



**Financial Inclusion in India:
Doing Things Differently with Jan Dhan Yojana**

Indradhanush: Next Generation Reforms in PSBs

**Implications for Credit Analysis in Banks on
Adoption of Indian Accounting Standards
(Ind AS converged with IFRS)**

**Motivation Factors of Internet Banking and
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A Relationship Study**



National Institute of Bank Management

Articles

* **Financial Inclusion in India: Doing Things Differently with Jan Dhan Yojana**

✉ *M S Phogat*

There is no doubt that Financial Inclusion (FI) was already in process before the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) but the approach was different. The monitoring mechanism was different too. Earlier the focus was on opening accounts through business correspondents using hand-held devices or laptops. However, there often were connectivity issues in rural areas. Also, the parameter of the number of villages covered was not right since even a single account opened in a village qualified for having covered that village whereas the right mechanism would be to take into account the number of households covered. PMJDY expected the job to be done by bankers. They are the real owners of the scheme and, therefore, they did their best. The monitoring from the Ministry of Finance was also very strong and constant and ground level people had to show results. Now the government has directed all the banks to ensure that the overdraft facility is automatic as this particular facility's performance continues to be dismal. India has now partnered with the United Nations (UN) for "Better Than Cash Alliance", which is made up of governments, companies and international organisations. It shows the government's commitment to reduce cash in its economy. As a lesson in how to manage projects, this will also transform the lives of poor people of the country.

* **Indradhanush: Next Generation Reforms in PSBs**

✉ *K Srinivasa Rao*

Reforms in the banking sector in India have been continuous since 1991. As a result, the diversity and pace of transformation has been reinventing with mounting challenges. While the first phase of bank reforms focused on integrating internationally accepted prudential norms, the next phase witnessed a new wave of technology orientation and competition from new generation private banks, thereby setting finer quality and pricing benchmarks. While the banks were on a progressive path, the ramifications of the global financial crisis arising out of the fallout of Lehman Brothers in 2008 and the consequent downturn of the economy created yet another phase of asset quality turbulence.

Since Public Sector Banks (PSBs) are more actively involved in building the economy, lending to infrastructure has been mauled under the weight of the surging non-performing assets. The piling stressed assets in PSBs has brought the divide between them and their private peers more into glaring focus, creating pressure on profitability. Moreover, the introduction of Basel III norms in 2013 brought the diminishing capital of PSBs under greater challenge and the government, hitherto providing doses of capital infusion, had to pump prime funds to build its base. These seminal challenges, along with increased commitment for capital infusion, has brought a series of reform packages under the banner of 'Indradhanush' which has the potentiality to resurrect the PSBs, if implemented in right spirit at all levels. This paper seeks to discuss the implications.

* **Implications for Credit Analysis in Banks on Adoption of Indian Accounting Standards (Ind AS converged with IFRS)**

✍ *Vijay K Khanna*

With the notification of the roadmap by the Ministry of Corporate Affairs for adoption of International Financial Reporting Standards (IFRS) converged Indian Accounting Standards (Ind AS) by all listed companies and large unlisted companies, the understanding and interpretation of financial statements of these companies will be a challenge for credit analysts in banks. It is expected that by the first quarter of the financial year 2016-17, credit analysis and appraisal will be of quarterly results under Ind AS for the large corporate borrowers in India, for which banks need to start preparations immediately.

The adoption of Ind AS will lead to many changes in the financial statements of companies, both in presentation and numbers, which in turn will lead to changes in significant ratios and other performance measures used by credit analysts for appraisal and rating. Banks will need to ensure that the officers involved in credit analysis and appraisal develop a good understanding of the changes in financial statements under Ind AS and the impact these changes have on their lending decisions.

The significant changes pertain to presentation and understanding of consolidated financial statements; accounting for financial instruments; impairment of financial assets (including loans); accounting for long-lived assets (PPE); intangible assets; leases and goodwill; component accounting and provision of depreciation accordingly and treatment of revaluation reserves; recognition of revenue; treatment of foreign exchange differences; accounting for business combinations; share-based payments; and additional and extensive disclosures supporting financial statements. These provisions have greater implications for different industry sectors and need to be well understood for a better appraisal.

* **Motivation Factors of Internet Banking and Socio-Economic Status of the Customers: A Relationship Study**

✍ *Selvakumar M, Ramar E L, Sathyalakshmi V & Siva Murugan K*

Internet banking enables a customer to perform banking transactions through the bank's website. This is also called virtual banking, net banking or anywhere banking. It is like bringing the bank to one's computer at the place and time of one's choice. This can be very useful, especially for banking outside bank hours through Internet access. In net banking, the financial statement can be viewed, printed or downloaded in any format for ease of analysis. Thus, the Internet as a service delivery channel shifts the control of transactions from the bank staff to the customers. Net bank customers find better information through websites than from human efforts taken by the banking staff. Therefore, it is necessary to study the views of customers about Internet banking. The researcher has made a special effort to know the identification of factors motivating the customers for Internet banking. This study covers only the relationship study between the motivation factors of Internet banking and the socio-economic status of the customers.