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Role of financial sector in supporting **Atmanirbhar Bharat** initiative of GOI

TRAINING ACTIVITIES

IIBF conducts variety of Training programmes on different subjects and key areas of banking and finance for the Officers of Commercial Banks, RRBs, Small Finance Banks, Co-operative Banks and other Financial Institutions. Following Programmes are lined up for April - June 2021 Quarter :

Month	Programmes	From	To
April 2021	1. Contact Classes for JAIIB & CAIIB (On 2nd, 4th, 10th, 11th, 18th, 24th & 25th)		
	2. Program for Certified Credit Professionals (CCP)	08.04.21	10.04.21
	3. Program on MSME Lending & Restructuring of MSME Advances	15.04.21	17.04.21
	4. Risk Management in Banks with special emphasis on Credit Risk	19.04.21	20.04.21
	5. Program on KYC, AML & CFT	19.04.21	20.04.21
	6. Program for Certified Treasury Professionals (CTP)	20.04.21	22.04.21
	7. Program on Digital Marketing & Use of Big Data in Customer Relationship Mgmt.	22.04.21	23.04.21
	8. Credit Appraisal for Beginners	26.04.21	27.04.21
	9. Balance Sheet Reading and Ratio Analysis	26.04.21	27.04.21
	10.Program on Credit Monitoring & Resolution of Stress in MSME and Mid/Large Corporate Accounts	28.04.21	30.04.21
May 2021	1. Customized Program on Credit Monitoring for a Public Sector Bank	03.05.21	05.05.21
	2. Program for Certified Credit Professionals (CCP)	04.05.21	06.05.21
	3. Program on Resolution of Stressed Assets through IBC Code	06.05.21	07.05.21
	4. Program on Discipline & Disciplinary Action	07.05.21	08.05.21
	5. Program on Risk in Financial Services (RFS)	11.05.21	13.05.21
	6. Program on Effective Branch Management for First Time Branch Managers	13.05.21	15.05.21
	7. Program for Certified Bank Trainers (CBT)	18.05.21	20.05.21
	8. NPA Management	20.05.21	22.05.21
	9. Program on International Trade Finance	24.05.21	25.05.21
	10.Program on Customer Service & Marketing	24.05.21	25.05.21
	11.Program for Certified Banking Compliance Professionals (BCP)	25.05.21	27.05.21
	12.Orientation Program on Agricultural Finance	26.05.21	28.05.21
	13.Program on Audit & Compliance for Co-Op. Banks & NBFCs	27.05.21	29.05.21
June 2021	1. IT Security and Prevention of Cyber Crimes	01.06.21	02.06.21
	2. Program on Foreign Exchange Operations	03.06.21	05.06.21
	3. Program on KYC/AML & CFT	07.06.21	08.06.21
	4. Program for Certified Credit Professionals (CCP)	07.06.21	09.06.21
	5. Program on Managing Risk in Treasury Operations	10.06.21	12.06.21
	6. Program for Certified Accounts & Audit Professionals (AAP)	14.06.21	16.06.21
	7. Customized program on Digital Banking for a Cooperative Bank	16.06.21	17.06.21
	8. Program on Balance Sheet Reading and Ratio Analysis	18.06.21	19.06.21
	9. Program on Risk in Financial Services (RFS)	18.06.21	20.06.21
	10.Program on Credit Appraisal with thrust on Corporate Credit	21.06.21	23.06.21
	11.Program on Documentation and Charge Creation	24.06.21	25.06.21
	12.Programme for Certified Treasury Professionals	24.06.21	26.06.21

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MISSION

The mission of the Institute is to develop professionally qualified and competent bankers and finance professionals primarily through a process of education, training, examination, consultancy / counselling and continuing professional development programs.

ध्येय

संस्थान का ध्येय मूलत: शिक्षण, प्रशिक्षण, परीक्षा, परामर्शिता और निरंतर विशेषज्ञता को बढ़ाने वाले कार्यक्रमों के द्वारा सुयोग्य और सक्षम बैंकरों तथा वित्त विशेषज्ञों को विकसित करना है ।

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Mr. Biswa Ketan Das
Chief Executive Officer,
IIBF, Mumbai

I am glad to bring this year's first edition of Bank Quest with a variety of enriching and engaging articles. The R. K. Talwar Memorial Lecture is one of the flagship events conducted by IIBF. Eminent personalities have delivered the R. K. Talwar Lecture in the past. This time, the Lecture was delivered by Dr. Krishnamurthy V. Subramanian, Chief Economic Advisor, Government of India on "India's Covid Response." The Lecture delivered by him, which has significant learning points and well appreciated, features as the first article of this issue.

Dr. K. V. Subramanian, began by eulogising the spiritually motivated leadership of Shri. R. K. Talwar. India's mature and far-sighted policy response to the COVID pandemic was then eloquently explained by him.

India has bounced back creditably from the ravages of lockdown and the growth picked up sharply in the second and third quarters. Self-reliance is the road towards a financially and economically healthy nation. Atmanirbhar means 'self-reliant." In order to counter the after-effects of the COVID pandemic on India's economy, a package was announced by the Hon'ble Prime Minister of India. Banks play a critical role of a catalyst in the development of a country's economy. Going forward, as the revival package is expected to bring the economy back on rails with the banks having to play a crucial role, we thought it appropriate that the present issue of the Bank Quest is on the theme "Role of financial sector in supporting Atmanirbhar Bharat initiative of GOI".

The second article of this issue and on the theme of the Bank Quest has been penned by Dr. Tapas Kumar Parida, Senior Economist, State Bank of India on "Performance of Banks under Atmanirbhar Bharat: An Assessment". Dr. Parida has analytically discussed the role of banks in building "Atamnirbhar Bharat". This article also gives policy suggestions pertaining to the areas of agriculture, SHG etc. and gives suggestions to increase the financial savings in India.

The third article of this issue is authored by Ms. Sudeepta Raha, Research Scholar, Assam University, Silchar and Dr. Parag Shil, Professor, Assam University, Silchar on "Vision of Atmanirbhar Bharat Abhiyan with Reference to MSME". The article highlights the mission of 'Atmanirbhar Bharat' and lists the various measures taken by the Government to encourage MSMEs for achieving self-reliance. The authors conclude by mentioning that there are three key elements fundamental for the success of MSMEs including monetary stability, accessibility of skilled labor in MSME groups, and market competitiveness of their products to accomplish import substitution as well as exports.

When the retail loans are set to become the largest segment in the banking sector, the fourth article of this issue which is written by Mr. Suvendu Sarkar, Assistant Adviser, Reserve Bank of India on “An insight into Retail Loans: Evidence from Indian Banks”, delves into the details of it. According to the author, retail loans started to gain momentum post liberalisation period (1990). The years 2004 and 2011 are identified as the two most significant points of paradigm shift in the scenario of consumer credit. The author concludes by stating that despite better asset quality in general, retail loans has shown intermittent signs of stress from time-to-time for a few categories. Hence, it is imperative that banks need to be prudent and due diligence need to be followed while disbursing retail credit also.

As is the practice being followed by the Institute, apart from the articles on the theme, we also carry articles which are contemporary. In line with this, the fifth article of this issue has been authored by Mr. Kamlesh Singh Rana, Assistant General Manager, State Bank Institute of Learning & Development, Dehradun on “Work from Home at Public Sector Banks. Is it Possible?” The article explores the feasibility of work from home model for Indian banks and suggests that there are some tasks, processes in banking which can be shifted to a reliable, value driven, consistent WFH model. However, before shifting any task to WFH, it is necessary that banks focus on the incremental value and stabilization of the process.

We are also carrying an article written by Mr. K. S. Hareesh Kumar, Chief Manager (Law), Union Bank of India. on “CERSAI and Registration of Charge by the Banks” under the section Legal decisions affecting bankers. The article discusses various facets of Central Registry of Securitisation, Asset Reconstruction and Security Interest of India (CERSAI).

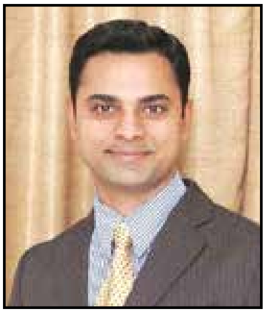
In this issue, we are also publishing a summary of IIBF’s Macro Research Project (2018-19) on “Issues and Challenges in moving towards a Digital and Cashless Banking Economy” undertaken by Dr. Karabi Goswami & Dr. Shazeed Ahmed, Assam Institute of Management.

A review of the book, “Safe and Sound Banking: Deposit Insurance and Resolution in India - Developments, Issues and Policies (DICGC Act, 1961 to FRDI Bill 2016 and Beyond)” written by Dr. Manas Ranjan Das, former Economist, State Bank of India and reviewed by Mr. Lingaraj Mahapatra, former Chief General Manager, State Bank of India is included in the book review section of the journal.

I hope the readers will enjoy reading this issue of the Bank Quest. IIBF continuously strives towards excellence and in this quest, I welcome suggestions for improving the contents and quality of our Journal.

Biswa Ketan Das

Shri. R. K. Talwar Memorial Lecture



India's Covid Response

Dr. Krishnamurthy V. Subramanian*

Very good evening, Ladies and Gentlemen.

Shri Rajkiran Rai ji, MD & CEO, Union Bank of India & President of IIBF, Shri Dinesh Kumar Khara ji, Chairman, State Bank of India, Shri Biswa Ketan Das ji, Dr. Muralidaran, several CEOs & MDs of Banks & dignitaries from Reserve Bank of India and all esteemed ladies & gentlemen who have taken time out of their busy schedule to attend to this talk.

At the outset let me say that I am extremely privileged to be delivering the 11th R K Talwar Memorial Lecture. In some sense, I am quite humbled to be delivering a lecture in the memory of Shri R. K. Talwar.

In my opinion, Shri Raj Kumar Talwar ji's leadership was spiritually motivated. I think, that is why it is an enormous inspiration for all public servants and I especially rank myself to be fortunate to have read about his exemplary leadership. After being invited for this lecture, I read some books that are written on him, especially by Shri Vaghul. Incidentally, my first job was with ICICI when Shri Vaghul was the Chairman of ICICI. So, reading his book & how he has written beautifully about the spiritually motivated leadership of Shri. R K Talwar ji, has been a huge inspiration.

"Can spirituality be the foundation for effective stewardship & elevate the level of leadership from the average to extraordinary heights?"

I thought it would be best to actually take this quote from a case study authored by M S Srinivasan - Leading from the Soul: A case study on spirituality inspired leadership. I think this quote captures, as to why Talwar ji was so respected. Because his leadership & his entire behaviour actually came from a very deep sense of spiritual ethos, which is of course India's real strength. To the above quote, "Can spirituality be the foundation for effective stewardship & elevate the level of leadership from the average to extraordinary heights?" The life of an exemplary banker, R. K. Talwar, provides an affirmative answer to this question. What makes Shri Talwar stand apart as a leader is his exemplary character, moral courage & spiritual dedication which evoked respect & admiration from everyone who came into contact with him & inspired countless young officers to lead a life of integrity & values.

I think this is captured very beautifully, in the *Bhagavad-Gita,* Chapter 3, *Shloka* 21:

यद्यदाचरति श्रेष्ठस्तत्तदेवेतरो जनः।
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते।

"Yad yad ācarati śhreshthas
tad tad evetaro janah
sa yat pramānam kurute
lokas tad anuvartate."

"*Yad yad acarati shresthas*", clearly, Talwar ji was a '*Shreshtha*'. His '*acharana*', his own behaviour, leadership by example inspired his followers – '*tad tad evetaro janah*'. Those who got inspired by him, followed him. This is well reflected in this quote. He has inspired countless young officers to lead a life of integrity & value.

"*Sa yat pramānam kurute*"- this is possibly the most important part of this shloka. It is not just the words,

*Chief Economic Adviser, Government of India.
This is the transcript of 11th Shri. R. K. Talwar Memorial Lecture held virtually on 09th February, 2021.

but *praman,* it's actually the 'proof' of behaviour, which inspires, not plain talk. I think, in that sense, reading about him as a public servant, I have been really inspired by the spiritually motivated leadership. In some sense, if you were to capture again, using India's spiritual ethos, *his karma was driven by his dharma*. That is the best way to really conduct oneself especially when one has been given the privilege of serving the country.

So, I feel again that India's COVID response, which is what I'm going to talk about, Talwar ji's soul would be really happy with the principles that have motivated India's COVID response. Because the response is also indeed grounded in a lot of moral courage & spiritual dedication.

Around March, when the cases were increasing in a lot of countries, there was a lot of uncertainty about how the pandemic is going to spread. I remember reading a lot of work at that time and many of us would have come to know about this R-naught ($R_{0)}$ parameter, which captures how likely one person… how many people is that one person likely to infect, because a pandemic spreads based on network effects. So if that R_0 parameter is about 2.4 - 2.5, then every person who is infected, infects another two and a half people. Each of those people then infect more and that's how the pandemic spreads. And incidentally, there were a lot of variation in this. While pandemics like Ebola, for instance, had R_o in excess of 4, the common flu that comes every year in many countries has a R_0 parameter of 1.5-1.6. And when one was reading researches on this, even epidemiologists were not sure at that time whether the R_0 parameter will be 2.5/2.3, which is what the Spanish flu by the way also had, or will it be actually higher, especially for India. I think this is something which I actually must touch upon before I talk about the policy response. I think it's really important to understand what policymakers faced around March with this uncertainty. Remember, we actually are a population of almost 1.4 billion people. Just the state of Uttar Pradesh has more people than the entire country of Brazil. If you take the population of Bihar and Maharashtra which are the second and third largest populous states in the country, each of those states has a greater population than UK and Germany put together. Now, in order to understand what this means in terms of the population and the population density, let me give you a simple example.

Most of you bankers are from Bombay (Mumbai), so you will relate to what I'm talking about. In the Mumbai locals, when I was working in ICICI (1999-2000), I used to take a local (train) from Goregaon, which is where the ICICI quarters were, to Churchgate, where the office of ICICI was at that time, before it moved to BKC. I'm sure many others here, also, in the younger years would have travelled by the Mumbai local. On an average, in a coach in our Mumbai local, there are about 500 people travelling and is densely packed. Now, suppose one person is infected in that coach, and let us say, that person is travelling from Borivali to Churchgate, typically about 55 minutes to an hour journey, in that period, or for that matter, let's say from Thane to VT, also, about an hour's journey. In that hour's journey, because they are all packed into one coach, that one person, within just one-hour time, can infect the entire 500 people. Now that is one scenario. And of course, locals were stopped, which was actually a good move. Now, as a contrast, suppose the same 500 people are working from home, following social distancing, wearing masks etc., (By the way, wearing mask would not have necessarily been that useful in a Mumbai Local because the distance is small and the bodily juices can actually spread - the disease). & not interacting as much, the same 500 people, to get infected from one infected person might have taken days or weeks. So, this gives you the contrast.

Take this example and relate it to India versus other countries, because for one, we have a much higher population of, as I already talked about, 137 crore people. Second, we live in one of the most densely populated areas in the world, especially those at the bottom of the pyramid. Therefore, following social distancing etc. is not that easy. In the Mumbai local versus people working from home scenario, take the Mumbai local as equivalent of India, and working from home as the equivalent of other countries with much less population & population density, you can see that the pace of spread could have been much higher, -one hour versus, let's say, a few days - in India versus the rest of the world. This is the key aspect that one was facing around March. Together with that, given the health infrastructure & given our population, it was possible that our health infrastructure could have been overburdened and, as a result, might have led to a lot of fatalities as well.

I remember reading a paper that was put out by John Hopkins University and Princeton University on 24th of March, where they had actually laid out three different scenarios for India. And they had said that, in their best-case scenario, (whenever I talk about what actually has happened, please keep this in mind) the peak for India was in the month of June and the worst-case scenario they had talked about was in the month of April, somewhere around mid-April to end-April. Now, they were actually doing this projection given the population, the population density, etc. Their models were indeed actually predicting based on the population, the population density and that is what India could have actually faced - a peak hitting. And those peaks had several tens of millions of cases and millions of deaths. That is what they were actually projecting (in fact crores of cases and millions of deaths) as part of that peak. So, imagine the peak of several crores of cases hitting around even June in the best-case scenario and the kind of fatalities that could have manifested. So that is the vulnerability. That is the situation India faced around March.

Now let's think about what was the main policy that actually drove India's response. India's policy response was guided by research in epidemiology and economics. There's been a lot of research on the Spanish flu episode, for instance, which happened in 1918, which focused on not only the health outcomes but the economic outcomes as well. And what was the impact of lockdowns during that time. Similarly, on the epidemiological side, what is the impact of higher population density in the spread of a virus like, COVID-19- there was a lot of research on this. I'm going to just lay out some bits of this- the first chapter in this year's Economic Survey gives all the details for those of you who are interested, but I'll just give you the summary of the key research that actually drove India's policy and the principles.

India's Policy Response Guided by Research in Epidemiology and Economics

Firstly, there is Lars Hansen and Tom Sargent's (work), whom I had the privilege of learning from at the University of Chicago. Tom Sargent was a professor at New York University. He still is a professor now at New York University. But he was visiting the University of Chicago when I was in my second-year learning Macroeconomics. Both the Nobel laureates had written in a paper in 2001 and that is apt to the situation that India was facing around March, that "when faced with enormous uncertainty, policies must aim to minimize large losses." So that research was really apt for what countries were facing around March - How long will the pandemic be? How fast will it spread? What is the R_0 parameter especially for a country like India with such large population, population density? etc. There was enormous uncertainty.

The recommendation there was very clear that policies must aim to minimize large losses. And one of the things that I have generally believed in is that good policymaking, whether at the corporate level or at the national level, comes from clarity of objectives. This gave a very good, very clear objective that it has to be about minimizing large losses. Now, the question is, what were those large losses? Are we talking in GDP terms, monetary terms or what is it that we are talking about when faced with a pandemic? Actually, here is where I feel that Talwar ji's soul would really be happy with how India thought about the loss. Faced with the pandemic, India identified large loss as *loss of human lives* and understood that while GDP growth will come back (and it certainly has, which is very heartening for all of us to note) a lost human life can never ever be brought back. I think that humane principle is what actually led to us realizing that large loss is basically the loss of human life. Minimizing loss of human life was to be the first priority while we faced this unprecedented pandemic for the first time in 100 years after the Spanish flu.

By the way, another important thing to remember is, in the Spanish flu episode, the maximum number of deaths were in India. Another important fact that we actually had to keep in mind with enormous humanity.

India's response also actually stemmed from this humane principle advocated very eloquently in the *Mahabharata*:

आपदि प्राणरक्षा हि धर्मस्य प्रथमाङ्कुर:

"Apaadi pranaraksha hi dharmasya prathamankurah"

(Saving a life in jeopardy is the origin of dharma.)

The origin of dharma is saving a life that is in jeopardy. That is what *Mahabharata* actually has talked about. And that is what we actually learned when combined with what Economic Research recommended. At some stage in our lives, all of us have actually heard about the *Mahabharata*, especially the *Bhagavad Gita*, which is a big part of *Mahabharata*. This is the principle which basically said-the biggest loss can be that of human lives faced with this pandemic, and therefore the key objective was to minimize the loss of human life, recognizing that GDP growth will come back but human lives when lost, cannot be brought back. And those of us who have actually lost our loved ones at some point or the other, (in 2005, I lost my father whom I owe enormous debt of gratitude for whatever I am today) can relate to such tragedy, and therefore, I think, very few people will disapprove that minimizing loss of human life was the most important objective to pursue at that point in time.

For this, research pointed out that the pandemic curve needs to be flattened. Why does it need to be flattened? Because if the pandemic hit its peak in, let us say around April, May or June, then the loss of life that could have happened would have been far, far higher. I will give you some numbers here, to explain this. India's fatality rate now is about less than 1.5%. But around April and May, the fatality rate was around 4-4.5%. In fact, I do remember that this 4-4.5% actually was with much lower cases because India had the most intense lockdown before we had even hit 100 cases. So, at just a few thousand cases, the mortality rate was 4-4.5% or thereabout. Now, it is easy to sort of project from these that if we had several crores of cases by mid-April or early June, which is what the research studies had recommended, then the mortality rates would have certainly been higher than 4.5-5%. Remember that rate has come down from 4.5% to 1.5% because of the learning.

Today, the entire medical fraternity has learned how to deal with a pandemic. But early on around April-May, they were also learning how to deal with this pandemic. At that time, without adequate learning happening, if we were hitting several crores of cases just in April or May, then you can actually do the counterfactual that the mortality rates would have been much higher, may be 6-7%. You take 6-7%, multiplied by a few crores of cases, you basically get what might possibly have been. How many deaths would we (we and our loved ones) have been grieving at, if basically, the pandemic curve did not flatten?

The first key recommendation was that the pandemic needs to be flattened. What that means is, a much higher peak is flattened so that the peak happens much later. And as a result, the health infrastructure (testing infrastructure), gets time to respond to this pandemic. For instance, look at the testing laboratories that were created. Within a few months, the entire testing infrastructure was ramped up significantly and that really helped in testing. One of the things that we actually find in this is that those states that actually tested far more, were the ones that were able to manage the pandemic very well. But that would not have been possible unless we gained time by flattening the curve to be able to create the testing infrastructure and the health infrastructure. So, the first thing was the pandemic curve needs to be flattened.

The second key point was something that I have already illustrated - that the pandemic spreads faster in higher, denser populations. And that is because of the network effects. Much like the digital transactions network, for instance. All bankers must be familiar that with higher network, the pace of spread of the digital transactions is much higher. That is what the network effect is. Same thing could have happened actually in the pandemic as well. And this was a very crucial piece of research that highlighted that the intensity of the lockdown mattered the most at the beginning of the pandemic. and an early intense lockdown. The return on investment on that actually would have been much more than having a lockdown later because that is when the spread is very fast. Awareness is not that high and so the intensity of the lockdown matters most at the beginning of the pandemic.

The other key important input that came from the research from the Spanish flu pandemic, was that the early intense lockdown, not only does it save more human lives, but also enables quicker, better economic recovery. And there was a nice piece of research which looked at cities in the United States and showed that cities that had a very intense lockdown during the Spanish flu, early intense lockdown, they were able to save deaths a lot more. Mortality rates were much lower but at the same time, the recovery was also much faster. So, in some sense, by taking that short term pain of an early intense lockdown, these cities were able to have a win - *in terms of saving lives* & win - *in terms of the economic recovery* as well. And so, these two pieces of research were actually very critical in the thinking about an early lockdown and having to pay some of the short-term costs for that, and hoping for gains in terms of life and in terms of the economic recovery. So, these were some of the key ideas from research that actually guided India's policy response.

Policy Response Enabled India to Manage the Pandemic Effectively

Now, given that, how has India done across countries & how have some of the states done? There is a difference between estimated cases and actual cases. Why do we need to look at estimated cases? Because if your population is higher, if your population density is higher, if you are not testing adequately, if you have a much older population, all these affect the number of cases that could have been. Whenever we have to evaluate the impact of a policy, we have to look at what actually transpired versus what could have been, and that the difference between what actually transpired and what could have been is basically the impact of the policy - controlling for all other confounding factors, other factors that might impact. The economic survey actually did this estimation using all the characteristics that matter. In terms of cases and deaths, we estimated the actual cases that could have been for a country, and then subtracted it from the actual cases. So, what you see is cases and deaths. For deaths, by the way, we took into account not only these factors i.e. population, population density, demographics, the older population especially, but we also took the health infrastructure into account. As I mentioned, if your health infrastructure is overburdened, because it is not adequate to respond to the pandemic, it can lead to more deaths. So, 'deaths' also has the health infrastructure in the estimation methodology.

Here, you notice that in both cases and deaths, India has done really well. India, according to the survey's estimation, has saved about 37 lakh cases as a result of the policy and has saved more than one lakh lives. One lakh families could have lost somebody who's dear to them, but for the humane policy response. Again, we all know the psychological impact there is when a family loses a loved one is enormous and can have economic impacts as well. Also it is important to keep in mind, in the Indian context, families at the bottom of the pyramid typically have five members with one bread earner and that one bread earner is a lot more vulnerable to succumbing to the pandemic because he or she would have had to go and actually work. Losing that bread earner can actually mean that the other four would be facing destitution, especially those at the bottom of the pyramid. Undoubtedly, the lockdown and the economic impact of the pandemic not only in India, but all over the world, have had that impact on the poor families especially, but the situation could have been far worse with a bread earner actually being lost by families. The amount of deprivation and destitution that could have happened from these one lakh deaths, would have been far higher.

If you look at other countries, United States has had about sixty-two lakhs more cases than what should have been there given their population density, demographics, etc. One thing I must mention that in the context of death, a lot of people mentioned that India has a young population. It is true India has a young population, but what is also true is that in sheer numbers, the people who are 60 plus is more than many countries put together. So, as a proportion of the population we may have lower elderly population than other countries, but in sheer magnitude, deaths do not go by the proportion of population, they actually go by the actual magnitudes of the elderly population. That is also something that we had to keep in mind and so saved one lakh lives effectively through the lockdown.

Many of you will wonder - is it because of the lockdown or is it because of other factors like - we are more immune, we have BCG vaccination, we live in an environment which gives more immunity etc., I will come to all of those potential aspects, later. Before that, let me discuss how states have done. The same analysis that was used across countries, was replicated across states as well. For instance, some states have denser population than others and states like Uttar Pradesh, for instance, have much higher population and so, they may actually have had much higher cases. On the other hand, Maharashtra has been the negative outlier in terms of both cases and deaths. Among states, in terms of cases and deaths, Maharashtra has been the worst. Looking at the good performers on deaths - Kerala, Telangana and Andhra Pradesh have saved the most number of lives. They are the top three in terms of saving lives. While on cases, Uttar Pradesh, Gujarat, and Bihar have been able to control the case load and this is primarily because of better testing, much higher testing. In fact, testing, actually relates to the management of the pandemic. Some states, for instance, did not test adequately for fear of finding out cases, but that ended up being actually more hurtful in the long run.

In the survey, we have also shown that the difference between estimated and actual cases correlates with the stringency of the lockdown across countries. Many of you would know that Oxford University came up with an index that ranked the countries in terms of the stringency of their lockdown. A lot of credit goes to the team which actually worked hard to replicate this index at the state level in India, by reading all the Ministry of Home Affairs orders across different states and state level policies as well. After understanding the Oxford University index, they replicated this index for Indian states as well. So the change in the stringency is during June to August. Up until June, all states were under a common national lockdown. So, the change is from June to August, as during this time, states were basically implementing these policies and correlating that with the difference between the estimate and the actual cases. So, those states that actually had a much more stringent lockdown, were the ones that were able to save on cases. Their actual cases were lower than their estimated and they did better on deaths as well. Stringency correlated significantly and (for those of you who are with an economist bent of mind, these correlations are statistically significant as well) the correlation of the change in stringency with both the cases and deaths, in terms of the difference between estimate and actual is quite strong.

This gives rise to the question - Does correlation mean causality?

Interestingly, because this is a lecture in the memory of R K Talwar ji, I am inclined to mention a story from the *Kathopanishad* on the difference between correlation and causality.

In the *Kathopanishad*, there is this story of a crow coming and sitting on the branch of a tree. And just as the crow comes and sits on the branch of a tree, a fruit falls. Now, these are correlated events - the crow coming and sitting and the fruit falling. But the crow thinks that it made the fruit fall. So, the crow's thinking is a causal relationship that I came and sat at the branch of the tree, and therefore, the fruit fell. The *Kathopanishad* talks beautifully about how it is possible that the particular branch on which the crow came and sat, the fruit may have been very ripe and so, the fruit fell. Confounding factor, something that is actually not related to the crow coming and sitting on the branch of the tree. Another factor may be a gush of wind flew at that time which made the fruit fall, not the crow coming. There may be other factors. And then it says, if you can show that neither the wind flew nor was the case that the fruit was especially ripe, that this fruit was similar to every other fruit on the branch of the tree and yet the crow coming and sitting actually made the fruit fall, then you can claim that this is a causal effect. In other words, if you control all other factors that could have made the fruit fall, then you can then say that it is a crow coming and sitting on the branch of the tree, that made the fruit fall. In other words, you go from correlation to causality by taking care of all other factors, all other confounding factors. That is what, incidentally, us, economists are trained for. We do two years of Ph.D. coursework to learn how to go from correlation to causality by taking care of all the confounding factors. In this context of the COVID policy, it is important to ask this question.

Initial Stringent Lockdown Led to V-Shaped Economic Recovery

We studied the same change in stringency and the change in the electronic toll count, the value of that and the numbers also. And a free high frequency indicator that is the e-way bill. Because these are available at a monthly level, that is why we've used this data. Now, the change in the stringency had a negative correlation in the same month. In other words, if the lockdown was very stringent, that brought down the high frequency indicator in that month. But if you look at this variable with a three-month lag, the same stringency also leads to a recovery. That's your V shaped recovery which is basically what has been seen in the GDP as well, high frequency indicators correlated to the stringency of the lockdown.

Causal Effect of Lockdown on Health and Economy

Let us talk about the causality-whether are these correlations? Or are these indeed causal? Can we attribute this to the stringency of the lockdown itself? Or is it something else? As I mentioned with the story from the *Kathopanishad*, to show causal impact, we need to show that other factors are not counting for this correlation. What could these other factors be? It could be that Indians have higher immunity than others. It could be that the BCG vaccine that all of us have got, maybe which other countries, especially advanced economies do not administer, provides us immunity against the pandemic. It could be that the environment that we live in, which is quite different from that in the advanced economies, gives us immunity and therefore reduces deaths intrinsically. Or maybe we are just basically better equipped to handle pandemics compared to other countries. Indians are by nature, more resilient to handle a pandemic. It could be anything else but the intensity of the lockdown. We are taking into account anything that is at the India level, that is, peculiar to India.

I have told about the strong correlation of cases and deaths across states with the stringency of the lockdown. Also, a similar negative contemporaneous correlation and a positive lag correlation with economic indicators, the V shaped recovery. Both of these were correlations with the stringency of the lockdown. Now, here is where I think the state level analysis becomes really very important. People in Maharashtra have gotten BCG vaccine, people in Kerala, Karnataka, Uttar Pradesh, Gujarat… every state has got that BCG vaccine. If it is that Indians on an average have higher immunity then every state- be it Maharashtra, Uttar Pradesh, Bihar, Gujarat- every state has more immunity. So, every Indian has more immunity. If it is the case that the environment in India is actually different and, let's say, less clean and that's what gets us more immunity, i.e. less clean across all states compared to the advanced economies, then it is true for every state.

If you have something that is common across all states, that cannot lead to a correlation across states, because anything that is common will get netted out. Actually, the correlation discussed earlier cannot come from India specific or some *India peculiar factor*. This is an important point, that, *anything peculiar to India must be common to all states*. So differences across states that lead to this correlation cannot stem from factors that are specific to India. So, what we have seen across countries, India's better performance cannot come from just something that is specific to India because the same pattern we are seeing across states in India as well.

As in the story from *Kathopanishad,* if we have ruled out that India specific factors could not have explained the higher, the much better health outcomes or the V shaped economic recovery, then that means that basically, it is a policy that we implemented. And as you recall that policy was implemented based on careful research, and that is indeed what had a causal impact on saving lives and on economic recovery. It is very crucial to understand that the credit must be given to the decision makers. People like us can only recommend, and do not deserve credit. Because it is the decision maker, who have to actually take the costs that come with the decision as well. They are the ones that get criticized as well. So, for them to have had the courage to take the short-term pain for long term gain, the credit has to go to them in implementing this far-sighted policy.

More Deaths and Worse Economic Recovery without the Policy Response

It is also important to focus on the last bit of the health part, and then I will talk about the economic policies that the country implemented. It is important to understand that even if we did not have the intense lockdown, the impact on the economy would have certainly been there, as seen with other countries as well who did not have as intense a lockdown. Yet their economy has suffered, why? Because individuals would not have gone out anyway because of the fear of catching the pandemic, even without a lockdown. Contact based service sectors would have been severely impacted because of this. Those of us who were going for a massage or maybe to a beauty parlour or for a haircut, would have reduced it significantly. We started some of that in a careful manner only during the unlock phase.

Importantly, the precautionary motive to save - this is just economic jargon in some sense and let me put it in simple terms. Every household when faced with uncertainty around March or April, if they had some money, let us say Rs. 20,000/ Rs. 30,000 rupees as savings, then rather than going in and buying a discretionary item, may be a television or some other item, the family would have thought that let us keep this money because we may need it if somebody becomes sick given the pandemic. So, let us not go and spend this money. That is what is basically the precautionary motive to save. When uncertainty is high, as it is, when there is a crisis, people, in fact all households, actually save a lot more. Every household thinks the same way, that let us not spend on unnecessary items at this point in time, just focus on essentials. Discretionary spending would then have indeed come down in the economy. And it did. Even without the lockdown, this would have happened.

The risk aversion and the uncertainty of demand would have impacted corporate investment as well. Because investment is irreversible, it is basically with long gestation typically, and it is bulky, Corporates do not invest unless there is certainty of demand and there is not enough demand. There is a risk aversion. Given the risk aversion and the uncertainty of demand, corporate investment would have any way gone down as well. Both consumption and investment would have declined as a result of just the pandemic. So even without the lockdown, the pandemic would have created significant economic impact, which it has.

By the way, the IMF reports, for instance, the June 2020 report, the World Economic Outlook had mentioned that, if you look at the proportion of countries where the GDP is going to decline this year, it is the highest in a one and a half centuries, highest in 150 years. So, that was just a pure effect of the pandemic with or without the large lockdown they had, because many other countries did not have this kind of lockdown. And yet the impact of the pandemic has been there.

What a lockdown has done, it ensured a coordinated response and thereby saved lives and enabled a V shaped recovery. Because all of us in India, oftentimes, have this *chalta hai* kind of attitude, many a times we may not have appreciated the severity of the pandemic and this coordinated response that the lockdown brought in and the understanding of the enormity of that pandemic, I think that coordination really helped in saving lives and in enabling the V-shaped economic recovery.

Calibrated Demand Side Policies

Having talked about the health policy, now, let me talk about the other part, which is actually something that I mentioned. If you recall, I had mentioned that research from the Spanish flu pandemic had shown that an early intense lockdown not only helps in saving life, but also enables a robust economic recovery, which is what India is seeing now, during the unlock phase. So, let me also talk about the economic policies that basically has helped with and led to this recovery.

Firstly, let me talk about the balances in the Pradhan Mantri Jan Dhan Yojana. You would have seen this yourself, what has happened. In terms of the aggregate numbers, you may have all seen it in your individual banks, but, we see it at the aggregate macroeconomic level. These 40 crore odd accounts that are at the bottom of the pyramid, consume almost everything that they earn, typically. Economists say that the marginal propensity to consume for such households at the bottom of the pyramid is close to one. In other words, if they get 100 rupees, they're likely to consume the entire 100 rupees, they're not likely to save as much. And that is why I'm using the numbers from this section of society.

Notice that during the lock down phase, in these accounts, the average balance increased by 400 rupees. This is because, of course, essentials were provided for. It is by far the largest free food program covering 80 crore people. I think that might be the largest free food program ever in the world, for 800 million people. So, the essentials were taken care of. Direct benefit transfers were also provided to the vulnerable sections of society and that is why, there is an increase in these balances. If they were spending, then this balance increase would not have happened. 400 rupees in 40 crore accounts, i.e., about 16,000 crores of increase happened in these accounts and, of course, has since come down during the unlock phase. But even then, the average balance is higher than the pre COVID phase? As of 1st December, it's still higher, which I'm sure you've seen in your own deposit books as well, the increase in the PMJDY balances.

The reason I'm pointing this out is that this shows that during the period of uncertainty, the discretionary spending would not have increased. Central government expenditure increased during this period especially during the Unlock phase. Up until September, the expenditures did not increase as much but from October, you will see that the government has stepped up its capital expenditure- increased by about 130% in October, 250% in November and 82% in December. Now, the idea behind this was that India's policies at the start of the pandemic, would focus purely on ensuring necessities, as I said, the free food program. This was optimal given the uncertainty and the resultant precautionary motives to save. A simple analogy is that, if you think about a car, when the brakes are clamped on the car, pushing on the accelerator at that time only wastes fuel. And that fuel in this context was the fiscal space that we had which was not large. We did not want to waste it at that time.

That is why India actually saved and focused only on the essentials during the first six months because economic activities were restricted. So anyway people, if you give them cash as well, would not have been able to go and spend it on discretionary items. Hence, it did not make sense to go and give transfers at that time. But during the unlock phase, calibrated demand side measures have been announced and now with a budget, the demand has been pushed significantly using the focus on the national infrastructure pipeline as well. That is what is also being seen in the Central Government expenditures.

Supply Side Policies

India also recognized very well that the impact of the pandemic is not only on the demand side but on supply side as well. That the disruptions in labour markets and financial distress of firms could lead to loss of productive capacity. Therefore, a slew of structural reforms was announced to enhance supply in the medium to long term, and thereby avoid loss of productive capacity. These reforms primarily focused on strengthening the primary and secondary sectors of the economy., (primary is basically agriculture & secondary is manufacturing) These create a lot of jobs in the economy and can thereby enable aggregate demand. A slew of reforms including streamlining of labour laws, broad based reforms in agriculture, MSME, services, power, mineral sector, space, defence, have been announced. And what I think is extremely crucial, the strategic PSU policy that was announced as part of *Atmanirbhar Bharat I* and also implementation of which has been announced in this budget as well, will enable productivity improvements significantly in the economy. So, all of these will have significant supply side impacts, going forward.

Principles Driving Economic Response

Let me now highlight some key principles on what drove our economic response.

(1) Principle # 1: Only Demand → vs. Demand + Supply →

If you only increase demand, then you may get growth in the short term, but you will also get significant inflation. When supply is unchanged and demand has increased, there is an increase in quantity wherein the GDP increases, but there's significant inflation as well. On the other hand, when both demand and supply increase, then GDP increases but you do not get as much inflation… some inflation does happen, but not as much. This is a key principle that has actually driven India's economic response - that we needed to work on both demand and supply, not just demand. Because if we only increase demand that would have actually led to, going forward when the economy actually recovers, a runaway inflation.

When only aggregate demand is raised in the economy without any change in aggregate supply through increases in revenue expenditure, the growth that results comes with high inflation. But when aggregate demand and aggregate supply both are increased in the economy through structural reforms and public expenditure on capital, the growth that results do not come with high inflation as much.

(2) Principle # 2: → only Revenue Expenditure is myopic while → Capex is far-sighted

The second principle that impacted or that underlined India's economic response was that if you do only revenue expenditure, that is myopic. While increasing capital expenditure is far sighted and gives you much more bang for the buck. There is an NIPFP study which shows that when the government increases revenue expenditure by Rs. 100, only Rs. 98 or Rs. 99 gets added to the economy. About one or two rupees actually gets lost. There is no multiplier effect of the increase in the revenue expenditure. Therefore, this creates an impact that year but there is no impact at all going forward. In contrast, when the government increases capital expenditure by Rs. 100, Rs. 245 gets added to the economy in the same year. It comes of course due to jobs and demand creation, discussed later. In other words, about 2.5 is the multiplier in the same year from capex and about Rs. 480 gets added in aggregate over the next several years over the lifetime of that capital expenditure. So, the impact is first *large* and second, it *extends over time* and therefore, when compared to increasing revenue expenditure, increasing capital expenditure is a far-sighted policy response. Just increasing revenue expenditure is myopic while increasing capital expenditure is far-sighted given this evidence.

(3) Principle # 3: Capex → demand & supply while revenue expenditure only → demand

The third principle is that the capital expenditure increases both demand & supply while revenue expenditure increases only demand. Now relate it to the first principle that I spoke about. The reason for this is, revenue expenditure only puts money in the hands of the people in the short term. Transfers, given the crisis, do not provide assurance to people that there is a permanent increase in income, because households will know that these transfers that are given, may be withdrawn. Because of that uncertainty, when transfers are given, people save a lot more & they do not spend it. So, the increase in demand is not as sharp. This is seen not only in India but also in other countries. A lot of macroeconomic research has highlighted that revenue expenditure does not increase the demand as much. The increase in demand is not a sustained one & there is no increase in supply as no assets are built in this process (when you do only revenue expenditure).

In contrast, when capital expenditure is increased, construction activity goes up, jobs are created in informal & formal sectors. And nothing like a job to actually increase consumption because it raises permanent income of people. Construction activity also has linkages to several sectors such as steel, cement & many others where demand increases because of construction. As demand increases, these sectors invest in capital expenditure. Private capex goes up & they also hire more people. Even on aggregate demand, capex actually creates sustained aggregate demand while revenue expenditures create it only ephemerally. And importantly, capital expenditure creates assets & increases aggregate supply in the economy. Apart from reforms, capital expenditure also helps in increasing supply in the economy. This is the third key principle that we basically brought into effect.

(4) Principle # 4: Capex 'crowds in' while revenue expenditure 'crowds out' private investment

The final principle is that the capital expenditure 'crowds in' private investment while revenue expenditure 'crowds out' private investment. What is this? This is basically a jargon that when you have capex, more investment comes in from the private sector. This is the *'crowding in'*. While if you do only revenue expenditure because the government borrows into the pool of same loanable funds, the pool does not increase & you have *'crowding out'*. And that is the fourth & final principle that has basically driven the economic policy response.

Global Financial Crisis (GFC) vs Asian Financial Crisis (AFC)

Now I think the crescendo for the entire economic policy response has been the budget. As the honourable Prime Minister has already mentioned, *Atmanirbhar Bharat I, II, III* were mini budgets but the crescendo really came in this year's budget delivered by the honourable Finance Minister which implements all these principles in toto. Before I come to that, let me give you some evidence of these principles in action. I am going to contrast the policy response to the Global Financial Crisis by India vs the response to the Asian Financial Crisis. Again, I am only focusing on Indian response, not on other countries.

After the Global Financial Crisis, capital expenditure actually went down. Revenue expenditure went up and there were no structural reforms that were done at that time. For instance, MSMEs basically were loaded with a lot of regulations, etc. None of that was eased at that time and therefore export response could not happen. So, no structural reforms were done & capital expenditure declined. Based on the principles that I outlined, when you do only revenue expenditure & no capital expenditure and no reforms, there is no impact on supply. Supply remains static. But demand goes up because of the increase in revenue expenditure & so you get runaway inflation. This is exactly what happened after the Global Financial Crisis. The peak inflation was about 14%+ & we had double digit inflation for a lot of years because of this. This is something that an Economics student learns in Econ 101 that is, if you just increase demand & keep supply the same, runaway inflation is what you get. Growth increased temporarily, because of the fiscal expansion that happened through revenue expenditure but no assets were created. The fiscal strain that it created, also led to a huge current account deficit.

When demand increased, and because domestic supply did not respond, a lot of people started doing imports. Imports increased significantly, exports… nothing happened because there were no reforms (that were done) & so the current account deficit deteriorated very sharply. India had high inflation, high fiscal deficit & high current account deficit. So, all the three came together & that is why India had the 'macro crisis' in 2013, the 'taper tantrum'. This basically came from the principles & policies that were followed at that time.

In contrast, if you look at the Asian Financial Crisis, at that time capital expenditure was stepped up. The 'golden quadrilateral' was built after that & structural reforms were done. The new telecom policy was implemented & led to the telecom revolution. Also, the small-scale reservations were removed at that time which actually created an increase in supply. The capex that happened also brought in private investment & private investment increased significantly over subsequent years. As a result of that, we had 8%+ growth & there was no high inflation at that time. The data attests what I outlined in terms of the principles & that 8% growth happened for several years without any macro crisis even though the debt to GDP ratio at that time went to 83%, a historical high. The debt to GDP ratio went to 83% because of the public capex that was done. Despite that, there was no macro crisis after the Asian Financial Crisis, again illustrating the principles that I just outlined.

In the COVID crisis, India's response basically follows the same successful template of the Asian Financial Crisis but at a much higher scale. The reforms have been far more impactful, lot more labour reforms, MSME definitional changes, private enterprise policy, opening up of several sectors, financial sector reforms now announced in the budget, the enabling of public sector DFI, etc. The reforms have been at a much higher scale & public capex also is going to be at a much higher scale both on the soft side, which is health, and on the infrastructure. In the budget estimate for the coming year, at about 2.5% of GDP, capex is at a historical high in terms of both Rupees & percentage GDP.

As I said, the budget has basically been the crescendo for the economic policy response. So, let me just spend a couple of minutes on that. Many of you have seen it, but I will give you a macro perspective on the budget as to why I think this budget actually lays out a path for growth not only in the coming year (of recovery) but also as the first budget of the decade. It lays out the foundation for sustained growth over the entire decade.

Healthcare is at 135% increase, both on prevention & on cure. By the way drinking water, sanitation, are all part of preventive healthcare & therefore very important. When you put that together, 135% increase in healthcare impacts labour supply & labour productivity. Healthcare has been shown to improve labour supply & labour productivity.

Infrastructure funding has been focused on three primary areas: railways, roads & power. I will again give you the macro perspective on how this impacts. Infrastructure focus on railways & roads impacts logistics cost. So, as this infrastructure gets rolled out & the impact of that comes to the economy, logistics cost should go down. Infrastructure focus on power will help in reducing the cost of production as power is a very important input for production especially in manufacturing. So, both these aspects of infrastructure (roads & railways and power) would actually affect the factors of production.

Public infrastructure, as I already said, *crowds in* private investment, triggers the virtuous cycle of investment, growth & consumption. This virtuous cycle is something that we had highlighted in the Economic Survey of 2018-19 where we had basically looked at countries that grew at 5%+ growth rate for at least a decade. And what we found was that each country implemented this virtuous cycle of investment which led to economic growth, which led to higher consumption & thereby anticipating more private investment. That is how the virtuous cycle led to growth in all these countries. So public infrastructure can trigger that virtuous cycle & that is why it is an important part of the budget. Financial sector reforms affect the other factor of production which is capital, and the enterprise policy focused on private sector to improve productivity. So labour, capital, productivity, and the other factors of production like logistics cost & power cost, all these have been covered. So, from a macroeconomic perspective, all boxes have been ticked on what actually accounts for the GDP in the country.

Let me just summarise at this point time. In my well-studied opinion, if I can actually take the liberty to say so, based on the analysis that has been done in the Economic Survey, India's policy response to the COVID pandemic has been a mature, far-sighted one. As I have highlighted, India focused on saving lives & livelihood, took short-term pain for long-term gain and thereby converted this trade-off between lives & livelihoods into saving both lives & enabling economic recovery. The demand side policies were calibrated. We pushed the accelerator only when the brakes were removed & thereby, saved fuel or in other words very crucial fiscal space. India was the only country to announce structural reforms to take care of the supply side & enhance supply and also public capex to trigger the virtuous cycle of investment growth & consumption, also adding to the supply side in that process. With a V-shaped economic recovery that is happening without a second wave, while cases are coming down & mobility is increasing, India is a *sui generis* case in mature policy making in my opinion.

When history looks at India's policy response, given that this was a pandemic that came after a hundred years, history will indeed look at how India responded to this pandemic & history will be very appreciative in India's policy response. Finally, the mega vaccination drive that is on should also enable recovery in services because the fear of the contact-based services would reduce with vaccination. Overall, I must again emphasise that it is the decision-makers that deserve all the credit for having had the maturity to take some short-term pain for long-term gain & India has actually benefitted from their maturity.

Thank you very much.

Performance of Banks under Atmanirbhar Bharat: An Assessment

Dr. Tapas Kumar Parida*

1. Introduction

Since the outbreak of Covid-19, the whole world has witnessed a major downfall in global economic activities which in turn have adversely affected all the income groups around the world. Initially, Government has faced a serious trade-off between *'life vs. livelihood'* but choose to save the life of their people, by imposing full/partial lockdown. India also followed other countries and announced nationwide complete lockdown which came into effect from 25th March 2020. The sudden lockdown impacted the social and economic activities in the economy and has created an uncertain environment in the country. With the postponement of non-essential expenditures which also account for nearly 80% share in GST revenues, the aggregate demand continues to remain depressed. The supply chain disruptions both globally and domestically have brought production activity to halt in almost all industries. While in the service sector, travel and tourism remains the worst hit so far, the effects will be translated to primary and secondary sector as well with declining investment, rising unemployment and depressed consumption resulting in low real output. To overcome the COVID-19 led economic crisis, Government and RBI have taken several measures to boost the economic activity in almost all sectors of the economy. However, special focus has been given to SME and Agricultural sector which have been affected the most during the lockdown. With the Prime Minister's vision, India has considered the COVID-19 led challenges to an opportunity to become an Atmanirbhar Bharat (self-reliant India) to enable the resurgence of the Indian economy.

Against this backdrop, this article aims to analyse the impact of Covid-19 on Indian economy and the role of banks to support the economic recovery. The rest of the article is divided into 3 sections. In section 2, we have analysed the management of Covid-19 by India vis-à-vis other countries. Section 3 summarises India's monetary and fiscal responses to manage Covid-19. The section 4 discusses banks progress under Atmanirbhar Bharat. We conclude our article in section 5, with some policy prescriptions.

2. COVID-19 Management: *India vs Other Countries*

India reached its COVID-19 infections peak on 16 Sep 2020 and declined thereafter however, recently (March 2021), cases have again started to rise. Not with standing this, the government has taken many steps to tackle the spread of COVID-19 virus in the country. India has achieved several milestones in building isolation centers, special COVID-19 hospitals, free testing, door-to-door contact tracing etc. To compare India with other countries in terms of Covid management, we have used some health infrastructure parameter and juxtaposed the same with other countries and the results clearly indicate that despite the fact that India has lower general Government health expenditure as % of GDP and less number of hospital beds per 1000 population, India had much less number of Covid cases. For instance, US has 62 lakh cases more than estimated by the model while India had reported 37 lakhs cases lower than that estimated by the model, thus indicating that overall India had reported around 100 lakhs less

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cases than the US. However, health expenditure in India as a % of GDP is 7.6% lower than the US. Also, hospitals beds per 1000 is 2.2 times higher. Clearly, India despite having a poor health infrastructure, has managed COVID much better than even the best of developed economies having the best health infrastructure.

India's position viz a viz Other Countries			
Country	No of cases higher than India (in lakhs)	Health expenditure higher than India (% of GDP)	Hospital beds per 1000 higher than India
US	100	7.6	2.2
Mexico	48	1.7	0.9
Italy	47	7.7	2.7
France	43	7.3	5.5
Indonesia	39	0.5	0.5
Canada	35	7.0	2.0
Saudi Arabia	29	3.0	2.2
UK	27	6.9	2.3
Russia	12	2.2	7.5
Source: WHO, SBI Research, Economic Survey			

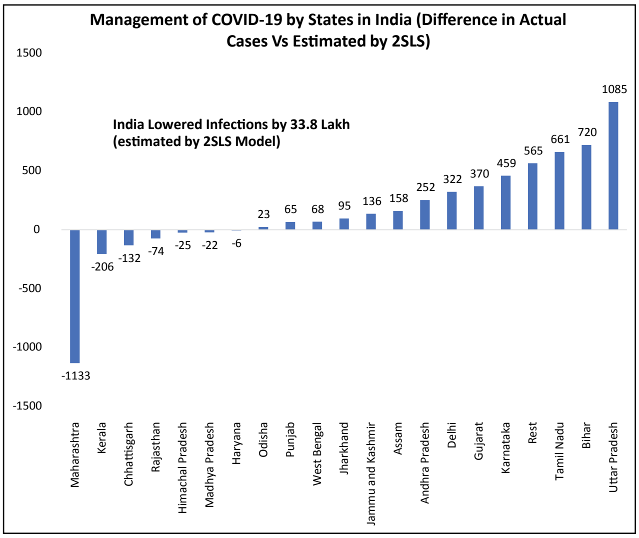
Further, for inter-state comparison in India, we tested a two stage least square (2-SLS) panel model with 20-major states considering the monthly data from April 2020 to February 2021. In this 2SLS regression, we first regressed the state-wise test data on population from Apr'20 to Feb'21 to gauge the number of tests that should have been done given the population difference. In Stage 2, the number of confirmed cases was regressed on estimated test numbers calculated in equation 1 to arrive at model estimate of number of cases if the tests were done in accordance with the population size.

$$T = \alpha + \beta P \mu \ldots..(1)$$

$$C = \sigma + \rho T + £ \ldots..(2)$$

Where, T = Number of Tests, P= Population, C = Confirmed Cases

The empirical results indicate that India has managed well the Covid pandemic given the large population. Even the economic survey illustrates the same thing by estimating multivariate model. According to the survey results, actual cases in India are 37 lakhs lower than that estimated by model. Our updated model till February indicates that India has managed COVID-19 very well, by which the infections would have increased by 33.8 lakh. Further, we have averted around 1 lakh deaths if we consider their model. Our model results are almost similar to the Economic Survey results and indicate that Uttar Pradesh has done a good job with actual cases 10.85 lakh less than model estimated cases, followed by Bihar (7.2 lakh), Tamil Nadu (by 6.61 lakh). However, Maharashtra, Kerala, and Chhattisgarh stand at the other extreme with actual cases 11.3 lakh, 2.0 lakh and 1.3 lakh more than the model estimates.



3. India's Response to Economic Recovery

To bring the economy into recovery, Government & RBI has given stimulus of around Rs. 28 lakh crore (or $385 billion), which is almost 12-14% of GDP. The detailed package is outlined below:

3. 1 Fiscal Policy Response

Within 48 hours of declaring a three-week-long complete lockdown, the Government announced the Pradhan Mantri Garib Kalyan Yojana, valued at Rs 1.70 lakh crore (or $23.6 billion). As part of the Package, Government provided free foodgrains to 800 million people, free cooking gas for 80 million families for months, and cash directly to over 400 million farmers, women, elderly, the poor and the needy. In May'20, Government further announced a massive special economic package the 'AatmaNirbhar Bharat

Abhiyan (Self Reliant India Campaign)' of worth Rs 20 lakh crore ($224 billion or 10% of GDP) with an aim to make the country and its citizens independent and self-reliant in all senses. This self-reliant India will stand on five pillars – Economy, Infrastructure, System, Vibrant Demography and Demand. Under the AatmaNirbhar Bharat Abhiyan pacakage, Government has announced a number of measures in various phases covering almost every sector/agent of the economy. Till now Government has announced package worth Rs 16.12 lakh crore (or $224 billion) under Aatma Nirbhar Bharat Abhiyan (or Self-Reliant India Campaign).

Chronology of Government's Announcements to Mitigate the Impact of Covid-19			
Date	Scheme	Amount	
		Rs Crore	$ Billion
March 26, 2020	Pradhan Mantri Garib Kalyan Yojana	1,70,000	23.6
May 13, 2020	AatmaNirbhar Bharat 1.0– Part I	5,94,550	82.6
May 14, 2020	AatmaNirbhar Bharat Abhiyan 1.0– Part II	3,10,000	43.1
May 15, 2020	AatmaNirbhar Bharat Abhiyan 1.0- Part III	1,50,000	20.8
May 16, 2020	AatmaNirbhar Bharat Abhiyan 1.0- Part IV	8,100	1.1
May 17, 2020	AatmaNirbhar Bharat Abhiyan 1.0- Part V	40,000	5.6
October 12, 2020	AatmaNirbhar Bharat Abhiyan 2.0	73,000	10.1
November 12, 2020	AatmaNirbhar Bharat Abhiyan 3.0	2,65,080	36.8
Total		**16,10,730**	**224**
Source: Government of India; Assuming 1USD = Rs 72			

3.2 Monetary Policy Response

The markets have been awash with liquidity as RBI tried to mitigate the damage done by Covid-19 related disruptions. RBI has adopted a plethora of monetary and liquidity measures. The extent of RBI's measures is worth Rs 11.6 lakh crore ($161 billion). With so much liquidity floating around, and bank credit still on the slow growth trajectory, as a matter of policy, RBI should be directing liquidity flow towards the long-end given the excessive fall in short-end yields. One way of achieving this is by advancing the CRR cut which is expiring on March 27, which would lead to the draining of Rs 1.46 lakh crore from the market. To balance that, RBI should announce a simultaneous open market operation of an equivalent amount. Another possibility could be allowing mutual funds to participate in reverse repo in conjunction with a Standing Deposit Facility so that a floor is established. RBI can also introduce a Market Stabilization Scheme as was done earlier in times of excess liquidity conditions during demonetisation. With inflation not going down significantly and excess liquidity in the system, RBI has to pursue active liquidity management to help the economy overcome the liquidity trap.

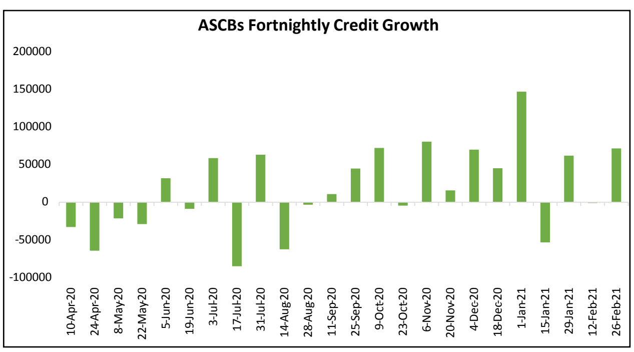
RBI's Monetary and Liquidity Measures since Feb'20 (up to Feb'21)		
Measures	Amount	
	Rs Crore	$ Billion
LTRO	1,25,000	17.4
Variable rate repo	1,75,000	24.3
SLF for PDs	7,200	1.0
CRR cut	1,37,000	19.0
MSF (dip by 1% in SLR)	1,45,000	20.1
TLTRO	1,00,000	13.9
TLTRO (2.0)	13,000	1.8
On Tap TLTRO	1,00,000	13.9
Net OMO purchases	1,00,000	13.9
Special liquidity facility for mutual funds	50,000	6.9
Refinance to NABARD, SIDBI, NHB and EXIM bank	75,000	10.4
Special liquidity scheme for NBFCs	30,000	4.2
56-day term repo	1,00,000	13.9
Total	**11,57,200**	**161**
Source: RBI; Assume 1USD = Rs 72		

4. Role of Banks in AatmaNirbhar Bharat

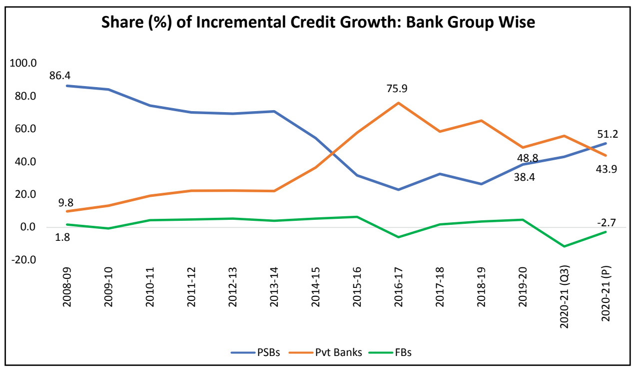
On the domestic front, the policy measures have ensured the smooth functioning of markets and financial institutions, but managing market volatility amidst rising spillovers has become challenging. Movements in certain segments of the financial markets are not in sync with the developments in the real sector. Aggregate banking sector credit remained subdued, pointing to vestiges of risk aversion even as aggregate demand in the economy is mending and reviving. In particular, credit flows to the manufacturing sector have been lukewarm at a time when output of the sector is emerging out of a prolonged contraction. The focus of the policy efforts is shifting from provision of liquidity and guarantees to supporting growth – including consumption and investment. Although a recovery in economic activity from the lows of March and April 2020 is underway, it is far from being entrenched and output remains below pre-pandemic levels. Congenial financial conditions have been put in place to support the recovery. The overarching objective is to mitigate the impact of COVID-19 and strengthen the return to sustainable and inclusive growth with macroeconomic and financial stability.

4.1 Impact on Banking Business

Due to the initial restrictions on movement, the credit growth of the Indian banking industry had declined to 5.1 % by Sept'2020 from 6.1% in March'20, on the other hand, deposit growth has remained robust in the double digits, reflecting precautionary saving in the face of high uncertainty. However, credit offtake has picked up the pace thereafter and touched 6.6% in Feb'2021 (vis-à-vis 6.4% in corresponding period previous year). Even on an YTD basis the ASCBs advances increased to 3.2% (Rs 3.3 lakh crore) in FY21, compared to last year YTD growth of 2.8% (Rs 2.7 lakh crore). Thus, this year's incremental credit growth is 23% higher than the previous year actual numbers. ASCBs incremental credit growth during Jan'21 showed a robust growth in all most all the sectors.



The sectoral data for Jan'21, which accounts about 90% of the total bank credit deployed by 33 SCBs, indicates that the incremental credit has jumped significantly in almost all the major sectors (Agri, Services, Industry & Personal Loans) in Jan'21. The incremental credit growth during April-January, FY21 indicates that credit off-take has been taken place in almost all the sectors except industry and NBFC. The industry credit growth is declining as they might be raising money from bond markets. Within industry, credit to 'mining & quarrying', 'food processing', 'textile', 'gems & jewellery', 'petroleum, coal products & nuclear fuels', 'paper & paper products', 'leather & leather products', and 'vehicles, vehicle parts & transport equipment' registered accelerated growth in Jan'21 as compared to the growth in the corresponding month of the previous year. However, credit growth to 'rubber plastic & their products', 'beverages & tobacco', 'chemicals & chemical products', 'basic metal & metal products', construction' and 'infrastructure' decelerated/ contracted.



Further, RBI's recent report on 'Quarterly statistics on Deposits and Credit of SCBs', indicates that credit by private sector banks moderated significantly to 6.7% in Dec'20 (13.1% a year ago), whereas that for public sector banks has improved to 6.5% in Dec'20 (3.7% in Dec'19). However, on a positive note that the incremental lending by PSBs had sharply increased after 2018-19, the share in incremental credit stood at 43.1% in Q3FY21 (26.5% in FY19), consequently Private banks share declined to 55.9% (65% in FY19). However, the concern is that PSBs are growing (in amount) lesser than PBs in the last 5-years. The initial decline in credit growth of PSBs was because of the initiation of AQR in 2015, with no accompanying resolution and recapitalisation of PSBs.

4.2 Impact on Asset Quality

Due to the various relaxation & liquidity support by RBI, the performance parameters of banks have improved significantly, aided by regulatory dispensations extended in response to the COVID-19 pandemic. The CRAR of SCBs improved to 15.8% in Sept'20 from 14.7% in Mar'20, while their GNPA ratio declined to 7.5% from 8.4%, and the PCR improved to 72.4% from 66.2% over this period.

Among the broad sectors, asset quality improved noticeably in the case of industry, agriculture and services in September 2020 over March 2020, with a decline in GNPA and stressed advances ratios. In the case of retail advances, however, the GNPA ratio declined only marginally and stressed advances remained flat. In view of the regulatory forbearance, however, there are implications for asset quality for the ensuing reporting periods. RBI's macro-stress tests for credit risk show that SCBs' GNPA ratio may increase to 13.5% by Sept'21 under the baseline scenario.

4.3 Impact on Digital Banking

The current pandemic has highlighted the importance of maintaining business continuity, in times of complete absence of physical interaction, and going digital is the only way in this situation. The trend for mobile banking is encouraging. From a measly Rs 76 crore in April 2011, the mobile banking payments have increased to Rs 7.7 lakh crore in November 2020 (Rs 3.6 lakh crore in April 2020), led by COVID led lockdown. If we look at the m-wallet data, there has been a jump in the post-lockdown period to Rs 12,717 crore in Nov'20 from Rs 8693 crore in April'20. Similarly, transactions in UPI has increased from Rs 1.5 lakh crore in April 2020 to Rs 4.3 lakh crore in Jan'21, indicating an increase of 185%. The rapid rise of UPI has been due to features like round the clock availability, single application for accessing different bank accounts, use of Virtual ID which is more secure and requires no credential sharing. This shows that going forward too, banks have to focus on providing safe, secure and easy to use digital applications for the expansion of their businesses and better customer service.

5. Policy Suggestions

Though, India has managed COVID-19 very effectively and saved millions of lives, it is true that many of the skilled and unskilled workers lost their livelihood. In the following paragraphs, we highlight some of the policy interventions pertaining to the areas of agriculture, SHGs, etc. and also give suggestions to increase the financial savings in India.

First, out of the outstanding bank credit of about Rs 12 lakh crore to the agriculture and allied activities sector, Rs 7 lakh crore is for Kisan Credit Cards (60% of the total). The KCC portfolio of banks has come under increasing stress over the years due to a variety of factors like crop losses, unremunerated prices, debt waivers and the rigidity of the KCC product. Currently, the renewal of KCC loans with payment of both principal and interest ensures interest subvention. It is proposed that for renewal of KCC loans of small and marginal farmers and for loans of other categories of farmers for amounts up to Rs 3 lakh, the payment of interest must be a sufficient condition for renewal as with other loans. The above measure has the potential to reduce the credit cost for banks considerably on KCCs as NPAs can be prevented more easily and the interest rate on KCC loans can be further reduced.

Second, there are 11.5 crore farmers who are PM-KISAN beneficiaries - 6.5 crore farmers have KCC. Thus, the remaining 4-5 crore could be land owning cultivators and at least 3-4 crore of such could be tenants/lessees/landless. Currently, such tenant farmers are not formalised into the credit deliveries of scheduled commercial banks. As of now, it requires state interventions for tenancy certificates which is only available in Andhra Pradesh. We propose the formation of a SHG model under the Deen Dayal Antodoya Yojana. The formation of SHGs will formalise tenancy even without formal documentation of tenancy and this will enable formal lending to take place to three crore landless farmers. The government could offer a sweetener for the formation of these types of SHGs that might require only a very nominal fiscal outlay. For example, even a Rs 1,000 outlay for three lakh SHGs could mean only Rs 30 crore fiscal support.

Third, given the significant increase in financial savings of households, it is now perhaps the right time to allow banks and infrastructure financing companies to raise tax free bonds (preferred tenor 15-20 years), and/or tax paid bonds to tap funding from retail investors, wherein the tax on the interest income of such bonds could be paid by the bond issuer — a 10 per cent tax deducted at source under section 193 of the Income Tax Act. Such a structure while being attractive to retail investors will also ensure that the government is not losing on its tax revenue.

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Vision of Atmanirbhar Bharat Abhiyan with reference to MSME

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Dr. Parag Shil**

Abstract

In the past six years, there were various initiatives launched by the present NDA Government like Make in India Programme, Swachch Bharat Abhiyan and Digital Financing. Now, the time has begun to be self-dependent i.e. Atmanirbhar. It is the high time to convert oneself into a job-maker rather than a job-seeker. The present paper highlights the mission of 'Atmanirbhar Bharat' and lists the various measures taken by the Government to encourage MSMEs for the achieving self-reliance. The study is based on secondary information collected from various sources such as published articles, newspapers, Government websites etc. The findings reveal that the mission brought up a new ray of light towards the growth of the economy. The Indian populace looks forward to be self-dependent. The economy now focuses on exporting the excess products rather than importing.

Introduction: Overview of Atmanirbhar Bharat

The laudable role played by India during the worldwide COVID-19 pandemic has been recognized and appreciated widely. During the toughest phase of COVID-19, Indian populace had confronted the situation with a high degree of spirit and confidence. The pandemic actually created an opportunity for India. Prior to March, 2020, there was a high necessity and demand of Personal Protection Equipment (PPE) kits and the Indian Government initially had to import it from different nations. However, the circumstance got changed when it was accounted for during the period of May, 2020 that India was in a situation to deliver 2 lakh PPE units per day and the count is growing consistently. In addition to it, Indians required more life-saving ventilators to save the lives of the individuals suffering from COVID and it was a challenge for India. But India took the challenge positively and uncovered opportunities therein by re-purposing the different auto enterprises to collaborate in making such ventilators. On 12th May, 2020, our Honorable Prime Minister Shri. Narendra Modi appealed to the public to become Atmanirbhar and contribute towards the growth of our economy transforming India to play a leading role in the global economy in the near future. The outburst of the pandemic will cause nations to reconsider reinforcing their native supply chains. India has already expressed a dream of 'Atmanirbhar Bharat', which will require fortifying of the native industries and their standing on a worldwide stage. Initially, the mission was started with a financial outlay of Rs. 20 lakh crore or equivalent to 10% of National GDP to resuscitate and reinvigorate the country's economy influenced by COVID-19 lockout (The Hindu, 2020).

Atmanirbhar Bharat Abhiyan was launched in the following five phases:

Stage I includes Businesses including MSMEs.

Stage II includes Poor, including migrants and farmers.

Stage III includes Agriculture.

Stage IV includes New Horizons of Growth.

Stage V includes Government Reforms and Enablers.

(Source: Adapted from www.india.gov.in, Government of India, 2020)

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MSME

The Micro, Small and Medium Enterprises (MSME) are the most vital and active enterprises in India contributing around 40% to the GDP and fundamentally to the exports of the nation. MSME plays a critical role in accomplishing the vision of being self-dependent. The enterprises are divided into three sectors with different rate of investments and annual turnover. With effect from 1st July, 2020, the concept of MSME has been redefined. Micro Enterprise is reclassified with the investment in Plant and Machinery or equipment up to Rs. 1 crore and yearly turnover not exceeding Rs. 5 crore. In case of Small Enterprise, Investment in Plant and Machinery or equipment should not exceed Rs. 10 crore and yearly turnover should not exceed Rs. 50 crore. In case of Medium Enterprises, Investment in Plant and Machinery or equipment should not exceed Rs. 50 crore and yearly turnover should not exceed Rs. 250 crore (Ministry of Micro, Small & Medium Enterprises, Government of India, 2020).

There is a vast development seen in the MSME sector. Prior to the call of Atmanirbar Abhiyan scheme, it used to offer support to the economy only. But, in the coming days with this Atmanirbhar outlook, MSMEs will turn into the foundation of the economy as projected by our Hon'ble Prime Minister by advancing the idea of 'vocal for local'. Accordingly, the slogan of being 'vocal for local' calls for reinforcing the industry sectors, specifically the MSME sector. This will guarantee making of required products and enterprises inside the country converting the nation to be an independent one as MSMEs have turned out to be the second-greatest sector in India after farming (Joshi, Panigrahi and Pitke, 2020). As of now, there are almost 56 million enterprises in different sectors, employing nearly 124 million individuals. Of these, almost 14% are women driven ventures, and nearly 60% are situated in provincial areas. Overall, the MSME sector represents 8% of India's GDP and 45% of product trades. Henceforth, the MSME area will be known as the development engine of the country (Drishti, 2020).

It is reported that during the past 5 years the number of registered Micro, Small and Medium Enterprises in India figured 90.19 lakh (Student Company Secretary, 2020). According to the Ministry of MSME Annual Reports for the year 2018-2019 and 2019-20, the number of registered MSMEs on Udyog Aadhar Memorandum (UAM) till end of May, 2019 stood at 68.25 lakh which increased to 84.82 lakh till end of 15th January, 2020, i.e. the sector has witnessed 24.28 percent growth. According to the 2019-20 Annual Report of Ministry of MSME, the major share belongs to the Micro Enterprises covering 630.52 lakh (99.4%) Enterprises, while 3.31 lakh (0.52%) are Small Enterprises and 5,000 (0.01%) are Medium Enterprises.

Contribution towards MSME

During the big announcement of being self-reliant, Prime Minister highlighted several measures for MSMEs such as:

- Package of Rs. 3 lakh crore collateral free automatic advances to all businesses including MSMEs.
- MSMEs can avail up to 20% of their whole remaining credit as on February 29, 2020 from banks and Non-Banking Financial Companies (NBFCs).
- Corpus fund of Rs. 10,000 for MSMEs.
- Subordinate debt of Rs. 20,000 crore for stressed MSMEs.
- Equity infusion of Rs. 50,000 through MSME funds of funds.
- Rs. 30,000 crores liquidity facility provided for Non-Banking Financial Companies/Housing Companies/Micro Finance Institutions.
- Liquidity injection of Rs. 90,000 crores provided for DISCOMs.
- Liquidity of Rs. 50,000 crores through Tax Deduction at Source/Tax Collected at Source reductions.

Atmanirbhar in Assam

MSME plays a substantial role in our economy. The lockdown period of COVID-19 had severely impacted the economy and brought it to a standstill. Meanwhile, the situation fetched an emergent ray of being self-sufficient and it was felt that it can only be fulfilled if the youths of Assam state employ their skills and work for making the state as a center of trade and commercial activities. The Government of Assam has approved a credit of Rs. 1,648.218 crores for the MSME so as to leverage the sector and also provided collateral free loans to 68,000 MSMEs in Assam under the mission of Atma Nirbhar Bharat Abhiyan (The Times of India, 2020 and North East Now, 2020).

Pertaining to the mission of Atmanirbhar, the Chief Minister of Assam Shri Sarbananda Sonowal commenced a scheme named "Swanirbhar Naari: Atmanirbhar Asom" to uplift the economically deprived women of the state. It aims to generate more than 3.72 lakh feasible individual and 822 community assets profiting around four lakh families in first stage under Mahatma Gandhi National Rural Employment (MGNREGA) with intermingling of plans of different departments under State government and missions including Assam State Rural Livelihood Mission, Fishery, Agriculture and Horticulture, Environment and Forest, Sericulture, Handloom and Textiles, Animal Husbandry and Veterinary and so on (The Economic Times, 2020).

It was reported during the lockdown period, that the Assam farmers could sell vegetables of Rs. 852 crore and eggs, fish, meat of Rs. 150 crores and also, exported fish to the neighboring countries. Moreover, Women Self Help Groups earned Rs. 11 crore through production of face masks (North East Now, 2020). Natives have also started their own pickle business at home and are selling it in the market.

Aatmanirbhar in other parts of India:

- Dalit women farmers of Telangana have been contributing food grains as relief due to pandemic.
- Organic produce was sent to Bengaluru during the lockdown by the farmers residing near the Tamil-Karnataka border.
- Migrant workers, who returned home had been helped by the Adivasi villagers in Central India.
- Neem tree is considered to be the mother of all trees in India. Each and every part of the tree is highly essential. It is used as healthcare product as well as in farming sector. Women of Bundeli District have started growing the neem tree for commercial purpose and are now making Rs. 600 per season by selling its fruits.
- Women in Gonda were seen involved in sowing and nurturing 5 lakh saplings in 10 nurseries. They raised a nursery so that the plants can be planted along canals and ponds under MGNREGS.
- A Jagdalpur-based NGO took the initiative to start a pearl culture in Chhatisgarh as a part of self-reliance.
- COVID-19 pandemic created a high demand of Hand sanitizers resulting in its shortage. The Adivasi women in Chhatisgarh developed a herbal hand sanitizer and have contributed collectively towards the fight against Coronavirus.

(Source: The Sentinel, 2021)

Conclusion

The global pandemic has given the motto of 'Be Indian and Buy Indian'. Three key boundaries that are fundamental for the accomplishment of MSMEs include monetary stability, accessibility of skilled labor in MSME groups, and market competitiveness of their products to accomplish import substitution as well as exports. Ensuring the availability of skilled labor and improving the competitiveness of MSME is highly essential for the development of the MSME sector. There is also a requirement to improve the capacity of Indian MSMEs to supply good quality items, particularly with new standards of operation being introduced due to COVID. Since the registered number of MSME is found to be increasing, it is expected that the numbers of MSMEs will expand more in the upcoming years. India is now at the growing stage of becoming self-reliant. The days are not far when the Indian economy will be the leader of global economy.

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Bank Quest included in UGC CARE List of Journals

IIBF's Quarterly Journal, Bank Quest has been included in the Group B of UGC CARE list of Journals. The University Grants Commission (UGC) had established a "Cell for Journals Analysis" at the Centre for Publication Ethics (CPE), Savitribai Phule Pune University (SPPU) to create and maintain the UGC-CARE (UGC – Consortium for Academic and Research Ethics). As per UGC's notice, research publications only from journals indexed in UGC CARE list should be used for all academic purposes.

An insight into Retail Loans: Evidence from Indian Banks

Suvendu Sarkar*

Retail loans in India started to gather momentum after 1990 and increased significantly during the last decade. As on March-2020, more than a quarter of total advances consist of retail loans. Its importance in the banking system and economy is substantial now. The focus of this article is on risks and stresses of the retail sector vis-à-vis other sectors, dynamics of retail NPAs and its constituents. The years 2004 and 2011 are the two years of paradigm shift in retail credit. After 2011, of retail loans saw a very steep rise. Education loan is the most stressed category among retail loans and housing loan has the best asset quality. Retail loans has become attractive for banks from both the points of view - Asset Quality as well as Risk Weighted Assets. In spite of lower NPAs, there have been intermittent signs of stress time-to-time for few categories of retail loans and banks are required to be careful in disbursing retail loans also.

1. Introduction

Retail Banking refers to the dealing with individual customers by banks directly. Prior to the reforms of the 1990s, bank credit was mostly focused on Agriculture, Industry and Services sectors. There were various regulatory restrictions at that time on retail credit in terms of total amount of loan, interest rates, repayment periods etc. These were gradually relaxed since the 1990s and this paved way for consumers availing facility directly from banks.

The share of retail loans in total credit, which increased from mere 3.4% in 1972 to whopping 21.6% in 2019, exhibits its importance in the economy in the current scenario.

Table 1: Retail Loan by Scheduled Commercial Banks

Period	No. of Accounts	Amount Outstanding (₹ Crore)	Share in Total Loan (%)
December-1972	102,629	191	3.4
March-1990	4,869,207	6,698	6.4
March-2004	28,368,564	179,087	20.3
March-2011	52,419,111	670,135	16.4
March-2019	84,940,288	2,136,648	21.6

Source: Basic Statistical Returns, RBI

Retail loans directly benefits the individuals in various forms e.g. buying or building a house, buying a car, education for self and children, marriage purpose, purchasing consumer durables, any family emergency situation etc. They also support certain industries such as automobiles, consumer durables, housing etc. by boosting consumption demand for their products and services. It is also paramount to mention that retail banking in India is not completely a new phenomenon. It has always been prevalent in various formats, though its size was very small compared to global tends till early 2000s. Earlier when retail loans were not in focus for banks, non-bank players were the major lenders in this sector. Local money lenders in unorganized sector and to some extent various non-banking finance companies (NBFCs) were fulfilling the gaps. NBFCs were primarily in the business of leasing in those days (equipment leasing, equipment loans etc.). Nevertheless, since the last decade it has become synonymous with mainstream banking for many banks especially private sector lenders. It is good for the country when people come to formal banking channel for funding.

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The views expressed in the article are those of the author and do not necessarily represent the views of the Reserve Bank of India.

Banks are better regulated and supervised entities compared to non-banks, also loans from banks are relatively cheaper.

It is evident from the above table that numbers of individuals benefitting from personal loans has increased many folds during the last few decades. Number of retail accounts per thousand population has increased from 0.2 in 1972 to 62.2 in 2019. However, in comparison to the developed countries, still it is a long way to go. It suggests the immense growth potential in this sector for the banks. Financial outreach and availability of banking services is also an important factor behind the expansion of retail sector. *Financial Inclusion* initiative by Reserve Bank of India (RBI) has resulted in many bank branches being opened in rural and semi urban areas in the last decade and it is expected to grow further in the coming decade.

With the technological advancement in the banking sector, more number of customers are getting accustomed to the banks and loans. ATMs, UPI apps, internet banking, mobile banking, credit cards and easy EMI options have opened a new world to the customers. People have started experiencing various available products and slowly financial literacy also is growing among the common masses.

With the expansion of retail banking it is also desirable to study the risks associated with it. Is the retail sector relatively more unsafe than other sectors e.g. Agriculture, Industry or Services sector? Inside the retail sector, which are the major components and what are the potential risks associated with it? Credit Information Bureaus (CIBs) came into existence in India in 2005 with *TransUnion CIBIL*. Gradually it popularised the credit scores so much in general public that now a days, many people call credit score as CIBIL score. There are six Credit Bureaus, approved by RBI now, which provide credit scores. Credit Score is now a must for any type of retail loan – credit cards, housing loan or a car loan. Thus CIBs play an important role in mitigating the risk of retail loans. It is attempted to decipher the data in this study and draw some meaningful conclusions regarding the NPAs of retail loans.

The rest of the article is organised as follows: Section 2 provides a brief overview of the past studies in this area. Section 3 tries to find out the year of paradigm shift in retail loans. Section 4 focuses on the various components of retail loans, Section 5 looks into the trend of retail NPAs, Section 6 analyses the risk weights associated with retail loans, Section 7 finds out causality between retail loan growth and NPA and finally Section 8 sets out the concluding inferences drawn.

2. Past Studies

Retail Banking has been at the periscope of researchers as well as economic news reporters since last two decades. *Shyamala Gopinath, Deputy Governor of RBI (2005)* emphasized the retail banking as the growth trigger for banks in her address at the *IBA Conference.* She motioned that banks also need to monitor their exposure and the credit quality. In a fiercely competitive market, there may be some temptation to slacken the loan scrutiny procedures and these needs to be severely checked.

Vighneswara Swamy (2012) studied the retail borrower's perception based on the data collected through a questionnaire from 120 retail bank borrowers. He used twelve factors covering all aspects of retail banking e.g. marketing of a product, loan documentation, interest rates, post-sanction treatment etc. Factor analysis was used to determine the important determinants from the above factors. The twelve factors were grouped to two significant factors and were named as *Services and Marketing of loan products* and *Economic value and convenience*. It was inferred that though the perception is positive for both public and private sector banks, private sector banks score over the public sector banks in some parameters and the public sector banks score over private sector banks in the other parameters.

R. Srinivasa Rao (2014) analysed the role of retail banking in India from various perspectives - increasing purchasing power of middle class people, affordable housing, economic prosperity, changing consumer demographics etc. He also discussed some challenges such as rising indebtedness of common people with respect to income, retention of customer by banks, money laundering and KYC issues etc. It was concluded that retail banking is one of the most tremendous areas now a days to be looked after by the banking industry as it contributes 7% to our GDP and 14% to employment.

Farniza Joshi et al. (2016) also compared the role of public and private sector banks in retail lending as done by Vighneswara Swamy (2012) but used a different set of data. Secondary data sourced from different reports and publications of Reserve Bank of India was used. It was observed that private sector banks had an edge in retail lending over public sector banks, as their focus was more on low-risk retail loans as compared to wholesale loans.

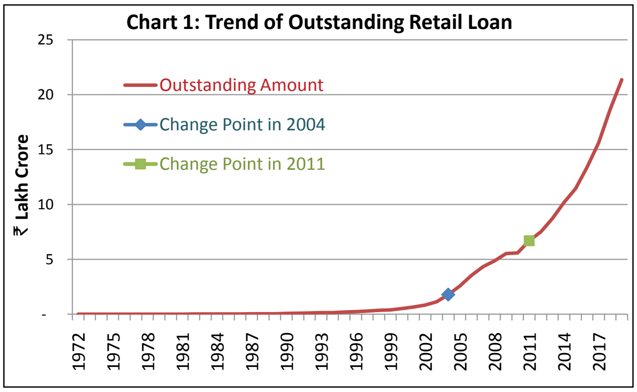
B. Vijayalakshmi et al. (2016) attempted to analyse the competition prevailing in retail banking service, to highlight various opportunities & challenges to retail banking in India and to give suggestions to expand retail banking in India. Various annual reports, books, journals and periodicals were utilized to carry out the study. Two of the key inferences were - (i) 90% of consumers prefer online banking services, regardless of age, income, place of residence or type of bank and (ii) Retail banking has also received a thrust from the regulators/policymakers' push for inclusive growth in the wake of the global financial crisis.

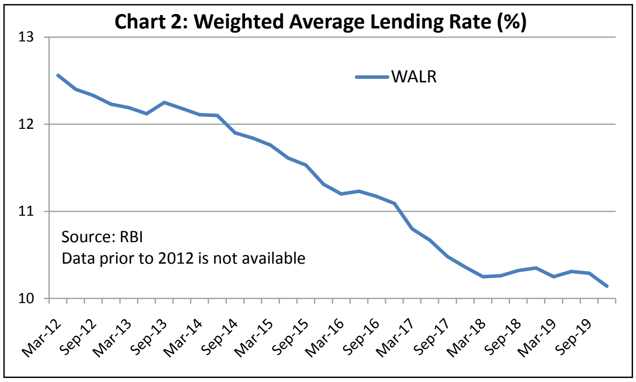
R. Nithya et al. (2016) targeted to analyse the NPAs in the retail lending. In fact, the author could find only this study dealing with NPAs in retail loans. The data source of analysis is not explicitly mentioned in the paper; however it seems to be taken from published results of various banks. Analysis was conducted on data period 2001-02 to 2014-15, it was observed that over the years the four categories of banks (SBI & Associates, Nationalised Banks, Old and New Private Banks) have reduced consumer durable loans and rest of other personal loans, On the contrary housing finance by these category of banks have increased during the study period. The reduction in lending to the retail sector has greatly supported the banks in reduction its NPAs margins.

RBI regularly publishes the *'Report on Trend and Progress of Banking in India'* on annual frequency. It contains extensive analysis on various aspects of banking for all types of FIs – commercial banks, co-operative banks, non-banking financial intermediaries etc. In the volume published in 2019, it was mentioned that because of the mounting NPAs of the industrial sector since 2012-13, banks diversified their portfolios towards services and retail loans. It has also been shown that NPAs in retail loans is lowest among the major sectors.

Above studies indicate that not much work has been done on the detailed analysis on NPAs of retail loans. Using the off-site supervisory data collected by RBI, it has been tried to venture into the detailed NPA analysis in this article.

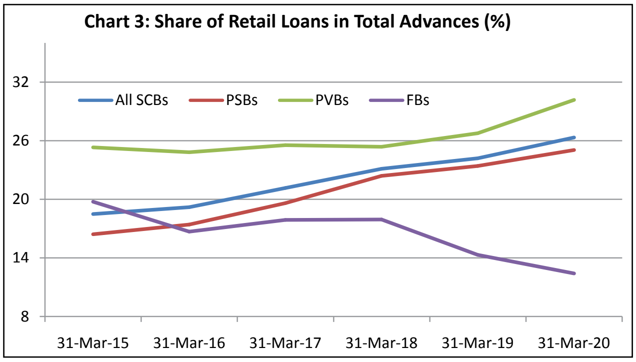
3. Paradigm Shift in Retail Loans

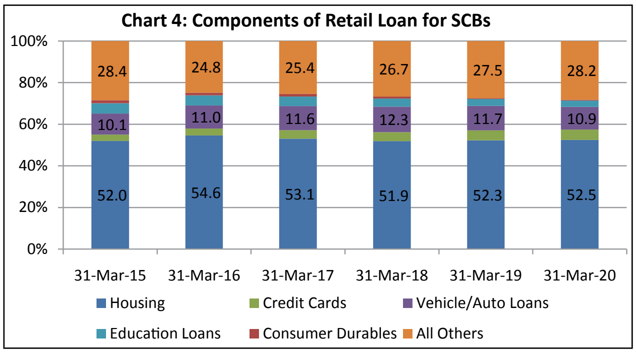




Change Point Detection (CPD) problem discerns abrupt shifts (or paradigm shifts) in time series data that can be easily identified via the human eye, but it is challenging to pinpoint the exact time point (or points) without using any statistical approach. There are various CPD methods used worldwide and one of the popular choices, *Pruned Exact Linear Time (PELT),* has been adopted here. *R. Killick et al. (2012)* presented this method. The PELT algorithm is exact and under mild conditions has a computational cost that is linear in the number of data points. Also, PELT is more accurate than binary segmentation and faster as than other exact search methods. The change point has been detected by identifying the change in variances. There could be many change points in the series; however, it is tried to find out only two most significant points here.

Data from the annual publication *Basic Statistical Returns of Scheduled Commercial Banks in India* by RBI has been used in this section. The publication is available on annual frequency since the year 1972. The data is published as on March-end from 1990 onwards and as on December–end prior to that period.





Though the retail loan started to pick up significantly since the beginning of this new millennium, the first year of paradigm shift detected statistically is 2004 (*Chart 1*). The share of retail loans in total credit increased from 6.4% in 1990 to 20.3% in 2004 (*Table 1*). Observing the very strong growth of housing and consumer credit in 2004, RBI decided to put in place temporary counter cyclical and risk containment measures and subsequently increased the risk weight from 50 per cent to 75 per cent in the case of housing loans and from 100 per cent to 125 per cent in the case of consumer credit including personal loans and credit cards. This slowed down the pace of retail loan growth to some extent and the share of retail loan slightly moderated to 16.4% in 2011. After that, it started to pick-up again and the second and most significant year of the paradigm shift detected statistically is 2011. The published BSR data is as on March-2011. *Standard Deviation (SD)* of the data prior and after this point is statistically different. The SD prior to 2011 is 1.6 lakh crore and from 2011 onwards it is 5.1 lakh crore. The time point, March-2011, is slightly more than two years since the global financial crisis of 2008 ended. Many people who lost jobs during or immediately after the crisis, probably regained the jobs by then and the confidence into the economy started to come back again. Moreover, the interest rates charged by banks continued to reduce during this period *(Chart 2)*. Cheaper rates also pushed customer to avail more retail loans.

4. Various Components of Retail Loans

The data used here onwards are sourced from off-site returns collected by RBI. The data from March-2015 to March-2020 have been utilized in the analysis. The share of retail loan in total advances has been continuously increasing since last few years and stood at 26.3% as on March-2020. More than one fourth of the total bank credit is going now to retail sector (*Chart* 3). During the FY 2018-19, the retail credit of Private Sector Banks (PVBs) expanded by whooping 35% against overall credit growth of 26% for PVBs. Though, PVBs' retail portfolio has been growing at much higher speed than Public Sector Banks (PSBs) since last few years, it is evident that all categories of banks have turned their focus on retail loans especially since last decade except the Foreign Banks (FBs). Surprisingly, FBs' retail loan growth trend has been opposite compared to PSBs and PVBs. FBs have shifted their focus from retail loans since last few years.

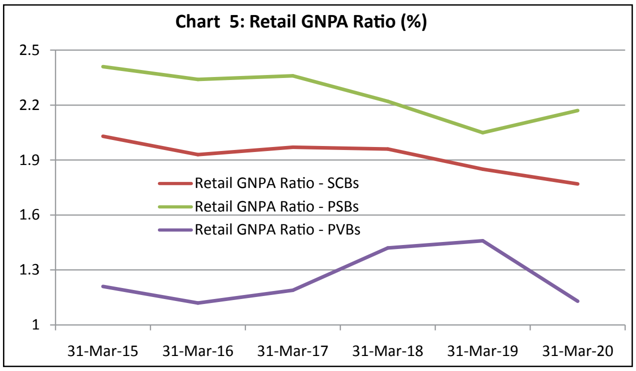
After a close glance at the detailed components of retail loans, it is found that *Housing Loans* comprise of more than half of the retail loans portfolio for Scheduled Commercial Banks (around 52%, *Chart 4*) as well as PSBs (around 56%, *Annex Chart 7*). Private Banks also disburses nearly half (around 48%) of the retail loans as housing loans though its share has been diminishing since last few years because of more focus given by PVBs towards *Credit Cards (Annex Chart 8*). The share of Credit Cards for PVBs is 10.3% as on March-2020 compared to almost negligible share for PSBs (0.2%). However, it may be mentioned that SBI is the only major player in the credit card industry from PSBs and it carry out its business though subsidiary *SBI Cards*, hence, not included in the bank's book here. All other PSBs are relatively new to the credit card industry compared to PVBs and Foreign Banks. FBs' share of credit cards in retail loans is 4.1% as on March-2020.

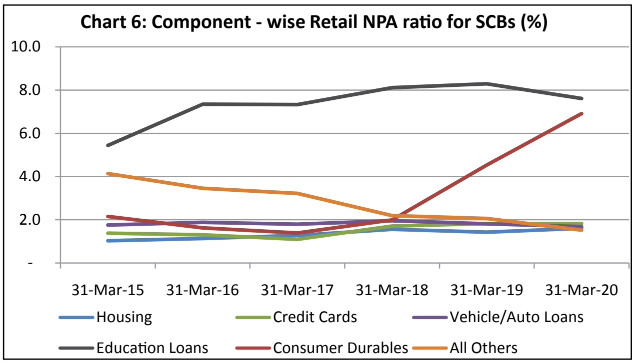
After the *Housing Loans*, the significant share is witnessed by *'All Others'* category which may be termed as miscellaneous types loans not captured as a standard category in the off-site returns. It comprises of gold loan, wedding loan, travel loan, medical loan, advance against fixed deposits, shares, bonds etc. Share of these kind of loans is more or less stable since last few years and consists of more than one fourth (around 27%) of total retail portfolio for Scheduled Commercial Banks (SCBs), PSBs as well as PVBs.

Vehicle/Auto Loan's share is the next highest in retail loans. For PSBs, the share hovers around 9% to 10% and for PVBs, 14% to 16%. Share of *Education Loan* is negligible (less than 1%) for PVBs but it is moderately significant for PSBs, though its share reduced from 7.4% to of 4.9% in last five years. The share of *Consumer Durable Loans* is not significant (less than 1%) for both PSBs and PVBs.

5. Retail NPAs

Since many years, asset quality in *Retail Sector* has always been compared to other sectors e.g. Agriculture, Industry, and Services etc. Gross NPA ratio of retail loans continuously declined from 2.03% in 2015 to 1.77% in 2020 *(Chart 5).* The period of *Asset Quality Review (AQR)*, initiated by Reserve Bank of India during 2015-2016, witnessed major increase in GNPA ratio from 2015 to 2018 in Industry Sector and moderate increase in Agriculture and Services Sector but Retail Sector was unhurt and GNPA ratio continued to fall in this period also. During the three years period (2015-2018), GNPA ratio of Industry Sector shoot-up by 1495 basis points (bps), for Agriculture and Services sectors, it elevated by 324 bps and 61 bps respectively. On the other hand, GNPA ratio of retail sector improved by 7 bps during the same period. As on March-2020, the GNPA ratios of Industry, Agriculture, Services and Retail Sectors are 13.60%, 10.33%, 7.47% and 1.77% respectively.





PVBs have better managed the retail loans compared to PSBs and its GNPA ratio floated around 1.2%-1.4% since 2015 whereas for PSBs, it declined from 2.41% in 2015 to 2.17% in 2020.

GDP is a metric that captures aggregate output and '*per capita GDP'* may be considered as a proxy for standard of living. India's GDP growth in 2016 was 8.26% at constant prices with base year 2011-12. Since then the economy has been slowing down due to combination of the cyclical and structural factors, which include corporate deleveraging and asset quality drag on bank balance sheets besides temporary supply side disruption from demonetisation and GST. GDP growth slowed down to 7.0% in 2017-18, 6.1% in 2018-19 and 4.2% in 2019-20. Gross National Income (GNI) is the measure of total amount of money earned by a nation's people and businesses. GNI growth of India reduced from

8.27% in 2016 to 7.12% in 2017 and further to 6.14% in 2018. . So, relatively low GNI should have possibly affected repayment of retail loans. However, NPA of retail loans were not affected due to above factors, rather, GNPA ratio remained almost at same level of 1.96% in March-2018 compared to 1.93% in March-2016 and reduced to 1.85% in March-2019.

5.1 Education Loan

Component-wise splitting suggests that the GNPA ratio of Education Loan has always been much higher than other categories of retail loans *(Chart 6)*, for both PSBs as well as PVBs. In 2019, the GNPA ratio of Education Loans reached its peak at 8.2% for PSBs and then moderated to 7.7% in 2020. For PVBs, it reached at peak in 2018 at 11.8% then fell sharply to 6.4% in next two years *(Annex Charts 9 and 10)*. The Y-o-Y growth of Gross NPAs in education is also declining since 2018 for both PSBs as well as PVBs (*Annex Charts 11 and 12).*

The share of *Education Loans* for PVBs is very less (around 0.6%), so high NPA ratio should not be much worrisome for PVBs*.* The share of PSBs is relatively significant (4.9% in 2020), though it is declining since 2015 (7.4%). Possibly, highest GNPA ratio in this category forces the banks to focus on other kind of retail loans.

Education Loans have its own social significance especially in a developing country like India. The education of their children is a critical goal for almost all Indian parents. It is possibly the only way for middle to lower income group children to establish them. There are various Education Loan schemes under *Ministry of Social Justice and Empowerment* and *Ministry of Human Resource Development (MHRD), Government of India* to provide educational loans to the targeted groups of students from weaker sections. For example, MHRD launched a Scheme titled *"Central Sector Interest Subsidy Scheme" (CSIS*) in 2009 and it was last modified with the approval of the Cabinet in March-2018. The scheme provides full interest subsidy during the moratorium period on modern education loans without any collateral security and third-party guarantee, for pursuing technical/professional courses in India.

It is evident that these social obligations are mainly fulfilled by PSBs compared to PVBs as Government has less control over its private peers. Nevertheless, relatively high GNPA should not deter banks to take some risk in this area as this has its own significance in the society, rather, it might be better managed by the banks. For example, courses with higher chances of employment might be on focus or domestic courses might be given priority over foreign courses (if it is difficult to trace a student in other country). Reduction in GNPA growth in education since last two years possibly indicates that banks are already working on the similar lines.

Banks are required to disburse loans to priority sectors to fulfill the regulatory targets. Incidentally, loans to individuals for educational purposes including vocational courses (upto ₹10 lakh) irrespective of the sanctioned amount are eligible for classification under priority sector. Approximately 79% of outstanding amount under education loans are classified as priority sector (79.2% for PSBs and 73.0% for PVBs) as on March-2020. The GNPA ratio of *Education Loans (priority)* is higher at 9.3% compared to 7.6% for overall education loans. Similar trend is observed in both PSBs and PVBs; 9.4% and 8.5% respectively for priority sector compared to overall 7.7% and 6.4%.

5.2 Housing Loan

The largest chunk of retail loans goes to another sector with social significance - *Housing*. NPAs in this sector have been relatively lower compared to other retail loan categories, though it has been continuously increasing since last few years. GNPA ratio increased from 1.1% in 2015 to 2.0% in 2020 for PSBs and for PVBs, from 0.6% to 0.9%. Looking into the Y-o-Y growth of GNPA amount, the growth for housing GNPAs has been among the highest since last few years for PSBs (on an average around 30%). The growth for PVBs also has been in the similar range as PSBs; however, they managed to reduce it slightly since last two years (*Annex Charts 11 and 12).*

One of the major reasons for low NPA is the nature of housing loans, it is secured. Houses/properties purchased through loans are mortgaged to the lender until the amount is repaid. Being mortgages, consumers get it at relatively cheaper interest rates, durations are also comfortable, and one gets a tax benefit. Thus, the borrowers also definitely try hard to repay the loan in time and not to lose control of the home where they stay. Though, banks need to be careful while disbursing housing loan as purely investment instrument and considering its value as mortgage. Because this led to housing bubble in US and resulted in subprime mortgage crisis in 2008.

Alike *Education Loans*, *Housing Loans* are also considered under priority sector classification. Affordable housing has been on the agenda of the Government for many years. Loans to individuals upto ₹35 lakh in metropolitan region and upto ₹25 lakh elsewhere is considered as priority sector loans as per regulatory guidelines with a cap at the unit price at ₹45 lakh and ₹30 lakh respectively. Approximately 36% of outstanding amount under housing loans are classified as priority sector (40.5% for PSBs and 27.8% for PVBs) as on March-2020. The GNPA ratio of *Housing Loans (priority)* is higher at 1.9% compared to 1.6% for overall education loans. Similar trend is observed in both PSBs and PVBs; 2.2% and 1.3% respectively for priority sector compared to overall 2.0% and 0.9%.

5.3 Vehicle/Auto Loan

The GNPA ratio of *Vehicle Loans* hovered around 2.2% since last few years for PSBs and floated around 1.4% for PVBs. Similar to housing loans, vehicles purchased through loans are also remain mortgaged to the lender until the amount is repaid. The Y-o-Y GNPA amount growth for PVBs was 76.7% in 2018 in vehicle loans which they managed to convert to a reduction by 12.6% in 2020.

5.4 Credit Cards

This is the dearest form of unsecured loans where annual interest rate may vary from 30% to 50%. The GNPA ratio of *Credit Cards* which was around 2.7% since last few years for PSBs suddenly surged to 6.5% in 2020. But since the share of outstanding amount is almost negligible (0.2%), it should not be matter of anxiety for PSBs. With the increasing focus of PVBs on credit cards, they also managed the NPA part well and it floated around 1.3% since last few years. The share of credit card outstanding in retail loans increased from 6.6% in 2015 to 10.3% in 2020 for PVBs and GNPA ratio increased only to 1.7% from 1.1% during the same period. The Y-o-Y GNPA amount growth for PVBs was 162.3% in 2018 in credit cards which they managed to restrain to 22.2% in 2020.

Table 2: Risk Weights for Housing Loans

Criteria	Risk Weight
Upto ₹30 lakh and LTV Ratio less than or equal to 80%	35%
Upto ₹30 lakh and LTV Ratio greater than 80% but less than or equal to 90 %	50%
Above ₹30 lakh and upto ₹75 lakh and LTV Ratio less than or equal to 75%	35%
Above ₹30 lakh and upto ₹75 lakh and LTV Ratio greater 75 % but less than or equal to 80%	50%
Above ₹75 lakh and LTV Ratio less than or equal to 75%	50%
Above ₹75 lakh and LTV Ratio less than or equal to 75%	75%
All other claims secured by residential property	100%

5.5 Consumer Durables

The GNPA ratio for *Consumer Durables*, which was around 1.8% upto 2018, elevated to 4.5% in 2019 then further to 6.9% in 2020 for all SCBs. For PVBs, the lion's share of increase in GNPA has been witnessed during 2019-20. Suddenly the GNPA amount swelled by 338.2% during last financial year and GNPA ratio inclined from 2.5% to 9.6%. However, the share of consumer durables (less than 0.7%) for both PSBs and PVBs does not create much concern for them.

5.6 Other Retail Loans

The GNPA ratio in this category has been continuously declining from 2015 (4.1%) to 2020 (1.5%) for SCBs. Similar trend is observed for both PSBs and PVBs.

6. Risk Weights of Retail Loans

Risk weights of various categories of assets of banks are decided by RBI guidelines *"Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF)"* and its updates time-to-time. Risk weights are very important from the bank's point of view as it calls for the capital required to be maintained as per regulatory guidelines.

Education Loans are considered as part of *Regulatory Retail* portfolio which draws standard risk weight of 75%. The risk weight of *Housing Loans* depends upon size of the loan and Loan to Value (LTV) ratio. It varies between 35% and 100% under various scenarios as given in *Table-2*. All other retail loans excluding credit cards carry risk weight of 100% and Credit Cards' risk is weighted as 125% unless warranted by an external rating of the counter-party.

The risk weights of corporate borrowers are provided as per its external ratings. The weights are 20% (AAA), 30% (AA), 50% (A), BBB (100%), 150% (BB and below) and 100% for unrated claims. Also, all unrated claims on corporates, Asset Finance Companies (AFCs), and Infrastructure Finance Companies (NBFC-IFCs) having aggregate exposure from banking system of more than ₹200 crore attracts a risk weight of 150%. Moreover, claims on corporates, AFCs, and NBFC-IFCs having aggregate exposure from banking system of more than INR 100 crore which were rated earlier and subsequently have become unrated also attracts risk weight of 150%.

The GNPA ratio of corporate sector is much higher than retail loans since last few years. Additionally, on an average, risk weights of retail loans are less than corporate loans with rating BBB and below as well as unrated claims. Thus it is apparent that banks are leaning more towards retail loans since last few years. As far as corporate loans with ratings A and above are concerned, though their risk weights are less than retail loans, *Singh and Chavan (2020)* showed that the external rating does not always reflect underlying asset quality in timely manner. It is mentioned that 12% of total GNPA amount belongs to *Investment Grade* borrowers as per March-2018 data. Consequently it might be logical if banks think that investing in retail loans are better option now than funding the corporates.

7. Granger Causality

Behind banks' fondness towards retail loans, the lower NPA in this category is possibly one of the reasons amidst other reasons like demand for industrial credit has fallen due to deleveraging. This may be tested using the granger causality test. The two considered variables here are – (i) *Share of Retail Loans in Total Advances* and (ii) *GNPA ratio of non-retail category of loans*. As the changepoint detected in the time series data is the year 2011, quarterly off-site data starting from March-2011 to March-2020 has been used in this exercise. During this period the share of retail loans increased from 18.3% to 26.3% and GNPA ratio of non-retail loans increased from 2.16% to 10.66%. The correlation between the two series is 0.83.

The Granger Causality test is a statistical hypothesis test for determining whether one time series variable is useful for forecasting another one. The null hypothesis is "*The variable x does not granger cause the variable y*". If probability value is less than any significance level, then the hypothesis is rejected at that level. As the causality test is actually based on estimating OLS regression model in the background, it is assumed that minimum 30 observations are required to get moderately reliable result. There are total 37 data points in retail loan data for the period under consideration.

The hypothesis test of "*GNPA ratio in non-retail category of loans* does not granger cause *Share of Retail Loans in Total Advances."* is rejected at 5% significance level with the lag 1. The hypothesis is accepted for higher lags. Thus, it may be inferred that asset quality of non-retail loans in any quarter is one of the causes of increase in share of retail loans in the next quarter (with lag one).

8. Concluding Remarks

Retail Loans, which were earlier insignificant in bank's book, started to gain momentum post liberalisation period (1990). The years 2004 and 2011 are identified as the two most significant points of paradigm shift in the scenario of consumer credit. These are spotted as the most significant change point in the timeline stating from 1972, by the statistical changepoints delectation method *PELT*.

Asset quality in retail loans are the best among other sectors *viz*. Agriculture, Industry and Services. The GNPA ratio of retail sector was unharmed by the *Asset Quality Review* exercise initiated by RBI during 2015-16. Asset quality issues have not risen in the retail credit space despite sharp slowdown affecting personal disposable incomes.

Component wise, consumer credit, education loans are the most stressed ones with GNPA ratio of 7.6% as on March-2020. But PVBs' share of education loan in total retail loan in negligible (0.6%), however, the share for PSBs is relatively significant (4.9%) as on March-2020. Due to high GNPA, the PSBs have started restricting education loans since last few years and its share in total retail loans decreased from 7.4% in 2016 to 4.9% in 2020. *Housing Loans* constitute almost half of total retail portfolio and having least GNPA ratio (less than 2%) among its peers since last few years. Both *Education and Housing Loans* are part of priority sector portfolio of banks with some size restrictions and it is observed that GNPA ratio of the priority part is relatively higher than the non-priority section. GNPA ratio in other kinds of retail loans are relatively low and hover around 2% since last few years.

Though, in general, GNPA ratio is less in retail loans, PVBs manage their portfolio better than PSBs. Asset quality is better in PVBs in all types of retail loans for past few years.

It is also evident that the share of retail loans is increasing continuously since last decade. Investing in retail loan has become lucrative for banks from both the fronts – *Asset Quality* as well as *Risk Weighted Assets.* Already the share of retail loans in total advances has increased to 26.3% in 2020. It is to be seen that how far the country can accommodate the growth of retail loans. It reflects the increase in demand side of the economy. The retail loans are used to purchase ready products, which also indirectly helps the manufacturing, services, construction etc. However, direct lending to those sectors helps to push the supply side.

Despite better asset quality in general, retail loans has shown intermittent signs of stress time-to-time for few categories. For example, GNPA amount in consumer durables increased by 338.2% for PVBs during 2019-20, credit cards now hold significant share for private banks (10.3%) but its GNPA suddenly increased by 114.6% during 2017-18. For PSBs, GNPA amount in housing loans increased by 44.4% during 2017-18 and again by 33.1% during 2019-20. Hence, it is imperative that banks need to be prudent and due diligence need to be followed while disbursing retail credit also.

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Annex

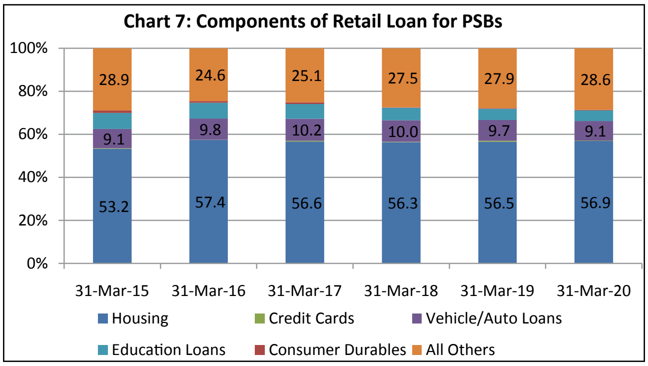

Chart 7: Components of Retail Loan for PSBs
100%
80%
60%
40%
20%
0%
28.9
24.6
25.1
27.5
27.9
28.6
9.1
9.8
10.2
10.0
9.7
9.1
53.2
57.4
56.6
56.3
56.5
56.9
31-Mar-15
31-Mar-16
31-Mar-17
31-Mar-18
31-Mar-19
31-Mar-20
Housing
Credit Cards
Vehicle/Auto Loans
Education Loans
Consumer Durables
All Others

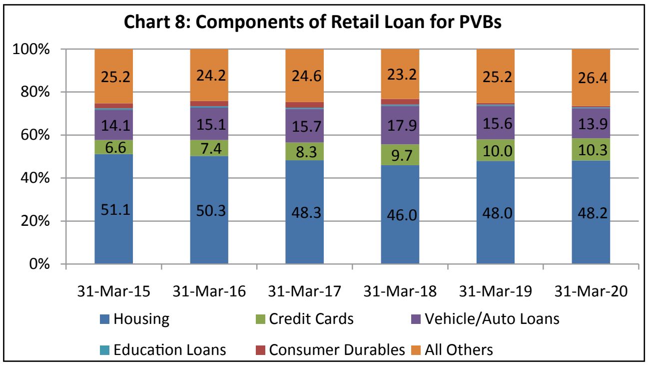

Chart 8: Components of Retail Loan for PVBs
100%
80%
60%
40%
20%
0%
25.2
24.2
24.6
23.2
25.2
26.4
14.1
15.1
15.7
17.9
15.6
13.9
6.6
7.4
8.3
9.7
10.0
10.3
51.1
50.3
48.3
46.0
48.0
48.2
31-Mar-15
31-Mar-16
31-Mar-17
31-Mar-18
31-Mar-19
31-Mar-20
Housing
Credit Cards
Vehicle/Auto Loans
Education Loans
Consumer Durables
All Others

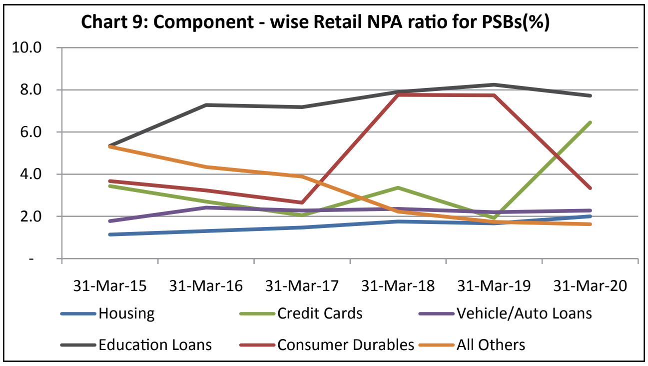

Chart 9: Component - wise Retail NPA ratio for PSBs(%)
10.0
8.0
6.0
4.0
2.0
-
31-Mar-15
31-Mar-16
31-Mar-17
31-Mar-18
31-Mar-19
31-Mar-20
Housing
Credit Cards
Vehicle/Auto Loans
Education Loans
Consumer Durables
All Others

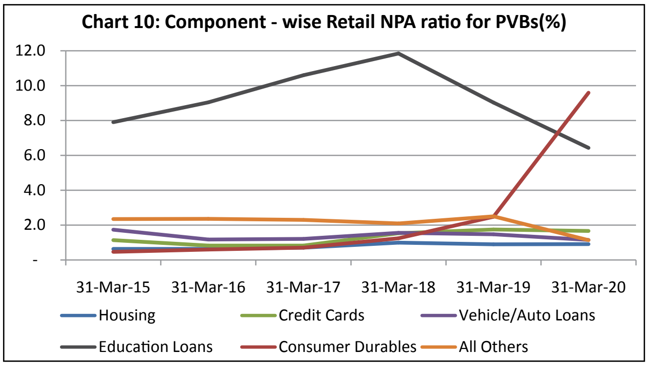

Chart 10: Component - wise Retail NPA ratio for PVBs(%)
12.0
10.0
8.0
6.0
4.0
2.0
-
31-Mar-15
31-Mar-16
31-Mar-17
31-Mar-18
31-Mar-19
31-Mar-20
Housing
Credit Cards
Vehicle/Auto Loans
Education Loans
Consumer Durables
All Others

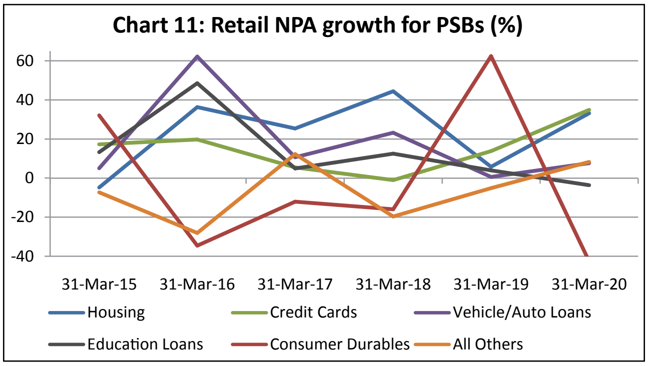

Chart 11: Retail NPA growth for PSBs (%)
60
40
20
0
-20
-40
31-Mar-15
31-Mar-16
31-Mar-17
31-Mar-18
31-Mar-19
31-Mar-20
Housing
Credit Cards
Vehicle/Auto Loans
Education Loans
Consumer Durables
All Others

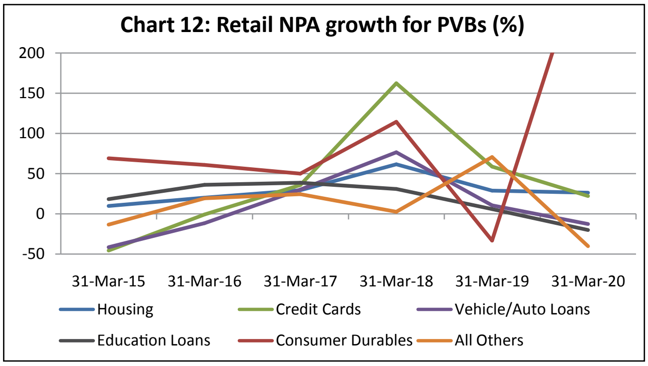

Chart 12: Retail NPA growth for PVBs (%)
200
150
100
50
0
-50
31-Mar-15
31-Mar-16
31-Mar-17
31-Mar-18
31-Mar-19
31-Mar-20
Housing
Credit Cards
Vehicle/Auto Loans
Education Loans
Consumer Durables
All Others

Work from Home at Public Sector Banks. Is it Possible?

Kamlesh Singh Rana*

The recent COVID pandemic has not only affected the lives & economy unprecedently it has also given resurgence to the subdued demand for Work from Home (WFH) even in Public Sector Banks (PSBs). Banks even in lockdown have been providing the services to its customers but to maintain the continuity, it is essential that their staff remain fit & healthy.

Banks being customer centric organizations need to maintain direct interaction with its customers. In recent years the average number of customers per Branch has also increased exponentially. With the complex and wide range of products banks offer now, interaction between customers and Bank's employees have become even more vital. The practice to treat one to one communication as panacea for all such issues in fact worked as deterrent for implementation of WFH. However, digitalization, expansion of internet power and more importantly the change in preference (esp. for new age customers) to use digital medium instead of visit to branch, has given confidence to top management at PSBs to consider WFH as an alternate service delivery model.

Apart from this, expectations of new age employees have also changed considerably. Instead of formal atmosphere of office, they find Work from Home more suitable for "Work life balance". This was initiated by technology companies to retain their employees & also treat it as an epitome of their employee friendly policies. The trend is being emulated by companies in other sectors. As the boundary for office & home dilutes in WFH, it provides a win-win solution for employer and employee both. With the level of empowerment & sense of autonomy it provides, WFH results in improved motivation.

However, before embarking on the voyage of WFH, PSBs need to examine why they are contemplating about WFH. Is it a temporary shift just to engage the staff who due to any reason could not attend office? Is it an imitation of new aged companies or Banks are considering this as a permanent & value driven preposition, which can generate value for all stakeholders (Bank, its staff, Management, Customers). The approach towards WFH is the differentiating factor. Banks embracing this for first time have to ensure that the sapling is planted with right type of soil/care/attitude.

Therefore, whatsoever model, processes, people, PSBs choose to shift to WFH, the first they need to question themselves why they want this process? Unless this question has a convincing reply, other questions What to shift? How to shift? What are requirements? What is value derived? cannot be answered.

The Success of WFH for PSBs depends upon 6 C's, Communication, Credibility, Courtesy, Consistency, Convenience & Confidentiality. The decision for the model they envisage, staff chosen to this new venture, processes being shifted to this model & customers we want to migrate to this medium, all these need to be examined under scanner of these 6 C's.

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Communication: To Staff: why the person / process has been chosen? -about clarity of roles To Customers: about the new model & how they can derive value out of it	**Credibility:** Banks to ensure for WFH - Model is credible. - To be a value driven preposition - Customer can bank upon - Reliable systems are in place - Has a trustworthy protocol
Courtesy: For Staff - Towards the staff at WFH - No differentiating against them - No frowning attitudes For Customer: - Staff has ownership of customers - Empathy towards customers	**Consistency:** - Protocols to ensure consistency - Staff has clarity, no perplexity. - Customers are confident of uninterrupted services
Convenience: - Avoid bombardment of messages - No inconvenient processes - Customer need to feel it more convenient than brick & mortar	**Confidentiality:** - Need to ensure immunity against cyber attacks - No breach of confidentiality of customers information

PBSs need to perceive their future demands & align these with WFH to facilitate the processes. A satisfactory & convincing reply received through brainstorming & involvement of all stakeholders can set the momentum for other answers while keeping a tab on these 6 C's.

Once the Banks decide to venture into it, they need to examine other critical issues:_

1. Physical requirements

1.1 Infrastructure

Infrastructure such as PC/ Modem/ Printer/ speaker along with adequate & reliable bandwidth for better & smooth connectivity is the foremost requirement. Due to complexity & risk involved, many Banks would find it difficult to provide access to many applications especially their main accounting software at home. Banks will have to critically examine and then decide which applications can be accessed safely from home. For applications not accessible (due to absence of reliable firewall & protection), banks need to develop interoperable software for safe & secure transmission of data.

Thus, Networking & Automation to ensure that platform, data, network are accessible to the employees working at home & the integration of various software will be a decisive factor.

1.2 Protocols (Process/ Measurement/Reporting)

Developing Protocols for - how to do it, measure performance for WFH & report the progress are three major issues. If Banks have to derive value out of it, even at the beginning of introducing WFH, stabilized processes will be required. System driven measurement processes to generate reports (even from Log, call report), to measure output & reporting protocol to measure efficiency can give a serious flavor to this new venture. A dashboard "Easily accessible & open to all" will provide credibility to this system.

1.3 Cyber threat

Robust cyber security tools have been protecting the Banks from collapse in today's era of multidimensional cyber-attacks. Vulnerability of Home PCs to cyber-attack can be an issue. Similarly, misuse of information can be an issue in WFH scenario.

2. Culture

2.1 Acceptance for WFH

If PSBs need to establish Work from Home as permanent option, they have to ensure that it is accepted at staff level, peer level & senior level. Even more than the technology, it is the culture where Banks need to work upon. Perceiving WFH as favors or furlough will make the exercise frivolous. Similarly, attaching a semi-sabbatical leave status to WFH can be detrimental to the concept. WFH staff should neither be treated like blessed one nor deprived class but needs to be taken at par with other employees, with difference being the place of delivery. It is neither an opportunity to pass favors nor reducing the chances of promotion. Frowning attitude towards people on WFH will be spoilers. Organizations need to develop maturity that WFH is not a symbol of incompetence.

Openness in the organization why a particular process/person is shifted to WFH can nip the doubts in the bud. Similarly, periodical feedback about overall contribution of WFH Ecosystem can make all aware about contribution being made by this arrangement.

2.2 Liberal & process driven

Generally, companies providing WFH option choose liberal medium. We have to acknowledge the behavioral difference of working at formal atmosphere with that of at home. In WFH, employee cannot be expected to remain in formal mood and attire always. So, dress code & timing can be liberalized yet the method of follow up can be process driven. Amidst this, measurement of overall performance will be critical factor.

2.3 No confrontation of schedule

If WFH is allowed for a person, the schedule must be followed in spirit. There should be no confrontation & an employee on WFH, should be called on emergent situation only. Allowing someone for WFH should not be taken as license to ask him/her to attend any task/meeting at any time without considering the inconvenience. Unless the organization strictly follows the calendar rule, this WFH would prove another burden. Maintaining WFH with not a right approach will be more detrimental & discourage employee & his/her family members.

3. What can be shifted to WFH?

Due to continuous & persistent efforts, Banks have chartered a long journey on digital path. The juncture when they decided to introduce WFH can be an introspection time for them to break down all the tasks into different processes & critically examine each & every process in the bank & realign these processes. Thus, Banks need to make an exhaustive ergonomic study on these issues. To make it feasible review of each & every role holder **(means** teller/BM/ Accountant/ Processing cell staff/ Controllers / RBO/ ZO / Head Office / Processing cells / IT Cell) must be carried out & then segregated as per viability of WFH.

For any designation, for example a Branch Manager, which task can be successfully migrated to WFH should be identified. Similar exercise needs to be conducted for units (unit Branch / RBO / AO/ZO / Head office / IT Cells / Processing cells etc.) Here, instead of the role of one-person, banks need to examine the work for the unit.

Before shifting any task to WFH, banks need to focus about the incremental value and stabilization of process. For example, even after shifting process to WFH, if the operating unit has to input the same in workflow for processing at 'WFH" level & to ensure timelines, again need to follow up, then it would be a tedious and repetitive exercise. There is no incremental value of such endeavors.

WFH though at the beginning looks attractive but later can be a stultifying experience. As people work from home alone, after sometimes they feel alone & disenchanted. It is therefore important that WFH is done though teams (connected through system in the form of a special team designated for specific task). PSBs need to shift tasks which can have a team with 20/30 people in a team, with performance dashboards.

These are some tasks which PSBs can consider for WFH, although the level of shifting & the decision needs to be taken by the respective Banks after assessment of their needs, who are desirous to initiate WFH & availability of infrastructure.

3.1 Audit

Though Banks conduct many audits, in most of the cases, it is considered as duty of one Auditor only. He/she has to look into all issues of the Branch & then compile the final report. In changed circumstances, the Audit process can further be broken up into different sub-processes. Issues which can be tracked through systems or reports can be shifted to WFH. Even in cases where functionalities are not available at present, some modalities can be developed. Thus, one auditor would visit Branch to verify mandatory items through physical inspection & rest issues would be taken care by WFH Auditors. They will not only verify their own items & but report compilation & aggregation would also be done by them. Respective auditors would be responsible for the area they look into. In this way, the efficiency of the system will be maintained & we can permanently shift some work to WFH.

3.2 ATM maintenance & follow up

ATM upkeep needs continuous follow up. ATM follow up, vendors tracking, ATM upkeep monitoring, ATM related complaints which can be resolved through examination of online available records can be shifted to WFH. A team, instead of looking into one area, can look into a Zone/ Circle. This will also provide economy of scale.

3.3 Leverage call center

To declutter the branches, to maintain social distancing, call center utility can be leveraged. For most of the PSBs, the call center is outsourced leaving tepid experience for the customer as the call center representative lacks expertise, stake, knowledge & motivation level. Some staff (at different hierarchy level) can be used to attend calls, to monitor the process, to supervise the processes and to generate value. Besides, such staff can be utilized for better communication with our staff.

Due to sudden spurt of telebanking frauds, even for genuine call from Branch landline / staff mobile number (not saved in mobile of customers) many times, people get suspicious. However, it creates a communication gap with customer. Telebanking facility wherein the staff at Contact center (WFH) can call the customer (may be after sending the message & appointment) and can take care of various issues such as cross selling, loan application, their grievances can be handled through **"one unique telephone number"** (PAN INDIA one number for that PSB).

3.4 NPA follow up

NPA follow up can also be shifted back end especially for retail loans after introducing one uniform, umbrella NPA tracking system and staff from WFH can follow up. Besides, they can be utilized to examine the early warning signals such as overdue, irregularity report & even control report. Till the time COVID issue subsides, such employees can work towards popularizing various schemes related to COVID.

3.5 Training

Attendance of training sessions can be mandatorily shifted through WFH. As PSBs may shift to e-Learning mode, attending training from office can be extremely attention deviating experience & defies the purpose of training. WFH is a medium to impact training. Besides, faculty can be allowed to take sessions from home.

3.6 Controlling office Work

Many other works such as audit report processing, scrutiny of various returns/reports related to sanction of loan, irregularity reports, control related reports, online complaints, Interoffice reconciliation can be shifted to WFH. Here again instead of area specific, we need one team only to look into entire Bank or circle.

3.7 NRI HELP DESK

In the era of restricted travel and utter inconvenience to be quarantined after foreign travel, the regular visits of NRIs can reduce drastically. Similarly, some NRI may permanently shift to India. In all such cases, the demand from NRI customers to resolve their issues, to seek expert advices from bank employees can increase manifold. Bank should explore the option to establish or better equip their NRI cells. WFH NRI cells can resolve the issue.

There are few tasks in each seat, which can be shifted to WFH & staff can be allowed to work with WFH on several days. For example, loan processing officers for retail, SME, Corporate can be allowed to work, on defined & pre-approved arrangements from home, subject to availability of system application at home. Processing of loan does not require physical presence at office if they have data & files with them, it can be done.

Similarly, Audit repot processing at Controllers / Head Office level and at Audit department can be processed from WFH (partial permission for WFH, while the days can vary as per seat, after consultation with controllers).

WFH, a new concept can provide a respite from the monotonous routine. Banking Industry as a whole need to attract & retain talent and in the present circumstances wherein the youth attach too much value to life after work, this can work as differentiating factor. There are tasks, processes in banking which can be shifted to a reliable, value driven, consistent WFH model. It is the utmost duty of HR personal to explore this.

☯

CERSAI and Registration of Charge by the Banks

K. S. Hareesh Kumar*

Registration of Charges is intended to act as a public notice about the encumbrances on the properties. Earlier, Section 125 of the repealed Companies Act, 1956 (presently Section 77 of the Companies Act, 2013) provided for registration of charges with Registrar of Companies and non-registration of charges would make the secured creditors unsecured if the Company concerned is wound up. However, such registration of charges was restricted only to the movable and immovable properties of the companies. Except for the companies Act, 1956, no other law mandated registration of charges created on the assets of the borrowers till the advent of SARFAESI Act, 2002.

The system of Creation of Equitable Mortgage, i.e. Deposit of title deeds, which does not require any registration of charges, though simple and inexpensive for the Banks and borrowers alike, was prone to frauds as there was no way to find out encumbrances on the property. Unscrupulous borrowers fraudulently obtained multiple finance by depositing forged documents with various Banks and financial institutions and it was the Banks which used to bear the brunt of the same. It is observed that the incidences of fraudulent transactions in the housing finance sector have been growing by leaps and bounds during the last few years. The modus operandi adopted by the fraudsters is

- Production of coloured Xerox copies of the title deeds including encumbrance certificates, fake stamp papers etc. which are difficult to identify or distinguish from the original one.
- In many cases, same property was offered as security to different banks by submitting fake title deeds. In some cases, the properties, which were mortgaged to the banks, were found to be non-existent.
- Builders/developers had defrauded the banks by pocketing the housing loans which they managed to obtain in the names of fictitious persons by submitting forged documents.
- Vehicle/consumer loans were obtained by submitting fake/forged invoices/quotations and were misappropriated without creating charge on the security.
- In some cases, the booking of the flats/homes is cancelled after the initial loan amount was disbursed to the borrowers and the borrowers directly took the refund from the builders.
- In some other cases, property is sold through duplicate/fake title deeds even though the legal title is with the Banks.

Some State laws provide for registration of transactions of Equitable Mortgages also, but, generally it was difficult to verify and search such transactions.

Central Registry of Securitisation, Asset Reconstruction And Security Interest Of India (CERSAI):

Hence, in a significant step, to curb such malpractices, the Parliament, conceived an idea of creating a Central Registry. Accordingly, Chapter IV, Section

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20(1) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 envisaged setting up of a Central Registry under an authority called as Central Registry of Securitisation, Asset Reconstruction and Security Interest of India (CERSAI) for registration of transactions of Securitisation, reconstruction and creation of security interest to address the problem of multiple financing on the strength of forged documents. This registration is in respect of all securities whether created by Companies, individuals or any other entity. The provisions related to CERSAI had come into force from 31st March, 2011. CERSAI had been incorporated as a company under Section 25 of the Companies Act,1956 with Government of India having a shareholding of 51%, PSBs and National Housing Bank as other shareholders. The registrations of the said transactions are entered into a register called Central Registry. The headquarter of CERSAI is located at New Delhi.

As per Section 21(1) of the Act, for the purpose of registration of transactions related to securitisation, reconstruction of financial assets and security interest created over properties, Central Government has appointed a Central Registrar.

These provisions are analogous to the registration of charge with Registrar of Companies in respect of charges created by the Companies. The Secured Creditors can register the charges, modify and satisfy the charges in CERSAI.

Section 23 of the Act originally mandated for filing of particulars of every transaction of securitization, asset reconstruction or creation of security interest. The Government of India has subsequently issued a Gazette Notification dated January 22, 2016 for filing of the following types of security interest on the CERSAI portal:

a. Particulars of creation, modification or satisfaction of security interest in immovable property by mortgage other than mortgage by deposit of title deeds.

b. Particulars of creation, modification or satisfaction of security interest in hypothecation of plant and machinery, stocks, debts including book debts or receivables, whether existing or future.

c. Particulars of creation, modification or satisfaction of security interest in intangible assets, being know how, patent, copyright, trademark, licence, franchise or any other business or commercial right of similar nature.

d. Particulars of creation, modification or satisfaction of security interest in any 'under construction' residential or commercial or a part thereof by an agreement or instrument other than mortgage.

Therefore, CERSAI is now a complete registry of immovable, movable, intangible properties and assignment of receivables. It provides access to all kinds of creditors and also provides facility for filing of attachment orders and court orders, so as to provide a complete picture of any encumbered / attached property.

Further, as per Section 2(B)(5) of the Act, Banks not only can register their charge on security interest created but can register/upload attachment orders of unsecured properties also, when an order of attachment is obtained from a court of law or DRT. This will help banks to recover their money from the defaulting borrowers.

Fee for Registration, Modification and Satisfaction of charges

Earlier, an amount of Rs.250/- up to credit facility of Rs.5.00 lakh and Rs.500/- for credit facility above Rs.5.00 lakh was being charged. Further, an amount of Rs.5000.00 towards penalty for delayed fee from 22.1.2016 made it further cost effective unlike the fee charged for registration of encumbrance under various state legislations. The maximum fee for registration of charge with CERSAI is Rs.100 for a loan of Rs.5.00 lakh and above and Rs.50 for a loan up to Rs.5.00 lakh and there is no fee for satisfaction of any existing security interest with CERSAI. The fee for inspection of charges is only Rs.10. In fact, fee for registration of charge in respect of mortgage other than by way deposit of title deeds is NIL. Where particulars of transaction of creation or modification of more than one security interest are filed by a person, the fee payable by such person shall be the one that is highest among the fee prescribed for security interests for which particulars of creation or modification are filed by such person.

Forms used for Registration and Satisfaction of Charges

For registration of charges created on security interest or modification thereof, Form I is used and Form II is used for satisfaction of charges. Form III is used for creation or modification of charge related to securitization and reconstruction and Form IV for satisfaction or modification of charge related to the transactions of securitization and reconstruction.

Registration Under CERSAI

Section 20(4) of the Act states that registration of charge with CERSAI is in addition to and not in derogation of Registration Act, Companies Act,2013 etc. This means that if a charge on the Asset of a Company is required to be registered, the lending Bank must ensure that the charges are created under both the Acts, SARFAESI Act, 2002 (with Central Registrar) and Companies Act,2013 (with Registrar of Companies).

The Act mandated the filing of such particulars within 30 days of the transaction or creation of security. It also provided that the Central Registrar may also allow filing of such particulars within next 30 days following the expiry of the said period of 30 days on payment of such additional fee not exceeding ten times the amount of such fee.

In the case of Edison Antony Vs. Bank of India [MANU/DR/0001/2015], Debts Recovery Tribunal (DRT), Ernakulam, had held that the borrower cannot plead that the mortgage created by him would be invalid as the charge with CERSAI was not registered. In that case, Bank did not register charge with CERSAI whereas invoked the provisions of SARFAESI Act for enforcement of securities.

In the case of Dhanavan P.R. Vs. The Ernakulam District Co-operative Bank Ltd.[MANU/DR/0077/2018], it was held by the Debts Recovery Tribunal (DRT), Ernakulam that mere non-registration of charge of the Bank with CERSAI will not render the charge of the Bank void. It appears that the DRT came to such conclusion on the ground that the consequences of non-registration of charge with CERSAI have not been provided under Section 20 of the Act.

However, subsequently, the said Section 23 was amended by Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2016 and done away with the time limit. The said amendment also inserted Section 26D which provided that no secured creditor shall be entitled to exercise the rights of enforcement of securities unless the security interest created in its favour by the borrower has been registered with the Central Registry. Therefore, where a Secured Creditor fails to register the charge of Security Interest under the provisions of SARFAESI Act,2002, in such a case, though a Secured Creditor's right of enforcement of securities by other means, like filing of suit etc. shall be available, the privilege to enforce Security Interest without intervention of the courts will not be available.

Priority

By the same amendment, Parliament had inserted Section 26E which provided that on registration of security interest with the Central Registry, the debts due to the secured creditor shall be paid in priority over all other debts and all revenues, taxes, cess and others payable to the Central Government or State Government or local authority. These amendments had come into force from 24.1.2020.

Penalty

Earlier, Section 27 of the Act provided that any default in registering the charges or modification of the charges or satisfaction of the charges, the secured creditor and every officer of the Secured Creditor who is in default shall be punishable with fine extending up to Rs.5000/- for everyday during which the default continued.

The said amendment had done away with the penalty clause and provided that the said section 27 shall be deemed to have been omitted from the date of coming into force of the amendment made to section 23. Therefore, presently, there is no penalty for the default in registration of charge with CERSAI. But, if the registration of charge is delayed and some other Secured Creditor's Security Interest is registered in the meanwhile, the charge of the other secured creditor shall prevail or get priority. Therefore, it is imperative for the Banks to be careful to register the charges with CERSAI immediately after creation of Security Interest.

Power of Central Government to Rectify the Records of CERSAI

Section 26A of the Act empowered the Central Government to extend the time limit where it is satisfied that the omission was due to inadvertence or accidental or some other sufficient cause. However, since the time limit has been done away with, this provision has become redundant.

Inspection of the Records of CERSAI

The transactions of securitisation, reconstruction and creation of security interest can be inspected by any person during business hours, both physically and electronically (online) on payment of a fee during business hours. Generally, Banks obtain title search reports by verifying the encumbrances on the property from the records of Sub-Registrar offices only. Since the transactions related to Equitable Mortgages are not entered in those records, such reports are not complete. Hence, Banks should mandate their advocates to also search records of CERSAI and include the report thereon.

Integration of Registration Systems with Central Registry

Section 20A of the Act, for the purpose of providing a central data base, envisages integration of registration records with the records of Central Registry. The explanation thereto indicates that the registration records include records of registration under the Companies Act, 2013, the Registration Act, 1908, the Merchant Shipping Act, 1958, the Motor Vehicles Act, 1988, the Patents Act,1970 and the Designs Act,2000. Accordingly, the Department of Financial Services on 3.5.2019 issued a notification about integration of the VAHAN, i.e., Motor Vehicles Registry with CERSAI. It is clarified that registration of charges related to motor vehicles is to be made only on the VAHAN registry and not on the CERSAI. It is further clarified that any vehicle registered with the VAHAN registry shall be deemed to be registered with the CERSAI for the purposes of SARFAESI Act, 2002.

Exclusions

However, any Security Interest created in Agricultural land and other securities mentioned in Section 31 of the SARFAESI Act,2002 are excluded from the purview of registration with CERSAI. Since SARFAESI Act is not applicable to any security interest less than Rs.1.00 lakh, such security interest are also excluded.

Conclusion

The objective of setting up of a Central Registry is to prevent frauds in loan cases involving multiple lending from different banks on the same immovable property. It is a great initiative on the part of the legislation to incorporate the provisions for registration of Security Interest. Till now, there is no such simple format for registration, modification and satisfaction of charge which is cost effective. The inspection of records can be done online, which is an easy and simple way to find out encumbrances on the properties. Further, search can be made based on Assets as well as Debtors. Therefore, the concept of CERSAI is unique and innovative. The advantages of CERSAI are manifold, like 1) Simple and easy way to inspect records of CERSAI at the time of sanction of loan on a specific property/security. 2) Avoid multiple financing/litigation by registering security interest with CERSAI. 3) Enforce the registered security interest without intervention of the courts under SARFAESI Act in the event of default by the borrower and 4) get to enforce the said security interest in priority over the Government dues. Now, CERSAI 2.0 has been unveiled whereby the effectiveness of the system is further improved. Therefore, Banks need to effectively use this system and avoid frauds and ensure that charge in respect of security interest is registered with CERSAI immediately after creation of security interest lest the Bank shall become unsecured creditor. Banks have to train their personnel to get thorough operational knowledge of registration, modification and satisfaction of the charges.

Summary of Macro Research Report

S.No	PARTICULARS	DETAILS
1	**Research Project Title**	Issues and Challenges in moving towards a Digital and Cashless Banking Economy
2	**Nature of Project Authorised**	Macro Research Project Grants for the year 2018-19
3	**Name of the Researchers**	Dr. Karabi Goswami & Dr. Shazeed Ahmed
4	**Institution of Affiliation**	ASSAM INSTITUTE OF MANAGEMENT (A Government of Assam Society), Bigyan Path, West Boragaon, Guwahati, Assam
5	**Need of the Study**	It is felt that digitalised economy is a boon for the country. But there is a long way to go. The study would help to delve deeper into to identify issues and challenges to ensure a totally digitalised and cashless banking economy.
6	**Objectives of the Study**	(i) To study the current perception of common mass towards digitalization and cashless transactions. (ii) To identifying key persons in a family who conducts digital transactions. (iii) To identifying the impending barriers in inculcating a culture of digital and cashless banking. (iv) To know the present status with respect to penetration of digital transaction in the daily life of the urban/rural masses. (v) To explore the scope of social marketing in creating a positive environment towards digital and cashless banking (based upon the findings from objective 1 - objective 4). (vi) To explore the scope of using SHG's for promoting cashless banking to the illiterates in the rural areas and building mechanism for the same.
7	**Research Questions**	(i) Does Social Marketing does not have any role in creating a positive environment towards digital and cashless banking economy? (ii) Does SHG's have any role in promoting and building the mechanism towards a digital and cashless banking economy?
8	**Research Methodology**	Research Design: Exploratory cum Descriptive research Sample Size: 2000 units (1616 rural and 384 urban) Sample unit: Individual household Sampling Technique: Proportionate Sampling Pilot Survey: 30 respondents were taken Reliability of Scales by: Cronbach's Alpha
9	**Questionnaire**	Questionnaire consist of questions to know demographic information, use of attitudinal statements to know perception towards demonetization and barriers towards digitalization (uses three-point rating scale), identification of key persons in a family who conducts digital transactions (uses multiple choice options) and knowing the status of use of digital facilities / products / services (using options like aware and using, aware but not using, not aware)
10	**Geographical Area**	Confined within the state of Assam (covering 10 districts namely Kamrup, Bongaigaon, Goalpara, Barpeta, Kokrajhar, Nalbari, Tinsukia, Jorhat, Nowgaon and Sonitpur.
11	**Time Period**	The study was for 6 months from July to December, 2019
12	**Analysis Techniques** **(& Inferential Statistics)**	ANOVA, t-test, Chi Square Test, Counts, Percentages, Mean
13	**Pictorial Representations of data**	Bar Diagram, Pie Charts and Models

MAJOR FINDINGS

OBJECTIVE # 1: PERCEPTION OF COMMON MASS TOWARDS DIGITALIZATION

1. Respondents are most agreeable to the statement that digital and cashless economy will help reduce the risk of holding cash followed by the statement that it is very convenient as it is anytime anywhere banking.
2. Respondents are least agreeable to the statement that banks should discourage branch visits to encourage digital transactions.
3. There is a significant difference in the perception that digital banking is meant for tech savvy people and that digital and cashless economy will be very convenient for all as it is anytime anywhere banking with respect to respondents from urban and rural areas.
4. Respondents in the rural areas are more agreeable to the statement that digital banking is meant for tech savvy people.
5. Respondents in the urban areas are more agreeable to the statement that digital and cashless economy is very convenient for all as it is anytime anywhere banking.
6. Respondents in the age group of 18-25 are more open to the concept of digitalization and cashless banking than respondents in the senior age groups viz. 45 and above.
7. Respondents with relatively higher education level are more positive towards embracing digitalization and cashless banking than respondents with lesser education.
8. Discounts and offers help attract people in the lesser income levels towards digitalization and cashless banking more than people in the higher income levels.
9. Public sector /Government employees feel that digitalization is meant for tech savvy people, they also feel that it is very convenient and helps avail various offers and discounts.
10. Self-employed people do not feel that it is convenient or very safe way of transacting. They also do not feel that digitalization will lead to overall progress and development of the country.

OBJECTIVE # 2: KEY PERSONS IN A FAMILY WHO DOES DIGITAL TRANSACTIONS

11. Majority of the respondents opine that their children are the ones in the family who are the most Phone/Tech savvy.
12. Wives are found to be the least Phone/Tech savvy in the family.
13. It is also interesting to observe that 10 percent of the respondents have opined that nobody in the family is Phone/Tech savvy.
14. Majority of the respondents in the rural areas have said that children are the most Phone/Tech savvy person in the family whereas majority of the respondents in the urban areas have said that husbands are the most tech savvy person in the family.
15. Respondents also opine that it is mostly the children in the family who conduct digital transactions or make online purchases.
16. Also respondents from both rural areas as well as the urban areas have said that children are the ones who mostly conduct digital transactions or makes online purchases
17. Wives are again identified as the ones who normally do not conduct digital transactions or make online purchases.
18. It is also seen that 11.7 percent of the respondents have said that no one in the family conducts digital transactions or makes online purchases.

OBJECTIVE # 3: BARRIERS IN DIGITAL AND CASHLESS BANKING

19. Respondents perceive electricity and internet connectivity issues as barriers to digitalization and cashless transactions.
20. Also they perceive that people are not aware of all the digital products which are available and its usage

21. Also it is observed that respondents do not perceive digital transactions to be very complicated and full of hassles. Hence, from the study perspective this is not an impending barrier to digitalization and cashless transactions.

22. Respondents in the rural areas are more agreeable to the statements that that digital transactions are very complicated and full of hassles, in digital transactions, there is perceived risk of fraud, a culture of digital and cashless banking is missing, people are not aware of all the digital products which are available and its usage, there is a risk of committing errors and losing money, the processes involved in conducting digital transactions are not easy to understand , it is a technical subject and beyond the comprehension of common masses and that electricity and internet connectivity issues are involved

OBJECTIVE 4: STATUS OF PENETRATION OF DIGITAL TRANSACTION

PENETRATION OF DIGITAL FACILITIES / PRODUCTS

***JAN DHAN ACCOUNT*:** Jan Dhan Account has low penetration with 28.20 percent on an overall basis with 25.60 percent in rural areas and 26.60 percent in the urban areas. This indicates that there is massive scope for opening Jan Dhan Account. But a major segment of the population considers Jan Dhan Accounts as poor man's bank account.

***SAVINGS BANK ACCOUNT*:** Savings Bank Account is popular and has high penetration with 90.50 percent on an overall basis with 90.80 percent in the rural areas and 89.60 percent in urban areas. Opening of such account enables safe cum secured banking transactions and enables to availing various bank benefits.

***AADHAAR CARD*:** Aadhaar Card issuance is not cent percent complete and has more than average penetration with 76 percent on an overall basis with 73.60 percent in rural areas and 85.90 percent in urban areas. Aadhaar Card till now is not compulsory in the north eastern part of the country due to the ongoing NRC (National Register of Citizens) Exercise.

***MOBILE PHONES*:** Mobile phones are very popular and have high penetration with 94.40 percent on an overall basis with 93.90 percent in the rural areas and 96.40 percent in the urban areas. Among the population possessing mobile phones, 83.90 percent are Android Phone owners (with 84.60 percent in rural areas and 82.50 percent in urban areas). Features phones are slowly phasing out.

PENETRATION OF VARIOUS MODES OF BANKING SERVICES

***VISITING BANK PERSONALLY*:** The most popular mode as revealed by the field work is by visit to the bank personally. Availing banking service by personally visiting the bank is 84.40 percent (on an overall basis) out of which 82.1 percent is in rural areas and 94.10 percent is in urban areas. Culturally the people are still emotionally attached with availing banking services by visit to the bank personally as customers get personalized services.

***SERVICES OF BANKING CORRESPONDENT / AGENTS*:** The percentage of people availing the services of banking correspondent/agents is 29.80 percent (on an overall basis) out of which 28.50 percent is in rural areas and 35.40 percent is in urban areas. It is an extension of normal banking service to maintain individual USP's. Further it is convenient for people who are engaged in multiple activities and have no spare time.

***ONLINE MODE THROUGH MOBILE PHONE / COMPUTERS*:** The percentage of people availing online mode of banking services is 55.20 percent (on an overall basis) out of which 52.90 percent is in rural areas and 64.80 percent is in urban areas. The percentage in the urban areas is more than rural areas. This is a reflection that urban people are more techno savvy and comfortable with banking services through online mode. It also saves time, cost and is convenient for them.

CHECKLIST OF PENETRATION OF DIFFERENT DIGITAL TRANSACTIONS

TYPE OF TRANSACTIONS	OVERALL	RURAL	URBAN
Online Payment of Mobile Phone Bill	MEDIUM	MEDIUM	MEDIUM
Online Payment of Electricity Bill	LOW	LOW	MEDIUM
Online Payment of Property Tax Bill	LOW	LOW	LOW
Booking of LPG Gas online / SMS mode	MEDIUM	MEDIUM	MEDIUM
Online Payment for LPG Gas refilling	LOW	LOW	LOW

TYPE OF TRANSACTIONS	OVERALL	RURAL	URBAN
Online Net Banking/Mobile Banking	MEDIUM	MEDIUM	HIGH
Cashless (Debit Card /Card/Paytm) Payment	MEDIUM	MEDIUM	HIGH
Buying goods / services online	HIGH	MEDIUM	HIGH
Transactions through Cash on Delivery mode	HIGH	MEDIUM	HIGH

Benchmarking of High-Medium–Low Penetration given as per Table 10.1 in Appendix

ACTION FOR INCREASING PENETRATION BASED ON ABOVE FINDINGS

	TYPE OF TRANSACTIONS	ACTION REQUIRED / TOOLS
1	Online Payment of Mobile Phone Bill	Create more awareness, holding Workshops and Consumer Awareness Program by mobile phone companies as part of CSR activities, increase the cash back offers to motivate, engagement of SHG's in the rural areas for capacity building, holding live demonstrations in social and cultural platforms
2	Online Payment of Electricity Bill	Create more awareness through consumer awareness programs by the Electricity company as part of CSR activities, technical issues related to bill payment non updation needs to be sorted out
3	Online Payment of Property Tax Bill	Create more awareness through consumer awareness programs by the respective local Municipality Corporation as part of CSR activities, engagement of SHG's in rural areas
4	Booking of LPG Gas online / SMS mode	Create more awareness, rural as thrust area, instructing distributors to promote online booking, face to face advice, attaching condition that subsidy will be credited to bank account provided online payment is made
5	Online Payment for LPG Gas refilling	Issue instruction to the LPG Distributor to promote online payment for refilling, formulating schemes for the rehabilitation of the delivery man, attaching condition that subsidy will be credited to bank account provided online payment is made
6	Online Net Banking/ Mobile Banking	Need for organizing customer awareness programs by banks on online banking, educating customers on the do's and do not's of net banking / mobile banking to boost confidence on its use, making helpline numbers very receptive, engagement of SHG's in the rural areas for capacity building, targeting students of educational institutions to promote at respective homes
7	Cashless (Debit Card / Card/Paytm) Payment	Confidence building measures, educating on the do's and do not's of net banking / mobile banking, engagement of SHG's in the rural areas for capacity building
8	Buying goods / Services Online	Engagement of SHG's in the rural areas, for urban areas holding periodic Customers Awareness Meets on the do's and do not's in conducting online transactions
9	Transactions through Cash on Delivery Mode	Engagement of SHG's in the rural areas, for urban areas no action is required

STATUS OF AWARENESS AND USE OF DIGITAL PRODUCTS / SERVICES

		OVERALL	RURAL	URBAN
1	Debit cards/ Micro ATM	High	High	High
2	Credit Cards	Low	Low	Medium
3	Mobile Banking (USSD/ UPI)/	Medium	Medium	Medium
4	NEFT (National Electronic Fund Transfer)	Low	Low	Medium
5	RTGS (Real Time Gross Settlement)	Low	Low	Low
6	ECS (Electronic Clearing System)	Low	Low	Low

		OVERALL	RURAL	URBAN
7	IMPS (Immediate Payment Service)	Low	Low	Low
8	AEPS (Aadhaar Enabled Payment System)	Low	Low	Low
9	E wallets / Mobile Wallets	Medium	Low	Medium
10	Bank Prepaid Cards	Low	Low	Low
11	Digishala	Low	Low	Low
12	Green Channel / Green Pin	Low	Low	Low

Benchmarking of High-Medium–Low Penetration given as per Table 10.2 in Appendix

ACTION FOR INCREASING PENETRATION BASED ON ABOVE FINDINGS

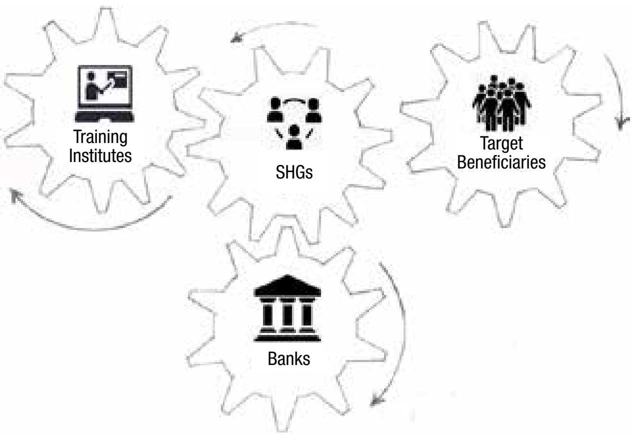
S.No	PRODUCT	ACTION REQUIRED
1	ATM / Debit Cards/ Micro ATM	Overall no major action is required, holding Customers Awareness Meets on the do's and do not's of using ATM / Debit Cards to reeducate from time to time periodically
2	Credit Cards	Research required to make the product more customer friendly, create more awareness through advertisements to make the due amount of credit cards on time, motivating banks to promote credit cards by outsourcing the task of accessing credit worthiness of customers to third parties
3	Mobile Banking	Policy issues are involved, requires promotional offers, hold customers' awareness meets for confidence building against misconceptions on online frauds, remove skepticism on the utility of the service by live demonstration through social and cultural platforms
4	NEFT	Research required to make the product more customer friendly, educate customers on the registration process for availing NEFT, make the specific software /portal for its use user friendly by including provisions of error checks / balances through checker verifier concepts.
5	RTGS	Research required to make the product more customer friendly, the policy of allocating limit for RTGS transaction may be reworked, policies related to regulate RTGS transaction may be made more flexible, need for creating awareness through advertisement for the unreached
6	ECS	Research required to evaluate policy issues are involved in rural operation, requirement of more empanelment of remote area banks under the Bank's mapping for inclusive growth, there is a need for creating awareness in rural areas
7	IMPS	Research required to evaluate policy issues, need for creating awareness of IMPS in general, scope to rework on the amount of transaction fee charged to make it more acceptable, educate on the mandatory seven digits Mobile Money Identifier (MMID) number that is required for IMPS and holding customers meet for spreading awareness on the process of its usage
8	AEPS	Policy issues are involved, further research required to make the product more customer friendly, need to solve technical issues in remote areas related to transaction failure, process of lodging complains in case of transaction failure needs to be streamlined, policy issues are involved as *Aadhaar Cards* is still not mandatory in this part of the country, create awareness of DigiShala to promote AEPS, role of SHG's to promote it in the rural areas may be stressed.
9	E wallets / Mobile wallets	There is a need for creating awareness, product may be made more customer friendly to be accessible by the general mass, special role of SHG's to promote it in the rural areas may be stressed.
10	Bank Prepaid Cards	Policy issues are involved, requirement of institution of some nominal protection by bank for card holders if it is to be promoted, procedural process of availing Prepaid Cards may be made more user friendly.
11	Digishala	Need for creating mass awareness by organizing customer awareness meets on the DigiShala Service, need for engagement of SHGs for capacity building in the rural areas, to educate people on the use of DigiShala, master trainers may be used. Such master trainers may be selected and properly trained at designated Nodal Centres and then deputed for imparting trainings in respective districts.
12	Green Channel (SBI) / Green Pin	Need for creating mass awareness by organizing customer awareness meets on the use of Green Channel (SBI) / Green Pin by live demonstrations. Stress on the need to use Green Channel (SBI) / Green Pin as a part of the Green Marketing drive to save paper and the planet and sustain the future generation. Customers may be educated by direct face to face interaction, role of SHG's in rural areas.

OBJECTIVE 5: ROLE OF SOCIAL MARKETING TOWARDS DIGITALISATION

Based upon the findings of the fieldwork related to the current perception of common mass towards digitalization, identification of key persons in a family who conducts digital transactions, identifying the impending barriers in inculcating a culture of digital and cashless banking and the present status with respect to penetration of digital transaction in the daily life of the urban and rural masses, several advertisement themes has been identified as well as developed and relevant advertisement copy has been developed for each theme as selected. The themes are both in English and Assamese versions.

OBJECTIVE 6: MODEL OF USING SHG'S TOWARDS DIGITALISATION

A suggestive model is proposed for the promotion of digital movement in the state of Assam. The model comprises of four entities. They are the Banks, the Self Help Groups, the Training Institutes and the Target Beneficiaries as shown below



A MODEL FOR CAPACITY BUILDING TOWARDS DIGITALISATION

The primary goal of the Model is to create effective linkage of the mentioned four entities so as to educate the SHGs and the common mass in the aspect of financial literacy and processes related to availing digital products and services.

Bank Quest Articles - Honorarium for the Contributors		
S.No.	**Particulars**	**Honorarium Payable**
1	Invited Articles	₹7000
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BANK QUEST THEMES

The themes for "Bank Quest" are identified as:

1. April – June, 2021: Infrastructure Financing – New Normal.
2. July – September, 2021: Evolution & future of Monetary & Fiscal Policies – Sub Themes: Regulatory Framework, Monetary Framework, Fiscal Framework.
3. October – December, 2021: International Financial Centers.
4. January – March, 2022: Effective resolution of stressed assets.

BOOK REVIEW

Book: Safe and Sound Banking
Author: Dr. Manas Ranjan Das, Former Economist, State Bank of India
Publisher: Himalaya Publishing House
Price: ₹ INR/-1,495 (US$ 60)

Reviewed by: Mr. Lingaraj Mahapatra, Former Chief General Manager, State Bank of India

Deposit insurance is aimed at protection of depositors against the loss of their insured deposits in the event that a bank is unable to meet its obligations to the depositors. Deposit insurance is one of the important pillars of the financial safety net, safeguarding financial stability as a public good. Deposit insurance was introduced in India in 1962. India was the second country in the world to introduce deposit insurance scheme - the first being the United States in 1933. Deposit Insurance Agencies (DIAs) played their due role in the aftermath of the global financial crisis either through increase in the limit of deposit insurance cover or blanket guarantees. In India, deposit insurance function is performed by the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of Reserve Bank of India (RBI). Currently, DICGC acts as a 'Pay-Box' entity with a restricted mandate.

Dr. Manas R. Das in his book provides a comprehensive view of deposit insurance and resolution in terms of their significance, steps towards reform of deposit insurance in India in the late-1990s, limited mandate of DICGC as per the extant DICGC Act, deposit insurance and resolution in select countries, efforts towards setting up of a Resolution Authority in India, framing of global principles and norms for strengthening DIAs and resolution authorities by the International Association of Deposit Insurers (IADI) and the Financial Stability Board (FSB), and the constraints in the adoption of resolution tools in India.

The book consists of six parts. In part A, the key functions performed by banks, types of risks handled by banks, the imperative of maintaining a robust risk management system in banks, ramifications of bank depositors' run on banking crises and consequent financial instability, and finally the primacy of deposit insurance in the protection of interest of depositors as well as the prevention of bank runs are presented. The 'too-big-to-fail' bank concept is detailed in a box item.

In Part B, stylised facts about Deposit Insurance Systems (DISs) around the world have been portrayed based on the 2018 IADI Survey and IMF working paper on deposit insurance database (2014) by Asli Demirgüç-Kunt, Edward Kane and Luc Laeven. The key aspects that emerged in this section were: the highest number of DISs at 45 were established between 1997 and 2007 after the Asian financial crisis, while 34 DISs were set up in the aftermath after the Global Financial Crisis (GFC) around the world. Majority of the DISs (65%) were administered by the Government, followed by

BOOK REVIEW

privately administered (21%), central bank (8%) and others (3%). The legal framework of DISs suggested that 76% were independent, followed by 'within the central bank' (10%), banks' associations (6%), 'within bank supervisor' (4%), Ministry of Finance (3%) and others (2%). With regard to mandates of DISs, 40% of DISs were 'pay-box plus', followed by 'pay-box' (31%), 'loss-minimiser' (15%)', 'risk minimiser' (14%) and others (2%). With regard to funding, majority of DISs from low to upper-middle income countries (85%) collected premium in advance (*ex ante*), while countries with high income adopted hybrid funding, i.e., had provision to levy *ex post* premium in addition to *ex ante* premium. All the DIAs followed 'per depositor per institution principle'. Majority of the DISs provided fixed deposit insurance cover while five (four in Canada and one in Uzbekistan) provided blanket unlimited cover. The deposit insurance cover was increased in DISs after the GFC. Based on the IADI survey, 47% of DISs charged premium on flat rate, followed by risk-based premium (34%) and a combination of both (19%).

In Part C, the author presents and analyses the key parameters of different bank-groups as at end-March 2018, different types of deposits mobilised by banks, regulations relating to deposits and depositors as per the Banking Regulation Act, 1949, ownership pattern of bank deposits and various risks associated with bank deposits.

In Part D, the evolution of deposit insurance in India, the progress of deposit insurance in terms of coverage of banks, extent of coverage of deposit insurance, limit of deposit insurance cover, premium rate over a period of time, outstanding amount under deposit insurance fund, settlement of claims of failed banks and repayments of settled claims received by DICGC and operational aspects are presented. IADI issued Core Principles (CPs) for effective DISs in November 2014 for DIAs to make an assessment about the effectiveness. The Core Principles, although voluntary in nature, are used by the IMF and the World Bank in the assessment of deposit insurance as part of Financial Sector Assessment Program. The author presents the rating of DICGC against all the 16 CPs.

The key recommendations relating to reform of DICGC suggested by various committees in the past constituted by the Government of India and RBI have also been provided in the book. The major one being the 'High Level Working Group Resolution Regime for Financial Institutions' (2014). It was recommended by the Working Group for setting up of a full-fledged resolution authority.

In part E, the significance of deposit insurance has been underscored particularly, from the point of view of retail depositors, in view of their increasing importance both on the assets and liabilities side of the balance sheet of banks in tune with the growing size of the economy. In this section, the thumb rules for increase in deposit insurance cover, viz., insurance cover should be two times of per capita GDP, and fully cover 80% of accounts but only 20% of value of deposits, also known as '80-20' rule, have been stressed for implementation. With regard to coverage of deposits, the author emphasises that the deposit insurance should be limited to deposits of household sector and non-residents only. With regard to charging risk-based premium, the central aspects of recommendations of committees constituted by the Government of India and RBI have been highlighted in the section. The adequacy of deposit insurance fund is vital for settlement of claims, especially at times of crisis. The author highlights that there is no comprehensive mechanism for resolution of financial sector entities in India, and there are gaps in resolution framework in terms of FSB Key Attributes (KAs). In this context, the key recommendations of the Financial Sector Legislative Reforms Commission regarding the setting up of Resolution Corporation have been analysed. The author mentions that the focus should be on resolution D-SIBs as India does not have G-SIFIs. In the short-term, there is no need for resolution funding, while it is imperative in the medium-term. The author envisages a new role for DICGC and suggests setting up 'Bank Deposit Insurance and Resolution Corporation' through changes in the DICGC Act, 1961, besides suitable amendments in the connected Acts.

In Part F, the gist of Financial Resolution and Deposit Insurance Bill 2016 (withdrawn on August 7, 2018) aimed at resolving the entire financial sector entities through setting up of Resolution Corporation has been analysed. The central aspect of FSB KAs in the resolution of financial sector entities in crisis situation is to avoid the use of public funds through the application of various resolution tools including bail-in. Bail-in involves imposition of losses on creditors by converting their claims into equity in the newly restructured institution, thereby reducing or eliminating the need for government recapitalisation funded by tax payers. The author is against the use of bail-in in the Indian context and at the same time avers that public funds should be used as a last resort for bail-out of institutions. Since there is an Insolvency and Bankruptcy Code for resolution of non-financial sector entities already in place, the setting up of a framework for the financial sector will complete the resolution mechanism for the entire economy thereby enabling the environment of ease of doing business. The author provides a comprehensive view of deposit insurance and resolution in India against the backdrop of recommendations of various committees constituted by the Government of India and the RBI and also global norms and initiatives particularly in the aftermath of the global financial crisis.

Overall, the book is excellent. Dr. Manas R. Das had written the first book on deposit insurance in India in 2010, which was an informative book. This book, which combines his theoretical research with practical insight, is much more analytical, comprehensive and policy-focussed. It will be quite useful to policymakers, academia and students.

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The Editor: Bank Quest

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1) *Word length:*

   Articles should generally be around 2000-3000 words in length.

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3) Autobiographical note and photograph:

   A brief autobiographical note should be supplied including full name, designation, name of organization, telephone and fax numbers, and e-mail address (if any), or last position held, in case of retired persons. Passport size photograph should also be sent along with the submission.

4) *Format:*

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   Essential figures, charts and diagrams should be referred to as 'Figures' and they should be numbered consecutively using Arabic numerals. Each figure should have brief title. Diagrams should be kept as simple as possible. in the text, the position of the figure should be shown by indicating on a separate line with the words: 'Insert figure 1'.

6) *Tables:*

   Use of tables, wherever essential, should be printed or typed on a separate sheet of paper and numbered consecutively using Arabic numerals (e.g. Table-1) and contain a brief title. In the body of the article, the position of the table should be indicated on a separate line with the words 'Insert Table 1'.

7) *Picture/photos/illustrations:*

   The reproduction of any photos, illustration or drawings will be at the Editor's discretion. Sources should be explicitly acknowledged by way of footnote, all computer-generated printouts should be clear and sharp, and should not be folded.

8) *Emphasis:*

   Words to be emphasised should be limited in number and italicised. Capital letters should be used only at the start of the sentences or for proper names.

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25	Certified Bank Trainer Course	English	Trainers, Handbook	2013	M/s Taxmann Publications Pvt. Ltd.	₹425/-
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27	Banking An Introduction	English	Banking An Introduction	2015	M/s Taxmann Publications Pvt. Ltd.	₹195/-
28	Banking An Introduction	Hindi	Banking An Introduction (Banking ek Prichay)	2016	M/s Taxmann Publications Pvt. Ltd.	₹235/-
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30	Certificate Examination in Microfinance	English	Micro-finance Perspectives & operation	2014	M/s Macmillan India Ltd.	₹365/-

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Sr. No.	Examination	Medium	Name of the Book	Edition	Published By	Price (₹)
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34	Certificate Examination in IT Security	English	IT Security	2016	M/s Taxmann Publications Pvt. Ltd.	₹425/-
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36	Certificate Examination in Anti-Money Laundering & Know Your Customer	Hindi	Anti-Money Laundering & Know Your Customer (Hindi)	2014	M/s Taxmann Publications Pvt. Ltd.	₹245/-
37	Certificate Examination in Rural Banking Operation	English	Rural Banking Operation	2017	M/s Taxmann Publications Pvt. Ltd.	₹545/-
38	Certificate Banking Compliance Professional Course	English	Compliance in Banks	2017	M/s Taxmann Publications Pvt. Ltd.	₹1,135/-
39	Certified Information System Banker	English	Information System for Banks	2017	M/s Taxmann Publications Pvt. Ltd.	₹645/-
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41	Diploma Examination in Treasury, Investment and Risk Management	English	Treasury, Investment and Risk Management	2017	M/s Taxmann Publications Pvt. Ltd.	₹595/-
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48	Diploma in Cooperative Banking	English	Management and Operations of co-operative Banks	2017	M/s Macmillan India Ltd.	₹445/-
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65	Certificate Examination for Debt Recovery Agents	Hindi	Hand Book on Debt Recovery (Hindi)	2017	M/s Taxmann Publications Pvt. Ltd.	₹400/-
66	Certificate Examination for Debt Recovery Agents / DRA Tele-callers	Tamil	Hand Book on Debt Recovery in Tamil	2009	M/s Taxmann Publications Pvt. Ltd.	₹195/-
67	Certificate Examination for Debt Recovery Agents / DRA Tele-callers	Malayalam	Hand Book on Debt Recovery in Malayalam	2009	M/s Taxmann Publications Pvt. Ltd.	₹195/-
68	Certificate Examination for Debt Recovery Agents / DRA Tele-callers	Bengali	Hand Book on Debt Recovery in Bengali	2009	M/s Taxmann Publications Pvt. Ltd.	₹195/-
69	Certificate Examination for Debt Recovery Agents / DRA Tele-callers	Hindi	Hand Book on Debt Recovery in Hindi	2009	M/s Taxmann Publications Pvt. Ltd.	₹195/-
70	Certificate Examination for Debt Recovery Agents / DRA Tele-callers	Kannada	Hand Book on Debt Recovery in Kannada	2009	M/s Taxmann Publications Pvt. Ltd.	₹195/-
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79	Certificate Examination for Business Facilitators/Business Correspondents	Bengali	Inclusive Growth Thro' Business Facilitator/Business correspondence in Bengali	2018	M/s Taxmann Publications Pvt. Ltd.	₹540/-
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83	Certificate Examination for Business Facilitators/Business Correspondents	Malayalam	Inclusive Banking thro' Business correspondent a tool for PMJDY in Malayalam	2018	M/s Taxmann Publications Pvt. Ltd.	₹650/-
84	Certificate Examination for Small Finance Banks	Hindi	Small Finance Banks	2019	M/s Taxmann Publications Pvt. Ltd.	₹870/-
85	Certificate Examination for Debt Recovery Agents / DRA Tele-callers	Marathi	Hand Book on Debt Recovery in Marathi	2019	M/s Taxmann Publications Pvt. Ltd.	₹400/-
86	Certificate Examination in IT Security	Hindi	IT Suraksha (Hindi)	2019	M/s Taxmann Publications Pvt. Ltd.	₹400/-
87	Certificate Examination in Customer Service & Banking Codes and Standards	Hindi	Customer Service & Banking Codes and Standards (Hindi)	2019	M/s Taxmann Publications Pvt. Ltd.	₹600/-
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IIBF ANNOUNCES ITS PRESTIGIOUS FLAGSHIP PROGRAMMES COMMENCING IN MAY/JUNE 2021

ADVANCED MANAGEMENT PROGRAMME (In collaboration with IIM, Calcutta) 10th Batch

- Programme aims at Skilling Future Leaders with Specific thrust upon:
  - ❖ Strategic Management and Change Management
  - ❖ Macro-economics for Banking
  - ❖ Organizational Behavior
  - ❖ Integrated Marketing Management in Banks
  - ❖ Financial Management
  - ❖ Credit Management
  - ❖ Risk Management
  - ❖ Integrated Treasury Management
  - ❖ Emerging Technologies
  - ❖ Business Ethics and Corporate governance
- Course Delivery
  - ❖ Duration - 10 months
  - ❖ Mode - Hybrid
  - ❖ Delivery - Virtual LIVE sessions
  - ❖ Frequency - Weekends (2nd/4th Saturdays and Sundays)
  - ❖ A 30-Hour Residential Management Development Programme (MDP) at IIM, Calcutta
  - ❖ An Immersion Programme at the Corporate Centre of IIBF at Mumbai
  - ❖ Module Based Learning
- Certification
  - ❖ Certificate of Participation by IIM, Calcutta.
  - ❖ Certificate in Advanced Management in Banking & Finance by IIBF.

AMP X Batch 2021-22 starting from 22nd MAY 2021.
For Registration please visit our Website
http://www.iibf.org.in/PostExamCCO2017.asp?ccono=79

LEADERSHIP DEVELOPMENT PROGRAMME (In Collaboration with XLRI, Jamshedpur) 1st Batch

- Objective
  Transforming good Managers in banks into Effective Leaders, with a human centric approach
- Pedagogy
  Lectures by eminent Faculties of XLRI & IIBF, Case Studies, Group Discussion, Role Plays
- Target Group
  Officers in Banks/Financial Institutions (5 Years of work experience is desirable)
- Duration
  6 Weeks (Program will be held during Saturdays & Sundays – 6 hours per week in Virtual Mode)
- Assessment
  A Post Training Online Assessment for Certification.
- Certification
  Certificate to the successful candidates will be issued Jointly by XLRI & IIBF

The First Batch of the Programme is likely to commence in third week of June 2021 for which the Registrations will start in first week of May 2021.

Further details shall be made available on IIBF Website www.iibf.org.in

FOR FURTHER DETAILS, PLEASE CONTACT

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