



# GUPTA CLASSES

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## BANKING & FINANCE AWARENESS (JAN – SEPT 2016)

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# GUPTA CLASSES

## JANUARY

**RBI asked the banks to open banks in villages with a population of more than 5000** Reserve Bank of India (RBI) asked State Level Bankers' Committee (SLBC) banks to identify villages with population above 5,000 without a bank branch of a **scheduled commercial bank** in their state.

• Identified villages may be selected among scheduled commercial banks for opening of branches and should be completed by **March 31, 2017**.

**SEBI rejects Sahara plea to restore portfolio manager licence** SEBI has rejected Sahara Asset Management Company's plea to reconsider an order cancelling the portfolio manager licence of the company, **Reason:** Not 'fit and proper' for this business. **New listing norms for stock exchanges :**

- The exchanges would need to take steps for maintaining of **51 percentage** of shareholding of Public Category and ensuring that holding of trading members, associates or agents does not exceed 49 per cent.
- The depositories shall generate an alert when such holding **exceeds 2 per cent** and monitor the same under intimation to Sebi.
- The stock exchanges, both listed and where the securities are listed, and depositories will have to ensure that such mechanism be in place latest by **March 31, 2016**.

**Punjab National Bank launches host of digital banking solutions** Punjab National Bank has launched host of digital banking solutions including green PIN and enrichment of its mobile app.

- **Motive:** To enable the customer to locate PNB ATM with PNB ATM Assist
- **Android app:** To use GPS and locate the nearest PNB ATM
- **Green PIN facility:** Under this customer can obtain duplicate PIN for debit card instantly through SMS request. It will provide customer SMS based facility to block and unblock Internet banking and mobile banking.
- **Cash acceptor cum ATM at their Sansad Marg branch:** Customers can deposit cash up to Rs.2 lakh per transaction and can avail the ATM feature.

**"Jeevan Labh" initiated by LIC Life Insurance Corporation of India (LIC)** introduced a limited premium paying, non-linked with-profits Endowment Assurance plan **"Jeevan Labh"**.

**What is Jeevan Labh plan?** Jeevan Labh is a limited premium paying endowment plan which means **premium paying shall be less than the policy tenure** and policyholder's nominee will receive the maturity benefit together with any other benefits at the end of the policy term or on the death of the policy holder, whichever is earlier. **Key features of Jeevan Labh**

Minimum Sum Assured	Rs.2 lakh
Maximum Sum Assured	No Limit
Policy Term	16 years / 21 years / 25 years
Minimum Entry Age	8 years

Maximum Entry Age	59 years for 16 years policy term 54 years for 21 years policy term 50 years for 25 years policy term
Premium Paying Term	10 years / 15 years / 16 years
Maximum Maturity Age	75 years
Premium Payment	Yearly, Half-Yearly, Quarterly or Monthly

**In case of Death** - If death of the life assured happens during the policy term, the death benefit “**Sum Assured on Death**” and vested **Simple Reversionary Bonuses and Final Additional bonus**, if any, shall be payable. **RBI imposes Rs 1 cr fine on State Bank of Travancore** RBI has imposed a penalty of Rs 1 crore on an SBI associate bank i.e. State Bank of Travancore violating some of its instructions including report of data to **Central Repository of Information on Large Credits (CRILC)** which was set up by to collect, store, and disseminate data on all borrowers’ credit exposures. **IMPS launched by Andhra Bank** In association with the **National Payments Corporation of India (NPCI)**, Hyderabad headquartered **Andhra Bank** has launched **Immediate Payment Service (IMPS)** at all its branches.

- This multi-channel & multi-dimensional platform will makes **payments** possible within **fraction of seconds** with all the standards maintained for security.
- This facility of real time instant fund transfer system for inter-bank remittances will be available **round-the-clock**.
- The maximum cap of transaction will be **Rs. 2 lakh**. The charges will be at the rate of **Rs.5 per transaction**.

**India Index Services launches Private Sector Bank Index** NSE group company, India Index Services & Products (IISL) launched the Nifty Private Sector Bank Index.

- **Objective:** To track **10 largest private sector banks** listed on the NSE.
- **Calculation of INDEX:** It is calculated using free-float market capitalisation method, and stock weights are limited at **25 per cent**. Base date of the Index- **April 1, 2005** and Base value – **1,000**. The index will be calculated on an end-of-day basis.

**Bank of India allots shares worth Rs 264 crore to LIC Mumbai headquartered Bank of India** has allotted **2 crore shares** to LIC valued at Rs 264.12 crore.

- The bank has allotted **2 crore equity shares** to **Life Insurance Corporation of India (LIC)** on preferential basis at the price of **Rs 132.06 per share**.

**Bajaj Allianz launches micro term insurance Bajaj Allianz Life Insurance** has launched **micro term insurance plan Bajaj Allianz Bima Dhan Suraksha Yojana** with return of **premium option**.

- It is targeted at the small income groups in rural parts of the country, minimum premium of Bima Dhan Suraksha Yojana is capped at Rs 1,500 annually or Rs 200 monthly.

**Kotak Life launches Premier Life Plan** Kotak Life launched Premier Life Plan as company was expecting reviving business in the present fourth quarter. This is the tax savings season, about 35 to 40 per cent total business for life insurance industry normally happens during these three months. A few group insurance products will also be launched soon.

- **Kotak Premier Life Plan** offers protection up to **99 years of age**.
- Premium payments will be limited with the **two bonus options** of cash payout and paid up additions

**ICICI Bank partners with FINO PayTech for payments bank space** ICICI Bank partnered with FINO PayTech to venture into the payments bank space. **RBI Regulations:**

- It allows universal banks to invest up **30 per cent in payments banks** but ICICI can **increase its stake** if there is a requirement.
- Payments banks are not allowed to lend. They are also not allowed to offer fixed deposits but only savings and current account products are allowed.

- Payments banks can hold a **maximum balance of Rs.1lakh per individual**

**SBT to sponsor NeFMS under MGNREGA** Union cabinet has instigated an **electronic fund management system** for direct and faster release of wages under the **Mahatma Gandhi National Rural Employment Guarantee (MNREGA) scheme**.

- Centre has introduced this scheme in the country for the first time and picked up **Kerala** for the **pilot project**.
- Thiruvananthapuram headquartered **State Bank of Travancore (SBT)** is the **sponsor bank** for this scheme.

**Subscribers of New Pension System can now make payments online** Pension fund regulator **PFRDA** launched a platform for subscribers of **New Pension System**. With this they can now make their payments online through net banking, credit or debit cards. **Directions:**

- A potential subscriber can register for **NPS**
- Contribute to his/her Permanent **Retirement Account**
- Subscribers who already have an NPS account can make contributions through eNPS directly.

**HDFC targets fund size of Rs. 5000 crore for HCARE-1** HDFC Capital Advisors has been appointed as an investment manager for the **HDFC Capital Affordable Real Estate Fund-1 (HCARE-1)**.

- **HCARE-1:** SEBI registered Alternative Investment Fund (AIF).
- **Objective:** To primarily make medium to long term investments towards development of mass housing where the residential units would be priced in a manner so as to cater to the residential demand of the urban middle-income households.
- **Targeted fund size:** Approximately Rs. 5,000 crore and the first close will be Rs. 2,700 crore.
- **Tenure:** 12Years

**HDFC Standard Life sets up reinsurance arm at Dubai IFC** HDFC Standard Life Insurance Company set up a wholly-owned reinsurance company at the Dubai International Financial Centre (DIFC). The subsidiary **HDFC International Life and Re Company Limited (HILRCL)** has been set up with an **initial capital of USD 12.33 million**.

- **Business:** To offer reinsurance capacity to insurers and may also venture directly into underwriting insurance contracts, subject to receipt of necessary approvals.

**Indian Bank to raise Rs 1,100 crore from bonds** **Chennai headquarters Indian Bank** plans to raise **Rs 1,100 crore** from bonds to fund business growth.

- The bank plans to raise **Basel III compliant Tier II Bonds** for Rs 1,100 crore in one or more tranches in the current or subsequent years based on the requirement, Indian Bank said in a regulatory filing.

**BOB pays Rs 95 cr as interest on Basel-III bonds** **Mumbai headquartered Bank of Baroda** has timely paid over **Rs 95 crore as interest** to the beneficiaries of its **additional tier-I Basel-III compliant bonds issue of Rs 1,000 crore**.

- Interest was paid at **48%**, including two days of additional interest.
- The payment was done through RTGS or NEFT to 75 beneficiaries.

**BankBazaar.com launches “One Loan Two Homes” program** An online marketplace **BankBazaar.com** has launched a new **“One Loan Two Homes”** programme to help the **flood-affected citizens of Chennai**.

- Under this scheme, the company will contribute **Rs 1000 to Habitat for Humanity India** on every home loan disbursed between 1 January to 31 March.

**MF exposure limits reduced by SEBI** The **Securities and Exchange Board of India (SEBI)** tightened the rules on mutual fund exposure to corporate bonds by capping the **investment limit in debt securities** issued by a

single company at **10% down** from 15% of the net asset value of a scheme. The changes followed the crisis at JP Morgan Mutual Fund because of its exposure to the debt securities of Amtek Auto.

- The **sector-specific exposure limit** has also been reduced from the current 30% of the NAV to **25%**.
- In the case of **housing finance companies**, the additional exposure cap has been cut to **5%** from 10%.

**Import cover increases to 9.8 months:** RBI announced in its Half Yearly Report on Management of **Foreign Exchange Reserves** which were **\$350.4 billion** as on September 2015, were able to support imports for 9.8 months. Import cover was 8.1 per cent in September 2014.

- Foreign exchange reserves were at \$350.4 billion as on January 1, 2016, the same level seen on September end.
- **Aim:** Curbing volatility in the currency market ahead of the crucial US Fed meet which eventually decided to increase interest rate for the first time almost in a decade – as expected by the market participants.
- **Import cover:** Indicator of the **stability of the currency**

**IndiaFirst Life enters pension space, launches retirement plan IndiaFirst Life Insurance**, a joint venture between **Bank of Baroda, Andhra Bank** and Legal and General of the UK entered into pension sector with launch of a 9% guaranteed retirement plan.

- **For:** Customers who are conscious to plan for their retirement and want to remain financially young.
- **Offers:** A customer can choose to pay one time, under the single premium mode, or pay for a limited period of **5 to 10 years** for a plan term of **10 to 35 years**, or select a payment and plan term of **10 years** to anytime between **15 or 35 years**.

The policyholder, who has option to receive the funds between 40-80 years. **SBI opens branch in Seoul, South Korea & launches dedicated branch for start-ups in Bengaluru** Country's largest lender SBI has opened a branch in **Seoul, South Korea** to predominantly finance growing trade and investment relations between Korean and Indian companies. SBI is second Indian bank after **Indian Overseas Bank** to have branch in South Korea.

- Meanwhile, SBI has signed a **Line of Credit** with The **Export-Import Bank of Korea (K-EXIM)** for \$ 500 million (**Rs 3,300 crore**).
- The agreement for credit line was signed by SBI Chairman **Arundhati Bhattacharya** and K-EXIM chairman and President **Duk Hoon Lee** in New Delhi.

**SBI launches dedicated branch for start-ups in Bengaluru** State Bank of India launched its wealth management offering and inaugurated a dedicated branch for start-ups **Bengaluru**. **About Exclusif** : The wealth management service '**Exclusif**' is targeted at the fast-growing affluent segment in the country, '**SBI InCube**' the branch for start-ups would offer advisory services to the budding entrepreneurs under one roof.

- Initially, **SBI InCube** would **not be providing loans**, but give start-ups financial management services.

**Bank of India acquires 49% stake from BSE in BOI Shareholding** Mumbai headquartered **Bank of India (BOI)** has acquired **49% stake** from **BSE Ltd** in their joint venture **BOI Shareholding Ltd** for an undisclosed amount.

- BOI Shareholding Ltd was established in **1989** as an independent full-fledged clearing house of the exchange with the public lender having **51% stake**.

**RBI raises shareholding in NHB by pumping in Rs 1,000 crore** Reserve Bank has increased its shareholding in **National Housing Bank** by contributing **Rs 1,000 crore** towards the paid capital from **Rs 450 crore to Rs 1,450 crore**.

- The move is aimed at facilitating **NHB to expand financial operations** given the demand for housing in the country under the **NHB Act, 1987**.
- **Offers:** A customer can choose to pay one time, under the single premium mode, or pay for a limited period of **5 to 10 years** for a plan term of **10 to 35 years**, or select a payment and plan term of **10 years** to anytime between **15 or 35 years**.

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- The move is aimed at facilitating **NHB to expand financial operations** given the demand for housing in the country under the **NHB Act, 1987**.
- Prime Minister Narendra Modi, have given their **nod to invest the yellow metal reserves** in the scheme.
- The trust has around **35 kg of gold** and will deposit the gold which is not in day-to-day use of the temple.

The management will **segregate the pure gold** from the whole lot to finalise the quantum of gold which can be deposited. **BSE launches algo trading test facility** **Bombay Stock Exchange** has launched a new service for **algorithm trading test environment** in partnership with **Symphony Fintech Solutions Pvt Ltd**.

- The service will enable all market participants to **test their trading algorithms in equity, equity derivatives and currency derivatives segments** free of cost.
- The members will be able to test their trading strategies with live market datafeed during market hours and historical market data.

**SBT launches online platform for KSEB bill payments** **SBT (State Bank of Travancore)** has tied up with the Kerala State Electricity Board (KSEB) to provide customers of the state utility online facility **for remittance of electricity charges. Features of the platform:**

- Immediate credit of remittance through the SBT internet banking platform **free of any additional charges**
- Enable consumers to pay their monthly bills without going to the **KSEB offices**. They will get confirmation of the remittance from the bank as well as KSEB.
- The facility will be helpful for **NRIs abroad** who need not entertain worries of disconnection due to default of bill payment.

**ICICI Bank opens its first branch in South Africa** **ICICI Bank** inaugurated its first full service branch at **Sandton in Johannesburg**. This branch will undertake banking activities only for corporates and offer trade finance and short term funding for companies having trade links with India.

- It is the **first Indian private sector bank** to open a branch in the **African continent**.
- The branch was inaugurated by **Vijay Chandok, President, ICICI Bank**.
- The branch is an authorized financial services provider in South Africa licensed by the **South African Reserve Bank**.

**RBI instructed banks to cease Rs 1,000 notes lacking Security Thread** Reserve Bank of India (RBI) decreed banks to **terminate** the **circulation** of notes of **Rs. 1,000 denomination** without the security thread.

- The decision in this regard was taken due to the complaint, that was received by RBI regarding bank notes in the denomination of Rs 1,000 printed by **Currency Note Press**, Nashik, on the paper (without the security thread) supplied by **Security Paper Mill** (Hoshangabad).
- The total **value** of the **faulty notes** is around **Rs 5 lakh**.

**FreeCharge teamed up with MasterCard & Yes Bank to launch Virtual Card** In collaboration with **Yes Bank** and **MasterCard**, the wallet company FreeCharge launched a “**FreeCharge Go**”, a virtual card that allows users to pay for goods and services at online shops and offline retailers.

- This new virtual card would enable users to use money in their **digital wallets** on any merchant site that accepts cards.
- Currently, FreeCharge Go can be used to transact at certain **offline stores** such as McDonald’s and Shoppers Stop.

In 2015, **FreeCharge** was acquired by e-commerce giant **Snapdeal** while in In Dec 2015, its rival **Paytm** launched prepaid cards in partnership with **ICICI Bank**. **Gold Monetisation Scheme gets Simplified** In a bid to help temple boards and bulk depositors, Reserve Bank of India has simplified the **Gold Monetisation Scheme (GMS)**.

- It also allowed banks to sell **Ashok Chakra embossed gold coins** manufactured by government owned MMTC under the “**India gold coin**” scheme.

**Direct deposit of gold to refiner** – As per the GMS, **Banks** and **refiners** has to sign an **agreement** for scheme. So in respect to this agreement, now banks can let the depositors to **deposit** their gold **directly** with the **refiners** and depositor will get a **deposit receipts** from a refinery. **About Choice of interest or gold during redemption**  
**Short term** – The Gold deposits made by depositors as a **short-term (1-3)** would accrue **interest in gold units**.  
**Medium & Long term** – In the case of **medium (5-7 years)** and **long-term (12-15 years)** gold deposits (MLTGD), **principal** will be denominated in **gold**, and the **interest** will be calculated in **rupees** with reference to the value of gold at the time of the deposit. **Deposits in Jan Dhan accounts cross Rs 30,000 Crore** **Pradhan Mantri Jan Dhan Yojana** (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, Like Banking Savings & Deposit Accounts, Remittance, Credit, Insurance, and Pension in an affordable manner. The program **PMJDY** have crossed the **Rs 30,000 Crore** mark

- Accounts had deposits of **Rs 30,638.29 crore (about USD 4.5 billion)**.
- Nearly **38 crore bank accounts** were opened under the PMJDY.
- The accounts open starts with **zero balance**.

**Govt. mobilises 900 kg of gold under monetisation scheme** The government has announced that under the monetisation scheme, so far **900 kg** of idle household and temple gold has been mobilized.

- Under the monetisation scheme, banks were authorised to collect gold for up to **15 years** to auction them off or lend to jewellers from time to time.
- Depositors will earn up to **50% interest per annum**, a rate lower than savings bank deposits.

Currently, there are **46 assaying** and **Hallmarking Centres** which are qualified to act as **Collection and Purity Testing Centres (CPTC)** for handling gold under the gold monetisation scheme. **RBI seeks Rs 26k cr more for capital infusion by 2018** The Reserve Bank of India (RBI) has sought an additional **Rs 26,000 crore** from the government to be injected into state-run banks by 2018 as the current capital pledges are inadequate due to **inflated stressed assets**.

- RBI has informed the government about the **additional capital** that will be needed by **state-owned banks** until **2018** as part of implementing **Basel-III standards**.

In this fiscal, government has spent **Rs 20,000 crore** on bank capitalisation and will infuse another **Rs 5,000 crore** before March. The government has pledged **Rs 70,000 crore** toward this end until FY19; **Rs 25,000 crore** of this in the next fiscal year. **RBI shortlists 5 companies for audit and risk monitoring mechanism** Reserve Bank of India has **shortlisted 5** companies for **Audit and Risk Monitoring Mechanism (AMRMS)** for **Central Bank from five “potential shortlisted”**.

- The **objective** of AMRMS is **to enable paperless office environment** in the banking sector.

The **five short-listed companies** are:

1. Auditime Information Systems Pvt Ltd-Mumbai,
2. NCSSoft Solutions Pvt Ltd-Chennai,
3. PWC Pvt Ltd- Mumbai,
4. Quadrant 4 Software Solutions Pvt Ltd,Chennai
5. Thomson Reuters Pvt Ltd Mumbai.

**Authorized Share Capital of NSFDC ↑ to Rs. 1200 crore** Government has given its stamp of approval to enhance the **authorized share capital** of the **National Scheduled Castes Finance and Development Corporation (NSFDC)** from **Rs. 1000 crore to Rs. 1200 crore**.

- **NSFDC is a** Central Public Sector Enterprise (CPSE) **working under the aegis of the** Union Ministry of Social Justice and Empowerment.

**ADB \$80 Million assistance for urban reforms in Agartala & Aizwal** In a bid to improve the infrastructure of nation's two north eastern capital cities, **GOI** has signed loan concord of **\$80million** with Manila, Philippines headquartered **Asian Development Bank (ADB)** as a part of North Eastern Region Capital cities Development Investment Program.

- The accord was signed by **Shri Raj Kumar**, Joint Secretary (DEA) and Ms Teresa Kho, Country Director, ADB's India Resident Mission.

- This newly succored loan is a third tranche of a **\$200 million** financing facility under Eastern capital cities Development Investment Program.

3<sup>rd</sup> tranche loan term – **20 years** Completion of programme – **June 2019** **RBI Governor Raghuram Rajan joins WEF task force** **RBI governor Raghuram Rajan** joins **World Economic Forum (WEF)** task force to study the global finance system. The 46<sup>th</sup> Annual Meeting of WEF was held in **Davos, Switzerland**.

- WEF will work to identify, analyse and plan suggestions in response to major transformative forces influence the future of global finance.
- The main focus was the global financial system inclusion, technology-enabled improvement and the economic cost-benefit of post-crisis regulatory reforms

**Japan's Central Bank adopts Negative Interest Rate policy** Tokyo headquartered **Bank of Japan** has imposed a negative **interest rate** of **-0.1%** on accounts it holds for **commercial banks**. It will start to charge them for looking after their cash.

- The decision in this regard has been taken to **increase spending** and **investment** rather than pay a fee to keep it safe. It will help to counter Japan's economic slump.
- The charge does **not directly apply** to ordinary **customers' accounts**.

**SBI and BoB creating AML framework for overseas branches** On the sidelines of industry regulator's warning, PSBs including Mumbai headquartered **State Bank of India** and **Bank of Baroda** are creating **stricter norms** on **anti-money laundering (AML) framework** for their branches outside India that can **stop** or **detect** cash and **suspicious transactions**.

- **Priority areas** for creating a separate and stronger anti-money laundering (AML) framework are **Europe, United States** and high risk regions like **Dubai, South Africa, Mauritius** and **Singapore**.
- **SBI** has induced **Deloitte HK** to create an **AML framework**.

**Govt revises down 2014/15 GDP growth to 7.2% y/y** The government revised down its **annual economic growth** for the fiscal year that ended in March 2015 to **7.2%** from **7.3%**.

- GDP growth rate for **2013-14** has also revised downwards to **6%** from earlier estimate of 6.9%.

**RBI increases WMA for states to Rs 32,225 crore** The RBI has increased the **Ways and Means Advances (WMA)** for all states to **Rs 32,225 crore** for the current and next financial years.

- RBI provides financial help to the government to cope with the financial situations like mismatches in the cash flow by the **Ways and means advances(WMA)** method.
- WMA are proposed to provide mitigate to the states to carry on their important activities and normal financial operations.

**Indian “Rupee” among best of Asian currencies 2015** Among all Asian and BRICS currencies, **“Rupee”** turned out to be one of the **best performers in 2015** excluding yen.

- Indian currency’s **depreciation of 5% against the dollar** was less than the losses of most of its other Asian peers. It fared better in 2014, when it weakened by only 2%.
- Its Asian counterparts like the **Indonesian rupiah weakened by 11.30 %** and the **Thai baht depreciated 9.5%** against the dollar. Only Chinese currency fared marginally better, losing only 6%.

**India to grow robust at 7.8% in 2016-17** According to the **World Bank’s latest Global Economic Prospect (GEP) report**, India will continue to be the bright spot of the global economy and is projected to grow at a robust **7.8%** in fiscal **2016-17**.

- World Bank marginally reduced **India’s** growth rate **2%** in **2015** and **0.1%** in both **2016** and **2017** but still continues to be the bright spot of the global economy.
- **China** is estimated to grow at **7%** in **2016** and **6.5%** each in **2017** and **2018**.
- **Russia** and **Brazil** are expected to remain in **recession** in 2016.

**ADB to fund \$840-m corridor between Vizag, Chennai** The **Asian Development Bank** will extend a **\$625 million loan** to the proposed **\$840 million Visakhapatnam-Chennai Industrial Corridor**.

- Industrial corridor is meant to boost manufacturing activity and help economic growth of the hinterland, will have four nodes: **Visakhapatnam, Kakinada, Gannavaram-Kankipadu** and **Yerpedu-Srikalahasti**.

**Housing and Urban Development Corporation** would help build Andhra Pradesh’s capital at **Amaravati** with an assistance of **Rs.7,500 crore**. A metro rail was under consideration for Visakhapatnam, while tenders would be invited for one in Vijayawada. **India (1945-2015): Largest recipient of loans from World Bank** As per the World Bank lending report, **India** is the **largest recipient of loans** from the **World Bank**, amounting to **\$102.1 billion**, between 1945 and 2015 (as on July 21, 2015). The World Bank has been lending funds to India **for rural and urban development projects** related to transport, water and irrigation, health, power and agriculture.

- **International Bank for Reconstruction and Development (IBRD)**, a part of the World Bank group, has lent **\$52.7 billion**, the **International Development Association (IDA)**, a multilateral concessional lender of World Bank, has loaned **\$49.4 billion** to India over the last 70 years.
- India is followed by **Brazil (\$58.8 billion)**, **China (\$55.6 billion)**, **Mexico (\$54 billion)** and **Indonesia (\$50.5 billion)**.

**GOI and WB sign agreement for Neeranchal National Watershed Project** Union Minister for Rural Development **Shri Birender Singh** signed a loan agreement with World Bank for the **Neeranchal National Watershed Project**. The Neeranchal project was approved by the cabinet in October last year with a total budget outlay of **Rs.2142 crore** with the Government share of **Rs.1071 crore** and the rest 50% by the World Bank.

- The project to be implemented by the Ministry of Rural Development over a six-year period (2016-21) will support the **Pradhan Mantri Krishi Sinchayi Yojana** in hydrology and water management, agricultural production systems, capacity building and monitoring and evaluation.
- Shri Singh informed that 12% of the area which can be called as wasteland will be targeted through this project to make about 336 lakh hectares of land arable.

**World Development Report 2016** dubbed **“Digital Dividends”** released Washington D.C. headquartered **World Bank** released its annual **World Development Report (WDR)** titled **“Digital Dividends”** with a focal



**point on the impact of the Internet, mobile phones and communication technologies (ICTs) on economic development.**

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- **Implementation period** – 5 years
- **Implementing agency** – Bihar

#### **Banking & Finance Awareness February 2016**

**LIC to launches its e-services** Life Insurance Corporation of India (LIC) launches its e-services. The service will enable policy holders to have easy access to their policies, policy status, and claim information. **E-services include**

- Policy image, status of policy, claim status and renewal information
- The E-service help **to access policy related information** as well as payment anytime and anywhere.

**RBI gives nod to B Swaminathan's appointment as Non-Executive Chairman of Karur Vysya Bank** RBI gives nod for the appointment of Independent Director **B Swaminathan** as the **Non- Chairman of the Karur Vysya Bank (KVB)** for three years.

- KVB is a private sector Bank it's headquartered is in **Karur, Tamil Nadu.**
- KVB is one of the largest old generation private banks in India.

**SBI launches new home loan scheme for working executives** State Bank of India (SBI) has launched a new **home loan scheme** for young working executives.

- The Scheme enables the working professionals to get higher amount.
- SBI Flexi Pay Home Loan helps the executives to purchase better and large living spaces for themselves and their families.

**RBI rates unchanged in 6th bi-monthly monetary policy review** In the 6th bi-monthly monetary policy review, Reserve Bank of India (RBI) kept the repo and reverse repo rate unchanged at 6.75% and 5.75% respectively.

गुप्ता क्लासेज अब हापुड़ में भी  
**2016 SSC-CGL-PRE में गुप्ता क्लासेज के 200 से ज्यादा छात्र चयनित हुये।**  
**30 DAYS CRASH COURSE FOR SSC-CGL MAINS 2016**  
**MATHS 180+ ENGLISH 170+**  
**DELHI POLICE के नये बैच प्रारम्भ**  
**GUPTA CLASSES**  
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- **Cash reserve ratio (CRR)** of scheduled banks unchanged at 4.0% of net demand and time liability (NDTL).

In the bi-monthly monetary policy review, RBI also emphasized the need for ease of doing business, in line with the Government's Start-up India initiative and plans to contribute to an ecosystem that is conducive for growth of start-ups. **HDFC Bank to sell loans to non-customers through ATMs** HDFC Bank is selling Loans to non –customers through ATMs.

HDFC bank is using its ATM network to clutch new customers by extending its branch services through ATMs.

- Nearly 15% of new personal loans are approved and distributed by the banks without human involvement these are done using online computer system.
- The payment through ATMs is a new challenge for the bank.
- HDFC is providing every kind of loans excluding home loans only.

**Government To Infuse About Rs. 5000 Cr In PSU Banks This Quarter** Government will infuse about Rs 5,000 crore capitals in the Public Sector Banks (PSB) in the current fiscal to strengthen balance sheet. **Key Highlights**

- The Funds will be infused after the approval of third Supplementary Demand for Grants in the upcoming Budget session from Parliament.
- PSU banks will now get Rs 25,000 crore in this fiscal year and

similar will be given in the next fiscal year.

- The govt will provide about Rs 5,000 crore for fund infusion in the fourth quarter.
- RBI had pushing banks to clean up balance sheets and make adequate provision for bad loans.
- It is estimated that state-run banks will require Rs 1.8 lakh crore of bonus capital in the next four financial years, out of which Rs 1.1 lakh crore will be lift up from the market by the lenders.
- **Public Sector Banks (PSB)** like Bank of India, IDBI, Indian Overseas Bank, Bank of Maharashtra, UCO Bank and United Bank of India are requiring giving special focus to arrest the growth in bad loans.
- The Government had announced a refurbish plan 'Indradhanush' to infuse Rs70,000 crore in state-owned banks over four years

**BSE, IFC jointly develop corporate governance scorecard** BSE and the International Finance Corporation (IFC) have jointly developed a corporate governance scorecard. The scorecard help the companies assess their corporate governance performances against national or international-benchmarked practices.

- It will help companies in identify areas of further improvement and track progress over time.
- It can be used to make board processes more efficient, improve strategy, aid decision-making, and manage risks.
- It will help Companies for better recognizing the way in which governance affects their operations.
- The scorecard can be used by stakeholders, including regulators, promoters, and investors.

**Mahindra AMC gets SEBI nod to enter MF business** Mahindra Asset Management Company has received a stamp of approval from SEBI to initiate its mutual fund business. This newly formed MF business will focus on investors in semi-urban and rural markets.

- With the entry of Mahindra MF, the number of **fund houses operating in India** will rise to **43**.
- Mahindra AMC also designated **Ashutosh Bishnoi** as its **CEO and MD**.

Mahindra AMC, a wholly-owned subsidiary of **Mahindra & Mahindra Financial Services (MMFS)**. **CAMS launches Aadhaar-based eKYC for setting up MF account instantly** CAMS had launched **Aadhaar based eKYC** (know your customer) for setting up an **instant (MF) mutual fund account**. The system had been launched to make mutual fund account opening and transactions a paperless and presence less process.

- Investors can voluntarily submit Aadhaar and mobile numbers for validation with Aadhaar or UIDAI (Unique Identification Authority of India)
- The **authentication** is done using **OTP (one-time password)** through CAMS at **camsonline.com**

**Bandhan Bank initiated Visa Debit Card & NRI Services** Started with an offering of only RuPay card, now Kolkata headquartered **Bandhan Bank** has instigated an **international debit card** in association with **Visa**. It has also kicked off **NRI banking services**.

- The debit card service will be available worldwide but bank would offer NRI services only at select branches.

**About Newly Launched Debit Card** This new debit card will be accepted globally at more than 30 million Visa merchants. The card will have two variants – **Visa Classic** and **Visa Platinum**.

- Daily cash withdrawal limit of **Visa Classic Debit card holders** will be **Rs. 40,000** while **Visa Platinum Debit Card holders** will have **Rs. 1, 00,000** daily cash withdrawal.
- The point of sale (PoS) transaction limits for **Visa Classic Debit card holders** will be at **Rs 1, 00,000** and for **Visa Platinum Debit Card holders** will **Rs 4, 00,000**.

**Corp Bank inks pact for insurance cover** **Corporation Bank** had signed a pact with **Universal Sompo General Insurance Co Ltd** for insurance cover

- The bank will provide free personal accident death cover of **Rs 10 lakh** to its Corp Signature and **Rs 5 lakh** to its Corp Super account holders of Saving Bank Account holders.

**PG Apte Report: Introduction of Interest Rate Options in India** In a bid to **safeguard interest risk rates** and to help lenders in managing their asset liability mismatch, **Reserve Bank of India** released the Report of the Working Group on **Introduction of Interest Rate Options** in India.

- The working was headed by **PG Apte** which reconnoitered the financial entities regarding their embedded options on balance sheets.
- **Interest rate options (IROs)** give buyers the **right but not the obligation**, to pay or receive a predetermined interest rate over an agreed period.

**The key recommendations of the Group are:**

- Simple call and put options to be permitted.
- Complex structures may be introduced subsequently.
- Interest rate options permitted on the **currency and derivatives segment of stock exchanges** as well as in the **OTC (over the counter)**
- Banks, primary dealers and other regulated entities having sound financials and prudent risk management will act as market makers.
- **Fixed Income Money Market and Derivatives Association of India (FIMMDA)** and **Financial Benchmark India Private Limited (FBIL)** will come out with the list of eligible domestic money or debt market rates as benchmarks like G-Sec, T-Bills, MIBOR, OIS, MIFOR, IRF etc.

**Minimum lot size** for **IROs** on exchanges will be **Rs. 2 lakh**. In the case of **OTC**, the minimum lot size will be kept at **Rs. 5 crore**. **RBI changes g-sec tenures under OMO to rein in yield** With an aim to maintain liquidity and also keep rising yields in the market under check, the Reserve Bank of India (RBI) is changing the profile of the **government securities (Gsecs)**, it is buying from bond investors under its open market operations (OMOs).

- A bond issued by a government authority, with a **promise of repayment upon maturity** that is backed by government
- An open market operation refers to a **monetary policy tool** in which **central banks buy and sell bonds** to regulate the money supply in the economy.

**BoB exhibited Highest Ever Loss by a PSB** Vadodara headquarter **Bank of Baroda** publicized its net loss of **Rs 3,342 crore** for the December quarter in comparison with Rs 332 crore profit last year. It is considered as the **highest-ever quarterly loss** by an Indian bank.

- The **reason** behind this huge loss is the provisions against **bad loans** which have jumped to **Rs 6,164 crore** against Rs 1,262 last year and increase in **NPA percentage** to 9.68% from 3.85%.

RBI has already instructed all lenders to treat **troubled accounts** as **non-performing** even if an actual default is yet to happen and make adequate provisions.

- BOB is followed by **IDBI** (-2,183.68 cr), **Bank of India** (-1,505.58) and **UCO Bank**(-1,497.01).

**RBI announces liquidity measures for March 2016** The **Reserve Bank of India** (RBI) had **announced the liquidity measures for March 2016** for a combination of appropriate instruments and for adequate additional liquidity infusion.

- It will taper the cash conditions due to advance tax payments by corporate.
- Banks will provide now flexibility to the banking system in its liquidity management by March-end 2016.

**SBI opens 'Japan Desk' in New Delhi** **State Bank of India** (SBI) launched **'Japan Desk'**, a first-of-its-kind initiative to facilitate Japanese corporates looking to invest with banking and advisory services. **Aim:** To be the window for inbound Japanese investments in India and vice-versa.

- This will serve as an one-point comprehensive and reliable information support source for India-bound investments of Japanese companies.

**PNB declares United Breweries Holdings 'wilful defaulter'** **Punjab National Bank** (PNB) had declared **United Breweries Holdings, Kingfisher Airlines and Vijay Mallya** as **wilful defaulter**.

- State Bank of India had also declared Mallya, Kingfisher Airlines and its holding company United Breweries Holdings as wilful defaulters in November 2015.
- For recovery bank conglomerate led by SBI had decided to **auction Kingfisher House in Mumbai** on March 17 to **recover a part of Rs 6,963 crore**
- Punjab National Bank had an exposure of Rs 800 crore to the redundant carrier.

**Govt cuts interest rate on small post office schemes by 0.25%** Interest on short-term **post office** saving deposits was **cut by 0.25 percent** while the rate on employees' provident fund was increased marginally to 8.8 percent.

- The finance ministry has cut interest rate on post office savings of 1, 2 and 3 year terms, **Kisan Vikas Patra** (KVP) as well as 5-year Recurring Deposits, but left long-term instruments such as monthly investment scheme (MIS), PPF senior citizen and girl child plans untouched.

#### **Key facts:**

- The finance ministry said the 0.25 per cent higher interest rate that post office savings of 1, 2 and 3 year term deposits, KVP as well as 5-year Recurring Deposits earned over similar
- tenure Government securities will be withdrawn from **1 April**.
- The short deposits currently fetch **8.4 percent** interest, KVP doubles the investment in 8 years and four months (100 months).
- The ministry also announced that henceforth the rates on small savings schemes would be revised every quarter. But they are unchanged.

- Sukanya Samridhi Yojana-**0.75%**, Senior Citizen Savings Scheme-**1%** and the MIS-**0.5%** higher interest rate than G-secs.
- Currently, PPF deposits get **8.7 percent** interest rate while girl child scheme Sukanya Samridhi Yojana commands **9.2 percent**. MIS gets **8.4 percent** interest rate.

**Axis Bank partners with Suvidhaa to offer loans to urban poor** Axis Bank had made **partnership with Suvidhaa** to offer loan to urban poor.

- **Aims to provide loan to the urban people** who have no formal credit score to boast and no bank guarantees to offer.
- These urban poor include Rickshaw pullers, taxi drivers, tailors, barbers etc.

**Alliance Between Aditya Birla Nuvo Ltd And Idea Cellular For Payment Banks** RBI's move to deepen financial inclusion by opening payment banks have gathered an over whelming response with top private companies eager to obtain license. Now this has gained importance with the alliance formed between Aditya Birla Nuvo Ltd and Idea Cellular to obtain payment bank license. **Major contenders:** RIL, UAE exchange, dewan housing finance, Airtel, Videocon, Aditya Birla, Reliance

- **Share:** Aditya Birla- 51% & Idea- 49%
- **Other ventures:** SBI and Reliance Industries Limited

**All Villages to get Banking Access Zones** Our government is all set to proffer **banking services** in **every village** with the succor of technology and the network of **Common Services Centres (CSCs)**. (IT Minister – Ravi Shankar Prasad)

- The announcement has been made during the conference of women **village level entrepreneurs (VLEs)** under CSCs in **New Delhi** by IT minister.
- Through CSCs, VLEs earned commissions of **Rs. 438 crore** on **e-services** viz. pancards, passport and rail ticketing.

**World Bank to help Rajasthan in energy reforms**

World Bank has pledged to lend to Rajasthan government on energy reforms this decision has been taken in the aftermath of meeting between World Bank's country Director in India **Mr. Onno Ruhl** and Rajasthan Chief minister **Vasundhara Raje**.

- The director praised the state's effort on **energy development** and conveyed that Cooperation work between West Bengal government and Rajasthan government on energy reforms.
- The bank has prepared detailed report focusing energy reforms from conventional and non-conventional sources.

**PIB clears India Post's Rs 800 crore proposal for payments bank** The Public Investment Board Clears **Rs. 800 Crore** proposal from India Post to set up **Payment Banks**, It will be kept before the Cabinet for the final approval within a month.

- The PIB which runs under **Finance Ministry** stimulates the investment proposals by state run companies.
- India Post also in line to finalize the consultant for setting up India Post's payment bank and shortlisted six consultants but only three of them submitted the bids.
- RBI has granted Payment Bank License to the department which has been serving financial services through **1.55 lakhs branches** and India Post Payment Bank will start its full-fledged operation from this march.

**Srei ram to invest 2000 crores for Indian Vision Fund** Srei ram will invest **2000 crores** for **India Vision Fund** which will buy the stressed assets, loans & properties of corporate, NBFC'S and companies which can be revived through proper plans.

- The fund will invest in debt cum mezzanine instruments thereby providing investors an opportunity to gain on their investments

**RBI stretched out SAARC Swap Arrangement** In order to enhance economic cooperation and strengthen financial stability, RBI has extended the **currency swap arrangement** to **SAARC nations** till mid **November 2017**.

- Under the arrangement, Swap Arrangement of **US \$ 2 billion** both in foreign currency and Indian rupee to all SAARC member countries.

**About RBI's SAARC Swap Arrangement** On November 15, 2012, the then Governor of RBI, **Dr. D. Subbarao** announced the SAARC Swap Arrangement during the **24<sup>th</sup> SAARCFINANCE Governor's Meeting** in Pokhara, Nepal.

- SAARC member countries include – **Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka**.
- The swap has been offered in **US dollar, Euro or Indian Rupee** against the domestic currency or domestic currency denominated government securities of the requesting country.

**HUDCO to Sanction 90 Crores for APCRDA** In a written reply to Smt. Kothapalli Geetha, the Minister of State for Housing & Urban Poverty Alleviation –**Mr. Babul Supriyo** informed in Lok Sabha that **HUDCO** (Housing and Urban Development Corporation) have sanctioned **90 Crores to APCRDA**.

- The loan was sanctioned To Andhra Pradesh Capital Region Development Authority (APCRDA) last month
- The minister also told that **64,942** houses were built for urban poor in Andhra Pradesh under **JNNURM and Rajiv Awas Yojana**.
- A total of **80,999** houses were sanctioned under **Prime minister Awas Yojana in June** last year
- These houses are asked to be completed before **3.17** by the ministry

**SBI launches new branch for e-commerce loans** Country's largest lender launches **SBI ESmart SME** to offer E-Commerce startups, this is the first of its kind.

- The Bank has decided to cater exclusively to offer loans to E commerce startups and will have dedicated branch, also joined hands with E commerce major **Snapdeal**.

**Features:**

- Quick Sanction with KYC documents.
- Collateral free loan up to **Rs. 10 Lakhs** under MUDRA
- Processing fee of 0.399%
- Women Entrepreneurs will have concession of **25%**.

**Birla Sunlife mutual fund launches 100% paperless eKYC** **Birla Sunlife Mutual funds** officially launched **100 % paperless Aadar based EKYC** facility this is the first of its kind from the company. **Paperless Aadar Based EKYC:**

- That allows the First time investors can now complete their **eKYC** formality by their Aadar number using **One Time Password** method of recording investors data from Aadar Data that procured by Unique Identification Authority of India.
- This makes seamless to the first time investors considerably **reduces time** of process.
- Retail interest in Mutual funds and Contribution from beyond **top 15 cities** on forward that requires next generation customer service.

**EPFO tightens norms for withdrawal of Provident Fund** **EPFO** has tightened norms for withdrawal of Provident Fund as well as investment in **Varishtha Pension Bima Yojana**.

- When the norms comes into force Provident Fund Subscribers will not be able to claim their withdrawal of their fund once they attain the **age of 54**, they would have to wait up to **57 Years**.

- Earlier subscribers were allowed to withdraw their fund of **90%** in their PF accounts at the age of **54** and their claims were given one year before the Retirement.

#### **Transfer of PF to Varishtha Pension Bima Yojana:**

- The retirement Body also made change that PF account holders have to wait till they attain the age of **57 years** for apply for **PF Withdrawal for transferring** that to the Varishtha Pension Bima Yojana of Life Insurance Corporation that has over **five crore subscribers**.
- The PF body also made changes in appointment of up to **Joint Secretary level officer** that allows promotion and appointment of officials because earlier EPFO had to get nod from Labour Ministry any appointment with pay scale higher than **Rs.14, 300 to Rs. 18, 300 pay band**.

**Promotion of cashless transactions** Union cabinet chaired under PM **Narendra Modi** gave its approval to **promote cashless transactions**. The government has many short term and medium term measures to be taken to support this.

- It will be helpful in promoting cashless transactions which will be vital in **avoiding Tax-evasion** and a move to transform into digital cashless world from cash transactions
- To supplement this, Government has withdrawn the charges levied for using debit cards and other means of money transfer through cards and introduction of acceptance infrastructure in Government organizations
- The introduction of **Payment and settlement systems Act,2007** has resulted in penetration of modern card and digital payment systems in the country

**Gold worth Rs. 3000 crores deposited under GMS** Union Government has acquired a staggering **1, 131 Kg** of gold that **3014 crore** under the **Gold Monetisation Scheme**. **71 depositors** were joined in the Scheme which aims to curb the black money and to bring out the gold of over **20, 000 tonnes** neither traded nor monetized.

- The depositors will earn small interest of **2.5 % per annum**. Initially the scheme was overcast however it started gaining depositors later on.
- Collection and Purity Testing Centres were authorised to certify the physical Gold under the Scheme. A total of **46 such centres** are involved in testing of Gold.
- The two trances scheme that were implemented with this scheme **Sovereign Gold Bond Scheme** so far **3,786 kg** of the metal amounting to **992 crore** have **3,80,617 investors**.

**IDBI bank to raise 3771 crores through QIP** SEBI has given its nod to IDBI bank to raise capital of **3771 crores** by issuing shares through **Qualified Institutional Players**. **Flash points**

- **IDBI**(Industrial Development Bank of India ) sought SEBI's approval to raise capital by issuing equity shares
- **SEBI** approved to raise capital around **3771 crore** through **QIP model**
- This move will dilute the government shares significantly
- Currently government holds around **16%** shares in IDBI bank
- **3771 crores** account for **6%** share in IDBI bank
- SEBI also told that the section 82 (c), ICDR regulations does not apply to IDBI
- This corresponds to the regulation **113 of SEBI**

**SBI to raise capital of 15000 crores** **State Bank of India** got approval from its shareholders to raise capital of **15000 crores** by public issue or overseas assurance of shares.

- SBI will raise capital of 15000 crores by public share or overseas issuance in next 14 months before **March 2017**
- This fund will be raised by including **public issue, rights issue** or private placement such as **QIP or global depository receipt** or any other mode
- This fund will be used to meet the risk norms ahead of **Basel III** in **March 2019**

- Currently the 52 week high end share is 80 and low end share is **148.30**
- The market value of share is 49 per share

**BRICS Bank to provide its first loan to India on Solar project** The NDB which is likely to begin its operations in 2 months has decided to fund for **green projects** initially, with **India** and **China** in the priority list. India is likely to receive **loan** for its **solar project in April** from the NDB.

- NDB has planned to provide loans for infrastructure projects which includes green projects initially
- The bank has proposed to lend **\$1.5-2 billion dollars** by the end of this year
- **India and China** are the first two member nations likely to get loan for **green Solar projects by April** from NDB
- The bank has planned to issue loan in local currency though the **default currency of the bank is US Dollar**

**FDI two folds to 114% in December 2015** Foreign direct investment (FDI) in the Indian economy twice the usual size to \$4.5 billion in December 2015. There was **114% growth** recorded for December 2015 as compared to December 2014, when India has received \$2.16 billion.

- **Major sectors attracted foreign inflows** – computer software and hardware, trading, services, automobile and telecommunications.
- India receives maximum FDI from **Singapore, Mauritius, Netherlands and Japan.**

The government has **relaxed FDI norms** in **15 sectors**, including Defence, single brand retail, construction development, civil aviation and LLPs, to boost FDI in the country. **RBI survey forecasted FY17 GVA at 7.8%** As per the recent RBI survey, the real **Gross Value Added** at basic price (GVA) is expected to increase to **7.8%** in the next fiscal (**2016-17**) from **7.4%** expected in **2015-16**.

- GVA is an internationally accepted measure to gauge economic activity in a country. Gross value added is the measure of the **value of goods and services produced** in an area, industry or sector of an economy.

**India to grow at 5-year high of 7.6 per cent in 2015-16** Indian economy will be growing at a **5-year high of 7.6 per cent** in fiscal year 2015-16 as per the **Central Statistics Office (CSO)**.

- Gross domestic product (GDP) will increase **by 7.6 per cent** in 2015-16 which was 2 per cent a year earlier.
- The manufacturing sector is expected to grow **9.5 per cent** in 2015-16 from 5.5 per cent a year ago.
- The growth has been projected at **1 per cent in case of agriculture sector.**

**Electronics Development Fund (EDF) to be launched in “Financial Capital” Department of Electronics & IT (Deity)** in a company with **Canbank Venture Capital Fundis** all set to initiate the **Electronics Development Fund (EDF)** in **Mumbai**.

- Domestic companies in the field of **electronics manufacturing** will get benefitted by the EDF as it will act as their financial back and encourage sectorial innovation.

In July, 2015 **Electronics Development Fund Policy** was launched by PM Modi during the inauguration of Digital India. Thereafter, in September, 2015 **CANBANK Venture Capital Fund Pvt. Ltd. (CVCFL)** was designated by GOI to house Electronics Development Fund (EDF). **MSI Report: IT, Highest Paying Sector in India** In accordance with the **Monster Salary Index (MSI)** report, Information Technology sector in India is the **highest paying sector** with a median gross hourly salary of **Rs 346.42**. On the other hand, Indian **manufacturing sector** stood at last as it pays the least at **Rs 254.04**.

- IT sector has been followed by Banking, financial services and insurance (**BFSI**) **sector** with a median salary of **300.23**.

Although, **IT** and **BFSI** are leading the charts but surprisingly 50% of their **employees** are **least satisfied** with their salaries. **Key Highlights of Report:**

- **Manufacturing sector** pays **9% lesser** than the **median salary** for the entire Indian economy taken together (Rs 279.7/hr.) while **foreign owned manufacturing companies pay double** of what Indian manufacturing firms pay their workers.



- **BFSI sector** higher remuneration reflects the **high level education of workers** with 16-17 years of schooling.
- BFSI space, **small companies** pay an hourly salary of **197/hour** while **large firms** pay an hourly average salary of **Rs. 324/hour**.
- **Bonuses** are more common in the **IT sector** than BFSI and manufacturing.
- **India GDP likely to clock 7.8% growth in 2016: Nomura** Nomura had reported that the **India's GDP growth** will likely to **clock at 7.8% growth** in year 2016.
- **Nomura** is a **Japanese** financial holding company.
- The **factor** that **helps** in the growth sector includes low commodity prices, improving unrestricted demand and **expenditure boost** from the Seventh Pay Commission.
- GDP in India is reported by the World Bank Group

The Annual GDP Growth Rate is reported by the Ministry of Statistics and Programme Implementation (MOSPI). **Employee Provident Fund interest** After receiving the stamp of approval from Union Labour Minister Bandaru Dattatreya **Employees' Provident Fund Organisation (EPFO)** has marginally mounted the **PF interest rate** to **8.8%** from 7.75% for 2015-16 financial year.

- The announcement in this regard has been made during the **211<sup>th</sup> meeting** of **Central Board of Trustees** in Chennai, which was chaired by Bandaru Dattatreya.
- This will benefit over **40 million subscribers** in 8.60 lakh establishments.

As per rule, interest rates are fixed by EPFO's apex decision making body – Central Board of Trustees (CBT) because it provides rate of return from its own income without any assistance from the government. **Supreme Court seeks list of companies who have defaulted over Rs. 500 crore** The **Supreme Court** had directed the **RBI** that it **seeks the list of companies**, which have defaulted bank loans of over **Rs. 500 crore**.

- Expressing the serious concern over the rise in bad loans the court asked the RBI to provide the list within six weeks.
- A **bad loan** is a **loan where repayments are not being made** as per the agreement between the borrower and the lender.

**OECD: Indian economy sharply to grow at 7.4% next fiscal** In accordance with the Paris headquartered **Organisation for Economic Cooperation and Development (OECD)**, India will go on with durable growth at **7.4%** in the next financial year in comparison with earlier **7.3%** forecasted in November 2015.

- **India** will continue to grow robustly by **4%** in 2016 and **7.3%** in **2017**.
- On global front, economy is anticipated to expand **3%** and accelerate to **3.3%** in 2017 showing a sharp trim from November 2015 when it estimated at **3.3%**.

**Growth projection about other countries:**

- China's growth is projected at **6.5%** in 2016 and **6.2%** in 2017.
- Brazil's economy is expected to shrink by **4%** this year as it is experiencing a deep recession.
- Trade and investment are weak while sluggish demand is leading to low inflation, inadequate wage and employment growth.

**Macro Economic Survey 2015-16** On 26th February 2016, Finance minister **Arun Jaitley** tabled the **Macro Economic Survey 2015-16** in Parliament. The economic survey was prepared by the Chief Economic Advisor **Arvind Subramanian**.

- In accordance with survey, Indian economy is growing at a pace of **7-7.5%** and it is expected to accelerate at **8%** in the next couple of years.
- India's macro-economy is sturdy and it is likely to be the **fastest growing major economy** in the world in 2016 as it shows an expansion from **7.2%** in 2014-15 to **7.6%** in current fiscal.

**Before heading towards the other highlights lets us take a brief view on economic survey:** To showcase the ministry's view on the annual economic development of the country, every year before the Union Budget, the **economic survey** is presented by **Finance Ministry of India**.

- Economic Survey summarizes the **performance** on major development programs and highlights the policy initiatives of the government and the prospects of the economy in the short to medium term.
- This document is presented to **both houses of Parliament** during the **Budget Session**.

**Following are the highlights of the report: Fiscal Deficit**

- 2015 -16 fiscal deficits seen at **3.9%** of GDP seems achievable
- 2016 – 17 expected to be challenging from fiscal point of view.
- Credibility and optimality argue for adhering to **3.5%** of GDP fiscal deficit target.

**Inflation**

- CPI inflation seen around **4.5 to 5%** in 2016 – 17.
- Confidence in price stability has improved and it is expected that RBI to meet 5% inflation target by **March 2017**.
- Prospect of lower oil prices over medium term likely to dampen inflationary expectations.

#### **Current account deficit**

- 2016 – 17 current account deficit seen around **1-1.5%** of GDP.

#### **Currency**

- **Rupee's fair value** can be achieved through monetary relaxation.
- India needs to prepare itself for a major currency readjustment in Asia.
- Gradual depreciation in rupee can be allowed if capital inflows are weak.

#### **Taxes**

- Proposes widening tax net from 5.5% of earning individuals to more than **20%**.
- Tax revenue expected to be **higher** than budgeted levels in FY15 – 16.
- Favours review and phasing out of tax exemptions.

#### **Banking & Corporate Sector**

- Estimated **capital requirement** for banks likely around **Rs 1.8 trillion** by 2018 – 19.
- Corporate, bank balance sheets remain stretched, affecting prospects for reviving private investments.
- Underlying **stressed assets** in corporate sector must be **sold** or rehabilitated.
- Govt could **sell off** certain **non-financial companies** to infuse capital in state-run banks.
- Govt proposes to make available **700 bn rupees via budgetary allocations** during current, succeeding years in banks.

**India Ranks First in Milk Production** In accordance with the economic survey 2015-16, India ranks first in milk production, accounting for **18.5%** of world production. It achieved an annual output of **146.3 million tons** during 2014-15 as compared to **137.69 million tonnes** during 2013-14 recording a growth of **6.26%**. **Abu Dhabi Bank included in the Second Schedule of RBI Act** The Reserve bank has included the **National Bank of Abu Dhabi PJSC (NBAD)** in **second schedule of RBI Act, 1934**. It was released by RBI in a notification.

#### **Points to note**

- **NBAD** is the leading bank in middle east
- It has its global presence in around **17 countries**
- It is spread over overseas territories and **five continents**
- The countries in which NBAD has its branches are China, Hong Kong, Malaysia, India, Oman, the UAE, Kuwait, Bahrain, Jordan, Lebanon, Egypt, Sudan, France, Switzerland, the UK, USA and Brazil

#### **Banking & Finance Awareness March 2016**

**IFC launched its first Uridishi Masala bond mobilizing \$ 4.3 million** IFC, a member of **World Bank** group has launched its first **Uridishi masala** bond in India to mobilize **300 million rupees** from Japanese household investors to promote **private sector investment** in India.

- Masala bonds are **rupee-denominated instruments** sold only to **offshore investors**
- **Uridishi bonds** are sold to **Japanese household investors**
- The **three-year bond** builds has raised the equivalent of **\$1.7 billion** from international investors for investment in India
- **Uridishi Masala** bonds will be used to support **private sector investment** in India

**Indo-WB inked Financing Agreement worth US\$300 Million for MPHEQIP** Washington D.C. headquartered **World Bank**, **Government of India** and **Government of Madhya Pradesh** has inked a credit concord worth of **US \$300 million** for the **Madhya Pradesh (MP) Higher Education Quality Improvement Project**.

- The credit has been given by the **International Development Association (IDA)**, the World Bank's **concessionary lending arm**.
- It is sanctioned for a period of **25 years**, including a 5 year grace period.

**RBI unlocks 40000 crores to capitalize banks** RBI announced relaxation of certain norms in the balance sheet which will unlock **40,000 crores** to support the capital requirement of Indian banks. **Flash points**

- Indian banks are facing a **huge loss** due to the increase in **Non Performing assets** which have eroded the Capital of these banks
- The revised RBI norms will give public sector banks (PSB) access to additional capital of **INR 35,000 crore**
- It could be about **INR 5,000 crore** for private sector banks

**India's GDP growth to hike by 7.8% in 2016-17: Nomura** Nomura has told in a recent report that India's **GDP growth** will rise from **7.6% to 7.8% in the year 2016-17**. GDP growth would be based on high discretionary demand driven by **7<sup>th</sup> pay commission**. **Flash points**

- Industrial production declined to **2 % in November**, however these are temporary and the underlying Industrial growth remains positive says Nomura
- The industrial production was slowed down due to Chennai flood and diwali holidays but in January the growth has picked up
- According to **Nikkei India PMI Index**, India's **manufacturing growth** has remained unchanged in February at **1** from January.

**Government Cancels IRB Contract** Union Government has cancelled the contract for the **RS. 10, 050 crore Zojila Pass Tunnel Building Project**.

- South Asia's longest Tunnel project at **Zojila Pass in Jammu & Kashmir** to offer all weather connectivity to the **Lah – Ladakh region**.
- With this cancellation of the contract, IRB's order size will decline to about **Rs. 6, 500 crore**.

**RBI Released Draft Directions For Non-Banking Financial Company – Account Aggregator** The Non Banking Financial Company- Account Aggregator Directions, 2016 was released by RBI on March 3, 2016 to put in place a **regulatory framework** to allow a separate category of Non Banking Financial Company to emerge as an **Account Aggregator**. **Key Points:**

- Only Companies registered with RBI as **NBFC-AA** will be allowed to carry out the business of an account aggregator.
- The net owned fund of such companies should not be **less than Rs 2 crores**
- Initially, Financial Assets of which the records are stored electronically and are under the regulation of any Regulator namely **SEBI, PFRDA, RBI and IRBA** will be considered for aggregation.

**Foreign Banks Get Myanmar Licence** Under the Junta rule, **Myanmar's banking system** was closed for decades for outside competition which now has been changing in the recent past since the 2011 reformist government came to power and the landmark elections in **November 2015**.

- Vietnam's Bank for Investment and Development
- Taiwan's E.SUN Commercial Bank
- South Korea's Shinhan Bank
- **State Bank of India**

**Capital Area Bank first to get small finance bank licence** Jalandhar based **Capital Local Area Bank Limited** has given small financial bank licence by the Reserve Bank of India, The Operation of the Bank will kick start from **April 13, 2016**.

- Punjab based company is the first among ten players to get final licence from the Bankers Bank. The Bank currently serving as a local area bank.

**Axis bank better placed than ICICI and other PSU Banks** Nomura reports reveal that **Axis bank** is better placed than **ICICI** and other public sector bank in terms of **corporate book profitability**. **Flash points**

- Global financial services firm Nomura said that the third largest private sector bank in India-Axis bank is better placed than **ICICI** and **other PSU's** in terms of corporate book profitability
- About **20-25% of Axis bank's corporate books** are stressed

**Government May Merge 27 Public Sector Banks Into Just Six** Bad Loans in the Public Sector Banks have been a pressing issue for the growth of the economy and in an attempt to address the problem; the Government may look into merging **the twenty seven PSBs into just six**.

- Such a move was discussed in the recently held retreat of the chiefs of the PSBs, **Gyan Sangam**.

**Global rating agency Fitch has maintained the Forecast of India's growth at 7.5** Global rating agency **Fitch** has maintained its growth forecast for India at **7.5 per cent** this fiscal and sees **higher growth** over the **next two** financial years. **Points to note**

- **Fitch** also claims for a 8% growth in short term is not possible
- Fitch has maintained its **Gross Domestic Product (GDP)** growth forecast for India for the fiscal year ending March 2016 at **5 per cent**
- Growth is expected to gradually accelerate to **7 per cent in 2016-17** and **7.9 per cent in 2017-18**
- **Higher real disposable income**, a **normal monsoon** and a substantial wage increase for central government employees will support **economic recovery**
- Structural reforms like Land Acquisition Amendment Bill and the Goods and Services Tax also likely to support the growth

SoftBank splits into two subsidiaries Japan based Telecommunication major Soft Bank group Corp plans to split its domestic and overseas business given them Separate Chief executives for their entity.

- This move is to bolster Shareholder value after a staggering \$ 4.4 billion US share buyback plan a month ago.
- Softbank's stakes in U.S. wireless carrier Sprint and Chinese E-commerce Company Alibaba Group Holding to a new global operations management subsidiary. The Company president Nikesh Arora will now head the overseas Management Company.

CBDT sets up dedicated structure for monitoring taxpayer services To address various issues of taxpayers the Department of Revenue has sets up dedicated structure for monitoring taxpayer Services. Revenue and Tax Payer Services member will watch over the delivery and monitoring of taxpayer services in CBDT.

- Under this initiative two separate Directorates, called Directorate of Tax Payer Services-I&II have been set up. These Directorates will be responsible for delivery and monitoring of taxpayers services in the field offices and e-services deliverable through various electronic platforms of the Department.

YES Bank started its All Women Branch in Bengaluru As a part of the International Women's day celebrations various Banks announced schemes related to women. YES Bank also joined this list by starting its first All women operated branch 'Yes Grace' in Bengaluru. Flash points

- The new branch, served by eight employees currently and with plans to raise the count to 12, will also drive for financial literacy, family banking, safety and wellness amongst women
- Two more all-women bank branches were opened in at Kalkaji, New Delhi and Vile Parle (E), Mumbai

RBI to share FDI details with IB & RAW The Reserve Bank of India will now share its FDI details with the Intelligence Bureau and Research and Analysis Wing to prevent the entry of Black money into the country. Flash points

- The committee headed by **Revenue Secretary** decided to provide the details of FDI resting **with RBI to IB & RAW**

**ICICI Bank launches credit-linked subsidy scheme under PMAY** India's largest private Sector Lender launched a **credit-linked subsidy scheme** for home loans under the '**Pradhan Mantri Awas Yojana**.

- This Scheme will benefit the individuals including women borrowers from the economically weaker section low income grouped people.
- They will be able **to acquire and construct the first brick-and-mortar (Pucca House) house** of the family by paying significantly lower Equated Monthly Instalments (EMIs).

**HDFC Bank ties up with 5 start ups** The **HDFC bank** has chosen **five start ups** from 30 applications to work together in its field of operations. **Five companies**

- **Senseforth Technologies** into AI customer response
- **Tagnpin** -a marketing and customer engagement company

- **Safe 2 Pay**-a point of sale-free payment system
- **Bugclipper**-an in-app feedback tool
- **Taptis Technology**- a biometric payment company

**Crisil Estimates India's GDP Growth at 7.9%** The domestic rating agency **Crisil** has estimated the GDP growth of India at **7.9%** for the fiscal year 2016 provided the **Monsoon remains normal** and the government **implements the announced reforms**.

- The estimated GDP growth remains to be the highest prediction so far pointing at **9% growth** as estimated by **Crisil**
- The chief economist pointed that it is possible with the Monsoon being normal and the implementation of the economical reforms gearing up to achieve the target

**Moody maintains SBI & IDBI ratings unchanged** **Moody's Investors Service** have told that the local and foreign currency deposit ratings of **State Bank of India and IDBI Bank** at '**Baa3/P-3**' **Baa-3: Baa** (**Global Long-Term Rating Scale**) are judged to have medium-grade intrinsic, or standalone, financial strength, and thus subject to moderate credit risk **P-3 : P-3 (Global Short-Term Rating Scale)** issuers (or supporting institutions) rated Prime-3 has an acceptable ability to repay short-term obligations

- Modifier **3** specifies to **generic rating classification** and Baa represents lower rank

**India Post selects Deloitte as consultant for payments bank** India Post Picked **Deloitte as Consultant** for Payments Bank to advise it on setting up a payments bank and an agreement between the two would be signed.

- The PIB has already approved the **Rs 800-crore proposal** of India Post and in 15 days it will be kept before the cabinet for its final approval.

**ICICI Bank Ties up with Ferrari for co-branded Credit Card** India's largest private sector lender **ICICI** has signed a pact with Italian luxury sports car manufacturer **Ferrari** to issue co-branded **credit cards**.

• The Ferrari Credit Card comes on the **Visa platform** in two variants and offers customers a host of offers including an all-expenses-paid trip for top spenders to Italy and also includes a Scuderia Ferrari watch as a joining gift. **Kotak Mahindra Group ties up with Canada Pension Plan for investment in Indian stressed assets** **Kotak Mahindra Bank** Group has signed an agreement up with **Canadian Pension Plan Investment Board (CPPIB)** to launch a **\$525 million fund** to invest in the stressed asset market in India. The Canadian pension fund manager will have the option to invest up to \$450 million in this partnership

- Under this agreement stated **fund** will work with **Kotak Mahindra Group** and its associate firms.

**RBI is likely to pay 57000 crores as dividend to the Government** The Reserve Bank of India is likely to pay the government **Rs 57,000 crore** in dividends in the fiscal year 2016-17. **Flash points**

- The amount paid is slightly lesser than the previous fiscal year but much higher than the previous years
- Last year, the government received **Rs. 73,905 crores** as dividends from various state owned banks and the RBI
- This fiscal year it has estimated to receive **Rs. 69,897 crores**
- However the split up of money from banks is not given and it expects **55000-60000 crores** from RBI

**SBI disburses Rs 1,465 crore OROP arrears** India's largest lender State Bank of India has released arrears worth **Rs. 1,465 crore to about 7.75 lakh** defence beneficiaries under **OROP scheme**, the scheme is expected to cost the government **Rs 7,500 crore per**

- Under One Rank One Pension the pensioners will get their **first instalment** (1/4th of the total arrear amount up to February, 2016) **to service pensioner**
- Family pensioners' and 'gallantry award' pensioners will be eligible to get full amount of arrears paid on **14th March**.

**Pay interest on savings accounts every quarter: RBI to banks** Reserve bank of India asked banks to credit interest on savings accounts **every quarter** or **shorter than that of the fiscal**.

- Interest rate on savings bank account is calculated on daily basis **since April 1, 2010** and it is credited in savings bank account on half-yearly basis.
- The revised interest rate credit payment may put a burden of **500 crore** on banks but the move by the central bank which **will benefit crores of savings account holders**.

**ICICI Bank launches contactless mobile pay solution 'iTap'** ICICI Bank, has now launched a new **NFC-based mobile payment** system enabling contactless transactions via its Pockets app.

- The new system enables its credit and debit users to make in-store contactless payments by simply waving their smartphones near an **NFC-enabled mobile phone running Android 4.4 and above** for making the payment at any merchant terminal.
- ICICI has become the first bank to use **Host card Emulation Technology for its payment system**.

**IDBI Bank ATMs Can Be Used For Bond Purchase** The **Industrial Development Bank of India (IDBI)** is an Indian Public Sector Bank headquartered at **Mumbai** which was established in **1964**. **HIGHLIGHTS**

- In order to boost retail participation in Govt bond investments, IDBI has now allowed its customers to invest in these bonds through its ATMs.
- The facility of investing in G-Sec through ATM is an extension of Bank's **Samriddhi G-Sec Portal** to enable retail investors to transact in government securities.
- The retail customers of the Bank can register, one time, for this facility and invest in G-Sec through any of the Bank's ATMs

**Government slashed the interest rates of PPF from 8.7% to 8.1%** The government announced that Interest rate on **Public Provident Fund (PPF)** scheme will be cut to **8.1 per cent** for the period **April 1 to June 30**, from **8.7 per cent**.

- The rates of **Public Provident Fund** was slashed by **60 basis points**, and **Kisan Vikas Patra**, by **90 basis points**

**Schemes suffering reduction** The new interest rates for 12 small savings schemes, including term deposits of one to five years' maturity, five-year recurring deposit, **five-year Senior Citizen Savings Scheme, five-year Monthly Income Scheme, Sukanya Samriddhi Account Scheme, and National Savings Certificate New Rates**

- Five-Year National Savings Certificates will earn an interest rate of **1 per cent as against 8.5 per cent**
- Five-year Monthly Income Account will fetch **7.8 per cent as opposed to 8.4 per cent**
- Two-year time deposit will now earn **2 per cent instead of 8.4 per cent**, three-year time deposit will earn **7.4 per cent instead of 8.4 per cent**, five-year time deposit will earn **7.9 per cent instead of 8.5 per cent**
- Five-year recurring deposit will earn **4 per cent instead of 8.4 per cent**

**Chhattisgarh Disburses 1800 crores for MUDRA** The Chhattisgarh government has disbursed **Rs 1, 821-crore** loans to several beneficiaries under the **Pradhan Mantri MUDRA (Micro Units Development and Refinance Agency) Yojana (PMMY) Flash points**

- The Chhattisgarh state government had designed a **grass-root level planning** to promote the Micro, Small and Medium Enterprises (MSME) for facilitating investment in the sector
- The **Department of Commerce and Industry** planned to organise workshop in each district in which public representatives were invited

**HDFC Bank launches banking solution for startups** After **SBI's 'InCube'** and **RBL Bank's 'India start-up Club'**, HDFC Bank has also come up with its solution for startups, called **'SmartUp'**. SmartUp has been launched in association with **Zone Startups India (ZSI)**, a Mumbai-based start-up accelerator.

- The mission of SmartUp is not only to provide basic banking transactions, but also valuable services like advisory services, **forex** and **payment solutions**. Account holders can also get recommendations of a chartered accountant for tax, regulatory and compliance issues.

**IRDA approved LIC's idea to invest in PSB's** The regulatory authority of Insurance sector has given its nod to the Biggest life insurance company of India- **LIC** to invest in the **Public Sector Banks**. **Flash points**

- **IRDA** after complete scrutiny of the investments of LIC in PSU's have agreed to the proposal of **increasing its investments in Public sector banks**
- RBI had expressed concern over LIC making huge investments in PSU banks, saying it can affect the **financial stability**
- But **VR Iyer**, Member, IRDA, led the team which held discussions with LIC and also found LIC's equity investment is just **6-7 per cent** and investments in banks are still a **smaller portion**

**Bajaj Finance enters life care financing segment** Bajaj Finance is entering the **Rs 20,000-crore life care segment** under which it will finance expenses for stem cells storage units, cosmetics-based hair treatment, dental and eye care, IVF & maternity care, laparoscopic cure for a dozen ailments, and elective medical/paramedical care for many other issues.

- Anyone can get interest-free **loan for personal care treatment** at VLCC, Kaya Skin Clinic and Enhance Clinic, among others.
- In the next five years, the company expecting a segment **growth of Rs 1,000 crore**. The segment has the potential to grow up to **12% of the portfolio**.

**World Bank to support Swachh Bharat Mission** World Bank proposed a **\$ 1.5 billion dollar** as funding to the clean India campaign popularly known as the **Swachh Bharat in rural areas**

- According to the cabinet approval, the fund will be incentivized based on the performance based indicators like **DLi's**
- The states are asked to disburse **95% of the fund** to various channels in the rural areas to implement the measures of **SBI(G)**

**RBI makes it easier for banks to improve liquidity** The watchdog of the Indian Banking system, RBI has announced to soften the rules on Liquidity **measurement** there by providing a sigh of relief for the banks to be in accordance with the new **Basel III norms**. **Measures announced by RBI**

- **Liquidity Coverage Ratio** need not include the **retail deposits** whose maturity value is beyond a month
- The calculation also excludes the **pledged deposits** over 30 days maturity date
- **Cash outflows of retail term deposit** whose residual maturity or withdrawal notice period of greater than **30 days** can be excluded from cash outflows calculation
- **Previously** bulk deposits over 1 crore where earlier withdrawals were not permitted only can be excluded from calculations
- **Corporate debt securities** which are not issued by banks, NBFC's, financial institution will be subject to 50% haircut which earlier was **20%**
- The above can also be considered as Liquidity Risk Monitoring tool

**Lakshmi Vilas Bank ties up with NBHC for collateral management & warehousing** Sector lender **Lakshmi Vilas Bank** kept its alliance with National Bulk Handling Corporation Private Limited (**NBHC**), a major Agri-Infrastructure player for **collateral management** and **warehousing services**.

- The primary **objective** of these services will allow industry traders and farmers in financing their capital requirements at all stages of supply chain, ranging from pre-harvesting to the marketing and export stages.
- This would allow the bank to provide financial flexibility to farmers, **minimising the seasonal price fluctuations** and **distress sales during crop harvest season**.

**South Indian Bank gets ISO 9001:2008 certification** Kerala based **South Indian Bank** has disseminated that its personnel department has achieved the **ISO 9001:2008 certification**.

- South Indian Bank came into being during the **Swadeshi movement** established in **1929** spread across more than 26 states and 3 union territories in India

**Revised RBI rules for rehab of MSME's to reduce Bad loans** The biggest problem faced by the Indian banking sector in the recent days is the piling up of **Bad loans**. The RBI has been taking various measures to reform the banking sector and bring down the NPA's. As a part of its efforts, it has revised the Rules for **rehabilitation of MSME's**. **Flash points**

- **FICCI** has commented on RBI's move calling it to be a **rehabilitation measure** for MSME's
- The measures include formation of special **mention account and committee at the district level** to manage stressed accounts
- The new framework is applicable to MSME's having loan limits of **upto 25 crores**
- The framework proposed will be institutionalized by MSME's before **June 30, 2016**

**RuPay to launch Credit Cards in September** National Payments Corporation of India (NPCI) owned and developed **RuPay** will be offering the credit card segment this September. It plans to issue **100,000 such cards** in the **first year of its launch**.

- Initial focus to be on two variants – regular and platinum, there are **241 million RuPay cards** in circulation comprising 35 per cent of the total card base in India and accounting to 20 percent of all card-based transactions.

**IOB Starts issuing of Gold bonds** The Union government announced three important gold schemes in the last year. One of the three schemes is the issue of **gold coins** through banks. As a part of implementation, **the Indian Overseas Bank** has started issuing the gold coins in its branch. **Flash points**

- **IOB** is the **first bank** which has started the issue of gold coins
- The gold coins are available in the denomination of **5,10 and 20 gms**
- The Indian Gold Coin is of **24 carat purity, 999 fineness** and has the national emblem of **Ashok Chakra** engraved on one side and the face of **Mahatma Gandhi** on the other

**World Bank approved to Jordan and Rajasthan** The long-term loan, almost interest free by **World Bank of \$100 million loan to Jordan** for job creation, comes after Lebanon was also awarded \$100 million to ensure universal school enrolment for Lebanese and Syrian refugee children by 2017.

- In an attempt by the international community to improve conditions for refugees in overburdened regional host Jordan will get a cheap \$100 million loan to **help create 100,000 jobs** for Syrian refugees and its own citizens.

**World Bank approved \$250 million loan to Support Electricity Distribution Sector Reforms in Rajasthan** The World Bank Board granted **Long term Loan of \$250 million** Development Policy Loan for Rajasthan.

- The loan, from the International Bank for Reconstruction and Development (IBRD), **has a 5-year grace period, and a maturity of 18 years**.

**Federal Bank to open incubation centres for startups** **Federal Bank** plans to set up incubation centers for startups in **Bangalore** and **Ernakulam**. These are expected to offer advice on **capital, regulatory support** and even disburse funds in the branches.

- These centres are named as Launchpad, equipped with fast internet connections, support staff from the financial world and advisory mechanisms.
- The bank has a dedicated startup fund of worth **25 crore** which will be utilized for funding or lending to promising startups. The bank also plans to integrate its mobile payments application 'Chillr'.

**RBI announces private placement of securities under UDAY scheme** The Banking regulator **RBI** had announced the **private placement of securities** for **UDAY scheme** adding further boost to the scheme. **Flash points**

- RBI has asked the interested market participants to subscribe for securities before **March 30**
- The special securities under UDAY are being issued by governments of **Bihar, Haryana, Jammu and Kashmir, Jharkhand, Punjab and Rajasthan**
- The scheme is expected to help discoms save around Rs **8 lakh crore** in the next three years



**Bharat Bank ties up with Chillr to make payments easier** Mumbai based **Bharat Bank** customers now will be able to use **Chillr app** services, a lender from the co-operative space, will be able to instantly transfer money to anyone in their phonebooks.

- **Chillr is the fastest and easiest** way to send money between bank accounts and works even on bank holidays.

**RBI, Sri Lanka Central Bank Sign Currency Swap Pact** Reserve Bank of India Currency swaps agreement with the **Central Bank of Sri Lanka** the pact would allow its Sri Lankan counterpart to **draw up to \$700 million over a maximum period of three** months under a new special currency swap agreement signed by the two central banks.

- Sri Lanka is seeking a **loan of \$1.5 billion** from the International Monetary Fund (IMF) to boost foreign exchange reserves and help avert a balance of payments crisis.
- RBI has previously provided currency swaps to the Central Bank of Sri Lanka, including plans to **extend a \$1.5 billion** agreement by one year.

**ADB lowers Asia's growth forecast to 5.7%** The Asian Development Bank headquartered at Manila, has brought down the forecast of growth of Asia to **5.7%** for the financial year 2016-17. **Flash points**

- The Asian Development Outlook, a supplement of ADB has predicted the growth of Asian economy to be **at 5.7%**
- This was due to the reduced global demand and a slow Chinese economy
- Earlier the growth was predicted **at 6% for 2016** in December, 2015
- However the **weak recovery in major industrial economies** and softer growth prospects for the People's Republic of China (PRC) have acted as reasons to bring down the projections

#### **Projections for India**

- It has remarked that India will be one of the fast growing economies in the world
- Due to the stall of certain development projects, the growth may dip to **4%** but the reforms taken will increase the rate by **7.8% in 2017-18**
- The economy will expand to **7.6% in 2016-17**

**CBDT signed 11 Advance Pricing Agreements** The Central Board of Direct Taxes department has signed **11 Advance Pricing Agreements** with taxpayers overseas to reduce litigations. **Flash points**

- With this India has signed totally **59 unilateral and/or bilateral** agreements
- The **APA was enacted in the Income tax act, 2012** and rollback provisions were provided in 2014
- The agreements cover **corporate guarantees, royalty, software development services, IT enabled services and trading**

**European Investment Bank to loan €450 million for Lucknow Metro** The European Union's official bank **European Investment Bank** will Provide loan to **Lucknow Metro Project of €450 million** (about Rs. 3,300 crore) towards constructing a 23-km long rail line and a purchasing a fleet of new trains.

- The metro project will be the most expensive public transport system in the state of **Uttar Pradesh costing Rs.6928 cr**
- The EU's official bank and the world's largest international public bank, and its loan will cover half of the total project costs for the Lucknow Metro.

**RBI cancels recognition of 22 NBFC's** RBI has cancelled the certificate of registration of **22 NBFC's**. Earlier, in the month beginning 6 more NBFC's licenses were cancelled. Due to the cancellation, the firms cannot enter into the financing business.

- RBI has cancelled the registration owing to its powers conferred under **Section 45-IA (6) of the Reserve Bank of India Act, 1934**
- Kundan Leasing and Finvest, Raseera Investments, Limtex Impex, Dignity Motors Finance, Akansha Consultancy Services, Bini Commercial Enterprises, Nirankar

Investments, and Surin Investments are the NBFC's whose registration has been cancelled

**SEBI raises FPI investment limit** The market regulator **SEBI** has raised the **FPI (Foreign Portfolio Investors)** investment limit in government securities to **1,40,000 crore** from April, 4. **Hikes in limits**

- **FPI** Investments in **government securities** will be raised to 140000 crores in April, 4 and 1,44,000 crores in July
- **FPI limits in SDL's** will be increased from 7000 crores to 10,500 crores in April and 14000 crores in July
- **Long term FPI's** will be made 50000 crores in April and 56000 crores in July

**Japan commits loan worth 14251 crores** **Japan** has been providing support to India both financially and technically when it comes to the development of Infrastructure. It has now committed a loan worth **242.2 billion** yen for the various **infrastructure projects** in India.

- **Transmission System Strengthening** Project in Madhya Pradesh -JPY 15.45 billion
- Odisha **Integrated Sanitation Improvement** Project -JPY 25.7 billion
- **Dedicated Freight Corridor Project** (Phase 1) -JPY 103.6 billion or Rs 6,170 crore
- **North East Road Network Connectivity** Improvement Project- JPY 67.1 billion
- **Jharkhand Horticulture Intensification** by Micro Drip Irrigation Project -JPY 4.65 billion

**India's GDP growth to hike by 7.8% in 2016-17: Nomura** **Nomura** has told in a recent report that India's **GDP growth** will rise from **7.6% to 7.8% in the year 2016-17**. **GDP growth** would be based on high discretionary demand driven by **7<sup>th</sup> pay commission**. **Flash points**

- Industrial production declined to **2 % in November**, however these are temporary and the underlying Industrial growth remains positive says Nomura
- The industrial production was slowed down due to Chennai flood and diwali holidays but in January the growth has picked up
- According to **Nikkei India PMI Index**, India's **manufacturing growth** has remained unchanged in February at **1** from January.

**Govt removes proposed tax on EPF withdrawals** Union government has rolled back controversial **EPF Tax withdrawal**

- The proposal announced in the Budget Speech had sought to make up to **60 per cent** of savers corpus withdrawn from the EPF tax-free if invested in annuity, the period return on the annuity was to be taxable.

**Employees to get incentive for 1 year from EPFO** The **Employee Provident Fund Organisation** as a part of seeding the UAN number with KYC has announced an **incentive** for the employees who register between **January and December 2016**. **Flash points Incentive:** Employees can claim **5 to 10% of administrative charges** for 1 year **Duration:** From January to December 2016 **What for?** To encourage the employees to seed the **UAN with**

**KYC details** **Details included in KYC:** Permanent Account Number, Aadhar Card, Bank account details **Allotted UAN numbers:** 6.38 crores **Government cancels Recognition of Delhi Stock Exchange** The Government has withdrawn its recognition to **DSE** following the cancellation of recognition of its activities by **SEBI in 2014**.

- DSE's recognition was cancelled following the **serious irregularities in its demutualization functioning**
- DSE was formed in **1947**
- Under certain provisions of **Securities Contracts (Regulation) Act, 1956**, the recognition to stock exchanges can be withdrawn if it has not been **corporatized and demutualised within the specified time**

**Current Account Deficit fell to 1.3% of GDP** India's current account deficit, the excess of imports over exports, fell further to **1.3% of the gross domestic product** due to benefits of lower commodity prices. **Flash points**

- Reserve Bank of India data showed current account deficit (CAD) at **\$1 billion** in the third quarter ending December, lower than **\$8.7 billion or 1.7% of GDP** in the preceding quarter
- Last year the CAD was at **\$7.7 billion and at 1.5%** of GDP
- The fall in commodity prices helped lowering of **trade deficit to \$34 billion from \$37.4 billion**
- **Net outflow** for the third quarter was just about **\$0.2 billion** compared with **net outflow of \$3.5 billion** in the preceding quarter
- **Remittances by Indians** employed overseas fell to **\$15.8 billion**
- **India's foreign exchange reserves**, excluding changes in currency valuation rose **\$14.6 billion** during April-December 2015 as compared with **\$31.3 billion** in the last year

**India's GDP growth projected at 7.7%** India's GDP growth has been projected at **7.7%** in a report released by Rating agency **ICRA**. **Estimation** The GDP growth for the current fiscal is estimated at **7.6% in current fiscal** and it is projected to grow to **7.75%** in 2016-17 **Reasons**

- Increase in domestic consumption post the implementation of the Seventh **Central Pay Commission's** recommendations and **One Rank One Pension (OROP)**
- **Rs 1.2 lakh crore in Plan expenditure** in 2016-17 will influence the pace of infrastructure augmentation and economic growth
- Hikes in excise duty has brought a revenue of **17,000 crores**

**BMI projects India's growth at 7.2%** The Indian economy which is a fast growing economy in the world has been projected at **7.2%** by the BMI research. The growth has been speculated by various rated agencies across the world.

- **Central Statistics Office** had projected **6 per cent** GDP growth rate in February
- According to Japanese financial services major **Nomura**, **India's GDP growth** is likely to pick up to **8 per cent** in fiscal 2016-17
- But the **BMI research** has projected the GDP growth at **2%** compared to **7.3%** last year
- Indian economy is likely to face challenges in various sectors owing to the **weak economy** of the world
- It also told that schemes under Modi's governance have contributed to the **incremental growth of economy**
- The Indian government aims to reduce subsidies through the **JAM (Jan Dhan-Aadhaar-Mobile) initiative** that will avoid leakages will help reduce expenditures and aid long-term fiscal deficit consolidation plans

**DIPP nods 49% FDI in Insurance and Pension Sector** The Department of Industrial Policy and Promotion (DIPP) board have approved the **liberalization in Insurance and pension sector**. It has given its nod to **49%** of FDI in the sector

- The **Commerce and Industry Ministry** on Wednesday notified 49% foreign direct investment (FDI) under automatic route in insurance and pension sector as announced by **FM Arun Jaitley**
- Earlier, only up to **26% FDI** was permitted through the **automatic approval** route
- FDI into the country grew by **40% to \$29.44 billion in 2015**

**Government permits 100% FDI in e-commerce** The government has allowed **100% FDI in e-commerce** through automatic route in marketplace model of retailing. This is not applicable to **the inventory based model of e-commerce**. **Key features**

- 100 per cent FDI is permitted in **B2B (business-to-business)** transactions under the automatic route
- According to the norms, an e-commerce firm will not be permitted to sell more than **25 per cent of total sales** from one vendor or its group companies

### **Banking & Finance Awareness April 2016**

**PFRDA: Swavalamban subscribers can switch to Atal Pension Yojana** Micro-pension scheme Swavalamban, Subscribers can switch to the **Atal Pension Yojana (APY)**.

- Swavalamban scheme was launched by the UPA government in **2010-11 intended** at the unorganised sector and applicable to those who joined the National Pension Scheme.
- APY is applicable only to workers in the age **group of 18-40 years**.

**NSE launches Nifty MidSmallcap 400 index** Mumbai headquartered **National Stock Exchange (NSE)** introduced a new index to its broad Aprket indices "**Nifty Mid Smallcap 400**".

- It will comprise of **400 companies** which are the constituents of **Nifty Midcap 150** and **Nifty Smallcap 250 indices** across **18 sectors**.

**Germany's Development Bank KfW to provide loan assistance to metro system for Nagpur** German Government's Development Bank **KfW** pledged to provide a loan assistance of **EUR 500 million (about Rs.3,750 crore)** for the modern and sustainable metro system for Nagpur city being executed by Metro Rail Corporation Limited.

- Nagpur Metro will be the **first metro rail** project in India to be financed under the Indo-German partnership for clean, socially inclusive and **climate-friendly mobility**.

**DCB Bank starts India's first Aadhaar-based ATM** Maharashtra based Small-sized lender **DCB Bank** has started an Aadhaar-based ATM usage facility in which a customer can transact using his biometric details instead of the PIN. This is the **first** of its kind.

- The system is a comparatively inexpensive solution and the bank, which currently has 400 ATMs, is targeting to cover its entire network under the system within a year.
- This is the **first ATM in the country** which operates using the Aadhaar data. One can do a transaction without the card as well.

**SBI makes it easy with 'State Bank of India NO Queue' app** India's largest lender SBI, has launched **State Bank of India NO Queue** it is a virtual queuing mobile application that will help customers save on time.

- The application is a mobile-based virtual queuing application for customers to book an **instant** queue ticket for select services at select branches.

Based on the services selected, the list of branches with addresses providing those services within a configured radius of **15 kms** will be populated in the application. **India's first cash giving app 'CASHe' launched Tslc Pte Ltd**, a fin-tech company announced the launch of its all new mobile-only lending platform **CASHe**, This new application is very helpful and provides users a personalized experience to borrow cash anytime, anywhere within minutes for their needs.

- **CASHe** Application was launched in **Mumbai** at a glittering ceremony. It is the idea lplatform for consumers to take control of their short term finances.

**RBI cuts repo rate by 25 basis points** RBI has announced the first Bi-monthly Monetary Policy Statement for 2016-17. It cuts the Repo rate under the liquidity adjustment facility (LAF) by **25 basis points** to 6.5% and kept the Cash Reserve Rate (CRR) unchanged. **First Bi-monthly Monetary Policy Statement for 2016-17**

• Repo Rate	: 6.50%
• Reverse Repo Rate	: 6.00%
• Aprginal Standing Facility Rate	: 7.00%
• Bank Rate	: 7.00%
• CRR	: 4%
• SLR	: 21.25%

**Government widens export funding to Iran to Rs 3,000 crore** Union Government has tripled the funding for exports to Iran to **Rs 3,000 crore** through the Export Development Fund (EDF) of the **Exim Bank**. The move likely to improve bilateral trade and strategic ties.

- The agreement between Exim Bank of India and a consortium of Iranian banks led by Central Bank of Iran for financing the purchase of goods and services from India to **Rs 3,000 crore**, from **Rs 900crore**

**Cabinet approves recommendations of the 14th Finance Commission on Fiscal Deficit** As per the recommendations of the **Fourteenth Finance Commission (FFC)**, Union cabinet has consented the fiscal deficit target of **3% of gross state domestic product (GSDP)** for states for the 2015-20 period.

- It has been permitted to the states with adequate finance to borrow an **extra 0.5%** of their **GDP**, beyond the **3%** stipulated by the 14<sup>th</sup> Finance Commission, in order to help them to meet their **development needs**.

**CCEA consented ATC Asia Pacific & Andrew Yule proposals** The Cabinet Committee on Economic Affairs (**CCEA**) has given its stamp of approval for the proposal of **ATC Asia Pacific Pte Ltd, Singapore** to acquire **51% shareholding** in **Viom Networks Ltd** by method of transfer from existing shareholders. **Nod to Andrew Yule proposal**

- Along with **ATC Asia Pacific Pte Ltd**, the **CCEA** has also given its approval for **transformation of Working Capital Term Loan (WCTL)** mounting to **Rs.29. 91 crore** from **Bank of Baroda (BoB)** into equity by issuing an essential number of value shares of **Andrew Yule and Co Ltd (AYCL)**.

**WTO cuts 2016 world trade growth forecast to 2.8 percent** Global Growth will come to **8 percent this year**, lower than a previous forecast of 3.9 percent, the World Trade Organization forecast.

- Genva based World trade organisation forecasts are based on economic growth of 2.4 percent in 2016 and 2.7 percent in 2017.

- Trade is likely to rise to **3.6 percent in 2017**, breaking through 3.0 percent for the first time in six years.

- However **WTO has repeatedly revised preliminary estimates** over the past five years as predictions of economic recovery prove overly optimistic.

**World Bank initiated “Climate Action Plan”** Washington, D.C. Headquartered **World Bank** presented its ambitious climate action plan that

will help nations to create an additional **30 gigawatts of renewable energy**, early warning frameworks and in creating **climate smart agriculture investment plans** for at least 40 nations. **Key features of plan**

- Increase sources of renewable energy
- Decrease in high-carbon energy sources
- Develop green transport systems
- Build sustainable, livable cities for growing urban populations

The World Bank Action Plan is centered around helping nations to shape their **national strategies** and influence **private sector investment**. **Federal Bank–Phillip Capital tie-up announced at Singapore** Kochi based **Federal Bank** has signed pact with **Phillip Capital**, for managing the NRI Portfolio Investment Scheme (PIS).

- The joint initiative will be add a significant value to the **NRI clientele of the bank**, particularly those in the non-Gulf cooperation council countries, who can now avail PIS using the wide global network of Phillip Capital and their experience and expertise in providing consistent and world-class customer service.

**India offers \$20 billion investment in Iran** India has offered to invest up to **\$20 billion** in Iran announced by Oil Minister Dharmendra Pradha during his two day visit to Iran. This was the **first visit by an Indian minister** since the US and other western powers lifted sanctions against Iran in January. **Investments Fields:** New petrochemicals, fertiliser and liquefied natural gas (LNG) facilities

- **New Delhi and Tehran** are trying to enhance their energy ties following the lifting of some sanctions this year on Iran.

**RBI gives nod to Bharti Airtel’s payments Bank Unit** Gopal Vittal led **Bharti Airtel’s** payments bank venture Airtel M Commerce Services Ltd has become the first entity to receive final approval from the Reserve Bank of India (RBI) to start a payments bank.

- Delhi based Bharti Airtel will set up the payments bank in **partnership** with **Kotak Mahindra Bank**, which holds **9%** stake in **Airtel M Commerce**, a subsidiary of Bharti Airtel.

**Government exempts housing finance cos from XBRL filings** The **Corporate Affair Ministry** has exempted housing **finance companies** from filing financial

statements in XBRL format. **Banking, insurance, power sector and non-banking finance companies** are already exempted. **Federal Bank Launches Campus Wallet in Kerala** Kochi based Federal Bank has joined with **Chillar Payment Solutions Ltd.**, to promote the start-up’s technology **product – Campus Wallet**.

- Currently **16 schools** in the state have on boarded to **Campus Wallet** with around 14000 students using the Campus Wallet.

- This is an Identity Card based Banking technology with Students can make payments in stores, canteen, library etc within the respective campuses by flashing the **Campus Wallet cards** at the special swiping machines installed at these locations.

**Jaypee offers 2,200-acre land to banks for loan settlement** Jaypee group offers **2200 acre land** to banks in order to settle most of its loans.

- Banks have shown their interest to take over the land to avoid putting a non-performing asset (NPA) tag on the two Jaypee group companies namely **Jaiprakash Associates Limited (JAL) and Jaypee Infra**.

**Aadhaar, net banking-based I-T e-filing appeal system activated** Income Tax department has started the **Aadhaar and net banking**-based e-filing verification system for taxpayers to file the first appeal before a tax officer, on similar lines of online ITR filing.

- This initiative is to reduce the **interface between taxman and the taxpayer**, the department has recently operationalized the maiden facility on its official e-filing portal.

**India world's largest remittance recipient in 2015: World Bank** According to the **World Bank** India named as the world's largest remittance recipient in 2015 despite experiencing a **\$ 1 billion drop** from the previous year, the first decline in its remittances since 2009. **Remittance trends of India:**

- India reserved its **top spot in 2015**, attracting about **\$69 billion in remittances**, down from \$70 billion in 2014, the World Bank in its annual report '**Migration and Development Brief**'.

- Other large remittance recipients in 2015 were **China with \$64 billion**, the Philippines (\$28 billion), Mexico (\$25 billion) and Nigeria (\$21 billion).

**Regional Remittance Trends East Asia and the Pacific** - The region rose by 4.2 percent in 2015, down from 7.4 percent in

2014. Nevertheless, the region remained the top remittance recipient amongst all geographical regions. **South Asia**

- This **grew by 2 percent** in 2015, down **from 4.3 percent** in 2014, due to a contraction in flows to India, the world's largest remittance recipient, and Sri Lanka, despite a spike in remittances to Nepal in response to the earthquake.

- The region is expected to attract \$123.3 billion in remittances this year, compared to **\$117.9 billion in 2015**.

**Europe and Central Asia** - Here it is contracting **by 20.3 percent, due to** the depreciation of the Russian ruble against the dollar and the slowdown in economic activity in Russia, a major source of remittances for the region. **Unified Payments Interface Launched by NPCI RBI and National Payments Corporation of India (NPCI)** launched the Unified Payment Interface (UPI) with the objective of proactively encouraging electronic payment systems for ushering in a cashless society in India.

- RBI Governor **Raghuram Rajan** and NPCI adviser **Nandan Nilekani** signed for this initiative that aims to provide a safe, efficient, accessible, inclusive, interoperable and authorised payment and settlement system for the country.

- It will enable anyone with a bank account to complete a transfer or make a payment without having to share bank account or **credit/debit card details**.

**World Bank and AIIB Sign First Co-Financing Framework Agreement** The **World Bank** President Jim Yong Kim and the **Asian Infrastructure Investment Bank(AIIB)** President Jin Liqun signed the first **co-financing framework agreement** .

- The AIIB expects to approve about **USD 1.2 billion** in financing, with World Bank joint projects anticipated to account for a sizable share in this year.
- Under the agreement, the World Bank will prepare and supervise the **co-financed projects** in accordance with its policies and procedures in areas like **procurement**,

**environment and social safeguards. NDB sanctions \$ 250 million for India's renewable energy scheme** India gets a loan from the BRICS's China based **New Development Bank (NDB)** which gave a **\$250 million** funding to **Canara Bank** for a renewable energy project.

- The Development Bank has approved four green renewable energy projects from India, China, Brazil and South Africa entailing Bank financing of \$811 million.
- The approval will result in **generation of 500 Mw of renewable energy and savings** of about 800,000 tonnes of carbon emissions.

**RBI cuts maturity of masala bonds to three years** RBI has reduced the minimum tenure of Masala bonds to make it more attractive. The Term "**Masala Bond**" is used to refer to rupee-denominated borrowings by Indian entities in overseas Aprkets.

- The minimum maturity period for the rupee-denominated bonds issued overseas reduced to **three years** from the previously stated five years.
- The International Finance Corporation (IFC), the investment arm of the World Bank issued a **1,000 crore bond** to fund infrastructure projects in India that were listed on the London Stock Exchange (LSE).

**Government to allow Pakistani Hindus to buy property, open bank accounts** People belonging to minority communities of Pakistan, staying in India on Long Term Visa, will soon be allowed to buy **property, open bank accounts** and get **PAN Card** as well as **Aadhaar**.

- The government also offer reduction in fees for registration as citizens of India

**Oriental Bank of Commerce to raise Rs 178 crore by issuing shares to LIC** Oriental Bank of Commerce will raise over **178 crore** by issuing shares to **Life Insurance Corporation** on a preferential basis.

- The decision comes from lender after Extra-ordinary general meeting held on 29 Aprch that to issue over 2 crore shares to LIC was taken at the bank's, it said in a regulatory filing.

**Uttar Pradesh tops in PPP project investments: Study** Uttar Pradesh has claimed the **most favoured investment destination of PPP Projects**, as it took top spot with the highest share of about **15 per cent** in PPP projects across India, followed by Maharashtra and Gujarat, According to the **Assocham-SREI** The study **named PPP Investment in Indian Infrastructure: Need for growth and**

**development** has suggested to the government the setting up of an independent institution for overall co-ordination and management of PPP projects in the country.

**ADB clears \$300-million loan for upgradation of UP roads**

Phillipines based **Multi Lateral Financing Agency** and **Uttar Pradesh** Government shared their contributions to enhance the Road Connectivity of about 400 Kms in major district in Uttar Pradesh State. **Budget: \$ 300 million** by Asian Development Bank & \$128 million by Uttar Pradesh State Government

State	PPP Share %	Rank
Uttar Pradesh	15	1



<b>Maharastra</b>	<b>11</b>	<b>2</b>
<b>Haryana</b>	<b>8.5</b>	<b>3</b>
<b>Gujrat</b>	<b>6</b>	<b>4</b>
<b>Madhya Pradesh</b>	<b>4.5</b>	<b>5</b>

**Banks to share all transaction details in standard format** Intelligence Bureau and Central Bureau of Investigation Officials were felt difficulty in probing the Fraudulent and Money Laundering cases where the bank transactions details were provided with **different Formats** by different Banking Sectors

- It would cause wastage of Manpower and Time. About 11,997 were registered in relating to frauds in the name of Siphoned.

An exclusive meeting was conducted headed by Revenue Secretary Shri. Hashmukh Adhia, Officials of CBI, IB and Representative of RBI on “**Working Group on Intelligence Apparatus**” and advised that Indian Banking Association to use the standard formats for transactions such as NEFT, Intra Bank Transfer including Cheque transactions. **Govt. relaxes norms for partial PF withdrawal** Employees’ Provident Fund (EPF) members have **three more months** to withdraw the entire balance in their EPF accounts, until an employee attains the age of **58**.

- The Labour Ministry decided to keep the notification in abeyance **till April 30**. Its implementation has been again deferred till **July 31**.
- The restrictions will now apply from **August 1 instead of May 1**.

**RBL becomes first private sector bank to open dedicated branch for Startups** RBL Bank launches **Bengaluru branch** exclusively for startups. The dedicated branch will assist entrepreneurs in setting up new companies and offer banking services like **foreign exchange, remittances and cash management**.

- It will also provide a range of value added services including registration, legal and tax formalities through its affiliates and partners.
- The Bank is following in the footsteps of India’s largest bank, **SBI** which started its InCube startup banking branch in Bengaluru a few months before.

**Punjab CM Parkash Badal distributes health insurance cards & approves Rs 750 crore for road sector** Government of Punjab to begin the process of issuing **303074 pre-active cashless** Farmers Health Insurance Cards under **Bhagat Puran Singh Sehat BimaYojna** in the maiden phase of project.

- This Scheme enable farmers and their families to get health cover up to Rs 50,000 for their treatment and compensation of **Rs 5 Lakhs** in case of death of the head of the family or any circumstances which may cause **100% disability to that person**.
- This scheme comes from the government to safeguard farmers, there were many farmer’s suicide from Maharashtra and other parts of the country.

**IFMR Capital initiates first capital Aprket transaction for MUDRA** IFMR capital has enabled the **first capital Aprket transaction for MUDRA** which emphases on providing low cost loans to microfinance and non-banking financial institutions.

- The Joint initiative would facilitate accelerated impact on the sector by leveraging MUDRA’s capital and risk appetite.

- This will be a **short term** transaction with **tenure of 1.5 years**. Which in turn will gain exposure to over 100 high quality MFIs and NBFCs in the Nation.

**Railways shows record high capital expenditure** Railways have finished the financial year 2015-16 with a **record high capital expenditure** of **Rs 94,000 crore**, an increase of **Rs 37,000 crore** over the previous fiscal.

- Railways intends to step up capital expenditure to boost the economy by its contribution.

**RBI issues master direction on merger of private sector banks** Reserve Bank of India(RBI) issued the **master direction** for merger of private sector banks and also between NBFCs and banks. **Scope:** An amalgamation of two banking companies and amalgamation of an NBFC with a banking company.

- The decision of amalgamation should be approved by respective boards by **two-thirds majority**
- NBFC merging with a private sector bank, all accounts should be **KYC compliant** as they would eventually become accounts of the banks after amalgamation.

**Punjab based Capital Local Area Bank – First small finance bank starts operations** Punjab headquartered **CAPITAL LOCAL AREA BANK** introduced the nation's first Small Finance bank "**Capital Small Finance Bank Limited**" and after getting the approval from Reserve bank of India. **About Capital Small Finance Bank Limited: Branches:** 10 (Currently) **Managing Director:** Sarvjit Singh Samra **Headquarter:** Punjab **HDFC Life joins hands with Indiabulls Housing Finance for corporate agency tie up** India's second largest private insurer, HDFC Standard Life Insurance has tied up with **Indiabulls Housing Finance Ltd** for a corporate agency agreement.

- Indiabulls Housing Finance will **distribute** HDFC life retail **insurance products** to its customers

**NPCIL clears insurance for reactors** India's nuclear power agency **Nuclear Power Corporation of India Limited** (NPCIL) has cleared a **insurance policy for all 21 reactors**.

- The insurance policy of **suppliers** was also finalised on April 21 and is likely to be cleared soon.

**FinMin approves 8.7% interest on EPF for 2015-16** Union Finance Ministry has approved **8.7% interest** on PF deposits for over 5 crore subscribers of retirement body Employment Provident Fund Organization(EPFO), lower than **8.8%** decided by Central Board of Trustees(CBT).

- For the first time, Finance Ministry has not given concurrence to the rate of interest on EPF as decided by CBT, which is headed by the Union labour Minister, **Bandaru Dattatreya**.
- EPFO had provided **8.75%** interest in 2013-14 and 2014-15.

**NABARD lent 1000 crore rupees to HSWC for wheat procurement** Mumbai based National Bank for Agriculture and Rural Development (NABARD) has sanctioned a loan of **1000 crore** rupees to **Haryana State Warehousing Corporation (HSWC)**.

- The loan aimed for the purchase of wheat during the ongoing **Rabi Aprketing season**.
- The Haryana Food and Supplies Department anticipates **around 75 lakh metric tonnes** of wheat in the current season.

**IT department to pay interest on TDS refund** The Income Tax Department planned to **add interest to delayed refunds** made against excess TDS deductions and will also not litigate with the deductor on this issue in the future.

- Finance Ministry governed **Central Board of Direct Taxes (CBDT)** has issued a directive in this regard to the assessing officers of the Income Tax Department based on a 2014 Supreme Court order.

**Experian India launches new fraud solution for banking and insurance** Information services company **Experian** has launched **Hunter Fraud Score** a new scoring mechanism that measures the probability of fraud in a credit application across the banking and insurance industries.

- Earlier the company had launched the Hunter Fraud Management Services for the Insurance sector in India in Aprch this year and **have 6 life insurance companies** going live this month.

**New Zealand's dazzling NZD \$5 bill named best Banknote of the year** Mountaineer and Explorer **Sir Edmund Hillary** is featured on face of the **\$5 bill currency note** which is best **Bank Note of the year**  
**Designed by:** Canada Banknote Company

- Canadian Bank note Vice President of Aprketing, Michael Delich expressed that the design was made on collaboration with the Reserve Bank of New Zealand

**Banks have to report foreign contribution to NGO's within 48 hours** All the Banks mandated to report to the **central government** within **two days** any information on NGOs getting foreign funds.

- The amended **Foreign Contribution (Regulation) Amendment Rules 2015** directed these rules in Gazette of India on December 2015.
- As per the rules banks have to report to the central **government within 48 hours any transaction** in respect of receipt and utilization of any foreign contribution by any person.

**MoU between Insurance Regulatory and Development Authority of India and the Insurance Authority, UAE** Union government has given its ex-post facto approval for the Memorandum of Understanding (MoU) that links Hyderabad based Insurance Regulatory and Development Authority of India (IRDAI) and the **Insurance Authority of United Arab Emirates.**

- The agreement pave the way for **enhanced cooperation** between the two bodies in the field of **insurance supervision** by providing a framework for co-operation such as channels of communication.

**DBS Bank launches mobile-only bank** Singapore based **DBS Development Bank** launched a **mobile-only bank** in India. The dedicated **digibank** uses technologies like biometrics and artificial intelligence for paperless, signature-less and branchless bank.

- The virtual bank will **influence biometrics-integrated ID and Aadhaar** card to ensure that that there is no paperwork. It will provide customer service **via a 24x7 artificial intelligence-driven** assistant networks.

**BlackBerry launches payments service in India called BBM Money** Canada based Mobilephone maker BlackBerry and Digitsecure a payments platform have jointly to bring **BBM Money** to India. It is noted that service is limited to inter-BBM transfers.

- The App named **BBM Money** which integrates directly with a customer's BlackBerry Messenger (BBM) account and permits users to pay for goods using **the BBM platform.**

**I-T department publishes direct taxes related data for first time** Central Board of Direct Taxes has released a hard data on the total number of taxpayers in the country. This is the **first time the** board released such details.

- The data shows the income **disclosed in IT returns** by various category of taxpayers and number of PAN holders in the country for a chosen period of time.

**BSE inks pact with Korea Exchange to list Sensex-based derivatives** World's fastest Bombay stock exchange has inked a memorandum of understanding (MoU) with Korea Exchange (KRX) of South Korea for **listing S&P BSE Sensex-based derivatives contracts on the latter.**

- The MoU is expected boost the **sharing of information**, and foster new opportunities for the exchanges and their respective issuers.

**Mumbai Based NABARD partners Germany for Food Security initiative** National Bank for Agriculture and Rural Development (Nabard) joint venture with German government for a special programme on **'Soil Protection and Rehabilitation for Food Security' Delegation: Economic** Cooperation and Development (BMZ) Ministry of Germany, headed by Stefan Schmitz, Commissioner **Two major Programmes**

1. Soil conservation and rehabilitation of degraded land for food security in Maharashtra and Madhya Pradesh and innovation of watershed development for rehabilitation of degraded soils
2. Climate change adaptation in five states (Andhra Pradesh, Telangana, Maharashtra, Gujarat and Rajasthan).

**SIDBI signs MoU with Saarc Development Fund Small Industries Development Bank of India and SAARC Development Fund (SDF)** has signed a Memorandum of Understanding (MOU) for mutual cooperation and collaboration.

- Under this MoU SDF and SIDBI to work jointly in co-funding of projects in Indian MSMEs on risk sharing basis in identified sectors, development of suitable financial products for SME financing for **MSMEs** of other Saarc states.
- This agreement seeks for technology transfer and making available software to MFIs regarding loan tracking systems in other Saarc countries and capacity development **of SDF/SIDBI and SME funding institutions.**

**Credit Suisse's "Emerging Consumers scorecard 2016" topped by India** India sat again on the top of the **Credit Suisse Emerging Consumer Scorecard 2016.** In accordance with the report, **Indian consumers** stay more **optimistic** about their present and future funds and moderately low inflation expectations.

- The report by Credit Suisse covered **9 countries.**
- India has been followed by **China and Saudi Arabia** both of which shared the **second position.**

**Countries Covered** – Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa and Turkey.  
**Rank of other Countries** – Indonesia (4<sup>th</sup>), Turkey (5<sup>th</sup>), Mexico (6<sup>th</sup>), Brazil (7<sup>th</sup>), South Africa (7<sup>th</sup>) and Russia (8<sup>th</sup>).  
**Premises of Report** – It was based on the **consumer sentiment** affected by **weak currencies, political risk and commodity exposures.** **India To Notch Up To 7.5 % Growth In 2016-17 : IMF** In its Economic Outlook IMF **retained its 7.5 per cent GDP** expansion forecast for India in **2016 and 2017.**

- IMF suggested the government to **size down the subsidies**, initiate labour reforms and dismantle infrastructure bottlenecks to sustain strong growth.
- In India, growth is projected to notch up to 7.5 per cent in 2016-17, as forecast in October.

**EPFO to launch system for discouraging premature withdrawals** Employers Provident Fund Organisation has launched **One Employee One EPF Account** system on labours day (May1) to put off early PF withdrawals and to give fillip to state governments to join its pension system.

- The decision comes after the Central government' rollback to tighten **PF withdrawal norms** restricting subscribers to withdraw employer's share of PF contributions (3.67 per cent of basic wages) before the age of 58 years.
- All running contracts and future contracts by **municipalities** be **scrutinized** to join all eligible employees and to secure compliance under this initiative.
- In the function labour minister launched a software named **EPFO-E-samkisha** has been launched for centralized processing that will transfer and consolidate accounts with ease

**Paytm ties up with Wipro for payments bank** Mobile payments major **Paytm** has joined hands with Bengaluru based IT major **Wipro Ltd** to

create the requisite technology infrastructure for its payment bank Which is said to start its operations soon. **(i)** This tie up is to implement the **core banking solution** for Paytm and also programme managing the integration of other key systems like the anti-money laundering solution and the regulatory reporting solution. **(ii)** The IT major Wipro will service to Paytm in interface its existing systems with the core banking solution. **NSE to launch new exchange for MSMEs (i)** Mumbai based **National Stock Exchange** to launch a trading platform for small and medium enterprises (SMEs). This is the first dedicated exchange for **micro SMEs. (ii)** The exchange where **MSME bills against** large companies can be accepted electronically and auctioned so that these small enterprises are paid promptly. **(iii)** The new platform is a joint initiative of NSE and **Small Industries Development Bank of India (SIDBI). (iv)** This is in line with the Central Bank's (RBI) idea to instrument such a model for the benefit of a vast section of **small businesses in India. The International Monetary Fund has continued growth forecast for India this year at 7.5 per cent The International Monetary Fund is forecasted constant growth for India at 7.5%**

- The growth was driven Private consumption, Weak Exports and Sluggish credit growth weight on the Indian Economy.
- IMF insisted the policymakers to speed up the structural reform implementation in order to formulate the private consumption because our economy majority benefitted by Private Consumption and has benefited from lower energy prices and higher real incomes.

**Regional Economic Outlook for Asia and Pacific IMF stated that Weak Exports and Sluggish credit growth will weigh on the economy Statement by International Monetary Fund:**

- Continued growth forecast for **India** in 2016 mounted at **7.5 %** by **private consumption** the in latest economical view for Asia and the Pacific even mediocre in exports and slack credit growth will have a weigh on Indian economy
- Beneficial accounts of lower oil prices in India makes shifted economy in the world
- **GDP** increase upto **7.5 per** cent this year
- Enhancement of Indian GDP growth reaching 7.3 per cent in 2015 and it is forecasted to **7.5 percent within 2017.**
- The public infrastructure investment and government measures up-to-date the investment projects.
- The steps to supply bottlenecks in mining and power management sectors
- To increase the labour market adaptable in formal sector which is important in future growth of India

**Kotak Bank opens international unit in Gujarat's GIFT City** i. Mumbai based **Kotak Mahindra Bank** has opened IFSC Banking unit at Gujarat International Finance Tec-City (GIFT) City. **ii.** Earlier IBUs of YES Bank,

Federal Bank and ICICI Bank have put their operational at the GIFT city. With this Kotak Mahindra Bank Ltd became the fourth bank to open its IFSC Banking Unit (IBU). **iii.** In the past **six months over \$250 million** worth of business transactions done at IFSC GIFT city which is attracting interest from the BFSI sector in India **Wilful defaulters owe Rs 66,000 cr to govt banks i.** Minister of state for finance **Jayant Sinha** informed in **Rajya Shaba** that sickening banking sector has increased the number of wilful defaulters of PSBs **from 5,554 to 7,686** in three years to December 2015 **ii.** Despite the fact that the amount involved more than doubled in the period to **Rs 66,190 crore** from **Rs 27,749 crore.** **iii.** The top 50 defaulters of PSU's had an exposure of **Rs 1.21 lakh crore** as on December last year. **iv.** In the total amount in the wilful defaulter category accounts about 16 percent of the overall bad loans (**Rs 400,000 crore**) of Indian banks. **MCB Capital Markets introduces India Sovereign Bond ETF Initiator : MCB Capital Markets** introduces **World's first Exchange Traded Fund** focused on India's sovereign bonds. **Purpose :** To provide global investors access to the Indian government securities. MCB India Sovereign Bond ETF, a global adaptation scheme, will invest in sovereign bonds with a typical maturity between **8 and 13 years.**

- The initial offer period of the fund will close on **May 27** . The ETF will start trading on stock exchange of Mauritius on June 6.

#### **Effective feature:**

- Investment into the Indian sovereign bond market makes easier
- Investors with regular short-term returns
- The payment of half yearly dividends in US dollars

#### **Difficulties in olden structure:**

- Accessing of foreign investors with minimum investment thresholds
- Ceilings on foreign holdings
  
- Other regulatory processes
- Potential for capital appreciation

**ETF Chairman Gilbert Gnany** said that the partnership are made with ZyFin by introducing the First ETF by the MCB Capital Market. He also noted the dwelling place is in India that are listed in the Mauritius. **Capital investment :** 50 per cent of investments in India go through Mauritius. **Cabinet approves currency swap deal with UAE i.** Union Cabinet chaired by the Prime Minister Narendra Modi has approved the Memorandum of Understanding (MoU) between **Reserve Bank of India (RBI)** and Central Bank of United Arab Emirates (UAE) on co-operation concerning **currency swap agreement.** The MoU inked in February, this year. **ii.** The MoU will further strengthen the close **economic relationship** and cooperation between the sides. **iii.** Under this approval India and the UAE will be a step closer to **bilateral currency swap** on mutually agreed terms and conditions. **iv.** The agreement is to be expected to facilitate **invoicing of bilateral** business in local currencies. **NASSCOM, Facebook ink MoU to engage with India's entrepreneurs i.** Indian IT Trade body **NASSCOM** has signed a **MoU with Facebook** to build a product design initiative to help young entrepreneurs into becoming problem solvers and solution builders. **ii.** This initiative is likely to propel innovative thinking and approaches to build solutions in key sectors where technology can play a transformational role. **iii.** The MoU is aimed to help develop this ecosystem and bring in the design thinking. The idea is to ensure that at least **500 plus product start-ups** get enabled tools programs, more than 5,000 design thinking professionals.

**IREDA may be converted into a Green Bank i.** State owned **Indian Renewable Energy Development Agency (IREDA)** may be converted into a **Green Bank** to enable it to access funding from overseas banks. **ii.** The conversion will be done without undergoing any alteration in its basic structure to enable it access funding from overseas banks that are currently not supporting the solar and wind funding. **iii.** The proposal is being well supported by the **Union Power Ministry** as this conversion would pave the way to avail of certain benefits. **iv.** A

green bank could offer lower interest charges than traditional banks and tap into international capital to finance solar and wind projects to help Indian power sector.

v. The country needs as much as **USD 264 billion** in funding to reach its target of producing **160 GWs** of power from solar and wind energy by **2022**. **ICICI Bank signs MoU with BRICS Grouping-promoted New Development Bank Situated in : Mumbai Headquarters : Shanghai Private sector : Lender ICICI Bank BSE at 1.54 % Established: New Development Bank (NDB) The first financial institution in the country to tie up with the BRICS Grouping. Purpose:**

- partnership in bond issuances
- cofinancing
- treasury management
- human resources

**NDB's first president :** ICICI Bank experienced person KV Kamath **Agreement:** To create a platform for sharing knowledge and deepening network connectivity between NDB and ICICI Bank after signing the MoU along with ICICI Bank chief Chanda Kochhar. **Mutual Cooperation:**

- The NDB began operations with an initial capital of **USD 100 billion** last year as a multilateral development bank.
- Promoted by **Brazil, Russia, India, China and South Africa.**

**Announcements:** The First set of loans involving financial assistance of **USD 811 million**. **Purpose:** To support building of 2,370 mw of power capacity within the member countries. Out of his USD 250 million has come to state run **Canara Bank** for on lending to renewable energy projects.

**Federal Bank ties up with US based Payments Company for faster international remittances i. Kochi based Federal Bank** joined with **Transfast Remittance LLC** for facilitating online inward remittance to India in Rupees for their **NRI customers based in USA**. **ii.** Both the sides has entered into arrangement with this tie-up, the US-based NRI customers can transfer money instantly to their NRI account in India from their US bank account even by using **Debit card/ Credit card**. **iii.** Transfast is a prominent **omni-channel provider** of cross-border payments solutions and operates a best-in-class network across **120+ countries in the USA, Asia, Europe and Africa**. **iv.** Customers can also send money even by creating an account on transfast platform or by downloading **Transfast App**.

**ECB set to decide fate of 500-euro banknote i.** The Central Bank of Europe is mulling to **decide the fate of the 500-euro banknote**, as these denominations associated with money laundering, the black market and terrorist financing. It is the **largest denomination banknote** in the single currency by the bank.

**ii.** The violet-coloured 500-euro bills account for just three per cent of the total number of banknotes in circulation, but **28 per cent of the total value**.

**iii.** The council is likely to **vote to stop issuing** them, as such notes are the preferred payment mechanism of those pursuing illicit **India has secured ninth position in the 2016 Foreign Direct Investment Confidence Index** **Vikas Kaushal Speech:** He said that being grown belief among global business leaders that India is finally **embarking on a growth path that will see it unlock its full potential**.

- He also noted the government has kick started reforms and has undertaken various measures **to boost domestic demand, employment and macroeconomic stability in the country**.
- He **clarified** that the **global economic environment continued uncertainty in India** and it is likely to **fastens the growth rate**.

- He denoted that India has emerged as **the fastest growing economy in the world**, surpassing China as well as Brazil, Russia and South Africa.

#### **The Index of a London:**

- The Index of a London-based consulting firm **progresses political, economic, and regulatory changes** which **likely affect FDI**.
- The Index is constructed using primary data from a proprietary survey administered to senior executives of the world's leading corporations.

**Economic Survey:** In this year's survey, **32 per cent** of the **respondents** suggested that **more optimistic** about India's economic overview **over the next three years**. **The results of the Index:**

- Show that domestic market size
- Cost of labour
- Regulatory transparency
- Lack of corruption

#### **Rank Postions of Various Countries:**

- The **US and China** hold **top two positions in FDI Confidence Index**
- **Canada** ranked at **third position**.
- **Germany** secured **fourth position**.
- The **UK, Japan, Australia and France** secured the **fifth, sixth, seventh and eighth position**
- **Singapore** secured the **tenth position**.

**FDI Definition:** A foreign direct investment is a controlling ownership in a business enterprise in one country by an entity based in another country. **Asian Development Bank raise granting India to USD 3 billion Initiator:** **Asian Development Bank (ADB) Purpose:** To enhance its lending to India to USD 3 billion this year to support 'robust growth' in the country. **Discussion of ADB President Takehiko Nakao :**

- About increase lending to India
- More requirements of infrastructure funding to India.

#### **His Contributions and his gratitudes:**

- He **completed** a strong replenishment of **ADF 12** for the **period 2017-20**.
- He **thanked** the **32 donors** for their generous **contributions**, despite difficult fiscal situations in some of your countries.

**Contributions from emerging Asian economies:** It is **increased** to **11.7 per cent**, compared with **6.9 per cent** during the ADF 11 period. **Innovative features:**

- Doubling of the minimum allocation for small countries
- Strengthened support for disaster risk management



- Regional health security

### Future Goals

- The **bank is committed to double financing** for this to **USD 6 billion by 2020** from the current level of USD 3 billion
- **Strategy 2030** will help define approach to the **Sustainable Development Goals and COP21**.

### IDBI Bank first state-run bank to open branch at IFSC

**i.** Mumbai based **IDBI Bank** has decided to open an international banking unit (IBU) at the International Financial Services Centre (IFSC) in Gandhinagar.

**ii.** This is the **first state-run bank** to open for IBU centre. Yes Bank, Federal Bank and ICICI Bank have been operating branches in GIFT city.

**iii.** Recently Private **player Kotak Mahindra Bank** opened its branch **at the IFSC** as these would provide full range of corporate banking services and would meet foreign currency funding needs of it clientele. **iv. Over USD 250 million** worth of business transactions were conducted at **GIFT City** in the past six months.

**YES Bank gets SEBI nod to provide custodian services** **i.** Mumbai based Securities market regulator **SEBI** has gave **in-principle** approval to **YES Bank** for it to act as custodian of securities. **ii.** The licence-holder of CoS allows the entity to offer custodial services to financial market participants, including FIIs and **foreign portfolio investors (FPIs)**. **iii.** Yes Bank aims to establish this business within **12 months of approval**. The bank had earlier received the **RBI's approval** to enter the CoS business. **iv.** The Private sector lender plans to invest in **developing operations, technology and human capital capabilities** before it seeks registration with **SEBI as a custodian** **India ranks ninth in crony-capitalism index** **India is ranked at ninth position in crony-capitalism with crony sector wealth accounting for 3.4 per cent** of the gross domestic product (**GDP**).

• As per the **latest crony-capitalism index, the noncrony sector wealth amounts to 8.3 per cent of the GDP**.

**Forbes published :** List of the world's billionaires and their worth.

- **Germany** is the cleanest with **least number of crony capitalists**.
- **Russia fares worst in the index**, wealth from the country's **crony sectors amounts to 18 per cent of its GDP**.
- Russia tops the list followed by Malaysia, the Philippines and Singapore.

### Recent Study:

- Being tumbled energy and commodity prices politically connected tycoons has been felt the squeeze in recent years.
- Among the **22 economies in the index, crony wealth has fallen by USD 116 billion** since 2014.
- If commodity prices rebound, crony capitalists wealth is likely to rise again.

**Saraswat Bank donates Rs 1 cr relief for drought in Maharashtra** **i.** India's largest urban co-operative bank Saraswat has donated of Rs one crore towards relief work drought conditions in various parts of Maharashtra. **ii.** The bank's Vice Chairman **Gautam E Thakur** handed over a cheque of Rs 50 lakh to Maharashtra CM Devendra Fadnavis Of the 1 crore handed over another cheque of Rs 50 lakh to NAAM Foundation. **iii.** The NAAM

Foundation, an NGO started by actors **Nana Patekar** and Makarand Anaspure, specifically aimed at alleviating the impact of drought.

**Banks in Telangana to provide Rs 6000 cr loans to poor under Mudra Yojana** i. The banks in Telangana state will provide **6000 crore rupees loans** to the poor under Mudra Yojana this year to benefit about 8 lakh people for their small business.

ii. Union Labour Minister **Bandaru dattatreya** informed this in the held a review meeting with bankers in Hyderabad. iii. After the review meeting that Agriculture loans to a **tune of 40 thousand crore** rupees will be disbursed during the current year. iv. The minister also requested the state government to release the third instalment of farm loan waiver programme in the state. **South Indian Bank announces tie up with National Australian Bank** i. Thrissur-based **South Indian Bank** has tied-up with **National Australia Bank (NAB)** for online **inward remittance** from Australia at competitive rates. ii. The remittance fee is as **low as AUD 7** and the arrangement enables faster, **hassle-free remittance** through internet at the best exchange rates as the exchange rate is decided by the Bank. iii. NRI customers in Australia would get the best possible rates. The remitted money can be either converted into **Indian rupee** or can be kept in **Australian dollar**. iv. The Kerala based Bank is also having tie-ups with leading banks and exchange houses in the USA, **Europe, and Asia**. **RBI releases draft norms for universal bank licences on tap Initiator:** The Reserve Bank of India **Released Guidelines:** Tap licensing of universal banks in the private sector.

- **Allowing individuals with 10 years of experience in banking and finance** to apply for a licence successful track record for at least **10 years** are eligible to apply for a licence.
- **The initial minimum paid-up voting equity capital** required is **Rs.500 crore**, and thereafter the bank should maintain a minimum net worth of Rs.500 crore at all times.
- Applications will be screened by the RBI to assess the eligibility of applicants with regard to the criteria laid down in the guidelines.
- **RBI may apply** additional criteria to determine the suitability of applications, in addition to the **'fit and proper'** criteria.

#### **Central Bank Announcements:**

- Entities in the private sector that are owned and controlled by residents.
- To have a successful track record for at least 10 years, provided that if such entity has total assets of Rs 5,000 crore or more.

The **non-financial business** of the group does not account for **40%** or more in terms of **total assets in terms of gross income**. **Reserve Bank of India Announcements:**

#### **Minimum capital requirement:**

1. The **promoters and the promoter** group shall hold a minimum of **40% of the paid-up voting equity capital** of the bank which shall be locked in **for a period of five years** from the date of commencement of business of the bank.
2. **The promoter group's shareholding** shall be brought down to **15%** within a **period of 12 years** from the date of commencement of business of the bank.

#### **Standing External Advisory Committee (SEAC) :**

1. The applications will be referred to a **Standing External Advisory Committee (SEAC)** to be set up by the RBI.
2. The SEAC will comprise eminent persons with experience in banking, financial sector and other relevant areas and will have a **tenure of three years**.
3. The SEAC will set up its own procedures for **screening applications** and will meet as and when required.

4. The committee will reserve **the right to call** for more information as well as have discussions with any applicants and seek clarification on any issue as may be required by it.
5. The committee will then submit its recommendations to the central bank for consideration
6. The validity of the in-principle **approval issued by RBI** will be **18 months from the date of granting in-principle approval** and would thereafter lapse automatically.

**New Initiatives of this Process: Eligible promoters:**

1. Existing NBFCs that are **'controlled by residents'** and have a successful track record for at least **10 years**.
2. **Individuals** or professionals who are **'residents'** and have **10 years of experience in banking and finance**.
3. Entities in the **private sector** that are **'owned and controlled by residents'**.

**Foreign shareholding in the bank:** The foreign shareholding in the bank would be as per the existing foreign direct investment (FDI) policy subject to the minimum promoter shareholding requirement. **Listing requirement:**

- The bank shall get its shares listed on the stock exchanges within six years of the commencement of business by the bank.
- The bank shall open at least **25% of its branches** in unbanked rural centres.

**RBI to issue Rs 1000 banknotes with inset letter R i.** Mumbai based Reserve Bank of India is mulling to issue **banknotes of 1000 rupees** denominations with inset **letter 'R' in both** the number panels. **ii.** The banknotes will also have on the obverse side that all the other security features, including ascending size of numerals, bleed lines and enlarged identification mark,

**iii.** These banknotes will bear signature of RBI Governor **Raghuram Rajan**. It will also have the year of printing **2016 printed** on the reverse side. **Currency Notes:** The current series of banknotes that began in 1996 is known as the **Mahatma Gandhi series**. Indian currency notes are printed by two different bodies namely. 1. Bharatiya Reserve Bank Note Mudran Pvt Ltd (BRBNMPL) 2. Security Printing and Minting Corporation of India Ltd (SPMCIL) **ICICI launches country's 1st contactless credit card for SMEs** i. India largest private sector bank ICICI in association with Jet Airways launched the country's first 'contactless' credit cards for small and mid-sized enterprises and their employees. ii. The card Debuted 'Jet Airways ICICI Bank Business Advantage Card' the co-branded credit card will help customers to save on their business expenses. iii. The Mumbai based lender is the first bank globally to offer a dual advantage reward programme on the expenses and repayments of the credit card. **Uday Kotak sole Indian financier in Forbes' most powerful list Chief of Kotak Mahindra Bank : Uday Kotak**

- Assets worth about **7.1 billion dollars**
- His name added in the Forbes' list of 40 of the most powerful people in the financial world as an Indian.
- He uses to control the flow of trillions of dollars around the global economy.
- **Kotak is ranked 33rd** in the **Forbes list** of 'Money Masters: The Most Powerful People in the Financial World'
- **Blackstone Group's CEO Stephen Schwarzman** in **topped** ranking assets worth about 10.2 billion.
- His oversees assets worth of **344 billion dollars**.

**Forbes Announcements:**

- The hedge fund managers, private equity moguls and lenders who control the flow of trillions of dollars around the global economy

- Kotak bank is being supervised 34.6 billion dollars in assets
- Indian billionaire has made his fortune lending to the denser masses between Mumbai and Delhi
- The bank is being continued to offer 6% on savings accounts, even in higher falling rates
- Kotak is enthusiastic on his native country and believes investing in India is like a Bollywood movie
- Even in lowered in the asset prices, The chief of the bank is trying better option to invest money to work
- It also includes real estate deals in India
- PMorgan Chase CEO Jamie Dimon on the third rank
- Berkshire Hathaway head Warren Buffet fourth rank
- Goldman Sachs Chairman Lloyd Blankfein in the ninth rank
- Soros Fund Management chief George Soros in the tenth rank

#### **RBI issues norms for prior approval of branch offices by foreign entities in India**

- The India's Central Bank- Reserve Bank of India has directed that entities from **Pakistan, China, Bangladesh** and four other regions including Sri Lanka, Afghanistan, Iran and Hong Kong or Macau will require its prior approval to establish branch office or project office in India.
- RBI's Permission is required** for opening a Project/ Branch Office in Jammu and Kashmir, North East region and Andaman and Nicobar Islands as well. The Banker's bank's approval would also be required if the applicant is a Non-Government Organization (NGO), a Non-Profit Organization, or a Body/ Agency/ Department of a foreign government.
- In the case of proposal for opening a PO involving to defence sector, no separate reference or approval of Government shall be required if the non-resident applicant has been awarded a contract by/ entered into an agreement with Ministry of Defence.

#### **SEBI to tighten KYC, transfer norms for Participatory Notes (P-Notes)**

- Mumbai based Securities and Exchange Board of India is likely to tighten the norms for **participatory notes (P-Notes)** to curb round-tripping and **restrict money laundering** to follow recommendations made by Special Investigation Team on black money.
- The changes include requirement of increased disclosures on transfer and prior consent of issuer on transfer, bringing P-Notes under **know-your-customer and anti-money laundering norms** and reporting suspicious transactions to the financial intelligence unit.
- Under these rules KYC review will be done on the basis of **risk classification** assigned to subscriber. The Market regulator will have to take remedial action in case of any breaches.

#### **India's GDP likely to expand by 7.7% in FY17: NCAER**

- New Delhi based non-profit Economics think tank projected India's economic growth rate to grow marginally to **7.7 percent** in 2016-17.
  - Sub-par monsoon have resulted on the output in the last two years of the agriculture sector that has witnessed meagre growth on account of drought in the past.
  - The average rate of growth in the agricultural and allied sectors' GDP for 2014-15 and 2015-16 has been a **low 0.5 percent**. **iv.** Earlier the Confederation of Indian Industry of India predicted that it is likely to register a GDP growth of around 8 percent in current fiscal.
  - IMD has predicted monsoon for this fiscal at 106 per cent of the Long Period Average with a model error of **± 5 %**. **Income Declaration Scheme 2016 for domestic black money to commence from June 01** Finance Ministry announced that the **Income Declaration Scheme 2016** will remain functioning till **September 30** for filing of Declarations and Payments towards ♦ Taxes ♦ Surcharge ♦ Penalty The following payments must be made latest by November 30.
- Declarations can be filed online or with the Principal Commissioners of Income-tax

- Assets specified in the declaration will be exempted from Wealth tax
- Non-payment of total taxes, surcharge and penalty in time or declaration by misrepresentation or suppression of facts shall render the declaration void

**The four month window:** Declaration of domestic black money will start on June 1 and those opting to come clean by paying 45 per cent tax and penalty, will not be subjected to scrutiny and enquiry by tax department. **The Income Declaration Scheme 2016**

- No scrutiny and enquiry under the Income-tax Act or the Wealth tax Act shall be undertaken
- Immunity from prosecution under the Income-tax Act and Wealth Tax Act is also provided along with immunity from the Benami Transactions (Prohibition) Act, 1988.
- Announced by Finance Minister ArunJaitley during the Budget session

**Aim:** To fish out black money from the domestic economy **Earlier scheme by Finance Ministry:**

- The government had already come out with similar scheme for Indian holding undisclosed income abroad
- The scheme is part of Finance Act, 2016
- The scheme will apply to undisclosed income whether in the form of investment in assets or otherwise, pertaining to Financial Year 2015-16 or earlier
- Declared by the eligible persons
- India would be taxed at the rate of 30 per cent
- KrishiKalyanCess of 25 per cent on the taxes payable
- Penalty at the rate of 25 per cent of the taxes payable
- Totaling to 45 per cent of the income declared under the scheme

**RBI authorises 29 agency banks to accept payments of I-T dues** i. Reserve Bank of India has appealed to **income tax assesseees** to remit their income tax dues sufficiently in advance of the due date **to avoid last minute rush.**

ii. This initiative will obviate the inconvenience involved in standing in long queues at the Reserve Bank offices. **iii.** In a bid to cope with the pressure of issuing receipts RBI has taken such a move which is although additional counters to the maximum extent possible are provided for the purpose. **iv.** Totally 29 agency banks are authorised to accept payments of Income Tax dues Which includes State run lenders as well as Private players, They are

- |                          |                                    |
|--------------------------|------------------------------------|
| 1. Allahabad Bank        | 16. Syndicate Bank                 |
| 2. Andhra Bank           | 17. UCO Bank                       |
| 3. Bank of Baroda        | 18. Union Bank of India            |
| 4. Bank of India         | 19. United Bank of India           |
| 5. Bank of Maharashtra   | 20. Vijaya Bank                    |
| 6. Canara Bank           | 21. State Bank of India            |
| 7. Central Bank of India | 22. State Bank of Bikaner & Jaipur |
| 8. Corporation Bank      | 23. State Bank of Hyderabad        |
| 9. Dena Bank             | 24. State Bank of Travancore       |
| 10. IDBI Bank            | 25. State Bank of Mysore           |
| 11. Indian Bank          | 26. State Bank of Patiala          |

- |     |                           |     |                      |
|-----|---------------------------|-----|----------------------|
| 12. | Indian Overseas Bank      | 27. | HDFC Bank Ltd.       |
| 13. | Oriental Bank of Commerce | 28. | Axis Bank Ltd.       |
| 14. | Punjab & Sindh Bank       | 29. | ICICI Bank Ltd.      |
| 15. |                           |     | Punjab National Bank |

**IDFC Bank launches #IDFC Twitter Resume campaign on Twitter to find prospective employees, attract millennials**

- i. Mumbai based IDFC Bank has launched Twitter campaign dubbed #IDFCTwitterResume which will help in applying for a new job as simple as sending out a tweet.
- ii. The newest private bank has just rolled out the first-of-its-kind campaign, where you can sell yourself in 140 characters and **land a job in the bargain.**
- iii. The soft launch intends to post job vacancies that there are about **12-14 profiles** on offer at junior to mid-levels, largely across sales, service and operations.
- iv. The bank intends to make **around 500-700 closures** through this medium even as it looks to nearly double its current workforce **to 4500-odd by the end of this fiscal.**

**DBS Bank to set up new technology hub in Hyderabad** i. Singapore-based **DBS Bank** has decided to set up its biggest technology hub outside its headquarters in Hyderabad. The company also plans to hire **about 1,500 people** over the next two years. ii. This decision from the Singapore major is to **focus on technology** and in order to grow it, the lender has launched a **mobile-only bank recently.**

iii. This tech hub comes at a time when the lender is awaiting clearance from the RBI India to convert into a wholly-owned **subsidiary in the country.**

**Appointment:** •

The lender has appointed **Mohit Kapoor** as the **head of its Technology Development Centre** in Hyderabad.

- Earlier he was the global delivery leader and chief technology officer at Bank of America. **RBS to close retail banking operations in India**
- i. Royal Bank of Scotland is to shut its banking operations in India having given up on efforts to find a buyer as the planned to reduce its international operations to **13 countries from the current 38.**
  - ii. The Bank planned to shut its **10 retail branches**, as it exits the country as part of a plan to reduce its global footprint. It has less than **400 employees** in India.
  - iii. The UK lender started seeking buyers **in 2015** and drew interest from local lender IDFC and Singapore based **DBS Holdings.**
  - iv. Earlier the bank In India has sold the offshore loan book and private banking business. **Five associate banks to merge with SBI**
    - i. Country's largest lender **State Bank of India** has planned to merge its five associate banks and also to **merge Bharatiya Mahila Bank.** All six **are state-owned.**
    - ii. A merger would create a banking behemoth with a balance sheet size **of Rs.37 trillion** that is also set to acquire their businesses **including assets and liabilities.**
    - iii. The five associate banks have a collective advances **base of Rs.3.78 trillion** and a deposit base of Rs.5.03 trillion.
    - iv. While the BMB was created **in 2013 by the UPA** government, particularly to cater to women's lending needs based in Delhi. The Banks to be merged with the SBI are,
      - 1.State Bank of Bikaner and Jaipur,

- 2.State Bank of Hyderabad,
- 3.State Bank of Mysore,
- 4.State Bank of Patiala,
- 5.State Bank of Travancore,
- 6.Bharatiya Mahila Bank Limited.

### **Nepal SBI Bank launches payment gateway**

**i.** SBI's subsidiary **Nepal SBI Bank** has launched payment gateway to facilitate online trade and non-trade transactions between the **Himalayan nation and India**.

**ii.** Under this payment gateway customer of Nepal SBI Bank can utilise various features of mobile banking and other value added services.

**iii.** The Payment Gateway was inaugurated by SBI Managing Director B Sriram, and Indian Ambassador to Nepal Ranjit Rae

**iv.** The lender also handed over a cheque for **Rs 5.21 crore** to Nepal Prime Minister K P Oli for PM Natural Disaster Relief Fund. **PNB reports Q4 loss of Rs 5,370 crore, biggest in Indian banking history** **i.** New Delhi based Punjab National Bank has reported a **net loss of Rs 5,370 crore** in the March quarter, the biggest ever quarterly loss in India's bank history. As the bank has had reported a net **profit of Rs 307 crore** in the last year quarter.

**ii.** PNB's gross nonperforming assets (NPAs) **poured to 12.9%** in the fourth quarter, as **against 8.47%** in the December **quarter**.

**iii.** In terms of absolute figures the gross NPAs for the quarter **stood at Rs 55,818 crore**, as against Rs **34,338 crore** in the same quarter.

**Honda partners with IndusInd Bank for two wheeler financing** **i.** Country's second-largest two wheeler maker **Honda Motors Scooter India (HMSI)** has partnered with Mumbai based IndusInd Bank to cater **retail finance to buyers**. The company aims to sell over **5 million** units in the current fiscal.

**ii.** The Lender will provide Finance Assistance to the eligible players also customers of Honda buy a Honda two wheeler at an attractive rate of interest but also can earn benefits **of up to Rs 7,500**. **iii.** Buyers can avail loan of up **to 90% of the product value** to be repaid in up to 36 months. Other benefits include waiver of processing fee and a quick **loan approval within an hour**. **Nomura exits mutual fund JV with LIC**

**i.** Tokyo based **Nomura financial Services Company** has wholly withdrawn its mutual fund joint venture with LIC of India. In the aftermath LIC Nomura Mutual Fund has now been renamed **LIC Mutual Fund**. **ii.** Upon this LIC holds a **45 per cent stake** and LIC Housing Finance a **20 per cent stake** in the venture, however Japanese firm, Nomura owns **35 per cent** shares.

**iii.** **LIC Nomura Mutual Fund** has managed assets of almost Rs. 13.156 crore as of March this year.

**SEBI tightens P-Note norms to check money laundering** **i.** Mumbai based **Securities and Exchange Board of India** has **tightened** the norms for **Participatory Notes** in order to check misuse of these instruments in **round-tripping** and **money laundering**. **ii.** **This new directives for Offshore Derivative Instruments** issuers need to come under the KYC ambit of Indian norms and the subscribers early nod from the ODI issuer in the event of transfer of the instruments to another **offshore investor**. **iii.** The Market Watchdog Board also **cleared the proposal of mandatory dividend** distribution policy for the top **500 listed firms** also ODI issuers need to prior signal to the Financial Intelligence in case of any **suspicious transaction**. **United States based World Bank announced Pandemic Insurance plan to mobilize funds** The Pandemic Emergency Financing Facility will generate global and national responses to disease outbreaks that threaten large population after the 2014 Ebola Disaster in West Africa **Pandemic Insurance Plan:**

• **Announced by:** The World Bank

- To **organize funds** quickly against virulent disease outbreaks
- Combination of **disaster insurance and bonds**

#### Speeches by World Bank Head:

- Pandemics posed a serious threat to **global health and economic security**
- We were not prepared for the **disaster of the Ebola crisis in West Africa**
- **No effective international system** ready to respond quickly to a pandemic

#### Reaction of World Bank to Ebola World Bank head is a medical Doctor and expert on Health and disease put the bank response to Ebola

- The Bank took months to **pay millions of dollars or deploying health personnel, supplies** and relief to **Sierra Leone, Guinea and Liberia**
- Kim, the head announced the creation of the **PEF** at the gathering of G7 finance ministers in Sendai, Japan with a **\$50 million contribution**

#### Insurance Coverage:

- Outbreaks of **several classes of infectious diseases**
- **Orthomyxoviruses:** Influenza pandemic viruses A, B and C
- **Coronaviruses:** SARS and MERS
- Filoviruses: Ebola and Marburg and other zoonotic diseases
- Zika virus not included, the deadly mosquito – borne virus
- Mostly spreads in America, whereas the bank is setting up separate emergency **“Cash Window”** and other outbreaks not covered
- Under the programme the **77 least developed countries** will be covered by the insurance

#### **HSBC to halve branches in India as customers go digital**

**i.** London based Hong Kong & Shanghai Banking Corporation Holdings will shut halve the number of branch in India to 26 from the present 50 and keeping focus on retail banking **over digital channels**,

**ii.** The Branch Shut will lead to **over 300 employees being affected** also less than one per cent of its total workforce of **over 33,000 people**.

**iii.** The branches that are being closed service less **than 10%** of its Indian customers, also to be noted that the bank has been present in India **since 1853. India signs loan agreement with World Bank for IBRD loan of US\$ 100 million for ‘Karnataka Urban Water Supply Modernization project’**

**i.** The Loan and Project Agreements for World Bank (IBRD) assistance of **US\$ 100 million** for the Karnataka Urban Water Supply Modernization project were signed between Government of India/Government of Karnataka and the World Bank here today. **ii.** The Project is aimed to provide **city-wide access to a continuous piped water supply** in the eligible cities in Karnataka and also to reinforce the service delivery arrangements across the city.

**iii.** Karnataka Urban Infrastructure Development & Finance Corporation is the fulfilling agency for the project. It will hold four key components such as

- (i) Capital Investment Program (ii) Institution Building**
- (iii) Technical Assistance for Sector Development and**



**(iv) Project Management.** iv. The project set to be executed over a period of 6 years, to begin with the twin cities of **Hubballi-Dharwad**, with provision for other eligible cities to join the project later. **India Post payments bank to be operational from March 2017**

i. Union IT & Communications Minister **Ravi Shankar Prasad** informed that India Posts payments bank will start functioning from **March 2017**. ii. The minister stated that the proposal to start the Payments will be kept before the cabinet and postal payments bank will become operational from next march.

iii. The ministry will invest about **Rs.800 crore** ,**Rs.400 crore** by the department and the remaining amount will be equity part which is aimed for financial inclusion. iv. The payment bank approval from the Reserve Bank is valid for 18 months and all the entities are required to submit a detailed business plan after they get final nod.

**Indian economy to grow 7.7% in FY17: FICCI Survey** FICCI's **Economic Outlook survey** said growth in 2016-17 is expected to be supported by improvement in agricultural due to good monsoon and industrial sectors. Forecast by Reserve Bank of India:

◆ Forecasted 7.6 growth for the current fiscal due to favourable monsoon.

◆ The **agriculture sector** is expected to witness growth of 2.8% in 2016-17, with a range of 1.6% to 3.5%

◆ **Industrial growth** is expected to grow by 7.1% in 2016-17 and services sector growth is estimated at 9.6%.

### **Banking & Finance Awareness June 2016**

#### **Axis Bank launches India's first certified green bond at London Stock Exchange**

i. Mumbai based **Axis Bank** has announce the launch of India's first internationally-listed certified **green bond to finance** climate change solutions around the world at **London Stock Exchange (LSE)**.

ii. The lender invest the earnings of such bonds in green energy, transportation, and infrastructure projects.

iii. The Axis Bank's green bonds which are issued within its 5 billion dollars Medium Term Note (MTN) programme were certified by the **Climate Bonds Standards Board**.

iv. **Green Bonds are** a debt instruments that makes issuer to get capital while the investors receive fixed income **in the form of interest**.

v. The Bonds issuer gets capital from the investors only if the investment is being raised to fund green projects.

#### **SBI, Caixa Bank ink Pact to fund Indo-Spanish Joint Ventures**

i. **SBI and Spain's Caixa Bank** have signed a MoU to fund **Indo-Spanish Joint Ventures**& local businesses.

ii. **Signed by:** Caixa Bank's Executive Vice-President, International Banking, **Victoria Matia**and SBI's Chief General Manager **Sujit Kumar Varma**.

iii. The banks will collaborate in areas of **mutual interest** such as syndicated loan business, guarantee transactions, trade finance and export credit agency finance, infrastructure finance and networking services. **ADB approves \$100 million loan for irrigation system in Tamil Nadu**

i. Manila based Asian Development Bank (ADB) has approved a **\$100 million (around Rs660 crore) loan** to strengthen a key irrigation system and improve water management in **the Vennar sub-basin of Cauvery Delta in Tamil Nadu**.

ii. The project will build up the embankments of six major irrigation water channels in Vennar system to make them more resilient to floods and upgrade water regulators, **sluices and pump stations**.

iii. The Vennar irrigation project will support both **physical improvements** and **stronger water management**, giving a substantial boost to the lives of coastal district communities.

**Union Government approved setting up of India Post Payments Bank** Union Government headed by Prime Minister Narendra Modi has given its approval for setting up the **India Post Payments Bank (IPPB)** as a Public Limited Company under the Department of Posts with **100% Government of India (GOI) equity share**. **Total Expenditure incurred:** Rs. 800 Crore **Beneficiaries:** All Indian Citizens and 40% of the Country's People in

outside the country **Features of the Project:** India, World Bank sign agreement for efficient bus service i. Union Government and the World Bank has signed a 9.2 million US dollar grant agreement under the World Bank-Global Environment Facility Programme. ii. This programme is for the Efficient and Sustainable City Bus Service Project that intended in improving the efficiency and attractiveness of bus services in select Indian cities. iii. The International Bank for Reconstruction and Development will be the nodal agency of implementing the GEF for the project. The total cost of the project is \$113 million of which \$9.2 million will come as a grant from the World Bank and \$103.07 million will be funded by the Centre, state and city governments for the funding of buses and ancillary infrastructure.

- The Project will be implemented in the entire country in a **phased manner**
- Will get banking licence from RBI by **March 2017 and by September 2017**
- Services will be available across the country through **650 payments bank branches, linked post offices and modern technology including mobiles, ATMs, PoS/ m-PoS devices and simple digital payments.**

#### **Future Initiatives:**

- Adding the cause of **financial inclusion by providing basic banking, payments and remittance Services**
- Facilitate financial services like **insurance, mutual funds and pension**
- Tie up with third party financial providers to **give access to credit with focus on rural areas and unbanked & under banked segments**
- Generate opportunities for injecting **financial literacy** across the country
- Promote the largest bank in the **world in terms of accessibility and in time**
- Encourage the move towards a **less cash economy**

#### **Background:**

- The Project was announced **during Budget 2015-16**
- The Department of Posts had got the “**in principle approval**” of the Reserve Bank of Indian in September 2015 to set up the Indian Post Payments Bank

India Post Payments Bank will leverage **the Department’s network, reach and resources to make simple, low-cost, quality financial** services easily accessible to customers all over the country.

**BRICS bank to issue first Yuan denominated bonds** Shanghai Based New Development Bank of the **BRICS** countries is set to issue its **first Yuan denominated bonds** with plans to release more bonds in local currencies including in Indian Rupee **Delegate:** Paolu Nogueira Batista, the banks vice president for economic research, strategy and partnerships and chief risk officer. **Involving nations:** Brazil, Russia, India, China and South Africa (BRICS); **Head:** Indian banker M V Kamath **Focus:** To finance sustainable development projects in the emerging markets and developing countries.

**International Monetary Fund approved USD 1.5 billion loan to Sri Lanka** **The International Monetary Fund (IMF)** has accorded a **USD 1.5 billion loan to Sri Lanka** with USD 168 million is transferred as the first Instalment with immediate effect to support the country’s economy. The Executive Board of the IMF accepted a 36-month extended arrangement under its Extended Fund Facility (EFF) with Sri Lanka for an amount equal to **1.1 billion under special drawing rights** **Aim:** To meet balance of payments needs arising from external environment and pressures.

**RBI announced Second bi-monthly monetary policy 2016-17** Reserve Bank of India announced **Second Bi-Monthly Monetary policy** for the year financial year 2016-17 and keeping unchanged the Policy rates and Reserve ratios.

Current Rates	Rate (Remarks)
Policy Rates	
Repo Rate	6.5% (Unchanged)
Reverse Repo Rate	6% (Unchanged)
Marginal Standing Facility Rate (MSF)	7% (Unchanged)
Bank Rate	7% (Unchanged)
Reserve Ratios	
Cash Reserve Ratio (CRR)	4% (Unchanged)
Statutory Liquidity Ratio (SLR)	21.25% (Unchanged)

**India Post launches logo, tagline design contest for payments bank** i. The Department of Posts launched a logo and tagline design contest on the MyGov

portal on June 10. The Open Contest invites participation from all Indian citizens, institutions, agencies and entities for a period of one month, until 9th July 2016. ii. The best entry will be awarded Rs 50,000/. An expert panel will help shortlist **20 best entries** which will thereafter be put up for **voting on the MyGov platform** to choose the winner. iii. Earlier Union cabinet cleared a proposal of Rs. **800 crore** to set up India Post Payments and a plan for 650 branches operational by **September 2017**.

**SEBI issues stricter KYC, disclosure norms for P-Notes** i. Markets Watchdog Securities and Exchange Board of India (SEBI) has put in place a stricter KYC (Participatory Notes) ii. The new norms makes difficult to use these offshore instruments without disclosing the money-trail and details of their users. iii. The norms encompasses all the users of P-Notes to follow Indian KYC and Anti Money Laundering Regulations, irrespective of their jurisdictions. It also mandates P-Note issuers to file suspicious transaction reports with the Indian Financial Intelligence Unit Participatory Notes: offshore/overseas derivative instruments Foreign Portfolio Investors SKS Microfinance renamed Bharat Financial Inclusion i. Hyderabad based SKS Micro-finance has changed its name to Bharat Financial Inclusion Ltd ii. The Micro-finance Company is among the largest microfinance companies in India. It has existence across 18 states casing 1,00,000 villages iii. This decision from the company as it was taken as its core had experienced a transformation, equipping it to play a major role in fulfilling the national priority of financial inclusion Know Your Customer) norms and disclosure regime for (P-Notes). This comes after receiving recommendation from SIT on black money to ensure this route is not used for money laundering .

- ◆ These are also referred (ODIs) issued to overseas investors by registered foreign institutional investors (FII).
- ◆ These instruments will pave the easy and cost-effective route to foreign investors to invest in Indian markets without directly registering as . . It is the only listed company on BSE in the Micro financing space in the country. , catering to its 63.65 lakh women members. .

**RBI introduces a ‘Scheme for Sustainable Structuring of Stressed Assets’**

**i. The Reserve Bank of India (RBI) has come up with the Scheme for Sustainable Structuring of Stressed Assets** to further strengthen the lenders’ ability to deal with stressed assets and to put real assets back on track.

**ii. The central bank has said the S4A scheme as an optional framework for the resolution of large stressed accounts and** valid for those projects that have started commercial operations and have outstanding loan **cap of over 500 crore rupees.** portal on June 10. The Open Contest invites participation from all Indian citizens, institutions, agencies and entities for a period of one month, until 9th July 2016. ii. The best entry will be awarded Rs 50,000/. An expert panel will help shortlist **20 best entries** which will thereafter be put up for **voting on the MyGov platform** to choose the winner.

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State Bank of India (SBI) of several subsidiaries to consolidate the country’s struggling public sector banks. **Union Government cleared the bill for speedy recovery of bad loans** The Union Government accorded a bill looking for to enhance the debt recovery laws and approved ex facto “**The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions Bill, 2016**” Objective: Improving the ease of doing business. Aims: ii. **The biggest Indian lender wants to take over five units that had been running at arms-length, as well as state-run Women focused Bharatiya Mahila Bank which was set up in UPA government.**

iii. **The merged entity will create a banking giant, which can compete with the largest in the world with an asset base of almost Rs 37 lakh crores- that is nearly one-fifth of India’s GDP.** iv. Earlier the Bank’s board had approved the takeover of State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore and State Bank of Travancore, as well as Bharatiya Mahila Bank.

- To improve ease of doing business
- Facilitate investment leading to higher economic growth and development

**Delegate:** Telecom minister Ravi Shankar Prasad **Evolution of Bill:** I. In May 2016, the bill was brought to Lok Sabha to get the amendment in **four legislations**

- Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002
- Recovery of Debts due to Banks and Financial Institutions Act, 1993
- Indian Stamp Act, 1899
- Depositories Act, 1996

**II. Views and Suggestions** have been invited by the Parliamentary joint Committee from various stakeholders III. The Recovery of Loans amounting **Rs. 8 Lakh Crore** in the banking system was declared IV. There are **70,000 disputes** yet to be disposed. **The Legislation proposed to give powers to Reserve Bank of India:**

- To regulate **Asset Reconstruction Companies**
- Priorities secured **creditors in repayment of debts**
- Provide **stamp duty exemption** on loans assigned by banks
- Financial institutions to **asset reconstruction firms**
- To audit Asset Reconstruction Companies (ARC) and penalize them if they fail to adhere

**Reserve Bank of India Simplified Registration of New Non-Banking Financial Companies** Mumbai Based **Reserve Bank of India** has taken steps to simplify the registration process for new Banking Financial Companies. **Revised Registration Format: CSCs get approval from RBI for Bharat Bill Payment System** i. **Reserve Bank of India has granted in-principle nod to the common service centres(CSCs) as Bharat Bill Payment Operating Unit to make bill payments at centres in rural bands.** ii. **The System enables CSCs to operate the bill payment system with a single brand image providing convenience of anytime anywhere bill payment.** iii. **The scope of the system encompasses activities to facilitate collection of repetitive payments for everyday services such as electricity, water, gas, DTH, telecom services, etc.**

- The **revised application form** has been distributed to make the registration process smoother and hassle less.
- The Number of supporting documents to be attached with Application form has been reduced from **45 to 7-8 documents**

**Types of Application Format for non-deposit accepting NBFCs:**

- Sources of funds
- Customer interface

**Registration Process:**

- The Filled applications to register new NBFCs to be submitted at **Non-Banking regulation Department in RBI, Mumbai**
- RBI will **scrutinize the applications and inform to the NBFCs** if any documents required to be submitted
- The company should respond to the RBI's query **within a month.**

**Type I – NBFC – Non Deposit:**

- Fast track processing of applications for **Type I – NBFC – Non Deposit accepting applicants**
- These companies has **not privileged to access the public fund** and there is **no point of customer interface**
- Less rigorous scrutiny and less sensitive
- If the Companies want to avail public fund or to have customer interface, they are required to get **approval from Reserve Bank of India**
- RBI advised that the checklists mentioned are **provisional**
- The amendments in the registration process of NBFCs will be announced in the **First Bi-monthly Monetary Policy Statement, 2016-17.**

**Union Government made initiative to make NRIs to join National Pension System through eNPS** The **Finance Ministry** launched the scheme that **Non Resident Indians** can open National Pension System Accounts online if they bear **Aadhaar Card or PAN Card** **NPS account** can be opened both on Repatriable and on Non-Repatriable basis **Repatriable Basis:** An NRI will have to remit the amount through his/her NRE/FCNR/NRO account **Non-repatriable Basis:** NRIs can join NPS through their NRE/FCNR/NRO accounts at the time of

maturity or during partial withdrawal. NPS funds would be deposited only in their NRO accounts. **State Bank of India creates a dedicated Rs 200 crore fund for Fintech startups**

i. India's largest public sector lender **State Bank of India** has created **IT innovations and startup fund** and have **allotted Rs 200 crore** for investment in **promising startups**.

ii. The fund would be **covering upto Rs 3 crore** for any **India registered entity** for their business promotion in India using information technology for banking. **Max Life, Max Fin Services to merge into HDFC Standard Life i. HDFC Standard Life and Max Life and Max Financial Services** are entered into merger agreement that will create the **largest private player** in India's insurance sector.

ii. The proposed merger between the companies will create an entity with assets worth over Rs 1 lakh crore.

iii. A combination of the entities would be overtaking **ICICI Prudential Life Insurance Co.Ltd**

iv. The agreement facilitates for a commonly agreed exclusivity period for due diligence and discussions between the parties in relation to a **proposed transaction**. **Two-day 'Rajswa Gyansangam', an annual conference of tax administrators held in New Delhi i. Rajswa Gyansangam is Annual Conference of Tax Administrators-2016** concluded in New Delhi **toii. Central Board of Direct Taxes (CBDTCentral Board of Excise & Customs (CBEC) are holding the conclave at the same time.**

iii. The two day conference named mark a new height in the generation of innovative ideas and opened new frontiers for the tax administrators This was the first time that two Revenue Boards) & The purpose of the move is to prompt the revenue officers towards achieving high standards in taxpayer friendly services.

**SBI in 'Hall of Shame' of banks funding cluster bomb makers** i. India's largest lender **State Bank of India** has been named in a **Hall of Shame list** of 158 banking and financial institutions worldwide that have invested billions of dollars in enterprises **making cluster bombs**.

ii. The list was prepared by **Dutch campaign group PAX Worldwide Investments** in Cluster Munitions report.

iii. State Bank of India (SBI) is the only Indian company on the list that includes global giants like JP Morgan, Barclays, Bank of America and Credit Suisse. **iv. In the list maximum number of 74 banks are from the US, followed by China (29) and South Korea (26). I-T department to block PAN, LPG subsidy of tax defaulters**

**i. Income Tax Department is set to block Permanent Account Number (PAN) of wilful defaulters and their LPG subsidy and take measures to ensure that they are not sanctioned loans. ii. A slew of such measures have been suggested by the tax department, to be started this financial year, in order to curb the menace of large-scale tax avoidance and evasion. iii. The department has also mulling to subscribe to the Credit Information Bureau Limited (CIBIL) data, on a possible payment basis, to check out the financial activities of debtors and commence action against them for recovery and freezing of assets. Rules for premature withdrawal of PPF announced**  
**i. The Finance Ministry has announced new rules allowing for premature withdrawal of the Public Provident Fund (PPF) account deposit scheme account has completed five years. ii. A subscriber shall be allowed premature closure of his account or account of a minor of whom he is the guardian on ground that the amount is required for treatment of serious ailments or life-threatening diseases. iii. The withdrawal will also be allowed if the amount is required for higher education of the account holder or the minor account holder, on production of documents and fee bills in confirmation of admission in India or abroad.**

**World Bank's India Development Update – June 2016** World Bank released **India Development Update report to earmark the Indian economy and its prospects for the financial year 2016. It is twice yearly report reported by World Bank and the report explained that Indian Economy was enhanced to a higher progressive way by demand from urban households and Public investments. Health and education expenditures increased in every state especially in Rajasthan and Kerala Uttar Pradesh spent over one-third of its additional resources on health and education 7.6 per cent growth rate in 2016-17 and it will be expected that 7.7 per cent in 2017-18 and 7.8 per cent in 2018-19.India maintained**

**South India Bank launches Remit2India Service** i. Thrissur based **Kochi South Indian Bank Limited** has announced the launch of its **Remit2India Service** a secure online money transfer service for NRIs. **ii. The new Remit2India service makes arrangement facilitates faster, cost-effective remittance from the US to SIB accounts in India. Which is this facility is available for remittance from Europe, Australia, UAE and Singapore. RBI fixes MSS ceiling at Rs 30k cr for current fiscal** i. Reserve Bank announced the cap under **Market Stabilisation Scheme** has been fixed at **Rs 30,000 crore** for the current fiscal. **ii. The fixed ceiling will be reviewed when the remaining balance reaches the threshold limit of Rs 15,000 crore. iii. The**

current MSS outstanding balance is zero. MSS are securities issued with the objective of providing that RBI with a stock of securities with which it can intervene in the **market for handling liquidity**.

### Market Stabilization Scheme:

◆ The scheme was **launched in 2004**. Under this scheme securities are issued with the objective of providing the RBI with a stock of securities with which it can intervene in the market for managing liquidity.

◆ These securities are issued not to meet the **government's expenditure**.

**Government amended Income Tax rules to end uncertainty over General Anti-Avoidance Rules** Union Government has decided to amend the **Income Tax Rules to end the improbability over the General Anti Avoidance rules** as it is expected to start with effective from **01.04.16** About General Anti Avoidance Rules: Introduced by: Pranab Mukherjee, then Finance Minister during 2012 Initiated during: 2012 Budget Session. During the 2015 Budget session, Finance Minister Arun Jaitley announced that its implementation will be delayed by 2017. An Anti-Tax avoidance regulation of India Focused at transactions made particularly to avoid taxes

### **RBI releases framework on payments systems**

i. **India's Central bank has released Payment and Settlement Systems in India: Vision-2018** document aims at building best of class payment and settlement systems for a **Cash -Less India** and ensuring access of mobile banking services to even basic phone users.

ii. **The Vision document focusing on the ways of developing the infrastructure and regulations in the country to reduce cash transactions and increase use of technology.**

iii. The document of RBI reads that service providers will be fortified to use technology to deliver innovative easy to use mobile grounded payment solutions in an interoperable environment without compromising on security. iv. The Policy document also aims in leveraging on 5Cs – Coverage, Convenience, Confidence, Convergence, Cost that focuses on responsive regulation, robust infrastructure, effective supervision and customer centricity.

**Asian Development Bank approved \$500 million loan for bridge over Ganga River in Bihar** Asian Development Bank accorded \$500 million to build bridge over India's longest river bridge is in Bihar having distance of 9.8 km road Purpose: Transport connection between the Northern and Southern parts of the state and the neighbour country like Nepal Benefit: It will be benefited to middle sector people to commute to the state Capital Patna and other southern parts ◆ State government will provide reinforcement which is equivalent to \$215 million December, 2020 ◆ The project is expected to be completed by

**Finance Minister Participated in the First Annual General Meeting of AIIB to address Board of Governors** Finance Minister Arun Jaitley Participated in the First Annual General Meeting of Asian Infrastructure Investment Bank to discuss about the investment in Infrastructure and accorded the approval to establish the Regional Office of AIIB in New Delhi. first loans for projects in Four Countries Total Loan Allocated: \$509 Million

◆ Bangladesh – Loan Allocated: \$165 million

◆ Indonesia – Loan Allocated: \$216.5 million (Co-financed with the World Bank)

◆ Pakistan – Loan Allocated: \$100 million (Co-financed with the Asian Development Bank & United Kingdom's Department for International Development (DFID))

◆ Tajikistan – Loan Allocated: \$27.5 million (Co-financed with the European Bank for Reconstruction and Development (EBRD)) Asian Infrastructure Investment Bank approved such as Pakistan, Bangladesh, Indonesia and Tajikistan ◆ **World Bank approved \$201.50 million for Technical Education Quality Improvement Project in India** United States based World Bank's Board of Executive Directors has approved \$201.50 million for Technical Education Quality Improvement Project III in India Purpose: To improve the quality of Engineering education in selected states of India Objectives of the projects:

To improve quality and equity in participating engineering education institutes To enhance the efficiency of the engineering education system in states **Fund Allotted: \$201.50 million Maturity period: 25 years plus 5 years grace period**

**Union Government gave nod to proposal to set up India Post Payments Bank** Union Government has decided to approve the proposal to set up the Indian Post Payments Bank with capital of **Rs. 800 Crore and to set up 650 branches by September 2017 as a Public Limited Company under the Department of Posts, with 100% Government of India (GOI) equity Focus: To increase financial inclusion in the country Initial Setup: 22,137 Post Offices linked with core banking facility Key Aspects: 2000 members S K Sinha, Secretary of Posts requested Chairman and Managing directors of the Punjab National Bank, Bank of Baroda, Bank of India, Canara Bank and Union Bank to lead the India Post Payments Bank on a one-year deputation basis. Axis Bank opens innovation lab to create investment fund i. Mumbai based private sector lender Axis Bank is set to open an innovation lab by joining with financial technology start-ups to ride on the digital wave in the country. ii. This innovation hub situated in Bangalore iii. These start-ups will mainly be centering across lending, digital, payments and artificial intelligence space. For this, the bank has joined hands with Zone Start-ups, Nasscomiv. Earlier HDFC Bank, SBI, Federal Bank, RBL, ICICI Bank among others have either allocated funds or created special divisions to engage with the start-up ecosystem and most recently Barclays has also opened a fintech innovation platform. ♦ In every district, Post offices will be linked to core branch of Postal bank ♦ The bank will be operated by a board which has five independent directors ♦ The Staff of the postal bank will be from different postal department and staff is expected to be around ♦ For the short tenure, e will emphasis on curating start-ups and working with them to help them develop the value propositions and the bank will look at absorbing their technology. , venture capitalist and some global banks.**

**World Bank approves \$63 million for Tejaswini Project in Jharkhand i. The World Bank Board has approved the 63 million US dollar for Tejaswini project Socioeconomic Empowerment of Adolescent Girls and Young Women ii. This project Tejaswini is the first World Bank project in India that is especially dedicated on that paves the way for in Jharkhand.**

**ii. This project Tejaswini is the first World Bank project in India that is especially dedicated on the welfare of adolescent girls HDFC Ergo buys L&T General Insurance for Rs 551 crore i. India's fourth largest private sector general insurer HDFC ERGO General Insurance arm of mortgage lender HDFC has acquired L&T General Insurance Co. Ltd in an all-cash agreement worth of Rs.551 crore. ii. HDFC ERGO General Insurance Co. Ltd, the non-life insurance is 51:49 joint venture between housing finance major HDFC and global insurance major ERGO International Germany, iii. The ERGO is mulling significant cost synergies arising out of business, technology optimization and rationalization of offices. and young women. iii. The project will support adolescent girls and young women between the ages of 14 and 24 to complete their secondary level education. It will also help them to acquire relevant skills for the job market. iv. In Jharkhand there are 56 percent of young women (ages 15-24) are neither engaged in education, nor employment or training. India to get \$1 bn World Bank funding for solar projects i. The World Bank today committed USD 1 billion (about Rs 6,750 crore) to support solar energy programme in India, which is reducing dependence on conventional energy sources to reduce greenhouse gas emissions. ii. As per the pact signed between Power Minister Piyush Goyal and World Bank Group President Jim Yong Kim, the multilateral funding agency will provide more than USD 1 billion to support India's ambitious solar initiatives through investments in generation.**

#### **Banking & Finance Awareness July 2016**

**State Bank of India secured \$625 million from World Bank for Solar programme State Bank of India has signed agreements with the World Bank for \$625 million to support grid connected rooftop solar programme in the Country SBI Capital Markets was keen advisor for structuring and setting up the facility Signed by:**

- **Karnam Sekar**, Deputy Managing Director, SBI
- **Onno Ruhl**, Country Director, World Bank India

#### **Focuses:**

- **Enhancing the investment for Solar Photo Voltaic Projects**
- **Increase the ease of doing rooftop business through technical assistance**



- To strengthen the **capacity of key organizations**
- Support development of the **overall solar rooftop Photovoltaic Markets**

**RIL, SBI sign shareholder agreement for payments bank JV** **i. Reliance Industries Limited** went into partnership with banking major **State Bank of India** have signed the shareholder for the payment Bank. **ii.** Upon this Agreement that was signed by RIL as promoter **with a 70 per cent equity contribution** and SBI as joint venture with a **30 per cent equity contribution**.

**iii.** RIL and SBI earlier this year entered into a nonbinding MoU to set out the principal terms. This would bring together the nation's largest banking network and pan-India telecom and retail setup. **Rs 43,000 crore undisclosed income unearthed in 2 years**

**i.** The Income Tax Department has unearthed undisclosed income **of Rs 43,000 crore** from investigations during the past two fiscal years according to the Union Revenue Secretary **Hasmukh Adhia**. **ii.** In the total wealth Rs 21,000 crore have been found from department's searches, the balance of Rs 22,000 crore have been **disclosed from various surveys**.

**iii.** The statement from the IT department also made it clear that the declaration window will not be extended beyond **September 30**. **RBI to study Blockchain technology to curtail paper currency** **i.** India's Central Bank "**Reserve Bank of India** mulling to set up a committee to study the use of **Blockchain technology**". It will be used to reduce the **use of paper currency**. **ii. The Technology is made by distributed database that maintains a continuously-growing list of data records secured against tampering and revision.** **iii.** The system's database consists of blocks that hold time-stamped batches of valid transactions which is seen as the main technical **innovation of bitcoin**. **State Bank of India launches 'SBI Mingle' – social media banking platform** **i.** Country's largest lender **State bank of India** launched a social media banking platform for Facebook and Twitter users, called '**SBI Mingle**' to help the customers with a host of banking services on their social media accounts, at their own convenience. **ii.** It was launched by the SBI's Chairman **Arundhati Bhattacharya** on the occasion of 61st State Bank Day.

**SBI Card launches premium credit card 'Elite'** **i.** India's Largest Bank **State Bank of India's** subsidiary arm **SBI Card** has launched a premium credit card by the name **ELITE** with host of facilities targeting high networth customers. **ii.** The card is launched on the Master Card World platform and is enabled with **NFC (Near Field Communication) technology** that enables the customers a contactless payment experience, adding more speed and suave to their wallets.

**iii.** The card comes with a joining fee **of Rs 4,999** and all customers will receive a welcome gift worth **Rs 5,000 in the form of vouchers** from popular lifestyle and travel brands. **iv.** The third-largest card issuer **SBI Card** that has total card base **of 3.75 million**. **India's first SME Bank opened by HDFC Bank** **i.** **HDFC bank** launched a full-fledged digital banking service for **small and medium enterprises (SME)**. **ii.** This will help the customers to utilize a complete set of services on their choice at anytime and at anywhere in India. **iii. SME Bank is the second leg of the 'Bank Aapki Mutthi Mein' campaign** that was launched for the Bank's retail customers in December 2014 at Varanasi. **3% extension in Interest Subvention on Crop Loans** **i.** In order to boost the fast growing Indian economy several schemes have been introduced by the Central Government. One among that is the extension of 3% interest subvention on crop loans. **ii.** As per this scheme, now Farmers can avail loan up to **3 lakh rupees at 4 % rate of interest**, **iii.** The interest subvention rate has slashed from 5% to 3% up to one year for loan amount upto 3lakh rupees. **iv.** According to this scheme, In case if farmers do not repay the short term crop loan in time they would be eligible for interest subvention of 2 per cent as against 5 per cent available above **i.e 7% rate of interest**. **Cabinet approves increase in FDI limit in Axis Bank to 74%** **i.** The Cabinet Committee on Economic Affairs, chaired by the Prime Minister **Shri Narendra Modi**, has approved increased limits in **foreign investment in Axis Bank** from **62% to 74%** of the total paid up share capital of the Axis Bank on a fully commodity basis. **ii.** As the result of this approval, foreign direct investment to the tune of **Rs 12,973.14 crore** will be received in the country with an estimated creation of **6000 to 7000 jobs** over the next three years. **YELDI SOFTCOM received its semi closed wallet license from RBI** **i.** Reserve Bank of India (RBI), sanctioned a semi closed wallet license to **YELDI SOFTCOM** **ii.** A semi-closed wallet is a payment instrument that is **accepted by a predefined set of merchants** that have been contracted specifically by the issuer of the semi-closed wallet. **iii.** A semi-closed wallet does not allow users to **withdraw or redeem cash**

**NPCIL gets India's first nuclear liability policy** **i.** India's **first insurance policy** covering public liability to an atomic power plant operator has

been issued to Nuclear Power Corporation of India Limited(NPCIL) **ii.** The total premium of such policy is **Rs 100 crore** for a risk cover of Rs 1,500 crore. **iii.** Policy complies with all the provisions of the Civil Liability for **Nuclear Damage Act (CLND)**. **SIDBI partners with Yes Bank for loan guarantee under World Bank scheme.** SIDBI(Small Industries Development Bank of India) entered into a partnership with YES Bank to guarantee **75% of loans of up to Rs 15 crore** extended to energy efficiency projects under the WORLD BANK initiative. **Aim:** To transform the energy efficiency (EE) market in India by promoting increased level of EE investments, particularly through energy service performance contracting (ESPC) delivered through Energy Service Companies (ESCOs).

- SIDBI expects to provide credit guarantee to more than 500 projects and mobilize financing of up to **\$127 million** through the tie-up.

- A memorandum of understanding was signed between Sidbi and Yes Bank under the Partial Risk Sharing Facility (PRSF) for financing energy efficiency projects programme sponsored by the World Bank.

**ICICI SECURITIES tops IPO Ratings** ICICI Securities has topped the **Initial Public Offering (IPO)** league table in the first half of 2016. ICICI Securities is **ICICI Bank's investment banking arm.** According to data provided by **Bloomberg**, ICICI Securities has managed five IPOs to help rise around Rs 1,216 crore for companies getting listed.

#### **i. Bank Rankings For IPOs**

Rank 2016	Rank 2016		No. of Deals	Amount (Rs.)
6	1	ICICI Securities	5	1,216
1	2	Kotak Investment Banking	4	1,036
4	3	Edelweiss Financial	3	812
2	4	Axis Bank	2	765
17	5	HSBC	1	544
3	6	Citi	1	519
21	7	IIFL Securities	3	466
8	8	IDFC Bank	3	437
24	9	SBI caps	2	362
16	10	JM Financial	2	347
Total			40	7,975

#### **i. Bank Rankings for Stock Fundraising**

Rank 2015	Rank 2016		No. of Deals	Amt (crore)
3	1	Citi	6	6,962
12	2	ICICI	9	4,053
14	3	Edelweiss Financial	6	4,053
6	4	SBI caps	5	1,0911
19	5	HSBC	2	1,451
Total			60	27,471

- The overall equity league table for the first half of 2016 is topped by **US-based Citibank**, which has handled a total of six deals worth nearly Rs 7,000 crore.
- The overall equity league table ranks investment banks on not just IPOs, but also on other forms of fund-raising managed by them, such as rights offerings, offer for sale, and block transactions.
- In the overall equity league table, **ICICI Securities** is second, with nine deals worth Rs 4,053 crore. Last year, Citi was third, while ICICI Securities wasn't even among the top 10.
- ICICI Securities has topped the IPO league table by managing IPOs, including those of Ujjivan Financial Services, Equitas Holdings, Thyrocare Technologies, TeamLease, and Quick Heal.
- The investment bank is also part of the L&T Infotech IPO, which will hit the market next week.
- Meanwhile, **second-ranked Kotak Investment Bank** has handled IPOs such as those of Mahanagar Gas, Parag Milk, Ujjivan Financial Services, and Healthcare Global Enterprises.

#### **Online bidding platform for gold bond issuance by NSE**

- To facilitate orderly trading in sovereign gold bonds, top stock exchange **NSE** has introduced online bid collection facility for such issuances.
- The bourse has received approval from the Reserve Bank of India (RBI) to act as a receiving office for sovereign gold bond (SGB) issuances.
- So far, three tranches of the bonds have been issued amounting to about Rs 1,322 crore and the fourth one is expected by July 18.
- Accordingly, the exchange will collect bids from its registered stock brokers for their clients for the gold bond issuance.
- The bonds will carry an interest rate of **2.75 per cent (fixed rate)** per annum on the amount of initial investment.
- Interest is to be paid half-yearly and the last interest will be payable on maturity, along with the principal.

#### **Credit of \$290 million for Bihar's JEEViKA II by World Bank**

- A **USD 290-million credit** agreement signed by Centre, **Bihar** government and **World Bank** to help improve livelihood opportunities for poor rural households across 300 blocks and 32 districts of the eastern state.
- Bihar Transformative Development Project, also known as **Jeevika II**, will mobilize rural population into self-help groups (SHG) and higher level federations and help them gain access to markets, public services and a range of financial services from formal financial institutions.
- In line with the emerging priorities and JEEViKA's already significant experience, the new project will scale up farm and non-farm value chain interventions including setting up of women-owned farmer producer companies.
- The credit is from the **International Development Association (IDA)**, the World Bank's concessionary lending arm, with a maturity of 25 years, including a 5-year grace period.
- HDFC to become first issuer of Masala Bonds to overseas investors in order to raise Rs.3,000 crore** Housing Development Finance Corporation (HDFC) Ltd is planning to raise about **Rs.3,000 crore** by issuing the first unrated **Synthetic Indian Rupee (INR) Notes** to overseas investors. It is the first Indian public issuer of the Synthetic INR Notes. Our country's **largest private sector mortgage lender HDFC**, plans to raise Rs 3,000 crore through these synthetic bonds. The company nominates to issue Rs 2,000 crore with an option to retain over-subscription of up to Rs 1,000 crore and this Corporation is the first Indian public issuer of synthetic INR notes. **Incumbency period:** These bonds will bear a fixed coupon and will have a **incumbency period of 3 years and 1 month.**
- BRICS bank to issue \$448 million of yuan green bonds** i. The New Development Bank (NDB) of the BRICS countries is set to issue green bonds in Chinese yuan to raise funds for **clean energy and infrastructure projects**.
- The bank plans to issue 3 billion yuan worth of five-year bonds denominated in Chinese currency on July 18 also bond proceeds will be used to finance green projects in BRICS Nations.
- The green bonds will be issued with a 5-year tenor and will be the first such issuance by a bank of its type under guidelines issued by **China's central bank in December.**
- 'Paperless SIP' introduced by BSE for mutual fund investors** i. **'Paperless SIP' (systematic investment plans)** which allows mutual fund investors to make

transactions through various modes of payments has been unveiled by the leading Bombay Stock Exchange (BSE). **ii.** These investment plans also allows MF distributors to register SIPs for their clients, who can pay SIP amounts through different modes. **iii.** As per this **Paperless SIP facility** once the SIP has been registered, the investors would receive an e-mail for all the payment modes, including direct pay, nodal account, one time mandate and cheque.

**IDFC acquires Micro Finance Institution Grama Vidiyal to extend its Rural Banking Services.** On a first of its kind of move, IDFC Bank Ltd is going to acquire a Tamil Nadu based microfinance

institution (MFI) called **Grama Vidiyal**, A small unit financing scheme in rural villages of Tamil Nadu.

- This Acquisition offers the bank access to 1.2 million households apart from adding 319 points of presence in seven states — **Tamil Nadu, Kerala, Karnataka, Puducherry, Maharashtra, Gujarat and Madhya Pradesh.**
- The acquisition sum has not been exposed to the public yet. Hereafter, 30 years old Trichy based Grama vidiyal group will act as a Wholly Owned subsidiary of IDFC bank.
- As per this acquisition the micro-finance unit is going to transfer its 3000 employees and micro finance assets worth 1502 crores to the IDFC bank.

**SBI signs MoU with IIT Bombay for promoting Startups** **i.** State Bank of India (SBI), one of the leading public sector banks in India has signed a memorandum of understanding (MoU) with the Indian Institute of Technology (IIT) Society for Innovation and Entrepreneurship (SINE), (IIT) Bombay's technology business incubator, in order to **promote the innovation by startups** in the financial sector. **ii.** SBI and IIT will promote fintech (financial technology) start-ups that have products or applications to cater to the financial sector. **iii.** These products can help SBI to explore opportunities to enhance the synergy for their banking services. **iv.** This MoU will definitely help in mentoring startups. SBI now has a Rs 200 crore fund for startups and what better place than SINE at IIT Bombay to reach out to startups to use those funds. **Axis Bank ties up with Vistara to introduce cobranded credit card** **Guragon based India's fastest developing air carrier "VISTARA" ties up with AXIS bank to release a contactless Vistara credit card using the VISA platform. What is a Contactless Credit Card? Contactless credit cards use radio-frequency identification (RFID) or near field communication (NFC) for making secure payments. The embedded chip and antenna enable consumers to wave their card, over a reader at the point of sale terminal. User Bung – The cards come with a yearly fee of Rs. 1,500, Rs. 3,000 and Rs. 10,000 for the top-end variety and are aimed towards corporate cum leisure travelers. On procuring this card, the members will get free upgrades and other loyalty benefits on buying tickets with this credit card. Benefits of this card – The benefits from this distinct credit card will be tiered depending on travel preferences of customers and their travel frequency. The card comes in three variants:**

- **InfiniteSignature and Basic**

**Cauvery Delta's Irrigation Facilities to be Boosted up through ADB's Loan Agreement with GOI** In order to fortify and develop the important Irrigation and Drainage management system in the Cauvery Delta of Tamil nadu, **GOI AND ADB** has signed a pact on July 14 which estimates around \$100 million (**670 Crores approx.**). This system is going to revitalize the mounds and hills of the six major Irrigation systems in the Vennar system and also to renovate the existing Pumping stations. **Loan Tenure:**The loan from ADB's ordinary capital resources has a **25-year term**. The Water Resources Department of the State of Tamil Nadu is responsible for implementing the project and is expected to be completed by December 2020. **Benefits:** The Cauvery river basin is an important source of water for **agriculture, for Tamil Nadu and the neighboring states**. The vast majority of the delta's population is engaged in farming and fishing. The project aims to **improve existing infrastructure and will provide flood protection and renewed access to irrigation.** **SIDBI picks eight ventures to invest Rs 428 crore in startups**

**i.** The **Small Industries Development Bank of India (SIDBI)** has chosen eight venture funds to invest instartups as defined under the **Startup India Action Plan** and will support them with a corpus amount of **Rs 428 crore.**

**ii.** The Development Bank's **Venture Capital Investment Committee (VCIC)**, that consist of former Infosys CFO **Mohandas Pai**, former Nasscom chief **Kiran Karnik**, and others, had screened 13 proposals from VC funds. **iii.** The committee recommended **8 proposals for an aggregate** corpus support of around **Rs 428 crore** from the Fund of Funds for Startups as announced by PM Modi earlier this year and cleared by the cabinet last month. **IndusInd Bank opens IFSC Banking Unit at GIFT City**

**i.** Mumbai based Indian new generation lender **IndusInd Bank** has opened its **IFSC Banking Unit (IBU)** at the Gujarat International Finance Tec-City (GIFT City) to meet the requirements of **offshore banking**. **ii.** It became the sixth bank to **open an IBU at GIFT**. **iii.** IndusInd Bank's IBU will provide the bank access to International financial markets and will allow it to deliver a complete range of products to its clients with foreign **currency funding requirements**. **iv.** GIFT IFSC has had a total business transactions crossing the US\$ 475-million mark, generated by 5 operational IBUs of YES Bank, Federal Bank, IDBI Bank, Kotak Mahindra Bank and ICICI Bank each.

**Dewan Housing Finance Corporation Ltd launches corporate deposit scheme** **i.** **Dewan Housing Finance** has launched a short-term **Corporate Deposit Scheme**, which offers interest rates ranging from **7.55 % to 8.40 %**, depending on the tenure.

**ii.** The minimum deposit under the scheme, which is targeted to meet the short-term investment requirements of corporate customers and is available only to public and private limited companies registered under the **Companies Act, is Rs.10 lakh**. **iii.** Under this scheme Corporates can place deposits for 31 days to 364 days. CRISIL has rated these corporate deposits as **A1+** indicating very strong degree of safety regarding timely payment of financial obligations. **iv.** Upon this scheme corporate deposits are **7.55 % for 31 days; 7.65 % for 61 days; 7.90 % for 91 days; and 8.40 % each for 181 days, 271 days and 364 days**. **Ex-Google engineer, Paul Taylor launches blockchain-based system for banks**

**i.** A former Google engineer **Paul Taylor** launched **speech recognition software** is used in more than a billion Android smartphones, that uses **block chain technology** to build a new operating system for banks. **ii.** Blockchain technology has captured the imagination of the financial industry, with advocates saying it has the potential to shake up how markets operate. **E-filing: ATM-based validation facility enhanced** **i.** In a bid to make taxpayers hassle free the Income Tax department has widened the ATM-based validation system for filing of online Returns by taxpayers.

**ii.** The department has **included Axis Bank** to enhance the paperless regime of filing the annual Income Tax returns and the dept also launched the bank account-based validation facility in this regard for those who have not availed the **internet banking facility**.

**iii.** These measures helps to validate the e-ITR so that the **taxpayer does not** take the trouble of sending the paper-based **ITR-V by post** for final resolution and processing.

**Soiled Notes can be Exchanged for Free till certain Limits – RBI** **i.** Reserve Bank of India advised banks to exchange up to **20 pieces of soiled Indian currency notes with a cap value of Rs 5,000** through the counter without any processing fee in order to improve the customer service.

**ii.** If the notes are presented in bulk (where the number exceeds 20 pieces or Rs 5,000 in value per day), banks will accept them, against receipt, for value, which is to be credited later.

**iii.** This facility of exchanging mutilated or imperfect notes is available at all designated bank branches and also in non-chest branches. **iv.** All persons tendering mutilated notes whose **value exceeds Rs 5,000** will have to approach **nearby currency chest branch**.

**Transactions above 3 Lakhs are to be Banned to curb Black Money – SIT**

**i.** In order to trace the Black and illegal Money, **Special Investigation Team (SIT)** has advocated for the ban of cash transactions above **3 lakh rupees** and also restrict the Money Holding Capacity to 15 Lakhs in order to curb the Black Money in the nation.

**ii.** In finding ways to curb generation of black money—unaccounted, untaxed wealth—and bring back funds stashed away overseas, SIT Suggested to ban common High-value transactions in cash, especially in the real estate sector where buyers try to get away with lower stamp duty. **iii.** SIT recommended that an Act be framed to declare cash transactions above Rs.3 lakh illegal. It pointed out that a large amount of unaccounted wealth is stored and used in the form of cash. **RBI allows foreign players to hike stake in Axis, IDFC Bank** **i.** Reserve Bank of India has allowed foreign investors to up their stakes in Axis Bank and IDFC Bank to up to **74 per cent and 46 per cent, respectively** under the Portfolio Investment Scheme (PIS). **ii.** With this move Foreign Institutional Investors (FIIs)/Registered Foreign Portfolios Investors (RFPIs) can now invest up to 74 per cent of the **paidup capital** of Axis Bank.

**iii.** India's central Bank in a separate note said FIIs/RFPs can now invest from the existing 24 per cent up to **46 per cent of the paidup capital** of IDFC Bank Limited under PIS. **iv.** Both the lenders agreed on enhancing the limit for the purchase of its equity shares and convertible debentures **by FIIs/RFPs.**

**International exchange to be set-up in Gift City** **i.**The Mumbai based BSE is planning to trade currency, metals and energy at its upcoming international commodity exchange at the **International Finance Tec-City (Gift City)** which will power the global growth story for the Indian Banking Financial Services (BFSS) sector in Gandhinagar. **ii.**The exchange is in process will be a trading platform for globally traded things like energy, currency and metals etc. **IndiaFirst Life Insurance partners Nainital Bank** **i.**IndiaFirst Life Insurance announced a partnership with **Nainital Bank** for distribution of its products and also to provide life insurance solutions to the customers of the bank and enhance our distribution footprint in northern India. **ii.**IndiaFirst Life Insurance is a joint venture between **Bank of Baroda, Andhra Bank and Legal and General (UK).**

State Bank of India	7575
Indian Overseas Bank	3101
Punjab National Bank	2816
Bank of India	1784
Central bank of India	1729
Syndicate Bank	1034
UCO Bank	1033
Canara Bank	997
United Bank of India	810
United Bank of India	721
Corporation Bank	677
Dena Bank	594
Allahabad Bank	44

### **Indian PSU banks boosted up the Central Government**

**i.** In order to boost lending and shore up economic growth, the government has provided Rs **22,915 crore capital to 13 state-run banks.**

**ii.** The capital infusion exercise for the current year is based on an assessment of need as assessed from the CAGR of credit growth for the last five years

**iii.** The move will provide liquidity support for lending operations and also enable banks to raise funds from the markets.

**iv.** It is noted that RBI has lowered interest rates by 150 bps since January 2015 to 6.5 percent, transmission of policy appears to have stalled. **iv.** Money allocated to individual banks as follows:-

**RBI is all set to monitor the customer rights in the commercial banks** **i.** RBI is all set to monitor the issues related to the **customer rights in the five broad areas** of banking soon. This step is adopted by the banker's bank to enhance the banking experience of the customers. **ii.** The **five core areas** to be monitored by the RBI are:-

- ◆ Right to privacy,                   ◆ Right to fair treatment & transparency,
- ◆ Fair and honest dealing, ◆ Right to suitability and
- ◆ Right to grievance redress & compensation.

**iii.** RBI had put out a charter of customer rights in public domain sometime back, asking banks to implement it after their board's approval.

iv. June 30 has been assigned as the last date for the individual banks to get their boards approved. Now RBI will start monitoring and regulation cum supervision of the banks in all the matters related to the customer rights. **IRCTC and SBI join hands to promote UTS and E-Ticketing System to ease the Service for Passengers i.** Indian Railway Catering and Tourism Corporation (IRCTC) and one of the World's Leading commercial Banks State Bank of India (SBI), have signed a Memorandum of Understanding (MoU) on July 20. **ii.** This pact is signed in order to thrash out a detailed plan for promotion of rail ticketing activities which includes internet ticketing and unreserved ticketing system.

**iii.** This MoU is also framed to for the **joint exploration** in the areas of cooperation and draw up a detailed plan for promotion of the rail ticketing activities. **iv. Unreserved Ticketing System and Internet Based e-ticketing System** are the core areas to be concerned by the desirous combined work of both signatories.

**Federal Bank partners with Reliance Jio Money i.** Kochi based **Federal Bank** have announced partnership with Reliance Jio Money for One-Click payment service that will make payment ease for their customers. **ii.** The **Reliance Jio money** is a payment wallet where Federal bank will enable a direct payment option for its customers in mobile devices. **iii.** Through this service customers can complete a transaction without funding the wallet also without pre-loading their wallet. **HDFC ERGO enters into bancassurance tie-up with SVC Bank i.** **HDFC ERGO General Insurance Company** and Mumbai based Shamrao Vithal Co-operative (SVC) Bank bancassurance tieup to offer wide range of non-life insurance products to the customers of the bank. **ii.** **Bancassurance** is an arrangement in which a bank and an insurance company form a partnership so that the insurance company can sell its life assurance and other insurance products and services by banking institutions. **ICICI Bank organises Coin Exchange Mela during the 'Ratha Yatra' festival in Puri i.** India's largest Private Sector lender ICICI bank has conducted a **coin exchange mela during Rath Yatra festival** at the **RBI financial literacy camp in Puri. ii.** The mela was organised upon the suggestion from RBI's S. P. Mohanty, General Manager, Issue Department of RBI. It was inaugurated by the SP.Mohanty. **iii.** The melas intended to offer free facility of exchanging acceptable soiled and mutilated currency notes with fresh currency and coins that had piled of over 52000 people, where they exchanged coins worth Rs. 6.34 lakh. **Karnataka Bank's solar initiative for rural students i.** Mangalore based **Karnataka Bank** has started a programme to offer **solar lights in the non-electrified houses** of students in rural zones. **ii.** This is joint initiative of lender with the Manipal-based non-governmental organisation Bharatiya Vikas Trust (BVT) under its corporate social responsibility (CSR) route. **iii.** To illuminate two lights in a house total cost of a **unit is Rs. 9,500.** While the house holder pays Rs. 4,500, the bank bears the remaining cost. **RBI Fines HDFC, Bank Of Baroda and PNB for Banking Irregularities** Following Rs **6,000-crore forex** related irregularities, The Reserve Bank of India (RBI) has imposed a monetary penalty on HDFC and Bank of Baroda. **Why Penalty?**

In October 2015, Bank of Baroda, in a notice to the stock exchanges exhibited that during the period May 2014 to August 2015, a total of 5,853 outward foreign remittance transactions for a

sum of \$546.10 million (Rs.3,500 crore) for '**advance remittance for imports**' and for other purposes were remitted through 38 current accounts to various overseas parties numbering about 400 in **Hong Kong and one of them in the UAE.** This penalty imposition is owing to the weaknesses and failures in internal control mechanisms with respect to certain AML (anti-money laundering) provisions such as

- Monitoring of transactions,
- Timely reporting to FIU (foreign investigations unit),
- Assigning of UCIC (unique customer identification code) to customers.

RBI penalized HDFC bank for **lapses in adhering to KYC/AML** (know your customer / anti money laundering) guidelines. **ICICI & AXIS bank teams with Global Payment Giant SWIFT Payment Group** Global payments leader **SWIFT**, which already has over 70 other leading banks globally now signs up with **ICICI and Axis Bank**, thereby become the first domestic leaders to enter the international payment group.

- The SWIFT international payment network is one of the largest financial messaging systems in the world. Transfer Wise can send or receive certain currencies via SWIFT payment.
- For USD transfers over the equivalent of **£24,000**, Transfer Wise sends the money to the USA via SWIFT international transfer from our foreign currency accounts in Europe. They also send out JPY and ZAR via SWIFT.

**SBI To Use Indian Oil Kisan Seva Centres To Serve Farmers** i. India's biggest lender SBI has announced that it is going to serve as banking correspondents through Indian Oil Corporation owned **6500 Kisan Seva Kendras**. ii. The KSK centres that offers access to various agricultural inputs like diesel services to the farmers across the country. iii. In this regard the lender has inked agreement with **IOC** for financial inclusion programme that will help the lender further its services to the unbanked rural sectors. **SBI launches new card less payment system through phone number in the IMT platform** State Bank ATMs are launched with a new payment system, which will allow the account holders to transfer money using mobile phone number as a key identifier and this system is based on the instant money transfer (IMT) platform. **Card-less money transfer:-**

□ The facility will enable a payment of up to **Rs 10,000** from any SBI bank account and the recipient of this payment can withdraw funds instantly from an **IMT-enabled ATM without using a debit card**.

### **AXIS bank ties up with TATA AIG for travel insurance for its customers**

i. **Tata AIG General Insurance** has launched an integrated travel product, for all Axis Bank customers through the bank's one stop solution called '**Happy Holidays Package**'

ii. The 'Happy Holidays Package' offers multiple travel benefits to globe surfers such as a **Multi-Currency Forex Card** and can be utilized up to 16 currencies. iii. The package allows Axis Bank customers, who are travelling abroad to buy Tata AIG travel insurance policy instantly and in a seamless manner from the **bank's mobile application**. This insurance policy offers several packages including:-

1. **Travel insurance policy,**

2. **Tailor-made Travel Insurance plans;**

3. **Trip Assist Services – an emergency assistance service;**

4. **Free International Calling Cards, and 5. Discounts at restaurants in overseas locations.**

iv. This digital advancement is a test to TATA AIG's continuous effort to conceive and to set new benchmarks for the General Insurance Space. v. It is noted that **Tata AIG General Insurance Company Limited** is an Indian general insurance company, and a joint venture between the **Tata Group** and **American International Group (AIG)**. Tata Group holds 74 per cent stake in the insurance venture with AIG holding the balance 26 percent. **A new Breakthrough – Cabinet approves the changes to GST Bill** Cabinet cleared changes in the GST Constitutional Amendment Bill, dropping 1 per cent manufacturing tax and providing guarantee to compensate states for any revenue loss in the first five years of roll out of the proposed indirect tax regime. **What is a GST Bill?** Goods and Services Tax is a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India, to replace taxes levied by the Central and State governments.

• Goods and services tax would be levied and collected at each stage of sale or purchase of goods or services based on the input tax credit method.

• The **Goods and Services Tax Bill** or **GST Bill** officially known as **The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014**, proposes a national Value added Tax to be implemented in India from June 2016. This method allows GST-registered businesses to claim tax credit to the value of GST they paid on purchase of goods or services as part of their normal commercial activity.

• Taxable goods and services are not distinguished from one another and are taxed at a single rate in a supply chain till the goods or services reach the consumer. Administrative responsibility would generally rest with a single authority to levy tax on goods and services. Exports would be zero-rated and imports would be levied the same taxes as domestic goods and services adhering to the destination principle.

• The tax rate under GST may be nominal or zero rated for the time being. It has been proposed to insulate the revenues of the States from the impact of GST, with the expectation that in due course, GST will be levied on petroleum and petroleum products.

### **What are the GST impacts on common people?**

• The GST shall have two components: one levied by the Centre and the other levied by the States.

• Rates for Central GST and State GST would be prescribed appropriately, reflecting revenue considerations and acceptability. This dual GST model would be implemented through multiple statutes



- The Central GST and the State GST would be applicable to all transactions of goods and services made for a consideration except the exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits.
- To the extent feasible, uniform procedure for collection of both Central GST and State GST would be prescribed in the respective legislation for Central GST and State GST.
- The administration of the Central GST to the Centre and for State GST to the States would be given. This would imply that the Centre and the States would have concurrent jurisdiction for the entire value chain and for all taxpayers on the basis of thresholds for goods and services prescribed for the States and the Centre.
- The taxpayer would need to submit periodical returns, in common format as far as possible, to both the Central GST authority and to the concerned State GST authorities.
- Each taxpayer would be allotted a PAN-linked taxpayer identification number with a total of 13/15 digits. This would bring the GST PAN-linked system in line with the prevailing PAN-based system for Income tax, facilitating data exchange and taxpayer compliance.

Keeping in mind the need of tax payer's convenience, functions such as assessment, enforcement, scrutiny and audit would be undertaken by the authority which is collecting the tax, with information sharing between the Centre and the States

**“Pashudhan Bima Yojana”, Insurance scheme for cattle breeders launched in Haryana** i. An insurance Scheme for the cattle breeders has been announced by the BJP led Haryana Government named **Jokhim Prabandhan Aur Pashudhan Bima Yojana**. The Scheme is the result of recommendations made in Swaminathan Report.

ii. The scheme insurance would offer a cover encompasses cows, bulls, buffaloes and camel at a premium of Rs 100 and for sheep, goats and pigs **at Rs 25 for 3 years**. In case death of animal compensation will be provided by insurance players.

iii. This scheme is free of cost for cattle breeders belonging to **the Scheduled Castes**. That state also targeting to cover one lakh cattle under Pashudhan Bima Yojana. **IRCTC to launch travel insurance facility at Rs 1** The Indian Railway Catering and Tourism Corporation (IRCTC) is set to launch the facility of travel insurance for passengers from September This can be availed at a premium of Re 1. The scheme offers compensation

**i. In the event of death or permanent total disability – upto Rs 10 lakh ii. For permanent partial disability – Rs 7.5 lakh**

**iii. For hospitalisation expenses – Rs 2 lakh**

iv. For transportation of mortal remains in the event of death or injury from a train accident or other untoward incident, including terrorist attacks, dacoity, rioting, shoot-out or arson, as well as for short termination, diverted route and Vikalp trains – **Rs 10,000** Train accident and untoward incident cases will be handled according to definition under **Sections 123, 124 and 124A of the Railways Act, 1989**. **Axis Bank ties up with LIC to extend its Insurance cover across India** Axis Bank has signed an agreement with **Life Insurance Corporation** to distribute policies of the country's largest life insurer. This is the largest bancassurance partnership after the IRDAI allowed banks to sell policies of more than one company. **LIC- AXIS Bank tie up for Insurance cover Extension:-** As on June 30, 2016, Axis Bank had a **network of 3,006 domestic branches** and extension counters situated in 1,882 centres and this is one of the **largest bancassurance** partnerships after the recent **Insurance Regulatory and Development Authority of India (IRDAI)** regulations issued on open architecture framework for banks.

- The partnership with LIC would enable the bank to further expand its existing bouquet of offerings and put forth a compelling proposition for its customers. Apart from LIC, Axis Bank also has a tie-up with Max Life Insurance in the life insurance space. In the initial phase, Axis Bank branches in **West Bengal, Bengaluru and Panchkula in Haryana will start selling LIC products**.

- Banks have increased their role in Insurance distribution with 'bancassurance' being the biggest contributor. Over the last five years the Life Insurance business at Axis Bank has grown at a **CAGR of over 25%**. The partnership with LIC would enable it to further expand the existing insurance establishment.

• It is noted that Axis Bank already had a distribution arrangement with **Max Life Insurance** where it also hold a small stake. Max Life however is set to merge with HDFC Life Insurance which has the same parent as HDFC Bank. It is not clear whether Axis Bank will sign a fresh agreement with HDFC Life post merger.

**OKI completes installation of 600 cash recycling ATMs for SBI across India** OKI, Tokyo completed the installations of **600 sets of cash recycling ATMs of ATM-Recycler G7 kind** to the State Bank of India. This is the second large deployment of the cash recycling ATM in India.

**i.** A cash recycling ATM is a vault that **handles cash coming and cash going out** for both the teller instructions needed in the teller line in the POD environment. **ii.** SBI procured OKI's cash recycling ATMs in 2015 and deployed them in four of its designated regions across India and extended to **600 recycling ATM** across India in June. **iii.** The Oki ATM Recycler G7 accepts rupee banknotes in denominations of **50, 100, 500 and 1,000**. Its cash-recycling function reduces cash management and operational costs compared with ordinary cash dispensers and non-recycling ATMs

**iv.** India is an important market for Oki and completing this project with SBI within **expected timelines is a significant achievement for OKI and it also plans to build on** this program experience and participate in bids for larger opportunities with SBI and other banks. **RBI fines 13 Banks for breaching FEMA regulations and KYC lapses**

Reserve Bank of India has imposed a whopping penalty of 27 crores on 13 private and public sectors banks including PNB and Bank of Baroda following a major crackdown of FEMA regulations and KYC lapses. **i.** This act extends to the whole of India and makes offences related to foreign exchange civil offenses. **ii.** It enabled a new foreign exchange management regime consistent with the emerging framework of the World Trade Organisation (WTO). **ii.** It also paved the way for the introduction of the **Prevention of Money Laundering Act, 2002, which came into effect from 1 July 2005.**

Bank Name	Fine Amount( In
Bank of Baroda	5
Punjab National Bank`	3
Syndicate Bank	3
UCO Bank	2
HDFC Bank	2
Allahabad Bank	2
Canara Bank	2
IndusInd Bank	2
SBBJ	2
Bank of India	1
Corporation Bank	1
RBL Bank	1
SBM Bank	1

**India approves \$318 million loan for Sri Lanka Railways** **i.** Union Cabinet has approved **\$318 million loan for Sri Lanka** Railways to upgrade the country's rail communications system and rolling stock. **ii.** The financial grand from India will help to buy six power sets with AC carriages, 10 engines and 160 carriages, 30 wagons with oil tanks and 20 container wagons. **iii.** The line of credit also boosts Indian export as 75 per cent of the goods and services being sourced from India. The credit carries an interest rate of 1.75 per cent, which will have a repayment period of 20 years. **SBI donates Rs 1.15 cr to L V Prasad Eye Institute** **i.** State Bank of India has donated **Rs 1.15 crore** for ophthalmic equipment for non-paying patients and surgery instrument for an operation theatre to **L V Prasad Eye Institute.** **ii.** According to SBI Chairman **Arundhati Bhattacharya**, the bank spends 1 per cent of its net profit towards corporate social responsibility(CSR) activities every year. **iii.** SBI had spent Rs 143.92 crore towards CSR activities during 2015-16

### Banking & Finance Awareness August 2016

**Bonanza for 7th pay commission beneficiaries – SBI unveils two new cheap housing loans** SBI unveiled a new **cheaper home loan scheme** for defense and other government employees. This new decision reflects to attract the **donee of the 7<sup>th</sup> pay commission's salary hike.** SBI eyes that the surplus income of the employees can thus be utilized by government employees and defense personnel towards purchase of house. **New Housing Loan:-** State Bank of India introduced two new self customizable schemes as per the needs of the employees without any processing fee in the following terms,

- **SBI Privilege Home Loan – government employees,**
- **SBI Shaurya Home Loan – defence personnel.**

The government employees are relaxed with installment tenure extending up to **75 years of age and lower EMI burden post retirement and 0.05 percent concession over the home loan interest.** **Raghuram Rajan released the consolidated norms of On-Tap Licensing process to enact reform in the Banking Industry** In order to switch over bank licensing process from once-in-a-decade affair into an ongoing process, RBI governor Raghuram Rajan has released the key features regarding the consolidated norms of the 'on tap licensing' or continuous licensing process.

#### **Guidelines of this On-Tap License:-**

1. On-tap licensing has initiated the **biggest overhaul in India's banking structure,** after readying the structure for differentiated banking regime with the issuance of **small finance banks and payments bank licences.**
2. If one sees the monetary policy structure reforms too along with this, Rajan's governorship has witnessed an era of big reforms in India's banking industry.

As a key point to notice, Individuals who are 'residents' and have 10 years of experience in banking and finance at a senior level and existing non-banking financial companies (NBFCs) that are 'controlled by residents'.

- The applicant have to pass the '**Fit and Proper**' criteria, which constitutes of a promoting entity/ group should have a past record of proper and efficient financial credentials, integrity and should have a **minimum 10 years of successful track record.**
- It is also to be complying by the applicants that the respective entity has total assets of **Rs 5,000 crore or more,** the non-financial business of the group does not account for **40 per cent or more in terms of total assets/in terms of gross income.**

**Tata Capital Housing unveils home loan scheme with 4% rate** **i.** Tata Capita Housing Limited announced a Comprehensive Housing finance scheme called Prapti with an attractive 4% interest rate for people earning less than **Rs 6 lakh** a year. **ii.**The Scheme categorizes two group upon their annual income.viz 1.People with earning between **Rs 3 lakh to Rs 6 lakh** a year are recognised as **low income group** 2.People earning less than Rs 3 lakh are considered as **economically weaker segment.** **iii.** Also the Prapti scheme that intends sections like the lower income group (LIG), economically weaker section (EWS), scheduled caste (SC), scheduled tribe (ST) and women in the peripheries of metros, tier I cities along with those living in tier II and tier III cities. **iv.** The initiative is inline with the union government's vision of 'Housing for All by 2022. **ICICI lowers its Marginal Cost Lending Rate by 0.05% to 8.9%** India's largest private sector bank, **ICICI Bank reduces its Marginal Cost Lending Rate by 0.05% to 8.90 from previously 8.95%.** **i.** The Reserve Bank of India has brought a new methodology of setting lending rate by commercial banks under the name **Marginal Cost of Funds based Lending Rate (MCLR).** It has modified the existing base rate system from **April 2016** onwards. **ii.** As per the new guidelines by the RBI, banks have to prepare Marginal Cost of Funds based Lending Rate (MCLR) which will be the internal benchmark lending rates. Based upon this MCLR, **interest rate for different types of customers should be fixed in accordance with their risk.**

**SEBI's first phase of new enterprise portal goes live** **i.** Markets Watchdog SEBI unveiled its **first phase** of its **new enterprise portal** to offer timely dissemination of information to all its stakeholders be it internal or external. **ii.** The new portal developed by IT major **Tech Mahindra** went live on July 29 will come in place of the existing one, also the first phase provides the SEBI-employees and some of its market intermediaries.

**iii.** The portal provides an e-Platform to registered and prospective intermediaries to communicate in secure, simplified, transparent and paperless process that is in line with the digital trends. **Bank of Baroda ties up with start-up Fisdom** **i.** Vadodara headquartered Public Sector lender **Bank of Baroda** has entered into partnership with a fintech start-up **Fisdom** for personal wealth management services. **ii.** The lender also entered into pact with **six other fintech companies,** proficient in different areas, they are CreditMantri, FundsTiger, Probe42, Power2SME, IndiaLends and KredX. **ICICI teams up with APOLLO India for an Asset Reconstruction Company** India's largest private banking lender, **ICICI banks teamsup with US based Apollo India Credit Opportunity Management LLC** to launch an **asset reconstruction company (ARC).**

**i.** This tie-up is mainly emphasizing on the establishment of the ARC, which will **acquire debt from lenders** as well as equity stakes in companies.

**ii.** ICICI has also entered into a memorandum of understanding with **AION Capital Management Ltd** to launch an asset reconstruction company (ARC) as third partner. **RBI imposes penalty on 2 Chhattisgarh cooperative banks**

**i.** Reserve Bank of India slapped penalty of **five lakh each on two cooperative banks** based in Chhattisgarh under the Banking Regulation Act, 1949. The two banks namely, 1.Zila Sahakari Kendriya Bank Maryadit, Raipur 2.Raipur Urban Mercantile Cooperative Bank Limited

**ii.** These cooperative banks penalised for **violation of the directives/guidelines of the Central Bank on 'Know Your Customer' norms.**

#### **RBI launches portal to curb illegal money pooling by firms**

**i.** The Reserve Bank of India has launched a website **sachet.rbi.org.in**– in a bid to curb illegal and unauthorized pooling of funds by unscrupulous firms. It was launched by RBI Governor Raghuram Rajan. **ii.** The move will help people obtain information about entities allowed to collect deposits and also would help in arriving logical conclusion by punishing **the guilty is paramount to deter entities.**

**iii.** The Sachet portal (Hindi for alert) will provide filing, tracking of complaints in addition it will also offer information about whether any particular unit is registered with any regulator. **RBI panel to benchmark India's household finance**

**i.** Reserve Bank has constituted a **panel to study the various facets of household finance** in India and to benchmark India's position visav is both in other major world markets and advanced economies. **ii.** The panel headed by Financial Economics Professor **Tarun Ramadorai** at Oxford University. **Corporation Bank unveils its Group Credit Life Insurance Scheme in Mangalore** In a pilot basis, Corporation bank has launched **group credit life insurance scheme** in Mangalore on August 4. This move attributes to increase the insurance cover of the growing population and also strengthen its borrowing community. **Life-based contracts tend to fall into two major categories:**

- **Protection policies** – designed to provide a benefit, typically a lump sum payment, in the event of specified event. A common form of a protection policy design is term insurance.
- **Investment policies** – where the main objective is to facilitate the growth of capital by regular or single premiums. Common forms (in the U.S.) are whole life, universal life, and variable life policies.

#### **Corporation Bank Group Insurance:-**

- The scheme is exclusively to cover the customers in the age group of **18-60 years** who have taken term loans from the bank.
- It will be payable to the person , in the **event of death** of the borrower and it is a single premium group term insurance plan offering insurance cover to the loan taken by the customer.

**Government fixes an inflation target of 4 percent for five years** **i.** The Union government have come with the notification that tabled in the Lok Sabhaintends **4 per cent** inflation with the **tolerance of 2 percent (±)** for the next five years till **March 31, 2021** **ii.** The move is directed to the monetary policy framework agreement with the Reserve Bank of India. **iii.** The, center's notification comes upon the **section 45ZA of RBI Act, 1934, inconsultation with the bank Central Bank.**

**Axis Bank ready with UPI app, to tie-up with Freecharge** **i.** Mumbai based Private sector lender **Axis Bank**has announced tie up with the Mobile recharging platform **Freecharge** and also said the bank is ready with Unified Payments Interface (UPI) app.

**ii.** The Application powered by UPI architecture called **Axis Pay App** can be used by any other banks customer also would make the transactions easier. **Japan records biggest current account surplus since 2007** **i.** Japan has recorded the **largest current account surplus in the first half of 2016** that quantify the international trade of goods, services and investments in and out marked a surplus of 10.63 trillion yen (\$104 billion) in the duration which is up 31.3 per cent from a year earlier. **ii.** Japan has been showing good result in tourism also in Goods trade, a key component of the current account balance, registered a **surplus of 2.35 trillion yen** compared with a deficit

of 375.4 billion last year same duration. **RBI makes no changes in Repo rate and CRR in its third Bi-Monthly Monetary Policy Review** As expected The Reserve of India (RBI) in its **third bi-monthly monetary policy review kept the repo rate unchanged at 6.50 per cent** citing upside risk to March 2017 inflation target. **Repo Rate and Reverse Repo Rate:-**

- As the rates are high the **availability of credit and demand decreases resulting to decrease in inflation. This increase in Repo Rate and Reverse Repo Rate is a symbol of tightening of the policy.**
- In this latest Monetary Policy Review, the **repo rate was left unchanged at 6.50 per cent.**
- With retail inflation ruling above its projection of around 5 per cent for FY2017, the RBI held the rate steady and in the current financial year, the RBI last cut the repo rate in its **first bi-monthly monetary policy review, in April by 25 basis points to 6.50 per cent.**
- The RBI kept the **cash reserve ratio of scheduled banks unchanged at 4.0 per cent** of net demand and time liabilities.

**HDFC, Max group merge life insurance businesses to create company worth Rs 67,000 crore** i. The boards of **HDFC and Max Financial's groups** have given their nod to merge their respective life insurance entities. This will pave the way for more consolidation in the life insurance space. ii. The boards of HDFC Life, Max Life, Max Financial Services and Max India decided to amalgamate their businesses to create a **Rs 25,500-crore** entity under the label of HDFC Life through a **3:7 share swap** under which a Max shareholder will get three HDFC Life shares for every seven in an old share deal.

**RGIC ties up with SVCB to foster the spread of the Insurance Policies on a Pan – India Basis**

- Reliance General Insurance Company Ltd**, Non-life insurer declare a bancassurance tie-up with **Shamrao Vithal Co-operative Bank (SVCB)** on August 9.
- Reliance General will distribute its insurance products to the customers of SVCB. SVCB is having a network of **194 branches.**
- This is the fourth big partnership by Reliance in bancassurance, apart from the tie-up with **IndusInd Bank, Bank of India and Andhra Bank** and expects to boost our top line by up to 10 per cent through these tie-ups and alliances. **Ponzi schemes not under our purview: SEBI**

i. Market Regulator **SEBI** has clarified that any regulatory purview over **Ponzi schemes** will come under purview of state governments. The state government is the responsible to protect investors.. ii. SEBI has stated that Ponzi schemes do not fall under the regulatory purview of SEBI, such schemes were banned under the **Prize Chit and Money Circulation (Banning) Act, 1978** and the State government concerned is the enforcement agency. **Non-Performing Assets (NPA) of commercial banks increased around 4%** The Union Government has declared that the **Non-Performing Assets (NPA) of commercial banks have increased by around 4%** in the from March 2015 to March 2016.

i. This as a credit facility in respect of which the interest and/or installment of Bond finance principal has remained 'past due' for a specified period of time. NPA is used by financial institutions that refer to loans that are in jeopardy of default. **Once the borrower has failed to make interest or principle payments for 90 days the loan is considered to be a non-performing asset.** ii. It is noted that the NPA of banks was 5.43 percent in March 2015 which has risen to 9.32 percent in March this year. **NABARD sanctions Rs 26.06 crore to Punjab**

i. The National Bank of Agriculture and Rural Development (NABARD) has sanctioned Rural Infrastructure Development **fund of Rs 26.06 crore** to the state of Punjab also upon this the total grand stood at **Rs 7,826.17 crore** so far.

ii. The financial grand will be used for tackling waterlogging by building lift schemes in low-lying areas, village ponds and other allied works in the state.

iii. The project will benefit 5,913 hectares **of land in 87 villages of Muktsar and Fazilka districts.**

The project will pave the way for farmers to cultivate crops in the previously waterlogged areas after a long gap.

**Union finance Minister Arun Jaitley launches MSME Data Bank Portal and Online Finance Facilitation Web Portal.** Finance Minister Arun Jaitley launched an **online finance facilitation portal for the micro, small and medium enterpris (MSMEs) to facilitate ease of doing business** at New Delhi on August 11. **i.** He launched two important initiatives of the **Ministry of MSME – MSME Data Bank Portal and Online Finance Facilitation Web Portal.** **ii.** The online finance facilitation centre will allow the MSMEs to apply for loans from the various banks on the NSIC – National Small Industries Corporation portal. **iii.** The online finance facilitation centre will allow the MSMEs to apply for loans from the various banks on the NSIC (National Small Industries Corporation) portal and NSIC has also signed a **MoUs (memorandum of understanding) with 33 banks, 14 of whom have agreed to associate with the online finance facilitation portal.** **RBI's Draft for Limiting Liability of Customers in Unauthorized Electronic Banking Transactions** RBI has come up with a Draft Circular for public comments on **“Limited Liability” for customers in case of frauds in Internet Banking and Card transactions.**

- RBI has also proposed zero liability on the customer if the loss is reported within three working days even if the cause is not directly linked to deficiency on the part of the lender and the fault lies elsewhere in the system.

**Limited Liability of a Customer –** A customer shall be liable for the loss occurring due to fraudulent transactions in the following cases:

- In cases involving negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorized transaction to the bank. **Any loss occurring after the reporting of the unauthorized transaction shall be borne by the bank.**
- In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with the customer but lies elsewhere in the system and when there is a delay on the part of the customer in notifying the bank of such a transaction, the customer liability shall be limited to the **transaction value or Rs. 5000/-, whichever is lower.** Further, if the delay in reporting is beyond seven working days, the customer liability shall be determined as per bank's Board approved policy.

**SBI and Korea Development Bank ties up for Business Development.** **i.** India's largest public sector bank, **State bank of India (SBI) and Korea Development Bank (KDB)** have signed an MOU to develop business synergies in the **domains of corporate finance, project finance and asset finance.** **ii.** The MOU was signed between **SBI chairman Arundhati Bhattacharya, and chairman and CEO of Korea Development Bank, Lee Dong Geol.** **Syndicate Bank launches Project Ananya to improve Digital Banking Services**

**i. Syndicate Bank** has adopted a large scale transformation program called **“Project Ananya”** that focuses on improved customer service and offering latest indigital banking services.

**ii.** The bank plans to transform 10% of its branches to a new **format in next 6-12 months** and the bank has opened one such branch. **iii.** The bank will offer completely operational account available in less than **one day with no additional visits to the branch** and making this one of the fastest account opening processes in the industry. **BSE gets approval to establish International exchange at GIFT**

**i.** Mumbai based Bombay Stock Exchange has got approval from the Corporate Affairs Ministry to establish BSE International Exchange and BSE International Clearing Corporation at Gujarat International Finance Tec-city (GIFT). **ii.** In this regard BSE had signed a **MoU with GIFT SEZ** to set up the two entities at the GIFT city — India's first International Financial Services Centre (IFSC) in January last year. **Kotak Mahindra Bank integrates with Flipkart**

**i.** Mumbai based Private sector lender Kodak Mahindra Bank has tied up with the E- Commerce Market Place Flipkart by expanding the **Bank's in-app shop, mStore** which was used to book air tickets, hotels and bus tickets. **ii.** Now the Flipkart has been integrated with **the M store** which will pave the bank customers to **buy a wider range of things** via the application.

**South Indian Bank, SBI Card to launch co-branded credit card** **i.** Kochi Based leading private sector Lender **South Indian Bank** and India's Largest lender **State Bank of India** has joined hands for their **co-branded credit card** for the South Indian Bank customers. **ii.** Upon this tie-up it is set to launch two variants of **credit card on VISA platform,** namely **South Indian Bank Platinum SBI card** and **South Indian Bank SimplySave SBI card.**

**iii.** The Platinum variant has been designed focused on premium customers and offers features in line with their lifestyle habits that comes at a joining fee of **₹2,999.**

iv. While the SimplySave variant is aimed at the value conscious consumers. It offers rewards and features that take into account the spending requirements of customers which will seek a joining fee of Rs.499. **Union Bank of India launches USSD based mobile app for basic banking needs with NPCI** i. National Payments Corporation of India (NPCI) ties up with Union Bank of India to launch an USSD based \*99# mobile application for their customers. ii. USSD (Unstructured Supplementary Service Data) is a GSM based technology that is used to send text between a mobile phone and an application program in the network. **IRDAI Slaps Rs 35 Lakh Fine On Bharti AXA General Insurance** Hyderabad based **Insurance Regulatory and Development Authority (IRDAI)** has imposed **Rs 35 lakh** fine on **Bharti Axa General Insurance Co Ltd** for violation related with an inspection finding during **December 2012 to March 2013**.

i. In addition to that penalty of **Rs 5 lakh** each was imposed for violating file & use policy and protection of policy holders interest. **NASSCOM launches startup warehouse in Visakhapatnam** The first **National Association of Software and Services (Nasscom)** warehouse has launched at **Rushikonda, Visakhapatnam**. It is the 9<sup>th</sup> warehouse of NASSCOM. i. It will provide affordable **co-working space with incubation for 6 months**. ii. It will create wonderful opportunities in emerging markets and boost entrepreneurship **Times Internet partners HDFC Bank to launch co-branded Debit Card** Times of India Group's Times Internet in cooperation with Mortgage lender **HDFC** launched co-branded debit cards. It will have a daily shopping limit of **Rs 2.75 lakh** and an ATM withdrawal limit of **Rs 1 lakh**. **Co-Branded Debit Card:**

♦ The **Times Points HDFC Bank Debit Card** will offer at least **10 per cent discount** on online shopping on retail, groceries and dining space and also offers reward them for engaging with the Times Internet sites.

**NPS: PFRDA lowers minimum contribution to Rs 1,000 per year**

i. Insurance regulator PFRDA has substantially lowered the **minimum annual contribution to Rs 1,000** to keep the account active in order to encourage more people to join the National Pension System.

ii. Priorly instead of 1000, a subscriber had to contribute **at least Rs 6,000 in a financial year** to keep the Tier-1 account running.

iii. NPS comprises of two tiers of accounts.

♦ **TIER – I** is the **non-withdraw able permanent retirement account** into which the accumulations are deposited and invested as per the option of the subscriber.

♦ **Tier-II is a savings account**; the regulator has decided to waive the requirement of annual minimum contribution of Rs 250 and minimum balance of Rs 2,000 at the end of a fiscal year. **Asia Index launches index to track performance of CBLO rate**

i. A joint-venture between **S&P Dow Jones Indices and BSE, Asia Index** launched a new index to measure the performance of **Collateralized Borrowing and Lending Obligation (CBLO)** rate – one of most liquid rates in India.

ii. This new index would be calculated using the CBLO rate **for transactions maturing on the following business day and with settlement T+0**.

iii. The launch of S&P BSE Liquid Rate Index, It helps in expanding fixed income indices offering in the most actively traded instrument in the money market. The **CBLO rate is considered one of most liquid rates in India, in the overnight segment**.

iv. The index is designed to measure the returns from a daily **rolling deposit** at the CBLO rate. **RBI imposes penalty on four cooperative banks** i. Mumbai based **Reserve Bank of India(RBI)** has imposed penalties on four cooperative banks for violation of various norms. This 4 **cooperative banks are**

1. **Cooperative City Bank, Guwahati – Rs 5 lakh**
2. **Indapur Urban Cooperative Bank, Indapur – Rs 2 lakh**
3. **Shri Dadasaheb Gajmal Cooperative Bank, Pachora – Rs 1 lakh**
4. **Model Cooperative Urban Bank, Hyderabad – Rs 1 lakh**

ii. RBI also modified its directions regarding Mumbai based **R.S. Co-op. Bank** and relaxed payment terms for deposits.

- iii. A sum not exceeding **Rs 10,000** in every savings bank or current account or term deposit account or any other deposit account may be allowed to be withdrawn by depositor

#### **Federal Bank joins hand with MMTC for the distribution of IGC – Indian Gold Coins**

i. **Federal Bank** ties up with **MMTC** for distribution of **Indian Gold Coins (IGC)**, the **first-Ever National Gold** offering by the Government, which was launched by **Prime Minister Narendra Modi**.

ii. Kerala based private sector lender, **Federal Bank** has tied up with **MMTC** for distribution of **Indian Gold Coins (IGC)**, the **first-Ever national gold offering by the government**. iii. It is noted that **Federal Bank** has become the first private sector bank to start distributing gold coins made by government-controlled **Metals and Minerals Trading Corporation of India**.

#### **Federal Bank ties up with Chillr for cashless transactions**

i. **Federal Bank** announced its partnership with **Chillr**, a mobile banking application, to provide cashless transactions.

ii. The facility is already available to all **customers of Federal Bank** and the bank always believed that digital services will herald a paradigm shift in banking services. The bank has always striven to be ahead of the curve by launching a bouquet of on line services. **India Post Payments Bank Incorporated Sets to begin in 2017**.

i. **India Post Payments Bank** has come into existence after it received certificate of incorporation from the **Registrar of Companies**, setting the stage for the new bank to begin operations in 2017.

ii. The **India Post Payments Bank** has received the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs yesterday under the **Companies Act 2013**.

iii. With the incorporation, the Board of the **India Post Payments Bank Limited** is likely to be constituted soon. The incorporation of the **IPPB Ltd** is a significant step forward as this also paves the way for the **bank to begin hiring of banking professionals to set up the bank and begin its operations in 2017**. **SBI bank board approves the significant merger of Five associate banks and BMB with itself**

i. In an attempt to create global size bank, the board of **State Bank of India** approved scheme of **merger of five associate banks and Bharatiya Mahila Bank (BMB)** with itself while protecting the interest of the existing staff. ii. **SBI** also approved the share swap ratio for merging three associates—**State Bank of Bikaner and Jaipur (SBBJ)**, **State Bank of Mysore (SBM)** and **State Bank of Travancore (SBT)**—and **BMB**. But the Swap ratios for **State Bank of Hyderabad** and **State Bank of Patiala** were not announced. **Indian Private Banks at the Top Spots among the Global Banks on Key Return Ratios** Leading Indian private banks namely **HDFC Bank**, **Axis Bank** and **ICICI Bank** along with their Chinese peers **China Construction Bank Corp (CCB)**, **Industrial and Commercial Bank of China (ICBC)** and **Agricultural Bank of China (ABC)** occupy the top six slots among global banks on key return ratios, namely return on equity (RoE) and return on assets (RoA). **Indian Banking Statistics :- The most public sector banks have struggled on this front in recent years with the exception of SBI and Union Bank that have started seeing some increase in this metric in both FY15 and FY16.**

- For FY16, **HDFC Bank** and **Axis Bank** earned the **highest return on assets of 1.91 per cent and 1.67 per cent, respectively, followed by CCB, which clocked return on assets of 1.3 per cent.**
- **ICBC** and **ICICI Bank** completed the top five lists with **RoAs of 1.29 per cent and 1.17 per cent, respectively.**
- The Chinese banks follow December year-end and, hence, the data for them is at the end of calendar year 2015. **HDFC Bank** tops its global peers on RoE as well, which stood at 18.63 per cent in FY16.
- **Axis Bank** stood fifth in this table with a **RoE of 16.95 per cent, after CCB, ICBC and ABC that reported RoEs of 17.18 per cent, 17.1 per cent and 17.03 per cent.**

**ICICI Bank goes live with banking transaction product on mobiles & ICICI Bank unveils new ‘smart keys’ mobile app** i. India’s largest Private Sector lender **ICICI Bank** has launched a payment service using a smartphone keyboard named **iMobile SmartKeys** to make mobile payments easier. ii. This solution was developed by one of the winners of the bank’s app developing competition ‘**ICICI Appathon**’ which enables users to make **quick and secure payments** on any mobile application. **Andhra Bank teams up with Geojit for 3-in-1 online platform** i. **Andhra Bank** government jointly with **Geojit BNP Paribas Financial Services** has launched a three-in-one online investment and trading platform christened **AB eTrade** which integrates savings and **demat accounts with online trading**. ii. With this secure customer-friendly product, customers can invest in equity,



mutual fund and other capital market products that paves way for easy trading on the basis of net obligation. **Central Govt chooses four banks for the sale of share in HUDCO** i. The government has selected four investment banks namely **Nomura, SBI Caps, ICICI Securities and IDBI Capital for the proposed share sale in HUDCO – Housing & Urban Development Corporation Limited.** ii. **Department of Investment and Public Asset Management (DIPAM)**, the nodal agency under the finance ministry that co-ordinates government disinvestment programme has selected these four investment banks for the proposed share sale in HUDCO.

**Forex reserve at record high of USD 365.82 billion** i. India's foreign exchange reserves surged by **USD 73.2 million** to touch a life-time high of USD 365.82 billion in the week ended. It was surged by USD 253.6 million to touch **USD 365.75 billion last week.** ii. The Gold reserves remained unchanged at USD 21.58 billion in the week. While special drawing rights held by India with the IMF gone down by **USD 3.2 million to USD 1.49 billion**, while the country's reserve position plunged by USD 5.2 million to USD 2.39 billion. **Jawaharlal Nehru Port Trust to sign agreement with bankers for External Commercial Borrowing**

- i. Mumbai based container port, **Jawaharlal Nehru Port** has signed an agreement with State Bank of India and Development Bank of Singapore for External Commercial Borrowing to the tune of **USD 400 Million** under External Commercial Borrowings. It the first Major Port to finalize the terms of ECB.
- ii. The Credit seeks at a very competitive interest rate to improve the infrastructure required for doubling its existing capacity to 9.85 Million TEUs annually which is for Door-to-Door **tenor of 7.5 years.** **JNPT signs pact with SBI, DBS for \$400 million loan** i. India's premier container port, Jawaharlal Nehru Port Trust has signed a pact with **State Bank of India and Singapore's DBS for a loan of Rs 2,600 crore**, to double its annual capacity. ii. **Jawaharlal Nehru Port (JNPT) in Navi Mumbai, has signed an agreement with State Bank of India (SBI) and DBS for ECB to the tune of USD 400 million at a very competitive interest rate** to improve the infrastructure required for doubling its existing capacity to 9.85 million TEUs annually. **Mahindra AMC launches Mahindra Mutual Fund Kar Bachat Yojana**
- i. Mahindra Asset Management Company has announced the launch of open ended scheme **Mahindra Mutual Fund Kar Bachat Yojana** to generate long-term capital appreciation through a diversified portfolio of equity and equity related securities. ii. **The Kar Bachat Yojana** comes with a **three year lock-in period.** The New Fund Offer would close on October 7 and will reopen for continuous sale and repurchase from October 19, 2016.
- iii. This move comes after the company has got after it received approval from SEBI, the Yojana will help people who not only want to save tax but also wish to create a tax-free corpus over long term investments.

**Bajaj Finance ties up with India Post to facilitate two-wheeler purchase** i. Pune based motorcycle finance firm **Bajaj Finance Limited** has joined hands with **India Post** to facilitate purchase of vehicles in Karnataka.

ii. The **Bajaj Finance** inked a **MoU with India Post** and also announced special arrangement that allows potential buyers to get information on various **2-wheeler loan schemes.** iii. These post offices will also hold special loan offers to the people including the installment collection set-up at the Post Offices. This arrangement shall initially be available at **208 E-Payment Post Offices** across the state. **Cabinet liberalises FDI norms for NBFC sector** i. The Union Cabinet chaired by Prime Minister Narendra Modi has permitted foreign investment through **automatic route in other financial services**, that are comes under regulators like Reserve Bank of India (RBI) and State bank of India (SBI) and Pension Fund Regulatory and Development Authority (PFRDA) or government agencies. ii. At present regulations on Non-Banking Finance Companies (NBFCs) stipulate that 100 per cent FDI through automatic route permitted for **only 18 specified NBFC activities** such as merchant banking, under writing, portfolio management services. iii. The amendment in the **Foreign Exchange Management (Transfer or Issue of Security by the Person Resident outside India)** regulations on NBFCs will allow inflow of FDI in "Other Financial Services" on automatic. iv. The cabinet also eliminated minimum capitalisation norms as **mandated under FDI policy** as most of the regulators have already **fixed minimum capitalisation norms** which will induce FDI and spurt economic activities throughout India. v. It also kept aside the need for **prior center's nod for up to 74 per cent FDI brownfield investment** in pharmaceuticals and eliminated the condition of access to 'state-of-the-art technology' for defence sector in the FDI. **Central Government to ban cash transactions over 3 lakhs to curb black money** i. In the next move to **clamp down on black money in the economy, the government is set to ban cash transactions over Rs 3 lakh.** ii. The Rs 3 lakh-limit is aimed to ensure that transactions are made using **credit or debit cards, cheques or drafts which can be easily tracked.** iii. The government has already initiated several steps, including banning **cash advance of more than Rs 20,000 for property transactions.**

**Indian economy to grow 7.9% this fiscal: Goldman Sachs**

i. American multinational banking firm **Goldman Sachs** says Indian economy is likely to **grow 7.9 per cent in this year 2016-17**, growth in the **current fiscal driven** by better monsoon, government pay hike, key reforms and FDI inflows. **ii.** Sachs report went on to say that GDP of the country is expected to improve gradually and for the April-June quarter it may slow a tad to **7.8 per cent**, in part due to unfavorable base.

**iii.** It added that India grown at **7.9 per cent** in the previous quarter. While the forecast for this fiscal is however higher than consensus expectations of 7.5 per cent and up **from 7.6 per cent in FY16.**

**iv.** The report note also praises India's efforts on reforms like passage of the GST bill, inflation targeting framework on Policy among the others. **21 banks to go live with Unified Payments Interface, says NPCI**

**i.** Mumbai based retail payments organisation **National Payments Corporation of India (NPCI)** has announced that customers of 21 banks can use Unified Payments Interface (UPI) for sending and collecting money via a smart phone using a Virtual Payment Address (VPA) soon.

**ii.** The UPI interfaced App will facilitate option for **scheduling push and pull transactions** for various purposes like Payment of cash on delivery during online shopping websites and can pay for miscellaneous expenses like paying utility bills, barcode based payments, donations. **iii.** It also comes with greater security as privacy of customer's data maintained as there is no account number mapper on the system except the customer's own bank also customer can use the mobile number for the virtual address **like 1234567890@xyz in place of** short name

**IndusInd Bank ties up with IBM for Cloud Commerce Solutions i.** Private sector lender **IndusInd Bank has tied up with IBM to use its Cloud commerce solutions** to transform customer engagements and enhance its cross-sell platforms. **ii.** Using **customer behavior analysis and real-time contextual marketing**, banks can ensure that customers connecting with the bank on any channel will receive relevant and timely communications and offers that address their unique needs. **RBI asks banks to extend loans to women SHGs at 7% rate i.** Reserve Bank of India (RBI) has asked to grand loans to Women Self-Help Group (SHG)**up to Rs 3 lakh at 7 per cent interest rate per annum.** The Revised Scheme comes from RBI after it got approval from Rural Development Ministry. **ii.** These loan scheme to be provided under poverty alleviation project- National Rural Livelihoods Mission (NRLM)-Aajeevika scheme for the year **2016-17 in the 250 districts.** **iii.** Upon the new guidelines an interest subvention on credit line up to Rs 3 lakhs at 7% per annum will be provided. All women SHGs will be eligible for it. However, SHG availing capital subsidy under Swarnjayanti Gram Swarojgar Yojana (SGSY) in their existing credit outstanding will not be eligible for benefit under this scheme.

#### **Finance Ministry set up a committee for digitalize incentive payments**

**i.** The Finance Ministry led by Arun Jaitley has set up a committee to **consider incentives such as cash back schemes and tax rebates for promoting card and digital payments** in a step towards discouraging cash transactions. **ii.** With an aim to discourage cash transactions, the Finance Ministry has set up this **high-level committee** to suggest steps to promote card payments through incentives like tax rebates and cash back schemes.

**iii.** The 11-member committee, **headed by former Finance Secretary Ratan P Watal**, will recommend various measures to incentivize transactions through cards and digital means, e.g., through tax rebates/incentives, introduction of cash back/lottery. **Karnataka Bank launches UPI app KBL-SMATRz**

**i.** Mangaluru based Karnataka Bank has come up with a mobile application named **KBL-SMARTz** built on the unified payments interface (UPI) platform of the National Payments Corporation of India (NPCI).

**ii.** The App was launched by the Managing Director and Chief Executive Officer **P Jayarama Bhat, Karnataka Bank.**

**iii.** The App enables users to perform the transactions on-the-go through this app, which is available in the Google PlayStore. **World Bank sanctions Rs 980 cr for Brahmaputra dredging: Min**

**i.** The **World Bank** has announced a funding of **Rs 980 crore** to dredge the Brahmaputra as an initiative to develop waterways to Bangladesh and to other South East Asian countries which is give fillip to trade and industry in the Area.

**ii.** Upon **this Brahmaputra waterways** will pave the way for trade that will lead to a reduction in the cost of transportation of goods and will finally the state of Assam will become export hub for the South East Asian countries.

iii. This Sanction also boost the Centre's **Act East Policy** that also in line to boost trade with South East Asian countries such as Thailand, Myanmar, Laos, Cambodia and other countries.

**Sebi mulling relaxed norms for REITs, InvITs, startups listing** i. Market Watchdog Securities and Exchange Board of India (Sebi) has lined up wide-ranging relaxations to its norms for **REITs and InvITs and an easier set of listing rules for startups**. **SEBI will consider these regulations in its board meeting next month**ii. **Institutional Trading Platform (ITP) for startups by the SEBI**. **iiiset of norms on REITs and InvITs**iv. **20 per cent investment by such trusts in under-construction projects, up from a maximum of 10 per cent allowed now**. **Doha Bank opens branch in Kerala** i. **Qatar based Doha Bank has opened a branch, the Kerala's Chief Minister Pinarayi Vijayan inaugurated the branch at Lulu International Shopping Mall in Edappally**. The InvITs(Infrastructure Investment Trusts), REITs (Real Estate Investment Trusts) Regulations were under review for the framework for . The Board of SEBI is likely to devise an easier which will allow them to have up to five sponsors, as against the current norm for maximum three. It would allow up to.

ii. The Bank also held an investors conference on Kerala-Qatar Investment Opportunities, which saw a participation of major investors and SMEs from the state and GCC and Doha Bank officials. **Yes Bank launches its own mobile wallet Yes Pay** i. Mumbai based private sector bank Yes Bank has launched **Yes Pay**, a digital wallet which does not require that both the transacting parties be registered on it. **ii**. As a pilot move Yes Pay is built as a **Facebook app on the Android and iOS mobile platforms in the realm of digital payments scenario**. **iii**. **NABARD granted Rs. 204.67 crore for Haryana under RIDF scheme** i. **sanctioned a loan of Rs 204.67 crore under Rural Infrastructure Development Fund (RIDF) for rural infrastructure in Haryana**. **ii**2nd tranche of RIDF for 2016-17 for construction of three rural bridges, construction and upgradation of 26 rural roads in 10 districts namely Ambala, Faridabad, Gurgaon, Hisar, Jind, Karnal, Mahendergarh, Panchkula, Rewari and Yamunanagar. **PFS ties up with banks for clean energy project loans** i. **PTC India Financial Services (PFS) has tied up with banks to provide loans to companies working on renewable energy (RE) Generation**. **iiii**. **Canara Bank launches UPI app 'empower'** i. **Canara Bank has launched Unified Payment Interface [UPI] App named 'empower', at its board of directors' meet held at Bengaluru**. **ii**. **T N Manoharan, Chairman, and Rakesh Sharma**The Wallet Yes Pay has associated with merchants like PayU, Euronet, Coupon Dunia, One Assist QuikWallet, ToneTag and Witty Gift to enable users to make seamless bill payments. National Bank for Agriculture and Rural Development (NABARD) has . Rs 147.18 crore has been sanctioned to the state government under the Indian non-banking financial institution . Upon this collaboration these banks set to letter of credit (LC) based on the issue letter of comfort (LOC) issued by PFS, to project companies in the renewable space with diligence on certain parameters. The Banks will issue credit upon the request made by the companies involved in Clean Energy projects on various associated costs for issuance of letter of credit, which generally takes 3-5 months. Bangalore based The app launched by , MD & CEO, in the presence of board of directors of the Bank. **India to grow at 7.6% in FY'17: RBI** i. Reserve Bank of India predicts India to clock **at 7.6 per cent in 2016-17** in the wake of near- term growth outlook for India seems brighter than last fiscal. **ii**. The Central Bank in its annual report said that overall gross value added growth is expected at **7.6 per cent** this fiscal, up from 7.2 per cent last year. **NPCI launches Bharat Bill Payment System pilot project** i. Mumbai based **National Payments Corporation of India (NPCI)** with 26 Bharat Bill Payment Operating Units (BBPOUs) launched the pilot project for **Bharat Bill Payment System(BBPS)**. **ii**. Bharat Bill Payment System will provide interoperable bill payment services to customers. Now it will cover repetitive payments such as **electricity, water, gas, telephone and Direct-to-Home (DTH)**. **iii**. As of now **52 Banking entities and 10 Non-Banking entities** are received in-principle approval from RBI to function as Operating Units (OU). **Reliance Life gets its new CEO – Ashish Vohra, Former CDO of Max Life** Ashish Vohra, **former chief distribution officer at Max Life** will be joining **Reliance Life** following his appointment as its Chief Executive Officer. **i**. Earlier Ashish Vohra worked with Fullerton India Credit and Citibank and at last he joined Max Life in 2010 and was leading the distribution channels, including bank assurance, direct selling, agency and online and he has **experience of over 21 years spanning marketing, sales, product and business roles in financial services**. **Bank Board Bureau Chief Vinalo Rai steps down from the IDFC bank board** i. Being appointed as the **chief of Banks Board Bureau (BBB)**, Vinod Rai has stepped down from the **IDFC bank board** and however he will serve continuously as the independent Chairman of the IDFC Ltd. **ii**. Vinod Rai is the **Former Comptroller and Auditor General (CAG)** of India and also a honorary member of the renowned IDFC bank board. **Union Bank of India and Bank of Maharashtra gets it new head of the boards on August 9**. **i**. **Pawan Kumar Bajaj as Managing Director of UBI and Ravindra Prabhakar Marathe as Chief Executive Officer (CEO) Bank of Maharashtra**. **ii**. It is noted that Marathe is **Executive Director in Bank of India**. He will take over the charge on or after October 1, 2016 and continue for a period upto November 30, 2019. **iii**. Pawan

Kumar Bajaj is **Executive Director in Indian Overseas Bank**. He has been appointed as MD and CEO “based on merit-cum-preference” and he has been appointed to the post up to September 20, 2018.

**New Executive Directors appointed in Various Banks** The cabinet also gave it's for appointment of General Managers as Executive Directors in various banks. **Ashok Kumar Garg has been appointed as ED of Bank of Baroda** Ashok Kumar Garg and Raj Kamal Verma have been appointed as ED of Bank of Baroda and Union Bank of India respectively. **Gopal Murli Bhagat as ED of Corporation Bank** - The Appointments Committee of Cabinet (ACC) has given its nod for four appointments in the Public sector lenders. Upon this **Gopal Murli Bhagat** has been named as Executive Director of Mangalore based Corporation Bank. **Himanshu Joshi appointed ED on board of OBC** - The Centre also appointed Himanshu Joshi as Executive Director on the board of Oriental Bank of Commerce (OBC). His appointment is valid October 31, 2018 or superannuation period whichever is earlier. Prior to this appointment he was a General Manager with Punjab National Bank. **Saraswat Cooperative Bank appoints its new Chairman – Gautam Eknath Thakur**

**i. Gautam Eknath Thakur** has been elected Chairman of the leading co-operative banker, **Saraswat Bank**. **ii. All the Directors of the Mumbai headquartered Urban Cooperative Bank were re-elected unopposed.** The results were announced in the AGM by the returning officer Mr H P Gemini. **Urjit R. Patel – Reserve Bank of India's New Governor** Union Finance Ministry notified that Urjit R. Patel, Reserve Bank of India (RBI) deputy governor, has been appointed as the new governor of Reserve Bank of India as Raghuram Rajan's successor. **About Urjit R. Patel : Urjit R. Patel** is an Indian economist, consultant and banker, currently serving as Deputy Governor of the Reserve Bank of India (RBI). As Deputy Governor of RBI, he looks after **monetary policy, economic policy research, statistics and information management, deposit insurance, communication and Right to Information**. On 20 August 2016, he was named as the governor of RBI to succeed Raghuram Rajan when the latter's term expires in September 2016. **Amul MD, RS Sodhi appointed on board of India Post Payment Banks** **i. Board of India Post Payment Banks (IPPB)** has appointed **RS Sodhi, MD, Amul** as its new independent director. IPPB is the payment arm of the postal department. **ii. Mr. R. S. Sodhi** has been the Managing Director at **Gujarat Cooperative Milk Marketing Federation since January 4, 2011**.

**Ashok Chawla to take over as YES Bank non-executive chairman**

**i. Former head of the Competition Commission of India (CCI)** **Ashok Chawla** has been named as the **non-executive part-time chairman** of Mumbai based YES Bank. **ii. Presently he is the Chairman of NSE and chairs the governing council of The Energy and Research Institute (TERI).** He worked as the chairman of the Competition Commission of India (CCI) post retirement.

**Yes Bank appoints Amit Sanan head Mid Corp Banking** **i. India fifth largest private sector bank, Yes Bank has appointed Amit Sanan as Group President and Country Head of Mid-Corporate Banking.**

**ii. The two existing teams of Emerging Corporate Banking and Commercial Business Banking of 300 relationship managers nationally will now report to him. Ashok Kumar Pradhan took charge as the Chief General Manager of State Bank of Travancore**

**i. Chief General Manager of State Bank Of Travancore. ii. Prior to this, he served in various key assignments as Controller and Zonal Head and has functioned Zonal Head and also Deputy General Manager (Credit) at State Bank of Hyderabad.** Ashok Kumar Pradhan has taken over as its

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**India's economic growth recorded 7.1% in first quarter of current fiscal** **i. Eventhough the Finance Ministry is still optimistic of close to 8 per cent growth this fiscal, the Central Statistics Office on Wednesday said the country's GDP grew at 7.1 percent in the first quarter. ii. The GDP grew at 7.1 per cent April-June period of current fiscal and it had recorded 7.5 per cent growth in the April-June quarter of last fiscal, while 7.9 per cent in January-March quarter. iii. The gross value added at basic prices grew 7.3 percent in the first quarter, marginally higher than the 7.2 percent expansion a year ago. iv. Agriculture, mining, and construction registered weak or no growth in the first quarter, offsetting the over 8 per cent growth registered in manufacturing, electricity generation, financial services, public administration and trade.**

**Canadian Province British Columbia issued a Masala Bond listed in London Stock Exchange** **i. The Canadian Province of British Columbia becomes the first foreign government entity to issue a Masala bond, choosing London, the global home for Masala bonds, for its listing. ii. The Canadian province of British Columbia is book building for its debut issue of offshore rupee bonds. Initial price guidance for the benchmark-sized offering with a tenor of three years and four months is 6.68-6.73 percent. iii. British Columbia's bond with a three year**

tenor was priced to yield 6.62 per cent **semi-annually**. The Masala bonds will be issued in 144A/Reg S format and will be listed on the **London Stock Exchange**. **DCB bank unveiled mVisa for making payments through mobiles** **i. DCB Bank**, an emerging new-generation private sector bank, announced the launch of **mVisa, a mobile based payment solution that will make payments at retail outlets much easier**. **ii. mVisa** is a card-less solution that offers customers the convenience of making digital payments at retail outlets. Customers of any mVisa issuing bank can make digital payments at an **mVisa enabled retail outlets**. **iii. DCB Bank** has partnered with Chennai-based digital payment companies, **M2P Solutions and GI Technology, to implement mVisa**. **MobiKwik launches one step offline payments with 'Bubble Pin'** **i. MobiKwik**, fin-tech player has launched one-step offline payments with **'Bubble Pin'**. **ii. The pin** is a combination of **numbers and alphabets**. Bubble pin also makes the transaction more secure as no phone number is required to be shared. **iii. This pin** can be generated on the MobiKwik app by clicking on **'Pay at store'** and is valid for 60 seconds. **ICICI Bank announces deployment of Software Robotics for business processes** **i. ICICI Bank** has announced the **deployment of Software Robotics** for business processes across various functions of the bank. The bank said that the software robots have reduced the response time to customers by up to **60%** and have increased **accuracy to 100%**. **ii. Chanda Kochhar**, MD and CEO of bank said that there will be **no loss of jobs** after introducing the Software Robotics for business processes.

**RBI allowed 100% FDI in Crompton Greaves Consumer Electricals Ltd.** **i. Reserve Bank** has allowed foreign investors to buy up to **100 per cent in Crompton Greaves Consumer Electricals Ltd**

**Canadian Province British Columbia issued a Masala Bond listed in London Stock Exchange** **i. The Canadian Province of British Columbia becomes the first foreign government** entity to issue a **Masala bond**, choosing London, the global home for Masala bonds, for its listing. **ii. The Canadian province of British Columbia** is book building for its **debut issue of offshore rupee bonds**. Initial price guidance for the benchmark-sized offering with a tenor of **three years and four months is 6.68-6.73 percent**. **iii. British Columbia's bond** with a three year tenor was priced to yield 6.62 per cent **semi-annually**. The Masala bonds will be issued in 144A/Reg S format and will be listed on the **London Stock Exchange**. **DCB bank unveiled mVisa for making payments through mobiles** **i. DCB Bank**, an emerging new-generation private sector bank, announced the launch of **mVisa, a mobile based payment solution that will make payments at retail outlets much easier**. **ii. mVisa** is a card-less solution that offers customers the convenience of making digital payments at retail outlets. Customers of any mVisa issuing bank can make digital payments at an **mVisa enabled retail outlets**. **iii. DCB Bank** has partnered with Chennai-based digital payment companies, **M2P Solutions and GI Technology, to implement mVisa**. **MobiKwik launches one step offline payments with 'Bubble Pin'** **i. MobiKwik**, fin-tech player has launched one-step offline payments with **'Bubble Pin'**. **ii. The pin** is a combination of **numbers and alphabets**. Bubble pin also makes the transaction more secure as no phone number is required to be shared. **iii. This pin** can be generated on the MobiKwik app by clicking on **'Pay at store'** and is valid for 60 seconds. **ICICI Bank announces deployment of Software Robotics for business processes** **i. ICICI Bank** has announced the **deployment of Software Robotics** for business processes across various functions of the bank. The bank said that the software robots have reduced the response time to customers by up to **60%** and have increased **accuracy to 100%**. **ii. Chanda Kochhar**, MD and CEO of bank said that there will be **no loss of jobs** after introducing the Software Robotics for business processes.

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**ii. The partnership** allows Freecharge users to pay for transactions from their bank accounts and they **don't have Axis Bank account**.

**CBDT launches e-nivaran to resolve Income Tax grievances** **i. e-nivaran**(electronic resolution) for **online redressal of taxpayers' grievances** launched by CDBT(Central Board of Direct Taxes) **ii. Taxpayers** can register complaints related to **delay in refunds, filing of e-returns, Tax Deducted at Source (TDS), PAN issues**, and those pertaining to their Assessing Officer (AO).

**iii. It's link** has recently been activated on the e-filing portal of the department—<http://incometaxindiaefiling.gov.in>—where taxpayers can register their complaints through their PC and receive a special PIN number on their registered mobile and email, as their unique number to keep track of the issue. **India among top prospective markets for global luxury brands** **i. India** is among the **10 richest countries** in the world with total individual **wealth of USD 5,600 billion** India is among the top prospective markets for luxury brands worldwide, with the country expected to see over two-fold growth in this segment in the next 10 years. **ii. According to the study by New World Wealth**, India, along with **Sri Lanka, Vietnam, Mauritius and China**, offered strong opportunity for growth in luxury and wealth management space. **iii. These markets** were not yet fully developed and still offer

strong opportunities for growth, especially in the luxury and wealth management space. **iv. Large number of entrepreneurs, good educational system and a large English speaking population** was a big positive for the growth of the luxury segment, adding that the **10-year growth forecast stands at 120 per cent.** **Axis Bank, BHU team up for banking courses** **i.** Private sector Bank, Axis has tied up with **Banaras Hindu University (BHU)** to offer specialised banking courses. **ii.** The bank along with the Faculty of Commerce at BHU will develop the design and curriculum of courses, besides deciding on e-learning modules, structure and courseware.

**SBI, PNB, Paytm to issue e-toll tags for vehicles** **i.** The **National Highways Authority (NHAI)** reported that the government had **expanded the number of lenders and wallets**, who could issue the electronic tags for vehicle **ii.** The motive behind such move was to **increase the number of automatic pass-throughs at toll plazas to 50 per cent** in two years.

**India's foreign exchange reserves up at \$371 bn** **i.** The Reserve Bank of India (RBI) announced India's foreign exchange reserves went up to **\$371.27 billion** as on September 9. **ii.** According to data released by the RBI, the reserves stood at **\$371.27 billion as on September 9**, as against **\$367.76 billion as on Sep 2.** **Tata AIG, Paytm to offer health insurance to cab drivers** **i.** Tata AIG General Insurance Company Limited had joined hands with mobile payments' company **Paytm** to provide **health insurance to cab and auto drivers.** **ii.** Tata AIG General Insurance had **designed cashless insurance scheme**, as required by **Paytm**, to provide drivers, quality medical care as per their need and budget. **iii.** The new health insurance scheme would cover hospital **expenses upto Rs 50,000** **Federal Bank launches Federal Skill Academy at Coimbatore** **i.** Federal Bank, Kochi-based Private Sector Bank has launched its **second Federal Skill Academy** at Coimbatore, as part of its **Corporate Social Responsibility(CSR)** initiatives. The first one being inaugurated last year at **Ernakulam.** **ii.** Students of 18-25 years age, who have passed Plus 2/ITI/Polytechnic/Degree or Engineering dropout students and whose annual family income does **not exceed Rs.2 lakh per annum**, are **eligible to apply for the course.** **IDFC issues commercial papers of Rs 700 crore.** **i.** Infrastructure Development Finance Company(**IDFC**) Limited has issued commercial Papers of Rs.700 crore. **ii.** The company issued **Commercial Papers** for an aggregate amount of **Rs 700 crore** on September 12, 2016 having maturity date of September 29, 2016. **BSE ties up with Twitter to feed investors with better updates** **i.** **BSE Sensex** collaborate with **Twitter** to provide live updates of S&P to its investors **ii.** It is the **first collaboration** in Asia between a stock exchange and a social networking site. **iii.** For this **Twitter** has activated **four new features.** They are 1.Hourly tweets, 2.Autoresponder tweets for Sensex 30 stock prices, 3.Auto direct messages for opening and closing figures of Sensex 30, 4.Live display photo that will change every two minutes to project the Sensex figure.

**India's rating upgrade in 2 years if reforms tangible: Moody's** **i.** **Moody's** reported that the reform process was **slow and gradual with muted private investment** and NPAs posing a challenge and announced that it could upgrade India's rating in 1-2 years if it was **convinced that reforms were tangible.** **ii.** **Moody's**, which has a **'Baa3'** rating with a **positive outlook**, reported evidence of policymakers working towards a faster fiscal consolidation, reducing the debt-GDP ratio and addressing infrastructure and monsoon volatility challenges would determine an upgrade. **iii.** **Moody's** Sovereign Group Senior **V-P Marie Diron** reported that it had a positive outlook on India. On balance, **the risk was on the upside.** **iv.** Monitoring the rating. the pressure building up in 1-2 years and any tangible change could bring about a change in rating. **Moody's** listed six agenda on the list of pending reforms — **land acquisition Bill, labour law reforms, significant infrastructure investment, tangible benefit from Make in India initiative, tax administration and PSU bank reforms.** **ICICI Prudential Life Insurance IPO opens** **i.** Incorporated in 2001 as a joint venture between **ICICI Bank Limited** and **Prudential Corporation Holdings Limited**, **ICICI Prudential Life Insurance Company Ltd** is a Mumbai based largest private sector life insurer in India. **ii.** **ICICI Bank** owns 68 percent of the company and decided to sell **12.65% stake through this IPO.** At the upper end of the price band, IPO would raise over **Rs 6000 Cr.** **Britain's Prudential PLC**, which owns nearly **26% of the company**, was not selling any of its stake in the IPO. **ADB approves \$631 million loan for Vizag-Chennai industrial corridor** **i.** Multilateral funding agency **Asian Development Bank (ADB)** approved a loan of **\$631 million or Rs.4228.9 crore** (at Tuesday's exchange rate) for **building India's first coastal industrial corridor between Visakhapatnam and Chennai.** **ii.** The fund would help develop the first key **800-km section of the planned 2,500-km East Coast Economic Corridor** expected to spur development on India's eastern coast and enable seamless trade links with other **parts of South and Southeast Asia.** **World Bank to invest Rs 1,000 cr. for improvement of inland waterways in Assam** **i.** **World Bank** will invest nearly **1,000 crore** rupees in Assam for the betterment of the inland waterways. **ii.** It was conveyed to State Transport Minister **Chandra Mohan Patowary** by Union Minister of Road Transport and Highways **Nitin Gadkari.**

**Vijaya Bank rolls out 3 new apps** **i.** Public sector lender **Vijaya Bank** had launched **e-deposit facility** to **facilitate term deposits** by customers in its bid to ramp up deposit base of the bank. E-deposit would facilitate the existing **Vijaya Bank** customers to open term deposit accounts through e-banking facility. **ii.** The three innovative information technology products had launched **VPAYQWIK, Vijaya \*99# and V-eConnect+.**

**iii.** Vijaya Bank aggressively focuses on increasing its **CASA ratio** through new client acquisition and coming up with technology driven products to facilitate the same. **Kotak Mahindra Bank Launches App To Open Accounts** **i.** Kotak Mahindra Bank (KMB) has launched an application, “**Kotak Now**” that would allow new customers to **open an account**. **ii.** It is an end-to-end application wherein a customer will be able to open a bank account within **10 minutes**. **iii.** The customer will have to enter their mobile number and then key in a one-time password (OTP) to establish identity. **Andhra Bank tied up with Cigna TTK, Reliance General Insurance** **i.** Public sector lender **Andhra Bank** announced that it had entered into agreements with private insurers **Cigna TTK** and **Reliance General Insurance** to provide health and general insurance services to its customers. **ii.** The tie-up with both the insurance companies would immensely **benefit the customers by providing alternatives** in choosing products. **iii.** The agreement was signed by Andhra Bank Executive Director **S K Kalra**, MD and CEO of Cigna TTK Health Insurance **Sandeep Patel** and CEO of Reliance General Insurance **Rakesh Jain**. Andhra Bank shares closed at Rs.60.95 apiece, down 0.08 percent from their previous close. **ftcash team-ups with ICICI Bank to launch UPI for merchants** **i.** Mobile payments and loans start-up **ftcash** in association with **ICICI Bank** is the **first fintech start-up** to launch **Unified Payment Interface (UPI)** to provide flexibility to our 5,000-plus merchants to accept electronic payments at a lower cost and better convenience. **ii.** ftcash is a **virtual POS** for micro-merchants to accept payments through credit cards, debit cards, and wallets such as Freecharge, Mobikwik, and PayPal etc. **iii.** ICICI Bank is an Indian multinational banking and financial services company headquartered in **Mumbai, Maharashtra** **Samruddhi Cooperative Bank RuPay Card Launched** **i.** Maharashtra Finance Minister **Sudhir Mungantiwar** and Chairperson of **Samruddhi Cooperative Bank** **Kanchan Gadkari** launched the **Bank’s first-ever RuPay Card** in central India **ii.** The bank has fixed deposits worth Rs. 43 crore and has disbursed loan to the tune of Rs. 24 crore. **iii.** Initially 2,000 cards will be given to the bank customers.

#### **HDFC, Airtel and State Bank of India named in the Top 50 valued brands**

HDFC, Airtel and State Bank of India named in the Top 50 valued brands by the The third annual BrandZ **Top 50 Most Valuable Indian Brands report** released by **WPP and Kantar Millward Brown**. The top 10 rankings as follows **IRDAI has imposed a penalty of Rs 10 lakh on SBI Life Insurance** Insurance Regulatory and Development Authority (IRDAI) has imposed a penalty of **Rs 10 lakh** and another penalty of **Rs 5 lakh** has been imposed on SBI Life Insurance. **Reason for Penalty:** **i.** For violations of various norms, including guidelines on accepting business from a corporate agent after the expiry of licence. It had done 621 policies **after expiry of licence** **ii.** For violation of the provisions of the regulation on accepting the **business from unauthorised persons**. **DCB Bank launches its own UPI app** **i.** Maharashtra based **DCB Bank** launched its **Unified Payment Interface (UPI)** application. The UPI interface was billed as a revolutionary of sorts in digital banking by the **NCPI**. **ii.** DCB UPI app provides a convenient payment method for customers to send and receive funds anytime, anywhere, from their smart phones with their **registered mobile numbers**. **Govt hired ICICI Prudential Mutual Fund to manage new CPSE ETF** **i.** **ICICI Prudential Mutual Fund** was appointed by the government to manage the **second CPSE exchange traded fund (ETF)** comprising stocks of PSUs in the current fiscal with an estimated corpus of **Rs.6,000 crore**. The appointment criteria and evaluation process comprises both technical and financial parameters. The competitors **were Reliance, HDFC SBI, UTI, Kotak and Birla Sunlife**.

**RBI approves Rs 26,000 crore CCL for paddy procurement in Punjab** **i.** The RBI has given approval to **Rs 26,000-crore cash credit limit (CCL)** for purchasing paddy in poll-bound Punjab. **ii.** The state government will seek approval of the Centre by sending the RBI’s approval letter for the release of funds for the purchase of paddy **iii.** Paddy procurement in Punjab will commence from **October 1** and the state is expecting procurement of **150 lakh tonne of crop** from the state. **Tax dept unveiled draft rules for registration under GST** **i.** The first meeting of the GST Council, the tax department today came out with **three draft rules** and their formats relating to **registration, invoice and payments** which would be finalised by week-end. **ii.** The **Central Board of Excise and Customs (CBEC)** has invited comments on draft rules. The draft rules would provide for **online registration** by residents within **three days of submission of application**. **iii.** For non-residents who would come under the purview of GST, they would be required to **electronically submit the application** for registration at least 5 days prior to the **commencement of business**. **Global trade growth to be just 1.7% in 2016: WTO** **i.** The **World Trade Organization** lowered its global trade forecast, warning that **anti-globalisation rhetoric and Brexit** were pushing trade growth to its **slowest pace** since the financial crisis. **ii.** The WTO announced that global trade was now estimated to expand by **just 1.7 percent this year**, compared to its **April projection of 2.8 percent**. The new figure is also a far cry from a projection a year ago that trade would swell by **3.9 percent this year**. **iii.** It is described as “**wake-up call**”, the Geneva-based global trade body declared that the growth had fallen to its slowest pace in around seven years, when the global financial crisis hit. **Mumbai Richest City In India With Total Wealth Of \$820 Billion**

◆ According to **New World Wealth**, India’s financial capital **Mumbai, home to 45,000 millionaires and 28 billionaires, is the wealthiest city in the country** with total wealth of \$820 billion. ◆ **Top 3 cities : Mumbai, Delhi and Bangalore**



◆ While Delhi, home to 22,000 millionaires and 18 billionaires has total wealth of USD 450 billion, Bengaluru boasts of a total wealth of USD 320 billion. The city is home to 7,500 millionaires and 8 billionaires.

**Other wealthiest cities include.** 1.Hyderabad (total wealth of USD 310 billion, has 8,200 millionaires, 7 billionaires); 2.Kolkata (USD 290 billion, has 8,600 millionaires and 10 billionaires); 3.Pune (USD 180 billion, has 3,900 millionaires and 5 billionaires); 4.Chennai (USD 150 billion and has 6,200 millionaires and 4 billionaires) and 5.Gurgaon (USD 110 billion and home to 3,600 millionaires and 2 billionaires). **Karnataka Bank inks distribution pact with Birla Sun Life AMC**

**i. Karnataka Bank** has inked a memorandum of understanding(MoU) with **Birla Sun Life Asset Management Company** for distribution of mutual fund products.

**ii. Birla Sun Life MF,** will provide all market mutual fund plans through the branches of the bank.

**iii. LIC Mutual Fund Asset Management Company** has also tied up with Karnataka Bank for distribution of its mutual fund products. The distribution will be through over 730 branches of the bank across India.

**Govt Notifies Constitution Of Monetary Policy Committee Under RBI Act**

**i. Towards the next step in Setting the stage for next monetary policy review by the newly constituted monetary policy committee (MPC), the government on formally notified the constitution of the MPC** under the Reserve Bank of India Act, 1934.

**ii. The appointments committee of the cabinet approved the names of Chetan Ghatе, a professor at Indian Statistical Institute, Pami Dua, director at Delhi School of Economics (DSE); and Ravindra Dholakia, professor at the Indian Institute of Management, Ahmedabad,**

**iii. As MPC members for a period of four years. The six-member MPC—the other three members are from RBI—will conduct its first monetary policy review on 4 October, Urjit Patel's first as RBI governor. iv. The members of the committee from RBI are governor Patel, deputy governor R. Gandhi, who is also in charge of monetary policy, and executive director Michael Patra. The RBI governor will have a casting vote in case of a tie.**

**Government decided to raise EPFO Investment in ETF from 5 to 10 per cent**

**i. The Government has decided to raise the Employees Provident Fund ( EPF) investment in Exchange Traded Funds from present 5 per cent to 10 per cent.**

**ii. Shri Bandaru Dattatreya, the Minister of State(IC) for Labour and Employment announced that the decision has been taken considering the good returns in ETF investment.The move was set to see nearly Rs 13,000 crore flow into the stock markets from the EPFO during the current fiscal year. iii. EPFO is currently investing 5% of the total accretion in ETFs. Accordingly, for the last one year, the EPFO has invested Rs. 6,577 crore in ETFs for the financial year 2015-16. This**

**investment has yielded a good return of 13.24 per cent. iv. This has resulted into a good return of 13.24 per cent.**

**Five per cent EPF has been invested in NIFTY 50 and SENSEX. EPFO has already invested Rs.1,500 crore in ETFs in the first half of the current fiscal and would invest about Rs.11,500 crore in the remaining six months.**

**Interest rates on small savings schemes cut by 0.1%**

**i. Interest rates on small savings schemes have been reduced marginally by 0.1 percent for the October-December quarter of 2016-17, leading to lower returns on Public Provident Fund, Kisan Vikas Patra, Sukanya Samriddhi Account, among others.**

**ii. Public Provident Fund will fetch interest rate of 8 percent in the third quarter of the current fiscal as against 8.1 percent in the previous three-months period.**

**iii. Interest rate on Kisan Vikas Patra has been brought down to 7.7 percent from 7.8 percent. As a result the KVP will now mature in 112 months instead of 110 months. iv. The rate of interest for the third quarter for 5-Year Senior Citizens Savings Scheme and 5-Year National Savings Certificate has been reduced to 8.5 percent and 8 percent, respectively.**

**v. The Sukanya Samriddhi Account Scheme, for girl child, will now fetch 8.5 percent interest rate. It was 8.6 percent in July-September quarter. vi. Interest rate on 1, 2, 3, 4 and 5 year time deposits too have been reduced by 0.1 percent.**

**vii. Depositors will get an interest rate of 7.3% on five-year recurring deposit. viii. The interest rate on savings deposit has, however, been kept unchanged at 4 percent. Anuradha Rao appointed as MD, CEO of SBI Mutual Fund**

**i. SBI Mutual Fund named Anuradha Rao as its Managing Director and chief executive with effective from August 25, 2016. She took charge from Dinesh Kumar Khara, who has been appointed Managing Director of State Bank of India. ii. Earlier Rao was Deputy Managing Director at SBI handling New Business Portfolio. She has also worked as the Chief General Manager of personal banking at the bank. Jim Yong Kim wins second term of World Bank President**

**i. World Bank President Jim Yong Kim effectively won a second five-year term after nominations to lead the global development bank no other candidates proposed. ii. Kim, who was Korean-American medical doctor had focused the World Bank on programs to reduce extreme poverty, earned solid backing for a second term from the United States, France, Germany, China, and other major shareholders of the bank.The US is the World Bank's largest shareholder.**

**Atul Kumar Goel takes charges as ED in UBI**



- i. Executive Director of Allahabad Bank **Atul Kumar Goel** appointed as Executive Director in **Union Bank of India** for a period of 3 years .He will be replaced by **Raj Kamal Verma**.
  - ii. He has taken over charge of the post of Executive Director of Union Bank of India on September 15, 2016 **VK Sharma replaces SK Roy as LIC chairman**
    - i. **VK Sharma** was appointed as chairman of state-owned **Life Insurance Corporation of India** on September 17, 2016, announced by finance ministry.He will be replaced **SK Roy**
    - ii. Sharma is currently working as the Managing director of LIC **PV Bharathi is now Canara Bank ED**
  - i. Canara Bank appointed **P V Bharathi** as Executive Director with effect from September 15.
  - ii. Currently she was working as the **General Manager** of Canara Bank.
  - iii. She began her banking career in December 1982 as a probationary officer in Canara Bank and has risen to the post of General Manager in August 2012 **Mallikarjuna Rao assumes charge as Syndicate Bank ED i.S S Mallikarjuna Rao** has assumed charge as **Executive Director** of Manipal based Syndicate Bank. Prior to this he was General Manager and CFO of Oriental Bank of Commerce (OBC).
  - ii. He has been a professional banker for over **31 years** of varied experience since 1985.
- Bangladesh's Junaid Ahmad Is The New World Bank Head In India**
- i. **Junaid Ahmad from Bangladesh** was appointed as World Bank Country Director for India. He will replace **Onno Ruhl**. ii. Prior to this he was working as the **Chief of Staff** to World Bank Group President Jim Yong Kim. **R Subramania Kumar Appointed ED Of Indian Overseas Bank**
  - i. R Subramania Kumar was appointed as the **Executive Director of Indian Overseas Bank** till January 21, 2019 by the Finance Ministry
  - ii. Currently he was working as the Executive Director of **Indian Bank**.

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