Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	47,613	0.5	15.4
Nifty-50	13,933	0.4	14.5
Nifty-M 100	20,696	-0.1	21.0
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	3,728	-0.2	15.4
Nasdaq	12,855	-0.3	43.3
FTSE 100	6,603	1.5	-12.5
DAX	13,761	-0.2	3.9
Hang Seng	10,449	1.3	-6.4
Nikkei 225	27,568	2.7	16.5
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	51	0.3	-23.7
Gold ($/OZ)	1,879	0.3	23.8
Cu (US$/MT)	7,771	-0.7	26.4
Almn (US$/MT)	2,026	1.4	13.7
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	73.4	-0.1	2.9
USD/EUR	1.2	0.3	9.3
USD/JPY	103.5	-0.3	-4.7
YIELD (%)	**Close**	**1MChg**	**CYTDchg**
10 Yrs G-Sec	5.9	0.01	-0.7
10 Yrs AAA Corp	6.6	0.01	-1.0
Flows (USD b)	**29-Dec**	**MTD**	**CYTD**
FIIs	0.32	0.82	16.61
DIIs	-0.27	-0.64	-0.27
Volumes (INRb)	**29-Dec**	**MTD***	**CYTD***
Cash	552	680	572
F&O	23,919	29,197	19,268

Note: *Average

Today's top research idea

ICICI Securities: Front runner in digital initiatives

- In FY21, ISEC witnessed lower incremental market share in client acquisition compared to prior years. The sudden lockdown caused by the COVID-19 outbreak impacted customer acquisition, where discount brokers were better placed. ISEC has corrected this now with a digital end-to-end customer acquisition process.
- The management is focusing on: a) open architecture, b) tie-up with newer banks similar to its arrangement with ICICIBC, c) increasing sub-brokers and IFA network, and d) faster processing of digital leads. It is confident of regaining market share in incremental customer acquisition.
- Non-ICICIBC customers now constitute one-third of new acquisitions v/s 15-20% earlier. Also, higher margin requirement for intraday trading has not impacted industry volumes meaningfully. ISEC recently launched NEO plan specifically targeted at customers with a higher churn or trading volumes.

Research covered

Cos/Sector	Key Highlights
The Corner Office	ICICI Securities: Front runner in digital initiatives
Financials	RBI releases trend and progress report for 2019-20

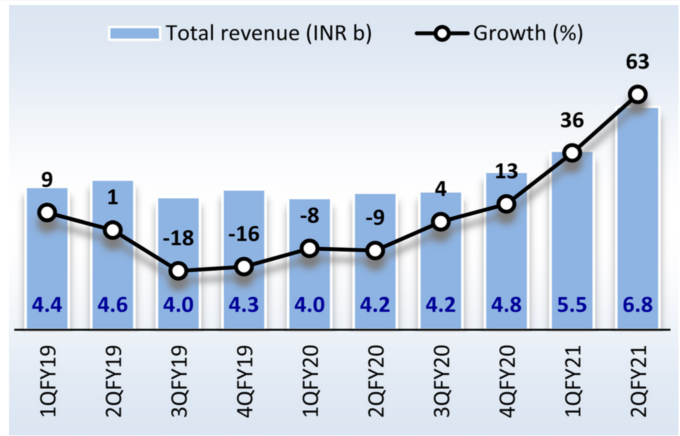
Piping hot news

AirAsia Berhad sells 32.67% stake in Indian JV to Tata Sons for $37.6 million

Malaysian carrier AirAsia Berhad on Tuesday said it has sold its 32.67% stake in AirAsia India to Tata Sons for $37.66 million (₹276.10 crore), bringing down its shareholding in the airline to about 16.33%...

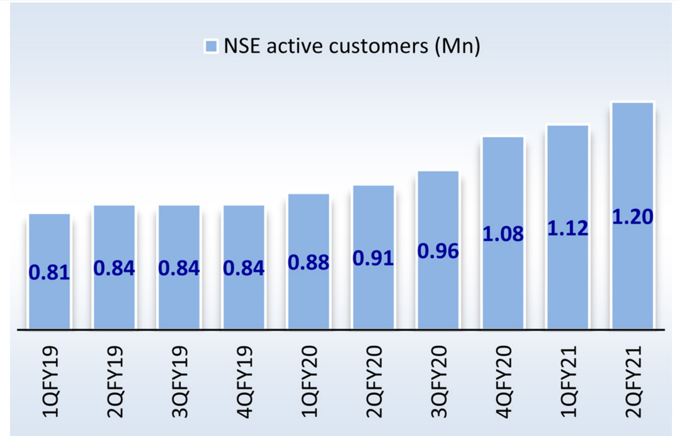
Chart of the Day: ICICI Securities (Front runner in digital initiatives)

Sharp uptick in revenue growth due to elevated retail brokerage volumes



Source: MOFSL, Company

NSE active clients on the rise



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

AirAsia Berhad sells 32.67% stake in Indian JV to Tata Sons for $37.6 million

Malaysian carrier AirAsia Berhad on Tuesday said it has sold its 32.67% stake in AirAsia India to Tata Sons for $37.66 million (₹276.10 crore), bringing down its shareholding in the airline to about 16.33%. Prior to the transaction, AirAsia Berhad held a 49% stake in AirAsia India,…

2

Govt to extend suspension of flights with UK beyond December 31

The government is likely to extend the suspension of flights between India and the UK beyond December 31, 2020, aviation minister Hardeep Singh Puri said today. "We have started applying our minds on the flight ban. I can only see now that there may be a slight extension in the deadline. I, however, do not see a long or indefinite extension. It may be a small extension," Puri said at a press conference today…

3

New solar policy cuts power rates in Gujarat

Gujarat's new solar policy will reduce electricity costs by over 40% and expand the state's potential as India's renewable energy hub, Chief Minister Vijay Rupani said on Tuesday. "Currently, the industry gets power at an average cost of Rs. 8 per unit. The new policy will help bring it down to Rs. 4.5 per unit," Rupani said, speaking while unveiling his state's new plan…

4

Govt proposes making airbag mandatory for front passenger seat

The union road transport and highways ministry has proposed making airbag mandatory for passenger in the front seat of a car. The government plans to implement the rule for new vehicle models manufactured 1 April onwards. In case of existing models, the date of implementation is proposed…

5

Vedanta Resources to issue $400 million notes to Oaktree Capital

A unit of Vedanta Resources will issue $400 million in notes to an entity under Oaktree Capital Group, as the mining conglomerate looks to meet liquidity needs. The notes will be partly secured by shares in Mumbai-listed unit Vedanta Ltd., according to separate exchange filings from Vedanta and the U.S. hedge fund. The new deal with Oaktree comes after Vedanta Resources sold $1 billion of securities earlier this month, at one of the highest yields for a dollar bond in Asia this year. That debt issuance was to fund a tender offer for securities due 2021.

6

AMP Capital forms $1 bn power transmission platform with Sterlite

Sydney-headquartered AMP Capital has joined hands with Sterlite Power, a leading private power transmission company, to set up a $1-billion platform for the development of energy transmission projects in India. This is the first such investment in India by AMP Capital…

7

Jindal Stainless (Hisar) to be merged with Jindal Stainless by H2 of FY21

The Board of Directors of Jindal Stainless Limited (JSL) and Jindal Stainless (Hisar) Limited (JSHL) on Tuesday has approved the merger of JSHL into JSL. As per the approved share swap ratio, 195 equity shares of JSL will be issued for every 100 equity shares of JSHL…

Front runner in digital initiatives

Key focus remains on digitalization, Artificial Intelligence and open architecture

To get an update on the business and sectoral trends, we interacted with Mr. Vijay Chandok, Managing Director and CEO, and Mr. Harvinder Jaspal, CFO, of ICICI Securities (ISEC). Here are the key insights from that discussion:

Targeting multiple channels for customer acquisition

In FY20, incremental NSE active client market share for ISEC increased by ~225bp to 11.5%. However, the same has seen some moderation in FY21 YTD. FY20 MS gain was aided by a higher focus on ICICIBC's affluent, privilege and higher-end customer engagement initiatives, including new terms with the bank for activation. **While over 95% of the customer onboarding process was 'phygital' (physical + digital) prior to the COVID-19 outbreak, the sudden lockdown impacted customer acquisition, where discount brokers were better placed. ISEC has corrected this now with a digital end-to-end customer acquisition process.** The management is focusing on: a) open architecture, b) tie-up with newer banks similar to its arrangement with ICICIBC, c) increasing sub-brokers and IFA network, and d) faster processing of digital leads. The management remains confident of regaining MS in incremental customer acquisition. With the open architecture in place, non-ICICIBC customers now constitute one-third of new acquisitions. Also, share of sourcing from non-ICICI Bank segments (branches, sub-brokers, etc.) has increased from 15-20% to 45%.

ICICI Securities

Mr. Vijay Chandok
Managing Director and CEO, ICICI Securities

Mr. Chandok is a member of the advisory committee of NSE and BSE, besides being a member of the secondary markets advisory committee constituted by Sebi. He is also the co-chair of the capital markets committee of Ficci. Mr. Chandok holds a master's degree in management studies and a bachelor's degree in mechanical engineering

Limited impact of new regulations so far

Higher margin requirement for intraday, a key concern for the industry, has not impacted meaningfully. Like its peers, ISEC has seen some moderation in low-yielding futures and intraday volumes. However, delivery volumes in the higher yielding cash segment have picked up as of now. The lower volumes are likely to be compensated by higher commission rates, leading to not much of an impact on Brokerage revenues. After the initial teething issues, the pledge/re-pledge system has stabilized now. The company has not seen any impact related to the same.

New product launches to take on competition

ISEC recently launched NEO plan specifically targeted at customers with a higher churn or trading volumes. This plan has free futures trading and a fixed rate for intraday equity trading. It also launched a 'Chotta Prime' plan with a lower annual commitment of INR299 (vs INR999 in Prime), but with a slightly higher brokerage rate for cash delivery (27bp v/s 25bp earlier). It has also undertaken a soft launch of the ICICIdirect Money app (focused on MF investments) with features like immediate liquidity, research-based recommendations, etc. All product launches are keeping in mind increasing volumes MS and ARPU from customers. The management is considering a new brand for its discount broking initiatives.

Initiatives in the last 12-18 months are showing strong results

Customer engagement with ISEC has gone up in the last few years, despite rising competition from discount brokers, led by products like Options 20, Prime plan, instant liquidity, etc. In the last one year, the company saw its volumes MS increase by 240bp/150bp in the cash market/F&O segment to 11.1%/8.8%. Under the Options 20 plan, the number of transacting customers increased by 2x, with a spurt in the number of trades carried out. The rise in volumes helped arrest the impact of lower commission rates on revenue. The new arrangement with ICICIBC has helped it increase the activation rate (customer transacting with ISEC in the first 90 days) to 65-70% v/s 30-35% earlier. Based on the experience of Options 20, the management remains confident that the impact on commission rates under the NEO plan would be compensated by volumes.

Digitalization, ARPU increase and cost containment are key priorities

The management is aggressively filling gaps in its talent pool and offered ESOPs to its frontline staff. It is also focusing on cost containment via its digital initiatives and by reducing the number of branches.

Strong pool of customers; AUM/AUA of INR3t

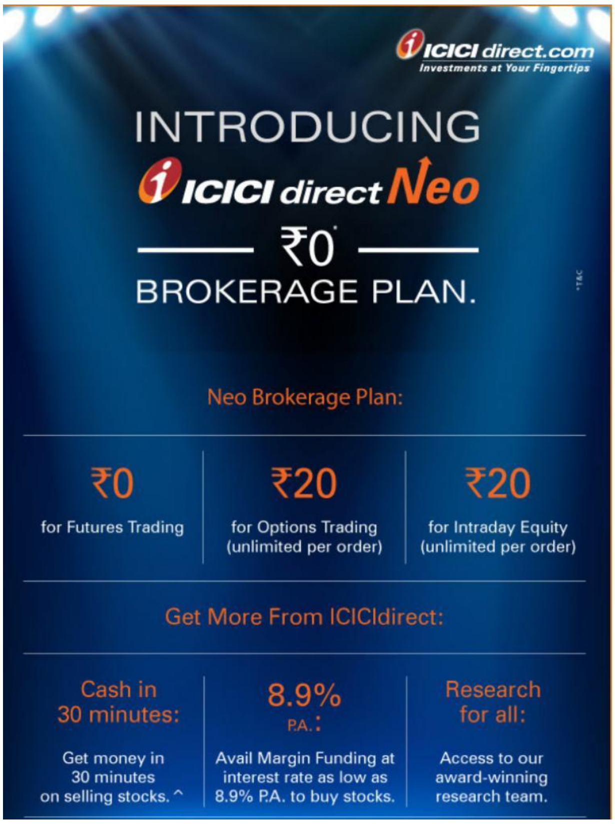
The company has a total pool of 5m customers, of which 2.9m are ever-active. It is acquiring 30-35k customer on a monthly basis. It has a total AUA/AUM of INR3t, of which Wealth Management accounts for (INR20-250m ticket size) INR1.1t. Between 2017 and 2020, it acquired 1m customers, of which, ~70% are below 30 years of age. Also, 70% of the active clients acquired in the past three years are millennials. ISEC is very strong in the 30-50 years age bracket. About 37% of the customers acquired 15 years back (2001-06) are active even today. Over 65% of Brokerage revenue contribution accrues from customers acquired five years back.

Valuation and view

ISEC is a classic play on increasing financialization of savings and retail participation in the equity market. Its business and profitability is cyclical. Initiatives such as the tie-up with ICICIBC, Prime, and Options 20 have yielded results. The Brokerage segment is benefitting from tailwinds of increased trading activity from retail customers. While there could be some moderation due to the new margin funding regulations that came into effect from 1 December 2020, we expect its strong growth to continue. Distribution income has been weak over the past two years, but seems to have bottomed out. With increased capital market activity, IB revenue is likely to remain robust, although they could vary significantly on a QoQ basis. We expect the company to deliver 22% PAT CAGR over FY20-23E. Maintain Buy with a TP of INR625 per share (23x FY22E EPS).

Story in charts

Neo plan – Nil brokerage on futures trading and flat fee on intraday equity



Source: MOFSL, Company

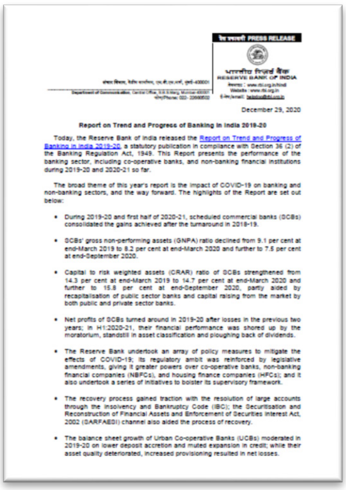
Revised Prime Brokerage – Annual subscription plans starting at INR299

Prime Plan (₹)	Cash %	Margin / Futures %	Options (Per Lot) (₹)	Special MTF Interest rates/LPC (% per annum)
299.00	0.27	0.027%	40	14.9
999.00	0.22	0.022%	35	12.9
1,999.00	0.18	0.018%	25	10.4
2,999.00	0.15	0.015%	20	8.9

Source: MOFSL, Company

Financials

RBI's Trend & Progress report 2019-20



PRESS RELEASE

RESERVE BANK OF INDIA

Website : www.rbi.org.in

December 29, 2020

Report on Trend and Progress of Banking in India 2019-20

Today, the Reserve Bank of India released the Report on Trend and Progress of Banking in India 2019-20, 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 2019-20 and 2020-21 so far.

The broad theme of this year's report is the impact of COVID-19 on banking and non-banking sectors, and the way forward. The highlights of the Report are set out below:

- During 2019-20 and first half of 2020-21, scheduled commercial banks (SCBs) consolidated the gains achieved after the turnaround in 2018-19.
- SCBs' gross non-performing assets (GNPA) ratio declined from 9.1 per cent at end-March 2019 to 8.2 per cent at end-March 2020 and further to 7.5 per cent at end-September 2020.
- Capital to risk weighted assets (CRAR) ratio of SCBs strengthened from 14.3 per cent at end-March 2019 to 14.7 per cent at end-March 2020 and further to 15.8 per cent at end-September 2020, partly aided by recapitalisation of public sector banks and capital raising from the market by both public and private sector banks.
- Net profits of SCBs turned around in 2019-20 after losses in the previous two years; in H1:2020-21, their financial performance was shored up by the moratorium, standstill in asset classification and ploughing back of dividends.
- The Reserve Bank undertook an array of policy measures to mitigate the effects of COVID-19; its regulatory ambit was reinforced by legislative amendments, giving it greater powers over co-operative banks, non-banking financial companies (NBFCs), and housing finance companies (HFCs); and it also undertook a series of initiatives to bolster its supervisory framework.
- The recovery process gained traction with the resolution of large accounts through the Insolvency and Bankruptcy Code (IBC); the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI) channel also aided the process of recovery.
- The balance sheet growth of Urban Co-operative Banks (UCBs) moderated in 2019-20 on lower deposit accretion and muted expansion in credit; while their asset quality deteriorated, increased provisioning resulted in net losses.

RBI releases trend and progress report for 2019-20

Asset quality and capital ratios improve, though uncertainty remains

RBI has released a report on Trend and Progress of Banking in India in 2019-20. The broad theme of the report has been the impact of COVID-19 on banking and non-banking sectors and the way forward. Following are the key highlights:

- **The GNPA ratio of scheduled commercial banks (SCBs) declined from 9.1% in Mar'19 to 8.2% in Mar'20 and 7.5% in Sep'20. With a substantial increase in provisioning, the net NPA ratio of SCBs moderated to 2.8% by Mar'20 and declined further to 2.2% by Sep'20.**
- **Capital to Risk (Weighted) Assets Ratio of SCBs strengthened from 14.3% in Mar'19 to 14.7% in Mar'20 and 15.8% in Sep'20, aided by re-capitalization of public sector banks and capital raising by both public and private sector banks.**
- **Net profit of SCBs turned around in FY20 after losses in FY18-19. During 1HFY21, its financial performance was further shored up by the moratorium on EMI loan payments, standstill in asset classification, and ploughing back of dividends.**
- **The RBI announced several measures to mitigate the effects of COVID-19. Its regulatory ambit was reinforced by legislative amendments, giving it greater powers over co-operative banks, non-banking financial companies (NBFCs), and housing finance companies (HFCs).**
- **The consolidated balance sheet of NBFCs decelerated in 2019-20 due to near stagnant growth in loans and advances, although some improvement was visible in 1HFY21. Notwithstanding a marginal deterioration in asset quality, the NBFC sector remains resilient with strong capital buffers.**
- **The share of special mention accounts (SMA-0) witnessed a sharp rise in Sep'20. This may be initial signs of stress after the lifting of moratorium on 31 Aug'20. However, the share of other SMA categories – SMA-1 and SMA-2 – remained at relatively lower levels (please refer Exhibit 2 for details).**
- **Growth in the balance sheet of urban co-operative banks (UCBs) moderated in 2019-20 on lower deposit accretion and muted expansion in credit; while asset quality deteriorated and increased provisioning resulted in net losses. The performance of state co-operative banks improved both in terms of profitability and asset quality.**

Valuation and view

We remain watchful on the asset quality of banks as they recognize NPLs from the moratorium/overdue loans. Though overall trends have fared better than earlier expectations, aided by sharp improvement in collection efficiency. Large banks reported a collection efficiency of 95-97%, while the same for mid-size banks/MFI focused players stood in the early 90s, enabling controlled restructuring guidance by lenders. Though slippages are likely to increase over 2HFY21, particularly after the SC order ended the moratorium in 31 Aug'20, many banks have already provided for this and carry an additional provisions buffer, which should limit the impact on profitability, even as credit cost remains elevated. Our top Buys remain: ICICIBC, HDFCB, SBIN and AUBANK.

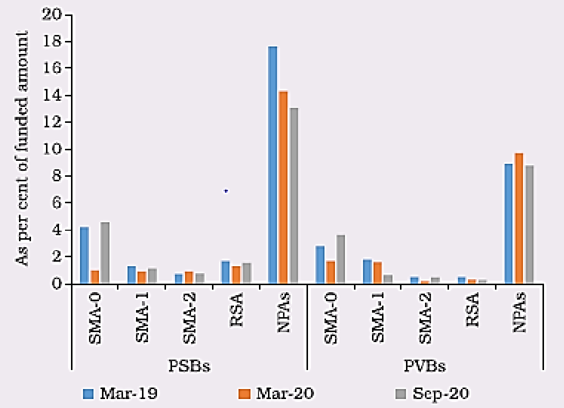
Snapshot of loans under moratorium as on 31 Aug'20

Sector	Corporate		MSME		Individual		Others		Total	
	% of total Customers	% of total outstanding	% of total Customers	% of total outstanding	% of total Customers	% of total outstanding	% of total Customers	% of total outstanding	% of total Customers	% of total outstanding
PSBs*	24.96	36.70	64.11	75.42	36.28	34.51	30.58	39.08	34.80	41.33
PVBs*	16.37	23.19	83.38	62.99	50.25	33.60	47.90	54.00	54.88	33.96
FBs*	27.46	14.81	52.89	47.38	8.66	27.81	9.03	9.28	9.05	20.53
SFBs*	36.94	34.13	80.29	66.90	81.48	69.39	86.34	80.90	82.47	68.18
UCBs*	43.13	90.15	47.08	89.60	47.50	57.64	32.81	46.93	43.45	64.09
NBFCs*	42.65	37.15	68.76	67.01	23.11	56.51	50.21	33.20	26.58	44.94
SCBs	18.02	30.44	77.19	68.07	43.65	33.89	35.62	39.11	43.75	37.91
System	31.31	34.28	77.50	69.29	42.62	41.00	45.40	42.12	45.62	40.43

Note: *Total data of PSBs=12, PVBs=21, FBs=42, UCBs=39, SFBs= 10, and NBFCs=73.

Source: RBI Supervisory Returns

Stress in large borrower accounts



Note: RSA: Restructured standard advances;
SMA-0, where principal or interest payment was not overdue for more than 30 days, but the account showed signs of incipient stress;
SMA-1, where principal or interest payment was overdue for 31-60 days;
SMA-2, where principal or interest payment was overdue for 61-90 days.
Source: Central Repository of Information on Large Credits (CRILC) database.

A snapshot of additional provision buffer as of 2QFY21

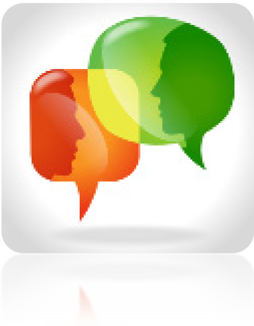
As of 2QFY21	Loans (INR b)	COVID-19 provisions	Additional provisions	Total provision buffer	As a % of loans
AXSB	5,764	30.0	78.4	108.4	1.9%
BANDHAN	733	17.4	3.6	21.0	2.9%
DCBB	249	1.4	1.0	2.5	1.0%
HDFCB	10,383	15.5	77.5	93.0	0.9%
ICICIBC	6,526	87.7	14.4	102.1	1.6%
IIB	2,012	21.6	NA	21.6	1.1%
IDFCB	900	20.0	NA	20.0	2.2%
KMB	2,048	12.7	NA	12.7	0.6%
FB	1,229	1.9	4.0	5.9	0.5%
RBK	562	6.7	NA	6.7	1.2%
AUBANK	272	2.8	NA	2.8	1.0%
EQUTAS	159	1.7	NA	1.7	1.1%
SBIN	22,939	32.5	NA	32.5	0.1%
SBICARD	219	7.6	NA	7.6	3.5%

Source: MOFSL, Company

A snapshot of collection efficiency across banks and segments as of 2QFY21

Bank	Collection efficiency	Comments
AXSB	97%	❖ Demand resolution stands at 94% as of Sep'20, increased to 97% in Oct'20
HDFCB	97%	❖ Collection trends at 97% levels (~99% in the non-moratorium book)
ICICIBC	97%	❖ Represents demand resolution in the retail business to pre-COVID levels
IIB	95.7%	❖ For Vehicles, CE stands at 94.3%. For MFI, it stands at 93%
KMB	Mid-90%	❖ CE for the overall book would be in mid-90 levels
DCBB	NA	❖ CE at 91% for Home Loans, 87.5% for Business Loans, and 77% for CV
FB	95%	❖ 95% of Feb'20 levels as of Sep'20
RBK	NA	❖ MFI – Advance payments ~93% and ~87% excluding arrears, ❖ b) Credit cards – Total collections stood ~91%
AUBANK	96%	❖ Customer activation rate in Sep'20 improved to 78% (v/s an average of 80%)
BANDHAN	93%	❖ 96% of customers have started to make payments
BOB	91%	❖ 94% of the non-moratorium book and 87% of the moratorium book
SBIN	97%	❖ Represents CE in the domestic loan book (excluding Agri segment)

Source: MOFSL, Company



SBI: Seeing pick-up in credit growth; expect credit growth between 8-10%; Ashwani Bhatia, MD

- Q3 has been good; pick-up in credit growth on retail side seen. Expect credit growth between 8-10%
- Government has given credit line which has helped the economy
- Recovery from Bhushan Power & Steel expected in H1CY21
- Banks will get around Rs. 20000 crore from Bhushan Power & Steel
- SBI may get 15-20% of money that Bhushan Power & Steel receives from its bidder
- Have exposure to SREI Infra, the account is in NCLT
- Domestic Net Interest Margin will be around 3.3% and global over 3%

Read More

Dixon Technologies: Manufacturing deal with Motorola big win; aim a revenue of Rs. 3000 crore from order; Atul Lall, MD

- Agreement with Motorola w.r.t manufacturing of mobile phone is a big win for the company
- Targeting revenue of Rs. 3000 crore from Motorola deal next year
- Working in-line with the earlier stated revenue target
- Expect near-term impact on rise in commodity prices under original design manufacture (ODM)
- Demand and order book has been extremely healthy

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Havells: Seeing shift from unorganised to organised players; have seen gain in market share post lockdown; Anil Rai Gupta, CMD

- Demand is holding up from B & C grade towns
- Have seen improvement in residential sector
- Seeing shift from unorganised to organised players
- Slight pick-up in institutional & infra portfolio
- Rise in raw material prices has led to some stocking at trade level
- Rise in commodity prices has to be passed on; expect pressure on margin due to rise in commodity prices
- Government has taken right direction for boosting manufacturing; need to focus more on Indian manufacturing
- Capex is being invested in expanding
- Have seen gain in market share post lockdown

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ICICI Lombard: Growth coming back in each segments; motor insurance to pick up; G Balachandran, CFO

- Growth is coming back in each segment
- Believe growth momentum in motor insurance should pick up
- Extremely positive momentum in health insurance, individual as well as group
- Insurance on new sales have still not come back in motor insurance
- Motor renewals have been strong
- New premium is still about 75% of pre-COVID
- Bharti AXA merger still needs 5-6 approvals. Will apply to IRDAI after NCLT approval

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IRB Infra: FASTag usage has been growing rapidly; expect revenue growth in FY21; VD Mhaiskar, CMD

- FASTag usage has been catching up rapidly
- Mandatory usage of FASTag is a welcome move
- Company moving completely towards a digital payment system
- Real-time revenue record are in place which are linked to NHAI
- Do not see any pilferage from the tolling side
- Would not be surprised if company records YoY revenue growth in FY21
- The increase in debt in-line with the increase in size of our assets
- At group level, company comfortable with the debt equity ratio of 1:1
- Order book stands around Rs. 12000 crore; execution around 80-90% across all projects

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INDIAN BANKS EMERGED STRONGER IN PANDEMIC TEST THROUGH SWIFT REFORMS

- As the year started, no one had factored in the extraordinary gyrations they would experience in their lives in 2020. Banking generally speaking is a busy life, but during 2020, the system was dealing with multiple emergency buttons under stiff deadlines. To mention a few, when the lockdown was announced, the banking system not only had to enable over a million employees to work from home almost overnight, but also had to, in parallel, implement a never-before-moratorium, a never-before-retail restructuring affecting millions of customers, create internal alignment, work out error-free coding logics on connected systems, work out customer communication strategies, deal with social media, enable remote collections overnight, remote customer service, cost cuts, constant employee communication, manage safety at customer interface areas, and in the midst of these emergency buttons, banks were also pitching to potential investors for substantial equity raises! The banking system raised a staggering ₹1 trillion of equity under these circumstances.
- These challenges apart, three important markets—the bond markets, the money markets and credit markets— froze simultaneously in panic. Markets crashed to the fear of the unknown. For the government, the Reserve Bank of India (RBI), business leaders, middle management and staff, it would not be an exaggeration to say that to land 2020 with few bruises felt no less than pilot Chesley Sullenberger's dramatic landing of the Airbus A320 on the Hudson river after both engines stalled because of a bird-hit.
- The impact on businesses was dramatic. Large businesses were hoarding up cash, some invoking force majeure clauses for the first time in their lives, hotels, airlines, even Tesla, were effecting furloughs, and informal businesses also suffered. Under these circumstances, the banking system was quite empathetic. In our case for instance, instead of asking customers to visit our branch with bank statements to prove they were affected by the pandemic to apply for restructuring or moratorium, we implemented an STP (straight-through processing) process, simply asked our customers to visit our website, authenticate themselves through the mobile number, simulate the desired restructuring through drag and drop, make necessary online declarations, and these were executed at the back-end in an instant. A total of 76,765 small borrowers availed of online restructuring from us for ₹662 crore at the time of this article.
- Before the pandemic, generally speaking, people were either at work or at home; the pandemic fused the two. The dedication from the staff in opening branches, serving from call centres in these circumstances was inspirational to the point of being hair-raising. Because banking is not just about service, it's a lot of control over cash and accounting, the suddenness of the change raised challenges more than ever.
- RBI moved swiftly with providing moratoriums and pumping in unprecedented liquidity through tools like TLTRO (Targeted Long Term Repo Operations) 1.0, TLTRO 2.0, OMO (Open market operation) purchases, Operation Twist, CRR (cash reserve ratio) cut of 1%, increase in MSF (marginal standing facility), intervention in currency markets and providing specific refinances to Nabard

(National Bank for Agriculture and Rural Development) and SIDBI (Small Industries Development Bank of India). The government in swift succession announced a series of packages, including first providing direct funds to the poorest sections through DBT (direct benefit transfer), then supporting small entrepreneurs through Emergency Credit Line Guarantee Scheme (ECLGS) 1.0, ECLGS 2.0, and various schemes. The banking system owes a lot to the thoughtfulness, sensitivity, speed and decisiveness from these institutions.

- People refer to 2020 as a year to forget, but in my opinion, 2020 is the year never to forget. The learnings were many, but prime among them would be not to panic if there is a Corona 2.0. The authorities, whether it is RBI or the government, will press the buttons quickly and decisively. Customers will start paying back the moment they can; no one likes to carry forward debt forever. The evolution of the digital ecosystem, including Jan Dhan, Aadhaar, mobile, video, UPI (Unified Payments Interface) and DBT, has provided us with a new platform to deal with crises and transfer cash to the poor instantly.
- Finally, the underlying demand in India, as seen in the recent sharp revival, is so strong that things will bounce back quickly with appropriate measures. That the banking system emerged through many reforms such as Asset Quality Review (2015), demonetization (2016), and extreme stress tests such as high inflation (2010-2014), rising interest rates 2010-2014, cancellation of mines and telecom licences, and now a once-in-a-century covid disruption (2020), should give us great confidence in our banking system. We should resolve to strengthen it further before the next crisis strikes, which inevitably will.

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NOTES

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