

RBI to set up Public Credit Registry

- The Reserve Bank of India (RBI) announced that a Public Credit Registry (PCR) would be set up in a modular and phased manner, to strengthen the economy's credit culture.
- The RBI's High Level Task Force, which submitted its report on April 4, had recommended that with a view to address information asymmetry, foster access to credit, and strengthen the credit culture in the economy, a PCR should be set up.
- In lieu of the same, the central bank, while announcing its bi-monthly monetary policy statement, said it has considered the recommendations of the Task Force and decided to set up a PCR in a modular and phased manner.
- Furthermore, the RBI said an Implementation Task Force (ITF) is being constituted to help design undertake logistics for the next steps in setting up of the PCR.
- Earlier in the day, the Reserve Bank's Monetary Policy Committee (MPC) announced a hike in the repo rate and reverse repo rate to 6.25 percent and 6 percent respectively.

RBI raises policy rate for the first time in four years, maintains 'neutral' stance

- The Reserve Bank of India on Wednesday raised its policy rate for the first time in more than four years, due to inflation concerns, but kept its policy stance as "neutral".
- The monetary policy committee lifted the repo rate by 25 basis points to 6.25 percent, the first increase since January 2014, as predicted by 46 percent of respondents in a Reuters poll this week.
- All six members on the rate panel voted for an increase.
- The reverse repo rate was also raised by 25 basis points, to 6.00 percent.

IDFC Bank, Capital First get Reserve Bank of India's nod for merger

- IDFC Bank on Wednesday said it has received RBI's approval for merger of Capital First, Capital First Home Finance and Capital First Securities with the company.
- "The Reserve Bank of India (RBI) has, via its letter dated 4 June, 2018, conveyed its 'No Objection' for the voluntary amalgamation of Capital First Ltd, Capital First Home Finance Ltd and Capital First Securities Ltd with IDFC Bank," IDFC Bank said in a regulatory filing.

Canara Bank fined in UK for anti-money laundering breaches

- Britain's markets regulator has fined the UK division of India's Canara Bank 896,100 pounds (\$1.2 million) and blocked it from accepting new deposits for around five months for systemic anti-money laundering (AML) failures.
- The Financial Conduct Authority (FCA) said on Wednesday that the control failures at the UK division of Canara Bank, India's fifth largest state-run lender by assets, affected almost all levels of its business and governance structure, including senior management.

President approves promulgation of Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018

- President Ram Nath Kovind on June 6, 2018 gave approval to promulgate the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018.
- The Ordinance provides significant relief to home buyers by recognising them as financial creditors.

- From now on, home buyers will have representation in the Committee of Creditors and will be an integral part of the decision making process.
- Homebuyers will have the right to initiate a resolution process against the bankrupt real estate companies and get their money back.

Agro-Processing Financial Institution as NBFC for food processing sector

- Food Processing Ministry will soon create the Agro-Processing Financial Institution which will exclusively fund food processing projects.
- The Agro-Processing Financial Institution will be a non-banking financial institution.
- This NBFC in food sector will create capacity building in the field of risk assessment and ease lending to food processing sector.

Axis Bank launches new chat bot Axis Aha service for its customers

- Private sector lender Axis Bank has launched a virtual assistant for customers armed with proprietary artificial intelligence and machine learning algorithms and named it Axis Aha.
- The chatbot is designed to provide relevant and contextual responses to customer queries and even helps make transactions on the chat window itself. Customers can initiate transactions either through voice or chat, said the bank in a press release.

RBI allows Urban Co-operative Banks to become Small Finance Banks

- The Reserve Bank of India (RBI) on June 6, 2018 decided to allow voluntary transition of the Urban Co-Operative Banks (UCB) into Small Finance Banks (SFB), a move that is aimed at bringing UCBs into mainstream banking.
- The Urban Co-Operative Banks can now covert into SFBs after meeting the prescribed criteria. The details of the scheme will be announced separately by the RBI.
- The decision was taken during the meeting of the Monetary Policy Committee.
- The move is an outcome of the recommendations made by the High Powered Committee on Urban Cooperative Banks in August 2015. The committee was chaired by R Gandhi, the then Deputy Governor of the RBI.

RBI extends temporary loan repayment relief for small businesses

- In a significant relief measure to small businesses, particularly, non-GST registered firms, the RBI tweaked norms exempting banks not to classify loans as NPAs even if payments are delayed by 180 days.
- Typically, banks and NBFCs have to classify an account as NPA if loan repayments are delayed for 90 days after due date. It may be noted that a similar exemption doubling the loan repayment delays up to 180 days was first extended to GST-registered MSMEs in February.

RBI amends Gold Monetisation Scheme to make it more attractive

The Reserve Bank of India (RBI) on June 7, 2018 amended the Gold Monetisation Scheme, 2015 (GMS) with an aim to enable people to open a gold deposit account hassle-free.

Short term deposits

- From now onwards, the short-term deposits will be treated as bank's on-balance sheet liability.
- These deposits will be made with the designated banks for a short period of 1 to 3 years.

- Deposits can also be allowed for broken periods such as for 1 year 3 months or for 2 years 4 months 5 days.
- The rate of interest payable in the case of deposits, for maturities with broken periods, will be calculated as the sum of interest for the completed year plus interest for the number of remaining days.

Redemption of principal at maturity

- In the case of Medium and Long Term Government Deposits (MLTGD), the redemption of principal at maturity will be either in rupees equivalent of the value of deposited gold at the time of redemption, or in gold, it depends upon preference of the depositor.
- However, any pre-mature redemption of MLTGD shall be only in rupees.
- In case of redemption of the deposit in gold, an administrative charge of 0.2 percent of the notional redemption amount in rupees will be collected from the depositor.
- The interest accrued on MLTGD will be calculated with reference to the value of gold in terms of rupees at the time of deposit and will be paid only in cash.

The designated banks will be paid handling charges such as charges for gold purity testing, refining, transportation, storage and any other relevant costs for Medium and Long Term Government Deposits at a flat rate of 1.5 percent and commission at the rate of 1 percent of the amount equivalent to the amount of gold mobilised under the scheme.

Committee formed to examine setting up of Asset Reconstruction co for faster resolution of stressed assets of PSBs: Goyal

- Interim finance minister Piyush Goyal on Friday announced the formation of a committee that he said will come up with recommendations to set up a mechanism for the speedy resolution of stressed assets in the banking system.
- "A committee under the chairmanship of Sunil Mehta, non-executive chairman of Punjab National Bank, which over next two weeks will come out with their recommendations over setting up of an asset reconstruction company and/or asset management company for faster resolution of stressed assets," he said.

Short-term subsidised crop loan to be implemented through direct benefit transfer mode: RBI

- The RBI announced that interest subsidy scheme on short-term crop loans of up to Rs 3 lakh will be implemented through the Direct Benefit Transfer Mode from the current financial year.
- The Centre has earmarked Rs 15000 crore for 2018-19 towards interest subvention for short-term crop loans.
- As per the scheme, farmers can avail of short-term crop loans of up to Rs 3 lakh at subsidised interest rate of 7 percent that could go down to 4 percent on prompt repayment.

Yes Bank Launches New Accelerator Programme for Startups in Smart City, Cleantech, Agritech, Lifesciences Tech and EdTech

- After tasting success with its fintech accelerator, Yes Bank is now set to launch multi sector accelerator program.
- YES SCALE will offer a 15 week program for startups in the areas of smart city, clean tech, Agritech, Lifesciences tech and education tech.

- The bank will invest close to Rs 4.5 crore towards this program which includes the grants for pilots.

RBI releases draft guidelines to modify loan system for large borrowers

- The Reserve Bank of India (RBI) on June 11, 2018 released the draft guidelines to modify the loan system for delivery of bank credit, making the rules stricter to regulate larger borrowers enjoying working capital facility from the banking system.
- The draft specifies a minimum level of loan component in fund based working capital finance and a mandatory Credit Conversion Factor (CCF) for the undrawn portion of cash credit availed of by large borrowers.

Here are the draft guidelines on loan system for delivery of bank credit:

Minimum level of 'loan component'

- Borrowers having aggregate fund based working capital limit of Rs 150 crore and above from the banking system, need to withdraw a minimum of 40 percent of the limit as loan component and the remaining as cash credit, with effect from October 1, 2018.

Sharing of Working Capital Finance

- The ground rules for sharing of cash credit and loan components will be laid down by the consortium, subject to guidelines on bifurcation. Under Multiple Banking Arrangements (MBAs), each bank will have a duty to ensure adherence to these guidelines at individual bank level.

Amount and tenure of the loan

- The amount of the Working Capital Demand Loan (WCDL) will be fixed by banks in consultation with the borrowers, and the tenure of this loan shall not be less than seven days.

Repayment/ rollover of loan component

- Banks will have the discretion to demand repayment of the 'loan component' in instalments or by way of a 'bullet' repayment.

Risk weights for undrawn portion of cash credit limits

- The undrawn portion of cash credit or the overdraft limits sanctioned to the large borrowers will attract a credit conversion factor of 20 percent with effect from April 1, 2019.
- Loan component will be revised to 60 percent from 2019
- The current 40 percent loan component will be revised to 60 percent, with effect from April 1, 2019.

Axis tops value, Paytm volumes in mobile banking

- According to State Bank of India's (SBI) annual report for 2017-18, Axis Bank commands the largest value share of mobile banking transactions at 17.2 per cent but Paytm tops volumes with 22 per cent.
- However, Paytm's value share is a meagre 0.25 per cent, as per the report.
- On the other hand, ICICI Bank has a 17.1 per cent share of transactions by value and 9.7 per cent by volume.
- SBI's volume share slipped by over 5 percentage points from nearly 25 per cent at the end of March 2017 to 19.5 per cent in January 2018. The lender also lost value share to 16.8 per cent from a high of 44.4 per cent a year ago.

- Mobile-banking usage itself has seen a steep jump, with volumes soaring a steep 91 per cent to 1,871 million in FY18 from 977 million in FY17.

Cabinet approves HDFC's proposal to raise additional share capital

- HDFC Bank, India's most valued lender, has received government approval to sell fresh shares in India and abroad in what could result in the country's largest qualified institutional placement (QIP).
- The approval includes an Rs 8,500-crore infusion from parent Housing Development Finance Corp (HDFC), which will allow it to maintain its 25.6% current shareholding, potentially leaving about Rs 15,500 crore to be raised from the market. The QIP record is Rs 15,000 crore raised by State Bank of India (SBI) in June 2017.

Karnataka Bank launches 'Deposit Only Card'

- Karnataka Bank Ltd has launched 'KBL-Deposit Only Card' that enables hassle-free cash deposit transactions at the bank's 24X7 e-lobby services.
- A press release by the bank said here on Thursday that this card is specially meant for the bank's current/overdraft customers.

Northeast India's first small bank, North East Small Finance bank starts operation

- North East Small Finance bank (NESFB), Northeast India's first small bank has started its services on 17 June, 2018 in Assam.
- Ratan Tata launched the first branch of the bank in Guwahati, Assam.
- Tata, through his investment arm RNT Associates, has invested Rs 40 crore in the bank.
- Rupali Kalita is the MD & CEO of North East Small Finance bank (NESFB).
- Supported by infusion of funds from domestic and overseas investors, North East Small Finance Bank Ltd which has a net worth of Rs 300 Crore.
- Reserve Bank of India (RBI) on March 31, 2017 granted the Small Finance Bank License to Rashtriya Gramin Vikas Nidhi (North East) Microfinance Limited.

About North East Small Finance bank

- Headquarters - Guwahati, Assam
- MD & CEO - Rupali Kalita

NABARD to Lend Rs 21000 crore to Madhya Pradesh in Current Fiscal

- National Bank For Agriculture And Rural Development (NABARD) would lend Rs 21000 crore to the Madhya Pradesh government in the financial year 2018-19.
- Out of the 21000 crore rupees, Rs 4000 crore would be used for irrigation, roads and infrastructure in rural areas, another Rs 4000 crore to commercial and cooperative banks for investment in the agriculture sector, Rs 3000 crore for Civil Supplies Corporation and MP State Cooperative Marketing Federation Limited (Markfed), and Rs 10000 crore to cooperative banks for the purpose of agricultural credit.

RBI revises housing loan limits under Priority Sector Lending

- The Reserve Bank of India (RBI) on June 19, 2018 revised the upwards housing loan limits under Priority Sector Lending (PSL).

- The housing loan limits were revised to bring union of the PSL guidelines for housing loans with the Affordable Housing Scheme of the Union Government and to give a stimulus to low-cost housing for the economically weaker sections and low income groups.
- PSL loans are relatively cheaper than market interest rate.
- Housing loans of up to Rs 35 lakh for residences costing less than Rs 45 lakh will now be treated as Priority Sector Lending (PSL) to give a boost to the low-cost segment.
- The housing loan limits for eligibility under priority sector lending will be revised to Rs 35 lakh in metropolitan centres and to Rs 25 lakh in other centres.
- However, for being classified as priority sector, the overall cost of the residence in the metropolitan centre (with population of 10 lakh and above) and at other centres should not exceed Rs 45 lakh and Rs 30 lakh, respectively.

RBI tightens norms for Liberalised Remittance Scheme

- The Reserve Bank of India has tightened norms for Liberalised Remittance Scheme (LRS) by making quoting of the Permanent Account Number or PAN mandatory even for transactions below USD 25000.
- Under the LRS, all resident individuals, including minors, are allowed to freely remit up to 250000 US dollar per financial year for any permissible current or capital account transaction.
- Earlier, a system for daily reporting of individual transactions under the LRS by banks was been put in place.

SBI MD B Sriram appointed IDBI Bank chief for three months

- State Bank of India's Managing Director B Sriram was today appointed as the MD and CEO of IDBI Bank for a temporary period of three months, according to an official order.
- He has been appointed in place of incumbent Mahesh Kumar Jain who was recently named Deputy Governor of the Reserve Bank of India (RBI).

Arijit Basu to be new Managing Director of State Bank of India

- The appointments committee of the cabinet has appointed Arijit Basu as the new Managing Director of State Bank of India.
- In a notification, the cabinet committee said Basu has been appointed as MD till October 31, 2020.

RBI proposes Board of Management for urban co-operative banks

- Before being considered for conversion into commercial banks, Urban cooperative banks will need to have a separate board of management set up by the board of directors to oversee daily business operations. The Reserve Bank has said that this board should have well qualified members who do not have any business relation with the bank, in the draft guidelines it released on Monday.
- The Reserve Bank has suggested that in order to strengthen governance standards Urban cooperative banks should have a separate board of management (BoM) and have make a provision in their bye laws. According to RBI's guidelines, regulatory approvals such as expansion of area of operation and opening of new branches may be allowed only for UCBs that have made such a provision in their bye law. The board of management may be appointed by the board of directors whose term end at the same time as the board of directors.

Ranveer Singh roped in as the brand ambassador of Kotak Mahindra Bank

- Ranveer Singh has been recently signed on as the Brand Ambassador of Kotak Mahindra Bank.

- Kotak Mahindra Bank (Kotak) has announced the launch of its campaign #IndiaInvited featuring Ranveer Singh for 811, which is an anywhere, anytime digital bank account and much more. It is a one-of-its-kind truly inclusive account.

PSBs account for 85% of bank fraud cases: RBI report

- State-run lenders accounted for a staggering 85 per cent of nearly 6,500 fraud cases, amounting to more than Rs 30,000 crore, RBI's latest edition of Financial Stability Report showed. Top 10 banking frauds in 2018 alone lead to a financial loss of Rs 10,000 crore. Banks had reported nearly 5,000 frauds amounting to Rs 20,000 crore in fiscal year 2017.
- "In recent years, frauds reported (For more than Rs 1 lakh) in the Indian banking sector show an increasing trend both in terms of number and quantum. In terms of the relative share of frauds, PSBs have a disproportionate share (more than 85 per cent) significantly exceeding their relative business share," the regulator said.
- While the bulk of banking frauds was loan-related, a sharper rate of growth was observed in total number of frauds in 2017-18 was also driven by a significant jump in card and internet banking related scams. The quantum and share of PSU bank frauds was much higher than their credit and deposit share which stands at 65 and 75 per cent respectively, RBI data showed.

Irdai allows LIC to buy up to 51% stake in debt-ridden IDBI Bank

- The Insurance Regulatory and Development Authority of India (Irdai) board on Friday approved Life Insurance Corporation's investment in IDBI Bank, allowing LIC to own up to 51 per cent in the beleaguered lender. LIC will now be able to pump Rs 100-130 billion into IDBI Bank in tranches through a preferential allotment of new equity shares at a price determined by a formula under the Securities and Exchange Board of India's (Sebi's) rules.

ICICI Bank Names Girish Chandra Chaturvedi As Non-Executive Chairman

- ICICI Bank Ltd said on Friday it appointed Girish Chandra Chaturvedi as part-time, non-executive chairman, effective July 1. Chaturvedi, a former Indian Administrative Services officer, most recently served as chairman of the Warehousing Development and Regulatory Authority.

RBI withdraws rule exceptions for NBFCs owned by govt

- The Reserve Bank of India (RBI) has ended the special dispensations granted earlier for non-banking financial corporations (NBFCs) owned by the government.
- Instead, it has specified a roadmap, stretching till 2021-22, for these lenders to meet the norms on capital adequacy, provisioning and corporate governance. Among the entities affected are IFCI, Power Finance Corporation, India Infrastructure Finance Company, Indian Railway Finance Corporation, Indian Renewable Energy Development Agency and Housing & Urban Development Corporation.

HDFC Bank recognized for best practices in payment security at visa summit

- HDFC Bank has once again been recognized with the Champion Security Award at the 14th Visa Asia Pacific Security Summit. For the second time in a row, the bank has won the award in the India and South Asia category. The Award is a mark of excellence reflecting leadership in risk management and payment security performance.
- As India is transforming to digital India, consumers are shopping and paying with devices, and transactions are moving from cash to online digital modes. Visa believes in investing in new

standards, technologies, and products that will equip financial institutions, merchants, third parties and consumers in the fight against fraud.

Financial Literacy Week to begin on June 4; Consumer Protection is the theme

- The Reserve Bank of India has chosen customer protection as theme for the Financial Literacy Week beginning on June 4. This week long event ending on June 8 will focus on creating awareness among customers of banks about financial products and services, good financial practices and going digital, the RBI said in a statement.
- The week will focus on four consumer protection messages like 'know your liability' for unauthorised electronic banking transaction and Good practices for a safe digital banking experience.
- Among various messages, customers will be told through banners and posters that in case of unauthorised digital transaction if bank is informed within 3 days, the liability of the account holder is zero.

YES BANK launches 'Scale-Up' series to upskill MSMEs

- YES BANK launches MSME 'Scale-Up' series, a unique Industry-Academia collaboration, to upskill MSMEs from Tier 2 and Tier 3 cities with MDI Gurgaon as its Training Partner and Spark Minda, a global entity in automotive components.
- The initiative is aimed at boosting MSME businesses by educating them on latest manufacturing technologies, global best practices and innovative finance management.
- The maiden chapter of the Series kicked off in MDI Gurgaon, in collaboration with the first Corporate Anchor 'Spark Minda'.

Telangana government, LIC sign MoU for life insurance scheme for farmers

- Telangana government and the LIC today signed an MoU for the implementation of a Rs five lakh life insurance scheme for the benefit of farmers in the state.
- The Memorandum of Understanding was signed in the presence of Chief Minister K Chandrasekhar Rao at an event where he addressed state agriculture department officers and others.

IDBI Bank CEO Mahesh Kumar Jain appointed RBI deputy governor

- The government has appointed IDBI Bank CEO Mahesh Kumar Jain as the fourth deputy governor of Reserve Bank of India (RBI), filling up a post that had been lying vacant for almost a year.
- With nearly 30 years experience as a career banker, Jain will be in charge of RBI's banking supervisory department which is instrumental in cleaning up the banking system.

Yes Bank launches Green Future Deposit scheme with an eye to raise Rs 1,000 crore

- Private sector lender Yes Bank launched a deposit scheme today, which could fetch up to 8 per cent for a tenure of little over 18 months.
- The bank is eyeing Rs 1,000 crore from the scheme 'Green Future:Deposit' in next three months. The launch coincides the World Environment Day.
- The bank said in a statement that this deposit account can be opened for 18 months and 8 days to 18 months and 18 days, with peak interest rate of 7.50 per cent per annum for a regular Green Future.
- For senior citizens, the account will offer an interest rate of 8 per cent per annum.