4 banks under PCA being monitored: Das

PRESS TRUST OF INDIA
NEW DELHI

Reserve Bank of India Governor Shaktikanta Das has said four banks under the Prompt Corrective Action (PCA) framework are taking efforts and they are being monitored.

Currently, Indian Overseas Bank, Central Bank of India, UCO Bank and United Bank of India are under this framework, which places several restrictions on them, including on lending, management compensation and directors' fees.

"We would like them to improve their performance and [exit] PCA as quickly as possible. We are engaged with the banks. We are monitoring it. They are taking efforts," Mr. Das told PTI in an interview.

Tardy pace of farm schemes irks FinMin

Ministry asks banks to hurry, wants 2.33 cr. more PM-Kisan beneficiaries under credit card scheme

MANOJIT SAHA
MUMBAI

The Finance Ministry has come down heavily on public sector banks for unsatisfactory progress of various schemes related to the farm sector. The Ministry has expressed its displeasure over the tardy progress made by banks, and asked them to double their efforts.

The communication to banks comes ahead of Prime Minister Narendra Modi's scheduled visit to Chitrakoot in Uttar Pradesh on February 29, where he will launch the implementation of schemes announced in the Budget.

Finance Minister Nirmala Sitharaman had announced in the Budget that all eligible beneficiaries of PM-KISAN will be covered under the Kisan Credit Card (KCC) scheme. The Finance Ministry is not satisfied the progress made by banks so far in implementing the scheme.

Make haste: While there are 9 crore PM-Kisan beneficiaries, there are only 6.67 crore active KCC accounts. ▪ V.V. KRISHNAN

The Ministry said while there were 9 crore PM-Kisan scheme beneficiaries, there are only 6.67 crore active KCC accounts. The campaign for saturation of all PM-Kisan beneficiaries with KCC started on February 10.

'Not encouraging'

"As you are aware, at present there are about 6.67 crore active KCC accounts as against 9 crore beneficiaries under PM-Kisan, which leaves a gap of 2.33 crore PM Kisan beneficiaries who are outside the coverage of KCC schemes. However, mid-way [through] this campaign, the progress made so far is not encouraging," the Finance Ministry said in a letter dated February 21.

The letter, addressed to all MD and CEOs of public sector banks and chairman of State Bank of India and Nabard, has been reviewed by *The Hindu*. The KCC scheme was launched in 1998 with the objective of providing short-term credit to farmers for cultivation of crops, post harvest expenses, working capital for maintenance of farm assets, among others.

"The on-going campaign for saturation of all PM Kisan beneficiaries with KCC which started with effect from February 10, 2020 will culminate at a function at Chitrakoot (U.P.) by the Hon'ble PM on 29.02.20," the letter said. The Ministry also pulled up banks on slow implementation of Prime Minister Fasal Bima Yojana (PMFBY) Scheme.

"As per data complied by DAC&FW [Department Of Agriculture, Cooperation & Farmers Welfare], from the PMFBY portal, the total number of applications received by all banks as on 21.02.20... is only 9.33 lakh, of which 4.13 lakh applications have been sanctioned," the letter said.

"Given the tardy progress of the campaign, banks need to redouble efforts to ensure success of the campaign," it added. Launched in 2016 by Mr Modi, PMFBY provides insurance cover against failure of crops.

Mr. Buffett says the returns in the insurance businesses were strong compared with long-term U.S. Treasuries. ▪ AP

Buffett backs decisions that fuel record profit

Berkshire 'fully prepared' for his death

REUTERS
NEW YORK

Warren Buffett on Saturday defended Berkshire Hathaway Inc.'s decision to invest heavily in the stocks of companies such as Apple Inc, while giving new details about how Berkshire Hathaway is prepared for his death, in an annual letter to shareholders.

The letter, widely read on Wall Street, came as Berkshire Hathaway posted record full-year earnings of $81.42 billion that nearly doubled its previous record from 2017, largely as a result of accounting rule changes that require the company to report paper gains and losses from its stock holdings with net income.

Despite those gains, Berkshire Hathaway's stock has underperformed the broad U.S. stock market by gaining 11.7% over the last 12 months, compared with a 20.3% gain in the S&P 500 over the same time.

In his letter, Mr. Buffett focused on his company's investments in the stock of companies such as Apple at a time when the conglomerate has struggled to find whole companies to buy, while also highlighting the growth of its core insurance businesses. Mr. Buffett noted that the returns in the insurance businesses were especially strong compared with the low yields on long-term U.S. Treasuries.

"If something close to current rates should prevail over the coming decades and if corporate tax rates also remain near the low level businesses now enjoy, it is almost certain that equities will over time perform far better than long-term, fixed-rate debt instruments."

The 89-year-old assured that Berkshire is prepared for the eventual departures of himself and vice-chairman Charlie Munger, 96.

"Charlie and I long ago entered the urgent zone," he wrote. "But shareholders need not worry: Your company is 100% prepared for our departure." He gave new details about what will happen to his shares in the company after his death, noting he expects it will take 12 to 15 years for his estate to fully liquidate his position in the company.

He wrote, "I myself feel comfortable that Berkshire shares will provide a safe and rewarding investment during the disposal period."

'Pro-business and not pro-crony policies needed'

India has some distance to go: CEA

PRESS TRUST OF INDIA
MUMBAI

India has some distance to go in fully shifting from pro-crony to pro-business policies, Chief Economic Adviser (CEA) Krishnamurthy Subramanian said.

Pro-business policies will enable the "invisible hands of the market" and also take the country to the goal of $5 trillion in GDP, he added.

Krishnamurthy Subramanian

"Pro-business policies are those that enable fair competition in the country. We have some distance to go in terms of enabling that fully. Pro-crony policies, on the other hand, just help incumbents and that is something that we have to stay away from in enabling the invisible hands of the market," he said at an alumni conference of his alma mater IIT-Kanpur here. Indian policymaking has been criticised for favouring crony capitalists in the initial decades after Independence, till the country adopted liberalisation in 1991.

Greaves set to tap EV, BS-VI sectors

Auto engineering major moves to business-to-consumer segment

LALATENDU MISHRA
MUMBAI

Greaves Cotton Ltd., a predominantly business-to-business (B2B) player supplying diesel engines to original equipment manufacturers (OEMs) such as Piaggio, has, following a business transformation strategy, moved into the business-to-consumer (B2C) segment to take advantage of the fast moving electric vehicles (EV) industry and the BS-VI compliant engine business, top officials said.

Nagesh Basavanhalli

Fuel-agnostic solution

Its fuel-agnostic engine solutions will add to its growth, they added.

"Three years ago, when disruptions were coming in, Greaves decided to shift focus from being a pure auto engine player to a fuel-agnostic solution provider and adopted a strategy to diversify into the non-automotive engine segment, clean mobility, including the fuel-efficient CNG engine, electric mobility and strengthen the after-market business," said Nagesh Basavanhalli, MD and CEO, Greaves Cotton.

Having invested heavily in technology development, the firm has managed to develop a grounds-up BS-VI three-wheeler (3W) diesel single-cylinder engine in a record 24 months. This engine is best suited for city transportation as it delivers up to 30% lower emissions.

Recently, the company acquired 100% stake in Ampere Vehicles in the electric mobility domain. Ampere is developing several new electric two-wheelers and eyeing a sizeable market share.

Non-auto diversification

Greaves currently manufactures 7 HP to 700 HP engines. "Diversification into the non-automotive segment has paid off with exponential growth achieved in the last few years. The company has also expanded and strengthened the retail business (2W-3W) across the country in the form of Greaves Retail (380 stores) and Ampere Exclusive outlets (over 200) which have shown significant growth," Mr. Basavanhalli said.

"Today, Greaves is well poised to grab upcoming opportunities in diverse (existing business) areas. This comes from our investment in multiple, newer business areas – non-automotive usage, multibrand spares Greaves Care, Greaves Retail in the last 3-4 years – which are now fetching good results and have strongly positioned the company to take it to the next level of growth,"he said.

INTERVIEW | PADMAJA CHUNDURU

Amalgamation sans hitch is our goal, says Indian Bank MD

'There will be opportunity to rationalise products'

N. ANAND

With barely six weeks left for the amalgamation of Allahabad Bank with Indian Bank, officials of both lenders are burning the midnight oil to ensure smooth transition of technology and human resources, says Indian Bank MD and CEO, **Padmaja Chunduru**. *Edited excerpts from the interview:*

I have been visiting corporates from my SBI days. In Chennai, there are firms that have not been availing any working capital facility from Indian Bank. We are trying to rope them in

What is your immediate focus as the deadline nears?

■ Our intention is to see that minimum services are made available to banking customers on the legal day one (April 1) without any hitch.

We don't want to disturb people on day one when they walk into Indian Bank or erstwhile Allahabad Bank branches. We will try to keep the known faces at branch levels to deal with retail or MSME customers, as personal connectivity is important. So, there will not be any transfers on day one.

We will give a tool kit to branch managers and staff with a clear [message] of what is expected of them when customers walk in. The only rule is that no customer should be turned away.

Will transition be smooth?

■ Since both banks operate on the same core banking solution of TCS, we don't see a problem. We have worked with TCS and are confident that operations from day one would be seamless.

We had carried out the amalgamation of our Pallavan Grama Bank with IOB-sponsored Pandyan Grama Bank into a single regional rural bank (RRB) in record time. When we can do it for an RRB, why not for Indian Bank?

What are the challenges in the amalgamation?

■ We are primarily strong in the south as is Allahabad Bank in the north. There is very little overlap of branches. We flew down zonal branch heads from Kolkata to Chennai and they had a healthy discussion. In fact, we held town hall meetings in three cities and one more will be held soon. Our staff is very receptive. Daily, we get hundreds of suggestions to improve the bank's performance. Recently, we opened a portal for our staff. Soon, we will do it for our customers as well on the Net.

Is it not time to rationalise products?

■ Yes, it is a good opportunity to rationalise and remove products that have been going on for a long time. Sunsetting products is a good opportunity. The other one is to pick the best products from the two and tweak them into more market-friendly products. In our next steering meeting, we will realign retail assets.

We will centralise loan processing, Retail, MSME, Agriculture (RAM) allied activities so that branches are not bogged down in processes. That will help us have staff on the customer-facing side.

Do you think that the merger will lead to excess staff?

■ We don't have excess staff, but some duplication of roles. There will be some merger of zonal offices, administrative offices, inspection departments and training offices.

How are you planning to address overlap of branches?

■ There is very little overlap. We have a third of our branches in the South or even more and they have a third of the branches in U.P. We have hardly 100 branches in U.P. against Allahabad Bank's 1,100 branches. We will find ways to merge them. Branches in distinct places will continue. Both of us have a zonal office each in Lucknow and Kanpur. They will be merged. Wherever we can cut cost, we will do it.

Going forward, what will be the focus area... retail or the corporate sector?

■ Today, we have 60% focus on RAM and 40% on corporate while it is the reverse for Allahabad Bank. After the amalgamation, it will come down to 50:50. We need a good mix. It cannot be only retail or only corporate.

Recently, you had visited corporates. Any feedback from them?

■ I have been doing this since my SBI days. There are so many good companies in India in which Indian Bank is not there. In Chennai, there are corporates who have not been availing any working capital facility from us. We are trying to rope them in.

Need to enhance global risk monitoring, says FM

Asks G20 to explore policy coordination

PRESS TRUST OF INDIA
NEW DELHI

Finance Minister Nirmala Sitharaman on Saturday emphasised on the need to enhance global risk monitoring and explore the scope for policy co-ordination to deal with such risks.

Speaking at the G-20 Finance Ministers and central bank governors meeting in Riyadh, she called upon all member countries to enhance their efforts aimed at empowering women, youth and small and medium enterprises (SMEs).

A tweet by the Finance Ministry said that the Finance Minister had called upon the G20 to enhance global risk monitoring and explore the scope for policy co-ordination to deal with such global risks.

It added that she had also emphasised that growing inequality had slowed down the pace of inter-generational mobility globally. She pointed out that identifying the causes and developing solutions require coordinated policy solutions, the tweet said.

Nirmala Sitharaman ▪ PTI

Ms. Sitharaman held bilateral talks with her counterparts from other countries and the Organisation for Economic Co-operation and Development officials on the sidelines of the G20 event.

'One Indian weighing 70 kg, uses 1500-kg car to travel'

'Need personal transport designed to move one person'

PRESS TRUST OF INDIA
MUMBAI

Indians use cars too big by size for moving a single person and the fate met by Tata Nano was unfortunate, Mahindra & Mahindra MD Pawan Goenka said.

He also conceded the automobile industry did add to pollution and pitched for adopting means to reduce it.

The Tatas had discontinued Nano after a poor response to the 600-cc ₹1-lakh car. Many experts had blamed its utilitarian product pitch in a country where owning a car was seen as a lifestyle necessity as the reason for the failure.

"It is very unfortunate that the Nano didn't do very well," Mr. Goenka said, speaking at an alumni event organised by his alma mater IIT-Kanpur here.

Pawan Goenka

He said Indians, weighing 65-70 kg, use an entire 1,500 kg car to travel individually, hinting at the wastage of resources that go into making the big car move.

"We need to have personal transport that is more tuned to moving a single person," he said.

Keeping the same requirement in mind, Mr. Goenka said his company had launched a smaller car, which should be hitting the market soon.

He also acknowledged that automobiles at present contributed 7% of the carbon dioxide and a fifth of particulate matter, PM 2.5, and every effort should be made to reduce the impact.

Connected cars

He also said India can lead the race in connected cars due to its prowess on the information technology front.

There is 'a lot of work' happening in electric vehicles as well with start-ups dedicated to niche areas such as batteries, charging infrastructure, two-wheelers and three-wheelers mushrooming, he said. He added the manufacturing sector had to contribute $1 trillion if the economy were to grow to $5 trillion.

LVB to focus on capital-efficient lending

Lender eyes jewellery, MSME loans; targets ₹6,250 crore additional business

N. ANAND
CHENNAI

Cash-strapped private sector lender Lakshmi Vilas Bank Ltd. (LVB) has begun focussing on increasing its loan book through assets that require zero or lesser capital allocation, to improve its profitability, said a top official

"We are fine-tuning some of our business verticals and have given additional powers to branches, regional managers and centralised executives who were earlier not in the loop," said S. Sundar, MD and CEO, LVB. "The focus areas are jewel and MSME loans and deposits."

"We have brought down our exposure to the corporate sector to a third of what it was earlier. We are interested in lending to medium and small scale industries and other commercial, rural retail sectors. Slowly, this book should grow over a period of time and the percentage of corporates should come down further," he said. LVB's immediate task is to increase total business, arrest fresh slippages, be aggressive on the recovery front, post profit and improve the bank's image and market share, he said.

Show me the money: LVB hopes to raise working capital worth ₹1,000 crore by end the of March.. ▪ BIJOY GHOSH

He said LVB had identified 175 branches for the purpose of increasing the jewellery loan business. In 12 months, the bank plans to lend ₹1,200 crore in this segment. In the case of MSME loans, it has identified 101 branches that can garner business of another ₹2,400 crore, he said.

Asserting that the bank can attract fresh deposits as it did not have any unviable branches, he said LVB was in the process of identifying 250 out of a total of 570 branches that had the potential to garner more business. "It is a rough idea, where we thought each branch can bring in at least ₹25 crore [more] business each. This would fetch us another ₹6,250 crore," he said.

Stating that the bank was on its way to recovery, he pointed out that in the third quarter, recovery was more than slippages by ₹10 crore and this would increase in the coming quarters. LVB was also hopeful of raising fresh working capital worth ₹1,000 crore from potential investors by March end.

Bharti Infratel board to meet on Feb. 24

PRESS TRUST OF INDIA
NEW DELHI

Bharti Infratel on Saturday said its board will meet on February 24 to chart out the future course of action following the Telecom Department's approval for its merger with Indus Towers.

The combination of Bharti Infratel and Indus Towers will create a pan-India tower company with over 1.63 lakh towers, operating across all 22 telecom service areas.

The combined entity will be the largest tower company in the world outside of China.

It added that the board of directors of the company will meet on February 24, 2020 to "take stock and decide the future course of action."