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# Banking and Financial Awareness Digest: September 2021

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## BANKING AND FINANCIAL AWARENESS DIGEST: TILL 20TH SEPTEMBER 2021

### BHARATPE PARTNERED WITH AXIS BANK

- The BharatPe has entered into a partnership with India's private sector bank, Axis Bank.
- The partnership was made to advance the merchant acquiring business in India.
- Under this partnership, Axis bank will be playing the role of acquiring a bank for BharatPe's point of sale (PoS) business named as BharatSwipe.
- It will provide acceptance of credit and debit cards for merchants which are associated with BharatPe.

## COMMITTEE WILL BE SETUP FOR NUE LICENSES BY RBI

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- The Reserve Bank of India (RBI) will be setting up a 5 members committee to scrutinize applications and suggest recommendations on New Umbrella Entity (NUE) licenses.
- The committee will be headed by P. Vasudevan, RBI chief general manager.
- The members of the committee will look into various aspects of NUE right from the macroeconomic impact to the security risks levels.
- All the suggestions recommended by the committee will be taken into consideration by the central bank before doling out the licenses.
- The NUE will set up its own payment infrastructure which will compete with the National Payments Corp. of India (NPCI).

## 'PAYNEARBY NEODUKAAN'

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- India's leading branchless banking and digital payments network PayNearby launched 'PayNearby NeoDukaan'.
- The 'PayNearby NeoDukaan' was launched in association with the Retailers Association's Skill Council of India (RASCI).
- The 'PayNearby NeoDukaan' will help in the digital upgradation of retail partners.
- It is the first-of-its-kind store management tool that gives a digital touch to the retail stores.
- It provides digital payment options like credit management and online wholesale procurement.

## EXIM BANK EXTENDS LOAN SUPPORT TO AFRICA FINANCE CORP

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- The Exim Bank has extended a line of credit (LoC) support from the side of GOI to the Africa Finance Corporation (AFC), which is an infrastructure solutions provider in the African continent.
- The Exim Bank has provided an LoC of USD 100 million (Rs 730 crore) to the Africa Finance Corporation (AFC).
- The loan support was provided for the development of infrastructure in the Africa continent.
- This will also help to uplift the economic status of the region which has severely suffered due to pandemic COVID-19.
- The total tenure of the soft loan is 10 years.

## ADB APPROVED USD 150 MILLION LOAN TO TAMIL NADU

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- The Asian Development Bank (ADB) has approved a loan of USD 150 million to Tamil Nadu.
- The loan was approved for developing sustainable housing projects in urban poor areas of the state.
- The funds will be used to grant access to resilient and sustainable housing structures for the urban poor in the state.
- With the help of this fund, the Tamil Nadu Slum Clearance Board (TNSCB) will construct sustainable houses in 9 locations of the state and will relocate 6000 households to safe locations which will be vulnerable to various natural hazards.

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- The loan will also enhance the economic growth of the state as it contributes 8.54% to the GDP of the country.

### 'WISEPOSGO' POS DEVICE

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- The Karnataka Bank launched the POS device (Point of Sales swiping machine) which is a Phone + PoS machine.
- The POS device is named 'WisePOSGo'.
- The 'WisePOSGo' is launched in partnership with Mswipe Technologies Pvt Ltd.
- The 'WisePOSGo' is a one-step forward by Karnataka Bank in the direction of the digital payment infrastructure of India.
- It will help to promote cashless transactions in India.

### IPPB JOINED HANDS WITH LIC HOUSING FINANCE

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- The India Post Payments Bank (IPPB) has joined hands with LIC Housing Finance.
- They joined hands to sell housing finance products to the former's 4.5 crore customers.
- The LIC Housing Finance will look after home loan's credit underwriting, processing, and disbursement of the loans.
- The IPPB will look after the sourcing of the home loans.
- Due to this collaboration, the customers will be able to access home loan products of LIC Housing Finance through IPPB's network.

### NPCI PARTNERS WITH FISERV TO LAUNCH 'NFINI'

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- The National Payments Corporation of India (NPCI) partnered with Fiserv to launch 'nFiNi'.
- The 'nFiNi' is a set of services to issue RuPay credit cards by fintech and banks.
- It is a Rupay-based API that will enhance credit card-based products in the country.
- It is basically a banking-as-a-service (BaaS) program as it will grant a wide range of services to fintech and banks to distribute Rupay-based credit cards.

### LENDINGKART PARTNERED WITH SBM BANK INDIA

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- The SBM Bank India partnered with Lendingkart which is a fintech start-up.
- They have partnered to grant overdraft (OD) facilities to 1 lakh MSME customers via the platform of Lendingkart.
- Currently, OD facilities that are offered by most lenders require borrowers to furnish collateral such as property, fixed deposits, and business inventories and many small businesses are not able to provide so.
- So to overcome this, the entities have partnered to offer OD facilities through technology, efficiency, and customized solutions.

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- They will provide special features like on-demand disbursement, no paperwork and a digital way of support.

### 10 MERCHANT BANKS TO MANAGE IPO OF LIC

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- The GOI has selected 10 merchant bankers to manage the Initial Public Offering of Life Insurance Corporation of India (LIC).
- LIC's IPO will be launched in the January-March quarter of 2022.
- So the merchant bankers will perform the roles of Issue management, Promotional activities, Credit syndication, Project counseling, and Portfolio management, etc.

### ADB APPROVED LOAN FOR JHARKHAND

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- The GOI and Asian Development Bank (ADB) signed the loan agreement for Jharkhand.
- The loan agreement was signed to develop water supply infrastructure in Jharkhand.
- The loan will be used to enhance the capacities of urban local bodies (ULBs) to have improved service delivery in four towns of the state.
- In this regard, the ADB has sanctioned a loan of USD 112 million to the Jharkhand.
- The project will ensure continuous water supply to the people and will satisfy the objective under Jal Jeevan Mission.

### 'BOB WORLD'—BANK OF BARODA

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- The Bank of Baroda launched 'bob World'.
- The 'bob World' is the digital banking platform.
- It aims to offer banking services to its customers under a single roof.
- More than 220 services are converged under this platform.
- The 'bob World' covers 95% of all retail banking services, therefore customers can access them at the domestic and global level.

### INDIA AND ADB SIGNED LOAN AGREEMENT FOR MAHARASHTRA

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- The Asian Development Bank (ADB) and the Government of India (GOI) signed loan agreement to enhance rural connectivity and rural economy in the state of Maharashtra.
- In this regard, the loan of \$300 million was signed between GOI and ADB.
- The funds will be used to provide finance to the ongoing Maharashtra Rural Connectivity Improvement Project.
- The loan amount will also be used to improve an additional 1,100 rural roads and 230 bridges for a total length of 2,900km in 34 districts of the state.
- Initially, in August 2019, ADB granted \$200 million funds which are being used to improve and maintain the condition and safety of 2,100 km of rural roads across the state.

## DBS BANK PARTNERED WITH SWIFT

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- The DBS Bank has entered into a partnership with SWIFT (Society for Worldwide Interbank Financial Telecommunications) Global Payment Innovations.
- Through this partnership, DBS Bank will offer the latest data by online tracking for cross-border payments.
- DBS Bank has thus launched real-time online tracking for cross-border collections for businesses in India and by doing so it has become the first bank in India and Asia-Pacific to offer this service to its clients.
- The partnership will prove beneficial to 4000 corporates and small businesses in India.

## PPBL PARTNERED WITH DMRC

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- The Paytm Payments Bank Ltd (PPBL) partnered with Delhi Metro Rail Corporation (DMRC).
- They have partnered to develop the country's first FASTag based metro parking facility.
- Under this partnership, PPBL will enable the processing of all FASTag based transactions for cars having a valid FASTag sticker at the Kashmere Gate metro station.
- The PPBL has also enabled a UPI-based payment solution for 2-wheelers who enter the parking site.
- Due to this partnership, the car owners are no longer required to tender cash.

## INDIA TO GROW AT 7.2% IN 2021-- UNCTAD

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- The United Nations Conference on Trade and Development (UNCTAD) has projected that India's economy to grow at 7.2% in 2021.
- The growth will be against a contraction of 7% in 2020.
- In 2022, India will observe an economic growth of 6.7%, slower than the expected growth rate in 2021.

## CABINET APPROVED 100% FDI IN THE TELECOM SECTOR

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- The Union Cabinet, chaired by Prime Minister Narendra Modi approved various structural and process reforms in the Telecom sector.
- The reforms will secure and generate job opportunities, healthy competition, maintain the interests of consumers, enhance liquidity and investment in Telecom Service Providers (TSPs).
- The Union Cabinet allowed 100% foreign direct investment (FDI) in the telecom sector via the automatic route. 49% of FDI was allowed through the automatic route, so now the Union cabinet has raised the FDI from 49% to 100% in the telecom sector.
- Another reform is that the definition of Adjusted Gross Revenue (AGR) was changed and from onwards all non-telecom revenue will be removed from AGR.
- The moratorium was announced on statutory dues of the telecom sector for four years. It will be applicable from 1st Oct 2021.

## KMBL PARTNERED WITH IISC

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- The Kotak Mahindra Bank Limited (KMBL) partnered with the Indian Institute of Science (IISc).
- The partnership was made to set up a state-of-the-art Artificial Intelligence & Machine Learning (AI-ML) Centre at the IISc Bangalore.
- The partnership was made under KMBL's CSR project on Education & Livelihood.
- The research on AI and ML will also take place in the centre.
- The centre will be spreaded across 1,40,000 square feet in the campus.

## IIFL HFL SIGNED CO-LENDING AGREEMENT WITH PNB

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- The IIFL Home Finance Limited (IIFL HFL) has signed a co-lending agreement with Punjab National Bank (PNB).
- The co-lending agreement aims to enhance the distribution of affordable housing loans and MSME loans.
- As per the agreement, the 80% amount of the loan will be granted by PNB.
- The IIFL HFL will manage loan sourcing, documentation, and other servicing work for loans.
- The IIFL HFL aims to enhance its loan business by 25% with this partnership.

## HDFC BANK PARTNERED WITH PAYTM

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- India's major private sector bank, HDFC Bank has entered into a partnership with Paytm.
- They have partnered to launch co-branded credit cards on the Visa platform for business holders, millennials, and merchants.
- The HDFC Bank-Paytm co-branded credit cards will be launched in October 2021.
- It will be having features like monthly installments (EMIs), and buy now pay later (BNPL) and the other entire features will be added to the card by Dec 2021.
- It will offer best-in-class rewards and cashback for users.

## PAYPOINT INDIA PARTNERED WITH BANK OF BARODA

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- PayPoint India has partnered with the Bank of Baroda (BoB).
- They have partnered to provide banking services in India via Business Correspondent (BC) Model.
- This partnership will prove beneficial to give a major push for financial inclusion.
- The PayPoint will be utilizing its vast and ever-expanding distribution network to deliver essential banking services. The services will be granted via BC customer service points.
- The partnership is part of BoB's initiative called 'BOB NOWW-New Operating model and Ways of Working'.

## GROWTH FORECAST FOR INDIA TO BE AT 9.7% FOR FY22—OECD

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- The Organisation for Economic Co-operation and Development (OECD) has forecasted India's growth to be at 9.7% for the current fiscal year of FY22.
- The OECD has pared its growth forecast for India by 20 basis points to 9.7% for FY22.
- The reason behind the reduction is the growing risk of the pandemic in the country.
- India's growth projection for FY23 was also reduced by 30 basis points to 7.9%.
- The inflation forecast for India was raised by 50 basis points to 5.9% for this fiscal FY22 and by 70 basis points to 5.5% for the next year FY23.

### INDIA'S GDP TO BE AT 10% FOR FY22 — ADB

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- The Asian Development Bank (ADB) has projected that India's GDP to be at 10% for FY 2021-22 (FY22).
- Earlier it had projected the GDP for India to be at 11% for FY22.
- The reduction in the growth forecast was made due to the adverse impact of the COVID-19 pandemic on the economy.
- The ADB has projected that India's GDP to be at 7.5% for FY2022-23 (FY23).
- The multilateral funding agency ADB has also raised the inflation forecast for FY2021-22 to 5.5%, earlier it had projected 5.2% for the same.

### INDIA DEBT RESOLUTION COMPANY LTD (IDRCL)

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- An asset management company (AMC) was set up by the Government of India.
- The name of the AMC is India Debt Resolution Company Ltd (IDRCL).
- The IDRCL was set up with a paid-up capital of Rs. 80.5 lakh on an authorized capital of Rs 50 crore.
- The IDRCL will work in coordination with National Asset Reconstruction Company Ltd (NARCL).
- It will work to eradicate bad loans.

### FEDERAL BANK PARTNERED WITH ONECARD

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- The Federal Bank has partnered with OneCard, which is a fintech company.
- They have partnered to launch a mobile-first credit card which will prove beneficial to India's young, tech-savvy community between the age group of 23 and 35 years.
- The card is expected to become popular during the upcoming festive season in which consumer credit demand is highest.
- The OneCard app will issue the credit card in just 3 minutes and will activate it instantly in virtual format until the physical card gets delivered.
- The control of the card can be made by the user via the app. The user can track spends and rewards to set the transaction limit on the card.

### RBI ALLOWED LENDERS TO SELL FRAUD LOANS TO ARCS

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- The Reserve Bank of India (RBI) has allowed the transfer of loans which are classified as fraud by lenders to asset reconstruction companies (ARCs).
- This will give the way for the resolution of such accounts.
- Post the transfer, the legal responsibilities like reporting, monitoring, filing of complaints with law enforcement agencies etc will move to the ARCs.
- The decision by RBI will grant the way for focussed recovery efforts on loans that are trillions of rupees worth.

### **INDIA SUPPORTS MALDIVES TO CONSTRUCT SOCIAL HOUSING UNITS**

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- The EXIM Bank has completed its agreement with Fahi Dhiriulhun Corporation India (FDC) which is based in Maldives.
- The agreement was for the purpose to grant buyers credit worth \$228 million to construct Social Housing Units in Hulhumale phase II.
- Around 4000 Social Housing Units will be constructs in the sanctioned funds support.
- The construction activities will be undertaken by India's National Building Construction Company (NBCC) and JMC Projects of India.

### **HPCL PARTNERED WITH ICICI BANK**

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- The Hindustan Petroleum Corporation Limited (HPCL) has partnered with ICICI Bank.
- The partnership will allow the customers to use their ICICI Bank FASTag to purchase fuel and lubricants at HPCL retail outlets.
- Under this partnership, the ICICI Bank FASTag commercial vehicle users will be able to avail digital experience for one tag for fuel, toll, and parking payments.
- By doing so, the HPCL has become 1st oil marketing company to make available cashless facilities to allow FastTags for fuel purchases.

### **NEW RULES FOR SECURITISATION OF STANDARD ASSETS—RBI**

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- The Reserve Bank of India (RBI) has framed new rules for the Securitisation of Standard Assets.
- The new set of rules will be applicable to all scheduled commercial banks, excluding RRBs, all-India term financial institutions, SFBs, and NBFCs.
- The RBI has specified Minimum Retention Requirement (MRR) for different asset classes under Master Direction RBI (Securitisation of Standard Assets) Directions, 2021.
- For underlying loans with an original maturity of 24 months or less, the MRR will be 5% of the book value of the loans being securitised.

### **WMA LIMIT SET AT RS 50,000 CRORE-- RBI**

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- The Reserve bank of India (RBI) has set the limit for Ways and Means Advances (WMA) for central government at Rs. 50,000 crore for the second half of the financial year 2021-22 i.e. October 2021 to March 2022.
- WMA is a tool used by RBI under its credit policy. It is used to provide advance amounts to the states to match up with the temporary mismatches in the cash flow of their receipts and payments. It is repayable in every situation, not later than three months from the date of making the advance.
- The RBI can trigger fresh floatation of market loans when the GOI utilises 75% of the WMA limit.
- The interest rate on WMA will be repo rate and for an overdraft will be 2% above the repo rate.

### **'CLUB VISTARA INDUSIND BANK EXPLORER' CREDIT CARD**

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- The IndusInd Bank collaborated with Vistara, which is the TATA SIA Airlines Limited.
- They collaborated to launch the 'Club Vistara IndusInd Bank Explorer' Credit Card.
- The credit card offers the user a complimentary 'Gold' class membership to Club Vistara (CV), which is the frequent flyer program of the airline in which, the user can earn points on every flight.
- The earned points can be redeemed by the user to avail of awards on the flights.
- The credit card allows the user to travel for international tours in a cashless mode, in which also CV points can be earned.

### **RBI IMPOSED RS 2 CRORE PENALTY ON RBL BANK**

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- The Reserve Bank of India (RBI) imposed Rs 2 crore penalty on RBL Bank.
- The penalty was imposed for not following provisions of the Banking Regulation Act, 1949.
- The penalty was imposed in exercise of powers vested in it under the provisions of section 47 A (1) (c) read with section 46 (4) (i) of the Act.
- As per the analysis made by RBI, it was found that RBL Bank was non-compliant in opening five savings deposit accounts for a cooperative bank and composition of the board of directors.
- The central bank has also imposed a penalty of Rs 11 lakh has been imposed on the Jammu & Kashmir State Co-operative Bank Limited, Srinagar.
- The penalty was imposed due to inadequacy in regulatory adherence. The cooperative bank has not followed section 23 read with section 56 of the Banking Regulation Act, 1949 by opening branches without the prior permission of the RBI.

### **PAYTM PARTNERED WITH RIA MONEY TRANSFER**

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- The Paytm Payments Bank has partnered with Ria Money Transfer, which is a cross-border money transfer entity.
- Under this partnership, both entities will provide the facility to the users to receive funds from their relatives living abroad.
- By doing so, the Paytm Payments Bank has become 1st digital wallet in the country to allow international remittances by accepting deposits from abroad.

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- Also, the Ria Money Transfer (business segment of Euronet) has become the first money transfer company that will connect 333 million Paytm users.
- The partnership will prove beneficial to more than 3.6 billion bank accounts and 410 million mobile and virtual accounts in India.

