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# Banking Finance

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- Role of Chatbot as a Banking Tool
- Door Step Banking - Opportunities and Challenges
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- Stakeholder Capitalism - New Normal




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Shaktikanta Das
Governor
RBI

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Chief Economist
Bank of Baroda

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## From The Desk Of Editor-in-Chief

Stock Market at BSE as well as NSE experienced huge pull out of foreign exchange from the market for which market became slow and become volatile. Many IPOs like Paytm, Zomato has witnessed heavy selloff from Overseas investors after expiry of the lockin period. The new companies which are in process of launching IPO must be very careful as bad pricing and bad timing may ruin the IPO.

RBI is advocating for trade settlement of international transaction in rupee to make rupee stronger against dollar. Exporters are of the opinion that rupee trade settlement by RBI is a timely move.

Bank credit grew 13.29% to about Rs.1.24 trillion and deposit by Rs.9.77% to Rs.1.69 trillion in fortnight ended report as on 1st July, 2022.

In a circular RBI, has instructed all parties—aside from card networks and card issuers—to delete all previously stored Card-on-File (CoF) data by October 1, 2022. The RBI has granted the respite in order to facilitate a smooth transition to a different payment system. In addition, the merchant and its PA involved in the online transaction may keep the data for a maximum of T+4 days or until the settlement date, whichever comes first, aside from the card issuer and the card network.

Indian Banks' Association has urged the RBI to permit them to issue debit cards in the OD accounts that are of the nature of personal loans, where the limits are sanctioned against salary, pension, deposits and government securities, and for personal consumption. They also want to issue debit cards where such a facility is extended to Mudra and Kisan credit card accounts holders.

CBDT Aims to add 12% more Direct Tax Return this current fiscal 22-23.

As per RBI report Indian Bank recorded Rs.8.6 trillion bad loans during last 84 Years since 2014 to 2022.

As per report farm income in India has been doubled during F.Y.2022 as compared to F.Y.2015 for certain crops a RBI study shows. In all other cases it rose to 1.34 to 1-7 times. The increase has been most prominent for farmers cultivating cash crops.

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# Banking News

## Bajaj Hindusthan Sugar declared NPA by banks

Lending banks have declared Bajaj Hindusthan Sugar, one of India's largest sugar manufacturers, a non-performing asset (NPA) after it failed to make payments related to its debt, whose gross value stood at Rs. 4,814 crore as of March this year.

## Banking frauds of over Rs. 100 crore see significant decline in FY22

Frauds in the banking sector involving sums of over Rs. 100 crore have declined significantly, with banks reporting cases worth Rs. 41,000 crore in 2021-22 compared to Rs. 1.05 lakh crore in the previous year.

According to official data, the number of fraud cases in private as well as public sector banks dropped to 118 in FY22 from 265 in 2020-21.

In the case of public sector banks (PSBs), the total number of fraud cases of over Rs. 100 crore declined to 80 from 167 in FY'21, while for private sector lenders such cases reduced to 38 in FY'22 from 98 earlier, as per the data.

In terms of cumulative amount, it has come down to Rs. 28,000 crore from Rs. 65,900 crore in FY'21 for PSBs. For private sector banks, the reduction is from Rs. 39,900 crore to Rs. 13,000 crore in FY'22.

## HDFC and HDFC Bank merger proposal gets bourses' nod

The proposal of merger of HDFC with its banking subsidiary HDFC Bank, the biggest transaction in India's corporate history, has got approval from stock exchanges. Both HDFC and HDFC Bank have got no-objection from both stock exchanges.

HDFC Bank has received observation letter with 'no adverse observations' from BSE Limited and observation letter with 'no objection' from the National Stock Exchange of India Limited, both dated July 2, 2022, HDFC Bank said in a filing.

"The scheme remains subject to various statutory and regulatory approvals inter alia including approvals from the Reserve Bank of India, Competition Commission of India, the National Company Law Tribunal and the respective shareholders and creditors of the companies involved in the scheme, as may be required," it said.

## Union Bank's former chief to head NaBFID

The Financial Services Institutions Bureau has recommended Rajkiran Rai G for the position of managing director in the newly formed National Bank for Financing Infrastructure and Development (NaBFID).

Rai is the former chairman of Union Bank of India. He had overseen the amalgamation of Corporation Bank and Andhra Bank with Union Bank.

## PNB to rope in actuarial firm

Punjab National Bank will select an actuarial firm for calculating the embedded value of insurance joint venture Canara HSBC Life, in which the state-owned bank has to divest its stake as per regulatory requirement.

At present, PNB has stakes in two insurance firms -- PNB MetLife India Insurance Company Limited (PNB MetLife) and Canara HSBC OBC Life Insurance Company Ltd

PNB MetLife, a joint venture between MetLife International Holdings LLC (MIHL), Punjab National Bank (PNB), M Pallonji and Company Pvt Ltd, Jammu & Kashmir Bank (JKB), and other investors, has been operational since 2001, with MIHL and PNB being the promoters of the company.

PNB also became a stakeholder in Canara HSBC Life after the erstwhile Oriental Bank of Commerce merged into it.

In March 2020, OBC and United Bank of India were amalgamated into PNB. As all assets and liabilities of OBC were subsumed into PNB by virtue of such amalgamation, PNB became a shareholder of Canara HSBC Life to the extent of OBC's stake of 23 per cent.

## CBI FIR against DHFL, Wadhawans for 'Duping' 17 Banks of Rs. 34,615

The CBI has booked Dewan Housing Finance Ltd, its former CMD Kapil Wadhawan, director Dheeraj Wadhawan and others for bank fraud of Rs 34,615 crore, making it the biggest such case probed by the agency, officials said.

Following the registration of case on June 20, a team of over 50 officials from the agency carried out coordinated searches on 12 premises in Mumbai belonging to FIR-listed accused which also include Sudhakar Shetty of Amaryllis Realtors and eight other builders.

The action came on a complaint from the Union Bank of India (UBI), leader of 17-member lender consortium which had extended credit facilities to the tune of Rs 42,871 crore between 2010 and 2018.

## Privatise all govt banks except SBI: NCAER

The Centre should privatise all public sector banks (PSBs), except the State Bank of India (SBI). This is because private banks have emerged as a credible alternative to PSBs with substantial market share. Also, government ownership hinders the ability of the Reserve Bank of India (RBI) to regulate the sector, according to a report by the National Council of Applied Economic Research (NCAER).

Barring SBI, most other PSBs have lagged behind private banks in all the major indicators of performance during the last decade. They have seen soured loans and operational costs soar, the report authored by NCAER's Poonam Gupta and economist Arvind Panagariya said.

## Bad loan ratio likely to fall to 5% by March 2024

S&P Global Ratings said non-performing loans of banks are expected to decline to 5-5.5 per cent of the total advances by March 2024.

As per the latest Financial Stability Report published by the RBI, the gross non-performing assets (GNPA) declined to a six-year low of 5.9 per cent in March 2022.

"We project the banking sector's weak loans will decline to 5-5.5 per cent of gross loans by March 31, 2024. Likewise, we forecast the credit costs to stabilise at 1.5 per cent for fiscal 2023 and further normalise to 1.3 percent, making credit costs comparable to those of other emerging markets and India's 15-year average," the rating agency said in a report.

## Bank credit grows 13.29%, deposits up 9.77: RBI data

Bank credit grew by 13.29 per cent to Rs 123.81 lakh crore and deposits by 9.77 per cent to Rs 169.61 lakh crore in the fortnight ended on July 1, RBI data showed.

In the fortnight ended June 2, 2021, bank advances stood at Rs 109.28 lakh crore and deposits at Rs 154.51 lakh crore, according to the Scheduled Banks' Statement of Position in India as on July 1, 2022, released.

In the fortnight ended June 17, 2022, bank credit grew by 8.31 per cent and deposits by 12.05 per cent.

In FY22, bank credit rose by 8.59 per cent and deposits by 8.94 per cent.

## Frauds on PSBs halved

The amount involved in fraud cases reported by public sector banks (PSBs) has come down to Rs 3,204 crore in the last fiscal from Rs 28,884 crore in 2017-18, Parliament was informed.

As per the RBI data, PSBs reported 5,624 cases of fraud in 2017-18, involving Rs 28,884 crore. In 2018-19, a total of 9,092 cases were reported amounting to Rs 26,720 crore, while in 2019-20, the number of frauds rose to 11,074, involving a monetary value of Rs 21,170 crore, Minister of State for Finance Bhagwad Karad said in a written reply to the Rajya Sabha.

In 2020-21, PSBs reported 4,680 fraud cases of Rs 7,306 crore, which declined to 2,369 cases corresponding to Rs 3,204 crore in 2021-22, he added.

Karad said an online searchable database of frauds reported by banks has been set up in the form of the Central Fraud Registry.

It has enabled timely identification, control and mitigation of fraud risk and also to carry out due diligence during the credit sanction process, he said.

## Kotak becomes first bank of integrate with new IT portal

Kotak Mahindra Bank has completed

technical integration with the new e-filing portal of the Income Tax department and has become the first private bank to fully integrate with the portal.

Its customers can now pay their direct taxes through the e-pay tax tab on the portal using Kotak net banking or by visiting a branch. This will make the tax payment process simple, instant, and convenient for customers, said the bank.

In October 2021, Kotak Mahindra Bank had said it became the first scheduled private sector bank to receive approval as a collections partner for taxes, after the announcement to permit all banks to participate in government business.

## Private banks treble small biz loan pie to 70%

Private sector banks more than tripled their share in loans sanctioned to the micro, small and medium enterprise (MSME) sector to 69.8% in FY22 from the previous year's levels. Earlier, private banks had almost halved their share in FY21 to 18.2% from 33.6% in FY20.

Public sector banks, which accounted for 48% of all loan sanctions to MSMEs in FY20, increased the share to 73% in FY21 after the pandemic with a majority of this going towards Mudra loans.

However, in FY22 when competition for credit picked up, the share of PSU banks in lending to small segments dropped to 19.1%.

Before the pandemic, many private sector banks had turned cautious on loans to small businesses and started cutting their exposure as soon as the pandemic broke out. With government guarantees coming in and stress turning out to be less than expected, they sharply increased their market share in FY22.

## World Bank approves $250m loan for road safety plan

The World Bank approved a $250 million (Rs. 1,960 crore) loan for the central government's road safety programme which addresses high road crash fatality rate in the country.

According to the multilateral institution, the India State Support Program for Road Safety, financed by the World Bank, will be implemented in Andhra Pradesh, Gujarat, Odisha, Tamil Nadu, Telangans, Uttar Pradesh and West Bengal.

The plan is aimed to help participating states reduce road crash fatalities and injuries through improved road safety management and institutional reform, and results-based interventions on high-risk roads. It will also strengthen emergency medical and rehabilitation services for post-crash care.

## Women's share in incremental bank deposits rises to 35%: SBI

The share of women depositors in incremental bank deposits during FY22 increased to 35 per cent from 15 per cent in FY21, a whopping rise of 20 percentage points, a research report by State Bank of India (SBI) said.

"Even if we consider the share of women depositors in FY22 over FY20 (as FY21 was an exceptional year) in incremental bank deposits, the share increased by 6 percentage points," it said. The analysis based on population-group wise indicates that rural areas are the major source of incremental women depositors, the report added.

According to SBI, the share of women depositors in incremental rural deposits has increased from 37 per cent in FY20 to 66 per cent in FY22.

"Rural areas are followed by semi-urban ones. Interestingly, with some of the states making it mandatory that transfer of monetary resources can only be given to a women depositor, it is likely that the share of women depositors will continue to stay buoyant in bank deposits," it further said. ❑

# Reserve Bank News

## Cryptocurency clear danger, warns RBI guv

Reserve Bank Governor Shaktikanta Das described cryptocurrencies as "clear danger" and said that anything that derives value based on make believe, without any underlying, is just speculation under a sophisticated name. The government is in the process of finalising a consultation paper on cryptocurrencies after gathering inputs from various stakeholders and institutions.

Reserve Bank of India (RBI) has been flagging concerns about cryptocurrencies, which are seen as a highly speculative asset.

In the foreword to the 25th issue of the Financial Stability Report (FSR) released, Das also said that as the financial system gets increasingly digitalised, cyber risks are growing and need special attention.

"We must be mindful of the emerging risks on the horizon. Cryptocurrencies are a clear danger. Anything that derives value based on make believe, without any underlying, is just speculation under a sophisticated name," Das said.

## Interest rates on small savings schemes unchanged, says govt

The government kept interest rates unchanged on small savings schemes, including NSC and PPF, for the second quarter of 2022-23 amid high inflation and rising interest rate.

The interest rate on small savings schemes has not been revised since the first quarter of 2020-21.

Public Provident Fund (PPF) and National Savings Certificate (NSC) will continue to have an annual interest rate of 7.1 per cent and 6.8 per cent, respectively, in the second quarter of this fiscal.

"The rates of interest on various small savings schemes for the second quarter of the financial year 2022-23, starting from July 1, 2022, and ending on September 30, 2022, shall remain unchanged from those notified for the first quarter (April 1, 2022, to June 30, 2022) for FY 2022-23," the finance ministry said in a notification.

Interest rates for small savings schemes are notified on a quarterly basis.

The one-year term deposit scheme will continue to earn an interest rate of 5.5 per cent in the second quarter.

## SEBI fines 2 Sahara companies Rs. 12 crore

Sebi has imposed a fine of Rs 12 crore on two Sahara Group companies and some of the board members of these two entities, including Subrata Roy Sahara, for violating laws that govern fund-raising by corporates. The two entities are Sahara India Real Estate Corp (SIRECL) and Sahara Housing Investment Corp (SHICL).

According to the report, when Sahara Prime City (SPCL) had filed for its IPO in 2009, Sebi found that the two entities, SIRECL and SHICL had, between 2008 and 2009, raised funds through optionally fully convertible debentures (OFCDs). The fund-raising process for each of the companies had violated Sebi's rules for collecting funds from the public.

## RBI extends deadline for card tokenisation

RBI is extending the deadline for card-on-file (CoF) tokenisation by another three months to September 30 as transaction processing based on such tokens is yet to gain traction across categories of merchants.

It was mandated that no entity in the card transaction or in the payment chain, other than the card issuers and / or card networks, can store the CoF data, and any such data stored previously be purged. The initial deadline was January 1, which was extended by six months.

CoF refers to card information stored by payment gateway and merchants to process future transactions.

## RBI, Govt working on measures to halt currency fall

RBI and the Centre could take a series of one-off measures to halt the rupee's slide. These may include curbs on imports of non-essential goods, reduction in thresholds on aggregate overseas investments by resident Indians, and mandates for exporters to quicken their USD remittances.

"The central bank could look at interventions like telling exporters to bring in their dollars quickly, or asking importers to sell dollars directly to oil marketing companies if the situation worsens from here," said Madan Sabnavis, Chief Economist, Bank of Baroda.

## Reserve Bank looks for orderly evolution of rupee, says Das

RBI is for an orderly appreciation or depreciation in the currency and is intervening in all market segments to curb volatility, Governor Shaktikanta Das said.

"We don't have a level in mind, but our endeavor is to ensure there is orderly evolution of rupee in both ways," Das said in a fireside chat at the Singapore Indian Chamber of Commerce and Industry's event in the city-state.

The Indian rupee has been on a downward spiral, falling 6.6% in 2022, as fears of a global recession and deteriorating external balances fuel outflows.

The RBI, earlier this month, announced measures to help shore up its foreign exchange reserves that have declined to the lowest in more than 14 months at $588.3 billion as of 1 July.

## RBI imposes Rs. 1.68-crore penalty on Ola Financial

RBI has imposed monetary penalty of Rs. 1.678 crore on Ola Financial Services Private Ltd for non-compliance with certain provisions of the Master Directions on Prepaid Payment Instruments (PPIs) and Know Your Customer (KYC).

The central bank, in a statement, said it was observed that Ola Financial Services was non-compliant with the directions issued by it on KYC requirements.

Accordingly, notice was issued to the entity advising it to show cause as to why penalty should not be imposed for non-compliance with directions.

"After considering the entity's response, RBI concluded that the aforesaid charge of non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty," the central bank said.

## RBI fines Kotak, IndusInd banks Rs. 1 crore each

RBI has imposed fines on Kotak Bank and IndusInd Bank for irregularities. Kotak Bank has been fined Rs 1.05 crore for failing to transfer unclaimed money to the depositor education and awareness fund, reversing unauthorised electronic transfers in time and not maintaining margins on advances to brokers.

The Rs 1-crore fine on IndusInd Bank is for not doing due diligence in accounts opened using OTP-based e-KYC, in a non-face-to-face mode where required. Banks are required to transfer unclaimed deposits, if there is no customer-initiated transaction for 10 years, into the Depositor Education and Awareness Fund.

Besides the two private banks, the central bank has also penalised some co-operative banks - Nav Jeevan Co-operative Bank, Balangir District Central Cooperative Bank (Balangir), Dhakuria Cooperative Bank (Kolkata), and The Palani Co-operative Urban Bank (Palani). The penalty ranges between Rs 1 lakh and Rs 2 lakh.

## RBI allows trade settlement in rupees

RBI has allowed trade settlements between India and other countries, including Sri Lanka and Russia, in rupees.

"In order to promote the growth of global trade with emphasis on exports from India and to support the increasing interest of the global trading community in INR, it has been decided to put in place an additional arrangement for invoicing, payment, and settlement of exports/imports in INR," the RBI said in a notification.

Banks have to take approval on doing such transactions.

"(The) exchange rate between the currencies of the two trading partner countries may be market-determined," the RBI said.

## SEBI ban on investment in MFs via pool a/c comes into effect

The much-awaited SEBI regulation banning use of brokers' pool account for mutual fund (MF) transactions will come into force after the deadline was postponed.

All Systematic Investment Plans (SIPs) where the money is transferred from broking account balance to the fund house will stop and investors have to sign up for fresh National Automated Clearing House mandates in favour of the clearing corporation.

Pool account is kind of electronic wallet facility provided by the brokers. Individual investors can store money in the wallet and transfer money to buy MF units in particular scheme. However, investors have to mandatorily transfer money from their own bank account for investing in MFs.

Last October, SEBI had directed the fund houses to not allow stock brokers, MF distributors, investment advisors and other service providers to invest in schemes on behalf of investors using their pool account from April 1, 2022.

However, the Association of Mutual Funds in India (AMFI) moved the market regulator seeking an extension of deadline to July 1 as the process involved technical changes both at the fund house and brokers end. While agreeing on the industry request, SEBI had told fund houses that they will not be allowed to launch new fund offers till its direction on pool account is implemented.

## RBI's actions will usher in an era of prosperity: Das

RBI Governor Shaktikanta Das expressed optimism that inflation would come down during October-April of the current fiscal (FY 2022-23).

He also assured a flexible approach to monetary policy making.

"At this point of time, with the supply outlook appearing favourable and several high frequency indicators pointing to resilient recovery in the first quarter (April-June) of 2022-23, our assessment is that inflation may ease gradually in the second half of 2022-23, precluding the chances of a hard landing in India," Das said, while addressing the Kautilya Economic Conclave organised by the Finance Ministry and the Institute of Economic Growth here.

Retail inflation based on the Consumer Price Index (CPI) has been over 6 per cent in recent months, with April recording an eight-year high of 7.9 per cent. At the same time, producers inflation based on the wholesale price index (WPI) was at a nearly four-decade high of 15.8 per cent in May.

## SEBI considers bringing MFs under insider trading ambit

The Securities and Exchange Board of India proposed bringing mutual fund (MF) transactions under the purview of stringent insider-trading regulations to prevent abuse of sensitive information by key personnel in the MF industry.

Currently, MF units are excluded from the definition of 'securities' under the Prohibition of Insider Trading (PIT) Regulations, and buying and selling of MF units is excluded from the definition of 'trading'. The market regulator had sought public comments on whether the PIT Regulations need to be amended to also cover the MF industry.

The proposal comes close on the heels of allegations of front-running at a large fund house. In the discussion paper floated, Sebi has said it has observed that a MF Registrar and Transfer Agent (RTA) had redeemed all its units from a scheme while being privy to certain sensitive information. Similarly, it observed a few key personnel of the MF industry redeemed their holdings in the schemes while in possession of certain sensitive information not communicated to the unit holders of the schemes.

## SEBI mulls 'risk factor disclosure' on market trends

In a global first, the Securities and Exchange Board of India (Sebi) is planning to issue regular 'risk factor disclosures' on market trends, including surges and collapses, to help investors make right decisions by learning from the regulator's insights, sources said.

The move, which is still in a preliminary stage of discussion, can help investors avoid a herd mentality that has been particularly witnessed during the last couple of years -- starting with large-scale selloffs when the pandemic hit the world in early 2020, followed soon by a sharp surge in buying of stocks without understanding the fundamentals and largely on account of get-rich-quick stories and then subsequent losses.

Particularly of significance has been the losses suffered by investors in a large number of IPOs in the recent past and in the highly complicated futures and options segment of the capital market. ❑

# GST News

## GST revenue up 56% in June, FM signals Rs. 1.4L crore new normal

India's GST collections rose 56%, at their fastest pace in over a year, to nearly Rs 1.45 lakh crore in June, marking the 12th consecutive month of over Rs 1 lakh crore collections.

The Rs 1,44,616 crore collected in June, based on transactions in May, was the second highest monthly generation since the new tax regime kicked in five years ago. June was the fourth straight month of collections topping Rs 1.4 lakh crore.

"The trend that was being talked about, we are now reversing that and showing that the GST revenues remain above Rs 1.4 lakh crore. So, Rs 1.4 lakh crore is the rough bottom line, we are not going below that. We will remain above that," finance minister Nirmala Sitharaman said at the GST Day celebrations.

With the latest set of rate changes and tightening of norms, the government is hoping for further improvement in the coming months.

"The average monthly gross GST collection for the first quarter of 2022-23 has been Rs 1.51 lakh crore against the average monthly collection of Rs 1.10 lakh crore in the first quarter of the last financial year, showing an increase of 37%. Coupled with economic recovery, anti-evasion activities, especially action against fake billers, have been contributing to the enhanced GST. The gross cess collection in this month is the highest since introduction of GST," the finance ministry said in a statement.

## Govt notifies changes after GST Council meet

Days after the GST Council meeting, the government notified several changes to the rules, including exempting companies with turnover up to Rs 2 crore from filing returns for last financial year, besides interest on delayed filing only on cash component.

"It is a relief for companies as interest will only be levied on cash part (leaving tax credit out), which could have otherwise led to litigation," said M S Mani, partner at Deloitte India.

Besides, changes such as allowing UPI and IMPS for payment of GST are seen to be helpful for small businesses and individuals.

There are other provisions, which may not be as welcome for businesses, with the government deciding to levy interest on wrongful utilisation of input tax credit. Besides, businesses and consultants are worried over the provision to extend the time limit for issuance of notice for recovery of GST for 2017-18, up to September 30, 2023. This excludes the period from March 1, 2020 to February 28, 2022 for computation of the period of limitation.

"Considering the Covid scenario, the government has extended the limitation period under GST for issuance of notice to taxpayers who have not paid or short-paid tax dues.

Similarly, relaxation in limitation is granted for filing refunds. While the intention is to curb revenue leakage, this change keeps businesses exposed to departmental audits and assessments. This being said, this change also ensures that genuine taxpayers are not denied their refund claims," said Abhishek Jain, partner for indirect tax at consulting firm KPMG in India.

## CBIC notifies procedural changes to GST rules easing the compliance burden on small players

The government has notified certain

procedural changes in the GST rules, including those related to threshold, for filing annual returns for the 2021-22 fiscal, a move that will help ease the compliance burden on small players.

The changes were vetted by the Goods and Services Tax (GST) Council recently.

With the amendments notified by the Central Board of Indirect Taxes and Customs (CBIC), businesses have also been allowed to make tax payments on the GSTN portal by using IMPS and UPI payment modes.

Businesses with aggregate annual turnover of up to Rs 2 crore in the fiscal ended March 31, 2022 are exempt from filing annual returns for 2021-22, as per the amended rules.

KPMG in India Partner (Indirect Tax) Abhishek Jain said these changes will help the small players in undertaking compliances, and will lighten the burden for taxpayers with less than Rs 2 crore turnover to the extent of filing of annual returns under GST.

## GST Council removes tax exemptions on some items

Packaged curd, lassi, buttermilk, foodgrains, cereals, honey, papad and a host of unbranded food items besides hotel rooms with a tariff below 1,000 per night and hospital rooms with a daily tariff of over 5,000 are set to become taxable with the Goods and Services Tax (GST) Council accepting the recommendations of a panel of state finance ministers.

The date of implementation of these recommendations has not been decided, people familiar with the deliberations said. These items are currently exempt from GST. The council also accepted the recommendations of another ministerial panel on stricter scrutiny and verification of high-risk taxpayers.

## GST compensation cess levy extended till 2026

The government has extended the time for levy of GST compensation cess by nearly 4 years till March 31, 2026. As per the Goods and Services Tax (Period of Levy and Collection of Cess) Rules, 2022, notified by the Finance Ministry, the compensation cess will continue to be levied from July 1, 2022 to March 31, 2026.

The levy of cess was to end on June 30 but the GST Council, chaired by Union Finance Minister Nirmala Sitharaman and comprising State FMs, decided to extend it till March 2026 to repay the loans taken in the last two fiscal years to make up for the shortfall in their revenue collection.

After the 45th GST Council meeting in Lucknow in September last year, Ms. Sitharaman had said the regime of paying compensation to States for revenue shortfall resulting from subsuming their taxes such as VAT in the uniform national tax GST, will end in June 2022.

However, the compensation cess, levied on luxury and demerit goods, will continue to be collected till March 2026 to repay the borrowings that were done in 2020-21 and 2021-22 to compensate States for GST revenue loss.

In order to meet the resource gap of States due to short release of compensation, the Centre has borrowed and released Rs. 1.1 lakh crore in 2020-21 and Rs. 1.59 lakh crore in 2021-22 as back-to-back loan to meet a part of the shortfall in cess collection.

The Centre has repaid Rs. 7,500 crore as interest cost for the borrowing in 2021-22 and Rs. 14,000 crore is to be paid this fiscal year. From 2023-24, the repayment of principal amount will start which will continue till March 2026.

## GST rates slashed for transport cos, tour operators

The Goods and Services Tax (GST) Council slashed tax rates on transportation through ropeways and renting of goods carriage and exempted foreign component of tour packages from the tax, providing significant relief to transport and tourism sectors.

The council also offered relief to small businesses selling through the ecommerce route by waiving compulsory GST registration.

It recommended that GST on the transport of goods and passengers by ropeways be reduced from 18% to 5% with an input tax credit.

It recommended GST on renting goods carriage with operators where the cost of fuel is included in the consideration be reduced to 12% from 18%.

The council argued that the reason for lower rates on the transport of goods and passengers is that petrol, diesel, and aviation fuel are outside the GST.

Road transporters will now have the flexibility to opt for paying GST at 5% without input tax credit or GST at 12% with such credit. The option will be available at the beginning of a financial year.

Currently, transport of goods by road attracts GST at the same rates but there is no option to switch from one rate to the other. ❑

# Industry News

## In Singapore, you need $75k just for the right to own a car

The cost of ownership for new cars in Singapore just got even more expensive.

Bids for open category certificates of entitlement (COE), which can be used for any vehicle type but end up being used for larger cars, set a new record of S$104,400 ($75,119) in June's second round of bidding. That's a cost incurred before purchasing the actual car.

Premiums for larger and more powerful cars in Category B also reached a new record of S$106,001, making the previous record set on June 8 short-lived, as prices for private transport in Singapore skyrocket amid inflationary pressures.

## In 8 years, Rs. 23-lakh crore transferred using DBT

In the past eight years, as much as Rs. 23-lakh crore has been transferred to the beneficiaries of government schemes using digital payment modes under the Direct Benefit Transfer mechanism, which has saved about Rs. 2.3-lakh crore from going into the wrong hands, Prime Minister Narendra Modi said at the inauguration of Digital India Week at the Mahatma Mandir in Gandhinagar.

Modi stated that the Digital India mission has helped reduce the rural-urban divide. "We started the Digital India mission eight years ago. It has expanded with changing times and added new dimensions and new technologies to it every year," he said.

## Create online complaint redressal system: SEBI

Market regulator Sebi asked stock exchanges and depositories to launch an online complaints redressal system of their own within six months.

This is in line with the online platform, SCORES, launched by the capital markets regulator in June 2011 to help investors lodge their complaints, pertaining to the securities market, against listed companies and Sebi-registered intermediaries. The online redressal system will enable investors to lodge their complaints online and track the status of redressal of such grievances, Sebi said.

"All recognized stock exchanges including commodity derivatives exchanges / depositories are advised to design and implement an online web-based complaints redressal system of their own, which will facilitate investors to file complaints and escalate complaints for redressal through Grievance Redressal Committee (GRC), arbitration, appellate arbitration etc. in accordance with their respective bye-laws, rules and regulations," Sebi said in a circular.

## No GST on office perks to employees

A wide range of benefits such as free beverages, canteen facilities, free parking space, journal subscriptions or even group medical insurance provided by business entities to its employees in terms of a contractual agreement between the two, will not be subject to Goods and Services Tax (GST).

This circular on the 'taxability of perquisites' to employees, has been issued by the Central Board of Indirect Taxes and Customs (CBIC) in response to clarifications sought from its field officials, in order to ensure uniform implementation of the law.

## State MSMEs bag Rs. 1.4L crore funds in FY22

MSME sector in Bengal has attracted

an investment of over Rs 1.4 lakh crore in the last fiscal. This has resulted in huge employment in the state as well.

The state government is also trying to ensure easy lending to this sector from banks, said MSME secretary Rajesh Pandey during an interaction with the Bengal Chamber of Commerce (BCC).

He added that in the last one year the MSME sector has got bank credit of Rs 1 crore, which was an all-time record. "This was the highest lending to MSME and considering that we are recovering from a pandemic, it is an achievement," he added. Though the bank credit target has not yet been fixed but sources said that it should be 20% more than what has been achieved last year. The number of MSME units in the state is around 90 lakh which employ 1.3 crore people.

## CBDT clears the air on TDS levy on cryptos

CBDT has issued detailed guidelines on facilitating tax deducted at source (TDS) on virtual digital assets (VDA) or crypto assets, under which date of transfer and mode of payment will have to be specified.

From July 1, TDS of 1 per cent will be levied on payments towards virtual digital assets or cryptocurrencies beyond Rs 10,000 in a year, as the Finance Act 2022 has introduced Section 194S in the income tax (I-T) Act.

The department has explained different scenarios through six questions to remove difficulties. Under the new regime, the transactions will have to be disclosed in the tax return and a paper trail will have to be maintained.

This would be helpful to both buyers and sellers since they can enter into contracts with the exchange for passing the responsibility to deduct tax on their behalf on virtual asset transfers or otherwise as well.

## Ola to invest $500 million in EV battery facility

Ola Electric, the ride-hailing firm's electric vehicle arm, is investing about $500 million for setting up its battery innovation centre (BIC) in Bengaluru. Bhavish Aggarwal-led Ola said that BIC will be one of the world's largest and most advanced cell research and development (R&D) facilities with more than 165 'unique and cutting-edge' laboratory equipment to cover all aspects of cell-related R&D. The company didn't reveal the time period for the investment. But, according to sources, it is three to five years.

In India, SoftBank-backed Ola is now in direct competition with electric two-wheeler makers like Ather Energy, Hero Electric, Bajaj, TVS Motor Company, Bounce, and Boom Motors. The firm also has plans to launch electric cars, motorcycles, sport utility vehicles, and robotaxis.

## Internal audit is the 'conscience keeper of a corporate's board'

An internal audit in a company is the conscience keeper of the board and has to prove that he is the conscience keeper of the board. This is the challenge. The role is unlimited. The challenges are largely internal and not external, said K Shankaran, Director, TTK Prestige Ltd, while addressing The Institute of Internal Auditors India National Summit 2022 on 'Emerging Challenges and Opportunities in Internal Audit'.

"As an auditee, I have to ensure that I have a proper framework in the company, to oversee everything. But, it does not stop with me. I got a team of people with whom internal auditors interact. Inspite of several years of finding that audit is very important, there is always a certain amount of conflict and contradictions between the internal auditing and below the level of auditing. It is for the internal auditor to convince the auditee that I am not trying to find the mistake with you," he said at the summit organised by Women's Forum, IIA India.

## IRS officer Nitin Gupta appointed CBDT chief

IRS officer Nitin Gupta has been appointed as the new CBDT chairman, a recent government order said. Gupta, an Indian Revenue Service (IRS) officer of the 1986 batch of the Income Tax cadre, is serving as the Member (investigation) in the Board and is scheduled to retire in September next year.

The order issued on June 25 said the "Appointments Committee of the Cabinet has approved the appointment of Shri Nitin Gupta, IRS (IT:86), Member Central Board of Direct Taxes (CBDT) as chairman, Central Board of Direct Taxes from the date of assumption of the post."

The post of the CBDT chief was being held in an additional capacity by Board member and 1986-batch IRS officer Sangeeta Singh after J B Mohapatra retired on April 30. The CBDT is headed by a Chairman and can have six members who are in the rank of special secretary.

## Google launches initiative to help 10,000 startups

Google launched the Startup School India initiative aims to gather relevant information on startup building into a systematic curriculum to help 10,000 startups in Tier 2 and Tier 3 cities.

The nine-week virtual programme will involve fireside chats between Google leaders and collaborators from across the startup ecosystem.

Topics covered will include fintech, language, social media and networking, job search, and business-to-business and business-to-consumer e-commerce.

An effective product strategy, product user value, designing apps for the next billion users in markets like India, and user acquisition are just a few of the other topics covered in the curriculum's instructional modules.

"Aimed at early stage founders with a minimum viable product, the programme provides the flexibility of a virtual curriculum and allows attendees to pick and choose the modules they'd like to tune in for," a blogpost by Google said.

## Services sector grows fastest in 11 years: Survey

India's dominant services industry expanded at the fastest pace in over 11 years in June amid strong demand but stubborn inflation remains a concern as prices charged rose at the sharpest rate in almost five years, a private survey showed on July 5.

The S&P Global India Services Purchasing Managers' Index (INPMIS=ECI) rose to 59.2 in June from 58.9 in May, its highest since April 2011 and above the 50-mark separating growth from contraction. A Reuters poll had predicted a dip to 58.7.

A sharp upturn in demand, increased sales and favourable economic conditions kept the new orders sub-index above the break-even mark for an 11th month and drove it to its highest reading since February, 2011.

"Demand for services improved... supporting a robust economic expansion for the sector over the first quarter of fiscal year 2022/23 and setting the scene for another substantial upturn in output next month," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence.

## No filling of annual returns for small businesses for FY22

In a relief to businesses, the government has exempted small taxpayers (with turnover up to 2 crore) from filing annual returns for 2021-22, allowing a claim of refund on inputs used in the generation of electricity and extending the deadline to raise tax notice to taxpayers till September 2023.

The amendment also allows for enabling automatic revocation of goods and services tax (GST) registrations cancelled once the return filing is regularised.

The Centre also amended the formula for a refund of the inverted duty structure to give the benefit of input tax paid on services, a move which will help in improving the current cash flow issues for those products.

As a relief measure for the Covid-hit period, the Centre has excluded the period from March 1, 2020, to February 28, 2022, from the computation of the period of limitation for claiming refunds.

## Toy exports surge 61% in 3 years, imports drop by 70%

The country's toy sector has benefited from the government's 'Make in India' initiative. Toy imports are down by 70% and exports are up 61% over the last three years, showed data from the government.

"During 'Mann ki Baat' in August 2020, Prime Minister had given a clarion call on 'Rebranding the Indian Toy Story' and emphasised on the availability of right kind of toys for children, using toys as a learning resource, designing of toys based on Indian value system, Indian history, and culture to strengthen domestic designing and position India as a global manufacturing hub for toys," said Anil Agrawal, additional secretary, DPIIT.

He said the industry has benefited from a number of interventions by the government and results show the success of the 'Make in India' programme. The Directorate General of Foreign Trade, for instance, mandated sample testing of each consignment and said there will be no permission for sale unless the quality testing is successful.

## CBDT aims to add 12% more tax return filers this fiscal

The Union government is looking to widen the tax base by targeting addition of 12% more new return filers this fiscal against 8% in FY22, an official document showed.

According to the Central Action Plan (CAP) for FY23 circulated internally by the Central Board of Direct Taxes (CBDT), the department also plans to expedite disposal of high-value income tax appeals under the faceless mechanism.

The CBDT has asked field officers to use data mining, data analytics, inputs from market associations and trade bodies to identify non-filers, and directed its directorate of systems to provide data on non-filers and those who have stopped filing by 30 September.

The growth of new return filers peaked in the year after demonetization, but fell sharply a year before covid. New filers' growth stood at 17.7% in FY17, 19.79% in FY18 and 17.58% in FY19, before it fell to 10.6% in FY20, 10.18% in FY21, and to 8% in FY22. However, direct tax collections have been robust over the last two years, growing 49.02% in FY22 to Rs. 14.09 trillion from Rs. 9.45 trillion in FY21. A new filer is defined as a person, who is not included in the filer base at the start of the year, but has filed a return during a fiscal year.

## CA Institute revises guidance note on CARO 2020

The CA Institute has come out with a Revised Guidance Note for the Companies Auditors Report Order (CARO) 2020, which placed more onus on statutory auditors regarding fulfilling their professional responsibilities.

The members of the Institute of Chartered Accountants of India (ICAI) are now required to go with the revised Guidance Note while issuing their report on CARO for the financial statements of Companies under the Companies Act 2013.

CARO 2020 is the overhauled auditor's report to accompany companies' balance sheets for the financial year commencing on or after April 1, 2021 (FY 21-22).

## Capital assets given as benefits under Section 194R scope

Pursuant to the Budget announcement, the new income tax provision for TDS on benefits or perquisites, in cash or kind, will be effective July 1. The new Section 194R requires deduction of tax at source at 10 per cent, by any person, providing any benefit or perquisite, exceeding Rs 20,000 in a year to a resident, arising from the business or profession of such resident.

In a recent set of guidelines on this issue, the Income Tax Department, said the payer/deductor need not check the taxability of the sum in the hands of the recipient and the nature of assets given as benefit or perquisite is not relevant. Even capital assets given as benefit or perquisite are covered within the scope of Section 194R.

This tax provision is likely to affect professionals such as doctors, social media influencers, but experts say the rules won't change for salaried employees. "It's applicable only for those doing business and profession, not individuals or salaried employees. Salaried employees are already covered under Section 192 of Income-tax Act, no change in rules for them," said Neeraj Agarwala, partner, Nangia Andersen India.

## India's M&A deal value more than doubled to $130.3 b in H1 2022

Merger & acquisition (M&A) activity involving India hit an all-time high at $130.3 billion in the first half of 2022, more than double that in the first half of 2021, data with Refinitiv, an LSEG business, showed.

This is the highest M&A value for a semiannual period since records began (for Refinitiv) in 1980. The number of announced deals grew 30.3 per cent year-on-year in H1 this year.

Target India M&A totalled $122.6 billion, up 123.8 per cent from the same period last year. Domestic M&A activity reached record levels, amounting to $101.1 billion, up 241.7 per cent in value, compared to the same period last year.

## ONDC can become the next UPI, says IT Minister

Union IT minister Ashwini Vaishnaw exuded confidence that Open Network for Digital Commerce (ONDC) can become the next UPI, one of India's most successful digital products. According to Vaishnaw, ONDC can help entrepreneurs who are into either e-commerce, B2B or dealing directly with customers.

"Can we expand ONDC to make it the next UPI? I request all of you to have a serious look at it. We believe that ONDC can be the next UPI. Just look how you can leverage it for your business," said Vaishnaw. In April, the Centre launched ONDC in five cities of Delhi NCR, Bengaluru, Bhopal, Shillong and Coimbatore in the pilot phase. It is an initiative of the government to promote an open platform for all aspects of the exchange of goods and services through electronic networks.

## PM Modi launches two new schemes for MSMEs

Prime Minister Narendra Modi launched two schemes for supporting micro, small and medium enterprises (MSME) -'Raising and Accelerating MSME Performance' (RAMP) and 'Capacity Building of First-Time MSME Exporters' (CBFTE).

Aimed at scaling up the implementation capacity and coverage of MSMEs, with impact enhancement of existing MSME schemes, RAMP will be implemented in collaboration with the World Bank with an investment of Rs. 6,000 crore over five years. ❑

# Mutual Fund News

## Motilal Oswal Mutual Fund launches index funds and ETFs tracking quality and value factors

Motilal Oswal Asset Management Company has launched factor-based funds such as Motilal Oswal S&P BSE Quality ETF and Motilal Oswal S&P BSE Quality Index Fund, and Motilal Oswal S&P BSE Enhanced Value ETF and Motilal Oswal S&P BSE Enhanced Value Index Fund, company said in a release.

The new fund offer will open for subscription on July 29 and closes on August 12. Investors can invest a minimum of Rs 500 and in multiples of Re 1 thereafter. On an ongoing basis, investors can purchase/redeem units of the scheme through a financial advisor or through the company website.

"With an objective to cater the evolving needs of the investors, we have introduced ETFs & index funds in the factor investing segment. These new funds are based on the Quality and Value factors. We aspire to build a unique brand positing by establishing ourselves as a fund house to drive the factor investing category in India," Navin Agarwal, MD & CEO, Motilal Oswal Asset Management Company, was quoted saying in a release.

The Motilal Oswal S&P BSE Quality ETF and Index Fund are single factorbased investment strategies that aim to include the top 30 'Quality' stocks based on rule-based parameters. These companies tend to have durable business models and sustainable competitive advantages.

## LIC MF eyes Rs 1,000 crore from new money market fund

LIC Mutual Fund is targeting to collect Rs 1,000 crore from its new money market fund launched. The new fund is an open-ended debt scheme that facilitates investing in money market instruments, it said in a statement.

Nityanand Prabhu, executive director and business head of LIC MF, told that it has set an internal target of garnering at least Rs 1,000 crore from the scheme during the primary subscription period.

The fund, targeted mainly at corporate investors, is open for two days for the subscription. It will reopen on August 3, Rahul Singh, a senior fund manager -- fixed income & a vice-president at LIC Mutual Fund, said.

Prabhu said the fund launch comes at an appropriate time as spreads between corporate bonds and the repo rate are retracing towards their mean of 1.07 per cent, making money market funds a favourable option to invest.

The fund proposes to invest in money market securities having up to one-year maturity, along with an option to invest in both sovereign and money market instruments to arrive at an optimum asset allocation between the asset classes, Singh said.

## Franklin Templeton Mutual Fund launches new scheme after two years

Franklin Templeton Mutual Fund is launching a new scheme after a gap of two and a half years. The fund house has received approval from Sebi to launch a balanced advantage fund. This will be Franklin Templton's first product offering after it faced rough weather following its decision to shut six debt schemes in 2020.

FIBAF is a dynamically-managed fund.

Like other blanched advantage funds or BAFs, the equity exposure will be maintained between 65% and 100%. At any point, if the equity allocation falls below 65%, the gross equity exposure will be maintained using equity derivatives. Debt instruments will make up for the rest.

The NFO will open for subscription on August 16 and will close on August 30.

Avinash Satwalekar, President, Franklin Templeton-India, said, " This new fund is for investors looking for a balanced exposure to equity and debt over the longer term while also capitalizing on opportunities provided by the market from time to time. Apart from the benefits of diversification, this formula-driven approach with its in-built 'buy-sell' discipline helps to negate the behavioural biases caused due to emotions of greed and fear."

## HDFC Mutual Fund launches HDFC NIFTY Next 50 ETF, HDFC NIFTY 100 ETF

HDFC Mutual Fund has launched two new ETFs - HDFC NIFTY Next 50 ETF and HDFC NIFTY 100 ETF. The fund house says the new schemes will help to expand suite of "HDFC MF Index Solutions", which HDFC Mutual Fund has been managing for the past 20 years. These funds offer a simple way to gain exposure to the Indian large cap space.

According to the fund house, the benchmark of HDFC NIFTY Next 50 ETF - NIFTY Next 50 Total Returns Index (TRI) offers diversification benefits at stock and sector level, while providing potential for higher risk-adjusted returns vs NIFTY 50 in the long term. Further, this index offers higher potential for growth as it could contain the next league of NIFTY 50 constituents.

The benchmark of HDFC NIFTY 100 ETF - NIFTY 100 TRI offers a simple way to gain exposure to the Indian large cap space by focusing on top 100 companies based on full market capitalization. It provides more balanced diversification than NIFTY 50 Index, while tracking the behaviour of the combined portfolio of NIFTY 50 and NIFTY Next 50 Indices.

## Emkay Global Financial Services, Abira Securities approach Sebi for MF license

Emkay Global Financial Services and brokerage house Abira Securities have become the latest entities to approach capital markets regulator Sebi for a mutual fund (MF) license.

The two firms have joined the list of seven entities, which are awaiting Sebi's approval to enter into the mutual fund space.

Emkay Global Financial Services Limited and Abira Securities Limited filed their applications with the Securities and Exchange Board of India (Sebi) on March 3 and March 24 respectively, an update with the regulator's website showed.

Founded in 1995, Emkay Global Financial Services offers services in areas like institutional equity, portfolio management services, wealth management, investment banking and global investing. Abira Securities is a Kolkata-based stock broking house.

Apart from these two, applications of as many as seven companies -- Phonepe, Wizemarkets Analytics Pvt Ltd, Unifi Capital, Alchemy Capital Management, Helios Capital Management PTE Ltd, Old Bridge Capital Management and Angel One -- are under consideration as of June end.

## Baroda BNP Paribas Mutual Fund launches of Baroda BNP Paribas Flexi Cap Fund

Baroda BNP Paribas Mutual Fund has announced the launch of Baroda BNP Paribas Flexi Cap Fund, a dynamic equity scheme with a flexibility to invest across market caps. The fund focuses on identifying investment opportunities across sectors and market capitalizations and aims to create long-term wealth by investing predominantly in equity and equity related securities.

The fund will be managed by Sanjay Chawla, Chief Investment Officer - Equity, Baroda BNP Paribas Asset Management India.

Suresh Soni, CEO, Baroda BNP Paribas Asset Management India said, "We live in an ever-evolving world. Equity markets reflect this - the top performing companies, sectors as well as market caps keep changing as the economy and businesses evolve. Hence, fund managers should be aware of and adopt an adaptable investing style when managing portfolios. In this regard, Flexi

Cap funds can take exposure across market caps and sectors and thereby allow fund managers to optimise the portfolio based on the prevailing market conditions, valuations, and future growth prospects. This makes Flexi Cap funds an all-in-one equity solution, suitable for all market conditions and for a wide variety of investors." ❑

# Co-Operative Bank News

## Urban Cooperative Banks won't be treated as second-class: Amit Shah

Assuring the cooperative sector that it will no longer be treated like a "second-grade citizen", Minister for Home and Cooperation Amit Shah asked the Urban Cooperative Banks (UCBs) to undertake institutional reforms.

Addressing the National Conclave on Scheduled and Multi State Urban Cooperative Banks and Credit Societies, Shah said UCBs account only 3.25 per cent of the total bank deposits and 2.69 per cent of the total advances in the country.

"We should take a resolve to expand this. I assure you that the Narendra Modi government is in power and you will no longer be treated as a second-grade citizen. You should not worry," Shah said.

"You will be treated on a par. You will not get any special favour but you will not be treated like a second-grade citizen in respect of be it taxation, BR Act [The Banking Regulation Act, 1949] or the Reserve Bank's norms…. Urban Cooperative Banks will be treated equally," said Shah, addressing the conclave organised by the National Federation of Urban Cooperative Banks and Credit Societies (NAFCUB).

Shah, however, said that the responsibility of development lies with the cooperative sector.

## RBI penalises 3 co-operative banks

The Reserve Bank said it has imposed penalty on three cooperatives banks.

In a statement, the RBI said a penalty of Rs. 37.50 lakh has been imposed on The Maharashtra State Co-operative Bank, Mumbai for non-compliance with the directions issued by Nabard on 'Frauds - Guidelines for Classification, Reporting and Monitoring'.

In another release, it said a Rs 50 lakh fine has been slapped on The Nasik Merchant's Co-operative Bank for contravention of directions issued by the RBI on 'Placement of deposits with other banks' and 'Interest Rate on Deposits'.

A penalty of Rs 2 lakh has been imposed on The National Central Cooperative Bank Limited, Bettiah for non-compliance with provisions of the Depositor Education and Awareness Fund and Know Your Customer (KYC) norms.

In each case, the RBI added, the penalty 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 banks with their customers.

## RBI's deposit insurance arm to pay depositors of two co-operative banks in August

DICGC will pay the eligible depositors of Shankarrao Pujari Nutan Sahakari Bank, Ichalkaranji, and Harihareshwar Sahakari Bank, next month. DICGC, a wholly-owned subsidiary of the RBI, provides an insurance cover of up to Rs 5 lakh on bank deposits.

Depositors of the two Maharashtra-based banks will get the amount credited to the alternate bank account specified by them, or on their consent, to their Aadhaar-linked bank accounts.

Eligible depositors of Shankarrao Pujari Nutan Sahakari Bank will get the payment on August 10, and those of Harihareshwar Sahakari Bank on August 28, according to a DICGC circular.

The Reserve Bank of India (RBI) had imposed several restrictions, including on withdrawals by depositors, on these two banks in May in the wake of their deteriorating financial positions.

## RBI imposes restrictions on two UP-based cooperative banks

The Reserve Bank on Thursday said it has imposed several restrictions, including on fund withdrawals, on two Uttar Pradesh-based cooperative banks in view of their deteriorating financial position. The two lenders are Lucknow Urban Co-operative Bank and Urban Co-operative Bank Limited, Sitapur.

The restrictions under the Banking Regulation Act will remain in force for six months. Customers of Lucknow Urban Co-operative Bank will not able to withdraw more than Rs 30,000, as per an RBI statement.

The withdrawal limit in the case of Urban Co-operative Bank is Rs 50,000 per customer, it said in another statement.

The two banks, without permission of the RBI, cannot grant loans, make any investment, incur any liability -- including borrowal of funds and acceptance of fresh deposits, disburse or dispose of properties or assets.

## Centre revives IPO plans for Regional Rural Banks

Central government has asked sponsor banks to identify regional rural banks (RRBs) that can be listed on the exchanges based on defined criteria, reviving an earlier plan to come up with initial public offering (IPO) of such lenders.

All RRBs are presently unlisted. Sponsor banks - that hold about 35 per cent in RRBs - have been asked to handhold regional lenders at all stages from identification of merchant bankers to the conclusion of IPO. While the Centre holds 50 per cent in RRBs, state governments own the remaining 15 per cent.

The exercise to nudge RRBs to come up with IPOs is seen providing liquidity and an avenue for raising capital from the market.

The exercise is the next step to provide additional sources to RRBs to meet their regulatory capital requirement after the Reserve Bank of India (RBI), in 2019, permitted such banks to issue perpetual debt instruments. The Centre was also considering launching IPOs of RRBs in 2019, as it was conducting a consolidation exercise in the regional rural banking space, which saw the number of such lenders reduce from 196 in 2005 to 43 in FY21.

The government is also undertaking the exercise to restructure RRBs in order to make them operationally viable. After two straight years of losses in FY19 and FY20, RRBs reported a consolidated net profit of Rs. 1,682 crore in FY21. Of the 43 RRBs, 30 posted a net profit in FY21. However, 17 RRBs out of 43 carried accumulated losses of Rs. 8,264 crore as on March 31, 2021. ❑

## UTI Mutual Fund launches Gilt Fund with 10- year constant duration

UTI Mutual Fund has launched UTI Gilt Fund with 10-year constant duration, an open-ended debt scheme investing in government securities having a constant maturity of 10 years. The fund has a relatively high-interest rate risk and relatively low credit risk. The New Fund Offer is open and will close on July 26.

According to the press release, the scheme's investment objective is to generate optimal returns with high liquidity by investing in a portfolio of government securities such that the weighted average portfolio maturity is around 10 years. However, there can be no assurance that the Scheme's investment objective will be achieved. The Scheme does not guarantee/indicate any returns.

"Aiming to offer new investment opportunities via varied products, our latest fund launch, UTI Gilt Fund with 10 year Constant Duration, is a suitable offering for strategic allocation in a duration fund with sovereign exposures in the UTI Mutual Fund product suite. While diversified allocation to different asset classes like equity, fixed income & gold has become an adage for investors, sovereign allocation within fixed income can offer a better value proposition by minimising credit risk, providing high liquidity while maintaining tax efficiency needs to be given more consideration," said Anurag Mittal, EVP & Deputy Head of Fixed Income, UTI AMC Ltd.

# Legal News

## Independent directors not liable for acts of company: HC

The Bombay High Court has ruled that independent and non-executive directors of companies cannot be held responsible for acts of the company if they are not involved in the daily affairs of running the company.

In two different orders passed this month, the Court observed that simply because a person is a director of a company does not make him liable under the NI (Negotiable Instrument) Act. Only those persons who are in charge and responsible for the conduct of the business of the company at the time of the commission of the offence will be liable for criminal action.

Justice Prakash D Naik quashed criminal proceedings for cheque bounce under Section 138 of the Negotiable Instruments (NI) Act against Satvinder Jeet Singh Sodhi and Sakti Kumar Banerjee who were independent non-executive directors.

While the prosecution urged that there was sufficient evidence to indicate the role of the accused in the case, the applicants contended that they were never at the helm of the affairs of the company or actively participating in the same. The Court said that every person connected with the company cannot be held to be liable for the acts of the company and quashed the earlier order passed by the Metropolitan Magistrate.

In another case, Justices KR Shriram and Milind Jadhav quashed multiple orders of the Joint Director General of Foreign Trade which imposed penalties on TPI India, including its directors and ex-directors,including the non-executive director, Anand Bhatt, who was also a practising advocate associated with the law firm, Wadia Ghandy & Co.

Bhatt's wife approached the court in 2009, a year after he passed away in a terrorist attack in Hotel Oberoi, on November 26, 2008.

Quashing the penalty levied by the Joint Director General of Foreign Trade, the High Court observed that there was nothing in the impugned orders as to what the role of each director was and how Bhatt was a directing mind or will of TPI.

"No doubt, a corporate entity is an artificial person which acts through its officers, directors, managing director, and chairman. It is the cardinal principle of criminal jurisprudence that where there are allegations of vicarious liability, there has to be sufficient evidence of the active role of each director," the Court said.

## Is the 'beneficial owner' also a 'related party'?

Close on the heels of the Supreme Court's verdict in the now-famous 'PTC Financial' case, the Bombay High Court has said, in World Crest Advisors LLP Vs Yes Bank, that if a financial company transfers to itself shares pledged by a creditor, the financial company indeed becomes the beneficial owner of the shares.

In the World Crest vs Yes Bank case, a division bench of the Bombay High Court, headed by Justice GS Patel, allowed Yes Bank to vote in the Dish TV AGM, overruling the objections of World Crest.

These two cases relating to pledge shares have an interesting echo-in the Insolvency and Bankruptcy Code.

But first, the World Crest vs Yes Bank case.

World Crest pledged its shares in Dish

TV to Catalyst Trusteeship, which is the security trustee of Yes Bank. The pledge was to secure borrowings of several companies of the Essel group. A default occurred and Catalyst enforced the pledge and transferred 24.19 per cent of the pledged shares to Yes Bank, making the bank. This meant that Yes Bank had all the rights of a beneficial owner of such shares, including voting rights, because Yes Bank's name was recorded as the 'beneficial owner' of the pledged shares under Regulation 58(8) of SEBI's Depositories Regulations.

World Crest objected to Yes Bank's voting rights. Its argument was that the bank had no voting rights because the pledged shares were yet to be sold to a third party under Section 176 of the Contract Act. This argument was rejected by the Bombay High Court, which ruled that the Depositories Regulations do not provide for any restricted rights to a pledgee.

Here, it is pertinent to recall the Supreme Court's judgment in the PTC Financial case. In that case, the apex court had held that while PTC Financial was the beneficial owner of pledged shares (of NSL Energy Ventures), but the transfer of the pledged shares to itself was not an actual sale (emphasis added).

Writing in Mondaq, Vaibhav Singh of Shardul Amarchand Mangaldas notes that the actual sale meant the sale of the invoked shares to a third party and not to itself (PTC Financial). "Till such time as such actual sale does not take place, the pledgor's right of redemption of the shares as per the Contract Act remains alive."

Thus, reading the two judgments together reveals that a bank or a finance company may transfer to itself pledged shares when the borrower defaults, it is a beneficial owner and can vote in an AGM, but the transfer of the shares is not a 'sale' of shares.

It is here that an interesting twist occurs. Under Section 21 of the IBC, a financial creditor who is a related party of a corporate debtor loses its right of representation, participation or voting in the Committee of Creditors.

But who is a 'related party?' It is one who controls more than 20 per cent voting rights in the corporate debtor (borrower). That makes the Yes Bank, with 24.91 per cent voting rights in Dish TV, a 'related party'- which means it has no say in the Committee of Creditors! Experts at ZBA, a specialist law firm based in Mumbai, point out that "An insolvency professional may take a view that banks/financial institutions exercise voting rights attached to the pledged shares and consequently, are "related parties", although this should not be the case."

The Bombay High Court judgment in the case of World Crest Vs Yes Bank seems to put financial creditors at a disadvantage. To protect their lending they must transfer any pledged shares to themselves, but if they do, they become 'related party' and can't be a part of Committee of Creditors, should the borrower go into insolvency. ❑

## Credit card outstanding balloons 30%

Credit card outstanding has registered a 30.1 per cent rise to Rs 154,137 crore as of May 2022, making it the fastest growing segment in the personal loan category, as against a growth of 14.3 per cent at Rs 118,512 crore a year ago.

According to Reserve Bank of India data, monthly spending on credit cards is now above Rs 1 lakh crore. Card spending in May touched Rs 1.13 lakh crore as against Rs 1.05 lakh crore in April and Rs 1.07 lakh crore in March. The latest monthly spending is almost double when compared to the last year when, in April 2021, monthly spending was Rs 59,000 crore. In April 2020, credit card spending had plummeted to just Rs 20,765 crore as Covid pandemic hit the country and consumer spending declined steeply.

The rise in card spending is an indication that consumer spending has shot up in 2022 signalling the economic recovery. The rising consumer spending also led to a spike in retail inflation. As much as 40 per cent of the card spending is through point-of-sale (PoS) based transactions and 60 per cent is through online purchases.

On the other hand, spending through debit cards was Rs 65,062 crore in April 2022 and Rs 64,052 crore in March. However, cash withdrawal through ATMs using debit cards was Rs 2.85 lakh crore in April 2022 as against just Rs 303 crore through credit cards. There were 7.52 crore credit cards and 92 crore debit cards as of April 2022.

Credit card spends are likely to rise further as the RBI had recently made an interesting proposition to make credit cards available through the UPI network on Rupay-based credit cards.

# LoanTap announces business collaboration with Muthoot Finance


A leading digital lending fintech platform, LoanTap, has announced a business collaboration with Muthoot Finance. This co-lending partnership will enhance the reach of Muthoot finance to the millennial audience by leveraging LoanTap's technology and sourcing strength. Apart from the partnership with Muthoot Finance, LoanTap is already working in collaboration with many other RBI-registered NBFCs in a co-lending model for the salaried and MSME segments.

Mr Ashish Jain, CFO of LoanTap said " With these co-lending partnerships, LoanTap shall be able to further capitalise its reaches to millions of customers and provide them with a seamless digital onboarding experience. This partnership will bring a lot of synergies and with LoanTap's focused business approach along with superior technology platform, we are confident to achieve higher business volumes".

Mr. S G Mahesh, Business Head - Unsecured Loans of Muthoot Finance Group said, "Through this partnership, we will be able to service more customers especially the millennial crowd through LoanTap's quick and simple platform and offer hassle-free personal loans to them."

# PNB Signs MoU with Indian Air Force for 'PNB Rakshak Plus Scheme'

Punjab National Bank (PNB), nation's leading Public Sector Bank, has signed a Memorandum of Understanding (MoU) with the Indian Air Force (IAF) to provide specially designed products to the defence personnel under the bank's flagship scheme of 'PNB Rakshak Plus'. This scheme includes, inter alia, personal accidental insurance, air accidental insurance to serving, retired and trainees of the defence forces, central armed police forces, state police force, metro police and retired defence pensioners.


The agreement was exchanged between Shri Atul Kumar Goel, MD & CEO of PNB, and Chief of Air Staff, Air Chief Marshal Vivek Ram Chaudhari, PVSM, AVSM, VM, ADC on behalf of the Indian Air Force in a ceremony at the Indian Air Force Auditorium in Delhi.

Chief of Air Staff, Air Chief Marshal Vivek Ram Chaudhari, PVSM, AVSM, VM, ADC expressed gratitude for associating with PNB for signing of MoU.

Commenting on the collaboration, Shri Atul Kumar Goel, MD & CEO of PNB, said, "This is a historic moment which gives PNB Parivar the opportunity to serve the nation in a befitting manner. At present, PNB provides support for the armed forces through 120 cantonment branches spread across the nation. Nine of these have been transformed into special branches honouring the martyrs-for instance, our Martyr Branch at Jalandhar, is named after Flying Officer Nirmal Jit Singh Sekhon, PVC (Posthumous) and takes utmost care of Armed Force Personnel. The financial needs of our valiant soldiers and their families residing in inaccessible and remote areas are further met by the expansive network of PNB. Additionally, we intend to operationalize more mobile ATMs, digital and doorstep banking for our warriors. This collaboration will only add to PNB's unwavering commitment towards the Indian Air Force Personnel and Veterans."

# SBI Card Partners with Aditya Birla Finance to Launch 'Aditya Birla SBI Card'

SBI Card, India's largest pure-play credit card issuer, announced the launch of 'Aditya Birla SBI Card', a highly rewarding lifestyle credit card, in a strategic partnership with Aditya Birla Finance Ltd. (ABFL), the lending subsidiary of Aditya Birla Capital Ltd. The card has been designed to give customers significant reward points on their spending around telecom, fashion, travel, dining, entertainment, and hotels, among others. This makes 'Aditya Birla SBI Card' one of the most compelling cards for customers across segments, offering exciting benefits on both premium and mass brands that belong to the Aditya Birla Group.


The rewards-centric credit card has been launched in two variants - 'Aditya Birla SBI Card SELECT' and 'Aditya Birla SBI Card', on the Visa platform. Cardholders can avail greater value back in the form of reward points on their spends on Aditya Birla Group Companies, be it on telecom bills through Vodafone Idea (Vi) or on lifestyle stores such as Louis Philippe, The Collective, Van Heusen, Allen Solly, Peter England, American Eagle, Polo, and Pantaloons among others. In fact, this card provides an added advantage of accelerated Reward Points on spends in hotels, a key benefit for travel savvy consumers.

According to Mr. Rama Mohan Rao Amara, MD & CEO, SBI Card, "We are delighted to join hands with Aditya Birla Finance, one of the leading NBFCs in India. This partnership will enable us to issue credit cards to Aditya Birla Group's customer base, thereby providing them a great product for all their spending needs. This is in line with our strategy of enhancing value for both customers and co-brand partners. The customer acquisition process will be completely digital, thereby ensuring an enhanced customer experience. Aditya Birla SBI Card's unmatched benefits coupled with Aditya Birla Group's extensive and diversified brand portfolio will be a striking proposition for customers looking to spend across varied lifestyle categories."

Speaking on the launch, Mr. Rakesh Singh, MD & CEO, Aditya Birla Finance Ltd, said, "We are delighted to collaborate with SBI Card to launch the 'Aditya Birla SBI Card', which will immensely benefit the 35 million customers of Aditya Birla Capital and help us leveraging the customer ecosystem of the Aditya Birla Group. Consumers are adapting to digital payments today, and this offering will fuel the purchasing power of our consumers. It will enable us to engage deeper with them by ensuring an impactful consumer experience, best-in-class rewards, and hassle-free payment services."

Mr. Sandeep Ghosh, Group Country Manager, India and South Asia, Visa said, "This exciting partnership of Visa, Aditya Birla Finance and SBI Card for the Co-branded credit card is a great example of delivering simple yet customized offerings, for various brands of Aditya Birla Group and in categories like dining, entertainment, and fuel. We are confident the proposition will appeal to consumers and help build loyalty."

Through 'Aditya Birla SBI Card SELECT', customers can avail 20 Reward Points on every Rs. 100 spent in Aditya Birla stores and 10 Reward Points on every Rs. 100 spent in dining, entertainment, and hotels. As a welcome gift, the card offers 6000 Reward Points to customers upon payment of card membership fee. They also earn 3000 Reward Points on achieving annual spends milestone of Rs. 1.5 lakh and an additional 3000 Reward Points when they reach Rs. 3 lakh annual spends milestone.

# BIG DATA IN TODAY'S ERA


The year 2021 was out of the ordinary as global businesses struggled to keep afloat amid the pandemic. This unusual situation accelerated digitization globally, which led to a surge in "digital data." As human interaction with technology grows by the day, the amount of data that is generated on a routine basis is immeasurable. This data is found in the raw form and is of immense value to business and research. Over the past decade, business intelligence has been revolutionized. Data exploded and became big. Today, its importance to the world of business and commerce is well established, and there are many routes, including online courses and on-the-job trainings also.

In this field, we see fast evolutions and new advances, especially in artificial intelligence and machine learning. Big data refers to any large and complex collection of data.

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## What is big data?

Data is so important these days. Big Data is a collection of data that is huge in volume, yet growing exponentially with time. Data is so large in size and complexity that none of the traditional data management tools can store it or process it efficiently. As the name suggests, big data simply refers to extremely large data sets. This size, combined with the complexity and evolving nature of these data sets, has enabled them to surpass the capabilities of traditional data management tools. This way, data warehouses and data lakes have emerged as the go-to solutions to handle big data, far surpassing the power of traditional databases.

### *Some data sets that we can consider truly big data include:*

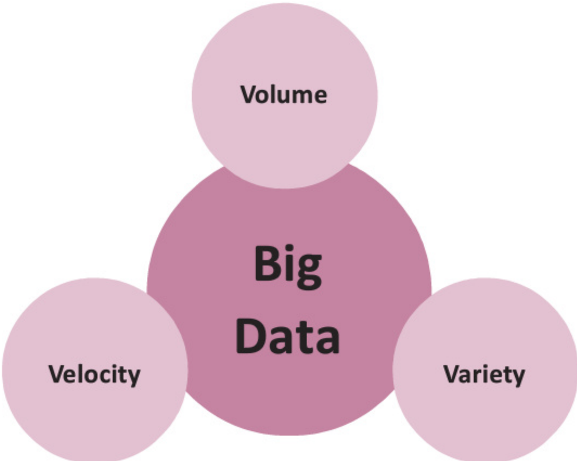
- Stock market data
- Social media
- Sporting events and games

- Scientific and research data

## History of Big Data

Big data refers to data that is so large, fast or complex that it's difficult or impossible to process using traditional methods.

The act of accessing and storing large amounts of information for analytics has been around for a long time. But the concept of big data gained momentum in the early 2000s when industry analyst Doug Laney articulated the now-mainstream definition of big data as the three V's:

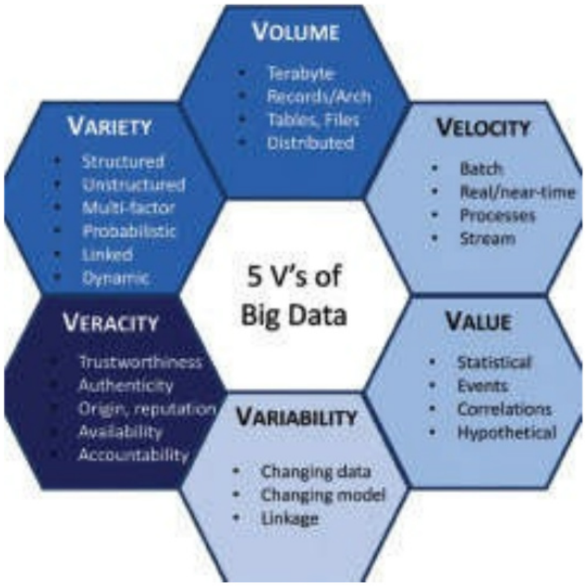



**Volume.** Organizations collect data from a variety of sources, including transactions, smart devices, industrial equipment, videos, images, audio, social media and more. In the past, storing all that data would have been too costly – but cheaper storage using data lakes, Hadoop (open-source software framework for storing data and running applications on clusters of commodity hardware) and the cloud have eased the burden.

**Velocity.** With the growth in the Internet of Things, data streams into businesses at an unprecedented speed and must be handled in a timely manner. RFID tags, sensors and smart meters are driving the need to deal with these torrents of data in near-real time.

**Variety.** Data comes in all types of formats – from structured, numeric data in traditional databases to unstructured text documents, emails, videos, audios, stock ticker data and financial transactions.

***As time has passed big data has included 5 Vs:***




## Types of Big Data

***Big Data is essentially classified into three types:***

- Structured Data
- Unstructured Data
- Semi-structured Data

**Structured Data :** Structured data is highly organized and thus, is the easiest to work with. Its dimensions are defined by set parameters. Every piece of information is grouped into rows and columns like spreadsheets. Structured data has quantitative data such as age, contact, address, billing, expenses, debit or credit card numbers, etc.

**Unstructured Data:** Not all data is structured and wellsorted with instructions on how to use it. All unorganized data is known as unstructured data. Unstructured data is stored in data lakes. Data lakes preserve the raw format of data as well as all of its information. Data lakes make data more malleable, unlike data warehouses where data is limited to its defined schema.

**Semi structured Data:** Semi-structured data falls somewhere between structured data and unstructured data. It mostly translates to unstructured data that has metadata (data about data) attached to it. Semi-structured data can be inherited such as location, time, email address, or device ID stamp. It can even be a semantic tag attached to the data later.

## Why Is Big Data Important?

The importance of big data doesn't simply revolve around how much data you have. The value lies in how you use it. By taking data from any source and analyzing it, you can find answers that

- ❖ streamline resource management,
- ❖ improve operational efficiencies,
- ❖ optimize product development,
- ❖ drive new revenue and growth opportunities and
- ❖ enable smart decision making.

When you combine big data with high performance analytics, you can accomplish business related tasks such as:

- ❖ Determining root causes of failures, issues and defects in near-real time.
- ❖ Spotting anomalies faster and more accurately than the human eye.
- ❖ Improving patient outcomes by rapidly converting medical image data into insights.
- ❖ Recalculating entire risk portfolios in minutes.
- ❖ Sharpening deep learning models' ability to accurately classify and react to changing variables.
- ❖ Detecting fraudulent behavior before it affects your organization.

## Big Data in Today's Era

Big data and the way organizations manage and derive insight from it – is changing the way the world uses business information .A multitude of "things" generate floods of big data, learn about the three foundations of becoming data-driven : data management, analytics and visualization and how they can increase profitability, boost performance, raise market share and improve operations.

## A New Culture of Decision Making

The technical challenges of using big data are very real. But the managerial challenges are even greater. One of the most critical aspects of big data is its impact on how decisions are made and who gets to make them. When data are scarce, expensive to obtain, or not available in digital form, it makes sense to let wellplaced people make decisions, which they do on the basis of experience. Now with big data, decisions are based on facts and they've built up on patterns and relationships they've observed and internalized. People state their opinions about what the future holds— what's going to happen, how well something will work, and so on—and then plan accordingly.

## How is big data used?

The diversity of big data makes it inherently complex, resulting in the need for systems capable of processing its various structural and semantic differences.

Big data requires specialized NoSQL databases that can store the data in a way that doesn't require strict adherence to a particular model. This provides the flexibility needed to cohesively analyze seemingly disparate sources of information to gain a holistic view of what is happening, how to act and when to act.

When aggregating, processing and analyzing big data, it is often classified as either operational or analytical data and stored accordingly.

Operational systems serve large batches of data across multiple servers and include such input as inventory, customer data and purchases — the day-to-day information within an organization.

***Major Sectors Using Big Data Every Day***

- Banking
- Government
- Education
- Healthcare
- E-commerce
- Social Media

## Banking

Since there is a massive amount of data that is gushing in from innumerable sources, banks need to find uncommon and unconventional ways to manage big data. It's also essential to examine customer requirements, render services according to their specifications, and reduce risks while sustaining regulatory compliance. Financial institutions have to deal with Big Data Analytics to solve this problem.

## Government

Government agencies utilize Big Data and have devised a lot of running agencies, managing utilities, dealing with traffic jams, or limiting the effects of crime. However, apart from its benefits in Big Data, the government also addresses the concerns of transparency and privacy.

**Aadhar Card:** The Indian government has a record of all 1.21 billion citizens. This huge data is stored and analyzed to find out several things, such as the number of youth in the country. According to which several schemes are made to target the maximum population. All this big data can't be stored in some traditional database, so it is left for storing and analyzing using several Big Data Analytics tools.

## Education

Education concerning Big Data produces a vital impact on students, school systems, and curriculums. By interpreting big data, people can ensure students' growth, identify at risk students, and achieve an improvised system for the evaluation and assistance of principals and teachers.

**Example:** The education sector holds a lot of information concerning curriculum, students, and faculty. The information is analyzed to get insights that can enhance the operational adequacy of the educational organization.


Collecting and analyzing information about a student such as attendance, test scores, grades, and other issues take up a lot of data. So, big data approaches a progressive framework wherein this data can be stored and analyzed making it easier for the institutes to work with.

## Healthcare

When it comes to what Big Data is in Healthcare, we can see that it is being used enormously. It includes collecting data, analyzing it, leveraging it for customers. Also, patients' clinical data is too complex to be solved or understood by traditional systems. Since big data is processed by Machine Learning algorithms and Data Scientists, tackling such huge data becomes manageable.

**Example:** Nowadays, doctors rely mostly on patients' clinical records, which means that a lot of data needs to be gathered, that too for different patients.

It is not possible for old or traditional data storage methods to store this data. Since there is a large amount of data coming from different sources, in various formats, the need to handle this large amount of data is increased, and that is why the Big Data approach is needed.

## E-commerce

Maintaining customer relationships is the most important in the e-commerce industry. E-commerce websites have different marketing ideas to retail their merchandise to their customers, manage transactions, and implement better tactics of using innovative ideas with Big Data to improve businesses.

**Amazon:** is a huge e-commerce website dealing with lots of traffic daily. But, when there is a preannounced sale on Amazon, traffic grows exponentially that crashes the website. So, to handle this kind of traffic and data, Amazon uses Big Data. Big Data can help in organizing and analyzing the data for further use.

## Social Media

Social media in the current scenario is considered the largest data generator. The stats have shown that around 500+ terabytes of new data get generated into the databases of social media every day, particularly in the case of Facebook. The data generated mainly consist of videos, photos, message exchanges, etc. A single activity on any social media site generates a lot of data which is again stored and gets processed whenever required. Since the data stored is in terabytes, it would take a lot of time for processing if it is done by our legacy systems. Big Data is a solution to this problem.

## Benefits of Big Data

Big Data has been popular among various organizations. Organizations like the e-commerce industry, social media, healthcare, Banking, Entertainment industries, etc., are widely using analytics to understand various patterns, collecting and utilizing customer insights, fraud detection, monitor financial market activities, etc.

## Big data helps in:

- Collect information about the items searched by the customer.
- Information regarding their preferences.
- displaying the popular products that are being sold.
- Forecast the demand for the products and many more.
- Using these kinds of data, organizations derive some patterns and provide the best customer service.
- Show the products that are related to the products that a customer bought.
- Provide secure money transitions and identify if there are any fraudulent transactions being made.

## Conclusion

Big Data is a game-changer. Many organizations are using more analytics to drive strategic actions and offer a better customer experience. A slight change in the efficiency or smallest savings can lead to a huge profit, which is why most organizations are moving towards big data. Ultimately, big data help individuals and organizations tackle enormous data sets and extract valuable information out of them. As the importance of data grows exponentially, it will become essential components in the technological landscape.

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## Hotels, restaurants barred from levying service charge by default

THE CENTRAL Consumer Protection Authority (CCPA) barred hotels and restaurants from adding service charge "automatically or by default" in the food bill. It said that in case of violation, a consumer can ask the hotel/ restaurant to remove the service charge, or seek redressal by filing a complaint.

"The guidelines issued by CCPA stipulate that hotels or restaurants shall not add service charge automatically or by default in the food bill. No collection of service charge shall be done by any other name," the Union Ministry of Consumer Affairs, Food and Public Distribution said in a statement.

"No hotel or restaurant shall force a consumer to pay service charge and shall clearly inform the consumer that service charge is voluntary, optional and at consumer's discretion," it said.

# ROLE OF CHATBOT AS A BANKING TOOL


## Artificial Intelligence

With consumer expectation increasing, the use of artificial intelligence, machine learning and chat bots in banking is also increasing. Banks and credit unions worldwide are testing new application and deploying new solution to improve overall digital customer experience.

In order to achieve operational efficiencies, reduction in cost of operations and better financial control, banks in India are adopting the latest technologies. After the adoption of central banking system (core banking), Indian banks are heading towards implementation of emerging technologies like big data, analytics, machine learning, artificial intelligence (AI)

Artificial intelligence (AI) is the simulation of human intelligence processes by machines, especially computer systems. Specific applications of AI include expert systems, natural language processing (NLP), speech recognition and machine vision and various other facets AI programming focuses on three cognitive skills: learning, reasoning and self-correction.

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**Learning Processes-** This aspect of AI programming focuses on acquiring data and creating rules for how to turn the data into actionable information. The rules, which are called algorithms, provide computing devices with step-by-step instructions for how to complete a specific task.

**Reasoning Processes -** This aspect of AI programming focuses on choosing the right algorithm to reach a desired outcome.

**Self-correction processes -** This aspect of AI programming is designed to continually fine-tune algorithms and ensure they provide the most accurate results possible.

## CHATBOT

Gone are those days where people have to stand in Banks for availing basic services. Artificial intelligence is dramatically changing the world. It is leading to better experience and assistance to customer .As a result marketers understand the importance of those applications which help in conversing with customers and help in providing better assistance.

Even now in the time of covid crisis, chat bots are playing broader and wider role in providing banking assistance to people for financial as well as non financial transactions.

Chatbots have begun to mark their presence in Indian banking sector .Kotak Mahindra bank is first to launch voice chatbot "Keya". HDFC Bank EVA's (Electronic virtual assistance) is largest AI powered chatbot which has already answered 5 million queries with 85% accuracy. Chatbots can analyse and understand not only the content but also the context of customer's question.

Chatbots & Virtual Assistant can be embedded and used through any major messaging applications. Chatbots enable personalized services, reduction in waiting time for users, uninterrupted customer support, and a feedback channel to a large number of customers, and guaranteeing consumer satisfaction.

Chatbots have already begun to make their mark in Indian banking industry. Chatbots nowadays combines benefits of virtual and human assistance and provide a differentiated customer experience.

Chabot is an artificial intelligence (AI) software that can simulate a conversation or chat with a human user in natural language through messaging application (text chats) or voice commands or may be both, which may be through Website, Social media platform, or mobile apps. Techno savvy customers prefer self-service and they want quick and easy ways to get their queries responded. Chatbot conduct conversation to respond queries and deliver meaningful offer and make everyday banking easier, faster and convenient.

Some of the salient features of chatbot are that they can handle Omni-platform concurrent queries, humanistic approach, predictive in nature, they conduct short and simple interaction with easy text driven conversation and also having simple user interface. They are at customer service 24*7*365 i.e. all the time.

The history of chatbot started with "Elisa", first ever chatbot started in 1966. It was a very basic bot providing some basic information related to entertainment, sports and price regulation of stock market as well. With the development of smart phones and the applications these chatbot have turned all the more smart .With AI progression's and voice recognition the application of chatbot is increasing.

## Banking Chat bots

Banking chatbot is an AI application that perceives and executes the banking transactions of customers. In banking, chatbot provide opportunities to automate the relationship between the consumer and the bank. Banking has been entering a new, conversational banking era after ATMs and then telephone banking, online banking and mobile banking since the past years. Conversational banking includes both Interactive Voice Response (IVR) systems and chatbot.

Chatbot are fast, easy-to-use, and can address multiple customers at a time. They use artificial intelligence to mimic human interactions through a chat interface, allowing customers to obtain the information they want using simple, natural conversational language. Embedded in the customer service through major messaging applications, they enable personalized services, reduction in waiting time for users, uninterrupted customer support, and a feedback channel to a large number of customers, and guaranteeing consumer satisfaction. With chat bots, it is possible to increase efficiencies and automate the majority of all incoming queries.

### *Banking chatbot can help customers accomplish multiple tasks -*

1) Simple routine jobs like checking account balance.
2) Paying credit card bills to more complex ones like opening a bank account, delivering real-time financial analytics and processing loan requests.
3) Chat bots today are quickly taking over the teller or the relationship manager's place as a customer's first and primary interaction point with a bank.
4) Chatbot are artificial conversational agent which is enough intelligent to initiate and simulate human like conversation.
5) The chatbot are designed as bots that analyze the content typed by the user and relate it to database that contains possible answer.

6) With AI progression's and voice recognition the application of chatbot is increasing.

### *Banking chatbot can be broadly categorized in 3 parts -*

1) First category involves FAQ, which are simple questions which you may want to ask your bank executives, for which there are simple structured answers. You ask question, Bots will respond and it learns along with way.
2) Second category involve financial transactions, where in you can make fund transfer from person to person, pay your bill or recharge your bills using queries.
3) In third category it involves helping people discover new features. These answers simple how to tasks such as how to reset your ATM Pin , which is a bit more evolved and is like interacting with your bank executive

## Examples of famous Chatbots and utilities

A) **SBI,** largest public sector bank with millions of customer is embarking on its AI journey from point of view of both employees and customer .SBI launched a national hackthon, "Code for Bank", for developers, students to come up with innovative idea and banking solution focusing on bots. SBI is currently using an AI-based solution developed by chapdex , the winning team from its first hackthon. The solution essentially scans cameras installed in branch and captures the facial expression of customer and immediately reports whether the customer is happy or sad. This is real-time or near to real time feedback. Chatbot of SBI is named "SIA" (Sales intelligence Assistant),launched is AI powered chat assistant that addresses customer inquiry instantly and help them in everyday banking task just like bank representative. This facilitates customer with numerous consumer banking actions.SIA is developed by PAYJO .It is setup to handle nearly 10000 enquiries per second which according to payjo , is 25% of queries processed by Google everyday.SBI claims SIA continuously learns with each interaction and get better over time. It is a machine learning based product. Currently SIA can address enquiries on banking products and services. It is trained with set of past consumer questions and is said to handle frequently asked questions aptly. Payjo developed SIA after studying how other banks were changing their customer service business models and basing their ideas on what they thought would succeed the most in the future .Then they would have unbundled the offerings of other banks and decided on which topics they could start building the chatbots to handle. SBI has successfully deployed workforce enablement tools like chatbots for improving productivity and quality of customer service personnel.

B) **HDFC Bank's -** "EVA" (Electronic virtual assistant) is AI based chatbot application of hdfc bank. It is aimed to serve customer better and faster , by leveraging technology. EVA uses latest AI and natural language processing to understand user queries and fetch relevant information from thousands of possible sources .By conversing with EVA customer can get various information. EVA has already answered more than 5 million queries from around a million customers with 85% accuracy. EVA hold more than 20000 conversation per day. EVA can be connected on all digital channel of HDFC bank, i.e., website, mobile site and dedicated portals of bank customers. She is also available on voice via Google assistant .If you just say "ok Google, talk to HDFC bank" into your Google assistant you can talk to EVA. EVA can also be connected through Amazon echo devices, just say "alexa, open HDFC bank to connect with EVA.

### *Questions like*

1) "Tell me IFSC code of ------ branch",
2) "Current FD rates"
3) "Give me the address of ---- branch"
4) "Rates and charges of ----------"

5) "Documents required for ----------- loan"
6) "How can I get -------- loan"

can be asked.

C) **ICICI BANK-** Bank has deployed robotics across 200 application across various function of company. The bank claimed to be 1 st among country and among a few globally to deploy this technology that emulates human actions to automate and perform repetitive and high volume and time consuming business task. ICICI launched IPAL chatbot. Since its inception till February 2020 it has attended 3.1 million customers and their 6 million queries along with 90 percent accuracy rate.

### *IPAL is divided into three categories-*

1) First category involves FAQ, which are simple questions which you may want to ask your bank executives, for which there are simple structured answers. You ask question, Bot will respond and it learns along with way.
2) Second category, It involve financial transactions ,where in you can make fund transfer from person to person, pay your bill or recharge your bills using queries.
3) In third category it involves helping people discover new features. These answers simple how to tasks such as how to reset your ATM Pin, which is a bit more evolved and is like interacting with your bank executive.

The bank is currently in process of integrating ipal with existing voice assistant such as Cortana, Siri and assistant.

D) **Union Virtual Assistant (UVA) -** Chabot by Union Bank of India (UVA) is an artificial intelligence (AI) software that can simulate a conversation or chat with a human user in natural language through messaging application (text chats) or voice commands or may be both, which may be through Website, Social media platform ,or mobile apps. Techno savvy customers prefer self-service and they want quick and easy ways to get their queries responded. Chatbot conduct conversation to respond queries and deliver meaningful offer and make everyday banking easier, faster and convenient. Some of the salient features of chatbot are that they can handle Omni-platform concurrent queries, humanistic approach, predictive in nature, they conduct short and simple interaction with easy text driven conversation and also having simple user interface. They are at customer service 24*7*365 i.e. all the time.

UVA (Union bank of India's Virtual assistant) help in redefining customer experience by (ASK UVA). The features offered after "How may I help you " are-

1) EMI Calculator
2) Call Centre Executive
3) Deposits
4) Loans
5) Government Schemes
6) Interest Rates
7) Others

## Utility of Chatbot as a modern day banking tool -

As the globe continues to be impacted by the pandemic, consumers are relying on technology more than ever before. From using various technologies like video conferencing tools to communicate with friends and family at distant places to completing our daily routine tasks like depositing a cheque from a mobile banking app, it's safe to say that the COVID-19 pandemic has further solidified the digital transformation that was already underway before 2020. Numbers of customers have increased their online banking usage during COVID-19 - indicating that the pandemic further accelerated the already trending adoption of digital communications using chatbots in the financial industry.

Just as digital technology is overtaking the banking industry due, in part, to consumers staying at home more often and avoiding in-branch transactions, consumers are utilizing chatbots in their digital communications with their financial institutions. Understanding from an analogy presented Back in 2011, Where Gartner predicted that customers would manage 85% of their relationship with the enterprise without interacting with a human by the year 2020 - a seemingly accurate forecast as the use of AI and chatbot technology has never been higher and is only expected to continue to surge. Today's tech savvy consumers were beginning to adopt the idea of using AI to communicate with a business long before the pandemic. According to the 2018 Consumer Online Banking Report, 44% of those surveyed stated they would rather communicate with a chatbot than a real person, assuming it could answer their questions as reliably as a live agent.

As financial institutions take a more urgent approach to adopting new technology to help serve a much higher number of consumers through digital channels that ever before, the role of chatbots in banking for the coming years will be significant and ever expanding. Banks have been utilizing chatbots to help handle routine tasks like resetting a mobile banking password, transfer funds between accounts, pay bills or even open a new checking account. As technology advances and as the recent consumer adoption of this technology continues to progress, chatbots in banking will evolve to be capable of handling far more complex tasks, such as helping a customer get pre-approved for loan origination.

Most importantly, chatbots in banking will eventually become much more advanced in their ability to connect with the consumer on a more human level, turning interactions that have traditionally been very transactional into an experience that would be closer to the real life. People still want to bank with people, even if that communication takes place digitally. The future of enhanced customer experience will be a mix of serving customers both in-person and virtually.

## Way Forward

The Indian government is deeply committed to the research and usage of AI in the county. India recently joined the Global Partnership on Artificial Intelligence (GPAI) as a founding member. Along with 15 other nations, which include the US, UK, Australia, Canada, and France, the GPAI has been formed as an initiative to manage the responsible development and use of AI. The GPAI is a first of-its-kind of initiative for better understanding the challenges and opportunities around AI by using the experience of the diverse nations. India's digital banking and finance sector, including retail banking, has witnessed immense growth in the past two decades. This transformation has primarily been driven by an increase in the use of digital payments across sectors and industries using chatbots.

The proliferation of digital payments and banking - which has helped generate financial transaction data that banks can use to monitor, predict, and respond to consumer behavior better - and the rising demand for online offerings of banking and financial information have opened up opportunities for chatbots implementation in retail banking and financial and investment services in India. The use of chatbots in banks and financial institutions has the potential to transform how these entities operate. The banking industry is a critical backbone for India's economic development. Adoption of AI by banks will help them scale and improve access. It will also aid banks in achieving better performance, higher profitability and reduction in risk. Data-driven decision-making using chatbots can help banks lend to priority sectors, increase client base and develop products that are suited to customer needs.

Chatbots can be deployed in banks across a range of functions for improving overall customer experience, making more informed decisions on credit underwriting, detecting frauds and defaults early, improving collections and increasing employee efficiency. There are some challenges that need to be addressed to increase the adoption of chatbots in the Indian banking and finance industry. These include training existing manpower in new skills; making the current banking processes adaptable with AI; increasing the capacity of customers to use chatbots systems; and ensuring data protection and privacy.

Banks and financial institutions stand to gain from the adoption of chatbots. It can lead to better risk management in these institutions, thereby improving their growth potential. Furthermore, chatbots can help banks adapt to the modern business environment and address various customer needs through product differentiation and the generation new insights from data.

Chatbots are also being seen as an equalizer that will help in the creation of a fairer, more inclusive financial system. With the use of AI, and specifically chatbots banks can offer customers - especially those in rural areas, who are presently unable to access the desired levels of banking benefits - greater access to banking facilities, credit options, and wealth management products.

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# DOOR STEP BANKING - OPPORTUNITIES AND CHALLENGES


## What is Doorstep Banking ?

Doorstep Banking [DSB] is one of the key action points of the roadmap for banking reforms under the EASE (Enhanced Access & Service Excellence) Reforms brought out by the Department of Financial Services, Govt of India. Initially it was meant to give service to senior citizens and person with disabilities.

Then in September 2020 Union Finance Minister Smt. Nirmala Sitharam launched the prestigious project of Door Step Banking for all PSBs at 100 centers across the country. The new company called PSB Alliance Pvt Ltd is set up to engage banking correspondents on behalf of the 12 public sector banks under a common standard operating precedure (SoP) to provide financial and non financial services directly to customer homes.


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[PSB Alliance is an umbrella setup of all 12 Public Sector Banks, jointly offering important customer oriented services envisaged by Govt. of India under EASE of Banking reforms.] PSB Alliance comprising 12 Public Sector Banks being anchored by UCO Bank, jointly, have engaged M/s Atyati Technologies Pvt. Ltd. & M/s Integra Microsystem P Ltd to provide "Door Step Banking through Universal Touch Points" facility to customer(s) of 12 PSBs Banks in 60 & 40 Specified Centres respectively) within the norms stipulated by PSB Alliance/ RBI.

## What are the services available in DSB?

The services offered under DSB vary from bank to bank. As of now, 10 non-financial services and one financial service [cash withdrawal] is available in DSB services of most of the public sector banks. [www.psbdsb.in]. Few Public Sector Banks [Eg. SBI, from January 2021 onwards] offer Cash Deposit service too.

## Non Financial Banking Services

| | |
|---|---|
| 1 | pick up of negotiable instruments (cheque/draft/ pay order etc.) |
| 2 | pick up new cheque book requisition slip |
| 3 | pick up of 15g/15h forms |
| 4 | pick up of it/ gst challan |
| 5 | pick up of standing instructions request |
| 6 | delivery of account statement |
| 7 | delivery of non-personalised cheque book draft, pay order, |
| 8 | delivery of term deposit receipt, acknowledgement etc. |
| 9 | delivery of tds/form 16 certificate issuance |
| 10 | delivery of pre-paid instrument/gift card. |

And Submission of Digital Life Certificate facility is also available in Door Step Banking. Using Jeevan Pramaan App, DSB Agent will visit the doorstep of the customer and collect online life certificates.

## How can a customer avail this service?

The 'Universal Touch Points' through which DSB services can be accessed are Mobile App, Web Portal [www.psbdsb.in ] and Call Centre.

- App: Door Step Banking [DSB] App available in App Store and Google Play Store.
- Web Portal : www.psbdsb.in
- Toll free numbers : 1800 121 37 21 / 1800 103 71 88


## Web Application Customer URL

| Vendor | URL |
|---|---|
| Ms Atyati Technologies Pvt. Ltd | https://doorstepbanks.com/ |
| M/s Integra Microsystem Ltd | https://dsb.imfast.co.in/Pvt. doorstep/login |

## URL to download the Application

| Vendor | URL |
|---|---|
| Ms Atyati Technologies Pvt. Ltd | https://play.google.com/store/apps/details?id=com.atyati.customer_dsb&hl=en_IN |
| M/s Integra Microsystem Pvt. Ltd | https://play.google.com/store/apps/details?id=com.integra.doorstepbanking&hl=en_IN |

The customer's bank account number must be linked to Aadhaar and mobile number. The customers need to raise a request over the touch points mentioned above and the bank will then assess the request and send their personnel to the registered communication address of the customer.

Once the agent deposits the instruments with the designated bank branch after pick up from customer , the DSB system will validate the service code of the customer and trigger a message "completed", which will be notified to the customer through Mobile App.

In case of service/delivery request, Branch user will work on the service request & when service request is ready for an agent pick up then branch user will have to click on the "complete" button of web based portal, hand over instrument to DSB agent (based on service code shared) i.e. when the agents comes to the branch, he/she will share service code which has to be verified in DBS system of the bank.

Debit card can be used for cash withdrawal [within the minimum and maximum transaction limit prescribed by the bank] from Micro ATM provided by the agent.

## Why DSB is important ?

DSB has gained lots of momentum recently because it really helped the banking needs of customers in the covid pandemic times as there were restrictions in bank working time, difficulties in reaching the bank and there is fear of contracting the virus.

## Advantages

1. For the customers DSB is convenient, hassle free and flexible. Helps to maintain the social distancing in the corona times. It is a boon for the not so tech-savvy customers, seniors and differently-abled persons.
2. Customers can also track their service request and register their complaints and grievances through the universal touch points -Mobile App, Web Portal and Call Centre.
3. Registration through social media platforms- Recently, the two major public-sector banks in the country- SBI and PNB- have notified of these services and their registration options to customers via their Twitter handles.
4. Notifications will be sent to customers at each step of the service availed, helps to avoid frauds.
5. Customer can avail multiple services of different banks at the same time, if you are a customer of different public sector banks with the same primary phone number.
6. Competition among banks will help for improved customer service
7. In case of banks, these services would enhance their CASA portfolio, high level of Customer Retention, reducing work load in branches and lead to high level of customer satisfaction.
8. Dedicated and professional agents makes DSB, a safe and secure service when compared to the risk associated with digital banking.

   To avoid frauds
   - Don't download any application from unauthorized sites/portals
   - Don't handover the instrument to agents without verifying the credentials/ID Proof
   - Don't accept any instrument without any sealed envelope
   - The instruments should be handed over to agents in sealed envelop with affixed stamp
   - Don't share the service code to any unknown person
   - Ensure vendor is authorized to provide service at particular center


## Challenges

1. DSB services are available in limited number of centres in the country.
2. Account holders with a valid registered mobile number within mentioned radius of their home branch only will be able to avail these services.
3. Customers with accounts that are operated jointly will not be able to avail these services. The service will also be unavailable for minor account and accounts of non-personal nature.
4. Charges applicable for service rendered
   Banks charge anywhere between Rs. 60-200 (plus taxes), for every DBS request. For services to be offered through their alliance, PSBs would charge Rs. 75 (plus taxes) per financial/ non-financial service. Varies with type of service and banks.
5. Capped transaction amounts
   HDFC Bank and SBI have capped the transactions at Rs. 25,000 and Rs. 20,000. Minimum and maximum withdrawal as in www. psbdsb.in is Rs. 1000 and Rs. 10000 respectively.
6. Long processing time
   Currently, the responses are not instant, unlike the conventional internet or mobile or phone banking services and hence it may not be suitable for time-bound transactions.
7. Services available in working days only
   Most banks offer these doorstep banking facilities on working days only and banks take anywhere between few hours to one or two working days to process a request.

8. Financial Transactions
   Currently cash withdrawal is available and Cash Deposit and other services not available with most of the Public Sector Banks undertaking the DSB. SBI is offering Cash deposit services from January 2021 onwards.
9. Technical and other errors in App and website which leads to customer complaints. Also Server and network issues in banks leads to delay in processing and dissatisfied customers.
10. Fraud Risk
    One of the reason why DSB is yet to gain some prominence among the general public is the concern of being subject to some fraudulent activities. It can be at technical level or at the agents level.
11. Lack of knowledge regarding the guidelines as furnished by the RBI.

Bank should educate customers about the features of door step banking and encourage them to use DSB for ensuring their safety in this Pandemic times.

## Opportunities

- In future the DSB services will be extended to all parts of the country, there by extending service to millions of people and canvassing more customers.
- Banks can utilize the customer base created by this facility for cross and up selling the products. Also they can utilize the DSB in completing KYC, credit underwriting and other formalities with respect to banking services. We can expect that with the success of DSB, more facilities may add up for door step banking services by banks. Bank staff can complete the formalities in the sale of insurance, mutual fund and other third party products at the convenience of the customer at their place
- Addressing customer complaints in a better way: In future banks can reach the customers door step for providing effective solution of their complaints.
- Digitization: With the introduction of new technologies, softwares and Apps, there is a ample scope of digitization in many areas of banking.
- Banks will get more time to generate new business when more customers prefer DSB.
- Banking will be more experience oriented in future. Though service by human and technology would exist side by side, there will be more freedom and control for the customer to make the choice in time, place and the manner in which he wants to do banking. The branch would become a space for business conversation rather than transaction.

Thus, with the banks rendering service to customers at their doorstep and more and more people getting accustomed to this facility, banking in India is certainly going to transform in a better, desirable way.

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## Aditya Birla Sun Life Mutual Fund launches Nifty Financial Services ETF

Aditya Birla Sun Life Mutual Fund has launched a new ETF tracking the Nifty Financial Services TRI. The Nifty Financial Services Index is a welldiversified portfolio that goes beyond conventional banking and includes - insurance, wealth management, stock broking, payment platforms, etc.

According to the fund house, the financial services sector, including banks, has had significant valuation derating over the past 2 years. The press release said that given the expected comeback in terms of valuations in the sector, this ETF represents a strong opportunity for growth.

"Given the recent volatility, many investors are now resorting to passive products that will provide them with the option to take underlying index exposure in various segments of the market at low costs. This ETF presents a unique investment opportunity in light of the significance of the BFSI sector," said A. Balasubramanian, MD & CEO, Aditya Birla Sun Life AMC.

# STARTUP INDIA SCHEME - A REVIEW

## Introduction:

Startup India Scheme is a flagship initiative of the Government of India (GOI) intended to generate large scale employment opportunities which was launched in January 2016. India has managed to retain its position as the 3rd largest start ecosystem in the world with more experienced professionals taking up an entrepreneurship route. It has also scrolled up in 2018 to position itself 57th rank in the Global Innovation Index from the 60th position in the previous year. In addition, India also holds the title for the highest Unicom holder of 8 ventures right after the US and China.

Department for Promotion of Industry and Internal Trade (DPIIT), GOI, is mandated to coordinate implementation of the Startup India initiative with other Government Departments viz. Department of Science and Technology, Department of Bio-technology, Ministry of Human Resource Development, Ministry of Labor and Employment, Ministry of Corporate Affairs and NITI Aayog. Hence, the Government wants the contribution of Micro, Small and Medium Enterprises (MSMEs) to India's GDP to reach 50 per cent by 2024, from the current 29 per cent, and provide jobs to nearly 15 crore youths in the next four years, up from 11 crores at present.

Further, these Startups and MSMEs are the foundation based on which Government's both Atma Nirbhar Mission and Make in India Vision, aim at generating more employment, increasing exports, improving the standard of living of millions of Indians and making India strong globally. While there is enough potential for the startups to grow in the coming years, there are numerous issues before them which need to be addressed. Similarly, it is necessary to create awareness of the role of startups particularly in rural areas on the part of entrepreneurs, officers in Government and banks for which it calls for bringing success stories to the notice to them. In this backdrop, the present article is


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written to make an overview of promotion & development of startups in India, discuss a live success startup case and examine issues and suggestions.

## How to set up a Startup:

To get recognized as a Start-up business under the Startup India Scheme, the firm must fulfill certain conditions. These include: (i) The firm to be formed must be a private limited company or a limited liability partnership. (ii) It should be a new firm or existing firm not older than five years and, its total turnover is not exceeding Rs. 25 crores. (iii) The firm should have obtained approval from the DIPP. (iv) To get the same, it should be funded by an Incubation Fund, Angel Fund or Private Equity Fund. (v) The firm should have obtained a patron guarantee from the Indian Patent and Trademark Office. (vii) It must have a recommendation letter by an incubation center and, (ix) The firm must provide innovative schemes or products. The application along with supporting documents including Certificate of Incorporation should be submitted to the Start-Up India Hub which will review & grant recognition as a Startup and issue a Certificate of Recognition.

After receiving the necessary recognition as Startup, the next step is to go in for Registration. For this, it has to obtain PAN of the firm by preparing a brief write-up covering details of recognition received, how to generate revenue and business plan to solve problems. To promote and develop startups, they are eligible to receive liberal support in the form of incentives from the Government which are discussed as under:

## Government Incentives to Startups:

Incentives are offered by the Government under different programmes. To elaborate, Make in India' Vision was introduced in September 2014 to attract foreign investments and encourage domestic companies to participate in the manufacturing sector. Thereafter, the Government increased the foreign direct investment (FDI) limits for most of the sectors and strengthened Intellectual Property Rights (IPRs) as protection to instill confidence in the startups. Another commendable and far reaching initiative has been 'Digital India', introduced in 2015, is expected to ensure that the government services are made available to citizen through online platform that aims to connect rural areas by developing their digital infrastructure to provide huge business opportunity for startups. Similarly, as per the "Industry-Academic Partnership and Incubation" of the Startup India initiative, the Government has announced plans for the development of "Research Parks" to be created in partnership with higher education providers across India.

An initial investment of Rs.100 crore, has also been set aside for the program, which aims to provide students with access to funds and mentorship for startups. Further, the 'Innovation in Mobile App Development Ecosystem (I-MADE)' program was rolled-out in February 2016 which aims to create mobile app startups in collaboration with leading Indian universities. More importantly, the 19-point Startup India Action Plan was launched in January 2016 which focuses on restricting hindrances and promoting faster growth by way of: (i) Simplification and Handholding (ii) Funding Support & Incentives and, (iii) Industry-Academic Partnership and Incubation.

### *As per the Startup India web-site, the Government incentives include:*

(i) Self Certification regarding fulfillment of conditions related to environment and pollution clearances.

(ii) No inspection for the first 3 years

(iii) Mobile app registration just in one day

(iv) Startup India hub in a single point contact

(v) 80 per cent rebate on patent filing fees

(vi) 35 public/private incubators being in existence

(vii) 31 Innovation centers being set up at national institute

(viii) 3 new bio clusters and 7 new research parks being created 500 tinkering labs also available

(ix) Patent regime to be simplified

(x) Easier Public procurement norms and minimum requirements to get listed as a seller

(xi) Patent regime to be simplified

(xii) Dedicated fund of Rs.2500 crore for startups, as well as a credit guarantee fund of Rs.500 crore rupees to offer a cover for loans provided by banks

(xiii) Income Tax exemption for a period of the first three consecutive years and also exemption on capital gains & investments above the Fair Market Value and,

(xiv) Easy winding up on completion of seven years from the date of incorporation/registration and the turnover for any previous year exceeding Rs.25 crores and also easy exit from business under Insolvency and Bankruptcy Code.

These and other incentives are made available under different schemes specially formulated for startups which are classified into traditional and new.

## Startup Schemes:

### (A) Traditional Schemes:

These schemes aim to provide funds, banking, accountancy, product description, overall development, legal backing, branding, design, launching, publicity, marketing etc. These schemes are launched by different Government departments/sponsored organizations such as National Small Industries Corporation (NSIC) etc. and lending institutions including Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD) and banks.

***The major traditional schemes are meant for providing:***

(i) Support for International Patent Protection in Electronics and Information Technology

(ii) National Clean Energy Refinance Fund

(iii) Modified Special Incentive Package

(iv) Performance and Credit Rating

(v) Raw Material Assistance

(vi) Support for Promotion of Innovation

(vii) Entrepreneurship Development in Agro-Industry

(viii) Coir Udyami Yojana


(ix) Udaan Training Programme for Unemployed Youth of J&K

(x) Loan for Rooftop Solar PV Power Projects

(xi) Dairy Entrepreneurship Development

(xii) Single Point Registration

(xiii) Support for International Patent Protection in Electronics & Information Technology

(xiv) Cluster Development by Khadi and Village Industries Commision (KVIC)

(xv) Grant to Professional Bodies & Seminars/Symposia in Science & Technology

(xvi) Establishing Collaboration between R&D Academic institutions and Industry

(xvii) Grant for New-Gen Innovation and Entrepreneurship Development

(xviii) Venture Capital Assistance Scheme for Agri-entrepreneurs

(xix) Stand-up India for SC/ST and Women Entrepreneurs

(xx) SIDBI Sustainable Development Projects for Energy Efficiency and Cleaner Production

(xxi) SIDBI- Make in India for enterprise and,

(xxii) Working Capital finance by banks. Details of these schemes are available by visiting NSIC web-site.

### (B) New Schemes:

(i) **Startup India Seed Fund Scheme, 2021-** The scheme provides seed funding, inspire innovation, support transformative ideas, facilitate implementation and undertake startup revolution. It aims to provide financial assistance to startups upon verification of concept, prototype development, product trials, market entry and commercialization The scheme is expected to support around 3,600 startups through 300 incubators. It is also proposed to create a corpus of Rs. 945 crore which will be divided over the next 4 years for providing seed funding to startups through incubators in Tier 2 and Tier 3 towns which are often deprived of adequate funding. It is planned to encourage innovators from rural entrepreneurs to come forward and benefit from this scheme.

(ii) **Pradhan Mantri Micro Units Development and Refinance Agency (MUDRA) Yojana-** This provides funds to banks for on-lending to micro-finance institutions and non-banking financial institutions (NBFCs) at low rates. Loans up to Rs 10 lakh can be availed under MUDRA scheme. It was launched in 2015 and within 2 years, more than 1.8 crore jobs were generated. Till August end, 2020, more than 67 lakh loans amounting to Rs 48,000 crores have been sanctioned under the MUDRA scheme. There are three categories startups which include: (a) Shishu: This is for new businesses being eligible for loans up to Rs 50,000. (b) Kishor: This is for mid-aged businesses to get up to Rs 5 lakh and, (c): Tarun: This is for existing & experienced businesses to receive up to Rs 10 lakh can be availed. This MUDRA loan scheme also covers MSMEs such as Small Manufacturing Units, Retailers, Wholesalers, Artisans etc.

(iii) **Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTSME) -** This is one of the biggest Startup loan schemes launched by the Ministry of MSME. Under this scheme, collateral-free loan up to Rs 1 crore is provided to eligible startups and MSMEs. Now, the guarantee cover is available up to Rs. 5 lakhs.

(iv) **Financial Support to MSMEs in ZED Certification Scheme -** This covers both existing and new manufacturing units under Zero Defect and Zero Effect (ZED) mission with a view to create better products, with high quality and zero defects which, in turn, aims to embrace the world-class manufacturing processes, and use of advanced technology.

(v) **Credit Linked Capital Subsidy for Technology Up-gradation (CLCSS) -** Under this scheme, the Government provides financial help to MSMEs to upgrade their technology and implement state of the art technological platform for their business. The subsidy of 15 per cent is provided for investment up to Rs 1 crore for upgrading technology for startups and MSMEs. More than 7500 products/services are covered under this scheme.

(vi) **Design Clinic for Design Expertise to MSMEs-** In order to encourage and inspire small businesses to experiment and try out new designs for their products, the Government has created a Design Clinic for inducing design related expertise for startups and MSMEs. Under this scheme, the Government provides the grant up to Rs 60,000 for attending design seminars and up to Rs 3.75 lakh or 75 per cent of the cost of the seminar, wherein the entrepreneur can learn and implement design theories and practices.

(vii) **Development of Portal-** An online portal is created by DPIIT which allows incubators to apply for funds. An Experts Advisory Committee (EAC) has been created by DPIIT to execute and monitor the Grant up to Rs 5 crore offered to the eligible incubators selected by the EAC. By availing the grant from the DPIIT, the selected incubators provide loans to banks for on-lending to the enterprise up to Rs 20 lakhs. Further, investment up to Rs 50 lakhs is also provided to the startups for market entry, commercialization, or scaling up through convertible debentures or debt-linked instruments. The promising startups that are supported at their early stages, shall create huge employment opportunities for everyone. The scheme also envisages to promote virtual incubation for Startups by enabling incubators to support startups from all corners of the country. Towards this end, an Action Plan for Startup India is already prepared by the Government in January 2021. In the first meeting of the National Startup Advisory


Council held in April 2021, it was found that startups have the potential to become the World's largest and most innovative startup ecosystem. As a first step, there is a need to sow the seeds of entrepreneurship even at school level to encourage students to innovate. The Council also calls upon the successful entrepreneurs to take initiative to share their knowledge, experience, ideas and mentor the other entrepreneurs.

## Progress of Startup Scheme in India:

As per the Startup India web-site, the number of startups stood at 41,061 in December 2020 which provided jobs to 4.7 lakhs persons. These provide jobs with an average of 11 employees per startup. Encouraged from this development, a Fund of Fund for startups (FFS) is created with a total corpus of Rs. 10,000 crores. Among the startup industries, the Indian pharmaceutical market is the fastest-growing and the most competitive amongst all in the world. The revenue generated in 2020 amounted to $55 million, clearly indicating that there is enough scope for profit in the domain.

Location wise, startups are set up in 492 districts in 29 states and six Union territories. Startups are spread and far wide since these seen in Tier 1, Tier 2 and Tier 3 cities with the percentage share in the total startups of 55, 27 and 18 respectively. Gender wise, nearly 15 per cent of them are set up by woman entrepreneurs. Regarding growth in different segments, Enterprise Software witnessed a growth rate of 16 per cent with over 1100 ventures and, so did the FinTech segment with a growth rate of 14 per cent. More than 900 startups are due to the onset of innovative technology in payment, lending and banking.

Similarly, the seamless digital transaction process for consumers has brought about 500 million new users and, thus, increasing internet penetration by 12 per cent. Integrating a tech-platform, connecting doctors and patients, has also led to a significant rise of 8 per cent in Health Tech space. Over 500 startups in this domain have come up, comprising online pharmacies, wearable solutions for fitness tracking and coaching, health monitoring devices, consultation platforms etc. In the same way, the technology-induced educational solutions for the new generation of learners and the wide level of acceptance in the ecosystem, has resulted in the creation of over 400 startups implying a growth rate of 6 per cent in the last five years. Industry verticals like logistics and transport, industrial & manufacturing, consumer software, food-tech, HR-tech and retail-tech witnessed a growth rate in the range of 2-5 per cent.

The others including automotive, travel, media & entertainment, ad-tech, real estate, gaming, security, etc. have a collective growth rate of 24 per cent. Thus, the number of startups incorporating advanced technology in their business has soared and is constantly expanding at 40 per cent CAGR. These include artificial intelligence, block-chain, 3D printing, drones, automation vehicles etc.

The report of Pilot Survey of Startups, conducted by RBI in 2019 shares additional information relating profile of startups. A total of 1,246 startups participated in the survey. As per the survey findings, the startups are mainly in six sectors, viz., agriculture, data & analytics, education, health, IT consulting/solution and manufacturing. According to them, market/industry demand and team experience have been the major enabling factors for setting up the startups.

Almost half of them informed that they were in an early stage of revenue generation while 31 per cent of the same were in a growing stage. The average annual turnover for over one-fourths of the respondents was up to Rs 10 lakhs whereas around 20 per cent startups did not report any revenue generation. Less than one-fifths of the respondents reported that their average annual turnover exceeded Rs. 1 crore. Only 14 per cent of startups had more than 10 employees in the first six months of their operation but as the sector matured, the number of employees increased to 40 at the time of conducting the survey.

Lastly, it is shocking to note that just 36 per cent of the startups availed institutional loans (including from banks) to finance their activities, indicating that borrowing from friends and relatives has been the major source of finance. The survey concludes that there are numerous emerging business opportunities due to recent developments which are worth examining.

## Emerging Business Opportunities:

The recent National Education Policy of 2020 envisages to promote student entrepreneurs by offering vocational education in partnership with industries and introducing coding for school children. This can have a favorable impact on the startup ecosystem in India, if entrepreneurial skills are integrated with the education curriculum under the New Education Policy.

In addition, there is a need to fill up infrastructure gaps especially in rural areas, promote digital literacy and help people become more knowledgeable about the digital world. In this regard, the Government initiative of Saksharta Abhiyan Digitalization is a step in the right direction. Regarding Agri-startups, since the majority of Indian workforce is employed in agriculture, there is a need to clear roadblocks and promote them in a large number.

Fortunately, the new Farm Laws are expected to give a greater choice to farmers and incentivize start-ups to transform the agriculture value chain in storage, finance, transportation, aggregation, and marketing. Further, in respect of the Startups in High-end Technology, the recently released Draft Space Communication Policy states that "Indian entities in private sector shall as well undertake design, development and realization of satellites and associated communication systems. They can establish satellite systems through their own or procured satellite".

When this happens, there are possibilities for startups to come up in a big way. Similarly, with the introduction of the Startup India scheme, there has been a change in approach and mindset from job seekers to job providers. This would create a pool of new entrepreneurs to make Startups to become the backbone of New India. The present Government is also promoting Make in India policy which would encourage the startups to take up production of import substitutes. Thus, startups are likely to witness brighter days ahead to benefit from emerging business opportunities to generate more employment and become society friendly.

## Issues and Suggestions:

India is a highly diverse country with a plethora of cultures, languages, ethnicities and religions. Due to this, the startups' understanding of people at large is often limited to certain regions. Hence, comparative advantages are linked to specific regions only and not Pan India. Further, as nearly 70 per cent of the Indian population lives in rural areas and, therefore, customers of the mass market tend to come from low-income backgrounds in villages. This often discourages many startups to come up with high value product/services. More importantly, the current pandemic-induced lockdowns and curfews by states have brought along uncertainty, struggles and challenges for smaller startups and MSMEs.

According to a recent survey of 2140 startups and SMEs conducted by the social media platform, only 22 per cent of them have over 3-months runway; while 41 per cent are either out of funds or have less than one month of funds left. Therefore, they propose to reduce advertisements and new marketing initiatives, and also look at reducing operational costs.

Further, 60 per cent expect to scale down, or shut operations. Thus, startups and SMEs are struggling for survival, especially since the onset of the covid-19 since 2020. While RBI has introduced several measures including debt restructuring -1&2 to reduce the burden of loan repayment during the pandemic, much is expected from banks to yet to come forward and offer the need based and timely finance. Regarding workers, many job applicants are not sufficiently skilled.

Thus, startups see a gap between the knowledge taught to students in colleges and the knowledge needed for the jobs, especially in sectors in which technologies change at a fast pace. At the same time, startups can not afford to attract highly skilled workers due to their weak financial position. Lastly, risk associated with the business of startups is high due to higher rate of mortality though the Government is supporting them in all possible ways.

In particular, despite several business opportunities for startups in the coming years, it is observed that most of them fail and wind up their business right at the initial stage. In this regard, IBM Institute for Business Value conducted a survey of startups to find out reasons for them to fail at the initial stage itself. Such reasons include:

(i) **Lack of Initiative -** Indian startups are also known for replicating global startups, rather than creating their own startup models. In this regard, it is suggested that Indian startups should try to avoid emulating existing successful global startup ideas in India without proper research and understanding of the Indian market.

(ii) **Lack of funds-** As discussed earlier, most of the startups raise funds from friends & relatives which are not sustainable and cheaper. Therefore, it is suggested that lending institutions have to be more friendly to startups by simplifying procedures and provide loans on soft terms.

(iii) **Lack of focus-** The failure is certain when too many items of products /services are taken up right at the beginning itself. In this context, it is suggested to focus on only one item of product/service to start with and, after gaining sufficient experience in the line, the other products/services shall be thought of.

(iv) **Lack of demand-** Entrepreneurs are suggested to gain an in-depth understanding of who their customers are and what they feel about their product/service. Similarly, they should look for new customers via word of mouth before jumping into creating expensive marketing plans. More importantly, it is necessary to establish a relationship with the customers.

(v) **Lack of leadership-** Having a good idea is far less important than knowing how to lead a brand, a company, and a team. Lack of vision and strong leadership is another common reason why startups fail. Here, it is suggested that entrepreneurs shall develop a fair understanding of leadership qualities through education and training. Also, at the initial stage, it is a good idea to find a mentor to help the entrepreneurs to develop leadership skills.

(vi) **Lack of agility-** One of the reasons is not being adaptive and agile in order to progress. Startups are advised to ensure agility within the organization by practicing continuous learning, having a fluid workforce, research and development and be willing to let their ideas to change.

(vii) **Lack of business model-** The startups should look for a foolproof business model carefully to sustain and profit.

(viii) **Lack of talent & competency-** Most times startups are cash strapped and cannot afford to hire experts. Therefore, the entrepreneurs are suggested to plan their hiring processes with utmost care, create alternative working methods such as work on a project basis model with expert professionals etc.

(ix) **Ignoring customers -** Quite often startup founders have too many things to handle and, in the process, customers may not even feature in their list of priorities. But, when startups are committed to being customer-centric, their decision-making becomes easy, their focus gets narrowed down and their popularity increases from a word of mouth.

## Conclusion:

Currently, startups are witnessing a golden chapter in the history of Indian entrepreneurship. In this respect, the Government acts as a catalyst and bring together the synergies of the private sector with the aim of innovating for India and the world. With hundreds of innovative youngsters choosing to pursue the path of entrepreneurship instead of joining the multinational corporations and government ventures, the business world has witnessed an explosion of ground-breaking startups providing solutions to the real problems at a mass level since 2016.

While startups experience ample business opportunities in the coming days, the Government's initiatives are praise worthy in providing all possible help in respect of non-financial aspects of promotion and development of startups, much needs to be done on the part of banks which meet just 36 per cent of credit needs. There seems to be some hesitancy on the part of banks due to their perception of high risk being associated with lending to startups. But, there are good many success stories due to liberal credit provided by banks.

Added to this, startups provide employment to youths mostly in smaller towns which is one of the priorities of the Government. In addition, credit guarantee cover is now raised up to Rs. 5 lakhs. Hence, it is suggested that banks have to create a pool of trained officers to finance startups and adopt professional approaches in credit appraisal, follow-up and recovery. Thus, realizing the growing importance of startups in the coming years, banks have to change their mindset and be liberal in providing timely and credit adequate credit to startups. Towards this end, .banks have a long way to go to be startups friendly.

## *References:*

Various Sources. ❑

# STAKEHOLDER CAPITALISM- NEW NORMAL

**"Stakeholder Capitalism"** is making headlines in economic and corporate world and the World Economic Forum has envisioned it to be the future of trade and investment. The concept which has transformed the purpose and goal of business and ensures that business serves society at large, gained momentum after Larry' Fink's (CEO Black Rock Investment) letter in 2018 to CEOs to make a positive contribution to society.

This concept propagates that usefulness of a business/ company should be measured in terms of well-being of all stakeholders. There is a growing social movement to rethink capitalism. The investors too are throwing their weight around the theory of stakeholder capitalism to drive long term value creation and sustainable growth by integrating ESG factors and regulations into their business strategies and assessment models to better manage & assess risks beyond "conventional" business & financial performance so that better capital allocation can be done.


*About the author*

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ESG stands for Environmental, Social & Governance practices being followed by an organisation. These three aspects are mandatorily considered when investment decisions are made under ESG investment concept. It is being increasingly realised that investment decisions based on ESG factors, in addition to financials, is advantageous for investors in the long term towards achieving sustain ability and value creation.

Further "Environmental, Social and Governance (ESG)" factors are attracting serious attention of all stakeholders i.e. governments, regulators, investors, lenders and corporates and this will transform not only investment and its management landscape, but it has potential to bring about attitudinal change in corporates towards business goals and objectives. This also ensures adoption of comprehensive risk management practices on the part of the corporates.


The traditional approach of investing considers only financial parameters and looks at financial risk reward balance. Responsible or sustainable investing (ESG) concept evaluates not only financial parameters but ESG parameters also to improve long term outcome as it considers ESG factors also as economic factors. ESG data is being increasingly used to identify material risks to have a full understanding while assessing the worthiness of a company for investment. ESG investing is based on the concept of sustainable investing i.e. investing in companies who vouch for ESG theme-wellbeing of the stakeholder.

Environmental empathy, Social responsibility and Ethical Governance are three pillars on which the concept of ESG investing rests. Environmental empathy is judged based on the approach used by a corporate towards clean energy, waste disposal, pollution prevention, water conservation and climate change. Gender equality, Labour welfare & rights, women empowerment, donations to social causes reduced inequality and ensuring product quality helps an organisation being socially responsible. A fair and transparent corporate governance which is based on efficient and strong internal control, ethical practices and a strong management culture ensures that the company will fulfil its environmental and social responsibilities.

### *The growth of ESG investing can be attributed to three factors:*

1. The face of planet is changing. Climate change, natural calamities, environmental imbalance, rising economic and social inequality have far-reaching impact on the world.
2. The profile of the investors is changing. Millennial investors have inherited huge amount of money and therefore are wealthy. They prefer responsible investment as investment for them is to express their values.
3. Improved data gathering techniques have made available more granular data on the performance and activities of the companies which can be harvested to assess the ESG commitment of the companies.

Covid19 has made ESG investing more relevant and important both for the businesses and investors with growing realisation that business must be in harmony with the environment and society to achieve increased resilience against disruptions. The "green swan risks' are potentially more serious than systemic risk as they pose a threat to the existence of not only economy but humanity too. Extreme weather conditions will pose threat to infrastructure and worsen credit, operation, and liquidity risks. The current asset prices are not discounting/reflecting the possible impact of climate risk.

The central banks are aware of these macro financial risks and formed "The Network for Greening the Financial System (NGFS)" in 2017 to develop and propagate research on climate related risks which can be used to align their monetary and other policies to green financing. RBI also became a member of the NGFS in April 2021 and in its Financial stability Report (FSR) 2021, climate risk has been identified as a major risk to financial stability. Business Responsibility and Sustainability Reporting (BRSR, May 2021), the new reporting requirement of SEBI which is

applicable to top 1000 listed companies clearly indicates the preference of regulators towards ESG.

The growth of the ESG market is based on cumulative research findings that adherence to ESG standards does not damage the profitability of investments rather it brings positive results for both the investors and corporates. A company/organisation with fair and transparent ethical governance engenders government support and attracts least regulatory intervention. Better compliance risk management reduces the probability of undesired events like litigation, fraud, and other high intensity risk events. The possibility of regulatory sanctions, punitive action by government on account of environmental issues and taxation gets reduced as the companies will behave more responsibly and is aware of the impact of their ESG negative actions. Higher employee satisfaction improves productivity and lowers attrition rate. Sensitivity to climate change, societal issues and governance culture ensures company's future earnings and growth, and sustainability creates better wealth for the investors.

Through several studies, it has been established that ESG practices have resulted into better operational efficiency, better stock performance and reduced cost of capital. ESG companies carry higher valuation due to increased trust level of investors and are preferred due to low volatility and lower betas. The Nifty 100 ESG Index has shown a better performance than the Nifty 100, its parent index.

ESG investing concept is catching fast. ESG funds have become popular around the world and growing globally. An estimate by Bloomberg suggests ESG investing to grow @15% and may touch $ 53 trillion by 2025 representing more than one third of the projected $140.5 trillion under AUM. Every day a new ESG fund is being launched. ESG funds in India received an inflow of Rs 3686 crores in 2020-21. ESG investing is being promoted by governments and international organizations through developing various mechanisms, taxonomies to identify investments as conforming to ESG principles, and policies to incentivize ESG-conforming securities.

The concept of ESG investing in India is at a nascent stage but growing fast and is more relevant for India where massive new infrastructure investment is taking place amid

growing concerns for environmental sustainability. India has around 17% of world's population but only 2.4% of the world land creating pressure on environment. 11 Indian cities figure in the top 12 polluted cities of the world. India is in the list of top 10 most vulnerable countries to climate risk released by German watch a Bonn based think-tank. (Global Climate Risk Index 2020). Gender discrimination is still visible, and poverty along with illiteracy is affecting India adversely. Income inequality is a major concern.

However, India has strong potential to attract huge capital investment from all over the world, which can be realised only if our corporates have strong governance framework as overseas investors prefer fair, transparent, and responsible governance. During the last two decades, India has witnessed several corporate frauds which has raised concerns in the minds of overseas investors towards the quality of corporate governance in India. Indian companies have started realising the importance of ESG concept and awareness is increasing in shareholders and rising millennial population of the country who are the potential investors.

Indian regulators are also in action to ensure better ESG standards in Indian companies as India as a country is exposed to environmental and social issues. Indian rating agencies have also started evaluating Indian companies by assigning ESG scores. Recently CRISIL Ltd. has published the ESG scores of 225 companies in India.

Though investors and investment professionals are increasingly showing their interest in assessing the impact of ESG on investment and its contents are finding larger place in the investment decision making curriculum, yet the ESG metrics or factors are still evolving. The relevant ESG parameters are contribution of the company to society and environment, protection of human capital, policies and practices towards workforce. Other inputs considered are resilience, biodiversity, occupational health, and safety standards. United Nations released a set of guidelines known as "Principles of Responsible Investments" in 2006 which propagates incorporation of ESG factors into business policy and procedures.

Several institutions/agencies like Sustainability Accounting Standards Board (SASB), Global Reporting Initiatives (GRI), Task Force on Climate Related Financial Disclosure (TCFD), International Sustainability Standard Board (ISSB) etc. are working to identify the common parameters and their materiality to ESG. The G7 countries have taken a step ahead by supporting the call for making climate related financial risks disclosures compulsory in line with the THFD and ISSB. The effort is being made to make the quality of ESG reporting comparable to that of financial reporting.

The World Economic Forum (WEF), in September 2020, has issued "Stakeholder Capitalism metrics" which stands on four pillars and contains 21 core metrics. The four pillars are

1. Principle of Governance
2. Planet
3. People
4. Prosperity

Majority of the top 250 companies of the world are reporting their ESG performance as per different standards and reporting frameworks but these WEF metrics are clear and concise, built on current standards and frameworks, provide consistency and comparability and can be a guiding tool to achieve "Sustainable Development Goals (SDG)" of the UN launched in 2015. They focus on activities of the company and are to be included in mainstream annual reports.

Stakeholder Capitalism, which is based on sustainability, wellbeing of all stakeholders, clean investing, and green investing, is going to be the future and new normal. It does not reject the traditional concept, rather it supplements it with additional considerations while assessing any company/ business. Though ESG puts equal emphasis on environmental, social, governance and financial issues but the possibility of one overshadowing the other remains a valid concern.

Therefore, all four individually and their aggregation both are important. Again, it is not necessary for a company to assign equal priority to all ESG factors as priorities will be decided by the prevailing circumstances and materiality of ESG factors to the company but a transition towards more ESG driven activities to build organisational adaptive capacities and resilience is required.

Converging to a common set of metrics for assessment and reporting remains a challenge. A set of common and standardised ESG Key Performance Indicators needs to be identified which can be used across the organisation for a more holistic approach to valuing the success or otherwise of the business. ❑

## IDFC Mutual Fund launches IDFC Mid Cap Fund

IDFC Mutual Fund has launched IDFC Midcap Fund, an open-ended equity scheme investing predominantly in equities and equity-linked securities in the midcap segment.

According to the release, the key differentiator of IDFC Midcap Fund is that it will follow a 5 Filter Framework for the selection of stocks, helping build a high- quality, growth-orientated portfolio. This investment framework selects companies based on five fundamental parameters including Governance/Sustainability, Capital Efficiency, Competitive Edge, Scalability, and Acceptable Risk/Reward.

Governance/Sustainability involves selecting companies based on factors such as strong governance, capital allocation track record, and a sustainable business model, enabling the fund manager to take a long-term view of the business. Capital Efficiency provides a structural opportunity for a business to earn an optimal return on the invested capital, which is key to creating value for shareholders. Companies with a Competitive Edge in the industry could develop a strong franchise network, resulting in a value proposition for customers through cost/product differentiation.

# Forthcoming Events

## Media Partner: Banking Finance

### Global Fintech Fest

**19-22 September 2022, Jio World Trade Centre, Mumbai**

Fintech Convergence Council (FCC), Payment Council of India (PCI) and National Payments Corporation of India (NPCI) are organising the third edition of the Global Fintech Fest (GFF2022), September 19 - 22, 2022. The theme for GFF2022, a four-day-long hybrid event, is 'Creating A Sustainable Financial World - Global | Inclusive | Green'.

https://globalfintechfest.com/

### 2nd Annual Islamic FinTech Leaders Forum

**21-22 Sep 2022, Pavilion Hotel Kuala Lumpur | Hybrid**

The Islamic finance sector is currently growing at a rate of 15% to 25% per year with Islamic financial institutions managing assets worth over US$2.2 trillion globally. According to global data provider Refnitiv, the Islamic finance industry is projected to reach US$4.94 trillion in 2025.

Now in it's 2nd year Islamic FinTech Leaders returns in-person. Over 2 days you can meet the global leaders from Islamic banks, regulators, venture capitalists, accelerators, startup entrepreneurs and sharia scholars who are driving the global Islamic Financial technology industry forward.

https://emnesevents.com/islamic-fintech-leaders-summit-2022/

### 24th Edition CFO LEADERSHIP SUMMIT

**22nd September 2022, India**

The conference will focus on topics such as, Changing Roles of CFO: How is technology transforming the role of a CFO, The Future of Automation in Finance and ESG - CFO, the Driver of Sustainability.

https://cfoleadershipsummit.com/india/

### International Business Magazine Annual Awards

**October 29, 2022, DUBAI**

International Business Magazine Awards is established with the prime objective of admiring the best in class achievements pertaining to budding Industrial talent, global leaders, Corporates, etc across varied spheres related with the International Business and Finance arena

http://www.intlbm.com/

### 10th Annual CX Asia Week2022

**November 21 - 24, 2022 |Sands Expo and Convention Centre, Singapore**

The 10th CX Asia Week remains Asia's leading platform bringing the region's CX leaders together to debate new, innovative and transformative strategies for both customers and businesses alike. Join us as we celebrate success of best practices, learn from real-life lessons and build strategies together to reach the new, gold standard of CX.

https://www.cxnetwork.com/events-customerexperienceasia

## Foreign currency deposit rates hiked

India's top banks including SBI, ICICI Bank, and IDFC First Bank have raised interest rates on foreign currency non-resident deposits. This in response to the Reserve Bank's relaxation recently to shore up forex inflows. he country's largest private sector lender HDFC Bank has also revised the rates on foreign currency (non-resident) deposits. However, it has clarified that the revision is not in response to the latest RBI move and it will take a call on revising the rates further going forward. The largest public sector lender State Bank of India (SBI) has revised the foreign currency non-resident deposits (FCNR) rates on US dollar in the range of 2.85-3.25 per cent per annum on various tenure US dollar deposits with effect from July 10, 2022. SBI has hiked the rate on one-year tenure FCNR USD deposits to 2.85 from 1.80 per cent earlier. For deposits of 3-4 years and 5 years, it has been hiked to 3.10 per cent and 3.25 per cent, respectively. The previous rates were 2.30 per cent and 2.45 per cent.

# BFSI leaders in India are gathering to discuss the roadmap for the future of the BFSI sector in the country

Officially supported by NITI Aayog, the 10th edition of Big BFSI Future Tech Show & Awards is convening top-tier CXOs in India;to exchange information and effective techniques as they prepare for the next phase of tech-powered growth in India. Big BFSI Show and Awards is set to take place on 27 July 2022 at the TajLands End in Mumbai.


Saturday, July 30, 2022: Big BFSI Future Tech Show and Awards is hosting technology leaders from across India to meet, network, learn, and engage with some of the world's most renowned technology thought-leaders, subject matter experts, and technology innovators in a constructive, open-dialogue environment - to find solutions to issues impeding their operations and services.

The show will feature interactive sessions, insightful tech talks, panel discussions and, engaging networking opportunities, providing a hands-on learning experience to the technology stakeholders converging from the Indian BFSI & NBFC space. Top tech leaders and key decision-makers will engage in dialogues on redefining the future of banking and discuss varied topics such as:

- The Rise of Challenger Banks in India
- The Future of Money
- Transactions and the Decline of Cash
- Data-driven CX for higher RoI
- Chatbots as 'Financial Concierge'
- A transition towards Green Banking and much more.

The show will feature a ground-breaking collaboration of experts such as

- Dr. Amitabh Ranjan, Chairman, Reserve Bank of India
- Anila Rao, VP - APAC, Haptik
- Sumeet Puri, Chief Technology Solutions Officer, Solace Corporation
- Chandan Gupta, Vertical Head - Data Center Services, Web Werks - Iron Mountain India DCs
- Harshwardhan Mittal, CTO, Yubi (Formerly CredAvenue)
- Somayajula Shekhar Rao, Head Sales - Strategic Accounts - EFLV India, Tata Communications Limited
- Srinivasa Raghavan, Director, Product Management, Site24X7
- Mohan Bhat, MD &Co-founder, Accops
- Mahesh Ramamoorthy, CIO, Yes Bank
- Amit Saxena, CTO, RBI, Innovation Hub
- Prashant Thakkar, COOT, LIC Mutual Fund Asset Management Ltd (LICMF)
- NandkishorePurohit, Chief Digital and Technology Officer-IIFL Securities
- PinakChakraborthy, CIO, Airtel Payment Bank
- Karthikeyan Krishnaswamy, Co-founder and CTO, KreditBee
- Navaneethan M, SVP- CISO & Head-it, Groww
- Naseem Halder, CISO, Acko
- Dheepak Rajoo, SVP, Digital Banking Technology, PMO, HR Technology, IT Governance RBL Bank

- PrasannaLohar, Chief Innovation Officer, DCB Bank, to name a few...

The show will featureBig BFSI Awards, an awards ceremony to honourthe top 100 Leaders in India for their technology leadership, strategic influence, and significant contribution towards delivering excellence and innovation in the BFSI domain.

The winners will be announced at the Big BFSI Future Tech Show & Awards on 27 July 2022, taking place at TajLands End in Mumbai, India.

The event will also host an exciting contest wherein 10 lucky winners will be awarded with gift hampers.The show will conclude with a networking cocktailfor the attendees.

While speaking about the event, CEO of Trescon, Mithun Shetty stated "After 9 successful editions, we are excited to bring yet another Big BFSI Show and Awards which is bringing together pre-qualified leaders, marketers, and experts under one roof to provide the attendees with actionable insights for their business strategy through a mix of informative sessions, keynotes, case studies, fireside chats, one-on-one sessions, and panel discussions." He further added, "The show will revolutionize the future of banking, innovation and technology, and everything willbe in one distinct landscape where trust is the only thing you have to sell in banking and finance."

### Partners at Big BFSI Future Tech Show & Awards include:

**Supported By -** NITI Aayog

**Gold partners -** Web Works and Iron Mountain, Haptik Technologies Limited, Solace

**Award Partner -** Yubi

**Silver partners -** Denodo, Accops, Tata Tele Business Services (TTBS) and Site 24X7

**Bronze partners -** NeoSOFT Technologies, Dista, Manage Engineand Kaleyra

To claim your complimentary passes to the event please visit theofficial event website.

### About Big BFSI Future Tech Show

Big BFSI Future Tech Show & Awards is a thought-leadership-driven, business-focused effort that offers a platform for tech professionals who wish to investigate and use cutting-edge future technology within their company.

### About Trescon

Trescon is a global business events and consulting firm that provide a wide range of business services to a diversified client base that includes corporations, governments and individuals. Trescon is specialized in producing highly focused B2B events that connect businesses with opportunities through conferences, roadshows, expos, demand generation, investor connect and consulting services.

### For further details about the announcement, please contact:

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## No more mandatory GST registration for small online sellers, but with riders

Goods and Services Tax (GST) Council has cleared the proposal to waive mandatory registration of such online vendors if their turnover is lower than Rs 40 lakh and Rs 20 lakh for goods and services, respectively. This is likely to come into effect from January 1. While this move will bring parity between online and offline sellers, it is subject to certain conditions, Finance Ministry officials said.

In addition to the waiver, the GST Council also permitted composition dealers - those with a turnover of up to Rs 1.5 crore who pay GST at flat rates with input tax credit (ITC) - to make intrastate supplies through e-commerce companies. These small online vendors will have to declare their Permanent Account Number (PAN), and principal place of business. Further, unregistered entities will also be restricted to declare their principal place of business only in one state, and will not be permitted to make interstate taxable supplies.

"The challenge for us in online service, a seller can sell through multiple e-commerce operators - Flipkart, Amazon, etc. We want one identity of that seller in the virtual world. So we will take the PAN number, do a KYC...we'll aggregate and find out that their turnover doesn't exceed the threshold," a government official said.

# RBI CIRCULAR


## Board approved Loan Policy – Management of Advances - UCBs

***RBI/2022-23/93***

*July 26, 2022*

1. Please refer to para 1 of the Master Circular DOR.CRE.REC.No.17/13.05.000/2022-23 dated April 8, 2022 on Management of Advances – UCBs in terms of which, UCBs are required to lay down, with the approval of their boards, transparent policies and guidelines for credit dispensation, in respect of each broad category of economic activity, keeping in view the credit exposure norms and various other guidelines issued by Reserve Bank from time to time.
2. It has been observed in several UCBs that these policies not only lack comprehensive coverage, but also do not require a periodic review. In order to ensure that the loan policy reflects approved internal risk appetite and remains in alignment with the extant regulations, it is advised that the loan policy of the bank shall be reviewed by the Board at least once in a financial year.
3. The above instructions will come into effect immediately.

***(Manoranjan Mishra)***
Chief General Manager

## International Trade Settlement in Indian Rupees (INR)

***RBI/2022-2023/90***

*July 11, 2022*

1. In order to promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, it has been decided to put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in INR. Before putting in place this mechanism, AD banks shall require prior approval from the Foreign Exchange Department of Reserve Bank of India, Central Office at Mumbai.
2. The broad framework for cross border trade transactions in INR under Foreign Exchange Management Act, 1999 (FEMA) is as delineated below:
   a) Invoicing: All exports and imports under this arrangement may be denominated and invoiced in Rupee (INR).
   b) Exchange Rate: Exchange rate between the currencies of the two trading partner countries may be market determined.
   c) Settlement: The settlement of trade transactions under this arrangement shall take place in INR in accordance with the procedure laid down in Para 3 of this circular.
3. In terms of Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016, AD banks in India have been permitted to open Rupee Vostro Accounts. Accordingly, for settlement of trade transactions with any country, AD bank in India may open Special Rupee Vostro Accounts of correspondent bank/s of the partner trading country. In order to allow settlement of international trade transactions through this arrangement, it has been decided that:
   a) Indian importers undertaking imports through this mechanism shall make payment in INR which shall

be credited into the Special Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller /supplier.

b) Indian exporters, undertaking exports of goods and services through this mechanism, shall be paid the export proceeds in INR from the balances in the designated Special Vostro account of the correspondent bank of the partner country.

4. Documentation: The export / import undertaken and settled in this manner shall be subject to usual documentation and reporting requirements. Letter of Credit (LC) and other trade related documentation may be decided mutually between banks of the partner trading countries under the overall framework of Uniform Customs and Practice for Documentary Credits (UCPDC) and incoterms. Exchange of messages in safe, secure, and efficient way may be agreed mutually between the banks of partner countries.

5. Advance against exports: Indian exporters may receive advance payment against exports from overseas importers in Indian rupees through the above Rupee Payment Mechanism. Before allowing any such receipt of advance payment against exports, Indian Banks shall ensure that available funds in these accounts are first used towards payment obligations arising out of already executed export orders / export payments in the pipeline. The said permission would be in accordance with the conditions mentioned in para-C.2 on Receipt of advance against exports under Master Direction on Export of Goods and Services 2016 (as amended from time to time). In order to ensure that the advance is released only as per the instructions of the overseas importer, the Indian bank maintaining the Special Vostro account of its correspondent bank shall, apart from usual due diligence measures, verify the claim of the exporter with the advice received from the correspondent bank before releasing the advance.

6. Setting-off of export receivables: 'Set-off' of export receivables against import payables in respect of the same overseas buyer and supplier with facility to make/ receive payment of the balance of export receivables/ import payables, if any, through the Rupee Payment Mechanism may be allowed, subject to the conditions mentioned in para C.26 on Set-off of export receivables against import payables under Master Direction on Export of Goods and Services 2016 (as amended from time to time).

7. Bank Guarantee: Issue of Bank Guarantee for trade transactions, undertaken through this arrangement, is permitted subject to adherence to provisions of FEMA Notification No. 8, as amended from time to time and the provisions of Master Direction on Guarantees & Co-acceptances.

8. Use of Surplus Balance: The Rupee surplus balance held may be used for permissible capital and current account transactions in accordance with mutual agreement. The balance in Special Vostro Accounts can be used for:
   a) Payments for projects and investments.
   b) Export/Import advance flow management
   c) Investment in Government Treasury Bills, Government securities, etc. in terms of extant guidelines and prescribed limits, subject to FEMA and similar statutory provision.

9. Reporting Requirements: Reporting of cross- border transactions need to be done in terms of the extant guidelines under FEMA 1999.

10. Approval Process: The bank of a partner country may approach an AD bank in India for opening of Special INR VOSTRO account. The AD bank will seek approval from the Reserve Bank with details of the arrangement. AD bank maintaining the special Vostro Account shall ensure that the correspondent bank is not from a country or jurisdiction in the updated FATF Public Statement on High Risk & Non Co-operative Jurisdictions on which FATF has called for counter measures.

11. The above instructions shall come into force with immediate effect. AD banks may bring the contents of this Circular to the notice of their constituents and customers concerned.

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

***(Vivek Srivastava)***
Chief General Manager

# DIRECT INSTITUTIONAL CREDIT FOR AGRICULTURE AND ALLIED ACTIVITIES - TOTAL (Short-term and Long-term)

*(Rs. Crores)*

| Year | Loans Issued | | | | | Loans Outstanding | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Co-operatives | State Govern-ments | SCBs | RRBs | Total (2 to 5) | Co-operatives | SCBs | RRBs | Total (7 to 9) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1991-92 | 5797 | 339 | 4806 | 596 | 11538 | 12176 | 16981 | 1984 | 31142 |
| 1992-93 | 6484 | 389 | 4960 | 698 | 12530 | 13769 | 18288 | 2206 | 34263 |
| 1993-94 | 8484 | 377 | 5400 | 752 | 15013 | 15316 | 19113 | 2560 | 36988 |
| 1994-95 | 9876 | 407 | 7408 | 1083 | 18773 | 16810 | 20920 | 3009 | 40738 |
| 1995-96 | 12483 | 554 | 9274 | 1381 | 23692 | 19126 | 23427 | 3467 | 46020 |
| 1996-97 | 13254 | 668 | 10675 | 1748 | 26345 | 20556 | 26327 | 4038 | 50921 |
| 1997-98 | 14159 | 858 | 11537 | 2103 | 28656 | 21390 | 28445 | 4683 | 54518 |
| 1998-99 | 15099 | 420 | 14663 | 2515 | 32697 | 22199 | 29819 | 5389 | 57408 |
| 1999-00 | 25678 | 520 | 16350 | 2985 | 45534 | 41950 | 33442 | 5991 | 81383 |
| 2000-01 | 27295 | 487 | 16440 | 3966 | 48187 | 46135 | 38270 | 7249 | 91654 |
| 2001-02 | 30569 | 443 | 18638 | 4546 | 54195 | 52110 | 45106 | 8286 | 105502 |
| 2002-03 | 34040 | --- | 25256 | 5879 | 65175 | 59064 | 53804 | 10261 | 123129 |
| 2003-04 | 40049 | --- | 36203 | 7175 | 83427 | 71403 | 68103 | 11721 | 151228 |
| 2004-05 | 45009 | --- | 48367 | 11927 | 105303 | 78822 | 95519 | 16709 | 191050 |
| 2005-06 | 48123 | --- | 80599 | 15300 | 144021 | 82327 | 135603 | 21510 | 239439 |
| 2006-07 | 54019 | --- | 115266 | 20228 | 189513 | 89443 | 169018 | 27452 | 285913 |
| 2007-08 | 57643 | --- | 113472 | 23838 | 194953 | 65666 | 202796 | 33216 | 301678 |
| 2008-09 | 58787 | --- | 160690 | 26499 | 245976 | 64045 | 256119 | 37367 | 357531 |
| 2009-10 | 63497 | --- | 188253 | 34640 | 286390 | 59791 | 315436 | 46282 | 421509 |
| 2010-11 | 78121 | --- | 222792 | 43965 | 344878 | 76674 | 357584 | 55067 | 489325 |
| 2011-12 | 87963 | --- | 312877 | 54450 | 455290 | 92458 | 443298 | 70385 | 606140 |
| 2012-13 | 111203 | --- | 484499 | 63681 | 659383 | 119775 | 522478 | 79500 | 721752 |
| 2013-14 | 119964 | --- | --- | 82653 | --- | 135245 | 503532 | 98207 | 736984 |
| 2014-15 | 138470 | --- | --- | 102483 | --- | 154287 | 683969 | 112604 | 950860 |
| 2015-16 | 153294 | --- | --- | 119261 | --- | 156121 | 814841 | 133401 | 1104363 |
| 2016-17 | 142758 | --- | --- | 123216 | --- | 226698 | 668109 | 153416 | 1048223 |
| 2017-18 | 150321 | --- | --- | 141216 | --- | 184396 | 924084 | 171301 | 1279781 |
| 2018-19 | 152340 | --- | --- | 149667 | --- | 178820 | 995114 | 197432 | 44579 |
| 2019-20 | 149694 | --- | --- | 162857 | --- | 151176 | --- | 508985 | --- |

***SCBs :*** Scheduled Commercial Banks. ***RRBs :*** Regional Rural Banks.

***Notes :*** 1. Data for 2019-20 are provisional

2. Data up to 1990-91 pertain to the period July-June and April-March thereafter. In case of SCBs, data for all the years pertain to July-June period.
3. RRBs came into existence in 1975-76.
4. The data since 1999-2000 are strictly not comparable with the earlier years as it covers not only PACS but also SCARDBs and PCARDBs, while the earlier period covers PACS only.

Also see Notes on Tables.

***Sources :*** 1. Reserve Bank of India. 2. National Bank for Agriculture and Rural Development.

# SCHEDULED COMMERCIAL BANKS' ADVANCES TO AGRICULTURE - OUTSTANDING

*(Rs. Billion)*

| Year | Indirect Finance | | | | | | |
|---|---|---|---|---|---|---|---|
| (end-March) Direct Finance Inputs | Total of Fertilisers and other LAMPS | Distribution Electricity Boards PACS/FSS/ | Loans to Farmers through | Loans to of Indirect Finance (3+4+5+6) | Other type Indirect Finance (2+7) | Total & Indirect Finance | Total Direct |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1991-92 | 17397 | 241 | 655 | 177 | 360 | 1433 | 18830 |
| 1992-93 | 18949 | 268 | 708 | 183 | 392 | 1552 | 20501 |
| 1993-94 | 19465 | 364 | 896 | 205 | 635 | 2099 | 21564 |
| 1994-95 | 21334 | 536 | 1165 | 224 | 940 | 2865 | 24199 |
| 1995-96 | 23814 | 756 | 1058 | 285 | 1575 | 3674 | 27488 |
| 1996-97 | 27448 | 968 | 1233 | 285 | 2500 | 4986 | 32434 |
| 1997-98 | 29443 | 1200 | 1417 | 363 | 3355 | 6335 | 35778 |
| 1998-99 | 33094 | 1491 | 1627 | 407 | 4592 | 8117 | 41211 |
| 1999-00 | 36466 | 1675 | 1723 | 449 | 9121 | 12968 | 49434 |
| 2000-01 | 40485 | 2304 | 1697 | 377 | 14447 | 18825 | 59310 |
| 2001-02 | 46581 | 3303 | 1841 | 928 | 12166 | 18238 | 64819 |
| 2002-03 | 56857 | 3241 | 2966 | 949 | 16534 | 23690 | 80547 |
| 2003-04 | 70781 | 4118 | 3533 | 723 | 20146 | 28520 | 99301 |
| 2004-05 | 95565 | 5134 | 4174 | 861 | 25902 | 36071 | 131636 |
| 2005-06 | 134798 | 6440 | 6464 | 769 | 43501 | 57175 | 191973 |
| 2006-07 | 172128 | 8516 | 11319 | 1360 | 61369 | 82564 | 254692 |
| 2007-08 | 214644 | --- | --- | 1542 | 91901 | 93443 | 308087 |
| 2008-09 | 264893 | --- | --- | 599 | 110103 | 110702 | 375595 |
| 2009-10 | 317767 | --- | --- | 1294 | 78504 | 145554 | 463321 |
| 2010-11 | 360253 | --- | --- | 880 | 62159 | 146923 | 507176 |
| 2011-12 | 440758 | --- | --- | 797 | 63771 | 142585 | 583343 |
| 2012-13 | 534331 | --- | --- | --- | --- | 111102 | 645433 |
| 2013-14 | --- | --- | --- | --- | --- | --- | 892067 |
| 2014-15 | --- | --- | --- | --- | --- | --- | 970575 |
| 2015-16 | --- | --- | --- | --- | --- | --- | 1173098 |
| 2016-17 | --- | --- | --- | --- | --- | --- | 1265250 |
| 2017-18 | --- | --- | --- | --- | --- | --- | 1369456 |
| 2018-19 | --- | --- | --- | --- | --- | --- | 1580568 |
| 2019-20 | --- | --- | --- | --- | --- | --- | 160375 |

PACS : Primary Agricultural Credit Societies, FSS : Farmers' Service Societies

LAMPS : Large-sized Adivasi Multipurpose Societies

Notes : On account of revised guidelines on PSA lending w.e.f. September 2007 and revised reporting system w.e.f. April 1, 2013 break- up of indirect finances is not available.

Also see Notes on Tables.

Source : Reserve Bank of India.

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