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In this issue

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From The Desk Of
Editor-in-Chief

In a world characterized by rapid change and evolving challenges, the banking and finance sector plays a critical role in fostering economic stability and growth. As we reflect on the current landscape, it is evident that both global and domestic factors have led to heightened uncertainty.

Reserve Bank of India has recently finalized norms for banks to hold capital specifically for operational risks. This significant step reinforces the need for robust risk management frameworks in banking institutions. By requiring banks to maintain adequate capital buffers to address operational risks, the RBI is enhancing the resilience of the banking sector. This move reflects the regulator's commitment to safeguarding the financial system and ensuring its long-term stability.

Furthermore, it is imperative to acknowledge the fragility within the global banking system, which has led to increased uncertainties in the global economy. As economies interconnect and face various challenges, the importance of strong and resilient banking institutions cannot be overstated. The recent disruptions, both economic and geopolitical, have highlighted the need for prudent risk management practices, stringent regulations, and effective supervision. By maintaining a steadfast focus on risk mitigation, transparency, and liquidity management, banking institutions can bolster their resilience and contribute to a more stable global financial landscape.

Amidst these global uncertainties, it is heartening to note that the Indian economy has exhibited resilience. Despite the volatility and headwinds in the global arena, India has remained steadfast and demonstrated its ability to withstand external pressures. The Indian government's proactive measures, such as reforms in the financial sector, infrastructure development, and initiatives to promote ease of doing business, have created a favourable environment for growth. Additionally, the resilience of domestic banks and financial institutions, coupled with the regulatory measures undertaken by the RBI, has contributed to maintaining stability and confidence in the Indian financial system.

As we move forward, it is crucial to maintain a proactive approach to address the challenges and uncertainties that lie ahead. The banking and finance sector must continue to innovate, adapt, and embrace technological advancements to enhance efficiency and customer experience. Simultaneously, regulators and policymakers should remain vigilant, fostering an environment that encourages responsible banking practices, risk management, and regulatory compliance.

Our journal remains committed to delivering knowledge, analysis, and insights that empower you to make informed decisions.

Contents

News

Features

Articles

Banking News

SIDBI ties up with RV varsity for entrepreneurship course

SIDBI and RV University (RVU) signed a Memorandum of Understanding (MoU) on May 16th, 2023, to help promote innovation and entrepreneurship in India. Under the MoU, SIDBI will launch a curated 6-month program aimed at nurturing successful entrepreneurs.

For achieving this, the proposed cohort shall be selected from a broad canvas of aspirants through Psychometric tests, aptitude tests etc. SIDBI will also provide financial support based on specific proposals submitted by RVU or its Centre for Innovation and Entrepreneurship Development and facilitate credit connect and mentorship for launching enterprises.

Speaking on the MoU with RV University, the Chairman and Managing Director of SIDBI, S. Ramann said, "SIDBI's aim is to promote entrepreneurship. This collaboration between SIDBI and RV University is about the University setting up the curriculum, bringing in an environment where students can gain the benefits of an entrepreneurship study. There will be a lot of learning which is very practical - in terms of knowing about law, accounting, marketing, skills that go alongside technical skills that one might have. This is a start to bringing in a new way of entrepreneurship education within the otherwise well-known structure of education amongst the graduates."

SBI card ties up with Paytm for RuPay card

Paytm has partnered with SBI Card and the NPCI's RuPay to launch Paytm SBI Card, which can be used to make QR payments on the UPI network.

Speaking at the launch, Paytm founder & CEO Vijay Shekhar Sharma said that the RuPay credit card on UPI solves for distribution as merchants can accept credit card payments using the QR code. This increases the acceptance points to five crores across the country from around 50 lakh.

"Credit card on UPI will help people overcome the mental block over using it for low-value payments," said Sharma. He added that merchants would have complete flexibility to switch off or on acceptance for transactions over Rs 2,000. Transactions below Rs 2,000 are free of any merchant fees for small merchants.

PNB Q4 profit jumps over 5 times

Punjab National Bank (PNB), reported an over 474 per cent rise in its standalone net profit in the quarter that ended on March 31 to Rs 1,158.61 crore as compared to Rs 201.57 crore in the same period last year.

During the quarter, the bank's total income increased to Rs 27,269 crore from Rs 21,095 crore a year ago, PNB said in a regulatory filing.

Interest income grew to Rs 23,849 crore during the period under review against Rs 18,645 crore in the year-ago period.

Its gross non-performing assets (GNPAs) fell to 8.74 per cent during the quarter from 11.78 per cent in Q4FY22.

The net NPAs fell to 2.72 per cent from 4.8 per cent during the period.

The fall in the bad loans ratio helped cut the provisions towards NPAs for Q4FY23 to Rs 3,625 crore compared to Rs 4,564 crore a year ago.

Finfluencer settles with SEBI

Financial influencer (Finfluencer) PR Sundar, his company Mansun Consulting and co-promoter of the company Mangayarkarasi Sundar have settled the case regarding violation of regulations of the Securities and Exchange Board of India by providing investment advisory services without the requisite Sebi registration.

In the settlement order issued by the Sebi, the three have agreed to refrain from buying, selling or otherwise dealing in securities for one year from the passing of the settlement order, pay a settlement amount and disgorge more than Rs 6 crore, including profit earned from advisory services and interest on the profit.

According to the order, the settlement amount of Rs 15.60 lakh will have to be paid by each of the three entities, totaling to Rs 46.80 lakh. They will have to shell out the disgorgement amount of Rs 6,07,69,863, including interest of 12 percent per annum from June 1, 2020 till the date of submission of the revised settlement terms (RST), which was reached in February 2023.

E-rupee worth Rs. 5.70 crore in circulation

After the launch of the central bank digital currency (CBDC), or e-rupee, on December 1, 2022, the value of retail digital rupee in circulation amounted to just Rs 5.70 crore involving 17.1 lakh pieces of notes (digital) as on March 31, 2023, the Reserve Bank said.

When compared to this, the currency with public (physical notes) was Rs 33.66 lakh crore as on May 5, 2023, indicating that digital rupee is yet to make any impact in the country.

There were around 0.50 lakh Rs 500 digital rupee pieces in circulation worth Rs 2.71 crore, the RBI said in its Annual Report. There were 0.60 lakh Rs 200 digital notes valued at Rs 1.16 crore and 0.80 lakh Rs 100 digital notes worth Rs 83 lakh in circulation, the central bank said. Rs 500 digital rupee accounts for 47.5 per cent of the total e-rupee in circulation, the RBI said in its Annual Report.

The RBI has also launched the digital versions of 50 paise (Rs 0.50), Re 1, Rs 2, Rs 5, Rs 10, Rs 20 and Rs 50 in a closed user group. It has even launched 2.7 lakh pieces of 50 paise digital rupee valued at Rs one lakh.

On the other hand, the total value of wholesale digital rupee - used in the securities transactions - is just Rs 10.69 crore, showing that it has failed to make any impact in the segment.

New MD for Karnataka Bank

Karnataka Bank announced Srikrishnan Harihara Sarma as its new Managing Director & CEO for a period of three years. The appointment follows M.S. Mahabaleshwara retiring after two terms of three years as MD & CEO.

A release from the bank here said the appointment is subject to approval by shareholders at the ensuing annual general meeting or within three months from the date of assuming charge, whichever is earlier, as per SEBI regulations.

Wilful defaulters may get loans after 5 years of settlement

Banks will be allowed to extend loans to wilful borrowers and defaulters after five years of a compromise settlement and debt restructuring will be allowed only if there is change in promoters, sources aware of the development said.

On June 8, the Reserve Bank of India (RBI) had issued a circular on compromise settlement with borrowers, including wilful defaulters and fraud accounts. The regulator mandated a board approved policy for compromise settlements, and proposals for compromise settlements in respect of debtors classified as fraud or wilful defaulters would require approval of the board in all cases.

Ex-RBI deputygovernor named Axis chairman

The Axis Bank board, at its meeting held, appointed independent director N S Vishwanathan as the non-executive (part-time) chairman for three years, subject to shareholder and regulatory approval.

His appointment will be effective from October 27, or the date of approval by the RBI if received after that day. Vishwanathan had joined the RBI in 1981 and retired in March 2020 as the deputy governor. He also served as the director of supervision at the Bank of Mauritius and as the chief vigilance officer and head of internal audit at the Industrial Financial Corporation of India.

ADB, India sign Rs. 130 million loan

Government of India and the Asian Development Bank (ADB) have signed a USD 130 million loan agreement to increase agricultural productivity, improve access to irrigation and promote horticulture agribusinesses to raise farmers' income in Himachal Pradesh, a release said.

The project interventions will help increase the income and resilience to the effects of climate change of at least 15,000 farm households across seven districts of the state namely Bilaspur, Hamirpur, Kangra, Mandi, Sirmour, Solan, and Una, the release said.

These households have stopped farming or have reduced their farming areas because of a lack of irrigation facilities and crop damage by wild and stray animals, it said.

The project will improve on-farm irrigation and water management in about 6,000 hectares of farmland by rehabilitating or building new irrigation schemes and strengthening the capacity of WUAs for micro-irrigation management through joint efforts from the state's Jal Shakti Vibhag (Water Resources Department) and Department of Horticulture (DOH), it said.

Nabard plans to raise up to Rs. 2,000 crore via 3-year bonds

NABARD plans to raise at least 20 billion rupees ($242.6 million) through bonds maturing in three years and four months, three bankers said.

The state-run company has invited bids from investors and bankers between 10:30 a.m. IST and 11:30 a.m. IST on the National Stock Exchange's electronic bidding platform.

In May, NABARD raised 49.29 billion rupees via bonds maturing in three years, three months and 19 days at a 7.50% coupon.

Exim Bank sees merchandise exports at $111.7 billion in Apr-Jun

The Export Import (Exim) Bank India said the country's merchandise exports are set to fall to USD 111.7 billion for the April-June period amid continuing global volatilities.

The country had reported overall merchandise exports at USD 116.7 billion in the year-ago period, as per official data.

India's exports could be shadowed by a continued slowdown in select major trade partners including advanced economies, global financial sector stress, high inflationary pressures leading to tighter global monetary and financial conditions, and continued uncertainty around the Russia-Ukraine conflict, the Exim Bank said.

The bank said the non-oil exports are forecast to amount to USD 86.6 billion in the first quarter of the new fiscal year.

It said exports have displayed resilience amidst a challenging global economic situation, plagued by supply chain disruptions and geo-political tensions, and have consistently remained above USD 100 billion for seven consecutive quarters since Q2 FY22.

The city-headquartered policy bank has developed an in-house model to generate an Export Leading Index (ELI) for India to track and forecast the movement in India's exports on a quarterly basis.

UPI monthly payments reaches to 900 crore mark

UPI transactions crossed the 900-crore mark for the first time in May 2023. According to NPCI data, transactions in May stood at 941 crores, a year-on-year growth of 58%. UPI transactions were up 5.8% higher than 890 crores in April 2023. In value terms, transactions for May stood at Rs. 14.9 lakh crore - a 43% increase year on year and a 5.8% increase over Rs.14-lakh-crore payments in April 2023.

Meanwhile, Fastag transactions rose to 33.5 crore (worth Rs 5,437 crore), an increase of 17% in volume and 24% in value terms over May 2022. The transaction count was nearly 10% higher than the 30.5 crore transaction in April 2023. This also reflects the increased highway traffic during the holidays.

Half of Rs.2000 notes back in banking system

RBI governor Shaktikanta Das said that the recent decision to recall Rs 2,000 denomination notes has resulted in the return of nearly half of such notes to banks.

About Rs 1. 8 lakh crore worth of Rs 2,000 notes have been returned, accounting for nearly 50% of the currency in circulation as of March 31, Das said. While the governor did not provide an exact breakdown of how many notes were exchanged, he estimated that roughly 85% of the returned notes were deposited. "This is more or less in line with our expectations," said Das.

Rising frauds in digital payments

Banks have witnessed maximum number of frauds in digital payment category during the fiscal ended 2023-24, according to the RBI annual report 2022-23.

In FY2023, the total number of fraud cases in the banking system were 13,530. Of this almost 49 per cent or 6,659 cases were in the digital payment - card/internet - category.

In the last two years, the highest number of fraud cases were in loan portfolios of banks.

There was a 49 per cent reduction in the amount involved in the total frauds reported during FY2023 over FY2022.

In terms of value, banks reported frauds primarily (Rs 28,792 crore) in the advances category in the previous fiscal. The total amount of fraud in the digital payment category stood at Rs 276 crore in FY23.

Ashwani Kumar new MD of UCO Bank

Ashwani Kumar has been appointed as the new MD and CEO of city-based public sector UCO Bank with effect from June one.

Prior to this, he was the executive director of the Indian Bank and is a qualified chartered accountant, a statement by the bank said.

Kumar, an experienced banker, succeeds S Prasad as the MD and CEO of UCO Bank.

He had earlier worked in Bank of Baroda, Corporation Bank, Oriental Bank of Commerce, Punjab National Bank and Indian Bank.

ICICI Bank commits Rs. 1,200 crore to Tata hospital

ICICI Bank announced a commitment to contribute Rs 1,200 crore towards Tata Memorial Centre (TMC), a premier institution that runs cancer treatment and research centres across the country.

ICICI Bank will donate the money from its CSR funds to set up three new buildings over a cumulative area of 7.5 lakh square feet. It will equip them with state-of-the-art machines at TMC's centres at Navi Mumbai in Maharashtra, Mullanpur in Punjab and Visakhapatnam in Andhra Pradesh. The bank's CSR arm will implement the initiative, which is likely to be completed by 2027.

"With modern equipment and specialised multidisciplinary teams, these new centres of excellence in oncology treatment will provide advanced and evidence-based therapies to nearly 25,000 new patients a year, doubling the present capacity and providing a significant boost to the country's cancer treatment infrastructure," the bank said.

Bank boards must hold managements accountable

The boards of banks should hold the management accountable for its actions, and should replace it if it does not meet expectations, M Rajeshwar Rao, deputy governor of the Reserve Bank of India (RBI), said in an interaction with board members of banks.

"Boards should appraise the performance of management objectively and ensure that they are held accountable for their actions. If the management is not meeting expectations, boards should take suitable action, including replacing the management, to improve the bank's governance and risk management," Rao said in his speech at the conference of the directors of banks. The RBI had organised the conference for public sector banks on May 22 in New Delhi and private sector banks on May 29 in Mumbai.

Rao said the boards of banks should set clear expectations for the management in terms of risk management and corporate governance. He added that the management should be required to regularly report risk management. "This reporting should include information on the bank's risk appetite, risk exposures, and risk mitigation strategies," he said.

The deputy governor said boards should ensure that the management is transparent about the banks' financial performance / statements and risk management practices so that trust with stakeholders is built and investors are able to assess the various risks associated with banks.

Jana SFB raises Rs 1,200 crore

Bengaluru-based Jana Small Finance Bank's (SFB) holding companies have raised around 1,200 crore of fresh debt from shareholders TPG Capital and Singapore's sovereign wealth fund GIC.

The funds raised were used by the bank's holdcos to redeem nonconvertible debentures (NCDs), along with accrued interest, that matured at the end of May. These NCDs were largely held by TPG and GIC themselves, the people said.

The NCDs were issued in 2017 and 2018. The proceeds were then infused into the bank, which was struggling with a massive pile of bad loans following the government's demonetisation drive in late 2016.

Bank deposits rise by Rs. 3.26 trillion in fortnight

Bank deposits increased by 3.26 trillion rupees to 187.03 trillion rupees as on Jun 2, according to data released by the Reserve Bank of India. This growth is mainly after the RBI, last month, announced the withdrawal of 2,000-rupee denomination banknotes from circulation by Sep 30.

Growth in bank deposits rose by 11.8% on year as on Jun 2, compared with 10.42% on year in the previous fortnight.

The total value of 2,000-rupee banknotes in circulation as of Mar 31 was 3.62 trillion rupees, the RBI had said. However, the central bank had clarified that the banknotes will continue to be legal tender.

On Jun 8, RBI Governor Shaktikanta Das at the Monetary Policy press conference had said that around 1.8 trillion rupees or 50% of the 2,000-rupee denomination banknotes were deposited with banks, out of which 85% were in the form of deposits.

Banks' net bad loans drop to 15-year low of 1%

Banks have ended FY23 with their balance sheets cleanest in 15 years. According to a report by India Ratings (Ind-Ra), an affiliate of Fitch, banks' net non-performing assets (NPAs) have dropped to 1% while gross NPAs are at 4%.

The last time net NPAs were at the 1% level was in 2008. The improvement in the NPA ratio in 2007-08 was also a function of the high base as that year saw bank credit grow 24% on the back of a 27% increase in 2006-07. The current improvement in asset quality comes after a massive clean-up by RBI in 2016 through an asset quality review which was followed by years of provisioning and insolvency proceedings.

The improvement comes despite the Covid-19 shock to businesses as banks and the regulator had learnt from experience. Ind-Ra's report reveals that gross non-performing advances (GNPAs) stand at 4.0% at a system level, while net non-performing advances (NNPAs) are at 1.0%. Public sector banks (PSBs) witnessed a significant decline in GNPA, dropping from a peak of 14.1% in FY18 to 5.0% in FY23. Private sector banks also showed improvement, with their GNPA reducing to 2.3% from 6.3%.

Bankers seek fee on RuPay debit card use

Banks have reached out to the government seeking a merchant discount rate (MDR) on RuPay debit cards on the grounds that it will provide them with the much-needed funds to enhance payment network security and develop innovative payment solutions.

MDR is charged to a merchant for the payment processing of debit and credit card transactions. At present, there is zero MDR for transactions through the RuPay debit card.

A senior banker said the Indian Banks' Association (IBA) has also written a letter to the finance ministry seeking restoration of MDR on RuPay debit cards.

"We have argued that MDR is essential and will foster sustainability and enable continued investments in cutting-edge technologies," the banker said on condition of anonymity, adding that these investments will strengthen the security infrastructure, enhance user experience and provide dedicated support to merchants, thus strengthening the entire payments ecosystem.

RBI asks PSBs to focus on risk management

The Reserve Bank of India exhorted public sector banks to strengthen their boards and increase focus on managing risk.

At a meeting with senior management of PSBs in the capital, RBI Governor Shaktikanta Das asked lenders to strengthen governance so that they are able to identify risks early. "The Governor also emphasised the need for banks to ensure continued financial and operational resilience," said a statement from the RBI. The theme of the meeting was 'Governance in Banks Driving Sustainable Growth and Stability'.

PSU banks profit crosses Rs. 1 lakh crore mark in FY23

Public sector banks' cumulative profit crossed the Rs 1 lakh crore mark in financial year 2023, with market leader SBI accounting for nearly half of the total earnings.

From posting a total net loss of Rs 85,390 crore in 2017-18, PSBs have come a long way as their profit touched Rs 1,04,649 crore in 2022-23. These 12 PSBs witnessed 57% increase in total profit compared to Rs 66,540 crore earned in 2021-22.

Analysts said that higher interest income and improvement in management of non-performing assets or bad loans are among the key reasons for the improved profitability of the banks.

In percentage terms, Bank of Maharashtra had the highest net profit growth with 126% to Rs 2,602 crore, followed by UCO with a 100% rise to Rs 1,862 crore and Bank of Baroda with a 94% increase to Rs 14,110 crore. However, in absolute terms, SBI has reported an annual profit of Rs 50,232 crore in 2022-23, an increase of 59% over the preceding fiscal.

In a first, SBI's annual profit crosses Rs. 50000 crore

SBI has become the country's first lender to report an annual net profit of over Rs 50,000 crore. The public sector bank has also overtaken HDFC Bank, which was the most profitable lender in India for several years.

SBI reported a net profit of Rs. 16,695 crore for the March quarter, an increase of 83% over Rs 9,114 crore in the year-ago period. The bank's net profit for FY23 stood at Rs 50,232 crore, a rise of 59% over Rs 31,676 crore recorded in the previous year. HDFC Bank had reported a net profit of Rs 44,108 crore for FY23, an increase of 19% over Rs 36,961 crore in FY22.

Profits were driven by a widening of interest margin to 3.84% in the fourth quarter as both the loan book and interest rates on loans grew together. The bank was under less pressure to raise deposits as it continued to have surplus liquidity in its book.

Banks request RBI for more time to implement new ECL-based loan loss provisioning norms

Lenders have sought a one-year extension from the Reserve Bank of India (RBI) for implementation of the Expected Credit Loss (ECL)-based loan loss provisioning framework.

In January this year, the RBI came out with a draft guidelines proposing adoption of expected credit loss approach for credit impairment. It said the banks will be given a one year period after the final guidelines are released for implementation of expected credit loss approach for loss provisioning.

Though the RBI is yet to announce the final guidelines on ECL norms, some of the rating agencies have said that final norms on this may be notified by FY2024 for implementation from April 1, 2025.

"We have requested the regulator to allow us a little more time to prepare ourselves for this," Indian Banks Association (IBA) Chief Executive Sunil Mehta told reporters on the sidelines of a Fintech event. "We have requested them (the RBI) for one more year," Mehta said, when asked about the exact time lenders have requested the RBI.

Sizeable risks that inflation will remain high: IMF's Gopinath

The International Monetary Fund's official said she sees sizeable risks that inflation will remain high or accelerate in many emerging markets and urged central banks to keep monetary policies tight.

IMF First Deputy Managing Director Gita Gopinath told a conference hosted by the Central Bank of Brazil that markets were probably "too optimistic" about what it would take to bring down inflation in emerging markets.

"Despite encouraging signs, I am worried that price pressures seem entrenched in many economies and that upside inflation risks are sizeable," she said in remarks prepared for the event.

"Central banks must remain resolute in keeping policies tight and recognize that insufficient monetary tightening now may necessitate even more painful actions down the road," she said. That was a lesson learned from the high inflation period of the 1970s and it "very much applies today," Gopinath said.

She said fiscal restraint could support the fight against inflation by central banks and financial tools could improve tradeoffs in the event of pronounced financial stress, if judiciously used. ❑

Reserve Bank News

RBI proposes strict cyber security norms for PSOs

In a move to ensure safety and security of digital payments amid emerging cyber risks, the RBI announced draft regulations for payment system operators (PSOs). It proposed that such norms would be implemented from April 1, 2024, for large non-bank-PSOs.

For medium-sized non-bank PSOs, the deadline for implementing the regulation will be April 1, 2026, and for smaller ones, it's April 1, 2028.

The draft directions issued by the regulator covers robust governance mechanisms for identification, assessment, monitoring, and management of cyber security risks.

RBI: Withdrawal of Rs 2000 note is 'currency management', not demonetisation

Opposing a plea in Delhi HC challenging the RBI's May 19 notification to withdraw Rs 2,000 currency note from circulation, the central bank said the decision is not demonetisation but a part of "currency management system".

The submission was made by senior advocate Parag Tripathi who stated before a division bench of Chief Justice Satish Chandra Sharma and Justice Subramanium Prasad that currently Rs. 2000 notes were not being used really adding that, adding that "this issue of alleged demonetisation was also subject matter of an earlier petition the verdict on which has been reserved by the HC". He also submitted that this was a matter of "economic policy".

The RBI further said that this exercise was only for the exchange of notes and that after September 30 (time granted for exchanging the notes), a decision may be taken after seeing a result of the exchange.

14.4% rise in Rs. 500 fake notes

The Reserve Bank has reported a 14.4 per cent increase in the number of counterfeit Rs 500 notes (new design) during the year 2022-23.

The RBI and banks detected 91,110 counterfeit Rs 500 notes valued at Rs 4.55 crore during the year as against 79,669 counterfeit notes valued at Rs 3.98 crore, according to the Annual Report of the RBI.

During 2022-23, out of the total fake Indian currency notes (FICNs) detected in the banking sector, 4.6 per cent were detected at the Reserve Bank and 95.4 per cent at other banks. Compared to the previous year, there was an increase of 8.4 per cent and 14.4 per cent in the counterfeit notes detected in the denominations of Rs 20 and Rs 500 (new design), respectively.

The counterfeit notes detected in the denominations of Rs 10, Rs 100 and Rs 2000 declined by 11.6 per cent, 14.7 per cent and 27.9 per cent, respectively, it said.

RBI to launch pilot project for QR-code based coin vending machines

The RBI is preparing a pilot project on QR code-based Coin Vending Machine (QCVM) in collaboration with a few leading banks to improve distribution of coins among the public, said the central bank in its Statement on Developmental and Regulatory Policies.

The QCVM is a cashless coin dispensation machine, which will dispense coins against a debit to the customer's bank account using Unified Payments Interface (UPI) and eliminate the need for physical tendering of banknotes and their authentication. Customers will also have the option to withdraw coins in required quantity and denominations in QCVMs, said the central bank.

"Coins we have a peculiar situation where the supply is very high, it's taking up a lot of storage space and it's not getting properly distributed, but at the same time there is demand in pockets. So, one way of increasing absorption of coins into the system is to make coins available in places where there is demand," said Deputy Governor T Rabi Sankar.

RBI norms on guarantee may hit unsecured loans: Crisil

The RBI's norms on first loss default guarantee (FLDG) cover are likely to curb lending volumes in unsecured personal and business loans, according to rating agency Crisil. FLDG is a guarantee extended to lenders by corporate entities for loans.

Availability of FLDG cover has enabled fintechs scale up digital lending as it emboldened traditional lenders like banks and non-banking finance companies to take on their books unsecured loans extended without human intervention using analytics.

The RBI limited the FLDG to 5% of the loan portfolio and disallowed corporate guarantees as a form of FLDG.

RBI allows default loss guarantee to fintechs

RBI came out with a regulatory framework to permit default loss guarantee arrangements in digital lending.

This is considered as a major relief to financial technology (fintech) companies that were seeking clarity on their lending arrangements with banks and non-banking financial companies. The RBI had barred the first loss default guarantee arrangement under the digital lending norms. Under this credit-risk sharing agreement, a certain percentage of the default loan portfolio of banks and NBFCs (registered entities) are guaranteed by a third party, a fintech or lending service provider (LSP).

According to the new guidelines, the entities may enter into default loss guarantee arrangements only with a lending service provider or other entities with which it has entered into an outsourcing arrangement.

Further, the LSP providing default loss guarantee must be incorporated as a company under the Companies Act, 2013. It indicates that entities can accept default loss guarantee in forms like cash deposited with the entities, fixed deposits maintained with a scheduled commercial bank with a lien marked in favour of the entities and bank guarantee in favour of the registered entities. The registered entities will ensure that a default cover could be provided for up to 5 per cent of the loan portfolio.

RBI launches financial inclusion dashboard

RBI, launched a Financial Inclusion Dashboard called Antardrishti. This will provide the central bank the required insight to assess and monitor the progress of financial inclusion by capturing relevant parameters.

This facility, which was launched by Governor Shaktikanta Das, will also enable the RBI to gauge the extent of financial exclusion at granular levels across the country so that such areas can be addressed, said the central bank in a statement.

The dashboard, intended for internal use in the RBI at present, will further facilitate greater financial inclusion through a multi-stakeholder approach, it added.

To measure the extent of financial inclusion, the RBI had constructed the Financial Inclusion (FI) Index in 2021, based on three dimensions of financial inclusion - 'access', 'usage' and 'quality'.

RBI clears SBI Funds's 10% buy in HDFC Bank

The RBI has given its approval to SBI Funds Management (SBIFML) to acquire up to 9.99% stake in HDFC Bank, the private sector lender said. It further said SBIFML has been advised by RBI to acquire the major shareholding in six months (by November 15, 2023). SBIFML has to ensure the aggregate holding in the bank remains below 10% of the paid-up share capital or voting rights of HDFC Bank at all times.

Das presented Governor of the Year Award in London

RBI Governor Shaktikanta Das, who was chosen for the prestigious Governor of the Year Award 2023 earlier this year, has said that central banks at the core of monetary and financial systems have been called to do "heavy lifting" well beyond their traditional mandate.

Das was conferred the award by 'Central Banking' which definitively covers and analyses issues around the world's central banks and financial regulators following the summer meetings of the organisation in London.

RBI looks to ease KYC pain, deter mis-selling by banks

An RBI panel has suggested several

measures to reduce hassles for customers, secure their interests and ensure they are treated fairly. The measures include: extending deposit insurance cover for balances maintained in prepaid instruments (wallets), having auditors check on mis-selling, measures that will make it easier to release pledged assets, complete KYC updates without service disruption and a facility for pensioners to submit their life certificate at any branch.

The committee report has focused on pain points that customers repeatedly face. Several of these measures are related to the implementation of KYC (know your customer) norms, which have turned out to be an irritant to customers in the way they are implemented.

The RBI had constituted a seven-member committee headed by former deputy governor B P Kanungo in May 2022 after an announcement by the governor in the April 2022 monetary policy. The government's decision to hike deposit insurance to Rs 5 lakh from Rs 1 lakh followed recommendations made by the last committee on customer service recommendations headed by former Sebi chief M Damodaran.

RBI to bank boards: Replace management if required to ensure governance

Reserve Bank of India (RBI) deputy governor M Rajeshwar Rao has asked boards of banks to sack and replace the management, if required, to ensure governance and risk management.

Speaking at conference of directors of banks organised by the RBI recently, Rao emphasised the importance of bank boards holding management accountable and taking suitable action to ensure effective governance within financial institutions.

Rao said that boards should appraise management performance objectively. "Boards should ensure that they are held accountable for their actions. If management is not meeting expectations, boards should take suitable action, including replacing the management, to improve the bank's governance and risk management," said Rao.

Rao highlighted that addressing the erosion of public trust in financial institutions requires more than regulatory measures and supervisory efforts. He stressed that the standards expected of banks in terms of governance are always higher than those of other entities to mitigate the risk of failure arising from governance issues.

RBI panel proposes extending deposit insurance to prepaid instruments

Reserve Bank of India (RBI)'s Committee for Review of Customer Service Standards has proposed a slew of initiatives including a centralised database of KYC documents and a common portal for lodging and tracking complaints

The committee has also suggested extending the Deposit Insurance and Credit Guarantee Scheme to PPIs (prepaid payment instruments), as money in PPI wallets is in the nature of deposits and PPI issuers are also regulated by the RBI.

"The RBI may examine whether Deposit Insurance and Credit Guarantee Corporation (DICGC) cover can be extended to bank PPIs and later to non-bank PPIs based on experience gained," the committee said in its report.

RBI opens TReDS for all players in factoring, insurers

The Reserve Bank of India has allowed more participants on the Trade Receivables Discounting System (TReDS) platform to improve access to funds for micro, small and medium enterprises (MSMEs).

The central bank permitted all institutions that undertake factoring business to participate as financiers in TReDS.

"This would augment the availability of financiers on the TReDS platform," RBI said.

The regulator also allowed taking insurance cover for invoicing facilities on the TReDS platform which would aid financiers to hedge default risks.

Accordingly, insurance companies are permitted as the "fourth participant" in TReDS, besides MSME sellers, buyers and financiers. The insurance facility is likely to encourage discounting of payables of buyers irrespective of their credit ratings.

RBI may tighten norms for banks' unsecured lending

RBI is looking to tighten scrutiny on the unsecured lending portfolios of banks amid the growing risk of potential defaults, four banking sources told Reuters.

Unsecured loans - mostly personal loans and credit cards - do not carry any collateral and therefore pose a higher risk of default. These loans, however, are a big contributor to margins as they entail higher interest rates.

"Some action from the RBI on unsecured lending, credit cards, etc. could be seen," a senior source aware of the central bank's thinking said. "Excessive growth is the first sign of potential delinquencies."

None of the sources wanted to be named because they are not authorised to speak to the media.

"We can expect the RBI to increase risk weights on unsecured personal loans and credit cards and, or, float a discussion paper on how to monitor the space more efficiently," said the head of credit card vertical at a private sector bank.

As per RBI norms, the risk weights - or the capital that the banks need to set aside for every loan - on unsecured personal loans and outstanding on credit cards currently stands at 100% and 125%, respectively.

Compromise settlements also need board nod: RBI

The RBI has put the onus of settling cases of wilful loan default on the board of directors of the lending banks. The policies also need to ensure that individuals or committees responsible for approving such settlements hold higher authority than those sanctioning the credit or investment exposure.

"Regulated entities may undertake compromise settlements or technical write-offs in respect of accounts categorised as wilful defaulters or fraud without prejudice to the criminal proceeding under way against such debtors...Proposals for compromise settlements in respect of debtors classified as fraud or wilful defaulter shall require board approval in all cases," according to the RBI circular.

This is the first time that RBI has come out with compromise norms for settling with wilful defaulters. Earlier RBI norms had focused on ensuring that the settlement amount is not less than the net present value of the security. Banks were also barred from restructuring loans of wilful defaulters. This rule continues and banks cannot give the wilful defaulters fresh credit.

Rate-setting panel member asks RBI to talk clearly for greater good

An outspoken member in India's rate-setting body has criticized the central bank for being non-transparent about its policy intent and confusing the public with technicalities.

"The monetary policy committee should not be content with communicating to an 'inside' audience of regulated entities in a coded language, but should endeavor to communicate with the general public in as transparent a language as possible," Jayanth Rama Varma, an external member in the Reserve Bank of India's six-member panel, said in an interview via email.

The central bank left the key rate unchanged for a second straight meeting on June 8 and maintained its 'withdrawal of accommodation' stance as it tries to ensure the recent moderation in inflation continues. It wants to keep a close vigil on risks to inflation from uneven rains and geopolitical tensions, minutes of the MPC meeting showed.

Varma, who has expressed his reservations against the language of the stance for six straight policies since August last year, called it "more vestigial than a statement of intent". The stance is losing relevance after the back-to-back hold and doesn't truly reflect what MPC is actually doing or what it is likely to do in future, he said.

The RBI started withdrawing from its pandemic period accommodation in April last year. Some market watchers were expecting a switch to neutral stance in this month's policy as inflation came closer to the target, while growth slowed amid a tighter policy and weakening global economy.

"The thinking appears to me that financial firms and professional forecasters understand the stance well enough and so there is no need to change it," Varma said, who teaches finance at the Indian Institute of Management in Ahmedabad.

RBI to pay Rs. 87,416 crore as dividend to Centre for FY23

The Reserve Bank of India's Central Board of Directors approved the transfer of Rs. 87,416 crore as surplus to the Central government for the accounting year 2022-23. This is 188 per cent higher than previous financial year's surplus transfer of Rs. 30,307 crore.

The board decided to keep the contingency risk buffer (CRB) at 6 per cent (5.50 per cent in FY22). As per the expert committee to review the extant economic capital framework, CRB is required to be maintained within a range of 6.5 per cent to 5.5 per cent of the RBI's balance sheet, comprising 5.5 to 4.5 per cent for monetary and financial stability risks and 1 per cent for credit and operational risks.

The RBI's Central Board, in its meeting, reviewed the global and domestic economic situation and associated challenges including the impact of current global geopolitical developments, per an RBI statement. The board also discussed the working of the Reserve Bank during FY23 and approved the annual report and accounts for the accounting year 2022-23. ❑

Industry News

Adani Group probe over MPS norms on since Oct 2020: SEBI to SC

Sebi, investigating the Hindenburg report's accusation that the Adani Group allegedly manipulated share prices by exploiting loopholes in the 'minimum public shareholding' (MPS) norms, has informed the Supreme Court that it has been probing this issue since October 2020 but clarified that its 2016 probe into issuance of global depository receipts (GDRs) by 51 Indian listed companies was unconnected to the Adani Group companies.

In a supplementary affidavit filed, market regulator Sebi said, "In the context of investigation into MPS norms, Sebi has already approached 11 overseas regulators under the multilateral memorandum of understanding (MMoU) with the International Organization of Securities Commissions (IOSCO). Various requests for information were made to these regulators. The first request to overseas regulators was made on October 6, 2020."

'Normal' overall monsoon despite 'slow start': IMD

Monsoon is likely to have a sluggish start with the country getting "below normal" rainfall in June even as the entire four-month (June-September) rainy season may collectively have "normal" rainfall, showed the latest forecasts of the India Meteorological Department (IMD) released. There is 55% probability of "normal to above normal" rainfall during the season in India.

"Quantitatively, the southwest (summer) monsoon seasonal (June to September) rainfall over the country as a whole is likely to be 96% of the long period average (LPA) with a model error of ± 4%," said D S Pai, head of the IMD's Environment Monitoring and Research Center, while releasing stage-II long range forecast carrying prediction on spatial distribution of rainfall.

Encashment of leave: Tax exemption limit notified

In line with the Budget announcement, the finance ministry hiked the tax exemption limit for leave encashment upon retirement for private sector salaried employees to Rs 25 lakh.

So far, the tax exemption on leave encashment for non-government employees was Rs 3 lakh which was fixed in 2002, when the highest basic pay in the government was Rs 30,000 per month.

The Central Board of Direct Taxes (CBDT), in a statement, said the aggregate amount exempt from income tax under section 10(10AA)(ii) shall not exceed the limit of Rs 25 lakh, where any such payments are received by a non-government employee from more than one employer.

The increased limit for tax exemption on leave encashment on retirement or otherwise of non-government salaried employees to Rs 25 lakh with effect from April 1, 2023.

Imports of coking coal from Russia my double

After crude oil, the import of yet another key Russian resource is set to flood the Indian market in the years ahead: coking coal. The reasons remain the same-lower prices, quicker deliveries, and supply diversification.

Russia's supply of coking coal-the prime raw material in steelmaking-may more than double in FY24, led by state-owned Steel Authority of India Ltd and private steelmakers such as JSW Steel Ltd and Jindal Steel and Power Ltd

(JSPL), two officials aware of the matter said. India's coking coal imports stood at 54 million tonnes (mt) in FY23, and these imports will account for a fifth of it this year, they said on condition of anonymity. Imports of Russian coking coal in FY23 stood at a mere 4 mt.

About 90% of India's coking coal requirement of 60 mt is currently imported, of which Australia alone contributes more than 70%. India has been looking to diversify its imports of steelmaking coal and identified a few markets.

NRI's rupee, forex deposits bolstered reserves in FY23

The Reserve Bank of India's moves to attract funds at a time when foreign exchange reserves were sliding due to selling by overseas investors has turned out to be a success.

Deposits from the Indian diaspora in banks through various NRI deposit schemes more-than-doubled after the central bank exempted the cash reserve ratio (CRR) and statutory liquidity ratio (SLR) on fresh inflows through these routes and relaxed the interest rate cap in July 2022 to boost foreign exchange reserves. This was fuelled by a surge in foreign currency non-resident (bank) or FCNR (B) deposits.

Fresh inflows through various NRI deposit schemes more-than-doubled to $7.9 billion in FY23 from $3.2 billion in FY22, according to the latest RBI data. In the case of FCNR (B) deposits, net inflows were $2.4 billion compared to outflows of $3.5 billion the previous year.

Significantly, the RBI added $46 billion to its forex reserves until March 2023 with reserves surging to $578 billion from a low of $532 billion in September 2022.

CII projects 6.5-6.7% FY24 GDP growth

Confederation of Indian Industry (CII) said it expects India's economy to grow in the range of 6. 5-6. 7% in the current financial year supported by strong domestic drivers and robust capital expenditure momentum of the government. India's GDP grew by 6. 1% in the March quarter of 2022-23, while the growth rate for FY23 was 7. 2%.

CII president R Dinesh said India's GDP growth is expected to jump to 7. 8% in the next decade (FY22-31) from 6. 6% previously recorded. The industry body also expects retail inflation to be within the RBI's target range (2-6%) in FY24.

Future Lifestyle gets claims of Rs. 2,156 crore from 12 creditors

Future Lifestyle Fashions, a Future Group firm that is under insolvency proceedings, has received claims totaling Rs 2,155.53 crore from 12 financial creditors, including State Bank of India. Claims worth Rs 2,117 crore have been admitted, while those worth Rs 38.5 crore are under verification.

Centbank Financial Services, Bank of India, Bank of Baroda, IDBI Bank, HSBC and HDFC Bank are also among the financial creditors to submit claims, according to a stock exchange filing by Future Lifestyle's resolution professional.

The resolution professional also said that the first meeting of the CoC will be held on June 6.

SBI has the highest voting share of 22.51% in Future Lifestyle's Committee of Creditors (CoC), followed by Centbank Financial Services at 21.01%, Bank of India (19.71%) and Bank of Baroda (14.02%).

Foreign investors bring in Rs. 30,945 crore in May

Foreign investors have put in Rs 30,945 crore in the Indian equities in May so far, driven by strong macroeconomic fundamentals, prospect of reducing interest rates, positive earnings outlook and falling valuations of stocks. With this, net inflows by Foreign Portfolio Investors (FPIs) reached Rs 16,365 crore in 2023 so far, data available with the depositories showed.

Going forward, FPI investment in India is expected to continue since the prospects for the Indian economy and corporate earnings growth appear bright now, VK Vijayakumar, Chief Investment Strategist at Geojit Financial Services, said.

France awards Chandrasekaran its highest civilian award

Tata Group Chairman N. Chandrasekaran has been given France's highest civilian award Chevalier de la Legion d'honneur for his contributions to strengthen the trade relationship between India and France.

French Minister for Europe and Foreign Affairs Catherine Colonna gave the award to Mr. Chandrasekaran on behalf of the French President. Colonna said Tata group of companies is a major player in the Franco-Indian partnership.

Bajaj Finance may spin off payments business; to scale up apps, platforms

Bajaj Finance is looking to spin off its payments vertical as a separate subsidiary, and to meaningfully scale up platforms and apps launched in the past 45 years.

The nonbanking finance company manages around half of all consumer credit in India in volume terms and has a significant share in the loan volumes for the purchase of electronic items and iPhones.

Its mortgage book grew 26 per cent in the fourth quarter of FY23 and constituted 28 per cent of its total assets under management of Rs. 2.47lakh crore as at Marchend. Its payments business is still at a nascent stage and is being scaled up.

In a recent interaction at Jefferies India Forum, Bajaj Finance's Chief Executive Officer Rajeev Jain indicated that the company is looking at a 45 per cent share in retail loans and a 3 per cent share in the payments segment.

Bajaj Finserv to invest Rs. 5,000 crore in Maharashtra

Bajaj Finserv, has pledged a substantial investment of Rs 5,000 crore in Maharashtra, which is anticipated to result in the creation of 40,000 job opportunities within the state.

A Memorandum of Understanding (MoU) on the collaboration between Bajaj Finserv and the Government of Maharashtra was signed recently. The MoU was signed in the presence of Devendra Fadnavis, deputy chief minister of Maharashtra, and Sanjiv Bajaj, chairman & managing director of Bajaj Finserv. The government has expressed its support for the project and its willingness to provide the necessary assistance for its successful implementation.

According to Bajaj, the company firmly believes in sustainable growth that does not compromise the environment. In alignment with their environmental, social, and governance (ESG) focus, the project will adhere to global sustainability standards, integrating green solutions and adopting a net-zero approach.

Buyers of PSU shares exempt from gift tax

The Central Board of Direct Taxes (CBDT) has exempted buyers from gift tax when they acquire equity shares in public-sector units (PSUs) through strategic disinvestment.

Earlier the exemption was applied only in the case of sale of a PSU. The change in the income-tax law has been made to make strategic divestment in PSUs attractive, said experts.

Strategic divestment in IDBI Bank, Concor, and Shipping Corporation of India is in various stages and is expected to be concluded this fiscal year. The government has set a target of Rs 51,000 crore from disinvestment in FY24.

Regulator to auction assets of 7 groups which illegally raised Rs. 1,770 crore

Sebi said it will auction 17 properties belonging to seven business groups including MPS Group, Tower Infotech, and Vibgyor Group on June 28, with a total reserve price of Rs 51 crore, in a bid to recover investors' money.

Apart from these, the regulator has put on block properties of Prayag Group, Multipurpose BIOS India Group, Waris Finance International Group and Pailan Group of companies, the Securities and Exchange Board of India (Sebi) said in a notice.

The 17 properties being auctioned include land parcels, storied buildings, flats, and a commercial space situated across West Bengal.

Inviting bids, Sebi said auction of the properties will be conducted through online mode between 11 am and 1 pm. Further, total reserve price has been pegged at Rs 51 crore for the assets and Quikr Realty has been engaged by Sebi to assist in the sale of these properties.

Of the total properties to be auctioned, five belong to MPS Group, four relate to Vibgyor, three pertain to Pailan Group of companies, two belong to Tower Infotech and one each to Multipurpose BIOS India Group, Prayag Group and Waris Finance.

Tighten GST registration process: FM

Finance minister Nirmala Sitharaman asked the indirect tax department to further strengthen the GST registration process, using technology to curb fake entities in the ecosystem.

The FM, who chaired a review meeting with the revenue secretary Sanjay Malhotra and the CBIC chairman Vivek Johri, called for a nationwide campaign to explain the special drive to weed out fake entities. Sitharaman was told that 11,140 fake registrations have already been detected and action has been initiated against them. FM was also told about methods being adopted to create fake entities, including identity theft.

Sitharaman took note of the existing measures being undertaken by the finance ministry, such as OTP-based verification of Aadhaar and pilot of biometric based Aadhaar authentication, at the time of registration in high risk cases. Malhotra and Johri apprised the FM about the tools that are being used to tackle the issue of fake entities, including artificial intelligence and machine learning.

GST mop-up in May rises 12% y-o-y on robust demand

Goods and services tax (GST) collection in May rose 12 per cent over the same month last year to Rs 1.57 trillion, indicating that the economy is holding firm despite external headwinds. Experts anticipate GST would expand 10-11 per cent in this fiscal year, in step with the government's growth estimate of 6.5 per cent.

With this, gross GST has crossed Rs 1.5 trillion for the fifth time since the inception of the indirect tax regime, making it a new base for this fiscal year. Monthly GST reported more than Rs 1.4 trillion for 14 months in a row.

"GST revenues in May have modestly exceeded our expectations. Over the next few months, we expect GST to print at Rs 1.55-1.65 trillion and record an expansion of 10-11 per cent in YoY terms, broadly in line with the nominal GDP growth expected in FY24," said Aditi Nayar, chief economist, ICRA.

Net direct tax mop-up grows 11% so far to Rs. 3,80 lakh crore

Boosted by the first installment of advances taxes, net direct tax collections grew 11.18 per cent to Rs 3,79,760 crore till June 17 in the current financial year, data released by the Finance Ministry showed.

The Centre's advance direct tax collections for the April-June quarter from companies, limited liability partnerships (LLPs) and individuals rose 13.7 per cent to Rs 1,16,776 crore, the finance ministry said in a statement.

The advance tax collections for April-June 2023-24 included corporation tax of Rs 92,784 crore and personal income tax of Rs 23,991 crore.

The growth rate in direct tax revenues so far is higher than 9.4 per cent increase projected for the financial year 2023-24. Though consumption demand is muted, a softening of global commodity prices has led to moderation in input prices, in turn supporting the operating margins of companies and thereby, the tax revenue growth.

Gandhi Peace Prize 2021 conferred on Gita Press

The Gandhi Peace Prize for 2021 will be conferred on Gita Press, Gorakhpur, the culture ministry announced. The decision was taken by a jury headed by PM Narendra Modi.

Recalling the contribution of Gita Press in promoting the Gandhian ideals of peace and social harmony, PM Modi said the conferment of Gandhi Peace Prize on Gita Press, on completion of 100 years of its establishment, is a recognition of the work done by the institution in community service.

"I congratulate Gita Press, Gorakhpur on being conferred the Gandhi Peace Prize 2021. They have done commendable work over the last 100 years towards furthering social and cultural transformations among the people," he said.

Nod for panel to set up 'largest' grain storage in co-op sector

The Union Cabinet approved forming and empowering an Inter-Ministerial Committee (IMC) to create the "world's largest grain storage plan in the cooperative sector" by converging eight ongoing schemes of three ministries.

Briefing the media on the Cabinet decision, Information and Broadcasting Minister Anurag Thakur said, "We will start the world's largest grain storage scheme in the cooperative sector with an outlay of around Rs 1 lakh crore."

Union Home Minister and Minister of Cooperation Amit Shah thanked the Prime Minister for approving the constitution of the IMC. "In order to ensure time-bound and uniform implementation of the Plan in a professional manner, Ministry of Cooperation will implement a pilot project in at least 10 selected districts," the government said in a statement.

Nationwide drive turns up 10,000 fraud GST registration in week 1

Central and state goods and services tax officials have detected about 10,000 fake GST registrations in the first week of a joint drive. The officials are conducting door-to-door physical verification of addresses before initiating any action, people aware of details said.

"In the first week of the drive so far we have detected about 10,000 fake GST registrations," a senior official told.

In many cases, officials found forged electricity bills, property tax receipts and rent agreements were used as proof of principal place of business to obtain GST registration.

The amount of fake input tax credit is yet to be ascertained. "It is premature to assess numbers so far but initial estimates suggest it to be above 25,000 crore," the official said. ❑

Mutual Fund News

India fund managers buy T-bills, dump bonds as early rate cut chances vanish

Indian mutual funds will swap their government bond holdings for shorter-dated treasury bills since the hawkish commentary from most major central banks has ruled out rate cuts in the near future, fund managers said.

"After the focus on inflation from the U.S. and the Indian central bank, rate cuts are out of the picture for the time being and in such a scenario, three-month Tbills is the safest bet," said Raju Sharma, head of fixed income at IDBI Mutual Fund.

Mutual funds have sold a net 124 billion rupees ($1.51 billion) worth of government bonds from June 8 to June 22, while purchasing T-bills worth over 256 billion rupees in the secondary market, Clearing Corp of India data showed.

During this period, the Reserve Bank of India held rates steady again but signaled monetary conditions will remain tight, and while the Federal Reserve also held steady, it said rates will have to increase another half percentage point by year's end.

Funds have also remained active buyers of T-bills at primary auctions, market participants said, as they look to maximise their returns by adjusting their portfolios.

"Mutual funds have booked profits by selling long bonds and reducing the interest rate risk in the portfolios," said Sandeep Bagla, CEO of Trust Mutual Fund.

DSP Mutual Fund launches DSP NIFTY IT ETF

DSP Mutual Fund has launched DSP Nifty IT ETF, an open ended scheme replicating/tracking Nifty IT Index.

The performance of the scheme will be benchmarked against Nifty IT TRI. The scheme will be managed by Anil Ghelani and Dipesh Shah.

The investment objective of the scheme is to provide returns that, before expenses, correspond to the total return of the underlying index (Nifty IT TRI), subject to tracking errors.

The scheme will invest around 95-100% in equity and equity-related securities of companies constituting Nifty IT Index, the underlying index and 0-5% in cash and cash equivalents.

HDFC Mutual Fund launches HDFC Non-Cyclical Consumer Fund

HDFC Mutual Fund has announced the launch of HDFC Non-Cyclical Consumer Fund that intends to invest across India's consumption categories with a bottom-up stock selection approach for portfolio construction.

The fund will invest in a core of the portfolio (at least 80%) of stocks that represent the non-cyclical consumer theme within the basic industries like Consumer Goods, Consumer Services, Telecom, Healthcare, Media, Entertainment and Publication. The universe for this theme is diverse - with 300+ companies having market caps more than Rs 500 crores. The fund will invest across market cap segments (largecaps, midcaps and smallcaps), and diversify within consumer sectors and sub sectors.

Navneet Munot, Managing Director and Chief Executive Officer, HDFC Mutual Fund, said, "As India moves further into Amritkaal, the consumption sector finds itself at an inflection point. Aided by factors such as India's GDP per capita surpassing US$2000, themes including Demographic Dividend, Premiumization, Formalization, and Digitization which are expected to drive growth in this sector."

SIP closures rise 7.4 per-cent month-on-month in May

The number of systematic investment plan (SIP) accounts being discontinued rose 7.4 per cent month-on-month to 14.19 lakh in May, despite the stellar inflow into mutual funds through the route. At the same time, the number of new SIP registration rose to 24.7 lakh last month from 19.56 lakh in April, implying fresh registration of over 5 lakh, data with the Association of Mutual Funds in India (AMFI) showed.

The higher number of SIP registration than discontinuation shows investors' continued confidence in the route, DP Singh, Deputy MD and CBO at SBI Mutual Fund, said.

This could also be due to an easy cancellation facility available through online modes, he added.

Meanwhile, investors continued to park their money in mutual funds, with contributions in SIPs reaching a new high of Rs 14,749 crore last month, after a brief dip to Rs 13,728 crore in April. It was Rs 14,276 crore in March.

This robust inflow has led to assets under management of SIP rising by five per cent to Rs 7.53 lakh crore last month from Rs 7.17 lakh crore in April.

Mirae Asset Mutual Fund introduces new SIP modification facility

Mirae Asset Mutual Fund has introduced a SIP modification facility through a notice cum addendum. The new facility will offer investors the option to change SIP instalment date, SIP end date, frequency, amount of SIP, and the option without cancelling the existing registered SIP. The fund house has announced this facility with a view to provide more convenience and flexibility to the investors.

This feature will avoid all the cancellations and re-registrations of SIPs involved during different stages of the SIP modification process. In case the investor wants to modify the scheme name, then the existing SIP will be ceased and the new SIP will be registered under the same folio.

Mirae Asset Mutual Fund has announced an addendum to the scheme information documents (SIDs) / key information memorandums (KIMs) cum common application forms of all the scheme(s) as amended from time to time.

Sebi comes out with framework for execution-only platforms for investing in direct MF schemes

Sebi introduced a regulatory framework for 'Execution Only Platforms' for direct plans of mutual fund schemes in a bid to protect the investors dealing in such schemes. The execution-only platform allows transactions in direct plans of mutual funds without the help of distributors.

The new framework would be applicable from September 1, the Securities and Exchange Board of India (Sebi) said in its circular.

Over the past few years, direct plans of mutual fund schemes have gained traction among investors as such schemes are cheaper compared to the regular plans, which include a commission paid to distributors. This resulted in mushrooming of several online platforms that provide the facility of investing in direct plans.

DSP Mutual Fund files draft for Multicap Fund

DSP Mutual Fund has filed a draft for a multicap fund. DSP Multicap Fund will be an open-ended equity scheme investing across large cap, mid cap, small cap stocks.

The scheme will be benchmarked against Nifty 500 Multicap 50:25:25 TRI. The scheme will be managed by Chirag Dagli, Jay Kothari (fund manager for overseas investments)

The investment objective of the scheme is to seek to generate long-term capital appreciation from a portfolio of equity and equity related securities across market capitalization.

According to the scheme information document, the minimum application amount will be Rs 100 and any amount thereafter. The minimum installment amount for SIP/SWP/STP will be Rs 100 and any amount thereafter. The scheme's riskometer shows that the scheme will fall in the 'very high risk' category.

The scheme will have a regular and a direct plan with growth and IDCW options. The scheme will allocate its assets of around 75-100% in equity and equity related securities, 0-25% in equity and equity related overseas securities, 0-25% in debt and money market instruments, and 0-10% in units issued by REITs & InvITs.

The portfolio construction will be based on a “bottom up” approach as well as a “top down” approach. ❑

Co-Operative Bank News

Urban co-op banks seek increase in gold loan limit from Rs. 2 lakh to Rs. 5 lakh

Urban cooperative banks (UCBs) have sought enhancement in the ceiling on loans against gold and gold jewellery from Rs. 2 lakh to Rs. 5 lakh under the bullet payment scheme to meet the funding requirements of small/marginal borrowers.

Jyotindra Mehta, President, National Federation of Urban Cooperative Banks & Credit Societies (NAFCUB), observed that bullet payment method was permitted by the Reserve Bank of India (RBI) after persistent requests from the UCB sector.

The RBI permitted bullet repayment of gold loans up to Rs. 1 lakh to start with (in 2007), which was increased later to Rs. 2 lakh in 2014, with the repayment being restricted to 12 months. "The time is ripe now for regulations in this regard to be more liberal and supportive to enable banks to face competition," said Mehta.

UCBs are allowed to extend gold loans under bullet repayment and Equated Monthly Instalment (EMI) repayment routes for 12 months.

Under bullet repayment, the principal and interest on a loan are paid in lump sum by a borrower to a lender at the end of the loan tenure.

RBI sanctions merger of Maratha Co-op Bank with Cosmos Co-op Bank

RBI has sanctioned the voluntary Scheme of Amalgamation of Maratha Sahakari Bank with The Cosmos Co-operative Bank.

The Scheme will come into force with effect from May 29, 2023, RBI said in a statement.

The central bank had placed Maratha Sahakari Bank, which was founded in 1946 and has seven branches in Mumbai, under Directions under Section 35 of the Banking Regulation Act, 1949, on August 31, 2016. The Directions were extended from time to time.

"The Scheme has been sanctioned in exercise of the powers conferred under Sub-Section (4) of Section 44A read with Section 56 of the Banking Regulation Act, 1949.

"All the branches of Maratha Sahakari Bank Ltd., Mumbai (Maharashtra) will function as branches of The Cosmos Co-operative Bank Limited, Pune (Maharashtra) with effect from May 29, 2023," RBI's statement noted.

Cooperative banks will soon be able to do compromise settlements, write-offs on NPAs: Shaktikanta Das

Reserve Bank Governor Shaktikanta Das said cooperative lenders will soon be able to do technical write-offs and execute compromise settlements with defaulting borrowers. RBI has decided to widen the scope of the framework for resolution of stressed assets, under which all the regulated entities including cooperative lenders will now be able to execute "compromise settlements and technical write-offs" to resolve non-performing assets, Das said.

Till now, this avenue for dead asset resolutions was available only with scheduled commercial banks and select non-bank finance companies, Das said, adding that comprehensive guidelines on the same will be released soon.

It can be noted that the cooperative lending sector frequently makes head-lines for lack of governance practices and conflicts of interest.

Cooperative banks face challenges on compromise settlements, say experts

The Framework for Compromise Settlements and Technical Write-offs introduced by the Reserve Bank of India may pose policy and regulatory challenges for some cooperative banks, mainly small urban cooperative banks (UCBs), because they lack the professional expertise, experts said.

A compromise settlement refers to an arrangement between a borrower and a bank, where a loan is cleared by paying a smaller amount than what is due.

"UCBs and mainly some small UCBs may have issues in dealing with the compromise settlements framework as they lack professional experience on the policy front when compared to bigger UCBs," said NS Vishwanathan, former deputy governor of the RBI who also headed a committee on co-operative banks.

RBI imposes monetary penalty on four co-operative banks for rule violations

RBI said it has imposed monetary penalties on four cooperative banks for rule violations.

These banks are Kokan Mercantile Co-operative Bank, Bajirao Appa Sahakari Bank, Sawantwadi Urban Co-operative Bank and Shri Laxmi Sahakari Bank.

The central bank imposed a penalty of Rs 1 lakh each on Kokan Mercantile Co-operative Bank and Shri Laxmi Sahakari Bank. It imposed Rs 2 lakh and Rs 3 lakh penalty on Bajirao Appa Sahakari Bank and Sawantwadi Urban Co-operative Bank, respectively.

The penalty on Kokan Mercantile Co-operative Bank has been imposed as the bank was collecting fixed penal charges for a shortfall in the maintenance of minimum balance in saving bank accounts instead of a charge proportionate to the extent of the shortfall. This was done without giving notice to the effect that in the event of minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable, the release said.

IT wing unearths wilful default by Tamil Nadu based cooperative bank causing loss to exchequer

The Income Tax department has unearthed a "willful default" by a Tamil Nadubased cooperative bank causing losses to the exchequer of several crore rupees, sources said.

According to the department's Intelligence and Criminal Investigation wing, financial institutions, banks, and cooperative banks are supposed to inform the department of cash deposits and interest paid to customers in the form of a Statement of Financial Transactions (SFT).

However, the cooperative bank in Pudukottai district was not sending the details of the interest paid to customers, based on the deposits for the last four years, sources said. "In this case, the bank did not disclose the interest paid to the customers. It has come to our notice that there may be a loss of about Rs 1.5 crore every year." they said.

A 10-member team of the department along with police personnel then conducted a survey on Thursday. "According to the Income Tax Act and Rules, the financial institutions including co-operative banks are statutorily obliged to file details of cash deposits by customers above certain limits and fixed deposits of above Rs 10 lakh in the form of Statement of Financial Transactions," the sources said.

The cooperative banks should inform the name, PAN number, and account details of those customers who have conducted such financial transactions to the department, they said. As the bank did not respond to any of the communications sent by the department, the on-the-spot survey was conducted.

Priority Sector Lending target deadline for Urban Cooperative Banks extended

Urban cooperative banks (UCB) are getting more regulatory relaxations. The Reserve Bank of India (RBI) has extended the deadline for meeting their priority sector lending (PSL) norms.

Moreover, those who have already met the targets would be suitably rewarded. They will also be allowed to resolve stressed assets the same as commercial banks are allowed.

"With a view to ease the implementation challenges faced by the UCBs, it has been decided to extend the phase-in time for achievement of the targets by two years, i.e. upto March 31, 2026" Governor Shaktikanta Das said in his monetary policy statement. "Further, suitable incentives shall be provided to UCBs that have met the prescribed targets as on March 31, 2023". ❑

Legal News

Record 180 resolution plans get nod in FY23

Insolvency tribunal NCLT approved 180 resolution plans in FY23, the highest-ever number so far, resulting in a total realisation of Rs 51,424 crore from stressed assets. In terms of the realisation for creditors, this is the second highest after FY19, when the total realisation was Rs 1. 11 lakh crore after completing 77 insolvency proceedings including some bigticket matters such as Essar Steel and Monnet Ispat.

This has helped creditors of debt-ridden firms in FY23 to realise 36% of their total admitted claims of Rs 1,42,543 crore for the year ended March 31, 2023.

The combined total liquidation value of the assets of 180 corporate debtors (CDs) was at Rs 39,110 crore and the creditors received 131% higher than it, according to data released by the Insolvencyand Bankruptcy Board of India (IBBI). Moreover in FY23, the National Company Law Tribunal (NCLT) admitted 1,255 applications from creditors for initiation of the Corporate Insolvency Resolution Process (CIRP), which is also one of the highest number since 2019.

Forceful seizure of vehicles by recovery agents is illegal: HC

Patna high court has held that forceful seizure of vehicles from owners who default on loans, through musclemen, is sheer violation of the fundamental right to life and livelihood as guaranteed by the Constitution and that such bullying actions attract lodging of FIRs.

The court observed that vehicle loans should be recovered by following provisions of securitisation that empower banks and equivalent financial institutions to recover bad debts by acquiring physical possession of the mortgaged properties of defaulting borrowers with the aid of the district administration and getting them auctioned in order to enforce their security interest.

A single bench of Justice Rajeev Ranjan Prasad, while disposing a batch of writ petitions, lambasted banks and finance companies that rope in musclemen to forcefully seize hypothecated vehicles (even at gunpoint). The court directed all police superintendents in Bihar to ensure that no vehicle is seized forcefully by any recovery agent.

The court passed the judgment on May 19 while hearing five cases of forceful seizure of vehicles by recovery agents. The erring banks/financial companies were fined Rs 50,000 each.

In his 53-page judgment, Justice Ranjan referred to more than 25 decisions of the Supreme Court, and also one by South Africa's apex court, and held that the high court can hear a writ petition against any "private actor" whose actions under the "government's nose deprive a citizen of his fundamental right to life and livelihood as envisaged under Article 21 of the Constitution".

Tax dept to act on specific evasion data

Income tax authorities have been asked to compulsorily pick up cases, where there is specific information of tax evasion on returns, for complete scrutiny during the current financial year, as part of the guidelines issued by the Central Board of Direct Taxes (CBDT).

In addition, cases where there was an addition and have been taken up under section 148 - which empowers assessing officers to estimate someone's income based on available information - will also be taken up.

Further, cases where there was an addition to the income during an earlier assessment year on a recurring issue of law or due to some specific facts before tax officials, also need to be picked up for complete scrutiny.

The income tax department takes up specific types of cases for complete scrutiny, while relying on random scrutiny of a small percentage of returns that are filed every year. The guidelines for compulsory selection indicate that the authorities are keeping tabs on some specific group of taxpayers to ensure that they report their income accurately.

The guidelines for the current financial year have stated that cases where surveys or search and seizure have been undertaken or where notices have been issued under section 142(1) of the income tax law, seeking details, should be taken up.

Flat buyers will face 18% GST on open car park sale

The West Bengal bench of the Appellate Authority of Advance Rulings (AAAR) has upheld an earlier ruling and said that sale or right to use a car park is not naturally bundled with construction services.

Thus, it will not be treated as a composite supply and will attract GST at the higher rate of 18%. The AAAR's ruling came in an appeal by Eden Real Estates, which is engaged in construction of residential apartments.

From April 1, 2019, GST is levied at 5% on non-affordable housing projects without input tax credit (ITC). For ongoing projects (as in this case), the builder has the option to pay GST at the old rate of 12% with ITC, which means taxes paid on inputs can be set off. Had the AAAR treated the transaction relating to the car park as a composite supply, the GST levy that would have been applicable would be that of primary supply of construction, which is lower.

According to Anita Rastogi, principal (indirect taxation) at Price Waterhouse-India, the impact of this ruling is that buying homes with parking spaces will be costlier. "Some builders may adopt a cautious approach and charge 18% GST in respect of car parking space."

In this case, the real estate developer submitted that the car parking space is only given to flat buyers and stamp duty is paid on the entire consideration. However, the AAAR bench observed that prospective flat buyers may or may not opt for a car parking space when booking their flat.

SC panel moots a central authority to handle unclaimed private assets

The Government should set up a centralised authority to handle and process unclaimed private assets on the lines suggested for creating the Central Authority for Unclaimed Property, the SC appointed-committee to probe Hindenberg-Adani saga said in its report.

According to the committee's findings, there are unclaimed shares amounting to Rs. 47,000 crore and cash totaling nearly Rs. 5,200 crore. The Investors Education and Protection Fund Authority (IEPFA) is manned by a CEO holding additional charge and has a dozen officers.

However, the committee believes that the current officer strength is disproportionately small. Therefore, the IEPFA should have a full-time Chief Executive Officer who would be held accountable with specific key performance indicators established by the governance oversight of the Authority.

The IEPFA has acknowledged that the refund process involves multiple stakeholders, and the main service providers operate on different electronic platforms that are not interoperable. As a result, the data flow is not seamless, and the refund process exceeds the legally mandated time period. An efficient market relies on the ability of market participants to make informed investment decisions, which includes awareness of the ecosystem as well as the associated risks, rewards, rules, and regulations.

The SC appointed committee said there has been a substantial increase in the futures and options segment which entails higher risk and specialised knowledge of the market.

Bombay High Court validates IGST provisions for intermediary services

The Bombay High Court settled the issue of Integrated Goods & Services Tax (IGST) on intermediary services.

After a division bench divided over the issue, the third judge upheld the constitutional validity of provisions related to IGST making it 2:1 in favour of validity.

However, experts feel the big challenge would be who will levy the tax. Also, this would require amendment in law or rules.

Considering the views taken by Justice G S Kulkarni and one of the members of the division bench (Justice Abhay Ahuja), “we hold the provisions of Section 13(8)(b) and Section 8(2) of the IGST to be legal, valid and constitutional,” a division bench of Justices Ahuja and Sunil B Shukre said. ❑

ICICI Bank commits a contribution of Rs 1,200 crore to Tata Memorial Centre

ICICI Bank announced a commitment to contribute Rs 1,200 crore towards Tata Memorial Centre (TMC), a premier institution that runs cancer treatment and research centres across the country.

ICICI Bank will donate the money from its CSR funds to set up three new buildings spanning over a combined area of 7.5 lakh square feet and equip them with state-of-the-art machines at TMC's centres at Navi Mumbai in Maharashtra, Mullanpur in Punjab and Visakhapatnam in Andhra Pradesh.

With the largest contribution from any institution to TMC, ICICI Foundation for Inclusive Growth (ICICI Foundation), the CSR arm of ICICI Bank, will implement the initiative, which is likely to be completed by 2027.

With modern equipment and specialised multidisciplinary teams, these new centres of excellence in oncology treatment will provide advanced and evidence based therapies to nearly 25,000 new patients a year, doubling the present capacity and providing a significant boost to the country's cancer treatment infrastructure.

ICICI Foundation has signed an agreement with TMC to express this commitment.Mr. Sanjay Datta, President, ICICI Foundation and Dr. R. A. Badwe, Director, Tata Memorial Centre signed the agreement in the presence of Mr. Girish Chandra Chaturvedi, Chairman, ICICI Bank and Mr. Sandeep Batra, Executive Director, ICICI Bank.

Mr. Chaturvedi also inaugurated the ICICI MRI Facility today at Tata Memorial Hospital at Parel in Mumbai in the presence of Dr. Badwe and Mr. Batra. This facility is equipped with an advanced MRI machine supported by ICICI Foundation.

Release of India Exim Bank Publication on Enhancing Trade and Investment Relations between India and Central America

India Exim Bank's study titled 'Enhancing Trade and Investment Relations: Between India and Central America' was released during the 53rd Latin American Association of Development Financing Institutions (ALIDE) General Assembly Meeting held in San Pedro Sula, Honduras on May 31, 2023 by Mr. Luis Antonio Ramírez, President of ALIDE (right) and Mr. Edwin Araque, President of Banhprovi (left), in the presence of Mr. Ravindra Mehru, Resident Representative, India Exim Bank's Washington D.C. Office.

The General Assembly provided a platform for deliberations on current issues impacting India-Central America trade while identifying opportunities for closer collaboration in diversified areas.

The Latin America and the Caribbean (LAC) region remains an important regional partner for India. The sub region of Central America, which acts as a bridge between North and South America, is evolving as a region of special interest for India in the LAC region. Total trade between India and Central America which stood at US$ 159.1 million in 2001, has increased to US$ 2.9 billion in 2021.

While India's trade relations with countries in the Central American region have transformed considerably over the last decade, the structure and pattern are yet to be diversified and there lies huge potential for diversifying India's exports.

The study also identifies investment opportunities which could be leveraged, based on India's comparative advantage and highlights key strategies to further expand India-Central America partnership. As India expands its presence in Central America, the relationship holds immense potential for mutual growth and promoting shared prosperity.

Bank of Maharashtra presents dividend cheque of Rs 795.94 crore to Hon'ble Finance Minister Smt. Nirmala Sitharaman

Bank of Maharashtra (BoM), a premiere public sector Bank in the country, paid a dividend cheque of Rs 795.94 crore for the financial year 2022-23 to Hon'ble Finance Minister Smt. Nirmala Sitharaman. The dividend cheque was presented by Shri A S Rajeev, MD & CEO, Bank of Maharashtra along with Executive Directors Shri A B Vijayakumar and Shri Asheesh Pandey, in the presence of Shri Sameer Shukla, Joint Secretary, Department of Financial Services.

Bank of Maharashtra declared a dividend of Rs 1.30 per equity share (13 percent) for the financial year ending on March 31, 2023. This dividend payment reflects the bank's impressive financial performance during the fiscal year. BoM's net profit for the full year 2022-23 soared by 125.96% percent, reaching to Rs 2602 crore, compared to Rs 1152 crore in the previous fiscal year.

BoM has been consistently putting promising results and has topped the chart of PSBs in terms of deposit and loan growth for FY-21, FY-22 & FY-23, with strong fundamental indicators. The substantial increase in profitability showcases BoM's ability to navigate challenges and generate robust returns.

BoM's remarkable financial performance year on year, demonstrates its position as an integral player in the banking sector. The bank has consistently shown resilience and adaptability to changing market dynamics, enabling it to remain at the forefront in terms of performance. Recently BoM successfully raised capital of Rs.1000 crore through QIP process, signifying strong investor confidence.

Bank of Maharashtra's performance reflects the dedication and efforts of its employees, as well as the effectiveness of its strategic decisions and operational policies undertaken by the bank. This has helped bank to maintain profit and growth trajectory with strong focus on digitization and ease of banking. Currently Bank of Maharashtra has a wide range of Branch network of 2210 Branches and 2350 ATMs, operating through 28 states and 6 Union Territories.

HDFC Bank launches 2 special tenure fixed deposit schemes

HDFC Bank, India's leading private sector bank, today announced the launch of two special tenure fixed deposit schemes, with an overall tenure of 35 and 55 months. The special tenure fixed deposit schemes can be availed on deposits under Rs 2 crore.

Customers can avail 7.20 % interest on fixed deposits held for 35 months (2years and 11 months), and 7.25 % interest on fixed deposits held for 55 months (4years and 7months). In addition, senior citizen customers can avail an additional interest margin of up to 0.5 % over and above the accepted rate of interest.

As deposit rates are near their peak, the new Special Edition Fixed Deposit scheme will benefit customers looking to keep their money for extended term with assured high returns.

"HDFC Bank provides the best banking experience to its customers. We constantly innovate to deliver the best banking and savings solutions to customers. Investment in fixed deposits is one of the safest instruments for investment which provides assured returns. The new schemes will greatly benefit our customers and non-customers looking to keep their money safe for extended durations with high returns," said Mr Ravi Santhanam, CMO, Head-Corporate Communications, Head-Liability Products and Managed Programs. ❑

RISE OF DYNAMIC DATA STORYTELLING

Storytelling has been an integral part of human culture since ancient times, predating even the invention of writing. It is a pivotal aspect of our social and cultural interactions, involving narrative sharing through improvisation, theatrics, or embellishment. This practice is deeply ingrained in every culture and serves various purposes, including entertainment, education, preserving cultural heritage, and imparting moral values. Each culture has unique stories that have been passed down from generation to generation. The origins of storytelling can be traced back to the Cro-Magnon era when humans utilized it to document their daily experiences. Despite originating during the age of cave paintings, the psychological impact of storytelling remains relevant to this day, after thousands of years.

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Data is an indispensable collection of discrete values that provide vital information on quantity, quality, facts, statistics, and other fundamental units of meaning. It is represented as numbers or characters and is commonly gathered through measurement, observation, query, or analysis. It is the smallest unit of information that must be used for calculation, reasoning, or discussion, ranging from abstract ideas to concrete measurements. When thematically connected, data presented in context must be considered information, while contextually related pieces of information must be described as data insights or intelligence.

With the advancement of computing technologies, Big Data has emerged, typically involving vast amounts of data at the petabyte scale. Analysing and working with such large datasets using traditional methods can be challenging. In theory, infinite data generates infinite information, making it difficult to extract insights or intelligence. Nevertheless, Data Science has emerged, utilizing Machine Learning and other Artificial Intelligence methods to apply analytic techniques to Big Data efficiently.

What is data storytelling, and how is it different from traditional storytelling?

The idea of data storytelling involves creating a captivating storyline using complex Data and Analytics to convey a message and influence a specific audience. The process is akin to human narration but has the advantage of presenting in-depth analysis and factual evidence using graphs and charts. The information is presented in a simplified manner to engage the audience, enabling them to make critical decisions with greater confidence and efficiency. When communication is effective, it allows for insights to be perceived and remembered by the audience.

The phrase "Data is the new oil" has led to significant changes in the business world. We have seen organizations switch up their models; new companies emerge based on data platforms, and the popularity of data products that have become a regular part of our daily routines. It is crucial to convey our perspectives clearly and efficiently to create significant change. The advancement of digital technology and the importance of data-driven decision-making have made data storytelling a crucial skill, particularly in Data Science and Business Analytics. The aim is to narrow the divide between complex data analysis and decision-makers who may require the ability to comprehend the data. By utilizing deliberate techniques in crafting data stories, the Chief Data Officer/Chief Analytics Officer and their teams can effectively increase business value and enhance their influence and impact on stakeholders.

Creating a Data Story

Creating a narrative based on data that leads to informed decisions and actions can be a highly effective tool. There are several benefits of effectively communicating data through storytelling, including:

❖ This tool assists in generating valuable insights.

❖ This tool helps simplify complicated information and emphasizes the essential details for the intended audience.

❖ Enhancing credibility by establishing oneself as an industry and thought leader.

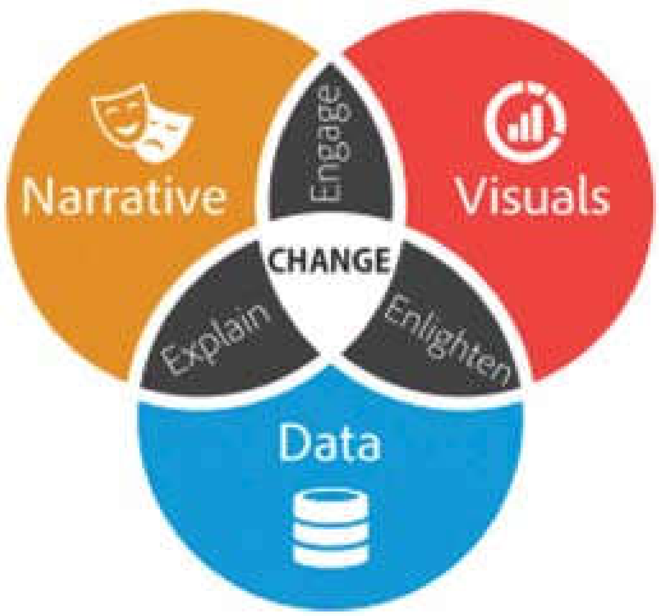
❖ Storytelling can be a valuable tool to effectively handle conflicts, address issues, and overcome challenges. Narrative discourse can serve as a useful approach to resolving conflicts when direct action may not be feasible or recommended.

❖ During a group discussion, a collective storytelling process can effectively inspire and unite group members by connecting past experiences to future goals. This approach can be used to transform problems, requests, and issues into compelling narratives that engage and motivate the team.

❖ The art of storytelling holds significant value in decision-making and persuasion. In corporate settings, managers and officials often rely on storytelling rather than abstract arguments or statistical data.

To effectively tell a story with data, there are three crucial components.

❖ **Data:** To gain a comprehensive understanding, utilizing



Descriptive, Diagnostic, Predictive, and Prescriptive Analysis methods is crucial for data analysis.

❖ **Narrative:** While sharing insights from data, it is essential to use a plain narrative, whether spoken or written. This narrative should provide context, recommendations, and persuasive reasons for those recommendations to communicate with the audience effectively.

❖ **Visualizations:** To effectively convey the story behind the data, visual aids such as charts, graphs, diagrams, pictures, or videos can be incredibly helpful in making it clear and memorable.

We can utilize data storytelling as an internal tool to convey the importance of enhancing our products according to user data. Our products can be presented convincingly, encouraging potential customers to purchase them. It is crucial to consider the intended audience and their comprehension level when crafting a story to ensure effective communication. Selecting appropriate visuals is vital for successful storytelling. Audiences prefer concise and clear messages over complex stories with heavy jargon and complex language. In addition, the purpose of storytelling is to present information in a way that is easily comprehensible for the audience. Properly organizing the flow of the data story is crucial.

Preparation of Narrative

While preparing the narrative, it is essential to take note of the following points:

❖ **Setting:** The details provided contain all the necessary information to understand the situation, including the decision, problem, questions, and data. The document includes the organization's goals, mission, targets, values, and analytical framework related to the inquiry & data.

❖ **Characters:** The individuals involved in the data can range from customers to stakeholders and other vital players affiliated with the organization.

❖ **Context:** Context refers to the specific point we are trying to convey. It often arises from a question, such as why customers are churning, which is the foundation for our hypothesis and the data we gather to answer the question.

❖ **Conflict:** The presented data may impact the characters or setting through issues or their effects. It is important to note that conflicts are only sometimes necessary in data stories.

❖ **Resolution:** Proposing a solution to a visible problem or aiding in decision-making is helpful.

Data Visualization to enhance Data Storytelling

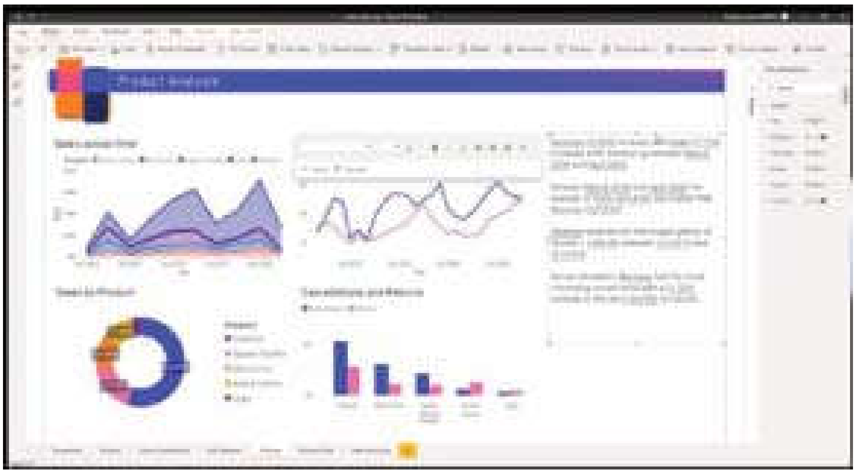
The use of data visualization is crucial in facilitating the audience's ability to comprehend complex information. It simplifies vast amounts of data into easily digestible forms, aided by compelling visuals that support our narrative. Given the decreasing attention span of humans, data visualization is especially useful in conveying essential information. The human brain is better equipped to extract information from images than textual representations of the same data. As such, AI/Data practitioners should be able to communicate their findings in multiple formats. Utilizing data visualizations can be beneficial in aiding comprehension and analysis:

◆ Discover unbiased insights by identifying patterns, trends, and key findings.

◆ Provide context, analyse the outcome, and express the insights.

◆ Present information clearly and concisely, making it easy for the audience to comprehend. Improve audience engagement.

For example, Microsoft Power BI dashboards include a data storytelling narrative tool.



Creating Dynamic Visualization of Stories

Finance analysts and decision-makers are currently facing an overwhelming amount of complex data. According to Gartner, by 2025, the most prevalent method of consuming analytics will be through Data Stories. 75% of these stories are expected to be automatically generated using Augmented Analytics techniques. Organizations will increasingly incorporate dynamic storytelling tools powered by Artificial Intelligence and Machine Learning into their traditional dashboards to keep up with this trend.

Ref: zoho.com

These dynamic data stories will provide insights in the form of Narratives, highlighting the most meaningful business changes for each user and providing root causes, predictions, and prescriptions tailored to their roles and contexts. This approach dramatically reduces the risk of misinterpreting financial analysis, creating contextualized Narratives that drive data-driven decision-making. Automated data storytelling will also save time by reducing the need for manual authoring and reconfiguring of dashboards while still allowing users to generate personalized data stories automatically.

When presenting decision-ready data, it is essential to use a classic three-act narrative structure and story arc. How the information is conveyed can significantly affect how it is perceived, comprehended, and necessary action is initiated.

Key components of the story arc

❖ Stimulus

Identifying a fascinating pattern or trend through the available data can open doors to new opportunities and benefits. For example, a Data Scientist on the team creates a data model that surfaces a previously unidentified subsegment of highly profitable customers at risk of churning. This finding is the stimulus that prompts us to recognize that significant changes are required in the sales strategy and marketing campaigns that have been running unchanged for a period.

❖ Evaluation

To effectively manage a business scenario, it is crucial to measure progress. Continual measurement is necessary to gauge any impact that may be occurring. The Data Scientist utilizes a churn analysis model to evaluate the effectiveness of changes to the sales plan and marketing campaign.

❖ Learning

The data gathered during the final measurement stage offers valuable insight and feedback that can be used to improve future strategies. Depending on the feedback & insights gained from the churn model, adjustments and refinements can be made to the business plan to optimize the approach further. This creates a positive cycle of constant improvement.

Robinhood Recap: An Example of a Successful Data Story

Robinhood Financial is an online brokerage service enabling investors to trade stocks and securities without paying commissions. In late 2020, the company launched a unique personalized experience for its users to revisit their investing journey, complete with their most significant trades, key investing moments, and other market milestones.

This unique feature has helped users understand their activity and encouraged them to look closely at their investment strategies. The data-driven customer experience highlights the users' earned interest, dividends, and trade returns and reinforces moments of explicit value. Additionally, it promotes desired user behaviours. Robinhood is eager to drive brand awareness and new client acquisition through referrals and app adoption, ensuring brand loyalty.

Dynamic data storytelling in the Indian Banking sector

Some examples of using interactive data visualization are:

- ❖ **Visualizing loan growth:** It is helpful to see how loans have grown over time across various categories like personal, home, and business loans to understand the Bank's loan offerings better and make informed decisions.
- ❖ **Analysing credit risk:** Credit risk analysis across various regions and industries is crucial. This information aids the Bank in effectively managing its loan portfolio and making well-informed lending decisions.
- ❖ **Exploring customer behaviour:** One way for the Bank to gain insights into customer behaviour is by analysing their account activity, including transaction frequency and type. This data can enable the Bank to identify patterns and trends, which can then be used to create targeted marketing campaigns.
- ❖ **Mapping branch locations:** To assist customers in locating nearby branches and provide insight into the services offered, the Bank can implement a feature that displays the locations of its branches throughout the country.

Conclusion

The use of data-driven storytelling has the power to significantly transform how we consume and analyse data, and revolutionize the field of Analytics. Interpreting and explaining data makes Business Intelligence accessible to all users, not just those with data analysis training. In the future, new data tools can provide data stories. Additionally, combining data storytelling with Artificial Intelligence predictions can lead to accurate predictions without extensive configuration. Critical actions for the Financial Sector are evaluating vendors with augmented user experiences and implementing or enhancing data literacy programs.

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ESG AND ITS IMPACT ON BANKING SECTOR

Introduction

The term 'ESG', which stands for all environmental, socioeconomic, and governance concerns, is consequently gaining traction in the business and corporate sector. ESG is about pursuing responsible and ethical business practices with attention to social and environmental parity along with economic development. ESG is fast becoming synonymous with sustainability. Investors and regulators have also amplified their analysis in evaluating businesses that employ sustainable business practises and the ESG framework.

ESG is a set of standards for a company's operations that socially conscious investors use to choose potential investments. Environmental criteria consider how the operations of a company impact the environment (e.g., emissions or air/water pollution). Social measures examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, audits, internal controls, and shareholder rights.

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In India's corporate ecosystem, there have been two major developments in the context of Sustainability/ESG Framework. The first was Corporate Social Responsibility (CSR) reporting and spending being made mandatory under the Companies Act, 2013. The second is the Securities and Exchange Board of India (SEBI) making the Business Responsibility and Sustainability Report (BRSR) mandatory for the top 1,000 listed companies by market capitalisation.?This is a step forward in widespread adoption of ESG framework in corporate decision-making and business practices.

Environmental, Social, and Governance (ESG) considerations have become increasingly important for the banking sector in recent years. The banking industry has a significant impact on the economy and society, and as a result, banks have a responsibility to manage their operations in a socially responsible and sustainable manner. ESG factors can have a direct impact on a bank's financial performance, reputation, and long-term viability.

Need for an ESG Reporting Framework:

(i) Businesses have the power and resources to take good climate action, create a more sustainable, resilient future, and spend their money for this cause. ESG Reporting norms will create visibility to investors about such sustainable actions/practices by companies. The clarity will help the investors to channel their investments in sustainability-conscious companies.

(ii) Globally, the landscape of sustainability reporting is evolving swiftly as a result of the push for the Sustainable Development Goals and the growing momentum of the climate action movement. ESG is becoming more important in this situation.

(iii) Consumers are now demanding high standards of sustainability and quality of employment from businesses. Regulators and policy makers are more interested in ESG because they need the corporate sector to help them solve social problems such as environmental pollution and workplace diversity. The investor community has also become much more interested in it.

Evolution of ESG Reporting Norms in India

ESG reporting in India started in 2009 with the Ministry of Corporate Affairs, Government of India, issuing the National Voluntary Guidelines on Corporate Social Responsibility (NVGs).

In 2012, SEBI mandated that the top 100 listed companies by market capitalisation file the Business Responsibility Report (BRR) based on NVGs along with annual reports. BRR was extended to the top 500 listed companies by market capitalisation in 2015 and to the top 1,000 listed companies in 2019.

CSR activities have been made mandatory under The Companies Act, 2013 for companies falling under the prescribed category.

Integrated Reporting (IR) was introduced by SEBI in 2017 voluntarily for the top 500 companies required to prepare BRR.

The National Guidelines on Responsible Business Conduct (NGRBC) came in 2019.

Business Responsibility and Sustainability Report (BRSR) was introduced in 2021 on a voluntary basis and made mandatory from FY2022-23.

The salient features of SEBI's BRSR Guidelines:

BRSR is a standardised reporting format that will provide a basis to compare environmental, social and governance goals across companies and sectors.

The BRSR guidelines are more elaborate and stringent than the existing BRR norms. BRSR incorporates metrics of international frameworks on par with global ESG reporting trends. It is a significant step towards bringing sustainability reporting at par with financial reporting.

Some of the key disclosures sought in the BRSR are:

(a) Sustainability related goals &targets and performance against the same

(b) Environmental disclosures related to resource usage (energy and water), air pollutant emissions, greenhouse (GHG) emissions, transitioning to a circular economy, waste management practices, extended producer responsibility, biodiversity etc.;

(c) Social disclosures covering the workforce, value chain, communities and consumers that include:

  (i) **Employees/workers:** Gender and social diversity including measures for differently-abled employees and workers, turnover rates, median wages, welfare benefits, occupational health and safety, training etc.;

  (ii) **Communities:** Disclosures on Social Impact Assessments (SIA), Rehabilitation and Resettlement, Corporate Social Responsibility etc.

  (iii) **Consumers:** Disclosures on product labelling, product recall, consumer complaints in respect of data privacy, cyber security etc.

The 9 principles of National Guidelines of Responsible Business Conduct (NGRBC) are aligned in the BRSR report:

1. Business should conduct themselves with integrity and

in a manner that is ethical, transparent and accountable.

2. Businesses should provide goods and services in a manner that is sustainable and safe
3. Businesses should promote the well-being of all employees, including those in their value chains.
4. Businesses should respect the interests of and be responsive to all its stakeholders.
5. Businesses should respect and promote human rights.
6. Businesses should respect and make efforts to protect and restore the environment.
7. Businesses, when engaging in influencing public and regulatory policy should do so in a manner that is responsible and transparent.
8. Businesses should promote inclusive growth and equitable development.
9. Businesses should engage with and provide value to their consumers in a responsible manner.

The BRSR report serves as a single comprehensive source of information on non-financial sustainability measures to all the relevant key stakeholders of the business, i.e., shareholders, regulators, investors, and the public at large.

ESG in Banking Sector:

ESG is a framework used to assess companies' performance on environmental, social, and governance issues. ESG factors have become increasingly important in the banking sector, as banks are under increasing pressure to align their activities with broader societal goals.

Environmental Factors

Environmental factors are an important consideration for banks. Climate change and environmental degradation can have significant economic and social impacts, and banks are well-placed to play a role in mitigating these risks. Banks can be exposed to environmental risks in various ways, such as lending to polluting industries or financing fossil fuel projects. Therefore, environmental considerations are becoming more critical in banks' decision-making processes. Banks are under pressure to limit their exposure to companies that contribute to environmental damage and promote sustainable practices.

Banks can support environmentally sustainable investments, such as renewable energy projects and clean technology, and provide financing for companies that are committed to reducing their carbon footprint. Additionally, banks can incorporate environmental factors into their risk management frameworks, including stress-testing their portfolios for climate-related risks.

Social Factors

Social factors refer to the impact of a bank's operations on society. Banks have a role to play in promoting social equality and supporting underserved communities. This can be achieved through responsible lending practices, such as providing affordable credit to low-income households and small businesses, and investing in community development projects. Banks can also promote diversity and inclusion within their own organizations and support initiatives that promote social cohesion.

Governance Factors

Governance factors relate to the way in which a bank is managed and governed. Good governance practices are critical to ensuring a bank's long-term success and sustainability. This includes having robust risk management frameworks, transparent reporting, and strong board oversight. Banks that prioritize governance factors are more likely to have better risk management practices, higher levels of transparency and accountability, and better alignment with the interests of stakeholders.

Impact of ESG on Banking Performance

ESG considerations have several impacts on the banking sector. The most notable impact is on the lending and investment activities of banks. Banks are under increasing pressure to limit their exposure to companies that contribute to environmental and social damage.

ESG considerations can have a direct impact on a bank's financial performance. Banks that prioritize ESG factors are more likely to attract socially responsible investors and

customers, which can enhance their reputation and improve their access to capital. Additionally, banks that have a strong ESG focus are better positioned to manage risks associated with environmental, social, and governance issues, which can help to mitigate potential financial losses. By incorporating ESG factors into their lending decisions and investment strategies, banks can also identify new business opportunities and support sustainable economic growth.

Another impact of ESG on the banking sector is on reputation and brand value. Banks with poor ESG performance may face reputational damage, which can lead to a loss of customers and investors. On the other hand, banks that demonstrate strong ESG performance can differentiate themselves from their competitors and attract customers and investors.

Furthermore, ESG considerations can impact banks' risk management practices. Environmental risks, such as climate change, can have a significant impact on banks' loan portfolios. Banks that are exposed to environmental risks may face losses if they do not manage these risks properly. Therefore, banks need to incorporate ESG considerations into their risk management practices to limit their exposure to environmental and social risks.

Benefits of ESG Norms:

(i) ESG reporting norms (like BRSR Guidelines) are likely to play a bigger role in how companies are assessed, not only by investors but by consumers and stakeholders.

(ii) The ESG frameworks are heading towards standardisation, which would reduce the scope of misrepresentation and greenwashing.Greenwashing is the act of giving a false image or giving false information about how an organisation's products are more environmentally friendly. It is the practise of making unsupported claims about the environmental friendliness of a company's products in order to mislead customers.

(iii) BRSR Guidelines will bring in more transparency in ESG reporting. This will attract greater investments in socially-responsible and environmentally-sustainable companies. This will prompt corporates to adopt sustainable measures.

Challenges with ESG Reporting Norms:

1. Methodological data issues: There are major problems with the data that is being generated by organizations today, including lack of verification, difference in the manner in which data is collected by corporations and then subsequently reported. Generally, it creates a lack of faith by investors in quality of that data therefore it becomes difficult to make investment decisions.
2. Lack of standardization: As a norm, organizations assess environmental and social information in order to put it into financial audit reports. There is relatively less reference to standard for reporting, disclosure and materiality outside of sustainability reports.
3. Constantly evolving reporting requirements: Due to the constant changes in political landscape, reporting framework continues to evolve with the changes in legislations, it becomes difficult for organisations to cope up with the changing reporting requirements.
4. The impacts of ESG measures are difficult to quantify. While the financial performance of companies can be measured accurately by defined financial metrics (like profits after tax, return on assets/investments), such metrics are difficult to be defined for ESG measures. This make it difficult to measure comparative performance of corporates on sustainability measures

Conclusion

The banking sector has an important role to play in promoting sustainable economic growth and social progress. By prioritizing ESG considerations, banks can enhance their reputation, manage risks, and identify new business opportunities. ESG factors are increasingly becoming a critical consideration for investors and customers, and banks that fail to incorporate ESG considerations into their operations may face significant financial and reputational risks in the long term. As such, it is essential for banks to embrace ESG factors and incorporate them into their decision-making processes to ensure their long-term success and sustainability.

Robust ESG framework and responsible ESG investing are very important for an emerging economy like India as it provides an opportunity for all stakeholders to build an economy that is financially, socially and environmentally sustainable. SEBI has facilitated the achievement of the United Nations Sustainable Development Goals and the Paris Agreement on Climate Change by way of mandatorily requiring ESG reporting by Indian companies.

Going forward, the ESG norms can be extended in their scope and applicability to include the unlisted companies as well. ❑

THE 3-I PRINCIPLE FOR AN EFFECTIVE FINANCIAL PLANNING BY A SALARIED INDIVIDUAL

In the developing economy like India, the class which is impacted financially the most due to any slightest change in the economic climate nationally or globally is none other than the middle class that too the salaried segment. The reasons are many but one among them is their ambitious approach for a quick change in their lifestyle and financial status. They always struggle for better prospects for their wards. A proper financial planning in place would make their dreams come true despite adversity. It is the 3-I principle - the Three "I" are INFLATION -INCOME TAX -INSURANCE. This Article describes how to deal with these parameters.

The first I namely Inflation - means increase in the prices of various commodities over a period of time. It is quite surprising for many and shocking for a few that despite an increase in their salary, how come there is no increase in their savings. There are TWO reasons for this - the first reason being that the increase in income may not be sufficient to hedge against the inflation rate - and the second being that he is spending more than he requires, thinking that he deserves better lifestyle as his earnings have increased. Whatever may be the reason- the inflation leads to less savings for future and ultimately leads to poor financial situation in future.

To curtail this tendency, one has to chalk out the details of his spendings-category-wise like rent, groceries, Petrol expenses for daily travel, weekend eating out, holiday travelling, etc. After this one has to check out the inflation on each category. This exercise would tell where to cut the expenses or postpone them for the time-being. This will help to maintain the same level of savings/Investments despite an increase in the inflation in the economy. One has to prepare to set aside at least 25% of his income towards his future financial goals. Once this becomes a habit, the inflation does not bother much and the increase in the income due to salary-hike automatically increases the

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savings for the future financial needs like children education/ marriage or leading a happy retired life.

The second "I" represents how to use the relevant Income Tax provisions for better financial planning. For this he should know various Income Tax Provisions applicable to the salaried class to reduce the tax liabilities.

The present tax rates as per the old regime is as follows:

The TAX rates (old Regime)

Annual income	Tax Rate
Up to 250000	Nil
250001-500000	5%
500001-100000	20%
Above 1000000	30%

Surcharge is payable Extra on Income Tax

Income Exceeding Rs 50 lakhs up to Rs 1Cr - 10%

Income Exceeding Rs 1Cr and up to Rs 2Cr - 15%

Income Exceeding Rs 2Cr and up to Rs 5Cr - 25%

Income Exceeding Rs 5Cr and beyond - 37%

Health & Education Cess Extra 4% on Income Tax and Surcharge

One should also know how to choose the right investment tool to reduce the tax burden. If he acquires expertise in this, he can use various statutory exemptions to save tax and divert that amount to future savings.

The Income Tax Act consists of various sections which provide statutory exemptions that help in saving the TAX payable to Government. These savings can be diverted for future savings as a part of financial planning. The relevant sections of the Income tax act applicable to the salaried people are appended below:
Section 80 (C) -expenses and investments up to maximum 1,50,000/- in a financial year.

Section 80 (D)-Medical insurance premium and expenses up to maximum 75000/- (Self, family and senior citizen parents)

Section 80 (DD)-Medical, Nursing and Rehabilitation expenses on dependent handicapped (75 k to 1.25 L depending on 40%-80% disability)

Section 80 (E)-Interest on Education Loan for spouse and children - no cap - total interest is exempted.

Section 80 (G)- donations to Charitable Organizations -no cap-Total donation is exempted.

Section 80 (GGC)-Donations to Political parties- maximum is -10% of gross Income

Section 80 (TTA)- interest income earned up to maximum 10 K

Section 24 (B)-interest exemption on home loanup to maximum 2 L for self-occupied and no cap for let-out property.

Section 80 (CCC)-Deduction on any payment made in the previous year to keep in force a contract for annuity plan of LIC or any other insurer- Deduction Limit - Rs 1.50 lakh

Section 80 (CCD-1B)-An additional amount of Rs 50,000 paid towards notified pension schemes of government is allowed over and above 80(C) limit of Rs.1.5 lakh

Now we examine a case to understand to what extent we can save on tax by applying the above sections.

Case : Mr. Savings Rao-aged 30 years, has an assessable income of 20 Lakhs. As per the old Tax regime he falls under 30% slab.

Let us workout how much tax can he save if he knows various sections of Income Tax Act:
Tax liability (including edu cess) on 1,50,000 = 150000X30%x104%=46800/-

Had he saved/invested this amount of 150,000 in any of the following Financial instruments he could have saved this 46800/- every year !!

Mr. Savings Rao could invest this amount in any interest/ dividend giving instrument every year till he retires i(ie) for 30 years - doesn't it accumulates into a HUGE CORPUS ?

U/S 80C: (he can invest in any one of the following financial instruments)

Contribution to Provident Fund - 150,000 X 30%=45,000X104%=	46800/-
Contribution to Public Provident Fund	46800/-
Payment of life insurance premiums	46800/-
Investment in ELSS mutual funds	46800/-
Repayment of housing loan	46800/-
Tuition fees for children's education	46800/-
Investment in fixed deposit with banks and postoffices (5years)	46800/-
National Savings Certificate	46800/-

He can further invest 15600/- if he contributes to NPS as below:

U/S 80 CCD(1b)

Contribution to National Pension System = 50,000X30%=15000X104%=15600/-

If Mr. Savings Rao invest above mentioned saved amount in Banks/post office savings instruments, upto 10k interest amount he does not require to pay tax as such the saved amount is

U/S 80TTA

Savings interest =10000X30%=3000X104% = 3120/-

However the interest earned over and above 10k would be taxed at the appropriate slab of the assessee (for e.g. 30%).

One can plan his finances in such a way that his investment in banks/post offices should be restricted to get an annual interest of 10 k and the balance amount can be invested in Equity mutual funds or Stocks so that the tax payable would be 15% only under STCG (short term capital Gains) tax. instead of saving in bank/post office accounts and paying interest.

The third Iof this principle is Insurance - how to use insurance as a better tool for financial planning. Whatever be the amounts one had saved in Inflation planning and Income-tax planning, that can be invested in various life insurance

instruments to complete the financial planning for different future financial needs.

Insurance planning involves building a plan of action that provides adequate insurance against FOUR D's viz., Death, Disease, Disability, and Dependence. This involves creation of an estate with small amounts pooled over a longer period. Hence the Insurance planning should be started early in the life with amounts invested in an appropriate insurance plan as per the risk to be covered - any or all the 4D's mentioned above.

Protection against the untimely death is available with TERM plans. In the market, currently there is so much demand for these products thanks to the COVID19 pandemic. The demand has been so high since the year 2020, that all the insurance companies have enhanced the premium rates of their TERM plans by 20% on an average. Many companies have already announced their plans of further increasing of these premium rates in the second part of 2022. This shows the demand for these plans in the market.

Similar trends were also observed in Health insurance sector that provides protection against Diseases through medical support systems. Although the awareness of having a health insurance policy has significantly increased thanks to the COVID pandemic, many people still don't understand its importance. Today, maintaining a good health is a big challenge as the stress levels, and risk of lifestyle-related diseases are increasing every day. With the rising medical inflation, securing a required health insurance policy must be an integral part of efficient financial planning. Having a comprehensive health insurance policy allows to provide the best medical treatment facilities to the family without worrying about the expenses. Now-a-days health insurance policies are available with life time renewability option - means you can renew your policy till you are alive.

This also saves the person from depleting his own savings in case of sudden sickness of himself or of any of his family members. The premium paid under a health insurance policy is eligible for tax benefit under Section 80D of the Income Tax Act up to a maximum amount of Rs. 25,000.

If parents of more than 70 years old, an additional tax benefit of RS. 50,000/- is available.

Thus, a health insurance plan helps you save on medical expenses and reduces annual tax outgo.

U/S 80 D

Mediclaim for self and family =	
25000X30%=7500X104% =	7800/-
Mediclaim for parents (senior) =	
50000X30%=15000X104% =	15600/-U/S 24(b)
Interest on housing loan =	
2,00,000X30%=60000X104% =	62400/-

These amounts saved from paying income tax can be invested for future financial needs like children education/ marriage/ business capital or for buying own house/flat or for retirement planning.

The third D is disability insurance - Disability due to accident or disease may prevent a person from working - business or job - and stops his income.

Disability insurance replaces lost income when an individual is unable to work because of an accident or illness.

Without disability coverage as part of the financial planning, the savings accumulated for the purpose of child education and retirement, get depleted. The disabled person who was once the breadwinner becomes the dependent.

Life insurance companies are providing different riders to take care of this risk of disability like the income benefit rider due to accidental disability etc.

The fourth D is dependence: Another risk associated with life is Dependence post retirement .one should retire at some point of time in the life irrespective of his occupation viz., salaried or business owner. Once the regular monthly income stops, the real struggle starts to lead a better post-retirement life...no clue of for how many years!

Retirement planning is an important stage of financial planning that involves finding out the current income sources and future expenditure to enable to build a decent retirement corpus for the retired life. For this one needs to learn to live on a fixed budget during his earning years to enable to invest in a decent retirement plan. Retirement planning is a long-term process that should start when you are young. This avoids a state of one becoming a liability to his children when he becomes old.

The investment mantra for every salaried person is "save something", Whatever you can, In a systematic way every month over a period of 15 to 20 years. Be disciplined in not stopping this savings. Think twice before buying unwanted things by getting attracted to the on-line sale melas. If one follows this Investment mantra then no Fund manager in the world can match with this strategy in creating a huge corpus for one's medium- and long-term future financial needs. ❑

CBDT extends deadline for re-registration by charitable, religious trusts to Sept 30

The Income Tax department has extended the deadline for charitable and religious trusts to furnish applications for re-registration and approval to September 30. The income tax department said, "The due date for furnishing the application by the charitable or religious trusts and institutions for reregistration/approval has been extended from 25.11.2022 to 30.09.2023."

"The due date for furnishing application for regular registration/approval by provisionally registered/approved trusts or institutions has also been extended from 30.09.2022 to 30.09.2023 for registration under section 10(23C) and 12AB of the Income-tax Act, 1961," it added.

AGRICULTURAL VALUE CHAIN FINANCING - AN EXPLORABLE AVENUE

Abstract

A value chain is characterised by a market-focussed collaboration of a set of enterprises working together to produce, process and market products and services in an effective and efficient manner. The actors (private and public, including service providers) and the sequence of value-adding activities involved in bringing a product from production to the end-consumer. In agriculture they can be thought of as a "farm-to-fork" set of inputs, processes and flows (Miller and da Silva, 2007). In India, the traditional agri value chains in existence are small scale, unorganised, fragmented and disjointed where the produce traversed through several channels and players, often redundant, requiring several touch points at the farm gate end (Barrett et al., 2022). Catalysed by changes to global markets, urbanization, and other trends, Agrifood value chains have been growing and changing rapidly in India over the past few decades.

Introduction

Agriculture has always been a mainstream sector in India with close to 50% of the country's population involved in agricultural and allied activities for their livelihoods and the sector contributing significantly to the country's gross domestic product (GDP). Nearly 700 million people in India live in rural areas and are directly dependent on sectors like agriculture, forestry and fisheries, and biodiversity. At present, the Government is focusing on improving the country's agricultural value chains (AVCs).

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The term Agriculture Value Chains (AVC) refers to the set of interrelated activities involved in delivering an agricultural product from its production to the final consumer in a manner that support investments, growth, and competitiveness of the value chain actors (Chen K.Z., et.al 2015). The concept of Agricultural Value Chain includes the full range of activities and participants involved in moving agricultural products from input suppliers to farmers' fields, and ultimately, to consumers' tables.

The AVC Finance approach enables lenders to capitalize on the strength and relationships within the agricultural value chains responsible for bringing an agricultural product to its end users. It is considered to be the most suitable method for catalysing credit flow to the agricultural sector in developing countries and offer an opportunity to expand lending scope for financial service providers, and reduce costs and risk associated with agriculture finance.

Role of Agriculture Value Chain

The primary role of an AVC is to bring products to the final consumers, with value added to the product at each stage along the chain. Delivering agricommodities quickly and directly to final consumer gives smallholder farmers important higher income earning opportunities. A vital cog in increasing farmers' income will be the extent of credit penetration to the ultimate farmer. With changing consumer preferences towards branded, well-packed, safe and healthy food there has been increasing focus on organized agriculture value chains and their financing. Farmer producer organisations (FPOs) and supermarket chains will play a very important role in this revolution.

Agriculture Value Chain Approach

The value chain concept allows integration of the various players in agriculture production, processing and marketing. It defines the various roles of players while at the same time, scope and purpose of partnerships that can be established.

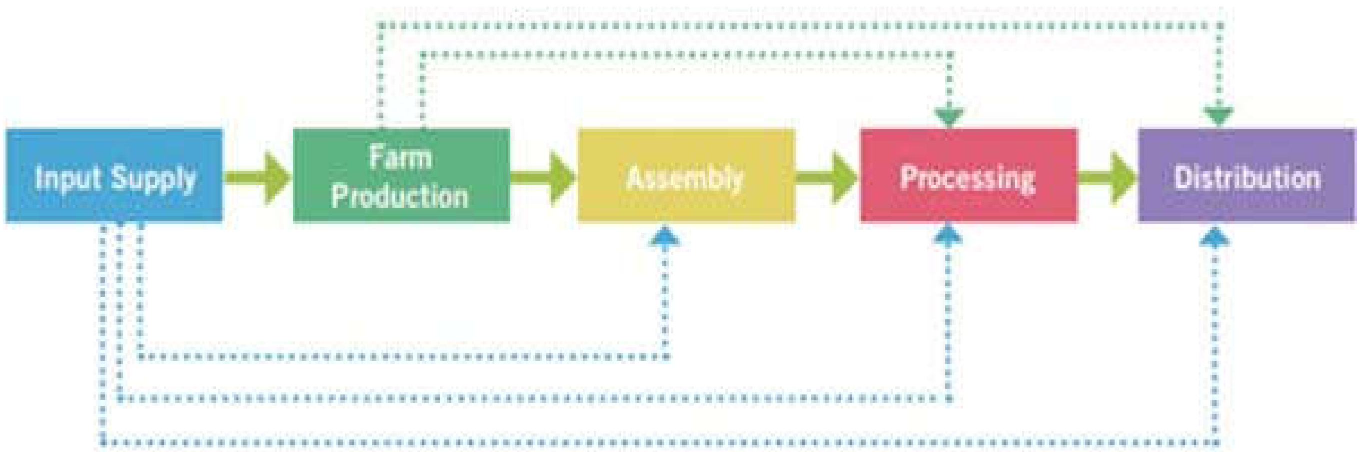
Internal value chain finance is that which takes place within the value chain such as when an input supplier provides credit to a farmer, or when a lead firm advances funds to a market intermediary. Finance will flow in value chains regardless of the presence of formal financial institutions. Participants further down the value chain provide loans to small holders with or without the involvement of financial institutions. Forms of internal value chain financing include aggregator credit, input supplier credit, marketing company credit, and lead firm financing. This lead firm may borrow from a financial institution but there is no connection between the financial institutions and upstream value chain participants (i.e. farmers, aggregators)

External value chain finance is that which is made possible by value chain relationships and mechanisms: for example, a bank issues a loan to farmers based on a contract with a trusted buyer or a warehouse receipt from a recognized storage facility. When actors outside the value chain, such as financial institutions, provide finance to the value chain based on relationships within the chain, this finance may be referred to as external financing. A typical example is when a bank provides a loan to a producer based on a contract with a buyer. The entry of financial institutions and external financing can benefit all value chain participants and buyers do not need to use working capital to provide finance to producers; producers can access finance without meeting typical collateral requirements; and banks can enter profitable new markets without the risk and transaction costs associated with lending to smallholders directly.

The type of AVC model to be selected depends on:

- The chain
- The capacity of the different stakeholders in the chain
- The interests of the stakeholders
- The socio-economic and political context

Stages of the Agriculture Value Chain



1. Arrows from input supply to all other stages show that input supply is a cross cutting function.
2. Arrows from production directly to processing and distribution indicate that some farmers may deliver crops directly to factors or directly to final markets (for unprocessed goods).

Agriculture Value Chain participants

Participant	Main feature	Typical demand for financial services
Input suppliers	Provide farmers with the inputs necessary for Production. These include seeds, chemicals fertilizers and equipment, as well as technical assistance. Input suppliers often vary in size, and have different and individualized financial needs.	• Short-term working capital • Mid-term financing (equipment dealers) • Payments, transfers
Producers/farmers	All of those engaged on primary production including farmers, their families and seasonal/part-time workers. Many producers face significant risks associated with agricultural production, such as predictable and stable income, and household and medical Expenses.	• Short-term working capita! • Mid-term financing (equipment, livestock) • Deposit accounts (value storage, commitment savings) • Payments, transfers
Aggregators, service providers, traders[2]	Buy produce from the farmers or co-ops and bulk it before selling it on. Their success hinges on making their working capital flow as quickly as possible in buying and reselling produce. Every transaction offers an opportunity in make a profit (or incur a loss). Small rural traders have to stop buying when they run out of cash, leaving farmers stranded with their products.	• Short-term working capital • Mid-term financing (storage facilities, vehicles) • Deposit account (checking) Payments, transfers
Processors	Add value to a raw product during the processing stage. Small-scale processors may lack the working capital they need to buy products in bulk from a farmer group or trader. They often lack the money to invest in equipment, leading to losses, lower quality, and higher processing costs.	• Short-term working capital • Mid-term financing (equipment) • Deposit accounts (checking) • Payments., transfers
Retailers, wholesalers, exporters	Sell the processed product to local and global retailers, supermarkets, and smaller storefront retailersr which in turn, sell to consumers. Wholesalers often manage credit relations in two directions: they provide funding to trusted traders so they can buy on their behalf, and they may provide products to retailers on credit, exploding to be paid after the retailer has sold the goods. In this way, wholesalers often act as a de facto bank Fur other actors in the chain. They often need more capital than other traders in the value chain.	• Short-term working capital • Mid-term financing (equipment) • Deposit accounts (checking) • Payments, transfers

Agriculture Value Chain in India

In India, agriculture system along with value chain framework has not been conceived as a main strategy to bring more efficiency, productivity and earnings. There has not been enough emphasis on the growth and development of efficient agricultural value chains in India. Through the development of modern agriculture value chains at national and regional-levels, farmers in India can gain from increased knowledge, data, and information and communication technologies.

The agriculture sector is at the cusp of a transformation with the launch of the One District One Product (ODOP) scheme, the Central Sector Scheme of Formation and Promotion of 10,000 Farmer Produce Organisations (FPOs) and the PM Formalisation of Micro Food Processing Enterprises Scheme.

However, while such efforts shall drive linkages and fair remuneration, their impact can be further strengthened by addressing the overall sustainability of value chains. Sustainability in agriculture is going to be a key focus area for future generations as it will ensure the availability of sufficient resources. Hence, stakeholders in the agriculture sector should prioritise balancing the present needs with appropriate and sustainable measures for future generations.

In the Indian context, there are lacunae in extending equal benefits to all the agricultural stakeholders as women, children and adolescents are largely at a disadvantage due to limited resources and knowledge. Despite access to limited opportunities, the vulnerable groups can play the role of important stakeholders in strengthening agriculture and promoting sustainability across the value chain. Hence, it is imperative to develop policies and initiatives that can act as empowering tools for them.

Future of Agriculture Value Chain Finance

A value chain is about linkages generating value for the consumer. The productivity, efficiency and depth of agricultural value chains are important elements driving commercial agriculture and agribusiness. A value chain approach in agricultural development helps identify weak points in the chain and actions to add more value. Agri start-ups and Fin-techs can revolutionise the AVCF. They can help to provide agile, efficient, low cost and differentiated experiences to the VC players. They can democratise the existing services like invoice-based trading, Trade Receivables Discounting System (TReDs), digital connectivity within the agrivalue chains, blockchains, etc. (RBI 2019).

Conclusion

A national level policy on agri value-chain coupled with suitable financial architecture and infrastructure is needed to make Indian agriculture, especially the small holder farmers more vibrant and prosperous. Agricultural markets need to be more competitive, and farmers should be free to market their produce to any entity on mutually agreed terms. Competition is a key to building value chains, and anything which restricts competitive practices, protects monopolies and reduces transparency should be identified and removed. To make the value chains global, it will be important to shortlist products where India has a competitive advantage and identify specific need for investments and policy action.

Such a policy will need to consider the complementary competence of farmers, co-operatives and FPOs as well as public and private sector players. Value chain finance has an important place in agricultural finance that augments, but does not replace, conventional finance; most important is its comprehensive, structured and market-competitiveness approach, which complements conventional finance, increasing access to capital and reducing risk for both clients and financiers. Innovation and disruption are the buzz words for Agriculture Value Chain Finance revolution.

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FINANCIAL LITERACY CENTRE

Introduction

Financial literacy is the ability of a person to effectively manage variety of financial skills, such as personal finance management, budgeting, and investing. In India, the need for financial literacy is necessary as the education level of Indians is low and large section of the population is still outside the formal financial system. Financial literacy is a precondition for success of Financial Inclusion.

For effective Financial Inclusion, Financial Literacy is essential to ensure financial services reach the unreached & under-reached section of the Society. Government of India along with various regulators are constantly working towards growth by implementing financial literacy courses, workshops and schemes.

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Importance of Financial Literacy in India

Financial literacy is one of the biggest assets of any country as it is directly proportional to the economic growth. The significance of financial literacy in India are as follow:

- **Development of rural areas:** Reaching out to rural sections and working on their development can be achieved through financial literacy. This can be achieved by making people more aware about the available resources and right way of utilizing them.
- **Ease in borrowing:** Many people borrowed money from informal sources and pay higher interests. Financial education can help poor people to make informed decisions and make the best use of available resources.
- **Ease in doing business transactions:** The launch of Pradhan Mantri Jan Dhan Yojana has led opening of many new Savings Bank accounts. These accounts have led to an ease in doing business as well as personal transactions to a great extent.
- **Growth of MSMEs:** MSMEs contribute to 29% of India's GDP with 50% of exports coming from this sector. Financial literacy can help small businesses to

grow and introduction of new business Entrepreneurs to increase growth to the sector.

Government initiatives for Financial Literacy

- ❖ Financial Inclusion in India is an important agenda of the Government and regulatory bodies such as, Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Pension Fund Regulatory and Development Authority.

Initiatives of Reserve Bank of India

Reserve Bank of India, being the money market and the banking regulator has launched basic and sector focused financial education. These include, financial literacy guides, diaries and posters covering the tenets of financial wellbeing such as savings, various concepts of interest calculations, time value, inflation etc. To aid businesses, ATM payment systems, Ponzi schemes, financial awareness messages and so on are some of the other contents covered.

Initiatives of Securities and Exchange Board of India

Securities and Exchange Board of India also focuses on enhancing basic and sector wise financial education. Being the Indian capital and securities market regulator, it also arranges events such as World Investor Week and mass media campaigns. It also has a dedicated investor website.

Initiatives of Insurance Regulatory and Development Authority of India

Like the other regulators, Initiatives of Insurance Regulatory and Development Authority of India also works on content development by creating Brochures, Handbooks and so on. It has also created mandatory board approved policy for insurers and arranges various seminars and quiz programmes.

Initiatives of Pension Fund Regulatory and Development Authority

Pension Fund Regulatory and Development Authority has a dedicated website called 'PENSION SANCHAY' launched in 2018. This website aims at increasing financial literacy from retirement perspective.

In addition to the above, the Government of India has also implemented several schemes in order to increase financial inclusion such as, Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jeevan Jyoti Bhima, Pradhan Mantri Suraksha Bhima Yojana, Atal Pension Yojana and PMJDYOD. These schemes are introduced for the ease of banking services, awareness, and general insurance awareness. In addition to this, the Government arranges several financial literacy programs like financial education for children, retirement planning for aged, commodity future markets and insurance for school students to educate and spread awareness among the young population.

RBI has prescribed the following topics for basic financial education

Savings, Borrowings, Concept of interest calculation (Simple and Compounding), Time value of money, Inflation, Relation between risk & rewards etc.

Sector focused Financial Education:

- ❖ The content covers relevant topics in the banking sector such as ATM, payment systems such as NEFT, RTGS, UPI, USSD, awareness about sachet portal, keeping away from Ponzi schemes, fictitious emails/calls, KYC, exercising Credit Discipline, Business Correspondents, Aadhar Enrolment Centres and etc. A Financial Awareness Messages booklet for general public and Posters on financial literacy for the Financial Literacy Week have been made available on the Financial Education webpage of Reserve Bank of India's website.

Public awareness campaign:

- ❖ Important press releases, statements, regulatory guidelines, speeches, clarifications and events are tweeted on RBI's twitter handle '@RBI' and videos are relayed on RBI's YouTube link. A separate Twitter handle '@RBI says' and Facebook page 'RBI Says' publish messages and information of interest for greater awareness and understanding of the Bank's functions. Reserve Bank of India envisages limited two-way communication and engagement over social media and monitors its social media presence.
- ❖ Over the years, RBI is constantly reaching out to the

common man through outreach programmes, financial literacy initiatives, space in mass media and social media platforms and so on. Reserve Bank of India also empowers members of public by informing about facilities and services to expect from banks and financial institutions through 'Public awareness campaign' which aims to educate the members of public regarding their rights and responsibilities in banking related matters. The campaigns are done on a regular basis in Newspaper, Television, Radio, Cinema, Digital channels, SMS and hoardings, under the tagline 'RBI Kehta Hai'.

- For the video spots, at present, some cricketers and badminton players who are employees of Reserve Bank of India have been roped in. The stories in these video spots work at many levels. Apart from the main message, the story line also builds an immediate emotional connect with the audience and the conversational script helps keep human interest alive in a dry subject like nitty gritty of a bank account.
- The public awareness campaign of the Reserve Bank of India started in 2017. Advertisements on Basic Savings Bank Deposit Account (BSBDA), Safe Digital Banking, Limited Liability and Ease of Banking for Senior Citizens were released in popular events such as the Indian Premier League (IPL), FIFA World Cup, Asian Games, Kaun Banega Crorepati (KBC), Pro Kabbadi League and Pro Badminton League.
- A film on BSBDA explains how opening of this account obviates the requirement of minimum balance. A film on Safe Digital Banking cautions the public about sharing card and PIN details while carrying out digital transactions. Another film on Limited Liability explains the recourse available in the event of card fraud. A film on 'Ease of Banking for Senior Citizens' elucidates facilities like doorstep banking available for senior citizens. These films, using cricketers and badminton players, who are employees of the Reserve Bank of India, were widely disseminated in media advertisements.
- A unique feature of the public awareness campaign is the missed call element: upon giving a missed call to the number 14440, the caller will receive information through a pre-recorded Interactive Voice Response System (IVRS), avoiding the miscommunication or over-communication of a call centre approach. In the non-Hindi speaking regions, mobile phone subscribers receive messages in English and regional languages, so that the connect with common person is immediate and all encompassing.

Reserve Bank of India (RBI) has been conducting Financial Literacy Week (FLW) every year since 2016 to propagate financial education messages on relevant themes.

The theme for the current year is to be observed from 13th to 17th February 2023 is "GOOD FINANCIAL BEHAVIOUR, YOUR SAVIOUR", with emphasis on "Saving, planning, and budgeting and Prudent use of digital financial services" which aligns with overall strategic objectives of the National Strategy for Financial Education, 2020-2025.

Banks have been advised to disseminate information and create awareness among their customers and the public on the above theme by displaying posters that have been developed by RBI on their websites, ATMs, mobile applications, and digital display boards deployed in their branches.

In order to provide this, Banks has to establish Financial Literacy and Credit Counselling Centres (FLCCs) on its own in their lead areas/other areas as per the requirement of local Government / State Level Bankers Committee / Block Level Bankers Committee or may associate with other Banks in non-lead areas for establishing a Trust to promote financial literacy.

1. Bank's Financial Literacy Centres (FLCCs) provide free financial literacy / education, credit counselling services and create awareness among the public regarding their rights and responsibilities in banking services.
2. Bank will strive to educate people in rural and urban areas with regard to various financial products & services available from the Bank, such as organizing group meetings, Gram Sabha, Participation in publicity campaign such as Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Mudra Yojana (PMMY), Pradhan Mantri Jeevan Jyoti Bhima, Pradhan Mantri Suraksha Bhima Yojana, Atal Pension Yojana and PMJDYOD, distribution/ display of publicity materials on Financial Inclusion such as Posters, Pamphlets, Organizing skits, Magic shows, Debates, Essay writing competition, Quiz for school children in village. It will also conduct training and capacity building programs of Business Correspondents to enable them to pass the certification course of Indian Institute of Banking and Finance.

3. Financial and Digital literacy programme to include basic education on savings, credit, insurance, pension and to be more specific on digital banking aspects like Unified Payments Interface (UPI), Unstructured Supplementary Service Data (USSD), Bharat Interface for Money (BHIM) and other mobile apps.

Objectives of Financial Literacy Centres

Financial Literacy Centres are the building blocks or the basic units that initiates the financial literacy activities at the ground level. As per guidelines of Reserve Bank of India, every bank should put in place board approved policies on the modalities for engagement/recruitment of Counsellors in Financial Literacy Centres. Some of the major points while engaging/recruiting Financial Literacy Counsellors are as under:

- The qualification and knowledge/skills of the Counsellors in conducting camps
- Prior Experience in banking and related fields
- Working knowledge of computer
- Knowledge of local language
- Maximum age for Counsellors

Opening of Financial Literacy Centres

State Level Bankers Committee allocates selected districts to concerned Bank for opening Financial Literacy Centres

Procedure for recruitment of Counsellor for Financial Literacy Centre

1. Banks must give advertisement for engagement of Financial Literacy Counsellors in Newspapers
2. After receiving the application, the interview of the shortlisted eligible candidates will be conducted by a committee comprising of the Bank, District Development Manager of National Bank for Agriculture &Rural Development
3. After interview, the respective Bank will send recommendation for appointment of Financial Literacy Centre Counsellor to their Head Office
4. Selected candidates for the post of Financial Literacy Centre Counsellors must provide a security deposit in favour of Bank
5. Issue a letter of Engagement for appointment of new Financial Literacy Centre Counsellors as well as for extension of contract of Financial Literacy Centre Counsellors

Eligibility criteria for Counsellor of Financial Literacy Centre

1. Though there is no restriction of age, generally Banks are considering till completion of 65 years
2. Counsellor should be a Graduate
3. Counsellor can be a retired or Voluntarily Retired Bank employee. However, in case of non-availability of retired Bank employee, candidate having Banking knowledge and knowledge of Financial services / having completed relevant certification course from Indian Institute of Banking & Finance is to be considered
4. Counsellor should be computer literate knowing basics and Internet
5. Counsellor must have the knowledge of local language in the area of posting

Infrastructure requirement for Financial Literacy Centre

1. The respective State Government should consider providing premises free of cost or at a nominal rent preferably within the campus of the District Collectorate to provide adequate access to the public.
2. The premises should consist of a room for Counsellor, a Cubicle for counselling purpose, Staff room, Toilet etc.
3. The area of premises should be at least 200 square feet

Conclusion

Financial abilities could lead to general economic growth and increase the standard of living. India's work force combined with strong financial education can take the country to great levels. So, let us join together to campaign for Saving, Planning & Budgeting and prudent use of Digital Financial Services to unreached & under-reached sections of the Society.

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Institutions must prepare themselves for auditing AI-based governance systems: SC

Observing that artificial intelligence (AI) is making "greater inroads" into governance, Comptroller and Auditor General (CAG) of India Girish Chandra Murmu said that Supreme Audit Institutions (SAI) must inevitably prepare themselves for auditing AI-based governance systems and look for opportunities to adopt AI into their audit techniques to increase their effectiveness.

Addressing the second SAI20 Summit of the SAI20 Engagement Group under the Indian Presidency of G20, Murmu said, "The reality of Artificial Intelligence has come a long way since the term was first coined in 1956 by John McCarthy at a workshop held in Dartmouth. It is an integral part of our lives, whether we realise it or not. There is a curiosity and belief that AI can help countries achieve development goals, impacting economic growth while simultaneously disrupting labour markets."

"At an individual layman level, Chat GPT compelled us to recognise it and also triggered the debate of its utility vis-à-vis its risks, especially if recklessly used by young students. This combined with a spate of statements by the very developers in the field, concernedly commenting on its considerable carbon footprints, risks, ethicality and challenges, underscores the need for Responsible AI," Murmu said at the summit, which was inaugurated by Goa Governor P S Sreedharan Pillai.

Amitabh Kant, India's Sherpa at G20, also addressed the SAI20 Summit, which will discuss two themes - Blue Economy and Responsible AI - over two days.

Highlighting the need for responsible AI, Murmu said, "Considering the power, possibility and perils of AI, it is essential that policy makers put in place processes to responsibly harness the potential of this technology."

"Responsible AI stands on four pillars - organisational democratisation that empowers and encourages individuals to raise concerns; systems that enable AI to flourish; systems and platforms that are trustworthy and explainable by design, and articulation of responsible AI Mission that is anchored in organisational values and ethical guardrails," the CAG said. "With AI making greater inroads into governance, SAIs must inevitably prepare themselves for auditing AI-based governance systems. Simultaneously, SAIs must look for opportunities to adopt AI into their audit techniques to increase their effectiveness."

"As availability of updated data is the bedrock on which any responsible AI system can unlock its full potential, the primary concern for the auditor is to ensure data accuracy, reliability and integrity, backed by an independent and robust system that periodically collects and collates data. Moving beyond these fundamentals, I am of the view that the auditor must seek to provide the assurance that AI-based decisions do not result in exclusions, biases or violations of privacy," he said.

Talking about Blue Economy (marine resources), Murmu said, "As Blue Economy gains primacy, so will its audit. To keep ahead of the curve, the SAI20 community must prioritise collaborations in arriving at new techniques, skills, capabilities and methods." I would urge that we proactively formalise channels and platforms that would facilitate this, he said.

Murmu also announced the establishment of a Center for Excellence in the Blue Economy at SAI India's International Centre for Environment Audit and Sustainable Development, Jaipur.

Speaking on the occasion, Amitabh Kant said India's G20 Presidency is based on the theme of 'One Earth, One Family and One Future'.

"Our Prime Minister's vision is that we may have different ideologies. We may have different political perspectives. We may have different boundaries but we all are part of the same cosmic wave and therefore we derive our theme from the ancient Indian civilisation saying that the earth is one family-vasudhaiva kutumbakam," Kant said.

On the role of the supreme audit institutions, Kant said, "It is vital in ensuring that public resources are used both effectively and efficiently, and the public trust is upheld. As professional auditors, they play a vital role more than ever before by addressing the complex and challenging economic and social development issues facing our country."

"What you recommend is very critical. What you recommend as the supreme audit institution will be critical in drafting the leaders memorandum of the G20. I can assure you that we recognise the unique role that supreme audit institutions play in collaborating with us, both inside and outside the G20," he said.

Kant suggested that the SAI20 can be a separate accountability institutional track in addition to the existing finance and sherpa tracks.

Goa Governor Sreedharan Pillai said the SAI20 Group under the aegis of G20 is expected to play a central role in strengthening governance and delivering a positive impact on the lives of citizens. The SAIs in their respective countries are a key pillar of accountability, effectiveness and ensuring integrity in governance, he said. *(Source: The Indian Express)*

Economic growth to sustain till FY25, says RBI survey

The Reserve Bank of India's forwardlooking surveys indicate sustained economic growth till FY25, with real gross fixed capital formation (GFCF) expected to rise to 7.4 per cent in FY25 from 6.8 per cent in FY24, per projections by 39 economists.

Consumer confidence in the domestic economy has been improving since the pandemic even as households inflation expectations are seeing normalising over the course of the current financial year.

However, merchandise exports are expected to decline 2.9 per cent and imports by 4.0 per cent, in US dollar terms, during FY24.

In turn, exports are likely to grow 8.3 per cent and imports 7.8 per cent in FY25, per the results of the 82nd Survey of Professional Forecasters on Macroeconomic Indicators.

Accordingly, experts project current account deficit (CAD) at 1.5 per cent of GDP in FY24, and 1.6 per cent in FY25.

Real GDP (gross domestic product) growth forecast for FY24 was unchanged at 6.0 per cent, and is expected to grow 6.4 per cent in FY25. Forecasts for FY24 GDP growth were in the range of 5.36.8 per cent and for FY25 between 6.0 and 7.6 per cent.

RBI has pegged GDP growth for FY24 at 6.5 per cent, with Q1 growth seen at 8.0 per cent, Q2 at 6.5 per cent, Q3 at 6.0 per cent, and Q4 at 5.7 per cent.

Improving Sentiment

The Consumer Confidence survey showed that both the Future Expectations index (FEI) and the Current Situation Index (CSI) improved from the previous round on the back of improved assessment for all the survey parameters, barring essential spending.

"With a substantial improvement in May 2023, households' sentiment on current income inched closer to the neutral zone and they remain fairly optimistic on employment conditions and future earnings over the next one year," it said.

CPI Inflation

Consumer price index (CPI)based headline inflation is expected at 5.0 per cent for FY24, wherein it is seen at 4.7 per cent in Q1 FY24 and is expected to remain in the range of 4.95.3 per cent for the next three quarters thereafter. For FY25, CPI inflation is expected at 4.9 per cent.

"CPI inflation, excluding food and beverages, pan, tobacco and intoxicants, and fuel and light, is expected at 5.3 per cent both in Q1 and Q2 FY24, and soften thereafter to 5.2 per cent and 5.1 per cent respectively in the subsequent two quarters," the survey said.

The RBI has projected CPI inflation at 5.1 per cent for FY24, wherein inflation is seen at 4.6 per cent in Q1 and then in the range of 5.25.4 per cent for the next three quarters. Households' Inflation Expectations Survey showed that the median inflation perception has eased by 10 bps to 8.8 per cent in the latest round. *(Source: BL)*

What is adverse possession, what Law Commission has said about it

"There is no justification for introducing any change in the law relating to adverse possession," the 22nd Law Commission has said in its recent report.

The Law Commission, headed by former Chief Justice of Karnataka High Court Ritu Raj Awasthi and comprising retired Kerala High Court judge KT Sankaran, said in its 280th report that there is no reason for increasing the period of limitation. However, two of its ex officio members filed a dissent note stating that the law does not stand judicial scrutiny and "promotes false claims under the colour of adverse possession".

What is adverse possession?

The concept of adverse possession stems from the idea that land must not be left vacant but instead, be put to judicious use. Essentially, adverse possession refers to the hostile possession of property, which must be "continuous, uninterrupted, and peaceful."

According to the Law Commission's report, the rationale behind this comes from considerations that the "title to land should not long be in doubt", "society will benefit from someone making use of land the owner leaves idle," and "persons who come to regard the occupant as owner may be protected."

The maxim that the law does not help those who sleep over their rights is invoked in support of adverse possession. Simply put, "the original title holder who neglected to enforce his rights over the land cannot be permitted to re-enter the land after a long passage of time," the report dated May 24 reasoned.

While the concept originally dates back to 2000 BC, finding its roots in the Hammurabi Code, the historical basis of "title by adverse possession" is the development of the statutes of limitation on actions for recovery of land in England. The first such statute was the Statute of Westminster, 1275. However, it was the Property Limitation Act, 1874, that set the period of limitation at twelve years from when the cause of action first arose, which laid the groundwork for the limitations model inherited by colonial India.

The first attempt to bring the law of limitation to domestic shores was the "Act XIV of 1859", which regulated the limitation of civil suits in British India. After the passage of the Limitation Act in 1963, the law on adverse possession underwent significant changes.

What provisions did the Limitation Act, 1963 bring with it? The 1963 Act fortified the position of the true owner of the land, as he now had to merely prove his title, while the burden of proof of adverse possession shifted to the person claiming it.

Under the Limitation Act, 1963, any person in possession of private land for over 12 years or government land for over 30 years can become the owner of that property, as laid down in Articles 64, 65, 111, or 112 of the 1963 Act, relating to suits for possession of immovable property.

According to Article 65 of Schedule I of the 1963 Act, a person in adverse possession of immovable property acquires title to that property. However, the possession must be open, continuous, and "in defiance of the title of the real owner for twelve years." Similarly, Article 64 governs suits for possession based on previous possession and not on title.

Meanwhile, Article 112, which applies to government property, mandates a requirement of 30 years for granting a title by adverse position. Further, Article 111 says that the limitation period for the State will be 30 years from the date of dispossession for land belonging to a private person where any public street or road or any part of it has been dispossessed and no suit has been moved for its possession "by or on behalf of any local authority".

What are the main ingredients of adverse possession?

In the 2004 Apex Court ruling in Karnataka Board of Wakf v Government of India, the court dealt with the ingredients of adverse possession. According to the observations made by former SC judge S. Rajendra Babu in the case, "A person who claims adverse possession should show: (a) on what date he came into possession, (b) what was the nature of his possession, (c) whether the factum of possession was known to the other party, (d) how long his possession has continued, and (e) his possession was open and undisturbed."

For the adverse possession to be "open," or without any attempt at concealment, it doesn't need to be brought to the specific knowledge of the owner. However, such a requirement may be insisted on where an ouster of title is pleaded. Further, the mandate for such possession to be "undisturbed" requires a "consistent course of conduct, which means that it cannot be shown by a "stray or sporadic act of possession." In the 1981 ruling in Kshitish Chandra Bose vs. Commissioner of Ranchi, the top court delineated the requirements of openness and continuity.

However, in a series of decisions, the SC recommended that the government seriously consider the issue of "adverse possession" and make suitable changes.

Why did the SC suggest changes to the law on adverse possession?

A two-judge SC bench, in its 2008 ruling in Hemaji Waghaji Jat v. Bhikhabhai Khengarbhai Harijan and Others, while dealing with Article 65 of the Schedule of the Limitation Act, 1963, observed that the law of adverse possession "ousts an owner on the basis of inaction within limitation" and is "irrational, illogical, and wholly disproportionate".

"The law as it exists is extremely harsh for the true owner and a windfall for a dishonest person who has illegally taken possession of the property," the court said. Adding that the law should not benefit the illegal action of a "rank trespasser" who had wrongfully taken possession of the true owner's property, the court said that it also "places a premium on dishonesty". *(Source: The Indian Express)*

Credit card spend in forex to come under LRS, and taxed 20%

The Central Government, in consultation with the Reserve Bank of India, in a notification amended rules under the Foreign Exchange Management Act, bringing in international credit card spends outside India under the Liberalised Remittance Scheme (LRS). As a consequence, the spending by international credit cards will also attract a higher rate of Tax Collected at Source (TCS) at 20 per cent effective July 1.

The notification brings transactions through credit cards outside India under the ambit of the LRS with immediate effect, which enables the higher levy of TCS, as announced in the Budget for 2022-23, from July 1. This is expected to help track high-value overseas transactions and will not apply on the payments for purchase of foreign goods/ services from India.

Prior to this, the usage of an international credit card to make payments towards meeting expenses during a trip abroad was not covered under the LRS. The spendings through international credit cards were excluded from LRS by way of Rule 7 of the Foreign Exchange Management (Current Account Transaction) Rules, 2000.

Rs. 2,000 notes spurned by many retail outlets, petrol stations

Even as the Reserve Bank of India and the government have said that Rs. 2,000 denomination banknotes continue as legal tender, a large number of kirana shops, retail outlets, petrol stations, and transport companies are not accepting the note, leaving thousands of customers in many parts of the country with no option other than taking their currency to a bank.

Take the case of Kailas Mandal, a blue collared worker in Matunga area of Mumbai who could not buy medicine for his daughter after a local pharmacy refused to take his Rs. 2,000 note. "That's the only cash I have with me. Now, I'll have to wait till tomorrow to get the note exchanged at a bank," he said.

Slightly worried

A similar story unfolded in Delhi too where neighbourhood kirana and departmental stores are no longer accepting Rs. 2,000 notes.

Satish Wadhwani, who runs a small departmental store in Masudpur near Vasant Kunj in South Delhi, said: "We have started refusing to take Rs. 2,000 notes. Exceptions are made for old customers. But overall, we are apprehensive about accepting these notes now."

About 2,700 km away in Tirunelveli, the Tamil Nadu State Transport Corporation issued a circular ordering the bus conductors not to accept Rs. 2,000 notes from passengers. The Managing Director of the Corporation also demanded that conductors should not exchange their collection (coins & notes of low monetary value) with outsiders.

In Kerala, the Guruvayur Temple Administration, which manages one of South India's well-known Srikrishna Temple, is concerned over the possibility of the notes landing in the 'hundis' in the temple after the currency loses legal tender status. VK Vijayan, Chairman of Guruvayur Devaswom Board, told that the temple administration had faced such a situation after the currency ban in 2016.

Retail liquor outlets of Kerala's State Beverages Corporation have stopped accepting the notes from customers. Yogesh Gupta, Chairman and Managing Director, told businessline that "we have asked outlets to avoid taking Rs. 2,000 notes following the sudden surge in transactions".

In Hyderabad, corporate hospitals have stopped accepting Rs. 2,000 notes for the same reason. A senior official of a major corporate hospital chain said: "We have noticed a significant increase in payments in Rs. 2,000 notes. Most of them are partly soiled or old. As there are other options like exchanging them in banks or depositing in bank accounts, we are being extra cautious."

The horrifying memories of being straddled with a pile of Rs. 500 and Rs. 1,000 notes in the days following demonetisation seem to be acting as a deterrent for many shopkeepers. Pratap Majumdar, who runs a kirana shop in South Kolkata, says there has been an increase in the number of customers walking into his shop with Rs, 2,000 notes for buying goods worth Rs. 300-500.

"Earlier, these customers would insist on online payments; now, they want me to accept the Rs. 2,000 notes for such low-ticket purchases. If every customer starts doing this, I will be piled up with a number of notes and it is difficult for me to go to the bank to deposit it."

10% commission

In Mumbai, grocery stores are charging a 10 per cent commission while the jewellers are selling gold at premium prices to customers who are presenting Rs. 2,000 notes.

However, the extent of the impact wasn't widespread. For example, business at Jamalpur vegetable APMC market in Ahmedabad was almost unhampered. "Initially, there was some resistance to accept the Rs. 2,000 note. But it has been made clear that this note continues to be legal currency," said Ahmed Patel, a trade representative.

In Bengaluru, the impact was minimal as most of the consumers do not use cash on a day-to-day basis as they have switched to digital platforms. (Source: BL)

RBI CIRCULAR

Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)

June 22, 2023

1. Attention of Authorised Persons is invited to A.P. (DIR Series) Circular No. 11 dated February 16, 2021 and A.P. (DIR Series) Circular No. 03 dated April 26, 2023 on "Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS)".
2. Presently, remittances to IFSCs under LRS can be made only for making investments in securities in terms of A.P. (DIR Series) Circular No. 11 dated February 16, 2021. In view of the gazette notification no. SO 2374(E) dated May 23, 2022 issued by the Central Government, it is directed that Authorised Persons may facilitate remittances by resident individuals under purpose 'studies abroad' as mentioned in Schedule III of Foreign Exchange Management (Current Account Transactions) Rules, 2000 for payment of fees to foreign universities or foreign institutions in IFSCs for pursuing courses mentioned in the gazette notification ibid.
3. Authorised Persons shall bring the contents of this circular to the notice of their constituents and customers.
4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Agency Commission for collection of indirect taxes through ICEGATE payment gateway

June 14, 2023

1. Please refer to Para 21 of our Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission dated April 1, 2023 related to claiming of agency commission.
2. Since certain transactions related to collection of indirect taxes through ICEGATE (CEP) payment gateway are now being reported by agency banks to Mumbai Regional Office (MRO), RBI with effect from April 01, 2023, it has been decided to modify paragraph 21 of the aforesaid Master Circular. The modified paragraph 21 will read as follows:

   "Agency banks are required to submit their claims for agency commission in the prescribed format to CAS Nagpur in respect of Central government transactions and the respective Regional Office of Reserve Bank of India for State government transactions. However, agency commission claims pertaining to GST receipt transactions, transactions related to direct tax collection under TIN 2.0 regime, and transactions pertaining to collection of indirect taxes through ICEGATE payment gateway reported to Mumbai Regional Office, RBI will be settled at Mumbai Regional Office of Reserve Bank of India only and accordingly all agency banks, authorized to collect GST, direct tax collection under TIN 2.0 and indirect taxes through ICEGATE payment gateway, are advised to submit their agency commission claims pertaining to the respective receipt transactions at Mumbai Regional Office only. The agency commission claim for Central Government transactions reported to CAS, Nagpur, RBI will be continued to be settled at CAS, Nagpur, RBI. The formats for claiming agency commission for all agency banks and separate and distinctive set of certificates to be signed by the branch officials and Chartered Accountants or Cost Accountants are given in Annex 2, Annex 2A and Annex 2B respectively. These certificates would be in addition to the usual Certificate from ED / CGM (in charge of government business) to the effect that there are no pension arrears to be credited / delays in crediting regular pension / arrears thereof."

3. All other instructions of the said Master Circular remain unchanged.

Guidelines on Default Loss Guarantee (DLG) in Digital Lending

June 08, 2023

1. A reference is invited to Para (3.4.3.1) of Section C of Annex-II to the RBI Press Release "Recommendations of the Working group on Digital Lending – Implementation" dated August 10, 2022 in terms of which it was stated that the recommendation pertaining to First Loss Default Guarantee (FLDG) was under examination with the Reserve Bank.
2. Arrangements between Regulated Entities (REs) and Lending Service Providers (LSPs) or between two REs involving default loss guarantee (DLG), commonly known as FLDG, has since been examined by the Bank and it has been decided to permit such arrangements subject to the guidelines laid down in the Annex to this circular. DLG arrangements conforming to these guidelines shall not be treated as 'synthetic securitisation'1 and/or shall also not attract the provisions of 'loan participation'2.
3. The guidelines shall come into effect from the date of this Circular.
4. These directions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, section 30A of the National Housing Bank Act, 1987 and section 6 of the Factoring Regulation Act.

Framework for Compromise Settlements and Technical Write-offs

June 08, 2023

1. The Reserve Bank of India has issued various instructions to regulated entities (REs) regarding compromise settlements in respect of stressed accounts from time to time, including the Prudential Framework for Resolution of Stressed Assets dated June 7, 2019 ("Prudential Framework"), which recognises compromise settlements as a valid resolution plan. With a view to provide further impetus to resolution of stressed assets in the system as well as to rationalise and harmonise the instructions across all REs, as announced in the Statement on Developmental and Regulatory Policies released on June 8, 2023, it has been decided to issue a comprehensive regulatory framework governing compromise settlements and technical write-offs covering all the REs, as detailed in the Annex.
2. The provisions of this framework shall be applicable to all REs to which this circular is addressed and shall be without prejudice to the provisions of the Prudential Framework, or any other guidelines applicable to the REs on resolution of stressed assets.
3. These instructions on operationalising the framework have been issued in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949 read with Section 56 of the Banking Regulation Act, 1949; Chapter IIIB of the Reserve Bank of India Act, 1934 and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987. They shall come into force with immediate effect and REs shall take necessary steps to ensure compliance with these instructions.

Public Sector Banks : Expenditure

As on March 31 *(Rs. Crore)*

S. N.	Banks	Interest Expended			Operating Expenses			Total Expenditure *		
I	**NATIONALISED BANKS**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
1	Allahabad Bank	11,475	-	-	4,819	-	-	16,293	-	-
2	Andhra Bank	12,795	-	-	4,639	-	-	17,434	-	-
3	Bank of Baroda	48,532	41,686	37,259	18,872	20,544	21,716	67,404	62,230	58,976
4	Bank of India	27,096	26,330	24,014	10,451	10,839	11,952	37,547	37,169	35,966
5	Bank of Maharashtra	7,217	6,971	6,975	3,081	3,565	3,849	10,298	10,536	10,824
6	Canara Bank	35,811	45,178	43,026	11,577	19,338	19,792	47,388	64,516	62,818
7	Central Bank of India	15,934	14,485	13,315	6,922	6,782	6,714	22,855	21,267	20,028
8	Corporation Bank	10,942	-	-	5,175	-	-	16,117	-	-
9	Indian Bank	13,799	23,440	22,128	4,421	10,350	10,927	18,220	33,790	33,055
10	Indian Overseas Bank	12,103	11,067	10,419	5,129	5,562	5,451	17,232	16,629	15,870
11	Oriental Bank of Commerce	13,577	-	-	5,836	-	-	19,413	-	-
12	Punjab & Sind Bank	5,872	4,712	4,445	1,858	2,393	2,281	7,730	7,105	6,725
13	Punjab National Bank	36,362	50,273	46,185	11,973	20,309	20,253	48,335	70,582	66,438
14	Syndicate Bank	14,745	-	-	6,745	-	-	21,489	-	-
15	UCO Bank	10,042	8,966	8,508	3,128	4,755	4,776	13,170	13,721	13,285
16	Union Bank of India	25,794	44,079	40,157	7,516	16,766	18,438	33,310	60,845	58,596
17	United Bank of India	6,670	-	-	5,404	-	-	12,074	-	-
	TOTAL OF NATIONALISED BANKS [I]	**308,765**	**277,187**	**256,432**	**117,545**	**121,203**	**126,149**	**426,310**	**398,389**	**382,580**
II	State Bank of India (SBI)	159,239	154,441	154,750	75,174	82,652	93,398	234,413	237,093	248,148
	TOTAL OF PUBLIC SECTOR BANKS [I+II]	**468,004**	**431,627**	**411,182**	**192,719**	**203,855**	**219,546**	**660,723**	**635,482**	**630,728**

* Excludes provisions & contingencies.

Source : Reserve Bank of India.

Private Sector Banks : Expenditure

As on March 31 *(Rs. Crore)*

S. N.	Banks	Interest Expended			Operating Expenses			Total Expenditure *		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
1	City Union Bank Ltd.	2,493	2,305	2,188	1,014	1,051	1,080	3,507	3,356	3,269
2	Tamilnad Mercantile Bank Ltd.	2,147	2,072	2,019	851	980	1,111	2,998	3,051	3,130
3	The Catholic Syrian Bank Ltd.	918	931	885	533	729	786	1,451	1,660	1,671
4	Dhanlaxmi Bank Ltd	614	601	554	324	366	397	938	967	951
5	The Federal Bank Ltd.	8,562	8,224	7,699	3,376	3,692	4,293	11,937	11,916	11,992
6	The Jammu & Kashmir Bank Ltd.	4,740	4,340	4,102	2,728	2,879	3,323	7,467	7,219	7,425
7	The Karnataka Bank Ltd.	4,444	4,049	3,731	1,635	1,679	1,811	6,080	5,728	5,542
8	The Karur Vysya Bank Ltd.	3,642	3,111	2,872	1,742	1,987	1,854	5,384	5,098	4,726
9	The Lakshmi Vilas Bank Ltd.	1,779	-	-	795	-	-	2,573	-	-
10	Nainital Bank Ltd.	453	362	312	162	162	190	615	524	502
11	RBL Bank	4,885	4,541	4,149	2,788	2,755	3,622	7,673	7,296	7,771
12	The South Indian Bank Ltd.	5,446	4,899	4,347	1,718	1,974	2,026	7,164	6,873	6,373
I	**TOTAL OF 12 PVT BANKS [I]**	**40,123**	**35,435**	**32,857**	**17,665**	**18,252**	**20,494**	**57,788**	**53,688**	**53,351**
II	**NEW PRIVATE SECTOR BANKS**									
13	Axis Bank Ltd.	37,429	34,107	34,245	17,305	18,375	23,611	54,734	52,482	57,855
14	DCB Bank Ltd.	2,272	2,172	2,155	903	847	1,013	3,175	3,018	3,168
15	HDFC Bank Ltd.	58,626	55,979	55,744	30,698	32,723	37,442	89,324	88,702	93,186
16	ICICI Bank Ltd.	41,531	40,129	38,909	21,614	21,561	26,733	63,146	61,690	65,642
17	Indusind Bank Ltd.	16,724	15,472	15,822	8,237	8,360	9,559	24,961	23,832	25,381
18	Kotak Mahindra Bank Ltd.	13,430	11,501	10,221	8,851	8,584	11,121	22,281	20,085	21,342
19	YES Bank	19,261	12,613	12,526	6,729	5,792	6,844	25,991	18,405	19,370
20	Bandhan Bank	4,562	4,961	5,157	2,427	2,817	3,523	6,988	7,778	8,680
21	IDFC First Bank Ltd.	10,232	8,588	7,467	5,421	7,093	9,644	15,653	15,681	17,111
22	IDBI Ltd.	13,847	11,414	9,133	6,336	6,048	6,357	20,183	17,462	15,490
II	**TOTAL OF NEW PVT BANKS [II]**	**217,915**	**196,935**	**191,379**	**108,520**	**112,199**	**135,847**	**326,435**	**309,134**	**327,226**
III	**TOTAL OF PVT BANKS [I+II]**	**258,038**	**232,370**	**224,236**	**126,185**	**130,452**	**156,341**	**384,223**	**362,822**	**380,577**

* Excludes provisions & contingencies.

Source : Reserve Bank of India.

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