

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/343335828>

JOURNAL OF CRITICAL REVIEWS YES BANK DEBACLE: WHOM TO BLAME FOR INVESTOR DESTRUCTION; SECURITIES EXCHANGE BOARD OF INDIA (SEBI) OR RESERVE BANK OF INDIA (RBI)?

Article in *Journal of Critical Reviews* · June 2020

CITATIONS

0

READS

1,561

2 authors:



Tejinder Singh

SEBI

33 PUBLICATIONS 11 CITATIONS

[SEE PROFILE](#)



Nitin Pathak

Chandigarh University

16 PUBLICATIONS 10 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Expert Talk on Financial Accounting [View project](#)



How can each faculty can file a patent every year ? [View project](#)

YES BANK DEBACLE: WHOM TO BLAME FOR INVESTOR DESTRUCTION; SECURITIES EXCHANGE BOARD OF INDIA (SEBI) OR RESERVE BANK OF INDIA (RBI)?

Mr. Tejinder Singh¹, Dr. Nitin Pathak²

¹Asst. Prof., University School of Business, Chandigarh University ,tejinder.usb@cumail.in

²Prof., University School of Business, Chandigarh University,nitin17pathak@gmail.com

Received: 15 March 2020 Revised and Accepted: 19 June 2020

ABSTRACT: In this paper, the volatile movements in YBL stock prices are being compared with volatility in Nifty50 index for two phases i.e, 2019 and 2020 (till 20 March 2020). The paper attempts to take into stock the developments in connection with YBL stock. These developments include meetings of capital raising committee in YBL, resignations by top officials, media news of fund diversion, RBI's direction for restricting the extension in the term of the bank's MD & CEO beyond 31 January 2019. All these developments are being explained in detail including the restructuring plans for the bank. Interestingly, NIFTY 50 of which YBL has also been the part has not witnessed the same nature of volatility in Phase-I but in Phase-II i.e, in the year 2020, NIFTY 50 has crashed badly and primarily due to the emergence of epidemic COVID 19. However, the free fall in the YBL stocks can be attributed to the failure of corporate governance and lack of a proactive role by the regulator.

KEYWORDS: RBI(Reserve Bank of India) , SEBI (Securities Exchange Board of India), YBL (Yes Bank Ltd) ,WHO (World Health Organization), P/E (Price Earnings Ratio), FIIs (Foreign Institutional Investors), NPAs (Non-Performing Assets)

I. INTRODUCTION

On Thursday, March 12th, 2020 there was a deep correction in the Sensex when it crashed by 2900 points owing to the declaration by WHO naming Covid-19 a pandemic. One thing which the financial markets do not certainly like is uncertainty. The fact that Covid-19 has the potential of causing unforeseen damages to the international economies unlike previous pandemics caused panic amongst the shareholders be it individual or institutional. Trading was halted in Indian markets when it fell over 10% and hit the lower circuit for the first time since 2008. However, in the month of March 2020, on account of some news of a vaccine being developed to counter the virus provided some relief to the markets, but there has been no official confirmation from the side of WHO in this regard. The financial markets are going through similar uncertainty across the world. Growing investor fears over the coronavirus epidemic and its long-term economic implications are translating into a massive selling in equities in the form of pull out of funds by FIIs (Foreign Institutional Investors) and mutual fund redemptions. Not only the financial markets, there is an element of uncertainty across every sector. Fears seem to have overtaken the feeling of hope. In the year 2008 too, the markets corrected badly on account of fear of capital erosion forcing people to withdraw their money from the markets. Interestingly, majority of the stocks had been trading at expensive levels from a valuation perspective for a while now. As compared to the Nifty P/E which made a high of ~26.5 through December 2019, it reached a low of 18.5 till March 20,2020. Many would believe that this correction was a part of cyclical thing where the bull market is followed by deep correction.

On the other hand, the failure of effective corporate governance in YBL was very much visible since the beginning of the year 2019. For the quarter ending June 2019, YBL reported a net profit of Rs 113.8 crore which was 91% less than the profits in the corresponding quarter in the last year. At the same time, the provisions related to above duration also increased by 185% to Rs 1789 crores. YBL reported a loss of Rs.600 crores in the second quarter ending September 2019 which was less than the profit of Rs 905 crores in the corresponding quarter of the previous year. It is pertinent to mention that even as the profits of YBL were continuously falling, the advances witnessed an increase. Ironically, YBL was conferred with many accolades at IBA on 20 February, 2019 where the latter acknowledged the fact YBL had adopted international banking practices in terms of service quality and operational excellence to customers. But the fact is that YBL was only doing showcasing of its brand and it was an uncovered corporate scandal. RBI also failed to initiate any

purposeful initiative to arrest the problem of impending failure of YBL. During the Global Financial Crisis in 2008-09 and Sovereign Debt Crisis in 2011, the equity markets were badly battered, but ultimately bounced back to reflect long term business fundamentals..

II. OBJECTIVES

To study the causes for a sharp downfall in YBL stock prices in the year 2019 and high volatility in the year 2020.

III. REVIEW OF LITERATURE

Bawa and Goyal(2018),IIMB in their study examines the determinants of non-performing assets of Indian scheduled commercial banks during the period 2007 and 2014 like the impact of financial ratios, liquidity and solvency indicators, using R-square method . Gonzalez- Hermosillo (1997) in their study proposed that the banks which are adequately capitalized had a relatively lower NPAs . Such commercial banks kept exposure towards credit risk at reasonably low level at the time of lending. They also studied a positive correlation between higher NPAs and the non-ability of the banks to repay its deposit holders in situation of insolvency. Salas and Saurina (2002) in their study proposed that in the pursuit of achieving high rate of growth in advances, banks tend to ignore the credit risk involved. This approach of achieving higher loan growth rate ended up increase in the NPAs. Berger and DeYoung (1997) in their study found various determinants of NPAs. They also related the operational efficiency of the bank with operational ratios of the bank viz net interest income to total assets, operational costs in relation to interest income amongst others. Mukherjee and Das (2012) emphasized on their study on management of NPAs that while lending the banks should find out the genuine reason of the borrowers. The guarantors should also be properly identified in terms of the wealth possessed by them in order to establish their genuineness.

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Equity 49%	Equity 49%	Gold 26%	Equity 83%	Gold 23%	Gold 32%	Equity 28%	Equity 11%	Equity 32%	Bonds 9%	Bonds 13%	Equity 30%	Gold 8%	Gold 24%
Gold 20%	Gold 16%	Bonds 9%	Gold 24%	Equity 19%	Bonds 7%	Gold 12%	Bonds 4%	Bonds 14%	Equity -4%	Gold 11%	Gold 5%	Equity 7%	Equity 16%
Bonds 4%	Bonds 7%	Equity -52%	Bonds 4%	Bonds 5%	Equity -24%	Bonds 9%	Gold -5%	Gold -8%	Gold -7%	Equity 3%	Bonds 5%	Bonds 6%	Bonds 11%

Figure 1: Benchmark Returns of Equity since2006

The chart ranks the best to worst performing indexes per calendar year from top to bottom Past performance may or may not be sustained in future. Indices Used: S&P BSE Sensex Total Return Index; MCX Gold Commodity Index and CRISIL Composite Bond Fund Index

Source: Bloomberg

Ultimately, an analysis of market reactions to such epidemics in the past suggests that the pain has usually been short lived. For instance, while the SARS epidemic did cause considerable damage to global markets in 2002, by the second half of 2003 the market had again begun to rally with the S&P 500 posting gains of 20% merely 12 months post the first occurrence. Similarly within a year of Ebola and Zika virus outbreaks, the S&P 500 was up 10% and 17% respectively.

IV. Research Methodology

Secondary data has been used. Z test with two sample for means has been applied in two data sets for hypothesis testing in two conditions:

1. 2 January 2019 to 31 December 2019 (DATA SET -I)
2. 1 January 2020 to 20 March 2020 (DATA SET -II)

Ho – The assumption that there is no significant difference between the indices of Nifty 50 and YBL.

H1 – The assumption that there is significant difference between the indices of Nifty 50 and YBL.
 Table showing Comparison of NIFTY 50 Index and Yes Bank Ltd Closing Prices from 2 January 2019 to 31 December 2019 (DATA SET -I)

(In order to make a reasonable comparison between the two variables, YBL closing prices are being multiplied by 50.)

Table 1: Closing Prices of Nifty 50 & YBL stocks from January 2019 to December 2019

NIFTY 50 INDEX CLOSING	YES BANK LTD CLOSING(WEIGHTED)	CLOSING PRICES OF TRADING DAYS
10910.1	9212.5	1-Jan-19
10792.5	9232.5	2-Jan-19
10672.25	9205	3-Jan-19
10727.35	9482.5	4-Jan-19
10771.8	9357.5	7-Jan-19
10802.15	9617.5	8-Jan-19
10855.15	9322.5	9-Jan-19
10821.6	9345	10-Jan-19
10794.95	9212.5	11-Jan-19
10737.6	9767.5	14-Jan-19
10886.8	10150	15-Jan-19
10890.3	10417.5	16-Jan-19
10905.2	10075	17-Jan-19
10906.95	9930	18-Jan-19
10961.85	9597.5	21-Jan-19
10922.75	9610	22-Jan-19
10831.5	9862.5	23-Jan-19
10849.8	10770	24-Jan-19
10780.55	10980	25-Jan-19
10661.55	10375	28-Jan-19
10652.2	10145	29-Jan-19
10651.8	9975	30-Jan-19
10830.95	9705	31-Jan-19
10893.65	9280	1-Feb-19
10912.25	8990	4-Feb-19
10934.35	8805	5-Feb-19
11062.45	8822.5	6-Feb-19
11069.4	8847.5	7-Feb-19
10943.6	8755	8-Feb-19
10888.8	8662.5	11-Feb-19
10831.4	8632.5	12-Feb-19
10793.65	8472.5	13-Feb-19
10746.05	11062.5	14-Feb-19
10724.4	10950	15-Feb-19
10640.95	10677.5	18-Feb-19
10604.35	10642.5	19-Feb-19

10735.45	10892.5	20-Feb-19
10789.85	10757.5	21-Feb-19
10791.65	11100	22-Feb-19
10880.1	11455	25-Feb-19
10835.3	11475	26-Feb-19
10806.65	11410	27-Feb-19
10792.5	11557.5	28-Feb-19
10863.5	11880	1-Mar-19
10987.45	11872.5	5-Mar-19
11053	11765	6-Mar-19
11058.2	11585	7-Mar-19
11035.4	11615	8-Mar-19
11168.05	11815	11-Mar-19
11301.2	11792.5	12-Mar-19
11341.7	12215	13-Mar-19
11343.25	12492.5	14-Mar-19
11426.85	12252.5	15-Mar-19
11462.2	12297.5	18-Mar-19
11532.4	12440	19-Mar-19
11521.05	12607.5	20-Mar-19
11456.9	12607.5	22-Mar-19
11354.25	12630	25-Mar-19
11483.25	12362.5	26-Mar-19
11445.05	12685	27-Mar-19
11570	13422.5	28-Mar-19
11623.9	13805	29-Mar-19
11669.15	13755	1-Apr-19
11713.2	13795	2-Apr-19
11643.95	14015	3-Apr-19
11598	13685	4-Apr-19
11665.95	13402.5	5-Apr-19
11604.5	13342.5	8-Apr-19
11671.95	13002.5	9-Apr-19
11584.3	13530	10-Apr-19
11596.7	13412.5	11-Apr-19
11643.45	13452.5	12-Apr-19
11690.35	13395	15-Apr-19
11787.15	13275	16-Apr-19
11752.8	13322.5	18-Apr-19
11594.45	12790	22-Apr-19
11575.95	11917.5	23-Apr-19
11726.15	11635	24-Apr-19
11641.8	11957.5	25-Apr-19
11754.65	11852.5	26-Apr-19
11748.15	11860	30-Apr-19

11724.75	8400	2-May-19
11712.25	8687.5	3-May-19
11598.25	8795	6-May-19
11497.9	8312.5	7-May-19
11359.45	8237.5	8-May-19
11301.8	8037.5	9-May-19
11278.9	8515	10-May-19
11148.2	8192.5	13-May-19
11222.05	7735	14-May-19
11157	7792.5	15-May-19
11257.1	7147.5	16-May-19
11407.15	6887.5	17-May-19
11828.25	6707.5	20-May-19
11709.1	7177.5	21-May-19
11737.9	7050	22-May-19
11657.05	6877.5	23-May-19
11844.1	6987.5	24-May-19
11924.75	7060	27-May-19
11928.75	7340	28-May-19
11861.1	7640	29-May-19
11945.9	7585	30-May-19
11922.8	7750	31-May-19
12088.55	7390	3-Jun-19
12021.65	7472.5	4-Jun-19
11843.75	7640	6-Jun-19
11870.65	7170	7-Jun-19
11922.7	6995	10-Jun-19
11965.6	6795	11-Jun-19
11906.2	6977.5	12-Jun-19
11914.05	6737.5	13-Jun-19
11823.3	5855	14-Jun-19
11672.15	5752.5	17-Jun-19
11691.5	5807.5	18-Jun-19
11691.45	5465	19-Jun-19
11831.75	5160	20-Jun-19
11724.1	5727.5	21-Jun-19
11699.65	5480	24-Jun-19
11796.45	5597.5	25-Jun-19
11847.55	5502.5	26-Jun-19
11841.55	5652.5	27-Jun-19
11788.85	5620	28-Jun-19
11865.6	5437.5	1-Jul-19
11910.3	5457.5	2-Jul-19
11916.75	5040	3-Jul-19
11946.75	4987.5	4-Jul-19

11811.15	4812.5	5-Jul-19
11558.6	4407.5	8-Jul-19
11555.9	4657.5	9-Jul-19
11498.9	4567.5	10-Jul-19
11582.9	4650	11-Jul-19
11552.5	4622.5	12-Jul-19
11588.35	4710	15-Jul-19
11662.6	4660	16-Jul-19
11687.5	5192.5	17-Jul-19
11596.9	4920	18-Jul-19
11419.25	4290	19-Jul-19
11346.2	4162.5	22-Jul-19
11331.05	4557.5	23-Jul-19
11271.3	4532.5	24-Jul-19
11252.15	4457.5	25-Jul-19
11284.3	4382.5	26-Jul-19
11189.2	4802.5	29-Jul-19
11085.4	4737.5	30-Jul-19
11118	4302.5	31-Jul-19
10980	4560	1-Aug-19
10997.35	4420	2-Aug-19
10862.6	4415	5-Aug-19
10948.25	4055	6-Aug-19
10855.5	4267.5	7-Aug-19
11032.45	4342.5	8-Aug-19
11109.65	4460	9-Aug-19
10925.85	4107.5	13-Aug-19
11029.4	3680	14-Aug-19
11047.8	3827.5	16-Aug-19
11053.9	3972.5	19-Aug-19
11017	3832.5	20-Aug-19
10918.7	3560	21-Aug-19
10741.35	3270	22-Aug-19
10829.35	2815	23-Aug-19
11057.85	2962.5	26-Aug-19
11105.35	3145	27-Aug-19
11046.1	3225	28-Aug-19
10948.3	2975	29-Aug-19
11023.25	2870	30-Aug-19
10797.9	2997.5	3-Sep-19
10844.65	2937.5	4-Sep-19
10847.9	2972.5	5-Sep-19
10946.2	3097.5	6-Sep-19
11003.05	3020	9-Sep-19
11035.7	3155	11-Sep-19

10982.8	3580	12-Sep-19
11075.9	3397.5	13-Sep-19
11003.5	3427.5	16-Sep-19
10817.6	3352.5	17-Sep-19
10840.65	3255	18-Sep-19
10704.8	3205	19-Sep-19
11274.2	2705	20-Sep-19
11600.2	2775	23-Sep-19
11588.2	2772.5	24-Sep-19
11440.2	2802.5	25-Sep-19
11571.2	2685	26-Sep-19
11512.4	2552.5	27-Sep-19
11474.45	2437.5	30-Sep-19
11359.9	2070	1-Oct-19
11314	1600	3-Oct-19
11174.75	2125	4-Oct-19
11126.4	2107.5	7-Oct-19
11313.3	2282.5	9-Oct-19
11234.55	2162.5	10-Oct-19
11305.05	2047.5	11-Oct-19
11341.15	1980	14-Oct-19
11428.3	2005	15-Oct-19
11464	2030	16-Oct-19
11586.35	2052.5	17-Oct-19
11661.85	2370	18-Oct-19
11588.35	2570	22-Oct-19
11604.1	2590	23-Oct-19
11582.6	2560	24-Oct-19
11583.9	2415	25-Oct-19
11627.15	2607.5	27-Oct-19
11786.85	2737.5	29-Oct-19
11844.1	2907.5	30-Oct-19
11877.45	2840	31-Oct-19
11890.6	3520	1-Nov-19
11941.3	3330	4-Nov-19
11917.2	3307.5	5-Nov-19
11966.05	3415	6-Nov-19
12012.05	3435	7-Nov-19
11908.15	3322.5	8-Nov-19
11913.45	3447.5	11-Nov-19
11840.45	3650	13-Nov-19
11872.1	3410	14-Nov-19
11895.45	3437.5	15-Nov-19
11884.5	3435	18-Nov-19
11940.1	3292.5	19-Nov-19

11999.1	3207.5	20-Nov-19
11968.4	3292.5	21-Nov-19
11914.4	3212.5	22-Nov-19
12073.75	3240	25-Nov-19
12037.7	3187.5	26-Nov-19
12100.7	3157.5	27-Nov-19
12151.15	3412.5	28-Nov-19
12056.05	3502.5	29-Nov-19
12048.2	3415	2-Dec-19
11994.2	3202.5	3-Dec-19
12043.2	2975	4-Dec-19
12018.4	3150	5-Dec-19
11921.5	3105	6-Dec-19
11937.5	2800	9-Dec-19
11856.8	2812.5	10-Dec-19
11910.15	2527.5	11-Dec-19
11971.8	2140	12-Dec-19
12086.7	2267.5	13-Dec-19
12053.95	2332.5	16-Dec-19
12165	2340	17-Dec-19
12221.65	2380	18-Dec-19
12259.7	2337.5	19-Dec-19
12271.8	2495	20-Dec-19
12262.75	2570	23-Dec-19
12214.55	2482.5	24-Dec-19
12126.55	2560	26-Dec-19
12245.8	2432.5	27-Dec-19
12255.85	2400	30-Dec-19
12168.45	2367.5	31-Dec-19

Source: <https://www.nseindia.com>

Critical Values at different levels of significance				
Level of significance	$\alpha = 0.10$	$\alpha = 0.05$	$\alpha = 0.01$	$\alpha = 0.005$
Critical Value (One tailed)	-1.28 to +1.28	-1.645 to +1.645	-2.33 to +2.33	-2.58 to +2.58
Critical Value (Two tailed)	-1.645 to +1.645	-1.96 to +1.96	-2.58 to +2.58	-2.81 to +2.81

Table 2: Z test with two sample for means

z-Test: Two Sample for Means		
	<i>Variable 1</i>	<i>Variable 2</i>
Mean	11432.63224	6548.785714
Known Variance	206310.9	13866246
Observations	245	245
Hypothesized Mean Difference	0	
Z	20.37785857	
P(Z<=z) one-tail	0	
z Critical one-tail	1.644853627	
P(Z<=z) two-tail	0	
z Critical two-tail	1.959963985	

Table 3: Results for Data Set I

Analysis (DATA SET -I) 2 January 2019 to 31 December 2019

It is clearly evitable from Table 3 that the value of Z critical two tail is 20 with alpha of 0.05 which is beyond the limits as mentioned in Table 2. Therefore,

Ho –There is no significant difference between the indices of Nifty 50 and YBL.(Rejected)

H1 –There is significant difference between the indices of Nifty 50 and YBL. (Accepted)

Table showing Comparison of NIFTY 50 Index and Yes Bank Ltd Closing Prices from 1 January 2020 to 20 March 2020 (DATA SET -II)

(In order to make a reasonable comparison between the two variables, YBL closing prices are being multiplied by 50)

Table 4: Closing Prices of Nifty 50 & YBL stocks from January 2020 to 20 March 2020

NIFTY 50 INDEX	YES BANK LTD(WEIGHTED)	TRADING DAYS
12182.5	2332.5	1-Jan-20
12282.2	2367.5	2-Jan-20
12226.65	2355	3-Jan-20
11993.05	2257.5	6-Jan-20
12052.95	2252.5	7-Jan-20
12025.35	2302.5	8-Jan-20
12215.9	2365	9-Jan-20
12256.8	2237.5	10-Jan-20
12329.55	2105	13-Jan-20
12362.3	1927.5	14-Jan-20
12343.3	1987.5	15-Jan-20
12355.5	1997.5	16-Jan-20
12352.35	1962.5	17-Jan-20
12224.55	1932.5	20-Jan-20
12169.85	1917.5	21-Jan-20
12106.9	1922.5	22-Jan-20
12180.35	2047.5	23-Jan-20
12248.25	2140	24-Jan-20
12119	2120	27-Jan-20

12055.8	2082.5	28-Jan-20
12129.5	2060	29-Jan-20
12035.8	1952.5	30-Jan-20
11962.1	1962.5	31-Jan-20
11661.85	1895	1-Feb-20
11707.9	1800	3-Feb-20
11979.65	1747.5	4-Feb-20
12089.15	1880	5-Feb-20
12137.95	1927.5	6-Feb-20
12098.35	1935	7-Feb-20
12031.5	1877.5	10-Feb-20
12107.9	1842.5	11-Feb-20
12201.2	1760	12-Feb-20
12174.65	1860	13-Feb-20
12113.45	1945	14-Feb-20
12045.8	1857.5	17-Feb-20
11992.5	1752.5	18-Feb-20
12125.9	1765	19-Feb-20
12080.85	1772.5	20-Feb-20
11829.4	1747.5	24-Feb-20
11797.9	1757.5	25-Feb-20
11678.5	1827.5	26-Feb-20
11633.3	1840	27-Feb-20
11201.75	1730	28-Feb-20
11132.75	1577.5	2-Mar-20
11303.3	1560	3-Mar-20
11251	1465	4-Mar-20
11269	1840	5-Mar-20
10989.45	807.5	6-Mar-20
10451.45	1062.5	9-Mar-20
10458.4	1440	11-Mar-20
9590.15	1252.5	12-Mar-20
9955.2	1277.5	13-Mar-20
9197.4	1855	16-Mar-20
8967.05	2932.5	17-Mar-20
8468.8	3022.5	18-Mar-20
8263.45	2692.5	19-Mar-20
8745.45	2292.5	20-Mar-20

V. FINDINGS & DISCUSSIONS

z-Test: Two Sample for Means		
	Variable 1	Variable 2
Mean	11560.4	1933.07
Known Variance	1115643	143711.6
Observations	57	57
Hypothesized Mean Difference	0	
Z	64.76930875	
P(Z<=z) one-tail	0	
z Critical one-tail	1.644853627	
P(Z<=z) two-tail	0	
z Critical two-tail	1.959963985	

Table 5: Results of Data Set II

It is clearly evitable from Table5 that the value of Z critical two tail is 64.76 with alpha of 0.05 which is beyond the limits as mentioned in Table 2. Therefore,

- Ho –There is no significant difference between the indices of Nifty 50 and YBL.(Rejected)
- H1 –There is significant difference between the indices of Nifty 50 and YBL. (Accepted)

VI. FINDINGS & CONCLUSION

In the Z-test applied in Table 1 to Table 5 in two phases i.e, January 2019 to December 2019 and from January 2020 to 20 March,2020, it is clearly evitable that the level of significance is 20 in Phase I and 67 in Phase II. The level of significance between movements in Nifty Indices and YBL stock is beyond reasonable limits clearly underlining the failure of the capital market regulator i.e, SEBI in proactively protecting the interest of the investors of YBL whether domestic or international.The capital markets of India have fallen like a house of cards in March 2020.FPIs have withdrawn close to Rs 108000 crores till 23 March 2020. Interestingly, on 14 February,2019, RBI had cleared Yes Bank Ltd of the charges of any mismatch in reporting of bad loans. The assessment by RBI in connection with the credit risk compliance by YBL was not fair. The developments with relation to IRACP by the banking regulator was really disappointing. On 13 March, 2020, the central government decided to place a three year lock-in for 75% of shareholding for those holding 100 or more shares on the date of commencement of reconstruction i.e, 13 March 2020. However, the powers for imposing such a lock-in on existing shareholders of a listed company vests with SEBI. The lock-in was imposed by RBI in breach of contractual duty. The confusion caused due to this lock-in regarding transferability has invited the wrath of FIIs which pulled out the money from the stock of YBL. Out of 300 investors, over 250 funds are foreign funds. On domestic front, India focused ETF (Exchange Traded Funds) too bore the brunt of this lock-in move besides retail investors. The India focus ETF had exposure in Future & Options (F & O) as well as cash segments in YBL on behalf of the investors. These investors are now stuck in a “*chakravyuh*” like situation where exit till March 12, 2023 is not possible.

SEBI’s objective is investor protection but with interference by RBI in imposing the lock-in on YBL share prices has not only undermined the regulatory power of SEBI but also dampened the trust and faith of domestic as well as international investors.

VII. CRITICAL APPRAISAL & CONCLUSION

In a country like India, most of the population is not digitally savvy and the investors rely on the distribution channels for purchase and sale of financial instruments. Amidst the ongoing concerns of sharp correction in US stock markets, some sections are raising demand for closure of financial markets. On March 18,2020,US based billionaire investor and longtime hedge fund manager Bill Ackman advised President Donald Trump to shut down the US for one month for attempting to contain the novel coronavirus and suggested that the financial markets would rally in response as the investor sentiment would get uplifted.

VIII. RECOMMENDATIONS

Central Government led by BJP announced on 24 March, 2020 a lock-down of 21 days in India which is a

welcome step. On March 20,2020, India’s market regulator (SEBI) increased margin rates for some shares in order to keep a check on short-selling of index derivatives. All these initiatives were introduced with an intention to provide a relief to the free fall in the capital markets But, the Central Government, RBI and SEBI have failed to act in a proactive manner. The situation in the country would have been much better, had the Central Government simply not allowed the entry of foreign visitors into India after the first case of COVID-19 was reported in China in December 2019, SEBI followed the strategy of hedged bets adopted by US based Bill Ackman in interest of protecting investor money and RBI more proactive in micro management of YBL.

IX. REFERENCES

1. 2018, Elseveir, IIMB Management Review, An Analysis of NPA s of Indian banks :Using a comprehensive framework of 31 financial ratios
2. 2015, Journal of Management & Science, A Study on Non Performing Assets management with reference to Public Sector **Banks**, Private Sector **Banks** and Foreign **Banks** in **India**
3. <http://jms.nonolympictimes.org/Articles/JMS-March-2015-Vol-5-No-1-Art-4.pdf>
4. <http://www.indianjournals.com/ijor.aspx?target=ijor:sajmmr&volume=1&issue=3&article=004>
5. <https://bfsi.economictimes.indiatimes.com/news/banking/yes-bank-crisis-ten-lessons-to-prevent-bank-failures-in-future/74668041> (Accessed on 23 March 2020)
6. <https://www.thehindu.com/opinion/op-ed/beneath-the-yes-mess-some-stark-truths/article31026081.ece> (Accessed on 23 March 2020)
7. <http://www.academia.edu/download/32618687/B0110514.pdf>
8. http://ijtbm.com/images/short_pdf/May_2012_Govind%20Singh.pdf
9. <http://www.aensiweb.net/AENSIWEB/rjss/rjss/2008/4-12.pdf>
10. <http://tehelka.com/yes-bank-fiasco-and-genesis-of-trouble-with-banking-system/> (Accessed on 21 March 2020)
11. <https://scroll.in/article/955539/the-political-fix-what-does-the-failure-of-a-major-bank-tell-us-about-the-indian-economy> (Accessed on 21 March 2020)
12. <https://asia.nikkei.com/Opinion/Failure-of-Yes-Bank-shows-rot-in-India-s-financial-sector> (Accessed on 21 March 2020)
13. <https://www.pymnts.com/news/international/2020/yes-banks-chaos-means-no-go-for-payments/> (Accessed on 21 March 2020)
14. <https://pdfs.semanticscholar.org/af38/6e98da85faa5580a0a97daa7e37d660778e0.pdf>
15. <http://www.isca.me/IJMS/Archive/v2/i7/7.ISCA-RJMS-2013-049.pdf>
16. https://www.researchgate.net/profile/Adeel_Maqbool/publication/269397937_Nonperforming_Assets_and_its_Impact_on_Indian_Public_Sector_Banks/links/54b409600cf28ebe92e44a6d/Nonperforming-Assets-and-its-Impact-on-Indian-Public-Sector-Banks.pdf
17. https://www.researchgate.net/profile/Reem_Al_Khasawneh/publication/281766840_The_role_and_importance_of_audit_in_the_intellectual_property_rights_to_support_the_economy_in_the_hashemite_kingdom_of_Jordan/links/5b34d4d40f7e9b0df5d38930/The-role-and-importance-of-audit-in-the-intellectual-property-rights-to-support-the-economy-in-the-hashemite-kingdom-of-Jordan.pdf#page=6
18. https://books.google.com/books?hl=en&lr=&id=FMSR_5W7skcC&oi=fnd&pg=PA460&dq=poor+non+performing+assets+in+banks+in+india&ots=1Oi_V3hKRJ&sig=OkjqQZgkVz-5OZqGg-uUvuzzy7ag
19. <https://link.springer.com/article/10.1007/s10368-016-0344-4>
20. https://www.academia.edu/download/31960564/NPA_Study_imp.pdf
21. <http://search.proquest.com/openview/3c1373344e863b451660b8a992d87677/1.pdf?pq-origsite=gscholar&cbl=616604>
22. https://www.researchgate.net/profile/Pallab_Sikdar2/publication/283302915_Role_of_non-performing_assets_in_the_risk_framework_of_commercial_banks_A_study_of_select_Indian_commercial_banks/links/591086b1a6fdccbdf57f6112/Role-of-non-performing-assets-in-the-risk-framework-of-commercial-banks-A-study-of-select-Indian-commercial-banks.pdf
23. https://www.researchgate.net/profile/Vijayakumar_Narayanamurthy2/publication/253650500_Non_Performing_Assets_-_Unavoidable_but_not_Unmanageable/links/577ba54f08ae213761caaaca.pdf
24. <http://search.ebscohost.com/login.aspx?direct=true&profile=ehost&scope=site&authtype=crawler&jrnl=22295682&AN=82609494&h=D4EtsKcQ0oCejr0HRITiJy%2BmP77Eys2f1dFwAbJWmO%2BdWm4PdpbREQWZD9IEux2q%2Fy43mn2mpqbuyHbehXMkEg%3D%3D&crl=c>
25. http://www.academia.edu/download/56272456/NPA_for_commercial_bank.pdf
26. <https://pdfs.semanticscholar.org/d532/8bfc56d8c03a1f3111af96cbd948d0ce8a2.pdf>
27. https://www.academia.edu/download/54573404/Recently_Published_Paper_March_2014-NPA.pdf
28. http://www.academia.edu/download/51258719/03_IJETMR16_A12_55.pdf
29. <https://pdfs.semanticscholar.org/3fe4/c42e28a1047441ad1f325e4b0d0ece5d4593.pdf>
30. <http://www.ijtrd.com/papers/IJTRD4363.pdf>

31. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2583620
32. <http://www.indianjournals.com/ijor.aspx?target=ijor:sjm&volume=6&issue=2&article=001>