A leading monthly journal on Banking & Finance

₹85/-

Banking Finance

VOL.XXXIV - NO.7 - July 2021 - ISSN-0917-4498

In this issue

- MSME Lending: PSBs locking horn with Private lenders & NBFCs
- Pillar of Financial Inclusion -Microfinance
- Opportunities and Challenges of Blockchain for E-Voting.
- Professionalising Bankers
- NRI Simplified
- CERSAI 2.0: A way forward

CELEBRATING 34 YEARS OF PUBLICATION SINCE 1988

"RTGS, NACH which is at present accessible on financial institution working days, is proposed to be made accessible on all days of the week efficient from August 1, 2021."

Shaktikanta Das
Governor
Reserve Bank of India

"With Aarogyam Healthcare Business Loan, our endeavour is towards strengthening the healthcare infrastructure across the entire country."

Dinesh Khara
Chairman
State Bank of India

BANKING FINANCE

A LEADING MONTHLY JOURNAL ON BANKING & FINANCE

VOL. XXXIV NO. 07
July 2021, ISSN - 0971-4498

Correspondence Address
25/1, Baranashi Ghosh Street,
Kolkata- 700007, India
Phone : 033-4007 8378/3553 4434/4007 8428
E-mail : insurance.kolkata@gmail.com
Website : www.sashipublications.com
Portal: www.bankingfinance.in

Registered Office
31/1, Sadananda Road, P.S. Kalighat,
Kolkata -700 026, India

Single Copy ₹ 85/-
Annual Subscription ₹ 990/- (Ord.) / ₹ 1340/- (Regd.)
Foreign air mail US$ 125
3 years subscription ₹ 2040/-
5 years subscription ₹ 3060/-

All the payment must be made by DD favouring **BANKING FINANCE** payable at Kolkata, India.

Please do not make any cash payment for journal/books to any person representing **BANKING FINANCE** and we shall not be responsible for the cash payments.

Publisher Sushil Kumar Agarwala, 31/1, Sadananda Road, P.S. Kalighat, Kolkata -700 026, India. Printed by Satyajug Employee Co Operative Industrial Ltd, 13, Prafulla Sarkar Street, Kolkata - 700 072.

From The Desk Of Editor-in-Chief

Microfinance Institutions play a major role in expansion of banking and finance services in the remotest part of the country. The RBI has proposed to remove pricing restrictions for microfinance institutions (MFIs) in a report that reviewed regulations for the sector. The report has proposed a uniform definition for microfinance loans for banks, MFIs, and non-banking finance companies (NBFCs), and said that lending to a household should be capped in relation to its income.

The proposed privatization of PSU Banks has cast a fear in bank employees who fear loss of jobs and pensions. They are apprehending merging of branches and downsizing may result in job losses. Once in private sector there would be some definite measures to cut down the cost and achieve operational efficiency. Government must considerately address their concerns.

The Reserve Bank of India's (RBI's) 16 June monthly bulletin said forex reserves crossed $600 billion, making India the world's fifth-largest reserve holding country. However, RBI said this will still cover less than 15 months of projected imports, against Switzerland's 39 months, Japan's 22 months, Russia's 20 months, and China's 16 months. Since the publication of the bulletin, the reserves rose further to $608.08 billion as on 11 June. This is a good sign for the country amidst the pandemic scenario in the country.

The Directorate of Enforcement has transferred seized assets worth Rs. 9371.17 crore to public sector banks that suffered losses due to financial frauds committed by fugitive businessmen Vijay Mallya, Mehul Choksi and Nirav Modi. The total assets attached by the ED are worth Rs. 18,170.02 crore. This will help the bank to reduce their NPA's and improve their balance sheets.

Contents

Banking News

Bank of Baroda approves MCLR revision for various tenors by 0.05%

Bank of Baroda today said it has slashed the benchmark one-year marginal cost of funds based lending rate (MCLR) by 0.05%.

The bank has approved the revision in MCLR with effect from June 12, 2021, the lender said in a regulatory filing. The MCLR for one-year tenor stands revised to 7.35%.

Among others, the six-month and three-month tenor MCLRs have also been slashed by 0.05% each to 7.20% and 7.10%, respectively.

Padmakumar Nair to be CEO of National Asset Reconstruction Company

Padmakumar M Nair of State Bank of India (SBI) will be the chief executive of National Asset Reconstruction Company (NARCL), a proposed entity for taking over bad loans of lenders, predominantly public sector banks. NARC, also called a 'bad' bank, is expected to be operational in June 2021.

Nair, a career banker with SBI, has been chief general manager (CGM) in the stressed assets resolution group (SARG) of the bank since April 2020.

Prior to his elevation in 2020, he worked as general manager in the SARG from 2017. He has worked mostly in the corporate banking segment in the last two decades.

Banks' bond investment exceeds loans

Record liquidity infusion by the central bank in the banking system during the financial year 2020-21 amid sluggish economic activity resulted in banks investing more in safe government papers than in extending loans, data from Reserve Bank of India (RBI) showed. This trend has not been seen in nearly two decades, barring 2016 - the year of demonetisation.

According to RBI data, banks invested Rs 7.2 trillion in government bonds compared to Rs 5.8 trillion extended as loans in 2020-21.

NACH to be available on all days of the week.

From August 1, Nationwide Automated Clearing Home (NACH) will be accessible on all days of the week.

RBI Governor Shaktikanta Das introduced the transfer. "To be able to additional improve buyer comfort, and to leverage the 24×7 availability of RTGS, NACH which is at present accessible on financial institution working days, is proposed to be made accessible on all days of the week efficient from August 1, 2021," he mentioned.

NACH is a bulk fee system operated by the NPCI and facilitates one-to-many credit score transfers. Over 40.6 crore transactions (credit and debits) had been introduced on the NACH platform.

Amidst the rising adoption of digital funds, the transfer is ready to profit clients. Other than getting salaries and pensions over weekends, clients may also be capable to make funds reminiscent of EMIs and SIPs over the weekend.

Das said that NACH has emerged a distinguished mode of direct profit switch (DBT) to a lot of beneficiaries and has helped switch of presidency subsidies on time.

At current, it's accessible on days banks work and auto debit transactions will not be processed on holidays.

Vishwas Patel, Chairman, Funds Council

of India, mentioned it'll velocity up funds. "As IMPS, NEFT and RTGS are shifting into real-time funds, NACH being accessible on all days will assist staff get salaries on time, sooner and even on weekends," he mentioned.

Karnataka Bank reports frauds of Rs. 160.35 cr

Karnataka Bank Ltd has informed the BSE that it has reported to the Reserve Bank of India frauds in the credit facilities extended to two listed companies. The total amount of fraud reported in these two credit facilities stood at Rs. 160.35 crore.

The bank said both these accounts were classified as NPA (non-performing asset), and have been fully provided for. "As such, there is no impact on the financials of the bank going forward," it said. An outstanding amount of Rs. 138.41 crore has been treated as fraud in the case of Reliance Commercial Finance Ltd, and 100 per cent provision has been made. The percentage of bank's share in the multiple banking arrangement was 1.98 per cent. There were 22 lenders under multiple banking arrangement in this case. It said the company was dealing with the bank since 2014.

In the case of Reliance Home Finance Ltd, an outstanding amount of Rs.21.94 crore has been treated as fraud, and 100 per cent provision has been made. The percentage of bank's share in the multiple banking arrangement was 0.39 per cent. There were 24 lenders under multiple banking arrangement in this case. It said the company was dealing with the bank since 2015.

Indian Overseas Bank posts profit in FY21

Indian Overseas Bank (IOB) has staged an impressive turnaround with a strong net profit in the pandemic-hit FY21 after suffering losses for six years in a row. Indian Overseas Bank (IOB) reported a net profit of Rs. 831 crore in FY21 against a net loss of Rs. 8,527 crore in FY20, on the back of strong operating profit that stood at Rs. 5,896 crore against Rs. 3,534 crore, aided by higher noninterest income, which was at Rs. 5,559 crore (Rs. 3,306 crore).

PSU Bank staff seek job security assurance after privatization

The proposed privatization of PSU lenders has cast a fear in bank employees who fear loss of jobs and pensions, with unions vowing indefinite strikes to counter any adverse announcement. People who joined government-owned banks with job security in mind believe that while mergers largely did not lead to job losses, privatization will.

Union finance minister Nirmala Sitharaman announced in the FY22 Union budget that the government will reduce its stake in two public sector banks apart from IDBI Bank. To be sure, she said in March that privatization would not hurt the interests of employees.

Though the government has not named any bank yet for privatization, various news reports have pointed to Central Bank of India, Indian Overseas Bank, and Bank of Maharashtra as likely candidates.

"We are not sure about what is happening. I have a colleague who left a cushy job to come work at the bank and is now worried about losing his job," said a banker at one of the three lenders mentioned above. Several bank employees have died during the two waves of covid-19 and now the lack of clarity on jobs is quite frustrating, he said.

Others said that privatization would be unfair to those who joined these banks considering the benefits of being in the public sector. Changing the structure of these institutions, they said, would make it difficult for many to adjust to.

"Many employees are worried that even if there is no direct retrenchment, there might be large voluntary retirement schemes, pushing people to leave," said Devidas Tuljapurkar, convener of the United Forum of Bank Unions (UFBU), an umbrella body of nine bank unions.

Tuljapurkar believes that attempts could also be made to outsource several jobs, leading to retrenchment in clerical roles. "While officers might not bear the brunt of such measures, clerical jobs are at great risk if privatization is implemented," he said.

Union Bank of India raises Rs 850 crore through bonds

Union Bank of India has raised Rs 850 crore by issuing Basel-III-compliant bonds on a private placement basis.

The bank has allotted Basel-III-compliant tier-II bonds, which are in the nature of debentures eligible for inclusion in tier-II capital, aggregating to Rs 850 crore, Union Bank of India (UBI) said in a regulatory filing.

The tenor of the bond is 10 years and it has a coupon rate of 7.19 per cent per annum.

The lender said there is a call option on the bonds which can be applicable on or after the fifth year from the date of allotment (June 24, 2021).

Tier-II capital of a bank includes undisclosed reserves, revaluation reserves, and subordinate debt.

A call option bond provides the issuer of the bond to repay the debt before the maturity, especially when the interest rates are falling as servicing a debt at a higher rate is not prudent.

To comply with Basel-III capital regulations, banks globally need to improve and strengthen their capital planning processes in the aftermath of the Lehman Brothers failure.

These norms are being implemented to mitigate concerns on potential stresses on asset quality and consequential impact on performance and profitability of banks.

The Indian banking system has been implementing Basel-III standards in phases since April 1, 2013.

AIBOA appeals to President of India against privatisation of two PSBs

The All India Bank Officers' Association (AIBOA) has appealed to the President of India to advise the Council of Ministers to rescind the proposed moves to privatise two public sector banks (PSBs) and undertake strategic disinvestment in IDBI Bank.

S Nagarajan, General Secretary, AIBOA, in a letter to President Ram Nath Kovind, emphasised that during the past 51 years, the nationalised banks continuously contributed to the growth of the economy and were instrumental in all developmental activities without exception.

IDBI Bank privatisation process starts

The government has invited bids to appoint transactions and legal advisors to assist in strategic sale of its equity, along with transfer of management control, in IDBI Bank to private players.

Transaction advisor - which could be consulting firms, investment or merchant bankers, and financial institutions/banks - will undertake tasks related to all aspects of proposed strategic disinvestment. It will include assisting the government on modalities of disinvestment and the timing, structuring the transaction, organizing roadshows for potential investors, and suggesting measures to fetch optimum value.

The advisor will help in negotiations with shortlisted bidders, fixing the range of fair reserve price, and support IDBI Bank in setting up of the e-data room that would help investors in conducting due diligence, according to the draft request for proposal document released by the Department of Investment and Public Asset Management (DIPAM).

"The advisor will assist government in fixing the range of the fair reserve price considering the valuation of IDBI Bank Limited, based on the methods employed in the financial services sector and highlighting the pros and cons of various methods and also highlighting the fact that many variations of these valuations exist. The GoI will have the option of valuation done from any other agency," said the RFP document.

The government currently owns 45.48 per cent equity in IDBI Bank, while Life Insurance Corporation has 49.24 per cent stake and remaining 5.29 equity is held by public shareholders. Public Sector Banks cannot participate as bidders for acquisition of IDBI Bank in the transaction process, DIPAM has stated. Transactions and legal advisors have to submit their bids by July 13. With the Cabinet clearance in place and legislative provisions in line, IDBI Bank transaction is expected to be faster than the process of privatising two other banks, announced in the Budget.

ICICI Bank Launches New Corporate Banking Products

ICICI Bank announced what it is calling "ICICI STACK for Corporates" - a set of packaged banking services tailored for more than 15 distinct industries.

ICICI is among India's leading private sector banks with strong presences in insurance, asset management, securities brokerage services and private equity. ICICI Bank states in marketing materials that it operates in 15 countries.

ICICI STACK for Corporates is "a comprehensive set of digital banking solutions for corporates and their entire ecosystem including promoters, group companies, employees, dealers, vendors and all other stakeholders," the news release from the bank announcing the new offerings states. "The wide range of 360-degree solutions enables corporates to seamlessly meet all banking requirements of their ecosystem in an expeditious and frictionless manner."

Simultaneously, ICICI announced it will operate branches dedicated to corporate services. Five new branches are in Mumbai and three in other areas. Four more are coming in the short-term, according to bank.

The company stated in the announcement that the "four main pillars" of the new offerings are: digital banking products for businesses; digital banking products for channel partners and venders; digital banking products for employees; and tailored services for directors and other leaders.

ICICI's offering lands in a banking sector many experts think has done more to help innovations benefit consumers than it has corporate clients. ICICI Bank's new offerings are set up specifically for industries including: financial services, IT/ITES, pharmaceuticals and steel, according to the recent announcement.

SBI launches new business loan scheme for healthcare sector

State Bank of India launched a new business loan scheme 'Aarogyam Loan' for the healthcare sector to extend loan support in view of the novel coronavirus pandemic.

The new loans may be availed by way of Cash Credit, Term loan, bank guarantee, letter of credit, the lender said in a statement.

Under this new scheme, entire healthcare ecosystem such as hospitals, nursing homes, diagnostic centres, pathology labs, manufacturers, suppliers, importers, logistic firms engaged in critical healthcare supply can avail of loans up to Rs. 100 crore, repayable in 10 years, SBI said.

"The Aarogyam Loan can be availed either as a term loan to support expansion/modernization or as working capital facilities such as cash credit, bank guarantee/letter of credit. In metro centres loans under Aarogyam can be availed up to Rs100 crore, Tier I and Urban centres up to Rs. 20 crore and in Tier II to Tier VI centres up to Rs. 10 crore," it further stated.

Moreover, the beneficiary availing the loan of up to Rs. 2 crore will not be required to offer any collateral or security to the bank as this will be covered under the guarantee scheme of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).

Launching the product, Dinesh Khara, Chairman, SBI, said, "Our Healthcare system has been providing uninterrupted and phenomenal support over the last year to the country amidst the pandemic. Acknowledging and recognizing their contribution in the wake of Covid-19, we are glad to launch the Aarogyam Healthcare Business Loan for them. We believe this special loan product will provide the much needed financial support to enable expansion/ modernization of existing facilities and also creation of new facilities. With Aarogyam Healthcare Business Loan, our endeavour is towards strengthening the healthcare infrastructure across the entire country."

Saraswat bank becomes one of the top 10 banks in India as per Forbes

In the recent release of Forbes third edition of 'World's Best Banks' list Saraswat Bank is among the top 10 banks in India. The top position is won by the last year winner DBS Bank after defeating other 30 domestic and internationals banking working in India.

This list is issued by Forbes with the partnership of Statista, a market research firm. India's Famous private sector entities ICICI and HDFC are on position 33 and 4 respectively.

Whereas, the biggest lender of India, State Bank of India is on position 7. Axis Bank and Kotak Mahindra Bank occupied positions above the SBI. They are on position 6th and 5th respectively.

Saraswat Bank is on position 9 in the list. Due to its unbeatable services and customer satisfaction level Saraswat Bank got successful to acquire the position nine. The new edge Saraswat Bank Net Banking facility taking the customer experience to the next level which makes this bank popular day by day.

In this survey over 43000 banking customers took part who are residing acrros the globe. The key factors on which the results were dependent were trust, digital services, customer satisfaction, former and current banking relationships etc.

AU Small Finance Bank allots over 1.14 lakh equity shares under ESOP

AU Small Finance Bank has informed that the bank has allotted 1,14,063 Equity shares of face value of Rs10/- each on 24th June 2021 pursuant to exercise of equivalent number of Employee Stock Options.

The paid-up equity share capital of the Bank has increased from Rs. 312,82,28,170 consisting of 31,28,22,817 equity shares having a face value of Rs. 10/- each to Rs. 312,93,68,800 consisting of 31,29,36,880 equity shares having a face value of Rs. 10/- each.

AU Small Finance Bank was trading at Rs.1,019 apiece higher by Rs. 8.95 or 0.89% from its previous closing of Rs. 1,010.05 apiece on Sensex, at around 9:42 AM. ❑

Reserve Bank News

RBI cancels the license of West Bengal based United Cooperative Bank

The Reserve Bank of India said it has cancelled the license of the United Co-operative Bank Ltd, Bagnan in West Bengal as the bank does not have adequate capital and earning prospects.

The Registrar of Cooperative Societies, West Bengal has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank.

The central bank said that as a consequence of the cancellation of its license, the United Co-operative Bank, Bagnan, West Bengal is prohibited from conducting the business of 'banking', which includes acceptance of deposits and repayment of deposits as defined in Section 5 (b) read with Section 56 of the Banking Regulation Act, 1949 with immediate effect.

With the cancellation of license and commencement of liquidation proceedings, the process of paying the depositors of United Co-operative Bank, Bagnan, West Bengal as per the DICGC Act, 1961 will be set in motion, it added.

According to the data submitted by the bank, all the depositors will receive the full amount of their deposits from Deposit Insurance and Credit Guarantee Corporation (DICGC).

On liquidation, every depositor would be entitled to receive deposit insurance claim amount in respect of his/her deposits up to a monetary ceiling of Rs. 5,00,000/- (Rupees Five lakh only) from the DICGC subject to the provisions of the DICGC Act, 1961.

Reserve Bank: Mobile prepaid recharge facility on BBPS by Aug-end

The Reserve Bank of India said the scope of the Bharat Bill Payment System (BBPS) will be expanded by August 31 this year by adding 'mobile prepaid recharges' as a biller category, a move likely to help millions of prepaid phone subscribers in the country. In September 2019, the scope and coverage of BBPS were expanded to include all categories of billers who raise recurring bills (except mobile prepaid recharges) as eligible participants, on a voluntary basis. Before that, the facility of payment of recurring bills through BBPS was available only in five segments - direct to home (DTH), electricity, gas, telecom and water.

"With consistent growth in different biller categories and to facilitate mobile prepaid customers with more options to recharge, it has been decided to permit 'mobile prepaid recharges' as a biller category in BBPS, on a voluntary basis," the RBI said in a circular. There were about 1,100 million prepaid phone subscribers in India as on December 2020. This will be implemented on or before August 31, 2021, it added.

RBI is unlikely to ease its new norms for bank audit

The RBI has said that it is unlikely to ease its new norms for bank audit, despite a volley of protest from industry lobby groups, arguing that the rules are meant to avoid any conflict of interest and make the process more transparent.

There is a large pool of auditors to choose from - around 600-700 empanelled by the Comptroller & Auditor General - and the plan has support from professional bodies such as the Institute of Chartered Accountants of India. The change in rules come after a series of problems in the financial sector, starting with the collapse of IL&FS and the crises at Yes Bank, DHFL and PMC Bank.

At the heart of the protest is the RBI's decision to stop reappointment of a firm for six years after its three-year term is over. Besides, it has put in place rules barring statutory auditors from taking non-audit work to avoid any conflict of interest. In case of public sector banks, all-India financial institutions and urban cooperative banks in Maharashtra, a three-year term is already the norm for statutory central auditors (SCA). For private banks the term was fixed at four years.

Similarly, the six years' rotation policy has been in existence for SCAs of private and foreign banks, which has now been extended to other entities. Dismissing suggestions that RBI's April guidelines are meant to favour Indian firms, sources told that the idea was to usher in better monitoring of some of the failed and controversial ventures in recent years, which were audited by some of the big names in business.

RBI proposes pricing restrictions for micro-finance institutions

The RBI has proposed to remove pricing restrictions for microfinance institutions (MFIs) in a report that reviewed regulations for the sector. The report has proposed a uniform definition for microfinance loans for banks, MFIs, and non-banking finance companies (NBFCs), and said that lending to a household should be capped in relation to its income.

Other proposals include doing away with pre-payment penalty and collaterals for loans to households with annual income of Rs 1.25 lakh and Rs 2 lakh for rural and urban areas, respectively. If the recommendations are accepted, lenders will have to disclose pricing in a standard simplified fact sheet.

"In having a common definition of microfinance loans for all regulated entities, it will ensure a level playing field, making it entity-agnostic as done by MFIN as part of its voluntary Code of Responsible Lending (CRL). The focus on responsibility on boards promoting good governance and sound operational policies is a welcome step," said Alok Mishra, CEO and director of MFIN - an association of micro lenders.

"The suggested framework in the consultative document is intended to be made applicable to the microfinance loans provided by all entities regulated by the RBI and is aimed at protecting borrowers from over-indebtedness as well as enabling competitive forces to bring down the interest rates by empowering the borrowers to make an informed decision," the RBI said.

RBI proposes regulatory framework for micro-lenders

All lenders maybeasked to adopt a common household incomelinked definition to identify microfinance borrowers, and ensure that at least half of these borrowers' income is available to meet their other expenses, according to the Reserve Bank of India's proposed regulatory framework for microfinance activities undertaken by all Regulated Entities.

As per the proposed guidelines, a common definition of a microfinance borrower, as currently applicable to nonbanking finance company -- microfinance institutions/ NBFCMFIs (annual household income not exceeding Rs.1.25 lakh for rural and Rs.2 lakh for urban and semiurban areas), will be extended to all REs.

Collateral-free loans to households as defined above will be defined as microfinance loans. To assess household income, it is proposed that income assessment should be carried out at the household level.

To address the concerns of over-indebtedness, the framework proposes to link the loan amount to household income in terms of debt-income ratio. The intention of the proposed regulation is to ensure that the household is not strained.

Accordingly, the payment of interest and repayment of principal for all outstanding loans of the household at any point of time shall be capped at 50 per cent of the household income. Existing loans to the households which are not complying with the limit of 50 per cent of the household income, shall be allowed to mature.

However, individual RE may adopt a conservative threshold as per their own assessments and Board approved policy.

As a measure of customer protection, microfinance borrowers of all REs shall be provided with the right of prepayment without attracting penalty, as is the case for NBFC-MFIs, as per RBI's consultative document on regulation of microfinance.

In order to empower the microfinance borrowers to make an informed decision, a standardized and simplified one-page disclosure format containing information only on pricing of microfinance loans shall be prescribed for all REs.

This format shall enable the borrowers to compare interest rates as well as other fees associated with a microfinance loan in an easy-to-understand manner.

The framework proposes to align pricing guidelines for NBFC-MFIs with that prescribed for NBFCs.

Financial instability looming over India's banking sector

Former Indian ex deputy governor Rakesh Mohan warned of looming financial instability in India's already struggling banking sector, citing the growing divergence between the pain in the real economy and the exuberance in the capital markets.

Mohan, who served as deputy governor of the Reserve Bank of India twice between 2002 and 2009, said loan growth has mostly been sluggish in the economy despite the RBI's recent measures to boost flow of bank credit. The only exception was credit to small- and medium-sized enterprises, he wrote in a paper published by the Centre for Social and Economic Progress.

"Hence there is a mismatch between the performance of the real sector and financial markets," Mohan said. "This could potentially lead to enhanced stresses experienced by both lenders and borrowers, leading to potential financial instability."

His views come days before the central bank releases its bi-annual Financial Stability Report, which will give investors a clearer picture on how India's banking sector is dealing with an economic downturn. The country has one of the biggest piles of soured credit among major economies and a crisis in the shadow banking sector culminated in the rescue of two lenders and bankruptcy of two more over the past couple of years.

Despite those struggles, strategists expect India's marquee lenders to withstand the impact of two waves of virus infections on the economy thanks to robust provisioning and new measures that will allow them to hide the true extent of their bad loans through 2022. That may boost the sector's performance - which has been middle-of-the pack this quarter - in an equity market that's looking beyond the economic impact of the pandemic's second wave as the index hits record highs.

RBI launches FY21 round of survey on ITES exports

The Reserve Bank said it has launched the 2020-21 round of its annual survey on computer software and information technology enabled services (ITES) exports, results of which are used for compilation of balance of payments statistics. The RBI has been conducting this annual survey since 2002-03. It collects data on various aspects of computer services exports as well as exports of ITES and business process outsourcing (BPO).

The survey results are released in the public domain, besides being used for compilation of balance of payments (BoP) statistics and other uses, it said in a release.

In another release, the RBI said it has also launched the 2020-21 round of the annual survey on 'Foreign Liabilities and Assets of Mutual Funds and Asset Management Companies'.

The survey collects information from mutual fund companies and asset management companies on their external financial liabilities and assets as at end-March of the latest financial year.

Consolidated results of the survey are released in the public domain, besides being used for compilation of India's external sector statistics.

RBI plan to boost forex tailwind for trade

The accumulation of foreign exchange may check the strengthening of the local currency and fuel Indian exports in the short term, experts said, with the central bank hinting that current reserves of $600 billion are sufficient to cover imports for a shorter duration than many other large economies.

The Reserve Bank of India's (RBI's) 16 June monthly bulletin said forex reserves crossed $600 billion, making India the world's fifth-largest reserve holding country. However, RBI said this will still cover less than 15 months of projected imports, against Switzerland's 39 months, Japan's 22 months, Russia's 20 months, and China's 16 months. Since the publication of the bulletin, the reserves rose further to $608.08 billion as on 11 June.

"There is an intrinsic bias towards accumulation, which will have a residual impact on the rupee. There is a chance that the rupee will mostly underperform compared to emerging market peers even with healthy emerging markets flows," Madhavi Arora, lead economist at Emkay Global Financial Services, said over the phone.

RBI allows jewellers to repay part of gold loan with physical gold

The Reserve Bank of India released a notification stating that jewellery exporters and domestic manufacturers of gold jewellery now have the option of replaying a part of their Gold (Metal) Loans (GML) using actual physical gold.

According to existing instructions, banks who are authorised to import gold and designated banks participating in Gold Monetisation Scheme, 2015 (GMS) can give out GML to jewellery exporters or domestic manufacturers of gold jewellery. The GML was only allowed to be repaid in the Indian currency (Rupees) which was to be equivalent to the value of gold that had been borrowed. However, RBI has now reviewed and made changes to these norms.

"Banks shall provide an option to the borrower to repay a part of the GML in physical gold in lots of one kg or more," noted the RBI circular issued. The option of repaying GML through physical gold will be subject to certain conditions.

On such condition is that the GML should have been extended out of locally sourced or GMS-linked gold. RBI noted that the repayment of GML has to be done using locally sourced IGDS (India Good Delivery Standard)/ LGDS (LBMA's Good Delivery Standards) gold. The bank added that the gold has to be delivered on behalf of the borrower to the lender directly by the refiner or a central agency without any involvement from the borrower.

Another condition for loan replacement using physical gold is that the loan agreement should contain details of the options that can be exercised by the borrower. It should also include details of acceptable standards and manner in which the gold had to be delivered for repayment of GML.

RBI Dy Guv asks Industry to make pricing of financial products transparent

RBI Deputy Governor T Rabi Sankar urged the industry to make the pricing of financial products and services transparent to minimise chances of mis-selling.

Speaking at an event he said there is an amount of pricing even in the case of free services.

Citing an example of such opaque arrangement, Sankar said bundling of products in the financial sector is one such arrangement.

Bundling tends to favour a seller of such a product rather than consumer, he said, adding "when bundling and such issues come up, I think regulators need to be more alert to the possibilities of mis-selling and misuse".

The deputy governor made a disclaimer that the remarks made by him are personal and not of the RBI in the interest of free and fair debate related to investor education and protection in the banking sector.

"Industry also needs to make pricing transparent whenever you price your services and keep the pricing distinct among multiple services that you are selling," he said.

Observing that the digital payments industry is yet to enter into its teens, Sankar said it has become a global leader in certain areas while it is evolving.

RBI imposes monetary penalty of Rs.2-4 lakh on three co-operative banks for non-compliance

The Reserve Bank of India have imposed monetary policy on three co-operative banks due to non-compliance. These three banks are - Excellent Co-operative Bank, Janseva Sahakari Bank Limited and The Ajara Urban Co-operative Bank Ltd.

RBI imposed a monetary penalty of Rs.4 lakh on Excellent Co-operative Bank Ltd., Mumbai (the bank) for contravention of the directions issued by RBI on 'Maintenance of Deposit Accounts' and 'Know Your Customer (KYC)'.

RBI monetary penalty of Rs.2 lakh on Janseva Sahakari Bank Limited, Pune (the bank) for contravention of the direction issued by RBI on Know Your Customer (KYC).

The Reserve Bank of India (RBI) has imposed, by an order dated June 23, 2021, a monetary penalty of Rs. 2 lakh (Rupees Two lakh only) on The Ajara Urban Co-operative Bank Ltd., Ajara, Kolhapur (the bank) for contravention of direction issued by the RBI on 'Maintenance of Deposit Accounts'.

This penalty has been imposed taking into account the failure of the bank to adhere to the aforesaid direction issued by THE RBI.

The above-mentioned penalties 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. ❑

Industry News

CBDT : Supply of food to schools, anganwadis exempt from GST

Supplying food to schools under mid-day meal scheme, pre-schools and anganwadis is exempt from GST, the Central Board of Indirect Taxes and Customs (CBIC) has said. The CBIC said it had received representations regarding applicability of GST on the issues as to whether serving of food in schools under mid-day meals scheme would be exempt if such supplies are funded by government grants and/or corporate donations.

I-T dept allows manual filing of tax forms for foreign remittance

The income tax department allowed manual filing of certain forms after the new tax filing portal continued to face tech glitches even after a week of its launch.

The I-T department issued a circular allowing manual filing of Form 15CA/15CB (required for foreign remittances) with banks till June 30, so that business transactions may go on.

The forms will be uploaded online on the e-filing portal later, it added. The new portal, www.incometax.gov.in, was launched June 7, with the tax department as well as the government saying it was aimed at making compliance more taxpayer-friendly.

EPFO net new enrolments rise 13.7% in April

Net new enrolments with retirement fund body Employees' Provident Fund Organisation (EPFO) increased by 13.73 per cent to 12.76 lakh in April from 11.22 lakh in March this year, according to payroll data released recently.

The Ministry of Labour and Employment in a release said that despite the second wave of COVID-19 pandemic, April 2021 registered an increase of 13.73 percent net subscribers addition as compared to the previous month during which around 11.22 lakh net subscribers were added to the payroll. Data reflects that the number of exits in the month of April 2021 have declined by 87,821 and rejoining has increased by 92,864 subscribers as compared to March 2021.

Of the 12.76 lakh net subscribers added during the month, around 6.89 lakh new members have come into the social security coverage of EPFO for the first time. Around 5.86 lakh net subscribers exited and then rejoined EPFO by changing their jobs within the establishments covered by EPFO and choose to retain membership through the transfer of funds rather than opting for a final settlement.

Forex reserves rises to high of $608.08 billion

The country's foreign exchange reserves surged by $3.074 billion to reach a record high of $608.081 billion in the week ended June 11, the latest data from the Reserve Bank of India (RBI) showed. The reserves had increased by $6.842 billion to $605.008 billion in the previous week ended June 4, 2021.

In the reporting week ended June 11, the rise in reserves was on account of an increase in foreign currency assets (FCA), a major component of the overall reserves, the RBI's weekly data showed.

FCA rose by $2.567 billion to $563.457 billion, as per the data.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

Central Govt questions reports on rise in Indians' Swiss bank deposit

The finance ministry said that there did not appear to be "any significant possibility" of an increase in deposits from undeclared incomes of Indians.

The ministry was reacting to reports which suggested funds of Indians in Swiss banks have risen to over Rs 20,700 crore at the end of 2020 from Rs 6,625 crore at the end of 2019, reversing a two-year decline. It said exchange of financial information have taken place between both countries in 2019 and 2020. In view of existing legal arrangement for exchange of information of financial accounts, there does not appear to be any significant possibility for increase of deposits in Swiss banks which is out of undeclared incomes of Indian residents.

It said Swiss authorities have been requested to provide possible reasons for increase/decrease. "Media reports allude to the fact that the figures reported are official figures reported by banks to Swiss National Bank and do not indicate the quantum of alleged black money... these statistics do not include the money that Indians, NRIs or others might have in Swiss banks in the names of third-country entities," the statement said.

Rules pertaining to Indian Accounting Standards amended

The government has amended rules pertaining to various Indian Accounting Standards (Ind AS), including those related to interest rate benchmark reform. Ind AS are converged with the International Financial Reporting Standards (IFRS).

The corporate affairs ministry notified the Companies(Indian Accounting Standards) Rules, 2021. The changes have been made after consultations with the National Financial Reporting Authority (NFRA).

Under the revised rules, entities are required to make additional disclosures related to interest rate benchmark reform. These disclosures are to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

Entities would have to disclose the nature and extent of risks to which they are exposed arising from financial instruments subject to interest rate benchmark reform, and how the entities the manage these risks.

Two SEBI whole-time members get extension

The Centre has given two-year extension each to two SEBI whole-time members - Ananta Barua and Santosh Kumar Mohanty. This is the first time that two whole-time members are getting an extension at the same time, according to those tracking the market regulator.

While Ananta Barua's tenure now stands extended for till July 31, 2023, that of S K Mohanty has been extended till June 24,2023.

Both Mohanty and Barua were appointed whole-time members in 2018 (April and July, respectively) for a tenure of three years.

The Government has in March begun a futile search for SEBI whole-time members as the tenures of Mohanty and Barua were to end.

Barua, an Executive Director before his elevation as whole-time member, was involved in framing of new regulations for the securities market.

Prior to his elevation, Mohanty was an ED and has also served as a Director in the erstwhile Forward Markets Commission.

Franklin Templeton Mutual Fund returns Rs. 17,777 cr to investors of six schemes

Franklin Templeton Mutual Fund (MF) said it has returned Rs 17,777 crore to unit holders of six shuttered debt schemes till June 15. This amounts to 71 per cent of assets under management (AUM) as on April 23, 2020, when the fund house shut its six debt mutual fund schemes citing redemption pressures and lack of liquidity in the bond market.

Further, cash to the tune of Rs 580 crore was available for distribution as on June 15, Franklin Templeton MF said in a statement.

The schemes -- Franklin India Low Duration Fund, Franklin India Dynamic Accrual Fund, Franklin India Credit Risk Fund, Franklin India Short Term Income Plan, Franklin India Ultra Short Bond Fund, and Franklin India Income Opportunities Fund -- together had an estimated Rs 25,000 crore as assets under management (AUM).

"The schemes have returned Rs 17,777.59 crore to unit holders amounting to 71 per cent of AUM as on April 23, 2020," the fund house said.

Under the first disbursement in February, investors received Rs 9,122 crore, while Rs 2,962 crore were paid to investors during the week of April 12, Rs 2,489 crore in the week of May 3, and in the latest disbursement during the week of June 5, investors were paid Rs 3,205 crore.

SEBI puts break on Rs. 4,000 crore Carlyle, PNB Housing deal

Sebi has effectively put on pause its Rs 4,000-crore share allotment to a clutch of companies led by The Carlyle Group.

This would have made the US-based private equity giant a majority shareholder in the company and brought down the stake of Punjab National Bank in its housing finance subsidiary to under 26%.

On May 31, PNBHF issued a notice for an Extraordinary General Meeting (EGM) of shareholders to be held on June 22 to approve the issuance of its shares to investors led by Carlyle including Aditya Puri, former MD of HDFC Bank and a senior advisor to Carlyle.

Cabinet gives approval for Model Tenancy Act

The Union Cabinet approved the Model Tenancy Act to help overhaul the rental housing legal framework across the country and help spur its overall growth.

In an official statement after the meeting, the Cabinet said that the Act will facilitate unlocking of vacant houses for rental housing purposes.

It is also expected to give a fillip to private participation in rental housing as a business model for addressing the huge housing shortage.

The cabinet, chaired by Prime Minister Narendra Modi, stated that the Act will be in "circulation to all states/ Union Territories for adaptation by the way of enacting fresh legislation or amending existing rental laws suitably." The Tenancy Act will also enable institutionalisation of rental housing by gradually shifting it towards the formal market.

"The Model Tenancy Act aims at creating a vibrant, sustainable and inclusive rental housing market in the country. It will enable creation of adequate rental housing stock for all the income groups thereby addressing the issue of homelessness," the statement said.

It also plans to enable creation of adequate rental housing stock for all the income groups.

Union Minister for housing and urban affairs Hardeep Singh Puri said: "Model Tenancy Act provides model for urban and rural properties and template for residential and commercial properties. Will apply to future transactions and take people from informal to specific contract arrangement between landlord and tenant."

Mastercard appoints Nikhil Sahni as country corporate officer for India

Mastercard said it has appointed Nikhil Sahni as its new division president, South Asia and country corporate officer for India, taking over from Porush Singh who will relocate to Singapore.

Sahni joins Mastercard with nearly 25 years of experience across strategy, investment banking, corporate, commercial, SME, retail, branch, and government banking, it said in a statement.

In his new role, Sahni will oversee Mastercard's operations, and position the company's products, solutions and services across the sub-continent, including Sri Lanka, Bangladesh, Nepal, Maldives and Bhutan, in addition to India.

"Sahni has a proven track record of consistently building domestically relevant businesses and cultivating mutually beneficial partnerships across the public and private sectors," said Ari Sarker, co-president, Asia Pacific, Mastercard.

"His extensive experience in India's financial services sector will be instrumental for us as Mastercard continues to strategically focus on providing the technology, infrastructure and innovation needed to build a vibrant digital payment ecosystem across South Asia," Sarker added.

Sahni's most recent role was as the senior group president, agriculture, government and MNC banking, and knowledge banking with Yes Bank. He was a part of Yes Bank's founding team, where he spent over 17 years managing various businesses and products, both at a regional and national level.

Asirvad microfinance raises Rs. 262 crore worth securitised loans

Asirvad Microfinance, India's fourth largest NBFC-MFI and a subsidiary of Manappuram Finance, has securitised (by direct assignment) microfinance loans worth Rs. 262 crore in a deal with a leading public sector bank in India.

In a press release, the Chennai-based MFI said that the transaction comes at a time when the microfinance sector in India has faced higher stress from lockdowns imposed after the onset of the second wave of the pandemic.

"This deal, following closely on the heels of an ECB transaction with the

US based WorldBusiness Capital, reaffirms the confidence that leading lending institutions have in India's microfinance sector and its prospects for growth," Raja Vaidyanathan, MD, Asirvad Microfinance was quoted in the release.

In May 2021, Asirvad raised a $15 million loan from US-based WorldBusiness Capital Inc.

The proceeds from the securitised loan will enable Asirvad to expand its business of providing small loans to low-income women business owners in rural areas to start and expand their income-generating business.

Tata Motors partners with Kotak Mahindra Prime for easy car financing

Tata Motors, to make its passenger vehicles more accessible to consumers in these challenging times, has joined hands with car finance company Kotak Mahindra Prime Ltd. for its three financing solutions: Red Carpet, Prime Vishwas and Low EMI schemes. They are suitable for both the urban and the rural customer groups (salaried, self-employed, no-income proof), with optional repayment periods, depending on the model.

The parameters of these schemes have been simplified to ease the financial burden on customers during the ongoing pandemic, the automaker said in a release.

Rajan Amba, vice president -- sales, marketing and customer care, PVBU, Tata Motors, said, "We are delighted to be partnering with Kotak Mahindra Prime Ltd. for the rollout of these customised financial solutions for different customer profiles. With such initiatives, we want to make safe personal mobility solutions more affordable and accessible to customers and ensure they have a hassle-free ownership experience."

According to Vyomesh Kapasi, managing director, Kotak Mahindra Prime Ltd., "In the backdrop of the pandemic, people are increasingly opting for the safety of a car as a means of personal mobility. We are delighted to partner with Tata Motors to offer easy, customised and attractive car financing solutions to customers."

BSE collaborates with GIFT SEZ to offer finance, capital markets courses

BSE Institute, a subsidiary of leading stock exchange BSE, has joined hands with GIFT SEZ Ltd to offer courses in finance and capital markets.

GIFT SEZ houses India's first International Financial Services Centre (IFSC).

The pact will lead to the development, launch, and conduct of programmes related to IFSC at GIFT City and help in the introduction and management of certification programmes for the market participants at GIFT IFSC, according to a statement by GIFT City.

Also, the initiative will help in offering of courses to prepare candidates for international securities regulations certifications and organizing seminars, knowledge series and conferences for creating awareness on IFSC and GIFT City.

Tapan Ray, Managing Director and Chief Executive Officer of GIFT City, said that GIFT City is committed to develop an enabling environment for all aspects of international financial services. An important piece of this endeavor is to provide avenues for skill development and training in various areas of international products, offshore fund management, international bullion trading among others.

"We see ourselves as facilitators of not only financial services but also of honing talent for this emerging stream in India," he added.

Reliance Home Finance takes up resolution plan approved by lenders

The board of directors at Reliance Home Finance (RHF) took note of a resolution plan approved by lenders under the Reserve Bank of India's (RBI's) prudential framework for resolution of stressed assets.

The board also appointed a committee to take further steps in the matter.

Lenders selected Authum Investment and Infrastructure Ltd as the successful bidder to acquire all assets of RHF through a competitive bidding process after several rounds of negotiations between the bidders and lenders.

Authum had reportedly submitted a bid of Rs 2,911 crore (which includes Rs 24 crore as deferred interest) to financial creditors.

The inter-creditor lenders with Bank of Baroda as the lead bank had received initial expression of interest from over 15 bidders of which four binding bids were shortlisted and the final successful bidder was selected.

"The implementation of resolution plan by successful bidder is subject to approval of inter-creditor lenders, shareholders, regulatory authorities and vacation of existing legal injunctions on the company," said RHF in a statement.

Manappuram Finance duped of Rs 30 lakh

Fraudsters duped Manappuram Finance Limited of Rs 30 lakh after collecting identity details and passwords of two of its employees associated with gold loan schemes.

According to police, the conmen introduced themselves as executives from the head office and collected details of the account and password maintained by two employees working in the gold loan branch. "After collecting the details, the conmen transferred Rs 30 lakh into a bank account towards a gold loan. However, the company officials found that as against practice, gold was not deposited in the branch but money was transferred to the account," cybercrime police officials said.

After an internal enquiry, the management lodged a complaint following which the police have booked a case and are investigating.

Signs of revival in economic activity: Survey

With states easing lockdown curbs due to declining number of Covid-19 cases, there are immediate indications of improvement in economic activity as companies are hopeful of better performance in the next 6 to 12 months, according to a survey.

About 60 per cent of 212 companies, which participated in the survey conducted by Ficci and Dhruva Advisors, said there was a high impact on their businesses due to the state-level lockdowns.

With different parts of the country under different sets of restrictions and consumer sentiment impacted due to the ferocity of the second wave of Covid-19, an evident dip in demand was witnessed by companies, it added.

This time it was not just demand in urban areas that was constrained but even the rural areas saw a compression in demand, according to the survey.

Banks can't cite crypto ban order to warn users: RBI

The Reserve Bank of India said that banks cannot refer to its April 2018 circular - struck down by the Supreme Court in 2020 -- to caution customers about trading in cryptocurrency, a move that was hailed by the nascent industry.

In recent weeks, several lenders including HDFC Bank and State Bank of India, had officially flagged transactions relating to the purchase of cryptocurrency, warning customers of curbs, including permanent closure of accounts.

MSMEs need easy access to finance for growth post-pandemic

The Micro, Small and Medium Enterprises (MSMEs) account for 45% of manufacturing output, more than 40% of exports, 28% of GDP. It also employs about 111 million people in India and is called the backbone of Indian economy.

The sector has been riddled with several challenges in the past but the Covid led lockdowns has left it in shambles. The second wave of the pandemic further exposed vulnerabilities and cracks like never before. Delayed payments, high informality and low financial resilience were exposed through the pandemic.

At an event organized by the Global Alliance for Mass Entrepreneurship (GAME) experts from various fields discussed the issues ailing MSMEs and the way forward. The panelists highlighted that at least Rs 15 lakh crore was stuck in payments to MSMEs each year with payments typically made in three to six months in contravention of the MSMED Act. They emphasised on the need of on-time payments particularly during the ongoing pandemic.

"These are hard times for MSMEs and large corporate houses who work with these firms can help in several ways. One of them can be supporting invoice discounting on TReDS. This allows them to retain flexibility with their cash flow while ensuring immediate liquidity to MSMEs," said Brajesh Palsaniya, Head - Treasury, Raymond in a statement.

LIC Housing Finance to raise over Rs 2,334 crore from LIC as equity capital

LIC will infuse equity capital worth about Rs 2,334.70 crore in its subsidiary LIC Housing Finance by picking up an additional stake in the company.

LIC Housing Finance (LIC HFL) will issue shares at Rs 514.25 apiece to its promoter Life Insurance Corporation of India (LIC) on a preferential basis.

The board of directors of the company in its meeting last week had approved preferential shares up to 4,54,00,000 through a private placement to LIC.

"The issue price of the equity share of the face value of Rs 2 each shall be Rs 514.25 apiece, which is the price calculated as per Sebi regulations, 2018," LIC HFL said in a regulatory filing on June 24. ❑

Mutual Fund News

Tata Mutual Fund launches floating rate NFO

Tata Mutual Fund has launched a floating rate fund -an open-ended debt scheme predominantly investing in floating rate instruments. The new fund offer, which opened for subscription, will close on July 5.

The fund will invest a minimum 65 per cent of its corpus in floating rate securities issued by corporates or government or convert fixed interest securities to floating via derivatives.

Akhil Mittal, senior fund manager at Tata Asset Management said with inflation remaining high, further cut in interest rate is unlikely. The RBI will most likely reduce the excess accommodation and would address liquidity and rate corridor (difference in reverse repo and repo) first and follow up with rate movement.

However, the RBI will stay put on current accommodation in this fiscal and any sort of normalisation will start only after 6-9 months. Reverse repo is expected to gradually rise and come back to normal band of 25 bps below repo rate from the current band of 65 bps below repo rate, he said.

"It is imperative that we manage our positioning and duration in such a way that any policy change or rate movement has lesser impact on our investments and we move with broader directional change in market," he said.

Meanwhile, Nippon India Mutual Fund has launched Nifty Pharma Exchange Traded Fund. Subscription of the fund will close on June 28 and reopens for continuous re-subscription on July 12.

The scheme will provide returns close to the total returns of the securities as represented by the Nifty Pharma index before expenses, it said.

Rupesh Patel of Tata MF joins Nippon India MF as senior fund manager

Nippon India Mutual Fund has announced the appointment of Rupesh Patel as Senior Fund Manager in Equity Investments and Hideaki Masago as Deputy Chief Risk Officer. Rupesh Patel was earlier associated with Tata Mutual Fund as a senior fund manager.

In his last role, Rupesh Patel managed some of the flagship equity funds such as Midcap Growth, Large Cap, Tax Savings, and Infrastructure Funds since 2008. Rupesh brings 19 years of diverse experience across equity investments, equity reinvestments, credit risk assessment, and evaluation of infrastructure projects.

Manish Gunwani, CIO - Equity Investments, Nippon India Mutual Fund, said, "We are delighted to have Rupesh on board. His in-depth knowledge and rich experience would complement and strengthen our equity investment management function and will help our team's collective endeavour to deliver value to all our unitholders."

Sebi clarifies rules on holding of liquid assets in debt mutual funds

Markets regulator Sebi clarified rules pertaining to holding of liquid assets in open-ended debt mutual funds.

Sebi had in November 2020 issued rules that entailed keeping of minimum 10 per cent in government securities in order to enhance the liquidity in open-ended debt funds like floater funds, credit risk funds and banking and PSU bond funds, among others.

This led to some confusion in fund managers' minds as to what the balance allocation would be, Sandeep Bagla, CEO - TRUST MF, said.

For all regulatory limits, calculations other than asset allocation limits (for Macaulay duration, risk-o-meter, investment restrictions pertaining to issuer, sector and group), the base to be considered is 100 per cent of net assets, Sebi said in a circular.

For asset allocation limits applicable for banking and PSU bond fund, floater fund, credit risk fund and corporate bond funds, the base will be considered as net assets excluding the extent of minimum stipulated liquid assets of 10 per cent, it added.

Explaining the framework, Bagla said in banking and PSU debt funds, the original minimum allocation to debt securities issued by such funds was earlier given as 80 per cent of the total assets under management (AUM).

So out of 100 per cent, 80 per cent was to be kept in securities issued by banking and PSU bond funds and 10 per cent to be put in government securities, he said.

Sebi comes out with new guidelines on mutual fund investment in interest rate swap

Markets regulator Sebi put in place fresh guidelines for participation of mutual fund schemes in interest rate swap, a derivative product.

Mutual funds can enter into plain vanilla Interest Rate Swaps (IRS) for hedging purposes. The value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme.

In case participation in IRS is through over the counter transactions, the counterparty has to be an entity recognized as a market maker by RBI and exposure to a single counterparty in such transactions should not exceed 10 per cent of the net assets of the scheme, Sebi said in a circular.

However, if mutual funds are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd (CCIL), the single counterparty limit of 10 per cent will not be applicable, it added.

In market parlance, an interest swap is a derivative product used for hedging interest rate risk by mutual funds. It is used between companies to swap their future interest rate payments from fixed to floating or vice-versa.

ITI Mutual Fund launches Dynamic Bond Fund

ITI Mutual Fund has launched the ITI Dynamic Bond Fund. The NFO opens on June 25 and closes on July 9, 2021. The minimum application amount is Rs 5,000 and multiples of Re 1 thereafter. The bond fund will be benchmarked against CRISIL Dynamic Debt Index.

According to the press release, the objective of the fund is to maximise returns through an active management of portfolio comprising of debt and money market instruments. The fund will follow a strategy that is structured in a manner that offer investors the benefit of dynamic fund management through flexible asset allocation and active duration management.

SAT to pass order in Franklin Templeton case

The Securities Appellate Tribunal will pass its order in the matter of Franklin Templeton's plea challenging the Securities and Exchange Board of India's directive soon. The SAT heard the arguments of both sides on June 25 and then reserved its order.

Franklin Templeton, which wound up six debt schemes last year, contends that SEBI's order earlier this month banning it from launching any debt scheme for two years with immediate effect was against the principles of natural justice.

The regulator had also imposed a penalty and asked the fund house to refund investment management and advisory fees collected for the six schemes.

FT vehemently opposed the disgorgement, saying the returns of the funds exceeded those of the indices and had benefitted investors. It also said half of the investors were institutions and they had not filed a single complaint against the fund house until the schemes were closed.

FT also denied that all the schemes were not one but different because the returns varied for all of them.

However, SEBI argued that FT had not complied with its well-defined rules and circulars. The market regulator said its directives were based on forensic reports and it had passed the orders after seeking FT's views.

SEBI also said the amount involved - Rs. 25,000 crore - was not small and only Rs. 17,000 crore had been recovered. It said the matter has been taken up by various high courts and even the Supreme Court.

SEBI directed FT on June 8 to return fund management fees worth Rs. 451.63 crore to the investors of the six debt funds. It also levied a 12 percent interest fee on this amount, taking the total amount to be disgorged to Rs. 512.5 crore.

Co-Operative Bank News

Infosys offers digital banking SaaS offering for cooperative banks in India

Infosys Finacle, part of EdgeVerve Systems, a wholly owned subsidiary of Infosys, announced its Digital Banking Software-as-a-Service (SaaS) offering designed as an accessible solution to help Indian Urban Cooperative Banks (UCBs) to modernize their business and operations. Designed specifically for the UCB segment, the platform has already seen adoption by three leading UCBs in India - Vidya Sahakari Bank, Urban Co-operative Bank, Bareilly and Zoroastrian Co-operative Bank

The SaaS offering combines the comprehensive functional spread of the industry-leading Finacle solution suite, with complementary solutions and capabilities from Finacle business partners, Saraswat Infotech Pvt Ltd (SIPL) and Best of Breed Software Solutions (BBSSL), to help UCBs reduce cost, drive operational efficiencies, and deliver world-class customer experiences.

Venkatramana Gosavi, senior vice president and global head of sales, Infosys Finacle, said: "For over two decades, Finacle has been a strong partner to financial institutions in India in their transformation journey. The UCB landscape is being reshaped by several forces in the new normal - rapidly changing customer behavior, new agile competitors, and evolving regulations. With our relentless focus on innovation, we are pleased to power the next phase of growth for UCBs in the country with our accessible, SaaS offerings, supported by our partners. "

Kapol Co-op Bank takes first step towards merger with Pune's Cosmos

Action is rising in the urban cooperative banking (UCB) space, with Mumbai-based Kapol Co-operative Bank taking its first step towards an amalgamation with Pune-based Cosmos Co-operative Bank.

The special general body meeting of the Kapol Co-operative Bank unanimously voted on the resolution "to consider and approve merger of the Bank with The Cosmos Co-operative Bank Ltd" on June 9, 2021.

The aforementioned development came about nine days before the Reserve Bank of India (RBI) accorded its "in-principle" approval to Centrum Financial Services to set up a small finance bank (SFB), which in turn is expected to take over the scam-hit Punjab & Maharashtra Co-operative (PMC) Bank.

Jyotindra Mehta, President, The National Federation of Urban Cooperative Banks and Credit Societies, observed that the resolution of weak UCBs has brightened after the September 2020 amendment to the Banking Regulation (BR) Act, 1949, as an UCB can be merged with any bank, be it a SFB, universal bank or another UCB. "Now a clear path to resolution via amalgamation is available," Mehta said. The Kapol Co-operative Bank was placed under Directions by the RBI with effect from the close of business on March 30, 2017. Once an UCBis placed under Directions, deposit withdrawal is capped.

This brings a lot of misery to the depositors. An UCB under Directions also cannot grant or renew any loans and advances, make any investment, incur any liability, among others. While stressed UCBs are placed under Directions by RBI to nurse them back to health, many stay under Directions for years.

As per Kapol Co-operative Bank's latest balance sheet, as at March-end 2020, it had deposits and advances aggregating Rs. 392 crore and Rs. 150 crore, respectively.

Cosmos Co-operative Bank had deposits and advances aggregating Rs. 15,195 crore and Rs. 11,503 crore, respectively, as at Marchend 2020.

Maharashtra govt may reject RBI's plan on merger of DCCBs with State co-operative banks

The MVA Government in Maharashtra is likely to say "thanks, but no thanks" to the Reserve Bank of India for its recent guidelines on "Amalgamation of District Central Co-operative Banks (DCCBs) with the State Co-operative Bank (StCB)."

Though RBI unveiled the guidelines to help the States contemplating de-layering their Short-Term Co-operative Credit Structure (STCCS) and their adoption is voluntary, co-operative and political circles fear that 'voluntary' amalgamation could become 'compulsory' down the line when it comes to the weaker DCCBs.

Co-operative sector veterans underscored that the Nationalist Congress Party (NCP) and the Indian National Congress (INC), two of the three main constituents of the Maha Vikas Aghadi (MVA), draw their grassroots political power from DCCBs, and the BJP-led NDA Government at the Centre wants to chip away at this.

NCP and INC have a vice-like grip on the functioning of the 31 DCCBs in Maharashtra. Some of their Members of Legislative Assembly and Members of Legislative Council are chairpersons and Directors on the Boards of these banks.

DCCBs mobilise deposits from the public and provide credit to them and the Primary Agricultural Credit Societies (PACS).

Shiv Sena, the third MVA constituent, and the BJP, the main opposition party in the State, don't have a say in DCCBs functioning.

Three-tier structure

Short-term co-operatives are arranged in a three-tier structure in most of the states, with StCBs at the apex level, DCCBs at the intermediate level and PACS at the grassroots level.

In 10 States and four Union Territories, however, short-term co-operatives operate through a two-tier structure consisting of StCBs at the apex level and PACS at the field level, according to RBI's 'Report on Trend and Progress of Banking in India'.

The number of registered insured StCBs and DCCBs stood at 34 and 347, respectively, across the country as at March-end 2021.

As at March-end 2019, there were about 96,000 PACS. These societies interface with individual borrowers to provide short-term and medium-term credit. They also arrange for the supply of agricultural inputs, distribution of consumer articles and marketing of produce for their members.

Amalgamation

The central bank's latest report said that after RBI's final approval, 13 out of 14 DCCBs (except Malappuram DCCB) of Kerala were amalgamated with the Kerala State Co-operative Bank on November 29, 2019.

As per RBI's 2020-21 Annual Report, 'in-principle' approval was granted to Government of Punjab on June 8, 2020, for the amalgamation of DCCBs in the State with the Punjab State Co-operative Bank, subject to fulfilment of conditions stipulated by the RBI and additional conditions, if any, imposed by Nabard.

Liberty General Insurance ties Up With Maharashtra Gramin Bank

Liberty General Insurance Ltd, announced its strategic tie-up with Maharashtra Gramin Bank.

Sponsored by Bank of Maharashtra, Maharashtra Gramin Bank operates in Maharashtra with its head office in Aurangabad. It is the largest Regional Rural Bank (RRB) in Maharashtra and is one of the 43 gramin banks in India supported by the government to bring banking services to rural areas. It provides easily accessible banking and credit services to the rural population through its 412 branches.

This partnership will enable distribution of Liberty General Insurance's products through Maharashtra Gramin Bank's branch network in seven regions of Maharashtra viz, Aurangabad, Beed, Latur, Nanded, Parbhani, Thane and Nashik.

Through this association Liberty General Insurance will offer a comprehensive range of relevant general insurance products including health, two-wheeler, and motor insurance to Maharashtra Gramin Bank's customers.

Speaking on this occasion Mr. Roopam Asthana, CEO & Whole Time Director, Liberty General Insurance said, ''Our partnership with Maharashtra Gramin Bank is an important milestone in our journey to offer our market leading products through a trusted partner to a crucial segment of our country which has traditionally seen low insurance penetration. Our alliance with Maharashtra Gramin Bank will spearhead our expansion in Maharashtra and Liberty General Insurance Limited is deeply committed to providing the best service and products to the bank's customers.''

Senior official from Maharashtra Gramin Bank quoted "We at Maharashtra Gramin Bank are confident that the Bancassurance partnership with Liberty General Insurance shall add value to the bank's esteemed individual customers and solicit, procure and service retail lines of general insurance products and commercial lines products."

Maharashtra State Cooperative Bank reports Rs 369-crore net in FY21

Maharashtra State Cooperative Bank (MSC) Bank has reported a net profit of Rs 369 crore for the financial year 2021, a rise of 14% over the previous year.

The bank's total income dropped 30% to Rs 2,427 crore, from Rs 3,485 crore. The bank had made provision of Rs 1,012 crore towards NPA loan write-off and Rs 455 crore general reserves write-off, according to senior officials.

The gross profit of the bank fell to Rs 776 crore, compared with Rs 1,345 crore for the previous year, down 42%. In FY20, general reserves of Rs 455 crore, Rs 62-crore IDR (investment depreciation reserve) and Rs 75-crore old IR (overdue interest reserve) were written back (total Rs 592 crore).

The bank's operating profit stood at Rs 758 crore, same as the previous year. Last year, the operating profit increased due to receipt of government guarantee of Rs 304 crore towards interest.

Vidyadhar Anaskar, chairman of the board of administrators of the bank, said during FY21, the operating profit was the result of pure business operations. The net NPA ratio increased to 1.21% from nil in FY20 due to the Covid-19 impact. Advances increased 12% to Rs 23,295 crore, from Rs 20,817 crore in the previous fiscal.

The MSC Bank is the apex cooperative bank in the state and lends mostly to agricultural enterprises like sugar mills and agri-processing units. Anaskar said the total exposure to the sector is Rs 22,000 crore, of which Rs 10,000 crore is earmarked for the sugar sector as pledged loan. The bank's proposal to foray into retail lending, however, has been rejected by the Reserve Bank of India, he said.

RBI extends restrictions on Punjab-based Hindu Co-operative Bank

The Reserve Bank of India (RBI) has extended the restrictions on Hindu Co-operative Bank Limited, based out of Pathankot, Punjab, in terms of withdrawal and deposit limits along with grant of loans, till September 24, 2021.

RBI had first imposed the restrictions with effect from the close of business on March 25, 2019, under Sub-Section (1) of Section 35A read with Section 56 of the Banking Regulation Act, 1949(AACS), in the public interest in view of the weakened financial condition of the bank.

The validity of the directions has been extended from time to time and were last extended till June 24, 2021.

"These directions shall continue to apply to the bank for a further period of three months from June 25, 2021 to September 24, 2021, subject to review," said an RBI statement.

The central bank further said that it may consider modifications in directions depending upon the circumstances and the issue of directions should not per se be construed as cancellation of banking license.

"The bank will be able to undertake banking business with restrictions till its financial position improves," it said.

The notification dated March 13, 2019 by the central bank said that without prior approval, the bank will not be able to grant or renew any loan, make any investment, incur any liability including borrowal of funds and acceptance of fresh deposits, among others. ❑

RBI caps dividend payout by NBFCs

In a move that will increase transparency in respect of the financial health of finance companies, the RBI has linked dividend payout to balance sheet parameters.

Boards of non-banking financial companies (NBFCs) have been asked to factor in RBI's observation during supervision and the notes to accounts before approving a dividend.

The new dividend distribution norms prescribed by the regulator apply to all finance companies, including core investment companies. The rules cap the maximum dividend payout ratio at 50% of net profit for all NBFCs, but allow a higher payout of 60% for core investment companies and primary dealership firms.

Legal Cases

Cheque bounce may remain criminal offence

The Central Government may drop its plan to decriminalise cheque bounce offences after there were requests to continue the existing system, which can potentially make people honour their financial commitments due to fear of prosecution.

It would seek directions from a Supreme Court panel formed to expedite the pendency of cheque bounce cases before taking a final call.

Last year the Department of Financial Services (DFS) had proposed decriminalising minor offences, which included cheque bouncing, for improving business sentiment and unclogging court processes.

The DFS had invited comments from stakeholders for the move that was proposed as a post Covid-19 response strategy to help revive economic growth and improve the justice system.

"A lot of stakeholder consultation went into it, and an overwhelming response has been received in favour of not diluting the existing provision," a senior goverment official said.

Last month the Supreme Court has set up a committee to suggest was of disposing of cases under the Negotiable Instrument Act.

RBI Duty-Bound To Disclose Banks' Inspection Reports Under RTI: Supreme Court

The Supreme Court dismissed banks' pleas to "recall" its 2015 judgment that directed the Reserve Bank of India to release their annual inspection reports under the Right To Information Act.

In its 2015 judgment, the Supreme Court had said the central bank has a duty to uphold the interest of public at large, the depositors, country's economy and the banking sector.

"This court was of the opinion that the RBI has to act with transparency and not hide information that might embarrass the banks and that it is duty-bound to comply with the provisions of the act and disclose the information sought," the top court said, citing its previous judgment.

The Justice L Nageswar Rao and Justice Vineet Saran-headed bench held that there was no provision in the Supreme Court rules for a recall of the judgment. The bench added that parties should not be allowed to file applications to reopen concluded judgments of the court.

"Therefore, we are of the considered opinion that these applications are not maintainable," the Supreme Court said, citing its stance in previous cases.

The 2015 judgment pertains to the release of annual inspection reports and other financial reports of individual banks under the RTI Act from the RBI. Jayantilal Mistry, an RTI activist, had opposed the RBI's decision to not share these reports under the act. At the time, the Supreme Court had ordered the release of such information in a transparent manner, since it is in public interest.

In 2019, the banking regulator released a new disclosure policy for documents that can be accessed through RTI requests, which did not include annual inspection reports. The policy was challenged in the Supreme Court. Once again, the court asked the RBI to comply with the 2015 ruling.

State Bank of India, HDFC Bank Ltd. and a few others then filed a "recall petition", stating that they were not given due hearing in the matter. Since banks would be impacted by the release of these reports, they need to be heard, the applicants had argued.

They also argued that the release of such reports would impede on their right to privacy.

"In the said judgment, this court did not consider the important aspect of violation of the right to privacy which has been held to be an intrinsic part of the right to life and personal liberty under Article 21 of the Constitution of India," the banks had said in their petition.

"The main contention of the applicants for recall of the judgment in Jayantilal N. Mistry (supra) is that the judgment has far-reaching consequences and the applicants who are directly and substantially affected were not made parties and heard," the Supreme Court said in its latest order.

In its order, the Supreme Court noted that though the information sought under the RTI Act pertained to the banks, it was the decision of the RBI which was in challenge and decided by the court.

"No effort was made by any of the applicants in the miscellaneous applications to get themselves impleaded when the transferred cases were being heard by this Court," it said.

The apex court clarified that it was not ruling on the correctness of its 2015 judgment and the dismissal would not affect the rights of the applicants to seek other remedies available to them under the law.

Covid-19: Supreme Court rejects plea for fresh loan moratorium relief

The Supreme Court rejected a plea seeking a fresh loan moratorium relief in the wake of the second Covid wave as implemented in the aftermath of the first, saying such decisions with financial ramifications are best left to the policymakers - the government and RBI - as "judges are not experts in financial matters".

The court also turned down the other connected pleas of the petitioners for extension of time period under the RBI's restructuring scheme for specific sectors based on Kamath Committee recommendations and temporary cessation of declaration of NPAs by banks due to the pandemic's second wave, as put into effect after the first wave of the pandemic.

A bench of Justices Ashok Bhushan and MR Shah, while refusing to entertain a PIL filed by one advocate Vishal Tiwari, observed that the government had other pressing matters to address like vaccination, issues connected with migrant workers, etc. They further noted that it is for the government to assess the situation and take appropriate decisions and also that RBI had already announced certain financial packages as per its May 6 circular.

The apex court had on March 23 restrained lenders from charging interest on interest/compound interest/penal interest during the six-month loan moratorium period between March 1 to August 31, 2020. However, it refused to extend the loan moratorium period beyond March 1 to August 31, 2020, saying it is a economic policy decision and should be left to the government and RBI.

That was the end of an intense legal battle that dragged on for several months. The apex court which had repeatedly expressed concerns over the plight of the borrowers, especially those hit hard by the pandemic like power and real estate, finally refused to alter the broad contours of the moratorium package, by accepting the government-RBI's view that complete interest relief for all classes of borrowers would jeopardise the banking system.

The apex court then vacated a September 3, 2020, stay order that restrained banks from declaring as NPAs loan accounts that were not classified as NPAs prior to August 31, 2020.

However, the court had extended the compound interest relief, which in an October 2020 government directive was restricted to loans up to Rs 2 crore, to all borrowers, saying no distinction could be made between small and large borrowers. Icra had said the move could cost a total of Rs 13,500-14,000 crore to the exchequer if the government agrees to foot the bill. The earlier waiver for loans up to Rs 2 crore was estimated to cost ~Rs 6,500 crore to exchequer (which the government agreed to bear). Banks have approached the government for the additional Rs 7,000-7,500 crore, but the latter has so far been non-committal, implying a burden on banks.

The petitioner, while claiming that the second wave of the pandemic has made at least one crore people jobless, said the relief given by the RBI circular was not sufficient to address the problems of the middle-class families. "No such monetary relief and packages has been declared by the sovereign in this stressed time and people are under tremendous pressure to maintain the EMIs and is always under the threat of accounts being declared NPA. With no salary, revenue for individuals it has turned out to be a hopeless situation for individuals. The RBI on May 6, 2021 has issued a circular for resolution plan 2.0, which cannot be said adequate relief to all in the present circumstances being arbitrary, unfair and just an eyewash," the petition stated. ❑

Bank of Maharashtra conducts 18th Annual General Meeting through Video-conference

(L to R): Shri. Hemant Tamta Executive Director; Shri A.S. Rajeev, MD & CEO & Shri. A. B. Vijayakumar, Executive Director, Bank of Maharashtra are seen addressing the 18 th AGM of BoM through Video-conference.

Bank of Maharashtra held its 18 th Annual General Meeting (AGM) on 24th June, 2021 inter alia to approve and adopt the Balance Sheet along with Profit and Loss Account of the Bank for the year ended 31st March 2021. While adopting the Balance Sheet as at 31st March 2021 Shareholders of the Bank expressed their faith and confidence in the Bank and its leadership team. Amidst the prevailing Covid-19 situation, the Bank conducted its Annual General Meeting through Video-conference.

Shri A.S. Rajeev, Managing Director and CEO of Bank of Maharashtra informed about the performance highlights of the Bank and various initiatives undertaken during FY 2020-21, while addressing the Shareholders at the 18 th AGM of Bank. The Shareholders acknowledged and appreciated the Management's efforts undertaken for improving the Bank's performance.

Shri. Hemant Tamta & Shri. A. B. Vijayakumar, Executive Directors, Shri Hrisheekesh Modak, Shri. M.K. Verma & Shri. R. Thamodharan, Directors on Bank's Board, General Managers of Bank, Representative of the Government of India and Auditors of Bank were also present in the meeting.

HDFC Bank creates Digital and Enterprise factories to enhance Digital Banking experience

HDFC Bank announced that it is setting up a Digital Factory and an Enterprise Factory to roll-out new digital products and services in the future and augment its IT Infrastructure. The Digital and Enterprise factories will be pivoted on APIs, data and cloud.

The dual approach of building the Digital Factory along with an Enterprise Factory is part of the bank's technology transformation agenda to run and transform the bank. The bank proposes to strengthen capabilities for the Digital and the Enterprise factories by hiring up to 500 people over the next two years, from diverse backgrounds such as data analytics, AI, ML, Design Thinking, Cloud and DevOps.

The Digital Factory will build new business and new solutions riding on new tech stacks/applications and high resiliency and monitoring capabilities. This will be backed by the ability to support large volume growth and plan for upgrading technologies. The bank is also developing future-ready IP technologies and moving to a native cloud architecture in collaboration with niche technology companies, fintech and large IT companies. Ensuring reliability, availability, scalability and security will be at the core of the Digital Factory's endeavours.

The Enterprise Factory will upgrade legacy infrastructure, decouple existing systems and build its own capabilities by embracing open-source to build resilience and scale.

ICICI Bank extends instant 'Cardless EMI' for online shopping; enhances affordability of customers

ICICI Bank today announced that it has introduced the instant 'Cardless EMI' facility to online purchases made on e-commerce platforms. The facility enhances affordability to millions of the Bank's pre-approved customers, as it allows them to instantly buy products or services online through Equated Monthly Instalments (EMIs) in just a few clicks by using their mobile phone and PAN. Customers can convert the transactions up to Rs. 5 lakh into easy monthly instalments by simply entering their registered mobile number, PAN and OTP (received on mobile number) at the check-out section of the e-commerce website or app. The facility can be availed across a host of categories such as electronics, home appliances, laptops, mobile phones, travel, fashion apparels, sports-wear, education and home décor.

ICICI Bank is the first in the industry to introduce convenient and instant cardless EMI facility for online shopping, seven months after it launched the same service at retail stores. The Bank has tied up with leading digital lending platforms namely FlexMoney and ShopSe to offer this facility across 2,500 brands including Bata, Bajaj Electricals, Career Launcher, D Décor, Decathlon, Duroflex, Flipkart, HealthifyMe, Henry Harvin Education, Kurl-on, Lenovo, Lido Learning, Myntra, Makemytrip, Morphy Richards, Nokia, ONLY, Panasonic, Pristyn Care, Raymonds, Simplilearn, Tata Cliq, Think & Learn, Toppr, Vedantu, Vero Moda, Vijay Sales and Urban Ladder. The Bank will add more brands to this facility in future.

Speaking on the new facility, Mr. Sudipta Roy, Head- Unsecured Assets, ICICI Bank said, "We, at ICICI Bank, believe in providing innovative, convenient and hassle-free products to our customers. With this thought, we had introduced instant 'Cardless EMI' facility for retail stores in the last festive season to help our customers to purchase products of their choice in a completely contactless, digital and secure manner.

Inspired by the encouraging response from it, we have now extended the facility for online shopping. With this, our customers can shop from over 2,500 e-commerce merchants and brands just by using mobile phone and PAN. The new offering improves affordability to millions of our customers as they can purchase high value products on EMIs and in a secure, convenient, instant and digital manner."

Mr. Yezdi Lashkari, Founder & CEO of FlexMoney Technologies said,"We are delighted to partner with ICICI Bank and enable their customers to shop with 'Cardless EMI' at their favourite e-commerce merchants and brands. We share ICICI Bank's vision that the future of purchase finance will be a frictionless, integrated, and cardless digital credit checkout experience for the consumer. FlexMoney's InstaCred platform provides a seamless and secure merchant integrated checkout experience to customers of ICICI Bank enabling them to shop across our multi-category merchant network."

Mr. Pallav Jain, Co-founder & CEO, ShopSe added,"At ShopSe, we are passionate about providing best-in-class EMI solution to our merchant partners and customers. That's why we are proud to get an opportunity to partner with ICICI Bank on their innovative and first-of-its-kind Cardless EMI product. It's been a delight working with ICICI Bank team, which is equally passionate about the experience at point of purchase."

MSME LENDING: PSBS LOCKING HORN WITH PRIVATE LENDERS & NBFCS

MSME sector has been the driving force for the overall growth and development of the entire world and our country has not been an exception. With the advent of digital drive as well as paradigm shift in the industrial blueprint of our economy, still MSME sector continues to have a paramount importance in it. The dependency of our economy on this single sector can be emphasized from the fact that MSME sector has a vast as well as single largest network of 63.38 million enterprises, which in turn contributes towards 45% of manufacturing output, and more than 40% of exports.

About the author

Ranjan Kumar Sahoo
Chief Manager and Faculty,
Union Bank of India

As a single sector, it contributes for over 28% of GDP employing around 111 million people, which is only second to the agriculture sector. The above factors speaks the volume of contribution of MSME in the building of the nation but still as per RBI data this sector has potential to grow at much faster rate and provide boost to our manufacturing sector. The recent manufacturing policy envisages the contribution of manufacturing sector growing from a level of 16% to 25% by the end of 2022.

The contribution of MSME sector to the economy can be well enumerated from the below mentioned table:

Year	MSME GVA In Cr	Growth %	Total GVA In Cr	Share of MSME In %	Total GDP In Cr	Share of MSME In GDP
2011-12	2622574		8106946	32.35	8736329	30
2012-13	3020528	15.17	9202692	32.82	9944013	30.4
2013-14	3389922	12.23	10363153	32.71	11233522	30.2
2014-15	3704956	9.29	11504279	32.21	12467959	29.7
2015-16	4025595	8.65	12566646	32.03	13764037	29.2
2016-17	4405753	9.44	13841591	31.83	15253714	28.9

Source: Annual report of MSME DEPT.

PSBs play a major role in driving the MSME sector by providing the need based as well as timely advance. The share of 21 public sector banks (before amalgamation) had fallen to 50.7 percent as of June 2018 from 55.8 percent in June 2017 and 59.4 percent in June 2016 as per quarterly report submitted by CIBIL and SIDBI. During that period MSME sector registered a growth of 16.1%. If we can compare the PSBs with peer private bankers, we can find a very contrasting feature.

Until December 2018, When the PSBs registered a growth of 5.5percent and the peers registered a mammoth growth rate of 23.4%.Major factor towards the drop of market share of PSBs is the gain in momentum by private peers as well as NBFCs apart from various other reasons, which comprises of institutional, systemic as well as policy level. During the above period, the private peers registered a market share of 29.9 percent as well as NBFCs registered 11.3 percent market share.

Going forward if we analyze top public sector lenders for the trend of growth then the result may seen skewed towards private lenders and NBFCs. The below mentioned table will depict the performance of the top six public sector lenders and to have a better understanding we can compare with top three private lenders.

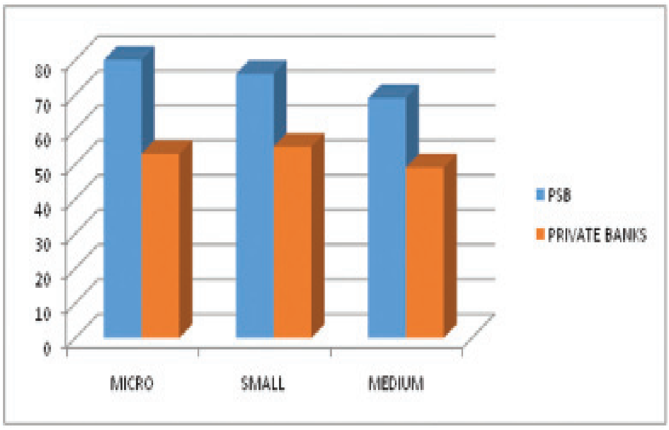
Name of PSB	Total Advance In Cr	MSME Advance In Cr	% of MSME Adv	Growth In MSME From Last Year	Growth In Advance From Last Year
State Bank of India	2325290	267614	11.5	14.71	6.37
Punjab National Bank	495000	65171	13.16	-18.21	1.02
Bank of Baroda	690121	87328	12.65	57.47	47.2
Union Bank of India	346921	70381	20.28	8.01	6.61
Canara Bank	451223	78773	17.37	-7.51	1.57
Indian Bank	205890	37208	18.07	12.59	9.57
Name of the Private Bank					
HDFC Bank	993703	159108	16.01	23.36	22.01
ICICI Bank	676290	70878	10.48	13.64	10.92
Axis Bank	571424	61921	10.83	-6	15

Source: Website of various banks, RBI data bank

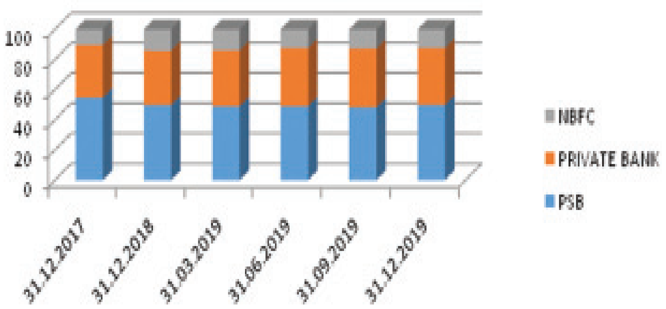
Ray of hope:

- Public sector banks (PSBs) had been losing market share continuously over a long period of time. Surge in both NBFCs and private banks market share had been the reason for PSB segment losing its share. However, in the quarter ending Dec '19, public sector banks have gained market share in MSME lending, for the first time in the past few years. As of Dec'19, PSB market share stood at 49.8% in overall MSME lending book, with highest market share in Micro segment at 59.2%.
- Lenders disbursed 92,262 crores worth of fresh credit towards the Micro segment. While private banks and public sector banks have roughly similar share on fresh credit disbursed in the Micro segment, the growth trends differ significantly when analyzed at a granular sub-segment level.
- The total on-balance sheet commercial lending exposure in India stands at 64.45 lakh crores as of Jan '20, which was 64.04 lakh crores in Dec '19. Of this, MSME Segment is at 17.75 lakh crores credit exposure as of Jan'20. Important to note that MSME segment has observed lowering of credit exposure across most sub-segments of MSME lending in the last few quarters. Large corporate segment is at 46.7 lakh crores credit exposure and has observed a YoY expansion of 6.3%.
- The prominent factor for reduction in credit exposure towards MSME is reduced utilization in working capital limits attributed by COVID-19 related stress. If we analyze at granular level the drop in utilization is much higher in private banks than the public sector lenders. The reason being the penetration of public sector lenders to micro segment of MSME as well as granular advance structure instead of focusing on mostly corporate.

For analysis if we take the data for December 2019 the utilization of working capital limits for PSB was at 80% for micro segment,76% for small segment and 69% for medium. The same data for private lenders are at 53%, 55%and 49% respectively for micro, small and medium segment for MSME. These are pre COVID-19 figures and are bound to deteriorate going ahead for few quarters even though PSBs fare high in this criteria.

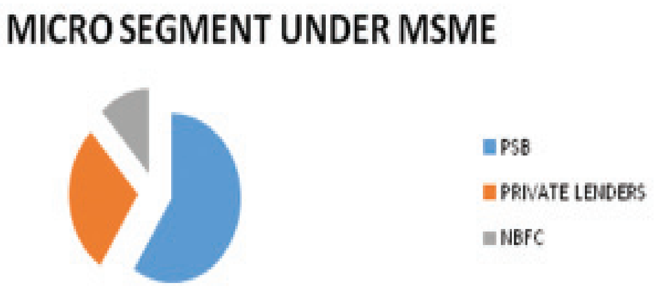


❖ In the last few quarters, Private Banks and NBFCs have strongly competed with Public Sector Banks in regaining a larger share of the MSME sector. However, that trend has started to change in Dec '19 quarter with Public sector banks having regained market share from 48.2% in Sept '19 to 49.8% in Dec '19. The analysis below will show the fighting back from the PSBs even in the pandemic.



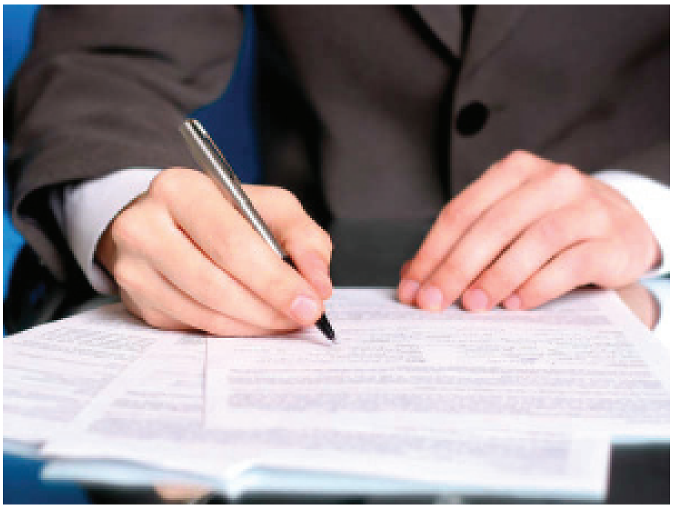
❖ PSBs continue to be the dominant contributors in providing credit to Micro segment borrowers, holding almost 60% share in this segment. PSBs are playing a critical role in enabling financial inclusion of Micro Enterprises. The share of PSBs and Private Banks in the Small segment of borrowers is the same, with each having a market share of about 44%. Medium segment, which has the larger ticket size MSME loans, is again dominated largely by PSBs.

For an example we can take the micro segment where the domination of PSBS are mostly attributed to wide spread penetration as well as being the torch bearer of all kinds of Govt Sponsored schemes. It is a well known fact that Public sector lenders are the preferred outlet for all developmental projects of Govt .



What are the major strengths of PSBs for MSME lending?

❖ The major differentiating factor between PSBs and private lender was use of technology. The EASE reform agenda has started a mission to create a brand PSBs and now for last few years PSBs are more and more becoming tech savvy. They have started using AI, chat bots, algorithm based financing etc. The trend will definitely help banks to leverage technology to cater to MSME. Already few banks have tied up with different fintech companies to provide end to end solution and seamless financing activity.PSB command the largest



market share in terms of customer base. If they can leverage on big data analysis which is the need of the hour it can prove to be game changer for them.

- With more than 1.5 lakh outlet PSBs share a mammoth presence and with more than 33% outlet in rural area they can leverage for more business in tier 3 to tier 6 cities. Data shows going ahead these centers will add to growth of financial institutions.
- With the induction of fresh blood into the stream PSBs are shedding the legacy problems and are getting younger by reducing the average age of staff complement.
- Learning from the mistakes PSBs are now coming out with more differentiated products suiting to needs of different segments of MSMEs which will enhance the experience and reduce the turnaround time creating a wow factor for the customers.
- The synergy achieved by amalgamation of PSBs will also be a positive factor where they can exploit the economies of scale and large clientele base. With increase in size and enough capital base they will be ready to take on private peers.

Going ahead:

The impact of COVID-19 and prolonged lock down will have serious ramification in the MSME portfolio of all the players in the segment. A deeper analysis will reveal the quantification of the slowdown but with the strength of PSBs they can better manage the situation than the peers. The major factor that will make the PSBs stand out is their penetration to rural economy in tier 3 to tier 6 cities. The recent focus on EASE reform agenda has started a sea change in the culture of PSBs and now they are also leveraging new technologies like big data analysis, AI etc. With the proper utilization of technology PSBs can regain the lost glory which is already evident from the results for last few quarters. ❑

Punjab National Bank, SBI Life among top mutual fund buys in May

Punjab National Bank, SBI Life Insurance Company, and Indus Towers were the three top large-cap buys by Mutual Funds in the month of May, data sourced by ICICI Direct showed. Meanwhile, Hindustan Zinc, Britannia Industries, and Colgate Palmolive were the most sold large-cap stocks in the previous month. The mutual fund industry saw net inflows of Rs 10,500 crore in May - highest since March 2020 - as stock markets resumed rally and inched close to all-time highs. The assets under management of domestic equity funds increased 7.7% on-month to Rs 11.1 lakh crore during the month.

Punjab National Bank was the most purchased large-cap stock by mutual funds in May. The number of shares of the lender held by mutual funds increased 88% between April and May. This was followed by a 40% increase in SBI Life Insurance stocks and a 21% increase in Indus Towers.

Among Midcap stocks, Zee Entertainment Enterprises was purchased the most as AMC increased their holding in the firm by 60%. Zee was followed by Jubilant Pharmova, and Godrej Industries. Meanwhile, TCNS Clothing Co, TV18 Broadcast, and Magma Fincorp were the top smallcap buys.

Fund houses sold Hindustan Zinc stocks to decrease their stock holding in the company by 20.5%. The number of Britannia Industries' shares held by mutual funds decreased by 12% in May and that of Colgate Palmolive dropped by 11.8%. Among midcap stocks, GMR Infrastructure, IIFL Wealth Management, and JSW Energy were the top stocks sold during the previous month.

Mutual funds increased exposure to PSU banks to a 15-month high in May. The weight of PSU Banks reached 3.4%, an increase of 30 basis points from the previous month and an increase of 120 basis points from the year-ago period. "As a result, the sector - which was in the thirteenth position a year ago - climbed to the ninth position in the allocation of mutual funds," brokerage firm MotilalOswal said in a report.

Other sectors where fund managers increased weights include oil & gas, automobiles, capital goods, insurance, and private banks. Meanwhile, healthcare, metals, consumer, technology, telecom, chemicals, consumer durables, and the cement sector reported a month-on-month decline in weights. At the end of May, Private Banks continue to dominate sectoral allocations with 18% weightage, followed by Technology with 11% weight, Healthcare with 7.6%, NBFCs with 7.4%, and oil and gas with 7.1% weightage.

PILLAR OF FINANCIAL INCLUSION - MICROFINANCE

Access to conventional banking by all is the agenda of government and financial watchdogs and controller. If the financial network is considered with spider web, the ultimate concern is to connect the web strings to the services of small business entity and poor individuals. Microfinance includes microcredit which facilitates small loans to basic elementary clients; savings of the surplus money; micro insurance and payment network and coverage. The target group is usually poor population segments, socially marginalized , isolated and uplift them for making them sufficient enough to proceed with their procedural workings and rotate the cycle to earn enough to recycle ,service the interest of loan, pay out the installments and to scoop out the surplus as savings or investments.

About the author

Joy Ghosh
Sr. Manager
Staff Training Centre, Bhopal
Union Bank of India

In initial stages microfinance has limited coverage like providing loans to poor entrepreneurs and small business lacking access to credit. The relationship based banking for individual entrepreneurs and small businesses was one of the roadways for defining the ambit of microfinance. The other path was aggregate based where several entrepreneurs come together to apply for loans and other financial services as a group entity.

Evolution is the mechanism for a modification with time variable. Microfinance emerged as a spurt and came out with a movement having objective to reach poor and deprived people and households with an array of quality products and services in financial sector without limitation to just credit but also savings, insurance, payment services, fund transfers. The narratives derived from the microfinance were different from one to another. It was described as a catalyst to economic development, creating opportunity for the employment creation and enhancing the growth of the economy. Some of them were of the opine that microfinance is to optimally managing the finances of the poor. Certain sets of activities classified to be financial in developed countries are not monetized in developing countries. The cause behind the same is due to scarcity of dispensable income. Last two decades have witnessed microfinance as sector to satisfy the unmet demands of the poor, isolated group at a large scale.

Specifically emphasizing about the women entrepreneurs, microfinance has created platform for them to start and explore the potential of their skills and talents. It is not only creating jobs for women but also opens the door for investment, savings, educating wards and also setting example for others. According to a joint report by Bain & Company and Google, Women in entrepreneurship can generate 150-170 million jobs in India, which is more than 25 percent of the new jobs required for the entire working age population by 2030.

The report titled "Women Entrepreneurship in India-Powering the economy with her" has found that of the 432 million women in working age, about 343 million are not paid formal workers. An estimated 324 million of these women are not in labour force, and another 19 million are in the labour force but are not employed. The report suggests that in addition to job creation by private and government sectors, entrepreneurship is an untapped opportunity for working age women in India.

There has been growth of about 6 percent from existing 14 percent to 20 percent in context of women-owned enterprises. The structure of women owned enterprises in India are largely single person type which results to lower returns and employment. The report also states that women enterprises are often over represented in numbers as survey across parts of India suggest that 10-30 percent "women-owned" enterprises are often not run by women.

Women's Labour force in India is among the lowest bands in the world. 75% of Indian women of economically active age are not engaged in formal and paid work today. The real scenario is that total share of enterprises that are truly owned and run by women is lower than 20 percent. The report suggests that an all-States efforts focused on enabling women entrepreneurs to start up and scale could increase direct employment by around 50-60 million people and increase indirect and induced employment of 100-110 million by 2030.

Economic conduit designed to help out the poor to drain the poverty from within. It is believed by the experts that microfinance can facilitate the way to reduce the poverty figures of the Indian economy, empowering the lady power and raise the standard of living. The statistics of providing bank accounts to adult population across the country through Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014 was one of the initiatives towards financial inclusion. The reach of mobile phones and e-KYC has ensured these accounts are accessible to those who have been included in the financial services milieu.

In rural sector mostly people rely on local lenders to meet their financial needs. So to penetrate the unbanked areas regulatory authorities and government has ensured flow of credit to productive sectors and banking services to all eligible in the country.

With the integration of traditional banking and digital access, the reach of financial services in the dispersed areas is made possible. Branch correspondent framework played pivotal role towards enhancing access to banking services. With all these measures, the number of banking outlets in villages has gone up significantly. Financial inclusion is becoming a focus area for banks, NBFCs, Financial Technology (FinTechs) and other financial entities. Small Finance Banks have also been set up to further financial inclusion with a client base comprising mainly of migrant labour workforce, low income households, small businesses and other unorganized sector entities. Today, when it comes to financial inclusion and microfinance, there are several

channels such as universal banks, small finance banks, micro finance institutions, BCs, etc.

Therefore, as a country that is determined to achieve universal financial inclusion at affordable cost, this is a defining moment, and we should seize the opportunity to be marked specifically among others in the world. A co-origination model, which enables the scheduled commercial banks (excluding Regional Rural Banks and Small Finance Banks) to co-originate loans with the non-deposit taking systemically important NBFCs has also been rolled out for credit delivery to the priority sector- booster for lending to micro enterprises, small and marginal farmers, Self Help Groups (SHGs), etc.

Reserve Bank of India has also opined to all SCBs (excluding Regional Rural Banks and Small Finance Banks) that credit by them to registered NBFCs(other than MFIs) for on-lending will be classified as priority sector subject to certain conditions. RBI has adopted a planned and structured approach to address the issues of financial inclusion by focusing both the supply and demand side.

With the growing formalization of financial services, focus is on enhancing capabilities so that individuals in the low income groups are in a position to not merely avail the offered services, but are also capable of demanding preferred products and services suitable to their needs / choices. MUDRA has also set an example to lift many beneficiaries out of the poverty although it is not only the financial assistance but banks should focus to lower down the growing bad loans.

Microfinance Institutions are adding to the growth of the economy and also the counts are expanding into newer territories for reducing their concentration risk. According to The Bharat Microfinance Report 2019 prepared by Sa-Dhan, MFIs operate in 29 States, 5 Union Territories and 570 districts in India. Tailored products for providing credit to those without a credit score, entrepreneurial and consumption credit, handholding, financial literacy, social occasion credits and insurance (life and non-life), are all waiting to be tapped in scale and size.

Limited forays have been made but are yet to achieve their full potential. The National Strategy for Financial Inclusion

(NSFI) 2019-24 has been framed by RBI. It gives the vision to make financial services available, accessible, and affordable to all citizens in a safe and transparent manner to support inclusive and resilient multi-stakeholder led growth.

The potential of microfinance is immense and will ease the track to achieve the objectives of financial inclusion. A major demographic change is taking place in our country with a huge and growing working population. There is a big chunk aspiring to grow into the middle class with the support of institutional credit. Therefore, microfinance can play a big role in building the economy towards uphill.

In today's world, technology is framing the future of finance. All the key players are harnessing technology to provide an efficient experience to the end user. In the Indian scenario, improving the accessibility of financial platforms using FinTech is the key to grow. Therefore, suitable financial products that caters to specific needs of the financially excluded population, and provides digital on-boarding, is vital in achieving the objective of financial inclusion. Synergy between the mainstream financial entities and other players like MFIs, FinTech etc will lead to the goal of financial inclusion and each will play a complementary role in reaching the heights.

Therefore, banks and NBFCs need to explore the possibility of establishing business collaboration among themselves, and with FinTech firms as it could be pivotal in accelerating the agenda of financial inclusion through innovation. In addition to incorporating emerging technology faster into their businesses, the entities engaged in microfinance could also look at collaborating with FinTechs and other entities who can help them mine customer and transaction data, cross-sell products and introduce new customer-centric products and services, and streamline operations. They will also have the opportunity and need to raise the digital literacy of their customers that is not highly informed and aware and, therefore, can be susceptible to frauds.

In microfinance, a lot of formal and informal data is becoming available in the form of digital footprints by low income customers who also transact on e-commerce platforms and use the internet. These digital footprints are being used by leading banks and online lending firms to lend to individuals and micro and small enterprises. Artificial intelligence (AI) and machine learning are also finding greater application in the Indian banking and financial services industry.

The implementation of GST has also transformed informal economy to formal one in a significant way and dependence on informal sources of funds has reduced drastically. The proportional increase of dependence on formal sources of funds will decrease the cost of credit for the micro and small enterprises significantly and there will be shift from collateral based to cash flow based.

The microfinance sector is undergoing a multitude of changes amidst growing competition, rising expectations of masses, technological advancements and an evolving regulatory landscape. The sector is, therefore, expected to widen the horizon beyond micro credit to transform the livelihoods of the borrowers. Being constantly mindful of the technological transformation in the banking and financial services industry, the sector must continue to pursue the adoption of innovative, futuristic and high-impact business models.

The focus of the sector must be on Digital Microfinance. The Microfinance institutions must broaden their client outreach to reduce concentration risk and to serve a wider clientele base. We must be cognizant of the vulnerability of the sector to factors such as external developments, technological changes, event risks and income inconsistencies of the borrowers. The growing use of technology would give rise to operational risks and there would be concerns related to client data protection which would need to be addressed. Critical review to be carried so that some of the areas do not remain underserved.

Banks, NBFCs and financial institutions are well placed to innovate in cutting-edge technologies be it AI, machine learning, blockchain etc. SIDBI could handhold the micro finance providers in this process, specifically with regard to lending to the micro and small enterprises, in areas such as alternate credit scoring methods, predicting probability of default, etc. With fast changing technology, SIDBI could also take the lead in hosting an ecosystem, within a well-defined regulatory sandbox, to create an infrastructure, which will reduce the turnaround time and provide customer-centric products with robust risk mitigation. This could also act as a crucible to test cutting-edge products for micro-entrepreneurs and a vehicle to provide feedback to regulators. ❑

OPPORTUNITIES AND CHALLENGES OF BLOCKCHAIN FOR E-VOTING

Introduction

The persistent pandemic has forced every industry to innovate their use of technology and find new ways of running the business with minimum disruption. Challenges with conducting elections during these uncertain times are not any exception.

Traditional voting predominantly involves people standing in long queues in front of their designated polling stations and exercising their franchise using paper or electronic ballots.People have had their human rights compromised and their fundamental freedoms provided by their constitution taken away. The pitfalls of the current system of ballot voting are being taken as an advantage by people or organizations looking to gain power.

About the author

N. Gopala Krishna Murthy
Chief Manager & Faculty
SBIIT, Hyderabad

In the African countries of Uganda and Kenya there has been widespread controversy over their elections in recent years.In today's setting, finding contactless alternatives to in-person voting has become important. People are supposed to trust the result which is provided by an Election commission or a government body ensuring the election integrity and safeguarding its outcome even when remote voting becomes the new normal.

Technologies such as Blockchain have several inherent technology capabilities that are conducive for holding secure and yet transparent elections.

In the last couple of years, Blockchain has supported several elections, from Sierra Leone in 2018 to Russia in 2020. The US Postal Service (USPS) has applied for a patent for a Blockchain voting system.

The USPS is reportedly contemplating Blockchain as anamicable option for managing the mail-in votes that are expected to surge during the upcoming elections, due to the increased number of voters choosing to vote remotely.

What is E-Voting

Electronic voting (also known as e-voting) is a process to exercise franchise by using electronic means to either aid or take care of casting and counting votes.

Depending on the particular implementation, e-voting may be referred to as using standalone electronic voting machines (also called EVMs) or computers connected to the Internet. It may encircle a range of Internet services, from basic transmission of tabulated results to full-function online voting through common connectable household devices. The degree of automation may be confined to marking a paper ballot, or may be a comprehensive system of vote input, vote recording, data encryption and transmission to servers, and consolidation and tabulation of election results.

A worthy e-voting system must perform most of these tasks while adhering to a set of standards established by regulatory bodies, and must also be competent enough to deal successfully with basic requirements related to information security, data accuracy, data integrity, data privacy, adoptability.

Electronic voting technology comprises of punched cards, optical scan voting systems and specialized voting kiosks (including self-contained direct-recording electronic voting systems, or DRE). It can also include transmission of ballots and votes via telephones, private computer networks, or the Internet.

E-voting can be classified into two types:

- E-voting with human intervention which is physically supervised by officials of governmental or independent electoral authorities (e.g. electronic voting machines located at polling stations);
- Internet Banking based remote e-voting (also called i-voting) where the voter submits his or her vote electronically to the election authorities, from any location.

Electronic Voting system using Blockchain

Blockchain

Blockchain is a digital platform for digital assets. It consists of a continuously growing list of records known as blocks that are linked and secured using cryptography. Major usage of Blockchain has been in all cryptocurrency transactions, mainly Bitcoin. However, they are increasingly being used in several other applications because of their inherent resistance to modification to the transaction/block/whole distributed ledger - Blockchain. One such application is Electronic Voting. We will review some of the variety of blockchain technologies that are usable, scalable, and secure to fit for Electronic Voting Application.

Blockchain

A blockchain contains distributed ledger, digitized and consensus-based secure information storage mechanism.

This article is focused on the up-to-date state of blockchain-based voting research along with associated possible challenges while aiming to forecast future directions.Major players in the development of blockchain system are symmetrical and asymmetrical cryptography improvements. Blockchain-supported voting systems provides different solutions than traditional e-voting. The main prevailing issues are classified into the five following categories: general, integrity, coin-based, privacy and consensus.Based on the researches it was found that blockchain systems can provide solutions to certain problems that prevail in current election systems. From the point of view ofgovernment, electronic voting systems may increase both voter turnout and voter confidence and renew interest in the voting system. Amplified research demonstrates that implementing e-voting systems can enhance security. While adopting an electronic voting system, one must ask:

Why is the electronic voting system considered as a better option than a traditional ballot voting paper?

It not only improves the effectiveness and efficiency of democracy, but it is expected to be a solution for some problematic situations, such as improving accessibility to the election, the elderly and the disabled ability to vote, increase in election turnout, as well as being easy to operate and getting a quick result.

However, it is a well-known fact that operating e-voting system sunder strict security procedures are crucial, especially when relying on the utilization of advanced encryption techniques.Initially, e-voting was proposed to be a solution to the challenges of paper-based voting to ensure accurate and bias-free elections. Security issues with respect to e-voting systems have been among the topics that is extensively studied. The studies show that the utilization of electronic voting may entail the following challenges: data integrity, reliability, transparency, the secrecy of the ballot, consequences of breakdown, uneducated voters, knowledge in IT.

Blockchain recently has emerged as a solution to build confidence systems used in different domains.. However, other usage and applications have emerged in the last few years. Blockchain-enabled voting systems emerged as the latest next generation electronic voting systems because the unchangeable feature of the blockchain has made it a decentralized distributed ballot box. Blockchain technology encourages governments to ensure smart sustainable voting systems and adopt sustainability information in to voting systems. It is important to underline that although blockchain is increasingly being applied to the electronic voting system to enhance its security, several issues still prevail.In this respect, determining which issues are to be addressed in the design of a blockchain-based voting system is crucial.

The main aspects of Block technology based e-voting are : identifying a set ofcurrent e-voting system gaps; potentials of the blockchain concept to improve e-voting systems through a classification of the main prevailing issues into five categories: general, integrity, coin-based, privacyand consensus; assessing current solutions for blockchain-based e-voting and identifying potential research directions for the blockchain-based e-voting system.

The VotingProcess in Block-Chain Based E-Voting

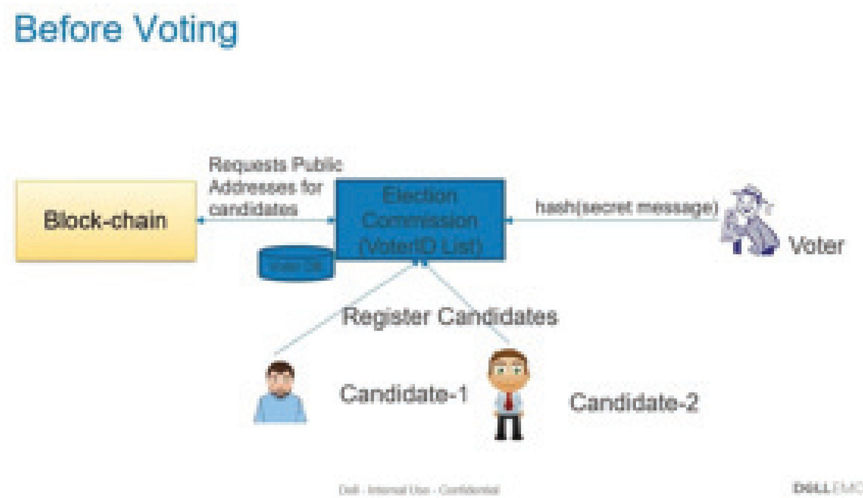
Multi-chain

Blockchain is the backbone of the electronic voting system. We have used multi-chain in demonstrating voting application. Once TTP (Trusted Third Party) authorizes voters to vote, the voter can choose whom he wants to vote for within his constituency. Each vote is conceptually equivalent to the asset in multi-chain and the transaction happens between voter and candidate. By restricting the multi-chain asset to a process maximum of one transaction between parties, the system is capable of restricting either multiple votes sent to the same candidate or voting for multiple contenders.

The following sections describe the voting process and the components involved.

A. Before Voting

Figure 1 depicts voter and contestant registration process with the authentication organization.



Election commission maintains records containing information related to voters and contestants. Before voting, registered voters have to submit their intention to vote and contestants should file nomination forms.

1) Intent to vote by voters

A user interface will be provided by the Election Commission to the voter to express his intention for voting. The voter can be identified with any of the unique identification numbers assigned by the Election Commission. This identification number must be used consistently throughout the process. Otherwise, there could be chances that the same voter can register multiple times with different identities and then vote multiple times. In the registration process, the voter submits a secret message.

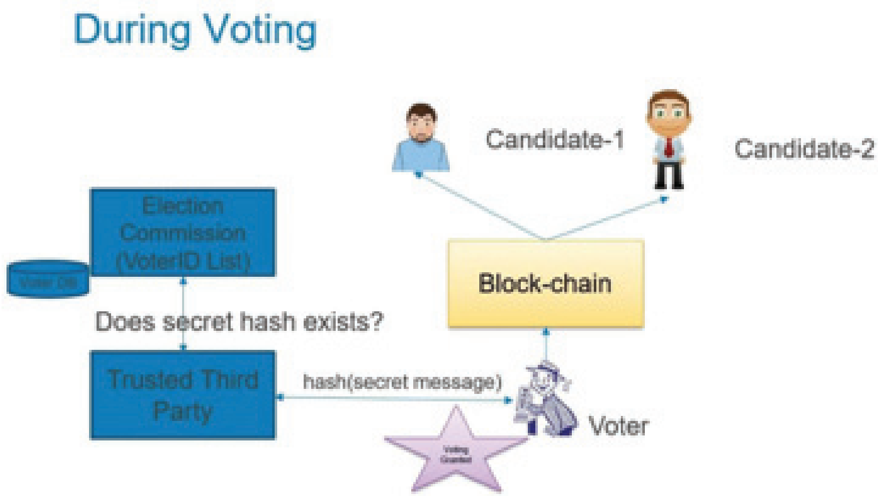
As a response to the secret message, the client-side web page generates a unique random reference number to the voter which has to be noted for future reference during voting. An internally hashed secret message and reference number is generated and stored in the Election Commission database. It's important that the voter does not share this secret message and reference number with the Election Commission. Otherwise, the Election commission might get to know who voted for whom and potentially manipulate the whole voting process at later stages of voting.

2) Filing nomination by contestants

The contestant can be any valid voter who intends to contest an election. Such candidates have to file for nomination with the Election Commission. In the nomination process, the candidate registers intention to participate in the election as a contestant by submitting their voter ID. The Election Commission will provide a public address in the multi-chain network and store it against the candidate. Later, during voting, this public address will be made visible to the voters to vote for candidates

B. During Voting

In the real world, voting happens during the stipulated period. The same procedure is followed here. However, the duration of the voting can be extended. During voting, the voter has to submit the same secret message and reference number that has been generated during voter registration to the trusted third party. Trusted third party sends the message hash to the election commission to verify that the voter is a valid voter. Upon verification, Election commission returns validity of the voter to trusted third party. A voter identified as valid will be taken to the voting page. There, a list of candidates will be shown based on constituency. During this process, trusted third party generates a public



key for the voter using the multi-chain network and stores this information against the hash of the secret message and reference number of the voter. The same is depicted in Figure 2. There are cases where a voter might try to vote multiple times for the same contestant or vote for multiple contestants. In either case the system guards against such malicious voting. This safeguarding is made possible in multi-chain by restricting the number of transactions between two parties to one. Hence, even if the voter does more than one transaction/votes, those will be invalidated by multi-chain.

C. After Voting

Since it is an electronic voting system, reports can be generated in real-time. However, the real-time report of who is leading and who is lagging should not be made public as it might affect public sentiment and could bias to a particular party or candidate.

After the voting completes, detailed reports about a candidate's results, party-wise results, constituency results, etc. can be easily prepared using any BI tool by combining data from multi-chain and data stored in Election Commission records.

Benefits of Block Chain based E-voting

1. Speed: Electronic voting technology intends to streamline the counting of ballots, reduce the cost of manual process to count votes and can provide improved accessibility for disabled voters. Also,the expenses are expected to be reduced in the long term. The announcement of results can be faster.The time and cost of Voters can be saved as they will be able to vote independently from their location. Total voter turnaround will be increased. Citizens living in faraway places from polling stations like citizens living in foreign countries, living in rural areas will be benefitted.

2. Accessibility: Disabled persons can be made fully accessible for Electronic voting machines. In case of manual elections it is not possible for the blind and visually handicapped persons to access punched card and optical scan machines, and lever machines can be difficult for voters with limited mobility and strength.If necessary headphones, sip and puff, foot pedals, joy sticks and other adaptive technologycan be used in electronic machines to provide the necessary accessibility.

3. Cryptographic verification: Cryptographic solutions ensure transparency by enabling voters and election observers to verify that votes have been recorded, tallied and declared correctly, in a manner independent from the hardware and software running the election. A voter can verify individually to check that her/his own vote is included in the election outcome.Election observers can also verify universally to check that the election outcome corresponds to the votes cast, and eligibility verifiability allows voters and observers to check that each vote in the election was exercised by a uniquely registered voter.

4. Online voting: The digital differentiation of higher and lower socioeconomic classes can be eliminated in E-voting It is presumed that electronic voting may favour a certain demographic, namely younger generation such as Generation X and Y voters. However in the recent elections conducted in some countries revealed that a quarter of e-votes were cast by the older demographic, such as individuals over the age of 55 years and it shows that e-voting is not exclusively supported by younger generation and is gaining popularity amongst Baby Boomers also.

Challenges of Blockchain Based E-Voting

A fundamental challenge with any voting machine is to show evidence that the votes were recorded as per voting and tabulated as recorded. In the manual process voter-marked paper ballots can be verified with manual hand counts for declaring the election results. In case of recounting and audits independent verification is possible in case of manual systems. These systems can provide the ability for voters to verify how their votes were cast or enable officials to verify that votes were tabulated correctly.

It has been observed that e-voting systems may become more complex and include software, different methods of election and the possibility of fraud cannot be ruled out. Some arguments challenge the use of electronic voting from a theoretical point of view, arguing that human intervention is not possible for verifying operations occurring within an electronic machine and also people cannot verify these operations, as such they cannot be trusted. Furthermore, it is argued by some computing experts that people cannot trust any programming they did not author.

DRE (Direct Recording Electronic)machines should be user friendly to verify audit trails and the software used on DRE machines should be open to public scrutiny to ensure the accuracy of the voting system. As the computers can and do malfunction verifiable ballots are necessary, and also voting machines can be compromised.

Security lapses have been found in commercial voting machines, such as using a default administration password. Some cases have been reported that machines making unpredictable, inconsistent errors. Openness to public examination should be made available is one of the key issues with electronic voting from outside experts, for creation of an authenticatable paper record of votes cast and a chain of custody for records.

The main psychological issue of the voters is trust. Voters fear that their vote could be compromised by a virus on their PC or during transmission to governmental servers. The capital expenditure for the installation of an electronic voting system is high. For some governments it may be too high to invest rather than investing in productive purposes. When it is not sure that e-voting is a long-term solution or not, it is even more important to take a decision to invest.

Conclusion

To overcome above challenges Multi-chain system can be configured to restrict transactions to only one vote between voter and contestant. To maintain secrecy, a new entity - Trusted Third Party (TTP)- was introduced. This organization ensures to maintain voter anonymity and whom the voter votes for. Stabilised workflow between authentication organization, trusted third party and multi-chain ledger has been achieved in the recent past.

This article aims to review information on current e-voting systems, the blockchain concept and its applications in e-voting. It is also discussed about the of gaps of current e-voting systems, potentials of the blockchain concept to improve e-voting, current solutions for blockchain-based e-voting and directions on blockchain-based e-voting system and also challenges in implementing the blockchain based e-voting system.

The database held in these proposed blockchain based systems is transparent for all voters and independent viewers. Since the blockchain-based e-voting systems still require further testing, we are not fully aware of unknown risks that are associatedwith the security and scalability of such systems. The internet and voting devices still have many security weaknesses. Performing electronic voting through secure and reliable internet will require advancement of significant security standards. Although it may seem like a perfect solution, it was concluded that the blockchain system could not fully solve the problems in the voting system due to weaknesses but it can be an alternate system. That is why it is important to have basics about blockchain-based technology even though it is still at an early stage in an e-voting solution. ❑

Utkarsh Small Finance Bank, Glenmark Life Sciences get Sebi's go ahead to float IPO

Utkarsh Small Finance Bank and Glenmark Life Sciences have received capital markets regulator Sebi's go ahead to raise funds through initial public offers. The initial public offer (IPO) of Utkarsh Small Finance Bank comprises fresh issue of equity shares worth Rs 750 crore and an offer for sale to the tune of Rs 600 crore by promoter UtkarshCoreinvest Ltd, according to draft red herring prospectus (DRHP).

Glenmark Life Sciences' IPO comprises fresh issue of up to Rs 1,160 crore and an offer for sale of up to 73,05,245 equity shares by Glenmark Pharmaceuticals Ltd. The two companies received markets regulator's observation on June 3, an update with the Securities and Exchange Board of India (Sebi) showed on Tuesday. The two companies received markets regulator's observation on June 3, an update with the Securities and Exchange Board of India (Sebi) showed.

Sebi's observation is necessary for any company to launch public issues like initial public offer, follow on public offer and rights issue. Utkarsh Small Finance Bank and Glenmark Life Science had filed preliminary IPO papers with Sebi in March and April respectively.

The Varanasi-headquartered lender would utilise proceeds from the fresh issue to augment tier 1 capital base to meet future capital requirements. Utkarsh began operations as a small finance bank in 2017, transiting from a microfinance lender since 2009. The small finance bank's bulk of the lending portfolio is towards microfinance.

PROFESSIONALISING BANKERS

The recent failures of LVB, Yes Bank and PMC have underlined the need for managing banks professionally at all levels from the counter clerk to the manager. The performance of a bank is the sum total of the collective performance of its branches and the performance of branches is gauged by the performance of its workforce in key performance areas such as deposits, advances, profits and containment of non-performing assets. Banking is primarily an intermediation between savers and borrowers of the society and management of humans is central to banking. A successful bank presupposes the availability of abundance of professional bankers.

A professional banker is one who is good at relationship-building and business development, as opposed to a bureaucratic banker who works within rules book which hampers business growth and a businessman banker who is reckless in lending and is hungry for taking blind risks. A professional banker is expected to be a well-rounded banker and a blend of a chartered accountant, lawyer, computer-literate, economist and an expert in behavioural science, all rolled into one to discharge his role effectively.

About the author

Manickam Ravindran

Director

Bankers Lyceum and a retired banker of Indian Overseas Bank

A job profile of a professional banker in the technology-driven banking era requires him/her to possess thefollowing competencies to enable him/her to perform well in key performance areas such as resource mobilisation, credit deployment, profit generation, good housekeeping and complaint-free customer service.

A professional banker should be competent to perform the role assigned to him. He/she is required to possess academic and technical competencies.

Academic competencies

- ❖ Good understanding of broad spectrum of financial sector with reference to products, processes and performance

- Good understanding of regulations and their impact on business decisions
- Good understanding of individual customers in general and corporate customers in particular for business development and relationship building

Technical competencies

- Ability to understand customer needs
- Ability to drive and implement change in operational environment
- Business development and sales skills

Competencies for a banking professional

Knowledge in	Skills	Values
Risk Management Foreign Exchange Credit Appraisal Banking Practices Legal aspects of Banking Monetary Economics Analysis of Financial Statement	Business thinking Decision making Applying judgements Managing quality standards Getting things done through subordinates Customer Experience Team management Individual management	Learning Listening Innovation Support Collaboration Transparency

Role of Indian institute of banking and finance

Indian Institute of Banking and Finance is a professional education institute, promoted by commercial and,co-operative banks with a mission to develop professionally competent bankers primarily through education, training , examination and continuing professional development. The institute offers a bouquet of academic programmes. JAIIB (basic level) and CAIIB (advanced level) are the flagship programmes offered by the Institute and any bank .employee who completes JAIIB and CAIIB are considered to be professional bankers. The number of bank employees who appear for these examination are also on the rise year after year thanks to increments offered by banks to bank employees for passing JAIIB and CAIIB examinations. Weightage in promotion to higher levels is also given to JAIIB/CAIIB holders.

The subjects of JAIIB with three papers and CAIIB with another three papers are not tailored to practical orientation and are too bookish and needs a through revamp and the syllabus is also out -date and is divorced from current banking realities.For example ,it contains units like share issue in Accountancy paper where book-keeping entries still follow the practices of the eighties and nineties where as the market practice for issue of shares has undergone a drastic change. The syllabus revision took place last time in the year 2005 and some minor changes are done in the syllabus over the years. By and large ,the syllabus does not measure upto the exacting standards required of a professional bankers. One reason could be that the syllabus is normally designed by a committee comprising retired bankers at the level of AGM/DGM who are readily available for such an exercise and a few middle management serving professionals. Views from the stakeholders such as bank employees, human resources development departments of bankers, ceos of commercial banks, a cross section of customers such as depositors ,borrowers and others who avail of banking services may be sought and examined by the syllabus revision committee for necessary changes in the syllabus to suit diverse requirements in banks.

The examination system needs to be perfected and the questions should be designed to test the bankers on practical aspects with actual case studies and currently even MBAs/CAs fail in papers like Accounting and Finance because questions are not germane to the practical banking aspects. The Institute, instead of offering mark-based theoretical banking papers, may offer a plethora of modular programmes on different aspects of banking such as risk management, Basel III, NPA management, SME Lending, Rural Financing, Export and Import financing, NRE Accounts etc to name a few, and offer credits to each programme with minimum qualifying standards instead of marks for having passed the module and a student who secures, say, 12 credits may be awarded the professional certification. More than ninety percent of the bank employees are into retail banking and they should be allowed to choose 12 modules from a multitude of modules which are relevant to them in day -to -

banking and will help them to climb a career ladder. Currently,most of the modules are too theoretical and has no relevance to day- to -day banking.

Role of Staff Training Institutes

Although all big banks do have an apex staff college for senior level bankers and staff training institutes at different centres across the country for all cadres vis substaff/clerical/ officers, they offer run of the mill programmes like induction courses, refresher courses, capsule courses and the training methodology also is not trainee- friendly. The programmes aim at enhancing knowledge and sharpen the skillsets of employees but more often the training programmes follow a set pattern introduced years ago.

For example, no improvement is seen in documentation even after bankers undergo training programme on documentation. The inspection reports of branches point out a lack of concern for perfect documentation with many defects in documents like understamping, etc. Some banks do offer e learning programmes and on line training and the efficacy of such programmes are yet to be studied by many banks.

Today's banker needs to be equipped with competencies which can be imparted only if the professional institutes like IIBF, NIBM, Staff Colleges of big banks etc should pool their resources together and the cross fertilisation of ideas would strengthen the training delivery system. IIBF and the banking industry should have a formal mechanism for frequent interaction so that the professional needs of the industry can be met and qualitatively improve the academic inputs. It can also replicate the best practices being followed by overseas training institutes like American Bankers Association, Institute of Scottish Bankers to develop the competency of bankers. Competency here denotes the ability of bankers to perform according to a desired standard. ❑

ICICI Bank leads market leader in credit-card issuances

ICICI Bank seems to be turning into the market leader in terms of acquiring credit card customers. The bank has added over 8.15 lakh new credit card customers between January and April this year. This coincides with the temporary halt on acquisition of credit card customers on HDFC Bank by the RBI in December last year. According to the latest RBI data, ICICI Bank had 1.07 crore credit card customers by April end this year, adding 1.42 lakh customers over March.

The bank has the thirdlargest credit card base and has been making additions on a monthly basis. HDFC Bank continues to have the largest credit card customer base with 1.49 crore outstanding credit cards as on April 30. But it has seen a decline of 3.8 lakh credit card customers since December 2020, when it had 1.53 crore outstanding cards.

State Bank of India has the second-largest credit card base with 1.19 crore outstanding cards by April end this year. It has added 1.05 lakh new customers since December 2020. Meanwhile, Citigroup, which has announced plans to exit its consumer banking operations in India, has also registered a decline in its credit card base. It has 26.21 lakh credit cards outstanding as on April 30, 2021 versus 26.94 lakh as on December 31, 2020. Axis Bank has 72.01 lakh credit cards in force by April end this year as against 68.72 lakh in December 2020.

ED transfers banks Rs. 9,371 crore assets seized from wilful defaulters

The Directorate of Enforcement has transferred seized assets worth Rs. 9371.17 crore to public sector banks that suffered losses due to financial frauds committed by fugitive businessmen Vijay Mallya, Mehul Choksi and Nirav Modi.The total assets attached by the ED are worth Rs. 18,170.02 crore.

"ED not only attached/seized assets worth of Rs. 18,170.02 crore (80.45% of the total loss to banks) in the case of Vijay Mallya, Nirav Modi and Mehul Choksi under the PMLA but also transferred a part of attached/seized assets of Rs. 9371.17 Crore to the PSBs and Central Government," said the agency.

The ED also said that it has unearthed a money trail of domestic and international transactions and stashing of assets abroad. The investigation revealed that the three accused used dummy entities controlled by them for rotation and siphoning off the funds provided by the banks, it said.

NRI SIMPLIFIED

Who is an NRI: An Indian citizen who is not RESIDENT in India is called as Non-Resident Indian (NRI). Now, the question arises as to what is the rule for being Resident in India or Not Resident in India.

It is defined in two acts i.e., Income Tax Act 1961 & Foreign Exchange Management Act (FEMA) 1999.

1) Income Tax Act 1961:

You are a Resident if you satisfy ANY of the following two conditions:

a) You are in India for 182 days in the financial year, OR

b) You are in India for 365 days in 4 preceding financial years AND 60 days in the financial year. There are a few exceptions to it.

2) Foreign Exchange Management Act (FEMA) 1999.

You are a Non-Resident Indian (NRI) if you satisfy ANY of the following two conditions:

a) An Indian Citizen who resides in India for less than one 182 days during the preceding financial year, OR

b) Who has gone out of India or who stays outside India for the purpose of employment, for carrying on business or vocation outside India, or for any other purpose indicating his intention to stay outside India for an uncertain period.

Income tax liability for an NRI:

❖ Any income that is 'earned' in India is taxable for you in India.

❖ Income earned outside of India is not taxable in India.

We have discussed about Resident and Non-Resident Indian.

About the author

Hitesh Singh
Sr. Manager(faculty)
Union Bank of India
STC Gurugram

Now, let us understand about three more terms related to this topic i.e., RNOR, PIO and OCI Cardholders.

Resident but Not Ordinarily Resident (RNOR):

The person will be considered as RNOR in a year - if any one of the two conditions is satisfied for a Resident.

i) If you have been an NRI in 9 out of 10 financial years preceding the concerned financial year.

OR

ii) You have been in India for a period of 729 days or less during the 7 financial years preceding the concerned financial year.

Benefits for being a RNOR: Income that you earn outside India while you may have returned back to India, will NOT be taxed in India. Therefore, like an NRI, any income that is earned in India is taxable for you in India and your income earned outside of India is not taxable in India.

Person of Indian Origin (PIO):

A 'Person of Indian Origin (PIO)' is a person resident outside India who is a citizen of any country other than Bangladesh or Pakistan or such other country as may be specified by the Central Government, satisfying any following conditions: -

a) If the person held an Indian passport at any time, or

b) The person or either of his/her parents or any of his/ her grandparents was a citizen of India by virtue of the Constitution of India or Citizenship Act, 1955, or

c) A spouse of an Indian citizen or of the person mentioned in above point a) or b), is also treated as a PIO.

PIOs are extended the same facilities for bank account maintenance in India as NRIs and are also, for such purposes, called by the generic name as NRIs.

Overseas Citizenship of India (OCI) Cardholders:

Overseas Citizenship of India (OCI) was introduced by The Citizenship (Amendment) Act, 2005, is a form of permanent residency available to PIO and their spouses which allows them to live and work in India indefinitely. OCI status is not citizenship and does not grant the right to vote in Indian elections or hold public office. The Indian government can revoke OCI status in a wide variety of circumstances.

OCI status is not available to anyone who has ever been a Pakistani or Bangladeshi citizen, or who is a child, grandchild, or great-grandchild of such a person.

Accounts for NRIs that should be opened for maximizing benefits:

Though banks may offer customized accounts as well to lure NRI customers but here we will discuss 3 standardized accounts that are available for NRIs with almost all the Indian Banks. We will look into the main points relating to these accounts here and remaining points are as per the tabular form. These accounts are as follows :-

1. **Non-Resident (External) Rupee Account Scheme - NRE Account**

   As the name suggest 'External', this account is meant for any foreign inward remittance received from external of India i.e., outside of India is to be credited in this account. No income tax is levied on the interest earned in this account.

2. **Non-Resident Ordinary Rupee Account Scheme - NRO Account**

   Here if we go by the word present in account name 'Ordinary' we can infer the meaning that, Ordinary income or Income earned in India is to be credited in this account. Any interest earned in this account attracts Income tax. So, all care must be taken while receiving foreign inward remittance that must be credited to NRE account not in the NRO account.

3. **Foreign Currency (Non-Resident) Account (Banks) Scheme - FCNR (B) Account**

   Name of this account says everything i.e., this account is allowed to open in all permitted foreign currencies. As this account is maintained in foreign currency, conversion from foreign currency to INR or vice versa does not take place. So, this account is best suited to save the commission/charges/expenses incurred on account of conversion to INR and then again to foreign currency at the time of outward remittance. And also, no income tax is levied on the interest earned in this account.

Main Features of all the 3 accounts

<table>
<tr><th>Particulars</th><th>NRE Account</th><th>FCNR (B) Account</th><th>NRO Account</th></tr>
<tr><td>Who can open an account</td><td colspan="2">NRIs and PIOs
Individual/entities of Pakistan and Bangladesh shall require prior approval of the Reserve Bank of India.</td><td>Any person resident outside India for putting through bonafide transactions in rupees.
Individual/entities of Pakistan and Bangladesh shall require prior approval of the Reserve Bank of India.</td></tr>
<tr><td>Joint account</td><td colspan="2">May be held jointly in the names of two or more NRIs/ PIOs.
NRIs/ PIOs can hold jointly with a resident relative on 'former or survivor' basis.</td><td>May be held jointly in the names of two or more NRIs/ PIOs.
May be held jointly with residents on 'former or survivor' basis.</td></tr>
<tr><td>Currency</td><td>Indian Rupees</td><td>Any permitted currency i.e. a foreign currency which is freely convertible</td><td>Indian Rupees</td></tr>
<tr><td>Type of Account</td><td>Savings, Current, Recurring, Fixed Deposit</td><td>Term Deposit only</td><td>Savings, Current, Recurring, Fixed Deposit</td></tr>
<tr><td>Period for fixed deposits</td><td>From one to three years, However, banks are allowed to accept NRE deposits above three years. Some banks offer 10 years also.</td><td>For terms not less than 1 year and not more than 5 years</td><td>As applicable to resident accounts.</td></tr>
<tr><td>Permissible Credits</td><td colspan="2">Credits permitted to this account are inward remittance from outside India, interest accruing on the account, interest on investment, transfer from other NRE/ FCNR(B) accounts, maturity proceeds of investments (if such investments were made from this account or through inward remittance).</td><td>Inward remittances from outside India, legitimate dues in India and transfers from other NRO accounts are permissible credits to NRO account.
Rupee gift/ loan made by a resident to a NRI/ PIO relative within the limits prescribed under the Liberalised Remittance Scheme (LRS) may be credited to the latter's NRO account.</td></tr>
<tr><td>Permissible Debits</td><td colspan="2">Permissible debits are local disbursements, remittance outside India, transfer to other NRE/ FCNR(B) accounts and investments in India.</td><td>The account can be debited for the purpose of local payments, transfers to other NRO accounts or remittance of current income abroad.
Apart from these, balances in the NRO account cannot be repatriated abroad except by NRIs and PIOs up to USD 1 million, subject to conditions.
Funds can also be transferred to NRE account within this USD 1 million facility.</td></tr>
<tr><td>Repatriablity</td><td colspan="2">Fully Repatriable.</td><td>Not repatriable except for all current income.
Balances in an NRO account of NRIs/</td></tr>
</table>

Particulars	NRE Account	FCNR (B) Account	NRO Account
			PIOs are remittable up to USD 1 (one) million per financial year (April-March) along with their other eligible assets.
Taxability	Income earned in the accounts is exempt from income tax and balances exempt from wealth tax		Taxable
Loans in India	Authorised Dealer can sanction loans in India to the account holder/ third parties without any limit, subject to usual margin requirements. These loans cannot be repatriated outside India and can be used in India only for the purposes specified in the regulations.		Loans against the deposits can be granted in India to the account holder or third-party subject to usual norms margin requirement. The loan amount cannot be used for relending, carrying on agricultural/ plantation activities or investment in real estate.

Double Taxation Avoidance Agreement (DTAA):

DTAA is an agreement between two countries to facilitate the person to avoid double tax on the same declared asset in two different countries. Under the current DTAA provisions an NRI customer can enjoy reduced rate of tax on interest earned in NRO rupee deposits in India. Main document that is required to take benefit under this agreement is Tax Residency Certificate(TRC) along with some other documents.

Documents required for NRI accounts:

- ❖ Application form
- ❖ Passport copies of different pages in passport.
- ❖ Proof to show intention of living in abroad for uncertain period e.g., Employment letter, work permits, student visa, residence visa or any other documents.
- ❖ Though above documents are standard documents. Banks may ask for more documents as well depending upon case to case basis.

Win-win situation for all the stakeholders:

NRI accounts, if used appropriately,provides a win-win situation for NRIs, Banks and country as a whole.

NRIs gets higher rate of interest, exemption from Income tax, stability of their funds, benefits of diversification etc. are among various other benefits.Benefits for banks include higher CASA and Term deposits, more fee-based income, low servicing cost etc.For country as a whole, NRIs are one of the main generators of foreign exchange.

Sources:

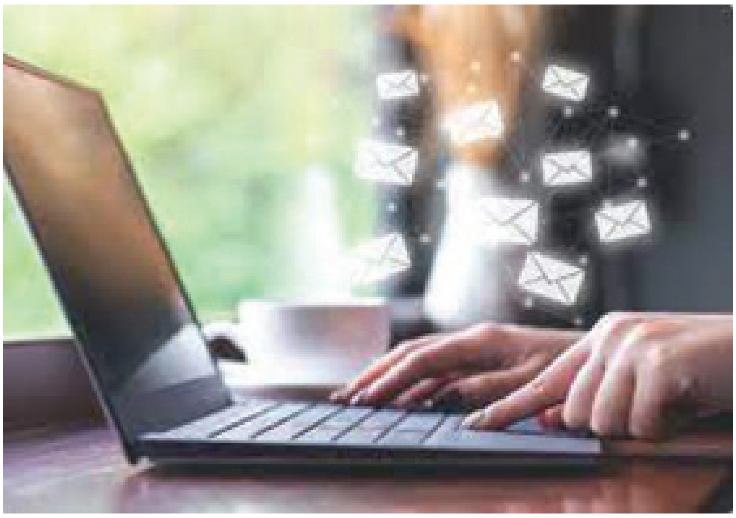
1. www.rbi.org.in
2. https://en.wikipedia.org
3. www.cleartax.in
4. www.unionbankofindia.co.in. ❑

MotilalOswal Mutual Fund splits NASDAQ 100 ETF in 1:10 ratio

MotilalOswal Asset Management Company Limited has announced a split in the face value of each unit of MotilalOswal NASDAQ 100 ETF in a 1: 10 ratio. Consequently, the balance unit holding of existing unit holders under the Scheme as per records of the depositories as on 18 June, 2021, will increase proportionately. However, this will not have any impact on the current value of holdings of the unit holders of the scheme.

"At MotilalOswal AMC, it is our constant endeavor to offer easy access to innovative products at low cost. The split will result in MotilalOswal NASDAQ 100 ETF trading at 1/10th price from the open on 17 June 2021. This would encourage small investors to take exposure to international equities." said Navin Agarwal, MD & CEO of MotilalOswal Asset Management Company Ltd.

CERSAI 2.0: A WAY FORWARD



Government of India established the Central Registry of Securitisation Asset Reconstruction and Security Interest of India(CERSAI) to operate and maintain Central Registry functions as per SARFAESI Act 2002.CERSAI provides platform to All scheduled Commercial Banks(including RRBs) , Small Finance Banks, Local Area Banks, all Co-operative Banks, all NBFCs and All India Financial Institutions , for filing registrations including modification and satisfaction of transactions of securitizations, asset reconstruction and security interest.

An upgraded version of security interest portal that is CERSAI 2.0 had been released on 3rd August, 2020 and had introduced some significant changes. The Entity Registration functionality is accessible on the CERSAI 2.0 portal. For accessing the various functionalities available on the portal and registering details of security interest , entities must be registered. As per chapter IV-A of SARFAESI Act entities are classified in to three main categories namely secured creditors, other creditors , Revenue Authorities. There is well defined procedures for their registration on the portal.

About the author

Ravi Mishra
Chief Manager Faculty
Union Bank of India
Staff Training Centre Gurugram

Access and functioning in CERSAI 2.0

- Made simple and flexible.
- Access to CERSAI 2.0 application requires a valid Digital Signature(DS)
- Any existing User with valid DS of any class are able to access CERSAI 2.0
- For activity on CERSAI portal , Existing users after expiry of their current DS including New Users registered in CERSAI 2.0 should have class III DS
- For logging in CERSAI 2.0 first time , Users can use default password. The default password is combination of the last four digits of their CERSAI user id and their date of birth (DDMMYY)

- No maker checker concept in CERSAI 2.0. Any authorized user will be able to perform end to end transaction.
- Single user, Multiple roles- More than one roles may be assigned to one user
- Flexibility in Assignment of Roles: It is possible to add/ remove role to an existing user id.

New Features in CERSAI 2.0

Short Messaging Service(SMS):

- Notifications for the relevant transactions are sent through email as was previously . Apart from the email notifications, now SMS are also sent to the concerned users of the Entities and CERSAI on their registered mobile number . This has been made mandatory in CERSAI 2.0
- Previously as notifications are sent through emails only but sometimes they were undelivered or delivered with delay due to non-availability of internet or were not seen by the users being away from the system , especially on holidays/weekly offs or being on leave, but now SMS will be delivered and seen immediately, thus speeding up the notification and decision making process.

Offline Functionality:

- New features added
- Presently available for Add security Interest and Attachment Order Transactions
- Details of the transactions are now recorded in an excel file downloaded from CERSAI Portal
- Any employee of the entity can perform this activity.

- No need to have a CERSAI User ID/Password
- No need to have a valid Digital Signature.
- Most of the data validations applied for correct details to be recorded.
- One file to have one Record but many files can be prepared simultaneously for different records.
- Entities can prepare files programmatically also by extracting data from core banking solution(CBS)
- Details of the offline file prepared will be uploaded in CERSAI by an authorized User of the entity using valid CERSAI ID/Password and a valid digital signature.

Other New Features :

1. Save as Draft Option are now available for the following core business transactions:
   - Registration of Security Interest and Attachment Order
   - Registration of Asset Reconstruction and securitization transactions
   - Registration of Assignment of Receivables
2. User can resume the same transaction under My Worklist In User drafted transactions from the Home page itself after successful login
3. Drafts will be kept in the system for 24 hours only, and limit of the drafts for user are presently capped at 10
4. Those who are Maker users in CERSAI 1.0 can directly log into CERSAI 2.0 without Digital Signature and can have access to search and Report Modules only namely Asset based search, Debtor based search, AOR search, Online Reports, MIS Reports and Batch Reports
5. Exact ID based search is available in CERSAI 2.0 on the basis of the following parameters namely security interest ID, Transaction ID, Assignment of Receivables(AOR) ID.
6. There is no loan details available in CERSAI 2.0. Users can put the loan number under security interest details tab in entity identification number field. If there is a change in Total Secured Amount, then User can change the Total Secured Amount in SI Modification else there is no change required in the details
7. In case of multiple loans under the same asset, user can select the existing asset and can create another security interest id and can mention the 2nd loan account number along with the first loan account number,

already available in the field, under security interest details tab in entity identification number field.

Recent changes in CERSAI

Govt. of India vide notification dated 12th August, 2016 had inserted Chapter IV -A in the SARFAESI Act, 2002. The same is in force from 24th January, 2020 as notified in Government of India Gazette No.4133 dated 26th December, 2019.The salient features of Chapter IV-A includes:

I. Creditors other than Secured Creditors (as defined under section 2(1)zd of SARFAESI Act), in whose favour security interest is created have to file the same with CERSAI.

II. Filing of security interest with CERSAI shall be deemed to constitute a Public notice from the date and time of filing with CERSAI.

III. Attachment orders issued by Revenue Authorities for recovery of Govt. dues are required to be filed with CERSAI.

IV. Attachment orders issued in favour of any person, by Courts/Tribunals are required to be filed with CERSAI.

V. Secured Creditors [as defined under section 2(1)(zd)] shall be entitled to enforce securities under SARFAESI Act only if the security interest is filed with CERSAI.

VI. Filing of Security interest or attachment orders with CERSAI shall have priority over any subsequent security interest created upon such property.

VII. After registration of security interest with CERSAI by secured creditors, their dues will be paid in priority over Government dues.

VIII. Penalty provisions for default in filing, modifying and satisfaction of security interest (section 27) is no longer applicable.

IX. 30-day time period for filing the transactions of creation/ modification of security interest with CERSAI (section 23) is no longer applicable.

Hence the new version of CERSAI has come up to overcome some technical flaws of the previous one. However, the benefits and major changes that CERSAI 2.0 has brought are yet to be seen.

References:

CERSAI SITE www.cersai.org.in

India's bank credit-to-GDP ratio inches up to 56% in 2020

Notwithstanding incremental credit growth plunging to a 59-year low at 5.56 per cent in FY21, the bank credit-to-GDP ratio rose to a five-year high of a little over 56 per cent in 2020, but way behind its peers and just half of the G20 average, according to the latest data from the Bank for International Settlements (BIS).

At 56.075 per cent credit-to-GDP ratio, total outstanding bank credit stood at USD 1.52 trillion in the country in 2020, according to the BIS data for the year, but this is still the second lowest among all its Asian peers. And when it comes to the emerging market peers, it is 135.5 per cent and at 88.7 per cent in advanced economies.

It can be noted that in spite of the massive credit-driven stimulus that the government tried to push to help tide over the impact of the pandemic in 2020, incremental credit growth inched up only 5.56 per cent (at Rs 109.51 lakh crore), which was the lowest recorded growth in 59 years when in FY1962 it was at 5.38 per cent.

Even in FY20, credit growth was at a 58-year-low at 6.14 per cent, an analysis by SBI Research showed recently.

According to analysts, bank credit growth is a key indicator of economic growth and a credit-GDP ratio of 100 per cent is the ideal, which indicates robust demand for credit without the fear of a bubble in the making.

A higher credit-to-GDP ratio indicates aggressive and active participation of the banking sector in the real economy, while a lower number shows the need for more formal credit. This is also a key reason for economists and analysts calling for privatisation of state-run banks to increase credit growth.

At 56 per cent, the country's bank credit-to-GDP ratio is at a five-year high when in 2015 it stood at 64.8 per cent, yet it is just over half of what G20 economies clocked last year.

As against this, the ratio for the other four BRICS members stood at the following: China-161.75 per cent, Russia-88.12 per cent, Brazil-50.8 per cent, and South Africa at a low 40.1 per cent.

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 till 15th July 2021:	Rs. 7500 including Exam Fees. International US$ 175
Final Exam Fees:	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

New Definition of Micro, Small and Medium Enterprises

RBI/2021-2022/63

June 25, 2021

1. Please refer to the circular FIDD.MSME & NFS.BC.No.4/ 06.02.31/2020-21 dated August 21, 2020 on 'New Definition of Micro, Small and Medium Enterprises – clarifications'.
2. In this connection, we inform that Government of India, vide their Gazette Notification S.O. 2347(E) dated June 16, 2021, has notified amendments in paragraph (7) sub-paragraph (3) in the notification of Government of India, Ministry of Micro, Small and Medium Enterprises number S.O. 2119 (E), dated June 26, 2020, published in the Gazette of India.
3. In view of the above amendment, paragraph 2.2 (i) of RBI circular dated August 21, 2020 stands modified as under:

   "The existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAMs) of the MSMEs obtained till June 30, 2020 shall remain valid till December 31, 2021".
4. All other provisions of the circular remain unchanged.

(Kaya Tripathi)
Chief General Manager

Appointment of Chief Risk Officer in Primary (Urban) Co-operative Banks

RBI/2021-2022/62

June 25, 2021

1. With increasing size and scope of business, Primary (Urban) Co-operative Banks (UCBs) are gradually getting exposed to greater degree of risks. It is, therefore, necessary that every UCB focuses its attention on putting in place appropriate risk management mechanism commensurate with its business profile and strategic objectives. In this connection, it has been decided that all UCBs having asset size of Rs. 5000 crore or above, shall appoint a Chief Risk Officer (CRO). The Board must clearly define the CRO's role and responsibilities and ensure that he/ she functions independently.
2. UCBs shall strictly adhere to the following instructions in this regard:
   a. The CRO shall be a senior official in the bank's hierarchy and shall have adequate professional qualification / experience in the area of risk management.
   b. The CRO shall be appointed for a fixed tenure with the approval of the Board. The CRO can be transferred / removed from the post before completion of the tenure only with the approval of the Board and such premature transfer / removal shall be reported to the concerned

Regional Office of Department of Supervision, Reserve Bank of India.

c. The Board shall put in place adequate policies to safeguard the independence of the CRO. The CRO shall have direct reporting lines to MD/CEO or Board or Risk Management Committee of Board (RMC). In case the CRO reports to the MD/CEO, the Board or the RMC shall meet the CRO, without the presence of the MD & CEO, at least on a quarterly basis.

d. The CRO shall not have any reporting relationship with the business verticals and shall not be given any business targets. Further, there shall not be any 'dual hatting' i.e. the CRO shall not be given any other responsibility such as CEO, COO, CFO, Chief of the Internal Audit, etc.

e. In UCBs that follow committee approach in credit sanction process for high value proposals, if the CRO is one of the decision makers in the credit sanction process, he shall have voting power and all members who are part of the credit sanction process, shall individually and severally be liable for all the aspects, including risk perspective related to the credit proposal. If the CRO is not a part of the credit sanction process, his role will be limited to that of an adviser.

f. In UCBs which do not follow committee approach for sanction of high value credits, the CRO can only be an adviser in the sanction process and shall not have any sanctioning power.

g. All credit products shall be vetted by the CRO from the angle of inherent and control risks.

3. The CRO shall support the Board in establishing an integrated risk management system, capable of identifying, measuring and monitoring all types of risks on an ongoing basis. This will include developing the organisational risk appetite and a framework that will translate the Board's strategy into clearly laid down monitorable risk limits at the aggregate and at granular levels. The CRO shall also be involved in actual monitoring and mitigation of risks.

4. It is emphasized that the primary responsibility of risk management lies with the Board. In order to focus the required level of attention on various aspects of risk management, UCBs meeting the eligibility criteria specified in para 1 above are advised to set up a Risk Management Committee (of the Board) by March 31, 2022. The Board shall decide the membership, scope of work and frequency of meeting of the Risk Management Committee.

5. UCBs meeting the prescribed criteria as on March 31, 2021 shall appoint / designate a CRO by March 31, 2022. UCBs which may fulfill the criteria at the end of the current or subsequent financial years shall appoint / designate a CRO within a period of six months from the end of the financial year concerned.

6. A copy of this circular should be placed before the Board of Directors of the bank at its next meeting.

(Manoranjan Mishra)
Chief General Manager

Liberalised Remittance Scheme for Resident Individuals – Reporting

RBI/2021-22/56

June 17, 2021

1. Attention of all Authorised Dealer Category - I (AD Category - I) banks is invited to A. P. (DIR Series) Circular No. 106 dated May 23, 2013, in terms of which, AD Category -I banks were required to upload the data in respect of number of applications received and the total amount remitted under the Liberalised Remittance Scheme (the Scheme) on Online Return Filing System (ORFS).

2. It has now been decided to collect this information through XBRL system instead of the ORFS.

3. Accordingly, AD Category – I banks shall upload the requisite information on XBRL system on or before the fifth of the succeeding month from July 01, 2021 onwards. The XBRL site can be accessed through URL https://xbrl.rbi.org.in/orfsxbrl. User ids are being issued separately. In case no data is to be furnished, AD banks shall upload 'nil' figures.

4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

(R. S. Amar)
Chief General Manager

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.*

Published on 1st of Every Month | Declaration No. 86 | R. No. KOL RMS/269/2019-2021
Date : 01-07-2021 | Dated 14-12-2017 | RNI No. 44184/1988

Owner Sushil Kumar Agarwala, Printer Sushil Kumar Agarwala, Publisher Sushil Kumar Agarwala, Published from 31/1, Sadananda Road, P.S. Kalighat, Kolkata - 700026, West Bengal and Printed from Satyajug Employees Co-operative Industrial Society Ltd., 13, Prafulla Sarkar St., Kolkata - 72, West Bengal, Editor - CA Rakesh Agarwal