

A leading monthly journal on Banking & Finance

# Banking Finance

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*"Buoyancy amongst public sector banks could be attributed to the massive clean-up of their balance sheet at the backdrop of IBC [Insolvency and Bankruptcy Code] in India."*

**Sandeep Upadhyay**  
Managing Director and CEO  
Centrum Infrastructure Advisory



*"Banks must ensure their employees understand that the primary responsibility is to serve a customers' financial needs, while maintaining a focus on targets."*

**Swaminathan J**  
Deputy Governor  
Reserve Bank of India

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## From The Desk Of Editor-in-Chief

In this era of rapid change, adaptability and innovation are the hallmarks of success in banking and finance. By capitalizing on the power of social learning, embracing voice-based payment systems, navigating the Digital Rupee landscape, and transforming agriculture banking, the industry is poised for a bright and dynamic future.

In a world that thrives on connectivity, social learning has emerged as a game-changer. Financial literacy, once a niche pursuit, is now democratized through social media and online communities. Individuals can tap into a wealth of knowledge, exchanging insights, and learning from peers. As finance becomes more accessible, both banks and customers stand to gain. Banks can utilize these platforms to understand customer needs better, while individuals can make more informed financial decisions. Harnessing this power can foster financial inclusion and economic growth.

Voice technology is making waves in the banking sector. With the rise of voice assistants and smart devices, voice-based payment systems are becoming a reality. This innovation marries convenience with accessibility, opening new avenues for customers who may be less tech-savvy.

India is on the cusp of a significant financial transformation with the advent of the Digital Rupee. A central bank digital currency, the Digital Rupee has the potential to enhance financial inclusion and streamline transactions. It offers the unbanked population access to secure and cost-effective financial services. For banks, this digital leap forward requires adaptation, particularly in ensuring cybersecurity and compliance with evolving regulations.

As we delve into these topics, it becomes evident that banking and finance are not merely about numbers and transactions. They are about enabling individuals, promoting financial well-being, and driving economic growth. Embracing these innovations is essential for financial institutions to remain relevant and to fulfil their mission of serving the community.

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Md Shahid Kabeer



# Banking

## News

### Nabard raises Rs. 1,040 crore

Nabard has issued India's first 'AAA' rated Indian Rupee denominated Social Bonds aggregating Rs. 1,040.50 crore at a coupon rate of 7.63 per cent.

The bonds (redeemable, taxable, non-convertible, non priority sector, unsecured, social securities of face value Rs. 1 lakh each) of five-years tenure were issued privately to eligible institutional investors, as per the Development Finance Institution's (DFI) statement.

The base issue size of the social bonds was Rs. 1,000 crore, with an option to retain oversubscription up to Rs. 2,000 crore. NABARD said it received bids aggregating Rs. 8,590.50 crore but accepted Rs. 1,040.50 crore at coupon rate of 7.63 per cent.

The DFI noted that it recently announced a Sustainability Bond Framework, which seeks to finance and refinance new or existing eligible green and social projects.

Eligible social projects include affordable basic infrastructure, access to essential services, affordable housing, employment generation, food security, socioeconomic advancement, and empowerment.

### SBI raises Rs. 10000 crore via infra bonds

SBI announced that it raised Rs. 10,000 crore after issuing 15-year infrastructure bonds at the coupon rate of 7.54%. The bank said that the proceeds will be directed towards bolstering long-term resources for funding critical infrastructure projects and supporting the affordable housing segment.

SBI said that the bank attracted bids of Rs. 21,698 crores, a staggering 4.34 times the base issue size, indicating robust demand for these financial instruments. The bank further informed that the investors range from various sectors including provident funds, pension funds, insurance companies, mutual funds, corporates, etc.

### South Indian Bank appoints P R Seshadri as MD and CEO

South Indian Bank has appointed P R Seshadri as its MD & CEO. He has succeeded Murali Ramakrishnan who served a successful tenure.

With nearly 25 years of banking experience spanning domestic and international markets, Seshadri has held senior

leadership positions at various institutions, including Karur Vysya Bank Limited and Citigroup. Prior to joining SIB, Seshadri was associated with the Karur Vysya Bank (KVB) in a similar role.

### Foreign firms without PAN can open bank A/cs in GIFT City

Non-residents and foreign companies opening bank accounts in IFSC Gift City will not have to furnish PAN and instead file a declaration. The nonresident or the foreign company opening a bank account at the International Financial Services Centres (IFSC) will have to file a declaration in Form 60 and should not have any tax liabilities in India.

The Finance Ministry has amended Income Tax Rules exempting nonresidents opening a bank account from the requirement of submitting PAN. Gujarat International Finance Tec-City (GIFT)-IFSC is being promoted as a tax neutral enclave for the financial sector.

Nangia Andersen LLP Partner - Financial Services Sunil Gidwani said this relaxation will make it easy for foreign companies, NRIs and other nonresidents to open a bank account with an IFSC bank.

### Central Bank of India's new executive director

Mahendra Dohare has taken charge as the Executive Director of the Central Bank of India. Before his elevation, he was Chief General Manager of Punjab National Bank, according to a Central Bank of India statement.

### IDFC First Bank eyes Rs. 3,000 crore in debt capital

After raising Rs 3,000 crore in equity capital recently, IDFC First Bank plans to raise a similar amount through debt capital (Tier-II bonds) to support business growth.

The bank said it had recently obtained an additional rating for Rs 3,000 crore from CRISIL for its Tier-II bonds. This is only an enabling rating to raise Tier-II capital in the future based on growth prospects. There are no immediate plans for the same, as capital adequacy is already high.

Rating agency CRISIL has assigned an "AA+/Stable" rating to the proposed Tier-II Basel III compliant bond offering and reaffirmed the same rating for the other debt instruments.

### Canara Bank appoints new Executive Director

Canara Bank has appointed Bhavendra Kumar as the Executive Director, as per the Department of Financial Service notification.

He joined Canara Bank in 1997 as a probationary officer and holds a Bachelor of Arts (Hons) degree and is a Certified Associate of the Indian Institute of Bankers (CAIIB).

During his banking career, he has worked in different capacities in Tamil Nadu, Gujarat, Uttar Pradesh,

Chandigarh, Karnataka and New Delhi. He has also worked at Canara Bank, Shanghai Branch, for 3 years.

On becoming general manager in 2018, he was posted to the head office of the bank in Bengaluru and was heading the gold loan wing of the bank. He was promoted to Chief General Manager in 2022 and headed the Delhi Circle Office with a business of more than Rs. 2.5 lakh crore until he was elevated to the post of Executive Director.

### State-run Banks to work on climate risk metrics

India's state-run lenders are eyeing co-lending strategies and climate risk assessment metrics as part of a broader strategic roadmap outlined by the government to maintain their growth and profitability momentum.

The finance ministry is likely to hold a review, on performance of public sector lenders in the backdrop of a three-year strategic roadmap, a government official told.

### SBI chief Khara's tenure extended until Aug 2024

The government has extended State Bank of India chairman Dinesh Kumar Khara's tenure till August next year while offering a two-year extension to the bank's Managing Director Ashwini Kumar Tewari.

In a notification issued, the government said that Khara is given the extension till he turns 63. Khara was born on August 28, 1961.

Khara took charge at the country's largest lender on October 7, 2020, for three years. His current term is coming to an end on October 6.

### IndusInd Bank unveils mobile banking app 'INDIE'

IndusInd Bank has launched 'INDIE', a mobile banking app designed for customers seeking a personalised digital banking experience. 'INDIE' utilises analytics to offer tailored financial insights. The app introduces industry-first features, including ultra-flexible products that users can customize to meet their specific requirements.

It offers an instant line of credit of up to Rs. 5 lakh, providing flexibility compared to standard personal loans. Users can choose the desired amount and withdraw only what they need at a given time, paying interest solely on the amount utilized. Additionally, the app has a transparent rewards program, allowing customers to select preferred brands from leading e-commerce platforms and earn rewards of up to 3 per cent per Rs. 100 spent.

### Market capitalisation of PSU banks rises by up to 91% in Q3

Nine public sector banks reported an increase in market capitalisation in the range of 25-91 per cent in the September quarter, according to S&P Global Market Intelligence.

Midsized state-owned banks saw a surge in market capitalisation in the third quarter, catching up with the rally in the stocks of bigger rivals due to improving metrics and a solid economic growth outlook, S&P said.

Indian Overseas Bank saw its market capitalisation nearly double during the July-to-September quarter, according to S&P Global Market Intelligence data. A 91.60 per cent gain propelled the lender to eighth place in the top 20 Indian banks by market



capitalisation as of September 30, up from 14th three months ago, it said.

Five other public sector banks rose in the market cap rankings over the previous quarter. Central Bank of India's market cap grew 76.59 per cent over the previous quarter, while Union Bank of India gained 59.56 per cent, Indian Bank gained 44.78 per cent and UCO Bank 58.94 per cent, each climbing up two notches in the ranking, the data showed. Bank of India Ltd.'s market cap grew 48.64 per cent, pushing it up one spot, S&P said.

"Buoyancy amongst public sector banks could be attributed to the massive clean-up of their balance sheet at the backdrop of IBC [Insolvency and Bankruptcy Code] in India," said Sandeep Upadhyay, Managing Director and CEO of Centrum Infrastructure Advisory. The "banking ecosystem has been looking forward to this much-needed one-time cleanup for a very long time," Upadhyay said in comments emailed to Market Intelligence.

### Standard Chartered Bank puts realtor Radius Sumers' Rs 569 cr of debt on the block

Standard Chartered Bank has put on the block loans given to defaulting realtor Radius Sumers Developers, which is constructing an ultra-luxury residential project in South Mumbai.

The project named 'Harbour Heights' is being developed on 10 acres of land (7.5 football grounds) on P D'mello Road at Mazgaon. It will house four high-rise residential towers and a mall.

Standard Chartered Bank invited offers for its Rs. 569 crore debt, which includes Rs. 305 crore principal loan and

Rs. 264 crore interest charged on that loan, according to a notice inviting asset reconstruction companies (ARC) to bid for the project.

The bank has set a reserve price of 230 crore, it added. The bank has invited expressions of interest from ARCs by November 6.

Radius Sumers Developers is a special-purpose vehicle (SPV) jointly formed by Sanjay Chabria promoted by Radius Group and Sumer Buildcorp. The total project cost is estimated at Rs. 1,683 crore, funded by term loans of Rs. 600 crore, promoter contribution of Rs. 368 crore and advances from customers of Rs. 715 crore, according to a rating report by Brickworks dated December 2, 2022.

The total cost incurred on the project until April 2019 was Rs. 1,057 crore (including land and land development expenses), the same rating report stated.

The company defaulted on Rs. 600 crore loans given by Standard Chartered Bank at Rs. 325 crore

and PNB Housing Finance at Rs. 275 crore, the rating report stated. The project has a saleable area of around 1 million sq ft and was initially estimated to complete by December 2025, however it has not progressed as per the timeline. In 2005, Summer Buildcorp acquired the land at Mazgaon, and in 2014 Radius Group approached Sumer for joint development of the project.

The sale of loans comes when the lender and the corporate are negotiating a settlement. The British bank has petitioned the Mumbai National Company Law Tribunal to admit the real estate developer for corporate insolvency. □

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# Reserve Bank

## News

### RBI imposes fine on two state-owned banks

The Reserve Bank said it has imposed penalties on three state-owned banks, including SBI and Indian Bank, for violation of various regulatory norms.

A penalty of Rs 1.3 crore has been imposed on the State Bank of India for noncompliance with certain directions issued by the RBI on 'Loans and Advances - Statutory and Other Restrictions' and 'Guidelines on Management of Intra-Group Transactions and Exposures', it said in a statement.

In another release, the RBI said a penalty of Rs 1.62 crore has been imposed on Indian Bank for contravention of certain directions on 'Loans and Advances - Statutory and Other Restrictions', KYC, and 'Reserve Bank of India (Interest Rate on Deposits) Directions, 2016'.

### RBI Deputy Governor Rao gets 1-year extension

M Rajeshwar Rao has been re-appointed as RBI's deputy governor for one year with effect from October 9.

Rao (62) was appointed as deputy governor of RBI in October 2020 for three years. He is in charge of regulation,

communication, enforcement, legal, and risk management in the central bank.

Rao was earlier executive director in-charge of statistics and information management, the financial markets operation department, and the international department. He had joined RBI in 1984 and had worked as the banking ombudsman in New Delhi and in RBI's regional offices.

### Lenders to tag wilful defaulter in six months under new rules

RBI has issued draft guidelines on classification of wilful defaulters, expanding the definition of the term and mandating lenders to complete the process of identifying and tagging borrowers as wilful defaulters within six months of loans turning bad.

Apart from various judgements by high courts and the Supreme Court, the regulator said it has received suggestions from banks and other stakeholders on the matter. The new draft provisions would apply to banks, non-banking financial companies (NBFCs) and all-India financial institutions like the Exim Bank and the Nabard.

A borrower can be labelled a wilful de-

faulters for defaulting on repayments despite having the capacity to make them. This would also include those who have diverted or siphoned off borrowed funds. That apart, those who fail to infuse equity despite agreeing to do so, and having the wherewithal to do so, would also come under this definition. It would include outstanding loans of Rs. 25 lakh or more.

### RBI may allow borrower-bank deal to shed tag of wilful defaulter

An RBI circular that requires lenders to take a quick call on classifying wilful defaulters will also allow borrowers to shake off the tag by entering into a compromise settlement with banks.

In June 2023, the central bank, in its circular on compromise settlements, had allowed one-time settlement of wilful defaults only if a higher authority approved it. The norms had caused controversy with bank unions and the Congress attacking the government over the new rules.

Recently, RBI came out with a draft master direction on the treatment of wilful defaulters. According to RBI, the objective is to provide for a non-discriminatory and transparent process.

dure, while complying with the principles of natural justice for classification of a borrower as a wilful defaulter by the lender.

"Any account included in the list of wilful defaulters, where the lender has entered into a compromise settlement with the borrower, shall be removed from the list only when the borrower has fully paid the compromise amount," it stated.

### RBI to extend PCA norms to govt-owned NBFCs

The Reserve Bank said the strict supervisory norms under the Prompt Corrective Action (PCA) Framework will apply to government-owned non-banking financial companies from October 2024.

Being put under the PCA framework means restrictions on dividend distribution/ remittance of profits; promoters/ shareholders to infuse equity and reduction in leverage; and restrictions on the issue of guarantees or taking on other contingent liabilities on behalf of group companies.

The Reserve Bank introduced the PCA Framework for NBFCs on December 14, 2021.

"The Framework has since been reviewed and it has been decided to extend the same to Government NBFCs (except those in Base Layer) with effect from October 1, 2024, based on the audited financials of the NBFC as on March 31, 2024, or thereafter," the central bank said in a circular.

### RBI to vet IDBI bidders soon

RBI is expected to accelerate a key process of vetting IDBI Bank's potential buyers and complete it by October end, helping speed up the sale of a

majority stake in the lender, two government sources said.

The federal government, which owns 45.48% of IDBI Bank, and the state owned Life Insurance Corp of India, which holds 49.24%, together plan to sell 60.7% of the lender.

RBI began the vetting process known as 'fit and proper criteria' in April, after Kotak Mahindra Bank, the Prem Watsa backed CSB Bank and Emirates NBD submitted their initial bid to acquire a majority stake in IDBI Bank.

### RBI names Muneesh Kapur as Executive Director

RBI has appointed Muneesh Kapur as Executive Director (ED) with effect from October 3, 2023.

Prior to being promoted as ED, Kapur was Adviser-in-Charge, Monetary Policy Department and Secretary to the Monetary Policy Committee (MPC). In his new role, he will look after the Department of Economic and Policy Research.

Over a span of nearly three decades in the Reserve Bank, Kapur has worked in the areas of macroeconomic policy and research and monetary policy in Department of Economic Policy and Research and Monetary Policy Department in RBI, per a central bank statement.

He also served as Adviser to Executive Director, International Monetary Fund during 2012-15.

### RBI forms an external working group for ECL-based framework

RBI has constituted a nine-member external working group to get independent views on Expected Credit Loss

(ECL) based framework for provisioning by banks.

In January this year, the RBI had released a discussion paper for adoption of an expected loss-based approach for loan loss provision by banks. The RBI had sought comments on the paper till February 28.

Currently, banks are required to make loan loss provisions based on an incurred loss approach which needs banks to provide for losses that have occurred or incurred

In a press release issued, the RBI said several comments have been received from various stakeholders on the issues flagged in the discussion paper, which are being examined by it.

"While the regulatory stance to be taken in respect of each of the issues shall be examined by the Reserve Bank, it has been decided to constitute a Working Group in order to get independent inputs on some of the technical aspects having a bearing on the significant transition involved," the release said.

### Card-on-file tokenisation facility at issuer bank-level

The RBI will introduce the facility for creation of card-on-file tokenisation at the issuer bank level to enhance convenience for cardholders in getting tokens created and linking them to their existing accounts with e-commerce applications.

"Given the growing acceptance and benefits of tokenisation of card data, it is now proposed to introduce Card-on-File Tokenisation (CoFT) creation facilities directly at the issuer bank level," Governor Shaktikanta Das said.

Currently, CoF tokens can only be created through merchant applications or



on the webpage of the e-commerce website.

The central bank had introduced CoFT in September 2021 and began its implementation from October 1, 2022.

### RBI leaves repo rate unchanged at 6.5%

The Reserve Bank of India's Monetary Policy Committee (MPC), as expected, left the repo rate, the rate at which the central bank lends short-term funds to banks, unchanged at 6.5 percent.

"MPC voted unanimously to leave the repo rate unchanged at 6.5 percent," Das said while announcing MPC's decision. The central bank also announced that it was withdrawing its incremental cash reserve ratio (ICRR), which was introduced in August to withdraw surplus liquidity from the system in a phased manner.

Further, the MPC also decided that Standing Deposit Facility (SDF) and Marginal Standing Facility (MSF) rates are also left unchanged at 6.25 percent and 6.75 percent, respectively.

### RBI permits middle and base layer NBFCs to use credit risk mitigation tools

RBI has allowed NBFCs classified as middle and base layer entities, to utilise credit risk mitigation tools to offset their exposure with eligible credit risk transfer instruments.

The step has been taken to harmonise norms across NBFCs; currently, upper layer NBFCs under the Large Exposures Framework, are permitted to use Credit Risk Mitigation (CRM) instruments to reduce their exposure to a counterparty.

"With a view to harmonising credit concentration norms among NBFCs, it

has been decided to permit NBFCs in the middle and base layers also to use CRM instruments to reduce their counterparty exposure under the credit concentration norms," said Governor Shaktikanta Das in his statement.

### Financial savings up 14% in absolute terms, says Patra

Financial savings in absolute terms increased by 14 per cent in 2023, the Reserve Bank of India Deputy Governor Michael Patra said in the post-policy press conference. Patra also mentioned that households are shifting from financial savings to physical savings.

"The absolute level of savings rose by 14 per cent in 2023. There has been an increase in financial liabilities of households. If you observe where these liabilities are being directed, they are mostly towards housing. Households are shifting from financial saving to physical savings. When they make this shift, they contribute to investment; the physical part of savings goes directly into investment. So, in the next year, you will observe an uptick in investment," Patra said.

Net financial savings of households fell to a 50-year low, reaching 5.1 per cent of gross domestic product (GDP) in financial year 2023 (FY23) compared to 7.2 per cent in FY22, according to data from the Reserve Bank of India (RBI).

Furthermore, annual financial liabilities of households rose to 5.8 per cent of GDP in FY23 compared with 3.8 per cent in FY22.

### RBI to issue framework for SRO recognition for regulated entities

RBI is planning to issue a framework for the recognition of SROs (Self-Regu-

latory Organisations) for regulated entities (REs), RBI Governor Shaktikanta Das said on October 6 announcing the monetary policy decision.

"Self-Regulatory Organisations (SROs) can play an important role in strengthening compliance culture among their members and also provide a consultative platform with the Reserve Bank for policy making," said Das.

Das further added that it has been decided to issue a draft omnibus framework for recognising SROs for various categories of Regulated Entities (REs) of the central bank for stakeholder comments.

"Additional sector-specific conditions may also be prescribed at the time of calling for applications," he added.

An SRO is a non-governmental organisation that sets and enforces rules and standards relating to the conduct of member entities in the industry, with the aim of protecting the customer and promoting ethical and professional standards. The SRO is expected to resolve disputes among its members internally through mutually accepted processes to ensure that members operate in a disciplined environment and even accept penal actions by the SRO.

An ideal SRO would function beyond the narrow self-interests of the industry and address larger concerns, such as protecting customers, furthering training and education and strive for development of members, the industry and the ecosystem as a whole.

### RBI asks BoB to suspend new customer onboarding on app

RBI has asked Bank of Baroda (BoB) to suspend further onboarding of customers onto the 'bob World', the lender's mobile banking application.

"The RBI has, in exercise of its power, under section 35A of the Banking Regulation Act, 1949, directed Bank of Baroda to suspend, with immediate effect, any further onboarding of their customers onto the 'bob World' mobile application," RBI said in a release.

It said the action on the bank is based on certain material supervisory concerns observed in the manner of onboarding of their customers onto this mobile application.

Under section 35A, the RBI has power to give directions to banks 'to prevent the affairs of any banking company being conducted in a manner detrimental to the interests of the depositors or in a manner prejudicial to the interests of the banking company'.

The RBI directed BoB that any further onboarding of customers of the bank on the 'bob World' application will be subject to rectification of the deficiencies observed and strengthening of the related processes by the bank to the satisfaction of RBI.

The bank has also been directed to ensure that already onboarded 'BoB World' customers do not face any disruption on account of this suspension.

In a statement, BoB said that it has already carried out corrective measures to address the concerns of the RBI. It has initiated further steps to plug any remaining gaps identified. The lender also assured its customers that they will not face any disruption and will continue to enjoy uninterrupted services on BoB World mobile app.

### RBI's multiple card rule kicks off tomorrow

From October 1, banks will provide customers the option to choose from multiple card networks like Visa, MasterCard, and Rupay for their debit, credit, and prepaid cards.

On July 5, the Reserve Bank of India (RBI) had released a draft circular on changing the arrangements between card networks and banks and non-bank entities authorised to issue cards.

According to the notification, cards must be issued across more than one network and the issuers must give their customers the option to choose from them. Customers can exercise the option at the time of the issuance of the card or at any other time. These orders were stated to be effective from October 1.

The RBI also said the card issuers should not enter into any arrangement or agreement with card networks that restrained them from taking the service of other card networks, thereby debarring banks from entering into exclusive contracts with networks.

### Bank staff's first duty is to meet needs of customers, not targets

Banks must ensure their employees understand that the primary responsibility is to serve a customers' financial needs, while maintaining a focus on targets, said Swaminathan J, deputy governor, Reserve Bank of India.

While speaking to top executives of major banks on customer grievances, Swaminathan said banks should have a policy on customer appropriateness and product suitability framework to help reduce mis-selling.

"Being commercial entities, there's nothing wrong in being target-driven, but regulated entities must ensure employees understand their primary responsibility is to serve customers' financial needs."

There should be a clear and transparent incentive structure that rewards employees for delivering quality finan-

cial advice and services rather than just making sales, he added.

He said banks should have adequate oversight whenever a product or service is offered in partnership with a fintech. Banks must view fintech as an opportunity and not a threat, Swaminathan added.

"I am glad that most of you have adopted such a collaborative approach, but please bear in mind the principal responsibility to your customers lies with you and not with partners. It is therefore essential to have adequate oversight when a product or service is being offered through such partnership channels."

### Bank boards should prevent over dominance by a few members: RBI

Reserve Bank of India Governor Shaktikanta Das asked bank boards to democratise discussions and prevent excessive dominance by few members.

In his address at the conference for directors of urban cooperative banks (UCBs), Das said the quality of board discussions should be free and frank because the idea of cooperation is based on the idea of democracy.

"The (UCB) board members are elected and the underlying principle of the functioning of the co-operative bank is democracy. The discussions on the board should be democratic and transparent. Everybody should get a chance to speak and there should not be an over dominance or excessive dominance by one or two members of the board or by the chairman or the vice chairman or a group of directors," Das said.

"We have seen this in big commercial banks also, and wherever we have seen this, we have told banks that this is not the way...one or two directors cannot excessively dominate," he said. □



# Industry

## News

### Tesla submits proposal to build battery storage factory in India

Tesla is now looking to make and sell battery storage systems in India amid an ongoing push to enter the country. The Elon Musk-led company has reportedly drawn up plans and submitted a proposal seeking incentives to build a factory. The development comes amid talks to set up a new electric vehicle factory in India.

According to a Reuters report the company had held several meetings in New Delhi and proposed supporting the country's battery storage capabilities with its "Powerwall" system. The publication quoted unnamed sources to add that Indian officials have turned down calls for a number of incentives to set up a battery storage factory.

There is however no assurance that the plan will come to fruition, with officials continuing to review the car company's proposal.

### SEBI relaxes rules for large corp borrowers

Sebi said it will increase the monetary threshold to define large corporate

borrowers from the earlier lower limit of Rs.100 crore borrowing from banks. The new threshold limit will be notified soon. It also said that large corporates who use the debt market to replace bank loans will be incentivised. It will also do away with some of the penalty clauses for large corporate borrowers who do not meet the Sebi guidelines.

### Finance ministry notifies 28% GST for online gaming

Online gaming companies will charge 28% GST on full value of bets, while offshore platforms too would be required to have GST registration to operate in India.

But e-gaming companies flagged that since many states are yet to pass amendments in their respective State GST laws, this notification by the finance ministry will create confusion.

According to the changes to the Central GST Act, online gaming, casinos and horse racing will be treated as "actionable claims" similar to lottery, betting and gambling. The amendments will also provide for blocking access to overseas platforms in case of failure to comply with registration and tax payment provisions.

### Demat nomination deadline extended

SEBI extended the deadline for existing demat account holders to provide choice of nomination by another three months to December 31, 2023. Earlier, the deadline for existing eligible trading and demat account holders to provide a choice of nomination was on or before September 30.

"With respect to demat accounts, it has been decided to extend the last date for submission of 'choice of nomination' to December 31, 2023," said SEBI in a circular. The submission of 'choice of nomination' for trading accounts has also been made voluntary by the regulator as a move towards the ease of doing business.

### CBIC says no GST on Gangajal

The CBIC said that there is no GST on Gangajal, amid Congress claims that the government has imposed an 18 per cent tax on it. "Gangajal is used in pooja by households across the country and puja samagri is exempt under GST. All these items have been exempt since the introduction of GST," the



Central Board of Indirect Taxes and Customs (CBIC) said in a post on X.

The CBIC said that GST on 'puja samagri' was discussed in detail in the 14th and 15th meetings of the GST Council held on May 18-19, 2017 and June 3, 2017, respectively and it was decided to keep them in exempt list.

### IMF ups India's FY 24 growth forecast to 6.3%

The International Monetary Fund raised India's growth projection for the current fiscal year to 6.3%, from 6.1% estimated earlier, on the back of a stronger than expected consumption during the June quarter.

The current growth projection, which is closer to RBI's 6.5% estimate, will help India retain its status as the world's fastest growing major economy at a time when the view on China is less optimistic. China is expected to expand by 5% this year, against an earlier estimate of 5.2%, with the global economy projected to grow 3% this year, and 2.9% next year, 0.1% lower than earlier projection.

"The global economy is limping along, not sprinting... growth is well below historical averages," Pierre-Olivier Gourinchas, IMF's chief economist, said after releasing the latest World Economic Outlook (WEO) here. The outlook does not factor in the implications of the conflict in Israel, which is being watched closely.

### CBDT sees 70% of individuals switching to new tax regime

About 70% of personal income taxpayers are expected to shift to the new

tax regime, which has been sweetened in the FY24 union budget, Central Board of Direct Taxes (CBDT) chairman Nitin Gupta said.

Gupta said direct tax collections stood at Rs. 9.57 trillion after refunds in the current financial year, as of 9 October. This was 21.8% higher than the net collections made in the same time a year ago.

Prior to refunds, the tax authority collected Rs. 11.07 trillion so far this year, nearly 18% more than what was collected at the same time a year ago.

Several factors including the use of technology and sharing information about the taxpayers' transactions reported by various entities, with him in the annual information statement are helping in tax collection growth, the official said. Around 5.3 million new taxpayers have filed tax return by July this year.

### India to have 30 semiconductor startups

From importing 82% of mobile phones in 2014, India now manufactures 100% of what it consumes and exported over 1 lakh sets last year, Union IT minister Rajeev Chandrasekhar said during his address at the Indo-Pacific Economic Conclave in Kolkata.

Referring to the global launch of India-made iPhone-15, the minister said India was looking at almost 30 startups in the semi-conductor segment.

### Demat accounts grow 26% to 12.7 crore in August

The number of demat accounts rose to 12.7 crore in August 2023, a surge of 26 per cent on a yearly basis, prima-

rily due to attractive returns from equity markets, and ease of account opening process.

Also, the incremental additions of such accounts were higher in August in comparison to the preceding month. Further, this was way higher than the average 21 lakh monthly additions in fiscal year FY23, according to an analysis by Motilal Oswal Financial Services.

The new account additions rose 4.1 per cent month-on-month to 31 lakh in August compared to 30 lakh additions in July.

Going by the data, a total of 12.7 crore demat accounts were registered with the two depositories -- NSDL and CDSL - at the end of August 2023 as compared to 10.1 crore a year earlier.

### Direct tax collections surge 18% up

Gross direct tax receipts totalled Rs 11.1 lakh crore up to October 9, 2023 - nearly 18% higher than the comparable period of last year, official data released showed.

Direct tax collection, net of refunds, was at Rs 9.6 lakh crore, which is 21.8% higher than the net receipts for the comparable period of last year. This collection is 52.5% of the total budget estimates for direct taxes in 2023-24. The growth rate for corporate income tax (CIT) was estimated at 7.3%, while that for personal income tax (PIT) was 29.5%.

Nitin Gupta, chairman Central Board of Direct Taxes, said the department was confident of meeting the budget targets for direct taxes set for the current fiscal year as receipts "as on date" were good.

## IMF raises India's GDP forecast marginally to 6.3% for current fiscal

India's economic growth forecast for the current fiscal year has been raised to 6.3% from 6.1% earlier, the International Monetary Fund said in its October 2023 World Economic Outlook (WEO) report that was released.

The global lender expects retail inflation in the South Asian nation to rise to 5.5% in 2023/24 before easing to 4.6% in 2024/25.

"Growth in India is projected to remain strong, at 6.3% in both 2023 and 2024, with an upward revision of 0.2 percentage points for 2023, reflecting stronger-than expected consumption during April-June," the IMF said.

The Reserve Bank of India has projected consumer price index (CPI)-based inflation for the current fiscal year at 5.4% while GDP growth is seen at 6.5%.

## Mobile exports jump to \$5.5 billion

Mobile phone exports from India almost doubled to \$ 5.5 billion, about Rs 45,700 crore, till August this financial year, according to industry body ICEA's estimates.

ICEA said, mobile phone exports from India between April-August 2023 was around \$ 3 billion, about Rs 24,850 crore. A source, who did not wish to be named, said, with Apple exported mobile phones worth more than Rs 23,000 crore, thereby accounting for a little over half of the total export.

Commenting on the overall mobile phone export, ICEA Chairman Pankaj Mohindroo told that mobile phone ex-

ports from India continue to buck the overall trend of muted global trade by registering a massive growth of more than 80 per cent.

"India continues to strive hard to be a preferred location for GVCs. It is work in progress but the trend is positive," Mohindroo said.

According to ICEA estimates, mobile phone exports from India have doubled to surpass Rs 90,000 crore, about \$ 11.12 billion, in the financial year (FY) 2022-23, from Rs 45,000 crore in FY22.

The government expects mobile phone players to export devices worth Rs 1 trillion this year.

The government has set the target of achieving \$ 300 billion worth of electronics manufacturing by 2025-26, with \$ 120 billion expected to come from exports. Mobile phones are anticipated to contribute more than \$ 50 billion worth of exports by 2025-26.

## Govt accepts over 10,000 MSME claims worth Rs. 256 crore

The government has accepted more than 10,000 claims of MSMEs involving refunds worth Rs 256 crore under a dispute resolution scheme Vivad se Vishwas-I.

Under the scheme, MSMEs could claim a refund of 95% of performance or bid security and liquidated damages forfeited by government departments and public sector entities during the Covid-19 period. The scheme, announced in 2023-24 Budget, opened on April 17 and the last date for submission of claims for relief on the GeM portal was July 31.

"In a major relief to the micro, small and medium enterprises (MSMEs), various ministries/departments of the government of India have accepted more than 10,000 claims of MSMEs under Vivad se Vishwas-I scheme aimed at providing relief to MSMEs for the Covid-19 Pandemic period. This has led to grant of more than Rs 256 crore to MSMEs and increased flow of bank credit through freeing up of guarantees," a finance ministry statement said.

## 35% of investment advisors still not registered, says SEBI chief

Despite a simple registration process, around 35 per cent of investment advisers are still not registered with the regulator, Securities and Exchange Board of India (SEBI) Chairperson Madhabi Puri Buch.

She sought industry associations' help in getting more advisers to get registered with the regulator.

"We require investment advisors to register...There are a large number, some 35 per cent of investment advisers, still not registered," Buch said at an event organised by the Association of Registered Investment Advisers (ARIA).

"...It's your profession, it is your livelihood, and in all this time, forget other compliances, you have not found time or inclination to come and register," the SEBI Chairperson said.

As per the SEBI website, there are 1,314 registered investment advisers. However, to operate as registered investment advisers (RIAs), these entities have to register with BSE Administration and Supervision Ltd (BASL), a wholly owned subsidiary of BSE, which



has been granted approval from SEBI for administration and supervision of Investment Advisers (IAs). At present, there are around 900 BASL registered members.

### Corporate loan guarantee by parent to attract 18% GST

A parent company's corporate guarantee to its subsidiary for a bank loan will attract 18 per cent GST, the GST Council clarified. However, there will be no GST if a director provides a personal guarantee for a loan from a bank or any financial institution to his/her own company.

The council also recommend an amnesty scheme if an appeal is filed late, besides amending rules for the appointment of president and members of the GST Appellate Tribunal. However, there is no change in recommendation related to the 28 per cent GST on the full face value for online money gaming, casinos and horse racing.

"When the corporate guarantee is given by a director to a company then the value of service will be deemed to be zero, hence no tax," Revenue Secretary Sanjay Malhotra said at a press conference to announce the recommendations of the 52nd meeting of the GST Council under the Chairpersonship of Finance Minister Nirmala Sitharaman in the national capital.

### GST tribunal formation process starts

The Supreme Court took note of the Centre's submissions that the process of setting up the national and regional GST tribunals has started and disposed

of a PIL on the issue. The top court had, on August 6, 2021, issued notices to the Centre and the Goods and Services Tax (GST) Council on the public interest litigation (PIL) matter filed by lawyer-activist Amit Sahni.

A bench comprising Chief Justice D Y Chandrachud and Justices J B Pardiwala and Manoj Misra was told by Attorney General R Venkataramani that the Union finance ministry issued a notification on September 14 and the process of setting up the tribunals has commenced.

The bench asked the attorney general whether the tribunals have become functional. The topmost law officer in the country said the process is on. The bench disposed of the PIL and assured senior advocate Mahabir Singh, who appeared in the court on behalf of the petitioner, that he may come back if the tribunals are not made functional.

### No stress in households savings, says finance ministry

There is no distress in household savings as is being discussed in some circles, the finance ministry said, asserting that data indicates that changing consumer preferences for different financial products is the real reason for the overall picture of household savings.

Citing data, the ministry said between June 2020 and March 2023, the stock of household gross financial assets went up by 37.6%, and the stock of household gross financial liabilities went up by 42.6% - a minimal difference between the two.

"Households added net financial assets of 22.8 lakh crore in FY21, nearly 17

lakh crore in FY22 and 13.8 lakh crore in FY23. So, they added less financial assets to their portfolio than in the previous year and the year before, but it is important to note that their overall net financial assets are still growing," the ministry said on microblogging site X, rejecting criticism that household savings had dipped.

It said households added financial assets by a lesser magnitude than in the previous years because they have now started taking loans to buy real assets. "RBI data on personal loans provides us with evidence. Personal loans given by banks have several components. Key among them are real estate loans and vehicle loans," said the ministry.

### Large companies get flexibility in raising debt funds

SEBI approved a proposal to provide flexibility in the framework for large corporates (LCs) for meeting their incremental financing needs through issuance of debt securities.

The regulator in its board meeting held announced a set of measures to provide flexibility to the existing LC framework. It had issued a consultation paper in August this year on 'Review of framework for borrowings by Large Corporates'.

"A higher monetary threshold has been specified for defining LCs, thereby reducing the number of entities qualifying as LCs," SEBI said.

The current threshold for the criteria of outstanding long-term borrowings for the purpose of identifying any entity as LC is Rs 100 crore or above. SEBI, in the consultation paper, had proposed the threshold to be increased to Rs 500 crore or above. □



# Mutual Fund

## News

### Number of SIP accounts reaches all-time high in September

The SIP contribution stood at an all-time high of Rs 16,042.06 crore in September, compared to the SIP contribution of Rs 15,814 crore in August and Rs 12,693 crore in the same period a year ago.

The number of SIP accounts stood at the highest ever in September at 712.93 lakh, compared to 696.86 lakh in August. The mutual fund folios also reached an all-time high of 15,70,96,187 in September from 15,42,41,577 in August.

The number of new SIPs registered in September were the highest ever at 36.77, compared to 35.92 lakh in August.

The SIP AUM in September stood at Rs 8.70 lakh crore, compared to Rs 8.47 lakh crore in August.

The retail mutual fund folios which includes equity, hybrid, and solution oriented schemes also reached at an all-time high of 12,54,51,947 in September compared to 12,30,07,367 in August.

The retail mutual fund AUM which in-

cludes equity, hybrid, and solution oriented schemes stood at Rs 25,38,126 crores in September, with an average AUM of Rs 25,47,739 crores.

"Mutual Fund Industry's growth has been on an upward trend. The half yearly growth has been encouraging and we are optimistic that the trend will continue to grow. Irrespective of the global headwinds, Indian markets have shown resilience. DII's have been strongly driving the market growth. The Mutual Fund industry crossing the 4 crore unique investors mark is a testament to Indian retail investors' participation in equity markets through the Mutual Fund route," said NS Venkatesh, CEO, Association of Mutual Funds in India (AMFI).

### Debt mutual funds continue to log outflow

Debt-oriented mutual fund schemes witnessed a net withdrawal of Rs 1.01 lakh crore in September, making it the second consecutive month of the outflow, primarily due to advance tax requirements of corporates and correction in equity markets. The segment saw an outflow of Rs 25,873 crore in August.

Before this, the debt schemes attracted Rs 61,440 crore in July, data from the Association of Mutual Funds in India (AMFI) showed.

The huge outflow has pulled down the assets under management (AUM) of fixed income funds or debt funds to Rs 13.05 lakh crore at the end of September from Rs 14 lakh crore in the preceding month-end.

Investor sentiment towards debt investments was largely muted. Barring long duration and gilt fund segments, all the other 14 categories witnessed net outflows. These two categories have been finding favour with investors for some time in anticipation of a change in the interest rate cycle.

### Equity mutual fund inflows fall in September 2023, SIP contributions hit new high: AMFI data

The equity mutual funds slipped in September according to the data released by the Association of Mutual Funds in India (AMFI). Midcap and small-cap mutual funds continue to see inflows while large-cap funds witnessed outflows, the data showed. Inflows into

equity mutual funds fell 30.4% sequentially in September 2023, the data showed.

"The Mutual Fund industry crossing the 4 crore unique investors mark is a testament to Indian retail investors' participation in equity markets through the Mutual Fund route. This is further demonstrated by the SIP contribution of Rs. 16,042.06 crores in September 2023 which is the highest to date and the stellar growth of 21% in overall AUM," said NS Venkatesh, CEO, of AMFI.

"Equity-oriented funds continued to witness net inflows in September, marking the 31st consecutive month of net inflows. The segment witnessed net inflows of Rs. 14,091.2 crores in September 2023 lower than what it witnessed in the previous month (Rs. 20,245.26 crore). The equity segment was also aided by 6 new fund launches in September which garnered INR 2,503 crore," said Melvyn Santarita, Analyst - Manager Research, Morningstar Investment Adviser India.

Among the equity asset class, the sectoral/thematic funds saw the highest inflows to the tune of Rs. 3,146.8 crore during the month. "The spike in the flows of this category could also be attributed to the fact that there were 4 new fund launches in this category which cumulatively garnered Rs1,629 crore during the month of September. In August 2023 too, this category saw the highest flows (Rs. 4,805.81 crores aided by 5 new fund launches)," said Melvyn Santarita.

In the debt funds category, outflows surged significantly. Smallcap fund inflows stood at Rs. 2,678 crore. Midcap funds stood at Rs. 2,001 crore. Meanwhile, the Systematic Investment Plan (SIP) inflows stood at Rs. 16,402 crore.

As per AMFI data, the cumulative Asset Under Management (AUM) for the mutual fund industry stood at Rs. 46.58 lakh crore as of September 30.

### Bajaj Finserv Mutual Fund launches Bajaj Finserv Banking and PSU Fund

Bajaj Finserv Mutual Fund has announced the launch of Bajaj Finserv Banking and PSU Fund, an open-ended debt scheme investing in debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds with relatively high interest rate risk and moderate credit risk.

The fund will be jointly managed by Siddharth Chaudhary, Senior Fund Manager- Fixed Income and Nimesh Chandan, CIO.

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### Baroda BNP Paribas Mutual Fund files draft for NIFTY 50 Index Fund

Baroda BNP Paribas Mutual Fund has filed a draft for Baroda BNP Paribas NIFTY 50 Index Fund. The scheme will be an open-ended scheme replicating/tracking the NIFTY 50 Total Return Index.

The scheme will be benchmarked against Nifty 50 Total Returns Index. The scheme will be managed by Neeraj Saxena.

According to the Scheme Information Document, the investment objective of the scheme is to provide investment returns closely corresponding to the total returns of the securities as represented by the Nifty 50 Total Returns Index before expenses, subject to tracking errors, fees and expenses. The scheme will have direct and regular plans, with both growth and IDCW options.

The scheme will allocate 95-100% assets in equity and equity-related securities of companies constituting Nifty 50 Index, and 0-5% assets in money market instruments, units of liquid scheme and cash and cash equivalents.

### Customers can invest in MFs using Visa debit

Visa, one of the leaders in digital payments, has introduced a new initiative that enables consumers to invest in mutual funds using their Visa debit cards.

Launched in partnership with Razorpay, the service is now available to customers of Federal Bank and ICICI Bank. "With the Indian mutual fund industry's average assets under management valued at Rs. 46.94 trillion for August 2023, a six fold increase in 10 years, this innovative move will allow retail investors to enjoy the convenience, safety, and security of using their debit cards for mutual fund investments," Visa said.

By using their Visa debit card for investing in mutual funds, consumers can now set and modify their own transaction limits, it said. Also, customers can see all their SIPs linked to their debit card alongside other recurring payments, by logging into their bank's subscription management portals.



## AMFI clarifies on new high-risk category of mutual funds

Industry body AMFI said the idea of introducing a new asset class, which lies between mutual fund and portfolio management services (PMS) and have flexible prudential norms, is at a "very nascent stage". "The discussion is at a very nascent stage and will go through the consultative approval process through the regulator," the industry body said in a statement.

The statement came after media reports suggested that the Securities market regulator, the Securities and Exchange Board of India (Sebi), is in the process of formulating a new high-risk mutual fund category.

It was reported that the Association of Mutual Funds in India (AMFI) sought comments from asset management companies on the new mutual fund category. The proposed category is aimed at catering to investors with a high-risk appetite.

Clarifying on the media reports, AMFI said that there is a whole spectrum of products in the securities markets in terms of the risks and the applicability of prudential norms.

"For instance, given the retail participation in mutual funds, prudential norms applicable to mutual funds are higher, as compared to other investment instruments, where prudential norms are flexible in line with ticket size of investment," it added.

According to the industry body, there is a deliberation within the industry for an instrument that caters to investors who are looking for an intermediate investment product between mutual funds and PMS.

"The intent is to introduce a new asset class, which lies between a mutual fund and PMS, which may have flexible prudential norms, with a certain minimum ticket size. Hence, any comparison with AIF/PMS is placed," it added.

## Edelweiss Recently Listed IPO Fund limits lumpsum investments

Edelweiss Mutual Fund has decided to limit the lumpsum investment (including switch-ins) in Edelweiss Recently Listed IPO Fund. The fund house has decided to limit the subscription to Rs 2 lakh per transaction. This change will be effective from November 6 until further notice.

The fund house informed this through a notice-cum-addendum on October 27. The fund house also stated that investments through systematic investment plan (SIP), systematic transfer plan (STP) and other facilities/special products offered will remain unchanged.

All the other provisions and terms and conditions of the scheme shall remain unchanged. This addendum shall form an integral part of the SID/KIM of the scheme, as amended from time to time.

Edelweiss Recently Listed IPO Fund is an open-ended equity scheme following the investment theme of investing in recently listed 100 companies or upcoming Initial Public Offer (IPOs).

The scheme was launched in February 2018. The scheme is benchmarked against India Recent 100 IPO Index TRI.

The scheme has offered 21.40% and 19.91% in three and five year horizons

respectively. The benchmark gave 18.42% and 14.79% respectively during the same time period. The scheme manages assets of Rs 928.22 crore as on September 2023.

## 6 flexi cap mutual funds gave highest returns in the past ten years

The continued market turmoil has prompted many investors to think if it is worth investing in funds categorized under a particular market cap or investing in stocks dedicated to a particular sector or theme. The fact that some sectors have performed beyond expectations while others have sunk much below than anticipated has caused many investors to now switch to flexi-cap funds.

For the unversed, flexi-cap funds fall in the category of equity-focused funds. These funds fall under the category of equity mutual funds, and they have the flexibility to invest in companies of varying market capitalizations, spanning from large-cap to small-cap. While they are required to allocate a minimum of 65 per cent of their assets to equity and equity-related instruments, there are no constraints regarding the upper or lower limits of their exposure to different market capitalizations. This flexibility empowers fund managers to adapt their portfolios to align with their investment perspectives.

To illustrate, in times of market volatility, a manager overseeing a flexi-cap fund may opt to increase their allocation to large-cap stocks. However, when they identify potential growth prospects, they can seamlessly transition their investments towards mid-cap or small-cap stocks. □





# Co-Operative Bank

## News

### RBI nod for merger of UCB with Cosmos Co-op Bank

The Reserve Bank of India has sanctioned the Scheme of Amalgamation of Mumbai-based Sahebrao Deshmukh Co-operative Bank Ltd with Pune-based Cosmos Co-operative Bank Ltd.

"The Scheme has been sanctioned in exercise of the powers conferred under ...the Banking Regulation Act, 1949. The Scheme will come into force with effect from September 26, 2023," RBI said.

The branches of Sahebrao Deshmukh Co-operative Bank Ltd will function as branches of Cosmos Co-operative Bank Ltd., with effect from September 26, 2023.

### RBI cancels Kapol Co-operative Bank's licence

RBI has cancelled the licence of Mumbai-based The Kapol Co-operative Bank Limited as the lender does not have adequate capital and earning prospects. Upon the cancellation of the licence, the cooperative bank has been prohibited from conducting the business of 'banking' which includes, among other things, acceptance of deposits and repayment of deposits with immediate effect, the RBI said in a statement.

The Additional Secretary & Central

Registrar of Cooperative Societies, Ministry of Cooperation, has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank, according to the central bank's statement.

On liquidation, the RBI said every depositor would be entitled to receive deposit insurance claim amount of his/her deposits up to a monetary ceiling of Rs. 5 lakh from Deposit Insurance and Credit Guarantee Corporation (DICGC).

### Eknath Shinde cabinet permits govt offices to do transactions with Maharashtra State Cooperative Bank

The Maharashtra government allowed its offices to carry out transactions with the Maharashtra State Cooperative Bank, a statement said. The cabinet headed by Chief Minister Eknath Shinde also approved investments to be done by state government PSUs (public sector undertakings) in the bank.

The approvals were given on the basis of the bank's role in the cooperative sector, the statement said, adding that the bank's net worth is more than Rs 4,000 crore and it has been posting profits for the past five consecutive years.

Auditors have graded the bank in the 'A' category, and no restrictions have been imposed on it by the Reserve Bank of India (RBI), the statement said.

### RBI raises monetary ceiling of gold loans for UCBs

The Reserve Bank has decided to increase the monetary ceiling of gold loans that can be granted under the bullet repayment scheme to 4 lakh from 2 lakh for those urban cooperative banks that have met the overall priority sector lending target and sub targets as on March 31, 2023 and continue to meet the targets and sub-targets, a release by the central bank said.

### RBI raises concern over high bad loan ratio in urban cooperative banks

The Reserve Bank of India has raised concerns over the high bad loan ratio in urban cooperative banks and laid down an eight point charter including governance standard for their improvement.

The governor said that even as UCBs have their cumulative non-performing assets ratio improved to 8.7%, this is "not a comfortable number". The banking sector gross NPA has eased to a decadal low of 3.9% at the end of March. □

# Legal

## News

### Accused above 65 yrs cannot be called for police station attendance

Calcutta High Court recently ordered that the police can't ask an accused aged above 65 years to appear at the police station with case documents.

Justice Jay Sengupta ordered the police to collect the document from his residence or a place near his residence with prior intimation. The court passed the order while adjudicating a cattle smuggling case of Basirhat in North 24 Parganas in 2017.

Petitioner's counsel Phiroze Edulji submitted that his client Sk Aspire Ali, an ailing senior citizen and a resident of Uluberia, had been called by the Basirhat police four times asking for case-related documents.

The counsel cited Section 160 of the CrPC that provides that no person under the age of 15 years or above the age of 65 years or a woman or a mentally/physically disabled person shall be required to attend at any place other than the place in which the person resides. Justice Sengupta warned the police against calling such persons for at-

tendance at the police station, particularly when the PS was beyond the boundary limits of the person's residential area.

### ED must give grounds of arrest in writing to accused: SC

Underlining that the Enforcement Directorate (ED) is "not expected to be vindictive in its conduct", the Supreme Court ruled that the agency must furnish the grounds of arrest in writing to the accused at the time of arrest.

"We hold that it will be necessary, henceforth, that a copy of grounds of arrest is furnished to the arrested person as a matter of course and without exception," the bench of Justices A S Bopanna and PV Sanjay Kumar ordered while directing that the agency act fairly and in a transparent manner.

The judgement came on a plea by Pankaj Bansal and Basant Bansal, Directors of M3M real estate group, who had challenged an order of the Punjab and Haryana High Court which declined to set aside their arrest by the ED under the Prevention of Money Laundering Act (PMLA).

Noting that the grounds of arrest were only read to the accused and had not been given to them in writing, the bench said it "reeks of arbitrariness".

### Defaulting borrowers cannot thwart auction process: SC

A defaulting borrower cannot be allowed to thwart the auction of his mortgaged properties by creditor financial institutions by repaying dues "any time", the Supreme Court ruled. The top court held that such a borrower cannot seek redemption of his mortgaged property if he fails to repay the dues to financial institutions before publication of auction notice under a law governing recovery of NonPerforming Assets (NPAs).

### Before the SC: When is a 'Money Bill' not one?

A seven-judge bench will soon be set up to hear a batch of pleas challenging the Centre's use of the Money Bill route to pass certain key legislations. The CJI's observation was made when he was hearing a plea specifically chal-



lending certain amendments to the Prevention of Money Laundering Act (PMLA). The bench will essentially examine whether a law was validly categorised as a Money Bill or only to circumvent scrutiny of the Rajya Sabha.

Article 110 of the Constitution deals with Money Bills. A money bill is a bill that, in the opinion of the Speaker of the Lok Sabha, deals with taxation or the appropriation of public funds - the Consolidated Fund of India or the Contingency Fund of India. A money bill can only be introduced in the Lok Sabha, and the Speaker categorising a bill as a "money bill" means that it need not be passed by the Rajya Sabha. The union budget, for example, is a money bill.

According to Article 110 (3) of the Constitution, "if any question arises whether a Bill is a Money Bill or not, the decision of the Speaker of the House of the People thereon shall be final." This raises the question of the extent of judicial review possible on the Speaker's decision. However, the court in the 2018 Aadhaar case had said that the Speaker's decision will be subject to judicial scrutiny.

Under Article 110(1), a Bill is deemed to be a money Bill if it deals only with matters specified in Article 110 (1) (a) to (g) - taxation, borrowing by the government, and appropriation of money from the Consolidated Fund of India, among others. Article 110(1)(g) adds that "any matter incidental to any of the matters specified in Articles 110(1)(a)-(f)" can also be a Money Bill.

Citing this additional clause, the Modi government has introduced several key legislation as a Money Bill, bypassing

the Rajya Sabha. The Opposition has argued that this was done only because the government did not have the numbers to get these legislations cleared in the Rajya Sabha.

### No copyright for ideas, but copying expression is infringement, says HC

The Delhi HC said that there is no copyright protection for an idea itself, however, if the "expression" of the idea is copied, it would indeed constitute copyright infringement.

A single-judge Bench of Justice Prathiba M Singh was hearing the copyright infringement dispute between two storytelling platforms - Humans of Bombay (HOB) and People of India (POI).

The lawsuit was initiated by HOB, which alleged that POI had been infringing on its copyrighted content. It contended that the latter had not only used identical content but had also replicated its business model, including the stories they published.

POI argued that the plaintiff was not a unique platform and pointed out that there were other similar platforms with similar business models. They also claimed that HOB's concept had similarities with Humans of New York, which began in 2010.

Singh recorded the plaintiff's stance that they had no objection to POI operating a similar platform, as long as they refrained from copying its images.

The court stated that there should be no monopoly in the operation of a storytelling platform. The verdict clarified that the act of copying identical

images and the specific approach to presenting stories would be exclusive to each platform.

### SEBI announces system to report demise of investor

The Securities and Exchange Board of India (SEBI) recently announced a centralised mechanism for reporting and verification through the KYC Registration Agency in the case of the demise of an investor.

The regulator has put in place operational norms, including the obligations of regulated entities and registered intermediaries that have interfaces with investors or account holders who are natural persons. The new framework will come into effect from January 1, 2024, SEBI said in a circular.

The regulator said that listed companies wishing to provide beneficial access to such a centralized mechanism to their investors holding securities in physical form can establish connectivity with KRA through their RTAs.

After receiving intimation about the demise of an investor, the concerned intermediary will have to obtain the death certificate along with the PAN from the notifier or nominee and verify the death certificate through online or offline mode.

If the concerned intermediary, after receiving information about the demise of the investor from the notifier or nominee, is not in a position to obtain the death certificate, then it will have to inform the nominee that the KYC status of the deceased investor has been flagged off as "On Hold" and require them to furnish the death certificate of the concerned investor.

## ICICI Bank launches 'iFinance', a single-view for savings and current accounts across banks



ICICI Bank announces the launch of 'iFinance', enabling crores of customers-retail and sole proprietors, to get a consolidated view of their savings and current accounts in one place. Customers of other banks can also get the benefit from this facility, which ICICI Bank has introduced by leveraging the Account Aggregator ecosystem, on the Bank's digital platforms, namely iMobile Pay app, Retail Internet Banking (RIB), Corporate Internet Banking (CIB) and InstaBIZ, the Bank's mobile app for businesses.

'iFinance' provides a single-view dashboard of all accounts. Users can check account balances, get valuable insights on spending patterns, download statements and more. The dashboard offers significant

convenience to users and assists them to exercise better control over expenses and monitor their finances in a seamless manner.

Speaking on the launch, Mr. Sidhartha Mishra, Head- Digital Channels, ICICI Bank, said, "We, at ICICI Bank, remain committed to offer futuristic and innovative digital solutions to our customers. With the launch of 'iFinance', we are enabling our customers as well as customers of other banks to view their account data in one place and provide them a better control over their finances. This is the Bank's initiative to introduce the convenience of open banking for customers by leveraging the Account Aggregator ecosystem. This unique feature also provides users with the facility to manage their expenses by analysing their spending patterns in a safe and secured place. The 'iFinance' facility is available across our mobile banking and internet banking platforms which provide ease of access to account information to the customers. We believe this new feature will help the users to conveniently monitor and manage their finances."

## HDFC Bank Launches Festive Treats

HDFC Bank, India's largest private sector bank, announced the launch of its annual campaign - Festive Treats with superfast banking services and 10,000+ offers on Cards & EASYEMI. After four successful campaigns, the theme for this year is "Iss Tyohaar No Intezaar", which means that there is no waiting this festive season. Besides offering instant services, the Bank will be running a host of offers across Accounts, Loans, Cards, EASYEMI, Consumer Loans, Cardless EASYEMI, and other products to make shopping during this festive season enjoyable and accessible for all consumers.

Under Festive Treats, all existing and non-bank customers, including salaried individuals and business owners, can avail the offers. The Bank is offering XPRESS Loans at discounted interest rates and processing fees for houses, vehicles, businesses, personal needs, and more. Further, the Bank has exclusive tie-ups with top brands and merchants like Apple, Samsung, LG, Sony, Haier, HP, Acer, IKEA, Home Centre, Amazon, Lifestyle, and many other platforms. Besides, customers have a chance to save up to Rs. 50,000 using HDFC Bank Cards & EASYEMI options on Cards & Consumer Loans.

Mr Ravi Santhanam, Chief Marketing Officer, HDFC Bank said, "The Festive Treats campaign embodies our dedication to spread happiness during this celebratory season. The wait for attractive deals and offers is over. Through our advanced instant digital solutions, customers can seamlessly access banking services online to fulfill their wishes. The campaign slogan "Iss Tyohaar No Intezaar," symbolises festive cheer along with ease and convenience. We wish all our consumers a happy festive season!".



## Bank of Baroda Introduces bob LITE Savings Account – a Lifetime Zero Balance Savings Account

Bank of Baroda has introduced the bob LITE Savings Account – a Lifetime Zero Balance Savings Bank Account, as a part of its "BOB Ke Sang Tyohaar Ki Umang" festive campaign. bob LITE offers customers a hassle-free banking experience without any minimum balance requirement.

Further, to cater to the requirements of different customer segments, the bob LITE account also comes with a lifetime free RuPay Platinum Debit Card on maintaining a nominal Quarterly Average Balance (QAB) in the account and accountholders can also avail a lifetime free credit card, subject to eligibility.

The bob LITE Savings Account also comes loaded with offers during the festive season. As a part of its ongoing festive campaign, Bank of Baroda has tied up with leading consumer brands across categories such as Electronics, Consumer Durables, Travel, Food, Fashion, Entertainment, Lifestyle, Grocery and Health, offering a host of attractive offers and discounts on Bank of Baroda Debit and Credit Cards. The festive campaign will run up to 31st December, 2023 and cardholders can indulge in special offers from brands such as Reliance Digital, Croma, MakeMyTrip, Amazon, BookMyShow, Myntra, Swiggy, Zomato, and more.

Speaking on the occasion, Shri Ravindra Singh Negi, Chief General Manager - Retail Liabilities & NRI Business, Bank of Baroda said, "We are pleased to introduce the bob LITE Savings Account, with the twin objective of bringing banking within reach with an account that is light on charges, while also delivering more joy to our customers this festive season. The account can be opened by any resident individual, including minors above the age of 10 years. bob LITE opens the doors to the formal banking ecosystem for a new generation of aspiring Indians and is aimed at fulfilling their hitherto unmet banking needs."

## Axis Bank reinforces its ethos of 'Customer Obsession', rolls out Sparsh Week initiative

With an aim to reinforce its firm commitment towards Customer Obsession, Axis Bank, one of the largest private sector banks in India, has launched 'Sparsh Week', an event focused on strengthening the bond between the Bank and its customers. As part of this initiative, the Bank will organize a series of engaging customer-centric activities for its employees to amplify the spirit and promise of Customer Obsession. The Bank will also organize educative and customer-focused activities during this week, thereby aligning the Bank's employees and customers in their journey of progress, innovation, and transformation.

Axis Bank reinforces its ethos of 'Customer Obsession', rolls out Sparsh Week initiative

Sparsh Week has commenced from October 9th - 13th, covering 5000+ Axis Bank branches and retail asset centers across the country. More than 15 events have been planned for the entire week and will broadcast LIVE to all 95k+ Axis Bank employees.

This year, Axis Bank has aligned Sparsh Week with its three core principles: Listen, Act, and Celebrate. It emphasizes active 'Listening' through multiple touchpoints to better understand customers' needs and concerns, promptly 'Acting' upon customers' feedback & queries, and 'Celebrating' the invaluable connection Axis Bank shares with its customers.

Commenting on the initiative of Sparsh Week 2023, Mr. Subrat Mohanty, Executive Director, Banking Operations & Transformation, Axis Bank, said, "At Axis Bank, we are Dil se Open for our customers and are committed to providing the highest levels of customer service. Sparsh encapsulates this spirit as we aspire to Listen, Act, and Celebrate our customers' insights and feedback. This initiative embodies our ethos of not just being a bank but a partner and enabler in fulfilling their dreams and aspirations. Our customers have trusted us for decades, and we aim to provide them with a delightful banking experience that truly stands out."



# UNLOCKING THE POWER OF SOCIAL LEARNING: A HIDDEN GEM IN CORPORATE TRAINING



**A**re you tired of traditional training methods that feel like one-way traffic, with information being dumped on you without much engagement? What if there was a way to learn that not only captivates your attention but also taps into the power of human connection and collaboration?

Imagine a training approach that leverages the collective intelligence of a group, where knowledge flows freely, and learning becomes a dynamic exchange of ideas. What if this strategy could not only boost your skills but also enhance your ability to adapt and thrive in an ever-changing world?

Welcome to the world of social learning - an often overlooked yet highly potent training strategy that harnesses the very essence of how we naturally learn as human beings.

Social learning taps into the foundational principles of how we naturally learn as children, emphasizing the importance of interaction, collaboration, and shared experiences. It reminds us that learning is not limited to textbooks or formal instruction; rather, it flourishes in an environment where knowledge flows freely, just like the immersive language-rich environments that shape us as kids.

In the context of adult learning, social learning can be utilized to enhance skills, share experiences, and foster a collaborative atmosphere. By engaging in group discussions, participating in workshops, and interacting with peers or mentors, we can acquire new knowledge and refine existing expertise in a more dynamic and effective manner.

"Learning to Speak": One of the most remarkable milestones in a child's development is learning to speak. From babbling to forming coherent sentences, this process is a prime example of how social learning plays a crucial role.

**Drawing a parallel between how children learn to speak and how employees**



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## can learn to speak an organization's language or culture showcases the significance of social learning in the workplace. Here's the comparison

**"Learning to Speak as Children":** As children, we learn to speak by immersing ourselves in a language-rich environment. We observe and listen to those around us, imitating the sounds and words we hear. Through continuous interaction and communication with parents, siblings, and caregivers, we gradually develop the ability to form coherent sentences and express ourselves effectively.

### Parallel in Organizations - Learning to Speak Organizational Language or Culture:

In a similar vein, employees can learn to "speak" the language or culture of an organization through social learning experiences that foster immersion and interaction. Here's how the parallel can be drawn:

**Observation and Imitation:** Just as children observe and imitate the speech of those around them, employees can learn about the organization's language and culture by observing the behavior, communication style, and values of their colleagues and leaders. They pay attention to how others interact, address challenges, and celebrate successes.

**Mentoring and Role Modeling:** Like children benefit from parental guidance, employees can benefit from mentoring and role modeling within the organization. Seasoned employees or leaders can act as mentors, showcasing the desired language and behaviors, and guiding newcomers on navigating the organization's cultural nuances.

**Continuous Interaction and Communication:** To become fluent in an organization's language and culture, employees must engage in continuous interaction and communication. This could be through team meetings, town halls, informal gatherings, or virtual collaboration platforms. Open channels of communication allow for the exchange of ideas, experiences, and insights that contribute to cultural integration.

**Shared Experiences:** Just as children learn better through

shared experiences, employees can build a common understanding of the organization's culture through shared experiences like team-building activities, workshops, or company-wide events. These events bring individuals together, fostering a sense of unity and alignment with the organization's values.

**Learning from Subject Matter Experts:** In the workplace, subject matter experts are like language models who exemplify the desired behaviors and practices. Employees can learn the organization's language by working closely with these experts, seeking guidance, and adopting their best practices.

**Supportive Learning Environment:** Similar to how a nurturing environment facilitates a child's language development, organizations must create a supportive learning environment that encourages employees to explore and embrace the organizational language and culture without fear of making mistakes.

### While it offers numerous benefits, it is often overlooked as a training strategy for several reasons:

**Informal Nature:** Social learning is often informal in nature, relying on the transfer of knowledge through everyday interactions, discussions, and observations. Because it lacks a structured framework like traditional classroom training, it may not always be seen as a formal training approach.





**Difficult to Measure:** Unlike traditional training methods that often have clear performance metrics and evaluations, assessing the impact of social learning can be challenging. It is not as straightforward to measure the effectiveness of knowledge gained through social interactions.

**Time and Resource Intensive:** Facilitating social learning may require significant time and effort, as it involves creating an environment that encourages collaboration, open communication, and knowledge-sharing. This investment can deter organizations from considering it as a primary training strategy.

**Lack of Control:** In a formal training setting, trainers have more control over the content and delivery of information. In social learning, information can be exchanged freely, leading to concerns about the accuracy and consistency of the knowledge being shared.

### Despite these challenges, social learning remains a highly potential training strategy for several reasons:

**Real-world Relevance:** Social learning allows learners to observe and model behaviors in real-world contexts. It bridges the gap between theoretical knowledge and practical application, making it highly relevant and valuable.

**Encourages Collaboration:** Collaborative learning fosters

teamwork and cooperation among individuals, promoting a sense of community and shared responsibility for learning outcomes.

**Builds Critical Skills:** Social learning enhances communication, leadership, problem-solving, and interpersonal skills, which are essential for success in the modern workplace.

**Supports Continuous Learning:** In rapidly changing environments, formal training programs may become outdated quickly. Social learning, on the other hand, enables a continuous flow of information and knowledge updates.

**Reflects Natural Learning Processes:** Social learning mirrors how humans naturally learn from birth. It taps into our innate curiosity and the social aspect of knowledge exchange.

**Cost-Effective:** While implementing formal training programs can be expensive, social learning often leverages existing communication channels and platforms, reducing additional costs.

In conclusion, social learning is a transformative and potent training strategy that should never be underestimated. While often overlooked due to its informal nature and the challenges in measurement and control, its untapped potential lies in its ability to mirror how we naturally learn as human beings.

From the early stages of language acquisition to the collaborative experiences of adulthood, social learning weaves through our lives, shaping us into well-rounded individuals. In the context of adult learning, embracing social learning can enhance skills, foster collaboration, and create a culture of continuous growth.

In essence, social learning is a transformative force that empowers individuals and organizations alike. Embracing its profound impact can lead to a future where learning becomes not just a solitary endeavor but a collective journey towards excellence and shared success. Therefore, let us never underestimate the power of social learning and embark on this enriching path to continuous growth and prosperity. □





# THE RISE OF VOICE-BASED PAYMENT SYSTEMS: A CONVENIENT AND SECURE FUTURE



## Introduction

In recent years, technological advancements have significantly transformed the way we interact with financial services. Among these innovations, voice-based payment systems have emerged as a promising and convenient means of conducting transactions. By leveraging the power of artificial intelligence (AI) and natural language processing (NLP), these systems allow users to make payments using voice commands, eliminating the need for physical cash or even traditional digital payment methods. This article explores the growing popularity of voice-based payment systems, their benefits, security considerations, and their potential to revolutionize the future of commerce.



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## The Emergence of Voice-Based Payment Systems

Voice-based payment systems have gained momentum due to the rapid proliferation of voice-activated devices such as smart speakers, smartphones, and wearable devices. Market leaders like Amazon's Alexa, Apple's Siri, Google Assistant, and others have integrated payment functionalities into their voice assistants, making it easier for users to initiate payments by simply speaking their commands.

### How do Voice Payments Work?

A voice-based payment involves interacting with an AI-powered device, like a speaker or smartphone, by speaking to it and instructing it to carry out a transaction. Subsequently, the device identifies and comprehends the spoken request, takes action accordingly, and responds by confirming the transaction.

The concept of voice payments emerges from progress achieved in artificial intelligence (AI) and machine learning

(ML). AI denotes the capacity of machines to execute tasks that typically demand human intelligence. Meanwhile, ML, a subset of AI, enables machines to learn from data without explicit programming.

Furthermore, voice-based payments leverage natural language processing (NLP), an AI branch enabling computers to grasp, communicate in, and generate human languages. This technology collaborates closely with voice recognition engines. For instance, voice assistants like Amazon's Alexa or Apple's Siri employ AI-empowered voice recognition tech, which transforms human speech from analog to digital format. The machine then captures, comprehends, interprets, and executes the spoken directives. Consequently, NLP stands as a critical element facilitating the feasibility of voice payments.

### Procedure for Making Voice Payments

Establishing a voice payment account bears resemblance to creating an online wallet. The procedure for setting up a voice payment account closely mirrors that of initiating a payment through an online wallet. In both instances, the user associates their credit card, debit card, or bank account particulars with their device. However, in the context of voice payments, the user is spared from the need to launch an application and manually input payment details. Instead, they instruct their device to execute the payment via voice command.

Upon verbalizing the command, the device accesses the payment application and seeks confirmation from the user. To validate the payment, the user can utilize a password, facial recognition, or a fingerprint scan. The process operates conversely as well. For instance, one can instruct their device to request funds from another individual.

Moreover, voice payments are anticipated to equalize access to the expanding online payments sector. Individuals using any type of mobile device, whether it's a basic feature phone or a smartphone, can conduct transactions using voice commands through an IVR-equipped call-based payment system. The process is as straightforward as dialing a phone number.

This technology also empowers consumers to verify their account balances and oversee their financial transactions.

### Use Cases of Voice Based Payments

In today's fast-paced world, many consumers are adopting voice commands, including voice-based payments, due to their convenience. Mobile payment platforms like Venmo, Square Cash, and PayPal enable voice-initiated peer-to-peer transfers. Traditional banks like Wells Fargo are also integrating conversational voice interfaces into their mobile banking apps.

Additionally, shoppers can utilize voice-enabled credit card apps to make purchases online or in stores, known as voice shopping. Google partnered with Carrefour France to launch a voice-activated grocery shopping service, with plans to expand to 30 more countries. This innovative payment method, developed jointly over three years, allows customers to connect their bank accounts to Google Assistant, verbally add items to their cart, and effortlessly complete the payment via voice commands.

Several banks, such as Barclays and Royal Bank of Canada, among others, have started offering voice-enabled peer-to-peer payments to their customers. Barclays allows its customers to make voice-based payments using Siri, the virtual assistant offered as part of Apple Inc.'s operating systems. Similarly, Google Assistant allows Google Pay users to make peer-to-peer payments using voice commands.

Reserve Bank of India has recently unveiled a plan for "conversational" payments, allowing UPI users to make verbal transfer instructions on their phones which will be processed using AI-based speech recognition. The NPCI, the platform for operating retail payments and settlement





systems in India is working with AI4Bharat, an open-source language artificial intelligence (AI) centre based at the Indian Institute of Technology (IIT), Madras, to facilitate voice-based merchant payments as well as peer-to-peer transactions in local languages. The language model for this system will be provided by AI4Bharat.

The central bank says users without internet access will be able to make transactions using near field communication technology, allowing for retail digital payments in situations where internet or telecom connectivity is weak or not available.

The Reserve Bank of India, in its monetary policy statement in August 2023, proposed the launch of conversational payments on UPI. This will be an AI-powered system through which consumers will be able to have a conversation and initiate and close a transaction. Amazon Pay already supports voice based bill payments through Alexa commands.

AI voice bots will soon facilitate UPI transactions through interactive conversations, making UPI accessible for individuals from diverse backgrounds to manage their everyday financial dealings. The National Payments Corporation of India (NPCI) is building a voice bot based interactive system for Indian consumers to make payments via UPI. The idea is to build an Amazon Alexa type voice system into which payment apps and banks can integrate. Consumers who have to undertake multiple steps to make payments via UPI will be able to just speak into the app.

## Benefits of Voice-Based Payment Systems

- ❖ **Convenience:** One of the primary advantages of voice-based payment systems is the unparalleled convenience they offer. Users can make transactions on-the-go, while driving, cooking, or performing other tasks, without the need to manually enter sensitive payment information.
- ❖ **Enhanced User Experience:** Voice interfaces provide a more natural and intuitive way of interacting with technology. This approach reduces friction in the payment process, making it more accessible to a broader demographic, including the elderly and visually impaired users.



- ❖ **Speed and Efficiency:** Voice commands can facilitate faster transaction processing compared to traditional payment methods like typing in credit card details or entering passwords. This streamlined approach improves overall transaction speed and customer satisfaction.
- ❖ **Improved Security:** Contrary to initial concerns, voice-based payment systems have proven to be quite secure. Advanced biometric authentication techniques, such as voice recognition and speaker verification, add an additional layer of security to prevent unauthorized transactions.
- ❖ **Opportunities for Businesses:** For businesses, voice-based payment systems open up new opportunities for seamless integration with existing services. Retailers can easily implement voice-enabled payment options to enhance the overall shopping experience, leading to increased customer loyalty.

## Security Considerations

While voice-based payment systems offer improved security compared to traditional methods, there are still some potential risks and concerns that developers must address:

- ❖ **Biometric Data Protection:** Voice biometrics require adequate protection to prevent unauthorized access or misuse of personal data. Companies must adhere to stringent data protection regulations to ensure user privacy.
- ❖ **Voice Authentication Accuracy:** Ensuring high accuracy in voice recognition and speaker verification is essential

to prevent fraudulent activities and unauthorized access.

- ❖ **Impersonation and Voice Spoofing:** Developers must implement robust anti-spoofing measures to thwart attempts by attackers to mimic users' voices and gain unauthorized access.
- ❖ **Secure Communication:** Companies should use secure communication protocols to encrypt voice data during transmission and storage, preventing interception and data breaches.

may integrate with emerging technologies like blockchain, enabling faster and more secure cross-border transactions.

**Contextual Understanding:** Future voice assistants may become more contextually aware, enabling them to handle more complex payment requests and personalized experiences.

**Multilingual Support:** Voice-based payment systems will likely to expand their language support to cater to users from diverse linguistic backgrounds.

## The Future of Voice-Based Payment Systems

As the technology behind voice-based payment systems continues to mature, we can expect significant advancements in the field. Some potential developments include:

**Expanded Adoption:** The convenience and ease of use associated with voice-based payment systems will drive widespread adoption across various industries and regions.

**Integration with Emerging Technologies:** Voice payments

## Conclusion

Voice-based payment systems represent an exciting and transformative step towards a more streamlined, secure, and user-friendly financial landscape. By combining the power of AI, NLP, and biometric authentication, these systems promise to revolutionize the way we conduct transactions and interact with technology. While security remains a priority, the benefits of convenience and enhanced user experience position voice-based payment systems as a key driver of the digital payment revolution in the coming years. □

## Creditors get more time to file insolvency claims

The Insolvency & Bankruptcy Board of India (IBBI) has reworked its regulations to provide more time for submission of claims in a move that will benefit creditors, especially homebuyers and government agencies, hit by insolvency action in the real estate sector. The new rules provide for extension of timeline for claim submission to either 90 days from the insolvency commencement date (ICD) or the date of issue of the latest request for resolution plan (RFRP), whichever is later. Currently, claims have to be filed within 90 days of ICD.

Under the new norms, claims filed after the stipulated 90-day period will have to mention the reason for delay and the resolution professional should provide reasons for non-collation of the claim. IBBI has said that for claims that are received after the stipulated time but seven days before the meeting of the committee of creditors, the resolution professional will decide about acceptability of collation of late claim. The decision to recommend their inclusion in the list of claims and their treatment in the resolution plan has been left to the committee of creditors - the apex decision making body during the resolution process.

For several creditors, especially homebuyers, non-submission of claims within the 90-day period has proved to be a problem and IBBI has decided to provide some more breathing space, at least for new cases. Besides, several other creditors could not comply with the earlier stipulation. "The increase in the timeline for filing claims by creditors is a welcome relief for creditors, particularly tax authorities, with legitimate claims who fail to inadvertently lodge their claims with the resolution professional. However, this also creates an uncertainty in the minds of potential resolution applicants who may not have the complete details of liabilities of the corporate debtor at the time of invitation of expressions of interest," said L Badri Narayanan, executive partner at law firm Lakshmikumaran and Sridharan.

# THE QUANTUM REVOLUTION IN FINANCE: BANKING ON THE POWER OF QUANTUM COMPUTING



## Introduction

In recent years, the world of finance has stood on the precipice of a technological revolution poised to reshape the industry at its core. The arrival of quantum computing, with its ability to perform mind-bogglingly complex calculations at speeds previously deemed unattainable, has grabbed the attention of banks and financial institutions across the globe. So, let's dive deep into the transformative potential of quantum computing within the realm of banking, elucidating the key areas of application, the challenges that accompany this quantum leap, and the urgent need for early adoption.

To truly grasp the magnitude of quantum computing, we need to pit it against its traditional counterpart. Imagine

classical computers as reliable old cars - they get you from point A to point B, but they're not breaking any speed records. These machines use bits, which can only be in one of two states: 'on' (1) or 'off' (0). It's like having a light switch with only two options - not very versatile.

Now, let's shift our attention to quantum computers, the Ferraris of the computing world. Instead of bits, they use qubits. And here's the magic - qubits can exist in multiple states simultaneously, thanks to a phenomenon called superposition. It's like having a light switch that can be both 'on' and 'off' at the same time, and every shade in between. This property allows quantum computers to explore a staggering number of possibilities at once, solving complex problems with unprecedented efficiency. It's like having your cake, eating it, and magically having more cake left - all at the same time!

Qubits also exhibit another phenomenon called entanglement. Imagine two qubits, each doing their own thing, but when they become entangled, they start influencing each other's behaviour, no matter how far apart they are. It's like having a telepathic connection with your



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best friend on the other side of the world - actions on one qubit instantly affect the other. Einstein called this "spooky action at a distance," and it's at the core of quantum computing's mind-boggling power.

As the quantum tide rises, various domains within the financial industry are poised to reap the rewards. Let's take a quick tour of the sectors that stand to benefit:

- 1. Capital Markets: Lightning-Fast Trading Strategies:** In the fast-paced world of capital markets, every millisecond counts. Quantum algorithms can swiftly analyze market data, identify trading patterns, and execute orders at lightning speed. This translates to improved trading strategies, reduced execution costs, and enhanced liquidity management. It's like going from a snail's pace to warp speed.
- 2. Valuation: Precision Pricing for Complex Instruments:** Quantum computing has the potential to revolutionize valuation processes. It can accurately price complex financial instruments, such as derivatives and structured products, which often left traditional valuation models scratching their heads. It's like replacing an abacus with a supercomputer - the results are mind-bogglingly accurate.
- 3. Portfolio Optimization: Diversification and Efficiency:** Managing investment portfolios is no walk in the park. Quantum computing can optimize portfolio allocation by considering a multitude of variables and constraints simultaneously. This leads to more diversified and risk-efficient portfolios, ultimately benefiting investors. It's like having a GPS for your investments - you'll always find the best route.
- 4. Combinatorial Optimization: Cracking Complex Problems:** Many financial challenges involve combinatorial optimization - finding the best combination of variables to achieve optimal outcomes. Quantum algorithms excel in solving such problems, making them invaluable in supply chain optimization, credit scoring, and resource allocation. It's like solving a Rubik's Cube with your eyes closed - effortless and efficient.
- 5. Cryptography: From Threat to Solution:** While quantum computing poses a threat to current encryption methods, it also offers a lifeline. Banks and financial institutions can embrace quantum-safe cryptography, securing their data against future quantum attacks. It's like turning the tables on the

villains - they're no longer the threat; they're the solution.

## Quantum Computing in Banking

So, how can banks and other financial institutions leverage this power of quantum computing? Well, hold onto your hats because we're about to delve into how quantum computing is set to revolutionize banking:

### 1. Targeting and Prediction Modelling: Speedy Insights for Personalized Banking

Traditional banking often struggles with sluggish analytical models, making it challenging to offer customers timely, personalized services. Quantum computing sweeps in to save the day. With its prowess in handling intricate data structures and making predictions that were once out of reach, banks can now provide lightning-fast insights. No more waiting around for accurate fraud detection - customers can onboard swiftly and securely.

### 2. Trading Optimization: A Quantum Boost for Financial Markets

Navigating today's financial markets is like solving a Rubik's Cube blindfolded, while juggling flaming torches. Quantum computing steps in as the ultimate multitasker. Investment managers can diversify portfolios, rebalance them with ease, and respond rapidly to market shifts. This translates to cost-effective and streamlined trading, making everyone in the financial circus breathe a sigh of relief.

### 3. Risk Profiling: Precision Risk Management at Warp Speed

Risk management has become the name of the game in banking, with regulators keeping a close eye on every move. Quantum computing's lightning-fast data processing capabilities accelerate risk scenario simulations, enabling pinpoint-accurate risk management, derivatives pricing, and liquidity management. It's like upgrading from a flip phone to a smartphone - the difference is astounding.

## The Twist in the Quantum Knot

Now, before we start envisioning a future where quantum computing solves all our problems, there's a twist in this quantum tale. Quantum computers have a dark side -

they're super good at breaking encryption methods that have kept our financial data safe for years. This means there's a real threat of "steal now, decrypt later" attacks lurking in the shadows. "Steal now, decrypt later" (SNDL) is a term used to describe a potential cybersecurity threat wherein attackers collect encrypted data today, knowing that they may not have the technology to decrypt it immediately. However, they anticipate that, as quantum computing matures, they will gain the capability to unlock and exploit this stolen data in the future.

This scenario raises significant concerns for cybersecurity because it implies that sensitive information collected today, thinking it is secure, may become vulnerable in the future when quantum computers capable of breaking current encryption standards become available. Therefore, organizations and institutions are encouraged to prepare for this potential future threat by adopting quantum-resistant encryption methods and continuously monitoring developments in quantum computing and cryptography to protect their data. Cryptographically Relevant Quantum Computers (CRQC) might sound like a villain from a sci-fi movie, but they're a real threat to financial services. Hackers are already plotting to nab encrypted data, waiting for the day when quantum computers can crack it open like a treasure chest. That's why banks and financial institutions need to level up their game and switch to quantum-resistant encryption methods pronto.

### Time to Get Quantum-Ready

Quantum computing might sound like something out of a sci-fi flick, but it's not just a pipe dream. Leading tech giants like IBM, Microsoft, and Google are in on the action, actively developing quantum computers. Google's Sycamore quantum processor, which currently holds 70 qubits, can do tasks in minutes that would make traditional supercomputers break a sweat for millennia.

Quantum computing is still in its early stages. Financial institutions are just dipping their toes into the quantum waters, getting access to the hardware, and cooking up quantum algorithms. So, who's going to benefit from this quantum revolution? Everyone, that's who! From sellers and buyers to matchmakers and rule-setters, there's something in it for everyone. Capital markets, valuation, portfolio optimization, combinatorial optimization, and even cryptography are all queuing up for their share of quantum goodness.

Banks and financial institutions looking to dive into the quantum revolution can follow a simple action plan to ensure they're quantum-ready. First, they should establish research partnerships with quantum experts and academic institutions to gain insights tailored to their needs. Next, building dedicated quantum computing teams with quantum scientists, software experts, and data specialists is crucial for success. Considering investments or joint ventures with quantum pioneers not only supports technology development but also provides early access to quantum tools. Strengthening cybersecurity measures, particularly through the adoption of quantum-resistant encryption methods, is essential in safeguarding sensitive data from potential quantum threats.

Finally, investing in up-skilling the existing workforce by offering quantum computing courses and certifications will be the secret weapon in this quantum era. Quantum computing is not science fiction; it's a tangible reality reshaping the financial landscape. Embracing this revolution is not only prudent but also incredibly exciting. Financial institutions that embark on the quantum journey now are positioning themselves for a thrilling adventure into the quantum era. So why wait? The quantum future is beckoning, and it's time to answer that call. Quantum computing is here to stay, and the financial world will never be the same again.

### Conclusion

In conclusion, the financial world is standing on the precipice of a quantum revolution that promises to change the game entirely. In this brave new world, financial institutions have a lot to gain. They can trade at warp speed, precisely price complex financial instruments, optimize portfolios with ease, and crack complex problems effortlessly. It's like going from solving a Rubik's Cube blindfolded to having a GPS for your investments - a real game-changer.

Quantum computing isn't just science fiction; it's here, and it's cooler than an ice cream cone on a scorching summer day. Leading tech giants are already in the game, with quantum processors that outperform traditional supercomputers by leaps and bounds. Everyone stands to benefit from this quantum revolution, from sellers to buyers, matchmakers to rule-setters. Capital markets, valuation, portfolio optimization, and cryptography are all lined up for their share of the quantum goodness. The future is quantum, and it's looking brighter than ever! ☐





# PUBLIC TECH PLATFORM FOR FRICTIONLESS & EASY CREDIT FLOW



**T**he Reserve Bank of India (RBI) has announced a pilot programme for 'Public Tech Platform for Frictionless Credit'. It is a digital platform created by RBI's subsidiary Reserve Bank Innovation Hub (RBIH) which will enable seamless flow of necessary information to lenders and thereby help in disbursing frictionless credit. Frictionless credit is a borrowing approach that seeks to streamline the lending process for consumers. Unlike the traditional credit systems, where individuals need to go through extensive paperwork, credit checks, and lengthy approval procedures, frictionless credit promises a smoother and faster experience. The initiative comes as part of RBI's developmental and regulatory policies and was introduced following the Monetary Policy Committee (MPC)

meeting in August 2023. The whole process here rests on three pillars :

- ❖ Adverse selection (information asymmetry between borrowers and lenders)
- ❖ Exposure risk measurement
- ❖ Default risk assessment.

## Features

- a) It is an end-to-end digital platform that will have an open architecture, open Application Programming Interfaces (APIs), and standards to which all banks can connect in a "Plug and Play" Model
- b) The platform would integrate data from central and state governments, Account Aggregators (AA), banks, credit information companies, and digital identity authorities. This consolidation would eliminate hindrances and streamline rule-based lending processes.
- c) The platform's scope encompasses loan to diversified sectors which includes Kisan Credit Card loans of up to Rs. 1.6 lakh per borrower, loans to dairy farmers, credit-



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sans-collateral to MSMEs, and personal and home loans through participating banks.

- d) The platform will work on data integration meaning It will link with various services like Aadhaar e-KYC, land records from on boarded state governments (Madhya Pradesh, Tamil Nadu, Karnataka, Uttar Pradesh, and Maharashtra), Satellite data, PAN Validation, Transliteration, Aadhaar e-signing, account aggregation by account aggregators (AAs), milk pouring data from select dairy co-operatives, house/property search data etc.
- e) The platform itself is NOT a lending or credit issuing facility. It will only collate or compile data from various agencies and present it to lenders operating through the platform.

### Advantages of the Platform

- 1) **Simplification** - It simplifies the integration of vital financial data through open Application Program Interface(API).
- 2) **Scalability** - It ensures that credit or other financial instruments are extended to a larger set of borrowers with good credit history. World Bank pointed out that improved access to information provides the basis for fact-based and quick credit assessments.
- 3) **Productive investment** - The borrowers would benefit by the resulting lower cost of accessing capital, which would translate into productive investment spending.
- 4) **Cost effective** - This platform reduces the multiple visits to bank to avail formal credit and costs associated with it. The simplified process is expected to make credit transactions smoother and faster. RBI survey indicated

that processing of farm loans took 2 to 4 weeks and costs about 6% of the loan's total value.

- 5) **Improves Efficiency** - It centralizes potential borrowers information on a unified platform streamlines processes.
- 6) **Seamless** - The participation of banks, NBFCs, fintech firms, and start-ups in this platform aligns with the dedication to seamless credit and payment solutions.
- 7) **Foster innovation** - The 'plug and play' model encourages innovation, driving the lending sector towards greater accessibility, cost reduction and efficiency.
- 8) **Improved Credit Risk Management** - The platform serves as a foundation for more advanced credit risk assessment and comprehensive credit portfolio management. By leveraging better quality information, lenders can make data-driven credit evaluations more efficient. This leads to more informed decisions regarding the risk associated with lending to specific borrowers.
- 9) **Improves credit accessibility** - It can leverage the contemporary advances in digitisation of information and ensures that small-ticket loans are made available in a timely and cost-effective manner. In 2021, NABARD economist observed that 'even among well-developed regions, only a fifth of the more than 12.5 crore small and marginal farmers have access to institutional credit.

This platform will promote multiple players, including banks, non-banking financial companies (NBFCs), FinTech businesses, and startups, to work together to develop and provide solutions in the areas of payments, credit, and other financial service. So we see that the "Public Tech Platform for Frictionless Credit" is designed to usher in a more inclusive, efficient, and technologically-driven era for credit lending in India. By combining enhanced risk assessment with streamlined processes, the platform aims to benefit both borrowers and lenders, ultimately fostering economic growth and financial stability.

The platform will surely help in significantly reducing the turnaround time, which would lead to better operational efficiency.

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# DIGITAL RUPEE: A CURRENCY REVOLUTION FOR ALL??



**T**he Indian central bank's digital currency, known as the e-rupee, is starting to gain attention. Many of us have received messages from our banks inviting us to take part in the pilot test of the retail e-rupee. Some of the more curious individuals among us may have even gone ahead and downloaded the app, which boasts a user-friendly and polished interface. Depending on our level of trust in all things digital, we may have also transferred small amounts of money into our e-rupee wallets.

However, the excitement encounters a significant hurdle at this stage. If you happen to reside in cities like Mumbai or Bengaluru, you might be able to locate merchants who

accept e-rupees as payment and make a purchase. But in cities such as Chennai, Jaipur, or Pune, the e-rupee in your wallet is unlikely to be of much use since the network of merchants who accept the Indian Central Bank Digital Currency (CBDC) as payment is virtually non-existent in many places.

For those of us who may have wanted to experiment with e-rupee money transfers, finding like-minded individuals willing to join this experiment can be quite challenging. One may need to search through their social media contacts extensively before finding someone willing to receive a small sum, just for the sake of trying it out.

However, it's important to note that these are still early days and we are currently in the pilot phase. The Reserve Bank of India (RBI) is actively testing user responses, the technical capabilities of the infrastructure, security features and more. They plan to refine the final product based on this initial experience. The number of merchants accepting e-rupees is expected to increase significantly once UPI payment QR codes become interoperable with e-rupee



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payments. Additionally, as more tech enthusiasts express interest in using the e-rupee in the future, it may become easier to find others with e-rupee wallets.

The Reserve Bank of India (RBI) might encounter difficulties in persuading the common citizen to transition from their physical stacks of paper currency or their existing payment wallets and apps to embrace the digital version of the rupee for their everyday transactions.

### The Context:

For those seeking clarification on this matter, the e-rupee represents the digital counterpart of the currency issued by the central bank. Each e-rupee can be exchanged for an equivalent denomination of physical currency, possessing nearly all the characteristics of traditional currency—it is legally recognized as a medium of exchange and can serve as a store of value.

Wholesale Central Bank Digital Currency (CBDC) is designed for significant inter-bank and corporate transactions, whereas retail CBDC is akin to the everyday cash transactions conducted by individuals.

Initially conceived as an alternative to private cryptocurrencies like Bitcoin, CBDCs are now regarded by central banks as an additional payment avenue aimed at reducing the reliance on physical cash in the economy and curbing tax evasion.

India, along with other nations, is experiencing significant international pressure in this domain, as progress in CBDC development is occurring rapidly worldwide. According to the Atlantic Council's CBDC tracker, 130 countries are actively engaged in CBDC projects, with 19 G20 member states in advanced stages of CBDC development. Notably, China has made substantial strides in its pilot CBDC project.

However, most central banks are proceeding cautiously due to the uncertainties surrounding the potential impacts on bank deposits, systemic liquidity, the informal economy, security risks associated with digitizing the entire currency management system and other related factors.

To date, only 11 countries have officially launched a CBDC. These countries tend to have smaller populations or are

offshore tax havens, including the Bahamas, Eastern Caribbean Union member states, Jamaica, Nigeria, and Ecuador.

### Why Retail Users Might Decline:

In essence, none of the major economies have formally introduced a CBDC. While the wholesale e-rupee could serve to diminish default risks and lower operational expenses for banks, the practicality of the retail e-rupee remains uncertain.

Initially, it may hold a certain novelty value, attracting users seeking to showcase their adoption of this digital innovation. However, whether it will expand and become as deeply ingrained in our daily lives as physical cash or UPI is a subject of debate.

Let's begin by assessing the e-rupee in comparison to physical cash. The digital rupee wallet mirrors our physical wallet, allowing us to store digital representations of currency notes and coins. This can be used for in-store purchases or transferred to another individual, among other uses. The digital rupee offers greater convenience, eliminating the hassle of carrying physical currency and seeking change from merchants. Nevertheless, the pertinent question arises: "When UPI-based payments already offer these benefits at no cost, what incentive does one have to switch to the e-rupee?"

In numerous cases, cash-based transactions are favored for their ability to escape the scrutiny of tax authorities and other regulatory bodies, preserving anonymity. In other words, the absence of a transaction trail is a primary reason



why many individuals, professionals, businesses and service providers still opt for cash payments.

However, in its present form, the e-rupee does not ensure anonymity. Banks possess data regarding transfers into and out of e-rupee wallets, and they are informed of all transactions through SMS notifications. Consequently, those seeking to evade a financial trail are unlikely to embrace the retail e-rupee.

Another group relying heavily on cash consists of individuals within the informal and low-income sectors who lack sufficient resources to maintain bank accounts. These individuals will likely persist in using cash.

### E-rupee vs. UPI:

Another challenge for the e-rupee is the widespread adoption of UPI in our society today. Once interoperability

between QR codes is established, retail e-rupee can also be utilized in lieu of UPI. The advantage of e-rupee lies in the fact that these transactions do not involve banks, as the funds are already within the e-rupee wallet, potentially resulting in faster payment completion, at least in certain scenarios.

However, the most significant drawback of e-rupee when compared to UPI is that funds held in the e-rupee wallet do not accrue interest. In contrast, money remains in a savings bank account until the UPI payment transaction is finalized, allowing users to continue earning interest income. This factor is likely to sway users in favor of UPI.

Looking ahead, if banks introduce fees for UPI transactions or if e-rupee offers anonymity, the dynamics could shift. Nonetheless, as it stands now, the adoption of e-rupee at the retail level is expected to remain limited. □

## GST collections hit a 3-month low in August at Rs.1.59-lakh crore

Collections from the Goods and Services Tax (GST) in August dropped to a three month low of Rs. 1.59lakh crore, data released by the Finance Ministry showed. However, it is 11 per cent higher than last August. Experts expect collections to rise during the rest of the year.

"The revenues for August are 11 per cent higher than the GST revenues in the same month last year. During the month, revenue from the import of goods was 3 per cent higher, and that from domestic transactions (including the import of services) up 14 per cent than the revenues from these sources during the same month last year," a Finance Ministry statement said. GST collections in August relate to invoices raised for goods and services in July.

The statement said that out of the gross GST collection, CGST (Central Goods and Services Tax) contributed over Rs. 28,000 crore, while SGST (State Goods and Services Tax) and IGST (Integrated Goods and Services Tax) had a share of over Rs. 35,000 crore and Rs. 83,000 crore, respectively. Cess provided around Rs. 11,700 crore.

## I-T dept rolls out angel tax rules startup valuations

The government rolled out the final angel tax rules for valuation of shares issued by startups to resident and non-resident investors, expanding the scope of the valuation methodology and easing the compliance burden on the sector to make it more attractive to deal with a funding squeeze amid the backdrop of a global slowdown.

The rules have broadened the scope of valuation methodology by offering foreign investors five additional methods and also brought in compulsorily convertible preference shares (CCPS), often seen as a key element of startup financing. The Centre has taken several measures to encourage startups and broaden the scope of the sector but some taxation issues had been cited as an obstacle. The notification of the angel tax rules is expected to ease some of the worries of foreign investors.

Earlier, angel tax was levied only on investments made by resident or local investors. However, the Budget expanded its scope to cover non-resident investors.

# AN OPEN CALL BY RBI FOR BANK'S TO SETTLE OUT "WILFUL DEFAULTS"

*Based on recent guidelines issued by the Reserve Bank of India on Wilful Defaulters-*



If businesses in an economy are enticed to lose money at a bank's cost rather than make money, a financial abyss may emerge. The Indian banking industry in recent past has got one of the highest percentages of loan assets classified as non-performing assets (NPAs). There was a time, when India was listed as having the fifth-highest level of non-performing assets (NPAs) in a report by CARE Ratings of 2020. The referred report divided the world's nations into four groups: those with very low levels of NPAs, those with low levels of NPAs, those with medium levels of NPAs, and those with high levels of NPAs. India has been categorised as having "high levels of NPAs" and is in category 4 with an NPA ratio of 9.85 percent. Only Greece (36.67%),

Italy (16.35%), Portugal (15.52%), and Ireland (11.85%) have a worse NPAs scenario than India.

Gradually with lot of efforts from all corners of Financial System, the NPA position is under little control as per recent RBIs data. Scheduled commercial banks' net non-performing assets (NPA) ratio fell to a 10-year low of 3.9 per cent in March 2023, the Reserve Bank of India noted in the latest edition of its Financial Stability Report. The public sector banks' financial situation has significantly improved, with profits being recorded on a consistent basis and the Insolvency and Bankruptcy Board of India (IBBI) moving quickly to resolve or liquidate their non-performing assets (NPAs). The government has also been giving the PSBs with sufficient budgetary support to maintain their sound capitalization, ensuring that their Capital Risk-Weighted Adjusted Ratio (CRAR) stays comfortably over the threshold levels of adequacy.

Now coming to the focal point of this article, the Reserve Bank of India (RBI) has recently issued the "Framework for



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Compromise Settlements and Technical Write-offs" on June 8. The Prudential Framework for Resolution of Stressed Assets, which was released exactly four years ago, was followed by the release of this framework, which tries to harmonise and rationalise the preceding guidelines.

There is a clause in the said framework which states that accounts flagged as fraudulent or wilful defaulters are also eligible for compromise settlement under the Framework, provided the proposals for such settlements are approved by the Board of the REs (Regulated Entities), is perhaps the most intriguing and, as expected, it did spark widespread criticism. The extant guidelines say "REs may undertake compromise settlements or technical write-offs in respect of accounts categorised as wilful defaulters or fraud without prejudice to the criminal proceeding underway against such debtors."

The framework has provided information on how lenders can handle the settlement of these accounts. For instance, explicit guidance is expected from the relevant boards. They must also set up a system of accountability for the personnel handling these instances. An official, for instance, who participated in the loan's sanctioning as an individual or as a committee member won't be participating in this procedure. In all circumstances, board approval is required before any settlement for wilful defaulters.

It is anticipated that any compromise agreements for accounts labelled as fraud or wilful defaulters will not affect current criminal investigations. In addition, there would be a cooling-off period before new loans could be issued to borrowers who benefited from the compromise settlement,

as decided by the Boards of the institutions. A compromise settlement would refer to an agreement reached with the borrower to fully resolve the lender's claims, which would necessitate the sacrifice of some amount owed by the borrower.

Some bank unions disagree with it and have called it a harmful move that could jeopardise the stability of the banking system. The RBI decision could be harmful to the banking sector and depositors, since defaulters and fraudsters are being excused for their wrongdoings, which will fall disproportionately on ordinary people, especially depositors. It promotes dishonest borrowers while also sending an unpleasant message to honourable borrowers who make an effort to fulfil their financial responsibilities. The RBI's most recent "Framework for Compromise Settlements and Technical Write-Offs" is viewed as a negative move that could destabilize financial sector and undercut efforts to effectively deal with wilful defaulters.

According to reports, lenders want more information about lending to accounts that have been classified as wilful defaulters or fraudulent. This is to be anticipated, and the regulator ought to be ready to dispel any questions. The worries voiced by bank staff unions, meanwhile, are overstated. Banks regularly make a lot of lending decisions, and even under the best of circumstances, some of them may be flawed.

Businesses may experience difficulties due to a variety of circumstances, such as unanticipated changes in the macroeconomic climate that may have an impact on borrowers' capacity to repay loans. In such circumstances, banks frequently alter the conditions of loans. The Insolvency and Bankruptcy Code is another possibility for them to recoup loans. Another choice is the compromise settlement framework, which could be helpful, for instance, in settling relatively minor loans. Dealing with accounts labelled as deliberate defaulters or fraud may cause considerable stress. Therefore, it would be crucial to move forward cautiously and openly. The structure allows for a good deal of flexibility.

There may be specific approaches to deal with this precarious situation of addressing wilful defaulters like in order to examine, analyse, and ultimately forecast wilful defaults public sector bank may appoint a specialised





department to conduct the necessary investigation into the moral and ethical character of businesses. But who is to say that, despite their expertise, these bankers wouldn't be duped by even more astute borrowers or, worse, wouldn't act favourably or prejudicially? There may be another strategy that may involve academicians and decision-makers to develop a methodology that is as impartial, methodical, and comprehensive as possible while acknowledging that it won't be perfect.

The methodology may change over time, but to ignore the issue because it is challenging to address both theoretically and empirically is to act as though it doesn't exist. There are other suggestive ways like Banks must make use of transaction information made available through payment methods and work with numerous law enforcement organisations, including Income Tax department, Revenue Intelligence, Central Economic Intelligence Bureau, Enforcement Directorate (ED) and Special Fraud Investigation Office (SFIO).

These organisations are tasked with looking into corporate financial irregularities such as money laundering, tax and duty evasions, and other shady financial activities. Information on these acts can be efficiently used by banks to cut down on loan defaults. The need of the hour is to have improvisation in the mechanism of sharing information among lenders, which can improve lending and lower default rates by reducing moral hazard and adverse selection.

Since this issue is likely to persist in some way unless banks and regulators figure out a way to eliminate such wilful defaulters. Procrastination, or at best wishful thinking, would

be to ignore this important issue and hope that the structural cracks caused by such syphoning off of public funds would eventually close. If the issue is not addressed now, the public sector banks may eventually have to deal with even worse wilful defaults.

As it is well proven fact that lending criteria continue to be the most important component of the lenders' businesses. Since the banking system's asset quality has greatly improved over the past several years, it is crucial to maintain the stability of the banking industry. Banks must closely monitor loan accounts in this situation and inform all parties of the full picture. Shri. Shaktikanta Das, Governor -Reserve Bank of India, has recently made a point that the regulator has discovered creative techniques that banks are using to hide stress. Additionally, new approaches to ever-greening are allegedly being used by banks. Lenders must take use of all available options to recover as much money as they can from non-performing accounts.

A thriving economy depends on a robust banking industry. Making sure that the banking system recognises financial distress early and responds quickly is necessary because its failure could negatively affect other sectors.

The intention of the Reserve Bank of India on the recent move cannot be questioned as being the Banking regulator of a capital deficit country, the primary aim of the RBI is to ease the availability of capital for the purpose of investment and employment generation. However, one cannot deny the harmful effect of the move that could jeopardise the stability of the banking system. The RBI decision could be harmful to the banking sector and depositors, since defaulters and fraudsters are being excused for their wrongdoings, which will fall disproportionately on ordinary people, especially depositors.

It promotes dishonest borrowers while also sending an unpleasant message to honourable borrowers who try to fulfil their financial responsibilities. The RBI's recent move may be viewed as a negative move that could destabilize financial sector and undercut efforts to effectively deal with wilful defaulters. Reserve Bank seems to be in a dilemma over growth and financial ethics and trade-off among these is going to leave a widespread footprint on financial system of India. □





# CHANGING FACE OF AGRI BANKING



## Introduction :

The Banks in India have played a vital role in the development of the country's economy, be it the rural one or the urban one. More specifically, the Indian public sector banks, The Regional Rural Banks and the cooperative banks have been serving the financial needs of the rural population of the country since their very initial days. In India, where more than 65% of the population lives in villages. These communities had only experienced banking in the last two to three decades. In the modern age of technology, the rural areas of the country are also not untouched by the adoption of technology. The majority of the farmers have small land

holdings; the production of the farms is lower, and the income is lower. To increase the productivity of the farm fields, it is required to adopt modern technology, and that will also cost investment; hence, the importance of the lending institutions became more crucial.

## Agriculturist in India

The Department of Agriculture, Co-operation, and Farmers Welfare conducts an agriculture census every five years to collect data on the structural characteristics of the agricultural sector, including the size of agricultural land holdings in the country. As per the latest information available from the Agriculture Census, the average size of operational holdings has decreased from 2.28 hectares in 1970-71 to 1.84 hectares in 1980-81, to 1.41 hectares in 1995-96, and to 1.08 hectares in 2015-16.

Due to rapid growth in the village population and the emergence of the nuclear family concept, the land holdings of Indian farmers are shrinking gradually.



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### Average Land Holding with Farmer as per agriculture census 2015-16 (Provisional)

S.no	State	Avg Area landholding (in Hec.)
1	Uttar Pradesh	0.73
2	Bihar	0.39
3	Andhra Pradesh	0.94
4	Odisha	0.95
5	Tamilnadu	0.75
6	West Bengal	0.76
7	Kerala	0.18
8	Jammu & Kashmir	0.59

The above-listed states are considered to be large states where the average land holding is very small, so it is very well understood that the dependency merely on farm income cannot suffice the needs of the families. Therefore, there are two options available to the families: one is migration, which is very common, and another is to evolve modern technology and improve the productivity of the small landholding farmers.

### Initiatives of the Government and the Banks to cater the financial needs of the rural areas

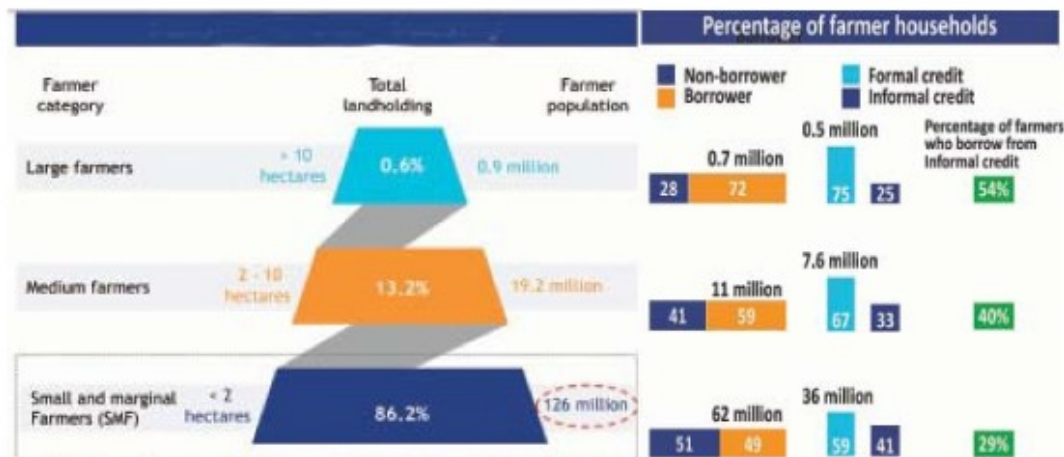
The government of India is more focused on providing financial assistance to the agriculturists of the country. To facilitate banking in the unbanked areas, the RBI introduced "No frills a/cs", "Zero balance savings a/cs", "financial inclusion", "financial literacy", "collateral-free loans", "margin-free loans", special schemes like "Mudra", "interest-free subsidies," etc. Ultimately, the Banking industry tries to bring everyone under its fold and reach the poorest section of society.

The Indian Banking system is one of the most well-established financial systems in the world. The banks are well distributed to cater to the needs of the last village, and the following table depicts the number of bank branches in India and its categorization.

**Table 1: No. of Scheduled banks in India as of March 1, 2023**

Scheduled Banks	No.	Branches
Public Sector Banks	12	91490
Private Sector Banks	21	30690
Regional Rural Banks	43	21756
Urban Cooperative Banks	1531	NA
Rural Cooperative Banks / Societies	97006	NA

**Figure 1: Breakup of Indian farming community and lending types**



**Table 2: Branches of Scheduled Commercial Banks in India**

SCBs*	March 2006		March 2020		March 2021		Dec 2022	
	No.	%	No.	%	No.	%	No.	%
Rural	28167	39.11	52457	33.52	52767	33.33	53953	33.42
Semi-urban	16676	23.07	42689	27.28	43543	27.50	44444	27.53
Urban	12611	17.44	29856	19.07	30626	19.34	31178	19.32
Metropolitan	14726	20.38	31507	20.13	31385	19.83	31843	19.73
TOTAL	72280	100	156509	100	158321	100	161418	100

SCBs: Scheduled Commercial Banks Ref: RBI website

### Steps to improve the agriculture sector in the country:

The agriculture sector in India has grown at an average annual growth rate of 4.6 percent during the last six years. This growth is attributable to good monsoon years and various reforms undertaken by the Government to enhance agricultural productivity. Many government-sponsored programs for sustainable agriculture have been implemented. Soil Health Cards, the Micro irrigation Fund, and organic and natural farming have helped the farmers optimize resource use and reduce cultivation costs. The promotion of Farmer Producer Organizations (FPOs) and the National Agriculture Market (e-NAM) extension Platform have empowered farmers, enhanced their resources, and enabled them to get good returns on their farm produce.

The Agri Infrastructure Fund (AIF) has supported the creation of various agriculture infrastructures. Kisan Rail



exclusively caters to the movement of perishable agricultural and horticultural commodities. The Cluster Development Program (CDP) has promoted integrated and market-led development for horticulture clusters. Support for creating a Start-up ecosystem in agriculture and allied sectors is also being provided to the farmers. All these measures are directed towards supporting the growth in agricultural productivity and sustaining its contribution to overall economic growth in the medium term (Economic Survey, 2022-23).

### New Initiatives by the financial institutions for agriculture lending:

After going through the recent developments in the agriculture lending landscape and the introduction of technology for financing the agriculture sector by the different financial institutions, the below-mentioned points can be easily highlighted.

- ❖ All the Public Sector Banks (PSBs) and other financial institutions in India have given importance to agriculture lending.
- ❖ All PSBs have included Agriculture lending in their web pages, giving due coverage of the products and services provided by them to the farming community.
- ❖ The agriculture loan product's details, including Crop Loans (KCC), Jewel loans for agriculture, SHG and JLG group lending for agriculture, Activities allied to agriculture with special reference to dairy and poultry, government-sponsored schemes, financing against Warehouse receipts, Horticulture, Farm mechanization, including Combined harvesters and tractors, Minor irrigation with special reference to micro irrigation, etc., are available on the corporate websites of the banks.





- ❖ The details of farm financing given on the websites are as follows:
  - o Eligibility and KYC norms
  - o Quantum of finance
  - o Rate of Interest
  - o Margin norms
  - o Service charges
  - o Security features
  - o Documentation
  - o Repayment period
  - o Interest subvention
  - o Whether application forms are available online or not
- ❖ The online application forms with the required details are to be submitted online.
- ❖ The officers sitting in the branches will have access to the pre-filled loan application. After approving the application, the loan can be sanctioned.
- ❖ Applications and other related forms for agriculture lending are given in PDF format and made available on the websites, where they can be downloaded and further submitted at a nearby rural branch.
- ❖ Documents needed for farm loans in PDF formats to facilitate banks taking of proper documents have been made available on the websites.
- ❖ Some of the banks have given clear Check lists for individual agriculture products.
- ❖ Most of the banks have computerized the processing of loan applications through processing centres or "hubs," and a specific time frame for such processing has been fixed.
- ❖ Most of the banks are phase wise shifting the processing

of the KCC (fresh loans and renewals) applications from physical mode to digital mode.

- ❖ Banks like State Bank of India, Punjab National Bank, Union Bank of India, Bank of India, and Punjab & Sind Bank have online tracking facilities for application status and loan status.
- ❖ Some banks are having a Straight Through Process (STP) for crop loans up to 1.60 lacs, wherein the farmer can directly get the loan without visiting the branch. The digital documentation with e-signature will ensure seamless processing and disbursement of the loans.

### The major objective of STP in agriculture lending:

The automation in lending has been launched for agriculture lending (KCC) by many public sector banks and the private banks also. Farmer-friendly on-boarding is currently available through the bank's website and mobile banking applications also. These are the following major objectives of the STP.

1. No document submission or branch visit is required for farmers.
2. Reduced TAT, sanction, and loan account opening within a few minutes.
3. Online farmland verification
4. Use of satellite imagery and mapping to verify cropping information, geotagging, etc.
5. Read bureau integrations for a credit history check.
6. Automated decision on loan, basis land ownership, cropping, bureau data
7. Option for execution of loan documentation digitally through Aadhar-based e-signing integration done with NeSL

### Conclusion:

It is to be mentioned that the digitalization of agriculture is still in its nascent stages in the Indian banking system. The digital India initiative of the central government has been well received in the village areas too. There is proper infrastructure available in the rural part of the country through internet-enabled mobile phones. On the other hand, all the PSBs and private banks are aggressively shifting their lending styles from physical to digital. It will be a win-win situation for the farmers and the banks as well, as it will save time and money when lending or obtaining loans from the banks. Therefore, it is very important to make the initiative of changing the face of agriculture banking more popular through a process of aggressive financial literacy and awareness camps. □

# Why there are so few women in banking

**I**n mid-September, President Droupadi Murmu pushed for increased representation of women in the Gujarat Assembly. She also called for more representation of women in politics in general.

That's about women in politics. A July article in The New Yorker by Louisa Thomas talks about the state of women's soccer. "Spain qualified for the Women's World Cup for the first time in 2015. That was also the year that the Barcelona Femení, the women's side of the legendary FC Barcelona, became a professional team," Thomas wrote.

The women's team had been around since 1970, when a group of female supporters of the men's club donned white shirts, blue shorts and Barça socks, and played a match at Barcelona's stadium, Camp Nou, to raise money for children's hospitals. For decades, they held training sessions in the evening, because the team's players were also students or had daytime paying jobs. The club recognised the women's team officially in 2002, and in 2011, the Femení managed to win La Liga, their first official title.

When FC Barcelona finally decided to invest in the women's side, it had two options: Buy a championship team or build one. It opted for the second - focusing primarily on player development by hiring nutritionists, psychologists, fitness coaches, medical staff, a kit manager and technical staff.

That's the way to strengthen women's representation in every field, including banking and finance - by creating the right ecosystem.

## Let's look at a few relevant figures first.

# India ranked 127 in gender parity out of 146 countries,

according to the World Economic Forum's (WEF) 2023 Global Gender Gap report.

- # 82 per cent of women's employment in India is concentrated in the informal economy, says a 2021 International Labour Organisation (ILO) report.
- # ILO also says the gender pay gap in India stands at 27 per cent as of 2023.
- # The Reserve Bank of India (RBI) has found that overall, there is 24 per cent representation of women in all scheduled commercial banks.
- # Finally, according to global accounting network MGI Worldwide, India could add up to \$770 billion to its GDP by 2025 by giving equal opportunities to women.

The gender gap is not a typical India story. The WEF report says globally, it will take 132 years to address it! The latest Grant Thornton study on Women in Business says that on a global level, women now hold 32.4 per cent of senior management positions in mid-market businesses - a rise of



just 1 percentage point in the past one year. It was around 19.4 per cent in 2004, when Grant Thornton initiated this study.

Software is one segment where women have been forging ahead in India. The overall women headcount at five large software companies has jumped 77 per cent, compared with a 62 per cent rise in male employees, according to data compiled by specialist staffing firm Xpheno. The share of women employees across these five companies stood at 34.1 per cent in the first quarter of FY2024, up from 31.7 per cent five years ago.

Unfortunately, that's not the case with the banking sector.

Tarjani Vakil was the first woman to reach the top at Export-Import Bank of India in 1996. Ranjana Kumar became the chairperson and managing director (CMD) of Indian Bank four years later. She also headed the National Bank for Agriculture and Rural Development. The second woman boss in a commercial bank is HA Daurwalla of the Central Bank of India (2005). It took a little over three decades after nationalisation for a woman to become a bank's CEO. There is also Naina Lal Kidwai, who became the CEO of HSBC India in 2006.

At the RBI, it was 68 years before a woman reached the deputy governor's post (Kishori J Udeshi, who took over in June 2003). The Securities and Exchange Board of India, or Sebi, got its first woman boss in 2022. For the State Bank of India, the nation's largest lender, the wait was 206 long years until Arundhati Bhattacharya took the corner office in October 2013.

The 2010 Anil Khandelwal report on HR in banking had found that at that time, women accounted for 17 per cent of employees in public sector banks (PSBs), and only 2.7 per cent of them were in executive positions. The ratio has improved since, but not significantly. Between FY07 and FY21, the proportion of women employees in PSBs rose by 12.7 percentage points - from 14.3 per cent to 27 per cent. In all scheduled commercial banks, the proportion of women employees during this period rose by 9.1 percentage points, from 14.8 per cent to 23.9 per cent, a January BusinessLine report says. In private and foreign banks, the participation of women in the workforce has shown miniscule growth.

Even the RBI suffers from this ailment. The Gender Balance Index 2023 of the Official Monetary and Financial Institutions Forum, an independent think tank concerned with central banking, economic policy and public investment, says the Asia-Pacific region scores poorly across financial institutions. Its regional score is 20 or below for central banks, pension funds and sovereign funds, and that for commercial banks has dropped to 29 from 30 in 2022.

The Asia-Pacific is the second worst performing region, and the score dropped due to lower women representation at the People's Bank of China and the RBI, "which were already poor performers". The RBI's annual report carries the number of total staff, but does not specify the gender variation. Going by the Businessline report, as on January 1, 2023, of the 13,000-plus RBI employees, 23 per cent were women.

Incidentally, in June 2022, RBI Deputy Governor Michael Debabrata Patra had said India's women workforce participation is among the lowest in the world - worse than even Pakistan - and it is going down. "It is because we are not creating a friendly place at work for our women."

A March 2023 report (Mind the Gender Gap) by the CFA Institute pointed out that in India and elsewhere, a majority of women face sexual harassment in the workplace, but they don't report it. It also found that there were no gender differences in skills training by companies, and highlighted implicit biases that influence reviews for women and, in turn, their career progression.

The most significant boost to achieving gender parity could come from a commitment from companies to provide flexible working. Policies such as six months of maternity leave and two-year childcare are progressive steps, but these are not enough to encourage women. The Grant Thornton report says businesses that offer hybrid, flexible or home working, outperform when it comes to women in senior management.

Also, the much talked about environmental, social and governance (ESG) norms can change the scene since companies are looking to create diverse leadership teams. Without diversity, they may find it difficult to raise capital. (Source: Business Standard)



# Making technology work for smaller banks

In today's rapidly evolving digital landscape, smaller banks are increasingly recognising the importance of technology adoption to enhance their operations and stay competitive. Many of them are turning to third-party providers to integrate innovative solutions into their existing systems.

However, alongside the opportunities that technology offers, there are also challenges to navigate, particularly when it comes to meeting regulatory expectations and complying with existing frameworks. Here, we will explore the opportunities and challenges involved in integrating technology in such small banks while ensuring regulatory compliance.

## The opportunities are as follows:

**Enhanced efficiency:** Implementing technology solutions allows banks to streamline processes, automate routine tasks, and improve overall operational efficiency. This can result in cost savings, faster response times, and better customer experiences.

**Expanded product offerings:** Technology integration enables banks to expand their product and service offerings, catering to customers' evolving needs. It opens avenues for digital banking, online payments, mobile apps, and personalised financial management tools, which can attract new customers and retain existing ones.

**Data analytics and insights:** Small banks can gain valuable insights from vast amounts of data by leveraging technology. Advanced analytics tools help identify trends, patterns, and customer preferences, empowering banks to make data-driven decisions and offer personalised financial advice.

**Competitive edge:** Embracing technology enables small banks

to compete with larger institutions by providing innovative and convenient services. This level-playing field encourages customer loyalty, fosters growth, and helps small banks carve out a unique market niche.

## Challenges

**Security, data privacy:** Which technology adoption comes the responsibility to ensure robust cybersecurity measures and protect customer data. Small banks must adhere to stringent regulations and invest in secure infrastructure, encryption techniques, and employee training to mitigate the risks associated with cyber threats.

**Compliance:** Integrating technology requires small banks to navigate a complex regulatory landscape. They must align their operations with relevant regulations, such as data protection laws, antimoney laundering requirements, Know Your Customer guidelines, and consumer protection measures. Failure to comply can lead to reputational damage, legal penalties, and loss of customer trust.

**Vendor management:** Collaborating with thirdparty technology providers introduces another layer of complexity. Small banks must carefully evaluate and select vendors that meet regulatory requirements and can demonstrate a commitment to compliance. Effective vendor management includes due diligence, contract negotiation, ongoing monitoring, and ensuring contingency plans are in place.

**Legacy systems and integration challenges:** Many small banks operate on outdated legacy systems that may not easily integrate with new technologies. This can present challenges in achieving seamless integration, necessitating investment in system upgrades or even complete infrastructure overhaul. Moreover, legacy systems may pose compatibility issues with

regulatory reporting requirements, requiring careful consideration during the integration process.

Technology adoption offers numerous opportunities for small banks, empowering them to enhance efficiency, expand their product offerings, and stay competitive in the evolving financial landscape. However, to fully leverage these opportunities, it is crucial for small banks to navigate the

challenges associated with integrating technology while meeting regulatory expectations. By prioritising security, compliance, vendor management, and addressing legacy system challenges, small banks can embrace technology effectively and deliver value to customers while staying within regulatory frameworks. Finding the right balance between innovation and compliance will be the key to success for small banks. *(Source: Business Line)*

### Financial Literacy: RBI Ombudsman Partners Bajaj Finance & Bajaj Auto to create awareness on RBIOS, Fraud and Financial Literacy

The Office of the Reserve Bank of India Ombudsman Mumbai, in partnership with Bajaj Finance and Bajaj Auto Ltd, successfully organised an extensive awareness program on the Reserve Bank Integrated Ombudsman Scheme (RBIOS), Fraud Awareness, and Financial Literacy on October 19th and 20th, 2023 at the Bajaj Auto plant premises in Waluj (Aurangabad).

The program was graced by the presence of Mr. H S Verma, Deputy RBIO Mumbai II, Mr. Aniruddha Mallick, AGM RBIO Mumbai II, and Mr. Akash Kabra, AM RBIO Mumbai II, along with Mr. Rinku Anand, Principal Nodal Officer, and his dedicated team. In addition, numerous staff members from the State Bank of India (SBI) and approximately 300 enthusiastic participants actively participated in this learning initiative.

Mr. Verma emphasised the success of the RBIOS as an indispensable resource for the common man. He elucidated the simple and cost-free procedure for filing complaints under the scheme, which can be conveniently done online at [cms.rbi.org.in](https://cms.rbi.org.in)

The RBI Integrated Ombudsman Scheme (RBIOS) serves as a free, swift, impartial, and efficient mechanism to address issues that banks or other regulated companies fail to resolve within 30 days of receiving a complaint. Mr. Verma urged participants to remain vigilant by monitoring their account activities through SMS and promptly reporting unauthorized transactions to their respective banks.

He also stressed upon the importance of safeguarding personal information, such as the CVV number on credit cards, to prevent potential losses if the card is lost or compromised. Mr. Verma warned against sharing sensitive data like bank account numbers, debit card details, identification (ID), Personal Identification Number (PIN), or One-Time Password (OTP) with anyone, particularly fraudsters who may request this information over the phone. Furthermore, he advised recipients of SMS or email notifications about lottery winnings or draws not to send any money. Participants were also encouraged to lodge complaints related to digital wallets, prepaid payment instruments, mobile banking, and electronic banking, including cases of non-credit to merchants, refunds for failed/unsuccessful/unauthorized transactions, and more, through the RBIOS online portal.

Representatives from Bajaj Finance, including Mr. Rinku Anand, Mr. Ankur Arora, and Ms. Megha More, addressed the participants, sharing valuable insights and information. Mr. Mallick and Mr. Kabra urged all attendees to exercise caution when using online banking and ATMs, advising against sharing PINs or OTPs with anyone. They also highlighted that individuals can inquire about the status of their complaints or raise concerns by contacting the Reserve Bank Ombudsman on the toll-free number 14448. The collaboration between the Reserve Bank of India Ombudsman Mumbai, Bajaj Finance, and Bajaj Auto Ltd underscores their commitment to enhancing public awareness, financial literacy, and fraud prevention. The event served as an important step in empowering individuals to protect their financial interests and seek prompt resolution to any issues they encounter within the banking and financial sector.

## 7 skills to beat stress

**W**e are supposed to build immunity by following a good diet and exercising every single day. Resilience works the same way. We need to build it systematically, daily - not once a week and not only when time permits. Here are seven skills that increase your resilience every day. They create an inner shift in your ways of being, ways of thinking and ways of living.

**Skill 1:** Write your story, not theirs. We are the scriptwriters, directors and actors of our movie of life. But throughout the day, when we watch or interact with others, we keep writing mental scripts of how they are, how they should be and what they should do. In the process we forget to sort, fix or perfect our own role. Our co-actors are responsible for their roles. Focus on perfecting your own performance.

**Skill 2:** Make acceptance natural. All of us hold a desire that the world should bend to our wants. And when it does not, we start whining or questioning the circumstance. It means we do not go with the flow. Most of our stress comes from this inner struggle to wrestle with the natural flow.

Shift from asking 'What is this?' to accepting as 'This is it.' When you surrender to the reality instead of resisting it, you conserve energy, which can then be used to focus on solutions and new possibilities.

**Skill 3:** Choose your words wisely. Words are the most powerful tools at our disposal, but they are often underrated. Whether it is to ask, inform, explain, advise, convince or impress, we tend to over-think and, hence, over-speak. Excessive talking depletes our energy and eventually increases stress.

Practise speaking less throughout your day. Observe your vocabulary and eliminate all low-energy, negative words. Gradually, your words will raise your vibrations, the vibrations of situations and of the people around. You will be more at ease with yourself.

**Skill 4:** Flip negative labels. All through our life, people bombard us with labels for who we are or are not - based on our achievements, appearance, background, personality

or possessions. Negative labels are risky because we come to believe them and accept those labels as our reality. This causes us to feel bad or dislike ourselves. Nothing is more stressful than self-hate.

Review the labels you describe yourself with. Replace every single negative label with a pure, powerful, positive label. Feeling good about yourself is a huge step in experiencing peace.

**Skill 5:** Listen to the tutor within. At times we struggle to discern rights and wrongs. The doubt and deliberation can become stressful. Fortunately, our innate wisdom - inner voice, intellect, intuition or gut feeling - in the subconscious mind is always active and guides us correctly. Spend a few minutes with yourself in silence every day. Introspect on the consequences of your actions before choosing your karma. That is when you will hear the intuition, and it always knows what is right for you.

**Skill 6:** Make trusteeship a lifestyle. We are bestowed with so much in life - body, relationships, achievements, material possessions and natural resources. We are supposed to take care of them and use them as trustees. But somehow, we assume ownership of everything that we have and become emotionally attached to it. Where there is attachment, there will be fear of losing, and stress. Practise a new consciousness - instead of ownership, be a trustee. As a trustee, you can take better care because it would be caring without fear, possessiveness or control. This will keep your mind at ease and relaxed.

**Skill 7:** Transcend illusions about yourself. Self-awareness is precursor to emotional stamina. Unfortunately, many of us do not know our reality as souls. Even if we know, we keep identifying with the body and the labels of roles, positions and achievements. We first stress about gaining all of them and then stress about holding onto them. Regaining the awareness of the self puts a lid on our illusions.

You are a soul who is an embodiment of peace and power. Hold on to this truth. Shifting to a stress-free life is easily achievable because it depends only on one person: yourself. (Source: Times of India)



sustainability initiatives. Being able to convey complex concepts in a clear and concise manner is highly valued.

**Analytical and problem-solving abilities:** Strong analytical skills will help you assess environmental impacts, identify areas for improvement, and develop sustainable solutions. Problem-solving abilities will enable you to tackle challenges and find innovative ways to address sustainability issues.

**Collaboration and leadership:** Sustainability often requires working with interdisciplinary teams and engaging stakeholders from various sectors. Being able to collaborate effectively, influence others, and lead sustainability initiatives will enhance your career prospects.

**Balancing of attitude and aptitude is key to thriving in the field of sustainability.:**

**Attitude:** Having a passion for sustainability, a genuine

commitment to making a positive impact, and a proactive mindset are crucial. Employers look for individuals who demonstrate dedication to sustainable practices, resilience in the face of challenges, and a long-term vision for a sustainable future.

**Aptitude:** Demonstrating the required skills, knowledge, and expertise is equally important. Employers seek candidates who possess the technical competencies necessary to address sustainability issues effectively. The ability to learn and adapt to new technologies and evolving practices is also highly valued.

Possessing the right qualifications, technical skills, industry knowledge, and communication abilities will open doors to opportunities. However, an enthusiastic attitude, passion, and commitment to sustainability are equally essential to drive positive change and contribute to a more sustainable world. (Source: ToI)

## RBI's 'Diwali gift' for borrowers: Alerts via SMS and higher compensation in case of delay

A few days before the auspicious day of Diwali, the banking regulator Reserve Bank of India (RBI) has issued a set of instructions which – in letter and spirit – favour the retail borrowers. These include intimation via sms when your credit information is shared with the bank, and entitlement to a higher compensation when there is a delay in updation of credit information.

Have you ever wondered why you suddenly get a string of calls from banks offering personal loans soon after you applied for a loan? This may have happened after a credit rating agency such as CRISIL shared your credit report with the bank you had approached for the loan. Although this will still happen, at least you will know as to why this happened.

The RBI has now instructed the banks and these agencies that the customers must be informed when a bank happens to access their credit report. The RBI, via a circular, has instructed the credit information companies (CICs) and credit institutions (CIs) to send the alerts through SMS/ email to customers when their credit information report is accessed by a lender. Banks will also be supposed to send alerts through SMS/ email to customers while submitting information to CICs regarding default/ days past due in existing credit facilities. The circular was issued on Oct 26 and will come into effect six months from the date of this circular.

The customers can also send requests for data correction by credit institutions. And in case of rejection, credit institutions will inform the customers the reasons for the rejection of their request for data correction to enable such customers.

The RBI has also said that a compensation mechanism will be put in place for delayed updating / rectification of credit information by the credit institutions and credit information companies.

Complainants will also be entitled to a compensation of Rs. 100 per calendar day in case their complaint is not resolved within a period of thirty calendar days from the date of the initial filing of the complaint by the complainant. A CI shall pay compensation to the complainant if the CI has failed to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC. (Source: Mint)

# RBI CIRCULAR



## Banking Regulation (Amendment) Act 2020 - Change in Name of Co-operative Banks

October 30, 2023

1. Pursuant to the notification of the Banking Regulation (Amendment) Act (No. 39 of 2020), Sections 49B and 49C of Banking Regulation Act, 1949 ('BR Act') are applicable to Co-operative Banks. In terms of Section 49B, the Central Registrar of Cooperative Societies (CRCS)/Registrar of Cooperative Societies (RCS) shall not signify its approval to the change of name of any co-operative bank unless the Reserve Bank certifies in writing that it has no objection to such change. Further, in terms of Section 49C, no application for the confirmation of the alteration of bye-laws of a co-operative bank shall be maintainable unless Reserve Bank certifies that there is no objection to such alteration.
  2. Accordingly, it has been decided to issue guidelines with regard to the procedure to be followed for any change in name by a Co-operative Bank as enclosed in Annex -1.
- Commencement**
3. These guidelines will come into effect from the date of issue of this circular.
- Encl: Annex – 1 and 2**
- Annex – 1**
1. A cooperative bank desirous of change in its name shall approach the Department of Supervision (DoS) of the concerned Regional Office (DoS, Central Office in case of Co-operative Banks coming under the purview of Mumbai Office) of the Reserve Bank of India for grant of no objection certificate (NOC) under Sections 49B and 49C of the Banking Regulation Act, 1949 ('BR Act'), clearly stating the reason/s for such change (as per format given in Annex – 2). The approval of the General Body of the bank shall be mandatory at the time of submitting such requests to RBI.
  2. NOC from RBI under section 49C read with section 56 of BR Act, 1949 will be necessary only in case there is a requirement for 'confirmation' from Central/State Government, one or more authority/authorities for alteration of bye-laws under the applicable Co-operative Act /Rules. It will be mandatory for a co-operative bank to give a declaration in writing regarding above mentioned requirement for 'confirmation' under the applicable Co-operative Act /Rules while submitting its request to RBI.
  3. It may be noted that the cooperative banks shall submit their requests for change of name and bye-laws, only when these are supported by valid and compelling reason/s for the proposed change. It may be noted that RBI shall have the discretion to assess whether the reason/s submitted by the bank are valid and compelling.
  4. After getting NOC from the concerned office of the Reserve Bank, the Co-operative banks will approach the Central Registrar of Co-operative Societies (CRCS) or Registrar of Co-operative Societies (RCS) for amendment in their bye-laws. Once the approval is obtained from CRCS/RCS, the Co-operative Banks will apply to the concerned Regional Office of the Reserve Bank with the following documents:
    - i. Approval of Board of Directors

- ii. Approval of General Body of the Bank
  - iii. Amended bye-laws as approved by CRCS/RCS
  - iv. Copy of CoR issued by CRCS/RCS with amended name
  - v. Original banking licence
5. Co-operative Banks shall follow the above process for change in the name of the bank even if the name change is due to Government Notification. No co-operative bank shall display/operate with amended name without effecting the corresponding change in its name in the banking licence issued by the Reserve Bank of India. Further, the displayed name of the bank shall be strictly as per the name in its banking licence.

### Joining the Account Aggregator Ecosystem as Financial Information User

October 26, 2023

1. Please refer to the Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016.
2. It has been observed that certain entities, which are eligible to join Account Aggregator (AA) ecosystem as Financial Information Provider (FIP), have onboarded as Financial Information User (FI-U) only. Consequently, such entities are accessing financial information from other FIPs but are not providing the financial information held by them. As such, with a view to ensure efficient and optimum utilisation of the AA ecosystem, it has been decided that regulated entities of the Bank joining the AA ecosystem as FI-U shall necessarily join as FIP also, if they hold the specified financial information and fall under the definition of FIP.
3. The Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016, is being modified accordingly.

### Review of Financial Information Provider (FIP) under Account Aggregator Framework

October 26, 2023

1. Please refer to the paragraph 3(1)(xi) of Master Direction – Non-Banking Financial Company - Account

Aggregator (Reserve Bank) Directions, 2016 defining the term 'Financial Information Provider'.

2. As per National Pension System (NPS) architecture, Central Recordkeeping Agency (CRA), registered under section 27 of the Pension Fund Regulatory and Development Authority (PFRDA) Act, 2013, acts as an interface between the different intermediaries in the NPS system. CRAs hold information pertaining to the subscribers including the balances under NPS. Accordingly, and as suggested by the PFRDA, it has been decided to replace 'Pension Fund' with 'Central Recordkeeping Agency' as the financial information provider in the AA ecosystem.
3. The Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016, is being modified accordingly.

### Strengthening of customer service rendered by Credit Information Companies and Credit Institutions

October 26, 2023

1. Please refer to para 4 of the Statement on Developmental and Regulatory Policies released with the Bi-monthly Monetary Policy Statement 2023-24 on April 6, 2023, wherein it was announced that a comprehensive framework will be put in place for strengthening and improving the efficacy of the grievance redress mechanism and customer service provided by the Credit Institutions (CIs) and Credit Information Companies (CICs).
2. Accordingly, in exercise of the powers conferred by sub-section (1) of section 11 of the Credit Information Companies (Regulation) Act, 2005 (CICRA, 2005), the Reserve Bank of India directs CICs and CIs to implement the directions as detailed below:

#### 2.1. Intimation of access to Credit Information Report and updation of credit information with Credit Information Companies

- a. CICs shall send alerts through SMS/ email to customers when their Credit Information Report (CIR) is accessed by the Specified Users (SUs) as defined in sub-section (l) of section 2 of CICRA, 2005, wherever mobile number/ email ID details of the customers are available. The alerts shall be sent by



CICs only when the CIR enquiry reflects in the CIR of the customer.

- b. CIs shall send alerts through SMS/ email to customers while submitting information to CICs regarding default/ Days Past Due (DPD) in existing credit facilities, wherever the mobile number/email ID details are available.
- c. To enable sending of alerts through SMS/ email, the Uniform Credit Reporting Format for reporting credit information by CIs to CICs has been modified as detailed in Annex (Item 1).
- d. CIs are advised to organise special awareness campaigns to sensitise their customers about benefits of submission of their mobile numbers/ email IDs.

## 2.2. Setting up of Nodal points/ officials by CIs

- a. CIs shall have a dedicated nodal point/ official of contact for CICs for redress of customer grievances. Details of the nodal point/ official along with email ID and telephone/ mobile number shall be furnished by CIs to CICs.
- b. CIs shall inform CICs of any changes in the nodal points/ official within five (5) calendar days of such a change.

## 2.3. Root Cause Analysis of the Complaints by CIs

- a. CIs shall undertake Root Cause Analysis (RCA) of the customer grievances at least on a half yearly basis. CIs shall also use, among others, information on data rejected by the CICs and Data Quality Index (DQI) provided by CICs as sources of information for carrying out RCA.
- b. Analysis of the RCA shall be reviewed by the Top Management of CIs, at least, on an annual basis.

## 2.4. Reasons for rejection of requests for data correction by CIs

- a. CIs shall inform the customers the reasons for the rejection of their request for data correction, if any, to enable such customers to better understand the issues in the CIR.
- b. A list of reasons for rejection of requests shall be circulated by CICs to all CIs. CIs shall use the same while communicating the rejections of the request for data correction made by customers/ CICs during the grievance redress process.

## 2.5. Periodic review of match logic algorithm by CICs

- a. CICs shall have a board-approved policy for undertaking periodic review (at least on a half-yearly basis) of the 'Search & Match' logic algorithm implemented by them to provide Credit Information Report (CIR) of a borrower.
- b. Root Cause Analysis (RCA) of the complaints being undertaken by CICs shall be used to identify issues in the existing 'Search & Match' logic algorithm.
- c. Results of the RCA and subsequent changes in the search and match logic shall be placed before the Board of Directors of the CIC for review.

## 2.6. Ingestion of credit information data by CICs

- a. CICs shall ingest credit information data received from the Credit Institutions (CIs) as per its data acceptance rules, into their databases within seven (7) calendar days of its receipt from the CIs.
- b. In case of data rejection, CICs shall communicate to the concerned CI, regarding rejection of the data with reasons, within seven (7) calendar days of receipt of the data.

## 2.7. Disclosure of complaints on credit information reporting by CICs

- a. CICs shall disclose on their websites, details of complaints registered against them and CIs as per the format given in Annex (Table 1 and 2).

## 2.8. Easy access to Free Full Credit Report for the individuals by CICs

- a. CICs shall provide easy access to Free Full Credit Report<sup>1</sup> (FFCR) including credit score, once in a year (January- December), to individuals whose credit history is available with the CIC by displaying the link prominently on their website (on the Home page itself) so that individuals are able to access their FFCR conveniently.
3. The directions shall come into effect six (6) months from the date of this circular. CICs and CIs are directed to put in place necessary systems and processes to implement these directions within this period.
4. CICs and CIs which contravene or default in adherence to the above directions shall be liable for penal action as per the provisions of CICRA, 2005.

## Public Sector Banks : Ratios

As on March 31		(Rs. Crore)						(Rs. Lacs)		
S. N.	Banks	Net NPA as % to Net Advances		Business per Employee		Profit per Employee				
I	NATIONALISED BANKS	2020	2021	2022	2020	2021	2022	2020	2021	2022
1	Allahabad Bank	5.66	---	---	16.76	---	---	(23.10)	---	---
2	Andhra Bank	4.92	---	---	19.21	---	---	(7.00)	---	---
3	Bank of Baroda	3.13	3.09	1.72	18.77	19.57	22.05	0.65	1.00	9.11
4	Bank of India	3.88	3.35	2.34	19.40	19.94	20.71	(5.90)	4.15	6.50
5	Bank of Maharashtra	4.70	2.48	0.97	19.55	21.45	26.53	3.10	4.19	9.05
6	Canara Bank	4.22	3.82	2.65	17.63	18.14	19.91	(3.81)	2.90	6.53
7	Central Bank of India	7.63	5.77	3.97	14.06	15.60	17.15	(3.27)	(2.74)	3.38
8	Corporation Bank	4.91	---	---	19.00	---	---	(14.00)	---	---
9	Indian Bank	3.13	3.37	2.27	24.62	22.17	25.20	4.00	7.22	9.91
10	Indian Overseas Bank	5.44	3.58	2.65	14.38	16.12	18.69	(34.27)	3.53	7.64
11	Oriental Bank of Commerce	5.01	---	---	19.11	---	---	(11.00)	---	---
12	Punjab & Sind Bank	8.03	4.04	2.74	16.98	18.56	19.77	(11.14)	(30.94)	11.91
13	Punjab National Bank	5.78	5.73	4.80	18.14	18.85	19.41	0.53	2.10	3.54
14	Syndicate Bank	4.61	---	---	15.41	---	---	(11.87)	---	---
15	UCO Bank	5.45	3.94	2.70	13.70	14.70	16.33	(10.84)	0.36	1.44
16	Union Bank of India	5.49	4.62	3.68	20.06	20.17	23.26	(7.77)	3.72	6.96
17	United Bank of India #	4.73	---	---	16.16	---	---	1.00	---	---
	<b>TOTAL OF NATIONALISED BANKS [I]</b>	<b>4.67</b>	<b>4.10</b>	<b>2.94</b>						
II	State Bank of India (SBI)	2.23	1.50	1.02	21.05	23.73	25.74	5.79	8.28	12.93
	<b>TOTAL OF PUBLIC SECTOR BANKS [I+II]</b>	<b>3.75</b>	<b>3.09</b>	<b>2.20</b>						

# Profit per employee for United Bank of India is operating profit per employee.

Source : Reserve Bank of India.

## Private Sector Banks : Ratios

As on March 31

(Rs. Crore)

(Rs. Lacs)

S. N.	Banks	Net NPA as % to Net Advances		Business per Employee		Profit per Employee	
		2020	2021	2020	2021	2020	2021
1	City Union Bank Ltd.	2.29	2.97	13.13	13.94	8.30	10.00
2	Tamilnad Mercantile Bank Ltd.	1.79	1.98	14.99	16.63	9.47	14.00
3	The Catholic Syrian Bank Ltd.	1.91	1.17	8.52	8.00	0.40	5.22
4	Dhanlaxmi Bank Ltd.	1.55	4.76	10.33	11.37	3.84	2.25
5	The Federal Bank Ltd.	1.31	1.19	22.21	24.03	12.48	14.89
6	The Jammu & Kashmir Bank Ltd.	3.48	2.95	13.08	14.48	[0.09]	3.51
7	The Karnataka Bank Ltd.	3.08	3.19	15.13	15.10	5.07	5.73
8	The Karur Vysya Bank Ltd.	3.92	3.41	13.56	14.99	2.96	4.64
9	The Lakshmi Vilas Bank Ltd.	10.04	---	8.42	---	[18.00]	---
10	Nainital Bank Ltd.	4.81	5.77	12.46	12.30	[8.00]	0.14
11	RBL Bank	2.05	2.12	14.92	15.95	13.70	6.50
12	The South Indian Bank Ltd.	3.34	4.71	17.33	18.04	15.92	0.76
I	AVERAGE OF 12 PVT BANKS [I]	2.73	2.60	164.08	164.83	170.16	65.43
II	NEW PRIVATE SECTOR BANKS						
13	Axis Bank Ltd.	1.64	1.05	17.27	17.13	17.92	2.40
14	DCB Bank Ltd.	1.16	2.31	8.04	8.29	8.61	5.00
15	HDFC Bank Ltd.	0.36	0.40	17.49	19.30	20.25	24.00
16	ICICI Bank Ltd.	1.54	1.14	12.75	14.92	16.69	8.00
17	Indusind Bank Ltd.	0.91	0.69	13.01	15.22	15.69	14.40
18	Kotak Mahindra Bank Ltd.	0.71	1.21	9.36	9.70	8.71	12.58
19	YES Bank	5.03	5.88	4.33	11.95	15.58	[15.09]
20	Bandhan Bank	0.58	3.51	1.66	3.22	3.25	8.00
21	IDFC First Bank Ltd.	0.94	1.87	1.53	9.59	7.96	[18.00]
22	IDBI Ltd.	4.19	1.97	1.27	18.51	20.71	[73.00]
II	TOTAL OF NEW PVT BANKS [II]	1.34	1.25	0.85	121.19	135.37	[89.62]
III	TOTAL OF PVT BANKS [I+II]	1.54	1.42	0.98	285.27	305.53	[64.94]
							127.79
							170.92

Source : Reserve Bank of India.





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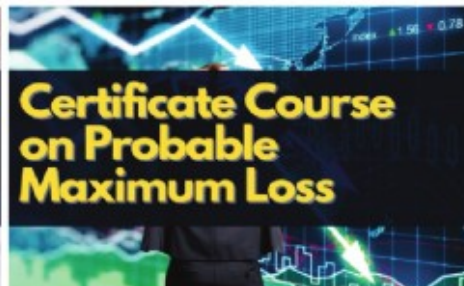
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