
BANKING AWARENESS MAY 2018

RESERVE BANK OF INDIA SLAPS RS. 5 CR. FINE ON SOUTH INDIAN BANK

- The Reserve Bank of India (RBI) has imposed a penalty of Rs5 crore on South Indian Bank (SIB)
- Due to the non-compliance with its directions on Income Recognition and Asset Classification (IRAC) norms, Know Your Customer (KYC) norms and treasury function this penalty was levied.
- This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949 taking into account failure of the bank to adhere to the aforesaid directions issued by RBI
- Salim Gangadharan is the Chairman of South Indian Bank.
- SIB headquarters in Thrissur, Kerala.

WORLD BANK EXTENDS \$300 MN CREDIT TO SCALE UP ENERGY EFFICIENCY PROGRAM

- The International Bank for Reconstruction and Development (IBRD) arm of The World Bank approved a \$220 million (Rs 1,496 crore) loan and an \$80 million (Rs 544 crore) total 300 mn credit guarantee for the India Energy Efficiency Scale-Up Program, implemented by the Energy Efficiency Services Limited (EESL).
- It will help scale up the deployment of energy saving measures in residential and public sectors, strengthen EESL's institutional capacity, and its access to commercial financing also it helps to increase private sector participation in energy efficiency.
- India's climate change commitments to reduce carbon intensity by 33-35 per cent by 2030 from 2005.
- EESL will deploy 219 million LED bulbs and tube lights, 5.8 million ceiling fans, and 7.2 million street lights, which will be supplied by private sector manufacturers and suppliers.
- through the "Unnat Jyoti by Affordable LEDs for All" (UJALA) program, EESL has deployed more than 295 million LED bulbs till now.

BANK OF BARODA LOCATES MAJOR OPERATIONS AT GIFT CITY

- On 20th May, Bank of Baroda has successfully located at the GIFT City near Ahmedabad.
- the bank will now offer its services including retail loan processing, deposit account opening, forex and call centre from the shared service centre (SSC).
- It will have a staff strength of 200, and thus become one of the largest employers in the Ahmedabad-Gandhinagar region.

BOB, CDSL SIGN AGREEMENT

- Bank of Baroda has signed an agreement with CDSL Commodity Repository (CCRL), on 22nd May.
- Thus it become the first repository participant for pledge finance under the repository ecosystem for registered / accredited warehouses.
- It will boost confidence among bankers and other stakeholders like depositors and warehouse service providers and provide various features / benefits to its stakeholders.
- Central Depository Services (India) Ltd (CDSL) headquarters – Mumbai.

HDFC BANK WILL NOW OFFER DIGITAL LOANS AGAINST YOUR MUTUAL FUNDS

- On 23rd May HDFC Bank has launched Digital Loans against Mutual Funds in partnership with transfer agent CAMS.
- Now customers can pledge mutual fund assets online and get overdraft limit set in their account in under 3 minutes, Customers retain mutual fund portfolio without liquidation also First-time borrowers without credit history can also access loans.
- The bank has a tie-up with 10 mutual companies against whose policies loans
- The ticket size of the loans will range from Rs 1 lakh to Rs 1 crore at an interest rate of 10.5 -11% also has a mutual fund loan portfolio of Rs 10,000 crore.

SIDBI INKS AGREEMENT WITH CSC TO EXTEND DIRECT FUNDING FACILITY FOR VLES

- On 24th May, Small Industries Development Bank of India (SIDBI) has inked an MOU with Common Service Centres (CSC) to offer financial support.
- It ensures easy credit to village level entrepreneurs (VLEs) and promotes the spread of Digital India.
- Through this SIDBI will extend financial support to the Village Level Entrepreneurs (VLEs) of Common Services Centres, with minimum one year of operation.
- CSC SPV will approve the list of VLEs, within 25 km distance of SIDBI Branch Offices.
- The VLEs need to submit their CSC project, with a maximum project outlay of Rs. 3.50 lakh and term loan requirement not exceeding Rs. 2 lakhs per project to avail the loan.
- Small Industries Development Bank of India headquartered at Lucknow.

SBI REPORTS LOSS OF RS. 7,718 CRORE IN MARCH QUARTER

- According to Thomson Reuters data, State Bank of India (SBI), the country's biggest lender, reported a loss of Rs. 7,718 crores in the January-March quarter, due to higher provisions for bad loans. The loss for the three months to March 31 was deeper than expected Rs. 1,285 crores on average.
- This loss is the highest quarterly loss after Punjab National Bank's Rs 13,417 crore loss.
- SBI Chairman- Rajnish Kumar, Headquarters- Mumbai.

WPI INFLATION RISES TO 3.18% IN APRIL

- As per data released by the Ministry of Commerce and Industry, the inflation rate based on monthly WPI, stood at 3.18 percent for the month of April, 2018.
- The Wholesale Price Index (WPI) based inflation stood at 2.47% in the previous month and 3.85% in April last year.
- The index for 'Food Articles' group rose by 1.9 percent to 139.8 from 137.2.
- It was due to higher price of tea (18 percent), fruits and vegetables (eight percent) and pork, paddy and maize (one percent each).
- Also the price of eggs, ragi and gram, and condiments and spices declined by four percent, three percent and one percent respectively.

RBI PUTS DEPOSIT, LENDING RESTRICTIONS ON ALLAHABAD BANK

- Reserve Bank of India (RBI) restrictions on Kolkata-based Allahabad Bank, which is under prompt corrective action (PCA) since January this year. Also it has debarred the bank from high-risk lending and raising high-cost deposits.
- RBI has advised the bank to restrict expansion of risk-weighted assets, reduce exposure to unrated and high-risk advances.
- The RBI's action regarding to the banks CRAR and leverage ratio position also it has advised certain additional actions, Allahabad Bank said in a filing on stock exchanges.
- After Dena Bank, it has the second Bank, which is under prompt corrective action (PCA) since January this year.

WORLD BANK AGREES TO A GRANT FOR BANGLADESH TO MEET THE BASIC NEEDS OF ROHINGYAS

- World Bank (WB) has agreed to provide Bangladesh a grant to meet the basic needs of around one million Rohingyas who fled their homeland Myanmar.
- The World Bank has agreed to provide Bangladesh the full fund as grant money at its spring meeting held in April in the US.
- the entire fund that the World Bank has finally agreed to provide Bangladesh with will have to be spent for the Rohingyas only.

PAYTM INTRODUCES AUTOMATIC RECURRING PAYMENTS

- Paytm introduced 'My Payments', an automatic recurring payments, that lets users configure the payments app to pay for periodic recurring expenses automatically.
- The company expects the feature to boost bank-to-bank transactions on Paytm. Currently, Paytm processes about 1 billion transactions every quarter.
- Through My Payments feature, bank transfers can be done from/to any bank account easier also make payments at no charge. Even non-KYC Paytm users can avail the facility.

YES BANK LAUNCHES AGENDA 25×25

- YES BANK and YES Global Institute announced the launch of Agenda 25×25 for creating a synergetic startup environment for budding women entrepreneurs in India

- It is for ensuring that by 2025 at least 25% of all Entrepreneurs in India are Women.
- This announcement was made at the YES Bank – YES Global Institute Annual Startup Conclave hosted in partnership with NITI Aayog, Invest India, Startup India and Atal Innovation Mission.
- It focused on various things such as empowering women innovators, catalyzing investments, synergizing collaborations and increasing economic opportunities.

KARNATAKA BANK TO SELL PART OF STAKE IN INSURANCE CO

- Karnataka Bank will sell 8.26 percent stake in Universal Sompo General Insurance to Dabur Investment Corporation and Sompo Japan.
- This insurer would pay Rs 125 crore to buy 6% stake from the bank, which has 14.26% stake in the Indian JV.
- The insurance company is a joint venture between Indian Overseas Bank, Karnataka Bank, Allahabad Bank and Dabur Investment Corporation, with Sompo Japan as the foreign partner in which Indian Overseas Bank holds 18.06 percent stake while Allahabad Bank holds 28.52 percent stake.

SBI CARD BASE GROWS 20% IN 8 MONTHS ON SMALL TOWNS

- SBI Card (subsidiary of SBI) base grows 20% in 8 months on small towns, which has been increasing its card numbers at a compounded annual growth rate (CAGR) of 40%.
- Also Cardholders in centres outside the top 10 cities account for 45% of spending.
- This increase rate is due to mobile-phone internet as 20% of spending from smaller towns is online with mobile phones and for driving e-commerce transactions for common purchases.
- The SBI CARD is the second-largest credit card issuer after HDFC Bank, it has increased its market share in the number of cards to 16% from 15% last year.

RBI TWEAKS NORMS FOR SETTING UP OF IFSC BANKING UNITS

- RBI has Modified the norms for setting up IFSC Banking Units, which is the parent bank will be required to provide and maintain at all times a minimum capital of USD 20 million to its IBU.

- This modification has been made based on suggestions from stakeholders, considering minimum prescribed regulatory capital at the parent level.

RBI PRESCRIBES 100% NET STABLE FUNDING RATIO FOR BANKS

- Reserve Bank of India (RBI) has released final guidelines prescribing 100 percent net stable funding ratio (NSFR), for banks to maintain adequate liquid resources for more resilience.
- This ratio is a long-term liquidity measurement included in the Basel III liquidity standards, defined as the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF).

RBI ASKED BANKS TO SHARE FOREIGN EXCHANGE DATA WITH DRI

- The Reserve Bank of India has asked banks authorised to deal in foreign exchange to share data with the Directorate of Revenue Intelligence (DRI).
- This decision has been made to exercise powers granted by the relevant sections of the Customs Act, which requires a banking company to furnish, electronically, information relating to foreign exchange transactions made or received by any person to the receiving authority (DRI). It is the apex intelligence and investigative agency for matters relating to violation of the Customs Act.
- for inward remittances, the agency can seek information relating to a remittee's and remitter's name, address, PAN number, Goods and Service Tax Identification Number (GSTIN), Aadhaar number, bank account number and (IFSC).
- And for outward remittances, the agency also can seek information relating to a remitter's name, address, PAN, GSTIN, Aadhaar number, bank account number and IFSC as also the remittee's details relating to name, address, and SWIFT-BIC.

RBI ANNOUNCED RS. 10,000 CRORE BOND PURCHASES

- The Reserve Bank of India (RBI) announced that it would buy Rs. 10,000 crore (\$1.50 billion) of government bonds via open market operation (OMO), after failing to sell all the debt to bidders and It was the third week when the RBI couldn't sell everything on offer, leading to a spike in bond yields.
- Before the auction result was announced, the 10-year government bond yield rose to 7.75% from 7.74%.
- Eligible participants should submit their offers in electronic format on the RBI's Core Banking Solution (E-Kuber) system.

INDIA SIGNS 200 MILLION US DOLLAR LOAN AGREEMENT WITH WORLD BANK FOR NATIONAL NUTRITION MISSION (POSHAN ABHIYAAN).

- on 7th May 2018, The Government of India and the World Bank signed a loan agreement worth \$ 200 million, for the National Nutrition Mission (POSHAN Abhiyaan).
- The loan would help the Government of India in achieving its goal to reduce stunting, under-nutrition, anaemia and low birth rate in children 0-6 years of age from 38.4% to 25% by the year 2022.
- On 8th March 2018, the POSHAN (PM's Overarching Scheme for Holistic Nourishment) Abhiyaan was launched by the PM, at Jhunjhunu, Rajasthan.

INDIA FASTEST GROWING ECONOMY AT 7.4 PERCENT IN 2018: IMF

- On May 8, 2018, The International Monetary Fund (IMF) report released, India will be the fastest growing economy in 2018, with a growth rate of 7.4 percent to 7.8 percent in 2019.
- Consumer Price Index inflation is projected to be five percent in 2018 and 2019.
- India was recovering from the effects of demonetisation and the introduction of the Goods and Services Tax.

YES BANK TO LAUNCH WATER-SECURITY PROGRAMME

- YES Bank is to launch a capacity building project with farmers in Haryana and Rajasthan under its 'Livelihood and Water Security' CSR (Corporate social responsibility) initiative.
- This project aimed at improving farmers' access to finance, ensuring effective use of digital banking resources, and circulating good agricultural practices.
- The main focus of the programme is sustainable agricultural practices and digital literacy and it will be launched during the current year in Haryana and Rajasthan.
- Initially, it will be launched in 15 districts, and It will benefit 10,900 farmers. The digital methodology will be used to train farmers.

FDI CONFIDENCE INDEX 2018 – INDIA RANKED 11TH

- India was ranked 11th position slipped by three notches in the FDI Confidence Index 2018 released by global consultancy firm A T Kearney
- it was ranked 8th in 2017 and 9th in 2016. This is first time India fell out of the top 10 since 2015.
- US has topped spot for the sixth year in a row mainly due to continued confidence result of its large market, strong and sustained economic growth and recent corporate tax cuts.
- The newcomers to the Index are Denmark, Portugal and Norway.

GST REVENUE COLLECTION IN THE MONTH OF APRIL 2018 EXCEEDS RS. 1 LAKH CRORE

- In the month of April, 2018 India's total gross Goods and Services Tax (GST) revenue collected surpassed the Rs 1 lakh crore mark and stood at Rs 103458 crore as per data released by Union Ministry of Finance.
- In Rs.1,03,458 crore GST collection, Central GST is Rs18,652 crore, State GST is Rs.25,704 crore, Integrated GST is Rs. 50,548 crores and Cess is Rs.8554 crores.
- This indicating that the indirect tax regime was stabilising. Experts were more optimistic as the phased rollout of e-way bills, facilitate GST on goods being transported across states and within them which will help to curb tax evasion even further.
- For March up to April 30, The total number of GSTR 3B returns filed was 6.05 million against 8.71 million registered for GST and required to file return.

SEBI TIGHTENS KYC NORMS FOR FPIs

- To cut down money laundering and round-tripping, Securities and Exchange Board of India (SEBI) has unveiled a detailed framework for risk based Know Your Client (KYC) documentation of foreign portfolio investors (FPIs).
- Also SEBI made it clear that non-resident Indians (NRIs), overseas citizens of India (OCI) and resident Indians cannot be beneficial owners of FPIs. NRIs and OCIs can only obtain an FPI licence on condition that they limit their roles to investment advisors and do not invest their money.
- In an FPI structured as a company, a person owning 25 per cent stake would be considered the beneficial owner (BO), any person owning 10 per cent stake or more in an FPI would be considered a BO.

- all investors would have to comply with the KYC requirement for category-III FPIs.

CORE SECTOR GROWTH SLOWS TO 4.1% IN MARCH 2018

- As per data released by Union Commerce and Industry Ministry, Core Sector growth slowed down to 4.1% in March 2018, due to some base effect and contraction in crude oil production.
- These sectors are Coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity, also this eight core industry constitute 40.27% of the total industrial production in India.
- As per the official data released on Tuesday showed that it was lower than the revised 5.4 per cent growth in February and 6.1 per cent in January.
- The core sector growth would have an impact on the Index of Industrial Production (IIP) data as these eight segments account for about 41% of the total factory output.

COGNIZANT BUYS BELGIAN ANALYTICS AND ADVISORY FIRM HEDERA CONSULTING

- Cognizant has acquired Hedera Consulting, a Belgium-based business advisory and data analytics services company to boost its consulting capabilities in Europe.
- Hedera Consulting will be part of Cognizant Consulting business unit after acquisition. The value of the deal was not disclosed.

KOTAK SECURITIES LAUNCHES FREE INTRADAY TRADING FACILITY

- Kotak Securities, the stock broking and distribution arm of the Kotak Mahindra Group, has launched 'Free Intraday Trading', facility that allows investors to do intra-day trading without paying any brokerage per trade.
- The Intra-day trading refers to trades in which the investors buy and sell the shares within the same trading session.
- Under this facility trader can do intra-day trades across cash, future and options segments at an annual subscription of Rs.999, also get free access to the brokerage's research and technology platform for executing transactions.