



NAFCUB



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Explore, Expand and Enlarge your Accomplishments: President NAFCUB Shri Jyotindra Mehta Exhorts Urban Banks Of West Bengal



Shri Jyotindra Mehta, President NAFCUB while speaking at the inaugural session of the meeting of Urban Cooperative Banks jointly organized by the Co-operative Department of Government of West Bengal and the Federation

of West Bengal Urban Co-operative Banks and Credit Societies on 23rd December 2022 at Kolkatta highlighted the various steps taken by the NAFCUB in addressing the grievances faced by the Urban Banks of West Bengal. Shri Jyotindra Mehta assured his continued support to the sector. He made special mention on the extension of the tenure of management of Urban Banks which is presently of two terms of four years to two terms of five years.



He expressed his strong hope that the creation of separate Ministry for Co-operation by the Union Government would accelerate in solving various issues faced by the Urban Banks and credit societies. The NAFCUB is in constant touch with the officials of the Ministry and is hopeful of reaching to a desired result. The new Ministry is keen in tackling the problems early and is interacting with other departments and agencies connected to it. Shri Mehta underscored that the Urban Banks should not confine themselves with their own kingdom but expand their origin and knowledge on the working of their fellow Urban Banks to progress and prosper.

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RBI Publishes Report on Trend and Progress of Banking in India 2021-22: Highlights of UCB Sector



The RBI has released its report on Trend and progress of Banking in India for the year 2020-21 on 27th December 2022 and highlighted the achievement of various constituents of Banking Sector.

On UCBs the report mentioned that UCBs remained robust throughout the year. The gross NPAs ratio of Banks has declined to reach 5.8 percent, the report mentioned that the financial performance of Urban Cooperative Banks improved in 2021-22,

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Rich Compliments to Surat Peoples Cooperative Bank from Shri P. K. Bansal, IAS, Joint Secretary, MoC

Shri Pankaj Kumar Bansal, IAS, Secretary, Ministry of Cooperation during his visit to Surat Peoples Cooperative Bank which is the largest Multistate Cooperative Bank of South Gujarat and third largest bank in Gujarat and interacted with the Chairman Shri Mukesh Dalal and discussed various Ministry of Cooperation initiatives in strengthening the Cooperative System.

*cont. on page 05*

Accolades to Cosmos Bank adjudged as best in IT Risk Management

Maharashtra based Cosmos Bank was awarded with winner trophy for the Best IT Risk Management and special awards for Best Technology Bank and Best Technology Talent in 'Cooperative Banks' category by Indian Banks' Association.

Chairman CA Milind Kale stated that, we are pleased to see our sustained efforts in the technology being rewarded. This reinforces the confidence and credibility of the Bank and urges us to perform even better.

The 18th Annual Technology Conference, Expo, & Awards 2022 was organised at Hotel Trident, Mumbai. The theme for this year was "Future of Digital & Analytics in Banking". The IBA technology awards recognize banks for innovative ideas and implementation of the various technology and risk initiatives. The Bank's efforts on the digital and technology front in providing secure 'Next Generation

Banking' experience to its customers as well as talent behind these efforts are recognised with these prestigious awards.

Going forward, Cosmos Bank's focus would be to develop cognitive analytical capabilities. These capabilities will improve customer experience and support our strategy towards Responsive Innovation.



Eminent Jury for these awards comprised of Dr. Deepak Phatak, Mr. Dilip Asabe, Mr. Shiv Kumar Bhasin and Mr. Gagan Rai.

On behalf of Cosmos Bank, the award was received by Chief Information Technology Officer, Arti Dhole at the hands of Mr. T Rabi Shankar, RBI Deputy Governor. A. K. Goyal – Chairman IBA, Sunil Mehta-Chief Executive IBA & Dr. Deepak Phatak – Prof. Emeritus IIT Mumbai were present on this occasion.

Digital access is not enough, rural women need control over finance: Chetna Sinha

Ms. Chetna Gala Sinha, Chairperson, Mann Deshi Bank and Mann Deshi Foundation highlighted that even today, rural women in finance — their whole transactions reflects that it is still family-oriented, which means, still there is a control of family and they have less independence. "The supply side of the industry should think on designing product which will give control to these rural women to manage their finances, providing a digital access or digitisation is not



CHETNA GALA SINHA
Founder & Chairperson, Mann Deshi Bank & Mann Deshi Foundation

enough. If you want to empower women, you will need to suggest or give them products that will give them control over their finance," she said. She also adds that the products need to have small deposits facility and the fees should not be very high. Affordable products, with control over finance are best suggestive products for rural women, according to Chetna Sinha. She

shared her views at the 3rd edition of ETBFSI Converge 2022 held at Mumbai.

Maharashtra based Nagpur Nagarik Bank releases Calendar for 2023

(NNSB'S Valuable contribution in constructing Self reliant Customer base in vidarbha: Mungantiwar)

On the strength of honesty, transparency and dedication Nagpur Nagarik Sahkari Bank Nagpur has led the Strong foundation for building self reliant economy of the region, lauds Maharashtra forest and Cultural Minister Mr Sudhir Mungantiwar during inaugural function for release of Banks Calendar 2023.

The calendar was released by the auspicious hands of Mr. Mungantiwar in the presence of BJP Vidarbha sangathan Mantri Dr. Upendra Kothekar as a chief guest. NAFCUB Director and Bank's Chairman Prof Sanjay Bhende, Vice Chairman Mr Ashok Agrawal-Goyal, Secretary of Maitree Pariwar Mr Pramod Pendke were also present on this occasion.

Mr Sudhir Mungantiwar praised the banks administration and the success it achieved in testing time. The basic reason for the success is following the guidelines and thoughts of its founder dignitaries and

recalling their memories. Further Customer of the Bank feel ideal culture, holiness and cleanliness upon entering the banks premises, he added further. Mr. Upendra Kothekar also addressed the august gathering present on the occasion.



Hon'ble Minister Mr Mungantiwar was felicitated by NNSB Chairman Prof. Sanjay Bhende and Mr. Kothekar was welcomed by Vice Chairman Mr. Ashok Agrawal. The director of Surya offset Mr. Ajay Dhakras was specially felicitated by Mr. Mungantiwar for his contribution in printing and designing of the attractive calendar.

Mr. Mahesh Nandanpawar conducted the programme and AGM. Mr. Ashutosh Pathak expressed vote of thanks. On this occasion Bank's Directors and Customers grace the function by their presence. Programme was concluded after chanting of National Anthem.

Honour to Kalapur Commercial Bank for 'Best in IT Risk Management Service'

The Kalapur Commercial Cooperative Bank Ltd, the leading Multi-State Scheduled Urban Cooperative Bank in the State of Gujarat, has since been Awarded Trophy by Indian Bank Association in the 18th IBA Technology Conference held in Mumbai recently. The Award is conferred for its better IT services, at the hands of Shri T.Rabi Shankar, Dy Governor, RBI, Dr Deepak Phatak, Director Emeritus, IIT Mumbai and Shri A K Goel,



Chairman IBA & MD, Punjab National Bank. The Award is received by Shri Vinod G Dadlani, CEO and General Manager, on behalf of the bank.

The Kalapur Bank is constantly making efforts and endeavor to enrich Customers delight and experience through providing robust technology platform, offering 24 x 7 and Anywhere digital banking services. Bank is also focused on providing Cyber Security by constantly improving awareness and providing guidance to its customers and staff. The bank is following regulatory guidelines and is regularly upgrading its techno-working.



intervention of the Hon'ble Minister to resolve the issues. He also requested the President, NAFCUB to extend a helping hand to overcome the issues relating to RBI's compliances. He expressed his confidence that the Umbrella Organisation would extend all logistic support to the Urban Banks for better performance and invited the Urban Banks to be a part of the Umbrella Organisation.

The services of the Umbrella Organisation should be profitably utilized for which the Urban Banks should voluntarily come forward to subscribe the equity capital of the newly incorporated Umbrella Company. The Umbrella Company has already applied to the RBI for registration as non-deposit NBFC and its in-principal approval is awaited.

The RBI has mandated to secure commitments/resolutions from the Urban Banks to the tune of Rs.100.00 crores in the first of Umbrella Company with a view to get licence to commence business as an NBFC. He was happy to inform that commitments were already received for substantial amount and for the remaining amount, the proposals are in pipe-line.

Hon'ble Minister in-charge of Co-operation. West Bengal Shri Anup Roy, in his key note address, listed out the steps taken by the State Government to mitigate the problems faced by the Urban Banks and credit societies of the State. He placed on record the promotional role played by the NAFCUB and expressed his hope that the NAFCUB would continue to help the Urban Banks and credit societies in resolving various issues faced by them with the Reserve Bank and Central Agencies.

Earlier Shri Satyabrata Samanta, President of the West Bengal Urban Co-operative Banks and Credit Societies Federation in his welcome address highlighted the hiccups faced by the Urban Co-operative Banks in West Bengal and sought the

In his PowerPoint presentation, Shri Raja Debnath, Consultant, Umbrella Organisation highlighted the activities of the Umbrella Organisation including its fund-based and non-fund-based functions. His presentation includes 5 reasons why UCBs should join Umbrella organisation. His presentation was well received and very interactive. His presentation helped the Urban Banks to update their knowledge and to



know the latest working of the Urban Banks in tune with commercial banks, bringing technology in day-to-day working.

Shri Pratap Paria, Secretary, West Bengal Federation proposed vote of Thanks. He specially thanked Shri Jyotindra Mehta and his entire team for the wonderful work being done by the NAFCUB and Umbrella organization for the benefit of the Sector. Around 40 Urban Co-operative Banks of West Bengal took part in the meeting.

Glimpses of visit of Sh. P. K. Bansal, IAS, Joint Secretary (Co-operation), Ministry of Co-operation to Surat People's Co-operative Bank, Gujarat



Sh. P. K. BansalCont. from page 01

Shri Bansal appreciated the working of the Bank and congratulated for having spacious building and very robust Technology. He said he is happy to note that the Bank is meeting the major business of the Surat Town. He assured the Bank Management of his Ministry full support in its growth.

Shri Mukesh Dalal, Chairman of the Bank profusely welcomed Shri Bansal and highlighted the issues concerning the UCB sector such as 8 year Term of Board of Directors, BOM issue and automatic branch licences for finally sound and well managed Banks. He

also apprised Shri Bansal about the formation and growth of the Surat Peoples Cooperative Bank during small period of its formation of the Bank.

Shri Jatin Naik, Managing Director of the Bank highlighted the achievements of the Bank during the year.

Shri P.K. Bansal thanked the Bank for providing necessary inputs about the Urban Cooperative Banks in the State of Gujarat.

Focus on strengthening financial system buffers: Governor, RBI



Reserve Bank of India (RBI) governor Shaktikanta Das has said that the priority area for the central bank is to further strengthen buffers of the financial system, harness fintech innovation and deepen financial inclusion. The RBI

also sees management of climate change and dealing with unanticipated & fresh shocks as a core issue.

In the foreword to the Financial Stability Report, Das said that financial stability has been maintained and the Indian economy is a picture of resilience amid global shocks and challenges. "In spite of formidable global headwinds, India's external accounts remain well-cushioned and viable."

The governor's statement on building buffers comes at a time when the central bank has been rebuilding its foreign exchange reserves, which it had

expended to defend the rupee. The RBI has also indicated that it wants banks to start providing for expected losses. "The Reserve Bank (of India) and the other financial regulators remain vigilant and in readiness to ensure the stability and soundness of our financial system through appropriate interventions, whenever necessary, in the best interest of the Indian economy," the governor said.

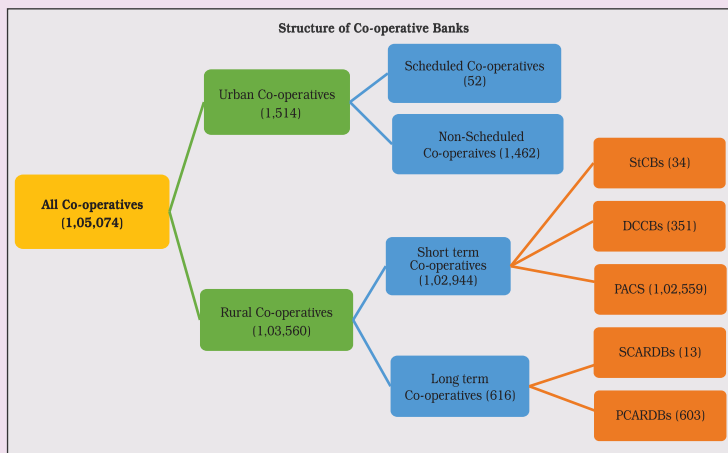
The governor pointed out that the cumulative shocks of the pandemic, the war in Ukraine and policy actions by central banks in advanced economies were still working their way through across countries. "The international economic order stands challenged, financial markets are in turmoil due to monetary tightening in most parts of the world, food and energy supplies and prices are under strain, debt distress is staring at many emerging market and developing economies, and every economy is grappling with multiple challenges," he said. The Indian banking system, however, is safe as it is well capitalised.

(etbfsi/31.12.22)

the capital have been augmented and GNPA's have declined. The profitability indicators have also improved during the year. The amendment to the BR Act 2020 has eased Capital raising constraints of UCBs and revised regulatory framework is arrived at strengthening their position to be recognized as friendly neighborhood banks. As regards their financial parameters, the Reserve have improved and have shown increase of 10.3 percent. Over the previous year. The balance sheet size has also improved during the year. The CRAR has increased from 12. Percent to 15.6 percent during the year mainly

due to strengthening of Tier 1 Capital. The Gross NPAs have decreased from 12.1 percent to 9.7 percent and net NPAs from 5.8 percent to 4.4 percent.

The provisioning coverage ratio has also improved from 59 percent to 63 percent during the year indicating improvement in Asset quality and resiliency in the Sector. The report further mentioned that Priority Sector lending of Urban Cooperative Banks has always exceeded the stipulated target. As against stipulated target of 50 percent, the Urban Cooperative Banks has achieved 55 percent PSL targets.



Rating-wise Distribution of UCBs

(End-March 2022)

(Amount in ₹ crore)

Ratings	Number		Deposits		Advances		
	Banks	% share in Total	Amount	% share in Total	Amount	% share in Total	
	1	2	3	4	5	6	7
A	153	10.1	30,240	5.7	17,190	5.5	
B+	203	13.4	83,152	15.8	49,642	15.8	
B	740	48.9	2,50,292	47.6	1,52,571	48.5	
C	345	22.8	1,48,925	28.3	85,794	27.3	
D	73	4.8	13,411	2.5	9,545	3.0	
Total	1,514	100.0	5,26,021	100.0	3,14,741	100.0	

Tier-wise Distribution of Urban Co-operative Banks

(At end-March 2022)

(Amount in ₹Crore)

Tier Type	Number of Banks		Deposits		Advances		Total Assets	
	Number	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total
1	2	3	4	5	6	7	8	9
Tier I	813	53.7	40,019	7.6	23,174	7.4	53,551	8.0
Tier II	701	46.3	4,86,001	92.4	2,91,566	92.6	6,12,935	92.0
All UCBs	1,514	100.0	5,26,021	100.0	3,14,741	100.0	6,66,486	100.0

Distribution of UCBs by size of Deposits and Advances

(At end-March 2022)

(Amount in ₹crore)

Deposits	No. of UCBs		Amount of Deposits		No. of UCBs		Amount of Advances	
	Number	% Share	Amount	% Share	Number	% Share	Amount	% Share
1	2	3	4	5	6	7	8	9
0.00 ≤ D < 10	87	5.7	532	0.1	216	14.3	1,241	0.4
10 ≤ D < 25	188	12.4	3,257	0.6	286	18.9	4,895	1.6
25 ≤ D < 50	263	17.4	9,793	1.9	284	18.8	10,081	3.2
50 ≤ D < 100	291	19.2	20,799	4.0	261	17.2	18,892	6.0
100 ≤ D < 250	321	21.2	51,128	9.7	238	15.7	37,807	12.0
250 ≤ D < 500	169	11.2	59,480	11.3	117	7.7	40,226	12.8
500 ≤ D < 1000	105	6.9	72,351	13.8	65	4.3	44,863	14.3
1000 ≤ D	90	5.9	3,08,681	58.7	47	3.1	1,56,736	49.8
Total	1,514	100.0	5,26,021	100.0	1,514	100.0	3,14,741	100.0

Non-Performing Assets of UCBs

(At end-March)

Sr. No.	Items	Scheduled UCBs		Non-Scheduled UCBs		All UCBs	
		2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
1	2	3	4	5	6	7	8
1	Gross NPAs (₹ crore)	15,047	10,678	22,950	19,794	37,996	30,473
2	Gross NPA Ratio (%)	10.5	7.5	13.4	11.6	12.1	9.7
3	Net NPAs (₹ crore)	5,746	4,116	11,037	8,798	16,783	12,914
4	Net NPA Ratio (%)	4.3	3.0	7.0	5.6	5.8	4.4
5	Provisioning (₹ crore)	9,537	6,983	12,848	12,179	22,385	19,162
6	Provisioning Coverage Ratio (%)	63.4	65.4	56.0	61.5	58.9	62.9

CRAR-wise Distribution of UCBs

(End-March 2022)

(Number of banks)

CRAR (in Per cent)	Scheduled UCBs	Non-Scheduled UCBs	All UCBs
1	2	3	4
CRAR < 3	4	58	62
3 ≤ CRAR < 6	0	12	12
6 ≤ CRAR < 9	0	16	16
9 ≤ CRAR < 12	7	115	122
12 ≤ CRAR	41	1,261	1,302
Total	52	1,462	1,514

Note: Data for 2021-22 are provisional. Source: Off-site surveillance returns, RBI.

NAFCUB participation in RBI's TAFCUB Meeting



Sh. Dilip Pendse, Chief Finance Officer and Sh. Ashutosh Singh, Manager of SVC Co-operative Bank visited NAFCUB



HRD INITIATIVES

**NAFCUB & NCUI
One Day Awareness Programme on “Cooperation”
29th December, 2022**



Instill Confidence on Customer Privacy data and Cyber Security : CEO of IBA



Amidst the speed of digitisation, there is a need to maintain the credibility of institutions, said Sunil Mehta, CEO of the Indian Banks' Association.

"Banking is a business of trust where credibility needs to be maintained. Bankers have to maintain the credibility of the institution and the privacy of customer data. Users are needed to be given confidence on cyber security, that their data will be kept private and there will be no thefts," said Mehta at a panel discussion on 'Thriving in the world of digital' at ETBFSI Converge Summit 2022.

He said banks have done a great job and have come a long way in terms of digitalisation. "Now is the time for digitisation of lending space. Some banks have taken a lead and started working on this while some have already created an additional platform where customers can opt for personal loans,"

Stating that the three principles for digital lending were database, underwriting and documentation, he

said apart from the banks' own transition data, the data for underwriting was also available through GST and account aggregator framework.

With 26 state governments having provided e-stamping facilities, there is end-to-end digitisation in the loan process, he said.

MD & CEO of Fincare Small Finance Bank Sh. Rajeev Yadav, said working in digital is easy but maintaining the flow is difficult. Stating that every customer uses digital differently, he said, "Everybody offers mobile banking, the kind of consistent, seamless experience they provide will be the differentiator. He said assisted experience given to a customer using digital is far superior to a Do-it-yourself (DIY) model. Good risk principle and customer satisfaction are deciding factors of any digital product, he added.

Sh J. Venkatramu, MD & CEO, India Post Payments Bank, said with the first round of financial inclusion, a problem that India was facing for long has been solved because of digital. He said the fundamentals of business models will not change due to digital.

Sh. Ganesh Lakshminarayanan, CEO – Enterprise Business, Airtel Business, said US banks looked like they were 20 years ahead of India in the 90s. Now we've grown to a level where we are '20 years ahead'. He said five years down, 5G speeds will allow banks to beam themselves.

(BFSI.ET/Nov 22)

Financial services sector undergoes a sea change with 75 digital banking units in 75 districts

Over the last few years, India has turned a corner and placed a renewed emphasis on ensuring that the new era requires a new mechanism. This novel mechanism shares immense benefits of technology for humanity as was seen with the hugely successful Digital India campaign.

In what has become a huge catalyst towards promoting as many transactions that can take place through digital means, the Digital India campaign has empowered the common citizen with the widespread

use of technology on that front.

Technology-based digital platforms have gained popularity among various sections of society including the educated semi-urban and rural classes equally in the last decade. Though the shift to these online platforms was a foregone conclusion, the fact that the same would happen so swiftly took everyone by surprise.

Not with standing the presence of private Indian

non-banking financial players like PhonePe or PayTM as well as international giants like GPay, the most successful and user-friendly interface among all of them has been that of BHIM (Bharat Interface for Money) launched by the Government of India.

Continuing on this trend of promoting ease of living within the nation, the Government of India has been able to add new services to it. Adding a new dimension to the push towards digital finances, an even more advanced, effective, transparent and reliable way has been found through which 75 digital banking units have been launched in 75 districts of the country.

Reforms in the banking sector along with this push for inclusion have been able to connect the poor with the banking system. More than the physical distance with such banks and its branches, the psychological distance between those in rural India particularly, these banks and their branches has been reduced as well.

A top priority has been given to ensure that banking services reach the most remote corners of the country which has further resulted in more than 99 per cent of total Indian villages having some bank branch, banking outlet or banking correspond/mitra within a 5-km radius. These banking services that have reached the common Indian through BHIM, RuPay, e-Rupi and Jan Dhan have open new doors of possibilities. Similarly, the digital banking unit will ensure that such banking services are free from paperwork and other hassles.

Banking will be easier than ever with convenience and security. In a village or a small town, sending money or taking loans would become much more convenient with the online presence being maintained through these digital banking units.'

These digital banking units, as part of the larger

financial technology or the more commonly-known world of 'FinTech', would serve as a new extension towards a historic new era. Announced in the Union Budget earlier this year, such units would be specialised and fixed point units that would help those who do not have their own computers, laptops or smartphones to avail banking services digitally by visiting such units.

All such facilities would be provided for with ample internet in these digital banking units. Opening a savings account, transferring cash, investing in a fixed deposit, applying for loans, applying for credit cards, checking account details and stopping payment instructions for cheques issued would all be part of these digital banking units.

It is bound to promote digital financial literacy with an emphasis on educating customers (particularly from the rural setup) about cyber security, awareness and security measures. In a situation like the gloomy pandemic where distancing ourselves from one another has taken a form of its own,

these digital banking units put forth an interesting aspect of contactless payment mechanisms along with no need for a personal internet network on the customer's end either.

Therefore, for a large population, these units are bound to provide the first step towards going digital in a responsible and transparent manner as well. Interestingly, the 21st-century economy is progressing with a continuum and it becomes important that the help of partner banks, government entities and corporate players is taken to ensure that nobody is left behind in terms of financial inclusion and literacy.

Over the last decade, the rapid pace at which India has progressed in the field of digital technology has been nothing short of magical.



The Indian population has taken to digital payments like fish takes to water, with a large amount of monetary transactions at toll plazas, shops, account transfers, restaurants, etc. taking place via mobile phones alone.

A large number of developing countries are aspiring to imitate the Indian success story when it comes to digital payments, and these newly-launched digital banking units in 75 districts are yet another chapter in the glorious book of this story.

(BFSI.ET/Nov 22)

Legal Column

Bar on Civil Court's jurisdiction under Section 34 of the SARFAESI Act is applicable only in a case where DRT/DRAT is empowered to decide the matter : Supreme Court.

The dictum of the Supreme Court in *Leelamma Mathew vs. Indian Overseas Bank, C.A. No.7128 of 2022 dated 17.11.2022 : 2022 Live Law (SC) 973 : 2022 (6) KLT 424 (SC) : 2022 (6) KLT Online 1015 (SC) : (2022) 8 MLJ 480 (SC) : LNIND 2022 SC 686 : 2022 SCC OnLine SC 1601* is that the bar on Civil Court jurisdiction under Section 34 of the SARFAESI Act shall be applicable only in a case where the Debt Recovery Tribunal and/or Appellate Tribunal is empowered to decide the matter under the SARFAESI Act.

Woodcut of facts

Calling in question the judgment of the Kerala High Court, which overturned the judgment and decree passed by the Trial Court, this appeal is filed in the Supreme Court. Filtering out unnecessary details, the factual background relevant for adjudication of the present appeal is that the respondent bank secured a property in exercise of powers under the provisions of the SARFAESI Act. A notice for auction was issued regarding the secured asset admeasuring 54 cents. The plaintiff after inspection of the property submitted the quotation for sale of 54 cents of land and offered Rs.32,05,000. Thereafter, the plaintiff filed a suit contending that she paid a total sale consideration for 54 cents of the land and even the sale certificate and the sale deed was executed for 54 cents. But she has been handed over the possession of 39.60 cents of the land only and therefore she is entitled to the damages/compensation with respect to the 14.40 cents which was less than the area for which she paid the amount i.e. 54 cents. This suit was decreed by the Trial Court.

The High Court, by impugned judgment, allowed the appeal filed by the bank and set aside the decree on the grounds (i) That as the fraud has not been established and proved the suit was barred in view of Section 34 of the SARFAESI Act; (ii) That the plaintiff was aware of the fact that the actual area of the secured property put to auction is less than 54 cents and therefore it cannot be said that there was any non-disclosure on the part of the bank; (iii) that the property was put to auction 'as is where is' and 'as is what is' basis.

Analysis and Approach

On consideration of all relevant aspects in the entirety, the Court noted that after the bank received the possession of the secured property in exercise of powers under the SARFAESI Act, the property in question was put to auction, by an auction notice. The plaintiff on the basis of the representation made and the auction notice in which the land was put to auction was stated to be 54 cents, submitted her offer of Rs.32,05,000 for sale of 54 cents. In the quotation itself the plaintiff specifically stated that the offer of Rs.32,05,000 is subject to the condition that the absolute ownership and vacant possession of full extent of

property without encumbrances is handed over. However, the bank replied that as in the invitation to the public for tenders, it is stated that the property would be sold on 'as is where is' and 'as is what is' condition, the plaintiff may confirm that the plaintiff is ready to offer the bid and take the property in the present condition. However, immediately the plaintiff communicated that she is ready to purchase the property only if, absolute ownership, vacant possession and full enjoyment of 54 cents of land, free from all encumbrances is given, otherwise, she is not ready to purchase the property.

The suit was for damages with respect to the balance land, which could not have been decided by the Debt Recovery Tribunal (DRT) or Appellate Tribunal and Section 34 of the SARFAESI Act shall be applicable only in a case where the DRT and/or Appellate Tribunal is empowered to decide the matter under the SARFAESI Act. Further, the plaintiff did not challenge the sale or the sale certificate and just claimed damages with respect to the less area. Therefore, the High Court has seriously erred in holding that the suit was barred by Section 34 of the SARFAESI Act. The Court further noted that from the beginning the plaintiff insisted on handing over the possession of the 54 cents. Further, when the property was put to auction even the bank was not aware of the actual measurement and had gone by the document and 54 cents was put to auction; the sale certificate was issued for 54 cents and even the sale certificate which was registered in the year 2012 was for 54 cents. Thus, it was not open for the financial institute like bank to contend that though the bank had handed over the possession of 34.60 cents, still the sale consideration recovered would be for 54 cents.

It was also noted that when the Tehsildar submitted the report, the bank was aware that the actual area is 34.60 cents and not 54 cents. Thereafter, the bank should be fair and not have issued the sale certificate for 54 cents. Further, as per Section 54 of the Transfer of Property Act the seller was bound to disclose to any buyer any material defect in the property of which the buyer is not aware and which the buyer could not ordinarily discover. Under the circumstances also the submission on behalf of the bank that the property was put to auction on 'as is where is' and 'as is what is' condition, thereafter the plaintiff shall not be entitled to compensation of the less area cannot be accepted.

Referring to the Security Interest (Enforcement) Rules, 2002, the Court has clarified that Rule 8 casts a duty on the authorized officer to take all precautions before putting the secured asset to sell and as per Rule 8(5) before effecting sale of the immovable property (secured assets) the authorised officer has to obtain valuation of the property from an approved valuer and in consultation with the secured creditor fix the reserve price of the property.

The Upshot

In summation and edified on the reasons above, the High Court has committed an error in allowing the appeal and quashing and setting aside the judgment and decree passed by the learned Trial Court directing the bank to pay the plaintiff a sum of Rs.58,10,000 with interest at the rate of 12% per annum from the date of suit till realisation. Consequently, the impugned judgment of the High Court is quashed and set aside. The judgment and decree passed by the Trial Court is restored. The respondent bank is directed to pay the decretal amount to the appellant within a period of eight weeks. The appeal is allowed with costs.

Compiled by : **R. MURALIDHARAN, Puducherry Civil Service Officer (Retired),
Director, Catalyst [The Training People]**



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

Press Release: 2022-2023/1444

www.rbi.org.in

December 27, 2022

Report on Trend and Progress of Banking in India 2021-22

Today, the Reserve Bank of India released the Report on Trend and Progress of Banking in India 2021-22, a statutory publication in compliance with Section 36 (2) of the Banking Regulation Act, 1949. This Report presents the performance of the banking sector, including co-operative banks and non-banking financial institutions, during 2021-22 and 2022-23 so far.

Highlights

The consolidated balance sheet of scheduled commercial banks (SCBs) registered double digit growth in 2021-22, after a gap of seven years, led by credit growth, which accelerated to a ten-year high in H1:2022-23.

The capital to risk weighted assets ratio (CRAR) of SCBs strengthened from 16.3 per cent at end-March 2021 to 16.8 per cent at end-March 2022, with all banks meeting the regulatory minimum capital requirement of 11.5 per cent as also the common equity tier-1 (CET-1) ratio requirement of 8 per cent.

The gross non-performing assets (GNPA) ratio of SCBs has been declining sequentially from its peak in 2017-18 to reach 5.8 per cent at end-March 2022, led by lower slippages as well as reduction in outstanding GNPA.

An acceleration in income and contraction in expenditure boosted the profitability of SCBs in 2021-22, measured in terms of return on equity and return on assets.

The financial performance of urban co-operative banks (UCBs) showed improvement in 2021-22, characterised by augmented capital buffers, a decline in GNPA ratio and improved profitability indicators.

The NBFC sector maintained comfortable liquidity buffers, adequate provisioning, and a strong capital position during 2021-22, while asset quality improved.

(Yogesh Dayal)

Chief General Manager

Circular can be downloaded from: <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR14446CDB72BDD638493A94FB5ED8051E5B4A.PDF>



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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December 29, 2022

RBI releases the Financial Stability Report, December 2022

Today, the Reserve Bank released the 26th issue of the Financial Stability Report (FSR), which reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability and the resilience of the financial system.

Highlights:

The global economy is facing formidable headwinds with recessionary risks looming large. The interplay of multiple shocks has resulted in tightened financial conditions and heightened volatility in financial markets.

The Indian economy is confronting strong global headwinds. Yet, sound macroeconomic fundamentals and healthy financial and non-financial sector balance sheets are providing strength and resilience and engendering financial system stability.

Buoyant demand for bank credit and early signs of a revival in investment cycle are benefiting from improved asset quality, return to profitability and strong capital and liquidity buffers of scheduled commercial banks (SCBs).

The gross non-performing asset (GNPA) ratio of scheduled commercial banks (SCBs) fell to a seven-year low of 5.0 per cent and net non-performing assets (NNPA) have dropped to ten-year low of 1.3 per cent in September 2022.

Macro stress tests for credit risk reveal that SCBs would be able to comply with the minimum capital requirements even under severe stress scenarios. The system-level capital to risk weighted assets ratio (CRAR) in September 2023, under baseline, medium and severe stress scenarios, is projected at 14.9 per cent, 14.0 per cent and 13.1 per cent, respectively.

Stress tests for open-ended debt mutual funds showed no breach in limits pertaining to interest rate, credit and liquidity risks. Consolidated solvency ratio of both life and non-life insurance companies also remained above the prescribed minimum level.

(Yogesh Dayal)

Chief General Manager

Circular can be downloaded from: <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR1457FSRC920EE4C75E74C30926C169C565BB758.PDF>

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