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RBI keeps interest rates unchanged at six per cent, reserve repo rate at 5.75 per cent

- The Reserve Bank of India (RBI) in February kept the repo rate and reverse repo rate unchanged at 6 percent and 5.75 percent respectively.
- The central bank's six-member Monetary Policy Committee (MPC), in its Bi-monthly Monetary Policy Statement, 2017-18, noted that the GVA growth as per the first advance estimates (FAE) released by the Central Statistics Office (CSO) is estimated to drop to 6.1 percent in 2017-18 from 7.1 percent in 2016-17
- Consumer price index (CPI) inflation for 2018-19 is estimated in the range of 5.1-5.6 per cent in H1, including diminishing statistical HRA impact of central government employees, and 4.5-4.6 per cent in H2, the RBI said in its statement.

Rate Name	Rate %
Policy Repo Rate	6.00%
Reverse Repo Rate	5.75%
Marginal Standing Facility Rate	6.25%
Bank Rate	6.25%
CRR	4%
SLR	19.5%
Base Rate	8.65% - 9.45%
MCLR (Overnight)	7.65% - 7.80%
Savings Deposit Rate	3.50% - 4.00%
Term Deposit Rate > 1 Year	6.00% - 6.75%

RBI grants payment extension to select MSMEs

- In a bid to relieve Micro, Small and Medium Enterprises (MSMEs) of payment-related woes, the **Reserve Bank of India (RBI) in February announced that select companies would be provided additional time to repay loans.**
- Post the announcement of the sixth bi-monthly monetary policy statement, the **RBI's six-member Monetary Policy Committee (MPC) said Goods and Services Tax (GST)-registered MSMEs with aggregate standard exposure of up to Rs. 25 crore with amounts overdue as on September 2017 would be allowed 180 days more to make repayments.**
- Presently, banks and NBFCs in India classify a loan account as Non-Performing Asset (NPA) based on 90 and 120-day delinquency norms, respectively.
- To this, the RBI noted that formalisation of business through registration under GST had adversely impacted the cash flows of the smaller entities during the transition phase with consequent difficulties in meeting their repayment obligations to banks and NBFCs.

Insolvency and Bankruptcy Board of India amends regulations for insolvency resolution process

- Insolvency resolution professionals will now be required to assess the fair value and liquidation value of the entity undergoing insolvency proceedings, with the latest set of amendments to the regulations.
- The Insolvency and Bankruptcy Board of India (IBBI) has amended the norms pertaining to insolvency resolution process for corporate persons.

RBI launches Ombudsman Scheme for NBFCs

- The Reserve Bank of India (RBI) launched '**Ombudsman Scheme**' for non-banking financial companies (NBFC) for redressal of complaints against them.
- As per the RBI, this Scheme will offer a speedy and cost-free complaint redressal mechanism relating to deficiency in the services by NBFCs covered under the Scheme.
- The Scheme will be known as '**Ombudsman Scheme for Non-Banking Financial Companies, 2018**'.
- According to the apex bank, the Scheme will cover all deposit-taking NBFCs for now and based on the result and experience gained, **it would extend the scheme to cover those NBFCs who have the asset size of Rs. 100 crore and above with customer interface.**
- The Ombudsman Scheme will provide an Appellate mechanism under which the complainant/ NBFC has the option to appeal against the decision of the Ombudsman before the Appellate Authority.
- The NBFC ombudsmen will function and the complaints of customer as per zone wise. **For this NBFC ombudsmen will discharge their functions from four offices in Chennai, Mumbai, Kolkata and New Delhi.**
- As per the RBI notification, for redressal of grievance under Ombudsman Scheme, the complainant must first approach the concerned NBFC.
- NBFC Ombudsman will not charge any fee for filing and resolving customers' complaints.
- **If the NBFC does not reply within a period of 30 days (one month) after receipt of the complaint from complainant or the NBFC rejects the complaint,** or if the complainant is not happy with the reply given by the NBFC, then the complainant can file the complaint with the NBFC Ombudsman.

Reserve Bank of India to link base rate with MCLR

- The Reserve Bank of India (RBI) in February said that it will link the base rate with the **Marginal Cost of Funds based Lending Rates (MCLR) from April 1 to ensure expeditious transmission of its policy rate to borrowers.**
- Although the RBI had introduced the MCLR system with effect from April 1, 2016, the central bank in a statement said that a large proportion of bank loans continue to be linked to the base rate.
- The RBI Deputy Governor NS Vishwanathan on February 7, after the Monetary Policy Committee (MPC) meeting, had said that the apex bank had decided to harmonize the methodology of determining benchmark rates by linking base rate to MCLR, as it is more sensitive to policy rate signals.

Bank of Baroda launches 'Baroda DigiNext'

- Bank of Baroda in February launched '**Baroda DigiNext**', a product for **digitising cash management of corporate and government customers**, the public sector lender said in a release.
- Baroda DigiNext aims at bringing the benefits of the new digital landscape to its corporate and government customers by seamlessly connecting them with their customers, suppliers, employees and revenue departments, it said.

BoB signs MoU to become preferred lender for FPOs in Maharashtra

- Nationalised banks are hopeful of increasing lending to the priority sector following the Budget announcement of 100 per cent tax deduction for the next five years for farmer producer organisations (FPOs) with a turnover of up to Rs 100 crore.
- **The Small Farmers' Agribusiness Consortium (SFAC)** has signed a memorandum of understanding with the **Bank of Baroda, which has become a preferred lender for FPOs in Maharashtra.**
- It has already entered into an agreement with the consortium for lending to FPOs in the rest of the country. India has about 4,000 FPOs promoted by various organisations such as SFAC, Nabard and other development institutions.

RBI panel bats for self-regulation, legal reforms for fintech companies

- The Reserve Bank of India has recommended **innovation labs, more partnerships and data protection laws, dedicated organization structure under each financial regulator tighter regulations and a self-regulatory body for FinTech companies.**
- Last year, RBI had set up an inter-regulatory Working Group to study the entire gamut of regulatory issues relating to FinTech and Digital Banking in India. **Chaired by Sudarshan Sen**, Executive Director of RBI, the group includes members of Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA), CRISIL rating agency and technology heads from State Bank of India, HDFC Bank and A.P. Hota, former CEO of NPCI (National Payments Corporation of India).

PNB signs pact with National e-Gov Services

- Punjab National Bank has signed an agreement for information utility with National e-Governance Services Limited.
- The objective of the agreement is to augment the information infrastructure in India.
- The agreement will enable storing of financial information that will help substantiate defaults and verify claims expeditiously. This will in turn facilitate resolution in the National Company Law Tribunal in a time bound manner, according to a PNB release.

RBI announces Revised Framework for Resolution of Stressed Assets; withdraws CDR, SDR, S4A and JLF

- The Reserve bank of India (RBI) on February 12, 2018 has revised the new stressed assets framework to tighten its rules around bank loan defaults and asked banks to immediately identify defaults and make disclosures every Friday to the RBI credit registry from February 23.
- In order to accelerate resolution of the bad loans problem at Indian Banks, the RBI has abolished half a dozen existing loan-restructuring mechanisms which includes **Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Framework for Revitalising Distressed Assets, Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets (S4A) and the Joint Lenders' Forum (JLF) with immediate effect.**
- RBI, according to its release, said that in view of the enactment of the Insolvency and Bankruptcy Code, 2016 (IBC), it has been decided to substitute the existing guidelines with a harmonised and simplified generic framework for resolution of stressed assets.

Revised Framework

Early identification and reporting of stress

As per the RBI circular, lenders shall identify incipient stress in loan accounts, immediately on default, by classifying stressed assets as special mention accounts (SMA) as per the following categories:

SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue between
SMA-0	1-30 days
SMA-1	31-60 days
SMA-2	61-90 days

- The RBI said that lenders shall report credit information, including classification of an account as SMA to Central Repository of Information on Large Credits (CRILC) on all borrower entities having aggregate exposure of Rs 50 million (Rs 5 crore) and above with them.
- The CRILC-Main Report will now be submitted on a monthly basis with effect from April 1, 2018.
- In addition, the lenders shall report to CRILC, all borrower entities in default (with aggregate exposure of Rs 5 crore and above), on a weekly basis, at the close of business on every Friday.
- If Friday happens to be a holiday in that particular week then on the preceding working day. The first such weekly report shall be submitted for the week ending February 23.

Timelines for large accounts

In respect of accounts with aggregate exposure of the lenders at Rs 2,000 crore and above, on or after March 1 (Reference date), including accounts where resolution may have been initiated under any of the existing schemes as well as accounts classified as restructured standard assets which are currently in respective specified periods, the Resolution Plan (RP) shall be implemented as per following timelines.

- If in default as on the reference date, then 180 days from the reference date.
- If in default after the reference date, then 180 days from the date of first such default.

Immediate Resolution Plan

- The central bank has asked all lenders to put in place Board-approved policies for resolution of stressed assets under this framework, including the timelines for resolution.
- As soon as there is a default in the borrower entity's account with any lender, all lenders (singly or jointly) shall initiate steps to cure the default.
- As per the RBI, the resolution plan (RP) may involve any actions / plans / reorganization including, but not limited to, regularisation of the account by payment of all over dues by the borrower entity, sale of the exposures to other entities / investors, change in ownership, or restructuring.

Supervision from RBI

- RBI said that if there is any failure from the lenders in meeting the prescribed timelines or any actions by lenders with an intent to conceal the actual status of accounts or evergreen the stressed accounts, will be subjected to stringent supervisory/enforcement actions.

Equitas Small Finance Bank launches selfeSavings

- **Equitas Small Finance Bank**, the first private sector bank from Tamil Nadu post-Independence, has launched 'selfeSavings', an interactive digital savings account. **selfeSavings account can be opened with a web-based interactive video form hosted on www.equitasbank.com by using the Aadhaar number, PAN and other basic details, all in under five minutes.**
- Customers can set up a mobile banking PIN and start using their account instantly.

Yes Bank lists country's first \$600m MTN bond on IndiaINX

- Private sector lender, **Yes Bank in February** announced the listing of the Bank's debut **US \$600 million bond issue under its maiden US \$1 billion medium-term note (MTN) bond on country's first international exchange BSE's IndiaINX at the International Financial Services Centre (IFSC) at GIFT City.**
- The Yes Bank's MTN programme — a debt note that matures or has a payback period of 5 years — on Global Securities Market (GSM) became the country's first capital raising platform for international investors in any currency.

SBI Launches Global NRI center in Kochi

- **State Bank of India** has launched its **Global NRI (GNC) center at Kochi** - the state that receives highest number of remittances in the country.
- Announcing the launching at a news conference in February, SBI Chairman Rajnish Kumar said that the Global NRI center will be a one-stop customer service center for all NRI banking related services.
- To further enhance the service experience for NRIs, the bank also launched related other services such as Wealth management, SBI Intelligent Assist, Free Post box service, SBI Mingle for NRI's, Remittance facility for US based customers, he added.

RBI sets up Y.H. Malegam panel to look into factors leading to bank frauds

- **The Reserve Bank of India (RBI) has set up a panel under board member Y.H. Malegam**, a former president of Institute of Chartered Accountants of India (ICAI), to look into the factors leading to increasing incidents of bank frauds.
- The move comes a week after Punjab National Bank said it has fallen victim to a Rs11,400 crore fraud, at the centre of which is billionaire jeweller Nirav Modi.
- **The Maelgam panel will also look into reasons for high divergence in NPA classification and provisioning by banks.**
- The central bank said it had alerted banks thrice on potential malicious use of SWIFT infrastructure since August 2016.

Aditya Birla Idea Payments Bank commences operation

- **Aditya Birla Idea Payments Bank (Mumbai) Limited has commenced operations as a payments bank with effect from February 22, 2018**, the Reserve Bank of India release said Aditya Birla Idea Payments bank is among seven entities to get a final approval from the banking regulator.
- **Airtel Payments Bank Ltd was the first payments bank to start operations in January 2017 followed by India Post.**
- The other payments banks that have started operations include **Paytm Payments Bank Ltd and Fino Payments Bank Ltd.**
- One of the challenges for the payments banks is they have to fully meet the KYC (know your customer) norm requirement by RBI before February 28.
- Idea Cellular had applied for a Payments Banks license in a 49:51 joint venture with Aditya Birla Nuvo Limited.

Google's digital payment app Tez integrates with SBI

- **Google** in February announced a deeper integration with **the State Bank of India (SBI)** for its digital payment app "Tez" that will allow users to **now create a SBI UPI Id -- @oksbi and get access to exclusive offers for the SBI customers.**
- Launched in September last year, "Tez" claims to have processed over 250 million transactions till date and has over 13.5 million monthly active users across the country.
- "Tez" is built on the Unified Payments Interface (UPI), allowing users make payments from their bank accounts to other accounts from over 70 UPI-enabled banks.

IndusInd ties up with blockchain service Ripple to aid global payments

- Private sector **IndusInd Bank has tied up with blockchain solution provider Ripple to enhance global payment transactions in and out of India.**
- With this affiliation, Ripple can now provide instant access in emerging markets such as India, Brazil and China, IndusInd Bank said in a release.
- The bank said India witnessed \$65 billion move into the country in 2017.

Catholic Syrian Bank ties up with Celebrus Capital for online trading services

- **Catholic Syrian Bank Ltd and Celebrus Capital Ltd have announced a new partnership to offer CSB's customers online trading and demat services.**
- With this partnership, CSB's customers can open a Celebrus trading account free of cost and also enjoy preferred rates on brokerage charges/ AMC fees on the demat account.
- CSB customers will have access to Celebrus' mobile trading and investment platform – LEAP – created in association with Thomson Reuters, while enjoying seamless integration between deposits, demat and trading accounts.

Moody's upgrades outlook on IDBI Bank to positive on recapitalisation

- **Moody's Investors Service in February affirmed the long-term local and foreign currency bank deposit rating of IDBI Bank at B1 and changed the outlook to positive from stable.** Moody's headquarter is in New York, USA.
- The rating agency also affirmed the state-run lender and its DIFC branch's long-term foreign currency senior unsecured debt rating at B1 and changed the outlook to positive.
- The positive outlook also factors in the rating agency's view on the expected evolution of the bank's balance sheet, including a stabilization in asset quality and continued stable funding and liquidity positions.
- Under the recapitalisation plan, the bank will get Rs 7,881 crore in new capital by March.

Capital First gets NHB nod for merger with IDFC Bank

- **Capital First in February said the regulator National Housing Bank (NHB) has approved the merger of the company along with Capital Home Finance and Capital First Securities Limited with IDFC Bank.**
- Earlier in January, the company had informed the decision of the board of directors approving amalgamation of the company, Capital First Home Finance Limited, and Capital First Securities Limited (collectively, the 'Amalgamating Companies') with IDFC Bank Limited.

RBI raises currency derivative trade limit to USD 100 mn

- **The Reserve Bank in February raised the exposure limit under exchange traded currency derivatives (ETCD) trading for residents and foreign portfolio investors (FPIs) to USD 100 million across all currency pairs involving the Indian rupee.** The RBI's decision to raise the limit will help entities engaged in forex transactions to maintain their currency risks in a better manner.
- Earlier, the RBI had imposed a limit of USD 15 million for USD-INR and USD 5 million for other currency pairs of Indian rupee with Euro, Japanese Yen and British Pound.

Razorpay enables UPI payments on IRCTC

- India's first converged payment solutions company, **Razorpay**, in February announced **its collaboration with Indian Railway Catering and Tourism Corporation (IRCTC) to help customers make online payments on IRCTC website and mobile app through Unified Payment Interface (UPI)**, in addition to payments through netbanking, wallets and credit/debit cards.

SBI hikes deposit rates by up to 50 bps across tenors

- **State Bank of India has upped interest rates on domestic retail term deposits (up to Rs 1 crore) by up to 50 basis points across tenors with effect from February 28.** With India's largest bank hiking retail deposit rates, other banks are likely to follow suit.
- The maximum increase of 50 basis points is in four maturity buckets – 7 days to 45 days; 2 years to less than 3 years; 3 years to less than 5 years; 5 years and up to 10 years. The new interest rate on the 7 days to 45 days maturity bucket is 5.75 per cent (5.25 per cent earlier). On the three maturity buckets above two years, the new interest rate is 6.50 per cent (6 per cent earlier).