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Banking Finance

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"The need to constantly update skills, learn from breaches faced by other organizations and invest in security patches is critical to proactively manage Information Security Risk."

Ramaswamy Meyyappan

Chief Risk Officer, IndusInd Bank

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In this issue

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IBA chief executive

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Head of the Cards Business, HDFC Bank

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From The Desk Of Editor-in-Chief

The lockdown since 22nd march has been unprecedented with all economic activities coming to a standstill. The Covid-19 pandemic is going to have a serious economic fallout world over and it is unknown when the situation is going to improve.

In the modern times there has been lot of pandemic which have affected world but this one clearly stands apart. The world is realising the drawback of world becoming a global village.

In the financial world it will have chain impact as new business will decrease, loan defaults will increase, extreme pressure on banking and financial channel to continue the operations, consumer loan segment to take a back seat and so on. The list is unending. The Risk Managers should now activate their contingency plan and should think how to survive the crisis and tide over it.

The banks were already dealing with huge NPA's and this crisis will further dig a hole in their pockets. But amidst this crisis the banks and financial institutions need help the economy to keep running and survive the crisis.

RBI has also announced moratorium for 3 months for loans. However the banks will continue to charge interest on the loan. In most cases it is seen that in case of loan moratorium the repayment period increases and ultimately the customers pays much more than what was due for 3 months.

The government should announce some economic package to lift the economy and instil confidence in the mind of business enterprises.

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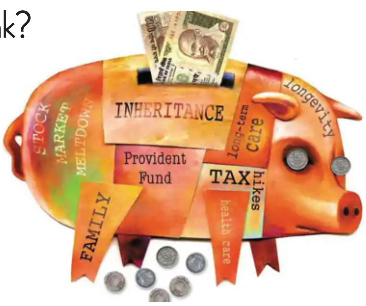


INHERITANCE
Provident Fund
TAX
hikes
Long-term care
Longevity
STOCK MARKET MELTDOWN
FAMILY
health care

BANKING NEWS

Union Bank of India reduces MCLR By 10 Bps

Union Bank of India (UBI) has reduced the Marginal Cost of funds-based Lending Rates (MCLR) by 10 basis points (100 bps = 1 per cent) all over the tenors, which will be effective from March 11, 2020 till March 31, 2020. Since July, 2019 this is the ninth consecutive rate cut announced by the bank. The new one-year MCLR of the bank now stands at 8% per annum, down from 8.10% per annum.

Naveen Kukreja, CEO of Paisabazaar, said, “UBI’s cut in the MCLR is in line with the prevalent falling interest regime. MCLR is the minimum lending interest rate which banks can lend.”

“As banks set their MCLR primarily on the basis of their cost of funds, a steady decline in deposit rates is reducing their cost of funds and thereby reducing MCLR. The cut will benefit those borrowers who have their interest rate reset date till the next review of the bank’s MCLR. Other existing borrowers of UBI under the MCLR regime will continue to repay in the same lending rate," he said.

Bank of Maharashtra to raise up to Rs 600 crore through bonds

Bank of Maharashtra stated that it will raise up to Rs 600 crore through bonds on a private placement basis. "The bank is proposing to raise capital by issue of Basel III-compliant unsecured, redeemable non-convertible tier II bonds of base issue of Rs 200 crore with green shoe option of Rs 400 crore aggregating to Rs 600 crore on private placement basis," the bank said in a regulatory filing.

Banks are required to improve and strengthen their capital planning processes in order to In order to comply with Basel-III Capital Regulations. `The Indian banking system has been implementing Basel III standards in phases since April 1, 2013.

IBA holds meeting with large banks, discusses on possible credit lines, special benefits to give various sectors

In order to figure out ways to address the business hit by coronavirus outbreak, large banks had an emergency meeting. 20 senior bankers attended the video conference and discussed discussed on possible credit lines and special benefits that could be given to transportation, travel and tourism, exports and MSMEs.

Indian Banks’ Association called the meeting where, IBA chief executive Sunil Mehta said, “Banks are collating information, and IBA will then forward the recommendations to RBI.”

He added, “IBA and member banks are planning to come out with advisories to create customer awareness and promote contact-less banking. IBA will also assure clients that institutions are putting in place business continuity plans, and encourage banks to have flexible working hours.”

“Several businesses are stuck... there are so many cases where letters of credit have been opened, payments made, but shipments have not arrived. Some of the banks felt that the present circumstances may call for regulatory forbearance as many borrowers could find it difficult to service loans in time,” said another banker.

ICICI Bank introduces 'ICICIStack'

In order to ensure uninterrupted banking experience to customers, ICICI Bank has announced the launch of 'ICICIStack' amid the threat of coronavirus.

'ICICIStack' offers nearly 500 services that covering all banking requirements of customers, in one place. The list of services range from digital account opening (instant savings and current account opening), loan solutions (instant personal loans, instant credit cards, instant home loan sanctions, instant car loans, instant overdraft facility, instant business loans), payment solutions (digital payment solutions like UPI, bill payments using Bharat Bill Payment System), investments (instant FD, PPF, NPS and AI led robo-advisory for other investments), insurance (term and health insurances digitally) to care solutions (protection for life, health, car and home). It enables instant opening of savings account with an instant FD or instant PPF, among others.

"We have been working on 'ICICIStack' in order to offer customers all digital banking services from one single platform for the past few years. In the wake of the coronavirus outbreak over the past few weeks, we have added a few new features and services to offer a bouquet of solutions to our customers so that they can experience the banking services uninterrupted," Anup Bagchi, Executive Director of ICICI Bank said.

HDFC Bank ties up with Indigo to offer co-branded credit card

HDFC Bank has signed an agreement with IndiGo in order to launch a co-branded credit card. Labelled Ka-ching, the card will offer benefits like complimentary air tickets, lounge access, 5% cashback or reward points on Indigo bookings, and 3% cashback on dining, grocery and entertainment, the companies stated.

Parag Rao, head of the cards business at the bank, said, "Around 20% of its total cards are co-branded, and such cards see around 30% more spending.

Rao said, "Travel and hospitality contribute 12-13% of total spend on the bank's credit cards. Regarding the delinquency rate in the cards business, Rao said like the parent HDFC Bank, which has the best asset quality with under 1.5% bad loan levels, cards business also has the lowest NPA levels. He, however, did not quantify it in percentage.

IndiGo Chief Commercial Officer William Boulter said, "This is the first such tie-up for the airline and expressed hope that Ka-ching card will help it increase customer satisfaction."

Bandhan Bank opens 3 new branches after RBI relaxes restrictions on branch opening

Making the total number to 1013 all over India, Bandhan Bank has recently stated that it has opened three new branches

The Bank has also opened 122 banking outlets in the form of small-format units. The development comes at the backdrop of RBI waived off restrictions on new branch openings for the lender. "We are happy that with the withdrawal of restriction, we will be able to expand business growth rapidly," MD & CEO Chandra Shekhar Ghosh said.

Axis Bank to infuse Rs 600 crore in Yes Bank through equity route

An infusion of Rs 600 crore in Yes Bank through equity route has been approved by the board of Axis Bank. 60 crore equity shares of Yes Bank at Rs 10 per share including a premium of Rs 8 per share will be acquired by the Axis Bank.

In an official statement, the bank said that following the latest investment it will hold less than 5% of newly issued and paid-up capital of Yes Bank.

As of December 31, 2019, LIC, the promoter of Axis Bank held 8.06% of the equity share capital of Yes Bank. While announcing the Cabinet approval to the restructuring scheme of Yes Bank, Finance Minister Nirmala Sitharaman said the decision intends to safeguard depositors' interest and ensure a stable financial banking system.

RESERVE BANK NEWS

RBI announces additional LTRO for up to Rs.1,00,000-cr at the policy repo rate

Reserve Bank of India has recently announced that additional Long Term Repo Operations (LTROs) for up to a total of Rs.1,00,000 crore at the policy repo rate. The move comes at the backdrop of improving monetary transmission amid the COVID-19 crisis. RBI will also conduct the first tranche of the 3-year LTRO for Rs.25,000 crore on 18 March 2020 accordingly.

RBI will take the decision about additional tranches of the LTROs separately depending on the further review of evolving liquidity conditions. RBI added that the operational guidelines for LTROs as well as the clarifications issued in regard to that will apply for the current LTRO.

RBI caps withdrawal from Yes Bank at Rs 50,000

The RBI takes Yes Bank under control and capped withdrawals at Rs. 50,000. The regulator has further imposed restrictions on its operations till 3 April. A bailout plan has been implemented for the bank.

RBI stated in a press release that the regulator has superseded the bank's board because of a serious deterioration in its financial position. A former chief financial officer of SBI has been the named by the RBI as the administrator of Yes Bank.

"This has been done to quickly restore depositors' confidence in the bank, including by putting in place a scheme for reconstruction or amalgamation," it said.

A top RBI official said, "We are working on a plan and we will disclose it in the next few days."

RBI reduces capital requirement for payment aggregators to 15 crore

The capital requirements for payment aggregators have been reduced by the RBI to Rs 15 crore at the time of application for the licence from Rs 100 crore.

The RBI in its final regulatory note stated that applicants are required to have Rs. 15 crore of net worth that needs to be increased to Rs. 25 crore within three years of operations. "Existing non-bank entities offering payment aggregation (PA) services shall apply for authorisation on or before June 30, 2021," RBI said.

"Good to see that entities handling funds of customers are only being proposed to be regulated unlike the original draft. Also, the net worth requirements are reduced and adequate time provided of one year to comply," said Naveen Surya, Chairman, Fintech Convergence Council, an industry body for fintech companies.

"The capital requirements are not too high, most of these things were implemented by banks we work with anyway, these guidelines make it more transparent, one additional thing here is that merchants will not be able to store card details of customers," said Harshil Mathur, Chief Executive Officer, Razorpay.

Hinduja Group seeks RBI approval to raise stake to 26% in IndusInd Bank to 26%

In order to raise their stake in IndusInd bank to 26%, the Hinduja Group has sought the central bank's permission.

The Hinduja Group presently holds 15% stake in IndusInd Bank, according to a media report.

The report quotes Ashok Hinduja, Chairman of the Hinduja Group of Companies (India), as, "We have just recently written to the RBI to increase shareholding from 15% to 26%. When I saw that Kotak Mahindra Bank has got a dispensation, we also thought of writing to them. Why not give us that dispensation as well? Let's see how they respond."

"My message to the regulator is that, when the original licences were given, promoters could hold more, about 40-49%. The stronger the promoter, the more committed he will be — more capital will be infused by the promoter in the bank," Hinduja said.

"This is the right opportunity for us to support the bank, though it does not need capital for two years. It is always better to come in when the prices are down," he added.

RBI makes non-cash digital payment options available round the clock

Amid the Covid-19 panic, the RBI has stated that NEFT, IMPS, UPI and BBPS will be available round the clock with the aim of facilitating fund transfers, payment of bills, , purchase of goods/ services etc.

NEFT is National Electronic Funds Transfer, IMPS is Immediate Payment Service, UPI is Unified Payments Interface and BBPS are Bharat Bill Payment System.

RBI notification said, "In the context of the efforts to limit the fallout of the corona virus pandemic by avoiding social contact and visit to public places, public can use these modes of digital payment from the convenience of their homes through online channels like mobile banking, internet banking, cards, etc. and avoid using cash which may require going to crowded places for sending money or paying bills."

The RBI governor Shaktikanta Das said the RBI is encouraging banks and customers to use digital banking facilities as far as possible.

Companies reluctant to avail moratorium of loan

Even though RBI has allowed companies to opt for a 3 month moratorium on loan repayments in the wake of the national lockdown, data with individual banks suggests that not many firms have chosen to defer routine interest payments for now.

Banks like HDFC Bank, Axis Bank and IndusInd Bank, have revealed that not many companies or salaried retail customers have opted for the three-month moratorium permitted by the RBI.

As per rating agency ICRA, about 328 companies — including The Tata Power Company, JSW Steel and Kalyan Jewellers, Air India Express and ONGC Petro Additions — have opted for the moratorium benefits.

Axis Bank said only about 25-28 per cent of the customers, in value terms, and 10-11 per cent, in absolute numbers, sought the moratorium.

A large number of small and medium enterprises, many of which have limited working capital, seem to be availing themselves of the moratorium benefit.

For wholesale and SME loans, the bank had offered the facility on an opt-in basis. It spoke to wholesale and retail customers and, only when convinced, offered the moratorium. HDFC Bank, said it was difficult to assess the number of customers availing themselves of the moratorium on the wholesale and SME banking side.

IndusInd Bank, which announced its Q4 results, also said a very small percentage of corporate borrowers have sought this moratorium.

"The bank has given moratorium to all its retail loans while it followed an 'opt-in' model on the corporate side, where the need for moratorium was quite negligible," Kotak Institutional Equities noted.

To help borrowers tide over the liquidity crunch and not default on loan repayments, the RBI had announced a three-month moratorium on payment of instalments for all term loans due between March 1 and May 31. Most banks have also indicated that retail borrowers are also taking up the moratorium facility on a selective basis.

"Salaried borrowers, whose salaries have not been impacted due to the lockdown or those who feel they can continue to and have the capacity to pay EMIs, have not opted for the moratorium," said another banker, pointing out that many others have also realised that they would have to pay interest on the deferred EMIs, which acted as a disincentive. "Axis Bank said many retail borrowers have taken the moratorium despite having adequate balances just to preserve liquidity amid uncertainty," said a note by ICICI Securities.

HDFC Bank said that on the retail side also, the number of customers applying for a moratorium is low. Of those who have applied, nearly 95-98 per cent are not in default as on February 29, but are availing themselves of it just to be cautious rather than for fear of stress. The bank surveyed about 1,000 customers to get their feedback.

GST NEWS

Mobile handset manufacturers seek urgent rollback of increase in GST rate

Manufacturing companies of mobile handsets have said that the recent 50% increase in GST rate was 'erroneously' based on the premise that pre-GST excise duty rate was 12.5%, when it was just 2%.

They sought an urgent roll back of the increase, saying it would "devastate" the sector already reeling from the impact of the Covid-19 outbreak, lead to huge job losses and a strong return of the grey market.

The India Cellular & Electronics Association (ICEA) said in a letter to Nirmala Sitharaman that the increase in the GST rate to 18% effective April 1 from 12% would "draw out Rs 15,000 crore from the ecosystem and devastate the retail sector already under attack from Covid-19". ICEA further stated that it would further impact 80 crore consumers at a time when their spending capacity could come under pressure.

Before the implementation of GST, the composite VAT was between 6% and 7% and the mobile industry expected the total tax incidence would come down after the implementation of GST, the ICEA said in the letter. This, however, was increased to 12% in July 2017.

"GST was introduced with the principle of revenue neutrality and by the assertion that total tax incidence will in fact come down after introduction of GST," ICEA chairman Pankaj Mohindroo has said in the four-page letter to Sitharaman.

Govt extends date in GST Return filing, made relaxation in late fee, penalties

In a bid to give relief to the businesses amid the Covid-19 outbreak, the government has announced extension of the filing of Return for the month of March, April and May 2020 and composition returns under GST June 30.

This date has been further extended due to extention of Lockdown.

GST collections move up 8.3% to Rs. 1.05 TRN in Feb

Central and state governments collected Rs. 1.05 trillion in Goods and Services Tax (GST) revenue in February, a tad lower than the Rs. 1.1 trillion mopped up in the previous month, official data showed. Collections in February represents an 8.3% growth over receipts in the same time a year ago.

This is the fourth consecutive month of GST receipts remaining above the Rs. 1 trillion mark this financial year after collections had shown a contraction in October and November from the comparable period a year ago. The improvement in GST receipts comes in the wake of efforts by Central and state government officials to step up compliance.

An official statement from the finance ministry said that 8.3 million monthly summary GST returns have been filed for the month of January, upto 29 February. Tax collections in February refers to transactions in January.

The improvement in GST collections is likely to offer some comfort to the federal indirect tax body, the GST Council, which is expected to meet later this month. Steps to improve revenue receipts and addressing the anomalies in the tax structure are among the issues that are likely to be taken up by the Council.

After settlement of taxes on inter-state supplies, the central government earned Rs. 43,155 crore in February, while states collectively made Rs. 43,901 crore.

"With the monthly collections now stabilising at over Rs. 1 trillion a month, the authorities would now go all out to enhance collections in March so that the GST revenue deficit is reduced to the extent possible," said M.S. Mani, partner at Deloitte India.

Punjab, Delhi and Maharashtra reported 12% growth in revenue receipts in February from a year ago, while Gujarat reported an 11% growth. Karnataka reported a 15% growth in collections in February from a year ago, while Tamil Nadu showed 8% jump, official data showed.

Two cold stores raided by GST dept at Jalandhar

The Ludhiana state GST Department has recently raided in two cold stores – Kissan Cold Storage and CC Cold Storage – at the Jalandhar bypass chowk. The raid was conducted to check hoarding of pulses as these are not available for the general public due to lockdown amidst Covid-19 scare.

Stock at stores was found intact but the department directed owners not to hoard commodities. STO HS Naghi said that it was routine visit to ensure checking of hoarding of pulses in such crucial time. Department officials called dealers whose stock was stored in cold storage and directed them to get curfew passes and make uninterrupted supplies to households. If anybody was found violating the rules he would be punished, officials added. “Shop owners are not hoarding stock, but are unaware of the procedure to obtain curfew passes. They have been made aware regarding the same and instructions have been issued to them,” Negi added.

CGST arrests one person in connection with fake GST invoices

One person has been arrested by the Central Goods and Services Tax (CGST) Delhi North Commissionerate for receiving fake invoices valued at Rs 71.22 crore involving fraudulent Input Tax Credit (ITC) of Rs 12.82 crore from 30 bogus firms.

In an official statement, the finance ministry said that the modus operandi was to build several fake companies in the name of employees of the operator of fake firms and other persons. The statement further added, “The accused was arrested Saturday and was sent to judicial custody till March 21. Further investigation in the case is in progress.”

NAA penalizes Patanjali for not passing GST benefits to consumers

The National Anti-Profiteering Authority (NAA) has imposed a fine of Rs 75.08 crore on Patanjali Ayurveda Ltd for not passing the benefits of GST rate reduction on to the consumers. As per the reports, the NAA has said that Patanjali had increased the price of their washing powder after GST reduction.

“The respondent (Patanjali) has denied the benefit of tax reduction to consumers in contravention of the Central GST Act,therefore a showcase notice be issued directing it to explain why the penalty should be imposed,” stated NAA. The NAA has further stated that the benefits of rate change from 28% to 18% and from 18% to 12% that it implemented in November 2017 have not been passed on to the consumers.

Patanjali has argued that they bore the cost of rate increase when compared to the pre-GST regime and did not pass the cost of increased prices onto the consumers. The NAA did not accept this on the grounds that Patanjali took a business call to not increase prices and that this cannot be a reason for not giving GST reduction benefits to the consumers.

NAA said, “The contention is not correct since the authority or DGAP has not acted as a price controller or regulator. The authority has only been mandated to ensure that benefits of tax reduction and ITC are passed on to end consumers who bear the burden.”

GST Intelligence unearths GST fraud of Rs 150 crore

The Directorate of the Goods and Services Tax Intelligence in Delhi has identified fraudulent input tax credit (ITC) claims worth Rs 150 crore after a series of raids, according to the information by the officials. GST intelligence officials conducted raids at units in Jammu and Kashmir, Delhi and Uttar Pradesh, finding most of them to be fake companies. The bogus firms had purportedly supplied goods worth Rs 1,500 crore to help claim ITC of about Rs 150 crore in the past two years.

The two Srinagar-based units used to get fake bills from the bogus companies and then claim ITC refunds from the government, according to the officials. The accused had deposited Rs 6 crore with the GST authorities. Officials said investigations are still in progress. Under ITC, manufacturers can deduct tax on inputs for their businesses from the amount that has to be paid to the government.

INDUSTRY NEWS

Coronavirus: Indian Railways decides to convert non-AC coaches into isolation ward

With the aim to fight against coronavirus, the Indian Railways has decided to convert non-AC coaches into isolation ward in order to treat COVID-19 patients. The Northern Railways has converted one such coach into an isolation ward. Once the prototype is approved by the Railway Ministry, further planning would be done, according to a railway official.

In accordance to the plan, each railway zone would convert a rake with 10 coaches every week as isolation ward informed the official. "These railway isolation wards can serve in hinterlands or whichever region needs the coaches," said Northern Railway Spokesperson Deepak Kumar said.

Kumar further informed, to make the modified isolation ward, the middle berth was removed, the lower portion of the compartment plugged by plywood and a provision of partition provided from the aisle side for the isolation of the compartment. It has also provided 220-volt electrical points in each compartment for medical devices. All ladders for climbing up the berths have also been removed. The bathrooms, aisle areas, and other areas have also been modified to prepare the isolation coach.

Previously, the Railways has asked all its coach manufacturing units and workshops to produce hospitals and medical equipments including beds, sanitiser, mask, and ventilators to meet the demand in event of a massive virus outbreak.

Twitter asks 5,000 global employees to work from home

Twitter has asked its employees to work from home while other tech giants like Tata Consultancy Services and HCL Technologies instructed staff to avoid non-essential travel as IT firms put in place measures to safeguard workers against the deadly coronavirus.

Twitter gave employees an option to work from home after the coronavirus outbreak claimed over 3,000 lives globally, and fresh cases being reported in India.

"We are strongly encouraging all employees globally to work from home if they're able. Our goal is to lower the probability of the spread of the COVID-19 coronavirus for us -- and the world around us," Twitter said in a blog.

In a series of tweets, Jennifer Christie, who leads the people team at Twitter, said, "Today, we shared additional guidance, strongly encouraging all Twitter employees globally to work from home if they're able. Our goal is to minimise contact with others and contain any potential risk, protecting everyone's health and safety."

The Indian information technology industry, which gets a significant chunk of its revenues from exports, is also focussing on ensuring the safety of employees.

A TCS spokesperson said the company is working closely with all the relevant global, regional and local health institutions and are implementing the latest recommendations given to the company.

Fin Min announces relief package worth Rs 1.7 lakh crore for poor

The government has announced a Rs 1.7 lakh crore relief package along with insurance cover for frontline medical personnel. Around 800 million people will receive free cereals and cooking gas apart from cash through direct transfers for three months.

The 21-day lockdown started on March 25. The Pradhan Mantri Garib Kalyan Yojana includes higher wages under the Mahatma Gandhi National Rural Employment Act (MGNREGA), Rs 1,000 ex-gratia payment to nearly 30 million poor senior citizens, widows and disabled as well as insurance coverage of as much as Rs 50 lakh each for about 2 million healthcare workers battling the disease.

"We've immediately responded within 36 hours of the lockdown. We've first reached out to the poorest of the poor, who need help," finance minister Nirmala Sitharaman said "We will think about the others… will gradually address if there's more to attend to," she said, when asked about a stimulus plan for companies amidst the economic pain.

"It's a very well-defined package, reinforcing government's intent that no one should be deprived of basic facilities in today's stressed times. We are hopeful of more calibrated responses in coming weeks as the impact of the pandemic unfolds," said State Bank of India chairman Rajnish Kumar.

Under the package, the government will provide 5 kg of wheat or rice and 1 kg of pulses free every month for the next three months. Besides, 204 million women Jan Dhan account holders will get Rs 500 per month for the next three months.

Merger scheme of all PSU banks will be effective on April 1

The Reserve Bank of India has said that all the merger scheme for all the 10 public sector banks into four bigger and stronger banks will begin on April 1.

RBI said all branches of Oriental Bank of Commerce and United Bank of India will function as branches of Punjab National Bank, the anchor bank, from April 1. Similarly, all branches of Allahabad Bank will function as branches of Indian Bank from that day, while all branches of Andhra Bank and Corporation Bank will function as branches of Union Bank of India from April 1. And, all branches of Syndicate Bank will function as branches of Canara Bank from the next month.

"The Amalgamation of Oriental Bank of Commerce and United Bank of India into Punjab National Bank Scheme, 2020 dated March 4, 2020, issued by the Government of India was published under Extraordinary Part II-Section 3-Sub-section (i) in the Gazette of India sanctioning the Amalgamation of Oriental Bank of Commerce and United Bank of India into Punjab National Bank in terms of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) and section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980). The scheme comes into force on the 1st day of April 2020," the RBI said in a release.

Government launches PM CARES Fund

The government has set up a public charitable trust in a bid to have a dedicated national fund with the primary objective of dealing with emergency or distress situation like the current COVID-19 pandemic as well as to provide relief to the affected.

Under the name of 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund)', the fund visions to make a better and healthier country. Prime Minister will be the Chairman of this trust and its Members include Defence Minister, Home Minister and Finance Minister. The PM stated that citizens will get tax benefits by donating to this fund.

"People from all walks of life expressed their desire to donate to India's war against COVID-19. Respecting that spirit, the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund has been constituted. This will go a long way in creating a healthier India," PM Modi stated in a tweet.

Fin Min assures banking services will continue unhindered during the lockdown

Finance Minister Nirmala Sitharaman assured citizens that banking services will continue unhindered during the lockdown.

Sithraman said the banks were doing their best to ensure customer service without disruption. "Had a detailed conversation with chiefs of Banks-public & private. Encouraging to know that they are doing their best, even during the lockdown. They are certain that they'll ensure customer service without disruption. Social distancing is being adhered to as well," the minister said via social media.

During the calls, the finance minister instructed the heads of all PSBs to ensure all ATMs and branches remained open and to implement social distancing norms at all points. She also asked them to ensure adequate liquidity at these levels to cater to customers' needs.

While acknowledging their efforts the minister said, "Bank officials and staff have consistently been on the frontline in providing services to customers during this time of adversity, whether it is physically providing cash where it is needed or keeping branches open no matter what."

The updates come amid rumours that certain bank branches were closed in the wake of the 21-day lockdown announced by Prime Minister Narendra Modi. Sitharaman also took to social media to announce the various measures PSBs had implemented to provide financial relief to customers and businesses.

PSBs are ensuring cashflow mismatches and delayed salaries do not further burden MSMEs and their employees. In another update through social media, the finance minister said that corporate affairs secretary Injeti Srinivas held discussions with industry chamber representatives to address their issues, adding that the ministry would continuously respond to their inputs.

India pitches for de-criminallosing 37 laws that impact business

India Inc has sought urgent steps to de-criminalise provisions in as many as 37 laws that impact businesses, including the Partnership Act and Insolvency and Bankruptcy Code, to boost investor confidence and ensure ease of doing business. The Confederation of Indian Industry has submitted a 12-point plan to Prime Minister Narendra Modi and finance minister Nirmala Sitharaman, which includes introduction of a one-time settlement scheme and compounding provision.

"Divesting criminal penalties from business laws - unless well-defined criminal actions are found - will strengthen confidence among young entrepreneurs and investors in doing business," Vikram Kirloskar, President, CII said.

CII has sought intervention of various arms of the government to examine how the current criminal provisions in the laws can be treated as civil offenses with penalties, according to a statement.

The recommendations cover 37 laws and Acts ranging from the Partnership Act of 1932 to the Insolvency and Bankruptcy Code of 2016, which it said includes offences that are technical or those that do not affect public interest prejudicially.

Lately, some commercial and civil disputes are being treated as criminal complaints, creating fear among company directors, young entrepreneurs and foreign investors, it said.

Proposed IPO of LIC to benefit insurance industry: Fitch

The proposed initial share sale of LIC will improve the accountability and transparency of the country's largest insurer and benefit the insurance industry, Fitch Ratingssaid.

The benefits may trickle down to the entire domestic insurance sector in terms of attracting more foreign interest, which could result in an increase in foreign capital inflows into the industry, it said.

Fitch said it expects that the initial public offering (IPO), once executed, may also encourage some of the other private sector insurance companies to list some of their shares in the stock market over the medium term, although the current insurance regulation does not require all insurers to be listed publicly.

FM Nirmala Sitharaman had earlier said Life Insurance Corporation (LIC) will be listed as part of the government's disinvestment initiative.

Currently, the government owns the entire 100 per cent stake in LIC.

Fitch further said a publicly listed LIC will be subject to stringent disclosure requirements stipulated by the Securities and Exchange Board of India. This will create a strong culture of compliance and accountability within the insurer.

"We think the insurer's investment allocation decisions will be rationalised too, as major investment decisions could be subjected to additional scrutiny and approvals. LIC is one of the prominent institutional investors in several public sector assets, and in multiple instances has obtained exceptions from the insurance regulator to increase its stake in investee companies above the regulatory ownership cap of 15 per cent," it said.

HOUSING NEWS

Ummeed Housing Finance raises Rs 164 crore in a Series D equity

Ummeed Housing Finance Pvt. Ltd has raised Rs.164 crore in a Series D equity round led by a fund managed by Morgan Stanley Private Equity Asia.

Existing investor LGT Lightstone Aspada, the India-focused impact investment platform of LGT Lightstone, which had invested $10 million in Ummeed in 2018, also participated in the new round. Avendus Capital acted as the exclusive financial adviser to Ummeed on the transaction.

Ummeed, the Gurugram-based affordable housing financier, started out in 2016. It caters to the informal and low-income segment predominantly in Tier II and Tier III towns and operates in Rajasthan, Haryana, Delhi-NCR, and Uttar Pradesh. It offers Rs.3 lakh to Rs.50 lakh loans for home purchases, home construction, home renovation, loan against property, and business loans.

"This round of fund-raising gives us clear visibility on the equity front before entering the next financial year. We will use these proceeds to expand in new geographies and continue to strengthen our technology platform, with a focus on building strong underwriting practices. We are moving into the growth stage," said Ashutosh Sharma, founder and Managing Director, Ummeed Housing Finance.

The company aims to double its assets under management (AUM) from Rs.500 crore to Rs.1,000 crore over the next 12-18 months.

"Affordable housing finance presents a large untapped opportunity that Ummeed intends to address through its scalable operating model built with the right blend of technology, people and processes. We are excited to partner with UHFL in its next phase of growth," said Nirav Mehta, Managing Director of Morgan Stanley Private Equity Asia.

"The housing finance sector in India has seen a liquidity crunch for most of this financial year, with stress in a couple of large housing finance companies.

Fund raising from a credible private equity investor in the current environment signifies the trust the fund has shown in the growth story and the robust business model of the company," Sharma said.

Yes Bank owes Rs 662 crore via AT-1 bonds: Indiabulls Housing Finance

Indiabulls Housing Finance said Yes Bank owes Rs.662 crore in the form of bonds to the company and it has no term loans outstanding from the lender.

"We wish to inform that Yes Bank owes to Indiabulls Housing Finance Rs 662 crore via additional tier 1 (AT-1) bonds," it said in a regulatory filing.

The investments in AT-1 bonds of Yes Bank were made in 2017, as part of its treasury management of over Rs.20,000 crore of cash and when the bank was worth over $10 billion in value, it said.

"Indiabulls Housing Finance has no term loans outstanding from Yes Bank," it said.

Sameer Gehlaut, promoter of Indiabulls Housing Finance, or any of his companies or any of his family member companies have no loans outstanding from Yes Bank, the non-banking finance company said further.

The statement from Indiabulls Housing

comes amid arrest of Yes Bank co-founder and former CEO Rana Kapoor, on alleged money laundering charges and that the loans by the lender to DHFL turned sour.

Yes Bank has been put under moratorium until April 3, during which period customers will not be allowed to make withdrawal of more than Rs.50,000, as also the board has been superseded by the Reserve Bank of India (RBI) through appointment of an administrator, Prashant Kumar, former executive of SBI.

A plan of reconstruction of Yes Bank is underway under the RBI, wherein SBI will stake claim of 49% equity in the crippled private sector lender through an investment of Rs.2,450 crore.

IRR downgrades PNB Housing Finance's NCDs rating to INDAA

PNB Housing Finance (PNBHF) slumped 7.80% to Rs.277.80 after India Ratings and Research downgraded the company's non-convertible debentures (NCDs) rating to 'IND AA' from 'IND AA+'.

The rating agency has maintained stable outlook on the housing financier's NCDs worth Rs 218.97 crore (reduced from Rs 280 crore). The downgrade reflects the challenging operating environment for majority of non-banks in the mid-to-higher ticket size housing loan segment, increasing pressure on asset quality and higher leverage in view of the portfolio composition.

The rating takes into account the sizeable pan-India franchise of PNBHF, its fairly diversified funding sources, and sufficient access to funding, supported by the PNB brand, adequate liquidity factoring in the asset profile, and experienced management.

PNB Housing Finance is a deposit-accepting housing finance company. The firm provides housing loans to individuals for purchase, construction, repair, and upgrade of houses. It also provides loans against property, loans for commercial property, and loans for purchase of residential plots, and real estate development loans.

On a consolidated basis, PNBHF's net profit fell 21.8% to Rs.237.02 crore on a 0.2% decline in total income to Rs 2074.79 crore in Q3 December 2019 over Q3 December 2018.

Bajaj Housing Finance adopts Amazon Web Service for business applications

Bajaj Housing Finance has eliminated the physical data centre by adopting Amazon Web Services for its business applications and analytics ecosystem. Bajaj Housing Finance, a 100% subsidiary of Bajaj Finance is constantly aiming at excellence and innovation through digital transformation.

Anurag Jain, Chief - Information Technology (CIO & CTO), Bajaj Housing Finance says, "Growing at a significant rate annually, we strive for competitive technological solutions contributing towards business growth and optimizing cost for market differentiation. Our project, transformation to cloud, was a paradigm shift from legacy applications and data centre infrastructure required to meet agility, quality and security."

Bajaj Housing Finance is the first mortgage player in India to have an entire enterprise IT ecosystem on a public cloud (100 per cent cloud), meeting stringent regulatory guidelines. It is also the first in India to have serverless architecture for data warehousing and analytics which is high performing, rapidly scalable and secure" claims Jain.

"Innovative approach on building open source back- office processing platform resulted in a cost effective, high performing system with 100 per cent internal customer satisfaction and dedicated application programming interface (API) gateways helped in quick turnaround time for onboarding and ensured seamless partner integrations in a secure way," mentions Jain.

MUTUAL FUND NEWS

AMFI expresses concerns regarding disruptions to mutual funds due to Covid-19 restrictions

The Association of Mutual Funds of India (AMFI) expressed concerns regarding several types of disruption for mutual funds due to the restriction imposed to contain coronavirus pandemic.

As per AMFI, the government's directive to reduce the employee strength by 50% will adversely affect mutual funds and allied services as well as custodians.

Three main areas which may be disrupted have been highlighted by AMFI. Firstly, disruption in customer services such as acceptance of physical forms. In regard to that, in a letter AMFI stated that request from investors through their registered email IDs will be accepted.

AMFI also expressed concern that customer services, such as, processing of financial and non financial transactions, KYC, dispatching of physical cheques for redemptions and dividends, issue of monthly or half yearly customer account statement (CAS) and declaration of Net Asset Value (NAV), daily scheme performance and Total Expense Ratio (TER) may experience a delay.

Equity mutual funds schemes deliver 25% negative return to investors amidst Covid-19 outbreak

Equity-oriented mutual fund schemes have given 25% negative return to investors in month of march since a downtrend has been experienced amidst the recession fears due to coronavirus.

"The 44-player mutual fund industry is not immune to the economic blowback of COVID-19, and going ahead, small and mid-cap equity schemes will continue to remain under pressure in the short to medium term on account of volatility in the markets," said Krishna Karwa, Senior Research Analyst, at iFAST Financial India.

He further said, "Investors should continue to focus on asset allocation and continue with their investment and systematic investment plans (SIPs)."

"Despite witnessing a marked dip in net asset value (NAV) in recent times, large-cap and blue chip funds should be able to bounce back at a faster pace. Quality businesses and industry leaders with superior fundamentals will always command a premium multiple over the rest, and would be the first ones to see investment inflows on major dips, he added.

SEBI exhorts mutual fund industry to build 'liquidity buffer' for debt schemes

The Securities and Exchange Board of India (SEBI) urged the mutual fund sector to create an adequate 'liquidity buffer' for debt schemes in order to remain prepared for any crisis in future.

It has also asked mutual funds to participate more in the voting process of company resolutions while mentioning the current credit crisis that resulted in returns of several debt mutual fund schemes.

"There was a debate if the mutual fund industry should be at par with banks having an SLR (statutory liquidity ratio) and CRR (cash reserve ratio). Should mutual fund industry have an SLR at all?" Sebi whole time member G

Mahalingam said at the CII Mutual Fund Summit.

Last year in September, the SEBI had brought in compulsory liquidity buffer in overnight and liquid funds, where in funds were mandated to invest 20% in liquid assets.

"Now, this is a nudge which is coming from the regulator. But, what I would wish is that the industry itself is going to operate on a cycle where it actually is able to gauge what is going to be the liquidity demands in a stress scenario, and it is able to build up the liquidity buffer by building up a ladder of liquidity maturities," Mahalingam said.

PGIM India rolls out its 'Money Market Fund'

PGIM India Mutual Fund has recently introduced its "Money Market Fund".

Kumaresh Ramakrishnan, CIO-Debt and Kunal Jain, Fund Manager - Debt will manage the money market fund. The benchmark of the fund is CRISIL Money Market Fund Index and will intend to generate alternate investment ways to park idle surplus funds for short term with the investment horizon up to September 2020.

This fund thus makes a case for a better risk reward opportunity over other traditional alternatives in the short-term space," says Kumaresh Ramakrishnan, CIO-Debt, PGIM India Mutual Fund.

L&T Mutual Fund introduces 2 Nifty index funds

L&T Mutual Fund has recently launched two index funds-the Nifty 50 index and the Nifty Next 50 index funds. The new fund offer was closed on March 31. These open-ended index funds seek to replicate the performance of the Nifty 50 index and Nifty Next 50 index and operate mostly in the large cap space.

While Nifty 50 fund will track the Nifty stocks the Nifty Next 50 fund will track the stocks that are the next 50 by market capitalization after the top 50 largest companies. L&T Investment Management manages Rs 71,000-crore assets as of December 2019 and has around 30 lakh folios.

Mutual Funds witness heavy outflow in March

Mutual funds has seen net outflows of Rs 2.12 lakh crore in March 2020, which is the highest since September 2018. However, net inflows into equity schemes of mutual funds remained steadfast at Rs 11,722.74 crore despite the sharp fall in the markets during the month over the spread of the novel coronavirus.

Outflows from the mutual fund industry were largely led by open ended debt-oriented schemes, which saw net outflows of Rs 1.94 lakh crore, shows data from the Association of Mutual Fund in India (Amfi). In March, among the open-ended debt-oriented schemes, liquid funds saw the highest outflows at Rs 1.10 lakh crore followed by ultra-short duration funds and money market funds which saw outflows of Rs 29,052.98 crore and Rs 27,402.30 crore respectively. A Balasubramanian, managing director and CEO for Aditya Birla Sun Life AMC, says, “Last month redemptions in the fixed income schemes were mainly because of volatility in the fixed income market and also the fear that the lockdown may have liquidity issue.” He also added that debt fund flows will come back to the industry in this month.

In September 2018, the mutual fund industry had seen outflows of Rs 2.30 lakh after the IL&FS crisis. Market participants say that typically, redemptions from the debt schemes occurs at the end of every quarter as institutions such as banks and corporates redeem their investments to pay for quarterly advance taxes. However, this time the outflows were much sharper compared to the previous few quarters due to the overall concern over the novel coronavirus. “This time we saw several of the institutional investors redeeming money from liquid funds and money market funds to meet their short-term expenses like salary and wages due to the lock-down in the country,” said a head of fixed income from a leading fund house.

While debt funds saw sharp outflows, equity funds surprised the industry as it saw net inflows of Rs 11,722.74 crore in March — the highest in the current financial year. Even inflows through systematic investment plans (SIPs) stood at Rs 8,641 crore in March 2020. All the categories in equity-oriented schemes saw net inflows barring dividend yield funds, which saw outflows of Rs 29.09 crore. Multi-cap and large-cap funds continued to see positive flows of over Rs 2,000 crore each in March.

Swarup Mohanty, chief executive officer of Mirae Asset Global Investments (India), says, “Investors have shown immense maturity in such times and are buying when they are seeing value in the market. They believe that this is a medical crises and world will find a solution to the Covid-19 and that is the reason they have continued to show faith in equity funds.” In March, the Sensex was down by 23.05% as foreign investors pulled out money from equity markets on the fear of the novel coronavirus.

CO-OPERATIVE BANK NEWS

Bill passed in Assembly to put on hold cooperative bank elections in Maharashtra

With the aim of amending the Maharashtra Co-operative Societies Act 1960 has been passed in the Assembly, which has given the government an upper hand in terms of determining the elections to the 21 district cooperative banks. According to schedule, the elections are supposed to be completed between April and June 2020.

Cooperative Minister Balasaheb Patil said, "The government has taken a decision to put on hold cooperative bank elections because of the ongoing loan waiver process for farmers. Under the Act, the government has the right to take such a decision if there are natural calamities."

RBI Extends Regulatory curbs on PMC Bank until June 22

The RBI has made an extension to the regulatory restrictions on Punjab and Maharashtra Cooperative (PMC) Bank for until June 22. In September, Punjab and Maharashtra Cooperative Bank Limited was placed under All-Inclusive Directions under sub-section (1) of Section 35 A read with Section 56 of the Banking Regulation Act, 1949 with effect from close of business for six months due to under-reporting of bad loans.

"The RBI, in consultation with various stakeholders and authorities, is trying to work out a scheme for revival of the bank. In order to take this forward, it is considered necessary to extend the aforesaid Directions for a further period of three months," the RBI said in a statement.

Under the restrictions, withdrawal limitation will be applicable on the the bank's depositors, while the bank itself has been barred from renewing, or granting any loans, or making investments without prior approval of the central bank.

As have been observed, the directions were modified from time to time. Reserve Bank has been keeping a close watch on the situation and conducting meetings with the Administrator and the Advisory Committee of the bank.

The RBI has also been discussing with several authorities regarding expeditious security sale and loan recovery.

Rupee Co-operative Bank granted another extension from RBI for banking license

The RBI has granted another extension to Rupee Co-operative Bank, Pune for its banking license till May 31, 2020.

As on January 31, a deposit of Rs 1,289.18 crore has been reported by bank. It paid Rs 350.58 crore to 88,693 to those depositors who are needy under Hardship Scheme of the RBI since February 2013. It must be pointed out that since February 2013 the bank was placed under RBI directives.

Sudhir Pandit, chairman of the board of administrators said, "The joint proposal for merger of Rupee Bank with MSC Bank, mutually agreed by both the banks envisaging 'no loss' to the depositors has already been submitted to RBI. The proposal is presently under scrutiny and evaluation of the RBI, he said, adding that both the banks are following up the issue with RBI." The proposal is likely to speed up after March 31, 2020.

"The board of administrators of Rupee Bank is making all efforts to safeguard the interests of its depositors since last three years. RBI has taken a note of these efforts by the board of administrators," Pandit said.

The bank has been successful in recovering Rs 338 crore during the administrative period. In this fiscal, till January, the bank has reported recovery of Rs 13.53 crore. An operating profit of Rs 13.47 crore has also been reported by the bank after all required provisions as on January 31, 2020.

Pandit added that the bank expects recovery of Rs 20 crore during the year. He added that the bank expects to gain operating profit of more than Rs 12 crore in the current fiscal.

Kerala Govt adopts Palliyakkal coop bank's model to implement 'Kerala Food Platform'

Kerala Finance Minister TM Thomas Isaac has announced the implementation of 'Kerala Food Platform' all over the state. The Kerala Food platform is an online platform for procuring and marketing farm yields on the lines of Uber.

The platform is based on the successful integrated farming model that ensured that the bank was helping farmers at every stage of cultivation. "The bank devised a strategy which helped farmers at different phases, starting from funding to the marketing of products. Be it providing loans or land, extending technical support or any other issues related to agriculture, the bank was and will be there to help. All we want is the farmer's passion in farming," said MS Jayachandran, president of the bank.

Since January 2000, the bank has been given the properties by the landowners in the panchayat for the purpose of the farming for farming for free. Presently, above 1,000 families under different self-help groups are involved in the bank's initiative that ranges from cultivation of paddy, fruits and vegetables, dairy and poultry farming and others.

"Taking our initiative as a model for their project, K-DISC has started software development. Like ours, the platform will not be limited to sale of products but be involved in all phases of production," said Jayachandran.

REPCO Bank to offer three months moratorium to borrowers

Chennai based Repatriates Cooperative Finance and Development Bank (Repco Bank) is making a policy to give benefits to its borrowers who have taken term loans or any other loans from the bank.

Repco Bank MD R S Isabella said, "We welcome the move of RBI. Presently, we are framing the policy to offer the three month moratorium to the borrowers who have taken term loans or any other loans from the bank".

"In the three-month moratorium, borrowers would not have to pay any loan EMI instalments, including principal and interest. Scores of small borrowers are associated with as our bank. We will put the form over website where borrowers can avail the benefits," she said.

"Meanwhile, we are in touch with our valuable customers through mail and messages.

Cooperative banks in Kerala comes ahead to help their members during lockdown

Local cooperative banks in Kerala are coming ahead to help its members who are facing economic hardship following the national lockdown.

Besides offering interest-free loans and moratorium of two months on repayment, some institutions are also extending financial support to their members for purchasing essential items during the crisis period. At the same time, COVID-19 scare has forced an institution to put on hold its plan to launch a scheme for its members.

The Mulavukad Cooperative Bank had to postpone its scheme of offering a soft loan of Rs.5,000 each to its members following reports of a COVID-19 case from a nearby panchayat.

The scheme envisaged granting interest-free loans for 12 months with a moratorium of two months on repayment. Beneficiaries could repay loans in the remaining 10 months. The bank had earmarked Rs.25 lakh for the purpose. The bank will launch the scheme shortly, according to its president M.A. Leo Paul.

A majority of the 10,500 members of the bank are daily wagers, and the national lockdown has rendered them jobless, said Mr. Paul.

LEGAL CASES

SC dismisses petro firms' appeal for buying leased land

The Supreme Court has dismissed the appeals of three government-owned petroleum companies which wanted the court to direct their landlords to sell the leasehold land to them. The companies had constructed petrol pumps and given them to their dealers long ago, even before nationalization, under dealership agreements.

The companies were not in actual possession of the land given to their dealers. There was no time limit mentioned in the lease deed. The companies now wanted the court to fix the price for the land and sell the plots to them. The three companies, Bharat Petroleum Corporation, India Oil Corporation, and Hindustan Petroleum Corporation invoked the Madras City Tenants' Protection Act to claim the right.

The Madras High Court had earlier dismissed their plea as the companies were not in actual possession of the land, yet given the plots to their dealers. The Supreme Court upheld that view.

Buyer not entitled to gifts through vouchers purchase, without fulfilling other conditions

Gifts offered by corporates come with strings; it was evident in the judgment of the Supreme Court in Today Merchandise vs Anil Kumar. The company advertised holiday vouchers on its website which would enable buyers to get gifts like laptops, cell phones and LED TV sets.

But there was a condition: The gift would be contingent on the number of referrals the buyer makes. This buyer bought three vouchers and claimed gifts on them.

The company rejected the claim as he did not refer it to anyone. The buyer moved the consumer forum and succeeded in convincing it that he suffered mental torture because of his disappointment. The company's appeal against the order of compensation failed in the appellate forum.

But on the last appeal, the company succeeded in overturning all the orders against it. The Supreme Court stated that the buyer was not entitled to the gifts by merely buying vouchers, without fulfilling other conditions.

Delhi HC dismisses ministry of youth affairs' appeal against CWG contract arbitration

The Delhi High Court has dismissed for the second time the appeal of the ministry of youth affairs challenging an arbitral award against it in its dispute with a consortium, Gl Litmus Events. The disputes go back to the contracts in the Commonwealth Games held in New Delhi around 10 years ago.

The consortium had complained about non-payment of dues and the matter was decided against the government. It challenged parts of it last September and lost in most of them. Now it again lost on other parts when the high court rejected its arguments. The government had argued that under the contract, it was absolved from paying compensation and interest.

The court repelled the contention and stated that the tribunal had found that the company "was illegally deprived of the amounts rightfully payable to it on an appreciation of the evidence placed on record". The court also pointed out that its role in appeals against awards was limited. A court reviewing an arbitral award under the Arbitration Act does not sit in appeal over the award, it quoted the Supreme Court. If the view taken by the arbitrator is possible, no interference is called for.

Delhi HC lifts the injunction passed against one set of direct sellers against another

A division Bench of the Delhi High Court has lifted the injunction passed against one set of direct sellers against another, all top companies. Earlier, a single judge Bench had imposed the restriction on one group, which claimed to be direct selling entitles in terms of the Model Framework for Guidelines on Direct Selling on e-commerce platforms.

Three appeals were by Amazon seller Services against Amway India, Oriflame India, and Modicare. Two of the appeals were by Cloudtail India against Amway and Oriflame, respectively. The sixth appeal was Snapdeal's against Amway. An illustration of the cause of the internecine legal battle was that Amways' products were being sold on various online portals or mobile apps and wholesale and retail shops illegally at unwarranted discounts, resulting in a decline in the sales of the Amway's direct sellers.

The further allegation was that such unauthorized sellers were removing the unique code imprinted on Amway products to avoid the distributor channel from being tracked. The division Bench asserted that there was no prima facie case against the opposite parties.

Calcutta HC declares forfeiture should not be 'punitive or extortionist'

The Calcutta High Court declared that though an employer of a work contract can impose a condition of forfeiture, it should be reasonable, not "punitive or extortionist". A government company that calls for tender has an additional duty to strike a balance while forfeiting the earnest deposit, the judgment stated in the case RBL Infrastructure vs Rites.

In this case, Damodar Valley Corporation engaged Rites for a road project. The latter called tenders and RBL bid for it. However, it had concealed some factors in the acceptance document, which was a breach of the terms of the offer. Rites, therefore, attempted to forfeit the entire Rs. 50 lakh deposit, which led to the writ petition.

The court stated that there indeed was an enforceable agreement and the breach is "established and unquestionable" but Rites did not suffer any substantial loss on account of that fault. Forfeiture should not lead to a "windfall" for the government entity. It should not unjustly enrich itself, especially because "contractors have, per force, to apply for obtaining work from government employers".

Arbitration to start after 12 years for getting stuck in legal knots

An arbitration which was caught in legal knots for 12 years will start now after the Division Bench of the Bombay high court set aside the order of the single judge bench. In this case, Antikeros Shipping corporation vs Adani Enterprises, the Liberian shipping company alleged fuel supplied by the Indian firm did not meet the quantity and quality promised.

It invoked arbitration but there were several questions involved like whether it was domestic or international arbitration and whether the high court could name an arbitrator when one party does not appoint its nominee. The disputes lasted seven years, but the single judge condoned the delay and passed an order favourable to Adani.

The shipping company appealed to the division Bench, which made certain interesting remarks about Adani's appeals, comparing them to "arrows" and "torpedoes". While imposing Rs. 5 lakh as legal costs on it, the judgment remarked: "The torpedo fired by the respondent is declared to be a dud and it sinks without hitting its target."

SC denounces govt and its companies for fighting legal battles

Though the Supreme Court has denounced the practice of government and its companies fighting legal battles in courts, there is yet another judgment from the Gujarat High Court deciding a customs dispute between ONGC and the Central Government.

ONGC imported certain equipment from Russia for exploration of hydrocarbon and Customs duty was paid in 1986.

There was an excess payment of around Rs. 22 crore, which was admittedly due. But the Kandla port authorities prevaricated on the refund, one main argument being that ONGC had not passed on the benefit to "consumers". The court rejected this defence stating that there were no consumers in this case and the demand should be "deprecated, quashed and set aside".

It gave the authorities 30 days to calculate the dues with interest, after hearing ONGC. The court rejected the prayer of the authorities to grant more time to pay as there was already "inordinate delay" in the matter.

Complain must be within time limit: National Comission

Punjab State Federation of Co-operative House Building Societies was to construct super-deluxe flats at Mohali. Many people applied for these flats which were allocated in 2004. The date of possession was not mentioned. After considerable delay, possession was given to the purchasers between July 2014 and January 2015. The excess stamp duty, which had been collected in advance, was also refunded to the flat purchasers by October 2015.

In 2019, several flat purchasers filed individual complaints before the Punjab State Commission. Since excess money towards stamp duty had been collected by the builder and retained for a long time till it was finally refunded, the flat purchasers sought interest on refund. They also claimed compensation for undue delay in possession.

The builder contested the case, pointing out that a complaint under the Consumer Protection Act ought to be filed within two years from the date when the cause of action arose. As the complaint was filed nearly four years from the date of possession and refund, the builder argued that the complaints were time-barred, and ought to be dismissed.

The State Commission upheld the builder's objection and dismissed the complaint as being barred by limitation. The purchasers appealed against this order to the Nation commission, contending that the cause of action should be considered to be continuing in respect of housing construction disputes.

The National Commission, relying on the Supreme Court decision in the State Bank of India v/s B.S. Agricultural Industries case, pointed out that an obligation is cast on the consumer forum to scrutinize a complaint at the stage of admission to ascertain whether it is within limitation. If not, the consumer would have to make an application giving the reason for the delay and the consumer forum would have to give a reasoned order for either accepting the explanation or rejecting it.

The National commission observed that the cause of action would be considered to be continuing in the matter of disputes regarding a delay in construction and failure to execute conveyance granting the right, title and interest in the property, as the purchase process remains incomplete and pending till the property is conveyed by the builder.

Similarly, the cause of action would continue for defective construction and other statutory breaches. In contrast, limitation would begin to run as soon as the entire transaction is completed. So, in this case, as the builder had handed over possession and refunded the excess stamp duty in 2015, the period of limitation would commence from that date, requiring the complaint to be filed by the year 2017. The Commission concluded that the complaint filed in 2019 was rightly dismissed as being time-barred.

Accordingly, by an order dated February 24, 2020 delivered by Justice V. K. Jain, the National Commission dismissed the appeal filed by the flat purchasers.

Central Bank of India launched Schemes to ease liquidity of its borrowers to tide over the crisis faced due to Covid-19 Pandemic

Central Bank Of India a major nationalized bank has announced various schemes to ease the liquidity position of its borrowers who may be facing the liquidity crunch due to onset of COVID-19 Pandemic and resultant nationwide lockdown. Schemes are aimed at helping all its borrowers like corporate customers/MSME customers/Agriculture customer and even SHG customers also.

- **CENT COVID-19 SAHAYATA –** The scheme has been launched to assist all borrowal accounts availing fund based working capital limits which are classified as standard assets can avail emergency line of credit up to 10% of existing fund based working capital limits, subject to a maximum of Rs. 50 Cr. which is repayable in 18 EMIs with 6 month moratorium. This provision of additional credit facility is available to MSME borrowers also. Scheme is valid up to 30.06.2020.

Facilities have been provided for reduction of margin, full interchangeability between fund based and non fund based limits.

- **Cent Kisan Covid-19 Care** has been launched to assist agriculture borrowers to overcome the impact of Covid-19. All existing Kisan Credit Cards holders or Term loan borrowers for Crop/Fisheries/Poultry/Dairy/Animal Husbandry having satisfactory track records of at least one year are eligible. Minimum limit is Rs.10, 000/ and Maximum limit is Rs.50, 000/. Scheme is valid up to 30.09.2020.
- **Special loan scheme for SHG Covid-19 Care and special loan scheme of NRLM SHG Covid-19 care**-The scheme is aimed at providing finance to all existing credit linked Self Help Groups. Maximum amount Rs.5000/ per member and maximum ceiling is Rs.100, 000/ per SHG group. Scheme is valid up to 30.09.2020.

Definite time frames have been stipulated for collection of application, processing and speedy disbursement. Nodal officers have been nominated for different segments for effective monitoring and implementation of these schemes.

FundsIndia.com introduces “MeraSuraksha.com” - Choosing the right insurance cannot be easier

FundsIndia, the country’s largest online retail investment platform, announces the launch of MeraSuraksha.com, our very own platform that houses insurance products.

MeraSuraksha is an intelligent platform that will offer the vital Term Insurance plan. The USP of MeraSuraksha is the same as what FundsIndia is prominently recognized for, ‘Simple, Friendly and Paperless’. The entire end to end process of getting insured can be easily completed within a single platform. By not limiting the Paperless functionality of the platform, MeraSuraksha will soon unveil the facility for FundsIndia Investors to opt for Insurance through just a few clicks.

FundsIndia has partnered with ICICI Prudential Life Insurance to provide their term life product “I Protect Smart” to the customers through MeraSuraksha.com. Moving forward, partnerships with various other Insurance providers will be added to the platform. In the near future, this platform will be upgraded to provide a plethora of Insurance plans like Motor, Home, Travel, and Health Insurance.

If one is looking for a most credible insurance provider, MeraSuraksha.com is the go-to option! Designed with care to avoid despair, because we believe every family deserves a sense of safety!

MeraSuraksha has been crafted with the needs of users and personal life experiences in mind.

Speaking about the product, Mr.Girirajan Murugan, CEO at FundsIndia.com says “Our vision at FundsIndia has always been to be a world-class investment platform while providing an amalgamation of sophisticated investment advice and technology to our customers. With the launch of MeraSuraksha.com, FundsIndia continues to ensure the protection of not only users’ money but also the welfare of their families. I believe that this platform will be quite interesting and inspiring among the diversified plethora of investment options for our investors.”

Finway empowering people to 'Earn from Home' during this time of Lockdown and Job Crisis

One of India's fastest growing financial services company, Finway has lent a helping hand to the aspiring entrepreneurs by giving them an opportunity to become its business partners. They can register as Finway's business partners digitally via the company's FLAP app – available on Android. The app brings borrowers, facilitators and lenders under the same umbrella and makes the process of loan disbursement more transparent and seamless.

The partners or finpreneurs as the company likes to call them, connect the company with the potential customers looking for a loan. Once the contact is made and the application is reviewed, the loan can be transferred digitally. The minimum amount of loan that can be borrowed is Rs 30,000/- and the maximum borrowing limit has currently been set at Rs 10 lakhs. The interest rates vary depending upon the credit history of borrowers, and the repayment option starts from 6 months and goes up to 36 months.

Finway has tied up with a number of companies who are providing digital loans during this period of lockdown. Digital loan transferring is especially beneficial during these times as the agents cannot go out to search for potential lenders. Finpreneurs can search for money seekers on the "Finway Platform" and Finway can then deliver those potential customers to the moneylenders – completing the chain. This is a win-win situation for all the parties as the people get the loans that they desperately need in this time of crisis and agents get the commission for every successful loan transfer – usually the commission 1% to 3% of the total amount disbursed.

"Unprecedented times call for innovative measures and we believe that by partnering with the agents, we have given them an opportunity to earn for themselves from their homes during the lockdown period. Cooped up in their homes during the lockdowns, many agents are worried about losing their job – which, in most cases, is their only source of income. We have given them an alternate opportunity where they can continue earning and supporting their family even if they end up losing their job. We are not keeping any commission for ourselves and whatever our finpreneurs earn, is all theirs to keep. We have also created where people who are in desperate need of a loan during this crisis can connect with the lenders who want to help them and have their problems resolved," said Rachit Chawla, CEO, Finway.

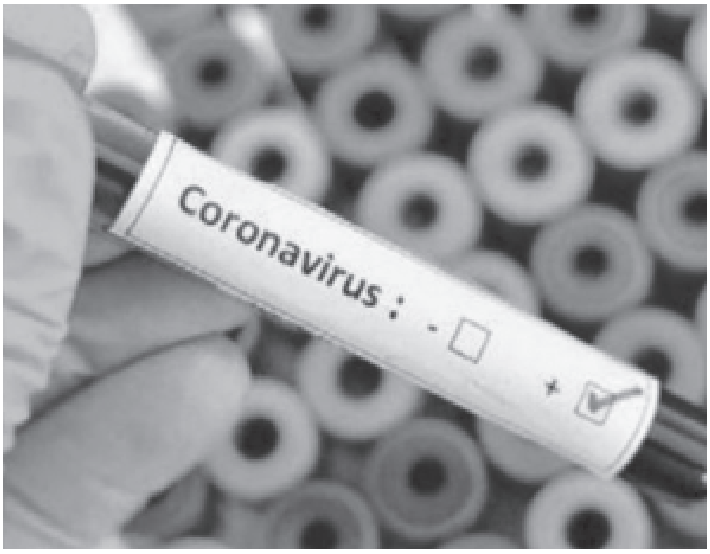
"We are currently using artificial intelligence, machine learning, big data and various patented algorithms to make the process as seamless and efficient as possible. We are also looking forward to adding a number of potential products in the near future, which can be delivered through technology. Insurance and demat accounts are other products that may soon become a part of the FLAP app. If the lockdown extends, the work culture is going to change and more and more organizations will be shifting to a digital format. Those agents who accept this change sooner will have an edge over the others as all things go digital," he further added.

SIDBI set to launch India SME Services Platform

In order to ease credit access, Small Industries Development Bank of India (SIDBI) Shri Mohammad Mustafa, IAS, Chairman & Managing Director, SIDBI is set to launch India SME Services Platform. This will be an initiative for digitising inclusive access to enterprise ecosystem. As physical distancing shall continue along with business operations post COVID-19, Micro, Small and Medium Enterprises (MSME) need to gear up to deploy and imbibe digital payment tools, digital lending platforms and digital banking.

Shri Mohammad Mustafa, IAS, Chairman and Managing Director of SIDBI said, "SIDBI has shaped the design of India SME Services Platform which shall be a single digital platform to educate, improve access and monitor all COVID-19 related initiatives. It shall have all MSMEs, stakeholders of the MSME ecosystem, financiers, corporates, government, regulators, employees and associations converging on an interactive platform. This will be all at one place and one place for all kind of initiative."

BAILOUT, CREDIT RISKS AND TECHNOLOGY - HOW WILL THE BANKING INDUSTRY SURVIVE COVID-19?



Like every other industry in the world right now, our banking industry is reeling under the effect of the Covid-19 pandemic too. To be sure, I believe the global financial industry is in a much better position to brace this impact than it was in 2008 in the wake of the global financial crisis.

Several bankers around us are anticipating a liquidity crunch in the aftermath of the pandemic. This, in turn, will get passed to the general population in terms of pay-cuts, delayed salaries, etc.

Instead of worrying about the impending dent that this may cause to the world economy, financial institutions need to innovate to manage this crisis and minimize the losses for the economy.

About the author

Abhishek Rungta

The Founder & CEO of Indus Net Technologies, an award winning full stack digital enterprise. A noted Thought Leader and renowned Industry Influencer, he is the current President of TIE, Kolkata.

A liquidity crisis is not the only thing that is keeping the industry veterans up at night. Will there be a paradigm shift in the way the global industry operates soon? No one has a clear answer but I am sure some of these ideas are here to stay.

The Bailout

Not only will the immediate impact from the pandemic be substantial but experts are unanimously forecasting an economic downturn that is bound to follow.

To lessen the economic pressure on financial institutions faced with the Coronavirus adversity, governments all over are coming to the rescue with the help of aid programs.

Generous packages are being rolled out to bail out the industry in its moment of stress.

Germany has announced an aid package that amounts to 822 billion Euros - about 26 percent of the country's annual GDP.

What's more, the German government has already committed to more financial assistance if required.

The UK Treasury has announced a package to the tune of 330 billion Euros or about 15 percent of its annual GDP. The

Czech Republic has pledged to guarantee loans to businesses that would account for 19 percent of its GDP.

Unfortunately, the aid provides temporary relief and that too for an indefinite period. This is a risk that is borne by the governments.

To defaults and substantial loss of life, this stimulus package will not cut it. Bigger and more comprehensive financial assistance will be needed to commensurately address the same.

It's time for banks to come forward and create ways to collaborate directly with organizations and look at buying out bills, etc. and help employees sustain even on 50% of their wages.

Credit Risks

Covid-19 has brought about massive upheavals within the environment. It is not easy to update these rapid changes within existent models in such a short period.

To account for the said changes within the economic environment, banks will have to revise the Significant Increase of the Credit Risk (SICR) and the parameters that govern the expected credit losses (ECL).

The parameters that are expected to be impacted by Covid-19 are the weightings that will be allocated to the multiple scenario approaches, forward-looking information, non-performing loans (NPLs), forbearance, bucketing and staging parameters, loss given default (LGD) and the probability of default (PD).

Suspended payments or debt moratorium measures are also a credit risk. To be sure, as a moratorium measure, the suspension of contractual payments does not result in the defaulting of all the concerned loans.

Conversely, organizations that stand to benefit from the said measures may default in the immediate future.

Analysis should be done on a case-to-case basis while considering several factors. Data engineering should be done to understand who stands to benefit from the moratorium, modalities of the moratorium that is being implemented and the bank's policy when it comes to moratorium-related measures. A strong analysis will help to predict future defaults and prepare to create some safeguards for the same.

Fraud Risk and Cybersecurity

As employees and consumers grapple to adapt to the disruption, the rise in fraud and cyberattacks are of prime concern to businesses. Historically speaking, sudden change and crises have always been a boon for unscrupulous people. The fallout resulting from Covid-19 is no exception to this rule.

With more and more members of the staff shifting to remote work, banks are readying themselves for newer types of frauds and attacks. It is time to collaborate with remote work experts to ensure that no data loss or theft is allowed to happen. Finding out modern ways of fraud detection and using Geospatial technologies for transaction handling can be a good way to get started.

Contactless Fintech Future

FinTech is gearing for tap and pay with many banks initiating contactless payment even before this pandemic outbreak.

Coronavirus will now make it a mandate to have and permanently redefine the way we continue to live in society. Consumers will gravitate towards a cashless /contactless society. This, in turn, will lead to a large-scale proliferation of integrated payment tools enabled by mobile wallets.

They will be used to make payments to businesses and peers alike. Customers will also use their mobile devices to operate ATMs that do not involve touching the screen, such as Samsung Pay. Biometrics will be used and they will become the new norm for authentication.

Other technological advancements designed to facilitate the proliferation of Fintech adoption in the wake of the global pandemic include Artificial Intelligence, Big Data, Blockchain, Chatbots and Robotic Process Automation (RPA).

Fortunately, central banks all over the world are responding with a war footing to negate the effect of the global pandemic.

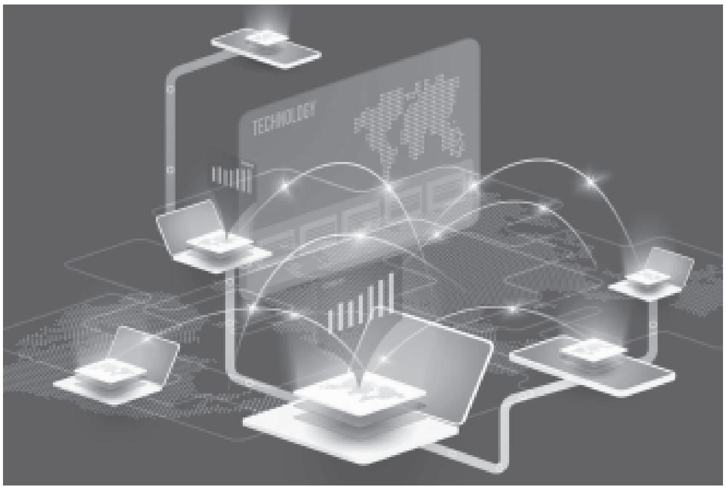
For example, the Bank of England will undertake a range of measures that aims to support businesses and banks. These include an interest base rate drop and assistance to banks via a funding scheme so that it can facilitate lending to customers at reasonable rates.

Technology, the great equalizer, has already helped to mitigate the adverse effects of the Coronavirus on the Financial industry. Many apps are now offering their services for free or at reasonable rates to their customers so that it can assuage their troubles during this moment of crisis.

Adjoint, the real-time cash management app, is offering its setup fees at a discounted rate to its enterprise customers. Libeo has allowed SMBs free access to help them pay their invoices, financing, managing and account payables.

Shtar is offering a 60-day free trial for its automated accounts payable that is cloud-based. Bond.ai is offering its conversational AI platform free of cost that does not carry ongoing or implementation charges. ❑

BLOCKCHAIN TECHNOLOGY: WILL IT CHANGE THE WAY WE BANK?



Block Chain is a computer program that carries time specific data which is distinct and cannot be modified. This data is controlled by a cluster of computers and is not owned by any single entity. The data is carried in blocks and is linked to each other using cryptographic principles (Chain). The salient points of Block Chain is that the data is not central, is transparent and is open for everyone to see. A blockchain has no transaction cost (although infrastructure is required to support the functioning of Block Chain) also block chains can be used for carrying any kind of data may be financial or non financial.

Of all the purposes for which the block chain has found uses, the impact on financial domain has been the most effective.

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The concept of block chain is such that the data on any block cannot be modified on an standalone basis and if the data on any block is modified than the data on all the blocks gets changed and since the data is verifiable on many systems such a change would easily be detected hence for all practical purposes the integrity of data on a block cannot be tempered with.

Block Chain has the potential to disrupt the way we do business and it could practically lead to the elimination of third parties and connect the seller directly with the buyer and with the transaction costs being negligible the overall costs could come down drastically and lead to better efficiency. The scope of block chains is enormous however we would limit ourselves with the study of impact and potential of blockchains on financial sector which is the scope of this reading.

The phenomenal rise of Bitcoin with its peak at $20000 had had everyone including Investors and Regulators astounded alike. The investors were exposed to the huge potential offered by the these investments and regulators suddenly woke up to the challenges and opportunities posed by these new form of virtual currencies which had the potential to uproot the authority of the central banks as the issuer of currency and overhaul the financial system.

The advent of disruptive technology and its acceptance has thrown many challenges and opportunities in so far as the financial ecosystem is concerned. In hindsight we know that in the digital age we need to embrace technology and work with it to develop a more inclusive and efficient financial system but the sudden surge of crypto currencies and their acceptance has caught the government agencies napping and like all the good initiatives the use of virtual currencies is now associated more with the grey market, terrorism and crime. The end result is that instead of focusing on developing the crypto currencies and harnessing its potential we are more focused on how to prevent its misuse.

In recent years after the initial success of Bitcoin there has been a number of virtual currencies like Dodgecoin, Etherum and others however all of them seem to derive their value through Bitcoins. Blockchain Technology or Virtual currencies or crypto currencies are mined though a computer program through the use of high capacity computers and the quantity of the virtual currency that can be mined is dependent on the underlying computer program.

The most valued currency of all Bitcoin is limited in numbers and can be mined only upto a specific quantity which is the reason why there has been such an increase in its value. The more bitcoin is minded the more difficult it becomes to mine the subsequent unit of it. Some other currencies that can be mined unlimited number of times limits the appreciation that can be gained because the currency is unlimited.

Beginning with the largest, the top 10 crypto currencies are currently Bitcoin ($BTC), Ethereum ($ETH), XRP ($XRP), Bitcoin Cash ($BCH), Tether ($USDT), Litecoin ($LTC), EOS ($EOS), Binance Coin ($BNB), Bitcoin SV ($BSV) and Stellar ($XLM). The aggregate value of the top 10 crypto currencies (as of 8th October 2019, 14:00) is $194bn which is a decrease of $88bn since 8th July 2019.

1. Bitcoin (BTC) $147.3bn
2. Ethereum (ETH) $19.4bn
3. XRP (XRP) $11.7bn
4. Bitcoin Cash (BCH) $4.1bn
5. Tether (USDT) $4.1bn
6. Litecoin (LTC) $3.6bn
7. EOS (EOS) $2.9bn
8. Binance Coin (BNB) $2.4bn
9. Bitcoin SV (BSV) $1.5bn
10. Stellar (XLM) $1.2bn

(Data taken from Yahoo Finance)

The benefits of virtual currencies are many including ending the dispute of artificial promotion of exports by some countries by devaluing their currencies. The world could become one financial nation with the same currency and it could solve the problem of exchange rate fluctuations and could facilitate inter movement of goods between countries and reduce tariffs.

Bank's earn their income by the net interest margin between the cost of deposits and the rate on advances. Though there are many other streams of revenue of banks the primary source of income is by way of commission be it in core activity or in ancillary activities like cross selling. The use of blockchain technology with its zero transaction costs could change the financial landscape forcing banks to adapt to the new reality or let go the business.

Each borrower could borrow directly from the public although the credit risk could limit its use however many of the creditworthy borrowers may try to take the direct route and save on the cost of borrowing, also with the borrowing and lending in retail segment being on the path of largely technology driven with the credit score and online footprint of an individual deciding his credit worthiness the credit risk of an individual could easily be assessed by a lending entity on a blockchain network.

We must also bear in mind that what was considered impossible earlier in the field of banking is a reality today like mobile banking and so there is high probability that if and when the blockchain network gains traction there would be advent of technologies that could make banking plausible with blockchain.

The realm of possibilities is huge however the use of a common currency also poses multiple challenges due to difference in socio economic parameters, inflation and political uncertainty. Also the supervision of such a virtual currency could become a bone of contention among countries. The concept of one currency could be considered an extension of Euro which is a common currency of nineteen nations. Even Euro has been facing problems when the economy of any one nation is not performing well and which in turn exerts downwards pressure on Euro.

A common virtual currency could be seen as an extension of Euro including all the nations. Now if one nation is not performing well it would exert pressure on the other nations to support it to as eventually support the common currency. These are some of the challenges that make the adoption of a common virtual currency difficult however the adoption of virtual currency in general and bitcoin in particular has been rapid in the international grey markets as this currency is not controlled by any sovereign nation and so is not subject to their laws also it does not require any trace of the origination of currency issued.

The virtual currency could be used by anyone for purchase of any goods and at the same time remain anonymous also such transaction are outside the purview of tax authorities of any jurisdiction. It has been increasingly found that payment for majority of the illegal transactions is now being made through bitcoins which has posed multiple challenges for the enforcement agencies to choke the supply of money to illegal activities.

What is pertinent is the fact that a virtual currency which is common to all nations and is supported and endorsed by the central banks and governments around the world is not feasible at least for now due to the multiple challenges mentioned above however a virtual currency could become the defacto payment currency of the world as has been the case of bitcon, a concept which again is poised with multiple challenges.

Since such a crypto currency is not under the purview of any nation or government agency which is accountable to the public there is no mechanism for addressing any dispute associated with the currency which could lead to the unsuspecting gullible investors incurring huge losses. This alone explains the reason why many countries have decided to ban all cryptocurrencies other than the cryptocurrency floated by the sovereign.

Block Chain Technology poses multiple opportunities to improve the financial ecosystem and make it more effective however its use for illegal activities has posed many questions regarding its commercial viability. Many believe that investment in cryptocurrency is just long term speculation without any underlying fundamentals and the fizz will soon fade out also countries like China have since banned the use of Bitcoins and introduced its owned cryptocurrency to keep track of movement of funds and this trend of state owned cryptocurrencies is expected to gain traction as many more countries could ban bitcoins forcing the cryptocurrency users to invest in state promoted cryptocurrencies.

Many countries like Ecuador, China, Senegal, Singapore and Tunisia have launched their own cryptocurrency and major technology companies have started to explore the idea of launching their own virtual currency based on blockchain technology. It may not sound too big a thing but if the virtual currency floated by these countries / or fintech companies gains a foothold then they will be in a position to command the financial ecosystem and thereby gain huge socio economic influence.

Even in India RBI had undertaken a study on the feasibility of the use of blockchain technology and so far the central bank has decided against the use of it. The lost opportunity can also be gauged by the fact that we are just exploring the limited use of blockchain technology whereas other countries have started the study on launching their own virtual currency.

Ofcourse in India the per Capita Income is low and so is the risk taking capacity however a complete ban on the use of blockchain means a lost opportunity. The financial sector is a dynamically evolving sector and the kind of transformation that the financial sector has undergone in the last few years in unprecedented. In this backdrop it is imperative that we allow the research and use of blockchain technology in a limited way under strict supervision however a complete ban on virtual currencies means ceding ground on an otherwise level playing field.

Crypto currencies are a perfect preclude to a cashless economy and major financial institutions of the world like HSBC, Barclays, UBS are working on developing a Universal Settlement Coin to facilitate trade.

It is often said that the geographical boundaries of the world are becoming increasingly irrelevant and the same is being replaced by economic boundaries. Facebook and Amazon are at advanced stages of launching their own virtual currency based on blockchain technology and based on their vast customer base it can be safely assumed that the acceptance of such a technology will be huge. Many countries have already launched their own crypto currencies to take control of the crypto financial ecosystem.

Inspite of the numerous challenges posed by virtual currencies we cannot deny that the potential of such currencies is enormous and it's just a matter of time before which virtual currencies take over the financial ecosystem and whether or not virtual currencies will change the way be bank will only be known in future but based on the current trend there is a strong probability that it will.

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Railways' FY 19 social service obligation tops Rs. 50,000 crore

With the social service obligation of Indian Railways estimated to top Rs. 50,000 crore in fiscal year 2019, the Railway Ministry - the only Ministry of the Central government that meets its pension expenditure on retired employees - is finding it difficult to meet the pension outgo from receipts. The Ministry has conveyed this to the Parliamentary Standing Committee on Railways, which has called for "due attention" on the issue.

"...the Committee finds that Railways is the only department of the Government of India which meets the pension expenditure of its retirees from own receipts while in respect of all other Departments, the share is met by the Ministry of Finance," the Panel has stated. Moreover, the New Pension Scheme (NPS), implemented in 2004 and intended to reduce the pension bill of the government, will start giving results only around the year 2034-35. "The Ministry....submitted that it is increasingly becoming difficult to bear the pension expenditure from Railway revenues, more so, when the Social Service Obligations have crossed Rs. 50,000 crore in 2018-19," it added.

The Ministry's constraints in this regard merit due attention, the Committee said. The panel said it was concerned to note the losses incurred by the Railways in passenger services purportedly due to social service obligations (which include pricing tickets at fares lower than costs), providing passenger concessions, and so on. The Committee, which noted "the challenge of railways with regards to its fares" also said that the Railways should only increase its fares to a certain limit given competition from other modes.

The predicament of the Railways is that the profits earned from the freight business are utilised to compensate for the losses incurred on passenger and other coaching services, thereby adversely affecting both the freight and passenger business, it said. It becomes imperative that both freight and passenger fares are rationalised prudently, the panel added. Since the demand for transport is elastic in a competitive market, the Committee wants the Railways to be mindful of the fact that any increase in fares should be limited, depending on the competition from other transport modes. The Committee's report also called for a thorough and comprehensive review of the passenger tariff system, including the Railways' Social Service obligations, to put in place more prudent and robust measures to arrest the consistent decline in Gross Traffic Receipts.

OMBUDSMAN FOR DIGITAL TRANSACTION

On 1st. July 2015 Govt Of India launched "Digital India" campaign. The motto is "Power to Empower". The Govt. targeted to transfer maximum financial & non financial transaction on digital platform. Govt. has also taken initiatives to moving towards cashless economy. In our country the cash handling cost is approx. 0.25% of GDP. Cash transactions involves risk ,inconvenience and monitoring problem. On 11thApril 2016, NPCI (National Payment Corporation Of India) started new digital transaction gateway as UPI (Unified Payment Interface) . After Nov 2016, demonetization the volume of digital transaction increased many folds. The Govt.of India/ RBI announced many incentive to promote digital transactions such lower the MDR(merchant discount rate),incentive for digital transaction in addition to DBT. Govt. of India taken initiative and 4G/3G network is made available in remote area. As a result of these initiatives the digital transactions increased many fold as shown in table below.

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Data of transaction on Digital Platform

Financial Year	Volume No. (In Million)	Value Rs. (in Billion)
2014-15	3709.46	76111.29
2015-16	5406.41	85271.12
2016-17	7138.40	96626.07
2017-18	9855.60	113551.85
2018-19	16799.46	136711.08
April-19 to July-19	7422.43	52139.47

Source: NPCI

The digital transaction in volume term recorded a growth(Y to Y) of 38.06 % during 2017-18 and 70.46% during 2018-19.In value term the growth (Y to Y)is 17.51 % in 2017-18 and 20.39% in 2018-19.It is excepted that the digital transactions will increase more than4 times from Rs.2069 cr in Dec-18 to Rs.8707 cr in Dec-2021. RBI also push for 44% of debit card transaction on POS in next two years.

Many non-banking entity/organization come with state of the art technology and providing the facilities of transaction through digital platform. The main player of the digital platform are Paytm,PhonePe,Google Pay,BHIM. As the volume of digital transaction increases, the threat of digital fraud also increases. The number of complains, relating to fraud in digital transaction increased many fold.

In the public interest and in the interest of conduct of business relating to payment gateway, it is necessary to provide for a mechanism of speedy redressal of complaints against deficiency in services related to digital transactions. In exercise of the powers conferred under Section 18 of the Payment and Settlement Systems Act, 2007, Reserve Bank Of India formulated & implemented Ombudsman scheme for Digital Transactions on 31-01-2019.

Features

- The scheme come in force from 31-01-2019.
- The Ombudsman is an officer of RBI, in the rank of Gen. Manager/Chief Gen. Manager and appointment will be for a maximum period of 3 years.
- The office of Ombudsman of Digital Transaction is located in 21 centers across country.
- Only the digital transaction complaint related to non-banking entity are taken by Ombudsman of Digital Transactions.
- The digital transaction relating to banking entity will be taken by Banking Ombudsman(Gen).
- The non-banking entity cannot escape from the liability in case the transaction enabled on third party platform. It will be the responsibility of the payment service provider to resolve customer dispute arising out of such transaction.

Pre condition of filling complain

- The complainant must first approach the service provider for resolution/redressal of the grievance. If the grievance is not redressed by the service provider or not replied within one month from the date of complain or the complainant is not satisfied with the redressal of complain then the complainant can file a complain with Ombudsman of Digital Transactions within 12 months from the date of rejection/redressal.
- In exceptional cases, the Ombudsman can allow to admit a complain within the limitation period under Indian Limitation Act 1963 after the expiry of 12 months period.
- If the complainant file a complaint on other forum like court, consumer court then he/she cannot file the complain to Ombudsman of Digital Transactions.
- The complain must not be relating to dispute cover under sec.24 of Payment and Settlement Act 2007(dispute/complain between two or more service providers).
- The complain does not relating to dispute between customers.
- The complain is not in vexatious or frivolous in nature.

Basis of Complain

- The basis of complain regarding failure/delay of service provider in loading the funds in e-wallet, crediting the fund in merchant's account, refund the amount within reasonable time.
- Non-transfer, failure to transfer the fund on instruction of customer.
- Non-adherence to any other instruction of RBI.
- Failure in online fund transfer/credit in account.
- Unauthorized electronic fund transfer of customer.
- Fail to follow the stop-payment instruction of customer in time.
- Complain relating to UPI/Bharat Bill Payment System, fall within the preview of The Ombudsman of Digital Transactions.

Procedure of filling the complain with Ombudsman of Digital Transactions

- The complainant after disposal/rejection of complain by service provider can file complain to Ombudsman of Digital Transactions within 12 months of disposal / rejection of complain by service provider.

- The complain can be made by the complainant or the authorized representative (except advocate) of complainant.
- Any complain forwarded by Govt.of India or RBI will also be considered for redressal by Ombudsman of Digital Transactions.
- The complain must have following details:
  - o The name and address of complainant
  - o The name and address of head office/branch of service provider
  - o Facts /reason of complain with all available documentary evidence
  - o The nature & extent of loss with relief sought for
  - o No fee or charge is payable for the filling of complain

System of Redressal of complain

The Ombudsman of Digital Transactions will send notice to all parties after receiving the complain. The Ombudsman go through the re-presentation/evidence of parties and will try to resolve the dispute though

- Settlement by agreement between parties.
- Settlement by conciliation and mediation between parties.
- Passing an award as per the provision of scheme.
- The maximum award amount is Rs20.00 lakhs.
- In addition to this Ombudsman can award Rs1.00 lakh for the loss, expenses and mental harassment.
- After receiving the award, the complainant have to send acceptance of award to the service provider concerned within 30days otherwise the award have no effect.
- After receiving the acceptance of award by complainant, the service provider have to comply the award within 30 days.

Appeal

- The Appellate Authority for the award is Deputy Governor, RBI (In-Charge of the Deptt.of Ombudsman of Digital Transactions).
- Appeal against the award can be made to Appellate Authority within 30 days from the date of receipt of communication of award/rejection of complaint.
- Any one of parties of complain, can go to Appellate Authority against the redressal of the complain .
- The Appellate Authority shall, after giving the reasonable opportunity to parties
  - a. Dismiss the appeal.
  - b. Allow the appeal and set aside the award.
  - c. Modify the award and pass a new direction/order.
  - d. Refer the matter to Ombudsman of Digital transaction for fresh disposal.

Disclaimer:

Information from various publics sources have been utilized for writing this article. ❑

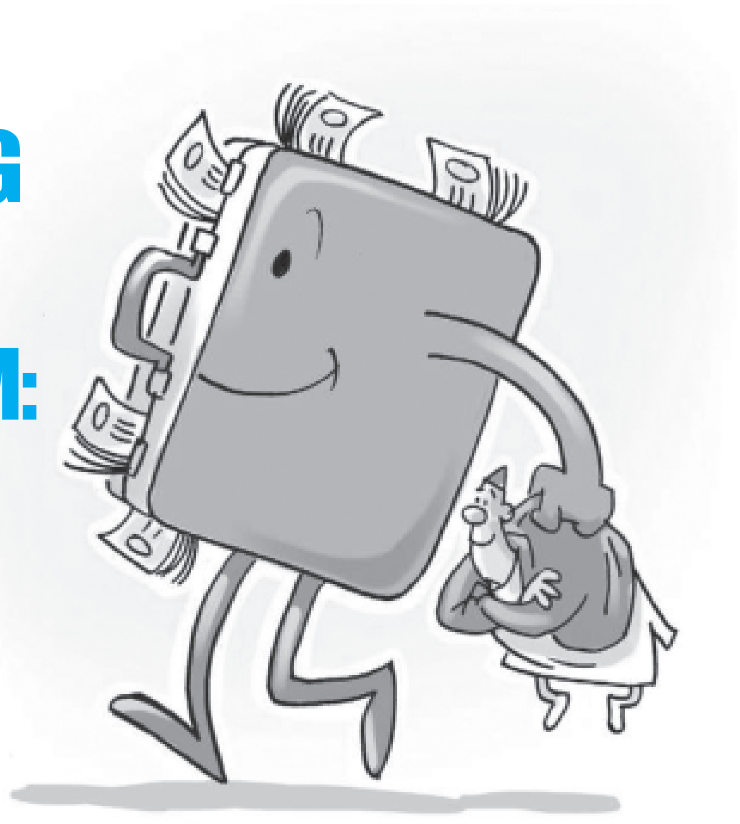
PFRDA to add 1-1.2 mn subscribers by end of FY20, says chairman

Pension Fund Regulatory and Development Authority of India is expected to add around 10-12 lakh new subscribers to its two pension schemes in the current fiscal ending March, newly-appointed Chairman Supratim Bandyopadhyay said.By March-end, the pension fund regulator, which runs Atal Pension Yojana (APY) and National Pension System (NPS), is expected to have nearly 3.48-3.50 crore subscribers on board. Total number of subscribers under the two schemes were around 3.38 crore as of February 22, 2020.

"By the end of the fiscal if you look at APY, there may be another close to 8-10 lakh additions and another 1-1.5 lakh for NPS. So all taken together, around 10-12 lakh new customers should join our fold by March-end," Bandyopadhyay said. Total asset under management (AUM) for these 337.63 lakh subscribers stood at Rs 4,21,336 crore as on February 22, 2020, according to the PRFDA data.

Bandyopadhyay, who took charge on February 21, 2020, was the Whole Time Member (Finance) in the PFRDA for two years. Earlier to this, he was with the Life Insurance Corporation (LIC) for around three-and-a-half decades. He is a science graduate and a qualified Chartered Accountant.

POLITICAL FUNDING IN THE AGE OF CRONY CAPITALISM: AN EXPERIENCE FROM INDIAN BANKING SECTOR



Abstract

The economic reforms of 1991 not only transformed the country economically but also changed the political outlook of the country. The country which had an inclination towards socialism slowly changed its stance towards capitalism. This slowly paved the way for development of Crony capitalism culture in the Indian politics. Corporate donations to political parties are now seen as a symbol of growth and success of political parties. Thus the policies taken by Government will be more pro-corporate rather than pro-people. From 2004 till today whatever major policies taken by the Government related to financial system has benefitted more the industrialists rather than the common people by easing the flow of public money to corporate houses either directly or indirectly. Directly by allowing Public sector banks to aggressively lend corporate sector or directing Public sector banks to write off bad corporate loans. The proposed FRDI Bill was also a step taken by Union Government to create a future avenue to fuel in the public money to rescue the weak PSBs by inserting the controversial 'bail-in' clause therein. Moreover the issue of electoral bonds will further the interest of the corporate in decision making of the country as huge anonymous corporate donations will be available to political parties. Thus a deep introspection for political parties is needed to cleanse the greedy political culture and check the all pervasive nature of the moneyed interest groups.

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Introduction

The opening up of doors of Indian economy in 1991 paved way for capitalism in India. The change proved to be masterstroke in the coming years as it placed India in a path of higher growth trajectory and India became one of the fastest growing nations in the world. The mixing of Capitalism with politics led to the development of Crony capitalism. The paradigm shift to capitalism made the industrialists the centerpiece in the decision making process of the country.

Growing importance of the moneyed interest groups in the country not only influenced the economy but also surreptitiously influenced the political culture of the country. The political parties are relentlessly trying to strike a balance between capitalism and socialism by making pro-poor agendas in election manifestos, but when elected to form Governments, got entangled in the cobwebs of crony capitalism. The invisible hands of the industrialists are not only exerting influence on the policies taken by the Government but also playing a role of kingmaker in the general elections of the country.

Growing influence of industrialists in Government is meant to ease the mobility of public funds from banks. The public sector banks which are under the control of Government of India are channeling the public money collected in the form of deposits from general public to the industrialists of the country.

These public sector banks are like sitting lame ducks which have no other option but to fund these industrialists on the directions of the politicians elected to run the Government.

The aggressive lending practices of 2004 proved started to backfire with the advent of Global depression of 2008 which jolted the performance of corporate sector, thereby increasing non-priority sector NPA (comprising of big industrial loans) of public sector banks from 2009 onwards.

Table I: Priority and Non-Priority sector NPAs of PSBs in India

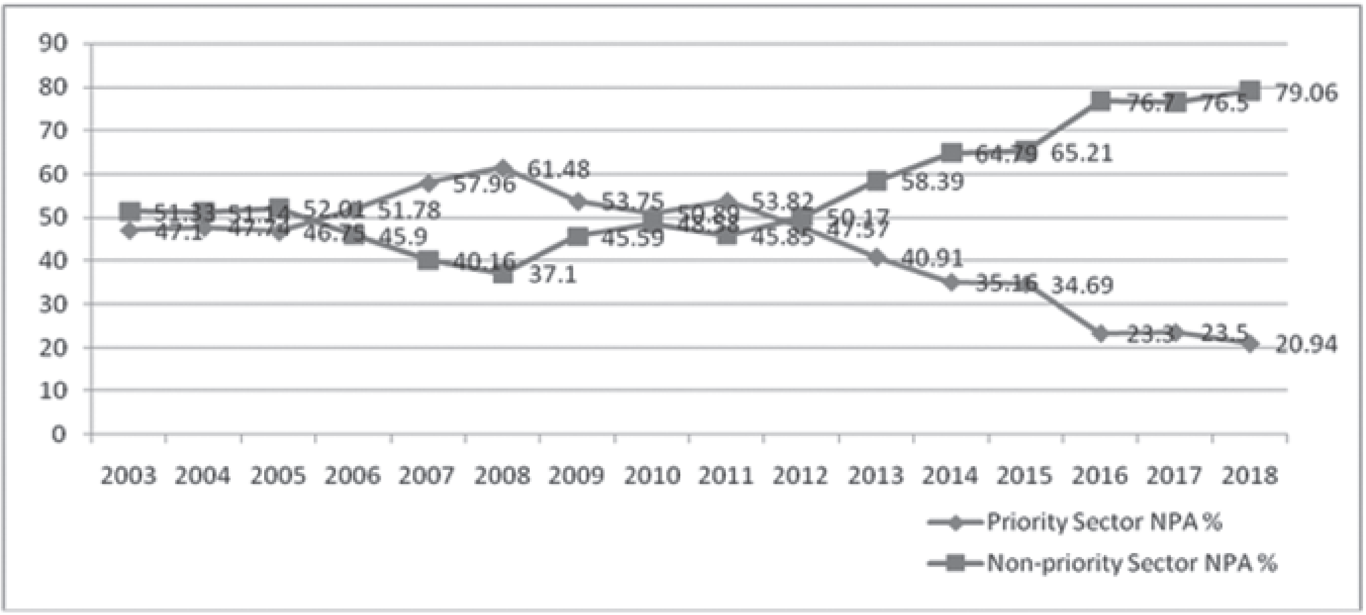
(Amount in billion as on March 31)

Years	Priority Sector		Non-Priority Sector		Public Sector		Total Amount
	Amount	Percentage	Amount	Percentage	Amount	Percentage	
2003	168.86	47.10	184.02	51.33	10.87	2.06	528.07
2004	167.05	47.74	178.95	51.14	6.10	1.22	501.49
2005	153.36	46.75	170.62	52.01	5.92	1.24	476.22
2006	149.22	51.78	132.27	45.90	8.55	2.07	413.70
2007	225.19	57.96	156.03	40.16	7.32	1.88	388.54
2008	248.74	61.48	150.07	37.10	5.74	1.42	404.56
2009	242.01	53.75	205.28	45.59	2.97	0.66	450.26
2010	304.96	50.89	291.14	48.58	3.14	0.52	599.24
2011	401.86	53.82	342.35	45.85	2.43	0.32	746.64
2012	557.80	47.57	588.26	50.17	26.56	2.27	1172.62
2013	672.76	40.91	960.31	58.39	11.55	0.70	1644.61
2014	798.99	35.16	1472.35	64.79	1.30	0.06	2272.64
2015	966.11	34.69	1815.98	65.21	2.59	0.09	2784.68
2016	1258.09	23.30	4141.48	76.70	34.82	0.64	5399.57
2017	1609.42	23.50	5237.91	76.50	154.66	2.26	6847.32
2018	1875.11	20.94	7080.90	79.06	173.88	1.94	8956.07

Source: *Department of Banking Supervision,RBI.*

Note: *Data is for inclusive of Domestic & Global Operations of Banks*

Graph I: Percentage of Priority and Non-priority sector NPAs of Public sector banks in India



From 2006 to 2008 NPA in Non-priority sector started declining and NPA in Priority Sector spiked at an over whelming rate (Graph I). Boom in the world economy coupled with aggressive lending to the industrial sector by the Public sector banks contributed to such steep decline in Non-priority sector NPAs. The 'Global Financial crisis' in 2008 is the beginning of difficulty in debt servicing by corporate.

Non-priority sector NPA started increasing from 2009 onwards and the position of NPA in priority sector stood at Rs.557.80 billion and NPA in non-priority sector stood at Rs. 588.26 billion of total NPA of Rs.1172.62 billion on 2012. In percentage terms also NPA in priority sector and non-priority sector was 47.57% and 50.17% of total NPA (Table I). This was the inception of distress in the Indian banking industry and the distress continues till today and NPA in non-priority sector in 2018 stood at Rs.7080.90 billion, 79.06% of total NPA of banking industry (Table I).

However, the shift of power in the Union Government in 2014 has changed nothing because as instead of direct funding to corporate sector practiced by the previous government, the new government has directed the public sector banks to write off bad corporate loans from the books. This change was visible from 2008 onwards but from 2014-15 it was practiced in a rampant manner. The exponential write off of bad corporate loans by PSBs over the last 10 years except 2008-09, shows that the Government is guided by Crony Capitalistic policies.

Table II: Loans written off during 2007-08 to 2013-14 (Rs. in crores)

2007-08	8019
2008-09	7461
2009-10	11185
2010-11	17794
2011-12	15551
2012-13	27231
2013-14	34409
TOTAL	**121650**

Source: *https://indianexpress.com/article/business/banking-and-finance/psu-banks-write-off-rs-55356-crore-in-six-months-bad-debt-4966594.*

Table III: Loans written off during 2007-08 to 2013-14 (Rs. in crores)

2014-15	49018
2015-16	57585
2016-17	81683
2017-18	84272#
TOTAL	**272558**

Source: *Indiastat Database*

Note: *# Upto 31st December, 2017.*

From 2014-15 to 31st December, 2017, Rs. 272558 crores of corporate loans have been written off by PSBs, which is more than double the loan written off from 2007-08 to 2013-14, Rs.121650 crores. The total loan written off in 2017-18 as the ICRA report published in The Indian Express article is Rs.144093 crores. The stark contrast in writing off loans during the two periods indicates that from 2007-08 to 2013-14 the problem of bad loans was infectious but from 2014-15 it has become acute and epidemic. So writing off in a rampant manner was adopted to hide the reality.

Proposed FRDI Bill, 2017

To deal with the above menace in the banking sector The Financial Resolution and Deposit Insurance Bill, 2017 was proposed to be passed in the winter session of the Parliament in 2017 but withdrawn by Government on 19th July, 2018 amid severe backlash from all corners of the country due to its controversial 'bail-in' clause. The 'bail-in' clause means the bank deposits which are bank liabilities will stand to be cancelled if banks enter into deep financial trouble. Passing of this bill will lead to paradigm shift in the meaning of survival of banks, from safety of depositors' money to restoration of capital of banks.

Moreover, failing banks will be recovered through depositors' money rather than bailing out by Government. Thus the proposed FRDI Bill can be used as an instrument for maintaining capital adequacy of banks during distressed times of public sector banks as of now caused due to snowballing NPAs in corporate sector. This in turn will provide an open window for bad corporate to willfully default in their loans and reducing their accountability for misusing of public fund. Further the common man will have to bear the burden of such default as it is the common mans' money which will get wiped off if bank defaults under the proposed new regime.

Political funding by Corporate Houses

Giving of favors to corporate by successive Governments knowingly or unknowingly lies in the fact that huge chunk of funding of the political parties comes from the corporate houses. Nowadays in every big election of the country, huge crores are spent by political parties during the campaign to show the strength and power of the parties and their leaders. Corporate houses with a view to run their business in a smooth manner and to have a stable Government provide lion share of political funding via electoral trusts just to remain apolitical. As per Rights to Information Act (RTI Act) political parties are required to disclose donations received above Rs.20000 or more to the Election Commission and Income Tax Authorities.

Hence a large part of donations remain undisclosed. Even though these disclosures forms tip of the iceberg of political donations but still has enough venom to stir the minds of readers. ADR or Association of Democratic Reforms (a NGO formed by a group of Professors from IIM, Ahemadabad) studied the political donations received by big national political parties and published a report on 30th May, 2018. The following table indicates the amount of donations above Rs.20000 received by political parties in the year 2016-17.

Table VI: Number and amount of donation (above Rs.20000) declared by National Parties for the Financial Year 2016-17

National Parties	Number of Donations	Amount (Rs. in crores)
BJP	1194	532.27
INC	599	41.9
NCP	22	6.34
CPM	200	5.25
AITC	12	2.15
CPI	96	1.44

Source: *ADR Report, 30th May 2018*

The total donations (donations above Rs.20000) received by national parties in the year 2016-17 is Rs.589.38 crores

from 2123 donations of which donations to BJP alone amounted to Rs.532.27 crores from 1197 donations, comprising of almost 90.31% of the donations received by national political parties.

Table VII: Amount of donation (above Rs.20000) declared by National Parties for the Financial Year 2015-16 and 2016-17 and Growth in funding over the 2015-16

National Parties	2015-16 Amount (Rs. in crores)	2016-17 Amount (Rs. in crores)	Growth in funding over 2015-16*
BJP	76.85	532.27	593%
INC	20.42	41.9	105%
NCP	0.71	6.34	793%
CPM	1.81	5.25	190%
AITC	0.65	2.15	231%
CPI	1.58	1.44	(9)%

Source: *ADR Report, 30th May 2018*
** Computed*

The donations received by BJP in the year 2016-17 rose by 593% over the previous year 2015-16. NCP registered maximum increase of 793%. Donations to AITC increased by 231%, INC and CPM registered an increase of 105% and 190% respectively. Only CPI registered a decline in donation by 9%.

Moreover it is seen that of the total donations received by National parties, corporate accounted for 708 donations amounting to Rs.563.24 crores (95.56% of total donations). The breakup of donations received by two largest national parties is as follows:

Further in the budget of 2017-18, the Union Government came with a new and an innovative instrument of political funding, popularly known as 'Electoral bond scheme'. The electoral bond is a bearer bond in the nature of a promissory note issued by selected branches of SBI in multiple of Rs.1000, Rs.10,000, Rs.1,00,000, Rs.10,00,000 and Rs.1,00,00,000 for a period of 10 days in the month of January, April, July and October but in the year of Lok sabha election an additional 30 days will be specified by Central Government. The bond has tenure of 15 days and whatever money received through sale of these bonds will be credited to account of registered political party which has polled one percent of the vote in the state or national election.

This scheme not only bypassed the existing RTI Act but also paved way for large scale anonymous donations via electoral bonds as the identity of the donors and recipients remained undisclosed. This will pave way for greater corporate donations and reduce transparency in disclosing the source of political funding. The biggest beneficiary of the electoral bond scheme is the ruling BJP party as it bagged 94.5% of the bonds amounting to around Rs.210 crore of the total 222 crore bonds issued in March, 2018. The total voluntary contribution to BJP stands at Rs.989 crores in 2017-18. The known donations as per RTI Act amount to Rs.437 crore. The coming years will prove that whether the electoral bonds will bring more opaqueness or more transparency in the electoral funding scheme as claimed by the ruling Union government.

The absolute figures for BJP are quite large compared to INC. The figures indicate that corporate houses are favoring BJP more than INC as to have a stable Government which will ease the doing of business and also the policies and reforms brought in by BJP are more in favor of corporate sector. Since 2014 the policies like Make in India, Digital

Table VIII: The break up of donations received by BJP and INC

	Total Donations	Corporate Sector			Individual Sector		
		No.of Donors	Total Donations	Percentage wise (%)*	No.of Donors	Total Donations	Percentage wise (%)*
BJP	Rs.532.27 cr	531	Rs.515.43 cr	96.84	663	Rs.16.82 cr	3.16
INC	Rs.41.90 cr	98	Rs.36.06 cr	86.06	501	Rs.5.84 cr	13.94

Source: *ADR Report, 30th May,2018*
** Computed*

India were made to give much expected fillip to corporate sector. The historical move of Demonetization proved to be a blessing in disguise for Digital India move by Government. Further adoption of Goods and Service Tax also proved to be a boon for business sector. Thus the moves were all meant to assist the corporate sector.

The erstwhile Government also provided benefits to the corporate houses by allowing PSBs to follow aggressive lending to corporate and restructuring of bad loans given to corporate houses. But engineering of big scams like '2-G Spectrum scam', 'Mining scam', 'Coalgate scam' etc cancelled the licenses given for mining and telecom spectrum by Supreme Court of India.

These cancellations of licenses caused huge losses for the business houses forcing them to withdraw their support to the Government. The scams brought downfall to the previous Government and swayed faith of corporate houses from previous Government. Hence both the successive Governments worked pro-corporate but the established 'big scam' tag became the USP(unique selling proposition) for the preceding Government which brought its downfall and made unpopular among corporate houses.

Cracking the Zeal for Political funding

The reason for relentless funding spree of business houses to political parties is to ease the flow of funds from public sector banks to business houses. Public sector banks which are under full control of Government of India are bound to work under the direction of Government of India. The business houses by playing the role of kingmaker from back stages through funding of political parties gets access to the huge pool of public funds lying with PSBs.

Thus from planning level at the Government till the executing level at the banks a well oiled machinery is set up to channelize the funds to corporate houses directly or indirectly. The situation remains win-win for all the parties during the upswing in the economy but with the economy experiencing recession the economy goes into doldrums and the banking sector also faces the brunt of slowing economy coupled with dwindling performance of the corporate sector.

The emergence of the conman like Vijay Mallya and Nirav Modi further aggravates the problem and exposes the frailties of economy imbibed by the fangs of crony capitalism

practiced by successive Governments. Further the fraudsters also make great escapes from the country without being intercepted by the security agencies and reaching safe havens which are beyond the jurisdictional limits of our country.

Conclusion

Thus it is evident that Capitalism is good but becoming too much capitalistic paves way Crony capitalism which is detrimental to the welfare of the economy and country at large. Today business houses are the most privileged section of the society as they are the most benefitted stakeholders from the policies framed by the successive Government. However this fact is focused upon not to mala fide the honest businessman of the country or the Government but to but to ignite the consciousness of the political parties who are getting skewed in their vision by framing economic policies which are benefitting only India Inc. but not the whole India.

Moreover the industrialists should be part of decision making but the elected people's representatives who will frame the Government should have to be impartial in their decision making. Crony capitalism will also increase the income-wealth disparity in the country and widen the divide between rich and poor sections of the society. India being an agrarian economy, the focus of the Governments should be to develop the living standard of farmers along with the development of industries and technology.

Moreover giving farm loan waivers will only reap political dividends but will not be a permanent solution to the perennial problem of farmers. The unbiased decision making process need to develop by checking the pervasive natures of the corporate houses by the elected representatives of the country in order to establish good governance culture and robust economic growth and development in the country.

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Madhya Pradesh starts providing doorstep delivery of govt documents within 24 hours

When Neetu Jindal, a Bachelor of Pharmacy (B Pharma) student, applied for a domicile certificate she had no idea how long would it take to get it. At the kiosk, there typically was a long queue and a long waiting period but she could not wait that long. Then, as she was filling the form, she was informed that she could get the document delivered at home within 24 hours. Of course, she had to pay a little extra but it was a meagre amount. "It was delivered at my home two hours later," she says.

Similarly, Jagat Singh Kushwah, a computer operator, needed an income certificate and a domicile certificate for his children's school admission. The 38-year-old did not want to venture out because it would have meant a day's leave from his private job. He had seen a video of the scheme's inauguration by Chief Minister Kamal Nath and applied online.

"I registered with my Aadhaar number, followed the instructions and ticked the home delivery option," he says. He paid Rs 100. He got the documents the next day. These youngsters are beneficiaries of the Dwar Praday Yojana, a pilot project that was started in Indore last month.

Applicants living within the boundaries of Indore Municipal Corporation (IMC) get five types of documents - domicile certificate, income certificate, birth certificate, death certificate and copy of Khasra-Khatauni (a land ownership document) - delivered at their home within 24 hours of applying. They are required to pay just Rs 15 extra for the home delivery of the document.

Indore's District Collector Lokesh Jatav said the pilot project was conceived in October and the central idea was to improve government's service delivery. The administration has engaged a local courier agency, which delivers the documents after collecting them from public service centres.

PUBLIC SECTOR BANKS DESERVE RESPECT

"The resources of the financial system are held by financial institutions in trust and have to be deployed for the maximum benefit of their owners' viz., depositors and investors. The safety of their funds should be the primary concern of banks and regulatory authorities and ensuring solvency, health and efficiency of the institutions should, therefore, be central to effective financial reform." -Report of the committee on Financial Reform, 1991 (Narsimham Committee)

Introduction: Public Sector Banks (PSB) are banks where the majority share, i.e., 51% or more, is held by the Government. As of now, after merger, there are 12 Public Sector Banks in India. The History of modern banking in India started in 1955 when the Imperial Bank of India was transformed into the State Bank of India. This was the first time that the Central Government entered into the banking business. Seven other state banks became the subsidiaries to State Bank of India, with the passing of State Bank of India Subsidiaries Banks Act in 1959. In 1969, 14 major Banks with deposits of more than Rs.50 crores were nationalised and in 1980 the Government took over six other commercial banks.

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The indigenous banks, prior to nationalisation, were unable to meet the demands of the general public. They were mainly confined to big cities like Mumbai, Chennai, Kolkata, Kanpur, Delhi etc. They were not able to cater to the demands of small farmers and small businessmen. They were only financing large corporate houses. In the 1930s, the Reserve Bank of India (RBI) suggested a few banking reforms and asked banks to follow accounting standards and submit periodical statements of their affairs. RBI also offered them privileges enjoyed by the scheduled banks. The indigenous banks declined the offer. Some other reasons for nationalisation of banks were the 1962 war with China, 1965 war with Pakistan and two successive years of drought that had put pressure on public finances. This was the backdrop for nationalisation of Banks. In the words of the Late Prime Minister Smt. Indira Gandhi during her Lok Sabha speech on 29th july 1969 ***"Purpose of nationalization is to promote rapid growth in agriculture, small industries and export, to encourage new entrepreneurs and to develop all backward areas".***

Branch, Deposit and Credit Expansion: Earlier, branches were concentrated in urban and metropolitan areas but after nationalisation, banks expanded their branch network at a very rapid pace. There were only 8260 branches in 1969 out of which only 1860, i.e., 22% were rural branches. At the end of June 2018, there were 90821 public sector bank branches, out of which 54598, i.e., 60.11% branches are in rural and semi urban areas. This has helped in integrating the rural and urban areas. Branch expansion helped in organising the money market in India, which was unorganised prior to nationalisation. Branch Expansion of Public Sector Banks also helped in deposit mobilisation.

As per the RBI report dated 30.06.2011, deposit growth of all schedule commercial banks increased 7 times during 1951-1971, 33 times during 1971-1991 and 23 times during 1991-2010. The growth of deposits between 1971-1991, is mainly attributed to the PSBs and their branch expansion.

Not only did the Bank deposit expand in this time, bank credit also expanded at almost the same rate. The banks were now providing credit to the agriculture sector, small industries and trade along with credit to large corporate and export houses.

Priority Sector lending: A working group on priority sector lending was formed under the chairmanship of Dr. K.S. Krishnaswami. On his recommendations, in 1980, RBI issued directives to Banks regarding priority sector lending. The directives included

- Priority sector lending should be 40 percent of total bank advances.
- Out of priority sector lending 40 percent should go to agriculture.
- 50 percent of direct lending to agriculture should go to weaker section in agriculture and allied activities.
- 12 percent of bank credit should go to exporters.

Public Sector Banks took an active part in Priority Sector lending and were instrumental in achieving majority of the targets set by RBI. The loan portfolio of these sectors has grown exponentially as illustrated in table 1.

(In crores)

S. No	Priority sector	June 1969	June 1971	March 2005	March 2009	March 2018
1	Agriculture	160	340	109917	298211	932100
2	Small scale Industries	260	440	68000	191307	331700
3	Other priority sector	20	130	125114	230565	594600
4	Total priority sector advance	440	910	307046	720083	1858400

(Source: RBI Trends and progress of banking in India, 2007-08, 2017-18, 2018-19)

Social Banking: At the time of nationalization, the then prime minister pointed out 'An institution such as banking has necessarily to be inspired by a large social purpose and has to sub serve national priorities and objectives'. PSBs were not only doing Priority sector lending, they were also used by the Government for social and poverty alleviation programme. Banks were involved in two types of social banking (i) Non lending social activities and (ii) lending social activities. Non lending banking social activities included mobilization of rural deposit, expansion of branches in rural areas etc. and lending activities included activities financed by Commercial banks. The Government launched many schemes and some of the schemes envisaged by the Government and put in place through PSBs are the following:

- Differential Interest Rate (DRI):- Banks were asked to give loans to below poverty line customers at concessional interest rate of 4 percent.
- Integrated Rural Development Programme (IRDP): This programme was

introduced in 1978-79 and aimed at alleviating rural poverty by providing income generating assets to the poorest of poor.

- Pradhan Mantri Gram AwasYojana: This scheme was started in 1985 with the idea of housing for all. Under the scheme loans were given to rural people at subsidized rates.
- Swarnajayanti Gram Swarozgar Yojana (SGSY), now National Rural Livelihood Mission (NRLM): It is poverty alleviation programme implemented by Ministry of Rural Development. This focuses on promoting self employment and organization of rural poor.

Apart from these schemes, Prime Ministers Rozgar Yojana(PMRY), Pradhan mantri Gram Sadak Yojana (PMGSY), Sampoorn Gramin Rozgar Yojana (SGRY) ,National Rural Employment generation scheme(NREGS) etc. were rolled out through PSBs. Public Sector Banks are continuously supporting the Government in achieving their social objectives.

Economic Reforms: Economic reforms of 1991 gave way to new age private sector banks like ICICI Bank, HDFC Bank, Axis Bank, Kotak Mahindra Bank etc. and foreign banks like CITI Bank, Standard Chartered Bank, HSBC Bank etc. These banks came with:-

- Sounder technology like ATM, PoS, Internet Banking, Mobile Banking etc.
- Personalised banking and financial services to high net worth individuals.
- Dedicated Relationship Manager assigned to the customer.
- Door step delivery of loans.
- Customisation of products according to the needs of the customer.

On one hand PSBs were directed to achieve Priority sector lending targets, social scheme targets and on the other hand they had to focus on competing with these Private and foreign players who were better equipped, technologically and professionally. Public Sector Banks started losing their market share. Considering this the Public sector banks started evolving rapidly by improving their technology. Most of the Banks have migrated to core banking platform within a short span of time. They started opening ATMs, delivering PoS machines, started offering Net banking and introduced advanced digital products.

Public Sector Banks and subprime crisis: After the collapse of Lehman brothers due to subprime crisis, it was forecasted that it will hamper Indian economy and Indian banks. But, Indian banks especially Public Sector Banks successfully weathered the crisis. During 2007-08 and 2008-09 PSBs in India were having Return on Asset (ROA) at 1%, which is considered good as ROA had been negative all over the world. When capital was eroding all over the world and Banks required fresh capital infusion, Capital adequacy improved in FY'2008-09 in India. It was also forecasted that Non Performing Assets (NPA) will increase in India after the crisis, which actually did not happen. Public sector Banks with their time-tested approach for lending saved the country from crisis.

Finacial Inclusion: Thrust of financial inclusion came when Reserve Bank of India in its annual policy statement of 2005 asked banks to reach towards the masses and provide the banking facilities at a place of their convenience. Biggest change came in, when from the ramparts of Redfort , on 15th August 2014, Prime Minister, Mr. Narendra Modi, announced one of the biggest financial inclusion drives (Jan Dhan Yojana) in the world. The main purpose of the scheme was to transfer subsidies directly into the accounts. Public Sector Banks were instrumental in opening Jan Dhan Accounts. They organized camps from village to village and worked relentlessly to achieve the desired results. It was a Herculean Task as every bank was given only 6 months time to achieve a specified target. Public Sector Banks lived upto the Governments expectations.

As per data available from Department of Financial services, Ministry of Finance, as on 18.09.2019, total number of Jan Dhan Accounts opened are 37.05 crores out of which nearly 29.46 crores were opened by the PSBs This is nearly 79.50 percent of the total jan dhan accounts opened. Regional Rural banks opened only 17 percent and private banks opened only 3.50 percent of total Jandhan accounts. This is despite the fact that Private Sector Banks constitute nearly 25 percent of the total banking business.

(Amount in crores)

Bank Name / Type	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No of Rural Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	15.77	13.69	15.50	29.46	81684.79	24.33
Regional Rural Banks	5.30	1.03	3.53	6.33	18885.59	3.85
Private Sector Banks	0.70	0.56	0.67	1.26	2960.63	1.16
Grand Total	**21.77**	**15.27**	**19.71**	**37.05**	**103531.01**	**29.34**

(pmjdy.gov.in)

Social Security schemes: On 9th May 2015, our Prime Minister launched a few social security schemes to cover the account holders. These include Pradhan mantri Suraksha Bima Yojana(PMSBY) for personal accidental insurance cover, Pradhan Mantri Jeevan Jyoti Bima Yojana(PMJJBY) for Insurance cover and Atal Pension Yojana(APY) for guaranteed minimum pension to subscriber. As per data from Department of financial services, total Gross enrolment upto 31.03.2019 is 15.47 crore under PMSBY, 5.91 crore under PMJJBY and 1.49 crore under APY. Public Sector Banks have vast coverage from metro region to remotest place in India. Again PSBs played a major role in taking these schemes to the nook and corner of the country.

Demonetization: On 8th November 2016, the Government of India decided to demonetize Rs.1000 and Rs 500 notes in order to curb black money and to stop the flow of cash for funding illegal activities and terrorism. The Government also announced issuance of new Rs.500 and Rs.2000 note. There were Rs.15.41 lakh crore worth of bank notes that were to be demonetized in a very short time. It was an insurmountable challenge for the banks.

The Government called for the meeting of all Bank chiefs on 8th November 2016 to discuss the task on hand. The Issue of recalibration of the ATMs was also discussed. It is reported that most of the Private Sector Banks expressed their inability to recalibrate their ATMs. It was at this time that the PSBs, especially India's largest Public Sector Bank State Bank of India (SBI), rose to the occasion and gave assurance for recalibration. The very next day, i.e., 9th of November 2016 all the demonetized notes were to be taken out from the ATMs and the bank counters. There was a huge rush to deposit demonetized notes on 10th November 2016 when Bank opened for public after demonetization. Public Sector banks planned and executed well and as a result they were able to handle the rush well. PSBs were also instrumental in calming the public and handling the resentment. ATMs were opened to public on 11th November 2016 and proving to be the backbone of the Indian Economy, PSBs were able to recalibrate the ATMs in a short span of time. 27000 ATMs were running on the first day of which SBI topped the chart with 17000 machines running.

PSBs also had huge Branch network and Banking

correspondents that helped in demonetizing the old currency and distribution of new currency. PSBs worked round the clock to make the demonetization successful and even the Prime Minister could not refrain himself from praising the PSBs for doing the job well. PSB's work was appreciated by the whole country during demonetization as they stood up to the herculean task in spite of criticism in their style of functioning.

Digital Transformation: After the entry of new age and technology driven private sector banks, PSBs started facing stiff competition and started losing their market share. There was no way out for PSBs, but to transform themselves technologically. First PSBs implemented Core Banking Solutions (CBS) that helped in transforming them from branch banking to any where banking. PSBs started putting ATMs all over the country and their numbers grew rapidly as compared to private sector banks. As on 31.03.2019, total ATMs belonging to Public Sector banks is 136098. While number of ATMs for private Sector Banks stood at 63340.PSBs accounts for more than 68% share of ATMs. PSBs also focussed on Inter Net Banking (INB) platform to grow rapidly. Now PSBs are providing all sorts of transactions through INB be it account enquiry, money transfer, RTGS/ NEFT, Issuance of demand draft, bill payments, creating fixed deposits, TDS enquiry or e-filing. Customers using these INB platforms are happy with the quality of INB provided by PSBs.

Growth of mobile banking is said to be the biggest revolution of the 21st century. After the introduction of smart phones, everything from music, movies, restaurants, to tickets is on mobile phones. PSBs invested in Mobile Banking successfully. Initially PSBs were providing SMS based enquires but with the growth of technology, all the banking activities became handy. Except cash, today all the banking transactions can be completed through mobile phones. Not only transactions but Public Sector Banks are also offering online loans to select customers which can be availed through mobile apps, without any documentation.

National Payments Corporation of India (NPCI) developed Unified Payment Interface (UPI) to facilitate Inter Bank Transactions. Each of the Public Sector banks developed their own UPI. This is helpful for the masses. Those who are illiterate, but have an adhaar card, can also perform digital

transfers. UPI has certainly revolutionised the digital banking as PSBs are having access to the remotest part of the country.

PSBs are continuing to leverage digital technology to their back office operations also. Digitalization of the credit appraisal process is helping PSBs in making their process standardized and boosting credit off-take significantly. Strengthening of internal systems like Loan management system and performance management system can lead to greater operational efficiency.

Mergers: - Earlier there were 27 public sector banks but the Government has started merging the Public Sector Banks to improve the operational efficiencies and competitive position. State Bank of India merged its seven associate Banks. Recently the Government announced the merger of Oriental Bank of Commerce and United Bank with Punjab National Bank to form country's second largest Bank. Dena Bank and Vijaya Bank were merged with Bank of Baroda and created the third largest Bank in India.

Merging Syndicate Bank with Canara Bank will create fourth largest Bank. Union Bank will become fifth largest bank after merging with Andhra Bank and Corporation Bank. Seventh largest Bank will be the Indian Bank after merging with Allahabad Bank. Government wants to reduce the number of Public Sector Banks to 12. Consolidation of Public Sector banks is a good move as it will help them in fighting the Non Performing Assets (NPAs) and reaching higher scale of operations. These 12 banks will be the new age Public Sector Banks better equipped technologically, well capitalised and healthier.

(Amount in Crores)

S.No	Anchor Bank	Amalgamating Bank	Business Size*	Rank by size
1.	State Bank of India	State Bank of saurashtra, State bank of Indore, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Travancore, State Bank of Mysore, State bank of Patiala, Bhartiya Mahila Bank.	Rs.52.05 lakh	1
2	Punjab National bank (PNB)	Oriental Bank of commerce United Bank of India	Rs.17.94 lakh	2
3	Bank of Baroda	Dena Bank, Vijaya Bank	Rs. 16.13 lakh	3
4	Canara Bank	Syndicate Bank	Rs.15.20 lakh	4
5	Union Bank of India	Andhra Bank, Corporation Bank	Rs.14.59 lakh	5
6	Bank of India	Nil	Rs.9.03 lakh	6
7	Indian Bank	Allahabad Bank	Rs.8.08 lakh	7
8	Central bank of India	Nil	Rs.4.68 lakh	8
9	Indian Overseas bank	Nil	Rs.3.75 lakh	9
10	UCO Bank	Nil	Rs.3.17 lakh	10
11	Bank of Maharashtra	Nil	Rs. 2.34 lakh	11
12	Punjab & Sind Bank	Nil	Rs. 1.71 lakh	12

** based on March'19 financials (Source: Economic times, August 30 2019)*

Conclusion:

Right from their formation to the present times, Public Sector Banks on the one hand are working according to the needs of Government and on the other; they are continuously evolving themselves to face the competition from private Banks. They are also under pressure from the customers to keep pace with their growing expectations. Non Performing Assets (NPA) are also haunting PSBs along with the pressure of privatisation.

Despite all these odds, Public Sector Banks are doing well and people have trust in their ability to fight back. It is also commendable that not a single Nationalised Bank has failed or faced liquidation till date. Overall Nationalised banks have helped India emerge as one of the largest developing economies, gain self sufficiency in food grains production and make significant strides in financial inclusion. Therefore

"PSBs certainly do deserve RESPECT ...."

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9. Explained: How to read the mergers of Public Sector Banks
10. Next Generation PSBs ❑

RMAI Certificate Course on Risk Management

Introduction

RISK MANAGEMENT ASSOCIATION OF INDIA (RMAI) has been pioneering the efforts towards awareness on the subject of Risk, creating academic and research environment to empower the professionals in this highly competitive financial services and allied industry.

Keeping pace with the global challenges and emerging opportunities for Professionals post Covid, RMAI is proud to launch the first-ever ONLINE Certificate Course on Risk Management from India. There never has been a more crucial time to stand-out and be counted as a professional who is able to demonstrate the knowledge and ability to anticipate, respond and adapt to critical issues pertaining to risk.

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Online Certificate Course on Risk Management is designed to expand your knowledge and understanding of managing risks in a technology-enabled modern day dynamic business environment.

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This certificate Course is a Joint Certification programme of Risk Management Association of India and Association of Internal Control Practioners (THE AICP), London, UK. (https://theaicp.org)

Course Modules

Module -1- Introduction to Risk Management

Module -2- Understanding Environment and Stakeholders

Module -3- Risk Strategies and Corporate Governance

Module -4- Risk Management Framework

Module -5- Risk Management Process

Module -6- Emerging Risk

Module -7- Types of risks

Module -8- Models for Estimation of Risk

Module -9- Project and Assessment

Course Details

Course Duration/ Time	30 Hours / 8 Week
Course Start Date	1st July 2020
Mode of Delivery	Online. E learning Modules Two Live Query Sessions for Clearing the doubts. Participants can also raise their query through mail/E Learning software
EARN A CERTIFICATE	Post successful completion of the course, Project and Assessment, you shall EARN A CERTIFICATE in RISK MANAGEMENT jointly awarded by Risk Management Association of India and AICP, London. You can use this Certificate across your Professional network and share with current/ prospective employers

Course Fees	INR 15,000 or USD 350 for international participants
Special Offer for first 100 Registrations:	25% Discount on Course Fees - INR 11,250 or USD 262.50
Special Offer for RMAI Members:	40% Discount on Course Fees for Registration till 30th June 2020 - INR Rs.9000 After 30th June RMAI Members will continue to get 15% discount
Final Exam Fees	INR Rs.750 Examination Fees - Indian Students US $ 20 - International Students (To be paid Later) Final Exam shall be conducted by Remote Invigilation.

Course Methodology

i) Online Course spread over eight week (E Learning Modules)

ii) 8 Modules of three hours each Plus Project

iii) Quiz during each module to check understanding

iv) Query Management Sessions by Experts

v) Individual Project and Guidelines

vi) Course Completion Assessment

vii) Final Exam by Remote Invigilation

More about AICP London

Association of Internal Control Professionals was established in London in 2014 the Institute is a not-for-profit organisation whose registered office is at; 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ.

AICP is Europe's one of leading Institute for professional excellence in Internal Control, Risk Management, Corporate Governance and Compliance, and an innovator in internal control and risk management in Procurement & Supply Chain Management Operations.

The institute's professional membership currently extends to twenty-one countries and provides access to a wealth of skill building, reinforced through consulting, training, assessments, and certificated courses through eLearning. Website: https://theaicp.org/

Value-added Benefits

- Complimentary Student Membership of RMAI for One Year you can continuously update your knowledge on the subject of Risk Management and upgrade your skill-set with various initiatives of RMAI during the year (Valid for First 100 Registrations)
- Complimentary Subscription to Online Insurance or Banking Library from SASHI PUBLICATIONS
- Career Opportunity Section on the Website of RMAI (rmaindia.org) which will have list for all new openings and opportunities in risk management and related fields
- Opportunity for publication of research paper and articles in RMAI Bulletin and other platforms
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Payment Options:

1. You can remit the payment by NEFT in our Bank Account details below

   Bank Details of Association :

   Risk Management Association of India

   Bank of India Account Number: 402110110007820

   Branch: Vivekananda Road Branch

   Type of Account: Savings

   IFSC Code : BKID0004021

   MICR Code: 700013048

2. You can Make Payment by Debit Card/Credit Card/ Wallet/Net Banking/UPI/EMI

   RMAI Non Members Please click here to pay Rs.12000 - Valid For First 100 Registrations

   (Rs.11250 plus Exam Fees Rs.750)

   RMAI Members Please click here to pay Rs.9750 - Valid till 30th June 2020

   (Rs.9000 plus exam fees Rs.750)

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3. Companies who want to enroll their employees in bulk can request for a invoice at info@rmaindia.org

In case of any Query about the Course you can contact us

EMail: info@rmaindia.org

Phone: 9903040775/8232083010

Post: Risk Management Association of India, 25/1, Baranashi Ghosh Street, Kolkata – 700007. India

Banking Finance Technical Research Paper Competition 2020

We are pleased to inform that Banking Finance Journal has launched a Technical/Research paper writing contest. This will help in Research and Development in the sector and help the Bank/Financial and risk professionals to share their knowledge and experience. The winning entries shall be published in Book Banking Compendium 2020 and Banking Finance Journal Visit for more details

Win Exciting Prizes and FREE Subscription!

Last Date of Submission 31st July 2020

Guidelines for participation in the contest

1. The Technical/Research Paper Writing Contest 2020 is back and open to all in India and Abroad.
2. The paper must be original contribution in the form of essay, research paper, technical paper or case study.
3. Once you decide to participate in the contest please send us en email with the proposed topic and information mentioned in point 14 via email at info@bankingfinance.in. On our confirmation of topic you can proceed to participate in the contest.
4. The contribution must be an exclusive and should not have been published elsewhere in same or modified form. The paper should be original and well researched.
5. Length of the paper: Minimum 3500 words and Maximum 7500 words.
6. Rules for formatting text are as under:
   a) Page size A4
   b) Font: Arial
   c) Line spacing: 1.5 Leading
   d) Font size: Arial 12
   e) Major heading: 14
   f) Subheading Bold: 12
7. All the diagrams, tables and charts cited in the paper must be serially numbered and source should be mentioned clearly wherever required. Proper acknowledgement and bibliography must be given if reference is taken from any source. The data used in the article must be taken from verified source.
8. The paper would be subject to plagiarism check. If it is found that article contains copied matter from site/ published article or any other source the entry would be rejected outright.
9. The award would be decided by our Technical/Research Paper Award Committee and all the decision of the Committee would be final.
10. The topic for the technical/research paper writing contest should be related to
    1. Banking
    2. Financial Industry
    3. Risk Management
    4. Bancassurance
    5. Regulation in Banking Sector
    6. Information Technology/fintech/Artificial Intelligence/Blockchain/Telematics in Banking and Financial Industry
    7. Innovation in product development
    8. Corporate Governance in Banking/Financial Industry
    9. Innovation in Customer Services
11. The paper with thought provoking ideas, indepth analysis of current scenario, challenges, Opportunities based on authenticated data will be given preference.
12. The Article must also contain an abstract not exceeding 500 words.
13. The Technical/Research Paper and abstract must be sent through e-mail on info@bankingfinance.in and should reach us not later than 30th April, 2020.
14. The author(s) must submit the following details along with the covering letter
    Name of the Author (s)
    Residential Address
    Office Name & Address
    Contact No.(Mobile/Landline No.)
    Qualification
    Date of Birth
    Email ID
    Brief Introduction and Experience
    Attach Passport size Photograph

15. The following PRIZES will be awarded

Banking Finance Technical Research Paper Competition - PRIZE

1st Prize	**Rs.11500** Cash Prize of Rs.7,500 FREE 3 Year Subscription of Banking Finance - Hardcopy + Online Edition FREE Sashi Publications Gift Voucher for Rs.1000 Merit Certificate Publication of Article in Banking Finance Journal and Banking Compendium 2020 - Exclusive book on banking/finance industry
2nd Prize	**Rs.8500** Cash Prize of Rs.6,000 FREE 2 Year Subscription of Banking Finance - Hardcopy + Online Edition FREE Sashi Publications Gift Voucher for Rs.750 Merit Certificate Publication of Article in Banking Finance Journal and Banking Compendium 2020 - Exclusive book on banking/finance industry
3rd Prize	**Rs.5500** Cash Prize of Rs.4000 FREE 1 Year Subscription of Banking Finance - Hardcopy + Online Edition FREE Sashi Publications Gift Voucher for Rs.500 Merit Certificate Publication of Article in Banking Finance Journal and Banking Compendium 2020 - Exclusive book on banking/finance industry
Consolation Prize1	**Rs.3500** Cash Prize of Rs.2500 FREE One Year Subscription of Banking Finance - Online Edition FREE Sashi Publications Gift Voucher for Rs.500 Merit Certificate
	Publication of Article in Banking Finance Journal and Banking Compendium 2020 - Exclusive book on banking/finance industry

1. Consolation Prize will be paid to eligible entries which will be recommended by the Committee

The article shall be accompanied by a 'Declaration-cum Undertaking' from the author(s).

Declaration-cum-Undertaking

Title of the Research/Technical Paper: ________________

I/We (full name of author(s)) ________________

hereby solemnly declare that the work presented in the Research/Technical Paper ____________________________

________________ submitted by me/us for publication in the RMAI Technical/Research Paper Contest is:

1. It has not been submitted to any other publications/ or website at any point in time for publication in same or modified form.
2. An original and own work of the author
3. There is no fabrication of data or results, which have been compiled/analyzed.
4. No sentence, equation, diagram, table, paragraph or section has been copied verbatim from previous work unless it is placed under quotation marks and duly referenced.
5. No ideas, processes, results or words of other authors have been presented as author's own work.
6. The views expressed in the Research/Technical Paper are solely that of the authors'.
7. I/We undertake to accept full responsibility for any misstatement regarding ownership of this work and also of any adversarial consequences arising upon the publication of the article.

Signature of the Author:

Name of the Author :

Date : ________________ Place : ________________

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BANKING PROMOTIONAL EXAM SAMPLE QUESTIONS – SERIES 20

1. **The Indian Navy recently conducted a coastal security exercise named 'Malta Abhiyan' in?**
(a) Visakhapatnam, Andhra Pradesh
(b) Chennai, Tamil Nadu
(c) Mumbai, Maharashtra
(d) Kolkata, West Bengal
(e) Kochi, Kerala

2. **Which of the following company has launched an Android POS device for small and medium businesses (SMEs) & merchant partners?**
(a) Paytm (b) PhonePe
(c) FreeCharge (d) MobiKwik
(e) Google Pay

3. **Who among the following has become the new Prime Minister of Iraq?**
(a) Barhim Salih (b) Nouri al Maliki
(c) Mohammed Tawfiq Allawi (d) Adil Abdul-Mahdi
(e) Ayad Allawi

4. **Who among the following has won the inaugural Mathrubhumi Book of the Year award for his translated book "Blue Is Like Blue"?**
(a) Gajanan Madhav Muktibodh
(b) Shrilal Shukla
(c) Amrita Pritam
(d) Sarat Chandra Chattopadhyay
(e) Vinod Kumar Shukla

5. **Name the country which has rejoined the Commonwealth after its exit in 2016 and has become the 54th member of the global body.**
(a) Bangladesh (b) Sri Lanka
(c) Pakistan (d) Maldives
(e) China

6. **Name the veteran actor who will be honoured by the Madhya Pradesh government with the National Kishore Kumar Samman.**
(a) Nargis (b) Waheeda Rehman
(c) Asha Parekh (d) Jaya Prada
(e) Jayasudha

7. **Who among the following has been appointed as the next High Commissioner of India to Canada?**
(a) Vikas Swarup (b) Nripendra Mishra
(c) Pramod Kumar Misra (d) Ajay Bisaria
(e) Pradeep Kumar Sinha

8. **Name the country which has recently declared a national emergency in the country to battle locust swarms which are destroying crops on a large scale in country's main region for agricultural production.**
(a) Bangladesh (b) Pakistan
(c) South Korea (d) China
(e) India

9. **Who among the following has been named the 'Central Banker of the Year 2020' by financial intelligence magazine 'The Banker' for the Asia-Pacific region for bringing in measures to tighten the rules around NBFCs?**
(a) Zhou Xiaochuan (b) Reza Baqir
(c) Indrajit Coomaraswamy (d) Shaktikanta Das
(e) Kuroda Haruhiko

10. **On which day the World Cancer Day is being observed globally every year to create awareness about cancer and to encourage its prevention, detection, and treatment?**
(a) 8th February (b) 7th February
(c) 6th February (d) 5th February
(e) 4th February

11. **The 11th edition of the biennial mega defence exhibition "DefExpo 2020" is scheduled to be held at?**
(a) Patna, Bihar
(b) Lucknow, Uttar Pradesh
(c) Chandigarh, Haryana
(d) Gandhinagar, Gujarat
(e) Itanagar, Arunachal Pradesh

12. Who among the following has been appointed by the government of India as chairman of the Central Board of Indirect Taxes and Customs?

(a) S.S. Deswal (b) Balkrishna Goenka
(c) KK Venugopal (d) M Ajit Kumar
(e) Rishad Premji

13. The Board of Control for Cricket in India has appointed Madan Lal, ___________ and Sulakshana Naik as the member of Cricket Advisory Committee (CAC).

(a) Rudra Pratap Singh (b) Virender Sehwag
(c) Dinesh Mongia (d) Yuvraj Singh
(e) Harbhajan Singh

14. Name the actor who has won the 2020 EE British Academy Film Awards in the category of leading actor.

(a) Brad Pitt (b) Chris Evans
(c) Dwayne Johnson (d) Robert Downey, Jr.
(e) Joaquin Phoenix

15. World Cancer Day is being observed globally to create awareness about cancer and to encourage its prevention, detection, and treatment. The theme of the day for 2020 is?

(a) We can. I can
(b) I Am and I Will
(c) Not Beyond Us
(d) Debunk the Myths
(e) Together let's do something

16. The theme of the DefExpo 2020 is?

(a) India: the emerging defence selling hub
(b) India: the emerging defence producing hub
(c) India: the established defence manufacturing hub
(d) India: the emerging defence manufacturing hub
(e) India: the world defence manufacturing hub

17. The Commonwealth secretary general recently announced the rejoining of Maldives in the global body "Commonwealth". Who among the following is the present secretary general of Commonwealth ?

(a) Boris Johnson (b) Patricia Scotland
(c) Kristalina Georgieva (d) Fiona Fox
(e) Christina Rossetti

18. Name the movie which has won the best film award in 2020 EE British Academy Film Awards.

(a) Parasite
(b) Judy
(c) 1917
(d) Avengers: The Endgame
(e) For Sama

19. Who among the following has won the 2020 EE British Academy Film Awards in the category of leading actress?

(a) Judy Garland (b) Laura Dern
(c) Catherine Zeta Jones (d) Diane Ladd
(e) Renee Zellweger

20. Who among the following has been appointed as new member of the Monetary Policy Committee (MPC) of RBI?

(a) Urjit R. Patel (b) Viral V. Acharya
(c) Janak Raj (d) M D Patra
(e) K.C.Chakrabarty

21. Indian women's team captain____________________ became the 1st-ever hockey player worldwide to win the prestigious 'World Games Athlete of the Year' award 2019.

(a) Rajini Etimarpu (b) Sharmila Devi
(c) Rani Rampal (d) Navneet Kaur
(e) Reena Khokhar

22. How much grant announced by google to promote news literacy among Indians?

(a) 3-million USD (b) 5-million USD
(c) 2-million USD (d) 6-million USD
(e) 1-million USD

23. Who among the following theatre artiste of India will receive the prestigious French honour of 'Chevalier dans lOrdre des Arts et des Lettres (Knight of the Order of Arts and Letters) for her outstanding contribution to the field of theatre?

(a) Gargi Raina (b) Arpita Singh
(c) Bharti Kher (d Sanjana Kapoor
(e) Amrita Sher-Gil

24. Irish composer _______________ will be the first woman to conduct an orchestra at the Oscars guest-segment.

(a) Osnat Shurer (b) Marisa Roman
(c) Eimear Noone (d Lori Forte
(e) Jinko Gotoh

25. 9th edition of joint military exercise between Indian and Bangladesh Army will be conducted at Umroi, Meghalaya. What is the name of exercise?

(a) Vajra Prahar (b) Khanjar
(c) Dharma Guardian (d Sampriti
(e) Dustlik

Ans on Page 54

RBI CIRCULAR

Import of goods and services- Extension of time limits for Settlement of import payment

RBI/2019-20/242

May 22, 2020

1. Please refer to para 5 of Statement on Developmental and Regulatory Policies issued today. In this connection the attention of Authorised Dealer Category -I banks is invited to para B.5.1 (i) of the 'Master Direction on Import of Goods and Services' dated January 01, 2016 (as amended from time to time), in terms of which remittances against normal imports (i.e. excluding import of gold/diamonds and precious stones/ jewellery) should be completed not later than six months from the date of shipment, except in cases where amounts are withheld towards guarantee of performance etc.
2. In view of the disruptions due to outbreak of COVID-19 pandemic, it has been decided to extend the time period for completion of remittances against such normal imports (except in cases where amounts are withheld towards guarantee of performance etc.) from six months to twelve months from the date of shipment for such imports made on or before July 31, 2020.
3. AD banks may bring the contents of this circular to the notice of their constituents concerned.
4. The directions contained in this circular have been issued under Section 10 (4) and Section 11 (1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

(Ajay Kumar Misra)
Chief General Manager-in-Charge

'Voluntary Retention Route' (VRR) for Foreign Portfolio Investors (FPIs) investment in debt - relaxations

RBI/2019-20/239

May 22, 2020

1. Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide Notification No. FEMA.396/2019-RB dated October 17, 2019, as amended from time to time, and relevant directions issued thereunder. Attention is also invited to A.P. (DIR Series) Circular No. 34 dated May 24, 2019 (hereinafter Directions) read with A.P. (DIR Series) Circular No. 19 dated January 23, 2020 and the press release dated January 23, 2020 on reopening of allotment of investment limit under the Voluntary Retention Route (VRR).
2. In terms of para 6(a) of Annex to the Directions, Foreign Portfolio Investors (FPIs) shall invest at least 75% of their 'Committed Portfolio Size' (CPS) within three months from the date of allotment. In view of the disruptions caused by COVID-19, it has been decided to allow FPIs that have been allotted investment limits, between January 24, 2020 (the date of reopening of allotment of investment limits) and April 30, 2020, an additional time of three months to invest 75% of their CPS. For FPIs availing the additional time, the retention period for the investments (committed by them at the time of allotment of investment limit) would be reset to commence from the date that the FPI invests 75% of CPS.
3. These directions are issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999

(42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

(Dimple Bhandia)
General Manager-in-Charge

Reporting Platform for OTC Derivatives – Transactions undertaken by IFSC Banking Units (IBUs) and non-deliverable derivative contracts (involving Rupee or otherwise)

RBI/2019-20/233

May 18, 2020

1. In terms of A.P. (DIR Series) circular no.23 dated March 27, 2020, banks in India having an Authorised Dealer Category-1 license under FEMA, 1999, and operating IBUs have been permitted, with effect from June 1, 2020, to offer non-deliverable derivative contracts (NDDCs) involving the Rupee, or otherwise, to persons not resident in India. Banks can undertake such transactions through their IBUs or through their branches in India or through their foreign branches (in case of foreign banks operating in India, through any branch of the parent bank).
2. All foreign exchange non-deliverable derivative contracts (involving Rupee or otherwise) undertaken by banks in India through their IBUs or through their branches in India or through their foreign branches (in case of foreign banks operating in India, through any branch of the parent bank), shall be reported to CCIL's reporting platform with effect from June 1, 2020.
3. Further, in terms of circular no. DBR.IBD.BC.14570/ 23.13.004/2014-15 dated April 01, 2015, as amended from time to time, IBUs were permitted to undertake derivative transactions including structured products that the banks operating in India have been allowed to undertake as per the extant RBI directions. For undertaking any other derivative product, IBUs are required to obtain the prior approval of the RBI.
4. RBI has mandated that all OTC foreign exchange, interest rate and credit derivative transactions, both inter-bank and client, will be reported to CCIL's trade reporting platform. The matter has been further discussed with banks operating IBUs and CCIL. Accordingly, it has been decided that IBUs shall report all OTC foreign exchange, interest rate and credit derivative transactions - both interbank and client transactions - undertaken by them to CCIL's reporting platform with effect from June 1, 2020. Additionally, as a one-time measure to ensure completeness of data, all matured and outstanding transactions as on May 31, 2020, shall be reported by July 31, 2020.
5. The Clearing Corporation of India (CCIL) shall communicate the methodology of such reporting to its members.
6. These directions are issued under the powers vested in the Reserve Bank of India under Section 45W of the Reserve Bank of India Act, 1934 and is without prejudice to permissions/ approvals, if any, required under any other law.

(Dimple Bhandia)
General Manager (O-i-C)

Banking Promotional Exam sample questions-Series 20

1. (d) Kolkata, West Bengal
2. (a) Paytm
3. (c) Mohammed Tawfiq Allawi
4. (e) Vinod Kumar Shukla
5. (d) Maldives
6. (b) Waheeda Rehman
7. (d) Ajay Bisaria
8. (b) Pakistan
9. (d) Shaktikanta Das
10. (e) 4th February
11. b) Lucknow, Uttar Pradesh
12. (d) M Ajit Kumar
13. (a) Rudra Pratap Singh
14. (e) Joaquin Phoenix
15. (b) I Am and I Will
16. (d) India: the emerging defence manufacturing hub
17. (b) Patricia Scotland
18. (c) 1917
19. (e) Renee Zellweger
20. (c) Janak Raj
21. (c) Rani Rampal
22. (e) 1-million USD
23. (d Sanjana Kapoor
24. (c) Eimear Noone
25. (d Sampriti

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT - FINANCIAL ASSISTANCE

(Amount in ₹ Crore)

Year	No. of Schemes Sanctioned	Total Financial Assistance Sanctioned	NABARD's Commitment	Disbursements
1	2	3	4	5
2000-01	121097 (724)	71241 (7096)	56032 (6415)	50882 (6158)
2001-02	122058 (961)	78775 (7534)	62858 (6826)	57565 (6683)
2002-03	122555 (497)	86950 (8175)	70389 (7531)	64984 (7419)
2003-04	130181 (7626)	95299 (8349)	78128 (7739)	72589 (7605)
2004-05	130342 (161)	104576 (9277)	86722 (8594)	81166 (8577)
2005-06	130474 (132)	113442 (8866)	95385 (8663)	89788 (8622)
2006-07	130543 (69)	123073 (9631)	104183 (8798)	98583 (8795)
2007-08	130564 (21)	132777 (9704)	113229 (9046)	107629 (9046)
2008-09	130592 (28)	144398 (11621)	123764 (10535)	118164 (10535)
2009-10	130595 (3)	156706 (12308)	135773 (12009)	130173 (12009)
2010-11	130598 (3)	171444 (14738)	149259 (13486)	143659 (13486)
2011-12	130600 (2)	187202 (15758)	164681 (15422)	159081 (15422)
2012-13	130601 (1)	205264 (18062)	182355 (17674)	176755 (17674)
2013-14	130604 (3)	227169 (21905)	203841 (21486)	198241 (21486)
2014-15	130604 (0)	259413 (32244)	235268 (31427)	229668 (31427)
2015-16	130604 (0)	308457 (49044)	283332 (48064)	277732 (48064)
2016-17	130604 (0)	363555 (55098)	336838 (53506)	331238 (53506)
2017-18	130604 (0)	430966 (67411)	402078 (65240)	396478 (65240)
2018-19	130604 (0)	523572 (92606)	492332 (90254)	486732 (90254)

Notes : 1. Data for 2018-19 are provisional.

2. Data are on July-June basis up to 1987-88.

3. Data relate to financial assistance on a cumulative basis at the end of each year and data in parentheses indicate financial assistance during the year.

Also see Notes on Tables.

Source : National Bank for Agriculture and Rural Development

DISBURSEMENTS BY NATIONAL HOUSING BANK UNDER ITS REFINANCE SCHEMES

(Rs. Crore)

Year (July-June)	Housing Finance Companies		Banks		Others		Total	
	Disburse-ments	Out-standing	Disburse-ments	Out-standing	Disburse-ments	Out-standing	Disburse-ments	Out-standing
1	2	3	4	5	6	7	8	9
1998-99	545	2444	39	88	163	607	747	3139
1999-00	651	2865	2	54	188	748	842	3666
2000-01	762	3344	106	150	141	830	1008	4325
2001-02	719	3750	85	211	219	984	1024	4946
2002-03	1772	4629	798	935	140	1044	2710	6607
2003-04	1851	4736	1284	2259	118	1056	3253	8052
2004-05	2623	4928	5404	6720	35	819	8062	12467
2005-06	1840	4888	3791	10428	2	952	5633	16268
2006-07	1210	4915	4280	14011	10	348	5500	19274
2007-08	1189	4750	7398	11758	0	268	8587	16776
2008-09	7055	10324	3799	5972	0	166	10854	16461
2009-10	3544	11146	4335	8153	229	505	8108	19804
2010-11	3309	10891	8414	11037	312	653	12035	22581
2011-12	5302	13288	8994	14799	93	477	14390	28564
2012-13	7693	16402	9848	17268	0	328	17541	33998
2013-14	9633	22086	8223	17137	0	215	17856	39438
2014-15	7390	24300	14367	19555	90	176	21847	44031
2015-16	10852	29735	10678	23172	60	157	21590	53064
2016-17	16779	40277	5855	14335	50	193	22684	54804
2017-18	11508	38116	13363	20416	50	193	24921	58725
2018-19	15958	46679	2300	21212	50	201	18308	68092

Notes : 1. Data for 2018-19 are provisional.

2. Banks include Private Sector, Public Sector, Foreign Banks and Regional Rural Banks (RRBs).
3. Others include Urban Co-operative Banks(UCBs), Agriculture and Rural Development Banks (ARDBs) and Apex Co-operative Housing Finance Societies (ACHFs).
4. NHB follows July-June Financial Year.

Source : National Housing Bank.

"The need to constantly update skills, learn from breaches faced by other organizations and invest in security patches is critical to proactively manage Information Security Risk."

- Ramaswamy Meyyappan
Chief Risk Officer
IndusInd Bank

A qualified Chartered Accountant and MBA (University of Florida, USA), he has nearly 29 years of experience in the financial services sector. As Chief Risk Officer at IndusInd Bank over the last 6 years, he is responsible for managing the various risk stripes as well as Financial Restructuring & Recovery. Started his career as a stock broker / portfolio manager with a leading equity brokerage firm in Chennai. When Infrastructure Development Finance Company was incorporated in 1997, he joined them as one of the initial employees and was involved in project finance appraisals. After a brief stint with GE Capital Finance, he started his career as a banker. His banking experience over the last 19 years has been gained while working with well-known foreign banks like Standard Chartered Bank, ABN AMRO Bank N.V. and J.P. Morgan Chase Bank, N.A., of which the last 16 years has been spent working across various risk management roles. His last assignment was with J.P. Morgan Chase Bank N.A., Mumbai where he spent 5.5 years with his last role there being as Chief Credit Officer. In an interaction, Mr. Ramaswamy Meyyappan talks about several aspects of Risk Management.

What are the top five emerging risk in your organization and Banking Industry?

The top 5 emerging risks are :

- Information Security Risk
- Operational Risk
- New Regulations & related Compliance Risk
- Fraud Risk
- Credit Risk

How you manage those risks?

Information Security Risk management has required the strengthening of the Chief Information Security Officer (CISO) role, adding suitably skilled team members into the CISO function, increasing spend on information security measures including pro-active management through employment of ethical hackers to do penetration testing, identifying gaps & vulnerabilities, etc. The need to constantly update skills, learn from breaches faced by other organizations and invest in security patches is critical to proactively manage Information Security Risk.

"Operational Risk Management has required the investment in systems to capture all operational risk events, create risk registers, conduct RCSAs and prepare Business Continuity (BCP) Plans."

The Operational Risk Management Committee approach to ensure all relevant stakeholders have reviewed new product / process has been helpful to identify and manage operational risks. Operational Risk Management has required the investment in systems to capture all operational risk events, create risk registers, conduct RCSAs and prepare Business Continuity (BCP) Plans. The sharing of the lessons learned from operational risk events has helped to sensitize employees and prevent such errors.

The constant flow of new regulations / modification to existing regulation by various regulators has required the need to percolate such regulations in a timely manner to relevant stakeholders and for clear definition on what needs to be done to comply with the regulation so that there are no non-compliant calls taken. Encouraging discussion with the Compliance team to seek clarifications has been impressed upon the stakeholders.

Fraud Risk has become an important risk and managing the same has required investing in various due diligence processes to validate the information and prevent frauds at origination stage. Investment in early warning signals to identify red flags and an investigation team to do a deep dive into the warning signals has become critical.

Credit Risk is no doubt the prime risk and managing the same in recent times has involved digital initiatives to validate information submitted by prospective as well as existing borrowers, early warning systems to track the borrower through the lifecycle of the credit facilities,

What are the key challenges you have faced in implementation of Risk Management?

Key challenges in implementation of Risk Management are:

- Accurate measurement of the risk in risk functions like market risk, operational risk
- Dynamic monitoring of risk and managing the same pro-actively
- Appropriate communication of the risks appropriately to senior management as well as key stakeholders also is a challenge
- Taking into account the appropriate subjective factors while assessing Credit Risk

How do you see the change in the Risk Culture in your organization over past couple of years?

There has been a greater amount of awareness of Risk in the organization in the last few years due to the risk events such as the ATM hack, misuse of the SWIFT system, etc. Also, with the Reserve Bank of India having been quite active in regulations relating to several aspects of Banking, the organization risk culture has undergone a positive change. There have also been several risk communications sent to all relevant stakeholders which has had a positive influence on Risk Culture as well as Regulatory Compliance.

Any lessons or any thought that you would like to share with our readers.

Risk has to be managed at all levels of the organization and the frontline customer facing teams have to be sensitive to the fact they are the First Line of Defense with Support Functions such as Risk, Operations being the Second Line of Defense.

Independent directors: 'No unnecessary action without strong evidence'

The Ministry of Corporate Affairson said prosecution proceedings will not be initiated against independent and non-executive directors unless there is strong evidence of their complicity in frauds committed by the companies. Against the backdrop of instances of independent and non-executive directors coming under the scanner for alleged corporate misdoings, the ministry has sent out a circular to its Regional Directors, Registrars of Companies (RoCs) and official liquidators with respect to prosecution proceedings. "In case, lapses are attributable to the decisions taken by the Board or its Committees, all care must be taken to ensure that civil or criminal proceedings are not unnecessarily initiated against the IDs or the NEDs, unless sufficient evidence exists to the contrary," the communication said.


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