

# **Banking and Financial Awareness Digest**



## CONTENTS

'Lumine' Platinum Credit Card & 'Eclat' Select Credit Card.....	2
'SIM Binding'.....	2
IMF approved Historic Allocation of \$650 billion of SDR .....	2
IndusInd Bank to Act as an 'Agency Bank' .....	2
World Bank approved Loan for India to Make Existing Dams Safe.....	3
'Health and Wellness Savings Account'—Suryoday SFB.....	3
ADB sanctioned Loan for Water Supply Projects in Jharkhand.....	3
Penalty imposed on Hewlett-Packard Financial Services (India) Private Ltd .....	3
RBI announced its Bi-Monthly Monetary Policy.....	4
NABARD partnered with CWC .....	4
'Swavalamban Challenge Fund' .....	4
Penalty on Banks if ATMs Run Out of Cash.....	4
RBI increases Collateral-Free Loans to SHGs under the DAY-NRLM .....	5
'Digital Prayaas' --- SIDBI.....	5
'Equitech'-- Equitas Small Finance Bank.....	5
10 of the Major Banks formed SLMA to Support Secondary Loan Market.....	6
EXIM Bank to Provide LoC of USD 100 million to Mauritius.....	6
Financial Inclusion Index -- RBI .....	6
RBI cancelled the License of Karnala Nagari Sahakari Bank Limited.....	6
'SBI Life eShield Next'-- SBI Life Insurance .....	6
'Regulated Entities for Integrated Supervision and Monitoring (PRISM)' .....	7
Do-It-Yourself (DIY) Repayment Platform.....	7
Exim Bank Extended Soft Loan Support to the Guinea .....	7
'Small Business Loans Initiative'—Facebook India and Indifi.....	7
NIPL partnered with Mashreq Bank .....	8
'Ubharte Sitaare Fund' .....	8
USAID, DFC partnered with Kotak Mahindra Bank.....	8
Partnership between Paytm and HDFC Bank.....	8
Honda Cars India Ltd partnered with Canara Bank.....	9
Recommendations on UCBs by RBI's Expert Committee.....	9
UP's Ganga Expressway to Receive Loan from PNB .....	9
'Freo Save' – Saving Account by FREO.....	9

'12% Club' App – BharatPe .....	10
'ANANDA' Mobile App-- LIC.....	10
RBI raised Limit Under Indo-Nepal Remittance Facility Scheme.....	10

## BANKING AND FINANCIAL AWARENESS DIGEST: AUGUST 2021

### 'LUMINE' PLATINUM CREDIT CARD & 'ECLAT' SELECT CREDIT CARD

- The LIC Cards Services Limited (LIC-CSL) collaborated with IDBI Bank to launch RuPay credit cards.
- The cards are launched on the RuPay platform and during the 1st phase will be available to LIC policyholders, agents, employees and its subsidiaries.
- The cardholders will be able to earn 3 'delight' points on every spend of Rs 100 on the Lumine card and 4 points on the Eclat card.

### 'SIM BINDING'

- The State Bank of India (SBI) launched a new feature named 'SIM Binding' on its YONO and YONO Lite apps.
- The 'SIM Binding' is an enhanced security feature which will protect customers from various digital frauds and offer them a safe online banking experience.
- Under this feature, both the apps will run only on those devices which have SIM of mobile numbers registered with the Bank.

### IMF APPROVED HISTORIC ALLOCATION OF \$650 BILLION OF SDR

- The International Monetary Fund (IMF) has approved the allocation of \$650 billion in Special Drawing Rights (SDR).
- It is the largest allocation made by IMF considering the history of the organisation.
- The allocation is made to help the countries to tackle pandemic COVID-19 and boost global liquidity.
- The allocation will come into effect from 23rd Aug 2021.

### INDUSIND BANK TO ACT AS AN 'AGENCY BANK'

- The Reserve Bank of India (RBI) has empanelled the IndusInd Bank to act as an 'Agency Bank'.
- Therefore, the IndusInd Bank is now capable to perform transactions pertaining to all kinds of government-led businesses.

- This decision by RBI is based on norms that allow scheduled private sector banks as agency banks of the regulator for the conduction of government business.
- Henceforth, the IndusInd Bank has joined few other private banks of India as an 'Agency Bank of RBI' and will perform general banking business from the side of central and state government, apart from its routine banking work.

### **WORLD BANK APPROVED LOAN FOR INDIA TO MAKE EXISTING DAMS SAFE**

---

- The World Bank, GOI, Central Water Commission, government representatives from 10 participating states approved loans for India to make its existing dams safe and resilient.
- The World Bank has approved a loan of \$250 million for India so that the country can make efforts to have a long-term dam safety program to enhance the safety and performance of existing dams across various states.
- The funds will be used for Second Dam Rehabilitation and Improvement Project (DRIP-2), which will be implemented at the national level through the Central Water Commission (CWC).

### **'HEALTH AND WELLNESS SAVINGS ACCOUNT'—SURYODAY SFB**

---

- The Suryoday Small Finance Bank (SSFB) launched the 'Health and Wellness Savings Account'.
- The account offers top-up health insurance of Rs 25 lakhs, an annual healthcare package and on-call emergency ambulance medical care services.
- The user between the age group of 16 to 65 years can opt for the account either as a joint or single account.
- The account includes the Platinum RuPay Secure Chip Debit Card variant, the ATM withdrawal limit of Rs 1.50 lakh daily basis is set for the account.

### **ADB SANCTIONED LOAN FOR WATER SUPPLY PROJECTS IN JHARKHAND**

---

- The Asian Development Bank (ADB) has approved loan to support financially the water supply infrastructure projects in Jharkhand.
- The ADB has sanctioned the loan amount of USD 112 million to the Jharkhand for the same.
- The total funds required for the project is USD 160 million, out of which USD 48 million will be granted by the state government.
- Around 940 km of water distribution network will be established which will supply water to 115,000 houses.

### **PENALTY IMPOSED ON HEWLETT-PACKARD FINANCIAL SERVICES (INDIA) PRIVATE LTD**

---

- The Reserve Bank of India (RBI) has imposed a monetary penalty on Hewlett-Packard Financial Services (India) Private Ltd.

- The penalty of Rs 6 lakh is imposed on Hewlett-Packard Financial Services (India) Private Ltd for not following certain norms directed to it.
- RBI conducted a statutory inspection of the company by considering its finance reference position as of 31st March 2019.
- The entity was found non-compliance with the statutory directions on submission of credit information to CRILC (Central Repository of Information on Large Credits) and submission of credit data to credit information companies (CICs).

### **RBI ANNOUNCED ITS BI-MONTHLY MONETARY POLICY**

- The Reserve Bank of India (RBI) has announced its August bi-monthly monetary policy.
- The RBI has kept the repo rate unchanged i.e. to 4%.
- The reverse repo rate is also kept unchanged to 3.35%.
- The Marginal Standing Facility Rate is kept at 4.25%, Bank rate is kept at 4.25%.
- The CRR is kept at 4% and the SLR is at 18%.

### **NABARD PARTNERED WITH CWC**

- The National Bank for Agriculture and Rural Development (NABARD) collaborated with Central Warehousing Corporation (CWC).
- They have collaborated to offer better storage facilities to the farmers of India.
- This is the first-of-its-kind arrangement and is mainly made for farmers who are affiliated to farmer producer organisations (FPOs) and also in future the arrangement will be extended to individual farmers.
- The 1st phase of the partnership will be executed in Andhra Pradesh, Tamil Nadu and Telangana.

### **'SWAVALAMBAN CHALLENGE FUND'**

- The Small Industries Development Bank of India (SIDBI) in partnership with Foreign, Commonwealth & Development Office, UK launched 'Swavalamban Challenge Fund (SCF)'.
- The SCF is a challenge fund that will provide funds based on competition.
- In the pilot category, applicants can apply with their proposal to pilot/test/trial their innovative ideas. In the scale-up category, already ongoing or completed projects can be applied to avail SCF.
- Depending on the number of proposals selected under various themes, the funds will be allotted. For the pilot category, funds upto Rs 20 lakhs will be provided and for the scale-up category, funds upto Rs 35 lakhs will be provided.

### **PENALTY ON BANKS IF ATMS RUN OUT OF CASH**

- The Reserve Bank of India (RBI) announced the 'Scheme of Penalty for non-replenishment of ATMs'.
- As per the scheme, monetary penalties will be imposed on banks if ATMs/WLAs run out of cash.

- The decision by RBI was taken with a concern over the inconvenience which arises to the community of India if there is non-availability of cash in ATMs.
- The scheme will make ensure that sufficient cash is available to the public through ATMs and will also enable banks to keep the track record for the same as failure in this norms will lead to the imposition of penalty on them.
- The scheme will be effective from 1st Oct 2021.

### **RBI INCREASES COLLATERAL-FREE LOANS TO SHGS UNDER THE DAY-NRLM**

---

- The Reserve Bank of India has raised the limit of collateral-free loans to the Self-Help Groups (SHG).
- The limit of collateral-free loans is increased under the DAY-NRLM (Deendayal Antyodaya Yojana – National Rural Livelihoods Mission).
- The RBI has raised the limit from Rs 10 lakhs to Rs 20 lakhs for the same.
- Under this provision, for loans upto Rs 10 lakhs, no collateral and no margin will be charged. Also, no lien will be marked against the savings bank account of SHGs and no deposits will be insisted to sanction the amount of the loan upto Rs 10 lakh.
- Whereas, for the loan amount above Rs 10 lakhs and up to Rs 20 lakh, no collateral will be charged and no lien will be marked against the savings bank account of SHGs.

### **'DIGITAL PRAYAAS' --- SIDBI**

---

- The Small Industries Development Bank of India (SIDBI) has launched 'Digital Prayaas'.
- The 'Digital Prayaas' is a digital-lending platform based on an app.
- It offers loans to entrepreneurs from low-income groups.
- It is launched with an objective to sanction the loan to the low-income group's entrepreneurs by the end of the day i.e. fast delivery of loan.

### **'EQUITECH'-- EQUITAS SMALL FINANCE BANK**

---

- The Equitas Small Finance Bank has launched 'Equitech'.
- The 'Equitech' is a fintech accelerator programme for startups.
- It will provide legal and regulatory mechanism support to Indian startups through expert solutions and venture capitalists.
- To avail the benefit of the programme, the startups are required to be registered before 6 years, should have atleast 2 full-time employees with team members and must have an innovative product or services.

## 10 OF THE MAJOR BANKS FORMED SLMA TO SUPPORT SECONDARY LOAN MARKET

- The ten of the major banks operating in India have formed the Secondary Loan Market Association (SLMA) with an online platform.
- The formation of SLMA was made for trading corporate loans in the secondary market.
- The SLMA is a body that regulates the secondary market for corporate loans. The SLMA was formed on the recommendation of RBI's Task Force on the development of the secondary market for corporate loans.
- The website and the logo of SLMA were launched by the Executive Director of RBI, Saurav Sinha.

## EXIM BANK TO PROVIDE LOC OF USD 100 MILLION TO MAURITIUS

- The Export-Import Bank of India (Exim Bank) has signed an agreement with Mauritius.
- Under the agreement, Exim Bank will provide a soft loan of USD 100 million to Mauritius.
- The loan will be utilised for the procurement of defence items by the island nation.
- The rate of interest associated with the Line of credit support will be a nominal value.

## FINANCIAL INCLUSION INDEX -- RBI

- The Reserve Bank of India (RBI) launched the Financial Inclusion Index (FI-Index).
- The access carries a weightage of 35%, usage carries weightage of 45% and quality carries weightage of 20%.
- The annual FI-Index for the period ending March 2021 is 53.9 as against 43.4 for the period ending March 2017.
- The central bank said that it will be releasing FI-Index in the month of July every year, without any consideration of the base year for the index.

## RBI CANCELLED THE LICENSE OF KARNALA NAGARI SAHAKARI BANK LIMITED

- The Reserve Bank of India has cancelled the license of Karnala Nagari Sahakari Bank Limited. It is based in Raigad, Maharashtra.
- The 95% of the depositors of the bank will receive their full deposited amounts from Deposit Insurance and Credit Guarantee Corporation.
- On liquidation, every depositor will receive a deposit insurance claim amount for their deposits up to a monetary ceiling of Rs 5 lakhs.

## 'SBI LIFE ESHIELD NEXT'-- SBI LIFE INSURANCE

- SBI Life Insurance has launched a new life insurance solution named 'SBI Life eShield Next'.

- It is an individual, non-linked, non-participating life insurance solution. The policy is not linked to the stock market and does not share profit or dividends with the policyholders.
- The 'SBI Life eShield Next' executes by increasing the required insurance protection by increasing the sum assured linked to the significant level-up milestones in one's life.

### **'REGULATED ENTITIES FOR INTEGRATED SUPERVISION AND MONITORING (PRISM)'**

---

- The Reserve Bank of India is implementing a web-based end-to-end workflow automation system to give strength to compliance by supervised entities (SEs).
- The web-based end-to-end workflow automation system is named as 'Platform for Regulated Entities for Integrated Supervision and Monitoring (PRISM)'.
- The PRISM will help supervised entities to strengthen their internal defenses and resilience.
- The PRISM will be having features like functionalities with respect to inspection; compliance; incident functionality for cybersecurity; complaints; and returns functionalities.

### **DO-IT-YOURSELF (DIY) REPAYMENT PLATFORM**

---

- The Kotak Mahindra Bank in partnership with Creditas Solutions launched the 'Do-It-Yourself (DIY) Repayment Platform'.
- The facility is for the repayment of missed loans.
- The 'Do-It-Yourself (DIY) Repayment Platform' is a secured digital mode of repayment 'neo collection' platform.
- The platform provides a secured, convenient, and highly efficient mode of repayment solution to the customers.

### **EXIM BANK EXTENDED SOFT LOAN SUPPORT TO THE GUINEA**

---

- The Exim Bank has extended soft loans support from the Government of India to the Government of Guinea with an aim to financially support various projects.
- The Exim Bank has provided a soft loan worth USD 210.73 million to Guinea.
- The loan amount consists of USD 170 million Line of Credit for the drinking water supply project of Grand Conakry-Horizon 2040 in Guinea.
- The loan amount of USD 20.51 million will be used to construct and upgrade hospitals in the country.
- The Line of Credit amount of USD 20.22 million will be used for two solar projects in the country.

### **'SMALL BUSINESS LOANS INITIATIVE' —FACEBOOK INDIA AND INDIFI**

---

- Facebook India has launched the 'Small Business Loans Initiative'.
- The initiative was launched in partnership with Indifi, which is an online lending platform.



- Under the initiative, the SMBs (small and medium businesses) who promotes and advertise their businesses on the Facebook platform will be given quick access to loans through independent lending partners.
- The initiative aims to provide quick access to business loans to the SMB owners, thus reducing the credit gap within India's MSME sector.
- The SMB will get the loans at the interest rate of 17-20% per annum.

### **NIPL PARTNERED WITH MASHREQ BANK**

---

- NPCI International Payments Ltd (NIPL) has entered into a partnership with Mashreq Bank.
- They have partnered to launch the Unified Payments Interface (UPI) payment system facility in the UAE.
- This will help Indian tourists who travel to UAE for business or leisure purposes. They will be able to perform transactions using UPI-based mobile applications in the UAE.
- This will benefit around 2 million Indians and will also give enhancement to the digital payment mechanism in the UAE.

### **'UBHARTE SITAARE FUND'**

---

- Union Finance Minister Nirmala Sitharaman launched the 'Ubharte Sitaare' scheme.
- The scheme will help the MSME sector to become future champions with good export potential.
- The scheme is basically launched for export-oriented firms and startups of India.
- The 'Ubharte Sitaare fund' is jointly framed and set up by Exim Bank and SIDBI.

### **USAID, DFC PARTNERED WITH KOTAK MAHINDRA BANK**

---

- The USAID (United States Agency for International Development) and USDFC (U.S. International Development Finance Corporation) have partnered with Kotak Mahindra Bank for the purpose of offering loan guarantees for women entrepreneurs and MSME units in India.
- The USAID and USDFC will be sponsoring a USD 50 million loan portfolio guarantee to the Kotak Mahindra Bank.
- The credit support will be granted to the end borrowers which will result in sustained and inclusive economic growth.
- It will result in economic empowerment of the women and about 50% of the loans will be offered to women-led or women-managed MSMEs. Around 30,000 individual women borrowers and 7500 MSMEs will be benefited from this partnership.

### **PARTNERSHIP BETWEEN PAYTM AND HDFC BANK**

---

- Paytm and HDFC Bank have entered into a strategic partnership with an aim to deliver financial solutions to end consumers and merchants.

- This partnership will lead to boost the digital transformation in semi urban and rural India as it will be the combination of the bank's network, products, and credit features with Paytm's technological platform.
- Both the entities will work to develop comprehensive solutions across payment gateway, point of sale machines and credit products.

### **HONDA CARS INDIA LTD PARTNERED WITH CANARA BANK**

---

- Honda Cars India Ltd (HCIL) has entered into a partnership with Canara Bank.
- They have partnered to provide retail finance schemes to customers of HCIL.
- Due to this partnership, the customers of HCIL will be able to opt for easy finance features while purchasing the car models of Honda like Amaze, City, Jazz and WR-V.
- In order to make the car buying season even more attractive and rewarding especially during festive seasons, both entities will be launching special schemes.

### **RECOMMENDATIONS ON UCBS BY RBI'S EXPERT COMMITTEE**

---

- The Reserve Bank of India released the recommendations suggested by its expert committee on Urban Cooperative Banks (UCBs).
- The committee was headed by former Deputy Governor of RBI, N S Vishwanathan.
- The committee suggested the 4-tier structure for UCBs in order to ease the regulatory process. The structure is divided on the basis of UCB's capital availability and other factors. The 4 Tier structure is mentioned below:
  - Tier 1: UCBs with deposits upto Rs 100 crore
  - Tier 2: UCBs with deposits between Rs 100 crore- Rs 1000 crore
  - Tier 3: UCBs with deposits between Rs 1000 crore- Rs 10,000 crore
  - Tier 4: UCBs with deposits more than Rs 10,000 crore

### **UP'S GANGA EXPRESSWAY TO RECEIVE LOAN FROM PNB**

---

- The ambitious Ganga Expressway project of Uttar Pradesh has received major support of funds from Punjab National Bank (PNB).
- The PNB has sanctioned a loan of Rs 5100 crore to the state government for the same.
- The Ganga Expressway will be 594 km long and it will be the longest in North India and the second-longest in India.
- The Ganga Expressway will connect Meerut in west Uttar Pradesh with Prayagraj in the east, it will also reduce the travel time from Lucknow to Meerut to 5 hours and 6.5 hours from Prayagraj to Meerut.

### **'FREO SAVE' – SAVING ACCOUNT BY FREO**

---

- The 1st credit led Neo bank of India named Freo has launched a zero balance saving account.
- The name of the saving account is 'Freo Save'.

- The account was launched in partnership with Equitas Small Finance Bank (SFB).
- The 'Freo Save' Saving account grants a 7% interest rate and allows to have a minimum balance of Rs 1 lakh.

### **'12% CLUB' APP – BHARATPE**

---

- The BharatPe has launched the '12% Club' app. The app is basically an investment-cum-borrowing product.
- The app will allow customers to invest and earn up to 12 % annual interest or borrow at a similar rate.
- By selecting the lend money on the '12% Club' app, the customers can invest their savings at any time.
- The customers can also opt for collateral-free loans of up to Rs 10 lakh through the app itself. The loan will be availed with a tenure of 3 months. There are no processing charges or pre-payment charges on the consumer loans.
- The company has set the upper limit to Rs 10 lakh for investing by an individual and will be increased to Rs 50 lakhs over the next few months.

### **'ANANDA' MOBILE APP-- LIC**

---

- The Chairman of LIC, MR Kumar launched the ANANDA Mobile App of LIC.
- The app is the digital paperless solution for on-boarding activities which are done by agents/intermediaries for their clients.
- The app will be used to register new LIC policies. Only non-medical will be passed through the app.
- The app is built on paperless KYC processes using Aadhaar based e-authentication.

### **RBI RAISED LIMIT UNDER INDO-NEPAL REMITTANCE FACILITY SCHEME**

---

- The Reserve Bank of India (RBI) has raised the limit of fund transfer under the Indo-Nepal Remittance Facility Scheme.
- Under the new updates for the scheme, RBI has raised the limit from Rs 50,000 per transaction to Rs 2 lakh per transaction.
- Initially, there was a ceiling limit of 12 transactions per year, but now this limit is dismissed by the central bank.
- But for the cash-based transfers under the same scheme, the per transaction limit of Rs 50,000 will still be present with a maximum number of transfers in a year allowed to be 12.
- The new enhancement limit will be effective from 1st Oct 2021.