolidated operations  | 6               |
| Current and saving account deposits  | 6               |
| Credit-deposit ratio   | 7               |
| Maturity profiles of liabilities and assets                                      | 7               |
| Off-balance sheet operations   | 7               |
| Financial performance of SCBs  | 8               |
| Bank group-wise share in assets and profits                                      | 9               |
| Recovery of NPAs   | 9               |
| Priority sector credit   | 10              |
| Priority sector lending certificates   | 10              |
| Retail credit  | 10              |
| Credit to sensitive sectors  | 11              |
| SCBs' ownership patterns   | 11              |
| Regional rural banks   | 12              |
| Local area banks   | 12              |
| Customer services  | 13              |
| Growth in ATMs   | 13              |
| Distribution of ATMs   | 13              |
| Off-site ATMs  | 14              |
| White label ATMs   | 14              |
| Debit and credit cards   | 14              |
| Prepaid payment instruments  | 15              |

|   | <b>Page No.</b> |
|---|-----------------|
| <b>Chapter III : Developments in Co-operative Banking</b>     | <b>16-25</b>    |
| Introduction  | 16              |
| Urban co-operative banks                                      | 16              |
| Balance sheet operations                                      | 16              |
| Profitability   | 16              |
| Asset quality   | 17              |
| Developments with regard to UCBs                              | 18              |
| Implementation of core banking solution                       | 19              |
| Trends for scheduled UCBs                                     | 19              |
| Priority sector advances of UCBs                              | 20              |
| Rural co-operative banks                                      | 20              |
| Short term rural credit institutions – StCBs and DCCBs        | 21              |
| Developments with regard to DCCBs                             | 23              |
| Primary agricultural credit societies (PACS)                  | 23              |
| Long term rural credit  | 24              |
| SCARDBs   | 24              |
| PCARDBs   | 24              |
| <b>Chapter IV : Non-Banking Financial Institutions</b>        | <b>26-34</b>    |
| Introduction  | 26              |
| All India financial institutions (AIFIs)                      | 26              |
| Balance sheet   | 26              |
| Financial performance   | 27              |
| Return on assets (RoA)  | 27              |
| Capital adequacy  | 28              |
| Asset quality   | 28              |
| Non-banking financial companies                               | 28              |
| Deposit-taking NBFCs (NBFCs-D)                                | 30              |
| Balance sheet   | 30              |
| Aggregate public deposits of NBFCs-D                          | 30              |
| Financial performance   | 31              |
| NPA position of NBFCs-D                                       | 31              |
| Non-deposit taking systemically important NBFCs (NBFCs-ND-SI) | 31              |
| Balance sheet   | 31              |
| Asset quality   | 32              |
| Primary dealers (PDs)   | 32              |
| Financial performance of standalone primary dealers           | 33              |
| Capital adequacy position of standalone PDs                   | 33              |
| Overall assessment of the NBFC sector                         | 33              |

|  | <b>Page No.</b> |
|--|-----------------|
| <b>Chapter V : Financial Inclusion: Policy and Progress</b>  | <b>35-41</b>    |
| Financial inclusion: policy approach and interventions   | 35              |
| Allowing correspondent banking   | 35              |
| Providing banking services in villages with population more than 2,000   | 35              |
| Opening banking outlets in unbanked villages with population less than 2,000   | 35              |
| Financial inclusion plans  | 35              |
| Relaxed know your customer (KYC) requirements  | 36              |
| Recent policy initiatives and developments   | 36              |
| Revised priority sector lending guidelines   | 36              |
| Priority sector lending certificates (PSLCs)   | 37              |
| Phase III of FIP   | 37              |
| Committee on medium-term path on financial inclusion   | 38              |
| Financial Inclusion Advisory Committee (FIAC)  | 38              |
| Roadmap for opening brick and mortar branches in villages with population more than 5,000 without a bank branch of a scheduled commercial bank | 38              |
| Streamlining the flow of credit to micro and small enterprises   | 39              |
| Framework for the revival and rehabilitation of micro, small and medium enterprises  | 39              |
| National Mission for Capacity Building of bankers for financing the MSME sector  | 39              |
| Financial literacy initiatives   | 39              |
| Functioning of financial literacy centres (FLCs)   | 39              |
| Pilot project on setting up centres for financial literacy (CFLs)  | 39              |
| Technical group on financial inclusion and financial literacy  | 40              |
| Kiosk project  | 40              |
| Financial education in school curriculum   | 40              |
| The way forward  | 40              |
| Improving financial literacy levels  | 40              |
| Scaling-up the BC model  | 40              |
| Accreditation of credit counsellors  | 41              |

**List of Charts**

|      |   |    |
|------|---|----|
| 2.1  | Trends in growth of select banking aggregates                                 | 6  |
| 2.2  | Bank-group wise growth in advances  | 6  |
| 2.3  | Growth in SCBs' CASA deposits   | 6  |
| 2.4  | Trends in Outstanding C-D ratio (as on March 31, 2016)                        | 7  |
| 2.5  | Maturity profiles of select liabilities/assets of SCBs                        | 7  |
| 2.6  | Trends in SCBs' maturity profiles of assets and liabilities                   | 7  |
| 2.7  | Growth in SCBs' off-balance sheet liabilities                                 | 7  |
| 2.8  | Growth of select items of income and expenditure                              | 8  |
| 2.9  | Financial performance of SCBs   | 8  |
| 2.10 | Bank group-wise share in total assets and profits of the banking sector       | 9  |
| 2.11 | Trend in growth in priority sector credit                                     | 10 |
| 2.12 | Composition of retail loans (as at end-March, 2016)                           | 10 |
| 2.13 | Growth in retail loans  | 11 |
| 2.14 | Growth in lending to sensitive sectors  | 11 |
| 2.15 | Financial performance of RRBs   | 12 |
| 2.16 | Return on assets and net interest margin of LABs                              | 12 |
| 2.17 | Bank group-wise break-up of major complaint types (2015-16)                   | 13 |
| 2.18 | Population group-wise distribution of complaints received                     | 13 |
| 2.19 | Growth in the number of ATMs  | 13 |
| 2.20 | Geographical distribution of ATMs   | 14 |
| 2.21 | Share of off-site ATMs  | 14 |
| 2.22 | Trends in debit and credit cards  | 14 |
| 2.23 | Share of bank-groups in credit/debit cards                                    | 15 |
| 2.24 | Progress of prepaid instruments (value)                                       | 15 |
| 3.1  | Structure of co-operative credit institutions in India (as on March 31, 2016) | 16 |
| 3.2  | Total number and growth in assets of UCBs                                     | 16 |
| 3.3  | Select indicators of profitability of UCBs                                    | 17 |
| 3.4  | Income and expenses of UCBs – variations in per cent                          | 17 |
| 3.5  | UCBs' non-performing assets   | 17 |
| 3.6  | Growth in assets, NPAs and provisions   | 17 |

|      | <b>Page No.</b>   |    |
|------|---|----|
| 3.7  | Distribution of UCBs based on size of deposits and advances   | 18 |
| 3.8  | Share of UCBs in rating category A (by number and business size)  | 18 |
| 3.9  | Change in the growth rate of UCBs' SLR investments  | 19 |
| 3.10 | Scheduled and non-scheduled UCBs' share in total assets   | 19 |
| 3.11 | Profitability indicators of UCBs (by type)  | 20 |
| 3.12 | Distribution of credit to select priority sectors as a percentage of total credit by UCBs                 | 20 |
| 3.13 | Percentage of priority sector advances by UCBs to weaker sections   | 20 |
| 3.14 | Select balance sheet indicators of StCBs & DCCBs  | 21 |
| 3.15 | Growth in credit outstanding from PACS  | 23 |
| 3.16 | Share in membership and borrower to member ratio  | 23 |
| 3.17 | Percentage of PACS in profit and loss (all India)   | 23 |
| 3.18 | Percentage of PACS in profit and loss – regional level (as on March 31, 2015)                             | 24 |
| 3.19 | Percentage contributions of components to percentage variation in total liabilities and assets of PCARDBs | 24 |
| 4.1  | Average RoA of AIFIs  | 27 |
| 4.2  | Capital to risk (weighted) assets ratio (CRAR) of AIFIs (as at end-March)                                 | 28 |
| 4.3  | Net NPAs/ net loans of AIFIs (as at end-March)  | 28 |
| 4.4  | NPAs (gross NPA to gross advances ratio) across NBFCs and banks (end-March)                               | 29 |
| 4.5  | Aggregate public deposits of NBFCs-D  | 30 |
| 4.6  | Financial performance of NBFCs-D  | 31 |
| 4.7  | Gross and net NPAs of NBFCs-D   | 31 |
| 4.8  | NPA ratios of NBFCs-ND-SI   | 32 |
| 4.9  | Financial performance of NBFCs-ND-SI  | 32 |
| 4.10 | Financial performance of standalone PDs   | 33 |
| 4.11 | Capital and risk weighted asset position of standalone PDs (as at end-March)                              | 33 |

#### **List of Tables**

|     |   |    |
|-----|---|----|
| 2.1 | SCBs' return on assets and return on equity (bank group-wise) | 8  |
| 2.2 | SCBs' NPAs recovered through various channels                 | 9  |
| 2.3 | PSBs' NPAs recovered through various channels                 | 9  |
| 2.4 | Number of ARCs and assets acquired from banks                 | 10 |

|  | <b>Page No.</b> |
|--|-----------------|
| 3.1 A profile of rural co-operatives (as on March 31, 2015)              | 21              |
| 3.2 Soundness indicators of rural co-operative banks (short-term)        | 22              |
| 3.3 Soundness indicators of rural co-operative banks (long-term)         | 25              |
| 4.1 Liabilities and assets of financial institutions                     | 26              |
| 4.2 Financial performance of AIFIs                                       | 27              |
| 4.3 Ownership patterns of NBFCs (number of companies)                    | 29              |
| 4.4 Consolidated balance sheet of NBFCs-D (as at end-March)              | 30              |
| 4.5 Consolidated balance sheet of NBFCs-ND-SI (as at end-March)          | 31              |
| 5.1 Progress made under financial inclusion plans – as on September 2016 | 41              |

**The detailed data on balance sheets as well as income and expenditure of SCBs are available in the  
'Statistical Tables Relating to Banks in India 2015-16' ([www.rbi.org.in](http://www.rbi.org.in))**