

Banking and Financial Awareness Digest

July 2021

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BANKING AND FINANCIAL AWARENESS DIGEST: JULY 2021

UJJIVAN SFB COLLABORATED WITH LOANTAP

- The Ujjivan Small Finance Bank (SFB) has entered into a partnership with LoanTap Financial Technologies Pvt Ltd.
- They have collaborated to grant personal loans to salaried professionals.
- The Ujjivan SFB will offer personal loans from Rs 1 lakh to Rs 10 lakh with a tenure of 48 months through LoanTap's platform.

REPORT BY RBI: 'QUARTERLY BASIC STATISTICAL RETURNS'

- The Reserve Bank of India (RBI) has released a publication titled 'Quarterly Basic Statistical Returns (BSR)-1: Outstanding Credit of Scheduled Commercial Banks (SCBs) March 2021'.
- As per the report, there is a negative credit (loan) growth for India's industrial sector for FY 2021. The negative growth is due to the pandemic COVID-19.
- The report mentioned continuous growth in personal loans and the growth was 13.5% in March 2021 (Y-o-Y).

'SALUTE DOCTORS'—BANKING SOLUTION FOR DOCTORS BY ICICI BANK

- The ICICI Bank has launched 'Salute Doctors' which is a comprehensive banking solution for medical doctors.
- The 'Salute Doctors' banking solution grants customized banking as well as value-added services to the doctors.
- The solution will prove beneficial to a medical student, senior medical consultant, an owner of a hospital or a clinic.

GOI KEPT INTEREST RATES ON SMALL SAVINGS SCHEME UNCHANGED FOR Q2 2021-22

- To grant the relief to savers, the GOI announced to keep interest rates on small savings schemes including NSC and PPF unchanged for the second quarter of 2021-22. The decision was taken amidst the COVID-19 pandemic.
- The Public Provident Fund (PPF) will continue to carry an annual interest rate of 7.1%.
- The National Savings Certificate (NSC) will continue to carry an annual interest rate of 6.8%.
- The interest rate associated with the Post Office Saving account will be 4%.

‘SALAAM DIL SEY’ INITIATIVE—HDFC BANK

- The HDFC bank launched the ‘Salaam Dil Sey Initiative’.
- The initiative shows gratitude to the doctors for their tireless service during the pandemic and are fighting bravely with the pandemic by risking their lives. It pays a tribute to the doctors of India.
- Through this web platform, the general public can logon on to the microsite and share the thank you message for doctors which can be immediately shared via e-mail, social media, and WhatsApp.

NABARD SANCTIONED RS 388 CRORE FOR PROJECTS IN ODISHA

- The NABARD has sanctioned an amount of Rs 388 crore for the drinking water and road projects in Odisha.
- The state will use the amount to set up four mega piped drinking water supply projects and upgrading 20 village roads across 15 districts in the state.
- The four mega piped drinking water supply projects will be developed in districts of one in Koraput, one in Balasore and two in Malkangiri district.

RBI IMPOSED PENALTY ON PUNJAB AND SIND BANK

- The Reserve Bank of India has imposed a penalty on Punjab and Sind Bank.
- The penalty of Rs 25 lakh is imposed on the Punjab and Sind Bank.
- The penalty is imposed for not following directions under ‘Cyber Security Framework in Banks’.
- The penalty is imposed under the powers mentioned by RBI under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) and 51 (1) of the Banking Regulation Act, 1949.

CHANGES IN GOVERNMENT SECURITIES AUCTION METHODOLOGY

- The Reserve Bank of India announced changes in Government securities auction methodology for benchmark securities.
- The changes in benchmark securities of tenor 2-year, 3-year, 5-year, 10-year, 14-year tenor and Floating Rate Bonds (FRBs) are announced by the central bank.
- The decision was taken according to the review of market status, market borrowing program of the government.

‘POSTPAID MINI’ – BY PAYTM AND ADITYA BIRLA FINANCE LTD.

- Paytm in partnership with Aditya Birla Finance Ltd launched ‘Postpaid Mini’.
- The ‘Postpaid Mini’ is a small ticket instant loan facility.
- The facility is basically an extension of the ‘Buy Now, Pay Later’ service of Paytm.
- With the facility of ‘Postpaid Mini’, the customers will be able to avail of loans ranging from Rs 250 - Rs 1,000 along with Paytm Postpaid instant credit of upto Rs 60,000.

FLEXILOANS PARTNERED WITH GOOGLE PAY

- FlexiLoans, which is the digital lending platform has entered into a partnership with Google Pay.
- They have partnered to grant digital and feasible loans to SMEs.
- By doing so, FlexiLoans has become 1st lender to go live on Google Pay.
- Through this, the FlexiLoans will offer loans to over 50,000 small and medium businesses in the next 12 months.

NABARD SANCTIONED RS 2891.15 LAKH TO GOA

- The NABARD has sanctioned a loan to Goa under the Rural Infrastructure Development Fund (RIDF).
- The NABARD has sanctioned Rs 2891.15 lakh as a loan amount to the state government.
- The loan amount was sanctioned for ‘Construction of Phase II Building of Goa Dental College and Hospital, Bambolim, Goa’.

‘MANDATEHQ’—BY RAZORPAY AND MASTERCARD

- Razorpay in partnership with Mastercard launched 'MandateHQ'.
- The 'MandateHQ' is a payment interface which help card-issuing banks to enable recurring payments for their customers.
- The MandateHQ will be integrated with more than 50 banks in the next 12 months.

- It is an Application Programming Interface that is based on a plug-n-play solution. It will help to reduce go-live time for card-issuing banks.

FREO PARTNERED WITH HDB FINANCIAL SERVICES

- The country's first credit led Neo bank, FREO has entered into a partnership with HDB Financial Services (HDBFS).
- They have partnered to grant a credit line and high-ticket personal loans to customers in India.
- And FREO's partnership with HDBFS will enable to offer this product to the consumers so that they can have an access to the credit anywhere, anytime via a smartphone.
- Under this, the customers will get a personalised amount approved which they can start using immediately.

'AROGYA SUPREME'--- SBI GENERAL INSURANCE

- The SBI General Insurance launched 'Arogya Supreme', which is the health insurance plan.
- It offers customers full health insurance coverage which includes 20 basic covers and 8 optional covers.
- The policy grants sum insured options up to Rs 5 crore. The customers can select any one of 3 options i.e. Pro, Plus, and Premium based on the sum insured and coverage features.
- The tenure of the policy is between 1 to 3 years.

'ONE MUMBAI METRO CARD'

- The Mumbai Metro One Private Ltd (MMOPL) in partnership with Mastercard and Axis Bank launched 'One Mumbai Metro Card'.
- It will ensure contactless and cashless travel for communities living in Mumbai.
- It is a prepaid, open-loop contactless card that can be used as a part of the daily transit journey via a single tap.
- It possesses the features like contactless, simplicity of use and top-up, speed and convenience for one's metro fare as well as other daily spends like grocery, restaurants, and shopping.

RBI ISSUED 10 YEAR G-SEC AT 6.10%

- The Reserve Bank of India announced to have cut-off yield for the new 10-year bond at 6.10% per annum.
- This is higher than that of the current benchmark, which signifies a bit of tolerance for a higher yield after months of trying to keep it at 6% or less.
- RBI sold 3 auctions like new 10 years G-Sec 2031 at 6.10% for Rs14,000 crore, 2023 G -Sec at 4.3% for Rs 3000 crore and 2061 G-Sec at 7.18% for Rs 9000 crore.
- The G-Sec at a high rate by RBI will help the government to increase the cost of borrowings in FY22.

RBI APPROVED EQUITAS SFB FOR AMALGAMATION OF THE PROMOTER INTO ITSELF

- The Reserve Bank of India's (RBI) gave approval to Equitas Small Finance Bank (SFB) for the amalgamation of its promoter 'Equitas Holdings' into itself.
- As per RBI's rules for SFB, a promoter of SFB can exit or cease to be a promoter after the mandatory initial lock-in period of five years.
- And in the situation of Equitas SFB, the lock-in period for Equitas Holdings will expire on 4th Sep 2021.
- And in this regard, the Equitas SFB had asked RBI for its approval of amalgamation of its promoter before the completion of the lock-in period.

EXIM BANK TO GRANT LOAN FOR KALPATARU POWER TRANSMISSION SENEGAL PROJECT

- The Export-Import (Exim) Bank of India has granted a loan for a power transmission project being executed by Kalpataru Power Transmission in Senegal.
- A loan of USD 35.26 million was granted for the same.
- The credit support was granted under National Export Insurance Account (NEIA) scheme. The scheme offers a safe mode of financing option to Indian project exporters with support from NEIA Trust.
- The loan agreement was signed between Exim Bank and the Ministry of Economy, Planning and Co-operation of the Republic of Senegal to construct and install a 225 kV overhead transmission line from Tanaff to Ziguinchor in Senegal. It will be approx. distance of 92 km.

'RBI RETAIL DIRECT' SCHEME

- The Reserve Bank of India launched the 'RBI Retail Direct' Scheme.
- The scheme will also support investment in Government Securities (G-Sec) by retail investors.
- Under this scheme, the retail investors will be able to open and maintain their glit securities account named as 'Retail Direct Glit Account' or simply RDG Account via an online portal with RBI.
- Through the portal, the retail investors will be able to access primary issuance of G-Sec auctions and Negotiated Dealing System- Order Matching, which is the RBI platform for buying and selling G-Secs in the secondary market.

MASTERCARD ASIA PACIFIC PTE LTD BANNED TO ON-BOARD NEW DOMESTIC CLIENTS

- The Reserve Bank of India has imposed restrictions on Mastercard Asia Pacific Pte Ltd from onboarding new domestic customers of debit, credit or prepaid onto its card network.
- The restrictions are effective from 22nd July 2021.
- The reason for the restrictions was defined as non-compliance with the storage of data in India.

- RBI has directed Mastercard to advise all card-issuing banks and non-banks to follow the restrictions.

EXPECTED LOSS (EL) BASED RATING SCALE FOR CRAS

- The Securities and Exchange Board of India (SEBI) has launched a new standard called as 'Expected Loss (EL) based Rating Scale' particularly for Credit Rating Agencies (CRAs).
- The standard will help to protect the interest of investors in the security market.
- The EL based rating will be used by CRAs when they will be rating projects or instruments related to the infrastructure field.
- The EL based ratings are divided into 7 scales, spanning from the lowest to the highest expected loss.

DHANLAXMI BANK PARTNERED WITH SMC GLOBAL

- The Dhanlaxmi Bank entered into a partnership with SMC Global Securities Limited (SMC Global).
- They have entered into a partnership to offer online trading services to customers.
- Both the entities will offer an integrated 3-in-1 account. The account will be comprised of Savings, Demat and Trading account.
- Thus the customers of banks will get a convenient trading experience and the trading platform will be highly secured, fast and hassle-free one.

'AROGYA RAKSHAK' HEALTH INSURANCE PLAN -- LIC

- The Life Insurance Corporation of India (LIC) launched a health insurance plan called 'Arogya Rakshak'.
- It is a non-linked, non-participating, regular premium based, individual health insurance policy.
- It offers a fixed benefit cover of health insurance against specified health hazards.
- The plan offers timely finance support for medical emergencies to the individual and family insured under it.
- The individual can insure spouse, children and parents under one plan.

'OPTIMA SECURE' HEALTH POLICY -- HDFC ERGO GENERAL INSURANCE

- The HDFC ERGO General Insurance launched 'Optima Secure' which is the health insurance policy.
- It offers customers up upto 4 times their sum insured with zero additional charges.
- Under the 'secure benefit' feature, the insurance cover is doubled instantly and automatically on the purchase of a policy.
- Under the 'plus benefit' feature, the base coverage is raised automatically by 50% after one year and to 100% after two years, even if there is a claim.
- The 'Optima Secure' policy offers broad coverage from Rs 5 Lacs to Rs 2 Crore. Also, through the value buy option, the customer can opt for a discount of more than 50%.

U GRO CAPITAL PARTNERED WITH BANK OF BARODA

- The non-bank financier named U GRO Capital has entered into a partnership with the Bank of Baroda.
- They have collaborated for co-lending to the MSME sector of India at the competitive rate of interest and reduced turnaround time.
- Under this partnership, the programme called 'Pratham' was launched which aims to grant loans for over Rs 1000 crore.
- The loan amount ranges from Rs 50 lakhs to Rs 2.5 crore. The interest rate associated is with the starting from 8% and maximum tenure of 120 months.

AMENDMENTS IN IBBI REGULATIONS FOR MORE TRANSPARENCY

- The Insolvency and Bankruptcy Board of India (IBBI) has amended Insolvency and Bankruptcy Board of India (IBBI) Regulations, 2016.
- The amendments will grant discipline, transparency, accountability in corporate insolvency processes.
- The resolution professionals (RPs) are supposed to inform the adjudicating authority about avoidance transactions of a corporate debtor.
- This will lead to reorganization of the corporate debtor through a resolution plan, disincentives such transactions and will thus reduce stress on the company.

RBI ALLOWS LOANS UPTO RS 5 CR. TO OTHER BANK'S DIRECTORS

- The Reserve Bank of India has raised the loan amount to be granted to the directors of other banks or associates without any approval from the board.
- As per new rules, the RBI has allowed banks to extend personal loans up to Rs 5 crore to any director of other banks, all loans to the relatives of the bank's own director, relatives of director of other banks, companies or firms linked with them.
- This is applicable only for personal loans, which include consumer credit, education loans, loans given for the creation or enhancement of immovable assets and given for investing in financial assets.
- The earlier limit for the same was Rs 25 lakhs.

IFC GRANTED LOAN TO HDFC LTD

- The World Bank Group's investment arm named International Finance Corporation (IFC) has provided a loan to HDFC Ltd.
- The IFC has offered a loan of \$250 million (Rs 1875 crore) to HDFC Ltd.
- The loan was offered to promote affordable green housing finance for low and middle-income borrowers.

- The IFC supported HDFC Ltd in its green affordable housing portfolio which aims to improve accessibility to offer green housing to the low-income group of the country.

OD FACILITY UPTO RS 10 LAKH LAUNCHED BY HDFC AND CSC

- The HDFC Bank in partnership with Common Services Centres e-Governance India Ltd, Special Purpose Vehicle (CSC SPV) launched an OverDraft (OD) facility for small retailers.
- The name of the OD facility is 'Dukandar Overdraft Scheme'.
- The facility will help shopkeepers and merchants to ease their financial requirements.
- As per the facility, an OD of a minimum of Rs 50,000 to a maximum of Rs 10 lakhs will be granted to such retailers.
- The shops which are in operation for less than 6 years can avail amount upto Rs 7.5 lakhs and the shops which are in operation for more than 6 years can avail amount upto Rs 10 lakh.

INDIA'S ECONOMIC GROWTH TO BE AT 9.5% FOR FY22--IMF

- The International Monetary Fund (IMF) has reduced the economic growth forecast for India in its recent projections by 300 basis points.
- As per IMF, India's economic growth is to be at 9.5% for the current financial year of FY22.
- Earlier, it had estimated economic growth of 12.5% for the same.
- The reason behind the downward projection for economic growth stated by IMF was the lack of access to vaccines and the possibility of renewed waves of coronavirus.
- For FY23 (2022-23), IMF has estimated the GDP of India at 8.5%.

SVAAS WELLNESS PARTNERED WITH ICICI LOMBARD GENERAL INSURANCE COMPANY

- Dr Reddy's Laboratories owned SVAAS Wellness has partnered with ICICI Lombard General Insurance Company.
- They have entered into a partnership to offer cashless outpatient services to health insurance policyholders in India.
- The wellness solution for outpatients will be provided by ICICI Lombard General Insurance Company through its ILTakeCare mobile app.
- And SVAAS Wellness will offer facilities like doctor consultations, pathology labs, diagnostic centres, pharmacies and insurances to the outpatients.

RBI IMPOSED PENALTY OF RS 5 CRORE ON AXIS BANK

- The Reserve Bank of India (RBI) has imposed a monetary penalty of Rs 5 crore on Axis Bank.

- The Axis Bank has not followed certain provisions pertaining to the corporate customer, cybersecurity, and financial inclusion.
- The RBI imposed the penalty on the basis of scrutiny conducted by it in the backdrop of fraud and related transactions which was submitted by the Axis bank to the RBI in June 2020. The RBI thus observed contraventions to the norms during the inspection process and hence the penalty was imposed.
- The central bank conducted statutory Inspections for Supervisory Evaluation (ISE) of Axis Bank with reference to its financial position as of 31st March 2017, 31st March 2018, and 31st March 2019.

‘SWIFT GO’ SERVICE

- Society for Worldwide Interbank Financial Telecommunication (SWIFT) launched ‘SWIFT Go’.
- The ‘SWIFT Go’ is a new solution for the SME (Small Medium Enterprises) sector.
- It will allow seamless Low-Value Cross Border Payments facility anywhere in the world through their bank accounts.
- The SWIFT Go will allow small businesses and consumers to send fast, predictable, highly secure, and competitively priced low-value transactions from anywhere in the world.

FAMPAY PARTNERED WITH VISA

- The FamPay has entered into a partnership with Visa to launch India’s first Visa Prepaid Card for teenagers with personalized doodles on it.
- The card is 1st numberless card by Visa.
- The card will allow teenagers to perform Near-field Communication (NFC) based contact payment transactions through the Visa network in India.
- The card is available in a personalized format and hence teenage users can select it from 200+ doodles and signature fonts in order to have a unique design approach on their card.

MADGAUM URBAN CO-OPERATIVE BANK LIMITED LICENSE CANCELLED

- The Reserve Bank of India (RBI) has cancelled the license of Madgaum Urban Co-operative Bank Limited, Margao, Goa.
- The license was cancelled because the bank’s financial position was not able to pay its present depositors.
- The Madgaum Urban Co-operative Bank Limited does not have adequate capital and earning prospects.
- The bank was not in compliance with the provisions of section 11(1) and section 22 (3) (d) read with section 56 of the Banking Regulation Act, 1949.
- The bank was not in compliance with the requirements of sections 22(3) (a), 22 (3) (b), 22(3)(c), 22(3) (d) and 22(3)(e) read with section 56 of the Banking Regulation Act, 1949.