

**Banking and
Financial
Awareness
Digest April
2021**

Banking and Financial Awareness Digest: April 2021

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BANKING AND FINANCIAL AWARENESS DIGEST: APRIL 2021

GOV. TO INFUSE RS 14,500 CRORE IN 4 PSBS

- The Government of India has announced to infuse Rs 14,500 crore in 4 Public Sector Banks (PSBs).
- The amount will be infused by issuing non-interest bearing bonds to them despite reservations raised by the RBI over the use of this instrument.
- Rs 4800 crore will be infused in Central Bank of India, Rs 4100 crore in Indian Overseas Bank, Rs 3,000 crore in Bank of India and Rs 2,600 crore in UCO Bank.

SBI INKED \$1 BN. LOAN AGREEMENT WITH JBIC

- The State Bank of India, has raised \$1 billion from Japan Bank for International Cooperation (JBIC).
- The loan agreement was signed to extend loans to the supply chain of the Japanese automobile industry in India.
- The loan amount will ensure a smooth flow of funds particularly for the business operations of Japanese automobile industries in India.

AXIS BANK TO SELL ITS UK SUBSIDIARY TO OPENPAYD HOLDINGS

- India's private sector bank Axis bank announced to sell its UK subsidiary named Axis Bank UK Limited to OpenPayd Holdings.
- As per Axis Bank, Axis Bank UK Limited contributed Rs 206 crore total income in FY20 and a net worth of Rs 765 crore as of March 2020 which is almost 1% of the bank's net worth.
- The UK subsidiary is being hived off at net asset value and fixed premium of \$5.5 million and the date for the completion of the sale is set to 30th Sep 2021.

WB, AIIB APPROVED LOAN FOR CANAL BASED DRINKING WATER PROJECT IN PUNJAB

- The World Bank (WB) and Asian Infrastructure Investment Bank (AIIB) approved the loan amount for canal-based drinking water projects in Punjab.
- The loan amount of USD 300 million was approved for the same.
- The project will be executed to develop a water treatment plant with a capacity of 440 million litres per day. The water treatment plant will be constructed at Vallah village of Amritsar.

RBI'S BI-MONTHLY MONETARY POLICY

- The Governor of the Reserve Bank of India (RBI) announced RBI's bi-monthly monetary policy review after conducting the Monetary Policy Committee (MPC) meeting.
- The RBI's MPC has decided to keep the repo rate unchanged at 4% and the reverse repo rate stands at 3.35%.
- The MSF (Marginal Standing Facility) rate is kept unchanged at 4.25% and the bank rate is also kept unchanged at 4.25%.

INDIA'S GDP TO GROW TO 12.5% FOR FY22-- IMF

- The International Monetary Fund (IMF) has released its biannual World Economic Outlook report.
- As per the report, India's GDP will grow to 12.5% for FY2021-22.
- Initially, IMF had projected India's growth at 11.5% for FY22.

RBI DOUBLED DEPOSIT LIMIT FOR PAYMENT BANKS

- The Reserve Bank of India announced to raise the limit of maximum balance at the end of the day for payment banks.
- The maximum balance limit for the end of the day is increased from Rs 1 lakh to Rs 2 lakhs.
- As per the 'Guidelines for Licensing of Payments Banks' which was issued on 27th Nov 2014, the payments banks were allowed to have the maximum balance of Rs 1 lakh per individual customer. But, the payment banks were asking for a hike in this deposit limit for a long time.

REWARDS 123 SAVINGS ACCOUNT

- The account will prove beneficial to the digital customers as it offers various perks on digital transactions.
- To opt for this account, customers have to pay an annual fee of Rs 299.
- Customers can avail of various benefits like cashback per month on payments for prepaid recharges, post-paid, broadband, landline, and DTH bill payments, load money benefits, and shopping rewards.

PNB@EASE INITIATIVE

- Under this initiative, customers themselves can make every transactions undertaken by the branch of the bank.
- The initiative will lead to having a 'banking-on-the-go' model.
- The service of 'PNB@Ease' will be loaded at 5 kiosks i.e. ATM, Bunch Note Acceptor, Account opening Kiosk, Card Issuance Kiosk and Internet-enabled kiosk.

NHB LAUNCHED SPECIAL REFINANCE FACILITY

- The National Housing Bank (NHB) has launched Rs 10,000 crore 'Special Refinance Facility-2021' (SRF-2021).
- The facility was launched to provide short term refinance support to housing finance companies (HFCs) and other eligible Primary Lending Institutions (PLIs).
- This facility will help to meet short term liquidity requirements of the PLIs and will help them to grant lending to individuals to maintain steady growth in the housing finance sector.

RBI SETUP REGULATIONS REVIEW AUTHORITY (RRA 2.0) FOR 1 YEAR

- The RRA will perform the review of regulations and compliance procedures of a central bank.
- This will help to make regulations and compliance procedures more effective.
- The RRA will be set up from 1st May 2021 for 1 year and its timeline, if needed, will be extended by the RBI.

RBL BANK PARTNERED WITH MASTERCARD

- The RBL Bank and Mastercard have entered into a partnership to launch first its kind payment solution through the Pay by bank app.
- The solution is a mobile-based user-friendly payment solution.
- Through Pay by Bank app payment solution, customers will be able to perform contactless transactions in a secure manner.

RBI FRAMES COMMITTEE TO REVIEW REGULATIONS ON ARCS

- The Reserve Bank of India (RBI) has set up a six-member committee to review regulations on asset reconstruction companies (ARCs).
- The committee is framed to review the legal and regulatory working of ARCs and will recommend measures to improve the efficiency of ARCs.
- The improved ARCs will also define their role in resolving stressed assets including under Insolvency & Bankruptcy Code (IBC).

ADB PARTNERED WITH HABITAT FOR HUMANITY

- The Asian Development Bank (ADB) partnered with Habitat for Humanity International to grant support to a microfinance institution (MFIs).
- The support to MFIs will enable them to grant housing loans to low-income families residing in rural and semi-urban areas of India, Bangladesh, the Philippines and Indonesia.

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- The technical expertise will be provided to MFIs to deliver the housing loans.

INDIA'S GDP FOR FY22 TO BE 10-10.5% --- ICRA

- The Information and Credit Rating Agency of India Limited (ICRA) has revised its GDP forecast for India.
- The rating agency has reduced India's GDP by 0.5% for FY22.
- As per ICRA, India's economy to grow in the range of 10-10.5% for FY22.

INDIABULLS HOUSING FINANCE LTD PARTNERED WITH HDFC LTD

- They have entered into a partnership to grant housing loans to homebuyers at competitive rates.
- Under this partnership, the funding ratio will be 80:20. That is, 80% of loans will be with HDFC books and 20% of the loans with Indiabulls HFL's books.
- Indiabulls will service the loan account throughout the life cycle of the loan.

INDIA'S GDP FOR FY22 TO BE 10.2% --- CARE RATINGS

- As per Care Ratings, India's GDP will be at 10.2% for FY22.
- Earlier it had projected GDP for India to be in the range of 10.7-10.9%.
- The reduction in GDP forecast is due to the rising situation of the pandemic which has led to the stoppage of many economic activities due to rules imposed for lockdown.

'CONQR'—WORLD'S 1ST QR ON CARD PROGRAMME

- Mastercard and Bank of Baroda Financial Solutions (BFSL) have entered into a partnership to launch 'ConQR', which is the world's first QR on Card Program.
- The 'ConQR' is a Mastercard QR on card solution which is launched to offer simplicity to perform digital transactions.
- It is based on Mastercard patented technology which allows cardholders or SMEs to perform cashless payments using their cards.

INDIAN ECONOMY TO GROW AT 11% FOR FY22—S&P RATINGS

- The S&P Global Ratings has projected that India's economy to grow at 11% in FY 2021-22 (FY22).
- Earlier it had estimated a contraction of 8% for the same.
- The rating agency has kept the sovereign rating on India at 'BBB-' with a stable outlook.

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RBI BANS AMERICAN EXPRESS AND DINERS CLUB

- The Reserve Bank has restricted American Express Banking Corp and Diners Club International Ltd from onboarding new domestic customers onto their card networks from 1st May 2021.
- They are restricted because of violating data storage norms.
- Also, payment system providers were required to report compliance to RBI and submit a System Audit Report (SAR) conducted by a CERT within Dec 2018.

IRDAI ALLOWED INSURERS TO INVEST IN DEBT INSTRUMENTS

- The Insurance Regulatory and Development Authority of India (IRDAI) has allowed insurers to invest in debt securities which are issued by Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs).
- This move will lead to improving the overall yield of the portfolios held by the firms and will provide more long-term funding to the realty sector.
- This will also allow the insurance companies to perform investments in top-rated infrastructure assets.

INDIA'S GDP GROWTH TO BE AT 10.2% FOR 2021—OXFORD ECONOMIES

- Oxford Economics has revised the GDP growth forecast for India for 2021.
- As per the firm, India's GDP growth to be at 10.2% for 2021.
- Earlier it has estimated the GDP growth forecast of 11.8% for the same.

RBI FIXED BANK'S MD AND CEOS TENURE AT 15 YEARS

- The Reserve Bank of India (RBI) has revised rules in its circular titled 'Corporate Governance in Banks-Appointments of Directors and Constitution of Committees of the Board'.
- As per the changes in the rules, RBI has fixed the tenure of MD and CEOs or Whole Time Directors (WTD) of banks to 15 years.
- As per the rules, MD, CEO or WTD who is also a promoter or shareholder cannot serve the post for more than 12 years.
- The RBI has also announced that the upper age limit for MD, CEO or WTD is retained at 70 years.

INDIA'S GDP TO GROW AT 11% FOR FY22 -- ADB

- The Asian Development Bank (ADB) released Asian Development Outlook 2021 which forecasted the GDP growth for India.
- As per ADB, India's GDP will grow at 11% for FY22.

- Earlier it had project growth at 8% for the same.
- It has also predicted GDP expansion at 7% for FY22.

‘MERCHANT STACK’—ICICI BANK

- ICICI Bank launched the ‘Merchant Stack’ which is the digital banking platform.
- It is specifically developed for retail merchants. It will prove highly beneficial to grocers, supermarkets, large retail store chains, online businesses and large e-commerce firms.
- Due to ‘Merchant Stack,’ the users will be able to fulfil their banking needs in a seamless manner in this pandemic situation.

