

## QUICKLY

**SBI's doorstep banking service**

Mumbai, March 12

State Bank of India (SBI) has launched doorstep banking service for senior citizens over 70 years of age and differently-abled customers. Eligible customers can avail this service at a nominal fee of ₹100 per transaction for financial transactions and ₹60 for non-financial transactions. According to a statement, doorstep banking services are available to KYC-compliant account holders, with a valid mobile number registered with the bank and residing within 5 kilometres radius from their home branch. This service will not be available for accounts operated jointly, minor accounts, and accounts of non-personal nature. "Customers will have to register at their home branch and additionally, differently-abled and infirm customers will have to submit a medical certificate to that effect to register for this service," the statement said. **OUR BUREAU**

**Rupee up 18 paise versus dollar**

Mumbai, March 12

The rupee, on Tuesday, gained 18 paise to close at more than two-month high of 69.71 against the US dollar, propelled by foreign capital inflows and a weaker greenback in overseas markets. Dollar selling by exporters and banks also supported the domestic currency, forex dealers said. Foreign investors continued to pour in capital into Indian markets on Tuesday amid growing risk appetite for riskier assets. At the interbank foreign exchange market, the rupee opened at 69.73, and advanced 25 paise to 69.64 on strong gains in equity markets. Later, it trimmed some of the gains to end up by 18 paise or 0.26 per cent at 69.71, the highest closing level since January 1. **PTI**

# RBI to go ahead with policy review despite Model Code of Conduct being in place

The central bank will continue to take decisions unhindered when the MPC meets early next month

**SHISHIR SINHA**

New Delhi, March 12

The announcement of general election will not affect the review of monetary policy as the Monetary Policy Committee, under the chairmanship of the RBI Governor, will meet early next month.

The RBI will continue to take decisions unhindered on monetary policy issues, says the Model Code of Conduct.

The Model Code came into effect on March 10 and will remain in operation till the completion of the election process, according to the Election Commission notification. Polling will take place in seven phases from April 11 and counting will be on May 23.

Normally, the Monetary Policy Committee reviews monetary policy six times in a financial

## Monetary policy reviews during past three general elections

Year	Period	Chairman	Meeting Date	Key Decisions
2004	April 20-May 10*	Y V Reddy**	May 18 <sup>†</sup>	<ul style="list-style-type: none"> <li>Bank rate kept stable at 6 per cent</li> <li>Repo rate unchanged at 4.5 per cent</li> <li>The entire export credit refinancing was made available at reverse repo rate</li> </ul>
2009	April 16-May 13*	D Subbarao**	April 21 <sup>†</sup>	<ul style="list-style-type: none"> <li>Reduced the repo rate by 25 basis points from 5 per cent to 4.75 per cent with immediate effect</li> <li>Reduced the reverse repo rate under the LAF by 25 basis points from 3.5 per cent to 3.25 per cent with immediate effect</li> <li>Kept the CRR unchanged at 5 per cent of net demand and time liabilities (NDTL)</li> </ul>
2014	April 7-May 12*	Raghuram Rajan**	April 1 <sup>†</sup>	<ul style="list-style-type: none"> <li>Kept the policy repo rate unchanged at 8 per cent</li> <li>Kept the cash reserve ratio (CRR) of scheduled banks unchanged at 4 per cent</li> <li>Increased the liquidity provided under 7-day and 14-day term repos, and decreased the liquidity provided under overnight repos</li> </ul>

year – April, June, August, October, December, and February. Though all bi-monthly reviews are important, April is considered more important as it is the first in a financial year and also lays out the agenda for the whole fiscal. The central bank is yet to announce the calendar

for monetary policy reviews for fiscal 2019-20.

Along with the policy review, the RBI also publishes the 'Statement on Developmental and Regulatory Policies'.

At present, the situation appears to be quite conducive for a policy rate cut.

Policy rate refers to the repo rate, or the rate at which the RBI lends money to commercial banks for a short period. Any revision in such a rate prepares the ground for revision of interest rate on home, vehicle, and industrial loans. The revision of repo rate depends on

**Though all bi-monthly reviews are important, April is considered more important as it is the first in a financial year and also lays out the agenda for the whole fiscal**

the movement in retail inflation, as represented by the Consumer Price Index (CPI), beside many other factors. At present, CPI is below 3 per cent, which means the MPC may consider cutting the rate again.

In a surprise move, the MPC cut the policy rate in February by 25 basis points to 6.25 per cent.

After this, the RBI Governor met bank chiefs to press upon them the need to transmit the rate cut. Some of the banks did cut the rate, but only up to 10 basis points. Experts feel that if there is another rate cut now, there will be more pressure on banks to cut interest rates. There is a feeling that the political system in power is keen to publicise this for electoral gains.

**KOTAK MAHINDRA BANK VERSUS RBI**

## Bombay HC refuses interim relief to bank; adjourns hearing to April 1

Lender proposes capping voting rights at 20% till the matter is finally heard

**OUR BUREAU**

Mumbai, March 12

The Bombay High Court, on Tuesday, adjourned the hearing of the writ petition filed by Kotak Mahindra Bank on the dilution of promoter stake to April 1, and refused to give interim relief to the lender against the Reserve Bank of India's norms for dilution of promoter shareholding.

Harish Salve, the counsel for Kotak Mahindra Bank, offered that until the matter is finally heard, the voting rights may be capped at 20 per cent as the main issue flagged by the RBI is

concentration of control, which is exercised by voting rights. The case was heard by a bench comprising justices AS Oka and MS Sanklecha. The suggestion was, however, not accepted by the bench, which pointed out that the matter is not as simple as that.

Salve also pointed out that it is difficult to sell the quantum of shares as directed by the RBI, and that the central bank cannot force the bank's promoters to sell their shares. The matter was then adjourned to April 1 due to lack of time. This is the second time that the Bombay

High Court has refused to give interim protection to the lender against the RBI's norms for lowering promoter shareholding to 20 per cent from the current 30 per cent. The deadline lapsed on December 31, 2018.

Kotak Mahindra Bank had filed the writ petition on December 10 last year with the Bombay High Court on the Banking Regulation Act, and had sought validation on whether its issuance of Perpetual Non-Convertible Preference Shares (PNCPs) in August 2018 met the regulatory requirements. The RBI had said the issuance of PNCPs by the lender in August last year did not meet its requirements.

## Premium for third-party motor insurance may rise 10% in FY20

**SURABHI**

Mumbai, March 12

The premium rates for third-party motor insurance may see an increase of 10 per cent in 2019-20 at least for some vehicle segments, even as insurers suggest the use of telematics to decide costs for customers.

"There has been an increase in costs for insurers, which should, ideally, be reflected in the premium costs," said an executive with an insurance firm, adding that the industry has been keen on a 10 per cent to 15 per cent increase in third-party motor insurance cover.

"Third-party motor insurance is mandatory. While insurers are no longer making

losses, it is still difficult to break even in the segment," noted another official, adding that the premium has to keep pace with claim costs.

**Submits report**

A committee, set up by the Insurance Regulatory and Development Authority of India (IRDAI) to decide on third-party motor costs for 2019-20, is understood to have submitted its report. The insurance regulator is likely to announce the new rates by the month-end, which will be effective from April 1.

Last year, IRDAI had reduced third-party premium for small cars not exceeding 1,000cc, although it had increased rates



Insurers have sought the use of telematics for calculating premium

for bikes with higher engine capacity. The committee is also expected to have suggested a revised classification of vehicles, which would impact their premiums. Meanwhile, insurers have also sought the use of telematics for calculating premium. This would mean that the premium could

vary for customers depending on the driving distance and behaviour even if they drive the same segment of vehicle. This is done based on the findings of the telematics or black box, which is fitted in the car to monitor the driving habits, quality, and distance of roads travelled.

## DHFL arm seeks nod to sell shares to Blackstone-backed BCP Topco

**OUR BUREAU**

Mumbai, March 12

Aadhar Housing Finance (AHFL), an associate company of Dewan Housing Finance Corporation (DHFL), has announced plans to sell shares of the company held by the current promoters to BCP Topco VII Pte Ltd, an entity managed by Blackstone.

AHFL has convened a general meeting of its privately-placed non-convertible (NCD) holders on March 29 to seek their consent for the proposed sale of shares. The current promoters include Wadhawan Global Capital (WGCL) and DHFL, along with Kapil Wadhawan, Dheeraj Wadhawan, and Aruna Wadhawan, among others.

According to AHFL's annual report for 2017-18, WGCL held 69.98 per cent stake in the company; Kapil Wadhawan and Dheeraj Wadhawan (0.53 per cent stake each); Aruna Wadhawan (0.57 per cent);

and DHFL (9.15 per cent). International Finance Corporation has a 16.91 per cent stake.

AHFL is also seeking an unconditional and irrevocable consent for the release of the various Letters of Comfort issued by DHFL for the privately-placed NCDs.

Early last month, DHFL said it has initiated measures to rope-in a strategic partner and divest non-core assets. The management assured investors that the company is well capitalised and has enough liquidity to service its debt obligations.

The latest announcements came in the backdrop of allegations made by news portal Cobrapost accusing DHFL's primary promoters of siphoning off more than ₹31,000 crore of public money through secured loans and advances to shell companies, round-tripping, tax avoidance, and insider trading.

## How does Uday Kotak manage to get richer by the day?

**BLOOMBERG**

March 12

Going toe-to-toe with a powerful regulator is not normally good for your financial health. But it has proven to be profitable, on paper at least, for India's billionaire banker, Uday Kotak. The founder of Mumbai-based Kotak Mahindra Bank has seen his wealth nearly triple since March 2014, when the Reserve Bank of India said he failed to meet the first of its successive milestones to reduce his stake in the bank. His wealth now stands at \$11.4 billion, according to the Bloomberg Billionaires Index, mainly due to share-price gains that have increased the value of his holding in KMB, currently 30 per cent.

The latest RBI deadline was for Kotak to reduce his holding below 20 per cent

by the end of last year, part of the regulator's industry-wide efforts to reduce the influence of founding shareholders in Indian banks. Kotak Mahindra is taking legal action to contest that, arguing that a sale last year of ₹500 crore (\$72 million) in preference shares complies with central bank rules.

**Shares outperform**

Kotak Mahindra shares have outperformed those of most of its peers, thanks to the bank's success in avoiding some of the asset-quality concerns that have weighed on many of the country's lenders. KMB boasts one of the lowest bad loan ratios and one of the highest net interest margins among Indian banks, making its shares the best performer in the NSE Nifty Bank Index over the past five years.



Uday Kotak

Uday Kotak seems to delay implementation of the shareholding rules as much as he can, adding billions to his wealth in the process, said independent analyst Hemindra Hazari, who writes for the Smartkarma platform. Had he followed the timelines, he would have had to sell his shares for far less a price than

today. Last year, the High Court refused to shield Kotak Mahindra from any penalties that might be imposed by the RBI over the failure to cut Uday Kotak's equity stake below 20 per cent. In September, the central bank ordered Bandhan Bank not to raise CEO Chandra Shekhar Ghosh's salary, and restricted the lender from opening new branches without its approval after the bank failed to meet shareholding requirements.

The RBI argues that its authority over India's banks would be undermined if the High Court rules against it in the case brought by Kotak Mahindra. The reliefs sought in the petition, if granted, shall result in making inroads into the RBI's autonomy, and to permit the petitioners and others

to become regulators of their own selves, the RBI said in its court filing.

The actions of the bank have been in accordance with the RBI's communications, the needs of the company, and the law. "It is incorrect to impute any motives to that," said Rohit Rao, KMB's chief communication officer. He noted that the bank's share price gains have accrued to all shareholders, not just its founder. We are unable to comment further since the matter is sub judice before the Bombay High Court, he added.

Kotak Mahindra missed the original deadlines set by the bank for progressively reducing its founder's stake in 2014 and 2016, though it did meet a dilution requirement set by the RBI in 2017, according to court documents.

## Rising oil prices, liquidity squeeze at banks will hit economic growth in FY20: CARE

**OUR BUREAU**

Mumbai, March 12

Most respondents in a CARE Ratings Survey on 'Economic Perspective for 2019' feel that the National Democratic Alliance (NDA) government will come back to power in 2019, either with a majority, or in the form of a coalition with new allies.

According to the survey, in which 285 participants responded from various sectors such as agriculture and allied, manufacturing, financial services, banking, infrastructure, real estate and services, nearly 47 per cent of the participants expect the existing NDA government to come back to power on its own, while 34 per cent feel they may not get absolute majority.

When those who said the NDA government may not get

an absolute majority were further asked if there could be a coalition government with new allies, 84 per cent of the respondents agreed on this, the credit rating agency said in a report.

"Nearly one-third of the respondents feel that implementation of GST (Goods and Services Tax) and resolution of banking system NPAs (non-performing assets) have been unsatisfactory, while 'housing for all', 'power for all' and 'financial inclusion' have been satisfactory. Therefore, reaching out to the poor has been effective unlike the more complex issues such as GST and NPA resolution," the survey said.

The survey observed that GST implementation has been satisfactory as per 42 per cent of the respondents, though 30 per

cent are not satisfied. As for social-oriented schemes, the response has been very positive with more than two-third being in favour, it added.

The survey said there is a divided opinion when it comes to resolution of NPAs in the banking system, with 38 per cent opining that implementation of policies is satisfactory, while 36 per cent feel it is unsatisfactory.

**Hindrances to growth**

According to the survey, economic growth in the coming fiscal year could be hindered on account of slowdown in global economy, liquidity pressures in the banking system, elections, and rising crude oil prices.

It elaborated: "More than 40 per cent of the participants

think that liquidity pressures in the banking system, slowdown in global growth, and elections would be risks for economic growth of India in 2019-20. More than 36 per cent indicate that rising crude oil prices and fiscal slippages might pose another threat for high economic growth. As per respondents, other risks pertain to employment generation (28 per cent), trade wars (23 per cent), and currency volatility (15 per cent).

"Forty per cent expect GDP growth for 2019-20 at around 7.5 per cent, while 29 per cent foresee it to be somewhere between 6.5-7 per cent, and 23 per cent suggest that it would be above 7.5 per cent. On the whole, a little over 75 per cent expect it to be below 7.5 per cent."

## 'Aditya Birla Health Insurance hopes to break even by FY23'

**KR SRIVATS**

New Delhi, March 12

Aditya Birla Health Insurance Co (ABHI), a standalone health insurer, is eyeing break even in financial year 2022-23, a top company official said.

"Typically, it takes six to seven years for a standalone health insurer to break even. We are on track to break even in 2022-23," Mayank Bathwal, Chief Executive Officer, ABHI, told BusinessLine.

ABHI, which started operations in October 2016, is a 51:49 joint venture between Aditya Birla Group and MMI Holdings, a diversified financial services company in South Africa.

Bathwal said ABHI wants to position itself as a "health influencer" and "health partner" and not as a pure play health financing company.

For the nine months ended December 31, 2018, ABHI recor-



Mayank Bathwal, CEO, ABHI

ded a gross written premium of ₹316 crore, up 83 per cent over the ₹172 crore GWP recorded in the same period last year.

The health insurer has bancassurance tie-ups with nine banks, and is open to bringing more on board, Bathwal added. Banca tie-ups are with HDFC Bank, DCB, RBL Bank, Deutsche Bank, AU Bank, KVB, SVC, and AB Payments Bank.

The health insurer adopts a multi-channel distribution approach. Retail now accounts for 66 per cent of its portfolio.

## ESAF Small Finance Bank hailed for financial-inclusion initiatives

**OUR BUREAU**

Kochi, March 12

Kerala Education Minister C Raveendranath has lauded the role played by ESAF Small Finance Bank in taking the message of financial inclusion to the length and breadth of the country. He thanked the bank for economically empowering a vast section of society, especially women, with formal credit, helping them start a new life of financial independence.

He was inaugurating the 27th annual day celebrations of ESAF, and the second annual day celebrations of ESAF Small Finance Bank.

In a short span of time, ESAF Small Finance Bank has made a mark in the field of social banking, and has shown how popular banking should be carried out. The backbone of any economy is the purchasing power

## Axis Bank names Rakesh Makhija as new Chairman

**OUR BUREAU**

Mumbai, March 12

Private sector lender Axis Bank, on Tuesday, named Rakesh Makhija as its new Non-Executive Part-Time Chairman. Makhija, who is the Chairman of SKF India, will take over from current Axis Bank Chairman Sanjiv Mishra, when his term comes to an end on July 17.

"Pursuant to the recommendations of the Nomination and Remuneration Committee of Directors, the board of directors of the bank, at its meeting held today, approved the appointment of Rakesh Makhija, Independent Director, as the Non-Executive (Part-Time) Chairman of the bank, for a period of three years, with effect from July 18, 2019, up to July 17, 2022," Axis Bank said in a regulatory filing.

Makhija, 67, is also a Director on the board of Tata Tech, Tata Marcopolo Motors and AT-REDS, and has been an Independent Director on the board of Axis Bank since October 2015.

## BoM to auction assets of Videocon Group unit Unity Appliances

**PRESS TRUST OF INDIA**

New Delhi, March 12

State-owned Bank of Maharashtra (BoM) has put on sale movable and immovable properties of Unity Appliances, a unit of debt-ridden Videocon Group, to recover a ₹153.77-crore loan.

The outstanding dues of Unity Appliances are more than ₹153.77 crore, plus interest, from January 5, 2018. The company, situated at SIP-COT Industrial Complex at Sivagangai, in Tamil Nadu, manufactures air conditioners, and LE and LCD television sets.

Videocon Industries and its promoter Venugopal Dhoot and PN Dhoot are guarantors to Unity Appliances, as per the public notice put out by the bank. The electronic auction for land and machinery is slated for March 30, 2019, with a reserve price of ₹42.34 crore for land and ₹72.82 crore for plant and machinery.

This is the second time the bank has issued an e-auction notice to Unity Appliance. Earlier, a notice was issued under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002, in January, last year.

The Videocon Group is among the 28 large defaulters identified by the Reserve Bank of India in the second list for undertaking the insolvency and bankruptcy process.

In June 2017, RBI's internal advisory committee (IAC) identified 12 accounts, each having more than ₹5,000 crore of outstanding loans, and accounting for 25 per cent of the total NPAs of banks.

Following the RBI advisory, banks referred Bhusan Steel, Bhushan Power & Steel, Essar Steel, Jaypee Infratech, Lanco Infratech, Monnet Ispat & Energy, Jyoti Structures, Electros-teel Steels, Artech Auto, Era Infra Engineering, Alok Industries and ABG Shipyard to the NCLT.

of the people. A healthy economy is a prerequisite for a healthy banking system, he added.

As part of the annual day celebrations, ESAF Bank inaugurated 79 branches across various States, taking the total retail branch count to 222. Schemes such as houses for those affected by the recent floods in Kerala and Resilient Community Insurance scheme to cover natural disasters were launched during the function.

K Paul Thomas, Managing Director and CEO, ESAF Small Finance Bank, said the bank's NPA level is one of the lowest in the industry. Though most of the people availing loans from the bank are from the economically weaker sections of society, they have diligently made repayments despite odds such as floods and other unforeseen events.