IMPORTANT MESSAGE FOR CANDIDATES

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Study Material, Promotion Test – 2016, Part-II is compiled in addition to our Study Material, Promotion Test – 2016 published in February 2016. Hence all candidates are requested to refer Part-II along with Part-I as Part-II for having additional and latest knowledge required for Higher Scales of promotions.

Growth of Employees rests on Bank’s Growth.

Bank’s Growth rests on performance of the employees.

Performance & carrier of the employees rests on Education, Knowledge & Motivation.

Officers Association acts as a driving force & dedicated to masses for their upliftment.

Let’s work as a Dedicated & United Team.
BHOPAL/2016/ 08-04-2016

Dear Comrades,

This splendid Booklet Part-II (In addition to Part-I) carries in its bosom latest circulars of the Bank and all possible questions covering all the latest Banking subjects gathered from various sources to enrich the Knowledge of readers / aspiring candidates for appearing in the test / interview for promotion to higher scales of officer cadre. Avail the Golden opportunity, consolidate your energy, turn on the pages with your delicate fingers, have a glimpse of the subject, prepared in a lucid & simple Language, to grab the content and essence thoroughly and we are sure you can come out to be a Knowledgeable aspirant.

Success lies in human heart, feel the throb of success running from heart to mind and feel the waves of success passing through all your nerves, you will find your name in the list of successful candidates. To be a winner start, act and think like a winner. Be confident, hopeful, keep striving hard with deep understanding of the subject, grabbing the contents of this booklet and you will find yourself to be a signatory to higher scale.

While we congratulate the Central Zone Team Bhopal for their relentless efforts, we wish the aspiring candidates all the success.

With best wishes,

Yours comradely,

R.L. Grovar          D.K. Pauddar          S. S. Shishodia
Chairman             President             General Secretary
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Interview Skills

There are some easy steps that you can take that will increase your chances of success at interviews. The keys to a successful interview are preparation and practice. The following suggestions will help you prepare for an interview:

Consider the following topics
1. Complete knowledge of your present assigned work.
2. Knowledge about the performance of your branch where you are posted
3. Updated data of your region as well as our bank
4. Vision and mission of the Bank
5. Your achievement/support during the period
6. Knowledge about yourself like your hobby and also your academic knowledge.
7. Your shortcomings and achievement
8. Present changes in banking sector
9. Read newspaper on the day and a day before of interview

Some Tips for Interview.

Before the Interview:
Dress Professionally - In today’s environment, wearing a suit isn’t always necessary.
Arrival - Try to arrive at the interview location a little early.

During the Interview:
First impressions - First impressions take only thirty seconds hence establishing a warm smile, good posture, and introducing yourself in a confident manner after wishing all the interviewer are important ingredients.
Smile - A smile denotes confidence in a candidate. Try to smile often. Also, don't be afraid to use some hand animation while answering questions. This suggests enthusiasm in a candidate.
Body Language - Use good posture, and look the interviewer right in the eye. Sit up straight. Never slouch.
Speak Clearly - Don't mumble. It portrays a lack of confidence. Speak with assurance. This indicates confidence.
Listen Before Answering - Make sure you understand the question. If not, ask the interviewer to clarify it. Don't be afraid to take some time to think before answering. Interviewers are impressed with someone who thinks out an answer before speaking.
Give Brief Answers - Make your answer concise and to the point.
Be Truthful - Don't lie when asked about something you haven't done. Don't use word perhaps/possibly, may be. If you do not know answer, speak clearly "I don't know sir"

Some common Interview Questions
1. **What are your Strengths and Weaknesses?**
   - This is again a very commonly asked question. The Interviewer here wants to analyze how much you know of yourself.
   - **How to Answer** -
     - You should mention your strengths that are beneficial for them. For example, It should not be like "I am a very good cricket Player", Rather you should focus on strengths that are related to that job. For example, "I have good communication skills" Or "I Like Interacting with
people" Or "I am good at analyzing problems and working in a team to find out appropriate solutions".

**Weaknesses**: You should not say that you do not have any weakness. It shows that either you are overconfident or have not assessed yourself and don't want to talk about it. Similarly do not say phrases like "I am short tempered" Or "I get angry very soon and can do anything in anger". Rather you should genuinely mention the areas that are related to your professional life and you are trying to get better at them. For example, "I would want to get better at managing time and increasing my productivity"

In a move aimed at helping transgender persons open bank accounts and avail related services, the Reserve Bank today directed banks to include a separate column 'third gender' in all their forms and applications.

**After the Interview:**
Thank the Interviewer - Verbally thank the interviewer for taking the time to interview you, before leaving.

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**IMPORTANT POINTS FROM BANK’S CIRCULARS**

*(FROM 12-02-2016 TO 08-04-2016)*

*(NOTE – FOR PREVIOUS CIRCULAR REFER PART-I OF STUDY MATERIAL)*

1. **“Stand Up India” Scheme – Guidelines & Loan Application Form** (RD & PS:04:2016-17 dated 04 April, 2016) - The Hon'ble Prime Minister in his address to the nation on 15<sup>th</sup> August, 2015 announced “Start Up India Stand Up India Initiative”. The cabinet has approved “Stand Up India Scheme” and a corpus for credit guarantee for individual loans under the scheme and refinancing through SIDBI has since been approved.

   **Objective of the Scheme**: The “Stand Up India” scheme aims to give impetus to entrepreneurial culture among the *marginalised sections of the society represented by SC/ST and Woman*.

   **Scheme**: The detailed guidelines of the scheme are annexed as “Annexure-A”.

   **Free Code 10 “STUPI”** has been created in the CBS for this scheme.

   The salient features of the scheme are as under:-

   - The scheme will be accessed in three potential ways:-
     - Directly at the Branch
     - Through SIDBI’s Stand Up India Portal
     - Through Lead District Manager (LDM)

   - The success of the Stand Up India programme is envisioned to rest on 3 pillars viz. (i) handholding support to prospective entrepreneurs by various identified hand holding agencies, if needed (ii) financial assistance from banks at competitive rates and (iii) Credit Guarantee support to the Banks.

   - Under the handholding support, Lead District Managers (LDMs), SIDBI and NABARD have been entrusted with the responsibility to co-ordinate with various governmental as well as non-governmental institutions/agencies with core competence in the areas of training, skill development, entrepreneurship development, financial consultancy/advisory services, raw material procurement, marketing services, financial management etc.

   - The Offices of SIDBI and NABARD shall be designated Stand Up Connect Centres (SUCC). The Lead District Manager (LDM) in each district shall be the nodal point of network of Stand Up India Connect centres.

   - Stand Up Connect Centres will help borrowers in establishing the unit.
Other features are as under:-

Objective
- To facilitate Bank loans above `10.00 lakh to `1.00 crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one women borrower per Bank Branch for setting up a greenfield enterprise.
- The enterprise may be engaged in Manufacturing/Services/Trading sector.
- In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or women entrepreneur.

Nature of Loan
- Composite Loan

Loan Amount
- Above `10.00 lakh to `1.00 crore
- 75% of project cost
- The stipulation of loan being expected to cover 75% of project cost would not apply if the borrower’s contribution along with convergence support from any other scheme exceeds 25% of the project cost.

Rate of Interest
- As per guidelines of the Bank in vogue applicable to MSME advances linked to rating.
- However, Rate of Interest should not exceed Base Rate/MCLR + 3% + Tenor Premium.

Repayment Period
- Maximum 7 Years

Moratorium Period
- Upto 18 Months

RuPay Card
- Will be issued to enable operation of the Working Capital component.

Credit Guarantee/Collateral
- The scheme for Credit Guarantee for loans under Stand Up India has been notified (www.ncgtc.in). The guidelines shall be circulated on receipt.

Margin Money
- 25% (may be provided in convergence with eligible Central/State schemes).
- Note: Borrower shall be required to bring in minimum of 10% of project cost.

Responsibilities of Bank Branches
- Help potential borrowers in accessing the portal.
- Process loan applications received online or in person.
- Process loans within the timeframe as stipulated in Code of Bank’s Commitment to SME borrower:-
  - For loans upto `5.00 lakh – within 2 weeks*
  - Between `5 to `25.00 lakh – within 3 weeks*
  - Above `25.00 lakh – within 6 weeks*
  - * from the date of receipt of application, provided the application is complete in all respects and is accompanied by documents required.
- In case of rejection, reason to be made known to borrower.
- Grievance redressal at the Bank level should be done in 15 days as per Code of Bank’s Commitment to Customers.

Classification
- The classification of MSME advances shall be as per guidelines issued by RBI/Bank from time to time.

The loan shall be granted as per Bank’s guidelines/schemes applicable for such type of advances circulated from time to time. Other parameters, which are not mentioned in “Stand Up India” scheme such as rate of interest, charges, fees, security etc. shall be as per guidelines/scheme in vogue. However, Rate of Interest should not exceed Base Rate/MCLR + 3% + Tenor Premium.
2. **RATE OF INTEREST FOR LOANS & ADVANCES LINKED TO MARGINAL COST OF FUNDS BASED LENDING RATE (MCLR)** - (CIRCULAR No. HO/ RMD/02/2016-17/11 DATE: 02.04.2016) - The Reserve Bank of India vide Circular DBR.No.Dir.BC.67/13.03.00/2015-16 dated 17.12.2015 introduced a new methodology of setting lending rate by commercial banks under the name Marginal Cost of Funds based Lending Rate (MCLR). The Board of Directors approved the methodology for calculation of MCLR along with various related operational aspects.

- All the rupee loans sanctioned and credit limits renewed w.e.f. 01.04.2016 will be priced with reference to the Marginal Cost of Funds based Lending Rate (MCLR), which will be the internal benchmark for such purposes instead of Base Rate (BR).
- Existing loans and credit limits linked to the Base Rate/ BPLR may continue till repayment or renewal, as the case may be. The credit facilities that were sanctioned before 01.04.2016 shall continue to be linked with Base Rate during the period of validity extension unless specific request of the borrower for switching over to MCLR system from Base Rate/ BPLR system is approved by the competent authority.
- Bank will continue to review and publish Base Rate/ BPLR as hitherto
- Switching over to MCLR system from Base Rate/ BPLR system will attract switchover charges
- The operational guidelines with regard to MCLR have been circulated vide RMD Circular No. HO/RMD/01/2016-17/01 dated 01.04.2016.
- The Board of Directors in the meeting dated 28.03.2016 approved that the same spread shall be charged over Marginal Cost of Funds based Lending Rate (MCLR) as are applicable over the Base Rate for various categories of borrowers as well as various credit products /schemes
- The periodicity of reset of the MCLR Rate shall be one year.

3. **Crediting of Interest in Saving Bank accounts on Monthly basis instead of Half Year basis** (Circular No.HO/CS&P/02/2016-17/10 Dated 02.04.2016) - RBI has instructed that interest on savings deposit shall be credited at quarterly or shorter intervals. Accordingly Board of Director has approved to credit interest on Savings Bank accounts on monthly basis. The frequency of interest creditable in SB accounts schemes has been modified from present half yearly basis to monthly basis w.e.f.01.04.2016. As such interest for the period 01.01.2016 to 31.03.2016 will be credited in first week of April, 2016 and thereafter interest on SB accounts for each month will be credited in first week of subsequent month.

4. **Operational Guidelines on Pradhan Mantri Fasal Bima Yojana** (Circular No.RD&PS/90/2015-16/1032 DATED 29.03.2016) –INTRODUCTION: The Government of India has introduced Pradhan Mantri Fasal Bima Yojana (PMFBY) with effect from Kharif 2016 season by replacing the existing schemes of National Crop Insurance Programme (NAIS) & Modified National Agricultural National Insurance Scheme (MNAIS). PMFBY has addressed all the shortcomings of the earlier schemes and would be available to the farmers at very low rates of premium. This scheme would provide insurance cover for all stages of the crop cycle, including post-harvest risks in specified instances.**OBJECTIVES:** Pradhan Mantri Fasal Bima Yojana (PMFBY) for supporting sustainable production in agriculture sector with aim – a) To provide financial support to farmers suffering crop loss/damage arising out of unforeseen events. b) To help stabilize the income of farmers to ensure their continuance in farming. c) To encourage farmers to adopt innovative and modern agricultural practices. d) To ensure flow of credit to the agriculture sector; which will contribute to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.

**Salient features of the Scheme circulated by DAC&FW are as under:**

- **1. Farmers to Be Covered:** All farmers including sharecroppers and tenant farmers growing the notified crops in the notified areas are eligible for coverage. However, Farmers should have insurable interest for the notified/ insured crops. The scheme covers following groups of farmers: a) On a Compulsory basis:
All farmers availing Seasonal Agricultural Operations (SAO) loans from Financial Institutions (i.e. loanee farmers) for the notified crop(s) would be covered compulsorily. b) On a voluntary basis: The Scheme would be optional for the non-loanee farmers. The non-loanee farmers are required to submit necessary documentary evidence of land records prevailing in the State (Records of Right (RoR), Land possession Certificate (LPC) etc.) and/or applicable contract/agreement details/ other documents notified/ permitted by concerned State Government (in case of sharecroppers/ tenant farmers). Special efforts shall be made to ensure maximum coverage of SC/ ST/Women farmers under the scheme. Budget allocation and utilization under these segments should be in proportion of land holding of SC/ ST/ General along with Women in the respective state/ cluster.

2. **Crop to be covered**: a) Food crops (Cereals, Millets and Pulses) b) Oilseeds c) Annual Commercial/Annual Horticultural crops.

3. **Risks Covered & Exclusion**: Following stages of the crop and risks leading to crop loss are covered under the scheme. a) Prevented Sowing/ Planting Risk: Insured area is prevented from sowing/ planting due to deficit rainfall or adverse seasonal conditions. b) Standing Crop (Sowing to Harvesting): Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, viz. Drought, Dry spells, Flood, Inundation, Pests and Diseases, Landslides, Natural Fire and Lightening, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane and Tornado. c) Post-Harvest Losses: coverage is available only up to a maximum period of two weeks from harvesting for those crops which are allowed to dry in cut and spread condition in the field after harvesting against specific perils of cyclone and cyclonic rains and unseasonal rains. d) Localized Calamities: Loss/ damage resulting from occurrence of identified localized risks of hailstorm, landslide, and Inundation affecting isolated farms in the notified area.

Loses arising out of war and nuclear risks, malicious damage and other preventable risks shall be excluded.

5. **CONSUMER TRIGGERS** (Circular No.HO.Retail 69.2015-16.1001 dated 19.03.2016) - In order to ensure retention of valuable customers an arrangement has been made with CIBIL to provide live Consumer Triggers whenever bank's existing customer approaches other Bank/FIs for credit facilities. The same provides the alerts to branches whenever any borrower of the branch is looking for loan outside our Bank.

Branches and Regional Offices offices can access the details of such borrowers by logging on to the following link: https://www.cibil.com/triggers/

All Regional Offices are receiving an e-mail on daily basis and branches are receiving only when Trigger for any of their borrower is generated.

6. **INCOME TAX PROVISIONS REGARDING QUOTING OF PAN ON VARIOUS TRANSACTIONS – IMPACT ON SALE OF LIFE INSURANCE PRODUCTS** (HO Cir TPP/60/2015-16/1036 dt 25-03-2016) - It is now mandatory to obtain and furnish PAN of the person making payment of insurance premium exceeding Rs. 50,000 during relevant financial year.

Where PAN is not available, a duly filled Form 60 is required to be submitted to the insurance company which will include the details of application of PAN. Further Form 60 will not be accepted in case the income from other than agriculture is more than the basic exemption limit and the PAN has not been applied for.

7. **REVISED GUIDELINES ON MONITORING OF BANK GUARANTEES** (HO Cir/ RMD/82/2015-16/989 dated 15/03/2016)

The revised mechanism of monitoring of Bank Guarantees (in addition to the existing system in vogue) is as follows:

(i) The Branches shall obtain yearly commitment on quarterly basis with regard to availing of Bank Guarantee from the borrower at the time of sanction/renewal of Bank Guarantee limit. The yearly commitment on quarterly basis provided by the borrower shall be submitted to the sanctioning authority along with the credit proposal.

(ii) In order to further strengthen the system of monitoring of Bank Guarantees, a quarterly report (in the format enclosed as Annexure II) for each Bank Guarantee issued by the Bank.
shall be prepared by the Branch that would focus on the progress of the implementation of the project for which the Bank Guarantee has been issued.

(iii) The quarterly monitoring report shall be prepared for each Bank Guarantee that has been issued during the quarter on the behalf of the borrowers having Bank Guarantee limit of `5 Crore & above. The quarterly monitoring report shall also be prepared for all one-time Bank Guarantees of `5 Crore & above issued in a borrowal account during the quarter.

(iv) The Branches shall prepare and send all the quarterly monitoring reports of Bank Guarantees to the Credit Monitoring Cell at their respective Regional Offices. In case of Large Corporate Branches, the quarterly monitoring report of Bank Guarantees shall be submitted to Credit Monitoring Department at Head Office.

(v) The Credit Monitoring Cell at Regional Offices and Credit Monitoring Department at Head Office shall scrutinize the quarterly monitoring report of Bank Guarantees and in case of any discrepancies/signs of incipient stress; the matter shall be reported to the respective sanctioning authority.

8. **KYC Guidelines for Existing Customers (HO Cir/Retail/68/2015-16/990 dt 16-03-2016)** – The Branches must not seek the KYC papers again from existing customers who have already submitted the necessary KYC documents”.

9. **Launching of Green-Pin (Secure SMS based Electronic PIN generation) – (Ho cir DIT/ATM/27/ 15-16/ 987 dt 10-03-2016)** – In order to reduce the latency period in delivery of PINs in a cost effective manner and to contribute towards environment to have minimal carbon footprint as Green Initiative, the concept of generation of Electronic PIN using OTP through SMS (Green-Pin) has been implemented for safeguarding the interest of the customers with an aim to minimize customer grievances.

The proposed authentication platform integrates with the ATM switch to enable authentication of cardholder for generation of PIN in secured and convenient manner after verification of One Time Password (OTP), which enforces customer verification with delivery of OTP only to the registered mobile number as per Bank’s record.

10. **Acceptance of Diners/ Discover branded Cards on PoS Terminals deployed by the Bank at Merchant Establishments (MKT/ 58 /2015-16/974 dt 08-03-2016)** - Recently, NPCI (National Payments Corporation of India) have tied up with ‘Discover Financial Services’ (DFS) for acceptance of RuPay Debit Cards internationally through DFS network. The DFS is issuing Credit Cards and Debit Cards worldwide under the brand name ‘Diners’ and ‘Discover’.

The acceptance of the Diners/Discover Cards will Go-Live w.e.f 25.03.2016 wherein the communication has been initiated to all the Merchant informing the acceptance of the Diners/Discover Cards on the PoS terminals deployed by our Bank.

11. **REVISED GUIDELINES ON MANDATORY OBTAINING OF AADHAAR NUMBER FROM INDIVIDUAL BORROWERS/ GUARANTORS (cir RMD/79/15-16/972 dt. 10-03-2016)**

   **Individual Borrower/Guarantor not having Aadhaar Number -**

   a) The Branch Incumbent may consider sanction of fresh credit facilities to new borrowers after obtaining AADHAAR acknowledgement slip issued by Unique Identification Authority of India (UIDAI) in case the following do not have Aadhaar Number(s):

   1. Individual Borrower(s) 2. Proprietor/Partners/Promoter Directors in case of Proprietorship, Partnership and Limited Liability Partnership Firms/Companies 3. Individual Trustee/member/Constituent in case of Trust, Society, AOP 4. Individual Guarantor(s) irrespective of the constitution of the Borrower.

   b) In case of all existing borrowal accounts that do not have Aadhaar Number, the Branches shall obtain ‘AADHAAR acknowledgement slip’ issued by Unique Identification Authority of India (UIDAI) of the Individual Borrower/Proprietor/Partner/Promoter Director/Guarantor within 60 days, The Branch Incumbent can consider enhancement/ granting of addition review/renewal of credit facilities in case of existing borrowers after obtaining ‘AADHAAR acknowledgement slip’ issued by Unique Identification Authority of India (UIDAI) of the Individual Borrower/Proprietor/Partner/Promoter Director/Guarantor.
c) The Branch shall regularly search UIDAI website for the status with regard to issuance of Aadhaar Number. The web link for checking the status of Aadhaar Number is as under: **https://resident.uidai.net.in/check-aadhaar-status**

d) Further in case of new and existing borrowers, the Branch shall ensure that within a period of 60 days from the date of issuance of ‘AADHAAR acknowledgement slip’, the Aadhaar Number is obtained and updated in the system.

e) The Branches shall send a consolidated list of the non-compliant borrowal accounts to their respective Regional Offices. **Individual Borrower/Guarantor having Aadhaar Number**

f) The Branches shall obtain and update Aadhaar Number of the Individual Borrower/Proprietor/Partner/Promoter Director/Guarantor at the time of sanction of credit facilities to new borrowers.

g) In case of existing borrowal accounts, the Branches shall mandatorily contact all the borrowers and obtain and update Aadhaar Number, Mobile Number and email address, wherever available, of the Individual Borrower/Proprietor/Partner/Promoter Director/Guarantor within 60 days in the system.

12. **PRUDENTIAL GUIDELINES OF RBI ON ASSET CLASSIFICATION, INCOME RECOGNITION, PROVISIONING Etc. – ANNUAL CLOSING AS ON 31.03.2016 (cir No.REC/CLOSING/ 13 /2015-16/ 956 dt.28-2-16)**

As there are no further changes in the prudential norms of Assets Classification, (except provisioning norms for fraud accounts, revised as per RBI circular DBR.No.BP.BC.83/21.04.048/2014-15 dated 01.04.2015)

(a) The entire amount due to the bank (irrespective of the quantum of security held against such assets), or for which the bank is liable (including in case of deposit accounts), is to be provided for over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected.

(b) However, where there has been delay, beyond the prescribed period, in reporting the fraud to the Reserve Bank of India, the entire provisioning is required to be made at once. In addition, Reserve Bank of India may also initiate appropriate supervisory action where there has been a delay by the bank in reporting a fraud, or provisioning there against.

13. **Atal Pension Yojana (APY) also eligible pension scheme for tax benefits under Section 80CCD of Income Tax Act, 1961 (Cir No. GBC/43/2015-16/940 dt 26-02-2016)**

14. **Sukanya Samriddhi Account (HO Cir GBC/ 42 /2015-16/924 dt 23-02-2016)- The main features of the scheme are :-** The account may be opened by:

1. The natural or legal guardian in the name of girl child from the birth of the girl child till she attains the age of 10 years and
2. Any girl child, who had attained the age of 10 years, one year prior to the commencement of these rules.
3. A depositor may open and operate only one account in the name of a girl child under the rules.
4. Natural or legal guardian of a girl child shall be allowed to open the account for two girl children only, and also for third girl child, subject to certain exceptions.

**Deposits:**
1. The account may be opened with an initial deposit of Rs.1000/- and thereafter any amount in multiple of Rs.100/-.
2. A minimum of Rs.1000/- shall be deposited in a Financial Year.
3. Maximum of Rs.1,50,000/- can be deposited in a Financial Year(Under 80C IT exemption is available).
4. Deposits in an account may be made till completion of 14 years from the date of opening of the account.
5. An irregular account where minimum amount has not been deposited, may be regularized on payment of penalty of Rs.50/- per year along with the minimum specified subscription for the year(s) of default any time till the account completes 14 years.

**Mode of Deposit:** The deposit in account can be made in cash or through cheque/ demand draft. Where deposit is made by cheque or demand draft, the date of encashment of the cheque or demand draft shall be the date of credit to the account.
**Interest on deposits:** Interest at the rate, to be notified by the Government, compounded yearly shall be credited to the account till the account completes 14 years.

**Operation of account:**
1. The account shall be opened and operated by the natural or legal guardian of a girl child till the girl child in whose name the account has been opened, attains the age of 10 years.
2. On attaining age of 10 years, the account holder i.e. the girl child may herself operate the account, however, deposit in the account may be made by the guardian or any other person or authority.

**Premature closure of account:**
1. In the event of death of the account holder, the account shall be closed immediately on production of death certificate issued by the competent authority, and the balance at the credit of the account shall be paid along with interest till the month preceding the month of premature closure of the account, to the guardian of the account holder.
2. Where the Central Government is satisfied that operation or continuation of the account is causing undue hardship to the account holder, it may, by order, for reasons to be recorded in writing, allow pre-mature closure of the account only in cases of extreme compassionate grounds such as medical support in life-threatening diseases, death etc.

**Pass Book:**
1. On opening an account, the depositor shall be given a pass book bearing the date of birth of girl child, date of opening of account, account number, name and address of the account holder and the amount deposited.
2. The pass book shall be presented to the Bank, at the time of depositing money in the account and receiving payment of interest and also at the time of final closure of the account on maturity.

**Transfer of account:** The account may be transferred anywhere in India, if the girl child in whose name the account stands, shifts to a place other than the city or locality where the account stands. However, the account shall be transferred from authorized branch to another authorized branch for conducting Govt. Business.

**Withdrawal:** To meet the financial requirements of the account holder for the purpose of higher education and marriage, withdrawal up to 50% of the balance at the credit, at the end of preceding financial year shall be allowed only when the account holder girl child attains the age of 18 years.

**Closure on maturity:**
1. The account shall mature on completion of 21 years from the date of opening of the account. Provided that where the marriage of the account holder takes place before completion of such period of 21 years, the operation of the account shall not be permitted beyond the date of her marriage.
2. On maturity, the balance including interest outstanding in the account shall be payable to the account holder on production of withdrawal slip along with the pass book.
3. If the account is not closed in accordance with the provisions of sub-rule (1), applicable interest shall be payable on the balance in the account till final closure of the account.

**Power to relax:** Where the Central Government is satisfied that the operation of any of these rules causes undue hardship to the account holder or account holders, it may, by order and for reasons to be recorded in writing, relax the requirements of that provision in a manner not inconsistent with the provisions of the Act.

**The scheme is implemented through the 300 authorized branches**

15. **REVIEW OF RISK ADJUSTED RETURN ON CAPITAL (RAROC) CALCULATION (HO/RMD/76/2015-16/942**

**DATE: 26.02.2016** - As per the RAROC formula, there are some independent variables like Cost of Deposit, Probability of Default, Operating cost etc which are required to be updated frequently as per the economic scenarios, market scenarios, returns, policy change, new study etc. Based on the
changes, the Risk Adjusted Return on Capital (RAROC) calculation was reviewed and was approved by Credit Risk Management Committee (CRMC) in the meeting dated 25.02.2016.

- Risk Adjusted Return on Capital (RAROC) can best be described as under.
- Its numerator is a measure of adjusted income over either a future period or a past period and the denominator is a measure of the unexpected loss or economic capital at risk.

\[
RAROC = \frac{\text{Adjusted Income}}{\text{Capital at Risk (Economic Capital)}}
\]

- Once calculated, the RAROC of a loan is meant to be compared with hurdle rate reflecting the Bank’s cost of funds or the opportunity cost of stockholders in holding equity in the Bank.
- If, RAROC > Hurdle rate, then the loan is viewed as value adding, and scarce Bank capital should be allocated to the activity.
- RAROC ratio has two components: (1) the numerator which is the Adjusted Income and (2) the denominator is the Economic Capital.
- The numerator i.e. Adjusted income can be explained as expected one-year income on a loan.

**Adjusted Income**

\[
= [\text{Interest Revenue} + \text{Fee Revenue} + \text{Return on SLR} + \text{Return on CRR} - \text{Cost of Deposit} - \text{Operating Cost} - \text{Expected Loss}]
\]

- The Denominator i.e. Economic Capital can be explained as Unexpected Loss on the loan.

\[
UL = \sqrt{\left[(EAD \times LGD) \times PD - (PD \times LGD \times EAD)\right]^2}
\]

- Hurdle rate reflects the Bank’s cost of funds or the opportunity cost of stockholders in holding equity in the Bank. For Base Rate calculation, the Bank has taken expected return on Net worth as 15%. Also, as per the ICAAP policy of the Bank, the targeted Return on Equity of the Bank is kept at 15%. Therefore, we have taken hurdle rate at 15%.
- Comparing the RAROC with hurdle rate will enable the Bank to take correct pricing decision based on the risk profile of the borrower.

16. **Launch of 3X3 Tri-umph AC for all CASA Schemes of the Bank (cir no.Mkt/57/2015-16/919 dt. 23-02-2016)** – The Tri-umph account (as the name suggests would be having a bunch of 3 accounts coupled with 3 features in a linked manner. The focus of TRI-umph account is to boost our Depository segment by increasing the no. of DEMAT accounts. In TRI-umph account customer gets all the facilities related to investing through e-channel without the need to visit the branch.

Linked Tri-ACs are CASA-Demat AC – Trading AC
Linked Tri-features are Debit Card - I Banking – Mobile/SMS/Missed Call Banking

17. **Capturing Maiden Name of Married Ladies in Finacle (Ho Cir NO. CS&P/61/2015-16/933 23-02-2016)** - RBI has advised to issue necessary instructions to all the banks to capture the maiden names of married women in CBS supported by documentary proof while opening accounts. Accordingly BOs are advised to looking into the problem faced by married women in depositing cheques issued in their maiden names for credit to their account a new field has been added in Finacle i.e. inCUMM, P details for maiden name in case of Gender “F” may be captured mandatorily like Father’s Name & Mother’s Name as being captured presently.

18. **Routing of perquisites to staff through salary a/c of the staff only (Cir NO. I&C/65/2016-16/931 dt.06.02.2016)** – It is desired from all incumbents that they must ensure that all the payments to staff posted in their branch/office must be routed through HRMS,
Further, all payments/reimbursement of perquisites to staff be credited to their salary account only and in no case the same be paid in cash.

20. **Additional ROI on Deposits – Staff & Ex-Staff (HO Cir CS&O/2015-16/897 16-02-2016)** - Additional interest to bank’s staff members or retired staff members is available only in case the staff members or retired staff members has an account singly or jointly with family member where the staff member/retired staff member is the **Principal Account Holder**.
   1. Existing Staff, the deceased member or a deceased retired member of the bank’s staff, an Association or a fund (members of which are members of the bank’s staff) are eligible to additional rate @1% above the card rate.
   2. Retired staff – additional rate @1% above the card rate is payable to only those who retired on supersession or otherwise as provided in the bank’s service/staff regulations.
   3. Sr. citizen benefit on ex-staff – benefit of higher roi on domestic term deposits as admissible to sr. citizen over and above the additional rate of 1% payable to retired staff/spouse (60 years of age or above) of a deceased member or a deceased retired member of bank’s staff has been permitted w.e.f 01-01-2007.

**Additional interest of 1% to bank’s staff member is not permitted in following categories** –
1. NRE/NRO Deposit account
2. Bulk Deposit (TD above Rs.1.00 Crore & above).
3. Minor accounts (minor a/cs opened under guardianship of staff will not be eligible for addl. ROI under staff category.
4. Resigned / Compulsory Retirement/ Termination.

21. **Launch of Online Trading Account with Geojit BNP Paribas Financial Services Ltd**
   *(CIRCULAR. NO:HO/MKT /55/2015-16/895 dt. 15-02-2016)* - Our Bank is Depository Participant for National Securities Depositories Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) having 206 Branches authorized for Depository Services, out of which 181 Branches are under NSDL, 2 Branches under CDSL and 23 Branches are under both the depositories (NSDL & CDSL). Presently we handle around 66000 Demat accounts and 1500 online trading accounts spread across these 206 Demat authorized branches.

In an effort to improve the services of Online Trading facilities and to cater to huge base of our Demat account holders, Bank has recently signed an MoU with Geojit BNP Paribas Financial Services Ltd (GEOJIT).

22. **Launch of online PPF Functionality (Circular No. HO/DIT/ 25 /2015-16/ 894 15.02.2016)** The Public Provident Fund (PPF) scheme 1968 is a popular long term investment option backed by Government of India which offers safety with attractive interest rate and returns that are fully exempted from Tax. Our Bank has been authorized for handling business under Public Provident Fund scheme w.e.f. 01.02.2014. Currently, 300 branches of Bank are authorized to operate PPF accounts across the India. Keeping in view the growing demand of customers, we have introduced the facility of operating PPF accounts through Internet Banking channel for facilitating convenient self-banking for the customers irrespective of their geographical boundaries and time constraints.

The broad features of this functionality are given as under and Job card is available on Bank’s e-circular portal.

**PPF Functionalities**
- **a) Functionalities provided for PPF accounts are:**
  1. PPF account linking
  2. View Account Details
  3. View Nominee Details
  4. View/Download Account Statement
- **Functionalities to be introduced shortly:**
  1. Online Funds Transfer to PPF account
  2. Online PPF Account opening
# RETAIL CREDIT PRODUCTS

(AMENDMENT TAKEN PLACE AFTER 24-02-2016)

(NOTE – PLEASE REFER PART-I FOR ALL SCHEMES IN DETAILS)

Oriental Personal Loan scheme (OPLS-Govt)- Customised scheme for PSUs & Central/State Govt employees (Working & Pensioner)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>To meet personal/ family expenses like marriage/education/family functions / purchase of consumer durables or any other legitimate purpose excluding for speculation purpose.</td>
<td>To meet personal expenses including medical, bon voyage, family liability/ expenses. (excluding speculative purpose)</td>
<td>To meet personal/ family expenses like marriage/education/family functions / purchase of consumer durables or any other legitimate purpose excluding for speculation purpose.</td>
</tr>
<tr>
<td>Type of Facility</td>
<td>Term Loan : 60 EMIs (subject to remaining period of service)</td>
<td>Term Loan : 60 EMIs (subject to last repayment age)</td>
<td>Term Loan : 60 EMIs (subject to remaining period of service)</td>
</tr>
</tbody>
</table>
| Eligibility | 1. Permanent and confirmed employee of Public Sector Undertaking (PSU) and Centre / State Govt. Deptt. and other Government institutions like Universities/Colleges etc. having their salary account with our bank. Where department gives employees a choice to open salary account at any bank, salary account must be 1 year old with our Bank to be eligible for consideration for loan under scheme.  
2. The net monthly salary should not be less then `10,000/-.
3. The net take home salary should not be less than 30% of gross salary after deducting the EMI of the proposed loan.
4. Where salary account is not maintained with Bank, RLCC-RH is permitted to sanction Personal loan only in case where monthly salary is above Rs. 50,000.00 | Maximum age:  
For Pensioner: Should not be more than 75 years of age (last repayment age)  
For Family Pensioners: family pensioners, i.e. spouse authorized to receive pension after the death of pensioner, subject to condition that maximum entry age of family pensioner must not be more than 70 years of age (last Repayment age)  
 ✓ Net take home pension should not be less than 50% of gross pension (including the installment of proposal loan)  
PPO must be maintained at Bank Level (For central Govt Pensioners with HO and State Govt Employee with Branch) | Eligible corporate for customization:  
Public Limited Company, Private Limited company, Private schools, colleges, institution act 1860/Indian trust act 1882, Companies Act 1956. No Customisation shall be approved for the employee of Proprietorship, Partnership firms and limited liability partnership.  
1. Permanent employee of Corporate and other reputed non-government organizations / institutions including college / schools etc. having their salary account with our bank.  
2. Minimum 3 years of service, including service with the previous employer(s), if any.  
3. The net monthly salary should not be less then `10,000/-.
4. The net take home salary should not be less than 30% of gross salary after deducting the EMI of the proposed loan |
| Amount of Loan | Up to 15 times net take home salary with a max of  
 1. Rs. 5.00 Lacs.for individual whose net montly salary is upto Rs. 1.00 Lac  
 2. Rs. 10.00 lacs for individual |
| For Pensioner: | ✓ Defence Personnel: 20 Months of net pension with maximum limit of `10.00 Lacs  
✓ For Others: 18 Months of |
| For Others: | Up to 15 times net take home salary with a max of `5.00 Lacs. (For Existing Large & Mid corporate borrower – `15 Lac, upto 1.5 time of net annual |
Study Material for Promotion Test /Interview - 2016  
(updated till 08-04-2016)

<table>
<thead>
<tr>
<th>Security</th>
<th>whose net monthly salary above Rs. 1.00 lac.</th>
<th>net pension with maximum limit upto ` 5.00 Lacs</th>
<th>income)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One personal guarantee preferably of fellow employee, subject to the condition that one employee will not stand as guarantor in more than two accounts.</td>
<td>Guarantee of spouse eligible for family pension to be obtained. In case of non availability of spouse, any other family member of means OR a third party guarantor acceptable to the Bank.</td>
<td>One personal guarantee preferably of fellow employee, subject to the condition that one employee will not stand as guarantor in more than two accounts.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Margin</th>
<th>NIL</th>
<th>NIL</th>
<th>NIL</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Rate of interest</th>
<th>BR + 2.25% p.a. with monthly rest (Floating rate of interest) Scheme Code: TL677</th>
<th>BR + 1.75% p.a. with monthly rest (Floating rate of interest). Scheme Code: TL677</th>
<th>BR + 3.25% p.a. with monthly rest (Floating rate of interest). BR + 2.00% p.a. (For existing large and mid corporate scheme)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Penal Interest /Pre-payment Penalty</th>
<th>2% penal interest over the normal lending interest rates on the overdue amount for irregular period. No prepayment penalty to be charged.</th>
<th>2% penal interest over the normal lending interest rates on the overdue amount for irregular period.</th>
<th>2% penal interest over the normal lending interest rates on the overdue amount for irregular period.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Process/ upfront fee</th>
<th>0.50% of the loan amount with a minimum of ` 500/ +Service tax, if any.</th>
<th>0.50% of the loan amount with a minimum of ` 500/ +Service tax, if any.</th>
<th>0.50% of the loan amount with a minimum of ` 500/ +Service tax, if any.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Discretionary Power Chart</th>
<th>HLCC-ED</th>
<th>Rs. 50.00 Lacs</th>
<th>RLCC - RH and above</th>
<th>` 10.00 Lacs</th>
<th>Scale III &amp; Above</th>
<th>` 5.00 Lacs</th>
<th>Scale II</th>
<th>` 3.00 Lacs</th>
<th>Scale I</th>
<th>` 2.00 Lacs</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Salary account with OBC – RLCC RH upto Rs. 3.00 Lac</th>
<th>No salary account with OBC but gross income above Rs. 50,000.00, upto Rs. 3.00 Lac RLCC RH</th>
</tr>
</thead>
</table>

RLCC-RH is empowered for approving personal loan schemes for employees of Public Limited Companies only with below discretionary power chart. For rest of the cases power lies with HLCC-ED.

<table>
<thead>
<tr>
<th>Sanctioning authority</th>
<th>Discretionary power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale I</td>
<td>Upto Rs. 2.00 lacs</td>
</tr>
<tr>
<td>Scale II</td>
<td>Upto Rs. 3.00 lacs</td>
</tr>
<tr>
<td>Scale III &amp; above</td>
<td>Upto Rs. 5.00 lacs and above</td>
</tr>
<tr>
<td>RLCC-RH</td>
<td>Upto Rs. 5.00 Lacs</td>
</tr>
<tr>
<td>HLCC-ED</td>
<td>Rs. 50.00 Lacs</td>
</tr>
</tbody>
</table>

Points to remember:

1. The condition of obtention of employees undertaking has been waived off. However undertaking from employee shall be undertaken for recovery of monthly dues, undertaking addressed to employer for release of terminal benefit in case of eventuality in favour of our Bank. Copy of the same to be forwarded to employer through registered AD.

2. Loan to staff members under OPLS Govt scheme is not permitted. (Circular HO:Retail:66:2015-16:980 dated 10.03.2016)
3. Personal Loan to teachers of school be considered under Oriental Personal Loan Scheme for Govt./PSU Employees with the condition that salary of the teacher should be paid by the Government/ treasury directly. (Circular No.HO:Retail:41:2015-16:644 dated 09.11.2015)

4. RLCC-RH is empowered to sanction loan upto Rs. 3.00 lacs to individuals (working under corporate sector) having salary account with our Bank. For Loans above Rs. 3.00 Lacs HLCC-ED will be the sanctioning authority. Further, RLCC-RH is empowered to sanction Loans upto Rs. 3.00 lacs under OPLS-Corp scheme to applicants not maintaining their salary account with our Bank. The said facility shall be available only for employees having gross monthly salary above Rs. 50,000.00. (Circular No. HO:Retail:41:2015-16:644 dated 09.11.2015)

**Oriental Education Loan Scheme (studies in India & Abroad)**

<table>
<thead>
<tr>
<th>Eligibility</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Student who is an Indian national, meritorious student and has secured admission in an institute recognized by a statutory body or abroad through entrance test/ merit based selection process after completion of HSC (10+2 or equivalent).</td>
<td></td>
</tr>
<tr>
<td>✓ Assessment of loan will be bases of employability and earning potential of the student upon completion of the course ensuring repayment of loan through future installments.</td>
<td></td>
</tr>
<tr>
<td>✓ In case of admission under Management quota, meritorious student who qualified for a seat under merit quota for reason of convenience or choice of courses shall be considered eligible.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Moratorium Period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Repayment Holiday / Moratorium Course Period + 1 year</td>
<td></td>
</tr>
<tr>
<td>✓ Grace period - 12 Months after completion of course</td>
<td></td>
</tr>
<tr>
<td>✓ RLCC-RH is empowered to allow for moratorium taking into account spells of under-employment/unemployment two or three times (maximum of 6 months at a time) during the life cycle of the loan. Simple interest is to be charged during this moratorium period.</td>
<td></td>
</tr>
<tr>
<td>✓ Moratorium period for working persons may be considered upto study period only.</td>
<td></td>
</tr>
<tr>
<td>✓ Banks may also encourage student borrower who wants to set up start-up units by giving moratorium on repayment of principal and interest during incubation period which may be considered upto 2 years (apart from the original moratorium). RLCC-RH is the designated authority for this.</td>
<td></td>
</tr>
<tr>
<td>✓ Regional Heads are empowered to permit extension in study period upto a maximum of two years, in cases where the student is not able to complete the course/study for reasons beyond his/her control after examining the facts and genuineness of the case. In case the student discontinues the course midway appropriate repayment schedule will be worked out in consultation with the student/parents.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan Amt</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Loan</td>
<td></td>
</tr>
<tr>
<td>India - Rs. 10.00 Lac</td>
<td></td>
</tr>
<tr>
<td>Abroad - Rs. 20.00 lac</td>
<td></td>
</tr>
<tr>
<td>Higher loans can be sanctioned</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category A</th>
<th>Category B</th>
<th>Other institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.00 Lacs Without Collateral Security</td>
<td>10.00 Lacs Without Collateral Security</td>
<td>Actual as per fee structure of Institution</td>
</tr>
</tbody>
</table>

In case higher loan limit is requested (from the above mentioned limit) for category A & B institutions, 100% tangible security with value equivalent to loan amount is required. Higher amount can be sanctioned by Head Office/ Field functionaries as per Discretionary power chart.

<table>
<thead>
<tr>
<th>Margin / Process Fee</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A</td>
<td>Category B</td>
</tr>
<tr>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>P/Fee- For study in India - NIL</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
For study abroad: Up to `4.00 Lacs - Nil; Above `4.00 Lacs - 1% of loan amount to be recovered upfront, subject to minimum of Rs. 10000.00 plus service tax, if any.

- If the student applies through Vidya laxmi Portal, he/she will be required to pay fee/charges, if any levied by NSDL.
- Scholarship/assistantship can be treated as margin.

<table>
<thead>
<tr>
<th>Rate of Interest</th>
<th>Institutions</th>
<th>Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Category A</td>
<td>Base Rate</td>
<td>BR + 0.50%</td>
</tr>
<tr>
<td>For Category B</td>
<td>Third Party Guarantee</td>
<td>BR + 2.50%</td>
</tr>
<tr>
<td>Others- General &amp; working Professionals</td>
<td>Immovable Property or Tangible Assets</td>
<td>BR + 3.00%</td>
</tr>
<tr>
<td></td>
<td>Above <code>4.00 Lacs &amp; Upto </code>7.50 Lacs</td>
<td>BR + 1.75%</td>
</tr>
<tr>
<td></td>
<td>Above `7.50 Lacs</td>
<td>BR + 1.75%</td>
</tr>
</tbody>
</table>

Rate of Interest

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Loan Limit</th>
<th>Collateral Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Category A institutions</td>
<td>Upto `25.00 Lacs</td>
<td>NIL</td>
</tr>
<tr>
<td>For Category B institutions</td>
<td>Upto `10.00 Lacs</td>
<td>NIL</td>
</tr>
</tbody>
</table>

For other Institution:

- Up to Rs. 4 lac - Nil, > Rs.4 Lac to Rs.7.50-Lac:- One Guarantee, > Rs. 7.50 :Mortgage / Extension of Charge or NSC/ UTI / LIC / FDR/Bonds along with assignment of all future income ( For serving professionals/Executives & Defence Personnels: One personal guarantee and post dated cheques from salary account)

Repayment

Irrespective of loan limit – Upto 15 Years

Discretionary Power

<table>
<thead>
<tr>
<th>Category</th>
<th>For study India/ Abroad (Rs. In lacs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale I</td>
<td>7.50</td>
</tr>
<tr>
<td>Scale II</td>
<td>10.00</td>
</tr>
<tr>
<td>Scale III</td>
<td>15.00</td>
</tr>
<tr>
<td>Scale IV</td>
<td>20.00</td>
</tr>
<tr>
<td>AGM &amp; RLCC AGM</td>
<td>25.00</td>
</tr>
<tr>
<td>DGM &amp; RLCC DGM</td>
<td>30.00</td>
</tr>
<tr>
<td>GM &amp; RLCC GM</td>
<td>40.00</td>
</tr>
<tr>
<td>HLCC ED &amp; Above</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Points to remember for interview purpose:

- Normally the loan shall be disposed off within 15 days of receipt of duly completed application with supporting documents. Rejection of loan application, if any, shall be done by referring the matter to the next higher authority with valid reasons for declining the proposal and obtaining their permission.
- Education loan for diploma/ degree courses simultaneously may also be considered for two/ dual courses provided by the educational institution.
Sanctioning authority can consider co-obligation of one parent where it is not feasible, as in the case of widow/ widower/ divorcee/ separated/ estranged parents/ single parents/ one parent as NRI etc.

Sanctioning authority, on merit, can accept two alternate joint borrowers of sound means, in case of student whose parents are having adverse remarks in their credit history (CIBIL etc.) and adverse feature of loan account standing in their name.

**For category A & B Institutions:** The nodal branch located nearby to Category A & B institutions shall sanction education loan proposal at their branch, however they may forward the application to the branch situated nearest to the residence/ native place of students, if opted by the students. The sanctioning branch shall comply with other due diligence and pre sanction visit with the help of branch located nearby residence/ native place of student. **For other institutions:** The loan shall be allowed preferably at the place of domicile. The Regional Heads may consider/ allow education Loan at a place other than the place of domicile on merits. The branches have been allowed to sanction education loan to the students belonging to the same district irrespective of the distance. However, if the loan is to be disbursed by the branch located outside the district of domicile of the student, the discretion shall lie with the Regional Head. (Circular no. HO:Retail:09:2015-16:121 dated 13.05.2015)

It is mandatory to obtain life insurance policy on the students availing education loan. (Circular No. HO/Ak/mktg/IV/10/2013-14/424 dated 31.07.2013)


Repayment of loan is generally accepted via Equated Monthly Installment method. However, after moratorium period (study + grace period), many times the salary level at start of the career of the student may not facilitate comfortable payment of EMI, in such a situation, **Telescopint / Stepped-up** installment method can be adopted. However, the Regional Head is authorized to permit such Telescopint / Stepped-up installment option after examining the repaying capacity of student. In this method, installment amount will be of lesser amount (but shall be more than accrued monthly interest).

Existing Education Loan borrowers, who had availed Education Loan with a repayment period upto 10 years shall have the opportunity of getting the repayment period extended upto 15 years, as the case may be, and the same shall not be treated as restructuring. The powers for allowing such extension in repayment period under Education Loan Scheme to the existing Education Loan borrowers have been vested with respective Sanctioning Authority.

NSDL has developed a portal namely “Vidya Lakshmi Electronic Platform”, which provides a single window for students about information of government scholarships and education loans of banks and single loan application for students for all banks connected to the portal. (Circular No. HO: Retail:48:2015-16:715 dated 10.12.2015)

**Takeover of Education loan is not permitted.**

Interest switch over option fee 0.50% of outstanding loan amount as on date (Circular no. HO:Retail:19:2014-15:442 dated 29.08.2014)

As payment of interest is optional during the moratorium period, education loan cannot be classified as NPA during the moratorium period. (Circular No. HO:Retail:35:2014-15:650 dated 10.11.2014)

In case the education loan becomes NPA there shall not be any reversal of interest accrued during the repayment holiday/moratorium period. (Circular no. HO:Retail:47:2013-14:1182 dated 28.03.2014)

Under follow up monitoring, branches need to contact college/University to obtain progress report on the student. In case of foreign study loan Branches shall obtain SSN/Unique identification number/ ID card and note the same in Banks record. PAN card is not mandatory for availing student loan, however, student may be asked to submit PAN during the course of studies, if not available at the time of sanctioning. UIDAI may also be
captured in system. For recovery of dues practices such as displaying names and photographs of defaulting students be stopped herewith. (Circular no. HO:Retail:32:2013-14:841 dated 14.12.2013)

- Financing to more than one member of the family will be considered as separate. Education loan is not a loan for a family as a unit but it is individual wise.
- Education loan to the students of study centers/ distance learning mode by some universities such as Punjab Technical University/ Manipal University etc is not permissible.
- Medical courses offered by Institutions in Nepal, approved by Medical Council of India only are eligible for granting education loan. Any Indian Citizens who intend to obtain primary medical qualification from any foreign country on or after 15th May'2013 are not required to obtain Eligibility Certificate from Medical Council of India. (Circular no. HO:Retail:42:2013-14:1035 dt: 07.02.2014)
- Caution deposit, Building fund/ refundable deposit supported by Institution bills/ receipts, subject to the condition that the amount does not exceed 10% of the total tuition fees for the entire course. (An undertaking to be obtained from the student that refund will be deposited in the deposit/ loan account with the Bank)
- Purchase of computers-essential for completion of the course*. Purchase of books/ equipments/ instruments/ uniforms*. Any other expenses required to complete the course-like study tours, project work, thesis, etc*. * A realistic assessment may be made for the requirement under these heads, however the maximum amount under these heads be capped at 20% of the total tuition fee payable for completion of course
- Discretionary power to consider loan for Commercial Pilot Licenses and Air Hostess is presently vested with Head Office. In case of commercial pilot course, Life Insurance Cover shall be obtained.
- **Tuition fee for first semester may be released to the institution without insisting for visa from the student**, subject to the condition that in case the visa is not granted, the parents of the students will deposit the loan amount with up to date interest immediately.
- Service area approach is not applicable to education loan. (Circular No. HO:Retail:42:2015-16:655 dated 17.11.2015).
- In all cases, an appropriate affidavit from all joint borrowers need to be obtained containing assignment of future income of the student on getting employment after completion of course for payment of installment.
- Customised scheme for Higher education and Skill Development Guarantee Scheme for pursuing higher education in Delhi; salient feature of the scheme are: (Circular HO:Retail:64:2015-16:918 dated 23.02.2016)
  - It aims at providing financial support for the banking system to meritorious students pursuing higher education in Delhi.
  - The scheme envisages creation of corpus of Rs. 30 Cr called as Higher Education and Skill Development Credit Guarantee Fund which will be used to provide appropriate guarantee.
  - For availing the facility the Bank will pay an Annual Guarantee Fees (AGF) of 0.50% of outstanding amount as on date of application. All subsequent AGF shall be collected based on outstanding amount of education loan at the beginning of financial year.
  - On default fund will pay 75% of total default and rest after following due process of recovery proceeding.
  - Quants of loan for studies in Delhi – Rs. 10.00 Lac, ROI for Category A – Base Rate; For category B – BR+0.50% for Other (upto Rs. 10.00 Lacs) – BR+2.00%
The Delegated Powers of the various functionaries are to be exercised judiciously so as to ensure:

- Quality of Loan Assets and Conservation of Capital and to have a well-balanced and diversified loan portfolio covering various sectors of the economy and different industries / sectors.
- Achievement of targets given by the Government of India / Reserve Bank of India / Head Office for Priority Sector and Sub Sectors with special emphasis on flow of credit towards various segments i.e. Agriculture, Small and Micro Enterprises, Weaker section, Retail Credit Schemes and Housing Finance to Individuals.
- To increase non-interest / non-fund based income.
- To enlarge client base of Corporate, Mid-Corporate and SME Segments through marketing of quality loan assets.
- To meet varied needs of customers through cross-selling of products.
- To ensure timely and adequate flow of credit to meet the genuine needs of existing and prospective borrowers, by ensuring quick and prompt credit decision making by reducing response time.

**Exposure:** Exposure shall include Credit Exposure (Funded and Non Funded), credit equivalent of Forward Contract Limit to the extent of 5% of Forward Contract Limit and Investment exposure (including underwriting and similar commitments). The definition of exposure is applicable only for the purpose of exercise of Delegated Power.

<table>
<thead>
<tr>
<th>Type of Constitution of the Borrower</th>
<th>Maximum credit exposure limit to borrowers other than Real Estate</th>
<th>Maximum credit exposure limit to Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual borrowers for personal loans for Non-business purpose (Other than schematic loans) on secured basis only</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Sole proprietary concerns, HUF*</td>
<td>50</td>
<td>30</td>
</tr>
<tr>
<td>Partnership firms/ Trusts/ Regd. Societies / Associations/ Limited Liability Partnership (LLP) /AOP</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Private Ltd. Co. (which is not a subsidiary or holding company of a Public Ltd. Co.)/ Closely held Public Ltd. Co.</td>
<td>750</td>
<td>200</td>
</tr>
<tr>
<td>Closely Held Public Limited Company owned by Central / State Govt.</td>
<td>1000</td>
<td>200</td>
</tr>
<tr>
<td>Widely held Public Ltd Company / Statutory Bodies /Private Ltd. Company (which is a subsidiary or holding company of a widely held Public Ltd. Company)</td>
<td>15% of Capital Funds of the Bank as on the date of last Audited Balance sheet</td>
<td>400</td>
</tr>
</tbody>
</table>

No fresh exposure shall be extended by the Bank to HUF entities or Partnership entities where HUF is a partner. As regards Bank’s existing exposure, the Bank shall endeavour to progressively exit from such exposures or alternatively get the partnership reconstituted for ensuring that HUF is not a partner. No loans to be granted to proprietor/ Partnership firm against the primary security of shares and debentures.
Real Estate: Real Estate is defined as an immovable asset - land (earth space) and the permanently attached improvements to it. Commercial Real Estate refers to a method of providing funding to Real Estate (such as, office buildings to let, retail space, multifamily residential buildings, industrial or warehouse space, and hotels) where the prospects for repayment and recovery on the exposure depend primarily on the cash flows generated by the asset. The primary source of these cash flows would generally be the lease or rental payments or the sale of the asset. The distinguishing characteristic of CRE versus other corporate exposures that are collateralized by real estate is the strong positive correlation between the prospects for repayment of the exposure and the prospects for recovery in the event of default, with both depending primarily on the cash flows generated by a property. Branches shall have no powers to consider proposals under Commercial Real Estate. In case of Commercial Real Estate, for credit proposals above `5 Crore, prior NBG approval from HO shall be obtained.

Third Party Collateral: No credit facility shall be sanctioned by Branch Incumbent under his or her Delegated powers without obtaining such prior approval from the RLCC-RH. In such cases, Branch Incumbent shall obtain prior approval of the RLCC-RH before accepting Immovable collateral securities belonging to third parties (other than close relatives of borrower) for fresh sanction / enhancement of credit facilities.

The obtention of Immovable Collateral security belonging to the following shall not be treated as Third party collateral:

<table>
<thead>
<tr>
<th>Credit facilities sanctioned to</th>
<th>Property belonging to the following can be taken as Collateral Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proprietorship Concern</td>
<td>Proprietor / Close relative of Proprietor of the Firm</td>
</tr>
<tr>
<td>Partnership concern</td>
<td>Partners / Close relative of the Partners of the firm</td>
</tr>
<tr>
<td>Private Limited Company / Limited Company</td>
<td>Directors / Close relative of the directors of the Company</td>
</tr>
</tbody>
</table>

Fund Based Exposure:
- Hypothecation of Stock and/ or Book Debts, Plant & Machinery, Movable Assets
- Loans secured by Mortgage of Land & Building, Immovable Assets
- Pledge of stocks; Pledge/Assignment of Bank's own Deposit, NSC, LIP, Warehousing Receipts, Relief Bonds, Shares, Units of Mutual Funds
- Demand documentary bills accompanied with RRrs / TRrs of the approved transport operators; Packing credit for Export secured by stock
- FDBP/FUDBP against orders/Letter of Credit; UBD/UDBP /Documentary Usance Bills backed by Inland Letter of Credit/Accepted Hundies arising out of genuine trade transactions
- Pledge of Hire purchase/ leasing documents; Advance against bills for collection / supply bills; Advance against duty drawback/ Undrawn Balances /Cash incentives (to be allowed at branches authorized for foreign exchange business)
- Purchase of cheques drawn by Govt. Departments; Advance against bills in the course of collection (Post shipment Loan)- To be allowed at branches authorized for Foreign Exchange Business); Hypothecation of Trust Receipts

The following facilities shall be considered as Fund Based Unsecured Limits for the purpose of exercise of Delegated Powers:
- Third Party Cheque Purchase except purchase of cheques drawn by Govt. Departments which shall be considered as secured.
- Withdrawal against Uncleared Effects
- Clean Overdraft

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In case of credit facilities (Fund Based and/or Non Fund Based), where no charge is available on tangible security (movable or immovable), the facility shall be treated as unsecured and shall be sanctioned at Head Office by HLCC-ED/CAC /MCB within their respective Delegated Powers. Notwithstanding any facility being defined as Secured / Unsecured, Restricted Powers shall be exercised in respect of:

- Clean Overdraft Facility
- Bank Guarantee to Stock Brokers
- Advance against Shares
- Commercial Real Estate
- Retail Credit (As per Scheme)
- Agriculture & Priority Sector Advances

The powers in respect of the following credit facilities can be exercised over and above the Delegated Powers:

- Advance to self / third parties against Bank’s own Deposits, NRE/ FCNR(B)/ NRNR deposits, RFC deposits
- Purchase of Govt. cheques, Pay Orders, bank draft issued by Scheduled Commercial Banks (except pay orders or drafts of Cooperative banks)
- Advances against Government Securities like NSC, LIP (Except those covered under retail schemes)
- Bills co-accepted by other banks under IDBI/ICICI schemes for sale of self-manufactured goods
- Advance against Relief Bonds (all series) issued by GOI
- Opening of LCs and issue of Bank Guarantee covered by 100% up-front cash margin
- Ad-hoc Limits in case of own sanction and limits sanctioned by lower/higher authority for all categories of borrowers.
- Over Limits in case of own sanction and limits sanctioned by lower/higher authority for all categories of borrowers.
- Occasional Cheque Purchase and Withdrawal against Uncleared Instruments / Cheques
- Retail personal loans viz Housing loans, Vehicle loan, Education loan and Personal loan (Non Commercial purpose)

The Group/Allied/Sister Concern shall include the following:

- Two concerns having one or more common proprietors/partner(s); or
- The proprietor/partner of a firm being director in a Private / Public Ltd. Company and vice-versa; or
- Any of the directors of the Private Limited Company is the director of another private limited company; or
- A Limited Company is subsidiary of another Limited Company within the meaning of The Companies Act, 1956; or
- A Limited Company is closely held Company with substantial interest i.e. more than 20% of the equity share capital of the company is owned by the other concern(s); or
- The member of an HUF is a proprietor/partner of a concern or director of a private limited company.

Note1: Professional directors on the Board shall be excluded for the purpose of the concept of the Group.

Note2: In so far as public sector undertakings are concerned, only single borrower exposure limit would be applicable.

The facilities sanctioned to the guarantor(s) shall be taken into account for the purpose of exposure per group. However, the two concerns shall not be termed as allied/associate/sister concerns merely because of having a common guarantor if the...
guarantor is not enjoying any credit facilities as individual or as a proprietor/partners/directors of a firm/company. It shall, however, be ensured by the field functionaries that this clause is not misused by such guarantors.

✓ In case the Managing Member of a Samiti / Society or Trustee of a Trust or Managing person of a Club is a proprietor/ partner/ director / Karta of HUF/ Managing Member or Managing Person in any other constituent body of similar nature or in the firm/ company / Society/ Trust.

In the case of a split in the group, if the split is formalized, the splinter groups will be regarded as separate groups. However, the above list is not exhaustive and enumerative only. In case of any doubt, specific instructions be invariably obtained from General Manager (Risk Management), before making any interpretation.

The Branch Incumbents can consider maximum of three (3) loan proposals of the same group for fresh / enhancement / adhoc sanction / review within their Delegated powers. The above said ceiling shall not be applicable to credit proposals sanctioned under Retail Credit Schemes that are over & above the normal Delegated Powers

Sanctioning Authorities and their Delegated Powers for Loans & Advances
The Sanctioning Authority and their respective delegated powers for sanctioning of credit proposals are as follows:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Sanctioning Authority</th>
<th>Delagated Powers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Single Borrower</td>
</tr>
<tr>
<td>1</td>
<td>MCB</td>
<td>Full Power#</td>
</tr>
<tr>
<td>2</td>
<td>CAC</td>
<td>250*</td>
</tr>
<tr>
<td>3</td>
<td>HLCC-ED</td>
<td>75</td>
</tr>
<tr>
<td>4</td>
<td><strong>RLCC-RH</strong></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>RLCC-RH-GM</td>
<td>35</td>
</tr>
<tr>
<td>6</td>
<td>RLCC-RH-DGM</td>
<td>20</td>
</tr>
<tr>
<td>7</td>
<td>RLCC-RH-AGM</td>
<td>10</td>
</tr>
<tr>
<td>8</td>
<td><strong>Branch Incumbent (BI)</strong></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>BI-GM</td>
<td>25</td>
</tr>
<tr>
<td>10</td>
<td>BI-DGM</td>
<td>15</td>
</tr>
<tr>
<td>11</td>
<td>BI-AGM</td>
<td>7.5</td>
</tr>
<tr>
<td>12</td>
<td>BI-CM</td>
<td>2.5</td>
</tr>
<tr>
<td>13</td>
<td>BI-Scale III</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>BI-Scale II</td>
<td>0.25</td>
</tr>
<tr>
<td>15</td>
<td>BI-Scale I</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Branch Incumbents and RLCC-RH can consider sanction of the credit proposals (New, enhancement, additional, adhoc facilities) of the borrowers having Internal Credit Risk Rating upto OBC 6 (i.e., OBC 1 to OBC 6). The credit proposals of the borrowers having Internal Credit Risk Rating below OBC 6(i.e., OBC 7, 8, 9 and 10) shall be considered by next sanctioning authority. In cases where External Credit Rating of the borrower is C and D, the powers for sanction of fresh and additional facility shall be vested with next sanctioning authority.

NBG:
The 'Expression of Interest' approval by New Business Group (NBG) is required for all fresh credit proposals of more than ` 5 Crore.

<table>
<thead>
<tr>
<th>SN</th>
<th>Type of Borrower</th>
<th>Cut-Off Limit</th>
<th>NBG Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>New Borrowers</strong></td>
<td>Above Rs. 5.00 Cr to Rs. 10.00 Cr</td>
<td>NBG at RO headed by DGM</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above Rs. 5.00 Cr to Rs. 20.00 Cr</td>
<td>NBG at RO headed by GM</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above Rs. 10.00 Cr for Regional Offices headed by DGM</td>
<td>NBG at HO headed by CMD/ED</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above Rs. 20.00 Cr for Regional Offices headed by GM</td>
<td>NBG headed by CMD/ED</td>
</tr>
</tbody>
</table>

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CATEGORIES OF ADVANCES EXEMPTED FROM NBG
The following categories of advances are exempted from New Business Group (NBG) approval:

- Exposures secured by 100% cash margin.
- All existing Borrowers seeking additional facilities.
- Exposures to Public Sector Undertakings both Central and State Government.
- New borrower whose group concern(s) is dealing with the Bank for last three years with satisfactory performance of all the group concerns and atleast one such group concern (existing) enjoying minimum exposure of 10.00 Crore & above.
- In case of existing borrower falling under restricted industries/activity for NBG approval mentioned at Point No.4.5 (B) where additional exposure proposed to be taken by the Bank as a part of JLF Corrective Action Plan package, Administrative approval shall not be required to be obtained from NBG at Head Office.

In case of the existing borrower falling under restricted industries/activities for NBG approval, only Administrative Clearance from NBG at Head Office headed by CMD/ED shall be obtained prior to sanction additional facility. The sanctioning authorities can consider sanction of Fresh credit facilities to the Borrowers whose sister/allied concerns are Ex-Clients of our Bank/ Clients of other banks who had adjusted their accounts under Compromise/Settlement within their respective Delegated Powers. For Field Functionaries, prior approval of NBG at Head Office is required irrespective of the amount of exposure.

VALIDITY OF CREDIT LIMITS SANCTIONED BUT NOT DISBURSED (FRESH CASES AS WELL AS ENHANCEMENT PROPOSALS)

<table>
<thead>
<tr>
<th>Credit Facility</th>
<th>Validity of Sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standalone Term Loan</td>
<td>6 months from the date of sanction</td>
</tr>
<tr>
<td>Term Loan + Working Capital</td>
<td>6 months from the date of sanction</td>
</tr>
<tr>
<td>Only working capital</td>
<td>3 months from the date of sanction</td>
</tr>
</tbody>
</table>

Guidelines regarding Restructured/ Default/ NPA clients:

<table>
<thead>
<tr>
<th>SN</th>
<th>Remark</th>
<th>Type of Exposure</th>
<th>Delegated Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Borrower whose account is Restructured and Standard with other Bank</td>
<td>Fresh Exposure/ Enhancement/ additional/ adhoc facilities</td>
<td>Next higher authorities in respect of proposal falling under powers of RCLL- RH</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Existing Borrower Renewal/ Review of accounts</td>
<td>Respective sanctioning authorities within their delegated powers</td>
</tr>
<tr>
<td>2</td>
<td>Borrower whose group account is restructured and standard with other Bank</td>
<td>Sanction related to accounts which have not been restructured but whose group account is restructured and standard with other Bank</td>
<td>Respective sanctioning authorities within their delegated powers</td>
</tr>
<tr>
<td>3</td>
<td>Sanction of Credit facilities where borrower’s account is classified as NPA with Other Banks/ FIs or whose group account is classified as NPA with Other Banks/FIs</td>
<td>Fresh Exposure or granting of additional/ enhancement/ adhoc facilities</td>
<td>HLCC-ED/CAC/ MCB</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Existing Borrowers Renewal/ Review of accounts</td>
<td>Respective sanctioning authorities within their delegated powers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restructuring of limits</td>
<td>Next higher authorities in case of BI/RLCC-RH</td>
</tr>
<tr>
<td>4</td>
<td>Sanction of credit facilities where Borrower’s account is classified as NPA with our Bank or whose group accounts have been classified as NPA with our Bank</td>
<td>Granting of additional/ enhancement/ adhoc facilities</td>
<td>Next higher authorities in case of BI/RLCC-RH. Sanctioning authority shall examine the viability aspects.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restructuring of Limit</td>
<td>Next Higher authority in case of BI/RLCC-RH irrespective of internal credit Risk Rating</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fresh Exposure in case whose</td>
<td>Next higher authorities in case of</td>
</tr>
</tbody>
</table>
Sanction of credit facilities where borrowers or their associates appear in defaulter list/ caution list

Existing Exposure
Renewal/ Review
Restructuring of Limits

Sanction of Credit facility where CIBIL report reflect defaults on account of credit card transactions only

Fresh Exposure or Granting of additional/ enhancement/ adhoc facilities

Sanction of fresh credit facilities to ex-clients of our Bank/ Clients of other Banks who had adjusted their accounts under compromise/ settlement negotiated

Fresh Exposure
Granting of additional/ enhancement/ adhoc/ renewal/ review of accounts

Sanction of fresh credit facilities to the borrowers whose sister/allied concerns are ex-clients of our bank/clients of other banks who had adjusted their accounts under compromise/ settlement

Fresh Exposure
Renewal/review or Granting of additional/ enhancement/ adhoc facility

EX-CLIENTS OF OUR BANK

The request of former clients of the Bank for sanction of fresh credit facilities, who are willing to make good the relief suffered/ granted by the Bank while settling their previous account(s), may be considered on merits on the following terms and conditions:

- The applicant(s) had not been a willful defaulter.
- The account became bad in normal course for the reasons which were beyond their control.
- Intention of the borrower is good.
- Rebate was in respect of interest portion only.
- The applicants agree to make good the sacrifice (on account of settlement/ compromise) made by the Bank along with interest at agreed rate of interest (on simple basis) as a precondition.

Margin requirement

<table>
<thead>
<tr>
<th>TYPE OF SECURITY</th>
<th>PRESCRIBED MARGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant &amp; Machinery (New)</td>
<td>25% (5% relaxation by RLCC-RH)</td>
</tr>
<tr>
<td>Hypothecation / pledge of stocks (Marketable) / Packing Credit / New Furniture &amp; Fixtures</td>
<td>25%</td>
</tr>
<tr>
<td>Land and for the construction of building : a) Purchase of land for industrial use (Industrial Borrower)</td>
<td>25%</td>
</tr>
</tbody>
</table>
**b) Purchase of land for Non-industrial use (Non-Industrial Borrower)**

<table>
<thead>
<tr>
<th>Particular</th>
<th>Threshold Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust/General/Restricted areas of Lending</td>
<td>OBC 1 to 6</td>
</tr>
<tr>
<td>Education Loan (upto ₹ 7.50 Lacs)</td>
<td>OBC 1 to OBC 10</td>
</tr>
<tr>
<td>Take over accounts (General &amp; Thrust)</td>
<td>OBC 1 to OBC 5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particular</th>
<th>Threshold Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thrust/General/Restricted areas of Lending</td>
<td>OBC 1 to 6</td>
</tr>
<tr>
<td>Education Loan (upto ₹ 7.50 Lacs)</td>
<td>OBC 1 to OBC 10</td>
</tr>
<tr>
<td>Take over accounts (General &amp; Thrust)</td>
<td>OBC 1 to OBC 5</td>
</tr>
</tbody>
</table>

**NOTE:** Statement of Book Debts shall be verified by Chartered Accountant at half yearly intervals for working capital limits exceeding Rs. 1.00 Cr but upto Rs. 5.00 Cr and at quarterly intervals for limits above Rs. 5.00 Cr.

**QIS** provides for the quarterly review of borrower’s operations vis-à-vis the projections along with half-yearly review of Balance Sheet/ fund flow. The prescribed form to be submitted by borrower are:

<table>
<thead>
<tr>
<th>Form No.</th>
<th>Periodicity &amp; particulars of Forms</th>
<th>Purpose</th>
<th>To be Submitted by</th>
<th>Applicable to</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Quarterly estimate of the turnover, current assets and current liabilities for ensuing quarter</td>
<td>Fixing of quarterly operating limits for the ensuing quarter</td>
<td>One week before the start of quarter</td>
<td>Borrowers enjoying Fund based working capital limits of Rs. 5.00 Cr and above</td>
</tr>
<tr>
<td>II</td>
<td>Actual quarterly performance for the previous quarter vis-à-vis estimates given in Form I</td>
<td>Review of quarterly performance</td>
<td>Six week from the date of closure of the quarter</td>
<td>Borrowers enjoying Fund based working capital limits of Rs. 5.00 Cr and above</td>
</tr>
<tr>
<td>III</td>
<td>Half yearly Balance sheet and Fund flow Statement</td>
<td>Review of Fund flow and Half Yearly Balance Sheet</td>
<td>Two months from the date of half year</td>
<td>Borrowers enjoying fund based working capital limits of Rs. 5.00 Cr and above from banking system</td>
</tr>
</tbody>
</table>

- In case of sugar industry, form C1 and C2 shall be submitted in place of QIS statement. In case of consortium account where borrower is submitting FFR (Financial Follow up Report) to the lead bank, the same shall be accepted in place of QIS.
Take over accounts (Restricted) | OBC 1 to OBC 3
---|---
Bridge Loan to companies (other than NBFC) Against Public Issue of Equity as also against the expected proceeds of Non-Convertible Debentures, External Commercial Borrowings, Global Depository Receipts and/or funds in the nature of Foreign Direct Investments. | OBC 1 to OBC 3
Line of Credit The facility shall be permitted only to PSUs and blue chip companies falling under the powers of HLCC-ED / CAC / MCB. However, CAC / MCB shall be authorized to permit relaxation in credit rating on case to case basis. | External Credit Rating AAA/AA/A or equivalent short term rating or internal rating OBC 1 and OBC 2

Branch Incumbents and RLCC-RH can consider the credit proposals of the borrowers having Internal Credit Risk Rating upto OBC 6 (i.e., OBC 1 to OBC 6).

The credit proposals of the borrowers having Internal Credit Risk Rating below OBC 6(i.e., OBC 7, 8, 9 and 10) shall be considered by next sanctioning authority. In cases where external rating of the borrower is C & D, the powers for sanction of fresh and additional facility will vest with next higher authority.

**MAINTENANCE OF BORROWAL ACCOUNT IN MORE THAN ONE BRANCH AND ALLOCATION /FIXING OF SUB-LIMITS OF BORROWERS MAINTAINING ACCOUNTS AT MORE THAN ONE BRANCH**

In order to ensure proper follow up and monitoring, the credit facility accounts of a particular borrower should be maintained in a single branch at a particular station/city and they should not be allowed to be operated from different branches simultaneously.

- The only exception to be allowed is in cases where the borrower is having its units/offices in more than one city/center and has made a justifiable request for sub-limit at a center other than the main center. In no circumstances, the branch level functionaries will allow availment of sub-limit at any different branch.

**DELEGATED AUTHORITY FOR TRANSFER OF CREDIT FACILITIES (OTHER THAN LOANS TO STAFF MEMBERS) FROM ONE BRANCH TO OTHER BRANCH**

1. Within Region- Regional Head
2. Outside the Region: General Manager of respective credit verticals.

**APPROVAL FOR ALLOWING THE BORROWER TO OPEN / CONTINUE A CURRENT ACCOUNT WITH OTHER BRANCHES OF THE BANK OR OTHER BANKS**

This facility, for the purpose of collection of cheques, taxes / customs duty / excise duty payments, remittances (other than consortium / multiple financing), can be accorded by the Regional Heads and wherever the limits are sanctioned by Head Office, such approval can also be given by Regional Heads subject to the said account being a Standard Asset and submission / scrutiny of the statement of account on quarterly basis

**ENHANCEMENT IN EAS / SMA ACCOUNTS**

No additional facility shall be allowed by Branch Incumbent /RLCC-RH for accounts falling under their respective powers so long as any account continues to be irregular i.e. under EAS/SMA and such powers shall be vested with the next higher sanctioning authority. The Delegated Powers of the Functionaries at Head Office shall continue as hitherto.

**Benchmark Ratio:**

<table>
<thead>
<tr>
<th>Financial Ratio</th>
<th>For all others</th>
<th>Relaxed Benchmark by respective sanctioning authority</th>
<th>In Take over Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>1.17:1 (Upto Rs. 5.00 Cr)</td>
<td>Upto 1.17:1 (WC limits beyond Rs. 5.00 Cr)</td>
<td>1.17:1 (Upto Rs. 5.00 Cr)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Upto 1.10:1 (WC limits upto Rs. 5.00 Cr)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.33:1 (above Rs. 5.00 Cr)</td>
<td>1.33:1 (above Rs. 5.00 Cr)</td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------------------</td>
<td>---------------------------</td>
<td></td>
</tr>
<tr>
<td>Debt Equity Ratio</td>
<td>2:1</td>
<td>3:1 (other than SME, Capital intensive industries, infrastructure projects)</td>
<td>3:1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4:1 (in respect of SME, capital intensive industries, infrastructure projects)</td>
<td></td>
</tr>
<tr>
<td>Leverage Ratio</td>
<td>4:1</td>
<td>5:1 (other than SME, Capital intensive industries, infrastructure projects)</td>
<td>6:1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6:1 (in respect of SME, capital intensive industries, infrastructure projects)</td>
<td></td>
</tr>
<tr>
<td>DSCR</td>
<td>1.5:1</td>
<td>Only RLCC-RH are permitted for relaxation in DSCR for branch/RO cases. For head office- respective sanctioning authority</td>
<td>1.2:1</td>
</tr>
</tbody>
</table>

**Note:** While calculating DER ratio/Leverage Ratio unsecured loan may be taken as quasi capital provided they are long term in nature. However, these relaxations will be subject to obtaining that the level of such unsecured loans shall remain at the projected level during the currency of bank finance.

**AUTHORITY TO DECLINE/REJECT LOAN PROPOSALS**

- The loan applications pertaining to SC/ST, MSME borrowers and Exports cannot be rejected by the sanctioning authority under whose powers the same falls. Only the next higher sanctioning authority can reject the same.
- Branch Managers may reject applications (except in case of SC/ST) provided the cases of rejection are verified subsequently by the RLCC-RH.
- If some higher authority has declined a proposal, the lower sanctioning authority cannot exercise his Delegated powers in that particular case without the permission of higher authority in writing. Rejected/declined proposals by higher authorities should not be entertained at lower levels even if such sanctions fall within lower level functionary’s Delegated powers.

**Other Important Points related to sanction of proposal: (For interview purpose)**

- Any individual/firm/company rendering services to the Bank as Consultant, Valuer, Lawyer, Appraiser, Concurrent Auditor, Revenue Auditor or Statutory Auditor should not be sanctioned any credit facility without prior permission/approval from the next higher authority.
- The Branches/Regional Offices shall obtain prior permission from next higher authority before considering enhancement of credit limits in case of request for enhancement within six months of fresh sanction.
- **Fresh borrowers who are incurring losses** (operating loss or cash loss) for the past two years unless otherwise justified with valid reasons for such loss. (Cases of such borrowal accounts shall be disposed off by the respective sanctioning authority). However, the branches shall obtain in-principle approval from Regional Office for financing fresh cases where the unit has incurred cash losses.
- Delegated powers for sanction of credit facilities to borrower whose consumer score (both TU & PL) is equal to or above the acceptable score lies with respective sanctioning authority.
- Delegated Powers for sanction of credit facilities to Borrowers whose Consumer Score is below the acceptable Consumer Score on account of other than the credit card defaults - The respective sanctioning authority can consider the credit proposals within their Delegated Powers in case of borrower/ Sole Proprietor/ Partner/Promoter Director /Directors/ Guarantors having acceptable TransUnion Score (TU) even if Personal Loan (PL) Score is below the acceptable Score.
The Branch Incumbent and RLCC-RH shall consider the proposal after obtaining prior permission (by sending Process Note) from the next higher sanctioning authority in case the TransUnion (TU) Score of a borrower/ Sole Proprietor/ Partner/Promoter Director /Directors/ Guarantors is below the acceptable Consumer Score. RLCC-RH and HLCC-ED shall examine such cases on merits before giving their permission to the branches and RLCC-RH respectively for taking credit exposure.

Branch Incumbents shall have no Delegated powers for advances to Trust. RLCC-RH shall have authority to permit advances to Trusts for cases falling under Regional Office/ Branch powers. However, permission shall be obtained from “Commissioner of Charity” (in states where this office exists) for sanction of facilities / charging or alienation of property of the Trust.

All proposals of infrastructure finance (including renewal/additional/enhancement proposals in existing cases) shall be sanctioned at Head Office only. However Branch Incumbents/RLCC-RH may consider sanction (including renewal/ additional/ enhancement proposals in existing cases) of proposals falling under the following category of infrastructure finance on merits, within their Delegated powers:

- Construction relating to projects involving agro processing & supply of inputs to agriculture, and
- Construction for preservation and storage of processed agro products, perishable goods such as fruits, flowers, vegetables including testing facility for quality.

The respective sanctioning authority can consider credit proposals (fresh/additional/enhancement) for finance under Gems/ Jewellery Sector upto `5 Crore within their respective Delegated Powers subject to availability of 100% collateral coverage.

All fresh/additional/enhancement proposals for finance to Software /IT companies and call centers shall be considered at Head Office. Such proposals shall normally be backed by minimum of 100% collateral security;

In view of the current slowdown in the gems and Jewellery sector, all fresh/additional/enhancement proposals for finance to gems and Jewellery sector shall be considered at Head Office. However, renewal of credit limits at existing level may be considered by the respective sanctioning authority.

Advances against shares, bonds, mutual fund units to individuals, broking entities promoted by Banks/ FIs as well as other broking entities - Branch Incumbents in Scale – I, Scale – II and Scale – III shall have no Delegated Powers under such category of financing.

Sanctioning authority for financing Film Industry rests with MCB/CAC/HLCC-ED within their Delegated powers.

All the proposals related with Financing to Non-Conventional energy sector shall be sanctioned at Head Office within the Delegated powers of HLCC-ED/CAC/ MCB as applicable.

Maximum Exposure for the Bank for any single PSU disinvestment is `200 Crore subject to a consolidated ceiling of Rs. 1000 Crore; The tenor, margin, interest, security, repayment-schedule, shall be decided based on case-specific merits by MCB/ CAC/HLCC-ED for accounts falling upto their respective Delegated powers.

Composite / Integrated Assessment of credit facilities is essential to ensure continuity of production and also assess availability of margin requirement to be brought in by the Borrower both for Term Loan and Working Capital besides the financing arrangement made for working capital/ Financial Closure for running the unit on viable lines. Accordingly, the field functionaries shall not consider Standalone Term Loans in case of finance to manufacturing units.

As per system in vogue, payments under Term Loan are released directly to the suppliers to ensure end use of funds. On a few occasions, the borrowers claim reimbursement of funds after spending the amount on the project mobilized by them from allied/associate
concerns/other sources. In such cases the RLCC-RH shall have authority to permit such reimbursement (on case to case basis) in cases sanctioned within the powers of the MCB/CAC/HLCC-ED/RLCC-RH/Branches subject to obtenion of certificate from a firm of Chartered Accountants about the amount spent and source of finance.

The Branch Incumbents shall not exercise any Delegated powers for open term loan. Open-end credit is a pre-approved loan between a financial institution and borrower that may be used repeatedly up to a certain limit and can subsequently be paid back prior to payments coming due. The pre-approved amount will be set out in the agreement between the lender and the borrower. This scheme is to facilitate the entrepreneurs to go in for expansion/modernization and have the necessary comfort for its financing. The open term loan provides the entrepreneurs financing comfort for negotiating with the various suppliers to purchase the machinery. As such, period of sanction is allowed to be one year as against normal stipulation of six months.

The Branch Incumbents in Scale I and II have no Delegated Powers for Letter of Credit and Inland Guarantee. The Branch Incumbents in Scale I to IV have no Delegated Powers for Foreign Guarantee.

RLCC-RH can sanction credit facilities upto `10 Lacs under Government Sponsored Schemes for Restricted Sectors. However, Branch Incumbents shall have no powers under Government Sponsored Schemes for Restricted Sectors*.

Delegated Powers regarding ‘pledge’ can be exercised in respect of un-perishable stocks: Government Securities, Government Warehouse Receipts: LIPs (SV) and securities of similar nature which can be validly charged and pledged to the Bank.

As per RBI Guidelines, the risk arising out of booking of Forward Contracts is to be properly mapped and as per the approved Policy, 5% of the limit fixed for the Forward Contracts shall be taken as credit exposure. In other words, 5% of the limit sanctioned for booking of Forward Contracts will be added to the other credit limits sanctioned in favour of the borrower and overall credit exposure will be counted after adding the credit exposure on account of Forward Contract limits. Hence, at the time of sanction of fresh limits / renewal of limits, the credit exposure on account of Forward Contract Limit shall be calculated and shall be part of the exposure limits.

The number of clean OD accounts that can be considered by Branch Incumbents in Scale I and Scale – II shall be restricted to 5 accounts at a time within their Delegated Powers. Branch Incumbents in Scale – III and above can sanction 10 Clean OD accounts at a time within their Delegated Powers. Clean OD can be permitted only in three accounts of a group at a point of time.

The exercise of the regular renewal/full-fledged review should normally start two months prior to the expiry of the regular sanction. The validity of the limited/short review shall be a maximum period of six months from the date of the regular sanction. The Delegated Powers for extension of such validity are as follows:

<table>
<thead>
<tr>
<th>Sanctioning Authority</th>
<th>First Extn. upto 3 months from due date of review/ renewal of limits</th>
<th>Second extn. upto 3 months from the expiry of first extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch Incumbent</td>
<td>Branch Incumbent</td>
<td>RLCC-RH</td>
</tr>
<tr>
<td>RLCC-RH</td>
<td>RLCC-RH</td>
<td>RLCC-RH</td>
</tr>
<tr>
<td>HLCC-ED</td>
<td>HLCC-ED</td>
<td>HLCC-ED</td>
</tr>
<tr>
<td>CAC/ MCB</td>
<td>CAC</td>
<td></td>
</tr>
<tr>
<td><strong>Large Corporate Branches (LCBs)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HLCC-ED</td>
<td>GM (Large Corporate Credit)</td>
<td>HLCC-ED</td>
</tr>
<tr>
<td>CAC/ MCB</td>
<td></td>
<td>CAC</td>
</tr>
</tbody>
</table>

The Branch Incumbents shall not have delegated power for sanctioning credit facilities to the following:
(i) Close relatives of staff members
(ii) Any firm/company in which any of the close relatives of staff members of the Bank holds substantial interest, or is interested as a proprietor/partner/director or guarantor.

Guidelines For Exercise Of Delegated Powers For Clean Overdraft Facility

- The Clean Overdraft is to be permitted selectively only to current account holders maintaining a satisfactory account for a minimum period of six months.
- It is to be ensured that the facility is not permitted for funding speculative activities.
- In case of Clean Overdraft, it cannot be allowed for more than 15 days at a stretch and overall aggregate number of days when such clean overdraft facility is extended shall not exceed 90 days during the Financial Year.
- No temporary enhancement shall be allowed in respect of Clean Overdraft limits sanctioned under RO/HO powers.
- The total amount of cash withdrawals in a single clean overdraft account shall not exceed 50% of the facilities sanctioned with maximum of ₹50,000 during the entire tenure of the facility.

- Third party cheques purchase facilities shall be considered as Unsecured Limit and all functionaries are empowered to use the Delegated Powers of unsecured limit for such cases.
- Respective sanctioning authority can allow interchangeability from fund based working capital limits to Non fund based working capital limits and vice versa. (Cir HO/RMD/71/2014-15/941 dated 04.03.2014)
- The Branch Officials shall mandatorily obtain Aadhaar Number and Mobile Number at the time of sanction of Fresh/ Enhancement additional credit facilities as well as review/ renewal of credit facilities.
- All cases involving credit facilities above ₹5 Crore by way of Fresh/Enhancement/Adhoc, the disbursement of the credit facilities shall be made only after clearance of the Branch Certificate of Compliance (BCC) by the competent authority.
- No advance is permitted against deposits in SB/CA balances.
- The Over limit Facility shall be granted for a period not exceeding 30 days and Adhoc facilities shall be considered for a maximum period of 90 days at a stretch. Extension of Adhoc beyond 90 days upto 180 days shall be permitted by next higher authority in case of branch and RLCC-RH sanction. HLCC-ED, CAC and MCB can exercise their respective Delegated Powers. The adhoc facilities can be considered maximum 3 times a year in a borrowal account and Over Limit facility can be considered maximum 6 times in a year in a borrowal account. However, total duration of adhoc allowed and Over Limit allowed put together shall not exceed a period of more than 180 days in a year in a borrowal account. Additional interest of 1% shall be charged on adhoc limit granted (except export accounts) 150% of normal charges on the amount of Adhoc / Over Limit are to be charged on pro-rata basis for the period for which the Adhoc Sanction/Over limit has been permitted to the borrowers other than exporters
- The disbursements of funds in case of bills drawn under Inland Letter of Credit (LC) shall be done subject to obtaining of confirmation/acceptance from LC opening bank that documents drawn conform to the terms of LC and the payment will be made on due date.
- The respective sanctioning authority can approve/allow disbursement upto 25% of the sanctioned limit for bills purchase/discounting under Foreign Letter of Credit without obtaining prior confirmation/acceptance from LC opening bank that documents drawn conform to the terms of LC and the payment will be made on due date. The branches while purchasing/discounting bills under Foreign LC shall ensure that the documents drawn under Letter of Credit conform to the terms of Letter of Credit.
- Branches shall have no powers in opening standby LC (SBLC). RLCC-RH shall consider Branch/RO cases (including renewal) within normal Delegated powers.
The National Disaster Management Authority (NDMA), Govt of India has formulated guidelines on ensuring disaster resilient construction of building and infrastructure financed through banks and other institutions. Hence, while considering sanction for Building and Infrastructure (for new constructions as well as additions. Modifications, extensions or alterations of houses), it shall be ensured that the disaster resistant feature of NDMA guidelines are incorporated in the structural plan before the loan is sanctioned or disbursed so that disaster management features are built in at the design itself.

The MoF has observed that in India, banks and FIs are not liable for their borrower’s environmental performance (i.e. where an industry that has borrowed funds and as part of their operations has failed in meeting its environmental obligations). However, they are exposed to credit risk arise from either a borrower’s inability to repay a loan due to restriction imposed or penalties arising from environmental issues or reduced value of collateral property (e.g. site contamination), The BoD had adopted Environmental and Social Risk Frameworks (ESRF) in the Bank for identifications, assessment and management and social risk while lending to borrower. Some illustrative industries which require effective waste management practices to be adopted are:

<table>
<thead>
<tr>
<th>Industry/Sector</th>
<th>Waste management practices to be adopted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital/ Nursing</td>
<td>Bio-medical waste management practices</td>
</tr>
<tr>
<td>Information &amp; Technology</td>
<td>E-waste management practices</td>
</tr>
<tr>
<td>Chemical (organic &amp; inorganic)</td>
<td>Hazardous waste management practices</td>
</tr>
</tbody>
</table>

Line of Credit: Organizations like PSUs and blue chip companies may require fund and non-fund based credit facilities for a short period at short notices to overcome the mismatch in their working capital requirement. The line of credit will be allowed to meet requirement under working capital facilities (funded/ non funded)/ short term loan to have flexibility to the borrower for utilizing the limit as per requirement.

Bridge Loan: In terms of RBI guidelines, the Bank may consider allowing bridge loan to companies (other than NBFC) having risk rating of OBC3 and above against public issue of equity as also against expected proceeds of Non Convertible Debentures, External Commercial Borrowing, Global Depository Receipts and/or funds in the nature of Foreign Direct Investment, provided that borrowing company had already made firm arrangements for raising the aforesaid resources/ funds. Tha maximum of period of bridge loan shall not exceed one year.

Negative Lien of Property: The borrower may sometime be having non-encumbered assets which are not charged to the bank as security. The borrower is thus free to deal with these assets and may even sell them if he so desires. To restrict this right of the borrower, bank may sometimes request him to give an undertaking to the effect that he will neither create any encumbrance on these assets nor sell them without the previous permission of the bank so long as the advance continues. This type of an undertaking obtained by the bank is known as 'Negative Lien'. Negative lien is in the form of a personal assurance or undertaking which has binding effect but confers no right on the bank to proceed against the property itself and thus creates no encumbrance or charge on the property.

**RATIO ANALYSIS**

It is the Process of Computing, determining and presenting the relationship of items and group of items on the financial statements. Each ratio indicates a particular aspect of the financial and business performance of the firm.

1. **Current Ratio:**
The ratio of current assets to current liabilities is called **current ratio**. This can be obtained by dividing current assets figure by current liabilities figure i.e. C.A./C.L. This should always be more
than 1. This is possible only when the current assets are more than current liabilities. Ideally the current ratio should be 1.33:1 or more. This indicates the ability to meet maturing current liabilities from the proceeds realized out of current assets. As per the credit policy borrowers with working capital limits up to Rs.5.00 crore assessed as per turnover basis, acceptable current ratio is up to 1.17:1 with compliance of all other conditions. **ACID TEST or QUICK RATIO** is the ratio between Quick Current Assets and Current Liabilities. Quick Current Assets is nothing but Total Current Assets minus Stock. The should be at least equal to 1.

2. Leverage ratio:
Other important financial indicators are the leverage ratio and debt/equity ratio. **Leverage ratio** is the ratio of net worth to total outside liabilities. Higher leverage ratio is the symptom of financial weakness and also indicates over borrowing position. Depending on the type of activity accepted level of leverage ratio is fixed. In case of trading firms it can be accepted at a little higher level. Depending on the type of activity accepted level of leverage ratio is fixed.

3. Debt/equity ratio:
The ratio between the net worth and long-term loan is the debt/equity ratio. It is also expressed as for example 1:3, which means that for 1 equity there are 3 debts. This is very important ratio, which is looked into while financing a project especially for term finance. For each type of project, bank and financial institutions fix the accepted level of this ratio. Generally it is fixed at 1:3 ratios and only in exceptional cases and infrastructure projects where the project cost is very high and income generation takes a long time, higher ratio is permitted. This means that for any project the term loan component should not be more than three times the capital. Lower debt/equity ratio of 1:2 or 1:1 should be prescribed for non-industrial projects, trading ventures and for projects, which are based on new concepts that are not tested. This is because the risk in such projects is very high. Like DE Ratio and leverage ratio following ratios indicate the strength of business and stake of promoter vis-à-vis to assets. For lenders, it gives indication of margin on the business for the assessment of credit facilities:

- Owners’ funds

\[
\frac{\text{Owners’ funds}}{\text{Total assets}} = \frac{\text{Net Worth}}{\text{Fixed Assets}}
\]

4. DEBT SERVICE COVERAGE RATIO (DSCR):
Ability of a concern to service its term liabilities can be gauged from this ratio. This ratio is applied while appraising all term loan proposals and investment decisions. This ratio is studied when measures for rehabilitation of sick industrial units are examined and also while fixing/rescheduling the repayment schedule for term loans. Debt servicing means payment of interest and installments on term loans. DSCR measures whether interest and installments can be paid out of internal generation of funds. The ratio is worked out as under:

\[
\text{DSCR} = \frac{\text{PAT} + \text{DEPRECIATION} + \text{INTEREST ON TERM LOAN}}{\text{INTEREST ON TERM LOAN} + \text{TERM LOAN INSTALLMENTS}}
\]

A ratio of 2 would indicate the concern's internal generation of funds would be twice of its commitments towards term loan obligations and interest thereon. This ratio should be more than one in order to take care of any eventualities in the profits position of the concern and also to leave certain surplus with the concern for its normal growth and withdrawal.

Average DSCR is nothing but the net debt service coverage ratio i.e. exclusive interest payable which shall normally not go below 2. On gross basis average DSCR shall not be below 1.5:1. In
case of highly capital intensive/ infrastructure projects, DSCR of less than 1.5:1 (upto 1.2:1) may be considered on case to case basis.

5. Debtors Turnover Ratio:
This refers to the borrower / client’s credit policy as a part of its overall financial management. Outstanding debtors signify that a part of the financial resources of the concern are made available to outsiders. The larger the amount outstanding there-under, the more the depletion of funds for the concern.

\[
\text{Debtors Turnover Ratio} = \frac{\text{Outstanding Debtors} \times 365}{\text{Credit Sales}}
\]

This shows the average period of credit extended by the concern. Lower figure would indicate that the concern is extending less credit and consequently more resources are available for its operations. Generally, the outstanding of 1 to 3 months is reasonable; various factors which affect this ratio are to be borne in mind.

6. Creditors Turnover Ratio:
This is arrived at as under:

\[
\text{Creditors Turnover Ratio} = \frac{\text{Outstanding Creditors} \times 365}{\text{Credit Purchases}}
\]

Large creditors may not be a healthy sign. When a concern is facing financial stringency, there is a tendency to postpone payment to creditors. Such situations should be distinguished from other usual situations. In such cases creditors outstanding will be much beyond contracted period. Also liberal creditors may cost the concern either in the form of inflated prices for purchases or by way of payment of interest. This can be injurious in the interest of the concern. Branches should note that there can be fraudulent transactions on the part of the firm through debtors and creditors undermining the overall interests of the firm. In the name of retaining the customers the firm may offer longer credit to known/interested parties or agree to pay higher rate of interest or higher prices to creditors under the guise of enjoying larger credit terms. These kind of dealings can be observed only if market trends are analysed and purchases and sales portfolios of the concern are critically examined. The desirable level will be anything between half to two months purchase. However, depending upon the industry trend, the levels may vary.

7. Break Even Analysis:
Breakeven point (BEP) of a firm refers to that level of sales at which, it recovers all its costs. This is the point where the unit neither makes profit nor loss. It is important while assessing the performance or processing a credit proposal to ascertain the level at which the firm breaks even, so as to know its shock absorbing capacity. Thus, break even analysis is an important tool in the hands of a credit officer while analysing a credit proposal.

To calculate the BEP, as a first step, the total cost has to be bifurcated into fixed and variable items. While fixed costs refer to those costs which are incurred regardless of the operation and/or level of activity of the unit. The examples are rent, taxes, insurance, depreciation, maintenance of building, machinery, etc. However, the fixed costs also undergo change over a period of time. The variable costs on the other hand are expenses which vary directly in proportion to level of activity or sales or production. The variable costs are also known as marginal costs and example in this respect is raw materials, power & fuel, octroi, consumables etc. While going through the profit and loss account, based on above classification, the expenses should be analysed and following formula be applied to ascertain the BEP.

\[
\text{BEP in Quantity} = \frac{\text{Fixed Costs}}{\text{Unit Sale Price} - \text{Unit Variable Cost}} \quad \text{OR}
\]
BEP in Value (Rs.) = Fixed Cost x Sales / (Sales - Variable Cost (VC))

Sales mean Net Sales.
Sales - VC = Contribution

If a unit breaks even at a very high level of activity, there is every possibility of the unit incurring loss, if any of the variables like fixed cost, variable cost, sales change even marginally. Therefore, the proposal should be scrutinised very carefully whenever BEP is reached at a very higher level of activity instead of at a lower level.

8. Fixed Assets Coverage Ratio:
This shows the number of times the value of fixed assets (after providing depreciation) covers term liabilities.

\[
\text{Fixed Assets Coverage Ratio} = \frac{\text{Net Fixed Assets}}{\text{Long/Medium Term Debts}}
\]

Fixed Asset Coverage Ratio (FACR) should be as per project report at all times subject to minimum of 1.25:1. However, in case of consortium advances, joint decision taken by the consortium should be followed.

9. Profitability Ratios:
These ratios indicate the overall profit earning capacity of the firm and very purpose of running the business as prime motive of the business entity to run it profitably. Increasing trend of the profit ratio indicates the efficient market skill, good control on expenditure etc. It is a ratio to know the gross profit earned to total sales, but there is no benchmark norm for Minimum or Maximum percentage Gross Profit earned. However, it can be determined through the relative competitiveness of the industry in relation to other similar industries and to know the progress through successive years.

\[
\begin{align*}
\text{Gross profit ratio} & = \frac{\text{Gross profit}}{\text{Sales}} \\
\text{Net profit ratio} & = \frac{\text{Net profit}}{\text{Tangible net worth}} \\
\text{Return on equity} & = \frac{\text{Net profit before tax}}{\text{Net sales}}
\end{align*}
\]

In case of trading firms it can be accepted at a little higher level.

10. RETURN ON CAPITAL EMPLOYED:
Net Profit before Interest & Tax / (Average Capital Employed) x 100
Average Capital Employed is the average of the equity share capital and long term funds provided by the owners and the creditors of the firm at the beginning and end of the accounting period.

11. RETURN ON EQUITY CAPITAL (ROE):
Net Profit after Taxes / Tangible Net Worth

12. EARNING PER SHARE:
EPS indicates the quantum of net profit of the year that would be ranking for dividend for each share of the company being held by the equity share holders.
Net profit after Taxes and Preference Dividend/ No. of Equity Shares
13. **PRICE EARNING RATIO:**
PE Ratio indicates the number of times the Earning Per Share is covered by its market price. Market Price Per Equity Share/Earning Per Share

14. **Tangible Net Worth:** Total of Capital and Reserves & Surplus Less Intangible Assets

15. **OPERATING PROFIT RATIO:** (Operating Profit / Net Sales) x 100 Higher the ratio higher the operational efficiency

16. **NET PROFIT RATIO:** Net Profit / Net Sales x 100 (It measures overall profitability)

17. **ASSET TRUNOVER RATIO:** Net Sales/Tangible Assets

18. **FIXED ASSET TURNOVER RATIO:** Net Sales /Fixed Assets

19. **CURRENT ASSET TURNOVER RATIO:** Net Sales / Current Assets

**Other Points to remember:**
- Liabilities have Credit balance and Assets have Debit balance
- Current Liabilities are those which have either become due for payment or shall fall due for payment within the next 12 months from the date of Balance Sheet
- Current Assets are those which are convertible into cash within the next 12 months. These are also called Working Capital or Gross Working Capital
- Net Worth & Long Term Liabilities are also called **Long Term Sources of Funds**
- Current Liabilities are known as **Short Term Sources of Funds**
- Long Term Liabilities & Short Term Liabilities are also called **Outside Liabilities**
- Current Assets are **Short Term Use of Funds**

**OTHER IMPORTANT RATIOS:**

**Credit to deposit ratio (CD ratio):** This ratio indicates how much of the advances lent by banks is done through deposits. It is the proportion of loan-assets created by banks from the deposits received. The higher the ratio, the higher the loan-assets created from deposits. Deposits would be in the form of current and saving account as well as term deposits. The outcome of this ratio reflects the ability of the bank to make optimal use of the available resources.

**Capital adequacy ratio (CAR):** A bank's capital ratio is the ratio of qualifying capital to risk adjusted (or weighted) assets. The RBI has set the minimum capital adequacy ratio at 9% for all banks. A ratio below the minimum indicates that the bank is not adequately capitalized to expand its operations. The ratio ensures that the bank do not expand their business without having adequate capital.

\[
CAR = \frac{\text{Tier I capital} + \text{Tier II capital}}{\text{Risk weighted assets}}
\]

It must be noted that it would be difficult for an investor to calculate this ratio as banks do not disclose the details required for calculating the denominator (risk weighted average) of this ratio in detail. As such, banks provide their CAR from time to time.

Tier I Capital funds include paid-up equity capital, statutory and capital reserves, and perpetual debt instruments eligible for inclusion in Tier I capital. Tier II capital is the secondary bank capital which includes items such as undisclosed reserves, general loss reserves, subordinated term debt, amongst others.
Non-performing asset (NPA) ratio: The net NPA to loans (advances) ratio is used as a measure of the overall quality of the bank's loan book. An NPA are those assets for which interest is overdue for more than 90 days (or 3 months). Net NPAs are calculated by reducing cumulative balance of provisions outstanding at a period end from gross NPAs. Higher ratio reflects rising bad quality of loans.  
\[
NPA \text{ ratio} = \frac{\text{Net non-performing assets}}{\text{Loans given}}
\]

Net interest margin (NIM) is a measure of the difference between the interest income generated by banks or other financial institutions and the amount of interest paid out to their lenders (for example, deposits), relative to the amount of their (interest-earning) assets. **Net interest margin is also known as "net yield on interest-earning assets."**

The formula for net interest margin is:
\[
\text{Net interest margin} = \frac{(\text{Interest received} - \text{Interest paid})}{\text{Average invested assets}}
\]

Provision coverage ratio: The key relationship in analysing asset quality of the bank is between the cumulative provision balances of the bank as on a particular date to gross NPAs. It is a measure that indicates the extent to which the bank has provided against the troubled part of its loan portfolio. A high ratio suggests that additional provisions to be made by the bank in the coming years would be relatively low (if gross non-performing assets do not rise at a faster clip).

\[
\text{Provision coverage ratio} = \frac{\text{Cumulative provisions}}{\text{Gross NPAs}}
\]

**Limitation of Financial Statements:**
- Gives position as on a particular day of the year.
- Does not give past knowledge unless comparison with previous years’ balance sheet is made. No future prediction possible, though past performance may give some indications.
- Does not give knowledge or indications about market situation and competition which are ever changing.
- Does not show light on management abilities as ability requirement is different from activity to activity.
- To show good healthy picture from the balance sheet, some adjustments are possible. Property valuation is subjective.
- Market valuation and realizable values differ and contain much gap. Human abilities remain unknown.
- Changes in non-financial issues not reflected, such as expert or technical person leaving the job, but they may change future balance sheet adversely.
- Sale-purchase figures are shown in value but not in quantity, so it may be a wrong picture. For example, sale is not increased but due to rise in price sale figure has gone up.

**RECOVERY / NPA**

**Prudential Asset Classification Norms**

An asset, including a leased asset, becomes non performing when it ceases to generate income for the bank, further A non performing asset (NPA) is a loan or an advance where the Asset is either overdue or out of order as under:-

<table>
<thead>
<tr>
<th>Overdue (T/L, Bills)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest/Principal –TL &gt;90 days</td>
<td></td>
</tr>
<tr>
<td>Bills &gt;90 days</td>
<td></td>
</tr>
</tbody>
</table>
DEFINITIONS: Non performing Assets

An asset, including a leased asset, becomes non performing when it ceases to generate income for the bank.

A non performing asset (NPA) is a loan or an advance where:

i. interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,

ii. the account remains ‘out of order’ as indicated at paragraph 2.2 below, in respect of an Overdraft/Cash Credit (OD/CC),

iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,

iv. the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,

v. the instalment of principal or interest thereon remains overdue for one crop season for long duration crops,

vi. the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.

vii. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

In case of interest payments, banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

'Out of Order' status

An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

'Overdue'

Any amount due to the bank under any credit facility is ‘overdue’ if it is not paid on the due date fixed by the bank.

PRUDENTIAL NORMS FOR AGRICULTURAL ADVANCES:

In order to align the repayment dates with harvesting of crops, Reserve Bank of India has decided that with effect from September 30, 2004 the following revised norms are applicable to all direct agricultural advances as listed in the RBI master circular dated 01.07.2015:

<table>
<thead>
<tr>
<th>Overdue (Agriculture Advances)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest/Principal &gt; 2 Crop Seasons (Short Duration crops)</td>
</tr>
<tr>
<td>Interest/Principal &gt; 1 Crop Seasons (Short Duration crops)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Out of Order (CC/OD/Bills Purchased/ Bills Discounted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>O/s Balance remains &gt; sanctioned limit/DP continuously for &gt; 90 days</td>
</tr>
<tr>
<td>Credits not enough to recover the interest applied during the quarter</td>
</tr>
</tbody>
</table>

Overdue Status

If due amount not paid on due date.
a. A loan granted for short duration crops will be treated as NPA, if the instalment of principal or interest thereon remains overdue for two crop seasons.

b. A loan granted for long duration crops will be treated as NPA, if the instalment of principal or interest thereon remains overdue for one crop season.

For the purpose of these guidelines, “long duration” crops would be crops with crop season longer than one year and crops, which are not “long duration” crops, would be treated as “short duration” crops.

The crop season for each crop, which means the period up to harvesting of the crops raised, would be as determined by the State Level Bankers’ Committee in each State.

Depending upon the duration of crops raised by an agriculturist, the above NPA norms would also be made applicable to agricultural term loans availed of by him. In respect of agricultural loans, other than those specified in the Annexure-A of above mentioned RBI Master Circular dated 01.07.2014 and term loans given to non-agriculturist, identification of NPAs would be done on the same basis, as non agricultural advances, which, at present, is 90 days delinquency norm.

Prudential Norms - Government guaranteed advances:
The credit facilities backed by guarantee of the Central Government though overdue may be treated as NPA only when the Government repudiates its guarantee when invoked. This exemption from classification of Government guaranteed advances as NPA is not for the purpose of recognition of income. The requirement of invocation of guarantee has been delinked for deciding the asset classification and provisioning requirements in respect of State Government guaranteed exposures. With effect from the year ending 31 March 2006, State Government guaranteed advances and investments in State Government guaranteed securities would attract asset classification and provisioning norms, if interest and/or principal or any other amount due to the bank remains overdue for more than 90 days.

ASSET CLASSIFICATION:
Categories of NPAs:
Banks are required to classify non-performing assets into the following three categories based on the period for which the asset has remained non-performing and the realisability of the dues:

<table>
<thead>
<tr>
<th>NPA Category</th>
<th>Revised Norms w.e.f 31.03.2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Standard Assets</td>
<td>A sub-standard asset would be one, which remained NPA for a period less than or equal to 12 months.</td>
</tr>
<tr>
<td>Doubtful Assets</td>
<td>An asset would be classified as doubtful if it exceeds in the sub-standard category for more than 12 months.</td>
</tr>
<tr>
<td>Loss Assets</td>
<td>A loss asset is one where loss has been identified by the bank or internal or external auditors or RBI inspectors. In other words, such an asset is considered uncollectable and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.</td>
</tr>
</tbody>
</table>

NPA due to non submission of Stock Statement:
Banks should ensure that drawings in the working capital accounts are covered by the adequacy of current assets, since current assets are first appropriated in times of distress. Drawing power is required to be arrived at based on the stock statement which is current. However, considering the difficulties of large borrowers, stock statements relied upon by the banks for determining drawing
power should not be older than three months. The outstanding in the account based on drawing power calculated from stock statements older than three months, would be deemed as irregular.

A working capital borrowal account will become NPA if such irregular drawings are permitted in the account for a continuous period of 90 days even though the unit may be working or the borrower's financial position is satisfactory.

**NPA due to non renewal of working capital limits:**- account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA

**Upgradation of loan accounts classified as NPAs:**- If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as non-performing and may be classified as ‘standard’ accounts.

Q. Whether it will be in order to treat a borrowal account as ‘Standard’ if it has been irregular for a major part of the year, but has been regularised near the balance sheet date?

Ans.: The asset classification of borrowal accounts, where a solitary or a few credits are recorded before the balance sheet date, should be handled with care and without scope for subjectivity. Where the account indicates inherent weakness on the basis of the data available, the account should be treated as NPA. In other genuine cases, the branches must furnish satisfactory evidence to the Statutory Auditors / Inspecting Officers about the manner of regularisation of the account to eliminate doubts on their performing status.

Q. How should the instructions on classification of NPA straightaway as doubtful or a loss asset be interpreted and what can be termed as a 'significant' credit impairment”?

Ans.: The RBI guidelines are clear that in respect of NPA accounts, where there are potential threats for recovery on account of erosion in the value of security or non availability of security and existence of other factors such as frauds committed by borrowers, it will not be prudent that such accounts should go through various stages of assets classification. In case of such serious credit impairment, the Assets should be straightway classified as doubtful or loss. Erosion in the value of security can be reckoned as significant when the realisable value of the security is less than 50 per cent of the value assessed by the bank or accepted by RBI at the time of last inspection, as the case may be. Such NPAs may be straightaway classified under doubtful category and provisioning should be made as applicable to doubtful assets.

Q. In certain cases of consortium accounts, though the record of recovery in the account with a member bank may suggest that the account is NPA, the borrower has deposited adequate funds with the consortium leader/member of the consortium and the bank's share is due for receipt. In such cases, will it be in order for the member bank to classify the account as 'Standard' in its books?

Ans.: Asset classification of accounts under consortium should be based on the record of recovery of the individual member banks and other aspects having a bearing on the recoverability of the advances.

Where the remittances by the borrower under consortium lending arrangements are pooled with one bank and/or where the Bank receiving remittances is not parting with the share of other member banks, the account will be treated as not serviced in the books of the other member banks and therefore, be classified as NPA. The banks participating in the consortium should, therefore, arrange to get their share of recovery transferred from the lead bank or get an express consent from the lead bank for the transfer of their share of recovery to ensure proper asset classification in their respective books.
Q. What is the practice to be adopted by banks regarding appropriation of recoveries in NPA accounts (i.e. towards principal or interest)?

Ans.: In the absence of a clear agreement between the bank and the borrower for the purpose, banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner. We have already circulated vide our Circular No. HO/REC/04/1999-2000 dated 28.7.1999 that recovery in NPA accounts will be reduced first from principal amount and then towards un-realised/Recorded Interest. RBI vide letter No. BP.3169/21.04.048/99 dated 14.6.1999 had advised the banks that they have no objection to the practice followed by our bank viz. adjusting recoveries in NPA accounts first towards principal and then towards un-realised interest. Where the borrower has deposited equivalent or more to unrealized interest in the principal amount, the branches are advised to upgrade the account with the full amount in case of CC/OD and in case of Term Loan borrower has deposited equivalent or more overdue installments and see that no other discrepancies / irregularities persists in the A/c. Interest realized on NPA accounts may be taken to Income Account provided the credit in the accounts towards interest is not out of fresh / additional credit facilities sanctioned to the borrowers.

It is further clarified that recovery effected in Rescheduled & Restructured Advances shall also first be appropriated towards reduction of principal outstanding and interest thereafter. Please refer Head Office circular No. HO/REC/06/2003-04/98 dated 26.06.2003 in this regard.

### Asset Sub-Classification and Provisioning Norms:

<table>
<thead>
<tr>
<th>NPA norms</th>
<th>Provisioning Norms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Secured</td>
</tr>
<tr>
<td>Sub Standard</td>
<td>NPA &lt;= 1 year</td>
</tr>
<tr>
<td>Doubtful</td>
<td>D-I Sub Std &gt; 1 year /DF upto 1 year</td>
</tr>
<tr>
<td>D-II Doubtful &gt;1 Yr to 3 years</td>
<td>40%</td>
</tr>
<tr>
<td>D-III Doubtful &gt; 3 years</td>
<td>100%</td>
</tr>
<tr>
<td>Loss</td>
<td>Loss identified by internal/ external Auditors-RBI</td>
</tr>
</tbody>
</table>

**Note:-** Where advances are covered by CGTMSE/ECGC etc. there would be no provision on unsecured portion to the extent of CGTMSE/ECGC coverage available.

### Provisioning in Standard/ RSTR Assets

<table>
<thead>
<tr>
<th>Segment</th>
<th>Provision as % of Balance O/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Advances to Agriculture and Micro &amp; Small under MSME sector</td>
<td>0.25 %</td>
</tr>
<tr>
<td>Advances to Commercial Real Estate</td>
<td>1.00 %</td>
</tr>
<tr>
<td>Advances to Commercial Real Estate for Residential Housing (CRE-RH)</td>
<td>0.75 %</td>
</tr>
<tr>
<td>Housing Loans at Teaser Rates (till the teaser rate of interest continues)</td>
<td>2.00%</td>
</tr>
<tr>
<td>All other L&amp;A (Standard) not covered above</td>
<td>0.40%</td>
</tr>
<tr>
<td>New restructured accounts wef 01.06.2013</td>
<td>5.00 %</td>
</tr>
</tbody>
</table>
Existing Restructured Accounts as on (01.06.2013) wef 31.03.14 (spread over four quarters) 3.50 %
wef 31.03.15 (spread over four quarters) 4.25 %
wef 31.03.16 (spread over four quarters) 5.00 %

Restructured Advances when upgraded to Standard (for first 2 years) 5.00 %

Provisioning Coverage Ratio (70% stipulated by RBI) Provision on NPA / Gross NPA

### Important Sections of SARFAESI Act 2002

<table>
<thead>
<tr>
<th>Particular</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 days notice before possession</td>
<td>13(ii)</td>
</tr>
<tr>
<td>Possession notice of secured Assets</td>
<td>13(iv)</td>
</tr>
<tr>
<td>Assistance by Chief Metropolitan Magistrate or Dist. Magistrate in taking Possession</td>
<td>14</td>
</tr>
<tr>
<td>Application to DRT against possession notice issued by the bank</td>
<td>17</td>
</tr>
<tr>
<td>Appeal against DRT to DRAT by depositing 50% amount</td>
<td>18</td>
</tr>
</tbody>
</table>

### Summary of Time Limits in SARFAESI Act 2002

<table>
<thead>
<tr>
<th>Particular</th>
<th>Time Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notice before possession (initial notice/ recall notice)</td>
<td>60 days</td>
</tr>
<tr>
<td>Reply to objection by borrower</td>
<td>15 days</td>
</tr>
<tr>
<td>Borrower can approach DRT against possession notice without deposit of any amount</td>
<td>45 days</td>
</tr>
<tr>
<td>Appeal to DRAT against decision of DRT by deposit of 50% amount which can be reduced to 25%by DRAT</td>
<td>30 days</td>
</tr>
<tr>
<td>Notice before sale</td>
<td>30 days</td>
</tr>
<tr>
<td>Period of balance payment 75%by the buyer of assets</td>
<td>15 days</td>
</tr>
</tbody>
</table>

### Other Guidelines (Asset Classification)

- Income recognition policy- Actual v/s Accrual Basis
- Exception-Advances against Liquid Securities. Fee/Commission on renegotiation/rescheduling
- Reversal of Income:- Entire unrealized Interest and other income as on date of NPA
- Appropriation of Recovery-First Other Charges then Interest then Principal
- Asset Classification Sub Standard-Doubtful and Loss
- Asset Classification borrower wise and not facility wise, Exception-LC /BG bills discounted under LC (such NFB facilities NPA only if invoked/ devolved)
- Advances under consortium arrangements NPA on the basis of Individual Bank’s record of recovery
- Erosion in RV of security –if remained < 50% straight way DF
- Erosion in RV of security –if remained <10% straight way Loss
- Interest if not payable during moratorium period- account not NPA for non serving intt during M. Period (if it is not due)
The credit facilities backed by guarantee of the Central Government though overdue may be treated as NPA only when the Government repudiates its guarantee when invoked. This is for Asset Classification purpose and Provisioning Norms will be as per other FB advances.

For State Government Guaranteed advances the Asset Classification and Provisioning will be on the basis of 90 days norms.

**Lok adalat**

- Similar to civil court created under Legal Services Authority Act 1987
- Advantage-inexpensive, with consent, quick and binding
- **Cases upto 20 lacs, More than 20 lacs DRT-Lokadalat**
- Award by Lok Adalat is a Consent Decree-no appeal
- Eligible accounts- All NPA accounts within limitation, Both SF & Non SF
- All types of legal disputes-civil-criminal-revenue or matters not pending in any court
- Settlement amount in Lok Adalat:- As per General Settlement Policy of the Bank
- Repayment period 1-3 year (10-20% upfront amount)-more than 3 years in exceptional cases

**Debt Recovery Tribunals (DRT)**

- **Created** under Recovery of Debt Due to Banks & FIs Act 1993 (except J&K).
- **DRT headed by** President (President assisted by Registrar and Recovery Officer) and DRAT by Chairperson
- **Eligible Account**: Loans of banks and FIs with recoverable dues of Rs.10 lac or more.
- **Time limit**: On receipt of application, show cause notice to borrower to submit his defense within 30 days. Disposal is expected in 180 days. Disposal of appeal by DRAT also maximum 180 days. Appeal: Order by DRT appealable to DRAT within 45 days from date of receipt after deposit of 75% of due amount. DRAT may reduce or waive the amount.
- **Order**: After claim is upheld, Recovery certificate is issued.
- Recovery officer has powers such as attachment etc. under Income Tax Act. Appeal to President of DRT against order of Recovery Officer within 30 days and appeal against Registrar within 15 days.

- **Fee**: 
  - Rs.12000. For each additional Rs.1 lac Rs.1000. Max 1.50 lacs.
  - **For appeal**
  - Rs.12000 for debt < Rs.10 lac,
  - Rs. 20000 (10 lac to < Rs.30 lac) and
  - Rs.30000 (Rs.30 lac & above).

**Asset Reconstruction Company**

- A company incorporated under Companies Act 1956
- Also registered under SARFAESI Act with RBI
- For commencement of business the New Worth <=15% of asset acquired or Rs. 100 lacs (whichever lower)
- Minimum Capital Adequacy Ratio 15%
- Acquires NPAs of the FI/Banks at a discount rate
- Realize these NPAs through Securitization, Reconstruction or Sale of the assets (5-8 years)

**Sale of Assets**

- A financial asset may be sold to the SC/RC (securitization company, reconstruction company) by any Bank/ FI where the asset is
  1. NPA
  2. A standard asset where
     1) The asset is under consortium/ multiple arrangements
     2) At least 75% (by value) of the asset is classified as non-performing asset in the books of other Banks/ FIs &
3) At least 75% (by value) of the Bank/ FIs who are under the consortium/ multiple banking arrangements agree to the sale of the asset to SC/RC and
(iii) An asset reported as SMA-2 by the bank/ FI to Central Repository for Information on
Large Credit (CRILC)

Wilful Defaulter

- **Definition** - The unit has defaulted in meeting its payment/ repayment obligations to the lender
  1) Even when it has the *capacity to honour* the said obligation.
  2) And has *diverted* the funds for other purposes
  3) And has *siphoned off* the funds for other purposes
  4) Disposed off or *removed* fixed assets or immovable property without the knowledge of the Bank/ lender
  5) *Misrepresentation/ falsification* of records
  6) *Fraudulent transactions* by the borrower

Banks/ FIs have to furnish data of wilful default of Rs. 25 lacs and above to the RBI on quarterly basis

**General Settlement Policy of the Bank**

**Compromise and negotiated settlements in NPA accounts**

- Various factors contribute degradation of an account to NPAs
- Settlement is one of the tools to recover the Bank’s dues and reduce NPAs
- Every Bank has its Recovery Policy, like other policies
- Through settlement, bank forgoes part of its dues and borrower come forward to adjust the account.
- There are certain guiding principal which are kept in mind while formulating the settlement policy.

  - **Guiding Principals**
  - Generally Sale price should not be less than the NPV of the RV of the securities.
  - GoI (MoF) on 03.04.2012 advised all Nationalized Banks to constitute Credit Committees, accordingly Bank constituted credit committees at HO and RO levels.
  - Bank has a Board Approved Settlement Policy
  - Decision of settlement is based on the Net Present Value of Realizable Value of the Security, & Total Recoverable dues as per Module Interest approach by the respective credit committees and other factors.

  - **Net Present Value**
  - In Finance, the net present value (NPV) or net present worth (NPW) is defined as the sum of the Present Value (PVs) of incoming and outgoing cash flows over a Period of time.

**Calculation of NPVRV with an example**

<table>
<thead>
<tr>
<th>SN</th>
<th>Parameters</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Realizable Value of the Charged Asset(s)</td>
<td>Rs. 100</td>
</tr>
<tr>
<td>B</td>
<td>(r = \text{Base Rate} + 2% \text{ (Present Base Rate} 9.70))</td>
<td>11.70%</td>
</tr>
<tr>
<td>C</td>
<td>(n = \text{No. of years for realization of securities based on the complicity of the case.})</td>
<td>2 years (for example)</td>
</tr>
<tr>
<td>D</td>
<td>(\text{NPVRV (Net Present Value of Realizable Value) = } \frac{\text{RV}}{1+\frac{r}{100}}^n)</td>
<td>100 / (1+11.70/100)^2 = 73.05</td>
</tr>
<tr>
<td>E</td>
<td>Additional discount of 5% in NPVRV if the owner of the charged property/ies</td>
<td>0.00 (for ex.)</td>
</tr>
</tbody>
</table>
All India Oriental Bank Officers’ Association

<table>
<thead>
<tr>
<th>Date of NPA</th>
<th>Recoveries effected till date from</th>
<th>Lesser of paid to enforcement agents etc.</th>
<th>0.00 (for ex.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of NPA</td>
<td>Recoveries effected till date from</td>
<td>Lesser of paid to enforcement agents etc.</td>
<td>0.00 (for ex.)</td>
</tr>
</tbody>
</table>

**Latest amendments: NPVRV**

✓ When the settlement in considered within one year from date of last failed auction then NPVRV for property/ies shall be 85% of the last reserve price of the charged securities (failed auction). However, valuation should not be more than one year old.

✓ Further, if the settlement is considered after one year of date of failed auction, fresh valuation be obtained and NPVRV is to be calculated in normal way i.e by discounting realizable value based on the expected realization period.

**Calculation of Recoverable dues under Module Interest Approach**

<table>
<thead>
<tr>
<th>(A)</th>
<th>(B) Decreed NPA accounts, including Agr Decreed cases</th>
<th>(C) Agriculture Loans, excluding Decreed cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal O/s as on date of NPA PLUS</td>
<td>Suit Amount PLUS</td>
<td>Principal O/s as on date of NPA PLUS</td>
</tr>
<tr>
<td>(i) Interest @ BR pa simple or (ii) contracted rate of interest whichever is lower on Principal O/s after giving due effects of recoveries, if any, after the date of NPA till the last completed quarter PLUS</td>
<td>(i) Interest as per terms of decree (awarded by court) or (ii) @ BR pa simple or (iii) Contracted rate of interest (iv) In case of Agri cases 7% p.a. whichever is lowest on Suit Amount after giving due effects of recoveries, if any, after the date of filing suit upto the last completed quarter PLUS</td>
<td>(i) Interest @7% p.a. simple or (ii) contracted rate of interest (iii) B.R. pa simple (whichever lowest) on Principal O/s PLUS</td>
</tr>
<tr>
<td>Interest reversed at the time of NPA PLUS</td>
<td>Cost as per terms of decree and other misc. charges incurred after the date of decree LESS</td>
<td>Interest reversed at the time of NPA PLUS</td>
</tr>
<tr>
<td>Charges (Legal Charges, charges paid to enforcement agents etc.) LESS</td>
<td>Recoveries effected till date from date of NPA</td>
<td>Charges (Legal Charges, charges paid to enforcement agents etc.) LESS</td>
</tr>
<tr>
<td>Interest reversed at the time of NPA PLUS</td>
<td>Recoversies effected till date from date of Suit</td>
<td>Recoveries effected till date from date of NPA</td>
</tr>
</tbody>
</table>

**In case of settlement in wilful defaulter/ Fraud/ malicious cases liability as per module interest be calculated at Base Rate plus 1% instead of base rate.**

**Settlement of Government Sponsored cases**

✓ Cases sanctioned amount upto 2.00 lacs
✓ RLCC(RH) empowered to settle as under
✓ Settlement amount=Amount advanced and 100% relief in the shape of income booked
✓ Example –Amount advanced 100, Income booked 10, Minimum Settlement amount 90.
✓ Or as per General Settlement as discussed earlier, whichever lower.
Minimum Indicative Settlement amount
The settlement amount shall be calculated in all NPA accounts as under:-

<table>
<thead>
<tr>
<th>Case</th>
<th>NPVRV v/s Recoverable Dues under Module Interest Approach</th>
<th>Minimum indicative Settlement amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>NPVRV&gt;=Recoverable Dues</td>
<td>= Recoverable dues</td>
</tr>
<tr>
<td>2</td>
<td>NPVRV&lt; Recoverable Dues</td>
<td>= NPVRV</td>
</tr>
<tr>
<td>3</td>
<td>NPVRV=NIL</td>
<td>Whatever maximum can be recovered</td>
</tr>
<tr>
<td>4(a)</td>
<td>CGTMSE covered accounts</td>
<td>≥ Amount to be recovered from the CGTMSE</td>
</tr>
<tr>
<td>4(b)</td>
<td>CGTMSE covered accounts but claimd rejected/ declined by the CGTMSE</td>
<td>As per point no. 1 to 3 in the table shown above</td>
</tr>
</tbody>
</table>

Generally the settlement amount should not be less than the NPVRV of charged securities and efforts should be made to recover maximum possible amount

Power Structure: General Settlements

To be exercised as under:-

<table>
<thead>
<tr>
<th>Functionaries</th>
<th>Amount in lacs</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale I BM</td>
<td>NIL</td>
<td>No power for settlement/ Relief</td>
</tr>
<tr>
<td>Scale II BM</td>
<td>1.00</td>
<td>Total relief in RI and Misc charges</td>
</tr>
<tr>
<td>Scale III BM</td>
<td>2.00</td>
<td>(Principal+RI+Charges)-principal Max 20% relief</td>
</tr>
<tr>
<td>Scale IV BM</td>
<td>5.00</td>
<td>Total Relief (Principal+RI+Charges)</td>
</tr>
<tr>
<td>AGM BM</td>
<td>10.00</td>
<td>Total Relief (Principal+RI+Charges)</td>
</tr>
<tr>
<td>DGM BM</td>
<td>15.00</td>
<td>Total Relief (Principal+RI+Charges)</td>
</tr>
<tr>
<td>RLCC-RH-AGM</td>
<td>25.00</td>
<td>-do-</td>
</tr>
<tr>
<td>RLCC-RH-DGM</td>
<td>35.00</td>
<td>-do-</td>
</tr>
<tr>
<td>Sett Advisory Committee at Branch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd Man (Mandatory), Officer from Loans, Officer from Operations. NOTE where only 1 officer is posted apart from the BM, the settlement shall be forwarded to the RLCC-RH</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Power to decline settlement Proposals

<table>
<thead>
<tr>
<th>NPA amount (Principal+T.W.O.) as on date of offer of settlement</th>
<th>Authority to decline the offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 1.00 Lacs</td>
<td>Branch Incumbent</td>
</tr>
<tr>
<td>&gt; 1.00 lacs to 1.00 Crore</td>
<td>Regional Head</td>
</tr>
<tr>
<td>&gt; 1 Crore</td>
<td>GM(R&amp;L)</td>
</tr>
</tbody>
</table>

Other Terms
✓ No Future interest if entire amount of settlement paid within 3 month from date of settlement. else ROI shall be charged on reducing balance as per ROI applicable while calculating liabilities as per module interest approach
✓ Sacrifice/ Relief = Recoverable dues as per module approach less amount offered.
✓ No proposal should be accepted without Minimum 10% upfront amount (For offer amount upto 5 Crore) & Minimum 25% upfront (for offer amount >5 crore)

Valuation of Properties:- Guidelines
For provisioning purpose of Assets

<table>
<thead>
<tr>
<th>Settlement cases</th>
<th>SARFAESI action initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once in 2 ½ years Cases where value of property is upto 5 crore- Latest valuation should not be older than one year. Properties having RV of 5 Cr and above as per 1st valuation report: 2 Latest valuation of which one from Govt approved valuer penal on penal of the Bank &amp; other from valuer appointed by the RO</td>
<td>For fixation of reserve price, the valuation report should not be older than one year from the date of fixing of Auction</td>
</tr>
</tbody>
</table>

If settlement is within one year of the last failed Auction under SARFAESI Act. The NPVRV would be 85% of the NPVRV at the time of failed Auction. However valuation should not be older than 1 year

If settlement is after 1 year of the last failed Auction, fresh valuation should be done and fresh NPVRV be calculated as per system in vogue

Condensation of Delay in repayment & charges /Modification/ Amendment in T&C of Repayment

- By the same Competent Authority provided that the total relief including relief in the interest for the overdue period falls within their power - else refer to higher authority.
- Proposal approved by HLCC-ED/CAC/MCB/Board or individual sanctioning authority – RLCC(RH) has powers upto 6 months and thereafter >6M to 12 M HLCC(ED) subject to payment of interest at the rate of applicable module rate +2% for the overdue period
- CAC has powers for delay beyond 12 months.

Line of compromise

- Endeavour to recover maximum possible amount
- Liquid securities should be appropriated before approval of the settlement.
- No need to transfer the account to PB
- No future interest upto 6 months, If account is settled and adjusted from the sale proceeds of the collateral security – else applicable rate +2% simple rate to be charged on overdue period.
- Where settlement is below principal amount, branches shall debit the W.Off amount from DEBT SETTLEMENT REVERSAL EXPENSES” (XXXX087260051) and reversing the corresponding entry in “Debt settlement reversal a/c” through claim from Head Office as detailed in Job Card circulated by CBS

Fund and Non Fund based facility

- In the cases where non-fund based facilities i.e. LC/BG are outstanding; the FB facilities may be settled as above by the respective sanctioning authority, subject to NFB is/are fully secured.
- If the security coverage of NFB facility (ies) is less than 100%, settlement of FB facility shall be by next higher authority.
  - General Settlement: Other terms.
- Borrower to convey acceptance of settlement within 7 days of conveying the same.
- Upfront amount to be kept in No-lien account till approval of the settlement.
- In case of repayment of settlement amount is in installments obtain PDC.
- Deposit the amount of recovery/ in no lien account with value date entry.
- Change the FC10 code FONPA
- In case of deviation at Branch Level or RO level next higher authority may consider the same on merit basis.
✓ Upfront amount will be appropriated only after receipt of compromise decree in case of SF accounts and in case of Decreed accounts after recording of Terms of compromise in competent court.
✓ In case of Agriculture Advances having O/s upto 10 lacs, RLCC(RH) can settle the cases with deviation with proper justification on merits basis provided the total relief falls within its powers.
✓ **Cases settled under Lok-Adalat / DRT-delegation of power by HO to RO-other officials to take on the spot decision.**
✓ Partial liquidation/ Settlements/Release of securities
✓ Power to release/replace securities.
✓ Purchase of property by Bank to settle the account (res. or commercial property not industrial/Agri/Disputed/Tenanted
✓ Absolving Guarantor
✓ Tamsuk Deed (Party many not go back from their commitment), Consent Decree
✓ Staff accountability to be examined.
✓ All settlements/ compromise approved by HO are circulated as "Caution List" on H-yearly basis.
✓ Sanction of fresh facilities —(a) Ex-Clients of our Bank, (b) Clients of other Banks on merit and fulfilling certain conditions by MCB
✓ Settlement in case of wilful default, malfeasance and fraud (Single borrower Exposure upto 250 Cr, Relief Max 4 crore —by CAC, above it by MCB).
✓ In case of wilful default <25 lacs, settlement by respective settlement authority—being a commercial decision.

**Special One Time Settlement Schemes (OTS) for NPA accounts**

with outstanding upto 10 lacs

(Circular HO/Rec & Law/01/2016-17/22 dated 01.04.2016)

✓ Scheme since 08.02.2012 and extended from time to time , presently the scheme extended upto 31.03.2017
✓ Eligible account—at least one year old Doubtful or loss account as on 31.03.2016 (Except those cases where settlement approved and being honoured)
✓ Principal outstanding upto Rs. 10.00 Lac (including TWO, ECGC/ DICGC/CGFT claim received)
✓ NPA accounts sanctioned by same authority shall be settled by next higher authority.
✓ NPA accounts where any staff is Guarantor are not eligible.
✓ NPA accounts of staff or their relatives are not eligible.
✓ The cases of fraud, malfeasance and other cases where criminal actions have been initiated, shall be forwarded to Head Office as per the system in vogue
✓ Recovery preferably in lumsum or 10-25% upfront. Balance without interest upto 3 months
✓ Repayment may be allowed upto 6 month with BR+2% interest (from date of settlement to final payment)
✓ Delay beyond 6 months-RH can permit with BR+(2+2)%, max for further 3 months.

**Special OTS -10 lacs calculation**
The settlement amount be calculated in a nondiscretionary and non-discriminatory manner asgiven hereunder:-
### Study Material for Promotion Test / Interview - 2016

#### Special One Time Settlement Schemes (OTS) for NPA accounts with outstanding upto 1 lacs (Circular HO/Rec & Law/02/2016-17/26 dated 01.04.2016)

- The scheme extended upto 31.03.2017
- Applicable to all small value NPA accounts upto principal o/s Rs. 1.00 lacs without any tangible security. Cut-off date of NPA 31.03.2016
- Fraud cases and staff cases not covered
- Discretionary powers rests with Branch Incumbents irrespective of scale
- Value of Agriculture land kept as security be treated NIL for settlement under the scheme.
- Minimum settlement amount-BM can settle the account by accepting whatever maximum can be taken.

#### Settlement Scheme for Individual NPA Accounts under Direct Agriculture Category

**Scheme Details**

- **Eligibility - All the Individual NPA accounts under Direct Agriculture Category**
- **Minimum Indicative Settlement Amount:-**
- **Where the borrowers don’t have capacity to repay the entire dues, the account can be settled at Principal Outstanding as on date of settlement with the assurance that their future credit requirement will be met as per the Bank’s norms**
Where the financial position of the borrowers is not sufficient enough to repay even the Principal Outstanding, these accounts can be settled at Principal Outstanding less provision already held to the extent of 15% of the Principal Outstanding as on date of settlement. In other words the amount of settlement will not be less than 85% of the Principal amount

**Repayment Period and Upfront Amount**

Minimum upfront amount of 10% of minimum indicative settlement amount should be recovered along with the application and balance amount be recovered within a period of six months without any further incidence of interest.

In case the party fails to deposit within six months interest for the delayed period on overdue settlement amount be recovered at Base Rate provided the balance amount will be recovered within one year from the date of settlement.

In case the settlement amount is not recovered within one year from the date of sanction, settlement shall automatically stand withdrawn and recovery action will be started as per recovery policy of the bank.

Powers designated to field functionaries for settlement

The power of settlement proposal is based on the amount of sacrifice / relief, vested with various functionaries as per Circular No. HO/REC & Law/18/2012-13/450 dated 18.09.2012 (General Settlement Policy)

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### Various settlement Schemes (Comparative in Tabular Form)

(Please refer to detailed circular of R&L Department and RD&PS for AGR scheme)

<table>
<thead>
<tr>
<th>Parameter</th>
<th>General Settlement</th>
<th>OTS 10 lacs</th>
<th>OTS 1 lacs</th>
<th>OTS Agri NPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible NPAs</td>
<td>All NPA accounts</td>
<td>Sub-Standard</td>
<td>Doubtful</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loss including Suit Filed and Decreed cases</td>
<td>At least one year old</td>
<td>Doubtful as on 31.03.16</td>
<td>NPA as on 31.03.2016 or prior</td>
</tr>
<tr>
<td>Minimum Settlement amount</td>
<td>Case (i) If NPVRV &gt;= Recoverable Dues: Min. Sett amount is Equal to Recoverable due</td>
<td>Varies from 25% to 100% of Principal amount on the basis of comparison between NPVRV and Principal O/s</td>
<td>Whatever maximum that can be recovered</td>
<td>At principal O/s or</td>
</tr>
<tr>
<td></td>
<td>Case (ii) If NPVRV &lt; Recoverable Dues, Min. Sett amount is Equal to NPVRV</td>
<td></td>
<td></td>
<td>At 85% of principal o/s</td>
</tr>
<tr>
<td></td>
<td>Case (iii) If NPVRV=NIL, Min. sett. Amount is Whatever max. can be recovered</td>
<td></td>
<td></td>
<td>Principal o/s less</td>
</tr>
<tr>
<td></td>
<td>Security (Primary or Collateral)</td>
<td>May or may not</td>
<td>May or may not (Value of Agriculture land, if any, for cases upto 3 lacs be treated as NIL)</td>
<td>NO tangible primary/ collateral security (Value of Agriculture land, if any, be treated as NIL)</td>
</tr>
<tr>
<td>Ineligible cases</td>
<td></td>
<td>Fraud and Staff related cases (Refer to scheme)</td>
<td>Fraud and Staff related cases</td>
<td>As per General Settlement Policy/ Guidelines</td>
</tr>
<tr>
<td>Validity of the Scheme</td>
<td>No such date</td>
<td>31.03.2017</td>
<td>31.03.2017</td>
<td>No such date</td>
</tr>
<tr>
<td>Discretionary</td>
<td>Scale I-NIL, BM I-II-III for cases</td>
<td>All BMs are</td>
<td>Scale I-NIL, II-</td>
<td></td>
</tr>
</tbody>
</table>

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Study Material for Promotion Test /Interview - 2016
(updated till 08-04-2016)

All India Oriental Bank Officers’ Association

<table>
<thead>
<tr>
<th>y Powers</th>
<th>where Principal O/s is 3.00 lacs.</th>
<th>empowered to settle the cases at their level.</th>
<th>relief in RI upto 1 lacs,</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ II-relief in RI upto 1 lacs, ✓ III-Relief in RI+P upto 2 lacs(Principal relief Max 20% within overall relief of 2 lacs), ✓ IV-up to 5 lacs both in RI and Principal (For details refer to Circular No. HO/REC &amp; Law/18/2012-13/450 dated 18.09.2012)</td>
<td>✓ Scale IV BM Principle upto 5 L ✓ 2nd man at RO &gt; P-3L to 5 Lacs, ✓ RH for cases Principal &gt;5 lacs to 10 lacs</td>
<td>✓ III-Relief in RI+P upto 2 lacs(Principal relief Max 20% within overall relief of 2 lacs), ✓ IV-up to 5 lacs both in RI and Principal (For details refer to Circular No. HO/REC &amp; Law/18/2012-13/450 dated 18.09.2012)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Format</th>
<th>✓ Annx IV- BM power cases ✓ Anx V--RH power cases</th>
<th>✓ One pager format as prescribed with the scheme</th>
<th>✓ Format used in General Settlement may be used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annexure as given in the Recovery Policy</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gist of Latest/ Important Circulars on Recovery and Law

1) **Valuation Report** :- HO/Rec.& Law/10/15-16/643 dated 09.11.2015 :- Empanelled valuers be advised to submit the valuation report along with a certificate confirming that the norms/procedures of valuation as prescribed by the institute of the valuers have been strictly complied with.

2) **Closure of settlement A/c through DEBT SETTLEMENT REVERSAL ACCOUNT (XXXX0087260051)-CIRCULAR NO.HO: REC & LAW: 08/2015-16/489** Date: 22.09.2015 branches are closing settlement accounts in finacle (Settled below principle O/s) by debiting suspense a/c and reversing the suspense entry by claiming amount from H.O. whereas the proper system for closing these settled accounts (Settled below principle O/s) is by debiting “DEBT SETTLEMENT REVERSAL EXPENSES” (XXXX0087260051) and reversing the corresponding entry in “Debt settlement reversal a/c” through claim from Head Office as detailed in Job Card circulated by CBS.

3) **Review/ Amendment in Recovery Policy**:- HO/Circular /REC & LAW/ 06 / 2015-16/361 Date: 06.08.2015- various amendments on settlement, sale of assets, valuation etc.

4) **Extension of OTS for small NPAs upto 1.00 lacs till 31.03.2016 :- HO/Rec.& Law/03/15-16/141 dated 19.05.2015- NPA accounts before or on 31.03.2014 without any tangible security and balance o/s upto 1.00 lacs eligible. (Balance means Principal+TWO+ECGC/CGTMSE)**

5) **Extension of OTS for NPAs upto 10.00 lacs till 31.03.2016 :- HO/Rec.& Law/01/15-16/25 dated 01.04.2015- One year old NPA accounts in DF/Loss (including SF/Non-SF) as on 31.12.2014 with or without any tangible security and balance o/s upto 10.00 lacs eligible. (Balance means Principal+TWO+ECGC/CGTMSE)**

**FINANCIAL INCLUSION**

✓ Delivery of financial services at an affordable cost to vast sections of disadvantaged and low income groups
✓ Financial Services such as :- Savings, Credit, Insurance, Remittances etc.
✓ Note:-As per Census 2011-out of 24.67 crore House Hold in the country Only 14.48 crore HH (58.7%) had access to Banking Services.

Reasons of Financial Exclusion
Remote, hilly & sparsely populated areas with poor infrastructure and difficult physical access
Lack of awareness, low income, social exclusion, illiteracy
Distance from bank branch, branch timings, cumbersome documentation/procedures, unsuitable products, language, staff attitude are common reasons – Higher transaction cost
Ease of availability of informal credit
KYC – documentary proof of identity/address etc.

Financially Excluded Segments

<table>
<thead>
<tr>
<th>Marginal farmers</th>
<th>migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>landless labour</td>
<td>ethnic minorities</td>
</tr>
<tr>
<td>Oral lessees</td>
<td>socially excluded groups</td>
</tr>
<tr>
<td>Self employed</td>
<td>senior citizens – women</td>
</tr>
<tr>
<td>unorganized sector</td>
<td>NER, Eastern &amp; Central regions most excluded</td>
</tr>
<tr>
<td>urban slum dwellers</td>
<td></td>
</tr>
</tbody>
</table>

Financial Inclusion-modes and efforts

Nationalization of Banks in 1969 and 1980 and Concept of Priority Sector Lending
Opening of branches and providing banking services –RBI initiatives from 2005
No frill Accounts–SHG-MNAREGA-Financial Literacy Centre
Opening of Brick & Mortar Branch in unbanked areas in phased manner
Providing Basic Banking facilities at door step through Bank Mitra-Business Correspondence Agent (BCAs)/ Business Facilitator (BF)
Providing Basic Banking facilities through Mobile Van
PMJDY प्रधानमंत्री जनधन योजना and other social security schemes such as PMJJBY, PMSBY, Atal-Pension Yojna-Pradhan mantra Mudra Yojna etc
Payment Banks (19 August-2015 license to 11 entities)
Small Banks (16.09.15 license to 10 entities)

PMJDY-PMJJBY & PMSBY (comparative table)

<table>
<thead>
<tr>
<th>Parameter</th>
<th>PMJDY (insurance coverage)</th>
<th>PMJJBY</th>
<th>PMSBY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age (min-max)</td>
<td>Minimum 18 to less than 60 years (if primary holder not eligible, 2ndry holder may be considered if otherwise found eligible)</td>
<td>18-50 (persons joining at 50 can continue till 55)</td>
<td>18-70</td>
</tr>
<tr>
<td>SB Account</td>
<td>No Frill or any other account linked through RuPAY card (BSBDA). (If RuPAY not issued –it should be in the process of issuance) PMJDY accounts (BSBDA) opened between 15.08.2014 to 31.01.2015 with RuPAY cards issued</td>
<td>Any type of SB account (However one person can get insurance in any one account only)</td>
<td>Any type of SB account</td>
</tr>
<tr>
<td>Annual Premium</td>
<td>NIL</td>
<td>Rs. 330</td>
<td>Rs. 12</td>
</tr>
<tr>
<td>Risk period</td>
<td>Initially for 5 years i.e. close of F.Y. 2019-20 (31.03.2020)</td>
<td>1st June to 31st May</td>
<td>1st June to 31st May</td>
</tr>
<tr>
<td>S. Tax</td>
<td>NOT APPLICABLE</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>Eligible Person</td>
<td>PMJDY account holder including minor attained 18 years age till 31.01.15.</td>
<td>All Persons</td>
<td>All Persons</td>
</tr>
<tr>
<td>Ineligible Person</td>
<td>1. Persons covered under AAM ADMI BIMA YOJNA &amp; their families</td>
<td>Out of eligible Age Range</td>
<td>Out of eligible Age Range</td>
</tr>
</tbody>
</table>
### All India Oriental Bank Officers’ Association

#### Study Material for Promotion Test /Interview - 2016 (updated till 08-04-2016)

<table>
<thead>
<tr>
<th>Benefits in case of Death</th>
<th>Rs. 30000 to Primary A/c Holder. If Primary Holder ineligible, secondary holder eligible for benefits (Death due to any reason)</th>
<th>Death due to any reason;- 2 Lacs</th>
<th>NIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits in case of Accident, disability</td>
<td>NIL (But 1.00 lacs inbuilt accidental insurance cover is provided with the RuPAY debit card-operations in 90 days required wef 25.11.15 earlier 45 days)</td>
<td>NIL</td>
<td>Death or permanent disability due to accident 2 lacs Partial disability 1 lac</td>
</tr>
<tr>
<td>Insurance Agency</td>
<td>Life insurance by LIC of India Ltd Accidental Insurance by National Ins Co Ltd</td>
<td>Life insurance by LIC of India Ltd</td>
<td>Public Sector General Insurance Companies or willing private insurance Companies</td>
</tr>
<tr>
<td>Whether death due to suicide covered</td>
<td>YES</td>
<td>Yes</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Nomination</td>
<td>As in the PMJDY account/ RuPAY card, if no nomination –survival benefits to the LRs</td>
<td>As done in the PMJJBY application</td>
<td>As done in the PMSBY application</td>
</tr>
<tr>
<td>Minimum balance account</td>
<td>No such condition</td>
<td>No such condition</td>
<td>No such condition</td>
</tr>
<tr>
<td>Good Health Declaration</td>
<td>N.A.</td>
<td>Waived till 31.05.2016</td>
<td>N.A.</td>
</tr>
<tr>
<td>Aadhaar Card</td>
<td>Desirable but not mandatory.</td>
<td>Desirable but not mandatory.</td>
<td>Desirable but not mandatory.</td>
</tr>
<tr>
<td>Auto debit consent</td>
<td>N.A.</td>
<td>Consent cum declaration form for auto debit shall be obtained and retained by the branches HO/MKT/855/01.02.16</td>
<td>Consent cum declaration form for auto debit shall be obtained and retained by the branches HO/MKT/855/01.02.16</td>
</tr>
<tr>
<td>Reference</td>
<td>Refer to latest circulars and guidelines issued by Marketing Division and RD&amp;PS departments</td>
<td>SAME</td>
<td>SAME</td>
</tr>
</tbody>
</table>

**Insurance Focused Schemes**

- GoI has launched the scheme w.e.f. 01.08.2015
- 3 Specially designed Gift Products *(Ref-HO/MKT/343 dtd 31.07.15)*
SDGC Term Deposit for 10 years, JSDC Term Deposit for 5-10 years
✓ The applicant (Gifter) buys the Demand Draft and gives to a sister or a relative as a gift on the given occasion. The instrument shall be deposited in the account of the beneficiary (Giftee).
✓ Beneficiary should have SB account with the Bank to deposit the instrument and join the schemes.

SD-सुरक्षा डिऩॉज़िट JS जीवन सुरक्षा
✓ Term Deposit will be opened under a new scheme code, which shall be communicated separately.
✓ The Term Deposit will be made for period as per the scheme requirement.
✓ Interest payment will be done on 31st March every year. However, during the first year, interest will be provided for the period commencing from the date of term deposit to 31st March of subsequent year.
✓ Interest to be compounded quarterly but to be paid annually.
✓ Extant guidelines related to deduction of tax at source will be applicable.
✓ The Bank can open a Zero Balance BSBD Account, if need be.
✓ A specially designed Rubber Stamp, separately for each of the products, as given hereunder, mentioning the name of the scheme shall be affixed on the face of the Demand Draft
✓ In the event, the recipient of the gift instrument is already covered for the current year under the said insurance schemes; the amount will be utilized for premium payment in subsequent years by making Term Deposit of Rs.189/- in case of Suraksha Deposit Gift Cheque (SDGC) and of Rs.4659/- in case of Jeevan Suraksha Deposit Cheque (JSDC). The balance amount of the respective schemes shall be credited into the Saving Bank Account of the beneficiaries.
✓ It shall be ensured that the beneficiary is the account holder of the Bank and eligible for the insurance schemes.

Atal Pension Yojna (for old age pension)
✓ 88% of the total labour force of 47.29 crore as per the 66th Round of NSSO Survey of 2011-12 do not have any formal pension provision, the Government had started the Swavalamban Scheme in 2010-11
✓ However, coverage under Swavalamban Scheme was inadequate mainly due to lack of guaranteed pension benefits at the age of 60 therefore, announced a new initiative called Atal Pension Yojana with guaranteed pension benefits
✓ The APY will be applicable on all citizens of the country in the Unorganised Sector
✓ The scheme is administered by the Pension Fund Regulatory and Development Authority (PFRDA) through NPS.
✓ An income tax payer or who is covered under statutory social security schemes can also join APY but those subscribers will not be eligible for GoI co-contribution
✓ The Statutory Social Security Schemes are not eligible for receiving Government Co-contribution under APY are as mentioned below:-
  ➢ Employees' Provident Fund and Miscellaneous Provisions Act,1952
  ➢ The Coal Mines Provident Fund and Miscellaneous Provisions Act,1948
  ➢ The Seamen's Provident Fund Act, 1966
  ➢ The Assam Tea Plantations Provident Fund and Pension Fund Scheme Act ,1955
A pension scheme for citizens of India focused on the unorganized sector workers. Under the APY, **guaranteed minimum pension** of Rs. 1,000/-, 2,000/-, 3,000/-, 4,000 and 5,000/- per month will be given at the age of 60 years depending on the contributions by the subscribers.

**Eligible person:** the age of the subscriber should be between 18 - 40 years.

He / She should have a **savings bank account** open a savings bank account. The prospective applicant should be in possession of **mobile number** and its details are to be furnished to the bank during registration.

The penalty on delayed payment has been simplified to Rs. One (1) per month for contribution of Rs. 100, or part thereof, for each delayed monthly payment instead of different slabs given earlier.

**Aadhar not mandatory** for opening of APY account but it would be required later on. Only through SB accounts with a Bank.

In case of **death of subscriber** pension would be available to the spouse and on the death of both of them (subscriber and spouse), the pension corpus would be returned to his nominee.

**Benefit of Central Government Co- Contribution** of 50 % of the subscriber contribution or Rs 1000 per annum, whichever is less, would be available to the subscribers for a period of 5 years, i.e from 2015-16 to 2019-20, who joins the NPS before 31st December, 2015 and who are not income tax payers.

The **existing Swavalamban subscribers** between 18-40 years will be automatically migrated to APY. For seamless migration to the new scheme, the associated aggregator will facilitate those subscribers for completing the process of migration. Those subscribers may also approach the nearest authorised bank branch for shifting their Swavalamban account into APY with PRAN details.

**Decrease/ Increase in subs amount**- once in a year permitted. Premium can be paid on Monthly/Qtly/Hly or yearly basis

<table>
<thead>
<tr>
<th>Age of joining</th>
<th>Years of monthly contribution</th>
<th>Amount of monthly contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>20</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>25</td>
<td>35</td>
<td>76</td>
</tr>
<tr>
<td>30</td>
<td>30</td>
<td>116</td>
</tr>
<tr>
<td>35</td>
<td>25</td>
<td>181</td>
</tr>
<tr>
<td>40</td>
<td>20</td>
<td>291</td>
</tr>
</tbody>
</table>

**Premature exit** from the scheme before sixty years of age was not permitted earlier except in exceptional circumstances, i.e., in the event of the death of the beneficiary or terminal disease. Now the modified provision permits the subscriber to voluntarily exit with the condition that;

- He shall only be refunded the contributions made by him to APY, along with the net actual interest earned on his contributions (after deducting the account maintenance charges) and;
- The Government co-contribution, and the interest earned on the Government co-contribution, shall not be returned to such subscribers.
PAYMENT BANKS

✓ Government has formally approved granting of license to 11 Payment Banks on 19.08.2015.
✓ These Banks can accept deposits from public but cannot lend.
✓ Can open account, issue ATM, give Internet Banking Facility
✓ Can distribute MF, Insurance Products
✓ Per person max. deposit amount Rs. 1.00 lacs
✓ Can not accept Deposits from NRIs
✓ Can not issue Credit Cards
✓ Initial Capital 100 Crore, to start operation within 18 months
✓ Aaditya Birla Nuvo, Airtel M Commerce, Postal Department, NSDL, Reliance Industries, Tec Mahindra, Vodafone M-Paisa, Cholamandal Distribution Services, FINO Pay-Tech, Dilip Sanghvi (Sun Farma), Vijay Shekhar (Pay TM)

SMALL BANKS

✓ On 16.09.2015 RBI in principle approved licence of 10 micro lenders to set up small banks. They will make advances and take deposits besides other approved banking services.
✓ Au Financiers (India) Ltd., Jaipur, Capital Local Area Bank Ltd., Jalandhar, Disha Microfin Private Ltd.,
✓ Ahmedabad, Equitas Holdings P Limited, Chennai,
✓ ESAF Microfinance and Investments Private Ltd., Chennai
✓ Janalakshmi Financial Services Private Limited, Bengaluru
✓ RGVN (North East) Microfinance Limited, Guwahati
✓ Suryoday Micro Finance Private Ltd., Navi Mumbai
✓ Ujjivan Financial Services Private Ltd., Bengaluru
✓ Utkarsh Micro Finance Private Ltd., Varanasi

BASEL NORMS

Basel Regulations: Back Ground & Introduction

• Basel reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy.
• What is BCBS: BCBS has its origins in the financial market turmoil after failure of Bretton Woods system of managed exchanged rates in 1973. It had resulted into large foreign currency losses to many banks world over. In response to this & other disruptions in international financial markets, the Central Bank Governors of the G-10 countries established a Committee on Banking Regulations & Supervisory Practices at the end of 1974, which came to be known as BCBS, having its Headquarters in Basel - Switzerland. In the mid-1980s, the BCBS initiated a project to achieve better international convergence of supervisory standards for the Capital Adequacy of internationally active banks. Two main supervisory concerns triggered this:
  o Rapid increase in the size of banks’ exposures, both on and off-balance sheet - Growth was not matched by an increase in capital
  o Lack of Common Regulatory Environment – As banks started to expand into new business lines and increase cross-border operations
• Starting with G-10, BCBS expanded its membership include 43 Organizations consisting of 28 Central banks and 15 Supervisory Authorities (presently 28 countries including India). BCBS reports to an oversight body, the Group of Central Bank Governors & Heads of Supervision (GHOS) comprising of Central Bank Governors & Heads of financial supervision from member countries, for which meetings are held regularly 3 to 4 times a year. However, BCBS's decisions do not have legal force. It only formulates supervisory standards & recommends sound practices that are left to individual national authorities of member countries to implement. BCBS has so far recommended capital measures three times, which are called:
Basel III Capital Regulations:

Evolution
- During Pittsburgh summit in September 2009 in the backdrop of the Global Financial Crisis, the G20 leaders committed to strengthen the regulatory system for banks and other financial firms and also act together to raise capital standards, to implement strong international compensation standards aimed at ending practices that lead to excessive risk-taking, to improve the over-the-counter derivatives market and to create more powerful tools to hold large global firms to account for the risks they take. For all these reforms, the leaders set for themselves strict and precise timetables. Consequently, the Basel Committee on Banking Supervision (BCBS) released comprehensive reform package entitled "Basel III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010.
- Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the procyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly seek to raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis, increase the risk coverage of the capital framework, introduce leverage ratio to serve as a backstop to the risk-based capital measure, raise the standards for the supervisory review process (Pillar 2) and public disclosures (Pillar 3) etc. The macro prudential aspects of Basel III are largely enshrined in the capital buffers. Both the buffers i.e. the capital conservation buffer and the countercyclical buffer are intended to protect the banking sector from periods of excess credit growth.

Scope:
The banks are to comply with the Capital Adequacy ratio (CAR) requirements at two levels:
- The consolidated (Group) level CAR requirements i.e. after consolidating the assets & liabilities, except those engaged in insurance & any non-financial activities; and
- The standalone (Solo) level CAR requirements

Framework:
The Basel III framework consists of three-mutually reinforcing pillars:
(i) Pillar 1: Minimum capital requirements for credit risk, market risk and operational risk
(ii) Pillar 2: Supervisory review of capital adequacy
(iii) Pillar 3: Market discipline

1. Pillar 1: Minimum capital Standards

Computation of Basel III Capital Ratios: Banks are required to compute Capital Adequacy Ratio (CRAR) as per Basel III at the end of each quarter. The ratio is one of the key indicators for the Bank’s performance and is computed as follows:

\[
\text{CRAR} = \frac{\text{Capital (Tier I and Tier II)}}{\text{Total Risk Weighted Assets}}
\]

- The CRAR improves with the increase in Capital and/or with the reduction in Risk Weighted Assets.
- Banks are required to maintain a minimum Capital to Risk-weighted Assets Ratio (CRAR) of 9% on an ongoing basis. Further, Banks also have to comply with the regulatory limits and minimum capital as prescribed under Basel III capital regulations, on an ongoing basis

Components of Capital as per Basel III:
I. **Tier I:** It is the Core Capital. It is the highest quality capital because it is fully available to cover losses. It includes:
   - a) Paid-up Capital (Equity – Ordinary Shares), Statutory Reserves, and other disclosed Free Reserves, if any
   - b) Perpetual Non-Cumulative Preference Shares (PNCPS) eligible for inclusion as Tier I capital
   - c) Innovative Perpetual Debt Instruments (IPDI) eligible for inclusion as Tier I
   - d) Capital Reserves representing surplus arising out of sale proceeds of Assets
   - e) PNCPS along with IPDI should not exceed 40% of Total Tier I Capital. (after deducting Goodwill, DTA and other intangible Assets)
II. **Tier II:** It is the supplementary Capital. The loss absorption capacity of Tier II capital is lower than that of Tier I capital. It includes:
   - a) Undisclosed Reserves
   - b) Revaluation Reserves
c) General Provisions and Loss Reserves  
d) Hybrid Debt Capital Instruments  
e) Subordinate Debt  
f) Investment Reserve Account  
g) General Provisions on Standard Assets  

Approaches for Computation of Risk:

A: Capital for Credit Risk:  
i) Fund Based: The Risk weight % under the Standardized approach has been fixed by RBI for on-balance sheet assets as under:  

TYPES OF CLAIMS (EXPOSURES)  
I. Domestic Sovereigns: Risk Weights fixed between 0-20% for categories that include:  
- Central Government  
- State Government  
- RBI, ECGC, DICGC, Credit Guarantee Fund Trust for Micro and Small Enterprises (CG Guarantee Fund Trust for Low Income Housing (CRGFTLIH),  
- State Government guaranteed claims  
- Central Government guaranteed claims  

II. Foreign Sovereigns: Risk Weights fixed between 0%-150% as per external rating  
- Any government outside country  

III. Public Sector Entities: Risk Weights fixed between 20%-150% for categories that include:  
- Corporations formed under any specific act of Parliament/State Assemblies  
- Companies formed under the Companies act and not less than 51% voting right therein is held by Central Government or State Governments or a combination of them  
- Subsidiaries of the corporates/companies mentioned above  

IV. MDBs, BIS and IMF: Risk Weights fixed at 20%  
- Bank for International Settlements  
- International Monetary Fund  
- World Bank Group: IBRD and IFC  
- Asian Development Bank
- African Development Bank
- European Investment Bank
- European Investment Fund
- Nordic investment Bank
- Caribbean Development Bank
- Islamic Development Bank
- Council of Europe Development Bank
- International Finance Facility for Immunization

V. Banks: Risk Weights fixed between 20%-150% for categories that include:
- Scheduled banks and other banks in the country
- The counter party exposure under the Bill discounted under LC facility offered by the Bank to the borrower

VI. Primary Dealers: shall be treated as claims on corporate for the purpose of assigning Risk weights
- Primary Dealers specifically authorized by RBI to deal in gilts/government securities

VII. Corporates: Risk Weights fixed between 20%-150% for categories that satisfy the following conditions, shall fall under this category:
- Credit Exposure to single borrower (or a group of borrowers) for more than Rs. 5 crore
- It is not a claim pertaining to Sovereigns, PSEs, MDBs, BIS, IMF, Banks, Primary Dealers, Regulatory Retail Portfolio, secured by Residential Property or Commercial Real Estate and specified Categories

VIII. Regulatory Retail Portfolio: Risk Weights fixed at 75%. The claims satisfying the following four criteria are included:
1. Orientation– Individual/s, small business, any legal person incl. proprietorship, partnership, HUF, trust, Pvt. Ltd. Co., Pub. Ltd. Co. Small Business is one where total annual turnover of sales/receipts is less than Rs.50 crores
2. Product – Exposures in any of the following: revolving credits, lines of credit, personal term loans and leases, auto loans and leases, educational loans, personal loans, cash credit/overdraft facilities etc.
3. Granularity- No aggregate exposure to one borrower should exceed 0.2% of overall Regulatory Retail Portfolio
4. The maximum aggregated retail exposure to one counterpart should not exceed Rs. 5 crore (Limit or o/s whichever is higher)

IX. Claims secured by Residential Property: Risk Weights fixed between 35%-100% Following exposures shall fall under this category:
- Any credit exposure secured by mortgages on residential property that is/will be occupied by the borrower, or that is rented
- Any investment in mortgage-backed securities issued by the housing finance companies regulated by NHB, which are backed by mortgages of residential property of the above nature

X. Claims secured by Commercial Real Estate: : Risk Weights fixed between 75%-100%
- Any credit exposure secured by mortgages on Commercial Real Estate – Residential Housing (CRE-RH).
- Any credit exposure secured by mortgages on commercial real estate- other than CRE-RH

XI. Claims on securitised Assets: Risk Weights fixed between 20%-400%. Following exposures shall fall under this category:
- Any exposures to securities issued by the SPV
- credit enhancement facility
- liquidity facility
- underwriting facility,
- Interest rate or currency swaps cash collateral accounts.
Use of Credit Rating: RBI allows use of Long & short term ratings by credit rating agencies for assigning risk weights for credit risk detailed as under:

<table>
<thead>
<tr>
<th>Credit assessment by domestic rating agencies [Long Term Ratings]</th>
<th>AAA</th>
<th>AA</th>
<th>A</th>
<th>BBB</th>
<th>BB and below</th>
<th>Unrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk weight</td>
<td>20%</td>
<td>30%</td>
<td>50%</td>
<td>100%</td>
<td>150%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### SHORT TERM RATINGS

<table>
<thead>
<tr>
<th>S. No</th>
<th>Description</th>
<th>Risk Weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Claims on Domestic Public Sector Entities (PSEs) - Domestic</td>
<td>As per External Rating</td>
</tr>
<tr>
<td>2</td>
<td>Claims on Domestic Corporates</td>
<td>As per External Rating</td>
</tr>
<tr>
<td>3</td>
<td>Claims on Domestic Corporates - Unrated Exposures &gt; `5 Cr</td>
<td>Unrated – 100%</td>
</tr>
<tr>
<td>4</td>
<td>Claims on Domestic Corporates – Rated and Restructured/Rescheduled Exposures</td>
<td>As per External Rating</td>
</tr>
<tr>
<td>5</td>
<td>Claims on Non Resident Corporates - Rated and Restructured/Rescheduled Exposures</td>
<td>As per External Rating</td>
</tr>
<tr>
<td>6</td>
<td>Specified Categories - Capital Market Exposures (125%) AAA to BBB/Unrated</td>
<td>125%</td>
</tr>
<tr>
<td>7</td>
<td>Specified Categories - Claims on non-deposit taking SINBFC (Systemically Important Non-Banking Financial Company)</td>
<td>100%</td>
</tr>
<tr>
<td>8</td>
<td>Specified Categories - Claims on Securitization Exposures</td>
<td>As per External Rating</td>
</tr>
<tr>
<td>9</td>
<td>Specified Categories – Claims on NBFCs other than non-deposit taking SI-NBFC</td>
<td>As per External Rating</td>
</tr>
<tr>
<td>10</td>
<td>Specified Categories - Capital Market Exposures (150%) BB &amp; Below</td>
<td>150%</td>
</tr>
<tr>
<td>11</td>
<td>Specified Categories - Claims on Banks (Scheduled Bank with CRAR above 9%)</td>
<td>20%</td>
</tr>
<tr>
<td>12</td>
<td>Specified Categories - Claims on Bank (Foreign)</td>
<td>As per External Rating</td>
</tr>
</tbody>
</table>

ii) Non-Fund Based: Off Balance sheet items have to be converted to credit risk exposures by multiplying with ‘credit conversion factor’ as per table below and then the risk weights will be applied as per the respective category under the fund based exposure:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Instruments</th>
<th>Credit Conversion Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Direct credit substitutes e.g. general guarantees of indebtedness (including standby L/Cs serving as financial guarantees for loans and securities) and acceptances (including endorsements with the character of acceptance).</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Certain transaction-related contingent items (e.g. performance bonds, bid bonds, warranties and standby L/Cs related to particular transactions).</td>
<td>50</td>
</tr>
<tr>
<td>3</td>
<td>Short-term self-liquidating trade-related contingencies (such as documentary credits collateralised by the underlying shipments) for both issuing bank and confirming bank.</td>
<td>20</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Instruments</td>
<td>Credit Conversion Factor (%)</td>
</tr>
<tr>
<td>--------</td>
<td>-------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>4.</td>
<td>Sale and repurchase agreement and asset sales with recourse, where the risk remains with the bank.</td>
<td>100</td>
</tr>
<tr>
<td>5.</td>
<td>Forward asset purchases, forward deposits and partly paid shares and securities, which represent commitments with certain drawdown.</td>
<td>100</td>
</tr>
<tr>
<td>6.</td>
<td>Note issuance facilities and revolving underwriting facilities.</td>
<td>50</td>
</tr>
<tr>
<td>7.</td>
<td>Other commitments (e.g. formal standby facilities and credit lines) with an original maturity of over one year.</td>
<td>50</td>
</tr>
<tr>
<td>8.</td>
<td>Similar commitments with an original maturity up to one year.</td>
<td>20</td>
</tr>
<tr>
<td>9.</td>
<td>Commitments that are unconditionally cancelable at any time by the bank without prior notice.</td>
<td>0</td>
</tr>
<tr>
<td>10.</td>
<td>Take-out Finance in the books of taking over institution</td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>Unconditional take-out finance</td>
<td>100</td>
</tr>
<tr>
<td>(ii)</td>
<td>Conditional take-out finance</td>
<td>50</td>
</tr>
</tbody>
</table>

B: Capital for Market Risk: Market Risk is the risk of loss in on-balance sheet & off-balance sheet positions arising from movement in market prices. The position subject to capital charge includes:

i. Interest rate related instruments & equities in the Trading book
ii. Open positions in foreign exchange & precious metals

The capital requirement for market risk is in terms of:

1) Specific Risk: which is for specific security. For this Risk weight ranges from 0.28% to 56.25% depending upon the level of compliance of Regulatory capital requirements.
2) General Market Risk: which is interest rate risk in the portfolio. The capital charge for this is the sum total of:
   a) The net short or Long position in the whole Trading book
   b) A small proportion of the matched position in the whole Trading book
   c) A large proportion of the matched position in each time band &
   d) A net charge for all positions in options where appropriate.

C: Capital for Operational Risk: Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people & systems or from external events. It includes legal risk but excludes strategic risk & reputational risk.

Out of the 3 approaches, under Basic Indicator Approach (BIA), banks must hold capital equal to the average of the previous three years of a fixed percentage of positive annual gross income across defined business lines. Thus, Capital charge is calculated as a simple summation of capital charges across 8 business lines as detailed below:

<table>
<thead>
<tr>
<th>Business lines</th>
<th>% of gross income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate finance</td>
<td>18</td>
</tr>
<tr>
<td>Trading &amp; sales</td>
<td>18</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>12</td>
</tr>
<tr>
<td>Commercial Banking</td>
<td>15</td>
</tr>
<tr>
<td>Payment &amp; Settlement</td>
<td>18</td>
</tr>
<tr>
<td>Agency Services</td>
<td>15</td>
</tr>
<tr>
<td>Asset Management</td>
<td>12</td>
</tr>
<tr>
<td>Retail Brokerage</td>
<td>12</td>
</tr>
</tbody>
</table>

Capital Adequacy Position: ORIENTAL BANK OF COMMERCE (As on 31st December 2015)
The total capital adequacy ratio of the Bank on standalone basis as on December 31st 2015 is 11.14% with Tier-1 capital adequacy ratio of 8.17%. In line with RBI guidelines, Bank has adopted following approaches for implementation of New Capital Adequacy Framework –
- Standardised Approach for Credit Risk
- Standardised Duration Approach for Market Risk
- Basic Indicator Approach for Operational Risk

**Basel III Transitional Schedule:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Min. CET-1</td>
<td>4.5%</td>
<td>5%</td>
<td>5.5%</td>
<td>5.5%</td>
<td>5.5%</td>
<td>5.5%</td>
<td>5.5%</td>
</tr>
<tr>
<td>CCB</td>
<td>-</td>
<td>-</td>
<td>0.625%</td>
<td>1.25%</td>
<td>1.875%</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td>CET 1 + CCB</td>
<td>4.5%</td>
<td>5%</td>
<td>6.125%</td>
<td>6.75%</td>
<td>7.375%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Min. Tier 1</td>
<td>6%</td>
<td>6.5%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Min. Total Capital</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Min. Total Capital+ CCB</td>
<td>9%</td>
<td>9%</td>
<td>9.625%</td>
<td>10.25%</td>
<td>10.875%</td>
<td>11.5%</td>
<td></td>
</tr>
</tbody>
</table>

Capital Conservation Buffer (CCB): CCB ensures that banks build up capital buffers (surplus) during normal times which can be used if losses are incurred during a stressed period. In addition to the minimum total capital, the banks have to hold a CCB of 2.5% of RWA’s in the form of Common equity bringing the total Common Equity requirement (CET) to 8% & Total capital to RWAs to 11.50%.

Leverage Ratio (LR): Under Basel 3, a simple, transparent, non-risk Based LR has been introduced to act as a credible supplementary measure to the risk based Capital requirements. Basel Committee will test a minimum tier I leverage ratio of 3% during the parallel run period from 1 January 2013 to 1 January 2017. At present, the average LR of commercial banks in India is above 5% which is to be maintained regularly. No banks should allow the ratio to be kept below 4.5%. The ratio will be calculated on quarterly basis as “the average of the month end leverage ratio over the quarter, based on the definitions of capital & total specified exposure.

**2. Pillar 2: Supervisory Review Process:** The objective is to ensure that Banks have adequate capital to support the Risk in their business. Internal Capital Adequacy Assessment Process (ICAAP) & Supervisory Review & Evaluation Process (SREP) are 2 important components of SRP. ICAAP comprises a bank’s procedures & measures. SREP consists of a review & evaluation process adopted by RBI, to review & evaluate ICAAP. SREP is conducted by RBI annually alongwith annual financial inspection. The main aspects to be addressed under SREP & ICAAP include:

a) The risks that are not fully captured by the CAR under Pillar I;
b) The risks that are not at all taken into account by the Pillar I;
c) The factors external to the bank.

Key Principles: The basel committee lays down 4 key principles:

i. Banks to have a process for assessing their overall capital adequacy.
ii. Supervisors should review & evaluate bank’s internal capital adequacy assessment & ensure compliance with the regulatory capital ratio
iii. Banks to operate above minimum capital ratios
iv. Supervisors should seek to intervene at an early stage to prevent capital from falling below the minimum levels

3. **Pillar 3: Market Discipline:** The purpose of market discipline is to compliment pillar I & II. It encourages market discipline by developing a set of disclosure requirements, which will allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment processes & hence, the capital adequacy of the institution. Non-compliance of disclosure requirements attracts a penalty including financial penalties. Disclosures are to be made at least on a half yearly basis, irrespective of whether financial statements are audited, effective from 1<sup>st</sup> July 2013.

**Basel II & III: Differences**

<table>
<thead>
<tr>
<th>Basel II</th>
<th></th>
<th>Basel III</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Elements of Regulatory capital</strong></td>
<td><strong>Limits (as % of risk weighted assets)</strong></td>
<td><strong>Elements of Regulatory capital</strong></td>
</tr>
<tr>
<td>CRAR</td>
<td>8% (In India 9%)</td>
<td>CRAR</td>
</tr>
<tr>
<td>Tier 1 Capital</td>
<td>Minimum 50% of total capital i.e. 4% (In India - 6%)</td>
<td>Tier 1 Capital</td>
</tr>
<tr>
<td>Common Equity</td>
<td>No specific limit, but taken as 2% as per Sydney Press Release</td>
<td>Common Equity</td>
</tr>
<tr>
<td>Additional Tier 1 Elements- IPDI and Preference Shares</td>
<td>Up to 40% of Tier 1 capital (innovative instruments 15%, innovative+PNCPS not exceeding 40%)</td>
<td>Additional Tier 1 instruments (other Tier 1 instruments issued by the bank with revised eligibility criteria)</td>
</tr>
<tr>
<td><strong>Tier 2 Capital:</strong> Differentiated into upper and lower Tier 2 capital</td>
<td>Up to 100% of Tier 1 capital i.e. maximum 4%</td>
<td><strong>Tier 2 Capital</strong></td>
</tr>
<tr>
<td>Revaluation reserves</td>
<td>At a discount of 55%</td>
<td>Revaluation reserves+ other unrealised gains -- OCI</td>
</tr>
<tr>
<td>General provisions/loan-loss reserves</td>
<td>1.25% of total RWAs under Standardised Approach for credit risk</td>
<td></td>
</tr>
<tr>
<td>Hybrid capital instruments (PCPS,RCPS,RNCP)</td>
<td>Can constitute upto 100% of Tier 2 capital</td>
<td>Hybrid capital instruments (e.g.PCPS,RCPS, RNCP) are eligible</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>Upto 50% of Tier 1 capital</td>
<td></td>
</tr>
<tr>
<td><strong>Tier 3 capital</strong> (Short-term Subordinated debt)</td>
<td>Limited to 250% of Tier 1 capital that is required to support market risks. Not allowed in India.</td>
<td><strong>Tier 3 capital</strong></td>
</tr>
</tbody>
</table>
Key Highlights of Budget 2016-17

Overall
- FY17 fiscal deficit target retained at 3.5%

Direct Tax for individuals
- No change in tax slabs - Click here for 2015-16 tax slabs
- Limit of deduction of rent paid under section 80GG raised to Rs 60,000 per annum from Rs 24,000
- Deduction for additional interest of Rs 50,000 per annum for loans up to Rs 35 lakh sanctioned in 2016-17 for first time home buyers, where house cost does not exceed Rs 50 lakh
- Only 40% of EPF/NPS total corpus withdrawn at the time of retirement will be tax exempt. The remaining 60% will be tax exempt only if invested in annuities. The proposal is not finalized and government has clarified that tax will be applied only on the interest earned and will not be applicable to individuals with basic income of upto 15,000 per month

Indirect/Service Tax
- Krishi Kalyan Cess, @ 0.5% on all taxable services, effective 1st June 2016

Financial Sector
- Allocation of Rs 25,000 crore towards re-capitalization of PSBs(Public Sector Banks)
- General Insurance Companies owned by the government to be listed in the stock exchanges

Make-in-India/Start-up India
- New manufacturing companies incorporated on or after 1.3.2016 to be given an option to be taxed at 25% + surcharge and cess provided they do not claim profit linked or investment linked deductions
- 100% deduction of profits for 3 out of 5 years for startups setup during April, 2016 to March, 2019

Automotive
- An infrastructure cess of 1 percent on small petrol, LPG, CNG cars, 2.5 percent on diesel cars of certain capacity and 4 percent on other higher engine capacity vehicles and SUVs has been levied.

Black Money
- Domestic taxpayers can declare undisclosed income by paying tax at 30%, and surcharge at 7.5% and penalty at 7.5%, which is a total of 45% of the undisclosed income

Farmers/Agriculture
- Around Rs 36,000 crore to be allotted to agriculture and farmer welfare
- Provision of Rs 15,000 crore to reduce burden of loan repayment on farmers
- Rs 5500 crore to be provided towards crop insurance scheme

Rural Sector/Villages
- Around Rs 88,000 crore to be allotted to rural sector
- Rs 38,500 crore to be allotted to rural employment guarantee scheme
- Every village in the country to have electricity by May 1, 2018

Social/Healthcare/Education
- Social sector, including healthcare and education to get Rs 1.51 lakh crore

Infrastructure
- Total investment in the road sector, including highways and village roads to be Rs 97,000 crore

Finance Minister announced for withdrawing a controversial Budget proposal to tax 60% of the corpus, accumulated post April 1,2016, would attract tax and the remaining 40% would be tax-free.
He also withdrew another proposal to tax contribution made by an employer beyond Rs 1.5 lakh a year. However, the proposal to not tax 40 per cent of money withdrawn from national pension system stays.
Now, the full balance of EPF will continue to be tax-free at all three stages: contribution, interest earned, and withdrawal. The National Pension Scheme, or NPS, will continue with its earlier structure, in which only 40% would be tax free at withdrawal.
Digital India - Digital Banking

It is the time when Digital Technology and its transformation in Banking Sector is changing the mindset of Banking Leaders all over the world. As country is also going Digital we also need to believe that "Digital India Digital Banking". With the increase in penetration of smart phones and high speed internet, in almost next five years almost every customer will be connected through internet. As per survey by 2019 with rising internet and smart phone usage, there is a clear possibility of 30-40 percent of transactions in the overall banking industry to be replaced with online/Digital Transactions which in turn will help the Banks to reduce operational costs and improve productivity.

Also, Digital transactions may lead to increase in CASA Balance in accounts by approximately 20 percent. Efficient and optimum use of Technology by Banks can increase customer base, retention of existing customers, a potential to tap Generation-Y Customers and also help in Cross Selling using Business Analytics and also increase profitability by reduction in Non Performing Assets. With Digitisation banks can have Better MIS (Management Information Systems) and DSS (Decision Support Systems) which can improve monitoring of assets and thus maintain healthy asset quality. All this can further improve customer service. But as "Every Cloud has a silver lining" Digitalisation do has some shortcomings and our major challenge is that with rise in the use of Technology Cyber crime is also increasing day by day. So Bank's need to develop a robust IT Security platform. Apart from that they need to sensitize the innocent customers regarding risks associated with the use of Digital Banking.

As per a survey conducted last year only 50 percent of Debit Cards issued are used at ATM’s and only 14 percent used at POS (Point of Sales) Terminals. Approximately 80 percent of cash withdrawals over the counters are less than Rs.25000. Hardly one percent of Saving Bank Customers in Public Sector Banks use Mobile Banking, only 4 percent of cash deposit which is almost 60 percent of Branch Cash Transactions is being done through cash deposit machines, 46 percent of Business transactions are through cheques which really have no excuse to exist and need to be replaced with alternate channels on priority. A survey of more than 1000 businesses says that they are ready to go digital but there are only a few people in Banks to educate them.

Banks are spending huge on technology but this technology being their greatest strength is their weakness as most of the front office staff members are not empowered to use technology and guide customers regarding use of new products. Now the greatest advantage with today's Public Sector Banks is that the key position are being taken up by Generation-Y so Banks should harness the power of Gen-Y to promote technology and move towards Paperless Green Banking and lead to a much profitable business mainly focusing on Human Capital harnessing Digital Technology with optimization of resources through Risk Management and further reduce cost-to-income ratio by 10-15 percent. For all this Bank's need to undergo a complex transformation process to harness digital technology fully. Some of the steps could be like:

- Eradicating Cash:-Moving cash transactions to POS and transactions and Mobile to Mobile Fund transfer
- Digitalize Customer experience:-By providing online account opening through mobile apps, ATM’s, Biometric authentication, Digital Marketing, online KYC, more and more mobile applications.
- Develop more and more online products like promoting IMPS (Immediate Payment Service), developing electronic Bank Guarantee.
- Providing 24 x 7 monitoring of accounts through mobile apps like online passbook.
- Going for online hassle free loans and documentation processes to reduce Turn around Time and better customer experience.

**Steve Jobs has rightly said: Need of the day is to move from "Brick Banking to Click Banking".**

“People don’t know what they want Until you show it to them”

**GYAN SANGAM**

Two day 'Gyan Sangam - A Retreat for Banks' at SBI academy 'Gurukul', Gurgaon is over. Finance Minister Mr Arun Jaitley has hinted that government is going to set up an expert group to look into consolidation of public sector banks, as the country needs stronger banks rather than large number of banks.

PSBs have since long adopted the concept of specialised branches to cater to the needs of large corporate borrowers and mid corporate/SME sector. **Ramnath Pradeep (former chairman of Corporation Bank) suggestions are in this direction for the post consolidation era.** The expert committee on public sector banks consolidation should ponder over the innovative structure of banks. Having 20, or in its place, five nationalised banks will not serve the purpose if they do the same type of business, selling similar products and competing among themselves.

**Let there be specialised banks:** large banks for projects and infrastructure financing and having overseas presence; small and medium enterprise (SME) banks to meet the needs of the SME sector, thus aiding Make in India; retail banks that concentrate on the retail and priority sectors, tax collection and miscellaneous functions such as financial inclusion and subsidy distribution. Let the consolidation be based on the core strength of banks, existing and proposed, and their jurisdiction clearly demarcated.

As per RBI data, **major portion of NPAs are from big corporate rather than the priority sector or retail advances.** When banks already have the specialized branches, then why the corporate loans are defaulting. Reasons may be varied, but **banks have diluted the demarcated areas allowing small loans in large corporate branches and corporate loans in small branches, just not to let any business go away.** Government should learn from past mistakes of banks and remain strict in the areas of operations.

The capital requirement of these banks should be stipulated. As the large banks would be competing with those around the world, their capital requirement should be according to Basel norms. SME banks would mainly work within India, so their capital requirement could be less than that of the large banks. Retail banks’ capital requirement would be the least, as their operations would be local, and they would have government guarantee.

**The government has promised to infuse fresh capital of Rs 25,000 crore into public sector banks this year (Rs 70,000 crore by 2019).** Instead of giving this capital proportionately, let it be bifurcated into developmental capital and survival capital. The bigger chunk should be allotted as developmental capital and given to large banks and SME banks. Retail banks should be given only survival capital. This way the government would not have to shell out a large amount of funds and yet the social responsibility of
public sector banks would be met.

To tide over the NPA problem, suggestions from different corners have emerged. **One is the creation of an India Revival Fund in line with the US Troubled Asset Relief Program (TARP) of 2008** under which US government, says Sunil Kanoria, vice-chairman, Srei Infrastructure Finance Limited, "bought stressed assets of US$426.4 billion, which helped financial sector to recover quickly. In 2014, TARP sold all its investment for $441.7 billion, thereby ending the programme without making any loss". On the similar lines in India, there are talks of forming a bad bank that will take over the non-performing assets of banks. For that, the government has to provide Rs 4 lakh crore, the estimated amount of NPAs as on March 31. This figure will rise till March 2017, the last date for cleaning up the balance sheets of banks. Making arrangements for such a proposition does not seem realistic.

The other suggestion is to permit standstill period of five years under Strategic Debt Restructuring (SDR). Reserve Bank has observed that in many cases of restructuring of accounts, borrower companies are not able to come out of stress due to **operational/managerial inefficiencies despite substantial sacrifices made by the lending banks.** In such cases, change of ownership is the preferred option. With a view to provide banks with enhanced capabilities to initiate change of ownership in accounts which fail to achieve the projected viability milestones, banks have been provided a new tool of 'Strategic Debt Restructuring (SDR)'. Under SDR, lending banks convert debt into equity to become major shareholders in the borrower entity, then search for new promoters and divest the entire equity to new promoters. This entire process is required to be completed within a period of eighteen months. However, certain section of people wants this period to increase to five years.

**Banks are incurring losses due to higher provisioning on sick advances. This time they have somehow got by, as they have operating profits and margins on capital funds to fall back on. In the next quarter, operating profits would drop on account of increase in NPAs, causing some banks to register operating losses. The burden of entire provisions will then be upon capital funds. With the squeezing of capital, the scope of further lending will be reduced. Even if the government provides capital, that will get absorbed in provisions. The only alternative left is recovery, that too at the earliest, to keep funds rotating and the business of banks growing. The accounts identified under SDR are deadwood; giving them a five-year standstill period will lead to the death of banks.**

The survival of public sector banks (PSB) depends on increasing income and reducing cost. In the present situation of an economic downturn, avenues for income enhancement are limited. The best way to reduce cost is through the merger of PSBs. The exorbitant establishment costs of similar products of one owner, the government, are not judicious. If this experiment does not work, then the age old adage should be allowed to have its way, "government should govern and not to do business" and the government should come out of financial services sector.

**GOLD RELATED SCHEMES**

Prime Minister launched following 3 schemes related to Gold on 5th November 2015.

1. Sovereign Gold Bond Scheme
2. Gold Monetisation Scheme – (GMS)
3. Gold Coin & Bullion Scheme.
The scheme seeks to dampen physical demand for Gold and tap into an estimated 20,000 tonnes of the precious metal lying idle with Indian households and institutions.

1. **Sovereign Gold Bond Scheme**

   Tranche – I (November 05, 2015 to November 20, 2015)
   Tranche –II (January 18, 2016 to January 22, 2016)
   Tranche – III (March 8, 2016 to March 14, 2016)

In this scheme Investor can purchase gold in the form of paper Bonds. Minimum investment in the Bonds shall be 2 grams and Maximum shall be 500 grams per person per fiscal year (April – March). In case of joint holding, the limit applies to the first applicant.

Price of the Bonds shall be fixed in Indian Rupees on the basis of the previous week’s (Monday – Friday) simple average closing price for gold of 999 purity, published by the India Bullion and Jewellers Association Ltd. (IBJA).

The Bonds shall bear interest at the rate of 2.75 per cent (fixed rate) per annum on the amount of initial investment. Interest shall be paid in half-yearly rests and the last interest shall be payable on maturity along with the principal.

The Bonds may be used as collateral for loans. The Loan to Value ratio will be as applicable to ordinary gold loan mandated by the RBI from time to time. The lien on the Bonds shall be marked in the depository by the authorized banks.

**Redemption**

i) The Bonds shall be repayable on the expiration of eight years from the date of issue. Pre-mature redemption of the Bond is allowed from fifth year of the date of issue on the interest payment dates.

ii) The redemption price shall be fixed in Indian Rupees on the basis of the previous week’s (Monday – Friday) simple average closing price for gold of 999 purity, published by IBJA.

Interest on the Bonds shall be taxable as per the provisions of the Income-tax Act, 1961. Capital gains tax treatment will be the same as that for physical gold.

2. **Gold Monetisation Scheme – (GMS) 2015**

This will offer an option to resident Indians to deposit their precious metal and earn an interest of upto 2.5%.

3. **Gold Coin & Bullion Scheme**

The prime minister also unveiled the first gold coin minted in India, bearing National Emblem Ashok Chakra on one side and Mahatma Gandhi’s image engraved on the other side. Initially the coins will be available in denominations of 5 gms and 10 gms. A 20 gm gold bar will also be available through 125 MMTC outlets across the country.

**Economic Reform during 2016**

**GST (probability of implementation in 2016: 65%):** The goods and services tax (GST) is meant to simplify the tax regime by replacing a host of indirect taxes by a single unified tax. Once the GST Constitutional Amendment Bill is passed (requires a two-thirds majority), it has to be ratified by more than 50% of the state assemblies and then the revenue neutral rate has to be finalised (expected to be less than 18%).

**Amendments to the RBI Act (70%):** These include setting up a monetary policy committee (MPC) that votes on policy decisions. This is expected to be implemented in the second half of 2016.
Strategic disinvestments (85%): The government is likely to fast-track stake sales in loss-making public sector companies, a mechanism for identifying strategic disinvestments (privatisation) in profitable public sector companies.

Bankruptcy code (60%): The bill includes setting up an insolvency regulator and adjudicating authority, early identification system for financial distress, an insolvency database and a clear timeline and a procedure for resolving insolvency cases.

Infrastructure push (60%): An independent railways regulator to be set up and station redevelopment to be the major focus in 2016. For roads, the focus will be on the hybrid annuity model to accelerate construction to 30km/day from the current 18km/day. It also expects groundwork (greenfield or brownfield) for the development of 20 smart cities to begin. The Sagarmala project (ports) and the development of inland waterways should also progress further. That apart, Nomura expects the National Infrastructure Investment Fund to buy stressed projects in 2016.

Banking reforms (80%): Deregulation of small savings rates, privatisation of IDBI Bank and repos in the corporate bond market are all possible

Labour reforms (70%): It expect amendments to the Child Labour Act (prohibiting employment of children under 14 years), the Factories Act (exempting factories with less than 40 employees from 14 labour laws, including easier shutdown) and an increase in the size of the employers provident fund.

7 Major Steps of Economic Reforms Taken by Government of India
For the attainment of the above-mentioned objectives, the government of India has taken the following major steps:

(1) New Industrial Policy
Under Industrial Policy, keeping in view the priorities of the country and its economic development, the roles of the public and private sectors are clearly decided. Under the New Industrial Policy, the industries have been freed to a large extent from the licenses and other controls. In order to encourage modernisation, stress has been laid upon the use of latest technology. A great reduction has been effected in the role of the public sector.

Efforts have been made to encourage foreign investment. Investment decision by companies has been facilitated by ending restrictions imposed by the MRTP Act. Similarly, Foreign Exchange Regulation Act (FERA) has been replaced with Foreign Exchange Management Act (FEMA).

Some important points of the New Industrial Policy have been highlighted here

(i) Abolition of Licensing:
Before the advent of the New Industrial Policy, the Indian industries were operating under strict licensing system. Now, most industries have been freed from licensing and other restrictions.

(ii) Freedom to Import Technology:
The use of latest technology has been given prominence in the New Industrial Policy. Therefore, foreign technological collaboration has been allowed.

(iii) Contraction of Public Sector:
A policy of not expanding unprofitable industrial units in the public sector has been adopted. Apart from this, the government is following the course of disinvestment in such public sector undertaking. (Selling some shares of public sector enterprises to private sector entrepreneurs is called disinvestment. This is a medium of privatisation.)

(iv) Free Entry of Foreign Investment:
Many steps have been taken to attract foreign investment. Some of these are as follows:
(a) In 1991, 51% of foreign investment in 34 high priority industries was allowed without seeking government permission.
(b) Non-Resident Indians (NRIs) were allowed to invest 100% in the export houses, hospitals, hotels, etc.
(c) Foreign Investment Promotion Board (FIPB) was established with a view to speedily clear foreign investment proposals.
(d) Restrictions which were previously in operation to regulate dividends repatriation by the foreign investors have been removed. They can now take dividends to their native countries.

(v) MRTP Restrictions Removed:
Monopolies and Restrictive Trade Practices Act has been done away with. Now the companies do not need to seek government permission to issue shares, extend their area of operation and establish a new unit.

(vi) FERA Restrictions Removed:
Foreign Exchange Regulation Act (FERA) has been replaced by Foreign Exchange Management Act (FEMA). It regulates the foreign transactions. These transactions have now become simpler.

(vii) Increase in the Importance of Small Industries:
Efforts have been made to give importance to the small industries in the economic development of the country.

(2) New Trade Policy
Trade policy means the policy through which the foreign trade is controlled and regulated. As a result of liberalisation, trade policy has undergone tremendous changes. Especially the foreign trade has been freed from the unnecessary controls.
The age-old restrictions have been eliminated at one go. Some of the chief characteristics of the New Trade Policy are as follows:

(i) Reduction in Restrictions of Export-Import: Restrictions on the exports-imports have almost disappeared leaving only a few items.

(ii) Reduction in Export-Import Tax: Export-import tax on some items has been completely abolished and on some other items it has been reduced to the minimum level.

(iii) Easy Procedure of Export-Import: Import-export procedure has been simplified.

(iv) Establishment of Foreign Capital Market: Foreign capital market has been established for sale and purchase of foreign exchange in the open market.

(v) Full Convertibility on Current Account: In 1994-95, full convertibility became applicable on current account. Here it is important to clarify the meaning of current account and full convertibility. Therefore, this has been done as follows:

Current Account: Transactions with the foreign countries are placed in two categories: (i) transaction with current account, for example, import-export, (ii) Capital account transactions, like investment.

Full Convertibility: In short, full convertibility means unrestricted sale and purchase of foreign exchange in the foreign exchange market for the purpose of payments and receipts on the items connected with current account. It means that there is no government restriction on the sale and purchase of foreign exchange connected with current account.

On the other hand, sale and purchase of foreign exchange connected with capital account can be carried on under the rates determined by the Reserve Bank of India (RBI),

(vi) Providing Incentive for Export: Many incentives have been allowed to Export-oriented Units (EOU) and Export Processing Zones (EPZ) for increasing export trade.

(3) Fiscal Reforms
The policy of the government connected with the income and expenditure is called fiscal policy. The greatest problem confronting the Indian government is excessive fiscal deficit. In 1990-91, the fiscal deficit was 8% of the GDP. (It is important to understand the meaning of fiscal deficit and GDP.)

(i) Fiscal Deficit: A fiscal deficit means that the country is spending more than its income,

(ii) Gross Domestic Product (GDP): The GDP is the sum total of the financial value of all the produced goods and services during a year in a country. Generally, the financial deficit is calculated in the form of GDP’s percentage. Presently, the government of India is making efforts to take it to 4%.

Solutions of Fiscal Deficit
In order to handle the problem of fiscal deficit, basic changes were made in the tax system. The following are the major steps taken in this direction:
(i) The rate of the individual and corporate tax has been reduced in order to bring more people in the tax net.
(ii) Tax procedure has been simplified.
(iii) Heavy reduction in the import duties has been implemented.

(4) Monetary Reforms
Monetary policy is a sort of control policy through which the central bank controls the supply of money with a view to achieving the objectives of the general economic policy. Reforms in this policy are called monetary reforms. The major points with regard to the monetary reforms are given below:

(i) Statutory Liquidity Ratio (SLR) has been lowered. (A commercial bank has to maintain a definite percentage of liquid funds in relation to its net demand and time liabilities. This is called SLR. In liquid funds, cash investment in permitted securities and balance in current account with nationalised banks are included.)
(ii) The banks have been allowed freedom to decide the rate of interest on the amount deposited.
(iii) New standards have been laid down for the income recognition for the banks. (By recognition of income, we mean what is to be considered as the income of the bank. For example, should the interest on the bad debt be considered as the income of the bank directions have been issued in this context.
(iv) Permission to collect money by issuing shares in the capital market has been granted to nationalised banks.
(v) Permission to open banks in the private sector has also been granted.

(5) Capital Market Reforms
The market in which securities are sold and bought is known as the capital market. The reforms connected with it are known as capital market reforms. This market is the pivot of the economy of a country. The government has taken the following steps for the development of this market:

(i) Under the Portfolio Investment Scheme, the limit for investment by the NRIs and foreign companies in the shares and debentures of the Indian companies has been raised. (Portfolio Investment Scheme means investing in securities.)
(ii) In order to control the capital market, the Securities and Exchange Board of India (SEBI) has been established.
(iii) The restriction in respect of interest on debentures has been lifted. Now, it is decided on the basis of demand and supply.
(iv) The office of the Controller of Capital Issue which used to determine the price of shares to be issued has been dispensed with. Now, the companies are free to determine the price of the shares.
(v) Private sector has been permitted to establish Mutual Fund.
(vi) The registration of the sub broker has been made mandatory.

(6) Phasing out Subsidies
Cash Compensatory Support (CCS) which was earlier given as export subsidy has been stopped. CCS can be understood with the help of an example.
If an exporter wants to import some raw material which is available abroad for 100, but the same material is available in India for 120 and the governments wants the raw material to be purchased by the exporter from India itself for the protection of indigenous industries, the government is ready to pay the difference of 20 to the exporter in the form of subsidy. The payment of 20 will be considered as CCS. In addition to this, the CCS has been reduced in case of fertilizers and petro products.

(7) Dismantling Price Control
The government has taken steps to remove price control in case of many products. (Price Control means that the companies will sell goods at the prices determined by the government.) The efforts to remove price control were mostly in respect of fertilizers, steel and iron and petro products. Restrictions on the import of these products have also been removed.
START UP INDIA

Startup India campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs creation. The campaign was first announced by Prime Minister Narendra Modi in his 15th August address. It is focused on to restrict role of States in policy domain and to get rid of "license raj" and hindrances like in land permissions, foreign investment proposal, environmental clearances. It was organized by Department of Industrial Policy and Promotion. A startup is an entity that is headquartered in India which was opened less than five years ago and have an annual turnover less than ₹25 Cr. The government has already launched PMMY, the MUDRA Bank, a new institution set up for development and refinancing activities relating to micro units with a refinance Fund of ₹200 billion.

The Standup India initiative is also aimed at promoting entrepreneurship among SCs/STs, women communities.

Key points
- Single Window Clearance even with the help of a mobile application
- 10,000 Cr fund of funds
- 80% reduction in patent registration fee
- Modified and more friendly Bankruptcy Code to ensure 90-day exit window
- Freedom from mystifying inspections for 3 years
- Freedom from Capital Gain Tax for 3 years
- Freedom from tax in profits for 3 years
- Eliminating red tape
- Self-certification compliance
- Innovation hub under Atal Innovation Mission
- Starting with 5 lakh schools to target 10 lakh children for innovation programme
- new schemes to provide IPR protection to start-ups and new firms
- encourage entrepreneurship.
- Stand India across the world as a start-up hub.

Launch
The event was inaugurated on 16 January 2016 by the finance minister Arun Jaitley. Among the attendees were around 40 top CEOs and startup founders and investors from Silicon Valley as special guests including Masayoshi Son, CEO of Softbank, Kunal Bahl, founder Snapdeal, Ola founder Bhavish Aggarwal, Paytm founder Vijay Shekhar Sharma, Travis Kalanick, founder of Uber, Adam Nuemann, CEO of WeWork, Prateek Kr. Bhowmick, Co-founder of ReviewAdda, Sachin Bansal, founder of Flipkart and others.

Startup India Portal launched on 1st April 2016

Govt.'s role
The Ministry of Human Resource Development and the Department of Science and Technology have agreed to partner in an initiative to set up over 75 such startup support hubs in the National Institutes of Technology (NITs), the Indian Institutes of Information Technology (IIITs), the Indian Institutes of Science Education and Research (IISERs) and National Institutes of Pharmaceutical Education and Research (NIPERs).
The Reserve Bank of India said it will take steps to help improve the ‘ease of doing business’ in the country and contribute to an ecosystem that is conducive for the growth of start-up businesses.

Investment
SoftBank, which is headquartered in Japan, has invested US$2 billion into Indian startups. The Japanese firm had pledged the total investments at US$10 billion. Google declared to launch a startup, based on the highest votes in which the top three startups will be allowed to join the next Google Launchpad Week, and the final winner could win an amount of US$100,000 in Google cloud.
Southern States of the nation have shown great performance, like Karnataka, Kerala, Andhra Pradesh and Telangana which have results better than the rest of the country in terms of their policies implementations for supporting startups. Their focus has been on improving infrastructure, especially in the Tier-II cities. Bengaluru, a metro city of Karnataka, is known as the Silicon Valley of India. Kerala is well known for the government's startup policy, "Kerala IT Mission", which focus on fetching ₹50 billion (US$740 million) in investments for the State's startup ecosystem. It also made India’s first telecom incubator Startup village in 2012. The state also matches the funding raised by its incubator from Central government with 1:1. Telangana has launched the largest incubation center in India as "T-Hub". Andhra Pradesh has allocated a 17,000 sq.ft. Technological Research and Innovation Park as a Research and Development laboratory. It has also created a fund called "Initial Innovation Fund" of ₹100 crore (US$15 million) for entrepreneurs. The government of Madhya Pradesh has collaborated with the Small Industries Development Bank of India (SIDBI) to create a fund of ₹200 crore (US$30 million). Rajasthan has also launched "Start-up Oasis" scheme.

Educational Institution Alliances
Under the scheme, a group of start-ups will acknowledge an MOU with the prestigious institutions and will also establish the start-up centers in the campus. NIT-Silchar is one of the institutions of the country to have joined the program. IIT Madras is also linked with this campaign. The institution has been successfully managing seven research parks that has incubated many start-up. The quality of education in the institutions of the nation is always questioned and found not matching with the organizations' standards for the required skillset and they have to expend on the training the freshers. The country has also launched the Skill India campaign for addressing the issue.

FINANCIAL NEWS SUMMARY
(01 FEBRUARY 2016 TO 08 APRIL 2016)

Mallya’s wilted olive branch
Former liquor baron Vijay Mallya’s offer of Rs. 4,000 crore to consortium of lenders which came with caveats was always a non-starter. There was never even a whit of chance for the lenders to accept the offer because it was too little and would have allowed other debtors to make similar ones to get out of jail.

Direct benefit transfer to include all government schemes, payments
The scope of the Direct Benefit Transfer programme has been significantly widened by the government to cover third party cash transfers to various enablers of government schemes such as community workers, NGOs and self help groups. This will be a shot in the arm for the programme that has made monthly cash transfers of Rs. 7,000 crore to beneficiaries for 56 schemes.

New online platform to facilitate priority sector lending launched
Banks will now be able to buy and sell four kinds of Priority Sector Lending Certificates (PSLCs) relating to Agriculture, Small & Marginal Farmers, Micro Enterprises and General via an RBI platform, which was launched on Thursday. The platform will enable trading in the certificates through its Core Banking Solution (CBS) portal (e-Kuber).

Double blow for Mallya
Liquor baron Vijay Mallya, who is facing legal proceedings for alleged default of loans worth Rs 9,000 crore from various banks, was on Thursday directed by the Supreme Court to disclose by April 21 the total assets owned by him and his family in India and abroad. The apex court also sought an indication on when he will appear before it. The court asked Mallya to deposit a "substantial amount" with it to "prove his bona fide" that he was "serious" about meaningful negotiations and settlement.
Banks Board Bureau to discuss capital, consolidation today
The four-member Banks Board Bureau (BBB), with former Comptroller and Auditor General Vinod Rai at the helm, will hold its first meeting at the Reserve Bank of India (RBI) headquarters here on Friday. They'll discuss a range of issues, including board-level appointments in public sector banks (PSBs) and consolidation among these lenders.

SBI, ICICI Bank cut home loan rates
Leading lenders State Bank of India (SBI) and ICICI Bank on Thursday cut their home loan rates by 0.10 percentage points to 9.4 per cent following implementation of a new interest rate calculation regime mandated by the Reserve Bank of India (RBI). The lending rates of other banks may also fall soon with the marginal cost of funds-based lending rate (MCLR) system coming into force with effect from April 1.

Innovative approach: Government staff's pay hikes may fund bank capitalisation
The government is considering an innovative proposal under which 50% of increased salary of higher-income government staff under the Seventh Pay Commission will be compulsorily invested in bank capitalisation bonds. The proceeds will be used to recapitalise banks without additional pressure on the fisc.

RBI Governor Raghuram Rajan hails government, says India on cusp of a revolution
Reserve Bank of India (RBI) governor Raghuram Rajan said India is poised for a "leap in production" and the government's emphasis on infrastructure creation is bearing results. "I think we are right for change. The emphasis of the government on infrastructure creation, improving logistics network, some of the private sector companies like Flipkart and Snapdeal are creating a huge change in warehousing, in logistics," the RBI governor said.

States float tenders for PM Narendra Modi's mega crop insurance scheme
In a bid to roll out Pradhan Mantri Fasal Bima Yojana (PMFBY), several states, including Uttar Pradesh, West Bengal and Jharkhand, have floated tenders for empaneling insurance companies who would be implementing the Centre's mega crop insurance scheme from the next kharif season.

Supreme Court directs Vijay Mallya to disclose all assets
He Supreme Court on Thursday directed UB Group chairman Vijay Mallya to disclose all assets held by him and his family, after a consortium of creditors spurned his offer to repay Rs.4,000 crore to settle the debts of his grounded Kingfisher Airlines Ltd. The apex court directed Mallya, who has offered to pay an additional Rs.2,000 crore if he wins a pending lawsuit, to disclose all the movable, immovable, tangible and intangible assets owned by him, his wife and children.

PM Narendra Modi's rural income promise leaves farmers, experts cold
Indian Prime Minister Narendra Modi is going to need a big rise in economic growth and a run of good weather to have a chance of fulfilling his promise to double farmers' incomes by 2022. He may also have to allow farm gate prices to rise fast, agricultural and economic experts said, jeopardising a key policy of his first two years in office: keeping inflation in check to appeal to India's swelling middle class.

For PSU banks, raising much-needed Rs. 1.1-lakh cr could be tough task: IIAS
Can public sector banks (PSBs) continue to stay relevant? Or is the government's insistence on owning at least 50 per cent of such banks going to be the death of them — these are the questions raised in a new report released by probe advisory Institutional Investor Advisory Services. The majority of PSBs are finding themselves stuck between a rock and a hard place when it comes to raising much-needed additional capital.

RBI taking steps to improve credit flow to MSMEs, says SS Mundra
The Reserve Bank of India is taking several steps to ensure timely credit and improved cash flow to micro, small and medium enterprises (MSMEs). This was stated by RBI Deputy Governor SS Mundra at a ‘Bankers-Borrowers’ interaction organised by industry body Assocham on Wednesday.

SBI to hire 17,000 in clerical cadre
Here is good news for job aspirants. State Bank of India will be filling up 17,070 vacancies in the clerical cadre. According a notification issued by the bank, vacancies include 10,726 and 3,336 junior associates for regular recruitment and special drive, respectively, and 3,008 posts of junior agricultural associates.

Banks in no hurry to cut lending rates
The Reserve Bank of India (RBI) cut its key policy rate by 25 basis points and vowed to improve liquidity in the market but banks are not going to soon reduce lending rates any time. Bankers said the new lending rates (under the Marginal Cost of funds-based Lending Rates, or MCLR) have been announced just at the start of the month. The first priority is to review rates on resources (deposits). Only a further fall in cost of funds would create room to pass on benefits to borrowers in the form of cheaper loans.
Panama Papers: RBI warns against jumping to conclusions
Cautioning against jumping to conclusions on Panama Papers, the Reserve Bank of India (RBI, or central bank) on Wednesday said it would have to look into the evidence to find what was legitimate. Panama have disclosed a list of nearly 500 Indians, including celebrities and industrialists who have allegedly stashed money in offshore entities.

10 PSBs may miss out on Indradhanush’s hues
The government’s well-intentioned plan to help public sector banks (PSBs) make a fresh start could face roadblocks created by its own past rules. Replenishing lost capital is necessary, but it comes with several constraints, says a report by proxy advisory firm Institutional Investor Advisory services (IiAS).

Banks seek better repayment offer from Vijay Mallya
Lenders to the long-defunct Kingfisher Airlines are likely to press for a better offer on payment of dues from its promoter Vijay Mallya, sources said. Last week, the airline and Mallya had submitted a proposal in the apex court to pay Rs 4,000 crore by September to the consortium of 17 banks led by State Bank of India.

Guidelines for on-tap banking shortly: Raghuram Rajan
The banking system moved a step closer to on-tap licensing with the Reserve Bank today saying it will shortly announce guidelines for the same. “In the weeks to come, you will see a fulfilment of our past announcements, including the release of guidelines for on-tap licensing of universal banks,” Governor Rajan told analysts during the post-policy concall.

Nabard to raise Rs 50,000 crore in FY’16
Agri and rural lender Nabard is set to raise Rs 50,000 crore from the markets in FY’17, about 31% higher than what it raised in the previous years. The institution mandated to focus on agriculture and rural development will focus on irrigation besides providing inputs to the government on increasing financial inclusion in the economy.

India Ratings has bad news for savers, good for National Small Savings Fund
The general decline in government security rates coupled with the Reserve Bank of India’s monetary easing and steps to boost liquidity could bring down the interest rates on small savings by another 20-25 basis points for the July-September quarter, India Ratings said on Wednesday.

A $234 million lawsuit that may help Vijay Mallya repay airline’s debt
The suspense surrounding India’s battle with bad loans and defaulters is getting deeper. A litigation over the quality of a jet engine may determine how much lenders can claw back from Vijay Mallya, the besieged founder of the failed Kingfisher Airlines Ltd.

Raghuram Rajan’s pivot to liquidity management
Monetary policy operates on three pillars—the policy rate, daily liquidity management in the money market and communication. The most interesting parts of the new monetary policy announced by Raghuram Rajan are in the structural changes to liquidity management.

RBI may cut repo rate by 25 bps, say bankers
Reserve Bank of India Governor Raghuram Rajan is likely to announce a 25 basis points cut in the repo rate when he unveils the first bi-monthly monetary policy for 2016-17 on Tuesday, say market experts. The repo rate is the interest rate at which the central bank provides short-term liquidity to banks; it is currently at 6.75 per cent. One basis point is equal to one-hundredth of a percentage point; the anticipated 25 basis points cut would translate to a 0.25 percentage point cut.

PM to launch ‘Stand up India’ scheme
Prime Minister Narendra Modi will on Tuesday launch ‘Stand up India’, the government’s flagship scheme to promote entrepreneurship among Scheduled Caste/Schedule Tribe and women for loans in the range of Rs. 10 lakh to Rs. 100 lakh. Sh. Modi will also launch a web portal for the scheme.

Banks knock on courts’ doors to recover Rs 1.86 lakh crore
Banks and financial institutions are fighting cases across the country to recover atleast Rs 1.86 lakh crore from defaulters who owe more than Rs 1 crore each. While handing over information in a sealed cover, the Reserve Bank of India (RBI) had asked the Supreme Court not to disclose the data on defaulters in public.

Vijay Mallya’s craft beer firm brews fresh funding in US
Away from the furore over huge loan default in India by Vijay Mallya-led UB Group, its US-based brewery arm has secured a complex funding that it intends to repay later with a ‘bridge loan’ from its parent. California-based Mendocino Brewing Company, which sells a number of beer brands including Kingfisher in the US, has got Mallya as its chairman and is owned by UB Group through a complex shareholding structure.

Govt to focus on execution, go slow on new scheme launches
As the Prime Minister Narendra Modi-led National Democratic Alliance (NDA) government pads up to enter its third year in office, its focus would be on key areas such as banking, defence, retail, manufacturing, infrastructure and job creation. If the first two years were about announcing signature schemes and campaigns, and setting the agenda for the NDA, the next three are going to be about getting results from the schemes such as Make in India, Swachh Bharat, Smart Cities or Digital India.

Vijay Mallya's Rs 4,000-crore offer doesn't interest banks, needs to double the settlement
Vijay Mallya needs to double the settlement offer he's made to the 17-lender group that's seeking repayment of more than Rs 9,000 crore in dues stemming from loans made to Kingfisher Airlines, the grounded carrier founded by him. The Rs 4,000-crore offer presented in the Supreme Court last week isn't good enough in the view of the banks, said two people familiar with discussions among lenders on Saturday.

UCO Bank revises lending rates based on marginal cost
Public sector lender UCO Bank has revised lending rates based on marginal cost of funds with effect from April 1. For one year loan, the interest rate will be 9.55 per cent while for two years it is going to be 9.65 per cent, UCO Bank said in a BSE filing. The rate of interest will be 9.40 per cent for loan of one month duration, 9.45 per cent for loans for three month and 9.50 per cent for six months.

MasterCard CEO Ajay Banga calls for equal treatment with RuPay domestic card
MasterCard CEO Ajay Banga has called for equal treatment with the RuPay domestic card, particularly with regard to the government's flagship financial inclusion scheme on criteria such as security and cost advantages. "All I want is a level playing field," he said in an interview when asked about RuPay being used for the Pradhan Mantri Jan Dhan Yojana. "What I (MasterCard) can do is offer you global standards of safety and security.

Mystery surge in cash with public hurts banks
A steep surge in the amount of currency in circulation has baffled bankers and economists as this preference for cash among the public is slowing down deposit growth and hurting banks. According to data released by the Reserve Bank of India, cash with the public grew by 48% in the last fiscal till March 18, adding over Rs 2 lakh crore to the currency in circulation.

BRICS bank’s first loan goes to Karnataka
The fledgling New Development Bank (NDB), better known as BRICS bank, will sanction its first loan to a project in India later this month, diversifying India’s options to raise long-term capital for infrastructure development. At its scheduled board meeting on April 14, the Shanghai-based NDB is expected to sanction $250-300 million as loan to a government-run solar power project in Karnataka, a source told FE.

India Banks: Q4FY16 preview; Shift of market share to private banks to continue
Key things to watch out for in Q4 earnings: Higher stresses for banks which reported lower than peer AQR (asset quality review) related stress in Q3; higher treasury gains which could be used to buffer higher credit costs—especially by PSUs; tier 1 relief of up to 70bps based on recent revisions announced by RBI.

ED preparing for Letters Rogatories in Vijay Mallya-Kingfisher Airlines probe
As the money laundering probe against embattled liquor baron Vijay Mallya gathers pace, the Enforcement Directorate (ED) is preparing to issue Letters Rogatories (LRs) to a certain countries, including South Africa and the UK, for obtaining information on his overseas assets. Official sources said the agency has obtained details about immovable and movable assets held by the United Breweries (UB) Chairman in a number of countries.

Rate cut for sure but by how much, Dr Raghuram Rajan
All economists in a Mint survey expect Reserve Bank of India (RBI) to cut its policy rate on 5th April. The debate has been on the quantum of cut: will RBI Governor Raghuram Rajan go for a quarter percentage point cut and bring down the benchmark repurchase or repo rate, at which commercial banks borrow money from the central bank, to 6.5%? Or, will there be a deeper 0.5 percentage point cut?
DCB Bank offers ATM usage based on Aadhaar biometric details
In a first for any domestic bank, small-sized lender DCB Bank has started an Aadhaar-based ATM usage facility wherein a customer can transact using his biometric details instead of the PIN. “We have started the first ATM in the country which operates using the Aadhaar data. One can do a transaction without the card as well,” the bank’s

In FY15, banks with high NPAs rejected more RTI requests
As the Finance Ministry and the central bank try to clean up the balance sheets of troubled public sector lenders, a new study has found that banks that saw a sharp rise in bad loans in 2014-15 were not very forthcoming with information requests by the public.

Equitas’ small finance bank will offer gold loans too, says MD
Diversified financial services provider Equitas plans to offer gold loans as an additional product when its proposed small finance bank becomes operational, PN Vasudevan, Managing Director, Equitas Holdings, said. Equitas is among the 10 successful applicants that bagged in-principle nod from the RBI last year to launch small finance banks (SFBs).

A host of banks cuts lending rates
With the new marginal cost of funds based lending regime kicking in, a host of banks, including ICICI Bank, Bank of India, IDBI Bank and Axis Bank, announced new lending rates on Friday. On Thursday, seven banks, including State Bank of India, HDFC Bank, Bank of Baroda, and Canara Bank, announced their lending rates. The one-year benchmark lending rates of these banks range from 9.20 per cent to 9.85 per cent, about 10 basis points lower than their current base rates (or the minimum lending rates).

Norms for gold monetisation scheme relaxed further
The government has further eased norms for the gold monetisation scheme, giving investors the option to redeem the principal amount in medium- and long-term deposits either in gold or in rupees. “Where the redemption of the deposit is in gold, an administrative charge at a rate of 0.2 per cent of the notional redemption amount in terms of rupees shall be collected from the depositor,” a release from the Finance Ministry said.

Government must undo Chidambaram’s injustice and bring back standard deduction for salaried
Ten years ago, then finance minister P Chidambaram did a great injustice to salaried class by withdrawing standard deduction available under the head income from salary. Standard deduction as a concept has been there from the beginning of the Income Tax Act and in this case, a lump sum amount is allowed as deduction irrespective of actual expenses incurred by the tax payer for earning that income. For example, 30 per cent of rent received is allowed as standard deduction under the head . income from house property.

ED to issue third summons to Vijay Mallya
THE ENFORCEMENT DIRECTORATE (ED) WILL ISSUE ITS THIRD SUMMONS AGAINST BELEAGUERED LIQUOR BARON VIJAY MALLYA who has sought one month’s time to present before ED sleuths in MUMBAI UNDER THE PREVENTION OF MONEY LAUNDERING ACT (PMLA). CONFIRMING THE DEVELOPMENT, AN ED OFFICIAL SAID ON FRIDAY, “THE THIRD SUMMONS WILL BE ISSUED IN THE NEXT 48 HOURS, AND THE FINAL CALL ON THE NEXT DATE WILL BE DECIDED.”

Government proposing that ATMs should not be replenished with cash after 8 PM
ATMs could soon disappoint if you need cash at the dead of the night. The government is proposing that ATMs should not be replenished with cash after 8 PM in cities and private cash transportation agencies must collect cash from the banks in the first half of the day for replenishing ATMs.

ICICI Bank sells part stake in insurance firms for Rs 2,200 crore
Private sector ICICI Bank today said it has sold 9 per cent stake in its general insurance venture ICICI Lombard while 2 per cent stake in life insurance subsidiary ICICI Prudential for about Rs 2,200 crore.

SBI Chairman Arundhati Bhattacharya expects RBI to address systemic liquidity issues in policy
Reserve Bank’s forthcoming monetary policy review should outline steps to curb the volatility in systemic liquidity, SBI Chairman Arundhati Bhattacharya said today. RBI is scheduled to announce this fiscal’s first bi-monthly monetary policy on April 5. “We expect RBI to address the issues of systemic liquidity,” Bhattacharya said in a statement here.

Banks reclassify Electrosteel debt as non-performing asset
LENDERS TO ELECTROSTEEL STEELS HAVE CLASSIFIED THE EXPOSURE AS A NON-PERFORMING (NPA) FOLLOWING THE RESERVE BANK OF INDIA’S (RBI) DIRECTIONS UNDER THE ASSET QUALITY REVIEW, SOURCES TOLD FE. THE COMPANY’S GROSS DEBT AT
THE END OF MARCH 2015 WAS RS 10,235 CRORE. AN ACCOUNT TURNS INTO AN NPA IF REPAYMENT IS OVERDUE BY MORE THAN 90 DAYS. SUBSEQUENTLY, THE BANK HAS TO SET ASIDE AS PROVISIONS AT LEAST 15% OF THE LOAN.

Inflation hits poor the most, RBI must listen to them: Duvvuri Subbarao
RESERVE BANK OF INDIA HAS TO LISTEN TO VOICES OF THE POOR WHO ARE HURT THE MOST BY INFLATION, ITS FORMER GOVERNOR DUVVURI SUBBARAO SAID ADDING THAT CUTTING INTEREST RATES IS NOT NECESSARILY THE SOLUTION TO STIMULATE INVESTMENT.

Bankers face hurdle in finding foreign buyers for SDR assets
ATTEMPTS TO FIND FOREIGN BUYERS FOR STRESSED ASSETS IN WHICH BANKS HAVE CONVERTED DEBT INTO EQUITY HAVE FAILED TO TAKE OFF. DIFFERENCES IN VALUATION AND DIFFICULTIES IN CONDUCTING DUE DILIGENCE ON POTENTIAL BUYERS BASED OVERSEAS HAVE IMPEDED THE PROCESS. OVERSEAS INVESTORS’ INTEREST HAS WANED AFTER AN INITIAL SCRAMBLE TO PURCHASE STRESSED ASSETS PUT ON THE BLOCK BY CREDITORS WHO HAVE CONVERTED DEBT INTO EQUITY UNDER THE SO-CALLED STRATEGIC DEBT RESTRUCTURING (SDR) INITIATIVE.

India has started linking Jan Dhan scheme, Aadhaar and mobile numbers: Arun Jaitley

Rethink IDBI Bank stake dilution: Tapan Sen tells Jaitley
Parliamentarian Tapan Sen has voiced concerns about a possible outcome of ‘strategic debt restructuring’ (SDR) - the rule that seemingly gives lenders the ammunition to replace truant management of defaulting companies with credible investors.

Commercial banks announce new lending rate structure
AS A STEP TO IMPROVE TRANSMISSION OF MONETARY POLICY, COMMERCIAL BANKS ANNOUNCED MARGINAL COST OF FUNDS-BASED LENDING RATES (MCLR), A NEW REGIME WHICH KICKS IN FROM APRIL THIS YEAR. THE OVERNIGHT MCLR RATE OF SEVEN LARGE BANKS, INCLUDING STATE BANK OF INDIA (SBI), ICICI BANK, HDFC BANK AND AXIS BANK, VARIED BETWEEN 8.95 PER CENT (SBI) TO 9.15 PER CENT (PUNJAB NATIONAL BANK).

RBI: Liquidity, liquidity, liquidity
RESERVE BANK OF INDIA (RBI) GOVERNOR RAHURAM RAJAN IS EXPECTED TO CUT RATES BY 25 BASIS POINTS (BPS) ON TUESDAY, AND AGAIN IN AUGUST. THE RBI SHOULD ALSO REITERATE ITS ‘ACCOMMODATIVE’ MONETARY POLICY STANCE. WITH THE SLACK SEASON SETTING IN, BANKS COULD FOLLOW WITH A 25 BPS LENDING RATE CUT ADJUSTED FOR CHANGES IN THE METHODOLOGY.

Banks fear strategic takeover may be hit by companies’ PF, tax dues
A State Bank of India associate has voiced concerns about a possible outcome of ‘strategic debt restructuring’ (SDR) - the rule that seemingly gives lenders the ammunition to replace truant management of defaulting companies with credible investors.

Banks can claw back Rs 1.2 lakh crore from CPs with MCLR regime: India Ratings
With the new marginal cost of funds based lending rate (MCLR) regime set to lower banks’ short- term lending rates, India Ratings has said competitive rates can help the system wrest back loans worth Rs 1.2 lakh crore from the commercial paper market. Due to higher rates, outstanding commercial paper (CP) borrowing has grown to 14 per cent of the short-term bank credit in FY16, up from the 11 per cent a year earlier, the agency said in a report today.

Outstanding bank credit to industries grew 5.4% in February
OUTSTANDING BANK CREDIT TO INDUSTRIES GREW 5.4% YEAR-ON-YEAR (Y-O-Y) TO `27.5 LAKH CRORE IN FEBRUARY, DATA FROM THE RESERVE BANK OF INDIA (RBI) SHOwed ON THURSDAY. LOANS TO INDUSTRY WERE DRIVEN MAINLY BY DISBURSALS TO LARGE CORPORATES, WHICH GREW 7% Y-O-Y. HOWEVER, DISBURSALS TO MID-SIZED COMPANIES FELL 11.1% Y-O-Y TO AN OUTSTANDING OF `1.14 LAKH CRORE. GROWTH IN LOANS TO MICRO AND SMALL INDUSTRIES REMAINED MUTED AT 1.7% Y-O-Y AT `3.76 LAKH CRORE.

Bad loans write-off: Debt defaulters list doubled, their dues tripled in last three years
PRODDED BY THE SUPREME COURT, WHICH TOOK SUO MOTU COGNIZANCE OF A REPORT IN THE INDIAN EXPRESS THAT RS 1.14 LAKH CRORE OF BAD LOANS HAD BEEN WRITTEN OFF BY STATE-OWNED BANKS BETWEEN 2013 AND 2015, THE RESERVE BANK OF INDIA (RBI) SUBMITTED WEDNESDAY A LIST OF DEFAULTERS WHO OWE RS 500 CRORE OR MORE TO PUBLIC SECTOR BANKS.
The RBI told the top court it was “extremely necessary” to keep these names confidential due to their “fiduciary relationship”.

RBI to cut repo rate by 25 bps on April 5: Morgan Stanley
The Reserve Bank is expected to cut key interest rate by 0.25 per cent in the next week’s policy review meet, which will be supportive of growth recovery, says a Morgan Stanley report. According to the global financial services major, inflation is likely to be sustainably lower at 4.75 per cent year-on-year in quarter ended March 2017.

RBI policy: Monetary easing to resume after a six-month hiatus
The Reserve Bank of India (RBI) will present its first bi-annual monetary policy assessment for FY17 on 5 April. After cutting the repo rate by a cumulative 125 basis points (bps) between January and September 2015, RBI maintained status quo on key policy rates since then. Global financial market uncertainty coupled with diffused visibility over domestic inflation trajectory, fiscal stance, progress on reforms and monetary policy transmission vindicated this cautious stance.

How bankruptcy code will save lenders
Creditors to Kingfisher Airlines (KFA) suffered a setback when there were no bids above the reserve price they had set for the Kingfisher House auction. This only reflects the failures of the bankruptcy process and banking regulation in India, which yield low recoveries with huge delays. How will the proposed bankruptcy reforms in the Insolvency and Bankruptcy Code (IBC) help improve the situation?

Small savings interest cut is ‘double taxation’: panel
The Centre’s recent move to slash the interest rate on various small saving schemes such as Kisan Vikas Patra and Public Provident Fund drew flak from the Finance Standing Committee, which termed it as a kind of ‘double taxation’. Members, cutting across party lines, told representatives of the Finance Ministry that the move will harm the salaried class, as they questioned the Centre’s decision to reduce the interest rates of such schemes.

Banks may not buy Mallya's settlement offer by September
Liquor baron Vijay Mallya on Wednesday told the Supreme Court that he would pay Rs 4,000 crore by September as settlement for a default on loans to banks. Lenders, however, are taking the offer with a pinch of salt. They claim the submission of a plan to repay six months later is hardly satisfactory.

All eyes on RBI’s take on liquidity
The Reserve Bank of India’s (RBI) monetary policy review on Tuesday is awaited by Economists, as apart from rate action, the central bank’s take on other issues such as Liquidity and transmission are gaining importance. It is widely expected that RBI will bring down its policy rate by 25 basis points (bps) in its first bi-monthly policy review for 2016-17, on April 5. With a marginal cost-based lending rate starting Friday.

State Bank of Hyderabad crosses Rs 2.50 lakh crore business, eyes 20% growth in FY17
State Bank of Hyderabad has crossed a business of Rs 2.50 lakh crore in the current financial year ending tomorrow as it gets ready to celebrate platinum jubilee in 2016-17. SBH Managing Director Santanu Mukherjee said the bank is expected to close 2015-16 with a business of around Rs 2.55 lakh crore - deposits of Rs 1.36-1.38 lakh crore and advances of Rs 1.14-1.16 lakh crore

Bank branches could grow by as much as 20% in fiscal ‘17
Given the explosion in technology-driven transactions, it's almost a given that bank branch expansions could be coming to an end. But not so in fiscal ‘17, when branches could grow by as much as 20% as there's a need to sell many financial products since that's the only way to exploit the rising financial inclusion that has opened up possibilities, bankers said.

Vijaya Bank to get Rs 220 crore capital infusion from government
State-run Vijaya Bank today said the government has approved a capital infusion of Rs 220 crore in lieu of preferential allotment of shares. "Government has decided to infuse capital funds to the tune of Rs 220 crore in Vijaya Bank by way of preferential allotment of equity in favour of Government of India as part of capital infusion for financial year 2015-16," Vijaya Bank said in a BSE filing.

The ball is back in RBI’s court
It seems almost a certainty that RBI will lower rates on April 5, the first policy review for the new fiscal. The reason is quite straightforward. The government had asked RBI in form of ‘advice’, to lower rates after the budget where the net borrowing programme projected was lower than that of last year. Also RBI had mentioned in February policy that it would be looking closely at the impact of the budget, especially the borrowing programme before taking a call on interest rates and the government has addressed this issue adequately.
Govt to discontinue existing agri insurance schemes
The government will, from April 1, discontinue the existing National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS) as these are being replaced by the Pradhan Mantri Fasal Bima Yojana (PMFBY), which envisages substantially low premium outgo for the farmers.

Smaller PSBs try to upgrade NPAs to 'standard assets'
The last few days of the current financial year have been quite turbulent for public sector banks (PSBs) as many of them are hastily trying to upgrade as many non-performing assets (NPAs) to 'standard assets' as possible. This has led to a slugfest among them, according to highly placed sources in the banking industry.

RBI gives loan defaulters' list, urges SC not to reveal names
The RBI has submitted a list of big loan defaulters in a sealed cover to the Supreme Court with a submission that disclosing their names may have "adverse impact" for business and may "accentuate failure of business".

Vijay Mallya offers banks Rs 6,000 crore debt repayment plan
UB Group chairman Vijay Mallya on Wednesday offered to pay as much as Rs.6,000 crore to settle Rs.9,091 crore in dues his defunct Kingfisher Airlines Ltd owes to banks. Mallya promised to pay Rs.4,000 crore upfront by end September and an additional Rs.2,000 crore if he wins a lawsuit filed against a plane engine maker, C.S. Vaidyanathan, the lawyer representing Mallya, told the Supreme Court on Wednesday. Vaidyanathan did not give details of the lawsuit.

RBI eases external commercial borrowing norms for infrastructure sector
Expanding the source of funding for the infrastructure sector, the Reserve Bank of India (RBI) has allowed infrastructure companies and non-banking finance companies (NBFCs) that lend to the sector to raise external commercial borrowings (ECBs) with a minimum maturity of five years. Until now, infrastructure companies could raise only long-term external borrowings of more than 10 years.

SBI announces new lending rate structure
State Bank of India (SBI), the country's largest lender, on Thursday announced its marginal cost of funds-based lending rate (MCLR). The new rate setting structure, which asks banks to price loans based on the marginal cost of deposits rather than average cost, comes into effect from 1 April. At SBI, the MCLR for loans upto one year maturity will be lower than its current base rate of 9.30% while those on two year and

FinMin seeks public comments on draft law to ban illicit deposit schemes
To crack down on unregulated deposit and Ponzi schemes, the Finance Ministry has finalised a draft "Banning of Unregulated Deposit Schemes and Protection of Depositors' Interests Bill" ("the Banning Bill") and has sought public comments on it.

Tax payments: banks to work extended hours on March 30-31
With a view to providing greater convenience to taxpayers, the Reserve Bank of India said all designated branches of agency banks and its own offices conducting government business will keep their counters open for full day on March 30, 2016, and till 8 p.m. on March 31.

There's room for small entrepreneurs to get interest-free credit, says MUDRA chief
If micro-enterprise owners such as vegetable/fruit vendors and small food stall owners play their cards right, it may be possible for them to get interest-free credit from banks under the Pradhan Mantri Mudra Yojana. Once more ATMs with cash-deposit facility and standalone cash-deposit machines are available, withdrawing and depositing money will become easier, enabling small borrowers to dip into their overdraft account in the morning and repay the outstanding by evening. The borrower in such cases will not have to pay any interest.

SBI expects 50 bps policy rate cut
State Bank of India, the country's largest commercial bank, sees the RBI going in for a 50 basis point cut in repo rate in the monetary policy review on April 5. This is reflected in the latest March issue of 'Ecowatch', a research report put out by SBI's Economic Research Department. Repo rate, or the rate at which banks borrow funds from RBI, currently stands at 6.75 per cent.

Govt to infuse Rs 5,050 crore in state-run banks soon
The government is likely to infuse additional capital of about Rs 5,050 crore in some public sector banks this week. Parliament has already approved Rs 5,050 crore for meeting additional expenditure on recapitalisation of public sector banks earlier this month.
Finance Ministry pushes PSU banks to sell stakes in non-core assets
The finance ministry is mounting pressure on public sector banks (PSBs) to divest their holdings in non-core assets as it wants the lenders to raise resources internally to meet their capital requirements. The country's largest bank, State Bank of India, has taken the lead and is evaluating to sell its 21.67% stake in Central Warehousing Corporation.

Syndicate Bank to raise Rs 217 crore by share sale to LIC
Public sector lender Syndicate Bank will raise over Rs 217 crore by allotting preferential shares to LIC to shore up capital to meet Basel III norms. "The shareholders of the bank in the extraordinary general meeting approved the issue of 4,13,12,457 equity shares of face value of Rs 10 each for cash at Rs 52.51 aggregating to Rs 216.94 crore to LIC of India on preferential basis", it said in a BSE filing.

LIC on share-buying spree, raises stake in IDBI Bank, Dena Bank
The second-largest owner of public sector bank (PSB) shares after the government, Life Insurance Corporation of India (LIC), continues to increase its stake in PSBs. Since the beginning of 2016, LIC has brought into preferential allotment of as many as six banks, supporting the fund-raising requirement of these banks in turn.

RBI notifies private placement of UDAY bonds
The Reserve Bank of India (RBI) on Monday has asked market participants interested in subscribing to the special securities under Ujjwala Discom Assurance Yojna (UDAY) scheme via the private placement route to approach its internal debt management department.

Fresh demand needed to enable steel sector pay off loans
Outstanding bank loans to the steel sector are currently making headlines. As a lender each bank has a standard policy framework under which loans to the corporate sector are granted and the debtor has to fulfill a few criteria in order to become eligible for the loan. The scanning of the environment facing the sector in the next few years is also an important yardstick for the banks to agree for extending the credit.

Gross NPA level likely to increase, says ICRA
Domestic rating agency ICRA today said with banks recognising large non-performing assets following RBI's asset-quality review, gross NPA level is likely to increase to Rs 4.8-5.3 lakh crore or 6.2-6.8 per cent as of March 31. Gross NPA level stood at Rs 4.5 lakh crore or 6 per cent as on December 31.

Raghuram Rajan warns against side-effects of aggressive monetary policies
Aggressive monetary policy actions by one country can lead to measurable and significant cross-border spillovers on other economies, especially as countries contend with the zero lower bound, said a Reserve Bank of India working paper authored by Prachi Mishra and governor Raghuram Rajan released on Monday.

Employees may earn interest on inoperative EPF savings account
Millions of organized sector employees may start receiving interest payments on their inoperative employees provident fund (EPF) savings. The central board of trustees (CBT), the highest decision-making body of the EPF organisation, or EPFO, will on Tuesday review a four-year-old decision which prevented inoperative EPF accounts from earning interest.

Will IDBI Bank stake sale pave the way for reducing govt stake in other PSBs
Finance minister Arun Jaitley, in his budget speech, indicated that the government will consider reducing the stake in IDBI Bank Ltd to less than 50% from 80.2% currently. A closer look at data collected by Mint shows there are at least 24 banks in which the government has more than 50% stake.

Deciphering Raghuram Rajan’s next move
All eyes are on Reserve Bank of India (RBI) governor Raghuram Rajan as he gears up for the first bimonthly monetary policy meeting of FY17. This is scheduled for 5 April, and would be the second meeting in the current calendar year. It would be useful to take stock of the positive and negative factors since the last meeting that are likely to affect the central bank’s actions and guidance.
Loan defaults: FinMin asks banks to scale up
The Finance Ministry has asked public sector banks to scale up efforts to recover bad loans and ensure that all wilful defaulters pay up. The issue was taken up for discussion at a meeting called by the Department of Financial Services with state-run lenders to review all cases of loan defaults, including that by Kingfisher Airlines.

ED interrogates IDBI officials in Kingfisher loan case
The Enforcement Directorate (ED) interrogated five serving and former executives of the IDBI Bank in connection with the Rs 950-crore loan the bank gave to Kingfisher Airlines in 2009.

Sicom gets Rs 400-cr loan back from Mallya in 2014
"The bank officials are alleged to have violated the banking norms while sanctioning the loan to the airline,” said an official. The bank officials were questioned about how the loan was given to Kingfisher, which had poor financials and negative net worth. The ED recently filed a case against Vijay Mallya, Kingfisher Airlines and IDBI Bank executives under the anti-money laundering law.

FINMIN REVIEWS BANKS’ LOAN RECOVERY
The Finance Ministry on Monday held a meeting with senior officials of public sector banks (PSBs) to review their efforts for loan recovery, including from Kingfisher Airlines. “This is routine review meeting to assess various recovery efforts. We are stepping up recovery efforts,” said a senior official at the ministry. Asked if Kingfisher’s bad loans were part of the discussions, the official said that all cases of defaults were reviewed.

Banks' deposit base to take Rs 1.5-2 lakh cr hit
Indian banks are staring at a deposit erosion of Rs 1.5-2 lakh crore between September and November as foreign currency non-resident deposits (FCNR) mobilised in 2013 mature around that time. This could result in an acute liquidity shortage and a possible de-growth of balance sheets.

Finance Minister Arun Jaitley on Monday said Kingfisher Airlines promoter Vijay Mallya had brought a bad name to India's entire private sector.
"He not only brought himself a bad name, he has also brought a terrible name to India's private sector entrepreneurs," Jaitley said in Mumbai. He was speaking at the launch of "The Print", an online journalism and offline thought leadership event platform, co-founded by senior journalists Shekhar Gupta and Barkha Dutt.

RBI rejects banks’ demand to defer MCLR
The Reserve Bank of India has rejected bankers’ demand to defer the operationalisation of MCLR, or marginal cost of funds based lending, even as many lenders said that they are not ready to adopt the system. The new system will be operational from April 1 and many banks fear that their margins will be hit if the new method is implemented, while others said that the cost of lending could also go up.

Regional Factors may Drive Mergers of State- Run Banks
The government is keen on consolidation of state run banks. One of the regional strengths and weaknesses of the lenders. While the bigger ones could be the acquirers, ET looks at which are the merger candidates that could lead to stronger banks with presence across the country. The State Bank of India, with already a fifth of the industry market share along with its associates.

SBI leads mobile banking chart with 38 per cent market share
Registering over 1.5 crore mobile transactions in December, State Bank of India (SBI) continued to be the leader in terms of mobile banking transactions, having been at the top since April 2015, RBI data revealed. These transactions, constituting around 38% of all mobile banking transactions in the country, were collectively worth over Rs 17.6 crore, the data showed.
RBI governor Raghuram Rajan for new global pact to deal with monetary policy issues

RBI Governor Raghuram Rajan today said the world is facing “increasingly dangerous situation” and a new international agreement on the lines of Bretton Woods is needed to prevent central banks from adopting policies that could hurt other economies.

Bankers see base rates falling after cuts in small savings interest rates

The odds of banks paring base rates in April have increased given that interest rates on government savings schemes have been sharply lowered. The government on Friday pared interest rates on most of its savings schemes, including public provident funds and social schemes such as the Sukanya Samriddhi scheme.

Life after Kingfisher for Indian banks

The person who did this act on the Indian banking system and others who may be planning further such acts are evil people. They don’t represent business community; they don’t represent a legitimate group of promoters. They are flat bank defaulters. The only thing they can think about is default. As a nation of good folks, we are going to hunt them down; and we are going to find them, and we will bring them to justice.

People over 45 should get a higher PPF interest rate, says SBI report

The State Bank of India has suggested that instead of cutting the interest rate on the Public Provident Fund (PPF), the Centre should have tweaked it according to investors’ age. The ideal approach would be to immediately shift to an age-wise interest rate structure, with a higher than market rate for those over 45, and rates linked to long-term bank deposit rates for those under 45, said a research report by the bank.

‘Post-asset quality review, bank audit to come under sharper focus’

Statutory auditors of banks and their top managements need to be on the same page to ensure full and fair disclosures in strict conformity with Reserve Bank norms, a top banking sector official has said. A spike of Rs. 1 lakh crore in non-performing assets (NPAs) in one quarter is a sad comment on systemic oversight and audit coverage,

Lower interest rates must for economic boost: Jaitley

Under flak over cutting interest rates on small saving schemes, Finance Minister Arun Jaitley on Sunday defended the move, saying the country has to move towards lower interest rates to make the economy more efficient rather than sluggish.

Bonds to rally after small savings rate cut

While savers are crying hoarse over the government reducing the interest rates on small savings schemes, the move has been welcomed by the bond market. Bond yields are set to fall on hope that the Reserve Bank of India (RBI) would now cut its policy rate by 50 basis points (bps), instead of the expected 25. One basis point is a hundredth of a percentage point. As yields fall, prices of bonds rise.

Cut in savings rate is a sound decision

Banks have maintained that high small savings rate prevents them from lowering their deposit rates and thus the lending rate. They will now have to toe the line and cut their deposit rates aggressively. According to a PTI story, bankers would still wait for the policy cues from the RBI. However, they are not averse to rate cuts.

Banks await RBI policy before cutting rates

Although the government has slashed small savings deposit rates by up to 1.3 per cent, bankers say they will decide on reducing interest rate on deposits and advances after the RBI monetary policy early next month. The government yesterday cut deposit rates on host of small savings schemes, signalling banks to reduce their interest rates.

Why Vijay Mallya’s default on loan payments is just the tip of a rapidly melting iceberg

September 1, 2014, was a fateful day for Kingfisher Airlines (KFA). That was the first time a bank in India, the Kolkata-based United Bank of India (UBI), declared the airline and its chairman, Vijay Mallya, wilful defaulters. It was also a day of high drama. The grievance redressal committee (GRC) of the bank that had to decide on the issue was to meet at 10 am. A special leave petition filed by KFA, seeking a stay on the GRC meeting, was likely to be mentioned at the Supreme Court at 11 am.
LIST OF LONG HOLIDAYS FOR BANKS AHEAD OF FISCAL-END
Bank workers looking for a break should be happy; their customers maybe not so much. Indian banks will get one of the longest holiday stretches ever with HolI, Good Friday and a bank strike falling on either side of the weekend.

India Inc has a long way to go in managing risks: Report
A large number of Indian businesses believe that an organisation’s risk profile has a significant influence on capital-allocation decisions, most of them don’t appoint a ‘Chief Risk Officer’, says an EY report. According to the consulting firm, India Inc has a long way to go in managing risks at a time when economic woes are increasing and reputation can be harmed by cyber-security failures and frauds.

Income Tax dept gets new tech tool to identify, kill duplicate PAN
After years of labour, the Income Tax department has finally got a new technology tool to check the menace of duplicate PAN cards which also allows the taxman to ‘kill’ the second one. An ambitious electronic smart platform called the Income Tax Business Application-Permanent Account Number (ITBA-PAN) has been operationalised by the department which will help the taxman and PAN issuing intermediaries identify.

IDBI Bank’s stake sale race heats up
The International Finance Corp., one of the investors interested in buying a stake in IDBI Bank Ltd, has finished inspection of the assets and liabilities of the state-run lender, two people with direct knowledge of the matter said. The UK’s development finance institution CDC Group Plc and US private equity firm TPG Capital are also in talks with the government to buy a stake, these persons said.

Here’s why the pickup in India’s loan growth has few believers
A rebound in loan growth to a 20-month high sounds like good news for Indian banks as they struggle to shake off the impact of a surge in bad debts. But a deeper dive into the reasons behind the revival shows it may be unsustainable. Lenders seem to be benefiting mostly because a jump in short-term commercial paper rates is driving companies into their arms, according to Prabhudas Lilladher Ltd.

Finance Ministry looks to add glitter to gold monetisation scheme
With the gold monetisation scheme not quite glittering with the public, a befuddled Finance Ministry on Friday held another round of meetings with the Reserve Bank of India and bankers to find ways to make the scheme more attractive. The government has received just 3 tonnes of gold under the scheme, against the original aim to mobilise 20,000 tonnes of idle gold.

Bank consolidation: no major decision likely until late FY17
The Centre will tread cautiously on the issue of merger and consolidation of public sector banks (PSBs) as there is no clear mechanism in place for human resource management. Sources involved with the process said the Finance Ministry is keen on reducing the number of PSBs to about 10 or less from the current 27, but cadre management and work culture of banks are an issue.

In new summons, ED seeks Mallya’s presence on April 2
The Enforcement Directorate (ED) has issued fresh summons to former liquor baron Vijay Mallya to appear at the investigating agency’s office in Mumbai on April 2. The ED had earlier summoned Mallya on Friday, but he sought more time. ED officials said the agency agreed to set a new date after going through the reasons cited by Mallya for his inability to appear before the investigators on Friday.

State Bank of Travancore to build on strong Q3 performance
State Bank of Travancore (SBT) does not propose to rest on the laurels of a strong third quarter performance (ending December 31, 2015). The bank had reported a net profit Rs. 91.47 crore for the quarter, up 23 per cent compared to the corresponding quarter of the previous year, points out Jeevandas Narayan, Managing Director.

ED to seek help of RBI, Sebi
The Enforcement Directorate (ED) on Friday said it would seek the help of the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (Sebi) to ensure that Mallya group of companies are not able to create third-party rights to dispose of its stakes. An ED official said this while stating the agency was coordinating with other agencies like the Central Bureau of Investigation and Sebi in its money laundering probe against beleaguered businessman Vijay Mallya in the over Rs 900 crore IDBI loan fraud case.
12,000 farmers may take part in kisan mela
At least two farmers from each of the 6,000-odd blocks in the country will participate in the three-day Mega Kisan Mela to be inaugurated by Prime Minister Narendra Modi on Saturday. The fair, with which the Modi government is trying to reach out to the farmers battered by two consecutive droughts and a record drop in product prices.

Vijay Mallya aside, CBI has its hands full with Rs 14,000 crore fraud cases in banks
While transactions between Vijay Mallya and banks, which the Central Bureau of Investigation (CBI) started investigating in July last year, may be grabbing the headlines, the CBI is probed cases of alleged fraud worth Rs 14,000 crore and has registered nearly 10 different first information report (FIR) following complaints from public sector banks.

SBI raises Rs 3,000 crore through private placement
The country's largest lender, SBI, today said it has raised Rs 3,000 crore on a private placement basis. The bank has issued 30,000 Basel-III compliant, tier-II bonds in the nature of debentures, it said in a BSE filing.

Outstanding bank borrowings under LAF shoots up on liquidity deficiency
The overnight call rate rose to 7.40% on Friday while the weighted average rate stood at 6.81%. The outstanding short-term borrowings by the banks under the Liquidity Adjustment Facility (LCF) have risen considerably over the last few days with the system facing a liquidity short-fall led by advance tax outflows.

Sell assets of guarantors if firms don’t repay: Govt to banks
In order to effectively deal with Vijay Mallya type loan default cases, government today directed public sector banks to immediately invoke personal guarantees of promoter directors and recover loans from them in case the companies fail to repay.

Aadhaar to have key role in cutting costs: Trai chairman R.S. Sharma
Aadhaar will play a key role in lowering transaction costs as India moves towards a cashless economy, Telecom Regulatory Authority of India (TRAI) chairman R.S. Sharma said on Friday at EMTech India, organized by MIT Technology Review and Mint in New Delhi.

Interest rates cut on public provident fund, other small savings schemes
In a move that will hit the common man, the government on Friday slashed interest rates payable on small savings including PPF and Kisan Vikas Patra (KVP) in a bid to align them closer to market rates. As a part of its 16 February decision to revise interest rates on small savings every quarter, the interest rate on Public Provident Fund (PPF) scheme will be cut to 8.1% for the period 1 April 1 to 30 June, from 8.7%, at present.

Kingfisher House e-auction gets no bids
Former liquor baron Vijay Mallya will not meet investigators of Enforcement Directorate (ED) on Friday. He has communicated through his lawyers that he will require time until early April to appear before the financial investigation agency. This development comes even as an attempt by the lenders’ consortium led by State Bank of India to auction Kingfisher House on Thursday to recover their dues from the defunct Kingfisher Airlines (KFA) failed.

With Rs. 38,000-cr debt pile, Essar Steel eyes loan revamp by banks
The sharp fall in gas prices and minimum import price of $450 a tonne on steel imports, besides the possibility of demand looking up may help Essar Steel sail through the troubled times even as it negotiates with banks to reduce its net debt pile of Rs. 38,000 crore (including working capital loan).

Framework to help banks detect sickness in MSMEs
The Reserve Bank of India has come up with a revised framework for revival and rehabilitation of Micro, Small and Medium Enterprises so that incipient sickness can be detected by banks in the units and a corrective action plan can be set in motion for them. The revised framework, which supersedes RBI's earlier guidelines on rehabilitation of sick micro and small enterprises, is applicable to MSMEs having loan limits up to Rs. 25 crore, including accounts under consortium or multiple banking arrangement.

KFA: More bankers to land in CBI net
The Central Bureau of Investigation (CBI) is set to file cases against senior executives of three or four public sector banks, that were part of the lending consortium for Kingfisher Airlines (KFA). This is apart from the
CASE REGISTERED IN DECEMBER AGAINST FIVE SERVING AND RETIRED IDBI BANK EXECUTIVES; A RAGHUNATHAN, FORMER CHIEF FINANCIAL OFFICER OF KINGFISHER AIRLINES; AND UNITED BREWERIES (UB) GROUP CHAIRMAN VIJAY MALLYA.

Banks borrow record Rs 2.66-lakh cr from RBI
The banking system always comes under severe liquidity shortage in the middle of March but even so, they borrowed on Wednesday an unprecedented Rs 2.66 lakh crore from the Reserve Bank of India (RBI), as money from the system flowed to government coffers as part of advance tax outflow.

RBI revises rules for resolution of stressed MSME loans
The Reserve Bank of India on Thursday revised rules pertaining to revival of advances to small businesses and asked lenders to form district-level committees to resolve stressed loans to micro, small and medium enterprises (MSMEs). "In order to enable faster resolution of stress in an MSME account, every bank shall form committees for stressed MSME," RBI said in a notification.

Banks will recover every penny given to Vijay Mallya: Arun Jaitley
Amid a raging row over Vijay Mallya fleeing the country, Finance Minister Arun Jaitley today said the banks will recover every penny of loan given to him and investigative agencies will take strong action against the liquor baron wherever he is found to have violated the law.

Wilful defaulters must pay, says CEA on Mallya fiasco
Amid Vijay Mallya, accused of not repaying over Rs 9,000 crore of loans to public sector banks fleeing the country, Chief Economic Adviser (CEA) Arvind Subramanian on Thursday said those who make mistakes have to pay for them. He also said that not levying excise duty at 28 per cent on gold is a kind of subsidy on the precious metal.

RBI asks banks to remain open full day on March 30
The Reserve Bank today asked banks to keep their branches, which conduct government business, open for full day on March 30 and till 8 pm on March 31 to facilitate the transactions before annual closing of government accounts.

Lenders led by SBI may find it difficult to sell Kingfisher House
Lenders' maiden attempt to sell off the Kingfisher Airlines' headquarters in Mumbai near the domestic airport may draw a blank from those who are looking out for office space, but there could be some bids from those who are looking to convert it into a hotel to take advantage of the location, said two people who could be interested in the premise.

Wilful default: 5,600 owe banks Rs 60,000 crore
More than 5,600 borrowers, who owe banks close to Rs 60,000 crore, have been declared wilful defaulters by lenders as on December 31, data from credit information bureau CIBIL shows. These instances of wilful default are those where banks have filed suits.

RBI advises banks to comply with crop insurance plan provisions
The Reserve Bank of India (RBI) has advised banks to ensure strict compliance of the provisions of the crop insurance schemes and ensure coverage of 100% of defined loanee farmers along with a good number of non-loanee farmers with effect from April 1.

Kingfisher Airlines loan 'default' case: CBI investigation focusses on 4 nations
As many as five lakh transactions carried out by Kingfisher Airlines since 2004 are under the scanner of CBI as it probes suspected fraud on part of the airline owner Vijay Mallya who has been unable to return over Rs 7,000 crore loan to various banks. CBI sources said 60 per cent of these transactions were such where money was either sent abroad or brought in. These are under the scanner of the agency for possible money laundering.

Mallya case: Sebi probing allegations of round-tripping of USL shares
The Securities And Exchange Board of India (Sebi) is probing allegations of round-tripping in six accounts that belong to business tycoon Vijay Mallya, according to two people aware of the developments. The investigation is one of many probes underway looking into the dealings of Mallya, former chairman of the UB Group. Mallya himself is in an undisclosed foreign location and has sought more time to appear before the enforcement directorate (ED), which had sought a personal appearance on Friday.
PSBs told to maintain austerity, cut down frivolous expenditure
Public sector banks (PSBs) that are already burdened with bad loans have been directed by the Finance Ministry to maintain austerity and not indulge in luxury. Noting that the banks have been buying expensive cars, the Department of Financial Services, in a recent missive to Chief Executive Officers of all PSBs, said: “Expenditure on vehicles needs to be rationalised in particular as many banks have policies permitting purchase of vehicles on depreciated value.”

SBI, ICICI Bank asset quality, profitability differ: Moody’s
Moody's Investors Service on Wednesday said State Bank of India’s profitability metrics could face lingering pressure as it spends the next 6-8 quarters rebuilding its balance-sheet buffers. It noted that ICICI Bank has seen significant improvement in its core operating profitability, allowing it to absorb a higher level of credit costs.

SBI Caps subsidiary to auction Kingfisher House today
The focus in the ongoing controversy surrounding liquor baron Vijay Mallya will now turn to the sale of Kingfisher House in Mumbai, the headquarters of his now defunct Kingfisher Airlines on Thursday. SBI Caps through its wholly-owned subsidiary SBICAP Trustee Company Ltd will go through an e-auction process to dispose of one of the only two known mortgaged physical assets of Mallya.

ED, SEBI to probe Mallya-Diageo deal for South African Breweries
The Securities and Exchange Board of India (SEBI) and the Enforcement Directorate (ED) are set to study a transaction between British multinational Diageo and UB Group Chairman Vijay Mallya, in which the British firm acquired the South African Breweries’ traditional sorghum beer business for close to $77 million.

CBI quizzes top KFA, UB Group officials
Central Bureau of Investigation (CBI) questioned two top former officials of the Kingfisher Airlines and UB Group for the second day on Wednesday in connection with the loan default case against the now defunct airlines promoted by Vijay Mallya. A Raghunathan, chief financial officer (CFO) of the erstwhile Kingfisher Airlines, and Ravi Nedungadi, former CFO of the UB Group, were summoned to the CBI’s Mumbai office again and questioned about alleged diversion of funds, official sources said.

Lok Sabha clears Aadhaar Bill as opposition shows its RS strength
The first half of the Budget Session of Parliament ended on Wednesday on an embarrassing note for the government, with the opposition recommending five amendments to the Aadhaar Bill in the Rajya Sabha.

FinMin to meet bank officials on March 21 on loan recovery
The finance ministry has convened a meeting of senior bankers of PSBs dealing with large loan defaults next week as part of an exercise to clean up balance sheet of banks. The meet, slated for March 21, will discuss bad loan issues and recovery, sources said.
It'll also deliberate on ways how banks can be more proactive in dealing with cases of wilful and genuine defaulters, the sources added. Gross NPA of PSBs rose to Rs 3.61 lakh crore, while that of private lenders was at Rs 39,859 crore at the end of December 2015.

Royal Bank of Scotland divests onshore loan commitments to DBS Group Holdings Ltd
Royal Bank of Scotland has divested the onshore loan commitments to DBS Group Holdings Ltd, Southeast Asia’s largest bank. The bank has a loan book of Rs 11,150 crore as on March 2015. The bank has decided to retain other two verticals — the network of 10 branches and debt capital market. The bank did not disclose the transaction value. "RBS has decided to sell its Indian business in parts because of lower valuation."

Bank credit rises at double digit levels for second consecutive fortnight
Lending by Indian banks continued to remain in double digits for the second consecutive fortnight rising 11.5% growth for the fortnight ending March 4, according to data released by the Reserve Bank of India on Tuesday. Total lending by banks amounted to Rs 71.4 lakh crore as of March 04’15. The rise in the credit books of the banks might indicate early signs of recovery of the economy, but analysts were still sceptical.

Lenders in tight spot over Winsome’s default; banks want to shame company’s directors
In the summer of 2013, Winsome Group, an almost forgotten name now, had rattled the Indian bullion and diamond markets after it defaulted with 14 banks. Low-profile and less flashy than Vijay Mallya, two Winsome
Group companies left a hole of Rs 6,800 crore in the books of local lenders — making the diamond house the country’s second-largest wilful defaulter after Kingfisher Airlines.

**Kingfisher House: High reserve price keeps potential buyers away**

The e-auction of Kingfisher House, Kingfisher Airlines’s corporate office in Mumbai, to be held on Thursday by SBICAP Trustee Company, is likely to be a damp squib as no buyer is understood to have approached SBICAP. Sources with knowledge of the development said that SBICAP Trustee has not received the earnest money deposit (EMD) from any interested buyer as of Wednesday.

**Banks in the dark over allocation**

Bankers to the Rajasthan state discoms were stunned on Tuesday when told they would be allotted the UDAY bonds since they had received no prior intimation from either RBI or the finance ministry, reports Shayan Ghosh in Mumbai.

**Banks put up a united front on stressed assets**

On one side were the bankers—from some of India’s top banks, many state-owned. On the other side were promoters and CXOs of companies, including some storied ones, that had borrowed money from them and were finding it difficult to pay it back. Earlier this week, when the two met at State Bank of India’s (SBI’s) headquarters in Mumbai’s Nariman Point, the proceedings were anything but pleasant.

**Bad loans: Bullish Edelweiss ARC eyes 40% rise in AUM in FY17**

With a large chunk of bad loans likely to be put on block by banks following RBI’s asset quality review, Edelweiss Distressed Asset Resolution Business (EDARB) is bullish about its business and looking at a 40% increase in asset under management (AUM) next fiscal. The country’s largest asset reconstruction company currently enjoys about 40% of the market share.

**Jaitely blames slow, complex legal system for bad loan mess**

A slow and complex legal system may be thwarting the efforts of public sector banks (PSBs) to recover their dues and clean up their balance sheets, Finance Minister Arun Jaitley said on Monday. Jaitley called for introspection on whether the legal system was supportive of PSBs’ efforts at recovering dues from borrowers.

**Asset-liability mismatch, biz cycle woes are cause for bad loans: Subir Gokarn**

Amidst growing concerns about bad loans in the banking system, former RBI Deputy Governor and Executive Director of IMF Subir Gokarn expressed confidence that initiatives like Indradhanush scheme and the improvements in bank governance will help bring structural reforms.

**Inflation numbers ease, leave room for RBI rate cut**

The Consumer Price Index (CPI)-based inflation eased to a four-month low of 5.18 per cent in February from 5.69 per cent in January, which may prompt the Reserve Bank of India to cut its policy rate at its annual policy review next month to boost falling industrial production in volume terms.

**Banks start giving ED loan papers in KFA case**

The Enforcement Directorate (ED) has started receiving documents from 17 banks in connection with Rs 9,000 crore loans extended to Kingfisher Airlines. All banks have been instructed by the agency to submit all required details right from valuation, due-diligence, and transactions.

**Banks crack whip on debt rejig**

Banks have given a stern message to companies under debt restructuring, especially steel firms: Shape up or ship out. The government has asked the lenders to focus on recoveries from all defaulters, and not just high-profile ones.

**Banks to pay Rs 500 crore more on SB deposits**

Savings bank account holders have been hit most by the falling interest rates as banks lowered the amount paid to them as interest. But the silver lining is that the community as a whole is set to reap more than Rs 500 crore as additional interest, thanks to the tweak in the way banks paid out interest on such deposits.

**Bankers led by SBI warn distressed corporates to speed up asset sales**
Bankers led by the State Bank of India warned distressed corporates to accelerate their asset sales so that they can recover their dues, failing which banks would themselves take it in their hands the process of disposal of assets, said two people familiar with the development.

ED finds no evidence of money laundering by Vijay Mallya in connivance with IDBI executives
Enforcement Directorate officials probing alleged money laundering by Kingfisher Airlines BSE 3.03 % founder Vijay Mallya in connivance with some IDBI BankBSE 1.24 % executives have not found evidence of bankers being involved in any possible violation of the Money Laundering Act, directorate sources said.

Core banking facility available at over 20K post offices
Customers with Post Office savings can now operate their accounts from 20,106 branches as they have been connected with core banking facility, Telecom Minister Ravi Shankar Prasad said today. “By today number of Core Banking Branches of India Post Office touched 20,106. It had only about 230 such branches in May 2014,” Prasad said in his tweet.

RuPay gains market share with help of Jan Dhan Yojana
RuPay cards, launched in 2012 by NPCI, has significantly increased its market share to 38 per cent of the total 645 million debit cards in the country, helped by government’s financial inclusion scheme Pradhan Mantri Jan Dhan Yojana, says a study.

RBI announces OMO purchases worth Rs 15,000 cr on March 17
The Reserve Bank of India (RBI) on Monday announced open market operations (OMO) purchases of Rs 15,000 crore of government securities. The RBI conducts OMO purchases in order to infuse liquidity into the system whenever there is a deficiency, while it conducts OMO sales to suck excess liquidity from the system. OMOs are also intended to keep the short-term interest rates close to the policy rate.

Public funds tap to go dry for ‘wilful defaulters’
Cracking the whip on ‘wilful defaulters’, market regulator SEBI has decided to ban them from raising public funds through stocks and bonds as also from taking board positions on listed companies. The measures assume significance in the wake of a raging controversy over business tycoon Vijay Mallya, who has left the country amid continuing efforts by banks to recover dues totalling over Rs 9,000 crore of unpaid loans and interest.

Jaitley: New tax law, reforms can support sagging world economy
Finance Minister Arun Jaitley on Sunday expressed the hope that the long-pending Constitution Amendment Bill for GST (goods and services tax) and the Insolvency Code will be passed by Parliament in the second half of the Budget session.

SBI puts on the block 3 loans of Rs. 20,769 cr
Banks have stepped on the gas to purge their balance sheets of bad loans. In the last fortnight, State Bank of India, on behalf of itself and other consortium lenders, has put three large loans aggregating to Rs. 20,769 crore on the block. India’s largest bank has invited expression of interest from interested investors to acquire 51 per cent stake and management control of three companies.

More trouble for Mallya as court issues arrest warrant
Vijay Mallya’s troubles seem to be mounting with a magistrate court in Hyderabad issuing a non-bailable warrant (NBW) against the UB Group chairman as he failed to appear in the court for a case against a Rs 50-lakh cheque default by Kingfisher Airlines to GMR Hyderabad International Airport Ltd.

DBS to buy Royal Bank of Scotland’s Indian onshore operations for Rs 1,000 crore
DBS Group Holdings, Southeast Asia’s largest bank, is set to acquire Royal Bank of Scotland Group’s Indian onshore operations for about Rs 1,000 crore, a much-awaited deal that will see the exit of Britain’s biggest government owned bank from one of the fastest-growing economies. The deal is likely to close this week.

Bankers create security charges on collaterals to avoid CBI, CVC glare in future
Fearing a witch hunt, increasingly wary bankers are doing all they can to shield themselves from the glare of government investigation agencies. Amid a growing risk-aversion, they are taking joint, unanimous decisions while dealing with large borrowers to escape finger pointing by anyone later; creating security charges on all collaterals and hypothecations to make exposures fully secured; preserving minutes of meetings; and, insisting on quick, corrective action by promoters of borrowing companies if forensic audits reveal uncomfortable observations.

**Duplication of accounts under Jan Dhan Yojna on rise: Survey**

Duplication of accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) is on the rise while 28 per cent of accounts are lying dormant, says a survey by financial inclusion consulting firm MicroSave. According to the survey, conducted in 42 districts spread across 17 states and one union territory, the reasons for duplication of accounts include misconception that account is only for government benefits/subsidy.

**Corporate bonds beat bank loans so far in FY16**

Borrowing through corporate bonds and commercial paper (CP) has exceeded loans disbursed by banks so far in FY16. Bank loans include those to individuals and therefore, the data suggests a whole host of companies may have stayed away from banks. Typically, banks lend more in a year than is borrowed in the bond and money markets.

**Everything’s official about Aadhaar now**

On Friday, the Lok Sabha stamped its overwhelming approval on the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Bill. Since it is a money bill, the Rajya Sabha cannot exercise a veto. It is for all practical purposes just short of becoming law.

**Go all out to recover money from wilful defaulters: Jaitley to banks**

Giving a stern message to corporate tycoons who have wilfully avoided paying their dues to banks, the government on Thursday asserted that it has given clear directions to banks to “go all out” to recover their dues. Parliament saw uproarious scenes over Vijay Mallya fleeing the country when his defunct airline owed Rs.9,091.40 crore to various banks.

**Banking mess: Fitch for consolidation, IMF wants balance sheet clean-up**

How can the banking system be brought back on track? Rating agency Fitch and the International Monetary Fund gave their views on this burning topic on Thursday. While Fitch Ratings said that a consolidated Indian banking structure would be a positive development in the long term, the IMF said India must prioritise the clean-up of banks’ balance sheets and tackle the corporate debt overhang.

**Consolidation of banks will offer long-term benefits: Fitch**

A consolidated Indian banking structure would be a positive development in the long term for the Indian banking system, according to Fitch Ratings. This observation comes in the context of Finance Minister Arun Jaitley recently stating that (public sector) bankers themselves have supported the proposal of consolidation of banks in order to have strong banks rather than a numerically large number of banks.

**Homebuyers cheer as RS passes Bill to set up regulator**

The Rajya Sabha on Thursday passed by voice vote a real estate regulation Bill, aiming to protect homebuyers from erring developers besides bringing transparency in the sector. Except AIADMK, all Opposition parties, including the Congress, voted for the Bill in a rare display of bonhomie.

**ED summons five IDBI Bank officials, Kingfisher Airlines executives**

Five serving and former executives of IDBI Bank and a few executives of Kingfisher Airlines have been summoned by the Enforcement Directorate in connection with a Rs 950-crore loan the bank sanctioned to the airline in 2009. Confirming the summons, an Enforcement Directorate official told Business Standard:

**Fitch sees banks’ NPA ratio improving to 10.9% by March-end**

International ratings agency Fitch today said the non-performing assets ratio of banks is likely to improve marginally to 10.9 per cent by the end of this fiscal. We expect banks' stressed assets ratio to improve marginally to 10.9 per cent in 2015-16 from 11.1 per cent in 2014-15, although there is still some time before
absolute NPAs witness a reversal," Fitch's Director for Financial Institutions Saswata Guha told reporters here.

**Vijay Mallya loans: Bank union seeks Parliamentary probe**
Alleging a nexus between lenders and Vijay Mallya, one of the biggest bank employees unions today demanded a Parliamentary probe into the sanction of loans to the now grounded Kingfisher Airlines and other group companies. "The whole episode is murky and a thorough Parliamentary probe is essential to make public how the loans were processed and sanctioned by banks and the role of the Reserve Bank of India.

**CVC for e-verification of bank guarantees to check frauds**
To check fraudulent bank guarantees, the Central Vigilance Commission has suggested electronic verification of such documents directly with the concerned lending institutions. The move will help curb the menace of banking frauds. A bank guarantee acts as a proof of financial stability and credit, ensuring that the liabilities of a debtor will be met.

**SBI denies any laxity on banks’ part in seeking relief from Kingfisher Airlines**
The country’s largest lender State Bank of India (SBI) on Thursday denied there has been any laxity on the part of the banks in seeking reliefs against Kingfisher Airlines (KFA), its promoters and holding/associated company. "As leader of the consortium, we strongly deny the media reports which appear to be based on hearsay and conjecture without any reference to the factual position in the matter," SBI said in a press release.

**Vijay Mallya on Twitter deplores ‘media witch hunt’, reiterates faith in judiciary**
The Member of Parliament Vijay Mallya on Friday said that he did not abscond from India and has full faith in the country’s judicial system. Vijay Mallya in a series of tweets said: "I am an international businessman. I travel to and from India frequently. I did not flee from India and neither am I an absconder. Rubbish."

**Crisil downgrades eight public sector banks**
Ratings agency Crisil Ltd has downgraded its ratings on the securities of eight public sector banks (PSBs) and changed the outlook on instruments of five other lenders to negative. In a statement on Thursday, Crisil said it has downgraded its ratings of Bank of India, Central Bank of India, Corporation Bank, Dena Bank, IDBI Bank, Indian Overseas Bank, Syndicate Bank and Uco Bank..

**Govt, RBI move in step on banking sector clean-up**
Any apparent disconnect between the government and the central bank makes for a splashy headline and is milked by the media for all it is worth. It’s only fair then that when the government and the Reserve Bank of India (RBI) come together to push through a clean-up of the banking sector, it should get due attention.

**Mallya was in R.S. on March 1, exited India next day**
Rajya Sabha MP and former liquor baron Vijay Mallya left the country on March 2, the day public sector banks — whom he owes over Rs. 9,000 crore in loans — moved the Debt Recovery Tribunal (DRT) against him. Attorney-General Mukul Rohatgi, appearing for 17 PSU banks, including State Bank of India, revealed this when the apex court asked him about Mallya’s whereabouts.

**Mallya’s whereabouts questioned by lawyers of SBI-led consortium**
"I have been most pained as being painted as an absconder – I have neither the intention nor any reason to abscond..." In a press statement issued late Sunday night (March 7), Vijay Mallya made it clear that he is willing to cooperate with various investigation agencies and, if one goes by his claim, then he should soon be flying down to Delhi to present himself before the Supreme Court as well as the Enforcement Directorate.

**EPF tax issue: Dattatreya rules out review**
Labour Minister Bandaru Dattatreya on Wednesday ruled out any ‘comprehensive review’ of the Budget proposal to tax 60 per cent of Employee Provident Fund withdrawal. “The issue is over,” he told reporters, when asked about Finance Minister Arun Jaitley’s statement in the Lok Sabha on Tuesday, while retracting the proposal, that he had received a “number of representations from various sections, including MPs,” and that “the government would like to do a comprehensive review.”

**Raising priority sector lending target for regional rural banks will ‘affect bottomline’**
The 25 per cent increase in the priority sector lending target for regional rural banks (RRBs) has not gone down well with them. These banks want the target to be brought on par with commercial banks as more number of players have either emerged (Bandhan Bank and IDFC Bank) or are in the process of emerging (10 small finance banks) in the banking space which can share the responsibility of lending to specific segments of the economy.
Govt agency Nafed also wilful defaulter in PNB bad debt list
Vijay Mallya has elite company: Nafed, a Union government agency, too, is a fellow wilful defaulter on the list published by the Punjab National Bank (PNB). The list of defaulters was published by the bank last month. A number of government agencies, such as the Central Bureau of Investigation (CBI) and the enforcement directorate, are on the trail of the Kingfisher founder.

CBI names 5 IDBI Bank executives in Rs 950 cr loan misuse case by Mallya
Five serving and former executives of the IDBI Bank, mentioned in a probe report by the Central Bureau of Investigation (CBI) will be questioned by the Enforcement Directorate (ED) over a Rs 950-crore loan sanctioned to Kingfisher Airlines in 2009. Yogesh Agarwal, the then chairman and managing director of IDBI Bank, and four other executives who were members of the credit committee, B K Batra, O V Bundellu, R Bansal and S K V Srinivasan, have been named by the CBI.

Return, with passport: SC to Vijay Mallya
The Supreme Court on Wednesday asked Vijay Mallya to be present before it on March 30, with his passport, after learning that the beleaguered liquor baron had left the country. Mallya, the chairman of the UB Group and a Rajya Sabha member, is facing legal proceedings for allegedly defaulting on loans of Rs 9,000 crore. A consortium of banks has moved the court seeking the freezing of his passport.

Govt puts public debt management office on back-burner
The Finance Ministry has for the time being put on the backburner a proposal to set up an independent office to manage the Centre’s debt. It first would have to decide on the fate of the staff working in the Reserve Bank of India (RBI)’s debt management department before setting up a public debt management agency (PDMA).

Axis Bank mulls flexi roles, timings
Axis Bank is going the start-up way and giving employees flexible roles and a flexible work environment. Rajesh K Dahiya, group executive of the country’s third largest private sector lender, said from the next financial year, the bank was planning to revise the definition of employment in the bank.

Moody’s flags up ICICI Bank’s corporate asset quality
Moody’s on Wednesday said asset quality for ICICI Bank’s corporate loans would remain under pressure even beyond March 2016 due to exposure to some big-ticket accounts with weak debt servicing ability. The private sector lender had significant buffers to withstand a meaningful deterioration in asset quality, Moody’s said.

RRB employees call two-day strike on Thursday and Friday
Regional rural banks (RRB) employees and officers have called for a two-day all India strike on Thursday and Friday to protest against the government’s plan to privatise these entities and outsourcing of banking services. They are also demanding pension-provident fund facilities in line with mainstream commercial banks.

Banks may have delayed acting on legal advice on Vijay Mallya
Seventeen banks, pursuing various cases against UB boss Vijay Mallya, met a senior lawyer on Feb 28, 2016, and were advised to immediately approach the courts to pre-empt any move by him to leave the country. But they dilly dallied for days giving him a small window to leave, sources involved in the matter said.

Bankers feel annual forensic audit, info sharing can help avoid costly errors
Never buy promises by promoters that they would bring in their share of equity in a struggling company at a later date. Don’t hesitate to pull the plug on a company that’s sliding into an abyss. These are among the lessons Indian banks have learnt from the biggest ever loan default by a company - Kingfisher Airlines.

Sanjiv Misra to continue as Axis Bank Chairman for 3 months
Sanjiv Misra will continue as non Executive Chairman of Axis Bank for next three months, the lender said today. The term of Misra, a nominee of SUUTI, as the Non-Executive Chairman of the Bank expired on March 7, 2016, upon completion of tenure of 3 continuous years, the filing said.
How did defaulter Vijay Mallya get loan: Supreme Court
Controversial businessman Vijay Mallya’s troubles mounted further on Wednesday, with the Supreme Court issuing notice to him seeking his response within two weeks on pleas filed by a consortium of banks demanding direction for freezing his passport and his presence in the court. However, what came as a surprise was the revelation by attorney general Mukul Rohatgi that Mallya had left the country a week back and was probably in London.

RBI may cut rates by 25 bps before next policy meet: BofA-ML
The Reserve Bank of India is expected to go for a 25 basis points rate cut on or before its scheduled policy review meet on April 5, says a Bank of America Merrill Lynch (BofA-ML) report. “RBI needed to inject about USD 30 billion in FY17 to fund 5.5 per cent growth (in the old GDP series),” BofA-ML said in a research report adding that “on balance, we expect Governor Rajan to cut rates by 25 bps by April 5”.

EPF tax may return in new packaging
The controversy over it may have settled down for now, but the employees’ provident fund (EPF) tax will likely return with a different name and approach. The central government is now figuring out the mechanics of levying the EPF tax on people who earn higher salaries, according to two government officials who requested anonymity.

Centre blinks: Jaitley rolls back controversial EPF tax proposal
An odd slice of parliamentary history was made on Tuesday, when Finance Minister Arun Jaitley, responding to all-round criticism, withdrew the controversial proposal to tax employees’ provident fund (EPF) benefits on retirement — even before the Lok Sabha could take up a discussion on the Union Budget.

Kingfisher case: apex court to hear banks’ plea today
The loan recovery proceedings in the Kingfisher Airlines (KFA) case seem to be on the fast track. The Supreme Court on Tuesday listed for hearing on Wednesday a plea by a consortium of 17 banks seeking a direction that Vijay Mallya be restrained from leaving the country. The consortium of banks, led by SBI, has launched a recovery drive on multiple fronts: the Debt Recovery Tribunal, Karnataka High Court, Bengaluru Civil Court and the Supreme Court — to recover dues.

Syndicate Bank: CBI registers case in Rs. 1,000-crore alleged fraud
The Central Bureau of Investigation (CBI) has registered a case against several senior officers of Syndicate Bank and others for causing an alleged loss of Rs. 1,000 crore to the state-owned bank. The case has been registered under the Prevention of Corruption Act for alleged fraud committed at Syndicate Bank branches in Udaipur and Jaipur (Malviya Nagar and MI road).

Atal Pension Yojana: FinMin may allow MFIs to play a role
The Finance Ministry may allow microfinance institutions (MFIs) to distribute pension products, such as the Atal Pension Yojana (APY), a top official has said. “We are looking into this (enable MFIs to be aggregators for APY),” Anjuly Chib Duggal, Secretary, Department of Financial Services, told BusinessLine on the sidelines of a microfinance conclave organised jointly by South Asian Micro-Entrepreneurs Network (SAMN) and Microfinance Institutions Network (MFIN).

Tax breaks for NPA provisioning will help MFIs save Rs. 150 crore
Microfinance institutions (MFIs) can now enjoy tax benefit on provisioning for non-performing assets (NPAs) on par with banks. Budget 2016-17 had proposed that non-banking finance companies (NBFCs) will be allowed to claim tax deductions on the provisions for NPAs up to 5 per cent of total income.

SBI and BoB not excited on move to consolidate state banks
Public sector banks State Bank of India (SBI) and Bank of Baroda (BoB) are not at all excited by the government’s push for consolidation in the public sector banking space, where, according to the government, there are too many players. For these banks, resolving The stressed assets for recoveries and capital generation are priorities for now. The government has been pushing for consolidation of public sector banks (PSBs) to merge small and weak banks with large ones. The idea is to bring the number of PSBs down to six or seven strong players.
Govt is creating situation to justify consolidation: M V Murali
M V Murali, convenor of United Forum of Bank Unions (UFBU), an umbrella organisation of various bank unions, sees consolidation talks between lenders as not needed and done with an aim of privatisation in mind. In a telephone interview with Anup Roy, he says the Reserve Bank of India (RBI)'s asset quality review is being done at a time when the economy is in downturn and this could be to show public sector banks in a poor light so that the government can fan its demand for privatisation. Edited excerpts:

Banks look at big data for loan recovery
With bad loans in the banking system ballooning, lenders are now looking at using more Innovative ways such as big data to tackle the problem. At the two-day retreat held in New Delhi, bankers suggested to the Reserve Bank of India (RBI) big data should be used for fraud detection and easier and quicker sharing of information among different lenders to curtail the problem of bad loans in the system.

Large banks to handhold weaklings for 6-12 months before acquisition
The government's mega consolidation plan for public sector banks is likely to be a long drawn one with large and profitable lenders first helping out weaker or smaller banks for six months to a year before they decide on acquiring the banks they are mentoring.

A senior government official said that there are various plans being discussed towards consolidation, which may include merger of two or three banks into a single entity.

Standard Chartered makes retail banking paperless
India's largest foreign bank by number of branches Standard Chartered Bank on Tuesday announced the global launch of a digital tablet-based sales-and-service tool that "brings the bank" to clients. Seamlessly integrated with the Bank's back-end infrastructure, 'Retail Workbench' will allow sales staff to open an account for a client in any location and makes banking services like loan approvals and credit card issuance fast, simple and completely paperless.

How near is Banks Board Bureau from freeing banks from government control?
Finance Minister Arun Jaitley has proposed that PSU banks merge. Can Vinod Rai, the man chosen to drive the government's agenda, dispose? There may be many a slip between the cup and the lip. Nearly two years after PJ Nayak Committee recommended the way ahead for state banks, the Banks Board Bureau, a mechanism to professionalise the administration of banks, has got a life with former Comptroller and Auditor General heading it.

Banks disburse over Rs 1.15 lakh crore under Pradhan Mantri MUDRA Yojana
Banks have so far disbursed over Rs 1.15 lakh crore under Pradhan Mantri MUDRA Yojana (PMMY), Financial Services Secretary Anjuly Chib Duggal said today. Micro Units Development and Refinance Agency Ltd (MUDRA) focuses on 5.75 crore self-employed who use funds totalling Rs 11 lakh crore and provide jobs to 12 crore people.

We are digitising entire bank, simplifying the process: Nitin Chugh, HDFC Bank
According to data published by the RBI, HDFC Bank was second among all scheduled commercial banks in India in January in terms of transactions done on digital platforms such as the National Electronic Fund Transfer (NEFT), Real-Time Gross Settlement (RTGS) and mobile-based applications. These transactions totaling over Rs 1.13 lakh crore.

World Bank alone to rank states on ease of doing biz
The Centre has asked the World Bank to rank states on the ease of doing business for the next three years, as it strives to ensure a high level of professionalism in and non-partisan nature of such an exercise, according to a senior government official. This time, the role of the department of industrial policy and promotion (DIPP) in this exercise will mostly be limited to facilitating the interactions between states and the World Bank, the official said.

Mallya leaves India for foreign climes
UB Group’s former chairman Vijay Mallya has left India even as a consortium of banks and investigative agencies were closing in on him, two persons close to the development said. The lenders were trying to
PREVENT MALLYA FROM LEAVING THE COUNTRY. THEY HAD ALSO GOT A BANGALORE DEBT COURT TO TEMPORARILY HALT PAYMENTS FROM DIAGEO.

Did an off-balance sheet sleight of hand make 3.5% fiscal deficit possible?
So, it seems there is some accounting jugglery after all to the fiscal deficit target of 3.5% of gross domestic product for the next fiscal year. In fiscal year 2017, Seventh Pay Commission and One Rank One Pension (OROP) payments are going to kick in, and the government increased the capital expenditure outlay of the Railways and Road construction by 42% and 57%, respectively, while sticking to the fiscal consolidation path.

Labour Ministry wants tax on EPF corpus
Finance Minister Arun Jaitley’s Budget proposal to tax retirement benefits has evoked strong reactions from not only the salaried classes, political opponents and trade unions, but also from the Labour Ministry, which wants a rollback."We were never consulted on the proposal. Even during pre-Budget discussions the issue was not raised. If it had been, we would have cautioned the Finance Ministry about the backlash.

Jewellers go on indefinite strike against excise duty
The All India Gems and Jewellery Trade Federation (GJF) has decided to continue its ongoing strike for an indefinite period against the Government’s decision to levy excise duty on the sector. Interestingly, except for Tata Group company Tanishq, all other jewellery brands have decided to join the strike and express their solidarity.

ICICI Bank offers ‘work-from-home’ for women
ICICI Bank on Monday announced the launch of a work-from-home programme to prevent women employees from dropping out of its workforce. The company has deployed face recognition technology to facilitate women to work from home and provide access to the bank’s core banking servers under. The programme Work@ home will enable almost every non-customer facing task to be done from home.

OBC revises FY16 capital need from LIC
Government-owned Oriental Bank of Commerce (OBC) has revised its earlier estimate for equity infusion from Life Insurance Corporation of India (LIC) to Rs 178 crore, after an easing of the rule for determining the amount. The initial estimate was up to Rs 500 crore. It told the BSE on Saturday that it planned to issue 21.5 million shares at Rs 82.79 each to LIC on a preferential basis.

Banks will have to lower lending rates in April
Irrespective of whether the Reserve Bank of India (RBI) cuts its policy rate on or before the April 5 policy review, banks will have to cut their lending rates by at least 25-30 basis points (bps) in April, to catch up with the lag in transmission.

The central bank has, so far, cut its repo rate by 125 bps and banks have passed on between 60-70 bps of the cut.

Axis Bank better placed than ICICI and other PSU banks: Nomura
Global financial services firm Nomura has said that India’s third largest private sector lender - Axis Bank is better placed than private sector behemoth ICICI Bank and other PSU bank peers in terms of corporate book profitability."We estimate that 20-25 per cent of Axis Bank's corporate book is stressed," Nomura said in its report.

Bank loan defaulters won’t be spared: Finance Minister Arun Jaitley
Finance Minister Arun Jaitley on Saturday said getting banks back in shape was a top priority of the government, and that more resources will be found as and when required to boost their capital. He also said loan defaulters will not be spared.

Capital Area Bank first to get small finance bank licence
Capital Local Area Bank, a Jalandhar-based local area bank, has emerged as the first entity to have received the Reserve Bank of India’s licence to start operations as a small finance bank. Sarvjit Singh Samra, managing
director of Capital Local Area Bank, said it plans to start small finance bank operations on April 13, "on the auspicious day of Baisakhi".

Debt Recovery Tribunal, ED signal end of good times for Vijay Mallya
In a fresh blow to beleaguered UB Group Chairman Vijay Mallya, the debt recovery tribunal (DRT) in Bengaluru on Monday barred him from withdrawing the $75-million exit payment from British liquor giant Diageo till the disposal of Kingfisher Airlines’ loan default case filed by State Bank of India. Further hearing on the case has been posted to March 28.

FM Likely to Tweak EPF Tax Proposal Today
Finance minister Arun Jaitley will likely modify the controversial Budget proposal to change the tax treatment of Employees’ Provident Fund (EPF) in Parliament on Tuesday. This follows an advice by the Prime Minister.

IDBI Bank’s QIP Plan to be Revived
The government will resume a plan to sell shares of IDBI Bank Ltd to institutional investors; anticipating greater investor interest after Finance Minister Arun Jaitley in his Budget speech formally stated the government’s intention to pare its stake in the lender to less than 50%.

Arun Jaitley says India needs strong banks, not more banks
Most Indian banks favour consolidation, Finance Minister Arun Jaitley said at the end of the two-day brainstorming session with bankers adding that India needs strong banks rather than many banks. Need for a stressed assets fund as well giving employee stock options to bankers were some of the issues that were discussed in Gyan Sangam—the annual retreat of bankers that concluded on Saturday.

RBI to issue third tranche of gold bonds from March 8-14
The Reserve Bank of India, in consultation with the Centre, has decided to issue a third tranche of Sovereign Gold Bonds. The bonds will be open for subscription from March 8 to March 14. The bonds, which will be denominated in multiples of gram(s) of gold with a basic unit of 1 gm, will be sold through banks, Stock Holding Corporation of India, and designated post offices.

Nabard to extend ‘eShakti’ project to more districts
The National Bank for Agriculture and Rural Development (Nabard) on Friday said it will extend its ‘eShakti’ project for digital book-keeping of self-help groups to another 23 districts in the country. This move follows successful eShakti pilot projects in two districts of Ramgarh in Jharkhand and Dhule in Maharashtra, Nabard said in a statement.

Centre may offer more to PSBs
The Centre is willing to give more than the Rs. 25,000 crore specified in the Budget for recapitalising public sector banks (PSBs), Minister of State for Finance Jayant Sinha said on Friday.

Worst is over for PSU banks, says Sinha at Gyan Sangam
Demonstrations outside the State Bank of India Academy at Gurgaon in protest against the government’s plans to privatise IDBI Bank had no perceptible impact on the second edition of Gyan Sangam, which kicked off on Friday.

SBI seeks Mallya family’s full asset disclosure
The Karnataka High Court on Friday took up a petition by State Bank of India to arrest UB Group chairman Vijay Mallya, impound his passport and also direct him to disclose his personal and family’s assets, in India and globally.

FM to clarify position on EPF withdrawals in Parliament soon
Economic Affairs Secretary Shaktikanta Das on Friday said Finance Minister Arun Jaitley was considering suggestions that tax liability be confined only to returns on 60 per cent of withdrawn funds from employees’ provident fund, if not invested in annuity.

Bank credit grows 11.62%, deposits at 11.02%
Bank credit growth continued to remain in double-digits clipping at 11.62 per cent year-on-year to Rs 71,72,740 crore for the fortnight ending February 19, according to the Reserve Bank data. The outstanding loans of banks during the same period last year had stood at Rs 64,25,793 crore.

Capital Local Area Bank receives RBI licence to operate as small finance bank
Capital Local Area Bank has emerged as the first bank to have received licence from the Reserve Bank of India to start small finance bank. "We plans to start its operations on April 13, on the auspicious day of Baisakhi," Sarvjit Singh Samra, managing director of the bank told ET. "The bank plans to open 10 new branches on the first day of operation," he added.

Ex-Gujarat Chief Secretary Sudhir Mankad, TCS CEO appointed to RBI board
Former Chief Secretary of Gujarat Sudhir Mankad and two others were today appointed as non-official directors to the board of Reserve Bank of India (RBI). The Appointments Committee of the Cabinet (ACC), headed by Prime Minister Narendra Modi, has approved appointment of Mankad as part-time non-official director on the central board of the RBI for a period of four years, an order issued by Department of Personnel and Training (DoPT) said.

Banks now have room to raise funds via tier 2 bonds: RBI
With the Reserve Bank of India (RBI) tweaking of banks’ core capital to include a part of real estate assets and foreign exchange, lenders will now have additional headroom to raise funds through tier 2 bonds, RBI deputy governor R Gandhi said on Thursday.

PSB staff should document reasons for decisions taken: TM Bhasin
Officials in the state-run banks should take adequate precautions to document reasons for any decision they take, chief vigilance commissioner TM Bhasin said at the Gyan Sangam on Friday. According to bankers who attended the session, Bhasin listed out the precautions and said the documentation would help them avoid trouble if they are deviating from rules.

Nabard to hit markets with public issue of tax-free bonds
The National Bank for Agriculture and Rural Development (NABARD) is set to come out with its public issue of tax-free bonds next week, according to sources in the bond market. Nabard is looking to raise up to Rs 3,500 crore through bonds having tenure of 10 and 15 years.

RBI proposes creation of account aggregators
To enable individuals to get a consolidated view of their financial asset holdings, including bank deposits, mutual funds, insurance policies, and equity shares, the Reserve Bank of India on Thursday unveiled a draft regulatory framework to allow a new kind of non-banking financial company (NBFC), which could act as an account aggregator.

Mallya case: DRT to hear SBI-led plea on March 8
The Debt Recovery Tribunal, Bangalore, is expected to take up for hearing on March 8 the case involving the State Bank of India-led consortium seeking former liquor baron Vijay Mallya’s arrest as well as lien on the $75 million payout given by Diageo last week.
On Friday, Mallya’s and UB Holdings’ lawyers are expected to file their objections to the tribunal.

Will resist Centre’s move to reduce stake in IDBI Bank, says union
The All India Bank Officers’ Association said the Centre’s move to sell family silver by reducing its stake in IDBI Bank to below 50 per cent will be resisted by it through ‘all forms of agitation’. Emphasising that IDBI Bank is a public sector bank and the government should maintain its stake in it at 52 per cent or more, S Nagarajan, General Secretary of the Association, said the government’s proposed move undermines its commitment to maintain the public sector character of state-run banks.

Gyan Sangam-II: Bankers huddle to brainstorm
The second edition of a two-day retreat, Gyan Sangam, will outline the reform agenda for the coming year for state-owned banks. The event follows Finance Minister Arun Jaitley’s Budget statement that the government will unveil a road map for consolidation in public sector banks.
Central bank switches Rs 37,300 cr of bonds for longer security
The Reserve Bank of India (RBI) on Thursday said it had converted two securities maturing in 2016-17 and one security maturing in 2021-22 having total face value of about Rs 37,300 crore from its own portfolio with longer tenor securities maturing in 2023-24 and 2024-25 with the government.

Bank customers can use post-office ATMs soon
Soon people will be able to withdraw money from any bank account - private or PSU - through ATMs of India Post, as it takes the first step towards the proposed Postal Bank in the next few years. Currently, people with accounts in postal department can use the services of the ATM.

Budget credit negative for PSU banks: Moody's
Moody's Investors Service today said the Budget for 2016-17 is "credit negative" for PSU banks as the capital infusion road map falls short of the required Rs 1.45 lakh crore. "The Budget is credit negative for public sector banks because the government has stuck to its capital infusion road map announced in 2015, budgeting Rs 25,000 crore in injection," says Srikanth Vadlamani, Moody's Vice-President and Senior Credit Officer.

Budget 2016: Fiscal policy puts ball in Raghuram Rajan's court now, says Jayant Sinha
The government has done its part by maintaining fiscal discipline in the face of stiff challenges in the budget and now the Reserve Bank of India has to keep its end of the bargain by cutting interest rates to shore up economic growth.

Increase in service tax to bring it closer to GST
FROM JUNE, THE EFFECTIVE SERVICE TAX WILL BE 15% AS THE BUDGET IMPOSED A KRISHI KALYAN CESS OF 0.5% ON ALL TAXABLE SERVICES. IN LAST YEAR'S BUDGET, THE GOVERNMENT INCREASED THE SERVICE TAX RATE FROM 12.36% TO 14% AND IN NOVEMBER INTRODUCED SWACHH BHARAT CESS OF 0.5%.

EPF tax row: Will it lead to double taxation?
The Budget has proposed significant changes on taxation of Employees' Provident Fund (EPF). Given that EPF is at the core of the Indian social security system and is the only mandatory retiral benefit that is available to the salaried class, the proposed amendments have triggered a considerable amount of debate.

Banks, SEBI slow to act against defaulters, says CBI Director
CBI Director Anil Sinha had some sharp words for banks on Wednesday, accusing them of not doing enough to act against recalcitrant borrowers. Capital market regulator SEBI also copped some flak "for not stepping in proactively" to protect the rights of ordinary depositors.

RBI lends a helping hand to banks with low capital
After the Centre did its bit to support public sector banks by setting aside Rs. 25,000 crore for recapitalisation in the Budget, the RBI has come forward to offer some respite to banks with low capital. As indicated in the last policy review, the RBI has allowed some of the currently non-recognisable capital on banks' balance sheets to count as capital according to Basel norms.

Lok Sabha: with NDA allies against EPF tax, Opposition plans cut motions
Opposition parties are planning to reach out to dissenting voices within the NDA to mount a stronger attack on the Centre’s Budget proposals. In the Lok Sabha, they plan to move cut motions to the demands for grants, with the most contentious issues being the Finance Bill’s provision to tax 60 per cent of the EPF corpus at the time of withdrawal.

Aadhaar Bill to ensure privacy protection
The government could introduce a regulatory framework to ensure that the biometric details of citizens it collects is kept discreet and used only to generate Aadhaar numbers or authenticate them. The Aadhaar Bill, which could be introduced in the Lok Sabha on Thursday, is likely to introduce this regulatory framework.
could also to propose that in cases of national security, an officer not below the rank of a joint secretary will be empowered to call for disclosure of such information.

**RBI move a temporary fix to PSBs' woes**
The Street has cheered the Reserve Bank of India’s move, announced on Tuesday evening, to ease the capitalisation norms of banks, both public and private. However, this only buys time, aver observers, to address the more fundamental issues.

**Central Bank of India to raise Rs 165 crore from LIC**
Public sector lender Central Bank of India today said its board has approved raising over Rs 165 crore by issuing additional equity shares to insurance giant LIC on preferential basis. The board of directors at its meeting held today "considered and approved raising of additional equity capital by issuance and allotment of up to 3,14,41,088 equity shares of the face value of Rs 10 each at the issue price of Rs 52.66 per equity aggregating to Rs 165,56,87,694.08 to LIC", it said in a BSE filing.

**RBI may cut repo rate after April 5 meeting: Standard Chartered**
The Reserve Bank of India (RBI) is likely to reduce the repo rate at its April 5 policy meeting, if not sooner, Standard Chartered said in a report while maintaining that an inter-meeting cut cannot be ruled out. The fiscal deficit target of 3.5 per cent for 2016-17 is in line with the original fiscal consolidation plan and comes despite a challenging economic environment.

**RBI’s Tier-1 capital norms: Long-term worries remain**
The new guidelines issued by the Reserve Bank of India (RBI) which allow allow banks to treat certain assets on their balance sheets as Common Equity Tier 1 (CET1) capital will go a long way in enhancing their equity capital. Some banks may not find it necessary to raise fresh capital in FY17 unless a significant share is eroded due to higher provisions. The new rules are expected to free up capital estimated anywhere between Rs 25,000 crore and Rs 35,000 crore.

**Bank of Baroda likely to recover NPAs worth Rs 2,700 cr in FY16**
Bank of Baroda (BoB) is likely to recover up to Rs 2,700 crore from non-performing assets in the current fiscal year, up 80% year-on-year, a senior official at the bank told FE. The state-owned bank, which recovered a total of Rs 1,492 crore in the previous financial year, has already recovered around Rs 1,750 crore as on February 29, the source said.

**IMF pegs India’s growth rate at 7.5% in 2016-17**
India’s economy will likely grow 7.5% in the next fiscal, compared with 7.3% in 2015-16, helped by a plunge in oil prices and relatively low exposure to the global slowdown, the International Monetary Fund (IMF) said on Wednesday. Nevertheless, the multilateral body has advised Indian authorities to effect reforms, including implementing a well-designated goods and services tax regime, strengthening prudential regulation for bank asset quality recognition, rationalising food and fertiliser subsidies and facilitating land acquisition.

**SBI seeks Vijay Mallya’s arrest, seizure of passport**
State Bank of India (SBI) has moved the Bangalore debt recovery tribunal (DRT), seeking an arrest warrant against Vijay Mallya, a week after United Spirits Ltd (USL) said he had resigned as its chairman in return for a $75 million payout. The nation’s largest lender is also demanding that Mallya’s passport be impounded, said two people with direct knowledge of the development on condition of anonymity. In addition, SBI is seeking a full disclosure of Mallya’s assets.

**FinMin: EPF tax only for the ‘highly paid’**
Under fire from all sides, the Finance Ministry on Tuesday made it clear that the proposed new tax treatment on withdrawal from the Employees Provident Fund (EPF) will not apply to EPFO members who are within the statutory wage limit of Rs. 15,000/month. This would mean that nearly three crore out of the 3.7 crore contributing members of the Employees Provident Fund Organisation (EPFO) will not be covered under the proposed new tax regime.
New RBI norms to help banks unlock Rs. 40,000 cr
The Reserve Bank of India on Tuesday relaxed norms relating to the treatment of certain balance-sheet items, including property, which will help banks unlock capital aggregating about Rs. 40,000 crore. This capital relief comes at a time when the banks, especially those in the public sector, are struggling with bad loans, provisioning requirements and falling equity market valuations.

'RBI rate cuts depend also on inflation'
With the fiscal worry out of the way, the ball is now in RBI's court. Speaking to Bloomberg TV India, former RBI Governor C Rangarajan opines that inflation has to remain at the same level or slide lower to prompt RBI to cut rates. While lauding the Budget focus on reviving rural demand, the former chairman of the Prime Minister’s Economic Advisory Council said the government must focus on outcomes.

Budget disappointing for the banking sector, says union
The All-India Bank Employees Association has termed Budget 2016-17 as disappointing for the banking sector. AIBEA General Secretary CH Venkatachalam pointed out that the Finance Minister had not announced any drastic measures to recover the stockpile of bad loans. He noted that the banking trade unions had urged the Centre to name and shame the big loan defaulters by publicising their names.

May pick up stake in NSDL’s payments bank arm
IDBI Bank may pick up a stake in the payments bank that National Securities Depository will float, according to a top official. NSDL was one of the 11 entities granted "in-principle" approval in August 2015 from the Reserve Bank of India to set up a payments bank. IDBI Bank owns 30 per cent stake in NSDL.

Loud protests force govt to consider EPF tax review
After sharp criticism of a Budget proposal to tax 60 per cent of the amount withdrawn from the Employees' Provident Fund, the Union finance ministry will consider suggestions for partially withdrawing it. A finance ministry statement issued on Tuesday afternoon reiterated that 60 per cent of the amount, accumulated through deposits after April 1, 2016 would be taxed, if withdrawn as a lump sum, but also said Finance Minister Arun Jaitley will have a look at it to assess if the tax would be limited to returns on the corpus and take a decision in due course.

Budget credit-negative for PSBs: Moody's
The Union Budget is a credit-negative for public sector banks (PSBs), as the capital infusion announced by the government will be insufficient for lenders in a rising NPA (non-performing assets) scenario, global rating agency Moody’s said on Tuesday. The government has stuck to the capital infusion roadmap announced last year, budgeting only Rs 25,000 crore for PSBs in the 2016-17.

RBI allows banks to expand capital base to meet Basel III norms
At a time when public sector banks (PSBs) have been struggling with a low capital base, the Reserve Bank of India (RBI) has allowed banks to beef up its capital adequacy by including certain items such as property value, foreign exchange for calculation of its Tier-I capital.

Aadhaar legislation might be a Money Bill
The proposed Aadhaar Bill, announced by Finance Minister Arun Jaitley in his Budget speech, might be introduced in the Parliament as a Money Bill within this week and, hence, will only require passage in the Lok Sabha to be enacted into law, Business Standard has learnt.

Budget 2016: PSBs battling with NPAs didn't get much
Few would expect the master to order a shift from trekking Sahyadri Hills on the Western Ghats, to Siachen on the Himalayas as the training and equipment required are vastly different. But that's exactly what the Reserve Bank of India and the government seems to be doing with state-run banks.

PSBs wrote off over Rs 1.14 lakh crore in last 3 fiscals: FM Arun Jaitley
State-owned banks wrote off over Rs 1.14 lakh crore debt during the last three financial years which was more than the amount written off in the previous nine fiscals.
"The public sector banks have written off (including compromise settlements) Rs 1,14,181 crore of debt during financial years 2013, 2014 and 2015."

**Percentage of NPAs contributed by discoms in public sector banks is 4.10%**
Total percentage of non-performing assets contributed by discoms in Public Sector Banks (PSBs) as of March 2015, was 4.10 per cent, Parliament was informed today. "The total percentage of Non-Performing Assets contributed by discoms (electricity generation transportation, distribution) in the Public Sector Banks is 4.10 per cent as on March, 2015.

**RBI eases norms on how banks treat certain assets**
The Reserve Bank of India (RBI) on Tuesday revised its regulations on how banks can treat certain items in their balance sheet and brought them further in line with those recommended by the Basel Committee on Banking Supervision (BCBS). The revisions are expected to reduce their capital-raising requirements. The revised regulations include treating revaluation reserves, subject to conditions, as Common Equity Tier 1 (CET1) capital at a discount of 55%, instead of as Tier 2 capital.

**Banks wary of receiving 15% cash while selling bad loans to ARCs**
Though the government’s decision to allow sponsors of asset reconstruction companies (ARCs) to own up to 100% stake in them was received well by the market, banks are still wary of receiving only 15% cash upfront while selling a bad loan to an ARC, the rest being subject to recovery of the loan.

**SS Mundra hails Budget as quite pragmatic**
Reserve Bank of India (RBI) deputy governor SS Mundra said on Tuesday that the Budget was pragmatic with the government deciding to stick to its projected fiscal deficit target."I think taking the overall assessment; it is quite a pragmatic budget. The fiscal consolidation roadmap is very much adhered to. The thrust on rural economy and job creation are very positive for the long term benefit.

**Arun Jaitley’s amnesty scheme for black money holders may help repair banks**
It’s not just taxpayers who will make Indian banks whole. Tax cheats are being pressed into service as well. State-run Indian lenders are gasping for breath, as the central bank forces them to recognize bad loans and make provisions. The Rs.25,000 crore in fresh capital that Finance Minister Arun Jaitley has pledged to them from his annual budget

**IDBI Bank puts share sale on hold**
IDBI Bank Ltd has put its share sale to institutional investors on hold because of unfavourable valuation, a senior executive of the state-run bank said on Tuesday. On 31 December 2015, the bank informed stock exchanges the government had approved a plan to raise Rs.3,771 crore through a qualified institutional placement offer (QIP).

**Positive steps to deal with bad loans**
To deal with the growing menace of bad loans and streamline the recovery process, the Finance Minister has made a few proposals. To start with, the Budget has proposed to make necessary amendments in the Sarfaesi Act 2002 to enable the sponsor of an asset reconstruction company (ARC) to hold up to 100 per cent equity in it from the earlier 49 per cent.

**Capital infusion in banks falls short**
The Centre stuck to its earlier commitment of infusing Rs. 25,000 crore into public sector banks in 2016-17, under its Indradhanush plan. But this is insufficient given the recent sharp rise in bad loans, after the RBI’s asset-quality review (AQR).The Finance Minister took forward reforms to materially improve governance in public sector banks.

**Now, a resolution mechanism for distressed financial firms**
To quickly and effectively deal with bankruptcy situations in financial firms, the Centre plans to introduce a comprehensive ‘Code on Resolution of Financial Firms’ as a Bill in Parliament in FY17. Finance Minister Arun Jaitley said in his Budget speech that this code will provide a specialised resolution mechanism to deal with bankruptcy situations in banks, insurance companies and financial sector entities.
FM Arun Jaitley to Raghuram Rajan: It's your turn now
Finance Minister Arun Jaitley’s third Budget performed a delicate task of prioritisation: meeting additional spending burdens while staying on the previously announced path of fiscal consolidation. Jaitley kept infrastructure spending elevated while also addressing the slowdown in the rural economy; yet his estimates of increases in tax revenue were generally agreed to be reasonable.

Tax on pension corpus: Jaitley just shrank your retirement kitty
Taxpayers would not be too happy at Finance Minister Arun Jaitley’s move to tax employees’ provident fund (EPF) and other recognised PFS on contributions made on or after April 1. PF schemes hitherto enjoyed the tax status of exempt-exempt-exempt (EEE, meaning no tax on contribution, interest or at withdrawal).

Employer’s contribution to provident fund beyond Rs 1.5 lakh to be taxed
The finance minister has capped employers’ contribution to provident fund at Rs 1.5 lakh a year. Whatever an employer contributes beyond this limit will become subject to tax in the hands of the employee. Parizad Sirwalla, partner and head of global mobility services-tax, KPMG India, said: “The employer’s contribution to EPF forms a part of the cost to company (CTC). And, it is mandatory that the employer contributes 12 per cent of the basic pay towards the EPF.”

It is a big enough boost for banks: S Naren
The Budget has gone a long way in trying to balance the government’s income and expenditure, while adhering to the path of fiscal consolidation. This can pave the way for a reduction in interest rates, thus benefiting corporate India. The focus on roads and rural electrification is vital for boosting capital spending and signals the government’s growth intentions.

Tight-fisted Jaitley offers only promises to debt-ridden bank
The Union Budget 2016-17 turned out to be a damp squib for banks as the public sector lenders, weighed down by capital-eroding bad debts on their books, did not get any capital injection beyond Rs 25,000 crore announced last year. The government, however, gave a push to consolidation of public sector banks.

Tata Communications arm eyes deal with payments, small banks
Tata Communications Payment Solutions (TCPSL), which operates white and brown-label ATMs under the Indi cash brand, is in talks with payments and small banks for use of its physical infrastructure in towns and villages as micro bank branches.

“The Reserve Bank of India’s directions to clean up bank books appear to have hit private sector banks harder than their state-owned counterparts, with their non-performing assets rising at a faster clip. The amounts set aside by private banks to cover NPAs have risen quicker than for public sector banks in the first nine months of this financial year, data compiled by ETIG shows.

Arun Jaitley’s Budget 2016: Tight deficit line, agriculture & infrastructure focus
Midway into its term in office, the government’s third Budget presented in Parliament on Monday sought to perk up rural incomes and give an ostensible thrust to the farm and social sectors amid the fear that the Modi magic may have run out of puff with the electorate.

Budget 2016: FM Arun Jaitley spares service tax rate hike, rejigs duties
Finance Minister Arun Jaitley on Monday left the basic services tax rate untouched and desisted from offering any time frame for heralding the goods and services tax (GST) regime even though the April 1 deadline is all set to be missed. Nevertheless, he did a lot of tinkering with excise and customs duties and also introduced two cesses — one on all taxable services and the other on cars — aimed at widening the ambit of indirect taxes while promoting Make In India.
PM Narendra Modi tackles Rs8 trillion of bad debt by easing rules for buyers

Facing a daunting Rs8 trillion of stressed assets in its financial system, India is stepping up efforts to tackle an issue that is threatening to derail Prime Minister Narendra Modi’s development agenda. In a boost to a Rs70,000 crore recapitalization programme already under way, the government allowed a single investor to fully own an asset reconstruction company (ARC), making it easier to raise capital.

Govt ready to bring IDBI Bank stake to under 50%: Arun Jaitley

In a step that indicated an openness to privatizing state-owned banks, Union Finance Minister Arun Jaitley on Monday said the government is committed to reducing its stake in IDBI Bank to under 50%. Jaitley’s comment was part of the Union Budget announcements dealing with banking sector reforms.

Jaitely seen priming rural economy for multiplier effect on demand, jobs

With Prime Minister Narendra Modi on Sunday terming it as “his examination”, Finance Minister Arun Jaitley faces a tough task tomorrow when he presents the Union Budget for 2016-17. Though technically this is Jaitley’s third Budget, it is being seen as the first real one of the Modi government, and is expected to take forward the BJP’s agenda of development and growth.

Jan Dhan Yojana: nearly 86% life cover claims settled

As many as 452 out of the 858 claims made for the Rs 1 lakh accidental insurance cover under the Pradhan Mantri Jan Dhan Yojana (PMJDY) have been paid. While 380 claims were found to be invalid, only 26 claims are pending due to non-submission of complete documents, official sources said.

Rural infra, skilling likely to get a boost in the Budget

Finance Minister Arun Jaitley is likely to announce measures for rural irrigation and infrastructure and strengthen the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNRE) by cash transfers to beneficiaries. Higher allocation to the Pradhan Mantri Krishi Sinchayee Yojana is also expected.

Pay interest on retained PF or give entire amount: Unions

Trade Unions, including the RSS-backed Bharatiya Mazdoor Sangh (BMS), have demanded that the Employees Provident Fund Organisation (EPFO) either allows unemployed subscribers to withdraw their entire provident fund (PF) or give interest on retained amount.

Ex-CAG Vinod Rai to head Banks Board Bureau

The government on Sunday announced the appointment of Vinod Rai, former Union comptroller and auditor general, the first chairman of the proposed Banks Board Bureau (BBB). The appointment came about 32 months after Rai retired as CAG, a stint during which he exposed major scams under the previous United Progressive Alliance (UPA) government.

Jaypee sells cement biz to UltraTech for Rs 16,500 cr

In one of the biggest transactions in the cement industry, the debt-laden Jaypee group signed a binding agreement on Sunday to sell its cement business, with a capacity of 18.4 million tonnes per annum (mtpa), to the Aditya Birla Group’s UltraTech Cement, for an enterprise value of Rs 16,500 crore. Under the deal, UltraTech will pay an additional Rs 470 crore for completion of the grinding unit for 4 mtpa capacity under implementation.

Budget 2016: Rs 15,000 crore set aside for agriculture loan write off, says FM Arun Jaitley

Finance Minister Arun Jaitley announced a relief for the farmers in terms of financing for farming activities. This will be available for loans taken both from public sector and non-public sector banks. The FM announced setting aside of Rs 15,000 crore for loan subvention for agricultural loans taken by farmers.

Economic Survey 2016: Government can sell some firms to recapitalise public sector banks

In order to strengthen public sector banks (PSBs), government could sell off some PSUs and use the proceeds to make additional investments in state-owned lenders, the Economic Survey said today. The government could sell off assets that it no longer wants to hold, such as certain nonfinancial companies, and use the proceeds to make additional investments in the PSBs, said the economic report card of 2015-16, tabled in Parliament by Finance Minister Arun Jaitley.
Banks & Financial Services: One of the most challenging quarters
Q3FY16 had nothing to cheer for banks. Revenues increased 8% y-o-y (year on year) while provisions doubled resulting in 55% y-o-y decline in earnings. 60% of the slippages for the quarter were under the directives of RBI. For NBFCs (non-bank financial companies), NIM (net interest margin) expansion and improving loan growth supported core earnings.

Economic Survey 2016: Use part of RBI’s surplus for PSB recapitalisation
With the Reserve Bank of India (RBI) pushing banks to recognise all non-performing assets (NPAs), the Economic Survey nudged the central bank to give a portion of its Rs 8 lakh-crore cash balance to recapitalise the NPA-ridden public sector banks (PSBs).
FE was the first to report of such an eventuality on September 24, 2015 as the the additional burden of over Rs 1 lakh crore on salaries and pensions could jeopardise the Centre’s medium-term fiscal consolidation road map of reducing deficit to 3.5% of GDP in 2016-17 from 3.9% in the current fiscal.

State govt may face fiscal shocks in coming months: Deutsche Bank
State governments in the country are likely to see their fiscal health weaken in the coming months with six key states, Bihar, Uttar Pradesh, West Bengal, Rajasthan, Haryana and Kerala, particularly vulnerable to potential shocks, says a Deutsche Bank report.

Over 70% of accounts opened under Jan Dhan are now active
More than seven out of every 10 bank accounts opened for the unbanked, mainly for direct transfer of benefits, are seeing transactions, data showed. These accounts were opened under the government’s financial inclusion plan called Pradhan Mantri Jan Dhan Yojana (PMJDY) and launched by Prime Minister Narendra Modi on August 15, 2014.

Vijay Mallya’s USL exit: Kingfisher Airlines lenders to move DRT
A consortium of 17 lenders to the long grounded Kingfisher Airlines Ltd will move the Debt Recovery Tribunal (DRT) against the airline chairman Vijay Mallya to stake claim to the $75 million severance package he will get to quit United Spirits Ltd (USL). Last week, Mallya quit as chairman of USL after Diageo.

RBI overhauls debt recast norms
In an effort to help banks quickly clean up their balance sheets, the Reserve Bank of India on Thursday overhauled its guidelines pertaining to revitalising stressed assets in the economy. The RBI said ‘standard’ asset classification benefit will be available to lenders provided they divest a minimum of 26 per cent (against 51 per cent now) of the shares of the company to the new promoters within the stipulated 18 months and the new promoters take over management control of the company.

Central Bank declares Unitech directors defaulters
State-owned Central Bank of India has declared the directors of real estate developer Unitech as defaulters for not making a payment of Rs. 38 crore. In a public notice, the bank said: “It is hereby notified to the public at large that Unitech Ltd through its directors has availed credit facilities to the tune of Rs. 300 crore from Central Bank.

Centre’s low-premium insurance schemes are a hit with women
The first-ever low-premium life and accident cover schemes of the country have captivated women, especially from the rural areas. With a staggering 40 per cent share in the policies issued in rural regions so far, they surpassed their urban counterparts who accounted for 36 per cent of urban policies.

SDR made easier for banks, but provisions rise
The Reserve Bank of India (RBI) on Thursday made it easier for banks to exit from Strategic Debt Restructuring (SDR) cases but at the cost of increased provisioning. The central bank also extended the SDR scheme benefit to asset reconstruction companies (ARCs) which are members of any Joint Lenders Forum (JLF) mechanism.

IDBI Bank seeks approval to raise Rs 1,500 cr from LIC
Public sector lender IDBI Bank has priced its equity shares to be issued to Life Insurance Corporation of India (LIC) at Rs 53.44 a share. The size of the equity on offer is Rs 1,500 crore. The Mumbai-based lender plans to issue 280.6 million shares of Rs 10 each at a premium of Rs 43.44 a share to LIC on a preferential basis.

**RBI asks banks to issue point of sales machines in proportion to cards**

Cardholders can look forward to making cashless transactions at many more retail outlets with the RBI set to issue a direction to banks for improving the acceptance infrastructure. Besides asking banks to install point of sales (POS) terminals in proportion to the number of cards they have issued, the RBI will also come out with regulations rationalizing the merchant discount rate -the charges imposed by card companies on retailers.

**Bank of India’s accounting change saves over Rs 1,000 crore**

At a time when most public sector banks (PSBs) have taken a huge hit on their books, mainly because of provisioning for bad loans, Bank of India (BoI) appears to have escaped with a lesser knock in the December quarter. A close look at the bank’s financials shows that a small change in the accounting practice — helped it save over Rs 1,100 crore in the third quarter.

**Bad loans: Banks will need deep, preventive surgery?**

The RBI may have opened the floodgates of bad loans, but banks have been witnessing the rise of such loans to the above-danger mark for a while- and they are likely to stay at that level for some more time. That is why the central bank is keen to perform not just a ‘deep surgery’, as the governor Raghuram Rajan suggested, but also a preventive incision.

**18 banks to recast Rs 2,460-cr JITPL debt**

A consortium of 18 banks have agreed to recast Rs 2,460 crore worth of debt of BC Jindal Group’s Jindal India Thermal Power (JITPL), which owns a 1,800 MW coal-based thermal power plant in Angul, Odisha. Sources told FE that while nine of the 18 banks, including State Bank of India, Punjab and United Bank of India are through with the refinancing, nine others are in the process of doing the same.

**Govt paying mere ‘lip service’ to manufacturing sector: Kiran Mazumdar-Shaw**

Labeling government’s thrust on manufacturing sector as mere “lip service”, Biocon chief Kiran Mazumdar-Shaw has said that ease of doing business in India has not improved and there is no consistency in policies. Mazumdar-Shaw is one of the few vocal Indian industrialists on government policies.

**Vijay Mallya quits as United Spirits chairman**

UB Group chairman Vijay Mallya has stepped down as non-executive chairman of United Spirits Ltd, controlled by Diageo PLC, after striking a sweetheart deal with the UK firm which agreed to drop all charges of irregularities under his watch, and pay him $75 million over five years in return for getting him to go.

**Another pushback to earnings recovery**

After a poor December quarter, earnings downgrades continue. The main culprits are public sector banks and commodity producers, but there are enough of them to pull down Nifty 50 estimates. Where there was great hope for an FY16 earnings rebound earlier in the year, now profits of Nifty firms are estimated to decline marginally.

**Centre looking at extending interest subvention to select merchant exporters**

Merchant exporters earlier excluded from the interest subvention scheme for exporters re-launched this fiscal are likely to be extended the benefit in a handful of sectors. “Merchant exporters in sectors such as carpets, handicrafts and certain farm produce, where producers do not export on their own, are likely to be allowed to avail of the interest subvention scheme.

**Banks seek specific steps in Budget to tackle bad loans**

In view of the severity of the bad loans problem, banks are expecting specific measures, including setting up of a ‘Bad Bank’ for taking over these loans, revamping debt recovery tribunals, and a fund for reviving stalled infrastructure projects in the upcoming Union Budget to revive their fortunes.
PEs hand-hold transition of MFIs to small finance banks
Private equity (PE) investors have put substantial amounts into microfinance institutions (MFIs) and non-banking financial companies (NBFCs) over the years. Now, with many MFIs getting an in-principle nod to become small finance banks (SFBs), some PE investors are expanding their role to guide and 'hand-hold' the former in the transition.

House panel raps RBI over NPAs
A PARLIAMENTARY PANEL HAS EXPRESSED RESERVATIONS OVER THE WAY THE RESERVE BANK OF INDIA (RBI) AND BANKS WERE HANDLING THE ISSUE OF BAD LOANS. IT SAID HIGH BAD DEBTS HAVE RAISED SERIOUS QUESTIONS OVER THE CREDIBILITY OF THE MECHANISM TO DEAL WITH AN ISSUE THAT IS THREATENING THE STABILITY OF THE BANKING SYSTEM. THE PARLIAMENTARY STANDING COMMITTEE ON FINANCE SAID IT WAS NOT HAPPY WITH THE WAY THE ISSUE WAS BEING TACKLED.

Banks expect additional allocation for capitalisation of PSBs in Budget: Survey
WITH INDIA'S BANKS REELING UNDER STRESS ON ACCOUNT OF GLOBAL CHALLENGES AND RISING NON-PERFORMING ASSETS, THEY EXPECT SOME SPECIFIC MEASURES INCLUDING ADDITIONAL BUDGETARY ALLOCATION FOR CAPITALISATION OF PUBLIC SECTOR LENDERS IN THE BUDGET, A SURVEY BY BUSINESS CHAMBER FICCI AND INDIAN BANKS' ASSOCIATION SHOWED.

Prodded by RBI's Raghuram Rajan, new CEOs of public sector banks go all out to tackle bad loans
Declaring bad news right at the start of a CEO's tenure is sound business strategy. Because after that, the only way to go is up. It's a principle that India's new bank chiefs have adopted with enthusiasm, although it must be said that this should also be ascribed to Reserve Bank of India governor Raghuram Rajan's zealous pursuit of a clean-up in the balance sheets of lenders.

SBI's Rs 11,700 crore locked as bad loans with wilful defaulters
Loans worth Rs 11,700 crore given by State Bank of India have been locked up as non-performing assets as nearly 1,160 defaulters have willfully decided not to repay. The bank had identified 1,164 cases of wilful default with outstanding loan amount of Rs 11,705 crore, as on September 2015, as per data collated by the Finance Ministry.

Rs 5,000-cr project to computerise 1.55 lakh post offices
A Rs 4,909 crore project for computerisation and networking of 1.55 lakh post offices across the country is being implemented by the government, Lok Sabha was informed today. Telecom Minister Ravi Shankar Prasad said the project involves providing a central server-enabled integrated, modular and scalable solution for all operations of the Department of Posts.

Cabinet clears move to waive charges on card payments
TO DISCOURAGE CASH TRANSACTIONS AND CURB BLACK MONEY FLOWS, THE CABINET ON WEDNESDAY APPROVED A PROPOSAL TO INCENTIVISE ELECTRONIC TRANSACTIONS IN THE FORM OF WAIVER OF CHARGES ON CARD PAYMENTS SUCH AS ON PURCHASE OF RAIL TICKETS AND DISCOUNTS ON UTILITY BILL PAYMENTS.

NPA in 1983, defaulter in 2010!
WILFUL DEFAULTERS MAY BE THE FLAVOUR OF THE SEASON BUT THEY'VE BEEN AROUND FOR MORE THAN THREE DECADES, REPORTS SHAKTI PATRA IN MUMBAI. BANK OF BARODA, FOR INSTANCE, HAS AN ACCOUNT THAT WAS RECOGNISED AS A NON-PERFORMING ASSET (NPA) WAY BACK IN DECEMBER 1983, BUT THE BORROWER WAS DECLARED A WILFUL DEFAULTER ONLY IN MARCH 2010. BUT, FOR THE MOST PART, LENDERS HAVE BEEN QUICK TO CALL A SPADE A SPADE:

RBI warns banks on asset sales
THE RESERVE BANK OF INDIA (RBI) HAS WARNED BANKS TO BE CAUTIOUS ABOUT THE ENTITIES TO WHICH THEY SELL ASSETS ACQUIRED ON ACCOUNT OF LOAN DEFAULTS, TWO PERSONS WITH DIRECT KNOWLEDGE OF THE DEVELOPMENT SAID. THE NOTE, SENT EARLIER THIS MONTH, WAS MORE AN INFORMAL WARNING RATHER THAN AN OFFICIAL GUIDELINE, SAID THE TWO, WHO ASKED NOT TO BE IDENTIFIED.
All India Oriental Bank Officers’ Association

**RBI rejects bids at treasury bill auctions over high yield levels**

The Reserve Bank of India (RBI) rejected all bids it received at an auction of 91-day treasury bill and the 182-day bills, where a total Rs 14,000 crore worth of securities were up for sale, a release from RBI showed.

**We raised the pitch for priority sector status for highways: NHAI**

While highways are regarded as one of the avenues for accelerating economic growth, the sector has been plagued by stalled projects, rising debt burden and lack of investor appetite. The Centre has relaxed rules to speed up highway development.

**The Credila way to making education loans pay**

Ajay Bohora, Co-founder and CEO of Credila Financial Services Pvt Ltd, a subsidiary of HDFC, engaged in the business of providing education loans, is upbeat about the transformational power of the business that he is engaged in. “Education changes the fortunes of families and it is deeply satisfying to contribute to that,” he says.

**Centre must handle NPA situation cautiously: Assocham**

Concerned over the high level of non-performing assets in the banking sector, industry body Assocham said the Reserve Bank of India and the government need to handle the situation in an extremely prudent and cautious way since any overreaction can be more damaging to the country’s financial system.

**StanChart India posts Rs 6,729-cr loss**

Standard Chartered Bank (StanChart), the largest foreign lender in India in terms of branches, has posted a loss in 2015 due to rising bad loans and slow growth in loans and deposits. This has dragged the bank’s overall results down to their lowest level since 1989. StanChart India reported a loss before tax of Rs 6,729 crore ($981 million) in 2015, against a profit of Rs 3,848 crore ($561 million) in 2014.

**PNB declares 900 firms as wilful defaulters; owe Rs 11,000 cr**

Public sector lender Punjab National Bank (PNB) has declared a list of 904 wilful defaulters, including Winsome Diamonds & Jewellery and Zoom Developers that owe close to Rs 11,000 crore to the lender. Delhi-based bank recently declared defunct Kingfisher Airlines and its guarantors United Breweries Holdings and United Spirits chairman Vijay Mallya as wilful defaulters. Kingfisher Airlines owes Rs 1,500 crore to PNB.

**RBI sells dollars to beef up rupee, bond yields inch up**

The rupee on Tuesday strengthened after the Reserve Bank of India (RBI) sold dollars in the market but the mood in the bond market remained bearish. The rupee closed at 68.59, up from its previous close of 68.61 a dollar. Still, it is the second worst-performing major currency in Asia this calendar year. In fact, currencies of emerging markets are on the rise, whereas the rupee is falling.

**Why Raghuram Rajan’s NPA move may either bring Indian banking to life, or push it into a coma**

If bank nationalisation of Prime Minister Indira Gandhi symbolised the political thought of that time, a clean-up and a gradual withdrawal of state from managing banks may well be the mark that Narendra Modi could leave behind.

**IDBI Bank receives Sebi nod to raise Rs 3771 crore**

Government owned IDBI Bank would sell some of its non-core assets and would place equity with the largest domestic investor, Life Insurance Corporation to raise capital. On Tuesday, the government owned bank, IDBI Bank, received approval from market regulator, Sebi, to raise Rs 3771 crore from qualified investors. LIC is likely to invest close to Rs 1500 crore in the bank through preferential shares.

**Delay in giving capital to PSU banks could impact investments: Morgan Stanley**

A delay in providing capital to public sector banks could impact lending to companies and pull down growth, US based investment bank Morgan Stanley said in a report on Tuesday. Public sector banks are struggling for capital from the government and have been recently hit by the rise in bad loans.
State Bank of Bikaner and Jaipur plan for large expansion in eastern India
Known for its bold presence in western India, State Bank of Bikaner and Jaipur brings in Eastern India also into its focus. The well known medium sector bank is planning for large expansion for next FY with a major share of it for eastern India.

Five crore houses to be built for the poor by 2022: PM Narendra Modi
Prime Minister Narendra Modi today said five crore houses will be built for the poor by 2022 as he laid the foundation stone of ‘Pradhan Mantri Awas Yojana’ here. He stressed on the need for skill development and asked the youth to be job creators. Modi said that years after independence, there are still five crore families in the country who don’t have a house for themselves.

Public sector banks delay decision on non-core assets over valuations
Unsure about valuations and interest from investors, public sector banks are yet to actively pursue the sale of non-core assets as a way to boost their capital base, which has seen erosion due to the increase in stressed assets.

HSBC India under RBI lens for breaches
A scrutiny report by the Reserve Bank of India on the processes followed by HSBC’s India unit has revealed a number of inconsistencies in the banking operations, including allowing a decoy customer to open a dubious account. The RBI has concluded that HSBC may have possibly encouraged Foreign Exchange Management Act (FEMA) breaches by allowing certain customers to bank with offshore private banking locations despite not qualifying for the same.

At Rs. 2.5 lakh crore, market cap of 20 PSU banks down to that of top 6 NBFCs
Market capitalisation of top 20 PSU banks (by advances) at Rs. 2.5 lakh crore is almost equal to six leading non-banking finance companies — HDFC, Dewan Housing Finance, LIC Housing Finance, GIC Housing Finance, Shriram Transport Finance and Repco Home Finance.

Bank officers to strike work on Budget Day
The Bank Employees Federation of India (BEFI) has extended its support to the February 29 nationwide strike announced by the All-India Bank Officers Confederation (AIBOC). The AIBOC, the largest officers’ union in the banking industry, has asked its members to go on a day’s strike to press for the reinstatement of PV Mohan, its all-India vice-president, who was dismissed by Thrissur-based Dhanlaxmi Bank.

Farm loans too should be made flexible, says bankers’ union
If corporates can enjoy the benefits of flexible structuring for long-term projects in infrastructure and core industries, so should farmers, according to the Indian National Bank Employees’ Federation. Referring to the ‘5/25’ policy, whereby banks are allowed to fix longer amortisation periods for loans, say 25 years, with periodic refinancing, say every five years, the Federation said in a statement that the RBI should introduce ‘2/10’ and ‘3/12’ policy for restructuring of agricultural loans given to farmers.

Proposed small finance banks scurry to raise funds
As the entities given licences to establish small finance banks (SFBs) scurry to beat the Reserve Bank of India (RBI) deadline of April 2017, equity fund raising has picked up. In September 2015, RBI had granted in-principle licences to set up 10 SFBs. Jalandhar-based Capital Local Area Bank could be the first to start operation.

External members suggested pause to Rajan
Four of the five outside members of the technical advisory committee on monetary policy advised Reserve Bank of India (RBI) Governor Raghuram Rajan to pause on rate cuts in the sixth bi-monthly monetary policy on February 2, edited minutes released on Monday revealed. Rajan kept policy rates unchanged ahead of the Union Budget on February 29.

Global investors put more capital in Bandhan Bank
Singapore’s sovereign wealth fund GIC and International Finance Corporation have increased their stakes in Bandhan Bank, which is into its sixth month of operation.
The global investors, along with state-run Small Industries Development Bank of India, together put in Rs 482 crore in Bandhan, taking the entity’s total capital to Rs 3,052 crore, more than six times the minimum Rs 500 crore capital norm for new private banks.

**PSB mergers top priority under banking reforms**
Consolidation of state-run lenders has climbed to the top of the banking reforms agenda as the cleaning up of their account books gets under way. Mergers have been accorded the highest priority at the second Gyan Sangam, the government’s annual banking conclave that’s scheduled to be held in the first week of March.

**Paytm close to awarding Rs 125 crore outsourcing deals for payment bank**
Mobile payments and e-commerce company Paytm is close to finalising technology outsourcing contracts worth Rs 125 crore to manage the back-end for its payments bank which the company expects to roll out in August.

**Wilful defaults a third of PNB NPAs**
Close to a third of Punjab National Bank’s gross non-performing assets (NPAs) of Rs 34,338 crore have resulted from wilful defaults, the lender has said. Of this amount of Rs 10,869 crore, the top 10 wilful defaulters together owe the New Delhi-headquartered bank Rs 3,554 crore.

**Bank Bazaar to foray overseas**
BankBazaar.com, an online financial marketplace in India with Amazon as one of its key investors, will foray into international market starting with Singapore and later into Malaysia, Philippines and UAE. BankBazaar.com, a seven-year-old firm providing paperless financial services for an array of products with 50 lakh visitors a month.

**A bad bank for India’s toxic debt an all-round bad idea**
Desperate times call for ludicrous measures. Spooked by the relentless surge in bad loans in India’s largely state-run banking system, officials in New Delhi are floating a new idea: the creation of a government-backed bad bank.

**Party ending for Vijay Mallya in Rs8 trillion bank revamp**
The party appears to be ending for Vijay Mallya, the tycoon behind India’s best-selling beer. Lenders will auction the Mumbai office of his Kingfisher Airlines on 17 March, about three years after its planes were grounded and employees stopped getting paid. Mallya—whose flagship beer brand carries the slogan “King of Good Times”—is one of the most visible among India’s so-called “wilful defaulters” who don’t pay back loans despite banks’ claims that they have the funds to do so.

**FinMin clarifies tax reporting norms under FATCA and CRS**
The Finance Ministry has clarified on implementation of Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards and said that all fixed deposits as well as auto sweep facilities in pre-existing savings bank accounts will not require due diligence.

**ICRA warns banks of hit in ratings**
The deterioration in credit profiles of public sector banks due to higher level of stress could get reflected in ratings/outlook change announcements for some of these banks over next few days, once rating reviews are concluded, cautioned credit rating agency ICRA.

**Bankers call for digitisation, financial inclusion**
To promote digitisation and a ‘less cash economy’, the banking sector has suggested to the Reserve Bank of India to consider paperless account opening, without a specimen signature (physically signed). In a presentation made to RBI Governor Raghuram Rajan recently under the aegis of the CII Banking Summit.
Avanse to offer loans for schooling; pilot planned in three months
With fees in schools affiliated to foreign boards burning a hole in the pockets of parents, Avanse Financial Services is planning to enter the kindergarten to 12th standard (K-12) education space by offering loans. Annual fees in international schools range from Rs. 2 lakh to as high as Rs. 18 lakh.

PSBs’ credit profile at risk without more capital: Fitch
If there isn't meaningful action to restore their capital adequacy, the standalone credit profile of many Indian public sector banks (PSBs) could come under pressure, says Fitch, the global ratings agency. Last week, several large PSBs reported significant quarterly losses.

ICRA expects bank stress to continue for three years
Rating agency ICRA on Friday said the stress in banks would likely impact earnings and solvency over the next two-three years. It also downgraded the long-term rating of United Bank of India (UBI) to ‘negative’ from ‘stable’ and lowered the ratings of Oriental Bank of Commerce (OBC)’s outstanding long-term bonds, including Tier-I capital bonds.

Four banks plan to sell Kingfisher Airlines’ assets to ARC
As many as four banks are contemplating selling assets of beleaguered air carrier Kingfisher Airlines to asset reconstruction companies (ARCs) to recover part of their dues. ED by SBI, the 17 bank consortium is struggling to recover Rs 6,963 crore debt due from Kingfisher Airlines.

Banks starts clawing back after two successive below-par monsoons
A slowdown in rural demand has thrown a spanner in the works for banks interested in the "Bharat" story. Banks, which were heading to small towns and villages to prop up their automobile loan books, have started clawing back after two successive below-par monsoons took a toll on rural growth.

Punjab National Bank looking at off-loading stake in subsidiaries to raise fund
As part of efforts to raise capital, Punjab National Bank is weighing the options of diluting stake in some of its subsidiaries and selling off real estate assets. "We have so many investments; we have to take a call at the appropriate time. The bank may consider sale of certain important core assets. We are trying to get their valuations first.

Bad debt is good news for special-situation funds
With bank assets continuing to be under stress, several large global special situations funds are looking at opportunities in India with renewed interest. For instance, Oak Tree Capital, one of the largest distressed assets buyers globally, is looking to close its maiden transaction in the country in the next few months.

After Dena Bank, PFC now powers into Andhra Bank’s perpetual bonds
Power Finance Corporation (PFC) is believed to have invested Rs 800 crore in Andhra Bank’s additional tier-I (AT-I) bonds, a senior executive at the bank confirmed with FE. The bonds carry a coupon rate of 10.95%. Earlier, the financial institution had invested Rs 1,000 crore in Dena Bank’s additional AT-I bonds or perpetual bonds.

Will reducing deposit rates on small savings scheme lead to better monetary transmission?
Commercial banks have often complained that small savings schemes eat into their deposit base because they offer higher returns, thus limiting their ability to transmit rate cuts by the Reserve Bank of India. The government has announced plans to partially deregulate interest rates on small savings schemes with less than five years maturity, effective from April 2016. Will this lead to better monetary transmission?

Govt said to consider private placements to boost asset sales
India may expand the use of private placements to sell stakes in state-owned companies in a bid to get better prices for its shares, according to officials with direct knowledge of the matter. The government currently allows so-called qualified institutional placements, known as QIPs, only among public sector banks.

Govt sanctions Rs. 4,076 cr to build 81,000 homes for urban poor in seven States
The Ministry of Housing and Urban Poverty Alleviation has sanctioned the construction of 81,757 houses for Economically Weaker Sections in urban areas in seven States with a total investment of Rs. 4,076 crore.

Study Material for Promotion Test /Interview - 2016 (updated till 08-04-2016)
Unpaid bills to factoring companies will be treated as bad loans, says RBI
To plug any possible regulatory gap/arbitrage arising out of differential regulations in identification of bad loans, exposure norms, and risk management between NBFC-Factors and banks, the Reserve Bank of India has clarified that receivables not paid to the former within the due date should be treated as non-performing assets (NPAs).

‘Understand poverty to drive financial inclusion’
Highlighting the instances of how various sectors of the economy view poverty, former governor of the Reserve Bank of India, D Subbarao, has said it is essential for bankers to understand the nature, psychology and sociology of poverty.”It is not just opening a bank account, creating facilities, and giving some technology, but it is about understanding poor people.

Reserve Bank ups threshold for reporting of fraud by NBFCs
The Reserve Bank of India on Thursday increased the threshold for reporting of frauds and submission of quarterly progress reports on frauds, by non-banking finance companies (NBFCs) to the Central Fraud Monitoring Cell, from Rs. 25 lakh as on date to Rs. 1 crore with immediate effect.

Farm & farmers must get top priority in Budget: twitterati
The twitterati wants Finance Minister Arun Jaitley to focus on agriculture and farmers’ issues in the Budget 2016-17.According to a poll conducted by the Ministry of Finance on Twitter, the general mood was since the country has faced two consecutive failed monsoons the Budget should give something to the sector.

Govt considers ‘bad bank’ proposal despite doubts
The Centre is likely to set up a “bad bank” to take over the non-performing assets (NPAs) of the country’s financial institutions, and is examining a policy proposal paper on the matter. As such, the setting up of an asset reconstruction company backed by the sovereign is a long-drawn process and these are still early days.

PNB looking at off-loading stake in subsidiaries
weighing the options of diluting stake in some of its subsidiaries and selling off real estate assets."We have so many investments; we have to take a call at the appropriate time. The bank may consider sale of certain important As part of its efforts to raise capital, Punjab National Bank (PNB) is core assets.

Axis Bank partners with Suvidhaa to offer loans to urban poor
Rickshaw pullers, taxi drivers, tailors, barbers till now were considered untouchables when it came to lending by the banking community as it saw them as mere workers rather than entrepreneurs. But now, private sector lender Axis Bank, in partnership with domestic remittance company Suvidhaa, is planning to lend to these people who have no formal credit score to boast and no bank guarantees to offer.

Andhra Bank top brass booked as account holder loses gold in heist
Cyberabad Police today registered a criminal case against the top management of Andhra Bank here on a complaint by an account holder that he lost his gold ornaments in an incident of burglary at the Ghatkesar branch.

Government may inject as much as $34 billion into state banks as bad loans jump
India is preparing to pump in a higher-than-anticipated capital sum into poorly performing state banks, government sources said, a move that could see New Delhi infuse as much as $34 billion additionally and make it harder to hit planned deficit targets.

Private sector firms’ CP yields close to lowest bank base rates
BORROWING RATES FOR COMPANIES IN THE MONEY MARKET ARE ON THE RISE WITH COMMERCIAL PAPER (CP) RATES NOW HOVERING CLOSE TO THE LOWEST BASE RATES OF BANKS. CP IS A SHORT-TERM INSTRUMENT THAT ALLOWS COMPANIES TO BORROW FOR TWO TO THREE MONTHS.
RBI revises norms for NBFC factor firms
The Reserve Bank of India (RBI) on Thursday came out with clarifications for NBFC factor companies to remove any possible regulatory arbitrage with banks that provide factoring services. The RBI said that a receivable acquired by an NBFC-factor which is not paid within such period of its due date should be treated as non-performing asset.

Non-food credit grows 12% to Rs 70 lakh crore
Non-food credit, or loans to companies and individuals, grew at 11.63% year-on-year in the fortnight ended February 5, according to Reserve Bank of India (RBI) data. As a result, total outstanding non-food credit in the Indian banking system stood at Rs 70.44 lakh crore as on February 5 as compared to Rs 69.88 lakh crore in the previous fortnight — a rise of Rs 56,000 crore.

New insurance scheme aims to cover 50% of farmers
The government wants to cover 50% of all farmers under a new and revamped crop insurance policy that seeks to shield farmers from weather-related risks, Prime Minister Narendra Modi said on Thursday. The new scheme, Pradhan Mantri Fasal Bima Yojana (PMFBY), was approved by the cabinet on 13 January to address rural distress resulting from back-to-back droughts in parts of the country in 2014 and 2015.

SBI raises Rs3,000 crore through tier-II bonds
The country’s largest lender State Bank of India (SBI) has raised Rs 3,000 crore through tier-II bonds, the bank said in an exchange filing on Friday. SBI has priced its 10-year bonds at a yield of 8.45%. These bonds have a call option at the end of the fifth year under which the lender has the option to call back its bonds from investors and repay them ahead of the tenure if it wishes to.

Now Aadhaar card can be used for NPS enrolment
You can now use your Aadhaar card as a document of identity for online enrolment to the National Pension System (NPS). Pension regulator PFRDA has rolled out an Aadhaar-based model for online registration to NPS, enlarging the options for know-your-customer (KYC) verification.

‘Banking sector cannot afford to see a similar quarter again’
In the context of banks – especially from the public sector – undertaking balance-sheet clean up exercises, HDFC Chairman Deepak Parekh on Wednesday said that ‘too much anesthesia can result in a patient becoming comatose’. Speaking at the ‘IMC-Pravin Chandra Gandhi Chair in Banking and Finance’ lecture, Parekh said: “The RBI has clearly articulated that band aid solutions (for bad loans) no longer work and that deep surgery is needed. I agree with this.

Repco Home Finance finds favour with analysts
While public sector banks are currently treated like untouchables due to the concerns around non-performing assets, retail focussed private banks and select non-banking financial companies are recent favourites of investors. Repco Home Finance is one such NBFC on which every brokerage is bullish.

Volatile market hits QIP plans of state-run banks
Qualified institutional placements of public sector banks amounting to Rs 20,000-25,000 crore have hit a wall as a steep correction in their share prices and the bad debt overhang have spooked investors. State Bank of India, IDBI Bank, Punjab National Bank, Central Bank of India, Indian Overseas Bank, Union Bank of India, Canara Bank and Oriental Bank of Commerce are among those that have put QIP plans on hold.

PNB to sell up to Rs 3,000 cr bad loans to ARCs in Q4
As part of its balance sheet clean-up exercise, state-owned Punjab National Bank plans to sell up to Rs 3,000-crore bad loans to asset reconstruction companies (ARCs) in the fourth quarter. “Sale of asset is one opportunity available for cleaning up books.

ICAI says banks selecting own auditors behind NPA mess
Amid worsening bad loans scenario at the lenders, Institute of Chartered Accountants of India (ICAI) on Wednesday blamed the current system of banks appointing its own auditors for the rising non performing assets (NPAs).

Bank of Baroda aftereffects: CBI to engage with Indian Banks Association
In the backdrop of the Bank of Baroda Rs 6,000 crore illegal remittances case, CBI will be engaging with Indian Banks Association to have a “deep” look into economic and banking offences being reported from large number of banks and come up with preventive measures.

Reserve Bank of India to make incognito bank checks
RBI officials will now visit bank branches incognito to find out if they are delivering on customer service and grievance redressal. The decision was taken after recent undercover visits by RBI officials showed banks violating customer service norms and misselling, said governor Raghuram Rajan.

UCO Bank mulls auctioning NPA properties to step up recovery
Public sector lender UCO Bank, which reported a net loss of Rs 1,497 crore in the December quarter, is aggressively looking at recovering bad loans by selling properties of non-performing assets of over Rs 1 crore category through auctions under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act.

PSBs’ net NPAs exceed their m-cap
The sell-off in the shares of public sector banks (PSBs), on the back of higher provisioning due to the RBI’s asset quality review (AQR), has reached such a level that the market capitalisation of 17 of them is now lower than their net non performing assets (NNPAs).

PSBs fall 11-- 41% after RBI’s NPA stricture
Post the Reserve Bank of India’s (RBI’s) directive to banks to clearly provide for all risky exposures by March, there has been a sharp drop in stock prices of public sector banks (PSBs). Share prices of PSBs have declined between 11% and 41%. Disappointing Q3FY16 numbers have also weighed on their performance. Nine state-owned lenders have posted collective loss of nearly Rs11,000 crore during the quarter ended December 2015.

ICICI Bank looks to cut lending risks
ICICI Bank Ltd, India’s biggest private-sector bank, plans to lend more to retail customers and go slow and be more prudent with corporate loans in an effort to reduce so-called “concentration risk”, or lending too much to one company, business group, or industry.

‘Investments must focus on agriculture, rural sectors’
Top representatives in the BFSI (banking, financial services and insurance) space converged at the BSE Convention Hall on Tuesday to air their views on what they would like the government to do in the upcoming Budget to spur the economy.

Interest rate on provident fund raised to 8.8%
The Employees Provident Fund Organisation (EPFO) has increased the interest rate for PF deposits for 2015-16 to 8.80 per cent from 8.75 per cent. This will benefit over 40 million subscribers in 8.60 lakh establishments. This is only an interim announcement based on the Budget estimates for the current financial year.

OBC flags allegations against Dalmia Bharat unit
The Oriental Bank of Commerce has flagged allegations of “mismanagement and siphoning of public money” at a subsidiary of the Delhi-based Dalmia Bharat Group. The allegations have been made by the Bawri Group, which is Dalmia Bharat Group’s joint venture partner Calcom Cement Ltd, a 2.1-million tonne cement manufacturing unit in Assam.

Depositors’ body seeks assurance from RBI on banks’ financial health
With many public sector banks either reporting huge losses or slide in net profit in the third quarter due to loan loss provisioning, a bank depositors’ body has urged the Reserve Bank of India to come out with a
statement – reassuring all stakeholders, especially depositors – about the present state of these banks’ financial health and solvency status to prevent any crisis of confidence.

Central bank to take action against mis-selling of products, warns Rajan
The Reserve Bank of India might consider regulatory action against banks if they continued mis-selling their products, cautioned Governor Raghuram Rajan. Referring to the complaints of mis-selling of third party products by banks, Rajan said findings of some recent incognito visits undertaken by the RBI

Apex court asks RBI to furnish list of defaulters
The Supreme Court on Tuesday directed the Reserve Bank of India (RBI) to furnish within six weeks details of all defaulters who have outstanding dues of Rs 500 crore and above. The list should be across public sector (PSU) banks and all financial institutions, the court emphasised.

Govt to cut returns on small savings schemes by 25 bps
The government on Tuesday said that the interest rates of small saving schemes would be recalibrated on a quarterly basis instead of annual basis from April 1, 2016, to align them with the market rates of the related government securities (G-secs).

PSBs risk further downgrades: S&P
Standard & Poor’s (S&P) on Tuesday said the capital that public banks would need to set aside upfront for bad was likely to shoot up, leaving them exposed to possible downgrades.

Public sector banks' solvency position worsens
With most public sector banks (PSBs) reporting a sharp increase in net non-performing assets (NPAs), the solvency position of these lenders has deteriorated rapidly over the past three quarters.

SBI says bad loans to rise further in Q4, gross NPAs touched Rs 72,792 crore during Oct-Dec quarter
State Bank of India, the country's largest, said bad loans are expected to increase in the last quarter of this financial year and affect its profitability. Last week, the bank reported a 67% fall in consolidated net profit to Rs 1,259.49 crore for the October-December quarter. Gross non-performing assets climbed to Rs 72,792 crore,

Repay loans in national interest: PNB chief to defaulters
Those who have the capacity must return their bank loans in the larger interest of the country, PNB Managing Director Usha Ananthasubramanian said today after the bank declared the promoter of defunct Kingfisher Airlines Vijay Mallya, as a wilful defaulter.

Bankers morph into i-bankers with an honest touch
When top executives from one of India’s biggest banks visited London earlier this month, it wasn’t to take stock of how the lender was faring overseas. Donning pinstripe suits, they braved the cold weather to meet with investors — strategic and financial — to discuss with them the sale of stressed companies.

RBI to keep focus on integrity: HR Khan
The Reserve Bank of India (RBI) deputy governor HR Khan said on Tuesday that the central bank will continue to work for innovation but will also keep a focus on integrity.
Khan was speaking at a function organised by the Indian Banks’ Association (IBA) in Mumbai.

SBI plunges 6.5% on bad debt worries
Shares of State Bank of India (SBI) declined close to 6.5% on Tuesday after chairman Arundhati Bhattacharya said bad loans of the public sector lender may rise in the next quarter. Shares of SBI closed at R156.40 on the BSE. The scrip has lost more than 30% since the beginning of the current calendar, stock exchanges data showed.
Retiring the 1,000 rupee note
TWO YEARS AGO, THE Reserve Bank of India (RBI) announced that it would phase out all currency notes issued prior to 2005. It gave a three-month window to exchange the old notes for new, after which all such exchanges, especially for larger denominations, would need identity and address proof.

RBI not in favour of 'undervaluing' exchange rate to spur growth: Rajan
Reserve Bank Governor Raghuram Rajan has stressed that neither the regulator nor the government favours undervaluing the exchange rate as a way to sustain growth in the economy.

Andhra Bank plans to raise Rs. 800 crore Tier-I capital
Coimbatore, February 15--Andhra Bank’s tier-I capital raising announcement can be expected in a day or two, a top official of the bank told BusinessLine here. The state-run bank had in August 2015 indicated plans to raise Rs. 3,000 crore through various routes, including a qualified institutional placement (QIP), in FY16.

Banks now experimenting with ultrasonic sound waves for payment transfer
HDFC Bank has tied up with mobile payments technology firm ToneTag and is testing a new mechanism that will allow transferring money from a phone to a point of sales (PoS) terminal without swiping a debit or credit card.

BoB might sell assets, tap foreign bond market
Bank of Baroda (BoB) has drawn up a plan to generate capital internally that includes rationalising guarantees and tapping the overseas bond market. The bank suffered a loss of Rs 3,342 crore in the December quarter after setting providing for bad loans. Its capital adequacy was 12.18 per cent with 9.57 per cent Tier-I capital in December.

RBI imposes Rs 2 lakh penalty on Kapadwanj People's Co-operative Bank
RBI today imposed a penalty of Rs 2 lakh on the Kapadwanj People's Co-operative Bank for violation of norms, including those on advances and KYC.

RBI not in favour of stretching NPA norms
RBI Governor Raghuram Rajan today said he was not in favour of stretching norms for non-performing assets (NPAs) or bad loans as investors will not get the true state of balance sheets. He said it is useful to keep the NPA norms constant and by changing the definition of bad loans will only "dilute and obscure account".

MSMEs critical for the Indian economy: Raghuram Rajan
Medium and Small Enterprises (MSME) are critical to economic development and a 'level playing field' should be ensured for them, RBI Governor Raghuram Rajan today said. "We need to create many more jobs and that is one of the most important things in the country in the coming years.

PSBs run afoul of RBI rule, but action likely later
FOLLOWING THE LARGE LOSSES REPORTED BY PUBLIC SECTOR BANKS (PSBs) IN THE DECEMBER QUARTER, THE ANNUALISED RETURN ON ASSETS (RoA) FOR MOST BANKS HAVE TURNED NEGATIVE, BREACHING THE Reserve Bank of India (RBI) THRESHOLD FOR PROMPT CORRECTIVE ACTION (PCA), REPORTS SHAYAN GHOSH IN MUMBAI. AGGREGATE NET LOSSES OF 25 PSBs in Q3FY16 were R8,723 CRORE.

Govt may increase service tax rate by 1-2% before introduction of GST: Sachin Menon, KPMG in India
FINANCE MINISTER ARUN JAIITLEY IS EXPECTED TO HIKE SERVICE TAX RATES IN ORDER TO BRING CLOSER TO PROPOSED GST REGIME. AT THE SAME TIME, THE GOVERNMENT NEEDS TO TAKE STEPS FOR BOOSTING LOCAL MANUFACTURING AND EXPAND THE TAX PAYERS' BASE. SACHIN MENON, NATIONAL HEAD OF INDIRECT TAX, KPMG IN INDIA, TALKS ABOUT BUDGET EXPECTATIONS IN AN INTERVIEW WITH SIDDHARTHA P SAIKIA.

Rising NPAs: CAG set to scrutinise PSBs’ books
AS PUBLIC SECTOR BANKS’ (PSBs) NON-PERFORMING AND RESTRUCTURED ASSETS HAVE CONSTRAINED THEIR PROFITABILITY AND MARKET CAPITALISATION, THE COMPTROLLER AND AUDITOR GENERAL (CAG) OF INDIA IS SET TO SCRUTINISE THESE BANKS’ BOOKS FOR THE FIRST TIME TO ANALYSE HOW THE CAPITAL PROVIDED BY THE CENTRE IN THE PAST FIVE YEARS WAS UTILISED BY THEM, SOURCES TOLD FE.

PSBs’ provisions 7 times more than govt’s capital infusion since FY14

Banks have set aside Rs 2.35 lakh crore as provisions between April 2013 and December 2015, which is approximately seven times the amount of capital infused by the government into 21 public sector banks over the same period.

PUNJAB NATIONAL BANK DECLARES UNITED BREWERIES (HOLDINGS) AS WILFUL DEFAULTER

On 13 November 2015, SBI had declared United Breweries and Vijay Mallya as wilful defaulters, though the company had filed a writ petition against the same in the Delhi high court. UB Group holding company United Breweries (Holdings) Ltd on Tuesday said that Punjab National Bank has declared the company as a “willful defaulter”.

Provision coverage ratio declines sharply for most public sector banks

The provision coverage ratio (PCR), a measure of the funds set aside by banks to cover bad loans, has declined steeply in the past three years for almost all public sector banks. The chart has the details for the top 10 public sector banks by market capitalisation.

Jaitely hints at big banking reforms, but no full divestment from PSBs

Finance Minister Arun Jaitely on Sunday hinted at major banking reforms in the forthcoming Budget and assured foreign investors that retrospective taxation will be a thing of the past. With the Budget scheduled for February 29, he did not elaborate on what the shape of the banking reforms will be.

RBI issues fresh directions to banks on new Accounting Standards

The central bank has issued new directives to banks on implementation of International Financial Reporting Standards-converged Indian Accounting Standards. Banks have been asked to submit proforma Ind AS financial statements to the RBI from the half year ended September 30, 2016, onwards.

Banking sector set for massive transformation, says Rajan

“Will anyone in the audience lend money at an interest rate of 4 per cent to this gentleman?” Reserve Bank Governor Raghuram Rajan asked his audience here on Saturday, when a businessman wanted to know why the RBI kept the bank interest rate high while in many countries loans were as cheap as 4 per cent.

Recollected Questions (Clerk to Officer Promotion (OBC)

(dated 20/03/2016)

1. Interest Rate on Sovereign Gold Bonds
2. Max. Limit of Gold Bond Purchase under SGB
3. Premature Penalty on FD for Rs. 15 lakh.
4. What is CASA
5. New Saving Bank Deposit Scheme for Defence personnel
6. KYC to be done for Low Risk customer in How Many Years.
7. Minimum Amount Limit for RTGS
8. Number of Members in Joint Liability Group
9. Max. Withdrawal amount in month in case of Small Deposit Account
10. How many loan is permitted for Small enterprises engaged in manufacture
11. limit Rs. 5 lac value of Stock 6.lac margin 25% Drawing Power Kitna hoga.
12. what is maximum deposit period for FCNRB ?
13. how many batch settled in one day NEFT transaction ?
14. what is limitation period for mortgage ?
15. Suspicious transaction report above ......?
16. Repo rate?
17. SLR?
18. Minimum initial amount for PF a/c?
19. What is margin in education loan, above 4 lac in abroad?
20. Oriental pension loan scheme margin/net take home criteria/ maximum loan amt?
21. financial inclusion scheme PMJDY?
22. Min period of CDR for quarterly interest
23. What is the meaning of Former or Survivor define it
24. period of Demand Promissory Note
25. sec 269-t of IT Act limit
26. according to RBI, a/c payee DD are mandatory for which amount
27. In a Deposit Account where A and B are borrower and operation mode is E or S. X is the
   nominee for A. After death of A, payment should be given to whom.
28. Why bank not give OD to minor
29. Under priority sector, 40% of which- ans is anbc or ceobe whic is higher
30. PMJSBY max age
31- Service Tax incl swach bharat Cess.
32- Interest given by RBI to bank’s on CRR Manternance is
33- Period of Doubtful in a NPA A/c where 100 % Provisioning is available.
34- NPA norms for Small Crop
35- NPA period of cc/od renewal
36- What is Bulk Deposit Amount
37- In which system physically cheque not send
38- last 2digit of MICR represents What.
39- How many digit are there in AADHAR NO.
40- Who cross the cheque- drawerr,payee etc option
41- Essential features of General Crossing
42- Head Quarter of HDFC Bank
43- Atal Pension Yojna is for which sector
44- Why registration mandatory from RTO office after vehicle loan
45- Margin above 4 lakh in abroad study
46- What is the benefit to the bank by selling mutual fund.
47- Banker Customer relationship in saving account
48- signing of the Back side of the cheque is known as - endorsement
49- Material alteration not included- change of payee
50- Penalty waived in premature payment amount- upto 15 lakh answer
51. Pre Maturity penalty of FCNR above .....?
52- What amount of payment of FD inform to bank before 2 days
53- Max time of fd in FCNRB Account
54- Why bank make balance sheet
55- Penalty on premature withdrawal including NRE A/c on which amount
56- Difference between LC and Term Loan
57- Liability of bank in guarantee- answer contingent
58- Name of Bank’s new Mobile Application.
59. Hypothecation is not allowed for which case. opt A-book dept, B-stock, C- movable property D-machinery
60. In case of CDR, Bank can pay cash upto which amount (including interest)
61. small enterprises amount
62. If drawer issue a bearer chq so who can make the cross/special cross of that chq.
63. Drawer give the chq dated of 30.04.2016 to the ABC Customer on 14.01.2016 and ABC Custome presented the chq for clearing in his a/c on 01.02.2016 what will be the call of that chq
64. Garnishee order
65. How much amt limit of cash withdrawal of one day information to the bank?
66. How many hours batches in NEFT/RTGS (12,09,07,14,none)
67. How many days a/c treated as a NPA/Sub –stranded/Doubtful
68. After How many Crops Agriculture loan is treated as a NPA
69. OBC New Salary Scheme name launched recently
70. SME loan sanction limit
71. Now a days, no physical movement of Cheque is required for clearing. This process is known as (CTS)
72. In Agri. Loan what will be the call of tractor loan (machinery finance, etc)
73. Risk Category C1,C2,C3,C4 how many time after take FULL KYC And who will be treated in this category
74. What is the means of OPERATIONAL RISK?
75. 3 moth chq/DD exp. Dated in which act (RBI. Co Act, BR Act etc, none)
76. What is the purpose of PMJDY
77. PM Jeevan jyoti scheme age limit
78. What is the purpose of PMJY
79. Sanction amt/loan amt of LIC policy in which value (Surrender value)
80. In Agriculture loan how many time interest subsidy given?
81. in cash credit (CC) limit when interest is calculated (monthly/quarterly)
82. customer lodge the complained in ombudsman up to……? In case of credit card
83. Student wants to take Edu loan for abrod up to 4 lac what is the % of margin?
84. how much minimum amt credit in financial year under PPF A/C
85. What is the target of ‘B’ Castigatory in Hindi Language in % (75%, 50%, etc)
86. 3*3 means 1.CASA, 2....?......,3 ....?......,
87. Charge related qus like Hypo/pledge/mortgage
88. What is the amount limit for equipment in Small medium enterprises.
89. Pre-maturity penalty above ....... ...? In case of FDR/CDR

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