



NEWSLETTER

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Bombay Mercantile Co-operative Bank Ltd.

(Scheduled Bank)

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FROM THE EDITOR'S DESK

Welcome to the **October 2023** edition of the **Newsletter**. The Newsletter, as you all know, is a trusted and reliable channel to **enhance and keep you abreast with latest developments**. Our bank's Annual General Meeting held on 18th September 2023 at Hajj House, Palton Road, Mumbai, was a great success and showcased your bank multiple achievements in the preceding year. The meeting was attended by prominent citizens and Shareholders. All the Agendas were smoothly transacted. It is a matter of great pride, that shareholders assured their continued support. In the meeting it was announced that BMC Bank will enter the **Insurance sector** as a part of its expansion plan.

A blueprint has also been prepared to further smoothen our services of the branches with due modernization. The Managing Director informed the Share Holders that to coordinate the function, a help counter will be set up to assist our customers and facilitate their operation. The September half yearly has ended and we have to accelerate the performance of each and every staff for achieving the set target of business namely deposit, advances, recovery of NPA etc.

The Bank is also focusing to increase the Fee based income and Branch Managers has been advised to allocate targets for registering customers in **IMPS/BBPS** facilities, so that the number of count/transactions increases and thereby the overall income of the bank would also increase. The branches are advised to mobilize fresh loans and advances so that the CD ratio of the bank be increase upto the targeted level of 65% by 31st March 2024. We look forward to a great period ahead and I wish you all the very best in achieving your business targets.



ZEESHAN MEHDI

GLIMPSES OF ANNUAL GENERAL MEETING HELD ON 18TH SEPTEMBER 2023 AT MUMBAI



RBI NEWS

Operation of Pre-Sanctioned Credit Lines at Banks through UPI

RBI in its **monetary policy statement** of **April 2023** has announced expanding the scope of UPI by enabling transfer to or from pre-sanctioned credit lines at banks. Currently, savings account, overdraft account, prepaid wallets and credit cards can be linked to UPI. As announced, the scope of UPI is now being expanded by inclusion of credit lines as a funding account. Under this facility, payments through a **pre-sanctioned credit line** issued by a Scheduled Commercial Bank to **individuals**, with prior consent of the individual customer, are enabled for transactions using the UPI System.

Banks may, as per their Board approved policy, stipulate terms and conditions of use of such credit lines. The terms may include, among other items, credit limit, period of credit, rate of interest, etc.

RBI Governor concerned about Urban Co-operative Banks

Reserve Bank of India (RBI) governor Shaktikanta Das recently expressed concern over high gross non-performing assets (GNPA) ratio of 8.7% in urban cooperative banks (UCBs). Das emphasized the urgent need for these institutions to improve governance standards and focus on credit risks. Mint takes a look at the significance of UCBs and the central bank's initiatives to fortify these banks.

UCBs' governance and performance metrics have long been on the RBI's radar. The 2019 downfall of the Punjab and Maharashtra Cooperative (PMC) Bank intensified the scrutiny on the urban cooperative banking system.

RBI has revoked the licenses of several UCBs due to their unsatisfactory financial health. The central bank has cancelled licences of 54 UCBs since FY16 because of poor financial performance. According to RBI data, nine non-scheduled UCBs were voluntarily merged with financially stronger banks during FY22. Since FY05, the sector has witnessed 145 mergers, with the majority in Maharashtra, followed by Gujarat and Andhra Pradesh.

UCBs have the highest net NPA and gross NPA ratios across the banking sector. Even the provision coverage ratio of UCBs is considerably lower than that of public sector banks.

What has the RBI recommended?

In a recent speech, RBI governor Das emphasized that cooperative banks should focus more on the quality of governance, which is based on three pillars of **compliance, risk management, and internal audit**. He asked UCBs to come out with a risk analysis report on a quarterly basis and submit it before the board. He also asked these banks to improve **internal audit** functions. Das suggested that bank Boards democratize discussions and prevent excessive dominance by few members, saying that board members of cooperative banks should have adequate expertise. The board should not be static and there should be new inductions, new minds and younger persons coming into the board, Das said, while asking boards to focus on improving recovery from the top 20 defaulters to tackle asset quality issues.

RBI brings 30 banks on UDGM portal to help search for unclaimed deposits

The Reserve Bank of India (RBI) has brought 30 banks on board its Centralised Web Portal UDGM (Unclaimed Deposits – Gateway to Access information) for the public to facilitate and make it easier for them to search their unclaimed deposits across multiple banks at one place. The RBI said that the search facility for 30 banks has been made available on the portal on September 28, 2023, which covers around 90 per cent of such unclaimed deposits (in value terms) in Depositor Education and Awareness (DEA) Fund.

The RBI had launched UDGM web portal on August 17 this year with the search facility initially made available on the portal for seven banks. The search facility for the remaining banks on the portal was to be made available in a phased manner by October 15, 2023.

The UDGM portal has been developed by RBI for use by members of the public to facilitate and make it easier for them to search their unclaimed deposits across multiple banks at one place.

Given the increasing trend in the amount of unclaimed deposits, RBI has been undertaking public awareness campaigns from time to time to sensitize the public on this matter. Further, through these initiatives, the RBI has been encouraging members of the public to identify and approach their respective banks for claiming unclaimed deposits.

BANKING NEWS

Nomination for Mutual Fund Unit Holders – Extension of timelines

SEBI in March 2023 has prescribed the requirement for **nomination/ opting out of nomination** for all the existing **individual unit holder(s)** holding mutual fund units either solely or jointly, by September 30, 2023, failing which the folios shall be frozen for debits.

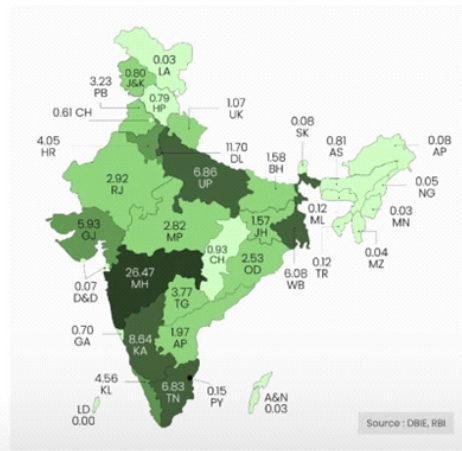
Based on representations received from the market participants, SEBI has recently announced the extension for this period and informed that the provision with regard to freezing of folios, shall come into force with effect from **January 01, 2024** instead of September 30, 2023.

SEBI, has also stipulated that **trading accounts** and **demat account** which do not have "**choice of nomination**" by September 30, 2023 shall be frozen. With respect to demat accounts, it has been decided to extend the last date for submission of "**choice of nomination**" to **December 31, 2023**.

INDUSTRY NEWS

Where are India's FDs?

Amount invested in ₹ lakh cr



India, UAE enter pact for RuPay usage

The NPCI International Payments Ltd (NIPL), a wholly-owned subsidiary of the National Payments Corporation of India (NPCI), entered into a strategic partnership agreement with Al Etihad Payments (AEP) for domestic card scheme (RuPay) implementation in the UAE. The AEP is an indirect subsidiary of the Central Bank of UAE (CBUAE). As per the agreement, NIPL and AEP will work together to build, implement, and operationalize UAE's national domestic card scheme (DCS).

It will aim to facilitate the growth of e-commerce and digital transactions in the UAE, bolster financial inclusion, support the UAE's digitization agenda, increase alternate payment options, reduce the cost of payments, and enhance the UAE's competitiveness and position as a global payments leader.

The partnership aligns perfectly with NIPL's mission to offer its knowledge and expertise to assist other countries in establishing their own cost-efficient, and secure payment systems.

The DCS solution is based on the principles of sovereignty, speed to market, innovation, digitization, and strategic independence. The DCS solution provided by NIPL consists of a RuPay stack and value-added services like fraud monitoring services and analytics.

NIPL will also assist AEP in formulating the operating regulations for their domestic card scheme.

KNOWLEDGE HUB

Classification, Valuation & Operation of Investment Portfolio of Banks

RBI has recently issued a revised guidelines on **Classification, Valuation and Operation** of Investment Portfolio of Commercial Banks. The key highlights of the RBI directions are,

Categorization of investments: Banks shall classify their entire **investment portfolio** (except investments in their own subsidiaries, joint ventures and associates) under three categories.

Held to Maturity (HTM)

Available for Sale (AFS)

Fair Value through Profit and Loss (FVTPL).

Held for Trading (HFT) shall be a separate investment sub-category within **FVTPL**.

The category of the investment shall be decided by the bank before or at the time of acquisition and this decision shall be properly documented. **Ceilings on Held to Maturity is removed.** Banks shall continue to present the investments in the Balance Sheet as set out in **The Third Schedule** to the **BR Act (Form A, Schedule 8 - Investments)** as (1) Government securities (2) Other approved securities (3) Shares (4) Debentures & Bonds (5) Subsidiaries and / or joint ventures & (6) Others (to be specified).

Categories of Investments:

Held to Maturity (HTM): The security is acquired with the intention and objective of **holding it to maturity**, i.e., the financial assets are held with an objective to collect the contractual cash flows; and the contractual terms of the security give rise to cash flows that are solely payments of principal and interest on principal outstanding (SPPI -Solely payments of principal and interest criterion) on specified dates.

Ceiling on securities which can be kept under HTM category is removed. Previously it was 25% of total investments made by the banks.

Available for Sale (AFS): The security is acquired with an objective that is achieved by both collecting contractual cash flows and selling securities; and the contractual terms of the security meet the „SPPI criterion“.

Fair Value through Profit and Loss (FVTPL): Securities that do not qualify for inclusion in HTM or AFS shall be classified under FVTPL. Mainly includes investment made in equity shares, mutual funds etc.

HFT (Held for Trading): Banks shall create a separate sub-category called HFT within FVTPL. RBI has removed the 90-day ceiling on holding period under HFT.

Release of Movable/ Immovable Property Documents

To address the issues related to delay in release of property documents post **repayment of loans** by the borrower and towards promoting **responsible lending conduct** among the banks, RBI has issued the following guidelines recently. Banks & FIs shall release all the original movable/ immovable property documents and remove charges registered with any registry within a period of **30 days** after full repayment/ settlement of the loan account.

The borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the bank where the documents are available, as per her / his preference.

In case of delay in releasing of original movable/ immovable property documents or failing to file charge satisfaction form with relevant registry beyond **30 days** after settlement of loan, the banks shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the bank, it shall compensate the borrower at the rate of **₹5,000/- for each day of delay**.

(d) In case of loss/damage to original movable / immovable property documents, either in part or in full, banks shall assist the borrower in obtaining duplicate/certified copies of the -- movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated above. However, in such cases, an additional time of **30 days** will be available to the banks to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

Display of information - Secured assets possessed under the SARFAESI Act, 2002

As a part of the move towards greater transparency, RBI has recently instructed all the **secured creditors** as per the SARFAESI Act, 2002, to **display information** in respect of the borrowers whose secured assets have been taken into possession by the lenders under the Act in their respective **websites**.

The first such list shall be displayed on the website within **six months** in RBI specified format, and the list shall be updated on monthly basis.

HSBC India launches 'ONDC in a box'

HSBC India has recently announced the launch of '**ONDC in a Box**', a one-stop-shop proposition for corporates towards seamless enablement on ONDC. With this launch, **HSBC India** becomes the **first foreign bank** in India to offer an ONDC-enabled proposition.

The **Open Network for Digital Commerce (ONDC)** is an initiative by Department for Promotion of Industry and Internal Trade, and Ministry of Commerce and Industry to build an open, interoperable network on which buyers and sellers can transact without needing to be present on the same platform.

Win a prize of Rs.1000/- and a certificate of appreciation from the Managing Director for the correct answer with a beautiful slogan concerning banking activity. The slogan should not be more than 30 words. **Send your reply with slogan in sealed envelope mentioning your Name, Code No. and branch to Treasury Department, 2nd Floor, 78 Mohammedali Road, Mumbai – 400 003.**

QUESTIONNAIRES

Q.1 India and Qatar have entered pact for RuPay usage.

(a) TRUE (b) FALSE

Q.2 In case of delay in releasing of original movable/ immovable property documents, what amount will the bank compensate to the borrower for each day of delay.

(a) Rs. 10,000/- (b) Rs. 5,000/- (c) Rs. 20,000/-

Q.3 The number of banks brought by RBI on board its Centralised Web Portal UDGM to make it easier to search unclaimed deposits across multiple banks at one place.

(a) 30 (b) 20 (c) 50

Q.4 Which state in India has highest placement of funds in Fixed deposit.

(a) Tamilnadu (b) Karnataka (c) Uttar Pradesh (d) None of these

Q.5 Our bank's 86th Annual General Meeting was held on.

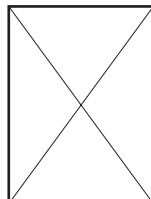
(a) 18.09.2023 (b) 20.09.2023

Your reply should reach us on or before 27th October 2023

Quiz Answer :

1. (b) 2. (c) 3. (b)
4. (b) 5. (b)

WINNER



NO WINNER

Cash prize and Quiz Competition Certificate is ready and will be delivered to winner during staff function program or seminar by the hands of Managing Director.



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