

# 28 December 2019: PIB Summary & Analysis

## Finance Minister launches eBक्रय for online auction of assets attached by banks

### Context:

Finance Minister Nirmala Sitharaman discussed banking issues with chiefs of Public Sector Banks (PSBs), chief executive of Indian Banks' Association and representatives of leading private sector banks.

### What is eBक्रय?

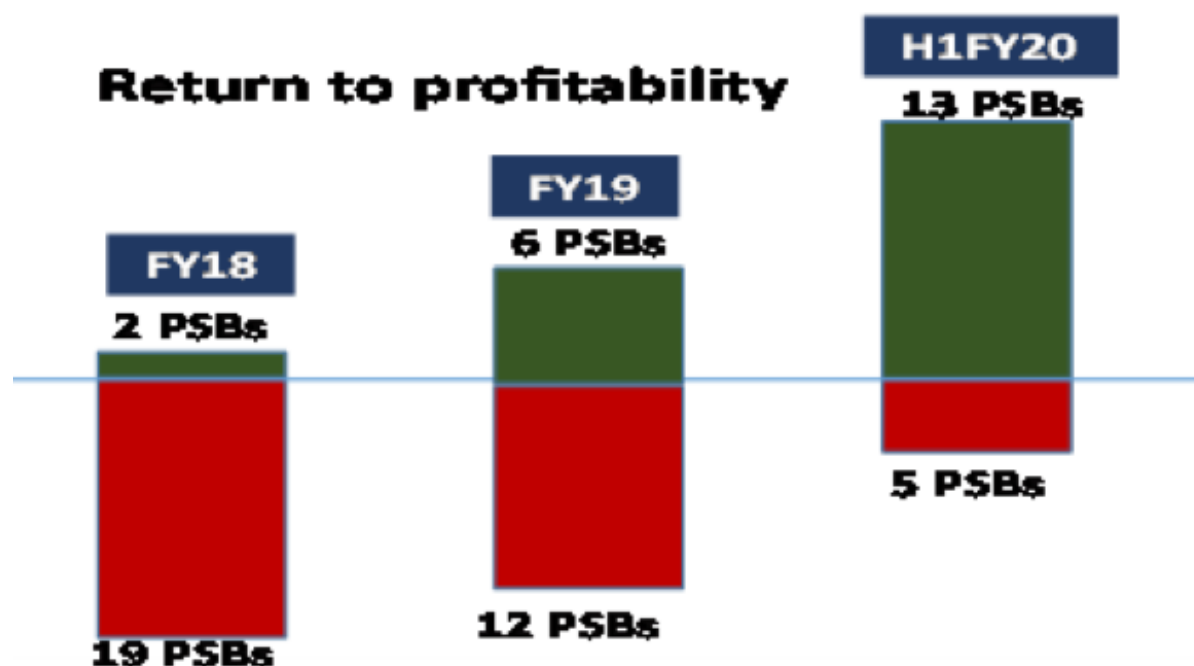
- It is a common e-auction platform launched today by the Finance Minister.
- It has been launched to enable online auction of attached assets transparently and cleanly for improved realisation of value.
  - The platform is equipped with **property search features** and **navigational links** to all PSB e-auction sites.
  - It provides **single-window access to information** on properties up for e-auction as well as facility for **comparison of similar properties**.
  - It contains **photographs and videos** of uploaded properties.

### Steps for enhancing digital transactions:

- In order to strengthen the digital payment eco-system and move towards less-cash economy, the Finance Minister in her budget speech of 2019-20 had, *inter alia*, announced that **business establishments with annual turnover of more than Rs. 50 crore shall offer low cost digital modes of payment ( such as BHIM UPI, UPI QR Code, Aadhaar Pay, Debit Cards, NEFT, RTGS, etc.) to their customers, and no charge or merchant discount rates (MDR) shall be imposed on customers as well as merchants.**
- To facilitate implementation of the announcement, it was decided as under:
  - Department of Revenue (DoR) will notify RuPay and **Unified Payments Interface** (UPI) as the prescribed mode of payment for undertaking digital transactions without any MDR.
  - All companies with a turnover of Rs. 50 crore or more shall be mandated by DoR to provide the facility of payment through RuPay Debit card and UPI QR code to their customers.
  - All banks will start a campaign to popularise RuPay Debit card and UPI.

### Banks restored to health for lending:

- Extensive reforms carried out by the Government have restored banks to health.
- The gross NPAs of PSBs has declined from Rs. 8.96 lakh crore in March 2018 to Rs. 7.27 lakh crore in September 2019.
- Their provision coverage ratio has risen to their highest level in seven years.
- Banks have returned to profitability, with as many as 13 banks reporting profits in H1FY20.



### Robust banks to lend without undue apprehensions:

Bankers were assured that prudent commercial decision-making would be protected. It was decided that:

- Central Bureau of Investigation (CBI) would develop a mechanism as recently introduced for income tax notices, so that CBI notices carry a registration number to avoid any scope for unauthorised communication and consequent harassment.
- While pursuing criminal action against those responsible, the agency shall be sensitive to the distinction between genuine commercial failures and culpability. It was also noted that there is a need for preserving the value of the business enterprise by treating it on a separate footing from culpability of individuals, if any.
- PSBs may report instances of fraud through e-filing of FIRs on a designated email address of CBI so as to avoid scope of any arbitrage due to information asymmetry.
- CBI would create a dedicated phone number on which any person could give information regarding any undue harassment by the investigative machinery.

Banks were also advised to ensure rigour and adherence to objective standards in selection of forensic auditors and devising objective SOPs for the carrying out of forensic audit. To this end, the Indian Banks' Association was requested to—

- Strengthen the forensic auditor empanelment process;
- Put in place robust arrangements for assessing adherence to standards by forensic auditors; and
- Tie up with CBI for training forensic auditors.

### Credit outreach by banks:

- PSBs have sanctioned over 11.68 lakh Repo-linked loans to retail borrowers for home/vehicle/education/personal loans and to micro and small enterprises, post Finance Minister's announcements on measures to boost the economy.

- All PSBs have introduced checkbox-based one-time settlement (OTS). OTS is an agreement wherein defaulting borrower agrees to pay part of the dues in order to stop banks from taking legal action against them.
- In order to address the working capital needs of MSMEs on account of stress arising from delayed payments, PSBs are offering up to 25% enhancement in working capital limits for standard MSME accounts as a Standby Line of Credit and have launched an MSME Outreach Initiative for restructuring of stressed standard assets as needed on priority and in a timely manner, besides providing new term loans, payment solutions for delayed receivables, bill discounting and trade finance.

#### **Support to Non-Banking Financial Company (NBFCs) and Housing Finance Companies (HFCs) by PSBs:**

- The Cabinet has approved the recently launched Partial Credit Guarantee Scheme (PCGS).

Read more about the [Partial Credit Guarantee Scheme \(PCGS\)](#)

### **Important Concepts**

#### **Provision Coverage Ratio:**

The **provision coverage ratio** (PCR) gives an indication of the **provision** made against bad loans from the profit generated. Higher the PCR, lower is the unexposed part of the bad debts.

#### **Non Performing Assets (NPA):**

An asset (loan and advances of the bank) becomes non-performing asset (NPA) when it ceases to generate income for the bank. Most loans allow customers a certain grace period. Then they are marked overdue. After a certain number of days, the loan is classified as an NPA.

#### **Gross NPA:**

Gross NPA is the total amount of outstanding NPAs, excluding the interest receivable. As per RBI regulations, once the account is classified as NPA, interest cannot be debited to the NPA account and apportion it as profit. Therefore, banks will record the interest receivable from the NPA account in a separate book and recover the same once the account is regularised by the borrower.