When banks are awash with cash

In an environment characterized by slowing growth, poor investor sentiment and NPA-stripped banks, the government has its task cut out. When private investment is abysmal, public investment must step in.

Clamping down on ordinance raj


A remarkable captain


Letters to the Editor


The sisterhood of wrestlers

A thousand akhadas are blooming in Haryana as the state promises to nurture girls inspired by the Phogat and Malik sisters, experts Damon Naths
Ordinance route- President and the Governors under Articles 123 and 213.(Q-1-Part)

Following three reasons

1) Reluctance (अनिच्छा) to face the legislature on particular issues.
2) Fear of defeat in the Upper House (RS) where the government may lack the required numbers.-Aadhaar Bill
3) The need to overcome an impasse (गतिरोध) the legislature caused by the Opposition.

D.C. Wadhwa case-1986-SC - repeated Repromulgation of ordinances was unconstitutional


State government took over 429 Sanskrit schools in Bihar was promulgated several times until 1992, but not once tabled in the State Assembly.

The judgment widens the scope of judicial review of ordinances.

The court can go into whether the President or Governor had any material to arrive at the satisfaction that an ordinance was necessary.

The courts can only define the boundaries between the use and abuse of power

But it is up to parties in the legislature to observe the limits of constitutional.
Ordinances were included in the Constitution of India from Government of India Act, 1935, which gave the authority to the Governor General to promulgate Ordinances (Q-2-Amendment)

Article 123 of the Indian Constitution grants the President of India certain Law making powers

Ordinances may relate to any subject that the parliament has the power to make law.

1)- When legislature is not in session: the President can only promulgate when either of the House of Parliament is not in session.

2)- Immediate action is needed: President has the power- If he is satisfied that there are circumstances that require him to take immediate action.

3)- Parliament should approve: Approved by the parliament within six weeks 

> The President may withdraw an ordinance at any time- consent COM
Demonetisation- November 8-December 30- ending corruption & Black money.

Bank officials not collaborated in this exercise- ordinary citizen queued - India’s rich and powerful have delivered at their doorstep.

“Maximum governance” has lost credibility- More unfortunate RBI officers suspended money laundering.(Q-3-RBI-nationalised)

Grand success- bring the money banking system-Arguments made by the government’s spokespersons.

1)- Larger volume of deposits will increase lending and increase investment.

2)- that once most of the cash has “come into the system”, financial transactions can be tracked by the government

In fact, it is not obvious that even a lowering of the interest rate will lead to this- first noticed in the U.S. during the 1930s. The rate of interest fell but private investment did not increase, precisely because there was a paucity of willing borrowers.

Keynes “you can take the horse to the water but you cannot make it drink”

NPA- Vijay Mallya- The very poor lending decisions of public-sector banks commencing UPA II

RBI and the banks must eliminate the cash crunch that has resulted in livelihood loss, especially in rural India

India has a higher cash-to-GDP ratio compared to the rest of the world-Cass less
**Definition:** A non performing asset (NPA) is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days. Classify NPAs further into:

1) **Substandard** - remained NPA for a period less than or equal to 12 months.
2) **Doubtful** - If sub-standard asset remains so for a period of 12 more months.
3) **Loss assets** - sub-standard asset for more than 3 years.

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act has provisions for the banks to take legal recourse to recover their dues.
Ordinance route- President and the Governors under Articles 123(Part-v) and 213(Part-VI)

The procedure of amendment in the constitution is laid down in Part XX (Article 368) of the Constitution of India. This procedure ensures the sanctity of the Constitution of India and keeps a check on arbitrary power of the Parliament of India.

Borrowed from South Africa

The definition of "Money Bill" is given in the Article 110 of the Constitution of India. A financial bill is not a Money Bill unless it fulfills the requirements of the Article 110. The Speaker of the Lok Sabha certifies if a Finance bill is a Money Bill or not.

A money bill must be returned to the Lok Sabha from Rajya Sabha within 14 days

The Reserve Bank of India (RBI) is India's central banking institution, which controls the monetary policy of the Indian rupee. It commenced its operations on 1 April 1935 during the British Rule in accordance with the provisions of the Reserve Bank of India Act, 1934. The original share capital was divided into shares of 100 each fully paid, which were initially owned entirely by private shareholders. Following India's independence on 15 August 1947, the RBI was nationalised on 1 January 1949.
Borrowed features of constitution of

1. From U.K. - Nominal Head – President, Cabinet System of Ministers, Post of PM, Parliamentary Type of Govt., Bicameral Parliament, Lower House more powerful, Council of Ministers responsible to Lower House, Provision of Speaker in Lok Sabha.

2. From U.S.A - Written constitution, Appointment of Vice President, Fundamental Rights, Supreme court,

3. From Australia - Concurrent List, Centre-State relationship, Language of the Preamble

4. From USSR - Fundamental Duties, Five year plan

5. From Germany - Emergency provisions

6. From Japan - Law on which the Supreme Court functions

7. From Canada - Federal System and Residuary powers

8. From South Africa - Procedure of constitutional amendment

RESERVE BANK OF INDIA
Central bank and supreme monetary authority

Scheduled banks

Commercial banks
- Foreign banks (40)
- Regional rural banks (196)

Co-operatives
- Urban cooperatives (52)
- State cooperatives (16)

Public sector banks (27)
- Old (22)
- New (8)

Private sector banks (30)

State bank of India and associate banks (8)

Other nationalised banks (19)