Banks should recover loans from affluent promoters: FM

Expresses concern over 215 stalled projects, with an investment of Rs 71k crore, in sectors such as power, coal and steel.

In a stern warning to wilful defaulters, Finance Minister P Chidambaram on Monday asked banks to take firm steps against affluent promoters to recover loans from sick companies owned by them.

“Promoters must bring in money... We wish banks take firm steps to recover NPAs,” he told reporters after meeting the heads of PSU banks and financial institutions here.

The warning comes in the backdrop of several firms, including liquor baron Vijay Mallya’s Kingfisher Airlines who has been unable to re-pay bank loans of over Rs 7,000 crore Gross NPAs of PSU banks have risen from Rs 71,080 crore as on March 2011, to Rs 1.55 lakh crore as on December 2012, of which corporate accounts constitute 53.66%. Of this, about 172 corporate accounts are NPAs of more than Rs 100 crore at the end of December 2012. The amount involved in such cases is to the tune of Rs 37,194 crore.

Promoters must bring in money... We wish banks take firm steps to recover NPAs - P Chidambaram

Banks mop up deposits worth Rs 1 lakh cr

Even as the last-minute scramble to meet year-end deposit targets is on, bank deposits grew 13.14% per cent year-on-year (Y-o-Y), according to Reserve Bank of India (RBI) data. During the fortnight ended March 8, banks mopped up deposits worth about Rs 1 lakh crore, while they disbursed fresh credit (loan) worth Rs 58,000 crore, growing 15.41 per cent y-o-y.

RBI’s projection for credit and deposit growth is 16 per cent and 15 per cent, respectively, for the current financial year. The growth of credit and deposits in the system has been at a lower pace in FY13. According to Bloomberg data, credit growth was 19.35 per cent as of March 30, 2012, while that of deposits was 17.37 per cent. In the first fortnight of the year ended April 6, credit growth fell to 18.73 per cent and deposit growth plunged to 14.31%.

According to experts, usually banks resort to window-dressing to meet year-end targets and the credit and deposits come down immediately in April. This year, banks are comfortable with the credit growth as it is on projected levels. However, deposits haven’t grown by 15 per cent in a single fortnight this year.

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Promoters must bring in money... We wish banks take firm steps to recover NPAs - P Chidambaram

Exim Bank extends $ 41.6 mn credit to Comoros

The Export Import (Exim) Bank today said that it has extended a line of credit worth $41.60 million to the island nation of Comoros, located off the African coast, to install an 18-mw power project in the capital city of Moroni. Under the agreement, the Exim Bank will reimburse 100% of contract value to Indian exporters upfront upon shipment of goods or after providing the services, the bank said in a statement.

This is the first LoC extended by Exim Bank to Comoros and takes the total to 169 LoCs, covering 76 countries with credit commitments of over $9.106 billion.

One-time spectrum fee: CDMA telcos get Rs 3,033 cr notice

The government has asked CDMA telecom operators to pay one-time fee, amounting to about Rs 3,033 crore, for the spectrum they hold beyond the initial frequencies that were allocated to them.

In its order on levy of one time spectrum charges for CDMA spectrum held by the incumbent telecom service providers, Department of Telecom has said: “For CDMA spectrum holding above 2.5 Mhz in 800 MHz band, the rate for onetime spectrum charges shall be applicable from 01-01-2013.” Reliance Communications, Tata Teleservices, Sistema Shyam (SSTL), BSNL and MTNL hold spectrum beyond 2.5 Mega hertz (MHz) in a few telecom service areas. As per the order, the charges will be levied on additional spectrum for the rest of the licence period and operators not willing to pay these charges will be allowed to surrender their spectrum held over 2.5 Mhz. DoT has issued rates to be charged annually for each megahertz of frequencies, based on the reserve price that was fixed for spectrum auction held on March 11.

Telecom operators will have an option to pay these charges in equal annual instalments in a manner that the last one ends one year before their licences expire.

SSTL which recently won 3.75 Mhz spectrum in 8 circle will not have to pay onetime fee for these areas but the spectrum held by the firm in Rajasthan falls under the ambit of the order. said the one time spectrum fee on RCom and Tata Tele amounted to about Rs 1,752 and Rs 1,155 cr respectively, after the Cabinet had reduced CDMA spectrum base price for auction by 50%. No immediate comments were received by the companies.

SOURCE: FREE PRESS JOURNAL

SOURCE: BUSINESS STANDARD

SOURCE: FREE PRESS JOURNAL
RBI delivers rate cut

RBI cuts repo rate by 25 bps to 7.50%, but makes it clear that further rate cuts is not a given due to high food inflation and current account deficit

The Reserve Bank of India (RBI) cut its key policy rate by 0.25 per cent to boost growth and revive investment but the impact may not be visible immediately as several bankers said they would wait for current fiscal to end before passing on the benefit to home, auto and corporate loan seekers. The accompanying guidance made it clear that further rate cuts is not a given due to high food inflation and current account deficit.

During its mid-quarter review of monetary policy for the current fiscal, RBI lowered its short term lending rate or the repo rate to 7.50 percent as expected. The short-term borrowing rate or reverse repo now stands at 6.50 %. But with inflation rate still beyond the central bank’s comfort zone, the cash reserve ratio, or the money commercial banks have to retain in the form of liquid assets in proportion to their deposits, has been kept unchanged at 4 %. RBI Governor D Subbarao said, “On the domestic front, growth has decelerated significantly, even as inflation remains at a level that is not conducive for sustained economic growth... even as the policy stance emphasises addressing the growth risks, the headroom for further monetary easing remains quite limited.” Experts feel this token cut in interest rates -- along with a warning of limited scope for

Sebi allows FIIs to use govt, corporate bonds as collateral

In a move that would help boost flow of overseas funds into Indian capital markets, regulatorSebi today allowed FIIs to offer government securities and corporate bonds as collaterals for their cash and derivative transactions on the stock exchanges.

FIIs were so far permitted to offer cash and foreign sovereign securities with top-grade ‘AAA’ rating in derivative segment, while foreign sovereign securities with AAA rating and government securities were allowed in the cash segment.

The Securities and Exchange Board of India (Sebi) said in a circular: “FIIs are permitted to offer the following collaterals – government securities, corporate bonds, cash and foreign sovereign securities with AAA ratings, for their transactions in both cash and F&O segments”.

The directive by Sebi follows an announcement by Finance Minister P Chidambaram in the Union Budget 2013-14, wherein he proposed allowing FIIs to use corporate bonds and government securities as collateral for foreign investments in the stock markets.

As per the new norms, the regulator has asked clearing corporations to ensure certain parameters before accepting the corporate bonds as collateral for transactions.

These corporations would have to ensure that the bonds have a rating of AA or above (or with similar rating nomenclature) by recognised credit rating agencies.

Sebi norms to enable faster arbitration

To enable faster arbitration between market intermediaries, the Securities and Exchange Board of India (Sebi) on Monday announced an automated system for selection of arbitrators from a common pool. The automatic process would be triggered in cases where members and clients of stock exchanges fail to find an arbitrator, from a list compiled by the bourses, to resolve their disputes. Presently, an arbitrator is selected by the bourses that help settle disputes between a client and broker, or disputes among brokers. Amending the mechanism, the market regulator introduced a system of “Automatic Process” and “Common Pool” for selection of

Subsidiary route: HSBC ready to follow RBI norms

British banking major HSBC is willing to take whichever route the Reserve Bank of India (RBI) chooses in the event of any disagreement. "We will move whichever way the RBI requires us to do," HSBC India Country Head Naina Lal Kidwai told PTI. The comments come in the wake of recent reports that RBI had firmed up its mind on the way forward for foreign banks and would be insisting on them to operate as subsidiaries. A formal announcement from the RBI is likely soon. Experts say this will help ring-fence operations here by insulating them from the risks taken by their parent companies in other home markets or elsewhere.

On the taxation front, there are reservations made by national security advisor Shivshankar Menon and Pulok Chatterji, principal secretary to the prime minister who had raised concerns over a proposal tabled by the Cabinet Committee on Investment (CCI) on Wednesday refusing to give clearance because the blocks fall within the boundary of a proposed naval base. The decision was taken at a meeting of the Cabinet Committee on Economic Affairs (CCEA) on Thursday. The ministry of petroleum and natural gas was among those that got

Govt denies clearances to 3 ONGC, BG Group energy blocks

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STATE-OWNED Oil and Natural Gas Corp (ONGC) and BG Group might now have to surrender three energy blocks in the Krishna-Godavari basin, with the government on Wednesday refusing to give clearance because the blocks fall within the boundary of a proposed naval base.

The decision was taken at a meeting of the Cabinet Committee on Investment (CCI) on Wednesday. The ministry of petroleum and natural gas said they would consider allotting alternative blocks to the two operators. They would be allowed to recover the cost incurred in these blocks-KG-OSN-2005/1, KG-OSN-2005/2 and KG-DWN-2009/1-from any other one allotted to them.

Reliance Industries Ltd (RIL)’s KG-D6 block and the gas discovery area, NEC-26, along with most areas where the company had been either barred any oil and gas activity or put stringent conditions on, were among those that got
Sebi issues colour codes

Product labelling for mutual funds

Market regulator Sebi has issued a framework on product labelling with colour coding for mutual funds, a move that would help investors assess the risk associated with the schemes.

The guidelines would be effective from July 1, 2013, for all existing and forthcoming schemes, Securities and Exchange Board of India (Sebi) said in a circular yesterday.

As per the norms, product labels carrying details about the schemes would be disclosed on the front page of initial offering forms and advertisements. Besides, the labels would have to be placed in common applications forms and advertisements.

“The move would help investors assess the risk associated with the mutual fund schemes on colour codes to indicate the level of risk associated with the product,” Sebi said.

A blue colour coded box would indicate low risk, yellow would signify a medium risk, while brown would be representative schemes with high risk, Sebi said.

“In order to address the issue of mis-selling, a committee was set up to examine the system of product labelling that would provide investors an easy understanding of the kind of product/scheme they are investing in and its suitability to them,” Sebi said.

Based on the recommendations by the committee, it has been decided that all the mutual funds would ‘label’ their schemes on certain parameters, it added.

The labels would include details about the nature of schemes “such as to create wealth or provide regular income in an indicative time horizon (short/medium/long term)”. Moreover, mutual funds would have to state a brief about the investment objective in a single sentence followed by kind of product in which investor is investing (equity or debt).

As per the guidelines, mutual funds would also have to include a disclaimer that “investors should consult their financial advisers if they are not clear about the suitability of the product”. Sebi said that the product label has to be placed in proximity to the caption of the scheme in the initial offering – Key Information Memorandum (KIM) and Scheme Information Documents (SIDs) – and common applications so that they are prominently visible to investors.

30 banks to switch to risk-based supervision from April 1

Thirty large banks have informed the Reserve Bank that they are ready to switch to the new uniform risk-based supervision system from April 1, which will enable them to assess their risks on a real-time basis.

“The risk-based supervision system is likely to be implemented from April 1. The RBI has decided to implement it in 30 large banks. These banks were called for a meeting today with the RBI,” Indian Banks Association chairman and PNB chief KR Kamath told reporters after the meeting with the top RBI brass led by deputy governor KC Chakrabarty.

The new system will bring in a uniform methodology to check the health of the banking system, as against the CAMELS framework used at present which follows a compliance-based and transaction-testing approach.

The new system will bring the banking supervision practices in India at par with the best practices in the world. “We discussed how the risk-based supervision would shape up,” State Bank of India Chairman Pratip Chaudhuri said.

When asked about the changes the banks will have to bring following the implementation of the new system, Kamath said, “there are many ambiguities today with banks reporting so many things with their own definitions. The idea is to see that you have one uniform norm through which everybody can report.”

Other bank chiefs who participated in the meeting included SS Mundhra of Bank of Baroda, Ajai Kumar of Corporation Bank, Shyam Srinivasan of Federal Bank, ICICI Bank head Chandra Kochhar, HDFC Bank’s Aditya Puri, BA Prabhakar from Andhra Bank and French lender BNP Paribas’ Jacques Michel, among others.

Apeejay Group rebrands hotel business

Together with the creation of a new look the company decided to do away with the word ‘Hotel’ from its branding.

Apeejay Surrendra Park Hotels, owner of The Park Hotels brand, which is India’s first boutique hotel brand, has announced a rebranding exercise.

Together with the creation of a new look the company decided to do away with the word ‘Hotel’ from its branding. The brand revitalisation exercise has taken more than two years with a cost of about Rs 12 crore.

The rebranding comes at a time when the unlisted company is all set to infuse Rs 1,200 crore into operations to add four more properties to its current portfolio of 12 boutique hotels across India. The investment will be made in the next 4-5 years.

Priya Paul, Chairperson, Apeejay Surrendra Park Hotels, said, “As we continue to grow, we realised the need to communicate boldly the strength of our brand. The fresh design language strongly reflects contemporary India and our ethos. It is strikingly bold and captures our personality perfectly.”

The branding roll out starts April 1, 2013 and newly created experiences that are tagged as ‘Any thing But Ordinary’ will be introduced throughout the year, the company stated.

The Park is present in Bangalore, Chennai, Hyderabad, Kochi, Kolkata, Navi Mumbai, New Delhi and Visakhapatnam.

SOURCE: ECONOMIC TIMES & AGENCIES

RBI study to check impact of banks selling gold coins

The Reserve Bank said it is conducting a study on banks that actively sell gold coins or wealth management products, to check possible systemic risks and plug loopholes.

Seeking to check demand of gold, a RBI Working Group had last month proposed a slew of measures like mandatory quoting of PAN numbers for high-value purchases, restriction on gold loans and check on NBFC branches dealing with gold loans. Besides, it had suggested limits on imports of gold by banks and other government agencies like MMTC and STC, which account for about 56% of the total import of the precious metal.

SOURCE: ECONOMIC TIMES

www.freepressjournal.in
RBI: Systems to prevent money laundering in India perfect

The Reserve Bank today sought to downplay the money-laundering allegations against three private sector banks, saying the country has a "perfect" system to prevent such offences and that not a single such transaction took place in the sting operation.

The country’s three largest private banks – ICICI bank, HDFC Bank and Axis Bank -- were last week accused of indulging in money laundering both within and outside with an online portal, Cobrapost, claiming that the sting operation conducted by it had revealed a scam.

"Allegations do not mean flouting norms. There is not a single transaction which has taken place. KYC violations will happen in any system. These are all transactional issues and have nothing to do with money laundering," Deputy Governor KC Chakrabarty told reporters after a meeting with bankers here.

He was responding to a question on the issue. "The senior most Deputy Governor further said, "there is no scam (that) has happened...as no transaction has taken place."

"Let us not unnecessarily downgrade ourself. Our system to prevent money laundering is perfect, absolutely nothing (wrong with it)," he said. Chakrabarty also said RBI will further tighten the anti-money laundering norms if needed.

"If we find there is a need to further tighten any guidelines, we’ll do that." The comments come even as the RBI, Finance Ministry and the banks concerned are probing the allegations that some officials of these banks offered to facilitate money laundering.

SOURCE: PTI

Infrastructure projects, including those related to coal and highways, stuck for want of green nod are expected to be cleared soon with MoEF informing the Cabinet Committee on Invest (CCI) that it has initiated steps for speedy approval to schemes.

"Ministry of Environment and Forest (MoEF) has informed the CCI that they have taken certain steps to streamline the process of approval (of infrastructure projects)," an official told reporters.

Contracts for only over 1,100 km of highways could be given by the government in the first three quarters of 2012-13 due to various reasons including delays in environment clearances.

On the other hand, 8 coal projects entails investment of about Rs 1,000 crore are awaiting green clearances while the Coal Ministry had been pitching for their early approval. Non receipt of clearances to the mining projects is adversely affecting the production plans of Coal India, which accounts for over 80 per cent of the domestic production.

SOURCE: PTI

Anand for speedy conclusion of India-EU trade negotiations

The Union Minister of Commerce Industry and Textiles Anand Sharma has called for a nearly conclusive operation conducted by it had revealed (that) has happened...as no transaction has taken place.

"No transaction has taken place."

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SOURCE: PTI

Anti-dumping duty on solar PV modules

Directorate General of Anti-dumping and Allied Duties (DGAD) has initiated an anti-dumping investigation concerning imports of Solar Cells whether or not assembled partially or fully in Modules or Panels or on glass or some other suitable substrates, originating in or exported from Malaysia, China PR, Chinese Taipei and United States of America, vide Notification No.14/5/2012-DGAD dated 23rd November, 2012.

This information was given by the Minister of State in the Ministry of Commerce & Industry, Dr. D Purandeswari said.

SOURCE: MINISTRY OF COMMERCE & INDUSTRY

MoEF to ensure speedy nod for infra projects

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The Free Press Journal is an 84-year-old newspaper based in Mumbai that has often been described as the best friend of Company Secretaries and those studying to enter the profession.

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