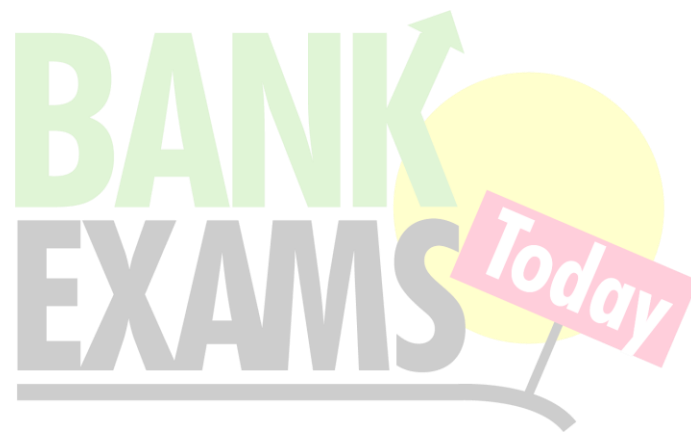


[BANKING AND FINANCIAL AWARENESS DIGEST]



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BANKING AND FINANCIAL AWARENESS DIGEST: JUNE 2018

RBI ASKS RUPEE CO-OP BANK TO CONTINUE RESTRICTED SERVICES FOR 3 MORE MONTHS

- Reserve Bank of India allows Pune-based Rupee Co-operative Bank to continue giving its services with restrictions for three more months till August 2018.
- RBI had first charge restrictions from February 22, 2013, to August 21, 2013, and extended it on eight occasions till May 2018.
- Rupee Co-Operative Bank headquarter in Pune, Maharashtra and it has 40 offices/branches.

INDIA SIGNS LOAN AGREEMENT WITH THE WORLD BANK FOR USD 21.7 MILLION

- On 29th May 2018, India signed an Agreement for IBRD Credit of USD 21.7 Million for the Strengthening of Public Financial Management in Rajasthan Project in New Delhi.
- The total Project is around USD 31 million, of which USD 21.7 million will be capitalize by the World Bank, and rest will be funded-out of the State Budget. Duration of the Project is 5 years.
- The objective is to contribute to upgrade Budget execution, boost accountability and greater efficiency in Revenue Administration in Rajasthan which involves Strengthening of the Public Financial Management Framework, Expenditure and Revenue Systems and Project Management and Capacity Building among others.

INDIA, WORLD BANK SIGN \$500 MILLION LOAN PACT FOR PMGSY RURAL ROADS

- On 31st May 2018, India signed a USD 500 million (Rs 3,371 crore) loan agreement with World Bank to provide additional financing for PMGSY rural road projects for a 3-year grace period, and a maturity of 10 years.
- The additional financing will also fill the gender gap by creating employment opportunities for women in construction and maintenance.
- The World Bank has supported PMGSY since its setting up, in 2004. So far it has invested over \$1.8 billion in loans and credits for North India – Bihar, Himachal Pradesh, Jharkhand, Meghalaya, Rajasthan, Uttarakhand, and Uttar Pradesh (mostly in the economically weaker).

ADB FUNDS \$375 MN PROJECT FOR IRRIGATION BOOST IN MADHYA PRADESH

- On 31st May 2018, Asian Development Bank (ADB) will provide USD 375 million loan for a project to improve irrigation in Madhya Pradesh for expanding irrigation networks and system efficiency, helping boost farmers' income.
- The total cost is USD 535.1 million, of which the govt. will provide USD 160.71.
- It will also help farmers raise micro-irrigated agriculture including high-value crops and double farmer incomes.

SBI HIKES FIXED DEPOSIT RATES BY UP TO 25 BPS

- On 30th may 2018, State Bank of India has hiked the interest rates on fixed term deposits by 10 to 25 basis points for selected tenure.
- The new rate effective from May 28, on retail deposits below Rs 1 crore, deposits for 1 year to 2 years will now accrue 6.65 per cent.
- for the senior citizens, the new rate is 7.15 per cent from 6.90 per centearlier.
- There is no change in interest rate for deposits less than one year, Currently, the banks give 5.75 per cent for deposits under 7 days to 45 days' scheme.

SBI, PNB, ICICI BANK RAISE LENDING RATES

- On 2nd June 2018, India's major banks SBI, PNB and ICICI Bank raised their benchmark lending rates or MCLR by up to 0.1 per cent, making loans costlier. SBI has increased the lending rate by 10 basis points for three years.
- Marginal Cost of Funds Based Lending Rate (MCLR) stands at 7.9 per cent, for 3-year tenor increased to 8.45 per cent.
- PNB raised the MCLR for 3 years and 5 year tenors to 8.55 per cent and 8.7per cent, also increased the base rate to 9.25 per cent.
- ICICI Bank raised 1 year MCLR by 10 bps to 8.40 per cent.

FINANCIAL LITERACY WEEK TO BEGIN ON JUNE 4

- Financial Literacy Week beginning on June 4 to June 8, theme for this year has been chosen by RBI as customer protection.
- On this event the main focus on creating awareness among customers of banks about financial products and services available for them, and encourage them to go digital.
- Also focus on four consumer protection messages like Good practices for a safe digital banking experience, 'know your liability' for unauthorised electronic banking transaction and.
- Resolution of complaint received within period of 90 days from the date of receipt of the complaint.
- Awareness about Banking Ombudsman scheme also emphasized.

RS 5400 CR GRANTED TO TELANGANA BANKS FOR FARMERS' SCHEME: RBI

- On 4th June, 2018 The Reserve Bank of India provided Rs 5400 cr for carrying out the newly launched 'Rythu Bandhu' investment program by the Telangana Government to support the farmers.
- For this scheme the Government allotted Rs 12000 cr as the budget.
- under the scheme, state Government will provide the input costs of Rs 4,000 each for every acre for two seasons by cheques.
- A total of 59 lakh cheques settle by the banks led by SBI.
- the total cost for the scheme is about Rs 57,000 crore for the current season.

GOVT. PLANNING ANOTHER SBI-LIKE 4 BANK MEGA-MERGER

- On June 4, 2018, After the success achieved by the merger of SBI, the government is planning another big merger of 4 banks namely Bank of Baroda, Central Bank, IDBI bank, Oriental Bank.
- These listed banks have reported a total loss of around Rs 21,646.38 crore in the year ended 31 March.
- If the plan for the second bank merger goes smoothly, then the Centre will create India's second largest bank after State Bank of India with a combined asset of Rs 16.58 trillion. Also The Government is planning to merge and create 4-5 global sized lenders like SBI.

CITI BANK FIRST BANK TO ENROL AS PAYMENT INITIATION SERVICE PROVIDER FOR OPEN BANKING IN UK

- On June 3, 2018, Citi Bank becomes the first corporate bank to register as a Payment Initiation Service Provider for Open Banking in UK
- Aiming to meet treasurer's evolving needs for easy access to payment data without the need to build applications or interfaces to connect to proprietary banking portals.
- In January 2018, Open Banking started in UK, which requires the nine largest UK banks to publish open APIs, enabling regulated third-party providers to access bank accounts securely and with the consent of account holder.
- Citi Bank Headquarter is in New York, US.

RBI ANNOUNCED SECOND BI-MONTHLY MONETARY POLICY OF 2018-19

- On 6th June, 2018 A 6-member committee headed by RBI governor Urjit Patel announced the second bi-monthly Monetary Policy of 2018-19.
- The MPC decided to raise the policy repo rate by 25 basis points.
- This is the first time the meeting is for three days instead of the usual two.
- RBI projected that the GDP growth of 7.4 percent in FY19.

BANK OF BARODA INCREASES MCLR BY 5 BASIS POINTS.

- On June 6, 2018, Bank of Baroda increased its Marginal Cost-Based Lending Rate (MCLR) by 5 basis points effective from 7 June, 2018.
- Last week, State Bank of India by 10 basis points, Punjab National Bank by 5-10 basis points, ICICI Bank, Kotak Mahindra Bank, and Union Bank of India all raised rates.

IDFC BANK, CAPITAL FIRST SHARES GAIN ON RBI NOD FOR MERGER

- IDFC Bank received RBI's approval for merger of Capital First, Capital First Home Finance and Capital First Securities with the company on 6th June.
- The company said its board of directors has approved merger of the three entities with IDFC Bank.
- IDFC Bank's Headquarters is in Mumbai. MD & CEO – Rajiv B.Lall.

WORLD BANK APPROVES RS. 6,000 CRORE ATAL BHUJAL YOJANA FOR GROUNDWATER CONSERVATION.

- On 6th June 2018 The World Bank has approved Rs 6,000 crore for the implementation of Atal Bhujal Yojana which aims to improve groundwater management in priority areas.
- the scheme would be implemented from 2018-19 to 2022-23 for a period of 5 years, recommended by the Expenditure Finance Committee.
- The state: Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh priority areas are identified under the scheme.
- This scheme would benefit around 8350 Gram Panchayats in 78 districts in these states.

WORLD BANK FORECASTS 7.3 PER CENT GROWTH IN FY19 FOR INDIA

- On June 6, 2018, World Bank predicts India's GDP growth to be 7.3% for FY19 and 7.5% in FY20 released by World Bank's 'Global Economic Prospect' report.
- China is expected to slow down slightly from 6.9 per cent in 2017 to 6.5 per cent in 2018, and 6.3 per cent in 2019.

RBI TO RAISE \$30-35 BILLION VIA NRI BONDS TO SUPPORT RUPEE: REPORT

- On June 11, 2018, the RBI is expected to raise \$30-35 billion via NRI bonds to raise the rupee to hold up the rising oil prices and shortfall in FPI inflows to the country.
- the FPI inflows to India will be influenced by Chinese firms listing in global benchmark indices like MSCI.
- China market could list a \$100 billion by 2019.
- RBI will issue a fourth tranche of NRI bonds and issue NRI bonds if the global oil prices continue at USD 70/bbl.
- NRI bonds are forex deposits raised from non-resident Indians at attractive rates for 3-5 years, with some lock-in and an implicit RBI guarantee.

MOBILE BANKING RANK BY SBI'S ANNUAL REPORT: PAYTM TOPS BY VOLUME AND AXIS BANK TOPS BY VALUE

- On June 12, 2018, Axis bank has the highest value share of mobile banking transactions by 17.2% According to SBI's annual report for 2017-18.
- Paytm that tops volumes with 22 per cent and value share is a meagre 0.25 per cent.
- ICICI Bank has a 17.1% share of transactions by value and by volume is 9.7%.
- SBI's volume share was 25% at the end of March 2017 and 19.5% in January 2018.
- Paytm Founder: Vijay Shekhar Sharma. Headquarters - Noida, Uttar Pradesh

ANDHRA BANK RAISES MCLR BY 0.05% FOR VARIOUS TENORS

- On June 15, 2018, Andhra Bank increased its MCLR by 5 basis points or 0.05% to up to 8.55 per cent for various tenors.
- The MCLR has been raised by 0.05 per cent each to 8 per cent for overnight, 8.05 per cent for 1 month, 8.25 per cent for 3 months, 8.40 per cent for 6 months and 8.55 per cent for one year tenors.
- SBI, ICICI Bank, HDFC, Bank Bank of India, Oriental Bank of Commerce, Syndicate Bank, Karur Vysya Bank and Indian Bank had increased MCLR prior to the policy rate decision by RBI in anticipation of a rate hike.

FITCH DOWNGRADES ICICI BANK, REVISES AXIS BANK RATING TO NEGATIVE

- On June 15, 2018, Global ratings agency Fitch declassifies ICICI Bank and Axis Bank have imbalance in their risk control mechanisms and has re-evaluated its outlook on the latter to negative on sour assets worries.
- Also it downgraded ICICI Bank's 'support rating' to '3', from '2', its support rating floor to 'BB+', from 'BBB-'.
- Axis Bank: Headquarters- Mumbai. CEO: Shikha Sharma
- ICICI Bank: Headquarters- Mumbai. CEO: Chanda Kochhar
- Fitch: Headquarters - New York City, US. CEO: Paul Taylor

KARNATAKA BANK UNVEILS 'KBL DEPOSIT ONLY CARD'

- On June 16, 2018, Karnataka Bank launch a card called 'KBL Deposit Only Card' for Bank's Current/Overdraft customers for hassle free cash deposit transactions at Bank's 24x7 e-Lobby Services.
- With this card customer can perform cash deposit transactions even with higher deposit limit at Bank's Bunch Note Acceptor (BNA) / Cash Recycler kiosks.
- The salient features of the cards are:
- Instant cards & issued across branch counters.
- It can be used only for Cash Deposit transactions. (Withdrawal & Purchase transactions are not allowed)
- Per day cash deposit limit is Rs. 10,00,000/-
- Headquarters: Mangalore.

RBI EASE NORMS IN DEBT SECURITIES AND CORPORATE BONDS FOR FPI (FOREIGN PORTFOLIO INVESTMENT) INVESTMENT

- It will help to elevate in recent fall in rupee and lift the recent fall in demand for corporate bonds.
- It increased from 20% to 30% in the outstanding stock of the security.
- FPI is required to invest for minimum 3 years for both govt. and corporate bonds.
- It also permits investment in govt security, corporate bonds, treasury bills subject to the condition that short-term investments by an FPI.

RBI TO CHECK OUTWARD REMITTANCE TO ALTER "RELATIVE" DEFINITION.

- RBI to check outward remittance to alter "Relative" definition under companies act 2013.
- PAN is mandatory for such transaction.
- RBI introduced a system for daily reporting of the individual transaction under LRS (Liberalised Remittance Scheme) by banks.

WORLD BANK APPROVES \$700 MN TO BANGLADESH GOVT.

- World Bank approves the amount to improvement for primary education sector in Bangladesh.
- It is 4th primary education development programme (PEDP4).
- This will cover nearly 18 million children to class grade 5, also include water, sanitation, safe water and 95000 classrooms and enables the recruitment for 100,000 new teachers.

YES BANK GETS SEBI (SECURITIES AND EXCHANGE BOARD OF INDIA) NOD FOR CUSTODIAN OF SECURITY BUSINESS

- Yes bank gets SEBI nod for the custodian of security business by enhancing its market offering.
- Enable the bank to play a larger role in channelizing domestic and foreign investment into Indian financial market.
- Yes bank going to open its representative office in London and Singapore by getting approval from RBI.
- The Custodian securities are a licence granted by SEBI to eligible entities allowing them to offer custodial service in the financial market.
- Yes bank
- Headquarters: Mumbai
- CEO: Rana Kapoor
- Tagline - Experience our Expertise

PRIORITY SECTOR LENDING NORMS REVISED BY RBI TO PROMOTE PMAY (PRADHAN MANTRI AWAS YOJANA).

- For economically weaker section and low-income group the lending norms are revised.
- It will also increase the amount from 28 lakhs to 35 lakhs for metropolitan cities and 20 lakhs to 25 lakhs for other cities.
- The existing family income revised from 2 lakh to 3 lakhs for the economically weaker section and 6 lakhs for low-income group.
- The target of building 20 million affordable houses under Pradhan Mantri Awas Yojana.
- Pradhan Mantri Awas Yojana
- Launch year: 2015

AU SMALL FINANCE BANK TO RAISE 1000 CR.

- AU small finance bank received shareholder approval to raise Rs. 1000 cr, from Singapore based investment firm "Temasek".
- The shareholders of the bank include IFC, Warburg Pincus, Chrys capital and Kedaara capital.
- AU expand its branch network to 306 branches and 500 touch points and 97 asset centres.
- AU small finance bank
- Headquarter - Jaipur, Rajasthan
- Founded - 1996

AS PER UIDAI (UNIQUE IDENTIFICATION AUTHORITY OF INDIA), 10,000 BANK BRANCHES AND 8000 POST OFFICES HAVE ENROLLED TO AADHAR FACILITY.

- UIDAI (Unique Identification Authority of India) CEO Ajay Bhushan said that 18000 centres are coming to avail Aadhar facilities and enrolment for biometric id.
- They are also called "Bank Aadhar Kendra".
- UIDAI headquarter is in New Delhi.

INDIA HIKES CUSTOMS DUTY TO 29 US GOODS

- India Hikes custom duty on Bengal grams, lentils, artemia imported from US. It is against the duty hikes by US on steel and aluminium products, which cost \$241 million to India.
- India excluded duty hikes on motorbikes above 800 cc.
- The newly imposed duty effective from August4, 2018.

