₹65

धन संचय समृद्धि

A leading monthly journal on Banking & Finance

Banking Finance

VOL.XXXI NO. 01 JANUARY 2018 ISSN-0971-4498

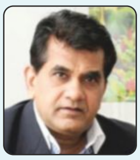
In this issue

- Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016
- Job Satisfaction of Women Bank Employees – In Public Sector Banks in Virudhunagar District
- Micro Finance Self Help Groups in India

CELEBRATING 31 YEARS OF PUBLICATION SINCE 1988

The New Monetary Policy Framework has been playing an Important Role in Shaping Inflation Expectations and Outcomes.

Urjit Patel
Governor,
Reserve Bank of India



India Will Make Credit Cards, Debit Cards and ATMs Technologically Redundant in Next 3-4 Years and We all will be using Mobiles for doing many Transactions.

Amitabh Kant
Chief Executive Officer,
NITI Aayog

The Bond Sale will Act as a Catalyst for The Social Bonds Market in India and create a Benchmark for Future Issues in this Space.

Rana Kapoor
MD,
Yes Bank


POWERED BY
NPCI
भारतीय राष्ट्रीय भुगतान निगम
NATIONAL PAYMENTS CORPORATION OF INDIA
Create picture-perfect moments
every time you jet-set together.
ONE LIFE. ONE RuPay.
Enjoy complimentary lounge access wherever you travel.
Because what is this one life if you can't live it to the fullest.
Great Offers | Insurance Cover | Utility Bill Payments
T&C apply.
RuPay
CREDIT | DEBIT | PREPAID
Ask your bank for a RuPay card.
For details, visit rupay.co.in. Follow us on:
Internationally accepted at DISCOVER & Diners Club merchants, and ATMs.

BANKING FINANCE

A LEADING MONTHLY JOURNAL ON BANKING & FINANCE

VOL. XXXI NO. 01
January 2018, ISSN - 0971-4498

Correspondence Address
25/1, Baranashi Ghosh Street,
Kolkata- 700007, India
Phone : 033-2269-6035/4007-8428
E-mail : insurance.kolkata@gmail.com
Website : www.sashipublications.com
Portal: www.bimabazaar.com

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

Single Copy ₹ 65/-
Annual Subscription ₹ 750/- (Ord.) / ₹ 1050/- (Regd.)
Foreign air mail US$ 100
3 years subscription ₹ 1500/-
5 years subscription ₹ 2250/-

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

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

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

From The Desk Of Editor-in-Chief

The Editorial Team of Banking Finance wishes a very very Happy New Year, 2018 for all its Readers, Subscribers, Advertisers, Authors, Printers and all the vendors associated with the publication.

Our publication Banking Finance has already completed its 30 years of purposeful uninterrupted publication since 1987. Our publication has witnessed lot of developments in Banking and Finance segment which we have reported/covered in our journal successfully time to time. We have also tried our best to keep our readers informed about the Banking System and Financial Market not only in the country but in Global economy as well.

India is the largest democracy of the world with more than 125 billion population of different religions, caste and creeds. Problems and solutions of such a big population requires strong will power and administration for managing the banking and financial discipline to maintain its economy at par with ever-changing worlds economy.

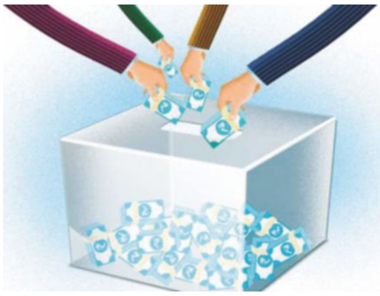
The present Modi Government has changed many old criteria's of the financial systems for eg. Now Budget will be presented on 1st February every year whereas Railway Budget and Financial Budgets has been consolidated. Many more improvements are under way.

Stock Market of the country is strong in comparison to worlds stock markets of developed countries. BSE sensex is on the way of touching ever high point of 34000 in recent time to come.

GST has still not been smooth sailing for many. People are still struggling to shift to GST regime. Though government has announced many measures to alleviate the pain of small traders, still it will take some more time to come to terms.

The GST council has deferred the reverse charge mechanism. However council must think over its implementation as this provision is causing lot of hardship to traders as well as blocking the working capital.

CONTENTS



BANKING

NEWS

Banks set to crack down on big loan defaulters

Banks are set to refer a majority of

the 28 loan defaulters cited in the Reserve Bank of India's (RBI's) second list to bankruptcy courts, as the central bank prods lenders to speedily resolve bad loans clogging their balance sheets. After its first list of 12 large defaulters was sent to banks in June, RBI sent a second list of 28 troubled companies in late August, accounting for Rs.2 trillion of bad loans, asking lenders to find resolution plans for them or start insolvency proceedings.

ICICI raises $500 million

ICICI Bank has raised ₹500 million in a benchmark bond sale to overseas investors at a coupon of 3.833%. The 10-year issue was through the Dubai branch of ICICI Bank, an investment banking source said. The RegS issue (bonds sold in the US but to nonAmerican investors) is part of India's largest private sector lender's ₹7.5-billion global medium term note programme.

Corporation Bank records Rs.1,035-cr loss

With provisioning for non-performing assets (NPAs) reaching Rs.2,535.95 crore

during the second quarter of this fiscal, Corporation Bank registered a loss of Rs.1,035.2 crore. The bank had recorded a net profit of Rs.206.28 crore during the second quarter of 2016-17.

Provisions (other than tax and contingencies) went up to Rs.2,668.81 crore (Rs.826.80 crore). Of this, provisions for NPAs stood at Rs.2,535.95 crore (Rs.790 crore) during the period.

The bank's unaudited (reviewed) financial results for the second quarter, which was submitted to the stock exchanges, said that in terms of the directions of the RBI, in respect of 11 NPA accounts covered under the Insolvency and Bankruptcy Code (IBC), the aggregate provision required for such accounts is Rs.1,735.83 crore.

Of this, the bank provided Rs.924 crore during the quarter. The balance amount shall be provided by March 31, it said. The gross NPA of the bank increased to Rs.20,684.87 crore during Q2 against Rs.15,611 crore in the year-ago period. And, the net NPA rose to Rs.13,082.59 crore (Rs.9,560.74 crore). The gross NPA stood at 15.28 per cent (10.81 per cent), and net NPA at 10.24 per cent (6.91 per cent).

Aadhaar card to reduce bank fraud

There has been ₹3 billion loss in the past year due to fraud in the banking sector and the linking of bank accounts with Aadhaar can drastically reduce such frauds, said A.B. Pandey, chief executive officer of Unique Identification Authority of India (UIDAI), while speaking at the fifth Global Conference on Cyber Space (GCCS) in the national capital.

Finance Minitry asks PSU banks to gearup

The Union finance ministry has urged

nationalised banks to improve their performance, resolve stressed assets and lower their dependence on the government for capital.

Terming the high level of non-performing assets as a legacy issue, Union minister of state for finance Shiv Pratap Shukla has said the Rs 2,11,000-crore recapitalisation decision was aimed at fixing the problems of state-owned banks.

"The non-performing assets of banks have not happened in our time. I am aware that some of the banks are in a weak financial position. The government has tried to fix the problem (through recapitalisation) and even the banks were not anticipating that the government would help them so much," said Shukla at the annual session of the Merchants Chamber of Commerce and Industry on Wednesday.

"Banks should not expect the government to come to its aid every time. They should try to stand up on their own. The government has urged the banks to quickly improve their balance sheet and resolve NPAs," said Shukla.

Gross NPAs in public sector banks rose from 5.43 per cent (Rs 2,78,466 crore) in March 2015 to 13.69 per cent (Rs 7,33,137 crore) as of June 2017. As the banks provided to cover the losses, this hurt their bottomline and the capital eroded as risk weighted assets increased.

RBI allows banks a level-playing field in ECB refinance

Reserve Bank of India has permitted overseas branches and subsidiaries of In-

dian banks to refinance the existing external commercial borrowings (ECBs), giving them a level-playing field vis-à-vis their global counterparts.

They can refinance ECBs of AAA-rated companies as well as Navratna and Maharatna public sector undertakings, by raising fresh ECBs, the RBI said in a statement on developmental and regulatory policies.

"The decision in allowing subsidiaries of Indian banks abroad to refinance AAA-rated corporates will provide a fair and just opportunity to Indian banks to book and retain good quality assets," State Bank of India Chairman Rajnish Kumar said.

Currently, Indian corporate are permitted to refinance their existing ECBs at a lower all-in-cost. The overseas branches/subsidiaries of Indian banks are, however, not permitted to extend such refinance.

In order to provide a level-playing field, it has been decided, in consultation with the government, to permit the overseas branches/subsidiaries of Indian banks to refinance ECBs. The revised guidelines will be issued within a week, the central bank said.

Andhra Bank launches scheme to push entrepreneurship

Andhra Bank launched a new scheme for self-help groups (SHGs) to encourage entrepreneurship. The scheme, Pattabhi Sitaramayya - Self Business Group (PS-SBG), has been introduced to commemorate the 138th birth anniversary of its founder Bhogaraju Pattabhi Sitaramayya, and the Silver Jubilee of the SHG-Bank linkage programme in the country.

Under the scheme, SHGs having five years of association with Andhra Bank and having successfully completed three credit rotations with good repayment record and an aptitude for entrepreneurship, will be eligible for a loan. Finance in the form of working capital and term loan can be extended to the group or in individual capacity within the group to the extent of Rs.25 lakh without any collateral security on easier terms and conditions, according to a release.

Banks seeks tax break for NPA

In a pre-budget meeting with finance minister Arun Jaitley and senior finance ministry officials, banks sought tax breaks for haircuts taken during the resolution of non-performing assets.

Banks have also sought a replacement of the monthly reporting requirement to the tax department with annual reporting. They have also demanded that the time for recognition of bad debts be aligned. At present, it is 180 days, according to Reserve Bank of India norms, and 90 days, under the Income Tax Act. They also suggested incentivizing digital transactions, the finance ministry said in a statement.

Bank of Baroda to hire specialists, sales officers

Bank of Baroda, one of India's largest public sector banks, is recruiting 428 specialist officers. The lender has advertised about 255 jobs in the middle management grade (Scale II and III) in finance, credit, trade finance and treasury areas.

Candidates must be between the ages of 25 and 35 years with an MBA or CA/ICWA qualification and have relevant post-qualification experience. The gross emoluments work out to Rs.81,000 to Rs.1 lakh per month on cost-to-company basis. Allowances may vary based on place of posting.

The bank also has 150 vacancies for sales jobs in the junior management grade (Scale I) where the gross emoluments may work out to Rs.66,000 per month on cost-to-company basis.

The age group for candidates is between 21 and 30 years with an MBA and a year's experience.

For Scale-I posts, there is an online test. Online registrations commenced last week and will go on till December 5. The tentative date for the exam is January 7.

For Scale-II and above, selection will be on the basis of group discussion and interview of short-listed candidates. The bank may, however, choose to hold an online test if there are a large number of applications. More details are available on the bank's website.

IBA suggest steps to ease telecom firms burden

Indian Banks Association has sought to ease the financial stress on telecom firms by suggesting to the government that it refund to operators any excess upfront payment made for surrendered spectrum and scrap deferred payment liabilities related to the airwaves. According to IBA estimates, the total liability of the telecom sector was Rs7.75 trillion as of 31 March.

Axis Bank to raise $1.78 bn from Bain Capital, others

Axis Bank Ltd said that its board had approved raising up to ₹1.78 billion (about Rs.11,600 crore) through a private placement of shares from a clutch of investors led by Bain Capital. The private equity firm is picking up a 4% stake, Axis Bank's stock-exchange filing showed. Bain is investing Rs.5,179 crore for the stake and will have the right to nominate a director on the bank's board.

State Bank changes names of around 1,300 branches

State Bank of India (SBI) has changed names and Indian Financial System Code (IFSC) codes of nearly 1,300 of its branches. The country's largest lender has changed the names and IFSC codes of branches located in major cities such as Mumbai, New Delhi, Bengaluru, Chennai, Hyderabad, Kolkata and Lucknow, etc.

SBI: Physical verification of Aadhaar at bank not must

Bank customers will not be required to visit branches to link their Aadhaar numbers with bank accounts, SBI chief operating officer and deputy managing director Neeraj Vyas said, ending confusion over the status of accounts belonging to people who are unable to physically visit banks.

"The only information that has to be provided to a bank official is the Aadhaar number and bank account number of the customer. The bank official will then access the Aadhaar server to verify four things: the customer's name, age, gender and address. If these sync with the in formation available with the bank, then the Aadhaar number gets linked to the account. Only in case of a mismatch will the customer be required to visit the branch," said Vyas.

Maruti overtakes SBI, is sixth most valued BSE firm

Shares Maruti Suzuki India Ltd jumped 2.11% to an all-time high of Rs.9,072 apiece, making the automaker the sixth most valuable firm on BSE, ahead of State Bank of India (SBI). The list of the five most valuable companies on BSE is led by Reliance Industries Ltd, followed by TCS Ltd, HDFC Bank Ltd, ITC Ltd and Hindustan Unilever Ltd. Maruti Suzuki's market capitalization stood at Rs.2.74 trillion, marginally ahead of SBI'S Rs2.71 trillion.

RESERVE BANK NEWS

Campaign on banking dos & don'ts to spread awareness

The RBI is going launch a full-fledged

multimedia and multilingual campaign to ceate general awareness among citizens about the regulations and initiatives of the central bank. "The campaign will be in 14 languages with focus on regional languages," the RBI said.

RBI leaves interest rates unchanged

Reserve Bank of India's monetary policy committee kept the key interest rate unchanged, noting risks to inflation, but expressed optimism that the slowdown in economic growth had bottomed out. The decision was in line with market expectations. The repurchase rate-the rate at which the central bank infuses liquidity in the banking system- was left unchanged at 6%. RBI also maintained its neutral policy stance, which essentially means future calls on rate direction would be data-driven and in either direction.

Urjit Patel cautions on inflation front

According to RBI governor Urjit Patel, India's recent success in containing inflationary pressures needs to be viewed in the context of entrenching macroeconomic stability, in which the government played a decisive role as it managed price pressures in some key food items. The new monetary policy framework has been playing an important role in shaping inflation expectations and outcomes, Patel said in a speech recently.

Reserve Bank asks banks to offer doorstep banking to senior citizens and differently-abled

The Reserve Bank of India has asked banks to provide doorstep banking facilities to senior citizens of more than 70 years of age and differently-abled persons. Banks have been directed that senior citizens and specially-abled persons, including the visually-impaired, should be provided basic services like pickup and delivery of cash, cheque books and demand drafts at their residence. These facilities should include pickup of cash and instruments against receipts, delivery of cash against withdrawal from accounts, delivery of demand drafts, submission of know-your-customer documents and life certificates at the premises or residence of such customers.

RBI asks NBFCs not to use coercion against borrowers

The RBI has asked NBFCs to ensure that no coercive action is taken against borrowers during recovery of loans by their agents and said senior management will be responsible for breach of norms. The norms are part of the directions issued by the RBI on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs (Non-Banking Financial Companies)'. As per the directions, the outsourcing of any activity by NBFC does not diminish its obligations, and those of its Board and senior management, who have the "ultimate responsibility" for the outsourced activity.

GST

NEWS

Post- GST Union Budget Likely on Feb 1

Finance Minister Arun Jaitley is likely

to present India's first post-GST and the current government's last full Budget on February 1 next year. The Budget session of Parliament may begin on January 30 with President Ram Nath Kovind addressing the Joint Session of both the Houses of Parliament, a senior government official said. The Economic Survey, detailing the state of the economy, is likely to be tabled on January 31 and the Union Budget may be presented the following day, he said.

10,000 Applications from exporters for GST Refunds

With over 10,000 applications for refunds filed by exporters till November, the GST Network asked exporters to ensure that the claims do not exceed the GST paid in that month. The Central Board of Excise and Customs (CBEC) had last month started refunds for exporters of goods who have paid IGST and have claimed refund based on shipping bill by filling up Table 6A.

200 Items becomes cheaper as GST Cuts Notified

Around 200 products of mass consumption, including detergents and ceiling fans,

became cheaper with the lower goods and services tax (GST) rates taking effect. The finance ministry has told citizens to remember this while purchasing these. The government formally notified the lower rates, including on chocolates, waffles, furniture, wristwatches, cutlery, suitcases, ceramic tiles and articles of cement.

The GST Council, chaired by Finance Minister Arun Jaitley, had in Guwahati decided to cut rates on these items to provide relief to consumers and businesses, amid an economic slowdown.

Cabinet okays body to keep check on prices Under GST

The Union Cabinet has approved setting up of the proposed National Anti-profiteering Authority under goods and services tax (GST) to

ensure consumers get the benefit of lower taxes under the new indirect tax regime. The decision came a day after the reduction in the GST rate on over 200 items came into force. The five-member authority will have power to ask those not passing on the tax benefit to return the undue profit earned to consumers along with an 18% interest, cut prices and if the consumer cannot be identified, to deposit the amount in a Consumer Welfare Fund. In grave cases , it can impose a penalty and even cancel GST registration.

Govt allows manual filing of GST refund claims

The government has allowed exporters to manually file before tax officers claims

for GST refunds as it looks to fast track clearance of dues to ease liquidity stress faced by them. Now exporters of services who paid IGST and those making zero rated supplies to SEZ units as well as those merchant exporters who want to claim refunds for input credit can approach their jurisdictional commissioner with their refund form.

The Insensitivity of GST on Sanitary Napkins When 70% Women Still Can't Afford To Buy Them

India welcomed the Goods and Services Tax (GST), a new tax regime on July 1, 2017. The tax reform, which embodies the principle of "one nation, one tax, one market", had an impact on various industries in the country. While the GST has been greeted with cheers by many, it simultaneously has brought concerns over the issues of sanitary napkins.

A sanitary napkin should be considered as a fundamental right of every woman, as it is a necessity every month. Turning a deaf ear to the outcry of women to make sanitary napkins tax-free, the GST imposes 12% tax on this necessary item. Though there has been a fall from the earlier tax rate of 14.5%, the decision is still irrational, as products like sindoor and bindis are tax free. I cannot understand how this makes sense for the government.

Putting sanitary napkins, an essential need for almost all adult women, in a non-essential tax bracket, shows the utter ignorance of women's health issues by the government. Back in 2012, the Union Health Ministry along with Family Welfare Ministry had launched a Rs. 100 crore scheme to push access and affordability of sanitary napkins among adolescent girls in rural areas. While it faced access and safe disposal issues, the fact that it didn't significantly increase usage of sanitary napkins is a matter of concern. This means that there are other factors than the cost, which hinder menstrual hygiene in India.

Despite note ban and GST India will borrow Rs 50,000 crore more this year

The government has for some time defended the two shocks it delivered to the Indian economy: demonetisation and a hasty rollout of the Goods and Services Tax. It said that these measures impose honesty on taxpayers and will broaden the tax base. When the Reserve Bank of India admitted in August that all the currency withdrawn from circulation during the note ban had returned, the government tried to save face by insisting that revenues would reflect how successful the move actual had been. Now it seems Indians will have to wait even longer to see that broader base and subsequent success.

The Finance Ministry said that it will be borrowing an additional Rs 50,000 crore in the current financial year a move that analysts say is likely to cause India to breach its fiscal deficit target this year. As a result, this will force an alteration of the targets for the next few years as well. The fiscal deficit is the gap between the government's expenditures and its revenues. It is essentially a measure of how much the state has to borrow - and pay interest on - to meet its commitments. When introducing the budget this year, Finance Minister Arun Jaitley pegged the fiscal deficit for 2017-'18 at 3.2% of the Gross Domestic Product with the aim of achieving 3% the following year.

Lok Sabha bill for GST cess hike on luxury cars to 25%

The Lok Sabha approved a bill to hike cess on luxury vehicles from 15 to 25 per cent with a view to enhance funds to compensate states for revenue loss following the rollout of GST. The GST (Compensation to States) Amendment Bill, 2017, was passed by the Lower House amid uproar by the opposition over controversial comments made by Union Minister Anant Kumar Hegde on secularism and the Constitution.

The Bill seeks to replace the Ordinance which was issued in September to give effect to the decision of the GST Council. The Ordinance provided for a hike in the GST cess on a range of cars from mid-size to hybrid variants and the luxury ones to 25 per cent.

In reply to a short debate, Finance Minister Arun Jaitley said the funds collected following hike in cess on luxury vehicles will be used to compensate states for revenue loss on account of implementation of the Goods and Services Tax (GST). He said the GST Council, which comprises State finance ministers, meets every month, and takes decision on rationalization of taxes in the backdrop of revenue collection.

Participating in the discussion, members demanded that the GST rate should be reduced on a variety of items including sanitary napkins, agriculture equipments, handicrafts, and handloom items and sports goods. Some members even suggested that there should be single tax slab instead of four.

INDUSTRY

NEWS

India's GDP to grow at 7.4% in 2019: United Nations

India's economy is likely to grow by 7.2% in 2018 and move up further to 7.4% in the following year on the back of strong private consumption, public investment and the ongoing structural reforms, a United Nations (UN) report said.

Overall, economic outlook for South Asia is seen largely favourable and steady for the short term, notwithstanding significant medium-term challenges, said the 'World Economic Situation and Prospects 2018' report unveiled by United Nations Department of Economic and Social Affairs (UN DESA). "The economic outlook remains steady and largely favourable in South Asia, driven by robust private consumption and sound macroeconomic policies," the report said.

Govt reviews tax norms for startup Companies

The government is reviewing the regime for startups in a bid to make it more attractive for entrepreneurs, especially on the tax front. That discussions have been initiated across ministries over the last few days, ahead of Prime Minister Narendra Modi's meeting with several startups and their CEOs during the Global Entrepreneurship Summit.

Customs duty raised on electonic goods

The government has raised customs duty on various electronic products including mobile phones, microwave ovens and cameras to boost local manufacturing and create jobs. The increase in customs duty will give local manufacturers a cost advantage over imports. The move will also help the government boost customs duty collection at a time when goods and services tax (GST) receipts have fallen below expectations.

The duty increase will not impact imports from countries such as Thailand and Malaysia, with which India has free trade agreements. While it has been increased by 5 percentage points on items such as mobile phones, video recording devices, electricity meters and digital cameras, it has been raised by 10 percentage points on items like microwave ovens, lamps and lighting fixtures.

Over one-third of registered companies out of business

According to official data more than one-third of the 1.7 million registered companies in India were shut down as on end of October. While authorities step up their clampdown on companies suspected of being used as a conduit for illegal activities, the number of active firms stood at little over 1.13 million as on October 31.

The corporate affairs ministry, which is implementing the Companies Act, has so far struck off the names of around 224,000 entities that have not been carrying out business activities for long. "The total number of companies registered in the country as on October 31, 2017, stood at 17,04,319. There were 11,30,784 active companies as on October 31, 2017," the ministry said in a report for October.

According to the report, out of the total, 535,000 companies were shut, 1,123 were assigned dormant status, 5,957 were under liquidation and 31,666 were in the process of being struck-off, among others.

Shipping Corporation of India speeds up scrapping of older ships

Shipping Corporation of India has increased the pace of scrapping older ships from its fleet as India's biggest maritime carrier looks at ways to prevent the company from slipping into red after running a net loss of Rs. 82.90 crore in the first half of FY18. In the first half of FY17, the firm had posted a net profit of Rs. 39.92 crore. The first-half net loss was despite a rise in operating revenue to Rs. 1,673 crore from Rs. 1,584.71 crore in the year-ago period.

Petrol pumps records 45% growth

India has recorded a 45 percent jump in the number of petrol pumps in the last six years, possibly the highest growth rate in the world, as public and private sector firms jostled to capture retailing sites, according to data available with the Petroleum Planning & Analysis Cell of the oil ministry.

I-T survey of Indian bitcoin exchanges

The income tax department carried out surveys at nine bitcoin exchanges across India, weeks after the Supreme Court sought the Centre and RBI's response on the need to regulate cryptocurrencies. Taxmen clarified that these were not raids, but that tax evision could attract action.

Uttar Pradesh Electricity Regulatory Commission hikes power tariff

Uttar Pradesh Electricity Regulatory Commission (UPERC) announced hike in power tariff a day after the civic polls concluded in the state, drawing flak from the opposition parties. The average hike for domestic consumers, to be implemented soon, is 12%. UPERC chairman S.K. Agarwal told that the electricity tariff for urban domestic electricity consumers has been raised by 9%. For the metered rural domestic consumers, the tariff has been hiked to Rs.3 per unit for first 100 units and Rs.4.50 per unit beyond that.

Lower debit card fees for small traders: RBI

Small merchants will now have more reason to accept debit card payments. The RBI has fixed a lower merchant discount rate (MDR) - which refers to the fees paid to a bank on card payments - for businesses with a turnover of below Rs 20 lakh. Under the new dispensation, a small merchant will pay only 0.40% of the transaction value if his turnover for the previous year is below Rs 20 lakh.

Direct tax mop up rises 14%

Direct tax collections increased by 14.4 per cent to Rs. 4.8 lakh crore during April-November this financial year. "The provisional figures of direct tax collections up to November 2017, show that net collections are at Rs. 4.8 lakh crore, which is 14.4 per cent higher than the net collections for the corresponding period of last year," the Central Board of Direct Taxes said in a statement.

Disqualified directors, de-registered firms not to get any relief

The Corporate Affairs Ministry has ruled out the possibility providing any relief for the 2.25 lakh de-registered companies and the 3.09 lakh disqualified directors, stating that these actions were caused by the "operation of law".

"There is no proposal before us to provide any relief to them. The only issue before us and taking our attention is to get the pending Companies (amendment) Bill enacted by the Rajya Sabha," PP Choudhary, Minister of State for Corporate Affairs, told.

The Ministry had de-registered 2.25 lakh companies and disqualified as many as 3.09 lakh directors for not filing financial statements for three years. Choudhary said that the remedy for these two controversies is before the National Company Law Tribunal (in case of de-registered companies) and the High Courts (for disqualification of directors).

3rd appeal in tax cases should be filed selectively: Government

The finance ministry has asked the tax department to file a third appeal in a case, after losing the first two, only selectively and after a critical examination, a move aimed at cutting down litigations.

The Tax Policy Research Unit (TPRU) had suggested that the revenue department should not contest a case further, if the issue has been lost in two previous stages of appeals.

The Central Board of Excise and Customs (CBEC), in a circular said the suggestion was considered in detail. The Board observed that "this cannot" be made a rigid rule as the department may be "genuinely aggrieved" by the decision of the various judicial forum at lower levels.

Govt asks banks to stop wilful defaulters from buying same assets

To ensure success of bankruptcy process under the Insolvency and Bankruptcy Code (IBC), the finance ministry asked banks to be vigilant to ensure that wilful defaulters are prevented from buying same stressed assets again, official sources said.

As many as 12 accounts - each having more than Rs 5,000 crore of outstanding loans and accounting for 25% of total NPAs of banks - are being probed under the IBC process. The total outstanding of these accounts taken together is Rs 1.75 lakh crore.

Bank deposits worth Rs. 15 crore post currency ban declared 'benami'

Cash deposits of Rs.15.39 crore made in a Delhi bank post demonetisation have been held as 'benami' property by a special court even as the depositor and the beneficial owner of the stash are "untraceable".

The deposits were declared 'benami in the ruling in one of the first adjudication cases of the new anti-black money law. The Prime Minister Narendra Modi-led government had brought into force the new Benami Transactions (Prohibition) Amendment Act, 2016 from November 1 last year, as part of its multi-pronged strategy to curb illicit wealth.

The case pertains to one Ramesh Chand Sharma, reportedly a resident of Gali Laltain in Naya Bazar area of old Delhi. The Income Tax Department, as part of its drive against black funds post the note ban, had conducted a survey at the Kotak Mahindra Bank branch on K G Marg in December last year and found that Sharma, post demonetisation, deposited Rs15,93,39,136 cash in old notes of Rs500 and Rs100 in the account of three firms, suspected to be fake.

Online registration for clearing Corporations

Market regulator SEBI said it has introduced an online mechanism for clearing corporations to making it convenient for them to do business. The digital platform would help clearing corporations complete registration and other regulatory filings with SEBI much faster and in more a cost-effective manner.

"In order to ease the process of application for recognition renewal, reporting and other filings... SEBI has introduced a digital platform for online filings related to clearing corporations," the regulator said in a circular. "All applicants desirous of seeking registration/ renewal as a clearing corporation ... shall now submit their applications online only...,," it added.

Debit cards, credit cards, ATMs will be redundant in 4 years: NITI Aayog

NITI Aayog Chief Executive Officer Amitabh Kant has said debit and credit cards as well as ATMs will be redundant in next three-four years and people will use their mobile phones for financial transactions. With India being a country where 72 per cent of the population is below 32 years of age, it will have an advantage over other regions like the US and Europe in terms of demographic dividend. "India will make credit cards, debit cards and ATMs technologically redundant in next 3-4 years and we all will be using mobiles for doing many transactions," Kant said at Amity University Noida campus on Saturday, where he was felicitated with an honourary doctorate degree.

Kant said that India is the only country in the world with billion biometrics and as many mobile phones and bank accounts and therefore, in future, it will be the only nation which will make a lot of disruptions. More financial transactions will be done on mobile phones and this trend is already rising spirally, he said.

New loan scheme for SMEs from Muthoot Finance

Gold loan provider Muthoot Finance Ltd has launched a new loan scheme for small and medium enterprises (SMEs) for their working capital requirements. Under the scheme, Muthoot Finance will disburse gold loans of Rs. 10 lakh and above at an interest rate of 12 per cent per annum.

The company expects to grow its customer base in this high-ticket loan category from 4 per cent to 10 per cent by June 2018, Babu John, Deputy General Manager, Muthoot Finance told newspersons at a press conference here on Thursday. "The loan will be now available through all our 4,200 branches, including the 599 branches across Andhra Pradesh and Telangana.

Sebi may get powers over unlisted units

The government may soon vest the Securities and Exchange Board of India with powers to act against insider trading and forward dealing activities in unlisted units of a publicly traded entity. Specific sections of the Companies Act may be amended to allow Sebi to enforce corporate governance norms on unlisted subsidiaries so that investors' interest is protected, said Injeti Srinivas, secretary of ministry of corporate affairs (MCA).

Sebi looking for chief economist

In order to strengthen its research capabilities, regulator Sebi is looking to hire a chief economist, whose position will be equivalent to that of an executive director in terms of pay and benefits. In an advertisement, Securities and Exchange Board of India (Sebi) has invited applications for the position.

Moody's raises outlook on India

Rating agency Moody's sees an improvement in the credit profiles of India Inc next year, driven by better sales as it expects the goods and services tax-related disruptions to wane, leading to an overall recovery in economic activities. An improvement in asset valuations, providing a means of deleveraging for some corporates, will also result in improvement in the credit profiles of the companies, the global rating agency said.

Income tax department to launch assessment of defaulters from Jan

The income tax department will launch full-fledged assessment proceedings from January next year against those assessees who have deposited "suspicious" amounts of money in banks post-demonetization, but have not filed their income tax returns (ITRs) till now. The central board of direct taxes (CBDT), which frames policies for the department, has asked the taxman to finish the process of serving notices to such entities.

Indian Forex reserves jump $1.2 bn to $401.94 bn

India's foreign exchange reserves increased by USD 1.2 billion to touch USD 401.942 billion in the week to December 1, according to the RBI data. The surge in reserves was aided by an increase in foreign currency assets, a major component of the overall reserves. The reserves once again crossed USD 400 billion mark in the previous week, after they rose by USD 1.208 billion to USD 400.741 billion.

The foreign currency reserves increased by USD 1.151 billion to USD 377.456 billion for the reporting week, the RBI said. Expressed in the US dollar terms, foreign currency assets include the effect of appreciation or depreciation of the non- US currencies such as the euro, the pound and the yen held in the reserves. After remaining stable for many months, gold reserves also rose by USD 36.5 million to USD 20.703 billion. The special drawing rights with the International Monetary Fund rose by USD 4.9 million to USD 1.502 billion.

LEGAL CASES

Interim Payment relief in cheque bounce cases

The cabinet approved an amendment to a current law to allow for payment of an interim compensation in cheque dishonour cases with a view not to allow unscrupulous elements holding payments, pending long trial, people familiar with the matter said.

An amendment to the Negotiable Instrument Act will allow a court to order for payment of an interim compensation to those whose cheques have bounced due to dishonouring parties, a move aimed at promoting a less cash economy. The amendment is likely to be introduced in the ongoing winter session of Parliament.

Law minister Ravi Shankar Prasad said amendment to Negotiable Instruments Act, 1881 has been approved. However, the people said the amendment would enable the court to order interim compensation to the payee of a cheque, a part of the cheque amount at the trial stage.

SC wants special courts to deal with politicians

The Supreme Court has advocated creation of special courts to exclusively deal with criminal cases relating to politicians, in the "interest of the nation". THE Supreme Court directed the Centre to place before it a scheme in this regard, and asked the government about the 1,581 cases involving MPs and MLAs, and details on how many of them had been disposed of within one year as per its directions in 2014. It sought details of the number of cases that ended in conviction and acquittal, and criminal cases lodged against politicians from 2014.

Supreme Court: Norms required for raids

The Supreme Court has questioned the behaviour of CBI investigators during raids and wondered how a senior bureaucrat arrested in a graft case and his family members had committed suicide here last year. A bench of Justices Ranjan Gogoi and L. Nageswara Rao said guidelines were needed on searches and seizures carried out by the CBI. "We would like the director of the CBI to look into the matter and file a response within four weeks," the court added. A former director-general of corporate affairs, B.K. Bansal, and his son had committed suicide in September last year and his wife and daughter in July.

Slap higher tax rate on fraudulent returns: CBDT

The Central Board of Direct Taxes has asked the Income tax Officers to conduct detailed scrutiny on cases where a taxpayer has filed a revised income tax return (ITR) post demonetisation and directed them to slap "higher tax rate" in instances where black money is detected. The CBDT has issued a 2 page instruction to all regional chiefs of the I-T department. "Unaccounted income so assessed in scrutiny assessment is liable to be taxed at a higher rate without any set off losses, expenses etc. under section 115BBE (treatment of tax credits) of the I-T Act," the CBDT instructions said.

Insolvency and Bankruptcy Code ordinance may affect clean bidders too

The amendments to the Insolvency and Bankruptcy Code aimed at preventing company founders suspected of wrongdoing from regaining control of their assets may shut the doors on clean bidders too, stakeholders say. The executive order bars not only wilful defaulters, but also several other categories of potential bidders, such as loan guarantors, those with loans classified as non-performing assets for at least a year and connected entities.

"While the ordinance lays down ineligibility criteria, it does not deal with a situation where such criteria are already a subject matter of challenge before the concerned courts. Would such applicant still be ineligible or otherwise?" said Diwakar Maheshwari, partner, Khaitan and Co.

Indian judge wins after 'Brexit'

India secured its place in the International Court of Justice after Britain withdrew its candidate ahead of a second run-off poll at the UN, ending a stand-off that again threw the spotlight on privileges the P5 countries enjoyed in the Security Council. The Narendra Modi government led the celebrations here, billing the re-election of Justice Dalveer Bhandari as a sign of India's growing clout in the comity of nations.

The verdict was seen as evidence of the UK's "shrivelling" presence on the world stage and a result of Brexit. This will be the first time since 1946 that the UK will not have a judge in the world court. The UK's permanent representative at the UN, Matthew Rycroft, announced the decision to withdraw its candidate, Sir Christopher Greenwood, from the contest, citing the "close relationship" between London and New Delhi and acknowledging that further voting was unlikely to break the deadlock.

RERA ACT is applicable to ongoing projects, says Bombay High Court

The Bombay high court has upheld the constitutional validity of the Real Estate (Regulation and Development) Act and its applicability to ongoing projects across states. The law intends to make homebuying a transparent and speedy transaction with powers of redressal. The judgment, has offered a breather to builders too. It has expanded powers under Rera to grant more time in exceptional cases to a builder to complete a project. The additional time is meant to be granted in compelling circumstances on a case-by-case basis. A division bench of Justices Naresh Patil and R G Ketkar gave separate but concurrent findings. The extension would go beyond the statutory one-year extension after the deadline for completion, which the Act requires the project's promoter to mention during registration.

Trader jailed for 5 yrs for rigging stock

In one of the longest term awarded for violation of Sebi laws, a special court sentenced a stock trader to five years' rigorous imprisonment for not paying penalties imposed for defrauding investors by rigging prices of stocks.

Hearing cases relating to Sebi matters, special judge M G Deshpande found Ashok Bhagat guilty in two separate cases involving stock price manipulation. Bhagat was also sentenced to four years of rigorous imprisonment in the second case of stock price manipulation. In both the cases, he failed to pay fines, aggregating Rs 87 lakh, to Sebi. The case was investigated in early 2005. This is the longest term given in a case relating to Sebi laws that deal with stock price manipulation.

Sebi investigations found that Bhagat was linked to the companies - Empower Industries and Highland Industries - whose stocks were manipulated. In the first instance involving Empower Industries, in 2013 the adjudicating authority had imposed a fine of Rs 82 lakh. For failing to shell out this amount, the judge handed him the five-year sentence and also fined him Rs 1.02 crore. Out of this amount, Rs 92.25 lakh has been awarded as compensation to Sebi. In default of the fine, he will undergo simple imprisonment of one more year.

In the second case, Bhagat was originally fined Rs 5 lakh. Besides the sentence of four years, the court additionally fined him Rs 6.25 lakh, of which Rs 5.62 lakh will be awarded to Sebi as compensation.

HOUSING NEWS

Government to build 10 million houses for rural poor by Dec 2018

The Ministry of Rural Development is planning to complete the construction of 10 million houses for the rural poor by December 2018-three months in advance of the March 2019 deadline set by the National Democratic Alliance government, a government official said.

More than five million houses are to be completed by March 2018, the official cited above said, adding that one million houses had been completed and another three million were in various stages of construction.

Some 5.6 million people were sanctioned houses under the programme with the government using data from the 2011Socio-Economic Caste Census and gram sabha (village council) records, he said.

Policy for affordable housing, rental accommodation soon

For the benefit of scores of students and elderly seeking affordable rental accommodation in the state, Punjab government is working on twin polices of affordable housing site and rental accommodations across the state. As part of the concept for affordable housing, the thrust will be on making smaller plots beginning with 100 square feet available to general public. Apart from the state's own area development authorities, private developers will also be given special incentives to expedite such projects.

The development authorities will provide water supply, smart water meters, promotion of solar power, use of tertiary treated water, rain water harvesting, and green cover will be ensured. Additional chief secretary housing and urban development Vini Mahajan said, "The policies are under consideration and will be finalised before March 31. "In case of affordable rental housing, the state government's role would be to come up with an enabling policy which can then be taken forward by the private developers. The other policy will focus on providing house to all with basic amenities in urban areas."

High Court upholds constitutional validity of RERA

The Bombay High Court held the constitutional validity of the Real Estate(Regulation and Development) Act(RERA), observing it was crucial to protect the interests of flat buyers and develop incomplete projects. The court also addressed the issue of implementation of the act. It allowed a lee way for developers by permitting the state-level R ERA Authority and the Appellate Tribunal to consider delay son a case-to-case basis, and not to cancel such projects or developers' registration in cases where the delay was caused due to"exceptional and compelling circumstances ."

SEBI orders Rose Valley refund

Sebi has ordered a refund of thousands of crores of rupees to the investors who had parked money in holiday membership plans of the group as it declared those schemes illegal.

Besides, Rose Valley Hotels and Entertainment Ltd and its directors have been barred from the markets for four years.

Also, the directors have been restrained from holding positions of directors or key management personnel at listed companies.

As per the Sebi order, more than 21.9 lakh investors are believed to have invested in holiday membership plans, the latest available records showed.

In the balancesheet filed by the firm for 2012-13, an amount of around Rs 5,000 crore is reflected under other current liabilities that were refundable liability under the membership plan, Sebi said. However, it did not mention the current liability.

According to the regulator, various plans offered by the firm with a promise of return qualify as a Collective Investment Scheme (CIS). After finding the funds mobilisation to be an illegal CIS, Sebi ordered Rose Valley and its directors -- Gautam Kundu, Ashok Kumar Saha, Shibamoy Dutta and Abir Kundu -- to wind up the 'Holiday Membership' plans and refund the money collected from the investors, with returns, within three months.

Promoter vs promoter: Curious case of a housing society in Mumbai suburb

When the members of a housing society who had given their building for redevelopment approached the Maharashtra Real Estate Regulatory Authority (MahaRERA) seeking possession of their flats from the developer, their plea was dismissed. In MahaRERA's order, the complainants were held as promoter (landowner) and even the developer that is the respondent was also held as promoter.

Housing experts say that this definition of a member of a housing society as promoter taken by MahaRERA needs to be looked into as the member gets extra space under redevelopment but not profit. Around 11 members of a project named Shanti Niketan located in Vikhroli, approached MahaRERA, the members in their complaint had stated that they have taken up redevelopment of their building through the builder Matrix Constructions. The members further alleged that the building was ready, but the developer wasn't handing them possession.

Indiabulls Housing Fin raises Rs 1,000 crore from Yes Bank

Top-rated Indiabulls Housing Finance has raised Rs 1,000 crore by selling the country's first "Social Bonds" and will use the proceeds in the low-cost or affordable housing sector. Private lender Yes BankBSE -0.64 % was the sole investor in the bonds with a five-year maturity, said a top executive confirming the matter. The securities have offered 8.12% yearly.

"The bond sale will act as a catalyst for the social bonds market in India and create a benchmark for future issues in this space," Rana Kapoor, MD of Yes Bank, told. "Affordable housing will play a critical role in realising the government's vision of Housing for All."The bonds will be listed on the National Stock Exchange and the BSE for secondary market trading. The government wants housing for all by 2022. Social Bonds are a debt instrument to raise funds exclusively to finance or refinance select and eligible social projects such as affordable basic infrastructure (water, sewers, sanitation and transport), food security, clean energy, healthcare and vocational training.

Rating company Crisil upgraded Indiabulls Housing to a triple-AAA rating with a stable outlook in November. A rating upgrade helps a company to reduce its borrowing costs. The social bonds did not fetch Indiabulls any special cost benefit compared with other domestic bonds. The company aims to increase lending by 30% this year and plans to raise another Rs 10,000 crore by tapping the debt securities market.

Housing Finance has also received the Reserve Bank of India's approval to sell ₹750 million worth of "masala bonds" or rupee-denominated bonds, for which the end-use is planned to be low-cost housing. The social affordable housing bonds are in line with the Social Bond Principles 2017 issued by the International Capital Market Association. KPMG in India is said to be providing the assurance services on the use of the proceeds.

MUTUAL FUND NEWS

Scheme categories will change but mutual funds would remain popular

The effect of a big announcement that we saw in Indian mutual funds industry in October 2017-when the capital market regulator Securities and Exchange Board of India (Sebi) standardized the scheme categories and defined them-is bound to spill over into 2018. The fund houses were asked to submit their plans for this change, by 15 December 2017. After Sebi examines and approves these plans, fund houses will set in motion the process of reclassifying their existing schemes, even merging some of them.

Fund houses will also have to be mindful of managing investor expectations, on the back of high returns that equity funds delivered in 2017. This is a task upon every fund house, said Nilesh Shah, managing director, Kotak Mahindra Asset Management Co. Ltd. However, the rising inflows will continue "not just from the beyond 15 towns, but also from towns beyond those," said A. Balasubramanian, chief executive officer, Birla Sun Life Asset Management Co. Ltd.

"The big events of 2017 will result in consolidation in 2018. Scheme consolidation will result in the industry stabilizing, once all the schemes move to their new mandates. This would also trigger consistency of returns," said Kalpen Parekh, president, DSP BlackRock Investment Managers Ltd. G. Mahalingam, whole-time member of Sebi, in his keynote address at the fourth edition of the annual Mint Mutual Fund Conclave held in Mumbai in October 2017, had said that the expenses should come down, going ahead. Incidentally, it has been 5 years since direct plans were introduced in all mutual fund schemes on 1 January 2013.

A look at all multi-cap equity funds shows that the average expense ratio in regular plans (which commission-earning distributors hawk) is 2.39%, as opposed to the average of 1.45% that direct plans charge, according to Value Research. Industry experts say Sebi is unlikely to bring down the total expense ratio. "But Sebi can push the industry further to follow the best practice guidelines by Amfi (Association of Mutual Funds of India)," said Balasubramanian.

DBS introduces mutual funds on its digibank platform

DBS Bank, will now offer its digibank customers a unique experience of investing in mutual funds with a completely paperless and 'signatureless' on-boarding on its mobile-only banking platform. DBS is the only bank in India to offer this first of its kind offering that does away with filing of multiple forms to start investing in mutual funds.

"With digibank, our intention has always been to be digitally embedded in our customers' evolving financial lifecycle and offering them a differentiated customer experience," said Shantanu Sengupta, Head - Consumer Banking, DBS Bank India.

"With fast growing awareness of mutual funds and adoption of digital banking, customers are increasingly seeking to make their own investments online in a simple manner without having to depend on traditional channels.

CO-OPERATIVE BANK NEWS

The co-operative bank

No income tax exemption to cooperative banks: govt tells Lok Sabha

The government ruled out giving income tax exemption to profit-making cooperative banks saying they functioned like commercial banks and should be treated on par.

Finance Minister Arun Jaitley said in Lok Sabha that the cooperative banks functioned like any other commercial bank and the principle of mutuality, which is central to granting exemption under Section 80P of the Income Tax Act, does not apply to them because their area of operations extends even to non-members.

"Income tax is a tax on profits and there is no rationale for exempting profit-making cooperative banks from payment of income tax," he said during Question Hour.

Jaitley said most of these banks provided standard banking facilities such as opening of letters of credit, bill discounting and collection, lockers and safe deposit vaults and bank guarantees."These banks are thus no different from commercial banks and therefore are required to be treated at par with them," he said.

Bill a bane: Visakhapatnam Coop Bank chairman

Chairman Emeritus of The Visakhapatnam Cooperative Bank Limited Manam Anjaneyulu said that the proposed Financial Resolution and Deposit Insurance Bill-2017 (FRDI-2017) would register a negative impact on the finance sector. Bringing the entire financial houses, including SEBI, Insurance, and Pensions under the FDRI-2017, would damage the economy, he warned.

Addressing the media, Manam Anjaneyulu said already people are expressing several doubts about the safety of their deposits. In order to minimise the RBI role in the banking industry, the NDA government has proposed the FRDI Bill and indirectly the government was trying to hold its grip on the banking industry, he alleged.

With the government influence in the banking industry, the entire Indian economy would badly affect. The government is trying to hold its grip in the share market also, he pointed out. Already, several national banks incurred huge losses. With the FRDI Bill, the RBI role would be minimised and the banks should run the business as per the government's directives. The Union Cabinet had already passed a resolution to merge 27 banks to make them into four banks.

Chairman of Srikanakamahalakshmi Urban Bank said that there are 1,574 cooperative banks in the country and with the FRDI Bill, the entire cooperative banking system would be collapsed.

Nashik Dist Central Co-operative Bank dissolved

Nashik, Dec 30 (UNI) Taking action against the Nashik District Central Cooperative Bank (NDCC) for alleged illegal recruitment, the Reserve Bank of India on Saturday dissolved the NDCC Bank, while placing a Government Administrator on its management. According to sources, the RBI took action against the NDCC Bank under Banking Regulation Act 88 and 83.

BJP's K D Aher was recently elected as Chairman of NDCC Bank, which was under cloud for alleged illegal recruitment of staff.MLC Apurva Hiray had also raised the recruitment issue during the Winter session of State Legislature, here.Joint Registrar Milind Bhalerao was appointed as the Government Administrator on NDCC bank.

PEOPLE ON THE MOVE

Stephan Winkelmann to join Bugatti as new President


Stephan Winkelmann

With effect from 1 January 2018, Stephan Winkelmann will be the new President of Bugatti Automobiles. He is taking over from Wolfgang Durheimer, who will then have held this position for five years in total and is retiring at his own request at the end of 2017.

Matthias Muller, Chairman of the Board of Management of the Volkswagen Group, said: "I accept Wolfgang Durheimer's wish to retire. I sincerely thank him for the outstanding work he has done in various positions in the Volkswagen Group over 18 years. At Bugatti, he successfully completed the era of the Veyron and, with the development of the Chiron, he has opened an exciting new chapter for the brand."

Bentley names Adrian Hallmark as new Chairman and CEO

The luxury arm of Volkswagen Group Bentley on Friday announced the appointment of Adrian Hallmark as the new Chairman and CEO. Hallmark's appointment marks one of four senior leadership changes at Bentley Motors with new Board Members for Engineering; Sales and Marketing; and People, Digitalization and IT.


Adrian Hallmark

Prior to Bentley, Adrian Hallmark comes from Jaguar Land Rover, where he held the role of Global Strategy Director. He brings more than 18 years of automotive board level experience from the US, Europe and Asia with Porsche, Volkswagen, SAAB and Bentley Motors.

During his time at Bentley, he held the role of Board Member for Sales, Marketing, and PR and played an integral role in the introduction of the sector-defining Continental GT in 2003.

GM India's Hardeep Singh Brar set to join Volkswagen as head of sales


Hardeep Singh Brar

Hardeep Singh Brar is set to return to Volkswagen India as head of sales, filling a critical post that had been lying vacant for several months.

People aware of the development said Brar, who was head of sales at General Motors India, had his contract running till March 31 next year but also had the option of exiting by September 30. He will take up his new role after Diwali, they said.

Brar was not immediately available for comment. An email query to Volkswagen India remained unanswered till as of press time on Tuesday. This will be the second important senior executive induction at Volkswagen India after Steffen Knapp's entry as brand director in June.

IPS officer Abhay appointed Director General of Narcotics Control Bureau


Abhay

Senior IPS officer Abhay was appointed Director General of Narcotics Control Bureau (NCB), according to an official order.He is at present working in Central Reserve Police Force (CRPF).

The Appointments Committee of the Cabinet has approved his appointment to the post till November 18, 2019, the order issued by Department of Personnel and Training (DoPT) said. The post was lying vacant after R R Bhatnagar took over as DG of CRPF in April this year.

Ex-ONGC chief Dinesh K Sarraf appointed oil & gas regulator

After keeping the post vacant for more than two years, the government has finally appointed Dinesh K Sarraf, former CMD of ONGC, as the new chairman of the Petroleum and Natural Gas Regulatory Board (PNGRB).


Dinesh K Sarraf

Sarraf, 60, who retired as the chairman of India's most profitable company on September 30, was appointed to head the PNGRB by the Appointments Committee of the Cabinet, an official order said.

He replaces S Krishnan, who demitted office in August 2015.Alongside, ACC also appointed S Rath, former director (exploration) of Oil India Ltd, as member of PNGRB. S S Chahar, former member of Cyber Appellate Tribunal, has been appointed Member (Legal), PNGRB, the order said. All of them have been appointed for a 5-year term or till the age of 65, whichever is earlier.

PNGRB has been practically defunct for last one year in the absence of new appointments being made for retiring members. Three members - PK Bishnoi, Kiran Kumar Jha and Subhash Chandra Batra (member-legal) - retired last year. Basudev Mohanty, the only other member on the Board, retired this year.

IAS officer Badri Narain Sharma appointed chairperson of National Anti-profiteering Authority

The authority's task is to ensure that the benefits of the reduction in Goods and Services Tax rates is passed on to the consumers. The government on Tuesday appointed bureaucrat Badri Narain Sharma chairperson of the National Anti-profiteering Authority under the Goods and Services Tax regime, PTI reported.


Badri Narain Sharma

An order by the Ministry of Personnel, Public Grievances and Pensions said the Appointments Committee of the Cabinet had approved Sharma's appointment to the post in the rank of a secretary to the government of India. Sharma, a 1985 batch officer of the Indian Administrative Services, is at present the additional secretary in the department of revenue.

The Cabinet had on November 16 approved setting up the five-member anti-profiteering body. The authority's task is to ensure that the benefits of the reduction in Goods and Services Tax rates is passed on to the consumers.

Carpet area relief for urban Middle Income Group houses

Cabinet has approved an increase in carpet area of houses eligible for interest subsidy under the Credit Linked Subsidy Scheme (CLSS). This will be applicable for the Middle Income Group (MIG) under PMAY. It will come into effect from January 1, 2017. While under the MIG-I category, the carpet area of the houses has been increased from 90 square metre to 120 square metre, the area under MIG-II segment, has been increased to 150 square metre from the current 110 square metre.

Under the MIG-I category, a four-per cent interest subsidy is provided to the beneficiaries, whose annual income is between Rs. 6 lakh and Rs. 12 lakh on a loan of up to Rs 9 lakh. On the other hand under the MIG-II category, the beneficiaries with an annual income of Rs 12 lakh to Rs 18 lakh get an interest subsidy of three per cent on a loan of up to Rs 12 lakh. PMAY aims to provide houses to all the urban poor by 2022. Carpet area is the area enclosed within the walls i.e. actual area to lay the carpet. This excludes the thickness of the inner walls. Builders as of today are charging buyers on the super built-up area, which includes area of outer walls, balcony and lobbies, stairs and even elevators.

RERA is against the practice of super built up area and want to remove it. However, under PMAY, the area of the house is different for all categories and it's the carpet area and not the super area that is to be looked at. Realtors' body CREDAI and NAREDCO hailed the government's decision to hike carpet area of houses eligible for interest subsidy under the Pradhan Mantri Awas Yojana-Urban, saying the move would help middle income buyers and help the sector in clearing unsold homes. NAREDCO's Chairman Rajeev Talwar and President Niranjan Hiranandani said this decision would help in meeting the aspiration of millions of MIG (middle income group) home buyers.

Observing the vigilance awareness week from 30th October 2017 to 4th November 2017

The Oriental Insurance Company Ltd Bengaluru Regional Office jointly with Department of Professional Studies Christ University organized essay writing competition @ Christ University for students pursuing Insurance studies on the Topic"My Vision - Corruption Free India" on 3rd November 2017 @ Christ University Bengaluru.

Students actively participated and exhibited the best in ideas to Eradicating corruption as nature's way of restoring our faith in democracy. The young minds have vibrant ideas to combat and control corruption. Mr. K Jothinathan Deputy General Manager, P R Kerketta Regional Manager, Mr. Rajesh Senior Divisional Manager - In charge Corporate Business Unit, N Vijaya Kumar Assistant Manager Vigilance and A Priya Administrative Officer graced the occasion.

Mr. K Jothinathan Deputy General Manager, addressed the students with valuable thoughts of being a responsible citizen and contribute to success of our nation.

Chairman of State Bank Group Sh. Rajnish Kumar, on a short visit arrived at Jaipur

It is worth mentioning that, this is the first visit of Sh. Rajnish Kumar to Jaipur after becoming the Chairman of SBI Group. On this occasion Sh. Kumar inaugurated Lounge & Veteran Felicitation Centre cum e- lobby at SBI Jaipur Cant. Branch for senior officers. It is expected that all the customers will be benefited through the modern automatic machine of the lobby for their Banking transactions. In the felicitation centre Bank's officials will address the Banking transaction related problems if any faced by veterans. It is a unique first initiative in the country, which the Bank is in the process of emulating at other parts of Rajasthan.

In addition to this, Sh. Kumar, inaugurated heritage gallery at State Bank Learning Centre (SBLC) at Jaipur. In this gallery, Banking documents, Stamps and Electronic gadgets for banking use prevalent during Pre- Independence period is displayed. Sh Kumar addressed the probationary officers of 2016 batch at 9 locations, through video conferencing from State Bank Learning Centre. Tree plantation at the hand of Sh. Rajnish Kumar was also organized at the State Bank Learning Centre, Jaipur for preservation of environment.

During his stay at Jaipur, SBI Chairman inaugurated the newly constructed reception centre at Local Head Office, Jaipur. On this occasion, while addressing the top management & senior officers of the Bank Sh. Kumar stressed the importance of customer service in present circumstances. He said that Customer is Supreme.

YONO - India's first lifestyle and banking digital platform from SBI

State Bank of India (SBI) is set to launch India's first comprehensive digital service platform YONO, acronym for "You Only Need One". This will be an integrated Omni-channel digital platform that offers just about everything related to financial services and lifestyle products / services will be launched at the hands of the Union Minister for Finance and Corporate Affairs, Shri. Arun Jaitley in Delhi on 24th November 2017.

In addition to an array of banking & financial services, YONO will also allow customers to meet their lifestyle needs across 14 categories including booking & renting cabs, entertainment, dining experience, travel & stay, medical needs and so on. The bank has partnered with over 60 E-commerce players to provide customized offers and discounts to customers. Some of the key e-commerce partners include Amazon, Uber, Ola, Myntra, Jabong, Shoppers Stop, Cox & Kings, Thomas Cook, Yatra, Airbnb, Swiggy and Byjus, among others.

YONO is a path breaking comprehensive digital product from SBI developed using the world's latest digital technologies such as Artificial Intelligence, Predictive Analytics and Machine Learning and can be accessed through a mobile application and web portal. With YONO, customers can:

- ✓ open an SBI bank account digitally in less than five minutes
- ✓ transfer funds in just four clicks
- ✓ avail of pre-approved personal loan sans any paperwork
- ✓ get overdraft facility against fixed deposit
- ✓ have one view of their banking and financial portfolio of SBI Group companies
- ✓ benefit from intelligent spend analyser
- ✓ utilise conversational banking guide through "Chat bot".

YONO will be the first digital banking platform to offer customized products and offers from over 60 e-commerce players by leveraging analytics. This will also be the first to offer online purchase and view of insurance policies within the portal, without redirecting customer to respective service provider, and to seamlessly access and purchase of investment products.

YONO can be accessed through mobile phones, both android and iOS, and on the web through a browser, and allows a seamless omni-channel customer experience.

On the occasion of this historic launch Mr. Rajnish Kumar, Chairman, SBI said "India is going digital at an unprecedented pace and we at SBI have been taking significant strides in the digital banking space. With the launch of YONO, customers will be able to seamlessly access lifestyle offerings and financial services with a single user id and password. The portal has been designed to offer maximum customer convenience where each journey has been designed with minimum possible clicks with easy to understand descriptions. We believe this app will help us increase engagement with our customers and enhance their banking."

United Bank of India receives the 1st Prize for Roof Garden Competition i. e. Terrace Garden under Category - Area upto 800 sq. m. for Summer Garden by The Agri-Horticultural Society of India for the year 2017

United Bank of India has been awarded the 1st Prize for Roof Garden Competition i. e. Terrace Garden under Category - Area upto 800 sq. m. for Summer Garden by The Agri-Horticultural Society of India for the year 2017. The Head Office Building boasts of brilliantly manicured Open-Air Terrace Gardens which adds to its beauty and grandeur. Premises Department being felicitated by the MD & CEO and ED of the Bank.

Vigilance Awareness Week: 30th October - 4th November, 2017

HUDCO observed Vigilance Awareness Week from 30th October to 4th November, 2017. Dr. M. Ravi Kanth, CMD, HUDCO released a booklet on Dos and Don'ts for preventing vigilance, in the presence of CVO, Mr. Ajay Mishra, and distributed the prizes to the winners of the debate and essay competitions organized during the week.

United Bank of India celebrates 68th Foundation Day

United Bank of India, the Kolkata head quartered Bank and the SLBC convener for the State of West Bengal today celebrated it's 68th Foundation Day with great fervor and festivity. Like the past years, this years' function was also marked by the Bank's CSR initiatives in which the' Bank distributed blankets to the impoverished and slum-dwellers through Ramkrishna Mission, Bag Bazar. On the occasion of the Foundation Day, the Bank launched a host of products: and services.

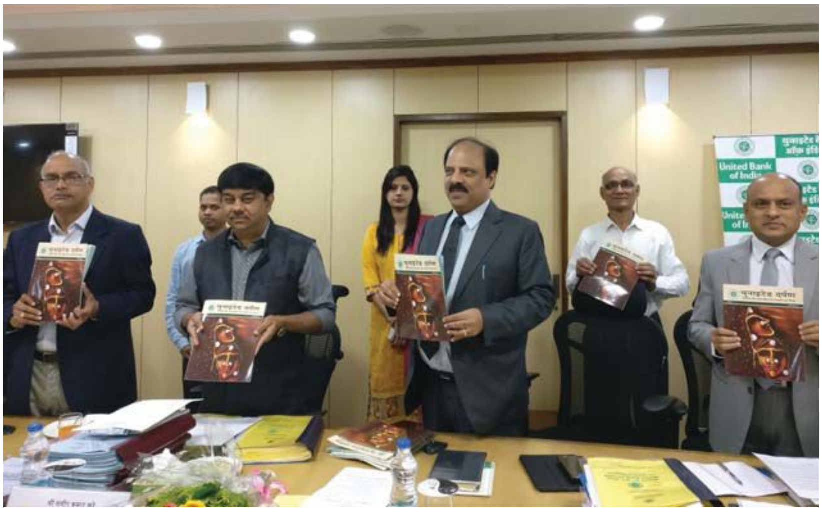
It announced the soft launch of its Credit Cards and launched Bharat QR' Code, and a couple of web portals for the benefit of its past and present employees: Sri. Pawan Bajaj, Managing Director & CEO of UBI said' "I am happy to announce the soft launch of 'United Credit Cards'. The cards will be launched under the brand name "Pragati" and "Suvidha". Although we are a late entrant, I am confident that it is going to play a worthy supporting role in bringing in new corporate and. HNI within the Bank's fold.

In his address to the employees of the Bank, Sri Bajaj emphasized on reduction of IPA, cost control and enhancing profitability of the Bank. He reiterated that going forward the Bank will continue to focus on the retail and MSME sectors for credit dispensation rather than larger corporate exposures. On the occasion of the Foundation Day the' Bank felicitated the Regional Heads, Branch Heads and Individuals' which have been the top performers under United. Retail League Monsoon Dhamaka and United Ru-pay Moments Card Campaign.

Executive Director, Sri. Ashok Kumar Pradhan in his welcome address reminisces, the glorious past of the Bank. While mentioning that, off late the faith of people on Public. Sector Bank is dwindling, he advised all employees to take solemn pledge to re dedicate themselves to redouble their efforts with an unflinching commitment 'to revive the spirit of the Bank and to regain the faith of the people.

A cultural program was organized by the in-house talents who have excelled at state and national level. Sri. Debashish Mukherjee, General Manager proposed vote of thanks.

Release of 'United Darpan' (35th Issue) In-house Hindi Magazine of United Bank of India



Shri Pawan Bajaj MD & CEO of United Bank of India has released the 35th issue of In-house Hindi Magazine 'United Darpan' during the meeting of Board of Directors on 06.12.2017 in presence of Shri Ashok Kumar Pradhan- Executive Director, other members of Board of Directors and General Managers of the Bank. The 35th Issue of the `United Darpan' covers articles on Pradhan Mantri Awaas YojanaCLSS, Demonetization, GST etc. The Board of Directors of the Bank appreciated the contents of the Magazine and the art work of the Front Cover page of the magazine was designed by Ms Oli Mishra, a deaf staff member of the Bank.

United Bank of India signs MoU with National Housing Bank for implementation of Rural Housin Interest Subsid Scheme (RHISS)

United Bank of India signed MoU with National Housing Bank on 6th December, 2017 and has registered its name as a primary lending Institution (PLI) for implementation of Rural Housing Interest Subsidy Scheme (RHISS) a vertical under Pradhan Mantri Awas Yojana.

The MoU was signed by Md.. Abdul Wahicl, General Manager, on behalf of United Bank of India and Mrs. Rita Bhattacharya, Dy. General Manager, on behalf of National Housing Bank and in the presence of other officials from both the organizations.

Such an initiative will facilitate Bank to expand institutional credit flow to housing need of eligible Rural Individuals under PMAY Scheme. National Housing Bank will work as a Central Nodal Agency (CNA) to channelize the subsidy to the Primary Lending Institution.

The Rural households having no house or living in Kutcha house will get Interest. Subsidy under the. Scheme for Housing Loan availed from Banks / Financial Institutions for construction of new house / modification of existing house. Subsidy under the scheme will be at the rate. of 3% on the principal amount for a maximum loan amount of Rs. 2 Lacs irrespective of the Loan Size, for tenure upto 20 years. However, additional Loans beyond Rs. 2 Lacs can be availed at a non subsidized Rate.

The Subsidy amount will be received upfront thereby reducing the quantum of Loan and monthly EMI accordingly. The scheme has facilitated the rural population to have their own house by availing Loan from Banks I Financial Institutions with lower Repayment Liability.

Any rural household which appears/figures on the permanent wait list for Pradhan Mantri Awas Yojana-Gramin (PMAY-G) will not be eligible for subsidy under the scheme.

United Bank of India Financial Results Q2 2017-18

United Bank of India has announced its reviewed financial results for the second quarter (02) of FY 2017-18 following the approval of its Board of Directors on November 13, 2017. The highlights are as follows:

- Total Business nearing two lakh crores as on September'17 increased by 4.57% over September '16.
- Bank's total deposit increased by 7.15% on y-o-y basis
- Strong CASA deposit growth of about 16.88% on y-o-y basis helps the Bank to attain CASA share of 47.44% of the total deposits as of 30.09.2017 as against 43.49% as of 30.09.2016
- Total advances stands at Rs.68562 crores
- Provision coverage ratio (PCR) stands at 57.41% on Q2-FY 18 against 51.70% in Q2-FY 17.
- CRAR (Basel Ill) at 10.70% with Tier 1 at 7.98% as on 30th September, 2017, against the statutory requirement of 10.25% and 7.00% respectively.

Highlights of Q2 Results

(Rs./Crore)

	Quarterly		Yearly
	Q2-FY 18	Q2-FY 17	FY 17
Total Income	2584.89	2893.31	11614.53
Total Expenses	2298.89	2456.72	10061.64
Operating Expenses	599.45	601.01	2561.46
Staff Exienses	370.19	384.00	1624.18
Net Interest Income	376.26	376.40	1927.73
Operating Profit	286.00	436.59	1552.89
Net Profit	-344.83	43.53	219.51
PCR (/0)	57.41	51.70	56.45
Total Advance	68562	68471	70503
Total Deposit	126322	117892	126939
Total Business	194884	186363	197442
CASA Deposit	59921	51269	60085
GNPA	12892.67	11134.47	10951.99
NNPA	7279.64	7185.23	6591.85

Profit

Banks Net Interest Income (NII) has remained flat at Rs.376 crore on y-o-y basis. Total Expenses has reduced by 6.42% on y-o-y basis with Interest and Staff expenses reducing by 8.42% and 3.60% respectively on y-o-y basis

Business Expansion

Total Deposit increased by 7.15% from 117892 crore to Rs.126322 crore on y-o-y basis. CASA has increased by 16.88% on y-o-y basis with Saving Deposit increasing by 17.98% and Current Deposit increasing by 10.72%, respectively on y-o-y basis. Similarly, the total business has increased by 4.57% on y-o-y basis.

MSME (Priority Sector) Advance has grown by 8.50% on y-o-y basis. Retail Advances has shown a growth of 10.87% with Housing Loan and Car Loan increased by 21.81% and 29.93% respectively, on y-o-y basis. However, Total Advance has remained flat at Rs.68562 crore with a growth of 0.13% on y-o-y basis.

Bank's investments has increased from Rs.50245 crore as on Q2 FY17 to Rs. 50320 crore as on Q2 FY18 showing a growth of 0.15% on y-o-y basis.

Capital Adequacy

Under Basel III, the Bank's Capital Adequacy Ratio stood at 10.70% with the Tier 1 capital at 7.98% as on 30th September, 2017.

In order to further strengthen the capital adequacy, Bank has very recently issued Tier I & Tier II Bonds aggregating Rs.830 crores.

Key Strategic Initiatives

1. Insertion of Aadhar based payment on UPI system.
2. Bank has introduced a new Scheme called United Weaver Mudra Scheme for extending credit to handloom weavers. The Scheme is covered under Pradhan Mantri Mudra Yojna and has been formulated by the Ministry of Textiles, Government of India in consultation with Public Sector Banks.
3. Launch of Referral and Merchant Cashback scheme for BHIM users
4. Introduction of Mobile POS (M-Pos) for Merchant Acquiring Business
5. Govt. of Andhra Pradesh has conferred "Enterprise Financing Index Award 2017" to United Bank of India, Hyderabad Region for outstanding performance in financing the growth of MSME sector in 2016-17.
6. Bank has covered 3070 Sub Service Areas (SSAs) covering 13250 un-banked villages and 4254 Bank Mitras are extending basic banking services from a fixed point location.

ENFORCEMENT OF SECURITY INTEREST AND RECOVERY OF DEBTS LAWS AND MISCELLANEOUS PROVISIONS (AMENDMENT) ACT, 2016

Higher prescription to 'Recover' from 'Distressed Assets'

Introduction

Non performing asset (NPA) is one of the major concerns for scheduled commercial banks in India . Banks have been reeling under pressure due to the rising bad loans affecting their bottom line. It is necessary to trim down NPAs by utilizing various recovery mechanism to improve the financial health of the banking system and also economy. Government and RBI had put in place and enacted various recovery mechanism such as The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (RDDBFI Act) and the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) ,LokAdalat , for expeditious recovery of bad loans of banks and Financial Institutions (FIs).

However, due to various reasons, these laws were unable to give the desired outcome, resulting in the bad debts of Banks and FIs mounting day by day. As the level of distressed assets within the Indian banking system reached an alarming level, Asset Reconstruction Companies (ARCs) emerged as an important resolution mechanism. However , ARCs also could not able to make much headway in dealing with distressed assets .Flaws in the existing recovery process have contributed to the problems of bad loans.

In order to facilitate quick disposal of recovery applications and thereby speed up the recovery process, Government has initiated steps to amend the RDDBFI and SARFAESI Acts and also to make consequential amendments to the India Stamp Act, 1899 and the Depositories Act, 1996. Coming on the heels of the enactment of the Insolvency and Bankruptcy Code 2016, these amendments aims to improve ease of doing business and facilitate investment leading to higher economic growth and development.

The changes are aimed at a faster and more transparent system to tackle the bad debts in the banking system by fast-tracking the recovery process for banks and other financial institutions and making it easier for asset reconstruction companies (ARCs) to function. The government is hoping

About the author

M. Ramamoorthy
BE(Mechanical), CAIIB, MBA (Banking Finance), F.I.V
Senior Manager (Faculty- Credit Discipline)
Union Bank of India Staff College
Bangalore

that these amendments, along with the bankruptcy code, will provide a time-bound framework to deal with distressed assets and loan recovery.

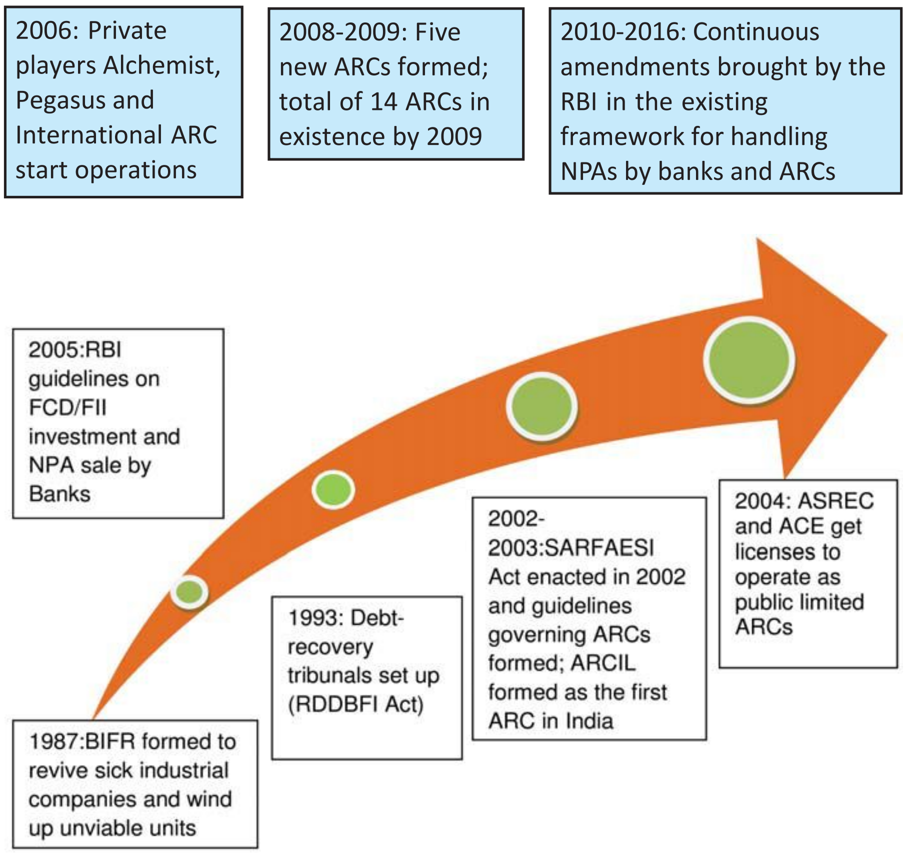
Distressed Assets and Efficacy of Recovery Mechanism - An overview

The problem of stressed assets in the Indian banking sector has significantly worsened in the recent years. Consequently, the risk landscape for the banks in India has undergone a major change.The restructuring and recapitalization process associated with the post-1991 'reforms' had resulted in a sharp decline in the ratio of gross NPAs to gross advances from 15.7 % at the end of 1996-97 to 2.3 % at the end of 2008-09, the year of the global financial crisis and at 2.36 % in 2010-11.

However, since then there has been a reversal in trend, with the ratio rising to 3.4 % in 2012-13, 4.6 % 2014-15 . After the introduction of RBI's asset quality review (AQR) mechanism , the position has been further deteriorated to 7.6 % in March 2016 from 5.1 % in September 2015. The total banking credit outstanding as on 30 September 2015 was Rs 67.38 trillion, of which the stressed assets (Gross Non- Performing Asset (GNPA) + Restructured Advances (RA) size was Rs 7.6 trillion (11.3% of total). The growth in NPAs was much higher than the growth in advances during the last four years.

A simultaneous sharp reduction in restructured standard advances ratio from 6.2 per cent to 3.9 per cent during the same period resulted in the overall stressed advances (i.e., NPAs plus Restructured Assets) ratio rising marginally to 11.5 per cent from 11.3 per cent during the period. During the past few years, the Indian banking sector suffered tremendous asset quality stress in its loan portfolio as a number of large projects ran into difficulties mainly on account of poor project evaluation, extensive project delays, poor monitoring and cost overruns creating pressure on borrowers to repay loans. Public sector banks, severely impacted by high levels of bad loans, witnessed a slowdown in credit growth.

The evolution of the recovery mechanism put in place in India can be summarized as below:



If we look a little far back, the asset quality of the Indian banking system was not like at this position, it had actually been improving significantly since the implementation of reforms in the banking sector and introduction of prudential norms, enactment of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002, Credit Information Companies Act, etc. Banks have resorted to recovery under several methods over the years including LokAdalat, Debt Recovery Tribunals (DRTs) and the SARFAESI Act.

However, during the last few years, due to burgeoning of bad loans, the existing recovery mechanism could not show much progress in recovering the bad loans due to various impediments in the system . The World Bank data as of June 2015 indicates that India lags behind most of the emerging market economies in the time taken to resolve cases of insolvency. The cases referred and amount recovered during last few years through LokAdalat, DRT and SARFAESI is given hereunder (Table -1).

Table -1 Number of cases referred and amount recovered

(Rs billion)

Year	Recovery channel	LokAdalat	DRT	SARFAESI	Total
2012-13	Number of cases referred	8,40,691	13,408	1,90,537	10,44,636
	Amount involved	66	310	681	1057
	Amount recovered@	4	44	185	233
	% of Recovery	6.1	14.1	27.1	21.9
2013-14	Number of cases referred	16,36,957	28,258	1,94,707	18,59,922
	Amount involved	232	553	953	1,738
	Amount recovered @	14	53	253	320
	% of Recovery	6.2	9.5	26.6	18.4
2014-15	Number of cases referred	91,31,199	1,71,113	12,41,086	105,43,398
	Amount involved	887	3,789	4,705	9,381
	Amount recovered @	43	531	1,152	1,726
	% of Recovery	4.8	14	24.5	18.4

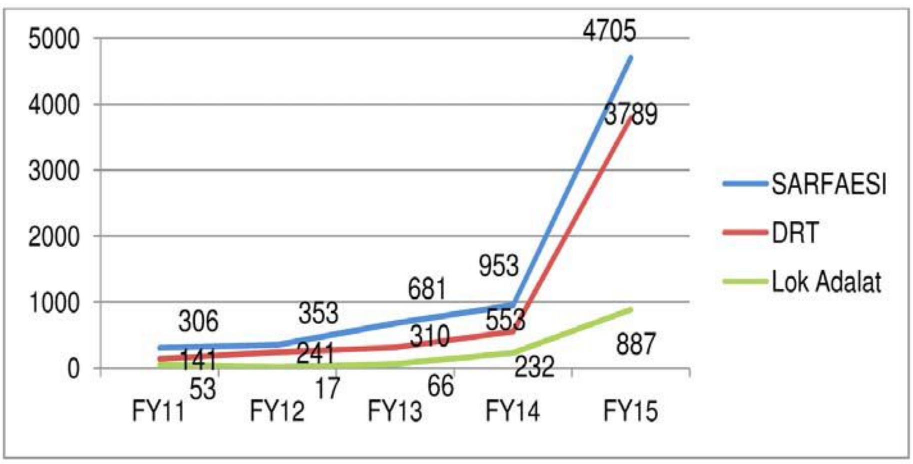
Source : BSR Statistics -RBI

@Refer to amount recovered during the given year , which could be with reference to cases referred during the given year as well as during the earlier years

A look at the above data shows the speed with which courts have responded to closing the bad debt cases referred to them . The loans recovered through judicial processes are below the recovery under SARFAESI.The much touted recovery mechanism through the SARFAESI Act has not even touched 25 % during 2014-15.Its decline year after year is more alarming .The number of cases referred to courts increased tenfold between 2012 and 2015 .The number of cases settled through any of the three available legal options of recovery of bad loans to banks has been on the decline. The amount involved shows an alarming trend (Graph-1) The gross NPA recovery rate under these legal process shows only at 18.4 % (Graph-2).The annual recovery as percentage of amount of cases filed under SARFAESI Act, with DRT and LokAdalat ,further fell to 9% in 2015-16.The amount involved in legal process of recovery is nowhere near the amount of NPAs declared for the year .

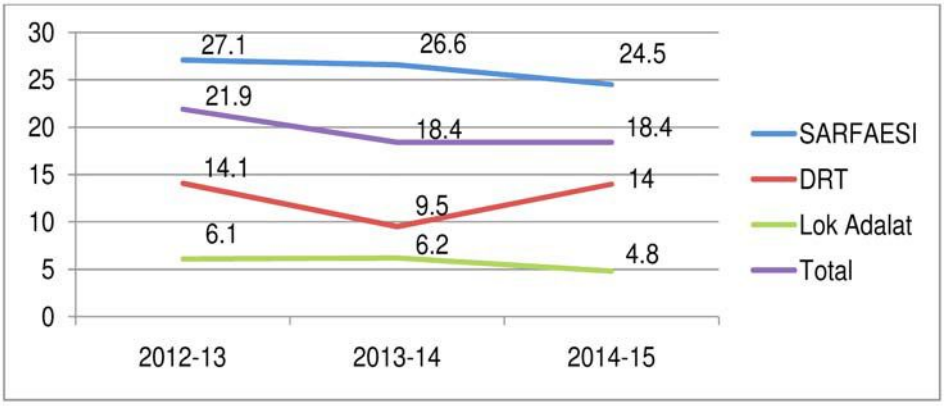
Graph-1 Recovery Mechanism - Amount filed

(Rs Billion)



Source : RBI

Graph -2 Gross NPAs recovery rate (%)



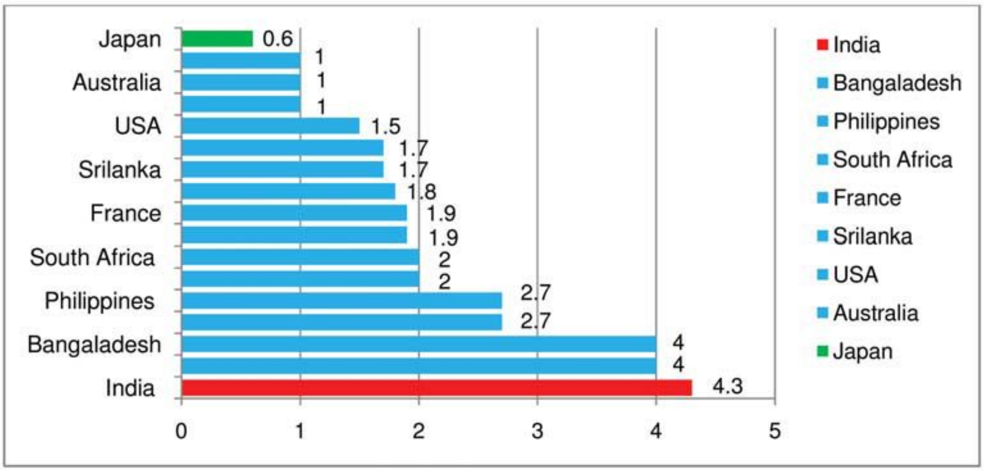
Source : RBI

important resolution mechanism. ARCs have been successfully used as part of a comprehensive NPA management strategy globally. ARCs function more or less like an asset management company, transferring the acquired assets to one or more trusts (at the price at which the financial assets were acquired from the originator).

Then, the trusts issue security receipts (SRs) to qualified institutional buyers (QIBs) and the ARCs receive management fees from the trusts. Any upside between the acquired price and the realized price is shared between the beneficiary of the trusts (banks/FIs) and ARCs.After the enactment of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), many asset reconstruction companies (ARCs) were formed in India. Unlike in many other countries where debt aggregation grew under a government supported model, in India ARCs were set up as private vehicles, mainly with the support of banks.

While SARFAESI has proved to be a big improvement over DRTs (as proceedings can be initiated without court intervention), its inefficient enforcement has rendered it less effective. The inefficiencies in the process have led to delay in attempts by lenders to liquidate assets or take management control of the entity in contention.The time taken to resolve has been very high and it takes more than four years .(Graph-3)

Graph -3 Time taken to Resolve (in Years)



Source: World Bank

Thus, the present legal system is unable to cope with the mammoth task, considering the ever increasing number of suits and the limited infrastructure available at DRTs / courts. Further, there are various issues relating to DRT and SARFAESI, which needs to be strengthened to make these channels more efficient and effective.

As the level of distressed assets within the Indian banking system reached an alarming level, ARCs emerged as an

The RBI has granted certificates of registration to 15 ARCs with estimated total value of SRs issued amounting to Rs 630 billion. While it is true that Indian banks have managed to upgrade and recover some of the loans, this is not even 15 % of the total stress asset. Much of the book clean up has been done by selling the assets to asset reconstruction companies (ARCs). Typically, ARCs issue security receipts (SRs) to banks and pay about 15 % of the asset price upfront According to various estimates,in India,banks sell stressed asset not more than a 40 % - 45 % discount and as per report of India Ratings, SRs are outstanding to the tune of Rs 60,000 crores backed by NPAs closed to Rs 1 trillion crore as at the end of March 2016.

The total stressed asset in the banking sector estimated to be ₹130 billion. The existing ARCs continue to suffer from lack of capital and the stipulation that assets can be pur-

chased after paying up at least 15 % upfront .As per report by India Rating ARCs can take up only one tenth of the NPAs and they need to re-orient themselves if they are to facilitate the NPA resolution process.

New Law

In order to facilitate expeditious disposal of recovery applications ,Government had brought in certain changes in the exiting SARFAESI Act and RDDBFI Act , to strengthen the insolvency framework that is being implemented through the Insolvency and Bankruptcy Code 2016 passed by Parliament in May, 2016. One of the big challenges that banks face is the enforcement of securities and the recovery of debt and this amendment aims to improve ease of doing business.

The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 was passed by the LokSabha on 01.08.2016 and the RajyaSabha on 09.08.2016. The President of India has given his assent on 12.08.2016 and the Act has been published in the Gazette of India for information on 16.08.2016. The salient features of amendment is enumerated hereunder :

The act seeks to amend four laws:

1) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
2) Recovery of Debts due to Banks and Financial Institutions Act, 1993;
3) Indian Stamp Act, 1899; and
4) Depositories Act, 1996.

Amendments to the SARFAESI Act

The amendments in the SARFAESI Act, are proposed to suit changing credit landscape and augment ease of doing business which, inter alia, include:

a) The Act creates a central registry to maintain records of transactions related to secured assets. The Bill creates a central database to integrate records of property registered under various registration systems with this central registry. This includes integration of registrations made under Companies Act, 2013, Registration Act, 1908 and Motor Vehicles Act, 1988.

b) The Bill provides that secured creditors will not be able to take possession over the collateral unless it is registered with the central registry. Further, these creditors, after registration of security interest, will have priority over others in repayment of dues

c) To enable non-institutional investors to invest in security receipts of ARCs;

Provide a specific timeline for taking possession of secured assets;

d) The SARFAESI Act allows secured creditors to take possession over a collateral, against which a loan had been provided, upon a default in repayment. This process is undertaken with the assistance of the District Magistrate, and does not require the intervention of courts or tribunals. The Bill provides that this process will have to be completed within 30 days by the District Magistrate

e) In addition, the Bill empowers the District Magistrate to assist banks in taking over the management of a company, in case the company is unable to repay loans. This will be done in case the banks convert their outstanding debt into equity shares, and consequently hold a stake of 51% or more in the company

f) The Act empowered the Reserve Bank of India (RBI) to examine the statements and any information of Asset Reconstruction Companies related to their business. The Bill further empowers the RBI to carry out audit and inspection of these companies. The RBI may penalise a company if the company fails to comply with any directions issued by it.

Amendments to the RDDBFI Act

The amendments proposed in the RDDBFI Act, inter alia, include:

a) Expeditious adjudication of recovery applications.

b) Priority to secured creditors in repayment of debts.

c) Debenture trustees are also included in the definition of financial institutions, thereby enabling them to initiate action under the RDDBFI Act.

d) Empowering the Central Government to provide for uniform procedural rules for the conduct of proceedings in the Debts Recovery Tribunals and Appellate Tribunals,

e) The RDDBFI Act established Debt Recovery Tribunals and Debt Recovery Appellate Tribunals. The Bill increases the retirement age of Presiding Officers of Debt Recovery Tribunals from 62 years to 65 years. Further, it increases the retirement age of Chairpersons of Appellate Tribunals from 65 years to 67 years. It also makes Presiding Officers and Chairpersons eligible for reappointment to their positions.

f) The Act provides that banks and financial institutions will be required to file cases in tribunals having jurisdiction over the defendant's area of residence or business. The Bill allows banks to file cases in tribunals having jurisdiction over the area of bank branch where the debt is pending.

g) The Bill provides that certain procedures under the Act will be undertaken in electronic form. These include presentation of claims by parties and summons issued by tribunals under the Act.

h) The Bill provides further details of procedures that the tribunals will follow in case of debt recovery proceedings. This includes the requirement of applicants to specify the assets of the borrower, which have been collateralised. The Bill also prescribes time limits for the completion of some of these procedures.

Amendments to the Indian Stamp Act

The Bill provides that stamp duty will not be charged on transactions undertaken for transfer of financial assets in favour of asset reconstruction companies. Financial assets include loans and collaterals.

Amendments to the Depositories Act

The Depositories Act, 1996 is amended for facilitating the transfer of shares held in pledge or on conversion of debt into shares, in favour of ARCs by banks or FIs.

Conclusion

The Indian banks in general, and the Public Sector Banks (PSBs) in particular, are grappling with the huge stock of stressed assets that has piled up in the system over the years. Any amount of discussion on the whys and what of stressed assets would therefore never be enough, if it enables us to discern what led to this phenomenal build-up of nonperforming assets (NPAs) in our system and determine what should be done to solve them, and identify what could be done differently in future.If banks continue to remain saddled with huge NPAs for a long time, it would make them risk averse and choke the lending for economic activities in general.The consequences of default in loans are aggravated by poor recovery.

In particular,increasing trend of distressed assets and low rate of recovery through legal course is a concern for the banking sector and economy as a whole.No law which deals with the recovery of the loan disbursed by the Banking and Financial Institutions are complete in itself. Remedies are not complete in itself and dependent on others, which lead to the multiciplicity of the litigation and which directly or indirectly responsible of the pendency of cases in the Court of Law. With the Government having notified the amendments to the DRT and SARFAESI Act, government hopes to see improvement in the recovery process.

The changes are aimed at a faster and more transparent system to tackle the bad debts in the banking system by fast-tracking the recovery process for banks and other financial institutions. The Insolvency and Bankruptcy Code 2016 ,is yet another major step taken by Government in this direction. While the Bankruptcy Code 2016 provides for collective action of creditors, the proposed amendments to the SARFAESI and DRT Acts seek to streamline the processes of creditors individually taking action against the defaulting debtor. The impact of these changes on debt recovery scenario in the country, and the issue of rising NPAs will only become clear in due course of time.

References

1) Problem Loan Management & MSME Financing dated Feb 02,2015

   (Valedictory Speech delivered by Shri R. Gandhi, Deputy Governor on Jan 30, 2015 at a Workshop organized by CRISIL on "Credit Risk and Problem Loan Management" at Goa)

2) ARCs - at the crossroads of making a paradigm shift - Ernst & Young LLP, India

3) The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (amendment) bill, 2016 -Bill no 144 of 2016

4) Press reports

JOB SATISFACTION OF WOMEN BANK EMPLOYEES - IN PUBLIC SECTOR BANKS IN VIRUDHUNAGAR DISTRICT

In this era of competitive world, success of any organization depends on its human resource. Job satisfaction is an integral component of organization climate and it is an important element in the management employee's relationship. Job satisfaction means individuals emotional reaction to the job. The degree of satisfaction is determined by the outcomes against the desire of employees from their respective jobs. Job satisfaction is dynamic, as it can go as quickly as it comes. Job satisfaction is pleasurable or positive emotional state resulting from the appraisal of one's job experience.

Banks are no exception to this. The banking industry are being a service - oriented industry, its manpower is its prime asset. People at the front office as well as back office are catalytic agents for their banks. The efficiency and inefficiency in delivering service to the customer has a direct bearing on the organization success. If they are highly satisfied they produce more and it is profitable for the organization. So in this competitive environment it is necessary to know the employees views towards their job and to measure the level of satisfaction with various aspects of their job.

About the author

Mrs. K. Kaleeswari
Research Scholar
Sri SRNM College
Sattur.

&

Dr. A. Muthumani
Assistant Professor
Sri SRNM College
Sattur.

Efficient human resource management and maintaining high job satisfaction level in the Banks will determine not only the performance of the bank but also the growth and performance of the entire economy. So it is very important to manage human resource effectively and to find whether its employees are satisfied or not, if they are satisfied, they will work with commitment and project a positive image of the organisation.

In short job satisfaction is a synchronization of what an organization requires of its employees and what the employees are seeking from organization. Today the becoming sector plays a vital role in the overall development of the country. It serves the community in several ways. Banks and financial institutions have significant contribution in the development process of the country. Due to Government and NGO's support the percentage female participation is increasing the all the sector. To uphold the increasing part of female employees with the goal of government (women empowerment) it becomes important to measure the job satisfaction of these employees.

Statement of the Problem

Banking industry in India is engaged in providing various types of financial services to the customers. The service rendered by the Public Sector Banks will be more efficient if the employees of the banks are a satisfied lot. Satisfied employees provide better service to its customers as well as to the organization. The gradual preeminence of women in the power hierarchy , overcoming workplace discrimination in the corporate sector displays not the change in the outlook and the perception of the management, but the strenuous efforts made by dynamic women in that direction.

In Indian society, women's role traditionally has been of child bearing and home making while men performed the activities concerned with relations of the group to external situations including goal achievement. Now the whole pattern of male -female roles are undergoing a considerable change. Women employees have gradually started to dominate the work force recently especially in banks. So, the researcher has undertaken the research on the topic "Job Satisfaction of Women Bank Employees - in Public Sector banks in Virudhunagar District".

Objectives of the Study

The objectives of the study are as below:

- To analyze the socio-economic status of the women employees of public sector banks.
- To measure the extent of job satisfaction among women employees of Public Sector Banks.

Sampling Design and Method

For the purpose of the study, the researcher selected the branches of public sector and private sector banks on the basis of random and stratified technique. Random and stratified sampling is the least expensive and least time consuming of all sampling techniques. The sampling units are accessible, easy to measure and cooperative. The researcher personally contacted 30 women employees in public sector banks in the Virudhunagar region on the basis of convenience. They were appraised about the purpose of the study and request was made to them to fill up the questionnaire with correct and unbiased information.

Data Analysis and Interpretation

The data so obtained was subjected to analysis and interpretation and the findings drawn are as follows:

Table 1: Age of Employees

S. No	Age	Public Sector Bank	Total (%)
1	Below 30	6	20.00
2	30 - 40	16	53.33
3	Above 40	8	26.67
	Total	**30**	**100.00**

From the above Table it is inferred that out of 30 employees, 20.00% of the employees fall into the age category of below 30, 53.33% belongs to the age group 30-40 and the rest 26.67% of the employees are of above 40 age.

Table 2: Marital Status

S. No	Marital Status	Public Sector Bank	Total (%)
1	Single	7	23.33
2	Married	23	76.67
	Total	30	100.00

From the above Table it is inferred that out of 30 respondents 23.33% are single or unmarried and the rest 76.67% employees are married.

Table 3: Educational Qualification

S. No	Education Level	Public Sector Bank	Total (%)
1	Graduate	20	66.67
2	Postgraduate	10	33.33
	Total	30	100.00

As far as educational background of the respondents is concerned, 66.67% employees are graduate and rest 33.33% are post graduate.

Table 4: Income Level

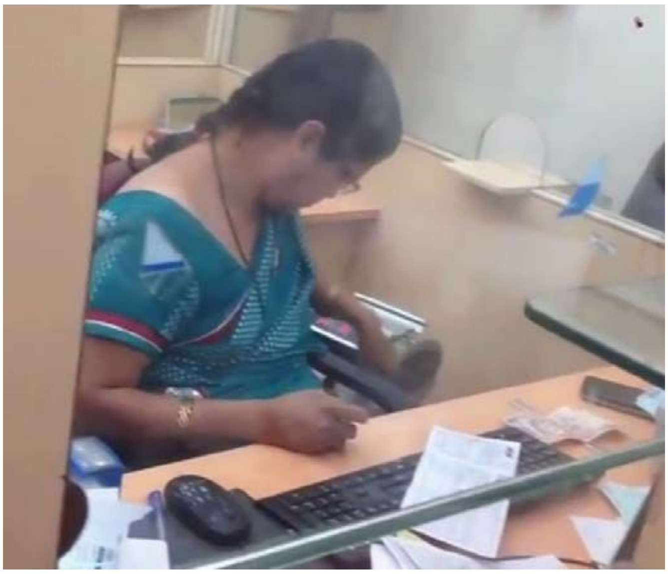
S. No	Income Level	Public Sector Bank	Total (%)
1	Less than Rs.15000	2	6.67
2	Rs.15000 - 25000	8	26.67
3	Rs.25000 - 35000	12	40.00
4	More than Rs.35000	8	26.67
	Total	**30**	**100.00**
	Total Number Respondents Monthly Income	**894000**	
	Average	**29800**	

On the basis of the above Table researcher finds out the monthly income level of the employees. It is inferred that 6.67% of the employees are less than Rs.15000, 26.67% earn a monthly income between Rs.15000 to 25000, 40.00% earn a monthly income between Rs.25000 to 35000 and remaining 26.67% of the employees earn income more than Rs.35000.

Table 5: Job Satisfaction of Women Bank Employees

S. No.	Education Level	Public Sector Bank	Total (%)
1	Highly Satisfied	4	13.33
2	Satisfied	11	36.67
3	Neutral	10	33.33
4	Dissatisfied	0	0.00
5	Highly Dissatisfied	5	16.67
	Total	30	100.00

Above Table inferred the satisfaction level with the nature



of job find out by the researcher. It shows that 13.33% of the employees are highly satisfied with the nature of their job, 36.67% are satisfied with their job, 33.33% are neutral and 16.67% are highly dissatisfied with the nature of their job.

Factor Analysis

Table 6.1
KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity

KMO	Bartlett's Test of Sphericity	
0.269	Chi-square Value	P value
	458.210	0.000

It could be seen from Table that the Bartlett's Test is significant with P = 0.000 being less than 0.05. Sampling significant measured using the Kaiser Meyer Olkin (KMO) of 0.269 is taken as acceptable. Thus, the factor analysis may be considered an appropriate technique for analyzing the data.

Results and Interpretation

The rotated factor matrix for the variables relating to the factor which are the most important activities opinion regarding the job satisfaction of the women employees in public sector banking operation are given in Table. Table gives the following received by the factors under F1, F2, F3, F4 and F5.

Table 6.2
Public Sector Banks
Rotated Component Matrix[a,b]

S. No.	Statements	Rotated Factor Loadings					Extraction
		F_1	F_2	F_3	F_4	F_5	h^2
1.	Heavy Work load	0.948	-0.183	0.143	-0.009	-0.117	.967
2.	Working Condition	0.865	-0.220	0.269	0.039	0.206	.912
3.	Personal and family problems	0.800	0.165	-0.262	0.406	0.004	.901
4.	Working Hours	0.714	-0.101	0.059	-0.035	0.076	.953
5.	Psychological stress and frustration	0.167	0.854	-0.172	0.347	0.113	.919
6.	Prizes and awards	-0.286	0.841	0.275	0.105	0.168	.904
7.	social status	-0.038	0.601	0.011	0.180	-0.182	.827
8.	Freedom in job	0.141	0.022	0.846	-0.115	-0.050	.753
9.	Salary and allowances	0.288	0.138	0.779	0.086	0.256	.782
10.	Job security	-0.379	0.132	0.720	-0.046	0.212	.726
11.	Personal relationship	0.098	0.068	-0.216	0.924	-0.098	.925
12.	Promotion and Retirement policy	-0.043	0.378	0.047	0.889	0.085	.945
13.	Training	0.003	0.250	0.268	0.101	0.733	.681
14.	Health problems	0.339	-0.284	0.464	0.652	0.655	.842
15.	Others benefits and services	-0.435	0.751	0.274	-0.193	0.657	.899
	Percentage of Variance	**28.442**	**50.817**	**69.382**	**77.985**	**86.245**	
	Eigen Value	**4.266**	**3.356**	**2.785**	**1.29**	**1.239**	

Source : Computed Data

Note : Principal Factor Method with Orthogonal Varimax Rotation is used to Extract Factors

Table 6.3
Variables with the highest factor loadings for opinion regarding the impact of job satisfaction of the women in the Public Sector Bank Employees

Factor	Name of Newly Extracted Dimensions (Factor)	Selected Statements Variables	Factor Loadings
F1	Work-Life Balance	Heavy Work load	0.948
F2	Prizes and Awards	Psychological stress and frustration	0.854
F3	Job Security	Freedom in job	0.846
F4	Career Development	Personal relationship	0.924
F5	Benefits and Facilities	Training	0.733

Source: Computed Data

It is inferred from the table 13 that the statement, heavy work load (0.948), psychological stress and frustration (0.854), freedom in job of (0.846) personal relationship of (0.924) and training of (0.733) are the statements with the highest factor loading under the dimensions namely, work life balance (F1), prizes and awards (F2), job security (F3), career development (F4) and benefits and facilities (F5). Hence, these are the identified impact of job satisfaction of women bank employees.

Conclusion

The result of the study indicates that layoff threats, quick turnover, less welfare schemes, and less scope for vertical growth increase job dissatisfaction. On the other hand, secure job environment, welfare policies, and job stability increase the degree of job satisfaction. Efficient human resource management and maintaining higher job satisfaction level in banks determine not only the performance of the bank but also affect the growth and performance of the entire economy.

So, for the success of banking, it is very important to manage human resource effectively and to find whether its employees are satisfied or not. Only if they are satisfied, they will work with commitment and project a positive image of the organization.

References

- Bernardi, N. Kowaltowski, D.C. (2006). Environmental comfort in school buildings: A case study of awareness and participation of users. Environment and behavior, 38(2), 155-172.
- Blum L Milton and Naylor C James. Industrial psychology: its theoretical and social foundation . New Delhi: CBS publisher. 1st edition. pp 364-380.
- Chandan S Jit. (2005). Oranizational behavior. New Delhi: Vikas Publishing House pvt.Ltd. 3rd edition.pp 83-85
- Chigot, P. (2005). Effects of sound in offices: subjective experience vs. objective assessment. Facilities, 23(3/4).152-63.
- Edwards, L., Torcellini, P. (2002). A literature review of the effects of natural light on building occupants . National Renewable Energy Laboratory: Colorado.
- Karasek, R., Heorell, T. (1990). Health work stress: productivity and the reconstruction of working life. Basic Books Inc, New York.
- Leaman, A., B. Bordass, (1999). Productivity in buildings: the 'killer'Variables. Building Research & Information, 27(1), 4- 19.
- Lu, L. (1999). Work motivation, job stress and employees' well-being. Journal of Applied Management Studies, 8, 61-72.

MFs invest Rs 1 lakh cr in stocks in 2017; remain bullish

Domestic mutual funds pumped in a staggering over Rs 1 lakh crore in the stock market during 2017 and remain bullish in the New Year to maximize the returns for investors. Mutual funds invested Rs 1.2 lakh crore in equities in 2017, much higher than over Rs 48,000 crore infused last year and more than Rs 70,000 crore pumped in during 2015, latest data with the Securities and Exchange Board of India (Sebi) showed. "We are seeing a clear shift in preference for financial assets over physical assets such as real estate and gold, which is likely to continue even going forward.

"Apart from this trend, the consistent delivery of returns by the mutual fund industry, prudent risk management and increasing initiatives on enhancing investor awareness assisted in increasing the penetration of mutual fund products," Kotak Mutual Fund CIO Equity Harsha Upadhyaya said. The high investment by mutual funds could be attributed to strong participation from retail investors.In fact, retail participation is now providing the much needed liquidity to the stock markets that have been largely driven by Foreign Portfolio Investors (FPIs) for the past few years.The investment by mutual funds in equities have outshone those by FPIs.

FPIs have infused close to Rs 50,000 crore this year after putting in over Rs 20,500 crore last year and nearly Rs 18,000 crore in 2015. Prior to that, they had pumped in over Rs 97,000 crore in 2014."This year the domestic institutional investors have pipped FPIs on net inflows, thus making the market less dependent on FPI money. "This has also provided greater stability to the market as during the times when FPIs were pulling money out of the Indian equity markets, the stock market continued its upward march with the support from the flows by domestic institutional investors," Morningstar India Senior Analyst Manager Research Himanshu Srivastava said. Retail money flew into equities through mutual funds supported the benchmark indices -- Sensex and Nifty -- that surged by 28 percent and 29 percent respectively this year. Further, retail investor accounts grew by 1.4 crore to 5.3 crore.

MICRO FINANCE SELF HELP GROUPS IN INDIA

Abstract

Microfinance is a type of banking service that is provided to unemployed or low income individuals, or groups who otherwise have no other access to financial services. Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a way to save money, borrow money and get insurance. Micro financing provides options to customers with limited resources to promote participation in productive activities or to support a small business. While institutions participating in the area of microfinance are most often associated with lending, some microfinance companies offer additional services, including bank accounts and insurance. Additionally, some institutions provide information in the areas of financial literacy, such as understanding interest rates and managing financial risks.

Micro financing is not a new concept. Small microcredit operations have existed since the 18th century. The first occurrence of micro lending was attributed to the Irish Loan Fund system, introduced by Jonathan Swift, which sought to improve conditions for impoverished Irish citizens.

About the author

Dr. Morusu Siva Sankar
M.Com. MBA. M.Sc (IT), Ph.D. M Tech CSE
Academic Consultant, Dept. of Commerce
S.V. University, Tirupati

Dr. A. Rama Mohan Reddy
M.Tech.,(M.B.A) Ph D
Professor of Computer Science and Engineering
Sri Venkateswara University College of Engineering
S.V. University, Tirupati

Microfinance Loan Terms

Like conventional banking operations, microfinance lenders must charge interest on loans, and they institute specific repayment plans with payments due at regular intervals. Not all applicants qualify, depending on the amount of default risk the institution attributes to potential borrowers and the terms of the loans for which the borrowers are applying.

Concerns Regarding the Microfinance Industry's Practices

While these interest rates are generally lower than those offered by normal banks, some opponents of this concept raise concern that microfinance operations are making profits off of the poor. Not all funds provided through micro financing are used for productive activities, some may be used for covering needs, such as food and shelter.

Micro financing Operating Locations

The majority of micro financing operations occur in developing nations, such as Uganda, Indonesia, Serbia and Honduras. Even though the borrowers often qualify as very poor, repayment rates are often seen to be higher than the average repayment rate on more conventional forms of financing. For example, the micro financing institution Opportunity International reported repayment rates of approximately 98.9% in 2016.

International Finance Corporation Estimates

The International Finance Corporation (IFC), part of the larger World Bank Group, estimates that more than 130 million people have directly benefited from microfinance-related operations as of 2014. However, it is only available to approximately 20% of the 3 billion people who qualify as part of the world's poor.

In addition to providing micro financing options, the IFC has assisted developing nations in the creation or improvement of credit reporting bureaus in 30 nations. It has also advocated for the addition of relevant laws governing financial activities in 33 countries.

Microfinance is a term for the practice of providing financial services, such as micro credit, micro savings or micro insurance to poor people. By helping them to accumulate

usably large sums of money, this expands their choices and reduces the risks they face. Suggested by the name, most transactions involve small amounts of money, frequently less than 100. The origin of microfinance is often dated as late as the 1970s. Only then, it is often argued, did any programs pass two key tests:

1. Show that poor people can be relied on to repay their loans, and
2. Show that it's possible to provide financial services to poor people through market based enterprises without subsidy.

Concept of Microfinance:

The concept of micro credit can be traced back to portions of the Marshall Plan at the end of World War II in the middle of the 20th century or even back to the mid 1800s and the writings of abolitionis / legal theorist Lysander Spooner who wrote concerning the benefits of numerous small loans for entrepreneurial activities to the poor as a way to alleviate poverty. It is also tied to New York's Provident Fund. However, in its most recent incarnation it can be linked to several organizations starting in the 1970s and onward.

Micro Finance in India

The Government of India is ruling some regulation for the Microfinance / Micro credit industry in India and in his budget speech on 28 February 2006, the Finance Minister P Chidambaram said "I had proposed major initiatives in respect of micro finance in the last Budget; RBI has since issued guidelines to enable banks to appoint banking correspondents and banking agents. A window to access ECB funds has also been opened. A bill to provide a formal statutory framework for the promotion, development and regulation of the micro finance sector will be introduced in this session".

Today Micro Finance:

The World Bank estimates that there are now more than 7, 0000 microfinance institutions, serving some 16 million poor people in developing countries. CGAP experts estimate that 500 million households benefit from these small loans. Cambodia and Kenya were put forward as examples. Asia and the Pacific region represent 83% of the opened accounts in developing countries, which is equivalent to 17 accounts for 100 persons.

In November 1997, more than 2000 delegates from 100 countries gathered at a Micro credit Summit in Washing-

ton. DC, with the goal of reaching 100 million of the world's poorest families, with credit for self-employment and other financial and business services by the year 2005. Support for these goals has come from prominent world leaders and major financial institutions.

Self help Groups

Since the reconstitution of the Commission in January 2000, the Commission started projects with the aim of making women economically empowered. One of the major initiatives taken by the Delhi Commission for Women in the year 2000-2001 was to set up pilot projects in collaboration with partner NGOs for empowering women economically and thus helping prevent crimes against women. The Commission tied up with various NGOs working in various parts of Delhi for formation of Self-Help Groups.

What is S H Gs

SHG is a group formed by the community women, which has specific number of members like 15 or 20. In such a group the poorest women would come together for emergency, disaster, social reasons, economic support to each other have ease of conversation, social interaction and economic interactions. Self Help Groups (SHGs) are a homogenous group of 10-20 individuals who come together for saving and internally helping each other in times of need. Group members are engaged in livelihood activities such as running a retail shop, cattle rearing, zari work, tailoring jobs, making candles, artificial jewellery etc. Each individual saves a fixed amount on a monthly basis.

Objectives

I. To sensitize women of target area for the need of SHG and its relevance in their empowerment process.

II. To create group feeling among women.

III. To enhance the confidence and capabilities of women.

IV. To develop collective decision making among women.

V. To encourage habit of saving among women and facilitate the accumulation of their own capital resource base.

VI. To motivate women taking up social responsibilities particularly related to women development.

SHG Movement - A Mission:

SBI has taken up SHG movement as a mission. A noble mission to reach those families who were hitherto having no access to the credit by any formal financial institution and, therefore, were depending on informal sources and moneylenders.

Micro Finance - Deep Roots in SBI:

Micro finance is not new to State Bank of India. Bank's association with non-government organizations (NGOs) or voluntary agencies in extending financial help can be traced as far back as 1976 well before NABARD introduced SHG-Bank Credit Linkage Programmed as a pilot project in 1992.

Steady Growth in SHG-Bank Credit Linkage Programme:

SBI - Leader In SHG-Bank Credit Linkage

A major effort to provide banking services to the weaker and unorganised sector was the Bank Self Help Group Linkage Programme that was launched in early 1990s. The programme was started at the initiative of NABARD in 1992 to link the unorganised sector with the formal banking sector.

Working of the programme

Under this programme, banks were allowed to open savings accounts for Self-Help Groups (SHGs). SHGs are registered/unregistered entities which usually has a membership of 15 to 20 members from very low income families, usually women. They mobilize savings from members and use the pooled funds to give loans to the needy members. Under this programme, banks provide loans to the SHGs against group guarantee and the quantum of loan could be several times the deposits placed by such SHGs with the banks. Banks should consider entire credit requirements of SHG members, namely, (a) income generation activities, (b) social needs like housing, education, marriage, etc. and (c) debt swapping".

Lending to SHGs should be included by the banks as part of their lending to the weaker sections. As per the RBI's latest (May 2016) Priority Sector Lending norms, bank credit to members of SHGs is eligible for priority sector advance under respective categories viz., Agriculture, Micro, Small and Medium Enterprises, Social Infrastructure and Others.

The recovery rates of loans are good and banks have found that the transaction cost of reaching the poor through SHGs is considerably lower rather than direct lending by the bank.

SHG linkage

According to NABARD as on 31 March 2014, there were around 74.30 lakh savings linked SHGs, covering over 9.7 crore poor households. The total savings of these SHGs with banks amounted to Rs 9897 crore. The number of credit-linked SHGs under the programme was around 42 lakhs.

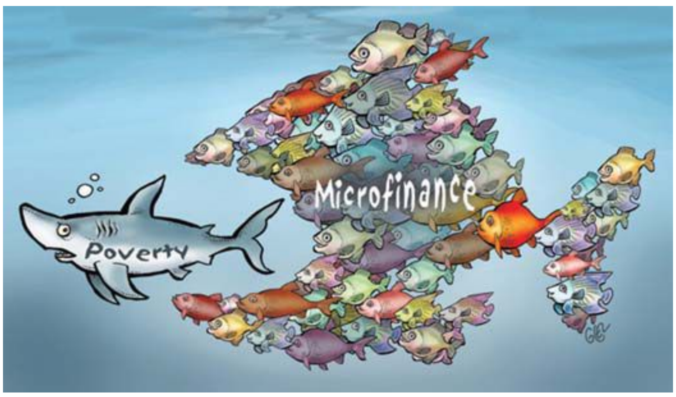
The initial phase of SHG movement saw concentration of SHGs in the southern parts of the country, but now the SHGs have spread more to the eastern and northeastern regions where the extent of financial exclusion is greater. The Government of India has also been using the SHGs for subsidy-linked credit schemes for the poor. NABARD offers grant assistance to NGOs that promote SHGs and link them to banks.

SBI is maintaining its position as a leader among Commercial Banks in credit linking of S H Gs and is a prime driver for the movement. As at the end of March 2006, SBI with a share of approximately 47% of total S H Gs financed by Commercial Banks is far ahead of others.

Initiatives

Bank has successfully initiated various measures toward widening its SHG network. To list a few examples:

1. ***Sensitization of staff:*** Bank's aim is to sensitize the entire staff from Manager to Messenger working in rural and semi-urban branches towards the programme.
2. Special training programmers in S H Gs are being conducted at 54 training centers of the Bank in the country apart from State Bank Institute of Rural Development, Hyderabad.
3. ***Close liaison with NGOs:*** Operating functionaries at branch level and region level are in close contact with NGOs in their area to take the movement ahead. For the purpose, regular meetings are arranged with the NGOs and their support is solicited.
4. ***SHG cells:*** Special SHG cells have been opened at major branches.
5. ***Lending to NGOs / Federations of S H Gs:*** Lending to credible NGOs / Federations of S H Gs on selective basis for on lending to S H Gs is being encouraged.
6. One of the areas doing well in the district is Kattimankode Panchayat. Here the local Panchayat, NGOs, banks and the government agencies have come together making the SHGs viable production units and credit agencies.
7. There are various activity clusters here, Agarbatti, Palm Fibre Brushes, Tapioca products, Coconut Leaf Thatch, tamarind processing are among the many activities
8. Panchayat has a population of 6585 people and almost half of them from Below Poverty Line families. This Panchayat has a total of 92 S H Gs
9. In one village Sreekrishnapuram there are four activities giving meaningful employment to the local women The S H Gs namely Thulasi, Nagapushpam, Parijatham and Marikulunthu, attached to a local NGO Nala Oli have all received revolving funds of Rs. 25,000 each. They are now poised to take economic assistance for their own independent units, of Rs. 1.5 lakhs.
10. Another village in the same Panchayat, Cheruppankode, processes tamarind, linked to the NGO Malar they are able to get Rs. 25 to 30 per day using their spare time. At Arasarkonam the women make palm fibre brush earning a reasonable income. Here again they are now able to do the work better with the subsidy cum loan component given under SGSY. The local banks, Primary



Agricultural Cooperative Bank and the Central Bank of India have advanced to loans, DRDA has been the motivating force. The local Panchayat President taking an active interest.

11. Out of the 92 groups, 34 have received revolving funds and more are in the process, many of them are also to get the economic assistance for their own production units. The women are now empowered to take on their problems Kattimankode is only one of the many Panchayats in Kanyakumari heading for progress, from local resources and skills.

The Case Studies

SGSY and Self Help groups in Kanyakumari, Mullankinavilai Panchayat, Siluvai Nager, Boats for Tribals.

1. ***Sahayog Niwas:*** SBI has launched its Housing Loan product 'SAHAYOG NIWAS' meant for SHG members.Under the scheme formulated keeping the socio economic conditions of villages insight, housing loans are given to the SHG members without any mortgage of house / land.Response to this product is very encouraging.
2. ***SBI Life - Shakti:*** SBI Life, our insurance subsidiary, is the first to introduce a life insurance scheme, especially designed for SHG members.Special feature of the scheme is that entire premium amount paid by the member is refunded after maturity, i.e., 10 years.
3. ***Rural training institutes:*** To help the rural youth to stand on their feet, two RUDSETI type training institutes have been established at Gulbarga and Gadag in Karnataka State, to impart training in self employment to youth free of cost.
4. ***SBI staff as SHPI:*** The main role of formation and nurturing of SHGs have been played by NGOs who, apart from their fundamental role of social service, also aim to make the poor economically self sufficient. But in SBI, our committed work force is not lagging behind and a number of committed staff members have worked hard to form and nurture SHGs on their own.
5. ***Appreciation by Government:*** A number of our branches / Circles have also received commendation and appreciation from various State Governments for doing excellent job in SHG-Bank Credit Linkage programme. NABARD felicitated 15 SHGs at a function organized in New Delhi on 13th September 2005.The function was presided over by the Hon'ble Union Finance Minister. Out of total 15 SHGs felicitated, 4 were financed by our branches, one each from Orissa, Jharkhand, Madhya Pradesh and Uttaranchal.

6. ***Samanwita:*** Bank has sponsored and financially supported NGO 'SAMANWITA' in collaboration with Government of Orissa for supplementing the process of socio economic upliftment of the tribal's and the downtrodden in the poorest and most backward Kandhamal district of Orissa State where 52% of the population is that of tribals.Core activities performed by Samanwita is empowerment of people through promotion of SHGs, especially women SHGs and development of human resources.
7. ***SHPI status:*** State Bank of India is the first Commercial Bank to which NABARD has recently given SHPI status.

Future Plans

SBI has set for itself an ambitious target of credit linking 1 million SHGs up to March 2008. The Bank has started to leverage our vast SHG network for various services beyond credit delivery. Women self-help groups in Andhra Pradesh - poverty to prosperity Aisha Khan, April 03, 2006

Poverty unemployment, communal tension...these are the hallmarks of the old city of Hyderabad. But a slow revolution is creeping in the slums of the old city. With the help of NGOs, women in 125 slums are taking advantage of the changing scenario to bring cheer to their families. Out of the 800 odd notified slums in the city, women in 125 slums have formed around 225 self-help groups to extend credit facility to needy members. The members of these self-help groups are successful running credit societies for the past few years and their current membership stands at 4500. The result - happy homes, self employment and communal harmony.

Moreover various credit societies operating in different slums have come together to form an umbrella credit society called "Roshan Vikas". This society has its office quite close to the historic landmark 'Charminar' in the old city. The Roshan Vikas helps the women to secure big loans at reasonable interest rates.

The membership procedure is quite simple. In every slum 10-15 women come together and form a self-help group. Contributing Rs. 30 per woman, which is very nominal, the group saves Rs. 750 per month. This amount is offered as loan to members of the group at 2 per cent interest rate, much lower than the market rate which varies from 5 per cent to 16 per cent and sometimes depending on the need of the borrower it may be as high as 25 per cent.

There are several success stories of women in slums journeying from rags to riches after they joined the self-help groups. Take the case of Jaya, a widow in her early twenties. With a mentally retarded daughter and two sons, it was the end of the road for Jaya when her in-laws threw her out of the house. She came to stay with her parents in Ambedkar Nagar slum in Falaknuma and took up odd jobs as a maid in up market apartments.

President Pratibha Patil will launch a scheme whereby loans at an interest rate of 4% will be sanctioned to women's self-help groups (SHGs).

The President is going to Pune for the launch, where she will extend loans to two SHGs from Pune and one each from Solapur, Satara and Nashik.

An official from the women and child welfare department said, "The 4 percent interest replaces the existing 9-11 percent. Around 45,000 SHGs will get Rs 50,000, 72,000 will get Rs 1 lakh and 18,000 SHGs Rs 2 lakh disbursement. These groups will be eligible for higher loans once they repay these loans on time."

The banks that have been chosen to extend such loans are Bank of India, Bank of Maharashtra, Solapur Gramin Bank and State Bank of India. Although these banks will provide loans at much lower interest rates, they will not lose any amount as the state will pay them the remaining amount that they would have earned as interest.

"The aim being to help these women have easier access to credit and help improve their livelihood. The interest subsidy will cost the Government nearly Rs 129.01 crore over three years," the official said.

The creditworthiness record of women has made banks confident about repayment. They are not hesitant in lending to women self-help groups. A senior officer from Bank of Maharashtra says, "The loan repayment of these SHGs is 90 percent and we have no issues in giving them the amount."

Also these loans are expected to motivate women and enhance their performance that would further ensure better returns and regular repayment of loans. The scheme is likely to benefit around 17 lakh women from rural areas and 1,42,218 S H Gs. The beneficiaries are pleased by the initiative of the President.

Manisha Kale from Pune's Garib Nawaz Bachat Gat, which will avail nearly Rs 2 lakh, would soon start working on dairy. They aim high returns and quick repayment from their project.

Tamil Nadu and Andhra Pradesh have also been giving interest subsidies to such organizations. Further NABARD has declared some co-operative banks under the Orissa State Cooperative Bank as Self Help Promotion Institutes (SHPIs) to promote Self Help Groups (S H Gs) in Orissa.

India Post, the country's postal department, has also disbursed micro-credit to women self help groups (S H Gs) in eight states and the North East through its tie-up with the National Bank for Agriculture and Rural Development (Nabard). The states that have been earmarked for this project are Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa and Uttar Pradesh.

References:

1. SBH Banking Groups published by SBI Groups (2006).
2. The Hindu daily Newspaper business P.17 date: July 19th 2007.
3. The business line Hindu Groups
4. The Hindu daily Newspaper business, date: September 1st 2007.

Websites:

1. Micro finance evaluation
2. Micro finance structure
3. Micro finance implementation

RBI CIRCULAR

Prompt implementation of Governments instructions by agency banks

RBI/2017-18/111

DGBA.GBD/1616/15.02.005/2017-18

1. It is brought to our notice that some agency banks are not adhering to instructions/ notifications issued by Government (Central as well as States) promptly by stating that further communications have not been received by them from RBI.
2. In this connection, all agency banks are advised to scrupulously follow all the guidelines /instructions contained in various notifications of Government (Central as well as States) and take necessary actions immediately without waiting for any further instructions from RBI.
3. It is further advised that for queries related to such guidelines /instructions agency banks may take up the issue directly with concerned Governments and if the queries are related to reporting to RBI, then it may be addressed to DGBA /CAS, Nagpur.

Yours faithfully,
(Partha Choudhuri)
General Manager

Submission of Financial Information to Information Utilities

RBI/2017-18/110

DBR.No.Leg.BC.98/09.08.019/2017-18

1. According to Section 215 of Insolvency and Bankruptcy Code (IBC), 2016, a financial creditor shall submit financial information and information relating to assets in relation to which any security interest has been created, to an information utility (IU) in such form and manner as may be specified by regulations. Chapter V of the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017, which has come into force with effect from April 1, 2017, has specified the form and manner in which financial creditors are to submit this information to IUs. Further, as per Section 238 of the IBC, 2016 the provisions of the Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.
2. The Insolvency and Bankruptcy Board of India (IBBI) has registered National E-Governance Services Limited (NeSL) as the first IU under the IBBI (IUs) Regulations, 2017 on September 25, 2017.
3. All financial creditors regulated by RBI are advised to adhere to the relevant provisions of IBC, 2016 and IBBI (IUs) Regulations, 2017 and immediately put in place appropriate systems and procedures to ensure compliance to the provisions of the Code and Regulations.

Yours faithfully
(Prakash Baliarsingh)
Chief General Manager

Settlement of Agency transactions in cer-

tain cases (for Funds and Agency Commission) directly from Reserve Bank of India

RBI/2017-18/107

DGBA.GBD.No-1498/31.02.007/2017-18

1. As per the existing arrangements in certain states, in certain cases, some agency banks are routing their agency transactions of state governments through another agency bank, that acts as an aggregator, that in turn settles these agency transactions with concerned Regional Office of RBI for both receipts and payments. In such scenario, both agency bank acting as aggregator and other agency bank share the eligible agency commission on such transactions.
2. In the age of prevailing Core Banking Solutions/e-banking systems in all the agency banks, Reserve Bank is committed to provide fast, efficient and secure banking facility to the State Governments by implementation of standardised e-receipts and e-payments with its CBS (e-Kuber), enabling RBI to act as single point of contact for settling state government funds (receipts/payment). This will also facilitate better cash management by the State Governments.
3. Therefore, on review, it has been decided that all agency banks should settle their agency transactions for both funds and agency commission directly with the concerned Regional Office of Reserve Bank instead of routing them through any other agency bank that acts as aggregator in certain cases. It effectively makes all agency banks to report government receipts directly to RBI instead of reporting them through any other agency bank. So also for payments made by all agency banks on behalf of state government/s get directly settled with the concerned Regional Office of RBI. Agency Transaction details/scrolls may be sent directly by individual agency bank to the concerned State Government/Treasury. This arrangement is expected to improve management of State Government funds apart from reducing inefficiencies in the system.
4. Agency Banks that are already settling their state government transactions with RBI directly may continue to do so. Agency Banks that are hither to settling their transactions with other aggregator agency bank may stop such reporting. Such banks should settle their agency transaction hereafter with RBI directly. The new arrangement for settlement of state government funds on day to day basis (receipts and payments) directly with Reserve Bank will be with effect from January 1, 2018. Thereby, all agency commission claims beginning with the quarter ending March 31, 2018 will be settled directly with the concerned Regional Office of Reserve Bank of India.

Yours faithfully

(D. J. Babu)

Reporting of Transactions by agency banks to RBI

RBI/2017-18/103

DGBA.GBD.1472/31.02.007/2017-18

1. It has been brought to our notice that some agency banks are reporting government transactions after considerable delay and along with the current transactions to RBI, without taking necessary authorisation from the concerned government departments.
2. As per the extant instructions, state government transactions (electronic as well as in physical mode) of previous month reported after 8th of the succeeding month and those pertaining to earlier months should be reported to RBI through a separate statement for accounting, after being confirmed by the competent authorities of concerned state government.
3. It has now been decided that, for Central Government transactions (electronic as well as in physical mode), if the transactions or any adjustments thereof are reported after a gap of 90 days from the date of transaction, agency banks have to obtain prior approval from concerned ministry/department and submit the same to RBI separately at the time of reporting such transactions for settlement.
4. It may be noted that all instructions related to the timeline to be adhered to, for reporting of government transactions, remain unchanged.

Yours faithfully

(Partha Choudhuri)

General Manager

Conversion of debt into equity- Review

RBI/2017-18/101

DNBR.PD(ARC)CC. No.04/26.03.001/2017-18

1. Please refer to our Circular DNBS(PD)CC.No. 35/SCRC/ 26.03.001/2013-14 dated January 23, 2014 on the above subject.
2. On a review of the limit imposed on shareholding of the post converted equity of the borrower company under reconstruction by Asset Reconstruction Companies (ARCs), it has been decided to exempt ARCs meeting the criteria set out in paragraph 3 below from the cap of 26% subject to compliance with the provisions of the SARFAESI Act, 2002, Guidelines/ Instructions issued by Reserve Bank of India from time to time as applicable to ARCs as well as Foreign Exchange Management Act, 1999, Reserve Bank of India Act, 1934, Companies Act, 2013, SEBI Regulations and other relevant Statutes.

   The extent of shareholding post conversion of debt into equity shall be in accordance with permissible Foreign Direct Investment (FDI) limit for that specific sector.
3. ARCs that meet the conditions mentioned below are exempted from the limit of shareholding at 26% of post converted equity of the borrower company:
   i. The ARC shall be in compliance with Net Owned Fund (NOF) requirement of ? 100 crore on an ongoing basis,

   ii. At least half of the Board of Directors of the ARC comprises of independent directors,

   iii. The ARC shall frame policy on debt to equity conversion with the approval of its Board of Directors and may delegate powers to a Committee comprising majority of independent directors for taking decisions on proposals of debt to equity conversion,

   iv. The equity shares acquired under the scheme shall be periodically valued and marked to market. The frequency of valuation shall be at least once in a month.
4. The ARC shall explore the possibility of preparing a panel of sector specific management firms/ individuals having expertise in running firms/ companies which could be considered for managing the companies.

Yours faithfully,

(C D Srinivasan)

Chief General Manager

Auction of Government Securities: Non-Competitive Bidding Facility to retail investors

RBI/2017-18/99

IDMD.1080/08.01.001/2017-18

1. Please refer to the circular IDMC./08.01.02/2001-02 dated December 7, 2001 as well as the press release dated July 28, 2016 whereby the facility of non-competitive bidding in Government of India dated securities and T-Bills was allowed to retail investors.
2. As part of the overall strategy of diversifying the investor base for government securities, the Government of India and RBI have been taking various measures to encourage participation of retail investors in G-Sec market including introduction of non-competitive bidding in primary auctions. In continuation of this endeavour, the Union Budget 2016-17 had announced, inter-alia, that RBI will facilitate retail participation in the primary markets through stock exchanges. In line with this announcement and in consultation with SEBI, it has been decided that in addition to scheduled banks and primary dealers;
   a. Specified stock exchanges will be permitted to act as aggregators/facilitators.

   b. These stock exchanges will submit a single consolidated non-competitive bid in the auction process and will put in place necessary processes to transfer the securities so allotted in the primary auction to their members/clients.

   c. Stock exchanges, desirous of acting as aggregators/facilitators, may approach CGM, IDMD, RBI, with a copy of the No Objection Certificate (NOC) from SEBI, for necessary approvals.

3. The updated Scheme for Non-Competitive Bidding Facility in the auctions of Government Securities and Treasury Bills.

Yours faithfully,

(A. Mangalagiri)

Chief General Manager

Over the Counter Government Securities Transaction by Foreign Portfolio Investors (FPIs) - Settlement Period

RBI/2017-18/97

FMRD.DIRD.05/14.03.007/2017-18

1. In terms of RBI circular FMRD.DIRD.06/14.03.007/2014-15 dated March 20, 2015, Foreign Portfolio Investors (FPIs) are required to settle transactions in Government Securities in the Over-the-Counter-(OTC) market on a T+2 basis.
2. As announced in paragraph 13 of the Statement on Developmental and Regulatory Policies, of the fourth Bi-monthly Monetary Policy Statement for 2017- 18 dated October 04, 2017, it has now been decided to permit FPIs to settle OTC secondary market transactions in Government Securities either on T+1 or on T+2 basis. It may be ensured that all trades are reported on the trade date itself.
3. All other existing conditions for settlement of transactions in Government Securities remain unchanged.
4. These directions are issued under Section 45(W) of the RBI Act, 1934.
5. The above directions shall be applicable with November 20, 2017.

Yours faithfully

(T. Rabi Sankar)

Chief General Manager

Consolidated Balance Sheet of Scheduled Commercial Banks (Excluding Regional Rural Banks)

(Amount in Rs. Billion)

Year (end-March)	Liabilities				
	Capital	Reserves & Surplus	Deposits	Borrowings	Other Liabilities and Liabilities
1	2	3	4	5	6
1997-98	195.39	340.04	6441.17	258.59	719.87
1998-99	182.02	367.92	7708.20	402.48	844.86
1999-00	186.11	438.34	9003.07	453.60	1022.57
2000-01	190.95	486.47	10552.33	554.21	1165.78
2001-02	214.73	638.19	12026.99	1073.80	1414.79
2002-03	215.35	757.95	13556.23	865.35	1572.57
2003-04	223.22	942.45	15755.30	964.90	1868.17
2004-05	259.05	1237.05	18375.59	1683.52	1999.89
2005-06	252.07	1579.72	21646.79	2031.45	2348.48
2006-07	295.59	1896.16	26969.34	2430.08	3008.34
2007-08	399.63	2755.24	33200.61	3026.29	3879.87
2008-09	432.89	3246.58	40632.01	4735.97	3338.97
2009-10	486.48	3814.76	47524.56	5247.64	3177.98
2010-11	589.75	4509.44	56158.74	6755.27	3820.77
2011-12	636.64	5448.98	64535.49	8437.74	4150.06
2012-13	703.10	6386.04	74296.77	10103.85	4409.76
2013-14	760.67	7298.32	85331.73	11012.97	5355.59
2014-15	818.71	8225.04	94351.01	11498.25	5448.82

Year (end-March)	**Assets**						Total Liabilities/ Assets
	Cash and Balance with RBI	**Balances with Banks and Money at call and short Notice**	**investments**	**Loans and Advances**	**Fixed Assets**	**Other Assets**	
1	**7**	**8**	**9**	**10**	**11**	**12**	**13**
1997-98	715.90	601.95	2720.74	3245.86	126.08	544.53	7955.06
1998-99	813.42	888.58	3394.96	3695.70	145.00	567.81	9505.48
1999-00	853.71	810.20	4138.71	4434.69	154.80	711.58	11103.68
2000-01	845.04	1059.00	4919.08	5256.83	162.09	707.71	12949.74
2001-02	867.60	1175.18	5880.58	6457.43	200.83	773.50	15355.13
2002-03	860.64	745.31	6930.85	7392.33	201.98	836.35	16967.46
2003-04	1132.46	819.62	8027.55	8636.32	214.03	920.23	19750.19
2004-05	1180.75	953.57	8697.37	11508.36	230.51	984.53	23555.09
2005-06	1444.74	1164.40	8665.05	15168.10	250.80	1165.40	27858.51
2006-07	1952.64	1582.98	9509.77	19812.35	313.63	1428.09	34599.46
2007-08	3229.71	1091.09	11773.29	24769.36	423.94	1974.25	43261.66
2008-09	2972.67	1965.16	14495.51	29999.24	483.61	2470.23	52386.42
2009-10	3658.12	1834.55	17191.85	34970.54	495.64	2100.70	60251.41
2010-11	4587.83	1840.82	19236.33	42974.88	540.92	2653.20	71833.98
2011-12	3737.46	2436.76	22339.03	50735.59	566.90	3393.16	83208.90
2012-13	3751.74	3348.79	26130.51	58797.73	631.20	3239.56	95899.52
2013-14	4717.28	4063.04	28832.62	67352.13	756.05	4038.17	109759.29
2014-15	5283.86	4820.36	31695.04	73881.79	804.58	3856.19	120341.82

Articles published during the period *January 2017 to December 2017* in our Journal "Banking Finance"

Insolvency code to keep out wilful defaulters

The Cabinet approved the promulgation of an Ordinance to amend the Insolvency and Bankruptcy Code, which is expected to bar wilful defaulters from buying back their own stressed assets. Finance Minister Arun Jaitley, who made the announcement after the Cabinet meeting, declined to provide details. But sources said the proposed Ordinance is expected to streamline the selection of buyers and stop wilful defaulters from buying back stressed assets they previously owned.

Accordingly, a new section will be inserted to list persons ineligible to be 'Resolution Applicants'. These would include wilful defaulters, undischarged insolvents, disqualified directors, persons who have indulged in preferential transactions or under-valued transactions or fraudulent transactions as determined by the adjudicating authority, and persons who are promoters or in the control of such persons whose account is classified as non-performing assets beyond a prescribed duration. The Ordinance would also prescribe basic eligibility criteria for resolution applications, depending on the size of the business. Additionally, it is understood to provide a robust due diligence framework to help the Committee of Creditors assess creditworthiness, credibility and other parameters.

LIC may participate in bank recapitalization programme

State-owned Life Insurance Corporation may be roped in to participate in the Rs. 2.11 lakh crore recapitalisation initiative for public sector banks (PSBs). As part of the programme, LIC could also increase its stake in various PSBs which are required to raise Rs.58,000 crore from the capital market, sources said. Besides, they said, LIC could participate in a non operating holding company (NOHC) structure to which the government may transfer its share in various PSBs. NOHC could then issue recapitalisation bonds worth Rs. 1.35 lakh crore. However, government has said that nature of bonds and who will issue them would be decided in the due course.

Three A's of Financial Inclusion

Navneet Kumar

Vice President – Financial Inclusion and New Business, NPCI

In the last few months "Digital India" has become the central theme for all major policy reforms in India. The concept has found its own interpretations for the development agencies and every organisation is making efforts to innovate and leverage in this changing landscape by finding various avenues.

Outlook and forecast of a brighter future for India on a digital wave is being circulated by various segments of the economy including the government, banking and insurance players, manufacturers, technology companies, startups, media and almost every other industry. The impact of this new wave is far spreading because of the relevance of going digital in this age of fast life. Consumers are empowered with accessible data today, so are the organisations who are crunching that data to go in-depth in understanding the end user requirements.

Aggressive marketing push by wallet services, payment solutions, banking apps is creating a huge pool of information, sometimes difficult even for the business men to grasp all at once. Another aspect is composed of all payment failures, system issues, and security hacks causing digital experience paralysis for the consumer. There is no easy ready-made solution available to this challenge. However, providing product knowledge basis the need and accessibility for the product could help overcome these bottlenecks.

Success of any technological innovation depends on the availability of infrastructure to ensure smooth deployment and operation and last mile delivery. On one hand where government institutions, banks and other financial institutions are providing banking correspondent facilities to warrant last mile banking services, organisations like NPCI is ensuring a bouquet of digital payment products tailor-made to suit the needs of people from different segments of this diverse nation. Government emphasis on digitisation is supportive in taking infrastructure connectivity to the last mile. Despite these efforts, are we still able to reach the real "Bharat"? Well, we surely have taken multiple steps but maybe more is needed.

"Accessibility", the first 'A' of financial inclusion, in this case the accessibility of digital payment services is hence being assured through various initiatives by both public and private institutions. The rise in digital transactions from tier-3 and tier-4 locations are the evidence of uptake of digital transactions across India. A lot of work is being done but the reach of the mobile based payments and banking services which rely on internet, has the connectivity challenges. Telecom networks just outside main cities are unreliable and intermittent. Aadhaar based services are adversely impacted with regards to accessibility due to higher bandwidth demand.

The next 'A' i.e. "Affordability", is being focussed on by Government, DFS and private players. The cash back schemes and subsidisation of small ticket transactions is a continuous effort towards making digital payments affordable and a part of lifestyle. Another alternate for feature phone with regards to accessibility is Unstructured Supplementary Service Data (USSD), which has huge potential but the telecom charges associated despite having reduced to one-third of what it used to be is still a major deterrent for adoption.

The final 'A' is "Adoption Assist". The adopters of digital payments offerings in society are clearly distributed in different groups, which can be broadly categorised as 'early adopters' - who are the first ones to try and adapt to any digital innovations and 'conventionalists' or 'laggards', the ones who shift to LED flat TVs only because Cathode Ray Tube (CRT) TVs (the big idiot boxes) are not available anymore. The early adopters are very important to create buzz and early feedback leading to wider adoption and reaching the tipping point to 'majority adoption'. Thus, engagement with 'early adopters' is critical under 'Adoption Assist'. It's equally important to identify and reward them from the urban poor and rural segments of the society, as they help further the digitisation cause by making it their own.

Financial literacy and Advisory Services cell of NPCI which is aligned with RBI's vision to take digital payments to every citizen of the country has conducted various digital financial literacy projects across India and has come up with some interesting insights which rules out various common assumptions. The numerous use-cases and case-studies advocates that a number of Rural landscapes pan India are eager to adopt USSD and Aadhaar Enabled Payment System (AePS) and have come out with a number of challenges and benefits that the product offers them.

Are we still able to reach the real "Bharat"? Slowly yet steadily, India will fulfil this dream too. ❑


THE STAGE IS SET
THE SPOTLIGHT
AWAITS!
THE ECONOMIC TIMES
Bb
BFSI
BEST
BRANDS
2018
7TH FEBRUARY 2018 - MUMBAI
The Economic Times presents the
2ND EDITION OF THE COFFEE TABLE BOOK
lauding stalwarts of the BFSI Sector.
HAVE YOU SCALED
THE PINNACLE OF SUCCESS?
BFSI CATEGORIES
MUTUAL FUNDS
INSURANCE
BANKS
NBFC
TECHNOLOGY
HOUSING FINANCE
FINANCIAL SERVICES
Brought to you by
ET Edge
An Economic Times Initiative
For further details
M: +91 8268002160 | E: info@et-bestbrands.com
W:www.et-bestbrands.com/bfsi/


AT EXIM BANK,
WE PARTNER YOU TO
EXPLORE THE BIGGEST MARKET
FOR YOUR BUSINESS.
The market is spread over 15.77 billion acres of land.
It inhabits about 7.3 billion people. It has 194 countries in it.
And though this market may have looked inaccessible initially,
now we've built routes into it. Come, explore it.
Overseas Investment Finance | Project Exports |
Lines of Credit | Corporate Banking | Buyer's Credit | Advisory Services
एक्ज़िम बैंक
EXIM BANK
भारतीय निर्यात-आयात बैंक
EXPORT-IMPORT BANK OF INDIA
(91 22) 22172600 ccg@eximbankindia.in
www.eximbankindia.in, www.eximmitra.in
Follow us on

Published on 1st of
Every Month

R No. KOL RMS/269/2016-2018
RNI No. 44184/1988

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