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EDITORIAL

Ease of Doing Business - Challenges Persisting



CA Vinod Jain*

The new government has been brought to power by electorate of our nation along with large expectations by industry, businesses and professions and other stakeholders of the Indian economy.

The Finance Minister Shri Arun Jaitley as well as the Prime Minister Sh. Narendra Modi have committed

to the countrymen that the government will take all necessary policy actions and legislative changes to ensure ease of doing business in India. Hon'ble Prime Minister has often been propounding while addressing industry bodies in India as well as overseas that Government of the day shall act as a facilitator and a catalyst to create appropriate investment climate in the country.

The list of areas where concrete and immediate action is necessary is quite long. Though the government has initiated notable actions in certain areas but speeding up these actions and encompassing broader and crucial areas and segments is warranted. Some of the major issues on which urgent and immediate action is necessary are:

- **Tax Laws:** The direct tax laws as well as indirect tax laws, including the various rules, guidelines and notifications issued there under are very complicated. The approach of the tax department needs to be business friendly and should provide necessary comfort to tax payers. There is an essential need to eradicate illogical and unwarranted compliances and procedures, during the course of assessment and to avoid continuous appellate litigation.
- The surveys, searches and raids are against non-intrusive approach to achieve tax compliance.

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Governance of Banking Sector- Challenging Issues

The banking sector is going through a testing time. On one hand non-performing assets have risen significantly and on the other there are serious allegations of fraud and corruption embalming many banks. **RBI and previous Government need to owe this responsibility.** Their decision to delegate the responsibility of appointment of Statutory Auditors and Bank Branch Auditors in favour of bank managements, withdrawal of Audit for 5 years in more than 60% branches, shifting independent concurrent Audit to internal staff working under direction of top management, non-revision of Audit fee for 7 years, regular criticism and sidestepping of independent Directors and middle management, all this has resulted in adverse impact on internal control mechanism in banks.

RBI's NPA classification being rule based, could not address challenges of economic downturn and large number of adverse economic factors impacting the working of key sectors. The Indian industry and businesses need a positive policy and regulatory support.

The role of external credit rating agencies in India has been far from satisfactory. Even in U.S. Lehman Brothers crisis, the credit rating was completely misled by technical factors. The Indian banks should rely only on internal credit rating system, which are quite robust. The increasing reliance on external credit rating agencies is also responsible for non-identification of problem areas at right time. The approach of credit rating agencies lack transparency and is based only on technical parameters, rather than real credibility of the borrower.

Independent credit ratings do not add any value and only cause unnecessary hardship and credit delays. The Government may consider a periodical detailed independent credit appraisal for loans beyond Rs. 100 crore. The credit

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LATEST IN FINANCE

1.0 NBFCs can Accept Group 1 Shares as Collateral

Non-Banking Financial companies (NBFCs) cannot lend more than 50% of the value of shares pledged as collateral while giving loans of ₹ 5 lakh and above. NBFCs with an asset size of ₹ 100 crore can accept only Group 1 securities as collateral and will also have to disclose details of shares pledged with them.

2.0 FDI Limit in Defence Raised

The Department of Industrial Policy and Promotion (DIPP) has notified changes to foreign investment policy. And the foreign direct investment limit has been raised to 49% from 26% based prior government approval. Over 49% on case-by-case basis, subject to guidelines.

3.0 Govt Opens up Railway to FDI

The Union Cabinet allowed 100% foreign direct investment (FDI) in the Railways for the first time. This step is intended to raise funds for expansion of the Railways.

High Speed Rail Plan

- 100% FDI allowed in railway infrastructure segments like electrification, signaling, high speed tracks and suburban, etc.
- 100% FDI will also be allowed through Special Purpose Vehicle (SPV) route for last mile connectivity.
- FDI allowed in PPP projects, suburban & high speed lines and freight lines.
- Such proposals will not have to go through the Foreign Investment Promotion Board.

4.0 Liberalised Remittance Scheme for Resident Individuals - Clarification

The Scheme can also be used for acquisition of immovable property outside India. The requirement of post facto reporting stands withdrawn.

RBI A.P. (DIR Series) Circular No. 19

5.0 Relaxation to Trade & Industry in J & K

RBI has decided that the concessions / credit relaxations to borrowers / customers in the State of Jammu & Kashmir, as laid down in our *Circular No. DBOD.No.BP.BC.77/21.04.012/2003-2004* dated April 21, 2004, will continue to be operative up to March 31, 2016.

6.0 Interest Subsidy on Self-employment

The existing provision of capital subsidy for USEP (Urban Self Employment Programme) and UWSP (Urban Women Self-Help Programme) components of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) has been replaced by interest subsidy for loans to Individual enterprise (SEP- I), Group enterprise (SEP- G) and Self Help Groups (SHGs) in all districts headquarters (irrespective of population) and all the cities with population of 1 lakh or more.

7.0 Infra Loans – Takeout Financing for Restructure

RBI Circular DBOD.BP.BC.No.24/21.04.132/2014-15 dated 15/7/2014 on 'Flexible Structuring of Long Term Project Loans to Infrastructure and Core Industries' enables banks to flexibly structure new long term project loans to infrastructure and core industries by takeout financing over life of the project. The conditions have been further relaxed for exposure above ₹ 1,000 Cr.

RBI/2014-15/167, DBOD.BP.BC.No.31 /21.04.132 /2014-15 dated August 7, 2014

FEMA

1.0 Refinancing of ECB at lower All-in-cost - Simplification of Procedure

The Reserve Bank of India has decided to simplify the procedure by delegating powers to the AD Category - I banks to approve even those cases where the Average Maturity Period (AMP) of the fresh External Commercial Borrowings is exceeding the residual maturity of the existing ECB under the automatic route subject to conditions.

2.0 External Commercial Borrowings (ECB) in Indian Rupees

Reserve Bank of India has decided that recognised non-resident ECB lenders may extend loans in Indian Rupees subject to conditions.

3.0 Purchase and Sale of Govt Securities by a Person Resident outside India

Eligible investors, viz., SEBI registered Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs), Registered Foreign Portfolio Investors (RFPIs) and long term investors registered with SEBI, may purchase eligible government securities.



EDITORIAL

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Ease of Doing Business.....

The intrusion in privacy of Citizen needs to be only permitted in exceptional cases with approval at highest level of Polity.

- In view of detailed examination and report by the tax auditors, the scrutiny assessment may be done only in very exceptional cases. It is important to provide only email or video contacts between the assessee and tax authorities, to eradicate corruption. The Inspector Raj in the taxation wing of the government need to be completely done away. Genuine refunds need to reach tax payers in time.
- **Company Law:** The Companies Act 2013 have brought in certain very good concepts for improvement of corporate governance but have also introduced a large number of unnecessary procedures, compliances and restrictions even on private limited companies and other companies in which public are not substantially interested. The penalties and prosecutions need to exist only where public interest is materially impacted. While a comprehensive legislative amendment need to be brought, it is important to stay the operations of the Companies Act 2013.
- In any case, as an immediate measure, all small companies, private limited companies and companies in which public are not substantially interested need to be exempted from the provisions relating to deposit from shareholders, Relatives of directors, inter-corporate loans, loans to directors and related bodies, issuance of further capital, acceptance of share application money, related party transactions and several other provisions, be exempted as a class of companies (all companies in which public is not substantially interested) by notification in terms of adequate power available with the government. The delegated power to the bureaucrat has to be limited significantly.
- **Labor Laws:** The age old labor laws including P.F., E.S.I, Workmen Compensation, Industrial

Disputes, and Payment of Wages legislations need to be progressive.

The day-to-day corruption impacting obtaining various government approvals, power connections, licenses, approvals, change of land use and in so many other areas are to be addressed with electronic transparent Governance. The availability of Land, equity and debt finance, power and other resources to small, medium and large scale sector are crucial for sustained growth. The seriousness of the current Government to bring improvement and relaxation is not getting delivered as the implementing machinery mindset is still working in old feudalistic fashion. The detailed notifications one after another contain restrictive clauses, which at times defeat the real intent and resolve of the Government to ease business environment.

The political leadership needs to address red tape and negative mindset of top and middle level officials by inculcating a mix of education, motivation, and carrot and stick approach. Let there be trust, amongst bureaucrats, polity, judiciary and private sector that all stakeholders are functioning towards nation building. The Indian public will support all such moves.

FINANCIAL INDICATORS

	Current Rate*	Month Ago	3 Month	6 Month
3 Month LIBOR (%)	0.2346	0.2351	0.23	0.23
3 Month MIBOR (%)	8.91	8.97	8.85	9.96
SENSEX	27057.41	25329.14	25584	21935
NIFTY	8094.1	7568.55	7656	6537
CRR (%)	4	4	4	4
REPO (%)	8	8	8	8
REVERSE REPO (%)	7	7	7	7
Gold (per 10 gm)	27285	28576	25988.00	30123
Silver (per kg)	41336	43800	40230.00	45996
Crude (USD/bbl)	97.13	105.02	110.22	108.21
₹ vs USD	60.8256	61.14	59.28	60.85
₹ vs Euro	78.6597	81.94	80.30	84.42
₹ vs 100 Yen	57.12	60.93	57.95	58.94
₹ vs RMB	9.929	9.9147	9.52	9.92
₹ vs Pound	98.1482	102.57	99.48	101.21
MCX Aluminium	122.35	124.2	111.35	105.95
MCX Copper	413.25	430	396.30	409.00

*As on 10th Sept. 2014 (Sources: MoneyControl, NSE, BSE, RBI, MCX)



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CAPITAL MARKET
1.0 SEBI: New Capital Market Disclosure Norms

The Securities & Exchange Board of India (SEBI) has proposed that a listed company should inform the stock exchanges all events which are 'price sensitive', and have bearing on performance or operation of the listed entity, unless otherwise expressly stated, within 1 day from the event. The Companies will have to explain the delay if such disclosures are not made in a day.

Some of the events listed by SEBI as price-sensitive include commencement of commercial production, change in the general character or nature of business, material capacity addition or material product launch, issuance or forfeiture of securities, all types of agreement, disruption of operations, litigation, revision in ratings and outcome of board meetings, among others.

2.0 Securities Laws (amendment) bill passed, SEBI gets more Powers

The Parliament has approved the Securities Laws (Amendment) Bill to empower the market regulator to crack down on Ponzi schemes. The new law would empower SEBI investigators to conduct searches and seek information from suspected entities, both within and outside the country. However, as a safeguard, any search operation can be conducted only after approval of a designated court in Mumbai.

Key Provisions

- Any pooling of funds of over ₹ 100 cr will be considered collective investment scheme
- Set up special courts for fast trail of offences under SEBI act.

3.0 Clause 49 Listing Agreement Essentials: What listed companies must have in place

- *Restriction on the number of directorships:* The maximum number of boards that an independent director can serve on listed companies is seven. If such person is serving as a whole-time director in a listed company, then he cannot serve more than three boards.
- *Mandatory to have woman director:* Have at least one woman director in the board
- *Expanded role of Audit Committee:* Audit Committee must have minimum three directors as members, and two-third of

members as independent directors. The committee plays a significant role regarding the appointment and monitoring of auditors, financial reporting of the company, monitoring inter-corporate loans, related party transactions, reviewing the functioning of the whistle blower mechanism, etc.

- *Compulsory whistle-blower mechanism:* Vigil mechanism must provide adequate safeguards to prevent victimization of the whistle blower
- *Expansion in definition of related-party transactions (RPTs):* All RPTs requires prior approval of the audit committee. Even a transaction between related-parties without any charge has been included in the definition of RPT
- *Tenure of independent directors:* Restricts the total tenure of an independent director to two terms of 5 years each

4.0 Insider Trading Norms: Disclosure of Holdings by Employees

- Any employee of a listed company should disclose the number of shares held within 2 working days of purchase/ acquisition
- Any change in such holdings over ₹ 5 lakh in value or 25,000 shares or 1% of total shareholding should be disclosed within 2 working days
- All employees should conduct transactions of companies' shares only in a valid trading window
- Trading window is closed when results, dividends, rights, bonus, expansion plans, change in policies are published
- Trading window is opened 24 hours after price-sensitive information is published

5.0 Offer for Sale (OFS) by Non Promoters permitted

Revising its OFS regulations, in line with board approval in June, The Securities & Exchange Board of India (SEBI) said that the OFS mechanism would now be available to top 200 companies by market capitalisation in any of the last four completed quarters. So far, top-100 companies were allowed to tap this fast-track route, while only promoter shareholders could sell their shares.

Following the changes, any non-promoter shareholder with at least 10 per cent stake in

eligible companies would be allowed to offload shares through OFS route.

6.0 Modification of Guidelines on Mortgage Guarantee Companies (MGCs)

The Reserve Bank of India has issued Guidelines on Registration and Operations of Mortgage Guarantee Companies under Section 45L(1)(b) of the Reserve Bank of India Act, 1934" (herein after called Guidelines) issued vide notifications no. DNBS (PD) MGC No. 3, 4 and 5/CGM (PK)-2008 dated February 15, 2008. The guidelines regarding capital adequacy, contingency reserve, classification of investment and provision for losses on guarantees involved have been revised.

7.0 NBFCs can be Sub Agents

The Reserve Bank of India has decided to permit Non-Deposit Accepting NBFCs with asset size of ₹ 100 crore and above to act as sub-agents under Money Transfer Service Schemes (MTSS) subject to conditions.

8.0 RBI to restrict banks' group exposure limit at 25%, down from current 40%

The Reserve Bank of India proposes to cut banks' group exposure limit by as much as 15 percentage points to reduce the systemic risk posed by lending too much to any single business house. This means that credit to any particular group will have to be restricted to 25% of a bank's capital, down from 40% now.

9.0 NPA Norms relaxed

Reserve Bank of India has decided to allow banks to fund cost overruns, which may arise on account of extension of DCCO up to 2 years (infra projects) and 1 year (others), without treating the loans as 'restructured asset' subject to the following conditions:

- i. Banks may fund additional 'Interest During Construction', which may arise on account of delay in completion of a project;
- ii. Other cost overruns (excluding Interest During Construction) up to a maximum of 10% of the original project cost;
- iii. The Debt Equity Ratio as agreed at the time of initial financial closure should remain unchanged subsequent to funding cost overruns or improve in favour of the lenders and the revised Debt Service Coverage Ratio should be acceptable to the lenders;

- iv. Disbursement of funds for cost overruns should start only after the Sponsors/Promoters bring in their share of funding of the cost overruns; and
- v. All other terms and conditions of the loan should remain unchanged or enhanced in favour of the lenders.

DIRECT TAXATION

1.0 Revised Guidance Note on Tax Audit u/s 44AB

The Institute of Chartered Accountants of India (ICAI) has issued the revised Guidance Note on Tax Audit u/s 44AB of the Income Tax Act, 1961.

2.0 Section 2(42A): Short term capital gains (Immovable property)

The High Court of Delhi has held that In order to determine taxability of capital gain arising from sale of property, it is date of allotment of property which is relevant for purpose of computing holding period and not date of registration of conveyance deed.

Commissioner of Income-tax vs. K. Ramakrishnan [2014] 48 taxmann.com 55 (Delhi)

3.0 Section 2(15), read with section 12AA - Charitable purpose: Education

In The ITAT Delhi Bench 'B' has held that a trust or institution which is carrying on educational activities will fall within ambit of charitable purpose under section 2(15) even if it incidentally involves carrying on of commercial activities.

Chaudhary Bishambher Singh Education Society vs. CIT, Noida [2014] 48 taxmann.com 152

4.0 Section 37(1), read with section 263 - Allowability of issue of Foreign Currency Convertible Bonds

The High Court of Bombay has held that where Assessing Officer allowed assessee's claim for deduction of expenses incurred on issue of Foreign currency Convertible Bonds (FCCBs), in view of fact that unless option was exercised by bondholders, conversion of those bonds into equity shares was not permissible, impugned revisional order passed by Commissioner disallowing expenditure in question on ground that FCCBs in real sense, were equity shares right from beginning and that conversion of bonds was only a routine technical compliance as per regulations and guidelines, was not sustainable

CIT-7 vs. Tata Teleservices Ltd. [2014] 47 taxmann.com 238

INDIRECT TAXATION

1.0 Section 67 of the Finance Act, 1994 read with Rule 3 of the Service Tax (Determination of Value) Rules, 2006 - Valuation of Taxable Services

The High Court Of Madras has held that where consideration charged by service provider appears to be below cost incurred by him, valuation under rule 3 on 'cost basis' can be resorted to only after: (a) agreement showing consideration is rejected under section 67(1)(i) and (b) procedure under rule 4 of Service Tax Valuation Rules is followed.

Core Minerals vs. Commissioner of Service Tax, Chennai [2014] 48 taxmann.com 39 (Madras)

2.0 Section 67, read with section 65(25), and Rule 5 of the Service Tax (Determination of Value) Rules, 2006 - Valuation of taxable services - Exclusion as Pure Agent

The CESTAT, New Delhi Bench has held that where assessee has claimed reimbursements of bills of contractor/transporters and bills are in name of service recipient, said reimbursements are received as 'pure agent' and not includible in value of services.

Venkatesh Merchantiles (P.) Ltd. vs. Commissioner of Central Excise & Service Tax, Bhopal [2014] 47 taxmann.com 129

CORPORATE & ECONOMIC LAWS

1.0 Board Meetings can be held abroad

An Indian company can now hold its board meeting in a foreign country, say Singapore with its directors participating in that meeting through video conferencing from, say Mumbai.

The Corporate Affairs Ministry has diluted the rigour of video participation of directors in board meetings. Prior to this change, directors were allowed to participate in board meetings through video-conferencing only when meeting was held in India.

2.0 Govt okays Share Transfers before new Companies Act

The Ministry of Corporate Affairs (MCA) has clarified share transfer forms executed before the Companies Act came into effect from 1st April, 2014 can be accepted by companies.

3.0 Provident Fund Wage Ceiling hiked

Henceforth, salaried people earning up to ₹ 15,000 a month will have to compulsorily maintain an employee provident fund account, with the Government notifying the new norm. Earlier the

salary limit was ₹ 6,500 a month. The minimum pension has also been hiked to ₹ 1,000/month.

4.0 Online Registration of Micro, Small units soon in all States: Ministry

The Ministry of Medium, Small and Micro Enterprises has announced process to simplify the setting up new enterprises. All States will have an online registration system for MSMEs in the next two months.

5.0 Depreciation Rule Relaxed

Where a company adopts a useful life different from what is specified in Part C or uses a residual value different from the limit specified in Schedule II of Companies Act, 2013, the financial statements shall disclose such difference and provide justification in this behalf duly supported by technical advice.

ACCOUNTING & AUDITING

1.0 Ministry mandate Indian GAAP

The Corporate Affairs Ministry has decided not to allow Power Sector companies to capitalise the borrowing costs incurred during the extended delay in commencement of commercial production, even if the plant was otherwise ready.

Also, in cases of phased operationalisation of projects, the costs attributable to the completed phases - which were previously being capitalised till the entire project was complete - would have to be now charged to the profit and loss account.

The clarification only reiterates the existing principles in the accounting standards, it is expected to bring in consistency in the application of these principles.

2.0 IFRS compliant Accounting Standards by December

The Institute of Chartered Accountants of India has set a target to complete the amendments to Ind-AS by Nov. 30. It is expected that these would be notified shortly thereafter. ICAI has recommended these to apply to any consolidated financial statement for notified companies.

3.0 Raising of number of Partners in CA Firm beyond 20

Chartered Accountants firms are now allowed to be registered/reconstituted with more than 20 partners w.e.f 01.04.2014 under the Indian Partnership Act as in the case of a firm under the Limited Liability Partnership Act.



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Governance of Banking Sector.....

appraisal report need to be detailed rather than a single digit credit rating number, providing no rational support.

The Govt. needs to take serious concrete actions in following important areas of Governance in the banking sector:

- The selection process of CMD and ED of PSU banks needs a professional approach and it cannot be left to RBI and Department of Banking. The Quality, skill and capability of the top management is very crucial.
- The Executive Directors need adequate board level experience before they can be considered for the top position. The current practice of selections or promotions based on seniority and clean track record alone may not be enough.
- The PSU banks CMD contenders also need to present their long term vision and approach in an open recruitment process. The actual performance of CMDs and EDs need a periodical detailed hot review by an independent professional group under guidance of the Finance Minister.
- The organizational structure and the middle management consisting of General Manager and Deputy General Manager need to be empowered to ensure proper internal control and to restrict too much concentration of power on top.
- The Board of Directors and Audit Committee need to spend adequate time in planning, organizing and control. The current practice of 1 hour to 2 hours meeting, without any advance agenda, briefing, MIS or regular reporting are highly inadequate and actually leave the decision making only in the hands of top management, without adequate effort Board effort to monitor and supervise the performance.
- The independent directors need to be carefully selected and adequately remunerated for time spent and responsibility taken. The full time functionaries need to take main responsibility. The Government and RBI representatives on the Board need to play more responsible and active role

- A 360 degree feedback on performance of top management can be taken from middle level management, borrowers and other stake holders.
- The banks need to develop internal strength to understand and monitor sector specific issues.
- The banking guidelines on purpose and uses of funds need to be self-regulated by the borrower. The concept of diversion of funds need modification and to be more practical to provide adequate flexibility and to regulate manipulation. Diversion cannot be equated to siphoning.
- **Non-Core Area:** The banks may consider disinvestment in non-core areas to other PSU's, to provide adequate capital.
- The sale of non-performing assets to Asset Reconstruction Companies has brought in fraudulent and corrupt practices. Existing ARCs have not contributed positively for revival of business and have concentrated on One Time Settlement or mortgaged assets acquisition. It may be important for the government to assign all non-performing assets at their full book value to 100% government/PSU owned Asset Reconstruction Companies. This will comprehensively improve focus on NPA's which can be revived and disposal of the rest. The focus and emphasis being on revival of a positive and developmental attitude.
- **Professional Intermediation:** In the current atmosphere, serious discussions are being made in regulatory quarters to eradicate professional consultants and intermediaries. The individual and corporate consultants play a very important role in planning, techno-economic feasibility study, development of new financial products and specially designed financial structure to help the entrepreneurial borrowers as well as the banks. The corrupt attitude of few miscreants need not be generalized as it may severally impact the working of the entire financial market and may unnecessarily eradicate very important professional input. The role of corporate players and bank entities is much larger in syndication of loans.
- **NPA Review committee:** The appointment of a High Powered 4 Member Review Committee by IBA, at the





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Governance of Banking Sector.....

behest of RBI, consisting of ICSI, CMA, Valuers and Engineers will not bring any result. The Institute of Chartered Accountants has rightly decided to not to sponsor a member. The monitoring of potential NPA has to be undertaken by the banks individually and as a group/consortium.

- **Fear Psychosis:** It is important to eradicate fear psychosis of a potential CBI or Vigilance enquiry in case a particular loan goes bad. The top management and middle management business decisions need to be respected, except in case of cheating.
- The private sector banks and PSU banks cannot be compared as the PSU banks significantly contributed to education sector, small scale sector, agricultural sector and financial inclusion.
- **Willful Defaulters:** The banks need to be extra careful while categorising delays and non- payments as willful default.

The non-performing assets have mainly risen due to poor economic growth, business slow down and external factors including lack of coal linkages, cancellation of telecom licenses, delay in implementation in power sector and road sector projects, untimely payment by state level electricity companies and other reasons beyond control of management.

NHAI, ERC: The negative role of National Highway Authority of India, Central and State Level Electricity Regulatory Commission, 2G scam, poor mechanism to resolve the disputes/ issues during last few years and lack of Government decisions have further contributed to the problems.

A genuine business failure or an erroneous business decisions cannot be categorized as willful default. There is a need to inculcate a judicial process in the

bank, with an opportunity of being heard to ensure that genuine delays or non- payments arising out of reasons beyond control of the management or promoter are not categorized as willful default. A positive attitude is necessary to revive NPA's. The developmental role of PSU's cannot be replaced by a peculiar money lender attitude. The failure to comply with bank's terms, conditions, requirements or procedures cannot *per se* be treated as fraudulent or case of cheating. SEBI decision to ban capital market support to willful defaulters has to be applied only to proven scamsters or cheaters. The Indian businesses deserve a fair and positive treatment.

- **Adequate Capitalization:** The PSU banks need to be adequately capitalised by channelising a part of ₹ 200 Thousand crores investible surplus available with selected public sector undertakings. A comprehensive strategy to bring back anup beat sentiment in the banking sector is needed.
- **Regulatory Aspects:** A comprehensive review of regulatory mechanism, suiting to Indian need will be very important. The RBI and Government should not provide special and additional facilities to foreign banks for creating Indian subsidiaries or to take over existing Indian banks. It is important to provide adequate strengths to existing Indian banks and to promote a liberal licensing for new Indian banks fully supported by government and RBI policy, so that they can compete with large mega international banks. The conditions imposed on Indian banks cannot be stricter than imposed on foreign banks.

Our Public Sector banks and Private sector banks are very strong. It is important to provide for a detailed internal and external Audit by Auditors appointed by independent committee on strict parameters with pre-determined fee, scope, coverage and reporting requirements to strengthen controls and financial discipline.

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