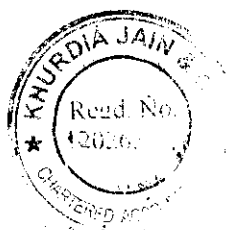




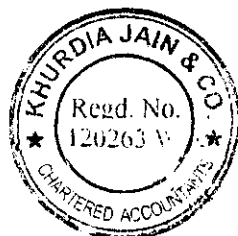
BANKING SNIPPETS FOR AUGUST 2017

- 1. JAYPEE HOMEBUYERS GET BIG RELIEF AS SUPREME COURT STAYS NCLT INSOLVENCY ORDER AGAINST BUILDER:** More than 30,000 home-buyers got a major relief today as the Supreme Court stayed the insolvency proceedings against real estate firm Jaypee infratech. The National Company Law Tribunal (NCLT), Allahabad had passed an order for insolvency proceedings against Jaypee infratech at the instance of its financier IDBI. The Supreme Court also issued notice to embattled firm and others on a plea filed by homebuyers, who have not yet received possession of their dream flats booked with the company. A bench comprising Chief Justice Dipak Misra and Justices A M Khanwilkar and D Y Chandrachud also sought the response of the real estate company, the RBI and others. The bench posted a batch of matters for further proceedings on October 10.
- 2. MERGER OF SMALL BANKS MAY HURT MSME SECTOR:** Merger of smaller banks into big will hurt credit sourcing for MSMEs (Micro, Small & Medium Enterprises). The large banks will be reluctant to lend to these MSMEs as they are less keen on small sized loans. Their services will be less personalised and there will be more fees attached. This is as per the report from financial services firm- Resurgent India. MSME sector, which provides bulk of employment, accounts for 45% of India's manufacturing, and nearly 8% of the country's GDP.
- 3. GDP GROWTH SLOWS TO 3-YEAR LOW:** India's GDP growth has slumped to a three year low in the June'17 quarter. GDP slowed down to 5.7% in April- June quarter from 6.1% in the preceding quarter. This is mainly because of the slowdown of manufacturing sector as the production was the lowest. The manufacturers were busy to get rid of old stocks rather than producing new ahead of July 1st rollout of GST. Along with manufacturing, slowdown in construction and mining sectors too pulled down the GDP. Experts fear full year growth to be below 7%.



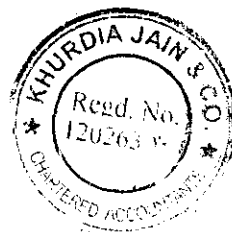


4. **AADHAAR MAY BECOME MANDATORY FOR FINANCIAL MARKET:** Aadhaar number may soon become mandatory for buying shares and mutual funds. The government and SEBI are planning to link Aadhaar to financial market transactions which will help the government to plug taxes and curb black money. The government has already mandated that Aadhaar be linked to PAN, Bank Account and Mobile phone numbers.
5. **RBI TELLS BANKS TO GO FOR PERIODIC VULNERABILITY TEST FOR CYBER SECURITY:** Cyber security preparedness is a continuous process and the RBI has asked banks to periodically conduct vulnerability test. This is the result of the recent cyber-attacks and as India is gearing up for cashless economy, the cyber security plays an important role.
6. **MONEY FLOW INTO FINANCIAL MARKETS INCREASED, POST DEMONETIZATION:** Post demonetization, there has been visible channelizing of money towards financial assets like mutual funds, capital market and insurance. This was observed and stated by Mr Viral Acharya, Deputy Governor of RBI. Mr Acharya in his observations said that something has changed as black money transactions are not easy now and the money is flowing towards financial market, which is a positive sign.
7. **UNUSUAL DEPOSITS WORTH Rs 1.7 LAKH CRORE DURING DEMONETIZATION:** Unusual cash deposits totalling to Rs 1.6 to 1.7 lakh crore were made during the demonetization period says a research paper posted by RBI. This will be dealt firmly by the tax department.
8. **9,000 WILFUL DEFAULTERS OWE Rs 92,000 CRORE TO PSBs':** Public Sector banks have reported 20% jump in the outstanding loans by wilful defaults. Nearly 9,000 wilful defaulters collectively owe an amount of Rs 92,000 crore to these banks as on 31/03/2017. There has been an increase of 10% in the number of loan defaulters over the year.





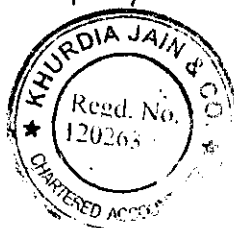
9. **DIGITAL WALLET COMPANIES WAIT FOR RBI NORMS:** The Digital wallet industry is eagerly waiting for the latest release of fresh guidelines by RBI for the Prepaid Payment Instruments (PPIs). While the Central Bank is expected to open up fresh applications for PPI licences, the industry is also keeping an eye open for Know-Your-Customer (KYC) norms and cyber insurance for wallets. The top executives of the wallet industry have met the regulator and have voiced their suggestions and are now waiting for the final move from RBI.
10. **BAD LOAN RECOVERIES BY BANKS:** It was a mixed bag for bad loan recoveries by public sector banks in the June quarter of the present financial year. While SBI, has reported higher recovery, banks like Punjab National Bank, Canara Bank and Union Bank of India have shown a dip in recoveries. Whereas most of the Private sector banks have shown healthy growth in recoveries of bad loans. Axis Bank's recoveries and up gradation has doubled in quarter one of the present financial year.
11. **INCOME TAX DEPARTMENT PLANS TO PURSUE PROPERTY HOLDERS WHO HAVE NEVER FILED INCOME TAX RETURNS:** The Income tax Department has said that the government has collected vast data from various sources on the investments in property by people who have never filed tax returns. This information will be verified to ascertain the source of income used by these people for purchase of the properties and to see if these are being held by benami owners. The exercise is part of government's crackdown on black money.
12. **NPA RESOLUTION, RBI CHIEF CALLS FOR RECAPITALISATION OF BANKS AT THE EARLIEST:** Reserve Bank of India Chairman Sri Urjit Patel has called for recapitalisation of state run Banks to help them resolve the NPA issue in a time bound manner. State run Banks gross NPA has reached 9.6% of the total loans disbursed and stressed advances ratio at 12% as of March 2017, which is very much alarming.





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- 13. RBI PLANS TO EXTEND CYBER AUDIT TO ALL THE BANKS:** The Reserve Bank of India is planning to conduct cyber-audit of all the banks in the country instead of just a few bigger banks as it did in the past, a policy shift in the wake of an increase in cyber-attacks. RBI had created a cyber-cell under the department of banking supervision and used to conduct a separate IT audit for three banks, which was increased to 30 banks last year and this year RBI is covering all the banks for separate cyber-security and IT audit.
- 14. NPA RESOLUTION, RBI CHIEF CALLS FOR RECAPITALISATION OF BANKS AT THE EARLIEST:** Reserve Bank of India Chairman Sri Urjit Patel has called for recapitalisation of state run Banks to help them resolve the NPA issue in a time bound manner. State run Banks gross NPA has reached 9.6% of the total loans disbursed and stressed advances ratio at 12% as of March 2017, which is very much alarming.
- 15. PSBs TO GET FIRST TRANCHE OF FUNDS FROM THE GOVERNMENT BY SEPTEMBER END:** State run banks are likely to get the first tranche of government funds for recapitalisation by the end of September 2017. The government has earlier announced that the funds will be released in three tranches before March 2018.
- 16. RBI ASKS BANKS TO ENABLE ACCOUNT NUMBER PORTABILITY AT THE EARLIEST:** RBI Deputy Governor Mr S S Mundra has asked banks to enable account number portability among banks at the earliest which will be a far reaching step towards enhancing competition and improving customer service. By enabling number portability a scenario will emerge wherein the unsatisfied customers would be able to walk out of the bank silently and thus banks will be compelled to provide better customer services.
- 17. PSB MERGERS WILL RAISE BANK RATINGS:** As per Moody's Investors Service report, merging India's public sector banks will improve their rating because it will provide efficiencies of scale and enhance quality of corporate governance. However, infusion of funds by the government will be a key factor for these banks as many of the banks have weak capital adequacy.





18. **NPA RESOLUTION NOT TO LIQUIDATE THE COMPANY BUT TO HELP SAVE THEM:** Finance Minister Mr Arun Jaitly has said that the new insolvency law has significantly reversed the defaulting debtor-creditor relationship. He has assured the stressed firms that the key objective of NPA resolution is not to liquidate their business but to save them. The main objective is not to liquidate their assets but to save their businesses and make sure that these valuable assets are preserved.
19. **BUYERS' INTEREST WILL BE PROTECTED IN THE STALLED PROJECTS THROUGH "RERA":** The government has assured home buyers that their interest will be protected in the stalled projects through newly implemented Real Estate Regulation Act (RERA). It says buyers' interest is the government's top priority.
20. **SBI CHIEF SAYS MERGER OF BANKS CAN REDUCE BANKS NEED FOR GOVERNMENT CAPITAL:** State Bank of India Chairperson Ms Arundhati Bhattacharya has called for more consolidation of state run PSU banks as this could reduce their dependence on government for capital. According to Ms Bhattacharya, the merger of state run banks should open up more capital generation avenues, both internally and from the market.
21. **BANKS UNDER RBI'S "PROMPT CORRECTIVE ACTION"(PCA) FACE PROBLEMS:** Banks which have been placed under restrictions through PCA by RBI to improve their financials are feeling the heat, as their deposit growth have fallen below industry level. Their customers under panic are withdrawing deposits or closing their accounts with such banks.
22. **NATIONALISED BANKS EXEMPTED FROM CCI APPROVAL FOR MERGERS:** Mergers and acquisitions beyond a certain threshold compulsorily require clearance from Competition Commission of India (CCI). Now paving the way for fast-tracking consolidation amongst the PSU banks, the government has exempted mergers of nationalised banks from seeking permission/approval from CCI.

