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Banking Finance

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In this issue

"People are now more tech-savvy than ever. People finds it easier to access most of the financial services through their mobile apps. Artificial intelligence is now aggressively being integrated with all the financial services product."

Ravi Jain

Chairperson, JRK Group of Companies

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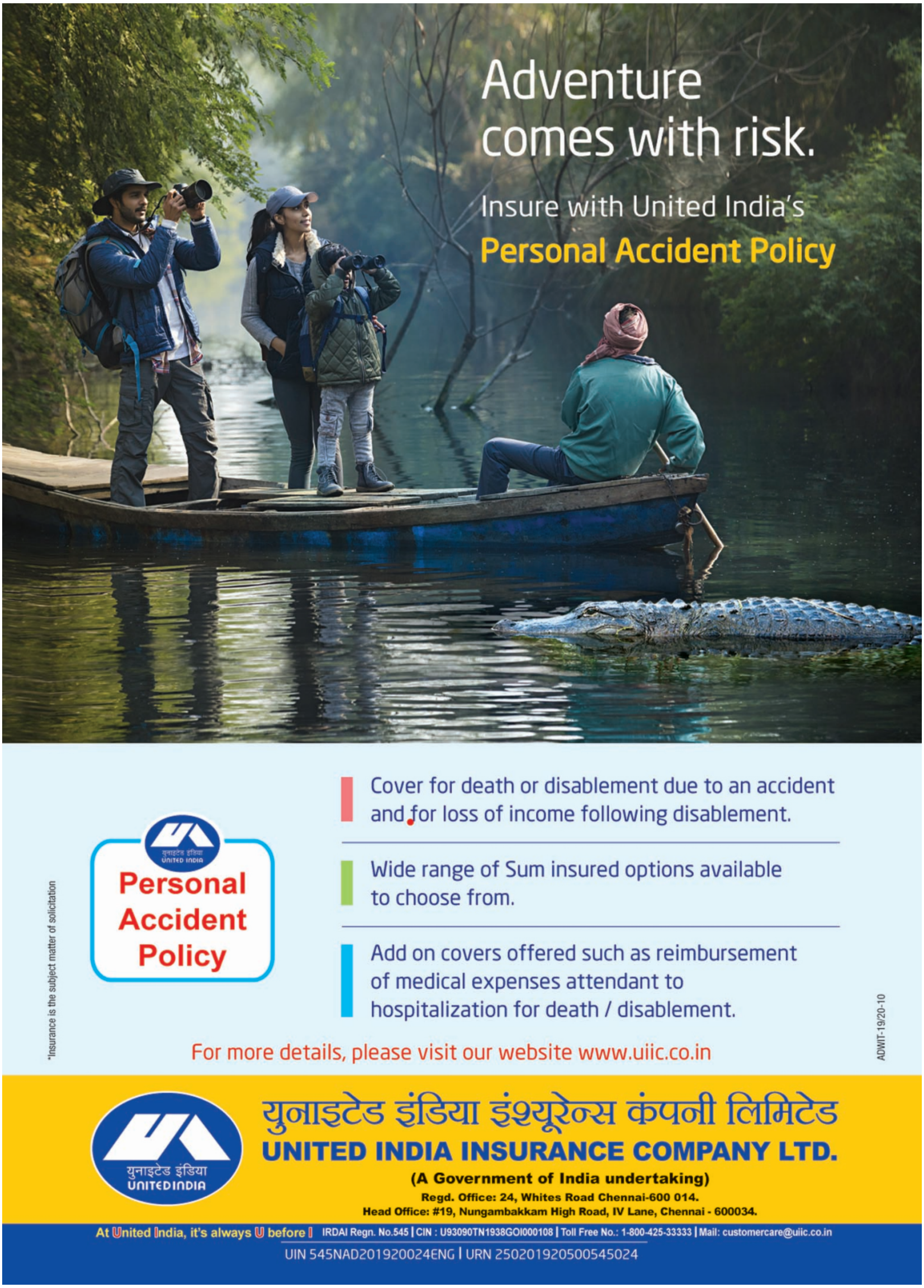
Shaktikanta Das
Governor, RBI

"The Indian Banks' Association (IBA) is working on bringing ease of banking on the lending side and is also focusing on swift decision making amid the COVID-19 crisis"

Sunil Mehta
CEO
Indian Banks' Association

"The key elements of creating the FI&MM vertical are to bring sharper focus to different business lines and improve the quality of interaction with customers at the branch."

Rajnish Kumar
Chairman, SBI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From The Desk Of Editor-in-Chief

The Covid 19 pandemic is still continuing and it is quite uncertain when this will end. The pandemic has taken huge toll of human life, business activity and overall there is a sense of fear which does not seems to end soon.

The vaccines are under trail stage and hopefully it should the markets by end of this year though the government is claiming that commercial production may be started in next 2-3 months.

Banking & Finance Sector in India was much affected due to covid-19 since March, 2020. After 22nd March, 2020 when the lockdown was announced by the Central Govt. practically all economic activities came to a standstill.

After relaxation of lockdown and various phases of Unlock, Economy has started moving but at the expenses of rising number of cases all over India. India is very close to register highest number of cases in the world. Community transmission has already started and it is quite difficult to predict where we will stand after next 2-3 months.

Small and medium enterprises are suffering heavily due to lockdown and less availability of workforce due to restriction on movement of trains and transport. Daily laborers and workers are also in a fix as they are unable to freely join their duty.

The Finance Ministry Govt. of India announced the total package of over 21 lac crores for giving relief for boasting the economy, helping BPL people, Free Ration to the poor's as well as to cover other aspect of the economy concerning the general public.

Banks are also working with reduced banking hours with 50% employees working in alternate shifts. This is also creating problem for common people and business enterprises as banking activities are moving at a very slow pace affecting the daily activities of business.

It is heartening that monsoon in India is supposed to be good in continuity in the past few years wherein food availability in the country will be satisfactory.

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BANKING NEWS

Karnataka Bank Managing Director gets 3-year extension

Pursuant to the approval from RBI, the board of directors of Karnataka Bank have reappointed P Jayarama Bhat as part-time (non-executive) Chairman to hold office up to November 13, 2021, and Mahabaleshwara MS as Managing Director and Chief Executive Officer of the bank for a further period of three years with effect from April 15.

People's Bank of China now holds 1.1% of HDFC

People's Bank of China has entered the exclusive club of foreign portfolio investors (FPIs) with over 1% stake in HDFC as at March-end 2020 .

PBoC, which is China's central bank, now owns 1.01 per cent (or 1,74,92,909 equity shares) in India's largest standalone housing finance company. At closing price of Rs. 1,701, the value of PBoC's shareholding in HDFC is Rs. 2,977 crore.

According to reports, Chinese financial institutions are picking up stakes in companies across the world. This comes at a time when majority of the countries are reeling under the impact of Covid-19 pandemic, which originated in China's Wuhan province.

Banks to be more vigilant to prevent online frauds

With the announcement of 3 month loan moratorium by RBI, there can be rise in online banking frauds.

"The EMI moratorium has just begun. While we haven't observed anything per se, one has to understand what could happen proactively. We have to start an awareness campaign," said Sameer Ratolikar, Executive Vice-President and Chief Information Security Officer at HDFC Bank.

"Banks will always communicate through official channels, but they will never ask you to disclose personal credentials," he asserted.

Fraudsters could choose between three or four modus operandi. One, they may reach out to the customer about EMI moratorium on credit card bills and seek card details. Once the customer discloses this by call or text, the fraudster could next ask for the OTP and make a transaction.

Alternatively, customers may be asked to download a mobile app sent by a link to avail the moratorium. "As an additional benefit for downloading the app, the customer could be promised at least three more months of moratorium," said Ratolikar.

The app, on the pretext of getting downloaded, will also install a virus, malware or a Trojan on the phone, which will capture and communicate the customer's keystrokes to the fraudster, who can then initiate a transaction with an SMS OTP (again obtained from the customer).

The third modus operandi is social-media phishing, where the fraudsters track the Twitter and Facebook accounts of banks to find out customer grievances.

Union Bank reorganizes after merger

Union Bank of India, announced the roll out of its new, combined organisation structure that includes 18 zonal offices and 125 regional offices.

This roll out follows the amalgamation of Andhra Bank and Corporation Bank into Union Bank of India with effect from April 1. The public sector bank, in a statement, said four new zonal offices have been established across Chandigarh, Jaipur, Mangaluru and Visakhapatnam, with a strategic view to increase penetration across geographies.

The opening of two new zonal offices in South India will enable the bank to further strengthen its market share in this vital region, it added. Additionally, 32 new regional offices are being opened across locations, including Shimla, Amritsar, Bareilly, Mau.

Indian banks to face unprecedented NPA's

According to, Shaktikanta Das, Governor RBI, "The economic impact of the pandemic may result in higher non-performing assets (NPAs) and capital erosion of banks. A recapitalization plan for public sector banks (PSBs) and private banks has, therefore, become necessary."

Das said was that the negative economic impact of covid-19 will lead to increased defaults by borrowers. Lets understand it. If one-twentieth of the loans which are likely to be under a moratorium as of 31 August are defaulted on, the overall quantum of bad loans in the Indian banking system would be close to Rs. 12 trillion. If one-fifth of them default once the moratorium is lifted, the quantum of bad loans would touch a dizzying Rs. 20 trillion, more than double the current level.

Former RBI governor Raghuram Rajan said recently: "The levels of NPA will be unprecedented six months from now."

With increased defaults, banks will need to be recapitalized, that is, more money will have to be invested in them to keep them going. In fact, there is already enough evidence of increased pressure in the banking system in the days ahead and of the impending storm.

As per the rating agency ICRA, 52% of assets under management of non-banking finance companies (NBFCs) were under a moratorium as of May 2020. Even if 10% of these loans are defaulted on, the gross NPAs of NBFCs will more than double and reach 9.6% of loans as of March 2021. They were at 4.6% as of March 2020. Gross NPAs, also referred to as bad loans, are basically loans which haven't been repaid for a period of 90 days or more.

Any trouble at the level of NBFCs is likely to spill over to banks. Post demonetization, banks had a surfeit of money coming in as deposits, which found its way into the shadow banking sector. As of December 2016, bank lending to NBFCs had stood at ?3.22 trillion. By May 2020, the lending had jumped to Rs. 8.04 trillion. Hence, if NBFC borrowers' default, NBFCs will find it difficult to repay bank loans.

A Bloomberg news report published in early July points out that the rating firms have submitted a document to RBI where they have suggested that they will have to stop publishing credit scores of many companies which haven't been providing adequate information or have stopped paying the fees to rating firms. This could potentially impact nearly half of the companies which currently go through a regular rating exercise. Hence, many companies are in trouble and want to hide that by not sharing information. Clearly, in the months to come, many of these firms will not be in a position to continue repaying their loans.

Govt appoints Govinda Rajulu Chintala as Nabard chairman

The government has appointed Govinda Rajulu Chintala as chairman of National Bank for Agriculture and Rural Development, an official communication said. Chintala is currently Chief General Manager at Nabard.

The appointments committee of the union cabinet cleared Chintala's appointment for two years till his superannuation in July 2022. It also cleared the appointment of Shaji KV, currently general manager at Canara Bank, as deputy managing director at Nabard for five years.

The fresh appointments at Nabard come at a time the institution is set to play a key role in financing the needs of the rural economy as part of the government's economic package dealing with the coronavirus pandemic's impact.

The cabinet committee also cleared the appointment of Nabard chief general manager P.V.S. Suryakumar as deputy managing director till his superannuation in July 2023.

Yes Bank closes its FPO with 95% subscription

Yes Bank Ltd managed to close its follow-on public offer (FPO) with 95% subscription, driven by institutional investors, even as HNIs and retail investors showed tepid interest in the bank's offering.

The bank received subscriptions for shares worth Rs. 14,267 crore in the FPO, at the lower end of the price band of Rs. 12-13 per share.

Institutional investors drove the subscription, with shares reserved for these investors getting subscribed 1.9 times, excluding the anchor allocation.

"Domestic financial institutions played a big role in the FPO, and subscribed to almost half of the book, excluding the anchor allotment," said a person advising the bank on the FPO.

Some of the institutional investors that participated in the deal include State Bank of India, Life Insurance Corp of India, IIFL, Edelweiss, Bajaj Allianz, HDFC Life, Punjab National Bank, HDFC MF, Union Bank, Bajaj Holdings, Avendus Wealth Management, IFFCO Tokio General Insurance, Norges fund, Millennium Management Global, Aurigin Capital, Exodus Capital, Wellington Capital, Jane Street Capital, said a second person advising the bank.

Apart from institutional investors, demand from all other categories of investors was tepid.

The portion of shares reserved for high net-worth individuals and other non institutional investors was subscribed 63%, while the shares allocated for retail investors and employees were subscribed only 47% and 33%.

While the bank has managed to raise only Rs14,267 crore out of its total target of Rs15,000 crore, the shortfall is likely to be funded by SBI.

The non-subscribed portion of the FPO would be allotted to SBI Capital Markets, who had agreed to underwrite Rs. 3000 crore worth of shares at a price equal to the lower end of the price band, said a third person cited above.

"While the deal is successfully closed having crossed the minimum 90% subscription mark and does not need to utilise the underwriting, SBI wants to signal its commitment to the bank and thus it will be finding the shortfall to reach the Rs15,000 crore target," he said.

“We are pleased with the completion of our further public offering and would like to thank all the investors, partners and employees who have supported the issue. It is an important step in our journey of transformation and is a testament to the trust placed in the institution," said Prashant Kumar, managing director and chief executive of Yes Bank, in a statement.

HDFC Bank reports 19.6% rise in Q1 profit

HDFC Bank reported a 19.6% year-on-year (y-o-y) rise in net profit to Rs. 6,659 crore for the three months to June owing to a rise in net interest income (NII) and lower tax outgo.

The bank’s net interest income – difference between interest earned and interested expended – grew 17.8% y-o-y to Rs. 15,665.4 crore. Its net interest margin -- a key measure of profitability – stood at 4.3%, unchanged from the same period last year.

HDFC Bank’s asset quality improved in the June quarter with gross bad loan ratio or the percentage of bad loans to total advances declining 4 bps y-o-y to 1.36%. Its net NPA ratio was also down 10 bps to 0.33% in Q1 FY21. However, compared to the March quarter of FY20, HDFC Bank’s gross bad loan ratio was up 10 bps.

The bank said in a statement that in line with the additional regulatory package guidelines dated 23 May, the bank granted a second three-month moratorium on installments or interest, as applicable, due between 1 June and 31 August.

“For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of determining whether an asset is non-performing)," it said.

HDFC Bank also said that it holds provisions as at 30 June 2020 against the potential impact of covid-19 based on the information available at this point in time.

“The provisions held by the bank are in excess of the RBI prescribed norms," it said, without disclosing the quantum of provisions set aside for covid-19. Its total provisions stood at Rs. 3,891 crore, up 49% from the same period last year.

The bank’s total advances were at Rs. 10.03 trillion in Q1 of FY21, an increase of 20.9% over the same period last year. The domestic retail loans grew 7.2% and domestic wholesale loans grew 37.6%, it said, adding that the domestic loan mix between retail and wholesale was 48:52. Overseas advances constituted 3% of total advances, the bank said.

Total deposits stood at Rs. 11.89 trillion, an increase of 24.6% over 30 June last year. Its current and savings account (CASA) deposits grew 26% with savings account deposits at Rs. 3.27 trillion and current account deposits at Rs. 1.5 trillion. The bank said its CASA deposits now comprise 40.1% of total deposits as of 30 June, 2020.

HDFC Bank’s total capital adequacy ratio (CAR) as per Basel III guidelines was at 18.9% as on 30 June, as against a regulatory requirement of 11.075%, including the capital conservation buffer of 1.875%, and an additional requirement of 0.20% for being a Domestic Systemically Important Bank (D-SIB).

IBA working on ease of banking on lending side: CEO Sunil Mehta

The Indian Banks' Association (IBA) is working on bringing ease of banking on the lending side and is also focusing on swift decision making amid the COVID-19 crisis, its CEO Sunil Mehta said.

Member banks are working on digitisation of loan products so that the human intervention is minimised in the process of loan, he said.

"Ease of banking is one of the key agenda of IBA and bankers are thinking through this. Bankers have to think about swifter delivery. Banks are converting this pandemic in opportunity for digitisation of their loan products...6 months from now you will find more digital lending products and help in ease of banking," he said.

Citing 'psbloansin59minutes' portal, he said, this kind of algorithm based decision making platform can be extended towards the entire loan life cycle with the objective of reducing physical interface.

He further said ease of transaction has already taken place as one can do it with a click of button.

"Banking has transformed during the last 10 years and it is going to transform further and these improvements are really needed. Bankers are working on it," he said at a webinar organised by Assocham.

Assuring all support to MSMEs, State Bank of India (SBI) Managing Director Dinesh Kumar Khara said the bank is quite open to the request of rehabilitation and restructuring of loans also.

Khara also said some sectors of the economy like hospitality, travel and tourism would need hand-holding.

Echoing similar views, Mehta said the government has also requested RBI to consider a one-time restructuring scheme for some sectors hit hard by the pandemic.

"Sectors which really require separate attention are aviation , hospitality, travel and tourism etc. These are the sectors which are greatly impacted during the pandemic because of occupancy level and travel restrictions. May be the government comes out with special packages for these sectors and even the Reserve Bank can come out with special restructuring schemes," Mehta said.

Banking sector may witness muted first quarter results

Banking sector is likely to see subdued first quarter results, as lenders continue to strengthen their balance-sheets through higher provisions against the covid-19 impact. The previous quarter had seen banks, especially private sector entities, increasing provisions to cushion against future asset slippages.

Banks are expected to report 7% year-on-year growth in pre-provision profit, while private banks are to report 11% growth, according to brokerage firm Phillip Capital Pte. Ltd. Moderation in credit growth and stable net interest margin are likely to keep performance muted. Credit growth is expected to moderate to 6.2% in the first quarter compared to 12% in the year ago. This trend is expected to continue because of the impact of the pandemic.

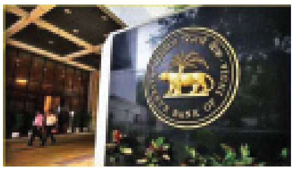
However, treasury income will continue to support profitability in the first quarter, as it offsets weakness in net interest margins and fee income growth. The 10-year government security has fallen 25 basis points quarter-on-quarter.

Stake sales in subsidiaries of State Bank of India and ICICI Bank will also add to higher treasury gains. During the quarter, SBI sold a 2.1% stake in SBI Life Insurance Co., while ICICI Bank sold 1.5% in ICICI Prudential Life Insurance Co. and 3.96% in ICICI Lombard General Insurance Co.

Earnings of public sector banks are likely to be hit because of sluggish loan growth as a result of integration, higher proportion of moratorium, and delay in the resolution of National Company Law Tribunal accounts, according to brokerage firm Motlial Oswal. “Management commentary on moratorium trends under moratorium 2.0 would be the key theme of discussion. Also, the trends in collection efficiency (banks have highlighted improving collection trends over May-Jun’20) as the economy starts to recover would be an important metric to assess the banking system’s health in the near term," it said.

Asset quality will continue to be stable, considering that the second moratorium will end by August-end, according to Phillip Capital. Gross non-performing assets (NPAs) are expected to reduce by 15 basis points to 5.37% in Q1. Credit cost, or the amount set aside for bad loans, however, is expected to be higher, as banks may increase provision coverage ratio and create contingent provisions in anticipation of NPAs after the moratorium ends. ❑

RESERVE BANK NEWS



RBI forms panel to check private banks' structure

RBI has constituted an internal working group to review the guidelines on ownership and corporate structure for Indian private sector banks. The central bank said it was doing so to align regulations to meet the requirements of a dynamic banking landscape changing continuously.

RBI said it has constituted an internal working group to review the guidelines on the ownership and corporate structure for private sector banks.

9 NBFCs surrender registration

Nine NBFCs, including Reliance Net and Nischaya Finvest Private Limited, have surrendered their certificate of registration, RBI said.

Penrose Mercantiles Ltd, Manohar Finance India Ltd, Chandelier Tracon Pvt Ltd, and Sanghi Hire Purchase Ltd are among the NBFCs which have surrendered their certificates.

With surrendering the certificates, the companies cannot transact the business of a non-banking financial institution.

In another statement, the central bank said it has cancelled the certificate of registration of 14 non-banking financial companies (NBFCs).

Primus Capital Private Limited (Formerly known as Rapid Growth Capital Services Private Limited), Bharat Finance and Industries Limited, Signature Finance Private Limited, Dee Bee Leasing and Hire Purchase Pvt Ltd, Jindal Finlease Pvt Ltd, and B L S Investments Pvt Ltd, are among the NBFCs whose certificate of registration were cancelled by the RBI.

RBI gets 'lukewarm' response for availing liquidity

RBI got lukewarm response from banks for availing three-year liquidity at the maiden auction under the Targeted Long-Term Repo Operations (TLTRO) 2.0. The auction proceeds are specifically meant for deployment in the debt papers of small- and midsize non-banking finance companies (NBFCs) and microfinance institutions (MFIs).

As against the notified amount of Rs. 25,000 crore, the RBI received 14 bids aggregating Rs.12,850 crore. Given the tepid response from banks, the central bank said it will review the auction results and take a view in the matter.

Vydianathan Ramaswamy, Director, Ratings, Brickwork Ratings, observed that the limited participation by banks in TLTRO 2.0 clearly highlights their reluctance to lend to small- and mid-size NBFCs and MFIs in the current situation.

He emphasised that limited participation by banks means there is no immediate liquidity relief to NBFCs and MFIs, especially the smaller ones.

Given the lack of risk appetite in banks, Ramaswamy felt that a structure with partial credit guarantee (PCG) by the Government of India, similar to the PCG scheme launched last year for securitisation, may be the only viable option to ease the liquidity challenges of NBFCs.

NBFCs and MFIs are facing stretched liquidity conditions, given that banks are very selective while giving moratorium to these entities, whereas the former have already approved loan moratorium to most of their borrowers, he added.

RBI issues Fair Practice Code guidelines for ARC

In lieu of probability of rise in NPA due to the pandemic, the RBI has announced guidelines for "Fair Practices

Code" (FPC) for Asset Reconstruction Companies (ARCs) to ensure highest standards of transparency and fairness while dealing with their stakeholders.

All ARCs registered with banks have been asked to put in place FPC duly approved by their Board.

This directive is in exercise of the powers conferred by Section 9 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002, the RBI said.

As per the guidelines ARCs need to follow transparent and non-discriminatory practices in acquisition of assets and maintain arm's length distance in the pursuit of transparency.

To enhance transparency in the process of sale of secured assets, they must publicly solicit invitation for participation in auction and the process should enable participation of as many prospective buyers as possible.

"The terms and conditions of such sale may be decided in wider consultation with investors in the security receipts as per SARFAESI Act 2002 and the spirit of Section 29A of Insolvency and Bankruptcy Code, 2016 may be followed in dealing with prospective buyers," it said adding

The ARCs have been asked to release all securities on repayment of dues or on realisation of the outstanding amount of loan and any other claim they may have against the borrower.

ARCs have been asked to put in place Board approved policy on the management fee, expenses and incentives, if any, claimed from trusts under their management and they must ensure that outsourcing arrangements neither diminish its ability to fulfil its obligations to customers and the RBI nor impede effective supervision by RBI.

While recovering loans, ARCs are expected not to resort to harassment of the debtor. "ARCs shall ensure that the staff are adequately trained to deal with customers in an appropriate manner," RBI guidelines said.

The ARCs must in place a Board approved Code of Conduct for Recovery Agents and obtain their undertaking to abide by that Code. ARCs would be are responsible for the actions of their Recovery Agents.

"It is essential that the Recovery Agents observe strict customer confidentiality and ARCs shall ensure that Recovery Agents are properly trained to handle their responsibilities with care and sensitivity, particularly in respect of aspects such as hours of calling and privacy of customer information," the guidelines said.

They should ensure that Recovery Agents do not induce adoption of uncivilized, unlawful and questionable behaviour or recovery process. ARCs have been asked to constitute Grievance Redressal machinery within the organisation and to keep the information, they come to acquire in course of their business, strictly confidential.

RBI directs banks and NBFCs to disclose information online

RBI directed Banks, NBFCs and digital lending platforms to disclose full information upfront on their websites to customers. The direction comes against the backdrop of several complaints relating to exorbitant interest rates and harsh recovery measures, among others, against lending platforms.

While the banks and non-banking finance companies (NBFCs) are being directed to disclose the names of agents engaged by on their websites, digital lending platforms have been asked to tell their customers upfront the names of the bank/ NBFC on whose behalf they are disbursing loans.

"...outsourcing of any activity by banks/ NBFCs does not diminish their obligations, as the onus of compliance with regulatory instructions rests solely with them," the RBI said in a communication to the scheduled commercial banks and NBFCs.The RBI further said that immediately after sanction of loan, a letter must be issued to the borrower on the letter head of the bank/ NBFC concerned.

"A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans," the RBI said, and also asked the banks and NBFCs to create awareness about the grievance redressal mechanism.

Issuing these guidelines, the RBI said that often digital lending platforms tend to portray themselves as lenders without disclosing the name of the bank/ NBFC at the backend, as a consequence of which, customers are not able to access grievance redressal avenues available under the regulatory framework.

Also it added, several complaints have come to notice against the lending platforms relating primarily to exorbitant interest rates, non-transparent methods to calculate interest, harsh recovery measures, unauthorised use of personal data and bad behavior.

Although digital delivery in credit intermediation is a welcome development, the RBI said, concerns emanate from non-transparency of transactions and violation of the guidelines on outsourcing of financial services and Fair Practices Code of banks and NBFCs.

The banks and NBFCs, RBI said, "irrespective of whether they lend through their own digital lending platform or through an outsourced lending platform, must adhere to the Fair Practices Code guidelines in letter and spirit." Besides, it added, the banks and NBFCs must also meticulously follow regulatory instructions on outsourcing of financial services and IT services.

RBI tells ARCs to follow uniform standards

The Reserve Bank of India has told asset reconstruction companies (ARCs) to follow uniform standards while buying bad loans from banks and to avoid coercive practices during recovery of loans from borrowers. The banking regulator directed these entities to put fair practices code (FPC) in place to ensure transparency. This is "in order to achieve the highest standards of transparency and fairness in dealing with stakeholders", RBI said Thursday in a note to ARCs.

The fair practice should be approved by their respective boards. The regulator suggested that they should publicly invite participation in auction of bad loans to ensure maximum buyers while the terms of such sale should be decided after consulting with investors in the security receipts as per SARFAESI Act 2002.

ARCs are told to release all securities on repayment of dues or on realisation of the outstanding amount of loan, subject to any legitimate right or lien for any other claim they may have against the borrower. "ARCs shall not resort to harassment of the debtor. ARCs shall ensure that the staff are adequately trained to deal with customers in an appropriate manner," RBI said.

RBI is also of the view that these rms should form grievance redressal machinery within the organisation. "ARCs shall keep the information about assets they acquire strictly confidential and shall not disclose the same to anyone including other companies," RBI said.

RBI directs HDFC Bank to return Rs. 210 crore to Mashreq Bank

RBI has asked HDFC Bank to return Rs. 210 crore to Dubai-based Mashreq Bank, which was debited from non-bank lender Altico Capital's account last year to net off its loans, according to sources.

In September 2019, the Indian private sector lender had debited a part of the money raised by Altico through an external commercial borrowing (ECB) from Mashreq Bank. These ECB funds were parked by Altico in HDFC Bank.

The private lender's action was prompted by initial signs of stress at the company. Its long-term and short-term issuer ratings were subsequently downgraded by rating agency India Ratings on 3 September from AA- to A+, and from A1+ to A1, respectively.

"The revision takes into account the continued pressure on the real estate sector, which has resulted in a weakened operating environment for the construction lending business; the stretched working capital cycle for real estate borrowers causing volatile delinquencies, tighter funding, resulting in wider spreads, and diluted on-balance sheet liquidity buffers," the rating agency had said.

Following this, Altico Capital was unable to pay close to Rs. 20 crore in interest to Mashreq Bank, leading to a series of defaults and the company's lenders getting into a huddle to resolve the stress.

Rajnish Kumar, chairman, State Bank of India (SBI), and a lender to Altico, had said last September that if any bank makes a "selfish move", it can have a negative impact on the rest of the system. "You have taken care of the Rs. 50-100 crore (exposure), and felt happy for saving your money, but if you are damaging the system, then it is not proper," Kumar had said, without naming the private sector bank, according to PTI.

RBI approves reappointment of Shyam Srinivasan as Federal Bank MD & CEO

RBI has approved the reappointment of Shyam Srinivasan as the MD & CEO of the Federal Bank, w.e.f. September 23, 2020 (the completion of the present term of office) till September 22, 2021.

In a corporate filing, the bank mentioned, "As required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015), we wish to inform you that the approval from Reserve Bank of India has been received on July 16, 2020 for the reappointment of Mr. Shyam Srinivasan as the MD & CEO of the Bank, w.e.f. September 23, 2020 (the completion of the present term of office) till September 22, 2021 alongwith remuneration as proposed by the Bank."

Federal Bank announced its unaudited financial results for the quarter ended June 30, on Wednesday. The bank's net profit rose 4.3% to ?401 crore year on year and 33% quarter on quarter.

The bank's net interest income rose 12.3% Y-O-Y to Rs. 1,296 crore in quarter ended June 2020 over Rs. 1,154 crore in the same quarter last year. Other income grew 24.7% YoY to Rs. 488.37 crore for Q12020 against Rs. 391.52 crore for the Q1 2019. ❑

GST NEWS

No GST on directors' salary

The controversy on whether remuneration paid to directors of a company is subject to the goods and services tax(GST) has been put to rest by a recent decision of the Authority for Advance Rulings (AAR), Karnataka bench.

Anil Kumar Agrawal, who had received salary as a director from a private company, had approached the bench. In its order dated May 4, the AAR bench has clarified that if the director is an employee of the company, there will be no incidence of GST. However, if the director is a non-executive director (that is, a nominated director), and provides his or her services to the company, then the remuneration paid is subject to GST. In such cases, the 'reverse-charge' mechanism will apply and it is the company (recipient of the services) who will pay the GST.

AAR rulings have a persuasive role in similar cases. Thus, this ruling will be useful to India Inc to substantiate that GST does not arise in case of remuneration paid to full-time directors, who essentially are key managerial personnel of the company. The ruling obtains additional significance as, a month ago, the Rajasthan AAR had held to the contrary and opened a pandora's box.

Sunil Gabhawalla, chartered accountant and GST expert, told TOI, "Schedule III clearly excludes services by an employee from the purview of the GST. A long time ago, the Supreme Court has laid down the test of what constitutes an employer-employee relationship. It is heartening to see that this advance ruling respects this test."

While the AAR-Karnataka bench explained the grounds on which GST will apply in respect of director's remuneration, owing to lack of documentary evidence submitted by the applicant, it was non-committal as regards the specifics of Agrawal's case.

The applicant has not furnished documents such as the agreement between him and the private company, his appointment order, details of provident fund deductions, etc, which would help decide whether he is in receipt of salary as an employee or as an independent director, said the AAR. However, it went on to add that if the salary was received by the director in his capacity as an employee, it would be outside the scope of GST.

18% GST only on frozen parotas

The government said that the ruling by Karnataka's Authority for Advance Ruling for GST for an 18% levy applied to frozen, packed and preserved wheat parotas and malabar parotas, with a shelf life of three to seven days, and did not apply to plain rotis.

"It may be noted that frozen parota is preserved, sealed packed, branded and is usually sold at higher prices. It is not a staple itemand is consumed by the class which could afford to pay taxes. Even items like cheaper biscuits, pastries, cakes, etc, attract GST at the rate of 18%. Frozen food would be more comparable to such item. Frozen foods can not be comparable to plain roti or plain parota served in restaurants or taken as staple food, or eaten by poor on a day-to-day basis," it said.

Goods purchased, sold overseas will attract GST in India: AAR

A domestic company buying goods from abroad and selling to another country will have to pay GST on such transactions even if the said products are not entering the Indian territory, the Authority for advance ruling (AAR) has said.

On an application filed by Sterlite Technologies, the Gujarat-Bench of AAR has ruled that GST is payable on goods sold to customer located outside India, where goods are shipped directly from the vendor's premises (located outside India) to the customer's premises.

The applicant had sought to know whether the goods and services tax (GST) would be levied on merchant trade transactions (MTT).

"It appears that the transaction is covered under the ambit of inter-State supply and is neither exempted nor covered under export of services. Thus, the theory of elimination takes us to the conclusion that such supplies will be subject to levy of IGST (integrated GST)," the AAR has ruled.

Deposits to be used for GST registration

The value of exempted income, like interest on PPF, savings bank account and loans given to family/friends, will be included along with taxable supplies while calculating the threshold limit for obtaining GST registration, the Authority for Advance Ruling (AAR) has said. Under the Goods and Services Tax law, businesses and individuals are required to obtain GST registration if their aggregate turnover is Rs 20 lakh or more.

An individual, not engaged in any business, had filed an application before the Gujarat bench of AAR asking whether interest received from savings bank, PPF and loans and advances to family would be considered for the purpose of calculating threshold limit of Rs 20 lakh for registration under GST law.

GST compliance for small biz eased

GST Council, in its first meeting after the lockdown was imposed, eased the compliance burden for small businesses by slashing late fees and halving the interest rate on them.

While GST rates were not discussed in the four-hour meeting via video conferencing, correcting the inverted duty structure in the case of textiles was deliberated but a decision on it was held over. The issue of compensation to the states for their GST shortfall will be discussed in a meeting next month and in it market borrowing will be explored as an option.

In order to clean up pendency in return filing, the council decided to waive late fees for not furnishing GSTR 3B or summary returns in the case of nil liability, whereas in cases of tax liability, late fee has been capped at Rs 500 per return for the period between July 2017 and January 2020. ❑

Top 5 private banks stare at doubling of NPAs

Top private sector banks may see their slippages double to 5% this fiscal due to the poor loan offtake and the moratorium-driven contraction in net interest margins, warns a report. These five banks — HDFC Bank, ICICI Bank, Axis Bank, Kotak Mahindra Bank and IndusInd Bank — collectively control a quarter of the system and three-fourths of the private banking space, according to a report by India Ratings.

"We forecast FY21 slippages to nearly double to around 5% for these banks from 2.3% in FY19 and 2.7% in FY20, even though net slippages would be lower if refinancing remains a challenge, resulting in a 4% contraction in their net interest margin," says the report. As loan demand remains tepid, banks are parking their excess liquidity in low yielding alternatives such as government bonds and top-rated corporate securities due to their higher credit risk perception and widening duration spreads, even as deposit inflows have been robust.

On the other hand, growth in deposits for these top five private banks in FY20 was 18.8% which was 18.5% in FY19, while loan growth declined to 15% from 19.1% during this period. Additionally, the Reserve Bank has injected Rs. 1.7 lakh crore of liquidity into the system over the last six months through open market operations and secondary market purchases. Without quantifying, the report expects a significant spike in delinquent assets due to the deep troubles the economy is facing due to the impact of the GDP destruction on the banking sector in the aftermath of COVID-19 pandemic.

Additionally, banks have moved a large amount of the surplus liquidity into reverse repo where the rates have declined by 215 bps in the last one year, yielding 3.35% and with cost of funds falling to 5-6%, this could result in a negative carry. Over FY17-FY20, net advances of these five private banks and bank credit grew at a CAGR of 15.7% and 9.1%, respectively, while the unsecured retail portfolio grew at a CAGR of 21.8%, and these give banks have increased the proportion of unsecured retail portfolio over the same period.

INDUSTRY NEWS

India Post savings A/C offering higher interest than that offered by its banking arm

India Post Payments Bank (IPPB) has cut the interest rate on savings bank (SB) deposits thrice since February, from 4 per cent to 2.75 per cent even as it parent, India Post, continues to hold the interest rate on its Post Office Savings Account (POSA) rock steady at 4 per cent.

This difference of 125 basis points between the interest rate offered by IPPB and India Post on the same product (an SB account) could make it difficult for the former to attract fresh deposits. One basis point is one-hundredth of a percentage point.

With the latest cut of 25 basis points from 3 per cent to 2.75 per cent with effect from May 1, IPPB's SB interest rate is the same as that offered by State Bank of India, the country's largest bank.

Before the latest cut, IPPB had reduced the SB rate twice -- from 4 per cent to 3.50 per cent with effect from February 1, and from 3.50 per cent to 3 per cent with effect from April 1.

It may be pertinent to mention that day-end balances above Rs. 1 lakh in IPPB can be swept into linked POSAs with India Post.

What this means is that the interest rate on balances above Rs. 1 lakh will earn the higher interest rate of 4 per cent than those below Rs. 1 lakh.

World Bank sees FY 21 India growth rate at 1.5-2.8%

India is likely to record its worst growth since the 1991 liberalisation this fiscal year as coronavirus severely disrupts the economy, the World Bank said. India's economy is expected to grow between 1.5 and 2.8 per cent in 2020-21, it added. It estimated India would grow between 4.8 and 5 per cent in 2019-20. The outbreak comes at a time when India's economy is already slowing due to persistent financial sector weaknesses, the report said.

The World Bank has scaled down India's gross domestic growth (GDP) growth projection to 1.5-2.8 per cent for the current fiscal year, which would be the lowest economic expansion since the balance of payments crisis of 1991-92, as Covid-19 is dragging down activities in the already slowing economy. It had earlier projected the growth to be 6.1 per cent for 2020-21.

In its South Asia Economic Update, the Bank warned that migrant workers and conditions in slum areas would make it challenging to adopt social distancing norms to arrest the spread of the deadly coronavirus.

Govt allows virtual board meetings

The Ministry of Corporate Affairs has allowed companies to hold board meetings through video conference or other audio-visual means till September 30.

The relaxation comes amid the coronavirus pandemic. Initially, the ministry had allowed companies to hold board meetings through video conferences till June 30.

Referring to the extension of the relaxation period, the gazette notification said: "In the Companies (Meetings of Board and its Powers) Rules, 2014, in rule 4 in sub-rule (2), for the figures, letters and word '30th June, 2020', the figures, letters and word '30th September, 2020' shall be substituted."

Under the Centre's guidelines post the relaxations, companies have to follow all requirements laid out under the rules for holding board meetings via video conferencing such as recording of these proceedings, ensuring availability of proper equipment among others.

These are among a slew of measures the government and regulatory bodies have taken to provide relief to the business fraternity and market participants in the wake of the pandemic.

No new scheme for a year as Centre tightens purse strings

The Union finance ministry has put the brakes on the implementation of new schemes other than those announced in the Rs 20-trillion package to revive the economy and help vulnerable sections amid the Covid-19 crisis.

New schemes, up to Rs 500 crore, which have already been appraised by the departments and ministries, would also be suspended in the current financial year.

These schemes would also include those which have been given in-principle approval.

The financial advisors of the departments have been asked to send a list of these schemes to the department of expenditure under the finance ministry by June 30.

No funds would be released for these schemes. These are small schemes in value. For instance, none of the 20 schemes listed in the annexure of the Budget speech for 2020-21 comes under this.

Govt moves to decriminalise minor offences to woo investors

The government has shortlisted 128 provisions across 28 Acts covering various ministries and departments to decriminalise minor offences, a move aimed at de-clogging courts and promoting ease of doing business and ease of living.

The effort has been led by the cabinet secretary and aims to substitute criminal liability with stiff compoundable monetary penalties of a civil nature that can act as deterrents and help boost investor sentiment.

Corporates may incur a revenue loss of $5 tn

Corporates worldwide are expected to incur a revenue loss of more than $5 trillion in 2020, compared to the $26 trillion of revenue reported in 2019, according to Fitch Ratings.

This comes even as corporates battle challenges with economies starting to reopen after prolonged lockdowns aimed at curbing the spread of covid-19.

The revenue losses may extend to more than $8.5 trillion by end-2021, the rating agency said. "This estimate only covers our corporate-rated portfolio, which in turn represents $14 trillion of the estimated $74 trillion corporate debt globally," it said.

The oil and gas sector is expected to have the biggest share of revenue losses in dollar terms, representing 40% of the aggregate decline. "The critical and expensive nature of oil and gas extraction means that this sector dominates our lost-revenue projections, accounting for $1.8 trillion of lost revenue globally in 2020. This is six times greater than the impact on the more visibly affected retail sector," it said.

Uday Kotak takes over as CII president

Uday Kotak, MD & CEO, Kotak Mahindra Bank, assumed office as president of the Confederation of Indian Industry for the year 2020-21.

Mr. Kotak takes over from Vikram Kirloskar, chairman and MD of Kirloskar Systems and vice-chairman of Toyota Kirloskar Motor. The industry body said T.V. Narendran, CEO & MD of Tata Steel Ltd., is now its president designate for the current financial year. Additionally, Sanjiv Bajaj, chairman and MD of Bajaj Finserv Ltd., has taken over as the vice-president of CII.

SBI creates new vertical to serve agri sector and MSMEs

State Bank of India has created a separate Financial Inclusion & Micro Market (FI&MM) vertical to offer loans predominantly for agriculture/allied activities and micro/small enterprises.

SBI, in a statement, said about 8,000 branches in rural and semiurban areas have been identified for provision of specialised services to the micro segment, including micro credit for small businesses and farmers.

The thrust is also to improve service quality and availability of banking services through the bank's vast network of more than 63,000 Customer Service Points in rural, semiurban, urban and metro areas, it added.

The new vertical, which will be headed by Sanjeev Nautiyal, Deputy Managing Director, will provide a boost to the microfinance sector.

Rajnish Kumar, Chairman, SBI, said: "The key elements of creating the FI&MM vertical are to bring sharper focus to different business lines and improve the quality of interaction with customers at the branch."

"This is a key initiative by SBI to cater to the financial requirements of people residing in the hinterlands.... The new FI&MM vertical will provide an opportunity to serve small business, agri and allied segments so that they can run their businesses smoothly, especially in the current times of uncertainty," he added.

To ensure special focus and smooth functioning at the local level, SBI said the FI&MM vertical will have a four-tier structure under the Chief General Manager, General Manager, and Regional Manager at Regional Business Offices and District Sales Hubs (DSH) to strengthen the credit delivery system and improve the turnaround time for quick sanctions and disbursement of small loans.

Medium scale companies turnover limit increased to Rs. 250 cr

The Cabinet Committee on Economic Affairs (CCEA) approved reclassification of medium scale companies as those with Rs 50 crore as investments and Rs 250 crore as turnover, up from Rs 20 crore and Rs 100 crore, respectively.

This comes after Union Finance Minister Nirmala Sitharaman expanded the definition of medium, small manufacturing enterprises (MSMEs) while announcing the Rs 20-trillion Atmanirbhar Bharat package.

The government also raised the minimum support price (MSP) of 17 kharif crops in the range of 2-7.5 per cent year-on-year on the day India got its first monsoon shower. The increase in MSP was among the lowest in last five years for many crops. The new prices would be 50-83 per cent more over the cost of production, agriculture minister Narendra Tomar said. The Centre also extended the interest subvention scheme for crop loans for three months till August 31.

The move to increase the turnover limit for medium units to Rs 250 crore took into account the rising cost of businesses and is expected to bring a much larger number of companies into the MSME fold. The government clarified proceeds from exports will not be counted in the turnover limit for any MSME.

Sharad Kumar Saraf, president of the Federation of Indian Exports Organizations, said the move will bring automation to certain processes that are required for competitive manufacturing.

Contributions to PM-CARES fund will be considered as CSR: Govt

The Centre has notified that contributions to the PM CARES Fund will be considered as part of Corporate Social Responsibility (CSR) of companies.

"In Schedule VII, item (viii), after the words 'Prime Minister's National Relief Fund', the words "or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)" shall be inserted," a Government notification dated May 26 said. Further, it added that this notification shall be deemed to have come into force on March 28, 2020.

To mop up funds to fight the Covid-19 pandemic, the government set up PM CARES Fund as a public charitable trust. The fund's primary objective is to deal with any kind of emergency or distress situation, such as the Covid-19 pandemic, and provide relief to the affected. The Prime Minister is the exofficio Chairman of the PM CARES Fund, and Minister of Defence, Minister of Home Affairs and Minister of Finance are ex-officio trustees of the Fund. The fund consists entirely of voluntary contributions from individuals/ organisations and does not get any budgetary support.

Donations to PM CARES Fund would qualify for 80G benefits for 100 per cent exemption under the Income Tax Act, 1961.

In the wake of the pandemic, the list of CSR activities was expanded to include promotion of health care, expenses towards preventive health care and sanitation and disaster management. Now the PM CARES Fund has been added.

Trust for Ayodhya temple gets special I-T exemption

Donors contributing to the Shri Ram Janmabhoomi Teerth Kshetra, set up on February 5 this year, to build a temple in Ayodhya, will be granted tax exemption under Section 80G of the Income-tax Act from financial year 2020-21.

In a notification, the Central Board of Direct Taxes notified the Shri Ram Janambhoomi Tirath Kshetra as "a place of historic importance and a place of public worship of renown" under clause (b) of sub-section (2) of Section 80G of the Income-Tax Act and granted deduction to the extent of 50% to those who make donations to the Trust.

The income of the Trust would already be exempt under Sections 11 and 12 of the Income-Tax Act like other notified religious trusts.

The exemption under Section 80G is not available to all religious trusts. A charitable or religious trust has to first apply for registration for income tax exemption under section 11 and 12, following which the exemption under Section 80G is granted to the donors. ❑

HOUSING NEWS

Parekh sees up to 20% crash in home prices

Property developers should be prepared for up to a 20 per cent fall in housing prices and have to create liquidity by selling their inventory at whatever prices they get, HDFC Chairman Deepak Parekh said.

"Next six months are going to be extremely tough. You need liquidity. Get the cash flows coming by selling properties at whatever prices you get. Don't sit on the completed properties," Parekh said in a video call, attended by about 5,500 developers and jointly organised by industry bodies Naredco and Credai.

He said it was an excellent buying opportunity for potential homebuyers with job security and savings.

Parekh added that demand for commercial real estate would continue to be there in the long run. "After the lockdown, it won't be a situation where the entire workforce would want to work from home -- people would still need to meet others. So in the long run, demand for commercial real estate will not evaporate."

Developers, he said, should be careful about leverage. "In boom times, it amplifies profitability and in bad times, it kills," he said, adding that they should consider the moratorium announced by the government as the "last resort".

Across the top seven cities, developers had an unsold inventory of 455,000 units worth Rs. 3.7 trillion at the end of March, according to consultancy firm JLL. Parekh said developers had to "compromise" on many aspects during these times.

"Take home less money this year and leave more money in the business. Cut expenses and be stingy in expenses," he said. Developers should focus more on completing projects even at the cost of launching new ones, he added.

He advised them to go for development management contracts, joint developments, and debt asset swaps and so on to reduce the liquidity burden. "Many developers have given their plots to large developers such as Godrej and Tata, and working in partnership with them. Don't kill yourself by doing everything yourself," he said.

Parekh said developers should sell equity to PE funds, global pension funds, and sovereign funds which would help them in the long run.

He said they should nurture relationships with bankers and should not change bankers just for 50 basis points or 70 bps reduction.

Parekh said the Reserve Bank of India should consider one-time restructuring of developers loans to tide over the crisis in the industry. "The NPA norm of 90 days should be changed to 180 days," he said, adding that the RBI should also consider direct purchase of bonds and commercial papers of developers to fund the economic activity.

Expats depart, housing rentals plunge 10-20%

Expats are returning to their respective countries due to pandemic.

In Mumbai, the G Block in the Bandra Kurla Complex, which has around 150 marquee residences, rarely had any vacancies before the Covid outbreak. Today, in the wake of expats packing their bags and heading home, it is witnessing a vacancy level of about 30 percent -- nearly one in three homes is empty.

Down south in Bengaluru, brokers told Moneycontrol a penthouse leased to a consulate for Rs 3.2 lakh was recently given on rent for Rs 2.5 lakh, a reduction of over 20 per cent, after the expat family using it decided to return home due to the pandemic.

Across South and Central Delhi, tony locales such as Sundar Nagar, Golf Links, Jor Bagh, Vasant Vihar and Malcha Marg, among others, are witnessing a rise in vacancies in the wake of the coronavirus outbreak. In Mumbai, rents for residences in the BKC area have plummeted by 10 to 20 percent. "If there are no takers in the next two months, one may witness a further reduction in rents in the area," said Ritesh Mehta, senior director and head, West India, Residential, Jones Lang Lasalle India.

Simply put, these 'dollar' homes have lost their sheen. In pre-pandemic times, these plush environs housed expatriates who shelled out anywhere between Rs 3 lakh to over Rs 30 lakh as rent for bungalows and apartments, which ranged in size from 3,000 sq ft to over 11,000 sq ft. For landlords, these homes spelt guaranteed dollar income.

Covid-19 has clearly altered that equation, with most expats heading home to be with their families, and no indication on when they will be back or whether they will be back. Tariq, the founder of the website housetrue.com, points out that a spurt in the number of household goods auctions clearly indicates that expats are going back to their home countries and may not return in the next six months to a year.

As Jones Lang Lasalle's Mehta explains: "The rental market in Mumbai was robust until Covid-19 happened. The who's who of the country, such as industrialists, film stars, diamond merchants and top stockbrokers would pick up prime apartments in the BKC area as they were assured of immediate space take-up by expats. Today, with expats having returned home, leasing has taken a hit temporarily."

Consequently, the rents in these locales have taken a knock. Some apartments in BKC's G block, ranging in size from 2,900 sq ft to 3,200 sq ft, commanded a rent of Rs 5 lakh to Rs 6 lakh. These are now available at Rs 4 lakh to Rs 5 lakh. Bigger houses in the complex are spread across 11,000 sq ft and command a rent of Rs 12 lakh to Rs 14 lakh. These, too, have seen a reduction of about 10-20 percent at Rs 8 lakh to Rs 9 lakh and Rs 12 lakh, respectively.

Expats in Bengaluru take up properties in Whitefield, the Outer Ring Road or near the airport. These normally command a rent of Rs 3 lakh to Rs 7 lakh a month. But brokers say that with some expats going home, leasing activity in the city has come down drastically. "We would close around two to three rental deals a month before Covid-19. In the last six months, we have done only four and those, too, involve local businessmen, and heads of manufacturing and retail companies," said a broker, who did not want to be named.

Covid alters rental housing demand in Bengaluru

The demand for rental residential properties in some core city areas has shrunk because of the changes and disruptions caused by the coronavirus pandemic, while more people are looking for spacious homes on the outskirts, say industry experts. In many places, rents have fallen or are being renegotiated, a rare occurrence in the tech capital's otherwise thriving rental housing segment. Remote work arrangements and online classes, which don't require professionals to stay near their workplace or kids' school, salary cuts and job losses are among the factors that have triggered a reverse migration of sorts. Essentially, more renters now seem to be searching for accommodation outside the city than inside.

Property websites are seeing more house vacancies in core areas. On Quikr.com, a marketplace that also has a platform for buying and leasing property, listings of rental homes in Bengaluru increased by 112 per cent in June compared to May. "This could be because residential property owners and brokers are looking for tenants to occupy vacant houses," said a company spokesperson.

The average rents for 1, 2 and 3BHK units in the city have decreased. "The average rent of a 1BHK was Rs 6,900 in June as against Rs 8,000 in May; 2BHK, Rs 31,000 in June and Rs 48,000 in May. Even 3BHKs are seeing a dip in the average rental pricing in the city," according to an analysis by Quikr. Experts say rent levels may reduce further if the pandemic doesn't ease and companies decide to extend the WFH option for a few more months.

"Given the current situation of job cuts and salary losses, tenants are also vacating some properties or demanding rent relief. With WFH becoming the norm, we see a lot of demand from peripheral areas of Bengaluru due to affordability and fresh supply. Going forward, the increase in supply will make rentals more affordable across all major markets," said Sudhir Pai, CEO of MagicBricks.com.

The demand for spacious and affordable houses is growing on the city's outskirts. "Our recent surveys have revealed that the major reason for renting a new place now is the need for a bigger house. Bengaluru West has outperformed other regions, witnessing 7 per cent higher average per day query in June compared to February," said Maneesh Upadhyaya, chief business officer of 99acres.com. Saurabh Garg, co-founder and chief business officer of Nobroker.in, said renters' requirements had changed. ❑

MUTUAL FUND NEWS

Reliance parks Rs. 35,000 crore from Jio stake sales in debt mutual funds

Reliance Industries Ltd., is plowing at least $4.7 billion dollars into Indian debt funds after receiving cash from stake sales and a rights issue, according to sources.

The money have been deployed into ultra-short and money-market funds, and others focused on debt with an average of three-to-five year maturities, according to fund managers who asked not to be identified in discussing investment details.

Mukesh Ambani's dealmaking lured about $20 billion (around Rs. 1.5 lakh crore) of investments from Google to Facebook Inc. into his digital platform in recent months, raising much anticipation over his plans for the money. The scale of Reliance's fund flows in the past weeks has become the talk of India's financial markets, with money managers positioning to get a slice of the pie. The conglomerate, with interests spanning petrochemicals, retail and telecom, may have deployed as much as Rs. 35,000 crore ($4.7 billion) across the nation's debt houses, according to estimates by two of the money managers.

UTI Mutual Fund receives entire payment from Zee Learn

UTI Mutual Fund said it has received all its dues from Zee Learn Limited after the fund house segregated its exposure to the company.

In a statement, the fund house said it "has received the entire payment (along with interest accrued to date) due from Zee Learn Limited on July 14, 2020".

UTI Mutual Fund, recently segregated portfolio in respect of debt securities of Zee Learn in its two schemes -- UTI Credit Risk Fund and UTI Medium Term Fund -- due to the downgrade of such securities below investment grade.

The two schemes together had an exposure of about Rs. 44 crore to Zee Learn.

The recovery proceeds, in proportion to investors' unit holdings, will be credited to investors' core banking solution (CBS) bank account, if registered in the portfolio, the fund house said

It further said that in the absence of bank account details, the physical warrants will be dispatched once postal services become operational.

"This repayment shows our commitment towards our investors and we will continue our efforts in the best interest of the unit holders of our schemes," the fund house said.

Franklin Templeton MF's shut schemes receive Rs 3,275 cr since closure

Franklin Templeton Mutual Fund said its six shut schemes have received Rs 3,275 crore from maturities, pre-payments and coupon payments since closing down in April. The six schemes were: Franklin India Ultra Short Bond Fund, Franklin India Low Duration, Franklin India Short Term Income Plan, Franklin India Credit Risk Fund, Franklin India Dynamic Accrual Fund and Franklin India Income Opportunities Fund. "From June 16, 2020 to June 30, 2020, the schemes have received an additional Rs 1,311 crore from maturities, pre-payments and coupon payments.

This takes the total amount received since April 24, 2020 to Rs 3,275 crore," the fund house president Sanjay Sapre said in a letter to investors. He further said that the amount has been received without the ability to eiciently monetise assets and the schemes will endeavour to accelerate monetisation post the successful completion of the e-voting exercise and the unitholder meets. Franklin Templeton shut six debt mutual fund schemes on April 23, citing redemption pressure and lack of liquidity in the bond market.

With regard to concerns over decline in net asset value (NAV) of some of the funds, Sapre said this is the result of a maturity date reset for the securities of Edelweiss Rural & Corporate Services Limited (ERCSL). "The impact on the NAV is due to valuation provided by the valuation agencies due to reset of maturity date to the next rate reset date (June 30, 2022)," he said.

RankMF's new mutual fund tool will analyse portfolio for investors

RankMF, part of the discount broking firm Samco Group, has launched SmartSwitch - a new mutual fund portfolio upgradation tool. SmartSwitch analyses mutual fund portfolio of investors and recommends proper reallocation. With SmartSwitch, the investors will be able to evaluate their current mutual fund portfolio, check their portfolio score and switch poor-performing funds into new recommended funds.

This innovative tool will help investors by scoring existing mutual fund portfolio on various parameters like 1) quality of existing mutual funds, 2) category of mutual funds, 3) over or under exposure to specific fund or category and 4) over or under diversification.

SmartSwitch uses RankMF's proprietary research and rating engine to suggest switching of poor-performing schemes with high quality recommended schemes, the company said in a statement. The company claimed that SmartSwitch will be India's first revolutionary mutual fund portfolio evaluation and recommendation tool.

"SmartSwitch helps investors get a quality score for their portfolio, get specific recommendations and then will allow them to switch poor-quality funds to better-recommended funds," said Jimeet Modi, CEO, Samco Group.

"RankMF takes into consideration a variety of factors into consideration and over 20 million data points such as expense ratios, standard deviation, beta, market valuations, and multiples, portfolio holdings and diversification/ concentration of portfolio, the cash ratio of a fund, size of the fund, the predicted yields and we can go on and on, however one of the most important factors is the actual portfolio quality of holdings since that is what is going to deliver investor returns," the company said.

"SmartSwitch is a revolutionary solution for these investors. They can simply upload their eCAS, check their portfolio score and switch their existing investments from poor quality or non-performing funds to a recommended quality mutual fund portfolio," Omkeshwar Singh, Head - Rank MF, Samco Group said.

Mutual funds investment in stock markets increased by 4 times this year

Mutual funds net invested nearly Rs. 39,500 crore in the stock markets in the first six months of 2020, more than four-times the amount infused in the year-ago period, as volatility and correction in the broader markets provided a good investment opportunity for investors.

Further, consistent SIP (systematic investment plan) inflows into equity funds gave fund managers a healthy stream of capital to keep buying quality companies, experts said.

This comes in the backdrop of the coronavirus pandemic related disruptions, a sharp slowdown in economic activity across the globe and a steep sell-off in equities in March 2020.

Overall, mutual funds (MFs) have made a net investment of Rs. 39,478 crore in stocks during January-June 2020, much higher than the Rs. 8,735 crore invested in the first six months of 2019, latest data available with the Securities and Exchange Board of India (Sebi) showed. Of the total, more than Rs. 30,000 crore was invested in March alone, when equity markets witnessed a sharp sell-off.

"The volatility and correction in the equity markets has provided good investment opportunity for investors," said Himanshu Srivastava, Director-Manager Research at Morningstar India.

He further said despite challenges, flows into equity-oriented mutual funds have been good this year, displaying a more mature investor behaviour wherein they are looking at corrections as an opportunity rather than threat.

Consequently, good flows into the funds and attractive valuations have enabled mutual fund to park more investments into the market and capitalise on this investment opportunity, he added.

Bajaj Capital said the over four-times higher investment during the six months ended June 30, 2020 could be explained by the rising popularity of asset allocation funds and such funds using the sharp fall of March to increase equity exposure at lower levels as valuations turned attractive. ❑

CO-OPERATIVE BANK

NEWS

RBI cancels license of Mumbai-based CKP Co-op Bank

RBI has cancelled the license of Mumbai-based The CKP Cooperative Bank Ltd., with effect from the close of business on April 30, 2020, as the lender's financial position had deteriorated and it was not in a position to repay depositors.

"The Registrar of Co-operative Societies, Pune, Maharashtra, has also been requested to issue an order for winding up the affairs of The CKP Cooperative Bank Ltd., Mumbai, and appoint a liquidator for the bank," RBI said in a statement.

The depositors of the bank will get a maximum of Rs. 5 lakh from the Deposit Insurance and Credit Guarantee Corporation (DICGC), as per law. The deposit insurance cover was increased to Rs. 5 lakh from Rs. 1 lakh earlier this year. The bank has a deposit base of Rs. 485.56 crore, as on November 2019.

"The financial position of the bank is highly adverse and unsustainable. There is no concrete revival plan or proposal for merger with another bank. Credible commitment towards revival from the management is not visible," the RBI said, giving reasons for the decision.

The bank has negative networth of Rs. 239.2 crore. It has a customer base of 1,34,167 and has eight branches spread across Mumbai and Thane districts.

The banking regulator said the bank did not satisfy the requirement of minimum capital and reserves and was not in a position to pay its present and future depositors.

MSC Bank reports record operating profit

The financial year 2019-20 for the Maharashtra State Cooperative (MSC) Bank would be a memorable one for the bank, which reported highest disbursal of loans in its 109-year history. The bank has also managed to report 0 per cent net non-performing asset (NPA) for the first time in its history.

The bank also reported a record operating profit of Rs 758 crore. Sitting at the apex of the cooperative credit structure in the state, the MSC Bank was dismissed by the Reserve Bank of India in 2011 due to mounting losses and alleged financial irregularities. The bank was controlled by the NCP and Congress and the board of directors, which was superseded, included names like NCP leader and current Deputy Chief Minister Ajit Pawar, among others. Back then, the bank had reported a total loss of Rs 1,069 crore.

Visakhapatnam Cooperative Bank turnover crosses Rs.6000 crore

The 104-year old Visakhapatnam Cooperative Bank, the largest in south India, has reached yet another milestone crossing a turnover of Rs.6,000 crore on June 30 this year.

According to its chairman Chalasani Raghavendra Rao, the bank business was Rs.6,048 crore including Rs.3,680 crore deposits and Rs.2,368 crore advances.

The bank, with a membership of 88,185, has 50 branches in the two Telugu states and occupied 18th place among urban cooperative banks in the country, he said.

Since 2011, the bank has been under a board of administrators, which has been steering the bank's business since them.

The financial results of the bank show that the bank has reported record disbursal of loans worth Rs 20,817 crore, the highest in the history of the bank. Similarly, the bank has reported total business of Rs 41,666 crore, again a record high. The bank has reported 0 net NPA for the first time in its history.

However, the net worth of the bank has shown erosion from the last fiscal. As against the Rs 2,682 crore net worth reported in 2018-19, the bank has now reported a net worth of Rs 2,282 crore. The net profit of the bank reported at the end of the last fiscal was Rs 325 crore.

The bank has managed to provide 100 per cent provision for its bad loans, which has taken the net NPA to zero.

"Nationalised banks have 46 per cent coverage while cooperative banks have 64 per cent such coverage," said Anaskar. The bank has managed to derisk its loan portfolios by increasing its exposure to sectors other than sugar mills and district central cooperative banks.

Anaskar has indicated that the bank wants to get into retail business like home or car loans in the future. In this regard, the bank has given a proposal to the RBI for a merger with Rupee Cooperative Bank.

HC directs Aurangabad District Central Cooperative Bank to disburse loans to farmers

An Aurangabad division bench of the Bombay high court (HC) has directed the Aurangabad District Central Cooperative Bank to disburse loans to farmers with immediate effect.

Earlier, the bank authorities had refused to disburse fresh loans, as they were seeking to recover interests accrued on loans, which were waived off by the Maharashtra government under the Mahatma Phule Karj Mukti Yojana. The move has come as a major relief for thousands of farmers in Maharashtra, who were fearing of being deprived of the fresh loan benefits amid the Kharif season that started from June. The bank had disbursed the loans between January 1 and October 1, 2019

The two-member HC division bench, comprising Justices SV Gangapurwala and RG Avachat, while hearing a public interest litigation (PIL) filed by Kishore Tangade, a farmer, through senior advocate SB Talekar, was informed that the Kharif season has started amid the raging coronavirus disease (Covid-19) outbreak that has battered the economy, including the agriculture sector.

Talekar submitted before the court that many farmers were eligible for a loan, but only 49.62% got the money after they paid interests on their outstanding dues.

The bench was informed that the bank was insistent on recovering interests on loans after October 1, 2019, and only those, who have settled their outstanding dues by selling their gold ornaments are eligible for a fresh loan.

Talekar submitted that though the state government under Section 79A of the Maharashtra Co-operative Societies Act, 1960, had directed the bank to disburse loans to eligible farmers on January 17, the lending institution did not comply with the order.

The bank's move has denied many farmers sowing activities for the Kharif season and they are staring at massive financial losses amid the viral outbreak. Government pleader DR Kale reiterated the petitioners' submissions and reminded the court that the bank is bound to comply with the state government's January 17 order.

Bihar State Co-op Bank deposit declines while Profit rises

The apex bank-Bihar State Cooperative Bank has earned a net of Rs 48.85 crore in the 2019-2020 financial year. Earlier it was 47.31 crore. According to the analysis of the audited balance sheet sent by the bank to Indian Cooperative, though the bank has failed to increase its deposits, loans and advances, even though there is a slight rise in gross NPA, it has succeeded in earning more profit in comparison to the previous year.

"The deposits of the bank have declined from 1,348.49 crore to Rs 1233.18 crore in the 2019-20 FY. The Gross NPA of the bank increased from 4.81 percent to 4.88 but the bank succeeded in controlling the Net NPA from 2.07 percent to 1.61 percent", according to the balance sheet. The bank has earned a gross profit of Rs 74.92 crore in the 2019-20 FY which was Rs 72.72 crore earlier. The CRAR of the bank has increased from 21.26 percent to 25.76 percent. The fund has risen from Rs 672.65 crore to Rs 721.28 crore in the 2019-2020 FY.

The press release further reads, "With the collaboration of the state government, Bihar State Cooperative Bank is providing direct benefits to the farmers through the crop assistance scheme, paddy procurement and fruit vegetable processing etc. At present 1960.49 crore has been paid to farmers in procurement".

"In the financial year 2019-20, under the successful assistance scheme, a total of 246.32 crore rupees have been deposited in the accounts of farmers. Our bank is providing 3.75% interest to customers in savings accounts, which is quite attractive compared to other banks. Several schemes including Daily Deposit Scheme, Atal Pension Scheme and others have been launched for the customers", it further reads.

Loan fraud of Rs 98 crore at City Co-operative bank

The city economic offences wing (EOW) booked several auditors, valuers and employees of the City Co-operative bank for allegedly causing loss of Rs 98 crore to the bank by granting loans illegally. A criminal case was first registered at the N M Joshi Marg police station in Central Mumbai and later transferred to the EOW. "The accused involved in this case caused loss to the bank by not properly calculating the value of mortgaged property for loan, in some cases even nothing was mortgaged against the loan and in some other cases loans were granted to the relatives of the accused," said an officer.

A total 56 persons were sanctioned loans who did not repay the loan. A preliminary enquiry (PE) was already going on at the EOW in this matter. The police found irregularities the way loans were sanctioned. Investigators are probing where the accused used the money taken as loan and why did they not return it to the bank. The RBI has put a cap of Rs 5,000 per month as withdrawal limit from this bank to the 91,000 account holders in all its 11 branches.

Anandrao Adasul, 72, chairman of the City Co-operative bank, lodged an FIR with the police. The accused have been booked for breach of trust, cheating and criminal conspiracy under various sections of the IPC. The EOW is likely to appoint forensic auditors to examine the exact value of the mortgaged properties to ascertain the worth of such properties kept as collateral with the bank for securing loan. The whistle-blower, a shareholder of this bank had earlier said that Rs 2,535 crore was given 'fraudulently' as loan. During the probe police found loans of Rs 98 crore were given fraudulently. The EOW's banking unit had last year sought details from the commissioner of cooperatives if he had any complaint about this bank. It got a reply that they found loans given illegally and funds misappropriated.

RBI extends withdrawal limit for depositors of PMC and other 4 banks

The Reserve Bank of India has increased the withdrawal limit for the scam-hit PMC Bank's depositors to Rs 1 lakh from 50,000 earlier. Simultaneously, the central bank also extended the regulatory restrictions on the co-operative bank by another six months till December 22, a press statement issued by RBI said.

Apart from Punjab and Maharashtra Cooperative Bank (PMC) Limited, the RBI, in separate statements said the withdrawal limits for depositors of four other cooperative banks under regulatory restrictions have also been increased. These banks include Sri Guru Raghavendra Sahakara Bank Niyamitha, Bengaluru, and Kolhapur-based Youth Development Cooperative Bank Limited, Kerala Mercantile Co-operative Bank Limited, Kozhikode; and Hindu Cooperative Bank Limited, Pathankot.

On September 23, last year, the RBI had placed regulatory curbs on the PMC Bank, Mumbai after it came across certain financial irregularities, hiding and misreporting of loans given to real estate developer HDIL.

While the central bank continues engaging with various stake holders to explore the possibility of a resolution of the bank, it has decided to extend the restrictions for additional six months.

The Reserve Bank also said it was closely monitoring the position and will continue to take further steps as are necessary to safeguard the interest of the depositors of the bank. The withdrawal limit was last enhanced to Rs 50,000 per depositor on November 5, 2019. The restrictions were last extended upto June 22, 2020 in March.

"With the above relaxation, more than 84% of the depositors of the bank will be able to withdraw their entire account balance." RBI stated. As on 23 September, 2019 (date of imposition of RBI directions), total depositors of the bank were 9,15,775.

However, the process has been affected due to the lockdown on account of COVID 19 and the continuing uncertainty around the pandemic. Further, the extent of the negative net worth of the bank, and the legal processes involved in recovery of bad debts also pose challenges/limitations in resolution of the bank, it said.

Regarding Sri Guru Raghavendra Sahakara Bank Niyamitha, the RBI said the withdrawal limit has been enhanced to Rs 1 lakh per depositor, inclusive of Rs 35,000 allowed earlier. With the latest relaxation, more than 54 per cent of the depositors of the bank will be able to withdraw their entire account balance, it added.

In case of Kerela Mercantile Co-operative Bank Limited, Kozhikode, the withdrawal limit has been increased to Rs 50,000 (inclusive of Rs 2,000), RBI said, and added now more than 89 per cent of the depositors will be able to withdraw their entire account balance.

The withdrawal limit in case of Hindu Cooperative Bank Limited Pathankot, has been increased to Rs 50,000, inclusive of Rs 25,000 earlier. Now, more than 79 per cent of the depositors of the bank will be able to withdraw their entire account balance.

For the depositors of Kolhapur-based Youth Development Cooperative Bank Limited, the withdrawal limit increased to Rs 20,000 per depositor, inclusive of Rs 5,000 allowed earlier. ❑

LEGAL CASES

RBI circulars granting moratorium on loan instalment payment not applicable to mutual funds, debentures: Bombay HC

The Bombay High Court has held that the Reserve Bank of India (RBI) circulars issued on March 27 granting a moratorium on payment of instalments of term loan for three months and the May 23 circular subsequently extending moratorium on loan repayments would not apply to mutual funds and debentures.

A moratorium period is a time during the loan term when the borrower is not required to make any repayment.

A Division Bench of Justices R D Dhanuka and V G Bisht passed the order through videoconferencing on July 13, after hearing a writ plea filed by Zee Learn seeking a three-month moratorium of non-convertible debentures (NCDs) due to the UTI Mutual Fund after the government allows schools to reopen, subject to balance debenture amount continuing to bear interest at 10. 4 % per annum until the extended date.

The bench noted that the entire petition was based on reliance placed on moratoriums related circulars issued by RBI on March 27 and May 23.

"A perusal of the said circular clearly indicates that it applies to all Commercial Banks, all Primary (Urban) Co-operative Banks, States Co-operative Banks, District Central Cooperative Banks, All India Financial Institutions, All Non-Banking Financial Companies and also deals with terms loans and working capital facilities provided by those entities."

It added, "It is clearly beyond reasonable doubt that those two circulars would not apply in case of mutual funds and debentures."

The Zee Learn, an Essel Group Company, through senior counsels Aspi Chinoy and Janak Dwarkadas, said it had made a private placement of 650 unlisted redeemable NCDs of Rs 10 lakh each for cash at par aggregating to Rs 65 lakh in March, 2015 with 10.40% XIRR (extended internal rate of return) payable at the time of maturity and can be redeemed on July 8.

Zee Learn further said that, as per agreement, it had made various payments to UTI Asset Management Company Ltd, however, in view of Covid-19 pandemic situation from March, this year it had defaulted in making payments of certain instalments to the tune of Rs 44 crore despite demands raised by the respondent.

It said it was not in a position to recover school fees from students since March and, therefore, it was unable to make payments to discharge the obligation under the Debenture deed. In view of this, the Essel Group Company sought an extension of the redemption date in view of the demand notice issued by UTI Asset Management on June 4.

To support its argument, Zee Learn referred to RBI circulars issued on March 27 and May 23, which asked banks to grant moratorium and defer payment of term loan instalments and argued that the principles behind these circulars should be extended to the petitioner Zee Learn so as to make it entitled to the moratorium.

However, UTI Asset Management Company, through senior counsel Darius Khambata, opposed the plea and said petitioner Zee Learn had defaulted even before the pandemic since June last year. Khambata said it had to make payment to 21,000 small investors and relief granted to Zee Learn would affect them. The petitioner is liable to face consequences for the default committed and need to make an arrangement for the due balance amount, UTI Asset Management said. It also argued that RBI circulars were not applicable in the present case and sought to dismiss the plea.

After hearing submissions, the bench led by Justice Dhanuka accepted claims made by UTI the Asset Management and said the RBI circulars are not applicable to mutual funds and debentures.

Jurisdiction in Arbitration appeals

The question of choosing the court where an appeal against an arbitration award is to be filed came up again in the Supreme Court and it shifted the case from Faridabad in Haryana to the Delhi High Court. In this appeal, Hindustan Construction vs NHPC, the commercial special court in Faridabad decided that the seat of adjudication is Faridabad. According to the contract, Delhi, as well as Faridabad courts, would have jurisdiction as the contract was executed between the parties at Faridabad, and part of the cause of action arose there, and the Faridabad court was invoked first.

Section 42 of the Arbitration and Conciliation is meant to avoid conflicts in the jurisdiction of courts by placing the supervisory jurisdiction over all arbitral proceedings in connection with the arbitration in one court exclusively. If the agreement is clear on the jurisdiction of the court, there is no problem.

But conflict arises when the contract is vague on the seat or venue of the arbitration and the cause of action arise in several states. In this case, though the Faridabad court was invoked first, the Supreme Court, citing its 2019 judgment involving NHPC again, ruled that the Delhi High Court will hear the appeal.

Bank liable for unauthorised online transaction

In a recent case National Commission has observed that Banks stand liable for unauthorized Online transaction.

In the case the customer Leader Valves had three accounts with Punjab National Bank. Of these, only one was authorised for ebanking. The password was changed every month for security.

On January 25, 2010, the company found that Rs. 40 lakh had been transferred from its account which did not have e-banking facility. This amount was credited to a thirty party's account with the same bank. The company immediately brought this to the bank's notice, so it was recovered.

Subsequently, an online transfer of Rs. 26,48,500 was also made from another account which too did not have e-banking facility. On taking up the issue with the bank, the company was told that it was due to misuse of the password for which the bank could was not responsible.

The bank froze the accounts contending that the same password had been used for both the online transfers. Then, the fraudster attempted to withdraw Rs. 20 lakh from the bank's Delhi Branch and after that, the Bareily Branch, but did not succeed as the amount in the account was only Rs. 10,87,737. Thereafter, the fraudster withdrew money via ATMS. The company alleged that withdrawal of amount from a frozen account could have happened only with the connivance of bank officials.

The bank refused to furnish CCTV footage of the ATM withdrawals. So, the company engaged private agencies to investigate the fraud. Investigations revealed that the transactions were made from an IP address in USA.

The Banking Ombudsman refused to entertain the grievance as it involved complex issues. The company then filed a consumer complaint before the Punjab State Commission alleging that the bank had been negligent in securing its net banking system and had failed to follow the procedural guidelines framed under the Payment and Settlement System Act, 2007 and by the IT Audit Cell.

The State Commission noted that even though a part of the amount had been recovered, the loss was to the tune of over Rs. 20 lakh, involving 95 other accounts. So, the Commission concluded that the account had been hacked. It also observed that since the transfers were to other accounts within the same bank, it could have frozen those accounts and blocked the use of debit/credit cards, but did not do. Due to this, the fraudsters could siphon off the money. It indicted the bank for opening accounts without proper KYC and for failing to retain the CCTV footage which could have helped in nabbing the fraudsters.

The State Commission held this to be a deficiency in service. After adjusting the recovered amount, it ordered the bank to reimburse the loss of Rs. 23,69,482, along with 9 per cent interest from the date of withdrawal. Additionally, Rs. 1 lakh was awarded as compensation and Rs. 21,000 towards litigation costs.

The bank challenged the order. While upholding the order, the National Commission observed that there was malfeasance on the part of the bank officials in respect of breach of security of its net banking system. Accordingly, by its order of March 13, 2020, delivered by Dinesh Singh, the Commission dismissed the appeal with further costs of Rs. 1 lakh payable to legal aid. ❑

PhonePe partners with ICICI Bank on UPI Multi-Bank

PhonePe, India's leading digital payments platform, today announced that it has partnered with ICICI Bank on UPI multi-bank model giving its users the option to create and use multiple UPI IDs with ICICI Bank's "@ibl" handle and YES Bank's '@ybl' handle on the PhonePe app. This addition, in partnership with ICICI Bank, enables quick and contactless payments to over 200 million registered PhonePe users. For PhonePe, this is in line with the company's philosophy of offering users and merchant partners a seamless transaction flow. Collaborating with two banking partners will further strengthen the overall service reliability and uptime of PhonePe's market leading UPI offering.

Commenting on the announcement, Hemant Gala, Vice President, Financial Services & Payments, PhonePe said, "At PhonePe our effort has always been to give customers more choice while making their transaction experience seamless. Offering the '@ibl' handle to the users on our platform further solidifies PhonePe's already fruitful association with ICICI Bank. With customers now being able to choose between multiple handles for their UPI IDs, we have achieved another key milestone in our journey towards making payments easy, secure and accessible to all."

Talking about the partnership, Bijith Bhaskar, Head- Digital Channels & Partnership, ICICI Bank said, "With increase in adoption of digital payments, ICICI Bank remains committed to extend its robust, reliable and scalable ICICI stack for wider use to the customers and partners. In further deepening of its collaborative ecosystem, ICICI Bank is partnering with PhonePe for extending UPI services. We believe that with this partnership both ICICI Bank and PhonePe would be able to capitalise on their immense domain strengths for empowering customers to a seamless and simple digital payment experience." The new version of the app to add or create ICICI Bank's UPI ID will be gradually rolled out to the users in the coming weeks.

HUDCO Posts Robust Financial Results in 2019-2020

Shri M. Nagaraj, CMD, HUDCO, shared the highlights of HUDCO's robust performance in 2019-2020, wherein the company has recorded Outstanding financial results in its Golden Jubilee Year witnessing a 45% growth in Net Profit that has touched an all-time high of Rs 1708.42crore in 2019-2020, from Rs 1180.15 crore in 2018-2019. HUDCO has seen a 13% growth in its net worth that has reached Rs 12343.49 crore in 2019-20, from Rs 10955.77 crore in 2018-2019. The net total income also witnessed a quantum jump of 35% to Rs 7571.64 crore in 2019-2020, from Rs 5591.22 crore in 2018-2019.

Further, Shri D. Guhan, Director (Finance), has shared that HUDCO Board has also approved an all-time high dividend of Rs 3.10 per share subject to approval by the shareholders. The above includes interim dividend of Rs 0.75 per share paid in March, 2020. The total dividend recommended by the Company is Rs 620.59 croreas against Rs 165.16 crore in the previous year.

Further, HUDCO's Net NPA is 0.19%, which is among the lowest in the sector.During the year 2019-2020, HUDCO's emphasis was on sanction of projects pertaining to Housing-PMAY(U), Expressways and Water Supply projects.

Bank of Maharashtra Reduces RLLR by 40 bps & MCLR by 20 bps

Bank of Maharashtra (BoM), a premier public sector bank in the country, has slashed its Repo Linked Lending Rate (RLLR) by 40 bps w.e.f June 8, 2020. RLLR has been reduced to 7.05%. Now all Retail loans (housing, education, vehicle), loans to MSME, which are linked to RLLR, will be available at cheaper rates. This will further benefit the Retail & MSME borrowers.

Bank has also consecutively reduced its Marginal Cost of Funds based Lending Rates (MCLR) for the 3rd Month. MCLR rate has been reduced by 20 bps below the existing levels across all tenors w.e.f 8 th June, 2020. Bank's overnight, one month & three months MCLR have been reduced to 7.20% (from 7.40%), 7.30% (from 7.50%) & 7.40% (from 7.60%) in these tenors. For six months, MCLR rates has been revised to 7.50% (down from 7.70%) and one year MCLR to 7.70% (down from 7.90%). The reduction in Bank's MCLR is aimed to support economic growth and industrial development and ensure rate transmission.

COVID-19 OUTBREAK: HOW TO MANAGE FINANCIAL SERVICES DURING THIS CRISIS

Introduction

As corona virus has hit hard the entire nation, Prime Minister Shri. Narendra Modi has imposed a nationwide lockdown in an attempt to slow the spread of the coronavirus.

With the nationwide lock down imposed across the country to curb the spread of the coronavirus or COVID-19, banks have taken steps of their own to ensure safety of their staff and customers. Banks have changed timings of their branches, reduced staff, and are pushing people to use digital channels instead of visiting the branch.

Lack of physical access to Banks, Insurance Companies, Mutual fund branches means one will have to use digital modes to complete their routine transactions. Moreover to encourage the use of Digital Channels, here are some Bank relaxations which are provided in this Crisis situation:

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On 24 March, finance minister Nirmala Sitharaman provided some relief to individuals for banking services. Banks will not levy any charges or penalties if customers are unable to maintain the average monthly balance or average quarterly balance in their bank accounts. Also, there will be no charges for cash withdrawals from ATMs. The waivers are valid until the end of June.

Although some relaxations are announced, but India, at the moment, is under complete lockdown. Severe Travel restrictions have been imposed on all states, and public places have been shut. Rail, Bus services, Taxi services, Auto services have been suspended throughout the country. The question still remains unanswered, "How to manage financial services during this Crisis"?

Managing financial services during Crisis

India's digital ecosystem is coming to the aid in providing essential financial services. The way the digital ecosystem has evolved in India, many financial transactions can be done online without the need to visit your bank branch, or the office of an insurance company or a mutual fund house. Online transactions are not only helping people cope with the lockdown, but are also aiding them in maintaining social distancing and avoiding handling currency notes.

Here's how you can continue to carry out all your financial transactions without interruption, across various sectors.

Banking

Banking comes under essential services. That's why branches have been kept open despite the lockdown. Customers do have the option of going to the branch for any urgent requirement. But for all practical purposes, customers may not need to go to their branches.

If one have never used online banking before, it's possible to activate it using your registered mobile number and debit card. Most banks now allow customers to activate net banking themselves through the bank's website. A customer can avail of over 250 features on digital platforms internet banking and mobile app. Online banking can be accessed either through the bank's website or through the bank's app, installed on a Smartphone.

On a bank's website, customers can practically avail of all the banking services that are available at the bank branch. These include sending and receiving money, Credit card payment, Bill payment, Recharge, Stop payment of a Cheque, ordering a new Debit card or cheque book, requesting for statements, blocking cards, and generating debt and credit card PINs (personal identification number).

Banking through an app may have some restrictions, depending on the bank. Some banks may not allow blocking a card, while others may not have the option to request account statements. However, all the basic services are available on the apps, too.

Also, some banks may have some restrictions on the value of funds that can be transferred to prevent frauds. They may not allow transfers over a specific amount through Real-Time Gross Settlement (RTGS) for the first 24 hours, or not allow Immediate Payment Service (IMPS) transfer to new beneficiaries for a few hours after adding them.

Taking help of digital channels of banking

Effective March 23, banks have been undertaking only essential activities. These include cash deposits and withdrawals, clearing of cheques, remittances and government transactions. Also, banks have been working for fewer hours (around four hours) with limited staff. To avoid customers crowding at branches and to ensure safety in this pandemic, banks have requested customers to avail non-essential services through the mobile and online banking channels. The non-essential banking services that stand suspended include account opening, passbook printing, exchange of notes, foreign currency exchange, and so on.

Such limitations pose immense challenge for senior citizens' and those who are not tech-savvy. Many may not be comfortable using net or mobile banking services to make regular payments, including paying credit card dues, utility bills, investment installments, and checking their bank balance and statements. Dropping Credit card cheques in drop boxes might not be a good idea as the skeletal staff strength could result in delayed pick-ups.

In the present situation, senior citizens in the family should take help from a trusted family member or a tech-savvy friend to activate internet or mobile banking services. They can then make timely payments without defaults and any additional charges.

To activate internet or mobile banking, one does not need to visit the bank branch with a physical form. Banks allow activation remotely - that is, from your home, using a debit card. For instance, Bank customers with an active debit card can register for net and mobile banking. They need to create

a login password/PIN using their customer relationship number (CRN) or Customer ID mentioned in the bank's passbook/cheque book, card details with card PIN and an activation SMS.

In addition, few Banks are even offering WhatsApp banking services. This facility takes care of basic banking queries and service requests from customers.

Pay utility bills online

Irrespective of lockdowns, this is one activity that must be done through digital channels.

Ideally, one must register for Bill Pay services that bank offers. Registering billers and your details is a one-time affair, after which the facility will ensure that the bill is paid on the due date, without one having to move a muscle. Most banks allow you to register for bill payment, online. You can also take the Bharat Bill Payment System (BBPS) route. Several banks are present on the network, allowing paying bill after entering the relevant details.

One can even pay your utility bills (electricity, mobile, gas, etc.) using mobile wallets and UPI apps such as Paytm, Phonepe, Amazon Pay, Mobikwik, Freecharge etc. These apps also allow paying credit card bills. One can load the amount in your mobile wallets using debit cards, or directly from Bank account using UPI payments. These bills can even be paid online using a debit card through the respective service provider's website.

Insurance

On 23 March, the Insurance Regulatory and Development Authority of India announced some relaxations for policyholders. The regulator asked life insurance companies to "enhance" the grace period for policies coming up for renewal by an additional 30 days, if the policyholder makes a request. The same will apply for health insurance policies. Insurers have also been directed to settle claims related to Covid-19 "expeditiously".

If one have insurance policy premiums to pay, help is at hand. Life insurance companies have been directed to ensure that policyholders get an additional grace period - time available after the due date - to make their premium payments. One can now pay health insurance premium up to 30 days after the due date, without running the risk of the policy being lapsed.

Insurance companies have been encouraging customers to use digital channels. Some insurers are also offering WhatsApp services. Policyholders can place service requests through WhatsApp, mobile apps and via email.

If one is looking to buy life, health or motor insurance covers, they can either do so through the respective company's website or through online aggregators. Premium payments can be made using electronic modes such as net banking, credit and debit cards. Life and health insurers have been offering their services through their websites, chatbots, mobile apps and also WhatsApp for quite some time now. If one is planning to buy a new health or life insurance policy in the wake of Covid-19, it's possible to do so online. However, whether a policy would be issued online or not depends on its value and the past medical history of the individual.

Apart from policy related information, customers can update their details such as contact information and nomination. They can conduct transactions such as paying renewal premiums, setting or changing standing instructions and fund switching from the comfort of their homes.

Most insurers now allow customers to digitally access policy information update details (contact information and nominee), change standing instructions and so on. Some private insurers even allow annuity customers to digitally verify their existence and continue to get their funds in their accounts.

In the case of health insurance, the purchase process is likely to be completely online if there are no medical check-ups involved. A lot of sales processes are already digitized. Renewal, too, has largely been through digital channels. Few Companies has launched a tele-medical check-up to facilitate purchase of life and health insurance policies since physical check-ups will not be possible.

Some companies have, however, taken measures to issue even high-value policies without medical tests. One can get up to Rs. 2 crore worth of life insurance from some of the top insurers without medical test, and health insurance up to Rs. 1 crore.

For life insurance, the companies look at credit score and income as their experience shows that those with better financial health and income would also take care of their health. For health insurance, companies rely on doctors' consultation over the phone. According to their research, customers are more open when a doctor is talking to them. The results are better than even medical tests.

In life insurance, many private companies allow for claims to be lodged digitally. For health insurance, the claims are cashless in network hospitals.

Mutual Funds and NPS

Although the finance minister has extended the deadline to invest in tax-saving instruments to June 30, 2020, one could use this time on hand to learn the ropes of online investing.

Though the branch offices of mutual funds and registrar & transfer agents are shut, they continue to accept online applications. If one has invested through the 'paper and cheque' route, one can still transact in their existing mutual fund folios using online means. Visit the fund house's website or download its app on smart phone and register with the help of your folio number, Permanent Account Number (PAN), email ID and mobile number linked with the folio. A One-Time Password (OTP) is sent to your email and phone number. Use it to verify your identity and your online account is created. You can then easily redeem your investments. You are now set to sell, switch or even purchase new units. The same is true for existing customers already using digital channels.

If one is already have internet banking facility, one can make fresh purchases or set up systematic investment plan (SIP) online. If one is investing through a mutual fund distributor, the advisor also can help by creating a transaction on the website of a mutual fund.

However, there are multiple options for first-time investors who want to opt for mutual funds in falling markets. There are several online platforms and mobile apps you can use, including PayTM Money, Mobikwik, Zerodha Coin, Kuvera, Groww and Scripbox.

The onboarding for most of these apps is simple, and an individual can start investing immediately. "Even if a person has not done the KYC (know your customer) formalities before, it can be done through apps instantly. The process is paperless. It takes about seven working days to process the KYC. However, a person can invest even while the KYC is under process.

Using video KYC offered by mutual funds, new investors can start their investments in mutual funds without going to the funds' offices, provided they have online banking access. One can also go directly to the fund's website and initiate video KYC (this is in-person verification or IPV to make sure one is alive) if one is not KYC compliant. Take photographs of PAN and an address proof and upload the documents. Fill the form correctly else, in case of discrepancy, the KYC application can be rejected.

Even in times of a lock-down, fund houses' call centres are open to guide. But be prepared to wait for a little longer on account of staff shortage. Separately, online distribution platforms are also available in case you want to open a digital account.

For the National Pension Scheme (NPS), existing subscribers can continue investing online using the Unified Payments Interface (UPI). Those who want to open a new NPS account can do so online on to the National Pension Trust website www.npstrust.org.in.

Conclusion

Most of the essential financial services are now available on digital platforms. Even for first-time users, signing up and on-boarding is now easy and paperless.

Finally, take enough safety precautions to ensure that one do not fall prey to tricksters who are on the lookout for vulnerable victims, especially in times such as these. Social media platforms have been abuzz with messages from fraudsters peddling fake apps and links devised to elicit sensitive account, card and PIN details. Never forget that a bank, insurance company, credit card issuer or a digital wallet will not ask for such details. The call centres are open, so don't hesitate to seek help. With a skeletal staff though, your waiting time might just be a little longer.

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ROLE OF TECHNOLOGY AND INNOVATIONS AMIDST COVID - 19

As it is rightly said "The show must go on", it is the beauty of human life that we can't stop living, just by surrendering to the irony of the nature. With Corona outbreak becoming devastative and uncontrollable threat for human life across the globe, Innovation, whether it may be technological alongside of inventing medicine or may be strategic to fight and get rid of COVID 19, is need of the hour and mother earth .Technology is playing a significant role in strengthening world's back in one or the other facets of human life and is helping the world to move ahead. Let us first see few innovations round the globe amidst COVID 19 outbreak.

Use of Robots in Hospitals

Considered as job stealers, amidst this corona pandemic, a team of robots alongside humans is helping in taking care of patients, having important conversation , providing useful information, helping patients in stretching and entertaining them too at hospitals. Hospitals are turning to robots to tirelessly rid room, halls and door handles of viruses and bacteria.

Preferably, Doctors and nurses can control the robot by using a computer from outside the room, and can hold conversations with the patient via the screen and camera. The robot reduces the number of "touch points" with patients who are isolated, thereby reducing risk for healthcare workers, Robotic machines can also be sent to scan for the presence of the virus, such as when the Diamond Princess cruise ship cabins were checked for safety weeks after infected passengers were evacuated, according to the US Centers for Disease Control.

About the author

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Mobile Ambulances

Seeing the Covid 19 outbreak, mobile ambulances which can have access to the affected area , came as a significant breakthrough for patients at far-flung areas, or not having an immediate access to medical facilities. Hero Moto Corp is donating 60 first-responder mobile ambulances to authorities as part of its ongoing initiatives towards the Covid-19 relief efforts. These mobile ambulances will be useful for reaching out to the patients located in rural and remote areas and comfortably moving them to the nearest possible hospitals.

These ambulances have been custom-built as an accessory to be fitted on Hero Moto Corp motorcycles, with an engine capacity of 150cc and above. The ambulance accessories include sleeping arrangement with essential medical equipment such as a first-aid kit, oxygen cylinder, fire extinguisher and siren, the company said. These mobile ambulances will be handed over to authorities in multiple regions across India.

Hands-free door openers

Several varieties of hygiene-friendly door-hook are in the pipeline - intended to help us navigate that tricky moment when we need to open doors with sanitized hands. Epidemiologists estimate the corona virus can live on surfaces like stainless steel for three days, so these devices could be a game-changer in environments such as hospital wards, where hand sanitation is a matter of life and death. Some door-opening devices have already found their way to market - including the "hygiene hook", created by London-based designer Steve Brooks. Small enough to fit in a pocket and made from easy-to-clean non-porous material, the gadget is already available in four different varieties. Brooks has had requests from NHS Wales and is, meanwhile, donating a hook for everyone he sells.

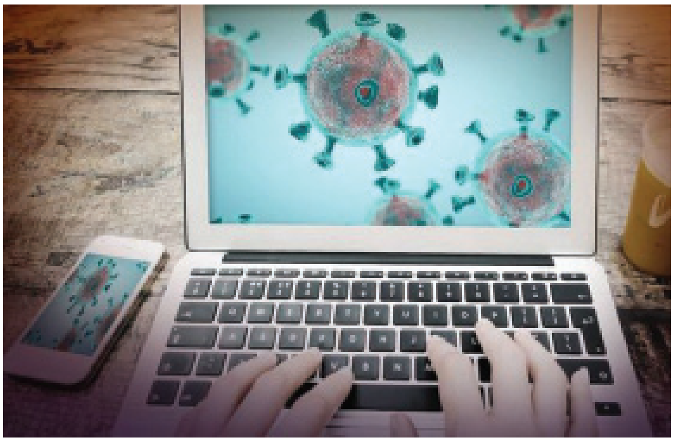
ANSYS -An US Technology player to assist IIT Kanpur to make ventilators

ANSYS, a US based global engineering simulation company, has entered into an agreement with an IIT-Kanpur led consortium to assist in the development of low-cost ventilators to fight the COVID-19 outbreak in India.

Under the supervision of the consortium, NOCCA Robotics Private Limited, an IIT-K incubated startup, is developing indigenized and low-cost invasive ventilators called Nocca V110, when someone is having severe difficulty in breathing, they may need assistance from a ventilator which is able to move air in and out of the lungs. Invasive and non-invasive ventilators differ in how the air is delivered to the person. An invasive ventilator is the most recommended type of ventilator for patients with acute respiratory distress syndrome (ARDS) making it more suitable for COVID-19 affected patients for respiratory support. It is suitable for India as it ensures the safety of frontline doctors dealing with the patients. The machines that can be tested on patients can be out in a few days. Once the prototype is out, the team targets would be to produce 30,000 units by May 2020.

Engineers at NOCCA Robotics have prototypes of a portable machine ready. They are being tested on artificial lungs, a prosthetic device that provides oxygen and removes carbon dioxide from the blood. The entire project is being coordinated by Professor Amitabha Bandyopadhyay, professor-in-charge, Startup Innovation & Incubation Center (SIIC), IIT Kanpur. Ansys is the first company which has joined hands with the consortium and FIRST (Foundation for Innovation and Research in Science Technology), the premier institute's company that oversees incubation activities of IIT Kanpur, to speed up the development of these ventilators. As part of their corporate social responsibility (CSR) initiative, Ansys has come forward by offering a dedicated grant to the project that will be utilised for procuring materials, testing, trials and other expenses.

Nocca V110 is a modular, power efficient invasive ventilator that operates in a pressure-controlled mode and the IoT (the Internet of Things) enabled design allows multiple ventilators to be controlled via remote control. It has been designed in a way that it can be manufactured on a large scale at multiple sites using materials easily available with Indian suppliers and manufacturers. Speaking about the CSR agreement, Rafiq Somani , Area Vice President - India and



South Asia Pacific, Ansys, said, "Amidst the COVID-19 pandemic that we are all facing today, one thing that is constantly worrying the government and the hospitals is ventilator shortage."Nocca Robotics and IIT-Kanpur have created a consortium of biomedical engineers, doctors, R&D leaders, supply chain and medical technology businesses to harness their expertise and take the design from the idea to the actual product.

Arogya-Setu App

Available in 11 languages, the app is designed to help in controlling the spread of corona virus and make its information accessible to the common people. This special app also helps in finding out corona positive people present nearby. After downloading app will inquire, about cough, fever or trouble breathing etc. If you do not have any such problem, you will be in the safe zone. Also it helps in basic condition check without having an unnecessary exposure to hospitals.This app tells user to keep the mobile phone's Bluetooth and location devices on. Whenever the user visits a crowded place, this app keeps on sending messages from nearby mobile phones through the Bluetooth.

When the user stands near someone who is also a normal it shows green zone. But if that person becomes corona positive after 10 days, this app will alert you immediately. In such a situation, the user can get themselves checked also. This app also tells about hotspots, so that the user can change the route. This app is launched by the Ministry of Human Resource Development is associated with Digital India for the health and well-being of country's citizen.

Video - Conferencing

Video-Conferencing has become an inevitable tool at hand of all sort of companies, institution or organization so as to provide uninterrupted business services and education across different parts of globe. Companies can convey important strategies, communication and information and formulate action plans immediately by conveying those by video-conferencing despite of lockdown.

Ministry of Electronics and information technology has announced an "innovation challenge for developing video conferencing solution", Made in India scheme, on 14 th April with winning team having a reward of Rs 1 crore in first year and additional support of Rs 10 lakh for subsequent 3 years,

after 1st year of deployment . To encourage development of world class solution MeitY has come up with this innovative challenge. There would be a funding of Rs 5 lakhs to top 10 selected entries from stage I and certificate of "innovative solution" by MeitY.

The teams would present their prototypes to a distinguished jury to select top three entries. The best three entries of Stage-2 will receive Rs. 20 lakh each to build their solutions following the design principles and best practices, it said. MeitY said the final VC solution should support all video resolutions and audio quality, work in low and high network scenarios, be low on usage of power/ processor, not have any external hardware dependency, and be able to work on any device.

Subsequently video conferencing solution" Google Meet", can be used free of cost until September 30.Last month Google had extended its advanced Google Meet video-conferencing features available at no cost to all G Suite and G Suite for Education customers till July 1.Owing to global lockdowns amidst the corona virus pandemic, Google has now extended free video-conferencing services till September 30, 2020, to businesses, organizations, institutions, and educators continue to be supported during this time.

G Suite and G Suite for Education customers can now host meetings via Meet with up to 250 participants, live-stream sessions to up to 100,000 people within one domain, and save meeting recordings to Google Drive for free. Google generally only offers these features to its "enterprise" G Suite users within a plan that costs $25 per user per month.

Google Meet is the recently rebranded version of Google's Hangouts Meet. Google also said that earlier this week, it had surpassed a new milestone, with more than 2 million new users connecting on Google Meet every day who are spending over 2 billion minutes together.

Video-conferencing apps are witnessing a steep massive surge in usage overall as more people are mandated to stay at home to curb the spread of the corona virus pandemic. For instance, it was found that video-conferencing platform Zoom in March had garnered over 200 million users, up from its 10 million users in last month of 2019.Microsoft's Teams, Microsoft's video-conferencing tool saw a 1,000 per cent increase in usage. It had also been found that a new record of 2.7 billion "meeting minutes" in a single day had been reached on the platform.

Moving ahead we can see use of technology by leading platforms without which it is inevitable to imagine the world, today.

Initiatives by Tech Giants like Google and Facebook

Google had released GPS mobility reports. Google also released an open online resource that aggregates anonymized location-tracking data from mobile devices to share large-scale mobility and behavior trends. The end results are downloadable Community Mobility Reports that highlight movement-trend differences at country, state, county or regional levels. These generally reflect mobility data from two or three days prior, according to the company, and never display absolute visit numbers.

Instead, users are shown a percentage change in visit volume for location types - for instance, a 56% decline in mobility trends for Massachusetts parks from the February 16 reporting baseline to the most recent data collection date of March 29.

Facebook has rolled out three maps through its Data for Good program aimed at tracking the potential spread of COVID-19. The company will share the maps, which are based off aggregated Facebook data, with research and public health organizations. The first map is a co-location maps , used to determine the probability that Facebook users will come into contact with each other. The second shows whether people are staying at home on a county-by-county level, while the third is focused on insights around Facebook connections, such as Facebook Friends, across geographic lines.

Innovative platforms for uninterrupted education

Education industry has also been affected adversely in the current global scenario. But the sector has accepted the challenge, leveraging the fact of being in digital era. The current situation has led to the closing down of schools, universities, institutions following the spread of the Covid-19. This has further affected the students and aspirants preparing for their future. But as the educationists' believe that learning should not stop, hence physical education has moved to the virtual world. While most of the schools and universities across India and globe are offering online classes, on the other hand there are education-technology platforms for offering uninterrupted online education.

Online education portals, virtual classrooms, e-learning applications had already became an inevitable part of imparting education .Amidst this pandemic outbreak ,when lockdown is prevailing across the nations, online education is making a way ahead removing all hindrances in learning. Approximately 66% adults, according to a Pearson's study are liking online education, as 91% of students are unable to go to school across globe, importance of e-education has become inevitable.

Some free government Portals for courses and E-Learning are -

a) **ELIS-Portal-** This portal is available at "free.aicte-india.org". AICTE has started this free portal. This is a sort of ELIS (Enhancement in Learning with Improvement in skills) portal. This provides various free courses like machine learning, Programming, Digital Marketing. AICTE has tied up with 18 online education companies, which are providing around 26 courses.

b) **DIKSHA -** This portal is for teachers and all school students. It is available in form of app or at "diksha.gov.in". This has learning material for students and teachers as well. A Collection of approximately 80,000 e-books is made available for 12th class only, which have been prepared by CBSE,NCERT,SEB's. Books are available in 7 languages (English, Hindi, Marathi, Kannada, Tamil, Telugu, and Urdu) with the aim of removing hindrance in learning of students, in absence of availability of physical classrooms.

c) **NROER -** It is available at " nroer.gov.in" . It can be used by students of school, colleges. Apart from those it can be beneficial for employed ones too. It is "National repository of open educational resources". Facilities are available here in form of e-library, e-books, e-courses, repositories. The portal has more than 3000 documents , more than 1300 sessions, approximately 1600 audios and more than 6100 videos , which sums up to more than 14000 files in different formats. Classrooms sessions can also be attended by enrolling and online test can also be given.

Virtual assistants and Chat bots

Various chat bots are available today as covid trackers, Risk assessment and FAQ's related to it. Chat Bot are artificial conversational agent which is intelligent enough to initiate and simulate human like conversation. The chatbots are designed as bots that analyze the content typed by the user and relate it to database that contains possible answer.

a) MyGov Corona Helpdesk Chatbot - It is available on WhatsApp and can be accessed simply by messaging the cell phone number 9013151515. You can also access the chatbot The chatbot was created by Reliance Jio-backed Haptik Technologies. This chatbot is really helpful in getting COVID 19 information in such a really easy way of communication. You can get each and every information related to this virus such as its symptoms, and how it is transmitted; preventive measures that can be taken as a safeguard against the virus; health & travel advisories; and official government helplines for further information/assistance. Apart from this, you can also find links to additional information here in order to know more about this disease. Haptik decided to implement this MyGov corona Helpdesk on Whatsapp platform because as everybody knows WhatsApp is one of the most highly used platforms of sharing information and communication with each other. So, this is understood that implementing chatbot to this platform is one of the most accurate ways to reach and inform numbers of citizens.

b) Cobot-19 Chatbot - Just like My GovCorona helpdesk, Goa developed a chatbot-Cobot-19--in collaboration with healthcare startup Portea Medical and Bengaluru-based automation firm Verloop. This chatbot is capable of answering queries on COVID-19 in languages such as English and Konkani, with Hindi support in the works. Chatbot like cobot-19 are based on machine learning (ML). Cobot-19 is a very basic kind of chatbot as, like other chatbot which we have seen in ecommerce platforms, it is not that much sophisticated. It is simply used to ask questions and it has a fixed pattern of some answers. If it seems impossible for it to answer the question, then it will collect the questions and take them to the doctors from Portea Medical. After that, the chatbot is trained for those questions to respond if those are asked again.

c) Microsoft Azure - Microsoft's Azure cognitive services are really beneficial for large companies and healthcare organizations in order to build enterprise-grade bots that can speak, listen, and understand people. In fact, there are various companies that have already started making use of this technology in the initial phase of COVID 19. They are focusing to make people aware of the symptoms of corona virus and screen patients virtually before inviting them to come for in-person evaluations.

Thus Chat Bot are evolving as strong AI catalyst with human touch to help in apprehending collective efforts to fight against Covid 19.

Online essential supply-

To get items of daily needs, during lockdown people are relying on stores who are taking online orders of medicines, grocery, vegetable, milk and other essentials and home-delivering them, and thus maintaining demand-supply chain at local levels ,which in turn is helping in purpose of social distancing getting sufficed.

Thus, amidst this rampant pandemic outbreak where social distancing has became an inevitable and unavoidable, prima-facie step to fight this outbreak, technology and technological innovation are playing an important role in getting the world through in unavoidable facets of life at the same time facilitating the essential requirements of individuals, firms, and corporate and at the same time maintaining social distancing pedagogy. ❑

CORONA WOULD GO; WE WONT

"Tough times don't last, tough people do"

There is no denying the fact that the whole world is currently passing through an unprecedented crisis due to the widespread outbreak of coronavirus. Never before we had witnessed a pandemic of such magnitude which has ravaged the industries and economies all around the globe in one go. The ongoing crisis has resulted into production losses to the extent of recession gradually culminating into job losses, wage cuts and retrenchments. The crisis is deepening further and nobody knows how graver the situation will become and how long this all will continue.

Amid this entire crisis situation, China, the originating country of the pandemic, gives us a glimmer of hope with Wuhan, the epicentre of the pandemic limping back to normalcy. But, the picture is quite opposite in rest of the world where the number of coronavirus infected people is growing exponentially with each passing day. Be it developed, underdeveloped or developing country, everywhere casualties due to coronavirus are on the rise. Even the heads of different countries had to be quarantined, for example the British prime minister had to be admitted to ICU. The situation continues to be grim and lockdown has been imposed in almost every country. Still there seems to be no respite in sight due to unavailability of any vaccine as of now!

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Anticipating the magnitude of the problem, the Central government as well as the state governments have already taken several pre-emptive steps to curtail the spread of the virus. For this purpose, initially a three week lockdown was imposed in the country, now the lockdown is being further extended. Several states have extended their lockdown period to another 15 days.

Amid all this chaos, trade and business have already taken a back seat; and the world economy is heading towards a recession. According to the International Monetary Fund

(IMF), the world economy is already suffering its worst recession since the Great Depression of 1930. With emerging markets and low-income nations in Asia, Africa and Latin America in particular at high risk, the present gigantic crisis has jeopardised the world economy.

In India, retail, transport, hospitality, travel and tourism industries have been the worst hit along with small and medium-sized industries, and self-employed persons. Steel, though falls within the category of essential commodities, the states imposed various restrictions on the operation of steel plants, besides entry-exit of the workers and movement of various raw materials. Thankfully, the Steel Secretary Binoy Kumar immediately intervened and wrote to the states to allow operations of integrated steel plants as well as induction furnace or electric arc furnace based steel units. He also requested the states to allow the movement of raw materials and finished products through rail, road as well as through waterways or sea routes.

Even then, integrated produces of steel had to resort to curtailing production and run their units with bare minimum workforce. Even the PSU SAIL also pruned production by half to prevent piling up of the inventory further. On the global level as well, the world's largest steelmaker Arcelor Mittal, which operates in 60 countries with capacity of 90 million tonnes per annum, also reduced its production simultaneously with temporarily idling steel making and finishing assets.

We, at APL Apollo, had also temporarily closed all our operations and manufacturing units across locations after the lockdown was announced. As a responsible corporate, we abided by all the instructions given to us to save our employees, stakeholders and the society at large from getting infected with the deadly virus. Even as we lost 8-10 days in March, our sales were down by just 4% during January-March quarter and overall, we had a whopping 23% rise in sales in 2019-20 over the previous fiscal.

The question is whether such growth momentum could be maintained in future as well? The answer depends on two factors - a) the havoc the virus will cause on economy and public health and b) the government's response towards bringing back the trajectory of high growth. We have every reason to believe that government would respond with all its might to get the economy back on track. The Rs 1.7 lakh crore package announced by the Finance Minister Nirmala Sitharaman, followed by tax moratorium and moratorium on the payment of interest, is the proof of the government's firm determination to pull back every section of the country from the jaws of corona crisis.

A lot more is expected to be unfolded soon. With focus on reviving demand, resumption of stalled infrastructure and construction projects should top the chart, as any investment on infrastructure projects has positive effects on other industries, thus helping in the revival of economy.

In such a scenario, APL Apollo stands to gain the most. We are the leading structural steel company in the country. Structural steel is durable, sustainable, fire-resistant, and easy-to-repair. India has started using the material, of late, vigorously; but the quantity is far less than what it should have been. However, it is only a matter of time for the usage to grow rapidly as structural steel saves time and money. Structural products' aesthetic property and complete recyclability also allow for an improved environmental performance across the life-cycle of the structure.

Globally, residential sector accounts for around 40% of the total structural steel consumption, followed by infrastructure, commercial sectors and others including public utility. Of the various types of steel used in the infrastructure and construction sectors, growth potential is the highest for structural steel in India.

It is true that steel's usage is at its nascent stage in the country - just 4.4% of the total consumption, compared with the global average of 9% and 11% in Europe and 8% in Japan and the Middle East. The share is projected to go up to 10% of the total consumption in 2023 and even higher in 2030. It's cheaper hence its demand will always be there which will further grow by leaps and bounds.

Finally, any optimistic projections may not gel with the widely prevailing sombre mood in the wake of COVID-19 crisis. But, even in this grim scenario, if anything is true that is the law of the nature: the Sun comes out even after the darkest night. We will overcome this phase and emerge even stronger than ever. ❑

HOW TO DEAL WITH NEW CHALLENGES IN BANKING : MERGERS AND CORONA-VIRUS

New dawn from 1st April with full of challenges are sure to bring structural benefits and allow these robust entities to become flag bearers for Indian economy and padded up customers. Foremost, it would be ideal if along with good customer service focus is placed on creating goodwill too. Taking preventive measures by branches by providing masks and liquid soap sachets across customers touch points and service facility tables to safeguard health and safety in light of coronavirus outbreak would go a long way in reconnecting new customers of merged banks.

It would be beneficial to develop 360 degree vehicle of merged banks and display new charges, interest rates, and toll free numbers for senior citizens, pension payment dates, the names and addresses of closed branches and direction

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to now new branches with addresses for the new customers of merged banks. Again, showcasing on 360 degree vehicle new contact numbers for assistance and new RMs for large corporates and MSMEs would positively make customers comfortable by creating an atmosphere of ease of doing business.

Further, it would help customer take a virtual tour of the merged entity. Small hiccups in short term which will be surely handled gracefully would set the excellent example of better governance. There is good number of innovative and simple steps which could be practiced by the new merged entity branch which would help it have smooth transaction. A thought could be given in educating customers visiting branch to set their anxiety at rest. One of the most important main points would be locker facility and customers having lockers need to be adjusted as in near branch lockers to that extent may not be available as the cost of maintaining the premises are positively high.

Could a new locker cabinet in the branch where locker a.c. holders will be shifted would be arranged to accommodate new entities. IFSC code for each branch has a specific number used in cheque book as these cheque books may not be of any use and customers may have given this branch IFSC code to many parties they have been dealing for long. Educating customers on regular basis for some time would be win win situation for both the parties. A small meeting with customers explaining the need to consolidate the branches if any with mergers of banks would have good sense of belonging.

RBI has exclusive circular for taking care of senior citizens and that could be mutually shared and discussed with the senior citizens of the branch with update knowledge of progress of merger. With the new beginning, new branch and invitation with a smile by new consolidated entity branch head and staff would have customers satisfied and happy going back. Podcasts in regional language briefly enumerating the need for consolidation of banks being need of the hour would earn brownie points for the branch.

The present branch thanking the customers for their continued support could be shared with the customers. For some time a pop up could show up on screen when these new customers visit now, their new branch to be taken with a little extra care as now these would be dealing with new branch staff in new premises. This would surely cement the relationship for a long time.

In banking history we had all kind of crises but vicious and bewildering shock of this magnitude which could bring to life the severe-case economic scenarios we had fortunately not faced. Banking services are the life lines of economy and need to beat at all time. Well created defenses as virus scare is knocking at our door would not only will prepare us in advance to handle on deadly new virus but ensure we do not fall further behind. It would be in the fitness of things if bankers are advised to use masks while dealing with customers. Having compulsory sanitizers in bathrooms for staff and customers would be of a great help.

Clearing houses need to be sanitized on regular basis as cheques images from all over the places reach there. The digital push on all kind of banking transactions would obviate the supply of cash and help prevent customers touching currency notes. Jawboning cleaning staff to ensure sitting sofas, chairs in branch premises, toilets, cash counters, currency carrying boxes are whipped regularly to prevent infections. We need to take full care of mints printing currency notes and this need to present pristine look. Special instructions to merchants by banks for ensuring EDC and point of sales machines are unsoiled and placed in hygienic conditions are important Steps to Stem Coronavirus Damage.Nevertheless, this will stave off an immediate banking crisis at an early stage of economic damage of the coronavirus on the banks.

As the merger follows there are whole lot of issues, guidelines, emerging striking issues and ever changing digital banking landscape and where customers are no longer standing in queue in the brick and mortar branch but on the mobile from unknown place for quick solution to their problems. It becomes all the more decisive when it is related to unwanted debit digital entry in their accounts. Sooner and later digital banking is going to in the hands of the customers. It is imperative to note senior citizens and rural populace is now comfortable having graduated from whatsapp apprenticeships. For new merged banks whether it is spending money on brick and mortar, land and staff and computers, server room or diving deep by investing in technology and innovations, it is a million dollar question.

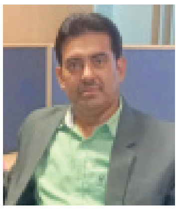
With banking licenses for well deserved entity on the tap and exciting banking digital bandwagon on the go one has to look at the life cycle of customer who starts when the customer steps in on bank's digital portal and once one opens the account through video kyc then it is going to be digital services happily after. It is no brainier digital bank and friendly technology driven new merged bank is going to be taking all the goodies.

Look over the shoulder in cybercafe of small town in adjoining PC seat the ordinary looking village young man is getting all the price details of grains, spices, pulses and agriculture commodities. He is on the Skype on his phone cracking a deal and at the same time checking agriculture derivative/ commodities on computer screen. And a young construction worker sitting in cybercafé of small town in a different state finalizing to go for work in related industry in another state giving interview on Skype or seeking work in far off smart city. It is going to be a new dawn for merged banks. ❑

BANKING INDUSTRY- CURRENT SCENARIO & THE NEXT DECADE- WAY FORWARD

In the run up to the 21st century digitization Banking industry is transforming to the different paradigm which is sea different what we have witnessed so far in the last five decades since it's nationalisation in 1969. Today's banking scenario and yesterday's banking sector, the paramount difference is obvious DIGI -BANKING. The basic objective of today's Socio-Economic situation is differential customer service which has reached in different level all together , All the banks National or Private Entity vying to woo the clients providing max. benefits in short stint , all are trying to play with customer's patience and how fast they can serve the customer hassle free , seamless , customised service with value added features.

Recently AXIS BANK is placing advertisement on digital & print Media on improved & caring customer service that both the lady customers approached the Bank Manager for their -start- up venture loan, during their close parley on their venture suddenly phone call comes on Manager's mobile but Manager did not pay heed to call bur continued the discussion envisages the customer priority and focus and magnitude of seriousness on customer dealings.



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DBS bank pioneer in DIGI-BANK in the south East Asia expanding it's operation from corporate banking to Retail Banking focussing on Digital based payment & other banking activities through the Netbanking dawning the new era of Digitalbanking. Right from deposits, bill payment, investment, managing finance.

BANKING THROUGH APPS - The buzz word of DBS Banking squeezed the entire banking into the Smart phone thus integrated the automation and customer orientation to a new height through STP (Straight Through Process)with No manual intervention thus reduces the manual timing of banking through Digital platform . A well composed system with performance driven agile team through IPA

(IntelligentProcess Automation) helps the customer's journey in the banking process to reduce the TAT and mitigate the Human error.

DBS bank's CHATBOTS comes very handy streamlines attached with Facebook or Messenger also very user friendly interactive system guides the clients about check balance, Track Expense make payments on client's behalf. It is available 24/7 like call centre hence Banking is moving towards the customer's fingertips so reaching bank for banking activities are becoming irrelevant. Banking time is becoming anytime banking in line with the global practices realm of international standards where other developed countries like USA, UK, CANADA, CHINA , JAPAN , FRANCE and other super powers are in vogue .

Currently Indian Banking system is plagued with one single most challenge is poor quality of asset. ie- NPA , currently clocked is around 7.5 lacs crore roughly 0.5% of Indian GDP which is very staggering what banking Industry is not able to come out of the cobweb of NPA.

IBC (Insolvency & Banking code) is also a revolutionary step in the banking spectrum in India is the process of reconciliation in the special court for the defaulting companies in India for bank dues which has though simplified the due amount clearance of Banks but certainly not full proof process to get the total outstanding amount clearance rather bank is heavily losing money hence the health of the Banking industry in India is dwindling.

Fiasco in the Telecom Industry in India having very adverse impact on Banks there is again high chance of NPA what the Chairman of SBI has reiterated ultimate bank will be sufferer of any disaster happens in the country since bank is not insulated from any eventualities of financial changes of Corporate sector and it's legal tangle . Telecom Industry is grappling with 1.5 lac crore debt due with Govt. of India which is yet to be paid , Supreme court has also intervened to clear the dues but the stalemate is going which if they resort to IBC Bank will lose abysmally high amount which will further dent the banking Industries health.

Joint Venture In the Banking in the Insurance created different dimension in the Banking sector for last 2 decades almost created huge revenue and considered as the best Revenue generating product what all the banks irrespective of volume focussing now a days because of highest revenue and recurring income.

Now We see 5G in Banking where bank will do every job on client's behalf what other developed countries like USA, UK , Japan does because of the busy schedule of people . banks are considered as true friend of clients from counselling to the financial matter discussion to urgent arrangements of Funds in emergency thus from planned expense like Education, House purchase, marriage, medical Exp. Auto loan and for any other contingency funds bank usually stands by thus manages the finances of individual has become the order of the day now a days and dependence of people on Bank which bank is leveraging also. No charges on OD or No charges on foreign transaction, Integrated security system, protection from any unwanted wrong use of bank A/C or criminal access on account is also added advantages.

Fintech Companies are also future of Mini Banking in India, Approx. 50 Fintech Companies under the supervision of RBI working well to cater the on- line payment banking , loan arrangement , comparison of financial instruments , Insurance Policy comparison, providing health & general Insurance , Equity investment, online Mutual Fund , Credit card, Credit Score analysis, Start Up venture supporter , through digital platform dawned the new era of Payment banking in India as an Example PAYTM, BHUMI APPS, BILL DESK, MOBIKWIK, RAZORPAY, BANK BAZAR, POISA BAZAR, POLICYBAZAR, PHONEPE, ACKO, LOANTAP to name a few.

Crypto Currency is also one of the important innovation in the banking industry though has not been popular like libra, The digital Currency of Face Book poised to be popular in the next couple of years subject to the Rules & Regulations of RBI & other central banks different countries.

Mc Kinsey Report suggests that Banking Industry in India in on the Crossroads and digital growth would certainly scale up the world class business opportunity and also would push world's fastest growing economy to the new height with challenges strength to strength. Macroeconomic fundamentals continues to be strong since the country is in the mid of Digital revolution and the ongoing disruptive changes within the regulatory framework from time to time and the AADHAR linked with Bank is also created new dimension in the Banking Sector inclusiveness promoting competition among the domestic Banks with foreign Banks created level playing field for everyone . Continuous Innovation of new services, out of box strategic approach and earning customer loyalty will be the key indicator of survival and success in the dynamic changes in the banking sector .

AI(Artificial Intelligence) will be off course key parameter and data analytics for better decision on income estimation, standard of living, credit worthiness, problem resolution, financial planning, future income planning, personal relationship and connect, seamless services, personalised data availability and designing for the better service, improved human interaction, innovation, bank should not be settling down on the status quo, close to 90% of customer leaves bank becoz of poor services and no personal touch.

Digitalization bridges the gap in cross functional activities helps to collaborate and articulate the multi-dimensional and directional issues to stitch towards the same direction to meet the common objectivity.

The major issues Banking industry is going to face is legacy platforms- the pessimistic views that is conventional approach of customer services which continues to dominate indian banking industry particularly in the Rural or semi urban areas becoz of the backward mentality of staffs , they are reluctant to embrace the new fast changing technologies which is off course imperative and the disconnect needs to be wiped out at the earliest and some serious padding required to adopt and adapt the technology and innovation at the grassroot level in order to change and invite the digital culture in the banks to leverage the better and personalized customer services and take the customer to the new height of faster response.

It requires rapid reshuffling in every stage of operation even taking some harsh steps needs to be taken to streamline and embrace the changing scenario . If required Govt. should contemplate the idea of reforming the Rules and regulations and amendments of acts will pave the fresh energy and unshackled working culture in this critical moment of transformation. Banking Union happens to be the biggest bottlenecks of change should be taken into confidence in the changing process rather they also should be the part of change since change is imperative has to be addressed in every stage.

The Efficiency Ratio matrix is also very important to be addressed simply the how much cost Bank is incurring to get revenue. Digital changes the paradigm of business process has made the scenario faster , eliminated lot of repetitive work shaved large part of cost structure and add value into system will decide the future of banking industry.

Another important segments what Banking sector needs to touch and target that is millennials roughly 40% of the entire customer base heavily engrossed with social medias sites and highly educated, conscious and knowledgeable and highly digital savvy hence bank should be also geared up and tuned to that extent to deal with such sophisticated class of people.

Recent crisis in PMC BANK of Mumbai & YES BANK which is resultant of serious lapsation of compliance, serious governance issues, poor asset quality, diversion of fund to the wrong entity , promoter's whimsical behaviour towards compliance and governance, unnecessary luxury and throwing public fund towards unnecessary campaign and earning name and fame without consolidating the financial position, suspected political funding, ironically Financial Regulator we have observed that they have cracked down and intervene when situation goes out of control, fracas starts in the company, thing goes out of hand and proportion, siting an example when YES BANK crisis started in 2017 govt. got ample time to rectify the situation, they could have appointed Administrator that time only, Govt. representative could be deputed that time only ,it has taken almost 3 years' time to supersede the board of YES bank and ask SBI to infuse fresh capital through Equity investment, it should have foreseen before hence lakhs of depositors and customers and associated people could avert this unwanted situation and severe crisis. We expect mature and proactive approach of RBI to avoid such similar incident in future. People's trust is crumbled down towards our financial system requires to be restored.

Covid 19 Pandemic - The challenges in the Banking industry is very much explicit apart from banking stock declined by 15 % which is major onslaught on the financial sector's image, future prospect and inclusiveness . NPA is supposed to be high which is major challenges of banking sector moreover RBI's 3 months moratorium would further aggravate the situation and banking will be severely hit out of the recession what world is already entered into according to the IMF. The Sept. bad loan expected to surge beyond 10% average compare to 9 % last year , EMI needs to be reworked, the hard hit sectors like automobile, tourism, aviation, hospitality, Hotel, Consumer Durables, Real Estate & Construction would further push the NPA to as high as 15 % which is suspected according to the industry expert and the obvious fall out will be severe pay cut , unemployment, job loss , economy is already out of gear, loan growth decline with high default ratio. Central Govt. should keep and deploy disaster Management Team or quick Response Team for Bank also because of sudden catastrophe bank should be proactively deal with such unforeseen events to safeguard the interests of all stakeholders.

In order to improve the liquidity in the market RBI has cut the Repo Rate which is noteworthy cascades the economic revival and infuse more and more confidence among the industrialist . Business continuity and communication with the customers through all sorts of communication channels also key area needs to be addressed by all banks what Banks in India are religiously doing for the betterment of customer servicers through existing as well as new innovative ideas. This COVID 19 crisis has opened new vistas for the Banking sectors as well.

Merger of All Public Sector banks will give banking Sector a new scale of operation.1st of April 2020 we have witnessed the mega merger of 3 banks PNB, OBC & UBI merged into single bank called PNB, Govt's merger of 10 Banks into 4 bank will certainly give baking industry a major boost for scale of operation, investment into modernisation and digitalization , profitability consolidation of operation, globalisation ill led to customer's benefit. Cost of operation will certainly go down. As far as corporate governance and standard is concerned will improve including accountability and effective monitoring. Reduction of multiple position and subsequent contraction of surplus unused labour force will dwindle which will augment banking profitability and productivity. It will integrate bank & banking activities to the large extent. ❑

You can now file I-T returns till Nov 30

In view of prolonged disruption caused by the Covid-19 pandemic, the government on Wednesday notified the extension of income-tax (I-T) filing deadlines. These include due dates for revised I-T returns for 2018-19 (FY19), declaration of tax-saving investments for FY19, linking permanent account number (PAN) with Aadhaar, among others. The much-awaited compliance relief comes as a breather for businesses and taxpayers struggling due to the extended lockdown.

“In view of the challenges faced by taxpayers in meeting statutory and regulatory compliance requirements across sectors due to the outbreak of Covid-19, the government brought the Taxation and

Other Laws (Relaxation of Certain Provisions) Ordinance, 2020, on March 31, which extended various time limits. In order to provide further relief to taxpayers for making various compliances, the government has issued a notification on June 24,” the Central Board of Direct Taxes (CBDT) said in a release.

The due date for revising or filing I-T returns for FY19 has been extended by a month to July 31. The last date for making tax-saving investments to claim deduction under Section 80C (LIC, PPF, NSC, etc), 80D (Mediclaim), 80G (Donations), etc for 201920 (FY20) has been further extended to July 31.

“Hence, the investment/ payment can be made up to July 31 for claiming deduction under these Sections for FY20,” the CBDT said.

Providing relief to small and middle-class taxpayers, the date for payment of self-assessment tax with tax libility up to Rs. 1 lakh has also been extended to November 30. Self-assessment tax refers to any balance tax that has to be paid by an assessee on income after accounting for tax deduction at source and advance tax before filling the return of income. In cases with self-assessment tax liability over Rs. 1 lakh, no extension has been granted and interest will be levied in case of delayed payments.

The due date for commencement of operations by new special economic zones (SEZs) for claiming tax holiday under section 10AA of the I-T Act has been extended by to September 30.

NEGATIVE INTEREST RATES IN INDIA - A REVIVAL GAME?

The Buildup...

The ongoing mayhem and panic created by coronavirus around the globe is well exhibited. Economies and businesses are shrinking by the day on account of lockdowns and retrenchment and people are waking up to uncertainty but with a hope to see light at the end of the tunnel.

India in the scheme of things isn’t isolated and thus, understandably affected. Our economy isn't in the best of shapes and a continued deceleration due to the outbreak of coronavirus may further push it into an abyss. Many economists believe that the world shall witness a global depression if the respective governments don't scramble at the earliest and put the pieces together. In a recent interview the IMF Chief suggested that the situation is feared to be more severe than 2007-09 sub-prime crisis.

About the author

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In the context of the battered Indian economy, the public sector banks play a pivotal role of forbearance. It is only through banks that the masses can be reached and the crisis can be arrested.

While we have heard of proposals to defer loan repayments and loan waivers in the times of crisis, why cannot we move towards negative interest rates like Japan?

This may help us revive our economy and steer the country out of this mess. Can this be a heroic pull off? A reference point in turnaround management?

Let's first understand the meaning of negative interest rates. Consider you paying a fee for banks to hold on to your cash deposits and banks paying you a fee to opt for loans.

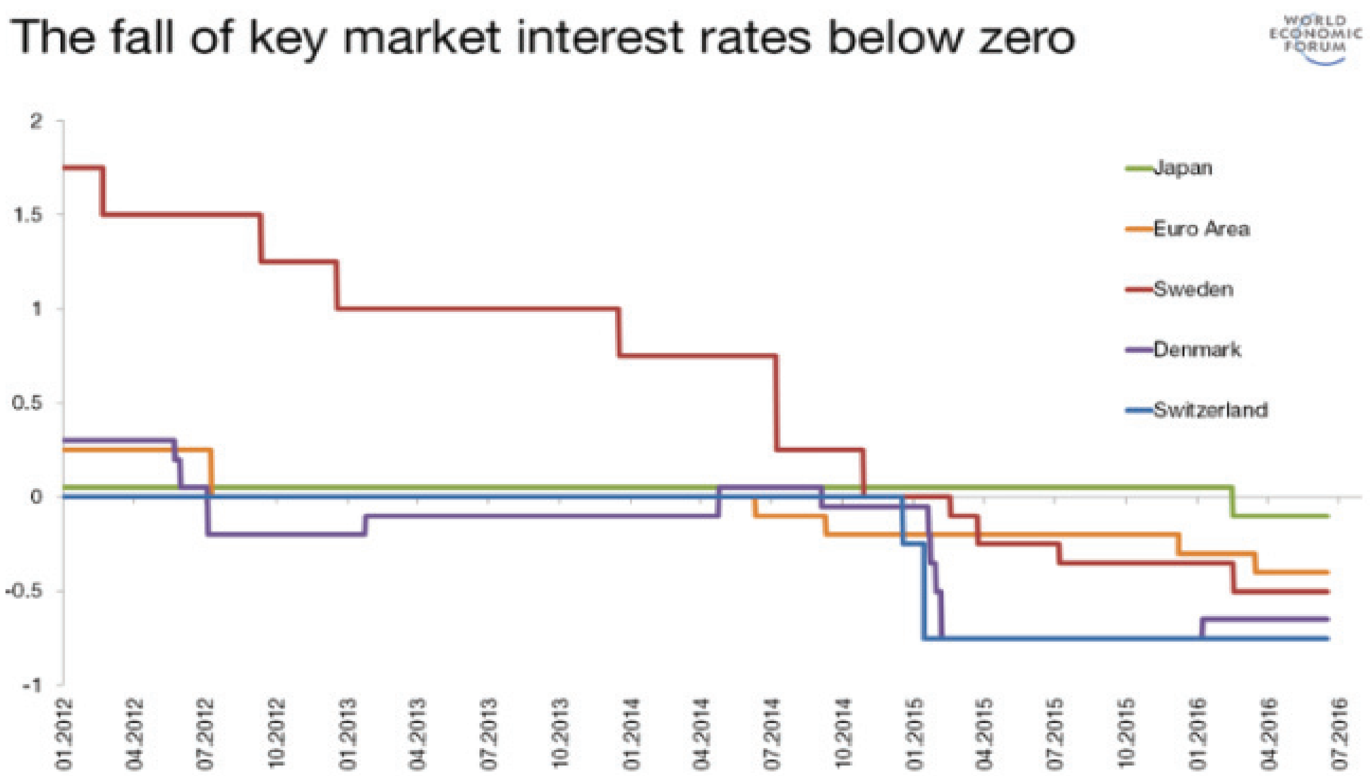
Seems weird! One would perhaps scratch his / her chin and make an attempt to comprehend it, which for many is an unfathomable concept! The underlying idea is to incentivize loaning & spending rather than saving and consuming.

The next logical question is why would banks do it?

In favor of the tide..

- The time is most opportune for the banks to opt for negative interest rates because there could be an economic depression and deflation in the near foreseeable future. Now there could be an argument thatnegative interest rates and low inflation go hand in hand so how does India fit in?
- Well the assumption is banks will have sizeable chunk of NPAs on account of lockdowns, in addition to their already mounting NPAs. Further on expiry of the MSME and real estate restructuring clause, the problem will then be insurmountable! All the coffers and reserves will be used to wipe out the losses. With uncertainty writ large on the face of the country, consumers would be wary of fresh loans and banks will face severe liquidity issues. The swaps with RBI and deferment of loan EMIs is only a turnaround. Further reducing the Repo and CRR margins will only lower the cost of borrowing for banks but the objective wouldn't be served.
- For the larger Indian Banks specially the public sector banks, the deferment of EMIs and interest by 3 months will affect their liquidity as the inflows sacrificed would be between the range of INR 40,000-50,000 crores and banks will only be able to make up as much as INR 20,000 crores approximately with the reduction in CRR and MSF. There would still be a negative gap of roughly INR 20,000 crores. This burden will be borne by the bank treasuries to raise the deficit by offering competitive and attractive short term deposit rates to peer banks.
- In the coming times consumers shall become indifferent to the interest in the market and would prefer to consume less and save more. This will have a cascading effect as the demand for goods and services will dwindle and the prices will decrease gradually.
- Banks on the other hand will still have to battle for their survival and would bundle their loan products on the basis of fees and not interest. This form of packaging has a psychological impact on the consumers.
- Amidst all of it, a further weakening rupee shall attract investors and encourage our exporters which is pretty much the surmise of our prevalent Foreign Trade Policy 2015-20.

Below is a pictorial depiction of some of the economies with negative interests. (Reference:https://www.weforum.org/agenda/2016/11/negative-interestrates-absolutely-everything-you-need-to-know/)



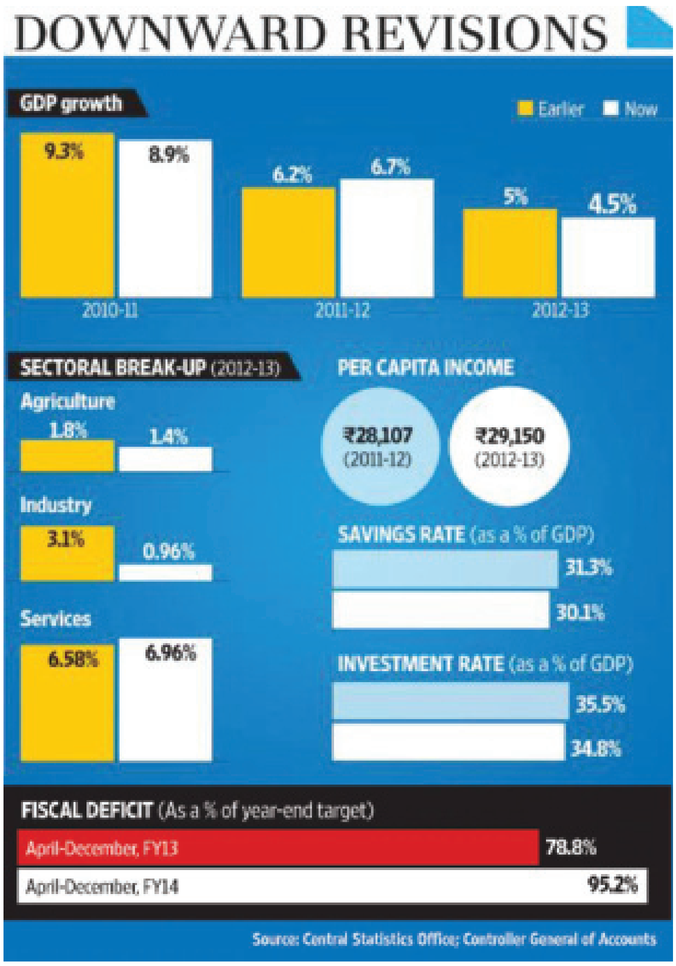
- Economists around the world believe that consumers initially would save more and spend less but there will come a point when they will realize that the real return is negative and that's when they will slowly start to consume as an alternative of holding on to low yielding cash. Also a noteworthy aspect is India's demographical dividend is far younger than that of some European & Asian economies hence the propensity to save would be comparatively lesser.

Against the Tide...

- In India the government bonds are the safest form of investments hence with the negative interest rate scenario, the yields on such instruments shall also fall and investors will begin to dump them. The Indian public sector bank treasuries that earn handsomely during the auctions will be devoid of such earning opportunities. This shall have a spillover effect on the other asset classes like pension funds. The chase for better returns might force investors to look for riskier assets and render adverse selection. The middle class is the largest portion of the country's population and have always been risk averse. This is a deterrent! Furthermore India's ageing middle class population has huge affinity towards social security which is in the form of investmentsand deposits and any faintest depreciation in their savings might lead to a colossal sovereign unrest.
- A noteworthy feature in the Indian Banking scenario is that even if the interest rates were reduced to zero the credit off-take will still be conservative. The reason attributed to this is the poor quality of balance sheets of the corporate and the partial capacity utilization of the manufacturing sector.
- Due to the higher interest rate climate in India, it has been an attractive destination for investors that arbitrage on interest rate differentials. With the negative interest rate scenario, even a falling rupee would not be as lucrative an option.
- India has always been an importing country with more than 66% of its imports directly linked to crude. With a weakening rupee and fading economic activity, the current account deficit will widen beyond any repair. The sovereign debt will swell up manifolds and this shall be further aggravated by decrease in collection of direct and indirect taxes.
- The Reserve Bank of India can absorb this shock by printing fresh currency but up to a certain limit as that will increase the expenditure and may aid in inflation reaching astronomical levels like in Zimbabwe & Argentina.
- The last time India faced a negative interest rate scenario was in between July 2012 to January 2014 where in due to surge in oil prices the inflation had risen above 11 %. However that was more due to macro factors and not imposed.

Around the same time, a snapshot of the economic scenario in the country (Reference-https://www.livemint.com/Politics/burPSwwZ4JstNqkBGGWXCP/Economygrows-45-in-fiscal-2013.html)

It has been advocated by many economists that positive real interest rate is a must for emerging economies and India is no exception. This is necessary for the expansion of the



aggregate domestic demand. An inflation number higher than the average interest rate in the country can torment the investors with negative real return, while bludgeoning the economy with a huge fiscal deficit. In the present scenario, the inflation is expected to hover around 4% and may dip further going southwards.Hence the current interest rate regime shall still benefit the investors.

- Indian depositors may be hesitant and reluctant to pay a fee for the bank to take care of their deposits and banks will find it extremely difficult to convince the masses.
- Banks have to also cater to the needs of the under-banked and unbanked masses as a measure of financial inclusion and cannot afford to tweak the traditional banking mix as it will be met with lot of skepticism and apprehension.

Parting note...

Our economy is an emerging one and is in a precarious position. The divestment of public sector entities and the financial lubrication provided by the banks is drying up. A slew of measures by RBI in the recent past has paved a way for some hope however problems have snowballed in form or the other.

The recovery of our economy after this phase will mark a new beginning for our country and with the passage of time will travel to the annals of history as probably one of the most discussed cases in the world.

The views, thoughts and opinion are solely of the writer and are not endorsed by his employer .His views may or may not culminate into reality. ❑

Monsoon covers entire country: IMD

The southwest monsoon covered the entire country on Friday, with the winds reaching west Rajasthan, the weather office said. It is nearly two weeks ahead of its usual date of July 8.

Currently, the country is enjoying healthy monsoon rainfall, at a surplus of 21% till June 25, said the India Meteorological Department (IMD). This is good news for more than two-thirds of the country that is dependent on the agricultural sector, and are expecting a bumper crop that will raise spirits as the lockdown has battered the country's economy.

Barring some parts of south India, onset of rainfall started well before their expected dates. "The rapid development of low pressure areas and cyclonic circulations has helped the monsoon to make quick progress in most parts of the country," M. Mohapatra, DG of IMD said.

Cyclone Amphan hurried the monsoon winds over Andaman Islands, the first major milestone in its progress towards the country, five days before its usual date. Although this was expected to slow the onset over mainland India by a few days, Cyclone Nisaraga offset the delay and brought it to Kerala on its normal date of June 1.

Central India has led the charge, with 50% above normal rainfall. All other subdivisions have shown an above normal monsoon rainfall as well.

A La Nina is also expected to form in the latter half of the monsoon season this year. This phenomenon is associated with an above-normal rainfall for the Indian subcontinent.

The next two weeks are likely to bring heavy rainfall over east, northeast, central, and south India. Rainfall over north India is expected to strengthen after that, as the circulation of the monsoon winds improves, per the IMD.

Last year, monsoon winds were delayed by up to two weeks over most regions, with rainfall in June ending with a record 33% deficit. This prompted the IMD to revise their normal onset and withdrawal dates for most parts of the country. Till 2019, the normal date for the monsoon covering the entire country was July 15, which was brought forward to July 8.

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.

As Risk Management becomes central to today's business environment across the globe, there is a surge in demand for competent and expert risk management professionals to identify, assess, prioritize and develop a proper risk management framework to minimize the impact on businesses.

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.

Every Professional working in the area of risk management and financial services industry, students pursuing courses in insurance and business management, small business owners interested in insights on Risk Management can be immensely benefitted by this 8 Week 30 hour course.

Realizing the imminent need for industry/organizations to have more employees who possess RISK LITERACY along with few experts, RMAI is committed to providing the right foundation of risk-knowledge and market-insights with global best practices.

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
- Participate in Webinars conducted during the period

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)
   International Students: Pay US $ 262.50 Plus Exam Fees US $ 20 - Valid For First 100 Registrations - Please pay directly in Bank by NEFT.
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 August 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.
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Interest Subvention (IS) and Prompt Repayment Incentive (PRI) for Short Term Loans for Agriculture including Animal Husbandry, Dairy and Fisheries for extended period on account of Covid-19

RBI/2019-20/250

June 4, 2020

1. Please refer to our circular FIDD.CO.FSD.BC.No.24/ 05.02.001/2019-20 dated April 21, 2020 advising banks on the Governments' decision to continue the availability of 2% IS and 3% PRI to farmers for the extended period of repayment upto May 31, 2020 or date of repayment, whichever is earlier.
2. In view of the extension of lockdown and continuing disruption on account of COVID-19, the RBI vide circular dated May 23, 2020 has permitted all lending institutions to extend moratorium by another three months, i.e., upto August 31, 2020. In order to ensure that farmers do not pay higher interest during the extended moratorium period, the Government has decided to continue the availability of 2% IS and 3% PRI to farmers for the extended period of repayment upto August 31, 2020 or date of repayment, whichever is earlier. This benefit will be applicable to all short term loans for Agriculture and Animal Husbandry, Dairy and Fisheries (AHDF) upto ?3 lakh per farmer (upto ?2 lakh for AHDF farmers).
3. All other terms and conditions remained unchanged.

(Sonali Sen Gupta)
Chief General Manager

Extension of timeline for compliance with various payment system requirements

RBI/2019-20/251

June 04, 2020

1. A reference is invited to Reserve Bank of India (RBI) instructions – (a) DPSS.CO.PD.No.1164/02.14.006/2017-18 dated October 11, 2017 (as updated from time to time) on Master Direction on Issuance and Operation of Prepaid Payment Instruments (PPI-MD), (b) DPSS.CO.PD No.1343/02.14.003/2019-20 dated January 15, 2020 on Enhancing Security of Card Transactions, (c) DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019 on Harmonisation of Turn Around Time (TAT) and Customer Compensation for Failed Transactions using Authorised Payment Systems, and (d) DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020 on Guidelines on Regulation of Payment Aggregators and Payment Gateways.
2. Keeping in view the present situation it has been decided to extend the timeline for compliance in respect

of a few areas detailed in the Annex.

3. This directive is issued under Section 10(2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

(P Vasudevan)
Chief General Manager

Implementation of Section 51A of UAPA, 1967 - Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List - Addition of one individual

RBI/2019-20/252

June 08, 2020

1. Please refer to Section 51 of our Master Direction on Know Your Customer dated February 25, 2016 as amended on April 20, 2020, in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)."

2. In this regard, Ministry of External Affairs (MEA) has now forwarded the following Press Release issued by the United Nations Security Council (UNSC) Committee established pursuant to Resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida, and associated individuals, groups, undertakings and entities regarding changes in the List of individuals and entities subject to the assets freeze, travel ban and arms embargo set out in paragraph 1 of UNSC resolution 2368 (2017), and adopted under Chapter VII of the Charter of the United Nations.

   Note SC/14195 dated 21 May 2020 regarding addition of a Iraqi individual [QDi.426 Name: 1: Amir 2: Muhammad Sa'id 3: Abdal-Rahman 4: al-Mawla] in UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List.

   The UNSC press release(s) concerning amendments to the list are available at URL: https://www.un.org/press/en/2020/sc14195.doc.htm

3. Updated list of individuals and entities linked to ISIL (Da'esh), Al-Qaida and Taliban are available at:

   http://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list

   https://www.un.org/securitycouncil/sanctions/1988/materials

4. As per the instructions from the Ministry of Home Affairs (MHA), any request for delisting received by any Regulated Entity (RE) is to be forwarded electronically to Joint Secretary (CTCR), MHA for consideration. Individuals, groups, undertakings or entities seeking to be removed from the Security Council's ISIL (Da'esh) and Al-Qaida Sanctions List can submit their request for delisting to an independent and impartial Ombudsperson who has been appointed by the United Nations Secretary-General. More details are available at the following URL: https://www.un.org/securitycouncil/ombudsperson/application

5. In view of the above, REs are advised to take note of the aforementioned UNSC communication and ensure meticulous compliance.

(Dr. S. K. Kar)
Chief General Manager

Assignment of Risk Weights on Credit Facilities (Guaranteed Emergency Credit Line) under the Emergency Credit Line Guarantee Scheme

RBI/2019-20/255

June 21, 2020

Please refer to circular Ref no. 2842/NCGTC/ECLGS dated May 23, 2020 issued by National Credit Guarantee Trustee Company (NCGTC) in respect of the captioned scheme announced by the Government of India to extend guaranteed emergency credit line to MSME borrowers. As credit facilities extended under the scheme guaranteed by NCGTC are backed by an unconditional and irrevocable guarantee provided by Government of India, it has been decided that Member Lending Institutions shall assign zero percent risk weight on the credit facilities extended under this scheme to the extent of guarantee coverage.

(Saurav Sinha)
Chief General Manager-in-Charge

Increasing Instances of Payment Frauds – Enhancing Public Awareness Campaigns Through Multiple Channels

RBI/2019-20/256

June 22, 2020

1. As you are aware, safety and security of digital transactions are of paramount importance. Reserve Bank has been taking measures to improve awareness through its e-BAAT programmes and organising campaigns on safe use of digital payment modes, to avoid sharing critical personal information like PIN, OTP, passwords, etc.
2. Inspite of these initiatives, incidence of frauds continue to bedevil digital users, often using the same modus operandi users were cautioned about, such as luring them to disclose vital payment information, swapping sim cards, opening links received in messages and mails, etc. There are also cases of users being tricked into downloading spurious apps that access critical information stored on devices. It is, therefore, essential that all payment systems operators and participants – banks and non-banks – continue and reinforce efforts to spread awareness about digital safety.
3. All authorised payment systems operators and participants are hereby advised to undertake targeted multi-lingual campaigns by way of SMSs, advertisements in print and visual media, etc., to educate their users on safe and secure use of digital payments.
4. Please acknowledge receipt.

(P. Vasudevan)
Chief General Manager

Section 24 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR) – Marginal Standing Facility (MSF)

RBI/2019-20/259

June 26, 2020

1. Please refer to our circular DOR.No.Ret.BC.52/ 12.01.001/2019-20 dated March 27, 2020 on Marginal Standing Facility (MSF) Scheme.
2. As announced in the Statement of Developmental and Regulatory Policies dated March 27, 2020, the borrowing limit of scheduled banks under the MSF scheme, by dipping into the prescribed SLR, was increased from 2 per cent to 3 per cent of their Net Demand and Time Liabilities (NDTL) outstanding at the end of the second preceding fortnight with immediate effect. This relaxation was available up to June 30, 2020.
3. On a review, it has now been decided to extend this enhanced limit till September 30, 2020.
4. Banks may continue to access overnight funds under the MSF against their excess SLR holding as advised in our circular FMD.No.65/01.18.001/11-12 dated December 21, 2011.

(Dr. S K Kar)
Chief General Manager

EXIM Bank to raise $2 bn this year

Export-Import Bank of India (India EXIM Bank) plans to raise $2 billion by end of CY20, for lending and managing repayments. Managing Director David Rasquinha said the bank has enough resources to repay bonds ($500 million) maturing in August. Further, it will tap the international market H2FY21 for raising additional funds to facilitate long-term lending. India EXIM Bank, fully owned by the Union government, reported a 51 per cent rise in profit to Rs 124 crore for FY20. Its loan portfolio rose 6.23 per cent to Rs 99,446 crore in March 2020. Capital adequacy ratio improved 106 basis points (bps) to 20.13 per cent.

POPULATION GROUP-WISE NUMBER OF BRANCHES OF SCHEDULED COMMERCIAL BANKS

(Number)

Year	Rural	Semi-urban	Urban	Metropolitan	Total
1	2	3	4	5	6
1991	35206	11344	8046	5624	60220
1992	35269	11356	8279	5666	60570
1993	35389	11465	8562	5753	61169
1994	35329	11890	8745	5839	61803
1995	33004	13341	8868	7154	62367
1996	32995	13561	9086	7384	63026
1997	32915	13766	9340	7529	63550
1998	32878	13980	9597	7763	64218
1999	32857	14168	9898	8016	64939
2000	32734	14407	10052	8219	65412
2001	32562	14597	10293	8467	65919
2002	32380	14747	10477	8586	66190
2003	32303	14859	10693	8680	66535
2004	32121	15091	11000	8976	67188
2005	32082	15403	11500	9370	68355
2006	29534	16184	12166	11732	69616
2007	29658	16970	13009	12351	71988
2008	30173	18246	14232	13315	75966
2009	30821	19569	15245	14277	79912
2010	31845	21313	16621	15391	85170
2011	33315	23630	17571	16403	90919
2012	35931	26392	18811	17478	98612
2013	39199	29163	19874	18348	106584
2014	44676	32216	21515	19589	117996
2015	48140	34526	23098	20879	126643
2016	50561	36455	24395	22088	133499
2017	49844	39073	25050	26697	140664
2018	50824	39652	25351	26641	142468
2019	51507	40772	25958	27189	145426

Note : Data exclude 'Administrative Offices'.

Source :
1. For data up to 2005, Basic Statistical Returns of Scheduled Commercial Banks.
2. For data from 2006 onwards, Central Information System for Banking infrastructure (erstwhile master office file) database as on August 01, 2019.

Also see Notes on Tables.

IMPORTANT BANKING INDICATORS - REGIONAL RURAL BANKS - OUTSTANDING

(₹Crore)

Year	Deposits			Bank Credit	Investments in Approved Securities			Cash in Hand
	Demand	Time	Aggregate (2+3)		Government Securities	Other Securities	Total (6+7)	
1	2	3	4	5	6	7	8	9
1989-90	817	2998	3815	3409	5	1	6	46
1990-91	941	3619	4560	3497	9	6	15	56
1991-92	1044	4227	5271	3951	8	17	25	64
1992-93	1093	5277	6370	4451	10	37	47	74
1993-94	1394	6651	8045	5024	39	52	91	86
1994-95	2115	8733	10848	6201	459	375	834	216
1995-96	2475	10895	13370	7289	842	983	1826	177
1996-97	2947	14025	16971	8544	723	1765	2488	226
1997-98	3805	17173	20977	9687	1011	2517	3528	253
1998-99	4688	20740	25428	11016	1191	3816	5007	300
1999-00	5105	24946	30051	12663	1224	4786	6009	343
2000-01	6098	29897	35995	15211	1642	5847	7489	357
2001-02	7305	35189	42494	18033	1970	4901	6871	400
2002-03	8513	39131	47644	21359	7673	4335	12008	471
2003-04	10727	42663	53390	25057	13324	4208	17532	547
2004-05	12757	45529	58286	31651	16970	3242	20213	598
2005-06	17355	46840	64195	36050	16787	2263	19050	1155
2006-07	20003	61617	81620	48420	20249	2175	22424	1110
2007-08	21022	73390	94412	57417	23411	1976	25387	1104
2008-09	24353	89475	113828	64011	27118	2296	29414	1226
2009-10	28710	107104	135814	79016	38201	1029	39229	1434
2010-11	33663	123039	156702	94545	44262	1231	45493	1671
2011-12	34479	138914	173393	111082	47179	1580	48759	1820
2012-13	37269	159154	196422	129936	49178	1170	50348	1810
2013-14	39705	180919	220624	152051	55220	934	56154	2036
2014-15	47117	207109	254226	173972	59969	1464	61433	2045
2015-16	50916	242839	293754	197111	78822	1196	80018	2285
2016-17	65354	280219	345573	213247	112785	663	113448	2640
2017-18	211261	189198	400459	252919	135099	12306	147405	2789
2018-19	70087	355712	425799	276345	134207	524	134730	3051

Note : Data as on last Reporting Friday of March.

Source : NABARDSource : National Statistical Office (NSO), Government of India.

"People are now more tech-savvy than ever. People finds it easier to access most of the financial services through their mobile apps. Artificial intelligence is now aggressively being integrated with all the financial services product."

- Ravi Jain

Chairperson
JRK Group of Companies

How do you view the overall market scenario aftermath of Covid-19 outbreak?

Covid-19 has severely impacted the entire global economy and Indian economy is also badly affected. As the experts have recommended everywhere in the world, the only solution to covid-19 is social distancing, so we must implement it. Unprecedented measure at this point of time can save many lives. If India can stop this pandemic early and without losing many live as happened in China, the US, Italy, etc., then there's silver lining to it. The economy has the potential to bounce back very quickly. Already the stock market has corrected significantly, the direction in the coming weeks will depend on level of control on spread of pandemic. In the long-term, the Indian market is expected to erase all setbacks which we are witnessing now. Only the fittest investors will survive the current situation and they'll be rewarded with phenomenal return in the long-term.

Over the years have you witnessed any significant trend in Customer behaviour in adopting technology to buy financial products?

People are now more tech-savvy than ever. People finds it easier to access most of the financial services through their mobile apps. Artificial intelligence is now aggressively being integrated with all the financial services product. It is helps customers to save time, get right information at right time, reduce risks, and make earn higher return on their investment. People who open account with us looks for a complete range of service through mobile application. Insurance, stock investment, mutual fund investment, financial planning and everything they now want through single application in their mobile. We understand their need and we are happy to provide them the complete range of financial products related to investments and insurance on our mobile application.

How essential you view the trust factor of your consumers in the regime of falling customer confidence in financial institutions and intermediaries?

Customer's trust is the key to success of any business. The customer invests their hard-earned money through us because they have trust on us, that we'll guide them whenever they need our advice and help them to create wealth to achieve their financial goals. For us, customer's trust is paramount. We believe inunderstanding and addressing our customer's need before they realize it themselves.

"There are many investors who are face crisis like market situation, they may not get satisfied with advice from their existing service provider, so they can contact us free of cost to get the 'Second Opinion'."

Your efforts in making in Consumer literate and take informed financial decisions.

We come up with seminars and education sessions to educate our customers. We have a team of experts with vast experience in investment and insurance domain who conducts seminars at our branches at various cities in the North-Eastern region of India. We also share articles to educate our customers. Our customer gets access to our exclusive knowledge portal and blog which is full of education materials that helps them to take informed decision. We also provide instant on call support to guide our customers. Our research team provide exclusive reports through email and social media to our customers.

What is your USP in comparison to other market player?

Our USP is to provide free and exclusive access of 'Second Opinion' product to all the investors whether they our customers or not. There are many investors who are face crisis like market situation, they may not get satisfied with advice from their existing service provider, so they can contact us free of cost to get the 'Second Opinion'. Through 'Second Opinion', we have helped a large number of people without asking for any commitment to do business with us.

Recently you have launched a mobile application for easy investment in shares and mutual funds. What was the driving force behind launching the mobile application?

We had mobile application for our products earlier also, but we were looking to provide a one-point solution to our customers with integrated artificial intelligence in it. So, we launched our new mobile application that opens the gate to highly user-friendly platform with access to all the financial products at one place.

Any other future development that you would like to share?

We have already started our offices at most of the states in the eastern India, now we envisage to expand our reach to states in other directions as well.

Banks to face continued COVID-19 hit on balance sheets

Banking sector may continue to face heightened asset quality and earning pressure for at least two years, as disruption to business activity and supply chains and shrinking personal incomes damage banks' balance sheets, according to a report by Fitch Ratings. The reported performance of Indian banks for the financial year ended March 2020 does not adequately reflect the incipient stress caused by the pandemic, the rating agency said in the report titled 'Indian banks vulnerable to pandemic related stress'. "Bank balance sheets are yet to feel the impact of India's strict lockdown measures that were implemented by the government from March 25. Moreover, a meaningful short-term recovery looks unlikely, as the acceleration of new COVID-19 cases threatens the gradual reopening of the economy," it said.

The impaired loan ratios of Indian banks fell during 2019-20 in line with our expectations to 8.5 per cent in 2019-20 from 9.3 per cent in 2018-19, driven by fewer fresh impaired loans and continued write-offs. Several state-owned banks also returned to profitability due to easing credit costs, but the banking sector's return on assets was low. "Fitch expects heightened asset quality and earning pressure for at least the next two years, as disruption to business activity and supply chains, as well as shrinking personal incomes, damage banks' balance sheets," it said. Public sector banks (PSBs) were more vulnerable than private sector banks coming into the crisis, with weaker loss-absorption buffers, and appear to be shouldering a disproportionate share of the burden in bailing out affected sectors, it added.

Indian banks are likely to require at least USD 15 billion in fresh capital to meet a 10 per cent weighted average common equity tier-1 ratio under a moderate stress scenario, Fitch said. The amount would rise to about USD 58 billion in a high-stress situation where the domestic economy fails to recover from the coronavirus pandemic-related disruption. PSBs will require the bulk of the recapitalisation, as the risk of capital erosion at the state-owned banks is significantly higher than their privately-owned peers. "We expect the majority of the injection to come through in FY22, as bad loan recognition has been pushed back by a 180-day regulatory moratorium. However, a clearer picture should start to emerge from December 2020, unless the central bank agrees to a one-time loan restructuring, which would affect the timely recognition and resolution of bad loans," Fitch said.

A well-functioning banking sector is supportive of achieving sustained economic growth of 6-7 per cent, but without timely and adequate recapitalisation, banks will continue to display heightened risk aversion, adding to India's economic uncertainty, it added. Fitch expect the economy to contract by 5 per cent in the current financial year, followed by a recovery in 2021-22, but with considerable downside risk to its forecast.

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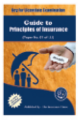
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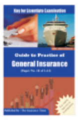
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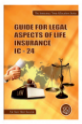
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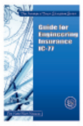
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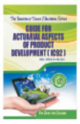
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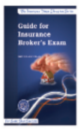
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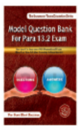
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