

# Banking Awareness PDF for SBI PO & Clerk

## Banking Awareness from Current Affairs for SBI PO & Clerk

### KSUM, YES Bank ink Memorandum of Understanding to help startups

- In a major fillip to the startup ecosystem in the state, the Kerala Startup Mission (KSUM) and YES Bank will join hands to provide a host of startup-focused corporate and commercial banking services.
- Under the MoU, YES Bank will provide and render the platforms/services to the startups, subject to the relevant contractual arrangements. It will offer Special Current Account Proposition to all associated startups of KSUM, including a 'no minimum balance commitment' for one year after starting a current account with the bank, a press release said.

### NABARD sanctions Rs 735.53cr for Bengal rural infra projects

- National Bank for Agriculture and Rural Development (NABARD) has sanctioned Rs 735.53 crore under Rural Infrastructure Development Fund (RIDF) to West Bengal during the first quarter of 2018-19, according to an official release.
- The funding would help execution of 86 projects, which included six solar power projects, works on one medium irrigation, five minor irrigation and 12 flood protection projects, besides 57 projects of widening and strengthening of roads and five rural bridges.

### Vishwas Patel appointed Chairman of Payments Council of India

- The Payments Council of India on Monday announced the appointment of Vishwas Patel as its new Chairman.
- Patel is the Director of Infibeam Avenues and succeeds Naveen Surya, who has been elevated to the post of Chairman Emeritus, the council said in a statement.

### Ex-PNB executive T Latha appointed new MD & CEO of Dhanlaxmi Bank

- Dhanlaxmi Bank Limited has appointed T Latha as the Managing Director & CEO. She has taken over from G Sreeram, who has retired from the office on July 1, 2018, on completion of his tenure.
- Her appointment will be for a period of three years w.e.f July 2, 2018.

### Arijit Basu takes charge as Managing Director of SBI

- State Bank of India (SBI) on Monday announced appointment of Arijit Basu as the Managing Director.
- A graduate in Economics and a Master of Arts in History, Basu will handle the areas of Commercial Credit and IT and will also hold additional charge of Stressed Assets Resolution Group.
- Prior to this role, Basu was designated as Deputy Managing Director (DMD) in the bank.

## Project Sashakt: Sunil Mehta Committee's 5-pronged strategy to tackle NPAs approved

Union Finance Minister Piyush Goyal on July 2, 2018 approved the Sunil Mehta Committee's suggestions of a 5-pronged strategy to tackle the Non-Performing Assets (NPA).

The committee led by Punjab National Bank Chairman Sunil Mehta has submitted its draft report titled 'Sashakt' to the Finance Ministry with a strategy to tackle stress in the banking sector. However, there is no proposal or recommendation to create a bad bank.

The recommendations now await the approval of the Reserve Bank of India (RBI).

### Recommendations of the Committee

- The 'Sashakt' Report highlights nine guiding principles aimed at the operational turnaround of the banking sector in a manner that will create jobs and enhance the value of public sector banks.
- Resolution of bad assets below Rs 50 crore within 90 days: Banks will be required to create a 'Focused Vertical' for bad assets below Rs 50 crore and set up a Steering Committee for resolution of such bad assets within 90 days.
- Resolution of consortium loans between Rs 50-500 crore within 180 days: It suggested the Bank Led Resolution Approach (BLRA) for loans between Rs 50 and Rs 500 crore. It suggested constitution of an Independent Screening Committee to examine resolution of such loans within 180 days and if there is no resolution in 180 days, then these bad assets will be moved to the National Company Law Tribunal (NCLT).
- Resolution of loans above Rs 500 crore: The loans above Rs 500 crore will be dealt via AMC/AIF-led resolution process. The panel proposed creation of a national Asset Management Company (AMC) to take over such Non-Performing Assets from banks.
- Recommendations included creating platforms where banks can trade in bunched loan assets.

## Supreme Court refuses to stay RBI circular against cryptocurrencies

- The Supreme Court refused to stay a Reserve Bank of India circular prohibiting banks and financial institutions from providing services in relation to cryptocurrencies.
- A bench headed by Chief Justice Dipak Misra issued notices to the ministries of Finance, Law and Justice and Information Technology and the RBI and tagged the matter along with similar cases.
- According to the April 6 circular, the entities regulated by the RBI are prohibited from "providing any service in relation to virtual currencies, including those of transfer or receipt of money in accounts relating to the purchase or sale of virtual currencies".

## RBI grants licence to Bank of China to set up its first branch in India

- The Reserve Bank of India on Wednesday issued licence to Bank of China to operate in India, according to sources.
- According to reports, the decision was based on the commitment made by Prime Minister Narendra Modi to the Chinese leadership.
- Following this, the 106-year-old Bank of China will open a branch in India.
- Last month Prime Minister Narendra Modi met Chinese President Xi Jinping ahead of the Shanghai Cooperation Organization (SCO) Summit in Qingdao, China. During the meeting, they discussed the issues of security, economic cooperation and people-to-people exchanges.
- The Bank of China (BoC) opened its first branch in South Asia in Pakistan's Karachi last year.

### **SBI Card launches AI virtual assistant ELA**

- SBI Card, the country's second largest credit card issuer, announced the launch of 'ELA' (Electronic Live Assistant), a virtual assistant for customer support and services.
- Driven by Artificial Intelligence and Machine Learning, ELA is designed to enhance customer experience by providing relevant and instant responses to customer queries, SBI Card said in a statement.

### **Finzy receives NBFC-P2P certification from RBI**

- Peer-to-peer (P2P) platform Finzy has received its NBFC-P2P certification from the Reserve Bank of India (RBI).
- The P2P industry being regulated ensures that only players who adhere to specific standards of operations and stringent information security guidelines are allowed to function. This helps build the credibility in the industry as a whole.

### **CSC SPV, HDFC Bank sign MoU to support financial inclusion in rural areas**

- CSC SPV and HDFC Bank on Wednesday announced signing of an agreement to enable three lakh Village Level Entrepreneurs (VLEs) of the common services centers to operate as banking correspondents of HDFC Bank.
- The MoU signed between MD HDFC Bank, Aditya Puri and CEO, CSC SPV Dr. Dinesh Kumar Tyagi in the presence of Minister of Electronics & IT Ravi Shankar Prasad and Minister of State for Electronics & IT S.S. Ahluwalia, is expected to be a game changer as it would significantly contribute to Government's objectives of enabling Direct Benefit Transfer (DBT) of various schemes.

### **Yes Bank gets SEBI nod to launch MF business**

- Yes Bank said it has received approval from capital markets regulator SEBI to start mutual fund business.
- This approval is subsequent to the Reserve Bank of India's (RBI) approval granted to Yes Bank to sponsor a mutual fund followed by SEBI's in-principle approval received subsequently, the bank said in a statement.
- "Yes Asset Management (India) Limited (YAMIL) will leverage YES BANK's Knowledge Banking expertise and relationship capital across retail, corporate and institutional investors to effectively channelise their assets in equity and debt capital markets," the bank's Managing Director and Chief Executive Officer Rana Kapoor said.

### **Cabinet approves extension of scheme of recapitalisation of Regional Rural Banks up to 2019-20**

- The Union Cabinet chaired by the Prime Minister Narendra Modi has approved the extension of the scheme of recapitalization of Regional Rural Banks (RRBs) for the next three years up to 2019-20.
- The move will enable the RRBs to maintain the minimum prescribed capital to Risk Weighted Assets Ratio (CRAR) of 9 per cent.
- A strong capital structure and minimum required level of CRAR will ensure the financial stability of RRBs, which will enable them to play a greater role in financial inclusion and meeting the credit requirements of rural areas.

### **Karnataka Bank launches facility to withdraw cash from PoS terminals**

- Karnataka Bank Ltd has introduced 'Cash@PoS' facility through its network of 13,100-plus Point of Sale (PoS) terminals installed at various merchant establishments throughout the country.
- A press release by the bank said here on Monday that it is a facility through which any bank customer can withdraw cash using his/her debit card or open system prepaid card (issued by banks in India) at PoS terminals.

#### **RBI raises Centre's WMA advances to Rs 700 bn for July-September quarter**

- The Reserve Bank has set the 'ways and means advances' (WMA) limit at Rs 700 bn for the central government for the July-September quarter, up from Rs 600 bn in the previous quarter.
- 'WMA' are temporary advances given by the RBI to government to tide over any mismatch in receipts and payments.
- "It has been decided, in consultation with the Government of India, that the limits for Ways and Means Advances (WMA) for the second quarter of the financial year 2018-19 (July 2018 to September 2018) will be Rs 700 bn," the RBI said in a statement.

#### **HDFC ERGO launches one of India's first title insurance policies**

- Private general insurer HDFC ERGO on Tuesday launched a title insurance policy, making it one of the first such products launched by private insurers.
- Title insurance refers to insurance for the title of a real estate property and is mandatory according to the Real Estate (Regulation and Development) Act 2016, or RERA.

#### **HDFC securities enable MF transactions through Facebook messenger**

- HDFC securities on Wednesday announced launch of Mutual Funds transactional capabilities on Facebook Messenger through their virtual assistant, Arya.
- A subsidiary of HDFC Bank, HDFC securities rolled out a theme called "The Pace of Innovation" which is structured to innovate and provide intuitive and relevant digital solutions to customers and this effort, is in line with the vision.

#### **Bank Of Baroda signs Memorandum of Understanding with Korea's KB Financial Group to set financing corridor**

- Public sector lender Bank of Baroda said it has inked an agreement with South Korea's KB Financial Group to set-up financing corridor and development of digital payment ecosystem.
- The MoU was inked on July 9 during India-Korea Business Forum.

#### **Money2World platform partnered by ICICI Bank eases payments to Australian universities**

- Fee payments from India to Australian universities have become a notch easier. Private sector lender ICICI Bank said on Tuesday that it has partnered with Australia's Westpac Banking Corporation to create a platform named Money2World (M2W), which students with accounts in Indian banks can utilise to pay fee to Australian colleges.

#### **Airtel Payments Bank gets RBI nod to add new customers, can use e-KYC**

- After being mired in controversy for a long time after an RBI order that prevented it from onboarding new customers, Airtel Payments Bank received requisite approvals from the central bank to start signing up new accounts, the company stated on Thursday.
- The payments bank was at loggerheads with the authorities after it was reported that it opened savings bank account for existing customers without seeking their express permissions.

## India becomes 69th shareholder of European development bank

- India on July 11, 2018 formally became the 69th shareholder of the European Bank for Reconstruction and Development (EBRD), paving the way for more joint investment with Indian companies across the bank's regions of operation.
- India was selected as a member after all the existing EBRD shareholders, who also form its board of governors, voted unanimously in favour of the country's application in March 2018. The membership process was fully completed this week.

## NTPC signs Rs 15 bn term loan with HDFC Bank for a period of 15 years

- NTPC, India's largest electricity generating company, on Friday said it has signed a term loan agreement with HDFC Bank for availing a loan of Rs 15 billion.
- The 15-year loan will bear an interest rate linked to 3-months MCLR of the bank, the company said in a statement.

## DBS to launch commercial banking operations in India in October

- Singapore-headquartered financial services giant DBS will begin commercial banking operations in India in October this year.
- DBS Bank India (DBS India), part of Asia's leading financial services group DBS Group Holdings, received in-principle approval from the Reserve Bank of India (RBI) in September last year to convert its existing India franchise to a locally incorporated wholly-owned subsidiary (WOS) in India.

## RBI nod for Fairfax's 51% stake acquisition in Catholic Syrian Bank

- The Reserve Bank of India has given its nod to Fairfax to acquire 51 per cent stake in Kerala-based Catholic Syrian Bank (CSB).
- This is the first stake sale of an Indian bank to a foreign non-banking entity since the Banking regulator tweaked ownership norms in May 2017.

## LIC board approves acquisition of up to 51 per cent stake in IDBI Bank

- The Life Insurance Corporation of India's (LIC's) board has approved acquiring up to 51 per cent stake in state-run IDBI Bank.
- The information was shared by Economic Affairs Secretary Subhash Chandra Garg on July 16, 2018. Garg, who is on the board of the state-run LIC, stated that the move of buying additional stakes would most be likely through a preferential shares issue, enabling injection of funds to IDBI Bank.

## Jana Small Finance Bank launches commercial operations

- Jana Small Finance Bank on Wednesday announced the commercial launch of its banking operations, the last microfinance company to convert itself into a small finance bank (SFB), three years after the Reserve Bank of India (RBI) gave its in-principle approval.
- The Bengaluru-based small finance bank, which was earlier called Janalakshmi Financial Services and weathered huge losses on account of demonetization, said it is confident of turning profitable before the end of fiscal year 2019.

## RBI to issue new Rs 100 denomination banknotes

- The Reserve Bank of India (RBI) will shortly issue Rs 100 denomination banknotes in the Mahatma Gandhi (New) Series, bearing the signature of the bank's governor, Dr Urjit R. Patel.

- However, all the existing banknotes of the same denomination issued by the Reserve Bank in the earlier series will continue to be legal tender, it clarified.
- The new denomination has a motif of “RANI KI VAV” on the reverse, depicting the country’s cultural heritage.
- The base colour of the note is lavender and contains other designs, geometric patterns aligning with the overall colour scheme, both at the obverse and reverse. The dimension of the banknote will be 66 mm × 142 mm.

#### **Karnataka Bank launches DigiLocker facility**

- Karnataka Bank, as part of its digital initiative launched DigiLocker facility by integrating DigiLocker with its Moneyclick Internet Banking channel.
- DigiLocker is a key initiative to store the digital documents, by National E-Governance Division under Ministry of Electronics & Information Technology, Government of India, under Digital India, a flagship program aimed at transforming India into a digitally empowered Society.

#### **Bank of Baroda signs MoU with ten companies to loan Rs 500 cr**

- State-run Bank of Baroda signed a Memorandum of Understanding with ten companies including Uber, Oyo, Lava and Flipkart to provide loans to members in their supply chain like drivers and retailers in its efforts to raise its exposure to small enterprises.
- The bank will finance Oyo’s hotel-partners, motorcycles for delivery boys at food-delivery company Swiggy and e-commerce logistics companies, and car drivers at cab aggregators such as Uber.
- BoB said that defaults by some drivers at Uber doesn’t necessarily mean that all loans are risky.

#### **Federal Bank gets RBI nod to enter Bahrain, Kuwait, Singapore**

- South-based private sector lender Federal Bank has received the regulatory nod to open offices in Bahrain, Kuwait and Singapore, but is awaiting local clearances before it starts operations, a top official has said.
- The Kochi-headquartered bank, which leads diaspora remittances, already has representative offices in Abu Dhabi and Dubai, and its desire to expand comes even as a majority of its larger peers are downsizing their overseas presence following the Rs 13,500-crore Nirav Modi scam and poor asset quality back home due to toxic loans.

#### **Indian banks, financial institutions sign agreement to speed up bad loan resolution**

- Indian banks and financial institutions signed an inter-creditor agreement on July 23, 2018 to fast-track the resolution of stressed assets of Rs 500 crore or above that are under consortium lending.
- The ICA was prepared in accordance to the recommendations of the Sunil Mehta Committee and under the aegis of Indian Banks' Association (IBA). It is a part of Project Sashakt, which aims to strengthen the credit capacity, credit culture and credit portfolio of public sector banks.
- The agreement has been approved by boards of respective lenders.
- The ICA has been signed by 22 public sector banks including SBI, PNB and India Post Payments Bank, 19 private sector banks and 32 foreign banks.
- The signatories also included 12 major financial institutions such as Life Insurance Corporation of India (LIC), HUDCO, PFC, and REC.

#### **Cash-on-delivery deals by e-commerce firms not authorised, says RBI**

- Cash-on-delivery (CoD) method of payment option provided by online retailers such as Flipkart and Amazon may be a regulatory grey area as per the Reserve Bank of India's (RBI's) response to a Right to Information (RTI) query, according to a report in The Economic Times.
- The RBI, in a response to an RTI query, said a collection of payment from platforms such as Amazon and Flipkart are not authorised.

### **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 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 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, 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.

### ***RBI allows foreign investors to invest in T-bills***

- The Reserve Bank of India (RBI) has **allowed foreign portfolio investors to invest in treasury bills issued by the federal government, in its latest move to ease foreign investment rules.**
- The Reserve Bank of India (RBI) set the implementation date of online monitoring of the limits in treasury bills as June 1, it said in May, 2018.

#### ***GAIL signs Rs 2,000 crore loan agreement with SBI***

- State-owned gas utility **GAIL India** in May, 2018 said it **has borrowed Rs 2,000 crore loan from State Bank of India (SBI) to meet its general capital expenditure requirement.**
- The loan is for a 15-year tenure, the company said in a statement without saying what interest rate it would pay on the borrowing.

#### ***ICICI Bank Launches Next Generation Features on Its Digital PoS Application 'Eazypay'***

- **ICICI Bank**, India's largest private sector bank by consolidated assets, has added an array of industry-first features to **'Eazypay', the country's first digital point-of-sale (PoS) application.**
- It was launched by the bank during demonetisation to enable merchants/retailers & professionals to collect payments through multiple digital modes including Unified Payment Interface (UPI), credit / debit card & internet banking of any bank, Aadhaar Pay, Bharat QR Code and 'PocketsbyICICIBank' digital wallet.
- Since then, Eazypay has quickly garnered over 1.70 lakh customers, enhancing the Bank's nation-wide network of physical and digital PoS to over 7 lakh.

#### ***PSBs will report frauds to CBI with new monetary limits set by RBI***

- **The monetary threshold for public sector banks to report frauds to different departments of the CBI for a probe has been revised,** according to the Central Vigilance Commission (CVC).
- **Frauds of minimum Rs 30 million and to Rs 250 million, up from Rs 150 million, have to be reported to either the CBI's Anti-Corruption Branch (in case staff involvement is prima facie evident) or to the Economic Offences Wing (if employees involvement is prima facie not evident) respectively,** the CVC said in its latest directive to all the state-owned banks.
- The CVC has cited a circular from the Reserve Bank of India (RBI) and asked the banks to comply with it.
- According to the RBI's circular, cases of frauds involving more than Rs 250 million and up to Rs 500 million should be given to the CBI's Banking Security and Fraud Cell (BSFC), irrespective of the involvement of a public servant.
- The BSFC is a specialised unit of the Central Bureau of Investigation (CBI) to probe big-ticket bank fraud cases.
- The cases of more than Rs 500 million should be lodged with the Joint Director (Policy), CBI, the central bank order said.

#### ***YES Bank launches Agenda 25x25 to for budding women entrepreneurs***

- **YES Bank and YES Global Institute have announced the launch of Agenda 25x25 which pledges to create a synergetic startup environment for budding women entrepreneurs in India,** ensuring that by 2025 at least 25 per cent of all Entrepreneurs in India are Women.
- The announcement was made in May, 2018 at the YES BANK – YES Global Institute 'Annual Startup Conclave' hosted in partnership with NITI Aayog, Invest India, Startup India and Atal Innovation Mission.
- The inaugural edition centering on the theme 'Empowering Women for Entrepreneurship', featured two highly engaging panels which deliberated on the need for creating an enabling ecosystem for accelerating Women Entrepreneurship in India.

#### ***RBI puts Dena Bank under prompt corrective action***

- **Reserve Bank has initiated prompt corrective action against public sector lender Dena Bank in view of high non-performing loans, restricting the bank from giving fresh credit and new hiring.**

- The public sector lender yesterday reported widening of its net loss to Rs 1,225.42 crore in the March quarter on mounting bad loans and higher provisioning to cover them.
- The net loss stood at Rs 575.26 crore in the January-March quarter of 2016-17.

### **Chinese state-run bank ICBC launches India-dedicated investment fund**

- Chinese state-run bank Industrial and Commercial Bank of China (ICBC) on May 14, 2018 launched the country's first India-dedicated publicly offered investment fund, named as the 'ICBC Credit Suisse India Market Fund'.
- This significant move came just after the first ever informal summit between Prime Minister Narendra Modi and Chinese President Xi Jinping which was held in April 2018 at Wuhan.
- It is the China's first publicly offered fund for investing in India and it will invest in exchange-traded funds listed on more than 20 exchanges in Europe and in the United States that are based on the Indian market.
- It will invest in the future of the Indian economy and track the distribution of the industrial structure across the Indian market.
- The fund will focus on various sectors such as the financial industry, information technology, alternative consumption, energy, essential consumption, raw materials, medicine, healthcare and other industries.

### **Exim Bank extends LoC of \$500mn to Tanzania**

- Export-Import Bank of India (Exim Bank) has, on behalf of the Government of India, extended a Line of Credit (LoC) of 500 million dollar (for Water Supply Scheme in 23 Towns in Tanzania) to the Government of the Republic of Tanzania.
- The LoC Agreement to this effect was signed in New Delhi in May, 2018, May 10, 2018, by David Rasquinha, Managing Director, on behalf of Exim Bank and Amina Kh. Shaaban, Deputy Permanent Secretary, Ministry of Finance and Planning, on behalf of the Government of the Republic of Tanzania.

### **Infosys sets up blockchain-based trade finance network with seven banks**

- Infosys in May, 2018 said it has set up India Trade Connect, a blockchain-based trade network in India, in partnership with seven lenders, including Axis Bank, ICICI Bank, IndusInd Bank and RBL Bank.
- The other partner banks include Kotak Mahindra Bank, South Indian Bank and Yes Bank.
- India's second-biggest software services exporter, whose Finacle software powers the core functions of the majority of Indian lenders, is in talks to sign up more domestic and foreign banks to the network, senior company executives told Reuters in May, 2018.

### **Union Government take action for removal of Allahabad Bank CEO Usha Ananthasubramanian**

- Union Government initiated action for removal of Allahabad Bank CEO Usha Ananthasubramanian following the release of CBI's first charge sheet in the USD 2 billion fraud case of PNB.
- The Allahabad Bank board has also been asked to divest Ananthasubramanian of all powers and initiate further action.
- Ananthasubramanian was the MD and CEO of the Punjab National Bank from 2015 to 2017.

### **RBI imposes lending, deposit curbs on Allahabad Bank**

- RBI has imposed lending and deposit restrictions on Allahabad Bank, including the expansion of risky assets and creation of non-banking assets.
- RBI also asked the bank to reduce exposure to unrated and high-risk advances.
- The RBI directive comes in the wake of the bank's common equity tier-1 breaching the minimum regulatory requirement of 7.37 percent in March 2018.

### **ePayLater & IDFC Bank Partner to Bring India's First UPI-Based Digital Credit Card**

- ePayLater, provider of innovative digital credit solutions, has partnered with IDFC Bank to bring instant digital credit to individuals transacting online and offline, using BHIM UPI. ePayLater's 'Buy Now, Pay Later' credit facility works like a credit card without the hassles associated with a long application process or friction at payment checkout.
- For the first time, digital credit is made possible using the BHIM UPI railroad, the instant real-time payment system developed by National Payments Corporation of India facilitating inter-bank transactions. Individuals, merchants and small businesses can now opt for real-time credit, in addition to other prepaid modes of payment, for their purchases using BHIM UPI.
- ePayLater's 'Buy Now, Pay Later' facility allows users to avail credit and transact, with a 14-day interest-free period from the date of purchase, to settle outstanding bills. This is the smoothest possible checkout experience, as users no longer have to pull out their card to complete a transaction.

### ***Cabinet approves Corpus for Micro Irrigation Fund with NABARD***

- The Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi on May 16, 2018 approved an initial corpus of Rs 5000 crore for setting up of a dedicated 'Micro Irrigation Fund' (MIF) with NABARD (National Bank for Agriculture and Rural Development) under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY).
- The allocation of MIF under PMKSY will be made in installments of Rs 2000 crore and Rs 3000 crore in 2018-19 and 2019-20.
- NABARD will extend loans to state governments during this period.

### ***SC refuses to stay RBI virtual currency order***

- The Supreme Court in May, 2018 refused to stay the Reserve Bank of India's decision that mandated banks, e-wallets, and payment gateway providers to withdraw support for cryptocurrency exchanges and other businesses dealing with virtual currencies. However, it allowed cryptocurrency exchanges, their shareholders, traders and other individuals to present their cases within two weeks to the RBI, which will look into the issue in accordance with the law.
- Various PILs, including the one filed by a group of 11 different representatives from various crypto-related businesses, have challenged the RBI's April 6 circular that declared cryptocurrency-related businesses like virtual currencies, crypto assets, etc illegal in India. The regulator has given banks a deadline of July 6 to adhere to the new rule.
- A bench led by Chief Justice Dipak Misra while transferring to itself various other similar petitions pending before the high courts of Delhi and Calcutta also stayed proceedings before the HCs. It also restrained all the HCs from entertaining any other petition against the RBI circular. It also sought the attorney general's assistance in the matter. Last week, it had sought response from the RBI and the Centre.

### ***Tata Steel subsidiary acquires 72% stake in Bhushan Steel***

- Tata Steel, through its wholly-owned subsidiary Bannipal Steel Ltd (BNPL), has acquired 72.65 per cent controlling stake in Bhushan Steel Ltd (BSL) for around Rs 36,400 crore.
- The announcement was made by Tata Steel in a statement on May 18, 2018. The deal is set to help the banks recover NPAs amounting to over Rs. 36,000 crore in the time to come.
- Speaking on the development Union Finance Minister Piyush Goyal said, "Liquidation value of Bhushan Steel was Rs. 14,541 crore but creditors received almost 4 times the amount (Rs. 36,400). This was possible due to the robust and transparent Insolvency & Bankruptcy Code."
- Under the deal, Tata Steel acquired 79 crore share at Rs 2 each. The deal was finalised in accordance with the approved Resolution Plan under the Corporate Insolvency Resolution Process (CIRP) of the Insolvency and Bankruptcy Code 2016 (IBC).

### ***RBI modifies norms for setting up of IFSC Banking Units***

- The Reserve Bank of India modified norms for setting up of the International Financial Services Centres (IFSC) Banking Units (IBUs) by banks in IFSCs.
- The modification makes mandatory for parent bank to provide and maintain at **all times minimum capital of USD 20 million or equivalent in any foreign currency to its IBU.**
- However, minimum prescribed regulatory capital, including for exposures of IBU, should be maintained on on-going basis at parent level.

#### ***Faircent.com receives NBFC-P2P certification from RBI***

- **Peer to Peer (P2P) lending platform Faircent.com in May, 2018 received its NBFC-P2P certification from the Reserve Bank of India (RBI).**
- "This development further bolsters our resolve to take financial inclusion to every last Indian through technology and to address the country's credit deficit with our innovative tech-led offerings," said Rajat Gandhi, Founder and CEO - Faircent.com.
- The company, through its tech-led approach, has not only helped in enabling more seamless access to credit for Indian borrowers, but also presented a high-potential avenue of wealth creation to investors across the country.
- The platform currently has more than 40,000 registered lenders and 3.5 lakh registered borrowers, and has facilitated over 6,000 loans cumulatively till date.

#### ***Bank Note Paper Mill India gets green nod to increase bank note production***

- **The government's Bank Note Paper Mill India (BNPM) has received green signal to increase the production of bank note paper at its Mysuru unit in Karnataka from 12,000 tonnes per annum (TPA) to 16,000 TPA.**
- BNPM is a joint venture of Bharatiya Reserve Bank Note Mudran (BRBNMPL) and Security Printing and Minting Corporation of India (SPMCIL).
- The company had sought environment clearance (EC) for increasing the bank note paper production from 12,000 TPA to 19,000 TPA without adding any machinery and pollution load.
- The approval is subject to compliance of certain conditions including developing greenbelt in 33 per cent of the project area.

#### ***Union Finance ministry ties up with 40 companies for extending loans under Mudra scheme***

- **The Union Finance Ministry on May 21, 2018 announced that it has tied up with 40 entities including Flipkart, Swiggy, Patanjali and Amul for extending loans to small entrepreneurs under the Pradhan Mantri Mudra Yojana (PMMY).**
- In order to identify people who can be given funds under the Pradhan Mantri Mudra Yojana (PMMY), the ministry will organise an event in Mumbai on May 23, 2018 to extend loan under the scheme.
- **The CEOs of various Banks like SBI, ICICI, BOB, PNB;** senior officials in the rank of MD or CEO from Oil Companies, Railway Board would be part of the event.

#### ***HDFC Bank to offer Digital Loans against mutual funds***

- **India's most valuable lender HDFC Bank has launched Digital Loans against Mutual Funds in partnership with transfer agent CAMS.** Customers can now pledge mutual fund assets online and get overdraft limit set in their account in under 3 minutes, the bank claimed.
- Customers will be able to leverage their mutual fund portfolio to avail funds for any contingencies or emergencies without liquidating their investments or stopping their regular investment plans.
- **The bank has a tie-up with 10 mutual companies against whose policies loans will be given.** The ticket size of the loans will range from Rs 1 lakh to Rs 1 crore at an interest rate of 10.5 -11%. The bank which has a mutual fund loan portfolio of Rs 10,000 crore aims to grow the book manifold by this latest initiative.

#### ***NABARD sanctions Solar street lighting system***

- National Bank for Agriculture and Rural Development has sanctioned LED Solar Street Lighting system for Arunachal Pradesh under its Rural Infrastructure Development Fund with a grant of Rs 87.83 lakh.
- It would be implemented in 4 districts of the state Tirap, Longding, Namsai & Tawang.
- The scheme was launched by Chief Minister Pema Khandu.

### ***Cabinet approves ordinance to change bankruptcy rules***

- The Union Cabinet approved an ordinance that incorporates changes to the bankruptcy law.
- However, the government declined to share details on the changes as the President's approval is still awaited.
- A 14-member Insolvency Law Committee had earlier made few suggestions to change bankruptcy rules to the Ministry of Corporate Affairs.

### ***Union Cabinet approves ordinance to amend Insolvency and Bankruptcy Code***

- The Union Cabinet on May 23, 2018 approved the ordinance to amend the Insolvency and Bankruptcy Code, 2016 (IBC), heaving a sigh of relief to homebuyers who have invested in housing projects of real estate companies that have gone bankrupt.
- Now, the ordinance awaits the President's nod.
- Once the ordinance gets the President's approval and the proposed changes are incorporated in the Insolvency and Bankruptcy Code, 2016, homebuyers will be treated on par with financial creditors in terms of their legal rights.
- Homebuyers will have the right to initiate a resolution process against the bankrupt real estate companies and get their money back.
- The biggest beneficiaries of this ordinance will be homebuyers as the present version of the IBC does not consider homebuyers as secured creditors; they have no right to initiate a resolution process if a real estate company goes bankrupt.
- The committee of creditors's voting rights of resolution plans will be limited to 66 percent from earlier threshold of 75 percent, a move that will help speed up the resolution process.
- The ordinance also exempts MSMEs from disqualification under Section 29 of the IBC. The Micro Small and Medium Enterprises (MSMEs) will now be exempted from all conditions. As per Section 29 of the IBC Act, a person or a company suffering disqualification, can't participate in the resolution process.
- Promoters of companies with turnover of up to Rs 250 crore will be allowed to bid. Earlier, they were barred from bidding as the government feared that they will walk away with the stressed assets at a discount.

### ***HDFC ERGO brings AI chatbot to Google Assistant***

- General insurance company HDFC ERGO launched its Artificial Intelligence (AI)-enabled chatbot "DIA" on Google Assistant in May, 2018 to enable users to access the service through Google's home device.
- With DIA, the company aims to provide instant solutions to user queries related to general insurance through a simple voice command -- "Ok Google, Talk to HDFC ERGO", the company said in a statement.
- Even though the primary mode of interaction will be through voice, text input through the keyboard is also supported on the Assistant.

### ***Sudha Balakrishnan appointed first CFO of Reserve Bank of India***

- NSDL executive Sudha Balakrishnan has been appointed the first ever chief financial officer (CFO) of the Reserve Bank of India (RBI) effective May 15, in what is the biggest organisational change since Urjit Patel took over as RBI governor in September 2016, three people familiar with the information said.

- Balakrishnan, a chartered accountant, was till recently vice president with the National Securities Depository Ltd (NSDL), India's first and largest depository, before joining RBI. She will be the 12th executive director of the RBI, and will have a three year term.
- At the RBI, Balakrishnan will be in charge of the central bank's balance sheet to ensure accounting policies and procedures comply with regulations.

#### ***HDFC Bank's Aditya Puri figures in Barron's top 30 global CEO list***

- **HDFC Bank's managing director Aditya Puri has figured in the top 30 global CEOs list published by Barron's.**
- The international publication has included Puri in this prestigious list for the fourth consecutive year, HDFC Bank said in a statement.
- Puri's name figured with Jeff Bezos of Amazon; Warren Buffett of Berkshire Hathaway; Jamie Dimon of JPMorgan Chase; Larry Page of Alphabet; Reed Hastings of Netflix; Satya Nadella of Microsoft and Mark Zuckerberg of Facebook, it said.
- "He turned a start-up into a banking giant and helped bring Indians into the modern financial era.
- Even after 24 years at the helm, Puri, 67, elicits effusive praise from investors, with descriptions ranging from, one of the most impressive CEOs we have come across," the statement quoting Barron's said.
- The career banker methodically built a start-up into India's second-largest private-sector bank by market value, it said.

#### ***Yes Bank inks MoU with SIDBI to provide loans to SMEs, MSMEs***

- **Yes Bank has entered into an agreement with SIDBI under which it will act as a preferred financial institution for giving loans to the small and medium enterprising customers of the latter.**
- Under the pact, Yes Bank would provide various banking services, including working capital, to SIDBI customers at its pan-India branches, which currently number around 1100. A memorandum of understanding (MoU) was signed between SIDBI chief general manager K I Mani and Yes Bank group president (international and institutional banking) Arun Agarwal.
- Currently, merely about 550 SIDBI customers avail of its working capital facility, which forms a miniscule part of its customer base. The Bank had earlier entered into an agreement with a public sector bank, yet the scheme could not take off as expected.

#### ***State Bank of India raises term deposit rates by 25 bps***

- **State Bank of India, the country's largest lender, has hiked the interest rate by up to 25 basis points (bps) in some of its term deposits.**
- Those with a tenor of two to less than three years have been raised by five bps to 6.65 per cent. The hike for those between a year to less than two years is 25 bps, also to 6.65 per cent. A senior executive said: "Money in these two buckets (tenors) has substantial share in banks' deposit base. We would like to retain the amounts when competition for resources is intensifying."
- **SBI deposits as a whole grew nearly 4.7 per cent from Rs 25.85 trillion in March 2017 to nearly Rs 27.1 trillion as on end-March 2018.** Domestic term deposits grew 1.8 per cent to around Rs 14.1 trillion.

#### ***PM Narendra Modi launches RuPay card, BHIM and SBI apps in Singapore***

- **Prime Minister Narendra Modi on May 31, 2018 launched three Indian digital payment systems - RuPay, BHIM app and UPI by SBI at the 'Business, Innovation and Community Event' in Singapore.**
- With the launch, **India's RuPay digital payments system was linked up with Singapore's 33-year old Network for Electronic Transfers (NETS).** The move will enable RuPay users to make payments at all of NETS acceptance points across Singapore.

- Whereas, holders of Singapore NETS will be able to make online purchase on any National Payment Corporation of India (NPCI) e-commerce merchant website in India, using 2.8 million RuPay point of sale terminals in India.
- The development is significant, as it would create multi-billion dollar transactions as some five million Indians travel to and transit through Singapore, internationalising the RuPay beginning with the first cross border usage.
- During the business event, **SBI's Singapore branch launched a new app-based rupee remittance mode - United Payment Interface (UPI).**
- ***The Singapore branch of the SBI is the first to launch this new mode of remittance in collaboration with National Payment Corporation of India (NPCI).***
- The step is a major one towards the internationalisation of India's digital payment platform.
- The move would make **transfer of funds of up to Rs 100,000 very fast, easy and convenient with the help of Virtual Payment Address (VPA).**
- The service would be available to all savings account holders of SBI Singapore.
- SBI has six branches in Singapore as well as Auto Teller Machines (ATMs).

### ***Kotak Mahindra Bank launches new AI powered voice bot Keya***

- ◆ Private sector lender Kotak Mahindra Bank has launched 'Keya' an AI-powered voice bot integrated with Kotak's phone-banking helpline aimed at augmenting the traditional interactive voice response (IVR) system in both English and Hindi. The platform has been developed by the bank in partnership with Nuance a Nasdaq listed firm based out of Massachusetts, USA.
- ◆ Keya uses automatic speech recognition, natural language understanding and text-to-speech technology to help customers navigate smoothly and quickly through the IVR.

### ***Reserve Bank of India drops Axis Bank from list of bullion importers***

- The Reserve Bank of India (RBI) late in April dropped Axis Bank from a list of banks it has cleared to import gold and silver in the current financial year that began April 1.
- It was unclear why Axis, one of India's leading importers of bullion, did not feature in the list that was released late in April.
- Axis Bank and the Reserve Bank of India were not immediately reachable for comment.
- Bank of Baroda, HDFC Bank and Bank of Nova Scotia were among the 16 banks allowed to import bullion.

### ***IndusInd Bank to pilot WhatsApp enterprise solution***

- Private lender IndusInd Bank in April announced a pilot program with WhatsApp enterprise solution in India to communicate with its customers.
- The integration with WhatsApp will allow IndusInd Bank to start appearing as a verified account when it communicates with its customers. The initial test phase will allow the bank to communicate important transaction alerts to the customers on WhatsApp.

### ***YES BANK Appoints Raj Ahuja as Group CFO***

- YES BANK, India's fourth largest private sector bank announced the appointment of Raj Ahuja as Chief Financial Officer of the Bank and Group CFO.

### ***SBI Life Insurance appoints Sanjeev Nautiyal as new MD & CEO***

- SBI Life Insurance Company Limited in April appointed Sanjeev Nautiyal as its new MD and CEO.

### ***Jio Payments Bank begins its operation***

- The Reserve Bank said in April that Jio Payments Bank commenced its banking services from April. Reliance Industries Ltd was one of the 11 applicants which were issued in-principle approval for setting up a payments bank in August 2015.
- Jio Payment Bank Limited is a 70-30 joint venture between Mukesh Ambani's Reliance Industries Limited and India's largest lender State Bank of India (SBI).

### ***India's first blockchain implementation goes live***

- Three trade receivable discounting systems (TReDS)—digital invoice discounting platforms—approved so far by the RBI have jointly implemented a blockchain solution, which is expected to help reduce frauds in bills discounting or receivable financing.
- The platforms—RXIL, A.TReDS and M1xchange—had been set up to bring together buyers, sellers and financiers for discounting the MSME invoices and provide them with timely funding.

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### ***ICICI Bank launches social media-based remittance service for NRIs***

- Leading private lender ICICI Bank announced the launch of a service that enables Non Resident Indians (NRIs) to send money to a beneficiary in India using social media platforms like WhatsApp and e-mail.
- Christened 'Social Pay', this first-of-its-kind service is available on Money2India (M2I), the bank's app for remittances. This new facility will enable NRIs to send money conveniently to their friends and family.

### ***IndusInd Bank launches the Girl Power Programme***

- IndusInd Bank in association with the JSW Foundation launched the IndusInd Bank Girl Power Programme to support junior as well as established girl athletes. This power-packed Programme supports girl athletes from various parts of the country and in different individual sports disciplines, so as to enable them to compete on a global stage.
- The Programme has been set-up to not just to groom world-class athletes, but to also provide a holistic development for them. The IndusInd Bank Girl Power Programme will support over 60 female athletes across 6 disciplines of boxing, judo, wrestling among others.

### ***Financial Intelligence Unit slaps Rs 9 crore fine on Bank of Baroda in 2015 forex remittance scam case***

- The Financial Intelligence Unit (FIU) has slapped Rs 9 crore penalty on Bank of Baroda for "failing" to adhere to anti-money laundering norms, and not having an effective system to report suspicious transactions linked to the Rs 6,000 crore scam in its Delhi-based branch.
- The FIU has levied the maximum penalty of Rs 1 lakh, as stipulated under the Prevention of Money Laundering Act (PMLA), for each instance of "delayed" filing of Suspicious Transaction Reports (STRs) by the state-owned bank in the case.

### ***PayPal introduces online FIRC for ease of Indian sellers, freelancers***

- International payments platform PayPal has digitised the Foreign Inward Remittance Certificate (FIRC) application process for the ease of Indian sellers and freelancers.
- With the new process, PayPal sellers receiving payments from across the globe can apply for an FIRC online by filling a form on the PayPal website and paying the FIRC fee via NEFT as opposed to the previous process of a Demand Draft (DD), reducing tedious paper work.

### ***RBI releases First Bi-monthly Monetary Policy Statement 2018-19***

- The Reserve Bank of India (RBI) on April 5, 2018 released its First Bi-monthly Monetary Policy Statement 2018-19.
- After assessing the current and evolving macroeconomic situation in the economy, the six member Monetary Policy Committee (MPC) decided to keep the Repo Rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.0 percent.
- Consequently, the Reverse Repo Rate under the LAF remains unchanged at 5.75 percent and the Marginal Standing Facility (MSF) Rate and the Bank Rate at 6.25 percent.
- The decision of the MPC to keep the repo rate unchanged was in accordance with the objective of achieving the medium-term target for Consumer Price Index (CPI) inflation of 4 percent while supporting growth.
- The retail inflation based on the Consumer Price Index (CPI) fell to 4.44 percent in February 2018 from 5.07 percent in January 2018. Considering this, the RBI lowered its April-September (H1) inflation projection to 4.7-5.1 percent from February's 5.1-5.6 percent and 4.4 percent in H2.
- The fall in the retail inflation was due to the decline in inflation in food and fuel. Food inflation declined by 120 bps in February due to a sharp decline in vegetable prices.
- The revised formula for minimum support price as announced in the Union Budget 2018-19 for kharif crops may have an impact on inflation.
- The RBI projected economic growth of 7.4 percent for the current fiscal year, beginning on April 1, 2018.
- There are clearer signs of revival in investment activity as reflected in the sustained expansion in capital goods production and rising imports. Moreover, the improving global demand might encourage investment.

### ***FIEO, PayPal sign MoU to empower SMEs to scale operations***

- Global technology and digital payments platform, PayPal, and the Federation of Indian Export Organisations (FIEO), an apex international trade promotion organisation, announced a partnership to promote exports while leveraging the technology and experience of each other.
- PayPal will work with FIEO to educate small and medium enterprises (SMEs) on how to leverage global opportunities, help them receive money in a safe and timely manner with PayPal products like invoicing and bring to them global best practices from across 200 markets.

### ***Ola, Acko partner to create in-trip insurance program***

- Indian ride aggregator Ola in April launched a comprehensive in-trip insurance program for its customers across India, thereby extending the benefits of the 'Chalo befikar' insurance program to its customers across all categories, namely cabs, auto, and e-rickshaw.
- In this regard, Ola partnered with Acko General Insurance Ltd to launch this program designed to benefit its customers across 110 cities. A user booking an Ola ride can opt for an in-trip insurance cover while booking the ride at a premium of Re. 1 for all intra-city travel; Rs.10 for Ola Rentals; and Rs. 15 for Ola Outstation.

### ***ICICI Bank is the first Indian bank to go live on SWIFT global payments innovation***

- Global financial messaging cooperative Swift in April said ICICI Bank has become its first Indian client to go live with an improved cross-border payments service.
- The announcement of the service, which Swift claimed as being more transparent, comes weeks after the discovery of one of the largest banking frauds to be detected in Indian history, the Rs 12,900-crore Nirav Modi scam at the Punjab National Bank (PNB).

### ***RBI directs banks to stop services to businesses dealing in virtual currencies***

- The Reserve Bank of India (RBI) on April 5, 2018 directed all the entities regulated by it including banks to stop providing services to businesses dealing in virtual currencies such as bitcoin, in order to protect consumer interest and check money laundering.
- "In view of the associated risks, it has been decided that, with immediate effect, entities regulated by RBI shall not deal with or provide services to any individual or business entities dealing with or settling virtual currencies," RBI said in a notification.
- The central bank stated in its first bi-monthly monetary policy review of 2018-19 that though technological innovations including virtual currencies have the potential to improve the efficiency and inclusiveness of the financial system, they also raise concerns of consumer protection, market integrity and money laundering.

### ***IndusInd Bank partners with Samsung to offer Samsung Pay services to credit card customers***

- Private sector lender, IndusInd Bank in April announced collaboration with Samsung Electronics to enable its MasterCard and Visa Credit Card customers to use 'Samsung Pay'.
- IndusInd credit card holders can now 'tap and pay' at merchant outlets having Point of Sale (PoS) terminals using a wide range of Samsung Smartphones.
- Samsung Pay is a revolutionary payments system, which is 'Simple, Secure and accepted Almost Everywhere'.

### ***RBI decides to set up Data Sciences Lab***

- Reserve Bank of India decided to set up Data Sciences Lab to improve its forecasting, surveillance and early warning detection abilities.
- The lab will comprise experts and budding analysts, who are trained in Computer Science, Data Analytics, Statistics, Economics, Econometrics and Finance.
- The lab is likely to become operational by December 2018.

### ***Indian Overseas Bank launches IoT-based customer service app***

- Leading public sector bank, Indian Overseas Bank (IOB) as part of their 'Customer First' initiative launched Internet of Things (IoT)-based customer feedback application on a pilot basis at its Cathedral branch here.
- To increase customer satisfaction at the branch, R K Shetty, IOB general manager - customer service department, has introduced three initiatives with IoT.

### ***SBI to invest Rs 80 bn in hydropower project of Nepal***

- The State Bank of India (SBI) will be investing a total of Rs 80 billion in the Arun III hydropower project of Nepal, which has 900 megawatts (MW) electricity production capacities.
- The SJVN, which has been awarded with the construction of the mega power project of Nepal, has made an informal agreement with the SBI to acquire the investment as loan and soon will make the formal agreement.

### ***SBI launches UK retail subsidiary with 225-mn pound capital commitment***

- The SBI has announced the launch of its UK subsidiary, SBI (UK) Limited, with an initial capital commitment of 225 million pounds from its parent entity.
- India's largest state-owned bank, which celebrated the new subsidiary with a special event in London yesterday, becomes the first foreign bank in the UK to ringfence its retail division from its wholesale business.
- SBI said that the ringfencing and subsidisation of the retail franchise SBI UK, the bank's largest overseas operation, offers UK customers "stability and reassurance" amidst continuing uncertainty around the UK's decision to leave the European Union (EU).

### ***Fitch downgrades scam-hit Punjab National Bank's viability rating to BB-***

- Fitch Ratings in April downgraded the Viability Rating of the Punjab National Bank (PNB) to 'bb-' from 'bb' and maintained the rating on Rating Watch Negative (RWN) following a multi-crore fraud involving diamond trader Nirav Modi.
- According to a Fitch statement, PNB's other ratings were unaffected by this downgrade but it expressed doubts whether the bank management would be able to address the fraud quickly.
- Fitch said the PNB's Viability Rating reflected its weakened capitalisation and profitability due to "larger-than-Fitch-expected deficiencies in management oversight and risk controls. This is somewhat offset by its robust funding and liquidity profile stemming from its significant domestic franchise.

### ***Small Industries Development Bank of India plans to promote micro-enterprises in 115 aspirational districts***

- Small Industries Development Bank of India (SIDBI) has charted a plan to promote micro-enterprises in 115 aspirational districts across the country to contribute to their development.
- The bank has tied up with Common Service Centre (CSC) to meet this objective, Sidbi Chairman and Managing Director Mohammad Mustafa told PTI.
- The 'Transformation of Aspirational Districts' programme which was launched by Prime Minister Narendra Modi on January 5 this year, aims to bring about socio-developmental changes in these backward districts which have been chosen from all states of the country.

### ***RBI tightens reporting norms of outward remittances to improve monitoring***

- The Reserve Bank in April tightened reporting norms for the Liberalised Remittance Scheme (LRS) under which an individual can transfer up to USD 2,50,000 abroad in a year.
- The LRS transactions are currently permitted by banks based on the declaration made by the remitter.
- The monitoring of adherence to the limit is confined to obtaining such a declaration without independent verification, in the absence of a reliable source of information.
- Now banks will be required to upload daily transaction-wise information undertaken by them under LRS.

### ***RBI slaps Rs.3 crore monetary penalty on IDBI bank***

- The Reserve Bank of India (RBI) imposed monetary penalty worth Rs. 3 crore on IDBI Bank for not complying with the outlined norms related to reporting of bad loans.
- In an official notice, the RBI said the penalty was imposed on account of non-compliance with the directions issued on Income Recognition and Asset Classification (IRAC) norms.
- Furthermore, the central bank stated that this action is based on deficiencies in regulatory compliance, and not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

### ***Yes Bank launches first GST backed over draft facility for MSMEs***

- Yes Bank has announced the launch of 'Yes GST', an OD (over draft) facility for Micro, Small and Medium Enterprises (MSMEs).
- Through this an MSME can avail OD up to Rs 1 crore, based on their annual turnover, backed by GST returns. Any additional assessment of balance sheet or bank statements will not be required.
- This OD facility can be availed by an MSME against mortgage of residential or commercial property. The sanctioned amount can be utilised by the MSME either fully or in tranches.

### ***Government raises Nabard's authorised capital by six-times to Rs 30,000 crore***

- As part of the drive to double income of farmers by 2022, the government has raised the authorised capital of Nabard by six times to Rs 30,000 crore to help it increase its lending to the rural economy.
- "The Central Government hereby increases the capital of the National Bank for Agriculture and Rural Development from five thousand crores of rupees to thirty thousand crore rupees," said a April 10 notification of the finance ministry.
- A bill in this regard was approved by Parliament earlier this year.
- The increase in authorised capital will enable Nabard to respond to commitments it has undertaken, particularly in respect of the Long Term Irrigation Fund and on-lending to cooperative banks.

### ***PhonePe partners with MMTC-PAMP to create India's first Gold Savings marketplace***

- PhonePe, India's fastest growing digital payments company in April announced a partnership with MMTC-PAMP to provide 24K Gold of 99.99% purity on the PhonePe app.
- With this partnership, PhonePe is now the first digital payments app to offer a sophisticated gold marketplace to its users. PhonePe customers can buy 24K Gold from the provider of their choice at transparent and competitive live prices.

### ***Axis Bank's Power Salute offers special banking services for Defence personnel***

- The Indian Army renewed its MOU with Axis Bank, to offer 'Power Salute', a salary account, exclusively designed for the Army personnel.
- To reinforce its commitment towards providing best in class banking services to this customer segment, the bank will continue to offer customised solutions to address the requirements of the Army personnel.

### ***SBI is India's most trusted bank and ICICI tops in private sector: Report***

- The TRA Brand Trust Report 2018, launched on April 18, 2018, stated that the State Bank of India is the most trusted bank in the country and ICICI Bank topped the chart among the private ones.
- State Bank of India topped the chart of Banking and Financial Services Institutions (BFSI) super-category, despite witnessing a drop in its overall brand trust index rankings from 13th in 2017 to 21st this year.
- The leader among the private banks is ICICI Bank with an overall 38th rank in 2018.
- Punjab National Bank, which in February witnessed a multi-crore fraud, ranked 6th among the public sector banks (PSB) and is 297th in the overall ranking.

### ***New NPA resolution norms outcome oriented, flexible: RBI***

- RBI Deputy Governor N.S. Vishwanathan on April 18, 2018 announced that the RBI norms on resolution of banks' Non-Performing Assets (NPAs) are outcome-oriented and provide banks the flexibility on deciding the contours of resolution.
- As per the RBI's revised framework on NPAs, banks are required to classify even a day's delay in paying loan instalments as a default.
- The accumulated NPAs in the Indian banking system have crossed the level of Rs 9 lakh crore.

### ***19 crore Indian adults do not have bank account: Global Findex Report 2017***

- The World Bank on April 19, 2018 released the Global Findex Report 2017 stating that though Financial Inclusion is on the rise globally, gaps still remain there across the countries. Men still are ahead of women to have an account in a bank.
- Globally, 69 percent of adults now have an account at a bank or have enrolled themselves on a mobile money provider. There were 62 percent banked adults in 2014 and just 51 percent in 2011.
- Despite having a relatively high account ownership, India claims a large share of the global unbanked population, after China. Over 190 million Indian adults still do not have a bank account.
- Out of the total unbanked population of India and China, 60 percent of the unbanked adults are women.

### ***IOB inks information utility pact with NeSL***

- Indian Overseas Bank (IOB), one of the leading public sector banks, in April entered into an agreement for information utility services with the National E-Governance Services Limited (NeSL).
- The NeSL became India's first information utility (IU) for bankruptcy cases under the 'Insolvency and Bankruptcy Code (IBC) 2016' in October 2017.

### ***ICICI Bank launches digital form for opening current accounts***

- Private sector lender ICICI Bank in April said it has introduced a 'digital form' which will help open current accounts in a few hours.
- Bank officials can now capture information about the customer and the business digitally and verify KYC documents in real-time, at the premise of the customer, it said in a statement.

### ***RBI revises its KYC guidelines***

- The Reserve Bank of India on April 22, 2018 revised its "Know Your Customer" or the KYC guidelines, following the government's decision to update the 'Prevention of Money Laundering' rules in June 2017.
- RBI made linking of national biometric ID Aadhaar to bank accounts mandatory. However, this will be subject to the final decision of the Supreme Court on making of Aadhaar mandatory.
- Till now, an officially valid document of address proof along with PAN card and a recent passport size photograph were the key KYC documents.

### ***Reserve Bank of India lifts credit cap on service sector MSMEs***

- In a relief to small service providers, the Reserve Bank of India (RBI) in April lifted credit caps with immediate effect for all service sector Micro, Small and Medium Enterprises (MSME) borrowers qualifying under the priority sector lending norms. In February, the Central bank had made a similar relaxation for MSMEs engaged in manufacturing activities.
- To increase the credit flow, the RBI also tweaked loan disbursement targets for banks at 7.5 per cent of Adjusted Net Bank Credit or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher, as per the extant guidelines on priority sector lending.
- Until now, though MSME advances were categorised as priority sector loans, it came with certain limits like ₹25 lakh for micro enterprises in the manufacturing sector, while for small and medium enterprises it was ₹25 lakh-₹5 crore and ₹5-₹10 crore respectively. Similarly, for service sector, the cap was set at ₹10 lakh for micro, ₹10 lakh-₹2 crore for small and ₹2 crore-₹5 crore for medium enterprises.

### ***Anushka Sharma named Standard Chartered Bank brand ambassador***

- Standard Chartered Bank in April announced the launch of its retail digital banking initiatives which will empower customers to avail of a seamless digital experience across various banking services - from opening accounts real time to interacting digitally with relationship managers (RMs).
- To create a strong connect with this ever increasing young working audience, the Bank is bringing on board actor Anushka Sharma as its brand ambassador.

### ***Axis Bank board clears higher borrowing limit of Rs 2 lakh crore***

- Axis Bank in April said its board has approved a proposal to increase its borrowing limit up to Rs 2 lakh crore.
- The borrowings will be "apart from deposits of money accepted from public in the ordinary course of its business, temporary loans repayable on demand or within six months from the date of the loan, if any, obtained from the bank's bankers", it said in a regulatory filing.

### ***HDFC Bank launches IRA 2.0, the advance version of its interactive humanoid***

- HDFC Bank launched IRA 2.0, its interactive humanoid at the Koramangala Branch in Bengaluru in April. The interactive humanoid in its advance version is aimed to enhance user experience for customers visiting in this branch and will interact with them, answer bank-related queries, frequently asked questions (FAQs), and also guide them inside the branch with voice-based navigation.
- HDFC Bank has developed IRA (Interactive Robotic Assistant) 2.0 in collaboration with its technology partners Invento Makerspaces and Senseforth Technologies. It became the first bank in India to introduce a humanoid IRA 1.0 for customer service at the Kamala Mills Branch in Mumbai last January. Currently, IRA 1.0 is stationed at the Palarivattom Branch in Kochi.

### ***Paytm introduces 'Tap Card' offline payments solution***

- One97 Communications Limited, the owner of digital payment major, Paytm, announced the launch of its offline payments solution - the Paytm Tap Card, in line with the company's vision to provide seamless payments solutions for non-internet customers.

- For Paytm Tap Card, the Vijay Shekhar Sharma-led company has collaborated with Chennai-based NFC technology company YELDI Softcom.
- This card uses Near Field Communication (NFC) technology to enable safe and convenient digital payments, completely offline at Paytm-issued, NFC PoS terminals, in under a second. To make payments, users can add money from their Paytm account by scanning the QR code on the Tap Card and by authenticating it at any of the add value machines (AVM).

### ***Reserve Bank of India liberalises External Commercial Borrowings norms; more access to cheaper funds***

- In a bid to facilitate cheaper access of overseas funds Reserve Bank of India (RBI) in April further liberalised External Commercial Borrowings (ECB) Policy by including more sectors in the window.
- "It has been decided to increase the ECB Liability to Equity Ratio for ECB raised from direct foreign equity holder under the automatic route to 7:1. This ratio will not be applicable if total of all ECBs raised by an entity is up to USD 5 million or equivalent," RBI said in a late night notification.
- With a view to harmonising the extant provisions of Foreign Currency and Rupee ECBs and Rupee Denominated Bonds, it has been decided to stipulate a uniform all-in-cost ceiling of 450 basis points over the benchmark rate.

### ***RBI lifts key restriction on foreign investors in bond market***

- The Reserve Bank of India (RBI) said it is withdrawing a restriction that limited foreign investors to only investing in government and corporate bonds with tenures of three years or more, a move that could bolster the domestic bond market.
- The decision by the RBI, announced late in April, came close on the heels of weak investor interest in two recent auctions that led to a spike in sovereign debt yields.
- At Thursday's auction of a 7.37 percent 2023 bond, the Reserve Bank of India was only able to sell about 430 million rupees out of the 30 billion on offer into the market, with the remainder having to be bought by primary dealers.

### ***Prakash Apte appointed part-time Chairman, Kotak Mahindra Bank***

- Kotak Mahindra Bank in April announced the appointment of Prakash Apte as part-time chairman of the Bank for a period up to December 31, 2020, subject to regulatory approvals.

## **Financial Committees in New - 2018**

### **Y.M. Deosthalee Committee on Public Credit Registry**

- The Reserve Bank of India (RBI) on June 6, 2018 announced to set up a Public Credit Registry, an information repository that has all loan information of individuals and corporate borrowers.
- The repository will be set up in a modular and phased manner. Moreover, RBI will be setting up an implementation task force to undertake the logistics for setting up of the credit repository.

### **Uday Kotak Committee on Corporate Governance**

- The Securities and Exchanges Board of India (SEBI) on March 28, 2018 accepted 40 out of 80 recommendations suggested by the Uday Kotak Committee on Corporate Governance.
- One of the major recommendations of the committee was to separate the post of CEO or MD and Chairperson of the listed companies.

- Since this recommendation has been accepted by SEBI, the separation of posts would come into effect from April 1, 2020. Initially, it will be applicable only for the top 500 listed firms in terms of market capitalisation.

#### **Sunil Mehta Committee to set up Asset Reconstruction Company**

- Finance Minister Piyush Goyal announced setting up of a committee to give recommendations on formation of an Asset Reconstruction Company.
- The committee will give recommendations in two weeks for faster resolution of stressed accounts. The committee was formed under Chairmanship of Sunil Mehta, non-executive chairman of Punjab National Bank.

#### **Government sets up T.C.A. Anant panel to bring transparency in jobs data**

- The union government has set up a committee headed by former chief statistician of India TCA Anant to bring in transparency in the jobs data calculation and presentation.
- The labour bureau conducts two major surveys on employment scenario—Annual Employment-Unemployment Survey and Quarterly Employment Survey.
- The Annual Employment Unemployment Survey was later replaced by Periodic Labour Force Survey (PLFS) being conducted by ministry of statistics and programme implementation (MoSPI).

#### **Manmohan Juneja panel to review CSR enforcement under Companies Act**

- The union government has set up a 12-member panel to review the enforcement of CSR provisions under the Companies law as well as look at having a centralised scrutiny and prosecution mechanism to deal with violations.
- The 12-member panel is headed by Regional Director (Western Region) Manmohan Juneja.
- The latest move by the Corporate Affairs Ministry, which is implementing the Companies Act, comes little over four years after the Corporate Social Responsibility (CSR) norms came into force on April 1, 2014.

#### **Sudarshan Sen Committee to study the entire gamut of regulatory issues relating to FinTech and Digital Banking in India**

- 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).

#### **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.

#### **Subhash Chandra Garg Steering Committee to study Fintech related issues**

- The Union Government on March 5, 2018 constituted a Steering Committee to study various issues related to Fintech (Financial technology) space in India.
- The Committee will operate under the Chairmanship of Subhash Chandra Garg, Secretary of Department of Economic Affairs (DEA), Union Ministry of Finance.

#### **Himanta Biswa Sarma Panel on 'Imposition of Cess on Sugar under GST'**

- The GoM will consider issues relating to 'Imposition of Cess on Sugar under GST'.
- "Himanta Biswa Sarma, Finance Minister of Assam is convenor and other members of this GoM are Rajesh Agrawal, Finance Minister, Uttar Pradesh; Sudhir Mungatiwar, Finance Minister, Maharashtra; D Jayakumar, Minister for Fisheries and Personnel & Administrative Reforms, Tamil Nadu and T.M.Thomas Isaac, Finance Minister, Kerala," it said

#### **Sushil Kumar Modi panel on 'Incentivising digital payments in the GST regime'**

- The other GoM will examine the issues relating to 'Incentivising digital payments in the GST regime'.
- The five-member panel to be headed by Sushil Kumar Modi, Deputy Chief Minister, Bihar will also have members Nitinbhai Patel, Dy. Chief Minister, Gujarat; Capt.Abhimanyu, Excise & Taxation Minister, Haryana; Amit Mitra, Finance Minister, West Bengal and Manpreet Singh Badal, Finance Minister, Punjab.

#### **R Narayanaswamy panel to advise on valuation standards**

- The Centre has set up a 12-member Committee to make recommendations on the formulations and laying down of valuation standards and policies for compliance by companies and registered valuers.
- This committee will be headed by R Narayanaswamy, Professor-Finance & Accounting, Indian Institute of Management, Bengaluru.

#### **Baba Kalyani Committee to study SEZ Policy**

- The Union Government has constituted a group of eminent persons headed by Baba Kalyani, Chairman of Bharat Forge to study the Special Economic Zones (SEZ) Policy of India.
- The group will evaluate the SEZ policy, suggest measures to cater to the needs of exporters in the present economic scenario and make the SEZ policy WTO compatible.
- The Group is required to submit its recommendation in 3 Months' time.

## **RBI Rate as of 27 July, 2018**

Name of Rate	Rate in Percentage
Policy Repo Rate	6.25%
Reverse Repo Rate	6.00%
Marginal Standing Facility Rate	6.50%
Bank Rate	6.50%
CRR	4%
SLR	19.5%
Base Rate	8.75% - 9.45%
MCLR (Overnight)	7.90% - 8.05%
Savings Deposit Rate	3.50% - 4.00%
Term Deposit Rate > 1 Year	6.25% - 7.00%

## World Central Banks

<b>Financial Stability Board</b>	Basel, Switzerland
<b>Basel Committee on Banking Supervision</b>	Basel, Switzerland
<b>Bank for International Settlements</b>	Basel, Switzerland

### Bank Of \_\_\_\_\_

1. Afghanistan
2. Albania
3. Algeria
4. Botswana
5. Canada
6. Central African States (Chad, Congo, C.A.R, Equatorial Guinea, Estonia, Gabon)
7. The Republic (Columbia)
8. Finland
9. France
10. Ghana
11. Greece
12. Guatemala
13. Guyana
14. Israel
15. Italy
16. Jamaica
17. Japan
18. Korea (South Korea)
19. Latvia
20. Lithuania
21. Mauritius
22. Mexico
23. Mongolia
24. Mozambique
25. Namibia
26. Portugal
27. Papua New Guinea
28. Sierra Leone

29. Slovenia
30. Spain
31. Sudan
32. Tanzania
33. Thailand
34. Uganda
35. England (United Kingdom)
36. Zambia

### Central Bank Of \_\_\_\_\_

1. Argentina
2. Armenia
3. The Bahamas
4. Bahrain
5. Barbados
6. Belize
7. Bolivia
8. Bosnia
9. Brazil
10. West African States (Burkina Faso, Cote D' ivory, Guinea Bissau, Mali, Niger, Togo)
11. Costa Rica
12. Chile
13. Cuba
14. Cyprus
15. Ecuador
16. Egypt
17. The Gambia
18. Haiti
19. Honduras

20. Iceland
21. The Islamic Republic Of Iran
22. Iraq
23. Jordan
24. Kenya
25. Kuwait
26. Lebanon
27. Lesotho
28. Libya
29. Madagascar
30. Malaysia
31. Malta
32. Nepal
33. Nicaragua
34. Nigeria
35. Norway
36. Oman
37. Paraguay
38. Russia
39. Sri Lanka
40. Seychelles
41. Trinidad And Tobago
42. Tunisia
43. The Republic Of Turkey
44. United Arab Emirates
45. Uruguay
46. Venezuela
47. Yemen

5. Denmark
6. Ethiopia
7. Georgia
8. Kazakhstan
9. Kyrgyz Republic (Krgyzstan)
10. Poland
11. Romania
12. Serbia
13. Slovakia
14. The Republic Of Tajikistan
15. Tonga
16. Ukraine

### Bank

1. Austrian National
2. Bangladesh
3. Bulgarian National
4. Croatian National
5. Czech National
6. Netherlands
7. Qatar Central
8. South African Reserve
9. Sveriges Riks (Sweden)
10. Swiss National (Switzerland)

### Others---

1. Royal Monetary Authority Of Bhutan
2. European Central Bank (European Union)
3. Deutsche Bundesbank (Germany)
4. Hong Kong Monetary Authority
5. Bank Indonesia
6. Central Bank And Financial Services Authority Of Ireland
7. Bank Al-Maghrib (Morocco)
8. State Bank Of Pakistan
9. Monetary Authority Of Singapore
10. The People's Bank Of China
11. Saudia Arabian Monetary Authority
12. Federal Reserve (USA)

### Reserve Bank Of \_\_\_\_\_

1. Australia
2. Fiji
3. Malawi
4. New Zealand
5. Vanuatu
6. Zimbabwe

### National Bank Of \_\_\_\_\_

1. Azerbaijan
2. The Republic Of Belarus
3. Belgium
4. Cambodia

## Important Banking Terms and Definitions Related to RBI

### CASA Deposit

Deposit in bank in current and Savings account.

## High Cost Deposit

Deposits accepted above card rate (for the deposits) of the bank.

## Liquid Assets

Liquid assets consists of: cash, balances with RBI, balances in current accounts with banks, money at call and short notice, inter-bank placements due within 30 days and securities under "held for trading" and "available for sale" categories excluding securities that do not have ready market.

## Funding Volatility Ratio

Liquid assets [as above] to current and savings deposits - (Higher the ratio, the better)

## Market Liability Ratio

Inter-bank and money market deposit liabilities to Average Total Assets

## ALM

Asset Liability Management (ALM) is concerned with strategic balance sheet management involving all market risks. It also deals with liquidity management, funds management, trading and capital planning.

## ALCO

Asset-Liability Management Committee (ALCO) is a strategic decision making body, formulating and overseeing the function of asset liability management (ALM) of a bank.

## Banking Book

The banking book comprises assests and liabilities, which are contracted basically on account of relationship or for steady income and statutory obligations and are generally held till maturity.

## Venture Capital Fund

A fund set up for the purpose of investing in startup businesses that is perceived to have excellent growth prospects but does not have access to capital markets.

## Held Till Maturity(HTM)

The securities acquired by the banks with the intention to hold them up to maturity.

## Held for Trading(HFT)

Securities where the intention is to trade by taking advantage of short-term price / interest rate movements.

## Yield to maturity (YTM) or Yield

The Yield to maturity (YTM) is the yield promised to the bondholder on the assumption that the bond will be held to maturity and coupon payments will be reinvested at the YTM. It is a measure of the return of the bond.

## Convexity

This represents the rate of change of duration. It is the difference between actual price of a bond and the price estimated by modified duration.

## Foreign Currency Convertible Bond

A bond issued in foreign currency abroad giving the investor the option to convert the bond into equity at a fixed conversion price or as per a pre-determined pricing formula.

### **Trading Book**

Investments in trading book are held for generating profits on the short term differences in prices/yields. Held for trading (HFT) and Available for sale (AFS) category constitute trading book.

### **CRR**

Cash reserve ratio is the cash parked by the banks in their specified current account maintained with RBI.

### **SLR**

Statutory liquidity ratio is in the form of cash (book value), gold (current market value) and balances in unencumbered approved securities.

### **Stress testing**

Stress testing is used to evaluate a bank's potential vulnerability to certain unlikely but plausible events or movements in financial variables. The vulnerability is usually measured with reference to the bank's profitability and /or capital adequacy.

### **Scenario Analysis**

A method in which the earnings or value impact is computed for different interest rate scenario.

### **LIBOR**

London Inter Bank Offered Rate. The interest rate at which banks offer to lend funds in the interbank market.

### **Basis Point**

Is one hundredth of one percent. 1 basis point means 0.01%. Used for measuring change in interest rate/yield.

### **Total operating expenses**

Sum of interest expended, staff expenses and other overheads.

### **Operating profit before provisions**

Net of total income and total operating expenses.

### **Net operating profit**

Operating profit before provision minus provision for loan losses, depreciation in investments, write off and other provisions.

### **Profit before tax (PBT)**

(Net operating profit +/- realized gains/losses on sale of assets)

### **Profit after tax (PAT)**

Profit before tax - provision for tax.

### **Retained earnings**

Profit after tax - dividend paid/proposed.

### **Average Yield**

$(\text{Interest and discount earned} / \text{average interest earning assets}) * 100$

### **Average cost**

$(\text{Interest expended on deposits and borrowings} / \text{Average interest bearing liabilities}) * 100$

### **Return on Asset (ROA)- After Tax**

Return on Assets (ROA) is a profitability ratio which indicates the net profit (net income) generated on total assets. It is computed by dividing net income by average total assets. Formula-  $(\text{Profit after tax} / \text{Av. Total assets}) * 100$

### **Return on equity (ROE)- After Tax**

Return on Equity (ROE) is a ratio relating net profit (net income) to shareholders' equity. Here the equity refers to share capital reserves and surplus of the bank. Formula-  $\text{Profit after tax} / (\text{Total equity} + \text{Total equity at the end of previous year}) / 2 * 100$

### **Accretion to equity**

$(\text{Retained earnings} / \text{Total equity at the end of previous year}) * 100$

### **Net Non-Interest Income**

The differential (surplus or deficit) between non-interest income and non-interest expenses as a percentage to average total assets.

### **Net Interest Income ( NII)**

The NII is the difference between the interest income and the interest expenses.

### **Net Interest Margin**

Net interest margin is the net interest income divided by average interest earning assets.

### **Cost income ratio (Efficiency ratio)**

The cost income ratio reflects the extent to which non-interest expenses of a bank make a charge on the net total income (total income - interest expense). The lower the ratio, the more efficient is the bank. Formula:  $\text{Non interest expenditure} / \text{Net Total Income} * 100$ .

### **Non Performing Assets (NPA)**

An asset, including a leased asset, becomes non performing when it ceases to generate income for the bank.

### **Net NPA**

Gross NPA -  $(\text{Balance in Interest Suspense account} + \text{DICGC/ECGC claims received and held pending adjustment} + \text{Part payment received and kept in suspense account} + \text{Total provisions held})$ .

### **Coverage Ratio**

Equity minus net NPA divided by total assets minus intangible assets.

## Slippage Ratio

(Fresh accretion of NPAs during the year/Total standard assets at the beginning of the year)\*100

## Restructuring

A restructured account is one where the bank, grants to the borrower concessions that the bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances/securities, which would generally include, among others, alteration of repayment period/ repayable amount/ the amount of installments and rate of interest. It is a mechanism to nurture an otherwise viable unit, which has been adversely impacted, back to health.

## Substandard Assets

A substandard asset would be one, which has remained NPA for a period less than or equal to 12 months. Such an asset will have well defined credit weaknesses that jeopardize the liquidation of the debt and are characterised by the distinct possibility that the banks will sustain some loss, if deficiencies are not corrected.

## Doubtful Asset

An asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that were classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, - on the basis of currently known facts, conditions and values - highly questionable and improbable.

## Doubtful Asset

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## Loss Asset

A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

## Off Balance Sheet Exposure

Off-Balance Sheet exposures refer to the business activities of a bank that generally do not involve booking assets (loans) and taking deposits. Off-balance sheet activities normally generate fees, but produce liabilities or assets that are deferred or contingent and thus, do not appear on the institution's balance sheet until and unless they become actual assets or liabilities.

## Current Exposure Method

The credit equivalent amount of a market related off-balance sheet transaction is calculated using the current exposure method by adding the current credit exposure to the potential future credit exposure of these contracts. Current credit exposure is defined as the sum of the positive mark to market value of a contract. The Current Exposure Method requires periodical calculation of the current credit exposure by marking the contracts to market, thus capturing the current credit exposure. Potential future credit exposure is determined by multiplying the notional principal amount of each of these contracts irrespective of whether the contract has a zero, positive or negative mark-to-market value by the relevant add-on factor prescribed by RBI, according to the nature and residual maturity of the instrument.

## Supervisory Review Process (SRP)

Supervisory review process envisages the establishment of suitable risk management systems in banks and their review by the supervisory authority. The objective of the SRP is to ensure that the banks have adequate capital to support all the risks in their business as also to encourage them to develop and use better risk management techniques for monitoring and managing their risks.

### Market Discipline

Market Discipline seeks to achieve increased transparency through expanded disclosure requirements for banks.

### Credit risk mitigation

Techniques used to mitigate the credit risks through exposure being collateralised in whole or in part with cash or securities or guaranteed by a third party.

### Mortgage Back Security

A bond-type security in which the collateral is provided by a pool of mortgages. Income from the underlying mortgages is used to meet interest and principal repayments.

### Derivative

A derivative instrument derives its value from an underlying product. There are basically three derivatives

- a) Forward Contract- A forward contract is an agreement between two parties to buy or sell an agreed amount of a commodity or financial instrument at an agreed price, for delivery on an agreed future date. Future Contract- Is a standardized exchange tradable forward contract executed at an exchange. In contrast to a futures contract, a forward contract is not transferable or exchange tradable, its terms are not standardized and no margin is exchanged. The buyer of the forward contract is said to be long on the contract and the seller is said to be short on the contract.
- b) Options- An option is a contract which grants the buyer the right, but not the obligation, to buy (call option) or sell (put option) an asset, commodity, currency or financial instrument at an agreed rate (exercise price) on or before an agreed date (expiry or settlement date). The buyer pays the seller an amount called the premium in exchange for this right. This premium is the price of the option.
- c) Swaps- Is an agreement to exchange future cash flow at pre-specified intervals. Typically one cash flow is based on a variable price and other on affixed one.

### Operational Risk

The revised BASEL II framework offers the following three approaches for estimating capital charges for operational risk:

- 1) The Basic Indicator Approach (BIA): This approach sets a charge for operational risk as a fixed percentage ("alpha factor") of a single indicator, which serves as a proxy for the bank's risk exposure.
- 2) The Standardised Approach (SA): This approach requires that the institution separate its operations into eight standard business lines, and the capital charge for each business line is calculated by multiplying gross income of that business line by a factor (denoted beta) assigned to that business line.
- 3) Advanced Measurement Approach (AMA): Under this approach, the regulatory capital requirement will equal the risk measure generated by the banks' internal operational risk measurement system. In India, the banks have been advised to adopt the BIA to estimate the capital charge for operational risk and 15% of average gross income of last three years is taken for calculating capital charge for operational risk.

### Internal Capital Adequacy Assessment Process (ICAAP)

In terms of the guidelines on BASEL II, the banks are required to have a board-approved policy on internal capital adequacy assessment process (ICAAP) to assess the capital requirement as per ICAAP at the solo as well as consolidated level. The ICAAP is required to form an integral part of the management and decision-making culture of a bank. ICAAP document is required to clearly demarcate the quantifiable and qualitatively assessed risks. The ICAAP is also required to include stress tests and scenario analyses, to be conducted periodically, particularly in respect of the bank's material risk exposures, in order to evaluate the potential vulnerability of the bank to some unlikely but plausible events or movements in the market conditions that could have an adverse impact on the bank's capital.

### CRAR(Capital to Risk Weighted Assets Ratio)

Capital to risk weighted assets ratio is arrived at by dividing the capital of the bank with aggregated risk weighted assets for credit risk, market risk and operational risk. The higher the CRAR of a bank the better capitalized it is.

### Credit Risk

The risk that a party to a contractual agreement or transaction will be unable to meet its obligations or will default on commitments. Credit risk can be associated with almost any financial transaction. BASEL-II provides two options for measurement of capital charge for credit risk

1. Standardised approach (SA) - Under the SA, the banks use a risk-weighting schedule for measuring the credit risk of its assets by assigning risk weights based on the rating assigned by the external credit rating agencies.
2. Internal rating based approach (IRB) - The IRB approach, on the other hand, allows banks to use their own internal ratings of counterparties and exposures, which permit a finer differentiation of risk for various exposures and hence delivers capital requirements that are better aligned to the degree of risks.

The IRB approaches are of two types:

- Foundation IRB (FIRB):The bank estimates the Probability of Default (PD) associated with each borrower, and the supervisor supplies other inputs such as Loss Given Default (LGD) and Exposure At Default (EAD).
- Advanced IRB (AIRB):In addition to Probability of Default (PD), the bank estimates other inputs such as EAD and LGD. The requirements for this approach are more exacting. The adoption of advanced approaches would require the banks to meet minimum requirements relating to internal ratings at the outset and on an ongoing basis such as those relating to the design of the rating system, operations, controls, corporate governance, and estimation and validation of credit risk components, viz., PD for both FIRB and AIRB and LGD and EAD for AIRB. The banks should have, at the minimum, PD data for five years and LGD and EAD data for seven years. In India, banks have been advised to compute capital requirements for credit risk adopting the SA.

### Market risk

Market risk is defined as the risk of loss arising from movements in market prices or rates away from the rates or prices set out in a transaction or agreement. The capital charge for market risk was introduced by the BASEL Committee on Banking Supervision through the Market Risk Amendment of January 1996 to the capital accord of 1988 (BASEL I Framework). There are two methodologies available to estimate the capital requirement to cover market risks:

- 1) The Standardised Measurement Method: This method, currently implemented by the Reserve Bank, adopts a 'building block' approach for interest-rate related and equity instruments which differentiate capital requirements for 'specific risk' from those of 'general market risk'. The 'specific risk charge' is designed to protect against an adverse movement in the price of an individual security due to factors related to the individual issuer. The 'general market risk charge' is designed to protect against the interest rate risk in the portfolio.
- 2) The Internal Models Approach (IMA): This method enables banks to use their proprietary in-house method which must meet the qualitative and quantitative criteria set out by the BCBS and is subject to the explicit approval of the supervisory authority.

## Deferred Tax Liabilities

Deferred tax liabilities have an effect of increasing future year's income tax payments, which indicates that they are accrued income taxes and meet definition of liabilities.

## Subordinated debt

Refers to the status of the debt. In the event of the bankruptcy or liquidation of the debtor, subordinated debt only has a secondary claim on repayments, after other debt has been repaid.

## Hybrid debt capital instruments

In this category, fall a number of capital instruments, which combine certain characteristics of equity and certain characteristics of debt. Each has a particular feature, which can be considered to affect its quality as capital. Where these instruments have close similarities to equity, in particular when they are able to support losses on an ongoing basis without triggering liquidation, they may be included in Tier II capital.

## BASEL Committee on Banking Supervision

The BASEL Committee is a committee of bank supervisors consisting of members from each of the G10 countries. The Committee is a forum for discussion on the handling of specific supervisory problems. It coordinates the sharing of supervisory responsibilities among national authorities in respect of banks' foreign establishments with the aim of ensuring effective supervision of banks' activities worldwide.

## BASEL Capital accord

The BASEL Capital Accord is an Agreement concluded among country representatives in 1988 to develop standardised risk-based capital requirements for banks across countries. The Accord was replaced with a new capital adequacy framework (BASEL II), published in June 2004. BASEL II is based on three mutually reinforcing pillars that allow banks and supervisors to evaluate properly the various risks that banks face. These three pillars are:

- Minimum capital requirements, which seek to refine the present measurement framework
- supervisory review of an institution's capital adequacy and internal assessment process;
- market discipline through effective disclosure to encourage safe and sound banking practices

## Risk Weighted Asset

The notional amount of the asset is multiplied by the risk weight assigned to the asset to arrive at the risk weighted asset number. Risk weight for different assets vary e.g. 0% on a Government Dated Security and 20% on a AAA rated foreign bank etc.

## Capital Funds

Equity contribution of owners. The basic approach of capital adequacy framework is that a bank should have sufficient capital to provide a stable resource to absorb any losses arising from the risks in its business. Capital is divided into different tiers according to the characteristics / qualities of each qualifying instrument. For supervisory purposes capital is split into two categories: Tier I and Tier II.

- Tier I Capital: A term used to refer to one of the components of regulatory capital. It consists mainly of share capital and disclosed reserves (minus goodwill, if any). Tier I items are deemed to be of the highest quality because they are fully available to cover losses Hence it is also termed as core capital.
- Tier II Capital: Refers to one of the components of regulatory capital. Also known as supplementary capital, it consists of certain reserves and certain types of subordinated debt. Tier II items qualify as regulatory capital to the extent that they can be used to absorb losses arising from a bank's activities. Tier II's capital loss absorption capacity is lower than that of Tier I capital.

## Revaluation reserves

Revaluation reserves are a part of Tier-II capital. These reserves arise from revaluation of assets that are undervalued on the bank's books, typically bank premises and marketable securities. The extent to which the revaluation reserves can be relied upon as a cushion for unexpected losses depends mainly upon the level of certainty that can be placed on estimates of the market values of the relevant assets and the subsequent deterioration in values under difficult market conditions or in a forced sale.

## Leverage

Ratio of assets to capital.

## Capital reserves

That portion of a company's profits not paid out as dividends to shareholders. They are also known as undistributable reserves and are ploughed back into the business.

## Deferred Tax Assets

Unabsorbed depreciation and carry forward of losses which can be set-off against future taxable income which is considered as timing differences result in deferred tax assets. The deferred Tax Assets are accounted as per the Accounting Standard 22.

## Securitization

A process by which a single asset or a pool of assets are transferred from the balance sheet of the originator (bank) to a bankruptcy remote SPV (trust) in return for an immediate cash payment.

## Special Purpose Vehicle (SPV)

An entity which may be a trust, company or other entity constituted or established by a 'Deed' or 'Agreement' for a specific purpose.

## Bankruptcy remote

The legal position with reference to the creation of the SPV should be such that the SPV and its assets would not be touched in case the originator of the securitization goes bankrupt and its assets are liquidated.

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## Public & Private Banks – Headquarters, Taglines

### Public Banks

Bank Name	Headquarter	Tagline/Slogan
Allahabad Bank	Kolkata	A tradition of trust
Andhra Bank	Hyderabad	Where India Banks
Bank of Baroda	Vadodara	India's international bank
Bank of India	Mumbai	Relationship Beyond Banking
Bank of Maharashtra	Pune	One Family One Bank
Canara Bank	Bengaluru	Together we can
Central Bank of India	Mumbai	Central to you since 1911
Corporation Bank	Mangalore	Prosperity for All/Sarve Janah Sukhino Bhavanthu
Dena Bank	Mumbai	Dena hai toh bharosa hai /Trusted Family Bank
Indian Bank	Chennai	Your Own Bank
Indian Overseas Bank		Good people to grow with
IDBI Bank	Mumbai	Bank Aisa Dost Jaisa
Oriental Bank of Commerce	Gurugram	Where every individual is committed
Punjab National Bank	New Delhi	The Name You Can BANK Upon
Punjab & Sind Bank	New Delhi	Where Service is a way of Life
State Bank of India	Mumbai	With you all the way/ The Nation banks on us
Syndicate Bank	Manipal	Faithful and Friendly/Viswasaneeya Hitheshi
UCO Bank	Kolkata	Honours Your Trust
Union Bank of India	Mumbai	Good people to bank with
Union Bank of India	Kolkata	The Bank that begins with "U"
Vijaya Bank	Bengaluru	A friend you can bank upon

The Reserve Bank of India – Headquarter at **Mumbai**. The Governor of RBI is **Urjit Patel**. The slogan is “**India’s Central Bank**”.

## Private Banks

Bank	Headquarter	Tagline/Slogan
AXIS Bank	Mumbai	Progress with us
Bandhan Bank	Kolkata	Aapka Bhala, Sabki Bhalai
City Union Bank	Kumbakonam	Trust and Excellence since 1904
Catholic Syrian Bank	Thrissur	Support all the way.
Dhanlaxmi Bank	Thrissur	N/A
Federal Bank	Kochi	Your Perfect Banking Partner
HDFC Bank	Mumbai	We understand your world.
ICICI Bank	Mumbai	Hum Hain Na!
IndusInd Bank	Mumbai	N/A
Karnataka Bank	Mangalore	Your Family Bank. Across India
Kotak Mahindra Bank	Mumbai	Let's make money simple
Karur Vysya Bank	Karur	Smart way to bank
Lakshmi Vilas Bank	Chennai	N/A
Yes Bank	Mumbai	N/A

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