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Banking Finance

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In this issue

We are in discussions with stakeholders, including other banks that are party to this development. We will resolve it and honour all bona fide commitments with other banks.

Sunil Mehta
MD and CEO, Punjab National Bank

We at RBI also feel the anger, hurt and pain at the banking sector frauds and irregularities. In plain, simple English, these practices amount to a looting of our country's future by some in the business community, in cahoots with some lenders.

Urjit Patel
RBI Governor

The government will evolve a scheme to assign every individual enterprise in India a unique ID. The new scheme could be a buildup of the ministry's existing Udyog Aadhaar project for MSME.

Arun Jaitley
Finance Minister


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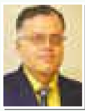

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From The Desk Of
Editor-in-Chief

Indian Banking and Financial scenario is passing through a rough phase. Last few months have been buzzing with news of scams and frauds. It seems that banks were sitting tight over the NPA's for the reason best known to them. RBI cannot deny that it doesn't have a role to play. Somewhere down the line RBI has to accept responsibility of laxity in control of banks.

Banks are giving thousands of crores of loan to corporate and in case of defaults they are again restructuring the loans to accommodate the borrower. Top management of the banks must be held accountable for such type of restructuring and should be held responsible if the account goes NPA. Many CMD of PSU Banks have been arrested for passing undue benefit to large corporate clients.

Recently in China in case of a default by a big group the authorities acted very swiftly and attached all properties of the group and arrested the owner.

Similarly in India laws should be tweaked so that willful defaulters cannot take the benefit of lengthy legal process and immediate action should be taken so that the loss may be minimised. It is interesting that these defaulters use the loan money to fight the cases and fool the system. This is a vicious circle where politicians, bank management, consultants, brokers all are part of organised crime racket. Infact in many PSU banks loans are facilitated at high commission which is ultimately going to be NPA by window dressing.

Unless strictest of laws are made this situation cannot be set right.

Indian economy is one of the open economy in the world where in free flow of foreign exchange is there and all-round political and terrorist extremism is affecting the flow of legal and illegal finance coming and going across the neighboring countries who are responsible for the internal and external financial terrorism in different shapes.

CONTENTS

BANKING NEWS

ICICI Bank offers automated loans to MSMEs

Micro, small and medium enterprises (MSMEs) that have current accounts with ICICI Bank can now avail of automated loans in the form of an instant overdraft facility of up to Rs 10 lakh each year. The 'InstaOD' will enable a few lakh pre-qualified customers, who have held a current account for at least a year, to instantly get the loan without visiting a branch or submitting physical documents.

The overdraft will be available at any time, anywhere, using the bank's internet and mobile banking app. ICICI Bank has said that it will soon offer a facility of instant online sanction of overdraft facility to MSME customers of other banks too. ICICI Bank's MSME portfolio is currently 2.5-3% of its total portfolio, but is one of the fastest expanding segments with a growth rate of 17%.

PNB Housing Finance to raise 8,000 cr

PNB Housing Finance is planning to raise around Rs.8,000 crore by way of a debt issue. The housing finance company in a notice to stock exchange said that the issuance of secured and unsecured non-convertible debentures aggregating up to Rs.8,000 crore in one or more tranches will be considered in the board meeting. As on December-end 2017, promoter Punjab National Bank had 32.96 per cent stake in PNB Housing. Under the public shareholder category, the biggest shareholders include Quality Investment Holdings (37.33 per cent) and General Atlantic Singapore Fund FII Pte Ltd (8.52 per cent).

Karnataka Bank's opens all woman branch

Karnataka Bank has opened its first all-woman branch in Bengaluru. This is the 800th branch of the bank. Mahabaleshwara MS, Managing Director and CEO, said the bank opened 36 branches during 2017-18. The bank has registered a business turnover of Rs.1.06-lakh crore. P Jayarama Bhat, Chairman of the bank, inaugurated the new premises of the Bengaluru regional office of the bank on the occasion.

RBI: Bank credit grows 11.48%

Banks' credit growth continued to grow by in double digit at 11.48 % to Rs 83,48,773 crore in the fortnight ended March 2, according to the RBI data. In the period ended March 3, 2017, the advances had stood at Rs 74,88,993 crore. The growth in advances in the reporting fortnight was higher than the previous fortnight.

In the period ended February 16, 2018, banks' credit had grown by 10.65 per cent to Rs 82,53,516 crore from Rs 74,58,850 crore in the period ended February 17, 2017. In January 2018, the non-food credit of banks rose by 9.5 per cent as against a growth of 3.5 per cent in January 2017.

SBI closes 41.2 lakh savings accounts for not keeping minimum balance

State Bank of India has closed 41.16 lakh savings accounts between April-January in the current fiscal year for not maintaining the average monthly balance, revealed an RTI query.

"Due to provisions of penalty on non-maintenance of minimum balance, the bank has closed 41.16 lakh savings bank accounts between April 1, 2017 and January 31, 2018," the bank replied to an RTI query filed by Chandra Shekhar Gaud from Neemuch in Madhya Pradesh.

The reply was to a specific query on the number of accounts being closed after introduction of charges on non-maintenance of minimum balance from April 1, 2017.

The State Bank has 41 crore savings bank accounts. Of that, 16 crore are under the Pradhan Mantri Jan Dhan Yojana/basic savings bank deposit (BSBD) and of pensioner, minors, social security benefit holders which are all exempted from the penalty for not maintaining of the minimum balance.

Between April and November 2017, the bank had netted a windfall of Rs 1,771.67 crore, more than its second quarter profit, from customers for non-maintenance of minimum balance, according to the finance ministry data.

Axis Bank planning to process payments over WhatsApp

Private sector bank Axis Bank Ltd is planning to process payments over 'Whatsapp'. The bank also termed the Unified Payment Interface (UPI) as a "huge opportunity". "We are also working with partners like Google, Whatsapp, Uber, Ola and Samsung pay to be able to create the ecosystem for customers to be able to make payments," Axis Bank executive director - retail banking, Rajiv Anand said.

AIBOA demands 'Central Banking Authority'

The All India Bank Officers' Association (AIBOA) has demanded formation of an autonomous 'Central Banking Authority' to oversee the working of commercial banks and audit of their accounts by the Comptroller and Auditor General.

This demand comes in the light of Rs.11,400-crore worth of fraudulent letters of undertaking issued at one of Punjab National Bank's Mumbai branches escaping the attention of internal and external auditors as well as the banking regulator. The Association said the RBI is burdened with multiple roles.

"As the commercial banking system has itself grown in geometric progression, with deposits of Rs.108 lakh crore and advances of Rs.82 lakh crore - totalling Rs.190 lakh crore, the RBI appears to be finding it difficult to maintain dynamism of all its limbs (including supervision, controlling, and inspecting the working of commercial banks)," said S Nagarajan, General Secretary, AIBOA.

Hence, Nagarajan felt that it would be better to constitute a Central Banking Authority, which will be autonomous but accountable to Parliament, to oversee the working of commercial banks.

Funds under Jan Dhan A/c cross Rs. 75,000 crore mark

The balance under the Pradhan Mantri Jan Dhan Yojana has crossed the milestone of Rs. 75,000 crore for the first time since the inception of scheme. As on March 9, the total balance in these accounts stood at Rs. 76,116 crore with 31.31 crore beneficiaries. Of these, 18.45 crore accounts have been opened in rural and semi-urban bank branches.

Public sector banks have reported a balance of Rs. 61,156 crore. This was followed by Rs. 12,780 crore and Rs. 2,180 crore in regional rural banks and private sector banks, respectively. About 23.60 crore RuPay cards have been issued by the National Payments Corporation of India.

DCB Bank's starts new remittance service

DCB Bank has introduced a new remittance service 'DCB Remit' that will allow a resident Indian having a bank account in India to remit or send money online, globally.

In a statement bank said: "Once the exchange rate is locked, the customer can transfer the funds from any account to DCB Bank's account. The funds will then be transferred to the beneficiary account abroad latest by the next business day." Resident Indians can register online and transfer funds across 20 countries, including the US, Canada, Australia, the UK, the UAE and Germany, and track the same from a mobile phone, it added.

India set to join European Bank of Reconstruction and Development

India is set to join the European Bank of Reconstruction and Development (EBRD) after its shareholders agreed to admit the country, enabling Indian companies to undertake joint investments in regions in which the EBRD operates.

"This is an important step in the relationship between the EBRD and India, allowing us to build further on already very close ties," said EBRD President Suma Chakrabarti. While Indian businesses have cooperated on EBRD projects worth •982 million, the hope is that membership will spur further investment by Indian firms in a range of sectors.

PSU banks may be asked to seek passport details of large borrowers

In order to stop the loan defaulters from fleeing the country, the government is exploring the possibility of directing PSU banks to seek passport details of borrowers of loans above Rs 50 crore.

This move is being mooted to ensure better coordination between various investigative agencies in the event of a defaulter trying to flee the country. Banks can also alert investigative agencies immediately if they come across cases of fraud. The move comes against the backdrop of several high profile cases, including the recent Rs 12,600 crore fraud in Punjab National Bank (PNB) allegedly triggered by jewellers Nirav Modi and Mehul Choksi. The government is making all out efforts to get them back to the country to face the law. Authorities have also been trying to get former liquor baron Vijay Mallya extradited from the UK and face the law for the Kingfisher airlines default case.

Sources said passport details with banks will also deter any defaulter from trying to flee for fearing of being apprehended in airports. While the idea is under discussion, a final call maybe taken soon, they said. The government has taken a series of steps to tighten the processes in state-run banks to ensure that there is better coordination between various wings.

Aircel files for protection under bankruptcy code

Aircel one of the oldest mobile brand, has filed for bankruptcy protection with the National Company Law Tribunal's Mumbai bench. The combined effect of having a huge debt pile, a promoter who has lost interest in the Indian market and the overall financial stress in the telecom industry following Reliance Jio's launch has pushed Aircel to take this step.

"The board acknowledged that it has been facing troubled times in a highly-financially stressed industry, owing to intense competition following the disruptive entry of a new player, legal and regulatory challenges, high level of unsustainable debt and increased losses," Aircel said in a statement.

The company has filed an application to undertake Corporate Insolvency Resolution Process (CIRP), under Section 10 of the Insolvency and Bankruptcy Code 2016, for Aircel Cellular, Dishnet Wireless and Aircel, it said, adding, that CIRP is not a proceeding for liquidation but a process to find the best possible resolution to protect and preserve the value of the company and manage the operations.

Aircel has already closed operations in six circles and is facing trouble in other regions. GTL Infra, which provides towers to Aircel, has turned off network support to the operator for its failure to pay its dues. Other mobile operators, including Idea Cellular and Vodafone, have stopped interconnection for the same reason.

Questions being raised for banks freedom to appoint statutory auditors

A group of chartered accountants has questioned the government's decision to allow banks the liberty to select their own statutory auditors amid the concern over the role of auditors in the alleged fraud unearthed at Punjab National Bank. According to the members of the Association of Chartered Accountants, this move is a departure from the earlier practice where RBI directly appointed the statutory auditors of banks, based on a list of eligible candidates prepared by the Institute of Chartered Accountants of India.

"Earlier, the RBI used to appoint the statutory auditors of banks. But, to our surprise, from 2014-15, the power of the RBI to appoint central and branch statutory auditors was snatched by the central government and was handed over to the respective banks. Now, the bank management selects the statutory auditors and takes only a nominal permission from the RBI before appointment," said Kingsuk Datta, the general secretary of the Association of Chartered Accountants. The association is a separate body but its members are part of the ICAI.

"We demand a restoration of the pre-2014-15 situation regarding the appointment of statutory auditors of banks, which was under the control of the RBI, and not in the hands of the bank management," Datta said. The association fears that the quality of audit may deteriorate if the examinees are appointing their own examiners. The association also said that the finance ministry, in a guideline issued in 2012, had noted that statutory branch audit has become routine and not much effective after the implementation of core banking system in public sector banks.

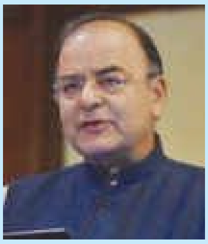
RRBs to be allowed to raise capital from market

The recent budget had proposed that the Regional Rural Banks be allowed to raise capital from the market to overcome capital constraints. This will enable them to increase their credit to the rural economy. There are 56 RRBs in the country. These are jointly owned by the government of India, the concerned State Government and sponsor (usually public sector) bank with the issued capital shared in the proportion of 50 percent, 15 per cent and 35 per cent, respectively.

The Budget has allocated only Rs.13 crore as recapitalisation for RRBs for FY19 against Rs.280 crore in FY18. Harsh Kumar Bhanwala, Chairman, National Bank for Agriculture and Rural Development, said: "We have already given a policy, which has been made available as a draft policy to the government. Now that policy will be accepted by RRBs, which in turn will make a proposal (to tap the capital markets) and send to us.

PSBs wrote off Rs. 81,683 cr of loans in FY 2017

PSU banks have written off loans worth Rs 81,683 crore during fiscal 2016-17, Finance Minister informed the Parliament. Finance Minister told the Rajya Sabha in a written reply that loans are written off for tax benefit as well as capital optimisation, while borrowers of such loans continue to be liable for repayment. "Therefore, write-off does not benefit borrowers," the Minister said.



The amount written off by public sector banks (PSBs), including through compromise, during 2016-17 was Rs 81,683 crore, including Rs 20,339 crore by the State Bank of India, Jaitley said. During the ongoing fiscal, up to September, 2017, the amount written off by PSBs was Rs 28,781 crore, he added.

As per the Reserve Bank of India (RBI) guidelines and the policy approved by bank boards, non-performing assets (NPAs), or bad loans, including those for which full provisioning has been made on completion of four years, are removed from the bank balance-sheet by way of write-off.

The recovery of dues takes place on ongoing basis under legal mechanisms, including the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, Debts Recovery Tribunals and Lok Adalats, Jaitley added.

In another reply to the Rajya Sabha, Minister of State for Finance Shiv Pratap Shukla said in the five financial years since April 1, 2013, banks have reported 13,643 cases of fraud involving a total amount of Rs 52,717 crore.

RESERVE BANK NEWS

RBI recommends privatisation of PSU Banks

RBI governor Urjit Patel has said that

the government should decide what to do with public sector banks (PSBs) if it wanted to optimise the use of taxpayer money.

Speaking on the fraud at Punjab National Bank for the first time, Patel said, "We at RBI also feel the anger, hurt and pain at the banking sector frauds and irregularities. In plain, simple English, these practices amount to a looting of our country's future by some in the business community, in cahoots with some lenders." In a pointed accusation at PNB, Patel said the fraud was essentially an operational failure with the bank disobeying instructions.

Patel chose his lecture at Gujarat National Law University, Gandhinagar, to rebut finance minister Arun Jaitley's charge that regulators who need to keep a "third eye" perpetually open are, unfortunately, not accountable.

Retired RBI staff want revision in pension

Retired employees of Reserve Bank of India staged a protest before the central bank's office in Bengaluru against non-revision

of pension. The former employees, under the banner of Reserve Bank Retired Employees' Association (RBREA), demanded immediate revision of pension and wanted the government to stop illegal, unwarranted interference in the administrative matters of the central bank.

KV Padmanabhan, Secretary, RBREA, said: "The pension of RBI retirees has not been revised for the past 16 years, reportedly due to interference and instructions from the Finance Ministry." He further added that "such revision will not result in any burden to the exchequer as the entire expenditure will be met by the RBI from its own Pension Fund created for that purpose out of the RBI contributions surrendered by the employees when they opted for the pension scheme introduced in 1990, in line with the central government pension scheme."

Padmanabhan said those who have retired from the armed forces, Central and State governments and public sector undertakings are given periodical revision of pension, resulting in huge financial burden to the government exchequer.

However, he said, the pension of 26,720 RBI retirees were not revised during the last three wage settlements of serving employees in 2002, 2007 and 2012, resulting in very serious anomalies between the senior retirees and those who retired later.

Government expects to receive Rs. 10,000 crore dividend from RBI

The government expects to receive Rs 10,000 crore (₹1.5 billion) as interim dividend from the Reserve Bank of India this month, people with knowledge of the matter said. The amount has been calculated for the six month through Dec. 31, the people said asking not to be identified as the information is private. Reserve Bank of India's financial year runs from July to June.

RBI slaps penalty on Indian Overseas Bank and Axis Bank

Reserve Bank of India said it has imposed a penalty of Rs.3 crore on Axis Bank for violation of non-performing asset classification norms, and Rs.2 crore on Indian Overseas Bank for not complying with the know your customer (KYC) regulations. RBI said it had carried out a statutory inspection of private sector player Axis Bank with reference to its financial position as on 31 March 2016. The inspection, inter alia, revealed "violations of various regulations issued by RBI in the assessment of non-performing assets (NPA)",the central bank said in a statement.

"The RBI has imposed, on February 27, 2018, a monetary penalty of Rs 30 million on Axis Bank Limited for non-compliance with the directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms," it said. Regarding the state-owned Indian Overseas Bank, the regulator said in a separate release that a "fraud was detected" in one of the branches of the bank. "The examination of the documents, including the bank's internal inspection report, revealed, inter alia, non-compliance with the directions issued by RBI on Know Your Customer (KYC) norms", RBI said, while imposing the Rs2 crore penalty on IOB.

RBI said the action on the two banks is based on deficiencies in regulatory compliance and "is not intended' to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

RBI panel to reconcile NPAs to prevent frauds

In order to stem the wide fluctuation between bad loans and provisions declared by banks and those assessed by the RBI, the banking regulator has decided to constitute an Expert Committee to look into the reasons for this divergence and the steps needed to prevent frauds. The 5 member Committee, headed by YH Malegam, a former member of the Central Board of Directors of RBI, will also examine the role and effectiveness of various types of audits conducted in banks.

The other members of the Malegam Committee will be Bharat Doshi, Member, Central Board of Directors, RBI; S Raman, former Chairman and Managing Director, Canara Bank and former Whole-Time Member, SEBI; and Nandkumar Saravade, Chief Executive Officer, Reserve Bank Information Technology Pvt Ltd (ReBIT). AK Misra, Executive Director, RBI, will be the Member-Secretary.

RBI Governor Urjit Patel had said that during the Annual Financial Inspections of banks, it had been observed that there was a divergence between the non-performing assets and provisions declared by the banks and those assessed during the AFI process. "This has adverse implications on timely recognition of actual risk, trustworthiness and transparency of books of accounts... To address this, disclosure requirements have been put in place: banks have to disclose... the details of such divergences where these exceed specified thresholds," the Governor said.

Bankruptcy board, RBI enters into pact for increased cooperation

The Insolvency and Bankruptcy Board of India inked an agreement with the RBI for increased cooperation in effective implementation of the insolvency law. The pact, which provides for sharing of information as well as resources, among others, also comes at a time when the authorities are working on ways to address the huge amount of nonperforming assets in the banking sector. An official release said the IBBI and the RBI are interested in the effective implementation of the Code and its allied rules and regulations, through a quick and efficient resolution process.

RBI seeks details of all bank LoUs

RBI has asked banks to provide it with details of all Letters of Undertaking issued by them in the past several years, according to sources. The regulator is ramping up pressure on lenders, increasing its scrutiny and laying down deadlines for them to fix gaps in their systems, in the aftermath of the Punjab National Bank fraud.

The RBI wrote to all banks recently asking for details of the LoUs they had written, including the amounts outstanding, and whether the banks had pre-approved credit limits or kept enough cash on margin before issuing the guarantees, sources said.

GST

NEWS

Government not to extend deadline for selling pre-GST packaged goods

The government will not extend the

deadline for sale of pre-GST packaged products with stickers of revised rates after March 31, Consumer Affairs Minister Ram Vilas Paswan said.

After Goods and Services Tax (GST) became effective from July 1, companies were asked to use stickers on unsold packaged commodities to display new maximum retail price (MRP) till September, which was later extended twice till March.

Asked if the deadline will be extended further, Paswan said, "From next month, there will be one MRP on the packaged products. No additional price stickers on unsold stocks will be allowed." The deadline will not be extended further unless the GST Council decides, he told.

When rates of about 200 items were cut in November, the consumer affairs ministry had permitted to paste additional stickers under the Legal Metrology (Packaged Commodities) Rules, 2011.

GST e-way bills from April 1

Goods and Services Tax Council mandated the use of electronic way (e-way) bills

from April to track inter-state movement of goods but deferred a decision on a simplified return filing process due to lack of consensus. As a result, the current return filing system was extended by three months with a group of ministers tasked with working out a simplified mechanism that also checks evasion.

A group under Infosys chairman Nandan Nilekani proposed a new system, backed by several ministers, but central and state tax bureaucracy held the view that the system was not robust enough to plug evasion, a concern they have flagged. "The Council felt there should be single return every month, it should be simple, not prone to evasion and (there was a need to discuss) how to simplify it further," finance minister Arun Jaitley said.

Developers in a fix over charging GST for affordable homes

The government has announced concessional GST rates for the sale of affordable homes, but realtors are in a dilemma on charging lower rates, since there is no clear definition of such projects. In its last meeting in January, the GST Council reduced the effective GST rates for affordable homes that are eligible for credit-linked savings scheme (CLSS), projects that received infrastructure status and houses built under LIG, MIG-1 and MIG-2 categories under the government's Housing for All scheme, from 12 per cent to 8 per cent.

"The circular does not define affordable housing. Today we can charge 8% but later the department should not say it is not affordable housing," said Anita Arjundas, managing director at Mahindra Lifespace Developers, the real estate arm of Mahindra group. The government has said GST will be reduced for affordable housing projects that have been given infrastructure status, but "nobody gives such status," she said.

Central Govt to pay states Rs. 63000 cr for GST shortfall

The Centre sought Parliament's approval for extra spending of Rs 85,315 crore, a large chunk of which will be used to compensate states for revenue losses due to rollout of the goods and services tax (GST) and phasing out of the central sales tax.

The government presented the fourth supplementary demand for grants in Parliament and out of the total cash spending, it sought approval for Rs 62,716 crore to compensate states and Union territories due to revenue shortfall after GST rollout. This is a transfer from the compensation fund to the public account where GST cess on tobacco, soft drinks, luxury cars and coal is parked.

Although the money is paid for "revenue loss", many states, which have higher collections than last year, will also receive compensation. Although the money is paid for "revenue loss", many states, which have higher collections than last year, will also receive compensation as the Centre had guaranteed 14% growth in revenues for five years. GST collections have been lower than anticipated as several anti-evasion measures are yet to be implemented.

Govt probing 53 cases of profiteering in GST regime

The Directorate General of Safeguards, which probes complaints of profiteering by businesses under the goods and services tax (GST) regime, has initiated investigation in 53 cases, the finance ministry said.

In a written reply, minister of state for finance Shiv Pratap Shukla informed Rajya Sabha that out of 354 petitions received, a standing committee attached to the National Anti-profiteering Authority (NAA) has forwarded 65 to the Directorate General of Safeguards for investigation. The NAA's task is to ensure that businesses do not pocket the benefit of tax cuts meant for consumers.

Linking of unique number embedded in FASTags with the e-way bill

The government has mooted a proposal to link the unique number embedded in FASTags with the e-way bill generated by the Goods and Services Tax Network. The move will effectively prevent chances of vehicles transporting goods to places other than those declared.

FASTag employs radio frequency identification (RFID) technology to enable electronic payment at tolls on national highways. The mechanism provides unique numbers for vehicles, ensuring that they can be tracked at over 400 toll plazas located on the national highways network.

In the e-way bill generated by GSTN, transporters have to declare the origin, destination, time at which vehicle has to depart, and the number of days it will take to reach its destination, among other particulars. Effectively, FASTags can apprise the GSTN and other State enforcement authorities of the route that the vehicle is taking on the national highways, and whether it is as declared.

Moreover, if the vehicle is stuck mid-way for some reason, an application for extension of time can also be expected in advance. Also, if the transporter asks for an extension of dates in the e-way bill, the data can be cross-checked, explained an official.

The government has already mandated that all vehicles with four or more wheels - including trucks and buses - sold from December 1, 2017, have to be fitted with FASTags or RFID tags. After December 1, the number of FASTags has almost doubled to 14 lakh from 7.5 lakh.

These tags store data such as vehicle registration and class of vehicle, which help arrive at the exact toll to be charged. The tags have encrypted vehicle data such as engine and chassis number as well. These are also enabled to store other vehicle compliance-related data, including those related to emissions or pollution and insurance.

INDUSTRY NEWS

Aadhaar-like ID no for businesses in the works

The government mooted the idea of an 'Aadhaar for business' with an aim to further crack-down on shell companies and ensure easier trace-ability of public money.

"The government will evolve a scheme to assign every individual enterprise in India a unique ID," finance minister Arun Jaitley said, as he outlined measures for increasing the ease of doing business in India.

A government official said the new scheme could be a buildup of the ministry's existing Udyog Aadhaar project for micro, small and medium enterprises. The MSME ministry launched the Udyog Aadhaar scheme in September 2015 and, according to a report, more than 4.1 million enterprises across the country have obtained the Udyog Aadhaar number.

A unique ID for businesses "will provide increased traceability to ensure that no one can scam one company and move to another," said Jaijit Bhattacharya, head, economic, regulatory and policy advisory, KPMG India.

Bill to promote institutional arbitration

The Central government is planning to amend the law to encourage the establishment of accredited institutional arbitrators who will help resolve corporate disputes. Although some institutional arbitrators now exist in India, the standard practice is for the parties involved in the dispute to appoint individual arbitrators for individual cases with court permission.

One objective behind the proposed amendment is to turn India into an international arbitration hub. Currently, arbitration of disputes involving Indian companies is often held in places like Singapore and London. The Arbitration and Conciliation (Amendment) Bill, 2018, is expected to be introduced in the ongoing budget session of Parliament.

It envisages, among other things, an Arbitration Council of India that will regulate the institutional arbitrators and award them grading and accreditation on the basis of their calibre, credibility and quality of services. Union law minister Ravi Shankar Prasad said the council would be headed by a former Supreme Court judge or a retired high court chief justice.

Under the scenario envisaged in the bill, various (private) institutions will come up, equipped with their own panels of arbitrators, made up of retired judges and senior lawyers. Some 36 such institutional arbitrators already exist in major Indian cities such as Delhi, Calcutta, Chennai and Mumbai. The idea is to encourage the establishment of more such bodies, Prasad said.

New gold policy soon

The Centre is going to announce a new gold policy soon to institutionalise and bring in more transparency in the trade. It also is in the process of setting up policy frame work for launching spot gold exchange and a Gold Board that would eventually be considered to regulate the spot exchange.

Speaking at the fifth India International Bullion Summit, Manoj Dwivedi, Joint Secretary, Ministry of Commerce and Industry, said the process of collecting suggestions from the industry players is almost done and NITI-Aayog is in the process of releasing a the gold policy by March-end or early April.

BSNL, Air India, among the worst performing enterprises in FY17

Indian Oil Corp. Ltd, Oil and Natural Gas Corp. Ltd (ONGC) and Coal India Ltd have emerged as the most profitable public sector undertakings for 2016-17, whereas Bharat Sanchar Nigam Ltd (BSNL), Air India Ltd and Mahanagar Telephone Nigam Ltd (MTNL) incurred the highest losses, according to a government survey tabled in Parliament. The Public Enterprises Survey (2016-17), which mapped the performance of central public sector units, showed that the top ten loss-making state-owned firms accounted for a whopping 83.82% of the total losses made by 82 loss-making central public sector enterprises during the year.

Coca-Cola aims to localize two third of its products in India

Coca-Cola is planning to introduce ethnic drinks and fruit juices with an aim to localize twothird of its product portfolio over the next few years. "The idea is that over a period of time we may have one-third of products which are basically global and two-third of the products which are very local," Coca Cola India and Southwest Asia president T. Krishnakumar said. Coca-Cola India at present has about 50% of the beverages comprising local brands like ThumsUp, Limca and Maaza, which have been formulated, produced and sold in India.

Public debt increases to Rs. 66.6 lakh crore at December end

India's public debt rose to Rs 66.61 lakh crore at the end of December 2017, representing a quarter-on-quarter increase of 1.22 per cent. The debt (excluding liabilities under the Public Account) of the government was Rs 65.80 lakh crore at the end of September last year. Internal debt and marketable securities constituted 93.1 per cent and 82.6 per cent, respectively of the total public debt, at the December-end 2017, according to the quarterly report on debt management released by the Finance Ministry.

US will be world's largest oil producer by 2023

US shale oil output is set to surge over the next five years stealing market share from OPEC producers and moving the country, once the world's top oil importer, closer to self sufficiency, the International Energy Agency (IEA) said. A landmark deal in 2017 between OPEC and other oil producers to curb output to reduce global oversupply materially improved the outlook for other producers as oil prices rose sharply throughout the year, the IEA said.

As a result, US oil output has resumed sharp growth over the past year and is expected to rise by 2.7 million barrels per day (bpd) to 12.1 million bpd by 2023, as growth from shale fields more than offsets declines in conventional supply. Natural gas liquids will add another 1 million bpd to reach 4.7 million bpd by 2023.

Exports to contribute 40% of GDP by 2025

The Modi government will soon come out with a comprehensive strategy to increase the share of global trade to 40% of the GDP, which is expected to touch ₹5 trillion by 2025, Commerce Minister Suresh Prabhu said. At present, exports constitute only around 18% of the ₹2.6-trillion GDP, which is currently the fifth largest in the world after the US, China, Japan, Germany and Britain, while the country's share in global trade is paltry and is under 2% only.

The more than doubling of shipments will demand that the economy massively increase the share of manufacturing in the overall GDP basket, which is around 14 per cent. Though the previous Congress government had set a target of taking this to 25 per cent of GDP by 2020 has come a cropper and same is the fate under the present regime.

Addressing the Maharashtra global investor summit, Prabhu said, "exports is the driving force of our growth strategy. We are coming out with a comprehensive strategy to increase the share of global trade to 40 per cent of GDP, which is likely to touch USD 5 trillion."

UIDAI flags low Aadhaar enrolment in 2,500 bank branches

The Unique Identification Authority of India (UIDAI) has flagged low Aadhaar enrolment and updation at nearly 2,500 out of over 7,000 bank branches that have started the facility, and instructed banks to take immediate steps to correct the situation. The Aadhaar-issuing body is of the view that the enrolment or updation activity carried out in each of these laggard branches must be at least 16 per day.

EPFO makes online claims must for PF withdrawals above Rs. 10 lakh

EPFO has made it mandatory to file online claims for provident fund withdrawals above Rs10 lakh, taking another step towards becoming a paperless organisation.

The Employees Provident Fund Organisation (EPFO) has also made it mandatory to file online claims for withdrawals of above Rs5 lakh under the Employees Pension Scheme 1995. Under the pension scheme, there is a provision of part withdrawal of pension, commonly known as commutation of pension money.

At present, EPFO subscribers have the option of filing online as well as manual claims for provident fund withdrawal as also for pension. The decision was taken at a meeting chaired by Central Provident Fund Commissioner (CPFC) on 17 January 2018, an official said.

Maharashtra signs MoUs worth Rs. 4.8 trillion

Maharashtra has signed investment commitments worth around Rs.4.85 trillion with a number of global and domestic companies, the second day of the Magnetic Maharashtra Global Investors Summit. Chief minister Devendra Fadnavis said the state was likely to exceed its target of signing memoranda of understanding (MoUs) worth Rs10 trillion.

Cibil launches subscription based service for credit score

Credit information company TransUnion Cibil is now offering borrowers access to their credit score and repayment history under a subscription model as against a static report. TU Cibil is also providing consenting customers loan offers based on their scores and lending criteria provided by banks.

Retail loans applications have tripled from 90 lakh applications in the first quarter of 2013 to three crore in the first quarter of 2017, according to TU Cibil data. "Given the increase, we decided to run some analytics on 1.2 million consumers who have applied for their credit score," said Hrushikesh Mehta, VP and head of TU Cibil's direct-to-consumer interactive platform.

According to Mehta, 31% of those who sought a credit score went ahead and got a loan in the next few months. "We also found that 25% of those who check their score, paid up their delinquent loans (overdue for 90 days) to improve the same," said Mehta. He added that interest in the score has soared after one lender (Bank of Baroda) offered a one percentage point discount for those with a credit score of over 750.

Given that there is a gap between the time borrowers seek their credit score and actually avail of the loan, TU Cibil has decided to come up with a subscription model where customers have unfettered access for one month, six months and one year on payment of Rs 550, Rs 800 and Rs 1,200 respectively.

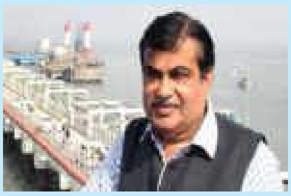
According to Mehta, this will help the customer to track his score live. "In addition to those who plan to avail of loans, there are borrowers who want to ensure that everything is all right at all times. This ensures that they are eligible for loans during an emergency," he added.

Coal India monopoly to end, Private companies will soon be able to mine coal

The private sector will soon be able to mine coal and sell it to power plants, steel mills and other users, ending the decades-old monopoly of state-run Coal India Ltd (CIL) and its affiliates, marking a long-expected reform aimed at boosting investment and output. The move is also seen as lowering prices and imports while introducing better technology, apart from saving on foreign exchange and improving energy security. The coal sector was nationalised in 1973.

Profits from 12 ports to touch Rs. 7,000 crore this year

Profits from 12 major ports in the country was expected to touch Rs. 7,000 crore this year, up from Rs.3,000 crore in 2014, Union minister of road transport and highways and shipping Nitin Gadkari said in Chennai.



"The first year, when I took charge as minister (in 2014) profits from these ports was Rs 3,000 crore. Next year, it was Rs 4,000 crore. Third year, it was Rs 5,000 crore. This year, we are expecting profits up to Rs 7,000 crore".

UP budget focus on improving energy access rural housing

The Yogi government in Uttar Pradesh presented its 2018-19 budget with a spending target of Rs.4.28 trillion, focusing mainly on improving energy access, rural housing and infrastructure. The government will spend Rs.29,883 crore on various energy sector schemes and will try to provide electricity connections to 15 million households by March 2019, when the country goes to polls.

"We have presented a very good budget for the farmers, youth, women and villages, keeping in mind fiscal discipline," said chief minister Adityanath. The state's FY18-19 budget, which raises annual spending by 11.4% from the revised estimate for FY17-18, seeks to contain fiscal deficit at 2.96% of gross state domestic product. The budget revised the fiscal deficit for FY17-18 marginally to 2.98% from the original estimate of 2.97%.

The government proposes that 75% of the total expenditure will be revenue expenditure and the rest will be capital expenditure. The tax revenue collection target of Rs2.6 trillion in FY18-19 includes Rs1.2 trillion by way of the state's own tax receipts and Rs1.3 trillion by way of its share of the central taxes.

The government plans to start work on three new Metro projects in Kanpur, Agra and Meerut, while detailed project reports will be prepared for Metro projects in Varanasi, Gorakhpur, Allahabad and Jhansi.

Panel to suggest fewer creditor votes to pass insolvency plans

Resolution plans under the Insolvency and Bankruptcy Code are likely to get easier approvals from creditors' committees, with a government panel agreeing to recommend that only 60 per cent of their members needed to pass these. At present, the requirement is 75 per cent votes. In a meeting on Monday, the panel, headed by Corporate Affairs Secretary Injeti Srinivas, also decided to recommend "creditor" status to homebuyers in insolvency cases of real estate companies, a source said. Homebuyers of Jaypee Infratech projects had moved the Supreme Court, after the company went in for insolvency resolution.

At present, homebuyers can only submit their claims, but these are not given priority. This was allowed after they protested against being excluded from the recovery process. Discussion is on to tweak the clause on "connected party" (29A), which would mean only those promoters of a company would be stopped from bidding for a stressed asset if they were managing or in control of the business.

But, further discussions are expected on this clause. A revised 29(A) clause may allow ArcelorMittal to bid for Essar Steel. It is facing an eligibility test as it and its promoter, L N Mittal, had investments in Uttam Galva Steels and KSS Petron, respectively. They had, however, sold these stakes before bidding for Essar Steel. However, it is not clear if the creditors are expected to call for a second round of bidding for Essar Steel, or whether they will wait for the changes.

HOUSING NEWS

Real estate boom in Hyderabad

Hyderabad is witnessing a real estate boom when property market is sluggish in the rest of the country. It is the only major city in the country that is giving good return on investment. In Hyderabad property sales have grown by 32% from the average of 2013-2014 to 2017, according to a research.

Telugu Desam Party is demanding special category status for Andhra Pradesh as it needs funds to develop the new capital, Amaravati. In Delhi, Mumbai, Bengaluru, Pune, Chennai, and Kolkata, sales have dropped sharply since 2013-14. Among the seven cities, Delhi-NCR saw the biggest drop in sales at 67% while Bengaluru saw the smallest drop at 21%.

The major reason is the political stability it gained in 2014 when it was separated from Andhra Pradesh after a long period of instability and uncertainty. Another reason is the government's focus on development of infrastructure.

Citi India launches home loan linked to T-Bill rate

Citi India has become the first bank in India to launch a home loan product linked to the three-month Government of India Treasury Bill benchmark rate (T-Bill). This is seen to be a better deal for home loan borrowers from the transparency point when compared to the current system of linking home loan rates to the marginal cost of funds-based lending rate (MCLR).

In the current MCLR regime, a home loan borrower will have to take the word of the bank on what the MCLR is and go with the rate offered without being able to externally validate it. However, in the new system of an external benchmark, a borrower can have transparency by seeing the underlying rate.

The newly introduced T-Bill linked home loan is based on the three-month T-Bill rates published on the 12th of each month by Financial Benchmarks India Pvt Ltd (FBIL) and is available to all new and existing home loan customers. FBIL is recognised by the RBI as an independent benchmark administrator.

Shinjini Kumar, Country Business Manager, Global Consumer Banking, Citi India, said that the Treasury Bill-linked home loan is in line with global best practices, local regulatory expectations on the use of external benchmarks and also offers a better client experience.

Homebuyers may get benefit under insolvency proceedings

Homebuyers could be treated on a par with unsecured financial creditors at insolvency proceedings for real estate companies. If adopted, the move will cheer those who have acquired residences from companies such as Jaypee Inftratech, Unitech and Amrapali and find themselves at the back of the queue when it comes to seeking recompense. This is among proposals made by a committee tasked with reviewing the Insolvency and Bankruptcy Code (IBC) and under consideration by the government, according to sources.

MUTUAL FUND NEWS

Top mutual funds' asset base declines by Rs 8,900 crore in February

The AUM of country's top 10 mutual funds declined by Rs 8,900 crore in February, mainly on account of lower inflows from retail and high networth individuals (HNIs).

The assets under management (AUM) of the fund houses slumped to Rs 18,68,404 crore in February, as against Rs 18,77,303 crore in January, as per the data of the Association of Mutual Funds in India.

"Historically over the last decade, the post Budget month has been weak and this February was not an exception," Reliance Mutual Fund CEO Sundeep Sikka said.

Of the top 10 fund houses, six witnessed a drop in their asset base, while the remaining four -- Kotak Mahindra MF, Axis MF, Reliance MF and ICICI Prudential MF saw rise in their AUMs. Mutual funds are investment vehicles made up of a pool of funds collected from a large number of investors.

IDFC Mutual Fund revises classification of equity funds

IDFC Mutual Fund has revised the classification of six schemes namely-- IDFC Infrastructure Fund, IDFC Dynamic Equity Fund, IDFC Tax Advantage (ELSS) Fund, IDFC Nifty ETF, and IDFC Sensex ETF with effect from March 22. The fund house has revised the classification to comply with the new guidelines laid down by the Securities and Exchange Board of India.

The regulator had directed mutual funds to categorise all existing and future schemes into five broad categories and 36 sub-categories to bring uniformity and standardisation across schemes.

Subsequently, IDFC Focused Equity Fund will be classified as an open-ended equity scheme investing in maximum 30 stocks with multi-cap focus, while IDFC Infrastructure Fund will come under the category of an open-ended equity scheme investing in infrastructure sector. IDFC Dynamic Equity Fund will be categorised as an open-ended dynamic asset allocation fund. At present, these three schemes are classified under open-ended equity schemes.

Mutual Fund houses appointing two fund managers to manage large schemes

The mutual fund houses are revising the management for their flagship schemes by appointing two fund managers for managing large schemes. Recently, DSP BlackRock Mutual Fund appointed Resham Jain as co-fund manager of DSP BlackRock Small and Midcap Fund and DSP BlackRock Micro Cap Fund. Vinit Sambre was solely managing DSP BlackRock Small and Midcap Fund since July 2012 while Vinit Sambre and Jay Kothari jointly manage DSP BlackRock Micro Cap Fund. The AUM of these two funds were at Rs 5,390 crore and Rs 6,206 crore, respectively, as on February 2018.

"Fund houses are getting a co-fund manager as they want to ensure that there is no risk of strategy and style in a fund if one fund manager out of the two quits," said Vidya Bala, Head of Mutual Fund Research, FundsIndia.

CO-OPERATIVE BANK NEWS

Fraud with the Uttar Pradesh Cooperative Bank

The Simbhaoli Group - which is under

probe for cheating the Oriental Bank of Commerce of Rs 109.08 crore - has allegedly duped Uttar Pradesh Cooperative Bank Limited of Rs 60 crore. Interestingly, the group had NPAs worth Rs 152 crore in the co-operative bank, the bank still sanctioned another Rs.60 crore loan to one of the companies of the group. A complaint pertaining to the cooperative bank has been forwarded to the PMO.

The Central Bureau of Investigation has booked Simbhaoli Sugars, Mann, its chief executive officer Gurpal Singh, who is the son-in-law of Punjab Chief Minister Amarinder Singh, and 10 others and unknown bank officials in the OBC bank fraud case filed last month.

As per a document, the cooperative bank had sanctioned Rs 152 crore to Simbhaoli Sugars, but could not recover the money which then turned NPA in April 2017.

Complaint filed against cooperative bank

A businessman has lodged a complaint against top officials of a district coop-

erative bank, accusing them of conducting "unauthorised" transactions worth Rs 1 crore through his account. Shivraj Bhosale (61) has claimed that by doing this, the bank officials have exposed him to additional tax liability.

The complaint of cheating and forgery was lodged with the economic offences wing of Navi Mumbai police against Raigad District Central Cooperative Bank's chairman, director and manager of Panvel branch. Bhosale, however, claimed that the bank's current chairman is MLC from Alibaug, Jayant Patil, and his family members are its directors. Patil, on his part, claimed that it is a "false" complaint.

According to the FIR, Bhosale took a loan of Rs 1.5 crore in 2012. The bank said he stopped repaying it after 2015 and a court notice was sent to him. The bank has already initiated legal action against Bhosale for defaulting on installment payment.

Delhi Governor asks RBI to Probe co-operative bank scam

Delhi Lieutenant Governor has issued directions asking RBI, the Economic Offences Wing of the Delhi Police and the Anti-Corruption Branchbto inquire into the allegations of "irregularities" in the Delhi Nagrik Sehkari Bank Ltd.

The directions were issued, a day before the budget session of the Delhi Assembly is set to begin. The House committees are likely to present their report on the year-long probe into the alleged scam at the budget session.

The statement added that the RBI "has been requested to inquire into the matter to ensure that there are no financial irregularities in the running of the bank... and corrective and preventive actions are taken."

LEGAL

CASES

Supreme Court direction to scrutinize audit firms

Supreme Court directed the Union government to constitute a three-member committee of experts to scrutinize the existing regulatory regime and propose changes if required.

The ruling comes at a time when the role of auditors is already under scrutiny for their failure to detect the Rs.11,400 crore fraud allegedly perpetuated by group firms of jewellers Nirav Modi and Mehul Choksi in collusion with officials of state-run Punjab National Bank.

"Financial statements audited by qualified auditors are acted upon and failures of the auditors have resulted into scandals in the past. The auditing profession requires proper oversight," the court observed.

The committee has to be set up within two months and will thereafter be required to submit its findings to the Supreme Court in three months. The Supreme Court order said it would need to consider the need for an appropriate legislation or mechanism to govern the profession of auditors.

Call for expanding the scope of National Financial reporting authority

ICAI is under pressure from members to actively lobby with the government and make sure that rules framed for the National Financial Reporting Authority (NFRA) end up protecting the interests of the financial audit profession.

Members are demanding that the CA profession be only regulated by the Institute of Chartered Accountants of India (ICAI). Some have even suggested that the scope of NFRA be enlarged to look at misconduct of company secretaries, cost accountants and other professionals like lawyers, actuaries, system auditors engaged with listed companies.

"NFRA's scope should be enlarged by roping in other professionals working in the corporate sector. They should also be investigated for misconducts with regard to listed companies. NFRA could be renamed as say National Corporate Review Authority," G Ramaswamy, former CA Institute President, told.

Past presidents have said that there should be no concurrent jurisdiction in regulating the CA professionals and there should not be overlapping of National Financial Reporting Authority with CA Act, 1949.

Makarand Lele, President of the Institute of Company Secretaries of India (ICSI), said that as of today NFRA does not cover misconduct of company secretaries as regards Secretarial audits done on listed companies.

"As of today, it does not cover Secretarial Audits. It may eventually come in the coming days, but we really don't know. There is no official word on this right now," Lele told BusinessLine when asked if Company Secretaries would come under NFRA purview. The current law says that NFRA will cover only financial auditors.

"If there is an intention of the government to bring professionals of all other audits - secretarial audit, cost audit etc to NFRA, they have to move amendments to the company law," Lele said.

PNB issued 41,178 LoUs since 2011: Jaitley

The central government has said that PNB has issued 41,178 Letters of Undertakings (LoUs) since 2011. "PNB has apprised that 7,672 LoUs were issued with validity of 90 days, 20,078 LoUs were issued with validity of 180 days, 11,224 LoUs were issued with validity of 365 days, and 2,204 LoUs were issued with validity of more than 365 days," Finance Minister Arun Jaitley informed the Rajya Sabha.

"Further, PNB has informed that the details regarding money withdrawn from the foreign branch of the other banks against each LoU is presently not available as the matter is under investigation," Jaitley was quoted as saying in a written reply to a question.

Sebi may tell exchanges to raise fees for trading in illiquid stocks

Sebi has asked stock exchanges to raise transaction fees for trading in illiquid stocks in their recent discussions, two people aware of the matter said. The regulator feels some of these may be shell companies that could expose small investors to high risks, the people said on condition of anonymity.

Typically, any stock with an average daily turnover of less than Rs2 lakh for two previous quarters is termed illiquid. According to Mint research, there were at least 446 such firms in the past two quarters. In the December quarter, BSE listed 222 firms as illiquid.

IT department probes Rs. 10 billion tax refund fraud

Income Tax department has unearthed a big fraud in multiple cities, where government employees allegedly claimed huge tax refunds forging documents, inflating expenses and not revealing complete information. In Mumbai alone, around 17,000 revised returns have been filed claiming refunds.

Similarly, in Bengaluru, the IT department has found over 1,000 returns filed with inflated claims on account of payments towards home loans. Since the IT department is still investigating the matter, the loss to the department could not be ascertained, but it could go up to over Rs 10 billion, sources said. They added most of these refunds were being claimed by employees working for the government or in public sector undertakings (PSUs)."These assessees' original returns were already processed by the centralised processing centre of the I-T department. But they filed revised returns, claiming refunds with supporting documents," said an I-T official. A red flag was raised when the tax department noticed a pattern over three years.

Explaining the modus operandi, an I-T official said some of these assessees showed no income in their original tax returns under the head 'income from house property', but claimed losses in revised returns.

Small-scale unit that grows loses IT benefit

The Supreme Court recently ruled that a small-scale industry cannot claim income tax benefits given to it earlier if it ceases to be one. Setting aside the judgment of the Karnataka High Court which held the opposite view, the court stated in the case of Ace Multi Axes Systems Ltd and other companies that an industry may be eligible once and given the benefit of deduction under Section 80 IB of the Income Tax Act but it cannot claim deduction for all the following years.

It must fulfil all the conditions enumerated in the provision, such as the value of assets, use of power and number of employees, to claim the benefit in each year. The court thus allowed the appeals of the revenue authorities.

The judgment explained, after examining the scheme in the law, that "there is no manner of doubt that incentive meant for small-scale industrial undertakings cannot be availed by those which do not continue as smallscale industrial undertakings during the relevant period. Needless to say, each assessment year is a different assessment year, except for block assessment".

It held as wrong the high court view that the object of the legislation was to encourage industrial expansion, which implied that incentive should remain applicable even when on account of industrial expansion, small-scale units do not retain their original character.

BANKING FRAUD UPDATE

PNB to honour bonafide claims: CEO

Punjab National Bank MD and CEO

Sunil Mehta said that the bank would honour all genuine commitments to other banks.

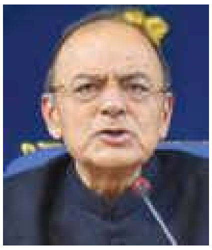
Mehta said Modi had come up with "vague offers" to repay the amounts due and had not submitted a concrete plan. He added the total exposure of the bank to the two groups of companies involved was around Rs 1.7 billion.

"We will come out of the present situation. We are in discussions with stakeholders, including other banks that are party to this development. We will resolve it and honour all bona fide commitments with other banks," Mehta said, during a press conference a day after the country's second-largest PSB made public that it had detected fraudulent and unauthorised transactions.

"We are in discussions with all the lenders. It will be decided after the investigation. If the entire onus is on us we are not going back on it, but nobody else can be a beneficiary of this also," Mehta said.

Punjab National Bank has sound fundamentals : Arun Jaitley

The Finance Minister came in full support of the Punjab National Bank and as-



serted that the bank like the Indian economy has sound fundamentals and strong growth potential. Jaitley's remarks come as some relief for the PNB management, which has been facing strong criticism ever since the Rs 12,700 crore scam perpetrated by Nirav Modi came to light.

Jaitley noted that the public sector bank had a high share of current account and savings account (CASA) deposits, healthy provision coverage ratio of over 60 per cent and high potential for mobilising capital through sale of non-core assets. Jaitley highlighted that market capitalisation depends upon underlying fundamentals, growth potential and general market sentiment.

Punjab National Bank tightens staff transfer policy

Punjab National Bank has decided to replace the current tax transfer policy with strict as well as clear norms to ensure that such irregu-

larities do not recur. The board also resolved that internal and external auditors must ensure that system procedures, particularly those involving SWIFT and forex transactions, are followed in all the branches. "The board decided that there should be no laxity in the staff transfer policy. In some places, the transfer policy was not implemented. We found casualness and delay in transfer of staff," a source told.

The sources also added that the bank's zonal manager (general manager level) from Mumbai had been moved to the headquarters in Delhi. Also, the GM dealing with risk management in Delhi had been transferred to Mumbai, they revealed. It has been alleged that certain employees involved in the scam remained in the same position and the same branch for a very long time in violation of the human resources (HR) policy. Following the fraud, PNB has transferred 1,415 employees.

Private bank officials summoned in PNB fraud case

Top executives of private sector bank ICICI Bank Ltd and Axis Bank Ltd appeared before the Serious Fraud Investigation Office (SFIO) as investigative agencies expanded their probe into the alleged bank fraud by companies linked to Nirav Modi and his uncle Mehul Choksi.

SFIO and Enforcement Directorate (ED) are investigating 31 private and PSU banks that in a consortium gave working capital loans worth Rs.5,280 crore to Choksi-controlled Gitanjali Gems Ltd starting 2009.

This is in addition to the Rs.12,636 crore Punjab National Bank (PNB) fraud investigation, which involved fake letters of undertaking.

ICICI Bank Ltd has an exposure of Rs.750 crore to the Gitanjali group of companies and Rs.500 crore to Gitanjali Gems. PNB has an exposure of Rs.900-1,000 crore, the highest among the lenders.

SFIO, the investigative agency under the ministry of corporate affairs (MCA), summoned Chanda Kochhar, managing director and chief executive officer of ICICI Bank, and Axis Bank CEO Shikha Sharma, to seek information on the working capital loan given by the consortium of bankers to Gitanjali Gems, an MCA official said.

Passport details may be made mandatory for big loans

Passport details of borrowers taking loans of Rs 50 crore and more may be made mandatory to ensure a swift action in case of fraud and prevent fraudsters from fleeing the country, a top official said. Passport details will help banks to take timely action and inform the relevant authorities to prevent fraudsters from fleeing the country.

Jeweller charged with Rs. 390 crore bank fraud

Oriental Bank of Commerce's loans to Delhi Jeweller Dwarka Das Seth International and its owner Sabhya Seth turned non-performing asset (NPA) in 2014 but the bank approached the CBI only on August 16, 2017 - after the company had folded up and Seth fled the country, according to the bank's complaint to the CBI. The bank has accused the the company and its owner of defaulting on loans amounting to Rs 389.85 crore. The CBI registered an FIR, six months after the complaint. The OBC alleges that Dwarka Das Seth International took loans by way of letters of credit and other such credit facilities for gold and diamond jewellery export/import between 2007 and 2012 but failed to repay.

Passport info must for Public sector banks loans over Rs. 50 crore

The government has asked PSB's to build a database of borrowers with loans of over Rs 50 crore as it mandated PSU lenders to collect their passport details in a bid to stop escape from the country in case of a default. "PSBs to collect passport details of all new borrowers of loans above Rs 50 crore. Loan application forms to be suitably modified," Rajeev Kumar, secretary, department of financial services, said.

Punjab National Bank may be given one year to make provisions for fraud

Reserve Bank of India may provide 1 year to Punjab National Bank for making provisions against the country's biggest ever banking fraud of Rs.12,636 crore by Nirav Modi. The bank has written a letter to RBI seeking its opinion on making provisions for the PNB fraud, sources said.

RBI initiates special audit of PSU banks

Reserve Bank of India has initiated special audit of PSU lenders with focus on trade financing activities, especially relating to issuance of letters of undertaking (LoUs) by them, banking officials said. In addition, the RBI has asked all banks for details of the LoUs they had written, including the amounts outstanding, and whether the banks had pre-approved credit limits or kept enough cash on margin before issuing the guarantees.

200 shell firms benami assets under scanner

Around 200 shell firms and 'benami' assets have come under the scanner of the investigative agencies that are probing the Rs. 11,400-crore fraud at Punjab National Bank, involving Nirav Modi, Mehul Choksi and others.

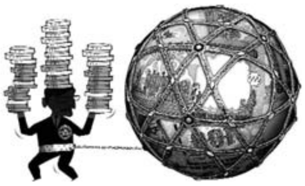
"As many as 29 properties - of Modi, his family members and companies - that have been provisionally attached by the Income Tax department, are being assessed by the ED under the PMLA. A few more assets will be attached soon under the anti-money laundering law," a senior ED official said.

He added that the ED and the I-T department had zeroed in on about 200 dummy or shell companies in the country and abroad, which were being used to launder money and create "benami" assets in the form of land, gold and precious stones. The ED has seized diamonds, gold jewellery and other precious stones worth Rs. 5,674 crore till now in the case.

According to CBI sources, during interrogation, the arrested bank officials disclosed that for every LoU, a commission was fixed depending on the amount to be sanctioned as loan. That commission was shared among all the employees of PNB who were involved in the fraud, the CBI said.

Immigration asked to stop wilful defaulters from leaving country

Ministry of Home Affairs directed the Bureau of Immigration not to allow promoters of companies that have defaulted on their bank loans to leave the country. "They have been told not to allow them through the emigration check point and to turn them back," sources said.



These persons, they said, would be allowed to travel only when the individual submits a court order permitting him or her to travel abroad for a specific purpose, mainly for medical treatment. However, for such relaxation, the identified defaulters would have to pledge a collateral and indemnify that their family members would reside in the country during their absence.

Sources said the direction was issued after the Reserve Bank of India provided the list of defaulters that was handed to the Ministry of External Affairs for providing their passport details. The names and their passport numbers were sent to the Bureau earlier this month, said sources.

Banks sue 17,000 defaulters to recover Rs.265,908 crore

Banks have filed suits in different courts against 17,000 borrowers who have defaulted on loan repayments worth Rs 265,908 crore at the end of September 2017. This is just 31.73 per cent of the total defaults of Rs 838,000 crore recorded by banks during the period, indicating that loans on which there have been defaults of over Rs 572,000 crore are still in various stages of resolution or are being taken to the courts.

Figures sourced from Transunion Cibil Ltd show that banks filed cases against 2,000 borrowers for recovery of over Rs 47,000 crore during the 12 months ended September 2017 even as Debt Recovery Tribunals (DRTs) started speeding up disposal of cases. Total suit-filed accounts were 15,220 for defaults of Rs 218,220 crore as of September 2016, CIBIL data says.

Tax Auditor at fault: CBI

CBI has alleged that the tax auditor of Nirav Modi group did not raise a red flag despite being aware of three unsecured loans amounting Rs. 5,100 crore availed of by group companies Diamond R US, Solar Export and Stellar Diamond, and that too from a single bank- PNB, Brady House branch, Mumbai.

CBI special prosecutor A Limosin submitted that in the financial statements for the three firms for the year ending March 31, 2017, the auditor mentioned in the notes forming part of financial statements that the firms had availed of buyer's credit or payment of overseas payable for goods on letters of undertaking (LoU) from the bank and that they had not provided any security or guarantee. The auditor is duty-bound to check the background of unsecured loans, CBI submitted.

The Economic Times successfully concludes first edition of NBFC & MFI Summit 2018

The Economic Times NBFC & Micro Finance summit held today at The Lalit Mumbai saw industry doyens deliberateon growing significance of NBFCs & MFIs in the industry. The summit highlighted the role of NBFCs in promoting India's economic growth. It also analyzedthe opportunities, challenges and problems faced by this sector and the way forward.

Commencingthe conference with his opening remarks,Raman Agrawal, Chairman, FIDC & Senior VP Corporate Affairs, SREI, stated that the flow of non-bank resources to the corporate sector, which includes bond market borrowing and lending by NBFCs,has increased by 43% from April 2017 to December 2017. According to RBI Financial Stability Report Dec 2017, NBFCs were the largest net borrowers of funds from the financialsystem, hence there are huge growth opportunities.

In a panel discussion held on the role of Financial Inclusion,George Alexander Muthoot, MD, Muthoot Finance, said, "We are looking at using customer's credit score to give them unsecured loans as most of the gold customers do not have home of their own. Considering the power that technology holds, we are constantly trying to use and evolve technology in a way that is beneficial and creates hassle-free experience formost customers." GovindS ankaranarayan, Head- Strategy, Tata Capital, said, "Combination of partnership & database helps in increasing penetration of financial inclusion. To reach large numbers of customers successfully& minimize risk we have partnered with various governments to use their database and identify customer worthiness. Thus lending has been productive."

Talking about the event, Deepak Lamba, President - Times Strategic Solutions, said "The summit was initiated to highlight the growth, success, challenges and other concerns of the industry through interactive panel discussions, keynotes and un-conferencing sessions. We are grateful to the legends from the finance industry that gathered here today for the larger good of the financial community by sharing inputs on factors affecting the rapid growth and upcoming opportunities within the NBFC & MFI space."

The discussion on 'Financial Disruption: Laying digital footprints to drive financial inclusion' sawSuresh A Shanmugam, National Head of BITS & CTO, Mahindra & Mahindra Financial servicestouch upon the usage of digitalization. He said,"The audience wants something that is engaging enough for a lifetime and hence, using asmuch as information available will lead to arise in the use of digital platforms. With the help of these digital platforms, the rural sector will find something reliable enough for them to trust in". Voicing his opinion,Punit Jain, CEO, Nelito, said, "Agility is very important as it sets the banks apart. Banks function slower as compared to the NBFCs, which is why agility is important.

Technological advancements like the use of mobile phones & the internet can help in making information easily accessible anytime anywhere. Hence reducing the demand & reliance on bank branches". Sanjay Sharma, Managing Director, Aye Finance, stated that modern methods overcome key challenges that had overwhelmed conventional lending. Providing further insights, Satrajit Saha, CBO, TransUnion CIBIL, said, "Digitalization gives us the ability to present multiple choices and reach the larger audience at quicker pace. This will indirectly give rise to larger NBFCs."

On his views on regulations, its evolution and prospective changes,Rakesh Singh, CEO, Aditya Birla Finance, said, "NBFCs and MFIs must have a last resort of borrowing like the banking sector. Manish Jaiswal, MD & CEO, Magma Housing Finance said,"NBFCs& MFIs are the largest propellants of ushering finance into the country".

The summit was a momentous event for networking with like-minded people from the sector, which concluded with useful inputs like technology is not only at the head of banking and financial services, but also an increasingly digitalized India has underpinned the rise of NBFCs. Another major advantage of NBFCs is their ground level understanding of their customers profile and their credit needs, which gives them an edge, as their ability to customize their products according to client needs.

HUDCO Pays Rs.110.10 crore Dividend for FY 2017-18

Dr. M Ravi Kanth, CMD HUDCO presented interim dividend of Rs. 76.05 crore to Shri Hardeep S Puri, Hon'ble Union Minister (Housing & Urban Affairs), in the presence of Shri DS Mishra, Secretary (HUA), and other senior officials of the Ministry. HUDCO also paid dividend of Rs. 22.83 crore to the Ministry of Rural Development, and Rs.11.22 core to other share holders, HUDCO being a listed company.

Mahindra & Mahindra partners with Standard Chartered to become first corporate to complete SWIFT domestic payment

Mahindra & Mahindra Limited, in partnership with Standard Chartered Bank, has become the first Indian corporate to successfully complete domestic payments via the SWIFT India platform. Mahindra selected SWIFT to streamline and rationalise its banking channels using a single and standardised connectivity platform.

The adoption of SWIFT India will bring in process efficiencies through the use of a single, bank agnostic platform and standardised payment formats for both global and domestic flows, while leveraging a platform that is known for its security, reliability and STP (Straight-Through Processing) capabilities.

Zarin Daruwala, CEO, India, Standard Chartered Bank, said "At Standard Chartered Bank, our endeavour is to be at the forefront of cutting-edge banking technology and to be the digital bank of choice for our clients. In continuation of this, we have been working closely with Mahindra to take a lead on their digitisation journey and are pleased to partner with them on their new-age digital initiatives."

VS Parthasarathy, Group CFO & Group CIO, Member of the Group Executive Board, Mahindra & Mahindra Limited, said, "Mahindra is proud to lead Corporate India's Digital transformation by being the first Indian Corporate to use the SWIFT platform for payments within India, in partnership with Standard Chartered Bank. SWIFT will enable us to consolidate our banking connectivity, streamline communications, and create a more efficient payment environment. Going forward, we hope to leverage the same for trade and forex as well "

Sanjay Gurjar, Managing Director and Head, Transaction Banking (India and Nepal), Standard Chartered Bank, said, "We have been working with SWIFT across our markets and are pleased to announce that Mahindra is the first corporate to route domestic cash payments using their SWIFT India Infrastructure through Standard Chartered Bank. We have a long-standing partnership with Mahindra and this development is an important milestone for all of us."

Kiran Shetty, Chief Executive Officer, SWIFT India, said: "India is quickly moving toward a digital ecosystem and corporates such as Mahindra are leading the way by adopting the most recent technologies and standards.

As the global and domestic payments landscape needs more than ever to be interconnected, we believe that the adoption of common standards and best practices is the key for multi-national corporations to be ready for the business challenges ahead of them. Standard Chartered Bank has been among the first adopters of this platform and is proactively working with its clients on establishing secured payment models".

Bank of Baroda honours Mumbai University student

Bank of Baroda under its “Baroda MedhaviSammanYojana” felicitated meritorious students of Mumbai University, who had secured the highest marks in M.A. (Hindi) exam during a programme organized, in the honour of noted poet Muktibodh in the University.

The programme started with the address speech of Dr. Ratan Kumar Pandey. During the event Bank’s Deputy General Manager (Official Language) Dr. JawaharKarnavat handed over cash prize of Rs. 5000 and certificate to the second topper of University Mrs. Arti Mishra. The chief guest of the programme was Dr. Promod Sharma, Professor & Head, SantTukodiMaharaj University, Nagpur. Dr. Vishnu Sarvade, Head of the Hindi Deptt., Mumbai University, was also present on the occasion.

While addressing the gathering Dr. JawaharKarnavat highlighted the innovative initiatives taken by the Bank in the areas of Official Language implementation. The keynote address was delivered by Dr. Ratan Kumar Pandey and Dr. Hubnath Pandey conducted the programme.

ICICI Bank announces launch of ‘InstaOD’, the country’s first online and instant overdraft facility for MSMEs

ICICI Bank, India’s largest private sector bank by consolidated assets, announced the launch of an instant overdraft facility for MSME (Micro, Small and Medium Enterprises) customers in a completely online and paperless manner. Christened ‘InstaOD’, this first-ofits-kind offering in the Indian banking industry enables a few lakhs of pre-qualified current account customers of the bank to instantly avail of the facility without visiting a branch and submitting physical documents.

This facility significantly improves customers’ convenience, as they get an overdraft facility upto Rs. 15 lakh for a year anytime, anywhere, using the bank’s internet and mobile banking app. The application procedure incorporates an additional level of authentication in order to make the security of the process robust.

ICICI Bank will also offer a facility of instant online sanction of overdraft facility to MSME customers of other banks shortly.

Bank of Maharashtra pledges to promote ‘Clean India’

The employees of Bank of Maharashtra (BoM) undertook the ‘Swachhata Pledge’ under the guidance of Shri. R.P. Marathe, MD &CEO, BoM and Executive Directors, Shri. RK Gupta & Shri A.C. Rout.

The leadership team urged the employees to keep the bank and its surroundings clean and also educate the customers and people living in the vicinity on the importance of cleanliness. The bank is undertaking various innovative initiatives to make this a success during the Swacchta Pakhwada between January 16-31, 2018, under the government initiative - ‘Swacch Bharat Abhiyaan.

Bank of Maharashtra, one of the leading banks in the state of Maharashtra, plans to create awareness amongst villagers by visiting one village in the vicinity of branch on a Sunday or any public holiday during the fortnight. The Bank’s employees will volunteer in carrying out ‘Shramdan’ activities for promoting cleanliness in the village in true spirit.

CYBER CRIME AND BANKERS LIABILITY

Introduction:

Bank's prime duty is to keep the customer information confidential and safe. Use of internet, digitization and virtualization has increased the cyber risk.Reserve bank of India has come out with circular on customer protection, limiting Liability of customers in Unauthorized Electronic Banking Transactions.

Cyber crime can be monetary or non-monetary. Cyber crime is an offence committed to harm the reputation, financials or bother mentally against individuals or groups or nations using networks. Cyber crime is a criminal activity using computer and network.

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Cyber risks represent the possibility that technologies, processes and practices at the bank can be circumvented, allowing unauthorized users to modify and/or delete key applications and information, which will affect the accuracy or integrity of processing. Access or extract protected or sensitive information (e.g., Intellectual property- IP, Proprietary Information, Credit Card Information, Personal identifiable information), Disrupt computer controlled operations or access to online systems in prospect of cyber crime means theft of identity, data.Cyber threats are exploited by Unsophisticated attackers, Sophisticated attackers, Organized crime, State sponsored attacks, Organized crime, etc.

Emerging Trends of Cyber crime and its impact: Cyber security requires more attention in financial sector. Now the technology support is omnipresent, so the Infrastructure that support must be sophisticated. Technology is adopted by banks for end to end financial transactions. Now financial transactions are processed on real time basis without human intervention. Users demanding faster, efficient, easier and safe /secure way of transactions.

Financial sectors are providing services anywhere, any time. World is interconnected and all organizations are targets for cyber attacks. Financial sectors are more vulnerable than other organizations due to their nature of business and dealing with money. Banks have kept their system to open for their customers and they become easier targets .Customers want rich experience, easy and fraud free transactions. System connected to a network can be compromised. Vulnerability in software and network are the easy target of cyber attackers and protecting these resources are the main focus of the organization.

Now a day's data breach from phishing attacks and social engineering shows increasing trend. From social media cyber attackers get information because social media is easily accessible and peoples' tendency is to share personal information. Now a day's mobile phones, tablets, laptops or other wireless devices are showing increasing trends and initially they are not designed with the security aspects kept in mind. Now world is interconnected, security is weak. So cyber criminals attempt to attack on important resources. Retail stores, restaurants are easy target of cyber criminals.

In 2014, Cyber attackers have stolen 76 million customers contact information like name, emailaddress, phone number of JPMorgan Chase & Co. Cyber attack can be done in many ways through ransom ware, crypto ware, destructive malware, business email frauds, spam, email, phishing, vishing, drive by downloads, browser gateway fraud, ghost administrator exploits, identity frauds, password related frauds etc.

Phishing:

Cyber criminals create fake emails that look like 'real' emails from your bank or financial institution asking you to reply with personal information. Be extra cautious if you're ever asked to provide sensitive information (your name, password, account number, PIN) - Bank would never ask for this by email. Also avoid links in emails that take you to websites other than your online banking site.

Malware:

This is malicious software that cyber criminals spread online and can get onto your computer in a number of ways. While you believe you're banking safely, it can Steal account information by capturing your keystrokes, such as the credit card or bank card number you entered or images you've chosen to authenticate your identity.Hijack your account and transfer funds without your knowledge. This is done with software that launches a hidden browser window on your computer that logs in and accesses your account.

Pharming:

Cyber criminals involve redirecting your access to a legitimate website to a fake website (also known as "spoofing") that looks like the genuine one, but isn't. It may look very similar to your online banking site and include extra fields on forms that you enter (PIN, date of birth, mother's maiden name) and, without realizing it, you submit this information directly to your bank and to the attacker.

Recently Wanna Cry and Petya hited the world. At present there are two types of companies in the world, one is those who have been hacked and others are those who don't have been hacked. Cyber criminals now a day's not prefer in mass malicious attacks they prefer targeted attacks. Cyber criminals now started to pursue organizations that work with financial information and payment tools instead of attacking end users.

Recently a gang dubbed as Carbanak used computer viruses to infect company networks with malware including video surveillance enabling it to see and record everything that happened on staff's screen. This virus able to instruct the computer or system to transfer money from the banks accounts to their own or even able to instruct cash machines to dispense cash at specific time of the day.

Another concern is from insiders, it is easier for an insider to carry out cyber attack because they are aware about their system and procedure. Companies have no option to trust their employees and provide them access to systems. Now a day's cyber war among states, nations also increases day to day.

Cyber attacks destroy the system and procedure of the organizations. It also blackmails the organization. The numbers of cyber incidents, frequency and impact have increased more in the case of financial sectors including banks. So there is a need to prepare a robust cyber security/ resilience framework at banks to ensure adequate cyber security.

Guidelines for banks:

Cyber security concern is increasing so RBI has come with guidelines that Banks have to make cyber security policy as per complexity of business and acceptable level of risk approved by the board to combat cyber threats.

Cyber risk vary from bank to bank depends upon the size, complexity of technology, digital products so banks identify the inherent risks and prepare the cyber security framework.

Bank has to test the vulnerabilities at regular interval of time and set up security operations centre for continuous surveillance.

Bank should design the IT architecture to take care of the security measure. Bank should record in writing the risk cost or potential cost to enable appropriate supervisory assessment. Bank should implement minimum cyber security baseline and resilience.

Many times banks allow access of networks/database for business and operational requirement and not closed due to oversight make the network/database vulnerable. Hence Banks need to review network security.Unauthorized access is not allowed, process and responsibility is well defined.

As a custodian, bank should not compromise customer information at any cost. They have to prepare well defined Cyber Crisis Management plan.

Bank should comprehensively check risk/preparedness

through qualified or competent professionals. There is awareness among stakeholders and employees.

Reserve bank of India has decided to collect cyber incident report both summary level information as well as details on information security incidents. Any assessment gaps in preparedness to be reported to RBI immediately.

Banks are dealing with data of customers, banks have to maintain the customers information confidentiality at all level.

Guidelines on customer protection in Unauthorized Electronic Banking Transactions:

Customer grievances related to unauthorized transactions now a days, increased in electronic banking transactions. Electronic banking transactions can be divided in to two categories:

1) Remote/Online payment transactions like internet banking, mobile banking, pre-paid payment instruments and
2) Face to Face payment transactions such as payment through Card or mobile phone, ATM, POS etc.

Banks system and procedure designed in such a way that customers feel safe in carrying out electronic banking transactions. For this banks must have

- ❖ Systems and procedures to ensure safety and security of electronic banking transactions of customers
- ❖ Robust and dynamic fraud detection and prevention mechanism
- ❖ Mechanism to assess the risks from unauthorized transactions and the liabilities arising from it
- ❖ Appropriate measure to mitigate the risks and protect themselves from the liabilities arising due to such frauds
- ❖ System of continually and repeatedly advising customers how to protect themselves from electronic banking frauds

Banks advice their customers to mandatorily register for SMS alerts and e-mail alerts for electronic banking transactions.

Customers must be advised to notify their bank about unauthorized electronic banking transactions at the earliest after the occurrence of such transactions and informed that the longer the time taken to notify the bank higher will be the risk of loss to the bank/customer.

Bank must provide customers 24*7 accesses through multiple channels like website, phone banking, SMS, e-mail, IVR, toll free helpline for reporting unauthorized transactions. The loss/fraud reporting system of the bank should also ensure immediate response is sent to the customer acknowledging the complaint along with the registered complaint number with time and date. This is important in determining the extent of a customer's liability.

The Banks may not offer facility of electronic transactions, other than cash withdrawals to customers who do not provide mobile numbers to the bank. On receipt of report of unauthorized transactions from the customer, banks must take immediate steps to prevent unauthorized transactions in the account.

Guidelines about limited liability of a customer:

A customer has entitlement to zero liability for the unauthorized transaction in following circumstances

a. Contributory fraud negligence/ deficiency on the part of the bank

b. Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system and the customer notifies the bank within three working days of receiving the communication from the bank regarding the unauthorized transaction.

Limited liability of a customer:

A customer is liable for the loss occurring due to unauthorized transactions in the following cases:

a. When the loss is due to negligence by a customer, such as sharing of credentials, the customer will bear the entire loss until he reports the unauthorized transaction to the bank. Any loss occurring after the reporting of unauthorized transaction shall be borne by the bank.

b. If unauthorized transactions lies neither with the bank now with the customer, but lies elsewhere in the system and there is a delay(of four to seven working days after receiving the communication from the bank on the part of the customer in notifying the bank of such a transaction value or the amount mentioned as below, whichever is lower

Maximum liability of a customer

Type of Account	Maximum liability in RS.
BSBD Accounts	5000
All other SB accounts	10000
Pre paid payment Instruments and Gift Cards	10000
Current /cash Credit/Overdraft accounts of MSMEs	10000
Current accounts/Cash Credit/Overdraft Accounts of individuals with annual average balance limit up to Rs.25lakh	10000
Credit card with limit up to Rs.5lakh	10000
All other current /Cash Credit /Overdraft Accounts	25000
Credit cards with limit above Rs.5lakh	25000

If delay in reporting is beyond seven working days, the customer liability shall be determined as per the bank's Board approved policy. Bank shall provide details of policy in regard to customer's liability at the time of opening of the account. Overall liability of the customer in third party breaches,where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system is as follows

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability in Rs.
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in above table
Beyond 7 working days	As per bank's Board approval policy

The number of working days shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

Reversal timeline for Zero Liability/ Limited liability of customer:

The bank shall credit the amount involved in the unauthorized electronic transaction to the customer's account within 10 working days from the date of such notification by the customer(without waiting for settlement of insurance claim, if any). Banks may at their discretion decide to waive off any customer liability in case of unauthorized electronic banking transactions even in cases of customer negligence. The credit shall be value dated to be as of the date of the unauthorized transaction.

Banks shall ensure that:

- Complaint is resolved and the liability of the customer, if any established within such time as specified in the bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint and customer is compensated as per provisions.
- In case of debit card /bank account, the customer does not suffer loss of interest and in case of credit card; the customer does not bear any additional burden of interest.

Board Approved policy for customer protection:

Unauthorized debits to customer account showing to customer negligence/bank negligence /banking system frauds/third party breaches, bank need to clearly define the rights and obligations of customers in case of unauthorized transactions. Banks formulate customer relations policy with approval of their Boards to cover aspects of customer protection, including the mechanism of creating customer awareness on the risks and responsibilities involved in electronic banking transactions.

The policy must be transparent, non-discriminatory and mechanism of compensating the customers unauthorized electronic banking transactions. Banks shall put in place a suitable mechanism and structure for the reporting of the customer liability .The reporting include volume/number of cases and the aggregate value involved and distribution across various categories of cases viz. Card present transactions ,card not present transactions ,internet banking, mobilebanking, ATM transactions etc.

Conclusion:

Cyber threat is universal and preventive measures are must to safe guard from the threat. Hence Bank has to prepare IT Governance policy as a subset of cyber security policy that covers the usage of all of the Bank's Information Technology and communication resources, including all computer-related equipment, including portable PCs, terminals, workstations, telecomm equipment, networks, databases, printers, servers and shared computers, and all networks and hardware to which this equipment is connected. All software including purchased or equipment taken on rent or on outsourced model or licensed business software applications, Bank written applications, employee or vendor/supplier-written applications, computer operating systems, firmware, and any other software residing on Bank-owned equipment.

Policy to clearly define that technologies, processes and practices at the bank cannot be circumvented, allow only authorized users to modify and/or delete key applications and information, which will affect the accuracy or integrity of processing.

Banks have to prepare cyber crisis management team headed by Chairman Key functional.

Bank has to prepare Cyber Crisis Management Plan with concept to Identify, Protect, Detect, Respond, Recover and Learn basis.

Ongoing crisis:

Detect control Recover Remediate

Post crisis:

Post Incident Analysis Reporting Crisis Prevention Plan So we can say that eternal vigilance is useful for safe and secure financial system.

References:

RBI circular's/RBI speeches

TRADE BASED MONEY LAUNDERING

Money laundering is the process of clouding source of money by using financial systems or services. Profits of crime and corruption are transformed into legitimate assets. Typically money laundering involves three steps: Placement, Layering and Integration. First, the illegitimate funds are furtively introduced into the legitimate financial system. Then, the money is moved around to create confusion, sometimes by wiring or transferring through numerous accounts. Finally, it is integrated into the financial system through additional transactions until the, dirty money appears clean.

Money laundering was first seen in individuals hiding wealth to avoid taxation or confiscation or a combination of both.

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Money laundering is an offence in its own right, but it is also closely related to other forms of serious and organized crime as well as the financing of terrorism.

Reverse money laundering : It is a process that disguises a legitimate source of funds that are to be used for illegal purposes. It is usually executed for the purpose of financing terrorism, but also be used by criminal organizations that have invested in legal businesses and would like to withdraw legitimate funds from official circulation. Unaccounted cash received via disguising financial transactions is not included in the official reporting and could be used to evade taxes, hand in bribes and pay under the table salaries.

Some of the common methods of money laundering are :

- **Tax evasion :** Tax evasion and false accounting practice are the most common types of money laundering.

- **Structuring :** Often known as smurfing, which is a method of placement whereby cash is broken into small deposits of money, used to defeat suspicion of money laundering and to avoid anti-money laundering reporting. A sub-component of this is to use smaller amounts of cash to purchase bearer instruments and then ultimately deposit these, again in small accounts.

- **Cash smuggling :** This involves physically smuggling cash to another jurisdiction and depositing it in a financial institution, such as an offshore bank, with greater bank secrecy, less regulation, reduced taxation and less rigorous money laundering enforcement.

- **Cash intensive business :** In this method, a business typically expected to receive a large portion of its revenue as cash, uses its accounts to deposit criminally derived cash. Such enterprises often operate openly and in doing so generate cash revenue incidental to legitimate business in addition to the illicit cash - in such cases the business will usually claim all cash received as legitimate earnings. Service businesses are best suited to this method, as such enterprises have little or no variable costs and or a large ratio between revenue and variable costs, which makes it difficult to detect discrepancies between revenues and costs. Examples are parking structures, strip clubs, tanning salons, cash washes and casinos.

- **Shell companies and trusts :** Trusts and shell companies disguise the true owners of money. Often, launderers achieve this objective through the shell companies, holding companies and offshore accounts. A shell company is an incorporated company that possesses no significant assets and does not perform any significant operation. To launder money, the shell company purports to perform some service that would reasonably require its customers to often pay with cash. Cash transactions increase the anonymity of customers and therefore decrease the regulators ability to trace the initial recipient of the dirty money.

- **Round tripping :** Here, money is deposited in a controlled foreign corporation offshore, preferably in a tax haven where minimal records are kept and then shipped back as a foreign direct investment, exempt from taxation. A variant on this is to transfer money to a law firm or similar organization as funds on account of fees, then to cancel the retainer and, when the money is remitted, represent the sums received from the lawyers as a legacy under a will or proceeds of litigation.

- **Bank capture :** In this case, money launderers or criminals buy a controlling interest in a bank, preferably in a jurisdiction with weak money laundering controls, and then move money through the bank without scrutiny.

- **Casinos :** In this method, an individual walks into a casino and buys chips with illicit cash. The individual will then play for a relatively short time. When the person cashes in the chips, they will expect to take payment in a cheque or at least get a receipt so they can claim the proceeds as gambling winnings.

- **Real estate :** Someone purchases real estate with illegal proceeds and then sells the property to outsiders, the proceeds from the sale look like legitimate income. Alternatively, the price of the property is manipulated, the seller agrees to a contract that under-represents the value of the property and receives criminal proceeds to make up the difference.

- **Black salaries :** A company may have unregistered employees without written contracts and pay them cash salaries. Dirty money might be used to pay them.

- **Life Insurance Business :** Assignment of policies to unidentified third parties and for which no plausible reasons can be ascertained.

- **Online gaming :** This is another increasingly common way of laundering money. In a growing number of online games, it is possible to convert money into virtual goods / services / virtual cash, which can later be converted into money.

- **Trade Based Money Laundering (TBML) :** International trade system is subject to wide risks and vulnerabilities which is being exploited by criminal organizations. TBML is the process by which criminals use a legitimate trade to disguise their criminal proceeds from their unscrupulous sources. This is an alternative remittance system that allows illegal Organizations the opportunity to earn, move and store proceeds disguised as legitimate trade. Criminal organizations frequently exploit global trade system to move value around the world by employing complex and even sometimes confusing documentation associated with legitimate trade transactions. In particular terrorist financiers take advantage of the size / complexity of the international trade and finance system to obscure individual transactions through :

- The complexities involved with multiple foreign exchange transactions and diverse trade financing arrangements,
- The co-mingling of legitimate and illicit funds, and
- The limited resources that most customs agencies have to detect suspicious trade transactions. Practically most of the customs agencies inspect less than five percent of all cargo shipments entering or leaving their jurisdiction.

In addition, money launderers have exploited vulnerabilities in the use of letter of credit and other financial arrangements that are necessary for facilitating cross border trade to launder funds. TBML techniques vary in complexity and are frequently used in combination with other money laundering techniques to further obscure the money trail.

The crime involves a number of schemes in order to complicate the documentation of legitimate trade transaction, such actions may include moving illicit goods, falsifying documents, misrepresenting financial transactions and under or over invoicing the value of the goods / services. In most cases, TBML activities comprise of efforts to misrepresent the price, quantity or quality of goods, as they transit across borders or through supply chains. It is one of the most sophisticated methods of money laundering through which hundreds of billions of dollars laundered every year. TBML activity is considered to be growing in both volume and global reach.

Some of the basic techniques used in Trade Based Money Laundering are :

❖ Over and under-invoicing of goods and services : Money laundering through over and under-invoicing of goods and services is one of the most commonly used methods for laundering funds across borders. By invoicing a good or service below market value, an exporter can shift funds to the importer very easily, as the payment to the exporter is less than the value that the importer receives when the goods are sold at market value. Similarly, by invoicing a good or service at a higher rate than the market value, the exporter transfers the value from the importer because the payment to the exporter is greater than the value the importer receives when the goods or service are sold at the market value.

These types of transactions generally require collusion by both parties and can have significant tax implications. Also, complex products and products that travel through supply chains are more apt to be used in these types of over and under-invoicing activities because they complicate the ability of customs officials to determine the true market value of such goods and services.

Under invoicing of exports is one of the most common trade-based money laundering techniques used to move money. It reflects the fact that the primary focus of most customs agencies is to stop the importation of contraband and ensure that appropriate import duties are collected, which is one of the major revenue generators to the economy. Thus, customs agencies generally monitor exports less rigorously than importes.

Most of the customs agencies do not have access to data to establish 'fair price' of most the products. Moreover they see only one side of the transactions, as most of the customs agencies do not share trade data with other countries. As such, their ability to identify incorrectly priced goods is often limited to those that are widely traded and whose prices are widely quoted in the international markets.

- **Multiple invoicing of goods and services :** By providing multiple invoices for the same transaction, a money launderer or a terrorist financier can justify multiple payments for the same goods or services. In addition, by using a number of financial institutions to make these multiple payments, a money launderer or terrorist financier can increase the level of complexity of the transactions and complicate efforts at detection. If the transaction is detected, a launderer can offer a number of plausible explanations that compound efforts by officials to detect the activity.

- **Over and under-shipment of goods and services :** In addition to manipulating the prices of goods and services, a money launderer can misstate the quantity of goods and services that are exported or imported. In the extreme, exporters and importers can collude in not shipping any goods at all but proceed with processing the necessary shipping and customs documents. Banks and other financial institutions will not be aware that these phantom transactions are occurring.

- **Falsely described goods and services :** Money launderers also can misstate the quality or the type of goods or service that is being traded. Such a mis-statement creates a discrepancy between the value of a good that is stated in the shipment or customs forms and what is actually shipped.

Combining several of these common TBML techniques is a classic scheme involving the laundering of drug proceeds from Latin America, called the Black Market Peso Exchange, where the Colombian drug traffickers used sophisticated trade based schemes to disguise huge amount in narcotics.

TBML is widely recognized as the most common manifestation of international money laundering as well as a known value transfer and reconciliation method used by terrorist organizations, but, it appears to be less understood among academics and policymakers than traditional forms of money laundering through the international banking system and bulk cash smuggling. TBML can have a more destructive impact on legitimate commerce than other money laundering schemes.

Multinational criminal organizations may dump imported goods purchased with illicit proceeds at a discount, into a market just to expedite the money laundering process, but it puts legitimate businesses at a competitive disadvantage. This activity can create a barrier to entrepreneurship, crowding out legitimate economic activity. TBML also robs governments of tax revenue due to the sale of underpriced goods and reduced duties collected on undervalued imports and fraudulent cargo manifests. TBML has emerged as an issue of growing concern to the regulators.

TBML red flags are among the hardest to detect, which is challenge to the Compliance officers to stay current on emerging schemes and updated AML technology to detect and prevent criminal activity.

For decades, US dollar has been the most popular currency for launderers, due to its popularity / wide acceptance and the volume of worldwide transactions that use the currency - a few million extra dollars changing hands does not attract attention. However, euro has slowly gained a foothold in the laundering industry since its introduction as common currency by the European union.

Combating

The scale of money laundering is difficult to assess, but it is considered to be significant. The United Nations Office on Drugs and Crime estimates that between 2% to 5% of Global GDP is laundered every year. Overall, it will be impossible to estimate the amount of money being laundered. Every year Billions of dollars are laundered, which is a great concern for all.

International Bodies have initiated efforts to prevent and apprehend money launderers. Financial Institutions across the globe have also put in place check points to detect transactions involving money laundering. Recent anti money laundering laws have developed with the modern war on drugs. In more recent times anti money laundering legislation is seen as adjunct to the financial crime of terrorist financing.

The problem of TBML is significant and difficult to detect. Like most forms of money laundering, sophistication of structuring and the ability to co-mingle illicit transactions with legitimate transactions makes it very difficult to detect. Transactions are stitched together in a way where individually, they may appear on their face to be legitimate, and can only be detected when looked at across a broad spectrum to identify the illicit pattern.

The Financial Action Task Force on Money Laundering was established to combat the growing problem of money laundering. The task force was charged with studying money laundering trends, monitoring legislative, financial and law enforcement activities taken at the national and international level, reporting on compliance and issuing recommendations and stands to combat money laundering.

Anti-money laundering (AML) is mainly used in financial and legal industries to describe the legal controls which are required to be initiated to prevent, detect and report money laundering transactions. AML guidelines came into prominence globally as a result of formation of Financial Action Task Force (FATF) and the formation of an international frame work of AML standards. FATF initiated a process to identify those countries where deficiencies are persisting in their law and non co-operative countries, which are being made public.

A starting point for all stake holders is to continuous education, awareness, procedures and compliance discipline. As technology continues to evolve rapidly, more tools to combat TBML will be available. Unfortunately, criminal organizations are always working to stay one step ahead, often utilizing some of the same technology.

Customs clearance is a vital check point where all goods entering a country must have proper classification, valuation

and inspection, in order for a buyer to claim them. This process serves a variety of economic and national security interests and can also be a vital point of interest to combat TBML.

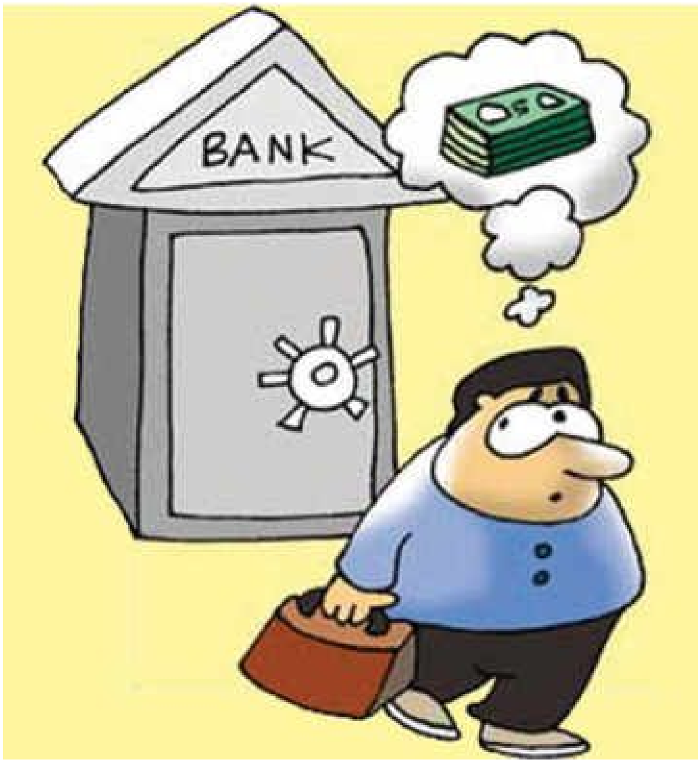
Financial Institutions, Regulators and other related parties are investing huge resources in technology to improve their ability to identify anomalies in payments, non-documentary and documentary trade. An integrated combination of data analytics from Customs, Shipping Companies, Financial Institutions and Regulators, could offer a vastly improved ability to identify patterns of illicit behavior, illicit flows and have a material impact on interdicting TBML. Further there is a need for stronger focus on training programs to better identify trade based money laundering techniques, the need for more effective information sharing among all concerned.

Red Flag indictors : Trade Regulators have come out with a number of red flag indicators that are routinely used to identify trade based money laundering activities. Exchange of trade related information with other related agencies like, customs, regulators, financial intelligence units, tax authorities and financial institutions be voluntary rather than mandatory.

An effective AML program requires a jurisdiction to criminalize money laundering and giving the relevant regulators powers to initiate appropriate action, also share information with other countries as appropriate and require the financial institutions to identify their customers, establish risk based controls, keep records, report suspicious activities etc.

There are a number of practical steps, like building better awareness, capacity building to identify trade-based illicit activity, which could be undertaken to improve the capacity of all the related parties to the international trade, to combat trade-based money laundering. ❑

THE FINANCIAL RESOLUTION AND DEPOSIT INSURANCE BILL, 2017



Preamble of the Bill

A BILL to provide for the resolution of certain categories of financial service providers in distress, the deposit insurance to consumers of certain categories of financial services, designation of systemically important financial institutions, and establishment of a Resolution Corporation for protection of consumers of specified service providers and of public funds for ensuring the stability and resilience of the financial system and for matters connected therewith or incidental thereto.

Introduction

In Budget Speech 2016-17, the Finance Minister had announced:

"A systemic vacuum exists with regard to bankruptcy situations in financial firms. A comprehensive Code on Resolution of Financial Firms will be introduced as a Bill in the Parliament during 2016-17. This Code will provide a specialized resolution mechanism to deal with bankruptcy situations in banks, insurance companies and financial sector entities. This Code, together with the Insolvency and Bankruptcy Code 2015, when enacted, will provide a comprehensive resolution mechanism for our economy."

The Bill was referred to a Joint Committee of Parliament (Chair: Mr. Bhupender Yadav) on August 10, 2017.The committee consists of members from various regulators like RBI, SEBI, IRDA, PFRDA to submit a Bill on resolution of financial firms. The Committee submitted a draft Bill named as "The Financial Resolution and Deposit Insurance (FRDI) Bill".

Coverage:

Financial Resolution and Deposit Insurance (FRDI) Bill, 2017 is similar to the Insolvency and Bankruptcy Code, 2016. FRDI deals only with the companies that are in the financial sector

About the author

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entities such as banks and insurance companies etc. The insolvency code Act deals with companies in all other sectors (Non-financial institutions). Purpose of the Bill is to create a resolution regime for financial institutions when they face crisis without creating financial burden for the tax payers.

The Bill will apply to

a. Banks

b. Insurance Companies

c. Stock Exchanges

d. Depositories

e. Payment systems

f. Non-banking financial companies and their parent companies.

The central government may notify any other entities or funds to be covered under the Bill.

Key Objectives and Features of the Bill

❖ The Bill establishes a 'Resolution Corporation' to monitor financial firms, anticipate risk of failure, take corrective action, and resolve them in case of such failure. The Corporate will also provide deposit insurance upto a certain limit, in case of bank failure.

❖ The 'Resolution Corporation' or the appropriate financial sector regulator may classify financial firms under Five Categories, based on their risk of failure. These categories in the order of increasing risk are:

i) Low

ii) Moderate

iii) Material

iv) Imminent and

v) Critical

❖ The Resolution Corporation will take over the management of a financial firm once it is classified as 'Critical'. It will resolve the firm within one year (may be extended by another year).

❖ Resolution may be undertaken using methods including:

i) Merger or Acquisition

ii) Transferring the Assets, Liabilities and Management to a temporary firm, or

iii) Liquidation

If resolution is not completed with a maximum period of two years, the firm will be liquidated. The Bill also specifies the order of distributing liquidation proceeds.

Important Provisions

❖ ***Systemically important financial institutions (SIFIs):*** The central government may designate a financial firm as a SIFI. This would include financial firms whose failures may have a significant impact on the stability of the financial system.

❖ ***Offences:*** The Bill specifies penalties for certain offences committed by members of a financial firm. These offences include concealment of property and destruction or falsification of evidence. Penalties will vary based on the nature of the offence, with the maximum penalty being imprisonment for five years, along with a fine.

❖ ***Funds:*** The Corporation will constitute three Funds: (i) Corporation Insurance Fund for deposit insurance, (ii) Corporation Resolution Fund for resolution expenses, and (iii) Corporation General Fund for all other functions.

❖ ***Bar on jurisdiction:*** The Bill prohibits any court or tribunal from entertaining matters related to the decisions of the Resolution Corporation or regulators, unless specified in the Bill.

Details of Risk based Classification

The Board in consultation with the Appropriate Regulator has been empowered to classify the covered service provider into five categories of risk to viability viz., low, moderate, material, imminent and critical. Such classification shall be made after taking into consideration the adequacy of capital, assets and liability, asset quality, capability of management, earnings sufficiency, leverage ratio, liquidity of the covered service provider, sensitivity of the covered service provider to adverse market conditions, compliance with applicable laws, risk of failure of a holding company of a covered service provider or a connected body corporate in India or abroad.

The five stages of risk to viability framework:

- ***Low risk to viability -*** The probability of failure of a covered service provider is substantially below the acceptable probability of failure.
- ***Moderate risk to viability -*** The probability of failure of a covered service provider is marginally below or equal to acceptable probability of failure.

  Low and moderate risk to viability - Resolution Corporation shall not have power to investigate or enter the premises and call for information/ documents unless the covered service provider has been classified as imminent or critical. However, SIFIs are required to submit the 'resolution plan' and 'restoration plan' irrespective of the risk of viability. Also, such companies can be jointly inspected by the Resolution Corporation and the Appropriate Authority.
- ***Material risk to viability -*** The probability of failure of a covered service provider is marginally above acceptable probability of failure.

  If a covered service provider has been classified as 'material risk to viability', such entity shall submit a 'resolution plan' and 'restoration plan' to Resolution Corporation and Appropriate Authority, respectively, within thirty days of such classification. If the covered service provider has been classified as 'material risk to viability' by the Appropriate Regulator, and if the Board has difference in the opinion, then the Board shall record its reason in writing and convey the same to the Appropriate Regulator. Also, the Board may conduct independent inspection, if it continues to hold a different view.
- ***Imminent risk to viability -*** The probability of failure of a covered service provider is substantially above the acceptable probability of failure.

  The Resolution Corporation has been vested with the power to classify in the category of 'imminent' risk to ability, if the covered service provider fails to submit a Resolution Plan to the Corporation after being ordered to so or it is determined that there has been fraud in the business of the covered service provider. The Appropriate Authority as well as the Resolution Corporation has power to classify the covered service provider into this category, however, in case of central counterparties, only an Appropriate Authority has been authorized to classify into fourth stage of categories.
- ***Critical risk to viability -*** The probability of failure of a covered service provider is substantially above the acceptable probability of failure. On being classified as 'critical' risk to viability, the procedure for resolution shall commence and the Corporation shall be deemed to be a receiver of such covered service provider.

Monitoring and Resolution of Financial Firms

The Corporation and regulators will monitor financial firms based on their risk of failure. As this risk increases above acceptable levels (under 'material' or 'imminent' categories), the Corporation or the regulator may direct the firm to take certain actions to mitigate risk of failure. These include:

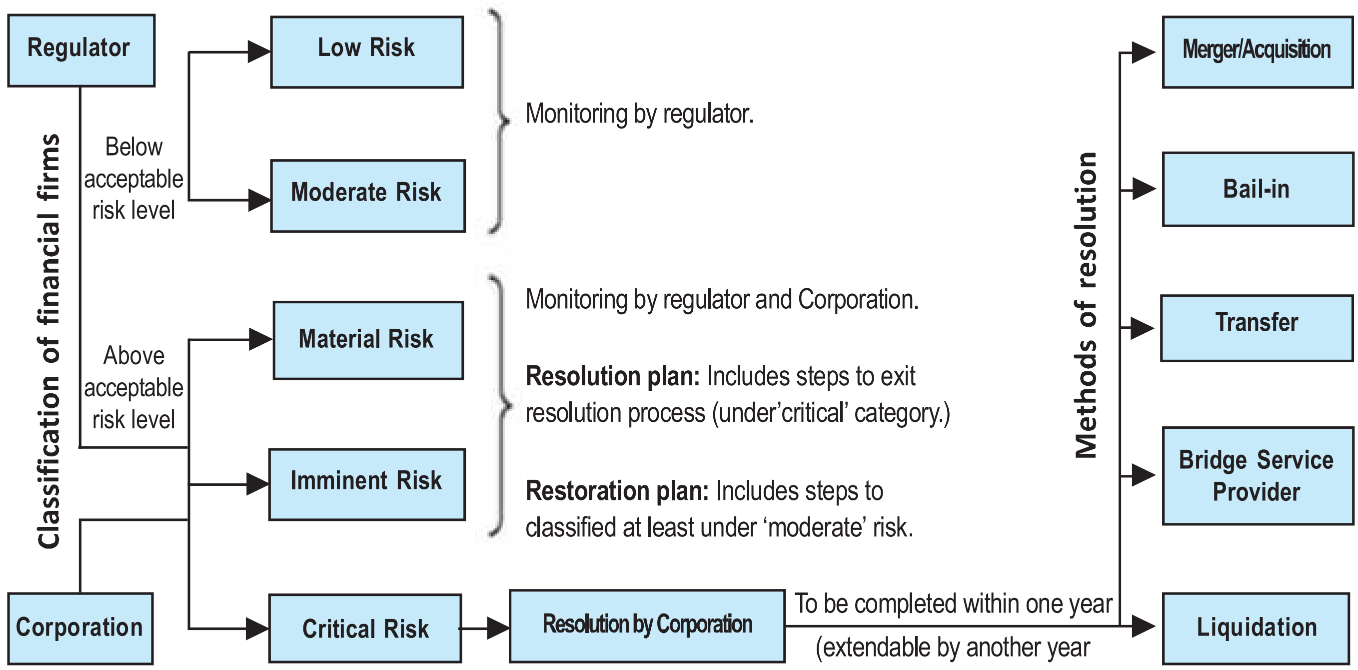
(i) Preventing the firm from accepting deposits,

(ii) Prohibiting it from acquiring other businesses, or

(iii) Increasing its capital.

Further, firms in the 'material' and 'imminent' categories will formulate resolution and restoration plans. The Corporation may supersede the board of a firm, if it is classified under the 'imminent' or 'critical' categories, for a maximum period two years.

Figure 2: Monitoring and Resolution of Financial Firms



(Source: The Financial Resolution and Deposit Insurance Bill, 2017)

Liquidation and Distribution of Assets

The Corporation will require the approval of the National Company Law Tribunal (NCLT) to liquidate the assets of a service provider. Proceeds from the sale of assets will be distributed in the following priority order.

Figure 3: Order of priority for Distributing Assets

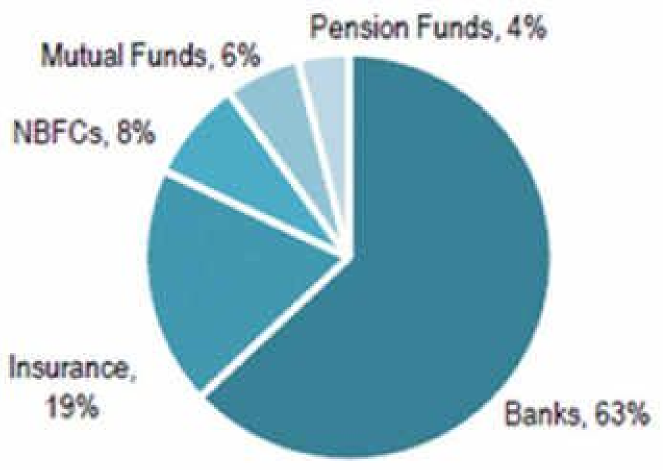
- Deposit insurance
- Resolution costs (including liquidation costs)
- (i) Workmen dues for 24 months, and (ii) secured creditors
- Wages to employees for 12 months
- Uninsured deposits and insurance related amounts
- Unsecured creditors
- (i) Government dues, and (ii) remaining secured creditors (remaining debt if they enforce collateral)
- Remaining debt and dues
- Sharedholders

(Source: The Financial Resolution and Deposit Insurance Bill, 2017)

Bail-in

Financial firms include banks, non-banking financial companies, insurance companies, pensions funds, stock exchanges, and depositories. These firms accept deposits from consumers, invest these funds, and provide loans. Often these firms borrow from each other. Failure of a firm may result in adverse consequences for other financial firms, and could trigger off system wide financial instability.

Figure 1: Distribution of Financial Assets in India



(Source: Report of the Working Group on Resolution Regime for Financial Institutions)

High stake in distribution of Financial Assets in India is Banks i.e., 63% and their portfolio of deposits as on 31st March, 2016 is as follows:

Deposits of SCBs according to Type of Deposits as on March, 2016

Type	No. of Accounts (in mn.)	Amount (in trillion)	Avg. Balance per A/c (Rs.)
Current A/c	57	9	1,51,163
Savings Bank A/c	1351	27	19,759
Term Deposits A/c	239	61	2,54,391
Total	1646	96	58,316

Source: RBI, SBI Research

In India out of the term deposits a/cs, 67% of the total Term Deposit A/cs are of less than Rs.1 lakh, who holds only 8.6% of the Term Deposit in terms of value. Thus, even if any banks every hypothetically fail, then it would not affect the small depositors at all, as it covered through DICGC.

As per the data mentioned above, the average balance per term deposits a/c is Rs.2.54 lakh, while the overall average balance (including Savings Bank, Current Account & Time Deposit is only Rs.58,316). On the other hand, the term depositors of above Rs.15 lakh as per RBI, SBI Research is only 1.3%, who holds 55% in terms of amount of the total term deposits of the banking system.

To be fair to banks, the DICGC should allow the premium payable by the banks to be calculated only on the amount of cover available and not the entire assessable deposits of customers, as is being currently done. This will improve the profitability of the banks.

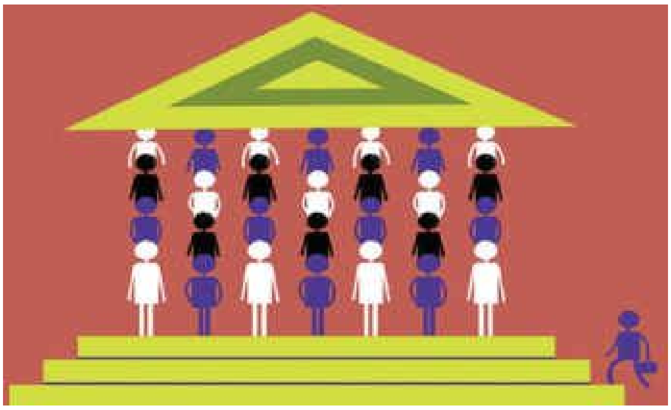
The resolution methods of FRDI Bill which spread confusion among depositors is the 'bail-in' clause, where the financial firms / companies issue securities in lieu of the money deposited. It means, in case the firm's financial situation deteriorates, deposits could be converted in securities such as shares in the bank. However, the truth is that the risk is much less in the proposed bill. Currently, DICGC provides deposit insurance of upto Rs.1 lakh. and rest of amount is forfeited in the rare event of the bank failure.

Cross Country Deposit Insurance Coverage & Per capita Income (in USD)

Country	Deposit Insurance Coverage	Per capita Income (PCI)	Coverage as times of PCI
Australia	1,82,650	49,928	3.7
Brazil	64,025	8,650	7.4
Canada	72,254	42,158	1.7
France	1,08,870	36,855	3.0
Germany	1,08,870	41,936	2.6.
India	1,508	1,709	0.9
Italy	1,08,870	30,527	3.6
Japan	88,746	38,894	2.3
Russia	19,210	8,748	2.2
UK	1,11,143	39,899	2.8
US	2,50,000	57,467	4.4

Source: IADI, World Bank, SBI Research

Data on Cross Country Deposit insurance Coverage limit shows that Deposit insurance coverage in India is one of the lowest at Rs.1 lakh / ₹1,508 / 0.9 times India's per capital income.



In India Bank failure is almost non-existent and till now the claims from DICGC is very few. Mostly, such claims have been raised only due to failure of few Co-operative Banks.

Conclusion

FRDI Bill 2017 provides for specialized resolution mechanism of certain categories of financial service providers and establishment of Resolution Corporation which will contribute to the stability and resilience of the financial system. The following are the advantages of FRDI Bill 2017 to all stakeholders of various Financial Service Providers in India.

- ❖ It can benefit a large number of retail depositors as it seeks to decrease the time and costs involved in resolving distressed financial entities.
- ❖ Help in maintaining financial stability in the economy by ensuring adequate preventive measures, as well as provide necessary instruments in an event of crisis.
- ❖ Once implemented, the Bill together with the Code will provide a comprehensive resolution framework for the economy.
- ❖ The bill envisages inculcating discipline among financial service providers in the event of financial crisis.
- ❖ It promotes "Ease of Doing Business" in the country.
- ❖ Improve financial inclusion and increase access to credit, which may lead to the reduction of the cost for obtaining credit.
- ❖ Increased access to finance enhances enterprise growth, which in turn leads to preserving employment, growth and the creation of new job opportunities.
- ❖ The FRDI Bill will be a win-win for all with all such suggested changes to make it more depositors friendly. ❑

GST: REVERSE CHARGE MECHANISM A CATCH-22 SITUATION FOR SMALL BUSINESSES

Worried about the steadily declining goods and services tax (GST) revenue collection, the GST Council, in a meeting last month, advanced the implementation of the e-way bill for interstate movement of goods to 1 February from 1 April. The government suspects large tax evasion, especially by small and medium enterprises, and feels this would help check it.

The next step to further plug this revenue leakage could be reintroduction of the reverse charge mechanism. Here, large entities are required to pay taxes on purchase from unregistered smaller companies.

In October, the council deferred implementation of reverse charge by six months. According to some media reports and tax experts, the council may take a call on it at its meeting on 18 January.

To put the issue in perspective, the concept of reverse charge is not new. It has been in practice from the time service tax was introduced and was first applied to the insurance sector, say tax experts. It was followed by covering mutual funds under its purview and gradually extending to goods transporters, works contracts, sponsors and brand ambassadors.

In the first two cases, the purpose of tax collection was met to a certain extent because the nature of the industry is such where receipts are few and there are many providers. For the rest, it was implemented because these industries were highly unorganized, add tax experts.

When introduced under GST in July last year, an addition was made. The levy of reverse charge got extended from a few services to all unregistered goods suppliers and services providers falling under the GST ambit.

But it failed to widen the tax base and added to the compliance burden of companies already struggling to adjust to the new tax regime, so, it had to be temporarily shelved.

Despite GST now being implemented for more than six months, businesses continue to grapple with a slew of challenges, raising doubts about the success of the reverse charge implementation at this time.

“The reintroduction of reverse charge on transactions with unregistered dealers would result in businesses having to make process and compliance changes. Some businesses may not want to deal with unregistered dealers, hence, many businesses which are below the threshold may end up taking registration in order to ensure business continuity.

Reverse charge is applied on certain transactions in the European Union as well, but in India, it would be preferable to go in for a phased approach once initial hurdles are overcome” said M.S. Mani, senior director (indirect tax) at Deloitte Haskins and Sells Llp.

While the number of registrations might rise once reverse charge is implemented, it would not generate additional revenue for the government because tax paid by the recipient company on behalf of an unregistered supplier will be given as input credit to the former, pointed out Anita Rastogi, indirect tax partner at PwC India. She suggested scrapping of reverse charge on supplies from unregistered dealers at least for the next three-four years.

“Reverse charge on other categories like import of services is fine because it is a global concept to pay tax on imports under reverse charge. Yes, GST tax collections have been lower than anticipated, but in a knee-jerk reaction, if the government rushes with reverse charge just like it is doing with e-way bills, it will only cause more damage,” cautioned Rastogi.

There are, of course, contrary views over the decision.

For instance, Abhishek Jain, partner at EY, pointed out, “One may argue that with just registrations going up, how can revenues get a boost since reverse charge paid will be treated as an input credit? But it should be noted that with more number of smaller entities registering, the turnover of these small firms, which might otherwise be under-reported, can come under the government’s radar and that could boost GST as well as income-tax collections.”

The fact remains, though, that tools like e-way bills and reverse charge will tighten the government’s ability to track transactions, making survival for some small businesses difficult, while increasing the cost of doing business for others. *(Source : Mint)*

5 more banks to face Prompt corrective action

Five public sector banks, including Canara and Union Bank of India, are in the process of being put under the Reserve Bank of India's prompt corrective action (PCA) plan. According to rating agency ICRA, their net non-performing assets rose above 6 % in December 2017. If the banking regulator places them under PCA, the action may drive these banks to recall additional tier-1 (AT-1) bonds, which is included in Tier-1 capital, of Rs 157 billion from investors. Besides Canara and Union Bank, three other PSBs that may come under PCA are Andhra Bank, Punjab National Bank, and Punjab & Sind Bank.

While taking the decision on putting a bank under PCA, the RBI assesses its standing on three counts, namely capital adequacy ratio (CAR), net NPAs, and return on assets (RoA). Banks become PCA candidates when they feel the minimum requirements of CAR or net NPAs rise above 6 per cent or the RoA is negative for two years. Breach of any one condition is seen as sufficient to trigger PCA. Those banks under PCA regime face restrictions on expanding loan book, as the aim is to turn the bank around and improve financial and credit profiles. With losses during the last three years, 11 out of 21 PSBs have been placed under the PCA framework by the RBI. Prominent amongst them are Bank of India, IDBI Bank, Central Bank of India, Dena Bank, and Corporation Bank. The inclusion in PCA, coupled with recapitalisation of PSBs, by the government has triggered a 'regulatory event' and an early recall of AT-1 bonds by banks under PCA.

RBI CIRCULAR

Reporting and Accounting of Central Government Transactions of March 2018

RBI/2017-18/142

DGBA.GBD.No.2324/42.01.029/2017-18

1. Please refer to Circular DGBA.GAD.No. 2376/42.01.029/ 2016-17 dated March 16, 2017 advising the procedure to be followed for reporting and accounting of Central Government transactions (including CBDT, CBEC, departmentalised ministries and non-Civil Ministries) at the Receiving/Nodal/Focal Point branches of your bank for the Financial Year 2016-17.
2. The Government of India has decided that the date of closure of residual transactions for the month of March 2018 be fixed as April 10, 2018 for the Financial Year 2017-18. In view of the ensuing closing of government accounts for the financial year 2017-18, receiving branches including those not situated locally, should adopt special arrangements such as courier service etc., for passing on challans/scrolls etc., to the Nodal/Focal Point branches so that all payments and collections made on behalf of government towards the end of March are accounted for in the same financial year. These instructions regarding special messenger arrangements may please be informed to all branches concerned.
3. As regards reporting of March 2018 transactions by Nodal/Focal Point branches in April, the branches may be advised to follow the procedure as outlined in theAnnex. To sum up, the Nodal/Focal Point branches will be required to prepare separate sets of scrolls, one pertaining to March residual transactions and another for April transactions during the first 10 days of April 2018. The Nodal/Focal Point branches should also ensure that the accounts for all transactions (revenues/ tax collections/payments) are effected at the receiving branches up to March 31, 2018 in the accounts for the current financial year itself and are not mixed up with the transactions of April 2018. Also, while reporting transactions pertaining to March 2018 up to April 10, 2018, the transactions of April 2018 should not be mixed up with the residual transactions relating to March 2018.
4. Kindly issue necessary instructions in the matter to your branches concerned immediately.

Yours faithfully
(Partha Choudhuri)
General Manager

ANNEX

Reporting of March Transactions

1. Beginning from April 1, 2018, the Nodal/Focal Point branches will segregate on a daily basis all scrolls/ challans pertaining to March 2018 received from the receiving branches concerned and prepare separate main scrolls for:
   a. scrolls for transactions of March 2018 or earlier period (i.e. effected during the previous financial year 2017-18) and
   b. scrolls pertaining to current transactions (i.e. those effected from April 1, 2018 onwards).
2. The main scrolls for March 2018 transactions prepared

from April 1 to April 10, 2018 are to be distinctly marked as March Residual - 1, March Residual - 2 and so on upto April 10, 2018. In other words, serial number should be allotted in consecutive order for each main scroll of March 2018 transactions sent from April 1 to April 10, 2018. These scrolls alongwith the copies of daily summary of Receipts and Payments prepared separately for March 2018 transactions will be forwarded to the Departmental Officials concerned (i.e. Zonal Accounts Officers/Pay and Accounts Officers and Designated Officers) in the usual way. The Nodal/ Focal Point branches will also be required to report the above transactions to the Link Cell through separate Daily Memos. These advices must be sent to enable the Link Cell of each bank at Nagpur, to make daily settlement with Reserve Bank of India, Central Accounts Section (CAS) Nagpur. On receipt of advices from the Nodal/Focal Point branches, the Link Cell should segregate the advices for the March Residual transactions and forward them separately to Reserve Bank of India, CAS, Nagpur. This procedure should continue upto and inclusive of April 10, 2018 only. All transactions reported thereafter by the receiving branches will be reported and accounted for in the usual manner in the accounts of the month of report irrespective of the date of transaction. Following the special arrangements for March 2018 transactions, it is necessary for the Nodal/Focal Point branches to prepare two sets of DMS to be submitted to Zonal Accounts Officers/Pay and Accounts Officers for March 2018 transactions - one for transactions upto March 31, 2018 and another for March Residual Transactions adjusted by Nodal/Focal Point branches with Reserve Bank of India, Central Accounts Section, Nagpur, during April 1 to April 10, 2018.

Since the Nodal/Focal Point branch will also be reporting the April 2018 transactions pertaining to year 2018-19 in addition to March Residual transactions, monthly statement for April transactions should be compiled and furnished to Zonal Accounts Officers/Pay and Accounts Officers in the usual way. In order to distinguish the April 2018 (year 2018-19) and March Residual Transactions, the statement pertaining to March Residual Transactions should be clearly marked as "March Residual Account". The statement of March (Residual) Transactions should be sent by all Focal Point Branches to Zonal Accounts Officers/Pay and Accounts Officers latest by April 18, 2018.

Note: As advised in our circular GA.NB.No.376/42.01.001/ 1995-96 dated May 22, 1996 all the cheques/amounts realized on or before March 31, 2018 should be treated as transactions relating to the current financial year as "March 2018 or March Residual Transactions", the reporting of which may take place during the month of April (upto April 10, 2018). But if any cheque is tendered on or before March 31, 2018 and realized on or after April 1, 2018, it will be treated as transaction for the next financial year as "April Transactions". Accordingly, the banks will prepare separate scrolls for March 2018 and April 2018 (year 2018-19) transactions.

Submission of returns by the Government-owned Non-Banking Financial Companies

RBI/2017-18/141

DNBS.PD.CC.No.1925/66.08.001/2017-18

1. In exercise of the powers conferred by sections 45JA, 45K and 45L of the Reserve Bank of India Act, 1934 (hereinafter referred to as the RBI Act), it has been decided to apply the Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 dated September 29, 2016 to all the Non-Banking Financial Companies, being Government Companies as defined in Clause 45 of section 2 of the Companies Act, 2013, and registered with Reserve Bank of India under section 45IA of the Reserve Bank of India Act, 1934 ("such NBFCs").
2. Accordingly, all such NBFCs shall put in place a reporting system for filing periodic returns with the Bank, as detailed in the aforesaid Master Directions, to the extent applicable to them (as per their size and whether they accept public deposits). The returns should be compiled on the basis of the figures available in the books of accounts of such NBFCs and filed with the RBI on-line (using the COSMOS software package) by an authorised official of the NBFC, who shall be specifically authorised in this regard by the Board of Directors of such NBFC concerned. The name of the authorised official may be informed to us.

3. The first set of returns should be filed with effect from the: (i) last Friday of December 2017 for the weekly return; (ii) quarter ended - December 31, 2017 for the quarterly returns; (iii) half-year ending March 31, 2018 for the half-yearly returns; and (iv) year ending March 31, 2018 for the annual returns. All weekly, quarterly returns upto December 31, 2017 shall be submitted by April 15, 2018. Thereafter, these returns shall be submitted within the timeline stipulated in the Master Direction on returns to be submitted by NBFCs.

Yours faithfully,
(Dr. Sathyan David)
Chief General Manager

Agency commission payable to banks for operating Special Deposit Scheme (SDS)

RBI/2017-18/140

DGBA.GBD.2294/15.01.001/2017-18

1. Please refer to para 2 of our Master Circular RBI/2017-18/2 dated July 1, 2017 on Conduct of Government Business by Agency Banks- Payment of Agency Commission where in it is mentioned that SDS transactions undertaken by agency banks are eligible for agency commission.
2. In this connection, it has been decided that agency commission claims on SDS related transactions (where mirror accounts are maintained in RBI) will be settled at Central Accounts Section (CAS), Nagpur and not in respective Regional Offices of RBI, with immediate effect. Accordingly, all agency banks handling SDS are advised to submit their agency commission claims related to SDS transactions to CAS, Nagpur on quarterly basis.
3. However, agency banks will continue to claim reimbursement of interest paid and withdrawal from SDS accounts from the respective Regional Offices of RBI in which the mirror accounts are maintained.

Yours faithfully
(Partha Choudhuri)
General Manager

Discontinuance of Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits

RBI/2017-18/139

A.P. (DIR Series) Circular No. 20

1. Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to paragraph 2 of A.P. (DIR Series) Circular No. 24 dated November 1, 2004 andparagraph No. 5.5 of Master Direction No.5 dated January 1, 2016 on 'External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers' (Master Direction), as amended from time to time, on the issuance of LoUs/ LoCs/ guarantees for Trade Credits for imports into India under delegated powers of AD banks.
2. On a review of the extant guidelines, it has been decided to discontinue the practice of issuance of LoUs/ LoCs for Trade Credits for imports into India by AD Category -I banks with immediate effect. Letters of Credit and Bank Guarantees for Trade Credits for imports into India may continue to be issued subject to compliance with the provisions contained in Department of Banking Regulation Master Circular No. DBR. No. Dir. BC.11/13.03.00/2015-16 dated July 1, 2015 on "Guarantees and Co-acceptances", as amended from time to time.
3. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.
4. The aforesaid Master Direction No. 5 dated January 01, 2016 will be updated to reflect the changes. The changes will be applicable from the date of issuance of this circular.
5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully
Ajay Kumar Misra
Chief General Manager

Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions

RBI/2017-18/138

A.P. (DIR Series) Circular No. 19

1. Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to regulation 6 and 6A of the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No.FEMA. 25/RB-2000 dated May 3, 2000) issued under clause (h) of sub-section (2) of Section 47 of FEMA, 1999 (Act 42 of 1999), as amended from time to time.

2. RBI had earlier constituted a Working Group to review the guidelines for Hedging of Commodity Price Risk by Residents in overseas markets (Chairman: Shri Chandan Sinha). Based on the report of the working group and comments received on the report, draft directions for hedging of commodity price risk and freight risk were released for comments on Jan 12, 2018. Based on the feedback to the draft directions, the Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions, 2018 have been finalized and are enclosed herewith. The revised directions shall come into force from April 1, 2018.

3. Residents hedging their commodity price risk and freight risk under a specific approval from RBI given under the approval route based on the previous set of guidelines would be permitted to continue hedging under the said approval till June 30, 2018 or the last date specified in the approval, whichever is earlier.

4. The relevant instructions on the subject contained in the following circulars stand withdrawn as on April 1, 2018:
   i. A. P. (DIR Series) Circular No. 68 dated January 17, 2012 on "Risk Management and Inter-Bank Dealings - Commodity Hedging"
   ii. Section E and F of A. P. (DIR Series) circular no. 32 dated December 28, 2010 on "Comprehensive Guidelines on Foreign Exchange Derivatives and Overseas Hedging of Commodity Price and Freight Risks" and the relevant appendices.
   iii. A. P. (DIR Series) Circular No.35 dated November 10, 2008 on "Remittance related to Commodity Derivative Contract Issuance of Standby Letter of Credit / Bank Guarantee"

5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

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

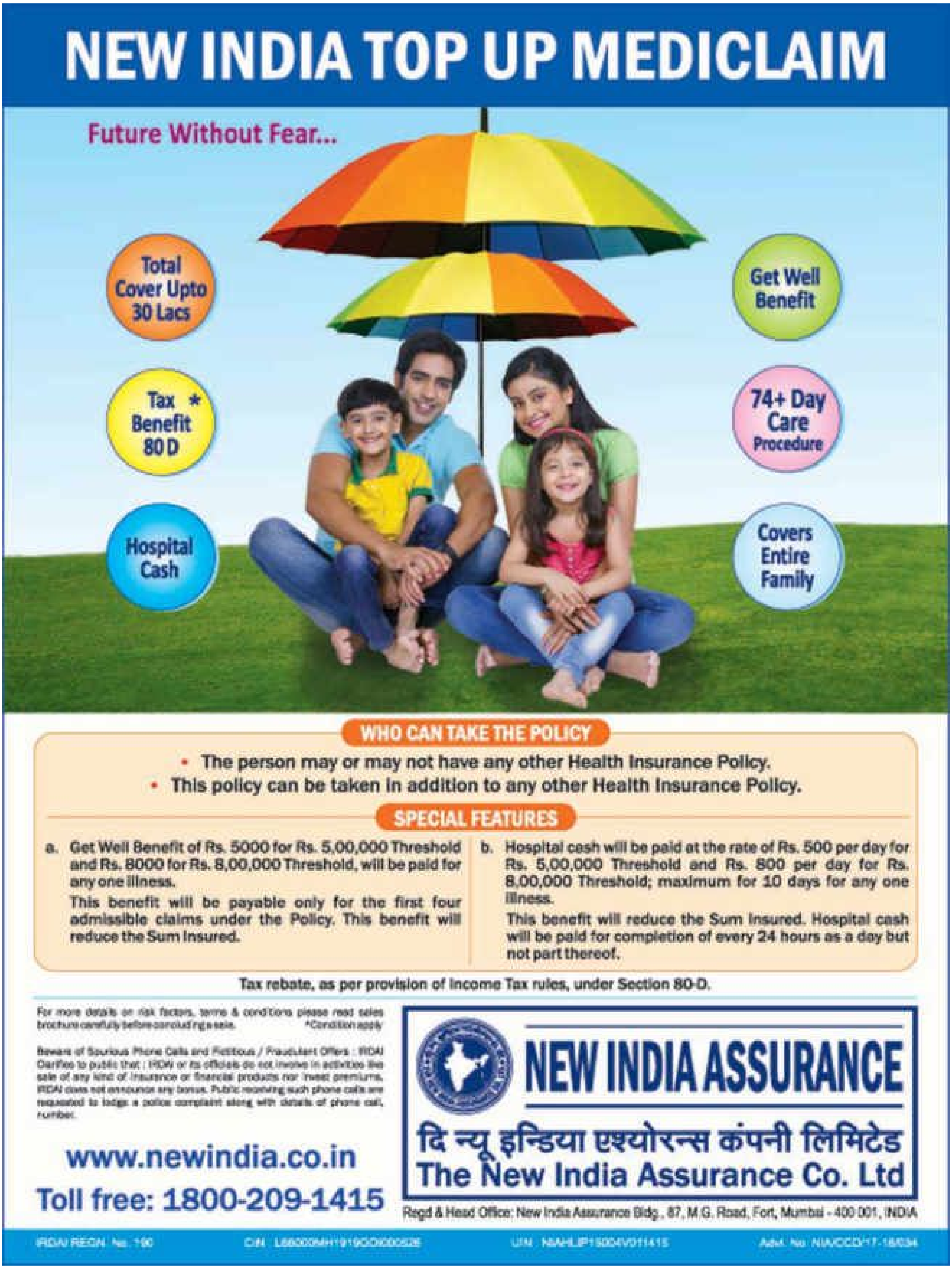
Yours faithfully

(T. Rabi Sankar)

Chief General Manager

PIL against section 21A of the Banking Regulation Act

A PIL was filed by a batch of public-spirited persons led by Jayant Verma, challenging the constitutional validity of Section 21A of the Banking Regulation Act. According to the petitioners, as many as 256,913 farmers had committed suicide in India between 1995 and 2010. The suicides are directly linked to usurious rates of interest being charged from them by banks, which cannot be interfered with by courts, on account of the immunity provided to them under Section 21A, the petition said. Senior advocates appearing for the RBI and the Centre defended the provision on the ground that Article 246 of the Constitution vested Parliament to make any law, even if it is conflict with laws framed by the states.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This benefit will be payable only for the first four admissible claims under the Policy. This benefit will reduce the Sum Insured.
b. Hospital cash will be paid at the rate of Rs. 500 per day for Rs. 5,00,000 Threshold and Rs. 800 per day for Rs. 8,00,000 Threshold; maximum for 10 days for any one illness.
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DISTRIBUTION OF SCHEDULED COMMERCIAL BANKS BY CRAR

(Number of banks)

Year	CRAR	State Bank Group	Nation-alised Banks	Old Private Sector Banks	New Private Sector Banks	Foreign Banks in India	Other Public Sector Banks	Scheduled Commercial Banks	Capital Adequacy Ratio (Per cent)
1	2	3	4	5	6	7	8	9	10
2005-06	Below 4 per cent	0	0	3	0	0	0	3	---
	Between 4-9 per cent	0	0	0	0	0	0	0	---
	Between 9-10 per cent	0	0	1	1	2	0	4	---
	Above 10 per cent	8	19	16	7	27	1	78	12.3
2006-07	Below 4 per cent	0	0	1	0	0	---	1	---
	Between 4-9 per cent	0	0	0	0	0	---	0	---
	Between 9-10 per cent	0	0	2	0	0	---	2	---
	Between 10-12 per cent	3	8	5	4	7	---	27	---
	12 per cent and above	5	12	9	4	22	---	52	12.4
2007-08	Below 9 per cent	0	0	0	0	0	---	0	---
	Between 9-10 per cent	0	0	1	0	1	---	2	---
	Above 10 per cent	8	20	14	8	27	---	77	13.0
2008-09	Below 9 per cent	0	0	0	0	0	---	0	---
	Between 9-10 per cent	0	0	0	0	0	---	0	---
	Above 10 per cent	7	20	15	7	31	---	80	13.2
2009-10	Below 9 per cent	0	0	1	0	0	---	1	---
	Between 9-10 per cent	0	0	0	0	0	---	0	---
	Above 10 per cent	7	20	14	7	31	---	79	13.6
2010-11	Below 9 per cent	0	0	0	0	0	---	0	---
	Between 9-10 per cent	0	0	0	0	0	---	0	---
	Above 10 per cent	6	20	14	7	34	---	81	14.2
2011-12	Below 9 per cent	0	0	0	0	0	---	0	---
	Between 9-10 per cent	0	0	1	0	0	---	1	---
	Above 10 per cent	6	20	12	7	40	---	85	14.2
2012-13	Below 9 per cent	0	0	0	0	0	---	0	---
	Between 9-10 per cent	0	0	0	0	0	---	0	---
	Above 10 per cent	6	20	13	7	42	---	88	13.9
2013-14	Below 9 per cent	0	0	---	1	0	---	1	---
	Between 9-10 per cent	0	4	---	0	0	---	4	---
	Above 10 per cent	6	17	---	19	43	---	85	13.0
2014-15	Below 9 per cent	0	0	---	0	0	---	0	---
	Between 9-10 per cent	0	0	---	1	0	---	1	---
	Above 10 per cent	6	21	---	19	44	---	90	13.0

Notes :

1. 1. Nationalised Banks' data includes data for IDBI Bank Ltd. for the years from 2006-07 to 2014-15. It also includes data for Bhartiya Mahila Bank Ltd. for the years 2013-14 and 2014-15.
2. Data from 2010-11 onwards refers to the capital adequacy position under Basel II framework and from 2013-14 under Basel III framework.
3. Data from 2013-14 Pertains to all Private Sector Banks.

Source : RBI

POPULATION GROUP-WISE NUMBER OF BRANCHES OF SCHEDULED COMMERCIAL BANKS

(Number)

Year	Rural	Semi-urban	Urban	Metropolitan	Total
1	2	3	4	5	6
1988	31114	11132	7322	5842	55410
1989	33014	11166	7524	5995	57699
1990	34791	11324	8042	5595	59752
1991	35206	11344	8046	5624	60220
1992	35269	11356	8279	5666	60570
1993	35389	11465	8562	5753	61169
1994	35329	11890	8745	5839	61803
1995	33004	13341	8868	7154	62367
1996	32995	13561	9086	7384	63026
1997	32915	13766	9340	7529	63550
1998	32878	13980	9597	7763	64218
1999	32857	14168	9898	8016	64939
2000	32734	14407	10052	8219	65412
2001	32562	14597	10293	8467	65919
2002	32380	14747	10477	8586	66190
2003	32303	14859	10693	8680	66535
2004	32121	15091	11000	8976	67188
2005	32082	15403	11500	9370	68355
2006	29649	15943	12258	11728	69578
2007	29771	16716	13103	12349	71939
2008	30293	17960	14343	13325	75921
2009	30943	19282	15356	14288	79869
2010	31971	21013	16748	15432	85164
2011	33460	23318	17681	16447	90906
2012	36093	26068	18920	17493	98574
2013	39368	28798	19971	18342	106479
2014	44843	31835	21584	19554	117816
2015	48247	34113	23115	20824	126299
2016	50554	35959	24363	21958	132834

Note : Data are exclusive of administrative offices.
Also see Notes on Tables.

Source : Data up to 2005 are based on Basic Statistical Returns of Scheduled Commercial Banks.Thereafter data are available on our website http://dbie.rbi.org.in/ at the path Statistics -> Financial Sector -> Banking-Branch Statistics -> Quarterly. The data are updated on monthly basis.The figures presented here are as on August 1,2016.

Source : RBI

2nd Annual

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