



## **BN Srikrishna to probe conflict charges against Chanda Kochhar**

***Former SC judge BN Srikrishna will investigate whether Kochhar violated the bank's code of conduct and was involved in quid pro quo transactions with certain bank borrowers***

By Reena Zachariah, ET Bureau | Jun 15, 2018

**THE ECONOMIC TIMES**

Mumbai: Former Supreme Court judge BN Srikrishna will conduct an investigation into various allegations of impropriety against ICICI Bank chief executive Chanda Kochhar. The bank had said it would be instituting an inquiry into the accusations at the end of May.

"The board felt he would be the best person to conduct this inquiry. He has accepted the request," said a person with direct knowledge of the development. "Justice Srikrishna is an independent and credible name, who has a good understanding of the financial markets."

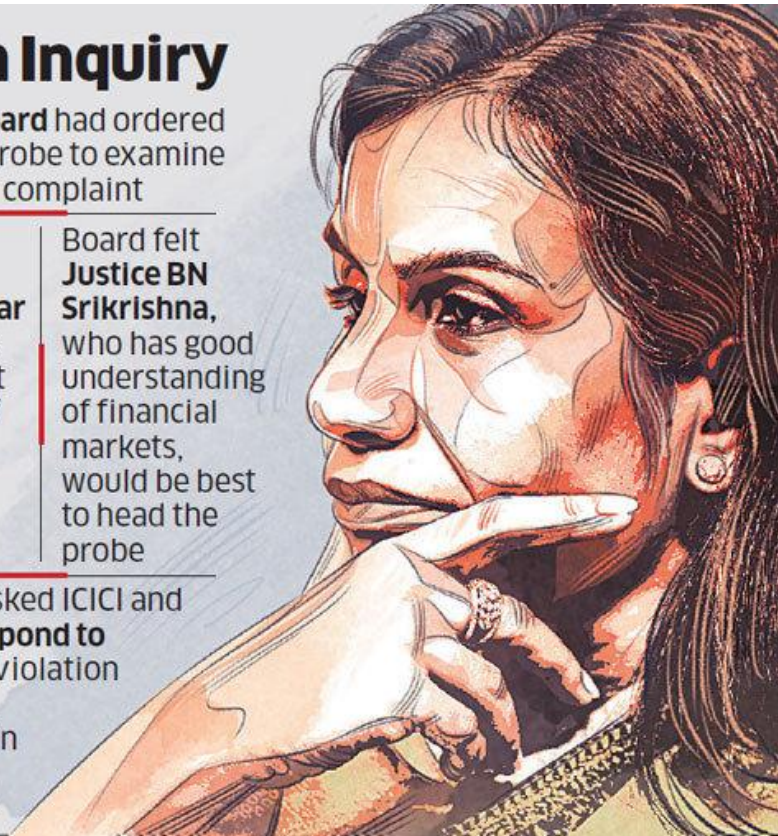
Srikrishna will investigate whether Kochhar violated the bank's code of conduct and was involved in quid pro quo transactions with certain bank borrowers.

The former judge was chairman of the Financial Sector Legislative Reforms Commission (FSLRC) and is currently heading a committee of experts deliberating on a data protection framework for the country.

Srikrishna, 77, had also headed the commission that investigated the communal riots that took place in Mumbai in 1992-93. After retiring from

the Supreme Court, he has been working as an independent arbitrator. Srikrishna declined to comment. ICICI Bank didn't respond to queries.

The board has not specified any time frame for concluding the inquiry, sources said. Earlier, the board led by MK Sharma had rejected allegations of impropriety against Kochhar. "The scope of the inquiry would be comprehensive and include all relevant matter arising out of and in the course of examination of the facts and wherever warranted, use of forensic/email reviews and recordal of statements of relevant personnel, etc," ICICI Bank had said in its May 30 stock exchange filing.



**Indepth Inquiry**  
ICICI Bank's board had ordered independent probe to examine whistleblower complaint

Complaint alleged CEO <b>Chanda Kochhar</b> violated bank's code of conduct and was part of quid pro quo dealings with certain borrowers	Board felt <b>Justice BN Srikrishna</b> , who has good understanding of financial markets, would be best to head the probe
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Sebi too had asked ICICI and Kochhar to **respond to allegations** of violation of disclosure requirements in Videocon-NuPower case

"The inquiry would also cover all connected matters in the course of the investigation to bring the matter to a final close."

Chanda Kochhar was on the bank's credit committee that sanctioned a loan of Rs 3,250 crore to the Videocon Group in 2012. Videocon's promoter Venugopal Dhoot was one of the first investors in NuPower Renewables promoted by Deepak Kochhar, Chanda Kochhar's husband, in 2008.

# MEA holds multi-agency meet on Nirav Modi's extradition

[Devesh K. Pandey](#) NEW DELHI, JUNE 14, 2018

THE  HINDU

## **The fugitive diamond merchant is now suspected to be in Brussels**

Officials from the CBI and the Enforcement Directorate on Thursday attended a multi-agency meeting held by the Ministry of External Affairs on preparations for extradition of fugitive economic offenders, particularly diamond merchant Nirav Modi and his uncle Mehul Choksi.

Among those present at the meeting were officials from the Ministry of Home Affairs. They discussed various measures to ensure expeditious extradition of the wanted persons and reviewed the developments in the case.

### **Current whereabouts**

In the case of Mr. Modi, the investigating agencies are yet to establish his current whereabouts through Interpol. He is now suspected to be in Brussels (Belgium) and probe agencies may soon contact the authorities there.

His subsequent movements are not yet clear. The fugitive businessman was earlier travelling on an Indian passport, which had been revoked by the MEA in February. The agencies, it is learnt, have been told that upon revocation of passports in such cases, a communication is usually sent to all the countries informing them of the decision. However, there is no system of real-time data sharing on passport revocations.

"As the passport — carrying a valid visa — remains in the person's possession, the accused may still be able to use it for further travels. It happens mostly because there is no global integrated data mechanism to keep an updated record of passport revocations in different countries," said an official.

# India faces worst water crisis: NITI Aayog

[Jacob Koshy](#)

NEW DELHI, JUNE 14, 2018

THE  HINDU



## **Demand for potable water will outstrip supply by 2030, says study**

The NITI Aayog on Thursday released the results of a study warning that India is facing its 'worst' water crisis in history and that demand for potable water will outstrip supply by 2030 if steps are not taken.

Nearly 600 million Indians faced high to extreme water stress and about 2,00,000 people died every year due to inadequate access to safe water. Twenty-one cities, including Delhi, Bengaluru, Chennai and Hyderabad will run out of groundwater by 2020, affecting 100 million people, the study noted. If matters are to continue, there will be a 6% loss in the country's Gross Domestic Product (GDP) by 2050, the report says.

## **70% contaminated**



Moreover, critical groundwater resources, which accounted for 40% of India's water supply, are being depleted at "unsustainable" rates and up to 70% of India's water supply is "contaminated," the report says.

The NITI Aayog's observations are part of a study that ranked 24 States on how well they managed their water. Gujarat, Andhra Pradesh and Madhya Pradesh took the top three spots, in that order, and Jharkhand, Bihar and Haryana came in last in the 'Non-Himalayan States' category. Himachal Pradesh — which is facing one of its worst water crises this year — led a separate 8-member list of States clubbed together as 'North-Eastern and Himalayan.' These two categories were made to account for different hydrological conditions across the two groups.

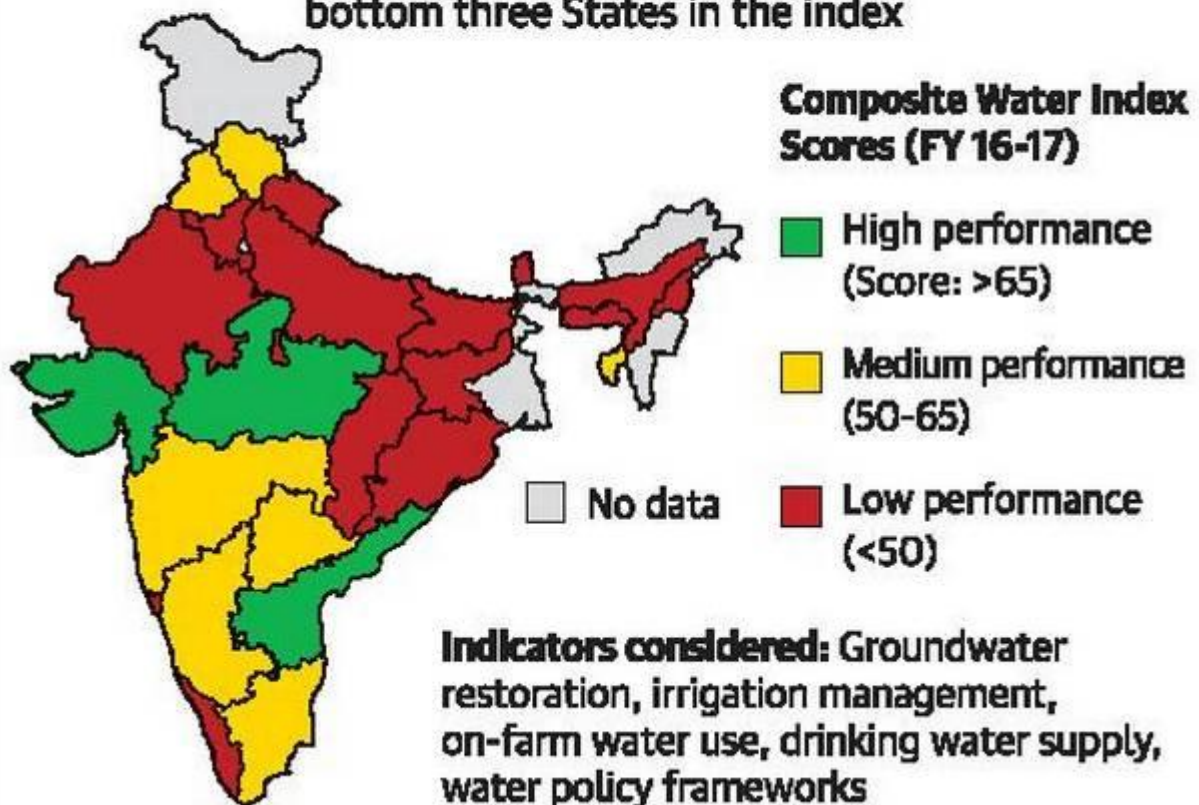
### **Low performers**

About 60% of the States were marked as "low performers" and this was cause for "alarm," according to the report. Many of the States that performed badly on the index — Uttar Pradesh, Odisha, Chhattisgarh — accounted for 20-30% of India's agricultural output. "Given the combination of rapidly declining groundwater levels and limited policy action...this is likely to be a significant food security risk for the country," the report says.

On the other hand, the index noted, several of the high and medium performers — Gujarat, Madhya Pradesh, Andhra Pradesh, Karnataka, Maharashtra and Telangana — had faced droughts in recent years. Therefore, a lack of water was not necessary grounds for States not initiating action on conservation. Most of the gains registered by the States were due to their restoration of surface water bodies, watershed development activities and rural water supply provision.

## Mixed bag

Gujarat, Madhya Pradesh and Andhra Pradesh manage water resources effectively, according to NITI Aayog's Composite Water Index Scores. Meghalaya, Uttarakhand and Nagaland are the bottom three States in the index



Envisioned as an annual exercise, the Composite Water Management Index (CWMI), to evaluate States, has been developed by the NITI Aayog and comprises 9 broad sectors with 28 different indicators covering various aspects of groundwater, restoration of water bodies, irrigation, farm practices, drinking water, policy and governance. "While Jharkhand and Rajasthan may have scored low, they have made remarkable improvement when compared over two years," said Amitabh Kant, CEO, NITI Aayog.

Other experts said that unless India woke up to its water crisis, disaster loomed. "There is great awareness now about air pollution, however, India's water crisis does not get that kind of attention," said Rajiv Kumar, Vice-Chairman, NITI Aayog.

# Additional capital to aid growth in rural areas: HDFC

[SPECIAL CORRESPONDENT](#) MUMBAI, JUNE 14, 2018

THE  HINDU

## 'Decision bodes well for investment climate, foreign inflows'

Private sector lender HDFC Bank said on Thursday the capital it plans to raise would be mainly to support growth in semi-urban and rural areas. On Wednesday, the government approved the lender's proposed Rs.24,000 crore capital plan.

### CCEA approval

Since this was an FDI proposal in excess of Rs.5,000 crore not under the automatic route, it required approval from the Cabinet Committee on Economic Affairs (CCEA).

"We are delighted to hear that the government has approved our capital raising proposal. The additional capital will go a long way in supporting our growth plans over the next few years, especially in semi-urban and rural India," said Paresh Sukthankar, deputy managing director, HDFC Bank.

"We do believe this decision bodes well for the overall investment climate and foreign inflows as well," Mr. Sukthankar added.

The second largest private sector lender said the government's approval comes against the backdrop of an expected pick-up in credit growth driven by consumption-led demand and recovery in the investment cycle.

In December, HDFC Bank's board approved a capital raising plan of Rs.24,000 crore through a mix of instruments, including preferential allotment to its parent HDFC. HDFC plans to infuse Rs.8,500 crore in HDFC Bank.

As of March 31, 2018 the bank had a network of 4,787 branches and 12,635 ATMs and had 4.3 crore customers across 2,691 Indian towns and cities. The bank's balance sheet for the year stood at Rs.10.63 lakh crore.

# Twenty ED rank officers to vie for CEO positions at 12 state-run banks

[Manojit Saha](#) MUMBAI, JUNE 14, 2018

THE  HINDU

## About 40 GM candidates short-listed for 19 executive director level vacancies

With a dozen vacancies arising in the top posts of public sector banks (PSBs) in 2018-19, the Bank Board Bureau (BBB) has finally started the process of selecting the candidates.

Twenty executive director rank officers from PSBs have been called for an interview scheduled for this month. They are: S. Harisankar of Allahabad Bank, A.K. Rath of Andhra Bank, P.V. Bharathi and P. Ramana Murthy of Canara Bank, B.K. Divakara of Central Bank of India, R.S. Singh from Dena Bank, A.K. Das from Bank of India, G.M. Bhagat from Corporation Bank, A.C. Rout and R.K. Gupta from Bank of Maharashtra, M.K. Bhattacharya and A.S. Rajeev from Indian Bank, Fareed Ahmed of Punjab & Sind Bank, K. Swaminathan from Indian Overseas Bank, Charan Singh from UCO Bank, A.K. Goel from Union Bank of India, S.S. Mallikarjuna Rao, G.M. Yadwadkar of IDBI Bank, Ashok Pradhan of United Bank of India and Vijaya Bank's Nageswara Rao.

Some of the CEO posts in PSBs like Andhra Bank, Dena Bank, Punjab and Sind Bank are already vacant. IDBI Bank's CEO post will also remain vacant as the government has appointed M.K. Jain as the RBI deputy governor.

Moreover, Allahabad Bank's MD & CEO Usha Ananthasubramanian's executive powers has been withdrawn by the Board after she was named by investigation agencies in the letters of credit scam. The future of chief executives of Indian Bank and Syndicate Bank also looks uncertain as they too have been named by investigation agencies in another scam.



Also, top posts in Central Bank of India, Bank of Baroda, Corporation Bank, United Bank of India and UCO Bank will fall vacant during the course of the year, though some of them are eligible for reappointment.

About 19 executive directors' post in many PSBs will also fall vacant. About 40 general manager rank candidates have been short-listed for the interviews. Sources said one round of interviews was conducted earlier this week.

Stand-in finance minister Piyush Goyal recently said the government plans to fill all the executive vacancies in a month. However, bankers said the process may take more time since after the BBB identifies the candidates, clearance would be required from several authorities including the Central Vigilance Commission. While the BBB selects the candidates, the final appointment is made by the government.

## **Will back AI with funds till disinvestment is done: Sinha**

[aditya anand](#) MUMBAI, JUNE 14, 2018 THE HINDU

### **Govt. promises liquidity infusion; monetisation of the carrier's assets under way**

Minister of State for Civil Aviation Jayant Sinha on Thursday said that the Government of India was committed to supporting Air India (AI) with liquidity infusion till the disinvestment process is completed.

The deadline for submission of Expression of Interest (EoI) ended on May 31, with not a single bidder evincing interest in the airline. Since then, salaries of airline staffers were delayed by a fortnight this month and Mr. Sinha, who was here on Thursday, said the Group of Ministers constituted to look at alternatives for Air India's disinvestment would meet under the chairmanship of Arun Jaitley soon.

### **GoM to decide**

"All these matters are being considered by the alternative group of ministers constituted to look into the issues. They will look into the

matters put before them and an appropriate decision will be taken. We are in the process of scheduling a formal meeting,” the Minister said.

On financially supporting AI till a solution is found, Mr. Sinha said, “We are definitely going to provide the necessary liquidity and financial resources, so that Air India continues its very successful turnaround and continues to provide world-class customer service to its passengers and its very talented and hard working employees are paid on time.”

The Minister said monetisation of Air India’s assets, now placed under an asset holding company, was happening simultaneously. The government has proposed to offload 76% equity share capital of the carrier as well as transfer the management control to private players, as per the preliminary information memorandum.

## **India may push for extradition proceedings against Nirav Modi**

***British authorities say such actions are possible even without precise details of the fugitive jeweller’s whereabouts***

[VIDYA RAM](#) | LONDON, JUNE 14 BUSINESSLINE

India is ready to set in motion extradition proceedings against Nirav Modi from the UK after receiving confirmation from authorities here that it was possible to launch such proceedings even without official confirmation of the exact location of the individual, including whether the individual was in the country.

Sources in London said the confirmation, that extradition proceedings without precise details of an individual’s whereabouts could be commenced in Britain, was made by Britain’s Crown Prosecution Services, with whom information discussions have been taking place, alongside discussions with Britain’s Home Office and Foreign and Commonwealth Office, as India attempts to pinpoint the precise location of the fugitive jeweller.

India's discussions with British authorities have been complicated by a number of issues, including data protection, which have meant that India is yet to ascertain whether or not Modi, accused of a Rs.13,000-crore fraud, has indefinite leave to remain (ILR) in Britain.

### **Possessing ILR**

Extradition proceedings would be particularly relevant if Modi possesses ILR — which would require India to proceed down the extradition route as it had in its attempt to return Vijay Mallya to the country (he has indefinite leave to remain in Britain). However, reports, including in the *Financial Times*, that Modi had claimed political asylum in Britain, in an effort to remain here, would suggest that he did not possess ILR, and this would lead India down the route of seeking his deportation, rather than full-blown extradition proceedings.

There is also a certain degree of confusion on his exact whereabouts. While he is believed to be in the UK, the last recorded exit date on one of the multiple passports thought to have been in Modi's possession was from the UK to Paris in late March, a source said. While Modi is thought to have travelled to the UK before February 19, when India sent the note verbale to make UK authorities aware of the allegations and the cancellation of his passport, the source said he was believed to have been in possession of multiple passports, and that British authorities had indicated that trips had been made on these in and out of Britain.

### **CBI request**

Earlier this week, the Central Bureau of Investigation (CBI) said that it had sent a request to the Interpol for issuing a Red Notice against Modi and his uncle Mehul Choksi. India has sent three Letter Rogatories (LRs) in the cases lodged by the ED, CBI and Central Board of Direct Taxes (CBDT) to the UK seeking assistance in its investigation against Modi in March and April, which had been forwarded to the Serious Fraud Office.

# ICICI Bank panel drafts succession plan for Chanda Kochhar

*Once the panel shortlists the names for new CEO to replace Chanda Kochhar, the proposal for appointment will be placed before the ICICI Bank board*

**The tenure of ICICI Bank CEO Chanda Kochhar—clouded by investigations related to the Videocon loan case—ends in March 2019**

Jun 15 2018 | [Anirudh Laskar](#) LIVTEMINT

Mumbai: Directors on ICICI Bank Ltd's nomination panel are readying a succession plan for the chief executive officer's (CEO's) post as incumbent Chanda Kochhar's tenure has been clouded by investigations related to loans made to Videocon Group, two people directly aware of the development said.

The nomination panel first discussed a fortnight ago plans to assess potential candidates to succeed Kochhar when her term ends in March 2019.

"Although the names of the potential candidates for new CEO have not been finalized, the committee has kept a succession plan ready," one of the two people said, requesting anonymity. "The committee may appoint a headhunting firm for shortlisting a new CEO. The terms of appointment have been discussed."

Once the panel shortlists the names, the proposal for appointment of a new CEO will be placed before the bank's board, the person said, adding that the board and the Reserve Bank of India will then have to approve the name.

A query emailed to ICICI Bank seeking comments on the development did not elicit any response till the time of going to press.

Independent director Dileep Choksi heads the board's governance, remuneration and nomination committee. ICICI Bank chairman [M.K. Sharma](#), and director V.K. Sharma, who is also chairman of Life Insurance Corp. of India, are the other two members of the panel.

Kochhar's leadership has come under a cloud after allegations of a conflict of interest over loans made to Videocon Group, whose chairman Venugopal Dhoot had business links with her husband Deepak Kochhar. The allegations first surfaced in 2016, but the bank's board had given her a clean chit following an internal investigation.

**M MINT QUICK READS**

## AFTER KOCHHAR, WHO?

**WHAT'S HAPPENING?**

- ▶ ICICI Bank's nomination committee has drafted a succession plan for a new CEO to replace **Chanda Kochhar**, whose term will officially end in March next year.
- ▶ The panel may appoint a headhunting firm **to shortlist** a new CEO.

**AND AFTER THAT?**

- ▶ After the panel shortlists a **new CEO candidate**, the proposal will be submitted to the bank's board.
- ▶ Once they, and then RBI, approve the name, Kochhar's tenure at the bank **will end** after almost 10 years.

**WHAT'S THE BACKDROP?**

- ▶ Kochhar has come under a cloud after allegations of a conflict of interest over loans worth **₹3,250 crore** given to Videocon Group.
- ▶ On 30 May, ICICI Bank's board ordered an independent probe into allegations of **'conflict of interest'** and **'quid pro quo'** in Chanda Kochhar's dealing with certain borrowers.



The ICICI Bank's credit committee, with Kochhar as one of the members, had granted a Rs.3,250 crore loan to Videocon Group firms in 2012 as part of a consortium.

On 30 May, the bank's board [ordered](#) an independent inquiry following a complaint by an anonymous whistleblower against Chanda Kochhar. The probe will look at allegations that Kochhar breached the bank's "code of conduct", violated regulations on "conflict of interest" and favoured certain borrowers.



The Securities and Exchange Board of India (Sebi) has already begun [a forensic audit](#) into the dealings of ICICI Bank since Kochhar's appointment as the CEO on 1 May 2009. On 10 June, *PTI* had [reported](#) that US markets regulator Securities and Exchange Commission, too, has started a probe into the bank's dealings.

The fresh enquiry will include all relevant matters arising out of the whistleblower's allegations. "The enquiry would also cover all connected matters in the course of the investigation to bring the matter to a final close," the bank had said in an exchange filing on 30 May.

Some independent directors on the board of ICICI Bank have also discussed a succession plan with some members of the bank's nomination committee if Kochhar decides to quit prematurely or if any wrongdoing is discovered in the course of the independent enquiry.

## **ICICI Bank moves NCLT against Punj Lloyd under IBC**

***ICICI Bank wants to recover dues worth Rs 852 crore, sending the construction company's stock tumbling by more than 11%***

**State Bank of India told NCLT that more than 90% of Punj Lloyd's lenders were in favour of a resolution plan outside the Insolvency and Bankruptcy Code**

Jun 15 2018 | [Aditi Singh](#) LIVEMINT

**Mumbai:** Punj Lloyd Ltd was referred to the National Company Law Tribunal (NCLT) on Thursday by ICICI Bank Ltd to recover dues worth Rs 852 crore, sending the construction company's stock tumbling by more than 11%.

A two-judge NCLT bench, headed by M.M. Kumar, issued a notice to Punj Lloyd, asking it to file a reply to ICICI Bank's plea.

The private sector bank's plea was opposed by State Bank of India (SBI), the leader of the lenders' forum for Punj Lloyd, on the ground that the six-month period granted to corporate debtors for resolution of debt

outside the insolvency and bankruptcy code, as stated in the Reserve Bank of India's (RBI's) 12 February circular, has not ended.

Punj Lloyd's asset base covers only 5% of the company's debt and the 20 ongoing projects are the only source of money for the company, SBI told the tribunal, adding that the initiation of insolvency proceedings will likely halt those projects.

SBI further told the tribunal that more than 90% of the lenders were in favour of a resolution plan outside the insolvency and bankruptcy code and would oppose ICICI Bank's plea.

Punj Lloyd also said in a regulatory filing that it thinks the plea may not be admitted by NCLT as more than 90% of its lenders were in favour of restructuring the debts.

The matter will be next heard on 24 July.

Punj Lloyd belongs to the so-called second list of corporate defaulters named by RBI last year.

Shares of Punj Lloyd plunged 11.1% to Rs 14.85 on the BSE on Thursday, while the exchange's benchmark Sensex shed 0.39% to close at 35,599.82 points.

Punj Lloyd is a diversified engineering, procurement and construction company which executes projects in the energy, infrastructure and defence sectors. It reported a loss of Rs 72 crore in the year ended 31 March. Consolidated borrowings stood at Rs 7,114 crore as of March. The company has pending orders worth Rs 9,127 crore.

## **Errors of commission destroy banks: Uday Kotak**

**The issue is directors and managers with no skin in the game are taking decisions on lending and writing off thousands of crores, says Uday Kotak**

Jun 14 2018 | [Gopika Gopakumar](#)

Mumbai: Amid rising fraud in banks, banker Uday Kotak on Thursday said it is naïve of policymakers to believe diversified or state ownership is the way to good governance in banking. In his annual letter to shareholders, the managing director and chief executive of Kotak Mahindra Bank emphasized the need for sound principles of governance and harmonious functioning between the government and regulators.

“The issue is directors and managers with no skin in the game are taking decisions on lending and writing off thousands of crores,” Kotak said.

His remarks follow scandals that have hit private sector lender ICICI Bank, despite its diversified shareholding, and state-owned Punjab National Bank, which was hit by a Rs.14,356 crore fraud.

The Reserve Bank of India insists on diversified shareholding in banks and has even put caps on single shareholding. Kotak himself has been asked to bring down the promoter stake in Kotak Mahindra Bank from 30% to 20% by December 2018.

According to Kotak, risk management is the most understated banking function and the recent spate of events has brought to light the importance of operational and reputational risks. Errors of “commission”, not “omission”, destroy banks, he said.

Kotak said the recent losses incurred by banks looks unreal and that the stress in the banking system is a “culmination of years of kicking the can”. He added that the banking system would see higher provisions for the next few quarters.

Kotak pointed to the need for sound principles of governance and harmonious functioning between the government and regulators. He said bankers should possess qualities of prudence, simplicity and humility and should be driven by spirit, not letter, in order to restore trust in the banking system.

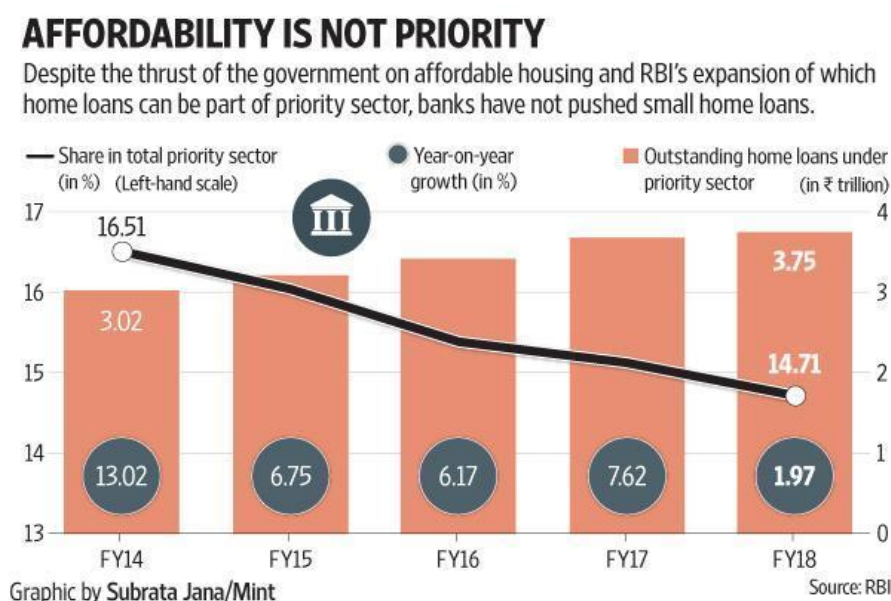
On the economy, Kotak said international factors, including hardening oil prices and the expected hike in US Fed rates later this year, could put pressure on the macro economy.

India's current account and fiscal deficit would both face challenges, he said.

"Over the last four years, we saw a good macro and a tough micro," Kotak said. "In 2018, we are likely to see a tough macro and a better micro."

For FY18, Kotak Mahindra Bank reported a net profit of Rs.6,200 crore compared to Rs.4,940 crore in the previous year.

Net interest income for FY18 was Rs.9,532 crore compared to Rs.8,126 crore in the previous year. Gross non-performing assets at the end of March 2018 was 2.22% as against 2.59% in the previous year.



That said, public sector banks are the main lenders to the economically backward and low-income groups under the interest rate subsidy scheme.

The credit subsidy scheme of the government divides beneficiaries into three segments based on household income and size of the house to be purchased. Households with incomes of up to Rs 6 lakh seeking to buy a house of up to 60 sq. m area are considered part of the economically backward and low-income group and eligible for an interest rates subsidy of 6.5%. The condition is that the subsidy is only for loans of up to Rs 6 lakh.

Those with an annual income of Rs 6-12 lakh come under the middle-income group-I and are eligible for a 4% subsidy for a loan amount of up

to Rs 9 lakh. Those with a higher annual income of Rs 12-18 lakh come under the middle-income group-II and are eligible for a 3% subsidy for a loan of up to Rs 12 lakh.

Note that there is no cap on the cost of the house purchased or even the total loan amount. According to brokerage firm Jefferies India Pvt. Ltd, the average cost of a house covered under the government's scheme for urban centres is about Rs 5.65 lakh. The government recently increased the size of houses eligible for subsidy for the two middle-income groups.

But if not the banks, who is lending to the subsidized housing market?

About 80 housing finance companies have taken away market share from banks. Some of them lend exclusively to affordable housing projects and have grown faster than the wider industry. Even the largest home loan lender Housing Development Finance Corp. has seen its growth coming mainly from the affordable housing segment.

The easing of definition by the government and RBI's expansion of the ambit of the priority sector tag for housing will provide a fillip to the housing loan market. But the biggest beneficiaries would be the finance companies and not banks.

## **Less than 5% people prefer to use e-wallets, BHIM app for online transactions: survey**

***The 2018 Digital Habits Survey found that less than 5% of the respondents prefer to use e-wallets and BHIM (Bharat Interface for Money) app for online transactions***

**Transactions through Unified Payments Interface (UPI) received a major stimulus from the government after Prime Minister Narendra Modi launched BHIM on 30 December 2016**

Jun 14 2018 | [Komal Gupta](#) LIVEMINT



New Delhi: More people are adopting digital modes of payments, but most prefer to use it for low-value transactions, according to a survey conducted by Exide Life Insurance on digital habits of its customers.

While 75% of the respondents are comfortable making online transactions, only 32% prefer to use such methods to make payments of any value, the survey said.

Credit cards emerged as the most preferred digital payment option especially among those who make high-value transactions while debit cards emerged as the second-most popular payment option, the study indicated.

The 2018 Digital Habits Survey also found that less than 5% of the respondents prefer to use e-wallets and BHIM (Bharat Interface for Money) app for online transactions.

Transactions through Unified Payments Interface (UPI) received a major stimulus from the government after Prime Minister Narendra Modi launched BHIM on 30 December 2016.

There have been more than 27.49 million downloads of the BHIM app on the Android platform and around 1.4 million downloads on the iOS platform. Around 14 million transactions took place on the BHIM app till May, according to the National Payments Corp. of India (NPCI).

The survey was carried out in the first quarter of 2018 across more than 9,000 life insurance owners, according to the company.

“Today more and more consumers are buying products and services from the comforts of their homes. While heightened e-commerce activity is being witnessed in categories like durables, fashion, travel and entertainment, financial services are not behind,” said Mohit Goel, director, marketing and direct channel, Exide Life Insurance.

For 60% of the respondents, attractive deals drive online purchase while 25% say digital media and e-mail promotions influence their online purchase behaviour. About 31% of the respondents claim that digital is

the key source of information as well as an influencer while buying insurance, according to the report.

“The majority of respondents (82%) prefer updates on products and services on email while a sizeable 72% prefer bills and statements to be sent to them on email. Only less than 15% prefer physical modes,” it said.

According to the report, while more individuals are adopting to transactions on the online platform, there are still challenges and areas of improvement that need to be addressed if one has to completely embrace the vision of digitization.

## **Govt presses on with plan to sell IDBI Bank stake**

### ***IDBI Bank to get professionally-run board after privatisation***

**The government has been trying to privatize IDBI Bank for the past couple of years in the wake of mounting losses—Rs.8,237.92 crore in FY18—and rising NPAs—Rs.55,588.26 crore during FY18**

Jun 14 2018 | [Remya Nair](#) LIVEMINT

Mumbai: The government is determined to privatize IDBI Bank Ltd.

One of the options being discussed is selling its almost 86% stake in the lender to institutions such as state-run Life Insurance Corp. of India (LIC), a person familiar with the development said, adding that the discussions are at an advanced stage. Once privatized, the bank will have a professionally-run board, the person said.

The proposals were discussed at a meeting of senior bankers with the government on Friday in Mumbai. If the move is successful, the government will be relieved of the responsibility of recapitalizing the struggling lender.

To be sure, LIC's potential stake purchase will be constrained by rules that restrict it from owning more than 15% in a single entity. LIC held 10.82% in IDBI Bank as of March end, according to BSE data.

*Mint* reported on 4 June that the government was exploring a stake sale in IDBI Bank to a clutch of private equity investors as one of the options to slash its stake to less than 50%.

IDBI Bank is not governed by the Bank Nationalization Act, making it easier for the government to divest control.

"IDBI is the only bank the government can privatize without amending the Bank Nationalization Act," said Asutosh Mishra, lead analyst institutional at Reliance Securities Ltd. "However, it comes with its own challenges. Given the bank's balance sheet, it looks difficult for the government to bring down its stake to less than 50% in the bank."

The Indian government's stake in IDBI Bank increased to 85.96% from 80.96% after a preferential sale of shares by the bank to the government last month.

IDBI Bank has convened its annual general meeting on 13 August. One of the items on the agenda is raising capital through various modes, including qualified institutional placements.

Shareholders have agreed to increase IDBI Bank's authorized capital to Rs.8,000 crore from Rs.4,500 crore, the bank told BSE last month. The increase could facilitate the sale of 51% or more stake.

The government has been trying to privatize IDBI Bank for the past couple of years in the wake of mounting losses and rising bad debts. IDBI Bank's loss widened to Rs.8,237.92 crore in the fiscal year ended 31 March from Rs.5,158 crore in the previous year.

Its gross bad loans almost doubled to Rs.55,588.26 crore during fiscal 2018, which is 32.36% of the bank's gross advances during the year.

The government on 4 June named IDBI Bank's managing director and chief executive officer M.K. Jain as deputy governor of the Reserve Bank of India. There is no replacement for him at IDBI Bank yet.

The government has also been pushing for consolidation of state-run banks to bring in synergies, reduce costs and create some globally competitive banks.

Except for the merger of the five associate banks and Bharatiya Mahila Bank last year with State Bank of India, consolidation has been a non-starter. The government is weighing merging two to three banks with Bank of Baroda, *Mint* had reported on 4 June.

The push for consolidation comes at a time the state-run banks are reporting massive losses due to rising levels of non-performing assets (NPAs) which threaten to wipe off the entire capital infusion by the government into these ailing banks.

Fitch Ratings in a note on 1 June had pointed out that cumulative losses at the state-run banks were large enough to wipe out almost all of the government's capital injections of \$13 billion in FY18, and weak performance is likely to continue in the coming year.

<b>AIBEA THIS DAY MAY 16</b>	
<b>1992</b>	<b>All India Strike against new economic policies and price rise by Central Trade Unions including AIBEA.</b>



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