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From The Desk Of Editor-in-Chief

The Editorial team of Banking Finance wishes a very Happy New Year to its Subscribers, Advertisers, Authors, Printers, and all the Vendors and associates for the New Year, 2021, and may this New Year bring peace, harmony, and prosperity to all of them.

Finance Ministry has already started the Budget process for the F.Y.2021-22 during February 2021. Hopefully, this budget would be friendly to everyone as the whole economy is in distress.

The Banking Industry is undergoing significant transformational change. Covid 19 has expedited the technological adaptation. Banks are swiftly moving towards digital banking. Digital payments are also increasing at a rapid pace. Before Covid people were a little wary of adopting technology but now they have been forced to use technology which is a welcome sign.

As technology grows the instance of Cyber and Online fraud will also grow. The banks and financial institutions must be fully prepared and also start awareness campaign so that people do not fall prey to online frauds.

Banks should focus more on research and development which is an integral part of growth for any industry.

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Banking News

J&K Bank scam raids

The Enforcement Directorate conducted multiple raids in Kashmir in connection with a money laundering probe linked to alleged suspicious transactions in the J&K Bank. The central probe agency covered a total of seven locations-- six in Srinagar and one in Anantnag district-- as part of the searches conducted under the Prevention of Money Laundering Act (PMLA).

The ED said it raided Mohd Ibrahim Dar, Murtaza Enterprises, Azad Agro Traders, M&M Cottage Industries and Mohd Sultan Teli who are "involved" in the hospitality and agro-based industries, civil construction and real estate businesses.

"The searches resulted in the recovery of evidence of money laundering as the bank accounts have been found to be used for routing suspicious transactions," it said.

The ED is probing the case after studying an earlier FIR filed by the CID of the UT Police in Srinagar against officials of J&K Bank, unidentified public servants, private persons and others for suspicious transactions in various bank accounts.

The CID FIR, the ED said, alleges that bank accounts were used for routing money of public servants as well as some private parties.

Certain bank officials, in connivance with these public servants, deliberately omitted to raise the alerts as required under anti-money laundering norms, the ED said quoting the CID FIR.

The central probe agency said its probe "so far has revealed that the transactions in many of these bank accounts maintained with J&K Bank were not genuine and these accounts were utilised for the purpose of laundering."

SBI will prefer co-origination models: Chairman

SBI will prefer the co-origination model to cater to the financing needs of MSMEs and collaboration with fintechs is a good idea as it helps in assessing the risk profile of the borrower in a better manner, its chairman Dinesh Kumar Khara said.

Pointing out that the Micro, Small and Medium Enterprises (MSMEs) are constrained today in terms of cash flows, time gap in realising receivables, among others and also the level of lenders' confidence in funding them, Khara said collaborating is a better model than lending directly to MSMEs.

ADB to provide $300-mn loan for primary health care

The Asian Development Bank said it has approved USD 300 million (about Rs 2,200 crore) loan to strengthen and improve access to comprehensive primary health care in urban areas in India.The program will benefit an estimated 256 million urban residents.

The onset of the coronavirus disease (COVID-19) pandemic has put pressure and revealed weaknesses in India's health care system, said the Manila-headquartered multilateral lending agency in a release.

In response, the government launched the Pradhan Mantri Atmanirbhar Swasth Bharat Yojana (PM-ASBY) to strengthen public health systems and respond to future pandemics and other emergencies, it noted.

ADB said the Strengthening Comprehensive Primary Health Care in Urban Areas Program will support the Ayushman Bharat (the Healthy India initiative) Health and Wellness Centres (AB-HWC) and PM-ASBY to ensure equitable access to quality comprehensive primary health care services in urban areas in 13 states.

YES Bank aims to double credit card customers

Yes Bank is aiming to double its customer base in the segment in the next two years, the Head of its Credit Card Business Rajanish Prabhu has said.

Also, the bank is targeting a four-fold rise in its book value over the next two years.

"Overall credit card spends (of the industry) are back to pre-Covid levels. Some banks say 80-90%, for some it is 90%, my gut feeling is that most of this is back to normal. Some of the sectors are still slow, especially when it comes to tour and travel, where there is a recovery of about 25-30%," Rajanish Prabhu, Head - Credit Cards and Merchant Acquisition,Yes Bank told in an interview.

Indian Banks may get Rs. 12 trillion hit from Covid: Mckinsey

Global strategy consultancy firm McKinsey has estimated that banks in India could face a potential hit of Rs 12 trillion till 2024 from the fallout of the Covid-19 pandemic - with revenue foregone estimated at Rs 5.5 trillion and loan loss provisions about Rs 6.7 trillion. The crisis of 2008 came from within the financial services industry, but the current one has affected the real economy and banks are economically afflicted alongside other sectors.

Exim Bank provides $448 m to Uzbekistan

Export-Import Bank of India said it has extended a $448-million line of credit (LOC) for various infrastructure projects in Uzbekistan.

The LOC has been extended on behalf of the Indian government, Exim Bank said in a statement.

With the signing of this LOC agreement, Exim Bank has now in place 266 LOCs, covering 62 countries in Africa, Asia, Latin America, Commonwealth of Independent States and the Oceania, with credit commitments of around $26.59 billion, available for financing exports from India, it added.

The LOC of $448 million to Uzbekistan has been extended for financing various projects in the roads and transport, water and technology and communication sectors in Uzbekistan.

DBS Bank India gets Rs. 2,500 cr capital support for LVB merger

DBS Bank India Limited said it has received capital infusion of Rs. 2,500 crore from DBS Bank Limited, Singapore to support its amalgamation with Lakshmi Vilas Bank (LVB).The scheme of amalgamation came into effect on November 27, 2020. DBS Bank India said it is well-capitalized, and its capital adequacy ratios (CAR) remains above regulatory requirements after the amalgamation.

LVB under SEBI scanner for 'insider trading'

Sebi is examining Lakshmi Vilas Bank (LVB) for possible violation of disclosure norms, including insider trading rules, amid the controversy over the lender's takeover by DBS Bank India.

According to sources, the markets regulator is scrutinising the surveillance report submitted by one of the stock exchanges, which suspected unfair trade practices and even flouting of insider trading norms by certain entities close to the erstwhile management of LVB.

IT integration of Union Bank and Corporation Bank completed

Union Bank of India, said the Information Technology integration of the erstwhile Corporation Bank with the former has been completed.

"With IT Integration, all branches of erstwhile Corporation Bank (including service branches and specialised branches) have been fully integrated with Union Bank of India," UBI said in a statement.

This integration comes in the wake of the amalgamation of Corporation Bank and Andhra Bank with UBI with effect from April 1.

Kotak Bank told to not pay dividend on PNCPs

RBI has restricted private sector lender Kotak Mahindra Bank from paying dividend on perpetual non-cumulative preference shares (PNCPs).

The banking regulator had earlier this week advised banks not to make any dividend payment from the profits pertaining to the financial year ended March 31, 2020 (FY20).

The restriction on dividend distribution also applies to PNCPs, the RBI informed the bank in a communication.

India Exim Bank forecasts non-oil exports at $68.3 b in Q3

India's non-oil exports are expected to rise marginally by 0.3 per cent to $68.3 billion during October-December quarter of the current fiscal, over the corresponding quarter of the previous year, after three consecutive quarters of contraction, says Exim Bank. Non-oil exports commodities includes gems and jewellery, petroleum products, textiles and apparel.

Total merchandise exports are expected to continue to moderate to $77.6 billion in the third quarter of 2020-21, as compared to $79 billion in the corresponding quarter of the previous year, on the back of one of the steepest and continued contractions in India's oil exports, witnessed since March 2020.

These forecasts are based on Exim Bank's Export Leading Index (ELI) model. The ELI gauges the outlook for the country's exports on a quarterly basis, based on several external and domestic factors that could impact exports of the country.

India needs multiple bad banks: CII

CII said it has urged the government to consider creation of multiple bad banks to address the adverse impact of non-performing assets (NPAs) accumulated by public sector banks in the recent past, that got further accentuated during the pandemic.

The CII in its pre-budget memorandum recommended that the government consider enabling Foreign Portfolio Investors (FPIs) and Alternative Investment Funds (AIFs) to purchase NPAs.

Punjab & Sind Bank to raise up to Rs. 5,500 cr

Punjab & Sind Bank said its board has approved a proposal to raise up to Rs 5,500 crore by issuing shares on a preferential basis.

The board approval is in line with the government sanction to infuse an amount of Rs 5,500 crore in the bank towards contribution of the Centre in the preferential allotment of equity shares during FY2020-21.

The board has cleared agenda to "offer, issue, create and allot equity shares up to Rs 5,500 crore including share premium to the Government of India by way of preferential issue of equity shares", the bank said in a regulatory filing. The fund raising will help bank meet its regulatory and growth capital.

HDFC Bank appoints Sanmoy Chakrabarti its Chief Risk Officer

HDFC Bank said it has approved the appointment of Sanmoy Chakrabarti as the Chief Risk Officer (CRO) for three years. The bank's board of directors cleared the appointment of Chakrabarti, Head- Risk Management, as the CRO of the bank for a period of three years, with effect from December 14. He replaces Jimmy Tata, as part of an internal reorganization, according to the regulatory filing.

Tata will be the new Chief Credit Officer of the bank. Chakrabarti is a Master's degree holder from the Indian Statistical Institute. HDFC Bank said he has been with the bank for the last decade in the risk management department.

Previously, he has been in-charge of market risk, treasury mid-office, operational risk management and Basel credit risk functions of the bank.

Cox & Kings promoter held in YES Bank case

The Enforcement Directorate (ED) arrested Cox & Kings (CKL) promoter Ajay Ajit Peter Kerkar in connection with the YES Bank money-laundering case. The company, one of the top borrowers of the private lender, owes Rs 5,500 crore to a clutch of banks and non-banking financial institutions.

The move follows a series of arrests of CKG executives, including that of erstwhile chief financial officer (CFO) Anil Khandelwal and internal auditor Naresh Jain, in the case.

AU Small Finance Bank sells stake in Aavas Financiers for Rs. 530 crore

AU Small Finance Bank Ltd sold 35 lakh shares or 4.46% in mortgage financier Aavas Financiers Ltd for Rs. 530 crore in an open market transaction.

According to bulk deal data on BSE, AU Small Finance Bank Ltd sold 35 lakh shares or 4.46% of Aavas Financiers at Rs1,515.16 apiece, aggregating to Rs. 530.31 crore.

As per the latest shareholding pattern, AU Small Finance Bank Ltd held 4.57% in the firm.

Nomura India Investment Fund Mother Fund, SBI Life Insurance Company Ltd bought 1.15% and 0.84% stake in Aavas Financiers Ltd for Rs. 136.35 crore and Rs. 99.99 crore respectively.

Aavas Financiers, earlier known as Au Housing Finance was sold to private equity firms Kedaara Capital and Partners Group by its parent Au Small Finance Bank in 2016. Aavas listed on stock exchanges in 2018.

In August, Partners sold a Rs. 361 crore stake in the lender through a block deal. Earlier in February, Kedaara Capital had sold part of its Aavas stake for Rs. 666 crore. ❑

Reserve Bank News

RBI to conduct special audit of Srei Infrastructure

RBI is conducting a special audit of Kolkata-based lender Srei Infrastructure Finance and its subsidiary, Srei Equipment Finance. In a notification to the exchanges, the lender said, RBI has appointed an auditor to conduct a special audit in exercise of its powers under Section 45 MA (3) of the RBI Act, 1934.

Under the said section, the RBI may at any time by order conduct a special audit of the accounts of a non-banking finance company, if it is of the opinion that it is necessary so to do in the public interest or in the interest of the non-banking financial company or in the interest of the depositors of such company.

RBI Twitter handle creates record with 1million followers

RBI has become the first monetary authority in the world to have more than 1 million followers on its official Twitter handle.

Despite much less monetary firepower, the Reserve Bank of India (RBI) has beaten the world's most powerful central banks - the US Federal Reserve and the European Central Bank - on Twitter by a wide margin, emerging as the most popular central bank on the microblogging site with over 1 million followers.

As the RBI handle is followed by as many as 10,00,513 people around the world. The achievement is impressive as the 85-year-old Reserve Bank was also a latecomer to the world of Twitter as it created the account only in January 2012.

RBI central board reviews current economic situation

The central board of the Reserve Bank, reviewed the current economic situation in the backdrop of global and domestic challenges and various areas of operations of the RBI, including the customer education initiatives and resolution of customer complaints.

The board meeting, chaired by Governor Shaktikanta Das, noted the change in the bank's Financial Year from July-June to April-March, and the changes in the unit of presentation from millions / billions to lakh / crore, the central bank said in a statement.

In its February 2020 meeting, the central board had recommended aligning the financial year of the RBI, currently July-June, with the government's fiscal year (April-March) from the year 2020-21.

The 16-member board, also discussed the draft Report on Trend and Progress of Banking in India, 2019-20.

RBI circular on foreign law firms

The RBI asked banks not to approve any proposal of foreign law firms to open a branch office, project office or liaison office in the country under FEMA for the purpose of practicing legal profession.

The RBI has issued a circular in this regard in view of a Supreme Court order wherein the apex court held that advocates enrolled under the Advocates Act, 1961 alone are entitled to practice law in India and foreign law firms or foreign lawyers cannot practice the profession of law.

"... banks are directed not to grant any approval to any branch office, project office, liaison office or other place of business in India under FEMA for the purpose of practicing legal profession in India," the RBI said.

Further, "they shall bring to the notice of the Reserve Bank in case any such violation of the provisions of the Advocates Act comes to their notice", it added.

The RBI in October 2015 had advised banks not to grant fresh permissions or renew permissions already granted to any foreign law firm for opening of liaison office in India till the policy in this regard is reviewed based on, among others, final disposal of the matter by the Supreme Court.

The Supreme Court, it said, while disposing of the case, held that advocates enrolled under the Advocates Act, 1961 alone are entitled to practice law in India and that foreign law firms/companies or foreign lawyers cannot practice the profession of law in India.

As such, foreign law firms/companies or foreign lawyers or any other person resident outside India, "are not permitted" to establish any branch office, project office, liaison office or other place of business in India for the purpose of practicing legal profession, the circular said.

RBI rejects muthoot finance's proposal to acquire IDBI AMC

The Reserve Bank has rejected Kerala-based Muthoot Finance's proposal to acquire IDBI Asset Management Company (AMC).

In a notification to the exchanges, Muthoot Finance said its request for a no-objection certificate was not acceded to by the RBI on the ground that, "the activity of sponsoring a mutual fund (MF) or owning an AMC was not in consonance with the activity of operating a non-banking financial company (NBFC)".

Consequently, Muthoot informed the Securities and Exchange Board of India that it was unable to proceed with the proposed transaction.

The Kerala-based gold loan NBFC, in November 2019, had signed a share purchase agreement to acquire IDBI Asset Management and IDBI MF Trustee Company for a consideration of around Rs 215 crore. Through this acquisition Muthoot was planning to enter the MF asset management space.

According to the agreement, Muthoot Finance would have acquired 100 per cent equity shares of IDBI Asset Management held by IDBI Bank and its nominees and IDBI Capital Markets & Securities, and 100 per cent equity shares of IDBI MF Trustee Company held by IDBI Bank and its nominees, subject to receipt of regulatory approvals.

IDBI Bank had to sell its MF arm after being acquired by state-owned insurance behemoth Life Insurance Corporation (LIC) of India since LIC already had an AMC. The fund house runs 22 schemes with a robust asset base across products, geography, and investors. Global rating agency Moody's Investor Service said Muthoot had robust profitability, which would help it maintain capitalisation and funding at the current strong levels.

RBI cancels licence of Karad Janata Sahakari Bank

The Reserve Bank has canceled the licence of Karad Janata Sahakari Bank to conduct banking business citing that the bank does not have adequate finance. This means that the bank is prohibited from taking any deposit or making any repayment.

The central bank also requested the Commissioner for Cooperation Registrar of Cooperative Societies, Maharashtra to issue an order for winding up the bank and appoint a liquidator for it.

However, the RBI said, the process of paying the depositors of the bank will be set in motion. This means, on liquidation, every depositor will receive up to Rs. 5 lakh from the Deposit Insurance and Credit Guarantee Corporation as per usual terms and conditions. More than 99% of the depositors of the bank will get full payment of their deposits from DICGC.

IBA asks RBI to extend loan recast window

Indian Banks Association (IBA) has made a representation to the RBI to extend the restructuring window outlined by the KV Kamath committee by another three months to March 31, 2021, two people familiar with the development said. The window to seek restructuring is set to lapse on December 31.

Consumer confidence remained low in Nov: RBI survey

Consumer confidence remained very low in November 2020 compared to a year ago, as reflected in the Current Situation Index (CSI), as per Reserve Bank of India's (RBI) Consumer Confidence Survey.

The weak confidence is attributable to consumer sentiments on the general economic situation, employment scenario, price levels and household incomes, according to the central bank.

The November 2020 CSI reading came in at 52.3 against 85.7 in November 2019.

The latest CSI reading, however, showed a marginal improvement over the all-time low of 49.9 recorded in the previous (September 2020) round.

Households remain optimistic of the situation one year ahead, with the Future Expectations Index (FEI) remaining in growth terrain at 115.9, against 114.5 in the November 2019 round.

The latest FEI reading is flat vis-a-vis the previous (September 2020) round.

Respondents reported higher essential and overall spending, though discretionary expenditure contracted; non-essential spending is expected to contract further in the coming year.

RBI appoints three executive directors

The Reserve Bank has appointed R Subramanian, RS Ratho and Rohit Jain as executive directors.

In the new role, Subramanian will look after foreign exchange department, financial markets regulation department, internal debt management and international department, a statement from RBI said. Prior to being promoted as executive director, he was Chief General Manager-in-Charge, Enforcement Department.

RBI said Ratho will look after financial markets operations department, department of external investments and operations, legal department and secretary's department. Before this promotion, Ratho was Chief General Manager, Financial Markets Operations Department.

Jain will look after Department of Supervision (Risk, Analytics and Vulnerability Assessment). Earlier, he was Chief General Manager-in-Charge of the supervision department.

RBI, DBS want merger matters transferred to one location

The Reserve Bank of India and DBS Bank are planning to move the Supreme Court seeking for a transfer of all the matters related to merger of Lakshmi Vilas Bank with DBS Bank India to one location. Currently, petitions challenging the merger were filed in four different high courts.

Indian Economy exhibits strong growth outlook

Reserve Bank of India governor Shaktikanta Das said that the Indian economy has exhibited stronger than expected pick-up and the growth outlook has improved but cautioned over the need to be watchful over downside risks of a fresh surge in infections, the sustainability of demand after festivals and a possible reassessment by markets around vaccine expectations.

The governor's statement comes at a time when forecasters are revising the GDP decline numbers for the second quarter, given the rebound in economic activity. SBI group chief economist Soumya Kanti Ghosh said in a report that he now expects the economy to shrink by 10.7% in the September quarter, against the earlier forecast of 12.5%. RBI had estimated an 8.6% contraction in the second quarter, which will mean that India slipped into technical recession due to two consecutive quarters of a fall in economic activity.

The government is due to release second quarter GDP numbers.

At a Foreign Exchange Dealers Association of India event, Das said that after a sharp contraction of 23.9% during the June-quarter, there was "multispeed normalisation of activity" in the second quarter. "The Indian economy has exhibited stronger than expected pick-up in the momentum of recovery.

The global economy has also witnessed a stronger than expected rebound in activity in Q3. The IMF has accordingly revised its assessment for global growth in 2020 to a less severe contraction than what was assessed in June 2020," said Das.

Central Govt may ease inflation target for RBI

The government is considering recommending a looser inflation target for the central bank, allowing it to focus more on economic growth despite price pressures, according to people familiar with the matter.

A consumer-price inflation band tracked by the RBI may be relaxed further from the 2-6% range, said the people, who asked not to be identified citing rules. The government still needs to hold consultations with the central bank before finalising a new framework sometime next year.

The current mandate, set in 2016, requires the RBI to keep headline inflation at the 4% midpoint of its target range. The band - a broad range of 400 basis points (100bps = 1percentage point) within which the central bank has sanction to operate - is the widest in Asia, and only matched by Turkey and surpassed by Argentina. Sovereign bonds advanced for the first time in three days.

The finance ministry is of the view that the RBI can't be saddled with a rigid inflation targeting framework, especially in situations when growth needs to be pushed, the people said. A finance ministry spokesperson declined to comment, while the RBI didn't immediately respond to an email seeking comment. ❑

Industry News

NTPC offers to buy back bonds worth Rs. 4,000 cr

NTPC Limited has offered to buy back its masala bonds due in August 2021 and May 2022. In a statement to the BSE, NTPC said that it is proposing a cash tender offer for rupee bonds worth Rs. 4,000 crores that have been issued by the company in two tranches of Rs. 2,000 crore each during August 2016 and May 2017. Both these bonds are payable in US dollars.

The bonds due on August 10, 2021 were issued at a coupon rate of 7.375 per cent notes while those due on May 3, 2022 were at a coupon rate of 7.25 per cent.

Both these notes are currently listed on Singapore Exchange Securities Trading Limited (SGXST), the NSE IFSC Limited (NSE IFSC) and the India International Exchange (IFSC) Limited (India INX)..

Prasad: E-manufacturing can contribute $1 trillion to GDP

Communications and IT Minister Ravi Shankar Prasad said scaling up of electronic manufacturing in the country can alone contribute $1 trillion to the economy.

The government has seen interest from global majors like Apple, Samsung and their contract manufacturers to scale up production in India.

"I don't have slightest doubt that by proper scaling of electronic manufacturing alone, we will be able to contribute **$**1 trillion to the country's kitty and that is what I am aiming for and that's what we are sure to succeed," Prasad said at an Assocham event.

SEBI plans to relax holding limit to 15%

Promoters of listed companies whose shareholding falls below 15 per cent and those who do not play any role in the dayto-day management may get to opt out of the 'promoter' category. SEBI put out a public consultation paper for proposing changes to the minimum threshold for voting rights for reclassification of a promoter as a public shareholder and suggested all promoter entities disclose shareholding even in the case of 'nil' holding.

'NBFCs' asset quality vulnerable

Asset quality at non-bank lenders IIFL Finance and Indiabulls Housing Finance is "vulnerable" due to the economic contraction, global ratings agency Moody's Investors Service said. The agency said Muthoot Finance - the third non-bank finance company it rates - is better positioned because of its focus on the gold loans business. A modest loan growth and loan sales will help IIFL and Indiabulls maintain capitalisation despite the weakening of profitability, which will be hurt by credit costs for the loan losses, it noted. Funding to NBFCs, which had been impacted in the past after the IL&FS crisis, has been stable courtesy portfolio buying by the state-ownedlenders to meet their priority sector lending mandates, it said, adding that Indiabulls will continue to face challenges on funding despite this.

I-T dept to reject tax audit reports filed without ICAI authentication

Tax audit reports filed by businesses risks getting rejected by the Income Tax department if they are not authenticated by the Institute of Chartered Accountants (ICAI).

The tax department said that the income tax e-filing portal has been linked with ICAI's portal for validating the unique identification numbers (UIDN) chartered accountants generate for documents attested by them.

India extends lead over China in sovereign fund flow

India has quietly replaced China as the most sought after destination for global sovereign wealth funds investment in the private sector - a sign of the country's growing attraction for investors.

According to data by New York-based Global SWF, which tracks over 400 sovereign wealth funds, in the year 2020 to date, these funds deployed capital worth a record $14.8 billion in India, which is nearly three times more than what they have put in China ($4.5 billion).

CCI looks at pharma to unlock competition

The Competition Commission of India (CCI) has launched a study to identify and address anti-competitive practices in the pharmaceutical sector as the country grapples with the Covid-19 pandemic that has accelerated household spending on health care.

Ashok Gupta, chairperson of the CCI, told that identifying mechanisms that lock competition in the pharmaceutical markets and addressing them through proper instruments becomes all the more important during a pandemic.

While the Covid-19 pandemic made the study more pertinent, the CCI decided to launch it in the light of the huge number of cases relating to trade practices in the sector.

The study will capture the role of trade associations and e-pharmacies in the distribution chain and whether it is distorting markets and competition in the sector. "Our years of enforcement has shown us that certain industry practices in the pharmaceutical sector do not allow markets to work effectively and healthy competition to drive the market outcomes in the form of low prices and reliable quality," the CCI chairperson said.

Invest in IPOs via app

Paytm Money users can now invest in IPOs through the app. Investors can instantly apply for all the latest IPOs and make fund transfers using UPI ID, linked to their bank accounts to quickly complete the application process. The platform offers a seamless interface to make changes, cancel or reapply the bidding application within the IPO window. It also offers features such as tracking upcoming IPOs, viewing company history and details, downloading prospectus, and also checking the performance of past IPOs. This service is available on both the Paytm Money app and website.

Govt to sell up to 28% in IRCTC

The government is planning to sell up to 20% stake in Indian Railway Catering and Tourism Corporation Ltd. through an offer-for-sale which opens for subscription. Govt. would divest 15% equity with a 5% green shoe option," Department of Investment and Public Asset Management Secretary Tuhin Kanta Pandey said in a tweet.

Non-banks will see assets grow in FY22 only, says Crisil

Assets of India's non-bank financiers are expected to shrink for the first time in two decades in the current financial year, rating agency Crisil said, adding an expansion is likely only in FY22. Crisil expects loan growth for NBFCs in FY 22 to be subdued at 5-6%.

Will meet $1-trilion export target by 2025: Goyal

India is on track to achieve the $1-trillion export target by 2025, said Commerce and Industry Minister Piyush Goyal at the Board of Trade meeting where the government and industry deliberated on measures to boost exports, manufacturing and the new foreign trade policy.

Industry urged the government to operationalise the new export credit insurance scheme, expand the production-linked incentive (PLI) scheme, announce the duty remission rates at the earliest and sign free-trade pacts with the US, the EU and the UK to offset the impact of not joining the Regional Cooperation of Economic Partnership (RCEP).

Target to build roads worth Rs. 25 trillion: Gadkari

The government has taken multiple steps to attract investments in the infrastructure sector, including revising asset monetisation models and setting up special purpose vehicles for the Rs 1 lakh crore Delhi-Mumbai corridor project, Union Minister Nitin Gadkari said.

The road transport, highways and MSME minister also said road projects worth Rs 25 lakh crore will be built as part of the Rs 100 lakh crore infrastructure building programme announced by Prime Minister Narendra Modi.

Over 163,000 GST registrations revoked for return filing defaults

Goods and Services Tax (GST) authorities have cancelled 1,63,042 GST registrations in October and November for defaulting on filing monthly tax returns for more than six months, said a government official.

Besides, 28,635 other taxpayers have been identified for cancellation of registration for defaulting on filing monthly returns for more than six months as on 1 December, the official said.

The strict action for not filing returns showing monthly summary of transactions (return form 3B) is taken as part of a drive to improve tax compliance amid a sharp decline in tax receipts.

India 21 GDP may grow fastest in Asia, says Nomura

India could well be the fastest-growing Asian economy in calendar year 2021 (CY21) according to Nomura's forecasts. The foreign research and brokerage house expects the Indian economy - as measured by gross domestic product (GDP) - to grow at 9.9 per cent in 2021, eclipsing China (2021 GDP growth pegged at 9 per cent) and Singapore (at 7.5 per cent) during this period.

Nomura has turned positive on India's cyclical outlook for 2021, and believes the country is on the cusp of a cyclical recovery.

Foreign direct investment equity inflows cross $500 billion milestone

Foreign direct investment (FDI) equity inflows into India crossed the USD 500 billion milestone during April 2000 to September 2020 period, firmly establishing the country's credentials as a safe and key investment destination in the world.

According to the data of the Department for Promotion of Industry and Internal Trade (DPIIT), the inflows during the period stood at USD 500.12 billion.

NBFCs set to be scrutinised on basis of scale

In an attempt to enhance the oversight of regulated entities, the Reserve Bank of India will use scale-based approach factors in systemic risk contribution while regulating non-banking financial companies (NBFCs).

BSE launches e-agricultural spot market platform

BSE said it has launched an electronic spot platform for agricultural commodities. The platform-- BSE e-agricultural Markets Ltd --- will function as a national level, institutionalized, electronic, transparent commodity spot trading platform in line with the prime minister's vision to create a "single market", BSE said in a statement. In addition, the platform would facilitate spot agricultural commodities transactions across value chain consisting of producers, intermediaries, ancillary services and consumers.

Northern Arc to boost direct lending business

Northern Arc Capital, a nonbanking finance company (NBFC) that provides access to debt for under-banked individuals and enterprises in India, plans to strengthen its direct lending business to focus on small business loans (SBL), consumer loans, micro finance and mid-market lending to emerging enterprises.

"Over the last six months, we had a sizeable disbursement on this (direct lending) book. In fact, on a cumulative basis, we have close to five lakh loans that have been disbursed through this platform, of which we have done close to three lakh loans in the last few quarters. So, there has been a reasonable amount of traction in Q2," Bama Balakrishnan, COO, Northern Arc, told.

Northern Arc creates a platform to connect millions of borrowers to mainstream debt investors through a combination of capital, products and partnerships. It has structured several innovative products in the Indian market, including Multi-Originator Securitisation (MosecTM), covered bond, and pooled loan/bond issuance.

SEBI panel moots raising minimum net worth criteria for BSE brokers to Rs. 1 crore

The Secondary Markets Advisory Committee (SMAC), appointed by market regulator SEBI, has agreed on a number of proposals including raising the capital adequacy ratio of a stockbroker from around Rs. 50 lakh (base minimum capital) to Rs. 1 crore, hiking the minimum net worth criteria for stockbrokers to Rs. 1 crore from Rs. 10 lakh on the BSE, and upping the net worth of trading-cum-clearing members to Rs. 25 crore.

It has been nearly a decade that SEBI has kept the networth criteria for brokers so low. The regulator now believes that it should be hiked so that there is some check on the quality of brokers being given registration. Also, SEBI will hike both capital adequacy and net worth of a broker further and link it with the maximum leverage they can be given.

The committee, which met, was divided over reducing the settlement cycle to T+1 as foreign portfolio investors (FPIs) are strongly against the move.

Simply put, if you bought or sold stocks today, the settlement involving final money payment and transfer of shares is now done on the third day. For a few months now, SEBI has been deliberating on the idea of cutting down the settlement cycle to early morning of the next day of the trade.

FPIs told SEBI that they would face practical issues with a T+1 settlement cycle as they operate across multiple time zones and their custodians may not be able to handle settlements since the person in one time zone may be asleep when traders in India are punching orders.

SEBI discussed the issue of faster trade settlement with the SMAC, which comprises members from stock exchanges, brokers and FPIs. The SMAC was divided in its opinion on the issue, the sources said.

But the market regulator is set to raise the minimum net worth criteria for stock brokers to Rs. 1 crore from Rs. 10 lakh on the

GSTN launches facility to ease communication for taxpayers

GST Network (GSTN) has added a new feature "Communications between taxpayers" on its portal. The new functionality will provide communication platform for taxpayers wherein a recipient/purchaser can ask his supplier/s to upload any particular invoice/s that has not been uploaded but is required by the recipient to avail input tax credit (ITC), an official release said.

According to GSTN, now, the recipient of goods can communicate with his supplier on GSTN portal about invoice uploading or any deficiency therein. Also, the supplier can send reply to his recipient through the same facility. Similarly, supplier can also send notification to his recipient about any document uploaded in outward supply statement filed in Form GSTR-1. GSTN said that whenever a communication is sent by a taxpayer to his counterpart, intimation by GSTN would also be sent to such counterparts through email and SMS on mobile phone.

This facility is expected to help taxpayers in reconciliation of invoices.

NSE expels 'defaulter' Karvy stock broking

A year after an investigation by the National Stock Exchange (NSE) blew the lid of the Karvy Stock Broking Ltd (KSBL) demat scam, the stock exchange has now declared the Hyderabad-based broking firm as a defaulter and expelled it from its membership.

NSE said in a release that it has expelled KSBL from the exchange membership under Rules 1 and 2 of Chapter IV of the NSEIL Rules and also declared it a defaulter under provision 1(a) of Chapter XII of the exchange bye laws.

The declaration as defaulter and expulsion from membership is effective after close of market hours on November 23, NSE said in the release.

Coal India plans to invest Rs. 5,650 cr in solar power projects

Coal India said it plans to set up 14 rooftop and ground-mounted solar power projects of 3,000 Mw capacity by 2023-24, which will entail an investment of Rs 5,650 crore.

Coal India (CIL) is mandated by the coal ministry to become a net zero carbon company. Solar power initiative is a part of CIL's diversification plans, the PSU said in a filing to BSE.

The likely investment would be around Rs 5,650 crore, it said.

While Rs 3,650 crore is planned to be invested through CIL's capex, till '2023-24, the rest would be met through joint venture models that the company intends to pursue for this initiative.

Cashfree raises $35.3 million funding

Bengaluru-based fintech startup Cashfree has raised $35.3 million as part of its Series B funding round. The investment was led by growth stage financial services investor, Apis Growth Fund II, with participation from existing investor Y Combinator.

The company will use the fresh capital to further scale Cashfree's payments offering, develop new product verticals and make strategic investments.

The investment comes at a time when Cashfree's rapid growth has accelerated with rising e-commerce penetration by increasing adoption of Indian businesses and consumers. "This investment is an endorsement of Cashfree's platform as well as our vision to empower customers and businesses with the latest payments tools," said Akash Sinha, CEO and co-founder of Cashfree. ❑

Mutual Fund News

UTI MF's small-cap fund

UTI Mutual Fund will launch a new offer on small cap fund which will be open for subscription till December 16. Minimum initial investment is Rs. 5,000 and additional purchase of Rs. 1,000. Exit load of one per cent will be charged if units are sold before one year of allotment.

The scheme aims is to generate long term capital appreciation by investing predominantly in equity and equity-related securities of small cap companies.

Ankit Agarwal, Fund Manager, said the fund will invest in companies that have scalable business models, seasoned management and generate high return on invested capital. "We have a 360 degree risk assessment framework to mitigate the underlying risks and is aligned to gain from small cap and select mid-cap companies having growth opportunities," he added.

New mutual funds rules in 2021

Sebi has introduced some measures which will be effective in the New Year. Some of these changes will come into effect from January 1, 2021 itself. Here's the list:

Change in portfolio allocation rules for multi cap equity mutual funds

Sebi, in September, tweaked the portfolio allocation rules for multi cap equity mutual fund schemes. These new rules will become effective from next year. According to the new rules laid down by Sebi, a multi cap mutual fund scheme will have to invest at least 75% in equities. Also, going forward, these schemes will have to invest at least 25% each in large-, mid-, and small-cap stocks. Currently there is no such allocation restriction and fund managers can invest across the market cap as per their own choice. At present the minimum equity allocation must be 65%.

Sebi had provided time till January 31, 2021 to mutual fund houses to comply with the latest rules, within one month from the date of publishing the next list of stocks by AMFI.

Following concern in the industry, Sebi later introduced a new mutual fund category called, flexi cap fund which is required to invest at least 65% of the corpus in equity with no restrictions on investing in large-, mid- or small-cap company stocks. Some AMCs have already reclassified their multi cap schemes to flexi cap category to avoid any change in investment management of the fund.

Change in NAV calculation

From January 1, investors will get the purchase NAV of the day when investor's money reach the AMC, irrespective of the size of the investments. "It has been decided that in respect of purchase of units of mutual fund schemes (except liquid and overnight schemes), closing NAV of the day shall be applicable on which the funds are available for utilization irrespective of the size and time of receipt of such application," said the Sebi circular issued in September. The new NAV rules will not be applicable to liquid and overnight funds.

Under current rules, the NAV of the same day is considered for purchases of less than ?2 lakh, even if the money does not reach the asset management company (AMC), but the order is placed within the cut-off time.

New Riskometer tool

Sebi introduced a fresh category of 'very high' risk on its riskometer tool for investors to make better decisions with high risk mutual funds. It replaces the old model based simply on a scheme's category without adequately considering its actual portfolio. The new riskometer will become effective from January 1, 2021. Risk-o-meter shall be evaluated on a monthly basis and AMCs shall disclose the Risk-o-meter along with portfolio disclosure for all their schemes on their website and on AMFI website within 10 days from the close of each month.

Renaming of dividend option

Effective April 2021, mutual funds will have to rename dividend options as income distribution cum capital withdrawal.

Inter-scheme transfers

From 1 Jan, 2021, inter-scheme transfer in close-ended funds can only be done within 3 business days of the allotment of the scheme's units to investors and not thereafter. Sebi came out with a circular in October. Inter scheme transfers involve shifting of debt papers from one mutual fund scheme to another. Under existing rules, Sebi only requires that such ISTs be done at market prices and that the transfer should be in conformity with the investment objective of the recipient scheme.

'Debt funds, no substitute for fixed deposit'

Retail investors need to be educated on the risk dimension it carries, says SEBI's Mahalingam

Asserting that "debt funds" are no substitute for "fixed deposits" in a bank, capital market regulator SEBI on Monday said that perception of "debt funds" need to be looked from investor education now.

Addressing an NCAER organised workshop on "Investor Education and Protection in the Securities Markets", Mahalingam said that debt funds are far removed from a fixed deposit, and it should be driven into the minds of retail investors that debt funds carry with themselves a risk dimension and they are not a substitute of fixed deposits. This is yet not driven home at all. All regulators and government must come together to sensitise retail investors that anything instrument they get into the capital market is fraught with risk, Mahalingam said.

His remarks are significant in the backdrop of the Franklin Templeton Mutual Fund case that had grabbed headlines in the recent months due to the fund house winding up six debt mutual fund schemes without the unit holders consent. Franklin Templeton Mutual Fund had closed six debt mutual fund schemes on April 23, citing redemption pressure and lack of liquidity in the bond market.

Mahalingam noted that "debt funds" have so far been marketed to retail investors as a substitute for "fixed deposit" in a bank.

On the way ahead, Mahalingam said that entire investor education needed to be woven around "Safety, Liquidity and Returns" (in the particular order itself). "Let not the order be reversed to return, liquidity and safety. Unfortunately, we find many investors go through return, liquidity and safety to forget the safety of their investments completely. That's a reason why many investors get caught in Ponzi schemes, fly by night operators and all that. If misselling has to be avoided in the system, then the order has to be Safety, Liquidity and Return", he said.

SEBI Appoints Ex-CEC as Observer for E-voting in Franklin Templeton Funds

SEBI has appointed former Chief Election Commissioner (CEC) Taruvai Subayya Krishnamurthy as the observer for the e-voting process of unit holders of six shut schemes of Franklin Templeton Mutual Fund.

A SEBI statement said the appointment was made on December 18, 2020, for the e-voting process scheduled from December 26 to 29.

The capital market regulator also constituted a technical assistance team to assist the observer comprising of B.N. Sahoo, Chief General Manager, SEBI; Nayana Ovalekar, Chief Operating Officer of Central Depository Services Limited; K. Sriram , Practising Company Secretary and Scrutiniser; M. Krishna and Ch. E. Sai Prasad, Assistant Directors of the Central Forensic Science Laboratory, Hyderabad.

Franklin Templeton have come up with a statement on the appointment of the observer and the assisting team along with contact details of the observer.

2020 ends in positive for mutual funds

Most of the year, equities, except for a few sectors remained hurt due to pandemic coronavirus. Equity mutual funds disappointed the investors, who in panic, preferred to redeem their money. Equity mutual funds saw record breaking monthly outflows this year as investors started to lose hope after over two years of under performance by the equity schemes. However, as we came closer to the end of this year, positive news about development of covid vaccines cheered equities soon. In fact the major stock market indices broke their records to reach all time high levels in 2020.

Mid and small cap mutual funds which were laggards at the beginning of the year, bounced back to become the best performing categories across equity mutual funds at the end of the year. Some analysts believe the next year, 2021 will be the year for mid and small caps to outshine the stock markets.

Mutual fund investors who showed patience and continued with their investments, earned decent returns as the stock markets soared. 86% of the equity schemes ended the year with double digit returns. Equity mutual funds rose as high as up to 76% in the year about to end soon. Quant Small Cap Fund topped the chart with 76% returns in 2020, followed by BOI AXA Small Cap Fund (52%) and PGIM India Midcap Opportunities (49%).

Here is a list of top three mutual funds which were one year toppers in large cap, mid cap, small cap, large & mid cap, multi cap and tax saving or ELSS fund categories. Schemes holding assets below Rs. 100 crore were not considered.

Fund Name, 1-Yr Return, Net Assets (Rs. crore)

Large Cap Funds

Canara Robeco Bluechip Equity Fund, 20.74%, 1,122

Axis Bluechip Fund, 17.11%, 20,480

UTI Mastershare Fund, 16.49%, 7,008

Large & Mid Cap Funds

Canara Robeco Emerging Equities Fund, 23.44%, 6,880

Axis Growth Opportunities Fund, 22.87%, 1,907

Union Large & Midcap Fund, 21.85%, 209

Mid Cap Funds

PGIM India Midcap Opportunities Fund, 49.13%, 471

UTI Mid Cap Fund, 32.50%, 4,491

SBI Magnum Midcap Fund, 28.92%, 4,113

Small Cap Funds

Canara Robeco Small Cap Fund, 40.79%, 572

Principal Small Cap Fund, 37.02%, 238

Edelweiss Small Cap Fund, 34.44%, 585

Multi Cap Funds

PGIM India Diversified Equity Fund, 34.52%, 398

Parag Parikh Long Term Equity Fund, 30.51%, 5,757

UTI Equity Fund, 29.28%, 13,546

Tax Saving or ELSS Funds

BOI AXA Tax Advantage Fund, 30.01%, 351

Canara Robeco Equity Tax Saver Fund, 24.75%, 1,333

Mirae Asset Tax Saver Fund, 19.83%, 5,044

ICICI Pru Mutual Fund launches Business Cycle Fund : Five things to know

ICICI Prudential Mutual Fund has launched a new fund offer of ICICI Prudential Business Cycle Fund, an open-ended equity scheme which aims to provide long term wealth creation by investing in equity and equity related securities with focus on riding business cycles through dynamic allocation between various sectors/ themes/ market caps, based on prevailing business cycle. The scheme will follow a top down approach to investing and will invest across market capitalization. Here are the five things to know about the NFO of ICICI Pru Business Cycle Fund:

The NFO of ICICI Prudential Business Cycle Fund will open December 29, 2020 and closes on January 12, 2021.

Axis MF changes multicap fund to flexicap

Axis Mutual Fund has renamed existing multi cap fund to the newly formed Flexi Cap category keeping in line with its current product positioning.

The open ended dynamic equity scheme invests across large, mid, and small cap stocks to facilitate capital appreciation over medium to long term. The change in name will be effective from January 30, said the fund house.

As part of scheme categorisation and make it true to label, Sebi had insisted that multicap funds should invest 25 per cent each in small, mid and large cap stocks. This has unsettled most multicap schemes as their investment's were tilted towards large cap stocks.

Following the industry representation, SEBI in November introduced a new category of equity oriented schemes named flexicap.

Axis Flexi Cap scheme, moving to the new category will continue to adopt a flexible approach to allocation and not be constrained by market cap restrictions.

After the revision, Axis Flexicap Fund will invest minimum 65 per cent to maximum 100 per cent in equity and equity related investments, maximum 35 per cent in debt and money market investments and maximum 10 per cent in units issued by REITs & InvITs. Furthermore, the scheme shall invest in debt instruments having structured obligations/credit enhancement as per limit prescribed by Sebi. Not more than 20 per cent of the net assets of the Axis Flexicap Fund can be deployed in stock lending as per the current provisions.

"We have been successfully managing this fund over the last three years and we believe that this change allows existing and prospective investors to participate in the strategy in the best manner," said the fund house.❑

Co-Operative Bank News

MCDCC Bank Launches Bharat Bill Pay App

Mysore and Chamarajanagar District Cooperative Central (MCDCC) Bank has released 'Bharat Bill Pay App'. G.D. Harish Gowda, Chairman of MCDCC Bank, released it at a function. Bank customers can download Bharat Bill Pay app in their mobile phone and can pay electricity and water bill and tax online.

They can have information on transaction of their account and transfer money to other accounts with ease. The App would put the brakes on visiting various offices to clear the bills and save time. Since there is security for online transaction, the customers can use facilities with ease, the release said.

HC permits Navodaya Bank to operate accounts with conditions

The Nagpur bench of Bombay High Court has permitted the controversial Navodaya Urban Cooperative Bank Limited to operate its accounts in various banks. After the alleged misappropriation of over Rs 38.75 crore surfaced in the bank, the state home department had frozen its accounts.

The Sakkardara-based bank through its Board of Liquidators had earlier challenged the government's move in lower court where the additional sessions judge rejected its application on September 30. This order was later challenged by the petitioner in high court.

While allowing the bank's plea, justice Swapna Joshi permitted its board of liquidators to operate the accounts with certain riders. "The petitioner should submit a report in respect of the expenses to be incurred by the bank in future. The monthly report of all expenses should be furnished before the crime branch inspector here every first week of the month," the judge added. The board, however, is restrained from using the bank accounts for any other expenses except those stated in the list.

According to petitioner's counsel SS Ghate, after embezzlement was detected in the bank, proceedings under the Maharashtra Protection of Interest of Depositors - MPID - In Financial Establishments) Act, 1999 were initiated.

RBI cancels licence of Maharashtra-based Subhadra Local Area Bank

RBI on December 24 said it has cancelled the banking licence issued to Subhadra Local Area Bank Ltd, Kolhapur, citing problems in the way the bank was run.

The licence has been cancelled under Section 22 (4) of the Banking Regulation Act, 1949 and the order is made effective from close of business on December 24, 2020, the RBI said.

Explaining the action, the RBI said the cancellation is on account of the fact that the affairs of the Subhadra Bank were conducted in a manner detrimental to the interests of its present and future depositors.

Public interest would be adversely affected if it is allowed to continue to do the business in the manner in which it is functioning, the RBI said.

Further, the general character of the management is considered prejudicial to the interest of the present and future depositors and the bank had breached the minimum net worth requirement for two quarters in the financial year 2019-20, the RBI said.

"Consequent to the cancellation of the licence, Subhadra Local Area Bank Ltd is prohibited from conducting the business of 'banking' as defined in Section 5(b) or any additional business envisaged under Section 6 of the Banking Regulation Act, 1949, with immediate effect," the RBI said in a release.

The RBI will make an application for winding up before the High Court. Subhadra Local Area Bank Ltd has enough liquidity to pay all its depositors, the RBI said.

On liquidation, every depositor is entitled to repayment of his/her deposits up to a monetary ceiling of Rs 5,00,000 from the Deposit Insurance and Credit Guarantee Corporation (DICGC) as per usual terms and conditions.

More than 99 per cent of the depositors of the Karad bank will get full payment of their deposits from DICGC, the RBI said.

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Bharat Co-op Bank's business falls by Rs 1000 crore

Mumbai based Multi-State Scheduled Bank-Bharat Cooperative Bank's total business has fallen by over Rs 1k crore and net profit by around Rs 39 crore in the 2019-20 financial year. Besides the Net NPA and Gross NPA also rose in comparison to previous year.

Due to the direction imposed by the RBI in the month of September, 2019 and due to the Covid-19 Pandemic, the bank faced problems like a reduction in business growth, deposits and advances, the bank statement reads.

During the FY 2019-20, deposits of the bank decreased from Rs 11,882 crore to Rs 11,529 crore i.e. decreased by 2.97 percent whereas advances of the bank declined from Rs 8,575 crore to Rs 7,853 crore i.e. decreased by 8.42 percent. The total business of the bank goes down from Rs 20,457 crore to Rs 19,382 crore in 2019-20 FY, according to financial figures published in the Annual Report.

The Gross NPA increased from 6.76 percent to 7.43 percent whereas Net NPA rose from 3.92 percent to 4.69 percent of net advances as on 31st March 2020. The Net profit of the bank decreased from Rs 97.16 crore to Rs 58.87 crore. Higher provision during the year has affected the net profit of the bank, financial report says.

Besides, the reserves increased from Rs 924 crore to Rs 953 crore. The CRAR of the bank is 13.81 percent as on 31st March 2020.

Shivajirao Bhosale Co-op Bank faces liquidation

Maharashtra's Co-operative Department has sent a proposal to RBI seeking liquidation of the Shivajirao Bhosale Co-operative Bank, reports a news outlet.

If RBI accepts the proposal, this will ensure the return of the minimum deposit of Rs 5 lakh to bank's depositors. Cooperative dept is quoted saying those who have invested more than Rs 5 lakh will receive at least Rs 5 lakh.

As many as 71,000 investors have invested a fixed deposit of Rs 5 lakh, while 8,000 investors invested more than Rs 5 lakh in the form of various deposits. Earlier, Pune police had registered a case against several functionaries including the bank chairman Anil Bhosale

The case was registered under various sections of IPC and relevant sections of Maharashtra Protection of Interest of Depositors (MPID).

RBI imposes Rs 50 lakh penalty on an urban co-operative bank in Kerala

The Reserve Bank of India said it has imposed a penalty of Rs 50 lakh on The Urban Co-operative Bank Ltd No. 1758, Perinthalmanna in Kerala for non-compliance with directions on income recognition and asset classification norms, and on management of advances.

Statutory inspection of the bank with reference to its financial position as on March 31, 2019, conducted by RBI, revealed that the bank had not complied with the directions, the central bank said in a statement.

A notice was issued to the bank asking why penalty should not be imposed for non-compliance with the directions issued by RBI.

"After considering the bank's written reply, RBI came to the conclusion that the charge of non-compliance with aforesaid RBI directions was substantiated and warranted imposition of monetary penalty," the statement said.

The penalty has been imposed through an order dated December 11.

RBI also said that the action against the co-operative bank is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. ❑

Legal Cases

No GST if amount received after issuance of completion certificate

Karnataka's Authority for Advance Ruling (AAR) has upheld that amounts received for sale of shares in flats will not attract Goods & Services Tax (GST) in case the entire consideration is paid after issuance of completion certificate.

This ruling has persuasive powers in matters related to sale and purchase of flats or building. The consideration is paid either during construction or post construction and after the completion certificates are issued. The law prescribes applicability of GST before issuance of completion certificate. Still, doubts have been raised from time to time because of different payment systems prevailing at various places.

In the said matter, Bengaluru-based resident BR Sridhar tied up with a developer for construction of residential flats on his immovable property. It was decided that upon development of the said property, he will get 40 per cent share of undivided right, title and interest in the land. Sridhar approached AAR with a specific question as to whether the amount received by him post issuance of completion certificate will attract GST.

He contended that the liability to pay GST by him would not arise as he had not entered into any agreement with the prospective buyers before receiving the completion certificate from the competitive authority. He further stated that one clause of the agreement with the developers restricts his right to execute any sale agreements or conveyancing deeds till he takes over the units and the occupancy certificate is issued. Sridhar had no occasion to enter into any transaction for transferring his right, title or interest in respect of his share of the flats till the occupancy certificate was issued by the concerned authority.

Accordingly, he said he is not liable to pay GST in respect of 40 per cent of super built area received by him.

After going through the facts, AAR highlighted clause 5 (b) of the Schedule II of the CGST Act 2017, which says, "Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly shall be treated as supply of services except where the entire consideration has been received after issuance of completion certificate." The Authority noted that share of units/flats was received by the applicant after issuance of completion certificate.

"The amount received by the applicant, either by himself or through his agents towards sale of their share of flats, is not eligible for GST, if and only if the entire consideration related to such flats is received after the issuance of completion certificate," AARsaid in the order.

CBI books firm for Rs. 8000 crore bank fraud

The CBI has booked Hyderabad-based Transstroy (India) Ltd and its directors for alleged bank fraud of over Rs 7,926 crore in a consortium led by Canara Bank, in one of the biggest banking scams in the country, officials said.

The agency carried out searches at the premises of the company and the accused directors, including former Telugu Desam Party (TDP) MP Rayapati Sambasiva Rao, which led to the recovery of incriminating documents, its spokesperson said in a statement.

Rao, an additional director in the company, has been named in the FIR as accused, besides the company, its chairman-cum-managing director Cherukuri Sridhar and another additional director Akkineni Satish. It was alleged that the private firm based in Hyderabad and its directors had availed credit facilities on multiple banking arrangements.

"It was further alleged that the accused had involved in falsification/ fabrication of books of accounts, fudging of stock statements, tampering of balance sheets, round tripping of funds, etc.," CBI spokesperson R K Gaur said.

Electricity must be treated as commodity, not a right

Is electricity a right or a commodity? This is a question which all stakeholders need to address.

"Electric utilities in many developing countries often don't get fully paid by consumers for the power they supply which has led to widespread outages and rationing of power. This poor electricity access may be a consequence of society treating electricity as a right rather than a commodity to be bought and sold," according to a research on 'The Consequences of Treating Electricity as a Right' at the University of Chicago and partner institutes.

"It is critical to provide lifeline electricity to the poorest, but doing so in a way that causes electricity markets to fail, will harm everyone," said the study's co-author Michael Greenstone, the Milton Friedman Distinguished Service Professor in Economics and director of the Energy Policy Institute at the University of Chicago (EPIC). He added, "Our view is that no solution will work in the end, unless the social norm that electricity is a right is replaced with the norm that it is a regular product that people pay for, just like food, cell phones, etc."

Greenstone and his co-authors Robin Burgess (London School of Economics and Political Science), Nicholas Ryan (Yale University), and Anant Sudarshan (Chicago) offer three changes to the current system - subsidy reform, changing social norms and improved technology in a recently published research report.

On subsidy reform, the report suggests that "Consumers of all incomes often enjoy electricity subsidies which are frequently regressive and poorly targeted. Removing these subsidies and supporting the poor through direct transfers will allow them to pay for power without distorting the electricity market."

As regards changing social norms, it proposes that "introducing consumer incentives and changes to the bill collection process could reduce electricity theft and non-payment of bills."

On improved technology, it concludes that "technology-based reforms such as using smart meters would explicitly link payments and supply at the individual level."

This research suggests that the root of the problem may lie in the fact that society too often views electricity as a right that does not need to be paid for, setting off a vicious cycle: Consumers regularly don't pay their full bills which the governments often condones. Power utilities then lose money every time they supply more electricity. Eventually, these companies become bankrupt and choose to cut-off supply because they can no longer afford to pay generators without recovering costs from consumers. And finally, because customers then receive poor energy supplies, they are even less likely to pay their full bills.

Supreme Court upholds levy of GST on lottery, gambling

The Supreme Court upheld the levy of Goods and Service Tax (GST) on sale of lotteries and gambling across the country.

A bench comprising justices Ashok Bhushan, R Subhash Reddy and MR Shah ruled that the Central Goods and Services Tax Act, 2017 and the notifications issued there under bringing lottery and gambling under the GST net are valid. The top court said that "while determining the taxable value of supply the prize money is not to be excluded for the purpose of levy of GST"

"The inclusion of actionable claim in definition "goods" as given in Section 2(52) of CGST Act, 2017 is not contrary to the legal meaning of goods and is neither illegal nor unconstitutional," it held. According to judges, it is well settled that the courts have very limited role to play with regard to taxing policy of the legislature.

Challenging Section 2(52) of the 2017 Act and notifications levying tax on lottery, Skill Lotto Solutions, a dealer for sale and distribution of lotteries organised by Punjab, contended that the law was violative of the fundamental rights and contrary to the SC judgment (Sunrise Associates Vs government of NCT of Delhi) that held that lotteries were merely actionable claims and cannot be defined as 'goods'.

It said that the GST Council wrongly viewed lotteries as "goods" while they were only "actionable claims". ❑

Muthoottu Mini Financiers Ltd. in Strategic Alliance with Exide Life Insurance Company

Muthoottu Mini Financiers Ltd., one of India's largest Non-Banking Financial Companies (NBFC), has announced a strategic partnership with prominent life insurance company Exide Life Insurance Company Limited, to provide life insurance products through its branches. The tie-up will enable Muthoottu Mini Financiers Ltd. to expand offerings to its customers by becoming a "One Point Stop" for all their financial needs.

Exide Life Insurance Company Limited, an established and profitable life insurance company headquartered in Bengaluru, serves over 15 lakh customers with a wide range of investments products. The strategic partnership will enable Muthoottu Mini Financiers, which has a strong and wide network across the country with more than 30 lakh+ customer base, to facilitate greater brand awareness for Exide Life Insurance Company Limited. Exide Life Insurance Company offers Investment products that suit all sets of people in the society.

"We would be promoting business through our 806 branches across the country. With the strategic alliance now bringing in Exide Life Insurance Company's offerings into our large bouquet of products, we are on the way to becoming a "One Point Stop" for our esteemed customers for all their financial needs," said Mr. Mathew Muthoottu, Managing Director, Muthoottu Mini Financiers Ltd.

The strategic partnership between Muthoottu Mini Financiers Ltd. and Exide Life Insurance Company was formally kicked off at a function organised at the Muthoottu Mini Financiers office in Kochi. Apart from Mr. Mathew Muthoottu, Muthoottu Mini Financiers Ltd. company officials Nizzy Mathew – Chairperson, P E Mathai – COO and Exide Life Insurance Company officials Mr. Anandha Padmanabhan - National Head, Branch Channel; Mr. Bijoy Dev, National Training Head; Mr. Jayadevan P, Branch Channel – Training Head; and Mr. Rahul Menon - Head of Sales attended the function. Mr. Anandha Padmanabhan and Mr. Bijoy Dev attended the function over a Zoom call.

Govt notifies FDI policy in defence

The Finance Ministry has permitted up to 74 per cent foreign direct investment (FDI) in the defence sector under the automatic route, notifying, the changes required to FEMA (Non Debt Instruments) rules for this purpose. It may be recalled that the Commerce and Industry Ministry had, in September, raised the FDI limit for the defence sector through the automatic route to 74 per cent from 49 per cent. The raised limits will, among other things, help firms seeking newindustrial licences. The amended FEMA (NDI) rules stipulate government approval where FDI goes beyond 74 per cent, and is likely to result in access to modern technology or for other reasons to be recorded. Currently, the sectoral cap for defence sector is 100 per cent.

The conditions specify that FDI of up to 74 per cent would be permitted for companies seeking newindustrial licences. Also, infusion of fresh foreign investment of up to 49 per cent, in a company not seeking industrial licence or which already has government approval for FDI in defence, would require submitting a declaration with the Ministry of Defence in cases of change in equity/shareholding pattern or transfer of stake by existing investor to new foreign investor, for FDI up to 49 per cent, within a period of 30 days of such change. Any proposal for raising FDI beyond 49 per cent from such companies shall require government approval.

Be.artsy leads Atmanirbhar Bharat with its signature “Be Your Own Lakshmi” campaign with NSE

Be.artsy, India’s premier awareness enterprise led by Shikha Mittal inducted its long-time enthusiastic partner in investor awareness, the National Stock Exchange to spearhead and support the women financial literacy campaign “Be Your Own Lakshmi (BYOL)”. On the culmination of World investor week (23-29 Nov, 2020), 5423 women attended BYOL sessions through 132 sessions and another 8000 to be covered during this fiscal.

RBI, SEBI and NSE data, indicate that 80% of Indian women are not financially literate. The main reason was the pervasive attitude that women are not suited to understand finance.

This prompted Be.artsy to conceive a unique, women-centric financial literacy campaign, Be Your Own Lakshmi, also heading to be India’s first financial literacy course for women’s specific needs. This proprietary campaign uses Be.artsy’s arts-based approach to make complex topics simple and easy to understand. Initially targeted at employee training programs at companies, Be Your Own Lakshmi has now gained huge traction in 2020, when Be.artsy opened the program to individual sign ups.

Besides NSE, even educational institutions have shown great interest in BYOL. For example SNDT Women’s University, Mumbai, has tied up with Be.artsy this December to bring the orientation session to 40,000 women students, at the threshold of their careers. Professor Vishnu Magre, Pro-Vice Chancellor, says, “To educate its students on one of the most important life skills through Be.artsy’s on-going campaign, Be Your Own Lakshmi, can enhance employability skills of women.”

Dr. Harsha Merchant, Principal of Aishabai College of Education, SNDT University, where one of the initial sessions was run, is impressed with Be Your Own Lakshmi. She wrote to Be.artsy: “You have explained and discussed many concepts related to finance which were hidden for example, the difference between financial independence and financial freedom, concept of Saving, etc. Let all students apply this kind of knowledge in their future endeavors. [Colleges should] teach their students to become independent in real sense and reach towards the goal of ATMANIRBHAR BHARAT.”

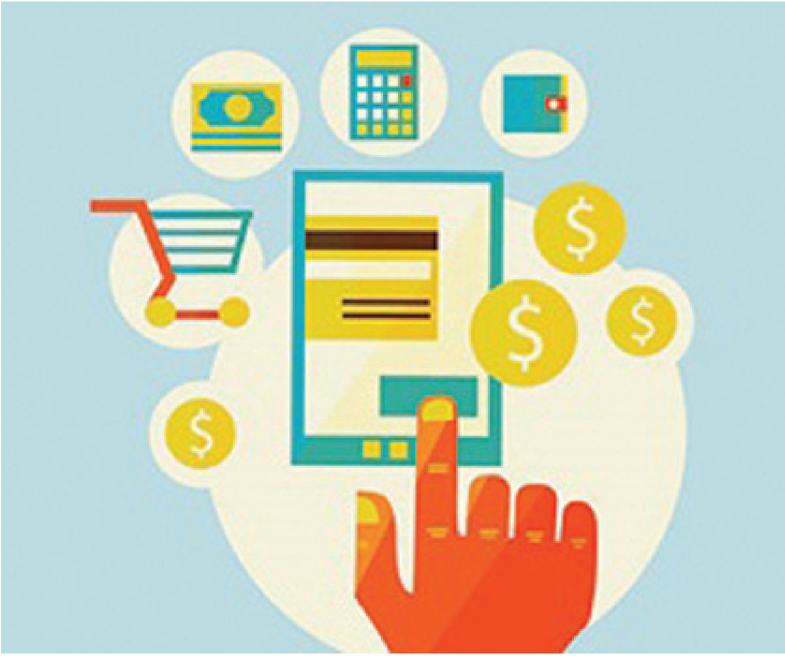
There was also a widespread clamour for help for young women interested in starting up their own business. As a result, Be Your Own Lakshmi will soon offer several levels of courses. There is a free introductory session. The first-level course Basic Personal Finance, higher-level Be A Stock Star is for those interested in more advanced knowledge of investment. Budding women entrepreneurs can take the high-level Be An Entrepreneur course, which Be.artsy expects will get them a head start in the grueling world of startups, with its customised content for women.

Mittal expects the introductory and basic programs to hit thousands of women by mid 2021, when content will be released in several more languages.

MoU Signed between HUDCO and MoHUA

HUDCO has signed a Memorandum of Understanding (MoU) with the Ministry of Housing and Urban Affairs (MoHUA) for setting key targets for the financial year 2020-21. The MoU was signed between Sh. Durga Shanker Mishra, Secretary, MoHUA and Sh. Kamran Rizvi, Chairman and Managing Director, HUDCO in the presence of Sh. M. Nagaraj, Director (Corporate Planning) and Sh. D. Guhan, Director (Finance).

TECH REVOLUTION IN BANKING - IMPACT ON CUSTOMER EXPERIENCE

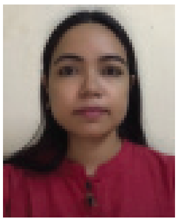


Introduction:

Nowadays we are asked to share our feedbacks for almost all products and services we avail, be it retail store, hotel, bank, everywhere. The feedback reflects our overall experience with the business entity. The endeavour to improve the customer experience (CX) in the banking industry is remarkable for the past few years. Competition is now own not by pricing and product features but with the degree of ease of availing the products and services. Ease of doing banking implies 24*7 availability of banking services in smart phones and other electronic devices and with simple processes and navigations.

The challenge lies in the fact that the customers now compare the products not only across the institutions within the industry but across sectors. A 2018 Capgemini report says that 71% of bankers think that positive experiences in other sectors now drive customers to expect more from the banking sector. The time taken for online application of loan to the credit of loan amount in the account is compared with the convenience of ordering and paying for daily needs online. Balance enquiry, mini statement, and fund transfer is expected to be done with one or two clicks in place of more than eight clicks traditionally. Bank of America allows balance enquiry without even signing in. A PwC 2018 report shows that positive customer experiences influence 75% of customer decisions in banking.

Continuous innovations in technology like machine learning, artificial intelligence, blockchain, virtual reality, etc.and its adaption in the banking sector is aimed at enhancing the experience of the customers banking with them. Banks are involved in the relentless process of reimagining their business process in today's hyper-connected world. Banks are increasingly deploying User Experience (UX) professionals to create smart products. The study of human psychology is done to understand the financial behavior of the customer to come out with customised solution for each



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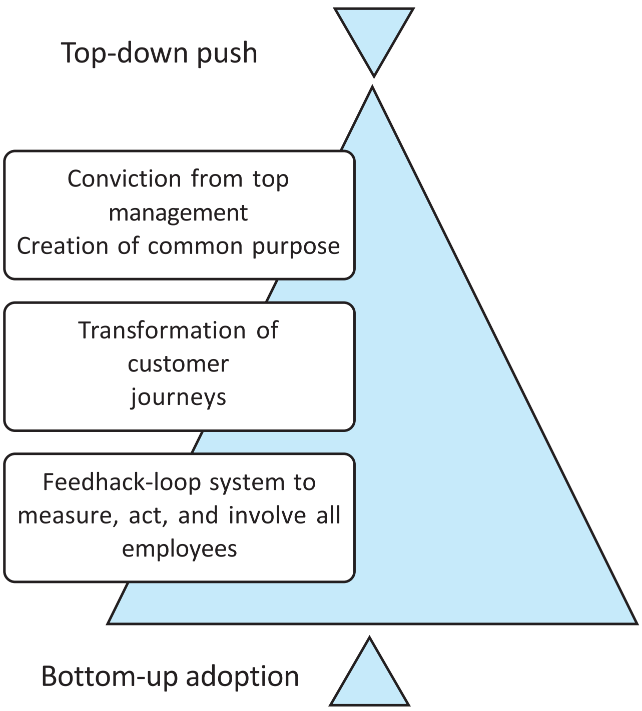
individual separately and all these endeavours are focused on making banking a pleasant experience to the consumers. In a financial system where all institutions are offering the same products at a nearly similar cost, the difference in experience is the only feature that now distinguishes one financial institution from another.

Customer Experience Model:

Business organizations design models of customer experience. McKinsey says customer journey should be understood by seeing the businesses through the customer's eyes. Figure 1 explains two approaches to creating the customer experience.

Figure: 1



Courtesy: McKinsey&Co.

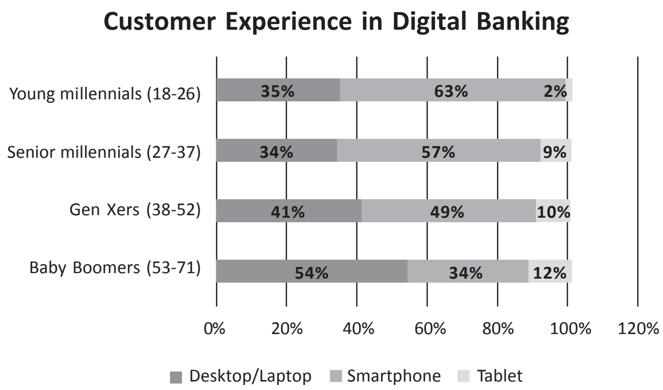
The business tries to create value for the customers by creating a whole set of new experiences based on market conditions, analyzing data, etc. This is the top-down approach. The bottom-up adoption approach measures improvements in customer experience and involves employees in implementing changes by analyzing the feedback received from websites, social media and app stores across customer segments. In the middle is the outcome of the efforts of the management and the employees i.e. the end to end journey of the customer.

Tools to improve customer experience in the banking sector:

Banking in a smart phone device:

People nowadays run their day to day life with the help of their mobile phone devices. Booking tickets, paying bills, purchasing goods or utility services are done through this device. Performing banking activities is also expected in the same form by the customers. It is seen that the millennial workforce comprises of the highest share of the customers doing banking in smart phones. Data by The Financial Brand, 2018 shows that above 60% of millennial perform banking digitally with their smart phones, where the Gen Xers and seniors continue banking from their desktops. An overall 42% of customers use their banking providers' mobile app more than they did a year ago. And all the millennial together do about 72% of bank transactions digitally, shows FIS Consumer Banking Report.

Figure: 2



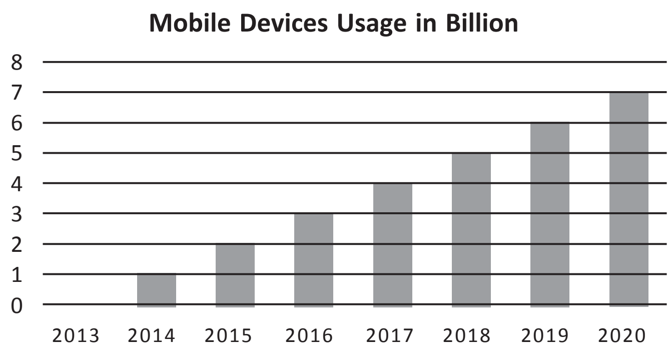
Courtesy: The Financial Brand

Hence seamless progress in the bank mobile apps is an important tool to retain and capture especially the millennial clients. Studies also reveal that there is now lesser brand loyalty among the end consumers. They move where convenience exists. Study shows that about 54% of customers are loyal to banks compared to 64% loyalty towards insurance companies.

Internet of Things and Data Analysis:

Billions of devices are now connected to each other and data flow around the interrelated things. This vast pool of data is analysed on the cloud system. The most widely used 'thing' is the smart phone which has grown at a breathtaking pace over the years. Figure 3 shows the trend.

Figure: 3



Courtesy: Infosys

Utilising the real-time data from smartphones, banks design suitable products and rewards for its customers. ATM is the oldest version of IoT in the banking sector. The data on usage of ATM in an area enables banks to decide whether to increase or decrease the number of ATMs in a particular geographical location. Data of card-swiping is a significant enabler for analyzing customer's spending habits. An entrepreneur's data from the IoTs he uses can give an insight to the demand and supply value chain of the customer and banks can offer him discounts on business loans, or competitive price for tax and accounting services. Hence the best customer experience can be offered by having a 360° view of customers' financial behavior and upon analyzing its pattern.

Now financial products are pushed in the customer's smart phone or wearable gadgets depending on the analysis of direct and indirect data gathered from customer's browsing history on bank's websites, types of videos watched on Youtube, etc. Sometimes, offers are sent in customers' phones right on entering a bank branch premises. Credit cards with suitable limits are offered by analysing the shopping pattern of the customers. Extending discounts on purchases made with the card further enhance customer experience. A reminder of redemption of cash reward points, travel rewards, allowing to check credit scores makes banking experience exciting.

Bank's main branch is in customer's hands:

Under the above- mentioned scenario, today banks have to believe that their main branch is resting in the Smartphone devices of its customers. Banks have to redesign their systems in such a way that smart phone, laptops can play the role of a bank teller, an ATM or a financial advisor. Today banks are increasingly focusing on offering end to end digital on-boarding of their customers.

Omni-Channel Banking:

Besides the availability of banking facilities in mobile apps, the same should also be available in desktops, on phone calls, and at bank branches. 65% of businesses think that it is essential to have a live engagement platform available on all devices and operating systems.Also, customers like to compare services offered by banks on online and offline platforms as well as from social media channels. They do not want to be forced to use a particular channel advised by banks as per banks' convenience.

For example, onec an easily contact the call centre while driving a car where writing messages on chatbots will not be a feasible option for him. Detailed discussions on corporate loans of large amounts need face to face discussions with banking professionals for better understanding the financial needs of the applicant. Measurement of the customer journey through all possible channels will indeed allow banks to have an insight on customer behavior for offering customers with the finest experience.

Artificial Intelligence, Machine Learning:

The Chatbot is the new alternative of the FAQ section and a substitute for call centres. The long waiting time at the call centres is easily replaced by chatting. These AI-enabled chatbots pull information from various sources like bank's knowledge base, transaction records of customers and navigate customers to the required page, and if the navigation is not able to provide a suitable solution, the chat is taken over by a live service representative.

Smart chatbots use natural language processing and machine learning to provide customers with a more humanised interaction experience. AI improves customer experience further by giving money management tips. Erica of Bank of America, Amex bot of American Express, SIA of SBI, Eva of HDFC Bank are a few examples of modern chatbots.

Customer experience improved in availing credit facilities from the bank as machine learning and AI have improved the retail credit process by application of more efficient risk modeling, finer predictability of credit early-warning system.

Blockchain to improve security:

Customer experience cannot be superior if their money is stolen by the fraudsters. The Financial Cost of Fraud Study, 2019 estimated the global cost of financial fraud to be $4 trillion globally. These concerns are now being increasingly addressed by the banks. Better customer authentication is provided by blockchain technology. Business Insider report states that financial institutions are spending about $1.7 billion annually on blockchain technology.

Voice Banking:

Siri and Alexa are already improving lives and transforming the world. Bank of America's virtual Assistance Erica interacts with voice, text and gesture commands. Erica helps with queries related to a transaction on the account, bill payments, locking/ unlocking debit/ credit cards, keeps track of customers' preferences and records the same through machine learning.

During September 2019, Financial Software and Systems (FSS) in partnership with Amazon launched a voice banking platform for the United Bank of India. Customers are able to access account balance and transaction data and can request for issuing cheque book. In a span of only one year, the usage of Alexa increased more than two-fold from 33% in 2016 to 77% in 2017.

Self Service Video Assistance:

Interactive video contents on how to open an account online, transfer funds, invest and many more 'how-to' videos on the Bank's website and on other public domains is a great source of customer delight empowering customers for doing banking on their own. Few ATMs now have live video support in case customers need additional assistance.

Banks are also focusing on digital on boarding of new customers by extending handholding support on how to open an account with them. A 2017 Accenture report shows that nearly 75% of customers are willing to receive automated support while deciding on the type of bank account to open. Institution offering video banking services have found that 72% of their customers think that their bank is an innovative organization and their customer satisfaction rate is higher.

Helicopter banking:

Banks are to be on and accessible to their customers 24*7, says FIS Consumer Banking Report. It is expected to work as a long term personal finance manager and advisor. Personal Financial Management (PFM) system categorises transactions, applies spending and budgeting tool, offers dynamic income and spending comparison, calculates spending trends and net worth, helps in setting a financial goal, etc. E.g. SBI has spend-analyser in its YONO app. These personalised experiences simplify human lives.

Virtual Reality:

The use of virtual reality (VR) technology in banking is an advanced process of giving some tangibility to the intangible nature of services provided by banks. Visualising how much Rs1000 saved today grows after 15 years renders pleasant customer experiences. BNP Paribas, Citi, Commonwealth Bank of Australia are few among the names offering VR assistance in banking.

Humanised Digitisation:

Considering all the above-mentioned modes for improving customer experience in banking, it is understandable that even when banking is experienced on a digital platform, the human touch should not be completely missing. At times, chatting with pre-programmed machines become frustrating in case of problems of a complex type. Human to human interaction is required to understand the emotion of the customer to offer him the best possible solution. A PwC 2018 report shows that 65% of consumers find it important to have a local branch while choosing a bank and 25% of consumers wouldn't open an account without a local branch.

So today's banking environment needs to be high-tech as well as high-touch. AI personalizes interactions to make customers feel interacting with humans to a great extent. Still at times technology appears to be a depersonalizing force. Therefore integrating technology with human interaction makes banking experience dynamic and less impersonal.

Future of Customer Experience in Banking:

The future of customer experience in banking lies in the continuous improvements in all the above-mentioned tools. It is clear that a shift from the product-centred thinking to customer-centred thinking is necessary for the optimum level of customer experience. Banks will have to continue incorporating up to date technology in to its system. And in place of fearing replacement of human jobs by machines, a new set of skills will be required in the banking sector for digitization and launching hybrid of human and machine support.

Unlike SIRI and Alexa, each bank will have its own voice support which will become the voice of the institution with changeable accents and pronunciation. Doing banking in the 5G environment, an offer of advice and rewards in other areas of life, simpler navigation in apps and WebPages are among the primary customer expectations.

Challenges:

No attempt at developing customer experience in banking will become beneficial to the customers unless best practices of transparency, security, and ethics are exercised. If customers have to struggle to keep trust in their banks, solely advancement in digitization will not be sufficient for achieving better customer experience. Huge data is accessed and analysed every day. Access to data may easily lead to a breach of privacy. Customers might rightfully want to know where and how their data will be used.

Customers look for convenience and value and they are ready to exchange their personal data for good deals and discounts but with permission. 2017 Accenture report shows that 67% of consumers would grant banks access to their personal data if they receive more personalized advice. Robust security features, on the other hand, help improving brand loyalty. Therefore suitable policy has to be in place for ensuring data and cyber security and for addressing conflicts. If these aspects are not taken care of, the customer experience is bound to be hit.

Discussions and Suggestions for excellent Customer Experience in Banking:

There is only one and most important key to providing customers with great experience in banking that is, stepping into the shoes of the customers. Banks have to visualize the customer's world. Then only the real pain points will be identified. E.g. a student facing difficulty while paying fees to his/ her college or inquiring for an education loan should be provided with suitable guidance through modes like live video chat, chatboats, etc. A pensioner applying for pension loan may be supported by co-browsing by a bank teller on the other side so that the pensioner does not have to lose his way into the navigation paths and further he maybe assisted by filling up required forms jointly.

When the customer starts to feel that customer-centricity is the way of activity of the organization he is banking with, he starts to keep faith with his financial institution and considers his bank to be the support system in his need. When banks start working towards creating real value to its customers, customer experience is maximized resulting in a win-win situation; the wining situation for a customer as his unmet requirements are met and a winning situation for the bank as its customer has been retained.

Also, spending on the digital platform with the aim of augmenting customer experience starts proving to be beneficial for the bank in the long run and eventually the digital strategies it has embraced, starts reducing the costs. Achieving extraordinary results with minimal resources is the aim of all businesses. According to the Business Insider Intelligence report, conversational assistance is set to cut banks' operational costs over $8 billion by 2022 worldwide. Banks are deploying more and more resources to improve their digital presence than they used to invest in developing product features.

June 2019 Bloomberg report shows that a study done on banks across 21 countries revealed that these banks spent $1 trillion on IT for the past 3 years. PwC's report called Industry 4.0: Building the Digital Enterprise Report' says that by 2021, nearly 39% of companies in India have plans to invest 8% of their annual revenues on digitization. According to Business Insider Intelligence reports, by 2020, the bank's IT budget are to rise by $297 billion globally, an increase of 14% from $261 billion in 2018.

According to Gartner, more than 66% of companies now compete primarily on the basis of customer experience compared to 36% a decade ago. Maximising customer experience, as well as banks' revenues, is not contradictory to each other anymore. Increasing reliance on technology from transactions to financial advice is creating great opportunities for banks to enhance the customer experience. Technology is dramatically improving access to financial services irrespective of income or location.

Conclusion:

It is evident that the scope of improving customer experience in banking is endless. The current strategic technology trends in banks should aim to make improvements in human lives and not only should it point towards the best cost-benefit analysis for the banks themselves. Banking on digital platforms is already the centre of lifestyle and customer experience is the talk of the banking industry.

The right combination of technology, strategy, products, services, and outreach is poised to integrate better towards fulfilling the financial objectives of the customer, leading to enhanced experience and real value to the customer and will also boost productivity and revenues for banks. Reshaping the overall banking system with a human touch and a holistic view is the most important differentiator for customer experience. An open ecosystem with the inclusion of customers is what customers want to experience in the banking sector at the present moment.

Sources: Various sources. ❑

AGRICULTURE MARKETING INFRASTRUCTURE (AMI)

"Emerging scope & challenges for Institutional finance"

Agriculture is one of the most critical sectors of the Indian economy that not only drives the growth and development of agriculture and allied sectors directly but also affects the well-being of rural people at large, their prosperity and employment and also forms an important resource base for a number of agro-based industries and agro-services. While the food security constantly augmented though various plan periods by strategic planning and mission mode schemes has largely been achieved, but the fulcrum of monetising the farmers and their economic well being is still a challenge.

An efficient, competitive and accessible market with adequate post-harvest and marketing infrastructure can potentially achieve its core objective of generating net positive returns to the producer. In the light of the Government's vision to double farmers' income by 2022, it entails an urgent need for putting in place better farmer-market linkages through developing and upgrading Gramin Haats as Gramin Agricultural Markets (GrAMs) and declaring warehouses/cold storages as market sub-yards , promoting scales of economy in production & post-production activities through active participation of Farmer Producer Organizations, squeezing food supply chain through direct marketing in every forms of wholesale and retails (farmer-consumer market), symmetrising market information, promoting market driven production through a demand based market intelligence and price forecasting system and promoting quality management of farmers' produce.

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Agricultural Marketing Infrastructure

Agricultural Marketing Infrastructure includes storage infrastructure like warehouses, cold storage, godowns including stand-alone silos for storage of food grains with necessary ancillary facilities like loading, unloading, bagging facility etc. The estimates of National Centre for Agricultural Economics and Policy Research (NCAP) projecting total demand for food grains of the country to touch 281 million MT by 2020-21 further necessitates requirement for total storage capacity of around 196 million MT of marketable surplus. Assistance for storage infrastructure is available on capital cost of the project including cost of allied facilities like boundary wall, internal road, internal drainage system, weighing, grading, packing, quality testing & certification, fire fighting equipment etc. which are functionally required to operate the project.

Importance of Agriculture Marketing Infrastructure

Scientific Storage: The main objectives of scheme include creation of scientific storage capacity with allied facilities in rural areas to meet out various requirements of farmers for storing farm produce, processed farm produce, agricultural inputs etc.

Price Stabilization: Warehouses help in price stabilization of agricultural commodities by checking the tendency to making post-harvest sales among the farmers.

Market Intelligence: AMI offer the facility of market information to persons who hold their produce in them. They inform them about the prices prevailing in the period, and advise them on when to market their products.

Developing and upgrading infrastructure: It will incentivize developing and upgrading of Gramin Haats as GrAMs to make better farmer-consumer market linkages.

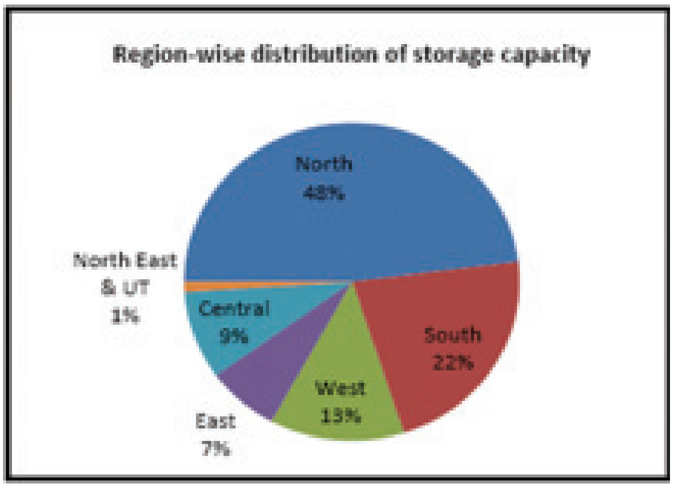
Value chain: It helps to promote Integrated Value Chains through minimal processing /value addition to make the produce more marketable, which includes washing, sorting, cleaning, grading, waxing, ripening, packaging, labelling etc., wherein the product form is not changed.

Reduction of post harvest losses: Since it promotes creation of scientific storage capacity for storing farm produce, processed farm produce and agricultural inputs etc. it reduces post-harvest & handling losses, promote pledge financing and market access.

Financing: In order to avoid distress sales by the small and marginal farmers in the peak season, warehouse (registered under Warehousing Development and Regulation Act) issues 'negotiable warehouse receipt' to farmers. The farmers may enjoy credit facilities from banks on the security of the warehouse receipt issued for the stored products to the extent of 75 to 80 per cent of their value.

Food Grain Storage Management in India

Food Corporation of India is the only government agency entrusted with movement of food grains from the procuring states to consuming states through a network of storage infrastructure owned or hired by FCI in the whole of India.



Challenges in Agriculture Marketing Infrastructure

The Indian commodities are facing tough competition in the international market when it comes to quality, pesticide residues, varieties with more shelf life, packaging etc. This implies that Indian produce need to be more competitive to face the international competition which again demands the maintenance of quality standards throughout the value chain including good agricultural practices. Whereas it has been found that 30 - 40 percent of fruits and vegetables are wasted due to post harvest losses. There is lack of basic as well as specialized infrastructure such as cold storages, refer vans, cool chains, ripening chambers etc.

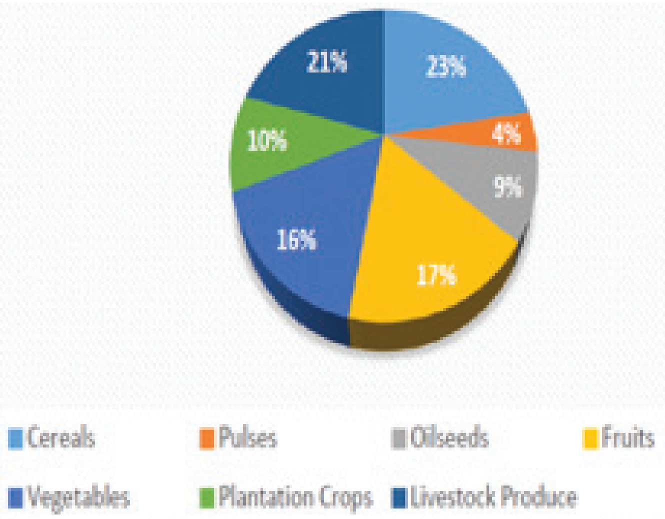
Some interesting facts

- India is short by 10 million tonnes of cold storage capacity due to Which over 30 percent of agricultural produce goes waste every year
- More than 20% of produce from fields is lost to poor

post-harvesting Facilities and lack of cold chain infrastructure.

- Also 10% of food grain that India produces annually is eaten by rodents.
- Only 7% of food in India is processed. The United Kingdom process 65% of its food. Even a developing country like the Philippines processes as much as 45% of its food.
- India, the world's second largest fruit and vegetable producer encounters a waste of close to 25% worth of produce.

Harvest and post-harvest losses of various agricultural commodities: Post-harvest losses for major groups of agricultural and allied produce in percentage at national level given in graph-1



Government initiatives for augmenting of Agriculture Marketing Infrastructure

- **National Policy on Handling and Storage of Food Grains, 2000**
- **Gramin Bhandaran Yojna**
- **Private Entrepreneurs Guarantee (PEG), 2008 Scheme**
- **Agricultural Marketing Infrastructure (AMI)-** In order to incentivize creation of agricultural marketing infrastructure including storage infrastructure, the Ministry of Agriculture & Farmers Welfare implementing a capital investment subsidy/sub-schemes Agricultural Marketing infrastructure (AMI) under Integrated Scheme for Agricultural Marketing (ISAM).

  The storage capacity created under agricultural marketing infrastructure under sub scheme of integrated scheme for Agricultural marketing (ISAM) state wise as on 31.03.2019 is in the table below.
- **RBI master direction on priority sector lending related to AMI**

  The reserve bank of India master directions (priority sector lending chapter III- Targets and classification), 2016 prescribe that loan against pledge/ hypothecation of agricultural produce can be granted against warehouse receipts as detailed under:

  Loans to individual farmers including SHGs/ JLGs, & Loans to corporate farmer FPOs/ companies of individual farmers, partnership firms and cooperative of farmers up to Rs. 50.00 lakhs against pledge/ hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months
- **Orienting banks towards electronics negotiable warehouse receipts system**

  Apart from Indian banks association, number of interaction have also taken place between WRDA and representative of the banks on the relevance and need to resort to pledge finance only against NWRs/ e NWRs.

Emerging scope of Agriculture Marketing Infrastructure

India is driven by three high value sub-sectors - horticulture, livestock and fisheries. In addition, the quantum of agricultural production - food grains, cotton, oilseeds - have also grown abundantly. The infrastructure required handling the quantity and quality of agricultural produce is neither

Sanctioned by NABARD		Sanctioned by NCDC (New)		Sanctioned by NCDC (Renovation)		Total sanctioned	
No. of projects	Capacity in tonnes	No. of projects	Capacity in tonnes	No. of projects	Capacity in tonnes	No. of projects	Capacity in tonnes
33069	606 lakh	3251	25.95 lakh	2614	23.22 lakh	38964	655.00 lakh

sufficient nor suitable to address the changes. To begin with the storage space is inadequate.. Earlier, the warehouses were largely in the public sector and cooperative sector, but now the private sector has also made rapid strides in providing these services. Yet there is a necessity to ramp up scientific storage space, including silos and facilitate financing of stored goods to farmers.

Cold storage and cold chain management is another important area that requires immediate attention and investment. Most of the horticultural produce is wasted due to lack of cold stores and refrigerated transport vehicles. Investors and private entrepreneurs who have set up cold storages and controlled atmosphere storages have reported issues of poor returns due to absence of material for storage.

On the other hand, farmers face the problem of distress sale since there are no cold storages near the selling centres. Unlike a regular warehouse, climate controlled warehouses seems to need more intricate business planning. The government can play a role in this by enabling cluster-based approach of growing vegetables, fruits and flowers. This provides a ready market for the producers, supply of horticultural produce for consumers, processors while the excess production can be stored, thus creating a win-win situation for all stakeholders.

Key highlights of Union budget 2020-2021 of Govt.of India towards to AMI

- ❖ Viability gap funding for creation of efficient warehouse on PPP mode.
- ❖ SHGs run village storage scheme to be launched.
- ❖ Financing on Negotiable Warehousing Receipts to be integrated with e-National Agricultural Market
- ❖ Kisan Rail and Krishi udaan to be launched by Indian railway and ministry of civil aviation respectively for a seamless national cold supply chain for perishables.
- ❖ NABARD refinancing scheme will be further expanded. Agricultural credit target has been set-up at 15 lakh crores.

Suggestion for Improvement of AMI finance

- ❖ Publicity programmes by distributing leaflets booklets and posters by organizing film and video shows, and conduct meeting at village, chaupal level with participation of Farm women, SHG, farmer club on benefits of scientific storage of food grains.
- ❖ The farmers may be encouraged to store their agricultural produce in registered warehouses to get better return. They are eligible to get credit facilities by pledging the negotiable warehouse receipts.

Infrastructure Funded by NABARD

Infrastructure Fund/ Scheme	Year of Inception	Corpus (Rs. in crores) (Rs. in crores)	Outstanding as on 31 March 2019	Activities Covered
Warehouse Infrastructure Fund (WIF)	2013-14	5000	4984.00	Warehouses, Silos, Cold Storages & Cold Chain
Food Processing Fund (FPF)	2014-15	2000	276.00	Setting up notified food parks and food /Cold chains and supply logistic/food processing unit

Agri-Market Infrastructure Fund

The Union Budget 2018-19 announced the setting up of Agri-Market Infrastructure Fund with a corpus of Rs.2000/- crore in NABARD for developing and upgrading agriculture marketing infrastructure in 22000 Grameen Agriculture Markets (GrAMs) and 585 APMCs. This fund will help in creating further scope for financing market infrastructure projects to small and marginal farmers.

- ❖ Financing at reduced interest rate is desirable for minimizing intermediation, providing for pan-India market and to free the farmers from the clutches of money lenders and also empower them to quote their own price for sale of their goods.
- ❖ The negotiable warehouse receipt system will encourage scientific storage of agricultural commodities

and minimize storage losses in food grains and other agricultural commodities.

- Short duration training programme should be organized by govt of India on all aspects of scientific storage of food grains with the help of State and Central Government Agriculture Departments, Banks, Agriculture Universities, at village/Panchayat/Block level and financial help available from different financial institution for AMI.
- Encourage value chain financing there by Incentives to aggregators at village level because sometimes Small and marginal farmers are not able to bring their produce to the nearby warehouses due to lack of transportation facilities. In such cases, the services of aggregators (cooperative farmers group, self help group, farmers/producers companies) may be used.
- Encourage Viability gap funding for creation of efficient warehouse on Public Private Partnerships (PPPs) mode. The Central and State Agencies like FCI, CWC, and SWCs etc. may take the lead in inviting private entrepreneurs for the construction of warehouses.

Conclusion

The country has largely gained self-sufficiency in food productions. However, the marketing systems and post-harvest marketing infrastructure have not been able to keep pace with the growing production and marketable surplus. There by Losses in agricultural produce after harvest occur at different stages of supply chain right from point of harvesting to the point of consumption so Creation of agricultural marketing infrastructure in the country is the need of hour Hence provision of adequate infrastructure, including warehouse, Rural godown cold chain logistics at village level are needed, to enable the farmers to realize better prices for their farm produce and also to provide nutritious food to consumers at affordable prices. And appropriate grading, quality assessment and certification will also encourage formal financial institutions to lend against stored goods as they would understand the shelf-life of the commodity. Grading can help in developing customized financing products.

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Contactless card transaction limit hiked to Rs. 5000

Reserve Bank of India has increased the limit for contactless card transactions from Rs 2,000 to Rs 5,000, effective from January 1 next year. The same has been done for e-mandates for recurring transactions through cards and the Unified Payment Interface (UPI).

According to the RBI, "Contactless card transactions and e-mandates on cards (and UPI) for recurring transactions have enhanced customer convenience, in general, while benefitting from increased use of technology. These are also well-suited to make payments in a safe and secure manner, especially during the pandemic". Contactless card payments are done without punching in the PIN, which makes it a safe mode of transaction in the current circumstances.

T R Ramachandran, group country manager, India & South Asia, Visa, said: "As evident in recent months, there is strong consumer preference for digital payments and the new enhanced limits for e-mandates and contactless cards will help transition millions of Indian consumers from cash to fast, convenient, and secure forms of digital payments".

Experts said it is a step in the right direction by the RBI and people have been asking it to enhance the limit. There should be an increase in the number of such transactions after the latest move, they said. The RBI has said the limit can be further enhanced at the discretion of the customer.

Mihir Gandhi, Partner & Leader - Payments Transformation, PwC, said: "Now people do not want to enter their PIN. So, by increasing the limit, almost 70-80 per cent of the transactions will get covered at a point of sale terminal".

"Card companies will have to ensure that all their cards are enabled with contactless NFC technology... Much of the cash transactions will now move to card transactions," he added.

Dilip Asbe, MD & CEO of the National Payments Corporation of India (NPCI) the increased limit would also help to boost the average value of transactions and push the adoption of digital payments. He said UPI's AutoPay feature should also get a boost as a result of this.

PRADHAN MANTRI STREET VENDOR'S ATMANIRBHAR NIDHI (PM SVANIDHI) SCHEME

''कोरोना वैश्विक महामारी की अभूतपूर्व स्थिति में देश ने, हमारे गरीब भाईह्नबहनों ने, विशेषकर रेहड़ी-ठेलाह्न-पटरी पर सामान बेचने वाले श्रमिक साथिों ने तमाम मुश्किलों के बावजूद अद्भुत संयम और संघर्ष-शक्ति दिखाई है। उनके आर्थिक हितों के लिए, उनके ताकतवर बनाने के लिए हम सतत और समग्र प्रयास कर रहे हैं।''

- ***प्रधानमंत्री श्री नरेंद्र मोदी***

Economic development of the nation is dependent on the development of various sectors like MSMEs, Retail, and Agriculture and so on. MSMEs are the strongest drivers of economic development. The MSME sector in India is exceedingly heterogeneous in terms of size of the enterprises and variety of products and services. Street vending is one of them under micro sector. In India, Street vending is an important profession because it provides informal employment opportunities and forms an important part of retail market in Indian economy. It is a vital economic activity in urban area in India. Street vending is the largest informal sector which caters to the livelihood of the urban poor.

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During the economic reforms in our country, this sector has faced many challenges in its journey and various welfare steps have been taken by various governments to come out of such situation. One of such step is the launch of "Pradhan Mantri street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) Scheme" by the Ministry of Housing and Urban Affairs on 01st June 2020. It is micro credit facility for providing affordable working capital loan to street vendors to resume their livelihoods

At present more than ten million people in India are engaged in street vending activities and they play an important role in urban formal economy. Their role is significant because they are ensuring the availability of the goods and services at our door steps at very affordable rates. They are known by various names such as vendors, hawkers, thelawala, rehriwala, theliphadwa etc. in different area/contexts. The goods supplied by them include vegetables, fruits, ready to eat street food, tea, pakodas, breads, eggs, textiles, apparel, footwear, artisan products, books/stationery etc. Apart from supply of goods, they are also providing us services like Barber shop, cobbler shop, pan shop, laundry services etc.

During this Corona-19 pandemic, It has been seen that street vendor's business and life are badly impacted. Usually they run the business with very small capital base, which they would have consumed during this covid-19 lockdown. Hence to resume their businesses and to feed their family, they urgently need working capital, otherwise their personal as well as their family's life may spoil. So the Government of India has brought this scheme for their welfare. This is part of a special economic package (Atmanirbhar Bharat Abhiyan) of Rs. 20.00 Lakh Crore (equivalent to 10% of India's GDP) with the aim to make our country independent against the tough competition in the global supply chain and to help in empowering the poor laborers, migrants who has been adversely affected by COVID-19 pandemic.

It is one of the special economic packages to facilitate easy access to credit for the street vendors.

Now, Let us see the salient features of this scheme:

Objective of this scheme:

- To facilitate working capital loan up to Rs 10000.00
- To incentivize regular repayment and
- To reward digital transactions

The above scheme will help the street vendors to open new opportunities to this sector and to move up the economic ladder.

Eligibility criteria of Beneficiaries

The scheme is available to all street vendors engaged in vending in urban areas as on or before March 24, 2020. The eligible vendors will be identified as per the following criteria:

i. Street vendors in possession of Certificate of Vending / Identity Card issued by Urban Local Bodies (ULBs)

ii. The vendors, who have been identified in the survey but have not been issued Certificate of Vending / Identity Card

   Provisional Certificate of Vending would be generated for such vendors through IT based platform. ULBs will issue permanent Certificate of Vending and Identification Card within one month.

iii. Street Vendors, left out of the ULB-led identification survey or who has started vending after completion of the survey and has been issuing Letter of Recommendation (LoR) to that effect by the ULB / Town Vending Committee (TVC) and

iv. The vendors of surrounding development / peri-urban / rural areas vending in the geographical limits of the ULBs and have been issued letter of Recommendation (LoR) to that effect by the ULB / TVC

Eligibility of States/UTs

The above scheme is available in those states/UTs which have notified Rules and Scheme under Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act 2014. Beneficiaries from Meghalaya, which has its own State Street Vendors Act may, however participate.

Identification of Beneficiaries left out of the survey or belonging to the surrounding Rural Areas

While identifying the vendors belonging to Category iii & iv above (Eligibility criteria of Beneficiaries), The ULB/TVC may consider any of the following documents to issue letters of recommendation:

i. The list of vendors, prepared by certain States/UTs for providing one-time assistance during lockdown or

ii. A system generated request sent to ULBs / TVCs for issue of LoR based on the recommendation of the letter after verifying the credentials of the applicant or

iii. The membership details with the vendors association or

iv. The documents in possession buttressing his claim of vending or

v. Report of local enquiry conducted by ULB/TVC involving Self-Help Group (SHGs), Community Based Organizations (CBOs) etc.

Note: ULBs shall complete the verification and issuance of LoR within 15 days of the submission of application. ULBs will ensure to include all the eligible vendors by adopting any other alternative way for identifying such vendors.

Town Vending Committee (TVC)

TVC's role in identification of beneficiaries is crucial. As per The Street Vendor's Act 2014, TVS consists of maximum 18 members. The composition is

i. Municipal commissioner or Chief Executive officer of ULB as chairperson

ii. 50% of members (including chairperson) from local authority departments, police and street vendors & traders association etc

iii. 40% of vendors representing street vendors

iv. 10% of members nominated from NGOs/CBOs

Vendors went back to native places due to Covid-19

❖ Such vendors even if they are from rural/semi-urban area or City dwellers, would be eligible for the loan once they return back after normalization of the situation and resume their business.

Features of the Product

❖ Urban street vendors can avail a working capital loan of up to Rs 10000.00, which is repayable in monthly installments within one year

❖ No collateral security is required

❖ One time or early repayment, the vendors will be eligible for the next cycle with an enhanced limit

❖ No prepayment penalty charges from vendors

Rate of Interest

Types of Banks / FIs	Scheduled commercial Banks, RRBs, Small Finance Banks, Cooperative Banks & SHG Banks	NBFC, NBFC-MFIs etc.	MFIs (non NBFC) & other lender categories not covered under the RBI guidelines
Rate of Interest	As per prevailing rates of interest	As per RBI guidelines for the respective lender category	Interest rates under the scheme

Interest Subsidy

❖ The vendors availing loans under the scheme are eligible for interest subsidy @7%

❖ The interest subsidy will be credited into borrower's account quarterly

❖ Lenders will submit quarterly claim of subsidy for the quarters ending June 30, September 30, December 31 and March 31 during each financial year

❖ Only standard accounts will be considered for subsidy on respective claim dates and only for those months during which the account has remained standard in the concerned quarter

❖ The interest subsidy is available up to 31st March 2022

" The subsidy will be available on first and subsequent enhanced loans up to that date

" In case of early payment, the admissible amount of subsidy will be credited in one go

Promotion of Digital Transactions by Vendors

The scheme incentivizes digital transactions by the street vendors through monthly cash back

i. Cash back incentive is available for digital transactions

ii. The network of lending institutions and digital payment aggregators like NPCI (for BHIM), PayTM, GooglePay, BharatPay, AmazonPay, PhonePe etc. will be used to onboard the street vendors for digital transactions.

iii. The onboarded vendors would be incentivized with a monthly cashback in the range of Rs 50.00 - Rs 100.00 as per following criteria

No of transactions	On executing 50 eligible transactions in a month	On executing the next 50 additional eligible transactions	On executing the next additional 100 or more eligible transactions
Incentive	Rs 50.00	Rs 25.00 (On reaching 100 eligible transaction Rs. 50+25= Rs 75.00)	Rs 25.00 (On reaching 200 eligible transactions Rs 50+25+25=Rs 100.00)

Note: Eligible transaction means: A digital payout or receipt with minimum value of Rs 25.00

Illustration under the cash-back and interest subsidy under the scheme for a loan amounting to Rs 10000.00

Month	Principal (Rs.)	Interest @24% (Rs.)	EMI (Rs.)	Interest subsidy (7%) (Rs.)	Cash Back Incentive (Rs.)	Total benefit (Rs.)
	(A)	(B)	(C)	(D)	(E)	(D+E)
1	746.00	200.00	946.00	58.00	100.00	158.00
2	761.00	185.00	946.00	54.00	100.00	154.00
3	776.00	170.00	946.00	50.00	100.00	150.00
4	791.00	154.00	946.00	46.00	100.00	146.00
5	807.00	139.00	946.00	42.00	100.00	142.00
6	823.00	122.00	946.00	36.00	100.00	136.00
7	840.00	106.00	946.00	32.00	100.00	132.00
8	856.00	89.00	946.00	27.00	100.00	127.00
9	874.00	72.00	946.00	22.00	100.00	122.00
10	891.00	55.00	946.00	17.00	100.00	117.00
11	909.00	37.00	946.00	12.00	100.00	112.00
12	927.00	19.00	946.00	6.00	100.00	106.00
Total	10,001.00	1348.00	11349.00	402.00	1200.00	1602.00
% w.r.t. interest	100%			30% of interest	88% of interest	118%

Inference: "Maximum Cashback amount and interest subsidy amount would sum up to Rs. 1600.00 (Rs 1200.00 cash back and Rs 400.00 as interest subsidy), which is 118% of the total interest of Rs 1348.00 on a loan of Rs 10000.00 with an interest rate of 24%"

Eligible lenders

- ❖ Scheduled Commercial Banks
- ❖ Regional Rural Banks (RRBs)
- ❖ Small Finance Banks (SFBs)
- ❖ Cooperative Banks
- ❖ Non-Banking Finance Companies (NBFCs)
- ❖ Micro Finance Institutions (MFIs)
- ❖ SHG Banks established in some States/UTs e.g. Stree Nidhi etc.

Credit Guarantee

- ❖ The scheme has a provision of Graded Guarantee Cover for loans sanctioned
- ❖ It is administered by Credit Guarantee Fund Trust for Micro and small Enterprises (CGTMSE), which will be operated on portfolio basis

Note:

- ❖ Maximum Guarantee coverage will be 15% of the year portfolio.
- ❖ The periodicity of filing of claims by lending institutions will be quarterly.
- ❖ This guarantee cover will be without any charges.

Integrated IT application for scheme Administration

- ❖ An Integrated IT platform along with Mobile App will be developed by the Ministry for administration of the scheme.
- ❖ This portal will provide one stop solution for administration of the scheme
- ❖ The IT platform will be integrated with the vendors data bases across the states/UTs, BCs / Constituents/ agents of lending institutions, digital payment aggregators and PAiSA portal of MoHUA and Udyami Mitra portal managed by Small Industries Development Bank of India (SIDBI)

Default	First Loss default (Up to 5%)	Second Loss (beyond 5% up to 15%)
Guarantee coverage	100%	75% of default portfolio

Implementation mechanism (Flowchart)

Meeting to explain the scheme objective and implementation mechanism will be organized by the ULB involving TVC members, BCs/ constituents / agents of lending institutions, vendors associations, SHG federations etc.

↓

Applicants having Certificate of vending / ID card issued by ULB and those covered in the ULB led identification survey may approach or to be approached by the representatives of the Banks, NBFCs, and MFIs

↓

The lender's representatives, including BCs and Agents will search the successful cases in IT platform/ Mobile App and verification to be done through an OTP sent to the beneficiary's mobile.

↓

A provision in the IT application to generate a provisional CoV / ID for the street vendors covered in the identification survey and not issued CoV/ID

↓

After verification, BC / Agent will fill-in the application form and upload the necessary documents

↓

The filled in application will then move electronically to ULB/TVC. The ULB/TVC will verify the details within a fortnight and then the application will move to the concerned lending institutions for sanction. A copy of letter of recommendation will be given to the applicant also

↓

Street vendors not covered in the identification survey may approach the BC/Agent with the required documents for letter of Recommendation

↓

Preparatory activities will be carried out during June 2020 and loans will commence from July 2020

Implementation partners

Small Industries Development Bank of India (SIDBI) will be the implementation partner of the ministry of housing and urban affairs for the scheme administration. It will leverage the network of lending institutions including the SCBs, RRBs, Cooperative Banks, NBFCs and MFIs for the scheme implementation

Committee for steering & Monitoring of the scheme

At Central level	At State / UT level	AT ULB level
A steering committee under the chairmanship of secretary HUA	A steering committee under the chairmanship of principal secretary / Secretary of Urban development/ Municipal administration. Meeting once in 3 months	A steering committee headed by Municipal commissioner / Executive officer (EO) and supported by the TVC to sponsor loan application and monitor implementation of the scheme. This committee will meet monthly.

E-governance

To make the scheme more accessible and in line with the vision of leveraging technology and to ensure effective delivery and transparency, a digital platform with web portal/mobile app is being developed to administer the scheme with end-to-end solution e.g. launch of PM SVANidhi Mobile App on 17th July 2020. It is a user friendly digital interface for Lending Institutions (LIs) and their field functionaries for sourcing and processing loan applications. This platform will integrate the web portal / mobile app with Udyami Mitra portal of SIDBI for credit management and PAiSA portal of MoHUA to administer interest subsidy automatically.

Steps for Applicant-How to apply for a street vendor loan?

- Visit the website : www.pmsvanidhi.mahua.gov.in
- Click on Login and select Applicant
- Enter your mobile number and select captcha and request OTP
- Verify OTP sent to your mobile number

- Then complete the 4 steps process
  - i. Check Vendor category
  - ii. Fill Application form
  - iii. Upload Documents
  - iv. Submit Application

Planning to apply for loan (Follow three steps before starting the online Application Process)

- Make sure that all the required documents are with you
- Ensure that your mobile number is linked with Aadhaar
- " Check your eligibility status as per scheme rules

Tracing of Application by lenders: As PMSVANidhi portal is integrated with Udyamimitra portal (UMP) managed by SIDBI. Details of application process flow is shared by SIDBI is as under

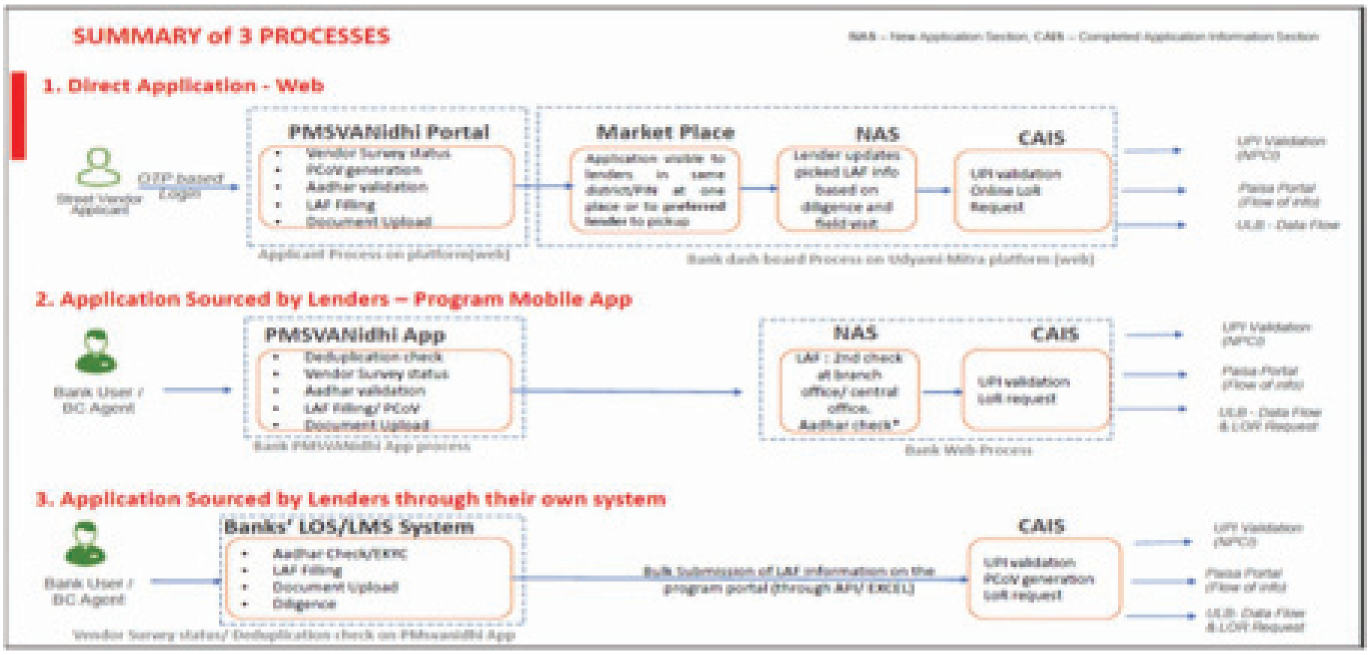
- Most banks are already onboarded on UMP
- An excel sheet shall be provided to Banks containing IFSC code of the branches presently mapped with UMP. Banks will be required to update the pin code, Active status for PM SVANidhi of the Branches in the excel sheet and send back to us for updating in the system
- Bank's admin is empowered to create any new branch and its users
- Branch can create its users and forward link to its users (employee/BC Agent) for Mobile App download
- In case any bank is not onboarded on UMP, they will be helped to do so
- Only branches which will be carrying PMSVANidhi business may be marked as active in excel sheet so that applications in market place can be seen by / flow to only those branches.

Process 1: Direct Application by SV on PMSVANidhi portal - Process illustration

After submission of application by Street Vendor, Banks registered on Udyamimitra portal (managed by SIDBI) will be able to see applications in market place along with an identity check report & credit rating report and score. Once the lender "picks up" the application, it will reflect in "New Application Section (NAS)" of his dashboard. Now lender will sanction the proposal as per its internal process/policy. Once lender marks the application as completed, the application moves to "Completed Application Information Section (CAIS)". In CAIS only system based process will take place like Validation of UPI ID (by NPCI) and online transmission of request of lender for letter of recommendation to concerned ULB (Only in case of vendor category C2 and D2)

Process 2: Application sourced by Banks - on Program Mobile App

Lenders will be provided a mobile app to originate the loan applications. Mobile app user will log in through their user id. After checking all the sections in the app and after



submission, the application will reach the New Application Section (NAS) of the respective branch along with an identity and credit rating report and score and then process 1 above will be followed

Process 3: Application sourced by lenders through their own system - Process illustration

Under this system, Banks uses their existing IT system and processes for sourcing applications. Banks will carry out Aadhaar validation / EKYC on their own system and share the Unique Reference No (URN) on the portal while submitting application form. After completing credit process, they will submit information to Udyamimitra portal through Excel or API. Each application will be submitted with a unique application number and on submission on CAIS scheme; application number shall be generated by the system for future reference. Other process will be the same as done in process 1 or 2.

Finally, lenders update details on CAIS section for disbursement and quarterly interest subsidy calculations.

Conclusion:

So far the government has received over 5.40 lakh loan applications within 43 days (Till 13th August 2020) of commencement of the lending process under this scheme (Ref: PM SVANidhi portal) and it is increasing day by day. Government has target to increase it to 50 lakh applications. More than 1.15 lakh application already got sanctioned till date and it is also increasing very fast. On August 7, 2020 Housing and Urban affairs Secretary Mr. Durga Shanker Mishra launched "Letter of Recommendation module for PM SVANidhi Scheme".

The purpose of this module is to give access to street vendors, who doesn't have ID card, CoV (Certificate of Vending) and also not in the surveyed list for getting benefit under the scheme. This is end to end and digitally enabled process wherein the eligible vendors can request for "letter of recommendation" from ULB and after getting it, he/she can apply for loan under the scheme. The vendor will issue CoV or ID card within 30 days.

Such provision will help the people to reach to the scheme, who were hitherto unable to get benefit under the scheme. This is the first time in India's history that poor street vendors from peri-urban / rural area have become beneficiaries of an urban livelihood programme and that also through MFIs, NBFCs and SHGs etc. Such programme will not only help to improve the economic conditions of the poor citizens but also improve the economy and employment status in the country.

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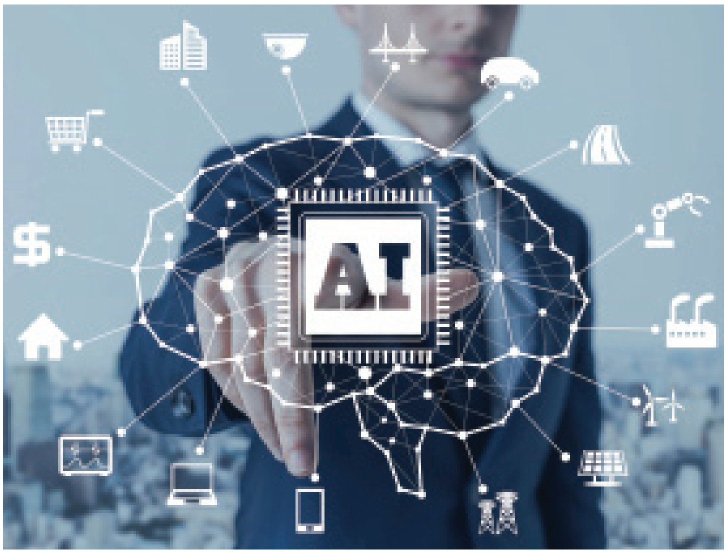
IDBI Bank raises Rs. 1,435 crore

IDBI Bank has raised Rs 1,435 crore through an issue of equity shares to 44 qualified institutional investors, according to a regulatory filing. The bank had targeted to raise Rs 2,000 crore (base size Rs 1,000 crore and green-shoe option of Rs 1,000 crore) through the QIP issue at a floor price of Rs 40.63 apiece.

The QIP committee of the board of directors at its meeting held on December 19, 2020 approved the issue and allotment of 3,71,808,177 equity shares to 44 eligible qualified institutional buyers at the issue price of Rs 38.60 per share, IDBI Bank said in a regulatory filing. The shares were issued at a discount of 5 per cent to the floor price of Rs 40.63 apiece, it said. The QIP issue had opened on December 15 and closed on December 18, 2020.

Among the investors who were allotted more than 5 per cent of the equity shares in the QIP issue were Punjab National Bank (20.90 per cent subscription); Bank of Baroda (13.94 per cent); State Bank of India (13.93 per cent); Indian Bank (6.97 per cent); Canara Bank (6.97 per cent) and Societe Generale-ODI (5.66 per cent). Post the allotment of equity shares in the issue, the paid-up equity share capital of the bank stands increased to Rs 10,752.40 crore, comprising of 10,752,402,175 equity shares, IDBI Bank said.

ARTIFICIAL INTELLIGENCE (AI) - "AN INEVITABLE TRANSFORMATION IN BANKING SECTOR"



Introduction:

Artificial intelligence (AI), sometimes called machine intelligence, is an area of computer science that emphasizes the creation and development of intelligent machines that works and reacts like humans. So, when a machine mimics a human mind by thinking for itself, it is known as Artificial Intelligence. Some of these activities are - Learning, Speech recognition, Perception, Planning, Reasoning, Problem solving and also the ability to operate and move objects around.

John Mc Carthy is considered one of the founding fathers of artificial intelligence along with Alan Turing, Marvin Minsky, Allen Newell and Herbert A Simon. It is Mc Carthy who had coined the term Artificial Intelligence in 1955 and organized the famous Dartmouth conference in summer of 1956. However intelligent robots and artificial intelligence made their first appearance in the ancient Greek myths of Antiquity. Aristotle's development of the syllogism and its usage of deductive reasoning were presumed to be a key moment in mankind's quest in understanding its own intelligence. While the roots penetrate longer and deeper, the history of artificial intelligence as we think of it today spans less than a century.

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Artificial Intelligence is now used in various fields, providing an accurate, efficient and performance oriented system. Agriculture and farming, security and surveillance, production and manufacturing, banking, healthcare and supply chain management are some of the areas where AI has made significant impact.

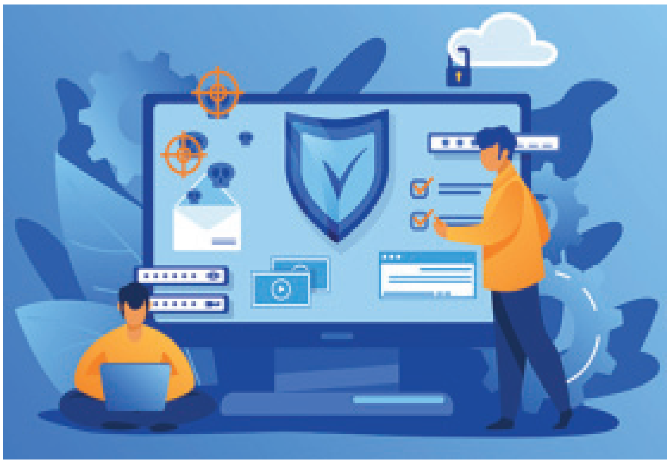
Disease mapping and prediction tools, conversational bots for marketing and customer services, spam filters on emails, social media monitoring tools for dangerous content of false news, Siri, Alexa and other personal assistants, Self-driving cars, drone and robots etc are some of the most popular and appropriate examples of Artificial Intelligence.

Importance of Artificial Intelligence in Banking Sector:

In present era the role of banks are very important for the development of financial life cycle for modern society as it handles cash, credits and various financial transactions. In other words we can say the banks are now financial supermarket like other shopping centers of essential items. In past the handling of financial transactions was not that easy because entire process was dependent upon the human efforts only, a lot of paper work and a chain of human being was required to manage the regular transactions with accuracy.

To improve the traditional phenomena banks primarily used computers where they had a detailed record in their databases. In the chain of that various channels were added like ATMs, Mails, Internet Banking, mobile banking etc, that made a revolution in banking sector and provided a structured path to move on. This smooth operation of the banking world that is done through computers and network is possible only because of the Artificial Intelligence. AI technologies are making banking processes faster, money transfers safer and back-end operations more effective and efficient.

Banks are deploying various artificial intelligence techniques to enhance the customer delight by enabling frictionless, 24 x 7 customer interaction. AI in banking applications is not just limited to retail banking services, and it also extends its benefits to the back and middle offices of investment banking and all other financial services. There are numerous aspects of AI illustrated below that will enlighten on its importance in modern banking system.



Effective decision-making:

Cognitive systems that think and respond like human experts, and provide optimal solutions based on available data in real-time. These systems keep a repository of expert information in its database called knowledge database. Bankers use these cognitive systems to make strategic decisions. Now it's realistic to imagine a magical combination of AI and human mind that expands our mental skills and masters scientific challenges. This hybrid technology may also combine human mind with artificial devices to enable us to improve our physical or cognitive abilities without facing any time, location and other physical constraints.

Cognitive process automation:

This mechanism ensures complete automation of a range of information-based, costly and risk-prone banking services. This helps in securing Rate of Interest, reduces costs and ensures precise and fast processing of services at each stage. It is a process that takes care of learning and improvising on previous experiences automatically and adopts an advanced approach without human intervention for its performance through constant machine learning.

Customer Satisfaction:

Customer satisfaction is the first and foremost important factor of any bank. The banks provide personalized and most efficient services to each and every individual customer. AI helps in increasing revenue, faster decision making and having a good customer relationship. Having AI not only ensures that the customers are happy but it also helps the banks to maintain and have well organized back offices. Based on past interactions, AI develops a better understanding of customers and their behavior. This enables banks to customize financial products and services by adding personalized features and intuitive interactions to deliver meaningful customer engagement and build strong relationships with its customers.

Detection of Frauds & Prevention:

Fraudulent activities are one of the most fearful concerns amongst the people and banking industry. Especially when a financial fraud occurs, the effected individual finds it very difficult to cope and recover from such losses. Whenever any fraudulent activity noticed by bank and if it is immediately brought to the attention of the bank, then the bank authorities takes prompt and necessary action to handle the incident in a very organized manner, and this is because of the artificial intelligence .This quick response has helped the customers to built their trust with the bank as well as it helps the bank to retain their loyal customers.

This helps banks to identify fraud, detect anti-money laundering pattern and make customer recommendations. Money launderers, through a series of actions, portray that the source of their illegal money is legal. With its power of Machine Learning and Cognition, AI identifies these hidden actions and helps save millions for banks. AI has enormous ability to detect and minimize banking frauds. It reduces fraud and financial crimes by monitoring behavioral patterns of users for any kind of abnormal changes or anomalies. The tool that is used for AI gets smarter and smarter day by day. In other words AI has developed a better immune system in banking sector to resist and fight with the fraudulent and suspicious activities.

Vaticination of future outcomes and trends:

AI has the power to predict future scenarios by analyzing past behaviors, it helps banks predict future outcomes and trends. AI is able to detect suspicious data patterns easily among humungous volumes of data to carry out fraud management. Further, with its key recommendation engines, AI studies past to predict future behavior of data points, which helps banks to successfully up-sell, cross-sell and also for other financial activities.

Digitalization:

While it is understood, the growing customer's demands have forced banks to embrace digitization, build easy to use simple user interfaces, and offer better customer support integrating bots & human interactions; a lot more can be done to further enrich a customer's relationship with a bank. Artificial intelligence is widely perceived as a catalyst that could help the banks strengthen relationships with their customers.

AI provides numerous benefits in the form of reduced operational costs & improved customer relationship by using digitalization in banking industry like-

- ❖ It helps in enhancing customer experience.
- ❖ It is time saving for both the customers as well as the bank.
- ❖ It helps to improve accessibility to information.
- ❖ It helps to reduce the human error or as risk mitigator.
- ❖ It helps in the movement of large cash inflow and out flow.
- ❖ It helps in dealing with cashless transactions from any place and at any time
- ❖ It reduces the cost of transaction for the banks.
- ❖ It strengthens monitoring of financial transactions and other banking activities.
- ❖ It helps in implementation of Government's schemes and policies.

Role in Marketing:

Artificial intelligence (AI) in marketing is a very powerful tool, it allows marketers to crunch huge amounts of marketing data analytics from social media, emails and the web in a relatively faster time. Moreover the insights they get in a shorter time frame will help marketers boost campaign performance and return on investment faster. This gives marketers and businesses more time to focus on other quality important tasks. Some of the major contributions of AI in respect of marketing are enumerated here under-

- ❖ Gain a deeper understating of customers.
- ❖ Optimize digital advertising campaign.
- ❖ It Boost cross-selling rate by using customer journey analytics.
- ❖ It facilitates identification of future outcomes.
- ❖ It cushions marketers to track the performance of their content on a real-time basis.
- ❖ It helps in deciding what content to fashion and when to distribute it.
- ❖ It predicts customer behavior and identifies and nurtures the needs of the customers.
- ❖ It guides in developing customized products and services.

Enhanced Digital Advertising:

In the present era of banking, it is one of the biggest challenges in our banking industry to deliver effectual advertising for their strong appearance in the market. Digital advertising is routed through various online and digital channels. It leverages mediums such as emails, social Media, mobile applications, search engines and websites to display advertisements and messages to the suitable market by using AI as a catalyst. It will act as a powerful mechanism to bring about a drastic change in the way business advertise their products and services. Today digital advertising strategies would be impossible without a rudimentary form of AI.

Utility in Credit and Monitoring:

In the past, banks were not able to assess the previous credit history of an applicant during their lending process. Transunion CIBIL Limited, India's first credit information company, referred as credit bureau. It collects and maintains the records pertaining to loans and credit cards of individuals and commercial entities. In the form of score CIBIL implies the past repayment history, length of account, types of credit facilities and inquiries made by the applicants. It helps immensely in effective deployment of credit through a robust appraisal system and thus ensures the minimum deterioration in quality of assets. Also credit monitoring is very essential for the Banks to keep borrower's account safe from fraud and unwanted slippages. AI plays a vital role to receive early warning signals for the accounts with potential stressed. It may help the banks identify and detect fraud cases with higher accuracy and at large scale.

Application of AI in HR:

Artificial Intelligence plays a significant role in transforming HR and workforce. Some of the applications are illustrated below-

- It improves relationship between the employees and the organization.
- It reduces the human bias.
- It rationalizes the training need analysis.
- It develops conducive workplace learning environment.
- Scientific distribution of work amongst employees.
- Business outcome focused performance appraisal system.
- Operational requirement based staff deployment.

The future of AI in Banking Sector:

Now we have understood the benefits and importance of AI in banking industry. AI has reached the stage where it is sufficiently advanced and affordable to warrant practical implementation in financial services. Banks are busy exploring ways in which they can harness the power of AI to streamline internal process and improve the customer experience. If we look the development in the field of technology, we see that it is getting smarter day by day, this gives us assurance that in the future we can only see that technology of AI going stronger and stronger, which will help the customer to have a secure banking experience.

In today's low-trust environment, artificial intelligence offers a new way to tackle financial fraud, build trust, and create a secure financial atmosphere. New forms of AI are being introduced to catch fraudsters with exceptional speed and efficiency. Other potential future applications of AI in banking and finance lie in the area of customer service and sales of financial products.

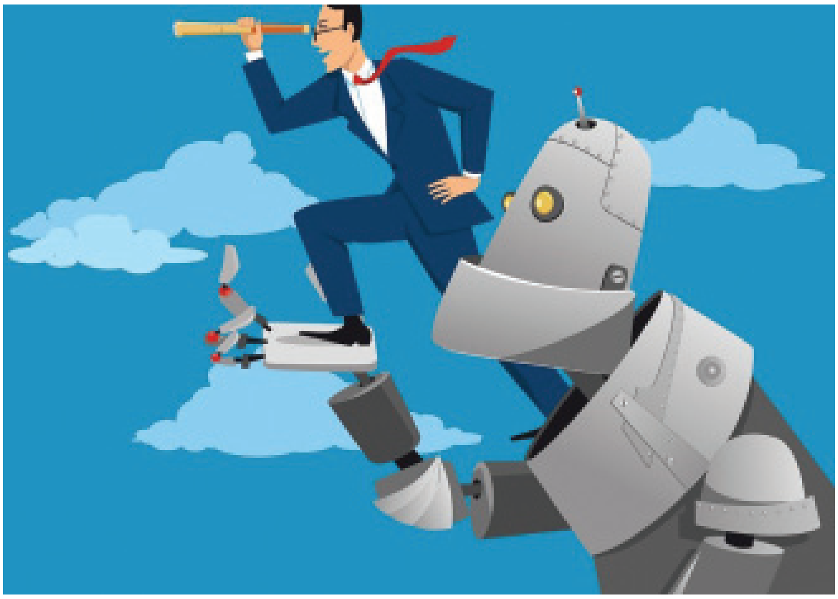
EASE 3.0(Enhanced Access & Service Excellence), which is PSBs reforms agenda for FY 2020 - 2021. It sets the implementation roadmap for this financial year. EASE 3.0 aims to drive transformation in mass banking landscape by way of adopting digital driven services offering backed by robust IT support system in marketing, loan underwriting, monitoring, dynamic rating and best customer services. It is fully focused on AI as it emphasizes highly on Digitization, Data Analytics, and Governance etc through all its 5 themes, 27 Action Points and 38 Evaluation metrics.

In brief EASE 3.0 seeks to enhance ease of banking in all customer experiences using technology, alternate data analytics, Dial-a-Loan for doorstep loan facilitation. Credit@click for end to end digitized lending, analytics based and Technology -enabled Retail and MSME credit outreach and Due diligence through digitally populated data. Prudent lending through IT- based system for scoring, rating and pricing of risk. On the spot EASE banking outlets at frequently visited places like Malls, stations, office complexes etc. Palm banking, digitalized branch experience and tech enabled agriculture lending are the key highlights of EASE 3.0 action points.

Covid-19 pandemic has accelerated digital transformation at banks. Pete Swabey, Editorial director of Europe, the Middle East and Africa (EMEA) at the Economist Intelligence Unit (EIU) said "Retail, corporate and banks were already under pressure to deploy new technologies quickly and charge their cultures to compete with big tech firms and payment players to deliver an engaging digital experience. Now as digital banking surges as a result of Covid-19 crisis, this task is more pressing than ever".

As per the various reports and survey artificial intelligence will become the primary channel through which financial institutions and their clients will interact in coming days. Let us look at some of the areas in which AI will rule in future. ❑

ROBOTIC PROCESS AUTOMATION IN MODERN DAY BANKING



The spectrum of automation expands from simple rule-based automation to advanced cognitive and artificial intelligence automation. The ability of the tool/solution to automate depends on three factors which are as follows:

1. The type of input it can read, 2. The amount of data it can process, and 3. the nature of output it can generate.

Typically, as the variability of the input increases, the amount of data to be processed multiplies and the output moves from being deterministic to predictive, i.e., the solution moves from Robotics Process Automation to Intelligent Automation to Cognitive Intelligence and then to AI on the spectrum.

About the author

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Robotics Process Automation (often referred to as 'RPA') sits at one end of this spectrum.

Robotic Process Automation - Mimics Human Actions

o Used for rules based, simple to complex processes o Faster handling time o Higher volumes o Reduced errors & costs. E.g., UIPath, Automation Anywhere.

Intelligent Automation - Mimics Human Judgement

o Used for Judgement Based processes o Machine Learning capability o Interprets Human Behavior. E.g., Workfusion, Ayasdi.

Cognitive Intelligence - Augments Human Intelligence

o Used for predictable decision-making o Dynamically self-adaptable and managing. E.g., SIRI, Google Self driving car project.

Artificial Intelligence - Mimics Human Intelligence

o Acquires human like thought and decision making capabilities. E.g, HAL 9000.

Since Cognitive Automation is still in early stages, companies are focusing on RPA for Mainstream Automation

Robotic Process Automation(RPA)

RPA is a technology that mimics the actions of a human performing simple rule-based processes. It interacts at the application/interface layer of any application and performs the exact steps just like anyone working across multiple applications. "RPA is the natural evolution of labor arbitrage, it takes the Robot Out of the Human" It is cost effective, scalable, and easy to implement. This is the biggest difference and advantage RPA has over traditional automation techniques that relied on backend automation requiring massive IT transformation, huge investments and complex decision making/ approval cycles given its susceptibility to security issues.

RPA in Banks and Financial Industry

Banking and Financial industry is seen to be growing exponentially over the past few years with the implementation of technological advancements resulting in faster, more secure and reliable services. In order to remain competitive in an increasingly saturated market - especially with the more widespread adoption of virtual banking - banking firms have had to find a way to deliver the best possible user experience to their customers. According to PwC, nearly 81% of banking CEOs are concerned about the speed of technological change, more than any other industry sector. Internally, the challenge to maximize efficiency and keep costs as low as possible while also maintaining maximum security levels has also increased. To answer these demands, Robotic Process Automation (RPA) has become a powerful and effective tool.

RPA has been significantly adopted in this sector, for making the time-consuming banking operations more organized and automated.

RPA has a plethora of different applications in the BFSI segment to free up the manpower to work on more critical tasks. Some of these processes include:

Customer Service

Banks deal with multiple queries every day ranging from account information to application status to balance information. It becomes difficult for banks to respond to queries with low turnaround time.RPA can automate such rule-based processes to respond to queries in real time and reduce turnaround time to seconds, freeing up human resource for more critical tasks.

With the help of artificial intelligence, RPA can also resolve queries which needs decision making. With the help of NLP, Chatbot can understand the natural language to chat with customer and respond like human.

ATM testing

A global bank deployed an ATM testing robot to automate the test cases that were earlier conducted manually. The robot came with 5 components:

- Vision system for screen reading and identifying keyboard number, card slot, cash, and receipt identification
- High dexterity robotic arm to reach out to all areas of ATM operations
- Processing unit

The robot tested various aspects including the screen, keypad, card dispensing mechanism, cash and cheque handling mechanism, cash counting mechanism, and debit and credit card differentiator, to deliver up to 80 percent cost and time savings.

Compliance

Banking being the center of the economy is closely governed and needs to adhere to lot many compliances. RPA increases productivity with 24/7 availability and highest accuracy improving the quality of compliance process.

Payments

Accounts payable is a simple but monotonous process in the banking system. It requires extracting vendor information, validating it and then processing the payment. This does not require any intelligence making it the perfect case for

RPA.Robotic Process Automation with the help of optical character recognition (OCR) solution can solve this problem. OCR can read the vendor information from the digital copy physical form and provide information to RPA system. RPA will validate the information with the information in the system and process the payment. If any error occurs, RPA can notify the executive for resolution.

Credit Card Processing

Traditional credit card application processing used to take weeks to validate the customer information and approve credit card. The long waiting period was dissatisfaction to customers and cost to banks. However, with the help of RPA, banks now can process the application within hours. RPA can talk to multiple systems simultaneously to validate the information like required documents, background checks, credit checks and take the decision of the basis of rules to approve or disapprove the application.

Mortgage Loan

In United States, it takes approx. 50 to 53 days to process mortgage loan. Process of approving mortgage loan goes through various checks like credit checks, repayment history, employment verification and inspection. A minor error can slow down the process. As the process is based on specific set of rules and check, RPA can accelerate the process and clear the bottleneck to reduce the processing time to minutes from days.

Fraud Detection

With the introduction of digital system, one of the major concerns of banks is fraud. It is really difficult for banks to track all the transactions to flag the possible fraud transaction. Whereas RPA can track the transactions and raise the flag for possible fraud transaction pattern in real-time reducing the delay in response. In certain cases RPA can prevent fraud by blocking accounts and stopping transaction.

KYC Process

Know Your Customer (KYC) is a mandatory process for banks for every customer. Considering the cost of the manual process, banks have started using RPA to validate customer data. With increased accuracy, the process can be completed with minimal errors and staff.

Report Automation

Like all other public companies, banks need to prepare report and present to their stakeholders to show the performance. Considering the importance of the report, there is no chance for the bank to make error.While RPA systems provide data in multiple formats, it can create report by auto filling the available report format to create report without errors and minimum time.

Account Closure Process

With such a huge number of customers, it is supposed to get some account closure requests on monthly basis. There can be various reasons for the account closures and one of them is when client has failed to provide mandatory document.With Robotic Process Automation, it is easy to track such accounts and send automated notification and schedule calls for the required document submissions. RPA can also help banks to close account in exceptional scenarios like customer failing to provide KYC documents.

Mobilizing Tons of Data

As the 10 banks merge in 4 big banks, huge chunks of data will be migrated from different platforms to one single platform."If here are two or three different entities using different technologies then one common structure has to be designed, this is a right fit for RPA to come in from manual transfer to automated transfer by bots," said Arup Roy, VP Analyst at Gartner.

Benefits of RPA in banking:

1. Cost Savings

Many argue that RPA does not reduce cost but provide more value addition to the overall organizational benefits and efficiency. Whereas, the various implementation show slightly different data.Banks are always looking to cut cost in such competitive industry. Thanks to the RPA. Research shows that implementing RPA drives about 25% to 50% cost savings, improving the output metrics of applied functions.

2. Expediting the Operational Efficiency

Banks play a very important role in influencing the economy. If all the banks become more efficient, it'll have direct and ripple effect on many other industries.

RPA is an extensive solution which requires employee training, governance, comprehensive setup. But once it is in place, research says that banks will save 40-60% in the first year of implementation making processes faster and much more efficient.

3. Agile Businesses

With the growing technology penetration in every industry and globalization, banks need to be more agile and flexible than ever. The effect of things happening on the other side of the world can be seen in hours instead of days. With RPA, banks get a chance to prepare for any situation and respond in no time.Also, by freeing up the human resources from daily mundane tasks, more focus can be given coming up with innovative strategies to grow business.

4. Growth with Legacy Data

Technology has allowed us to digitize the data from the paper entries making it available for businesses. With RPA, banks are using legacy and new data to bridge the gap between processes. With the availability of data in one system allows creating faster and better reports for the business strategies.

5. Reduced Business Response Time

Banks are incorporating Robotic Process Automation for faster process execution and operational efficiency. Research says that banks will be able to save 75% of the cost while retaining the quality output. Banks like HDFC and ICICI are using RPA to bring down process execution time by around 60%. RPA is disrupting the way banks are operating and the adoption will increase with the CAGR.

6. Leveraging the Existing Infrastructure

Implementing Robotic Process Automation does not require setting up new infrastructure. The unique quality of RPA technology allows it to integrate with any system irrespective of the development technology making it applicable enterprise wide. Banks are already using RPA in operations, sales, Human Resources, Admin, Finance functions to optimize process with efficiency and reduced cost.

Challenges in Adoption of RPA:

1. Managing employees' resistance

The "robots will steal our jobs" narrative, often used as a typical robotic process automation objection, is the core reason for the staff's lack of willingness to accept new technologies.Prior to engaging in the automation project, one should educate them regarding what software robots can and cannot do, and help them understand that the bots are to be seen as helping, and not as hindering, the current work roles. Moreover, one should invest in training employees regularly, as the 'automation era' will likely require them to acquire new skills.

2. Inability to automate end-to-end processes

For the more complex processes, RPA tools may be insufficient for directly automating all the process steps. "Divide and conquer" is recommended way to go about this. Redesign these sophisticated tasks, break them into simpler parts, and start automation.

3. Insufficient assistance from the all department

Relying solely on the IT department is among the common RPA challenges that should be actively avoided throughout the automation project. Business processes require a Process Design Document for the pilot phase, including workflow diagrams, data-specific business rules (for various types of data), a comprehensive list of technical exceptions that the operations unit may face during manual processing, etc. It is more likely that the pilot paves the way for successful long-term development if the business team gives feedback for bots' performance.

4. Lack of effectively structured RPA implementation teams

As always, lack of structure is a pitfall. But the good news is that it is not too difficult to be fixed. "Effective structure" arises out of clearly specified roles for the team members, sufficient knowledge about the processes selected for automation, as well as not allowing resources to be shared among multiple ongoing projects.

Sources:

1. Deloitte and CII paper on Banking on the Future.
2. TCS paper on Why Banks must Bank on RPA
3. automationedge.com
4. www.cigen.com.au
5. bfsi.economictimes.indiatimes.com. ❑

RMAI Certificate Course on Risk Management

Join Today

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
Final Exam	After 2 Months
Mode of Delivery	Online. E learning Modules
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 200 Registrations:	25% Discount on Course Fees — INR 11,250 Plus Exam Fees Rs.750 – Total Rs.12000 International USD 262.50 Plus Exam Fees US$20 Total US $ 282.50
Special Offer for RMAI Members:	40% Discount on Course Fees for Registration – INR Rs.9000 Plus Exam Fees Rs.750 (9750/-)
Final Exam Fees	INR Rs.750 Examination Fees – Indian Students US $ 20 – International Students 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.

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
- 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. 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: 9073791022/8232083010
Post: Risk Management Association of India,
25/1, Baranashi Ghosh Street,
Kolkata – 700007. India

RBI CIRCULAR

Card transactions in Contactless mode - Relaxation in requirement of Additional Factor of Authentication

RBI/2020-21/71

December 04, 2020

1. Please refer to circular DPSS.CO.PD.No.2163/02.14.003/2014-2015 dated May 14, 2015 issued by Reserve Bank of India (RBI), wherein Additional Factor of Authentication (AFA) requirement was relaxed for values up to ? 2,000/- per transaction for card transactions in contactless mode at Points of Sale (PoS) terminals. Subsequently, it was clarified that transactions beyond this limit can be processed in contactless mode, but with AFA.
2. Reference is also drawn to RBI circular DPSS.CO.PD No.1343/02.14.003/2019-20 dated January 15, 2020 on "Enhancing Security of Card Transactions", wherein users were provided option of switch on / off or to set limits for various card features, including for contactless transactions. The instructions, which came into effect from October 1, 2020, have made card transactions more secure by empowering users to enable card features and set requirements according to their need and comfort.
3. The present COVID-19 pandemic has underlined the benefits of contactless transactions. Keeping this in view and based on stakeholder feedback, it was announced in the Statement on Developmental and Regulatory Policies dated December 4, 2020 that per transaction limit for AFA relaxation for contactless card transactions will be increased. Accordingly, given the sufficient protection available to users, it has been decided to increase the per transaction limit to ? 5,000/-. All other requirements, including the discretion of cardholder to use contactless or contact mode of transaction, shall continue to remain applicable, as hitherto.
4. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect from January 1, 2021.

(P. Vasudevan)
Chief General Manager

Perpetual Validity for Certificate of Authorisation (CoA) issued to Payment System Operators (PSOs) under Payment and Settlement Systems Act, 2007 (PSS Act)

RBI/2020-21/72

December 4, 2020

1. This has reference to the Statement on Developmental and Regulatory Policies dated October 9, 2020 wherein Reserve Bank of India (RBI) had announced granting of authorisation for all PSOs under PSS Act on a perpetual basis, subject to certain conditions.
2. Currently, RBI grants authorisation to new entities desirous of operating a payment system for specified periods up to five years. Similar approach is adopted

for renewal of validity of authorisation to existing entities. To reduce licensing uncertainties and enable PSOs to focus on their business as also to optimise utilisation of regulatory resources, it has been decided to, hereafter, grant authorisation for all PSOs (both new and existing) on a perpetual basis, subject to the usual conditions.

3. For existing authorised PSOs, grant of perpetual validity shall be examined as and when the CoA becomes due for renewal subject to their adherence to the following:
   a. Full compliance with the terms and conditions subject to which authorisation was granted;
   b. Fulfilment of entry norms such as capital, networth requirements, etc.;
   c. No major regulatory or supervisory concerns related to operations of the PSO, as observed during onsite and / or offsite monitoring;
   d, Efficacy of customer grievance redressal mechanism;
   e. No adverse reports from other departments of RBI / regulators / statutory bodies, etc.
4. Existing PSOs who do not satisfy all conditions will be given one-year renewals to enable them to comply; if any entity fails to do so in a reasonable time, its authorisation may be withdrawn.
5. If an entity becomes non-compliant with any of the conditions of authorisation, RBI may undertake action as deemed fit under the provisions of PSS Act, including imposition of restrictions on payment system operations and / or revocation of CoA.
6. This directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

(P Vasudevan)
Chief General Manager

Authorisation of entities for operating a Payment System under the Payment and Settlement Systems Act, 2007 (PSS Act) – Introduction of Cooling Period

RBI/2020-21/73

December 4, 2020

1. Please refer to provisions contained in Section 4 of PSS Act and 'Oversight Framework for Financial Market Infrastructures and Retail Payment Systems issued on June 13, 2020', in terms of which any person before commencing or operating a payment system shall obtain authorisation from the Reserve Bank and for the purpose shall apply in a prescribed format to RBI as defined in Payment and Settlement Systems Regulations, 2008.
2. To inculcate discipline and encourage submission of applications by serious players as also for effective utilisation of regulatory resources, it has been decided to introduce the concept of Cooling Period in the following situations –
   a. Authorised Payment System Operators (PSOs) whose Certificate of Authorisation (CoA) is revoked or not-renewed for any reason; or
   b. CoA is voluntarily surrendered for any reason; or
   c. Application for authorisation of a payment system has been rejected by RBI.
   d. New entities that are set-up by promoters involved in any of the above categories; definition of promoters for the purpose, shall be as defined in the Companies Act, 2013.
3. The Cooling Period shall be for one year from the date of revocation / non-renewal / acceptance of voluntary surrender / rejection of application, as the case may be. In respect of entities whose application for authorisation is returned for any reason by RBI, condition of Cooling Period shall be invoked after giving the entity an additional opportunity to submit the application.
4. During the Cooling Period, entities shall be prohibited from submission of applications for operating any payment system under the PSS Act.
5. This directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

(P Vasudevan)
Chief General Manager

Index of Articles published during the period *January 2020 to December 2020* in our Journal "Banking Finance"

Rajkiran Rai Elected as IBA Chairman

The managing committee of the Indian Banks' Association (IBA) has elected Rajkiran Rai G, Managing Director And Chief Executive Officer of Union Bank of India as the chairman of the body of bank managements for 2020-21.

The other office-bearers elected to the association as deputy chairmen were: Madhav Nair, country head and CEO of Mashreq Bank-India; Dinesh Kumar Khara, Chairman of the State Bank of India; and, SS Mallikarjuna Rao, Managing Director and Chief Executive Officer of Punjab National Bank. Rakesh Sharma, Managing Director of IDBI Bank, will be the IBA secretary for the new term.

INDUSTRY - WISE DEPLOYMENT OF BANK CREDIT

(₹ Crore)

Sr. No.	Industry	Outstanding as on						
		Jun 21, 2019	Jul 19, 2019	Aug 30, 2019	Sep 27, 2019	Oct 25, 2019	Nov 22, 2019	Dec 20, 2019
2.1	Mining & Quarrying (incl. Coal)	41129	40563	40938	41380	41176	41372	42741
2.2	Food Processing	151625	150077	145210	142388	139693	136930	145578
2.2.1	Sugar	29572	28582	27889	27424	25914	24624	24541
2.2.2	Edible Oils & Vanaspati	20100	19475	18929	17923	17681	17430	20071
2.2.3	Tea	5110	5200	5356	5558	5497	5832	5458
2.2.4	Others	96843	96820	93036	91483	90601	89044	95508
2.3	Beverage & Tobacco	14376	14440	13857	14973	14717	14030	15034
2.4	Textiles	193595	191284	186307	186773	187677	186323	189152
2.4.1	Cotton Textiles	91947	90087	84473	84020	83999	83448	85688
2.4.2	Jute Textiles	2122	2110	2117	2168	2209	2181	2215
2.4.3	Man-Made Textiles	25984	25452	25423	25295	25763	25820	26170
2.4.4	Other Textiles	73542	73635	74294	75290	75706	74874	75079
2.5	Leather & Leather Products	11150	11211	11051	11044	11052	10813	10949
2.6	Wood & Wood Products	11691	11701	11881	12082	11992	11968	12067
2.7	Paper & Paper Products	30142	29760	29864	29973	30507	30230	30697
2.8	Petroleum, Coal Products & Nuclear Fuels	55775	53085	51976	53576	52477	52466	53536
2.9	Chemicals & Chemical Products	174540	173212	177006	180523	176120	173231	177427
2.9.1	Fertiliser	33118	34419	35572	36835	34080	34112	34375
2.9.2	Drugs & Pharmaceuticals	49021	48195	48566	49177	48873	48501	49839
2.9.3	Petro Chemicals	39493	37900	39987	39110	39743	37445	39154
2.9.4	Others	52908	52698	52881	55401	53424	53173	54059
2.10	Rubber, Plastic & their Products	45828	45843	46501	47007	46919	47029	49164
2.11	Glass & Glassware	9832	9652	9942	9387	8687	8686	8784
2.12	Cement & Cement Products	56126	57539	59223	60809	60587	59309	58502
2.13	Basic Metal & Metal Product	352015	347995	348467	354021	351144	347906	337587
2.13.1	Iron & Steel	266162	265912	266309	269955	268259	265599	254848
2.13.2	Other Metal & Metal Product	85853	82083	82158	84066	82885	82307	82739
2.14	All Engineering	164574	165038	166488	163374	166861	162680	158648
2.14.1	Electronics	37942	37367	37284	35168	35706	32895	33145
2.14.2	Others	126632	127671	129204	128206	131155	129785	125503
2.15	Vehicles, Vehicle Parts & Transport Equipment	81419	82728	83022	83038	82552	81472	82840
2.16	Gems & Jewellery	66218	66066	66361	65637	62792	61310	60452
2.17	Construction	97160	95384	95990	100074	99394	100091	102579
2.18	Infrastructure	1026481	1034716	1004811	1003786	1019784	1025154	1029417
2.18.1	Power	563743	568247	558892	557170	559953	562711	562025
2.18.2	Telecommunications	106831	112215	109761	115017	127493	130960	134310
2.18.3	Roads	186128	188386	190895	185293	185424	186529	186870
2.18.4	Other Infrastructure	169779	165868	145263	146306	146914	144954	146212
2.19	Other Industries	228356	218066	216319	215038	222620	221247	229218
	Industries	2812032	2798360	2765215	2774883	2786751	2772248	2794372

(Continued

INDUSTRY - WISE DEPLOYMENT OF BANK CREDIT (Concld.)

(₹ Crore)

Sr. No.	Sector	Outstanding as on					
		Jan 31, 2020	Feb 28, 2020	Mar 27, 2020	Apr 24, 2020	May 22, 2020	Jun 19, 2020
2.1	Mining & Quarrying (incl. Coal)	41886	41600	43927	43508	42094	42890
2.2	Food Processing	150279	149851	154146	152326	149382	157937
2.2.1	Sugar	26288	26623	27382	27362	26556	25491
2.2.2	Edible Oils & Vanaspati	20745	19461	19240	18044	17980	17589
2.2.3	Tea	5438	5290	5375	5193	4406	5108
2.2.4	Others	97808	98476	102149	101727	100440	109749
2.3	Beverage & Tobacco	14991	15063	16522	16458	16111	15025
2.4	Textiles	190108	188067	192424	190040	189249	189236
2.4.1	Cotton Textiles	87850	86276	89283	87254	86023	86401
2.4.2	Jute Textiles	2198	2117	2116	1994	1958	2046
2.4.3	Man-Made Textiles	26017	25822	26074	26094	26349	26835
2.4.4	Other Textiles	74043	73852	74951	74698	74919	73954
2.5	Leather & Leather Products	10882	10720	11098	10830	10609	10936
2.6	Wood & Wood Products	12205	12102	12233	12343	12432	12591
2.7	Paper & Paper Products	31085	30607	30965	31276	31570	31675
2.8	Petroleum, Coal Products & Nuclear Fuels	55622	58679	75834	81636	73835	73323
2.9	Chemicals & Chemical Products	183048	184239	202949	193201	182315	180006
2.9.1	Fertiliser	34535	37028	49066	35981	34781	34486
2.9.2	Drugs & Pharmaceuticals	52072	50685	53427	53198	51800	52040
2.9.3	Petro Chemicals	40697	40188	42233	47383	40832	39455
2.9.4	Others	55744	56339	58223	56639	54902	54025
2.10	Rubber, Plastic & their Products	49254	48752	50415	49763	48645	48402
2.11	Glass & Glassware	8678	8494	8777	8412	8165	8132
2.12	Cement & Cement Products	57715	56634	58689	58916	58234	57163
2.13	Basic Metal & Metal Product	335104	333597	350325	354085	354466	350359
2.13.1	Iron & Steel	252173	250942	262396	268125	268756	266465
2.13.2	Other Metal & Metal Product	82931	82655	87929	85960	85710	83894
2.14	All Engineering	157586	155428	157259	154251	155201	147283
2.14.1	Electronics	33594	32900	30159	29968	30438	29742
2.14.2	Others	123992	122528	127100	124283	124763	117541
2.15	Vehicles, Vehicle Parts & Transport Equipment	79793	79111	82606	82565	84499	85374
2.16	Gems & Jewellery	59841	59147	59515	58880	57447	55686
2.17	Construction	105113	103972	104288	98980	100381	102608
2.18	Infrastructure	1036852	1018749	1053913	1055204	1055249	1069160
2.18.1	Power	559305	538993	559774	566556	568131	568950
2.18.2	Telecommunications	136080	141171	143760	139040	138289	146173
2.18.3	Roads	192232	186148	190676	189441	192041	194921
2.18.4	Other Infrastructure	149235	152437	159703	160167	156788	159116
2.19	Other Industries	237483	238000	239266	231698	231723	237424
	Industries	2817525	2792812	2905151	2884372	2861607	2875210

Source : *Reserve Bank of India.*

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