

Banking on a system upgrade

The cautionary tale from the Block Inc debacle is that increasing digitisation of retail financial services in India has raised the threat levels of frauds

RAGHU MOHAN
New Delhi, 27 March

Hindenb Research has trained its guns on Jack Dorsey’s Block Inc alleging that it had overstated its user counts, and downplayed customer acquisition costs through its Cash App platform. That Block had reported “a pandemic surge” in its user counts and revenue; and ignored “widespread fraudulent accounts and payments”. The veracity of Hindenb’s charges against Block is yet to be proven, but back home the “Report on Digital Lending through Online Platforms and Mobile Apps” released on November 18, 2021, was disconcerting. This Reserve Bank of India’s (RBI’s) Working Group (WG) paper said there were approximately 1,100 lending apps available for Indian Android users across 80-plus application stores (from January 1, 2021, to February 28, 2021).

In other words, the underbelly of digital lending is showing. And this, even as the Supreme Court on Monday held that a borrower must be accorded a hearing before an account is classified as “fraud” and a reasoned order must follow if such an action is taken.

Last week, Reserve Bank of India (RBI) Governor Shaktikanta Das put the spotlight on the many new-age tech firms entering the payments ecosystem with some under its regulatory ambit for the first time. “At times, some display unwillingness to comply with regulatory instructions, citing various reasons like cost of carrying out system-level changes.”

Das stressed the necessity to constantly upgrade systems to remain relevant and increase efficiency. “While any system may be presumed to be resilient and safe, a single bad experience of the customer with digital payments may drive him away to other channels or modes of payments. PSOs (payment system operators) have a big responsibility here,” he said.

What about banks? The



FRAUD REPORT

- The ‘Report on Digital Lending through Online Platforms and Mobile Apps’ noted around 1,100 lending apps available for Indian Android users across 80-plus app stores (from Jan 1 to Feb 28, 2021)
- The ‘Report on Trend and Progress of Banking in India (2022)’ said private banks reported more frauds than state-run banks in FY22 – for second consecutive year. But in terms of the

amount involved, the former had a lower share of it, at 59.4%, compared to the latter’s 66.7%

■ Deloitte’s Insurance Fraud Survey 2023 said nearly 60% of survey respondents (in India) believed there had been a significant rise in fraud, while 10% experienced a marginal increase

■ The ‘Annual Report of Ombudsman Schemes (2021-22)’ says 60.09% respondents felt overall process has improved

“Report on Trend and Progress of Banking in India” (2022) had it that private banks reported more frauds than state-run banks in FY22 — for the second consecutive year. However, in terms of the amount involved, the former had a lower share of it at 59.4 per cent compared to the latter’s 66.7 per cent.

Even insurance firms have reported a spike in frauds. Deloitte’s Insurance Fraud Survey 2023 said that nearly 60 per cent of the respondents (in India) believed there has been a significant rise in fraud, while further 10 per cent experienced a marginal increase. Yet, only 60 per cent of respondents intended to increase their budgets marginally and the remaining investments would remain at the

same level as the past year. Even as 40 per cent of them — across both life and health insurance — indicated fraud mitigation as one of the most important priorities for the Board and management with the rest stating it as one of the several key priorities.

The irony is that the top factors contributing to frauds were increased digitisation (34 per cent), remote working (22 per cent) post-pandemic, and weakened controls (22 per cent). Data-related sensitivities have amplified within the sector. Seventy per cent of the respondents indicated data-quality issues as a common challenge amongst life and health insurance frauds; 60 per cent faced challenges related to data protection and privacy.

Maybe it’s time to do away with the distinction between legacy and new-age players when it comes to digital frauds — the truth involves them all. And their businesses sit adjacent — be it payments to customer acquisition or beyond. The executive summary of the WG paper was prescient when it observed that the larger issue here is protecting customers from widespread unethical practices and ensuring orderly growth. During the pandemic-led growth of digital lending, unbridled extension of financial services to retail individuals is susceptible to a host of conduct and governance issues. “In view of the ease of scalability, anonymity and velocity provided by technology, it has become imperative to address the existing and potential risks in the digital lending ecosystem without stifling innovation,” it said.

It brings us to a related aspect — the complaints redress mechanism. In FY22, the RBI integrated the ombudsman scheme (RB-IOS), 2021 with the three erstwhile Ombudsman Schemes and brought the non-scheduled urban cooperative banks with deposit size above ₹50 crore under its ambit. The Annual Report on Ombudsman Schemes (2021-22) is of the view that 60.09 per cent of the respondents (who had lodged a complaint both under one of the erstwhile Ombudsman Schemes and the current RB-IOS) felt that the overall process has improved, including registration, handling of complaint and resolution time; 64.06 per cent felt that they were provided with necessary, relevant, correct information when they had approached the contact centre; the overall satisfaction level of respondents with all the offices of the RB-IOS stood at 59.55 per cent; and 83.26 per cent agreed to have received acknowledgment promptly.

What more could we expect going ahead? The RBI may get moving on a few critical WG suggestions — that it should conduct bi-monthly coordination meetings with all the stakeholders, region-wise regarding financial frauds and measures to prevent them; with the police; provide wide publicity about emerging financial frauds and cyber crime in the media. Plus, appoint nodal officers to coordinate with all agencies including law enforcement agencies. And forward complaints to the law enforcing agencies of states concerned; to all the commissionerates to take preempt measures’ and that industry bodies maintain a central registry of recognised lending apps and agents.

Hiring of tech talent growing in EPC: Report

PRESS TRUST OF INDIA
Mumbai, 27 March

There is a steady increase in the hiring of tech talent in the EPC (engineering, procurement and construction) sector amid constant technology upgrade by companies and the government’s focus on accelerating infrastructure development, according to a report.

Following positive sentiments around the 2023 Budget, the EPC sector is witnessing a rise in hiring of tech talent, both among top-level management and freshers, according to a CIEL HR Services report titled “Employment Trends Today in EPC Sector in India — February 2023”.

The report revealed that among the non-tech sectors, the EPC takes the lead (11 per cent) with regard to the most sought-after role of software development (2,367 jobs) compared to fast-moving con-



sumer goods (3 per cent), pharma (2 per cent) and banking (10 per cent).

The report is based on a survey of leading 52 EPC companies employing over 80,000 employees. The analysis included 21,865 jobs posted on job portals in January 2023.

The report further revealed that with constant technology upgrade, employers in the sector are on a hiring spree for jobs such as software engineers, full stack devel-

opers, Java developers, cybersecurity specialists and integration specialists.

Meanwhile, Bengaluru (19 per cent) remained the biggest hub for hiring software specialists, followed closely by Delhi/NCR (18 per cent).

“We observe that the EPC sector can leverage the recent IT hiring cool-off and use the available tech talent to digitise their processes, thereby, improving efficiency and enhancing customer experience.

“With the government’s focus on accelerating infrastructure development, this industry is poised to grow at a faster pace, and has the potential to create new jobs faster than ever before. Moreover, the sector needs to adopt policies that promote women participation and thus expand the talent pool available to serve the sector,” CIEL HR Services Managing Director and Chief Executive Officer Aditya Narayan Mishra said.



JAGRAN PRAKASHAN LIMITED

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POST-BUYBACK PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF EQUITY SHARES OF JAGRAN PRAKASHAN LIMITED

This post-Buyback public announcement (“**Post-Buyback Public Announcement**”) is being made in accordance with Regulation 24(vi) and other applicable provisions of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, for the time being in force including any statutory modifications and amendments from time to time (“**SEBI Buyback Regulations**”) regarding completion of the Buyback.

This Post-Buyback Public Announcement should be read in conjunction with the public announcement dated December 20, 2022, published on December 21, 2022 (“**Public Announcement**”), the letter of offer dated February 20, 2023 (“**Letter of Offer**”) and the offer opening advertisement dated February 28, 2023, published on March 1, 2023 (“**Offer Opening Advertisement**”) issued in connection with the Buyback.

Unless specifically defined herein, capitalised terms and abbreviations used herein shall have the same meaning as ascribed to them in the Letter of Offer.

- THE BUYBACK**
 - Jagran Prakashan Limited (“**Company**”) had announced the buyback of up to 4,60,00,000 (Four Crores Sixty Lakhs only) fully paid-up equity shares of the Company having face value of INR 2/- each (Indian Rupees Two only) (“**Equity Shares**”), representing 17.45% of the total paid-up Equity Share capital of the Company as of March 31, 2022, from all Eligible Shareholders (Equity Shareholders as on the Record Date, being Friday, January 6, 2023) on a proportionate basis, through the ‘tender offer’ process, at a price of INR 75/- (Indian Rupees Seventy Five only) per Equity Share, payable in cash, for an aggregate maximum amount not exceeding INR 345,00,00,000/- (Indian Rupees Three Hundred and Forty Five Crores only) excluding Transaction Costs (such maximum amount hereinafter referred to as the “**Buyback Offer Size**”). The Buyback Offer Size represents 23.67% and 16.89% of the Company’s paid-up capital and free reserves as per latest available audited standalone and consolidated financial statements of the Company for the year ended March 31, 2022, respectively.
 - The Buyback was undertaken by way of tender offer through the stock exchange mechanism as prescribed under the SEBI Buyback Regulations and the SEBI Circulars. For the purposes of the Buyback, NSE was the designated stock exchange.
 - The Buyback Opening Date was Thursday, March 2, 2023, and the Buyback Closing Date was Thursday, March 16, 2023.
- DETAILS OF THE BUYBACK**
 - 4,60,00,000 (Four Crores Sixty Lakhs only) Equity Shares were bought back under the Buyback, at a price of INR 75/- (Indian Rupees Seventy Five Only) per Equity Share.
 - The total amount utilized in the Buyback was INR 345,00,00,000/- (Indian Rupees Three Hundred and Forty Five Crores only), excluding Transaction Costs.
 - The Registrar to the Buyback i.e., KFin Technologies Limited (“**Registrar**”), considered a total of 3,440 valid bids for 5,27,17,475 (Five Crores Twenty Seven Lakhs Seventeen Thousand Four Hundred and Seventy Five only) Equity Shares in response to the Buyback. The details of the valid bids considered by the Registrar are as follows:

Particulars	Number of Equity Shares available for Buyback (A)	Total no. of bids received in the category	Total Equity Shares bid for in the category	Total valid Bids received in the category	Total valid Equity Shares received in the category** (B)	Percentage of (total valid Equity Shares received to the total no. of Equity Shares proposed to be bought back) (B/A)
Small Shareholder Category	69,00,000	3,067	12,06,196	3,067	12,01,602	17.41 %
General Category	3,91,00,000	373	5,15,29,473	373	5,15,15,873	131.75 %
Not in Master file*	0	20	4,860	0	0	0.00 %
Total	4,60,00,000	3,460	5,27,40,529	3,440	5,27,17,475	114.60 %

*20 bids for 4,860 Equity Shares were not considered since they were not shareholders as on Record Date
**Excludes excess bid by 34 shareholders for 4,594 Equity Shares under Small Shareholder Category and 4 shareholders for 13,600 Equity Shares under General Category, which were over and above their shareholding as on Record Date hence such equity shares have not been considered for acceptance.

- All valid bids were considered for the purpose of Acceptance in accordance with the SEBI Buyback Regulations and the Letter of Offer. The communication of acceptance / rejection has been dispatched by the Registrar, via email, to the relevant Eligible Shareholders (who have their email IDs registered with the Company or the depositories) on March 24, 2023. In cases where email IDs were not registered with the Company or depositories, physical letters of acceptance / rejection are being dispatched to the Eligible Shareholders by the Registrar and the same was completed on March 24, 2023. Further where the emails bounced back, the dispatch for the same was completed by the Registrar on March 25, 2023.
- The settlement of all valid bids was completed by NSE Clearing Limited (“**Clearing Corporation**”) on Friday, March 24, 2023. The Clearing Corporation has made direct funds pay-out to Eligible Shareholders whose Equity Shares have been accepted under the Buyback. If bank account details of any Eligible Shareholders were not available or if the funds transfer instruction was rejected by the Reserve Bank of India / relevant bank(s), due to any reasons, then the amount payable to the concerned shareholder has been transferred to the Shareholder Broker for onward transfer to their respective shareholders.
- Demat Shares accepted under the Buyback have been transferred to the Company Demat Account on March 24, 2023. The unaccepted Demat Shares have been returned to respective Eligible Shareholders / Shareholders brokers / custodians and lien has been removed by the Clearing Corporation on March 24, 2023. There were no bids from the Eligible Shareholders holding Equity Shares in physical form.
- The extinguishment of 4,60,00,000 (Four Crore Sixty Lakhs only) Equity Shares accepted under the Buyback in dematerialised form is currently under process and shall be completed in accordance with the SEBI Buyback Regulations on or before March 31, 2023.

- CAPITAL STRUCTURE AND SHAREHOLDING PATTERN**
 - The capital structure of the Company before and after the completion of the Buyback is set forth below:

Particulars	Pre-Buyback*	Post completion of the Buyback
Authorised share capital	INR 75,00,00,000 (37,50,00,000 Equity Shares of INR 2 each)	INR 75,00,00,000 (37,50,00,000 Equity Shares of INR 2 each)
Issued, subscribed and fully paid-up share capital	INR 52,73,08,544 (26,36,54,272 Equity Shares of INR 2 each)	INR 43,53,08,544 (21,76,54,272 Equity Shares of INR 2 each)#

*As on Record Date, i.e., January 6, 2023.
#Subject to extinguishment of 4,60,00,000 Equity Shares

- Details of Eligible Shareholders from whom Equity Shares exceeding 1% of the total Equity Shares bought back under the Buyback are as under:

Sr. No.	Name of Shareholder	No. of Equity Shares accepted under the Buyback	Equity Shares accepted as a % of total Equity Shares bought back	Equity Shares accepted as a % of total post Buyback Equity Share Capital of the Company#
1.	Jagran Media Network Investment Private Limited	3,28,34,742	71.38	15.09
2.	HDFC Mutual Fund (Multiple Schemes)	46,60,479	10.13	2.14
3.	Rohini Nilekani	13,34,695	2.90	0.61
4.	Lobco Limited	9,40,327	2.04	0.43
5.	Rajasthan Global Securities Private Limited	8,96,440	1.95	0.41
6.	Aditya Birla Sun Life Trustee Private Limited	7,58,014	1.65	0.35

#Subject to extinguishment of 4,60,00,000 Equity Shares

- The shareholding pattern of the Company before and after completion of the Buyback is set out below:

Category of Shareholder	Pre-Buyback*		Post-Buyback#	
	Number of Equity Shares	% to the existing Equity Share Capital	Number of Equity Shares	% to the post-Buyback Equity Share Capital
Promoters and members of the Promoter Group, and persons acting in concert (collectively “the Promoters”) *	18,30,12,220	69.41	15,01,77,478	69.00
Foreign Investors (including Non-Resident Indians, FIIs)	1,11,60,756	4.23		
Financial Institutions/Banks & Mutual Funds promoted by Banks/Institutions	2,96,72,590	11.25	6,74,76,794	31.00
Others (Public, Public Bodies Corporate etc.)	3,98,08,706	15.10		
Total	26,36,54,272	100.00	21,76,54,272	100.00

*As on Record Date i.e., January 6, 2023
#Subject to extinguishment of 4,60,00,000 Equity Shares

- MANAGER TO THE BUYBACK**



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Contact Person: Chintan Hela
LLP Identity No: AAO-2287
- DIRECTOR’S RESPONSIBILITY**

In terms of Regulation 24(i)(a) of the Buyback Regulations, the Board of Directors accepts responsibility for all the information contained in this Post-Buyback Public Announcement and confirms that it contains true, factual and material information and does not contain any misleading information. This Post-Buyback Public Announcement is issued under the authority of the Board and in terms of the resolution passed by the Buyback Committee in its meeting held on March 27, 2023.

For and on behalf of the Board of Directors of Jagran Prakashan Limited

Sd/- Mahendra Mohan Gupta Chairman and Managing Director DIN: 00020451	Sd/- Sunil Gupta Whole-time Director DIN: 00317228	Sd/- Amit Jaiswal Chief Financial Officer and Company Secretary M. No.: F5863
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Date: March 27, 2023
Place: Kanpur

ON SENTIMENTS

Consumer sentiments improve

MAHESH VYAS

Consumer sentiments shot up by 6.7 per cent in the week ended March 26, 2023. This is exceptionally high. The Index of Consumer Sentiments (ICS) usually moves by a little less than one per cent in a week. In the past 60 weeks, the average weekly increase in the ICS was 0.86 per cent and the median was 0.93 per cent. In the past one year, the ICS increased by more than 6.7 per cent only twice. This is therefore a rare occurrence.

The increase in the ICS seen in the week of March 26 is entirely because of its surge in rural India. The rural ICS vaulted by 12.3 per cent. In contrast, the urban ICS shrank by 2 per cent during the week.

This 12.3 per cent increase in the ICS for rural India, however, does not help it recover entirely the ground it lost in the preceding four weeks. The rural ICS, as of March 26, is still lower than its level in February 2023. Nevertheless, the overall ICS as of March 26 was 0.8 per cent higher than the ICS of February. March 2023 could therefore be the third consecutive month of an increase in consumer sentiments in India. It could be a small increase and it could be based more on higher expectations than on current economic conditions. Improvements in future expectations had also played a larger role in the improvement in sentiments in February.

It will be interesting to see

if the expected growth in consumer sentiments in March is also because of an improvement in sentiments of the richer households, as this was the source of much of the growth in the past one year. Income group-wise data for March would be available in the first week of April.

Much of the increase in the ICS in the year that ended in February 2023 can be attributed to the sustained improvement in the sentiments of the relatively richer households. In the recent couple of months, households of relatively modest earnings have also recorded handsome improvements in sentiments. Consumer sentiments of middle-income households are improving at a much slower pace.

The ICS for the high-income group households (those that have an annual income between ₹500,000 and ₹1 million) has generally been higher than the ICS of other income group households over the past 12 months. In fact, it has been consistently higher than the other groups for 10 consecutive months, i.e. since May 2022. The ICS of the richer households as of February 2023 was 81 per cent higher than it was a year ago, while the ICS for all income groups together had risen by only 40 per cent. The gap between the rich and the rest has widened.

The growth in ICS of high-income households is fuelled by optimism they have about the future. The Index of Consumer Expectations (ICE), which reports on expectations of the future, of this group in February 2023 was 84 per cent higher than it was in February 2022. At the same time the overall ICE grew by only 40 per cent.

The Index of Current Economic Conditions (ICC) of

the richer households has also grown impressively over the past year. It rose by 77 per cent while the overall ICC increased by 40 per cent.

In the past three months, the ICS of the richer and the relatively poorer households have seen significant improvements. The richer households have seen sustained improvement since December 2022. And the relatively poorer households have seen a spurt in the last two months — January and February 2023.

Relatively poorer households are those that have an annual income between ₹100,000 and ₹200,000. The ICS for these households increased by 6.9 per cent in January and by another 8.1 per cent in February 2023. The cumulative increase in the ICS for this group over these two months is an impressive 15.5 per cent. This comes from a 15.6 per cent increase in the ICE of this group and from a 15.3 per cent increase in its ICC.

This spurt in the ICS of this group has helped it catch up somewhat with the other groups as earlier it was consistently significantly lower than the rest.

While the relatively richer and poorer households have seen their consumer sentiments spurt, the middle-income

households — those that earn between ₹200,000 and ₹500,000 per annum — have seen slower growth in their sentiments. While the overall growth in the ICS over the past one year is 40 per cent, the growth in ICS for the middle-income group is 32 per cent.

During January and February 2023, while the ICS of the poorer households grew by 15.5 per cent and that of the richer households grew by 11.2 per cent, that of the middle-income households grew by only 6 per cent.

In all three income groups, improvement in consumer expectations was higher than the improvement in current conditions. This is promising.

In the analysis above, we have avoided commenting on the poorest group of households — those that earn less than ₹100,000 and also the richest group of households — those that earn more than a million per annum. This is because of two reasons. First, there is nothing exceptional in the movement of their consumer sentiments, and secondly, because the number of households in these two income brackets is small compared to the others.

The writer is MD & CEO, CMIE PLtd