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A BOOK ON GROUP DISCUSSION

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A COMPLETE BOOK

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About the Author

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Mr. Sanjay Kumar Trivedy has teaching experience of more than 16 years, from Sirsa Main Branch (2000-2004) , he started teaching to his colleagues/staff and in this long journey he has given good results both in Promotion test as well as JAIIB /CAIIB examination. He has taken IIBF-JAIIB & CAIIB classes at Mumbai. He has compiled/authored more than 20 books in last three years related banking - JAIIB, CAIIB, Book on Promotion Test (all cadres), Interview , Drishti (Current Banking Topics –Interview book for Scale iv & above), Group Discussion, Certificate course on Customer Service & BCSBI, AML& KYC, MSME Finance for Bankers, Book on Abroad Posting, Confirmation Test for PO, Banking & Technology and many more books on day today banking and many more in the offing.

Mr. Sanjay Kumar Trivedy is working in a mission mode to reduce knowledge gap among bankers with objective to provide educational support free of cost to all in general and bankers in particular with objective to empower Banker colleagues specially young banker who join the bank in last more than one decade for their better productivity, Sense of satisfaction, Customer delight with ultimate increase of quality banking business for their organisations.

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Infuse your life with action. Don't wait for it to happen. Make it happen. Make your own future. Make your own hope. Make your own love. And whatever your beliefs, honor your creator, not by passively waiting for grace to come down from upon high, but by doing what you can to make grace happen... yourself, right now, right down here on Earth – Bradley Whiteford

INDEX

DISCLAIMER

While every effort has been made by me to avoid errors or omissions in this publication, any error or discrepancy noted may be brought to my notice through whatsapp no. **9987519725** or e-mail to sktrivedycan@gmail.com which shall be taken care of in the subsequent editions. It is also suggested that to clarify any doubt colleagues should cross-check the facts, laws and contents of this publication with original Govt. / RBI / Manuals/Circulars/Notifications/Memo/Spl Comm. of our bank.

Arise, Awake and stop not till the goal is reached"... ***Swami Vivekananda***

1. TIPS & TECHNIQUES OF GROUP DISCUSSION

Group Discussion Tips (GD) :
A group discussion (GD) is a simulated exercise. The note attempts to present a few tips on GD and how to handle them to ensure a positive outcome. Here's how most group discussions work: Normally groups of 8-10 candidates are formed into a leaderless group, and are given a specific situation to analyze and discuss within a given time limit.
The group may be given a case study and asked to come out with a solution for a problem. The group may be given a topic and asked to discuss on the same. A panel will observe the proceedings and evaluate the members of the group.

Objective
One needs to know what one's objective in the group is. A good definition of your objective is - to be noticed to have contributed meaningfully in an attempt to help the group reach the right consensus. What does this essentially mean?
The first implication is that you should be noticed by the panel. Merely making a meaningful contribution and helping the group arrive at a consensus is not enough. You have to be seen by the evaluating panel to have made the meaningful contribution. What does that mean in practice?
You must ensure that the group hears you. If the group hears you, so will the evaluator. That does not mean that you shout at the top of your voice and be noticed for the wrong reasons.
You have to be assertive. If you are not a very assertive person, you will have to simply learn to be assertive for those 15 minutes. Remember, assertiveness does not mean being bull-headed, arrogant or aggressive.
And most importantly, you have to make your chances. Many group discussion participants often complain that they did not get a chance to speak. The fact is that in no group discussion will you get a chance to speak. There is nothing more unacceptable in a GD than keeping one's mouth shut or just murmuring things which are inaudible.
Participate in as many practice GDs as possible before you attend the actual GD. There is nothing like practice to help you overcome the fear of talking in a GD.
The second important implication is that making just any sort of contribution is not enough. Your contribution has to be meaningful. A meaningful contribution suggests that You have a good knowledge base .You are able to put forth your arguments logically and are a good communicator.
The quality of what you said is more valuable than the quantity. There is this myth amongst many group discussion participants that the way to succeed in a group discussion is by speaking loudly and at great length. One could not be more wrong. You must have meat in your arguments. Therefore, think things through carefully.
Always enter the room with a piece of paper/pad and a pen. In the first two minutes jot down as many ideas as you can.
When you jot down points, keep these in mind. If it is a topic where you are expected to take a stand, say for example, "Should India sign the Comprehensive Test Ban Treaty?" note down points for both sides of the argument. It will be useful on two counts

One, if you do not start the GD and are not amongst the first five speakers and find that everyone in the group is talking for the topic, then it makes sense to take the alternate approach and oppose the topic even if you initially intended to talk for the topic.
Second, it helps to have knowledge of how group members who take a stand diametrically opposite to yours will put forth their arguments and be prepared with counter arguments.
Everybody else will state the obvious. So highlight some points that are not obvious. The different perspective that you bring to the group will be highly appreciated by the panel. Some pointers on being relevant while having a different perspective are:
Be careful that the "something different" you state is still relevant to the topic being debated. Can you take the group ahead if it is stuck at one point?Can you take it in a fresh and more relevant direction?
The last implication is that you must be clearly seen to be attempting to build a consensus.
Gaining support or influencing colleagues is the mantra adopted by many a successful Business Leaders.
Nobody expects a group of ten intelligent, assertive people, all with different points of view on a controversial subject to actually achieve a consensus. But what matters is "Did you make attempts to build a consensus?"
The reason why an attempt to build a consensus is important is because in most work situations you will have to work with people in a team, accept joint responsibilities and take decisions as a group.
You must demonstrate the fact that you are capable and inclined to work as part of a team.

Group Discussion(GD) - Dos and Don'ts
The tips given below are applicable in any GD. The only difference between most other GDs and the GDs conducted during campus recruitments is the intensity of the competition. Be as natural as possible. Do not try and be someone you are not. Be yourself. A group discussion is your chance to be more vocal. The evaluator wants to hear you speak. Take time to organize your thoughts. Think of what you are going to say.
Seek clarification if you have any doubts regarding the subject. Don't start speaking until you have clearly understood and analyzed the subject. Work out various strategies to help you make an entry: initiate the discussion or agree with someone else's point and then move onto express your views. Opening the discussion is not the only way of gaining attention and recognition. If you do not give valuable insights during the discussion, all your efforts of initiating the discussion will be in vain.
Your body language says a lot about you - your gestures and mannerisms are more likely to reflect your attitude than what you say.
Language skills are important only to the effect as to how you get your points across clearly and fluently.
Be assertive not dominating; try to maintain a balanced tone in your discussion and analysis.
Don't lose your cool if anyone says anything you object to. The key is to stay objective: Don't take the discussion personally.
Always be polite: Try to avoid using extreme phrases like: `I strongly object' or `I disagree'. Instead try phrases like: `I would like to share my views on…' or `One difference between your point and mine…' or "I beg to differ with you"
Brush up on your leadership skills; motivate the other members of the team to speak (this surely does not mean that the only thing that you do in the GD is to say "let us hear what our friend here has to say," or "Raghu, let us hear your views" - Essentially be subtle), and listen to their views. Be receptive to others' opinions and do not be abrasive or aggressive.

If you have a group of like-minded friends, you can have a mock group discussion where you can learn from each other through giving and receiving feedback. Apart from the above points, the panel will also judge team members for their alertness and presence of mind, problem-solving abilities, ability to work as a team without alienating certain members, and creativity.

Group Discussion(GD) - Skills Evaluated
Group discussion is an important dimension of the selection process. Any organization requires students to work with others for effective functioning. In today's context, the educational institutes and organizations are interested in team players rather than individual contributors. During the Group Discussion, the panel essentially evaluates the candidate's potential to be a leader and also his/her ability to work in teams. Remember that organizations are typically on the look out for candidates who will inspire to lead and succeed and for that you need to be a good team player. Here is a sample list of skills assessed during a group discussion:

Leadership skills: Ability to take leadership roles and ability to lead, inspire and carry the team along to help them achieve group's objectives.Example: To be able to initiate the group discussion, or to be able to guide the group especially when the discussion begins losing relevance or try to encourage all members to participate in the discussion.
Communication skills: The participating candidates will be assessed in terms of clarity of thought, expression and aptness of language. One key aspect is listening. It indicates a willingness to accommodate others views. Example: To be able to use simple language and explain concepts clearly so that it is easily understood by all. You actually get negative marks for using esoteric jargons in an attempt to show-off your knowledge.
Interpersonal skills: This is reflected in the ability of the individual to interact with other members of the group in a brief situation. Emotional maturity and balance promotes good interpersonal relationships. The person has to be more people centric and less self-centered. Listening skill is an important requisite.
Example: To remain cool even when someone provokes you with a personal comment, ability to remain objective, ability to empathize, non-threatening and more of a team player.
Persuasive skills: Ability to analyze and persuade others to see the problem from multiple perspectives without hurting the group members. Example: While appreciating someone else's point of view, you should be able to effectively communicate your view without overtly hurting the other person.
Problem solving skills:Ability to come out with divergent and offbeat solutions and use one's own creativity.
Example: While thinking of solutions, don't be afraid to think of novel solutions. This is a high- risk high-return strategy.
Conceptualizing skills : The ability to grasp the situation, take it from the day to day mundane problem level and apply it to a macro level.Example: At the end of the discussion, you could probably summarize the findings in a few sentences that present the overall perspective.
Group Discussion(GD) - Common Mistakes
Wise men learn from others mistakes, while the less fortunate, from their own. Here's a list of the most common mistakes made during group discussions:
Emotional outburst : Simran was offended when one of the male participants in a group discussion made a statement on women generally being submissive while explaining his point of view. When Simran finally got an opportunity to speak, instead of focusing on the topic, she vented her anger by accusing the other candidate for being a male chauvinist and went on to defend women in general. What Simran essentially did was to Deviate from the subject Treat the discussion as a forum to air her own views. Lose objectivity and make personal attacks. Her behaviour would have been perceived as immature and de-motivating to the rest of the team.

Quality Vs Quantity : ASHOK believed that the more he talked, the more likely he was to get through the GD. So, he interrupted other people at every opportunity. He did this so often that the other candidates got together to prevent him from participating in the rest of the discussion. Assessment is not only on your communication skills but also on your ability to be a team player. Evaluation is based on quality, and not on quantity. Your contribution must be relevant. The mantra is "Contributing meaningfully to the team's success." Domination is frowned upon. Egotism Showing off
Rama kant was happy to have got a group discussion topic he had prepared for. So, he took pains to project his vast knowledge of the topic. Every other sentence of his contained statistical data - "20% of companies; 24.27% of parliamentarians felt that; I recently read in a report that..." and so on so forth. Soon, the rest of the team either laughed at him or ignored his attempts to enlighten them as they perceived that he was cooking up the data. Exercise restraint in anything. You will end up being frowned upon if you attempt showing-off your knowledge. Facts and figures need not validate all your statements. Its your analysis and interpretation that are equally important - not just facts and figures.
You might be appreciated for your in-depth knowledge. But you will fail miserably in your people skills. Such a behavior indicates how self-centered you are and highlights your inability to work in an atmosphere where different opinions are expressed.

Get noticed - But for the right reasons : Nandi Varman knew that everyone would compete to initiate the discussion. So as soon as the topic - "Discuss the negative effects of India joining the WTO" - was read out, he began talking. In his anxiety to be the first to start speaking, he did not hear the word "negative" in the topic. He began discussing the ways in which the country had benefited by joining WTO, only to be stopped by the evaluator, who then corrected his mistake.
False starts are extremely expensive. They cost you your employment. It is very important to listen and understand the topic before you air your opinions. Spending a little time analyzing the topic may provide you with insights which others may not have thought about. Use a pen and paper to jot down your ideas. Listen! It gives you the time to conceptualize and present the information in a better manner. Some mistakes are irreparable. Starting off the group discussion with a mistake is one such mistake, unless you have a great sense of humor.

Managing one's insecurities : Archana was very nervous. She thought that some of the other candidates were exceptionally good. Thanks to her insecurity, she contributed little to the discussion. Even when she was asked to comment on a particular point, she preferred to remain silent. Your personality is also being evaluated. Your verbal and non verbal cues are being read. Remember, you are the participant in the GD; not the evaluator. So, rather than evaluating others and your performance, participate in the discussion. Your confidence level is being evaluated. Decent communication skills with good confidence are a

must to crack the GDs. Focus on your strengths and do not spend too much time thinking about how others are superior or inferior to you. It is easy to pick up these cues from your body language.
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SOME TIPS ON GROUP DISCUSSION

Tips on GROUP DISCUSSION

To help you better we have compiled a list of points that you should keep in mind while you participate in a group discussion. Group discussions are an important part of the selection process for admission into a B-School of your choice. You have passed the intelligence test, with GD, your oratory and communication skills along with your problem solving skills will be tested.
Let's read about the points that you should keep in mind:
1) Adequate matter/ Subject matter is essential : You should have subject knowledge and be well aware of the latest happenings around you, not just in India but around the world as well. To be in a better position, make sure that you have indepth knowledge on the subject. Subject knowledge is a pre-requisite while you are preparing for a group discussion because you will then have the power to steer the conversation to whichever direction you want to. If you can memorize some relevant data, it will be an added advantage.
2) Make Sure you Read Widely: Being an avid reader will help you in group discussions. Last minute preparations you are strictly a no no, while you are preparing for group discussions. You should read over a period of time. Reading not only adds to your knowledge database, but enhances your vocabulary skills as well. Plus reading over a period of time, helps in your understanding of a particular subject/ topic better.
3) Choose Magazines that are Rich in Content: Always opt for magazines that are content rich and not just full of advertisements. Often magazines have columns which are promoting a particular institute etc. Avoid such magazines, do some research and buy the best that will be beneficial for you in the long run.
4) Be Aware of Topics that are Repeated: Often, there are topics which re-appear with minute changes and minor variations. Be aware of such topics well in advance so that you have ample time to prepare for the same. For example the issues of terrorism, gender inequality, poverty, Ayodhya conflict, liberalization and privatization, reservations in educational institutions etc often appear as GD topics. Make sure you know these topics well and can come up with some unique, insightful points along with dates, stating facts.
5) Work on your Communication Skills: You should be well versed in your communication skills. You should have a good vocabulary and a decent command over English. Much before your actual group discussion, rehearse well. You can sit with a group of friends and choose a topic and indulge in a friendly banter. Not only will this increase your knowledge, you will be a better speaker by the time it is time for your GD.
6) Listen to the Topic Given During GD Carefully: Listen to the topic carefully and understand it... Be alert and vigilant. Sometimes, the topic may be really simple but the manner in which it is presented to you, can be baffling. The first thing that you should do after hearing the topic is by structuring it on the sheet that is given to you to make notes. Make a rough sketch of the points that you would like to speak aloud. You will be at an advantage if you open the discussion, but then beware of what you speak. Deviating from the main topic, or passing strong statements like 'I agree/ or disagree …' should be avoided. Your strategy should be to test the waters and make a generic statement relevant to the topic. If you can, back it up by relevant data.
7) Try and Maintain a Balance in your Tone: Besides what you are saying, remember that the panelists are observing your body language as well. If you do not agree with the other student's point of view, do not raise your tone in objection. Listen to his point of view and instead of dismissing it upfront, try and draw a common ground. .
8) Listening Skills are Essential: Carefully listen to what others have to say. Just speaking throughout the discussion doesn't make you smart, you should also give others a chance to speak. Try and listen to him/her, respect their view point too. If the speaker is making an eye-contact with you remember to acknowledge him by saying "yes, you agree" or just by nodding your head, so that the speaker is aware that his listeners are listening to him and paying full attention. This will also show that you are vigilant and are an active participant in the discussion.
9) Body Gestures are very Important: The panelists observe the way you sit and react in the course of the discussion. . Body gestures are very important, because your body language says a lot about you.In a GD, sit straight, avoid leaning back on to the chair or knocking the table with pen or your fingers. Also, do not get distracted easily. For example, if the door in room you are sitting in opens, do not look back to see who it is , this will show how distracted you are.
10) Be the first and also the Last to Speak: As mentioned earlier, initiating a GD is an advantage. Closing it too also adds brownie points. If you can grab the opportunity to close the discussion, then you should summarize it. If the group has not reached a conclusion try concluding it .

People remember approximately : 10% of what they hear ,50% of what they see ,70% of what they say ,90% of what they do

Roles of Discussion Leaders

Create an inclusive environment

Opportunities for reflection:
What do the participants bring to the group? ("Characteristics that may give you a unique perspective")
Self-awareness; awareness of others: What do I bring to the group? What surprises or challenges me?
What behaviors am I most familiar or comfortable with?What behaviors challenge me?

Dos and Don'ts:
Do:
Allow participants to introduce themselves – you can even set up an ice breaker to have pairs of students introduce each other.
Be clear up front about expectations and intentions amongst participants and the facilitator.Use inclusive language. Ask for clarification if unclear about a participant's intent or question.Treat participants with respect and consideration.
Develop an awareness for barriers for learning (cultural; social; experiential, etc).Provide sufficient time and space for participants to gather their thoughts and contribute to discussions.Provide opportunities for participants to pair-share.
Don't:

Use certain conventions or language that will exclude certain groups from understanding the context of the discussion, or make them feel uncomfortable. Assume participants all have the same expectations when the group first convenes.Over-generalize behavior or have stereotypical expectations of participants (tokenism).
Use (or allow others to use) disrespectful language or tone, or disrespectful non-verbal communication.Convey a sense of selfimportance
or superiority.Allow only the dominant or more verbal participants to take over the conversation.
Discourage alternate views or counter-arguments.Try to be someone else- be yourself.

Keep discussions constructive and positive
Make the discussion functional by clarifying the goals of each session to the group.
Establish ground rules:
– Share personal experiences rather than make general statements about groups of people (stereotyping).
– Ask dominant participants to allow others to speak.
– Give all participants a voice- at the start highlight the value of a diversity of perspectives as an essential part of the process.
– Go over constructive and destructive group behaviors at the start of the course / workshop.
– Request that if participants challenge others' ideas, they back it up with evidence, appropriate experiences, and/or appropriate logic. Try to keep the group on task without rushing them.If the group starts to veer in the direction of negativity and/or pointless venting, ask them how they would like to address this.
Step back when a group is functional/functioning – help participants become independent learners; take control of their learning.

Encouraging participants
Encouraging participation can be accomplished by : Writing participants' comments on the whiteboard.Asking follow-up questions, and paraphrasing the comments for everyone to ponder. A combination of initiating andprobing questions can be an effective approach to bring out participants' ideas further.
Asking the contributor for further clarification and/or elaboration.Re-visiting past contributions and incorporating them into subsequent discussions.Encouraging others to add their reactions or ideas to build on someone's comment.Not being afraid to admit your own ignorance or confusion if you don't know something – invite others to provide resources, and use the opportunity to discuss with the group how one might go about researching the issue.
Discomfort and silence are ok, but balance with a clearly stated context and purpose.
Potential Problems in Discussions (adapted from: Center for Integration of Research, Teaching and LearningHandbook, accessed July 2008 at www.cirtl.net/Diversity/Resources/)
Maintaining discussions often means dealing as smoothly as possible with the problems that arise. Here are some common problems with suggestions for how to deal with them.
The participant who talks too much*:* A way to approach the dominant participant and pull in non-participants is to redirect the discussion to another person or another topic. Alternatively, you may wish to reframe their comments, making them viable additions to the discussion. Facilitators might also ask one or more members of the group to act as observers for a few sessions, reporting back their observations to the group. Perhaps assigning the avid talker to the observer role would help the person develop sensitivity. Another approach is to break down the group into still smaller task groups.
The member who will not talk: A way to approach non-participants is to provide opportunities for smaller group discussions or pair-share discussions. Smaller groups may help put some students at ease. A second strategy is to ask opinion questions occasionally (e.g., "How do you feel about this?"). This may encourage participation by reducing participants' fear of answering incorrectly. Another strategy is to have participants write out their answers to a question. Having the words written out may

make it easier for a shy or fearful person to speak up.
The discussion that turns into an argument: In good discussions, conflicts will sometimes arise. If such conflicts are left ambiguous, they may cause continuing trouble. Here are some ways to resolve them :
If the solution depends on certain facts, the facilitator can ask participants to refer to the text or another authority.
If there is an experimentally verified answer, the facilitator can use the opportunity to review the method by which the answer could be determined.If the question is one of values, the facilitator may use the occasion to help participants become aware of the values involved.The facilitator can list both sides of the argument on the board.The facilitator can take a strong position as moderator, preventing participants from interrupting each other or speaking simultaneously. She or he can lay ground rules for discussion, such as asking participants to focus conflict on ideas rather than people and to resist being judgmental.
Unclear or hesitant comments : The facilitator can encourage participants making unclear contributions to give examples and factual evidence of their points. The facilitator can also restate points for verification or rejection by the participants, or give enthusiastic nonverbal cues and patience.
The discussion that goes off track : Some facilitators keep discussions on track by listing the questions or issues they want to cover on the board or summarizing the discussion on the board as it proceeds. Stopping and asking a participant to summarize where the discussion is at the point it appears to go off track may also help.
The student who attacks the facilitator : When participants argue for the sake of argument, facilitators will usually lose if they take the bait. Participants or students who attack often want attention, so simply giving them some recognition while firmly moving on often takes care of the problem. If participants are simply trying to embarrass the facilitator, they may seek to make him or her defensive with such comments as, "How do you really know that…?" or "You're not really saying that…?" Such questions can be handled by playing boomerang. The facilitator might say, "What I'm saying is…, but now I'd like you to share your perspective." Turning the question back to the questioner forces him or her to take responsibility for his or her opinion.
Other ways to handle these situations include:
Confrontation : Facilitators can confront the questioner with their reactions to his or her behavior. "I'm uncomfortable with the imprecision of your questions. What I really hear you saying is..."
Active listening : Facilitators can paraphrase the message they heard and check out the accuracy of their assumptions before responding.
Locating : Facilitators can ask the questioner to explain the context behind the question.

Reframing : The focus can be on clarifying the assumptions behind the person's argument and then inviting her or him to see alternative possibilities.
Deferring : Often, the best strategy is to invite participants to come up after the session and arrange for a time to talk about the disagreement further, and then move the discussion on to another topic.

Top 10 basic group discussion tips
Top basic Group Discussion tips include tips to Prepare For Group Discussions before and during the Group Discussion round and important Do's and Don'ts. Below are shared the Group Discussion Tips to hone your Group Discussion skills:

Do's
1. Rich Content with good subject knowledge
Having good subject knowledge and rich content is the first and foremost GD tip to enter the Group Discussion Round. Following are the key steps to improve your Group discussion skills in regard to GD content preparation:
You should prepare on variety of topics as rich and right subject knowledge will be required during GD round.
You should have subject knowledge and be well aware of the latest happenings around you, not just in India but around the world as well.
Subject knowledge is a pre-requisite while you are preparing for a group discussion because you will then have the power to steer the conversation to whichever direction you want to. If you can memorize some relevant data, it will be an added advantage.
If you are a good reader and read on variety of topics, it will help you in group discussion round. There is no need for last minute preparation. You should read over a period of time. Reading not only adds to your knowledge database, but enhances your vocabulary skills as well.
Always choose the magazines that are content rich and not just full of advertisements. Often magazines have columns which are promoting a particular institute etc. Avoid such magazines, do some research and buy the best that will be beneficial for you.

2. Be a Leader
There is no doubt that to emerge a winner in GD round you should speak after getting a grasp on the given topic. But it also gives you opportunity to take lead. So be a leader to begin the Group Discussion. Key tips are:
Usually when the moderator announces the GD topic, for a minute there is silence all round.
If possible, gather your thoughts in a few seconds and start the Group discussion with positive impact and be a leader.
If you find that it is taking time to gather ideas, let others begin, and then enter the GD round by agreeing/disagreeing with previous speakers.
Beginning the Group Discussion gives the opportunity to make an impact but if you are not able to make your point well, it will create negative effect. Therefore, it is not necessary to speak first but it is necessary that when you speak you are heard and are able to make your point well.If you are able to speak out the name of your previous speaker and then present your views, it will mark a good impact.

3. Be relevant
When you speak you should speak to the point without any ambiguity of thought
Express your ideas at length. If you simply follow the other speaker or his ideas, remember your elimination is imminent
Wherever possible, emphasize your point with facts and figures

4. Be a good Listener
Learn to be a good listener. Listening Skills are Essential for GD round, so **c**arefully listen to what others have to say.
Just speaking throughout the discussion doesn't make you better. You should learn to give others a chance to speak. Try and listen to others.
If the speaker is making an eye-contact with you remember to acknowledge him by nodding your head, so that the speaker is aware that his listeners are listening to him and paying full attention. This will also show that you are vigilant and are an active participant in the discussion.
Unless you listen well, it will not be possible for you to add value to your content and communication
Listening offers you the opportunity to summarise the Group Discussion on each and every aspect.

5. Improve your Communication Skills
You may have good and rich content with lot of ideas but if you are not able to communicate well your thoughts and opinions, all is useless. The need is now to improve your communication skills with following GD tips:
Be well versed in your communication skills.
You should have a good vocabulary and a decent command over English.
Much before your actual group discussion, rehearse well.
You can sit with a group of friends and choose a topic and indulge in a friendly GD.
Not only will this increase your knowledge, you will be a better speaker by the time it is time for your GD.
In case you are not sure about something, you can use phrases such as: "I think" or "Probably/Approximately" or "If I remember correctly"

6. Body gestures: Very important tool for Group Discussion
The panelists observe the way you sit and react in the course of the discussion. Body gestures are very important, because your body language says a lot about you. In a GD, sit straight, avoid leaning back on to the chair or knocking the table with pen or your fingers. Also, do not get distracted easily. Nervous body movements, folding your hands across your chest, having skeptical expression, constantly moving, evading eye movements are the indicators of a negative personality and should be avoided at all costs.

Don'ts
7. No Aggressive Move
It is expected during the Group Discussion that you are firm on your ideas and are audible enough to make an impact on the

group. But being aggressive, shouting and not allowing others in the group to speak, is not appreciated. So be careful and don't be a bully.

8. Don't Crisscross on your Ideas
Don't crisscross your ideas. The topics given in Group Discussion are debatable, you might like to speak for or against the topic and while speaking don't forget that you may be crossing your own lines. It gives a bad impact and you are judged a person who has no stand for his own thought.

9. Don't be a part of fish market
As a team player, your ability to lead and play in team is measured in the GD. During the Group Discussion there are many instances where you will find every one is saying something and no one is heard. It is better to be quiet for a while and then after gathering your thoughts, raise your voice initially and make your point.

10. Don't give up: Make multiple entries
Don't be content with one round of one minute or half a minute speaking in the group. Focus on key points, form the ideas and opinions to enter again based on the views presented by others to further strengthen your view point.

The Group Discussion round passes through highs and lows. So it is a good opportunity to re-enter the Group Discussion after gathering more ideas coming out of others' view and make an entry when the noise level is low in Group Discussion.

HOW GROUP DISCUSSION IS CONDUCTED ?
Each group consists of 8-12 participants .
Participants taking part in group discussion are seated in a semi-circular seating arrangement.
There will be 2-3 observers who will keenly observe and rate the participants on pre-identified parameters.
Group discussion will be held in 2 parts.
Part A: A Topic is given and all the participants are instructed to deliberate on the topic for about 20 minutes .Participant's performance will be observed and recorded by the observers.
Part B:A Topic is given with 8-10 attributes which are to be prioritized individually at the first instance ; Then group has to discuss and priorities
And try to arrive at a consensus. Time allowed for this exercise is about 20-30 minutes. Participant's performance will be observed and recorded by the Observers.

Purpose of Group Discussion
The very purpose of conducting Group Discussion (GD) round for MBA admission by top MBA colleges is to test the applicants' communication skills, topic knowledge, thought process and their leadership impact on the audience before finalizing their merit lists and offering admission.

Composition & expectation from the Group in GD round
Before learning the Group discussion tips and tricks to crack the GD round, one must be aware what in fact is Group Discussion, how many candidates are there in a group, what skills are expected by the MBA College from you in the Group Discussion round before offering you admission. Healthy debate leading to selection of one or more candidates from the group on a given topic is conducted in GD round. Around 8 to12 candidates are included in a group. Group Discussion time duration is about 12-15 minutes During the Group Discussion (GD) round strong exchange of opinions with logical and thoughtful arguments is anticipated.
Group Discussion is supposed to be an indicator of your leadership qualities, judgement of knowledge domain and communication skill. Out of these 8-12 candidates, selection goes in favour of the one or two while others get eliminated either due to their inadvertent mistakes or because they do not follow the Group Discussion rules.

4 Group Discussion Tricks to be a winner
To emerge a winner in GD round a candidate should speak after getting a grasp on the given topic. Irrelevant speaking is not good. The 4 Group Discussion tricks to crack the GD round are:

1. Follow the Group Discussion Rules
2. Key Group Discussion skills are - speak logically, be audible, present your idea firmly and be a leader
3. Use every opportunity to enter discussion to strengthen your point further
4. Read a few model and actual Group Discussion rounds

Tips To Prepare For Group Discussions
GD Preparation should begin along with your written exam preparation like CAT/XAT/SNAP/NMAT/CMAT. Immediately after the written exam is over, you should focus on preparing for Group Discussion round which commands 10 to 15 percent weightage in final selection round.
Following are the key expert tips to prepare for Group Discussion:

a) To prepare for a group discussion, keep track of happenings around the world.
b) Being aware of current affairs and issues and happenings, which affect our lives, however remotely, shows a well-rounded personality.
c) Make a habit of reading English newspapers and magazines, watch interesting documentaries and profiles on television to get a wider perspective on issues.
d) Group Discussion topics can be from a wide range of issues. It could be a topic on current events, business news, sports or anything very general. The wider your reading interests, the better prepared you will be to face the group discussion.
e) Prepare the topics that are Repeated. There are topics which re-appear with minute changes and minor variations. Be aware of such topics well in advance so that you have ample time to prepare for the same. For example the issues of terrorism, gender inequality, poverty, liberalization and privatization, reservations in educational institutions etc often appear as GD topics. Make sure you know these topics well and can come up with some unique, insightful points along with some data.

f) Controversial and political topics do not figure in Group Discussions. So there is no need to waste your time on them.

Roles participants play during Group Discussion

Following are the roles that participants in GD round play. While some of the roles lead to selection, others invite elimination. Carefully choose the right role in your Group Discussion round:

Beginner: The candidate who starts Group Discussion. He may suggest new ideas, define the GD topic but may not necessarily have sufficient subject knowledge to present effectively his view point.
Facilitator: He is leading GD while keeping track of Group Discussion
Seeker of Information– He tries to gather and solicit information from others.
Disseminator of Information – He prefers to share information and facts.
Seeker of Opinion- He tries to gather some opinion from others and ask the fellow participants for their opinion.
Giver of Opinion – Promptly jumps to give his opinion on the views shared by the other participant.
Analyst – He analyses and clarifies the ideas and opinions discussed during the group discussion
Community Supporter – He supports the ideas of all participants but has none of his own
Reliever – He presents and discusses the problem with a broader perspective and makes mountain out of a mole hill and relieves all of any tension.
Energy spreader – This participant can be seen encouraging other participants to explore some new ideas during a GD.
Bridge creator – He creates harmony between different opinions by giving a solution with different ways of compromise.
Summary maker – He summarizes and concludes a GD by including all important points discussed during a GD.
Group Discussion Topic 2019
Group Discussion (GD) is an important part of MBA selection process. GD Topics for MBA including topics on Current Affairs, Business & Economy and even Abstract topics to check the creativity of college students.

TIPS FOR GROUP DISCUSSION :

- Be confident /positive
- Understand/Analyse the topic carefully before you speak
- Try to speak whenever opportunity arises
- Facilitate others to speak
- Do not try to dominate the discussion session
- Listen to others keenly/patiently
- Do not interrupt when others are speaking
- Do not argue
- Use Simple /lucid language
- As observers observe your body language, keep cool & sit in a comfortable /firm posture
- Maintain eye contact with other members of the group .
- Do not criticise others
- Do not show any signs of disinterest in discussion
- Do not indulge in cross talking
- While referring to any pertinent point made by other members, it is better to mention the name of that particular member
- Be open minded and do not worry about your limited knowledge of Topic
- Present crisply whatever you know about the topic
- Be calm & cool in responding to other member‟s remarks
- Try to take other members of the group together
- While speaking, do not mention the topic again and again
- Try to resolve the differences in the group
- Avoid taking notes and reading from notes
- Do not deviate from topic
- Keep an eye on the time and try to ensure that given time is shared by all the members
- Try to give relevant statistics to drive home your point
- Try to give appropriate examples while reinforcing/making your point
- Garner information during discussion and manipulate when you speak.
- Initiating the discussion, putting the discussion on right track, facilitating the group to come to a meaningful conclusion are taken as PLUS POINTS.

02. BANKING BUSINESS STRATEGY

BRANCH LEVEL BUSINESS STRATEGY

CASA STRATEGY
_ To undertake massive CASA Campaign across the country to mobilize new accounts
_ Focus on relationship building and posting of relationship officer/manager at least at district level & relationship manager of Scale IV/V at state level to have good liaison with government departments/corporate.
_ To have School/College teachers account to boost our retail liability/retail asset products portfolio.
_ Allocation of Publicity budget to identified block level branches for increasing visibility.
Conduct of Regular CASA Campaigns during each quarter with specific emphasis on CASA Accounts mobilization from HNI / Payroll accounts, Government Departments (Panchayat, Block level, District level and state level accounts, RUSA, Govt. school & Colleges, MP/MLA accounts/ TASC account
_ Revival of Inoperative / Dormant accounts
_ Focus on New Branches for exponential growth in CASA of new branches
_ Organizing HNI / NRI Meets at frequent intervals at all major centers.
_ Transformation of additional Shikhar branches with a view to enhance customer service resulting in higher CASA growth. (we have seen 20% CASA growth in these branches)

COMPETITION WITH PAYMENT BANK
_ New banks will offer interest higher than PSBs hence retail depositors will move to payment bank, have impact on CASA of banks, tighten NIM of banks,
_ Customer will open account with payment banks for small ticket payments
_ Customer will get newest / easy technology for their payments
_ If will have less impact if they offer easy payment options for their small tickets payment by offering new tech based App
_ Step to minimize impact on PSBs:
_ New technology for payments need of customers, provide better platform for mobile payments,
_ improve customer service, Banks need to understand their customers, in order to understand the current market trends and predict the future trends, segmentation of customers and specific / appealing products for a particular segment, rewards/points for making payments, privacy and security
_ collaborate with them to create a partnership model

CUSTOMER SERVICE
_ In order to achieve the set goals, Customer Service needs to be given adequate attention. Following customer centric initiatives undertaken to reduce customer complaints and enhance business:-
_ Counter service to be improved.
_ Rude behavior of staff to be eliminated and Zero tolerance level for rude behavior. During FY15-16, 131 cases of rude behavior were reported.
_ Timely and Speedy redressal of customer complaints.
_ Providing priority services to the Senior Citizens and Pensioners.
_ Motivating customers as well as staff for usage of Tech products.
_ Popularizing Missed Call Facility, Internet and Mobile Banking, Canara e-info book, Canara Easy Cash etc.
_ Sensitization of staff to improve our position in BCSBI rating amongst all Banks.
_ Steps initiated towards Information dissemination, Transparency, Customer Centricity, Grievance Redressal, Customer feedback etc.

LOSS MAKING TURNAROUND
_ Stress on improving net interest income
_ Increasing the CD ratio
_ Reduction in cost of deposits by increasing CASA ratio and reducing Bulk deposit
_ Reducing / eliminating NPA
_ Containing the operating expenses

RETAIL LENDING
_ Retail Lending by every branch and aim to achieve NIL lending branches.
_ Task force to be made in each Circle for branches having CD Ratio less than 50% in order to improve the CD Ratio to minimum 70%.
_ Marketing of Online Instant In-principle Sanction for Housing Loan and Car Loan on digital platform throughout the year.
_ Wide publicity of Housing Loan and Car Loan products especially during festival time to increase the visibility.
_ Focus on reduction in turnaround time at RAH from 9 days to 7 days.
_ Tie up with premier education institutions Viz. IIMs, IITs, NITs & other Premier institutes
_ Extending the services of Direct Selling Agents to all the Circles.
_ Chalking out quarterly schedule of Campaigns targeting different segments viz. Housing, Vehicle coinciding with festival season and Education coinciding with Admission period.

MSME
_ Each ELB/ VLB to identify and finance at least one Small & Medium Enterprises Unit every month.
_ All branches to source and refer minimum one Credit proposal per quarter to their respective SME Sulabh for sanction.
_ Focus on "PRODUCT SPECIFIC MONITORING".

_ MSME CONNECT- Mega Credit camps will be continued in each quarter of 2016-17 at all Circles on a single day to create and sustain awareness and pool sources for increased flow to MSME sector.
_ Regular Camps & Cluster meets for sourcing the proposals will be conducted at Sulabhs and cluster of branches.
_ START UP SUMMIT – Summits will be arranged at all centres for Start up Entrepreneurs inviting
_ Distinguished guests from Government departments and local industrial bodies/organizations for necessary inputs and guidance for successful entrepreneurship.

BANKING BUSINESS STRATEGY

STRATEGY TO REDUCE NPA / STRESS ASSETS

ACTION PLAN:
Before formulating the strategy for reducing NPA's, a diagnostic study must be conducted to ascertain the reasons for high percentage of non-performing advances (NPAs). Thereafter, ABC analysis should be undertaken to identify the critical areas, which should focus the activities to be monitored by the Branch Head and those activities which can be delegated to the Asst Manager and Loans Officers.
Positive Intentions (+ive), Negative Intentions (-lye)
The information collected in the above formats will be converted into intelligence for drawing out the strategies and the action plan.
TWO PRONGED STRATEGY:
a) Increasing fresh advances and ensuring that they remain performing advances i.e. checking the slippage into nonperformance category.
b) Recovery and adjustment of non-performing advances.
A) INCREASING FRESH ADVANCES:
SWOT analysis will be undertaken to aSsess the potential of credit off-take and also identify the industries / business ventures on the basis of products and services and also the changing environment. The survey done by Development Financial Institutions will be consulted as these provide adequate information.
STEPWISE ACTION PLAN
a) Scanning the area and preparing the profile of existing units / potential - sunrise areas in agriculture, industry, infrastructure, housing, retail.lending.
b) Identifying Govt. agencies where there can be bulk credit off-take i.e., Indirect financing through corporations, boards and other agencies.
c) Credit off-take through automobile financing and financing to consumers for white good durables
d) .Lending to stock brokers / investors against shares of blue chip companies in demat form.
e) All existing A - Category (high value standard category) borrowers will be contacted and motivated for introducing new borrowers / facilitating switch over to our banks.
f) Quantitative targets will be fixed and progress reviewed on monthly basis.
B) RECOVERY AND ADJUSTMENT OF NON - PERFORMING ADVANCES:
Since Head Office has fixed the targets for reducing the NPA percentage, as such the strategy at the branch level should clearly spell out the time frame. The target will be bifurcated on monthly basis so that corrective steps can be taken if the degree of variation in actual results and targets fixed is large.
STEP - I : SEGMENTATION OF BORROWAL ACCOUNTS
a) Experience indicates that the number of accounts in the category of Rs.50 lac and above is very small but percentage of amount involved in this category is very high. As such, this category of accounts will be monitored at personal level on daily / weekly basis.
Accounts in the category of below Rs. 50 lac but up to Rs. 10 lac are small but amount involved will be high Accounts in the category of below Rs. 10 lac will be very large but percentage of amount involved will be less. As such, loan officer will be assigned the task for recovery and overall review will be undertaken by the manager and senior manager on personally level on monthly basis.
The.theme behind the above strategy /classification is that, even if by monitoring and follow up, few very large accounts are shifted into performing category, the percentage of NPA's will reduce substantially.
STEP - II: CLASSIFICATION OF ACCOUNTS ON THE BASIS OF VIABILITY AND INTENTION OF THE BORROWER
The underlying idea is to develop structured action approach so that broad guidelines are provided to the manager and the loan officer for monitoring and follow-up. For this purpose the NPA accounts will be classified into four heads:
a) NPA accounts which are viable and intention of the borrower is positive.
b) NPA accounts which are non-viable and intention of the borrower is positive
c) NPA accounts which are viable but intention of the borrower is negative.
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d) NPA accounts which are non-viable but intention of the borrower is negative.
STEP - III: STRUCTURED ACTION APPROACH
A) NPA ACCOUNTS WHICH ARE VIABLE AND INTENTIONS ARE POSITIVE.
a) Reschedulement / restructuring and where enhancement of limit is required, the same will be done on priority basis. •
b) Need - based enhancement be done by taking adequate collaterals / third party guarantee.
B) NPA ACCOUNTS WHICH ARE NON-VIABLE AND INTENTIONS ARE POSITIVE Borrowers will be encouraged for compromise / one time settlement (OTS).
C) NPA ACCOUNTS WHICH ARE VIABLE BUT INTENTIONS ARE NEGATIVE
Efforts will be made through guarantors / other influential person for regularisation of the account and thereafter adjustment of the accounts.
13) NPA ACCOUNTS WHICH ARE NON-VIABLE BUT INTENTIONS ARE NEGATIVE Here bank has no options but to go in for recovery through following actions:

a) Criminal Action - Where security has been sold / misappropriated.
b) Civil Suit / Debt Recovery Tribunal / Actions under SARFAESI Act for possession of the securities and thereby liquidation of outstandings.

HOW TO INCREASE PROFITABILITY

With the entry of Foreign / Private sector banks, competition in the banking sector has intensified putting a severe pressure on profitability. The 'Spread' or NIM (Net interest margin) is shrinking. As such, it has become necessary to focus on profit as a key to survival in the competitive environment.
Profitability = 'SPREAD' + Other Income - Other Expenses,Where
Spread = Interest Charged - Interest Paid
Any exercise on increasing profitability has essentially to concentrate on following critical areas:
a) Increasing Interest charged.
b) Reducing Interest paid.
c) Increasing Other Income / fee based income.
d) Reducing or rationalisation of expenditure.
STRATEGIES FOR INCREASING INTEREST CHARGED:
a) Change in Advances - Mix: Lending to those sectors / segments where bank can charge higher rate of interest.
b) Reducing NPA and recovery of Bad debts.
c) Compromise / One Time Settlement (OTS) for recovery of non-viable cases.
d) Plugging of revenue leakages.
STRATEGIES FOR REDUCING INTEREST PAID:
a) Change in Deposit-Mix (Increasing low cost deposits i. e, saving and current deposit)
b) Increasing float / pipe line deposits (as remittance etc.)
STRATEGIES FOR INCREASING OTHER INCOME:
a) Increasing non-fund based / fee based business.
b) Cross-Selling of the products.
c) Effective Cash management
d) Investment in high-yielding securities.
e) Handling of Merchant Banking business with focus on Issue Management / float funds and fee based income.
STRATEGIES FOR REDUCING OR RATIONALISATION OF EXPENDITURE: Rationalizing of expenses such as telephone, electricity, stationery etc.

CUSTOMER RELATIONSHIP MANAGEMENT
ACTION PLAN :

Customer Relationship Management (CRM) is a customer driven business strategy designed to optimize profitability, revenue and customer satisfaction. CRM is also a paradigm shift from "product centric and mass marketing" to "customer centric" way of business. CRM involves relationship marketing, which is to establish, maintain, enhance (long term) the relationship with the customers and other partners so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfilment of promises.
CRM is based on the short-term orientation of the management with focus on achieving the following objectives:
a) Attract new Customers.
b) Increase Sales per customer.
c) Reduce Costs through optimization of business process.
d) Improve Customer relationship/increase loyalty.
CRM has a number of positive effects on the running of a bank. It provides management with a clear picture of the business, facilitating decision-making. Using a common architecture and data mode, customer information can be shared faultlessly between front-end staff facing the customers to deliver services and the back-office staff who structure the deals. Front-end staff of a bank can profile a customer, create and maintain a customer account with contacts, manage activities, and explore business development possibilities. Similarly, a call center agent can maintain client data / information, produce call notes, replies to customer inquiries, and address and track customer service requests.
Compiled by Sanjay Kumar Trivedy, Divisional Manager, Canara Bank, Govt. Link Cell, Nagpur **111 |** Page
In a nutshell, implementation of the CRM concept in banks can result in the following advantages:
a) Speed and accuracy in information analysis.
b) Foundation for organization-wide data and information.
c) Understanding customer behaviour.
d) Facilitating Business process re-engineering.
e) Multiple products — credit deposits, investment, insurance etc.
f) Multiple distribution channels — branch, Internet, call center, field sales etc.
g) Multiple customers group — customers, small business, corporation etc.

IMPLEMENTATION STRATEGY:

a) Motivation for Bank staff
The first step in implementation of CRM in banks is to motivate and train the staff to do so. The motivation must come from the side of the management in the form of regular training in behavioural and functional aspect of banking.
b) Change of Mind-set and Customer Classification
Change of mind-set of staff members is very important. It should be realized that all customers are not equal. Customer profitability varies from person to person/context to context and not all customers are evenly desirable for the banks. Banks must differentiate their customers based on the 'value criteria' i.e. how valuable the customer is? Value is nothing but the profit the customer adds to the bank's account. Put simply, a more profitable customer is a

'high value' customer and a less profitable customer is a 'low value' customer. A bank's CRM system must also capture customers' taste, preference, behaviour, living style, age, education, cultural background, and physical and psychological characteristics, sensitivity etc., while differentiating them by the value criteria into low 'and high value customers. By combining the profitability potential of a given customer and his/her personality profile including their expectations, customers can be grouped into four categories as follows:
1) Low value / less profitable customer desiring high-grade service.
2) Low value / less profitable customer with potential to become high value in incoming days.
3) High value ! more profitable customer desiring high-grade service.
4) High value more profitable customer requiring low-grade service.
Once the banks differentiate their customers vis-a-vis the profitability and their other traits, it becomes easy for banks to customize their services and offerings to maximize the overall value of their customer portfolio.
c) Ambiance for Banking
The customers are comfortable going to banks that have a customer friendly environment. It may be due to the vast expansion of the premises, personal cubicles created, plush interiors, soft furniture, etc. Some banks go to the extent of playing soft music, setting up coffee shops, display work of art, etc., to create the right ambiance for a perfect CRM.
d) Customer Retention
Retention of old customers is more profitable than acquiring new ones. Happy and satisfied old customer brings in many other new customers. It has been realised that it pays more to keep your existing customer content, which results in cross selling and purchase of products.
SUGGESTIONS:
a) The banks can be made more customers friendly.
b) Top management and senior executives must be committed and dedicated so that the lower employees are adequately motivated to implement better CRM.
c) More funds to be allotted for implementation of IT, which not only speeds up transactions for customers but also avoids unnecessary friction between employees and customers.
d) It pays to appoint well-educated, young, smart, highly trained and motivated relationship managers.
e) The bank employees must be informed about new products and services at regular intervals. The communication channel needs to be more efficient between the management and employees. Handbooks can be printed and circulated for this purpose.
f) The preparation of customers profile is very necessary to have a customer data base.
g) Data mining needs to be dope at regular intervals for effective cross selling of products.
h) Bank employees of all cadres need to be trained in effective implementation of CRM.
i) The net banking concept needs to be tapped fully by banks. Computerisation needs to be done in more and more branches and they also should be connected through computer network, e-mail, etc.
j) The belief that banks have poor customer relationship needs to be shattered by improving their image, wide publicity and campaigning by the media which will help to a great extent.
k) The efficient employees who have effectively implemented CRM need to be rewarded within the limits of the management. It has been revealed that untimely transfers and lack of rewards are the main factor that discourages practicing better CRM by employees. The management can work up schemes to award cash prizes or give additional points for promotion to those employees maintaining good relations with customers.
I) New products are to be lalinched keeping in view the services offered by foreign banks.
m) Unlike the traditional approach where customers are acquired through mass media advertising, CRM normally gets its customers through referrals.

CREDIT OFF – TAKE AT BRANCH LEVEL
BACKGROUND :
Budget is not just allocation or fixing targets. It is consultative and participative exercise done by the Head Office and concerned Branch Managers in an open atmosphere. Lot of home -work goes into the whole exercise. Branch Head, is supposed to have good idea of business environment and potential of his target area. Apart from this, past performance is also available in the form of statements. Historical data on recovery, quality, NPAs, court cases, compromises etc. is also available. The most important information that is crucial in business performance is the quality of staff and management of personnel, which depend to a large extent, on the attitude of Branch Head, Zonal Head, and other officers as well as the status of industrial relations at the branch.
OBJECTIVES:
To ensure credit off-take to the targeted level, the principle underlined is that the Decision should transcend:
a) The Safety and Security of advances.
b) Profitability aspect of advances.
c) Spread of risk branch wise, product wise, area wise and customer wise for reducing concentration of risk exposure.
HOME WORK BEFORE TAMING BECOSION :
The ABC analysis will be undertaken with the focus on the past data of the existing branches regarding both quantity and quality of advances and also the potential available, product-wise and customer-wise and area-wise.
The first step in the analysis of data will be to identify top hundred borrowers who are in the Standard category. They can be classified into manufacturers, exporters, wholesalers, retailers and others. A meeting/calls will be conducted / made, with these 100 borrowers with the purpose of assessing their future business requirements i.e. the enhancement of limits required by them. Even top 100 depositors will be identified and honored. Their business requirements will be assessed.
The services of these 100 top borrowers will be utilized in identifying a chain. of new trade borrowers who have good reputation in the market and are also availing huge limits from other banks. The existing borrowers will also be used to persuade / motivate the new chain of borrowers to switch over to our bank.
Different trade associations dealing in different products will be contacted through the top 100 trade borrowers and potential

borrowers having huge borrowings with other bank will be identified for take-over.
Identification of potential traders / dealers, through professionals such as Chartered Accountants, Cost Accountants, Tax Consultants etc., who are not dealing with our bank. The capacity, expertise and experience of. the staff dealing in advances will be assessed. If need be, a workshop for reinforcement of advances skills will be organized for the dealing staff.

FIXATION OF TARGETS:

The allocation of the targets will be done on the basis of mix of Customer-wise, Product-wise, Area-wise and Branch-Wise to ensure spread of risk.

CUSTOMER WISE:

Customer specific targets can be set on the basis of the homework undertaken. While allocating targets, it will be broadly kept in mind that 60% of the targets should be earmarked for the existing top good borrowers and 40% for new borrower identified through existing top borrowers, trade associations and by the branch managers.

PRODUCT WISE:

While allocating the targets, the nature of the product will be kept in view on the basis of characteristics such as perishability, price fluctuation, and demand forecasts. Further, a balance will be maintained so as to ensure against overexposure in a particular product segment. It has to be ensured that adequate collaterals/third party guarantees are taken invariably. In exceptional cases, the specific clearance will be necessary from the region.

AREA WISE:

There are some trading activities confined to some areas. For example, apple, potato, kinnow, vegetables like tomato, cauliflower, onion, garlic, ginger etc., such areas may have a number of wholesale dealers, commission agents, arhtias. The budget can be conveniently allocated to the branches in those areas. Past experience, NPAs and other qualitative aspects would of course be kept in view.

BRANCH - WISE:

There may be branches where specific products are traded like steel, furniture, construction material, timber, horticulture products and cash crops. Products specific budgets can be considered if past data about quality and recovery etc. is available. Some branches have predominance of wholesale traders, being historically established at the towns/cities to serve as the source of supply to the remote places. These branches are having potential provided the past experience of trade advances has been satisfactory. While selected branches, specific areas and specific products would always be in sharp focus, no branch would be allowed to feel neglected and, similarly, no branch having no potential would be unnecessarily burdened. So, while all the above three considerations will be kept in mind, selectivity will guide the exercise.

MARKETING OF RETAIL BANKING PRODUCTS

Retail Banking is a composite activity encompassing the banking products and services specially designed for meeting the ongoing requirements of 'individual' customer. An individual customer develops banking habit mainly for three purposes, namely:

_ For making Investments,
_ For raising loans, and

Compiled by Sanjay Kumar Trivedy, Divisional Manager, Canara Bank, Govt. Link Cell, Nagpur **113 |** Page

• For availing any of the subsidiary services.

Retail banking, therefore, becomes complete only when all these financial needs of an individual customer are met to his utmost satisfaction under one roof.

Retail Banking is being increasingly focused in Indian. Banking industry today mainly due to high margin and low risk nature of the business coupled with the, increasing pace of consumerism in India. Other factors, such as, increased' economic activity, increase in purchasing power of the consumers, especially that of the younger generation, a huge middle class population, innovations in technology and low interest rate regime have contributed to growth of retail financing.

With increasing competition, 'spread' in the Indian banking industry is under strain. As such, banks need to shift their focus to innovative products and services, which are profitable. If banks intend to prosper, profitability of products and customer should become buzz word for them.

MARKETING STRATEGIES

'Marketing' is a composite activity, which includes market study, designing of products, delivering and ensuring proper after sales services. In a 'race' it is the 'pace' that counts and for attaining a 'winning pace', marketing strategies have to be designed. Latest technology can be used by banks to target products to the right potential customers, by maintaining a database of customer profiles and their likely financial needs. Data mining has to be strengthened, as it will help banks in formulating products for specific set of customers.

The first step in designing the strategy is to identify the target customers and target products for which market segmentation exercise has to be undertaken.

a) Market Segmentation: Segmentation of existing as well as potential retail clientele into housewives, professionals, salaried personnel, workers, company executives, businessmen, farmers be done to identify the needs of the target group and facilitate structuring financial products I services to match their needs. Further, the same data can be utilized for evolving different techniques of marketing depending on the target groups.

b) Central Data Base: Bank should build up a central database to contain the profile of all high value retail clientele. Communication (either as seasonal greetings or for highlighting the significant measures for improved services, new products) through 'e' mail / postal mode should be sent at regular intervals from the corporate office itself directly to those high value customers identified by the marketing team stationed at all key delivery units.

c) Financial Super Market: In view of the exposure of Indian customers to global products and services they have become more demanding, and they want fast, convenient and hassle-free services from banks in India. The traditional loyalty and inertia associated with the Indian consumer is changing very fast. As such the success of retail marketing largely depend on how banks understand its customers and the market. Development of skills for managing customers has become of crucial importance,if banks of today have to survive.

Bank should become a 'one stop shop' for all the banking needs and services. For the retailers investing in low cost deposit schemes, add-on benefits like demand drafts, funds transfer facility, Anywhere Banking, ATM cards, name printed cheque books, monthly statement of accounts (direct to residence / office), Customer terminal (installed at their. premises), concessional collection charges, Mobile Banking, Internet Banking, Depository services, Portfolio Management Service, standing instructions, Insurance products should be extended either at concessional or nil cost. A cost study should be conducted to introduce a business linked tariff structure for all these services. All these services with technology should instill in the customer a sense of pride in banking with us.

d) Retail Financing as Core Activity: Banks should prepare a list of preferred areas of retail finance town-wise, keeping the potential in view. SWOT analysis will help in identifying high profile towns from retail lending point of view. This will help in making focussed attention on retail financing by banks in specific potential areas. Ground work required for retail financing will involve:

• Operational Manuals: To ensure uniformity and facilitate faster appraisal and decision making, operational manual has to be developed by banks. With this staff members at the grass roots level will not violate norms and by pass systems and procedures.

• Credit Scoring & Loan Pricing model: To enable the frontline staff to take quick credit decisions, an efficient credit scoring and loan pricing system has to be designed. This will strengthen credit appraisal and post- sanction monitoring systems.

• Centralised Processing: To have a competitive edge and gain the critical mass in the high volume game, the processing activity can be centralized. Processing excellence is crucial to sales and service quality.

e) Portfolio Management Services: A retail investor still prefers 'safety' to 'returns' and hence Banks are the ultimate choice. Series of failures elsewhere have already made the investors lean towards the Banks. Bank can have portfolio management services for the retail investors so that they can have all investment options under one roof.

• Target Approach: Targets can be fixed for all the units & teams dispensing retail banking products.

• Well-Trained Marketing Teams: A product can be got sold in this highly competitive environment only through committed well-trained marketing teams. Exclusive marketing teams specially trained for this purpose should be stationed in all key places to ensure market presence and penetration. In all other places, the people at the delivery unit themselves should form the marketing team.

• Brand Equity: Customer preference, under the present environment, is towards branded items. Brand equity should be created for all retail banking products and services through regular road shows, seminars, advertisements, exhibitions, market penetration.

• Pricing of Products and Services: For retail lending schemes, it is always the "cost" and 'care' that counts and these two aspects haunt the minds of retail borrowers. Rate of interest for the loans under retail lending should be rather based on

Compiled by Sanjay Kumar Trivedy, Divisional Manager, Canara Bank, Govt. Link Cell, Nagpur **114 |** Page

the risk profile and where the credit risk is low or nil, the rate of interest should be the lowest and for others uniform guidelines for graded interest rates be introduced.

• Feedback: A system for regular interaction and feedback from the retail 'customers be evolved to facilitate constant review and fine-tuning of strategies.

• Non-Cash Incentives: Norms for non-cash incentives be evolved for the teams doing excellent business in retail banking.

• Frill Benefits / Add-ons: All schemes under 'Retail lending" be insurance linked and procedural formalities to be reduced. Norms for 'Back ended interest rebate' for prompt repayments be also evolved to make the schemes still more attractive and customer friendly.

TURN AROUND OF A BRANCH

MIND SET – UP :

The first step is to undertake the diagnostic study of the reasons the branch is running into loss. This will include scanning of the environment identifying the business potential and drawing up a strategy for turn-around of the branch.

The ABC analysis both for deposits and advances will be undertaken. The target area will be scanned and all business potential entities I groups will be identified and quantified. Different associations / agencies will be used as a business promotion vehicle. Micro-analysis will be undertaken on a time frame 'basis. Target will be fixed and efforts made to achieve the same in the time schedule.

STEP - WISE ANALYSIS WILL FOCUS ON:

a) Scanning the area and preparing the profile of existing units / potential - sunrise areas in agriculture, industry, infrastructure, housing, retail lending.

b) Identifying Govt. agencies where they can be bulk credit off-take i.e., Indirect Financing through corporations, boards and other agencies.

c) Credit off-take through automobile financing and financing to consumers for white good durables, Lending to Stock Brokers / investors against shares of blue chip companies in demat form.

d) All existing 'A' — Category (standard category) borrowers will be contacted and motivated for introducing new borrowers / facilitating switch over to our banks.

e) Quantitative targets will be fixed and progress reviewed on monthly basis.

The profitability could be achieved in two ways. Firstly, by earning more income, and secondly, by reducing or rationalizing expenditure.

We can work on the following lines, keeping in mind our location.

A) Income Oriented Activities;

B) Expenditure Saving Activities;,

C) Generation of Income through competitive services;

D) Recovery Aspect.

A) **INCOME ORIENTED ACTIVITIES**:

The first step is to short list income generating sectors. The target area will be scanned and business potential activities such as schools, colleges, universities, .trade associations, industries, business ventures etc., will be listed. The activities should be focused keeping in mind following features:

(a) Identification of existing SMALL/Medium Industrial Unit Situated in the Area.
We should identify the SSI and other medium industries, which are working successfully in the area and are having their accounts with other banks. The details can be obtained from District Industries Centre. A list of successful small and medium industries working in the area could be obtained. The existing 'A category borrowers be pursued to introduce new good borrowers so that bank can facilitate them to switch over to your bank.
(b) Facilities to Road Transport Operators:
In the similar way, automobile dealers of buses; trucks and auto rickshaws could be contacted. If possible, a small advertisement display of the bank could be placed near their showrooms, with their consent. Assistance could be given to such road transport operators of the area. The well-established schools and colleges working in the area could also be contacted. Such institutions require vehicles for transporting their students.
(c) Assistance to Distributors and Wholesale Traders
Bank can approach various authorized dealers, distributors and other wholesale traders who have well-established business. They could be requested to switch over to our bank. Their proposal could be got sanctioned frOm the higher authorities, if not within the vested powers of the branch manager. Such finance carry higher rate of interest and is collaterally well secured. The traders are financially sound and the possibility of the accounts becoming sticky, is very less because they have a wide spread network of retail outlets for their sales.
(d) Assistance for Housing
Housing loan is yet another important segment. It is a long-term income-yielding sector. Well reputed contractors; builders and architects could be contacted to know about the prospective customers. Municipal authorities could also be helpful in this purpose. Subsequently, the parties could be contacted to avail housing finance from our branches.
B) **EXPENDITURE SAVING ASPECTS**: it is very common phrase that penny saved is the penny earned. We may have to put some
extra efforts for earning extra income: But we can save a lot with a bit of care and proper management. The things, which appear very minor and petty in nature, go a long way in lot of savings. These even, are capable to turn loss-bearing units into profit earning units. Some of the important aspects where wastage could be avoided are as follows:
a) Over staffing could be avoided.
b) Staff should be properly utilized.
c) Switches of fans and tubes should be at the nearest point to the working officer so that lights could be switched off as soon as the staff leaves.
d) Misuse of Bank's vehicles should be checked.
e) Proper log registers should be maintained and checked immediately on the return of the concerned employees. Vehicles should be properly got serviced at regular intervals so that wear and tear is reduced and fuel consumption is optimum.
f) The articles, which are not in use, should be disposed-off with the prior sanction of the higher authorities. These should not be dumped unnecessarily.
g) Record keepers and other subordinate staff members should be advised to maintain stationery properly.
h) The sub standard article should not be purchased because they require regular repairing, and ultimately result into loss and inconvenience.
i) The expenditure bearing articles should be replaced with new economical gadgets and articles.
C) **COMPETITIVENESS IN BANK'S SERVICES**: Within the prescribed limit, branch can bring competitiveness in some of the services. For example, with prior permission, bank draft charges, lockers charges etc. could be conveniently re-fixed which may yield more income but do not effect service. If the charges levied by the bank are on higher side with comparison to other banks operating in the area, the case could be taken up with the higher authorities for the reduction of the same.
D) **RECOVERY ASPECT**: Recovery of sticky and overdue loan accounts should be given top priority. Such accounts affect adversely the working of the branch in two ways. Such accounts should be short listed and field staff be given necessary instructions to maintain a regular and constant touch with the defaulters. Legal aspects should also not be delayed. Efforts should be made to get the recoveries through compromise. Such proposals should be forwarded to the higher authorities at priority level

HOW TO IMPROVE INSPECTION / AUDIT GRADATION OF YOUR BRANCH
The first step to handle the audit / inspection report is to prioritise the irregularities / discrepancy. Irregularities 1 discrepancies which are of serious and very sensitive nature and can cause financial loss to the bank, has to be given the top most priority and efforts will be made to rectify the same instantly. The monitoring and follow - up of irregularities has to be done on daily basis by the branch head himself. The irregularities be classified as follows:
a) Section wise listing of irregularities: First of all the irregularities should be sorted out section wise. The departments, like deposits and advances, which are looked after by more than one officer, the lists of the irregularities should be made as per sub sections or as per work handled by the different officers. This would make it convenient to refer to the records, recording the irregularities removed and in some other aspects as well.
b) Picking up the Experienced Staff for Removal of Irregularities: Well -experienced staff members should be listed, sector or business wise for removal of the irregularities. Technical officers or field staff could be taken up for irregularities related to the field job where we have to approach the customers.
c) Prioritizing the Irregularities: All the irregularities should be separately listed according to the gravity or the seriousness. Top priority irregularities pertaining to limitation, wrong documentation, stock reports, cash department and so on should be given personal attention. A proper follow up should be maintained. .
d) Issue of Office order for removal of irregularities; A proper office order be issued to get the irregularities removed in a time bound frame. The officer order should also indicate the time for submission of progress made in this effort, i.e. weekly, fortnightly etc.
FOLLOW – UP :
a) Monitoring: The concerned employees be asked to submit their report to the Assistant Manager, who, in turn will submit the consolidated report to the incumbent incharge. The incumbent incharge may submit the progress report to the controlling officer accordingly.

b) Instructions for Future: It is more important that the irregularities are not repeated in future. The staff members working on different seats should be asked in writing to follow the prescribed procedure strictly in letter and spirit. This will reduce the number of irregularities to a considerable low. The checking officials or officers should be asked to do proper checking.
c) System of individual diarising the pendencies: A system should be adopted that pendencies pertaining to incomplete work be diarised by the individual Officers seat wise. The officer working on the seat should maintain the dairy on daily basis. The same should be completed at the particular date noted in the diary. Most of the irregularities occur because they slip out of mind.

HUMAN RESOURCE MANAGEMENT

Human Resource Management (HRM) broadly refers to a positive approach to the management of an organization's people who individually and collectively contribute to the achievement of sustainable competitive advantage. It basically refers to the management and development of the employees, to match with the business strategy of the organization.
The FIRM philosophy is based on positive commitment towards the development of employees for ensuring their growth, development and performance to enhance human capital in the bank. The HRM model is composed of policies that promote mutual growth for achieving mutual goals coupled with mutual responsibilities and rewards, which in turn will yield both better economic performance and greater human development.
Compiled by Sanjay Kumar Trivedy, Divisional Manager, Canara Bank, Govt. Link Cell, Nagpur **116 |** Page

AIMS OF HRM IN CHANGING ENVIRONMENT
• HRM is seen as a partner aligned to business strategy, not only participating in setting performance objective of any employee but also creating development opportunity to achieve them.
• To enable management to achieve organisational objectives through its workforce.
_ To foster commitment in employees which will facilitate to gain competitive advantage.
_ To establish an environment in which the latent creativity of the workforce will be unleashed.
_ To achieve "strategic fit" between business strategy and HRM so that there is consistency between policy goals of HRM and that of the business.

KEY STRATEGIC ISSUES IN HRM
From the intervention strategy perspective, HRM must contextually respond to the following issues:
ORGANISING PEOPLE TO WORK EFFECTIVELY
A key starting point for effective human resource management is to build an organisational structure that is designed specially to carry out the bank's mission and strategy. The first and foremost task of HRM in banks, therefore, would be to organize its people so as to enable them to work effectively.
OPTIMIZE THE ORGANISATION STRUCTURE - UP GRADATION OF TECHNOLOGY
The technology up-gradation in the wake of competition has the effect of taking banks to become more efficient and capable of responding to the market conditions. The business strategies and technology up-gradation has a direct impact on the organisational structure. HRM must be able to re-design organisational structure as per external changes, business strategies and one step ahead of the competitor. Work process re-engineering to achieve greater efficiency and cost effectiveness must be attempted.
BUILD THE RIGHT SKILLS AND WORK CULTURE
Banks must have employees who offer the necessary range of job specific skills and whose attitude towards their work and,colleagues enable them to channel their skills and energies into performing productively for bank and its customers.
ELIMINATING SKILL GAP
Introduction of newer technologies by itself does not improve performance of banks. Introduction of new technologies necessarily involve re-examination of the existing human process so as to deliver better results. New technologies need new skills but they do not replace human skills. The centralised core banking solution package being introduced in banks would necessitate far reaching changes in managerial practices besides rendering surplus age of employees.
RE-LOCATION OF SURPLUS EMPLOYEES
Focus of HRM should be to plan for effective relocation and utilisation of displaced employees and effective use of back office data.
BUSINESS PROCESS OUTSOURCING
Outsourcing, which is quite simply the transfer of operational responsibility of business processes, infrastructure management of an IT application to a third party for a fee, is gaining, acceptance amongst corporates globally so that they can concentrate on their core business i.e. banking.
TOTAL ENTERPRISE TRANSFORMATION:
Optimal results of technology implementation can be achieved with proper grooming, placements, training, rotation and changing the mind-set of the staff. HR is the key element in implementation of technology since men have to run, manage, operate and command the technology.
BENEFITS OF TOTAL ENTERPRISE TRANSFORMATION
Public Sector Banks will have the following tangible business benefits by total enterprise transformation.
e Enhanced Competitiveness 0 Enhanced Operational Efficiency 0 Enhanced Customer Satisfaction.
* Enhanced Accountability • Better Financial management 0 Better Risk management

MANAGERIAL ROLES

Role is a position, which a person occupies in an organization, defined by the expectations of others (significant groups or individuals), and by himself. Role should be properly defined to avoid ambiguity, overlapping, transgression & stress.
AS A PLANNER: A manager undertakes planning, which envisages goal setting and resource mobilization, essential for achievement of pre-determined and thoughtfully scheduled organisational goals. Appropriate strategies are worked out with periodical review if and when warranted by environment, particularly competition.

AS A PERFORMER: A manager shows commitment and devotion. He sets example by bringing about congruence between personal objectives and organizational goals: He identifies Key Performance Areas (KPAs). His performance is quantifiable and visible. He lays down challenging tasks for himself, aims high, puts in hard work and becomes a trailblazer.
AS AN ORGANIZER: A manager is an effective organizer of material and human resources. He ensures to utilize resources economically to give optimum results. He cares for human resources, plans training & development, motivates people, establishes instant and spontaneous rapport with others and creates conducive working climate. He infuses values and reinforces concepts like cost consciousness, total quality management leadership, responsibility to society, loyalty to organization, fellow feeling among the staff, zeal for intrapreneurship and innovation.
AS A LEADER: A manager develops team, energizes organization and team members, motivates staff, shares knowledge, acts only after full investigation, invites suggestions, accepts change and enforces change through consultation and persuasion, keen on creativity and encourages creativity in the organisation, skilled in negotiation and communication. He is also self-confident, obeys codes of ethics & morality, shows high maturity, good listener and skilled in resolution of conflicts. He treats colleagues with respect. He acts in the true spirit of friend, philosopher and guide (counselor).
AS A MOTIVATOR: A manager knows that people are invaluable resources of the organization. He keeps them motivated to accomplish goals. He knows that motivation is the resultant behaviour propelled by need arousal. People move from lower level (basic) needs to higher level needs (status and social recognition); they desire to reach a level of self-actualization. A manager, therefore, uses tact and philosophy to create a desire in his colleagues to have a vision of attaining higher goals and work for the same with dedication.
AS A COMMUNICATOR: Makes clear and understandable communications, down the line. Informs Controller with facts and convincing logic. His communication is effective. He insists on feed-back. He gladly gives clarification, if sought. His communications are polite but firm and specific. He prefers discussing subjects threadbare in meetings. He does not take offence if opposite views are expressed; he removes fear in meetings.
AS A MONITOR: He ensures compliance through statements and returns. He insists on feedback. Achievement of budgeted levels is appreciated liberally and negative variance is taken as opportunity to look into the environmental / hindering factors for suitable remedial actions, which he suggests. He offers support, if any, required.
AS A CHANGE AGENT & CATALYST: Changes take place regularly, sometimes abruptly, both internally and externally. He explains changes and their consequences; invites reactions, allays fears and persuades to accept changes for better results. Rationale is explained, holistic position described in global context, ensures acceptance of change willingly.
AS A VISIONARY: Only a visionary manager thinks of extra-ordinary possibilities, he experiments on new possibilities and allows his subordinates to do likewise. He excuses routine and genuine mistakes. Vision brings about super synergy in the team, which is a force to meet and beat competition and become a winner. Vision infuses confidence and encourages killing instinct, and this is required in today's competitive environment.
AS A IMAGE BUILDER: A manager represents an organisation. He builds its image, conducts him self-well, he projects his organization by his good deeds and actions. He has to ensure good working climate,. courtesy on the part of the staff, helpful & supportive attitude of all in the organisation towards the public calling at the premises or contacting on telephone etc., prompt & efficient customer service, zero mistake operations, prompt reply to communications, tailor-making schemes for certain target groups and sense of discipline on the part of all. He ensures that visit to the organisation is a delight indeed.
AS A COORDINATOR: It is the responsibility of the manager to coordinate different aspects of an organisation. It is necessary to create the harmony between manpower, available resources and decides targets for effectiveness, efficiency and growth. All these roles culminate into the role of developer and this role can be achieved only by having the concept of 'leading by example'.

WHAT MAKES A GOOD MANAGER

PROBLEM SOLUTION (CONFLICT RESOLUTION)
• JUDGEMENT SKILL — Distinguishes between what's important or controllable, and between what is not important or uncontrollable. Identifies who is skilled enough to handle an issue or reconcile a conflict situation. Ensures and priorities within time-frame work.
• ANALYTICAL SKILL & INTEGRATIVE ABILITY— Identifies inconsistency in message contents and subtle relationships in information. Identifies facts from various and unconnected sources, and relates them to arrive at conclusions. Familiarizes with concepts.
• DECISION MAKING AS CORE ACTIVITY— Considers the relevant facts for developing and evaluating all possible alternatives for solving a problem, habitually draws upon colleagues for suggestions, affords opportunity to the subordinates to develop. Realistic, practical constraints are considered and helping factors identified.
• ADAPTABILITY — According to Charles Darwin, "it is not the strongest nor the ablest who survive, but it is the one who adapt to change that survive". A manager performs under less than optimum conditions e.g. unstructured problems, too little time and/or resources, insufficient information, mismatch between individual's skills and job requirements.
• PERSONAL IMPACT— Affects others, convinces those holding opposing or neutral positions, push through interest or ideas despite opposition due to personal influence, style, endeavour, and ability to carry along colleagues. Takes charge of situation quickly, decides.
INTER-PERSONAL SKILLS
• COMMUNICATION: Communication instructions and proposals with facts and in clear and understandable language, avoids ambiguity, ensures feedback, listens patiently and carefully, holds meeting in cordial and encouraging manner and invites suggestions.
• MANAGING INDIVIDUALS — Understands management principles and concepts, assists subordinates and peers involving management experts, to achieve their business and career objectives. Listens to others, acknowledges their strengths, and volunteers to remove their weaknesses. Ensures support and guidance, and understands individual differences.
• PLANNING AND MANAGING GROUP PERFORMANCE — Formulates participative plans to achieve job objectives as part of organisational objectives, undertakes mid-term review of business plan, if found unrealistic or unreasonable due to environmental changes, sensitive to group co-operation, productivity and profitability. Sets up quality•circles and pushes forward through team spirit towards zero defect operations.

• CONFLICT MANAGEMENT — Objectivity despite stress. Addresses conflict directly and tactually.
• DIPLOMACY — Negotiates with win-win situation. Tailors approach to take into account the perceptions, needs or motivation of others, giving reasons and explanations for requests. PERSONAL ATTRIBUTES
• COMMUNICATION — Speaks and writes well. Adapts communication style to suit the audience. Is easily understood. Ensures two-way communication. Gives clarification, if wanted.
• DECISIVENESS —Firm, chooses among alternatives, confronts higher management decisions.
• CREATIVITY — Provides/anticipates new perspectives, approaches, experimentation.
ENERGY
• ACTIVITY LEVEL — Sustains high level of activity including speed, volume of work accomplished, endurance, balance, composure, civility, and enlightenedleadership.
• FLEXIBILITY — Handles challenges. Copes with multiple changing demands and setbacks.
STRATEGIC & OPERATIONAL CONTROL
• STRATEGIC & ORGANIZATIONAL AWARENESS — Possesses awareness of interests and objectives of the organization, develops own plans and actions as part of overall organisational plan. Coordinates with and provides assistance to other units, keeps updated on changes.
• ADMINISTRATIVE CONTROL— Prepares plans & tracks; documents the progress of programmes. Designs control systems. Keeps abreast of the details, which support them.
• TECHNICAL MANAGEMENT — Ensures more technical expertise on the job than managerial expertise on the job. Provides current technical skills to subordinates and others to stay competitive in market.
el COMPETITIVE ANALYSIS & ASSESSMENT: Environment threat and opportunity analysis is required to know the strategy of the competitors and entry of new competitors and comparison of our resources and strategy with their plans.

MANAGERIAL BLOCKS

Each manager is individual and different. He has certain inherent traits, strengths and talents. Often, these do not • adequately manifest in his personal or work life; a number of hindering factors come in. These are blocks. Each manager must be aware of the blocks; he must try to overcome them to be effective. Some such significant blocks are mentioned below:
a) HEALTH: An important contributing factor for effectiveness. Balanced food, good eating habits, adequate exercises, avoiding smoking, alcohol etc, are essential to maintain good health. Take all preventive (which is very important) and curative measures for maintaining robust health. Neglect of health often ruins opportunity ofbeing successful. •
b) UNCLEAR SELF-SET GOALS: Be aware of life goals. Have vision, formulate mission statement and lay down definite and realistic goals. Determine priorities. Ambiguities and confusion will certainly hinder focus and result in ineffectiveness. One should fix one's self-goals & priorities depending on the situations (flexibility of goals) and plan achievement.
c) LACK OF UNDERSTANDING OF ORGANISATIONAL MISSION, OBJECTIVES AND GOALS: Understand them to be effective contributor to organisation. Develop concepts and operationalize relevant aspects. Involve others. Make compact team. Guide subordinates.
d) DISCONTINUANCE OF SELF-DEVELOPING EFFORTS: Do SWOT analysis periodically. Evolve self-development plan. Reinforce strengths and convert weaknesses into strengths or remove them. Take benefit of organisation's executive development plan.
e) LACK OF ADAPTATION TO CHANGES: Adaptation to change is imperative; it is a matter of attitude, skill and capability to master the ramifications of change. Disorientation to changes leads to ineffectiveness, isolation. Globalisation means constant changes. Adapt to them.
1) INABILITY TO ACCEPT NEGATIVE FEEDBACK: Praise and appreciation are always welcome. Criticism and negative feedback are not generally liked but careful analysis and evaluation go a long way to bring about improvement, resulting in effectiveness.
LACK OF CLEAR CUT VALUES: Values are relative terms. These are choices one makes about what is important and worthwhile in life. The society has values, sometimes-traditional ones. All organisations have values within the society they serve and these cannot be in opposition to the values of the society. A manager must be aware of values. All activities are geared towards organisational goals, based on values. No bias is permitted. Secular working ensures uniform systems and procedures. All concerned are served without discrimination, and promptly, to their satisfaction.
LOW - CONFIDENCE: Confidence is a state of mind. Often, low confidence is such a state of mind, which inhibits full exploitation of one's capacity and potential. It results in low self - esteem. Developing self-confidence and banishing doubt are essential to be effective.
i) INABILITY TO REPOSE TRUST AND CONFIDENCE IN OTHERS: Reposing confidence and trust in others takes off heavy burden from the manager. He can then devote all attention to high priority areas and focus on key tasks. Others trusted by him also feel important and perform better; they add to experience and become more capable and competitive. Suspicion, mistrust hinders development of healthy relationships; effective delegation gets setback. Inadequate contribution by the team results in short achievement of objectives. The mantra is: trust others, repose confidence in others and enjoy yourself and the organisations the benefits of excellent performance. Manager becomes more effective.
INABILITY TO COPE WITH STRESS AND STRAIN: Due to complexes, many executives are often unable to cope with present day functional and role responsibilities. The capacity to cope with stress and strain is a mental attitude. A manager has to - learn to relax, understand how stress affects mind and health, and adopt release techniques appropriate to his physical and mental condition. However, stress is necessary to bring out the best out of a person.
k) LOW AMBITION: Ambition keeps one highly motivated; it is a powerful driving force. It goads the individual to accept challenges and achieve results even in adverse circumstances. Lack of ambition reduces the capacity to compete. Therefore, prompting ambition and setting high standard of achievement will certainly lead to effectiveness.
I) ATTITUDINAL BLOCKS:
Lack of Self Confidence O Lack of Initiative
• Despair or Depression O Inferiority complex

• Intolerance O Nervousness
O Ego & False Pride O Stage Fear
O Confusion & Indecision • Wilting under Pressure

POSITIVE ATTITUDE

ATTITUDE (CONCEPT):
Attitude is a state of mind, a kind of mindset. It includes mental postures, conduct, general disposition, feelings, desires, fears, convictions, tastes, aspirations, ambition, etc. A man's actions result from his faith and opinion. Attitude influences an individual's opinion. Attitude is a person's opinion about the facts; facts are not opinion, opinion changes in response to changes in environment (both domestic and international). Attitude is a person's readiness to act or react on the basis of the opinions he holds. Attitudes are reinforced habits, internalized since birth, and hence very difficult to change.
ATTITUDES CAN BE POSITIVE OR NEGATIVE OR WASTEFUL:
The former is creative, enthusiastic, constructive, appreciative, loving, trusting, cooperating, sharing, learning, social responsibility. The latter is destructive, hateful, ruinous, mean, condemnable, distrustful, jealous, disruptive, offensive, etc.
FACTORS THAT AFFECT ATTITUDE:
These are primary groups, secondary groups and other reference groups. Precisely stated, these are (i) family, friends, teachers, individuals like role models, (ii) institutions and organisations making up the society's structure, (iii) religion, values, various codes including laws and self-discipline including faith and beliefs.
CHANGE OF ATTITUDE:
As per Peter Drucker, "The major obstacle to growth is a manager's inability to change attitudes and behaviour as fast as the organisation requires". Positive attitude is a quest, constructive thinking and positive approach to take the right path, essential form effectiveness of human resource for excellence in multifarious organisational activities.
Change can be brought about through adoption of meaningful appraisal system to devise special and structured counseling as well as training & development programmes to help potential to spring forth blossoming. Change depends upon (i) need for change (motivation), level of learning (education), support system, encouragement, appreciation, and conducive environment.
DEVELOPING POSITIVE ATTITUDE; TIPS:
Performance on job arena manifests your view on life and general philosophy. So, think and feel positive; negative thinking and feeling makes one sick and diffident. Think positive about self, family, environment, work, colleagues, and organisation. Undertake SWOT analysis to identify strengths and weaknesses to overcome the latter. Be a winner. Do not get depressed over past. Take responsibility for failures. Learn from mistakes. Do not be fatalist. Reinforce factors responsible for success to repeat success. Analyse causes for failure and avoid them in future. Take work as mission. Negative thinking means pains. We cannot change others, but we can change ourselves. Avoid ego and false sense of pride. Nobility & humility is great virtue, imbibe it.
POSITIVE ATTITUDE BRINGS FORTH SATISFYING RESULTS:
Competence is the cumulative effect of knowledge and skills. Performance is the product of competence and attiytdel Positive attitude is, therefore, necessary for achieving goals. Get maximum out of life, including official life.
POSITIVE ATTITUDE OFFERS A BOUQUET OF BENEFITS (REWARDS / PAY-OFFS):
It results in increased productivity, fosters team spirit, helps solving problems, quality improvement, creates and maintains congenial atmosphere, breed's loyalty, enhances profits, generates healthy and improved inter-personal relations, reduces stress, helps individual to become useful and contributing members of the organisation, develops pleasing personality of an individual, and helps the individual to relate to others willingly for contribution to society through excellent performance at the job where one is posted.
Developing positive attitude is the exclusive responsibility of the individual himself. It depends upon him and him only to think positive, act positive and feel positive. Even in the most disturbing and turbulent situation, there is always a silver lining.
Modern organisations provide various kinds of jobs, job rotation, adopt constructive approach in appraising the performance, use the latest technology, provide training in skills and educational inputs by organising in-house programmes or deputations to institutions outside. WTO regime is ushering in free trade era, domestic economy is getting integrated with international economy and structural changes in society and economy are in the offing. Prepare to face the challenges; develop capabilities and competitiveness. Remain positive.

TEAM BUILDING

WHAT CONSTITUTES A TEAM: A game has a number of players; it is a team, Players fix their positions, co-operate and

coordinate with each other to win the game. This means that a team is comprised of energetic people who are committed to work in unison for achievement of common objectives. The success gives the members pleasure and the organisation better results.
EFFECTIVE TEAM HAS CERTAIN CHARACTERISTICS: These are discussed below briefly:
OUTPUT: The team has to deliver the goods. The result is the test of the team. It proves capability of the team as a whole to achieve results as per the objectives of the organisations. The desired results cannot be achieved by the individuals working in isolation. Learning from games, modern managements have laid down the technique of team building where the individuals enjoy the work as a group and rejoice at the success collective. The result is very good.
a) OBJECTIVES: A team knows the objective as winning the game. Similarly, the team in the organisation must also know and understand the objectives very clearly so that they can work collectively -to achieve the objectives. The team members get opportunity of discussing the strategies and other aspects of plan to achieve excellence.
b) ENERGY: Members of a team derive strength from one another and create synergy. Each member obeys his captain or leader. In formal organisations, manager is formally appointed; he has to.develop the qualities of leadership to carry his team members along.
c) STRUCTURE: While playing any game, the players are assigned a position on the ground. The ground is having definite measurement and markings. Similarly,- each organisation creates a structure for the team which includes space, rules and regulations, system of discipline, training, scale of remuneration, objectives, meetings, discussions, decisions, budget, action plan, system of monitoring and mid-term review etc. The organisations lay down details on control, leadership, procedures,

roles, organisations, support system etc. with adequate flexibility, orderliness, extent of responsibility and clear directions.
d) ATMOSPHERE: A distinctive spirit, allowing for openness, support, mutuality and collaboration.
BENEFITS OF TEAM BUILDING:
• MANAGEMENT OF COMPLEXITY: Complex situations are creatively managed.
• RAPID RESPONSE: Close-knit teams respond promptly & energetically.
• HIGH MOTIVATION: Higher level needs motivate the team for recognition and self-actualization.
• HIGH QUALITY DECISIONS: Mature teams make better quality decisions than most brilliant individuals do.
Members' level of commitment to team's mission is much higher, sometimes ideal.
• COLLECTIVE STRENGTH: Synergy influences organization & environment; better achievement.

MOTIVATION

Motivation is an inner urge, which compels the person to work,
• Motivation is a general term applying to the entire class of NEEDS, DESIRES, WANTS, DRIVES, IMPULSES, WISHES etc.
It is an inner state that energizes, activates or moves and that directs or channels behaviour towards Goal - a goal directed activity.
Motives are 'WHY' of Behaviour.
Motive 'WITHIN' - Goal 'OUTSIDE'.
NEEDS => LEADS TO => WANTS => CAUSES => TENSION => GIVES RISE TO => MOTIVATION FOR ACTION => RESULTS IN => PERFORMANCE => YIELDS => SATISFACTION.
THEORIES ON MOTIVATION
Abraham Maslow's Hierarchy of Needs Theory holds that there is hierarchy of five needs - physiological (biological), safety (security and protection), social (acceptance and friendship), esteem (self-respect and status) and self-actualization {the drive to become what one is capable of becoming). As each need is sequentially satisfied, the next need becomes dominant.
a) Frederick Herzberq's Motivation Hygiene approaches or Two-Factor theory holds that there are two sets of motivating factors. In one set there are the hygiene or maintenance factors, which are related to the job content (circumstances, working conditions, policies, administration and inter-personnel relations). The absence of these factors results in dissatisfaction. In the other set are the satisfier or motivators, which are related to the content of the job (achievement, recognitiOn for accomplishment, challenging work, increased responsibility, growth and development).
b) Victor H. Vroom's Expectancy Theory suggests that people are motivated to reach a goal if they think that the goal is worthwhile and can see that their activities will help them to achieve the goal.
c) McClelland Theory Achievement Motivation
d) McGregor Theory X & Theory Y - Theory X states that people work only due to fear of punishment and close supervision and. monitoring is must. In contrast, theory Y states that work is as natural as play. There is no need to use power. People will decide their own objectives.
e) Alderfer's ERG Theory: Alderfer classifies needs into three categories namely growth needs, relatedness needs and existence needs.
TRANSACTIONAL ANALYSIS (TA):
Eric Berne developed the concept of Transactional Analysis (TA), which is a method of analysing and understanding behaviour.
Transactional Analysis is a tool to help:
(a) Better understanding of own and other's behaviour,
(b) Improve the interpersonal relationship / communication,
(c) Development of Art of effective communication.
Compiled by Sanjay Kumar Trivedy, Divisional Manager, Canara Bank, Govt. Link Cell, Nagpur **121 |** Page
TA is an outgrowth of earlier Freudian psychology. Sigmund Freud was the first to suggest that there are three sources within the human personality that stimulate, monitor and control behaviour. The Freudian 'I', 'ego' and 'superego' have been made simple by TA by replacing with three ego states of mind which has no relationship with the age:
• PARENT (nurturing, critical, controlling);
• ADULT (logical, reasonable, rational and unemotional behaviour, characterized by problem-solving analysis and rational decision making); and
• CHILD ego (emotional behaviour, happy child and destructive child).
While motivation reflects wants, motivators are the identified rewards or incentives, which sharpens the drive to satisfy these wants. Satisfaction refers to the contentment experienced when a want is satisfied. Motivation implies -a drive towards an outcome and satisfaction is experienced when the outcome has been achieved.
Under the concept of Transactional Analysis, four personality traits have been developed:
a) I am OK, You are OK
b) I am OK, Your are not OK.
c) I am not OK, You are OK.
d) I am not OK, You are not OK.
The best personality behaviour is I am OK, You are OK

DELIVERING CUSTOMER DELIGHT

Human beings are unique and complex entities. Each develops his/her own self-image, likes and dislikes. So is the case with our customers. Each of the customers has different features, characteristics and expectations - unique in one's own way:
Global Customers: Often our customers operate in more than one country and their products, services, operations, and their end-users too are spread all over the world. To serve them means, 'thinking global".
Technology Oriented Customers: Such customers focus on technology as their change agent which virtually governs the dynamics of their daily drills and they execute their plans with long-term leaps. For serving them we go by the dictum "thinking ahead, thinking competencies".
Customers which are Demanding and Competitive:•They judge themselves by making comparisons as to, what they can do

better than their competitors do. How quickly and smartly they stay. They determine their success by positioning ahead in the market arena. In their case, it means to us "thinking business".
Constantly Benchmarking Customers: They believe in setting standards not to stick to them as they consider them minimum, only to be raised consistently and quickly. Reaching global benchmarks is a given thing for them. Measuring quality, finding ways of removing or reducing defects and pursuing excellence constantly are ongoing commitment for them. They make us do "thinking metrics, thinking excellence'.
Cost Focussed Customers: Business today is more conscious of pressure on bottom lines. Reducing costs, improving operational efficiencies are the things of the day. For such customers, we commit "thinking cost-effective solutions".
HOW TO PROCEED TO SATISFY OUR CUSTOMERS?
We must adopt a policy of collaboration / partnership with our customers to deliver the needed and perceived business solutions. The following propellers are indispensable in this regard:
a) A matching mindset: We have to develop a mindset that not only brings about understanding of customers' needs and expectations but also dig deep to empathize with the customers' latent expectations needed relevant technologies and business goals. We can then succeed to deliver solutions with genuine passion.
b) Honouring Delivery Schedule: Solutions have not only to be need-specific but also time-specific. Looking for ways to deliver solutions not just on time but ahead of time is the core of success in serving customers.
c) Reservoir of Competencies to Lead: Highly competent professionals with rich domain competencies to understand the business of customers better must be in position. The technical team has to be supported to develop solutions for the customers, recognizing fully well that customers seek solutions, not technology.
d) Cutting down on Cost: Rupee saved is rupee earned. The solutions, processes, and people should all be bottomline-focussed. Twin strategies of cost reduction and cost savings go hand-in-hand. These lead to. a discernible increase in operational efficiencies, resulting in increasing value for the customers' shareholders.
e) Value Addition: Adding value enhances customer delight. Endeavour to add value to every facet of the customer interaction has to. be a permanent feature. Think of value addition to customer, relevant existing process, new plan, innovative idea etc.
MEASURE AND DELIGHT APPROACH: Quality benchmarking being ongoing process means going beyond global benchmarks such as ISO 9001-2000, SEI-CMM Level 5 and other standard requirements. The goal should be to constantly raise the bar. Measurements monitoring, modifying and excelling help to apply the best quality practices for the customers.

PROBLEM SOLVING & DECISION MAKING

With the integration of Indian economy with the rest of the world, the pace of changes in the environment has increased, leading to an increase in organization problems. Dynamic management of an organization demands understanding the change, nature of change and the direction of the change. Manager by the process of decision-making undertakes to minimize the impact of changes and increase effectiveness for achieving organizational objectives. Decision-making is the process of selecting a course of action from among several alternatives. It is selection of the best possible alternative for the solution of a given problem.
STEPS OF DECISION MAKING
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a) Problem Identification - Problems arise due to disparity between ' what is' and ' what should be'. The threats of environmental changes also create decision problem. A manager should identify and define the real problem in a straight way. A problem well defined is half solved.
The problem should be classified on the following basis:
• Nature of the decision, i.e. whether it is strategiINGc or routine.
• Impact of the decision on the various functions of the business.
• Futurity of the decision.
• Periodicity of the decision, and
• Limiting or strategic factors relevant to the decision.
b) Diagnosing the Problem: Diagnosing the problem is knowing the real cause of the gap between what is and what should be. The problem should be understood in terms of its elements, its magnitude, its urgency, its course, and its relations with other problems. All pertinent facts and information must be collected and analysed to diagnose the problem quickly and correctly.
c) Developing Alternatives: A manager, while making decision, should search for various alternatives, which should be identified and analysed. There is a no problem of decision making if there is only one way of solving a problem. A wide range of alternatives increases the freedom of decision maker. However such alternatives should not be considered which are not possible to be accomplished due to a limiting factors.
d) Selection of Best Alternative: After evaluation of the various alternatives, the decision maker has to select the best alternative or that alternative which contributes maximum to the given objectives. It should be ensured that the decision taken is practicable, stable and it is not creating another problem.
e) Implementation Decision: It implies laying down of derivative plans and their communication to all concerned who are responsible for its implementation within a given timeframe.
f) Follow-Up: The implementation of the decision should be constantly monitored. No matter how scientific it is, decisionmaking has no guarantee that it is hundred percent correct. It may be defective and may cause loss to the organization.
As such its progress should be watched carefully to minimise the chances of loss. If the decision taken is not yielding the desired results, necessary changes should be made in the decision or its implementation. Thus an effective follow-up may control the major deviation in time.
One of the best ways to analyze the decision is to use the most common Decision Trees approach. Decision Trees depict, in the form of a tree, the decision points, chance events, and probability involved in various courses that might be undertaken. This approach makes it possible to see atleast the major alternatives and the fact that subsequent decision may depend upon events in the future.

BENCHEMARKING

The purpose of benchmarking is to improve the organisation's competitive position and its learning abilities. It embodies the spirit of being humble enough to admit that someone else is better at something, and wise enough to learn how to match and even surpass.

OPERATIONALLY DEFINED, BENCHMARKING IS

• Finding and implementing best practices,

• An ongoing process of measuring and improving company's products, service and practices against those companies that distinguish themselves in that same category of performance.

8 The first step in creating the recognition that changes and improvements are needed.

WHY IS BENCHMARKING VALUABLE?

Benchmarking helps in three ways:

_ Providing breakthrough insights by examining superior management practices.

_ Inspiring people by demonstrating: "We can't ..... but others are..."

_ Setting objective targets by highlighting the gaps between "us" and "them".

Benchmarking as quality tool is simple to apply and does not require advance and sophisticated techniques. More importantly, this process can provide an external stimulus to encourage a reflective environment of continuous learning. Benchmarking facilitates learning: A powerful learning experience such as benchmarking can be a vehicle for creating sustainable business solutions. This type of learning parallels Peter Senge's description of a learning organisation as one that is continually expanding its capacity to create its future.

3. Recalled Topics of group discussion

Last year Topics of group discussion

GROUP DISCUSSION TOPICS FOR THE YEAR 2017 – Scale : 3 to 4

1. Retail Credit is better than Corporate Credit/Retail credit v/s Corporate Credit
2. Whether Financing Rural India is Profitable or strength for Bankers or not.
3. Why marketing set up is not effective in our Bank
4. NPA v/s Profitability Management
5. Promt Corrective Action (PCA)
6. Hard Work v/s Smart Worker
7. Marketing is Poor at Branches- Reasons, Remedies and Suggestions for Improvement.
8. Digitalizations
9. Reason for Low CASA , remedial , Initiatives & strategy for Improvement.
10. Payment Bank – Boon or Bane
11. NPA Review Strategy to Improve Bottom line.
12. New Banking License in India is Boon or Bane.

GROUP DISCUSSION TOPICS FOR THE YEAR 2017 – Scale : 4 to 5

1. Impact of Demonetization in Economy
2. Financial inclusion will Improve bottom lines of the Bank.
3. Made in India v/s Make in India
4. Smart working & Hard Working, Important for Banking
5. Skill Manpower Shortage – how to overcome it.
6. Social Media advantages & disadvantages- should networking sites should be censored
7. Merger of PSU- whether beneficial to our Economy
8. Role of RRB in banking
9. Retail Business- Reason of low growth & remedies.

GROUP DISCUSSION TOPICS FOR THE YEAR 2018 – Scale : 3 to 4 (April 2018)

1. CASA mobilization
2. Retail resource mobilization
3. Social media advantages and disadvantages, whether to be censored or not?
4. Digitalization advantage and disadvantages.
5. Use of technology in increasing business
6. Two topics related to asset quality review
7. Profitability vs NPA .
8. Hard work or smart work which one is important for an organization?
9. Reasons for non-increase of Retail Assets Portfolio
10. Stretegies for Reduction of NPA in banking
11. Strategy for turnaround of loss making branch
12. Strategy for developing Rural India
13. Make in India Vs Made in India

GROUP DISCUSSION TOPICS FOR THE YEAR 2018 – Scale : 4 to 5 (April 2018)

1. Digital initiatives of the Bank- advantages and disadvantages.
2. Retail Lending Pros & Cons
3. Strategy for turnaround of loss making branch
4. Digital initiatives of the Bank- advantages and disadvantages.
5. How to increase retail lending to 30% so as to improve profitability of the bank.
6. Strategy to Improve CASA
7. Banning on LOU/LOC, Gold trade(80:20), Effects on short term Finance
8. Thrust Areas of the Bank and how to achieve it.
9. Strategies to contain NPA.

4. MOST IMPORTANT TOPICS OF GROUP DISCUSSION

New Group Discussion Topics for the Year 2019

1. Banking Steps into Next Decade
2. Risk management in Banking in the next Decade
3. Role of Technology in Banking in Next decade
4. Restructuring of advances – MSME Sector
5. Economic Capital frame work
6. Project Shashakt
7. Elements of internal control
8. RBI Autonomy: Is the Government out to Impound its Autonomous Status?
9. Banking Frauds: Result is Rising NPAs; Better to Prevent now than to run after
10. Cashless Economy: Is Society ready for transformation?
11. Impact of Technology on Jobs: Will Automation & Artificial Intelligence reduce or increase Jobs?
12. Crypto Currency: A bright future or just a fad?
13. The Fugitive Economic Offenders Bill 2017
14. Startup India: Boosting Entrepreneurship
15. Merger of Public Sector Banks: How beneficial is the merger of Banks?
16. Bank Recapitalization: NPA reduction and not bank recapitalization can cure the health of PSBs in India
17. GST: Will economy grow faster with reduced rates of Goods & Services Tax?
18. Farmers' Income: Will India be able to double it in next 5 years?
19. FDI in retail: Good for India?
20. Make in India: The idea will make India a manufacturing hub
21. Companies Amendment Bill: Will it be helpful in ease of doing business?
22. Social Media: A boon or a bane for society and individuals
23. Browsing at Workplace affects productivity
24. Hard Work Vs Smart Work
25. Work- Life Balance is a Myth
26. FAMOUS Vs IMPORTANT
27. Innovation Vs Invention: What is more important?
28. Strategy or Execution
29. Means or End
30. Effective manager or Ethical Manager
31. Prompt Corrective action
32. Financial Resolutions & Deposit Insurance Bills
33. MSME – Growth Engine of our Economy
34. Debt waiver in Agril. is Boon or bane
35. Cyber attack/ Ransomeware , Security & Fraud
36. Public credit Registry
37. Resolution of Stressed assets- latest RBI Guidelines
38. Buyers Credit & LOU : Mechanism to control Risk & Fraud
39. Insolvency and Bankruptcy Code (IBC -2016)- How effective is it in NPA Resolutions
40. Cross Selling
41. Is India is moving towards Cashless Society ?
42. Better Customer Service is Result in Improved Productivity
43. Grievances & Redressal Mechanism available for Bank Customers
44. Mid corporate should be given thrust for Future Growth of the bank
45. Budget 2019-20 : Impact on Rural/Agril. Economy of our Country.
46. Should the youngsters be given faster promotions (at the cost of seniors)
47. Should salary be linked to performance and productivity
48. Lending to retail sector is desirable over lending to other sectors
49. Retail banking is no more lucrative
50. Banking by 2025
51. Effectiveness of 4 tier system
52. Should Fintechs and banks be collaborated
53. Is RBIs autonomy under threat ?
54. Impact of PNB fraud on Indian economy and other Banks
55. Bank Vs Banking
56. Knowledge gap Vs Experience gap
57. Can present technology be used for higher productivity & better service delivery
58. Lending to retail sector is desirable over lending to other sectors
59. Banking is losing publics affinity due to steep reduction in interest rates
60. Retail banking is no more lucrative
61. Entry of fintech company is a threat to Indian economy
62. Future banking man less banking
63. Banking by 2025
64. Non interest income is having major share in Banks profit
65. Technology based learning Vs Contemporary learning

5.VARIOUS TOPICS OF GROUP DISCUSSION (70-TOIPCS)

Banking: Stepping into the next decade

Banking in the new millennium has seen transformational changes and the next decade is all set to accelerate the trend. Globalization of banking which started a few decades back will accelerate to the new levels in the coming decade. Like all major sectors, the growth of the banking industry will be determined by the 5 important mega trends, transcending borders:
Changing Demographics, New age workforce, Digitalization of services, Unified and global marketplace & Regulatory Landscape
As banks step into the new decade, they need to evolve – both in their product portfolio and business models. They will need to serve a new set of customers – the unbanked in the emerging and developing economies and the underserved in the developed worlds, and the hugely and digitally literate new age customers across the globe actively aided by path breaking technology. Further, the regulatory landscape emerging in the aftermath of 2008 financial crisis and constantly adjusting to the new age demands will decide the direction that Banks will take in the next five to ten years.
In the coming decade, banks will increasingly focus on profitability rather than revenues. On one hand, they will introduce new products more aligned to emerging client needs, on the other they will deconstruct the existing ones to make them tailor made to customer needs. Partnership with other financial players, like fintech companies and outsourcing less profitable businesses, like the back-office functions that no longer provide competitive advantage will be common phenomena. The role of bank branches will shift from being delivery channels to being facilitators of financial services and banking no longer will be confined to the existing "brick and mortar" model.

Indian Banking – The Next Decade

In India, the growth story somehow has taken a slightly different trajectory. With a mix of population from the digital age and a huge unbanked population, the growth has been uneven, but rapid. The change has been more rapid during the last 10 years, triggered by the global factors like technological enhancements, changing customer needs, Regulatory interventions etc. Some of the key changes are:
wide adoption of digital banking channels like online and mobile banking.
faster and convenient payment options for both wholesale and retail payments.
rapid increase in retail loans (Housing, Auto, Student, Credit cards etc.).
increased competition from private sector banks, NBFCs and new players like FinTechs.
increased regulations that called for improvement in risk management practices of the Banks.
In the light of above transformational changes that occurred in such a short time frame, visualizing banking landscape 10 years from now, is not easy. However, one thing is certain, the banking 10 years hence, will definitely not be the same as what we see today.
Looking at current trends as well as the changes that occurred in the advanced countries, I believe the transformation would be seen both in the technology as well as the products and also the way they are delivered.

Changes for the Next Decade: Technological Changes Massive Investments in Digital Transformation

As customers become more digital, more demanding and more tech-savvy, existing bank infrastructure will be unable to support new modes of engagement and digital expectations. Banks are expected to redefine their digital roadmap and overcome the silos created by various channels, such as mobile, data analytics, cloud etc. into a consolidated digital plan. They are supposed to ensure a consistent experience across all channels while directing customers to their channels of choice. Banks will have to implement customer-centric technology and operational platforms to support a co-ordinated channel strategy. Cultivating a customer-first culture throughout the banking industry will be a priority. This is going to be a playing field where the winner shall be decided based upon path breaking innovation, flexibility to adapt and successful implementation of ideas.
In response to increasing competitive pressures and people's rising expectations, financial institutions around the world will have to invest aggressively in digital transformation projects. Experiences with non-banking industries such as retail and communications will shape consumers' expectations from banks and credit unions.
Blockchain and artificial intelligence (AI) will continue to disrupt the financial services industry. AI development will focus on cognitive use in the sales, marketing, investments, wealth management and compliance sectors of the financial services industry. This is a critical step in moving from advanced robotic technologies like machine learning and predictive analytics to real growth in cognitive computing.
With the entire banking industry shifting to digital channels, digital-only players will pose more and more challenges to the historical dominance of traditional banks and credit unions. According to Capgemini's Top 10 Technology Trends in Retail Banking, this new breed of banking providers has defied the conventional model with highly innovative products and services with mass appeal to today's digitally-savvy consumer. These challenger banks will fuel increased competition in the industry, forcing traditional financial institutions to improve their digital offerings and extend their reach to fend off these disruptors.
Moreover, adoption of the cloud in banking will increase, but with enhanced focus on security and regulatory compliance. We can expect to see enterprise-wide middle- and back-office applications start to move into the cloud. Banks and credit unions will feel the push to create more cloud-enabled business models in next couple of years which will drive consumer applications to the cloud even more.
In the future, banks will have to deliver intelligence by using data to learn more about customer behaviour and preferences and then use AI-powered processing to produce real-time insights that offer customers the services they want just as they need them. We're moving from the age of mobile banking to the age of digital voice-enabled banking, where (with consumer consent) banks can use AI-based, digital voice-enabled devices to execute processes, like information about balances, payments and loan processing—instantly, 24/7. To be as responsive as customers expect will mean pushing processing from the center to the edge of the network. While still mastering the journey to cloud, banks will also need to master the journey to the edge and think about how analytics and processing can be done on phones, wearable devices and static contact points like ATMs to ensure that customers get the 'in the moment' experience that will truly delight them.
As all of this plays out, there will be successes and failures. But, by planning ahead and spending time peering into the future, banks can avoid the type of rapid reversal of fortunes suffered by Nokia, Blockbuster, Blackberry, MySpace and Kodak and have a true technology vision.

Changes in the Product and Delivery Securitization of Retail Loans

Indian economy is growing at a healthy clip of 7% plus and is expected to grow at same or better rate for next few years. The burden of supporting growth will still be on the banking system, mostly PSBs, as other sources like capital markets, debt markets are still not

deep enough. While, it is a fact that currently PSBs and some of the large private sector banks are grappling with asset quality issues, the recent resolution of a few large loans through Insolvency & Bankruptcy Code (IBC) framework, offers a glimmer of hope that soon banks will be out of this and start growing. While, so far, Government has been infusing additional capital in PSBs as needed, this cannot be taken for granted and hitting the path of positive earnings only, will be the long-term solution for PSBs.
This situation may force the Banks to increasingly look for securitization of loans or 'originate to sell'. In developed economies like US and UK, securitization of mortgage loans and other retail loans by pooling loans and issuing securities for various investors is quite common. This will enable the banks to earn fee income from servicing rights, without needing a significant amount of capital with an added benefit of retaining the customer relationship. However, this will require development of eco system like title insurance companies, which insure title to the property, agencies that guarantee the repayment of loan and also investment bankers who pool the loans and securitize. Development of suitable accounting norms and uniform under-writing standards will be the pre-requisites.

Trading of Corporate Loans

There is an established model for trading in Shared National Credit loans in US, which are loans syndicated by banks for large corporates with strong cashflows (not project finance). The lead bank, based on the term sheet agreed with the borrower, prepares information memorandum, underwrites the loan and provides the required finance to the corporate subject to the corporate meeting certain due diligence standards. It then scouts for interesting banks for participation and assigns the loan in their favour, while choosing to keep the loan administration with itself for fee. These banks can then either retain the loan in their books or in turn sell them to other interested banks in secondary market. So, loans can be bought and sold for meeting the liquidity and managing the earnings.
In the light of large exposure norms going to be effective soon, Indian Banks under the auspices of RBI, can create suitable mechanism for trading of corporate loans on the above lines. This will help the large banks who sell the loans, in unlocking their capital, while offering a chance to smaller banks, who do not have the expertise to underwrite large loans, to participate in such loans for diversification of their portfolio. However, the pre-requisites would be development of
regulations around minimum under-writing standards that are expected for the loans;
standard loan documentation;
Periodic scrutiny of the loans by RBI at one place i.e., lead bank and disseminating the information among the participating banks, i.e. common asset classification among the banks. **Partnership with FinTechs**

FinTechs with their innovative technology based and convenient offerings, have the potential to nibble into the traditional customer base of banks whether in payments or small loans. While banks are heavily regulated, Regulations on FinTechs are almost nonexistent. Banks can't afford to ignore their potential and face the difficult choice of either competing against them which will call for large investments in technology and skilled man power or collaborate with them for mutual benefit. Similarly, there is a huge threat from entities like FANG (Facebook, Amazon, Netflix and Google), which are increasingly blurring the line between pure technology companies and banks. So, eventually Bank account may be reduced to a mere holding unit for parking surplus funds for safety and liquidity needs, while other needs of the customer are serviced by different FinTechs in payments, wealth management, securities trading etc. Only a few large banks may afford to provide all the services required by the customer.

Data Privacy, Cyber Security Risks

One major challenge, which all the organizations will be facing, is securing their data and information assets. Data security has become one of the highest concerns for any financial institution today. With the increase in digitalization and ease of banking services, the instances of ransomware attacks and other cybercrimes are expected to increase exponentially. A secure Information Security & Cybersecurity Policy and a Framework to protect the organization's information asset is a priority for organizations. The increased concerns around data privacy and cyber security risks will warrant huge investments by banks in strengthening their IT systems, fine tuning the way data is collected, shared etc. Already, regulations are catching up in this area and punitive monetary penalties cannot be ruled out in case of breaches.

Human Capital

Banks will continue to be attractive places to work for the new generation of employees. However, meeting the high standards of credit delivery, digital banking and otherwise also, will require a highly motivated, trained and professional workforce. To achieve this, it will be necessary to transform employee propositions. A proper "succession plan" will be needed, for mentoring and nurturing of future leaders. It won't be the pay-package anymore, but compelling HR policies that will help secure and retain talent.

New Avenues of Credit Growth: At present banks' exposure to innovation and R&D is through the VC route. Whatever direct exposure exists, is very small. However, increasingly the demand for capital to directly finance innovation will rise, most of which will be from the proprietors and partnerships firms. Banks also have to gear up quickly, lest they lose this space to other sources of funding like peer-to-peer funding or the crowd funding.
As the income generation gathers pace, retail banking will be one of the most important segment from where banks will generate substantial revenue. The opportunities for banks will come on both sides of the balance sheet. The factors that augur well for robust retail banking business include a sizable young population with 47% in unmarried category. The average house-hold size in India is 4.8 persons per house-hold. With nearly 95% marriage rates in India by age 35, the number of house-holds will rise dramatically from the current level of 24.8 crore.
This will fuel demand for financial products of various kinds and can be promoted using the aid of technology. On the liability side, banks will have to provide innovative life cycle based savings products, bank accounts for minors, girl child etc. On the advances side, banks will be lending for consumer durables, housing (given the thrust for low cost housing and smart cities), education loans etc.

Consolidation in Banking Industry

At the broad industry level, consolidation in banking industry is imminent. Large banks reap certain advantages in terms of efficiency, risk diversification and capacity to finance large projects. The efficiency gains resulting from lower cost of services and higher quality of services are too attractive to ignore. It is also felt that a larger bank may be less risky than a smaller bank as the larger bank will have a more diversified portfolio resulting in less volatility in its earnings. Consequently, a large bank may command higher credit rating than a smaller bank.

Conclusion:

In a nut shell, I summarise below, the current and future states of future Indian banking

Current state	Future State
1. Asset Growth	Value Creation

2. Transactions	Relationships
3. Products	Customers
4. Advertising	Targeted Marketing
5. Brick and Mortar	Targeted Delivery
6. Disaggregated Risk	Integrated ERM
7. Human Resources	Talent Management
8. People Intensive	Digital Intensive

The trajectory of Indian banking in the next decade will be shaped by the forces of balance sheet restructuring to tide over the stress asset problem. In doing so, the banks' lending will get directed to those sectors which have high priorities in terms of increasing the share of manufacturing in overall GDP to 23% and also generate substantial employment opportunity. The importance of corporate lending will reduce not as a sector, but, in terms of the share in overall bank lending books. Financial dis-intermediation due to RBI guidelines and IBC will also alter the composition of banks' balance sheet.

The role of technology is going to increase undoubtedly. The Report of Artificial Intelligence Task Force has identified Fintech and retail and customer relationship as important areas where India can use the technology for meeting its development goals. At the same time laws on privacy, ownership of digital data, and its storage and cyber security will also get priority and attain desired clarity.

Lastly, the famous quote that says, 'banking is important, banks are not'; it is not clear whether global banking and banking in India will reach this state in the next decade. Interestingly, the role of brick and mortar banks has not diminished and very few brick and mortar banks have become totally virtual.

Risk Management in Banking in the next decade

Barings, Lehman, Northern Rock and Washington Mutual; what's the common thread underpinning these names? All have ceased to be part of today's financial landscape. Risks, albeit of different genres, hit these banks hard. Operational risk brought Barings down. Credit and Market related risks liquidated Lehman. Liquidity challenges rocked Northern Rock. And Washington Mutual fell flat when home prices collapsed; subprime mortgages turned out to be too fragile.

Taking Deposits to Lend Inherently Risky

The business of banking is inherently risky. In a classical sense, banks' basic business is to take deposits to lend. Depositors stay entitled to their money regardless of whether the money lent out comes back to the bank or not. Repayments, let alone interest on the monies lent, almost always remain somewhat uncertain. Businesses may and do fail. Individuals lose their jobs and earning streams. Industries get disrupted. Environmental or even political issues force closure of functional units. Economies experience downturns, sinking many boats. As prices drop, valuations tumble. Credit mitigation measures turn ineffective. No surprises why banking remains risky not only under stressed economic conditions, but even in the best of times.

The odds stack up high when banks fund ventures chasing a bandwagon idea or finance business models with fault lines that are not well understood. PPAs in the power sector are a case in point.

Choices made by Counterparties too impact risk

Banks usually carry out comprehensive pre-lending due diligence. Likewise, entrepreneurs too vet their business models before committing funds. And yet, on the way, ambitious growth, forays into new areas and other bets at times lead the otherwise thriving enterprises astray.

An occasional Enron or a Satyam nearer home also underline the risk that credit underwriters may unknowingly assume, when they lend to apparently successful, growth oriented companies that decide to unhinge themselves off the usual conduct standards.

Operational Risk Flare-ups

We are all familiar with frauds, near-misses and other operational hazards that banks face. External fraudsters are always a threat. A few black sheep here and there within the system are also a given. A certain amount of such risk is therefore inevitable. But, at times, a single soul could just bet the house; lock, stock and barrel. Remember Nick Leeson at Barings, Jerome Kerviel at Societe Generale, Kweku Adoboli at UBS and Bruno Iksil at JP Morgan – all marquee names that, one thought, were well equipped to handle the operational risks, but ended up taking huge hits.

RCSA & Best Practices

Risk literature teaches us to carry out RCSA (Risk & Control Self Assessment) exercises to spot cracks in controls to prevent mishaps. We are also encouraged to learn and implement best practices from the industry.

And in any case, it's better to learn from others' mis-steps. Let's now take a look at the timelines of these major risk incidents and figure out if risk management practices changed for the better. Barings debacle happened in 1995. JP Morgan (JPM) got hit by what's popularly known as London Whale in 2012. Nearly two decades apart, the banking industry majors' capacity to handle risk perhaps remained static as incidents continued to recur and losses continued to surge. A loss of USD 1.3 billion reportedly sunk Barings. London Whale incident is said to have dented JPM to the extent of USD 6.2 billion. Reputation risk consequences were of course an additional downside.

GFC showcases what Risk build-up can lead to

Leaving aside the various incidents that have periodically popped up from nowhere, it would probably be in order to say that the 2008 Global Financial Crisis (GFC) surfaced all sorts of risk and unravelled a stark reality. Risk Management proved to be totally inadequate. In fact, one could argue that in 2008, Risk function either played along or failed big time in influencing business verticals to follow the right path, despite all the complex models and contribution of smart theorists. Tanking economies made it real scary.

Wave of Regulatory Reforms

GFC triggered a wave of regulatory reforms and risk acquired an altogether new dimension. Perhaps, realising that banks, in their pursuit of revenues and ROI, may not listen to their own Risk function, regulators started mandating independence and access to Boards for Risk. Dual hatting got thrown out of the window. Risk-based supervision became the norm. Role demarcations acquired clarity. Three lines of defence approach gradually took centre stage. Business or Line I not only turned more compliant (did hefty penalties help?), but also started listening better to Risk function (Line II). Internal Audit, called Line III, turned rigorous, at times hawkish in testing controls and flagging deviations. The era of lofty policies and lax practices probably ended for good.

Basel bolsters Capital Framework
In tandem, the Basel Committee on Banking Supervision (BCBS), backed by G-20 decision-makers, substantially enhanced the Capital Framework. A variety of approaches and models got developed to determine the capital required by banks vis-à-vis credit, market, operational and other risks. Internal Capital Adequacy Assessment Process or ICAAP in short became the fulcrum around which a bank's business had to be run. Pillar 2 scrutiny acquired unprecedented heft. Pillar 3 disclosures gained currency amongst investors and analysts.
Liquidity steps up the risk hierarchy
Alongside capital, liquidity emerged as a major issue. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) got included in the risk tracking menu. Internal Liquidity Adequacy Assessment Process or ILAAP kicked in to account for liquidity risk.
What if Risk management fails to protect the bank?
Risk function is expected to provide the alerts and pointers when thresholds are breached and risk levels get elevated. The idea is timely course correction. However, a bank could still fail for want of responsive action or a variety of other reasons, necessitating resolutions. Concern for orderly resolution of banks in case of failures generated concept of living wills. Option of bail-ins as against bail-out by taxpayers' money also got considered and practised at least in one case in Cyprus.
Bouncing back
Post-GFC, two narratives are clearly discernible. The American Banks which recognised losses quickly and benefitted from TARP have bounced back faster and are firmly back in business. Banks in some other jurisdictions have not been as lucky, maybe partly due to differences in the underlying economic conditions. The other storyline relates to the complex web of regulations and requirements that has developed for adherence by banks. Complexity is writ large all across. CET1, AT1, MTC, CCB, CCCB, BIA, TSA, AMA, IRB-F and many other acronyms rule the world of banking today. "Bankers' plight versus consultants' delight" could well be the headline that summarises risk management scenario in many banks.
No doubt, thanks to the combined efforts and inputs of all stakeholders, Risk Management has evolved and evolved rapidly into a full fledged discipline in its own right, but are we there yet? The honest answer is 'No'. Risk function therefore is set to develop and evolve as years go by.
Looking into the crystal ball
In view of the prevailing scenario in banking, what's next is a natural question to ask. How does the ecosystem steer banks to safety and stability? One approach could be to convert banks into utilities, but others could argue that a ship may be safe in harbour, but that's not what ships are built for. Risk function must find ways to support the voyage better. Crystal balling into the next decade, one can list out a range of issues, approaches and ideas that would occupy Risk professionals. Here are the Top Twelve strands that might define the risk management landscape in banking:
The buy-in for what Risk function does would considerably improve. The 'tone at the top' is already set by the leading CEO's and the next decade would see it percolate down to the last mile. Going forward, Risk professionals would play a broader leadership role in the overall scheme of governance and, more importantly, in building the right culture.
Hand-in-hand the regulatory overreach could also recede as BCBS tackles complexity and opts for effectiveness via simplicity. Basel has kind of already started the re-alignment, if not roll back. The Advanced Measurement Approaches (AMA) for operational risk stand withdrawn. All the three variants of the Standardised Approaches have been replaced by a newly devised Standardised Approach. It's akin to Basic Indicator Approach (BIA) in simplicity and yet augmented adequately for risk sensitivity via a concept called Internal Loss Multiplier (ILM). Credit Risk Framework too is simplified. The Advanced-Internal Rating Based (A-IRB) approach is practically out. Introduction of Input and Output floor would make the Foundation-IRB (F-IRB) approach quite akin to the standardised approach (SA) in terms of RWA levels. The new approach recognises the pitfalls of reliance on internal modelling alone. Old fashioned due diligence for credit risk is sure to supplement reliance on external ratings.
The next decade would witness the roll-out of these simplified approaches. BCBS could and perhaps would spend time streamlining, possibly further simplifying the architecture based on the experience. The lessons learnt from the progressively shorter lifespan of each Basel variant and longer time taken for roll out would likely continue to favour simplicity.
Markets would probably play a greater role in funding enterprises, yet credit risk is unlikely to be dethroned from being the dominant risk that banks face. Credit would remain a capital guzzler.
Risk function is likely to be spending more time managing risks and less generating data and modelling risk. Analysis and judgement will prevail over measurement as data collection will increasingly become routine. Data analytics would provide sharper insights to Risk management. Banks that develop skills in data / risk analytics would be better off.
The previous decade has augmented capital, reduced leverage, enhanced liquidity and improved identification, measurement and disclosure of risks. Heavy lifting has happened in creating historical databases, writing policies, drafting processes, building models, back-testing, stress testing and putting in place the various components of the risk framework. The next decade has therefore, got the space to move away from routine 'production' to value-added goals and containment of emerging risks.
We are set to grapple with elevated levels of risk in terms of cyber challenges, technology, data leakage, talent availability and, possibly, a few more risks that are still in formative stages. Digital threats could be a recurrent challenge. So called 'black swans' might also manifest more frequently as an outcome of butterfly effects, digital ecosystem and yet unknown risks, raising demanding asks in terms of long term and yet agile risk management practices. Disaster Recovery (DR) and Business Continuity Plans (BCP) may acquire an altogether new dimension. Developments in the currency arena, including potential currency wars and crypto currencies gaining currency under Central Bank aegis, could lead to exciting times in market risk management practices as well. With data turning into a hot commodity, privacy concerns will call for effective safeguards against any leakage. Data protection, a la General Data Protection Regulation (GDPR) in Europe, is likely to emerge as a major theme soon. It is time risk function started studying and preparing for these risks.
Reputation Risk in the context of the always-on information culture would likely acquire zero tolerance in its true sense. Risk-Reward equations might take a back seat when it comes to preventing reputation incidents. Next decade is sure to witness sharper action on this front. Banks would do well to remind their staff that the Internet never forgets. Right conduct is critical, each time and every time.
Risk function would move beyond measurement and quantification of capital charge to explore, suggest and generate buy-ins for improvements
managed where it originates. Risk function would therefore, need to invest in creating a sharper risk awareness among business verticals. As a Line II function, risk is well positioned to create a feedback loop that regularly pipes actionable insights and foresights into risk originating business units for follow-on action.
Line III, i.e. Internal Audit currently generates a huge amount of data on deviations and control breaches that are routinely

addressed by Line I and 'closed' as 'complied with'. These data points are likely to be the 'fodder' for risk to digest and come up with patterns, trends and insights that business verticals need to make processes efficient, underwrite credit better, identify and contain operational risk hotspots or manage talent risk. So look for sharper synergy between risk and audit in data flows in the next decade.

Another emerging synergy – the linkage between Risk and Finance would strengthen. These functions would be talking more often. With ICAAP evolving into a strategy document, it's only natural that finance consults and draws inputs from risk to drive the target ROA, RAROC and RORWA. In a broader context, the connect between Line 1 and Line 2 is also likely to improve as the perception about Line 2 as a spoilsport would change. Risk will play a major coordinating and value enhancing role.

Fin Techs, Reg Techs, AI, Big Data, Chat Bots, Robotic Process Automation (RPA) and other technologies would likely help drive Risk Management costs down as also enhance risk management at scale, but banks would need to stay alert to the risks of continuing with legacy processes, harbouring surplus resources due to replication of processes across the three Lines of Business, and even drowning in data lakes. It would be critical to maintain prudence and judgement via expert overlays who are skilled at mixing small data and big data the right way to get the right foresights. And that brings us to the biggest risk staring at us; talent risk.

xii. The best defence against risk is a knowledgeable and skilled manpower that understands how to follow processes, learn fast and exercise prudence. Risk may need to work with HR to create the content that's compact and impactful. Mantra got to be to drill the 'Need to Know' stuff into muscle memory, while digital library supports 'Nice to Know' bits. Risk function would also spend time learning 'communication' or collaborating with Internal Communication experts to spread the risk awareness across the organisation. Risk professionals will work to ensure risk sensitivity gets into the DNA of the bank's culture. That's what will drive the ROI in a sustainable way over the long term.

Conclusion

To conclude, risk management in the next decade is likely to build on the processes, policies and frame-works already in place to step up to substantive management of risks - existing, emerging and new, as against data dicing and tick-box process compliance. Collaboration and communication spanning the three lines of defence plus the platform functions would in all probability drive the building of the right operating culture and embed risk into the way a bank operates. Appetite for Reputation Risk is likely to tend to zero. Talent Risk would remain a big issue. Credit would continue to guzzle capital, but occasional high impact operational risk events may continue to surface. Technology usage in managing risk might help streamline routine processes, but might also lead to data deluge that leads to incorrect inferences, making us miss the forest for the trees. Data would remain susceptible to leakage too.

Basel reforms would most likely impose lesser complexity and better illumination. We can also expect convergence between Risk and Business functions in approaching opportunities. Risk focus is likely to invariably underpin search for revenues. Business will look for Risk-adjusted Return on Capital (RAROC) in all it does.

Risk function will be equally conscious of the ROI demands of business and, hopefully, lead the way to a scenario when all employees, to borrow a phrase from Kenny Rogers, would 'know when to walk away, and know when to run.' That's the time when Risk Management would be a source of competitive advantage.

ROLE OF TECHNOLOGY IN BANKING IN THE NEXT DECADE

Technology evolves, expands in area and scope, in small, or even infrequent large steps, and helps create new products /services / processes. Technology is the enabler, the tool, the creator of differentiating edge over competition, and even the driver of business, quite often. All the connected parties in a business are not equally affected by any change, but market forces drive all to change business rules, roles and preferences, or products. New skills and roles appear; older roles, jobs, routines and skills are rejected. In this way – technology brings new learning, new communications, changes knowledge/ skill groups, as also, on the other hand - destroys, disrupts and readjusts people, business and working relations. This is ongoing.

For the next decade now, the interplay of technologies in banking, and the newly arriving pieces of technologies/processes that impact banking and business entities – will similarly impact the future course. In the next few paragraphs, we try to venture some predictions on the nature and form of the change for the near future. For this, we look at the existing as also a few new pieces of technology and business practices currently making rounds.

Anyone in banking industry will tell that the technologies to definitely impact banking in the short or mid-term are the ones like Blockchain, Cloud, P2P financing (marketplace lending), Digitisation, Analytics, AI, Bitcoin or its equivalents, etc. These are the pieces of current phase of technological evolution in service industry. With changes in this delivery or handling technologies, the basic business model or relationships in banking may change somewhat only in the next decade, but the market realities may change significantly. With all of these, the depth of the role of technology in banking will anyway increase.

Before detailed examination of the technology pieces, a few basic observations on technology–bank relationships may be pertinent.

Firstly, all new activities in banking may not be upon a technology invented yesterday or a completely new technology only. Often, the ingenuity of human minds creates new processes or relationships using existing technologies, may be with small changes. For example, encryption and digital signatures have been there, but, using the same components, the new Blockchain technique creates a new paradigm by removing the need of the banks at the two ends to be the sole authenticators. It achieves a chain of trust of many intermediaries that can even exclude banks altogether. While it has made waves, – the process is new – supported by technology with small amendments.

Secondly, existence of a technology to do a thing in a certain way, may not be sole criterion for its adoption. Government control or overall business risk may compel to limit adoption of such a technology.

Thirdly, technology for business has been a platform, a tool, an enabler, and facilitator. This basic relationship is not easily going to be jettisoned. However, roles of data processing message creation, as also human functions like authentication of genuineness of a transaction/ communication are on technology. So, if the specific tech-tool for one of such activities used faces changes in technologies, it may force adoption and process change in business, changing functionality of related business roles. Technology thus changes business.

Fourthly, some technology developments may also open up possibilities of new service, like it has been for credit cards or biometric micro ATMs and nationwide ATM switch.

Lastly, overall technology advancements quicken and improve speed of message exchanges, enables real time multi –functionary participation for business decision, etc. These type of common infrastructural improvements improve and enrich business, including banking, catalysing widespread small changes in ways to operate / plan / act. This effect of technology slowly changing aspects of business always remains.

These seem to be the general features of the role of technology on banks, which perhaps will further accentuate in the next

decade.
A few dimensions of banks' capacity to adopt technology, that impacts the role of technology in banks, are also useful to understand here.
A new technological product at its arrival in the market often sees flurry of marketing activities. By vendor interactions, bankers get idea of its capabilities. Many vendors offer new products adopting the same new technology. At this stage, often, possible customers (say bank) develop heightened expectations and incomplete knowledge. This is the 'Hype Cycle' phase of a product, after which things may settle, thoughts and understandings crystallise and sober down, which further moderates after actual use of product. The same proven trend will most likely be seen in play in the next decade also, hyped expectations of new technologies followed by sobering actual experience.
Often a piece of a product or solution for a niche vertical of a business (say Interest Rate Risk Management Package, or, a Nostro Account Reconciliation Tool) is developed by some small vendor and due to product's merit, a bank picks it up. It will need integration with rest of the banking system, that may leave a weak security link in the first place. With change of technology in the main software, the small vendor may not be capable of re-engineering the niche package. Further, with products like this, a situation of many disparate technical pieces at work may arise. A new technology solution for some part of this (say even the Core Banking) even if available, may not be possible to be adopted that easily, unless all the pieces can be technically brought at synch.
Sometimes a technological development may offer a better way to do things, but may need a structural change in the solution calling for very major re-development that will need huge cost, time and effort, as also some intermediate instability. This may not be desirable and not attempted; in most cases add-on solutions are placed beside or as overlay, limiting technology adoption extent and speed.
Another situation is of a trend that some banks may often go for additional modules or products to be sourced from existing vendors to minimise administrative problems, integration gaps or vendor conflicts. Unless, this present vendor can graduate to the new technology, this bank will have a risk of wholesale systems changeover, huge learning and integration loads to move to new technology, even if wished to have immediately. Same is the situation if a new technology of choice, does not have servicing and support in the area of operation of an organization Also, the realm of quick changes/additions in technological functionalities affects the pool of knowledge, skill, and so, spirit of the manpower. With computerisation and new functionalities, those first exposed to / trained, may be better equipped to handle the job. Old knowledge may get obsolete and the erstwhile 'experts' lose their skill, importance and even work comfort, while new 'experts' arise- leading to workplace balance adjustment. For banks, continuous staff training, update of training materials, work manuals, etc is a must to survive.
Often failure to leverage latest technology products well, can be due to poor implementation, data conversion errors, incomplete understanding, absence of crucial data-fields that might not have been important earlier, etc. Data cleaning, deduplication etc., need to be done expeditiously, to enable good adoption and leveraging benefits of the fruits of technology progress. The above trends and features perhaps will remain the features of the role of technology in banking, in the next decade.
Technology adoption often is done to remain relevant in a changing age, doing what the competitors do. Banks with bigger visions, knowledge culture, quick decisions, and early implementation are seen to be in a better position to be able to articulate business plans and marketing pitch earlier and better in situations of change. This leadership often makes a difference in market penetration and customer connect.
For the next decade, nobody can say if the present state of technical leaderships will continue as it is or there may be change in rankings.
Following the above, we see that availability of technology alone is not going to cause adoption, adoption of a new technology by a migration / switch-over does not mean successful use and leverage of a technology for best business outcome.
The interplay of the factors above, and the newly arriving technologies will perhaps yield a set of mixed results for impacts of the evolving technologies on the banks.
Now, as to the possible new technology interventions, we may consider a few important current tech-pieces and the possible outcomes with them in the next decade: -

Blockchain – This has come following and intertwined with cryptocurrencies like Bitcoin. There are many initiatives to use blockchain, but not necessarily in banking alone. The idea is of having the entire history of a transaction data being available for encryption by the current user and leaving the whole chain available to the next person in the transaction chain to process and then act similarly. This encryption will, so, fail, if any of the previous record is tampered anywhere in the chain. The resulting data is, so to say, lying in a ' public ledger' that no particular person (say Bank) involved in the transaction anywhere can alter.
This actually makes every participant equally responsible for data integrity of the whole chain, and no one like a bank, is to solely assure all others in the system. This is so, as the purpose was to secure transaction outside banks and Government, in Bitcoin type of **cryptocurrencies.**
Some banks have started projects on Block Chain technology. Block Chain, by its nature of open and transparent community owned system to carry information (can be financial message, can be monetary payment also), will have value in the public arena. For Banks, the questions will be whether to adopt it and shift money transfers through it. If banks do not join will they be left out of some business? Are customers otherwise wish to leave banks and shift to Block Chain based systems outside banking world?
A fair guess seems to be that as a technology based business process, Block Chain is here to stay. It is early to say if its security cannot get breached or about other frauds around it. As it involves encryptions of entire data up to the point of transaction by unknown/unregulated third parties, it will perhaps be used more for non-money workflow jobs at banks. Fully bank-community owned blockchain as common channel for few banks can also come up for some activities. Further, moves will be after RBI and Government position getting formed. Technology alone creating trust outside legal and governmental controls, outside banking practices and established international set ups, does not seem adequate for business.
Bitcoin etc. cryptocurrencies: - This item will be perhaps fair to be adopted only after RBI full clearance and guidelines. These are money created without country's control and also will remain so. The value of the currency fluctuates abnormally and without relation to national or global economies, or transactions underlying. May be for this fear only, most use of it are in illicit activities.
Marketplace Financing/Peer-to-Peer loans: - In this arrangement, people with surplus money can, through an aggregator-cum-technical-platformprovider, lend it to any member. Accessing lender's account for withdrawal, appraisal model, loan delivery to borrower, recovery and accounting are in this intermediary's web based platform. Loan appraisal, purpose, end-use, follow up, etc are not like those of banks'. This is mostly an uncontrolled forum, easy for participants, with minimum hassle, no journeys/ meetings, etc. and agreed risk taking.
What will the banks do? Lobby to RBI to remove this product? Develop a similar product from bank/s with relaxed and automated procedures and try to capture a market slice? Package this product with others to create a foothold or franchisee chain? Tie up with the existing or oncoming aggregators/service providers in the market and create a bigger service including account-holders? Create franchisees of the

intermediaries as their backend financiers. We really do not know. The last two options perhaps may have more scope to get market acceptability.

Telcos, Mobile Payment platforms, e-payment vendors: - This does not need an introduction. With regulator support and public preference, these new technologies based players (like say PayTM or PhonePe or Airtel Money or so many others – the names indicate no preference), have taken away a chunk of remittance business from banks, due to their obvious operational ease and simplicity. Banks have launched their own BHIM products to join this platform, though these functionalities were mostly there in the banks already, spread around in menu options, biller arrangements, and other parameters in the banks' internet and mobile banking deliveries.

In the above disruptive developments, the new small players - nimble, fully on technology, and having very small physical footprints, are able to plan, create and activate new services that take away customers from banks, and affect banks' business. Impact of technology is playing out here making these players the market makers or customer acquirers putting the banks at background for customer to fetch /push money only optionally (otherwise, the disruptors wallets do that). Banks face demands of being ready to develop complementary applications / products to join them on the web/mobile or plug them in. Technology (or more customer centric deliveries on technology), is pushing this role modification. This will perhaps further grow in scope and extent. These dynamics may even lead the present set up into a different version with changes in roles, business rules, services and infra –arrangements.

Cloud: - Cloud services and use, after slow start and hesitancy, is spreading. The most important motive seems getting rid of lots of management overhead, and an expectation of saving costs in the long term. Public Cloud is becoming the predominant format, leaving some crucial for Private Cloud. Till now, we cannot say if the expected premise of 'additional capacity on tap without limit' sort of situations has really got tested; nor the measure of a longer term cost savings.

Major rigours in auditing and certifying or grading the providers in the country have not yet been seen. Use of Cloud is going to only increase. All what services will be in the cloud (SaaS, PaaS, IaaS, etc., and add on) and their varieties and ranges will only increase. Client organisations' capacity building in control, and oversight of Cloud Providers are expected to get created somewhat. Information Security in the Cloud is another area upon which client and regulatory activism is weak, but, expected to be seen. Data Centre quality support infrastructure in the country need to improve in this period, for all these to happen, particularly as, now we expect to have a Data Privacy law mandating data localisation (i.e. keep within the nation).

Biometrics, wearables etc.,

Biometrics is more used in low ticket Financial Inclusion products but, the big payments remain mostly as before, not using safety of biometrics. Infrastructure creation and maintenance may perhaps be seen as the difficulty but, more sensitivity to this issue may perhaps show that the call is actually not so tough. Further, for authentication and invoking customer requests, the interaction front for customers may move, by customer preference, to biometrics (say voice, hand) or wearables (smart watch, gadgets) Market will perhaps demand banks to get comfortable in these diverse technologies and their integration into banking backend.

AI and Robotics: - In many services requiring much computation, crunching huge volume of data - machines have started to be employed now, and use of Artificial Intelligence. Virtual Assistants and Chatbots are there in some places. This start is not all pervasive and expected in the next decade to expand in scope and depth of coverage. Robots are in use in large scale manufacturing industries to some extent, and some banks have started putting Robots for limited guidance to customers. This trend is expected to increase.

Analytics and Big Data: - Customer Centricity is the favoured idea now. Customer information is considered the source of business scope to direct banks' efforts. This means offering granularly personalised product/services, say for example, online loan with tailor-made terms of loan disbursal and repayment calendar. Change of product attributes, introduction of new products, creating or accessing credit score online, and similar many changes are to be planned and undertaken. Customer centricity will demand knowing the customer and studying customer habits for the bank (mostly online activities). Repository of such data – will have to be used for analytic study of customer and then direct messages, products etc. for that customer. The information acquired, and also many relevant environmental or market information, will include Big Data (too huge to manipulate and include unstructured data), on which Business Intelligence and Analytics need be performed. For this, Analytic and Data Science roles have started to get created, activated and expertise grown. What has happened till now has been a start and the next decade is expected to see a reasonable push in these areas Information Security: - Information Security challenges and diligences are expected to expand well. As the future is predicated with non-bank nimble players with single products or small infrastructure, the info security threat horizon expands significantly, bringing in the threats from gaps and compromises in the banks, the non-bank tech players and online customers. The attack front, malware, defrauding tactics etc. will expand. Security expertise, culture and compliances will be demanded more and more by the Regulators. Rigorous in-house security routines and exercises, process security, App and Infra securities are to be practiced quite strongly. The SIEM centre in-house or outsourced, have to be leveraged by granular check and immediate action on incidences. In-house expertise to formulate and activate the granular security check components will remain a demand in the next decade. With Cloud services spreading, in-house expertise and rigours of deriving assurances from the cloud set up and operations will also be a big need in the next decade.

The banks are yet to involve the Security Heads in the top level planning of product or strategies to any reasonable extent. Over time, security will have to be a key consideration for product, business process, employee ethics, and business choices. This is expected to get initiated in the next decade.

Re-orienting bankers' own attitude and understanding of business : - As the nature of 'owning' a customer, customer loyalty, and the partner business entities are going for a churn, banks have to really internalise the market threats and altered positioning of the bank over time. This will have to get reflected in altered processes, altered control tasks, employee work manuals, in-house training materials, and overall attitude re-orientation at the top as also in all layers below. Banks not willing to ride this wave of changes, will run the risk of getting sidelined. Quite some services will get moved to machines from humans. The customer facing exchanges in such scenarios as also problem handling, are to be planned and articulated. This demand of self re-orientation and continuous agility for the bankers will perhaps get accentuated in the next decade.

Re-orienting products, communication, etc., in the changing scenario: - The customers, especially the younger generation have gone tech savvy. The platform of customer activity has moved reasonably from a bank counter to say internet / mobiles. In the young customers' world of Facebook or mobile games, 'App's and Virtual world, the presentation and functionalities of items are very different than our banking world. A click takes him to the middle of a game, another by its side opens study materials in a virtual library. Unknown e-entities are friends and persons to share thoughts and trust. The same ease and wide canvas of versatile services waiting for a click, is not happening for his banking, and despite having internet banking, the customer is not able to avail a loan in such short and effortless activities of clicks with about no questions raised. How less taxing and harassing it can be made for him to buy a service without risking the bank? This will not get solved by providing a link or so. This will call for change of product properties, processing workflows, security checking sequences, etc. as also customer grading, recall and fact based interactions online. With some virtual assistants or tailor-made modules, some automated routines are being put in place in the industry very slowly. Expectedly, thorough and in-depth work in this area, involving lots of re-design, can remain a need throughout the next decade.

We have considered possible areas of major activity in the next decade for banks now. Further, new disruptions can appear. Some areas may have more activities than others depending on progress, early success, competition. As a result of these multiple push and pull, the role of technology in banking will actively grow and transform, in some combination of most of the factors above in the next decade. The extent of predominance of one factor above other, is hard to guess, and will - as always, keep the future unpredictable and, as well unknown.

RESTRUCTURING OF ADVANCES -MSME SECTOR

- The RBI has allowed lenders to recast loans of stressed micro, small and medium enterprises (MSME), provided the total fund and non-fund based exposure to such a borrower does not exceed Rs.25 crore. This is a one-time restructuring of existing loans to MSMEs that are in default but 'standard' as on January 1, 2019, without an asset classification downgrade.
- As per RBI, MSMEs form an important component of the Indian economy and contribute significantly to the country's gross domestic product (GDP), exports, industrial output and employment generation. Considering the importance of MSMEs in the Indian economy, RBI has considered it necessary at this juncture to take certain measures for creating an enabling environment for the sector.
- The Government has been pushing RBI to provide relief to the stressed MSME sector. The central bank's board on 19th November advised RBI to consider a scheme to recast loans of MSMEs which have been hurt by the disruption caused by demonitisation in late 2016 and the implementation of the Goods & Services Tax (GST).
- According to data from the central bank, for the six months ended March 2017 (the latest available), 137,282 MSME loan accounts were referred for resolution. Of these, banks used rectification in 80,905 cases, recovery in 54,180 cases and only 2,197 loans were recast. However, the quantum of loans for these categories is not available.
- The amount of gross bad loans in the micro and small enterprises sector (no data for medium) has been growing over the last few years and stood at Rs.82,756 crore in FY17, up from Rs.70,842 crore in the previous year and Rs.51,952 crore in FY15.

RBI GUIDELINES:

- With a view to facilitate meaningful restructuring of MSME accounts (MSME as defined in the Micro, Small and Medium Enterprises Development Act, 2006) that have become stressed, the RBI has decided to permit a one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification, subject to the following conditions:

i) The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed Rs.250 million as on January 1, 2019.

ii) The borrower's account is in default but is a 'standard asset' as on January 1, 2019 and continues to be classified as a 'standard asset' till the date of implementation of the restructuring.

iii) The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration.

iv) The restructuring of the borrower account is implemented on or before March 31, 2020.

A restructuring would be treated as implemented if the following conditions are met:

a) All related documentation, including execution of necessary agreements between lenders and borrower / creation of security charge / perfection of securities are completed by all lenders; and

b) The new capital structure and / or changes in the terms and conditions of the existing loans get duly reflected in the books of all the lenders and the borrower.

v) A provision of 5% in addition to the provisions already held, shall be made in respect of accounts restructured under these instructions. Banks will, however, have the option of reversing such provisions at the end of the specified period, subject to the account demonstrating satisfactory performance during the specified period.

vi) Post-restructuring, NPA classification of these accounts shall be as per the extant IRAC norms.

vii) Banks and NBFCs shall make appropriate disclosures in their financial statements, under 'Notes on Accounts', relating to the MSME accounts restructured under these instructions.

viii) All other instructions applicable to restructuring of loans to MSME borrowers shall continue to be applicable.

- Banks and NBFCs desirous of adopting this scheme shall put in place a Board approved policy on restructuring of MSME advances under these instructions within a month from the date of this circular. The policy should include framework for viability assessment of the stressed accounts and regular monitoring of the restructured accounts.
- RBI has clarified that accounts classified as NPA can be restructured; however, the extant asset classification norms governing restructuring of NPAs will continue to apply.
- As a general rule, barring the above one-time exception, any MSME account which is restructured must be downgraded to NPA upon restructuring and will slip into progressively lower asset classification and higher provisioning requirements as per extant IRAC norms. Such an account may be considered for upgradation to 'standard' only if it demonstrates satisfactory performance during the specified period.
  - 'Specified Period' means a period of one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of restructuring package.
  - 'Satisfactory Performance' means no payment (interest and/or principal) shall remain overdue for a period of more than 30 days. In case of cash credit / overdraft account, satisfactory performance means that the outstanding in the account shall not be more than the sanctioned limit or drawing power, whichever is lower, for a period of more than 30 days.

GOVT TO INFUSE RS 830 BN INTO PSB's

*The Govt. will infuse Rs. 830 billion into Public Sector Banks in the months of 2018-19, taking capital injection into lenders to Rs 1.06 trillion in the year. It required Parliament's approval for Rs. 410 billion through the second batch of the supplementary demand for grants. The Budget had announced a capital infusion of Rs. 650 billion.

*The objective of capital infusion is to help banks to perform better and exit PCA framework. The performance of the banks will be judged on the basis of decline in NPAs, rise in the provisioning coverage ratio, and reduction in risk-weighted assets. This will help banks in achieving a 9% capital to risk-weighted asset ratio (CRAR), a 1.875% Capital Conservation Buffer, and a 6% NPA threshold.

4R i.e Recognition, Resolution, Recapitalisation, and Reforms approach is helping PSBs to strengthen Gross NPAs of PSBs started declining after peaking in March 2018; decline was Rs 238.60 bn in H1FY19. Provision Coverage Ratio rose steeply from 46.04% as of March 2015 to 66.85 % as of Sept 2018. Recovery of Rs 607.3 billion by PSBs in H1 FY19 is more than double the amount recovered a year ago.

ECONOMIC CAPITAL FRAMEWORK (ECF)

The Reserve Bank of India has set up a six-member expert committee, headed by its former governor Bimal Jalan, to review the existing Economic Capital Framework. The panel will submit its report within 90 days of its first meeting.

•TERMS OF REFERENCE:

- Review status, need and justification of various provisions, reserves and buffers presently provided for by the RBI, keeping in mind 'public policy mandate of the RBI, including financial stability considerations.
- Review best practices followed by the central banks globally in making assessment and provisions for risks, to which central bank balance sheets are subjected.
- Suggest an adequate level of risk provisioning that the RBI needs to maintain, and to determine whether it is holding provisions, reserves and buffers in surplus or deficit of the required level.
- Propose a suitable profit distribution policy taking into account all the likely situations of the RBI, including holding more provisions than required and the RBI holding less provisions than required.

•BACKGROUND:

- The Government has been insisting that the RBI hand over its surplus reserves amid a shortfall in revenue collections. Access to the funds will allow the Govt. to meet deficit targets, infuse capital into weak banks to boost lending and fund welfare programmes. The Jalan panel will decide whether RBI is holding provisions, reserves and buffers in surplus of the required levels.
- The Central Bank's core reserves namely contingency fund is only around 7% of its total assets and the rest of it is largely in revaluation reserves, which fluctuate with corresponding changes in currency and gold valuations. In 2017-18, the central bank's contingency funds and revaluation reserves stood at Rs.2.32 trillion and Rs.6.92 trillion respectively.
- RBI data shows that the growth in revaluation reserves has far exceeded the growth in contingency fund. While revaluation reserves have more than tripled from Rs.1.99 trillion in 2008-09 to Rs.6.92 trillion in 2017 18, the contingency fund has grown 50% during the same period from Rs.1.53 trillion to Rs.2.32 trillion.
- The amount of reserves that are required to be maintained are determined considering multiple factors such as the solvency ratios, past experiences, external environment fluctuations etc.

• CONCEPT OF ECONOMIC CAPITAL:

- Economic capital is the amount of risk capital assessed on a realistic basis, to enable it to survive any difficulties such as market, credit risks, legal risk and operational risk. The amount is determined internally by the company or by shareholders, often using a measure of portfolio risk such as Var, i.e., Value at risk.

- Economic capital is the amount of capital that a firm (usually in financial services) needs to ensure that the company stays solvent given its risk profile. Economic capital is calculated internally; sometimes using proprietary models, and is the amount of capital that the firm should have to support any risks.
- Economic Capital Framework (ECF) in the context of central banks has been an aftermath of the 2008 global financial crisis where leading central banks such as the US Federal Reserve, European Central Bank, Bank of England had to face financial crisis.
- RBI's ECF has been drafted in 2015 according to which the central bank has been maintaining 27% of its total assets as reserves which amounts presently around Rs. 3.6 lakh crore. The said reserve limit is on a higher side vis a vis the global scenario of 10% to 15%.
- According to the Section 47 of the RBI Act, the RBI transfers the excess of income over expenditure to the government at the end of each fiscal year. Government wants to fix the framework by reducing the percentage of assets held by the RBI (as a reserve) from 27% to 14% (like US & UK). That means an excess capital of Rs 4.7 lakh crore can be handed over to the government. Out of the Rs 9.7 lakh crore that the RBI can shell out Rs 2.55 lakh crore is part of the contingency fund.
- The argument for high reserve with central banks is that excess amount can be utilized at the time of economic depression in the country. Further, a crisis faced by Government like IL&FS and NPA, NBFS, ECF can push more liquidity in the market to handle capital requirement. The excess reserves enhance confidence in the economy to meet challenges related to currency exchange rate and other market risks.
- RBI has already been transferring surplus capital to the government at the cost of transfers to its contingency fund with the surplus transfer in FY18 rising 63% over FY17. At international level most of the countries like US & UK etc. maintain 13-14% of their assets as reserve while RBI maintains of around 27% of total assets.
- Apart from the reserves kept by RBI, the commercial banks have also been mandated to adhere with Cash Reserve Ratio and Statutory Liquidity Ratio norms and maintain the specified portion of their deposits as reserves. Such amount cannot be used for money creation or investment purposes thereby representing a locked amount incapable of meeting the mounting investment needs of the economy.

• RISK MANAGEMENT & ECONOMIC CAPITAL IN CENTRAL BANKS:

- The public policy mandate of central banks makes the context of their risk management materially different from that of commercial entities, and necessitates the focus of their risk management to be on preserving and facilitating their policy efficacy, rather than profit maximisation.
- This principle of 'policy predominance' in pursuit of public interest often requires central banks to assume considerable financial risks on their balance sheets. For instance, the Reserve Bank of India maintains national forex reserves, constituting almost three-fourth of its balance sheet, in fulfilling its core purpose of fostering confidence in the external value of the rupee. While the reserves

do buffer the country against external shocks, they also expose the Reserve Bank to considerable exchange rate risks. Such risks, which cannot be hedged, have to be carried by the Reserve Bank.

- A central bank's role in fostering monetary and financial stability also exposes it to a wider range of risks, including losses arising from market interventions, lender of last resort (LOLR) role, market maker of last resort (MMLR) role and quasi-fiscal operations. Importantly, these mandates can at times require central banks to adopt a counter-intuitive approach to risk and assume increased risk on to their balance sheet, during times of systemic financial stress in order to de-risk the financial system.
- A central bank's risks can be substantial and, consequently, its losses are neither as rare nor insignificant as is usually assumed. In the recent period, while a number of central banks in developed economies have suffered losses, central banks in emerging/developing economies suffered losses through the 1980s and 1990s also. This happened despite the seigniorage income accruing all along to these central banks, which is an important source of their financial strength.

ECONOMIC CAPITAL FRAMEWORK

Given these unique challenges, the general approach towards financial risk management in central banks is that while they do not actively manage risks arising from policy actions, they seek to ensure that their balance sheets have sufficient financial resilience to absorb these risks. Thus, they maintain sufficient economic capital, supplemented by risk-transfer/dividend-smoothening mechanisms.

- Central banks as providers of domestic liquidity require capital not to remain going concerns but to ensure policy efficacy and credibility with regard to the ability to achieve their objectives. Weak finances can move central banks to either rely on generating excessive seigniorage income, which may come in conflict with their price-stability objective, or seek recapitalisation from the government, which could impact their autonomy.

The capital requirements of a central bank can vary considerably depending on a number of factors namely:

a) The size of shocks and scope of mandate: The wider the area of responsibilities bank, greater the risks and, hence, higher capital.

b) The accounting policy framework adopted banks: Central banks which periodically recognise valuation of assets will see greater variability positions, which increases capital requirements.

c)Institutional arrangements: Statutory central bank's recapitalisation as well mechanisms can reduce its capital requirements, eliminate them.

d)The fiscal space available with the sovereign: bank may require recapitalisation, precisely fiscal position is under strain, say, due to a strengthens the case for ex ante capitalisation rather than ex post recapitalisation. bank's of a central the requirement of by central changes in in their financial Provisions for a asrisk transfer though not A central at a time when the financial crisis. This of a central bank, central banks of Germany, Italy, and Sweden expected shortfall, their adequacy to put in place.

The European Central Bank and the Australia, Austria, Belgium, France, Finland, Netherlands, Norway, New Zealand, Singapore use methodologies, such as value-at-risk, stress tests and other risk models to determine of reserves/risk provisions. The Reserve Bank of India is also seeking economic capital framework. The exercise is as the Reserve Bank plans to cover not balance sheet but also its 'contingent risks' public policy role in fostering monetary and financial stability.

TWELVE KEY INITIATIVES FOR SUPPORTING MSMEs SECTOR

- The Prime Minister has launched a historic support and outreach programme for the Micro, Small and Medium Enterprises (MSME) sector. As part of this programme, the Prime Minister unveiled 12 key initiatives which will help the growth, expansion and facilitation of MSMEs across the country.
- The Prime Minister said that the 12 decisions will mark a new chapter for the MSME sector. Noting that MSMEs are one of the principal employment generators in India, he recalled the glorious Indian traditions of small scale industry, including Ludhiana's hosiery, and Varanasi's sarees.
- The Prime Minister said that the success of economic reforms launched by the Union Govt. can be gauged from the rise in India's 'Ease of Doing Business Rankings' from 142 to 77 in four years.
- BACKGROUND:
- *The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating largest employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country.
- *The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavours through business innovations. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets.
- The MSME sector constitutes a vast network of over 63 million units and employs around 111 million people. The share of MSMEs in overall GDP is around 30 per cent (GOI, 2018). The MSME sector accounts for about 45 per cent of manufacturing output and around 40 per cent of total exports of the country.
- In a separate study on micro, small and medium enterprises (MSME) released, the RBI acknowledged that the sector has witnessed two major recent shocks - demonetisation and GST.
- The Prime Minister said that there are five key aspects for facilitating the MSME sector. These include: ACCESS TO CREDIT; ACCESS TO MARKETS; TECHNOLOGY UPGRADATION; EASE OF DOING BUSINESS; SOCIAL SECURITY FOR MSME SECTOR EMPLOYEES.

ACCESS TO CREDIT:

FIRST: Launch of the 59 minute loan portal to enable easy access to credit for MSMEs upto Rs. 1 crore. In-principle approval through portal will be made available through the GST portal. The Prime Minister asserted that in New India, no one should be compelled to visit a bank branch repeatedly.

SECOND: The Prime Minister mentioned the second announcement as a 2 percent interest subvention for all GST registered

MSMEs, on fresh or incremental loans. For exporters, who receive loans in the pre-shipment and post-shipment period, the Prime Minister announced an increase in interest rebate from 3 percent to 5 percent.
THIRD: The third announcement made by the Prime Minister was that all companies with a turnover more than Rs. 500 crore, must now compulsorily be brought on the Trade Receivables e-Discounting System (TReDS). He said that joining this portal will enable entrepreneurs to access credit from banks, based on their upcoming receivables. This will resolve their problems of cash cycle.
ACCESS TO MARKETS:
FOURTH: The fourth announcement related to access to markets for entrepreneurs. Public sector companies have now been asked to compulsorily procure 25 percent, instead of 20 percent of their total purchases, from MSMEs.
FIFTH: Out of the 25 percent procurement mandated from MSMEs, 3 percent must now be reserved for women entrepreneurs.
SIXTH: More than 1.5 lakh suppliers have now registered with GeM, out of which 40,000 are MSMEs. Transactions worth more than Rs. 14,000 crore have been made so far through Govt. emarket place (GeM). All public sector undertakings of the Union Government must now compulsorily be a part of GeM. Further, they should also get all their vendors registered on GeM.
TECHNOLOGY UPGRADATION:
SEVENTH: Twenty hubs will be formed across the country, and 100 spokes in the form of tool rooms will be established.
EASE OF DOING BUSINESS:
EIGTH: On Ease of Doing Business, the eighth announcement is related to pharma companies. Clusters will be formed of pharma MSMEs. 70 percent cost of establishing these clusters will be borne by the Union Government.
NINTH: The ninth announcement is on simplification of government procedures. The return under 8 labour laws and 10 Union regulations have now to be filed only once a year.
TENTH: The establishments to be visited by an Inspector will be decided through a computerised random allotment.
ELEVENTH: An entrepreneur needs two clearances namely, environmental clearance and consent to establish. The eleventh announcement is that under air pollution and water pollution laws, now both these have been merged as a single consent. Further, the return will be accepted through self-certification.
TWELTH: As the twelfth announcement, an Ordinance has been brought, under which, for minor violations under the Companies Act, the entrepreneur will no longer have to approach the Courts, but can correct them through simple procedures.

SOCIAL SECURITY FOR MSME SECTOR EMPLOYEES:
The Prime Minister also spoke of social security for the MSME sector employees. He said that a mission will be launched to ensure that they have Jan Dhan Accounts, provident fund and insurance.
The Prime Minister said that these decisions would go a long way in strengthening the MSME sector in India. The implementation of this outreach programme will be intensively monitored over the next 100 days

Project Sashakt :An Optimistic Debt Resolution Model

The problem of rising Non-Performing Assets (NPAs) in banks has been causing anguish and has been hitting the headlines more significantly in the last two-three years with banks disclosing more NPAs and declaring more losses quarter after quarter. There is an air of disappointment among stakeholders including bank employees over the reluctance of bank borrowers to honour the debt contract. According to Financial Stability Report (FSR) - June 2018, Gross NPAs (GNPAs) have reached 11.6 percent by March 2018. The forward outlook of RBI further indicates that GNPA may touch 12.2 percent by March 2019. As a result, finding ways to resolve the bad loans has become the most critical dimension of policy discussions among key stakeholders. Since 90 percent of such GNPAs and stressed assets, currently estimated close to INR 15 trillion, are with Public Sector Banks (PSBs), the government, RBI and banks are working out strategies to resolve the mind-boggling volumes of bad loans.
Looking at the gravity of accumulation of such a large volume of NPAs, RBI has been using twin strategies:
Prevention of future NPAs in banks by strengthening monitoring of credit portfolio and
Resolution of existing stock of NPAs to de-stress the banks. Several rounds of discussions to create a special purpose vehicle (SPV) to hive off NPAs were mooted, but it did not come through.
The government, as a stakeholder, infused a large volume of capital through recapitalisation bonds. However, the actions of RBI and government were not enough to tackle the accumulated pool of NPAs. Moreover, the stock of restructured assets began to slip into NPA category adding to the volume of the pile.

1. Setting up committees to resolve NPAs

In view of large divergences observed in asset classification and provisioning in the credit portfolio of banks as well as the rising incidence of frauds in the Indian banking system, an Expert Committee has been set by RBI under the chairmanship of Y H Malegam, a former member of the Central Board of Directors of RBI on 20th February, 2018. It has a largely diversified agenda, and its report is still awaited.
In the meantime, Finance Ministry, had set up yet another committee of Public Sector Bankers led by Sunil Mehta, Non-Executive Chairman of Punjab National Bank on 8th June, 2018 to find out quickly if setting up a separate state-owned Asset Management Committee (AMC) wil be viable and also to draw up an action plan to identify the right strategies to resolve the NPA crisis in banks. The committee was given a short period of two weeks to come with strategies and action plans.
In the given poor loan repayment culture etched among the majority of the borrowing community, it is very difficult to find a ‘quick fix’ to address bad loan mess. Despite such limitations of time for such an onerous task, Sunil Mehta Committee (SMC) brought out a wel-thought framework of time-bound NPA resolution system. The project of NPA resolution has been aptly known as project ‘Sashakt’. Since it is accepted by the government and wil be implemented in banks, it will be necessary to look at its implications on the NPA portfolio.

2. Highlights of SMC

Within a short period, SMC has succinctly brought out a comprehensive five-pronged NPA resolution framework – project ‘Sashakt’. The key recommendations include dropping the idea of setting up a bad bank. But it advocated the plan to set up a separate AMC / Alternate Investment Fund (AIF) for absorbing large sized NPAs of over INR 500 crores. The theme of time-bound resolution is good, but its success wil depend on the enforcement rigour:

I. Creation of an intra-bank vertical for template-driven resolution of NPAs up to INR 50 crores, which needs to be resolved in 90 days. It is to be supported by a steering committee. This is akin to 'One Time Settlement (OTS)' scheme, which many banks follow as a first measure to avert accumulation of NPAs. Effectively NPAs up to INR 50 crores are now to be handled within the bank with available normal tools of recovery. But the creation of a separate vertical for managing NPAs of up to INR 50 crores may be a new idea for more focused attention. Its feasibility will depend on the size of such category of NPAs in individual banks.
II. Inter-creditor Agreements (ICAs) format of resolution of NPAs of INR 50 crores to INR 500 crores led by consortium leaders which are almost akin to the formation of Joint Lender Forum (JLF), now discontinued by RBI. The approval by sixty six percent of lenders and timeline of 180 days is new, but the cue is perhaps drawn from IBC debt resolution format.
III. The resolution of NPAs of over INR 500 crores will move to newly formed AMC / AIF. The most stringent condition prescribed in it is the need for AMCs to redeem the Security Receipts (SRs) issued to banks within 60 days. How recovery by AMC can be enforced to redeem SRs within such a short period is to be worked out.
IV. It also envisages invocation of IBC-2016 if other resolution options fail.
V. Creation of asset trading platform for both performing and NPAs is an innovative move. It can be an effective method of price discovery of dud loans depending upon their intrinsic value but will depend on participants in the trading platform and its depth.

There is no ready secondary market for performing assets now. It will be good if a market is created through this mode so that early exit from certain loan accounts may be planned even to balance exposure and risk of particular sectors. Banks may also sell good loans at a premium making money. 3. Strategies for resolution of NPAs

Keeping the recommendations of SMC, a review of present NPA resolution strategies wil be needed to find ways and means to fit them in the existing structure of banks. The existing recovery mechanism in banks wil have to be upgraded to work on the lines suggested by SMC. In this context, banks will have to continue to:

I. Mobilise normal recovery process through the bank's internal persuasive policies including the use of the OTS scheme. Ful recovery can also be possible in the case of recently slipped NPAs. Such borrowers will be making every effort to protect the unit / enterprise from withering away. Banks have been making hectic efforts using normal recovery mode.
II. The 11 PSBs placed under RBI's prompt corrective action doctrine have been concentrating more on the recovery of NPAs due to restrictions on lending operations. Some success is seen in certain banks in recovering and up-gradation of NPAs. The NPAs that have been classified after RBI's Asset Quality Review (AQR) may be tackled on priority as such units might be in a working state. The chronic portion of NPA pool may be the residual part that requires the use of the resolution process, or even it may stretch to the distress level of liquidation.
III. Revive the borrower units classified as NPAs that are viable and can operate with support from various agencies inviting new investors / entrepreneurs to corroborate. Even feeble sign of viability of unit must be captured in the larger interest of sustaining employment and aiding economic growth. If units are sold to new investors, the right kind of price discovery is essential for protecting the interest of banks and delinquent borrowers.
IV. There should be no distress sale for viable units at deep haircuts as far as the intrinsic value of the underlying asset can support.
V. Ensure the right price discovery of assets of units which are totaly unfit for revival to reduce the burden of haircut for banks. Its liquidation should be able to provide justice to borrowers and banks, more so when failure is on account of business downturn.
VI. It may not be possible to fuly recover the outstanding NPAs with their realisable value at the end state of the resolution process even if the recoveries through the three methods (i), (ii) and (ii) outlined above are combined with provisions built by banks. It is noteworthy that PSBs have made huge provisions against NPAs in the last three years and built a substantial corpus to meet the deficit. Despite the rise in the stock of NPAs, the provision coverage ratio (PCR) (in March 2018) of private banks has reached 51 percent. PCR of PSBs is also good at 47.3 percent much above the 40 percent threshold needed to invoke IBC.
VII. Therefore, identification of sources of funds to meet the gap between outstanding bad loans and realisable value of underlying assets after absorbing provisions of banks is likely to be the ultimate loss to the banking system. Of course, even provisions made thus far are losses to the bank which could have been added to the profitability and benefited stakeholders. Such a gap is to be met by augmenting resources.

4. Merits of project Sashakt

Certain features in the resolution model are unique and innovative. Such as the focus on bank level settlements for NPAs of up to INR 50 crores with a dedicated vertical. However, there has to be adequate manpower allocation and empowerment to branches to accept haircuts looking to the difficulty in realisation of the value of underlying securities. More flexibility to bank branches will enable quick resolution.

Presently, the OTS Schemes of banks are very conservative, and it is difficult to get the settlement done. Many of them often fail to materialise. The biggest stumbling block is the inability of banks to accept haircuts at the initial stage. Ultimately banks get much less recovery at the end of the legal process or through IBC than what was offered under OTS. The time lag is another loss to the banks. Hence, OTS needs to be made pragmatic. It is better if such settlements are accepted at the initial stage. The uses of external experts to work out a resolution plan for loans of over INR 50 crores and up to INR 500 crores can also be another checkpoint to avoid an easy restructuring of loans. This systemic check of involving external agencies to wet resolution plans is also contained in RBI's revised debt resolution framework.

But keeping in view the procedural intricacies established in the banks, it might be difficult to adhere to the timelines fixed by SMC. Moreover, looking at the experience of ongoing resolution through the use of IBC, management of timelines could be a great challenge. But the asset-trading platform if deepened can create exit opportunities even for performing loans. The intention of having quick timelines is to retain the value of assets and to help borrowers to settle NPAs and get going with their business. The SMC has therefore created a good framework, which can be further fine-tuned during its implementation to make it work better.

5. Challenges in implementation

Operationalisation of the scheme requires much homework at bank level to evolve Standard Operating Procedures (SOPs) with action points and pinpointing granular timelines at each stage of the process. Accountability for the delay has to be established as a systemic control. This will need an internal capacity building and training of associated teams to ensure rigidity in compliance. The broader objective is to retain the value of underlying assets and allay the sufferings of hapless smal and medium entrepreneurs struck with bad loans. Employment generation and protection of jobs are also inherent in the scheme of resolution.

No debt resolution is possible without the cooperation of the borrower. Therefore, the borrower should be aware that once he / she are free from the stigma of delinquency, they should be eligible to avail loan facility again with the banking system as a normal borrower. They can hope to restart a failed entity to make it better after learning from past failures.

The resolution of debt using this mode should not create a bar for future borrowings. There should be some incentive to borrowers to close the NPA account. Hence, banks have to educate borrowers and impress upon them to respond so that the 'Sashakt' project transcends the whole banking industry to mitigate the bad loan mess effectively. The appropriate board approved policies and instruction manual for operationalisation of the SMC recovery template must be institutionalised to enable branches to undertake recovery process.

Banks already have multiple verticals for credit monitoring. Creation of separate vertical for handling SMC template for accelerating recovery should be necessary for banks, which do not have a robust monitoring mechanism. Alternatively, banks may carve out a designated vertical to handle the related tasks.

6. The beginning of the implementation of SMC

After acceptance of the SMC report, it is noteworthy that work on its implementation has already started. 56 lenders have come forward for signing ICAs shortly for NPAs of INR 50 crores to INR 500 crores to be resolved by coordination among lenders. The agreement prohibits dissenting creditors from making an easy exit. 66 percent of lenders by value have to approve the resolution plan, which will be binding on all lenders. The dissenting member can sell their loans at a discount of 15 percent of liquidation value to other lenders and exit from the consortium or buy the entire portfolio paying 125 percent of liquidation value if it finds the whole NPA unit worthy. The resolution plan will be submitted to an overseeing committee comprising of experts from the banking industry. It also has a standstill clause for 180 days baring lenders from taking any legal action against the borrower for recovery of dues except for criminal breach. The lenders have to get the ICAs approved by their boards before signing it.

In the same league, in order to enable banks to set up an independent AMC / AIF for bad loan resolution, banks are seeking approval from Securities and Exchange Board of India (SEBI) to alow AIF's to own more than 51 percent in listed securities and blanket exemption from takeover code, if their acquisitions in resolution process meet certain conditions. AIFs wil be majority owned by banks and institutional investors.

Lenders are also seeking RBI approval to treat the risk weights of investments made in these entities as per the rating assigned by rating agencies instead of assigning flat 150 percent of risk weight as of now. After three years the risk weights wil go up to 250 percent which can be a stumbling block. A higher risk weight wil impinge upon the precious capital of the bank and will also mark down the ability of banks to lend. If these norms are eased, banks could save INR 5000 crores and speed up debt resolution. The investments required through AIFs are currently pegged at INR 1.3 trillion to meet the needs of debt resolution.

7. Steps to prevent future NPAs

SMC has reinforced measures to prevent the build-up of NPAs in the future by suggesting robust governance and credit architecture. A lot of concrete efforts has already been initiated to create a permanent framework for stressed asset resolution, which would definitely work towards reducing future NPAs. The new stressed asset resolution framework for stressed assets of INR 2000 crores and above is already introduced from 1st March, 2018 with the provision that if the Resolution Plan (RP) of the bank fails, banks have to invoke IBC-2016 within next 15 days. RBI strengthened early detection of stress with the help of classification of loans under special mention category (with overdues of up to 1-90 days) as a prelude to their slippage into substandard.

This wil provide enough elbowroom for banks to protect the quality of assets. RBI also introduced enough systemic controls and created need for robust checks and balances with more frequency in reporting under Central Repository of Information on Large Credit (CRILC). RBI is also about to set up Public Credit Registry (PCR) to improve market intelligence on credit history and other comprehensive information to strengthen decision support system. Such a move will prevent borrowers from escaping their obligation to service the loans in time. Moreover, the regulatory forbearance (facility of lower provision) for restructured loans has also been withdrawn from April 2016, which was enabling banks to go for the easy restructuring of loans. Even borrowers have come to understand that repaying bank loans in time will be in the larger interest of the economy. They cannot remain in business without repaying bank dues. Thus, the recent developments will further reduce the incidence of default in bank loans.

In a way, it can be said that a robust ecosystem is getting built to create a good repayment culture though at the bottom of the pyramid the promise of agriculture loan waivers is causing disruption. In view of these factors, the recommendations of SMC will not only reinforce the resolution process but can also go a long way in eventually creating a sensitive credit culture.

8. Ways to make SMC successful

However, the limitations of SMC framework have to be tackled well if actual resolution is to be accelerated as per the design:

Bank level resolution system has to be wel calibrated with transparency in the process with clear 'to do list' for line management.

The policies to protect decision makers in alowing on the spot haircuts based on the net present value of money must be put in place. The conservatism and rigidity in stance will impede the process.

Staff engaged in the process wil have to be enterprising with good risk appetite. They need to be groomed for the purpose. The performance incentives and reward structure must be firmed up at the board level.

As far as possible, immunity to employees against decisions taken for NPA resolution should be ensured. The internal rules and standards may have to be redefined.

The implementation process calls for greater collaborations among banks, regulators, investors, and various external agencies, which may not in the normal course, evince any interest in helping banks in NPA resolution. The government has to institutionalise a process to ensure their sensitivity towards the onerous task.

It must be realised that NPAs are no more limited to be the bank problem. It is a systemic menace, which has the potentiality to

cause immense collateral damage to every stakeholder in the value chain. Hence, its resolution must be considered as a joint task. Therefore, the extent of success of NPA resolution process through SMC framework will, like in earlier dispensations also depend on the responsiveness of connected stakeholders with the same degree of seriousness that has their role to play. If the government, the major stakeholder of PSBs should also keep bank leadership inspired to take up the task without fear and favour to end the menace. The apprehensions and fear have overtaken the ability of leadership to take decisions with a spirit of enterprise, which needs to be restored to make the format work. Making people 'Sashakt' is equally important to maintain NPA resolution 'Sashakt'
Internal Control: Vital for Preventing Frauds in Banks

Henry Ford II had said, 'Nobody can really guarantee the future. The best way we can do is to size up the chances, calculate the risks involved, estimate our ability to deal with them and make our plans with confidence.' Commenting on the global financial crisis in 2008, Queen Elizabeth reported to have asked at the London School of Economics in November 2008, 'It is so awful, why did nobody notice it?' The quotation of Henry Ford and the statement of Queen Elizabeth have great relevance in banking today. Unbearable risks have led to capital erosion and further requirement of own funds to maintain international standards of capital and leverage in accord with what we cal as the latest Basel norms.

Importance of internal control

A sound system of internal checks and controls is essential for any bank / financial institution (FI) to attain success. The methods of operations adopted by banks / FIS have to conform to standardised procedures and practices evolved over long years of experience not only to obviate irregularities of omission and commission likely to arise in the course of daily business but also to prevent willful penetration of frauds by employees.

The importance of a sound system of internal checks and control is far more crucial for banking institutions as they are the repositories of the savings of the public and have necessarily to inspire confidence in the public mind which provides them with resources for the dispensation of credit to the needy clientele. The recent case of an eminent public sector bank - PNB has opened our eyes where frauds and other serious regulations have come to light.

The most serious thing is the involvement of some employees of the bank. This has weakened the financial position of this eminent bank and tarnished reputation The frequent failure of a banking institution, apart from causing considerable loss and hardships to the genuine borrowers, ultimately it results in loss of confidence in the banking system as a whole thereby retarding its growth. Having regard to the division of labour and decentralisation of responsibilities, the possibility of error of omission and commission and scope for irregularities, willful or otherwise arises. It is, therefore, necessary to have an effective system of checks and balances and proper procedures to ensure a smooth working and also to provide built-in safeguards against possible irregularities and fraudulent practices.

Expressing concern at more than INR 11000 crores fraud at PNB, the All India Bank Depositor's Association said, 'Given the low level of depositors' insurance, fraud of this magnitude has implications, for the safety of banks deposits. Hopefully, it would turn out to be an isolated case of fraud as claimed by the government. Nevertheless, one does not know whether it is a systematic problem or one-off occurrence.'

Elements of internal control

Accounts control

Proper maintenance of accounts, ledgers and other registers is a must with daily ledger posting, verification of entries by the officers from the vouchers, balancing of ledgers and reconciliation of entries in inter-branch and inter-bank accounts periodically, besides preparation of trial balance on a weekly basis.

Administrative control

Rotation of staff, periodic transfer of staff between desks / branches etc are some of the common methods needed for administrative control. There is a need for a system for fixing staff accountability for irregularities and malpractices at all levels. Internal inspectors / internal auditors / statutory auditor's failure to detect or report significant irregularities should be viewed seriously. Lack of clear guidelines for the delegation of financial powers of different staff levels in respect of sanction of advances, documentation, post-sanction monitoring, etc would result in abuse of authority. In the process of fixing staff responsibility, the possibility of loss of employee morale should be carefully considered without diluting the need for giving a message to the staff that significant irregularities perpetrated by any member of the staff will not be tolerated by the management.

Concurrent audit

The main branch of the city / town / and certain other major branches need to have concurrent audit so as to provide checks and controls for key areas of branch functioning on a day-to-day basis.

Internal audit/ inspection

The audit is a quantitative analysis of an organisation to ascertain correct and honest record-keeping in accordance with sound accounting principles. The basic purpose is to assess the integrity of books of accounts and other records. The scope of inspection is broader than that of the audit, and it is viewed qualitative reviews of the affairs of an organisation.

There may be some banks which have an inspection department with only skeleton staff who are not able to monitor and control effectively over voluminous transactions taking place in day-to-day banking. In the absence of an adequate number of skiled officers, the scope for fraudulent transactions increases.

Vigilance cell and monitoring of fraud

The empirical evidence indicates that frauds in banks are generally perpetrated by the bank's staff by flouting established systems and procedures. Fraud needs to be followed up and monitored. Police action as also internal inquiry needs to be initiated in time so that banks recover its funds along with interest and not put to pecuniary losses.

Review by the board of directors

The board of directors is required to review the internal control system in the bank and initiate measures to promote excellence in housekeeping, accounting system and maintain control over the bank's operations. This can be ensured through an Audit Committee of the board.

Basel committee recommendation

The Basel Committee on Banking Supervision along with banking supervisors throughout the world has focused increasingly on the importance of internal sound controls. Drawing on lessons from problem bank's situations, the committee has developed a set of principles for assessment of internal control systems by the bank management. Adoption of these principles could enable the prevention or early detection of the problems that lead to losses / damages of the banking organisations.

Role of internal audit

The Basel-based 'Bank for International Settlements (BIS)', of which India is a prominent member, has been setting standards of governance for banks in order to realise its objective of global monetary and financial stability. As part of risk mitigation measures, the BIS has been consistent in its emphasis on the need for strong internal audit functions. As early as 2011, in a comprehensive chapter, the BIS stated that an independent, effective internal function is part of sound corporate governance. According to BIS, 'Banking supervisors must be satisfied as to the effectiveness of a bank's internal audit function and that management takes appropriate corrective action in response to internal control weaknesses identified by internal auditors. An effective internal audit function helps reduce the risk of loss and reputational damage to the banks.'

If one were to look back, a major part of the ills currently plaguing the PSBs could be traced to weak internal controls and the relatively lower importance given to audit and inspection as a 'function'. It is common knowledge among senior bankers that as a rule, the inspection department is seen mostly as a 'dump yard' for personnel who would not otherwise fit into other areas like treasury, credit or operations. There could be a few worthy exceptions too.

In the present time, a dynamic and vibrant internal audit department would now be the sine qua non for the functioning of any commercial bank worth its name with consolidation being pursued vigorously; internal control systems need to keep pace or bank would burst at any time.

According to S Adikesavan, Chief General Manager, SBI, 'The first and foremost condition would be the absolute independence of internal audit with accountability only to the board of directors. Unfortunately, there are only a few exceptions such as SBI which have been standing firm to guard the independence of internal audit. In the emerging architecture of control systems in banks, inspection, risk management and compliance in banks should form the tripod based on which the edifice of the banking institution would stand.'

Lack of internal control leads to frauds

SWIFT, the global messaging system has been the focus in recent months for some breaches both in the domestic and international market. The chief executive of SWIFT, Gottfried Labbrant, while commenting on breaches said, 'The core business of banks at the end of the day is keeping money safe, and that relies on a lot of controls. One of the things that banks have to ensure is that they do not have insider fraud and a lot of what banks do today is trying to prevent that. On a global level, there are still cases of insider fraud and these are likely to continue if adequate internal control mechanism / mechanisms are not put in place. Many of these account for due to lack of internal controls to ensure that if one or two persons collude or go rogue, they cannot take away major resources from the bank.'

According to Gottfried, the controls that we put in the SWIFT environment are not all technology. The controls are Information Technology (IT), process and people, as a part of control measures, may be vetting of employees and accuracy of books / record. The essence of control is, one should not rely on a single control. There has to be a system of controls. If one system fails, another should stand for capturing the discrepancy. According to him, the Indian landscape is changing as fast as anywhere in the world. As we see, the banking system as a whole is taking this very seriously and wanting to digitise payment. After the Bangladesh breach two years ago, we launched a massive Customer Security Program (CSP) that has proved successful, and we do not see much difference there between India and rest of the world. Banks have taken the security chalenge seriously, and they are putting in a lot of efforts to bring in additional controls and checks, self-attest it and share it with their trade partners and counterparties.

CSP in India

It was only after the global financial crisis that a lot of checks and balances have been put in place. However, the SWIFT community reacted only after the Bangladesh Bank fraud happened. So far as the regulators are concerned, they have mandated controls in their jurisdiction. Gottfried clarified that 'we are in dialogue with all the regulators on a global level and we do not think India is an exception.'

Autonomy of functioning

The first and foremost condition would be the absolute independence of internal audit with accountability only to the board of directors. Unfortunately, there are only a very few honourable exceptions such as SBI which have fiercely guarded the independence of internal audit. To be truly detached and objective, even physically, the audit department needs to be away from the cooperate / head office because the Chairman or Chief executive officer, breathing down the neck of the inspection chief, may lead to compromising of roles.

In almost all PSBs, the Inspection Department head stil functions under the direction and supervision of the executive heads, leading to a conflict of interest. It is a common observation that in many review meetings, discussions, business performance predominates, pushing compliance and risk management in the background. This needs urgent attention of bank boards.

Quality of manpower

According to bankers, it is the sheer size of the market controled by PSBs that makes them vulnerable to fraud. About 70 percent of the banking system is controlled by PSBs. Further, the quality of manpower that PSBs attract these days is not always to the mark. The salary and perks are also not attractive. According to bankers, it is the nature of the business of the PSBs that makes them susceptible to fraud. Just as an example, private banks mainly focus on retail credit while PSBs, deal with various priority sector, non-priority sector and corporate loans. Large banks in the country, like SBI, PNB, Bank of Baroda and Bank of India can afford to extend big-ticket loans. So far as smaller private banks are concerned, they cannot take exposure in bigger size corporate loans due to the limited size of their balance sheets. That is why when there is a fraud or bad debt reported in PSBs; it is always large in size.

It may be worth mentioning here the comments of Pratip Chaudhary, former Chairman of SBI, 'Banks vary in their culture as well, SBI has developed a culture, has a better training facility and better accountability, which many other banks lack. Private banks also face frauds. In such case like PNB, if guarantee which is a non-fund exposure is issued without even the system of the bank knowing it, it is quite difficult to prevent such a fraud. It is not right to paint all banks with the same brush. SBI wil never give the kind of loans that other banks in the system will be ready to give.' Therefore it is the people and not the process which is responsible for fraud.

According to an age-old saying, 'Prevention is always better than cure'. Therefore, the only remedy is to adopt principles of vigilance which highlights to be vigilant to uphold integrity, to be genuine, to implement system and procedures in letter and spirit, to learn various nuances of banking, to be alert, to shun negligence, to strictly avoid corruption, etc

Banking Frauds: Result is Rising NPAs; Better to Prevent now than to run after

Rising volume of Bank frauds is swallowing all the economic development and is causing financial indiscipline in the country. One big defaulter like Vijay Malya, Nirav Modi, Mehul Choksi usurps thousands of crores which not only adds to sharp increase in the quantum of Non-Performing Assets (NPAs) but takes out the sizable funds that could have otherwise been used for economic well being of thousands of poors willing to become entrepreneurs with banks' help and plan to start up their small businesses. **Bank Frauds: Key Facts**

A survey by FIS, a financial services technology provider, showed that 18% of Indians suffered from an online banking fraud.This was a higher percentage than any other country. In comparison, only 8% of people from Germany reported a fraud followed by 6% in the UK.

According to Reserve Bank of India reports, during the past five years more than 23,000 cases of fraud involving Rs 1 lakh crore have been reported

In one year only, from April, 2017, to March 1, 2018, Number of Bank fraud cases has gone up to 5,152 from 5,000 in 2016-17

Not only high, but the highest ever amount of Rs 28,459 crore is involved in the bank fraud cases reported during April 2017 to March 2018

There were 5,076 Bank fraud cases involving Rs 23,933 crore in 2016-17.

23,866 Bank fraud cases of Rs 1 lakh or above in each case, were reported during 2013 to March 1, 2018. An amount of Rs 1,00,718 crore was involved in all these fraud cases

Banks reported 4,306 fraud cases involving Rs 10,170 crore during 2013-14; in 2014-15 there were 4639 bank fraud cases involving Rs.19,455 Crore and in 2015-16, bank fraud cases were 4693 involving Rs.18,698 crores.

Top Banking fraud cases are of over Rs 13,000-crore fraud in the Punjab National Bank (PNB) allegedly committed by diamantaire Nirav Modi and his uncle Mehul Choksi, the promoter of Gitanjali Gems.

Vijay Mallya the Chairman of Kingfisher, United Breweries and many other companies has allegedly routed Rs. 9,000 crore (US$1.3 billion) in loans from 17 Indian Banks and has run away and is still at large.

Rs.600 Crore Loan Fraud in IDBI has allegedly been committed by Aircel promoter C Sivasankaran. In the aftermath, CBI has booked top officials of two public sector banks, a former CMD of the IDBI Bank, former Aircel promoter C Sivasankaran, his son and companies controlled by him in this connection

The CBI has named 15 bank officials who worked at senior levels at the IDBI in 2010 and 2014 when loans were sanctioned to the companies controlled by Sivasankaran in its FIR registered on a complaint from the Central Vigilance Commission.

Managing Director and CEO of Indian Bank Kishor Kharat (who was then MD and CEO of IDBI Bank) and his counterpart in Syndicate Bank Melwyn Rego (then Deputy Managing Director in IDBI Bank), along with then Chairman-cum- Managing Director of IDBI Bank MS Raghavan, have been named in the FIR filed by the CBI.

The gross NPAs of all banks in the country amount to Rs 8,40,958 crore in December 2017 as per Government of India Reports. The NPAs are led by industry loans followed by the services and agriculture sector loans.

The highest amount of gross NPAs is for the country's largest bank, the State Bank of India, at Rs 2,01,560 crore. NPA for PNB stood at Rs 55,200 crore; for IDBI Bank - Rs 44,542 crore; Bank of India- Rs 43,474 crore; Bank of Baroda, Rs 41,649 crore; Union Bank of India, Rs 38,047 crore; Canara Bank, Rs 37,794 crore; ICICI Bank, Rs 33,849 crore. Minister of State for Finance Shin Pratap Shukla presented the data in the Lok Sabha on March 9, 2018.

Rs.13000 Crore Bank Fraud: How it happened?

In 2016, following Bangladesh Bank heist of USD 81 million, RBI issued an advisory to all the banks asking them to ensure that their computer systems running core banking solutions (CBS) were properly integrated, wherever required, with SWIFT (Society for Worldwide Interbank) - a messaging service for interbank transactions across the globe.

Punjab National Bank whose Rs.13000 Crores are at stake, could not integrate its CBS with SWIFT for many years due to system upgrade process. PNB therefore could not comply with the RBI advisory and could not detect the fraud early. The loss could not be prevented either.

As per the PNB estimate, the final figure of fraud can go beyond Rs.12,600 crore

Letter of Undertakings (LoUs) to firms linked with diamond merchants Nirav Modi and Mehul Choksi were issued to customers having no sanctioned credit limits. The follow up on these LoUs was not done despite the fact that many of them were not repayed even after expiry of prescribed period of 90 days.

No communication was recorded for issue of LoUs and end transactions caused by the credit assurances.

Inter-bank communication involving the lending overseas branch was not maintained.

Reconciliation and confirmation processes were not followed.

Bank Frauds: Adverse Impact on System and Society

There is difference between wilful defaulter and the defaulter due to compulsion without much of his mistake. Wilful defaulter is a criminal to the society as a whole and should not be spared.

A loan can be recovered by infusing more capital in case a business decision has gone wrong because that particular firm failed in the market and the loan has become NPA. But in the case of a loan fraud, it is criminal intention as in the Nirav Modi case.

These perpetrators of Bank Frauds misuse the banking system and disturb financial discipline making banking system

vulnerable and insecure for common people dealing with banks
When farmers don't repay their loans, they commit suicide. If the middle class fails to pay their EMI, their homes and cars get confiscated. But the big defaulters like the corporate groups take huge loans do not repay and banks turn them into NPAs or loss assets. This is the loss of huge public money
These big defaulters run out of country due to timely action and arrest of them. Although, many people should have been arrested, but not a single person of the corporate group has been arrested giving wrong signals in the society
The Banking sector is already under stress and is approaching every now and then to the Government for re-capitalization, but these loan frauds throw cold water to all the efforts
Banks' financial balance sheets are stressed because of the massive buildup of NPAs and the frauds are adding to their woes
In December 2017, Ravi Shankar Prasad, the minister for information technology, said that there were over 25,800 cases of digital fraud in India in 2017.
Financial transactions in the advanced society have become more web based and electronic exchanges or use of Debit and Credit cards are the go-to mode of transactions. With this advancement, notorious hackers have found ways to beat the system and commit theft of e-money and frauds

Prevention of Bank Frauds

Most of the big corporates who have committed fraud to the tune of thousands of crores are shying away from coming back and to repay the money as they are aware that the punishment by law will still be there even if they repay. Indian Law or the Indian Government has no way to award softer punishment even if these defaulters repay the amount in full. Accordingly, it is more important to prevent a bank fraud than to run after it when it is done.
With the existing rules and laid down procedures most of banking frauds can be prevented, in case they are meticulously followed and bank staff is not pressurised to sanction the loan.
Former RBI governor Raghuram Rajan writes in his book, *I Do What I Do*: "Today, a variety of authorities…monitor the performance of public sector banks… It is important that we streamline and reduce the overlaps between the jurisdictions of the authorities, and specify clear triggers or situations where one authority's oversight is invoked."
RBI is tasked with detecting infirmities, but has no authority to enforce its own orders, administer remedial measures or even deliver swift punitive action. The central investigative agencies are tasked with following up on investigations and pursuing legal recourse. The political pulls and pressures on these agencies, as well as the Indian legal system's long-drawn processes, provides swindlers with enough escape routes and is never a deterrent. It should be looked into.
As a cautious bank customer, you should register your working mobile number with your bank so as to receive SMS/Email alerts regarding transactions.
Check the emails and messages received from the bank, regularly. In case you find any suspicious or unapproved transaction that you can't place, consult and report to the bank, immediately.
Never share your banking User Id, Password or OTP (One Time Password) with anyone. No bank official will ever call you for these details.
Never share your Debit Card/ Credit Card Number or the numbers displayed at their back with anyone as you may end up losing money and be held responsible at the same time.

Steps, Banks should Take

Banks should review their systems and procedures regularly. Ethical banking practices should be preferred.
Disclosures to RBI, SEBI and other regulators should be made with consistent periodicity.
SWIFT-CBS linking must be made mandatory for all LoUs. Confirmation from lending foreign branches must be done for each of the LoUs.
All internal and external audits must be completed on time at branch level. The audit reports should be shared with the government's auditors and examined by the RBI. In the PNB fraud case, the bank has told the finance ministry that the last audit by RBI was done in March 2009.
Only well trained bank staff suitable for the role should be posted undertaken for the skilled job.
Use of technology for preventing fraud should be encouraged within banking ecosystem.
New technology like blockchain can be used to record all banking transactions.
Once a fraud is detected, it should be immediately flagged by the bank and concerned agencies roped in for probe

Steps Taken by Government, RBI and Banks

Reserve Bank of India says "The reported fraud cases are processed and action is taken according to the facts and circumstances of individual cases." But this is what is being done when the thousands of crores of Rupees have been siphoned off with very low chances of recovery
RBI has constituted an expert panel to examine what is ailing banking operations resulting in increasing cases of big frauds. The panel has been tasked to recommend measures to fix the systemic loopholes. The Centre is also analysing the risk management framework for banking sector.
As per its notification in July 2017, The Reserve Bank of India has tried to limit customers' liability when faced with fraudulent online transactions by giving them a window of three days to report the fraud. However, this does not extend to cases where the customer knowingly gave their payment information to a third party.
Indian police is also being trained to tackle cyber crime. The government of Karnataka, which instituted a cyber crime cell in 2003, plans to enroll 1000 policemen in cyber crime training programmes. In addition, the police units of Maharashtra and Uttar Pradesh are collaborating with data security and IT experts to improve their cybercrime

investigation skills.
Insolvency and bankruptcy code
Developed to find a solution to the proliferating stressed assets of banks, The Insolvency and Bankruptcy Code has been evolving since 2016. Although the code has been able to do only a little good to the banks uptil now, it is promising and has been able to identify defaulters and provide solutions to some extent.
It is an Act to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues and to establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto.
Key Features:
The Code enlists **different insolvency resolution procedures and time limits** for individuals, companies and partnership firms. The process can be initiated by the debtor or the creditor. Thus making it wholesome in approach.
The Insolvency and Bankruptcy Board of India set up by the Act will oversee the proceedings of insolvency in the nation. The board consists of members of RBI and representatives of the Law and Finance ministries as well.
The insolvency process is **supervised by licensed professionals**. They take charge of the debtor's assets at the time of the insolvency process.
The code has set up **two distinct tribunals** for supervising the insolvency resolution procedure for companies and individuals. These are (i) The National Company Law Tribunal for organizations and Limited Liability Partnership companies; as well as (ii) The Debt Recovery Tribunal for overseeing insolvency resolution for individuals as well as partnership firms.
Benefits:
Avoids procedural delays:
Various sections of the Act provide a frame work of a time bound procedure for the insolvency resolution process. For instance Section 5(14) defines the time period for insolvency resolution as 180 days and Section 7(4) mandates the adjudicating authority to understand defaults in the application within 14 days of the receipt of application. Also Section 12(1) provides the time period for the completion of insolvency resolution procedure as 180 days.
Better than earlier systems:
The financial and operational creditors such as banks and raw material suppliers have been able to recover more than half of their claims from the 32 stressed companies in a fairly less period of time. This indicates a better performance as compared to the earlier existing National Company Law Tribunal.
The Amended Code provides benefits to homebuyers:
As per the earlier norms the banks and other financial creditors were given preference over the homebuyers and other operational creditors at the time of recovering dues. Now with the amended code the homebuyers are effectively considered as financial creditors and are at par with banks and other institutional creditors.
IBC will demolish Non Performing Assets:
The IBC can be considered as a stellar achievement as banks have been able to recover nearly Rs 700 billion in the year 2017-18 and nearly Rs 350 billion in the first quarter of 2018-19. The government expects the bad loan recovery amount to be nearly Rs 1 trillion in FY19 only from the 12 cases referred by RBI to The Insolvency and Bankruptcy Board of India. This establishes the efficacy of the time bound procedures mentioned in the Act.
Single law:
Before the introduction of IBC multiple bodies and laws were dealing with insolvency. But IBC combines all such laws avoiding overlapping of jurisdiction and confusion.
Loopholes:
Powers to the financial creditors:
IBC lays down that power of selection of a particular resolution plan of a distressed company has been given to the financial creditors. This creates a paradoxical situation as in most of the cases the financial creditors led to development of the huge debts without letting the banks exercise their powers to recover their dues.
No recognition to the Debtor:
The code fails to give adequate say to the debtor. The corporate debtor does not have the right to put forward his/her case nor is given the right of representation at any stage of the insolvency resolution process.
No scope of settlement:
The code doesn't allow the withdrawal of the application once it has been submitted. Thus leaving no scope for settlement.
Fails to protect the rights of the company:
The code fails to provide a yardstick for the qualifications of the insolvency resolution professionals. Also there are no regulations regarding the persons allowed to access the proceedings. This shows the deficiency of the code safeguarding the rights of the company before handing over its management completely to the professionals.
Conclusion:
The Insolvency and Bankruptcy Code has definitely been beneficial in achieving the targets for which it was introduced and with amendments the Government is improving its framework. But there are still some major loopholes which need to be addressed for improving the effectiveness of the code.

Should Fintech firms and Banks be collaborated?

In this age of transparency and digitization, Fintech firms and start-ups have been the major gainers. They are also emerging as strong players in the financial sector by offering personalised and transparent offers to the customers. By weakening the loyalty of established customer base, these newly emerged Fintech firms are giving hard time to traditional banks. With Tech giants like Amazon, Flipkart and WeChat venturing into finance sector, it clearly indicates that they are doing everything in their capacity to be in the limelight always. On the other hand banks are suffering due to their non-flexible boundaries.

While there exists a serious rivalry between the two, collaboration is also being perceived as an option for mutual benefit. But before this brand new "Banking + Fintech" financial ecosystem attains immense importance, it is imperative to understand its pro's and con's.

Points for the Motion:-

Improved Profitability:

'The Fintech revolution' is being understood as the reason for the termination of legacy banks. Thus now it is essential for the existing traditional banks to comprehend these firms as partners rather than follies. This will not only enhance the overall profitability of the banks but also improve their degrading performance in the recent years.

Benefits of data enrichment:

Data enrichment is an innovative way through which the Fintech firms use machine-learning engines to add value to the plethora of existing data of customers acquired from millions of transactions. This will surely help the banks to not only identify particular customers but also in maintaining them.

Next wave of tech generation:

With the foray of Tech giants in finance, the new wave of tech generation has arrived. But full benefits can be reaped when these new technologies reach the other major participant of this sector. Thus the bank and tech alliance will not only reduce costs but also increase efficiency of the banks, due to superior technical know-how abilities.

Benefits of portfolio diversification:

With their expertise in giving importance to particular customer needs, the Fintech firms will help banks to diversify their loan portfolio as now the customers will be provided what they want.

Increased customer awareness:

The EY FinTech Adoption Index 2017 has stated that the percentage of people aware about FinTech facilities in 2017 has risen to 84% as compared to 62% in 2015. Thus in a such a scenario it is absolutely beneficial for the banks to merge in these small scale Fintech startups and deliver greater value to their customers.

Points Against the Motion:

Huge costs:

One of the primary concern of a bank is its costs such security cost, compliance costs, auditing expenditure. These costs will only increase with such collaboration on account of provision of secure network and complex structure of a FinTech firms operations.

Complexity in dealing with customers:

Due to a nexus of financial data resulting from data enrichment, the dealing with customers and other organization will be difficult and time consuming.

Reluctance of Banks:

Banks are reluctant to alter their already well-established tech system which will hinder the efficiency due to dissimilarity in the Tech architecture.

Conclusion :-

The Bank and FinTech collaboration is deemed to be beneficial in enhancing the efficiency of finance sector due to the advanced technologies of the Tech organisations and with the advantage of the established customer base of large banks. But there are still some stones left unturned on account of expenditures and the complexity possessed.

Is RBI's Autonomy Under Threat?

Rifts and conflicts between the 'Mint Street and the North Block' are in the nature of the relationship they share and this has been evident in the past. But in present arrangement these raise a threat to RBI'S autonomy. While the heart of the issue is RBI's denial to give chance to growth on a risk of inflation the other reasons like Public Sector Bank control, Liquidity crunch, disputes over RBI reserves and payment regulations are not to be ignored.

Points for the motion :-

DEMONITIZATION RELATED MATTERS :- RBI stated to Bloomberg that the decision to withdraw legal tender was agreed by the RBI board less than 3 hrs before the PM announced it for the public. Also over night declaration of crores of currency as illegal indicates that the government did not pay heed to central bank's suggestions pertaining to the grave problems such a measure could create.
RESIGNATION BY URJIT PATEL :- EX-RBI Governor Urjit Patel resignation is clearly the consequence of the tussle between the GOI and RBI. Although he stated his reasons as being personal but it is deemed that his resignation was much anticipated due to the governments continued interference in RBI matters.
SECTION 7 OF RBI ACT :- There were speculations regarding the exercise of Section 7 which provides government with the power to direct RBI for public interest. With Urjit Patel resignation this enactment seems very much probable. This will undermine the basic purpose of RBI being autonomous.
SETTTING UP OF INDEPENDENT PAYMENTS REGULATORY BOARD :- The government has rejected RBI's proposal to maintain the existing system and has setup an Independent Payment Regulatory Board. The chairperson to this board shall be appointed after the consultation of GOI with the RBI governor in his ex-officio capacity. This clearly indicates how the government has set up a trap to sideline the RBI interference in this Board.
DEPUTY GOVERNER ACHARYA'S SPEECH :- The central bank feels that it being pushed to the corner with potential government policies and DG Acharya's open criticism of the government is just a reflection of interventions made by government which curb the independence of RBI.
THE IMPORTANCE OF RBI :- RBI has been an institution which has performed exceeding well in the past years and despite there being differences there has never been a question about its independence. Thus of the current members on board are speaking up openly about the pressures the it is facing, it should not be considered as not well rooted.
STATEMENTS OF PREVIOUS RBI GOVERNORS :- The former and hugely respected RBI governors including YV Reddy, Raghu Ram Rajan, D Subbarao have always hinted the need for RBI to stay devoid of government interference for nations continued macroeconomic stability.
REVALUATION RESERVES ARE NOT FREE RESERVES :- The major role of RBI pertains to regulation, for this its needs to maintain a healthy balance sheet. What is being perceived as excess capital is actually the gold and currency reserves. Thus revaluation of the foreign assets can not be used as free reserves.
Points against the motion :-
BLANK INDEPENDENCE CAN NEVER BE PROVIDED :- The RBI is independent in its operational activities but has to act under the government rules and regulations. Thus the created can never be independent of the creator. The RBI can be autonomous but not omnipotent.
THE FIGHT IS BETWEEN THE RBI BOARD :- A major section of the newly appointed non -permanent members of the RBI are of the view that their is a liquidity crunch and thus a need to increase liquidity. The government is just being framed into the picture. The conflict maybe due to the inconsistency of the Board.
RBI's FAILURE TO EXERCISE REQUIRED CONTROL :- The RBI has failed to exercise required control over the indiscriminate lending by public sector banks during 2008-2014 which calls for government intervention.
GOVERNMENT RESPECTS RBI'S AUTONOMY :- The government has given the statement that it gives due respect to the autonomy of RBI but it has to be guided by the motto of public welfare.
SUGGESTION OF CHIEF ECONOMIC ADVISER :- Arvind Subramaniam's statement also suggests that RBI's excess capital can be used to strengthen the capital of the under-performing commercial banks.
PROPOSED CHANGES :- Changes have been promised by the Finance Ministry to strengthen the Prompt Corrective Action policies for stressed banks.
Conclusion :-
Although there is definitely a threat to RBI's autonomy. But to maintain a healthy international relationship and a prospering external trade, it is imperative that the GOI and RBI should settle the matter as both have to work in unison for the economic stability. With the RBI board meeting held on 19 November 2018 the same has been resorted for the greater interest of the economy. The key issues including Capital Requirements of Central bank and the Government ; Financing norms for SME's and laying down of rules for suppressed banks are expected to settle down with the reconciliation of the Government and RBI.

In what way Payment Banks are useful?

What is a Payment bank :-
A bank licensed as a payment bank can receive deposits and offer remittances only. It cannot issue loans and credit cards.
Nachiket mor committee in 2014 in its report recommended for a new type of banks called Payment banks and in 2015 RBI accepted this and gave 'on principle' license to 11 entities to launch payment banks.
Its aim is to revolutionize financial services. These types of banks are useful for low-income households, small business and other unorganized sector.
Airtel is India's first payment bank.
Benefits of payment banks:-
Payment banks are useful as it offer zero balance account. That means there is no penalty on zero balance in payment banks account.
Yields in high profits of the banks as there is no infrastructure cost. For example in Airtel case, Airtel retail outlets is

acting as banking points. India Post too setup payments bank, and it operates from the present post offices only.
High interest rate is given by the payment banks in comparison to commercial banks to attract deposits.
Some payment banks are telecom distributors and through their service you can keep your account number same as your mobile number. This is convenient for people and easy to remember.
Right now there is cash-back and discount on every transaction. For example, Paytm offers discount on purchased made through their payment bank.
Some added benefits of payment banks are accidental insurance, mutual fund.
It will help people of rural areas where they don't have access to bank connectivity. Now they can use their account through their mobile phones.
They also issue debit cards and ATM cards which is usable on ATM network of all branches.
These payment banks are linked with one's banks savings account via IMP's and NEFT transfers.
Limitations of payment banks:-
Maximum deposits in these payment banks are up-to one-lakh only.
Payment banks cannot issue loans and credit cards.
At present payment banks charges some percent of your amount when you withdraw or transfer money.
Conclusion:-
Payment banks are useful in this digital age, where focus is on cashless payments and use of digital money. It is a step taken by RBI to redefine banking in India and government will meet its goal of financial inclusion. These banks target those masses who cannot afford to visit branch every time and is providing them basic facilities through mobile phones. This move is also a plus to 'Pradhan Mantri Jan dhan Yojna'.
Afterwords :- What is your opinion on this topic? Express your thoughts in the comment section below.

Challenges to Indian Banking sector

Emerging challenges:-
Asset quality is under tremendous pressure due to continued economic slowdown and increase in the rise of the levels of Gross nonperforming advances and NPA's.
One of the major problems is Large Over dues of farmers in small branches of rural areas. And Government decision to waive to all farmers loans has added in the difficulties of such banks.
Indian banks are facing bad loans or Non-performing assets (NPA), which means loans which are not paid by the borrowers on time, and hence causing huge burden on banks.
Even after all the efforts made by the government, banks at rural areas are still in loss as rural people are still not familiar with banking system.
There is also risk from political interference as the government can interfere with banking policies at the time of budget implementation.
One of the emerging threats is Cyber threats as the most of the transaction are made through digital channels, which are not 100% secure.
Many senior bank workers are still not familiar with the use of technologies in bank and young and inexperienced are replacing them.
Steps taken by Indian banking sector:-
All banks are wholeheartedly working for the complete implementation of PMJDY (Pradhan Mantri Jan Dhan Yojna) making banking service available to everyone.
For farmers, Kisan Credit Card scheme is launched to help them with Loans through banks.
Protection of bank customers' information has one of the trust areas for RBI. And for this RBI has issued a charter of customer rights on the global best practices.
With the implementation of KYC/AML norms banks are now able to remove all the fake accounts and with this monitoring of transactions is easy.
To make payment easier, accessible and secure, banks and Government together launched AEPS(Adhaar enabled payment system).
Banks are getting digitized means converting data into digital format, thus providing better services to customers.
Banks are taking steps to reduce NPA and to strengthen the balance sheets and also working hard to strengthen NPA's recovery rules.
Best practices worldwide :-
SWIFT was launched by Bank for International Settlements (BIS) to solve the problems of block chain. it offers a code which is used to transfer money between banks on international level.
BASEL Accords under this BCBC (Basel committee on banking supervision) published Norms such as "Basel 1" "Basel 2" and "Basel 3" to focus on Risk management in banks, and financial Procedure. India will start Basel 3 by the end of December 2019.
NPCI (national Payments Corporation of India) launched NACH (National Automated Clearing House), its primary motive is to handle low value, high volume transaction based on electronic files.
CONCLUSION:
Indian banks are increasingly focusing on adopting integrated approach to risk management. Banks should have more

autonomus powers under 'Banking Regulation Act' so that they can overcome problems such as Bad loans, NPA, low capital adequacy etc. Most of the banks have implemented the framework for asset-liability match, credit and derivatives risk management.

Might is always right

This phrase describes that the people in power determine what is right or wrong, even if the outcomes aren't favourable for everyone. It is generally used in a negative sense to mean that powerful people can convert their wrongs into rights. It threatens freedom of speech as it discourages counter arguments and alternatives that have the potential to favour all.
Although this is perceived as the general meaning, the viability of the concept varies from person to person. The supporters consider it essential in the political scenario while the opponents consider it morally unjustified.
In the above case it is imperative to understand if the concept is totally unfair or has some positive outlooks too.
No: Might is not always right:
The following points provide some ideas to which the above concept can be related:
When this concept is related with leadership, it is evident that a leader gets powerful not by the virtue of the position but by other qualities like persuasion skills or ability to create a comfortable environment where his followers can grow with him. Once the leader is able to relate with his followers his decisions and actions tend to get the required respect. The best examples would be of Warren Buffett, Aung San Suu Kyi, Dalai Lama and many more.
It can be related with the concept of privilege. For years a racial privilege was given in United States to the white people on the basis of their colour. They were considered as important and powerful thus got the right to make laws and regulations which was absolutely unfair.
It can be related with the dictatorship style of rule. The biggest example would be criticism of Adolf Hitler for being a ruthless dictator. He was a believer of the notion of survival of the fittest and his style of justice is widely unappreciated.
The rule by local powerful groups renders the punishment system in a democracy to be futile. For instance the beating up of Kanhaiya Kumar, the JNU student union chief by a group of powerful lawyers is unjust. This incident happened after he and his friends were already arrested, for shouting pro Pakistan slogans and the court proceedings were in shape.
This phrase is understood to be misquoted. The reverse of the proverb 'Right is might' makes better sense and promotes ethical behaviour.
Yes: Might is always right:
The following points provide some ideas to which the above concept can be related:
This phrase can be related with countries and companies taking the first move to adapt to the environment to be successful and superior to others. These countries and companies can be considered mighty and their doings can be considered right.
If might is used for a good purpose it is not wrong. For e.g. in India the judiciary is supreme and makes decisions in the benefit of everyone.
In a business scenario the customer is considered to the most important for the smooth functioning of a business. The requirements and needs of the customers are the reason for the existence of a business. Or in other words the consumer is said to be mighty.
It can be related with the battles and wars fought by kings and emperors, which are the best examples of the victory of the powerful in the battle field. Also the history provides ample evidence where the ruler had to surrender due to lesser territory and power.
Conclusion:
It can be concluded that no clear argument can be provided either in support or against the topic. The comprehension of this topic is subject to relativity. While majority doesn't go with the proverb, some people still believe it to be the harsh truth of life.

Universal Basic Income – Pros & Cons

Theme :-
Indian Government is likely to bring 'Universal Basic Income scheme'.
Universal basic income (UBI) or basic income is a periodic cash payment that each citizen of a country or region is provided irrespective of his income, resources or the employment status of the individual. It is a measure undertaken to elevate poverty and decrease the income disparity prevailing in a country. Every Universal Basic Plan varies due to its amount or design. This provides a safety net by supplementing the wages from work. It is the most ambitious social policy and has gained immense popularity in 2017. There a pool of ambiguity around this scheme. Some people consider it to be a substitute for welfare, while others consider it useful only when provided with the existing schemes or even regard it as high as an alternative to wages from work.
After the fall of BJP in the assembly polls it is expected that the Modi Government might transfer certain amount in the bank accounts of the people who are unable to earn and introduce the concept of UBI in India.
Another important question surrounding the issue is the scenario of upcoming artificial intelligence and robotics. It is being argued that this will pose a threat to the availability of jobs. Thus there is a lot of debate about the advantage

of a fixed income which will promote everyone above the poverty line.
Pros:
Increase in labor market efficiency:
A guaranteed income will help laborers to rise up the ladder or go back to school, colleges to gain knowledge and improve their skills. This will lead to reduction in the number of people who are stuck in jobs that are bad fit. This in turn will increase the labor market efficiency and improve job satisfaction.
Reduction in bureaucracy:
Currently many officials and bureaucrats obturate the benefits of existing welfare schemes. Thus the actual beneficiaries are unable to get the required aids. But with a single fixed amount, the complexity of the procedures will reduce and the entire benefits will be directly transferred to the individual.
Provides recognition to unpaid work:
There are various things which are essential for the working of the economy, but are not recognized as economic activities. For e.g. the work done by parents which goes unrecognized in a monetary way. Thus a basic income will ensure recognition to these activities.
Promotes Entrepreneurship and sales:
The extra income will provide a safety net in case a new business falls down. Thus this will promote new businesses to grow and also help in selling the products as now buyers will have more disposable income in hand.
Improves mental health of people:
A guaranteed income helps in improving the mental health of people by eradication stress caused on account of financial insecurity, poverty and scarcity.
Promotes women empowerment:
Women that are below the poverty line suffer more than men. Thus a guaranteed amount in their account will help them make their own standing and develop their say in the family matters.
Cons:
Radical increase in the government cost:
The cost of providing a basic income will be much more than the amount itself. Thus deciding an optimum level of UBI will pose a challenge. According to IMF estimates, India can provide a basic income of Rs.2600 annually to each person. Even such a meager amount will affect the fiscal costs heavily.
Increase in consumption of temptation goods:
There is a possibility of increase in consumption of alcohol and cigarettes as people will regard this income as extra and will not use it optimally.
Increase in labor cost:
In a country like India, a free income will reduce the voluntary labor availability drastically. This will increase the labor costs and hinder the advantage of India being a cheap labor country.
Decrease in the taxable income:
The UBI might deprive people of the motivation to work, this would generate lesser taxable income and hence reduction of the government revenue.
CASES FOR TRIAL OF UNIVERSAL BASIC INCOME
UNICEF provided basic income in Madhya Pradesh:
Between 2011-2013, a UNICEF study lead by sociologist Sarath Davala and Guy Standing, provided an equivalent of $1 million to a pilot of 6000 people in the villages of Madhya Pradesh. It was observed that this money was utilized carefully by the people. This money was spent on child education or creating greater income opportunities through livestock.
Hawaii became the first U.S. state to implement UBI:
In June 2017 Hawaii passed a bill that gives every citizen of Hawaii a right to receive a basic income. Such a measure was taken up due the fear of labor loss arising from automation.
UBI trial in Iran:
In 2010, the government of Iran successfully implemented the UBI trial by transferring 29% of median household income. The results did not provide any evidence of poor forging their jobs, instead people invested in business.
CONCLUSION:
Even though Universal Basic Income is expected to take off the load from healthcare services and social institutions the cost of providing it is too high. Thus it can be concluded that Universal Basic Income is surely beneficial but there is a threat to its purposefulness on account of increase in costs.

Fugitive Economic Offenders Act

What is Fugitive Economic Offenders Act :-
Fugitive Economic Offenders Act, 2018 was brought to deal with the economic offenders that left the country to escape from investigation.
Many high-profile economic offenders such as Nirav Modi, Mehul Choksi, Vijay Malya, Jatin Mehta, Deepak Talwar, Sanjay Bandari, Lalit Modi left the country to escape from prosecution.
One will be declared as a fugitive economic offender, if he/she has committed some specified offences involving an amount of one hundred crore rupees or more and has left India to avoid prosecution.

Benefits :-
If one is declared as a fugitive economic offender, the creditor can confiscate and sell his/her properties. The properties include not just the properties that were earned through fraud but all the properties of the economic offender including benami properties and the properties in other countries too. This will improve the health of financial institutions of India.
This Act can help in solving the issue of Non-Performing Assets to a great extent.
This will improve the trust on banking system of India.
Fugitive economic offenders cannot file a civil claim in any Indian court regarding the confiscated properties, which will reduce the burden on Judiciary.
Loopholes :-
This Act applies to the economic offenders that left India, but not to those who stay in India but commit the fraud.
This Act applies to specified offences involving an amount of one hundred crore rupees or more. All the other high-profile economic offences that involves less than hundred crore rupees together form a large part of NPA.
There are many laws in India, but the lack of proper implementation is the problem. So, a new act may not gain public trust.
Declaring people as fugitive economic offenders violates the principle that everyone is innocent until proven guilty.
Through this act, creditors can confiscate and sell all of the properties of economic offenders. Thereby Innocent shareholders too have to bear the brunt.
Conclusion :-
Till now, economic offenders used to leave the country to escape from interrogation. Now, they have to return to India and co-operate with the prosecution, otherwise they will lose their properties, which is a good thing. But implementation should be effective to make it a success.

The Fugitive Economic Offenders Bill 2017

Cleared by the Union Cabinet, on March 1, 2018 the Fugitive Economic Offenders Bill 2017 provides for measures to check economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts and seeks to uphold the rule of law in India.

The draft Bill was prepared last year in 2017, now its clearance by Union Cabinet signifies its urgency, as the high-profile businessmen like Vijay Mallya, Nirav Modi, Lalit Modi have run away from the country with thousands of crores and are refusing to come back and repay the money taken as loan by them from the different banks of India.

Back ground

The Bill was first announced by Finance Minister Arun Jaitley in his Budget 2017 speech. The Bill is to come up in Parliament in the second half of the Budget Session 2018 which began on Monday March 5, 2018. The government may promulgate it as an ordinance if it cannot make its way through the Parliament and becomes an Act.

What is the Bill?

The Fugitive Economic Offenders Bill aims to stop economic offenders who leave the country to avoid due process of money recovery. Offences committed for the amounts of □100 crore or more are covered under the purview of this law.

Economic offences are those that are defined under the Indian Penal Code, the Prevention of Corruption Act, the SEBI Act, the Customs Act, the Companies Act, Limited Liability Partnership Act, and the Insolvency and Bankruptcy Code.

Accordingl to Section 4 of the law, a fugitive economic offender is "any individual against whom a warrant for arrest in relation to a schedule offence has been issued by any court of India who, either leaves or has left India to avoid criminal prosecution or refuses to return to India to face criminal prosecution". Attached to the draft are the list of offences, which include cheating, forgery, fraud, corruption, insider trading, customs evasion and more.

Need of the Bill

The bill is an effort to check the economic offences of large amounts. The Government was criticised for not having done enough to prevent scams like the Nirav Modi case, in which the jeweller is alleged to have got unsecured loans of more than Rs 11,000 crore from a public-sector bank. The Government was criticized for not being able to prevent the alleged criminals like Nirav Modi and Kingfisher head Vijay Mallya from leaving the country.

Bill can check the economic offences. Pros

The bill is being given teeth to check the economic offences with strenuous provisions:

Declaring a person offender under the bill

A Director, appointed by the central government, will have to file an application to a Special Court to declare a person as a 'fugitive economic offender' under clause (2) of Section 6. This application should contain reason/s for the belief that an individual is a fugitive economic offender; any information available as to the whereabouts of the fugitive economic offender; a list of properties or the value of such properties believed to be the proceeds of crime, including any such property outside India for which confiscation is sought; a list of properties owned by the person in India for which confiscation is sought; a list of persons who may have an interest in any of the properties listed under sub-clauses (c) and (d).

The Director has the power to attach any property the accused holds.

Do's for Economic offender under the law

The Court will issue a notice to the person named a 'fugitive economic offender'. Within six weeks from the date of notice, the person will have to present themselves at "a specified place at a specified time". If the offender fails to do so, they will be declared a 'fugitive economic offender' and their properties as listed in the Director's application will be confiscated.

No claim after property is confiscated

The offender cannot file a civil claim once the property is confiscated. Section 11 of the Act disqualifies those declared as offenders from either filing or defending a civil claim in court.

Recovery of amount from properties
The Special court will appoint an 'administrator' to oversee the confiscated property. He will be responsible for disposing of the property as well, and the property will be used to satisfy creditors' claims.
Will the law deter Economic offenders? Cons…
No clarity on implementation from retrospective date
Analysts have asked questions about whether the law can be applied retrospectively, to the alleged crimes of people like Nirav Modi and Vijay Mallya. The draft Bill does not exactly spell this out, saying only that "the Act applies to any individual who is, or becomes, a fugitive economic offender on or after the date of coming into force of this Act".
However, since the definition of a fugitive economic offender covers anyone against whom a warrant for arrest for certain offences has been issued, it seems that it could be applicable to past offenders against whom warrants have already been issued.
The Finance Minister, Jaitley, in his briefing, also said that the law would apply to all cases, "old and new."
Difficult to bring back the offenders to India
The law cannot force either Nirav Modi or Vijay Mallya to return – that is more dependent on extradition processes. However, the alleged offenders may return to India in case their properties are confiscated.
Tough laws already exist
Number of Acts like SARFAESI already exists to recover money by disposing off the property of the offenders. Recovery Tribunals have also been set up but still the economic offenders are running away with huge public money. How effective will be the new Act can be understood by the experience of past laws which are yet to make an impact.
However, emphasizing the need of the Bill, the Finance Minister Mr Arun Jaitley has said "We will try and make sure that this is passed as fast, as expeditiously as possible because we can't allow people to make a mockery of the law, that you first indulge in loot and then refuse to submit to the jurisdiction of our legal system, and I think we have a very responsible Parliament."

Linking of Aadhaar: Is making Aaadhar mandatory a good idea?

Indian Democratic system is passing through a grave crisis of implementing the Aadhaar Card. It is difficult to present the views without rightly knowing what the Aadhaar is. The Aadhaar in fact is a 12 digit unique identification number that every resident of India (regardless of citizenship) is entitled to get after he furnishes his demographic and biometric information. Demographic information shall include the name, age, gender and address while Biometric information shall include biological characteristics of the person e.g. fingerprints, eye scan (iris scan). No Collection of information pertaining to race, religion, caste, language, income or health is made.
The Aadhaar number shall serve as proof of identity, subject to authentication. However, it should not be construed as proof of citizenship or domicile. Aadhaar number shall be issued after verification of information collected for the person. Such collected information shall be stored in a database called the Central Identities Data Repository. This repository shall later be used to provide authentication services to service providers.
Government of India set up an office of Unique Identification Authority of India (UIDAI) in 2009 within the Planning Commission. In 2010, the government introduced the National Identification Authority of India Bill in Parliament to give statutory status to this office.
Aadhar Linking: Government of India Vs. Supreme Court of India
Government of India requires each and every citizen of India to link their Aadhar number to the Mobile phone connection, Bank accounts, PAN and other services apart from transferring the funds under Government schemes. The earlier extended deadline for linking of Aadhar was extended from December 15, 2017 to March 31, 2018 as the last date for the people to link the Aadhar number to all these services.
This decision was challenged in Supreme Court of India who in its order dated March 13, 2018 has extended the date indefinitely till it delivers the verdict on the linking of Aadhar to these services.
However, according to Unique Identification Authority of India (UIDAI), Aadhar will be needed for opening new bank accounts or applying for Tatkal passports. So indirectly for opening of new bank accounts, linking of Aadhar is not waived by Supreme Court of India.
The rider in the apex court ruling is that the government can continue to seek beneficiaries' Aadhaar, the 12-digit National Biometric Identification number, for the transfer of benefits under schemes funded from the consolidated fund of India
For - Yes, Aadhaar is unnecessarily being made mandatory
Implementation of Aadhar has been the subject of a severe criticism from various quarters—cabinet colleagues and bureaucrats, policy experts and activists, even a few state governments. Procedures for data collection and the potential errors therein to concerns over privacy, are being questioned. Besides, the existence of an older exercise, the National Population Register (NPR), led by the home ministry, is also posing a threat to the project. Most of the eminent ones accept the need for creating a systematic database of our citizenry, the path to be taken for this has created a vertical divide in the government and is leading to a turf war. UIDAI's process of using multiple registrars and enrolment agencies to collect individual data as well as its system of relying on 'secondary information' via existing identification documents has become a core debatable issue. The Registrar General of India (RGI) while compiling the National Population Register push for a method of public scrutiny in which individual data is collected directly and put up before the public to weed out any fraud. The method used in NPR helped villagers in Gujarat's border areas expose 'strangers' (from Pakistan) on the rolls when the data was put up for public scrutiny. This reinforced the belief that the NPR process, despite being long and painstaking, is more foolproof. RGI and census commissioner Dr C. Chandramouli found the data collection for Aadhaar faulty and stated *"Our objection is to the data collection by other registrars who have a different orientation from ours. From a security point of view, they are not acceptable."* it was felt both programmes could pool their data and share information. But the home ministry has refused to use UID data for NPR.

The agencies say the Aadhaar numbers will be issued in about 90 days' time but in most cases, it takes between four to six months. Many agencies are asking for additional data but they are not communicating to the people that everything is not mandatory and they don't have to fill up everything in the form.
There are many issues with UID's biometric data collection. Labourers and poor people, the primary targets of the Aadhar process,

often do not have clearly defined fingerprints because of excessive manual labour. Even old people with "dry hands" have faced difficulties. Weak iris scans of people with cataract have also posed problems. In many cases, agencies have refused to register them, defeating the very aim of inclusion of poor and marginalized people.

Activists also question UIDAI's authority to collect biometric data. Human rights and UID activist Gopal Krishna,is critical about Aadhaar "There is ambiguity about biometric data. It is not clearly defined in the National Identification Bill. UIDAI also provides for storing biometric data like fingerprints forever while even the Prisoners' Act provides that this data should be destroyed on acquittal." Usha Ramanathan activist and legal expert fumes "The whole thing is so illegal. Every statutory organisation can only act within a given mandate and citizen's rules do not provide for it. The Citizenship Act has nothing on biometric data." She further says "The whole emphasis is on enrolment with no planning on how this is going to be used." UIDAI's system of using introducers to identify and provide numbers to the homeless and those without documents is another grey area.

The Public Distribution System is getting worst affected. Going by the system of present fair price shops (FPS), each of them has a specified number of households registered to it. The FPS stores grains only for the registered households. The FPS owner would not know how many migrants, and for what periods, would come in and demand their quota. Hence, for lack of stock, he would turn away migrant workers who demand grains. Therefore, the FPS system is *incompatible* with the UID-linked portability of PDS.

Aadhaar therefore, is engraved with the following risk factors - *First*, the project would necessarily entail the violation of privacy and civil liberties of people. *Second*, it remains unclear whether biometric technology — the cornerstone of the project – is capable of the gigantic task of de-duplication. The Unique Identification Authority of India's (UIDAI) "Biometrics Standards Committee" has noted that retaining biometric efficiency for a database of more than one billion persons "has not been adequately analysed" and the problem of fingerprint quality in India "has not been studied in depth". *Third*, there has been no cost-benefit analysis or feasibility report for the project . *Finally*, the so called benefits of the project in the social sector, such as in the Public Distribution System (PDS), are not realistic.

Cons – No, Making Aadhaar mandatory, is a good idea
Identity of a citizen in the wake of infiltrations from neighbouring countries may be described as the "missing link" in India's efforts to rise as a superpower. Aadhaar may be termed as the technology linked identity drive in right direction.
The UID "Aadhaar"project has two different dimensions. The first one is that it is linked to "national security" and the other one is "developmental" concern. Both the factors are equally important.
So far the recipient of benefits under various government sponsored schemes has to establish his identity and eligibility many times by producing multiple documents for verification. The verification of such documents is done by multiple authorities. An Aadhaar enabled bank account can be used by the beneficiary to receive multiple welfare payments as opposed to the one scheme, one bank approach.

"Aadhaar" shall be able to reduce the involvement of middlemen who siphon off part of the subsidy. In the new system, the cash shall be transferred directly to individual bank accounts and the beneficiaries shall be identified through Aadhaar. The government has firmly planned to transfer benefits under various schemes directly into the bank accounts of individual beneficiaries.
The MNREGS, scholarships, pensions and health benefits in all districts are proposed. There are around 34 schemes that have been identified to implement the DCT (Direct Cash Transfer)programme. It can be termed as a good beginning.
So far the government subsidies contained products like food grains, fertilizers, water, electricity and services education, healthcare by providing them at a lower than market price to the beneficiaries. This has led to operational inefficiencies. An Aadhaar enabled DCT system will improve the situation and would ensure timely payment directly to intended beneficiaries, reduce transaction costs and leakages. DCTs shall provide poor families the choice of using the cash as they wish. Having access to cash will also relieve some of their financial constraints.
Aadhaar number shall also help to eliminate the duplicate cards and fake cards for non-existent beneficiaries in the schemes.
Aadhaar would qualitatively restructure the role of the state in the social sector. The UID project is aimed to expand India's social security system and to ensure targeting with precision. The UIDAI claims that UID would help the government shift from a number of indirect benefits into direct benefits. Let us hope that Aadhaar will serve the well intended purpose. Millions are supposed to be covered with 'Aadhaar'...

Start up India: Boosting Entrepreneurship

Government of India launched Startup India campaign to encourage entrepreneurship in India's young generation who despite being skilled and able to launch their own ventures become dependent upon various types of jobs and remain under employed.
Start-up Key facts
A startup is an entity that is headquartered in India which was opened less than seven years ago and has an annual turnover less than ☐25 crore (US$3.9 million).
Ministry of HRD, Department of Science and Technology have partnered in an initiative to set up 75 Startup support hubs in the National Institutes of Technology (NITs), IITs, IISERs and NIPERs.
The Reserve Bank of India has assured to take steps to help improve the 'ease of doing business' in the country and contribute to an ecosystem that is conducive for the growth of start-up businesses.

Startup is great idea…needs encouragement
India's demographic dividend is conducive to Startps with high potential. India as the youngest nation in the world and huge overall population has one of the largest consumer base in the world. For every unique need of every segment of population there is opportunity for new venture. Our infrastructure, healthcare, education systems are in dire need of up gradation where startups can make huge difference.

Challenges and hurdles
Startups are facing many challenges and hurdles despite commitment by the Government to provide all the support and finance. The biggest challenge before success of campaign is parameters of Ease of doing business, corruption, availability of skilled labor among others.

Startups find it difficult to have access to credit. Attracting investors to fund ventures or getting loans from banks are perennial problems for startups. Despite all the commitment, Banks are not giving loans to startups without prior credit history. Many times despite raising sufficient initial capital, startups find it difficult to survive as they can't match revenue and burn rate mostly because of changed economic factors. Finding right skilled human power is another biggest challenge before startups. India's need of skilled labour is so huge that National Skill Development Corporation (NSDC) has been mandated to skill 150 million Indians by 2022. For a startup, it is difficult to attract and hire talent and skilled workers, since they cannot match salary level given by large, established companies and also cannot offer job security on long term basis. Startup failures are looked down upon. Failures are not met with encouraging advices in most of the cases. People are sensitive towards risks and rewards and Indian economy which is highly price sensitive, worsens the situation. Right kind of mentorship is not available. Available mentorship and skill enhancement may not be accessible in all the cases. So though someone has potential to start something and may be that idea is really revolutionary but if that doesn't meet right guidance to turn it into a successful business then that idea remain irrelevant. Huge, diverse demographics makes it really hard to capture consumer's mindset in Indian Market. Literally after every 30-40 km region, one can find change in taste, traditions and habits. If a firm is able to capture consumer mindset, it cannot cater to all of their needs. Most startups get stagnant in figuring out strategies and they eventually shut down. Location is another hurdle. Location depends on investment activities also. Startup India has also formed a relationship with TAVtech Ventures, a nonprofit educational organization that is establishing a platform for collaborative innovation between US, Israeli, and Indian students to launch start-ups.

Reputed Educational institutes in Startup
Under the scheme, a group of start-ups will acknowledge an MOU with the prestigious institutions and will also establish the start-up centers in the campus.
NIT-Silchar is one of the institutions of the country to have joined the program. IIT Madras is also linked with Startup India campaign. The institution has been successfully managing the IITM Research Park which has incubated many start-ups.

Success of Startup India campaign
In last 2-3 years, there has been increase in startups in versatile areas like retail, food delivery, consulting, e-commerce, medical services, delivery services, fitness among others. On an average 800 startups are born every year. Startups are evolving in terms of product capabilities, networking, taking calculated risks venturing into new spaces.

Delhi NCR and Bangalore has highest number of startups predominantly because of economic activities of population of both cities. Cities like Jaipur, Chandigarh, Chennai, and Jodhpur are witnessing increasing startup activities. Successful startup like Zo rooms was conceived in small city like Jodhpur. Southern States like Karnataka, Kerala, Andhra Pradesh and Telangana have shown better results than the rest of the country in terms of their policies implementations for supporting startups. These states have focused on improving infrastructure, especially in the Tier-II cities. Launch of "*Kerala IT Mission*", which focus on fetching ☐50 billion (US$780 million) in investments for the State's startup ecosystem is a great example Kerala has made India's first telecom incubator Startup village in 2012. The state also matches the funding raised by its incubator from Central government in 1:1 ratio. Telangana has launched the largest incubation center in India as "*T-Hub*". Andhra Pradesh has allocated a 17,000-sq.ft. Technological Research and Innovation Park as a Research and Development laboratory. It has also created a fund called "*Initial Innovation Fund*" of ☐100 crore (US$16 million) for entrepreneurs. Madhya Pradesh has collaborated with the Small Industries Development Bank of India ISIDBI) to create a fund of Rs. 200 crore (US$31 million) for Startup India campaign. Rajasthan has launched "Start-up Oasis" scheme. Government of Odisha organised a two-day Start-up Conclave in Bhubaneswar in November 2016. The main objectives of the event was to motivate youth towards entrepreneurship, showcase the start-up ecosystem in Odisha and attract more start-ups to the state.

Investments and set ups
SoftBank, with its headquarters in Japan has already invested US$2 billion into Indian startups. Total investment from Softbank is expected at US$10 billion. Google has declared to launch a startup on the basis of the highest votes in which the top three startups will be allowed to join the next Google Launchpad Week, and the final winner could win an amount of US$100,000 in Google cloud credits. Oracle has announced to set up nine incubation centres in Bangalore, Chennai, Gurgaon, Hyderabad, Mumbai, Noida, Pune, Trivandrum and Vijaywada

Objectives of Startup India
Startup India is focused to restrict role of States in policy domain. It proposes to abolish the 'Licence Raj' along with other obstacles like in land permissions, foreign investment proposal, environmental clearances among others. The government has already launched iMADE, an app development platform aimed at producing 1,000,000 apps and PMMY, the MUDRA Bank - a new financial institution set up for development and refinancing activities relating to micro units with a refinance Fund of ☐200 billion (US$3.1 billion). Applications for Startup India will have Single Window Clearance even if they are submitted with the help of a mobile application Rs. 10,000 crore fund earmarked for Startups Patent registration will be at a reduced fee Bankruptsy code modified and made more friendly to ensure 3 months exit window No inspections for 3 years No Capital Gain Tax for 3 years No tax on profits for 3 years Startups are Self-certification compliant Innovation hub under Atal Innovation Mission The campaign aims to Start with 5 lakh schools to target 10 lakh children for innovation programme New schemes to provide IPR protection to start-ups and new firms Encouraging entrepreneurship at every stage. Stand India across the world as a start-up hub

Background
Startup India aims to promote bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs

creation. Startup India campaign was first announced by Prime Minister Narendra Modi from the Red Fort in his August 15, 2015 address to the Nationa Startup India was inaugurated on January 16, 2016 by the Union Finance Minister, Mr. Arun Jaitley. Around 40 top CEOs and startup founders and investors attended the event. Startup India campaign was organized by Department of Industrial Policy and Promotion .

FDI in retail: Good for India?

One of the key policy decisions at the apex level and now in the process of approval in the retail business sector, is the foreign direct investment (FDI). Since a lot will open up for MBAs in this area, the topic has become one of the favourites in GD round in B-schools for admission to MBA courses.

Shared below is the real GD round on the topic in a top B-school. The GD round had a time duration of 20 minutes for 8 participants. The shortlisted candidates who participated in the GD round had scored between 85 to 91 percentile in CAT 2016. The names of the candidates participating in the GD round have been changed to protect their identity.

Moderator - Good morning friends. The topic for today's Group Discussion is "Is FDI in retail good or bad for India". You have one minute to think before starting the discussion. The observers will neither interfere nor participate in the discussion.
(Immediately after the moderator stops speaking, murmurings begin for a few seconds and before the completion of one minute A candidate's voice brings about silence all round)

Prashant – (Appears as if shouting) Friends, I am up against the FDI in retail. This FDI is nothing but entry of multiple East India Companies in our country. They aim to kill our small farmers, traders and retailers. In fact, Foreign capital will penetrate in the country and will seek ways to multiply itself with unthinkable application for profit. In long run, given out socio-economic structure, may cast doom and widen the gap between the rich and the poor.

Akhshay-(Smiles and begins to speak in a clear but firm voice) – Friends, in my view it is always imperative to understand the topic before placing my views on it. FDI or Foreign Direct Investment refers to capital inflows from abroad that is invested to enhance the production capacity of the economy. However, FDI in retail is different from the investment in corporate, manufacturing, or infrastructure sectors. Retail can be single or multi brand and may be described as a sale to the ultimate consumer at a margin of profit. In a nutshell it is a retail store with a foreign direct Investment selling multiple brands under one roof. So it is the link between the producer/manufacturer and the individual consumer.

(**clears his throat and begins again – no one interferes**) As we all know that Indian retail sector is highly fragmented with around 97 percent of its business being run by the unorganized retailers. The organized retail is in its infancy. With the entry of FDI the retail sector will become organized. Foreign investment in food based retailing would ensure adequate flow of capital into the country and its productive use, multiplying the same. I visualize that It will promote the welfare of farmers by agriculture growth and thereby increasing their income level instead of any harm caused to them.

Shilpi (Flashes a sign that she would like to speak) – Well, It is immature to remain confined to the local area during the era of globalization. We are talking about the world economy but wish to oppose the FDI. It is irony of the situation. In fact, Foreign Direct Investment in retail sector will spur competition as the current scenario is of low competition and poor productivity. India will flourish in terms of quality standards and consumer expectations.

SriKant – (has a sort of rough voice) – I do not agree and oppose the FDI. Country like America wants its citizens to be American and buy American, the President of USA Mr. Barack Obama has made his policy clear that he doesn't favour outsourcing and would make all out efforts to stop outsourcing. When such developed countries are afraid of slowdown in their economy, why shouldn't we? Are we more developed than America? Do we have higher GDP growth, higher per capita income or have abolished poverty from the country? None of it. Why then – are we thinking on such lines that we can't afford? The foreign big guns like WalMart coming with huge investment, may not procure material from the domestic producers and might import the same from international market. This will add to the woes of already crumbling Indian producers.

Rachna - I agree with Srikant. FDI is not the solution to all the problems. The fear is rampant on the existence of small Enterprises with the introduction of FDI in India. They will lose their existence. India needs more time for such ventures. Those sitting in the Government do not understand the plight of common people.

Vikram – (grabbing the opportunity) - India lives in villages. The rural India is the true reflection of its diversity. Low Income group and Rural people depend on Public Distribution system for their foodgrain needs. The present PDS (Public Distribution System) on which a larger urban and rural population depends will receive a set back and it will be difficult to procure and redistribute the material, once the dependence on FDI increases. I do not favour it.

Akshay - (Making second entry) – Friends if we go by the experience, whichever sector got competition, it improved not only in quality but also in prices whether it is in Airline services, banks, Insurance, automobiles etc. On the contrary, role of Intermediariaris, known with different names in different parts of the country, will be minimized. They flout the business ethics. Prices lack transparency, due share of farmer is not paid to him. Despite the development of Regulated markets in key areas like Delhi Vegetable, fruit growers have to face the monopolistic character of such markets. Indian farmers at present realize only 1/3rd of the final price paid by the consumer as against the 2/3rd price realized by the farmers in the countries with a greater share of organized retail. FDI will assist in reducing the dominance of value chain by the intermediaries.

Shilpi - (also catching the clue) FDI will improve the investment in logistics of the retail chain leading to an efficient market mechanism. India is one of the biggest producers of fruits and vegetables (More than 180 million MT), it does not have a strong integrated cold-chain infrastructure with only around 5400 cold storages which have total capacity of about 24 million MT. The irony is that 80% of the capacity is used only for preservation of potatoes. The perishable horticultural commodities find it difficult to link to distant markets, including overseas market. FDI will become catalyst in avoiding this distress sale and erosion & wastage in quality and quantity of the produce.

Manoj – (Making a hurried entry) Yes Shilpi, I have read that in accordance to the provisions made, any company going for 51% partnership in retail, shall have to tie up with a local partner. This will improve the income levels of all concerned and will make economy flourish with quality branded products at a lower price.

Vikas – FDI will improve the overall economic scenario. It will serve as an antidote to inflation. The producer will get direct payment from the retailer and the same will be higher than what he was getting earlier due to the foul play by the intermediaries.

Srikant (making second entry) – It is a myth. In fact, The unorganized retail sector, which is being criticized so much over here, is the largest source of employment after agriculture and has deep penetration in rural India. It generates more than 10% GDP of India. There is all probability that there will be a great job loss in this sector. The worst affected would be the rural youth.

Akshay – (Making third entry despite knowing very less time is left) – We have to view it in the light of one fact and that is which is more beneficial. Since the FDI in retail will make the consumer happy as well as the small manufacurer. In the absence of intermediaries the consumer will end up paying less price for a better product and the farmer/manufacturer will also get better value for his product. Besides in the organized sector, consumer has to argue and fight a lot in case he has to return some faulty product to the retailer. This process will be standardized.
So friends, allowing FDI in multi brand retail would bring about supply chain improvement, investment in technology, manpower and skill development, upgradation in agriculture sector, benefits to government through greater GDP, tax income. The organized sector would also emphasise to produce more and thus shall generate more employment in production as well as retail industry.

GST: Will economy grow faster with reduced rates of Goods & Services Tax?

GST is one of the hot topics and an MBA aspirant should be able to present the facts on the same along with his/her views coherently. Experts at MBAUniverse.com bring forth key facts on this hot GD topic to help an MBA aspirant to take his/her view point while speaking in the GD round of a top MBA college.

Impact of fiscal and monetary policy changes on economy is more relevant to understand whether it would bring with it a wheel of growth or could prove against the economic and business interests of the country, an MBA student is supposed to know and must be able to speak about it in the GD round after gathering thought and analyzing the pros and cons of the same.

What is the GST
Goods and Services Tax (GST) is an indirect tax applicable throughout India which has replaced multiple cascading taxes levied by the Central and State governments. GST was introduced as The Constitution (One hundred and first Amendment) Act 2017 following the Constitution 122nd Amendment Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India. The process of forming the legislation took 17 years. It was first proposed in the year 2000. The minimum tax rate under GST is 0% and highest tax rate is 28%.

Key Facts
Under GST, Goods and services are taxed at the following rates: 0%, 5%, 12%, 18%, 28%.
There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.
A single GST has replaced several existing taxes and levies which include: central excise duty, services tax, additional customs duty, surcharges, state-level value added tax and Octroi.
Other levies which were applicable on inter-state transportation of goods have also been done away with the launch of GST regime.
Activities covered under GST
GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and/or services. India has adopted a dual GST model implying that taxation is administered by both the Union and State Governments.

Transactions made within a single state will be levied with Central GST (CGST) by the Central Government and State GST (SGST) by the government of that state. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government.

GST is a consumption-based tax the impact of which will be at the destination. The taxes therefore, are paid to the state where the goods or services are consumed and not the state in which they were produced.

IGST complicates tax collection for State Governments by disabling them to collect the tax owed to them directly from the Central Government. Under the previous system, a state would have to only deal with a single government in order to collect tax revenue.

GST: Why Differential tax rates are applied?
Lower rates for essential items and the highest for luxury and de-merits goods.
Service Tax has gone up from 15% to 18%. The services are taxed at lower rates such as train tickets and will fall in the lower slabs.
Essential items including food is taxed at zero rate. The propose is to control inflation as food and essential items constitute roughly half of the consumer inflation basket.

The lowest rate of 5% is for common use items. There are two standard rates of 12 per cent and 18 per cent, which fall on the bulk of the goods and services. This includes fast-moving consumer goods.
Highest tax slab is applicable to items which are currently taxed at 30-31% - excise duty plus VAT.
Ultra luxuries, demerit and sin goods like tobacco and aerated drinks attract a cess for a period of five years on top of the 28 per cent GST. The collection from this cess as well as that of the clean energy cess would create a revenue pool which would be used for compensating states for any loss of revenue during the first 5 years of implementation of GST. The cess would be lapsable after 5 years.
The structure is a compromise to accommodate demand for highest tax rate of 40% by states like Kerala.
The principle for determining the rate on each item is to levy and collect the GST at the rate slab closest to the current tax incidence on it.

The Goods and Services Tax Network (GSTN)

Government has created GSTN as a non-profit organization. As per the government website on GST, "Goods and Services Tax" Network (GSTN) is a nonprofit organisation proposed to be formed for creating a website / platform for all the concerned parties related to the GST, namely stakeholders, government and taxpayers to collaborate on a single portal. When up and running, the portal is supposed to be accessible to the central government which allows it to track down every transaction on its end while taxpayers are advertised to have the ability of connecting this to their tax returns. However its efficacy and efficiency is yet to be tested. The IT network was touted to be developed by unnamed private firms. The known authorised capital of GSTN is ☐10 crore (US$1.6 million) in which Central Government holds 24.5 percent of shares while the state government holds 24.5 percent and rest with private banking firms for smooth running of the transactions.

GST Launched WEF July 1, 2017

After a long nationwide debate on Goods and Service Tax (GST), the initiative was launched at midnight on June 30, 2017 in a ceremony held at Central hall of Parliament. Various provisions and benefits of GST were shared in their speeches by the Finance minister of India, Mr Arun Jaitley; the Prime Minister of India Mr Narendra Modi and the President of India Shri Pranab Mukherjee.

India's biggest tax reform was launched at midnight of June 30 at Parliament's historic Central Hall, by President Pranab Mukherjee and Prime Minister Narendra Modi. GST therefore, became effective from July 1, 2017.

Current tax rates were replaced by GST rates with effect from July 1. It is the fourth time since Independence that an event was held at the Central Hall of Parliament at midnight. The last three celebrated India's Independence. Congress boycotted the GST launch along with several other opposition parties. GST replaced a slew of indirect taxes with a unified tax and was set to dramatically reshape the country's 2 trillion dollar economy.

Net Neutrality is essential to make India Digital

Post demonetization India proposes to march on digital transactions more than Cash transactions. One of the hot GD topics in top MBA colleges Group Discussion round is Net Neutrality.

There is a lot of debate going on Net Neutrality in India and its pros and cons. Net Neutrality in India is one of the current hot topics and in all probability one or other session on Group Discussion may ask the shortlisted candidates to share their views on this topic. There are arguments in favour and against the concept of Net Neutrality in India. While many advocate the Net Neutrality and want strict regulation on it, others find that it may check the expanded access in future and may not allow India to turn into a digital country which it aspires to grow into.

Net Neutrality: Know the concept & background

As telephone became the part of society from the beginning of 20th Century, the internet started to take off in 1980s and 1990s. Just like the telephone line where you can dial any number with any operator whether MTNL, BSNL or others and get connected to it without any hindrance, when a web user connects to a website or web service, he or she is supposed to get the same speed. Data rate for Youtube videos and Facebook photos is theoretically same. Users can access any legal website or web service without any interference from any internet service provider (ISP). This principle is known as net neutrality. An ISP does not control the traffic that passes its servers.
Since internet is built around the idea of openness, it allows people to connect and exchange information freely, if the information or service is not illegal.
Net neutrality implies that all Internet users be treated equally without discrimination on charges of any type to access any legal site by user, content, site, platform, application, type of attached equipment, or mode of communication.

Net Neutrality in India: No strict regulation creating problem

There have already been a few violations of net neutrality principles by some Indian service providers.
In March 2015, Telecom Regulatory Authority of India (TRAI) released a formal consultation paper on Regulatory Framework for Over-the-top (OTT) services, seeking comments from the public. The consultation paper was criticised for being one sided and having confusing statements. It received condemnation from various politicians and Indian Internet users. The last date for submission of comment was 24 April 2015 and TRAI received over a million emails.
As of August 2015, there were no laws governing Net Neutrality in India. The government has called in for comments and suggestions regarding net neutrality as of 14 August, and offered people one day to post their views on the mygov forum. After this, the final decision regarding the debate was to be made.
The debate on network neutrality in India gathered public attention after Airtel, a Mobile phone service provider in India, announced in December 2014 additional charges for making voice calls from its network using apps like WhatsApp, Skype among others.

Net Neutrality is Advantageous

Net neutrality will enable the web users to connect freely to whatever website or service they want. ISPs do not bother with what kind of content is flowing from their servers. This has allowed the internet to grow into a truly global network and has allowed people to freely express themselves. For example, you can criticize your ISP on a blog post and the ISP will not restrict access to that post for its other subscribers even though the post may harm its business.
Net neutrality will also enable a level playing field on the internet. If you wish to start a website of yours, you don't need lot of money or connections. Just host your website and you are good to go. If your service is good, it will find favour with web users. Unlike the cable TV where you have to forge alliances with cable connection providers to make sure that your channel reaches viewers, on internet you don't have to talk to ISPs to put your website online.
Top examples are the creations of Google, Facebook, Twitter and many other services. All had very humble beginnings. They started as a basic websites with modest resources. But they succeeded because net neutrality allowed web users to access these websites in an easy and unhindered way.
In case there is no net neutrality, Internet Service Providers will have the power as well as would like to regulate internet traffic the way they like to derive extra benefit from it. For example, several ISPs believe that they should be allowed to charge companies for services like YouTube and Netflix because these services consume more bandwidth compared to a normal website. These ISPs in fact, want a share in the money that YouTube or Netflix make.
Internet free access that we have today will not exist without net neutrality. Instead of free access, there could be "package plans" for consumers. For example, if you pay Rs 600, you will only be able to access websites based in India. To access international websites, you may have to pay much more. There may be different connection speed for different type of content, depending on how much you are paying for the service and what "add-on package" you have bought.
No innovation and creativity on the web would be seen without net neturality. It is possible that ISPs may charge web companies to enable faster access to their websites. The website may begin opening faster or slower according to the payment plan. It implies that bigger players like Google will be able to pay more to make access to Youtube faster for web users but a startup that wants to create a different and better video hosting site may not be able to do that.
We will have to pay more to ISPs without net neutrality to get a faster access. Instead of an open and free internet, we are likely to get a web that has silos in it.
Net Neutrality may check future growth
Expanding Internet access is the top priority for India. This is the reason that most of the big announcements during Modi's visit to Silicon Valley were in this domain not just Facebook, but also public commitments made by Microsoft and Google to connect villages and railway stations. It will be possible by shifting costs to content providers who enter into exclusive contracts with data providers.
Broadband infrastructure is weak in India. Spectrum is expensive. Power is still in short supply. Digital access is now linked to the basics like Subsidies and rations, identification, financial inclusion and political participation. Such an arrangement could expand internet use rapidly in a country where some 80 per cent of the population does not have access, benefiting crores of people.
Many believe that net neutrality is an elite idea like Zuckerberg's view that "It's not an equal internet if the majority of people can't participate."
There is a belief that net neutrality would require unnecessary government intervention, a forcible levelling of the playing field. The Government should not prevent Facebook, Reliance and certain websites from entering into exclusive arrangements, particularly if it helps to expand access and deflect costs from consumers.
With the rise of incomes, consumers may gradually opt for data plans that give them greater access, foregoing more restrictive but free data services.
There is a huge scarcity of power in India. We need to resolve this problem; install solar panels in rural areas. This can be used to install routers. Information related to agriculture, irrigation, cattle rearing and organic farming can be transmitted online and telecasted...

Social Media: A boon or a bane for society and individuals

Social Media has not only reshaped communication industry but has also redefined the ways in which we communicate and express. Social media websites such as Facebook, Instagram, LinkedIn etc. constantly engage people in some or the other activity and amass people to get on the bandwagon of trending activities. We have embraced it so tenaciously that social media is now an integral part of our lives. It is sweeping across geographies, industries and almost every sphere. Not only individuals but also businesses, governments are utilizing social media platforms for constant engagement with the masses. Though social media offers a global platform to share and express but its constant engagement is affecting individual productivity, relationships and society as a whole.
Key Facts and Figures:
In 2019, it is estimated that there will be around 2.77 billion social network users around the globe.
According to a report by we are social, a leading marketing and communications services to organizations in the United Kingdom, the number of people using the top social media platform in each country has increased by almost 1 million new users every day during the past 12 months.
The global number of people using social media has grown by 13 percent in the past 12 months, with Central and Southern Asia recording the fastest gains.
Facebook is the most preferred social media platform. With more than 2000 million Facebook user world over, if a country is constituted with them, it would be the world's third largest, behind China and India.
The other popular social media platforms are You Tube, Instagram, Twitter, Reddit, Whatsapp etc.
According to the 2017 official report published by Facebook, on average there were 1.40 billion Daily active users of Facebook for December 2017, an increase of 14% year-over-year.
According to the same source, on average there were 2.13 billion Monthly active users of Facebook as of 31 December 2017, an increase of 14% year-over-year.
According to forecasts from media analyst firm BIA/Kelsey, U.S. social media advertisement revenues are expected to grow to USD 24.2 billion in 2021.

A researcher linked to Cambridge Analytica (CA), a political consulting firm had accessed details of 50 million Facebook users. The data was shared with Cambridge Analytica, which used online data to reach voters on social media with personalized messages and swayed 2016 US elections

A positive force

Social media provides a global platform to express one's views and ideas without any reservations or biasness.

It allows instant communication with friends and family and automatically provides up to date information also known as "statuses" while allowing us to find new individuals to meet.

Social Media is a cost-effective marketing and branding tool. It has created a paradigm shift in the way brands advertise and market products.

Social media has created new avenues for learning and job creation which never existed before the advent of social media.

Governments of many countries are leveraging social media to engage with the citizens and to garner their support, suggestions and views on policies for effective governance. Utilization of social media for general election by Prime Minister Narendra Modi played an imperative role in his success.

A distraction and hinderance

While many users feel their personal data is safe on social networking sites because they have set high levels of security settings research suggests this is not the case. A case in point is the recent case where a researcher linked to Cambridge Analytica (CA), a political consulting firm had accessed details of 50 million Facebook users. The data was shared with Cambridge Analytica, which used online data to reach voters on social media with personalized messages and swayed 2016 US elections.

Social media sites can make it more difficult for us to distinguish between the meaningful relationships we foster in the real world, and the numerous casual relationships formed through social media.

While on the surface it appears social networking brings people together across the Internet, in a larger sense it may create social isolation.

While many businesses use social networking sites to find and communicate with clients, the sites also prove a great distraction to employees who may show more interest in what their friends are posting than in their work tasks.

Cyber bullying is another growing trend among social media websites.

Addiction to social media results in a number of negative health impacts such as strain, eye problems, fatigue, distraction etc.

Even terrorist organizations like al Qaeda and ISIS use social media to spread their propaganda and also polarize people.

With proliferation of social media the average attention span of humans has reduced to 8 seconds and the situation is graver for millennial.

Merger of Public Sector Banks: How beneficial is the merger of Banks?

Union Cabinet decided to merge all the remaining five associate banks of State Bank Group with State Bank of India in 2017. After the Parliament passed the merger Bill, the subsidiary banks have ceased to exist and the State Bank of India (Subsidiary Banks) Act, 1959 and the State Bank of Hyderabad Act, 1956 have been repealed.

Five associates and the Bharatiya Mahila Bank have become the part of State Bank of India (SBI) beginning April 1, 2017. This has placed State Bank of India among the top 50 banks in the world. The five associate banks that were merged are State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SBP) and State Bank of Travancore (SBT). The other two Associate Banks namely State Bank of Indore and State Bank of Saurashtra had already been merged with State Bank of India. After the merger, the total customer base of SBI increased to 37 crore with a branch network of around 24,000 and around 60,000 ATMs across the country.

Back ground

The quest to create an Indian bank that will be in the league of global giants is an old one and had been continuing since 1990. However, in February 2017 the government had approved the merger of five associate banks with SBI. Later in March, the Cabinet approved merger of BMB also. SBI first merged State Bank of Saurashtra with itself in 2008. Two years later in 2010, State Bank of Indore was merged with it. The board of SBI earlier approved the merger plan under which SBBJ shareholders will get 28 shares of SBI (Re1 each) for every 10 shares (Rs10 each) held. Similarly, SBM and SBT shareholders will get 22 shares of SBI for every 10 shares.

Post merger, the SBI has been in the process to rationalise its branch network by relocating some of the branches to maximise reach. This, according to SBI will help the bank optimise its operations and improve profitability. SBI had approved separate schemes of acquisition for State Bank of Patiala and State Bank of Hyderabad. There was not proposed any share swap or cash outgo as they were wholly-owned by the SBI.

Benefits of Bank Merger: Pros

The merger will reduce the cost of banking operation.

The objectives of financial inclusion and broadening the geographical reach of banking can be achieved better with the merger of large public sector banks and leveraging on their expertise.

Merger will result in better NPA and Risk management

With the large scale expertise available in every sphere of banking operation, the scale of inefficiency which is more in case of small banks, will be minimised

The merger will help the geographically concentrated regionally present banks to expand their coverage.

Larger size of the Bank will help the merged banks to offer more products and services and help in integrated growth of the Banking sector.

Merger will help in improving the professional standards.

A larger SBI can manage its short and long term liquidity better. There will not be any need for overnight borrowings in call money market and from RBI under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

In the global market, the Indian banks will gain greater recognition and higher rating.
With a larger capital base and higher liquidity, the burden on the central government to recapitalize the public sector banks again and again will come down substantially.
Multiple posts of CMD, ED, GM and Zonal Managers will be abolished, resulting in substantial financial savings.
Bank staff will be under single umbrella in regard to their service conditions and wages instead of facing disparities.

Merger has its side effects also: Cons
Managing Director of Federal Bank, V.A. Joseph is of the view that Co-existence of the big, medium and regional banks would be preferable in the present scenario. According to him most acquisitions in India were borne out of compulsions and over 90 per cent of past acquisitions had failed to achieve the objectives.
Many banks focus on regional banking requirements. With the merger the very purpose of establishing the bank to cater to regional needs is lost.
Large bank size may create more problems also. Large global banks had collapsed during the global financial crisis while smaller ones had survived the crisis due to their strengths and focus on micros aspects.
With the merger, the weaknesses of the small banks are also transferred to the bigger bank.
So far small scale losses and recapitalization could revive the capital base of small banks. Now if the giant shaped SBI books huge loss or incurs high NPAs as it had been incurring, it will be difficult for the entire banking system to sustain..

Make in India: The idea will make India a manufacturing hub

“Make in India” – the idea will make India a manufacturing hub The debate on the success of Make in India campaign attracted not only the economists, bureaucrats and politicians to weigh its pros and cons, but the top MBA colleges in India have also been fascinated with the project. Many MBA colleges have included ‘Make in India’ as one of the hot topics in their GD round in different forms in final admission round to test the ability of prospective students to analyse it from different perspective.

Topic background
With a vision and mission to put Indian Economy on the wheel of high growth, Indian Prime Minister Narendra Modi’s Government launched the “Make in India” campaign. The project aims to attract businesses from around the world to invest and manufacture in India.
The vision of the campaign is to make India a global hub for the manufacturing of goods ranging from cars to software, satellites to submarines, paper to power and a lot more.
Make in India-key facts
“Make in India” is a realistic project which aims to increase the contribution of manufacturing in GDP to 25% from 16% as of now.
With the launch of ‘Make in India’ campaign, India has already marked its presence as one of the fastest growing economies of the world.
India is having the favourable demographic dividends for the next 2-3 decades and the cost of the manpower is less as compared to the other developed countries.
India is a house of strong and responsible business houses operating with credibility and professionalism. These business houses have big contribution into the development of the Indian economy.
India has a strong consumer market and is going to expand in the coming years.
The strong technical and engineering capabilities backed by top-notch scientific and technical institutes are an added advantage to boost this campaign.
Comparison with China
China is far ahead in manufacturing but it is projected that India is going to give a straight fight to China in the manufacturing sector.
The labour cost in China is increasing continuously and this may lead to the increased cost of the goods manufactured.
This will open a way to India to increase the manufacturing capabilities to serve the cheap manufactured goods to world.
China may lose its dominant position as the 'factory of the world' in near future because of its diluting quality of goods despite good manufacturing facilities.
RBI Governor Raghuram Rajan made statement that world cannot accommodate two Chinas but cannot stop India from becoming a successful exporter.
Although China exports 12 per cent of the World’s merchandise while India is having less than 2 per cent but given its massive labour force and considerably lower wages, India can snatch another two percentage points from China in the next 4 years. That alone could give a huge boost to the 'Make in India’ for the global economy' campaign.

Till 1978 China remained a closed door economy and way behind India. China marched on the path of steep economic growth only after it opened its doors to world market.
Indian Economy has been on the path of consistent growth but earlier couldn't take off well as it focused on exporting more of raw material and less of finished goods.
India can become a manufacturing hub with growth in exports.
Since "Make in India" is focused on attracting the foreign investors to set up their units in India, manufacture here and export to rest of the world "Make in India" is going to be realistic to a great extent although it will take time to surpass the growth of China.

'Make in India' to awaken India

India is the 3rd largest growing economy of the world.
India has an immense pool of opportunities with cheap labour and abundant resources.
The export led manufacturing is definitely going to raise the economy of India and will benefit the country by exploring more job opportunities.
"Make in India" campaign is a strong campaign that favours the growth of India if continued on the right track with the strong and transparent system.

Concerns

Poor infrastructure, roads, electricity are deferring the foreign investors to invest in India.
India should focus more on development of energy resources and development of infrastructure. To fulfil the vision of Make in India the investment could be invited in these sectors.
The necessity will be to do away with red-tapism and operational glitches to make the 'Make in India' campaign successful one.

Bank Recapitalization: NPA reduction and not bank recapitalization can cure the health of PSBs in India

There are 21 Public Sector Banks which are the state-owned banks in India. Public sector banks account for 70 percent of total banking assets in India. The 'lack of dynamism' in banking practices at the bank level and at the Finance Ministry level to control judiciously the flow of finance and recovery system to stop an account from turning into NPA, keeps these Public Sector Banks starved of funds and crying for more capital infusion every now and then.

Since the government has a majority stake in Public Sector Banks, it has to inject capital through the Recapitalization in these banks. Government of India has proposed to infuse 2.11 lakh crores in the Public Sector Banks towards recapitalization. Government proposes to issue Recapitalization bonds, raise equity from the market and make budgetary allocation.

Need for Recapitalization

Most of the PSBs have huge stocks of non-performing loans on their balance sheets. As of June 2017, the NPAs of the banking system were as high as 10.2 % of the loans advanced by the banks. This ratio increased to 12.2% by the end of September 2017.

The volume of bad debt hit 9.46 trillion rupees at the end of half of financial year 2017 in September 2017. Out of this the share of public sector banks is 8.25 trillion rupees in the pile of bad loans. The banks' deteriorating balance sheets have limited their ability to lend, and that has affected the bank credit growth in India.

The bank credit growth in the year 2016-17 was 5.1 %, which is the lowest since 1951. Hence, a massive recapitalisation was deemed as necessary to clean up the balance sheet of the banks.

PSBs are capital constrained as the bad loans have hit their capital ratios due to provisions for NPAs and due to higher risk weights of bad loans. An ongoing bad debt problem in India has been running since 2012 when banks expanded lending at a fast pace, including to a number of problem sectors such as telecommunications and mining.

Recapitalization Tools worth Rs.2.11 Lakh crores

The Government has proposed the recapitalisation of banks worth 2.11 lakh crores which is to be done in following manner
Budgetary allocations: Rs. 18000 crore
Issue of equity shares by banks in the market: Rs.58000 crore
Issue of Recapitalisation bonds by the Government: 1.35 lakh crore

NPAs: Cause of worry

These commercial banks have to indulge in various types of loss making finances where the recovery is either very low or no recovery. Even the principal amount is not returned by the borrowers and this gives rise in consistent increase of Non-Performing Assets (NPAs). These lending could be as per the directives of Government of India, classified as priority sector lending or could be big commercial finances like that of Kingfisher. The big and influential business magnets like Vijay Mallya of Kingfisher has swallowed thousands of crores of banking system and run away. All these factors make already fund starved banking industry cry for more capital.

More capital needed to meet capital Adequacy of 8%

Banks have to follow BASEL-3 norms. These are the international banking regulations that have to be followed by the banks in all countries. According to it, the banks have to maintain a capital-adequacy ratio of at least 8 %. The capital-adequacy ratio is the ratio of capital to the risk-weighted assets (loans etc) . Hence, more capital is required to be able to give more loans.

Rs.88,139 crore Recapitalization by March 31, 2018

The government will infuse Rs. 88,139 crore capital in Public Sector Banks (PSBs) before March 31 to boost lending and to revive growth. This is part of the Rs.2.11 lakh crore bank recapitalisation plan announced in October 2017 last year.

Government also proposes to recapitalize the banks if they are ready to implement a series of reforms to get the funds, including improving their due diligence, allowing specialised monitoring for loans above Rs.250 crore, and limiting the number of lenders that can group together to dole out loans.

Biggest Recapitalization for PSBs in Banking history

This is not the first time that the bank recapitalisation bond will be issued in India. According to the data by Bloomberg, in the year 1994, India had sold about 48 billion rupees of 12-year recapitalisation bonds at a coupon rate of 10%.

Despite using the taxpayer's money to get these public sector banks out of the financial crisis earlier also, the recapitalization of Rs.2.11 lakh crores to PSBs proposed now, is the largest till date.

Since tackling the root of the banking system's problems is the government's top priority to avoid another acceleration of bad loans, the huge funding may not be avoided.

GOVERNMENT OF INDIA AND LIC'S SHAREHOLDING IN PUBLIC SECTOR BANKS AS ON 31 MARCH

Figures in %

Name of PSBs	2010-11		2016-17	
	Govt	LIC	Govt	LIC
Allahabad Bank	58	7.61	65.92	14.17
Andhra Bank	58	8.47	61.26	11.58
Bank of Baroda	57.03	6.44	59.24	10.03
Bank of India	65.86	8.31	73.72	12.83
Bank of Maharashtra	79.24	6.57	81.61	12.72
Canara Bank	67.72	4.71	66.3	13.62
Central Bank of India	80.2	6.55	81.28	13.83
Corporation Bank	58.52	24.81	70.76	18.91
Dena Bank	58.01	6.34	68.55	12.23
Indian Overseas Bank	65.87	9.78	79.56	10.68
Indian Bank	80	1.87	82.1	3.14
Oriental Bank of Commerce	58	10.49	58.38	13.05
Punjab National Bank	58	6.37	65.01	12.52
Punjab and Sind Bank	82.07	-	79.62	0
Syndicate Bank	69.47	10.42	72.92	11.28
UCO Bank	68.13	7.33	76.67	14.5
Union Bank of India	57.07	4.14	63.44	10.24
United Bank of India	85.48	-	85.23	7.3
Vijaya Bank	57.69	6.35	70.33	12.93
State Bank of India	59.4	11.26	62.22	8.96
IDBI Bank	65.13	10.18	73.98	13.87

Source: BSE and NSE websites

RECAPITALIZATION OF PUBLIC SECTOR BANKS

Financial year	Recapitalization amount (Rs in crore)
1985-86 to 1992-93	4,000
1993-94	5,700
1994-95	4,363
1995-96	850
1996-97	1,509
1997-98	2,700
1998-99	400
1999-2000	-
2000-01	-
2001-02	1,300
2002-03	770
2003-04	-
2004-05	-
2005-06	500
2006-07	-
2007-08	10,000
2008-09	1,900
2009-10	1,200
2010-11	20,117
2011-12	12,000
2012-13	12,517
2013-14	14,000
2014-15	6,990
2015-16	25,000
2016-17	25,000
2017-18	2,11,000

Source: Union Budget documents, Reserve Bank of India and Comptroller and Auditor General of India

Key aspects necessitating the Bank Recapitalization

The total recapitalisation will cross Rs. 1 lakh crore in the fiscal ending March 31, 2018 after including funds raised from sale of shares to external investors.

The banking sector in India has Rs. 10 lakh crore worth NPAs. PSBs account for the bulk of the non-performing assets (NPAs). Ministry of Finance will raise Rs. 80,000 crore through recapitalisation bonds and provide another Rs. 8,139 crore from the Budget to recapitalise the banks.

IDBI Bank has the highest stressed-loan ratio. It will get the biggest chunk of the money of Rs. 10,610 crore in Bank Recapitalization. The biggest lending bank- State Bank of India (SBI) will get Rs. 8,800 crore, and the second-biggest lender Punjab National Bank (PNB) will get Rs. 5,473 crore.
Indian Bank is the only profitable publish sector bank. It is the only bank who will not get any capital in the latest Recapitalization.
The capital allocation will boost ability of PSBs to dole out credit by Rs. 5 lakh crore
The government's recapitalisation programme will help to a great extent to mitigate the risks that Indian PSBs face on account of weak asset quality and poor earnings.
The stock markets reacted positively to the Bank Recapitalization news. The day after the announcement on 25th Oct 2017, it was a historic day for the markets as the SENSEX closed beyond 33,000 for the first time ever. An index of Public Sector Banks surged 30 % on the day.

Recapitalization not a cure: Cons of Bank Recapitalization
It is time to re-evaluate the benefits of having a banking system dominated by public sector banks and the benefits that greater private ownership can bring about
Impact of recapitalisation could be bad on fiscal deficit of India as it may increase the fiscal deficit gap.
Recapitalisation can give some breathing space to the banks for some time. But the need is to correct the rot in the banking sector. The Government should follow it up with structural reforms to reduce its role in the public sector banks and move towards privatisation. This will bring in efficiency and accountability and better NPA management.
The capital infusion will address the problem of stock of NPAs by cleaning up the balance sheet. It is equally important to ensure that the cycle of piling up of NPAs is not repeated
Finance Minister Arun Jaitley emphasizes on the steps to be taken to ensure governance of banks to follow highest standards. According to him there is a need for institutional mechanism to ensure the past is not repeated. "Now the entire objective of this exercise is that the government has the prime responsibility of keeping the public sector banks in good health," Jaitley said.
Banks should not look for easy money like recapitalization. They need to earn and must adopt the differentiated business strategy and exit from non-core businesses and focus on their core competencies.
According to the financial services secretary the government would come out with EASE (Enhanced Access & Service Excellence) Index for ranking of banks. This would increase public accountability of PSBs as independent agencies would evaluate and rank PSBs annually on reforms.
It must be ensure that the proposed infusion of capital into the banks is sufficient and the banks would not become the fund starved again.
The re-capitalization no doubt will help the banks to comply with Basel 3 norms that will come into force in 2018 and may improve on their performance, it has to be ensured that the tax payers' money is not misused and Banks do not become habitual of getting the support with another recapitalization in future.

Post Recapitalization Scenario: Losses and Deterioration in Asset Quality
Despite the recapitalization with the thousands of crores of public money infused in it to revive the asset quality, country's biggest lender State Bank of India (SBI) on Friday February 9, 2018 posted a standalone net loss of Rs 2,416.37 crore for quarter ended December 31, 2017 against a net profit of Rs 2,610 crore in the corresponding quarter last year. Provisions and contingencies figures increased 111 per cent year-on-year to Rs 18876.21 crore for the quarter under review against Rs 8,942.83 crore in the same period last year.

Gross non-performing assets (NPAs) in absolute terms stood at Rs 1.99 lakh crore in Q3FY18 over Rs 1.86 lakh crore in Q2FY18 and Rs 1.08 lakh crore in Q3FY17. Provision coverage ratio as on December 31, 2017 stood at 65.92 per cent.
Net interest income of the lender jumped 26.88 per cent year-on-year to Rs 18,687.57 crore in Q3FY18.
Asset quality of SBI deteriorated during the quarter gone by as percentage of gross non-performance assets (NPA) came at 10.35 per cent in Q3FY18 against 9.83 per cent in the sequential quarter ended September 30, 2017. Percentage of net NPAs increased to 5.61 per cent vs 5.43 per cent QoQ.
Shares of the the largest bank of India – SBI closed 1.68 per cent down at Rs 296.40 on Friday February 9, 2018

Demonetisation: Success & failures

On November 8, 2016, the Prime Minister of India, Narendra Modi announced the demonetization of all Rs.500 and Rs. 1,000 denomination banknotes of the Mahatma Gandhi Series. The demonetization announcement made the use of Rs.500 and Rs.1000 banknotes invalid past midnight of November 8. It was announced that the new Rs.500 and Rs.2000 banknotes of the Mahatma Gandhi new series would be introduced in exchange for the old banknotes.
The objective of demonetization as claimed by Government of India was to curtail the black money running as shadow economy and to stop the use of counterfeit cash to fund illegal activity and terrorism. The sudden nature of the announcement—and the prolonged cash shortages in the weeks that followed—created significant disruption throughout the economy, threatening economic output. The demonetization move was heavily criticized as poorly planned and unfair, and was met with protests, litigation, and strikes.
The announcement was sudden and unscheduled. It was a live television address at 8PM on November 8, 2016. In the days following the demonetisation, the country faced severe cash shortages with severe detrimental effects across the economy. People seeking to exchange their bank notes had to stand in lengthy queues, and several deaths were linked to the inconveniences caused due to the rush to exchange cash. As the cash shortages grew in the weeks following the move, the demonetization was heavily criticised by prominent economists and by world media.

Merits-Demonetization favours Economy
Demonetization policy of the Government has been termed as the greatest financial reform that aims to curb the black money, corruption and counterfeit currency notes.

All the people who are not involved in malpractices welcomed the demonetization as the right move.
Demonetization was done to help India to become corruption-free as it will be difficult now to keep the unaccounted cash.
Demonetization will help the government to track the black money and the unaccounted cash will now flow no more and the amount collected by means of tax can be better utilized for the public welfare and development schemes.
One of the biggest achievements of demonetization has been seen in the drastic curb of terrorist activities as it has stopped the funding the terrorism which used to get a boost due to inflow of unaccounted cash and fake currency in large volume.
Money laundering will eventually come to halt as the activity can easily be tracked and the money can be seized by the authorities.
Demonetization aims to stop the running of parallel economy due to circulation of fake currency as the banning of Rs.500 and Rs. 1000 notes will eliminate their circulation.
The unaccounted cash could be deposited in the Pradhan Mantri Garib Kalyan Yojana after paying 50% tax. The money will remain deposited for 4 years with the bank without incurring any interest. However, after 4 years the amount will be returned. This amount can be utilized for social welfare schemes and making the life of low income groups better.
The Public Sector Banks which were reeling under deposit crunch and were running short of funds have suddenly swelled with lot of money which can be used for future finances and loans after keeping a certain amount of reserve as per RBI guidelines.
The people who opened the Jan Dhan accounts will now use their accounts and become familiar with banking activitiy. The money deposited in these accounts can be used for the developmental activity of the country.
The tax collected due to launch of demonetization policy will be put to developmental activities in the country.
Demonetization has driven the country towards a cashless society. Lakhs of the people even in remote rural areas have started resorting to use the cashless transactions. The move has promoted banking activities. Now even the small transactions have started going through banking channels and the small savings have turned into a huge national asset.
The high rising price pattern and inflationary trends which the Indian economy was facing are taking a down turn making the living possible within low income group reach.

Demerits-Blow to economic growth and inconvenience all around
The very next day of announcing the demonetization, the BSE Sensex and NIFTY 50 stock indices fell over 6%. The severe cash shortages brought detrimental impact on the economy. People trying to exchange their bank notes had to stand in lengthy queues causing many deaths due to inconvenience and rush.
The sudden announcement has made adverse impact on business and economy. Instead of a growing economy India has become a standstill and no growth economy. It is fearedthat a fall of 2-3% in the GDP growth will be recorded coming year.
India is an agriculture based economy. Due to the cash crunch, the farmers especially small and marginal who largely depend on cash to buy seeds, fertilizers and to pay for sowing, borrowing water for irrigation and for other related agriculture equipments remained worst affected and could not complete the crop related activity.
Since small branches of the banks were also not supplied with adequate cash within time of sowing season of the crop, farmers could not get their crop loans disbursed. This added to the woes of the farmers leading to a weak agriculture production the coming year.
Real Estate sector came to a stand still and is still gasping for buyers of the constructed and half constructed inventory without buyers. This has resulted in poor cash flow leading to a poor demand.
Demonetization has made the situation become chaotic. Tempers are running high among the masses as there is a delay in the circulation of new currency.
Due to the inability to pay cash to poor daily wage workers, the small employers have stopped their business activity.
The poor planning on the part of the government has also added to the woes of the common people with low incomes. The Rs.2000 currency note does not find many takers as it is difficult to get the balance back when you are buying daily needs like vegetables, milk, bread or paying for petty expenses like bus fare. While rs.100 currency notes were not available in sufficient number, Rs.500 note arrived in the market very late.
Demonetization is the 2 way sword in regard to incurring the public expenditure. On the one hand huge cost is to be incurred on printing the new currency and on the other hand managing the lakhs of crores of old currency volume has also become a big expenditure incurring item.
Many Economists are of the view that Rs.2000 currency note will be much easier to hide and can be used to store black money in shorter space.
Entire opposition has stood against demonetization and has called this decision a draconian law.
Demonetisation: Success points
India has marched on the path of digital transactions at a much faster pace. Key points describing success of demonetisation are:

Rate of Inflation goes down
Prices of commonly consumed commodities like Pulses, fruits, vegetables had gone down substantially post demonetization. Accordingly it brought down the rate of inflation during the months that followed demonetization. The chart below represents the impact of demonization on the commodities

India moves to cashless economy
One of the key effects of Demonetization 2016 has been that more people have made digital payments part of their lives moving towards a cashless economy. The details of growth of such digital transactions since January 2016 to August 2017 reflect that NEFT transactions that involved Rs. 7086 bn increased to Rs.12500 bn; Debit cards transactions increased from Rs.2328 bn to Rs. 2700 bn; credit cards from Rs. 214 bn to Rs.366bn and the IMPS transaction which was not used by the people, got a share of Rs.651 bn. The Data shared by Reserve Bank of India reflect the trend:

Stock Market gets bullish
After demonetization stock market in India got bullish. While BSE index which was 27, 459 on November 7, 2016 rose to 33680.92 on November 6, 2017, the NSE rose from 8497 to 10,443. The data shared by Bloomberg reflect the trend.

Banks' lending increases for small businesses

Banks' finance to small business was going down in pre-demonetization period. There was a negative growth even in short period of months. As on November 25, 2016, a negative growth of -7.71% was recorded in Banks' lending to small business. It went to -8.16% as on December 23, 2016. However, as on September 29, 2017 the Reserve Bank of India has reported a positive growth of 1.65% in lending to small business by the Banks.

Automobile sales picked up
Sale of 2 wheelers and 4 wheelers was showing a negative growth in 2016. In 2017 it went up substantially and recovered from the impact of negative growth to high positive growth as reflected in the report.

More people use Mobile wallets than cash
Instead of using cash, more people have started using Mobile wallets for making payments for their regular needs. Even less educated people have learned and switched over to mobile transactions. The volume of transactions which was Rs.22.14 bn in January 2016, had gone up to Rs. 83.53bn in January 2017.

Failures of Demonetization

Economic Growth slows down
Post demonetization growth of Indian Economy slowed down from 9.1% to 5.7% in less than one year. Month-wise GDP growth chart for the period March 2016 to September 2017 as shared by Bloomberg emphasizes this fact as detailed below:

Realty sector bears the brunt
The triple decisions of demonetisation, RERA and GST resulted in a deceleration of new property launches. The supply of new housing units in the top-6 cities in India during the first three quarters of 2017 was down by around 60 per cent, compared with the corresponding period of 2016.

With respect to property sales, the secondary market was obviously highly susceptible to demonetisation as compared to the primary market. Property transactions in the secondary sales and luxury housing segments tended to have significant cash components, and such sales have been hampered significantly due to demonetization.

However, the shadow of Demonetization now appears to be fading in reality sector. The prevailing attractive home loan rates, flexible payment plans and other attractive offers by developers, coupled with restricted new supply addition, has led to a steady decline in the unsold inventory.

As of Q3 2017, only 6,38,500 units remained unsold in the top-6 cities, registering a 9 per cent decline from Q4 2016 levels. The demand for affordable and mid-segment housing has been on a rise.

Initiatives such as interest waivers on home loans, the government's push for affordable housing through Pradhan Mantri Awas Yojana (PMAY) and the 'Housing for all by 2022' mission have come to the forefront over the past one year. Various policy initiatives, amendments and reforms were all aimed at making the real estate sector more transparent, organised and fundamentally stronger. Demonetisation played a significant role in this process.

In the long term, the real estate sector is likely to regain a faster growth trajectory and is estimated to contribute around 13 per cent to India's gross domestic product by 2028. This optimistic forecast is very much attainable because the various reforms now redefining the realty landscape in India will not only incrementally boost consumer sentiment but also improve investment inflows from foreign and domestic institutional investors.

The Finance Minister Arun Jaitley on November 7, 2017 came out with a spirited defence of demonetisation announcement on November 8, 2016 calling it a "watershed moment for the Indian economy". According to him the demonetization has not only changed the agenda but also made corruption difficult. Thus, in his opinion, it was not only a "morally and ethically correct" step but also "politically correct".

Which way to go?
You may get not more than 1 minute while speaking for or against or taking a balanced view on demonetization and its impact on economy. The only thing is that you should be well aware about the topic and only this can lead you to speak the way you think is right. Besides, once someone else is speaking you may carefully listen to him and later try to get in and speak out your view point. Please remember do not criss-cross your own stand.

E-commerce: Discounts are harmful in long run?

There is a spurt in number of e-commerce companies that have come up in the retail market offering various concessions and discounts. With a large and still growing base of internet users, the market for e-commerce companies is huge. Whether the discounts they offer are healthy for market practices has become the debatable issue.
Many B-schools have included this topic in their Group Discussion (GD) round for MBA admission 2017-19. You need to know the key points of discussion on the issue.

Key facts
Electronic Commerce known as E-commerce means trading in products or services using computer network like Internet. It is the on-line marketing system instead of physical involvement of intermediaries like wholesalers, retailers before reaching the end user.

The number of Internet users in India is 450 million. This number was 432 million in December 2016, a report from the Internet and Mobile Association of India and market research firm IMRB International has revealed.

Although penetration of e-commerce in India is low as compared to markets like the USA and UK but is growing at a much faster rate with a large number of new entrants.

India's e-commerce market is expected to touch USD 28 billion in 2019-20 due to rise in large number online buyers. Buyer penetration is also expected to increase from present 12% to 18% by 2020.

Overall e-commerce market is expected to reach Rs 150000 crores by the year 2020 with both online travel and e-tailing contributing equally. Some of the prominent names in the Indian E-commerce Industry are Flipkart, Jabong, Myntra, Snapdeal, Amazon, eBay, Homeshop18, Tradus etc.

As the E-commerce market in India is small and good number of E-commerce companies available, there is a tough competition among them. For this reason many of the e-tailers have to close or have to change their business model for their survival.

Discount seems Beneficial now, harmful in long run

Recently, many of the E-commerce companies have adopted the unrealistic pricing to sell their goods into the market and to attract a large customer base. Under this unrealistic pricing the e-tailers are selling their goods at unexpected high discounts than in any retail store. This is definitely hurting the sale of the retailers who are investing and not meeting their sales target.

Flipkart, an Indian E-commerce giant offered unrealistic discounts on the Flipkart's Big Billion Day sale and claimed the business of Rs. 600 crores on that day.

Snapdeal also announced similar sale. These types of unrealistic offers at heavy discounts attract a large mass of people and thereby contribute in the revenue generation of the company.

The unrealistic pricing is benefitting the organisation and the customers who get the products at a very low price due to heavy discounts. But when the whole system is considered, it is eating up the cash flow into the Indian physical market. With the kind of prices E-commerce Company is offering, it is impossible for retailers to compete.

E-commerce discounts-the harmful effects

The economy set up of India is presently running on these physical market rather than E-commerce market as of in USA and UK. Even after such tremendous growth of E-commerce in India, nearly 95 percent of business is still generated by offline retailers. The unrealistic price not only affects the small retailers but also hinders the growth of the Indian economy.

The other disadvantage of the unrealistic low price offered by E-commerce companies is adversely affecting the Brand Name and Brand Image of the products in customer's eyes. Since the e-tailing companies are using the unrealistic pricing strategy many of the brands have decided to be away from the e-commerce companies.

The issue that arises is the warranty and the guarantee on the purchase of the electronics goods through e-tailing.

The e-commerce companies do not have any physical store as available with the normal retailers where the customers can go and ask for the repair or replacement, the customers sometimes have to face loss also.

Keeping in view the Indian market structure which has 95 per cent of the sales done through physical retail, the unrealistic pricing will deteriorate the retailers and therefore needs to be stopped for the better functioning of the Indian economy.

The excess of everything is harmful. Although there should be the growth of e-commerce sector in India as the technology advancement is high, but this should be done in the umbrella of norms and regulations. The controlled e-commerce market will prove a boon to the economy but an uncontrolled market may go berserk and will prove to be a bane that will hinder the growth of country

Farmers' Income: Will India be able to double it in next 5 years?

The agriculture based Indian Economy needs high agriculture income for the farmers who feed the 1.25 billion Indian population. Not only this like developed countries who despite having much lesser area under cultivation, export number of farm products, India also needs to be a prominent exporter of agriculture produce. This will attract more and more people towards agriculture, the backbone of the country.

But how to achieve the dream of substantially increasing the farm income is a big question. The Prime Minister of India, Shri Narendra Modi in his independence day speech on August 15, 2017 laid out the route map to double the agriculture income in next 5 years.

Key points: How to double the farmers' income- the road map

The Prime Minister Narendra Modi said that his government has decided to double the farmers' income by 2022 when India would celebrate 75 years of Independence

The goal is achievable if the farmers adopt and use modern technology in cultivation like drip irrigation as it will direct the maximum utilization of water with minimum quantity. The Prime Minister said "Water is like God, we have no right to waste it." The focus will then be on "More crop per drop", "Hark khet ko pani" (water for every farm), "Doubling farmers' incomes".

Laying the route map to double the farmers income, the Prime Minister said "Centre has decided to double farmers' income by 2022 by improving technology, increasing milk production, use of solar light, honey production.

Increase afforestation by planting more trees along the river banks to avoid soil erosion during floods and to keep the rivers flowing eternally without getting them dry as has been done by Government of Madhya Pradesh by organizing the Narmada Yatra. This way Narmada would not go dry even after 100 years.

The Niti Aayog has already come out with its 'Three Year Action Agenda' – a plan that covers a time period up to the 2019. In its chapter on agriculture titled '*Agriculture: Doubling Farmer's Incomes*', the economic think-tank has put forth a 4 point action plan to double the incomes of India's farmers.

The measures proposed are in the right direction if the farmers' incomes have to be doubled. The 4 point action plan includes the following measures: 1) Remunerative prices for farmers by reforming the existing marketing structure; 2) Raising productivity; 3)

Reforming agriculture land policy; and 4) Relief measures.
A subsidy would be provided on targeted produce in case the price falls below MSP-linked threshold. One advantage of this, as highlighted by the action plan, is that it would spread price incentives to producers in all the regions and all the crops considered important for providing price support.
As per the Agriculture Census 2010-11, 67.10% of India's total farmers are marginal farmers (below 1 h.a.) followed by small farmers (1-2 h.a.) at 17.91%. Since Indian agriculture is dominated by marginal farmers who have small holdings, raising productivity is likely the single most important factor if incomes of this group are to be doubled.
Niti Aayog has also called for substantive investment in irrigation, seeds & fertilisers and new technology coupled with a shift into high-value commodities such as horticulture, poultry and dairying to double incomes.
A major portion of farm subsidies is accounted by India's fertiliser subsidy which has increased by around five times in the last ten years from Rs 12, 595 crore in 2001-02 to Rs 67, 971 crore in 2012-14 at current prices. In 2015-16, the government budgeted Rs 73,000 crore (about 0.5% of GDP) on fertiliser subsidy. While the Niti Aayog has called for the application of soil cards for customising fertiliser use, the Economic Survey of 2015-16 pitched for reforms to increase domestic availability via less restrictive imports and to provide benefits directly to farmers using 'JAM' (Jan Dhan, Aadhaar, mobile).

Income to increase with Israel model

The Prime Minister Modi's Israel visit has placed a heavy stress on agricultural cooperation. The government's stated aim is to double farmers' incomes by utilizing the Israel model. It is felt that Israeli agriculture and irrigation technologies can help deliver this goal. Israeli technology is vital for this aim and thus encapsulates the government's thinking on how to raise agricultural productivity and thereby increasing the farmers' income.

What is Israel model?

Israel's water management system is second to none. When the nation was founded in 1948 it realized that it was severely water stressed. 60% of the land in Israel was desert and the annual rainfall was 50 cm. There are no such rivers like Ganga, Yamuna, Kaveri, Brahmaputra, Godavari, Narmada, Betwa in Israel nor there is any chance of water sharing in neighborhood. Rainfall has fallen to half the level of 70 years ago while the population has grown 10 fold according to Israeli newspaper Haaretz. Israel thus had to come up with innovative water solutions to increase its agriculture production manifold with the scarce water it has.

Centralized Water Management: Solution found

Israel had to find the solution to the crisis and the result is a centralized water management grid, developed over the decades to make maximum use of water. The major strategy of the solution is drip irrigation. Instead of flooding fields, water is delivered directly to the crop/plants roots in small quantities.

Indian Agriculture far behind with excessive or no water

A quick comparison of Israel model to Indian agriculture will surprise us all. Only a small portion of Indian agriculture is irrigated, mostly through canals. The canal network is most extensive in North India, particularly Punjab, Haryana and Northern Rajasthan, and relies on excessive use of water, leading to water stress and overuse.

The farmers in these regions think that if more water is delivered to their fields, the higher will be the productivity. This attitude is being severely challenged by changing water patterns due to overuse and climate change.

Israel Technology can help here

This is where the government thinks Israeli technology can help by following the strategy of Israel:
The Middle Eastern nation recycles 90% of sewage and the recycled water is used for agriculture.
Plants have been engineered to grow in arid conditions and sea water is desalinated for human use.
Israeli firms have the technological know-how while Indian partners know how to navigate the complex bureaucratic maze here
Israel's government has committed Rs 500 crore which the Indian government may match to adopt Israel model and increase farm income with less expenses and optimum use of water.
The Israeli experience with collectivized farming has become a template for a plan that is being pushed by National Bank for Agriculture and Rural Development (NABARD). A Kibbutz is an Israeli collective community based on agriculture while a Moshav is a cooperative agricultural community. Both these are being explored as templates for "farmer-producer" companies by NABARD.

Hurdles

One of the main problems of Indian agriculture is the small size of land holdings.
Corruption in cooperatives is a well-known problem, particularly in Maharashtra. Besides, the government does not have the money to pump into co-ops.
Various experts have cast a pall of gloom over the claim whether it is indeed possible to double incomes by 2022-23. This is primarily because agricultural growth in the post-reform period, barring a few exceptional years, has been stagnant and has historically failed to meet the target set by the government. For example the average annual rate of growth in agriculture and allied sector during the period from (1991-92 to 2013-14) comes at 3.2% – lower than the targeted 4%.
Niti Aayog has suggested reforms in two areas: marketing reforms and minimum support price (MSP) reform. It is important to see how the suggested actions will double the income of the farmers' and to what extent the government is serious about it.
It must be noted here that since agriculture is a state subject, the central government cannot do much in marketing reforms and minimum support price (MSP) reform apart from facilitating the reform process.
On the one side resources like water and land are limited and on the other hand land holding is getting fragmented. The problem is further compounded by rising input costs.

Action taken so far to increase farmers' income

The government and NABARD are keen to push farmer-producer companies where a large group of farmers pool their land together and work as a collective. They could be registered as a non-profit, company or trust, would produce business plans and access capital from formal banking channels.
Maharashtra has already asked the Israeli Consulate in Mumbai to prepare a plan for establishing a farmer-producer collective in Dehni village in Yavatmal district, which has one of the highest incidences of farmer suicides.
India has already adopted drip irrigation in some parts of Maharashtra, Gujarat and Haryana. An article in Forbes India in 2010

reported that the Israeli firm Netafim, the world's largest micro-irrigation company, indigenized its Family Drip System (FPS) for mainstream farming in India. Drip irrigation is now available for farms that are as small as a quarter acre.
Indian and Israel governments hope to take the partnership forward by providing a government to government framework that would enable corporate partnerships to flourish.

Mammoth task
Doubling agricultural income by 2022 is a mammoth task but is also one that is the need of the hour. With majority of the country's population dependant on agricultural activities, no true development can be said to be meaningful unless it incorporates the needs of this sector. Increasing farmer suicide rates and increasingly erratic weather patterns further add to the problem. There are intense complexities and therefore, the focus of the government on this sector is much needed. The journey to double the farmers' income is a long and very tedious but the journey has begun. The need is to ensure that the implementation in right direction by all stakeholders is uniform, effective and done whole heartedly.

Indian Economic Slowdown: A long term problem, how to come out of it?

Indian Economy, no doubt is passing through a sluggish economic growth since 2016 as compared to earlier years, although Indian Economy is still showing positive growth at the rate which may not be considered as very slow, if we go by the global economic growth standards.

The facts and background
India's Economic growth has slowed for 5 consecutive quarters beginning from late 2015-16 onwards. Now growth is slower than it was in the quarter in which The Modi Government assumed office. It could be serious blow for a government that had promised to turn around the economy through decisive governance.
India's GDP growth has gone down from a high of 9.2% in third Quarter of the year 2016 to 5.7% in current 4th quarter of 2017. The economic growth rate is probably the slowest in last many years. However, Indian Economy as per global standard is not in recessionary stage. The UK and the European Union consider an economy in recession only when real GDP growth actually turns negative over two consecutive quarters and by this criterion, with a positive growth rate of 5.7%, Indian economy is far off from being in a recession.

All four contributors to economic growth – domestic consumption, foreign consumption or exports, private investment and government spending – are hit by the slowdown. In the first quarter of this fiscal year, domestic consumption fell to 6.66% as against 8.41% in the same period last fiscal; exports as a share of the Gross Domestic Product was down to 19% from 20%; and fixed capital formation decreased from about 31% of the GDP to 29.8%, signalling a slowdown in the industry as well.

Causes of Economic slow down
The cause of the problem as shared by some of the experts consists of supply-side shocks. Besides, three important contributors to this problem include Demonetisation & stressed banking sector, GST Implementation and problems in Agriculture sector.

The public goods are provided by government and the government needs tax revenues to supply them, and these depend upon national income. Then there is employment. A demand for labour exists only when there is a demand for goods. So growth is necessary if employment is to be assured.

There is not only a pool of unemployed persons in India to absorb but the country also needs to provide employment to youth continuously entering the labour force. The slowing of the economy is a source of concern as an economy that has been slowing for five quarters is unlikely to turn around quickly. Besides, it may not be able to revive on its own.

No demand - No Investment: Vicious Circle operates
Since it is capital formation, or investment, that drives growth in the economy, investment is an immediate source of demand as firms that invest buy goods and services to do so. It also expands the economy's capacity to produce.

The two sources of investment are private and public. The Private investment source is depressed as of now due to the factors cited above and is difficult to revive unless some external force is applied for example – tax sops, incentives for investment, creating demand for certain products through public funded projects among others.

When there is no demand, supply has to be stopped due to piling up of stocks and production units go idle, leading to cut in labour force. It further reduces the income leading to less demand and further reduction in supply and stopping of production.

Since, investment involves committing funds for a long period under uncertainty, the stepping-up of public investment when private firms are unwilling to invest more is required. Increased public investment increases demand and quicken growth and also encourages private investors, as the market for their goods expands.

Reforms: Are they leading to slowdown?
Structural reforms are being taken by almost all the governments or they have been claiming to be doing for more or less a quarter of a century now. Since 2014, in particular, "the ease of doing business" has received great attention from this government. But, the economy today is still less regulated than it was in 1991. Labour market reforms have not been taken up yet in Parliament. Share of manufacturing may rise if the labour market is liberalised.

Another fact is how the economy came close to achieving 10% growth in the late 1980s and during 2003-08 when the policy regime was no more liberal than it is now. It is also difficult to relate slowing domestic growth to sluggish world trade as data show

2016-17 to be a year of a major turnaround in exports. On the other hand, capital formation as a share of output has declined almost steadily for six years now. In 2014-15 it rose slightly.

Is it temporary phenomenon?
A few of the experts see it as a temporary or technical issue and think that its effects would soon fade out while others view this as a more serious crisis created by a barrage of supply-side shocks to the economy.

However, the crisis is seen as a deep structural issue rather than merely a short-run one. Now the government has to play a key role and understand the economic realities and avoid adventurism in policymaking and implementation.

Corporate sector & Industry criticize the Government
Although, a concrete plan to address the problem is being developed in consultation with Prime Minister Narendra Modi. However, a section of the industry and many economists have criticised the government for not being prudent enough to read the distress signs and for treating the slowdown as temporary and transient.

The economy grew by a mere 5.7% in the quarter ended June 2017. In the first quarter of this financial year, growth fell to 5.7% as against 7.9% in the same period last fiscal year.

How can India come out of slow down?
Leading economists and market researchers suggest following remedies to bring the Indian Economy on high growth track

More Government Expenditure
Government needs to spend more now to overcome the situation. Although the government has already spent much of its budgeted expenditure, it needs to spend more to spur investment and demand in the economy. An immediate boost without worrying much for consequences is needed by way of spending.

Let Indian Rupee be weaker
Even a weaker Indian rupee should not be a problem. Stronger rupee is hurting both the exports and the business. Imports are surging and they are eating into the domestic market share. India needs growth now, so there is no need for ratings as of now.

Lower Lending rates
The recently announced monetary policy of RBI has not given any relief to boost Indian economy. The economists now advocate a steep rate cut in the benchmark lending rates to allow for monetary policy expansion. The Reserve Bank needs to cut interest rates for banks, thereby making borrowing cheaper for the industry and spurring investment.

Certainty in Business required
More certainty in the business environment is required. Businesses should be without shocks like demonetisation. In fact, after demonetisation shock, there is an environment of uncertainty in the economy. This stops the Private sector short of announcing the new projects. There should be an environment of certainty that no such disruptive moves would rock the economy in the near term.

No need for excuses: Acknowledge and spend in rural areas
The government needs to spend more on rural areas. Increasing rural people's incomes can drive up the consumption demand, which in turn will boost the industry. To create more demand the Government needs to spend more in rural areas, construction sector and the unorganised sector

World Bank hopeful: Slow down to wane soon
The recent slowdown in India's economic growth is temporary and is an "aberration" mainly due to the temporary disruptions in preparation for the GST. It will get corrected in the coming months. The World Bank President Jim Yong Kim said that the Goods and Services Tax (GST) is going to have a hugely positive impact on the Indian economy. According to him, "We think that the recent slowdown is an aberration which will correct in the coming months, and the GDP growth will stabilise during the year. We've been watching carefully, as Prime Minister Modi has really worked on improving the business environment, and so, we think all of those efforts will pay off as well."

Accordingly, if the due corrective steps are taken, Indian Economy could come back on rails with a high growth achievement of 10%..

RERA: Will it restore the trust of home buyers?

The Real Estate (Regulation and Development) Act, 2016 (RERA) came into effect from May 1, 2017. RERA is effective on all the residential and commercial projects in all the states of India. RERA is an Act passed by the Parliament and seeks to protect interests of home-buyers and simultaneously to boost investments in the real estate industry. The Act establishes Real Estate Regulatory Authority (RERA) in each state for regulation of the real estate sector and also acts as an adjudicating body for speedy dispute redressal.

RERA: Back ground
RERA Bill was introduced by the Indian National Congress government in 2013
In December 2015, the Union Cabinet had approved 20 major amendments to the bill based on the recommendations of a Rajya Sabha Committee
The bill was passed by the Rajya Sabha March 10, 2016 and by the Lok Sabha on March 15, 2016.

RERA Act came into force on May 1, 2016 with 59 of 92 sections notified.
RERA ACT with all the remaining provisions came into force on May 1, 2017
The Central and state governments have been made liable to notify the Rules under the Act within a statutory period of six months
The RERA Act under S.84 contemplates that within 6 months of the RERA Act being enforced, State Governments shall make rules for carrying out the provisions of the Act. The said Rules are to be notified by the respective State Government.

Key Provisions under RERA

RERA makes it mandatory for all commercial and residential real estate projects where the land is over 500 square metres, or eight apartments, to register with the Real Estate Regulatory Authority (RERA) for launching a project, in order to provide greater transparency in project-marketing and execution.
Ongoing projects which have not received completion certificate on the date of commencement of the Act will have to seek registration within 3 months.
Application for registration must be either approved or rejected within a period of 30 days from the date of application by the RERA.
On successful registration, the promoter of the project will be provided with a registration number, a login id, and password for the applicants to fill up essential details on the website of the RERA.
In case of failure to register, a penalty of up to 10 percent of the project cost or three years' imprisonment may be imposed upon the builder.
Real estate agents who facilitate selling or purchase of properties must take prior registration from RERA consultants. Such agents will be issued a single registration number for each State or Union Territory, which must be quoted by the agent in every sale facilitated by him.

RERA: Benefits to home buyers

It has been a persistent complaint by the home buyers that real estate rules and transactions were in favour of the builders and home buyers in almost all the cases suffer loss. Government of India, in view to protect the interests of home buyers passed and implemented RERA which requires developers to remain transparent throughout.
After the registration for the project is done by the Regulatory Authority, the builders or developers have to publish all the details of their projects on the website of the Regulatory Authority.
The registration is valid for the period indicated in the project application as the time required for completion of the project. Once this period is over, the Regulatory Authority has a right to revoke the registration granted for this project.
If the builder or developer has not handed over the property by the date mentioned in the agreement for sale or if the registration granted by the Regulatory Authority has been suspended or revoked, the buyer has the right to withdraw from the project.
If the buyer chooses to withdraw from the project, he/she has the right to be compensated for the full amount he/she has paid till date along with interest. Buyer gets this right as soon as the possession date has passed. There is no need to file a complaint or case at this point. The developer and/or builder is supposed to compensate the buyer as soon as he/she makes the request.
If the buyer chooses not to withdraw from the project, he/she has the right to be compensated with interest for every month of delay. The exact interest amount will differ from state to state and depend on the state regulations issued.
If the builder or developer is not voluntarily compensating the buyer, he/she has the right to file a complaint before the Regulatory Authority. Each state Regulatory Authority is supposed to appoint an officer who performs the functions of a judge. The officer will conduct an inquiry and pass an order once the officer has decided whether the buyer is actually supposed to get the interest or money spent.
If the builder or developer has already obtained the completion certificate by July 2017, they do not have a duty to register their project under this law.
Under RERA Builder must inform the allottees about any minor addition or alteration in the project and must take consent of 2/3rd allottees about any other addition or alteration.
It is not possible for the builder to launch or advertise about the project before the project is registered with RERA
If Builder plans to transfer majority rights to third party, it is necessary to take consent of the 2/3rd allottees.
Resident Welfare Association (RWA) has to be formed within specified time or 3 months after majority of units are sold.
Builders have to create Reserve Account to avoid diversion of funds to other project. One of the primary reasons for delay of projects was that funds collected from one project, are diverted to other new projects. Under RERA, builders are now required to park 70% of all project receivables into a separate reserve account. The proceeds of such account can only be used towards land and construction expenses of the project for which they have been collected.
Now the builders have to inform the home buyers about the carpet area, built-up area and super built-up area. It will make the cost calculation more transparent as the home buyers will now know what they will actually get. It is now mandatory for the developers of all ongoing projects, to disclose the size of apartments on the basis of carpet area (the actual inside area within four walls) including the carpet area of rooms, kitchen, toilets.

Demerits: Home buyers still facing problem

RERA will impact adversely on the Real Estate activity which is already reeling under the pressure of low demand, financial crunch due to various factors including Demonetization. Indirectly it will impact upon the home buyers.
This is evident as after implementation of RERA many new and ongoing Real Estate projects in the country especially in Delhi NCR, Mumbai, Pune and other metro cities have received a set back and are still lying in the primitive stage, although their date of possession has lapsed.
Number of top rated builders and promoters have landed in jail. A few of the defaulting projects in Delhi NCR are the projects promoted by Unitech in Noida and Gurgaon; Proplarity Bizlife Sector 62 Noida; Cosmic Corporate park, Cosmic cruise in Noida promoted by Cosmic group; Insolvency of Jaypee Group; Amrapali Group seeking support of other builders to construct its projects. All this has added to the woes of the buyers instead of resolving their problems as they continue waiting for their possession.
RERA despite all its good intentions will create initial backlog in Real Estate industry.
Project cost after implementation of RERA has gone up which will be recovered from the buyers who are already suffering from delays and non-delivery of the projects
Builders after creating the Reserve Account with 70% of funds collected, will be operating with a liquidity crunch.
The project launch time will increase now as no builder can launch a new project without making it RERA complaint and the concept of soft launch which offers good discounts to home buyers before the launch of the project, will not be available now.

Till the time RERA specialised forums such as the State Real Estate Regulatory Authority and the Real Estate Appellate Tribunal, are established for the resolution of disputes pertaining to home buyers, the aggrieved party will have no recourse to other consumer forums and civil courts, on such matters. Although RERA seeks to resolve dispute on fast track, its success depends upon the timely setting up of these new dispute resolution bodies and how expeditiously these disputes are resolved.
In the beginning, a lot of work is to be done to get the existing and new project registered. Details such as status of each project executed in last 5 years, promoter details, detailed execution plans, are to be prepared.

RERA in states and Union territories

As on February 1, 2018, nine states namely Kerala, West Bengal, Arunanchal Pradesh, Assam, Meghalaya, Mizoram, Manipur, Nagaland, Tripura have not notified rules under RERA.

Following states have implemented and notified rules under RERA:

Name of State of Union territory	Date of RERA notification
Gujarat	October 29, 2016
Uttar Pradesh	October 11, 2016
Chandigarh	October 31, 2016
Dadra and Nagar Haveli	October 31, 2016
Andaman & Nicobar Islands	October 31, 2016
Lakshadweep	October 31, 2016
Daman & Diu	October 31, 2016
Madhya Pradesh	October 22, 2016
Delhi	November 24, 2016
Maharashtra	April 19, 2017
Andhra Pradesh	March 28, 2017
Odisha	February 25, 2017
Bihar	May 1, 2017
Rajasthan	May 1, 2017
Jharkhand	May 18, 2017
Tamil Nadu	June 22, 2017
Uttarakhand	April 28, 2017

Enactment of law and its strict implementation is done by two different agencies. Implementation of RERA has no doubt landed many builders in jail but the problem of home buyers are not solved as they are still unable to get the possession of the flats, offices, shops. Many builders like Unitech are offering possession without obtaining completion certificates. On the top of it, the possessions handed over in 2018 are forcefully getting accepted by the home buyers on the back date of July 2017 – date before implementation of RERA.

Accordingly, authorities responsible and linked to RERA must come out of their cozy comforts and must implement the ACT as it is needed.

Merger of Public Sector Banks: How beneficial is the merger of Banks?

Union Cabinet decided to merge all the remaining five associate banks of State Bank Group with State Bank of India in 2017. After the Parliament passed the merger Bill, the subsidiary banks have ceased to exist and the State Bank of India (Subsidiary Banks) Act, 1959 and the State Bank of Hyderabad Act, 1956 have been repealed.

Five associates and the Bharatiya Mahila Bank have become the part of State Bank of India (SBI) beginning April 1, 2017. This has placed State Bank of India among the top 50 banks in the world. The five associate banks that were merged are State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SBP) and State Bank of Travancore (SBT). The other two Associate Banks namely State Bank of Indore and State Bank of Saurashtra had already been merged with State Bank of India. After the merger, the total customer base of SBI increased to 37 crore with a branch network of around 24,000 and around 60,000 ATMs across the country.

Back ground

The quest to create an Indian bank that will be in the league of global giants is an old one and had been continuing since 1990. However, in February 2017 the government had approved the merger of five associate banks with SBI. Later in March, the Cabinet approved merger of BMB also. SBI first merged State Bank of Saurashtra with itself in 2008. Two years later in 2010, State Bank of Indore was merged with it. The board of SBI earlier approved the merger plan under which SBBJ shareholders will get 28 shares of SBI (Re1 each) for every 10 shares (Rs10 each) held. Similarly, SBM and SBT shareholders will get 22 shares of SBI for every 10 shares.
Post merger, the SBI has been in the process to rationalise its branch network by relocating some of the branches to maximise reach. This, according to SBI will help the bank optimise its operations and improve profitability. SBI had approved separate schemes of acquisition for State Bank of Patiala and State Bank of Hyderabad. There was not proposed any share swap or cash outgo as they were wholly-owned by the SBI.

Benefits of Bank Merger: Pros
The merger will reduce the cost of banking operation.
The objectives of financial inclusion and broadening the geographical reach of banking can be achieved better with the merger of large public sector banks and leveraging on their expertise.
Merger will result in better NPA and Risk management
With the large scale expertise available in every sphere of banking operation, the scale of inefficiency which is more in case of small banks, will be minimised
The merger will help the geographically concentrated regionally present banks to expand their coverage.
Larger size of the Bank will help the merged banks to offer more products and services and help in integrated growth of the Banking sector.
Merger will help in improving the professional standards.
A larger SBI can manage its short and long term liquidity better. There will not be any need for overnight borrowings in call money market and from RBI under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).
In the global market, the Indian banks will gain greater recognition and higher rating.
With a larger capital base and higher liquidity, the burden on the central government to recapitalize the public sector banks again and again will come down substantially.
Multiple posts of CMD, ED, GM and Zonal Managers will be abolished, resulting in substantial financial savings.
Bank staff will be under single umbrella in regard to their service conditions and wages instead of facing disparities.

Merger has its side effects also: Cons
Managing Director of Federal Bank, V.A. Joseph is of the view that Co-existence of the big, medium and regional banks would be preferable in the present scenario. According to him most acquisitions in India were borne out of compulsions and over 90 per cent of past acquisitions had failed to achieve the objectives.
Many banks focus on regional banking requirements. With the merger the very purpose of establishing the bank to cater to regional needs is lost.
Large bank size may create more problems also. Large global banks had collapsed during the global financial crisis while smaller ones had survived the crisis due to their strengths and focus on micros aspects.
With the merger, the weaknesses of the small banks are also transferred to the bigger bank.
So far small scale losses and recapitalization could revive the capital base of small banks. Now if the giant shaped SBI books huge loss or incurs high NPAs as it had been incurring, it will be difficult for the entire banking system to sustain...

Start up India: Boosting Entrepreneurship

Government of India launched Startup India campaign to encourage entrepreneurship in India's young generation who despite being skilled and able to launch their own ventures become dependent upon various types of jobs and remain under employed.
Start-up Key facts
A startup is an entity that is headquartered in India which was opened less than seven years ago and has an annual turnover less than ☐25 crore (US$3.9 million).
Ministry of HRD, Department of Science and Technology have partnered in an initiative to set up 75 Startup support hubs in the National Institutes of Technology (NITs), IITs, IISERs and NIPERs.
The Reserve Bank of India has assured to take steps to help improve the 'ease of doing business' in the country and contribute to an ecosystem that is conducive for the growth of start-up businesses.

Startup is great idea…needs encouragement
India's demographic dividend is conducive to Startps with high potential. India as the youngest nation in the world and huge overall population has one of the largest consumer base in the world. For every unique need of every segment of population there is opportunity for new venture. Our infrastructure, healthcare, education systems are in dire need of up gradation where startups can make huge difference.

Challenges and hurdles
Startups are facing many challenges and hurdles despite commitment by the Government to provide all the support and finance. The biggest challenge before success of campaign is parameters of Ease of doing business, corruption, availability of skilled labor among others.

Startups find it difficult to have access to credit. Attracting investors to fund ventures or getting loans from banks are perennial problems for startups. Despite all the commitment, Banks are not giving loans to startups without prior credit history. Many times despite raising sufficient initial capital, startups find it difficult to survive as they can't match revenue and burn rate mostly because of changed economic factors. Finding right skilled human power is another biggest challenge before startups. India's need of skilled labour is so huge that National Skill Development Corporation (NSDC) has been mandated to skill 150 million Indians by 2022. For a startup, it is difficult to attract and hire talent and skilled workers, since they cannot match salary level given by large, established companies and also cannot offer job security on long term basis. Startup failures are looked down upon. Failures are not met with encouraging advices in most of the cases. People are sensitive towards risks and rewards and Indian economy which is highly price sensitive, worsens the situation. Right kind of mentorship is not available. Available mentorship and skill enhancement may not be accessible in all the cases. So though someone has potential to start something and may be that idea is really revolutionary but if that doesn't meet right guidance to turn it into a successful business then that idea remain irrelevant. Huge, diverse demographics makes it really hard to capture consumer's mindset in Indian Market. Literally after every 30-40 km region, one can find change in taste, traditions and habits. If a firm is able to capture consumer mindset, it cannot cater to all of their needs. Most startups get stagnant in figuring out strategies and they eventually shut down. Location is another hurdle. Location depends on investment activities also. Startup India has also formed a relationship with TAVtech Ventures, a nonprofit educational organization that is establishing a platform for collaborative innovation between US, Israeli, and Indian students to launch start-ups.

Reputed Educational institutes in Startup
Under the scheme, a group of start-ups will acknowledge an MOU with the prestigious institutions and will also establish the start-up centers in the campus.
NIT-Silchar is one of the institutions of the country to have joined the program. IIT Madras is also linked with Startup India campaign. The institution has been successfully managing the IITM Research Park which has incubated many start-ups.

Success of Startup India campaign
In last 2-3 years, there has been increase in startups in versatile areas like retail, food delivery, consulting, e-commerce, medical services, delivery services, fitness among others. On an average 800 startups are born every year. Startups are evolving in terms of product capabilities, networking, taking calculated risks venturing into new spaces.

Delhi NCR and Bangalore has highest number of startups predominantly because of economic activities of population of both cities. Cities like Jaipur, Chandigarh, Chennai, and Jodhpur are witnessing increasing startup activities. Successful startup like Zo rooms was conceived in small city like Jodhpur. Southern States like Karnataka, Kerala, Andhra Pradesh and Telangana have shown better results than the rest of the country in terms of their policies implementations for supporting startups. These states have focused on improving infrastructure, especially in the Tier-II cities. Launch of "*Kerala IT Mission*", which focus on fetching ☐50 billion (US$780 million) in investments for the State's startup ecosystem is a great example Kerala has made India's first telecom incubator Startup village in 2012. The state also matches the funding raised by its incubator from Central government in 1:1 ratio. Telangana has launched the largest incubation center in India as "*T-Hub*". Andhra Pradesh has allocated a 17,000-sq.ft. Technological Research and Innovation Park as a Research and Development laboratory. It has also created a fund called "*Initial Innovation Fund*" of ☐100 crore (US$16 million) for entrepreneurs. Madhya Pradesh has collaborated with the Small Industries Development Bank of India ISIDBI) to create a fund of Rs. 200 crore (US$31 million) for Startup India campaign. Rajasthan has launched "Start-up Oasis" scheme. Government of Odisha organised a two-day Start-up Conclave in Bhubaneswar in November 2016. The main objectives of the event was to motivate youth towards entrepreneurship, showcase the start-up ecosystem in Odisha and attract more start-ups to the state.

Investments and set ups
SoftBank, with its headquarters in Japan has already invested US$2 billion into Indian startups. Total investment from Softbank is expected at US$10 billion. Google has declared to launch a startup on the basis of the highest votes in which the top three startups will be allowed to join the next Google Launchpad Week, and the final winner could win an amount of US$100,000 in Google cloud credits. Oracle has announced to set up nine incubation centres in Bangalore, Chennai, Gurgaon, Hyderabad, Mumbai, Noida, Pune, Trivandrum and Vijaywada

Objectives of Startup India
Startup India is focused to restrict role of States in policy domain. It proposes to abolish the 'Licence Raj' along with other obstacles like in land permissions, foreign investment proposal, environmental clearances among others. The government has already launched iMADE, an app development platform aimed at producing 1,000,000 apps and PMMY, the MUDRA Bank - a new financial institution set up for development and refinancing activities relating to micro units with a refinance Fund of ☐200 billion (US$3.1 billion). Applications for Startup India will have Single Window Clearance even if they are submitted with the help of a mobile application Rs. 10,000 crore fund earmarked for Startups Patent registration will be at a reduced fee Bankruptsy code modified and made more friendly to ensure 3 months exit window No inspections for 3 years No Capital Gain Tax for 3 years No tax on profits for 3 years Startups are Self-certification compliant Innovation hub under Atal Innovation Mission The campaign aims to Start with 5 lakh schools to target 10 lakh children for innovation programme New schemes to provide IPR protection to start-ups and new firms Encouraging entrepreneurship at every stage. Stand India across the world as a start-up hub

Background
Startup India aims to promote bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs creation. Startup India campaign was first announced by Prime Minister Narendra Modi from the Red Fort in his August 15, 2015 address to the Nationa Startup India was inaugurated on January 16, 2016 by the Union Finance Minister, Mr. Arun Jaitley. Around 40 top CEOs and startup founders and investors attended the event. Startup India campaign was organized by Department of Industrial Policy and Promotion

Crypto Currency: A bright future or just a fad?

What is crypto currency?
A crypto currency is a digital or virtual currency that uses cryptography to secure, create and control its transactions. Unlike traditional currencies, which are issued by central banks, crypto currency has no central monetary authority. Bitcoin is the first crypto currency which came to public notice in 2009. Following this a number of other crypto currencies, such as Ethereum, Ripple, Litecoin, Cardano etc. exist in the market. Crypto currency can be exchanged for other currencies, products, and services. In recent months, Economists, Central Bankers and Monetary Experts have expressed their reservations on the future of this currency. Investors and Enthusiasts of this currency are however bullish.

Key facts and figures:
According to "Global Crypto Currency Benchmarking Study" conducted by Judge Business School, University of Cambridge, these are key facts about the size and usage of this currency:
The total crypto currency market capitalization increased more than 3x since early 2016, reaching nearly USD 25 billion in March 2017.
The current number of unique active users of crypto currency wallets is estimated to be between 2.9 million and 5.8 million.

At least 1,876 people are working full-time in the crypto currency industry, and the actual total figure is likely well above two thousand as large mining organizations and other organizations that did not provide headcount figures are added.
Bitcoin is the most widely supported crypto currency among exchanges, wallets and payment companies. The leading crypto currencies are Ethereum, Bitcoin Cash, Litecoin, Ripple and Iota.
Vanuatu, a Pacific Island Nation, located in the South Pacific Ocean became the first nation to accept Bitcoin in Exchange for as payment for its citizenship program.
While countries such as the United States, Canada, Australia, Japan etc. allow trade and investments in crypto currencies; there are countries such as Iceland, Vietnam, Kyrgyzstan and Bolivia where crypto currencies are totally banned.

How does a Crypto Currency work?
The technology behind Crypto functioning is Blockchain. A blockchain is a public ledger that keeps records of all prior bitcoin transactions. These data units or blocks use cryptographic validation to link themselves together. The entire network is used to monitor and verify both the creation of native tokens through mining, and the transfer of tokens/coins between users.

Miners are individuals or organizations who, with the use of powerful computers carry out mining process. Mining is the process by which transactions are verified and added to the public ledger, block chain, and also the means through which new coin are released. The mining process involves compilation of recent transactions into blocks and finding solution of a computationally difficult puzzle. The successful miners who solve the puzzle get to place the next block on the block chain and are rewarded. The reward is twofold. The newly minted tokens/coins and the fees paid by users sending transactions are rewarded to the miners for their efforts.

Advantages:
As a decentralized currency, Crypto currency cannot be manipulated by governments and central authorities of any country. Also because of its decentralized nature it is inflation averse.
Unlike bank transactions, Crypto transactions are completely anonymous. A person can only know the addresses of crypto on which the payment has been sent and received. But to whom these addresses belong cannot be identified. This anonymity feature offers security against fraud and identity theft.
Due to dramatic rise in its popularity among the masses it is gaining wide acceptance as a payment method.
The fee for crypto transactions is relatively low as compared to other digital transactions such as credit cards and other modes.
The mechanism behind crypto generation is highly complex which prevents duplication or creation of fake currency.
Disadvantages
A highly volatile nature, huge price change over a short period, of crypto poses a serious question to consider it as a future currency.
With government of different countries having different attitudes towards considering crypto currency as a legal tender, people unaware of its mechanism consider it to be a risky investment.
The anonymous nature of crypto transaction attracts its usage for illegal and illicit activities such as tax evasion, weapons procurement, gambling etc.
Crypto transactions are irreversible in nature. Funds sent to a wrong address cannot be traced back and result in loss of all the transferred money.
If the storage device in which crypto currencies are stored gets damaged or lost. Then the lost Bitcoins cannot be recovered by any means.
Cases of online hacking of crypto exchanges such as Mt. Gox in Japan, Bitfloormake etc. make it more risky.
Tips to improve participation in GD round
The above discussed topic is one of the most talked about issue and has been carefully chosen and solved with the sole aim to help you succeed in GD round. If you follow a few key tips, you can improve your participation and scores on this GD topic and others:
Initiate the group discussion only if you are well versed with the facts and information on the GD Topic.
If you are not well versed with the topic and feel a bit low on content, try to gather information from first 1-2 speakers and then participate.
Quote facts and figures, if you are sure of the authenticity. You may encounter volley of counter questions on the facts and statistics from your fellow participants. Unless very sure, don’t use it.
Make multiple entries using the opportunity to speak. Note down important information from other participants and turn it to your benefit.
Since GD is a sort of debate, you should have a clear view point on the topic – either for or against. Do not switch viewpoints. However, if you have points for both for and against the topic, substantiate your viewpoint with well qualified data, examples or exceptions.
Even if you agree or disagree to the view point of other participant, add value by giving reasons for it when you speak but don’t simply say I agree or disagree.
You can conclude above topic by summarizing key facts on both point of views and conclude with the majority opinion, while respecting the minority viewpoint...

Globalization: An Opportunity or a Threat?

What is Globalization?

According to International Monetary Fund, Globalization refers to the increasing integration of economies around the world, particularly through trade and financial flows. The term sometimes also refers to the movement of people (labor) and knowledge (technology) across international borders. In addition, there are also broader cultural, political and environmental dimensions of globalization.

The four basic aspects of globalization identified by the International Monetary Fund are

- Trade and transactions,
- Capital and investment movements,
- Migration and movement of people and the
- Dissemination of knowledge

Further, environmental challenges such as climate change, global warming, cross-boundary water, air pollution, and over-fishing of the ocean are also linked with globalization.

Driving Factors

- The creation of the World Trade Organization, World Bank and other major trade organizations their rules and regulations in part, facilitated broad 'global' changes, lowering trade barriers and deregulation of economies.
- In the aftermath of financial instability, the Government of many developing and poor countries liberalized economies internationally to boost development and attract investment.
- It is considered that open economies are all better off from trading, as they make use of their resources in most optimal way and offers variety of products at competitive prices.
- After I970s, Business Corporations and banks based in the most highly industrialized countries were driven by their intrinsic and incessant pursuit of wider markets, further and more profitable investment fields and access to essential resources elsewhere in the world. All these aims of these Organizations, supported by their governments in 'the national interest' pushed for Globalization.
- Industrial and Financial corporations sought internationalization of their respective products, and investment operations to evade economic, social and political 'impediments' at home as well as to take advantage of more favorable opportunities abroad.
- The main forces that have driven global integration are technological innovations, broader political changes and economic policies.

Globalization as an Opportunity

Greater Opportunity: Global markets offer greater opportunity for people to tap into more and larger markets around the world. It means that they can have access to more capital flows, technology, cheaper imports, and larger export markets.

- **Cross-cultural Integration**: Liberalized nations offer multiple avenues for higher education, tourism and jobs to the immigrants of different countries resulting in cross culture Integration.
- **Prosperity:** Globalization has helped lift hundreds of millions to escape poverty over the past decades. Populous countries like China and India have enjoyed phenomenal growth, improved standards of living, life expectancy, literacy and employment rates.
- Outward-oriented policies brought dynamism and greater prosperity to much of East Asia, transforming it from one of the poorest areas of the world 40 years ago.
- According to International Monetary Fund, 20th century saw unparalleled economic growth, with global per capita GDP increasing almost five-fold.
- **Competition:** One of the most visible positive effects of globalization is the improved quality of products at competitive price. As the domestic companies have to fight out foreign competition, they are compelled to raise their standards and customer satisfaction levels in order to survive in the market.
- **Foreign investment:** Multinational corporations are a result of globalization. They occupy a central role within the process of globalization as evidenced through global foreign direct investment inflows.
- **Technological Innovation**. Increased competition from globalization helps stimulate new technology development, particularly with the growth in FDI, which helps improve economic output by making processes more efficient.
- **Global Challenges**: Globalization helped attenuate the major environmental challenges we are experiencing today. Some national and international agreements such as UN Framework Convention on Climate Change, The Kyoto Protocol etc. aim to attenuate the negative effects of globalization on the environment.

Threats that globalization offers:

- **Unemployment:** Due to globalization immigration of labor from developing countries to developed countries has become much prominent and easier. This has resulted in unemployment for the native citizens.

- The historic withdrawal of United Kingdom from the integrated market of European Union fearing job loss due to immigration and protectionism towards national sovereignty is a case in point.

- **Inequality**: The story of the 20th century was of remarkable average income growth, but it is also worth noting that the progress was not evenly dispersed. The gaps between rich and poor countries, and rich and poor people within countries, have grown.

- According to the World Inequality Report by the World Inequality Lab, because of high and rising inequality within countries, the top 1% richest individuals in the world captured twice as much growth as the bottom 50% individuals since 1980.

- **Trade wars**: The US is running large trade deficits with the EU as well as China. In addition to significant trade deficits in goods with Mexico, Japan, and Canada, Mr. Trump believes the trade deficit of US is proof that all its trading partners are unfair to America. As a protectionist measure, Donald Trump, pushed through a metal tariff plan that puts 25% tariff on imports of steel and 10% tariff on import of aluminium.

- The international atmosphere is full of threats of retaliation and it appears likely that major trading partners with the US like the EU and China will hit back by setting their own import barriers against US.

- **Tax heavens**: With different taxation norms in different countries citizens park their illicit or unaccounted money in tax heavens and avoid taxation from their home countries. The revelations made by Panama offshore leaks and Swiss bank case are case in point.

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Impact of Technology on Jobs: Will Automation & Artificial Intelligence reduce or increase Jobs?

Buzzwords such as Industry 4.0, Artificial Intelligence, Automation, Machine Learning etc. are buzzing around industries and across geographies for some time. While these technological advancements promise a surreal future, prediction of loss of jobs due to human replacement is also expected. Proponents of technological advancements argue that while technology will replace semi and unskilled jobs but in turn it will herald a new era of innovative jobs. Being a Business Management aspirant, the talk of future and futuristic jobs becomes an important subject. Hence, this is a burning topic which is likely to be a part of group discussions of B-Schools.

Technology intervention is inevitable in any sphere. It does raise the bar of productivity, efficiency and safety to a level which is not achievable by humans. Adoption of technology, global reach and faster communication has overhauled manufacturing, servicing, product delivery and also employment associated with these sectors. But, this is not the first time the world has experienced significant shifts in employment due to new technology.History states that technology has been a creator of jobs and has augmented new avenues. The course this time will be same or not is a debatable issue. The prominent technologies that are likely to bring disruption are:

Artificial Intelligence: Artificial intelligence (AI) or Machine Intelligence (MI) is an area of computer science that emphasizes the creation of intelligent machines that work and reacts like humans. Artificial intelligence includes programming computers/Robots for certain traits such as: Knowledge, Reasoning, Problem solving, Perception, Learning, Planning, Ability to manipulate and move objects etc.

Autonomous and near-autonomous vehicles: Vehicles that can navigate and operate with reduced or no human intervention. These vehiclesare becoming a concrete reality and may pave the way for future systems where computers take over the art of driving.

3D printing: 3D printing or additive manufacturing is a process of making three dimensional solid objects from a digital file.

Industrial Automation: Industrialautomationcan be defined as the use ofset technologies and automatic control devices that results the automatic operation and control of industrial processes without significant human intervention and achieving superior performance than manual control.

Next-generation genomics: Themassively parallel sequencing technology known as next-generation sequencing (NGS) has revolutionized the biological sciences. With its ultra-high throughput, scalability, and speed, NGS enables researchers to perform a wide variety of applications and study biological systems at a level never before possible.

Advanced materials: - Materials that are designed to have superior characteristics such as strength, weight, conductivity or functionality.

Arguments supporting that technologicaladvancements will lead to Job loss

Industries across the globe are adopting new technologies for higher efficiency and performance, lower manufacturing. Machines can reduce risk and increase effectiveness. This could lead to elimination of a vast number of semi or unskilled jobs, who make a substantial portion of the workforce in manufacturing and agriculture sector.

Automation isn't just for blue-collar workers anymore. Computers are now taking over tasks performed by professional workers, raising fears of massive unemployment.

Researchers at MIT foresee dismal prospects for many types of jobs as these powerful new technologies are increasingly adopted not only in manufacturing, clerical, and retail work but in professions such as law, financial services, education, and medicine.

"Jobs Lost, Jobs Gained: workforce transition in a time of automation"; a research report by Mckinsey Global Institute, provides states that: By 2030, 75 million to 375 million workers (3 to 14 percent of the global workforce) will need to switch occupational categories. Moreover, all workers will need to adapt, as their occupations evolve alongside increasingly capable machines.

The pace of modern technological change is so rapid that many workers, unable to adjust, will simply become obsolete.

According to Joel Mokyr, a leading economic historian at Northwestern University,"The current disruptions are faster and more intensive." Mokyr says "It is nothing like what we have seen in the past, and the issue is whether the system can adapt as it did in the past."

Arguments that Jobs will not be lost due totechnological advancements

According to research firm Gartner, more jobs will be created than lost by automation. The firm stated thatthough 1.8 million jobs will be eliminated by 2020, but 2.3 million new jobs will be created by then.

It is widely suggested that that workers will have greater employment opportunities if their occupation undergoes some degree of computer automation. As long as they can learn to use the new tools, automation will be their friend. For example; when ATMs automated the tasks of bank tellers and when barcode scanners automated the work of cashiers: Rather than contributing to unemployment, the number of workers in these occupations grew.

With advent of new technologies industry experts see the need for skilled workers increasing in the short run and persisting for at least another decade.The experts call for training programs with a new curriculum and certifications to standardize emerging job classifications.

Enabling more people to harness the benefits from technological advancements is in the best interest of any business or country. Continuous investment in technology without considering the impact on existing workforce could result in a host of other problems. For a smooth transition from current skepticism towards new technology to skilled workforce initiatives like improved retraining for workers who have lost their jobs to automation, and increased financial protections for those seeking new careers, are the recommended steps.

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How can banks prevent Nirav Modi-Like scams?

Background :-
Two employees of Punjab National Bank, the second largest public sector bank of India, tie up with Nirav Modi and issued LOUs(Letter of Undertaking) to overseas banks through SWIFT(Society for Worldwide Interbank Financial Telecommunication), without noting this in bank ledgers.
This fraud started taking place since 2011.
Through these fake LOUs, several companies that are related to Nirav Modi were granted buyer's credit from the HongKong branches of Indian banks including SBI, Axis bank, Union Bank of India.
These frauds amounted to approx Rs.14,000 crores when added up. (as of March 2018)
After recognizing this scam, several similar scams are coming out. Rotomac, Kanishk and Totem infrastructure Ltd are now under scanner.

loopholes that led to these scams :-
SWIFT is not integrated with core banking in many banks yet. This was the reason, fake LOUs weren't found out till recently.
As per rules, bank officers should be transferred for every three years. But this is not being followed.
Nirav Modi fraud wasn't found out in internal audits as well as external audits. This is revealing the efficiency of audits. Qulaity of internal audits and of Audit companies should be improved.
Reserve Bank of India (RBI) too couldn't recognize the scam. The present RBI governer Urjit Patel said that it was because RBI needs more regulating authorities to trace these kind of scams, and he suggested that 'Banking Regulation Act' needs to be reformed.
Both RBI and Government has control over banks. Experts opine that this dual control is causing many confusions and scams.
'Banks Board Bureau (BBB)', an autonomous body of Union Government of India, which was started in 2016 was initially setup for two years to improve the governance of Public sector Banks (PSBs). If it is revamped, it will surely improve the effeiciency of PSBs.
As government has privileges such as control over banks, it should also take responsibility of supervision and monitoring, which is not happening right now.

Conclusion :-
Government, RBI and Banks are all equally responsible for these kind of frauds. And instead of blaming one another, loopholes at every point should be taken care of. Several layers of checks and balances should be built to prevent Nirav Modi-Like scams.
Afterwords :- What is your opinion on this topic? Express your views in the comment section below. Subscribe to our blog to get new topics delivered to your email.

Will artificial intelligence take away jobs?

Yes:-
Artificial Intelligence is mainly feeding the raw inputs and the corresponding outcome into a system. The role of this automated device is to come up with an optimistic algorithm to reach that particular output with the given data input sets. This task clearly would require less labour and in turn demands less man-power.
Every job or a task has some level of automation associated with it. With the cognitive mind power of Artificial intelligence supported devices, it would slowly replace this automation arrangement, raising it to a level that would not only simplify their jobs but also ensure higher efficiency and accuracy as compared to the work done by humans.
With such cut-throat competition among various firms of different countries, companies have started focussing on the tech-oriented aspect rather than investing fairly in man-power and employee recruitment procedure. This leaves the firm with limited resources to spend on unprofessional employees which in turn leads the termination of their tenure in the firms.
Nasscom reports suggest that over 260 million employees will eventually lose their jobs to automation and Artificial Intelligence technology in the coming years. Being the fifth generation of computers, AI has been a hot topic of discussion among research scientists
No:-
To change the world full of computers working on artificial intelligence versions from a world full of technologies not equipped with the required tools is certainly not an overnight task. The good news is that experts all over the world firmly believe that advent of Artificial Intelligence would be executed fully within a time span of more than 2 decades.
Thinking of a hypothetical situation where we imagine a world which completely functions upon artificial intelligence supported technology, we would still need a lot of skilled labour to check over the maintenance, cyber-security and risk control analysis. So for the jobs lost due to the advent of such an automation will be compensated with the ones generated after the commencement of AI.
Artificial intelligence is an interesting combination of Machine learning, deep learning, IOT and robotics. Professional

and engineers are still in the early stages where they are still grasping the basic concepts, let alone its complex application to solve real-life problems.
For the complete success of Artificial Intelligence technologies, there would be a requirement a large number of developers specialized in the various subjects of AI. This would, in turn, lead to the recruitment of a large chunk of software engineers and research scientists to solve and implement an automated world that mimics the characteristics of an advanced computer making the human life a better place to live in.
Conclusion:-
New technologies such as Artificial intelligence have a sole purpose of automating the various technologies and meanwhile, coming up with new creative innovations to translate this capable potential of AI into a useful one. There have been a numerous number of products launched by the various start-up businesses around the world to demonstrate the power associated with AI, latest being the 'self-driven cars'. It would be interesting to watch how technology takes over humanity in a jobless society where the currency is machine-generated and intelligent machine agents will replace our existence.
Afterwords:-
What is your opinion on this topic? Express your thoughts in the comment section below.

Impact of GST on Banking sector

Background :-
Goods and Services Tax, a strong taxation system was introduced on 1st of July in India.
Every product including aerated drinks, tobacco products, gold etc that was being imported or exported across the country was now committed to a new GST tax which ranged from 0% to 28%.
Impact of GST on Banking sector :-
Under GST, banks are expected to obtain individually separate registrations for every branch set up across the country. This is mainly pushing the banking employees from their comfort zones as there was single centralized registration concept for all the banks till now. This problem becomes even more complex being directly proportional to the enormous number of banks and their respective branches that exist in India.
With the advent of GST, the internal, as well as the external monetary transactions between two separate banks, is no longer free. This now comes with a small amount we are expected to pay at the time of a financial transaction.
In the name of GST, we now have two types of taxes – Central GST controlled by the central government and the State GST which is controlled by the state itself. With such types of GST, the entire protocols of the banking sector are changed in terms of the service they provide to their customers.
Point of supply identification offered to each customer holding an account in a bank, now have the luxury of transferring any cost to almost any part of India irrespective of the location of the bank the person has the account in.
Previously input tax credit was not allowed according to the CENVAT protocols. But with GST in its full charge, this input tax credit is granted to the banks, reducing the tax evasion during an external supply of funds.
In the course of GST, we now have the access for ensuring smooth business across India and its neighboring countries. With such exponential growth in business, a sudden increase in the demands of funds led to the growth in the number of transactions benefiting the banks. This lead to the overall advantage for the baking sector.
A bank provides a diversity of services to its customers: debit card, credit card, net banking etc. With the new rules and regulation for banking under GST, the IT department demanded the upgradation of every system, along with the ATM machines and transaction systems.
Conclusion:-
Referring to all the banks and the banking sector of India, there has been a drastic change in the basic functioning of every organization. On one side we can go on criticizing about the amount of complexity GST has introduced in the Banking offices which demands upgradation of the software system flooding in, we must also throw some light at the exponential business expansion and the amount of profit is filling the Indian pockets. With the introduction of this uniform tax has been a blessing in disgrace on the poor society and painful for the business tycoons of the country.

Impact of Technology on Banking sector

Positive impact of technology on banking sector :-
The biggest revolution came in banks is Digitization.
Banking process is faster than before and more reliable. Maintenance and retrieval of documents and records have become much faster and easier.
Computerized banking also improves the core banking system. With CBS (core banking system) all branches have access to common centralized data and are interconnected.
With the innovation of MICR cheque processing system, the processing of cheques becomes more faster and efficient h than before.
USSD (Unstructured supplementary service data) was launched by Government, so people with no internet-connectivity too can access their bank accounts without visiting the branch.
With increasing internet reach, Internet Banking was developed and now offered by almost every bank. Through this, every transaction details and inquiries can be performed online without visiting the bank.

It offered more transparency in transactions.
The scope of frauds in banks is being minimized through the use of passwords, double authentication in online banking.
Technology also leads to competition among the banks which eventually provides better services to people.
With introduction of mobile banking, one can access their bank from anywhere-anytime. Everything is one quick tap away.
To facilitates better services, Banks have introduced Automated Banking Services Solution like Cash Deposit Machine, Cheque Deposit Machine, Passbook Printing Machine through these service have become easier.
Negative impact of technology on banking sector :-
The biggest negative impact of technology is loss of Jobs as automation has replaced number of jobs in banking sector.
Through technology comes the threat of Cyber Attack, a loophole in the system, millions of data can be lost in the blink of an eye.
These technologies consumes less time, it also sometimes makes people careless-which causes loss of personal details as happened last year in 2016,many debit cards details of big banks were compromised.
Conclusion :-
The Banking industry in India is rapidly progressing with increased customer base and due to newly improved and innovative facilities offered by technology. As the coin has two faces likewise technology also has its two sides on Indian banking Sector-the positive and the negative side. The risks are high, though it can be minimized and Technology will be the backbone of Indian Banking Industry in upcoming time.

Digital payments in India

The evolution of digital payments in India:-
India is a massive cash dependent economy with a 13% cash-to-GDP ratio to the global average of 2.5 to 8%. This invites many illegal transactions and black money within the system. The government hence, figured out that going cashless can be a solution to reduce these money laundering transactions, and a fair play in the economy of the country will persist.
In 2005, a tax named 'Banking Cash Transaction Tax' was one of the steps taken towards the removal of black money by the then finance minister, P.Chidambaram of UPA government, which levied a tax of 0.1% on withdrawals of cash above 10,000 rupees. But this mainly focused on the banks, while blurring the cash users like merchants or businessmen.
Demonetization was the next major and effective step taken by Prime Minister Narendra Modi to evacuate black money and embrace digitization on 8th of November, 2016. Elimination of 500 and 1000 rupee notes shook the entire economy of the country and paved way for digital transactions with open doors.
Present situation :-
Since the attack of demonetization by the government has been taken, digital and online transactions have had a steep up-rise in its graph. The rate of digital cash users is increasing exponentially day by day. Mobile transaction applications like PayTM says that there has been a 200% increase in its mobile app downloads in recent times and a 250% increase in their recent transactions. Applications like MobiKwik, Oxigen and UPay also reports the growth of digitization in their statistics after the widespread of demonetization.
The plan of using the Aadhar card details as a key or the pincode for monetary transactions has been going on. The Aadhaar enabled payment system (AEPS) uses the biometrics of an individual, like the fingerprints, as a personal identification number instead of passwords and pincodes for transactions. This system will also serve the security purposes as the biometric of an individual is unique.
India has showcased a massive progress on going cashless in a very small amount of time. The Digital Evolution Index 2017, which is a joint study conducted by the Fletcher School at Tufts University with Mastercard has categorized India under the "break out" segment among the top 60 countries worldwide for going cashless.
In spite of all these achievements, a security threat remains all over the system. Cyber bullies and hackers have not left behind a single scope to invade databases of banks or companies or personal accounts and emails of politicians, businessmen, journalists and other prominent people for personal fetishes. According to the 2015 data breaches study by IBM and the Ponemon Institute, India is the most targeted country for data breaches. Be it the big, famous brands like IBM, Hitachi or renowned banks like ICICI and HDFC, they all faced cyber attacks.
With the abundant availability of higher denomination notes, cash transactions are increasing again.
Steps taken by Indian Government :-
Demonetization is the biggest and the most effective step taken so far by the Indian government towards digitization. The dumping of 500 and 1000 notes has triggered the wealth of black money holders massively. Though the economy country-wide has dropped, the black money and big-fat illegal cash transactions have also been minimized greatly.
New portals for online digital transactions have been opened on a wide-scale, encouraging more customers or users of cash to dump the old techniques and go cashless.
For better security reasons and backing up the after-effects of demonetization, the Ministry of Electronics and Information Technology will be issuing a Request For Proposal (RFP) to set up a common e-governance platform for end-to-end transactional experience for a citizen, businesses as well as internal government functions.
What still needs to be done:-
The government must propose more secure and tight algorithms to stop the intervention of cyber attacks on top security databases for big companies, governments and systems, as well as on personal accounts for the public.
Apart from the digital security, the public also needs to be aware of cyber threats and phishing that take place on a daily basis. Falling as a prey for cyber attacks can be a nightmare for the common people, as well as the big industries and governments. People who do not know much about handling money in a digital way can be fooled easily by asking for their account details or lending information over fake calls, all in the name of digitization. Thus, it is of primary importance that the public is aware of such

misleading.
The security departments of every system must be well equipped with behavior analytics and pattern analysis to identify suspicious activities and prevent them then and there. Identification of frauds and fake apps which serve monetary transactions has to be the main motive of the security departments.
Best practices worldwide :-
A worldwide digital payment system and a cryptocurrency, which is the first decentralized digital currency is the Bitcoin. This system works without a central repository or a single administrator. The transactions here, are verified by network nodes, and takes place between users directly and the record is kept in a public distributed ledger.
Mobile applications like PayTM, for instance, is certified under the Payment Card Industry Data Security Standard (PCI DSS) 2.0 certification, which is the current industry security standard set by American Express, Visa International, MasterCard Worldwide and a few other international dealers. This is an essential certification for companies that store credit card information. PayTM and other such companies also use 128-bit encryption technology to crypt any information transfer between two systems.

Digital India' – How far was it a success?

What is 'Digital India' program :-

'Digital India' was launched in July 2015 by Government of India. This is started with the aim to achieve three interconnected goals. They are
Availability of high speed internet to each and every citizen.
To make all government services accessible to the common man through E-governance.
Digital empowerment of citizens.
Achievements :-
Mobile internet played an excellent role in achieving vision of digital India. India became second largest market of smartphones in the world. No. of internet users increased to 50 crore as of May 2017. In June 2014, no. of internet users were 24.3 crore.
Indian government is promoting content in local languages in internet.
India improved its rank in 'United Nations eGovernance Index' by 11 positions compared to 2014. In 2016, India's rank is 107. In 2014, it was 118.
No. of e-governance transactions per day was increased.
'DigiLocker', launched in 2015 enables citizens to securely store and share documents electronically has 72.66 lakh registered users as of 2017.
All central ministers are present in social media and are utilizing social media to receive complaints and feedback from citizens.
Now, people can share their views, ideas and suggestion directly to the government electronically through Narendra Modi app.
'Bharat Interface for Money (BHIM)' app, a simple UPI based mobile app for digital payments was launched in december 2016. UPI-based transactions grew more than 20 times since then. However this growth can be attributed to demonetization move.
'BHIM Aadhar' was started for digital payments at merchant outlets. With this, payer need not have mobile phone to make digital payment.
Digital payments training and awareness campaigns were conducted. 2.04 crore people registered for this and were trained as of 2017.
'UMANG' app was launched to drive mobile governance in India.
'Pradhan Mantri Gramin Digital Saksharta Abhiyan '(PMGDISHA) was started with the aim of making 6 crore persons digitally literate. 82.7 lakh people are trained under this scheme as of 2016.
Efforts were taken by government of India to make government apps available in regional languages as well.
Indian government has installed free public wifi hotspots at many public places.
eNAM was setup to connect agriculture produce markets. 36.4 lakh farmers registered for this as of 2017.
Direct benefit transfers were increased.
90,966 Gram Panchayats were connected by optical fibre network as of May 2017. The actual goal is to connect 2.5 lakh Gram Panchayats by optical fibre network by 2019. This will also cover villages and areas effected by left wing extremism.
'National Knowledge Network', a revolutionary towards creating a knowledge society without boundaries connected 1635 institutions as of 2017.
'National Cyber Coordination Center' is operating from June 2017. It ensures cyber security and is a backbone to the vision of Digital India.
Criticism :-
Despite taking effort to improve e-governance, India stood at 107th place in the world in e-governance according to UN e-governance Index. That means there is so much to be done to be at par with the best.
Still there is digital divide between rural and urban areas, between poor and rich, and between young and old people. Government of India is yet to close this gap.
All these developments of digital connectivity is a result of global trends. Increased internet penetration is due to competition among telecom companies and the internet pack offers they provided. All this success cannot be attributed to 'Digital India' program alone.
E-governance was started long before the launch of 'Digital India'.
Still some people in India have no basic education. Digital literacy is difficult to achieve without primary education.
Still there are many remote rural areas in India that do not have access to electricity, and some other rural areas have limited access. This is an obstacle for 'Digital India'.
Conclusion :-
India has come a long way in digitalization and has a long way to go to achieve the vision of Digital India. We can clearly see the difference in no. of internet users and improved e-governance. But there is still digital illiteracy in many parts of India. 'Digital India' will be a success, when its benefits are available to each and every citizen of India.
Afterwords :- What is your opinion on Prime minister's Digital India program? Express your thoughts in the comment section below. Subscribe to our blog to get new topics delivered to your mail.

Can we rely on Cryptocurrencies like Bitcoin?

Yes :-
Future belongs to technology. Cryptocurrencies make peer-to-peer financial transactions a lot easier. This currency can be sent from any part of the world to any part of the world. Hence there will be no struggle of exchanging the currencies like Dollar to Rupee etc.
While travelling the world, there will no hurdle of exchanging our currencies with local currencies.
Banks do charge us a part of the money we send or receive. With cryptocurrency, middlemen like banks will be eliminated, hence there will be no loss to us in financial transactions.
These transactions can be verified. Each coin is assigned a unique number.
One of the top economies of the world, Japan officially recognizes Bitcoin as currency.
No :-
There will be no sense of security. We cannot sleep peacefully because the cryptocurrency's value keeps on fluctuating. Standard currencies fluctuate too, but not as highly as cryptocurrencies.
If value of standard currency falls, we can still afford to live in our country, because the fall of currency value impacts all fields. For example, if the prices of groceries rise, so does our salaries. But if the value of cryptocurrencies like bitcoin falls, we will loose our hard earned money.
Bitcoin, the earliest cryptocurrency will generates only 21 million coins. That means when the demand for the bitcoin is more, the value of the bitcoin will increases. There is a downside to this, the value of the currency completely depends on the demand it has, that means if the major investors withdrew their money, the value of this currency will crash.
There is no governing body. If the cryptocurrency is hacked, no one will take the responsibility to repay our money.
Many cryptocurrencies came to the market after the invention of bitcoins. New cryptocurrency may decrease the demand for earlier cryptocurrencies. Investing in these kind of currencies will be risky.
Cashless economy made financial transactions much easier. Hence, there is no need of cryptocurrencies.
Ransomware hackers demanded their payment through bitcoins, because it protects identity of the person in financial transactions.
What is cryptocurrency :-
Cryptocurrency is a digital currency that operates independently of government. This uses cryptography to regulate the generation of the units of currency and to verify the transfer of funds.
"Bitcoin" is the earliest cryptocurrency.
There are more than 900 cryptocurrencies available over the internet as of July 2017. 'Bitcoin' and 'Ethereum' have the most demand.
Conclusion :-
It is highly unlikely that the demand for cryptocurrency will beat the demand for standard currency, because of the high risk involved. But we can take the best thing in this innovation that every coin has unique code and all the transactions of every coin will be recorded. This is a wonderful concept to eliminate money laundering in the economy.

Is 'Make in India' a success?

Achievements :-
With the launch of Make in India, rules and policies are simplified. Now it is much easier to start a company in India. That means Red tapism is reduced.
Ease of doing business in India is increased. India now ranks 130th out of 190 countries in the World Bank's 2016 ease of doing business index.
Make in India program attracted Foreign Direct Investment (FDI) to India.
This program made India, one of the preferred manufacturing hubs.
It created new employment opportunities.
There is a boom of startups in India after launching Make in India.
Several foreign companies started their manufacturing units in India.
India is aiming zero electronic imports by 2020, by making India as a electronic manufacturing hub, which is a part of 'Make in India' program.
Drawbacks :-
Though improved, ease of doing business in India is not upto the mark. Private firms, especially larger firms are complaining about regulatory obstacles.
There is a shortage of skilled manpower in India. Though the situation has improved, still there is a gap in between the demand and supply of skilled manpower.
Though many industries are planned to be setup and inaugurated, many of those projects are not implemented yet.
Workers in India's manufacturing companies are getting very low wages.
Background :-
'Make in India' program was launched in 2014 to transform India into a manufacturing hub.
Conclusion :-

'Make in India' is a success in creating a favorable environment for manufacturing companies. It's effect on Indian economy is clearly visible. But there are some drawbacks that need to be taken care of.

Will 'New India' be a reality?

Theme :-
Modi government promised 'New India' by 2022, when India will complete 75 years of independence.

By 2022, it is promised that India will be free of corruption, black money, nepotism, casteism and dirt. By then, youth and women will get ample opportunities, farmers will be able to double their income & poor will have concrete houses, according to Modi government.
In Favor :-
In three years of rule, Modi government could able to reduce corruption significantly. India could improve its rank in Corruption Perception Index. India ranked 79 out of 175 countries in Corruption Index 2016 by Transparency International.
With the introduction of 'Swachh Bharat' scheme, the problem of open defecation is reduced significantly and steps are being taken to eliminate it totally. The importance to cleanliness is also improved significantly. Achieving 'Clean India' by 2022 seems very much possible.
With 'Make in India' and 'Skill India' programs, youth now already has ample opportunities to prove themselves.
Opening bank accounts for everyone under 'Jan Dhan Yojana' gave economic empowerment to everyone and especially rural women. Now it is much easier to start a business of their own. By 2022, situation will become much better and hence there will be more opportunities.
Modi government is uplifting people and is helping people to raise their incomes instead of giving freebies as the previous governments. This is a great step towards eliminating poverty. 'Poverty free India' seems achievable by 2022.
Though Modi government provided loans and credits to farmers, it is difficult to achieve double farmers' income with the present schemes. Farmers need better prices for their agricultural produce. As doubling farmers' income is a target in union budget too, it seems government will come up with more policies to achieve the same.
Against :-
Minorities felt much safer before the introduction of Modi government. Though the government is assuring safety and equality to minorities, incidents like beef ban, mob lynching etc are causing insecurity in minority communities. Hence eliminating communalism from India by 2022 seems far from reality.
Terrorism is an international problem and not just India's. World couldn't eliminate terrorism despite fighting on it for decades. Achieving 'Terrorism free India' by 2022 may not be possible considering the present circumstances.
Many castes are demanding for their stake of reservation. Caste politics are same as before. It seems impossible to getting rid of casteism within such a short time.
Conclusion :-
If the current pace of progress continues, most of the things that are visioned in 'New India' will be achieved. But few things like getting rid of casteism and communalism seem difficult to be done. Overall, it is predicted that 'New India' will be reality with a few exceptions.

E-Commerce – Sustainable business model?

Background :-
The transaction of buying or selling online, commonly known as E-commerce has seen a speedy growth within the buyers and sellers. The penetration of the internet has been sharp for which, e-commerce has also stepped up.
The competition among the players of e-commerce also keeps on leveling up day by day. With this drastic development of online buying and selling, the question of sustainability of the business model of e-commerce remains.
Yes :-
Big online companies are investing heavy amounts on the e-commerce players. Research on e-retailing says that there is ample of space left to explore in the e-commerce division; the e-commerce does not seem to get hampered as far as investors are investing. India has a high potential of sustaining the e-commerce business. The Indian e-commerce is constantly on a rise in its part as more and more investors from foreign land shows up for investing.
With the tech-swayed generation and the wildfire of the internet, mobile phones, smartphones, tablets and other such electronic gadgets, e-commerce is now a long run player in the present business model.
A new dimension in business will mean that more jobs and employments. A recent HSBC report pointed out that e-commerce alone could create 12 million new jobs over a decade. Thus, e-commerce has to be a sustainable model for the people to get paid off.
E-commerce provides a relief to the e-retailers from TV ads and gives shelter in online ads which are also more vastly approachable to the new shoppers and gain credibility.
No :-
As the current business model is not very smooth and sustainable, there may come a time when focus of e-commerce players would shift to other issues like customer segmentation for more profitability issues.
A few companies launch strategies of discounting and heavy spending on advertisements for the profit factor. Instead of profits, they have been facing huge losses due to these factors. The loss-making discounting strategy of e-commerce companies has been affecting the entire retail sector.
In spite the high revenues being reported by most of the major e-retailers, some of them face big loses monetarily. Companies like Snapdeal, Flipkart & Jabong too are constantly facing losses. These massive losses show that better and stronger business models are required to be framed to carry on with e-commerce.
Conclusion :-
In the last couple of years, e-commerce has been developing rapidly. It has given a completely new dimension to a customer. The e-commerce companies are striving and competing against each other to give better experiences to customers as well as manufacturers. The business models also keep developing along with the other factors related to e-commerce for an overall upliftment in the business.

Impact of 'Internet of Things (IoT)' on our lives

What is Internet of Things (IoT):-
Internet of Things is a network of interconnected digital devices, machines, vehicles etc. These devices exchange data.
IoT is being adopted by almost all the sectors. One of the best examples of Internet of Things is smart home. Without human

intervention, things in smart home can exchange data and make things easier for resident like opening the doors automatically etc.
Positive impact:-
Who would have thought of a world where people can communicate with things around us? Today, we can have things like chairs, beds, cars and music system connected directly to the internet.This can be done simply by using sensor connected devices to our physical environment.
This will soon be high on demand because of its irresistible features such as ultra-low-cost with absolutely zero maintenance cost. Apart from this, it is different from the other emerging technologies having Artificial Intelligence and Machine learning, we need not have the required computer science skills.We don't have to be an expert to use it.
Talking in terms of healthcare, IOT has now reached all verticals one can imagine by developing wearable sensor gadget for monitoring fitness, diet, medication management etc.It has made the lives of physically disabled and senior citizens simpler since they have to live independently.
IoT can be widely used for monitoring the vibrations in the building, monuments, bridges, and dams during the natural calamity such as earthquakes or tsunamis. This could be huge help to control any natural disaster beforehand
With one tab on the IoT device, we can open our house gates, control the intensity of the light and set them dim, unlock our cars, slide the curtains and the list is endless. This makes up upgrade our standards of living.This could be useful for protecting our houses and lockers from thievery.
Negative impact:-
As we invite the new world having the next era of connectivity, we are talking about the massive loss of jobs over the next 10 years. With all our tasks automated, we are losing the importance of humans intelligence and labor.
Security is the major concern when we talk about IoT. An enormous amount of data now needs to be encrypted and protected from the hackers. Also, a time will come when the privacy of people will be highly challenged.
In the present world scenario, we require Arduino IoT kit for running any of the sensor based application which is quite expensive in the market. This means the concept of IoT doesn't support compatibility in terms of USB connectivity.
IoT is encouraging the over-reliance of technology, our present generation has grown up with the presence of a worldwide network of the internet where everything is so easily attainable overly dependent on internet and for every decision we now trust the technology more than our cognitive thinking.
Conclusion:-
In this weird world where homo sapiens have found a way of measuring the stress level much before their brains tell them, counting the number of people in the room, turning on to a particular channel on TV, knowing the areas where the plant needs the water accurately can now be done using the Internet of Things. This has been widely spreading leaving its imprints on millions of people. A new era has now entered our lives where a man is a slave of technology which is ironically developed the for making human's work simpler.
Afterwords:- What is your opinion on this topic? Express your thoughts in the comment section below.

Startup India Standup India : Success or Failure?

What is 'Startup India & Standup India' :-
Startup India is a campaign announced by Prime Minister Narendra Modi on 16th of October, 2016. The motive behind this campaign is to encourage entrepreneurship in our country and encourage startups with job creations.
The Standup India initiative also aim to promote entrepreneurship among SCs/STs and women communities.
Success :-
This scheme has encouraged entrepreneurs to come up with their startup plans. India ranks 3rd globally in the startup industry with 4200 registered startups.
The government has set up new incubators across the country on the public-private partnership mode. As per the NITI Aayog site, 17 established incubation centres have been shortlisted for scale-up support.
The Startup India hub has been operational from April 1st 2016 for any queries about recognition as a 'startup', incubators, funding or avail tax benefits. The hub has handled about 25,000 queries from startups through telephone, email and Twitter.
The 'Fund of Funds' of 10,000 crore rupees for startups by SIDBI (Small Industries Development Bank of India) has been a major attraction for ventures. The fund will invest in SEBI-registered VC funds which, in turn, will invest in startups.
Nasscom has pushed to remove funding and taxation constraints related to of startups through lowering of long-term capital gains tax rates for domestic investors to 10%, on a par with non-residents.
The government has made exit easier for startup who are about to quit their businesses. The Insolvency and Bankruptcy Code, 2016 says that startup can close up within 90 days of filling in the application.
The GST Bill has greatly improved the growth rate of startups in the country. The startups now are scaling up as there are no irregular issues to deal with.
Failure :-
The Startup India scheme had received around 1368 applications by mid-December last year. The Department of Industry Policy and Promotion (DIPP) has only accepted 502 application forms and recognized them as 'startups'. The delay and lack of efficiency is a cause for the startup plan to fail in some cases.

The concerns of domestic angel and VCs on capital gains tax remain largely unaddressed.
As of July 2016, SIDBI had chosen 8 venture funds to invest in startups as defined under the Startup India Action Plan. They announced to support startups with 428 crore rupees. However, no money has reached any of them and it appears that many of them are struggling to raise money from the market in a constrained funding environment.
The total amount of funding secured by Indian startups has also dropped by 47.7%.
The VC firms and angel investors are more cautious while investing on Indian startups. It is because the conditions, the ease of capital flow and doing business are not stable enough.

Also Read : Are Men silent sufferers in this modern world?

Conclusion :-

The campaign is a good start for the startup industry in India. But the implementation of the schemes has not been proper. The developments being made with time will bring the industry to its goal.
The decreased corporate taxes and the increased possibilities will surely help young entrepreneurs make successful businesses with great ease.

Merger of PSU banks – Is it really necessary?

Background :-

Government of India is planning to merge government owned banks to create a few strong banks that can compete in a global race.
PSU banks were hit hardly by Non-performing Assets (NPA). This is the reason Indian government is thinking about renovating PSU banks.
Merger will be between equal players.

Yes :-

Consolidation of banks will result in forming a few strong banks. These newly formed banks can compete with strong foreign banks and can emerge as a global banks.
With increasing NPAs, small banks cannot give more loans, but with merger big banks can better deal with NPAs and may not have to stop giving more loans.
Now, there are more than required no. of banks in many areas. For example, there are Andhra bank, State bank of India, Bank of India, Syndicate bank in a small town. After merger only one branch can replace all these branches. This will result in reduction of operational costs and improved efficiency.
Some companies and persons are taking loans from multiple banks and are not repaying. With the merger of PSU banks, this problem will be solved.
Though merger comes with extra expenses and problems associated with merging, in the long run merger of banks will yield positive results.
Investors are more likely to provide capital for strong banks rather than weak ones. This is the problem currently faced by medium to weak banks. Strong banks like SBI are able to attract investments.

No :-

Unlike SBI merger, PSU banks merger will create more problems because of merging heterogeneous banks. These banks have different policies and regulations. Merging different types of banks will lead to confusion and can further aggravate the present problems.
Merger of banks is expensive.
If big banks fail, that will be a big blow to country's economy. Hence it is risky to form big banks.
Merger may result in years of administrative problems.
NPAs are piled up not because of small banks, but because of inefficient policies to do with NPAs. Hence, merger will not solve the problem of NPAs.
There will be problems of synchronization. For example, after SBI merger, SBI didn't extend the benefits available to employees in SBI branches to its associate banks like SBH. This resulted in protests by its employees.
Weak banks will be left out in this process, and may shut down as they can't compete with big banks.
Regionality will be missed. All banks will attain the status of national banks.
Even after the merger, there is no guarantee that the newly formed banks can compete in the global race.
Several bank unions are protesting that government is going for merger just to privatize the newly formed banks. If that is true, instead of renovating and privatizing, if the present banks are directly privatized, a lot of expenditure of renovation will be saved. The responsibility to reform banks can be transferred to private players.

Conclusion :-

Also Read : Paperless office - could it be a reality?

NPA problem may not be solved by the merging of PSU banks, but this will definitely result in cost efficiency and can reduce burden of operational costs for banks. To compete with the world, India need more global level banks. But, how the government deals with the problems associated with merging will decide the success of merging.

Afterwords :- Do you think merger of PSU banks will yield positive results? Express your opinion in the comment section below.

How can we deal with increasing Cyber Crimes?

Background:-

Around 11,592 cases of cyber crimes were reported across India in 2015, the number is 26 folds more than the cases reported in 2006 accounting 453 cases.
Financial fraud and identity theft are the most common cyber crimes. A lot of people lost their hard-earned money because of cyber crimes.
Amid India's transition to cashless economy, cyber crimes are increasing multifold.
What is Cyber Crime:-
Any crime that is committed by using computer and internet network is a cyber crime.
In a cyber crime the computer may have been used in the commission of the crime, or it may be the target.
Most of the cyber crimes are : Fraud and financial crimes, Cyber terrorism, Cyber extortion,Cyber warfare, False-flagging & Phishing.
Causes:-
Common people do not have much awareness on methods of cyber crimes. This is biggest advantage for criminals.
Nonexistence of any strict laws and loopholes of the existing laws encouraging cyber crimes.
Cyber crimes happen because there will be high rate of return on investment and the risk of loss is low.
Financial gain was the biggest motive for cyber crimes.
The facility of being anonymous is giving opportunity to cyber criminals.
Cyber criminals don't have fear of rival gangs.
Lack of digital infrastructure and network to tackle the menace.
According to Akamai Technologies, India is among the top targets for web application attacks.
Effects:-
Leakage of important information of vital systems such as nuclear plants, railways andhospitals that can lead to dire consequences.
Financial frauds and fake online lottery and job scams damage the economic condition.
Stalking, cyber bullying and harassment through online increased drastically.
Cyber crime may cause damage to the social and communal harmony by spreading provocative media files and messages without the fear of being caught thus encouraging youth to get involved in such activities.
It may cause big losses to the business industry by creating fake companies, transactions and deals in sales etc.
What India is doing:-
Indian Government is spreading awareness though advertisements in televisions about fraud phone calls and cyber crimes.
India has 'Information Technology Act, 2000' in law.
India has 'Cyber Crime police stations', which deal with cyber crimes exclusively.
"National Critical Information Infrastructure Protection Center" (NCIIPC) has been established as the nodal agency for the protection of critical information infrastructure.
Best practices :-
Number of cyber security soldiers needs to be increased on a war-footing.
Digital literacy rates should be increased, so that dependence on others for cashless transactions will be reduced. Thereby, less chances of financial fraud.
Cyber vulnerabilities should be identified.
Financial sector and cyber security industry should collaborate.
People should not reveal too much personal information on the internet.
Conclusion:-
Whole world is fighting against cyber crimes. Some countries have advanced technology and human resources to deal with them. And some countries do not have that yet. India needs to increase its investment on cyber security and should spend on awareness programs on war-footing.

Role of digitization in banking

What is meant by digitization :-
Digitization is the process of converting data into digital format. Digitalization means the adoption of technology. But these two words are being used interchangeably.
Role of digitization in banking :-
Banks are not just a part of our lives, but have a significant role in our daily lives. For many, day will not end without at least a single financial transaction. Thus banks always try to adopt latest technologies to enhance customer experience.
Digitization is not an option for banking industry, rather it is inevitable because every industry is being digitized and banking sector is no exception.
Mobile banking is increasing at a fast pace more than online banking.
Advantages of digitization in banking :-
Improved customer experience.
Reduction of costs for banks and customers as well by using ATMs, cashless transactions etc.
With more digital data available with banks, they can take data-driven dynamic decisions by using digital analytics. This benefits both customers and banks.
Technology is non-discriminatory. Everyone will be treated same at banks.
Number of customers will be increased for banks because of the increased convenience of banking.
Digitalization reduces human error.
Need of handling large amounts of cash will be reduced.
Opening and maintaining bank accounts are never been this easier.
Repetitive tasks will be eliminated by automation.

Rural and urban gap will be eliminated.
With the increasing cashless transactions, fake currency threat will be reduced.
Productivity will be increased.
Disadvantages of digitization in banking :-
Digitalization reduces the effort of employees and hence results in loss of jobs.
Some bank branches may cease to exist with the increasing use of online banking.
Banks will be more vulnerable to cyber attacks.
Privacy may have to be compromised. No one can hide crores of rupees in banks and just act middle class. ☐
These disadvantages are just temporary. Loss of jobs will be compensated through creation of new jobs such as cyber security, research team for innovation in technology etc.
It's not that banks are going to have less work, but it's just that the role of retail banking sector changes.
Conclusion :-
With the increasing usage of smartphones, digitization of banking sector is inevitable to catch up the increasing expectations of the world. It indeed reduced human errors and increased convenience. But the fact that cyber threats are on the rise, banks must be very careful and should be prepared to handle cyber attacks.

Is India prepared enough to handle cyber attacks?

Yes :-
National Technical Research organization (NRTO), which was formed in 2004, provides technical intelligence to internal and external security.
Computer Emergency Response Team(CERT)-India notifies concerned regarding cyber attacks, analyses the vulnerability.
National Cyber Security Policy, 2013 aims at protecting the public and private infrastructure from cyber attacks.
India is working with US on cyber security.
No :-
India has approx 10,000 cyber soldiers, whereas our neighboring country China prepared 10 lakh cyber security experts.
In October 2016, Indian banks suffered data security breaches. It was one of the biggest cyber attacks on India. India couldn't stop it from happening.
Still some Indians are responding to fake calls about credit cards and bank account details. This shows us that there is lack of cyber security awareness among people.
We are importing lots of electronic devices from China, which are susceptible to malware and viruses.
There is little control over the hardware used by Indian Internet users.
India still has no proper system to to assess the nature of cyber threats and respond to them effectively.
What needs to be done :-
There must be a rule that banks and other financial institutions should be equipped with cyber security experts.
Awareness about cyber security should be given to all.

Facts :-
In 2015, USA couldn't stop the theft of 2 crore 57 lakh account details from government records.
Cyber attacks are from mainly Russia, China, Romania, Brazil, Eastern Europe, Vietnam & Nigeria.
According to Akamai Technologies, India is among the top targets for web application attacks.
Conclusion :-
Though India is taking steps towards strengthening cyber security, India needs to invest more in cyber security on a war-footing.
As we are working on digital India, we should work more on cyber safety. Government, private institutions along with educational institutions must work together to strengthen cyber security of our country.

Direct Benefit Transfer (DBT) Scheme – Pros and Cons

Background :-
Direct Benefit Transfer (DBT) Scheme's aim is to transfer subsides, scholarships and other welfare benefits directly to the bank accounts of beneficiaries.
It was launched on 1st January 2013.
Aadhar cards – a unique identification cards based on biometric identification will be linked to bank accounts of beneficiaries.
'Pradhan Mantri Jan Dhan Yojana' was launched on 28th August 2014 with the aim of universal access to banking facilities. Under this scheme beneficiaries can open bank accounts with zero balance, which helps in financial inclusion. And this program is a big success.
Pros :-
Middlemen will be eliminated. Hence leakages will be reduced.
As Aadhar card is based on biometric identification, fake & duplicate beneficiaries will be eliminated.
DBT scheme allows time-bound transfers hence avoids delays in transferring money, which is one of the biggest problems beneficiaries are facing.
This scheme eliminates intermediaries and rents for 'fair price shops' because subsidies and benefits of welfare schemes are transferred directly. This will help Indian economy in the long run as the structural expenditure will be reduced.
Transparency in the distribution of benefits.
As everyone can purchase goods at market price, there will be healthy competition between the sellers in the market. The problem of middlemen diverting subsidized grains to markets will be eliminated.
It encourages people to have bank account.

The problem of food grains storage and spoilage in the process can be eliminated.
Circulation of money will be increased, which can lead to a significant increase in the GDP.
It will help India to transform itself into cashless economy.
Cons :-
Still there are many rural & tribal areas, which don't have banking facility and road connectivity.
As of now, only 3% Indians pay income tax. So, determining the income of the rest of the citizens is still a challenge hence making it difficult to identify the deserving beneficiaries.
Most of the banks appoints Business Correspondents to enroll beneficiaries in rural areas. They may open more than one account for each beneficiary for incentive. And there are many complaints that they are not giving passbooks to the beneficiaries making them unaware of the scheme. Illiterate beneficiaries are more vulnerable in this case.
Direct cash may not be used for intended purpose and can be used in unhealthy ways. For example, the cash instead of food subsidy may be spent on drinking and smoking as most of beneficiaries' families' heads are men.
Micro ATMs, which were set up to deliver cash benefits at door step are not present in many areas hence many beneficiaries have to travel long to withdraw money.
Most of the beneficiaries' families' heads are men. This will be a disadvantage to women as there is no guarantee that they will get their share of the cash.
Interesting facts :-
'China' implemented 'Conditional Cash Transfer' to ensure that the money is spent on the intended purpose like on nutrition, education etc.
'Brazil' implemented 'Bolsia Familia' scheme – Direct Cash Transfer. The Cash is given preferentially to a female head of household.
Conclusion :-
Though there are some loopholes involved in Direct Benefit Transfer scheme, this program is an excellent way to ensure that every paisa reach the deserving beneficiaries, if carefully implemented.

Is FDI good for India?

What is FDI :-
FDI (Foreign Direct Investment) is the investment by a foreign companies in domestic companies.
The host company and the company that is investing together form a 'multinational corporation' (MNC).
Through FDI the investing company will have control over the host company.
In Favor :-
FDI helps in the economic development of the host country, where the investment arrives.
For origin and host countries, FDI provides access to new technologies, products, skills and organizational and management strategies.
Employment opportunities increases in the host country.
Origin country, which means the country that makes the investment also develops economically through profits earned.
Competition increases. With competitive spirit, every company improves to its best.
Through FDI in production companies, price reduction is possible.
FDI is a boon for the small companies to become more actively involved in international business activities.
Against :-
Dominance of foreign companies over Indian companies can sometimes be detrimental to domestic interests.
Inflation (the rise in prices over a period of time) may increase.
With the FDI in retail sector, small companies and merchants will suffer.
Technological dependence on foreign technology sources.

Conclusion :-
FDI is beneficial for any country to develop it's economy and technological talent. But, FDI's share should be limited to 49% to avoid foreign companies' dominance over Indian companies.

Is 'Jan Dhan Yojana' a success?

What is PMJDY?
It is a financial inclusion scheme aimed particularly at the poor and the needy, i.e. it aims at connecting them to the existing banking system.
It was launched in 2014.
This Scheme also aims to improve access to banking amenities such as ATM transactions, overdraft facility, short-term credit, and insurance, etc.
It created the Guinness World Record in 2014 by opening the highest number of bank accounts in a single day.
By August 2017, 295.2 Million accounts have been opened.
This led to deposits of over Rs. 658.45 Billion (~half percent of the GDP of India).
Evidence says that the accounts are increasingly being used actively.
The Provisions :-
Under PMJDY, people will be able to open zero-balance accounts with any bank, private or public.
The only proof required is the Aadhar. Those without it can also use NREGA and voter id cards. There are provisions for even those who don't have these.
Accident insurance of one year up to Rs. 1 lakh was given to those who opened bank accounts in a specified period. Additionally, life cover of Rs. 30,000 was also given.
All holders will get a RuPay card and basic mobile banking.
The government plans to reimburse all the costs of the banks.

Yes :-
Only 54% Indians had access to banking services. Most of these depend on local moneylenders for credit.
It will be easier for the government to directly pay the subsidies, thereby, preventing the leakage.
Easy access to banking can bring economic prosperity to the nation.
This is a scheme which showed us that the rural people learn by using as is evident from the fact that, aided by government direct benefit transfer, the people increasingly actively used their accounts.
This also may lead to a shift of the workers from the informal to the formal economy.
Women and other backward classes enjoyed greater account ownership after the PMJDY.
This will also lead to the ultimate faltering of myths like distrust in the financial system and will eventually decrease the distance to the nearest bank branch.
No :-
NPC hasn't been able to serve even the last-minute calls of life insurances. In that case, government, as it has always done, will go to LIC.
Will the banks be interested to provide equal services to the zero-balance account holders?
If the government will pay all the costs to the banks, it will be just another scheme financed by the taxpayer's money.
The main problem is whether these accounts will just lie dormant?
There is another problem of account duplication, which can dodge the ultimate government objective of direct benefit transfer and remove the duplicates in the system (The only document that can verify whether there are duplicate accounts is the Aadhaar which is not mandatory and has its own problems if made mandatory).
Therefore, even if there is a huge increase in a number of accounts, it doesn't translate to that the very needy have opened accounts.
There are wide discrepancies between the data on active usage according to the regions and states, which exposes the doubts regarding policy communication.
As goes with the demonetization process, there are questions as to how much trust we can put into our banking system? There were headlines as to how the banking personnel refused to create accounts on absurd bases.
The numbers should not be translated to 100% household coverage because of these ambiguous statements equal to those who have still not been financially included (the poorest and the neediest) being treated as invisible.

Conclusions and steps for Improvement :-
It will be safe to say that the PMJDY was a success for the government but this statement has its own limitations. The following tasks need to be focused on:
The financial problem of the country will not be improved unless successive governments take steps against the big NPA problem.
There needs to be strict monitoring of the indicators both by the governmental and non-governmental organizations to clearly calculate the reach of the program and its nature.
The awareness regarding the banking system needs to instill in both the prospective rural customers as well as the staff. Otherwise, such schemes will not be implemented but thrust onto the face of the banking system.
Policymakers need to determine what causes the banking staff to behave rudely with the rural populace.

Are women better managers than men?

Yes:-
Women are more patient and composed while making decisions. It's because of the way women are raised.
Be at homes or offices, women manages their work flawlessly. Hence they are good at multitasking.
Women are more flexible and can adapt themselves in any situation or adversity. It's because they are taught from the childhood to adjust to the situations.
They are good time managers. As most of the women today manage work and home, they can prioritize their time well.
Women are better listeners and give importance to minute details too at work.
They've coherent minds, are punctual and are dedicated towards their work. These inbuilt qualities do make them better managers than men.
No:-
Most of the women are emotional and is soft-hearted. That'll not be suitable at all times.
Women take calculated risks. At times business persons need to choose risky paths.
Women tend to take things personally, which can result in biased decisions.
Conclusion:-
If we treat everyone equally without any gender discrimination, women can show their talent in every filed. The best example is in India only, when a woman was given the responsibilities of defence minister this year. Times are changing and now it is not about gender anymore. If you have talent, you can do anything. The differences between women and men managers exist because of the society's way of raising men and women. Women were encouraged to be empathetic, kind etc. Men were taught to be harsh and demanding. Now the situations are changing. Both boy and girl children are being raised equally. Hence with time, the differences between men and women will not exist.

Artificial intelligence – Pros and Cons

Background :-
The ability of a computer system or a machine to behave intelligently with some human traits is known as artificial intelligence (AI) or machine intelligence (MI).
Automated cars, interpretation of human speech, high level gaming strategies, decoding complex data etc are all possible because of artificial intelligence of machines.
Pros :-

Artificial intelligence is developing with every passing day. New technologies are being invented every other day as a result of advancement of science, which is leading to simpler lives.
AI can be used for higher security purposes of confidential belongings. Features like face recognition and voice recognition are used which requires artificial intelligence of computer machines.
The recent launch of digital assistants like the Google assistant or Siri or Cortana by the highly advanced organizations has taken a role of a new member in every family. With the use of features of AI like logical reasoning, perception of human behavior, massive statistical records, planning, machine learning, these avatars or the assistants can do wonders.
Doctors and specialists rely a lot on the AI for proper treatments. Be it radiosurgery, or neurological disorder, or depression, artificial intelligence is required in several fields for medical assistances.
The field of robotics is very closely related to AI, which are logically trained and understands human behavior and psychology well and can be used in multiple fields like industrial laborious work, or engineering of machines minutely, or in operation theaters.
Artificial intelligence is bedded into robots so deep, that robots are beating humans in intelligence games or competitions.
Also, a lot of video games uses the AI as games require human interaction and intelligence the most.
Cons :-
The major threat of artificial reasoning is the fear of human race extinction. Great personalities like Stephen Hawking, Elon Musk and Bill Gates had showed their concerns about the negative influences of artificial intelligence and the fear that AI may go beyond the control of humans.
Facebook has shut down one of its AI systems as bots started talking among themselves in their own language.
As AI can be used for betterment of humanity, it can also be a reason for human degradation. Automated destructive machines and weapons can be invented which uses the AI and these weapons can lead to mass destruction, if it falls into wrong hands.
Artificial intelligence hypothetically means a more intelligent machine than human beings. Too much intelligent machines may lead to loss of humanity, because humans would start to rely on those machines too much and would eventually lose their own judgmental, thinking or sentimental qualities.
Bringing machines with artificial intelligence would mean a reduction in human labor, which in turn leads to unemployment. AI machines would definitely mean better work performances, but it would also lead to an economic instability.
Conclusion :-
Machines with artificial intelligence must have some limitations. The ethics of artificial intelligence has to be formulated well and applied on the machines at all costs. International policies on AI is the need of the hour.

Impact of GST on Indian Economy

Positive Impact :-
As there will be no inter-state tax, transport of goods will be much easier. There will be no burden of check posts for states. And this will benefit transport industry and suppliers of goods as well. This leads to improved business efficiency, which inturn helps improving economy.
With the elimination inter-state tax, more goods will be imported and exported among states. This leads to improved business and hence improved economy.
Input tax credit allows people to claim the tax paid by their suppliers. Then, no one will buy goods from those who do not pay taxes. This leads to reduction in tax evasions and hence more money from taxes to Indian government.
With the tax benefits GST provides, it will reduce the prices of goods in the long run. This will increase consumerism and hence improves economy.
GST is a global standard tax. And hence with the implementation of GST, India will gain the trust of foreign investors. More investments will help economy.
Negative Impact :-
Smuggled goods may travel freely throughout the country once they cross the border, because of no separate checking at states. If this happens, it will be impact Indian economy negatively.
Prices of goods that are bought by upper middle classes and upper classes are increased. This may deter them from buying such kind of products. This will lead to decreased demand -> decreased production -> Impacts economy negatively.
With the increased competition from the goods from other states, local people may feel discriminated. This may lead to decrease in quality of products to cope up with the competition.
What is GST :-
'Goods & Services Tax' (GST) is the biggest tax reform in India till now. GST replaces all the indirect taxes in the country.
At present there are different tax rates in different states. With GST, tax rates will be equal through out the country.
All the indirect taxes such as Excise tax, sales tax, service tax etc. will be replaced by GST.
GST also eliminates double taxation. Till now, manufacturers have to pay tax on the goods they manufactured. For example, the maker of wooden toys had to pay tax on the rate of the toy, that he is going to sell. But with GST, he has to pay tax only on the value he added, that means he bought wood from another manufacturer and he added value to it by transforming the wood into toys. He will not pay tax on the wood, because tax on wood was already paid by the wood manufacturer.
GST is going to be implemented from July 1st, 2017.
A four-tier GST tax structure of 5%, 12%, 18% & 28% will be implemented based on the type of products. For essential goods like food, GST will be 5%, and for luxury goods, GST will be 28%.
GST is an international tax regime. More than 160 countries already implemented GST.

What is "Input tax credit" :-
First of all, "input tax" means tax you pay to the govt for the goods you buy. "Output tax" means tax you pay to the govt for the goods you sell. This "output tax" will be added to price of the product and hence will be paid by consumers.
And now, let's see what is the meaning of "input tax credit"…
For example, Fathima manufacture dresses. She needs to pay Rs.50 tax to government on each dress she sells.
She bought fabric from Anusha. Anusha paid tax Rs.40 to government on the fabric she sold.

So, now Fathima pays only tax Rs.10 to government and informs govt about Rs.40 that Anusha paid on fabric. Government checks the receipts. And then, on paper the total tax Fathima paid is written as Rs.50/-. This is the concept of "Input Tax Credit". That means you can claim the "credit" of "Input tax" that is paid by your supplier of raw goods.

Conclusion :-

Though there will be some confusion and price rises in the initial stages of implementing GST, in the long run GST will boost Indian Economy.

How to reduce NPA?

What is NPA :-

'Non-performing Assets' (NPA) are the loans that are not repaid and are not generating any income to the lender.

Around Rs. 6 lakh crore worth loans are classified as NPA as of 2017 and are causing a crisis in the banking sector.

Causes of NPA :-

Many loans are given to big companies without thoroughly analyzing the repaying capacity that companies and the owners has.

Around 80% of NPA are from willful defaulters.

Some loans are given to the big companies that are facing losses and are about to shut down. This can be attributed to corruption and nepotism.

Banks are not yet free from government and political influence. Some politicians are using their power to grant loans to undeserved business persons.

Without conducting field study and relying completely on project report is another cause.

After granting loans, banks are not observing how the loans are spent. Many willful defaulters are spending the loans unproductively which will not help to grow business in anyway. For example, DCHL took many loans from many banks and spent the loan amount by investing in IPL, buying luxury cars, granting bonuses etc.

To grant huge loans, banks form as a consortium and a big bank among them leads it. Small banks blindly follow big bank in granting loans that company. If that big bank take wrong decision, small banks will suffer.

Some companies are taking loans but are not able to finish their projects. As a result, the lender bank is giving more loans to it to finish the project in the hope that they can recover their previous loan. But in many cases, this is further aggravating the NPA problem.

Till April 2017, there were no strict laws to recover NPAs.

Impact of NPA :-

NPA are weighing down the banking system. Many banks do not have enough money to grant new loans, which is a blow to the way of income to the banks.

To help banks, government is investing more money on banks with taxpayers money. In 2016-17, government allotted Rs. 25,000 crore to banks.

Measures to reduce NPA :-

The immediate solution is to sell Non performing assets. From April 2017, banks are selling more NPAs.

Among all defaulters, the top 20 companies created nearly Rs. 1.54 lakh crore NPAs. If banks concentrate on these major defaulters, government may not have to rescue banks.

Banks should thoroughly inspect the company they are giving loans to. Loans to bad companies will lead to lack of money for good investments.

It's better to display the defaulters' name list publicly. This will cause fear and acts as a deterrent.

After granting loan, banks should observe the capacity of the company continuously and should be able to assess whether it is about to bankrupt. In this way, banks can sell the assets before the loans become NPA.

Creating 'bad bank' and transferring NPAs to it. In this way NPAs will be cleared for banks on papers. This method is useful to resolve the stress in the banking system.

Conclusion :-

Though Indian government is rescuing banks, NPA problem will not be solved without preventing the grant of bad loans. Banks should assess the companies thoroughly before granting loans and should act strictly towards willful defaulters.

Loan waiver for farmers – Good or Bad?

Theme :-

Uttar Pradesh government waives farm loans worth Rs. 36,000 crores in April 2017.

Tamil Nadu also decided to waive loans for farmers.

Several other states including AP, Telangana & Maharastra have pressure to follow the same.

Good :-

In India, results of crops highly depend on monsoons. Farmers invest heavily on crops by taking loans. If the crop fails due to lack of rains or insufficient market demand, farmers will get trapped in debt. Farmer suicides are increasing in India. So, it's a good step to waive farm loans.

Many farmers borrow money from unofficial moneylenders for high interest rates and get trapped in vicious cycle of debt. Farm loan waiver schemes will divert these farmers to borrow money from banks.

Agriculture in India is not a good career option yet. Many farmers are leave farming, if they find alternatives. If this situation continues, there will be a severe food scarcity. To prevent this situation, government need to gain the trust of farmers. Farm loan waiver scheme does that.

Bad :-

Loan waiver schemes disrupts credit discipline. Farmers will turn into willful defaulters as they wait for the next loan waiver scheme, which is bad for economy.

This scheme indirectly punishes loan repayers. Those who repaid loan before the announcement of the scheme are at loss.

Those who didn't repay loans, even if they afford to are at benefit. But here, taxpayers are at loss, because loans will be waived with taxpayers' money.
Instead of loan waiver scheme, it will much better if government improves the crop insurance scheme, educates farmers about the market trends, increases the Minimum Support Price (MSP).
Banks may brand farm loans as bad loans and they may implement stricter rules to lend money to farmers.
Rich farmers too may take loans even if there is no need, in the hope of the next loan waiver scheme. This will impact the farmers who are genuinely in need of loans.
Facts :-
Agricultural debt waiver scheme was first implemented in 2008 under UPA government. Then, Rs.60,000 crore worth farm loans were waived off.
Conclusion :-
Though loan waive offs will disrupt credit discipline, farm loan waiver scheme is beneficial to many. Amid the increasing farmer suicides, loan waiver scheme provides relief for many families and encourages them to invest in the next crop. This in turn benefits India's food security as well. But care must be taken to weed out the willful defaulters from the scheme and to provide incentives to those who repaid the loans.

Farmer Suicides in India – What needs to be done?

Reasons for farmer suicides in India :-
Financial distress.
Crop failures.
Unorganized farming practices.
Overwhelming debts to banks and money lenderers. Incapable economic condition of farmers leads them to borrow loans. Though local moneylenders are usually portrayed as the main culprits, legal data shows that 80% of farmers killed themselves in 2015 because of bankruptcy or debts after taking loans from banks and registered micro-finance institutions.
The average size of land holdings in rural India has halved over the past twenty years. Many poor farmers are left with less than one hectare land.
Though debt is the main cause of farmer suicides, there are reasons like social disrepute, health problems, addictions, high expenses for marriages, disputes with others etc. All these causes are inturn linked to financial distress.
In a report submitted by Radhakrishnan, it has been stated that in rural India many of the farmer loans are for marriages. It is a social obligation to spend well on weddings, which sometimes includes dowry.
Sowing water intensive crops, and depending heavily on rainfalls.
Increase in the compensation given to immediate kin, is also one of the causes for farmer suicides.
What Indian government is doing:-
In the union budget 2017-18, Indian government aimed at doubling farmers' income in the next five years.
'Soil Health Cards' scheme is one of the best programs for farmers. Through this scheme, farmers will get a well-monitored report of the soil in their land, so that best crop for the soil can be selected.
Indian government is providing crop insurance under 'Pradhan Mantri Fasal Bima Yojana' (PMFBY) program.
'Agriculture Produce and Market Committee (APMC) act' was implemented to develop efficient marketing system for agricultural produce.
'Mahatma Gandhi Rural Employment Guarantee (MNREGA) Act' was introduced to ensure jobs to the rural population during non-farming seasons, so that migration of agrarian community to cities in search of jobs can be curbed.
Maharashtra reported the maximum number of farmer suicides in 2016. It has launched a water conservation scheme named 'Jalyukt Shivar Abhiyan' to make Maharashtra a drought-free state by 2019.
Maharashtra state government aimed to become zero farmers suicide state in year 2017 and 2018. It launched 'Baliraj Chetana Abhiyan' which is replacing more than 100 schemes for the upliftment of farmers through a holistic approach of socio-economic development model.
What more needs to be done:-
Larger land holdings can be one of the solution to prevent the farmer suicides in India. Size of land holdings can be increased by promoting practices of land pooling and through collective farming.
The present 'minimum support price' for agricultural produce is not even sufficient to repay the loans. MSP needs to be increased.
The reasons for farmers suicides vary from state to state. For example, in some states lack of rainfall is causing crop failures. For that, crops that need less water should be promoted. States should identify their

problem areas, and needed to work on that. This will be helpful to farmers more than the nation-wide programs.
Easier access to credit loans.
Reducing input costs and encouraging organic farming practices.
Conducting awareness programs on crop insurance schemes.
Implementing advanced technologies in agriculture leads to increase in productivity.
Situation in other countries:-
Farming profession is considered as high stress profession not just in India but also in some other countries like Sri Lanka, USA, Canada, England and Australia.
Large land holdings and introduction of advanced farming technologies have succeeded in improving the farmer's life in developed countries.
Conclusion:-
Though there are many schemes for improving the lives of farmers in India, the programs are not being implemented effectively. Implementing advanced technologies and encouraging organic farming practices and the effective implementation of schemes can together solve the problem of farmer suicides.

Digital payments in India

The evolution of digital payments in India:-
India is a massive cash dependent economy with a 13% cash-to-GDP ratio to the global average of 2.5 to 8%. This invites many illegal transactions and black money within the system. The government hence, figured out that going cashless can be a solution to reduce these money laundering transactions, and a fair play in the economy of the country will persist.
In 2005, a tax named 'Banking Cash Transaction Tax' was one of the steps taken towards the removal of black money by the then finance minister, P.Chidambaram of UPA government, which levied a tax of 0.1% on withdrawals of cash above 10,000 rupees. But this mainly focused on the banks, while blurring the cash users like merchants or businessmen.
Demonetization was the next major and effective step taken by Prime Minister Narendra Modi to evacuate black money and embrace digitization on 8th of November, 2016. Elimination of 500 and 1000 rupee notes shook the entire economy of the country and paved way for digital transactions with open doors.
Present situation :-
Since the attack of demonetization by the government has been taken, digital and online transactions have had a steep up-rise in its graph. The rate of digital cash users is increasing exponentially day by day. Mobile transaction applications like PayTM says that there has been a 200% increase in its mobile app downloads in recent times and a 250% increase in their recent transactions. Applications like MobiKwik, Oxigen and UPay also reports the growth of digitization in their statistics after the widespread of demonetization.
The plan of using the Aadhar card details as a key or the pincode for monetary transactions has been going on. The Aadhaar enabled payment system (AEPS) uses the biometrics of an individual, like the fingerprints, as a personal identification number instead of passwords and pincodes for transactions. This system will also serve the security purposes as the biometric of an individual is unique.
India has showcased a massive progress on going cashless in a very small amount of time. The Digital Evolution Index 2017, which is a joint study conducted by the Fletcher School at Tufts University with Mastercard has categorized India under the "break out" segment among the top 60 countries worldwide for going cashless.
In spite of all these achievements, a security threat remains all over the system. Cyber bullies and hackers have not left behind a single scope to invade databases of banks or companies or personal accounts and emails of politicians, businessmen, journalists and other prominent people for personal fetishes. According to the 2015 data breaches study by IBM and the Ponemon Institute, India is the most targeted country for data breaches. Be it the big, famous brands like IBM, Hitachi or renowned banks like ICICI and HDFC, they all faced cyber attacks.
With the abundant availability of higher denomination notes, cash transactions are increasing again.
Steps taken by Indian Government :-
Demonetization is the biggest and the most effective step taken so far by the Indian government towards digitization. The dumping of 500 and 1000 notes has triggered the wealth of black money holders massively. Though the economy country-wide has dropped, the black money and big-fat illegal cash transactions have also been minimized greatly.
New portals for online digital transactions have been opened on a wide-scale, encouraging more customers or users of cash to dump the old techniques and go cashless.
For better security reasons and backing up the after-effects of demonetization, the Ministry of Electronics and Information Technology will be issuing a Request For Proposal (RFP) to set up a common e-governance platform for end-to-end transactional experience for a citizen, businesses as well as internal government functions.

What still needs to be done:-
The government must propose more secure and tight algorithms to stop the intervention of cyber attacks on top security databases for big companies, governments and systems, as well as on personal accounts for the public.
Apart from the digital security, the public also needs to be aware of cyber threats and phishing that take place on a daily basis. Falling as a prey for cyber attacks can be a nightmare for the common people, as well as the big industries and governments. People who do not know much about handling money in a digital way can be fooled easily by asking for their account details or lending information over fake calls, all in the name of digitization. Thus, it is of primary importance that the public is aware of such misleading.

The security departments of every system must be well equipped with behavior analytics and pattern analysis to identify suspicious activities and prevent them then and there. Identification of frauds and fake apps which serve monetary transactions has to be the main motive of the security departments.
Best practices worldwide :-
A worldwide digital payment system and a cryptocurrency, which is the first decentralized digital currency is the Bitcoin. This system works without a central repository or a single administrator. The transactions here, are verified by network nodes, and takes place between users directly and the record is kept in a public distributed ledger.
Mobile applications like PayTM, for instance, is certified under the Payment Card Industry Data Security Standard (PCI DSS) 2.0 certification, which is the current industry security standard set by American Express, Visa International, MasterCard Worldwide and a few other international dealers. This is an essential certification for companies that store credit card information. PayTM and other such companies also use 128-bit encryption technology to crypt any information transfer between two systems.
Conclusion :-
Going digital will help in keeping track of the monetary transactions taking place and will pose more security on individual's wealth. Digital payments will also be a step for an eco friendly environment as the usage of paper reduces. A drawback factor to the making of a digital India will be the high rates of illiteracy and poverty.

Is it really worth to become a cashless economy?

In Favor:-
Cashless transactions ensures transparency and reduces black money formation.
The problems like pick pocketing and robbery will be eliminated.
Cashless transactions counter tax evasions.
45% of India's GDP is influenced by informal economy. Cashless economy forces informal sector to transform itself into formal sector.
Digital literacy can be in increased.
Expenditure for the manufacture of currency notes can be avoided by cashless less economy.
Tourists to India have no need to struggle for physical cash.
Corruption and commission culture can be eradicated by online payment modes.
It will create an universal platform for banking services to all as no physical infrastructure is needed other than digital. Less cost for banks.
Problem of fake currency notes can be eliminated by digital payment.
All the subsidies and welfare scheme benefits can be directly utilized by the beneficiaries without the need for withdrawing money thus avoiding the inconvenience.
Cash less economy will create huge employment opportunities in banking as well as in software industry.
Many online wallets and apps are giving discounts and cashbacks for online payments which will help the customers to save money.
Helps in attracting foreign investors and domestic investors to invest in India.
Against:-
There is a small service charge for IMPS transactions, but with cash transactions there will be no loss.
Cash transactions are very convenient in daily life. We are used to it.
A large part of Indian population is digital illiterates.
Automatic and digital payment may have cut in blue collar jobs and according a recent survey, there may be a loss of 70,000 jobs in India.
Cyber crimes and other modes of thefts will be increased. There is lack of digital awareness in the country, forget about awareness about cyber crimes.
It will be difficult to provide a smooth internet infrastructure which can cater to such a huge volume of users in India.
Illiteracy and lack of awareness can be taken advantage by some, it inturn encourages the commission agent culture in rural areas.
Money can be robbed in the pretext of helping digital illiterates.
Phishing is still highly prevalent in India. Is it really worth bringing more people to digital world?
Basics:-
Cashless economy refers to financial transactions without using physical cash.
On November 8th 2016 prime minister of India announced the historical decision of demonetization high value currency notes of 500 and 1000, and talks of cash less society or cash less economy started making news in Indian media and public.
In ancient days too there was cashless economy and the payment was used to be done in the form of goods for services. Exchange of goods was also been practiced in those days.
Situation in Other countries:-
In 'Belgium', 'France', and 'Canada' over 90% of consumer payments are made via cashless modes.
About 80% or more transactions were made by non-cash modes in 'United Kingdom', 'Sweden', 'Australia', 'Netherlands', and the 'US'.
'Germany' accounts for about 76% of cash less transactions.
Asian country 'South Korea' too use cashless payments as the major mode of consumer payments.
Conclusion:-
Cash less economy is indeed a positive thing for any economy. But Indian government should increase the spending on Internet penetration in the rural areas. New strict and stringent laws needed to improve the cyber security in the country. Continuous and uninterrupted supply of power to banks must be provided.

Social networking in our lives

Impact of Social Networking on our lives :-
Social networking is imbibed in our lives so much that this generation cannot imagine their lives without Facebook, Twitter,

Instagram etc.
Social networking sites changed our lives drastically that its impact cannot be ignored.
Positive impact :-
Communication has become a lot easier. We can now easily communicate and maintain relationships with people from any part of the world.
Social networking sites brought governance closer to people. Political leaders and govt officials are also using social network sites to interact with citizens.
Finding a job is never been this easier. One can buildup her/his profile online, apply for jobs and can attract the job opportunities.
Healthy competition of businesses. Social media acts as a level playing field for businesses to market themselves. People can now easily market their products.
Now people can express their opinions and can share their experiences easily.
Social media makes people aware of the happenings around the world.
It has become easier to help people in need. Whether it's a medical emergency or a natural calamity, people are forming groups and offering help.
Good also spread easily. Many are now donating used items to less fortunate.
We are meeting like-minded people.
Negative impact :-
Social networking sites put pressure on its users to exhibit their lives as happier and different than the rest. This may stress and anxiety.
There is also a pressure to look more fit and beautiful. Though it's good to some extent, it is causing unbearable stress especially among youth.
These sites are very distracting in nature.
Students are getting addicted to social media leaving their studies behind.
Cyber bullying and threats from strangers have increased.
Many are now preferring virtual communication over real conversations.
Some youth are getting attracted to risky trends like selfies at dangerous places.
Anonymity can ruin lives sometimes. People write hate and offensive comments without revealing their true identity.
These days fake news is going viral giving misinformation to public.
Conclusion :-
We cannot disagree with the fact that social networking sites made our lives much easier than before. Though there is some negative impact, we can mitigate it with improved awareness. We should utilize social networking sites and should not let it control our lives.

Specialization vs Generalization

In Favor of Specialization :-
Specialization is focused. One can easily search for job, because she/he knows exactly which job she/he wants.
High productivity.
Higher income.
More demand in the present generation.
Because of specialization of production, trade is increasing continuously.
Drawbacks of Specialization :-
Risky. If the demand for that particular specialization decreases, one has to start another career from the scratch.
Monotonous and boring.
Lacks basic skills in the related fields.
You may need to relocate as the places, which need specialists are limited.
Limited career options.
Requires more years of study comparatively.
In Favor of Generalization :-
More job options.
Can switch careers easily.
Organization leaders excel better if they are generalists, because they need to have a basic understanding of all the jobs in their company.
More probability of learning continuously about related things.
More scope for growth and improvement.
Less risky because demand will always be there.
Drawbacks of Generalization :-
Lower income comparatively.
Requires more work of constant updating.
No clarity while searching for job as there are too many options.
Conclusion :-
When a person observes some general symptoms that have the probability of different diseases, she/he can't run to every specialist related to that. In this case, people generally visit general surgeon to know which specialist they should meet. Likewise, demand and requirement will always be there for both generalists and specialists. However demand varies from one field to another.

Social networking sites – Boon or Bane?

Background :-
Facebook, Twitter are the examples of social networking sites (SNS).
Social networking was started on the internet in the form of generalized online communities to group the people having same

interests and to share their ideas.
The first recognizable social networking site is SixDegrees.com which was launched in 1997.
Now, there are lots of social networking sites for specific interests.
As of 2016, 45% of the world's internet users are on social networking sites.
Facebook, launched in 2004, has become the largest social networking site in the world as of now.
Positive Side :-
We can keep in touch with friends in today's busy world.
We can improve ourselves by sharing our ideas, information and knowledge with those, who have same interests, even if they are so many miles away from us.
Teachers and professors are making groups on SNS to extend classroom discussion, to post assignments, tests & quizzes and to assist students with homework.
Many companies are developing interactive communities that connect individuals to share business needs & experiences.
Students are connecting with employers via LinkedIn kind of SNS for job opportunities and internships.
We can find our friends easily, if we lost contact.
Generally social networking sites have a positive atmosphere. For example, Facebook doesn't send notification, if someone is removed as a friend. So there is a least chance for the person to know that.
Negative side:-
People are increasingly comparing their lives with others that are projecting their life as perfect. This decreases happiness levels and also can lead to self-esteem issues.
Privacy is a big drawback of SNS. Some people are using other person's personal information for malicious intentions.
Addiction is another big drawback of SNS.
Lot of SNS users are preferring online conversation rather than face-to-face. It'll effect communication skills, relationships and even mental health.
There is a high risk for children and teenagers from cyber stalking.
Gossips and rumors spread soon.
Spending in front of computer for long hours creates many health problems.
Present situation of social networking sites :-
Messaging and VoIP (Voice over Internet Protocol) apps such as hike, whatsapp & Skype are taking over social networking sites.
More and more people are diverting to niche based social networking sites, because people want to connect with others of the specific interest.
Conclusion:-
Social networking sites are a boon. It depends on how we use them, whether to improve ourselves or to degrade. But children and teenagers must be guided by their guardians because they can easily be manipulated and affected by cyber threats.
We should not disclose too much personal information because its risky. Life will be great, if we spend less time on social networking sites and more time in the real world.

Balance between Profession and Family

Professionalism and family can be described as the two sides of the same coin as both are equally important in one's life.
Profession gives us an individual identity and financial security and family gives us an emotional security.
In today's hitech busy lifestyle it's becoming difficult to find the time to spend with his/her family. This is causing lack of peace of mind.
Without profession there will be no meaning of our life in present generation. Profession is not just to earn money but for our identity and self satisfaction.
With the constant increase in the cost of living, job is a necessity for many.
Career is important but not as much as relationships.
Professionalism is not all about being a workaholic. It is all about knowing your priorities and acting professionally both at the workplace and at home.
Being too much workaholic causes frustration and other psychological problems.
Some people are not spending with their family even in holidays, to earn more money. They should remember that money is just a tool for happiness. Money can't give loved ones.
If we concentrate only on career, we may get fame and money but we loose many sweetest moments in our life.
some people are settling in abroad leaving the old parents here.
Some people are not concentrating on their children because they are giving much more priority to their job. So children may feel insecure and it may lead them in a wrong way.
To achieve goals, sometimes we have to stay away from family. For example our soldiers are staying away from their families to protect our country.
If both parents are working it's better to stay in joint family. So that children will be taken care by their grand parents or relatives.
Plan the weekends with family by keeping the office matters aside.
Avoid procrastination. Prioritize the things and plan effectively. This can give us free time.
If we spend some time with family, obviously there will be no need to go to the psychiatrist for stress relief.
The ultimate goal of everyone is being happy. So, We must make ourselves and our family happy.
Make a habit of saying 'no' to the unimportant matters and spend that time with family.
Inner peace plays a big role in balancing professionalism and family.
If we learn to balance between career and family, our children will learn from us.
Conclusion:-
The important thing to balance profession and family is saying no to unimportant events. By planning everything before, anyone can balance both. Only one of these can't fulfill a person. We should remember the fact that the ultimate goal of anyone is happiness and peace.

****ALL THE BEST & BEST OF LUCK****