

BANKING AND FINANCIAL AWARENESS DIGEST

JUNE 2021

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INDIA'S GDP TO BE AT 7.9% FOR FY22—SBI ECOWRAP

- The SBI economists has revised India's GDP projections in its 'Ecowrap' report.
- As per the SBI Ecowrap report, India's GDP to be at 7.9% for FY22.
- Earlier it had projected India's GDP to be at 10.4%.
- Also, the report estimates, 'W-shaped' recovery in FY22. Earlier it was 'V-shaped' recovery for the same.

RBI ANNOUNCED FPI INVESTMENT LIMITS IN G-SECS AND SDLs

- The Reserve Bank of India (RBI) announced that the limits for Foreign Portfolio Investors (FPI) investment in government securities (G-secs) for the current fiscal year and State Development Loans (SDLs) will be unchanged i.e. will be at 6% and 2% respectively, of outstanding stocks of securities for 2021-22.
- The allocation of incremental changes in the G-sec limit over the two sub-categories of 'General' and 'Long-term' will be retained at 50:50 for FY 2021-22.
- In debt instruments for April 2021- Sep 2021, the revised FPI investment limit was at Rs 10,14,957 crore and for Oct 2021-March 2022 is Rs 10,75,67 crore.

BHARTI AXA LIFE INSURANCE SIGNED BANCASSURANCE PACT WITH SHIVALIK SFB

- The Bharti AXA Life Insurance has signed the bancassurance pact with Shivalik Small Finance Bank.
- This bancassurance pact will allow the distribution of Bharti AXA Life Insurance products through Shivalik SFB.
- The partnership has allowed 4.5 lakh customers of Shivalik Bank to access the range of products offered by the company to provide financial security.

ICICI LOMBARD PARTNERED WITH MICROSOFT

- India's private sector general insurer ICICI Lombard has partnered with Microsoft.
- They have entered into a partnership to strengthen and automate quality control processes.
- The daily service calls made by customer service reps of ICICI Lombard will be screened with the help of Microsoft's artificial intelligence (AI) tool named Azure Speech Services and Natural Language Processing (NLP).

INDIA AND ADB SIGNED LOAN AGREEMENT

- India and Asian Development Bank (ADB) signed a loan agreement to upgrade the roads in Sikkim.
- The loan agreement of \$2.5 million was signed between India and ADB.
- ADB will grant \$2.5 million project readiness financing (PRF) support.
- The loan was signed for the project called 'Sikkim Major District Road Upgradation Project'.

NR SAVINGS ACCOUNT SCHEME FOR THE SEAFARER SEGMENT – FEDERAL BANK

- The Federal Bank launched the NR savings account scheme for the Seafarer segment.
- The services under the schemes are integrated into the digital platform so that digital banking under the schemes can be performed by the mariners.
- The scheme is available in two variants namely NRE SB(Non-Resident External Saving Account) and NRO SB (Non-Resident Ordinary Saving Account).

RBI'S JUNE 2021 POLICY REVIEW MEETING

- The Governor of RBI, Shaktikanta Das headed the monetary policy committee's (MPC) meeting. The meeting was about the review of policy measures in June 2021.
- Following are the policy measures taken by the RBI:
 - The Policy Repo Rate is kept at 4%, the Reverse Repo Rate is kept at 3.35%.
 - The Marginal Standing Facility Rate is at 4.25%, Bank rate at 4.25%.
 - The CRR is at 4% and the SLR is kept at 18%.
 - The central bank has projected India's GDP growth to be at 9.5% for the FY2021-22. Earlier it had projected India's GDP to be at 10.5% for the same fiscal year. But due to the second wave of pandemic and its impact on the economy, the RBI has reduced the GDP forecast for India.
 - Also, the India's GDP contracted at -7.3% for FY21.
 - Also, the projection for Consumer Price Index (CPI) inflation is at 5.1% for FY 2021-22.
 - RBI Governor announced that G-SAP 2.0 worth Rs 1.2 lakh crore will be taken in the second quarter of FY22 to support the market.

ICICI BANK TO OFFER 'SWIFT GPI INSTANT' FACILITY

- ICICI Bank has entered into a partnership with SWIFT to grant a facility called 'SWIFT gpi Instant'.
- The 'SWIFT gpi Instant' facility will help overseas partner banks to send instant remittances on behalf of their customers to the beneficiary in India.
- Due to this facility, the beneficiary will get the credit to the bank account instantly.
- By launching such a facility, ICICI Bank has become the first bank in Asia-Pacific and the second globally.

WB APPROVED \$500MN PROGRAM TO ENHANCE MSME SECTOR OF INDIA

- The World Bank (WB) approved the \$500 million program to uplift the MSME sector of India.
- The \$500 million programs will help GOI to raise liquidity access support to the MSMEs, small businesses which are impacted severely by COVID-19.
- The funds will be utilised to revitalize the MSME sector as it has set the target to improve the performance of 555,000 MSMEs.

RBI IMPOSED PENALTY ON BOI AND PNB

- The Reserve Bank of India (RBI) has imposed a penalty on the Bank of India and Punjab National Bank.
- A penalty of a total of Rs 6 crore was imposed on the banks.
- The penalty was imposed for not following norms related to Frauds – Classification and Reporting.
- The Bank of India has imposed a penalty of Rs 4 crore and Punjab National Bank has imposed a penalty of Rs 2 crore, thus totalling Rs 6 crore penalty.

RBI CHANGED THE RULES REGARDING ATM CASH WITHDRAWALS

- The Reserve Bank of India (RBI) has made changes in the rules pertaining to the cash withdrawal from the Automated Teller Machine (ATM).
- The rules include higher charges on transactions beyond the free permissible limit, a new free ATM transaction limit and a rise in interchange fee.
- The RBI has allowed a free cash withdrawal limit from its own bank. Due to this rule, customers will now be able to perform five free financial and non-financial transactions every month from their own bank ATMs.
- Also, ATM cardholders can perform three free financial and non-financial transactions in metro centres while five in the non-metro transaction from other bank ATMs.

KAVACH PERSONAL LOAN FOR COVID-19 PATIENTS

- The State Bank of India (SBI) has launched the 'Kavach Personal Loan' scheme for COVID-19 patients.
- Under the scheme, SBI will offer collateral-free personal loans up to Rs 5 lakh at an annual interest rate of 8.5% for 60 months which is inclusive of three months moratorium.
- The loan support will help COVID-19 patients to meet their medical expenses either for themselves or family members.

NEW FUND OFFER OF HDFC BANKING AND FINANCIAL SERVICES FUND

- The HDFC Mutual Fund launched a new fund offer (NFO) for retail investors.
- The name of the NFO is HDFC Banking and Financial Services, Fund.

- The fund will invest in companies that are leaders and/or are gaining market shares due to features like superior execution, scale, and better adoption of technology.
- It will focus on new listings like pre-IPO participation in lending, insurance, capital market businesses and fintech.

RBI EXTENDED RBIA SYSTEM

- The Reserve Bank of India (RBI) has extended the Risk-Based Internal Audit (RBIA) system for Housing Finance Companies (HFCs).
- This will lead to boost the quality and effectiveness of the internal audit system of HFCs.
- The extension is applicable for all deposit-taking HFCs and non-deposit-taking HFCs having asset size of Rs 5,000 crore and above.
- Such kinds of HFCs will have to place an RBIA framework by 30th June 2022.

UJJIVAN SFB PARTNERED WITH MOENGAGE

- The Ujjivan Small Finance Bank (SFB) entered into partnership with MoEngage which is the customer engagement platform.
- They have partnered to provide digital banking experiences in the unserved and underserved areas of the country.
- They will work jointly to connect the bank with customers in the unserved and underserved regions through multiple digital touchpoints.
- They will offer accessibility like the website, app, email, text message, social media and branches to drive business growth, particularly in such areas.

RBI ALLOWED PREPAID MOBILE RECHARGES THROUGH BBPS

- The Reserve Bank of India (RBI) allowed prepaid mobile recharges through the Bharat Bill Payment System (BBPS).
- The National Payments Corporation of India (NPCI) operates BBPS. The BBPS is an interoperable platform for recurring bill payments.
- The decision was announced in regards to constant development in distinct biller categories and to allow mobile prepaid customers with additional options to recharge.
- Also in May 2021, around 213.59 million bill payment transactions took place through the BBPS platform.

ADB GRANTS \$484 MILLION LOAN TO GOI

- A loan agreement of USD 484 million was signed between GOI and ADB.
- The CKIC project will grant seamless road connectivity across industrial clusters, transport gateways and consumption centres which will prove beneficial to the industrial sector of the state.

- The loan amount will also help to reduce logistics and production costs for CKIC's targeted industries to boost their competitiveness.

'ICICI STACK FOR CORPORATES'

- India's private sector bank, ICICI Bank launched 'ICICI STACK for Corporates'.
- The 'ICICI STACK for Corporates' is a comprehensive set of digital banking solutions for the corporate sector and its entire entities like promoters, group companies, employees, dealers, vendors and stakeholders.
- The 'ICICI STACK for Corporates' solution enables the corporate sector and its associated entities to meet their banking requirements in a seamless manner.

RBI APPROVED CFSL TO TAKE OVER PMC BANK VIA SFB

- The Reserve Bank of India (RBI) gave 'in-principle' approval to Centrum Financial Services Ltd (CFSL) to form a small finance bank (SFB), which will take over the beleaguered Punjab and Maharashtra Cooperative Bank (PMC Bank).
- With this approval, the Jaspal Bindra-led Centrum Capital (a holding entity for CFSL) and BharatPe will infuse Rs 1,800 crore into the small finance bank.
- Both Centrum and BharatPe will hold 50% shares in SFB and the assets and liabilities of the multistate cooperative bank will be transferred to it.

INDIA—5TH LARGEST RECIPIENT OF FDI IN 2020

- As per the UN Report, named as World Investment Report 2021 which was released by UN Conference on Trade and Development (UNCTAD), India is the 5th largest recipient of inflows in the world for 2020.
- India received USD 64 billion in Foreign Direct Investment (FDI) in 2020, and thus is placed at 5th position for the same.
- The global FDI has reduced by 35% in 2020 i.e. to USD 1 trillion from USD 1.5 trillion in 2019.

WORLD BANK, GOI AND GOV. OF MIZORAM ENTERED INTO LOAN AGREEMENT

- The World Bank, Government of India and Government of Mizoram have entered into a loan agreement for Mizoram Health Systems Strengthening Project.
- The GOI and the Government of Mizoram have signed a \$32 million loan agreement with World Bank.
- The project aims to improve the management capacity and quality of health services in Mizoram.

'PAY YOUR CONTACT' FEATURE ON KMBL'S MOBILE BANKING APP

- India's one of the major Private sector bank, Kotak Mahindra Bank Ltd (KMBL) has launched the 'Pay Your Contact' feature.
- It is rolled out on KMBL's mobile banking app which is based on the Unified Payments Interface platform.
- The 'Pay Your Contact' feature allows its customers to send money or make payments to any of their contacts across all payment apps simply by entering the beneficiary's mobile number.

'AAROGYAM HEALTHCARE BUSINESS LOAN'-- SBI

- The State Bank of India (SBI) launched the Aarogyam Healthcare Business Loan facility.
- The loan facility offers support to the healthcare sector during the COVID-19 pandemic situation.
- The healthcare ecosystem can avail of loan up to Rs 100 crore (as per the geographic location) under the Aarogyam Healthcare Business Loan facility.
- The loan is to be repayable in 10 years.

RBI RELEASED NEW DIVIDEND PAYMENT NORMS FOR NBFCs

- The Reserve Bank of India issued guidelines on the distribution of dividends by Non-Banking Financial Companies (NBFCs).
- The guidelines for the same were issued to have transparency and uniformity in the practice.
- The guidelines will be effective for the declaration of dividend from the profits of the financial year ending March 31, 2022, and onwards.
- The guidelines will be applicable to all the NBFCs which are under RBI.

WORLD BANK APPROVED LOAN FOR KERALA

- The World Bank has approved USD 125 million assistance support to Kerala.
- The loan amount will be used to support the state's preparedness against natural disasters, climate change impacts, diseases and pandemics.
- The loan amount is granted to support the financially Resilient Kerala Program.
- The program will perform disaster risk planning, healthcare support, water resource management, agriculture and many other areas.

WORLD BANK APPROVED LOAN FOR SALT PROGRAMME IN AP

- The lending arm of the World Bank, International Bank for Reconstruction and Development (IBRD) has approved the loan to implement the SALT (Supporting Andhra's Learning Transformation) programme in Andhra Pradesh.
- The loan amount of Rs 1860 crore is approved by the World Bank's IBRD.

- The tenure of the programme is 5 years and will be executed from the academic years of 2021-22 to 2026-27.

GAME AND SIDBI COLLABORATED TO SUPPORT MSME AMIDST COVID-19

- The Global Alliance for Mass Entrepreneurship (GAME) and Small Industries Development Bank of India (SIDBI) have collaborated to support the MSME sector during the pandemic situation of COVID-19.
- Both the entities will help to address challenges faced by MSME due to COVID-19.
- And as per the agreement of partnership, 25% of the beneficiaries will be women entrepreneurs.
- Both the GAME and SIDBI will focus on enhancing Udyam registration. In this, a unique ID will be assigned to the MSMEs to get the benefit of the scheme.

INDIAN BANK'S 'MSME PRERNA' LAUNCHED IN MAHARASHTRA

- The Union Minister of MSME and Road, Transport and Highway Nitin Gadkari launched Indian Bank's 'MSME Prerana' program in Maharashtra.
- The 'MSME Prerana' is an Indian Bank's flagship Business Mentoring Program.
- It offers novel, unique and innovative business mentoring support and empowers MSME Entrepreneurs.
- The program will begin from Nagpur and then will be executed in the rest of the cities of Maharashtra.

