

2018

Banking and Financial Awareness Digest: September



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MONTHLY BANKING AND FINANCIAL AWARENESS: SEPTEMBER 2018

PUNJAB NATIONAL BANK TOPS IN DIGITAL TRANSACTION BY DEPARTMENT OF FINANCIAL SERVICES

- Rated sixth overall amongst all banks in India for digital performance.
- Also average percentage of technical declines is only 0.83 per cent of total transactions which is an achievement in itself.
- Bank is adopting three pronged to climb out of its losses by selling its
 - non-core assets,
 - aggressive sale of its non-performing assets (NPAs) and recoveries.
- **Punjab National Bank**
 - **Headquarters:** New Delhi
 - **CEO:** Sunil Mehta
 - **Tagline:** A name you can bank upon

AXIS SECURITIES LAUNCHED COMMODITY TRADING WITH MCX

- First bank subsidiary to enter the commodity broking business.
- At present, all existing Axis Direct customers can trade in 29 commodity futures and five options contracts through a one-time online registration process, which cover bullion, industrial metals, energy and agricultural segments.
- It has expanded its overall investment product which includes equities, mutual funds, SIPs, IPOs, derivatives, bonds, NCDs, ETFs, company fixed deposits and overseas trading.
- **Axis Bank**
 - **Headquarters:** Mumbai
 - **CEO:** Shikha Sharma

ADB APPROVED USD 245 MILLION IN 3 DISTRICTS OF WEST BENGAL.

- For providing safe, sustainable, and inclusive drinking water service.
- Also provide continuous potable water through metered connections to about 390,000 individual households in three districts of North 24 Parganas, Bankura and Purba Medinipur.
- Total project cost is \$349 million, for which
 - \$240 million loan will provide by ADB
 - \$3 million from the Japan Fund for Poverty Reduction, financed by the Government of Japan.
 - \$106 million loan will provide by The West Bengal government.
- Project will use a high-technology based smart water management system, a first for large scale rural water schemes in India, and Water will be provided through bulk water systems, consisting of intakes, water treatment plants, and transmission mains.

- Project is due for completion in June 2024.
- **West Bengal**
 - **Capital:** Kolkata
 - **Chief minister:** Mamata Banerjee

99.30% OF DEMONETIZED MONEY WORTH RS.15.31 LAKH CRORE BACK IN THE SYSTEM: RBI ANNUAL REPORT

- Since November 8, 2016 Rs 15.31 lakh crore worth currency notes have now been returned of the total Rs 15.41 lakh crore.
- Rs 10,720 crore of the currency did not return to the banking system.
- From the earlier 'Notes issued' segment which was a part of liability, the amount has been shifted to the central bank's 'Other Liabilities and Provisions' segment.
- 37.7 per cent increased in value of banknotes in circulation over the year to Rs 18.03-lakh crore at End-March 2018 and volume of banknotes, increased by 2.1 per cent.
- RBI spend total Rs 4,912 crore on security printing during the FY18 against Rs 7,965 crore in 2016-17.

\$375 MILLION LOAN AGREEMENT SIGNED BY ADB & INDIA TO IMPROVE IRRIGATION IN MADHYA PRADESH

- For doubling farmers' income in Madhya Pradesh by expanding irrigation networks and system efficiency.
- Funds will be used to develop a large-scale pressurized and automated irrigation system for boosting irrigation efficiency.
- It will focus on two large irrigation systems.
 - The Kundalia irrigation project: develop 125,000 ha of new and highly efficient and climate resilient irrigation networks and help farmers to adopt micro-irrigated agriculture including high-value crops.
 - Sanjay Sarovar Irrigation Project: prepare a comprehensive modernization feasibility study and other preparatory work for a soundly designed project.
- **Madhya Pradesh**
 - **Capitals:** Bhopal, Jabalpur (Judiciary)
 - **Chief minister:** Shivraj Singh Chouhan
 - **Governor:** Anandiben Patel
- **Asian Development Bank**
 - **Headquarters:** Mandaluyong, Philippines
 - **President:** Takehiko Nakao
 - **Founded:** 19 December 1966
 - **Membership:** 67 countries

\$346 MILLION LOAN SIGNED BY GOVERNMENT OF INDIA AND ADB TO IMPROVE 419 KM OF STATE HIGHWAYS IN KARNATAKA

- Enhance connectivity and access to economic centers across 12 districts in Karnataka.
- Ongoing road improvement project financed by ADB with a loan of \$315 million is upgrading about 615 km of state roads.
- The Karnataka State Highways Improvement III Project will upgrade about 419 km of state highways to two and four lanes with paved shoulders, and will reconstruct, widen, and strengthen culverts and bridges.

RBI IMPLEMENTED THE 'INTERNAL OMBUDSMAN SCHEME, 2018'

- Scheduled commercial banks (except Regional rural banks) with more than 10 branches to appoint an internal ombudsman (IO), directed by Reserve Bank of India.
- **Ombudsman –**
 - A person officially charged with investigating and addressing public complaints or violation of rights.
 - Banks in India had an internal ombudsman but they were mostly appointed from within bank staff and did not have statutory powers.
 - Under section 35 A of the Banking Regulation Act, 1949, RBI gives ombudsman statutory powers.
- The internal ombudsman scheme is for strengthening the internal grievance of banks and ensuring that the complaints of the customers are redressed.
- This scheme will be monitored by the bank's internal audit mechanism apart from regulatory oversight by RBI.
- Tenure of the IO cannot be more than five years and it is not open to reappointment.
- **Reserve Bank of India**
 - **Headquarters:** Mumbai
 - **Governor:** Urjit Patel

NABARD HAS SANCTIONED RS 335 CRORE UNDER THE RURAL INFRASTRUCTURE DEVELOPMENT FUND (RIDF) TO WEST BENGAL

- Fund was allotted in August 2018, and will be used for 158 minor irrigation projects and 23 flood protection projects.
- Minor irrigation projects will benefit 20,506 hectares, with 3.09 lakh population in 699 villages of 22 districts.
- Cumulative RIDF loan assistance to West Bengal government in 2018 amounts to Rs 1,172.16 crore.
- **National Bank for Agriculture and Rural Development (NABARD)**
 - **Founded:** 12 July 1982
 - **Headquarters:** Mumbai
 - **Agency executive:** Harsh Kumar Bhanwala (Chairman)

SBI LAUNCHED ITS E-FACILITATION FACILITY FOR ARMY VETERANS IN BENGAL

- Key features:

- Facilitating the process of resolution of pension cases.
- Fast-tracking pension issues for pension-related grievance of veterans/ veer naris/ next of kin.
- Caters cash drawal and automated passbook updation.
- **State Bank of India**
 - **Chairperson:** Rajnish Kumar
 - **Headquarters:** Mumbai
 - **Founded:** 1 July 1955

THE ASIAN DEVELOPMENT BANK (ADB) LAUNCHED ITS FIRST TRADE FINANCE SCORECARD

- For addressing market gaps stemming from the unintended consequences of global measures to fight money-laundering and terrorism.
- Also this will open a channel of dialogue among stakeholders to help prevent crime and terrorism while financing growth and job creation.
- **Scores are assigned on two levels**
 - A macro level - to identify characteristics of effective regulation that could be strengthened
 - A micro transactional level - to highlight specific challenges that can be addressed in the shorter term.
- **Focuses on**
 - Issues related to the interpretation,
 - Implementation,
 - Compliance with regulations designed
- **Asian Development Bank (ADB)**
 - **Headquarters:** Mandaluyong, Philippines
 - **President:** Takehiko Nakao
 - **Founded:** 19 December 1966
 - **Membership:** 67 countries

GOVERNMENT DOUBLES MONETARY LIMIT FOR FILING CASES IN DEBT RECOVERY TRIBUNALS (DRT) TO 20 LAKH RUPEES

- Bank or financial institution or a consortium of banks or financial institutions cannot approach, if the amount due is less than Rs. 20 lakhs.
- This is for reducing pendency of cases in DRTs. There are 39 DRTs in India.

AIRTEL PAYMENTS BANK OFFERS CARD-LESS CASH WITHDRAWAL FACILITY AT SELECT ATMS

- Airtel has partnered with Empays for this, to enable Instant Money Transfer (IMT) for its account holders.
- At present the facility is available for Airtel Payments Bank account holders at over 20,000 IMT-enabled ATMs in India and will cover more than 100,000 ATMs.

- Instant Money Transfer (IMT) service can be accessed by account holders via USSD (*400#) and MyAirtel app.
- The first two self-withdrawal transactions will be free, but after that a transaction fee of Rs. 25 will be charged.
- **Airtel Payments Bank**
 - **CEO:** Anubrata Biswas
 - **Founded:** 2016
 - **Headquarters:** New Delhi India
 - **Parent:** Bharti Airtel Limited

RESERVE BANK TO PURCHASE GOVT SECURITIES (G-SECS) WORTH RS 10,000 CRORE

- This move aimed at inducing liquidity in the system.
- Through Open Market Operations (OMO), purchase of the government securities will be done.
- Eligible participants have to submit their offers in electronic format on the RBI's Core Banking Solution (E-Kuber) system.
- Also buy securities having five different maturity dates (maturing in 2020, 2022, 2027, 2030, and 2042).

\$400 M RAISED BY YES BANK VIA SYNDICATED LOAN FACILITY FROM ITS IBU IN GUJARAT

- It reinforces the bank's ability to raise substantial foreign currency resources through various product instruments at a competitive price.
- Amounts are nearly ₹2,900 crores; funds will be used to support IFSC Banking Unit (IBU's) growth.
- IBU has crossed \$3 billion balance sheet within three years of starting operations at GIFT City, by YES Bank.
- 3-year loan facility involves a syndication led by 8 firms, which are:
 - Bayerische Landesbank,
 - Commerzbank,
 - CTBC Bank,
 - First Abu Dhabi Bank PJSC,
 - Korea Development Bank,
 - State Bank of India,
 - United Overseas Bank and
 - Westpac Banking Corporation,
- Bank has also raised USD 400 million through two syndicated loan transactions in Taiwan and Japan in November 2017, which are
 - \$250 million from Taiwanese banks
 - \$150 million) from Japan.
- **Yes Bank:**
 - **Headquarters:** Mumbai

- **CEO:** Rana Kapoor
- **Tagline:** Experience our Expertise.

IPPB TIES UP WITH FINANCIAL SOFTWARE AND SYSTEMS (FSS) TO CREATE PAYMENTS NETWORK FOR UNORGANIZED RETAIL

- This will help India Post provide affordable, quality banking and payment services to its customers.
- Over any channel – online, unified payments interface (UPI), quick-response (QR) codes, Aadhaar and IPPB accounts, micro-merchants are able to accept payments.
- Plans of creating a QR based payments acceptance network for unorganized retail sector mainly at the rural parts of the country.

LIC LAUNCHES GROUP INSURANCE SCHEME FOR CENTRAL DEPOSITORY SERVICES (CDSL) DEMAT ACCOUNT HOLDERS

- Group insurance coverage is provided to all eligible demat account holders serviced through depository participants associated with it.
- The age of demat account holders is between 18 years and 59 years.
- Group insurance scheme will provide a cover of ₹1 lakh for every eligible demat account subject to maximum of ₹5 lakhs for any single individual at a very nominal price.
- **LIC**
 - **Headquarters:** Mumbai
 - **Founder:** Government of India
 - **Founded:** 1 September 1956

SEBI PANEL HEADED BY HR KHAN PROPOSED RELAXING OF RULES FOR INVESTMENT IN FPIS BY NRIS

- Beneficial ownership criteria should be applicable for know your customer rules only and not for eligibility for foreign investors.
- Committee suggested that NRIs should be allowed to manage funds and have relaxed rules that would have limited their investments in the country.
- No restrictions should be imposed for managing non-investing FPIs or Sebi-registered offshore funds.
- Entity can be considered for foreign government agency 'only if more than 75 per cent ownership entitlement and control is held by the government of a foreign country.
- To comply to new rules, FPIs will be given 6 months and non-compliant investors can be given further 180 days to stop their operations.

PAYU RECEIVES NOD FROM RBI TO OPERATE ITS OWN NBFC

- Earlier in February 2018, The company had applied for NBFC license, in line with its aegis PayUMoney, a secure payment solution.

- Company aims to scale up its operations and customer experience. Also planning to bolster its effort in laying the foundation for its long-term credit business, wherein it estimates that its consumer business revenues will be 40-50% within next three to four years.
- **PayU's growth so far:**
 - Acquired Indian fintech company Citrus Pay for \$130 Mn in September 2016
 - Launched its flagship product LazyPay, an online deferral payment option, Early 2017.
 - Company has spent about \$265 million over the past five years in India.
 - Crossed Rs 100 crore (\$16 million) mark for credit issuance.

INDIA & THE WORLD BANK SIGNED LOAN FOR US\$ 74 MILLION FOR UTTARAKHAND WORKFORCE DEVELOPMENT PROJECT (UKWDP)

- For improving the quality and relevance of training at priority Industrial Training Institutes (ITIs) and increase the number of labour-market-relevant workers through short term training in Uttarakhand.
- Loan Agreement was signed by Mr. Sameer Kumar Khare, Additional Secretary, Department of Economic Affairs, Ministry of Finance, Government of India and Mr. Jorge Coarasa, Acting Country Director, World Bank (India).
- **Project has three components:**
 - Improving the quality and relevance of ITI Training.
 - Increasing the number of skilled workers certified under National Skills Qualification Framework (NSQF) - Compliant Short Term Training.
 - Policy and Institutional Development and Project Management.
- **Project –**
 - 5-year grace period.
 - Maturity of 17 years.
- Closing date - 30th June, 2023.

INDIA POST PAYMENTS BANK, BAJAJ ALLIANZ TIE UP FOR INSURANCE PRODUCTS SALE

- BALIC is the first life insurer to partner with IPPB since its launch.
- At first, simple term and Point of Sale (POS) products of BALIC will be sold through the IPPB.
- First the product will be available across IPPB's network of 3250 access points, gradually expanding to 155,000 post offices across every village, town and district in India.
- **India Post Payments Bank (IPPB)**
 - Founded: 1 September 2018
 - Parent organization: India Post
 - MD & CEO - Suresh Sethi

WORLD BANK APPROVED COUNTRY PARTNERSHIP FRAMEWORK FOR INDIA.

- For supporting its transition to higher middle- income country.

- This will be done by addressing some of its key development priorities such as resource efficient and inclusive growth, job creation and building its human capital.
- Framework is expected to bring between 25 and 30 billion US Dollars in financial support from
- The International Bank for Reconstruction and Development (IBRD),
- The International Finance Corporation (IFC)
- The Multilateral Investment Guarantee Agency (MIGA).
- **World Bank:**
 - **President:** Jim Yong Kim
 - **Headquarters:** Washington, D.C., United States
 - **CEO:** Kristalina Georgieva
 - **Membership:** 189 countries

IRDAI RAISED MINIMUM DRIVER INSURANCE COVER TO RS 15 LAKH FOR 2 WHEELERS AND CARS

- At present, the capital sum insured (CSI) under this section for motorised two-wheelers and private cars/commercial vehicles is Rs 1 lakh and Rs 2 lakh, respectively.
- Under Compulsory Personal Accident (CPA) cover, a minimum CSI of Rs 15 lakh provide for owner-driver under 'Liability Only' to all classes of vehicles at the premium rate of Rs 750 per annum for annual policy.
- **Insurance Regulatory and Development Authority (IRDAI)**
 - **Founded:** 1999
 - **Headquarters:** Hyderabad
 - **Agency executive:** Subhash Chandra Khuntia (Chairman)

RBI SHORTLISTED 5 IT FIRMS FOR IMPLEMENTATION OF CENTRALISED INFORMATION AND MANAGEMENT SYSTEM (CIMS)

- For improving data collection practices and overall validation processes.
- RBI has decided to overhaul its entire Data Warehouse and implement a new CIMS, thereby increasing the efficiency of its data management systems.
- For support with this transition, the bank called for expressions of interest (EOI) from the IT consulting space in July this year.
- The new CIMS will not only consist of a new Data Warehouse but will also include what the bank terms as a Data Lake.
- RBI's Data Lake will also include mechanisms to review and validate data through a system-to-system interface, while the storage of this data is expected to become more flexible.
- **vendors are:**
 - Capgemini Technology Services India,
 - IBM India,
 - Infosys,
 - Larsen & Toubro Infotech
 - Tata Consultancy Services

INDIA-SOUTH ASIA TRADE HAS THE POTENTIAL TO TRIPLE TO \$62 BILLION: WORLD BANK REPORT

- Actual trade amount of \$19 billion with South Asia and \$2 billion with Pakistan.
- By Deeper regional trade and connectivity and access to South Asian regions, substituting fossil fuels by cleaner hydropower from Nepal and Bhutan, addressing mutual trust deficits, Nontariff barriers and Liberalization This could be improved.
- **World Bank:**
 - **President:** Jim Yong Kim
 - **Headquarters:** Washington, D.C., United States
 - **CEO:** Kristalina Georgieva
 - **Membership:** 189 countries (IBRD); 173 countries (IDA)

YES BANK PARTNERED WITH RUPEEBOSS.COM FOR INTEGRATION OF YES MPOWER BOT

- For supporting instant loan eligibilities for its several loan products.
- Through this partnership, Yes Bank will be able to provide its loan applicants with instant information without needing to know all the details about the customer, by authorising RupeeBoss's expansive agent's network, thereby speeding up the pace of sourcing customers.
- mPower BOT integration is across digital platforms and shall be available for use across platforms like the online portal RupeeBoss.com, Magic Finmart, RupeeBoss and RupeeBoss Business Associate app.
- **YES Bank:**
 - **Headquarters:** Mumbai
 - **CEO:** Rana Kapoor
 - **Tagline:** Experience our Expertise.

RBI EASED CASH RESERVE RULES TO ALLOW BANKS TO GET INCREASED LIQUIDITY FROM STATUTORY LIQUIDITY RATIO (SLR)

- Increased the "Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR)" from the existing 11 per cent to 13 per cent of their deposits.
- Effective from October 1.
- Also, enable the banks to forge out up to 15 per cent of holdings under the statutory liquidity reserves (SLR) during liquidity coverage ratio (LCR) requirements as compared to 13 per cent now.
- It will meet the durable liquidity requirements of the system through various available instruments.

ADB APPROVED \$500 MN FOR TAMIL NADU

- For a multi-tranche financing facility (MFF) that will develop climate-resilient water supply, sewerage, and drainage infrastructure in at least 10 cities.

- It will help address complex urban challenges through innovative and climate-resilient investment and deeper institutional support.
- First tranche of the program amounts to \$169 million will target the cities of Chennai, Coimbatore, Rajapalayam, Tiruchirappalli, Tirunelveli, and Vellore.
- Second one would be a \$2 million grant from the Asian Clean Energy Fund, established by the Government of Japan, to fund the solar energy pilot project.
- **Asian Development Bank –**
 - **Headquarters:** Mandaluyong, Philippines
 - **Founded:** 19 December 1966
 - **Membership:** 67 countries

ADB APPROVES US \$150 MILLION LOAN FOR ESTABLISHING FIRST MULTI-SKILLS PARK IN MADHYA PRADESH

- Skills park will be equipped with international training facilities to enhance the quality of Madhya Pradesh's technical and vocational education and training (TVET) system.
- This will create more skilled workforce that meets the labour market needs of the state.
- Also, open up opportunities to the men and women of Madhya Pradesh to gain high-level skills that increase their employability and capacity to contribute to growth.
- Global Skills Park (GSP) campus will be established in Bhopal.
- Skills Development Project of Madhya Pradesh will also help in modernizing 10 industrial training institutes across the state according to industry and market needs.

