

QUICKLY

Rupee rises 10 paise versus dollar

Mumbai, March 26

The rupee appreciated by 10 paise to close at 68.86 against the US dollar on Tuesday, following a robust response to the RBI's maiden rupee-dollar swap auction. Sustained foreign fund inflows and heavy buying in domestic equities also propped up the local unit, forex traders said. At the interbank forex market, the rupee opened strong at 68.88 against the greenback, but surrendered the gains to slip to a low of 68.98. However, it clawed back lost ground and finally ended at 68.86, up 10 paise against its previous close of 68.96 per dollar. "The success of India's \$5-billion swap auction will decide whether it will become a popular instrument in the central bank's liquidity tool box," said VK Sharma, Head PCG and Capital Markets Strategy, HDFC Securities. ■

IDBI Bank officers to go on strike

New Delhi, March 26

IDBI Bank said its all-India officers' association will observe a one-day nationwide hunger strike on March 30 to press for various demands. "The bank is in receipt of notice of a one-day nationwide hunger strike on March 30 from the All India IDBI Officers' Association (AIIDBIOA) addressed to the MD and CEO, IDBI Bank, in support of their various demands," IDBI Bank said in a stock exchange filing. The officers' association has been protesting RBI categorising IDBI Bank as a private sector lender with effect from January 21, 2019, pursuant to LIC acquiring 51 per cent controlling stake in the bank. ■

RTI QUERY

Govt refuses to reveal details on RBI Governor's appointment

PRESS TRUST OF INDIA

New Delhi, March 26

The Centre has refused to share details related to the appointment of RBI Governor Shaktikanta Das citing a clause in the transparency law, which bars disclosure of information, including "records of deliberations of the council of ministers, secretaries and other officers".

Replying to an RTI query, it declined to share the details, including names of short-listed candidates and file notings related to the appointment.

Das was, on December 11, named RBI Governor by the Appointments Committee of the Cabinet, headed by Prime Minister Narendra Modi, for three years. The appointment came after Urjit Patel abruptly resigned amid a face-off with the government over issues re-

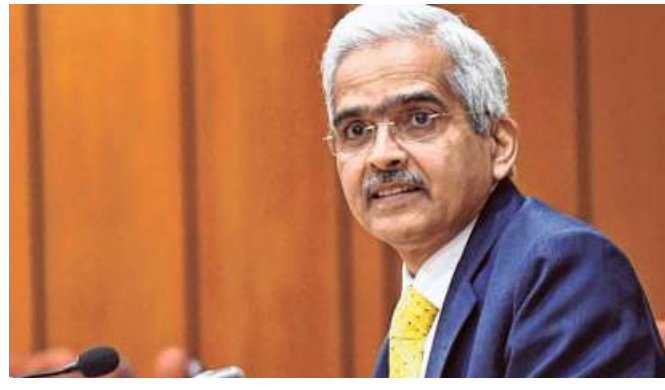
lated to governance and autonomy of the central bank.

Details sought

The RTI application was filed by this correspondent with the Department of Financial Services (DFS), seeking details such as copies of advertisements or vacancy circulars issued by the government on the appointment of the RBI Governor, names of all applicants who had applied for the post, and those who were short-listed for the top post.

The DFS was also asked to provide details on composition of search committee to short-list candidates, and copy of minutes of meetings held to decide the RBI Governor.

In its reply, the DFS said the selection of RBI Governor is done by the Appointments Committee of the Cabinet on



Shaktikanta Das was named RBI Governor on December 11 last year

the basis of recommendations made by the Financial Sector Regulatory Appointments Search Committee (FSRASC).

The committee is headed by the Cabinet Secretary as its chairperson, and has Additional Principal Secretary to the Prime Minister and secretary of the

department concerned, besides three outside experts as its members, the DFS said, without giving the names of the experts.

It had then forwarded the application to the Cabinet Secretary. "In this regard, it is informed that the requisite

information about appointment of Shaktikanta Das as Governor, Reserve Bank of India, being Appointments Committee of the Cabinet (ACC) related file notings/documents/records, is exempted from disclosure under Section 8 (1) (i) of the Right to Information Act 2005," the Cabinet Secretariat said in its reply to the RTI application.

The section bars disclosure of "Cabinet papers, including records of deliberations of the council of ministers, secretaries and other officers".

The section, however, says that the decisions of the council of ministers, the reasons thereof, and the material on the basis of which the decisions were taken, shall be made public after the decision has been taken, and the matter is complete, or over.

BoM shareholders approve capital infusion by Govt

OUR BUREAU

Pune, March 26

Shareholders of Bank of Maharashtra, at the Extraordinary General Meeting held on March 25, have approved the proposal for issue of 15, 47,16,981 equity shares at ₹13.25 per equity share to the Government of India aggregating to ₹205 crore. The government had infused capital of ₹4,498 crore and ₹205 crore in the bank in December 2018, and February 2019, respectively.

After the allotment of equity shares of the bank to the Government of India against this capital infusion, the government's shareholding in the lender will increase to 94.10 per cent from 87.01 per cent.

The capital infusion will help improve the bank's capital adequacy ratio and boost business growth, said a statement issued by the bank.

The meeting was attended by the bank's general managers and shareholders.

Ahead of elections, enforcement agencies swing into action to curb illegal cash flow

CBIC also asks officials to keep a close tab on the illicit movement of goods

SURABHI

Mumbai, March 26

Enforcement agencies have swung into action and are keeping a close check on the use of money ahead of the general elections starting next month.

Apart from the Income-Tax department, which is monitoring the use of cash, indirect tax officials have also been asked to monitor such developments.

The Central Board of Indirect Taxes and Customs (CBIC) has asked its officials to keep a close tab on the illicit movement of goods, including liquor and gold, across the

country.

"All-out efforts should be made to detect and seize illicit currency, liquor, gold, fake Indian currency notes, NDPS, and other contraband items," the CBIC said in a recent missive to its field officials, adding that strict vigil should be maintained on domestic and cross-border movement of vehicles, trains, private chartered flights, and commercial flights.

It has also asked officials to step up the "preventive vigilance mechanism" to rule out illicit movement of currency and commodities, and re-



CBIC plan to go all out to detect and seize illicit currency, liquor, gold, and fake currency, among others

port seizure/ detection on real-time basis with the board and other government agencies as well.

The move follows a meet-

ing called by the Election Commission of India of the Multi-Departmental Committee on Election Intelligence earlier this month.

The ECI had stressed on the need to monitor the election expenditure monitoring mechanism, with its two thrust areas of keeping track of the legal expenditure incurred by candidates and political parties.

The first phase of Lok Sabha elections is scheduled for April 11 for polling for 91 seats. Meanwhile, sources said that along with Income-Tax officials, bankers have also been instructed to monitor deposit and withdrawal of large quantities of cash at sensitive branches. Earlier, the Central Board of Direct Taxes set up 25 control rooms across the country, which will be working 24x7 to check the flow of unaccounted money during the elections.

Northern Arc Capital raises ₹910-cr funding from IIFL

OUR BUREAU

Chennai, March 26

Northern Arc Capital (formerly IFMR Capital), on Tuesday, announced that it has raised ₹910 crore (\$130 million) from IIFL Special Opportunities Fund and its series managed by IIFL Asset Management Limited, SCPE (Standard Chartered Private Equity) and Affirma Capital, a newly-formed, independent private equity firm to be managed by SCPE team.

The current investment almost doubles the net worth of the company, and takes the total equity fund-raising tally of Northern Arc to ₹1,400 crore (\$200 million), said a press release from the company.

The current transaction will see early investors such as Dvara Trust, LeapFrog Invest-

ments and Accion partially sell their stake in the company, but they will continue to stay significantly invested and remain bullish on the business, the release added.

"The capital will allow us to significantly scale-up the existing business and pursue new opportunities. We will continue to invest in product development and technology, building on our knowledge, geographical reach, field insights, data analytics and risk-modelling," said Kshama Fernandes, MD and CEO, Northern Arc Capital.

Northern Arc Capital was established in 2008 to enable the flow of debt capital to underserved sectors such as micro-finance, small business lending, affordable housing finance, agriculture finance,

vehicle finance, and others. The company has raised about ₹70,000 crore (\$10 billion) of debt for its clients so far, of which, 20 per cent came from its own balance sheet.

"As we add more and more clients, our portfolio will become more granular and diversified in terms of underlying sectors, products and offerings, diversified geography and besides underlying risks and client diversification," said Fernandes.

"With strong tailwind from the emerging sectors and Northern Arc's continued focus on execution, we believe the company is poised for rapid growth. We are indeed privileged to partner with them at this inflection point," said Prashasta Seth, CEO, IIFL Asset Management.

Nirav Modi case: Ex-PNB chief approaches NCLAT

PRESS TRUST OF INDIA

London, March 26

Former Punjab National Bank (PNB) managing director and CEO Usha Ananthasubramanian has approached the NCLAT against the NCLT Mumbai bench order, which made her a respondent in the PNB-Nirav Modi fraud case.

A two-member bench headed by Chairman Justice S J Mukhopadhyaya issued notice to the Ministry of the Corporate Affairs over her plea.

Earlier on January 31, 2019, the Mumbai bench of the National Company Law Tribunal (NCLT) had made her a party in the ongoing matter of PNB-Nirav Modi fraud case by accepting the Centre's request to implead her.

The appellate tribunal had directed to list the matter on April 29 for next hearing.

In its application before the Mumbai NCLT, the MCA had said that the impleadment of the additional respondents, including Usha

Ananthasubramanian, was essential because they all are necessary and proper parties.

Meanwhile, fugitive diamond merchant Nirav Modi is set to appear before Westminster Magistrates Court in London on Friday, when his legal team will make a second bail application.

The 48-year-old had been denied bail by District Judge Marie Mallon at his first hearing soon after his arrest by Scotland Yard officers from a central London bank branch as he tried to open a new bank account and has been in custody at HMP Wandsworth prison in southwest London since last Wednesday. "He is expected to be produced before the court for a second bail application hearing on March 29," a court official confirmed on Tuesday.

Crown Prosecution Service (CPS) barrister Jonathan Swain, arguing on behalf of the Indian authorities, had objected to Modi's bail plea during last week's hearing,

Citigroup faces \$1.2-million fine for allegedly manipulating Japanese Govt bond futures

BLOOMBERG

March 26

Citigroup faces a 133 million yen (\$1.2 million) fine for allegedly manipulating prices in the Japanese government bond futures market, its latest regulatory setback in Asia.

Japan's securities watchdog said Citigroup placed orders in October for JGB futures contracts at the Osaka Exchange without intending to execute them. The Securities and Exchange Commission said it has recommended that the Financial Services Agency impose the fine on Citigroup Global Markets.

The allegation puts another spotlight on Citigroup's trading business in Asia, where it has a major presence. In Hong Kong, the US bank ousted eight

equities traders following an investigation into whether staff properly disclosed the banks own financial interest when facilitating stock trades, people familiar with the matter said last week.

An employee of London-based Citigroup Global Markets placed large buy and sell orders outside of Japan trading hours that were not executed, misleading other investors into believing that the 10-year JGB futures market was thriving, the SESC said in a statement on Tuesday.

The watchdog reports to the FSA, which usually carries out its recommendations.

The accusation bears similarities to a case involving Mitsubishi UFJ Financial Group Inc's joint venture with Morgan Stanley, which



Japan's securities watchdog said Citigroup placed orders in October for JGB futures contracts at the Osaka Exchange without intending to execute them.

was found to have manipulated JGB futures prices last year. As well as receiving a 218-million yen fine from the FSA, Mitsubishi UFJ Mor-

gan Stanley Securities was suspended from a key group of JGB dealers and dropped from managing several bond sales, hurting

its reputation and fee income. Citigroup is ranked 13th among underwriters of corporate bonds in Japan this year. Local unit Citigroup Global Markets Japan is among 21 primary dealers in the JGB market that participate in bond auctions and exchange information with Finance Ministry officials, according to the ministry's website.

The US firm had another recent regulatory setback in Asia. In India, it decided against seeking a new term for local chief Pramit Jhaveri after the central bank signaled that it would not approve an extension, Bloomberg reported in February.

The RBI's decision stemmed from personal investments by Jhaveri, a person with knowledge of the matter said.

RBI slaps ₹2-cr fine on PNB for violating SWIFT norms

PRESS TRUST OF INDIA

New Delhi, March 26

The RBI has slapped a penalty of ₹2 crore on Punjab National Bank (PNB) for non-compliance with regulatory directions related to SWIFT operations, the state-run lender said on Tuesday.

SWIFT is a global messaging software used for transactions by financial entities. In a regulatory filing, PNB said the RBI, in a letter dated March 25, has informed the bank about the penalty.

"In the matter of violations of regulatory directions by Punjab National Bank observed during assessment of implementation of SWIFT-related operational controls, the Reserve Bank of India, (imposes) an aggregate penalty of ₹20 million on Punjab National Bank," it said.

Earlier this year, the Reserve Bank had imposed penalties worth ₹71 crore on 36 public, private, and foreign banks

Policybazaar expects motor insurance policies to drive growth

Aims to more than double sales on rise in online purchase/claims settlement

SHOBHA ROY

Kolkata, March 26

Online insurance marketplace Policybazaar is expecting to more than double the sale of motor insurance policies, including private cars and two-wheelers, in FY20.

According to Sajja Praveen Chowdhary, Head, Motor Insurance, Policybazaar, increasing awareness among consumers about the ease of online purchase and claims settlement will be the key growth driver.

The company, which sold close to 11 lakh insurance policies for private vehicles in 2018-19, is expecting to sell around 22 lakh next year. The

number of two-wheeler policies sold in FY19, which is likely to be close to 21 lakh, is expected to grow to 45 lakh in 2019-20.

"In 2017-18, we sold close to 5.7 lakh policies for cars and around 10 lakh two-wheeler policies. While the sale of car policies has grown by more than 90 per cent, sale of two-wheelers has grown by nearly 110 per cent this year. We expect to double this next year," Chowdhary told BusinessLine.

However, it is interesting to note that less than 1 per cent of the total number of policies sold are for first-time car buyers.

Of the 11 lakh policies for private vehicles sold by the company, only around 6,500 were bought by consumers purchasing new cars. This is primarily because motor dealers tend to package the car and policy payment, leaving



Sajja Praveen Chowdhary, Head, Motor Insurance, Policybazaar

little choice to consumers to decide on the policy or the insurer.

"We are trying to make consumers more aware of the regulations, and are planning to come up with an educational series to create awareness. We

will come up with an online campaign soon," he said.

Online purchases to grow Online purchase currently accounts for less than 10 per cent of the total motor insurance sold in India. Close to 2.2

crore policies for private vehicles were sold in 2018-19, but only around 19.5 lakh policies were sold through online channels. Of this, Policybazaar's share is close to 11 lakh policies.

But the share of online sales is likely to grow. It has already grown from less than 5 per cent in 2017-18 to close to 10 per cent in FY19. Simple processing and claims settlement will aid growth in online sales, he said.

Policybazaar, for instance, has launched an exclusive 'Cashless Assurance' feature for customers to help them at the time of claims. The feature will allow customers to opt for cashless approvals on claims across all garages across the country within a matter of a few hours. In the past, this service was available only through select insurer network garages.

'Banking services will be hit if officers take up election duty'

OUR BUREAU

Mumbai, March 26

With bankers being asked to take up election duty, trade unions are worried about branch operations getting affected.

District Election Officers, from different districts in Maharashtra, are assigning election duty to bank employees and officers from public sector banks (PSBs), said Devidas Tuljapurkar, General Secretary, Maharashtra State Bank Employees Federation.

"This is likely to affect day-to-day banking services. It may also result in total closure of bank branches during the days of training and election duty," he added.

Emphasising that banking

is a public utility (essential service), Tuljapurkar, in a letter to the Chief Electoral Officer (CEO) of Maharashtra, observed that disruption of banking services may result in a lot of inconvenience to customers at large.

Therefore, the federation has requested the CEO to revisit the decision in order to ensure that banking services are not disrupted.

"We are approaching you purely in the interest of bank customers and people at large with the hope that you will view it in proper spirit," he elaborated, and added that the Indian Bankers' Association should take up this issue with the Election Commission. Tuljapurkar pointed out that all employ-

ees and officers, barring the branch head of a PSB's South Mumbai branch, had been assigned election duty. So, the functioning of the branch will be affected during Phase 1 and Phase 2 of training for conducting elections.

Previous elections

KS Krishna, General Secretary, All-India State Bank of India Employees' Association, said bankers' services had been requisitioned in Kerala during previous elections, especially in remote areas.

"Probably, the commission is roping in bankers as it has more faith in them to be neutral in the electoral process," he said.