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# TOP SPEECHES

## A Case for Public Credit Registry in India (Dr. Viral V. Acharya, Deputy Governor - July 4, 2017 - at the 11th Statistics Day Conference held at Reserve Bank of India, Central Office, Mumbai1):-

Taking off from Shri Chetan Bhagat's address in the pre-conference dinner last evening, I hope you are all 'alive' today, rather than just 'existing' or 'fading'. Thank you for coming in large numbers for the Annual Statistics Day Conference of the Reserve Bank of India. This auditorium has a limited capacity and many of our younger colleagues are watching this through video-conferencing at three other venues in this building. This conference of the Reserve Bank is eleventh in the series but, for me, it is the first Statistics Day Conference. I am eagerly looking forward to being around and witnessing the deliberations. Statistics Day in India is celebrated on the birth anniversary of Late Prof P.C. Mahalanobis, who graduated with honours in Physics in 1912 and was subsequently attracted to the realm of Statistics. In modern management parlance, Prof. Mahalanobis was an "out of the box" thinker. All his contributions emanated while studying statistical problems of immediate importance. As the Governor mentioned in his inaugural remarks, Prof Mahalanobis set up the Indian Statistical Institute (ISI) and the survey lab there subsequently blossomed into the present National Sample Survey Office (NSSO). The Reserve Bank has benefitted immensely over the years from its collaboration with the ISI on statistical issues and the NSSO on measurement issues. In today's conference, we are privileged to have with us several distinguished guests. Dr. Martine Durand, our keynote speaker today is the Chief Statistician and Director, OECD Statistics Directorate, and a leading voice on global statistical issues. She has flown in early morning today from Paris. A warm welcome to India and to the Reserve Bank, Martine - Namaste! Let me also welcome Prof. Chetan Ghate of the ISI-Delhi, who is a member of the Monetary Policy Committee (MPC) and a regular teacher at the RBI Academy, as well as Prof N. Balakrishna of the Cochin University of Science and Technology, who will both deliver special talks later today. Prof. Dilip Nachane, who would join us in the afternoon, is Professor Emeritus, IGIDR-Mumbai and was a member of the Reserve Bank's Technical Advisory Committee on Monetary Policy (TAC-MP) and the Prime Minister's Economic Advisory Council (PMEAC) for a long time. He will be chairing the Panel Discussion on the Conference-Theme. Let me also welcome Dr D.K. Joshi of CRISIL, Ms. Pranjul Bhandari of HSBC, and Dr. Samiran Chakraborty of the Citibank, who are the other distinguished panel members. Thank you panelists for devoting your valuable time to the Statistics Day. Let me now move to the Theme of today's conference, viz., 'New Frontiers on Statistical Methods and Information Base for Central Banks'. Statistical techniques are an integral part of economic analysis. An interesting acknowledgement of this is the good share of "method awards" in award of the Nobel Prize for Economic Sciences. The first Nobel in Economics in 1969 went to Ragnar Frisch and Jan Tinbergen for their pioneering work on econometric model building, i.e., for their integration of economic theory and statistical methods. Over the years, Nobel "method awards" have also been awarded for input-output method, national accounts, micro-econometrics, co-integration and ARCH (to Rob Engle, colleague, co-author and dear friend when I was at NYU Stern). The central role of statistical methods in economic analysis is also reflected in their constantly growing share in the curriculum for students in economics and finance. The global financial crisis and its aftermath has been a big structural break to explain which new approaches and methods are gaining ground. Macroeconomic forecasters have faced interesting questions during this last decade, as the outbreak of banking and sovereign crises has led to the most basic assumptions behind forecasts being violated. This has also necessitated further effort towards methodological refinements, not just in economic theory but also in statistical methods to test the theory. In many ways, this is an exciting time in my view to be studying economics. The meeting of the G-20 Finance Ministers and Central Bank Governors in 2009 endorsed the G-20 Data Gap Initiatives (DGI), which focuses on (a) build-up of risk in the financial sector; (b) cross-border financial linkages; (c) vulnerability of domestic economies to shocks; and (d) improving communication of official statistics. After the first phase of DGI was largely implemented, the second phase commenced in 2015 with the objective to strengthen the global statistical systems so as to aid deeper economic analysis. India's progress in this regard has been good so far and we are taking further strides, recognizing that such initiatives help individual countries and also the global economic system.

**The Case For A Public Credit Registry In India:** I will focus in the rest of my remarks on a topic which I feel is vital for the Indian economy at this juncture and where I expect the Reserve Bank, and more specifically, the Statistics Department, to play a rather important role. It concerns the setting up of a Public Credit Registry (PCR), an extensive database of credit information for India that is accessible to all stakeholders. Generally, a PCR is managed by a public authority like the central bank or the banking supervisor, and reporting of loan details to the PCR by lenders and/or borrowers is mandated by law. The contractual terms and outcomes covered and the threshold above which the contracts are to be reported vary in different jurisdictions, but the idea is to capture all relevant information in one large database on the borrower, in particular, the borrower's entire set of borrowing contracts and outcomes. A PCR, if put in place for India, will help in a) Credit assessment and pricing by banks; b) Risk-based, dynamic and countercyclical provisioning at banks; c) Supervision and early intervention by regulators; d) Understanding if transmission of monetary policy is working, and if not, where are the bottlenecks; and, e) How to restructure stressed bank credits effectively. The extensive and incisive work of Professor José-Luis Peydró of Universitat Pompeu Fabra on such issues using the Spanish Credit Register is a testimony to the tremendous value a PCR can bring to clear understanding of the underlying economy. I encourage you to check out his work. Let me start by explaining the motivation for creating such a database. A vast body of academic literature advocates transparency in credit markets, arguing that it improves the efficiency of the market and helps creditors as well as borrowers. One of the reasons the credit information is termed as a 'public good' is its utility to the credit market at large and to the society in general. In the absence of a central database of credit information, the creditors are restricted to the information they have about their clients based only on their limited transactions or interactions with the clients, and this could lead to suboptimal outcomes. A central repository, which, for instance, captures and certifies the details of collaterals, can enable the writing of contracts that prevent over-pledging of collateral by a borrower. In absence of the repository, the lender may not trust its first right on the collateral and either charge a high cost on the loan or ask for more collateral than necessary to prevent being diluted by other lenders. This leads to, what in economics is termed as, pecuniary externality – in this case, a spillover of one loan contract onto outcomes and terms of other loan contracts. Furthermore, absent a public credit registry, the 'good' borrowers are disadvantaged in not being able to distinguish themselves from the rest in opaque credit markets; they could potentially be subjected to a rent being extracted from their existing lenders who enjoy an information monopoly over them. The lenders may also end up picking up fresh clients who have a history of delinquency that is unknown to all lenders and this way face greater overall credit risk.

**Current Credit Information Systems In India:** Let us now have a look at the current credit information systems in our country. The private Credit Bureaus (CBs) operating in India are regulated by RBI under the Credit Information Companies (Regulation) Act, 2005 and include Credit Information Bureau (India) Limited (CIBIL), Equifax, Experian, and CRIF Highmark. Each one of these focuses on data analytics to provide credit scores, and allied reports and services. These analytics are useful for the member banks for issuing credit cards as well as for taking decisions (primarily on retail loans) as of now. The Reserve Bank has set up the Central Repository of Information on Large Credits (CRILC) in 2014-15. It is now one of the most important databases for offsite supervision. Here the Scheduled Commercial Banks (SCBs) in India report credit information of their large borrowers, i.e., those having aggregate fund-based and non-fund based exposure of INR 50 million and above. It covers around sixty per cent of the loan portfolio and around eighty per cent of the non-performing loans of SCBs. The reporting is done on a quarterly basis but the slippages are required to be reported in another format on as-and-when basis. The CRILC is designed entirely for supervisory purposes and its focus is on the reporting entities' exposure to the borrower (as individual and/or as a group) under various heads, such as bank's exposure to a large borrower; the borrower's current account balance; bank's written-off accounts; and identification of non-co-operative borrowers, among others. However, CRILC captures only limited detail about the borrowers such as the industry to which they belong and their external and internal ratings. The pooled information under CRILC is shared with the reporting banks but is not shared with the Credit Bureaus, larger lender community, or researchers. My colleagues in DSIM are familiar with the Basic Statistical Return – I or BSR1, where account level credit information (an "account" being a specific loan or facility between a bank and a borrower) is reported by banks. As the name suggests, it is a statistical return which captures some metadata for the account such as district and the population group of the place of funds utilisation; type of account such as cash credit, overdraft, term loan, credit cards, etc.; organisation type such as private corporate sector, household sector, microfinance institutions, Non-Profit Institutions Serving Households (NPISH) and non-residents; and occupation type such as agriculture, manufacturing, construction, and various financial and non-financial services. The interest rate charged along with the flag for floating vs fixed is also reported here. These details are not present in CRILC which is a borrower-level dataset rather than an account-level dataset. Though BSR1 contains a "health code" for each account, it is not comprehensive enough to cater to the supervisory needs as it is not feasible to aggregate all accounts maintained by a borrower in the absence of a unique identifier across the reporting banks. Due to a number of reasons, even bank-level aggregation of delinquency in BSR1 will not in general match with that reported through CRILC. Aggregated statistical information with spatial, temporal and sectoral distribution from BSR1 is shared in the public domain for researchers, analysts and commentators. Account-level data is, however, kept confidential but is shared by the Reserve Bank with researchers on a case to case basis under appropriate safeguards. These databases maintained in the Reserve Bank are not available to individual banks in real time to take credit decisions at the micro level. They do not capture fully the credit data at origination level. In particular, the 360 degree view is not available to creditors in any of the systems discussed. Individually, some of these systems can be swiftly strengthened with just a few additional fields. For example, capturing in BSR1 the unique account-holder identifier in the form of Aadhar for individuals and Corporate Identification Number (CIN) for companies may make it possible to view all accounts of each borrower across banks. Next, I would like to draw your attention to the company finance databases available with the Reserve Bank and with the MCA. These contain the audited or unaudited financial results of the corporates submitted by them at various frequencies. Here again the key identifier is the CIN. The power of the information can be substantially enhanced if we can make BSR1 and CRILC to talk to each other and further link them both with the MCA database containing financial results of the corporate sector.

**International Experience with Public Credit Registers:** Let me now turn to the international scenario. A survey conducted by the World Bank reported that as of 2012, out of 195 countries that were surveyed, 87 were having Public Credit Registers – the number must have increased by now. The private credit bureaus are also functioning well in many of the developed countries and they co-exist with the PCRs. In US, the Dealscan by Thomson Reuters is a prime example which covers the syndicated loan origination data including information on arrangers; price and maturity terms; credit lines or term loans; and loan characteristics such as covenants. Since banks voluntarily provide credit data at the time of origination itself, it is almost a real-time dataset and one gets to know in a week or two weeks' time whether there is a change in the credit market conditions. Dun & Bradstreet or DNB in short, is nearly two centuries old and has perhaps the largest commercial database in the world. Their website claims that they track over 265 million company records which they derive from 30,000 data sources and is updated 5 million times per day. DNB's own correspondents gather data on firms by visiting and telephoning the firm's principals. It is interesting to note that in the 19th century, these correspondents who were often lawyers, included such luminaries as Abraham Lincoln, Woodrow Wilson and Calvin Coolidge (ref. J.G. Kallberg, G.F. Udell / Journal of Banking & Finance 27 (2003) 449–469). Let me give a real life example to illustrate the utility of such information systems. In the aftermath of the collapse of Lehman Brothers in September 2008, there were economists who asserted that the credit flow in the United States was unaffected by pointing out to the robust credit growth in bank loans. But a deeper analysis of the Thomson Reuters Dealscan data quickly revealed that the credit growth was almost entirely attributable to the corporates drawing down (a form of a "bank run") on the existing credit lines. The origination of new loans had indeed dried up.

**How A Public Credit Registry Can Help In India:** Let us now envisage how exactly a public credit registry can help in India. Firstly, it is required to improve the credit culture in our country. It has been demonstrated in the 'Doing Business 2017' report that credit information systems impart transparency in the credit market, following which access to credit improves and delinquencies decrease. At present, several Indian banks burdened with mounting NPAs appear less confident in taking credit decisions. A transparent public credit registry would help the bankers to rely on objective data for making credit decisions and also enable them to defend their actions with market evidence when subjected to scrutiny. Second, large borrowers get a preference in credit markets due to their existing credentials in the public space. They have established credit history, brand value, and supply of collateral. In contrast, small and marginal aspirants, start-ups, new entrepreneurs, and small businesses in micro, small and medium enterprises (MSME) sector are disadvantaged as they lack many of those desired qualifications for credit. Transparency of credit information would serve as a "reputational collateral" for such borrowers. This would not only help promote financial inclusion, but also reward the good borrowers thereby imparting credit discipline. We just have to look at our willingness to transact on eBay to understand how reputation builds up for effectively anonymous sellers from their transaction records captured on a website. Similarly, public credit registry would help create a level-playing field among different sizes of borrowers. Third, public credit registers in many countries have gone beyond the credit relationship of borrowing entities with financial institutions. They tap other transactional data of borrowers including payments to utilities like power and telecom for retail customers and trade credit data for businesses. Why might such data help? Lenders in the formal sector often hesitate to extend a line of credit to new customers due to the lack of credit scores. Regularity in making payments to utilities and trade creditors provides an indication of the credit quality of such customers. In turn, credit from the formal sector can become accessible to new borrowers, boosting financial inclusion. As a side benefit, the extent of financial inclusion will likely become more precisely measurable for policy makers. Finally, public credit registry can have a profound impact for regulatory purposes. In its absence, only fragmented images are available of credit behaviour and indebtedness. PCR will help in getting to a complete picture that is necessary for supervisors and policy makers to assess credit risk of the entire system. To facilitate this, the PCR must cover the following aspects of the credit data: First, the bank-borrower loan-level data detailing loan terms at time of origination along with data on borrower's economic and financial health. Second, the internal and external ratings (or credit scores) and their evolution, and where applicable, market-based measures of firm-level and sector-level credit risks. Third, bank-borrower loan-level restructuring data with all details. Fourth, secondary loan sales and price information. Fifth, borrower-debt level Default and Recovery (LGD) data. This would be a good start!

**Who Should Operate The Public Credit Registry?:** Large Public Credit Registers are operated either by the central banks or state authorities in various countries. They are typically not operated by the private sector, though Credit Bureaus in some jurisdictions capture many of the items discussed above. In some jurisdictions, the raw data collected by the central PCR is shared with the CBs, which in turn make value addition by pooling data from other sources and come up with further analysis such as credit scores / reports to their clients, typically commercial lenders. Since we are talking about a large database containing lots of private information, it also needs to be handled by an authority which is trustworthy in the public eye as well as backed by appropriate judicial powers to ensure timely and accurate data gathering. Therefore, it is found internationally that with rare exceptions the Public Credit Registries are managed by central banking or banking supervisory authorities.

**In Summary:** Let me conclude by restating that a transparent and comprehensive public credit register is the need of the hour in India. More and more countries are moving towards this with a view to improving the credit culture in their jurisdictions. Such registers help in enhancing efficiency of the credit market, increase financial inclusion, improve ease of doing business, and help control delinquencies. Incorporating unique identifiers for the borrowers (Aadhar for individuals and CIN for companies), Reserve Bank's BSR1 and CRILC datasets can quickly be converted into a useful PCR covering customers of SCBs to start with. It can then be expanded to cover other financial institutions in India. A comprehensive PCR down the road will be even more effective. Setting up a comprehensive PCR will, however, require much team work and vision. It will demand expertise to handle large volumes and varieties of data assembled from diverse sources. It will require working with several stakeholders, other regulators and international agencies with expertise in helping set up such registers. That's a worthy challenge for the pool of statisticians assembled here on the eve of the 11th Statistics Day. Governor and I hope we can set up, as a matter of priority, a high-level task force that can provide a roadmap for attaining this goal of developing and unleashing a powerful credit information system for our country. There are several other "information base" challenges for the long horizon for the team: Employment Statistics; Household Inflation Expectation Survey in rural and informal economy; Big-data real-time indicators of prices and consumption; Google images and mobile-phone data for economic activity indicators; to just a list few. Having a go at some of these will be a fitting tribute to Prof. Mahalanobis whose contributions were truly long-term and have lived far beyond his immediate life-span.

## Priority Sector Lending – Status, Issues and Future Agenda

**(Shri S S Mundra, Deputy Governor - June 27, 2017 - at the "Conference on Credit flow to Priority Sector – Policy and Implementation" held at College of Agricultural Banking, Pune1):-**

The overarching philosophy behind prescribing the priority sector target for banks is to enable sections of society, which though credit worthy, are unable to receive credit from the formal system, either in adequate measure or in a timely manner. There are economic reasons why some sectors/ borrowers do not receive adequate finance. At any given point of time, the lendable resources at institutions are limited and there is always a trade-off between how much time and effort can be put in and what kind of topline and bottom line the new businesses would generate. Given this sort of business dynamics, it is possible that the sectors which rightly deserve bank credit get excluded. This is precisely the motivation behind institution of priority sector lending norms. These guidelines are revised from time to time keeping in view the developments in the economy.

**Priority Sector Lending (PSL): A Business Case:** Before I come to specifics, let me touch upon certain policy and strategy issues. The PSL Guidelines have been in existence for a long time now- there are targets, sub targets, but sadly most of the time, these norms are viewed more as a matter of compliance. The first and the most important message which I would like the PSL chiefs of the banks present here to carry to your senior management and the Board of Directors is that lending to priority sector is good business for all the right and justifiable reasons. Perhaps, it would be possible for you to put across your arguments more persuasively now than ever before. I say so because in the last few years we have seen over exposure of banking system to large corporates and consequences thereof. The excessive lending to corporate sector was the outcome of what I call "least input and maximum output" approach. With little effort one could create large credit volumes whereas creating similar volumes in the priority sector would have required commitment of larger resources in terms of branch staff and operating people. There is another dimension to why focusing on smaller loans would become all the more necessary now and that is the regulatory aspect. Couple of noteworthy changes have happened in the recent past (i) there is a revision of single and group borrower exposure limit (ii) an overall ceiling on exposure of an entity to the banking system has been mandated. These developments would push the corporates to gradually shift to markets for meeting their funding requirements. Apart from bitter experience of the past and need for risk diversification, earning potential presented by priority sector lending is another reason why banks should look elsewhere for better business opportunities. Having said that, we have already been witnessing a conscious move by the banks into 'retail' segment from corporate. I am not suggesting that movement to retail is not okay, but from overall economic and credit perspective, retail loans are not productive loans in the hands of the borrower as they neither generate income nor they lead to further economic activities. On the contrary, loans to segments such as agriculture, small and micro enterprises do support economic activities, generate income and also surplus. Such borrowers then become worthy recipients of retail credit. That is the larger philosophy and reason for moving over to priority sector as a business case.

**Is There A True Priority Sector Vertical?:** The second thing which I want to mention, something which is more relevant for public sector banks, to some extent for RRBs and possibly for some private sector banks as well, is about the way the priority sector vertical works. Typically in a public sector bank, the responsibility for priority sector is spread across several verticals. There is a rural credit or an agricultural finance vertical, a separate MSME vertical, the affordable housing segment may be part of retail and the renewable energy & the medium industries, included in the priority sector in the last revision, quite possibly, may be with mid-corporate or large credit or corporate group. There may even be another financial inclusion vertical sitting still separately. I am not sure whether there is any coordinated effort between these verticals to chalk out a comprehensive strategy for lending to priority sector. Resultantly, the priority sector vertical is reduced to a data collection and statement generating vertical. Further, I am also not sure how many Bank Boards discuss priority sector strategy in the board meetings. It is necessary that all these verticals evolve within themselves and come together as a cohesive group, prepare a strategy and then take it to the Board for broader discussion and guidance. The priority sector activity should not remain confined to being a mere data collection exercise.

**Is There A Linkage Between Plan Approved By SLBC And Plan Of The Priority Sector Vertical?:** There are several agencies involved with priority sector activities of banks. There is the SLBC structure wherein District Credit Plan (DCP) is prepared and the Lead Bank offices operate at district level. NABARD prepares the Potential Linked Credit Plan (PLP), SLBC adopts it and then it is distributed amongst all banks. I have a suspicion that between the overall priority sector strategy and what happens at the SLBC and DCP level, there may not necessarily be any logical linkage. In RBI we are looking at revamping the entire structure of SLBC and as such, some of these will undergo a change.

**Data Extraction And Its Implications For Priority Sector:** Currently we have a project underway within RBI which would enable extraction of data directly from banks' Core Banking Systems (CBS). In the entire credit planning exercise data infirmity has been a major factor and in some sense, has become an impediment for banks in arriving at right conclusion and right strategies. This project is at a fairly advanced stage now. However once this is implemented, it should not once again be seen as a data cleaning and compliance exercise. This is a great opportunity for banks because they can use the data, apply analytics and prepare the right sort of strategy. They can decide on their focus area and product once this robust set of data is available. It is important that the senior-level functionaries appreciate this exercise in that sense.

**Research:** The last point that I would like to make on the broader policy and strategy aspect is that time has come for individual banks to also invest in research- not very intense academic research- but research to the extent that is helpful in making policies and business strategies relevant for their own purpose. Let me now come to some recent changes and emerging opportunities in the priority sector.

**Diversified Universe:** In the last revision the scope of priority sector has been enhanced substantially. Some new sectors like renewable energy, medium enterprises, agro processing, social infrastructure and agricultural infrastructure have been included. Thus, new activities have been allowed but at the same time, to make sure that the most deprived within this large umbrella are not put to disadvantage, certain sub-limits for small and marginal farmers and micro enterprises have also been introduced. This kind of revision and structure gives the flexibility to each one of you to identify your area of strength and put maximum effort there. This way you can generate surplus and trade that in the Priority Sector Lending Certificate (PSLC) market while buying certificates in areas where others have generated surplus. This is how the whole philosophy of PSLC will work. I will dwell upon the developments in the PSLC market a little later.

**Potential For Job Creation, Self-Employment And Implications For Priority Sector:** There are few emerging opportunities. One arises from the demographic changes which lead to entry of large number of job-seeking youth within the system. It would not be realistic to expect all of them to be absorbed only in the formal sector. Many of them would be gainfully employed in pursuing vocations like low-level manufacturing, services or would operate small enterprises. Thus, large number of people will have the potential of being self-employed and that by translation would mean business for banks. There are various GoI initiatives like Make in India, Start Up India which are aimed at providing a fillip to this eco- system. But unless there is research, analysis of data, policy and strategy, these opportunities cannot be exploited completely.

**Rapid Urbanization And Its Implication For Priority Sector:** The other broad phenomenon which is unraveling and would likely accelerate in the days ahead is rapid urbanization. At present about 32% of the population lives in urban areas and it is expected that in next ten to fifteen years, this figure will be around 42%. This phenomenon once again brings to the fore the need for proper communication among various verticals and a cohesive strategy for the bank a whole. For example, the people shifting from rural to urban areas- they may be your client in rural area but when they migrate to semi-urban or urban areas, is there any exchange of information between the rural and the semi-urban/urban branches about where these people are migrating? Such communication assumes significance because when they migrate they would have new needs and they might adopt a vocation, which may need funding; that's why I am suggesting that as a business strategy banks need to have an integrated approach. They must create appropriate communication channels to tap such potential in the migrating population.

**Is Financial Inclusion (FI) A Part Of Priority Sector?:** As I mentioned earlier, in many banks FI is a separate vertical. In such situation again there would be absence of coordination. One very strong and nuanced point which you really have to carry back from this conference and work on is that we become conditioned to working in a certain kind of organizational set up, we continue to work in silos, a thought never comes to the mind that there may be a need to integrate all this and it can throw up a very interesting and new structure. I suggest that you can include the FI vertical as part of the priority sector vertical if it exists separately within your overall strategy.

**Low Cost Credit Delivery Through Technology:** Finally what you need to bear in mind is that the small and marginal farmer, micro enterprises, affordable housing very well become half or more than half of the priority sector. However, if this segment is to be served profitably, it can only be done with intense use of technology and therefore, banks need to have low cost delivery model. Quite a few banks both from public and private sector have developed technology-based low cost credit delivery models and are doing quite well.

**Use Of Alternative Credit Scoring Models:** The segment comprising of micro enterprises etc., if you try to fit them in regular credit rating/scoring model that will not work. If you want to judge them against the usual norms of debt equity ratio, debt service coverage ratios etc., it will be a non-starter. Therefore you have to look at the method of credit scoring again. A lot of work in this regard has been done in our financial system and many players have moved to credit scoring where payment history, remittance history, bill payment history etc. are collected as data points for analyzing borrowers' repayment capabilities. Today all these data points are available one way or the other. Some of the banks have used it for developing pre-approved limits for small borrowers. This is done in advance and borrowers do not need to approach the banks rather it is the banks that approach the borrowers. We have had hunting limits for corporates and now the time has come when this has to be made available to small borrowers and the common person. These are some issues that I wished to share with you on the execution side of priority sector. One has to be mindful of the opportunities which are emerging and take advantage of these opportunities to make priority sector lending successful.

**Performance Under Priority Sector Lending:** Now I will quickly come to some of the issues around credit flow to priority sector. When I look at the performance under newly introduced sub- targets for 2016-17, though the data is provisional, I find some interesting trends. Both public sector and private sector banks have done well under overall priority sector lending targets. Public sector as a group is slightly below 40% mark whereas private sector banks have exceeded 40% by a good margin. Foreign banks with more than 20 branches are adhering to their roadmap as they have to gradually reach the milestones. Foreign banks with less than 20 branches, as of now, also appear to be on track. While in the case of small and marginal farmer target, the public sector banks have slightly exceeded the sublimit of 8%; the private sector banks have fallen short of these targets and achieved around 5% during 2015-16. Even in 2016-17, it has not improved substantially. On the other hand, the public sector banks could not achieve the sub-target under micro enterprise while the private sector banks could exceed the target (more than 8%) in this segment. It quietly brings a larger point that the priority sector activities of private sector banks still remains predominantly urban-focused even while they have developed good rural network and if not so, alternatively the hub and spoke model is functioning. I will leave it to the strategies of banks as to the areas on which they want to focus; however, one has to be conscious that there may not be an unending supply of PSLCs if there is a gross deficit coming from one particular sub-segment. Perhaps it will be a good business strategy to leave the deficit in marginal terms and not in a larger percentage as it may later on prove to be a costly situation.

**Enablers In Priority Sector Lending:** Now let me briefly touch upon some of the enablers which have been put for the increased credit flow particularly to MSME sector because this is a sector which is very important and crucial for job creation which is both a requirement and a challenge for the country.

### a. MSME Sector:-

**(i) Factoring Transactions:** To increase liquidity support for the MSME sector, RBI had allowed factoring transactions on 'with recourse' basis to be classified as eligible for priority sector by banks. Further, the factoring transactions taking place through TReDS are also eligible for classification under priority sector. It is understood that many banks have their own vendor finance platforms akin to TReDS where they are undertaking factoring transactions on without recourse basis to MSME and with recourse to the corporate. Since two entities licensed under TReDS have become operational, it is expected that it will lead to better price discovery and more favorable rates for MSMEs . With added benefit of priority sector status, banks may actively consider undertaking 'without recourse' factoring transactions through TReDS.

**(ii) Capacity Building:** Over the last two years, CAB has taken a major initiative for capacity building of bankers for lending to MSMEs, popularly known as NAMCABS. I understand till now more than 5000 bankers have been trained. If we reflect back, NAMCABS has put emphasis on three categories of participants, i) policy makers at the corporate office ii) officers sitting in specialized MSME branches and iii) the trainers in the individual bank's training establishments. However, CAB cannot be expected to train the entire banking community. Idea was to create a focus group within the bank which could act as the force multiplier. But if these trained resources are not gainfully employed, then it defeats the very purpose of the capacity building efforts being made by the College.

**(iii) Cluster Approach:** Empirical evidence suggests that the MSME lending is much more meaningful and strong if cluster approach is adopted. Rather than financing stray units on standalone basis, if the banks are looking for business opportunity and furthering credit flow to units having strong repayment potential, then cluster approach becomes very much meaningful. I would suggest that not only should banks focus on financing in existing clusters, but also encourage promoting of such clusters. To do so, banks need to have a strong data base support and in-house research to identify the area, the activity and develop a delivery model.

**(iv) Co-Origination Of Loans:** The next point relating to MSME and more so to micro units is something about which I have been speaking in various fora for quite some time. This is on co-origination of loans where some work is being done within the RBI. If one looks at the sector, which has received maximum credit from banks, it is the financial intermediation sector. This means banks have been lending to NBFCs/ MFIs/ housing finance companies for on-lending purposes. To my mind, this is an example of lazy banking and no one gets benefitted at the end- neither the banker nor the ultimate borrower. So can we develop a regular co- origination model? Banks and NBFCs/ MFIs can join together in origination of loans in a certain agreed structure of risk sharing and various covenants around the loan. This will provide a good avenue to banks to expand their portfolio and diversify their risk. It will be remunerative also and at the same time will help banks' priority sector compliance as well. This is under discussion in RBI and we will take a final view in some time.

**b. Priority Sector Lending Certificate (PSLC):** The response to the PSLC trading has been encouraging. In the first year itself, about ₹ 1,26,549 crore worth of offers were put on the PSLC platform, out of which roughly ₹ 49,800 crore worth of offers were settled, which is a good beginning. Among the four categories under PSLC trading, higher trading is observed under PSLC-Small and Marginal Farmers and PSLC- General Category. Among the four categories, the transaction volume is about ₹ 23,000 crore under small and marginal farmers, ₹ 20,000 crore under general category and rest of the amount under other two categories. As expected, most of the trading occurred especially at the end of the quarters, since the priority sector lending targets are currently monitored quarterly. The PSLCs which were traded in the first quarter were traded at higher premium and this is obvious because the PSL rights get extinguished by March 31st. PSLC platform is an order matching platform but a disquieting feature that we have observed is that some entities strike a bilateral trade and then put it on the platform which vitiates the spirit of anonymous order matching. PSLC should be used as it is designed and meant to be used and not merely as a reporting platform. Before concluding, I would quickly mention a few things, which are relevant to all categories of banks- public sector, private sector, regional rural banks and small finance banks.

**(i) Low Cost Housing And Sanitation:** Within priority sector, low cost housing is emerging as a high potential area and banks should focus on that. In the last revision, we have allowed lending to individual sanitation infrastructure to qualify as priority sector. There is also a national mission for Swachh Bharat and a movement for creation of toilets in individual household by Government of India. Within the overall priority sector planning, banks must look to focus on providing lending for creation of sanitation infrastructure.

**(ii) Agriculture Value Chain Financing:** The second area is agri-financing. Until and unless, there is an organized movement to finance agriculture value chain, this will remain more a compliance activity and will not provide the kind of benefit the economy should receive. Unless agri-financing is dovetailed with value chain, the credit flow to this segment will be more of a compliance matter.

**(iii) Financing Water Conservation And Solar Pumps As An Economic Activity:** The third area is water conservation. From my personal experience from my previous stint in a commercial bank, I can say that water conservation can be exploited as an economic activity for bank credit in many parts of the country. In time of drought, it supports crop cultivation and in long term, facilitates raising of ground water table. Banks should look at it critically. Again this activity requires research, survey and building -up a model to reach out to farmers. Similarly solar pump-sets could be another area for bank finance. All these efforts will be very much meaningful for small and marginal holdings. These are the kind of things, which can prove meaningful but this will be an incomplete exercise without simultaneously providing support to financial literacy.

**(iv) SHG Bank Linkage Model:** Another area is SHG model. SHG model has been a robust model in the past. There has however, been some slowdown of late; but banks should also look critically into the credit delivery through SHG bank linkage model.

**(v) Rural Posting:** Specifically in public sector banks, there is a need to critically look at the entire policy of rural posting. There are rules and other regulatory requirements, but within that framework banks need to have a more meaningful policy for rural posting. Bank staff posted in rural areas should remain there for a reasonable period and second, whatever period they are there, they should deliver to an optimum extent. I know this is a major issue in the functioning of rural branches of banks and as in-charges, you need to look into this area closely.

**(vi) Small Finance Banks (SFBs):** RBI has recently come out with a detailed compendium of priority sector guidelines for SFBs. SFBs have also been allowed to trade in PSLCs once they are operational even without waiting for acquiring ‘scheduled’ status. More than 15% of trade happening under PSLC is by SFBs, which is a healthy trend. From the current year itself, the SFBs have been allowed to participate in SLBC meetings but there is no requirement for them in the annual credit plan until April 2018. For SFBs, payment banks as their BCs could emerge as a good combination as many payment banks have wide last-mile reach.

**Conclusion: I** Would like to conclude here just by mentioning that all of you as in-charges of priority sector lending in your respective banks can make a difference in a large constituency, which is priority sector. Each credit extended by banks to priority sector can be a life changing event and the priority sector credit as a whole can change the lives of a multitude of people of this country. You have to consider your role as that of a change agent. I urge all of you to schedule a discussion with your Top Management, convey to them the take- away from this conference and then take it to your Board. I wish you all the best and thank CAB for inviting me to address this gathering.

# TOP BANKING NEWS

- **Stress In The Economy Could Worsen NPA Woes:** The health of India's banking system deteriorated further in the second half of last fiscal year due to rising bad loans and eroding profitability, but the Reserve Bank of India signaled it is determined to continue the path of prudent regulations and go by the rule book to improve the standards. If the stress builds up in the economy, bad loans will jump further and nearly half a dozen banks will slip below the minimum regulatory capital requirement, but they would be able to withstand a spike in deposit withdrawals as they have high-quality liquid assets. Nothing can replace credit discipline and appreciation of the sanctity of commercial contracts in order to ensure a robust financial system. Thus additional focus has to be on strengthening the internal governance framework of financial entities and observance of market discipline. Under severe stress conditions, gross bad loans of all banks will jump to 11.2% of the total in March 2018, from 10.1% in September 17. For state-run banks it would jump to 14.2% from 12.7%. At least half-a-dozen banks will see their capital fall below 9% in case of extreme macro stress, As per the report which is released half-yearly after conducting tests on banks using various scenarios. Stress tests showed that 25 banks having a share of 44.4% of total banking assets may fail in capital adequacy if gross bad loans jump sharply. State run banks are likely to be hit more. The Banking Stability Indicator (BSI) worsened between September 2016 and March 2017. While the soundness, reflecting the capital position, showed improvement, the asset quality and profitability deteriorated further. Among industries, power and transport appear to be vulnerable to severe shocks to the infrastructure sector. The most severe shock would completely wipe out the recorded profits of the last fiscal. Big borrowers continued to be a troubled spot for the banking system as their ability to meet payments commitment is deteriorating. Large borrowers account for 56% of gross loans and 86.5% of bad loans, and the top 100 large exposures account for a quarter of all bad loans, and 15.2% of gross advances. Share of debt of 'leveraged 24' companies in the sample increased to 27.6% from 20.6% a year ago. Stress in the banking system is reflected in their reduced role in the financial system as more business moved out of them to other intermediaries like non-banking finance companies and mutual funds. Banks' share in the flow of credit, which was around 50% in 2015-16, declined sharply to 38% in 2016-17, said the report.

But the aggregate flow of resources to the commercial sector was not affected owing to a sharp increase in private placements of debt by non-financial entities and net issuance of commercial papers. The transition of credit intermediation from the banking sector to the non-banking sector though welcome, calls for increased monitoring and prudential regulation.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/rbi-warns-of-more-npa-pain-sees-bad-loans-topping-10-by-march/articleshow/59388777.cms*

*Dated: Jul 01, 2017*

- **BBB Recommends 15 Names For Appointment Of EDs In PSU Banks:** Banks Board Bureau (BBB) has recommended to the government names of 15 general managers of various public sector banks for appointment as executive directors. The recommendations were made by BBB Chairman Shri Vinod Rai and other members of the bureau. The list would be sent to the Department of Financial Services to get Appointments Committee of Cabinet (ACC) clearance. The ACC is headed by Prime Minister Shri Narendra Modi. The interview for appointment to the post of EDs was held on June 30. Besides former CAG Shri Rai as chairman, the other members of BBB include Anil Khandelwal, former chairman and managing director of Bank of Baroda; H N Sinor, former joint managing director of ICICI Bank; and Roopa Kudva, managing director of Omidyar Network India Advisors. RBI deputy governor, Financial Services Secretary and Department of Public Enterprises Secretary, are ex-officio members. Recently, the government expanded the BBB by inducting two more members with the objective of strengthening the panel responsible for selection of MDs and directors of public sector banks and financial institutions.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/bbb-recommends-15-names-for-appointment-of-eds-in-psu-banks/articleshow/59409116.cms*

*Dated: Jul 02, 2017*

- **PNB To Block All Maestro Debit Cards From Jul 31:** Punjab National Bank (PNB) Maestro debit cards holders will face a card blockage if they fail to replace it with a more secure EMV chip based card by the end of this month. The bank will not charge anything for the replacement and it will be provided free of cost. All Maestro cards issued by PNB will be blocked or hotlisted on Jul 31, 2017 for security based reasons. The replacement is as per RBI advisory issued in 2015, asking all the banks to migrate to a much secured EMV chip based cards. The bank has identified that there are about one lakh customers with old Maestro debit cards and has started sending them SMSes as well. Presently, PNB's card base stands at around 5.65 crore. As per RBI advisory, existing magnetic stripe only cards need to be replaced with EMV chip and pin based cards by December 31, 2018, irrespective of the validity period of the cards. And from January 31, 2016 onwards, banks are directed to issue only EMV based debit and credit cards. Card replacement is important, keeping in mind digital drive of the government that has led to a drastic rise in debit card usage. Now, people are taking interest in using debit cards. Young generation definitely use it, but people over 40 years of age are also using it and taking help from children to learn card usage.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/pnb-to-block-all-maestro-debit-cards-from-Jul-31/articleshow/59409011.cms*

*Dated: Jul 02, 2017*

- **ATMs To Turn Costly Under GST, Small Banks To Be Hit:** Deploying Automatic Teller Machines (ATMs) is set to get more expensive as ATMs have been put under the highest tax slab of 28% under the new Goods and Services Tax regime. With the machines becoming more expensive, smaller banks and newly-licensed small finance banks could slow down deployment of teller machines, causing further problems for the industry. As per Industry Insiders the point-of-sale devices and other digital payments hardware were put under the 18% slab a slab in which ATMs should have been included. Confederation for ATM Industry (CATMI), the industry association of companies which deploy and manage ATMs, is planning to reach out to the GST Council, the revenue secretary and the finance ministry to take up the issue and request them to revise the tax rate on teller machines. This would be applicable for servicing charges, annual maintenance contracts which will have to be borne by the banks eventually. The biggest advantage for banks is that now they will be able to claim input tax credit on GST which will improve their cash flows and help in their business. After demonetization ATM deployment has slowed down as banks were preoccupied with adopting the latest digital payment instruments. Also, banks prefer asset light payment solutions for financial inclusion, like micro ATMs and Aadhaar Pay rather than deploying expensive ATMs.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/atms-to-turn-costly-under-gst-small-banks-to-be-hit/articleshow/59415606.cms*

*Dated: Jul 03, 2017*

- **AADHAAR Pay Sees 6-Fold Jump In Rural Transactions Between October And April:** Aadhaar Enabled Payments Systems (AEPS), promoted by the government to drive digital payments in rural India, is showing definitive signs of adoption amongst its target audience with transactions rising more than six-fold within five months of the currency swap. Banks have already deployed around 1.3 lakh micro ATMs in the country, of which more than 1 lakh terminals are interoperable. Aadhaar based payments is the right technology for rural India where literacy about security features for digital payments like OTP and password are lacking. Mirroring the success of the Unified Payments Interface (UPI), AEPS transactions reached more than 6 million in April against less than a million in October, a month before demonetization was announced. From about 2 million in December, the number of transactions has steadily increased to 6.1 million in April. AEPS transactions are driven by micro ATMs being deployed majorly by banks in rural India, where smartphone based payments cannot work. Interoperable microATMs allow customers to use any bank account to transact on any device, much like ATMs, where ATM cards of any bank can be used on any machine. The success of the AEPS programme lies in the ability of the regional rural banks (RRBs) to deploy such solutions for their customers. While offering options around digital payments, microATMs also allow banks to take banking to rural India in a cost-effective manner, thereby driving financial inclusion. The cost-to-serve through a MicroATM is lower than that of a traditional bank branch. Hence, this network can be quickly ramped up and can enable digital financial inclusion at scale. IDFC Bank, which has deployed around 4,139 microATMs in the country for AEPS transactions, plans to increase the number to 30,000 terminals and another 75,000 Aadhaar Pay merchants over the next two years. While AEPS picks up steam, around 70% of the transactions are still for only cash withdrawal or deposits and the rest for balance enquiry and fund transfer.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/aadhaar-pay-sees-6-fold-jump-in-rural-transactions-between-october-and-april/articleshow/59416386 .cms*

*Dated: Jul 03, 2017*

- **GST Rollout: Key Changes To IT Systems By Banks Ensures No Hiccup:** Business in banks may have been smooth since the Goods and Services Tax (GST) regime began two days back, but the banking and insurance activities of customers will begin to pinch as tax rates on these services have risen. Most large sized banks had made significant changes to their IT systems in anticipation of the nationwide rollout of GST on Jul 1 and there has been no hiccup in the past two days, even though they were not normal banking days with Jul 1 seeing marginal activity since banks were busy closing books for the first quarter. But customers will have to pay more as banking services such as debit card, home loan processing fee, locker rentals, issuing of cheque books, cash handling charges and SMS alerts would attract higher taxes. State Bank of India and Axis are among the five banks that have been allowed to take GST payments across the country. SBI too announced its GST-readiness and GST payments could be made online through internet banking and SBI debit cards, or by using its 25,000-plus branches. Several customers are also doing small value transactions to find whether the system is working or not. Some of the bigger private and multinational banks started modifying their front-end IT systems at the end of last year while several state-run banks and smaller private banks had floated tenders recently inviting IT companies to make them GST-ready. Recently, the Indian Banks Association had called for a meeting to check the preparedness for banks and found that they are more or less ready to face the new tax challenges. While most banks claim GST readiness, consumers will have to shell out more for banking services, insurance premium payments and credit card bills under the new regime. Due to increased rate of tax on banking services from 15% to 18%, GST will result in increased cost of services offered to customers. GST has a mechanism of reconciliation of output services and input services, and banks may get the credit of each eligible input service. Overall, the monetary impact may be negative initially, but complete transparency in transactions will show positive results for the banks and the economy in the long term. Also, life and non-life premiums would involve an increase in taxes from 15% to 18%. Though insurance customers will have to pay a higher rate of GST at 18% compared to 15% service tax earlier, the overall impact should be positive, given the convenience and simplicity associated with a single tax regime.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/gst-rollout-key-changes-to-it-systems-by-banks-ensures-no-hiccup/articleshow/59416420.cms*

*Dated: Jul 03, 2017*

- **Over 90% Indian Customers Still Prefer Branch Over Online Banking:** While the government has been pushing people to go online when it comes to banking, the branch still continues to dominate banking channels in India, with 94 per cent of retail banking customers having visited the branch/store at least once in the past 12 months. According to the 2017 Oracle J.D. Power India 'Retail Banking Study,' despite the impetus provided by demonetization, digital banking is not yet a pervasive experience in India. Most banking relationships still begin and continue at the branch. However, there is great potential for banks to move more into the digital space. Only 51 per cent of retail banking customers has a reliable online banking experience with their main financial institution. The results was based on in-person interviews with 5,368 retail banking customers conducted between February and April 2017 across 14 states and included both private and public banks. In fact, overall customer satisfaction with banking in India is lagging significantly behind other key markets at 672 index points, compared to the industry average score reported in other J.D. Power studies in China (806), the USA (793) and Australia (748). The study measured overall satisfaction in five factors: account activities (39 per cent); account information (18 per cent); facility (17 per cent); product offerings (14 per cent) and fees (12 per cent). While overall customer satisfaction with mobile banking is markedly higher (693) than with In-Person Branch interaction (676), only 9 per cent of India retail banking customers use mobile banking for everyday transactions. Among the 48 per cent of customers who have yet to download a banking app, one-fourth state lack of security is a key reason for non-usage. Nearly three-fourths (73 per cent) of customers believe their financial needs were not fully understood before they were offered new products, with only 7 per cent having had fees and pricing of products explained. As India embarks on its digitization agenda, results on ground exhibit a contrary reality. Private Banks outperformed public banks and were rated higher in overall satisfaction (680) than public banks (666). Private banking customers are more likely to recommend their bank to friends and relatives (89 per cent) than public banks (86 per cent).

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/over-90-indian-customers-still-prefer-branch-over-online-banking-report/articleshow/59421724.cms*

*Dated: Jul 03, 2017*

- **Vague RBI Guidelines See Banks Cap PM's Jan Dhan Yojana Accounts:** Crores of Pradhan Mantri Jan Dhan Yojana (PMJDY) account-holders risk either having their accounts frozen or having charges imposed if they exceed four debit transactions in a month. Vague wording of the Reserve Bank of India's guidelines on Basic Savings Bank Deposit Accounts (BSBDA), which include PMJDY accounts, has led to banks conjuring up ways to cap free transactions. The norms applicable to PMJDY accounts are those that are prescribed for the BSBDA by the RBI. The BSBDA was earlier known as a `no-frills' banking account-a service under which banks were to provide free basic banking facilities without any minimum balance requirement. Almost every bank is violating the RBI's norms because of the unclear wording. The report shows how banks are freezing transactions, imposing minimum balance requirement or levying charges when a customer exceeds the prescribed four free with drawals. State Bank of India which has more than 9.9 crore PMJDY accounts, has chosen to freeze all debits once the free transaction limit are exhausted. The customers can do more transactions by converting their accounts into regular savings accounts. Axis Bank is informing customers how the account will turn into a regular savings account when the limits are breached. ICICI Bank had earlier imposed charges but subsequently refunded them. As per HDFC Bank transactions beyond four are chargeable. To complicate matters, instead of speaking about withdrawals or ATM withdrawals, the guidelines describe withdrawals as all debit transactions. This includes money going out of the account in any form; either by cash withdrawal at ATMs, at branches or through electronic fund transfers or debit card uses. The RBI definition of withdrawal is so wide it also includes standing instructions for money going out towards EMI payments. As per RBI banks should allow at least four withdrawals in a month, no charges can be imposed on these accounts. Banks are unsure of what to do beyond four withdrawals but do not want to provide an unlimited deposit and withdrawal facility for free. Each bank has decided to interpret this norm to safeguard its own interest. There are over 54 crore BSBDA accounts in the country. These include the 22.4 crore PMJDY account holders with Rupay debit cards. The accounts were opened under the promise of zero charges. RBI's guidelines have kept the banks in difficulty and in a state of confusion, forcing many to become noncompliant of the regulations consciously or unconsciously, detriment to the interest of the depositors and the general public. Since it is unreasonable to expect banks to provide unlimited free transactions in a basic account, the IIT report suggests some alternatives. Banks should be allowed to retain the account's status as a BSBDA while imposing reasonable charges beyond the mandated thresholds on cash transactions and certain value added services. To encourage use of debit cards and electronic payments, these should be allowed without any limits. To prevent the account from being misused, the report recommends that there should be a floor on the amount of cash deposits that can be made.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/vague-rbi-guidelines-see-banks-cap-pms-jan-dhan-yojana-accounts/articleshow/59434020.cms*

*Dated: Jul 04, 2017*

- **Worried Over RERA Provision, Banks Seek Additional Collateral From Builders:** Lenders such as ICICI Bank, State Bank of India and Yes Bank are seeking additional collateral on loans disbursed to real estate developers. In some cases, they are insisting on personal properties of promoters as guarantees. Under the new law Real Estate (Regulation and Development) Act, 2016 (RERA), a developer will have to maintain 70% money collected from home-buyers in a separate account. This would leave them with only 30% of the sales proceeds to be used for any other purpose against 100% earlier. Bankers worry they may inadvertently end up violating the Reserve Bank of India's (RBI) provisioning norms. In one such case, a well-known Mumbai-based real estate developer, who borrowed money through a consortium of banks and Non-Banking Financial Companies (NBFCs), may be in a fix. The developer had pledged six floors of his upcoming residential complex as collateral, where the lenders had full control of sales receipts. While the lenders want additional collaterals in the project, it may not be possible in this case. The developer has borrowed from different set of lenders and sold equity in the project to some private equity players. Due to this, remaining floors of the building cannot be given as collateral. The developer has been asked to give a personal guarantee and put up one of his personal properties as collateral. Also 30% of the sales proceeds over which lenders have right, is only towards the principal repayment by the developer while interest is to be serviced out of the balance 70%. Even though lenders had access to 100% of the sales proceeds prior to RERA, they hardly used the entire sum. Many lenders are also worried about what could happen if the project gets stuck under RERA. Most of the money in real estate is invested through hybrid vehicles of debt and equity. In many cases, banks have invested money with a buyback guarantee or an option of converting debt to equity and taking over part of the project. Most of the lenders, including NBFC arms of private equity firms, are thinking of ways to safeguard against this unforeseen risk. In case of another Noida-based developer, bankers are asking for collateral in the same property against which cash was lent. The banks have asked that the developer give additional guarantee in the form of allowing lenders to take control of more apartments. Experts point out that due to RERA, provisioning for past loans in real estate sector has become difficult. If tomorrow the project were to get into trouble, and if the loans get toxic, RBI can scrutinize such transactions more closely. Under RERA, which aims to improve transparency in real estate sector and protect home-buyers' interest, builders are expected to disclose project-related information, including project plan, layout and government approvals-related information to customers. Any major change in the project will be done only after receiving the consent of two-thirds of home-

buyers in that project. To avoid diversion of funds, RERA mandates that developers maintain 70% of the funds collected from buyers in a separate bank account in case of new projects. Funds in this account can only be used for the purposes of construction and land cost of that specific project in a phase-wise manner in proportion to the percentage of project's completion, which will have to be certified by an architect and a chartered accountant.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/worried-over-rera-provision-banks-seek-additional-collateral-from-builders/articleshow/59431766.cms*

*Dated: Jul 04, 2017*

- **PSB Mergers Should Be Between Equals, SBI Chief Smt. Arundhati Bhattacharya:** As per State Bank of India chairperson Smt. Arundhati Bhattacharya, the merger of public sector banks should be between equals and added that things will start getting better on asset quality by the second half of the year. The union of state-run banks is feasible but the lenders should be given time to ensure the mergers work. There can't be a one-size-fits-all approach, and the temptation to merge the weaker ones with the stronger ones should be resisted as it leads to the stronger one losing strength. It (merger of banks) is feasible. It has been done in other countries. But you will have to give them time to do it and be able to show a turnaround. You cannot expect it to happen tomorrow and (hope that) day after things will be fine. It won't work like that. They will need 3-4 quarters to put it all together and come out on top. The clamor to merge 21 PSU banks is getting louder with the government nearly shutting the capital tap. While investors are likely to provide capital to strong ones like SBI, which raised Rs 15,000 crore in a share sale, many others are likely to be shut out from the market. Some will have to be merged so that the capital requirement comes down and resources are better utilized. The smaller SOE (State-Owned Banks) are short of capital and it will be a struggle for them to raise funds unlike the larger banks, which may be able to access equity markets. Hence, the government may look at merging smaller, weaker banks with larger and relatively stronger lenders. There should be a merger of equals so that synergies can be derived. It should be strong to strong and weak to weak, because if you do a strong and weak it doesn't really make much sense since it unnecessarily pulls down the strong bank also to some extent and, of course, they need to look at other synergies there might be synergies of systems, synergies of reach, synergies of different portfolios of business, synergies of cultural fit. So it cannot be one size fits all. Banks' journey to becoming stronger entities may be full of surprises and painful events, but that is inevitable in the process of growing up. The alternatives are very few, so to that extent this seems to be the best way out and, probably, this will be painful. But a maturing process and growth is always painful.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/psb-mergers-should-be-between-equals-sbi-chief-arundhati-bhattacharya/articleshow/59447968.cms*

*Dated: Jul 05, 2017*

- **HDFC Has Rs 909 Cr. Exposure In A Insolvent Account:** Housing Development Finance Corp., has exposure of Rs 909 crore in one of the 12 accounts referred by the Reserve Bank of India for resolution under the insolvency and bankruptcy code. As per HDFC , the account was not a Non-Performing Loan, as a prudent measure it had made adequate provision against this exposure. At this stage, the corporation is of the belief that no further provisioning is required on this exposure for the quarter ended June 201. In June 2017, RBI's internal advisory committee had identified various accounts for reference under insolvency and bankruptcy code. Banks are referring these cases to the National Company Law Tribunal (NCLT). The total exposure of lenders to these 12 accounts is more than Rs 2 lakh crore. As per the HDFC profit on sale of investments for the quarter ended June 30, 2017, was Rs 2 crore compared to Rs 922 crore in corresponding quarter of the previous year, on account of sale of shares of HDFC Ergo. During the quarter, HDFC assigned loans amounting to Rs 2,458 crore to HDFC Bank in the quarter ended June 2017compared to Rs 3,296 crore in same period last year. It sold loans worth Rs 464 crore to another bank against Rs 1,812 crore in the corresponding period of the last financial year.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-has-rs-909-crore-exposure-in-a-insolvent-account/articleshow/59451493.cms*

*Dated: Jul 05, 2017*

- **Axis Bank To Finance Super Bikes:** Private sector Axis Bank has started offering loans to purchase super bikes of 500cc & above, making purchase of bikes such as Harley Davidson and Triumph easier. This reflects that leisure biking segment is gaining popularity in India leaps and bounds. Axis Bank will offer 95% of bike cost including accessories. Super bikes like Harley Davidson, Triumph are truly iconic brands that many in India aspire to own. The trend of riding clubs & adventure biking activities surrounding these luxury bikes is further adding to the popularity quotient of the segment. The average age of customers in this segment is now at mid 30's down from the age of early 40's a couple of years back.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-to-finance-super-bikes/articleshow/59458776.cms*

*Dated: Jul 05, 2017*

- **Canara HSBC Oriental Bank Of Commerce Life Insurance Ties Up With Dhanlaxmi Bank:** Private life insurance company Canara HSBC Oriental Bank of Commerce Life Insurance, has entered into an alliance with Dhanlaxmi Bank. All the life insurance products of Canara HSBC Oriental Bank of Commerce Life Insurance would be made available to customers of Dhanlaxmi Bank and would be sold by the licensed staff of the bank. The bancassurance products have been showing good growth, particularly the traditional products. For the first quarter in the current fiscal, the growth has been 50%, Canara HSBC Oriental Bank of Commerce Life Insurance has access to around 115 million customers and a pan-India network of over 9500 branches of the three shareholder banks. Dhanlaxmi Bank has a network of 260 branches and 371 ATMs covering 129 cities across India in 15 states and 1 union territory and a customer base of over 2 million. As part of the agreement, the bank will be a corporate agent for 3 years; however, both aim to continue this relationship for long term. With this, customers of Dhanlaxmi Bank will get access to bouquet of products which would cover their core financial needs and deliver good value through the range of solutions that the company offers.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/canara-hsbc-oriental-bank-of-commerce-life-insurance-ties-up-with-dhanlaxmi-bank/articleshow/ 59473611.cms*

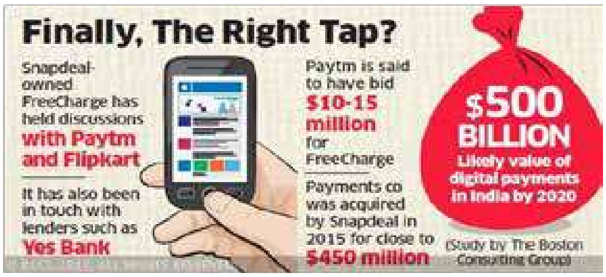
*Dated: Jul 06, 2017*

- **Customers Should Report Fraud In 3 Days To Avoid Losses:** In a major step to protect customers from large financial losses on account of frauds, Reserve Bank of India has capped the customer liability at Rs 25,000 if they report unauthorized transactions within seven working days. The customers can't be made liable at all if they notify the bank within three working days of the transaction. These rules will be applicable for third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system. The banking regulator has revised the guidelines on customer liability given the recent surge in grievances relating to unauthorized transactions. The systems and procedures in banks must be designed to make customers feel safe about carrying out electronic banking transactions. It has however given banks the freedom to determine customer liability if such transaction is reported after seven working days. The RBI has placed the onus of informing about the fraud on the customers, but the burden of proving it lies with the bank. The longer the time taken to notify the bank, the higher will be the risk of loss to the bank/ customer. Banks will have to shoulder the burden for losses due to contributory fraud and negligence on the part of the bank. For such cases, it will not make a difference whether or not the transaction is reported by the customer. However, in case of negligence such as sharing payment credentials, customers will have to bear the entire loss until they report the transaction to the bank. Any loss occurring after the reporting shall be borne by the bank. The regulator has also made owning a mobile phone mandatory for doing electronic banking transactions. Banks must ask their customers to mandatorily register for SMS alerts and wherever available register for e-mail alerts, directing banks not to offer electronic banking facility to customers who do not provide mobile numbers to the bank.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-notifies-norms-to-limit-liability-of-consumers-hit-by-transaction-fraud/articleshow/59474878 .cms*

*Dated: Jul 06, 2017*

- **Axis Bank Emerges The Frontrunner To Acquire Freecharge:** Axis Bank has emerged the frontrunner to acquire FreeCharge, the digital payments platform owned by troubled ecommerce marketplace Snapdeal. The payments unit has been seeking a buyer for several months now, even as its parent negotiates the terms for its own sale. Mumbai-headquartered Axis Bank is currently conducting due diligence on FreeCharge, a potential deal could deliver a payout of up to $100 million to cash-starved Snapdeal. In May, it was reported that two domestic banks and a couple of private equity firms had expressed interest in Bengaluru-based Free-Charge, once described as Snapdeal's crown jewel by its chief executive Kunal Bahl. FreeCharge was acquired by Jasper in 2015 in a cash-and-stock deal estimated at $400-450 million in what was then the largest acquisition in the Indian startup landscape. Last month, market leader and rival Paytm had signed a non-exclusive term sheet while making a bid of $10-15 million for FreeCharge. The surprise emergence of Axis Bank as a potential buyer indicates that Jasper Infotech the holding company of Snapdeal had been hawking FreeCharge to others as well. The sale of FreeCharge and logistics unit Vulcan Express would provide much-needed relief to Jasper's balance sheet. The embattled Gurgaon-based company is separately negotiating the sale of Snapdeal to rival Flipkart. At one point, Jasper was eyeing a valuation of close to $1 billion for Free-Charge, as it tried to raise cash for the unit, a process that began in late 2015. The reversal in the fortunes of Snapdeal had a drastic effect on Free-Charge, which saw the volume and value of transactions fall sharply. The company is estimated to have recorded Rs 300 crore in transaction revenue on about

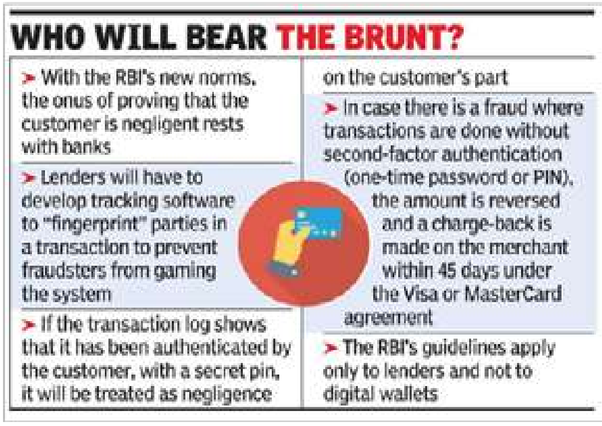



12 million transactions in April. In its heyday, the payments company had forecast 7 million daily transactions and gross merchandise transactions of Rs 20,000 crore by the end of fiscal 2017. Over the past six months, Jasper has pumped more than Rs 440 crore into FreeCharge, according to documents filed with the registrar of companies. The latest development comes days after the Jasper board rejected an initial offer of $800-$900 million for Snapdeal from Flipkart.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-emerges-the-frontrunner-to-acquire-freecharge/articleshow/59497304.cms*

*Dated: Jul 08, 2017*

- **Enforcing Zero Liability Norms Will Be Challenging:** Banks will have to develop tracking software which can "fingerprint" parties in a transaction to prevent some customers from trying to game the system. Bankers are worried that customers might cry fraud to avoid making payments. The onus of proving that the customer was negligent rests with banks. According to the chief of the payments body, the move will help promote electronic payments. Banks agree that the new norms will provide greater comfort to customers and encourage digital transactions. However, they are worried about dealing with fraudsters who might try to misuse regulations. While in the past banks simply avoided compensating customers for suspect transaction, the new rules require that banks prove the complicity of the customer. As per bankers if the transaction log shows that it has been authenticated by the customer with a secret pin or password it is treated as negligence on the part of the customer. However, in case there is a fraud where transactions are done internationally without second factor authentication (one-time password or PIN), the amount is reversed and a charge-back is made on the merchant within 45 days under the Visa or MasterCard agreement. The RBI's new norms require that on being notified by the customer, the bank shall credit the amount involved in the unauthorized electronic transaction to the customer's account within 10 working days of notification by the customer. The norms also state that where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorized transaction to the bank. Any loss occurring after the reporting of the unauthorized transaction shall be borne by the bank. Another common grouse among bankers is that the guidelines apply to banks but not to digital wallets.




*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/ enforcing-zero-liability-norms-will-be-challenging-banks/articleshow/59499793.cms*

*Dated: Jul 08, 2017*

- **IDFC And Shriram Group To Finalise $10 Billion Mega Merger Within 90 Days:** IDFC and the Shriram Grouphave agreed to finalize within 90 days the merger of financial services business of the two groups that will create a financial supermarket with offerings from motorcycle credit to lending for multi-billion dollar power projects. As per IDFC Bank Managing Director and Chief Executive the proposed merger is a 'marriage made in heaven' while As per founder chairman Shri Deepak Parekh, IDFC gets 'readymade branches' and `hope the marriage happens' amid likely regulatory obstacles. All the operating businesses of the two groups will come together under IDFC Ltd. The retail consumer centric business of the holding company Shriram Capital - Shriram City Union Finance will be merged into IDFC Bank. The transport finance business will remain a standalone non-banking finance company that would become a subsidiary of IDFC Limited. The share swap ratio and other details of the merger would be worked out in the next 90 says. The merger of the two group of companies will create a financial giant with a market value of at least Rs. 72,000 crores which will also have businesses like mutual funds and life insurance. It is a chance to create financial conglomerate that could become India's largest mass retail platform, to deliver full range of financial products. The merger of the two group businesses may be the first of its kind in India with different businesses located in different companies. These companies straddle various regulators, from the Reserve Bank of India to the Insurance Regulatory Development Authority of India to the Securities & Exchange Board of India. An approval from the RBI may be the trickiest one with the central bank having expressed reservations in the past about the holding structure when it comes to banks. It had insisted all the lending businesses be brought under the bank umbrella for a universal bank license. It was averse to a bank owning lending operations in any other entity other than the bank itself. IDFC has a mutual fund, private equity, and investment banking businesses. Shriram group wanted to own a bank but was not willing to toe the conditions for a universal bank license. For IDFC Bank which has been struggling to build a reasonable retail assets or liabilities franchise despite getting a universal bank license three years ago would get millions of customers on a platter.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/idfc-and-shriram-group-to-seal-10-billion-merger-within-90-days/articleshow/59505200.cms*

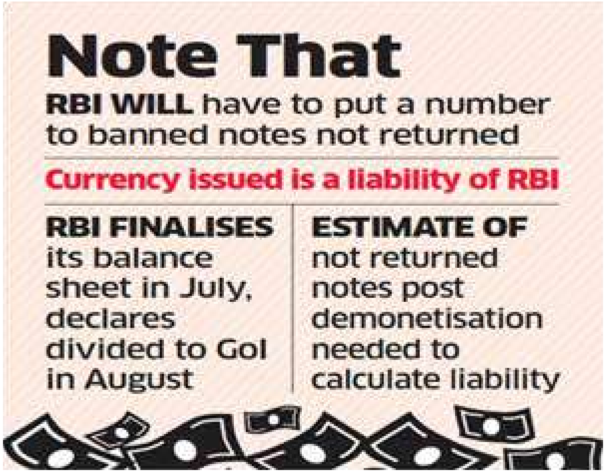
*Dated: Jul 08, 2017*

- **Demonetization No Ground For Banking Ombudsman To Handle Complaints:** Customers' complaints about problems like cash withdrawal and exchange of old notes faced post demonetization cannot be entertained under the Banking Ombudsman (BO) scheme. As per the central bank demonetization is not one of the 27 grounds under which a customer can lodge a complaint with the Banking Ombudsman. During the demonetization period, people had to face various problems in form of restrictions on withdrawal of currency notes and exchanging of old Rs 500 and Rs 1,000 notes that were withdrawn with immediate effect from midnight of November 8, 2016. Banking Ombudsman Scheme (BO Scheme), 2006 specifies 27 grounds of complaints under which complaints can be lodged. Complaints related to demonetization are not a ground of complaint specified under the Scheme. As per All India Bank Officers' Confederation (AIBOC) Secretary General a lot many complaints came to banks during the demonetization period and the lenders tried to resolve them to the extent possible, barring a few. Many complaints came through emails, letters, phone calls and through personal visits. Even complaints were made directly to the Department of Financial Services. However, when banks were instructed to allow withdrawal of up to Rs 2.5 lakh by a family having marriage, the lenders could not help on time as the formal directives came late. The banking ombudsman scheme covers complaints related to deficiency in banking including Internet banking or other services, non-adherence to the instructions of the RBI on ATM/debit cards and prepaid card operations. It also covers complaints regarding non-adherence by the bank or its subsidiaries of RBI guidelines on credit card operations, non-adherence of norms related to mobile banking or electronic banking, non-disbursement or delay in disbursement of pension among others. Even as the window to exchange the disbanded high value currency notes ended on December 30, 2016, people still visit RBI offices, though in a scattered number, in a hope to exchange their old notes which they could not do within the stipulated time for some or the other reasons. A Supreme Court bench is hearing a batch of petitions, including from individuals seeking a direction to authorities to allow depositing demonetized notes to banks in lieu of legal currency after being failed to do so under the given time-frame.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/ demonetisation-no-ground-for-banking-ombudsman-to-handle-complaints-rbi/articleshow/59512869.cms*

*Dated: Jul 08, 2017*

- **Suspense Over Demonetized Notes May Finally End In Next Two Weeks:** In the next fortnight, the Reserve Bank of India (RBI) will have to deal with one of the best kept secrets of demonetization the value of banned currency notes which never came back to the central bank. Till now, the Centre and the central bank have not spelt out the quantum of delocalized bills that individuals and businesses neither exchanged with banks and RBI nor deposited in bank accounts. But, they would soon be forced to end the currency mystery. The monetary authority will hold a meeting with its auditors later this month to put a number to the notes which were not returned, according to a person familiar with the matter. The meeting assumes significance because in the absence of the 'missing notes' number, RBI cannot finalize its balance sheet for the year ended June 30, 2017 and declare dividend or, surplus to the government. According to the RBI accounting policy, 'currency notes in circulation' are considered as a liability relating to the central bank's issues department. Every currency note, of all denominations, black or tax-paid, is the liability of RBI, as captured in the words printed on a bill. While the currency is treated as liability, bonds and foreign exchange constitute assets in the central bank's books. Thus, to freeze the liability (as on June 30, which is the year-end for RBI), the central bank has to add the lower currency notes which were not demonetized to the newly printed currency (through remonetisation that followed the note ban) and net it with the currency that were returned to banks and RBI. Currency bills having denominations of Rs 500 and Rs 1,000 ceased to be legal tender from the midnight of November 8. Collectively the value of the demonetized notes was put at close to Rs 17.5 lakh crore and accounted for more than 85% of the currency in circulation. In the months following the dramatic announcement, there was a growing perception that an unexpectedly high amount of demonetized notes has flown back to the banking system with the holders either choosing to deposit undisclosed cash to pay tax and come clean, or launder cash using the services of an overburdened banking system. While the government claimed that demonetization has significantly widened the tax base, Opposition parties argued that it has failed to shrink the black economy as most of the demonetized notes came back to the system. Even as the debate raged, the value of demonetized notes that were not returned was not revealed, despite queries from the media and the Opposition. According to money market circles, this number could be around Rs 25,000 crore. It is not possible to physically count. So, the auditors are expected to discuss the audit procedure for arriving at the number and verifying the figures submitted by the department concerned. Besides, there are other issues like the quantum of notes with the central bank of Nepal that has to be estimated.




*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/suspense-over-missing-demonetised-notes-may-finally-end-in-next-two-weeks/articleshow/59519486.cms*

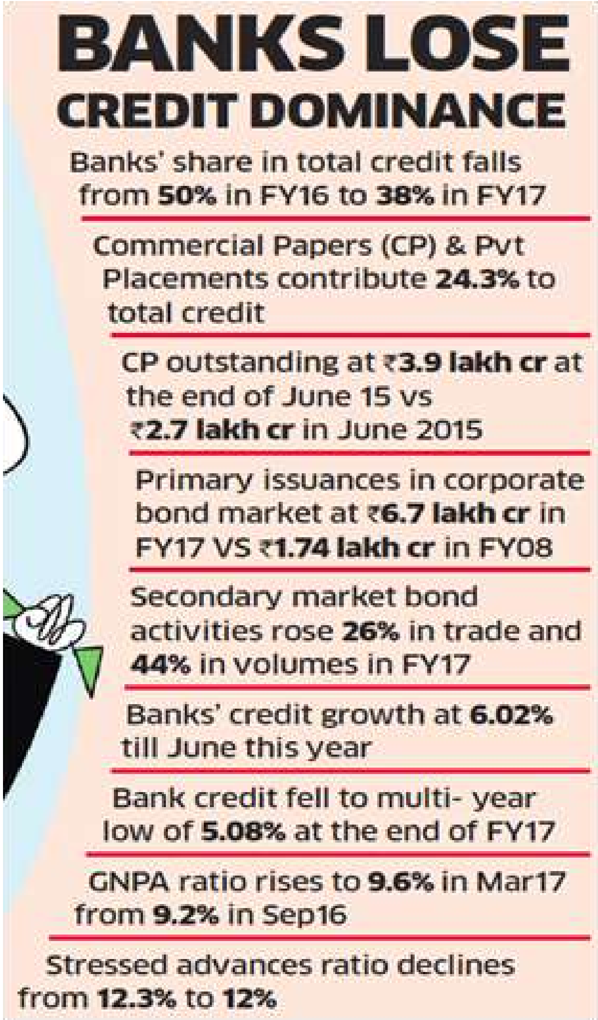
*Dated: Jul 10, 2017*

- **Nearly 67 Crore Bank Accounts Seeded With Aadhaar:** As many as 67 crore of the 110 crore bank accounts in the country are now linked with Aadhaar, the 12-digit unique identification number. Of the 110 crore total bank accounts in the country, about 67 crore bank accounts are linked to Aadhaar. While 10 lakh individuals work at the CSCs at present, he expects this number to increase to one crore in coming 4-5 years, as new services and offerings enhance the appeal and utility of CSCs. CSCs are providing 300 services today, from GST training to training on digital payments. Taking a dig at critics of the unique identification number, the linking of Jan Dhan accounts with Aadhaar and mobile number had enabled the direct transfer of subsidies into the beneficiary's bank account. This led to savings of Rs 50,000 crore, an amount that was earlier pocketed by the middlemen. Digital India drive under Prime Minister ensured that every Rs 100 subsidy to the poor fully reaches the bank account of beneficiary.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/nearly-67-crore-bank-accounts-seeded-with-aadhaar-ravi-shankar-prasad/articleshow/59544862.cms*

*Dated: Jul 11, 2017*

- **Top Corporate Are Moving Away From Banks As MFs & Insurers Throw Cheaper Funds:** What Reserve Bank of India could not achieve for nearly two decades despite many policy initiatives taken with hesitation and commitment – the development of bond markets – the billionaire defaulters may have helped in achieving just that. While there is a growing anxiety about the collapse of bank credit to industry, the financial markets are evolving as a viable alternative to the struggling banks. The shift in the nature of savings from real assets to financial assets has seen a tremendous flow of funds into the mutual fund industry and the insurance companies, leaving banks at a disadvantage. For the first time in living memory, banks' credit to the commercial sector has fallen below the 50% mark. Banks' share in the flow of credit to commerce was 38% in the last fiscal, down from 50% a year earlier, data from the Reserve Bank of India's Financial Stability Report shows. The fall may be interpreted as the collapse of economic activity, but the aggregate credit of banks and through bonds rose 24.3% last fiscal reflecting continued robust credit supply. What is heartbreaking for bankers is turning out to be a celebration for corporate. The dominance of banks in lending to good rated corporate has come down drastically, that is why most corporate are tapping the bond markets or ECB market, because liquidity is sufficient in international markets. During the last fiscal, bank credit plunged to a five-decade-low of 5%. Although banks reduced their lending rates after a rush of funds post demonetization of Rs 500 and Rs 1,000 currency notes, it was not sufficient enough for corporate to borrow from banks. But at the same time, mutual funds have benefited from the bettering of cash management tools and active treasuries. Their fixed income assets rose 20% last fiscal, and insurers saw a 26% jump in premium collections aiding them to undercut banks. This is the standard movement of a more mature market. This is nothing to do with only India. All mature markets move in the same direction. The development of the bond markets need not necessarily be beneficial to the entire corporate world as other intermediaries such as mutual funds and insurers have restrictions on where they can invest. Regulations of these industries prohibit asset managers from buying bonds of any company. The focus is mostly on top-rated companies. Some of the biggest beneficiaries of the shift are the top-rated companies like tractor maker Mahindra & Mahindra, Reliance Industries or JSW Steel with their financial muscle and top rating. It is not just the mutual funds, but the internationalization of Indian companies is also helping them to tap the so-called masala bonds, where the currency movement liability is on the investor and not on the issuer. Earlier, our only solution was going to the bank because they gave funds not only for working capital but also for capex, long gestation period projects, because there was no long-term market. For example, corporate are accessing masala bonds, 10-year papers, NCDs and this has enabled good-rated corporate to move out of banks. Furthermore, the RBI's restriction on banks to not lend below their marginal cost of lending rate is locking out banks from tapping top customers. While it may be beneficial for retail borrowers, it is also making banks less competitive. Even if you have good relations with a Tata or a Birla, but because of regulations, you can't lend below MCLR. Banks are hobbled by 9.6% of their total loans turning into bad loans. Also, 2.4% of the total assets are restructured, taking the combined stressed assets to 12% of the total assets. If banks have to bear the losses, they need capital. With nearly two-thirds of the banks owned by the government with finite resources, they are unable to raise equity even from the market, barring State Bank of India, which raised Rs15,000 crore recently. But banks are finding ways to lend to companies compromising their profit margins. The lenders are one of the big buyers of these corporate bonds, though they are yielding lesser than loans. Nothing is stopping banks from investing in their bonds which would be at 7% or 7.5%, or investing in CPs at 6.50%, which are much lower than bond rates or the MCLR. The central bank's regulations on minimum lending rate and its counting of bank credit may be misleading in the context of banks buying corporate bonds. There is an urgent need for the central bank to include banks' investments into bonds, CPs in the computation of credit flow if market has to get the correct picture. The mistake that RBI is making is that it is not counting in the investment portfolio of banks as to how much of the corporate bonds are held by banks. A bank may not want to give a loan in fear if the RBI comes cracking down on them if they breach any single corporate exposure triggers. Instead, a bank will hold their corporate bonds. This is also credit, it just won't be loans. The absence of capital and competitors snapping at their heels may make banks that are not adjusting to the new reality, irrelevant. It is not just the markets, but also nimbler and less loosely regulated nonbanking finance companies. In fact, while the market values some of the NBFCs at three or four times the book value, it is just one or one-and-a-half times for state-run banks. NBFCs or HFCs are expected to grow at 18-20% and bond market outstanding has been growing at 15-20%. "A lot of credit has moved from banks to nonbanks and disintermediation through markets will continue. This is a natural course and, in my mind, a progressive development for the markets. While movement from banks to bond markets may be the global trend, banks in the international markets have also found ways to raise their income and profitability. One of the major strengths of the banks is their distribution channel which an intermediary like a mutual fund or an insurance company will find it hard to build. Also, the trust that a customer has in bank is hard to replicate for others. Some of the top banks globally have more than a third of their profits come from the distribution of financial products such as insurance and mutual funds. While Sandy Weill's financial super market model of having all under one roof may have failed, parts of it is making money. In India too, some like HDFC Bank, Axis Bank and ICICI Bank make at least 25-30% of their operating revenues from fee income. Others may not be able to stall the credit moving away from loans, but have an opportunity to benefit from the shift. Liquidity in the markets has also gone up enormously because of mutual funds.



*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-must-find-out-ways-to-protect-its-earnings-while-lifting-fee-income/articleshow/59551753.cms*

*Dated: Jul 12, 2017*

- **SBI Waives Charge On IMPS Fund Transfer Of Up TO Rs 1,000:** SBI has waived charges for fund transfer of up to Rs 1,000 through its IMPS(Immediate Payment Service) to promote small transactions. State Bank of India had been charging Rs 5 along with the applicable service tax for IMPS fund transfer of up to Rs 1,000. IMPS is an instant interbank electronic fund transfer service through mobile phones as well as internet banking. In order to promote small ticket size transactions, SBI has waived off IMPS charges for transfer up to Rs 1,000. For IMPS, charge will be Rs 5 along GST for fund transfer in the range of Rs 1,000 to Rs 1 lakh. The charge will go up to Rs 15 for transactions of Rs 1-2 lakh. GST at the rate of 18 per cent is applicable on all financial transactions.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-waives-charge-on-imps-fund-transfer-of-up-to-rs-1000/articleshow/59566282.cms*

*Dated: Jul 12, 2017*

- **SBI Reduces NEFT, RTGS Charges By Up To 75%:** The State Bank of India (SBI) has reduced the National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) charges up to 75%, effective from 15 Jul. The reduced charges will be applicable on the transactions done through internet banking and mobile banking services offered by the bank. The bank had waived charges for fund transfer of up to Rs 1,000 through IMPS (Immediate Payment Service) to promote small transactions.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-reduces-neft-rtgs-charges-by-up-to-75/articleshow/59574046.cms*

*Dated: Jul 13, 2017*

- **Digital Transactions Volume "Leapfrogged" By 3 Years Post-November 16:** Demonetization and the government's initiative to promote use of debit and credit cards at Point of Sale (PoS) terminals accelerated the growth of digital payment with the transaction volume reaching Rs 70,000 crore level in seven months. If demonetization had not happened, it would have taken three years more for credit and debit cards transactions on PoS terminals to reach the current level of Rs 70,000 crore, assuming a yearly growth rate of 25 per cent. India has leapfrogged three years of digitization in just 7 months. Even after seven months post-demonetization, the transaction value is quite large and approximately double of what it had been corresponding month or period last year. Post-demonetization, banks have been able to install 11.8 lakh additional PoS terminals. Increasing number of PoS terminals and ease of doing digital transaction will increase this level further. Similar trends are observed in usage of Pre-Paid Instruments (PPI) including m-wallet, PPI cards, and paper vouchers and mobile banking too. PPI witnessed a sharp growth with transactions value worth Rs 10,700 crore in May 2017 against Rs 5,100 crore in November 2016. Such digitalization will result in lower inflation. An increase of Rs 10,000 crore-worth transactions by credit and debit cards at PoS terminals will lead to around 1.1 per cent decline in CPI inflation. This augurs well for a lower inflation regime going forward.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/digital-transactions-volume-leapfrogged-by-3-years-post-november-16/articleshow/59579444.cms*

*Dated: Jul 13, 2017*

- **UIDAI Asks Banks To Open Aadhaar Enrolment Centres On Premises:** The Unique Identification Authority of India (UIDAI) has asked private as well as public sector banks to set up Aadhaar enrolment facility in at least one out of 10 branches in the coming weeks. Suitable changes have been made recently in Aadhaar regulations to facilitate this. At present, there are 25,000 active enrolment centers across the country but they operate from their own premises. However, none of these centers are being operated from bank premises. There are 120,000 bank branches in the country and by this move 12,000 Aadhaar enrolment and updation centers will be set up in those branches. The direction will provide "convenience" to people given that Aadhaar is now mandatory for opening new bank accounts and for existing accounts as well. Moreover, locating Aadhaar centers within bank premises will ensure that the enrolment happens in a secure environment. The enrolment will happen in a secure and supervised environment. So there are fewer chances of complaints of corruption, over-charging or malpractices. As it is, many private sector banks have requested that they be allowed to do enrolments for Aadhaar, the authority will appoint them as `registrars', if they are already not so. Many banks are already 'registrars' but they do not have enrolment centers inside the bank premises. The government has recently made quoting of the 12 digit biometric identity number Aadhaar mandatory for opening of bank accounts as well as for any financial transaction of Rs 50,000 and above. Existing bank account holders have been asked to furnish the Aadhaar number issued by December 31, 2017, failing which the account will cease to be operational.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/uidai-asks-banks-to-open-aadhaar-enrolment-centres-on-premises/articleshow/59580638.cms*

*Dated: Jul 13, 2017*

- **Non-Executive Chairman Can Be Part Of Bank's Audit Committee:** As per Reserve Bank the non-executive chairman of a bank can also be nominated to the audit committee of board of directors. Earlier, any one of the non-executive/non-official directors was supposed to chair the audit committee of the board of the directors of a public sector bank. In 2015, the government had bi-furcated the posts of chairman and managing directors in Public Sector Banks (PSBs). While the chairman became responsible for overall policy directions, managing director and chief executive officer (MD&CEO) became the executive head, accountable for day-to-day functioning of bank. It is clarified that in banks where the board of directors is chaired by a non-executive Chairman, there will not be any restriction if he/she is also nominated to the audit committee of the board of directors.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/non-executive-chairman-can-be-part-of-banks-audit-committee-rbi/articleshow/59582518.cms*

*Dated: Jul 13, 2017*

- **Yes Bank Gets Another $150 Miillion From OPIC To Fund SME Lending:** Private sector

Yes Bank has received another round of $150 million funding from US government and Wells Fargo to fund SME lending. This is the third round of funding as part of arrangement between the Overseas Private Investment Corporation (OPIC) US government development finance institution and Wells Fargo, with the objective to increase lending to small and medium enterprises in India. OPIC will provide $75 million in financing to Yes Bank and up to $75 million as a syndicated financing from Wells Fargo Bank, a part of financial services provider Wells Fargo & Company. This is the third transaction between OPIC and Yes Bank and comes close on the heels of last year's $265 million OPIC facility, which the bank will use to extend SME financing in India. Specifically, $50 million of the financing would be used to expand support to women-owned businesses, while another $50 million will be used for financing small and medium enterprises (SME) in low income states. SMEs contribute about 45 per cent of industrial output and employ 42 million people in the country. It is estimated that 3 million women owned businesses in India employ over 8 million people. However, only about a quarter of them are able to get the finance they need to grow and create jobs. OPIC's facility will help Yes Bank expand its SME lending capacity, specifically enabling them to reach both women and entrepreneurs in low income states who have much to contribute to India's economic growth.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-gets-another-150-miillion-from-opic-to-fund-sme-lending/articleshow/59583392.cms*

*Dated: Jul 13, 2017*

- **Nicco Corporation Gets 90 Days More For Debt Resolution:** The National Company Law Tribunal has given a 90-day lifeline to debt-ridden Nicco Corporation making it the first firm to get more time for debt resolution beyond the initial 180 days. The committee of creditors represented by State Bank of India, which has majority exposure, and others such as Allahabad Bank and Canara Bank was in favour of the extension of the deadline and has told Nicco to rework its resolution plan. Nicco was one of the first few companies to begin debt resolution after the introduction of the Insolvency and Bankruptcy Code (IBC) in 2016, which replaced the previous overlapping laws and provided a time-bound framework to complete insolvency resolution within 180 days. The rule permits a single extension of this deadline up to three months if lenders agree. In case a resolution plan is not in place even after 270 days, lenders have the mandate to initiate liquidation procedure to recover dues. ICICI Bank's move against specialty steelmaker Innoventive Industries was the first case listed by Insolvency and Bankruptcy Board of India, but the process was delayed as the company moved courts to stall the process. It will complete the first 180 days of resolution proceedings on Jul 16. Nicco was the second in the list of 123 cases approved by NCLT, but the first one initiated by the company itself. The firm, once a specialized cable maker, had proposed to restructure the debt by selling part of its noncore assets. It had sought fresh working-capital support from lenders to resume operations. The committee of creditors has suggested some changes in the resolution plan.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/nicco-corporation-gets-90-days-more-for-debt-resolution/articleshow/59586068.cms*

*Dated: Jul 14, 2017*

- **Axis Bank Starts Search For New MD To Succeed Shikha Sharma:** The board of Axis Bank has begun the search for a new MD and CEO to succeed Ms. Shikha Sharma who may step down from her position once her term ends next year. The board has hired executive search firm Egon Zehnder to find Ms. Sharma's successor whose term ends in June 2018. In an emailed response Axis Bank denied change at the corner office claiming it was premature. As per RBI approvals, the present term of Mrs. Shikha Sharma is till 30th June 2018. There is a laid down process which the board undertakes at regular intervals but to conclude that there is going to be change of leadership is entirely premature and speculative. Ms. Sharma who took charge in 2009 is into her third term. When her first term ended the board did not go through this process. Among major banks, Axis has delivered the second-best returns after HDFC Bank since 2009, the year Ms. Sharma moved into the corner office. The bank has delivered 410% returns, compared with the Nifty Bank index's 308% in the period, according to the ETIG database. For State Bank of India this stands at 105% and for ICICI Bank 206% but the bank has been under pressure after reporting poor earnings in consecutive quarters. Also, some branches of the bank under income-tax lens for violations During demonetization. In the last one year, Sharma has been criticized for the bank's deteriorating asset quality and falling profits. The bank had reported a 43% decline in net profit at Rs 1225 crore in the March quarter from a year ago as the private sector lender had raised provisions for bad loans. Gross non-performing assets had risen 3.98% to Rs21,280.48 crore at the end of the March quarter from Rs20,466.82 crore in the December quarter. On a year-on-year basis, it more than tripled from Rs 6,087.51 crore. The banks gross non-performing assets stood at Rs 1,318 crore at the end of March 2010. Likewise, the bank that had reported profits of nearly Rs 2,515 crore at the end of FY10 saw it plunge to Rs 579 crore in the quarter ended December after several growth years since 2010.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-starts-search-for-new-md-to-succeed-shikha-sharma/articleshow/59599101.cms*

*Dated: Jul 14, 2017*

- **Government, RBI Nudge Banks To Pursue One-Time Settlement To Recover Non-Performing Loans:** One-Time Settlement of dues by defaulters may rise in the next few months as banks' aggressive move to recover loans and the Reserve Bank of India's push to make bankruptcy courts the central mechanism for recoveries could lead to some promoters losing their businesses. This would also ensure that banks don't clog the bankruptcy courts with cases where the default amount is not high. People familiar with the development banks have begun aggressively negotiating One-Time Settlement (OTS) on the insistence of the finance ministry and the central bank, which want speedy clean-up of bank balance sheets. Several cases where defaulters had proposed one-time settlement are being brought back to the table to improve recovery. Banks are taking this approach in both large and small value cases. RBI had recently reviewed the top 500 exposures of banks that are partly or wholly classified as Non-Performing Assets (NPAs) and has given its recommendations, which include referral of the top 12 NPAs for resolution under the Insolvency and Bankruptcy Code, 2016 (IBC). The regulator had recommended that for other large NPAs, banks should figure out a resolution within six months and if a viable resolution is not reached within six months, the banks must begin liquidation proceedings. The banks were aggressively pursuing OTS to recover dues worth Rs 6,000 crore from telecom and technology company GTL Ltd. A month back Paramount Communications entered into a One-Time Settlement with Standard Chartered Bank for settlement of their entire outstanding dues. In April 2016 beleaguered liquor baron Shri Vijay Mallya had offered to make a staggered payment of Rs 6,868 crore as onetime settlement, which was shot down by banks. Taking a 40 paise loss on a rupee seems better with a one-time settlement than taking a subsequent haircut on loan. With a one-time settlement, the banker can be assured that he can recover at least 60 per cent of the loans rather than taking the risk of a long-term settlement where the chances of recovery will get narrower. The behavior and personality of borrowers are unlikely to change. There are sick companies, not sick promoters. As far as insolvency is concerned, banks will eventually have to provide for 100 per cent of the bad loans. In 2015, SBI had opened a one-time settlement scheme for its retail, wholesale and Small and Medium Enterprise (SME) borrowers, which led to bad loan recovery worth Rs 800-850 crore from the segment. In a sudden missive to banks on June 23, RBI demanded a steep increase in provisioning requirements for loans being referred to bankruptcy courts. The regulator also told banks to set aside at least 50 per cent of the loan amount as likely losses for all cases referred to the insolvency process. As per the regulator provisioning should be 100 per cent in cases that don't get resolved and are forced into liquidation.


*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/ government-rbi-nudge-banks-to-pursue-one-time-settlement-to-recover-non-performing-loans/articleshow/59602043.cms*

*Dated: Jul 15, 2017*

- **RBI Set To Dump Its Soft Approach, Will Now Play Hardball Over Rs 8 Lakh Crore Bad Loans:** Emboldened by the Banking Regulation (Amendment) Ordinance, the RBI is expected to push for resolution of bad loans worth around Rs 8 lakh crore by March 2019, a move that could bring down the NPAs and improve the financial health of banks. So, it should be safe to assume that the Non-Performing Assets (NPAs) mess would largely be resolved by the first quarter of financial year 2019-20. This would be helped by a combination of several factors - turnaround in the economic cycle and some resolute steps by the government and the Reserve Bank of India to fix the issue. Although entire NPAs could be put on the altar of Insolvency and Bankruptcy Code (IBC) resolution mechanism, it has to be seen how much and how fast they actually go out from the balance sheets of banks which at this point of time seem very stressed. It is no secret that NPAs are a big drain on the financial health of banks, especially Public Sector Banks (PSBs). For example, 27 PSBs collectively made an operating profit of Rs 1.5 lakh crore in 2016-17, but after allowing for the provisioning for bad loans, among others, net operating profit slipped to a paltry Rs 574 crore. If balance sheet numbers are anything to go by, it simply brings home the fact that banks have no capacity to do fresh corporate lending that is necessary for pushing subdued private sector investment. A total of 16-months Asset Quality Review (AQR) exercise that ended in March 2017 pulled out NPAs from the closet and after this deep surgery strong medicine was required to quickly heal the system. So, somewhat bitter medicine came in the form of the Ordinance promulgated by the President in May. The government gave wide-ranging legislative powers to the Reserve Bank of India (RBI) to issue directions to lenders to initiate insolvency proceedings for the recovery of bad loans that have reached unacceptably high levels. Banks were reluctant to resolve NPAs through settlement schemes or sell bad loans with hair cut to asset reconstruction companies for fear of 3Cs (CBI, CAG and CVC). With the institution of OC, the top bankers should get some cushion against the 3Cs, since the key decisions which involve taking losses by the banks, would be taken by an institutional mechanism and not one or few individuals. Within hours of the notification of the ordinance amending the Banking Resolution Act 1949, the RBI, eased the decision making process in the Joint Lenders' Forum (JLF) and Corrective Action Plan (CAP) under the 'Framework for Revitalizing Distressed Assets in the Economy'. To begin with, the RBI empowered by the ordinance initiated the process of resolution and identified 12 accounts each having more than Rs 5,000 crore of outstanding loans and which accounting for 25 per cent or nearly Rs 2 lakh crore of total NPAs of banks for immediate referral for reaching a conclusion under the IBC.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/rs-8-lakh-crore-npas-may-face-bankruptcy-proceedings-by-mar-2019-study/articleshow/59619016.cms*

*Dated: Jul 16, 2017*

- **Only 7% Rise In Transactions Through Cards Post Demonetization:** Transactions through debit and credit cards rose by merely seven per cent post demonetisation, as against a surge of over 23 per cent in overall digital transactions, top government officials told a parliamentary panel. Officials from various ministries gave a presentation to the Parliamentary Standing Committee on Finance on 'Demonetisation and Transformation towards Digital Economy'. The digital transactions in all modes increased by 23 per cent to 27.5 million in May 2017 from 22.4 million in November 2016, according to the presentation, a copy of which is with PTI. The highest jump was witnessed in transactions through UPI, from one million per day in November 2016 to 30 million in May 2017. UPI or Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application for seamless fund routing and merchant payments into one hood. Transactions through IMPS or Immediate Payment Service, which is an electronic fund transfer service, almost doubled to 2.2 million from 1.2 million during the period under purview, according to the data shared by government officials. The least rise in digital transactions was witnessed in the case of plastic cards, as the rise was only seven per cent -- from 6.8 million in November 2016 to 7.3 million in May this year. The Narendra Modi government had on November 8, 2016 announced the demonetisation of Rs 500 and Rs 1,000 bank notes in a bid to curtail black money. Following the move, the government pushed for digital transactions.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/only-7-rise-in-transactions-through-cards-post-demonetistion/articleshow/59617819.cms*

*Dated: Jul 16, 2017*

- **Gujarat HC Turns Down Essar Steel's Bad Loan Plea In Big Win For Banks:** What could be a big boost for the government's drive against corporate bad loans, the Gujarat High Court has dismissed a plea by Essar Steel against the Reserve Bank of India (RBI). The court had earlier stayed the insolvency proceedings against Essar Steel before the National Company Law Tribunal (NCLT) as an interim measure on its plea. Essar Steel had moved court against the June 13 RBI circular contending that the order was improper as the firm was in an advanced stage of loan restructuring. The company had argued before the HC that it should not be treated on par with other eleven accounts (firms) which have been closed now, while Essar Steel is still doing well with an annual turnover of Rs 20,000 crore. Recovery of bad loans, a millstone around the neck of Indian banks, had gathered momentum after years of dithering when the Prime Minister Shri Narendra Modi empowered the Reserve Bank of India (RBI) last month to direct banks to take big defaulters through the process prescribed under the Insolvency and Bankruptcy Code that specifies time-bound resolution. Cracking down on bad loans, the RBI last month identified 12 accounts for insolvency proceedings with each of them having over Rs 5,000 crore of outstanding loans, accounting for 25 per cent of total non-performing assets (NPAs) of banks. Indian banking system is saddled with sticky loans. Bad loans at state-run banks have increased by more than Rs 1 lakh crore since April 2016 to Rs 6 lakh crore as of December 31. This goes up to Rs 10 lakh crore when those of private and other lenders are added on. The stressed assets of Indian banks are likely to increase to 15% of total loans by March 2018 amid rising requirements for regulatory capital until 2019.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/gujarat-hc-turns-down-essar-steels-bad-loan-plea-in-big-win-for-banks/articleshow/59631228.cms*

*Dated: Jul 17, 2017*

- Second In Terms Of Card Acceptance, Says Axis Bank: Axis Bank has claimed that it stood at second position in the card acceptance industry, with a point Of Sale (POS) installation base of over 4,33,000 in the country. The bank, in 2016-17, acquired more merchants (2,18,000) than in the previous four fiscal years, underscoring its commitment to electronic payments. The bank is actively involved in helping spreading digital payments solutions, post demonetization. The bank will open 25 branches in Rajasthan in the current fiscal. It has a network of 121 branches and 412 ATMs in the state.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/second-in-terms-of-card-acceptance-says-axis-bank/articleshow/59634432.cms*

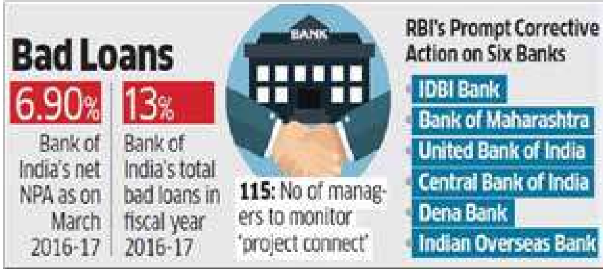
*Dated: Jul 17, 2017*

- **Gujarat HC Turns Down Essar Steel's Bad Loan Plea In Big Win For Banks:** The Gujarat High Court dismissed Essar Steel's plea against the Reserve Bank of India directive asking lenders to initiate bankruptcy proceedings against the debt-laden company, observing that the regulator and banks are empowered to do so, giving a boost to the government's efforts to clean up the country's bad-loan mess. But the court cautioned RBI against encroaching upon the judiciary's territory as a press release it issued previously appeared to be in form of a directive to National Company Law Tribunal (NCLT). The court dismissed arguments that restructuring under the Insolvency and Bankruptcy Code (IBC) would lead to disruptions in the company's operations that could threaten the employment of thousands of workers. The law "certainly makes it clear that, now, RBI has such powers to issue certain directions to certain banks and banking companies so as to see that there is proper recovery of public money or for any other such purpose. When it is undisputed fact that the petitioner company has not paid its debt to the tune of more than Rs 32,000 crore at the end of 31.3.2017 and when total debt is more than Rs 45,000 crore, it is clear and obvious that RBI is authorised to direct any banking company to initiate insolvency resolution process. The group respects the verdict but pointed out that the high court verdict has given the company another opportunity to present its case before the NCLT. According to Essar, the court, while highlighting the fact that the RBI has powers to issue certain instructions to banks to ensure proper recovery of public money, also observed that the NCLT should not allow the petition for insolvency to pass without offering an opportunity to the company to explain its position. It further stressed on the need for the company law tribunal to decide on its own based on facts on the validity of the insolvency petition. It is undisputed fact that filing of such application cannot be questioned or that action cannot be quashed, but it goes without saying that such filing would not amount to admitting or allowing the petition for insolvency without offering reasonable opportunity to the Company, which is requested to be taken into insolvency by any such person. Therefore, the adjudicating authority being NCLT herein, which is constituted in place of the Company Court, needs to decide on its own based upon factual details that whether the insolvency petition is required to be entertained as such or not. The court further instructed the tribunal to consider the ongoing process of the restructuring plan of the company before deciding on insolvency. Filing of an application may not result into mechanical admission of application as seen and posed by RBI. It would be a decision based on judicial discretion. The ball is now in NCLT's court which will hear the main petition for insolvency against Essar in the coming days. To ensure that the identification process does not include companies who have only recently faced stress, the IAC (internal advisory committee) identified the seasoned NPAs (non-performing assets) from List B, i.e., those companies which were classified as NPA to the extent of more than 60 per cent as on March 31, 2016. This sets a very clear precedent as far as insolvency cases are concerned that the high courts will not ordinarily interfere as the jurisdiction of the civil courts is expressly barred under the code. For the borrowers, they can fight these cases under parameters that are contained in the code but not outside the framework of the code. This also goes to show the manner in which RBI is functioning, inasmuch as there is a press release even without a decision at certain level. Nobody is entitled or empowered to advise, guide or direct the judicial or quasi-judicial authority in any manner whatsoever.


*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/gujarat-hc-turns-down-essar-steels-bad-loan-plea-in-big-win-for-banks/articleshow/59631228.cms*

*Dated: Jul 18, 2017*

- **Bank of India Banks On Project Connect To Tackle Bad Loans:** Bank of India's new chief has launched Project Connect, an initiative to revive the bank that has suffered huge losses for two consecutive years due to a sharp rise in bad loans. It is called Project Connect because the Connect between internal staff and clients is not as strong as it was in olden days. So, many accounts are poached by other banks. The new initiatives are aimed at reducing bad loans, improving the share of low-cost deposits and retail credit. In an unprecedented move in May this year, the government ordered two executive directors Shri D. Mohapatra and Shri Sunil Mehta to join bigger banks such as Bank of India and Punjab National Bank while demoting existing chiefs to smaller banks. Originally, Shri Mohapatra and Shri Mehta were slated to join smaller banks Syndicate Bank and Allahabad Bank, respectively. As per the Banking analysts both chiefs are under pressure to repay the confidence that the government has reposed in them. Bank of India has posted huge losses for two consecutive years and has run up total bad loans of close to 13% in FY17 before making provisions, but the chief of the bank is confident that the Reserve Bank of India will not impose any restrictions on it even though these are good enough triggers. So far, RBI has initiated prompt corrective action (PCA) on six banks IDBI Bank, Bank of Maharashtra, United Bank of India, Central Bank of India, Dena Bank and Indian Overseas Bank by putting restrictions on their banking activity. Triggers are there as per the guidelines, but they have only brought banks under PCA which are having net NPA of over 10%.




*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/bank-of-india-banks-on-project-connect-to-tackle-bad-loans/articleshow/59640570.cms*

*Dated: Jul 18, 2017*

- **Over 36 Lakhs Bank Accounts Saw Cash Deposit Of Rs 10 Lakhs Or More:** Over 36 Lakhs bank accounts have seen cash deposits of Rs 10 Lakhs or more in a financial year. As per Rule 114E of the Income Tax Rules, including cooperative banks, have to report to taxmen cash deposits aggregating to Rs 10 Lakhs or more in a financial year, in one or more accounts (other than a current account and time deposit) of a person. As per the reports generated on Jul 14, 2017, the total number of cash deposits aggregating to Rs 10 Lakhs or more in a financial year in one or more accounts (other than a current and time deposit account) by the reporting entities.. is 36,06,269. As per the I-T rules, cash payment aggregating to Rs 1 Lakh or more in a financial year against bills raised in respect of one or more credit cards will have to be reported by banks to tax authorities.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/over-36-lakh-bank-accounts-saw-cash-deposit-of-rs-10-lakh-or-more/articleshow/59647832.cms*

*Dated: Jul 18, 2017*

- **A Look At How Laggards Like Lakshmi Vilas Bank, Federal Bank And Dcb Bank Are Scripting A Turnaround:** Lakshmi Vilas Bank, Federal Bank, South Indian Bank, DCB Bank, Karur Vysya Bank, Karnataka Bank are on a roll when the banking industry dominated by state-run banks is on the mat. From the debris of the Indian banking industry, a small segment of lenders the old private sector banks is rising like phoenix with a promise of being profitable, but on a scale that they could afford. Correction of past mistakes, availability of technology off the shelf, entry of professional managers from large banks, and availability of capital for those with a promise are all helping many laggards of the past turn around. The transformation in some of these banks is not going unnoticed at the market place with investors cherry picking those banks which are making a difference to the community they serve, and at the same time keep an eye on the financial metrics. In the growth versus profitability debate too, they appear to be better placed as the state-run banks are likely to be hobbled by lack of capital as they clear the bad loan mess, while large private sector ones would be handicapped by their sheer size tempering their growth. There is a bet on select old-generation private sector banks. Those banks have a balanced mix of retail and corporate loans, which mitigates risks. In the next few years, they should be elevated to mid-sized banks' league. Their growth will outpace the industry average. Lakshmi Vilas Bank, Federal Bank, South Indian Bank, DCB Bank, Karur Vysya Bank, Karnataka Bank are on a roll when the banking industry dominated by state-run banks is on the mat. A lot of these banks are changing with times. Many like Lakshmi Vilas, Federal and Karnataka Bank have professionalized their board of directors and taken their management away from the community that was instrumental in laying the foundation for them. Many of the banks with their new managers from outside the community or the region are beginning to look at the market afresh. They are breaking the barriers of the old by embracing change. The industry comprises four broad segments state-run banks with about 71% market share, followed by new-age private sector lenders that hold about one-fourth of the market share. The marginal players are the old private sector lenders, which escaped bank nationalization, and foreign banks together holding less than 5% of the pie. The old private lenders were a neglected lot with many of them serving a community or, at best, being a regional player, say in a particular state. A Lakshmi Vilas or a Karur Vysya will get dominant business from Tamil Nadu, or Karnataka Bank from the eponymous state. Federal Bank has dominant business from Kerala's diaspora, or DCB Bank from the western region. Since many had their origins as a community bank, a few controlling dominant groups stifled their growth in some cases. Their financial ratios were the envy of even the dominant ones. Tamilnad Mercantile Bank which declared a dividend of 1,000% for 2005-06 and 2006-07, and 5,000% in 2007-08 was plagued by fight within the Nadar community. Bank of Rajasthan was under regulatory lens but was forced into a merger with ICICI Bank. Indian banks in the decade between 2002 and 2012 were binging on the growth in infrastructure and corporate lending. Many of them cut cheques for thousands of crores of rupees for infrastructure projects. The strategy helped them rake in huge profits. But when the tide turned in 2012 due to a fragile macro-economic condition with high fiscal and current account deficit, excess of imports over exports, banks were left with defaulters. Bad loans have since surged to almost 10% of total loans. These banks are now seeing themselves in a better position to grow as larger peers are saddled with high NPAs and hesitant to further lending. They have capacity to expand, as they have lower non-performing assets compared to larger peers, in particular PSU banks. Many like the Mumbai-based DCB Bank are seeing opportunities to grow. Although many of these banks could not match the size and scale of state-run banks, or the service efficiencies of the new-age private sector lenders such as HDFC Bank and ICICI Bank, the staff of old private sector banks are close to their customers and know their needs. They also bring that personal touch to the table which is usually missing at the banking behemoths. The proliferation of technology is making a difference. About two decades ago, when banks wanted to improve the processes, the choice was top guns like an Infosys Technologies or a Tata Consultancy Services. But in the past few years, many innovations introduced by fintech startups have made life easier. Some technologies like Unified Payments Interface (UPI), Immediate Payment Service (IMPS) or data analytics are available off the shelf that narrowed the gap between a State Bank of India and a Karur Vysya Bank. Technology is enabling them to acquire customers. Lack of past growth is a blessing in disguise. Billionaire Prem Watsa's plan to buy a controlling stake in Catholic Syrian Bank may have come a cropper, but is a sign of things to come.

## The Financials

| BANK NAME | CMP | Year Ago | %chg |
|---|---|---|---|
| DCB Bank | 198.45 | 99.75 | 98.95 |
| Federal Bank | 114.15 | 59.85 | 90.73 |
| Lakshmi Vilas Bank | 201.40 | 116.45 | 72.95 |
| South Indian Bank | 28.55 | 19.31 | 47.85 |
| Karur Vysya Bank | 137.25 | 104.65 | 31.15 |
| Karnataka Bank | 158.44 | 126.20 | 25.55 |
| BSE BANKEX | 27,215.85 | 21,702.66 | 25.40 |

### The Lakshmi Vilas Bank [INR-Crore]

| DESCRIPTION | Mar-17 | %Growth | Mar-16 |
|---|---|---|---|
| PAT | 256.07 | 42.08 | 180.24 |
| Deposits | 30,553.35 | 20.14 | 25,430.96 |
| Advances | 23,728.91 | 20.80 | 19,643.74 |
| NIM(%) | 2.30 | -1.71 | 2.34 |
| No of Employee | 4,043 | 13.41 | 3,565 |
| No of ATM | 958 | 5.27 | 910 |
| No of Branches | 480 | 4.58 | 459 |

### Federal Bank [INR-Crore]

| DESCRIPTION | Mar-17 | %Growth | Mar-16 |
|---|---|---|---|
| PAT | 853.32 | 74.90 | 487.90 |
| Deposits | 97,662.08 | 23.36 | 79,170.90 |
| Advances | 74,086.23 | 26.82 | 58,419.77 |
| NIM(%) | 2.80 | -0.83 | 2.82 |
| No of Employee | 11,593.00 | -1.21 | 11,735.00 |
| No of ATM | 1,667.00 | 9.96 | 1,516.00 |
| No of Branches | 1,252.00 | 0.00 | 1,252.00 |

### DCB Bank [INR-Crore]

| DESCRIPTION | Mar-17 | %Growth | Mar-16 |
|---|---|---|---|
| PAT | 199.68 | 2.65 | 194.52 |
| Deposits | 19,289.21 | 29.23 | 14,925.99 |
| Advances | 15,817.63 | 22.41 | 12,921.39 |
| NIM(%) | 3.49 | 2.35 | 3.41 |
| No of Employee | 4,979.00 | 17.21 | 4,248.00 |
| No of ATM | 515.00 | 25.61 | 410.00 |
| No of Branches | 262.00 | 32.32 | 198.00 |

### The South Indian Bank [INR-Crore]

| DESCRIPTION | Mar-17 | %Growth | Mar-16 |
|---|---|---|---|
| PAT | 392.50 | 17.78 | 333.27 |
| Deposits | 66,117.49 | 18.66 | 55,720.73 |
| Advances | 46,389.47 | 12.91 | 41,085.75 |
| NIM(%) | 2.40 | -5.90 | 2.55 |
| No of Employee | 7,677 | -1.32 | 7,780 |
| No of ATM | 1,320 | 2.56 | 1,287 |
| No of Branches | 850 | 1.92 | 834 |

### Karur Vysya Bank [INR-Crore]

| DESCRIPTION | Mar-17 | %Growth | Mar-16 |
|---|---|---|---|
| PAT | 605.98 | 6.76 | 567.63 |
| Deposits | 53,699.81 | 7.23 | 50,078.90 |
| Advances | 40,907.72 | 4.67 | 39,084.38 |
| NIM(%) | 3.45 | 9.18 | 3.16 |
| No of Employee | 7,400 | 2.62 | 7,211 |
| No of ATM | 1,747 | 5.56 | 1,655 |
| No of Branches | 711 | 6.60 | 667 |

### The Karnataka Bank [INR-Crore]

| DESCRIPTION | Mar-17 | %Growth | Mar-16 |
|---|---|---|---|
| PAT | 452.26 | 8.90 | 415.29 |
| Deposits | 56,733.11 | 12.37 | 50,488.21 |
| Advances | 37,003.65 | 9.15 | 33,902.45 |
| NIM(%) | 2.46 | 0.41 | 2.45 |
| No of Employee | 7,982 | 2.44 | 7,792 |
| No of ATM | 1,380.00 | 8.24 | 1,275.00 |
| No of Branches | 765.00 | 5.52 | 725.00 |

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/a-look-at-how-laggards-like-lakshmi-vilas-bank-federal-bank-and-dcb-bank-are-scripting-a-turnaround/ articleshow/59656444.cms*

*Dated: Jul 19, 2017*

- **Digital Transactions Declining Since March:** The number of digital transactions, which grew significantly in the aftermath of demonetization last year, has started showing a declining trend since March 2017, according to official data. The number of digital transactions has come down from 119.07 crore in March 2017 to 118.01 crore in April and further to 111.45 crore in May. The number of digital transactions was only at 71.27 crore in October 2016. It went up to 83.48 crore in November 2016 and shot up to 123.46 crore in December 2016. The increase in digital transactions was witnessed after demonetization of Rs 500 and Rs 1,000 currency notes on November 8, 2016. These transactions numbered 114.96 crore in January 2017, and about 101.18 crore in February 2017.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/digital-transactions-declining-since-march/articleshow/59668526.cms*

*Dated: Jul 18, 2017*

- **Will Innoventive Ind See The First Light Of Insolvency Resolution?:** Innoventive Industries, India's first company to be tried under the new Insolvency and Bankruptcy Code, has failed to finalize a debt resolution plan in the stipulated six months, prompting the National Company Law Tribunal (NCLT) to extend the deadline by another three months the maximum permissible before liquidation. If the company fails to resolve the debt problem in the next three months with banks taking a haircut and promoters bringing in equity, it would face liquidation. The company manufactures steel tubes and auto parts for various large auto companies. As creditors and the borrower could not conclude on the revival plan, they agreed on seeking the additional time. The promoter may too bid for the company on a personal capacity, a move aimed at preventing a possible liquidation of the company as there is disagreement over the revival plan. On January 17, largest private sector lender ICICI Bank dragged it to Mumbai NCLT. The company had to pay about Rs 1,300 crore to a group of 21 financial creditors, including Bank of India, SBI-IFB Pune, Bank of Maharashtra, IDBI Bank. There are about 90 operational creditors that supplied goods and services to Innoventive Industries, but did not receive their dues in full. Shri Dhinal Shah, a partner at Ernst & Young, is the insolvency professional looking after the company's day-to-day operations. Innoventive is the second firm after Kolkata-based specialized cable maker Nicco Corporation to get an extended lease of life for debt resolution. But, the Pune-based company's outcome could well set precedence for numerous cases coming for insolvency proceedings as it was the first to be admitted under Insolvency and Bankruptcy Law, 2016, but the proceedings were mired in legal disputes. It will be very interesting to see the outcome of the resolution exercise and what would be the real intent of the promoters in this case. It went through a legal turmoil, and everyone is keen to see whether it comes around or goes for liquidation. During 2015-16, the company reported a net loss of Rs 175 crore, compared with Rs 213 crore a year before, marking the third consecutive annual loss.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/will-innoventive-ind-see-the-first-light-of-insolvency-resolution/articleshow/59686948.cms*

*Dated: Jul 20, 2017*

- **BoB Signs MoU With DGS&D For Services To Govt's E-Marketplace:** Bank of Baroda has entered into an agreement with Directorate General of Supplies & Disposal (DGS&D) for extending various banking services to Government e- Marketplace (GeM). DGS&D has been mandated to set up GeM, an initiative intended to bring greater transparency and efficiency in public procurements. The relationship of the bank with GeM will immensely benefit all stakeholders and ensure a support system including a dedicated team for seamless functioning of the portal. The Cabinet had in April 2017 approved creation of GeM Special Purpose Vehicle (SPV), which will replace DGS&D, nodal purchase organization of the central government. The GeM SPV has been established as National Public Procurement Portal to provide an end-to-end online marketplace for central and state government departments, their public sector undertakings, autonomous institutions and local bodies, for procurement of common goods and services in a transparent and efficient manner. The DGS&D shall be wound up and cease its functions by October this year. In case it is not possible to wind up DGS&D by October 31, 2017, the department may extend the date of closure with proper justification latest up to March 31, 2018.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/bob-signs-mou-with-dgsd-for-services-to-govts-e-marketplace/articleshow/59698665.cms*

*Dated: Jul 21, 2017*

- **Regional Rural Banks To Offer 15,500 Jobs While Bigger Banks Shrink Hiring Plan:** With state-owned banks going slow on recruitment due to the financial stress emanating from bad loans, the burden of boosting hiring and restoring the sector's reputation as one of India's largest job creators has shifted to the less glamorous regional rural banks. These rural banks will offer about 15,500 jobs this year, marginally higher than the number in the previous year, while vacancies in state-run banks are expected to fall sharply. State Bank of India will be hiring less this year because it has about 15,000 employees in excess following its merger with associate banks. The regional rural banks, which provide services mainly to small and marginal farmers in villages, need a bigger workforce help fulfill the government's agenda to broaden financial inclusion. There are 56 such rural banks in the country and they had combined staff strength of 86,555 in March 2017, a drop from 88,196 a year earlier, even as their cumulative business grew 15% to more than Rs 6 lakh crore in 2016-17. Vacancies in rural banks are also being created due to attrition, with employees aspiring to work in bigger banks leaving after the initial nurturing period. A majority of candidates selected for jobs in rural banks don't even report for work and many start resigning within a quarter. The trend may change this year as the overall job market in India looks dull, with job losses looming in the information technology sector. Only 1.35 lakh jobs were created in 2015 in labour-intensive sectors, against 12.5 lakh in 2009, according to data compiled by the labour bureau. The Institute of Banking Personnel Selection announces vacancies on behalf of the regional rural banks. The institute, which also conducts tests and interviews to fill these positions, will announce the recruitment plan shortly. The notification related to state-run bank vacancies will be announced in August. Last year, the institute notified 8,822 vacancies for probationary officers compared with 12,500 the year before. Vacancies for clerks were about 19,300 compared with 23,000 a year ago. These numbers do not include positions in some banks that mandate separate exams for candidates willing to get hired after successful completion of training. Large-scale hiring is required in RRBs to meet the growing needs of massive branch expansion, challenges of financial inclusion and to overcome the loss of manpower due to retirement as well as high attrition. The attrition rate is the highest in states such as Andhra Pradesh, where banking penetration is better than in many other states, mainly due to lack of parity in benefits and allowances with state-run bank employees. Attrition in RRBs is the lowest in the northeastern states, where the opportunities are fewer.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/regional-rural-banks-to-offer-15500-jobs-while-bigger-banks-shrink-hiring-plan/articleshow/59706210 .cms*

*Dated: Jul 22, 2017*

- **Despite 21% Jump In NPAs In FY17, Lenders Lap Up Education Loans:** Despite increasing number of students not paying back their loans spiking NPAs to over 10 per cent, lending continues for higher education with the disbursals topping Rs 20,000 crore in fiscal 2017. Banks and other lenders together disbursed around Rs 20,000 crore in education loans in FY17, up from around Rs 17,000 crore a year ago, while total outstanding grew 1.6 per cent to Rs 81,600 crore. Non-Performing Assets (NPAs) within the education loan book of the system ballooned 21 per cent in the reporting year, spiking the NPA ratio to 10.2 per cent as of March 2017. The state-run banks dominate the space with a 90 per cent market share, both in value and volume, while non-banking lenders target the over Rs 10-lakh segment, which has low asset quality concerns. Among the states, the NPA situation in Tamil Nadu and Kerala is of "concern", with Chennai, Thiruvananthapuram, Coimbatore, Kancheepuram, Thiruvallur, Trichy, Alapuzzha, Thanjavur and Erode witnessing higher NPAs. It can be noted that virtually all the other segments in retail lending, excluding agriculture considered resilient and a refuge for banks in face of high NPAs in their corporate loan books have shown very low NPAs. Illustrating a jump in the cost of education, the average ticket has now moved up to Rs 6.8 lakh, which has more than doubled from Rs 3.25 lakh five years ago. A greater 65 per cent of loans are in under the Rs 4-lakh bracket, while 20 per cent are in the Rs 4-10 lakh bracket. Tamil Nadu alone constitutes for 24 per cent of the over Rs 81,600 crore portfolio. On a city-wise break-up, higher average ticket sizes of Rs 9-10 lakh are in Hyderabad, Mumbai and Delhi, while Ernakulam, Thane and Vishakapatnam have seen high disbursements in the last six to 12 months. Generally, ticket sizes have been found to trend higher in the first two quarters of every fiscal, which indicates a higher demand from foreign education aspirants. It can be noted that the RBI has been highlighting the pitfalls in the student loans and the then Governor Shri Raghuram Rajan had flagged issues in May 2016.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/despite-21-jump-in-npas-in-fy17-lenders-lap-up-education-loans/articleshow/59721203.cms*

*Dated: Jul 23, 2017*

- **Banks To Meet Expert Panel On Debt Waiver On Jul 25:** Amid majority of farmers stopping loan repayments, a Punjab government-appointed expert panel will meet bankers for the first time here on Jul 25 to seek suggestions on debt waiver. The meeting between the panel on loan waiver and bankers assumes significance as Congress led government was facing mounting pressure to implement the debt waiver, a key poll promise. The expert panel will meet representatives of several banks here in connection with the debt waiver issue. In the meeting, the panel is expected to seek suggestions from us regarding the implementation of debt waiver scheme of the state government. The government might also suggest 'haircut' for the resolution of farm debt. 'Haircut' in the context of loan recoveries means giving up a part of claims by banks on debt for its resolution. After coming to power, the state government had formed an expert group under the chairmanship of Shri T Haque, a former chairman of the Commission for Agricultural Costs and Prices, to assess the quantum of agricultural debt and suggest ways and means for farm debt waiver. It will be for the first time that banks will hold a meeting with Shri Haque since this panel was formed. Banks too have been asking the state government to act fast on the implementation of loan waiver in the wake of rising default by growers. They had already stopped fresh lending to growers who were making default in repayments. Recoveries plummeted by as much as 60 per cent in the state. Banks are concerned about the recovery of outstanding loan of Rs 36,000 crore of small and marginal farmers, which they think, is at stake. The Punjab government has proposed to own up Rs 9,500 crore as loan waiver which was to be settled with banks in 4 to 5 years time on the basis of interim report by the expert panel. As part of debt waiver plan, Punjab government had last month announced waiver of entire crop loans up to Rs 2 Lakhs for small and marginal farmers (up to 5 acres), and a flat Rs 2 Lakhs relief for all other marginal farmers, irrespective of their loan amount, which would benefit a total of 10.25 Lakhs farmers, including 8.75 Lakhs farmers with land up to 5 acres. Chief Minister Amarinder Singh had met Union Finance Minister Arun Jaitley in Delhi on Jul 20, seeking one-time settlement of the Rs 6,000 crore loans taken by the state's farmers from the national and private banks. Such a settlement will benefit 4.5 lakh of the state's beleaguered farmers. Shri Singh sought the minister's intervention to convert the Rs 6,000 crore loans into term loan by giving requisite directions to the Reserve Bank of India (RBI). Of the total debt of small and marginal farmers waived by the state, Rs 3,600 crore relates to loan from cooperatives, with the remaining Rs 6,000 crore coming from banks. The Congress in its poll manifesto had promised waiving farm debt after coming to power. It had announced that it would ensure 'karza-kurki khatam (eliminate loan and auction), fasal di poori rakam' (complete payment of crops).

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-to-meet-expert-panel-on-debt-waiver-on-Jul-25/articleshow/59727695.cms*

*Dated: Jul 23, 2017*

- **Consumer Panel Imposes Rs 1 L Fine On SBI For Frivolous Appeal:** The Delhi state consumer panel has directed the State Bank of India to refund Rs 1.29 lakh to a customer for not taking effective steps to block her stolen ATM card in 2006. The state commission also imposed a cost of Rs one lakh on the bank for filing a “frivolous” appeal before it. The commission, while dismissing the appeal filed by the SBI against the district forum order asking it to return the money, the bank “failed to take effective steps for blocking of the stolen ATM card” which was a clear case of “deficiency in service”. It was the bank who failed to take effective steps for blocking of the ATM card. It is thus a clear case of deficiency in service. The incident took place in March 2006 and the complainant has not received a single penny in a span of 11 years. Instead of making the payment to the complainant, the bank rather filed a “false and frivolous appeal. The same is dismissed with costs of Rs 1,00,000. According to the complaint filed by Okhla resident Rahimunnisa Shahana, on March 13, 2006 her bag containing a new ATM card and an envelope having the pin number were stolen before she could even use it. The bag also contained Rs 5,000 among other things. She went to her SBI branch in Nizamuddin on the same day and met an officer and the branch manager and made a request to block the card. She alleged that when she went to the branch after a fortnight and enquired about her credit balance, she learnt that the entire amount Rs 1,29,060 had been withdrawn through ATM during March 13 to March 21. The plea claims that she made a complaint in writing on March 30, 2006 and filed a complaint with the police as well. The bank had claimed in the district forum that the complainant herself was negligent in carrying the ATM card and the envelope containing the PIN code. It also denied her visit to the bank on March 13, and she never met any of its officers on the day the theft took place. However, the district forum had rejected the claims of the bank and asked the bank to return the money.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/ consumer-panel-imposes-rs-1-l-fine-on-sbi-for-frivolous-appeal/articleshow/59738470.cms*

*Dated: Jul 24, 2017*

- **Insolvency Not The Best Solution To Alleviate NPA Pain, HDFC Bank’s Shri Aditya Puri:** As per Veteran banker Shri Aditya Puri, initiating insolvency proceedings is not the “best solution” to fight the bad loan issue and advocated using the recently introduced law only in cases of willful default. HDFC Bank has nothing to worry from the RBI-mandated resolution of 12 big defaulters under the Insolvency and Bankruptcy Code (IBC). In an apparent reference to issues faced by bankers in making things work, including Essar Steel’s petition, all new things have a “teething problems” and hoped everything moves in the “right direction”. The IBC provisions should be used as the “last resort” and not as a “first thing”. “It is a good thing where a company cannot be turned around you should use insolvency, but that does not mean you take to court every poor fellow who has had an unfortunate circumstance or his business did not work or he needs minor care, you don’t put everyone in the ICU and get a heart transplant. By and large, agriculturists are honest people and the money will come back to banks. At this point of time there is distress which has to be alleviated. It can be noted that the lender's Rs 28,000-crore agri book was one of the prime reasons for a spurt in gross Non Performing Assets ratio to 1.24 per cent as at the end of June. The bad assets are bound to happen in the banking business and added that one to 2 per cent should be a tolerable number. The advent of digital alternatives has made the bank revisit its bank strategy to fix opening 150 branches per year as the right idea. The bank is also witnessing a downward shift in ATM transactions and is "strategically evaluating" options on what to do. The inflation trajectory is trending down, hinting that this would be the best time to go for a rate cut by the Reserve Bank.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/ insolvency-not-the-best-solution-to-alleviate-npa-pain-hdfc-banks-aditya-puri/articleshow/59742712.cms*

*Dated: Jul 24, 2017*

- **Banks Lost Rs 88,553 An Hour To Cybercrime In Last 3 Years:** In the past three years and three months, banks lost Rs 88,553 every hour on an average to cybercrime. The total money lost from April 1, 2014 to June 30, 2017 Rs 252 crore could have written off 50,400 farm loans of Rs 50,000 each. Nearly 40 cases of cybercrime costing Rs 21.24 lakh a day on an average have been reported by banks in this period, shows data of 102 banks of all categories obtained from the Reserve Bank of India. In all, 46,612 cases were reported in this period. The data is compiled from frauds related to credit, debit and ATM cards and internet banking. From card skimming to hacking of bank systems, the growing number of cybercrime cases is not just an indication of vulnerable backend systems but also a warning that the financial system cannot underestimate the threat any longer. Analysis of data for the first quarter of 2017-18 (April 1 to June 30) shows that banks reported 56 cases a day, against the average of 40 in the past three years. Banks are also losing more money per day: Rs 21.57 lakh (Rs 89,880 per hour) from Rs 21.24 lakh (Rs 88,553 per hour) in the past three years. These cases are from 23 banks which reported to RBI. The majority of these crimes were likely to be debit and credit card frauds to deal with which banks are putting systems in place. The RBI, on its part, has been regularly advising banks on the need for a strong cyber security setup to deal with attacks, while creating awareness among people to prevent them from falling for fake offers used by fraudsters. Nearly 70% of the ATMs in the country, which operate on the outdated Windows XP software, are seen to be sitting ducks. Microsoft stopped providing support security patches and other tools for the Windows XP System in 2014.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-lost-rs-88553-an-hour-to-cybercrime-in-last-3-years/articleshow/59748464.cms*

*Dated: Jul 25, 2017*

- **HDFC Bank Rationalises ATM Network:** For the first time, HDFC Bank has shrunk its ATM network by shutting down machines that were not seeing enough footfalls. The bank has attributed this to a shift in customer behavior from cash to electronic payments. According to Shri Paresh Sukthankar, deputy MD, HDFC Bank, customers who were earlier using their debit cards only for ATM withdrawals are now using them for transactions at shops.

As of March 31, 2017, the bank's distribution network was at 4,715 branches and 12,260 ATMs in 2,657 centers. At the end of the first quarter, the number was 4,727 branches and 12,220 ATMs - a reduction of 40 machines. ICICI Bank too, has seen its ATM network shrink by nearly 700 ATMs from its peak level. However, these machines were brown label ATMs those owned and managed by service providers but display the bank's brand owned by a service provider. Following the termination of agreements with a service provider, the ATMs were converted into white-label ATMs managed by the service providers in their own names by the service provider. The industry, however, continues to increase the number of machines, although at a much smaller pace. Since December 2016, the total number of ATMs has increased by 2,616 to 2,08,476 ATMs. But the story is quite different in while label ATMs. According to Loney Antony, MD, Hitachi Payment Services, the white label ATM business is one staring at closure. Hitachi has almost halved the size of its white-label ATMs from 1,500.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-bank-rationalises-atm-network/articleshow/59749288.cms*

*Dated: Jul 25, 2017*

- **76 Banks Report 5,076 Cases Of Active Banking Frauds:** A combined 5,076 cases of active banking frauds involving Rs 1 lakh or more causing losses of Rs 16,78,853 lakh were reported by 76 banks during 2016-17. The State Bank of India reported 544 cases of such frauds that caused a loss of Rs 1,91,295 lakh. ICICI Bank, the number of cases is 688 causing loss of Rs 36,844 lakh. The public banks received 81,309 complaints about working style in 2016-17, of which 77,291 were disposed of. SBI received maximum complaints (30,581), followed by Punjab National Bank (6,227), Canara Bank (5,248) and Bank of Baroda (5,043).

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/76-banks-report-5076-cases-of-active-banking-frauds/articleshow/59758245.cms*

*Dated: Jul 25, 2017*

- **Banks Express Concern Over Decline In Loan Recovery:** Banks have expressed "serious concern" over the decline in farm loan recovery even as the Punjab government sought from bankers to provide detail of 10.25 lakh beneficiary farmers as quickly as possible to give final shape to a loan waiver scheme. In their first meeting with Punjab Finance Minister Shri Manpreet Badal in connection with debt waiver, banks told the state government that the farm loan repayment plummeted after the announcement of debt waiver and warned the government that farmers would have to pay exorbitant interest if their accounts remained irregular for long. Banks also asked the state government to announce the cut-off date till which the debt waiver benefit will be available to eligible growers. Notably, banks in Punjab had stopped fresh lending to growers who were making default in repayments in anticipation of debt waiver with loan recoveries plummeting by as much as 60 per cent in the state. Meanwhile, under mounting pressure to implement farm debt waiver, the Punjab government asked the bankers to provide detail of 10.25 lakh beneficiary farmers as quickly as possible.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-express-concern-over-decline-in-loan-recovery/articleshow/59763658.cms*

*Dated: Jul 26, 2017*

- **Big Financial Blow For NPA-Laden Banks On Cards As RBI Unlikely To Ease Provisioning Load:** Banks hoping to escape steep provisions on loans referred to bankruptcy court, apart from the 12 companies that the Reserve Bank of India (RBI) recently mandated for the insolvency process, are set to be disappointed. The central bank will soon direct lenders to set aside 50% of bad debt as soon as a referral happens, and 100% if the tribunal orders liquidation, taking a heavy toll on finances already marred by provisioning requirements on Non-Performing Assets (NPAs). Provisioning requirement would be uniform for all cases going to NCLT (National Company Law Tribunal) because the principle is the same. It is clear that these 12 accounts need provisioning and for the remaining accounts banks have been given time. Banks already have certain tools and each tool has its provisioning requirement. Most banks had interpreted an RBI communication on higher provisioning that referred to the mentioned companies as applying only to the dozen entities. This note had been sent about 10 days after RBI's June 13 letter on the 12 companies. Provisioning requirements at this point of time is only for the 12 accounts. For the rest of the things, RBI has not come out with anything yet. Bank earnings have been savaged in past quarters following an RBI-mandated asset-quality review aimed at recognizing bad debt. Higher provisioning across the board will further dent those numbers. Current provisioning norms vary widely based on the sector and tenure. While 148 companies have been admitted to the NCLT process, banks had factored in provisions only for the 12 accounts. India Ratings had estimated that additional provisions for the 12 companies could be as high as Rs 18,000 crore. Rating agency CRISIL had projected a hit of Rs 2.4 lakh crore if banks have to write off 60% of the value of bad loans for the top 50 defaulters. RBI has given banks three quarters to set aside provisions on cases referred to NCLT. The 50 stressed companies, which account for Rs 4 lakh crore in soured loans, are largely from the metals, construction and power industries and accounted for about half the total NPAs in the banking sector as of March 31. The banking industry has been struggling with bad debt of more than Rs 7.3 lakh crore, or 9.6% of total loans. RBI told banks on June 13 to initiate insolvency proceedings against 12 companies: Bhushan Steel, Lanco Infra, Essar Steel, Bhushan Power, Alok Industries, Amtek Auto, Monnet Ispat, Electrosteel Steels, Era Infra, Jaypee Infratech, ABG Shipyard and Jyoti Structures.


*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/big-financial-blow-for-npa-laden-banks-on-cards/articleshow/59763257.cms*

*Dated: Jul 26, 2017*

- **Banks Face Dip In All Repayments Following Farm Loan Waiver:** Signs of farm loan waiver in states like Maharashtra and Uttar Pradesh taking its toll on general repayment culture are quite noticeable now. From HDFC Bank the country's most valuable lender to Bandhan Bank, the one of the latest entrants in the universal banking field, banks are facing the hit. Bandhan Bank Non Performing Assets rose to Rs 175 crore, which is 0.82% of its outstanding loans at the end of June, and two-third of it originated in Madhya Pradesh Maharashtra and Uttar Pradesh. Its gross NPA ratio was merely 0.38% a quarter back. Uttar Pradesh's new BJP government led by Shri Yogi Adityanath announced the loan waiver scheme for 87 lakh small and marginal farmers at its first cabinet meeting in April, which was quickly followed by other BJP-led state governments in Maharashtra and Madhya Pradesh. When a state government announces a loan waiver scheme, small borrowers typically stop repaying all kind of loans hampering the overall credit culture. Bandhan may not have substantial exposure to direct agriculture but it lends to allied farm sector. Just a couple of days back, agriculture is the one segment showing most stress because of demonetization and farm loan waivers. HDFC Bank's Rs 28,000-crore agri-loan portfolio was one of the key reasons for a rise in sticky loans ratio to 1.24% as at the end of June. It (loan waiver) undermines an honest credit culture, it impacts credit discipline, it blunts incentives for future borrowers to repay, in other words, waivers engender moral hazard. It also entails at the end of the day transfer from tax payers to borrowers.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-face-dip-in-all-repayments-following-farm-loan-waiver/articleshow/59791414.cms*

*Dated: Jul 27, 2017*

- **`NPAs' Rise Due To Loan Waivers May Hit Fresh Agriculture Credit':** Days after it reported spike in its own NPAs due to farm loan waivers, HDFC Bank warned that lenders may discontinue fresh lending to the agriculture sector. Banks are likely to see increase in NPAs in the agriculture sector and a general worsening of credit culture. Loan waivers are likely to also impact the supply of credit as fresh lending to the agriculture sector could dry up. HDFC Bank, country's second largest private sector lender, known for its asset quality, reported a 0.20 per cent jump in gross NPAs for the June quarter. As per city-headquartered bank up to 0.13 per cent contribution in the fresh bad loans was from the agri sector. Other lenders have also reported similar difficulties. With some farmers receiving loan waivers, other farmers across states, even those who are able to pay, are wilfully defaulting on loans in order to get loan waivers. Thus resulting in a classic microeconomic problem called the moral hazard. Banks could adopt indirect credit approach like supplying credit through microfinance institutions. Strategies like staggering of waiver or converting loans into bonds are also likely to create cash flow problems. Borrowings for farm loan waiver are unlike those that were done under the UDAY scheme- which were contingent on certain conditions that were aimed at improving DISCOMs' efficiency. Therefore, farm loan waivers are freebies that are overall negative for the credit culture and markets. Uttar Pradesh, Maharashtra, Punjab, Karnataka, Telangana and Andhra Pradesh have announced loan waivers recently. The bank pegged the total waivers at Rs 2.3 lakh crore or 2 per cent of the GDP in FY17. The note argued that FY09 waiver announcement had led to changes in credit allocation and increase in defaults in India with post waiver loan performance declining faster in districts with greater exposure to the program. Only a third of the small and marginal farmers will benefit from the move as two-thirds are outside institutional finance and depend on moneylenders or relatives. Loan waivers also do not help on consumption and investment fronts, citing studies done after FY09. On crop insurance, insured amounts are seldom sufficient to cover the loan amounts and there is also the risk of insurance amount being used for basic necessities or funding the next sowing which does not guarantee repayments for the banks.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/npas-rise-due-to-loan-waivers-may-hit-fresh-agriculture-credit/articleshow/59810339.cms*

*Dated: Jul 28, 2017*

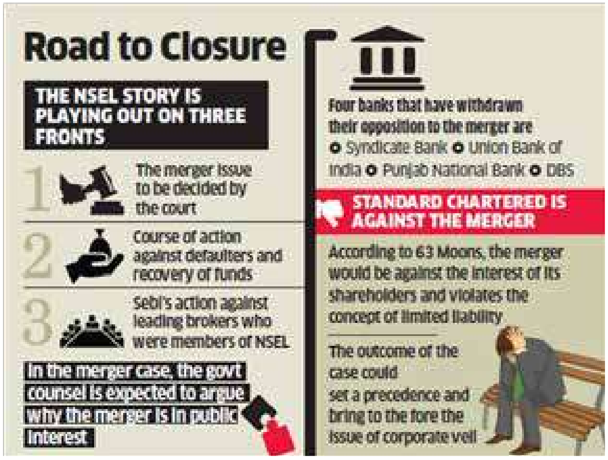
- **Four Banks Withdraw Opposition To NSEL-Parent Merger:** Four years ago thousands of investors in India were shattered to discover that they were victims of a huge fraud at commodity bourse National Spot Exchange (NSEL). The exchange went kaput, arrests and interrogation followed, police and central investigative agencies filed charge sheets and a court battle began to decide whether the rogue exchange should be merged with parent FTIL(now 63 Moons). As the court case enters an important phase this week government counsel is expected to argue why the merger is in 'public interest' four banks that had lent to 63 Moons and challenged the merger, have withdrawn petitions. Of these, three are public sector lenders Syndicate Bank, Union Bank, Punjab National Bank along with DBS Bank of Singapore. The only lender which continues to be against the merger is British bank Standard Chartered. The development is being closely tracked by investors, many of whom believe merger is the obvious way to salvage their money as the parent cannot distance itself from the subsidiary in which it held more than 99 per cent equity stake. According to 63 Moons, a merger would be against the interest of company shareholders and violates the concept of limited liability. The outcome of the feud could set a precedence and bring to the fore the issue of corporate veil. The NSEL story is playing out on three fronts. First, the merger issue that would be decided by the court. Second, the next course of action against defaulters to the defunct exchange and possible recovery of funds from assets that have been attached by law enforcement authorities. Third, Sebi action against leading brokers who were members of NSEL and acted as intermediaries in trades between investors and defaulters. The Securities and Exchange Board of India (SEBI) has issued show cause notices to half a dozen brokers despite its observation that spot and ready forward delivery contracts (that were traded on NSEL) were not being regulated by the erstwhile Forward Markets Commission

(FMC) and the capital market watchdog (which took over the functions of FMC) is not expected to take upon itself any regulatory function with regard to such markets. It will not be a surprise if brokers explore legal options to challenge Sebi's jurisdiction on the NSEL matter. NSEL, which was incorporated in 2007, obtained licences under APMC Acts of various states to run a commodity spot exchange. Even as it functioned in a regulatory void, not being under control of Sebi or FMC, the Union ministry of agriculture allowed it to flourish. Only in April 2012, around a year before the scam surfaced, did it question NSEL about the nature of the traded contracts. The Rs 5,600-crore NSEL scam surfaced in July 2013 after a payment default by two dozen counter parties, who raised funds from 13,000 investors on the exchange against contracts ostensibly backed by commodity stocks found to be absent. Outstanding dues to investors stand at over Rs 5,000 crore. The government passed a draft order to merge NSEL with its parent FTIL in October 2014, in public interest, under Section 396 of the Companies Act, 1956. The final order was passed in February last year and is being legally challenged by 63 Moons on grounds, among other things, of vitiating the concept of limited liability.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/four-banks-withdraw-opposition-to-nsel-parent-merger/articleshow/59837310.cms*

*Dated: Jul 31, 2017*

- **RBI Slaps Rs 1 Crore Penalty On Union Bank For Kyc Non-Compliance:** The RBI has imposed a penalty of Rs 1 crore on state-owned Union Bank of India for "non-compliance" with the directions on Know Your Customer(KYC) norms. RBI had received a complaint regarding "huge cash withdrawals in certain accounts" maintained with Union Bank of India. The penalty was imposed on July 26. This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. The central bank had examined the documents regarding the complaint and notice was issued to the state- owned lender. The bank was asked to show cause "as to why penalty should not be imposed" for non-compliance with directions issued by the RBI. The RBI after considering the bank's reply, oral submissions, additional information and documents, it concluded that the charge was substantiated and warranted imposition of monetary penalty.




*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-slaps-rs-1-crore-penalty-on-union-bank-for-kyc-non-compliance/articleshow/59847053.cms*

*Dated: Jul 31, 2017*

# INDIA'S FOREIGN TRADE

- **Merchandise Trade:-**

o **Exports (Including Re-Exports):** Exports have been exhibiting positive growth for the last nine months. In continuation with growth indicated by exports since September 2016, exports during June 2017 have shown growth of 4.39 per cent in dollar terms valued at US$ 23562.62million as compared to US$ 22572.30 million during June,2016. In Rupee terms, during June 2017 exports were valued at Rs. 151844.56 crore as compared to Rs. 151904.56 crore during June,2016, registering a negative growth of 0.04 per cent. During June 2017, Major commodity groups of export showing positive growth over the corresponding month of last year are Engineering Goods (14.78%), Petroleum Products (3.60%), Organic & Inorganic Chemicals (13.20%), Rice (27.29%) and Marine Products (24.27%). Cumulative value of exports for the period April-June 2017-18 was US $72212.33million (Rs 465472.04 crore) as against US $65311.77 million (Rs 436960.98 crore) registering a positive growth of 10.57 per cent in Dollar terms and 6.52 per cent in Rupee terms over the same period last year. Non-petroleum and Non Gems & Jewellery exports in June 2017 were valued at US$ 17480.56 million against US$ 16488.23 million in June 2016, an increase of 6.02 %. Non-petroleum and Non Gems and Jewellery exports during April -June 2017-18 were valued at US$ 52713.79 million as compared to US$ 48028.95 million for the corresponding period in 2016-17, an increase of 9.75%.

o **Imports:** Imports during June 2017 were valued at US$ 36522.48 million (Rs 235361.85 crore) which was 19.01 per cent higher in Dollar terms and 13.96 per cent higher in Rupee terms over the level of imports valued at US$ 30688.54 million (Rs. 206524.39 crore) in June, 2016. Cumulative value of imports for the period April-June 2017-18 was US$ 112263.10 million (Rs. 723631.11crore) as against US$ 84545.78 million (Rs. 565754.29 crore) registering a positive growth of 32.78 per cent in Dollar terms and 27.91per cent in Rupee terms over the same period last year. Major commodity group of imports showing high growth in June 2017 over the corresponding month of last year are Petroleum, Crude & products (12.04%), Electronic goods (24.22%), Pearls, precious & Semi-precious stones (86.31%) , Machinery, electrical & non-electrical (7.02%) and Gold(102.99%).

o **Crude Oil And Non-Oil Imports:** Oil imports during June, 2017 were valued at US$ 8125.51 million which was 12.04 percent higher than oil imports valued at US$ 7252.11 million in June 2016. Oil imports during April-June, 2017-18 were valued at US$ 23177.49 million which was 22.98 per cent higher than the oil imports of US$ 18846.62 million in the corresponding period last year. In this connection it is mentioned that the global Brent prices ($/bbl) have decreased by 3.28 %

in June 2017 vis-à-vis June 2016 as per World Bank commodity price data (The pink sheet). Non-oil imports during June, 2017 were estimated at US$ 28396.97 million which was 21.17 per cent higher than non-oil imports of US$ 23436.43 million in June, 2016. Non-oil imports during April-June 2017-18 were valued at US$ 89085.61 million which was 35.60 per cent higher than the level of such imports valued at US$ 65699.16 million in April-June, 2016-17.

- **Trade In Services (For May, 2017, As Per The RBI Press Release Dated 14th July, 2017):-**

o **Exports (Receipts):** Exports during May 2017 were valued at US$ 13430 Million (Rs. 86522.51Crore) registering a positive growth of 4.08per cent in dollar terms as compared to negative growth of 8.99 per cent during April 2017 (as per RBI's Press Release for the respective months).

o **Imports (Payments):** Imports during May 2017 were valued at US$ 7,615 Million (Rs. 49059.49 Crore) registering a postive growth of 5.44 per cent in dollar terms as compared to negative growth of -12.64 per cent during April 2017 (as per RBI's Press Release for the respective months).

- **Trade Balance:-**

o **Merchandise:** The trade deficit for June 2017 was estimated at US$ 12959.86 million as against the deficit of US$ 8116.24 million during June 2016.

o **Services:** As per RBI's Press Release dated 14th July 2017, the trade balance in Services (i.e. net export of Services) for May, 2017 was estimated at US$ 5,815 million.

o **Overall Trade Balance:** Taking merchandise and services together, overall trade deficit for April-June 2017-18 is estimated at US$ 28.6 billion as compared to US$ 8.0 billion during April-June 2016-17. (Services data pertains to April-May 2017-18 as May 2017 is the latest data available as per RBI's Press Release dated 14th July 2017).

# MERCHANDISE TRADE

| Exports & Imports : (US $ Million) | | |
|---|---|---|
| | **June** | **April-June** |
| **Exports (Including Re-Exports)** | | |
| 2016-17 | 22572.30 | 65311.77 |
| 2017-18 | 23562.62 | 72212.33 |
| **% Growth 2017-18/ 2016-17** | **4.39** | **10.57** |
| **Imports** | | |
| 2016-17 | 30688.54 | 84545.78 |
| 2017-18 | 36522.48 | 112263.10 |
| **% Growth 2017-18/ 2016-17** | **19.01** | **32.78** |
| **Trade Balance** | | |
| 2016-17 | -8116.24 | -19234.01 |
| 2017-18 | -12959.86 | -40050.77 |
| **Exports &Imports (Rs. Crore)** | | |
| | **June** | **April-June** |
| **Exports (Including Re-Exports)** | | |
| 2016-17 | 151904.56 | 436960.98 |
| 2017-18 | 151844.56 | 465472.04 |
| **% Growth 2017-18/ 2016-17** | **-0.04** | **6.52** |
| **Imports** | | |
| 2016-17 | 206524.39 | 565754.29 |
| 2017-18 | 235361.85 | 723631.11 |
| **% Growth 2017-18/ 2016-17** | **13.96** | **27.91** |
| **Trade Balance** | | |
| 2016-17 | -54619.83 | -128793.31 |
| 2017-18 | -83517.29 | -258159.07 |

# SERVICES TRADE

| Exports & Imports (Services) : (US $ Million) | |
|---|---|
| (Provisional) | **May 2017** |
| Exports (Receipts) | 13430 |
| Imports (Payments) | 7615 |
| Trade Balance | 5815 |
| **EXPORTS & IMPORTS (Services): (Rs. Crore)** | |
| (Provisional) | **May 2017** |
| Exports (Receipts) | 86522.51 |
| Imports (Payments) | 49059.49 |
| Trade Balance | 37463.02 |

# TOP BANKING DEVELOPMENT

- **SBI In Nepal Launches Digital Village:** The State Bank of India has launched a digital village initiative in Nepal by installing a cash recycling centre. The digital village initiative has been launched in Jarisingpouwa in Shankarapur Rural Municipality, 25 km east from Kathmandu. The centre was inaugurated jointly by Governor of Nepal Rastra Bank Chiranjibi Nepal and Chairwoman of SBI. The cash counter enables the villagers to deposit and withdraw money through the automatic machine. The bank has also distributed 430 debit cards to the people of the locality, which is considered remote area due to the hill side location though it is not very far from Kathmandu city. Solar street lights were also installed in the area. The SBI in Nepal also celebrated its 25 years of establishment on Jul 7.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-in-nepal-launches-digital-village/articleshow/59511382.cms*

*Dated: Jul 09, 2017*

- **WhatsApp Gets NPCI Nod For UPI Payment Tie-Ups With Banks, Google Awaiting RBI Okay:** WhatsApp has got permission from the National Payments Corporation of India to tie up with banks to facilitate financial transactions via Unified Payments Interface. UPI, launched by NPCI, is a mobile application that helps quick transfer of money through a mobile device round the clock. The customers can access multiple bank accounts through a single mobile application. NPCI has confirmed the development to the newspaper. WhatsApp, which has plans to foray into payments business, has been in talks with banks such as Axis Bank, ICICI Bank and Punjab National Bank. Google too completed the testing of its UPI payment service and is awaiting the Reserve Bank of India's (RBI) approval to launch its service in the country. NPCI, which is the umbrella organisation for all retail payments system in India, also Facebook is in discussion regarding rolling out of their UPI payment services. Very soon these three will also get operational. According to Shri Hota, there are 50 banks who are members of UPI and out of them, 37 have developed their own UPI applications. Some of the banks instead of applying, have asked their third-party service providers to develop the app and make their bank as the acquiring bank. Truecaller, PhonePe, Chiller- there are sixteen such big fin-tech companies. Not wishing to give any timeline for the RBI approval to come. Technically it is feasible, but RBI would have to take a holistic look. They will have to look whether there are any risks other than the technology thing

*Source: http://www.firstpost.com/business/whatsapp-gets-npci-nod-for-upi-payment-tie-ups-with-banks-google-awaiting-rbi-okay-3799779.html*

*Dated: Jul 11, 2017*

- **Axis Bank, IIC Pact To Boost Trade With Latin America:** Axis Bank has announced that it will help traders boost relations between India and Latin America and the Caribbean in collaboration with Inter- American Investment Corporation. It will facilitate trade with Latin America and the Caribbean in which Axis Bank will participate in the Trade Finance Facilitation Programme (TFFP) as a confirming bank. Axis Bank is the first Indian Bank to be a part of such a facility. With increasing trade relations between the two and considering the potential for the overall economy, the collaboration aims to foster bilateral trade relations by allowing ease of transactions. The Inter-American Investment Corporation (IIC) will be acting on behalf of the Inter-American Development Bank (IDB).

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-iic-pact-to-boost-trade-with-latin-america/articleshow/59547751.cms*

*Dated: Jul 11, 2017*

- **NPCI Launches Educational Videos For BHIM Users:** National Payments Corporation of India (NPCI) has developed awareness videos for customers who download their BHIM application for UPI based fund transfer. An SMS based video link will be sent to the customer who downloads the app for seamless customer on boarding. These videos have been created to assist new customers with initial steps of using the app, like verifying their registered SIM card, generating BHIM App's pass-code, selecting their bank, generating UPI PIN for making transactions etc. These customer centric initiatives are being taken to encourage consumers to make digital transactions through BHIM instead of using cash. Creating a less-cash society would be easier with the right awareness and education of a customer.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/npci-launches-educational-videos-for-bhim-users/articleshow/59577598.cms*

*Dated: Jul 13, 2017*

- **HDFC Bank Launches Digital-Only Marketing Campaign:** HDFC Bank has launched a national digital-only marketing campaign, reinforcing its position as 'India's No. 1 Bank' in products like credit cards, personal loans and auto loans. Created by Leo Burnett, the campaign aims to connect with customers by asking them to #StartDoing and talk to India's No 1 Bank, to fulfil all their needs. The campaign involves a series of creative's including films that will be showcased across all major digital video platforms like Youtube, Facebook, Hotstar, etc. and also through display ads across digital channels. Further, HDFC Bank's wide network of branches and ATMs will also be utilized to talk to the audience. Through this campaign, HDFC Bank is aiming to leverage a key customer insight, which is that most customers turn to savvy spenders for advice while purchasing cars, durables, etc. and also while taking financial decisions. The savvy spenders tend to choose the best, know where to go and who to borrow from and HDFC Bank, becomes their natural choice in financial services. The digital campaign aims to create a strong association with the entire community of savvy spenders and position the Bank, with its wide portfolio of retail products, as the destination to fulfil any financial needs or requirement.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-bank-launches-digital-only-marketing-campaign/articleshow/59650273.cms*

*Dated: Jul 18, 2017*

- **Axis Bank Launches Digital Invoice Discounting Platform, Seeks Govt Push:** Axis Bank launched its digital invoice discounting platform, Invoicemart, to improve access of funds to micro, small and medium sector enterprises (MSMEs). Invoicemart is a platform created by A.TREDS, a joint venture of Axis Bank, India's third-largest private bank, and Mjunction Services, one of the largest B2B e-commerce company. Shri Kalyan Basu, MD & CEO of Invoicemart think that digital factoring as a business can get a further boost if the government pushes the public sector MSMEs to get on the platform. In November 2015, RBI had given an in-principle approval to three entities to set up TReDs (Trade Receivables Discounting System). The other two entities are Mynd Solutions (Gurgaon) and NSE Strategic Investment Corporation and Small Industries Development Bank of India (Mumbai). TReDS is factoring of bills, an attempt by the RBI and the government to allow SMEs to post their receivables on the digital system and get them financed. This will not only give them greater access to finance but also put greater discipline on corporate to pay their dues on time. The sale of invoices happen by way of a transparent bidding process involving multiple financiers, which will facilitate efficient price discovery, thus lowering cost of funds for MSMEs. Funds disbursed through TReDS will also qualify for priority sector lending benefits for the banks. Completing its first set of transactions, Axis Bnk has discounted the invoices raised on Sobha, West Coast Paper, Intex Technologies, Future Retail and other corporates by their MSME suppliers. Factoring is something new that has happened in India. Around 37 percent GDP is contributed by MSMEs but the finance is not available to that proportion. Its success is not in question but when it will happen is something we will have to look at. There is a limit to which collateral can be offered by MSMEs and also their financial statements may not qualify for the bank funding, which is why some players get rejected. This platform will provide recourse to the MSMEs, to get the best of the price and there is no marketing cost for companies involved for on-boarding their sellers, who get easy or a recourse for their legitimate receivables and the large corporate get the benefit of getting the MSMEs paid on time and negotiate better from them too. Invoicemart will enable us to improve the financial health of our vendors, which gives us better control over procurement. Additionally, we will use the platform to streamline our vendor payments and for better management of our cash flows.

*Source: http://www.moneycontrol.com/news/business/companies/axis-bank-launches-digital-invoice-discounting-platform-seeks-govt-push-2330445.html*

*Dated: Jul 20, 2017*

- **ICICI Bank Offers Up To Rs 15 Lakh Instant Personal Loan Via ATMs:** Largest private sector lender ICICI Bank will be selling personal loans of up to Rs 15 lakh through its ATMs that can be availed of by select salaried customers even if they haven't previously applied for one. Using data from credit information companies, the lender will pre-qualify select customers for personal loans. Such customers will get a message on the ATM screen after completing a transaction, informing about their eligibility for personal loans. If a customer chooses to go in for one, she can avail of a five-year personal loan of up to Rs 15 lakh and the amount will be credited instantly into her account. The service is already available. A customer is given multiple amounts to choose from and will be informed about other crucial details like the interest rate, processing fee and monthly installments, before the transaction is completed by crediting the loan amount into her account. This will help customers receive money conveniently once they opt for a personal loan. ICICI believe this is a compelling proposition as it is a completely paperless procedure and instant disbursal of funds through the ATM. It can be noted that the resilient retail loan segment has been one of the major forces driving the anaemic loan growth in the bad loans-saddled banking system in the last few years. As a prudent measure, most lenders prefer giving unsecured personal loans to existing customers than tapping corporate borrowers. For FY17, the credit growth stood at an anaemic 5.1 per cent, the lowest since fiscal 1952.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-offers-up-to-rs-15-lakh-instant-personal-loan-via-atms/articleshow/59681716.cms*

*Dated: Jul 20, 2017*

- **Axis Bank Set To Use Solutions From Its Accelerator Project:** Axis Bank is set to incorporate solutions around lending, operational efficiency and tax-planning, which are developed by startups from the first cohort of its accelerator programme. The bank, which ran its first accelerator programme with six startups, has selected three - Pally, FintechLabs and Gieom -to use their solutions for its specific-use cases. The other three startups that were part of the bank's first accelerator programme were offline mobile payments companies S2Pay, Kalaari-backed shopping checkout app Perpule, and Paymatrix, which enables credit in the rental space. While the startups are free to partner with others, the solutions developed with Axis Bank will be exclusive. Fintech Labs uses analytics in the digital lending space to scan documents to make decisions, while Gieom uses artificial intelligence to improve operational efficiency. Apart from providing physical space at its Bengaluru innovation lab `Thought Factory', which was launched last year, the bank has also provided access to data, angel investors and mentorship from the bank's internal team on domain knowledge as well as from industry experts such as GoQii founder Vishal Gondal, Sharad Sharma of iSpirt.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-set-to-use-solutions-from-its-accelerator-project/articleshow/59710035.cms*

*Dated: Jul 22, 2017*

- **Aurionpro Launches A Bank In A Box To Reduce Branch Expansion Cost For Banks:** Aurionpro Solutions a global leader in digital innovation, enterprise security and banking solutions, announced its Branch-in-a-Box product, the Virtual Teller Machine (VTM) a fully integrated self-service kiosk for automating 90% of banking transactions at the branch level. Bank Branches have a dire need to reinvent themselves as cost pressures mount and reducing transaction based revenue force them to downsize and become leaner. The VTM represents a compelling solution to this very challenge. Explaining the utility of the product, As per Shri Menon in the future, branches will focus less on transaction driven revenue and more on relationship based sales, service and consultancy, the branch itself will get leaner, more automated with a retail centric ambience that stimulates customer engagement. The VTM helps in migrating routine transactions like eKYC, account opening, passbook and statement printing, video assistance, bill payment, cash and cheques (single and bunched) deposit, cheque account summary, cash withdrawal, personalised instant card issuance, activation and replacement from the branch to the teller machines.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/ aurionpro-launches-a-bank-in-a-box-to-reduce-branch-expansion-cost-for-banks/articleshow/59741212.cms*

*Dated: Jul 24, 2017*

- **Axis Bank Buys Freecharge From Snapdeal For Rs 385 Crore:** The board of Axis Bank has entered into a share purchase agreement with Jaspers Infotech Private Limited which runs Snapdeal to buy 100 percent stake in its payments subsidiary Freecharge in an all cash deal worth Rs 385 crore, Axis Bank informed the BSE in a statement. The Axis-Freecharge deal size (about USD 60 million in dollar terms) is significantly lower from the USD 400 million that Snapdeal had paid to acquire the payments firm in 2015. Freecharge had raised close to USD 116 million before it got acquired by Snapdeal. The deal will provide some cash flow for Snapdeal which is still in talks with rival Flipkart to conclude an all stock sale. This acquisition is expected to help the bank take a significant step towards digital distribution of financial products. The platform provides access to agile customer-facing technology, which will help the bank to serve its existing customers better and approach new digitally native customers in an efficient manner. The new entity is likely to absorb the 200-250 odd employees of the Freecharge. The employees were offered retention bonuses in the last couple of months, according to multiple people privy to the development. The acquisition marks the first such acquisition of a digital payments company by a bank in India. Axis Bank that offers mobile banking, credit cards, debit cards, forex cards, UPI payments claims to have been driving digital acceptance and has established the second largest merchant network with over 4,33,000 POS machines. The acquisition of FreeCharge re-affirms Axis Bank's determination to lead the journey of digitization of financial services. We expect FreeCharge to contribute significantly in our aspiration to serve the digital native and mobile-first young consumers of India. It is a win-win deal that allows Snapdeal to further focus on our core e-commerce business, while giving Axis some of the most agile and innovative technology capabilities in the financial services space in India. As per the statement, the deal was broadly spearheaded by Jason Kothari on behalf of Jaspers who was parachuted into the company post his stint at Housing in January. The deal is expected to close in the next two months. Freecharge competes with Softbank-backed Paytm and claims to be having 50 million registered wallet users and over 2,00,000 merchants. It claims that nearly 75% of its users are under 30 years, with 85% of active users accessing their financial services from a mobile device. Digital payments and online consumption of financial services are growing on the back of “digital India” initiatives. Rising usage of smartphones and increasing penetration of low cost Internet are further expected to drive digital adoption. New age customers are ‘digital-native, mobile-first’ who prefer one-click payments products and anywhere banking.

*Source: http://www.moneycontrol.com/news/business/startup/axis-bank-buys-freecharge-from-snapdeal-for-rs-385-crore-2337463.html*

*Dated: Jul 27, 2017*

- **Bajaj Allianz Renews Corporate Agreement With Dhanlaxmi Bank:** Bajaj Allianz Life Insurance has renewed the corporate agency agreement with Dhanlaxmi Bank, one of the oldest private sector banks in India. The companies have extended their long standing partnership yet again for a further period. Under the agreement, Dhanlaxmi Bank will continue to sell life insurance products of Bajaj Allianz Life Insurance. The relationship between Bajaj Allianz Life Insurance and Dhanlaxmi Bank goes back to 2009, when the latter started selling customized insurance solutions provided by Bajaj Allianz Life Insurance to its customers. As a corporate agent partner, Dhanlaxmi Bank has done a business of Rs 365 Crore till date for Bajaj Allianz Life Insurance. The Bank has more than 644 touch points across 15 Indian states.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/bajaj-allianz-renews-corporate-agreement-with-dhanlaxmi-bank/articleshow/59792195.cms*

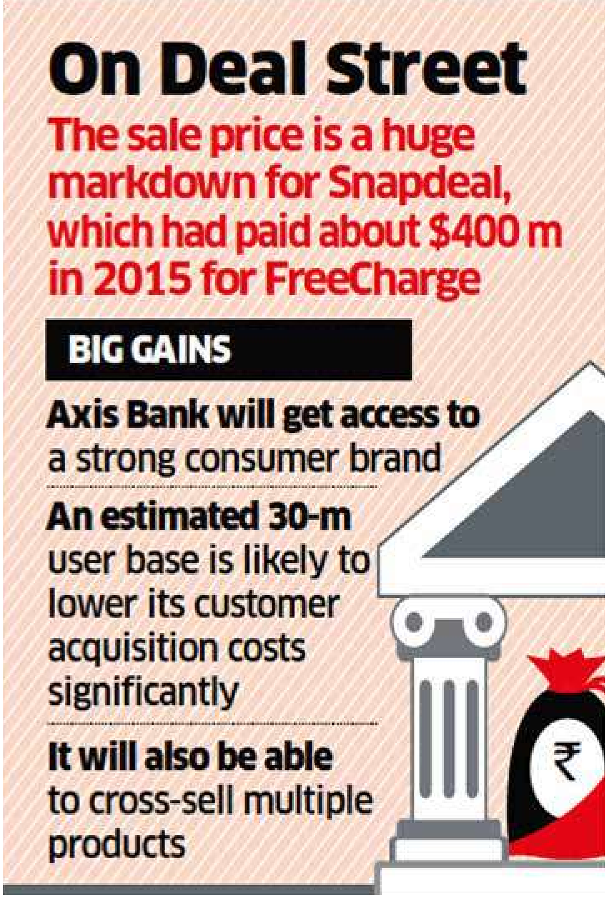
*Dated: Jul 27, 2017*

- Snapdeal Board Clears The Decks For Sale Of FreeCharge To Axis Bank: The board of Snapdeal which owns and operates FreeCharge, has agreed to sell the digital payments platform to Axis Bank. The conclusion of the deal marks a closure to a two-year long process during which Gurgaon-based Jasper Infotech which also owns and operates beleaguered online marketplace Snapdeal has also sought to raise fresh funding for the payments provider that competes with market leader Paytm. The proposed deal will value FreeCharge at Rs 385 crore-Rs 390 crore, a steep plunge from the Rs 2,400 crore that Jasper Infotech paid to acquire the company in 2015, which at the time, was the biggest acquisition in the Indian startup sector. Others who had also evinced interest in buying out the payments provider included rival Paytm and online retail major Amazon, which made a late bid for the Bengaluru-based FreeCharge last week. Additionally, Airtel and global payments major Paypal had also been in talks to acquire the company A sale to Flipkart, being orchestrated by Japanese investor Softbank, the largest stakeholder in Snapdeal, has continued to divide the board, which had also rejected an initial offer of $500-$600 million, earlier this month. The sale of Snapdeal is expected to include a cumulative special payout of about $90 million to venture capital firms, Kalaari Capital and Nexus Venture Partners, two early backers of Snapdeal, who hold about 18%-19% of the company, along with powerful veto rights under the shareholders agreement. Separately, the founders are also believed to be in line for a payout of $30 million. However, the terms of the sale have not gone down well with Snapdeal's minority investors, a list that includes Premji Invest, the personal investment arm of Wipro Chairman Azim Premji, BlackRock and Ontario Teachers' Pension Plan, who have continued to raise issue with the special payouts, while also asking for greater clarity on the protection of their rights, in lieu of a sale of the company. The sale of FreeCharge is a reflection of the reversal in fortunes of its parent, Snapdeal. The digital payments company, for which Jasper had, at one point, eyed a valuation of close to $1 billion, has undergone a sharp drop of its volume and value of transactions. The company is estimated to have recorded Rs 300 crore in transaction revenue on about 12 million transactions in April. In its heyday, the payments company had forecast 7 million daily transactions and gross merchandise transactions of Rs 20,000 crore by the end of fiscal 2017. The purchase of FreeCharge by Axis Bank comes after the bank posted a 16% year-on-year fall in net profit to Rs 1,305.6 crore for the quarter ended June 30, hurt by higher provisions, increased credit costs and lower operating income.

*Source: http://economictimes.indiatimes.com/small-biz/startups/snapdeal-board-clears-the-decks-for-sale-of-freecharge-to-axis-bank/articleshow/59776107.cms*

*Dated: Jul 27, 2017*

- **Canara Bank Forays Into Paperless Banking;Launches First Digital Branch In Bengaluru:** Canara Bank, which has set an ambitious target of moving to 'paperless' futuristic banking, launched its first 'Digital Banking Branch' at Spencer Towers in MG Road, Bengaluru. Titled 'CANDI', the branch will provide an end-to-end digital experience to customers. The bank, as part of the run-up to its digital foray, has introduced customer-friendly mobile apps which help customers get most of the information related to their accounts from the app without the need to visit the branch. The most attractive feature of the Digital Branch is a humanoid robot that addresses basic queries of customers on banking products and services. This is a first-of-its kind initiative by a public sector bank in the country. The bank is in the process of re-inventing branch strategy and moving towards more digitization and self-service channels. The bank, to push its digital agenda, has equipped itself with a suite of next-generation banking tools which use advanced technology to streamline services and improve efficiency. The tools and devices include Customer On-Board Application which facilitates instant opening of Savings Bank account by the customer himself using fingerprint/ IRIS authentication, printing of personalized debit card, cheque book, mobile/ Internet banking registration, generation of e-Passheet and issuance of virtual welcome kit. There is an app-based token and queue management system to facilitate paperless appointment system using cloud technology and Digital Challan to facilitate filling up challans digitally by customers at their own convenience for services like cash deposit, fund transfer and cheque clearing. There is a Digital Feedback System to get feedback from customers on the services availed by them and video banking to facilitate interaction with remote-site Subject Matter Experts on various categories of retail loans and corporate advances. The branch works from 8 am to 8 pm on business working days. There is also an interactive touchscreen-based 'Touch Banking' to enable the customers understand banking products like car loan, home loan, education loan, mutual fund, life/health insurance and apply online for the products.




*Source: http://www.thehindubusinessline.com/money-and-banking/canara-bank-forays-into-paperless-bankinglaunches-first-digital-branch-in-bengaluru/article9791190.ece*

*Dated: Jul 27, 2017*

- **Indian Overseas Bank Goes Live With Bharat Bill Payment System:** Public sector Indian Overseas Bank has offered Bharat Bill Payment System, introduced by the National Payments Corporation of India, for its customers. BBPS is an integrated bill payment system that offers inter-operable online bill payments to customers. The services include online payments of electricity, telecommunication, DTH, water and gas bills. Indian Overseas Bank is one of the three public sector banks (Apart From Bank of Baroda and Union Bank of India) to get the approval from RBI for providing the service. The certification with NPCI has been completed and the BBPS system has been implemented for customers and to the billers.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/indian-overseas-bank-goes-live-with-bharat-bill-payment-system/articleshow/59821852.cms*

*Dated: Jul 29, 2017*

# CURRENT RATES (*AS ON 08/AUG/2017)

- **Policy Rates:-**

| | |
|---|---|
| Policy Repo Rate | 6.00%* |
| Reverse Repo Rate | 5.75%* |
| Marginal Standing Facility Rate | 6.25%* |
| Bank Rate | 6.25%* |

- **Reserve Ratios:-**

| | |
|---|---|
| CRR | 4%* |
| SLR | 20.00%* |

- **Exchange Rates:-**

| | |
|---|---|
| INR / 1 USD | 63.7375* |
| INR / 1 Euro | 75.1019* |
| INR / 100 Jap. YEN | 57.5500* |
| INR / 1 Pound Sterling | 83.1583* |

- **Lending / Deposit Rates:-**

| | |
|---|---|
| Base Rate | 9.00% - 9.55%* |
| MCLR (Overnight) | 7.75% - 8.10%* |
| Savings Deposit Rate | 4.00%* |
| Term Deposit Rate > 1 Year | 6.25% - 6.90%* |

- **Market Trends:-**

| **Money Market** | |
|---|---|
| Call Rates | 4.90%-6.05%* |
| **Government Securities Market** | |
| 7.72% GS 2025 | 6.7486%* |
| 91 day T-bills | 6.1495%* |
| 182 day T-bills | 6.2452%* |
| 364 day T-bills | 6.2419%* |
| **Capital Market** | |
| BSE Sensex | 32273.67 * |
| S&P CNX Nifty | 10057.40 * |

- **Commodity Market:-**

| | |
|---|---|
| Gold | 28,466.00* |
| Silver | 37,265.00* |
| Crude Oil | 3,144.00* |
| Natural Gas | 180.20* |

# TOP BANKING APPOINTMENT

- **Oriental Bank Of Commerce Approves Appointment Of Shri Mukesh Kumar Jain As MD & CEO:** The Central Government vide Notification No.F.No.4/4/2016-BO.I (Vol.-II) dated 14.07.2017 has appointed Shri Mukesh Kumar Jain as Managing Director & Chief Executive Officer on the Board of Oriental Bank of Commerce pursuant to clause (a) sub-section 3 of Section 9 of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970/80 read with sub-clause (1) of clause 3, clause 6 and sub clause (1) of clause 8 of the Nationalized Banks (Management and Miscellaneous Provisions) Scheme 1970/80, for a period of 3 years with effect from the date of his taking over the charge of the post or until further orders, whichever is earlier.

*Source: http://equitybulls.com/admin/news2006/news_det.asp?id=210647*

*Dated: Jul 15, 2017*

- **TPG's Ajay Kanwal To Join Janalakshmi Financial Services As CEO:** Singapore-based private equity firm TPG's senior advisor Shri Ajay Kanwal is slated to join Janalakshmi Financial Services as chief executive from August 1. This appointment is a part of its transition into a small finance bank. Shri Kanwal will replace Shri VS Radhakrishnan, who will take over the role of vice chairman. The current vice chairman Shri R Srinivasan is slated to take superannuation. Shri Kanwal had a short stint at TPG and Mastercard as their senior advisor, prior to joining Janalakshmi. The veteran banker with 27 years of experience behind him, began his career with Citibank and then moved to Standard Chartered Bank, where he held various leadership positions throughout his tenure and became the regional head of consumer banking for Southeast Asia. Janalakshmi plans to begin small finance bank operations in the second half of the current fiscal. It has received the finance license from RBI in April.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/tpgs-ajay-kanwal-to-join-janalakshmi-financial-services-as-ceo/articleshow/59737836.cms*

*Dated: Jul 24, 2017*

- **Smt. Shikha Sharma Reappointed As MD & CEO Of Axis Bank For A Period Of 3 Years:** Smt. Shikha Sharma was reappointed chief executive of Axis Bank for another three-year term as the board felt the need for "continuity" with the industry undergoing stress and facing challenges on many fronts, including technology-led change. With her current term set to end next year, this will extend her tenure to June 2021. The search for a possible successor has been abandoned as the board wanted to put an end to speculation about the 58-year-old CEO's exit from the bank. There has been talk of Smt. Sharma's possible departure from the bank for more than a year. First there was speculation that she would helm Shri Ajay Piramal's financial services business under the Shriram group of companies. Of late, there had been talk of her moving to the Tata

Group or joining Bajaj Finserv. Smt. Sharma has pushed aggressively for growth, which has helped her build the business but has also drawn criticism for missteps such as lending to infrastructure projects. After succeeding Shri P.J. Nayak, Smt. Sharma acquired Enam Group's investment and broking business, propelling Axis to the top position in equities advisory and mergers and acquisitions. She led the takeover of fintech company FreeCharge for Rs 385 crore, bringing into the fold millions of new, young customers who are looking for quick and easy payment solutions. The turnaround of fortunes at the bank after a subdued fiscal 2017 is still evolving.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/shikha-sharma-reappointed-as-md-ceo-of-axis-bank-for-a-period-of-3-years/articleshow/59790591.cms*

*Dated: Jul 28, 2017*

Top Expert Reports

- **Indian Banks Most At Risk Among South, S-E Asian Peers – Moody's Poll (Moody):** Indian banks are most at risk in South and South-East (S-E) Asia, and being under-capitalized, they lack sufficient loan provisioning, says a Moody's poll. The government has appeared reluctant to increase capital injection into PSU banks despite the limited ability of these lenders to access equity markets for the much-needed capital. Earlier this month, Moody's polled 210 market participants on some of the industry's most pressing credit issues. Indian banks are most at risk in South and South-East Asia. Moreover, the government has appeared reluctant to increase capital injections into the PSU banks, despite the limited ability of these to access equity markets for the much-needed capital. Earlier Moody's had revised the outlook on several Indian banks to stable or negative from positive, signaling a lowering in potential government support, and/or weaknesses in solvency metrics.

*Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/indian-banks-most-at-risk-among-south-s-e-asian-peers-moodys-poll/articleshow/59775922.cms*

*Dated: Jul 26, 2017*

# TOP RBI CIRCULARS

| Circular Number | Date Of Issue | Department | Subject |
|---|---|---|---|
| RBI/2017-2018/29 DBS.ARS. BC.04/08.91.001/2017-18 | 27.7.2017 | Department of Banking Regulation | Appointment of Statutory Central Auditors (SCAs) – modification of rest period |
| RBI/2017-2018/26 DCM (FNVD) G – 4/16.01.05/2017-18 | 20.7.2017 | Department of Currency Management | Master Circular – Detection and Impounding of Counterfeit Notes |
| RBI/2017-2018/24 DCBR.BPD.(PCB/RCB).Cir. No.02/12.05.001/2017-18 | 13.7.2017 | Department of Co operative Banking Regulation | Recording of Details of Transactions in Passbook/Statement of Account by Co-operative Banks |
| RBI/2017-2018/23 FIDD.FLC. BC.No.11/12.01.018/2017-18 | 13.7.2017 | Financial Inclusion and Development Department | Financial Literacy by FLCs (Financial Literacy Centres) and rural branches - Revision in funding limits, Audio-visual content and provision of hand held projectors |
| RBI/2017-2018/22 DGBA. GBD.69/15.02.005/2017-18 | 13.7.2017 | Department of Government and Bank Accounts | Interest rates for Small Savings Schemes |
| RBI/2017-2018/21 FIDD.MSME & NFS. BC.No.10/06.02.31/2017-18 | 13.7.2017 | Financial Inclusion and Development Department | Investment in plant and machinery for the purpose of classification as Micro, Small and Medium Enterprises – documents to be relied upon |
| RBI/2017-2018/20 DBS.ARS. BC.01/08.91.020/2017-18 | 13.7.2017 | Department of Banking Supervision | Audit Committee of the Board of Directors – Nomination of Non-Executive Chairman |
| RBI/2017-2018/16 DNBR(PD) CC.No.087/ 03.10.001/2017-18 | 06.7.2017 | Department of Non Banking Regulation | Point of Presence (PoP) Services under Pension Fund Regulatory and Development Authority (PFRDA) for National Pension System (NPS) |
| RBI/2017-2018/15 DBR.No.Leg. BC.78/09.07.005/2017-18 | 06.7.2017 | Department of Banking Regulation | Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions |
| RBI/2017-2018/14 FIDD.CO.SFB. No.9/04.09.001/2017-18 | 06.7.2017 | Financial Inclusion and Development Department | Small Finance Banks – Compendium of Guidelines on Financial Inclusion and Development |

| Circular Number | Date Of Issue | Department | Subject |
|---|---|---|---|
| RBI/2017-2018/13 DCBR.RCB. BC.No.01/19.51.025/2017-18 | 06.7.2017 | Department of Co operative Banking Regulation | Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 – Telangana State Co-operative Apex Bank Ltd., Hyderabad |
| RBI/2017-2018/12 A.P.(DIR Series) Circular No. 01 | 03.7.2017 | Financial Markets Regulation Department | Investment by Foreign Portfolio Investors (FPI) in Government Securities Medium Term Framework – Review |
| RBI/2017-2018/11 FIDD.FID. BC.No.02/12.01.033/2017-18 | 03.7.2017 | Financial Inclusion and Development Department | Master Circular on SHG-Bank Linkage Programme |
| RBI/2017-2018/10 FIDD.GSSD.CO.BC. No.04/09.01.01/2017-18 | 03.7.2017 | Financial Inclusion and Development Department | Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) |
| RBI/2017-2018/8 FIDD.CO.LBS. BC.No.1/02.01.001/2017-18 | 03.7.2017 | Financial Inclusion and Development Department | Master Circular – Lead Bank Scheme |
| RBI/2017-2018/7 FIDD.CO.GSSD. BC.No.06/09.09.001/2017-18 | 03.7.2017 | Financial Inclusion and Development Department | Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs) |
| RBI/2017-2018/6 FIDD.GSSD. BC.No.05/09.10.01/2017-18 | 03.7.2017 | Financial Inclusion and Development Department | Master Circular- Credit Facilities to Minority Communities |
| RBI/2017-2018/5 FIDD.GSSD.CO.BC. No.03/09.16.03/2017-18 | 03.7.2017 | Financial Inclusion and Development Department | Master Circular – Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM) |
| RBI/2017-2018/4 FIDD.CO.FSD. BC.No.7/05.05.010/2017-18 | 03.7.2017 | Financial Inclusion and Development Department | Master Circular - Kisan Credit Card (KCC) Scheme |
| RBI/2017-2018/3 DCM(NE)No.G - 1/08.07.18/2017-18 | 03.7.2017 | Department of Currency Management | Master Circular – Facility for Exchange of Notes and Coins |
| RBI/2017-2018/2 DGBA.GBD. No.2/31.12.010/2017-18 | 01.7.2017 | Department of Government and Bank Accounts | Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission |
| RBI/2017-2018/1 DGBA.GBD.No.- 1/31.05.001/2017-18 | 01.7.2017 | Department of Government and Bank Accounts | Master Circular - Disbursement of Government Pension by A |

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## List of ASSOCHAM Banking & Financial Services Publications

| NAME OF REPORT | COST |
|---|---|
| ASSOCHAM-CRISIL-APAS Knowledge Report on Bond Market, "Giving Debt Its Due" -2017 | Rs. 1,200/- |
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| 3rd Non Banking Finance Companies, "The Changing Landscape"- 2016 | Rs. 1,000/- |
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| **For Purchasing Any Of These Report Please Contact The Editorial Committee* | |

## Upcoming Conferences of ASSOCHAM Banking & Financial Services

| | | |
|---|---|---|
| NBFCs | ASSOCHAM's 4th National Summit on Non-Banking Finance Companies | 23rd August 2017, New Delhi |
| Insolvency Series | ASSOCHAM's National Conference on New Corporate Insolvency Regime & Real Estate Regulation Act. | 30th August, 2017 Hotel Taj Bengal, Kolkata |
| | | 8th September, 2017 Hotel Hyatt, Ahmedabad |
| | | 15th September, 2017 Hotel Park Hyatt, Hyderabad |
| Insurance Summit | ASSOCHAM's 10th Global Insurance Summit | 22nd September 2017, Mumbai |
| ARCON | ASSOCHAM's 3rd National Summit on ARCON | Mumbai |
| ASSOCHAM Banking Bulletin | Vol. 28 | 10th September 2017 |
| ASSOCHAM Insurance Bulletin | Vol. 9 | 10th September 2017 |

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