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India in the Environmental Performance Index

The Environmental Performance Index (EPI) for 2022 is a data-driven overview of the global level of sustainability. The EPI rates 180 nations on climate change performance, environmental health, and ecosystem vitality using 40 performance indicators across 11 issue areas. These metrics show how near countries are to meeting the stated environmental policy goals on a national basis. The recently released EPI scorecard identifies environmental leaders and laggards as well as practical advice for nations seeking to move towards a more sustainable future. Despite the implementation of various projects such as Sashakt Bharat, Swachh Bharat, Sanatan Bharat, and others, India was rated last in the EPI 2022. According to the survey, India is the least ecologically sustainable out of the 180 countries studied. According to this research by the Yale Center for Environmental Law and Policy, the Yale University, Center for International Earth Science Information Network, Columbia University, and the McCall MacBain Foundation, India has the lowest EPI of 18.9.

One of the most peculiar features of the scorecard was the placement of the country at the 179th position for the category "Biodiversity and Habitat." This category evaluates a country's efforts to preserve natural ecosystems and safeguard the complete variety of biodiversity found within its boundaries. Protected Areas Representativeness Index (177), Species Habitat Index (80), Species Protection Index (175), and Biodiversity Habitat Index (170) are among the seven indicators. The variety of living forms that exist on earth is referred to as biodiversity. Human activities on earth have generated difficulties for biodiversity, such as habitat loss, ecological system degradation, and species extinction or threat of extinction.

The United Nations Convention on Biological Diversity (CBD), which was signed in 1992, is an important international instrument that addresses these problems. It recognises sovereign rights over biological resources and allows countries to manage access to these resources in accordance with their own laws. It acknowledges local and indigenous groups' contributions to conservation and sustainable usage via traditional knowledge, traditions, and inventions. In 1994, India became a signatory to the CBD. The CBD has adopted two protocols: (i) the Cartagena Protocol on Biosafety (2003) and (ii) the Nagoya Protocol on Access and Benefit Sharing (2014). In 2003, India accepted the Cartagena Protocol, and in 2014, it ratified the Nagoya Protocol. The Biological Diversity Act, 2002 was approved by Parliament in light of India's responsibilities under the CBD. The act governs access to biological resources as well as traditional knowledge related to them.

The bill of 2021 aims to alter the Biological Diversity Act of 2002 to (i) promote Indian medicine and the cultivation of wild medicinal plants, (ii) expedite research, patent applications, and research findings transfer, (iii) decriminalise offences, and (iv) attract foreign investment in the area. A corporation "incorporated in India" that is a "foreign-controlled company" will need the National Biodiversity Authority (NBA) authorisation for certain actions, according to the bill. A "foreign-controlled firm" is defined in the bill as a foreign corporation controlled by a foreigner as per Section 2(42) of the Companies Act, 2013. A foreign corporation is defined as a company or body corporate established outside of India under Section 2(42) of the Companies Act. As a result, the bill contradicts itself by needing NBA clearance for a business formed in India (Clause 5) yet incorporated outside India (Section 2[42] of the Companies Act). The bill replaces a judge with a government person as the adjudicating authority. Instead of a judgment based on open court arguments, the punishment judgments will be based on an inquiry. The debate is whether such discretion should be granted to government personnel. Users of biological resources and associated knowledge must share advantages with local communities under the 2002 act.

Users of "codified traditional knowledge" are excluded from this requirement under the bill. Moreover, this term is neither defined in the bill nor is it defined in the CBD, or in the Nagoya and Cartagena Protocols that follow it. Using a wide definition of this phrase, practically all conventional knowledge might be free from benefit-sharing rules. Local authorities and benefit claimants will no longer have direct involvement in defining mutually agreed terms under the bill. The NBA would decide the parameters for benefit-sharing when giving licences for various operations, according to the act. The terms of such permission should be jointly agreed upon by the applicant, concerning local entities, and benefit claimants. Claimants for benefits include those who are biological resource conservationists as well as producers or holders of related traditional knowledge. The bill changes this to require that permissions be granted on mutually agreed-upon terms between the applicant and the relevant Biodiversity Management Committee, which is represented by the NBA. As a result, benefit claimants and local residents will not have a direct say in determining the terms and conditions. In light of the EPI ranking, the bill needs an urgent revisiting. Though blurred, the picture is an alarm bell for our country and requires us to consider law and policymaking with utmost sincerity and delicacy.

Nabeela Siddiqui
NEW DELHI

Memories of Calcutta Nights

This is with regard to Aishika Chakraborty's paper as part of the Review of Women's Studies on Bengali cabaret dancers ("Dancing the Night Away: The Erotic Outlaws of Democracy," *EPW*, 28 May 2022). It brought back memories of my days as a journalist with the *Statesman* in the early 1960s when I was assigned to write a report on the crooners and cabaret dancers of Calcutta bars. I remember watching Miss Shefali performing at the Lido room at Firpo's hotel. Much later in 1973, I met her at her flat in an apartment at the crossing of Circus Avenue and Kareya in Park Circus. She was no longer dancing and was dependent on the earnings of her trainees. I was sad to hear about her passing away.

Talking about cabaret dancers, I treasure the scene of Helen dancing in the film *Howrah Bridge* (made way back in 1958) singing "Mera naam Chin-Chin-Chu ... hello mister how do you do?" while moving from one table to another in a bar.

The author is right in pointing out the conflation of cabaret dancing with sex work, for example, in her interview with Ruby Khan. This reminded me of a parallel profession of striptease acts conducted in the privacy of a selected audience in clubs or hotels. In the course of my reporting assignments in the 1980s, I observed two such striptease performances. The first was in a club in Bangkok where the Thai female performer had to take on the role of a silent submissive target of the laughter of the male audience as she took off her clothes one by one. My second experience was in a night club in a city in the United States where, in contrast to the Thai woman, the White female performer laughingly shouted four-letter words addressing the male audience while taking off her clothes. The self-assertion of her sexuality—"a female wilfully placing her body"—as the author would perhaps define it.

To get back to whom the author describes as the "erotic outlaws" of Calcutta of the 1960s, some among them were welcomed by us as "erotic in-laws" at that time. I am talking about the crooners whose voices enthralled us. I remember Patricia singing in Magnolia in Park Street (I wonder if that restaurant is still there) the soulful song: "There's a fire down below, down below my heart" or the fast-beat funny one: "Kiss me honey, honey, kill me honey!"

I loved reading Chakraborty's well-researched and well-documented paper, which stirred up old memories as well as stimulated new thoughts.

Sumanta Banerjee
KOLKATA

Errata

In the article titled "Where Boundaries Bleed: The Many Subtleties of George W Grierson's Linguistic Survey of India" (*EPW*, 11 June 2022), "Saraiki" on pp 31–32 should have read as "Siraiki," "Bangiya Sahitya Parishat Library" on p 32 should have read as "Bangiya Sahitya Parishad Library," and "Griersonganj, Madhubani, and Bihar" on p 35 should have read as "Griersonganj, Madhubani, Bihar."

The errors have been corrected on the *EPW* website.

The errors are regretted—Ed.

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Beyond Imperial Histories

An alternative historical research must be critical of the fixation with imperial histories.

Kumkum Roy writes:

In a recent speech, the Union Minister of Home Affairs shared his understanding of historical events and recommended certain goals for historians to pursue. Before drawing attention to the alternative historical possibilities that have emerged and attracted considerable scholarly attention in recent decades, it is important to emphasise that this historical understanding and objectives are interconnected.

The home minister informed historians that there were several empires apart from that of the Mughals, and it was necessary to concentrate on these, providing a list of as many as seven imperial powers, including the Mauryas and the Guptas. About the Mauryas, he announced that they ruled for 500 years and governed the entire country from Afghanistan to Sri Lanka. Both the statements are, unfortunately, wrong. The Mauryas ruled for about 136 years, and areas like the present-day Kerala, Tamil Nadu, Sri Lanka, and the North East were not part of the empire.

About the Guptas, we were informed that Samudragupta envisioned a united India for the first time. It may be worth considering how this "unity" was achieved. In his famous inscription, the Prayag Prashasti, Samudragupta is described as the exterminator of kings of Aryavarta. His policy towards the rulers of the south (Dakshinapatha) was different—he captured them, but reinstated them once they accepted his authority. He also reduced the kings of the forest, the atavi rajas, to servitude. Further, he compelled the rulers of parts of Bengal, Assam, Nepal, the north west, and other areas to offer tribute and pay homage at his court. While these strategies may have been successful for empire-building, what it meant for the ordinary people and the rulers of these diverse parts of the subcontinent can only be imagined. Warfare, whatever its objectives, almost invariably takes a heavy toll, disrupting the lives of the people who may have little or no say in the matter, and who end up paying a heavy price for the ambitious exploits of rulers.

The minister's anxieties about the absence of scholarship on Indian empires are also somewhat misplaced. There has been abundant and diverse scholarship on virtually all the ruling lineages that he has named. To cite just one example, a massive volume (*State, Power and Legitimacy: The Gupta Kingdom,* New Delhi, *Primus*, 2019), running into over 900 pages, containing 49 articles, has been compiled by Kunal Chakrabarti and Kanad Sinha. Further, hitherto ignored rulers such as the Ahoms have now found space even in school textbooks (for example, *Our Pasts,* NCERT Class VII, pp 99–100). Also worth keeping in mind is that scholarship on the Mughal Empire has not necessarily been hagiographical. There have been critical discussions on a whole range of policies adopted by the Mughal emperors. To reduce this rich tradition of scholarship and debate into a narrow focus on inclusion or exclusion of specific empires in scholarly discourse is unfortunate, to say the least.

Perhaps, more important, even while dynastic histories remain significant, recent decades have witnessed a broadening of the focus on history. As a result, instead of concentrating oprimarily on ruling lineages and battles, with their inevitable victories and defeats, other themes have received more attention. These include economic histories, where historians have painstakingly reconstructed several structures and processes. Many of these histories discuss the questions of access to resources, such as land, water, forests, and technologies, and explore how such access changed over time in different parts of the subcontinent. There have also been discussions on the development of trade networks—both within the subcontinent as well as beyond—and craft production, among other things.

Other areas that have been investigated pertain to social histories. These include gender relations and the emergence as well as occasional transformation of caste hierarchies. Scholars have also focused on regions with alternative, less stratified social structures. Religious traditions and cultural practices, including literary traditions, sculpture, painting, and architecture, etc, have also been examined, leading to stimulating discussions and debates.

Equally significant are environmental histories that have received increasing attention and are likely to become even more important and relevant as we face the crisis of climate change. In other words, historical research has moved beyond a focus on dynastic histories in many directions, and it is to be hoped that this trend continues in the future.

It is also perhaps somewhat ironical that, in the midst of celebrating 75 years of independence, which is being commemorated through Azadi Ka Amrit Mahotsav (AKAM) programmes in institutions and organisations throughout the country, we seem to be obsessed with empires. Surely, the freedom achieved in 1947 was significant because it marked a break from the British Empire and the end of colonial rule. It would be a pity if the opportunity to celebrate this event is reduced to one where we simply recall the existence of earlier empires in the subcontinent. It is time that we move beyond this preoccupation with empires—past and present—and focus more centrally on reconstructing the pasts of ordinary people, the vast majority, whose lives, struggles, and achievements are often lost and ignored if we remain fixated on kings and conquests. The challenge and excitement of reconstructing these pasts await all those who wish to both celebrate and safeguard the history of our democracy, and strengthen our understanding of those who have made it possible.

Kumkum Roy (*kumkumr@yahoo.com*) is a retired professor at the Centre for Historical Studies, Jawaharlal Nehru University, New Delhi.

Dissecting the Extraordinary Surge in Corporate Profits

Uneven profits across sectors, input cost pressures, and a rise in interest rates coupled with a weaker rupee could put the brakes on the pace of firms' profits.

Radhika Pandey* and *Pramod Sinha write:

The COVID-19 pandemic derailed the economy but acted as a boon for the listed companies. The steep corporate tax cut in 2019 and pandemic-induced cost-cutting boosted the profits of firms. The pandemic year was also the time when Indian companies repaired their leveraged balance sheets. Due to the easy monetary policy regime characterised by low interest rates in financial year (FY) 2020–21, companies deleveraged by repaying high-cost loans through funds raised via bond issuances. Repayment of the existing high-cost debt reduced the interest cost and made companies more profitable. Going forward, the extraordinary surge in profits could see a moderation due to a rise in interest rates and a weaker currency.

The economic disruptions caused due to the COVID-19 pandemic led to a slump in the profits of the non-financial firms in the April–June quarter of 2020. However, with the gradual easing of restrictions, the profits of listed non-financial firms showed a healthy growth in the next quarter (July–September). In the July–September quarter of 2020, the rise in profits was primarily on account of cost-cutting, as the sales growth of firms remained in the negative territory. Firms opted for various cost-cutting measures such as reduction in salaries, deferring capital expenditure plans, and slashing advertisement expenses. However, in the next two quarters of FY 2021, the increase in profits was accompanied by an improvement in sales. Thus, the increase in profits in the second half of FY 2021 was on account of an increase in output rather than cost rationalisation.

Although profits have remained robust, rising commodity prices and building of input cost pressures have caused a moderation in the pace of the growth of profits in the last three quarters. With the Reserve Bank of India (RBI) increasing the policy repo rate, amid sustained inflation and supply-chain disruptions, the corporate sector could see a further erosion in the profit levels in the coming quarters.

While the headline profit numbers show a robust growth in the quarterly financial performance of firms since the pandemic, two questions beg attention. First, is the strong growth seen in profits broad-based or is it driven by a handful of sectors? This requires a deeper sectoral analysis of profits. Second, with the wholesale price index (WPI) inflation remaining in double digits for more than a year now, what is the picture on the overall profits after adjusting for inflation?

While the average quarterly nominal profits of listed companies are reported to have doubled in the eight quarters from June 2020 as compared to the preceding eight quarters, a disaggregated analysis could present an assessment of sectors that were hit hard by the pandemic. Nominal growth of profits during a period of low and stable inflation provides a true assesment of growth. However, in the recent months when the WPI has remained elevated for a sustained period, it is prudent to use a suitable deflator to express the nominal profit levels in real terms. Such an analysis could serve as a useful guidepost for policy intervention.

Rather than looking at the growth rate of a particular quarter, it is useful to do a comparison of the pre- and post-COVID-19 average real profits (using eight quarters from June 2020 onwards and the preceding eight quarters). This comparison would give a sense of those sectors that have staged a smart recovery and those that are still languishing below the pre-COVID-19 profit levels.

Analysing the inflation-adjusted profits of a common sample of non-financial, non-oil listed firms for the period from June 2018 to March 2022 reveals some interesting sectoral variations. Oil and finance firms are excluded as they follow a different revenue model. Sectors such as metals and machinery have recorded higher profits on the back of a strong demand in domestic and global markets as commodity prices have firmed up. Contact-intensive services such as hotel and tourism have reported lower profits as compared to their pre-COVID-19 average. Driven by a slump in consumption, sectors such as food and agro-based products as well as paper and paper products are still below the pre-pandemic average real profit levels. Due to an increase in metal prices, sectors that use metals as raw materials such as automobiles, transport equipment, and transport services saw a shrinking of their profit margins. Sectors such as textile and consumer goods have posted profits higher than their pre-COVID-19 average, but the extent of the increase is muted.

Going forward, rupee depreciation coupled with a spike in global crude oil prices would further inflate the input costs of companies and erode their margins, particularly those that are dependent on imported inputs and commodities. However, export-oriented sectors including labour-intensive sectors like textiles, garments, footwears and handicrafts could benefit. Moreover, for the benefits of a weaker currency to accrue, the volatility in the exchange rate needs to moderate. Services like information technology also stand to benefit from a weaker currency. But the sector needs to address its attrition-related woes.

Simultaneously, the rising borrowing costs due to two consecutive rate hikes by the RBI will hit the firms' margins. A sustained rise in interest costs could reverse the deleveraging trend seen in the last two years.

Views are personal.

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History as Radical Pedagogy

History is one subject that has increasingly become vulnerable to different misinterpretations and arbitrary historical assertions. These assertions have been processed through pedagogical means that are available even for distorting history for achieving a reactionary mobilisation of certain sections of society. The question that one needs to raise here is: Can we rescue pedagogy from the abuse and misuse of history? Let us try and offer an affirmative answer.

Radical pedagogy is all about creating a new modern subject through the process of persuasion. Put differently, history does not hand down the modern subject to society and polity; it needs to be aided by pedagogy. Pedagogical practices, happening across time and space, can help the subject arrive at new and alterative perspectives. This arrival, again, is not automatic; in fact, it is propelled by radical pedagogy that serves as a means to create a new subject through democratic persuasion rather than authoritarian imposition of any reactionary ideology.

However, such an arrival gets delayed and becomes difficult in the case of a large section of people with a right-wing orientation. Such a variety of people refuse to arrive at a crossroad where they are confronted with more than one perspective that would redeem them from their perception of historical ruin. Listening to history through pedagogy is to acknowledge the emergence of different perspectives for social transformation. A variety of critical pedagogical devices would mean positively participating in the process of persuasion. In fact, those who are driven by an authoritarian ambition to disregard social diversity try and bend history according to their ideological agenda.

Arguably, history is the pedagogical site on which multiple identities are formed and also transformed. Pedagogy is a version of emancipation from the historically given identity such as "untouchable" or *abala,* that is, a woman whose transformative power has been emptied out by patriarchal forces and then rendered helpless. Pedagogy plays an important role in creating a historical subject or an agency that is embedded with historical consciousness that finds its political articulation in the duality of division and vision. Such consciousness, mediated through a pedagogical force, seeks to question the given hierarchical social order, and such an incisive question leads to divisions. The history of social assertion against exploitative and oppressive systems in India bears this out. However, this agency does not stop at creating a division of perspective and politics but also provides a vision that is necessary to guide a subject's political action for emancipation. The second task that pedagogy achieves is that it projects a vision for the future. Such a vision, insofar as it seeks to transform the social arrangements of caste and patriarchy, attempts to articulate itself through leaps in the past as well as future. "Dalit" as a historical subject embodies this spirit that attains its actuality only by creating a dualism between division and vision. It provides for an understanding that history unfolded itself only through divisions between, say, touchables and untouchables, or the *puruskrut* and the *bahishkrut*, or the elite and the Dalit. Are these divisions permanent? They are not to be seen as reified historical formations but something that could be transcended by the normative force of a transformative vision. In the Dalit case, such a normative force is provided by Buddhism. History as pedagogy, which is practised by social thinkers and public intellectuals, involves narratives of ruins so as to reflect upon the possibility of redemption.

Radical, and hence a forward-looking pedagogy, teaches a modern subject the art of listening to Indian history that entails in it critical ideas starting from the Buddha and reaching people via M K Gandhi and B R Ambedkar. Arguably, the liberals and the left have used history as pedagogy with the purpose of enabling people to develop both their abilities and skills of listening to the other. It helps radicalise the subject to enact resistance and social struggle for the aim of emancipation from caste and patriarchal domination.

History as pedagogy is essentially an exercise in creating among the people the cognitive capacity that teaches them how to sort out historical facts from myths, separate objectively rooted and evidentially verified claims from those assertions that are arbitrarily pushed forward by the leaders representing the far right. This point has been well covered in the editorial comment by Kumkum Roy in the current EPW issue.

Pedagogy is aimed at creating new knowledge and meaning of history. For example, it is focused upon transformative traditions that represent plural but critical impulses or ideas that are available in thought and action throughout the social history of India. The language of pedagogy is thus necessarily affirmative in nature. It takes a leap in the past in order to explore critical ideas that can help construct the outlines of a thought, which could then be used to mobilise the masses towards transformation or emancipation. Thus, pedagogy helps taking a leap in the future as well.

Gopal Guru

FROM 50 YEARS AGO

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Linkage Analysis of Indian Urban Politics

Rodney W Jones

Social science research on South Asia has recently turned with serious interest to the effects of urbanisation and its relationship to economic and political modernisation—a welcome though somewhat belated development. With four-fifths of the population living in rural areas, this predominantly agricultural region has yet to feel the effects of massive urbanisation. But if Kingsley Devis is correct, if the patterns of urbanisation experienced by the most industrialised countries are to be repeated in fundamentally the same forms in Asia, its demographic shifts are likely to produce social convulsions and political pressures on a colossal scale and precipitate problems of a magnitude that would strain the resources of even the most resilient political systems.

Although it is on the national level that the effects of urbanisation reach their climax, the process will be shaped in important ways by conditions at lower levels of the political system. Moreover, it is at the local level, and particularly in the cities, that the political changes resulting from urbanisation are likely to manifest themselves first. Consequently, much of the new and significant political research in South Asia will be microanalytical and based on the cities.

A Fatal Blow to the Goods and Services Tax

Alok Prasanna Kumar

The Supreme Court's judgment in *Union of India v Mohit Minerals (P) Ltd* (2022), while interpreting the 101st Amendment, has weakened the governance framework of the goods and services tax. The Court's approach in the matter has exposed the fatal contradictions of the GST architecture in the Constitution and should prompt a rethink on how the GST framework needs to change to promote true cooperative federalism.

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A dispute between the union government and taxpayers on the payment of the integrated goods and services tax (IGST) on ocean freight has snowballed to the extent that the very governance structure of the goods and services tax (GST) may be under threat; how a legal challenge to two notifications issued by the union government on the taxation of ocean freight led to this situation is a complicated situation that requires a bit of untangling.

The Supreme Court in *Union of India v Mohit Minerals (P) Ltd*[1] was hearing an appeal filed by the union government against a Gujarat High Court judgment,[2] which had struck down the two notifications[3] on the ground that they were contrary to the IGST Act, 2017. The judgment authored by Justice D Y Chandrachud on behalf of the bench, which included Justices Surya Kant and Vikram Nath, also examines the meaning of the word "recommendation" as inserted into the Constitution by the Constitution (101st Amendment) Act, 2016 (henceforth the 101st Amendment Act, 2016) and reaches the conclusion that the "recommendations" of the GST Council are not binding on the union and state legislatures.

This is the finding that could potentially lead to the unravelling of the GST Council itself, and in this column, I argue that though the Supreme Court's interpretation of "recommendation" is legally tenable, its consequences have not been fully appreciated by the Court. Part of the problem has been the underlying flaw in the design of the GST Council that, while paying lip service to cooperative federalism, has created the basis for much union–state conflict on this matter.

Background to Mohit Minerals Case

The controversy that culminated in the judgment in Mohit Minerals case began with two notifications issued by the union government in 2017, ostensibly on the recommendations of the GST Council that the IGST be levied on ocean freight. The notifications proposed that even when the payment was made by a foreign party to a foreign supplier of service, the IGST would be collected by way of a "reverse charge" mechanism where the recipient of goods is based in India. To illustrate, if A (an Indian party) purchased goods from B (a foreign party), and B in turn paid C (also a foreign party) to transport the goods to A, the notifications sought to levy IGST on the transaction between B and C but collect the same from A.

As a rule, GST is generally payable by the buyer to the seller who then remits the amount to the government.[4] In exceptional circumstances, the buyer is liable to pay GST on a transaction directly to the government in what is called the "reverse charge mechanism." The GST is also not leviable on transactions that have taken place outside the territory of India and which have no nexus in India.[5] The two notifications of 2017 therefore extended the scope of GST to the furthermost edges of legality—a transaction for services of transport of goods between two foreign parties would be taxed in the hands of the Indian recipient of the goods being transported as IGST.

This levy was challenged by importers of commodities, among others, by way of writ petitions in the Gujarat High Court. Agreeing with the contentions of the petitioners, the high court set aside the two notifications primarily on the grounds of being extraterritorial in nature and that the levy of GST on the person who receives such goods would be contrary to the IGST Act, 2017. Having found that the notifications were without legal basis, the Court proceeded to hold that demanding tax from the petitioners in question would also be a violation of Article 265 of the Constitution, which prohibits taxation without the authority of law.

While the Gujarat High Court did go into a discussion on the history of the GST and how it came in India, the basis for the decision remained the union government's lack of legal authority to issue the notification under the IGST Act.

In the Supreme Court, however, the union government took an additional ground for defending the legal validity of the two notifications—that they have been issued on the basis of the recommendation of the GST Council, which is binding on the union and state governments (apart from the legislatures themselves). This contention, however, did not find favour with the union government.

Implications of Mohit Minerals

In rejecting the union government's contention that the "recommendations" of the GST Council are binding on the legislatures and the government, the Court relied on the manner in which decisions are taken in the GST Council. Specifically, the Court noted that the union and the states did not have equal voting powers in the council. Further, decisions of the GST Council would be taken on the basis of a supermajority, that is, three-fourths of the votes cast. The weighted voting system, as provided in Article 279A(9), giving the union one-third of the total votes and all the states two-thirds of the votes means that the union government would never find itself in the minority in any decision taken by the GST Council (Kumar 2016).

In the Court's view, a "recommendation" cannot be binding since it would upset the GST framework and the larger federal structure of the Constitution.

In one sense, the Supreme Court was caught in a cleft stick not of its own-making. On the one hand, interpreting the recommendation to mean a "binding direction" on the union and state legislatures would fundamentally undermine the democratic and federal character of the Constitution. Especially, given that the GST Council allows the union a de facto veto over its decisions. This would have amounted to the state legislatures being put in a subordinate position to the union, acting through the GST Council. Such a state of affairs would go against the basic features of the Constitution, and large parts of the 101st Amendment Act would have had to be struck down as a consequence (Kumar 2016).

On the other hand, by treating the recommendations as "non-binding," the Court would keep the provisions of the 101st amendment alive but substantially dilute them. The Court considered the other places where the Constitution uses the word "recommendation" and notes that in certain instances they are intended to be binding, but in certain instances, not necessarily so. In the specific context of the 101st Amendment, the Court relies on the principles of federalism to hold that the "recommendations" of the GST Council are just non-binding on either the union government or the state legislatures.

Faced with these two choices, the Court chose an interpretation that rendered the 101st Amendment constitutional but potentially opened up the door to the slow dismantling of the GST. The core of the GST system is uniformity in tax rates, classification of goods and services, and the common procedures for assessment across the country. This means close coordination and implementation between the union government and all the states (including Delhi). This is not unprecedented in India—the Empowered Committee of State Finance Ministers set up in 2000 worked towards ensuring uniformity in value added taxes on goods across the states. They managed it through consensus as there was no legal mechanism to break deadlocks in case the states disagreed. This also meant that there was greater effort to obtain consensus on key issues.

However, the GST Council is so structured as to allow for majority decision-making between the union and states; it needs such decisions to be binding in order to ensure uniformity in the GST system. Given that there is no requirement for the union and states to compromise and arrive at a consensus, there has to be some way to get states that disagree to follow the decision of the majority. This is done by making the term "recommendation" binding and having a disputes settlement mechanism to address among states or between the union and states in relation to the implementation of the GST Council's recommendations.

Without this mechanism, the states will be free to interpret and apply the GST Council's recommendations as they see fit, let alone instances where they might ignore it entirely. This argument was raised by the union but brushed by the Court somewhat unsatisfactorily in a long discussion about competitive and cooperative federalism. The Court hopes that the ideal situation it paints of the union and states working together in harmony on their own, while using the GST Council as only a site of political contestation—without fundamentally dismantling the GST structure for their own ends—will prevail.

Conclusions

The Supreme Court's optimism about the prospects of the GST, consequent to its interpretation, have so far borne out, though it is perhaps too early to say for sure. The GST Council has not met since the judgment, and it will be interesting to see if the states that welcomed the Supreme Court's judgment in Mohit Minerals (Jacob et al 2022) will actually treat the GST Council's decisions as mere "recommendations."

That said, the uniformity and harmony elements of the GST regime do not depend only on the legal and constitutional mechanisms for the same. There is a common system of payment of GST for both union and state components of the GST and a common disbursal mechanism that routes the money to the union and state treasuries, respectively. It will not be so easy to undo this nor will it be easy for all states to set up their own independent collection mechanisms.

Moreover, decisions at the GST Council have, in most cases (*ENS Economic Bureau* 2019),[6] been taken on the basis of consensus which has meant little scope for dissatisfaction within the states over the manner of functioning of the GST Council. There is also the possibility that further disruption in the GST mechanisms, already a source of much trouble for taxpayers, might be appreciated if it is a result of the state trying to collect more revenue.

For all these reasons, the GST regime is safe—for the moment. However, if the recent public back and forth between the union and the states (specifically, the non-Bharatiya Janata Party-ruled ones) on fuel taxes is any indication, fiscal issues are going to be a point of contention between the union and the states. When put under this stress, will the GST mechanism survive? This is an open-ended question but one that can be put to rest by proactive action on the part of the union to address the constitutional defects in the 101st Amendment Act.

NOTES

1 2022 SCC Online SC 657, viewed on 15 June 2022, https://main.sci.gov.in/supremecourt/2020/23083/23083_2020_4_1501_35969_Judgement_19-May-2022.pdf.

2 *M/s Mohit Minerals v Union of India,* 2020 SCC Online Guj 736.

3 Notification 8/2017 dated 27 June 2017, viewed on 15 June 2022, https://cbic-gst.gov.in/pdf/central-tax/notfctn-8-central-tax-english.pdf and Notification 10/2017 dated 28 June 2017, https://cbic-gst.gov.in/pdf/central-tax/notfctn-10-central-tax-english.pdf.

4 See, for instance, Section 9 of the Central Goods and Services Tax, 2017.

5 On the extraterritorial application of tax laws, see *GVK Industries v Income Tax Officer,* 2011 (4) SCC 36.

6 The first time a decision was taken by vote in the GST Council was in December 2019 at the 38th meeting. See *ENS Economic Bureau* (2019).

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Farmer Suicides in Punjab
Incidence, Causes, and Policy Suggestions

Sukhpal Singh, Manjeet Kaur, H S Kingra

The article is based on a primary survey carried out to ascertain the magnitude and determinants of deaths of farmers by suicide in six districts of Punjab. It recommends the provision of financial compensation to victim families, waiving of debt, and strengthening of public healthcare and education system as the main policy measures for addressing this tragic phenomenon.

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India is an agriculture-dependent nation where the socio-economic condition of the farmer is worrisome. Over the past two decades, the number of farmer suicides in the country has been on the rise. During the last two decades, more than 3.5 lakh farmers died by suicide in India (NCRB 2017). Currently, the issues of suicide have become an index of the crisis in India's agriculture and have led to widespread discussions and debates through print and vernacular media. As reported by the media, Andhra Pradesh, Maharashtra, Karnataka, and Punjab are the worst-hit states where the magnitude of suicides has reached alarming proportions.

Punjab, popularly known as the "food bowl" of the country, remains shackled in a difficult phase of agrarian crisis that has witnessed 16,606 farmer and agricultural labourer suicides during 2000–15 (*Tribune* 2018: 1). Over the years, Punjab agriculture in general and small farming in particular is becoming a less profitable occupation due to rising fixed and variable input costs and non-remunerative sale prices of farm produce. Unable to generate sufficient earnings due to capital intensive technologies, small farmers have been leaving farming. As a result, around 2 lakh small farmers, who were operating two hectares of land, left farming in Punjab between 1991 and 2011 (Singh and Bhogal 2014: 1365).

In the absence of alternative sources of income, the basic needs like expensive education of children, costly healthcare, and high cooking gas prices become a financial burden on the farmers. In order to make both ends meet, the farmers have become heavily dependent on commission agents (*arhtiyas*) due to non-availability of consumption loans from institutional sources and their high transaction costs (Singh et al 2007: 31). This vicious cycle of taking more costly loans just to carry on cultivation in the hope of turning around their finances and repaying previous loans with high accrued interest burdens pushes farmers into accepting exploitative informal lending at an exorbitant rate of interest, which leads to indebtedness. The heavy debt burden has wrecked the condition of farmers making them helpless and distressed, which ultimately pushes them towards dying by suicide. The intensity of this crisis in Punjab calls for a serious attempt to investigate individual cases in a comprehensive manner. The present study attempts an objective assessment of the incidence and causes of suicides by farmers along with its ramifications in six districts of Punjab, namely Barnala, Bathinda, Ludhiana, Mansa, Moga, and Sangrur.

Approach of the Study

The present study on the deaths of farmers by suicide in the six districts of Punjab was carried out by the Department of Economics and Sociology, Punjab Agricultural University, Ludhiana in four phases for the period 2000 to 2018. The first phase survey was carried out in Bathinda and Sangrur between 2000 and 2008 (*Research Report* 2009) followed by another phase that included four districts, namely Barnala, Ludhiana, Mansa, and Moga for the period 2000–10 (Singh et al 2012). The third phase survey was conducted in 2016 in all the six districts for the period 2000–15 (Singh et al 2017). The fourth phase survey was undertaken in 2019 (Singh et al 2020) in which the cases of farmer deaths by suicide of all these six districts for the period 2016 to 2018 were studied. The present study consolidates the total number of deaths by suicides of farmers reported in all the surveys for 2000 to 2018. All the villages falling in the jurisdiction of the six districts were covered in the door-to-door and village-to-village survey.

First, a list of suicide cases was prepared with the help of sarpanch, panchayat members, and chowkidar of the village. The family members of the victims of death by suicide were personally interviewed through a pretested questionnaire to analyse the exact causes of suicide and assess the economic, social, and psychological distress of the family at the time of suicide and after the suicide of the victim.

The information was collected on the economic position of the family, magnitude of debt (institutional and non-institutional), farm size, causes of suicide, living conditions of dependents, assets (including land) owned, and assets sold by the family to pay off the debt. The information on social relations within the family, the social/marital discords among family members, the mental stability of the victim, etc, was obtained from the family. In the next step, this information was authenticated by the sarpanch, other elected member of the village and/or one or more elder persons of the village for accuracy.

Extent and Magnitude

Now we will first discuss the extent of suicides in each studied district and the trend over the years; the farm size category-wise distribution of suicide victims, the extent of suicides in a family, gender issue, and the mode adopted for death by suicide.

District-wise cases of farmer suicides: Suicide is a complex phenomenon, which occurs due to social, economic and psychological factors, and combinations thereof. The high magnitude of suicides in the six districts of Punjab throws light on the grim situation of farmers in the state. In these areas, as many as 9,291 farmers died by suicide during 2000–18 (Table 1). The highest magnitude of suicides was found in Sangrur district with 2,506 reported suicide cases, followed by 2,098 suicides in Mansa, 1,956 in Bathinda, 1,126 in Barnala, 880 in Moga, and 725 in Ludhiana. The high number of such reported cases of suicides is undoubtedly a matter of grave concern in the so-called agriculturally developed state of India.

Table 1: District-wise Cases of Farmer Suicides in Punjab, 2000–18

District	Number of Suicides
Barnala	1,126
Bathinda	1,956
Ludhiana	725
Mansa	2,098
Moga	880
Sangrur	2,506
Overall	9,291

Source: Compiled by the authors.

Year-wise distribution of suicide victims: The devastation in the Punjab by suicides did not show any particular trend across the study period as revealed in Table 2. The number of suicide cases was the highest (630) in 2008 and declined thereafter. This decline in suicide cases may be an outcome of the "Debt Waiver Scheme" of the union government initiated in 2008. Overall, about 88% of the farmers died by suicide due to heavy debt burden. The number of debt-related suicide cases was the highest (515) in 2015, which may be due to the cotton crop failure. Cotton is the major commercial crop of Bathinda, Mansa, Sangrur, and Barnala districts, and the productivity of American cotton was the lowest (197 kg/ha) in 2015 over last three decades. It is also important to note that the total number of suicides (288) and debt-related suicides (281) was the lowest in 2016. There may be primarily two reasons behind this phenomenon. First, the productivity of American cotton remained the highest (760 kg/ha) in 2016 during the last one decade. Second, the announcement of a complete debt-waiver of the farmers by the ruling party in the election manifesto in Punjab was made in 2016. Unfortunately, the number of suicide cases again followed a rising trend, going up from 302 in 2017 to 379 in 2018. Overall, the proportion of debt-related suicide cases shows a rising trend over time.

Table 2: Year-wise Distribution of Debt and Non-debt-related Farmer Suicides in Punjab

Year	Debt-related Suicides (Number)	Non-debt-related Suicides (Number)	Total
2000	458 (84.35)	85 (15.65)	543 (100)
2001	429 (82.18)	93 (17.82)	522 (100)
2002	415 (81.21)	96 (18.79)	511 (100)
2003	419 (79.36)	109 (20.64)	528 (100)
2004	419 (82.00)	92 (18.00)	511 (100)
2005	398 (82.74)	83 (17.26)	481 (100)
2006	371 (83.37)	74 (16.63)	445 (100)
2007	477 (84.13)	90 (15.87)	567 (100)
2008	490 (77.78)	140 (22.22)	630 (100)
2009	433 (87.65)	61 (12.35)	494 (100)
2010	478 (86.90)	72 (13.10)	550 (100)
2011	483 (91.13)	47 (8.87)	530 (100)
2012	465 (96.27)	18 (3.73)	483 (100)
2013	477 (96.56)	17 (3.44)	494 (100)
2014	458 (96.62)	16 (3.38)	474 (100)
2015	515 (95.90)	22 (4.10)	537 (100)
2016	281 (97.57)	7 (2.43)	288 (100)
2017	302 (98.05)	6 (1.95)	308 (100)
2018	379 (95.95)	16 (4.05)	395 (100)
Total	8,147 (87.69)	1,144 (12.31)	9,291 (100)

Figures in parenthesis are percentages.
Source: Compiled by the authors.

Farm size-wise distribution of suicides: Punjab farmers in general and small peasantry in particular have been passing through an economic crisis. It is a fact that the size of the farm is the major factor, which determines the income level and economic status of the farm households. Table 3 reveals that out of a total 9,291 farmer suicide cases more than 77% were those of marginal and small farmers who cultivated up to two hectares of land. It is important to note that the number of these small landholdings is around 34% of the total landholdings in the state. The semi-medium and medium farmers accounted for about 22% of the total farmer suicide cases. The proportion of suicide cases among the large farm size category was just 0.47% in all the six districts. It is significant to note that marginal and small farmers were the main victims of this phenomenon as these farmers have been facing more pressure as compared to large farmers due to small volume of production, low marketable surplus, and scarcity of capital.

Gender classification and intensity of suicide: The crisis in the agrarian economy of Punjab is so severe that in many farm families not only one person but two or more members of the family died by suicide. Our field survey revealed that around 93% of the affected households were of those where one suicide had occurred. However, it is very tragic to know that in 7% of the families there

Table 3: Farm Size-wise Distribution of Suicides in Punjab, 2000–18

Size of Operation Holding	Number	Percentage
Marginal (<1 ha)	4,233	45.56
Small (1–2 ha)	2,929	31.53
Semi-medium (2.01–4 ha)	1,531	16.48
Medium (4.01–10 ha)	554	5.96
Large (> 10 ha)	44	0.47
Total	9,291	100.00

Source: Compiled by the authors.

were two or more cases of suicides (Table 4). It is also seen that male farmers were the main victims of this crisis as 92% of the total deaths by suicide were by the male members. However, 8% were female members who became the victim of this phenomenon.

Table 4: Gender Classification and Intensity of Suicides

Description	Percentage
Male suicides	91.80
Female suicides	8.20
Household with one suicide	92.90
Household with two or more suicides	7.10

Source: Compiled by the authors.

Modes of suicide: How a person kills themselves is another parameter to know the depth of this crisis. In a true Durkheim way, the suicide phenomenon is represented in the conditions of loss of meaning, confusion, and disorientation among the people. That most victims choose to end their lives by consuming pesticides symbolise the key source of distress; agriculture itself and its new inputs, engaging with which has led to their ruination (Vasavi 2009: 125–27). The same could be said of the victim farmers of Punjab where consumption of pesticides was the most common mode of suicide (Table 5). Around 72% of the suicide cases were occurred with the consumption of pesticides, while 13% of the farmers died by suicide by hanging themselves. Jumping in front of a train or in waterbodies was a mode of suicide adopted by about 11%.

Causes of Suicide

Suicide is the offshoot of a complex range of factors that have been driving farmers to end their life irrespective of what triggers the act. Majority of the studies conducted on suicides among agricultural community provides firm evidence that the deceased farmers were under huge debt and had experienced chronic domestic discord, social isolation, injured self-esteem, and so on (Singh 2018: 15; Sidhu et al 2011: 133). It is imperative to probe the causes of farmers' indebtedness. An extensive study of the Punjab State Farmers Commission (PFSC) revealed that as much as 74.8% of credit was incurred for production purposes—tractorisation (12.70%), farm inputs (44.1%), irrigation structures (2.47%), and others (15.53%). Whereas over 25% of the credit was used for consumption purposes which includes house construction (10.3%), marriages (7.7%), domestic expenditure (3.5%), and others (3.7%) (Singh et al 2017: 41). Moreover, the tractor farmers were more heavily indebted than other farmers (Singh et al 2007: 43). The low farm profitability due to low crop prices, stagnant productivity, and crop failure were the major reasons of the farmers' plight (Singh et al 2014: 252). It is pertinent to note that in Punjab almost one-fourth of the small farmers owned tractors, but these tractors do not have the economic viability due to the smaller size of their operational landholdings of less than two hectares, which was the other reason for indebtedness among these farmers (Singh et al 2007: 42; Singh 2018: 16).

Table 5: Mode of Suicides among Farmers

Mode of Suicide	Number	Percentage
Consumption of pesticides	6,652	71.6
Hanging themselves	1,217	13.1
Jumping in front of a train	400	4.3
Jumping into a well/river	418	4.5
Others*	604	6.5
Total	9,291	100.0

* Others include electrocution, jumping from the roof, taking rodenticide, celphos, etc.
Source: Compiled by the authors.

Farmers were indebted historically. In fact, as far back as the early 1920s, Darling (1925) in his classic research work remarked that "the Punjab peasant is born in debt, lives in debt and dies in debt." But, the question raised by the academicians and media is why the suicide phenomenon had not occurred then, though peasantry was under vicious circle of debt at that time. To address this question at a reasonable level, we must analyse the changing agrarian scene during the last one century. Basically, before the green revolution in the state, the subsistence farming was prevalent, in which farm inputs were home produced and farm output was intended for home consumption. But after the mid-1960s, the green revolution strategies initiated commercial farming in which both farm inputs and farm outputs were linked with the market. The borrowed funds at exorbitant interest rates, especially from private agencies, pushed them towards a debt trap. Moreover, the policies of neo-liberalism reduced farm profitability through expensive farm inputs, stable real crop prices and restricted farm subsidies. Likewise, the privatisation of social services (health, education, and domestic services) also weakened the family budget of the people. This situation led the capital-scarce peasantry towards an economic squeeze, indebtedness, and suicides.

Table 6 reveals that the heavy debt burden appeared as the major cause of suicide in about 88% of the cases. Family discords emerged as the second most important reason among 17% victims. Crop failure and health ailments appeared as the next important concerns among 8.32% and 6.27% of the victims, respectively.

Table 6: Reasons for Deaths due to Suicide

(Multiple Response)

Particulars	Number	Percentage
Heavy debt burden	8,147	87.69
Family discord	1,596	17.18
Crop failure	773	8.32
Illness and health problems	583	6.27
Land confiscated by bank	337	3.63
Court case/litigation	20	0.22
Harassment by moneylenders/ banks, etc	20	0.22
Others*	588	6.33

* Loss in self-employment/enterprise, drug addiction, social isolation, etc.
Source: Compiled by the authors.

Farm size classification of suicide cases according to debt: The suicide victims of different farm size categories were classified into debt and non-debt category on the basis of level of debt/acre, level of income of the family and assets (including land) owned and assets sold by the family to pay off the debt. On the basis of this criterion, the observations of the study found that around 88% of the suicide cases fell in the debt category and the remaining about 12% occurred due to non-debt reasons. The farm size-wise distribution clearly depicts that the main reason for small farmer suicides was heavy debt burden, as over 89% of these victims were motivated by the heavy debt as compared with large farmers where debt-related cases were around 57%. As the farm size increases the proportion of suicide cases with heavy debt burden decreases. Around 43% of the large farmers died by suicide due to non-debt

Table 7: Farm Size-wise Distribution of Suicide Cases into Debt and Non-debt Reasons

Category	Debt	Non-debt	Total
Marginal (<1 ha)	3,771 (89.09)	462 (10.91)	4,233 (100)
Small (1–2 ha)	2,615 (89.28)	314 (10.72)	2,929 (100)
Semi-medium (2.01–4 ha)	1,299 (84.85)	232 (15.15)	1,531 (100)
Medium (4.01–10 ha)	437 (78.88)	117 (21.12)	554 (100)
Large (> 10 ha)	25 (56.82)	19 (43.18)	44 (100)
Total	8,147 (87.69)	1,144 (12.31)	9,291 (100)

Figures in parentheses are percentages.
Source: Compiled by the authors.

reasons (Table 7). It was noted during the survey that the marginal and small farmers have to depend upon the borrowed funds, which are to be repaid after the crop harvest. With meagre incomes, which are insufficient to meet the rising basic farm and domestic expenditure, repayment of debt becomes a trap that set off a vicious cycle of indebtedness.

Socio-economic and Implications

Various factors that pertain to the family members of the victims such as socio-economic status at the time of suicide and after suicide, the social and psychological impacts of suicide, habits of the deceased, and the opinion of family on the relief measures are the focus of the following discussion.

Socio-economic characteristics of victims: The critical analysis of empirical evidences available on farmer suicides in Punjab hints that the disappointment and despair of the suicide victims, associated with the loss of agricultural income and rising indebtedness, had its origin in the growing economic distress. The socio-economic characteristics of the victim families are considered as key ailments which determine the stress level of the family. The information on the socio-economic profile of suicide victims revealed that relief measures around 75% cases were in the prime age of 19–35 years (Table 8). This is alarming and indicative of something drastically wrong with the social situation in which Punjab's rural youth is placed. Insofar as education level of the deceased is concerned, it was seen that around 75% of the victims were illiterate or with primary education without meaningful opportunities for alternate employment. Sadly, around 1% of these victims were graduates or postgraduates. This shows that the large section of peasantry, whose level of education is very low, is the main victim of this phenomenon. About 45% of the victims were illiterate and only 6% studied up to higher secondary. About 74% lived in semi-pucca houses and only 5% had any involvement in sociopolitical activities. The spirit of individualism and decline of the traditional social support mechanism has pushed the farmers towards suicide as fostered by Gill (2005) in his study.

Table 8: Socio-economic Profile of Suicide Victims

Particulars	Number	Percentage
Age (years)		
Below 18	311	3.35
19–30	3,100	33.37
31–35	3,833	41.25
46–60	1,686	18.15
Above 61	361	3.88
Education level		
Illiterate	4,177	44.96
Primary	1,497	16.11
Middle	1,347	14.50
Matriculate	1,567	16.87
Higher secondary	590	6.35
Graduate	92	0.99
Postgraduate	21	0.22
Type of residence		
Kutcha	443	4.77
Semi-pucca	6,891	74.17
Pucca	1,957	21.06
Participation in sociopolitical activities*		
Panchayat	189	2.03
Kisan union	285	3.07
Social and religious organisations	148	1.59
No involvement in any sociopolitical activity	8,950	96.33
Overall		100.00

* Multiple response.
Source: Compiled by the authors.

Social and psychological impact of the suicide on the victims' families: The families of suicide victims were found to be suffering from a dire sense of fear and social insecurity as well as severe psychological disturbances. As much as one-third of the families lost their bread earners and hence had no earning member in the family (Table 9). One can imagine the economic status of the family where the sole bread earner has lost their life, and how the families cope with the situation. Further, depression crept into the lives of around 28% families. About 13% of the families had to bear the brunt by selling off their land, the only means of livelihood. It is unfortunate to know that 11% of the families' children had to discontinue their education. The vagaries of fortune did not stop here; it was sad to note that the marriage of children in victim families were also disrupted in 3.4% cases. This situation arises mainly in the case of the daughter's marriage, as the act of suicide is considered a social stigma for the family. Generally, people are least interested in any relationship with the family which is economically worse off or have died by suicide due to debt burdens. This shows that deceased persons have been passing through a trauma that is not only economic but also social and psychological.

Level of consumption of intoxicants by the deceased: The level of substance abuse is very high in Punjab. Table 10 reveals that the proportion of non-drug addicts among the suicide victims was 44.09%. However, the regular and heavy use of alcohol by suicide victims was found in 24.16% cases and nearly 32% were habituated to the occasional use of alcohol and other intoxicants.

Relief Measures

Death by suicide leaves the family not only grieving the unexpected death but also confused and lost by this haunting loss. On being asked about the type of help sought from government and non-governmental organisations, there were multiple opinions among respondents

Table 9: Social and Psychological Impact on Victim Families after the Suicide

(Multiple Response)

Particulars	Number	Percentage
No earning member in family	3,057	32.9
Family under depression	2,574	27.7
Discontinued education of children	1,041	11.2
Sold land	1,161	12.5
Marriage disrupted	316	3.4
Others*	790	8.5
No impact	762	8.2

* Others include financial crunch, sale of house, death of parents, sale of livestock, etc.
Source: Compiled by the authors.

Table 10: Use of Intoxicants by Suicide Victims

Particulars	Number	Percentage
Daily user	2,245	24.16
Occasional	2,950	31.75
Never	4,096	44.09
Total	9,291	100

Source: Compiled by the authors.

regarding relief measures (Table 11). Nearly 96% families were expecting some kind of financial assistance, 33% were looking forward to receiving a pension and 30% families hoped for free medical aid. Monetary and physical help for education, job and solutions for repayment of non-institutional debt were other expected supports from the government.

Table 11: Type of Help Sought from Government and Non-governmental Organisations by the Victims' Family (Multiple Response)

Particulars	Number	Percentage
Direct financial assistance	8,891	95.7
Pension	3,029	32.6
Free medical support	2,815	30.3
Job for a family member	2,639	28.4
Waiver of institutional debt	2,546	27.4
Free education	2,406	25.9
Solution for non-institutional debt	1,923	20.7
Increase in old age pension	1,793	19.3
Restoring of mortgaged land	251	2.7
Others*	28	0.3

* Allied occupation, resolution of cases related to land, and so on.
Source: Compiled by the authors.

Policy Suggestions

The trend of suicide among farmers of Punjab is worrisome. It is urgent to pay attention to check the rising incidence of suicides. The following policy suggestions are made to mitigate the phenomenon of farmer suicides in the state:

First, the Punjab government has provided compensation of ₹3 lakh to the victim families who died by suicide between 2000 and 2010. But, the suicide cases between January 2011 and March 2013 were not considered for compensation. After March 2013, the state government had formulated a policy for addressing the issue of suicide. As per this policy, the compensation of ₹3 lakh, along with other measures, should be given to the victim families within the specific time period of the suicide. But, in many cases these families were deprived of this compensation due to lack of required documents, such as post-mortem report, credit record and so on. It is utmost essential to extend compensation to all suicide victim families who are under economic distress. Second, settlement of the debt, which is the main reason behind farmer suicides, demands immediate attention. The institutional loan amount which is around 43% of the total loans availed by the victim families should be waived off. To settle the loans advanced by non-institutional sources, which is around 57% of the total loan amount, the "Scheme for Debt Swapping of Borrowers" should be made effective for converting the non-institutional debt into institutional debt. Further, it is suggested that the rate of interest on agricultural credit must be reduced. The functions and activities of non-institutional credit agencies should be regulated and monitored. The payment of farmers' produce should be made directly to the farmers, and not to the commission agents, so that the farmers come out of the bondage of commission agents (moneylenders). Third, crop failure is also one of the major reasons which forced the farmers to end their lives. Therefore, it is pertinent to provide suitable compensation to the farmers in the case of crop failure. As for a long-term solution, the farm profitability should be enhanced by mitigating production and marketing risks. For this purpose, the procurement of farm produce should be efficient and effective. Moreover, costs of cultivation should be reduced by providing farm inputs, such as seed, fertilisers, agrochemicals, and farm machinery at subsidised prices. This should be accompanied by strict checks on the delivery and quality of farm inputs. These farm input subsidies must also be extended to small farmers with a prime focus on conservation of natural resources. For this purpose, the awareness among farmers have to be created for a need-based use of resources/inputs so as to reduce the cost of cultivation and minimise adverse effects of their excessive use.

Next issue is related with heavy farm mechanisation which pushed the peasantry into debt. Many small farmers availed loans for purchasing tractors without its economic viability. As many as 77% of the total suicides were by small farmers. In Punjab, around one-quarter of the small farmers of the state own tractors, which makes their farming non-viable due to higher fixed costs and dis-economies of scale. Therefore, agro machinery service centres on a cooperative basis needs to be set up in every village in which small farmers must get priority for custom hiring of the machinery. Public health and education sectors need to be strengthened by providing effective and efficient free services to the people in general and distressed families in particular. Likewise, some of the farmer suicides in the state were due to sociological and psychological reasons like drug addiction, family discord, and litigation. Therefore, a mass campaign should be launched to sensitise the rural masses on these issues.

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In the Middle of Hope and Crisis

What Union Budget 2022–23 Offers for Education?

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The fund allocations of the Union Budget 2022–23 to education are analysed in the context of the devastating impact of the COVID-19 pandemic on the education sector and the implementation of the National Education Policy, 2020.

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The Union Budget for 2022–23 was presented in Parliament with a total outlay of ₹39.45 lakh crore on 1 February 2022. The budget outlay for education was ₹1.04 lakh crore, which is 2.6% of the total budget. The union government has increased the total allocation on education for 2022–23 by ₹16,000 crore than the budget estimate of 2021–22, which was ₹93,224 crore. There is a general rapture that the budget for education has gone up significantly, which would help the sector meet its challenges. Is this the case? What does the increased outlay on education signify? In which level and components have more money been allocated, and why? How should we interpret the budget figures for education when the state is geared towards implementing the targets set in the National Education Policy (NEP), 2020? More importantly, is the current outlay in education going to meet the new crisis the education sector is facing amid the COVID-19 pandemic? These are some of the questions that are still not clear to many, if not all. This article aims to address some of these concerns using the information from the Union Budget 2022–23 for education and the latest secondary data on public funding for education using economic surveys and other secondary data sources.

For a long time, the argument has been to increase the public funding for education, producing a wide set of externalities for the economy and society. Education, widely considered as a public good, contributes significantly to economic growth, reducing poverty and inequalities, cultural advancement, political maturity, strengthening civil society, social progress and human development (Tilak 2018). Recognising the critical role of education for India's socio-economic progress, the education commission (1964–66) recommended allocating 6% of the national income to education. However, this target has not been achieved so far as India currently spends less than 4% of its gross domestic product (GDP) on education, the NEP 2020 terms it as unfortunate and unequivocally endorses and envisions a substantial increase in public investment in education to reach the target of 6% of GDP at the earliest. The policy considers the public investment in education as extremely critical for achieving the high-quality and equitable public education system that is truly needed for India's future economic, social, cultural, intellectual, and technological progress and growth. Moreover, the NEP 2020 has taken several bold moves that need huge public investment in education. Some of the targets are: universalisation of school education, that is, achieving 100% gross enrolment ratio (GER) in preschool to secondary level by 2030, achieving 50% GER in higher education by 2035, provide vocational education to 50% of learners by 2025, to name a few. In short, we keep emphasising allocation of more public money for education since independence, but in practice, it is far from reality.

The education budget for many countries, particularly in low- and lower-middle-income economies, has been declining since the onset of the COVID-19 pandemic[1] (Al-Samarrai et al 2021). And this is the case when the disruption to education caused by the pandemic inflicted the worst education crisis on record, globally. India, like many other countries, closed its schools and higher education institutions as part of its strategies to compact the pandemic. For the last two years, starting from March 2020, almost all educational institutions have been closed. The costs of closing educational institutions have been immense; even the magnitude of the shock is still not fully understood. The only alternative used to minimise the learning disruptions for school and college-going students is "remote learning." Several studies have discussed the issues and challenges of remote learning in India, including the digital divide, effectiveness and quality of remote learning, competencies of the teachers to teach in digital mode, etc

(Rahman 2021; Tilak 2021). Prolonged school closures are going to result in a significant learning loss for students. A study by the Azim Premji University in January 2021, covering 16,067 children in five states, reveals that the learning loss in language is as high as 82% in primary education and 92% in mathematics. India is already facing a huge learning crisis (in fact, the NEP 2020 acknowledges this and mentions that currently about 50 million schoolgoing children have not attained foundational literacy and numeracy), and the COVID-19-related school closures are forcing it even further off-track to achieving the learning goals. Tilak (2021) argues that there is an urgent need for making heavy investments in education to overcome the education crisis caused due to the pandemic. Several newer forms of necessities, like the provisioning of digital devices, remedial education, and addressing specific educational needs of the disadvantaged children have come to the fore as a result of the pandemic, and addressing these needs need additional investment in education. In this context, it is important to look at the union budget's focus on education and how it addresses the ongoing crisis in the sector.

Table 1 exhibits that public investment in education (union and states taken together) increased from ₹3.54 lakh crore in 2014–15 to ₹6.21 lakh crore in 2020–21 (RE), an increase by 1.75 times in nominal prices. Allocations to education in 2021–22 were ₹6.97 lakh crore, which is 3.1% of the GDP—half of the target of 6% of GDP, a target made 55 years ago, that is, in 1966. Likewise, the priority accorded to education by the union and the state governments out of the general budget and social sector expenditure provides gloomy pictures. Public expenditure on education as a percentage of social sector expenditure has declined from 46.1% in 2014–15 to 36.6% 2021–22. The share of expenditure on education to the total public expenditure has also reduced from 10.8% to 9.7% in this period. In the following section, we have discussed the union budget for education in detail.

Table 1: Government (Union and States) Expenditure on Education

	₹ in Lakh Crore	Education Expenditure as a % of GDP	EE as a Share of Total Expenditure (%)	EE as a Share of Social Sector Expenditure (%)
2014–15	3.54	2.8	10.8	46.1
2015–16	3.92	2.8	10.4	42.8
2016–17	4.35	2.8	10.2	41.8
2017–18	4.83	2.8	10.7	42.4
2018–19	5.26	2.8	10.4	41.2
2019–20	5.80	2.8	10.7	42.5
2020–21 (RE)	6.21	3.1	9.5	38.0
2021–22 (BE)	6.97	3.1	9.7	36.6

RE = Revised Estimates; BE = Budget Estimates; EE = Expenditure on Education.
Source: *Economic Survey 2021–22*, Government of India.

While there is an increase in the total budget outlay by the union government in the last decade (and it has crossed ₹1 lakh crore for the first time in 2022–23 budget), the share of allocations of the education sector to the total budget outlay has reduced between 2015–16 and 2022–23. It has reduced from 3.75% in 2015–16 (actual) to 2.64% in 2022–23 (budget estimates). Likewise, there has been a decline in the allocations to education as a proportion of GDP—from 0.49% in 2015–16 to 0.40% in 2022–23. Both of these figures clearly show the decline in the relative importance given to the education sector in the overall budget of the union government in recent years. Also, an increased outlay of ₹16,000 crore in the recent budget (the budget estimate of ₹1,04,277 crore in 2022–23 union budget as compared to the revised estimate of ₹88,002 crore in 2021–22 union budget) may not be a cause for celebration. With such a low-level of public funding, how the education sector is going to recover the learning losses that it has suffered due to the pandemic remains a big question. Due to prolonged school closures, the learning loss among children is paramount, and this loss is estimated to be the highest among socio-economically disadvantaged groups (SEDGs) who largely access government schools (World Bank 2021). Similarly, increased public funding is critical to implement several policy goals set in the NEP 2020, which was adopted in July 2020. In the discussion, we relate the current level of public funding on education with two important and contemporary issues: (i) the devastating impact of the COVID-19 crisis on the education sector, and (ii) implementation of the targets made in the NEP 2020.

Table 2: Expenditure on Education Incurred by the Union Government

	₹ in Crore	% of Total Budget	% of GDP
2015–16	67,239	3.75	0.49
2016–17	72,016	3.65	0.47
2017–18	80,215	3.74	0.47
2018–19	80,345	3.47	0.43
2019–20	89,437	3.33	0.44
2020–21	84,219	2.40	0.43
2021–22 (BE)	93,224	2.68	0.40
2021–22 (RE)	88,002	2.33	0.38
2022–23 (BE)	1,04,278	2.64	0.40*

* GDP for BE 2022–23 has been projected at ₹2,58,00,000 crore assuming 11.1% growth over the estimated GDP of ₹2,32,14,703 crore for 2021–22 (RE), *Economic Survey 2021–22*.
Source: Union budget 2022–23 and other years, Government of India; *Economic Survey 2021–22*, Government of India.

Expenditure by Education Levels

School education: The closing down of schools and replacement of the physical classrooms with "online education" has widened the existing inequality in educational opportunities, since the students belonging to the underprivileged sections, who are mainly enrolled in government schools, suffered the most (Narwana and Gill 2021; Tilak 2021; World Bank 2021). The digital divide is glaringly evident in India, with millions of children left behind during the shift to remote learning amid the pandemic. The recently released Annual Status of Education Report (ASER) data shows that while smartphone ownership for enrolled children has increased, it varies significantly with households' socio-economic status. For instance, 52% of families where both parents have completed Class 5 (low parental education) have at least one smartphone at home, while this figure is 82% in families where both parents have completed at least Class 12 (high parental education) (Pratham 2021). Furthermore, the phase-wise reopening of schools in the country has brought several new challenges, both for schools and parents. For instance, the schools might find difficulty in addressing the specific needs of the disadvantaged groups who have suffered the most due to pandemic-led school closures. Teachers might need to arrange for remedial classes to minimise students' learning gap, which needs extra public investment in government schools. Similarly, government schools may need additional funding to bring the newer health and safety regulations into practice.

On comparing the budgetary provisions for school education in 2022–23 (BE) with the figure for 2021–22 (RE), it is found that there is a rise in these allocations to ₹63,449 crore from ₹51,970 crore —an increase of ₹11,479 crore (Table 3). There is a marginal increase in the share (out of the total budget) of union government expenditure on school education, from 59.1% to 60.8%. Of the total budget allocations to school education in 2022–23 (BE), ₹50,694 crore is allocated for transfer to state/union territories which comes around 80%. This figure was ₹40,577 crore in 2021–22 (RE). The proportionate share of states/union territories vis-à-vis that of the union has increased from 78.1% in 2021–22 (RE) to 79.9% 2022–23 (BE). Given the declining revenue generation in many states, specifically due to the COVID-19 pandemic, the extra transfer of resources to states would certainly help to improve their education sector.

The union budget allocation to school education is done under two major headings—schemes and non-schemes. Further, the budget for schemes is allocated under centrally sponsored schemes (CSS) and central sector schemes; and the non-schemes allocations are made under autonomous bodies and establishment. Interestingly, there is a substantial increase in the allocations on schemes in 2022–23 budget—from ₹40,863 crore in 2021–22 (RE) to ₹51,052 crore in 2022–23 (BE). The budget share on schemes to the total budget on school education increased from 78.6% to 80.5% (Table 5). Moreover, the increase in the budget for schemes is largely for CSS vis-à-vis central sector schemes. Overall, the relative priority to these schemes has been increased in the current union budget, and it is expected that this increased allocation would bring qualitative improvements in the implementation of CSSs. For instance, midday meal (MDM) scheme has been disrupted since the school closure in March 2020 amid the pandemic, and this scheme should be normalised with the additional funding.

Table 3: Union Government Expenditure on Education by Levels (₹ crore)

	Expenditure			Share		
	School Education	Higher Education	Total	School Education	Higher Education	Total
2015–16	41,800	25,439	67,239	62.2	37.8	100
2016–17	42,989	29,026	72,016	59.7	40.3	100
2017–18	46,600	33,614	80,215	58.1	41.9	100
2018–19	48,441	31,904	80,345	60.3	39.7	100
2019–20	52,520	36,916	89,437	58.7	41.3	100
2020–21	51,842	32,378	84,219	61.6	38.4	100
2021–22 (BE)	54,874	38,351	93,224	58.9	41.1	100
2021–22 (RE)	51,970	36,032	88,002	59.1	40.9	100
2022–23 (BE)	63,449	40,828	1,04,278	60.8	39.2	100

Source: Union Budget 2022–23 and other years, Government of India.

Table 4: Demand for Grants of Department of School Education (₹ crore)

	2020–21 (Actual)	2021–22 (BE)	2021–22 (RE)	2022–23 (BE)
Expenditure				
Centre	10,738	11,589	11,393	12,755
Transfer to states/ union territories	41,107	43,285	40,577	50,694
Grand total	51,842	54,874	51,970	63,449
Share				
Centre	20.7	21.1	21.9	20.1
Transfer to states/ union territories	79.3	78.9	78.1	79.9
Grand total	100	100	100	100

Source: Union Budget 2022–23, Government of India.

Table 5: Demand for Grants of Department of School Education—Schemes and Non-schemes (₹ crore)

	2021–22 (BE)	2021–22 (RE)	2022–23 (BE)
Schemes			
Centrally sponsored schemes	43,285	40,577	50,694
Central sector schemes	364	286	358
Total schemes	43,649	40,863	51,052
(% share of schemes)	(79.5)	(78.6)	(80.5)
Non-schemes			
Autonomous bodies	11,192	11,073	12,359
Establishment	33	34	38
Total non-schemes	11,225	11,107	12,397
(% share of non-schemes)	(20.5)	(21.4)	(19.5)
Grand total	54,874	51,970	63,449

Source: Union Budget 2022–23, Government of India.

Higher Education

In 2022–23, the budgetary allocation for higher education has gone up by ₹4,796 crore as compared to the revised estimates of 2021–22. The total budget for higher education is ₹40,828 crore in 2022–23 budget, while it was ₹36,032 crore in 2021–22 (RE). The budget share for higher education to overall education budget is 39.2% in 2022–23, which is less than the previous year's share of 40.9% (Table 3). Table 6 provides a detailed break-up of the 2022–23 union budget for higher education.

In 2022–23 (BE), ₹2,043 crore is earmarked for transfer to states/union territories, accounting for 5% of the overall budget allocations to higher education. There is a significant increase on this head in this year's budget as compared to 2021–22 (RE)—from ₹800 crore to ₹2,043 crore. However, the difference between BE and RE is huge in 2021–22 on this head. The budgetary allocations for states/union territories in 2021–22 were ₹3,010 crore, but only about ₹800 crore was spent on it. The spending share on

Table 6: Demand for Grants in Higher Education (₹ crore)

	2020–21 (Actual)	2021–22 (BE)	2021–22 (RE)	2022–23 BE	Share of RE to BE 2021–22
Centre					
(A) Establishment expenditure	161 (0.5)	247 (0.6)	231 (0.6)	273 (0.7)	93.2
(B) Central sector schemes/projects					
Higher education schemes	1,217 (3.8)	1,744 (4.5)	1,240 (3.4)	1,740 (4.3)	71.1
Student financial aid	1,834 (5.7)	2,482 (6.5)	2,089 (5.8)	2,078 (5.1)	84.2
Digital India e-learning	280 (0.9)	646 (1.7)	368 (1.0)	421 (1.0)	56.9
Research and innovation	214 (0.7)	237 (0.6)	144 (0.4)	219 (0.5)	60.8
Technical education quality					
Improvement programme (EAP)	596 (1.8)	20 (0.1)	35 (0.1)	-	173.4
Other expenditures	368 (1.1)	940 (2.5)	535 (1.5)	954 (2.3)	57.0
Total B	4,509 (13.9)	6,069 (15.8)	4,411 (12.2)	5,412 (13.3)	72.7
(C) Other central sector expenditure					
Statutory and regulatory bodies	4,194 (13.0)	5,109 (13.3)	5,139 (14.3)	5,321 (13.0)	100.6
Autonomous bodies	22,530 (69.6)	23,915 (62.4)	25,451 (70.6)	27,779 (68.0)	106.4
Other expenditures	203 (0.6)	0 (0.0)	0(0.0)	0(0.0)	-
Total C	26,926 (83.2)	29,024 (75.7)	30,590 (84.9)	33,100 (81.1)	105.4
Total centre expenditure (A+B+C)	31,596 (97.6)	35,341 (92.2)	35,232 (97.8)	38,785 (95.0)	99.7
States/union territories					
Centrally sponsored schemes	159 (0.5)	3,000 (7.8)	793 (2.2)	2,043 (5.0)	26.4
Other grants/loans/transfers	622 (1.9)	10 (0.0)	6 (0.0)	0 (0.0)	63.0
Total states/union territories expenditure	781 (2.4)	3,010 (7.8)	800 (2.2)	2,043 (5.0)	26.6
Grand total (centre + state)	32,378 (100)	38,351 (100)	36,032 (100)	40,828 (100)	94.0

Share of item-wise expenditure to total expenditure (centre + state) in parenthesis.
Source: Union Budget 2022–23, Government of India; percentage share in parenthesis.

states/union territories to the total higher education budget was merely 2.2%. However, more funds must be provided to the states for improving the quality and equity in higher education as a majority of the universities and colleges in India are managed by state governments. The union government initiated CSS like the Rashtriya Uchchatar Shiksha Abhiyan (RUSA) in 2013. The major objective is to provide strategic funding to ensure physical infrastructural and human resources to enhance the quality of education in universities and colleges. However, the decline in the resources, as noted above, would delay the attainment of desirable results, more particularly amid the pandemic-related disruptions in higher education.

The allocations for the union sector schemes/projects in 2022–23 budget are ₹5,412 crore, which constitute 13.3% of the total allocations for higher education. Allocations to this head in 2021–22 (BE) were ₹6,069 crore. But as per the revised estimates of 2021–22, ₹4,411 crore was spent on central sector schemes/projects. Budgetary allocations for its sub-sectors, such as higher education schemes, student aid programmes (like post-metric fellowships) and research and innovations provide some interesting insights. For instance, only ₹219 crore is allocated for research and innovation component, which is 0.5% of the total budget for higher education. This is the case when the NEP 2020 targets explicitly to create a robust ecosystem of research in higher education institutions. Likewise, there is a decline in the budgetary allocations on student financial aid in 2022–23 as compared to the revised estimates of 2021–22, that is, from ₹2,089 crore to ₹2,078 crore. Overall, the union budget's largest priority in the higher education sector is the "other central sector expenditure" (81.1%). Within this head, the allocation went mainly to autonomous bodies (68%), followed by statutory and regulatory bodies (13%), and these are largely capital expenditures. Thus, to overcome the pandemic-led crisis and the implementation of the NEP 2020, the central government should increase its allocations to higher education significantly.

Financial Aid for Students

The "student financial aid programme" in higher education has been a game changer, providing enrolments to socially underprivileged sections in various tertiary-level educational degrees and diplomas in government and private institutions. Some studies show that the probability of enrolling and continuing in higher education increases with financial assistance to the students (Monks 2009; Glocker 2011). However, the budgetary allocation for this important component has seen a decline in the recent year's budget, compared to the previous year—from ₹2,089.3 crore in 2021–22 (RE) to ₹2,077.9 crore in 2022–23 (BE) (Table 7). The subcategory-wise patterns in the budgetary allocations exhibit that the allocations have been increased in two heads—Prime Minister research fellowship and scholarships for college/university students. Budget allocated to these two heads are ₹200 crore and ₹253 crore, respectively. Currently, less than 1% of the total expenditure on higher education is spent on scholarships, and this is the case when there is stark inequality in access to higher education among different socioeconomic groups. For instance, inequalities in participation in higher education between the rich and the poor are considerable in India, and more importantly, it has widened over the years (Tilak and Choudhury 2019). Intriguingly, the policy aims to earmark a suitable government funding for the higher education of SEDGs, emphasising the merit of students belonging to socially and economically disadvantaged groups. Thus, an earmarked share of money should be kept for scholarships in higher education to make the system egalitarian and inclusive, a target made in the NEP 2020. Also, given the challenges students face in accessing quality education amid the COVID-19 pandemic, provisioning of more scholarships would enable several students to access and retain their work in higher education. The government should allocate more funds on scholarships for the students, even at the undergraduate level, as a majority of the students do not access higher education after Class 12 due to financial constraints.

Table 7: Expenditure on Student Financial Aid (₹ crore)

	2020–21 (Actual)	2021–22 (BE)	2021–22 (RE)	2022–23 (BE)
Interest subsidy and contribution for guarantee funds	1,476.8 (80.52)	1,900 (76.54)	1,500 (71.80)	1,400 (67.38)
Scholarship for college and university students	166.1 (9.06)	207.3 (8.35)	207.3 (9.92)	252.9 (12.17)
Special scholarship scheme for Jammu and Kashmir	128 (6.98)	225 (9.06)	225 (10.77)	225 (10.83)
Prime Minister research fellowship	63.3 (3.45)	150 (6.04)	156.9 (7.51)	200 (9.63)
Total student financial aid	1,834.2 (100)	2,482.3 (100)	2,089.3 (100)	2,077.9 (100)

Share of item-wise expenditure to total expenditure on student financial aid in parenthesis.
Source: Union Budget 2022–23, Government of India.

Budget for Digital Education

The onset of the COVID-19 pandemic has accelerated the need to apply technology in education worldwide, and India is not an exception to this. Due to the closure of educational institutions amid the pandemic, a range of remote-learning modalities such as online platforms, television and radio programming, and take-home print packages are being used to support students' learning. However, the public provisioning of educational technology is limited in India. Of the total schools in the country, only about 41.25% have the availability of computer facility, and 39.88% have functional computers. Quite surprisingly, only about 24.51% of schools have access to the internet (MoE 2021). Furthermore, we find a clear gap in the access to computers and the internet between government and private schools. For instance, close to 10% of government schools have access to the internet, while this figure is 30% for privately managed schools in India. Access to digital technology at the household level also varies significantly. The ASER 2021 shows that 63.7% of enrolled children have a smartphone at home—it is 63.7% for government schoolgoing children and 79% for private schoolgoing children. The analysis of the latest National Sample Survey Office (NSSO) education round data (2017–18) reveals that a significant portion of the students accessing higher education in India do not have access to digital devices. Of the total students enrolled in higher education, only about 30% have access

Table 8: Demand for Grants for Digital India Learning in Higher Education (in crore)

	2020–21 (Actual)	2021–22 (BE)	2021–22 (RE)	Share of RE to BE (2021–22)	2022–23 (BE)
National mission in education through ICT	37	150	84	55.8	400
Setting up of virtual classrooms and MOOCs	68	200	80	40.0	–
E-shodh Sindhu	155	155	150	97.0	–
Higher education statistics and public Information System	12	20	10	50.0	10
National digital library	8	20	15	75.0	–
National academic depository	–	1	–	–	0
Prime Minister e-vidya	–	50	0	0.0	0
Academic Bank of Credits (ABC)	–	50	29	57.6	11
Total	280	646	368	56.9	421
Percent to total education budget	(0.33)	(0.69)	(0.42)	–	(0.40)

Source: Union Budget 2022–23, Government of India.

to computers (including desktops, laptops, palmtops, tablets, etc), at home—with stark socio-economic and regional variations. For instance, the availability of computers at home is 17.1% for rural students and 45.2% for urban students. Likewise, students from rich households have 4.9 times higher access to computers than their poor counterparts. It is argued that the inequality in access to educational technology for the students from socially and economically disadvantaged groups will leave them behind in terms of educational and professional opportunities.

In this context, it is important to analyse budgetary allocations for imparting digital education. There is a considerable increase in the budgetary allocations for digital education as compared to 2021–22 budget—₹400 crore in 2022–23 (BE), a whopping hike of 4.78 times compared to ₹84 crore in 2021–22 (RE) (Table 8). Nevertheless, budget allocation for 2021–22 (that is, ₹150 crore) and the revised estimates (₹84 crore) indicate a failure to utilise 44% of the funds allocated. The previous trends underscore the apprehensions as to whether the ₹400 crore allocated for 2022–23 would be utilised fully or not. The major focus of the budget speech on education was about digital learning, and it ranges from establishing a digital university providing quality education through "digital teachers," perhaps a terminology used for the first time in the context of the Indian education system. Given the pandemic, increasing access to digital education is a welcome step, but we should think about the long-term strategies. The state is grossly mistaken that learning gaps can be bridged with remote learning such as teaching through television channels. Students from low-income families and first-generation learners consider classrooms and informal spaces in educational institutions as a unique learning space, particularly in building their social and cultural capital that improves their well-being. While the recent policy focus on digital learning may provide short-term solutions to the ongoing teaching–learning crisis, in the long term, the focus should be on teacher recruitment, teacher training, building school infrastructure, provisioning of remedial coaching, etc. And, bringing improvement in these areas need significant public funding. However, budgetary allocation for teacher training is reduced significantly in 2022–23 compared to 2021–22 from ₹250 crore to ₹127 crore.

Conclusions

Although the union government has increased its educational budgetary outlay for 2022–23 (BE) by ₹16,000 crore in nominal prices vis-à-vis the revised estimates, its share to the overall budget is only about 2.64%. Likewise, the expenditure on education as a share to GDP is around 3%, and we are far from the target of spending 6% of GDP on education. And, this is the picture when the country is geared for implementing the NEP 2020 that has made several promises that need huge public investment in education. Also, the education sector is currently facing the worst crisis, and to recover from this, it needs additional funding. For instance, given that schools are now reopening, it was extremely crucial that additional funding be provided to government schools, particularly to implement newer health and safety regulations and to implement remedial teaching–learning initiatives to address the learning gaps and losses that the country's underprivileged schoolchildren are experiencing. The pandemic has highlighted the need for more teachers, training for teachers, and better infrastructure so that learning in the areas where digital resources are scarce is not disrupted even if a pandemic hits us again.

However, the budget has not outlined any specific plan for addressing the pandemic-led losses in the education sector that occurred in the last two years. Specific allocations to the education sector for minimising the disruptions due to the pandemic would have been a welcome step. Now, at the global level, there is an attempt to find a path to recovery from this crisis, and India should also join this initiative, else it would be a huge and irreversible loss to our economy and society. Also, India is geared towards implementing the NEP 2020 that aims to create a new system that is aligned with the aspirational goal of 21st-century education. And, it is well argued that to achieve the targets made in the NEP 2020, huge public investment in education is needed. Overall, there is an urgent need to increase public investment in education, which is critical for promoting national development.

NOTE

1 The World Bank and UNESCO undertook a study in order to understand the short-term impact of the COVID-19 pandemic on education budgets in 2021, and the information was collected from a sample of 29 countries across all regions, including India.

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Policy Change and Floor Space Index

SUKRITI ISSAR, ISHANI SHUKLA

This article explores the key features of contemporary floor space index policy in Mumbai to contribute to the ongoing debates and provide the context for evaluating the proposed urban policy changes. Contemporary FSI in Mumbai exists in a policy network of exemptions, incentives, and development rights.

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Many debates about urban development in Mumbai focus around the question of floor space index or FSI levels, and have been explored in the pages of *EPW*. FSI and related urban policy instruments are an important source of government revenue and play a role in creating affordable housing, slum redevelopment and in achieving other urban goals. Introduced in the development plan for Mumbai in 1964, FSI is defined as the ratio of the total built-up area to total plot area. It determines the volume or bulk of a building and the floor space that can be constructed. As a simple example: if the FSI is 1 and the entire plot is built on, the building can only be constructed to one floor. If half the plot is left as open space, then the building can be built to two floors, and so on. The FSI in the Island City was set at 1.33 and in the suburbs it was 1. However, the "consumed" FSI varies in the city from 0.93 to 7.35 (MCGM 2006: 87).

While some urban economists have advocated for deregulation or increasing the FSI limits in Indian cities, especially Mumbai (Bertaud 2011; Glaeser 2011: 160; Brueckner and Sridhar 2012), some urban planners have been sceptical. Shirish Patel (2013) has argued that relaxing FSI could result in densification, overcrowding, and infrastructure shortfalls. In light of these debates, this article puts forth two important features of contemporary FSI policy as providing the context for evaluating proposed changes to FSI policy. The argument of this article is that contemporary FSI exists in a policy network of exemptions, incentives, concessions, and development rights. Policy change to FSI regulations must take this into account—multiple stakeholders are implicated and any change in FSI levels or to the related instruments and exemptions will have an impact on stakeholders differently.

The first feature of FSI policy is that FSI is not a single policy; rather it exists along with various exemptions and concessions, which include FSI premiums, bonuses, fungible FSI, and transferable development rights (TDR) (see Issar 2022 for more details on definitions and FSI history). What is common to these exemptions is that they allow for greater FSI to be consumed on a plot, whether by paying a fee to the government (premium), or through a grant from the government (bonus), or by buying extra FSI in the market (TDR). It has been the long-term strategy of the state and local governments that increases in FSI, whether in the development plan or in response to a crisis like COVID-19 to stimulate the housing sector, are in the form of these "incentives" instead of the deregulation of the FSI levels that is often proposed by economists.

In other words, instead of raising FSI from say 1.33 to a higher level, the Maharashtra government and the Municipal Corporation of Greater Mumbai (MCGM) change the exemptions and concessions. We can see this in the Mumbai Development Plan 2034, unveiled in May 2018, where the increase in permissible FSI occurred through payment of premiums and greater allowances for TDR loading (Knight 2018). This provision for increased FSI resulted in extensive public critique, especially from civil society and environmental non-governmental organisations who claimed that the city's infrastructure would not be able to support the additional housing demands, and would only benefit builders (Merchant 2018).

Similarly, in 2021, in a measure to stimulate housing construction that had been stalled as a result of the global pandemic, the state government reduced the construction premiums that developers pay by 50%—FSI premiums are a significant component of these construction premiums (Thomas 2021). Some developers who were interviewed about this policy change did not consider it having downward effects on real estate prices, partly because the premium reductions would only apply to certain projects, and would not affect the unsold inventory of real estate in Mumbai (Thomas 2021). Two points are noteworthy here: instead of deregulation through increased FSI levels, the policy change focused on the premium charged for excess FSI. This allowed the Maharashtra government to maintain FSI as a policy lever—as a revocable and changeable incentive—in its own hands. As it currently stands, premium FSI and TDR are an important revenue generation tool for the MCGM, Mumbai Metropolitan Region Development Authority, and the state government (for details, see Gandhi and Phatak 2016). By extending premium FSI to the island city, which was previously only available in the suburbs, the state government could stand to increase its revenue even further. Any changes to FSI therefore affect the revenue streams of state and local governments.

The second feature of FSI policy relevant to this article is that the relationship of FSI levels to land values and housing costs appears to be a source of contention among local experts. From just one news article (Chitnis 2018), we can see the following views: a real estate developer noted that increase in FSI has long been an industry demand. A property consultant argued that increases in FSI will increase values of land parcels benefiting those that own these parcels (the unsaid part of this argument might be that higher values would make owners of developable land more likely to release this land into the market, thereby increasing supply). The literature in urban economics suggests that developers have heterogeneous preferences for urban regulations with those owning developed land favouring regulatory constraints (to maintain price levels) and those owning undeveloped land preferring looser regulations (to maximise profits from building new units; Hilber and Robert-Nicoud 2013). Patel (2008) had noted that the Mumbai "land mafia" welcomed restrictive regulations (that is, low FSI) as a way to maintain high land prices. We can also imagine that some developers have interests in both developed and undeveloped land, or have projects in different stages of progress—the impacts of increased FSI or changing premiums on such developers are likely to be mixed. For example, although it is assumed that the increase in FSI would be an unmitigated good for developers, the shares of Sunteck Realty dropped by almost 3.5% after the Maharashtra government reduced FSI premiums in 2019, because it had already paid for additional FSI on its ongoing projects (Bavadharini 2019). In other words, developers have heterogeneous preferences and these preferences cannot be deduced from the textual levels of FSI but must take into account factors such as the developer's portfolio and their exposure to the TDR market. The secretary of urban development, in an attempt to allay concerns about carrying capacity, said that increases in FSI would be linked to increased infrastructural allowances. An environmentalist argued that input costs might not decrease and instead vertical slums might result. And a realty expert argued that increased FSI would not be enough on its own to reduce input costs or bring housing affordability (Chitnis 2018). Been et al (2019) identify "supply scepticism" as the "disbelief that additional market-rate housing helps make housing more affordable, and indeed a view that it may increase rents and prices" (p 25). Some of the comments from different stakeholders in Mumbai seem to reflect such scepticism. Even in the context of affordable housing in the United States, it is argued that any loosening of supply restrictions will not by itself create affordable housing without government incentives and subsidies such as inclusionary zoning and density bonuses (Been et al 2019; for the Indian context, see Shirgaokar 2013; Issar 2020).

Conclusions

What are the implications for urban practitioners and policymakers from this analysis of FSI and its related policy instruments? We need to shift our analysis from textual policies of FSI restrictions and their absolute levels (for example, FSI of 5 or 4 or 1.33): FSI policies on the ground are always combined with exemptions, premiums, and incentives and the effects of FSI policy on housing affordability and urban density emerge in conjunction with these incentives. If deregulation is a goal, policymakers will need to consider the knock-on effects on different instruments and stakeholders implicated in FSI policy: for example, an increase in FSI levels will affect TDR holders (including parastatals) through a decline in TDR values. While some developers could benefit from this increased FSI, others would lose out if they hold TDR. Similarly, a decrease in premium FSI affects government revenue and in turn, the infrastructure financing needed to balance out excess density. Policy change that targets absolute levels of FSI has generated public opposition in the past as compared to changes that affect premiums or bonuses. Future policy research could analyse FSI levels and exemptions (premiums, TDR) together, providing a more complete picture of the current urban policy landscape.

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Spectrum Price

V RANGANATHAN

Taking the evolution of auction pricing from arbitrary bureaucratic "beauty contest" to highly sophisticated auction where academicians have ruled the practical space, this article outlines the monopoly and missteps of civil servants and argues for the professionalisation of the regulator and elimination of redundant bureaucracy.

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The Telecom Regulatory Authority of India (TRAI) recommended a reduction of 35% to 40% in reserve prices for spectrum auction, but the industry association—the Cellular Operators Association of India (COAI), consisting of Jio, Airtel, and Vodafone Idea —was not happy, since they had wanted a 90% reduction (Bhargava 2022). In an auction, the reserve price is set to signal the minimum price expectation by the seller below which they are not bound to sell the product. The COAI had also protested TRAI's recommendation to permit Captive Wireless Private Networks, thus depriving the already stressed industry of a profitable segment. Here, the TRAI was giving the client industry more options, thereby making the demand more elastic, which is a good thing. But what is the controversy about the reserve price? Why should this price matter?

TRAI's reduction of reserve price entailed going down from ₹6,600 crore per megahertz (MHz) to ₹4,000 crore for the 700 MHz band, and from ₹492 crore to ₹317 crore for the 5G-related bands; the 700 MHz band reduced the customer serving cost to one-third. Intriguingly, the TRAI report mentioned government revenue of ₹5 lakh crore for a proposed sale of one lakh MHz of spectrum, corresponding to only ₹5 crore/MHz as the reserve price (Bhargava 2022). To understand price discovery through auctions and the friction between TRAI and the industry, we need to go back to the days when the spectrum was allotted.

The 2G Imbroglio

Allotment at an out-of-date price: The first spectrum price row was over 2G, when in 2008, the government allotted telecom licences at the price paid by the fourth cellular mobile operator at the multistage auction held in 2001, despite a spectacular growth in the intervening eight years. The then telecom minister Andimuthu Raja justified keeping the same price saying that he went by TRAI's recommendation; TRAI, with Nripendra Misra as the chairman at that time, hedged. He said that though the auction is the best method to discover the price in view of the dynamic and spectacular growth of the telecom sector in this particular case, the incumbent firms have been given various amounts of spectrum, bundled with licence, at a fixed price and therefore there is an imperative to have a level playing field for the entering firms as part of fair competition.

The 2007 recommendations of the TRAI state:

> The allocation of spectrum is after the payment of entry fee and grant of license. The entry fee, as it exists today, is, in fact, a result of the price discovered through a market-based mechanism applicable for the grant of license to the 4th cellular operator. In today's dynamism and unprecedented growth of telecom sector, the entry fee determined then (that is, in 2001), is also not the realistic price for obtaining a license. On the other hand, spectrum usage charge is in the form of royalty which is linked to the revenue earned by the operators and to that extent it captures the economic value of the spectrum that is used ... The authority ... is conscious of the legacy, that is, prevailing practice and the overriding consideration of the level playing field. Though the dual charge in the present form does not reflect the present value of the spectrum, it needed to be continued for treating already specified bands for 2G services, that is, 800, 900, and 1,800 MHz. It is in this background that the authority is not recommending the standard options pricing of spectrum,[1] however, it has, elsewhere in the recommendations, made a strong case for adopting auction procedure in the allocation of all other spectrum bands except 800, 900, and 1,800 MHz.

Talking about the pricing of spectrum for new entrants in 2G (the 800, 900, and 1,800 MHz bands), TRAI's 2007 recommendation says,

> As far as new entrant is concerned, the question arises whether there is any need for change in the pricing methodology for allocation of spectrum in the 800, 900, and 1,800 MHz bands. Keeping in view the objective of growth, affordability, and penetration of wireless services in semi-urban and rural areas, the authority is not in favour of changing the spectrum fee regime for a new entrant. Opportunity for equal competition has always been one of the prime principles of the authority in suggesting a regulatory framework in telecom services ... This approach assumes more significance particularly

in the context where subscriber acquisition cost for a new entrant is likely to be much higher than for the incumbent wireless operators.

Prior to Misra, TRAI regulator Pradip Baijal during Arun Shourie's term as the telecom minister, also justified selling the spectrum at a low and administratively determined price as the policy of low input price enables low output price for customers, that spurred the phenomenal mobile expansion (Baijal 2012). The fallacy of this argument is equivalent to a man asking for a piece of land at the same price as another who bought it 10 years ago! Low spectrum price is neither a necessary nor a sufficient condition for low consumer price; the determinant for that was the intense competition of telcos, as Jio made it abundantly evident later on. The money spent by telcos on the spectrum is considered a sunk cost and has no bearing on their pricing decision. In an oligopoly where there is Bertrand price competition, consumers are benefited, but producers are hurt because of the inability to recover huge fixed costs (Ranganathan 2012, 2013). The exit of some firms and industry consolidation are the nature of the beast and its inevitable consequences.

TRAI's IUC Determination

A similar situation arose in 2012 when the TRAI had to decide what price it has to allow for interconnection utility charges, also called the mobile termination charge. Many other countries do not have this problem, as the telcos in those countries charge for making as well as receiving calls. So, they follow the simple "bill and keep"; each utility charges its own customers for their network receiving calls from another network. But in India, we have the calling party pays regime, enjoyed by a large section of poor people, giving the "missed call" innovation. In this case, it is necessary to regulate the price that one telco can charge from the other to receive their calls. Normally, big telcos are the net receivers of this money and small ones are the net payers. Accordingly, big telcos will argue for full cost reimbursement as they are the net receivers of money whereas the small ones will vouch for incremental cost reimbursement as they are the net givers of money. The incremental cost, which is close to zero as no firm makes an investment just to receive other's signals. There is nothing to differentiate a switch from sending and receiving. Hence, many regimes of the TRAI consistently brought this cost down. When big firms argue that it will hurt their financial viability, the TRAI offers what is called a waterbed argument; it says that "the final price, under forbearance, is within your control, so why don't you increase it and make for viability?" This is just to show that the link between input costs and output prices is tenuous and depends on the situation.

The 2G scam came to light when industrialist Anil Dhirubhai Ambani-owned Swan Telecom and another real estate firm Unitech started offloading shares at a whopping price of ₹4,500 crore and ₹6,200 crore, respectively, in September 2008. The criminality was not the fixed price and first-cum-first-served method of allocation. No government is legally mandated to tread the optimal path. The criminality in the 2G spectrum case came about in the Department of Telecommunications (DoT) arbitrarily preponing the deadline by some five days and secretly informing selective telcos of this so that they were ready with the demand drafts to qualify for the application, leading to the suspicion that this unseemly haste cannot happen without a whiff of corruption. Yet, finally, money trail could not be proved and no one was convicted, though the court cancelled all the licences (including coal allocations).

The Comptroller and Auditor General of India (CAG) who audited this transaction became famous and won even a Padma Bhushan in 2016 for his hyperbolic computation of the money lost to the exchequer as ₹1,76,000 crore (CAG 2010). It was a rather simplistic arithmetic in ratio and proportion. Based on the actual bids in a subsequent 3G auction in various circles, the highest bid for a particular area was taken as the basis and the bid per MHz was computed, which was then multiplied by the total MHz sold on the implausible assumption that all MHz of the spectrum had the same value, in which case there was no need to conduct the laborious auction process for various areas.

Another argument for the low pricing of spectrum was that there was no mandate that the revenue should be maximised because the focus was on creating a vibrant telecom sector with low price to the consumers, providing extensive coverage, including the rural areas, and making sure that the supply firms remained healthy. The idea of spectrum becoming an important source of deficit reduction came much later; for information goods in an oligopolistic setting with price competition, the inexorable exit and consolidation were part of the game, beyond the control of the regulator, which was not well-appreciated.

In the United Kingdom (UK) also, initial administrative prices for spectrum through "beauty contests" and their evolution into auctions later, were similar to India, but the public took the vicissitudes in their stride without crying foul over corruption. The 2G allotment fetched barely £40,000 in the UK, but the subsequent 3G auction in 2001, by Paul Klemperer, Oxford University, brought the treasury an eye-popping £2.2 billion, bankrupting the telcos in its stride! Though there was media criticism of this embarrassingly high revenue to the government, no one asked why it was not so earlier. In India, on the contrary, the "unseemly haste" of the DoT was criticised by the CAG.

There is a section of opinion that considers "causing loss to the exchequer" as a criminal act; that is, mere inefficiency is deemed criminal if it leads to a significant loss to the exchequer. This is a recipe for paralysing of the government decision-making.

Setting Reserve Price

But the controversy in the latest pricing recommended by the TRAI is about setting the floor price called the reserve price in the auction. The argument for a high reserve price is that the bidders use it as an anchor and bid around it. A low reserve price would miss the opportunity for the seller to discover the true "willingness to pay" of the bidder. However, this can be remedied by ensuring that there are more bidders than the spectrum bands auctioned so that some bidders will not get spectrum at all. In this situation, a low reserve price or even no reserve price will not matter because there is sufficient incentive for the bidders to bid up their value to not to lose the spectrum and thus the opportunity to make normal returns. On the contrary, a high reserve price would run the risk of no bidder coming forward to bid. This is what happened in the previous auction, with only approximately 35% of the spectrum on offer being bought.

The fact of the matter is that neither the TRAI nor DoT has the capacity to determine the parameters of auction, such as reserve prices. They should leave it to the specialist auction firms and go by their advice. The 3G auction, which was successful, was conducted by a third party, namely N M Rothschild and Sons. While TRAI or DoT determining the reserve price is bad, the Group of Ministers (GoM) determining it is even worse. There is a competition between organisations and groups, the TRAI, the DoT, and the GoM to proclaim who is more "nationalistic." Setting higher reserve price is seen as being more nationalistic, while it has no effect many a times but can be hurtful on occasions.

Regulator's Institutional Structure

At present, the TRAI is run by just two people—the chairman and a member (finance); however, one full-time member (technical) and two part-time (economics and management and technical) members' slots are vacant. The chairman is a retired Indian Administrative Service officer, as always, and the member is an Indian Audit and Accounts Service retiree. In contrast, Ofcom, the UK board, is replete with professionals from the industry, civil service bureaucrats, investment bankers, regulators from other areas, and eminent public personalities. In contrast, India has the DoT, the regulator TRAI, and the telecom industry.

In the UK, wherever there is a regulator, that also doubles up as the department, without duplicating the bureaucratic layer. Also, such an arrangement avoids needless turf wars between the regulator and the department.

The TRAI has a peculiar status where its views must be mandatorily sought by the DoT; however, the final decision rests with the DoT, reducing TRAI to a fifth wheel. Whereas, you can have an efficient set-up with just the TRAI and the industry, without the DoT bureaucracy. Within the TRAI, telecom public sector undertakings like BSNL and MTNL always have a godfather, since the technical member is one of their own kin from the Indian telecom service!

In the United States and the UK, the capture effect of regulator is more. Stephen M Stigler of Harvard University Indian Audit and Accounts Service had posited that the regulator is *de jure* for the control of the monopoly telecom industry, but *de facto* makes sure that industry is alive and well. In India, the capture effect is probably there in state electric utilities but not so much in the telecom sector. And that may partly explain both the Indian telecom industry's good performance with low prices and also its sickness and consolidation.

Conclusions

In the telecom sector, fierce competition between private sector firms has done more good than either the regulator or the ministry. So far, the best action for the TRAI seems to be to follow the dictum shared by a Chicago-educated Massachusetts regulator: "My job is to extinguish my role" (and let the competition take over). The lack of capacity is a major bottleneck, with civil servants crowding out the professionals with neither technical orientation nor business understanding. The silver lining is "good people come in sporadically." Industry fears them and does not respect them; the situation needs to change.

NOTE

1 TRAI may not have meant "pricing of options" but may have meant "auction pricing."

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On the Distinctiveness of Feminist Methodology

ANIL S SUTAR

For feminist researchers, research is both an inquiry into social reality and a tool for the empowerment of women and transformation of a patriarchal social order. Hence, for feminist researchers, the theoretical and epistemological positions become quite important than research methods, which are tools and techniques of data collection. In this context, it is important to understand what really constitutes the distinctiveness of feminist methodology.

The author thanks the anonymous reviewers for their useful comments on the earlier version of this article.

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One of the challenging tasks before feminist academicians in India is to build a strong research tradition grounded in a robust feminist methodology. The discourse on research methodology in the social sciences generally revolves around quantitative, qualitative, and mixed methods, and these variants of methodologies are quite popular among research scholars in universities in India. The feminist research methodology with its distinct ontological, epistemological, and theoretical underpinnings stands as an alternative research methodology for research scholars in general and feminist research scholars in particular. However, there is not much clarity on what constitutes the essence of a feminist methodology. Quite often, research scholars (especially those doing doctoral research) subsume feminist methodology under the qualitative methodology. It is true that most of the epistemological premises of qualitative research such as reality being subjective, participants as knowers, and minimised distance between the researcher and the researched are quite similar to the philosophy of feminist methodology.

However, the kind of questions that the feminist researchers ask, differ significantly from those social scientists who follow a qualitative research paradigm. It is important to note that all research on women is not feminist research, since "research about women" (in its social science version) is quite different from "research for women" (the feminist version of research). The research methods, which are basically tools and techniques of data collection, happen to be quite common across different methodologies—quantitative, qualitative, mixed, and feminist. But feminist methodology or, for that matter, any variant of methodology cannot be reduced just to its research methods, techniques, and tools. There is a need for efforts to establish feminist methodology as an independent and distinct research methodology. It is in this context that Maithreyi Krishnaraj's article "The Feminist Methodology" (*EPW*, 25 December 2021) acquires significance as it tries to address certain fundamental issues about research methodology in general and feminist methodology in particular.

Methodological Challenges

Feminist methodology has to deal with certain challenges—foremost of these challenges is the one posed about its inclusivity. Can feminist research speak for all women? How are differences of caste, class, race, and ethnicity dealt with in the feminist methodology? Krishnaraj contemplates a way forward for feminist methodology through a critical engagement with standpoint theory and suggests how a feminist researcher's interpretations of women's experiences could be grounded in the totality of the social system. Another challenge that is being posed in feminist methodology is from the scholars of "other" social sciences who undermine the rigour of feminist methodology by saying that it is full of anecdotes and storytelling. For feminist researchers, tools and techniques of data collection, which are generally known as research methods, become less important as compared to an epistemological and a theoretical position. Scholars from the social sciences who are mostly rooted in positivist philosophy look at feminist research as devoid of methodological rigour as it emphasises theories more than tools and techniques. For most of the scholars of social sciences, the research methods, tools, techniques, and standardised scales become quite sacrosanct. Positivist social scientists' fascination with the so-called value neutrality and their aversion to the ideas of transformation and change make them see feminism as a mere political ideology and not as an approach to interrogate social reality.

Krishnaraj rebuts some of the propositions of "dominant methodologies" of the social sciences by invoking the primacy of theory in the entire process of research—from raising research questions to the framework of data analysis. There is nothing such as "objectivity" in research as research itself is heavily influenced by different theoretical positions. The assumptions of theoretical framework guide the researchers in terms of what kind of topics they select for their research, where they have to look for the data and how to analyse the same, and ultimately in identifying relevant themes or facts. Krishnaraj cautions feminist researchers about the possibility of subsuming research methods under research methodology by pinpointing that those methods are just tools and techniques for data collection that are common to most of the social sciences. But the distinctiveness of feminist research can be established by embarking upon a feminist methodology that is much more than tools and techniques. The feminist methodology has its own philosophical and theoretical propositions and epistemological assumptions that govern fundamental questions about feminist research—how feminist research needs to be conducted, that is, what are its strategies and goals, and how does it use its research findings?

A Distinctive Methodology

What constitutes the distinctiveness of feminist methodology? While deliberating on the nature of this distinctiveness, there is often a tendency to place an undue emphasis on certain research methods that appear to be more appropriate for the collection of data in feminist research. There have been arguments and viewpoints that look at new methods of data collection as having an empowering effect on research participants (women) and hence it is grounded in a feminist epistemology. Fonow and Cook (2005) argue that an important feature of feminist research is its emphasis on the empowerment of women and transformation of a patriarchal social order through research and research results. Empowerment and transformation happen to be the guiding spirit of feminist research; hence, research methods that give agency to women are better suited to the epistemological position of feminist methodology. Similarly, Montell (1999) praises "focus group interviews" for their more egalitarian and less exploitative nature compared with other research methods. Focus groups act as tools for raising consciousness and are empowering for not only the research subjects (participants) but also for the researcher of the study. There are also studies that have reported the therapeutic value of feminist research methods. Lee et al (1999) in their study of healthcare delivery among poor women found that feminist interviewing and storytelling methods have an immense therapeutic value to the study participants. The focus group interviews used as a tool for data collection for the study in turn helped the research participants to form their own support groups. Thus, feminist research methods tend to possess a higher level of catalytic validity where the research process, techniques, and tools of research are appropriated by the research participants to empower themselves. They argue that it is these methods of data collection that give a distinctive identity to feminist research and advocate that there is a wider scope to build a range of methods that are specific to feminist research. In fact, Fonow and Cook (2005) provide quite an exhaustive list of as many as 37 research methods—participatory action, autoethnography, conversational analysis, focus groups, oral history, personal narrative, thick description, historiography, etc that are either grounded in feminist epistemology or quite relevant for feminist research.

However, borrowing research methods that are antithetical to the positivist epistemology will not serve the purpose of feminist research. As Sandra Harding (1986) rightly points out, challenging methods of science is one thing and challenging the intellectual and social orders at their foundations is another thing. The emphasis on the new and alternative research methods that suit the process of data collection in feminist research in no way makes it stand as distinct vis-à-vis the research based on conventional methodologies. Harding (1986: 10) further says that "an end to androcentrism will require far-reaching transformations in the cultural meanings and practices of that [scientific] inquiry." Departing from traditional positivist methods of data gathering and analysis is a good thing, but it is not going to resolve the fundamental issues that feminist researchers are dealing with. As Harding (1987: 3–4) cautions "one needs to recognise the limitations of the most obvious ways one could try to rectify the androcentrism of traditional analysis."

Thus, relying on certain methods as the markers of distinctiveness of feminist research turns out as not only cosmetic but also illusive. Krishnaraj has rightly placed due importance on methodology vis-à-vis methods. The emphasis on methodology makes sense when research methods have wrongfully assumed undue importance. As Harding (1987) rightly puts it, the deliberation about a distinctive feminist method is quite important. But the problem arises when the method is used to denote all the three aspects of research—(i) techniques and tools of data collection, (ii) the methodology that guides the research process and strategies, and (iii) the epistemology that provides philosophical bases to feminist theories of knowledge. The important task before feminist researchers then is to sort out these components of research and explain how the development of all these streams would strengthen a feminist methodology.

Harding (1987) brings forth two erroneous practices among social scientists. First, when social scientists deliberate about methodological issues, they usually talk in terms of the techniques and tools of data collection and tend to subsume the "methods of research" under the rubric of methodology. Second, even when the social scientists think about "methods of science," they tend to focus on methods of inquiry instead of philosophical and theoretical issues. It is true that there are important connections between epistemologies, methodologies, and research methods and that each has an implication for the other. However, research methods are not sacrosanct to feminist research and hence the distinctiveness of feminist methodology cannot be arrived at by understanding the basis of research methods. One needs to dissect the fundamental philosophical and theoretical propositions to understand the distinctiveness of feminist methodology. Relying on new tools and techniques of data collection and analysis, adding women's issues to the mainstream social inquiry without addressing the fundamental epistemological and theoretical positions underlying the practice of science would be meaningless.

Conclusions

Harding (1987) arrives at three important properties of the feminist methodology that make it quite distinct from the rest of the methodologies. First, the very fundamental epistemological question of what constitutes valid evidence material in research is deconstructed by feminist researchers. Androcentric research would always emphasise on men's experiences and logic as the foundation for scientific inquiry. Feminist research negates such an epistemology and calls for women's experience and perspective as the foundation of scientific inquiry. Feminist research also departs from the notion of objectivity that traditional methodologies so proudly proclaim and uphold. Feminist epistemology asserts that it is not possible to disassociate the research problem from the persons studied and examine them in isolation from each other. The distinctive feature of feminist research is that it relies on women's perspective and experiences to generate its problematics and also that it uses women's experiences as a valid indicator against which hypotheses can be tested.

Second, while dealing the question "for what?" feminist research reiterates that the goal of scientific inquiry is to provide explanations for issues that concern women. The distinctiveness of feminist research is that it takes a shift from "research about women" to "research for women." Third, the position of feminist research on the important epistemological and ethical issue of the location of the researcher in the entire process of research makes it stand apart from the traditional methodologies. Feminist research requires that the inquirer/researcher be placed in the same critical plane as that of the overt subject matter.

In other words, the class-, race-, culture-, and gender-based assumptions, beliefs, and behaviours of the researchers themselves must be placed within the frame of the picture that they attempt to paint. Bringing this subjective aspect within the ambit of a scientific inquiry in fact enhances its objectivity. Thus, reflexivity emerges as a distinct feature of feminist research.

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Orientalism and Refashioning of Muslim Selves

ARSHAD ALAM

BOOK REVIEWS

Who Is a Muslim? Orientalism and Literary Populisms by Maryam Wasif Khan, *Hyderabad: Orient BlackSwan, 2021; pp x + 257, ₹995 (hardcover).*

The book under review tries to answer a contemporary paradox which many in South Asia are grappling with. Despite the progress of education, the larger society operates on ideas and idioms derived from their respective religious world views. In India, the mythical construction of "Ram Rajya" has moved the Hindu society and polity towards overt majoritarianism, while in Pakistan the call for return to the Prophetic model of the seventh-century Arabia has never left the popular imagination since its inception. Maryam Wasif Khan, in her fascinating book, *Who Is a Muslim? Orientalism and Literary Populisms*, seeks to answer this paradox by understanding the imaginaries (symbolic resources through which a people imagine themselves) of the Muslims and Islam in the popular Urdu fiction. She states categorically that the secular possibilities within the Muslim society, engendered by the writings of Faiz Ahmad Faiz and Saadat Hasan Manto, are largely confined to academia and the cognoscenti. As compared to this "high-brow" literature, the "popular" Urdu fiction is infused with Islamic and Islamist imagery. Produced by writers such as Naseem Hijazi, Razia Butt, and Umera Ahmad, the popular Urdu fiction resonate with the Muslim masses much more. Despite the secular romance with Faiz, his symbolic invocation of removing the "idols from Kaaba" remains marginal to the "religio-popular" novels which appeal for creating a "real Mecca" in Pakistan.

The Non-native Mahometan

In *Who Is a Muslim? Orientalism and Literary Populisms*, the unravelling of this narrative is done through five main interwoven chapters, tracing the emergence of Urdu as an inclusive language and how it eventually becomes a language of othering. The story of Urdu, however, is also simultaneously the story of how the Muslim self has been imagined in these novels. Chapter 1 ("Mahometan/Muslim: The Chronotope of the Oriental Tale"), tells us how the Muslim was imagined in Oriental literatures like the *Arabian Nights* and *Persian Tales*. Certainly, these Oriental imaginaries did constitute the selves of the Orient and the Occident through different modes of intercultural communication.

But what the author is interested in the book is how this Oriental imaginary framed the Muslim conception of the self in South Asia. Khan argues that the Muslim or the "Mahometan chronotope" materialise in the English oriental tale as a non-national, shifting space whose inhabitants themselves are fluid and unattached beings (p 52). The Muslim does not belong to any territory, neither does he have any claims to civilisation and therefore the characters in the Oriental novels float anywhere between Egypt and Indonesia.

The Mahometan is used in a pejorative sense: they are followers of Muhammad, the "false prophet" who imitated Christianity and hence lacking any original covenant with God. Interestingly, in the English narrative, India was a geographically distinct orient from that which was imagined as Mahometan. Thus, despite the fact that much of the East India Company's (hereafter the Company) negotiations and battles during the 17th and 18th centuries were with the Mughal rulers, Company officials continued to refer to them as "Moors," designating them as foreign and temporary invaders of India (p 42).

Chapter 2 ("Hindustani/Urdu: The Oriental Tale in the Colony") tells us how the Oriental tale travels from the English metropolis to the Indian colony, thereby heralding the birth of the domestic novel. After the British victory at Plassey (1757), orientalism's interest in language, law, literature, and religion was central to the expansion of colonial rule in India. In the process, the British not just defined what constituted Urdu and Hindi but also formulated what it meant to be a Muslim or a Hindu. The author talks at length about the central role of William Jones and the Fort William College who created a genre (Hindustani/Urdu) that overwrote the historical lived realities of Muslims in India. It was through fictions such as Mir Amman's *Bagh o Bahar*, that the "invention" of Muslim happened in India, the underlying narrative already informed by the Oriental imaginations of Muslims. This imagination posited the Muslim as distinct from the Hindu; the Muslim remained the perennial foreigner without any civilisational or cultural stake in India despite centuries of existence. However, this new Muslim imagination, Khan tells us, could not penetrate the cultural spheres like courts of the various nawabs who closed themselves to this colonial project (p 86). The story of this hegemonic expansion is elaborated in the subsequent chapter.

Islam's Others

It was left to the writers such as Nazir Ahmad, Altaf Hussain Hali, and Abdul Halim Sharar to transform the "opulent yet decadent" Muslim of the oriental tale into a modern Muslim, a bourgeois subject whose historical origins lie in Islam's glorious past (Chapter 3: "Nation/Qaum"). The groundwork for such apologetics had already been laid by Syed Ahmad Khan, the founder of Aligarh College. These three writers, according to the author, hardly display any interest in Indian civilisation, tracing Muslim origins to the founding moments of Islam, thus imagining a modern nation entirely in religious terms (p 92). Rather than being a home for centuries, India is understood as a geographic site in which

Islam gets corrupted. The effort in all such writings, therefore, is to make a Muslim home in which chaste and pure Islam could be practised. For example, in Nazir Ahmad's novels, the "successful" Muslim housewife is not just characterised by her diligence towards housework but also by the fact that she imposes what she considers "true Islam," an Islam which is anti-syncretic and desirous to purge itself from Hindu influences. This reformism also informs the works of Hali where the origins of Muslim *qaum* (community) lie in the Hijaz (where Islam originated) and its essence can only be "recovered once Muslims leave the foreign empire in favour of the Islamic caliphate" (p 117). Urdu literature, post 1857, therefore imagines the Muslim community as essentially foreign to India, very much in line with the thought process of British orientalists like Jones and John Gilchrist.

It was natural, therefore, that Muslims, "whose religion has been corrupted by living with the Hindus," would want to proclaim a homeland of their own. Following the orientalist discourse, Muslims had come to believe in their essential foreignness in India. Chapters 4 and 5 are devoted to precisely such an explication. In Chapter 4 ("Martyr/Mujahid"), Khan examines the writings of three "prolific, ubiquitous, and best-selling" authors: Rashid ul Khairi, Hijazi, and Butt. These writers inhabit the late colonial period and the newly created state of Pakistan, also the period in which the All India Progressive Writers' Association was making its mark. Khan makes it clear that she is not interested in the progressives (Sajjad Zahir, Ahmed Ali, and Faiz) which constitute a "break" in the Muslim imagination.

Her interest lies in the likes of Hijazi, because instead of rupture, their writings are continuous with the reformists such as Nazir Ahmad and Hali. It is important to note that Hijazi was very closely associated with Abul A'la Maududi, the founder and ideologue of political Islam in the subcontinent. In his novel *Muhammad bin Qasim*, Hijazi sets up the Islamic victory (*fatah* literature, opening up the land for Islam) of Sindh against the brutal and lecherous rule of its Hindu King Dahir. The foundational moment of Islam, therefore, not just becomes anti-Hindu but also gets divorced from any civilisational or cultural roots. It is not surprising, then, that history lessons in Pakistan starts with the arrival of Muhammad bin Qasim. Similarly, in Butt's novels, the Muslim can only find safety and stability in his own *vatan* (homeland), in this case, Pakistan. But at the same time, this homeland should be safeguarded from "bad Muslims" who are, regularly, identified as lax in religious matters. Calling for the establishment of an Islamic society, therefore, becomes imperative for all Muslims.

The story of the making of this Islamic society in Pakistan is narrated in Chapter 5 ("Modern Mecca") of the book where Khan interrogates the writings of popular writers like Ahmad and Nimra Ahmed. Excluded from the domain of literature by elite artists, these writers are immensely popular in Pakistan and their novels and stories are frequently serialised on television. In these novels, women appear closer to the Wahabi/Salafi Islam, rather than rooted in the nation's cultural matrix. Women characters overthrow the "secular" atmosphere in favour of the veil and despite being educated, are subservient to the husband and consider this subservience as the will of Allah.

What is more worrying, Khan informs us, is that in order to define what constitutes true Islam, these novels end up otherising the Hindu minority and even the non-conformist Muslims like Ahmadis (p 194). It is no coincidence that the violent targeting of non-Muslims and Ahmadis is almost routine in Pakistan. Khan argues that, among other things, this is also the result of how Islam is being imagined and practised; an exclusionary doctrine alienated from its immediate cultural context, always rooting to bring back the "golden age" of seventh-century Arabia. In other words, this is the Salafi/Wahabi Islam and its vision—to reorganise the society as exclusionary, violent, and radical.

Embedded Critique

There are two interrelated theoretical registers within which Khan situates her work: Orientalism and post-secularism. Through the literary tropes and Muslim imaginary employed in Urdu novels, Khan has been able to show that understanding Orientalism as a thing of the past is fallacious. The Muslim anxiety to separate its existence from anything "non-Islamic," so evident in various revival movements, is informed by European orientalism which privileged "pure scriptural Islam" over the lived realities of Muslims. For someone like Wajid Ali Shah, for example, the Nawab of Awadh, dance and music were an inalienable part of being a Muslim. But he gets attacked not just by the British but also Muslims for not being true to "real Islam," which supposedly abhors such cultural expressions. In trying to explicate the many meanings of being a Muslim, Khan largely relies on the magisterial work of Shahab Ahmed's *What Is Islam*, wherein the premodern Muslim past was not necessarily imagined as based solely on religious scriptures.

More importantly, Khan critiques the post-secularists like Talal Asad and Saba Mahmood who have argued the need to look at Muslim societies from within a "discursive and practical condition" that may lie outside the world view of western liberal secularism. Since Muslim women are central to the Islamic reformist project in the novels that Khan interrogates, it is worth recalling Mahmood's influential work *The Politics of Piety* which argued that feminine acts of religious submission can and should, in fact, be considered as acts of agency and self-determination. Khan shows that such an understanding not just ignores the political and social implications of such an analysis (p 173), but also fails to consider how such notions of Islam are in themselves the product of internalising Colonial–Oriental typologies of Islam (p 16).

Unlike the post-secularist gazing of the Orient by academics situated in the West, Khan's engagement with the subject comes from her situatedness within the Pakistani society. When religion-inspired lynching becomes commonplace, aided by a government that wants to create a "state of Medina," the task of the critical scholar must become the excavation of the genealogy of this discourse of violence and otherness. The author of this book has been able to do just that and, in the process, ensured that her book will have a long shelf life. The book will not just be of interest to academics but also to the policymakers and activists in the field who are grappling to make sense of the multiple mutations within Islam.

Khan points out that some of these novels like Farhat Ishtiaq's *Humsafar* and Ahmad's *Shehr-e-Zaat*, have been serialised on television and transmitted to record-breaking audiences. However, images are different from words in the ways in which these novels are processed and consumed. It would have been better if Khan would have devoted more attention to how these televised images of the new-found piety affect the consumption and eventual enactment of Muslim religiosity. But the larger problem/limitation of the book seems to be one of method rather than substance. Khan informs us at the beginning that she is not interested in pursuing the progressive stream within Urdu literature. The writings of Faiz, Manto, and Zaheer are not important to her as they do not resonate with the masses. But in the epilogue of the book, Khan falls back on the writings of one such progressive—Fahmida Riaz—to recover a "secular subjectivity" in Urdu literature (p 209). Are we to understand, then, that the political project of recovering a non-binary, non-othering, inclusivist Islamic piety, that the author is engaged in, must necessarily be constructed from outside the religious world view of Islam?

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Retrieving the Role and Contribution of Women in State Formation

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An Empire of Touch: Women's Political Labor and the Fabrication of East Bengal by Poulomi Saha, *New York: Columbia Asia Press, 2019; pp 319, ₹699, (paperback).*

Poulomi Saha proffers a scholarly treatise which eloquently pens an account of the political labour of the women of East Bengal. *An Empire of Touch: Women's Political Labor and the Fabrication of East Bengal* asserts that women have manifested their desires in their own terms through writing, in political actions, and also in stitching. Through her arguments, Saha tried to explain not just what a body is capable of doing or creating, but the host of social relations and somatic practices that communicate by the way of touch. The author drifts from the familiar trend of historical nationalist iconography of *Bango/Bharat Mata* and focuses on "unconventional" feminine subjects like virgins, spinsters, childless, widows, unwed mothers and factory workers. The voices of these women have been relegated to the periphery, which Saha tried to emancipate through her commendable scholarly endeavour. The author also attempts to showcase the role of women's labour in the journey of the state-building endeavours of three countries, namely India, Pakistan, and Bangladesh. However, she explains a methodological dilemma of postcolonial studies where, despite the centrality of women's labour in the anti-colonial protest and postcolonial state building, there is a conspicuous silence about the role of women in this framework. Resulting to the stern demarcation between the outer masculine worlds of politics in general and veiled feminine world of culture, the domestic life of kinship, feminised East Bengal and women's participation in political labour are virtually omitted. The book intervenes in this sphere and tries to retrieve the role and contribution of women in state formation.

Unearthing the narratives of literary texts, archival documents, and other historical and contemporary sources, Saha brought to light the history of East Bengal that later transitioned to Pakistan and finally became the sovereign state of Bangladesh. Postcolonial studies exerted substantial influence on Saha's work. However, she contemplated the aspect of postcolonial studies, such as the absence of the depiction of the Muslim experience and the domineering use of development. Saha's work asserts the limitations of archives, and in order to do justice to her research work, she borrowed facts extensively from autobiographies, historians, literatures, songs, performances, religious tracts, and other historical as well as cultural artefacts. In order to justify that women's desire is "potent, legible, political force in East Bengal" (Saha 2019), the author has amalgamated objects, bodies which manifests a holistic history of the women's struggle, in the aforementioned place.

Chapter 1 of the book, "Virgin Suicides," begins with a pen picture of a body of a young woman, lying dead outside of a colonial club on which she has launched an attack. The identity of the woman, whose body has been reinterpreted by the author eloquently, was the well-known freedom fighter Pritilata Waddedar, a young 20-year-old schoolteacher and member of the Indian Republican Army. Waddedar was hailed to be the first Indian woman assigned to the commission of the anti-colonial attack, who gave her life to the cause by opting for suicide to avoid arrest by the British police. In her work, Saha brings to our notice that Waddedar dressed herself as a non-Bengali male when she went for the attack and eventually died by suicide. Saha argues that it was a conscious decision of Waddedar to dress herself the way she did to put a statement. The body actually signified her protest: "a disruptive agrammatical iteration of resistance." Through her body, she not only rewrote the social text of "sati" but also articulated a form of political protest. In her case, the performance of sati was different from the conventional point. She was not a wife or a widow who was set ablaze; on the contrary, her action was considered as the reiteration of sati that has a difference in its constituent parts, disengaging it from the pyre and employs it as a form of political protest. Saha enumerates this unique narrative to manifest how the allegory of sati was changing with time. In this context, Saha responds to Gayatri Chakravorty Spivak's canonical question of whether the voice of the subaltern women could be heard. Saha argues that Waddedar left her body dressed in the cotton garb of a man as a manifestation of political protest. Hence, she proclaimed herself as a resistant female subject and made way for circuit of intimate political exchange.

Chapter 2, "The Fetish Touch," starts with Rabindranath Tagore's definition of the "nation" where the poet emphasises the ubiquity of its form and the hollowness of its character. Tagore expresses his concern, as according to his perception, the empire and the anti-colonial nationalism were two sides of the same coin. The chapter also highlights several deliberations and disagreements between M K Gandhi and Tagore. While Gandhi symbolised spinning thread at the charkha and khadi with India as a whole, Tagore, on the other hand, condemned Gandhi for the practice of spinning cotton thread as it produces a "fetish" which threatens the sovereignty of its maker. Thus, Tagore, in the words of the author, vehemently criticised the "fetish" with nationalistic labour as it strips workers of their humanity.

Chapter 3 of this book, "The Oceanic Feelings," argues that the encounter between psychoanalysis and colonialism in Bengal extends beyond the clinic into a literary imagination and onto the public stage of politics. Borrowing from Sigmund Freud's Oedipus complex, the author elucidated how motherhood became politicised in colonial Bengal. Saha also discusses about the character of Bimala, the young housewife of Tagore's novel *The Home and the World*. A new form of feminine labour of the Swadeshi movement comes to the forefront when Bimala, in the novel, asserts herself as the motherland despite being childless, having no militant male heir to defend or rescue her in despair. The first three chapters of the book enumerate the historio-literary world of pre-partitioned Bengal. The last two chapters, however, showcase the lives and labour of postcolonial Bengal.

Chapter 4, "Archive Asylum," delves into studying the case history of the rape victims, designated as *birangonas* or war victims, and it also discusses the duty of the state in providing them rehabilitation to reincorporate them into the mainstream body of the newly formed nation. Saha argues that the birangonas was a political term coined by the Government of Bangladesh, without being particular about naming sexual violence, specifically to convert the violence against women into an act of heroism.

The author further scrutinises the "Bangladesh's archive fever" centred on the women who were raped during the war of 1971, and in her own words, "it was tracing the lives of the rumour of fire." The valuable documents about the data of rape during wartime has been burned down to ashes repeatedly, Saha mentioned here the words of Foucault "an incitement to discourse," although it has been unattested. The academic researchers have termed the rape cases, which took place during the 1971 war, as a "public secret," which was almost forbidden to pronounce, especially those which had a connection with the place of occurrence and details of how those victims were placed in the "national memory." The fundamental idea of Bangladesh has been discussed in this chapter by the author, where the spontaneous augmentation of pontification of wartime rape and of birangonas laid the foundation. It is obvious that although the victims were termed as war heroes, the humiliation that was involved with these kinds of actions made the birangonas keep themselves hidden in spite of the national effort to bring out the violence during and after the war. Hence, it is self-evident that the birangona remained a vacant category socially, if not politically. This chapter is dedicated to emphasise that there is no secret involved for these unfortunate war victims as there is no cosy space for them to remain.

Chapter 5, "Machine Made," revolves around how the handicraft works repositioned these distressed women to come back to Bangladesh to the bodies it both "valorised and hoped to disappear." Economic independence, which was essential for these women to come back to the mainstream of the society, was provided by the arrival of the sewing machine, financed and promoted by the Grameen Bank. In this chapter, the author critically discusses how the non-governmental organisations of Bangladesh played the role of mediators between the state-based citizen services and private mechanisms for the poor and peripheral women of Bangladesh.

The book took Bangladesh as a research field to exhibit the situation of textile-bound people and body. It opened with the importance and magnificence of Bengal Muslin. It is a truism that Bangladesh commercialised *kantha* but how this was integrated in the larger historical narrative of the book is sometimes not clear. Chapter 3 of the book might have shed more light on the specific need of the Bengalis of constructing an image of *Bharat Mata*. Although, the book is packed with information, the chapters would have been more comprehensive if it had taken into account the nuances of the deplorable infant mortality rate in 20th-century Bengal.

The body of the mothers of the subsequent Bengalis towards whom the sexual desires were proscribed were expected to be educated and healthy to reproduce healthy sons. They were considered to be the procreators of the future Bengalis. Consequently, motherhood and nation-building were pronounced in the same breath during the colonial period. This further developed the bond between the mother and the son. The books talk about the rape victims of the 1971 Bangladesh war but remains silence about the other victims of molestations in colonial Bengal and post partition. How were they treated? Several contemporary newspapers published from Bengal highlighted the fact that the number of outlaws and their operations were escalating steadily in Bengal from 1910 (Basu 2017). To combat such problems, the women voiced their own inclination to regain their vitality and organise their own clubs. Deepali Sangha established by Leela Roy was one among many. The book talks about history and symbols. Hence, it would have been more interesting if she studied the establishment of clubs by the women in Bengal. The establishment of the clubs by the women can also be seen as a symbol through which women articulated their political desires.

However, the book can be an example for its unique methodology to take up textile, texts, and arts as plots to critically analyse the political expressions. This eloquent feminist account of women of East Bengal draws parallels and contrasts with sati and suicide of female nationalists, kantha and women's voice in family heirloom versus those made for fair trade movement. The elaborate chapters brought in complex analysis of Freud, Jacques Derrida in different contexts which makes it a valuable asset to many interdisciplinary fields of studies. It is a must read for the votaries of women's studies.

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A Defence of the Extraordinary?

ARNAV SETHI

In Defence of the Ordinary: Everyday Awakenings by Dev Nath Pathak, *New Delhi: Bloomsbury, 2021; pp xxvi + 249, ₹1,299.*

The ordinary, along with its cognate terms, including the mundane, banal, usual, commonplace, normal and so on, connotes both a value attribution or judgment and perhaps also a statistical significance. That which is supposedly ordinary is also often the most frequent, statistically speaking. The extraordinary, on the other hand, is not only a deviation from the "normal" and thus statistically infrequent, but it is also accorded value—either negative or positive—of a different kind than that accorded to the ordinary. The ordinary and the extraordinary are thus both qualitatively as well as quantitatively distinct. Qualitatively, they are valued or judged differently and thus their social desirability differs. And the quantitative distinction may be discerned in terms of the statistical frequency of the phenomena. So, for instance, an artist becomes an extraordinary one not only through positive value attributions but also through a process of establishing oneself as one among the very few.

At the same time, a natural calamity like a flood is an extraordinary circumstance not only because it is negatively valued and undesirable, but also because it is a relatively rare occurrence. A person with a mental illness is suffering from an extraordinary condition not only because they may behave in socially undesirable ways, but also because the symptoms that such a person experiences do not present themselves as frequently in the rest of the population. Therefore, in this analytical frame, the qualitative distinction between the ordinary and extraordinary in terms of the difference in normative value attributions of social (un)desirability is only a necessary but not a sufficient condition to distinguish the two kinds of phenomena. The sufficient condition perhaps comes to light in terms of the (in)frequency of the occurrence. Within this scheme of things, several permutations and combinations of what may be considered ordinary or extraordinary are possible.

Introducing the Argument

It is in this context that this book argues against the idea that the ordinary is usually undesirable and thus something to be overcome. Dev Nath Pathak draws upon a noteworthy range of natural, social and popular cultural phenomena—including poetry, songs, films, literature, child-rearing practices, friendship, marriage, politics, religiosity, festivals, mythology, seasonal variations and so on—to substantiate his argument about the problem of conflating the ordinary with mediocrity. Right at the outset, the author asserts, "it looks like the world is eager to overcome ordinariness" (p 3). In this way, the author reminisces and reflects upon several of his own experiences as a student, scholar, teacher, father, lover, friend and so on, to invite the reader to the exciting possibilities of the ordinary.

The book is at once a celebration of the ordinary, and at the same time, a yearning for a reconsideration of our sense of the ordinary. The latter tendency is expressed in some chapters as a lament for a particular kind of old-world nostalgia and romanticism; and in others, as a sharp and vociferous critique of the reckless objectification and technoscientific rationality that accompanies the promise of modernity. The "analysis"—though the author is outrightly disapproving of that term and practice in this book—employs wit, sarcasm, humour, ridicule and a number of other rhetorical devices to make visible the hitherto obscured significance of the ordinary.

While this is a book about the ordinary—its dynamics, its embedded meanings and ultimately its celebration—it is in no way an ordinary book. In Chapter 1 itself, the author offers a curtain raiser to the reader: that this book does not follow linear distinctions between pronouns; and in keeping with the true spirit of the ordinary, the narrative style is consciously one that defies the rules of grammar. This unfamiliar style of writing may seem like an obstacle but the author sees this as an opportunity for the book to bring out the dynamics of the ordinary. But, by taking a position against the "ordinary" rules of grammar, the author's writing style is really "extraordinarily" novel!

Predominant Sensory Modalities

A recurrent theme in the book is the moral culpability of contemporary academics in their relentless efforts to defame the ordinary. In his succinct discussion of the hierarchy of sense organs and the predominance of the visual over the auditory, Pathak pertinently brings out the general academic tendency to treat the heard testimony as treacherous. In this way, the seen stands robustly as it constitutes absolute evidence, in complete contradistinction to the seeming treacherousness of the heard. And perhaps this extraordinariness of the seen can be understood in terms of its conflation with evidence and truth claims, particularly in the empirical sciences and in juridical-legal discourses.

But if one follows the analytical scheme presented above, this way of seeing is perhaps the most commonplace or ordinary, at least from a contemporary standpoint. The author offers us several instances of the interplay of the senses since, as he argues, hearing aids in visualising. He painstakingly unravels what he terms as "ordinary" ways of seeing, by drawing upon fascinating popular cultural phenomena, including Hindi film songs, mythological tales, literary fiction as well as the eulogising poetry of Surdas, Mira, Kabir, and Tulsidas.

But these non-literal and non-linear ways of seeing, which do not necessarily correspond with things out there, may then be considered "extraordinary" ways of seeing, in our scheme of things. As the author argues, for those like Sanjay of the *Mahabharata*, whose mental visions of the battlefield were taken extremely seriously, "their seeing was more than *merely* seeing" (p 24). From a modernist standpoint, these "alternative" ways of seeing may be extraordinary since they are not only infrequent but also require a certain conscious awareness and profound cognitive skills. In these ways, they go beyond the ordinary ways of seeing merely that which is out there to be seen, which then constitutes evidence of the absolute truth. This may invite the reader to critically think about what really constitutes this "ordinary" that the book prescriptively attempts to "defend."

Ordinary Emotions, Extraordinary Expressions?

In his critical discussions of ordinary emotions, the author brings to light the deeply felt and visceral dimensions of emotions that are often trivialised as we tend to privilege only "thinking of" emotions. Detailed descriptions of everyday life instances and experiences lead him to argue that we have no qualms in performing what he has termed "fake emotions." At the same time, the author also alludes to what I see as the problem of conflating emotional experience with verbal expression. The author asks whether we consciously decide to be split personalities, feeling one emotion but expressing another. So, in this thought-provoking formulation, expressing emotions truthfully turns one into a deviant, an outlaw and an abnormal, according to the book of social norms, the law book, and the book that scientifically defines normal behaviour, respectively. Thus, Pathak brings out the irony of our times: "one cannot freely emote, even though one is living in times inundated with emoticons on the phones!" (p 44).

While the author is concerned about the pathologisation of "truthfully" expressing emotions—a behavioural practice that supposedly characterises one as abnormal, according to the scientific book that defines the limits of normal behaviour—as well as the problem of not being able to emote freely in contemporary times, it is perhaps tenable to point out that the same book that scientifically defines normal/abnormal behaviour in fact also pathologises diminished emotional expression. This, according to our initial scheme of ordinary versus extraordinary, is then an extraordinary condition, according to that scientific book called the *Diagnostic and Statistical Manual of Mental Disorders* (DSM-5) of the American Psychiatric Association—one of the most authoritative textbooks of psychiatric nosology that the author is perhaps implicitly referring to. This then begs the question: What precisely amounts to "true" emotion or the "truthful" expression of emotion? If the overt expression of "true" emotion is the ordinary that has been lost and thus ought to be defended against the extraordinary attempts of the family, teachers, and other social institutions to prevent us from becoming "emotional fools," where does it leave that psychiatric abnormality called diminished emotional expression? An inverted version of the author's argument is perhaps instructive: the truthful expression of emotion as an extraordinary attribute that one longs to see in a person, juxtaposed against all those ordinary teachings about the ills of being emotional.

In this analytical frame, the psychiatric pathology of diminished emotional expression remains what it is: an extraordinary condition of psychopathology that is negatively valued, socially undesirable and thus pathological. From this standpoint, one may also advance an argument against the medicalisation and/or psychiatrisation of society, premised upon the pathologisation of both "truthful" and diminished emotional expression. So, the book could have made this distinction between "true" and "fake" emotions more lucid. This would not only enable a consideration of the existential implications of such a binary, but also a rethinking of the underlying assumptions about ordinariness and extraordinariness upon which the binary is premised.

But the implicit binary of fake and real or true emotions also brings to light the question of the extent to which emotional expression is congruent to emotional experience. For instance, was the protagonist of the movie *Joker* performing fake emotions because of his recurrent laughter during social interactions, despite writing deeply poignant accounts about his emotional experiences in his personal diary? Such a binary will lead us to ask these ordinary (ethical) questions about such extraordinary persons. Pathak also pertinently argues that non-verbalised emotion should not be ruled out simply because one has not taken the pain of looking at it (p 45). However, as we see in the case of *Joker,* the non-verbal is not ordinarily expressed. It is most often an extraordinary expression in non-verbal mediums, including the written word, poetic expressions, songs and so on. In this particular context, we are again led to revisit and rethink the prescriptive idea of defending the ordinary.

Extraordinary Avenues to the Ordinary

These themes of the mundanity soaked in emotions and the ordinary enactment of extraordinary visions discussed thus far also come to light in subsequent chapters on persons like Ramakrishna Paramhamsa—who the author sees as an ordinary lover. While Pathak is tacitly open to the possibility of the mystic's extraordinary visions—again, one of the most appropriate "symptoms" of psychiatric pathology from another standpoint —he emphasises the ordinariness of Paramhamsa's mundane activities. For Pathak, such a characterisation motivates a celebration of Paramhamsa as an exemplary model of experiential freedom. But the mystic's extraordinary visions, which at once make him a "psychotic" patient from the standpoint of conventional (biomedical) psychiatry, and someone who is endowed with exceptional powers from a non-Western standpoint of healing, actually constitute the prism through which the ordinariness of his enactments come to light. So, the extraordinary here provides a window to that which may be considered ordinary. This conceptual theme can be discerned in several chapters.

In other chapters, the author also advances a powerful critique of our recent collective tendencies to repress and penalise ordinary expressions of humour and dissent. This may be read as a critical commentary on the contemporary sociopolitical moment wherein the criminalisation of several forms of dissent, including comedy, is commonplace. The author's existentialist interpretation traces one of the first articulations of protest in the newborn baby's crying. Pathak argues that protecting the right to protest, which is a crucial human right enshrined in law, entails the most respectful attitude to the ordinariness of humans (p 73). But is protest really so ordinary? Is it not an extraordinary act of courage to stand strong in the face of oppression and raise one's voice in protest? As I write this essay, these extraordinary acts are being increasingly reported from ordinary citizens in Ukraine, who stand firm in their resolve to protect the sovereignty of their country during the ongoing war with Russia. Across time and space, such acts have often been referred to as "heroic," owing to their extraordinariness. We can only begin to think of the ordinariness of protest through some of these heroic or extraordinary acts of dissent.

Concluding Remarks

Therefore, there are several such instances in the book that not only delineate the extraordinary as an important window or avenue to gauge the significance of the ordinary, but also lead us to critically think of a romanticised ordinary as really that rare extraordinary—that is truly remarkable, exceptional and endowed with immense possibilities—according to our initial analytical scheme. This will perhaps also enable us to re-examine the seeming simplicity, innocence and imperfection of the ordinary.

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Linking Public Action

Kerala's Challenges in Comparative Perspective in the Years of the Pandemic

OLLE TÖRNQUIST

Kerala suffers less from clientelism, authoritarianism, and neo-liberalism than many other parts of the world, but it is affected by the universal dilemma of how to unify numerous actors and build democratic links between the local, the wider government, and the economy. This article's comparative insights indicate that the state requires democratic partnership governance to avoid parties and individual leaders cornering power.

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Kerala has again testified to the importance of having decentralised governance and public action. During the floods in 2018 and 2019, local governments combined state support with their own resources and those of civil society, facilitating, for example, the participation of the fisherfolk and other volunteers in the rescue work. Similarly, in fighting the Nipah virus in 2018 and the COVID-19 in 2020, the Left Democratic Front (LDF) Health Minister K K Shailaja and her team, backed by Chief Minister Pinarayi Vijayan, and Finance Minister T M Thomas Isaac (a pioneer of decentralised people's planning), among others, could immediately, from January, support and rely on local governments and civil society in containing community transmission and "flattening the curve." The measures included educating residents, tracking the spread of the viruses, and organising local quarantines, along with providing food and welfare, especially for vulnerable sections of the population (Chathukulam and Tharamangalam 2020; Heller 2020; Isaac and Sadanandan 2020; Rahul and Ranjith 2020).

In April and May 2020, however, numerous challenges occurred that were difficult to handle locally. We shall return to the details, but the hurdles indicated how decentralised governance and action alone were insufficient. Comparative insights point to two basic dilemmas. First, the political and economic context. Second, whether and how it is possible to link local governance and public action to wider arenas and efforts.

This article focuses on the links and joint actions, given that they are crucial to improving contextual conditions. Most excitingly, after several months of uphill effort to handle the challenge, the Kerala LDF managed by late 2020 and early 2021 to design a way of linking the local to broader efforts. Not so much with regard to the struggle against COVID-19 as such, but, equally important, to social and economic challenges. The new links were initiated within the framework of comprehensive welfare, development, and job creation policies—which in turn paved the way for electoral gain. This dynamic supports the results from comparative studies, which indicate that similar priorities are potentially unifying and transformative, if governed democratically. But first the general challenges.

Context Matters

Decentralisation and local action do not make sense in all contexts. In Sweden, for example, it is now clear that privatisation (including subcontracting) and new public management have undermined impartial and democratic local governance of public welfare.

Similarly, decentralised governance and public action often suffer from ethnonationalism, as in Eastern Europe, and religious-nationalism, as in the case of the Sangh Parivar in India. This is in addition to clientelism, neo-patrimonialism, and, at times, warlordism, as in West Asia and North Africa. Much of the same applies to the processes of decentralisation in Indonesia and the Philippines combined with political bossism. Usually, top-down intervention, as in parts of East Asia or in Bonapartist France, is no solution. The same applies to party dominance, as with the African National Congress (ANC) in South Africa and the previous Left Front in West Bengal (Törnquist 2021a).

Some of all these hurdles are present in Kerala too, but to a lesser extent, as its decentralisation and public action benefit from a comparatively favourable history of social-religious reform movements and popular movements for equal citizen rights and land reforms (Tharakan 1998; Harriss and Törnquist 2016a).

Primacy of Links

The second, and less often talked of, general dilemma, however, is as important in Kerala as elsewhere. It relates to the links and coordination between the local and the wider government, economic sectors and markets, public and private actors, and local, workplace and statewide actions. Building such links is not easy. Even the authoritarian Chinese Communist Party was unable to coordinate development in the scattered people's communes in what Vivienne Shue (1994) called a "cellularised" economy. It therefore conceded to Deng Xiaoping's market reforms, which nourished collusion between politicians-cum-party people and businesspersons. So the key question is whether there are democratic alternatives.

Case of Sweden

As mentioned, not even the celebrated Swedish public administration and welfare state have stood tall. In addition to being undermined by privatisation and new public management, especially in the case of the care for the elderly, much of the solid, although at times rigid, state direction, along with partnership governance, has been decentralised. Power has passed on to semi-autonomous regions and municipalities with councils elected in conjunction with the general election. This political and economic devolution sounds fine, but multilevel governance makes it hard for people to find out who is responsible for what, to keep politicians and administrators responsible, and to cast their vote based on sufficient information.

Moreover, the central government and state authorities have proved to lack the power to address crises such as the pandemic. Most operational responsibilities are with 21 different regions, which are not always well-coordinated, and suffer from poor synchronisation with their 290 municipalities. Hence, it was difficult to decide on quick, radical measures to contain the virus, such as testing, tracing, and selective lockdowns to reduce the high rate of transmission and implement them. When the government and the central authority finally insisted on massive testing and tracking, the implementation stumbled over confused governance and limited capacity, even though central funds were made available.

Similarly, while the care for the elderly is to be handled by municipalities, the regions remain responsible for their medical care, which they have neglected—and the coordination between the two is bad. To make things worse, the regions and municipalities have their own central confederation, which is not a part of the public administration, and is not subject to the rules on democratic transparency and impartiality. It often serves as an employer organisation and pressure group. Equally deplorable, the contributions by civil society were fragmented and the historically celebrated cooperation between unions and employers was often neglected, including with regard to workplace safety.

This is not to argue in favour of central statist commands and complete lockdowns, as has been the practice in many other countries, usually without better results. Swedish citizens, especially those of a certain age, have obeyed public recommendations to the same extent as people in most European countries that have imposed compulsory measures. The major causes for the Swedish debacle are that new public management and poor linkages between various parts of the public administration have reduced the capacity of the state to decide on and quickly implement preventive measures, provide medical services, protect the elderly, and conduct mass testing and tracking.

Case of India

Another important insight may be illustrated with the impressive rights reforms in India during the centre-left United Progressive Alliance (UPA) governments between 2004 and 2014 (Ruparelia 2013; Harriss 2016; Törnquist 2021a). The National Advisory Council under Sonia Gandhi facilitated numerous social activists, concerned scholars, and administrators. The reforms included the Right to Information Act, 2005, which mandated government agencies to release information about their activities to citizens upon request. The remarkable National Rural Employment Guarantee Act, 2005 (NREGA) ruled that adults in every rural household had the right to 100 days of wage employment from the state. The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 gave tribal communities the right to traditionally cultivated land and protected and conserved forests. Another law was making education for children under 14 free and compulsory, and the National Food Security Act, 2013 aimed to provide subsidised food to two-thirds of the population.

There were certainly several problems. One was that much of the support was targeted, not universal, which reduced enthusiasm among the growing, aspirational middle classes, for whom there was not much in the programmes. Another was that the rights and welfare measures neglected health and education. Yet another was that the reforms were separated from the liberal economic policies, rather than designed to transform them into a comprehensive welfare-based economic strategy.

But the most fundamental hurdles were related to implementation. The reforms suffered from a generally poor standard of public administration. A 2011 bill on citizens' right to timely delivery of goods and services and redressal of their grievances was never enacted, only applied in several states in watered-down forms. Equally serious, the grassroots were rarely organised. As well put by political economist John Harriss (2016), the impressive schemes were more top-down than anchored in the experiences and commitments of progressive popular movements and organisations. In other words, the linkages with the grassroots were inadequate. Following the left's poor performance in the 2009 election, activists and beneficiaries could not do much to improve things. This impotence worsened after the Bharatiya Janata Party (BJP) gained power in 2014 and even diluted the rights programmes, largely relying instead on a divisive popular base and semi-private relief through the Sangh parivar.

Case of Kerala

In contrast, activists and scholars in Kerala had done better from the mid-1980s onwards. They started with civil society campaigns such as those for literacy, group farming, and resource mapping, in cooperation with sympathetic politicians and administrators. This was followed in the mid-1990s by decentralisation and the People's Plan Campaign. Both fostered change from the bottom up—based on local priorities and governance, within the framework of general instructions from the Kerala State Planning Board. Equally important, there was new democratic space for popular action, beyond party–partisan organisations and an opportunity to reinvent them (Isaac and Franke 2000; Törnquist 1995, 2021a).

It is true that some corruption was also decentralised in this process; that the institutionalisation of popular participation was delayed; that production was not prioritised on the ground; that the development seminars were closed down after some time; and that the attendance in gram sabhas diminished. Mostly, the middle classes stayed away, including unemployed educated youth, as there was little for them in the targeted benefits. Finally, from the 2000 local government polls and 2001 state assembly elections, political leaders and parties hijacked the process, and the focus on a negotiated local unity based on welfare and development priorities was undermined (Törnquist 2021a).

In spite of this, not everything was lost. Until today, much of the state's planning budget is for local development and there are functioning village, block, and district governments. The state and the people can relate to them. Since 2016, there have also been missions to coordinate state departments' and agencies' work in support of the decentralised responsibility for health, schools, housing, and waste and environmental management. In addition, there are a myriad of local issue and interest associations, and some of the popular action has survived, especially the women's Kudumbashree labour groups with 4.5 million members in about 3,00,000 neighbourhood groups (Heller et al 2007; Isaac 2014; Rajesh 2020; Martin 2021).

As noted earlier, Kerala's struggle against the floods as well as the Nipah and COVID-19 viruses proved how crucial the new decentralised governance, local popular space, and public action really were. To contain COVID-19, local health authorities and civil society joined hands for several months by informing citizens about how to avoid the virus, tracking infections, arranging local quarantines, providing food and welfare, and initiating economic self-help projects. This was remarkably successful and based on equal civil rights and democracy (Chathukulam and Tharamangalam 2020; Heller 2020; Isaac and Sadanandan 2020; Rahul and Ranjith 2020). Its leaders and activists even acquired fame world wide (Spinney 2020).

Unresolved Hurdles

The rights activists in New Delhi (from 2004 to 2014), who started from above and prioritised broad reforms, suffered from insufficient implementation through local governments and their sociopolitical base among the grassroots. But the Kerala campaigners (from 1980 to 2000), who started from below and benefited from a solid base, never managed to fully link their local roots and actions with democratically governed wider programmes and citizen action movements. These weaknesses became obvious by April and May 2020 during the struggle against COVID-19, when local action proved insufficient (Chathukulam and Tharamangalam 2020; Törnquist 2021).

Most obviously, there was, by then, a need for broad state-level welfare schemes to guarantee people's livelihood and support production. Further, local action could not handle the increasing conflicts with the central government on how to monitor the health status of the huge number of migrants returning home. There had to be joint measures, beyond the communities, to fight the increasing community transmission of the virus and handle the extensive travel when the Onam harvest festival came around. The recommendations on social distancing and mobility to contain COVID-19 were sometimes too zealously enforced, which in some cases even called for police intervention. Meanwhile, local elections were on the horizon, and it was hard for politicians to insist on strict discipline; party priorities and the lack of a unifying overall policy disrupted joint local action against the pandemic.

On the state level, the handling of sensitive individual health data was politicised and issues beyond the urgent common challenges were blown up in the media, such as a gold-smuggling case involving a secretary of the chief minister (Krishnakumar 2020a, 2020b, 2020c). By early 2021, community transmission in Kerala was among the highest in the country (Maya 2021). In short, the initial local containment of the pandemic was not followed up with sufficient statewide measures and coordination. Thus, there was a risk that top-down governance and paternalism would overtake the efforts at a democratic combination of public and citizen action.

As already indicated, these dynamics brought to mind crucial unresolved problems during the bottom-up struggle for popular development from the late 1980s to the early 2000s (Törnquist 2021a). One is that even though there are now many more local development-oriented associations and action groups that address various grievances (Velayudhan 2020), their prime rationale is still not to link groups and issues in other local settings. And when they try, it is difficult. Beyond the local level, there is a shortage of forums for cooperation and negotiation with various partners. So the focus is often on action for special issues and demands—and on gaining patronage from political leaders. The major partial exception is the Kudumbashree groups. Meanwhile, synergies with the "old" organisations and movements related to production and work, such as unions and farmers organisations, remain poor. Historically, they used to provide the much-needed linkages. But now, for decades, they have been subordinated to the priorities of political parties and lost their focus on popular development and universal welfare.

Similarly, the original focus on issues that can be addressed and resolved locally continues to make it hard to consider linkages with the "outside world," including broader markets, modern economic development, extensive labour migration, and remittances. At the same time, there is no formula for comprehensive planning, including environmental concerns, both public and private assets, resources, and investments.

The ideological priority of grassroots-oriented activists was to shape and expand "non-capitalist" spheres of popular development, maybe as a step towards people's communes. But building local alternatives was difficult to combine with struggles to tame and alter the wider frameworks where capitalism remained dominant. And while there was a general model for linking central and local planning, this was mainly about general principles and the primacy of local needs and resource mobilisation. This was fine in many ways, but it remained unclear as to how local priorities would fit into a broad transformative reform programme, if any, that could link actors, sectors, and multiple levels of governance.

New Road Maps?

In theory, some of the missing links can be constructed by centralist and high-handed means. This seems to have been important in places that most successfully contained COVID-19, though the efficient actions in East Asia were rarely by force. Nor were they in the form of complete lockdowns, as frequently attempted in Europe. That was only applied when the contagion went "out of control." The successful countries relied instead on their experiences and infrastructure from the previous containment SARS. The main methods were early, speedy, and continuous mass testing and contact tracing, along with instructions about physical distancing, hygiene, and quarantine.

However, of course, the efficient implementation of all this seems to have called for centralised apparatuses with undisputed authority to collect personal data and information to trace people and instruct them how to behave (Kheng and Heymann 2020; Sundrum 2021). And later on, the powerful leaders obviously ignored the need to follow up with a massive vaccination programme. Are there no more liberal and democratic ways of coordinating resources and actors?

Kerala managed through local public action, until it had to be coordinated and supplemented on a wider scale. The local advances in Kerala were remarkable. Generally, in the global South, and increasingly often elsewhere too, such as in the United States (US), impartial democratic governance is rare. The trust in the usual links between state and society—the public administration and the judiciary, political parties and leaders, related organisations, media and networks—is limited.

One useful historical insight into the problems and options is the rise and character of the equal citizenship rights in Scandinavia (Harriss and Törnquist 2016; Sandvik 2016; Svensson 2016; Trägårdh 2007). This did not only rest with the relative independence of propertied farmers and their role in pre-democratic local governance, along with the church, the gentry, and the bourgeois. With rapid industrialisation in the second part of the 19th century, the local format proved inadequate for providing relief to the increasing number of impoverished labourers. Democratisation through elections, parties, and parliament was fine, but self-help was insufficient. So there had to be universal welfare state programmes too. Yet, how would it be governed?

In the face of these challenges, and to manage public programmes, the labour movement did not want to reinvigorate the "bourgeois state apparatuses" run by authoritative bureaucrats. So a system of democratic partnership governance was negotiated on policy development and implementation. This was based on a democratic representation of the organisations of employers, labourers, and professionals—beyond party partisanship—combined with impartial administrators and independent experts. As the benefits became increasingly universal, middle-class people also gained from them. The system comprised public committees (with the representation of the various partners concerned) to prepare government proposals with wide public consultations and hearings. This fostered general trust in the welfare system. During half a decade, this partnership governance in the place of bureaucratic and party dominance generated vibrant and stable links between the state and society, and the central and local, and prompted coordination among all actors. This would have been a good complement to a liberal parliamentary democracy.

The Scandinavian partnership model may still be a source of inspiration, but it obviously cannot serve as a blueprint. For one, it rested on high state capacity, strong national and democratic issue and interest-oriented organisations with a capacity to represent, negotiate, and discipline parties and politicians. It also required favourable governments—all of which are endangered spaces in the global South, even in Kerala. In addition, the preconditions have now been undermined in Scandinavia, especially in Sweden—from inside by "iron triangles" and weakened popular movements, and from outside by neo-liberalism (Therborn 2018; Törnquist 2021a).

Yet, the need to somehow develop governance through a crucial democratic partnership, to foster links in society and the state, and between them, is as important as ever. As noted, the authoritarian road maps have not been very successful, and there are signs of more democratic options. In the comparative research that I have been involved in, the positive signs relate to struggles for broad reforms in favour of welfare-based development (Törnquist and Harriss 2016a; Törnquist 2021a).

The Kerala Twist

But let us first return to Kerala in mid-2020, when there were good reasons to be concerned about the problems in scaling up the initially successful local public action to contain COVID-19 (Krishnakumar 2020a, 2020b, 2020c; Chathukulam and Tharamangalam 2020; Törnquist 2021). The problem was not just administrative and organisational links and coordination for the containment of the virus, especially given the rising community transmission and the need for large-scale testing and tracing. Perhaps even more important, it was also about an increasing number of people, including returning migrants, without employment and livelihood, adding to the already high rate of unemployment, especially among the educated youth. Meanwhile, the hostile government in New Delhi made every effort to reduce the capacity of the Kerala government. And the upcoming local elections in December meant that all kinds of mistakes and issues were blown up.

Remarkably, however, these dynamics soon changed. Finance minister Isaac not only promoted participatory local governance, which was now basic to Kerala's ability to stand tall, but also found ways of improving private and public resource mobilisation. This included making use of cooperative banking and the controversial Kerala Infrastructure Investment Fund Board (KIIFB), which provided some leeway in the face of New Delhi's hostile budget policy. Meanwhile, it was possible for health minister Shailaja, in particular, and chief minister Pinarayi to mobilise the people against COVID-19 and provide inclusive welfare measures.

In other words, the main reason for the new opening in Kerala seems to have come from the effort of the LDF to prioritise combining state-financed and coordinated welfare, and job-generating reforms, with local contributions and implementation. In addition, extra efforts were made to include liberal allies in an electoral alliance and to trust local candidates with good records in social and development work. For example, 70% of the seats reserved for women in the local bodies were reported to have been won by Kudumbashree members (Martin 2021).

This response to the multiple crises in health, livelihood, and development did not fully solve the COVID-19 problem. But it addressed people's social and economic problems by connecting various parts of central and local public governance, catching the imagination of numerous activists and the wider electorate, including the increasingly vulnerable middle classes. The outcome was a compelling victory in the local government elections despite all the hardship and harsh criticism from New Delhi and the local opposition. The LDF sustained its remarkable result from 2015 (with a clear majority of the gram and block panchayats, 11 of the 14 district panchayats, and almost half of the number of municipalities and corporations) (Krishnakumar 2020d; Kerala Bureau 2020; Philip 2020).

Most importantly, on the one hand, the politically successful combination of welfare and inclusive development policies and, on the other, local governance and contributions, along with state-level direction, paved the way for drafting a more visionary long-term budget, backed up by the state planning board (GIFT 2021). This served as a basis for the manifesto of the May 2021 assembly elections, in terms of what finance minister Isaac called "a new edition to the Kerala Model" (*Hindu* 2021).

In contrast to the emphasis on local priorities, self-help, and resource mobilisation in the 1990s, the new vision focused on supplementing local public action with, for example, electronic platforms for temporary jobs and combining it with major state-driven investments in infrastructure, education, and training, along with private investments in value-added production. It was, thus, bold to bet on the educated youth, and promote internationally competitive and environmentally sustainable "knowledge-based development" (Anand et al 2021; *Newsclick* 2021). The vision looked beyond the reliance on remittances from migrant labourers in the oil-based Gulf economies. In a major conference on the new priorities for Kerala, Indian industrialists and Nobel laureates Amartya Sen and Joseph Stiglitz lent their support to the state's cause (Kerala Looks Ahead 2021).

The political outcome was that an incumbent government, for the first time in 40 years in Kerala, was re-elected (Cleetus 2021; Dennis 2021; Krishnakumar 2021; Menon 2021; Prasad and Devvis 2021; Sunilraj and Sasikumar 2021). The results of a special post-poll survey conducted by the Lokniti-CSDS for the *Hindu* were unambiguous—voters did not vote for a person but for a party and its politics; they appreciated the effective and socially just manner in which natural disasters and the pandemic were managed, and they were positive about the development plans.

In other words, Kerala and the LDF did what European social democrats failed to do–counter right-wing identity populism with internationally viable welfare-based development policies. Equally important, the electoral results indicated that this was possible when not only the less fortunate people, but also the middle class, including the migrants, who had drawn on Kerala's health and education polices to make their way individually in the neo-liberal framework, realised that they too were in need of public welfare and development policy support.

But will it be possible to take the full advantage of the new opening and implement the new vision? At the time of writing, it is still an open question; for example, how the wide engagement in favour of democratic local governance, resource mobilisation, and new development priorities will be able to influence (and be represented in) the new political administration.

Comparative Encouragements and Worries

Promisingly, the Kerala opening reminds of those in other contexts. Kerala's consistent land reforms and lack of attractive commodities such as crude oil meant that it was not up against strong oligarchs—who often prefer to invest in extractive and not inclusive development—as, for example, in Brazil when Lula da Silva and Dilma Rousseff tried their best. Even in parts of the global South such as in Indonesia, with weaker and more fragmented civic and popular organisations, it has proved possible, over a decade, to build broad local and national alliances of unions, informal labour groups, civil society organisations, and politicians behind comprehensive welfare and development reforms. The best example of its success was the campaign for the national public health reform in the early 2010s (Djani et al 2017; Törnquist 2021a).

Yet, there are also worrying lessons in Indonesian and other international developments (Törnquist 2021a). One is that there needs to be a chain of transformative reform programmes. In Indonesia, the leading actors and related think tanks did not prepare follow-up reforms. So the broad alliance and transformative process came to a halt.

Another stumbling block is that paradigmatic models call for adaptation in other settings. Among others, the social democratic growth strategy from Scandinavia, also adopted by the International Labour Organization, presupposes a good capacity to create new jobs when old ones disappear as a result of social pacts to combine improved productivity with better conditions for labourers who keep their jobs. Consequently, the model is less fruitful in countries with huge numbers of informal labour and the unemployed, tragically illustrated by South Africa. In these contexts—and Kerala is among them—there must also be forceful supplementary policies to generate more decent and important jobs (Nattrass and Seekings 2019). Encouragingly, this seems to be a priority in the new Kerala plan (Anand et al 2021; *Newsclick* 2021).

The other major worry, however, is unresolved in Kerala as well. It is that there must be representation and inclusive negotiations with all major partners that are affected to design, finance and implement welfare-based development reforms. This would include employers as well as unions, organisations among informal labour and professionals, and issue-driven groups such as for women's and indigenous people's rights and the environment. In addition, the reforms need to be comprehensive rather than separate. Talks about minimum wages, for example, are harder if one cannot also consider employment conditions, job creation, and welfare programmes. The institutions and practice of this kind of democratic partnership governance have usually been neglected. In Indonesia, for example, there was no framework to negotiate general agreements on wage levels, employment conditions, and welfare measures. And there was a poor representation of the parties concerned, especially from among unions and organisations of informal labourers. The unfortunate substitute was leftist and rightist populism and transactional deals, followed by confrontations and losses for the progressives in particular (Törnquist 2021a).

Similarly, citizens' local associations must work together at the central Kerala level. Otherwise, the outcome will be as in Brazil where the participatory budgeting in Puerto Alegre and elsewhere could not stop the corruption in Brasília, the capital. And the risks involved if a dominant party tries to be a substitute are more than obvious from, for example, South Africa and West Bengal (Törnquist 2021a).

Kerala Might

In Kerala, the struggle for decentralised public action and development was guided by the state planning board, which provided instructions about consultations and broad agreements on local priorities. As we know, there was less focus on comprehensive policies and planning. Beyond public investments, it was difficult to consider private assets and resources, as well as the economy outside the local setting and the coordination of local popular action in wider arenas.

Fortunately, some of this may now be addressed in the context of the statewide welfare and economic reforms that were indicated in the five-year budget plan and the conference, "Kerala Looks Ahead" (2021). In other words, there is a chance to build crucial links between the local and wider government, and the economy and popular actions in the very process of designing and implementing the reform programmes. But the remaining challenge is to also create a format for partnership governance of the comprehensive reform programmes. How shall all concerned partners participate and contribute? There is no forceful developmental state hand, as was once in South Korea. Are there democratic alternatives?

One dilemma, then, is the scattered and party-partisan character of interest and issue-based organisations at the side of labour as well as capital, reducing the feasibility of the Scandinavian model. Another challenge is how to improve the welfare and education system so that they become more supportive of production, and transformative at that.

Yet another hurdle is the unavoidable negotiations on finance and investments. This is a particularly sensitive issue because the West Bengal Left Front's concessions to big capital subsequently led to its demise. In addition, Kerala has no currency of its own, limited rights to tax and borrow, and is constrained by an unfriendly central government (Oommen 2021). In Kerala, there is thus a special need for partnership governance. New Delhi must be criticised for monopolising fiscal and other public resources, but it is even more important to build trustworthy forums for partnership between government, capital, labour, and civil society to mobilise and coordinate supplementary resources, and to decide what skills, knowledge, and welfare reforms need to be given priority to. Innovative solutions are necessary, involving partnerships between public and private actors. And as widely admitted under the pandemic around the world, it is absolutely necessary to stimulate crisis-ridden economies with promising potential, even by debt financing, as long as it does not cause high inflation.

But the deals and social pacts need to be democratically anchored—among people and entrepreneurs in general. In my understanding, these issues of governance have been given very little attention compared to economic and educational priorities, most recently at the state planning board's international congress "Kerala Looks Ahead" (2021). Given the progressives' previous emphasis on democratic participation, it would be a contradiction of sorts, and a possible source of instability, if the necessary negotiations and agreements were to rest with individuals within the government, leading parties, or expert committees.

Conclusions

The struggle against COVID-19, and the process of a fair socio-economic recovery, illustrate, again, that decentralised governance and public action are necessary, but insufficient. This is partly because of the prevalence of clientelistic, authoritarian, or neo-liberal governance in many contexts. Yet, even in Kerala, where the strong elements of democratic and participatory local government and public action helped contain the pandemic for several months, it was not enough. There was also a second and universal dilemma: how to unify numerous actors and build links between the local and wider government, economy, and popular actions, without resorting to centrist and authoritarian means. These challenges remained unresolved ever since the implementation of democratic participatory governance and planning in the 1990s.

Paradigmatic models of democratic partnership governance such as from Scandinavia are still useful as sources of inspiration but cannot be copied, given the global South's limitations. Yet, while short of sufficiently solid organisations, one may instead commence on the basis of policies and alliances to foster comprehensive reforms, and thus strengthen such organisations, and impartial and efficient administration. There are positive experiences from the global South of forming broad alliances for the development and implementation of welfare reforms, like the universal public health reform in Indonesia. Kerala's envisioned reform programme combines, on the one hand, state provisioning of welfare, and job-generating reforms and, on the other, investments in education and training, infrastructure and value-added production. This will be in cooperation with local governments and civil society as well as private entrepreneurs, towards inclusive and sustainable knowledge-based development. Thus, there is potential to build the necessary links between a local and wider government, the economy and partners concerned in the very process of designing and implementing a comprehensive reform programme. The remaining challenge, then, is to shape a democratic format for partnership governance of the programmes so that all partners concerned can participate and contribute, including in matters of finance. If that fails, there is a risk that powerful party leaders and ministers will dominate.

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Independent Auditor's Report
To the Members of ICICI Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of ICICI Bank Limited ("the Bank"), which comprise the Standalone Balance Sheet as at 31 March 2022 and the Standalone Profit and Loss account, and Standalone Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ("the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulations Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31 March 2022 and its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended 31 March 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">1) Identification and provisioning of non-performing advances (NPA):
Total Loans and Advances (Net of Provision) as at 31 March 2022: Rs. 8,590,204,390 (in '000s)
Provision for NPA as at 31 March 2022: Rs. 263,638,822 (in '000s)
(Refer Schedule 9, Schedule 17(3) and Schedule 18(17))</td></tr>
<tr><td>The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets. The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision.

The provision on NPA is estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard.

The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.

Additionally, the Bank makes provisions on exposures that are not classified as NPA including advances to certain sectors and identified advances or group advances. These are classified as contingency provisions.

Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.</td><td>Our audit procedures with respect to this matter included:

Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring and recovery of loans, monitoring overdue/stressed accounts, identification of NPA, provision for NPA and valuation of security and collateral. Further obtained an understanding of the contingency provision carried by the Bank and verified the underlying assumptions used by the Bank for such estimate.

Testing of application controls include testing of automated controls, reports and system reconciliations.

Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy.

Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and the Bank policy.

Performed other substantive procedures included and not limited to the following:
• Selected samples of performing loans and assessed independently as to whether those should be classified as NPA;
• For samples selected, reviewed the collateral valuations, financial statements and other qualitative information;
• Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's Central Repository of Information on Large Credits (CRILC) to identify stress.</td></tr>
</table>

Key Audit Matter	How our audit addressed the Key Audit Matter
	• For selected samples, assessed independently, the accounts that can potentially be classified as NPA and Red flagged accounts. • Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA. • Examined the early warning reports generated by the Bank to identify stressed loan accounts. • Held specific discussions with the management of the Bank on sectors where there is a perceived credit risk and the steps taken to mitigate the risks to identified sectors. • Selected and tested samples for accounts which are restructured under MSME restructuring circular and Resolution Framework for Covid-19 related stress, for their compliance with RBI directions; and. • Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

2) Evaluations of Litigations included in contingent liabilities.

(Included under contingent liabilities) (in '000)

Particulars	As at 31 March 2022	As at 31 March 2021
Legal Cases	3,201,365	3,302,605
Taxes	79,637,364	70,465,484
Total Claims against Bank not acknowledged as Debt	**82,838,729**	**73,768,089**

(Refer Schedule 12 I, Schedule 17(12) and Schedule 18(36))

Key Audit Matter	How our audit addressed the Key Audit Matter

The Bank has material open tax litigations including matters under dispute which involve significant judgement to determine the possible outcome of these disputes.
 	
Significant management judgement is needed in determining whether an obligation exists and whether a provision should be recognised as at the reporting date, in accordance with the accounting criteria set under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets ('AS 29'), or whether it needs to be disclosed as a contingent liability. Further, significant judgements are also involved in measuring such obligations, the most significant of which are:
• Assessment of Liability: Judgement is involved in determination of whether outflow in respect of identified material matters are probable and can be estimated reliably.
• Adequacy of provisions: The appropriateness of assumption and judgements used in estimation of significant provisions; and
• Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities.
 	
The Bank's assessment is supported by the facts of matter, their own judgement, experience, and advises from legal and independent tax consultants wherever considered necessary.
 	
Since the assessment of these open litigations requires significant level of judgement in interpretation of law, we have included this as a key audit matter.
	Our Audit procedures with respect to this matter included:
	
	Testing the design and operating effectiveness of the Bank's key controls over the estimation, monitoring and disclosure of provisions and contingent liabilities.
	
	Our substantive audit procedures included and were not limited to the following:
	• Obtained an understanding of Bank's process for determining tax liabilities, tax provisions and contingent liabilities pertaining to legal and taxation matters.
	• Obtained a list of cases /matters in respect of which the litigations were outstanding as at reporting date:
	    • For significant legal matters, we sought external confirmations and corroborated with management's documented conclusions on the assessment of outstanding litigations against the Bank;
	    • For significant taxation matters, we involved our tax specialists to gain an understanding of status of the litigations including understanding of various orders/ notices received by the Bank and management's grounds of appeals before the relevant appellate authorities.
	• Evaluated the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal/tax advice;
	• Agreed underlying tax balances to supporting documentation including correspondence with the Tax authorities; and
	• Assessed the disclosures within the standalone financial statements in this regard.

Key Audit Matter	How our audit addressed the Key Audit Matter
3) Information Technology ('IT') systems and controls impacting financial controls.	
The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions is processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	Our audit procedures with respect to this matter included: For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. Obtained a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. Also, entity level controls pertaining to policy and procedure and Business continuity plan assessment due impact of COVID-19 was also part of our audit procedure. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also tested few controls using negative testing technique. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Valuation of Derivatives

Particulars	As at 31 March 2022	As at 31 March 2021
	(included under contingent liabilities) (in '000)	
Notional amounts	37,056,016,613	25,062,638,040

(Refer Schedule 12.III, 12.V, 12.VII and 18(14))

Derivatives are valued through models with external inputs. The derivatives portfolio of the Bank primarily includes transactions which are carried out on behalf of its clients (and are covered on a back-to-back basis) and transactions to hedge the Bank's interest and foreign currency risk. A significant degree of management judgement is involved in the application of valuation techniques through which the value of the Bank's derivatives is determined. The financial statement risk arises particularly with respect to complex valuation models, valuation parameters, and inputs that are used in determining fair values. Considering the significance of the above matter to the financial statements, significant management estimates and judgements, and auditor attention required to test such estimates and judgements, we have identified this as a key audit matter for current year audit.	Our audit procedures included, but were not limited to, the following: We obtained an understanding, evaluated the design, and tested the operating effectiveness of the key controls over the valuation processes, including: – independent price verification performed by a management expert; and model governance and validation On a sample basis, we performed an independent reassessment of the valuation of derivatives and evaluated significant models and methodologies used in valuation, to ensure compliance with the relevant RBI regulations, reasonableness of the valuation methodology and the inputs used.

ICICI Bank

ICICI BANK LIMITED

Registered Office: ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara 390 007

Corporate Office: ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors are responsible for the other information. The other information comprises the information in Basel III - Pillar 3 disclosures (but does not include the standalone financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and Annual Report, which is expected to be made available to us after that date.

Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by the RBI from time to time (the "RBI Guidelines"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended 31 March 2022, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The standalone financial statements of the Bank for the year ended 31 March 2021 were audited by another auditor whose report dated 24 April 2021 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matters.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
   a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
   b. The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;
   c. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we visited 130 branches.
3. As required by Section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
   c. The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
   d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, and relevant rules thereunder, to the extent they are not inconsistent with the guidelines prescribed by RBI;
   e. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
   f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements (Refer Schedule 12, Schedule 17(12) and Schedule 18(41));
      ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts (Refer Schedule 17(12) and Schedule 18(41));
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank
      iv. (1) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) / entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
         (2) The Management has represented that, to the best of it's knowledge and belief, no funds have been received by the Bank from any person(s)/entity(ies), including foreign entities ("Funding Parties"), that the Bank has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
         (3) Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (1) and (2) contain any material misstatement.
      v. The Bank has declared and paid dividend during the year which is in compliance with section 123 of the Act and the Banking Regulation Act, 1949.
   h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, the Bank is a banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Act do not apply.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Tushar Kurani
Membership No.: 118580
UDIN: 22118580AHQWVC2236

Place: Mumbai
Date: 23 April 2022

For Khimji Kunverji & Co LLP
Chartered Accountants
ICAI Firm Registration No.105146W/W100621

Gautam Shah
Membership No.: 117348
UDIN: 22117348AHQYOK9213

Place: Mumbai
Date: 23 April 2022

ICICI Bank

ICICI BANK LIMITED

Registered Office: ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara 390 007

Corporate Office: ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051

Annexure "A" to the Independent Auditors' report on the Standalone Financial Statements of ICICI Bank Limited for the year ended 31 March 2022

(Referred to in paragraph "3(f)" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

Opinion

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of ICICI Bank Limited ('the Bank) as at 31 March 2022 in conjunction with our audit of the Standalone Financial Statements of the Bank for the year ended on that date.
2. In our opinion, the Bank has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal controls over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Management's responsibility for Internal Financial Controls

3. The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Bank internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank internal financial controls with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with Reference to the Standalone Financial Statements

7. Bank's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial controls with reference to the Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Tushar Kurani
Membership No.: 118580
UDIN: 22118580AHQWVC2236

Place: Mumbai
Date: 23 April 2022

For Khimji Kunverji & Co LLP
Chartered Accountants
ICAI Firm Registration No.105146W/W100621

Gautam Shah
Membership No.: 117348
UDIN: 22117348AHQYOK9213

Place: Mumbai
Date: 23 April 2022

ICICI Bank

ICICI BANK LIMITED

Registered Office: ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara 390 007

Corporate Office: ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051

Standalone Balance Sheet at March 31, 2022

(₹ in '000s)

	Schedule	At 31.03.2022	At 31.03.2021
CAPITAL AND LIABILITIES			
Capital	1	**13,899,662**	13,834,104
Employees stock options outstanding		**2,664,141**	31,010
Reserves and surplus	2	**1,688,555,941**	1,461,226,736
Deposits	3	**10,645,716,132**	9,325,221,605
Borrowings	4	**1,072,313,597**	916,309,564
Other liabilities and provisions	5	**689,827,947**	587,703,739
TOTAL CAPITAL AND LIABILITIES		**14,112,977,420**	**12,304,326,758**
ASSETS			
Cash and balances with Reserve Bank of India	6	**601,208,198**	460,311,902
Balances with banks and money at call and short notice	7	**1,077,015,434**	870,970,599
Investments	8	**3,102,410,024**	2,812,865,399
Advances	9	**8,590,204,390**	7,337,290,904
Fixed assets	10	**93,738,159**	88,775,806
Other assets	11	**648,401,215**	734,112,148
TOTAL ASSETS		**14,112,977,420**	**12,304,326,758**
Contingent liabilities	12	**38,676,758,717**	26,486,406,690
Bills for collection		**751,508,328**	546,434,215
Significant accounting policies and notes to accounts	17 & 18		

The Schedules referred to above form an integral part of the Standalone Balance Sheet.

Standalone Profit and Loss Account for the year ended March 31, 2022

(₹ in '000s)

	Schedule	Year ended 31.03.2022	Year ended 31.03.2021
I. INCOME			
Interest earned	13	**863,745,452**	791,182,710
Other income	14	**185,175,299**	189,685,274
TOTAL INCOME		**1,048,920,751**	**980,867,984**
II. EXPENDITURE			
Interest expended	15	**389,084,507**	401,288,374
Operating expenses	16	**267,333,160**	215,608,340
Provisions and contingencies (refer note 18.41)		**159,108,177**	202,044,429
TOTAL EXPENDITURE		**815,525,844**	**818,941,143**
III. PROFIT/(LOSS)			
Net profit/(loss) for the period/year		**233,394,907**	161,926,841
Profit brought forward		**310,090,657**	213,274,679
TOTAL PROFIT/(LOSS)		**543,485,564**	**375,201,520**
IV. APPROPRIATIONS/ TRANSFERS			
Transfer to Statutory Reserve		**58,349,000**	40,482,000
Transfer to/(from) Reserve Fund		**–**	(77,638)
Transfer to Capital Reserve		**15,742,037**	1,302,300
Transfer to Capital Redemption Reserve		**–**	–
Transfer to/(from) Investment Reserve Account		**–**	–
Transfer to/(from) Investment Fluctuation Reserve		**3,828,798**	(2,495,799)
Transfer to Revenue and other reserves		**–**	15,000,000
Transfer to Special Reserve		**15,000,000**	10,900,000
Dividend paid during the period/year		**13,852,335**	–
Balance carried over to balance sheet		**436,713,394**	310,090,657
TOTAL		**543,485,564**	**375,201,520**
Significant accounting policies and notes to accounts	17 & 18		
Earnings per share (refer note 18.1)			
Basic (₹) (not annualised)		**33.66**	24.01
Diluted (₹) (not annualised)		**32.98**	23.67
Face value per share (₹)		**2.00**	2.00

The Schedules referred to above form an integral part of the Standalone Profit and Loss Account.

As per our report of even date.

For and on behalf of the Board of Directors

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No.: 105047W

Tushar Kurani
Partner
Membership No.: 118580

For **Khimji Kunverji & Co LLP**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership no.: 117348

Place : Mumbai
Date : 23 April 2022

Girish Chandra Chaturvedi
Chairman
DIN-00110996

Uday M. Chitale
Director
DIN-00043268

Sandeep Bakhshi
Managing Director & CEO
DIN-00109206

Vishakha Mulye
Executive Director
DIN-00203578

Anup Bagchi
Executive Director
DIN-00105962

Sandeep Batra
Executive Director
DIN-03620913

Rakesh Jha
Group Chief Financial Officer

Ranganath Athreya
Company Secretary

Rajendra Khandelwal
Chief Accountant

ICICI Bank

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Standalone Cash Flow Statement for the year ended March 31, 2022

(₹ in '000s)

		Year ended 31.03.2022	Year ended 31.03.2021
Cash flow from/(used in) operating activities			
Profit/(loss) before taxes		**306,088,853**	201,827,176
Adjustments for:			
Depreciation and amortisation		**13,162,116**	12,013,384
Net (appreciation)/depreciation on investments[1]		**19,089,256**	(22,143,504)
Provision in respect of non-performing and other assets		**61,640,412**	107,491,259
General provision for standard assets		**4,492,475**	2,788,318
Provision for contingencies & others (including Covid-19 related provision)		**16,510,217**	53,442,673
Employee Stock Options Expense		**2,642,190**	..
Income from subsidiaries, joint ventures and consolidated entities		**(18,287,906)**	(12,339,950)
(Profit)/loss on sale of fixed assets		**(40,400)**	27,974
	(i)	**405,297,213**	**343,107,330**
Adjustments for:			
(Increase)/decrease in investments		**44,311,642**	240,666,909
(Increase)/decrease in advances		**(1,314,758,223)**	(994,947,362)
Increase/(decrease) in deposits		**1,320,494,527**	1,615,531,659
(Increase)/decrease in other assets		**50,727,916**	10,773,799
Increase/(decrease) in other liabilities and provisions		**81,334,402**	50,820,785
	(ii)	**182,110,264**	**922,845,790**
Refund/(payment) of direct taxes	**(iii)**	**(36,938,226)**	**(25,019,557)**
Net cash flow from/(used in) operating activities (i)+(ii)+(iii)	**(A)**	**550,469,251**	**1,240,933,563**
Cash flow from/(used in) investing activities			
Redemption/sale from/(investments in) subsidiaries and/or joint ventures (including application money)		**28,153,800**	37,369,338
Income from subsidiaries, joint ventures and consolidated entities		**18,287,906**	12,339,950
Purchase of fixed assets		**(16,109,856)**	(14,301,487)
Proceeds from sale of fixed assets		**208,665**	56,622
(Purchase)/sale of held-to-maturity securities		**(380,894,998)**	(570,378,440)
Net cash flow from/(used in) investing activities	**(B)**	**(350,354,483)**	**(534,914,017)**
Cash flow from/(used in) financing activities			
Proceeds from issue of share capital (including ESOPs)		**7,979,764**	154,600,321
Proceeds from long-term borrowings		**252,601,665**	152,089,846
Repayment of long-term borrowings		**(233,144,678)**	(377,290,832)
Net proceeds/(repayment) of short-term borrowings		**135,095,945**	(488,752,518)
Dividend and dividend tax paid		**(13,852,335)**	–
Net cash flow from/(used in) financing activities	**(C)**	**148,680,361**	**(559,353,183)**
Effect of Exchange fluctuation on translation reserve	**(D)**	**(1,853,998)**	**(6,941,251)**
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)		**346,941,131**	**139,725,112**
Cash and cash equivalents at beginning of the period/year		**1,331,282,501**	1,191,557,389
Cash and cash equivalents at end of the period/year		**1,678,223,632**	1,331,282,501

1. For the year ended March 31, 2021, includes gain on sale of a part of equity investment in ICICI Lombard General Insurance Company Limited, ICICI Prudential Life Insurance Company Limited and ICICI Securities Limited.
2. Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

As per our report of even date.

For and on behalf of the Board of Directors

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No.: 105047W

Tushar Kurani
Partner
Membership no.: 118580

For **Khimji Kunverji & Co LLP**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place : Mumbai
Date : 23 April 2022

Girish Chandra Chaturvedi
Chairman
DIN-00110996

Uday M. Chitale
Director
DIN-00043268

Sandeep Bakhshi
Managing Director & CEO
DIN-00109206

Vishakha Mulye
Executive Director
DIN-00203578

Anup Bagchi
Executive Director
DIN-00105962

Sandeep Batra
Executive Director
DIN-03620913

Rakesh Jha
Group Chief Financial Officer

Ranganath Athreya
Company Secretary

Rajendra Khandelwal
Chief Accountant

ICICI Bank

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Schedules forming part of the Standalone Balance Sheet

(₹ in '000s)

	At 31.03.2022	At 31.03.2021
SCHEDULE 1 - CAPITAL		
Authorised capital		
12,500,000,000 equity shares of ₹ 2 each (March 31, 2021: 12,500,000,000 equity shares of ₹ 2 each)	**25,000,000**	25,000,000
Equity share capital		
Issued, subscribed and paid-up capital		
6,915,992,387 equity shares of ₹ 2 each (March 31, 2021: 6,472,765,203 equity shares)	**13,831,985**	12,945,530
Add: 32,778,988 equity shares of ₹ 2 each (March 31, 2021: 443,227,184 equity shares) issued during the period[1]	**65,558**	886,455
	13,897,543	13,831,985
Add: Forfeited equity shares[2]	**2,119**	2,119
TOTAL CAPITAL	**13,899,662**	**13,834,104**

1. Represents equity shares issued pursuant to exercise of employee stock options. (March 31, 2021: 418,994,413 equity shares issued under Qualified Institutions Placement (QIP) and 24,232,771 equity shares issued pursuant to exercise of employee stock options).
2. On account of forfeiture of 266,089 equity shares of ₹ 10 each.

(₹ in '000s)

SCHEDULE 2 - RESERVES AND SURPLUS		At 31.03.2022	At 31.03.2021
I.	Statutory reserve		
	Opening balance	**297,687,519**	257,205,519
	Additions during the year	**58,349,000**	40,482,000
	Deductions during the year	**–**	–
	Closing balance	**356,036,519**	297,687,519
II.	Special reserve		
	Opening balance	**113,840,000**	102,940,000
	Additions during the year	**15,000,000**	10,900,000
	Deductions during the year	**–**	–
	Closing balance	**128,840,000**	113,840,000
III.	Securities premium		
	Opening balance	**488,330,632**	334,612,918
	Additions during the year[1]	**7,923,265**	154,419,403
	Deductions during the year[2]	**–**	(701,689)
	Closing balance	**496,253,897**	488,330,632
IV.	Investment reserve account		
	Opening balance	**–**	–
	Additions during the year	**–**	–
	Deductions during the year	**–**	–
	Closing balance	**–**	–
V.	Investment fluctuation reserve[3]		
	Opening balance	**16,886,201**	19,382,000
	Additions during the year	**3,828,798**	–
	Deductions during the year	**–**	(2,495,799)
	Closing balance	**20,714,999**	16,886,201
VI.	Capital reserve		
	Opening balance	**133,798,425**	132,496,125
	Additions during the year[4,5]	**15,742,037**	1,302,300
	Deductions during the year	**–**	–
	Closing balance	**149,540,462**	133,798,425
VII.	Capital redemption reserve		
	Opening balance	**3,500,000**	3,500,000
	Additions during the year	**–**	–
	Deductions during the year	**–**	–
	Closing balance	**3,500,000**	3,500,000
VIII.	Foreign currency translation reserve		
	Opening balance	**9,586,959**	16,528,210
	Additions during the year	**–**	–
	Deductions during the year	**(1,853,998)**	(6,941,251)
	Closing balance	**7,732,961**	9,586,959
IX.	Revaluation reserve		
	Opening balance	**30,935,908**	31,148,705
	Additions during the year[6]	**1,724,938**	461,869
	Deductions during the year[7]	**(704,253)**	(674,666)
	Closing balance	**31,956,593**	30,935,908
X.	Reserve fund		
	Opening balance	**–**	77,638
	Additions during the year	**–**	–
	Deductions during the year[8]	**–**	(77,638)
	Closing balance	**–**	–
XI.	Revenue and other reserves		
	Opening balance	**56,570,435**	40,895,769
	Additions during the year	**696,681**	15,674,666
	Deductions during the year	**–**	–
	Closing balance	**57,267,116**	56,570,435
XII.	Balance in profit and loss account[5,8]	**436,713,394**	310,090,657
TOTAL RESERVES AND SURPLUS		**1,688,555,941**	**1,461,226,736**

1. Includes amount on account of exercise of employee stock options. At March 31, 2021, includes amount on account of equity shares issued under QIP and exercise of employee stock options.
2. Represents amount utilised towards direct expenses relating to the issuance of equity shares under QIP.
3. Represents amount transferred to Investment Fluctuation Reserve (IFR) on net profit on sale of AFS and HFT investments during the period. The amount not less than the lower of net profit on sale of AFS and HFT category investments during the period or net profit for the period less mandatory appropriations is required to be transferred to IFR, until the amount of IFR is at least 2% of the HFT and AFS portfolio.
4. Represents appropriations made for profit on sale of investments in held-to-maturity category, net of taxes and transfer to Statutory Reserve and profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve.
5. The Bank had shifted certain securities from held-to-maturity category to available-for-sale category on May 3, 2017. RBI through its order dated May 03, 2021 has directed the Bank to appropriate the net profit made on sale of these investments during FY2018 to Capital Reserve. Accordingly, an amount of ₹ 15,091.1 million was transferred from Balance in Profit and Loss account to Capital Reserve during FY2022.
6. Represents gain on revaluation of premises carried out by the Bank.
7. Includes amount transferred from Revaluation Reserve to General Reserve on account of incremental depreciation charge on revaluation, revaluation surplus on premises sold or loss on revaluation on account of certain assets which were held for sale.
8. At March 31, 2021, balance in Reserve Fund created by Sri Lanka Branch was transferred to Balance in Profit and Loss Account due to its closure.

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Schedules forming part of the Standalone Balance Sheet

(₹ in '000s)

	At 31.03.2022	At 31.03.2021
SCHEDULE 3 - DEPOSITS		
A. I. Demand deposits		
i) From banks	**79,700,410**	114,792,811
ii) From others	**1,505,096,359**	1,246,908,460
II. Savings bank deposits	**3,599,568,969**	2,954,533,008
III. Term deposits		
i) From banks	**71,532,495**	96,198,935
ii) From others	**5,389,817,899**	4,912,788,391
TOTAL DEPOSITS	**10,645,716,132**	**9,325,221,605**
B. I. Deposits of branches in India	**10,547,609,016**	9,248,880,616
II. Deposits of branches outside India	**98,107,116**	76,340,989
TOTAL DEPOSITS	**10,645,716,132**	**9,325,221,605**
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India[1]	–	1,000,000
ii) Other banks	–	6,999
iii) Other institutions and agencies		
a) Government of India	–	–
b) Financial institutions[2]	**187,168,771**	216,069,065
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)	**391,495,007**	197,867,850
v) Application money-bonds	–	–
vi) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	**66,950,000**	101,200,000
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	–	–
c) Unsecured redeemable debentures/bonds (subordinated debt included in Tier 2 capital)	**71,556,981**	71,258,998
TOTAL BORROWINGS IN INDIA	**717,170,759**	**587,402,912**
II. Borrowings outside India		
i) Capital instruments	–	–
ii) Bonds and notes	**170,411,911**	171,698,692
iii) Other borrowings	**184,730,927**	157,207,960
TOTAL BORROWINGS OUTSIDE INDIA	**355,142,838**	**328,906,652**
TOTAL BORROWINGS	**1,072,313,597**	**916,309,564**

1. Represents borrowings made under Liquidity Adjustment Facility (LAF).
2. Includes borrowings made under repo and refinance.
3. Secured borrowings in I and II above amount to Nil (March 31, 2021: Nil) except borrowings of ₹ 4,913.3 million (March 31, 2021: ₹ 4,999.1 million) under market repurchase transactions (including tri-party repo) with banks and financial institutions and transactions under liquidity adjustment facility and marginal standing facility.

(₹ in '000s)

	At 31.03.2022	At 31.03.2021
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	**129,495,726**	123,870,614
II. Inter-office adjustments (net)	**4,418,106**	3,262,618
III. Interest accrued	**24,632,882**	21,389,174
IV. Sundry creditors	**144,731,299**	121,848,376
V. General provision for standard assets (refer note 18.19)	**40,942,883**	36,342,824
VI. Others (including provisions)[1,2]	**345,607,051**	280,990,133
TOTAL OTHER LIABILITIES AND PROVISIONS	**689,827,947**	**587,703,739**

1. Includes contingency provision amounting to ₹ 74,500.0 million (March 31, 2021: ₹ 74,750.0 million), including Covid-19 related provision of ₹ 64,250.0 million (March 31, 2021: ₹ 74,750.0 million).
2. Includes specific provision for standard loans amounting to ₹ 30,203.0 million (March 31, 2021: ₹ 7,791.5 million).

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA	At 31.03.2022	At 31.03.2021
I. Cash in hand (including foreign currency notes)	**71,208,342**	70,309,617
II. Balances with Reserve Bank of India in current accounts	**529,999,856**	390,002,285
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	**601,208,198**	**460,311,902**
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In current accounts	**324,146**	526,416
b) In other deposit accounts	**5,321,404**	15,224
ii) Money at call and short notice		
a) With banks[1]	**494,020,000**	352,190,000
b) With other institutions[2]	–	145,670
TOTAL	**499,665,550**	**352,877,310**
II. Outside India		
i) In current accounts	**302,607,893**	263,159,331
ii) In other deposit accounts	**179,630,804**	198,990,362
iii) Money at call and short notice	**95,111,187**	55,943,596
TOTAL	**577,349,884**	**518,093,289**
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	**1,077,015,434**	**870,970,599**

1. Includes lending under Liquidity Adjustment Facility (LAF).
2. Includes lending under reverse repo.

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Schedules forming part of the Standalone Balance Sheet

(₹ in '000s)

	At 31.03.2022	At 31.03.2021
SCHEDULE 8 - INVESTMENTS		
I. Investments in India [net of provisions]		
i) Government securities	**2,563,877,338**	2,136,207,918
ii) Other approved securities	**–**	–
iii) Shares (includes equity and preference shares)	**24,135,943**	28,220,174
iv) Debentures and bonds (including commercial paper and certificate of deposits)	**225,803,491**	270,018,106
v) Subsidiaries and/or joint ventures[1]	**66,264,177**	60,738,869
vi) Others (mutual fund units, pass through certificates, security receipts, and other related investments)	**71,922,592**	111,822,514
TOTAL INVESTMENTS IN INDIA	**2,952,003,541**	**2,607,007,581**
II. Investments outside India [net of provisions]		
i) Government securities	**107,340,857**	151,622,342
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	**19,698,901**	36,826,862
iii) Others (equity shares, bonds and certificate of deposits)	**23,366,725**	17,408,614
TOTAL INVESTMENTS OUTSIDE INDIA	**150,406,483**	**205,857,818**
TOTAL INVESTMENTS	**3,102,410,024**	**2,812,865,399**
A. Investments in India		
Gross value of investments	**3,002,256,404**	2,655,692,360
Less: Aggregate of provision/depreciation/(appreciation)	**50,252,863**	48,684,779
Net investments	**2,952,003,541**	**2,607,007,581**
B. Investments outside India		
Gross value of investments	**151,569,301**	206,964,172
Less: Aggregate of provision/depreciation/(appreciation)	**1,162,818**	1,106,354
Net investments	**150,406,483**	**205,857,818**
TOTAL INVESTMENTS	**3,102,410,024**	**2,812,865,399**

1. During the year ended March 31, 2021, the Bank sold a part of its equity investment in ICICI Lombard General Insurance Company Limited, ICICI Prudential Life Insurance Company Limited and ICICI Securities Limited.

(₹ in '000s)

	At 31.03.2022	At 31.03.2021
SCHEDULE 9 - ADVANCES [net of provisions]		
A. i) Bills purchased and discounted[1]	**475,480,187**	335,109,843
ii) Cash credits, overdrafts and loans repayable on demand	**2,279,069,891**	1,846,093,909
iii) Term loans	**5,835,654,312**	5,156,087,152
TOTAL ADVANCES	**8,590,204,390**	**7,337,290,904**
B. i) Secured by tangible assets (includes advances against book debts)[2]	**6,136,277,576**	5,302,794,936
ii) Covered by bank/government guarantees	**178,653,112**	106,820,866
iii) Unsecured	**2,275,273,702**	1,927,675,102
TOTAL ADVANCES	**8,590,204,390**	**7,337,290,904**
C. I. Advances in India		
i) Priority sector	**2,491,680,887**	2,031,797,475
ii) Public sector	**483,782,406**	451,897,529
iii) Banks	**432,346**	264,743
iv) Others	**5,201,460,769**	4,477,427,682
TOTAL ADVANCES IN INDIA	**8,177,356,408**	**6,961,387,429**
II. Advances outside India		
i) Due from banks	**–**	2,773,789
ii) Due from others		
a) Bills purchased and discounted	**173,178,388**	78,351,968
b) Syndicated and term loans	**85,793,092**	168,266,427
c) Others	**153,876,502**	126,511,291
TOTAL ADVANCES OUTSIDE INDIA	**412,847,982**	**375,903,475**
TOTAL ADVANCES	**8,590,204,390**	**7,337,290,904**

1. Net of bills re-discounted amounting to Nil (March 31, 2021: Nil).
2. Includes advances against book debts amounting to ₹ 666,112.1 million (March 31, 2021: ₹ 588,321.5 million).

SCHEDULE 10 - FIXED ASSETS	At 31.03.2022	At 31.03.2021
I. Premises		
Gross block		
At cost at March 31 of preceding year	**78,890,743**	77,468,304
Additions during the year[1]	**2,993,921**	1,656,933
Deductions during the year	**(397,723)**	(234,494)
Closing balance	**81,486,941**	**78,890,743**
Depreciation		
At March 31 of preceding year	**18,421,307**	16,668,165
Charge during the year[2]	**2,038,226**	1,974,520
Deductions during the year	**(279,524)**	(221,378)
Total depreciation	**20,180,009**	**18,421,307**
Net block	**61,306,932**	**60,469,436**

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Schedules forming part of the Standalone Balance Sheet

(₹ in '000s)

	At 31.03.2022	At 31.03.2021
SCHEDULE 10 - *(Continued)*		
II. Other fixed assets (including furniture and fixtures)		
Gross block		
At cost at March 31 of preceding year	**78,861,437**	68,735,008
Additions during the year	**13,724,162**	13,185,789
Deductions during the year	**(3,813,161)**	(3,059,360)
Closing balance	**88,772,438**	**78,861,437**
Depreciation		
At March 31 of preceding year	**53,842,117**	48,172,061
Charge during the year	**9,484,874**	8,609,517
Deductions during the year	**(3,731,120)**	(2,939,461)
Total depreciation	**59,595,871**	**53,842,117**
Net block	**29,176,567**	**25,019,320**
III. Lease assets		
Gross block		
At cost at March 31 of preceding year	**17,735,222**	17,054,049
Additions during the year	**155,524**	681,173
Deductions during the year	**–**	–
Closing balance[3]	**17,890,746**	**17,735,222**
Depreciation		
At March 31 of preceding year	**14,448,172**	14,314,282
Charge during the year	**187,914**	133,890
Deductions during the year	**–**	–
Total depreciation, accumulated lease adjustment and provisions	**14,636,086**	**14,448,172**
Net block	**3,254,660**	**3,287,050**
TOTAL FIXED ASSETS	**93,738,159**	**88,775,806**

1. Includes revaluation gain amounting to ₹ 1,724.9 million (March 31, 2021: ₹ 461.9 million) on account of revaluation carried out by the Bank.
2. Includes depreciation charge on account of revaluation amounting to ₹ 696.7 million for the year ended March 31, 2022 (year ended March 31, 2021: ₹ 674.7 million).
3. Includes assets taken on lease amounting to ₹ 1,176.1 million (March 31, 2021: ₹ 1,020.6 million).

(₹ in '000s)

	At 31.03.2022	At 31.03.2021
SCHEDULE 11 - OTHER ASSETS		
I. Inter-office adjustments (net)	**–**	–
II. Interest accrued	**88,248,164**	86,278,179
III. Tax paid in advance/ tax deducted at source (net)	**21,463,118**	46,381,798
IV. Stationery and stamps	**3,451**	4,665
V. Non-banking assets acquired in satisfaction of claims[1,2]	**–**	–
VI. Advances for capital assets	**3,680,645**	2,907,943
VII. Deposits	**35,163,419**	24,025,670
VIII. Deferred tax assets (net) (refer note 18.43)	**77,732,740**	87,444,731
IX. Deposits in Rural Infrastructure and Development Fund	**264,194,161**	311,777,207
X. Others	**157,915,517**	175,291,955
TOTAL OTHER ASSETS	**648,401,215**	**734,112,148**

1. During the year ended March 31, 2022, the Bank has not acquired any assets (year ended March 31, 2021: Nil) in satisfaction of claims under debt-asset swap transactions. Assets amounting to ₹ 563.6 million were sold during the year ended March 31, 2022 (year ended March 31, 2021: ₹ 942.4 million).
2. Net of provision amounting to ₹ 29,011.8 million (March 31, 2021: ₹ 29,575.4 million).

SCHEDULE 12 - CONTINGENT LIABILITIES	At 31.03.2022	At 31.03.2021
I. Claims against the Bank not acknowledged as debts	**82,838,729**	73,768,089
II. Liability for partly paid investments	**12,455**	12,455
III. Liability on account of outstanding forward exchange contracts[1]	**10,645,244,026**	8,152,789,862
IV. Guarantees given on behalf of constituents		
a) In India	**882,110,255**	816,769,649
b) Outside India	**155,637,359**	178,245,678
V. Acceptances, endorsements and other obligations	**462,814,238**	324,236,366
VI. Currency swaps[1]	**498,337,575**	481,715,704
VII. Interest rate swaps, currency options and interest rate futures[1]	**25,912,435,012**	16,428,132,474
VIII. Other items for which the Bank is contingently liable	**37,329,068**	30,736,413
TOTAL CONTINGENT LIABILITIES	**38,676,758,717**	**26,486,406,690**

1. Represents notional amount.

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Schedules forming part of the Standalone Profit and Loss Account

(₹ in '000s)

	Year ended 31.03.2022	Year ended 31.03.2021
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	**638,335,578**	572,888,123
II. Income on investments	**164,092,693**	165,397,817
III. Interest on balances with Reserve Bank of India and other inter-bank funds	**15,608,305**	16,319,050
IV. Others[1,2]	**45,708,876**	36,577,720
TOTAL INTEREST EARNED	**863,745,452**	**791,182,710**

1. Includes interest on income tax refunds amounting to ₹ 2,434.2 million (March 31, 2021: ₹ 2,569.3 million).
2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

SCHEDULE 14 - OTHER INCOME	**Year ended 31.03.2022**	**Year ended 31.03.2021**
I. Commission, exchange and brokerage	**126,396,696**	104,867,542
II. Profit/(loss) on sale of investments (net)[1]	**7,043,249**	53,302,497
III. Profit/(loss) on revaluation of investments (net)	**(17,653)**	(1,564,373)
IV. Profit/(loss) on sale of land, buildings and other assets (net)[2]	**40,400**	(27,974)
V. Profit/(loss) on exchange/ derivative transactions (net)	**29,634,217**	19,170,981
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	**18,287,906**	12,339,950
VII. Miscellaneous income (including lease income)	**3,790,484**	1,596,652
TOTAL OTHER INCOME	**185,175,299**	**189,685,274**

1. For the year ended March 31, 2021, includes gain on sale of a part of equity investment in ICICI Lombard General Insurance Company Limited, ICICI Prudential Life Insurance Company Limited and ICICI Securities Limited.
2. Includes profit/(loss) on sale of assets given on lease.

(₹ in '000s)

	Year ended 31.03.2022	Year ended 31.03.2021
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	**333,001,545**	332,563,139
II. Interest on Reserve Bank of India/ inter-bank borrowings	**909,329**	6,762,168
III. Others (including interest on borrowings of erstwhile ICICI Limited)	**55,173,633**	61,963,067
TOTAL INTEREST EXPENDED	**389,084,507**	**401,288,374**
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees[1]	**96,727,472**	80,917,790
II. Rent, taxes and lighting[2]	**12,410,538**	11,598,363
III. Printing and stationery	**2,058,744**	1,813,495
IV. Advertisement and publicity	**10,073,452**	6,172,743
V. Depreciation on Bank's property	**11,523,100**	10,584,038
VI. Depreciation (including lease equalisation) on leased assets	**187,914**	133,877
VII. Directors' fees, allowances and expenses	**45,484**	38,157
VIII. Auditors' fees and expenses	**52,962**	94,195
IX. Law charges	**1,150,521**	974,632
X. Postages, courier, telephones, etc.	**5,725,178**	4,253,640
XI. Repairs and maintenance	**24,649,279**	19,507,374
XII. Insurance	**12,944,781**	11,030,824
XIII. Direct marketing agency expenses	**22,568,493**	16,820,872
XIV. Other expenditure[3]	**67,215,242**	51,668,340
TOTAL OPERATING EXPENSES	**267,333,160**	**215,608,340**

1. For the year ended March 31, 2022, includes impact of ₹ 2,642.2 million due to change in accounting policy from intrinsic value method to fair value method for all stock options granted after March 31, 2021 under the Bank's Employee Stock Option Scheme.
2. Includes lease expense amounting to ₹ 9,860.8 million (March 31, 2021: ₹ 9,044.8 million).
3. Includes expenses on purchase of Priority Sector Lending Certificates (PSLC) amounting to ₹ 13,206.1 million (March 31, 2021: ₹ 7,813.8 million).
4. Net of recoveries from group companies towards shared services.

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

Overview

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949. The Bank also has overseas branches in Bahrain, China, Dubai, Hong Kong, Singapore, South Africa, United States of America and Offshore Banking units.

Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except in the case of interest and other income on non-performing assets (NPAs) where it is recognised upon realisation.

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Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The impact of any revision in these estimates is recognised prospectively from the period of change.

SIGNIFICANT ACCOUNTING POLICIES

1. Revenue recognition

a) Interest income is recognised in the profit and loss account as it accrues, including for cases where moratorium has been extended for payments of principal and/or interest as per RBI guideline dated March 27, 2020, except in the case of non-performing assets (NPAs) where it is recognised upon realisation, as per the income recognition and asset classification norms of RBI.

b) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

c) Dividend income is accounted on accrual basis when the right to receive the dividend is established.

d) Loan processing fee is accounted for upfront when it becomes due.

e) Project appraisal/structuring fee is accounted for on the completion of the agreed service.

f) Arranger fee is accounted for as income when a significant portion of the arrangement is completed and right to receive is established.

g) Commission received on guarantees and letters of credit issued is amortised on a straight-line basis over the period of the guarantee/letters of credit.

h) The annual/renewal fee on credit cards, debit cards and prepaid cards are amortised on a straight line basis over one year.

i) Fees paid/received for priority sector lending certificates (PSLC) is amortised on straight-line basis over the period of the certificate.

j) All other fees are accounted for as and when they become due where the Bank is reasonably certain of ultimate collection.

2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation.

The Bank follows trade date method of accounting for purchase and sale of investments, except for government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

Classification:

All investments are classified into 'Held to Maturity' (HTM), 'Available for Sale' (AFS) and 'Held for Trading' (HFT) on the date of purchase as per the extant RBI guidelines on investment classification and valuation. Reclassifications, if any, in any category are accounted for as per RBI guidelines. Under each classification, the investments are further categorised as (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

Investments that are held principally for resale within 90 days from the date of purchase are classified as HFT securities. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS securities. Investments in the equity of subsidiaries/joint ventures are classified under HTM or AFS categories.

Cost of acquisition:

Costs, including brokerage and commission pertaining to investments paid at the time of acquisition and broken period interest (the amount of interest from the previous interest payment date till the date of purchase of instruments) on debt instruments, are charged to the profit and loss account.

Valuation:

Securities are valued scrip-wise. Depreciation/appreciation on securities, other than those acquired by way of conversion of outstanding loans, is aggregated for each category. Net appreciation in each category under each investment classification, if any, being unrealised, is ignored, while net depreciation is provided for. The depreciation on securities acquired by way of conversion of outstanding loans is fully provided for. Non-performing investments are identified based on the RBI guidelines.

HTM securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis and straight line basis respectively.

AFS and HFT securities are valued periodically as per RBI guidelines. Any premium over the face value of fixed rate and floating rate investments in government securities, classified as AFS, is amortised over the remaining period to maturity on constant yield basis and straight line basis respectively. Quoted investments are valued based on the closing quotes on the recognised stock exchanges or prices declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA)/Financial Benchmark India Private Limited (FBIL), periodically.

The market/fair value of unquoted government securities which are in nature of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FBIL. The valuation of other unquoted fixed income securities, including Pass Through Certificates, wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA. The sovereign foreign securities and non-INR India linked bonds are valued on the basis of prices published by the sovereign regulator or counterparty quotes.

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Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.

The units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund. Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available, or at ₹1, as per RBI guidelines.

At the end of each reporting period, security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction companies are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end. The Bank makes additional provisions on the security receipts based on the remaining period for the resolution period to end. The security receipts which are outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.

The Bank assesses investments in subsidiaries for any other than temporary diminution in value and appropriate provisions are made.

Disposal:

Gain/loss on sale of investments is recognised in the profit and loss Account. Cost of investments is computed based on the First-In-First-Out (FIFO) method. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is transferred to "Capital Reserve" in accordance with the RBI Guidelines.

Short sale:

The Bank undertakes short sale transactions in dated central government securities in accordance with RBI guidelines. The short positions are categorised under HFT category and are marked to market. The mark-to-market loss is charged to profit and loss account and gain, if any, is ignored as per RBI guidelines.

Repurchase transactions:

Market repurchase, reverse repurchase and transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions in accordance with the extant RBI guidelines.

3. Provision/write-offs on loans and other credit facilities

Classification:

The Bank classifies its loans and investments, including at overseas branches and overdues arising from crystallised derivative contracts, into performing and NPAs in accordance with RBI guidelines. Loans and advances held at the overseas branches that are identified as impaired as per host country regulations but which are standard as per the extant RBI guidelines are classified as NPAs to the extent of amount outstanding in the respective host country. In accordance with the RBI circular dated April 17, 2020, the moratorium granted to certain borrowers is excluded from the determination of number of days past-due/out-of-order status for the purpose of asset classification. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Interest on non-performing advances is transferred to an interest suspense account and not recognised in profit and loss account until received.

The Bank considers an account as restructured, where for economic or legal reasons relating to the borrower's financial difficulty, the Bank grants concessions to the borrower, that the Bank would not otherwise consider. The moratorium granted to the borrowers based on RBI guidelines is not accounted as restructuring of loan. The RBI guidelines on 'Resolution Framework for COVID-19-related Stress' provide a prudential framework for resolution plan of certain loans. The borrowers where resolution plan was implemented under these guidelines are classified as standard restructured.

Non-performing and restructured loans are upgraded to standard as per the extant RBI guidelines or host country regulations, as applicable.

Provisioning:

In the case of corporate loans and advances, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are fully provided. For impaired loans and advances held in overseas branches, which are performing as per RBI guidelines, provisions are made as per the host country regulations. For loans and advances held in overseas branches, which are NPAs both as per the RBI guidelines and host country regulations, provisions are made at the higher of the provisions required under RBI guidelines and host country regulations. Provisions on homogeneous non-performing retail loans and advances, subject to minimum provisioning requirements of RBI, are made on the basis of the ageing of the loan. The specific provisions on non-performing retail loans and advances held by the Bank are higher than the minimum regulatory requirements.

In respect of non-retail loans reported as fraud to RBI the entire amount, is provided for over a period not exceeding four quarters starting from the quarter in which fraud has been detected. In respect of non-retail loans where there has been delay in reporting the fraud to the RBI or which are classified as loss accounts, the entire amount is provided immediately. In case of fraud in retail accounts, the entire amount is provided immediately. In respect of borrowers classified as non-cooperative borrowers or willful defaulters, the Bank makes accelerated provisions as per RBI guidelines.

The Bank holds specific provisions against non-performing loans and advances and against certain performing loans and advances in accordance with RBI directions, including RBI direction for provision on accounts referred to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016.

The Bank makes provision on restructured loans subject to minimum requirements as per RBI guidelines. Provision due to diminution in the fair value of restructured/rescheduled loans and advances is made in accordance with the applicable RBI guidelines.

In terms of RBI guidelines, the NPAs are written-off in accordance with the Bank's policy. Amounts recovered against bad debts written-off are recognised in the profit and loss account.

The Bank maintains general provision on performing loans and advances in accordance with the RBI guidelines, including provisions on loans to borrowers having unhedged foreign currency exposure, provisions on loans to specific borrowers in specific stressed sectors, provision on exposures to step-down subsidiaries of Indian companies and provision on incremental exposure to borrowers identified as per RBI's large exposure framework. For performing loans and advances in overseas branches, the general provision is made at higher of aggregate provision required as per host country regulations and RBI requirement.

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures including indirect country risk (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high and very high, and provisioning is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. The indirect exposure is reckoned at 50% of the exposure. If the Bank's net funded exposure in respect of a country is less than 1% of its total assets, no provision is required on such country exposure.

The Bank makes additional provisions as per RBI guidelines for the cases where viable resolution plan has not been implemented within the timelines prescribed by the RBI, from the date of default. These additional provisions are written-back on satisfying the conditions for reversal as per RBI guidelines.

The Bank, on prudent basis, has made COVID-19 related provision on certain borrowers, including those who had taken moratorium at any time during FY2021 under the extant RBI guidelines. This provision is included as contingency provision in the books. The Bank also makes additional contingency provision on certain standard assets. The contingency provision is included in 'Other Liabilities and Provisions'.

The Bank has a Board approved policy for making floating provision, which is in addition to the specific and general provisions made by the Bank. The floating provision is utilised, with the approval of Board and RBI, in case of contingencies which do not arise in the normal course of business and are exceptional and non-recurring in nature and for making specific provision for impaired loans as per the requirement if extant RBI guidelines or any regulatory guidance/instructions. The floating provision is netted-off from advances.

Depreciation/provision on non-performing investments is made based on the RBI guidelines.

4. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Bank surrenders the right to benefits specified in the underlying securitised loan contract. Recourse and servicing obligations are accounted for net of provisions.

In accordance with the RBI guidelines for securitisation of standard assets, with effect from February 1, 2006, the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. With effect from May 7, 2012, the RBI guidelines require the profit/premium arising from securitisation to be amortised based on the method prescribed in the guidelines. As per the RBI guidelines issued on September 24, 2021, gain realised at the time of securitisation of loans is accounted through profit and loss account on completion of transaction. The Bank accounts for any loss arising from securitisation immediately at the time of sale.

The unrealised gains, associated with expected future margin income is recognised in profit and loss account on receipt of cash, after absorbing losses, if any.

Net income arising from sale of loan assets through direct assignment with recourse obligation is amortised over the life of underlying assets sold and net income from sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Net loss arising on account of direct assignment of loan assets is recognised at the time of sale. As per the RBI guidelines issued on September 24, 2021, any loss or realised gain from sale of loan assets through direct assignment is accounted through profit and loss account on completion of transaction.

The acquired loans is carried at acquisition cost. In case premium is paid on a loan acquired, premium is amortised over the loan tenure.

In accordance with RBI guidelines, in case of non-performing loans sold to Asset Reconstruction Companies (ARCs), the Bank reverses the excess provision in profit and loss account in the year in which amounts are received. Any shortfall of sale value over the net book value on sale of such assets is recognised by the Bank in the year in which the loan is sold.

5. Fixed assets

Fixed assets, other than premises, are carried at cost less accumulated depreciation and impairment, if any. Premises are carried at revalued amount, being fair value at the date of revaluation less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Depreciation is charged over the estimated useful life of fixed assets on a straight-line basis. Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been capitalised. Assets individually costing upto ₹ 5,000/- are depreciated fully in the year of acquisition.

In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually. The profit on sale of premises is appropriated to Capital Reserve, net of transfer to Statutory Reserve and taxes, in accordance with RBI guidelines.

The useful lives of the groups of fixed assets are given below.

Asset	Useful life
Premises owned by the Bank	60 years
Leased assets and improvements to leasehold premises	60 years or lease period whichever is lower
ATMs[1]	5 – 8 years
Plant and machinery[1] (including office equipment)	5 – 10 years
Electric installations and equipments	10 – 15 years
Computers	3 years
Servers and network equipment[1]	4 – 10 years
Furniture and fixtures[1]	5 – 10 years
Motor vehicles[1]	5 years
Others (including software)[1,2]	3 – 4 years

1. The useful life of fixed assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.
2. Excludes software which are procured based on licensing arrangements and depreciated over the period of license.
3. Assets at residences of Bank's employees are depreciated over the estimated useful life of 5 years.

Non-banking assets

Non-banking assets (NBAs) acquired in satisfaction of claims are valued at the market value on a distress sale basis or value of loan, whichever is lower. Further, the Bank creates provision on these assets as per the extant RBI guidelines or specific RBI directions.

6. Translation of foreign currency items

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at daily closing rates, and income and expenditure items of non-integral foreign operations (foreign branches and offshore banking units) are translated at quarterly average closing rates.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) relevant to the balance sheet date and the resulting gains/losses are recognised in the profit and loss account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at relevant closing exchange rates notified by FEDAI at the balance sheet date and the resulting gains/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations. Pursuant to RBI guideline, the Bank does not recognise the cumulative/proportionate amount of such exchange differences as income or expenses, which relate to repatriation of accumulated retained earnings from overseas operations, in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currencies are disclosed at the closing exchange rates notified by FEDAI relevant to the balance sheet date.

7. Foreign exchange and derivative contracts

The forward exchange contracts that are not intended for trading and are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction are effectively valued at closing spot rate. The premium or discount arising on inception of such forward exchange contracts is amortised over the life of the contract as interest income/expense. All other outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The contracts of longer maturities where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the profit and loss account.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. The Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge effectiveness is ascertained at the time of the inception of the hedge and periodically thereafter. Based on RBI circular issued on June 26, 2019, the accounting of hedge relationships established after June 26, 2019 is in accordance with the Guidance note on Accounting for Derivative Contracts issued by ICAI. The swaps under hedge relationships established prior to that date are accounted for on an accrual basis and are not marked to market unless their underlying transaction is marked-to-market. Gains or losses arising from hedge ineffectiveness, if any, are recognised in the profit and loss Account.

The derivative contracts entered into for trading purposes are marked-to-market and the resulting gain or loss is accounted for in the profit and loss account. Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through profit and loss account.

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8. Employee Stock Option Scheme (ESOS)

The Employees Stock Option Scheme (the Scheme) provides for grant of options on the Bank's equity shares to wholetime directors and employees of the Bank and its subsidiaries. The options granted vest in a graded manner and may be exercised within a specified period.

Till March 31, 2021, the Bank recognised cost of stock options granted under Employee Stock Option Scheme, using intrinsic value method. Under Intrinsic value method, options cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair market price is the closing price on the stock exchange with highest trading volume of the underlying shares, immediately prior to the grant date.

Pursuant to RBI clarification dated August 30, 2021, the cost of stock options granted after March 31, 2021 is recognised based on fair value method. The cost of stock options granted up to March 31, 2021 continues to be recognised on intrinsic value method. The Bank uses Black-Scholes model to fair value the options on the grant date and the inputs used in the valuation model include assumptions such as the expected life of the share option, volatility, risk free rate and dividend yield.

The cost of stock options is recognised in the profit and loss account over the vesting period.

9. Employee Benefits

Gratuity

The Bank pays gratuity, a defined benefit plan, to employees who retire or resign after a minimum prescribed period of continuous service and in case of employees at overseas locations as per the rules in force in the respective countries. The Bank makes contribution to recognised trust which administers the funds on its own account or through insurance companies.

Actuarial valuation of the gratuity liability is determined by an independent actuary appointed by the Bank. Actuarial valuation of gratuity liability is determined based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method. The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Superannuation Fund and National Pension Scheme

The Bank has a superannuation fund, a defined contribution plan, which is administered by trustees and managed by insurance companies. The Bank contributes 15.0% of the total annual basic salary for certain employees to superannuation funds. Further, the Bank contributes upto 10.0% of the total basic salary of certain employees to National Pension Scheme (NPS), a defined contribution plan, which is managed and administered by pension fund management companies. The employees are given an option to receive the amount in cash in lieu of such contributions along with their monthly salary during their employment.

The amounts so contributed/paid by the Bank to the superannuation fund and NPS or to employees during the year are recognised in the profit and loss account. The Bank has no liability towards future benefits under superannuation fund and national pension scheme other than its annual contribution.

Pension

The Bank provides for pension, a defined benefit plan, covering eligible employees of erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan. The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies. The plan provides for pension payment including dearness relief on a monthly basis to these employees on their retirement based on the respective employee's years of service with the Bank and applicable salary.

Actuarial valuation of the pension liability is determined by an independent actuary appointed by the Bank. Actuarial valuation of pension liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method. The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan.

Provident Fund

The Bank is statutorily required to maintain a provident fund, a defined benefit plan, as a part of retirement benefits to its employees. Each employee contributes a certain percentage of his or her basic salary and the Bank contributes an equal amount for eligible employees. The Bank makes contribution as required by the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to Employees' Pension Scheme administered by the Regional Provident Fund Commissioner. The Bank makes balance contributions to a fund administered by trustees. The funds are invested according to the rules prescribed by the Government of India. The Bank recognises such contribution as an expense in the year in which it is incurred.

Interest payable on provident fund should not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Actuarial valuation for the interest obligation on the provident fund balances is determined by an actuary appointed by the Bank.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

The overseas branches of the Bank and its eligible employees contribute a certain percentage of their salary towards respective government schemes as per local regulatory guidelines. The contribution made by the overseas branches is recognised in profit and loss account at the time of contribution.

Compensated absences

The Bank provides for compensated absence based on actuarial valuation conducted by an independent actuary.

10. Income Taxes

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year and change in tax rate.

Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain. However, in case of unabsorbed depreciation or carried forward loss, deferred tax assets will be recognised only if there is virtual certainty of realisation of such assets.

11. Impairment of Assets

The Bank follows revaluation model of accounting for its premises and the recoverable amount of the revalued assets is considered to be close to its revalued amount. Accordingly, separate assessment for impairment of premises is not required.

For assets other than premises, the Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the profit and loss account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

12. Provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates of amounts required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for or disclose contingent assets, if any.

The Bank estimates the probability of redemption of customer loyalty reward points using an actuarial method by employing an independent actuary and accordingly makes provision for these reward points. Actuarial valuation is determined based on certain assumptions regarding mortality rate, discount rate, cancellation rate and redemption rate.

13. Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

14. Share issue expenses

Share issue expenses are deducted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

15. Bullion transaction

The Bank deals in bullion business on a consignment basis. The bullion is priced to the customers based on the price quoted by the supplier. The difference between price recovered from customers and cost of bullion is accounted for as commission at the time of sales to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest expense/income is accounted on accrual basis.

16. Lease transactions

Lease payments, including cost escalations, for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term on straight line basis. The leases of property, plant and equipment, where substantially all of the risks and rewards of ownership are transferred to the Bank are classified as finance lease. Minimum lease payments under finance lease are apportioned between the finance costs and outstanding liability.

17. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

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SCHEDULE 18

NOTES FORMING PART OF THE ACCOUNTS

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines.

1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings per share. Basic earnings per equity share is computed by dividing net profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

₹ in million, except per share data

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net profit/(loss) attributable to equity share holders	**233,394.9**	161,926.8
Nominal value per share (₹)	**2.00**	2.00
Basic earnings per share (₹)	**33.66**	24.01
Effect of potential equity shares (₹)	**(0.68)**	(0.34)
Diluted earnings per share (₹)[1]	**32.98**	23.67
Reconciliation between weighted shares used in computation of basic and diluted earnings per share		
Basic weighted average number of equity shares outstanding	**6,933,652,636**	6,743,363,854
Add: Effect of potential equity shares	**142,291,212**	98,497,002
Diluted weighted average number of equity shares outstanding	**7,075,943,848**	6,841,860,856

1. The dilutive impact is due to options granted to employees by the Bank.

2. Business/Information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

Sr. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1.	Interest income to working funds[1]	**6.83%**	6.95%
2.	Non-interest income to working funds[1]	**1.46%**	1.67%
3.	Cost of deposits	**3.53%**	4.12%
4.	Net interest margin[2]	**3.96%**	3.69%
5.	Operating profit to working funds[1,3]	**3.10%**	3.20%
6.	Return on assets[4]	**1.84%**	1.42%
7.	Net profit/(loss) per employee[5] (₹ in million)	**2.3**	1.7
8.	Business (average deposits plus average advances) per employee[5,6] (₹ in million)	**166.9**	149.2

1. For the purpose of computing the ratio, working funds represent the monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.
2. Net interest income/Average earning assets. Net interest income is the difference of interest income and interest expense. Average earning assets are average of daily balance of interest earning assets.
3. Operating profit is profit for the year before provisions and contingencies.
4. For the purpose of computing the ratio, assets represent the monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.
5. Computed based on average number of employees which include sales executives, employees on fixed term contracts and interns.
6. The average deposits and the average advances represent the simple average of the figures reported in Form A to RBI under Section 42(2) of the Reserve Bank of India Act, 1934.

3. Capital adequacy ratio

The Bank is subject to the Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. As per the guidelines, the Tier-1 capital is made up of Common Equity Tier-1 (CET1) and Additional Tier-1.

At March 31, 2022, Basel III guidelines require the Bank to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 11.70% with minimum CET1 CRAR of 8.20% and minimum Tier-1 CRAR of 9.70%. The minimum total CRAR, Tier-1 CRAR and CET1 CRAR requirement include capital conservation buffer of 2.50% and additional capital requirement of 0.20% on account of the Bank being designated as Domestic Systemically Important Bank.

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The following table sets forth, for the periods indicated, computation of capital adequacy as per Basel III framework.

₹ in million, except percentage

Particulars	At March 31, 2022	At March 31, 2021
Common Equity Tier 1 capital (CET 1)	**1,555,000.1**	1,319,399.0
Additional Tier 1 capital	**66,206.5**	99,316.9
Tier 1 capital (i + ii)	**1,621,206.6**	1,418,715.9
Tier 2 capital	**71,923.7**	82,753.9
Total capital (Tier 1+Tier 2)	**1,693,130.3**	1,501,469.8
Total Risk Weighted Assets (RWAs)	**8,835,909.9**	7,854,102.5
CET1 CRAR (%)	**17.60%**	16.80%
Tier-1 CRAR (%)	**18.35%**	18.06%
Tier-2 CRAR (%)	**0.81%**	1.06%
Total CRAR (%)	**19.16%**	19.12%
Leverage Ratio	**9.95%**	10.08%
Percentage of the shareholding of		
a) Government of India	**0.19%**	0.34%
Amount of equity capital raised[1]	**–**	150,000.0
Amount of non-equity Tier-1 capital raised during the year, of which:		
a) Perpetual Non-Cumulative Preference Shares	**–**	–
b) Perpetual Debt Instruments	**–**	–
Amount of Tier-2 capital raised; of which		
1. Debt Capital Instruments	**–**	–
2. Preference Share Capital Instruments [Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]	**–**	–

1. Additionally ₹ 7,988.8 million raised pursuant to exercise of employee stock options during the year ended March 31, 2022 (year ended March 31, 2021: ₹ 5,306.3 million).

4. **Liquidity coverage ratio**

The Basel Committee on Banking Supervision (BCBS) had introduced the liquidity coverage ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. As per the RBI guidelines, the minimum LCR required to be maintained by banks effective from January 1, 2019 is 100.0%. In order to accommodate the burden on banks' cash flows on account of the Covid-19 pandemic, RBI permitted banks to maintain LCR at 80.0% from April 17, 2020, 90.0% from October 1, 2020 and 100.0% from April 1, 2021.

The following tables set forth, for the periods indicated, the quarterly average of unweighted and weighted values of the LCR of the Bank. The quarterly average LCR is computed based on simple average of daily observations during the quarter. Number of observations used in computing quarterly LCR for three months ended March 31, 2022 was 60 days (three months ended December 31, 2021 : 62 days; three months ended September 30, 2021: 63 days; three months ended June 30, 2021: 58 days and three months ended March 31, 2021: 62 days).

₹ in million

Sr. No.	Particulars	Three months ended March 31, 2022		Three months ended March 31, 2021	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High quality liquid assets					
1.	Total high quality liquid assets	**N.A.**	**3,197,273.3**	N.A.	2,767,443.6
Cash outflows					
2.	Retail deposits and deposits from small business customers, of which:	**5,997,380.50**	**501,662.30**	5,392,909.3	447,802.9
(i)	Stable deposits	**1,961,515.9**	**98,075.8**	1,829,760.4	91,488.0
(ii)	Less stable deposits	**4,035,864.6**	**403,586.5**	3,563,148.9	356,314.9
3.	Unsecured wholesale funding, of which:	**3,447,305.6**	**1,837,823.3**	2,817,200.6	1,515,039.4
(i)	Operational deposits (all counterparties)	**–**	**–**	–	–
(ii)	Non-operational deposits (all counterparties)	**3,404,074.0**	**1,794,591.7**	2,801,735.1	1,499,573.9
(iii)	Unsecured debt	**43,231.6**	**43,231.6**	15,465.5	15,465.5
4.	Secured wholesale funding	**N.A.**	–	N.A.	–

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₹ in million

Sr. No.	Particulars	Three months ended March 31, 2022		Three months ended March 31, 2021	
		Total unweighted value (average)	**Total weighted value (average)**	**Total unweighted value (average)**	**Total weighted value (average)**
5.	Additional requirements, of which:	**356,267.6**	**116,575.6**	343,754.5	134,921.8
(i)	Outflows related to derivative exposures and other collateral requirements	**80,771.1**	**80,771.1**	104,742.9	104,742.9
(ii)	Outflows related to loss of funding on debt products	**112.0**	**112.0**	155.2	155.2
(iii)	Credit and liquidity facilities	**275,384.5**	**35,692.5**	238,856.4	30,023.7
6.	Other contractual funding obligations	**259,807.6**	**259,807.6**	219,033.2	219,033.2
7.	Other contingent funding obligations	**3,983,615.4**	**173,467.7**	3,255,895.0	138,972.9
8.	**Total cash outflows**	**N.A.**	**2,889,336.5**	**N.A.**	**2,455,770.2**
9.	Secured lending (e.g. reverse repos)	**609,516.5**	**5.8**	360,134.0	9.0
10.	Inflows from fully performing exposures	**514,644.8**	**388,691.5**	520,370.5	397,448.1
11.	Other cash inflows	**92,512.6**	**61,628.7**	80,450.7	54,760.8
12.	**Total cash inflows**	**1,216,673.9**	**450,326.0**	**960,955.2**	**452,217.9**
13.	**Total HQLA**	**N.A.**	**3,197,273.3**	**N.A.**	**2,767,443.6**
14.	Total net cash outflows (8)–(12)	**N.A.**	**2,439,010.5**	N.A.	2,003,552.3
15.	**Liquidity coverage ratio (%)**	**N.A.**	**131.09%**	**N.A.**	**138.13%**

₹ in million

Sr. No.	Particulars	Three months ended December 31, 2021		Three months ended September 30, 2021	
		Total unweighted value (average)	**Total weighted value (average)**	**Total unweighted value (average)**	**Total weighted value (average)**
High quality liquid assets					
1.	Total high quality liquid assets	N.A.	3,178,414.6	N.A.	2,930,294.6
Cash outflows					
2.	Retail deposits and deposits from small business customers, of which:	5,896,963.6	492,691.6	5,738,793.6	478,394.3
(i)	Stable deposits	1,940,095.0	97,004.7	1,909,701.6	95,485.1
(ii)	Less stable deposits	3,956,868.6	395,686.9	3,829,092.0	382,909.2
3.	Unsecured wholesale funding, of which:	3,336,813.8	1,826,898.8	3,038,780.6	1,664,399.4
(i)	Operational deposits (all counterparties)	–	–	–	–
(ii)	Non-operational deposits (all counterparties)	3,297,540.1	1,787,625.1	3,002,470.7	1,628,089.5
(iii)	Unsecured debt	39,273.7	39,273.7	36,309.9	36,309.9
4.	Secured wholesale funding	N.A.	–	N.A.	–
5.	Additional requirements, of which:	396,031.8	119,600.9	367,006.3	126,005.2
(i)	Outflows related to derivative exposures and other collateral requirements	73,551.1	73,551.1	92,013.3	92,013.3
(ii)	Outflows related to loss of funding on debt products	101.6	101.6	106.1	106.1
(iii)	Credit and liquidity facilities	322,379.1	45,948.2	274,886.9	33,885.8
6.	Other contractual funding obligations	244,673.0	244,673.0	206,957.7	206,957.7
7.	Other contingent funding obligations	3,953,776.5	172,569.5	3,725,351.5	161,628.8
8.	**Total cash outflows**	**N.A.**	**2,856,433.8**	**N.A.**	**2,637,385.4**
9.	Secured lending (e.g. reverse repos)	547,545.9	6.3	284,843.2	9.2
10.	Inflows from fully performing exposures	473,054.5	358,547.1	508,136.3	388,737.7
11.	Other cash inflows	78,015.9	49,925.4	77,576.1	51,116.3
12.	**Total cash inflows**	**1,098,616.3**	**408,478.8**	**870,555.6**	**439,863.2**
13.	**Total HQLA**	**N.A.**	**3,178,414.6**	**N.A.**	**2,930,294.6**
14.	Total net cash outflows (8)–(12)	N.A.	2,447,955.0	N.A.	2,197,522.2
15.	**Liquidity coverage ratio (%)**	**N.A.**	**129.84%**	**N.A.**	**133.35%**

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₹ in million

Sr. No.	Particulars	Three months ended June 30, 2021	
		Total unweighted value (average)	**Total weighted value (average)**
	High quality liquid assets		
1.	Total high quality liquid assets	N.A.	2,757,026.6
	Cash outflows		
2.	Retail deposits and deposits from small business customers, of which:	5,561,303.1	462,539.2
(i)	Stable deposits	1,871,823.5	93,591.2
(ii)	Less stable deposits	3,689,479.6	368,948.0
3.	Unsecured wholesale funding, of which:	2,913,348.9	1,592,160.7
(i)	Operational deposits (all counterparties)	–	–
(ii)	Non-operational deposits (all counterparties)	2,896,712.9	1,575,524.7
(iii)	Unsecured debt	16,636.0	16,636.0
4.	Secured wholesale funding	N.A.	–
5.	Additional requirements, of which:	347,138.8	147,144.7
(i)	Outflows related to derivative exposures and other collateral requirements	118,715.4	118,715.4
(ii)	Outflows related to loss of funding on debt products	96.8	96.8
(iii)	Credit and liquidity facilities	228,326.6	28,332.5
6.	Other contractual funding obligations	188,883.5	188,883.5
7.	Other contingent funding obligations	3,535,954.6	152,513.9
8.	**Total cash outflows**	**N.A.**	**2,543,242.0**
9.	Secured lending (e.g. reverse repos)	135,453.2	9.8
10.	Inflows from fully performing exposures	463,230.1	362,857.3
11.	Other cash inflows	82,549.0	57,225.8
12.	**Total cash inflows**	**681,232.3**	**420,092.9**
13.	**Total HQLA**	**N.A.**	**2,757,026.6**
14.	Total net cash outflows	N.A.	2,123,149.1
15.	**Liquidity coverage ratio (%)**	**N.A.**	**129.86%**

Liquidity of the Bank is managed by the Asset Liability Management Group (ALMG) under the central oversight of the Asset Liability Management Committee (ALCO). For the domestic operations of the Bank, ALMG-India is responsible for the overall management of liquidity. For the overseas branches of the Bank, a decentralised approach is followed for day-to-day liquidity management, while a centralised approach is followed for long-term funding in co-ordination with Head Office. Liquidity in the overseas branches is maintained taking into consideration both host country and the RBI regulations.

The Bank during the three months ended March 31, 2022 maintained average HQLA (after haircut) of ₹ 3,197,273.3 million (March 31, 2021: ₹ 2,767,443.6 million) against the average HQLA requirement of ₹ 2,439,010.5 million (March 31, 2021: ₹ 1,803,197.1 million) for the minimum LCR requirement of 100% (March 31, 2021: 90.0%). HQLA primarily includes government securities in excess of minimum statutory liquidity ratio (SLR) and to the extent allowed under marginal standing facility (MSF) and facility to avail liquidity for LCR (FALLCR) of ₹ 2,790,136.8 million (March 31, 2021: ₹ 2,320,760.1 million).

As per the RBI guidelines, the carve-out from SLR under FALLCR is 15.0% of Net Demand and Time Liabilities (NDTL); for Marginal Standing Facility (MSF), it was 3.0% of NDTL till December 31, 2021 and was changed to 2.0% of NDTL from January 1, 2022. Additionally, cash, balance in excess of cash reserve requirement with RBI and balances with central banks at our overseas branches locations amounted to ₹ 263,064.3 million (March 31, 2021: ₹ 241,664.2 million). Further, average level 2 assets, primarily consisting of AA- and above rated corporate bonds and commercial papers, amounted to ₹ 76,569.7 million (March 31, 2021: ₹ 83,472.8 million).

At March 31, 2022, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were term deposits of 38.67% (March 31, 2021: 40.71%), savings account deposits of 25.49% (March 31, 2021: 24.01%), current account deposits of 11.22% (March 31, 2021: 11.07%) and bond borrowings of 4.96% (March 31, 2021: 4.41%). Top 20 depositors comprised 5.26% of the total deposits of the Bank at March 31, 2022 (March 31, 2021: 5.38%). Further, the total borrowings mobilised from significant counterparties (from whom the funds borrowed were more than 1.00% of the Bank's total liabilities) were 2.37% of the total liabilities of the Bank at March 31, 2022 (March 31, 2021: 1.43%).

The weighted cash outflows are primarily driven by unsecured wholesale funding which includes non-operational deposits and unsecured debt. During the three months ended March 31, 2022, unsecured wholesale funding contributed 63.61% (March 31, 2021: 61.69%) of the total weighted cash outflows. The non-operational deposits include term deposits with premature withdrawal facility. Retail deposits including deposits from small business customers and other contingent funding obligations constituted 17.36% (March 31, 2021: 18.23%) and 6.00% (March 31, 2021: 5.66%) of the total weighted cash outflows, respectively. The other contingent funding obligations primarily included bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients.

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In view of the margin rules for non-centrally cleared derivative transactions issued by the Basel Committee on Banking Supervision and discussion paper issued by the RBI, certain derivative transactions would be subject to margining and consequent collateral exchange would be as governed by Credit Support Annex (CSA). The Bank has entered into CSAs which would require maintenance of collateral. The Bank considers the increased liquidity requirement on account of valuation changes in the transactions settled through Qualified Central Counterparties (QCCP) in India including the Clearing Corporation of India (CCIL) and other exchange houses as well as for transactions covered under CSAs. The potential outflows on account of such transactions have been considered based on the look-back approach prescribed in the RBI guidelines.

The average LCR of the Bank for the three months ended March 31, 2022 was 131.09% (March 31, 2021: 138.13%). During the year ended March 31, 2022, other than Indian Rupee, USD was the only significant foreign currency which constituted more than 5.00% of the balance sheet size of the Bank. The average LCR of the Bank for USD currency, computed based on daily LCR values, was 256.23% for the three months ended March 31, 2022 (March 31, 2021: 333.26%).

5. **Information about business and geographical segments**

Business Segments

Pursuant to the guidelines issued by RBI on AS 17 - Segment Reporting, the following business segments have been reported.

- **Retail Banking** includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in Basel Committee on Banking Supervision (BCBS) document 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework'. This segment also includes income from credit cards, debit cards, third party product distribution and the associated costs.
- **Wholesale Banking** includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.
- **Treasury** includes the entire investment and derivative portfolio of the Bank.
- **Other Banking** includes leasing operations and other items not attributable to any particular business segment.
- **Unallocated** includes items such as tax paid in advance net of provision, deferred tax and provisions to the extent reckoned at the entity level.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

The following tables set forth, for the periods indicated, the business segment results on this basis.

₹ in million

Sr. No.	Particulars	For the year ended March 31, 2022				
		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	846,392.2	399,714.9	675,041.1	13,139.0	1,934,287.2
2.	Less: Inter-segment revenue					885,366.4
3.	Total revenue (1)–(2)					1,048,920.8
4.	**Segment results**	114,003.9	90,529.3	98,202.2	3,103.5	305,838.9
5.	Unallocated expenses					(250.0)
6.	Operating profit (4)–(5)					306,088.9
7.	Income tax expenses (including deferred tax credit)					72,694.0
8.	**Net profit/(loss) (6)–(7)**					233,394.9
9.	Segment assets	4,876,519.3	3,790,918.0	5,181,297.0	165,047.3	14,013,781.6
10.	Unallocated assets					99,195.8
11.	**Total assets (9)+(10)**					14,112,977.4
12.	Segment liabilities	7,918,942.5	3,213,907.0	2,895,745.3[1]	22,028.0	14,050,622.8
13.	Unallocated liabilities					62,354.6
14.	**Total liabilities (12)+(13)**					14,112,977.4
15.	Capital expenditure	9,901.7	4,453.3	623.1	170.6	15,148.7
16.	Depreciation	8,068.8	3,130.8	399.6	111.8	11,711.0

1. Includes share capital and reserves and surplus.

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₹ in million

Sr. No.	Particulars	For the year ended March 31, 2021				
		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	756,692.9	371,945.2	668,735.9	14,890.3	1,812,264.3
2.	Less: Inter-segment revenue					831,396.3
3.	Total revenue (1)–(2)					980,868.0
4.	**Segment results**	**77,399.7**	**58,199.5**	**110,803.7**	**2,924.3**	**249,327.2**
5.	Unallocated expenses					47,500.0
6.	Operating profit (4)–(5)					201,827.2
7.	Income tax expenses (including deferred tax credit)					39,900.4
8.	**Net profit (6)–(7)**					**161,926.8**
9.	Segment assets	4,124,986.5	3,259,375.0	4,597,998.9	188,139.9	12,170,500.3
10.	Unallocated assets					133,826.5
11.	**Total assets (9)+(10)**					**12,304,326.8**
12.	Segment liabilities	6,869,207.9	2,821,639.2	2,475,854.0[1]	75,021.1	12,241,722.2
13.	Unallocated liabilities					62,604.6
14.	**Total liabilities (12)+(13)**					**12,304,326.8**
15.	Capital expenditure	9,228.1	4,745.0	866.6	222.3	15,062.0
16.	Depreciation	7,249.4	2,859.8	481.0	127.7	10,717.9

1. Includes share capital and reserves and surplus.

Geographical segments

The Bank reports its operations under the following geographical segments.

- **Domestic operations** comprise branches in India.
- **Foreign operations** comprise branches outside India and offshore banking units in India.

The following tables set forth, for the periods indicated, geographical segment results.

₹ in million

Revenues	Year ended March 31, 2022	Year ended March 31, 2021
Domestic operations	**1,030,521.2**	963,482.4
Foreign operations	**18,399.6**	17,385.6
Total	**1,048,920.8**	**980,868.0**

₹ in million

Assets	At March 31, 2022	At March 31, 2021
Domestic operations	**13,147,975.3**	11,312,467.2
Foreign operations	**865,806.3**	858,033.1
Total	**14,013,781.6**	**12,170,500.3**

1. Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax assets (net).

The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

₹ in million

Particulars	Capital expenditure incurred during		Depreciation provided during	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Domestic operations	**15,089.7**	14,948.5	**11,633.6**	10,633.0
Foreign operations	**59.0**	113.5	**77.4**	84.9
Total	**15,148.7**	**15,062.0**	**11,711.0**	**10,717.9**

6. Maturity pattern

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2022.

₹ in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total foreign currency assets[2]	Total foreign currency liabilities[2]
Day 1	**10,023.7**	**1,023,151.0**	**162,162.4**	**758.0**	**395,980.6**	**6,728.2**
2 to 7 days	**79,283.8**	**83,798.1**	**607,138.7**	**9,668.5**	**177,666.4**	**14,922.0**
8 to 14 days	**93,192.1**	**67,604.5**	**235,678.2**	**11,180.3**	**128,950.4**	**19,335.6**
15 to 30 days	**194,044.8**	**68,387.2**	**185,586.0**	**7,968.7**	**62,348.0**	**22,612.3**
31 days to 2 months	**377,596.2**	**44,084.5**	**258,346.3**	**68,339.1**	**138,111.6**	**77,095.6**
2 to 3 months	**440,510.6**	**44,274.6**	**250,332.6**	**31,920.8**	**128,634.4**	**42,766.8**
3 to 6 months	**662,714.9**	**90,264.3**	**375,680.6**	**139,027.8**	**149,013.3**	**132,171.2**
6 months to 1 year	**900,298.5**	**168,371.2**	**560,255.7**	**77,967.0**	**64,919.5**	**42,368.4**
1 to 3 years	**2,349,247.5**	**318,754.2**	**1,254,163.9**	**316,029.9**	**51,242.0**	**122,288.6**
3 to 5 years	**1,618,921.1**	**539,761.1**	**3,389,943.1**	**155,341.3**	**15,862.0**	**77,514.1**
Above 5 years	**1,864,371.2**	**653,959.3**	**3,366,428.6**	**254,112.2**	**55,769.6**	**49,228.9**
Total	**8,590,204.4**	**3,102,410.0**	**10,645,716.1**	**1,072,313.6**	**1,368,497.8**	**607,031.7**

1. Includes foreign currency balances.
2. Excludes off-balance sheet assets and liabilities.

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2021.

₹ in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total foreign currency assets[2]	Total foreign currency liabilities[2]
Day 1	11,625.4	923,302.8	155,016.2	1,176.4	416,573.0	5,209.2
2 to 7 days	64,049.3	79,752.3	662,866.8	6,429.9	179,976.7	9,616.6
8 to 14 days	95,261.8	53,445.9	243,908.6	11,627.5	52,342.0	48,587.3
15 to 30 days	138,736.2	62,359.9	182,399.2	8,334.7	63,326.9	17,081.5
31 days to 2 months	295,311.6	50,560.3	227,386.8	8,173.9	93,017.8	13,975.1
2 to 3 months	332,684.1	52,067.9	205,901.2	13,527.3	63,173.6	25,236.4
3 to 6 months	634,526.1	106,729.7	397,960.0	43,023.9	142,099.4	76,162.7
6 months to 1 year	820,003.2	146,590.9	554,556.5	91,673.0	54,733.3	77,807.0
1 to 3 years	2,128,346.6	309,172.9	943,199.5	382,981.3	84,860.6	205,856.5
3 to 5 years	1,343,088.9	444,417.0	2,873,145.6	222,109.0	46,764.3	115,081.9
Above 5 years	1,473,657.7	584,465.8	2,878,881.2	127,252.7	72,127.3	44,573.8
Total	**7,337,290.9**	**2,812,865.4**	**9,325,221.6**	**916,309.6**	**1,268,994.9**	**639,188.0**

1. Includes foreign currency balances.
2. Excludes off-balance sheet assets and liabilities.

The estimates and assumptions used by the Bank for classification of assets and liabilities under the different maturity buckets are based on the returns submitted to RBI for the relevant periods.

7. Employee Stock Option Scheme (ESOS)

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 10.0% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options in line with SEBI Regulations. Under the stock option scheme, eligible employees are entitled to apply for equity shares. In April 2016, exercise period was modified from 10 years from the date of grant or five years from the date of vesting, whichever is later, to 10 years from the date of vesting. In June 2017, exercise period was further modified to not exceed 10 years from the date of vesting of options as may be determined by the Board Governance, Remuneration & Nomination Committee to be applicable for future grants. In May 2018, exercise period was further modified to not exceed 5 years from the date of vesting of options as may be determined by the Board Governance, Remuneration & Nomination Committee to be applicable for future grants.

Options granted after March 2014 vest in a graded manner over a three-year period with 30%, 30% and 40% of the grant vesting in each year, commencing from the end of 12 months from the date of grant other than certain options granted in April 2014 which vested to the extent of 50% on April 30, 2017 and the balance on April 30, 2018 and option granted in September 2015 which vested to the extent of 50% on April 30, 2018 and balance 50% vested on April 30, 2019. Options granted in January 2018 vested at the end of four years from the date of grant. Certain options granted in May 2018, vested to the extent of 50% on May 2021 and balance 50% would vest on May 2022.

Options granted prior to March 2014 except mentioned below, vested in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year, commencing from the end of 12 months from the date of grant. Options granted in April 2009 vested in a graded manner over a five-year period with 20%, 20%, 30% and 30% of grant vesting each year, commencing from the end of 24 months from the date of grant. Options granted in September 2011 vested in a graded manner over a five-year period with 15%, 20%, 20% and 45% of grant vesting each year, commencing from the end of 24 months from the date of the grant.

The exercise price of the Bank's options, except mentioned below, is the last closing price on the stock exchange, which recorded highest trading volume preceding the date of grant of options. In February 2011, the Bank granted 16,692,500 options to eligible employees and whole-time Directors of the Bank and certain of its subsidiaries at an exercise price of ₹ 175.82. This exercise price was the average closing price on the stock exchange during the six months ended October 28, 2010. Of these options granted, 50% vested on April 30, 2014 and the balance 50% vested on April 30, 2015.

The weighted average fair value, based on Black-Scholes model, of options granted during the year ended March 31, 2022 was ₹ 227.75 (year ended March 31, 2021: ₹ 125.44).

The following table sets forth, for the periods indicated, the key assumptions used to estimate the fair value of options granted.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Risk-free interest rate	**5.34% to 6.53%**	4.83% to 5.74%
Expected term	**3.55 to 5.55 years**	3.45 to 5.45 years
Expected volatility	**35.38% to 39.41%**	35.19% to 37.31%
Expected dividend yield	**0.18% to 0.30%**	0.26% to 0.30%

Risk free interest rates over the expected term of the option are based on the government securities yield in effect at the time of the grant. The expected term of an option is estimated based on the vesting term as well as expected exercise behavior of the employees who receive the option. Expected exercise behavior is estimated based on the historical stock option exercise pattern of the Bank. Expected volatility during the estimated expected term of the option is based on historical volatility determined based on observed market prices of the Bank's publicly traded equity shares. Expected dividends during the estimated expected term of the option are based on recent dividend activity.

The following table sets forth, for the periods indicated, the summary of the status of the Bank's stock option plan.

₹ except number of options

Particulars	Stock options outstanding			
	Year ended ended March 31, 2022		Year ended ended March 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	**246,590,972**	**276.14**	238,286,573	261.89
Add: Granted during the year	**25,550,350**	**570.43**	33,417,700	337.73
Less: Lapsed during the year, net of re-issuance	**2,164,335**	**444.41**	880,530	336.57
Less: Exercised during the year	**32,778,988**	**243.44**	24,232,771	218.81
Outstanding at the end of the year	**237,197,999**	**310.82**	246,590,972	276.14
Options exercisable	**177,170,739**	**264.69**	177,136,942	247.45

The following table sets forth, the summary of stock options outstanding at March 31, 2022.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
60-199	**11,245,113**	**160.69**	**2.52**
200-399	**171,000,375**	**267.10**	**5.30**
400-599	**54,887,211**	**477.26**	**5.11**
600-799	**46,300**	**737.63**	**6.63**
800-899	**19,000**	**810.25**	**6.92**

The following table sets forth, the summary of stock options outstanding at March 31, 2021.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
60-199	17,387,907	161.44	3.12
200-399	196,441,616	265.27	6.21
400-599	32,761,449	402.17	5.22

The options were exercised regularly throughout the period and weighted average share price as per National Stock Exchange price volume data during the year ended March 31, 2022 was ₹ 703.14 (year ended March 31, 2021: ₹ 437.92).

8. Subordinated debt

During the year ended March 31, 2022 the Bank did not raise (March 31, 2021: Nil) subordinated debt bonds qualifying for Additional Tier-1 capital.

9. Repurchase transactions

The following tables set forth for the periods indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

₹ in million

Sr. No.	Particulars	Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2022
		Year ended March 31, 2022			
Securities sold under Repo, LAF and MSF					
i)	Government Securities	–	**429,969.4**	**109,949.5**	**5,000.0**
ii)	Corporate Debt Securities	–	–	–	–
iii)	Any other securities	–	–	–	–
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	–	**932,200.0**	**398,949.8**	**494,020.0**
ii)	Corporate Debt Securities	–	**2,000.0**	**60.3**	–
iii)	Any other securities	–	–	–	–

1. Amounts reported are based on face value of securities under Repo and Reverse repo.
2. Amounts reported are based on lending/borrowing amount under tri-party repo, LAF and MSF.

₹ in million

Sr. No.	Particulars	Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2021
		Year ended March 31, 2021			
Securities sold under Repo, LAF and MSF					
i)	Government Securities	–	535,934.0	336,865.4	4,831.6
ii)	Corporate Debt Securities	–	1,756.2	380.2	–
iii)	Any other securities	–	–	–	–
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	41,890.0	750,500.0	457,958.6	352,340.0
ii)	Corporate Debt Securities	–	2,000.0	52.1	–
iii)	Any other securities	–	–	–	–

1. Amounts reported are based on face value of securities under Repo and Reverse repo.
2. Amounts reported are based on lending/borrowing amount under under tri-party repo, LAF and MSF.

10. Composition of investments

The following table sets forth, the composition of investments of the Bank at March 31, 2022.

₹ in million

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	1,991,567.9	–	54.7	1,802.6	48,937.6	3,546.8	2,045,909.6	–	19,698.9	1,135.5	20,834.4	2,066,744.0
Less: Provision for non-performing investments (NPI)	29.2	–	54.7	–	–	–	83.9	–	–	–	–	83.9
Net	1,991,538.7	–	–	1,802.6	48,937.6	3,546.8	2,045,825.7	–	19,698.9	1,135.5	20,834.4	2,066,660.1
Available for Sale												
Gross	554,103.9	–	54,640.9	191,499.4	17,326.5	81,021.4	898,592.1	17,164.6	–	21,852.5	39,017.1	937,609.2
Less: Provision for depreciation and NPI	–	–	30,691.7	5,462.5	–	13,989.3	50,143.5	–	–	1,114.4	1,114.4	51,257.9
Net	554,103.9	–	23,949.2	186,036.9	17,326.5	67,032.1	848,448.6	17,164.6	–	20,738.1	37,902.7	886,351.3
Held for Trading												
Gross	18,260.2	–	186.7	37,964.0	–	1,343.7	57,754.6	90,176.3	–	1,541.6	91,717.9	149,472.5
Less: Provision for depreciation and NPI	25.4	–	–	–	–	–	25.4	–	–	48.5	48.5	73.9
Net	18,234.8	–	186.7	37,964.0	–	1,343.7	57,729.2	90,176.3	–	1,493.1	91,669.4	149,398.6
Total Investments	2,563,932.0	–	54,882.3	231,266.0	66,264.1	85,911.9	3,002,256.3	107,340.9	19,698.9	24,529.6	151,569.4	3,153,825.7
Less: Provision for non-performing investments	29.2	–	54.7	–	–	–	83.9	–	–	–	–	83.9
Less: Provision for depreciation and NPI	25.4	–	30,691.7	5,462.5	–	13,989.3	50,168.9	–	–	1,162.9	1,162.9	51,331.8
Net	2,563,877.4	–	24,135.9	225,803.5	66,264.1	71,922.6	2,952,003.5	107,340.9	19,698.9	23,366.7	150,406.5	3,102,410.0

The following table sets forth the composition of Investments of the Bank at March 31, 2021.

₹ in million

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	1,705,665.1	–	54.7	14,262.0	48,937.6	2,778.6	1,771,698.0	–	36,826.9	1,541.8	38,368.7	1,810,066.7
Less: Provision for non-performing investments (NPI)	29.2	–	54.7	–	–	–	83.9	–	–	–	–	83.9
Net	1,705,635.9	–	–	14,262.0	48,937.6	2,778.6	1,771,614.1	–	36,826.9	1,541.8	38,368.7	1,809,982.8
Available for Sale												
Gross	418,077.7	–	64,445.3	246,553.8	11,801.3	115,539.9	856,418.0	1,753.7	–	16,973.2	18,726.9	875,144.9
Less: Provision for depreciation and NPI	–	–	36,544.3	5,387.9	–	6,644.9	48,577.1	–	–	1,106.4	1,106.4	49,683.5
Net	418,077.7	–	27,901.0	241,165.9	11,801.3	108,895.0	807,840.9	1,753.7	–	15,866.8	17,620.5	825,461.4
Held for Trading												
Gross	12,515.8	–	319.2	14,592.5	–	148.9	27,576.4	149,868.6	–	–	149,868.6	177,445.0
Less: Provision for depreciation and NPI	21.5	–	–	2.3	–	–	23.8	–	–	–	–	23.8
Net	12,494.3	–	319.2	14,590.2	–	148.9	27,552.6	149,868.6	–	–	149,868.6	177,421.2
Total Investments	2,136,258.6	–	64,819.2	275,408.3	60,738.9	118,467.4	2,655,692.4	151,622.3	36,826.9	18,515.0	206,964.2	2,862,656.6
Less: Provision for non-performing investments	29.2	–	54.7	–	–	–	83.9	–	–	–	–	83.9
Less: Provision for depreciation and NPI	21.5	–	36,544.3	5,390.2	–	6,644.9	48,600.9	–	–	1,106.4	1,106.4	49,707.3
Net	2,136,207.9	–	28,220.2	270,018.1	60,738.9	111,822.5	2,607,007.6	151,622.3	36,826.9	17,408.6	205,857.8	2,812,865.4

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11. Movement of provisions for depreciation on investments and Investment Fluctuation Reserve

The following table sets forth, for the period indicated, the movement of provisions for depreciation on investments and Investment Fluctuation Reserve of the Bank.

₹ in million, except percentage

Sr. No.	Particulars	At March 31, 2022	At March 31, 2021
A.	**Movement of provisions held towards depreciation on investments**		
i)	Opening balance	**49,791.2**	58,029.4
ii)	Add: Provisions made during the year	**7,633.3**	5,630.4
iii)	Less: Write-off/write-back of excess provisions during the year	**(6,008.8)**	(13,868.6)
iv)	Closing balance	**51,415.7**	49,791.2
B.	**Movement of Investment Fluctuation Reserve**		
i)	Opening balance	**16,886.2**	19,382.0
ii)	Add: Amount transferred during the year	**3,828.8**	–
iii)	Less: drawdown	**–**	(2,495.8)
iv)	Closing balance	**20,715.0**	16,886.2
C.	**Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category**	**2.00%**	2.00%

12. Investment in securities, other than government and other approved securities (Non-SLR investments)

i) Issuer composition of investments in securities, other than government and other approved securities

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2022.

₹ in million

Sr. No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2,4]	Extent of 'unlisted' securities[2,4]
			(a)	(b)	(c)	(d)
1.	PSUs	**10,242.6**	**3,577.2**	**–**	**0.0**	**0.0**
2.	FIs	**70,954.3**	**39,157.1**	**804.0**	**181.8**	**–**
3.	Banks	**42,146.6**	**30,396.2**	**10,932.6**	**–**	**2,251.0**
4.	Private corporates	**184,022.2**	**138,165.4**	**–**	**690.4**	**10,375.7**
5.	Subsidiaries/Joint ventures	**85,963.1**	**5,525.3**	**–**	**–**	**–**
6.	Others[3,4]	**196,565.0**	**87,733.5**	**22,033.2[5]**	**–**	**–**
7.	Provision held towards depreciation	**(51,361.1)**	**N.A.**	**N.A.**	**N.A.**	**N.A.**
	Total	**538,532.7**	**304,554.7**	**33,769.8**	**872.2**	**12,626.7**

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion of debt.
3. Includes investments in non-Indian government securities by overseas branches amounting to ₹ 104,390.9 million.
4. Excludes investments in non-SLR government of India securities amounting to ₹ 94.5 million.
5. Represents security receipts.

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2021.

₹ in million

Sr. No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2,3]	Extent of 'unlisted' securities[2,3]
			(a)	(b)	(c)	(d)
1.	PSUs	20,866.4	19,277.5	–	–	16,710.0
2.	FIs	130,279.4	75,684.4	817.9	181.8	–
3.	Banks	35,261.4	14,752.2	4,744.8	–	2,171.4
4.	Private corporates	170,179.6	74,283.9	4,361.0	1,644.8	10,475.8
5.	Subsidiaries/Joint ventures	97,565.8	–	–	–	–
6.	Others[3,5]	272,245.3	120,474.1	30,551.3[4]	–	6,642.3
7.	Provision held towards depreciation	(49,740.5)	N.A.	N.A.	N.A	N.A.
	Total	**676,657.4**	**304,472.1**	**40,475.0**	**1,826.6**	**35,999.5**

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion of debt.
3. Excludes investments in non-SLR government of India securities amounting to ₹ 108.0 million.
4. Includes security receipts of ₹ 23,902.0 million and PTCs of ₹ 6,642.3 million.
5. Includes investments in non-Indian government securities by overseas branches amounting to ₹ 151,622.3 million.

ii) Non-performing investments in securities, other than government and other approved securities

The following table sets forth, for the periods indicated, the movement in gross non-performing investments in securities, other than government and other approved securities.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	**44,236.9**	**51,069.4**
Additions during the year	**400.8**	7,393.6
Reduction during the year	**(3,746.1)**	(14,226.1)
Closing balance	**40,891.6**	**44,236.9**
Total provision held	**34,655.8**	**40,399.0**

13. Sales and transfers of securities to/from Held to Maturity (HTM) category

During the year ended March 31, 2022 and year ended March 31, 2021, the value of sales/transfers of securities to/from HTM category did not exceed 5.0% of the book value of investments held in HTM category at the beginning of the year. Sales and transfers of securities to/from HTM category does not include one-time transfer of securities, direct sales from HTM for bringing down SLR holdings consequent to a downward revision in SLR requirements by RBI, sales to RBI under open market operation auctions and government securities acquisition programme, repurchase of government securities by Government of India and state development loans by concerned state government under buyback or switch operations and additional shifting of securities explicitly permitted by RBI.

14. Derivatives

The Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management, proprietary trading and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury Control and Service Group (TCSG) conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment policy and Derivative policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, asset liability management (ALM) policy and operational risk management policy. The RCB comprises independent directors and the Managing Director & CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VaR), stop loss limits and relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by ALCO. Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Based on RBI circular issued on June 26, 2019, the accounting of hedge relationships established after June 26, 2019 is in accordance with the Guidance note on Accounting for Derivative Contracts issued by ICAI. The swaps under hedge relationships established prior to that date are accounted for on an accrual basis and are not marked to market unless their underlying transaction is marked-to-market. Gains or losses arising from hedge ineffectiveness, if any, are recognised in the profit and loss Account. The premium or discount arising on inception of forward exchange contracts, not intended for trading purpose, is amortised over the life of the contract as interest income/expense.

Over the counter (OTC) derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines.

The Board of Directors has authorised the ALCO to review and approve matters, as applicable, pertaining to the LIBOR transition to alternate risk free rates. A LIBOR Working Group has been constituted which reviews the progress on the international front, and the work carried out alongside Indian Banking Association (IBA). An update on the activities on the LIBOR transition and the proceedings of the Working Group are presented quarterly to the ALCO. The necessary changes were implemented in the treasury system of the Bank to handle the transition of existing trades to the alternate risk free rates. The transition was carried out for the LIBORs (GBP, JPY, EUR, CHF) that ceased on December 31, 2021. USD LIBORs are expected to cease at the end of June 2023. There is sufficient liquidity in market for USD LIBOR linked trades. The Bank does not expect material valuation risk arising out of non-alignment of fallback provisions of commercially linked positions i.e., trading deals and on the existing hedge deals of the Bank.

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The following tables set forth, for the periods indicated, the details of derivative positions.

₹ in million

Sr. No.	Particulars	At March 31, 2022	
		Currency derivative[1]	Interest rate derivative[2]
1.	**Derivatives (Notional principal amount)**		
	a) For hedging	**–**	**256,843.9**
	b) For trading	**1,200,607.0**	**24,953,321.7**
2.	**Marked to market positions[3] (net)**	**(1,168.5)**	**(62.3)**
	a) Asset (+)	**25,319.0**	**47,374.3**
	b) Liability (-)	**(26,487.5)**	**(47,436.6)**
3.	**Credit exposure[4]**	**88,160.4**	**254,103.7**
4.	**Likely impact of one percentage change in interest rate (100*PV01)[5]**		
	a) On hedging derivatives[6]	**–**	**6,289.6**
	b) On trading derivatives	**2,551.3**	**6,129.0**
5.	**Maximum and minimum of 100*PV01 observed during the period**		
	a) On hedging[6]		
	Maximum	**–**	**6,454.8**
	Minimum	**–**	**5,073.9**
	b) On trading		
	Maximum	**2,916.3**	**7,949.6**
	Minimum	**2,440.3**	**1,170.2**

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. OTC Interest rate options, Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on current exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and off-setting impact with the underlying on-balance sheet items.

₹ in million

Sr. No.	Particulars	At March 31, 2021	
		Currency derivative[1]	Interest rate derivative[2]
1.	**Derivatives (Notional principal amount)**		
	a) For hedging	–	163,798.0
	b) For trading	1,102,082.5	15,643,967.7
2.	**Marked to market positions[3] (net)**	**7,002.3**	**(10,197.8)**
	a) Asset (+)	21,967.6	47,823.8
	b) Liability (-)	(14,965.3)	(58,021.6)
3.	**Credit exposure[4]**	**83,923.2**	**187,715.7**
4.	**Likely impact of one percentage change in interest rate (100*PV01)[5]**		
	a) On hedging derivatives[6]	–	6,268.8
	b) On trading derivatives	2,790.7	3,187.5
5.	**Maximum and minimum of 100*PV01 observed during the period**		
	a) On hedging[6]		
	Maximum	–	9,025.6
	Minimum	–	6,227.2
	b) On trading		
	Maximum	3,372.1	5,284.2
	Minimum	2,194.1	1,531.9

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. OTC Interest rate options, Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on current exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and off-setting impact with the underlying on-balance sheet items.

The following tables set forth, for the periods indicated, the details of forex contracts.

₹ in million

Sr. No.	Particulars	At March 31, 2022		At March 31, 2021	
		Trading	Non-trading	Trading	Non-trading
1.	**Forex contracts (Notional principal amount)**	**9,657,484.9**	**987,759.1**	7,080,505.5	1,072,284.3
2.	**Marked to market positions (net)**	**(6,931.4)**	**1,265.1**	4,022.0	7,049.0
	1. Asset (+)	**18,946.4**	**1,733.1**	26,752.1	7,854.7
	2. Liability (-)	**(25,877.8)**	**(468.0)**	(22,730.1)	(805.7)
3.	**Credit exposure[1]**	**258,106.9**	**25,818.5**	205,195.1	35,598.4
4.	**Likely impact of one percentage change in interest rate (100*PV01)[2]**	**42.3**	**39.8**	66.1	94.1

1. Computed based on current exposure method.
2. Amounts given are absolute values on a net basis.

As per the Master circular on Basel III Capital Regulations issued by RBI on July 1, 2015 on capital adequacy computation, ‘Banks in India shall adopt the comprehensive approach, which allows fuller offset of collateral against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral’. Therefore, counterparty exposure has been fully off-set against the collateral received from the counterparty and the excess collateral posted over the net MTM payable is reckoned as exposure. Since, the collateral received is counterparty-wise and not product-wise, the derivative exposure reported above has not been adjusted for the collateral received/posted. At March 31, 2022, collateral utilised against the exposure was ₹ 7,762.9 million (March 31, 2021: ₹ 7,385.2 million), excess collateral posted over the exposure was ₹ 1,959.5 million (March 31, 2021: ₹ 743.7 million) and the net credit exposure on forex and derivatives, subsequent to collateral netting, was ₹ 620,386.1 million (March 31, 2021: ₹ 505,790.8 million).

The net overnight open position (NOOP) at March 31, 2022 (as per last NOOP value reported to RBI for the year ended March 31, 2022) was ₹ 6,202.9 million (March 31, 2021: ₹ 4,200.2 million).

The Bank has no exposure in credit derivative instruments (funded and non-funded) including credit default swaps (CDS) and principal protected structures at March 31, 2022 (March 31, 2021: Nil).

15. Exchange traded interest rate derivatives and currency derivatives

Exchange traded interest rate derivatives

The following table sets forth, for the periods indicated, the details of exchange traded interest rate derivatives.

₹ in million

Sr. No.	Particulars	At March 31, 2022	At March 31, 2021
1.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year – 10 year Government Security Notional Bond	**4,539.2**	64,748.8
2.	Notional principal amount of exchange traded interest rate derivatives outstanding – 10 year Government Security Notional Bond	**–**	20.0
3.	Notional principal amount of exchange traded interest rate derivatives outstanding and not ‘highly effective’	**N.A.**	N.A.
4.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not ‘highly effective’	**N.A.**	N.A.

Exchange traded currency derivatives

The following table sets forth, for the periods indicated, the details of exchange traded currency derivatives.

₹ in million

Sr. No.	Particulars	At March 31, 2022	At March 31, 2021
1.	Notional principal amount of exchange traded currency derivatives undertaken during the year	**2,806,476.4**	3,515,146.1
2.	Notional principal amount of exchange traded currency derivatives options outstanding	**62,910.2**	60,651.2
3.	Notional principal amount of exchange traded currency derivatives outstanding and not ‘highly effective’	**N.A.**	N.A.
4.	Mark-to-market value of exchange traded currency derivatives outstanding and not ‘highly effective’	**N.A.**	N.A.

16. Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS)

The Bank enters into FRA, IRS and CCS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk and currency risk within the prevalent regulatory guidelines.

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A FRA is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A CCS is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for interest payments and principal in another currency.

These contracts are subject to the risks of changes in market interest rates and currency rates as well as the settlement risk with the counterparties.

The following table sets forth, for the periods indicated, the details of the FRA/IRS.

₹ in million

Sr. No.	Particulars	At March 31, 2022	At March 31, 2021
1.	Notional principal of FRA/IRS	**25,184,685.1**	15,749,369.2
2.	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[1]	**47,632.0**	48,230.0
3.	Collateral required by the Bank upon entering into FRA/IRS	**–**	–
4.	Concentration of credit risk[2]	**3,414.2**	2,066.6
5.	Fair value of FRA/IRS[3]	**(1,418.3)**	(2,917.5)

1. For trading portfolio both mark-to-market and accrued interest have been considered and for hedging portfolio only accrued interest has been considered.
2. Credit risk concentration is measured as the highest net receivable under these contracts from a particular counter party.
3. Fair value represents mark-to-market including accrued interest.

The following table sets forth, for the periods indicated, the details of the CCS.

₹ in million

Sr. No.	Particulars	At March 31, 2022	At March 31, 2021
1.	Notional principal of CCS[1]	**498,337.6**	481,715.7
2.	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[2]	**21,767.1**	19,157.0
3.	Collateral required by the Bank upon entering into CCS	**–**	–
4.	Concentration of credit risk[3]	**10,402.8**	8,033.9
5.	Fair value of CCS[4]	**2,672.3**	9,126.1

1. CCS includes cross currency interest rate swaps and currency swaps.
2. For trading portfolio both mark-to-market and accrued interest have been considered and for hedging portfolio only accrued interest has been considered.
3. Credit risk concentration is measured as the highest net receivable under these contracts from a particular counter party.
4. Fair value represents mark-to-market including accrued interest.

The following tables set forth, for the periods indicated, the nature and terms of FRA and IRS.

Hedging

₹ in million

Benchmark	Type	At March 31, 2022		At March 31, 2021	
		Notional principal	No. of deals	Notional principal	No. of deals
JPY LIBOR	Fixed receivable v/s floating payable	**–**	**–**	6,611.5	1
MIBOR	Fixed receivable v/s floating payable	**93,890.0**	**13**	–	–
USD LIBOR	Fixed receivable v/s floating payable	**162,953.9**	**19**	157,186.5	19
Total		**256,843.9**	**32**	**163,798.0**	**20**

Trading

₹ in million

Benchmark	Type	At March 31, 2022		At March 31, 2021	
		Notional principal	No. of deals	Notional principal	No. of deals
AUD LIBOR	Floating receivable v/s fixed payable	**510.7**	**1**	501.3	1
AUD LIBOR	Fixed receivable v/s floating payable	**266.7**	**6**	532.5	17
Bond Yield	Sell FRA	**13,587.9**	**27**		
CAD CDOR	Fixed receivable v/s floating payable	**793.9**	**1**	874.4	1
CAD CDOR	Floating receivable v/s fixed payable	**807.8**	**2**	887.8	2
EUR ESTR	Floating receivable v/s fixed payable	**7,840.9**	**3**	–	–
EUR ESTR	Fixed receivable v/s floating payable	**7,040.8**	**3**	–	–
EURIBOR	Fixed receivable v/s floating payable	**11,827.3**	**30**	14,570.4	39
EURIBOR	Floating receivable v/s fixed payable	**13,727.9**	**21**	15,034.6	24
EURIBOR	Floating receivable v/s floating payable	**–**	**–**	429.4	1
GBP LIBOR	Fixed receivable v/s floating payable	**7,086.2**	**13**	8,422.9	17
GBP LIBOR	Floating receivable v/s fixed payable	**7,498.9**	**15**	9,208.8	20
INBMK	Floating receivable v/s fixed payable	**1,000.0**	**1**	1,000.0	1
INBMK	Fixed receivable v/s floating payable	**1,000.0**	**1**	1,000.0	1
JPY LIBOR	Fixed receivable v/s floating payable	**6,898.9**	**9**	6,046.4	9
JPY LIBOR	Floating receivable v/s fixed payable	**5,283.0**	**6**	5,990.0	7
MIBOR	Floating receivable v/s fixed payable	**11,014,588.4**	**16,789**	5,967,573.3	7,629
MIBOR	Fixed receivable v/s floating payable	**11,018,340.0**	**16,676**	6,036,070.1	9,441
MIFOR	Floating receivable v/s fixed payable	**423,358.0**	**429**	860,800.0	1,061
MIFOR	Fixed receivable v/s floating payable	**532,286.6**	**749**	917,855.0	1,506
T-BILL	Floating receivable v/s fixed payable	**26,239.0**	**9**	–	–
T-BILL	Fixed receivable v/s floating payable	**10,139.8**	**2**	–	–
USD LIBOR	Fixed receivable v/s floating payable	**601,931.2**	**577**	704,400.4	672
USD LIBOR	Floating receivable v/s fixed payable	**809,797.5**	**734**	852,030.1	753
USD LIBOR	Floating receivable v/s floating payable	**171,935.3**	**44**	174,735.5	52
USD SOFR	Fixed receivable v/s floating payable	**98,044.4**	**54**	3,655.5	1
USD SOFR	Floating receivable v/s fixed payable	**129,871.2**	**79**	731.1	1
USD SOFR	Floating receivable v/s floating payable	**760.0**	**1**	–	–
Others	Fixed receivable v/s fixed payable	**5,379.1**	**5**	3,221.6	4
Total		**24,927,841.4**	**36,287**	**15,585,571.1**	**21,260**

The following tables set forth, for the periods indicated, the nature and terms of CCS.

Trading

₹ in million

Benchmark	Type	At March 31, 2022		At March 31, 2021	
		Notional principal	No. of deals	Notional principal	No. of deals
EURIBOR	Fixed receivable v/s floating payable	**5,351.3**	**25**	5,025.7	23
EURIBOR v/s USD LIBOR	Floating receivable v/s floating payable	**17,378.2**	**8**	6,998.7	6
EURIBOR v/s USD LIBOR	Floating payable v/s floating receivable	**18,421.3**	**9**	11,712.1	12
EURIBOR v/s USD LIBOR	Fixed receivable v/s Floating payable	**879.3**	**1**	–	–
GBP LIBOR v/s USD LIBOR	Floating receivable v/s floating payable	**1,720.6**	**3**	2,952.3	5
GBP LIBOR v/s USD LIBOR	Floating payable v/s floating receivable	**2,349.2**	**5**	3,321.3	6
GBP SONIA v/s USD SOFR	Floating receivable v/s Floating payable	**536.1**	**1**	–	–
JPY LIBOR	Floating receivable v/s fixed payable	**–**	**–**	343.0	1
JPY LIBOR	Fixed receivable v/s floating payable	**–**	**–**	134.9	1
JPY LIBOR v/s USD LIBOR	Floating receivable v/s floating payable	**568.5**	**2**	7,976.6	8
JPY LIBOR v/s USD LIBOR	Floating payable v/s floating receivable	**276.3**	**2**	317.8	2
MIFOR v/s USD LIBOR	Floating receivable v/s floating payable	**4,626.3**	**3**	4,626.3	3
SGD SOR v/s USD LIBOR	Floating receivable v/s floating payable	**454.8**	**1**	438.7	1
SGD SOR v/s USD LIBOR	Floating payable v/s floating receivable	**151.6**	**1**	365.6	2
USD LIBOR	Fixed receivable v/s floating payable	**169,718.5**	**140**	159,880.7	195
USD LIBOR	Floating receivable v/s fixed payable	**93,076.2**	**79**	95,861.9	86
USD SOFR	Fixed payable v/s floating receivable	**750.0**	**1**	–	–
Others	Fixed receivable v/s fixed payable	**182,079.5**	**193**	181,760.1	189
Total		**498,337.7**	**474**	**481,715.7**	**540**

1. Benchmark indicates floating leg of the fixed v/s floating CCS.

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17. Classification of advances and provisions held

The following table sets forth, the classification of advances and provisions held at March 31, 2022.

₹ in million

	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	**7,247,016.0**	**127,338.7**	**235,111.8**	**45,963.7**	**408,414.2**	**7,655,430.2**
Add: Additions during the year					**192,910.1**	
Less: Reductions during the year*					**(268,375.1)**	
Closing balance	**8,523,814.1**	**85,308.8**	**177,027.7**	**70,612.7**	**332,949.2**	**8,856,763.4**
* Reductions in Gross NPAs due to:						
i) Upgradation					**(104,438.2)**	
ii) Recoveries (excluding recoveries from upgraded accounts)					**(62,459.0)**	
iii) Technical/ Prudential Write-offs					**(91,597.9)**	
iv) Write-offs other than those under (iii) above					**(9,880.0)**	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	**901.7**	**56,319.6**	**214,952.4**	**45,963.7**	**317,235.7**	**318,137.4**
Add: Fresh provisions made during the year					**121,883.3**	
Less: Excess provision reversed/ Write-off loans					**(175,482.1)**	
Closing balance of provisions held	**2,920.2**	**39,040.1**	**153,984.1**	**70,612.7**	**263,636.9**	**266,557.1**
Net NPAs						
Opening Balance		**71,017.2**	**20,159.4**	**–**	**91,176.6**	
Add: Fresh additions during the year					**98,586.3**	
Less: Reductions during the year					**(120,452.5)**	
Closing Balance		**46,266.8**	**23,043.6**	**–**	**69,310.4**	
Floating Provisions						**1.9**
Opening Balance						**–**
Add: Additional provisions made during the year						**–**
Less: Amount drawn down during the year						**–**
Closing balance of floating provisions						**1.9**
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						**416,422.5**
Add: Technical/Prudential write-offs during the year						**98,396.9**
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						**(9,794.7)**
Less: Sacrifice made from previously technical/ prudential written-off accounts during the year						**(28,445.6)**
Closing balance						**476,579.1**

The following table sets forth, the classification of advances and provisions held at March 31, 2021.

₹ in million

	Standard	Non-performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	6,354,612.4	62,507.7	303,184.6	42,598.6	408,290.9	6,762,903.3
Add: Additions during the year					160,482.2	
Less: Reductions during the year*					(160,358.9)	
Closing balance	7,247,016.0	127,338.7	235,111.8	45,963.7	408,414.2	7,655,430.2
* Reductions in Gross NPAs due to:						
i) Upgradation					(17,546.2)	
ii) Recoveries (excluding recoveries from upgraded accounts)					(47,746.4)	
iii) Technical/Prudential Write-offs					(91,414.9)	
iv) Write-offs other than those under (iii) above					(3,651.4)	

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	Standard	Non-performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	945.1	19,740.3	246,717.8	42,598.6	309,056.7	310,001.8
Add: Fresh provisions made during the year					133,515.3	
Less: Excess provision reversed/Write-off loans					(125,336.2)	
Closing balance of provisions held	901.7	56,319.6	214,952.4	45,963.7	317,235.7	318,137.4
Net NPAs						
Opening Balance		42,765.6	56,466.8	–	99,232.4	
Add: Fresh additions during the year					80,171.9	
Less: Reductions during the year					(88,227.7)	
Closing Balance		71,017.2	20,159.4	–	91,176.6	
Floating Provisions						
Opening Balance						1.9
Add: Additional provisions made during the year						–
Less: Amount drawn down during the year						–
Closing balance of floating provisions						1.9
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						341,378.5
Add: Technical/ Prudential write-offs during the year						82,688.5
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						(1,682.3)
Less: Sacrifice made from previously technical/ prudential written-off accounts during the year						(5,962.2)
Closing balance						416,422.5

Following table sets forth, for the period indicated, NPA ratios of the Bank.

Particulars	At March 31, 2022	At March 31, 2021
Gross NPA to Gross Advances	**3.76%**	5.33%
Net NPA to Net Advances	**0.81%**	1.24%
Provision coverage ratio	**79.18%**	77.68%

Further, in accordance with RBI guidelines, the loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. At March 31, 2022, the Bank classified certain loans as NPAs at overseas branches amounting to ₹ 4,547.6 million (at March 31, 2021: Nil) as per the requirement of these guidelines and made a provision of ₹ 3,975.6 million (year ended March 31, 2021: Nil) on these loans.

18. Divergence in asset classification and provisioning for NPAs

In terms of the RBI circular no. //DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either (a) the additional provisioning requirements assessed by RBI exceed 10% of the reported net profits before provisions and contingencies or (b) the additional gross NPAs identified by RBI exceed 15% of the published incremental gross NPAs for the reference period, or both. Based on the condition mentioned in RBI circular, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for the year ended March 31, 2021 and for the year ended March 31, 2020.

19. General provision on standard assets

The general provision on standard assets held by the Bank at March 31, 2022 was ₹ 40,942.9 million (March 31, 2021: ₹ 35,842.8 million). The Bank made general provision on standard assets amounting to ₹ 4,492.5 million during the year ended March 31, 2022 (year ended March 31, 2021: ₹ 2,288.3 million) as per applicable RBI guidelines.

RBI, through its circular dated January 15, 2014 had advised banks to create incremental provision on standard loans and advances to entities with unhedged foreign currency exposure (UFCE). The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes review of UFCE for large exposures on annual basis.

The Bank held provision amounting to ₹ 3,100.0 million (March 31, 2021: ₹ 2,620.0 million) on advances to entities with UFCE at March 31, 2022. During the year ended March 31, 2022, the Bank made provision amounting to ₹ 480.0 million on advances to entities with UFCE (year ended March 31, 2021: ₹ 120.0 million). The Bank held incremental capital of ₹ 9,360.0 million at March 31, 2022 on advances to borrowers with UFCE (March 31, 2021: ₹ 8,860.0 million).

The Bank makes additional general provision on stressed sectors of the economy, as per RBI guidelines and as per the Board approved policy. During the year ended March 31, 2022, there was a write-back of provision amounting to ₹ 233.3 million (year ended March 31, 2021: ₹ 756.7 million). At March 31, 2022, the Bank held provision amounting to ₹ 1,350.0 million (March 31, 2021: ₹ 1,583.3 million).

During the year ended March 31, 2022, the Bank made provision amounting to ₹ 147.4 million (year ended March 31, 2021: ₹ 205.9 million) towards advances to overseas step-down subsidiaries of Indian corporates. The Bank held provision amounting to ₹ 909.7 million at March 31, 2022 (March 31, 2021: ₹ 762.2 million).

RBI, through its circular dated August 25, 2016, required banks to make additional provision from the year ended March 31, 2019 on incremental exposure of the banking system in excess of normally permitted lending limit (NPLL) on borrowers classified as specified borrower. During the year ended March 31, 2022, there was a write-back of provision amounting to ₹ 68.6 million (year ended March 31, 2021: made provision of ₹ 248.5 million) on these specified borrowers. The Bank held provision amounting to ₹ 261.4 million at March 31, 2022 (March 31, 2021: ₹ 330.0 million).

20. Priority Sector Lending Certificates (PSLCs)

The following table sets forth, for the periods indicated, details of PSLCs purchased and sold by the Bank.

₹ in million

Category	**Year ended March 31, 2022**		**Year ended March 31, 2021**	
	Bought	**Sold**	**Bought**	**Sold**
General	**–**	**655,300.0**	–	311,055.0
Agriculture	**673,065.0**	**–**	357,740.0	–
Micro enterprise	**42,060.0**	**359,100.0**	–	106,840.0
Total	**715,125.0**	**1,014,400.0**	**357,740.0**	**417,895.0**

21. Sale and acquisition of loans

a) Details of loan not in default sold/acquired by the Bank as per Master Direction - Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021.

1. The following table sets forth, for the period indicated, details of loans not in default sold/acquired under assignment:

₹ in million

Particulars	**Year ended March 31, 2022**	
	Loans acquired	**Loans sold**
Amount of loan	**45,127.9**	4,386.9
Weighted average residual maturity (in years)	**5.30**	3.74
Weighted average holding period of the originator (in years)	**1.64**	2.08
Retention of beneficial economic interest by the originator	**89,219.6**	7,745.3
Tangible security coverage (times)	**1.20**	1.20

1. In addition, the Bank acquired unfunded loans amounting to ₹ 2,840.0 million and sold un-funded loans amounting to ₹ 1,250.0 million through novation.
2. In addition, the Bank acquired loans amounting to ₹ 2,192.4 million through risk participation in the secondary market.

2. The following table sets forth, for the period indicated, rating-wise distribution of the loans sold/acquired under assignment:

₹ in million

Rating	**Year ended March 31, 2022**	
	Loans acquired	**Loans sold**
IND A+	**–**	**493.8**
CARE A-	**–**	**998.3**
CRISIL A	**–**	**1,000.0**
Moody's B1	**1,136.9**	**–**
CRISIL AA+	**–**	**1,894.8**

1. Excluding retail and other unrated loans.

b) Details of stressed loans sold/acquired by the Bank.

1 The following table sets forth, for the period indicated, details of stressed loans classified as NPA sold by the Bank.

₹ in million, except number of accounts

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	To ARCs	To permitted transferees	To ARCs	To permitted transferees
Number of accounts	**4**	**3**	2	2
Aggregate principal outstanding of loans transferred[2]	**3,302.1**	**1,046.5**	60.5	817.9
Weighted average residual tenor of the loans transferred[3]	**–**	**–**	–	–
Net book value of loans transferred (at the time of transfer)[4]	**244.8**	**188.6**	11.3	473.7
Aggregate consideration	**1,966.3**	**1,164.1**	81.0	521.0
Additional consideration realised in respect of accounts transferred in earlier years	**–**	**–**	–	–

1. Excess provision reversed to profit and loss account on account of sale of NPAs to ARCs was, ₹ 1,721.5 million and to permitted transferees was ₹ 975.5 million (year ended March 31, 2021: ARCs ₹ 69.7 million and permitted transferees ₹ 75.3 million).
2. Net of write-off.
3. For NPAs, the Bank issues loan recall notice and initiates legal proceedings for recovery, due to which the weighted average residual tenor is not applicable.
4. Net of write-off and provisions.

2. The Bank has not sold/acquired loan classified as Special Mention Account (SMA) during the year ended March 31, 2022.
3. The Bank has not acquired non-performing loans during the year ended March 31, 2022.
4. The following table sets forth, for the period indicated, rating-wise distribution of SRs held by the bank.

₹ in million

Rating	NAV estimate %	At March 31, 2022
RR1	Above 100%	**6,798.9**
RR2	Above 75% upto 100%	**–**
RR3	Above 50% upto 75%	**4,680.4**
RR4	Above 25% upto 50%	**4,538.6**
RR5	Upto 25%	**2,009.7**
	Total	**18,027.6**

1. Amount represents net of provisions.
2. Additionally, the Bank holds marked-to-market loss of ₹ 3,660.4 million and additional provision of ₹ 6,293.3 million at March 31, 2022.

22. Securitisation

Following table sets forth details of securitisation of standard assets of the Bank as per Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 for the year ended March 31, 2022.

₹ in million

Sr. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1.	Number of SPVs sponsored by the bank for securitisation transactions during the year	**–**	–
2.	Total a) No. and b) amount of securitised loans as per books of the SPVs sponsored by the bank during the year	**–**	–
3.	Total amount of exposures retained by the Bank to comply with Minimum Retention Requirement (MRR) during the year		
	a) Off-balance sheet exposures		
	• First loss	**–**	–
	• Others	**–**	–
	b) On-balance sheet exposures		
	• First loss	**–**	–
	• Others	**–**	–

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₹ in million

Sr. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
4.	Amount of exposure to securitisation transactions other than MRR during the year		
	Off-balance sheet exposures		
	a) Exposure to own securitisation		
	• First loss	**–**	–
	• Others	**–**	–
	b) Exposure to third party securitisation		
	• First loss	**–**	–
	• Others	**269.3**	709.5
	On-balance sheet exposures		
	a) Exposure to own securitisation		
	• First loss	**–**	–
	• Others	**–**	–
	b) Exposure to third party securitisation		
	• First loss	**–**	–
	• Others	**–**	–
5.	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation[1]	**–**	(64.2)
6.	Outstanding amount of services provided by way of:		
	• credit enhancement[2]	**4,064.9**	4,950.1
	• liquidity support	**209.7**	209.6
	• post-securitisation asset servicing	**–**	–
7.	Performance of facilities provided		
	a) First loss credit facility		
	• Amount paid (0.01%)[4]	**–**[3]	–[3]
	• Repayment received (0.01%)[4]	**–**[3]	–[3]
	• Outstanding amount	**734.9**	734.9
	b) Second loss credit facility		
	• Amount paid	**–**	–
	• Repayment received	**–**	–
	• Outstanding amount[2]	**3,330.0**	4,215.2
	c) Liquidity facility		
	• Amount paid (0.02%)[4,5]	**–**[3]	3.1
	• Repayment received (0.08%)[4,5]	**0.2**	3.5
	• Outstanding amount	**209.7**	209.6
8.	Average default rate of portfolios observed at the year end		
	a) MBS deals (cumulative in %)	**1.5**	1.5
	b) ABS deals (cumulative in %)	**–**	–
9.	Amount and number of additional/top up loan given on same underlying loans		
	a) MBS deals		
	• Gross Amount	**75.8**	88.2
	• Count	**115**	123
	b) ABS deals		
	• Gross Amount	**–**	–
	• Count	**–**	–
10.	Investor complaints		
	(a) Directly/Indirectly received and;	**–**	–
	(b) Complaints outstanding	**–**	–

1. Includes gain/(loss) on deal closures, gain amortised during the year and expenses relating to utilisation of credit enhancement for all the outstanding deals.
2. Includes outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounting to ₹ 2,639.0 million (for the year ended March 31, 2021: ₹ 3,524.2 million)
3. Insignificant amount
4. Percentage has been derived based on opening outstanding balance of the facility.
5. For the year ended March 31, 2021, amount paid: 1.47% and repayment received: 1.68%

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23. Accounts restructured under Micro, Small and Medium Enterprises (MSME) sector

The following table sets forth, for the periods indicated, the details of accounts restructured under MSME sector under RBI guidelines issued in January 2019.

₹ in million, except number of accounts

At March 31, 2022		At March, 2021	
Number of accounts restructured	**Amount outstanding**	**Number of accounts restructured**	**Amount outstanding**
2,500	**28,181.8**	746	10,325.1

24. Resolution of stressed assets

During the year ended March 31, 2022, the Bank implemented resolution plan for five borrower amounting to ₹ 10,365.3 million (March 31, 2021: three borrowers for ₹ 6,553.2 million) under the prudential framework for stressed assets issued by RBI on June 7, 2019.

25. Resolution Framework for Covid-19 related Stress

I. The following table sets forth, details of resolution plans implemented under the Resolution Framework for Covid-19 related stress of individuals and small borrowers as per RBI circular dated May 5, 2021 (Resolution Framework 2.0):

₹ in million, except number of accounts

	For the six months ended March 31, 2022				
Type of borrower	**Exposure to accounts classified as Standard consequent to implementation of resolution plan – at September 30, 2021 (A)[1]**	**Of (A), aggregate debt that slipped into NPA during six month ended March 31, 2022[2]**	**Of (A) amount written off during six month ended March 31, 2022**	**Of (A) amount paid by the borrowers during six month ended March 31, 2022[3]**	**Exposure to accounts classified as Standard consequent to implementation of resolution plan at March 31, 2022**
Personal Loans[4]	**43,275.3**	**6,382.4**	**232.3**	**5,738.1**	**31,154.8**
Corporate persons	**29,001.8**	**–**	**–**	**11,964.8**	**17,037.0**
Of which MSMEs	**–**	**–**	**–**	**–**	**–**
Others	**8,634.2**	**1,456.3**	**17.4**	**(499.4)**	**7,677.3**
Total	**80,911.3**	**7,838.7**	**249.7**	**17,203.5**	**55,869.1**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

1. Includes cases where request received till September 30, 2021 and implemented subsequently.
2. Includes cases which have been written off during the period.
3. Net of increase in exposure during the period.
4. Includes various categories of retail loans.

26. Concentration of Deposits, Advances, Exposures and NPAs

(I) Concentration of deposits, advances, exposures and NPAs

₹ in million

Concentration of deposits	**At March 31, 2022**	**At March 31, 2021**
Total deposits of 20 largest depositors	**560,155.0**	501,242.3
Deposits of 20 largest depositors as a percentage of total deposits of the Bank	**5.26%**	5.38%

₹ in million

Concentration of advances[1]	**At March 31, 2022**	**At March 31, 2021**
Total advances to 20 largest borrowers (including banks)	**1,908,174.2**	1,870,624.9
Advances to 20 largest borrowers as a percentage of total advances of the Bank	**11.84%**	13.77%

1. Represents credit exposure (funded and non-funded) including derivatives exposures as per RBI guidelines on exposure norms.

₹ in million

Concentration of exposures[1]	**At March 31, 2022**	**At March 31, 2021**
Total exposure to 20 largest borrowers/customers (including banks)	**2,002,175.1**	2,058,661.7
Exposures to 20 largest borrowers/customers as a percentage of total exposure of the Bank	**12.03%**	14.47%

1. Represents credit and investment exposures as per RBI guidelines on exposure norms.

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₹ in million

Concentration of NPAs	At March 31, 2022	At March 31, 2021
Total exposure[1] to top 20 NPA accounts	**175,706.5**	178,152.1
Exposure of 20 largest NPA as a percentage of total Gross NPAs	**42.30%**	35.70%

1. Represents credit and investment exposures as per RBI guidelines on exposure norms.

(II) Sector-wise advances

₹ in million, except percentages

Sr. No.	Particulars	At March 31, 2022		
		Outstanding advances	**Gross NPAs[1]**	**% of gross NPAs[1] to total advances in that sector**
A.	**Priority sector**			
1.	Agriculture and allied activities	**561,419.3**	**29,726.4**	**5.29%**
2.	Advances to industries sector eligible as priority sector lending	**793,249.8**	**9,300.1**	**1.17%**
3.	Services	**459,446.3**	**10,019.6**	**2.18%**
	of which:			
	Transport operators	**169,445.5**	**5,744.2**	**3.39%**
	Wholesale trade	**206,556.7**	**2,425.3**	**1.17%**
4.	Personal loans	**714,700.4**	**18,457.9**	**2.58%**
	of which:			
	Housing	**646,036.4**	**14,715.7**	**2.28%**
	Vehicle loans	**49,115.9**	**2,248.8**	**4.58%**
	Sub-total (A)	**2,528,815.8**	**67,504.0**	**2.67%**
B.	**Non-priority sector**			
1.	Agriculture and allied activities			
2.	Advances to industries sector	**1,637,148.8**	**178,096.7**	**10.88%**
	of which:			
	Infrastructure	**484,952.6**	**45,807.8**	**9.45%**
	Basic metal and metal products	**184,023.7**	**5,901.4**	**3.21%**
	Construction	**148,527.6**	**53,447.4**	**35.98%**
	Chemicals and Chemical Products	**133,374.7**	**11,232.3**	**8.42%**
3.	Services	**1,533,962.2**	**40,701.4**	**2.65%**
	of which:			
	Commercial real estate	**453,678.9**	**13,600.2**	**3.00%**
	Wholesale trade	**191,516.6**	**6,645.6**	**3.47%**
	Non-banking financial companies	**478,801.1**	**131.4**	**0.03%**
4.	Personal loans[2]	**3,156,836.6**	**46,647.1**	**1.48%**
	of which:			
	Housing	**1,915,669.7**	**26,188.9**	**1.37%**
	Sub-total (B)	**6,327,947.6**	**265,445.2**	**4.19%**
	Total (A)+(B)	**8,856,763.4**	**332,949.2**	**3.76%**

1. Represents loans and advances.
2. Excludes commercial business loans and dealer funding.
3. Sub-sectors have been disclosed where advances exceed 10% of total advances in that sector at reporting date.

₹ in million, except percentages

Sr. No.	Particulars	At March 31, 2021		
		Outstanding advances	**Gross NPAs[1]**	**% of gross NPAs[1] to total advances in that sector**
A.	**Priority sector**			
1.	Agriculture and allied activities	480,800.5	20,583.1	4.28%
2.	Advances to industries sector eligible as priority sector lending	546,536.4	8,801.7	1.61%
3.	Services	305,603.6	16,078.3	5.26%
	of which:			
	Transport operators	159,482.2	12,229.6	7.67%
	Wholesale trade	95,369.8	2,214.3	2.32%
4.	Personal loans	740,504.6	25,449.8	3.44%
	of which:			
	Housing	614,468.2	16,297.9	2.65%
	Vehicle loans	94,732.5	6,856.8	7.24%
	Sub-total (A)	**2,073,445.1**	**70,912.9**	**3.42%**

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₹ in million, except percentages

Sr. No.	Particulars	At March 31, 2021		
		Outstanding advances	Gross NPAs[1]	% of gross NPAs[1] to total advances in that sector
B.	**Non-priority sector**			
1.	Agriculture and allied activities	–	–	–
2.	Advances to industries sector	1,593,220.4	211,424.1	13.27%
	of which:			
	Infrastructure	491,261.9	60,460.9	12.31%
	Basic metal and metal products	173,798.4	7,827.9	4.50%
	Chemicals and Chemical Products	151,653.0	14,478.2	9.55%
	Construction	153,547.8	54,262.3	35.34%
3.	Services	1,400,763.5	59,334.5	4.24%
	of which:			
	Commercial real estate	389,985.6	19,479.1	4.99%
	Wholesale trade	209,439.8	7,840.2	3.74%
	Non-banking financial companies	383,460.3	269.4	0.07%
4.	Personal loans[2]	2,588,001.2	66,742.7	2.58%
	of which:			
	Housing	1,500,326.8	31,546.8	2.10%
Sub-total (B)		**5,581,985.1**	**337,501.3**	**6.05%**
Total (A)+(B)		**7,655,430.2**	**408,414.2**	**5.33%**

1. Represents loans and advances.
2. Excludes commercial business loans and dealer funding.
3. Sub-sectors have been disclosed where advances exceed 10% of total advances in that sector at reporting date.

(III) Overseas assets, NPAs[1] and revenue

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total assets[2]	**865,806.3**	858,033.1
Total NPAs (net)	**6,236.0**	10,972.5
Total revenue[2]	**18,399.6**	17,385.6

1. Represents loans and advances.
2. Represents the total assets and total revenue of foreign operations as reported in Schedule 18 of the financial statements, note no. 5 on information about business and geographical segments.

(IV) Off-balance sheet special purpose vehicles (SPVs) sponsored (which are required to be consolidated as per accounting norms) for the year ended March 31, 2022

1. The following table sets forth, the names of SPVs/trusts sponsored by the Bank/subsidiaries which are consolidated.

Sr. No.	Name of the SPV sponsored[1]
A.	**Domestic** 1. ICICI Strategic Investments Fund[2] 2. India Advantage Fund-III[2] 3. India Advantage Fund-IV[2]
B.	**Overseas** None

1. SPVs/Trusts which are consolidated and set-up/sponsored by the Bank/subsidiaries of the Bank.
2. The nature of business of the above entities is venture capital fund.

2. The following table sets forth, the names of SPVs/trusts which are not sponsored by the Bank/subsidiaries and are consolidated.

Sr. No.	Name of the SPV
A.	**Domestic** None
B.	**Overseas** None

27. Intra-group exposure

The following table sets forth, for the periods indicated, the details of intra-group exposure.

₹ in million

Sr. No.	Particulars	At March 31, 2022	At March 31, 2021
1.	Total amount of intra-group exposures	**169,408.4**	143,907.8
2.	Total amount of top 20 intra-group exposures	**169,408.0**	143,907.6
3.	Percentage of intra-group exposure to total exposures of the Bank on borrowers/customers	**1.02%**	1.01%
4.	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	**Nil**	Nil

28. Exposure to sensitive sectors

The Bank has exposure to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of exposure to capital market sector.

₹ in million

Sr. No.	Particulars	At March 31, 2022	At March 31, 2021
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	**46,902.8**	50,255.7
2.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	**1,545.2**	1,823.5
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	**22,361.0**	22,338.1
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	**–**	1,133.0
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	**123,510.6**	109,546.4
6.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	**–**	–
7.	Bridge loans to companies against expected equity flows/issues	**–**	–
8.	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	**–**	–
9.	Financing to stockbrokers for margin trading	**–**	–
10.	All exposures to venture capital funds (both registered and unregistered)	**10,181.7**	9,413.0
11.	Others	**–**	–
	Total exposure to capital market[1]	**204,501.3**	**194,509.7**

1. At March 31, 2022, excludes investment in equity shares of ₹ 21,779.6 million (March 31, 2021: ₹ 22,619.2 million) exempted from the regulatory ceiling, out of which investments of ₹ 3,054.6 million (March 31, 2021: ₹ 3,449.9 million) were acquired due to conversion of debt to equity during restructuring process under RBI circular dated June 7, 2019 on "Prudential Framework for Resolution of Stressed Assets" and investments of ₹ 17,116.6 million (March 31, 2021: ₹ 17,566.1 million) were acquired under other resolution schemes of RBI.

The following table sets forth, for the periods indicated, the summary of exposure to real estate sector.

₹ in million

Sr. No.	Particulars	At March 31, 2022	At March 31, 2021
I	**Direct exposure**	**3,641,419.7**	**2,976,380.4**
	1. Residential mortgages	**2,897,232.4**	2,355,904.4
	of which: individual housing loans eligible for priority sector advances	**397,578.1**	350,236.7
	2. Commercial real estate[1]	**713,574.3**	587,702.3
	3. Investments in Mortgage Backed Securities (MBS) and other securitised exposure	**30,613.0**	32,773.7
	a. Residential	**26,310.2**	28,270.4
	b. Commercial real estate	**4,302.8**	4,503.3
II	**Indirect exposure**	**162,163.3**	**246,635.7**
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**162,163.3**	246,635.7
	Total exposure to real estate sector	**3,803,583.0**	**3,223,016.1**

1. Commercial real estate exposure includes loans to individuals against non-residential premises, loans given to land and building developers for construction, corporate loans for development of special economic zone, loans to borrowers where servicing of loans is from a real estate activity and exposures to mutual funds/venture capital funds/private equity funds investing primarily in the real estate companies.

29. Factoring business

At March 31, 2022, the outstanding receivables acquired by the Bank under factoring business were ₹ 39,289.5 million (March 31, 2021: ₹ 31,268.6 million) which are reported under 'Bills purchased and discounted' in Schedule 9 – Advances of the balance sheet.

30. Risk category-wise country exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The funded country exposure (net) of the Bank as a percentage of total funded assets for United States of America was 3.53% (March 31, 2021: 4.07%), and for United Kingdom was 1.22% (March 31, 2021: 1.28%). As the net funded exposure to United States of America and United Kingdom at March 31, 2022, exceeded 1.00% of total funded assets (March 31, 2021: United States of America and United Kingdom), the Bank held a provision of ₹ 580.0 million on country exposure at March 31, 2022 (March 31, 2021: ₹ 565.0 million) based on RBI guidelines.

The following table sets forth, for the periods indicated, the details of exposure (net) and provision held by the bank.

₹ in million

Risk category	Exposure (net) at March 31, 2022	Provision held at March 31, 2022	Exposure (net) at March 31, 2021	Provision held at March 31, 2021
Insignificant	**1,109,785.2**	**580.0**	1,066,722.8	565.0
Low	**319,041.5**	**–**	300,160.1	–
Moderately Low	**3,540.2**	**–**	15,470.6	–
Moderate	**13,686.9**	**–**	16,142.0	–
Moderately High	**134.7**	**–**	1.6	–
High	**–**	**–**	–	–
Very High	**–**	**–**	–	–
Total	**1,446,188.5**	**580.0**	**1,398,497.1**	**565.0**

31. Unsecured advances against intangible assets

The Bank has not made advances against intangible collaterals of the borrowers, which are classified as 'Unsecured' in the financial statements at March 31, 2022 (March 31, 2021: Nil).

32. Revaluation of fixed assets

The Bank follows the revaluation model for its premises (land and buildings) other than improvements to leasehold property as per AS 10 – 'Property, Plant and Equipment'. As per the Bank's policy, annual revaluation is carried out through external valuers, using methodologies such as direct sales comparison method and income capitalisation method and the incremental amount has been taken to revaluation reserve. The revalued amount at March 31, 2022 was ₹ 57,269.6 million (March 31, 2021: ₹ 56,451.6 million) as compared to the historical cost less accumulated depreciation of ₹ 25,313.0 million (March 31, 2021: ₹ 25,515.7 million).

The revaluation reserve is not available for distribution of dividend.

33. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets.

₹ in million

Particulars	At March 31, 2022	At March 31, 2021
At cost at March 31 of preceding year	**25,543.0**	19,879.4
Additions during the year	**3,922.1**	6,014.7
Deductions during the year	**(308.1)**	(351.2)
Depreciation to date	**(21,220.3)**	(18,447.1)
Net block	**7,936.7**	7,095.8

34. Debt assets swap transactions

During the year ended March 31, 2022, the Bank did not acquire any non-banking assets under debt-asset swap transactions (year ended March 31, 2021: Nil).

During the year ended March 31, 2022, the Bank sold non-banking assets having a book value of ₹ 563.6 million (year ended March 31, 2021: ₹ 942.4 million), which were fully provided, at a sale consideration of ₹ 430.5 million (year ended March 31, 2021: ₹ 1,263.0 million).

The net book value of non-banking assets acquired in satisfaction of claims by the Bank outstanding at March 31, 2022 amounted to Nil (March 31, 2021: Nil), net of provision held of ₹ 29,011.8 million (March 31, 2021: ₹ 29,575.4 million).

35. Lease

I. Assets taken under operating lease

Operating leases primarily comprise office premises which are renewable at the option of the Bank.

i. The following table sets forth, for the periods indicated, the details of liability for premises taken on non-cancellable operating leases.

₹ in million

Particulars	At March 31, 2022	At March 31, 2021
Not later than one year	**102.7**	141.6
Later than one year and not later than five years	**67.3**	52.1
Later than five years	**9.9**	9.9
Total	**179.9**	**203.6**

ii. Total of non-cancellable lease payments recognised in the profit and loss account for the year ended March 31, 2022 is ₹ 283.6 million (year ended March 31, 2021 ₹ 301.9 million).

II. Assets taken under finance lease

The following table sets forth, for the periods indicated, the details of assets taken on finance leases.

₹ in million

Particulars	At March 31, 2022	At March 31, 2021
1. Total Minimum lease payments outstanding		
Not later than one year	**269.2**	241.2
Later than one year and not later than five years	**792.3**	806.1
Later than five years	**76.4**	138.7
Total	**1,137.9**	**1,186.0**
2. Interest cost payable		
Not later than one year	**92.5**	97.4
Later than one year and not later than five years	**146.8**	186.2
Later than five years	**3.8**	9.2
Total	**243.1**	**292.8**
3. Present value of minimum lease payments payable (A-B)		
Not later than one year	**176.7**	143.7
Later than one year and not later than five years	**645.5**	619.9
Later than five years	**72.6**	129.6
Total	**894.8**	**893.2**

36. Description of contingent liabilities

The following table describes the nature of contingent liabilities of the Bank.

Sr. No.	Contingent liability	Brief Description
1.	Claims against the Bank, not acknowledged as debts	This item represents demands made in certain tax and legal matters against the Bank in the normal course of business and customer claims arising in fraud cases. In accordance with the Bank's accounting policy and AS 29, the Bank has reviewed and classified these items as possible obligations based on legal opinion/judicial precedents/assessment by the Bank.
2.	Liability for partly paid investments	This item represents amounts remaining unpaid towards liability for partly paid investments. These payment obligations of the Bank do not have any profit/loss impact.
3.	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts in the normal course of its business, to exchange currencies at a pre-fixed price at a future date. This item represents the notional principal amount of such contracts, which are derivative instruments. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.

Sr. No.	Contingent liability	Brief Description
4.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	This item represents the guarantees and documentary credits issued by the Bank in favour of third parties on behalf of its customers, as part of its trade finance banking activities with a view to augment the customers' credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customers fail to fulfill their financial or performance obligations.
5.	Currency swaps, interest rate swaps, currency options and interest rate futures	This item represents the notional principal amount of various derivative instruments which the Bank undertakes in its normal course of business. The Bank offers these products to its customers to enable them to transfer, modify or reduce their foreign exchange and interest rate risks. The Bank also undertakes these contracts to manage its own interest rate and foreign exchange positions. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
6.	Other items for which the Bank is contingently liable	Other items for which the Bank is contingently liable primarily include the amount of government securities bought/sold and remaining to be settled on the date of financial statements. This also includes amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF), commitment towards contribution to venture fund, the amount that the Bank is obligated to pay under capital contracts and letter of undertaking and indemnity letters. Capital contracts are job orders of a capital nature which have been committed.

37. Insurance business

The following table sets forth, for the periods indicated, the break-up of income derived from insurance business.

₹ in million

Sr. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1.	Income from selling life insurance policies	**5,775.8**	6,363.9
2.	Income from selling non-life insurance policies	**901.9**	1,152.3

38. Marketing & Distribution

The following table sets forth, for the periods indicated, income received from marketing and distribution function.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Income received in respect of the marketing and distribution	**4,721.6**	3,341.6

1. Includes referral fees, commission and fees received on distribution/cross selling of various products including mutual funds.

39. Employee benefits

Pension

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for pension benefits.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening obligations	**20,265.6**	**19,914.3**
Service cost	**204.6**	237.2
Interest cost	**1,145.3**	1,173.9
Actuarial (gain)/loss	**(546.5)**	1,256.2
Liabilities extinguished on settlement	**(2,289.8)**	(2,198.1)
Benefits paid	**(118.2)**	(117.9)
Obligations at the end of year	**18,661.0**	**20,265.6**

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Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening plan assets, at fair value	**21,162.2**	**16,972.1**
Expected return on plan assets	**1,620.7**	1,350.8
Actuarial gain/(loss)	**(331.9)**	521.9
Assets distributed on settlement	**(2,544.2)**	(2,442.3)
Contributions	**54.7**	4,877.6
Benefits paid	**(118.2)**	(117.9)
Closing plan assets, at fair value	**19,843.3**	**21,162.2**
Fair value of plan assets at the end of the year	**19,843.3**	21,162.2
Present value of the defined benefit obligations at the end of the year	**(18,661.0)**	(20,265.6)
Amount not recognised as an asset (limit in Para 59(b) of AS 15 on 'employee benefits')	**(401.9)**	(304.8)
Asset/(liability)	**780.4**	**591.8**
Cost[1]		
Service cost	**204.6**	237.2
Interest cost	**1,145.3**	1,173.9
Expected return on plan assets	**(1,620.7)**	(1,350.8)
Actuarial (gain)/loss	**(214.6)**	734.3
Curtailments & settlements (gain)/loss	**254.4**	244.2
Effect of the limit in para 59(b) of AS 15 on 'employee benefits'	**97.1**	304.8
Net cost	**(133.9)**	**1,343.6**
Actual return on plan assets	**1,288.8**	1,872.7
Expected employer's contribution next year	**2,000.0**	2,000.0
Investment details of plan assets		
Government of India securities	**46.69%**	50.15%
Corporate bonds	**46.45%**	44.81%
Equity securities in listed companies	**6.46%**	5.04%
Others	**0.40%**	–
Assumptions		
Discount rate	**6.30%**	5.75%
Salary escalation rate:		
On Basic pay	**1.50%**	1.50%
On Dearness relief	**7.00%**	7.00%
Estimated rate of return on plan assets	**7.50%**	7.50%

1. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
Plan assets	**19,843.3**	21,162.2	16,972.1	15,438.8	16,303.7
Defined benefit obligations	**(18,661.0)**	(20,265.6)	(19,914.3)	(16,540.3)	(15,391.1)
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	**(401.9)**	(304.8)	–	–	(310.1)
Surplus/(deficit)	**780.4**	591.8	(2,942.2)	(1,101.5)	602.5
Experience adjustment on plan assets	**(331.9)**	521.9	741.1	(125.9)	(449.6)
Experience adjustment on plan liabilities	**809.0**	613.4	2,186.1	1,038.6	290.1

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Gratuity

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for gratuity benefits.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening obligations	**12,842.8**	**11,938.7**
Add: Adjustment for exchange fluctuation on opening obligations	**6.0**	(6.5)
Adjusted opening obligations	**12,848.8**	**11,932.2**
Service cost	**1,294.5**	1,265.4
Interest cost	**875.8**	818.3
Actuarial (gain)/loss	**(112.0)**	(414.4)
Past service cost	**–**	(6.8)
Liability transferred from/to other companies	**1.9**	4.9
Benefits paid	**(1,319.0)**	(756.8)
Obligations at the end of the year	**13,590.0**	**12,842.8**
Opening plan assets, at fair value	**12,934.8**	**10,877.1**
Expected return on plan assets	**945.7**	842.4
Actuarial gain/(loss)	**(64.9)**	720.2
Contributions	**1,078.9**	1,247.0
Asset transferred from/to other companies	**1.9**	4.9
Benefits paid	**(1,319.0)**	(756.8)
Closing plan assets, at fair value	**13,577.4**	**12,934.8**
Fair value of plan assets at the end of the year	**13,577.4**	12,934.8
Present value of the defined benefit obligations at the end of the year	**(13,590.0)**	(12,842.8)
Amount not recognised as an asset (limit in Para 59(b) of AS 15 on 'employee benefits')	**–**	–
Asset/(liability)	**(12.6)**	**92.0**
Cost[1]		
Service cost	**1,294.5**	1,265.4
Interest cost	**875.8**	818.3
Expected return on plan assets	**(945.7)**	(842.4)
Actuarial (gain)/loss	**(47.1)**	(1,134.6)
Past service cost	**–**	(6.8)
Exchange fluctuation loss/(gain)	**6.0**	(6.5)
Effect of the limit in para 59(b) of AS 15 on 'employee benefits'	**–**	–
Net cost	**1,183.6**	**93.4**
Actual return on plan assets	**880.7**	1,562.6
Expected employer's contribution next year	**800.0**	800.0
Investment details of plan assets		
Insurer managed funds	**–**	–
Government of India securities	**29.29%**	36.52%
Corporate bonds	**47.96%**	45.49%
Equity	**20.65%**	14.22%
Others	**2.10%**	3.77%
Assumptions		
Discount rate	**6.85%**	6.55%
Salary escalation rate	**7.00%**	7.00%
Estimated rate of return on plan assets	**7.50%**	7.50%

1. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
Plan assets	**13,577.4**	12,934.8	10,877.1	9,821.2	8,979.9
Defined benefit obligations	**(13,590.0)**	(12,842.8)	(11,938.7)	(10,114.4)	(9,087.7)
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	**–**	–	–	–	–
Surplus/(deficit)	**(12.6)**	92.0	(1,061.6)	(293.2)	(107.8)
Experience adjustment on plan assets	**(64.9)**	720.2	(125.0)	(60.3)	(115.9)
Experience adjustment on plan liabilities	**368.0**	(484.5)	181.3	118.4	162.0

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

Provident Fund (PF)

As there is no liability towards interest rate guarantee on exempt provident fund on the basis of actuarial valuation, the Bank has not made any provision for the year ended March 31, 2022 (year ended March 31, 2021: Nil).

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for provident fund.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening obligations	**39,349.2**	**33,424.3**
Service cost	**1,972.5**	1,656.3
Interest cost	**2,620.3**	2,210.2
Actuarial (gain)/loss	**(150.8)**	1,467.8
Employees contribution	**3,558.4**	3,379.4
Liability transferred from/to other companies	**588.8**	397.9
Benefits paid	**(4,809.7)**	(3,186.7)
Obligations at end of the year	**43,128.7**	**39,349.2**
Opening plan assets	**39,349.2**	**33,424.3**
Expected return on plan assets	**3,434.2**	3,147.4
Actuarial gain/(loss)	**246.2**	530.5
Employer contributions	**1,972.5**	1,656.4
Employees contributions	**3,558.4**	3,379.4
Asset transferred from/to other companies	**588.8**	397.9
Benefits paid	**(4,809.7)**	(3,186.7)
Closing plan assets	**44,339.6**	**39,349.2**
Plan assets at the end of the year	**44,339.6**	39,349.2
Present value of the defined benefit obligations at the end of the year	**(43,128.7)**	(39,349.2)
Amount not recognised as asset (limit in Para 59(b) of AS-15 on 'employee benefits')[1]	**(1,210.9)**	–
Asset/(liability)	–	**–**
Cost[1]		
Service cost	**1,972.5**	1,656.3
Interest cost	**2,620.3**	2,210.2
Expected return on plan assets	**(3,434.2)**	(3,147.4)
Actuarial (gain)/loss	**(397.0)**	937.3
Effect of the limit in Para 59(b)[1]	**1,210.9**	–
Net cost	**1,972.5**	**1,656.4**
Actual return on plan assets	**3,680.4**	3,677.9
Expected employer's contribution next year	**2,110.6**	1,772.3
Investment details of plan assets		
Government of India securities	**53.53%**	49.41%
Corporate bonds	**36.18%**	41.98%
Special deposit scheme	**1.22%**	1.37%
Others	**9.07%**	7.23%
Assumption		
Discount rate	**6.85%**	6.55%
Expected rate of return on assets	**8.25%**	8.59%
Discount rate for the remaining term to maturity of investments	**6.85%**	6.50%
Average historic yield on the investment	**8.25%**	8.54%
Guaranteed rate of return	**8.10%**	8.50%

1. Pursuant to revised Guidance Note 29 on "Valuation of Interest Rate Guaranatees on Exempt Provident Funds under AS15 (Revised)" issued by the Institute of Actuaries of India on February 16, 2022, plan assets held by the PF Trust have been fair valued. The amount represents the fair value gain on plan assets.
2. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
Plan assets	**44,339.6**	39,349.2	33,424.3	28,757.5	25,524.4
Defined benefit obligations	**(43,128.7)**	(39,349.2)	(33,424.3)	(28,757.5)	(25,524.4)
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')[1]	**(1,210.9)**	–	–	–	–
Surplus/(deficit)	**–**	–	–	–	–
Experience adjustment on plan assets	**246.3**	530.5	(626.7)	11.8	(35.6)
Experience adjustment on plan liabilities	**(812.5)**	1,467.8	(171.5)	402.6	412.4

1. Pursuant to revised Guidance Note 29 on "Valuation of Interest Rate Guaranatees on Exempt Provident Funds under AS15 (Revised)" issued by the Institute of Actuaries of India on February 16, 2022, plan assets held by the PF Trust have been fair valued. The amount represents the fair value gain on plan assets.

The Bank has contributed ₹ 3,224.9 million to provident fund for the year ended March 31, 2022 (year ended March 31, 2021: ₹ 2,882.6 million), which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

Superannuation Fund

The Bank has contributed ₹ 255.9 million for the year ended March 31, 2022 (year ended March 31, 2021: ₹ 233.9 million) to Superannuation Fund for employees who had opted for the scheme.

National Pension Scheme (NPS)

The Bank has contributed ₹ 224.8 million for the period ended March 31, 2022 (year ended March 31, 2021: ₹ 182.7 million) to NPS for employees who had opted for the scheme.

Compensated absence

The following table sets forth, for the periods indicated, movement in provision for compensated absence.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total actuarial liability	**3,081.6**	3,052.7
Cost[1]	**752.2**	993.1
Assumptions		
Discount rate	**6.85%**	6.55%
Salary escalation rate	**7.00%**	7.00%

1. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

40. Movement in provision for credit cards/debit cards/savings accounts and direct marketing agents reward points

The following table sets forth, for the periods indicated, movement in provision for credit cards/debit cards/savings accounts reward points.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening provision for reward points	**2,612.6**	2,435.1
Provision for reward points made during the year	**7,877.7**	4,035.5
Utilisation/write-back of provision for reward points	**(7,212.0)**	(3,858.0)
Closing provision for reward points[1]	**3,278.3**	2,612.6

1. The closing provision is based on the actuarial valuation of accumulated credit cards/debit cards/savings accounts reward points.

The following table sets forth, for the periods indicated, movement in provision for reward points to direct marketing agents.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening provision for reward points	**172.2**	134.5
Provision for reward points made during the year	**214.5**	152.4
Utilisation/write-back of provision for reward points	**(138.7)**	(114.7)
Closing provision for reward points	**248.0**	172.2

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41. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Provisions for depreciation of investments	**3,771.1**	(1,578.2)
Provision towards non-performing and other assets[1]	**61,640.4**	107,991.3
Provision towards income tax		
1. Current	**62,976.8**	46,656.6
2. Deferred	**9,717.2**	(6,756.2)
Other provisions and contingencies[2,3,4]	**21,002.7**	55,730.9
Total provisions and contingencies	**159,108.2**	**202,044.4**

1. Includes provision towards NPA amounting to ₹ 37,077.5 million (March 31, 2021: ₹ 103,640.6 million).
2. Net of write-back of COVID-19 related provision amounting to ₹ 10,500.0 million during the year ended March 31, 2022 (March 31, 2021: net COVID-19 related provision made amounting to ₹ 47,500.0 million).
3. Includes contingency provision made amounting to ₹ 10,250.0 million on a prudent basis during the year ended March 31, 2022.
4. Includes general provision made towards standard assets, provision on fixed assets acquired under debt-asset swap and non-fund based facilities.

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of AS 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible or the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

The following table sets forth, for the periods indicated, the movement in provision for legal and fraud cases, operational risk and other contingencies.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening provision	**27,527.9**	19,350.4
Movement during the year (net)	**16,463.4**	8,177.5
Closing provision	**43,991.3**	27,527.9

1. Excludes provision towards sundry expenses.

42. Provision for income tax

The provision for income tax (including deferred tax) for the year ended March 31, 2022 amounted to ₹ 72,693.9 million (March 31, 2021: ₹ 39,900.3 million).

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The Bank is of the opinion that all transactions with international related parties and specified transactions with domestic related parties are primarily at arm's length so that the above legislation does not have material impact on the financial statements.

43. Deferred tax

At March 31, 2022, the Bank has recorded net deferred tax assets of ₹ 77,732.7 million (March 31, 2021: ₹ 87,444.7 million), which have been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

₹ in million

Particulars	At March 31, 2022	At March 31, 2021
Deferred tax assets		
Provision for bad and doubtful debts	**104,563.5**	110,355.7
Others	**8,911.3**	8,567.6
Total deferred tax assets	**113,474.8**	**118,923.3**
Deferred tax liabilities		
Special reserve deduction	**30,284.3**	26,674.0
Depreciation on fixed assets	**4,043.8**	3,641.0
Interest on refund of taxes[2]	**168.4**	115.3
Foreign currency translation reserve[2]	**1,245.6**	1,048.3
Others	**–**	–
Total deferred tax liabilities	**35,742.1**	**31,478.6**
Total net deferred tax assets/(liabilities)	**77,732.7**	**87,444.7**

1. Tax rate of 25.168% is adopted based on Finance Act, 2020.
2. These items are considered in accordance with the requirements of Income Computation and Disclosure Standards (ICDS).

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44. Details of provisioning pertaining to fraud accounts

The following table sets forth, for the periods indicated, the details of provisioning pertaining to fraud accounts.

₹ in million, except number of frauds

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Number of frauds reported	**5,678**	1,549
Amount involved in frauds	**31,000.5**	118,386.4
Provision made[1]	**3,730.3**	26,693.4
Unamortised provision debited from balance in profit and loss account under ‘Reserves and Surplus’	–	–

1. Excludes amount written off and interest reversal.

45. Proposed dividend on equity shares

The Board of Directors at its meeting held on April 23, 2022 has recommended a dividend of ₹ 5 per equity share for the year ended March 31, 2022 (year ended March 31, 2021: ₹ 2 per equity share). The declaration and payment of dividend is subject to requisite approvals.

46. Related party transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

I. Related parties

Subsidiaries, associates/joint ventures/other related entities

Sr. No.	Name of the entity	Nature of relationship
1.	ICICI Bank Canada	Subsidiary
2.	ICICI Bank UK PLC	Subsidiary
3.	ICICI Home Finance Company Limited	Subsidiary
4.	ICICI International Limited	Subsidiary
5.	ICICI Investment Management Company Limited	Subsidiary
6.	ICICI Prudential Asset Management Company Limited	Subsidiary
7.	ICICI Prudential Life Insurance Company Limited	Subsidiary
8.	ICICI Prudential Pension Funds Management Company Limited	Subsidiary
9.	ICICI Prudential Trust Limited	Subsidiary
10.	ICICI Securities Holdings Inc.	Subsidiary
11.	ICICI Securities Inc.	Subsidiary
12.	ICICI Securities Limited	Subsidiary
13.	ICICI Securities Primary Dealership Limited	Subsidiary
14.	ICICI Trusteeship Services Limited	Subsidiary
15.	ICICI Venture Funds Management Company Limited	Subsidiary
16.	Arteria Technologies Private Limited	Associate
17.	India Advantage Fund-III	Associate
18.	India Advantage Fund-IV	Associate
19.	India Infradebt Limited	Associate
20.	ICICI Lombard General Insurance Company Limited	Associate
21.	ICICI Merchant Services Private Limited	Associate
22.	I-Process Services (India) Private Limited	Associate
23.	NIIT Institute of Finance, Banking and Insurance Training Limited	Associate
24.	ICICI Strategic Investments Fund	Consolidated as per AS 21
25.	Comm Trade Services Limited	Other related entity
26.	ICICI Foundation for Inclusive Growth	Other related entity
27.	Cheryl Advisory Private Limited (w.e.f. Q3-2021)	Other related entity

1. From April 1, 2021, ICICI Lombard General Insurance Company Limited ceased to be a subsidiary and became an associate of the Bank.

Key management personnel

Sr. no.	Name of the Key management personnel	Relatives of the Key management personnel
1.	Mr. Sandeep Bakhshi	• Ms. Mona Bakhshi • Mr. Shivam Bakhshi • Ms. Esha Bakhshi • Ms. Minal Bakhshi • Mr. Sameer Bakhshi • Mr. Ritwik Thakurta • Mr. Ashwin Pradhan • Ms. Radhika Bakhshi
2.	Ms. Vishakha Mulye	• Mr. Vivek Mulye • Ms. Vriddhi Mulye • Mr. Vighnesh Mulye • Dr. Gauresh Palekar • Ms. Shalaka Gadekar • Dr. Nivedita Palekar
3.	Mr. Anup Bagchi	• Ms. Mitul Bagchi • Mr. Aditya Bagchi • Mr. Shishir Bagchi • Mr. Arun Bagchi • Late Mr. Animesh Bagchi
4.	Mr. Sandeep Batra (w.e.f. December 23, 2020)	• Mr. Pranav Batra • Ms. Arushi Batra • Mr. Vivek Batra • Ms. Veena Batra

II. Transactions with related parties

The following table sets forth, for the periods indicated, the significant transactions between the Bank and its related parties.

₹ in million

Items	Year ended March 31, 2022	Year ended March 31, 2021
Interest income	**779.4**	**964.8**
Subsidiaries	***279.3***	*401.9*
Associates/joint ventures/others	***494.1***	*553.7*
Key management personnel	***6.0***	*9.2*
Fee, commission and other income	**8,715.7**	**9,208.5**
Subsidiaries	***7,550.1***	*9,089.6*
Associates/joint ventures/others	***1,165.6***	*118.9*
Key management personnel	***0.0***	*0.0*
Relatives of key management personnel	***0.0***	*0.0*
Commission income on guarantees issued	**27.8**	**29.1**
Subsidiaries	***24.9***	*28.9*
Associates/joint ventures/others	***2.9***	*0.2*
Income from custodial services	**4.6**	**18.3**
Subsidiaries	***4.2***	*17.2*
Associates/joint ventures/others	***0.4***	*1.1*
Gain/(loss) on forex and derivative transactions (net)[2]	**45.5**	**1,472.1**
Subsidiaries	***8.9***	*1,472.1*
Associates/joint ventures/others	***36.6***	–
Dividend income	**18,287.9**	**12,446.4**
Subsidiaries	***16,294.6***	*12,339.9*
Associates/joint ventures/others	***1,993.3***	*106.5*
Insurance claims received	**865.9**	**315.8**
Subsidiaries	***719.5***	*315.8*
Associates/joint ventures/others	***146.4***	–

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₹ in million

Items	Year ended March 31, 2022	Year ended March 31, 2021
Recovery of lease of premises, common corporate and facilities expenses	**2,194.3**	**1,683.3**
Subsidiaries	***1,874.1***	*1,631.8*
Associates/joint ventures/others	***320.2***	*51.5*
Payment of lease of premises, common corporate and facilities expenses	**82.1**	**156.4**
Subsidiaries	***82.1***	*156.4*
Recovery for secondment of employees (net)	**28.8**	**17.8**
Subsidiaries	***12.9***	*7.1*
Associates/joint ventures/others	***15.9***	*10.7*
Reimbursement of expenses from related parties	**84.9**	**1.7**
Subsidiaries	***1.9***	*1.7*
Associates/joint ventures/others	***83.0***	–
Interest expense	**116.4**	**143.5**
Subsidiaries	***81.4***	*99.0*
Associates/joint ventures/others	***28.8***	*38.4*
Key management personnel	***4.8***	*5.6*
Relatives of key management personnel	***1.4***	*0.5*
Remuneration to wholetime directors[3]	**262.3**	**126.0**
Key management personnel	***262.3***	*126.0*
Reimbursement of expenses to related parties	**2,613.4**	**989.7**
Subsidiaries	***374.2***	*191.4*
Associates/joint ventures/others	***2,239.2***	*798.3*
Insurance premium paid	**10,189.9**	**8,899.9**
Subsidiaries	***7,537.2***	*8,899.9*
Associates/joint ventures/others	***2,652.7***	–
Brokerage, fee and other expenses	**12,941.5**	**11,503.3**
Subsidiaries	***647.3***	*906.2*
Associates/joint ventures/others	***12,294.2***	*10,597.1*
Dividend paid	**2.4**	**–**
Key management personnel	***2.4***	–
Relatives of key management personnel	***0.0***	–
Purchase of investments	**8,821.6**	**32,742.4**
Subsidiaries	***8,821.6***	*32,742.4*
Investments in the securities issued by related parties	**2,706.8**	**–**
Subsidiaries	***2,706.8***	–
Sale of investments	**20,477.8**	**16,692.8**
Subsidiaries	***18,967.1***	*16,692.8*
Associates/joint ventures/others	***1,510.7***	–
Redemption/buyback of investments	**28,683.6**	**213.2**
Subsidiaries	***28,153.6***	–
Associates/joint ventures/others	***530.0***	*213.2*
Purchase of loans	**7,296.5**	**8,071.2**
Subsidiaries	***7,296.5***	*8,071.2*
Purchase of unfunded risk participation	**861.1**	**–**
Subsidiaries	***861.1***	–
Purchase of fixed assets	**4.8**	**6.9**
Subsidiaries	–	*0.3*
Associates/joint ventures/others	***4.8***	*6.6*
Sale of fixed assets	**–**	**0.4**
Subsidiaries	–	*0.4*

1. 0.0 represents insignificant amount.
2. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank, within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
3. Excludes the perquisite value on employee stock options exercised and includes performance bonus paid during the period.

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III. Material transactions with related parties

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related parties. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

₹ in million

	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	Interest income		
1	*India Infradebt Limited*	***488.7***	*549.4*
2	*ICICI Home Finance Company Limited*	***241.4***	*335.8*
	Fee, commission and other income		
1	*ICICI Prudential Life Insurance Company Limited*	***5,892.2***	*6,458.0*
2	*ICICI Securities Limited*	***1,185.1***	*904.8*
3	*ICICI Lombard General Insurance Company Limited*	***1,032.5***	*1,269.7*
	Commission income on guarantees issued		
1	*ICICI Bank UK PLC*	***24.1***	*28.1*
2	*ICICI Merchant Services Private Limited*	***2.9***	*0.1*
	Income from custodial services		
1	*ICICI Prudential Asset Management Company Limited*	***2.0***	*14.9*
2	*ICICI Securities Primary Dealership Limited*	***1.8***	*1.7*
	Gain/(loss) on forex and derivative transactions (net)[2]		
1	*ICICI Home Finance Company Limited*	***74.2***	*1,059.4*
2	*ICICI Lombard General Insurance Company Limited*	***36.6***	*40.9*
3	*ICICI Securities Primary Dealership Limited*	***(45.0)***	*377.0*
4	*ICICI Bank Canada*	***(22.7)***	*(1.4)*
	Dividend income		
1	*ICICI Prudential Asset Management Company Limited*	***6,139.8***	*4,240.2*
2	*ICICI Securities Limited*	***5,980.9***	*3,712.9*
3	*ICICI Lombard General Insurance Company Limited*	***1,886.8***	*943.4*
4	*ICICI Securities Primary Dealership Limited*	***1,813.5***	*3,189.0*
	Insurance claims received		
1	*ICICI Prudential Life Insurance Company Limited*	***719.5***	*264.5*
2	*ICICI Lombard General Insurance Company Limited*	***146.4***	*51.3*
	Recovery of lease of premises, common corporate and facilities expenses		
1	*ICICI Bank UK PLC*	***473.2***	*315.7*
2	*ICICI Prudential Life Insurance Company Limited*	***369.2***	*351.4*
3	*ICICI Securities Limited*	***333.9***	*299.6*
4	*ICICI Bank Canada*	***286.6***	*217.3*
5	*ICICI Lombard General Insurance Company Limited*	***281.5***	*265.4*
	Payment of lease of premises, common corporate and facilities expenses		
1	*ICICI Venture Funds Management Company Limited*	***41.8***	*76.9*
2	*ICICI Investment Management Company Limited*	***23.9***	*17.8*
3	*ICICI Home Finance Company Limited*	***12.9***	*53.9*
	Recovery for secondment of employees (net)		
1	*I-Process Services (India) Private Limited*	***15.9***	*10.6*
2	*ICICI Venture Funds Management Company Limited*	***6.9***	*0.8*
3	*ICICI Securities Limited*	***5.0***	*6.7*
	Reimbursement of expenses from related parties		
1	*ICICI Lombard General Insurance Company Limited*	***83.0***	*–*
2	*ICICI Prudential Life Insurance Company Limited*	***1.7***	*1.7*
	Interest expense		
1	*ICICI Securities Limited*	***71.8***	*84.9*
2	*ICICI Merchant Services Private Limited*	***8.3***	*14.5*

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₹ in million

	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	Remuneration to wholetime directors[3]		
1	*Mr. Sandeep Bakhshi*	***70.5***	*3.8[4]*
2	*Ms. Vishakha Mulye*	***63.6***	*54.6*
3	*Mr. Anup Bagchi*	***66.3***	*52.9*
4	*Mr. Sandeep Batra*	***61.9***	*14.7*
	Reimbursement of expenses to related parties		
1	*ICICI Foundation for Inclusive Growth*	***2,239.2***	*798.3*
2	*ICICI Home Finance Company Limited*	***353.8***	*145.6*
	Insurance premium paid		
1	*ICICI Prudential Life Insurance Company Limited*	***7,537.2***	*6,476.2*
2	*ICICI Lombard General Insurance Company Limited*	***2,652.7***	*2,423.7*
	Brokerage, fee and other expenses		
1	*I-Process Services (India) Private Limited*	***8,450.3***	*6,402.6*
2	*ICICI Merchant Services Private Limited*	***3,787.6***	*4,169.1*
	Dividend paid		
1	*Mr. Sandeep Bakhshi*	***0.4***	–
2	*Ms. Vishakha Mulye*	***1.8***	–
3	*Mr. Sandeep Batra*	***0.2***	–
	Purchase of investments		
1	*ICICI Securities Primary Dealership Limited*	***7,945.8***	*28,230.9*
	Investments in the securities issued by related parties		
1	*ICICI Home Finance Company Limited*	***2,706.8***	–
	Sale of investments		
1	*ICICI Prudential Life Insurance Company Limited*	***11,543.5***	*10,988.6*
2	*ICICI Securities Primary Dealership Limited*	***7,319.8***	*3,803.6*
	Redemption/buyback of investments		
1	*ICICI Bank UK PLC*	***14,846.0***	–
2	*ICICI Bank Canada*	***13,307.6***	–
3	*ICICI Strategic Investment Fund*	***530.0***	*133.0*
4	*India Advantage Fund - III*	–	*48.1*
5	*India Advantage Fund - IV*	–	*32.1*
	Purchase of loans		
1	*ICICI Home Finance Company Limited*	***6,766.5***	*8,071.2*
	Purchase of unfunded risk participation		
1	*ICICI Bank UK PLC*	***861.1***	–
	Purchase of fixed assets		
1	*ICICI Lombard General Insurance Company Limited*	***3.1***	–
2	*Arteria Technologies Private Limited*	***1.7***	*6.6*
	Sale of fixed assets		
1	*ICICI Home Finance Company Limited*	–	*0.4*

1. 0.0 represents insignificant amount.
2. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank, within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
3. Excludes the perquisite value on employee stock options exercised and includes performance bonus paid during the period.
4. Mr. Sandeep Bakhshi, Managing Director & CEO voluntarily relinquished his fixed compensation of basic, supplementary allowances and retirals for the year ended March 31, 2021 and was paid honorarium fee of ₹ 1/- for the year ended March 31, 2021. Represents allowances and perquisites for the year.

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IV. Related party outstanding balances

The following table sets forth, for the periods indicated, the balances payable to/receivable from related parties.

₹ in million

Items	At March 31, 2022	At March 31, 2021
Deposits with the Bank	**23,987.7**	**28,611.7**
Subsidiaries	***20,405.8***	*25,833.3*
Associates/joint ventures/others	***3,424.7***	*2,552.7*
Key management personnel	***125.1***	*156.4*
Relatives of key management personnel	***32.1***	*69.3*
Investments of related parties in the Bank	**50.2**	**3.4**
Subsidiaries	***45.7***	–
Key management personnel	***2.0***	*3.4*
Relatives of key management personnel	***2.5***	*0.0*
Payables[2]	**3,591.0**	**2,763.1**
Subsidiaries	***108.3***	*26.8*
Associates/joint ventures/others	***3,482.6***	*2,736.2*
Key management personnel	***0.0***	*0.1*
Relatives of key management personnel	***0.1***	*0.0*
Deposits by the Bank	**628.9**	**682.7**
Subsidiaries	***628.9***	*682.7*
Investments of the Bank	**93,105.0**	**108,296.0**
Subsidiaries	***68,623.0***	*97,565.7*
Associates/joint ventures/others	***24,482.0***	*10,730.3*
Advances by the Bank	**4,767.3**	**2,689.4**
Subsidiaries	***4,500.2***	*2,400.2*
Associates/joint ventures/others	***127.7***	*42.8*
Key management personnel	***139.1***	*246.2*
Relatives of key management personnel	***0.3***	*0.2*
Receivables[2]	**2,836.8**	**2,947.9**
Subsidiaries	***1,116.0***	*2,631.8*
Associates/joint ventures/others	***1,720.8***	*316.1*
Guarantees/letters of credit/indemnity given by the Bank	**6,701.4**	**11,892.7**
Subsidiaries	***6,642.4***	*11,842.0*
Associates/joint ventures/others	***59.0***	*50.7*
Guarantees/letters of credit/indemnity issued by related parties	**9,615.0**	**9,416.6**
Subsidiaries	***9,615.0***	*9,416.6*
Swaps/forward contracts (notional amount)	**55,104.5**	**199,881.6**
Subsidiaries	***55,104.5***	*199,881.6*
Unfunded risk participation	**879.3**	**842.2**
Subsidiaries	***879.3***	*842.2*

1. 0.0 represents insignificant amount.
2. Excludes mark-to-market on outstanding derivative transactions.
3. At March 31, 2022, 19,437,200 (March 31, 2021: 20,047,800) employee stock options for key management personnel were outstanding. Excludes stock options granted to key management personnel, which are pending regulatory approvals.
4. During the year ended March 31, 2022, 1,921,500 (year ended March 31, 2021: 1,188,000) employee stock options with total exercise price of ₹ 394.2 million (year ended March 31, 2021: ₹ 228.8 million) were exercised by the key management personnel.

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V. Related party maximum balances

The following table sets forth, for the periods indicated, the maximum balances payable to/receivable from related parties.

₹ in million

Items	At March 31, 2022	At March 31, 2021
Deposits with the Bank	**44,081.7**	**47,441.4**
Subsidiaries	***36,999.2***	*36,178.8*
Associates/joint ventures/others	***6,637.2***	*10,918.7*
Key management personnel	***277.4***	*238.1*
Relatives of key management personnel	***167.9***	*105.8*
Investments of related parties in the Bank[2]	**51.1**	**3.7**
Subsidiaries	***45.7***	–
Key management personnel	***2.9***	*3.7*
Relatives of key management personnel	***2.5***	*0.0*
Payables[2,3]	**5,055.3**	**2,910.9**
Subsidiaries	***150.5***	*26.8*
Associates/joint ventures/others	***4,904.6***	*2,884.0*
Key management personnel	***0.1***	*0.1*
Relatives of key management personnel	***0.1***	*0.0*
Deposits made by the Bank	**3,274.3**	**6,472.8**
Subsidiaries	***3,274.3***	*6,472.8*
Call/term money lent by the Bank	**8,200.0**	**10,000.0**
Subsidiaries	***8,200.0***	*10,000.0*
Investments of the Bank	**125,624.0**	**113,132.2**
Subsidiaries	***97,565.7***	*98,028.5*
Associates/joint ventures/others	***28,058.3***	*15,103.7*
Advances by the Bank	**12,458.0**	**24,733.7**
Subsidiaries	***12,003.8***	*24,426.1*
Associates/joint ventures/others	***183.1***	*59.4*
Key management personnel	***269.2***	*246.9*
Relatives of key management personnel	***1.9***	*1.3*
Receivables[2,3]	**5,676.0**	**3,568.9**
Subsidiaries	***3,499.9***	*3,052.7*
Associates/joint ventures/others	***2,176.1***	*516.2*
Guarantees/letters of credit/indemnity given by the Bank	**12,048.4**	**12,776.1**
Subsidiaries	***11,988.1***	*12,724.3*
Associates/joint ventures/others	***60.3***	*51.8*
Guarantees/letters of credit/indemnity issued by related parties[2]	**11,422.4**	**9,416.6**
Subsidiaries	***11,422.4***	*9,416.6*
Swaps/forward contracts (notional amount)	**222,791.6**	**545,163.5**
Subsidiaries	***222,791.6***	*545,163.5*
Unfunded risk participation[2]	**879.3**	**2,244.7**
Subsidiaries	***879.3***	*2,244.7*

1. 0.0 represents insignificant amount.
2. Maximum balance is determined based on comparison of the total outstanding balances at each quarter end during the financial year.
3. Excludes mark-to-market on outstanding derivative transactions.

VI. Letters of comfort

The Bank has issued letters of comfort on behalf of its banking subsidiary ICICI Bank UK PLC to Financial Services Authority, UK (now split into two separate regulatory authorities, the Prudential Regulation Authority and the Financial Conduct Authority) to confirm that the Bank intends to financially support ICICI Bank UK PLC in ensuring that it meets all of its financial obligations as they fall due.

The Bank has issued an undertaking on behalf of ICICI Securities Inc. Singapore for Singapore dollar 10.0 million (currently equivalent to ₹ 559.7 million) (March 31, 2021: ₹ 543.5 million) to the Monetary Authority of Singapore (MAS) and has executed indemnity agreements on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian dollar 2.5 million each (currently equivalent to ₹ 151.2 million), aggregating to Canadian dollar 12.5 million (currently equivalent to ₹ 756.0 million) (March 31, 2021: ₹ 725.3 million). The aggregate amount of ₹ 1,315.7 million at March 31, 2022 (March 31, 2021: ₹ 1,268.8 million) is included in the contingent liabilities.

The Bank has issued an undertaking on behalf of ICICI Lombard General Insurance Company Limited to the Insurance Regulatory and Development Authority of India in relation to the demerger of the general insurance business of Bharati AXA General Insurance Company Limited and transferring the same into ICICI Lombard General Insurance Company Limited through a scheme of arrangement.

The letters of indemnity are issued to IDBI Trusteeship Services Ltd (trustee of ICICI Strategic Investment Fund) on behalf of ICICI Strategic Investment Fund to indemnify against any potential liabilities.

The letters of comfort in the nature of letters of awareness that were outstanding at March 31, 2022 issued by the Bank on behalf of its subsidiaries in respect of their borrowings made or proposed to be made, aggregated to ₹ 16,226.7 million (March 31, 2021: ₹ 22,215.5 million).

In addition to the above, the Bank has also issued letters of comfort in the nature of letters of awareness on behalf of its subsidiaries for other incidental business purposes. These letters of awareness are in the nature of factual statements or confirmation of facts and do not create any financial impact on the Bank.

47. Details of amount transferred to the Depositor Education and Awareness Fund (the Fund) of RBI

The following table sets fo rth, for the periods indicated, the movement in amount transferred to the Fund.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	**12,184.0**	10,352.8
Add: Amounts transferred during the year	**2,371.7**	1,940.5
Less: Amounts reimbursed by the Fund towards claims during the year	**(156.9)**	(109.3)
Closing balance	**14,398.8**	12,184.0

48. Details of payment of DICGC insurance premium

The following table sets forth, for the periods indicated, the payment of insurance premium and arrears.

₹ in million

Sr. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1.	Payment of DICGC Insurance Premium[1]	**11,166.2**	9,285.7
2.	Arrears in payment of DICGC premium	**–**	–

1. Excludes goods and service tax.

49. Small and micro enterprises

The following table sets forth, for the periods indicated, details relating to enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

₹ in million

Sr. No.	Particulars	At March 31, 2022		At March 31, 2021	
		Principal	Interest	Principal	Interest
1.	The Principal amount and the interest due thereon remaining unpaid to any supplier	**–**	**–**	–	–
2.	The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	**–**	**–**	–	–
3.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	**NA**	**0.4**	N.A.	0.4
4.	The amount of interest accrued and remaining unpaid	**NA**	**0.4**	N.A.	0.4
5.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	**NA**	**–**	N.A.	–

50. Penalties/fines imposed by RBI and other banking regulatory bodies

The penalties amounting to ₹ 33.0 million (year ended March 31, 2021: Nil) were imposed by RBI during the year ended March 31, 2022. One penalty of ₹ 30.0 million was related to shifting of certain investment from held-to-maturity category to available-for-sale category in May 2017 and the other penalty of ₹ 3.0 million was on account of non-compliance with directions issued by RBI on levy of penal charges on non-maintenance of minimum balance in savings bank accounts dated November 20, 2014.

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51. Disclosure on Remuneration

Compensation Policy and practices

(A) Qualitative Disclosures

a) Bodies that oversee remuneration.

- **Name, composition and mandate of the main body overseeing remuneration**

  The Board Governance, Remuneration and Nomination Committee (BGRNC/ Committee) is the body which oversees the remuneration aspects. The functions of the Committee include recommending appointments of Directors to the Board, identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal, formulate a criteria for the evaluation of the performance of the whole time/ independent Directors and the Board and to extend or continue the term of appointment of independent Directors on the basis of the report of performance evaluation of independent Directors, recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel, Material Risk takers (MRTs) and other employees, recommending to the Board the remuneration (including performance bonus, share-linked instruments and perquisites) to wholetime Directors (WTDs) and senior management, approving the policy for and quantum of variable pay payable to members of the staff including senior management key managerial personnel, material risk takers and formulating the criteria for determining qualifications, positive attributes and independence of a Director, framing policies on Board diversity, framing guidelines for the Employee Stock Option Scheme (ESOS) and deciding on the grant of the Bank's stock options to employees and WTDs of the Bank and its subsidiary companies.

- **External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process**

  During the year ended March 31, 2022, the Bank employed the services of a reputed consulting firm for market benchmarking in the area of compensation, including executive compensation.

- **Scope of the Bank's remuneration policy (eg. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches**

  The Compensation Policy of the Bank, as last amended by the BGRNC through resolution dated July 12, 2021 and the Board at its meeting held on July 15, 2021 covers all employees of the Bank, including those in overseas branches of the Bank. In addition to the Bank's Compensation Policy guidelines, the overseas branches also adhere to relevant local regulations.

- **Type of employees covered and number of such employees**

  All employees of the Bank are governed by the Compensation Policy. The total number of permanent employees of the Bank at March 31, 2022 was 103,010.

b) Design and structure of remuneration processes

- **Key features and objectives of remuneration policy**

  The Bank has under the guidance of the Board and the BGRNC, followed compensation practices intended to drive performance within the framework of prudent risk management. This approach has been incorporated in the Compensation Policy, the key elements of which are given below.

3. **Effective governance of compensation:** The BGRNC has oversight over compensation. The Committee defines Key Performance Indicators (KPIs) for WTDs and equivalent positions and the organisational performance norms for variable pay based on the financial and strategic plan approved by the Board. The KPIs include both quantitative and qualitative aspects defined with sub parameters. The BGRNC assesses organisational performance and based on its assessment, it makes recommendations to the Board regarding compensation for WTDs, senior management and equivalent positions and variable pay for employees, including senior management and key management personnel.

4. **Alignment of compensation philosophy with prudent risk taking:** The Bank seeks to achieve a prudent mix of fixed and variable pay, with a higher proportion of variable pay at senior levels and no guaranteed bonuses. Compensation is sought to be aligned to both financial and non- financial indicators of performance including aspects like risk management, other assurance areas and customer service. The Bank's employee stock option scheme aims at aligning compensation to long-term performance through stock option grants that vest over a period of time. Compensation of staff in audit, compliance and risk control functions is independent of the business areas they oversee and depends on their performance assessment.

- **Changes, if any, made by the remuneration committee in the firm's remuneration policy during the past year, and if so, an overview of any changes that were made**

  During the year ended March 31, 2022, the Bank's Compensation Policy was reviewed and amended by the BGRNC and Board on April 21, 2021 to align with the revised RBI circular on 'Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff' dated November 4, 2019.

  The policy was amended through BGRNC resolution dated July 12, 2021 which was approved by the Board at its meeting held on July 15, 2021 in order to align the rules of deferred cash bonus payment, incase of demise or permanent disability of an employee, with the Employee Stock Option Scheme and to align the policy with the RBI Circular dated April 26, 2021 on 'Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board'.

- **Process followed by the Bank to ensure that the risk and compliance employees are remunerated independently of the businesses they oversee**

  The compensation of staff engaged in control functions like Audit, Risk and Compliance depends on their performance, which is based on achievement of the key goals of their respective functions. They are not assessed on business targets.

c) **Ways in which current and future risks are taken into account in the remuneration processes.**

- **Key risks that the Bank takes into account when implementing remuneration measures**

  The Board approves the Enterprise Risk Management framework for the Bank. The business activities of the Bank are undertaken within this framework. The risk framework includes the Bank's risk appetite and the limits framework. The Bank's KPIs which are applicable to WTDs & equivalent positions as well as employees (excluding control functions), incorporate relevant risk management related aspects. For example, in addition to performance indicators in areas such as risk calibrated core operating profit (profit before provisions and tax excluding treasury income), performance indicators include aspects such as asset quality. The BGRNC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board.

- **Nature and type of key measures used to take account of these risks, including risk difficult to measure**

  The annual Key Performance Indicators and performance evaluation incorporate both qualitative and quantitative aspects including asset quality and provisioning, risk management framework, stakeholder relationships, customer service and leadership development.

- **Ways in which these measures affect remuneration**

  Every year, the financial plan/targets are formulated in conjunction with a risk framework with limit structures for various areas of risk/lines of business, within which the Bank operates. To ensure effective alignment of compensation with prudent risk taking, the BGRNC takes into account adherence to the risk framework in conjunction with which the financial plan/targets have been formulated. The Bank's KPIs which are applicable to WTDs and equivalent positions as well as employees (excluding control functions), incorporate relevant risk management related aspects. For example, in addition to risk calibrated core operating profit, performance indicators also include aspects such as asset quality. The BGRNC takes into consideration all the above aspects while assessing organisational performance and making compensation-related recommendations to the Board.

- **The nature and type of these measures that have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration.**

  The nature and type of these measures have not changed over the past year and hence, there is no impact on remuneration.

d) **Ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration**

- **Main performance metrics for Bank, top level business lines and individuals**

  The main performance metrics include risk calibrated core operating profit (profit before provisions and tax, excluding treasury income), asset quality metrics (such as provisions in absolute terms and as a percentage of core operating profit), regulatory compliance, risk management processes, stakeholder relationships, customer service and leadership development.

- **Methodology followed whereby individual remuneration is linked to the Bank-wide and individual performance**

  The BGRNC takes into consideration above mentioned aspects while assessing performance and making compensation-related recommendations to the Board regarding the performance assessment of WTDs and equivalent positions.

- **The measures that the Bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the Bank's criteria for determining 'weak' performance metrics**

  The Bank's Compensation Policy outlines the measures the Bank will implement in the event of a reasonable evidence of deterioration in financial performance. Should such an event occur in the manner outlined in the policy, the BGRNC may decide to apply malus/clawback on none, part or all of the relevant variable compensation.

e) **Ways in which the Bank seeks to adjust remuneration to take account of the longer term performance**

- **The Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance**

  The variable compensation is in the form of share-linked instruments (including stock options) or cash or a mix of cash and share-linked instruments (including stock options). The quantum of variable pay for an employee does not exceed a certain percentage (as stipulated in the compensation policy) of the total fixed pay in a year. The proportion of variable pay to total compensation is higher at senior levels and lower at junior levels. At least 50% of the compensation is variable for WTDs, CEO and MRTs as a design. However, they can earn lesser variable pay based on various performance criteria. For WTDs, CEO and MRTs, a minimum of 60% of the total variable pay is under deferral arrangement (deferment). Additionally, at least 50% of the cash component of the variable pay is under deferment. If the cash component is under ₹ 2.5 million, the deferment is not applicable.

- **The Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements**

  The deferred portion of variable pay pertaining to the assessment year or previous year/s (as defined in the policy) is subject to malus, under which the Bank prevents vesting of all or part or none of the unvested variable pay in the event of the assessed divergence in the Bank's provisioning for NPAs or in the event of a reasonable evidence of deterioration in financial performance or in the event of gross misconduct and/or other acts as mentioned in the policy. In such cases (other than assessed divergence), variable pay already paid out may also be subjected to clawback arrangements, as defined in the compensation policy.

f) Different forms of variable remuneration that the Bank utilises and the rationale for using these different forms

- **Forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance**

  The variable compensation is in the form of employee stock options or cash or a mix of cash and stock options. The Bank pays performance linked retention pay (PLRP) to its front-line staff and junior management. PLRP aims to reward front line and junior managers, mainly on the basis of skill maturity attained through experience and continuity in role which is a key differentiator for customer service. The Bank pays performance bonus and stock options to relevant employees in its middle and senior management. The variable pay payout schedules are sensitive to the time horizon of risks as defined in the policy.

  The Bank ensures higher proportion of variable pay at senior levels and lower variable pay for front-line staff and junior management levels.

(B) Quantitative disclosures

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of WTDs (including MD & CEO) and other Material Risk Takers.

₹ in million, except numbers

	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1.	Number of meetings held by the BGRNC during the financial year	**4**	6
	Remuneration paid to its members during the financial year (sitting fees)	**0.8**	1.2
2.	Number of employees having received a variable remuneration award during the financial year[1]	**50**	49
3.	Number and total amount of sign-on/joining bonus made during the financial year	**–**	–
4.	Details of severance pay, in addition to accrued benefits, if any	**–**	–
5.	Breakdown of amount of remuneration awards for the financial year		
	Fixed[2]	**1,216.3**	1,041.0
	Variable[3]	**426.1**	165.3
	– Deferred	**211.1**	–
	– Non-deferred	**215.0**	165.3
	Share-linked instruments[3] (nos.)	**5,977,650**	9,127,500
	– Deferred (nos.)	**5,977,650**	9,127,500
	– Non-deferred (nos.)	**–**	–
6.	Total amount of deferred remuneration paid out during the year		
	– Bonus	**–**	–
	– Share-linked instruments[4] (nos.)	**9,529,100**	9,370,230
7.	Total amount of outstanding deferred remuneration		
	Cash	**211.1**	N.A.
	Shares (nos)	**–**	–
	Shares-linked instruments[5] (nos.)	**16,098,240**	19,889,730
	Other	**–**	–
8.	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments		
	– Bonus	**211.1**	–
	– Share-linked instruments (nos.)	**12,187,480**	9,127,500
9.	Total amount of reductions during the year due to ex-post explicit adjustments[6]	**N.A.**	N.A.

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₹ in million, except numbers

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
10. Total amount of reductions during the year due to ex-post implicit adjustments	**N.A.**	N.A.
11. Number of MRTs identified	**48**	47
12. Number of cases where malus has been exercised	**–**	–
Number of cases where clawback has been exercised[6]	**–**	–
Number of cases where malus and clawback have been exercised	**–**	–
13. The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay		
Mean pay of the bank[7]	**755,429**	704,035
Deviation - MD&CEO	**59,094,291**	3,455,855
Deviation - WTD1	**54,049,788**	50,085,768
Deviation - WTD2	**54,788,776**	47,547,650
Deviation - WTD3	**51,573,500**	46,536,300

1. Includes MD & CEO, WTDs and other Material Risk Takers (MRTs) based on the revised criteria given by RBI in its guideline dated November 4, 2019. Also includes WTDs transferred to group companies and who were paid bonus or stock options granted/ vested during the year. Variable remuneration includes cash bonus and stock options based on the revised criteria given by RBI in its guideline dated November 4, 2019 that are paid/ granted/ vested during the year.
2. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund, gratuity fund and value of perquisites. The value of perquisite is calculated as cost to the Bank.The salaries for separated MRTs have been considered for the period they were in service with the Bank.
3. Variable and share-linked instruments represent amounts/ options awarded for the year ended March 31, 2020 and March 31, 2021 respectively as per RBI approvals wherever applicable.
4. Includes options of WTDs who were transferred to group companies.
5. Includes outstanding options of WTDs who were transferred to group companies.
6. Excludes ₹ 74.1 million (year ended March 31, 2021 : ₹ 74.1 million) variable pay to the former MD & CEO for past years which has been directed for claw-back in respect of which the Bank has filed a recovery suit against the former MD & CEO.
7. Mean pay is computed on annualised fixed pay that includes basic salary, supplementary allowances, superannuation, contribution to provident fund, gratuity fund and value of perquisites. The value of perquisite is calculated as cost to the Bank.
8. For FY2021, MD & CEO voluntarily relinquished his fixed compensation of basic, supplementary allowances and retirals and was paid honorarium fee of ₹1/-. MRTs of the Bank including Executive Directors voluntarily opted for a 10% salary reduction effective May 1, 2020 in the basic salary, retirals and supplementary allowances. For FY2022, the remuneration for MD & CEO and Executive Directors are pending approvals. Hence, for FY2022 also, remuneration paid/approved in FY2021 has been considered.

Payment of compensation in the form of profit related commission to the non-executive directors

The Bank pursuant to RBI circular dated April 26, 2021, has discontinued paying profit related commission to non-executive/ independent directors from April 1, 2021 and instead fixed remuneration is paid for the year ended March 31, 2022 (March 31, 2021 : ₹ 7.0 million profit related commission paid to non-executive directors).

52. Corporate Social Responsibility

The gross amount required to be spent by the Bank on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2022 was ₹ 2,617.2 million (March 31, 2021: ₹ 1,845.3 million).

The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities.

₹ in million

Sr. No.	Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
1.	Construction/acquisition of any asset	–	–	–	–	–	–
2.	On purposes other than (1) above[1]	**2,641.3**	**24.9**	**2,666.2**	1,885.8	119.2	2,005.0

1. CSR activities were in the areas of COVID-19 relief, urban livelihood, rural livelihood, social and environmental projects, rainwater harvesting, rural development, creating social awareness, waste management, healthcare, promoting education and providing drinking water facilities.

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As required under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, surplus of ₹ 139.9 million, arising out of CSR activities during the year ended March 31, 2022 has been transferred to unspent CSR Account.

The following table sets forth, for the periods indicated, the details of related party transactions pertaining to CSR related activities.

₹ in million

Sr. No.	Related Party	Year ended March 31, 2022	Year ended March 31, 2021
1.	ICICI Foundation	**2,239.2**	798.3
	Total	**2,239.2**	**798.3**

The following table sets forth, for the periods indicated, the details of movement in provision pertaining to CSR related activities.

₹ in million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance of provision	**119.2**	294.6
Add: Provision for expenses during the year	**24.9**	119.2
Less: payment out of opening balance	**119.2**	294.6
Closing balance	**24.9**	119.2

53. Disclosure of customer complaints

The following table sets forth, for the periods indicated, the movement of complaints received by the Bank from its customers.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
No. of complaints pending at the beginning of the year	**30,096**	28,549
No. of complaints received during the year	**409,670**	482,213
No. of complaints disposed during the year	**429,365**	480,666
Of which, number of complaints rejected by the Bank	**164,458**	135,531
No. of complaints pending at the end of the year	**10,401**	30,096

1. Complaints do not include complaints redressed by the Bank within one working day.

The following table sets forth, for the periods indicated, the details of maintainable complaints received.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
i) Number of maintainable complaints received by the bank from Office of Banking Ombudsmans (OBOs)[1]	**12,174**	20,843
Of (i), number of complaints resolved in favour of the bank by Banking Ombudsmans (BOs)	**5,566**	7,585
Of (i), number of complaints resolved through conciliation/mediation/ advisories issued by BOs[2]	**6,608**	13,258
Of (i), number of complaints resolved after passing of Awards by BOs against the bank	**–**	–
ii) Number of Awards unimplemented within the stipulated time (other than those appealed)	**–**	–

1. Maintainable complaints are as per data received from RBI.
2. For year ended March 31, 2022, 361 complaints (March 31, 2021: 500 complaints) were resolved based on advisories received from BOs.
3. For year ended March 31, 2021, as per amendment received from RBI, the maintainable complaints received have been changed from 15,579 to 20,843; complaints resolved in favour of the Bank changed from 5,139 to 7,585 and complaints resolved through conciliation/mediation/advisories issued by BOs changed from 10,440 to 13,258. Accordingly, numbers for the year ended March 31, 2021 are revised.

The following table sets forth top five grounds of complaints received by the Bank from customers for the year ended March 31, 2022.

Grounds of complaints	No. of complaints pending at the beginning of the year	No. of complaints received during the year	% increase/ decrease in the no. of complaints received over previous year	No. of complaints pending at the end of the year	Of 5, No. of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	**11,760**	**153,340**	**(37.2%)**	**3,655**	**742**
Credit Cards	**10,107**	**137,857**	**12.5%**	**3,312**	**525**
Internet/Mobile/ Electronic Banking	**6,877**	**42,091**	**0.0%**	**2,018**	**130**
Loans and advances	**268**	**15,817**	**7.9%**	**270**	**2**
Account opening/difficulty in operation of accounts	**257**	**10,614**	**(3.3%)**	**144**	**0**
Others	**827**	**49,951**	**4.4%**	**1,002**	**64**
Total	**30,096**	**409,670**	**(15.0%)**	**10,401**	**1,463**

The following table sets forth top five grounds of complaints received by the Bank from customers for the year ended March 31, 2021

Grounds of complaints	No. of complaints pending at the beginning of the year	No. of complaints received during the year	% increase/ decrease in the no. of complaints received over previous year	No. of complaints pending at the end of the year	Of 5, No. of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	12,266	244,097	(20.0%)	11,760	4,173
Credit Cards	9,026	122,519	7.0%	10,107	2,612
Internet/Mobile/Electronic Banking	5,165	42,104	33.3%	6,877	3,863
Loans and advances	290	14,664	56.8%	268	6
Account opening/difficulty in operation of accounts	215	10,978	30.6%	257	0
Others	1,587	47,851	21.2%	827	74
Total	**28,549**	**482,213**	**(5.2%)**	**30,096**	**10,728**

54. Drawdown from reserves

As per the section 52 (2) (c) of the Companies Act 2013, securities premium account may be utilised for writing off the expenses/ commission paid/discount allowed on, any issue of shares or debentures by a company. Further, as per RBI DBOD mailbox clarification dated October 9, 2007 on 'Prudential Norms - Utilisation of Share Premium Account', banks can utilise share premium account for meeting the direct expenses relating to the issue of shares.

During the year ended March 31, 2022, the Bank has not utilised any amount (year ended March 31, 2021: ₹ 701.7 million) from securities premium for meeting the direct expenses relating to the issuance of equity shares.

55. Investor Education and Protection Fund

The unclaimed dividend amount, due for transfer to the Investor Education and Protection Fund (IEPF) during the year ended March 31, 2022 and March 31, 2021, has been transferred without any delay.

56. Impact of COVID-19 on the performance of the Bank

During the year ended March 31, 2021, the COVID-19 pandemic resulted in a nation-wide lockdown in April-May 2020 which substantially impacted economic activity. The subsequent easing of lockdown measures led to gradual improvement in economic activity and progress towards normalcy from the second half of financial year 2021. In the year ended March 31, 2022, India witnessed two more waves of the COVID-19 pandemic and the re-imposition of localised/regional lock-down measures in certain parts of the country.

Currently, while the number of new COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, the future trajectory of the pandemic may have an impact on the results of the Bank and the Group.

57. Implementation of IFRS converged Indian Accounting Standards

In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), converged with International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). However, currently the implementation of Ind AS for banks has been deferred by RBI till further notice pending the consideration of some recommended legislative amendments by the Government of India. The Bank is in an advanced stage of preparedness for implementation of Ind AS, as and when these are made applicable to the Indian banks. Further, there may be new regulatory guidelines and clarifications in some critical areas of Ind AS application, which the Bank will need to suitably incorporate in its implementation.

58. Disclosure on lending and borrowing activities under Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014

The Bank, as part of its normal banking business, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are part of Bank’s normal banking business, which is conducted ensuring adherence to all regulatory requirements.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries). The Bank has also not received any fund from any parties (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

59. Comparative Figures

Figures of the previous year have been re-grouped to conform to the current year presentation.

Signatures to Schedules 1 to 18

As per our report of even date. **For and on behalf of the Board of Directors**

For **M S K A & Associates** Chartered Accountants ICAI Firm Registration no.: 105047W	**Girish Chandra Chaturvedi** Chairman DIN-00110996	**Uday M. Chitale** Director DIN-00043268	**Sandeep Bakhshi** Managing Director & CEO DIN-00109206
Tushar Kurani Partner Membership No.: 118580	**Vishakha Mulye** Executive Director DIN-00203578	**Anup Bagchi** Executive Director DIN-00105962	**Sandeep Batra** Executive Director DIN-03620913
For **Khimji Kunverji & Co LLP** Chartered Accountants ICAI Firm Registration No.: 105146W/W100621	**Rakesh Jha** Group Chief Financial Officer	**Ranganath Athreya** Company Secretary	**Rajendra Khandelwal** Chief Accountant
Gautam Shah Partner Membership No.: 117348			

Place : Mumbai
Date : 23 April 2022

Vulnerability Levels of Sewerage Workers in Vijayawada Municipal Corporation

M SRINIVASA REDDY, K HANUMANTHA RAO

The living and working conditions of sewerage workers in the Vijayawada Municipal Corporation were documented through a sample survey of 98 workers. The Other Backward Classes and Other Caste workers outnumbered those from the Scheduled Castes, refuting the caste-based view of this occupation even while reflecting the precarious employment situation of the unskilled in Andhra Pradesh. A sizeable proportion of workers are on contract or on a timescale without any social security benefits. The working conditions, work-induced health disorders, and non-provision of safety equipment at worksites are the main reasons for the vulnerable working conditions. Low levels of education, lack of skills, and limited opportunities in the labour market restrict their mobility vertically and horizontally. About 70% of them reported financial insecurity.

The paper is the outcome of a study on "The Working and Living Conditions of Sewerage Workers in Vijayawada Municipal Corporation," sponsored by the Social Welfare Department of the Government of Andhra Pradesh. The authors would like to thank the anonymous reviewers for their comments and suggestions. Usual disclaimers apply.

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The concept of vulnerability is associated with poverty, but it can also arise when the community is isolated, insecure, and defenceless in the face of risk, shock, or stress (IFRC 2015).[1] Those communities/households with a high degree of vulnerability are likely to suffer for long, and it is only with multiple support systems, such as external assistance/safety nets, improved access to resources, quality governance, and skill upgradation, that they can move out of vulnerability (IFRC and PRCS 2001). The term "vulnerability" encompasses both biophysical and social processes that combine to produce susceptibility to loss and harm and obstacles to recovery (Wisner et al 2012). The household-specific characteristics, including the age of the household head, lack of education, and little access to resources, provide an explanation to the variations in vulnerability levels within a community. Robert Chambers (1983: 112) formally introduced the term "vulnerability" into the analysis of rural poverty and referred to an "interlocking condition of five elements resulting in [a] deprivation trap, a condition of 'integrated rural poverty' from which it is very difficult to extract oneself."[2] Vulnerability is, thus, conceptualised as a mix of multiple complex factors that, individually or collectively, exposes its subjects to shocks and limits their capacity to handle/absorb the shocks (Wisner 2016). It is a human condition that is likely to undergo changes (Berzins McCoy 2013). Better insights into the life of vulnerable people, including the constraints they face along with economic and political marginality, are useful for the design of policies to reduce vulnerability (Chambers 1989). The research studies on vulnerable communities should focus on the sources and consequences of vulnerability as well as identify the factors that reduce vulnerability levels.

Anagha Ingole (2016) has shown that one of the most vulnerable worker groups in urban India are scavengers and sewerage workers and that it is the Scheduled Caste (SC) households that are predominantly engaged in this occupation. It was reported that sewerage workers suffer from untouchability and different forms of discrimination. The multiple deprivations facing this community's workers keep them arrested in chronic poverty. The deplorable working conditions of sewerage/scavenging workers in Mumbai, Bengaluru, and Pune were documented (Planning Commission 2014). The subgroup on *safai karamcharis* (sanitation workers) for the Twelfth Five Year Plan (2012–17) had delineated the conditions of these worker households and expressed concern over the issue of human dignity. It underscored, for persons engaged in sewer works, the need for strict implementation of all provisions under various labour laws, additional safety measures given the nature of risk associated with this occupation, welfare measures to bring them on par with others, and technical upgradation and modernisation of the underground drainage system.

One big problem to develop policies for the welfare of sewage and septic tank workers is the lack of statistical data. There are no statistics available on those employed in sewer and septic tank cleaning, whereas some official data exist on those engaged in the relatively less risky occupation of cleaning dry latrines, open drains, and single pit toilets (*Hindustan Times* 2018). Sewerage schemes are administered through the Swachha Andhra Corporation, which has been exclusively established to deal with sanitation and solid waste management matters across the 110 urban local bodies and 13 municipal corporations of Andhra Pradesh. As per the House Listing and Housing Census 2011, the Registrar General of India has not provided any data regarding the number of sewerage workers in Andhra Pradesh. However, out of the total number of households with unsanitary latrines, the number of households with (i) manually serviced latrines and (ii) latrines discharging excreta into open drains is 0.1 and 1.7 lakh, respectively (total 1.8 lakh) (Planning Commission 2014). The livelihood vulnerability of sewerage workers in Andhra Pradesh is compounded with their low social status ascribed to the submarginal or poor conditions of work. The state has devised several schemes under the Scheduled Caste Sub Plan (SCSP) to improve the well-being of the SCs, but the underutilisation of funds tacitly raises several questions regarding the problems being encountered in accessing these schemes.

This paper addresses some of these questions with reference to the sewerage workers of the Vijayawada Municipal Corporation (VMC). Specifically, this work shall document the socio-economic profiles of the sewerage workers of the VMC and examine their working conditions with special reference to safety measures and capacity-building initiatives. Further, we shall study their awareness levels regarding the social safety nets and welfare schemes meant for them and the extent of utilisation for economic security as well as record the perceptions of these workers regarding the changes in social–psychological relations and stigma associated with this occupation. Finally, we shall work out the levels and determinants of vulnerability of sewerage workers.

Secondary data were collected from the VMC and also from a few contractors/companies in regard to the number of sewerage workers, caste and sub-caste composition, pay structure, terms and conditions of engagement, the type of facilities provided at the worksite, etc. A list of sewerage workers (223) in the three divisions of the VMC was prepared. Of these, nearly one-third (83) belonged to the SC community.[3] Contrary to normal expectation, a higher proportion of workers were from the Other Backward Classes (OBCs) (98), followed by the Other Caste (OC) (36) communities.[4] The circle-wise sewerage workers were regrouped based on employment status, that is, permanent, timescale, and contract. Since the main aim of the paper is to discuss the working and living conditions of sewerage workers belonging to the SC community, all the 83 SC sewerage workers were selected for the study. For the purpose of comparison of the working and living conditions of these workers vis-à-vis sewerage workers of OCs, 15 workers out of 134 OCs and OBCs were randomly selected for the study. Semi-structured interviews were held with senior- and field-level officials of the VMC and a few companies on certain qualitative parameters. A structured schedule was developed and administered to the sample of sewerage workers, and a few focus group discussions (FGDs) were held to elicit their views. The indices of working and living conditions were worked out besides the indices of vulnerability. A regression model was adopted to identify the significant determinants.

Sewerage Workers at VMC

The sample of this study consists of 98 workers, 83 from the SC group, and 15 randomly selected from the OBC and OC groups. They are all male. The modal age group of the sample workers was 20–40 years. Only 3% of the workers were illiterate, while the others had accessed schooling variously for 1–17 years. The mean years of schooling was 4.1 years, which suggests incomplete primary education. The work experience varied from seven days to 39 years, and the average years of experience was about 13 years. Most of them were aged and contract workers, that is, without social security. Due to the shortage of human-power, the workload has been mounting on the existing staff who have been made to work extra hours sans any special allowance/perks or leaves. Of these sample workers, hardly 7% were in a supervisory status. More than one-fourth of the OBC and OC workers were supervisors as against 4% of the SC workers. All the SC workers were from the Relli community. Most supervisors were permanent employees and belonged to the OBC and OC category. About 27% of the OBCs were in the supervisor category and only 5% of SCs were in that category. Nearly 20% of the sample workers were permanent workers, 8% were timescale employees, while the rest were contract workers (Table 1).

The mode of wage payment was online transfer, and about 70% of workers reported no delays in the payment of wages.

Table 1: Workers' Position across Worker Employment Status

Caste/Category	Position	Worker Employment Status			Total
		Permanent	Timescale	Contract	
OBC and OC	Worker	1 (9.1)	3 (27.3)	7 (63.6)	11 (100)
	Supervisor	3 (75)	0 (0.0)	1 (25)	4 (100)
	Total	4 (26.7)	3 (20)	8 (53.3)	15 (100)
Relli	Worker	9 (17)	3 (5.7)	41 (77.4)	53 (100)
	Supervisor	2 (66.7)	0 (0.0)	1 (33.3)	3 (100)
	Total	11 (19.6)	3 (5.4)	42 (75)	56 (100)
Madiga	Worker	5 (19.2)	2 (7.7)	19 (73.1)	26 (100)
	Supervisor	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
	Total	5 (19.2)	2 (7.7)	19 (73.1)	26 (100)
SC	Worker	14 (17.5)	5 (6.3)	61 (76.3)	80 (100)
	Supervisor	2 (66.7)	0 (0.0)	1 (33.3)	3 (100)
	Total	16 (19.3)	5 (6.0)	62 (74.7)	83 (100)
Total	Worker	15 (16.5)	8 (8.8)	68 (74.7)	91 (100)
	Supervisor	5 (71.4)	0 (0.0)	2 (28.6)	7 (100)
	Total	20 (20.4)	8 (8.2)	70 (71.4)	98 (100)

Source: Field survey data.

Only 1% of workers received special allowance/perks. The workers reported that they worked for 8 to 12 hours during the day shift. During the night shifts, the hours of work varied between 6 and 12; a few did not take part in night shifts. The salary of contract workers—newly appointed ones and senior workers (with over 10 years of experience)—was the same (about ₹9,000) as paid by the contractors. The timescale employees earned about ₹15,000 from the VMC, with a take-home salary ranging between ₹11,000 and ₹12,000. Such employees' households were considered non-poor and thereby denied white ration cards, access to the YSR Aarogyasri Health Scheme, school fee reimbursement, and other facilities.[5] The terms and conditions of these two categories of workers were undefined, and there were no promotional avenues and annual increments. The permanent employees got their salaries from the VMC as per the pay scale and received annual increments and other benefits.

The sewerage workers faced several problems in accessing health services. These included forfeiting the day's salary for a hospital visit, the indifferent approach of doctors in the Employees' State Insurance Scheme (ESIS) hospitals, etc. Due to their inability to go to private hospitals for treatment, they either neglected their health issues or were forced to take loans from non-institutional sources of credit at exorbitant rates of interest to afford private healthcare. None of the sewerage employees were registered under any health insurance scheme. To prevent hazards at work and reduce the physical drudgery, machines were introduced. However, a few of them were not functional due to the lack of repairs, whereas the existing number, too, was inadequate to serve the entire municipal corporation area. Further, safety equipment such as protective gear, face masks, goggles, liquid repellents, and rubber boots, has to be provided at the workplace periodically. However, very few workers were provided safety equipment. The few that did receive it were not issued replacements after the first one was no longer fit for use (see Table 4 [p 116] for details). Workers, across social groups, who did use modern equipment at the worksite found it useful.

Workers reported that the public still perceives the sewerage occupation as signifying low social status. This was echoed by 98% of all workers. However, the working relations with other workers of the VMC were better and friendly (36%), while others opined that such relationships were either neutral (59%) or hostile (5%). Half of the workers informed that their relations with officials of the VMC were either cooperative (34%) or functional (50%), while 16% of them felt that these relationships were more of an authoritarian nature. A great amount of subordination was reported, with workers displaying fear of senior officials, namely the assistant engineer and divisional engineer. The OBC and OC workers enjoyed relatively better functional relations with officials. More than one-third of the workers strongly felt that other community members would be willing to be their neighbours. However, in this regard, 57% of the workers were indecisive.

Persons from the SC community not engaged in sewerage work were averse to have marital relations with those in sewerage work. This view was shared by 80% of the sample SC workers, although 6% expressed that others were willing to do so. According to 43% of the workers, there was no violence against SC women and girls, while others were not sure of such happenings. The children of this community earlier suffered from the practice of social discrimination in schools, but the scenario has been changing as 40% of the sample workers informed that such events no longer occur. About 90% of workers endorsed that the mechanisation of sewerage work facilitated positive image-building and improved health of sewerage workers to some extent. Yet, the youth (new entrants to the labour force) did not evince interest in taking up sewerage work and were keen on shifting to other fields of work.

Index of Working Conditions

The index of working conditions (IWC) was constructed with four components: (i) wage-related aspects, such as hours of work, allowances for additional work, delays in wage payment, and mode of payment; (ii) the provision and use of safety equipment; (iii) perceived safety at the workplace; and (iv) the nature of work leading to health disorders. The values of the IWC are shown in Table 2.

In all, about 21 indicators (Annexure 1, p 120) were selected to reflect the conditions. All the indicators are either binary in nature or those with a maximum score of one. All four areas are treated as equally important. The higher the score on the IWC, the better is the working condition.

Housing, quality, and amenities: About 35% of workers owned houses, while the rest lived in rental accommodation. The ownership percentages across caste groups were as follows: 20% among the OCs and OBCs, 36% among the Rellis, and 42% among the Madigas. As far as the quality of housing was

Table 2: The IWC of Sewerage Workers by Caste

Caste	Working Index Category	N	Wage-related Index	Safety Equipment Use Index	Perceived Safety at Work Index	Health Safety Index	IWC
OBC and OC	Moderate	15	0.6666	0.2	0.453	0.76	0.5199
Relli	Poor	3	0.6	0	0.6	0.422	0.4055
	Moderate	53	0.6416	0.057	0.475	0.7327	0.4766
	Total	56	0.6392	0.054	0.482	0.7161	0.4728
Madiga	Poor	1	0.6	0	0.2	0.3667	0.2917
	Moderate	25	0.696	0.12	0.488	0.668	0.493
	Total	26	0.6924	0.115	0.477	0.6564	0.4852
SC	Poor	4	0.6	0	0.5	0.4083	0.3771
	Moderate	79	0.659	0.077	0.479	0.712	0.4817
	Total	83	0.656	0.073	0.48	0.6972	0.4765
Permanent		25	0.73	0.15	0.66	0.6967	0.5592
Timescale		8	0.675	0.375	0.475	0.6667	0.5479
Contract		65	0.6348	0.0435	0.4232	0.7145	0.4540
Total	Poor	4	0.6	0	0.5	0.4083	0.3771
	Moderate	94	0.6602	0.097	0.475	0.7197	0.4880
	Total	98	0.6578	0.093	0.476	0.7069	0.4834

Based on the number of indicators, the IWC score ≤ 0.4 was treated as poor, 0.41–0.7 as moderate, and >0.7 as good.
Source: Field survey.

concerned, 46% of these houses were *kutcha* (thatched roof) type, another 42% were semi-*pucca* (brick walls with thatched roof), while hardly 12% workers lived in pucca (brick and concrete) houses. Nearly 72% of these dwellings were located in notified slums, while over 70% of the Madigas and Rellis lived in unnotified slums. Almost all these houses had tap connections, electricity, and toilet facility within the habitation.

Table 3: Workers' Household Monthly Per Capita Income (₹) by Social Groups

Caste	HH MPCI Range (₹)	No (Wage Income/Salary of Self)	No (Income from Private Sewerage Works [Self])	No (Income of Other Members)	No (Gross Monthly HH Income)	No (Per Capita Monthly HH Income)
OBC and OC	<5,000	8 (11,806)	3 (4,500)	4 (6,500)	8 (16,744)	8 (3,731)
	5,000–10,000	4 (28,021)	1 (5,000)	1 (6,000)	4 (30,771)	4 (7,130)
	10,000–20,000	2 (32,515)	0 (0.0)	1 (25,000)	2 (45,015)	2 (15,005)
	>20,000	1 (50,547)	0 (0.0)	1 (30,000)	1 (80,547)	1 (26,849)
	Total	15 (21,474)	4 (4,625)	7 (12,428)	15 (28,507)	15 (7,682)
Relli	<5,000	24 (12,093)	2 (2,750)	10 (4,110)	24 (14,035)	24 (3,392)
	5,000–10,000	23 (15,844)	2 (2,500)	21 (13,690)	23 (28,561)	23 (6,450)
	10,000–20,000	6 (45,742)	0 (0.0)	5 (20,600)	6 (62,909)	6 (13,595)
	>20,000	3 (46,775)	0 (0.0)	2 (9,000)	3 (52,775)	3 (22,899)
	Total	56 (19,097)	4 (2,625)	38 (11,831)	56 (27,313)	56 (6,786)
Madiga	<5,000	13 (11,571)	1 (4,000)	5 (4,500)	13 (13,610)	13 (3,246)
	5,000–10,000	8 (17,374)	0 (0.0)	8 (9,125)	8 (26,499)	8 (6,735)
	10,000–20,000	4 (40,291)	0 (0.0)	3 (9,666)	4 (47,541)	4 (13,793)
	>20,000	1 (51,784)	0 (0.0)	1 (10,000)	1 (61,784)	1 (20,594)
	Total	26 (19,322)	1 (4,000)	17 (7,911)	26 (24,649)	26 (6,609)
SC	<5,000	37 (11,910)	3 (3,166)	15(4,240)	37 (13,886)	37 (3,341)
	5,000–10,000	32 (16,763)	2 (2,500)	29 (12,431)	32 (28,933)	32 (6,734)
	10,000–20,000	10 (43,562)	0 (0.0)	8 (16,500)	10 (56,762)	10 (13,674)
	>20,000	4 (48,027)	0 (0.0)	3 (9,333)	4 (55,027)	4 (22,323)
	Total	83 (19,402)	5 (2,900)	55 (10,620)	83 (26,791)	83 (6,812)
Total	<5,000	45 (11,891)	6 (3,833)	19 (4,715)	45 (14,394)	45 (3,410)
	5,000–10,000	36 (18,087)	3 (3,333)	30 (12,216)	36 (29,152)	36 (6,781)
	10,000–20,000	12 (41,720)	0 (0.0)	9 (17,444)	12 (54,804)	12 (13,896)
	>20,000	5 (48,531)	0 (0.0)	4 (14,500)	5 (60,131)	5 (23,228)
	Total	98 (19,726)	9 (3,666)	62 (10,824)	98 (27,059)	98 (6,948)

No: Number of workers; HH: Household; MPCI: Monthly parentheses capita Income.
Figures in parentheses are average income of the earners in the concerned category in rupees.
Source: Field survey.

Table 4: Workers' Sources of Income across Employee Status (₹/month)

Caste	Employee Status	No (Income from Salary)	No (Income from Private Sewerage Works)	No (Income of Other Members)	No (Monthly HH Income)	No (PCM HH Income)
OBC and OC	Permanent	4 (46,545)	0 (0)	2 (18,000)	4 (55,545)	4 (14,930)
	Timescale	3 (14,494)	0 (0)	3 (12,333)	3 (26,828)	3 (7,223)
	Contract	8 (11,556)	4 (3,875)	2 (7,000)	8 (15,244)	8 (4,136)
	Total	15 (21,474)	4 (3,875)	7 (12,428)	15 (28,308)	15 (7,682)
Relli	Permanent	11 (44,395)	0 (0)	8 (15,125)	11 (55,395)	11 (14,637)
	Timescale	3 (15,711)	0 (0)	1 (11,000)	3 (19,378)	3 (5,761)
	Contract	42 (12,197)	4 (2,625)	29 (10,952)	42 (20,009)	42 (4,718)
	Total	56 (18,710)	4 (2,625)	38 (11,832)	56 (26,926)	56 (6,786)
Madiga	Permanent	5 (50,129)	0 (0)	5 (8,800)	5 (58,929)	5 (14,471)
	Timescale	2 (15,861)	0 (0)	2 (5,500)	2 (21,361)	2 (4,513)
	Contract	19 (11,579)	1 (4,000)	10 (7,950)	19 (15,974)	19 (4,762)
	Total	26 (19,322)	1 (4,000)	17 (7,912)	26 (24,649)	26 (6,609)
SC	Permanent	21 (60,620)	0 (0)	13 (12,692)	21 (74,156)	21 (19,143)
	Timescale	5 (15,771)	0 (0)	3 (7,333)	5 (20,171)	5 (5,261)
	Contract	57 (11,218)	5 (2,900)	39 (10,182)	57(17,523)	57 (4,421)
	Total	83 (19,135)	5 (2,900)	55 (10,620)	83 (26,524)	83 (6,812)
Total	Permanent	25 (57,824)	0 (0)	15 (13,400)	25 (70,386)	25 (18,318)
	Timescale	8 (15,292)	0 (0)	6 (9,833)	8 (22,667)	8 (5,997)
	Contract	65 (11,260)	9 (3,333)	41 (10,027)	65 (17,282)	65 (4,392)
	Total	98 (19,726)	9 (3,666)	62 (10,824)	98 (27,059)	98 (6,948)

No: Number of workers; PCM HH income: Per Capita Monthly Household Income.
Figures in parentheses are average annual income of the earners in the concerned category in rupees.
Source: Field survey.

Assets and income: Very few worker households had some agricultural (3%) and non-agricultural (10%) land, respectively. The worker households earned incomes from different sources. The data on household income (source-wise) and per capita income are presented in Tables 3 and 4. The income earnings of other members of the family were impressive, and it increased with the increase in incomes of the sewerage worker. The wives of most of these workers participated as casual workers in non-agricultural activities and their contribution to household income was significant among contract and timescale employee households. Some workers were engaged in multiple occupations in the labour market, with sewerage work as the principal occupation. This needs to be construed as an indication of the economic insecurity of these households.

None of the worker households were in poverty as determined by the official poverty line in 2016–17.[6] However, adopting the state below poverty line (BPL) norm of ₹1.5 lakh, the percentage of BPL households was 26.7%, 17.8% and 23%, respectively, among the OCs and OBCs, Rellis, and Madigas. Household expenditure is a better indicator of welfare, and for 30% of the households, the expenditure exceeded the income. The shares of important commodity groups in household expenditure are presented in Table 5. A lion's share of household expenditure (almost 50%) was on food items. About 13%–16% of the expenditure was towards house rent. The SC workers incurred over 5% of expenditure on health services and about 9%–10% on transport. While FGDs revealed that most workers were addicted to intoxicants, the sample survey data did not support this view as a number of workers reported such consumption was less. It was observed in the field that workers

Table 5: Distribution of Household Expenditure by Caste (₹/month)

Commodity/Group	OC and BC	Relli	Madiga
Food	9,400	8,173	8,192
Rent	2,967	2,575	2,108
Health	817	942	916
Education	988	1,679	459
Transport	1,133	1,523	1,556
Intoxicants*	820	875	938
Total	19,042 (100)	17,221 (100)	16,360 (100)

*include paan, tobacco, and liquor.
Source: Field survey.

spent substantial amounts on liquor, tobacco, and tobacco products, such as cigarettes, gutkha, flavoured chewing tobacco, and different types of *paan*.

Social capital: The social capital in this exercise was confined to membership in formal and informal organisations, which was not high, as a majority of them were not members of workers' associations and community-based organisations (CBOs)/self-help groups (SHGs) (Table 6). Even among the members, only a small proportion of workers held formal positions. As a result, their participation in meetings and decision-making processes is less. The main reasons for not taking part in these organisations included a lack of awareness, including the advantages of participating in these organisations as well as a lack of interest and time. Some of them were not confident that these associations would protect their interests. But, as members, they took part, occasionally, in the meetings of the workers' association, political parties, and CBOs. Those participating members perceived that their participation was useful.

Table 6: Membership in Workers' Associations, CBOs, and Political Parties by Caste

Caste/Category	Workers' Association	CBOs/SHGs	Political Parties
OBC and OC	10 (66.7)	8 (53.3)	0 (0.0)
Relli	29 (51.8)	36 (64.3)	3 (5.4)
Madiga	11 (42.3)	12 (46.2)	1 (3.8)
SC	40 (48.8)	48 (58.5)	4 (4.9)

Source: Field survey.

Almost 90% of the workers were not in debt. For sources of credit and outstanding debt, see Annexure 2 Table A1 (p 120). The Scheduled Commercial Banks (SCBs) have provided loans to 26% of the workers, and the bulk of these loans were taken for housing and towards medical treatment. The percentage of loans for productive purpose (loans for working capital and investment) was 7%. Among the indebted, 12% received loans from cooperatives, and all these loans were for unproductive purposes. Workers also received loans from non-institutional sources, whereas 30% of the workers were indebted to SHGs and a bulk of them (67%) were for unproductive purposes. The workers had little access to moneylenders wherein 5% of them borrowed for unproductive causes, while 1% took loans for productive purposes. The most important source of borrowed funds for workers appeared to be "friends and relatives" since 60% of the workers took loans mostly for unproductive purposes. About 35% of the workers reported that they could get adequate and hassle-free credit; such percentage was about 56%, 36%, and 40%, respectively, among the OBCs and OCs, Rellis, and Madigas. These debts were cumulative in nature. The average outstanding loan per indebted worker household was ₹3.23 lakh for the OC and OBC workers, ₹2.48 lakh for the Rellis, and ₹1.5 lakh for the Madigas. The interest rate varied with the change of credit source and purpose. The modal interest for bank and cooperative loans was 12%–18%, and in the case of SHGs, 12%. Moneylenders, relatives and friends charged interest as high as 60%, and the modal interest rates were around 30%–36%.

Savings and insurance: The important sources of savings and insurance (Annexure 3, Table A2 [p 120]) for workers were the Employees' Provident Fund Organisation or the General Provident Fund, SHGs, and the Life Insurance Corporation (LIC). Most savings were made every month. The Chandranna Bima Yojana (CBY) scheme, with an annual premium of ₹15, was accessed by 36% of the workers. Due to the lack of awareness and ineligibility, several other workers could not get into this scheme. Only 8%–10% of the workers were enrolled under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) by paying a premium of ₹12 per annum. The health and other insurance schemes were not popular among these workers. The workers were made to visit several times when they went to apply for government welfare schemes, like the PMSBY, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), CBY, etc. Furthermore, as most employees had no knowledge about various welfare schemes, they were not covered under any of them. Due to the lack of knowledge about schemes and time, none of them had benefited from SC associations or social welfare department, including the Scheduled Caste Corporation therein.

About 23% of these households had bank accounts under the Pradhan Mantri Jan-Dhan Yojana (PMJDY), of which 26% were from the OC and OBC communities, 23% from the Relli community, and about 20% from the Madigas community. However, all of them had bank accounts and Aadhaar cards. About 62% were covered under health schemes, mainly the ESIS (93%). Most of these health cards were sponsored by the agency/company. About 80% of these households had ration cards, of which 98% belonged to the OBC and OC groups, 76% to the Rellis, and 80% to the Madigas. Of these, 82% possessed white ration cards, while 17% held pink ration cards. Only 32% reported that they were financially secure, of which 28% were among the SCs.

Social safety nets: The state and central governments have devised several welfare schemes to reduce the vulnerability of sewerage workers and more so of the SC households under the SCSP. The awareness of workers with regard to 25 schemes, covering food security, health, education, training, housing, and socially and economically disadvantaged spheres, was ascertained for this paper. Further, their access to the relevant schemes was also recorded. The efficiency of the delivery system was assessed by user satisfaction. The indices were constructed in respect of awareness, access, and satisfaction of the workers, the details of which can be seen in Annexure 4 (p 120) and the score on these indices in Table 7. It is evident

Table 7: Indices of Awareness and Access of Welfare Schemes and Safety Net Indices by Caste

Caste/Category	Welfare Scheme Awareness Index	Scheme Access Index	Safety Net Index	User Satisfaction Index
OBC and OC	0.7267	0.763	0.5542	0.922
Relli	0.7804	0.736	0.5746	0.8863
Madiga	0.7615	0.749	0.5702	0.91
SC	0.7744	0.740	0.5732	0.8938
Total	0.767	0.744	0.5704	0.8981

Safety Net Index is a product of awareness index and access index.

that awareness levels were high (76.7%), but workers were not able to fully access the schemes appropriate to them. Thus, the safety net index was about 55%. The satisfaction from those who availed the schemes was good (90%).

Vulnerability and Determinants

Vulnerability is concerned with "the likelihood of being exposed to hazards/shocks" and "their capacity to withstand them which relates to their socio-economic circumstances" (Schneiderbauer and Ehrlich 2004: 13). It refers to the chances of leading to low standards of living or poor quality of life. The factors that can drive a household to such a deprived situation together constitute "vulnerability" and are considered for the construction of the index. The vulnerability index was constructed along 23 indicators, detailed in Annexure 1. The vulnerability index values lie between 0 and 23. Keeping the theoretical range, all those workers with scores less than nine were classified as less vulnerable, and those with values between nine and 16 were considered as moderately vulnerable. The rest were treated as highly vulnerable and none were in this group. About four-fifths of the SC workers were in the moderately vulnerable category and two-thirds of the OBC and OC workers belonged to this category.

The classification of worker households was made by the employment status and vulnerability levels and these results were shown in Table 8. It is to be noted that almost 62% of permanent workers were in the moderately vulnerable category. Thus, the vulnerability of sewerage workers was deep-rooted.

Table 8: Vulnerability Index by Caste and Employment Status

Caste/Employment Status	Vulnerability Index		Total
	Low Vulnerability (<=8)	Medium Vulnerability (9–16)	
OBC and OC	5 (33.3)	10 (66.7)	15
SC	17 (20.5)	66 (79.5)	83
Relli	13 (23.2)	43 (76.8)	56
Madiga	4 (15.4)	22 (84.6)	26
Permanent	11 (44)	14 (56)	25
Timescale	2 (25)	6 (75)	8
Contract	8 (12.3)	57 (87.7)	65
Total	21 (21.4)	77 (78.6)	98

Figures in the parentheses indicate % to total.
Source: Field survey.

To reduce the vulnerability levels of sewerage workers, the factors that significantly influenced vulnerability were identified using multiple regression (for dummy variables, suppressed categories are permanent employees, households without ration card, worker position, and households with a single source of income). The results are given below:

Vulnerability Index = 12.848 + 0.021^{ns}Timescale Emp. + 1.827^{***} Contract Emp. - 0.16*** Awareness Index - 1.52*** Ration Card - 1.415** Supervisor Status - 0.679* MSI + 0.049 **PEI + 2.439 FMCA

Adj $R^2 = 0.45$, F = 11.45***;

ns: not significant; ** and *** indicate significance at the 0.05 and 0.01 levels.

MSI: monthly savings and investment; PEI: % of expenditure on intoxicants; FMCA: family member with chronic ailment.

The most vulnerable group was the contract employees and, ceteris paribus, the vulnerability index will be higher by 1.83 points compared to other groups. The awareness of government welfare schemes and the possession of ration cards (as a proxy to food security) could reduce vulnerability significantly. The promotion to supervisory status of the eligible would improve their financial/economic security, and the access to multiple sources of income would reduce vulnerability. So, efforts should be made to provide supplementary employment opportunities or secure employment. Those households with the presence of chronically ill members and higher expenditure on intoxicants (tobacco and liquor) enhance their vulnerability. So, assured quality healthcare by health department officials is necessary, and non-governmental organisations can be entrusted with sensitisation and educating alcohol addicts on its adverse effects.

The vulnerability to quality life indices reveals that about 79% were moderately vulnerable, and it can be reduced through improved awareness and better access to general welfare and SC-specific programmes, provision of multiple livelihoods, issue of ration cards in particular white cards, reduction of expenditure on intoxicants, and quality healthcare for all members of the family.

Concluding Remarks

All social groups participated in sewerage work, which was traditionally considered as a caste-based (specifically Dalit) occupation. The processes of urbanisation, modernisation, and education have led to the changes in attitudes. It also indicates that the labour market conditions in the state were deplorable. Most of these workers were on contract basis with low pay and without any social security. Those on timescale were deprived of some social safety nets such as the public distribution system (PDS) ration cards (white) and the Aarogyasri cards. The safety measures at the worksite have been reported to be suboptimal and the prevailing work-induced health disorders testify amply for the former. The authoritarian attitude of the officials towards the temporary staff compounded by low pecuniary benefits depicts the vulnerable working conditions. The reduction in social distances between these worker households and other SCs and friendly relations with other workers are an indication of social change, though at a slow pace. The incidence of violence on SC women and girls and the discriminatory practices were on the decline.

The standards of living provide a mixed picture and a yawning gap on several socio-economic indicators that need to be bridged. The fact that most of the worker households were either less or moderately vulnerable is a solace. The development administration has to be more empathetic towards the working and living conditions of the sewerage workers and initiate necessary measures for the improved well-being of these households.

NOTES

1 Vulnerability is defined as an *ex- ante* poverty situation given the household characteristics and time-invariant factors. Panel data were used to assess the households' ability to smoothen their consumption against shocks/income fluctuations over space and time (Townsend 1994; Jalan and Ravallion 1999). Vulnerability refers to the characteristics of a person or group and their situation that influence their capacity to anticipate, cope with, resist, and recover from the impact of a natural hazard (an extreme natural event or process) (Wisner et al 2012).

2 The other elements included political powerlessness, physical weakness (ill health), isolation, and income poverty.

3 Among the SCs, workers belonged to the Relli (56), Madiga (26), and Mala (1) castes. Accordingly, sub-caste comparison for SCs was carried out only for the Relli and Madiga castes.

4 The category of Other Caste in Andhra Pradesh and Telangana is used to refer to those castes that do not fall in the list of SCs, Scheduled Tribes, and the OBCs. They are typically referred to as general or open category in other parts of the country.

5 The Government of Andhra Pradesh has implemented the YSR Aarogyasri Health Scheme through the Aarogyasri Health Care Trust. The scheme provides financial assistance to BPL families for healthcare expenses up to ₹5 lakh per family per annum from empanelled Network Hospitals.

6 The official poverty line as estimated by the Tendulkar Committee formula, adjusted for inflation, is ₹1,352 per capita per month.

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Annexure 1: Indicators of Vulnerability

The vulnerability index has been calculated on the basis of the following indicators: (i) non-ownership of house, (ii) living in kutcha house, (iii) living in a slum, (iv) no tap water, (v) no toilet within habitation, (vi) no electric gadgets, (vii) infant deaths in the last five years, (viii) adult deaths in the last five years, other than age-related and accidents, (ix) presence of malnourished child(ren), (x) women suffering from anaemia, (xi) women suffering from sickness, (xii) women suffering from skin diseases, (xiii) women suffering from chronic ailments, (xiv) inability to access government healthcare services, (xv) no creditworthiness, (xvi) no institutional credit, (xvii) no/unproductive credit, (xviii) no insurance coverage, (xix) low social capital (score <5), (xx) perceived financial insecurity, (xxi) low awareness on social safety nets, (xxii) low score on availing of social safety nets, and (xxiii) no safety at worksite. All these indicators are binary variables and thus the index lies between 0 and 23.

Annexure 2: Sources of Credit and Outstanding Debt

Table A1: Workers' Sources of Credit, Purpose, Amount (in ₹ '000s), and Rate of Interest (%) by Social Groups

Source of Credit	Caste/Category	Purpose	Loan Amount	Interest Rate
SCB	OBC and OC	Productive	1 (65.0)	1 (14)
		Unproductive	6 (403.3)	6 (17)
		Total	7 (355.0)	7 (16.6)
	Relli	Productive	4 (402.5)	4 (14)
		Unproductive	11 (292.7)	11 (15.3)
		Total	15 (322.0)	15 (14.9)
	Madiga	Productive	1 (300.0)	1 (12)
		Unproductive	2 (125.0)	2 (19)
		Total	3 (183.3)	3 (16.7)
	SC	Productive	5 (382.0)	5 (13.6)
		Unproductive	13 (266.9)	13 (15.8)
		Total	18 (298.9)	18 (15.2)
	Total	Productive	6 (329.2)	6 (13.7)
		Unproductive	19 (310.0)	19 (16.2)
		Total	25 (314.6)	25 (15.6)
Cooperatives	OBC and OC	Unproductive	3 (166.6)	3 (20)
	Relli	Unproductive	5 (324.0)	5 (13.20)
	Madiga	Unproductive	3 (198.3)	2 (19)
	SC	Unproductive	8 (276.9)	7 (14.86)
	Total	Unproductive	11 (246.8)	10 (16.40)
SHGs	OBC and OC	Unproductive	3 (73.3)	3 (12)
	Relli	Productive	7 (29.3)	7 (11.86)
		Unproductive	14 (47.1)	14 (12.21)
		Total	21 (41.2)	21 (12.10)
	Madiga	Productive	2 (20.0)	2 (8)
		Unproductive	3 (50.0)	3 (12)
		Total	5 (38.0)	5 (10.40)
	SC	Productive	9 (27.2)	9 (11)
		Unproductive	17 (47.6)	17 (12.18)
		Total	26 (40.6)	26 (11.77)
	Total	Productive	9 (27.2)	9 (11)
		Unproductive	20 (51.5)	20 (12.15)
		Total	29 (44.0)	29 (11.79)
Moneylenders	OBC and OC	Productive	1 (150.0)	1 (60)
	Relli	Unproductive	2 (50.0)	2 (36)
	Madiga	Unproductive	1 (30.0)	1 (60)
	SC	Unproductive	3 (43.3)	3 (44)
	Total	Productive	1 (150.0)	1 (60)
		Unproductive	3 (43.3)	3 (44)
		Total	4 (70.0)	4 (48)
Friends and relatives	OBC and OC	Unproductive	10 (401.0)	10 (31.80)
	Relli	Productive	3 (133.3)	3 (25.33)
		Unproductive	32 (196.7)	32 (39.25)
		Total	35 (191.3)	35 (38.06)
	Madiga	Productive	2 (375.0)	2 (30)
		Unproductive	14 (131.4)	14 (42.43)
		Total	16 (161.9)	16 (40.87)
	SC	Productive	5 (230.0)	5 (27.20)
		Unproductive	46 (176.8)	46 (40.22)
		Total	51 (182.1)	51 (38.94)
	Total	Productive	5 (230.0)	5 (27.20)
		Unproductive	56 (216.9)	56 (38.71)
		Total	61 (217.9)	61 (37.77)

Source: Field survey.

Annexure 3: Details of Insurance Coverage

Table A2: Insurance Schemes (General and Health)—Details of Workers by Caste

Caste	LIC	Health Insurance	Health Insurance (Own)	CBY	PMSBY	PMJJBY
OBC and OC	7 (6,557)	0 (0.0)	15 (0.00)	15 (8)	4 (12)	1 (330)
Relli	19 (10,783)	4 (492)	56 (113)	56 (5)	4 (12)	1 (330)
Madiga	5 (7,804)	1 (2,000)	26 (0.00)	26 (4.6)	0 (0.0)	0 (0.0)
SC	24 (10,163)	5 (794)	82 (77.41)	82 (5.1)	4 (12)	1 (330)
Total	31 (9,349)	5 (794)	97 (65.44)	97 (5.6)	8 (12)	2 (330)

Figures in parenthesis are premium values in rupees.
Source: Field survey.

Annexure 4: Social Safety Net Score

Awareness (1), Availed Relevant Schemes (1), Level of Satisfaction of the Schemes Availed (4 and 5-1).

General: PDS, housing, gas connections under the Deepam and Pradhan Mantri Ujjwala Yojana schemes, skill development programme, Aarogyasri, primary health centre or sub-centre, subsidised interest, insurance.

Specific cases: (i) Household with children below six years: Integrated Child Development Services; (ii) household with School-going Children: Mid-day Meal Scheme uniform, books, hostel, coaching, pre and post-metric fellowships, vocational training; (iii) households with pregnant/lactating women: Special Nutrition Programme/Anna Amrutha Hastam; (iv) households with aged: old-age pension; (v) household with widows: widow pension; and (vi) household with physically handicapped child: pensions for the physically handicapped.

General case: Equate maximum possible score to 1.

Special case A: Consider all relevant cases and equate maximum possible score to 1. Awareness score for all: 0–25. Availing and satisfaction: only relevant categories (only for those with awareness); satisfied and very much satisfied-1.

Political Stability in West Bengal

Prosperity or Decay?

Debajit Jha, Sunetra Ghatak, Dibyendu Maiti

The conventional belief indicates that the gradual success of an incumbent party lies in the economic progression of the state and the well-being of the majority of voters. However, the recent growth of the incumbent party in West Bengal does not support the belief entirely. A marginal improvement of agriculture and rural people, relying on the delivery of welfare schemes at the cost of overall growth (including industrial and service sectors), reveals a redistribute strategy employed by the state in the federal setting. This compels the dependency of low-income people on minuscule resources in the absence of modern sector growth along with building an organisation of cadres, mushroomed under the shadow of welfare schemes, to deliver those services among the networks against the agency fees and commission, worked effectively to engineer the popularity and helped to extinguish the unrest among the non-beneficiaries. This paper unfolds evidence in support of such a strategy that helped maintain incumbency.

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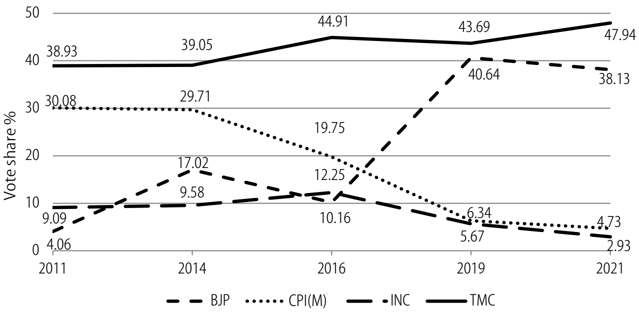
In the 2021 state assembly elections held in West Bengal, the incumbent political party, the Trinamool Congress (TMC), came into power with an absolute majority for the third consecutive ocassion. Out of the 294 seats in the state assembly, TMC won 213 seats with a commendable rise in the vote share at an all-time high of 47.9%. This is not the first time that the TMC's vote share has increased. Since the party came to power in 2011, its vote share has increased in all the elections (state assembly elections and general elections), except in the 2019 general elections, when the party's vote share declined marginally (Figure 1, p 122). Some of the scholars (Ghatak 2021) believed that the rise of rural consumption, a measure of welfare improvement of the poor, helped to gain votes for the ruling party. But, this happened despite an extremely poor political image created by the incumbent party due to the alleged involvement of TMC leaders in several corruption cases (for example, Saradha chit fund scam and Narada bribery case).

For example, the Narada bribery case came out just before the 2016 assembly elections. It is currently being investigated by the Central Bureau of Investigation (CBI) in the direction of the Kolkata High Court. Many leaders of the incumbent party have been seen taking bribes on camera in exchange for providing benefits to businesspersons. Ghatak's argument relies on the median voter theory. According to the theory, such gradual progress of political strength of the incumbent party seems to indicate that the economic conditions of the state and the well-being of the majority of voters must have been continuously rising. But, if the state economy does not reveal the signs of such economic progress for the entire decade, this conjecture can be contested. What then are the reasons behind the progress of the vote share? Against this stunning political performance, one is curious to investigate the reasons behind such a political upsurge.

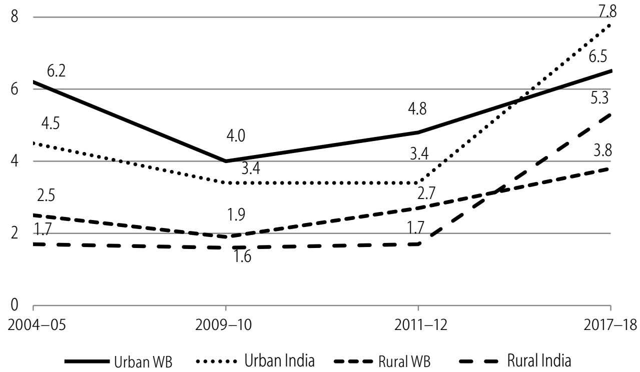
On the contrary, it has been reported earlier that the presence of political violence in West Bengal is the highest among all the Indian states (Phadnis 2020), and it only escalates every election.[1] A report of the Ministry of Home Affairs submitted to the Election Commission of India suggests that as many as 693 cases of political violence occurred during the 2019 general elections. It also highlighted the continuation and escalation of violence even after the election. Between 1 June 2019 and 31 December 2019, as many as 852 cases of political violence were reported with 61 casualties (Singh 2021). Similar incidents of post-poll violence have also been reported after the 2021 assembly elections. Considering the seriousness of the incidents, the Kolkata High Court (vide order dated 18 June 2021) has

Figure 1: Vote Share of Major Political Parties in All Elections in West Bengal since 2011



Source: Election Commission of India.

Figure 2: Rural and Urban Unemployment Rate in West Bengal and India



Employment figures are the sum of principal status and subsidiary status.
Source: National Sample Survey Office Employment and Unemployment Survey Reports.

requested the National Human Rights Commission to constitute a committee to examine all the cases of post-poll violence and submit a report to the court (*New Indian Express* 2021). While the exact number of incidents of political violence in the state during the entire TMC regime has not been properly documented, the anecdote evidences and reports seem to indicate that it has increased and reached astonishingly high levels with the rising trend of lumpenisation of public life in the state (Mukherjee 2021). These facts highlight two critical puzzles: (i) how does the TMC regime persist when the aggregate economy is not performing well? and (ii) if citizens of the state are satisfied with the performance of the government, as reflected by the high vote share of the incumbent TMC, then why are we seeing so many incidents of political violence during each and every election? This paper finds out the plausible reasons behind the puzzles of regime persistence and political violence under the TMC rule.

In the context of a long-persisting Left Front rule in West Bengal, Sarkar (2006) describes how informalisation of the economy and a strong political organisation helped the incumbent Left Front to stay in power for 34 years even when the economy was dwindling and the impact of the initial land distribution had faded away. In the case of the TMC regime, the tightness of political organisation in the form of ideology and structure is nowhere close to the left. The question that then arises is how does TMC win elections after elections without having a strong base of political organisation? We argue that, in the absence of a strong political organisation and a high degree of informalisation of the economy, TMC has created a source of new incentive structure for rent-sharing by improvising two existing instruments of rent-seeking (namely, syndicate and cut money) to attach workers with the party.[2] This incentive structure helps them to form a centralised political organisation by successfully replacing the multilayer hierarchical political organisation of the Left Front.

In the following sections, we first demonstrate a few performance indicators of the economy under the TMC rule. Then, we discuss how the instruments of rent-seeking activities have flourished and how they have created a new incentive structure to pursue such activities during the last 10 years. Finally, we present a political economy framework of extraction and sharing of rent in West Bengal under the TMC rule to answer the puzzles described above.

Did the State Economy Prosper?

The existing information reveals a mixed story. As far as the low-income people are concerned, there is a sign of prosperity under the rule of the current TMC government. It is argued that between 2011 and 2021, the growth rates of agriculture and rural per capita consumption expenditure in West Bengal have increased more than the national averages. Since more than 70% of the population lives in rural areas, the income of a large section of the population has increased (Ghatak 2021). Moreover, the welfare schemes like Sabooj Sathi and Krishak Bandhu, introduced by the state government to cater to the needs of the rural and semi-urban people have been quite popular (Nath 2017; Bhattacharya 2021; Ghatak 2021). A group of scholars have also praised that there is no evidence of discrimination along the party line in the delivery of these schemes (Nath 2017; Bhattacharya 2021). The evidence further suggests that the level of informalisation of labour has slightly declined under TMC (Figure 2).[3] All these convey sufficient reasons to believe a fair amount of popularity of the ruling party among the low-income people. However, it does not ascertain the prosperity of the entire economy. If the amount of spending on social welfare schemes by the West Bengal government is compared to the all-India average, it does not reveal an encouraging picture.

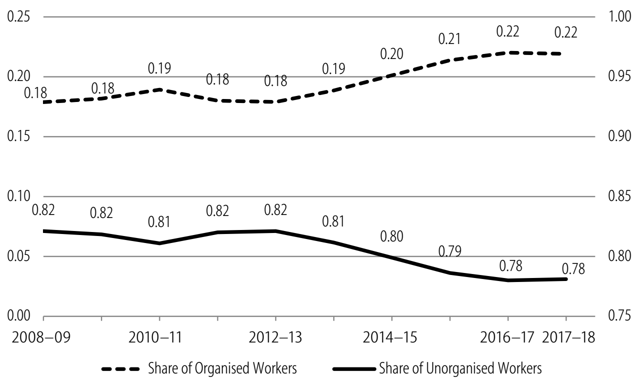
To evaluate the economic performance of West Bengal under the TMC rule, we have taken two different criteria: (i) performance of the economy during this period compared to their history and (ii) performance of the economy compared to the entire country. The average annual growth rate of per capita gross state domestic product (PCGSDP) of West Bengal and the average annual growth rate of per capita gross domestic product (PCGDP) of India for three consecutive periods of 1991–2000, 2001–10, and 2011–19 have been presented in Table 1. The trends reveal at least three crucial observations about the performance of the economy. First, while the per capita income of West Bengal was growing faster than the national economy during the last two decades of the Left Front rule, the growth rate has declined below the national average during the

Table 1: Average Annual Growth of Per Capita Gross Domestic Product

Year	Per Capita Growth Rate (Constant 2011–12 Price)	
	West Bengal (GSDP)	India (GDP)
1991–2000	4.9	3.6
2001–10	5.4	5.2
2011–19	4.0	5.0

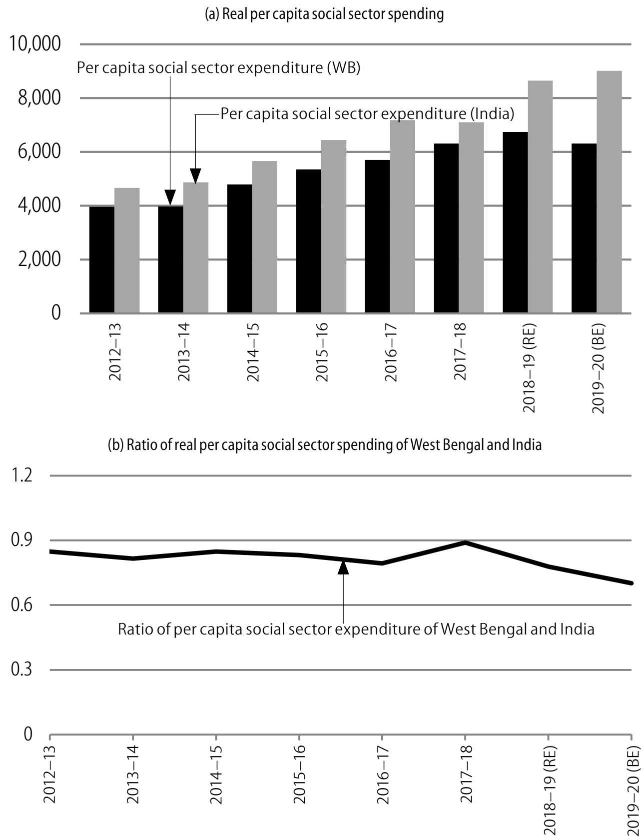
GSDP: gross state domestic product; GDP: gross domestic product.
Source: EPW Research Foundation.

Figure 3: Share of Organised and Unorganised Sector Workers



Source: Annual Survey of Industries, Ministry of Statistics and Programme Implementation, Government of India.

Figure 4: Per Capita Social Sector Spending at 2011–12 Prices (West Bengal versus India)



Source: *Handbook of Statistics on Indian States*, Reserve Bank of India (RBI).

TMC regime. Second, not only has the economy of West Bengal grown slower than the rest of the Indian economy during 2011–19 (before the pandemic), but the per capita income growth rate of the state remained lower than the rate at which it was growing during the last two decades (1991–2010) of the Left Front regime. Finally, while India's per capita income growth rate has declined during 2011–19, it is much sharper in the case of West Bengal. While the world economy was passing through a recessionary phase after the financial crisis of 2008, the depth of depression in West Bengal was much deeper than the national economy.

To identify the sources of this decline in terms of production sectors, the average annual growth rates of the three broad sectors, namely agriculture, industry, and service, have been presented in Table 2. Although the agricultural sector has performed much better in West Bengal, growing at a rate of 3.3%—relative to 1.6% growth for the national economy, the two largest sectors (industry and service) have registered a slowdown. The growth rate of the industrial sector in the entire country improved from 7.4% to 8.6% between 2000–10 and 2012–20. However, the growth rate of the industrial sector in West Bengal has declined from 7.1% to 6.6%. Moreover, the decline in the growth rate of the service sector is much deeper in West Bengal as compared to the national trend. The growth rate of the service sector for West Bengal has declined by a massive 3.5% in comparison to only a 0.6% decline for the country between 2000–10 and 2012–20. So, the industrial and service sectors, serving as the engines of growth of the modern economy, faced severe crises during this period. Therefore, one can argue that there must be factors other than the global recession contributing to the slowdown of the state economy.

Nevertheless, there are some areas where the state has performed better. The growth rate of per capita consumption expenditure in urban West Bengal is less than the corresponding national growth rate. However, in the rural areas, it has registered

Table 2: Average Annual Growth Rate of Sectoral GDP (%)

Year	Average Annual Growth Rate of Gross State Domestic Product (constant prices)					
	West Bengal (GSDP)			India (GSDP)		
	Agriculture	Industry	Service	Agriculture	Industry	Service
1994–2000	4.2	7.3	9.4	2.6	7.0	7.9
2000–10	2.4	7.1	10.1	2.1	7.4	8.5
2012–20	3.3	6.6	6.5	1.6	8.6	7.9

Source: *Handbook of Statistics on Indian States*, RBI and Ghatak (2021).

a staggering 5% increase. This is much higher than the 3% increase documented for the entire country. Due to this rapid improvement in the rural per capita consumption expenditure driven by the agricultural growth and expenditures on the social welfare schemes, the level of poverty in the state has declined sharply, making it the highest decline among any Indian state between 2011–12 and 2017–18 (Bhattacharya and Devulapalli 2019).[4] Though the higher growth rate of agriculture and the expenditures on the social welfare schemes is one of the most probable reasons for the increase in rural per capita consumption expenditure (Ghatak 2021), it is unclear how a minuscule amount spent on rural welfare schemes can significantly increase the rural per capita consumption expenditure (Figures 4a and 4b). Hence, there may be other factors at work that may not be related to the expenditure rise on social welfare schemes. For example, the remittance by the huge number of migrant workers going to other states for work in recent years is one of the factors contributing to the increase.[5] Such evidence confirms that the strategy of state development was designed to benefit the rural or agriculture sector at the cost of urban and industry/service sector development.

Similar improvement has been observed in the labour market also. Although the unemployment rate has increased under the TMC rule (between 2011–12 and 2017–18), it remained lower than the entire country (Figure 2). According to the latest available data, in 2018–19, the unemployment rate in the urban and rural areas was 4.9% and 3.5%, respectively. Similar figures for the entire nation were 7.7% and 5%, respectively. Moreover, the share of formal sector workers has increased from 18% in 2011–12 to 22% in 2017–18 (Figure 3, p 123). Nevertheless, the share of the informal sector workers is still quite high.

This suggests that the aggregate economy did not perform well under the TMC regime. However, a significant improvement has been observed in some areas like the rural per capita consumption expenditure, poverty rate, and formal sector employment. It indicates that the economic conditions of the low-income people have improved through redistributive strategies deployed by the state, although at the cost of economic growth of the urban and industrial/service sectors. This is not a bad strategy of a benevolent state who wants to ensure incumbency. In a federal setting, if a state bargains a greater share of tax revenue collected from the entire country, the burden of redistribute strategy can be reduced in the specific state, thereby ensuring greater popularity. While the redistributive strategies may be sufficient explanations for the persistence of the political incumbency, the success of these policies is heavily dependent on the effective delivery of welfare schemes and the formation of cadre organisation under the shadow of such schemes to deal with the grievances arising out of the minuscule amount of state resource allocation.

Formation of Political Society

An incumbent political party cannot be criticised if it wishes to ensure its re-election by favouring low-income and rural people who constitute a large part of the legitimate voters in the state. The current state government's welfare schemes for the rural and marginalised people (for example, Krishak Bandhu, West Bengal Accelerated Development of Minor Irrigation Projects, Geetanjali, Amar Thikana, Matir Srishti, and Pathashree Abhijan) to subsidise the loss from agricultural uncertainty and marketing the crops to a greater extent has marginally improved the economic condition in the rural areas. However, whether these expenditures are sufficient to ensure incumbency is not clear. Two questions become important to clarify the matter: (i) is the amount of spending sufficient to make a significant difference in people's lives? and (ii) how are they financed?

Although it is difficult to find an exact figure for the benefits received from the social welfare programmes from the available data, if one looks at the real per capita social sector spending, a large share of which is devoted to the delivery of social welfare schemes, it has registered a rising trend during the current regime in West Bengal. Despite the rising trend, the average per capita social sector spending disbursed by the state government (measured in 2011–12 base price) remained lower than the national average (Figure 4a). Moreover, the real per capita social sector spending relative to the all-India average has declined in recent years (Figure 4b). Thus, the welfare programmes targeted at the rural people may have benefited them marginally; the argument that this is the reason for the rising popularity of the incumbent party falls short of being convincing. In fact, the state has failed to mobilise resources because of the declining contribution of the industrial and other sectors that pay a large share of tax revenue. As a result, the state bargained for a greater share from the centre. Moreover, while the centre and the state governments have competing interests to derive the credits from the delivery of welfare schemes. It is immensely difficult to separate the actual impact of the state's contribution.

Despite the success of state service delivery of the welfare schemes for the rural people, it is still a mystery how a minuscule amount spent on these programmes can result in the huge progress of popularity for the incumbent? In the past, there have been many examples of the political failure of states that had successfully delivered welfare programmes. Therefore, we need to focus on the shaping and mobilising of political society towards incumbency under political regimes to understand the continuing popularity of the incumbent party in West Bengal. Though the size of the informal sector declined, it still remains one of the largest in the country. A large informal sector has contributed to the formation of what Chaterjee (2004) calls a "political society." The most important feature of a political society is people's dependence on the incumbent political party in everyday life. This definitely arises with the heavy reliance on the development strategy based on the welfare schemes and subsidies.

Sarkar (2006) provides a detailed description of people of urban and semi-urban areas in the political society of West Bengal. He divides them into two groups based on their access to the formal legal system under the regime of the Left Front government. First category consists of a group of people who live beyond the formal legal framework and are living or earning a livelihood in the illegally occupied city space. For example, the people engaged as daily wage earners, street vendors, small manufacturing units, small shopkeepers, rickshaw pullers, etc, would be the obvious candidates. There are two common features among them: (i) almost all of them are economically vulnerable; and (ii) they do not have a clearly defined property right. The economic vulnerability and missing property rights make them depend on the incumbent political party for their everyday livelihood and informal settlement of disputes.[6] The second group of people in the urban areas living and earning a livelihood within the formal legal framework are not so economically vulnerable. However, individually they cannot protect themselves from the local musclemen, extortionists, goons, etc. This vulnerability is enhanced in the presence of a costly legal system.[7] This group depends on the ruling political party for protection. Petty shopkeepers, small- to medium-sized entrepreneurs, traders, etc, fall in this category. In exchange for the benefits received from the political party, people remain loyal to them by casting vote in their favour during elections. This right to vote makes them attractive to the political parties.

The above description of the formation of a political society based on the informalisation of the economy is primarily focused on the urban and semi-urban areas. Our understanding of political society will remain incomplete unless we describe why people in rural areas depend on political parties since more than 70% of the population live in rural areas. The rural population in West Bengal are mostly small and marginal farmers (almost 96% of the total farmers in the state [GOWB 2017]) who survive with very low and uncertain incomes. Their vulnerability comes from low farm income (one of the lowest in the country according to NSSO [70th Round]), declining or low farm profit, the unpredictability of weather, etc. Assistance in subsidised seeds, fertilisers, farm insurance, etc, is provided by the government and implemented through the panchayats. Thus, people in the rural areas depend on the ruling political party and the local political leaders running the panchayats. This is particularly the case when the drivers of growth do not offer much income opportunities.

Mobilisation in Political Society: Syndicates and Cut Money

A minuscule amount for welfare programmes cannot satisfy the majority of voters from rural and semi-urban areas or from the informal sectors, which host more than 70% of citizens from the state. The incumbent political party banks on this segment of voters. Thus, the failure to include all the voters under the welfare programme may generate anti-incumbency. For example, an aspirant denied service by the state may feel deprived and go against the incumbent party or may even raise voice against the deprivation. The party can try to resolve this crisis in two ways: (i) the party can involve political cadres to ensure effective delivery of the welfare schemes to the voters at the political level; or (ii) the party can hire an external consultant to manage the crisis. In the first case, incentives can be given to the political cadres. However, what can be these incentives? No doubt, they find a scope to earn agency fees (or rents/commission) for the delivery of state services. Such a system invites agency and moral hazard problems that essentially generate chaos in the organisation. Therefore, the party had to hire an outside consultant to overcome the crisis in the absence of any strong political ideology. In both cases, the party needs to generate rent from the voters to pay the agency fee. Therefore, an incumbent party needs an efficient system that generates rent and/or agency fees from the beneficiaries of the welfare schemes.

Let us now see how this kind of rent-seeking activity has flourished under the TMC rule in both rural and urban areas. The two instruments that have been used to extract rent are popularly known as "syndicate" and "cut money." While syndicates operate mainly in the urban and semi-urban areas, cut money functions in the rural areas. The available evidence suggests that this rent is shared between the local and central leaders of the incumbent political party.

Syndicate is a term popularly used for organised corruption and extortion rackets mainly operating in the manufacturing and construction sectors of West Bengal (Chaudhary 2018). It is a small group of unemployed youth connected to the ruling political party who control a geographical area and charge a substantial share of any significant transaction, including the construction of buildings, raw materials, and land transfers. During the Left Front government in the early 2000, syndicates had been formed primarily to provide employment to the unemployed youths of the families displaced and affected by the land acquisition for the infrastructure project in the Rajarhat–Newtown area near Kolkata. Initially, cooperatives were formed and registered under local bodies to supply construction material to the infrastructure project. However, after the 2008 panchayat elections, when TMC got hold of the Rajarhat–Newtown area after winning the local body election, syndicates metamorphosed into corruption and extortion rackets. In 2011, when TMC came to power, the party controlled as many as 175 syndicates in the Rajarhat–Newtown area (Das 2021). Thereafter, syndicates have spread to the entire state and entered into activities involving land dealings, labour hiring, finding rented accommodations, and even college admissions. The evidence suggests that the extorted money by the syndicates is shared between the syndicate members and the political leaders controlling the syndicates (Chaudhary 2018).

One crucial question needs to be addressed here. Why are syndicates found to be associated with political parties? The answer to this is that since the members of the syndicates are involved in extortion and other unlawful activities, they need protection from the law and order and police. It is the incumbent political party that can provide that. On the contrary, the political parties also require them. The requirement comes at least for two reasons. To receive a share of the extorted money of the syndicates is definitely a strong incentive (Ghosh 2015). However, more importantly, the political parties use the muscle power of the syndicate members to intimidate and oppress voters of the opposition parties, especially during elections (*Hindustan Times* 2016).

In West Bengal, the instrument to extract rent from the rural economy is popularly known as cut money. This is the term used in the state to represent the unofficial commissions charged from the beneficiaries of government schemes by local TMC leaders (*Financial Express* 2019). For example, people need to pay ₹10,000–₹15,000 to entitle themselves for Indira Awaas Yojana (Nath 2017). Similar evidence of cut money extraction by local TMC leaders is in abundance in popular media. A Google news search of the term "cut money in Bengal" provides around 1,57,000 news items. The cut money collected by local leaders is shared among the leaders from the grassroot levels to the topmost political hierarchy of TMC (*Times of India* 2019). In 2019, after the party workers were dictated to return cut money, one of the members of Parliament affiliated to TMC responded by saying, "a person who has taken cut money directly is only the frontman. There are others who are behind him. They have also taken their shares, so money has to be returned according to this chain" (*Times of India* 2019). While the direction provides evidence of extraction of rent by the local TMC leaders, the statement of the member of Parliament clearly suggests that this rent is shared by a large number of people in the political chain of the party.

There are two important reasons why people pay cut money to the incumbent party leaders: (i) information asymmetry and (ii) take or leave it offers. Poor people in the rural areas do not have all the information on the government schemes available to them (maybe due to poor education). While local political leaders associated with the panchayats have this information, the information asymmetry makes it difficult for people to verify whether they have to pay money to receive the benefit of a government scheme. For example, a village woman in Hooghly district paid ₹550 to a local TMC leader to get a cooking gas connection under the Pradhan Mantri Ujjwala Yojana, a central government scheme for providing free cooking gas connection to poor village women, thinking it is the installation charge (*Financial Express* 2019). Similarly, a poor person in the rural areas often faces the "take it or leave it" offers by the TMC leaders. Those who do not agree to pay may not be considered for the entitlement.

Unfolding the Puzzles

Based on the above discussion, we present a political economy framework of rent extraction and sharing among the political agents in West Bengal. There are two political agents in this framework: central and local political elites along with their associates. The central political elites include members of legislative assembly, members of Parliament, and the state-level leaders of TMC. The local political elites and their associates include syndicate members in the urban and semi-urban areas and local leaders of TMC running the panchayats in the rural areas. While the central political elites are the same in both rural and urban areas, the local political elites and their associates are different. In the rural areas, the instrument used to extract rent is cut money, while in the urban and semi-urban areas the instrument is the syndicate.

In the rural economy, rent is generated from the money rural people receive through government schemes (both central and state government schemes) and extracted by the local political elites and their associates controlling the panchayats. This rent is shared between political agents, central political elites, and local political elites and their associates in rural areas (*Times of India* 2019). Similarly, in the urban and semi-urban economy, rent is generated and extracted from people involved in different economic activities like real estate business, manufacturing, and land dealings, by the syndicate members. This rent is also shared between political agents, central political elites, and local political elites and their associates in urban areas (Chaudhary 2018).

In the absence of any ideological bonding, the rent-sharing strategy between the political agents helps political parties to attach agents strongly. During the Left Front rule, this role was played by their strong political organisation driven by an ideology. However, in the absence of a strong political ideology, TMC needed to involve political agents and hire a consultant to mitigate the conflicts within the organisation and people's unrest, which they successfully did by creating the monetary incentive structure discussed above and hiring a consultant (Kundu 2021).

Now, let us discuss how this model provides an answer to the question of regime persistence, political violence, and economic stagnation during the TMC regime in West Bengal. In majority cases, the local political elites and their associates in TMC are mostly the whole-time party workers or syndicate members (in urban and semi-urban areas). Thus, their livelihood is entirely dependent on this rent.[8] Since the rent generation is linked with the persistence of the political regime that allows them to extract rent, their livelihood is dependent on the persistence of the regime itself. Thus, during elections, in order to protect their livelihood, they do not hesitate to apply violent methods to intimidate and oppress opposition political party voters or anyone who they consider a threat to the survival of the political regime. This explains why there are so many incidents of intimidation and oppression of the voters during each and every election and why we observe regime persistence of TMC (or increasing vote share) during the last three state assembly elections despite a poor economic performance by the government.

Let us look at the decline in economic growth? The framework predicts that the impacts of rent extraction in the rural and the urban economies are going to be different. In the urban and semi-urban areas, where syndicates extract rent, there will be a decline in economic activity. Extortion of businesspersons and investors discourages investment in the non-farm sector of the economy. However, rent extraction in the rural areas will be different. In these areas, rent is generated from the government schemes. The amount of rent generated depends on how many government schemes are being implemented and how much funds are being spent. In order to increase the amount of money political agents receive through rent-seeking, they have to spend more money through government schemes.

Hence, there is a clear incentive for both the local and central political agents to implement more government schemes and spend more money in the rural areas. This is going to increase the speed of public service delivery and increase economic activity in the rural areas (Nath 2017). Table 2 shows that during the TMC regime, the aggregate economic growth in West Bengal has declined more than the decline of the national gross domestic product (GDP) growth; the agriculture sector in the state performed much better than the performance of the agriculture sector in the entire nation (Ghatak 2021). Moreover, the non-farm sector has registered a massive decline under TMC. Since more than 80% of the GSDP in West Bengal comes from the non-farm sectors, the spectacular performance of agriculture is overshadowed by the massive decline in the non-farm sectors of the economy. This is the reason for the decline in the overall economic growth during the TMC regime.

In Conclusion

It is conventionally believed that if the political parties in a democratic setting are engaged in a competition to serve the majority of the population, it may ensure the economy's prosperity. This seems to suggest a positive correlation between political competition and economic growth. Thus, the political stability of a state is the outcome of economic prosperity brought about by the party. This may not always be true. The recent election outcome in West Bengal seems to be one such example. While economic agents can have mutually conflicting interests in an unequal society, the incumbent party prefers to better serve the people at the bottom of the income distribution. To gain popularity among the people of the lower income distribution, it demands resources to be mobilised to subsidise them. This can be achieved in two alternative ways. First, the people on the top of the income distribution need to be taxed. This would essentially discourage some of their economic activities. But lower taxation reduces the amount to be distributed among the low-income people. The available resources collected from taxation to be distributed among the poor tend to be lower, making the incumbent unpopular among the poor who are the majority of voters in a typical developing society.

Second, a trade-off in which a state can bargain for a significant share of grants from the union government in a federal setting can be avoided. However, in both the cases, the resource mobilisation from government schemes and their distribution must mushroom rent-seeking activities and fuel leakages in the economy. Interestingly, such leakages essentially feed and encourage a group of individuals or cadres who worked for the incumbent political interests and popularity. Since the resources are not directly collected by the state in the second case, the direct conflict between the poor and the rich is bypassed to some extent. However, they can definitely raise dissatisfaction due to insufficient benefit, favouritism, deprivation, poor governance, and a lack of transparency. If anyone tries to revolt for these reasons, this group of individuals nurturing the leakage funds helps the incumbent politicians by spreading fear among the people. So, the dependence on welfare grants (more so from the centre) serves to gain popularity to survive a group of cadres, helping to ease out the unrest among the deprived individuals. Such a model offers a negative correlation between growth and political competition. The persistence of the incumbent political party in power in West Bengal seems to suggest that the state has taken the second route. Though mobilisation of social welfare schemes for the poor and rural individuals has marginally improved their economic condition, the benefits are so small that they do not attract the majority in favour of incumbency unless the cadre networks work. The cadre who grew up under the shadow of welfare schemes favoured the incumbent party for their self-interests. The severe exposition of violence around the elections confirms their presence, functions, and effectiveness.

NOTES

1 According to Daxecker (2020), political violence during elections is a strategy to manipulate election outcomes. In most of the cases, the intention is to influence the electoral competition by trimming down voter turnout of the opponents (Bratton 2008; Collier and Vicente 2012). Electoral violence is levied by political actors to purposefully influence the process and outcome of elections, and it involves coercive acts against humans, property, and infrastructure (Bekoe 2012; Harish and Toha 2019; Höglund 2009).

2 Both these instruments were present during the Left Front regime; these were in fact developed by the leftists only. However, they were less known, most probably due to strong political organisation the rent-seeking was less prevalent.

3 This may be due to the growth of labour intensive micro, small and medium enterprises.

4 Poverty rate for 2017–18 has been calculated based on a report that the government had initially published and then withdrawn.

5 West Bengal has become one of the most outmigrating states in the country in recent times.

6 This is due to the fact that the formal legal system is costly and inaccessible to them.

7 The legal system is costly both in terms of time and money.

8 This kind of dependence of political agents on political rent was present during the time of Left Front rule as well. However, due to strong political organisation, there were some checks and balances.

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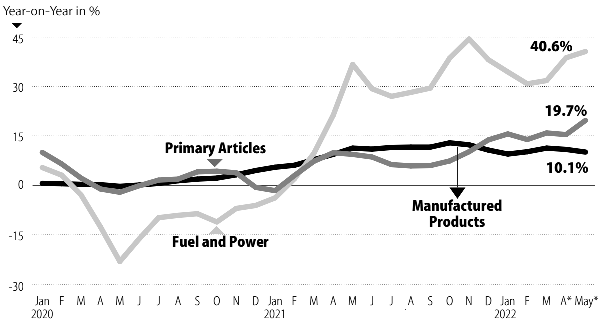
Wholesale Price Index

The year-on-year (y-o-y) WPI inflation rate rose to 15.9% in May 2022 from 13.1% reported a year ago and 15.1% a month ago. The index for primary articles increased by 19.7% against 9.4% a year ago and 15.4% a month ago. The rate of inflation of food articles increased to 12.3% from 4.3% a year ago. The index for fuel and power rose by 40.6% compared to 36.7% a year ago. The index of manufactured products decreased by 10.1% compared to 11.2% a year ago.

Consumer Price Index

The CPI-inflation rate increased to 7.0% in May 2022 from 6.3% reported a year ago. The consumer food price index rose by 8.0% compared to 5.0% a year ago. The CPI-rural inflation rate increased to 7.0% from 6.6% a year ago and urban-inflation rate to 7.1% from 5.9%. According to the Labour Bureau data, the CPI for agricultural labourers (CPI–AL) increased to 6.4% in April 2022 from 2.7% a year ago and the CPI for industrial workers (CPI–IW) to 6.3% from 5.1%

Movement of WPI-Inflation Rate January 2020–May 2022



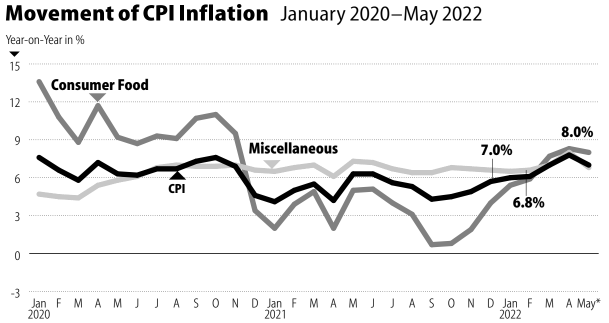
* Data is provisional; Base: 2011–12 = 100.

Trends in WPI and Its Components May 2022* (%)

	Weights	Over Month	Over Year	Financial Year (Averages) 2019–20	2020–21	2021–22
All commodities	100	1.4	15.9	1.7	1.3	13.0
Primary articles	22.6	2.8	19.7	6.8	1.7	10.2
Food articles	15.3	2.4	12.3	8.4	3.2	4.1
Fuel and power	13.2	2.3	40.6	-1.8	-8.0	32.5
Manufactured products	64.2	0.6	10.1	0.3	2.8	11.1

*Data is provisional; Base: 2011–12=100. Source: Ministry of Commerce and Industry.

Movement of CPI Inflation January 2020–May 2022



* Data is provisional. Source: National Statistical Office (NSO), Ministry of Statistics and Programme Implementation, Base: 2012=100.

CPI: Rural and Urban May 2022* (%)

	Latest Month Index	Over Month	Over Year	Financial Year (Avgs) 2020–21	2021–22
CPI Combined	171.7	0.941	7.04	6.16	5.51
Rural (2012=100)	172.4	0.937	7.01	5.94	5.43
Urban (2012=100)	170.8	0.946	7.08	6.45	5.58
CPI: Occupation-wise#					
Industrial workers (2016=100)	127.7	1.35	6.33	5.0	5.1
Agricultural labourers (1986–87=100)	1108.0	0.9	6.4	5.5	4.0

* Provisional; # April 2022; Source: NSO (rural and urban); Labour Bureau (IW and AL).

Foreign Trade

The trade deficit widened to \$24.3 bn in May 2022 from \$6.5 bn registered a year ago. Exports increased by 20.6% to \$38.9 bn from \$32.3 bn a year ago and imports by 62.8% to \$63.2 bn from \$38.8 bn. Oil imports stood higher at \$19.2 bn compared to \$9.5 bn a year ago and non-oil imports at \$44.0 bn compared to \$29.4 bn. During April–May 2022–23, the cumulative exports increased by 24.9% to \$78.7 bn from \$63.1 bn in the corresponding period last year and imports by 45.4% to \$123.4 bn from \$84.9 bn.

Index of Eight Core Industries

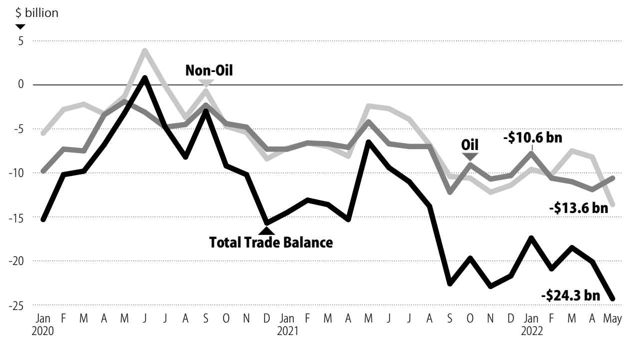
The overall index of eight core infrastructure industries stood at 143.2 in April 2022. Coal segment reported an index value of 146.2 and petroleum refinery products that of 134.7. The index of crude oil stood at 77.8 and natural gas at 70.9. The steel segment registered an index value of 158.9 and cement of 171.7. The index of electricity generation stood at 192.5 while the fertilisers segment reported an index value of 96.0.

Merchandise Trade May 2022

	May 2022 (\$ bn)	Over Month (%)	Over Year (%)	April–May (2022–23 over 2021–22) (%)
Exports	38.9	-3.1	20.6	24.9
Imports	63.2	4.8	62.8	45.4
Trade Balance	-24.3	20.7	271.8	104.8

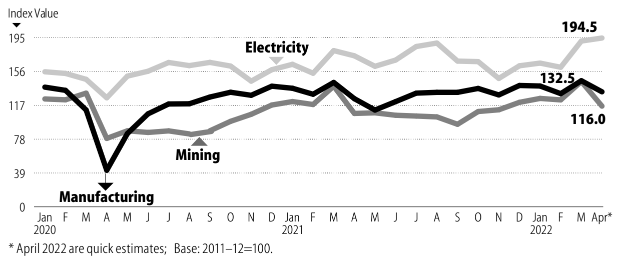
Data is provisional. Source: Ministry of Commerce and Industry.

Trade Balance January 2020–May 2022



Oil refers to crude petroleum and petroleum products, while non-oil refers to all other commodities.

Movement of Index Values of Components of IIP January 2020–April 2022



* April 2022 are quick estimates; Base: 2011–12=100.

Index for Eight Core Industries April 2022* (%)

	Weights	Index Value April 2021	April 2022	Financial Year (Avgs) in % 2020–21	2021–22
Infrastructure industries	40.27@	132.0	143.2	-6.4	10.4
Coal	10.3	113.5	146.2	-1.9	8.5
Crude oil	9.0	78.5	77.8	-5.2	-2.6
Natural gas	6.9	66.7	70.9	-8.2	19.2
Petroleum refinery products	28.0	123.4	134.7	-11.2	8.9
Fertilisers	2.6	88.3	96.0	1.7	0.7
Steel	17.9	160.0	158.9	-8.7	17.1
Cement	5.4	159.0	171.7	-10.8	20.8
Electricity	19.9	174.0	192.5	-0.5	8.0

(Base: 2011–12=100); *Data is provisional; @ The revised eight core industries have a combined weight of 40.27% in the IIP.
Source: Ministry of Commerce and Industry.

Comprehensive current economic statistics with regular weekly updates are available at: http://www.epwrf.in/currentstat.aspx.

India's Quarterly Estimates of Final Expenditures on GDP

₹ Crore | At 2011–12 Prices	2019–20 Q1	2019–20 Q2	2019–20 Q3	2019–20 Q4	2020–21 Q1	2020–21 Q2	2020–21 Q3	2020–21 Q4	2021–22 Q1	2021–22 Q2	2021–22 Q3	2021–22 Q4
Private final consumption expenditure	2009312 (6.7)	2004859 (5.7)	2157091 (5.6)	2088442 (1.2)	1532170 (-23.7)	1839177 (-8.3)	2169131 (0.6)	2223256 (6.5)	1753400 (14.4)	2031624 (10.5)	2330425 (7.4)	2262405 (1.8)
Government final consumption expenditure	377951 (-2.0)	418372 (5.5)	345786 (4.8)	342163 (8.0)	429241 (13.6)	322530 (-22.9)	344609 (-0.3)	441224 (29.0)	408789 (-4.8)	351138 (8.9)	354889 (3.0)	462316 (4.8)
Gross fixed capital formation	1197344 (10.0)	1093791 (0.9)	1135023 (-0.1)	1184862 (0.6)	654479 (-45.3)	1044735 (-4.5)	1128117 (-0.6)	1303947 (10.1)	1063543 (62.5)	1197408 (14.6)	1152014 (2.1)	1371090 (5.1)
Change in stocks	27081 (-57.5)	26951 (-59.0)	26083 (-59.0)	28169 (-59.5)	-1995 (-107.4)	-3048 (-111.3)	-3040 (-111.7)	-3490 (-112.4)	43907 (-2301.0)	47531 (-1659.6)	45050 (-1581.7)	51450 (-1574.2)
Valuables	43887 (-5.5)	44242 (-12.3)	37119 (-16.4)	39279 (-22.1)	3790 (-91.4)	52356 (18.3)	50917 (37.2)	100918 (156.9)	23329 (515.6)	142228 (171.7)	77891 (53.0)	51597 (-48.9)
Net Trade (Export - Import)	-174738	-132914	-100588	-99736	6189	-28433	-119730	-167215	-96309	-174012	-227446	-205582
Exports	703240 (2.4)	705236 (-2.0)	706562 (-5.5)	698570 (-9.1)	523643 (-25.5)	659753 (-6.4)	645694 (-8.6)	724592 (3.7)	737146 (40.8)	795994 (20.7)	794990 (23.1)	846715 (16.9)
Less Imports	877979 (9.4)	838150 (-1.9)	807150 (-7.0)	798306 (-2.4)	517454 (-41.1)	688186 (-17.9)	765424 (-5.2)	891807 (11.7)	833455 (61.1)	970006 (41.0)	1022436 (33.6)	1052297 (18.0)
Discrepancies	68121 (107.6)	90923 (94.6)	-819 (-76.5)	237901 (155.3)	79724 (17.0)	83612 (-8.0)	56217 (-6963.7)	19085 (-92.0)	49775 (-37.6)	-6738 (-108.1)	89056 (58.4)	84749 (344.1)
Gross domestic product (GDP)	3548958 (4.9)	3546223 (4.2)	3599696 (3.1)	3821081 (2.7)	2703598 (-23.8)	3310930 (-6.6)	3626220 (0.7)	3917725 (2.5)	3246434 (20.1)	3589178 (8.4)	3821878 (5.4)	4078025 (4.1)

India's Overall Balance of Payments (Net): Quarterly

	2020–21 ($ mn) Q1	Q2	Q3	Q4	2021–22 ($ mn) Q1	Q2	Q3	2020–21 (₹ bn) Q1	Q2	Q3	Q4	2021–22 (₹ bn) Q1	Q2	Q3
Current account	19058	15250	-2235	-8161	6370	-9913	-23024	1446 [3.7]	1134 [2.4]	-165 [-0.3]	-595 [-1.0]	470 [0.9]	-735 [-1.3]	-1725 [-2.7]
Merchandise	-10990	-14816	-34602	-41745	-30715	-44504	-60425	-834	-1102	-2552	-3043	-2266	-3297	-4528
Invisibles	30048	30066	32367	33583	37085	34591	37402	2280	2236	2387	2448	2736	2563	2802
Services	20758	21086	23237	23485	25810	25582	27811	1575	1568	1714	1712	1904	1895	2084
of which: Software services	20774	22021	23470	23475	25136	26781	28356	1576	1638	1731	1711	1854	1984	2125
Transfers	16974	18386	19258	18842	19013	18991	21312	1288	1368	1420	1373	1403	1407	1597
of which: Private	17217	18619	19494	19108	19222	19212	21447	1306	1385	1438	1393	1418	1423	1607
Income	-7685	-9405	-10128	-8743	-7738	-9981	-11721	-583	-700	-747	-637	-571	-740	-878
Capital account	1376	15943	34141	12261	25665	40439	23205	104 [0.3]	1186 [2.5]	2518 [4.6]	894 [1.6]	1893 [3.7]	2996 [5.3]	1739 [2.8]
of which: Foreign investment	114	31422	38597	9959	12236	13432	-721	9	2337	2847	726	903	995	-54
Overall balance	19846	31568	32483	3389	31870	31189	465	1506 [3.9]	2348 [5.0]	2396 [4.4]	247 [0.4]	2351 [4.6]	2311 [4.1]	35 [0.1]

Figures in square brackets are percentage to GDP.

Foreign Exchange Reserves

Excluding gold but including revaluation effects	3 June 2022	4 June 2021	31 March 2022	Variation: Over Month	Over Year	Financial Year So Far 2021–22	2022–23	Financial Year 2017–18	2018–19	2019–20	2020–21	2021–22
₹ crore	4308725	4105969	4237617	85630	202757	170937	71108	353270	68050	668976	590416	302585
$ mn	555189	562403	559615	5964	-7214	24225	-4425	53217	-14168.4	56831.4	94535	21435

Monetary Aggregates

₹ Crore	Outstanding 2022	Variation: Over Month	Over Year	Financial Year So Far 2020–21	2021–22	Financial Year 2018–19	2019–20	2020–21
Money supply (M_3) as on 20 May	20680442	-167234 (-0.8)	1668317 (8.8)	167548 (0.9)	190845 (0.9)	1367897 (8.9)	2044614 (12.2)	1645020 (8.7)
Components								
Currency with public	3116156	6202 (0.2)	254892 (8.9)	109436 (4.0)	78534 (2.6)	297539 (14.5)	402079 (17.1)	285794 (10.4)
Demand deposits	2126320	-39074 (-1.8)	295357 (16.1)	-164158 (-8.2)	-86672 (-3.9)	111179 (6.8)	257429 (14.8)	217871 (10.9)
Time deposits	15384139	-130621 (-0.8)	1112691 (7.8)	221169 (1.6)	197534 (1.3)	952412 (8.1)	1376263 (10.9)	1136326 (8.1)
Other deposits with RBI	53828	-3740 (-6.5)	5377 (11.1)	1100 (2.3)	1449 (2.8)	6765 (21.3)	8844 (23.0)	5028 (10.6)
Sources								
Net bank credit to government	6269772	-126811 (-2.0)	406479 (6.9)	12919 (0.2)	65561 (1.1)	571872 (13.0)	890012 (17.9)	353837 (6.0)
Bank credit to commercial sector	12758913	77472 (0.6)	1319719 (11.5)	-125320 (-1.1)	148871 (1.2)	655925 (6.3)	525870 (4.8)	1045528 (9.0)
Net foreign exchange assets	4782289	46727 (1.0)	104100 (2.2)	99343 (2.2)	-68066 (-1.4)	730196 (23.8)	777810 (20.5)	271509 (5.9)
Banking sector's net non-monetary liabilities	3158692	164769 (5.5)	163168 (5.4)	-180545 (-5.7)	-44332 (-1.4)	590557 (24.2)	149642 (4.9)	26955 (0.8)
Reserve money as on 3 June	4132551	87653 (2.2)	394413 (10.6)	138157 (3.8)	63664 (1.6)	259224 (9.4)	570275 (18.8)	468906 (13.0)
Components								
Currency in circulation	3223179	-9176 (-0.3)	246712 (8.3)	122704 (4.3)	89463 (2.9)	310541 (14.5)	406451 (16.6)	279953 (9.8)
Bankers' deposits with RBI	854952	98381 (13.0)	143163 (20.1)	12923 (1.8)	-21774 (-2.5)	-58081 (-9.6)	154978 (28.5)	177860 (25.4)
Other deposits with RBI	54419	-1553 (-2.8)	4538 (9.1)	2530 (5.3)	-4025 (-6.9)	6765 (21.3)	8844 (23.0)	11093 (23.4)
Sources								
Net RBI credit to government	1192830	-77445 (-6.1)	84509 (7.6)	8636 (0.8)	-257766 (-17.8)	190240 (23.7)	107494 (10.8)	350911 (31.9)
of which: Centre	1181500	-68072 (-5.4)	84372 (7.7)	783 (0.1)	-267472 (-18.5)	189267 (23.6)	106605 (10.8)	352627 (32.2)
RBI credit to banks & commercial sector	-329232	131443 (-28.5)	136104 (-29.2)	-95979 (26.0)	214470 (-39.4)	-353744 (-231.4)	-168464 (0.0)	-174345 (0.0)
Net foreign exchange assets of RBI	4509169	80806 (1.8)	112031 (2.5)	197738 (4.7)	66690 (1.5)	741814 (26.0)	608998 (17.0)	243079 (5.8)
Govt's currency liabilities to the public	28160	0 (0.0)	1165 (4.3)	83 (0.3)	147 (0.5)	461 (1.8)	564 (2.1)	1101 (4.1)
Net non-monetary liabilities of RBI	1268376	47151 (3.9)	-60605 (-4.6)	-27679 (-2.0)	-40125 (-3.1)	319547 (30.2)	-21682 (-1.6)	-48159 (-3.5)

Scheduled Commercial Banks' Indicators *(₹ Crore)*

(As on 20 May)	Outstanding 2022	Variation: Over Month	Over Year	Financial Year So Far 2019–20	2020–21	Financial Year 2017–18	2018–19	2019–20
Aggregate deposits	16574213	-49762 (-0.3)	1407029 (9.3)	53672 (0.4)	108900 (0.7)	993721 (7.9)	1546019 (11.4)	1351801 (8.9)
Demand	1985777	-8382 (-0.4)	290696 (17.1)	-166112 (-8.9)	-86970 (-4.2)	105716 (7.0)	244190 (15.1)	211554 (11.4)
Time	14588436	-41380 (-0.3)	1116333 (8.3)	219784 (1.7)	195870 (1.4)	888005 (8.0)	1301830 (10.9)	1140247 (8.6)
Cash in hand	97536	-15781 (-13.9)	5844 (6.4)	944 (1.0)	11610 (13.5)	12385 (16.5)	3487 (4.0)	-4822 (-5.3)
Balance with RBI	810295	125346 (18.3)	206951 (34.3)	60651 (11.2)	126858 (18.6)	-29521 (-5.2)	6507 (1.2)	140744 (25.9)
Investments	4776035	-3991 (-0.1)	240546 (5.3)	72964 (1.6)	47087 (1.0)	366292 (10.8)	715176 (19.1)	266423 (6.0)
of which: Government securities	4775251	-3874 (-0.1)	241011 (5.3)	72608 (1.6)	47072 (1.0)	359695 (10.6)	722935 (19.3)	266547 (6.0)
Bank credit	12027305	72665 (0.6)	1300036 (12.1)	-118288 (-1.1)	135991 (1.1)	496916 (5.1)	576918 (5.6)	1045757 (9.6)
of which: Non-food credit	11974051	61963 (0.5)	1337445 (12.6)	-147696 (-1.4)	137748 (1.2)	486763 (5.0)	567427 (5.6)	1052001 (9.8)

Capital Markets

	10 June 2022	Month Ago	Year Ago	Financial Year So Far Trough	Peak	2021–22 Trough	Peak	End of Financial Year 2018–19	2019–20	2020–21
S&P BSE SENSEX (Base: 1978–79=100)	54303 (3.8)	54365	52300 (52.7)	52792	60612	47706	61766	39714 (12.4)	29816 (-21.8)	49009 (63.7)
S&P BSE-100 (Base: 1983–84=100)	16471 (2.6)	16571	16046 (56.9)	16104	18327	14482	18800	12044 (9.1)	8693 (-25.2)	14689 (68.2)
S&P BSE-200 (1989–90=100)	7000 (2.1)	7037	6858 (60.6)	6842	7790	6136	8025	4987 (7.1)	3614 (-25.1)	6211 (71.1)
CNX Nifty-50 (Base: 3 Nov 1995=1000)	16202 (2.9)	16240	15738 (55.6)	15782	18053	14296	18477	11923 (11.1)	8660 (-24.3)	14507 (67.9)
CNX Nifty-500	13782 (2.0)	13856	13517 (63.0)	13465	15391	12024	15886	9805 (5.3)	7003 (-26.3)	12149 (73.7)

Figures in brackets are percentage variations over the specified or over the comparable period of the previous year. | (-) = not relevant | - = not available | NS = new series | PE = provisional estimates

■ Comprehensive current economic statistics with regular weekly updates are available at: http://www.epwrf.in/currentstat.aspx.

Secondary Market Transactions in Government Securities, Forex Market and Money Market—May 2022

1 Settlement Volume of Government Securities Transactions

Settlement Period	Outright Number of Trades	Outright Volume (₹ Cr)	Repo Number of Trades	Repo Volume (₹ Cr)	Daily Average (Outright) Number of Trades	Daily Average (Outright) Volume (₹ Cr)	Daily Average (Repo) Number of Trades	Daily Average (Repo) Volume (₹ Cr)
May 2022	66044	832089	31195	4940038	3302	41604	1418	224547
May 2021	46952	710624	23315	4280973	2471	37401	1110	203856
2022–23^	125455	1702417	56674	9255749	3301	44800	1349	220375
2021–22^	88306	1450298	44240	8110826	2453	40286	1106	202771

2 Netting Factor

a Securities Gross (₹ Cr)	a Securities Net (₹ Cr)	a Securities Netting Factor (%)	b Funds Gross (₹ Cr)	b Funds Net (₹ Cr)	b Funds Netting Factor (%)
5772127	2072576	64.09	5692597	610959	89.27
4991597	1686931	66.20	5189403	500560	90.35
10958166	4028953	63.23	10865036	1183776	89.10
9560976	3414005	64.29	9904742	1070497	89.19

3 Instrument-wise Break-up of Securities Transactions (₹ Cr)

a Outright Trades Central Govt Dated	a Outright Trades Treasury Bills	a Outright Trades State Govt	b Repo Central Govt Dated	b Repo Treasury Bills	b Repo State Govt
670861	118623	42605	1793931	307118	376700
527431	121058	62135	1437291	326576	383003
1289571	255747	157099	3285113	668046	681571
1032989	287699	129610	2744266	584330	732398

4 Tenor-wise Settlement Volume of Central Government Dated Securities

Year	May 2022	2022–23^	2021–22^
2022	10623	24579 (1.91)	44133 (4.35)
2023	11342	26077 (2.02)	24231 (2.39)
2024	10538	21501 (1.67)	28234 (2.78)
2025	12756	29503 (2.29)	126022 (12.43)
2026	101269	193800 (15.03)	113474 (11.19)
2027	8377	19414 (1.51)	27244 (2.69)
2028	10249	16278 (1.26)	24630 (2.43)
2029	15673	27987 (2.17)	38895 (3.84)
2030	2373	11495 (0.89)	313680 (30.93)
2031	30934	96146 (7.46)	3621 (0.36)
2032	335562	576423 (44.70)	3786 (0.37)
2033	4311	7937 (0.62)	17415 (1.72)
2034	5047	11241 (0.87)	10292 (1.01)
2035	72877	161288 (12.51)	194115 (19.14)
2036	11278	12722 (0.99)	2223 (0.22)
2037	217	308 (0.02)	166 (0.02)
2038	217	308 (0.02)	166 (0.02)
2039	237	1127 (0.09)	1671 (0.16)
2040	831	1287 (0.10)	1256 (0.12)
2041	1081	2718 (0.21)	1484 (0.15)
2042	702	1875 (0.15)	239 (0.02)
2043	303	845 (0.07)	1034 (0.10)
2044	681	1947 (0.15)	810 (0.08)
2045	217	710 (0.06)	772 (0.08)
2046	322	572 (0.04)	818 (0.08)
2047	217	308 (0.02)	124 (0.01)
2048	217	308 (0.02)	124 (0.01)
2049	488	956 (0.07)	384 (0.04)
2050	2444	7598 (0.59)	12739 (1.26)
2051	4574	7151 (0.55)	800 (0.08)
2052	194	285 (0.02)	104 (0.01)
2053	194	285 (0.02)	104 (0.01)
2054	194	285 (0.02)	104 (0.01)
2055	202	302 (0.02)	619 (0.06)
2056	194	285 (0.02)	106 (0.01)
2057	193	284 (0.02)	105 (0.01)
2058	193	283 (0.02)	104 (0.01)
2059	494	740 (0.06)	164 (0.02)
2060	1076	1712 (0.13)	3989 (0.39)
2061	11970	20701 (1.61)	14145 (1.39)
Total	670861	1289571 (100)	1014126 (100)

5 Deal Size Analysis (%)

Settlement Period	< 5 Cr % to Total Trades	< 5 Cr % to Total Value	5 Cr % to Total Trades	5 Cr % to Total Value	> 5 Cr <=10 Cr % to Total Trades	> 5 Cr <=10 Cr % to Total Value	>10 Cr <=20 Cr % to Total Trades	>10 Cr <=20 Cr % to Total Value	> 20 Cr % to Total Trades	> 20 Cr % to Total Value
May 2022	4.98	0.34	56.63	22.48	18.03	14.21	7.54	10.05	12.82	52.93
May 2021	4.20	0.39	50.60	16.72	20.53	13.53	8.07	9.08	16.60	60.28
2022–23^	5.53	0.37	55.32	20.38	17.97	13.13	7.37	9.13	13.82	56.99
2021–22^	3.93	0.33	49.60	15.10	20.31	12.33	8.22	8.47	17.94	63.76

6 Market Share of Top 'n' Securities (%)

Period	May 2022	May 2021	2022–23^	2021–22^
Top 5	77.50	63.69	75.42	57.12
Top 10	83.47	73.94	80.07	68.83
Top 15	86.96	79.82	83.39	75.60
Top 20	89.36	84.41	86.09	80.68

7 Intercategory Member Turnover Activity for All Category

Category	Buy: Outright	Buy: Reverse Repo (Funds Lending)	Buy: TREP Lending@	Buy: Uncollateralised Money Market Lending*	Buy: Forex	Sell: Outright	Sell: Repo	Sell: TREP Borrowing@	Sell: Uncollateralised Money Market Borrowing*	Sell: Forex
Cooperative Banks	3.45	0.09	0.21	77.48**	0.35	3.00	1.67	0.78	2.07**	0.39
Financial Institutions	0.29	0.95	0.92	-	0.31	0.00	0.00	1.42	-	0.39
Foreign Banks	21.74	32.85	0.34	1.63	43.62	23.35	23.16	3.39	4.95	43.98
Insurance Companies	3.56	2.63	13.92	-	-	2.35	0.00	0.00	-	-
Mutual Funds	10.78	50.04	74.51	-	-	8.42	0.02	0.70	-	-
Others	4.37	0.11	9.45	-	-	3.61	1.44	1.57	-	-
Primary Dealers	15.11	4.30	0.01	0.00	-	22.44	30.28	3.91	70.79	-
Private Sector Banks	24.52	7.34	0.24	4.58	30.27	23.78	23.96	27.21	19.32	30.17
Public Sector Banks	16.16	1.69	0.40	16.30	25.45	13.05	19.48	61.02	2.86	25.06
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

8 Market Share of Top Five Members (Category-wise) (%)

Categories	May 2022	May 2021	2022–23^	2021–22^
Cooperative Banks	57.47	42.14	59.19	44.08
Foreign Banks	72.01	69.73	71.42	71.09
Public Sector Banks	62.63	66.77	66.93	69.23
Private Sector Banks	80.82	84.40	79.07	78.78
Mutual Funds	54.33	59.54	56.64	58.38
Primary Dealers	86.06	83.65	86.87	83.21

9 Market Share of Top 'n' Members (%)

Period	May 2022	May 2021	2022–23^	2021–22^
Top 5	30.30	29.79	29.29	28.31
Top 10	45.41	42.20	44.97	41.40
Top 15	55.76	52.41	55.76	51.24
Top 20	63.92	61.07	63.98	59.71

10 Trading Platform Analysis of Outright Trades

Period	OTC Trades	OTC % Share	OTC Value (₹ Cr)	OTC % Share	NDS-OM Trades	NDS-OM % Share	NDS-OM Value (₹ Cr)	NDS-OM % Share
May 2022	4601	6.96	212791	25.77	61514	93.04	613071	74.23
May 2021	3867	8.40	190931	27.58	42146	91.60	501395	72.42
2022–23^	10068	7.92	513087	30.20	117028	92.08	1185607	69.80
2021–22^	7819	8.81	446944	30.99	80952	91.19	995124	69.01

11 Type-wise Settlement Volume of Government Securities Transactions (₹ Crore)

Period	Outright Proprietary Trades	Outright Proprietary Volume	Outright Constituent Trades	Outright Constituent Volume	Repo Proprietary Trades	Repo Proprietary Volume	Repo Constituent Trades	Repo Constituent Volume
May 2022	51911	663390	14133	168699	13235	1875612	2351	602136
May 2021	34828	550754	12124	159870	10293	1833368	1388	313502
2022–23^	97197	1334840	28258	367577	24052	3524624	4343	1110106
2021–22^	64634	1100221	23672	350077	19720	3499179	2441	561815

12 TREP Trading @

Settlement Period	Total Trades	Total Value	Daily Average Trades	Daily Average Value
May 2022	25855	7338148	1175	333552
May 2021	19185	4974490	914	236880
2022–23^	49192	14067480	1171	334940
2021–22^	39445	10368679	986	259217

13 Top 5 Securities—Basket Repo

Security	Trades	Value	Rate
45.63% GS 2026	195	78989	4.10
4.26% GS 2023	142	57871	4.11
6.64% GS 2035	138	51225	4.10
FRB 2024	120	51132	4.11
FRB 2033	144	46656	4.12

14 Top 5 Securities—Special Repo

Security	Trades	Value	Rate
6.54% GS 2032	1089	139789	3.62
6.67% GS 2035	712	122507	3.97
5.74% GS 2026	571	56955	3.73
6.10% GS 2031	453	50615	4.04
6.67% GS 2050	302	45799	3.63

15 Forex Settlement

Settlement Period	Cash Trades	Cash Value (₹ Cr)	Cash Value ($ Mn)	Tom Trades	Tom Value (₹ Cr)	Tom Value ($ Mn)	Spot Trades	Spot Value (₹ Cr)	Spot Value ($ Mn)	Forward Trades	Forward Value (₹ Cr)	Forward Value ($ Mn)	Total Trades	Total Value (₹ Cr)	Total Value ($ Mn)	Average Trades	Average Value (₹ Cr)	Average Value ($ Mn)	Netting Factor: Forex Gross ($ Mn)	Netting Factor: Forex Net ($ Mn)	Netting Factor (%)
May 2022	3387	765521	99102	4436	926145	120083	181704	3051948	395481	8919	1295598	168844	198446	6039213	783510	10445	317853	41237	783510	29435	96.24
2022–23^	3337	689143	94093	4699	950345	129384	99964	1870306	254451	5807	915065	122344	113807	4424858	600272	6323	245825	33348	600272	26819	95.53

16 Category-wise Forex Activity—Deal Type

Category	Cash	Tom	Spot	Forward
Foreign Banks	43.10	51.32	42.47	41.98
Public Sector Banks	24.14	15.52	26.28	30.43
Private Sector Banks	31.04	31.94	30.82	27.11
Cooperative Banks	0.50	0.40	0.39	0.22
Financial Institutions	1.23	0.82	0.02	0.26

17 Forex Deal Size Analysis (%)

Settlement Period	< 1 mn % to Total Trades	< 1 mn % to Total Value	1 mn % to Total Trades	1 mn % to Total Value	> 1 mn <= 5 mn % to Total Trades	> 1 mn <= 5 mn % to Total Value	> 5 mn <= 10 mn % to Total Trades	> 5 mn <= 10 mn % to Total Value	> 10 mn <= 20 mn % to Total Trades	> 10 mn <= 20 mn % to Total Value	> 20 mn % to Total Trades	> 20 mn % to Total Value
May 2022	23.63	2.12	53.01	13.42	12.93	10.83	3.32	7.97	2.01	8.74	5.10	56.92
2022–23^	23.57	1.99	52.93	12.83	12.63	10.03	3.36	7.73	2.05	8.62	5.45	58.80

18 Market Share—Forex (%)

Period	May 2022	May 2021	2022–23^	2021–22^
Top 5	35.96	35.90	36.41	34.19
Top 10	56.47	57.53	56.17	55.74
Top 15	69.80	73.86	69.94	72.65
Top 20	81.73	84.90	82.02	83.53

19 Tenor-wise Forward Trade Analysis (%)

Settlement Period	< 30 Days % to Total Trades	< 30 Days % to Total Value	> 30 Days & <= 90 Days % to Total Trades	> 30 Days & <= 90 Days % to Total Value	> 90 Days & <= 180 Days % to Total Trades	> 90 Days & <= 180 Days % to Total Value	> 180 Days & <= 365 Days % to Total Trades	> 180 Days & <= 365 Days % to Total Value	> 1 Year % to Total Trades	> 1 Year % to Total Value
May 2022	19.21	28.77	29.41	33.84	13.49	12.81	35.09	22.37	2.80	2.20
May 2021	27.71	34.10	28.48	31.36	17.12	14.98	23.71	17.80	2.98	1.76
2022–23^	19.43	26.82	30.95	32.41	15.26	16.57	31.94	22.04	2.42	2.17

20 Forex Trading Platform: FX Clear (Amount in $)

Period	Spot Trades	Spot Value	Daily Average Trades	Daily Average Value
May 2022	29738	15566	1487	778
May 2021	13082	6808	689	358
2022–23^	57738	29971	1519	789
2021–22^	31153	16611	865	461

^ data pertains to April–May; * Call and Term Money Segment; ** Includes Small Finance and Payment Banks; @ 5 November 2018 onwards; (i) Figures in brackets are percentage to total; (ii) Tables 1 to 11 relate to Government Securities Market; (iii) Tables 12 to 14 relate to Money Market; and (iv) Tables 15 to 20 relate to Forex Market. Source: Clearing Corporation of India Limited (CCIL).

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