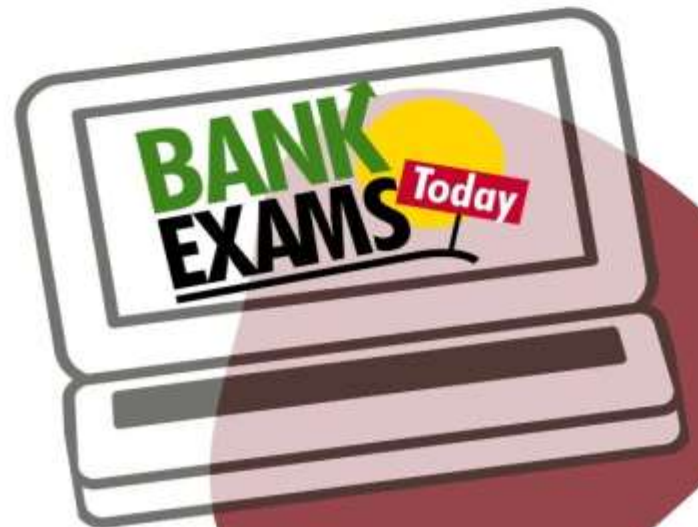




# **BANKING AND FINANCIAL AWARENESS DIGEST**

## **FEBRUARY 2020**



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# BANKING AND FINANCIAL AWARENESS DIGEST: FEBRUARY 2020

### WHATSAPP PAY RECEIVED NPCI NOD TO EXPAND ITS UPI PROJECT

- WhatsApp pay has received the approval of National Payments Corporation of India (NPCI) to expand its UPI project to 10 million users.
- This announcement was made by Nandan Nilekani at an IIT industry conclave event.
- WhatsApp pay is a payment feature of Whatsapp that will run on UPI and will allow its users to pay or do transactions through their bank accounts.
- Whatsapp was running this feature as a pilot for 1 million users and was waiting for a license since 2018 and now it has got the approval from NPCI.

### RBI IS CONDUCTING FINANCIAL LITERACY WEEK 2020

- The Reserve Bank of India is conducting a "Financial Literacy Week 2020" from February 10 to 14.
- As RBI is focusing on Micro, Small and Medium Enterprises this year; the theme of the literacy week is "Micro, Small and Medium Enterprises (MSMEs)".
- The basic aim of celebrating literacy week is to create awareness about key topics. Before this, the theme of Financial Literacy Week in 2018 and 2019 was "Consumer Protection" and "Farmers" respectively.

### DICGC RAISES THE INSURANCE COVERAGE FOR DEPOSITORS TO 5 LAKH

- The Deposit Insurance and Credit Guarantee Corporation (DICGC) has raised the insurance coverage limit for depositors in insured banks to 5 lakhs.
- Earlier the limit was 1 lakh. This new limit of insurance coverage will be effective from February 4, 2020.
- The announcement to raise the limit was made in the Union Budget 2020-21.
- DICGC is a wholly-owned subsidiary of RBI.

### COOPERATIVE BANKS TO OPERATE UNDER RBI

- The Union Cabinet has approved the amendments to the Banking Regulation Act in order to bring cooperative banks under the regulatory mechanism of Reserve Bank of India.
- The government has taken this decision after considering the situation of the Punjab and Maharashtra Co-operative (PMC) Bank which are under crisis.
- As per the Information and Broadcasting Minister Prakash Javadekar, this move will ensure greater accountability and transparency in the functioning of cooperative banks.

## RBI KEEPS REPO RATE UNCHANGED IN ITS 6TH BI-MONTHLY MONETARY POLICY REVIEW

- The Reserve Bank of India (RBI) has kept the repo rate and all policy rates unchanged in its 6th Bi-monthly monetary policy review.
- At present, the repo rate is 5.15 per cent while the reverse repo rate is 4.90 per cent.
- Also, RBI has said that it will maintain 'accommodative' policy stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

## FITCH PROJECTS INDIA'S GDP GROWTH AT 5.6% FOR 2021

- Fitch Ratings has projected the GDP growth of India to be at 5.6% for the financial year 2021.
- This projection is lower than the government's projection in the Economic Survey.
- Fitch also lowered the growth estimate for 2019-20 in March to 6.8 per cent from 7 per cent projected earlier.

## PAYTM LAUNCHES ANDROID POS DEVICE FOR SMES & MERCHANT PARTNERS

- Paytm has launched an all-in-one payment gateway- Android POS device for SMEs and merchant partners in India.
- This device will help the merchants to accept payments through Paytm Wallet, all UPI-based apps, debit and credit cards, as well as cash.
- Along with accepting payments, merchants will also be able to generate GST compliant bills and manage their transactions and settlements through their 'Paytm for Business' app.
- The device was jointly launched by Paytm founder Vijay Sekhar Sharma and Infosys co-founder Nandan Nilekani.

## RBI INCREASED INSURANCE COVER ON BANK DEPOSITS

- The Reserve Bank of India (RBI) said in a statement released on 4th February 2020 said that Insurance cover on bank deposits has been increased to Rs 5 lakh from Rs 1 lakh per depositor.
- The Deposit Insurance and Credit Guarantee Corporation (DICGC), a wholly-owned subsidiary of the Reserve Bank of India provides the insurance coverage to the depositors.
- The DICGC has raised the limit of insurance cover for depositors in insured banks to provide a greater measure of protection to depositors in banks and boost the confidence of people in the banking system.

## UNION CABINET APPROVED AMENDMENT TO BRING CO-OP BANKS UNDER RBI

- The government approved amendments to the Banking Regulation Act, 1949 to ensure greater accountability and transparency in the functioning of Cooperative Banks.
- According to the data released by RBI, Urban cooperative banks (UCBs) reported nearly 1,000 cases of fraud worth more than Rs 220 crore in the last five fiscals.

- After the amendment, such banks will come under RBI's (Reserve Bank of India) regulation.

### UNION MINISTRY OF FINANCE NOTIFIES RULES FOR PRINTING OF ONE RUPEE CURRENCY, 2020

- The Government of India will start the circulation of new one rupee note in the market.
- Government has specified and notified "Printing of One Rupee Currency Notes Rules, 2020".
- These new 1 Rs notes will be printed by the Ministry of Finance not by RBI.
- The note will have the bilingual signature of Atanu Chakraborty who is the Secretary of Ministry of Finance.
- The new one rupee currency notes will be of rectangular size measuring 9.7 x 6.3 cm.
- The color of the new notes will be pink green on obverse and reverse in combination with others.
- The Obverse side of the note will contain words 'भारत सरकार' above the words "Government of India". It will also have replica of New Rupee One coin with '₹' symbol of 2020 issued with 'Satyamev Jayate' and capital Inset letter 'L' in numbering panel.

### RBI PROPOSES DRAFT FRAMEWORK FOR SETTING UP AN ALTERNATIVE RETAIL PAYMENTS SYSTEM

- The Reserve bank of India has proposed a draft framework for setting up a new umbrella entity (NUE) focused on retail payments system which will work along the lines of National Payments Corporation of India (NPCI).
- It will set up, manage and operate new payments system, methods, standards and technologies especially in the retail space.
- This new entity will be incorporated in India under the Companies Act, 2013.
- The new entity will have a minimum paid-up capital of Rs 500 crore. Along with this, there will be no single promoter/promoter group holding more than 40% investment in the capital.
- As per RBI, a minimum net-worth of Rs 300 crore will be maintained for the entity at all times.

### PSBS RECOVER RS.2.03 LAKH CRORE BAD LOANS IN LAST ONE-AND-HALF YEARS

- According to the Finance Ministry, the Public Sector Banks have recovered a record Rs 2.03 lakh crore bad loans in last one-and-half years.
- The bad loans have fell down to Rs 7.27 lakh crore at the end of September 2019 from Rs 8.96 lakh crore at the end of March 2018.
- Along with this, Out of 18 PSBs, 12 have reported profit in the first half of the current financial year.

### INDUSLND BANK RECORDS HIGHEST INCREASE IN BRAND VALUE AMONG TOP 500 BANKING BRANDS 2020

- According to a report titled 'The Banker's Top 500 Banking Brands 2020', Induslnd Bank has topped the list of 'Highest increase in brand value' among global banks.
- As per the report, the brand value of Induslnd Bank has increased by 122% over the last 12 months.

## EIU LOWERS GLOBAL GROWTH FORECAST 2020 TO 2.2% FROM 2.3%

- The Economist Intelligence Unit (EIU) has reduced its Global growth forecast for the year 2020 to 2.2 percent. Earlier, it has forecasted the growth to be at 2.3 percent.
- This decrease has been made due to the impact of Novel coronavirus outbreak in China and its spread in other countries globally.
- EIU has also projected the GDP growth for India to be at 6.1 percent in 2020.

## ODISHA MSME DEPT INKED MOU WITH HDFC BANK TO BOOST STARTUPS

- The Micro Small and Medium Enterprises (MSME) Department of government of Odisha has signed an agreement with the Housing Development Finance Corporation (HDFC) Bank Limited to boost startups.
- The basic aim of this MoU is to provide smart banking solutions to Startups recognised by the "Startup Odisha".

## RBI: LENDING FROM CRR BUFFER TO GET 5-YEAR RELIEF

- RBI said that the window will open for six months ending 31st of July 2020.
- The Net Demand and Time Liabilities (NDTL) will be calculated as of 31st of January.
- RBI asked banks to report the CRR exemption availed at the end of a fortnight under exemptions/others in the Section 42 return, under the provisions of the master circular on CRR and SLR issued on 1st of July, 2015.

## RBI REPORT ON BANK LOANS

- The Reserve Bank of India's (RBI) weekly statistical supplement released on 14th Feb 2020, showed that Indian banks' loans rose 7.1% in the two weeks to 31st January 2020 from a year earlier.
- It also showed that the deposits increased to 9.9%.
- In the fortnight to January 31, the outstanding loans rose Rs 989.26 billion (\$13.86 billion) to Rs 101.03 trillion.

## FINMIN ADDRESSED THE CENTRAL BOARD OF DIRECTORS OF RBI

- The FinMin outlined the thinking behind the Union Budget 2020-21 and the focus areas of the Government in the meeting.
- Shaktikanta Das, Governor chaired the meeting of the Central Board.
- The finance minister was accompanied by Minister of State for Finance Anurag Singh Thakur, Finance Secretary Rajiv Kumar and Expenditure Secretary T V Somanathan, and Dr. Krishnamurthy Subramanian, Chief Economic Advisor.

## BAJAJ FINANCE REPLACED SBI ON BSE

- As per the BSE, Bajaj Finance's market capitalization stood at Rs 2.87 trillion whereas the State Bank of India has a market cap of Rs 2.81 trillion.

- The finance company's shares have risen nearly 12% so far this year.
- The SBI stock has fallen nearly 4% in the last two sessions following concerns over its asset quality in Vodafone Idea and Bharti Airtel's in AGR case.
- Currently, Reliance Industries Ltd is the country's most valued company with a market cap of Rs 9.48 trillion.

### SEBI PERMITTED USE OF REGULATORY SANDBOX

- The regulatory sandbox is a system that will allow live testing of new products, services and business models by market players on select customers.
- The 'regulatory sandbox' will serve as a testing ground for new business models and technologies that benefit investors, Indian markets and the economy at large.
- Under the regulatory framework, the eligible entities will be granted the facility to experiment with fintech solutions in a live environment and on real customers.

### CENTRE RELEASED RS 19,950 CR GST COMPENSATION TO STATES/UTS

- With this release of GST compensation, the Central government has released a total amount of over Rs 1.20 lakh crore towards GST compensation to the states during current fiscal.
- As per Ministry of Finance, total GST compensation cess of Rs 62,611 crore was collected in the FY 2017-18, out of which Rs 41,146 crore was released to the states/UTs that fiscal as GST compensation.
- In FY 2018-19, Rs 95,081 crore was collected as GST compensation cess of which Rs 69,275 crore was released to the states/UTs as GST compensation.

### RBI APPROVED APPOINTMENT OF SUNIL GURBAXANI FOR DHANLAXMI BANK MD

- RBI has approved the appointment of Sunil Gurbaxani as Managing Director and CEO of the Bank for a period of three years from the date of assuming the charge.
- Gurbaxani is working with Axis Bank at present.
- The Bank was removed from the RBI PCA framework, subject to certain conditions and continuous monitoring, as the bank is found to be not breaching any of the risk thresholds of the framework.
- During the third quarter ended December, the bank reported a 26 % rise in net profit to Rs 21.28 crore for the third quarter ended December.

### UNIFORM GST RATE OF 28% ON LOTTERIES

- According to the notification, the GST rate on supply of lotteries has been amended to 14% and a similar percentage will be levied by the states. As a result, the total GST on lotteries will increase to 28%.
- In December 2019, the GST council, led by Finance Minister Nirmala Sitharaman, had decided to impose a single rate of 28% on state run authorised lotteries.
- Currently, a state-run lottery attracts 12% GST, while a state-authorized lottery attracts 28% tax.
- The eight-member group of ministers headed by Maharashtra Finance Minister Sudhir Mungantiwar, was set up to suggest the GST rate on lotteries.

## RBI ISSUED NORMS FOR CRR

- The clarification is given on CRR calculations for incremental credit extended for automobiles, residential housing and micro, small and medium enterprises (MSMEs).
- RBI clarified that the incremental credit eligible for CRR exemption, which can be set off against the net demand and time liabilities (NDTL) for calculating CRR has to be net of repayments.
- RBI said that to calculate the incremental credit, the outstanding retail loans to the specified segments as on every reporting Friday beginning 14th February up to that of 31st July 2020, will be deducted from the outstanding credit to the specified segments as on 31st January, 2020.
- If the difference between the outstanding credit is positive, the equivalent amount of difference should be deducted from Net Demand and Time Liabilities (NDTL) for the purpose of CRR maintenance.

## INDIAN BANK TO STOP USING RS 2,000 NOTES IN ATMS

- State-owned Indian Bank has announced that it has decided to stop using Rs 2,000 notes in all their ATMs.
- According to a circular issued by the lender's digital banking division on 17th February 2020, cash dispensation from Rs 2,000 currency cassettes would be disabled at all ATMs and cash recyclers on March 1, 2020.
- The bank has decided to use Rs 500 denominated notes instead of Rs 2000 notes on its own, as there has been no dictate from the Finance Ministry for the same.
- The move is taken to prevent hoarding of the high-value currency (and thus, curb black money) and for the customer ease as they found it hard to exchange those in retail outlets and other places.

## COMPANIES (AUDITOR'S REPORT) ORDER, 2020

- The objective of the CARO 2020 is to strengthen the corporate governance framework under the Companies Act, 2013 to attain the national objective of becoming a \$ 5 Trillion economy.
- The CARO, 2020 is applicable for an audit of financial statements of eligible companies for the financial years commencing on or after the 1st April 2019.
- The CARO, 2020 shall be applicable to all those companies on which CARO, 2016 was applicable.