

Chit Fund Amendment Bill gets Lok Sabha's approval

Key provisions include raising the limit for individual contribution to ₹3 lakh and higher commission for foremen

OUR BUREAU
New Delhi, November 20
The Lok Sabha, on Wednesday, passed a Bill to regulate chit funds more effectively.

The Bill will now be taken up by the Rajya Sabha before the President gives his assent so that the Bill can become a law.

Replying to a debate on the Bill in the Lok Sabha, Anurag Singh Thakur, Minister of State for Finance, said that only the deposit schemes registered with any of the nine regulatory agencies are legal.

These include the RBI, SEBI, Corporate Affairs Ministry, and the Registrar of Co-operative Societies. He appealed to

all to spread this message as part of the government's financial literacy drive. After enactment of the Chit Funds (Amendment) Bill 2019, the government expects to have an effective mechanism to regulate the savings sector and curb ponzi schemes.

The government has already made a law to ban illegal deposit schemes.

The new Bill aims to amend the Chit Fund Act, 1982. The original law was enacted to regulate chit funds, which have conventionally satisfied the financial needs of low-income households.

It is a mechanism that combines credit and savings in a

scheme, in which a group of individuals come together for a pre-determined duration and subscribe a certain sum of money by way of periodical instalments, and each subscriber gets the collected sum by lot, auction or tender.

In this way, those in need of funds, and those who want to save, are able to meet their requirements simultaneously.

New additions

The new Bill has incorporated some of the recommendations of the previous Finance Ministry Standing Committee. One such recommendation talks about allowing a chit fund company to mention Rotating Savings and Credit Association (ROSCA institution) under their name.

This will help in distinguishing their business from other unconnected businesses. The old Bill had a provision for incorporating the name 'fratern-

ity fund', instead of the commonly known 'chit fund'. Now, the words 'ROSCA institution' will be added to the nomenclature 'fraternity fund'.

Insertions of these words will signify its inherent nature and distinguish it from 'prize chits' that are banned under a separate legislation.

Another key provision of the new Bill is enhancing the limit for individual contribution to ₹3 lakh from ₹1 lakh; for companies, it would be ₹18 lakh, against the present provision of ₹6 lakh.

The old ceilings are in place since 2001. Other provisions include allowing mandatory presence of two subscribers, either in person or through video conferencing duly recorded by the foreman; increase of ceiling of the foreman's commission to 7 per cent from 5 per cent; and enabling the foreman to have a right to lien for the dues from subscribers.

Pramit Jhaveri, who brought scale to Citi India, opts for early retirement

PRESS TRUST OF INDIA

Mumbai, November 20

Pramit Jhaveri, the former country head of Citi India, has taken early retirement after spending close to four decades at the bank in various capacities, sources said on Wednesday.

The 56-year-old Jhaveri had joined the Wall Street major as a management associate in 1987, and had a steady rise to become vice-chairman of banking, capital markets and advisory for Asia Pacific earlier this year, after heading the India operations for almost a decade between 2010 and 2019.

His retirement was announced by the Citi Asia-Pacific CEO Peter Babej over email to employees, the sources said.

Babej's mail lists out the key milestones in Jhaveri's 32-year-long association with Citi, including his leadership of India operations.

"Jhaveri's leadership, partnership and friendship will be missed across our firm," said the memo.

Aye Fin raises ₹125 crore from Dutch bank FMO

OUR BUREAU

Mumbai, November 20

Fintech lender Aye Finance has raised ₹125 crore in debt from Dutch entrepreneurial development bank FMO through issuance of non-convertible debentures. The company will use the funds to bolster its lending portfolio and expanding outreach in providing credit, specifically to women-owned microenterprises, the company said in a release.

"While we have women as co-applicants for over 95 per cent of our loans, we believe we can do more in enabling the women micro enterprises of India to bring about a more transformative impact on the economy," said Sanjay Sharma, MD and founder of Aye Finance.

"We expanded our branch network this year to Bihar, Jharkhand, Gujarat and Maharashtra, which have a prevalence of women entrepreneurship, and with these funds we will support the growth of women-led enterprises in these States as well in the other 14 States where we have a pres-



Sanjay Sharma, MD and founder of Aye Finance

ence," he added. In addition to providing debt, FMO will work closely with Aye to expand services to women entrepreneurs through a gender finance programme. This transaction was syndicated and executed by Chennai-based Northern Arc Capital, a debt investor.

"The debentures issued by Aye are particularly interesting as the on-lending will be to micro entrepreneurs, of which, half will be dedicated to women entrepreneurs in the financial inclusion area of under-banked end clients," said Linda Broekhuizen, Chief Investment Officer, FMO. In the last financial year, Aye closed two rounds of equity, raising ₹380 crore.

IL&FS filing: Had fewer assets, more liabilities in FY19

VENKATESH GANESH

Mumbai, November 20

IL&FS had fewer assets and higher liabilities in the financial year 2019 when compared to 2018.

In a filing to the stock exchanges, as a part of its year-end disclosures, the troubled financing company said it had assets worth ₹3,247 crore in fiscal 2019, almost 39 per cent lower than its assets in 2018 fiscal.

A few months back, the IL&FS Group had invited expressions of interest (EOI) for the real estate space, totalling 4.85 lakh square feet, as it looks to monetise its assets.

This includes a mix of commercial and residential premises across Mumbai, Kolkata, and Hyderabad.

Debts above ₹90,000 cr

Even as IL&FS has debt in excess of ₹90,000 crore, liabilities went up by 20 per cent to ₹4,007 crore in the 2019 fiscal.

In comparison, liabilities in 2018 were ₹3,327 crore.

Now, machines will do the hiring at Federal Bank

PRESS TRUST OF INDIA

Mumbai, November 20

Federal Bank is transforming its traditional HR practices by shifting almost the entire hiring process to a tool driven on artificial intelligence, arguably a first in the domestic banking space.

FedRecruit, the new HR tool of the Kochi-based private sector lender, employs technology to drive the HR function to the fullest, under which the only human intervention of its multi-stage hiring process is the final round where top HR executives meet up with the new recruits.

FedRecruit relies on a series of connected events or data points, and goes beyond the conventional one-sided resume to construct a 360-degree narrative of the candidate.

"These data points are gathered through multiple stages - robotic interviews, psychometric, and game-based assessments pro-

cesses," said Ajith Kumar KK, Federal Bank HR chief.

The robotic interview process scans the candidates' personality traits, uses integrated videos for virtual face-to-face interviews, and also employs live videos for real-time engagement and notification for better candidate management.

To begin with the AI-enabled chatbot screens, updates on a real-time basis, and takes the applicant through a slew of steps before the final hiring. The chatbot's role ends with an SMS to the parents of the selected person.

"Even the offer letter is sent out by the chatbot," said Raj Gopal, Assistant Vice-President for HR, adding that the bank has already hired 350 probationary officers since October and that the remaining 350 would be hired through December to complete the annual target of 700 for FY20.

RBI imposes ₹1.75-cr fine on Indian Bank

OUR BUREAU

Mumbai, November 20

The RBI has imposed a monetary penalty aggregating ₹1.75 crore on Indian Bank for non-compliance with the directions issued by it on opening of savings bank accounts of a co-operative society, window dressing of the balance sheet as on March 31, 2018, and delayed reporting of frauds.

Indian Bank, in a regulatory filing, elaborated that the penalty has been imposed for non-adherence with the RBI directions on know-your-customer/anti-money laundering vis-a-vis opening savings bank accounts of a co-operative society, and window dressing of the balance sheet as on March 31, 2018, by loan disbursement amounting to ₹508.28 crore.

The Chennai-headquartered public sector bank said: "This penalty has been imposed in exercise of powers vested in the RBI under the Banking Regulation Act, 1949. The said penalty will not have any material impact on the bank."

AIBOC Kerala unit wants political outfits to stop obstructing bank officers on duty

OUR BUREAU

Tiruvananthapuram, November 20

The Kerala State Committee of All-India Bank Officers' Confederation (AIBOC) has demanded an immediate end to the frequent obstruction to the discharge of bankers' duty by political parties, including elected representatives.

The demand was raised in the context of a recent instance in which a bank officer and colleagues were threatened and manhandled by elected representatives of the principal Opposition party in Left-ruled Kerala.

The local MP and MLA were involved in the incident, when officials and staff from the Kottayam branch of Corporation Bank were forcefully stopped from taking over the property of a defaulting panchayat member under the SARFAESI Act.

"It doesn't augur well for

and extend the term for repayment had been dismissed by the Kerala High Court.

"If elected representatives of political parties want to modify the provisions of SARFAESI Act, which is extensively used by the State and district co-operative banks, they should do so in Parliament."

The State committee of the AIBOC reminded all political parties and elected representatives that their protests against banks was not in the interest of either the banking industry, which is reeling under mounting NPAs, or the larger economy.

"Instead, it gives a wrong message to honest borrowers. In a State like Kerala, where priority sector advances are more than 55 per cent against the national benchmark of 40 per cent, recoveries in housing loans are important."

Hence, it was not eligible for a moratorium declared by the State government.

The argument of the protesters in this connection was misleading, said John. The defaulting borrower's plea to stall SARFAESI proceedings

Exide Life launches 'participating' product aligned to IRDAI's new regulations

KSR SRIVATS

New Delhi, November 20

Exide Life Insurance has come up with a life insurance-cum-savings plan, 'Sampoorna Jeevan', a participating life product that is expected to emerge as the company's flagship product in the days to come.

Speaking to BusinessLine on the features of the product, Sanjay Tiwari, Director, Product Management and Customer Service, Exide Life Insurance, said the launch timing is critical as it comes just days before the IRDAI's revised product regulations come into force from December 1.

Sampoorna Jeevan is the first product that is aligned

to the revised IRDAI product regulations, he said.

"This is a participating product that will help us to reach out to each and every customer segment we have in the market right now."

"This is exciting as we have always believed that life insurance products should give power to the customers to fit in the requirements," he said.

A new avatar

Exide Life, which has a portfolio of 35-plus products, has launched this whole life product after a long time - it is new avatar of its existing product, Exide Life New Fulfilling Life Plan.

Tiwari made it clear that

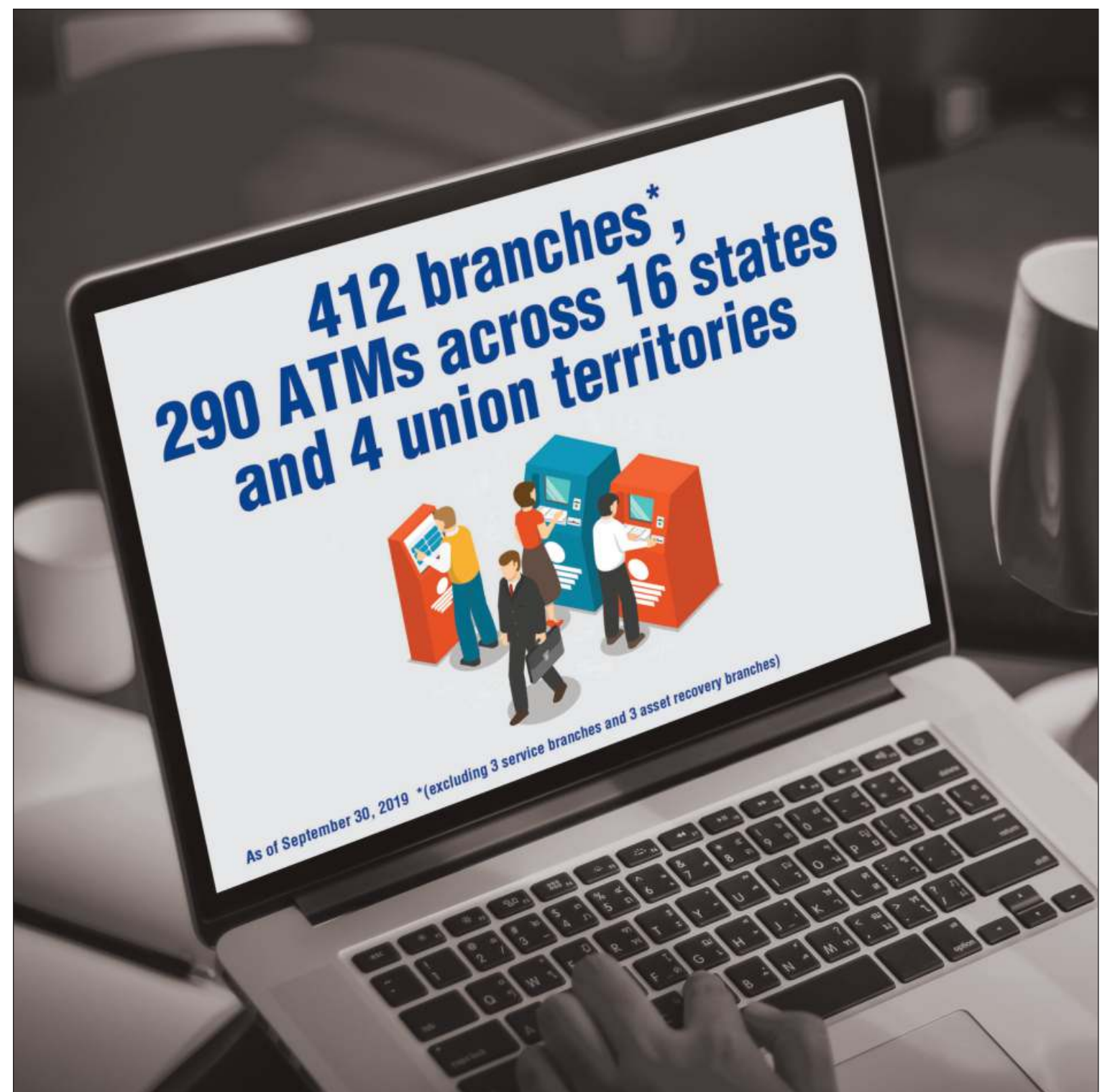
Exide Life has no plans to withdraw the Exide Life New Fulfilling Life Plan.

He, however, expressed confidence that Sampoorna Jeevan will attain pole position in its portfolio.

Premium payment

A customer of 'Sampoorna Jeevan' can pay premium for a limited term (say up to 12 years) and enjoy life insurance cover up to the age of 75 or 100. There will be an option to choose guaranteed income benefit and flexible options to avail income payouts.

It allows partial withdrawal, which is generally available with unit-linked insurance plans.



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CSB Bank Limited is proposing, subject to, applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed the RHP with the RoC on November 13, 2019. The RHP shall be available on the websites of SEBI, BSE, NSE at www.sebi.gov.in, www.bseindia.com and www.nseindia.com, respectively, and is available on the websites of the BRLMs, i.e. Axis Capital Limited and IIFL Securities Limited at www.axiscapital.co.in and www.iiflcap.com, respectively. Potential investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see "Risk Factors" beginning on page 23 of the RHP. Potential investors should not rely on the DRHP for any investment decision. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where such offers and sales are made. There will be no public offering in the United States.