MINUTES OF THE 111th MEETING OF THE AUTHORITY

held on 16th December, 2020 at 11 AM at Hyderabad

Present:	Chairman	Dr. Subhash C. Khuntia
	Whole-time Member	Shri Pravin Kutumbe
	Whole-time Member	Smt. T L Alamelu
	Whole-time Member	Shri K Ganesh
	Part-time Member	Smt. Sushama Nath (through VC)
	Part-time Member	Shri Debasish Panda (through VC)
	Part-time Member	Shri Atul Kumar Gupta (through VC)

Also present:

	Designated Officer	Shri M. Pulla Rao, ED (Gen)

The Chairman extended a warm welcome to the Members present. The quorum was present.

4. Statement of foreign tours undertaken by the Chairman and Members for the period from 1st October to 30th November, 2020

The statement was noted by the Authority.

5. List of Circulars/Guidelines issued from 1st October to 30th November, 2020

The Authority noted the circulars/guidelines issued from 1st October to 30th November, 2020.

14. New Credit Rating System for Infra Projects

14.1 It was submitted that the Budget Speech 2016-17 under Para 84 (iii) envisaged development of a new Credit Rating System (CRS) for “Infrastructure Projects” with emphasis on in-built Credit Enhancement Structures, as against the current standard of “Risk” perception which do not price the loans properly. The Department of Economic Affairs (DEA) had engaged Credit Rating Agencies, viz. ICRA, CARE, CRISIL and India Ratings and regulators, viz. RBI, SEBI, IRDAI and PFRDA had formalised a new CRS specific to “Infrastructure Bonds” issued by Infrastructure Projects. It was also decided to develop the new CRS based on Expected Loss Approach (EL), taking into consideration the “Probability of Default” and additional Risk Assessment for informed decisions. The EL Approach provides for a seven-point scale from “INFRA EL1” to “INFRA EL7”, where instrument rated “EL1” would have the lowest ‘expected loss’ and “EL7” would have the highest ‘expected loss’ and the prefix INFRA denotes “Infrastructure Bonds”.

14.2 The matter had been placed for information of the Authority in 101st meeting held on 29th June, 2018. To operationalise the new credit rating system, it was proposed to issue a circular.

14.3 The Authority observed that the new CRS would give more choice for investments with reference to infrastructure bonds under ‘approved investments’ and accorded approval for issue of circular on “Credit Rating System – Applicable for Infrastructure Investments” as per Annexure – 1 to the agenda item.

17. Budget for the Financial Year 2021-22

17.1 The revised estimate of the budget for the financial year 2020-21 based on actuals up to 30th November, 2020 was presented to the Authority. The revised estimates of total receipts increased from Rs. 282.86 crore to Rs. 292.28 crore, while the revised estimates of total expenditure decreased from Rs. 273.08 crore to Rs. 243.45 crore resulting in increase in the overall surplus from Rs. 9.78 crore to Rs. 48.83 core.

17.2 Next, the budget for FY 2021-22 was presented with total receipts estimated at Rs. 273.56 crore, and the total expenditure estimated at Rs. 272.86 crore with an overall surplus of 0.72 crore.

17.3 Smt. Sushama Nath expressed that the budget had been managed very well during 2020-21 so far and felt that the need for expenditure in FY 2021-22 may go up with expected return to normalcy.

17.4 After deliberation**,** the Authority approved (i) Revised estimate of 2020-21 as given in Annexure - A1 and (ii) Budget estimate for the financial year 2021-22 as given in Annexure - A2 of the Agenda.

20. Permission to DBS Bank India Ltd to have more than the number of tie-up arrangements permitted by Regulations, pursuant to the amalgamation of Lakshmi Vilas Bank Ltd.

20.1 It was submitted that pursuant to the approval of the Government of India on 25th November, 2020 to the scheme of amalgamation of Lakshmi Vilas Bank Ltd. (LVBL) with DBS Bank India Ltd. (DBIL), all branches of LVBL have been converted as branches of DBIL. With the amalgamation, the number of corporate agency tie-ups of the merged entity had become 5 Life insurers, 5 General insurers and 1 Health Insurer and thus crossed the maximum 3 tie-ups each permitted under Life and General Insurers as per Regulation 3 of IRDAI (Registration of Corporate Agents) Regulations, 2015.

20.2 In order to protect the interests of the policyholders who had purchased policies from any of the merged entities, the Authority had allowed an extension of 12 months to carry on tie-ups with more than 3 insurers in each line of business to 4 merged public sector banks in April, 2020 and on the same lines, submitted the agenda item for approval of Authority to permit DBIL to retain its pre-existing tie-ups and also to continue the arrangements with the partners of the erstwhile LVBL for a period of 12 months, at the end of which, the limit of 3 insurers has to be complied by the merged entity.

20.3 The Authority considered the agenda and taking the interests of policyholders into account, approved continuation of corporate agency tie-ups with 5 Life and 5 General Insurers existing at the time of amalgamation for a period of 12 months, as a special case.

The meeting ended with a vote of thanks to all Members.

CHAIRMAN