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(Banking)

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Banking, Finance & Economy News: May 2022

RBI IN NEWS

RBI issues Guidelines on Compensation of KMPs & Senior Management in NBFCs; Modifies Norms for LIs on Short Term Crop Loan Scheme

On the lines of the revised Scale Based Regulatory (SBR) framework for Non-Banking Finance Companies (NBFCs) that was put in place in October 2021, the Reserve Bank of India (RBI) has issued guidelines on compensation of **Key Managerial Personnel** (KMPs) and **senior management** in NBFCs under SBR framework w.e.f. April 1, 2023.

- However, these will not be applicable to Base Layer and Government owned NBFCs.

Key Mandates to NBFCs under these Guidelines:

i. The guidelines mandate the NBFCs to formulate **board approved compensation policy**, as per the statutory directions, in order to address the issues arising out of excessive risk taking caused by misaligned compensation packages. The policy should include the following:

- Constitution of a Remuneration Committee
- Principles for fixed/ variable pay structures
- Malus/ Clawback provisions

ii. It also suggests dismissal of **Guaranteed bonus** to KMPs and senior management. NBFCs can consider joining bonus to new hires. Such bonus will not be considered part of fixed pay, and of variable pay.

Points to be noted:

i. A clawback is a contractual agreement between the employee and the NBFC in which the employee agrees to return previously paid or vested remuneration to the NBFC under certain circumstances.

ii. A malus arrangement permits the NBFC to prevent vesting of all or part of the amount of a deferred remuneration.

Formation of Nomination and Remuneration Committee:

As a part of guidelines, NBFCs will constitute a Nomination and Remuneration Committee (NRC) that will have the constitution, powers, functions and duties as laid down in **section 178** of the Companies Act, 2013. It will oversee the framing, review and implementation of compensation policy of the company with the approval of the board.

- NRC will also work in close coordination with Risk Management Committee to achieve effective alignment between compensation and risks.

[Click here for Official Notification](#)

RBI Modifies Norms for LIs on Short Term Crop Loan Scheme

RBI modified norms for banks to claim the amount of interest subvention scheme for short term loans for Agriculture and Allied Activities that was provided to farmers through **Kisan Credit Card** (KCC) during the FY22.

- Under this, pending claims for FY22 financial year can be submitted by **June 30, 2023** with duly certified by the statutory auditors **as true and correct**.

Key Points:

i. Under the modified norms, the government offers annual interest subvention of 2% to lending institutions (LIs) to provide short term crop loans up to Rs 3 lakh to farmers at an interest rate of 7% per annum.

- LIs include Public Sector Banks (PSBs) and Private Sector Banks (in respect of loans given by their rural and semi-urban branches only), Small Finance Banks (SFBs) and computerized Primary Agriculture Cooperative Societies (PACS) which have been ceded with Scheduled Commercial Banks (SCBs).

ii. An additional **3% interest subvention** is provided to farmers who pay their loans promptly. For such farmers, the effective interest rate is **4%**. [Click Here for Official Notification](#)

Indian Economy to grow at 6.5-8.5% in Medium Term: RBI's RCF 2021-22

On April 29, 2022, the Reserve Bank of India (RBI) released the 'Report on Currency and Finance (RCF)' for the year 2021-22 on the theme '**Revive and Reconstruct**'. In accordance to its Chapter-VI 'A Policy Agenda for Post-Covid-19 India's feasible range for the medium-term steady state GDP (Gross Domestic Product) growth is **6.5-8.5%**.

- In this regard, a reduction in general government debt to **below 66%** of GDP over the next five years is required to secure India's medium-term growth prospects.

Highlights:

i. Taking the actual growth rate of -6.6% for 2020-21, 8.9% for 2021-22 and assuming growth rate of 7.2% for 2022-23, and 7.5% beyond that, India is expected to overcome Covid-19 losses in **2034-35** i.e. around 13 years.

- It needs to focus on **seven wheels of economic progress** – aggregate demand, aggregate supply, institutions, intermediaries and markets, macroeconomic stability and policy coordination, productivity and technological progress, structural conditions and sustainability.

ii. RBI expects the Indian economy to grow at 6.3% in FY24.

iii. India's real GDP in FY22 is estimated to be Rs 147.54 lakh crore.

iv. Data analysis shows that the output losses, in monetary terms, stood at Rs 19.1 lakh crore for FY21, Rs 17.1 lakh crore for FY22 and Rs 16.4 lakh crore for FY23.

- Overall, the output losses during the pandemic period at around **Rs 52 lakh crore**.

Incentive Mechanism for PSBs with Better Asset Quality:

i. In its report, RBI mooted an incentive mechanism, where Public Sector Banks (PSBs) with better performance in loan recovery and asset quality improvement, could be given priority in access to fresh capital.

ii. It also called for strengthening the infrastructure of the Insolvency and Bankruptcy Code to ensure quicker and more effective resolution. This can be done by increasing the number of NCLT benches and by training more insolvency professionals.

Labour reforms: Unemployment insurance fund, universal access to social security needed

i. RBI suggested firms to build an unemployment insurance fund during the economic boom period to provide universal access to social security.

- This is because 79% of the working population in the informal job sector does not have a written contract. About 5% of these workers have a contract for less than one year, less than 3% have a contract signed for 1-3 years, and 15% have a written contract for more than 3 years.

ii. On the education profile of the workforce, 28% of them are illiterate, and another 26% have received only primary school education. Only 9% possess a graduate/postgraduate degree.

- So there is need for raising the quality of labour through large-scale expansion of public expenditure on education and health and the Skill India mission.

[Click here for Official Report](#)

Highlights of RBI's Monetary Policy Committee Off-Cycle Meeting

On May 2 & May 4, 2022, the Reserve Bank of India (RBI) held an off-cycle meeting of RBI's Monetary Policy Committee. Following are its highlights:

Key Highlights: Rise in Repo Rate to 4.40%

i. The meeting saw the rise in policy repo rate under the liquidity adjustment facility (LAF) by 40 basis points to 4.40% with immediate effect, amid rising inflationary pressures in the economy.

- It is expected to raise borrowing costs for corporates and individuals.
- This is the first-rate hike since August 2018.
- It is the rate at which banks borrow from the RBI.

Category	Rate
Policy Repo Rate	4.40%
Reverse Repo Rate	3.35%

Marginal Standing Facility (MSF) Rate	4.65%
Bank Rate	4.65%

ii. Consequently, the **Standing Deposit Facility (SDF)** rate stands adjusted to 4.15% and the **Marginal Standing Facility (MSF)** rate and the Bank Rate to 4.65%.

iii. Cash Reserve Ratio (CRR) hiked by 50 bps to **4.5%** w.e.f. **May 21, 2022**. The Statutory Liquidity Ratio (SLR) currently stands at **18 per cent**.

- This would drain Rs 87,000 crore of liquidity from the banking system.

iv. RBI also decides to keep the stance as '**accommodative**' to ensure inflation remains within target going forward.

- An accommodative stance means RBI is prepared to **expand the money supply** to boost economic growth.

v. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth.

Global Assessment:

i. The International Monetary Fund (IMF) has revised down its forecast of global output growth for 2022 by 0.8 percentage point to 3.6%.

ii. The World Trade Organization (WTO) also scaled down projection of world trade growth for 2022 by 1.7 percentage points to 3%.

iii. The IMF projects inflation to increase by 2.6 percentage points to 5.7% in advanced economies in 2022 and by 2.8 percentage points to 8.7% in emerging market and developing economies.

Figures with respect to India:

i. Domestic- Merchandise exports recorded double digit expansion for the 14th consecutive month in April.

ii. Non-oil non-gold imports also grew robustly on the back of improving domestic demand.

iii. Bank credit rose (y-o-y) by 11.1% as on April 22, 2022.

iv. India's foreign exchange reserves declined by US\$ 6.9 billion in FY23 (up to April 22) to US\$ 600.4 billion.

v. In March 2022, headline CPI inflation surged to 7.0% from 6.1% in February 2022.

vi. Food inflation increased by 154 basis points to 7.5% and core inflation rose by 54 bps to 6.4%.

vii. Retail inflation was 7% in March 2022 and held above the upper end of the RBI's target band of 2-4% for the third month in a row.

The next meeting of the MPC is scheduled during June 6-8, 2022.

RBI Gives NoC for Merger Between Equitas Holdings & Equitas SFB

The Reserve Bank of India (RBI) has issued a No-Objection Certificate (NoC) with conditions to the proposal for the voluntary merger of **Equitas Holdings Limited (EHL)** and **Equitas Small Finance Bank (ESFBL)**, a subsidiary of Equitas Holdings Limited.

The merger is being carried out to comply with RBI small finance bank (SFB) norms, which require the promoter to reduce its stake in the subsidiary to 40% within five years of commencement of operations by the SFB.

RBI's Mandate for Small Finance Banks (SFBs):

i. According to conditions laid down by RBI for SFBs in June 2016 and guidelines for licencing of SFBs in the private sector in November 2014, equity shares of SFBs should be listed on recognised stock exchanges within **three years** from the date the net worth of SFB reaches Rs. 500 crores.

- The applicable date for listing in the case of ESFBL was September 4, 2019. However, it began its banking operations with a net value of more than Rs 500 crore.
- Compliance with regard to listing was honoured by an Initial Public Offering (IPO) and the listing of ESFBL shares on exchanges from November 2, 2020.

ii. The other condition is that if a promoter (here EHL) owns more than 40% stake in the subsidiary (here ESFBL), it must be reduced to 40% within **five years** from the date of commencement of banking operations by the SFB. The applicable date for ESFBL is September 4, 2021.

- EHL held 74.59% stake in ESFBL at the end of March 2022.

Other conditions laid down by RBI on NoC:

i. Prior to the scheme taking effect,

- EHL should divest its stake in its subsidiary, Equitas Technologies.
- Equitas SFB will also have to get RBI approval before bringing Equitas Development Initiatives Trust (EDIT) and Equitas Healthcare Foundation (EHF) under its purview.

ii. The RBI has also indicated that the NoC should not be seen as a waiver of any of the RBI's regulatory obligations, that any modification from the existing regulatory instructions must be obtained separately, and that the RBI may impose further conditions as it deems necessary.

About Equitas Small Finance Bank Limited (ESFBL):

MD & CEO – Vasudevan Pathangi Narasimhan

Establishment – 2016

Headquarters – Chennai, Tamil Nadu

Tagline – It's Fun Banking

RBI Restricts Withdrawals from Shankarrao Pujari Nutan Nagari Sahakari Bank

The Reserve Bank of India (RBI) has imposed several restrictions on **Shankarrao Pujari Nutan Nagari Sahakari Bank Limited, Ichalkaranji, Kolhapur in Maharashtra**, including on withdrawals, in view of the lender's deteriorating financial position.

The restrictions will be in effect for six months from the close of business on May 13, 2022, and are subject to review.

- RBI has issued restrictions in the exercise of its powers under Section 35 A of the Banking Regulation Act, 1949, read with Section 56 of the Banking Regulation Act, 1949, (As Applicable to Co-operative Societies).

Key Points:

i. Given the bank's current liquidity position, no amount from a depositor's total balance across all savings bank or current accounts, or any other account, may be withdrawn, however they are allowed to set off loans against deposits subject to the conditions.

ii. Among other restrictions, the bank cannot grant or renew any loans or advances without prior approval from the RBI, make any investment, incur any liability, or dispose of any of its properties or assets.

iii. However, 99.84 % of the depositors are fully covered by the Deposit Insurance and Credit Guarantee Corporation (DICGC) insurance scheme. Deposits of up to Rs 5 lakh are covered under the DICGC insurance scheme.

iv. These Directions shall remain in force for a period of six months from the close of business on May 13, 2022 and are subject to review.

- The bank will continue to undertake banking business with restrictions as stated in the Directions till its financial position improves. The RBI also stated that it may consider modifications of the directions depending upon circumstances.

RBI Permitted Lending by Commercial Banks to NBFCs & SFBs to NBFC-MFIs for on-lending to Priority Sectors

The Reserve Bank of India (RBI) permitted commercial banks to continue providing credit facility to NBFCs (Non-Banking Financial Companies) for the purpose of on-lending to certain priority sectors. The same is applicable for lending by Small Finance Banks (SFBs) to NBFC-MFIs (Microfinance institutions).

- This facility was earlier allowed till March 31, 2022.
- To ensure continuation of the synergies that have been developed between banks and NBFCs in delivering credit to the specified priority sectors, it has been decided to allow the above facility on an on-going basis.

Key Points:

- i. Bank credit to NBFCs (including Housing Finance Companies-HFCs) for on-lending will be allowed up to an overall limit of **5% of an individual bank's** total Priority Sector Lending (PSL) in case of commercial banks.
- ii. In case of SFBs, credit to NBFC-MFIs and other MFIs (Societies, Trusts, etc.) which are members of RBI recognized 'Self-Regulatory Organisation' of the sector, will be allowed up to an overall limit of **10% of an individual bank's** total PSL.
- iii. SFBs are allowed to lend to registered NBFC-MFIs and other MFIs which have **Gross Loan Portfolio (GLP)** of up to **Rs 500 crore** as on March 31, 2022, for this purpose.
- iv. These limits are computed by averaging across four quarters of the financial year, to determine adherence to the prescribed cap.

[Click here for Official Notification](#)

About Reserve Bank of India (RBI):

- i. RBI was established on April 1, 1935, in accordance with the provisions of the RBI Act, 1934.
- ii. The Central Office of the Reserve Bank was initially established in Calcutta but was permanently moved to Mumbai in 1937.
- iii. Though originally privately owned, since nationalization in 1949, the Reserve Bank is fully owned by the Government of India.

RRA 2.0 recommends withdrawal of 239 more circulars: RBI

On 13th May 2022, The Regulations Review Authority (**RRA 2.0**), set up by the Reserve Bank of India (**RBI**) in April 2021, recommended the withdrawal of an additional 239 circulars. With this, the total number of circulars which stand withdrawn would be 714.

RRA 2.0 was set up to review the regulatory instructions, remove redundant or duplicate instructions and reduce the compliance burden on Regulated Entities (REs).

- In the first tranche of recommendations, RRA had recommended the withdrawal of 150 circulars and in the 2nd tranche, it recommended 100 circulars and recommended 225 circulate in the 3rd tranche.
- In the 2nd tranche, RRA has also recommended discontinuation/ merger/ conversion to online submission of 65 returns along with the creation of a new 'Regulatory Reporting' link on the RBI website to consolidate information relating to regulatory reporting.

RBI imposes Rs 29.79 lakhs Penalty on Unimoni Financial Services

The Reserve Bank of India (**RBI**) has imposed a penalty of Rs 29.79 lakhs on Unimoni Financial Services Limited for non-compliance with norms on Small-Prepaid Payment Instruments (**PPI**) requirements.

- RBI has issued a show-cause notice to Unimoni Financial Services and the penalty was imposed after considering the response of the company.
- RBI also stated that the penalty is based on deficiencies in regulatory compliance and it is not intended to pronounce upon the validity of any transactions or agreements entered into by the company with its customers.

RBI imposes Penalty on Daimler Financial Services India, KKR India Financial Services

The Reserve Bank of India (**RBI**) has imposed a penalty of **Rs 5 lakh** each on **Daimler Financial Services India** and **KKR India Financial Services** for non-compliance with the RBI's guidelines of 'Monitoring of frauds in Non-Banking Financial Companies (NBFCs) (Reserve Bank) Directions, 2016'.

- The penalty follows the statutory inspection conducted by RBI in both the companies concerning their financial position as of 31st March 2020.
- During the inspection, RBI found out both the companies of non-compliance with the aforesaid Directions to the extended delay in reporting fraud to RBI through Fraud Monitoring Return (FMR)-1.

RBI asks Banks to Provide Cardless Cash Withdrawal Facility at ATMs; Allows Exporters to Settle Trade Transactions with Sri Lanka in INR

The Reserve Bank of India (RBI) asked banks to provide the option of **Interoperable Card-less Cash Withdrawal (ICCW)** at their ATMs (Automated Teller Machines) in order to curb frauds like skimming, card cloning and device tampering.

- This directive is issued under Section 10(2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Key Points:

i. For this ICCW, RBI also advises National Payments Corporation of India (NPCI) to facilitate Unified Payments Interface (UPI) integration with all banks and ATM networks.

- UPI would be used for customer authorization in such transactions.
- The settlement will be made through the National Financial Switch (NFS) / ATM networks.

ii. Withdrawal limits for ICCW transactions will be in line with the limits for regular on-us/off-us ATM withdrawals.

iii. All other instructions related to harmonization of turnaround time (TAT) and customer compensation for failed transactions will continue to be applicable.

RBI allows exporters to settle trade transactions with Sri Lanka in INR

In another circular, which has been issued by RBI under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) has allowed exporters to settle trade transactions with Sri Lanka in Indian Rupee (INR) outside the **Asian Clearing Union (ACU)** mechanism.

- This decision has been taken amid view of difficulties being faced by exporters in receipt of export proceeds from Sri Lanka and State Bank of India's (SBI) credit facility.
- Under the arrangement, financing of export of eligible goods and services from India will be allowed subject to their being eligible for export under the Foreign Trade Policy of the Government of India and whose purchase is agreed to be financed by SBI under this agreement.

Background:

In March, 2022, the government had guaranteed a term loan of USD 1 billion extended by SBI to Sri Lanka for financing purchase of essential goods from India.

- Sri Lanka is facing its worst economic crisis since gaining independence from Britain in 1948 due to lack of foreign currency, which means the country cannot afford to pay for imports of staple foods and fuel, leading to acute shortages and very high prices.

RBI To Set Up a Committee for Review of Customer Service Standards in RBI Regulated Entities

The **Reserve Bank of India (RBI)** has announced the formation of a **6 – member Committee for Review of Customer Service Standards in RBI Regulated Entities (REs)**.

The committee will examine and review the state of customer service in REs, as well as the adequacy of customer service regulations, and make recommendations to improve customer service. It will submit its report within three months from the date of its first meeting.

- The announcement came as part of the Statement on Developmental and Regulatory Policies, which was announced on April 8, 2022, with the Monetary Policy Statement.

As a response, the RBI has formed a committee that includes the following members:

i. Bibhu Prasad Kanungo, former Deputy Governor, RBI – Chairperson

ii. Atul Kumar Goel, Chairman of Indian Banks' Association (IBA) and MD & CEO, Punjab National Bank (PNB) – Member

iii. Dr. A S Ramasastri, former Director, Institute for Development and Research in Banking Technology (IDRBT) – Member

iv. Dr. Amitha Sehgal, Hon. Secretary, All India Bank Depositors Association (AIBDA) – Member

v. Dr. Rajeshri N Varhadi, Professor, Department of Law, University of Mumbai – Member

vi. Anil Kumar Sharma, Executive Director, RBI – Member

- Chief General Manager, Consumer Education and Protection Department, Central Office, Reserve Bank of India will be the member secretary of the Committee.
- The Committee may also invite domain experts and RBI officials for consultations and/or to participate in its deliberations as required.

Terms Of Reference of The Committee:

- i. Evaluate the efficacy, adequacy, and quality of customer service in RBI-regulated entities in comparison to existing RBI customer service guidelines and identify any gaps.
- ii. Review the rising and evolving needs of the customer service landscape, particularly in the context of the evolving digital & electronic financial products; distribution ecosystem, and recommend appropriate regulatory measures.
- iii. Identify global and domestic best practises in customer service and grievance redressal, particularly for improving services offered to retail and small customers, including pensioners and senior citizens.
- iv. Make recommendations on ways to utilize technology to improve customer service efficiencies, upgrade internal grievance redressal mechanisms in REs, and reinforce the RBI’s overall consumer protection framework.
- v. Any other matter relevant to customer service and consumer protection.

About Reserve Bank of India (RBI):

Governor – Shaktikanta Das

Establishment – 1st April 1935

Headquarters – Mumbai, Maharashtra

RBI cancels registration of 5 NBFCs due to Irregular Lending Practices; Enhances Ceiling on Loans for Home Repairs

The Reserve Bank of India (RBI) in exercise of the powers conferred under **Section 45-IA (6) (iv)** of the RBI Act, 1934 has cancelled the Certificate of Registration (CoR) issued to the following five Non-Banking Financial Companies (NBFCs).

Name	Registered Office	Name of the services provider/Mobile App
UMB Securities Limited	Bengaluru, Karnataka	Fastapp Technologies Private Limited

Anashri Finvest Limited	Bengaluru, Karnataka	M/s Datimes Private Limited, M/s Bullintech Finance Private Limited, M/s TGHY Trustrock Private Limited, Mrupee, Kush Cash, Karna Loan, Mr Cash, FlyCash, More
Chadha Finance Private Limited (now known as Chadha Finance Limited)	New Delhi, Delhi	Wifi Cash
Alexcy Tracon Pvt Ltd	Kolkata, West Bengal	Badabro/ M/s Badabro Giga Venture Private Limited
Jhuria Financial Services Private Limited	Guwahati, Assam	M/s Aeritech Private Limited, M/s Finclub Technologies Private Limited, MoNeed, MoMo, CashFish, Kredipe, RupeeLand, Rupee Master

Cancellation Impact:

Now with cancellation of CoR, these companies cannot transact the business of a Non-Banking Financial Institution (NBFI), as defined in clause (a) of Section 45-I of the RBI Act, 1934.

Reasons behind CoR Cancellation:

- i.They have violated RBI guidelines on **outsourcing and Fair Practices Code** in their digital lending operations undertaken through third party apps.
- ii.These companies also not complied with the extant regulations pertaining to charging of excessive interest and had resorted to undue harassment of customers for loan recovery purposes.

Central Government issues norms for import of gold by Qualified Jewellers

In exercise of powers conferred by Section 3 read with Section 5 of Foreign Trade (Development and Regulation)-FTDR Act, 1992 read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, the Central Government has amended the import policy conditions for gold in any form, other than monetary gold and silver in any form, and issued guidelines for the same.

- The notification for the same was issued by RBI. [Click Here to Read](#)

The guidelines are for physical import of gold through India International Bullion Exchange IFSC (IIBX) or similar authorized exchange by Qualified Jewellers (QJ) in India.

- In January 2022, the agencies nominated by the RBI and by the Directorate General of Foreign Trade (DGFT), QJs as approved by International Financial Services Centers Authority (IFSCA) were also permitted to import gold.

Key Points:

- i.As per guidelines, Authorised Dealer Category – I (AD) banks may allow QJs to remit advance payments for 11 days for import of gold through IIBX in compliance to the extant Foreign Trade Policy and regulations issued under IFSC Act.
- ii.In case the import of gold through IFSCA authorised exchange, for which advance remittance has been made, does not materialise, or the advance remittance made for the purpose is more than the amount required, the unutilized advance remittance shall be remitted back to the same bank within the specified time limit of 11 days.
- iii.QJs for imports of gold through IIBX, will be made through exchange mechanism as approved by IFSCA.

Points to be noted:

- i.Gold imports dipped by about 72% to USD 1.72 billion during April 2022, from USD 6.23 billion April 2021..
- ii.DGFT formulate and implement the Foreign Trade Policy and Procedures in terms of FTDR Act, 1992.

RBI enhances Ceiling on Loans for Home Repairs

The RBI also revised the ceiling on loans to individuals for carrying out repairs/additions/alterations to their homes to **Rs 10 lakh** in metros from Rs 5 lakh; and **Rs 6 lakh** in rural and semi urban areas from Rs 2 lakh earlier.

RBI approves transfer of Rs 30,307 crore as Surplus to Central Govt; Cautioned against Cryptocurrency

The 596th meeting of the Central Board of Directors of Reserve Bank of India (RBI) was held at Mumbai (Maharashtra) under the Chairmanship of Shaktikanta Das, Governor of RBI. During the meeting, it was decided to transfer Rs 30,307 crore as surplus to the Central Government for the accounting year 2021-22. This amount is the **lowest in 10 years**.

- The decision was taken after deciding to maintain the Contingency Risk Buffer (CRB) at 5.50% of its balance sheet.
- CRB is the country's savings for a financial stability crisis which has been consciously maintained with RBI as its role as lender of last resort (LoLR).

Key Points:

- i. The Board reviewed the current economic situation, global and domestic challenges and the impact of recent geopolitical developments, in the meeting.
- ii. According to the Bimal Jalan committee's report, the RBI, at all times, has to maintain a minimum contingency risk buffer of 5.5%.
- iii. This year's transfer is lower than the surplus transfer of Rs 99,122 crore for nine months ended March 31, 2021 (July 2020-March 2021).
- iv. The central bank had infused huge liquidity into the system in the last two years of Covid-19 to spur growth.

RBI Warns Cryptocurrency can lead to Dollarization of Economy

The apex bank also cautioned against the use of cryptocurrencies in India as this virtual currency could impact the macroeconomic stability/financial stability of the country. Also, the use of cryptocurrencies that are based on the US (United States) Dollar could lead to the dollarization of India's economy.

- Dollarization means when the US dollar is used in addition to or instead of the domestic currency of another country. Dollarization usually happens when a country's own currency loses its usefulness as a medium of exchange, due to hyperinflation or instability.
- This announcement was made during the meeting of the Parliamentary Standing Committee on Finance chaired by former Minister of State for Finance, **Jayant Sinha**.

Key Points:

- i. Notably, RBI this statement comes at a time when cryptocurrencies TerraUSD and Terra Luna collapsed which in turned destabilized the entire crypto ecosystem wiping nearly \$200 billion worth of wealth from the cryptocurrency market in just 24 hours.
- ii. TerraLuna (LUNA) and TerraUSD (UST) are two native tokens of the Terra network, a blockchain-based project developed by Terra Labs in South Korea.
- iii. In FY23 budget, the Central Government taxed cryptocurrencies income at 30% and imposed 1% TDS (Tax Deducted at Source) on payments for the transfer of crypto assets over a certain threshold.

RBI reduces minimum networth norm for non-bank BBPOU to Rs 25cr

The Reserve Bank of India (RBI) eased norms for non-bank entities to set up BBPOU (Bharat Bill Payment Operating Units) by reducing the net-worth requirement to Rs 25 crore **from Rs 100 crore**. This will encourage more players in this segment.

- These guidelines by the apex bank were issued in exercise of its powers conferred under section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).
- These will immediately come into effect.

Key Points:

- i. Bharat Bill Payment System (BBPS) is an interoperable platform for bill payments.
- ii. Users of BBPS enjoy benefits like standardised bill payment experience, centralised customer grievance redressal mechanism and prescribed customer convenience fee.

iii. This decision of reducing network has been taken after observing less growth in the number of non-bank BBPOUs as compared to the BBPS' increase in the volume of transactions as well as number of onboarded billers.

APPOINTMENTS & RESIGNATIONS

RBI Board approved Nomination of Dr Rajiv Ranjan as an ex-officio member of the Monetary Policy Committee

On 2nd May 2022, The Central Board of Directors of Reserve Bank of India (RBI) approved the nomination of Dr Rajiv Ranjan, Executive Director of RBI as an ex-officio member of the Monetary Policy Committee (MPC). He replaces Mridul Sagar, who was reported to retire by the end of April 2022.

- The approval was announced during the **595th meeting** of the Central Board of Directors of RBI under the Chairmanship of Shaktikanta Das, Governor of RBI, through video conferencing.
- India's MPC consists of three internal members – the Governor as the Chairperson, ex officio; the Deputy Governor in charge of monetary policy as Member, ex officio; and one officer of the Bank to be nominated by the Central Board as Member ex-officio – and three external experts appointed by the Central Government.

About Dr Rajiv Ranjan:

Dr Rajiv Ranjan has been associated with RBI for around 33 years.

Recently he was appointed as the head of the department of economic and policy research, a department aligned with the monetary policy and research function of RBI.

Monetary Policy:

The Monetary policy refers to the policy of the central bank with regard to the use of monetary instruments under its control to achieve the goals specified in the Act.

RBI is vested with the responsibility of conducting monetary policy and this responsibility is mandated under the Reserve Bank of India Act, 1934.

Monetary Policy Committee (MPC):

Under Section 45ZB of the amended RBI Act, 1934, the central government is empowered to constitute a 6-member Monetary Policy Committee (MPC) to determine the policy interest rate required to achieve the inflation target.

Note:

The next meeting of the MPC is scheduled for **6th – 8th June 2022** and economists expect it to hike the repo rate by 25 basis points.

Other Members of the MPC:

1. Shaktikanta Das, Governor of the RBI—Chairperson, ex officio;
2. Dr. Michael Debabrata Patra, Deputy Governor of the RBI, in charge of Monetary Policy—Member, ex officio;
3. Prof. Ashima Goyal, Professor, Indira Gandhi Institute of Development Research —Member;
4. Prof. Jayanth R. Varma, Professor, Indian Institute of Management, Ahmedabad—Member; and
5. Dr. Shashanka Bhide, Senior Advisor, National Council of Applied Economic Research, Delhi— Member.

Anshul Swami Appointed as MD & CEO of Shivalik Small Finance Bank

Anshul Swami was appointed as the Managing Director (MD) and Chief Executive Officer (CEO) of the **Shivalik Small Finance Bank** with effect from **26th April 2022**. He replaces **Suveer Kumar Gupta** the co-founder of the bank who led its transition from an urban co-operative bank to a small finance bank.

- Now, Suveer Kumar Gupta will act as the advisor to the Board of Directors at Shivalik Small Finance Bank.
- The Reserve Bank of India (RBI) has already approved the appointment of Anshul Swami as MD & CEO of Shivalik Small Finance Bank.

About Anshul Swami:

i. Anshul Swami has previously served as the Head of Retail & Inclusion, Products in RBL Bank. He has also worked in various capacities at Barclays, Citi Financial and Britannia.

ii. He has also worked across various customer segments like Retail, Micro, Small & Medium Enterprises (MSME), Microfinance and Agriculture.

Additional info:

As the MD & CEO of Shivalik Small Finance Bank. Anshul Swami will be tasked with making Shivalik a Digital First Bank with a focus on small businesses and expanding the bank's footprint across India.

About Shivalik Small Finance Bank:

Shivalik became the first Small Finance Bank in India's history to transition from an Urban Co-operative Bank.

MD&CEO- Anshul Swami

Headquarters- Noida, Uttar Pradesh(**UP**)

Sangeeta Singh IRS Given Additional Charge of CBDT Chairman

Sangeeta Singh, an Indian Revenue Service (IRS) officer from the 1986 batch, has been appointed as **Chairman**, Central Board of Direct Taxes (**CBDT**), with effect from May 02, 2022.

- The Union Finance Ministry has issued an order stating that Sangeeta Singh will perform the duties and responsibilities of Chairperson, CBDT, in addition to her own duties, for a period of three months or until a regular chairman is chosen, whichever comes earlier.

She was appointed after the incumbent chairman of the direct tax administration body, Jagannath Bidyadhar Mohapatra retired on April 30, 2022.

- In September 2021, Mohapatra, a 1985-batch Indian Revenue Service (IRS) officer in the Income Tax Department, was named full-time chairman.

About Sangeeta Singh:

i. Singh is currently in charge of Audits and Judicial matters.

ii. She is also holding additional charge of Income Tax and Revenue and Tax Payers services. Currently, the board has four members including Sangeeta Singh.

iii. The other members are Anuja Sarangi, a 1985 batch officer, holding charge of Member, Administration, and Faceless Scheme; Nitin Gupta, handling the charge of Investigation and Pragya Sahay Saksena, handling the charge of member legislation and systems.

iv. Arvind Singh, her spouse, is a Maharashtra Cadre IAS who currently serves for the Indian government as the Secretary of Tourism.

About The Central Board of Direct Taxes (CBDT):

The Central Board of Direct Taxes (CBDT) is a part of the Department of Revenue in the Ministry of Finance. It is a statutory authority functioning under the Central Board of Revenue Act, 1963

It provides essential inputs for policy and planning of direct taxes in India, at the same time it is also responsible for administration of direct tax laws through the Income Tax Department.

Chairman – Sangeeta Singh

Headquarters – New Delhi, Delhi

IBM Chairman & CEO Arvind Krishna Elected to the Board of Directors of Federal Reserve Bank of New York

Arvind Krishna, Chairman and Chief Executive Officer (CEO) of IBM (International Business Machines Corporation) was elected to the Board of Directors of the **Federal Reserve Bank of New York (New York Fed)**, New York, United States of America (**USA**), to fill the vacancy in the office for the remaining period of a 3-year term which ends on **31st December 2023**.

- He has been elected as a **Class B director**, representing the public with due but not exclusive consideration to the interests of agriculture, commerce, industry, service, labour and consumers.

About Arvind Krishna:

- i. Arvind Krishna has been serving as the Chairman and CEO of IBM Since January 2021 succeeding IBM Executive Chairman Virginia M. Rometty. Previously, he served as the CEO and a member of the board of IBM.
- ii. He also holds 15 patents and founded the security software business of IBM.
- iii. He has also served as the senior vice president of Cloud and Cognitive Software,
- iv. He is a member of the Business Council, the Business Roundtable and serves as Co-Chair of the World Economic Forum(WEF)'s Global artificial intelligence (AI) Action Alliance(GAIA).

About Federal Reserve Bank of New York (New York Fed):

Federal Reserve Bank of New York, within the Federal Reserve System, is one of the 12 Regional Reserve Banks.

The Federal system is an independent governmental entity created in 1913 to serve as the central bank of the United States.

President & CEO– John C. Williams

Headquarters– New York, United States of America(USA)

M Narayanan Appointed as Part-Time Chairman of CUB for a Period of Two Years

The City Union Bank (CUB) Limited has appointed **M Narayanan**, as its **part-time Chairman** after the approval from the Reserve Bank of India (RBI) for a period of two years with effect from May 4, 2022.

- M Narayanan succeeds part-time Chairman R Mohan, who has stepped down from the office of Chairman of the Board after completing his three-year term on May 3, 2022.
- However, R Mohan will continue to act as an Independent Director of the Board of the Bank till June 27, 2022.

About M Narayanan:

i. M Narayanan was inducted into the CUB board on May 3, 2016, as an Independent Director representing sectors such as agriculture, rural economy, accountancy, and Information Technology.

ii. He has handled Finance, Accounts & Taxation in companies Bharat Heavy Electricals Limited (BHEL), Dalmia Cements, Fenner, RAMCO Cements and Dishnet.

iii. Narayanan is a qualified Chartered Accountant (CA), Cost Accountant, and System Auditor, with a professional experience of more than 2 decades in various corporations.

About City Union Bank(CUB):

Headquarters – Kumbakonam, Tamilnadu

Managing Director and Chief Executive officer – Dr N. Kamakodi

Tagline – Trust and Excellence since 1904

RBI Extends Validity of Directions on Laxmi Co-Operative Bank & Sri Guru Raghavendra Sahakara Bank Niyamitha

The Reserve Bank of India (RBI) has extended the validity of its Directions for two co-operative banks:

The [Laxmi Co-operative Bank Limited](#) in Solapur, Maharashtra, and [Sri Guru Raghavendra Sahakara Bank Niyamitha](#) in Bengaluru, Karnataka.

While the RBI extended directions on Laxmi Co-operative Bank for three months, the period was extended by six months in the case of Sri Guru Raghavendra Sahakara Bank.

The Laxmi Co-operative Bank Ltd:

i. In the public interest, the Reserve Bank of India has given directions to the Laxmi Co-operative Bank Limited, Solapur, Maharashtra, in the exercise of powers vested in it under sub-section (1) of Section 35 A read with Section 56 of the Banking Regulation Act, 1949 (AACs), from the close of business on November 12, 2021.

ii. Subject to review, these directions are extended to the bank for another three months, from May 12, 2022, to August 11, 2022. The Directions impose certain restrictions and/or a limit on withdrawal and acceptance of deposits.

iii. The Reserve Bank of India's issuance of directions should not be interpreted as a termination of a banking

licence. The bank will continue to conduct banking operations with restrictions until its financial situation improves.

Sri Guru Raghavendra Sahakara Bank Niyamitha:

- i.** The Reserve Bank of India had issued directions to Sri Guru Raghavendra Sahakara Bank Niyamitha, Bengaluru, Karnataka under Section 35 A read with Section 56 of the Banking Regulation Act, 1949 dated January 2, 2022. The validity later was extended from time to time, dated January 10, 2022, up to May 10, 2022.
- ii.** Furthermore, the RBI has extended the period of restrictions on the bank for another six months, from May 11, 2022, to November 10, 2022, subject to review.
- iii.** Under the directions, the bank is mandated to maintain ceilings on withdrawals and deposits. The directions are issued in the public interest, and all other terms and conditions of the referenced Directives will remain intact.

About Sri Guru Raghavendra Sahakara Bank Niyamitha:

Headquarters – Bengaluru, Karnataka

Former RBI Deputy Governor SS Mundra Appointed as Chairman of BSE Ltd

On May 17 2022, The BSE (Formerly Bombay Stock Exchange) Limited appointed **Subhash Sheoratan Mundra (SS Mundra)**, Public Interest Director, BSE as the Chairman of the Board of Directors of the company. Mundra retired as Deputy Governor of the Reserve Bank of India (RBI) in July 2017 after completing a stint of three years.

- He replaced the incumbent Justice Vikramajit Sen who was appointed on 19th May, 2016.

About Subhash Sheoratan Mundra:

- i.** In the banking sector he has rich experience of 40 years holding various important positions such as Executive Director Union Bank of India, Chief Executive of Bank of Baroda (European Operations) among others.
- ii.** In July 2014, he superannuated as Chairman and Managing Director of Bank of Baroda.
- iii.** In January 2018 he was appointed as Public Interest Director of the BSE Limited.
- iv.** He also served as RBI's nominee on the Financial Stability Board (G20 Forum) and its various committees. Mundra was also the Vice-chair of OECD's International Network on Financial Education (INFE).
- v.** SS Mundra holds a Postgraduate degree from the University of Poona and is a Fellow Member of the Indian Institute of Banking and Finance (FIIB).
- vi.** The Amity University conferred the Degree of Doctor of Philosophy (D.Phil.) and Honoris Causa in recognition of his services in the Banking field.

About BSE Limited:

Headquarters – Mumbai, Maharashtra

Managing Director & CEO – Ashishkumar Chauhan

Founded – 1875

RBI appoints Rajiv Ranjan and Sitikantha Pattanaik as executive directors

The Reserve Bank of India has appointed **Rajiv Ranjan** and **Sitikantha Pattanaik** as the **executive directors** with effect from **2nd May 2022**.

As the Executive Director, Rajiv Ranjan will monitor the Monetary Policy Department. Dr. Ranjan will also serve as an ex-officio member of the Monetary Policy Committee and Sitikantha Pattanaik will look after the Department of Economic and Policy Research (DEPR)

- Prior to this appointment, Rajiv Ranjan was serving as Adviser-in-Charge of the Monetary Policy Department and Secretary to the Monetary Policy Committee and Pattanaik was an Adviser in the DEPR.

Equitas SFB Managing Director & CEO Vasudevan To Step Down

Vasudevan Pathangi Narasimhan, Managing Director and CEO, Equitas Small Finance Bank headquartered at Chennai in Tamilnadu, has decided to step down from his role in order to focus on the public charitable trust.

Key Information

i. Concerned Bank Board shall be forming a Search Committee shortly to undertake the process of identifying a successor to become next Managing Director and CEO.

ii. Till the successor is found, PN Vasudevan would officiate as MD & CEO of Equitas Small Finance Bank.

About Small Finance Bank (SFB) and Micro Financing Institution (MFI)

SFB

- Small Finance Banks are the financial institutions which provide financial services to the unserved and unbanked region of the country.
- SFBs are registered as a public limited company under the Companies Act, 2013.

MFI

- MFIs are financial companies that provide small loans to people who do not have any access to banking facilities. The definition of "small loans" varies between countries. In India, all loans that are below Rs.1 lakh can be considered as microloans.
- MFIs in India are regulated by The Non-Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011 of the Reserve Bank of India (RBI).

Paytm Reappoints Vijay Shekhar Sharma as MD & CEO and to Invest Rs 950 cr in PGIL

On May 21 2022, the One 97 Communications Limited (OCL), which operates under Paytm brand, has reappointed its founder **Vijay Shekhar Sharma** as its Managing Director (MD) and Chief Executive Officer (CEO). The tenure of 5 years which will be effective from December 19, 2022, to **December 18, 2027**.

- Paytm's Chief Financial Officer (CFO) Madhur Deora has been re-appointed by the company's board as a whole-time director till May 19, 2027.

Paytm to invest Rs 950 cr in Paytm General Insurance in tranches

The One97 Communications, which operates under Paytm brand, has formed a joint venture general insurance company – Paytm General Insurance Limited (PGIL), in which Paytm has committed to invest **Rs 950 crore** over a period of **10 years**.

Key Points

i. The proposal to set up the joint venture firm Paytm General Insurance Limited (PGIL) was approved by the board on May 20 2022.

ii. Initially, One97 Communications (OCL) will hold a 49 percent stake in PGIL while the remaining 51 percent stake is to be owned by OCL's MD& CEO Vijay Shekhar Sharma led VSS Holding Private Limited (VHPL).

iii. Post the investment, Paytm will hold 74 percent stake in PGIL, reducing VHPL's stake in the company to 26 percent.

iv. Following the investment, PGIL will become a subsidiary of the OCL.

v. PGIL plans to register for and undertake general insurance business defined under Section 2(6B) of the Insurance Act, 1938 ("Insurance Act").

TN Manoharan Takes Over as Part-Time Chairman of IDBI Bank

T N Manoharan has been appointed as a part-time Chairman of the IDBI Bank for a tenure of 3 years with effect from 9th May 2022, as approved by the Reserve Bank of India (RBI).

- M R Kumar will no longer continue to be the non-executive non-whole time Chairman of the bank with effect from 8th May 2022.

In terms of the Articles of Association of the bank, Life Insurance Corporation of India (LIC) has nominated Raj Kumar, Managing Director (MD) of LIC as LIC nominee director on the board of the bank.

- Kumar's appointment is being separately processed under Section 161 (3) of the Companies Act, 2013.
- As of March 2022, LIC holds 49.24% shares of IDBI Bank.

OTHER NEWS

IFSCA Issues Framework for FinTech Entity in International Financial Services Centers

The Gandhinagar (Gujarat)-based International Financial Services Centres Authority (IFSCA) has issued a detailed “Framework for FinTech Entity in the IFSCs” in the IFSCs. It is aimed at giving boost to the establishment of a world class FinTech Hub at GIFT IFSC comparable with other IFSCs.

Reasons behind this Framework:

- i.To further develop and regulate financial products, financial services and financial institutions in the IFSCs.
- ii.To encourage promotion of Financial Technologies (FinTech) across banking, insurance, securities, and fund management in IFSC.

Coverage:

The framework proposes to cover (i) financial technology (FinTech) solutions resulting in new business models, applications, process or products in areas/activities linked to financial services regulated by IFSCA and (ii) advanced/innovative technological solutions which aid and assist activities in relation to financial products, financial services and financial institutions (TechFin).

Key Points:

- i.The framework provides a dedicated Regulatory Sandbox for FinTech products or solutions namely **IFSCA FinTech Regulatory Sandbox** and empowers IFSCA to grant Limited Use Authorization within this Sandbox to the eligible FinTech entities in IFSC.
 - This would enable them to apply and avail Grants under the **IFSCA FinTech Incentive Scheme 2022**.
- ii.The framework also incorporates the **Inter Operable Regulatory Sandbox (IoRS)** mechanism.
 - IoRS is a proposed mechanism to facilitate testing of innovative hybrid financial products / services falling within the regulatory ambit of more than one financial sector regulators.
 - IFSCA will facilitate Indian FinTech’s seeking access to foreign markets and foreign FinTech’s seeking entry into India.
- iii.The framework proposes a Regulatory Referral mechanism which will be governed as per the provisions of the Memorandum of Understanding (MoU) or collaboration or special arrangement between IFSCA and corresponding overseas Regulator(s).

[Click here for the detailed framework](#)

Indian Bank Launched Its First Digital Product PAPL Under Project WAVE

Indian Bank, a public sector lender, has introduced its **first** digital product, **Pre-Approved Personal Loan (PAPL)**, which aims to provide customers with instant loan disbursement through a three-step process.

- The PAPL is a part of the Bank’s Project – **World of Advanced Virtual Experience (WAVE)**.

Shanti Lal Jain, MD and CEO of Indian Bank, launched the project in the presence of the bank’s Executive Directors, Imran Amin Siddiqui and Ashwani Kumar.

Note: The digital transformation initiative – World of Advance Virtual Experience “WAVE” was launched by the Indian Bank in January 2022.

Features of the digital product -PAPL:

- i.The loan can be availed through ‘IndOASIS’ mobile app, the bank’s website or through online banking facility.
- ii.The loan carries an interest rate of 10% per annum at present with no foreclosure charges.
- iii. It is now available to existing bank customers aged 21 and above who have regular income and pension accounts.
- iv.It includes the option of choosing a loan tenure between 10 and 48 months, as well as the ability to pre-close the loan without penalty.

About Indian Bank:

MD & CEO – Shanti Lal Jain

Establishment – August 15, 1907

Headquarters – Chennai, Tamil Nadu

Religare Broking partners Spice Money to help open Demat accounts in rural India

Religare Broking Limited has partnered with Spice Money Limited to offer access to platforms to invest in the capital market for the people in rural India.

- This partnership will facilitate rural India to get assisted access to a Demat account and invest in capital market-linked products
- Under this partnership, Spice Money's representatives will assist rural citizens to open a Demat account and apply for Life Insurance Corporation (LIC) of India's Initial Public Offer (IPO) and invest in other products in the future.

GoI to Issue Rs 100 Commemorative Coin to Mark Birth Centenary of Jawaharlal Darda

The Government of India (GoI) will be issuing a **Rs 100** commemorative **coin** to mark the birth centenary of **Jawaharlal Darda**, fondly called Babuji, a late freedom fighter, social worker, philanthropist, educationist and founder of the Lokmat Group of Newspapers (now Lokmat Media). A gazette notification to this effect was issued by the economic affairs department of the finance ministry.

- The coin is likely to be issued on July 2, 2023, 100th birth anniversary of Jawaharlal Darda.
- The coin is being manufactured by the India Government Mint, Mumbai.
- The weight of the coin is 35gms with 50% silver, 40% copper, 5% Nickel and 5% Zinc. The circumference of the coin would be 44mm.

HDFC Life Becomes Signatory to UN – Supported Principles for Responsible Investment

HDFC Life Insurance Company Limited (**HDFC Life**) recently joined the United Nations (UN) - backed **Principles for Responsible Investment (PRI)**, affirming its commitment to long-term value creation and sustainable growth.

HDFC Life is committed to growing holistically and sustainably by investing in the five pillars of its ESG (environmental, social, and governance) strategy: ethical conduct, responsible investing, diversity, equity, and inclusion, holistic living, and sustainable operations.

- The PRI's partnership with HDFC Life will allow it to streamline its responsible investment strategy.
- Currently, the Company has Assets Under Management worth more than Rs. 2 lakh crores.

Key Points:

i.As an active asset manager for policyholders, HDFC Life also has the fiduciary responsibility to provide optimal risk-adjusted returns over the long term.

- This objective can be accomplished by using the Responsible Investment (RI) strategy when making investment decisions.

ii.In order to enhance ESG awareness among policyholders, it has recently created an ESG-focused "Sustainable Equity Fund" that is available in its Unit Linked Insurance Plan (ULIP) offerings.

NOTE: For its outstanding governance practises, HDFC Life was awarded the 'Best Governed Company in the Listed Segment: Large Category' award at the 21st Institute of Company Secretaries (ICSI) National Awards for Excellence in Corporate Governance.

About Principles for Responsible Investment (PRI):

i.Principles for Responsible Investment (PRI), founded in 2005 by former UN Secretary-General Kofi Annan and a group of some of the world's largest institutional investors. It is the world's leading proponent of responsible investment.

ii.Since its inception in 2006, the PRI has grown steadily, and the UN has been a strong supporter. It works:

- To understand the investment implications of environmental, social and governance (ESG) factors;

- To support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

About HDFC Life Insurance Company Limited (HDFC Life):

HDFC Life Insurance Company Limited (HDFC Life) is a joint venture between HDFC Ltd., India's leading housing finance institution and abrdrn plc (formerly Standard Life Aberdeen plc) a global investment company.

MD & CEO – Vibha Padalkar

Establishment – 2000

Headquarters – Mumbai, Maharashtra

IRDAI allows Insurance Companies to Invest up to 30% of Assets in Financial and Insurance activities

The Insurance Regulatory and Development Authority of India (IRDAI) in exercise of its powers conferred under Regulation **14(2)** of the IRDAI (Investment) Regulations, 2016, has increased the investment limit of all insurance companies to invest in the Financial and Insurance activities (as per section K of NIC classification) to **30% of investment assets** from 25%.

- This rise in limit will increase the exposure of insurance companies in this sector.

Key Points:

i. Notably, this move comes just before Life Insurance Corp of India's (LIC) Rs 21,000 crore IPO (Initial Public Offering), the largest from India. It can increase the insurer's participation in this IPO.

ii. The earlier cap of 25% was too restrictive, particularly to the financial sector, as it accounts for over a third of the India's total market capitalization. As a result, most insurance companies are underinvested in the financial sector. Now, with 30% limit insurance companies are flexible to invest.

[Click Here for Official Notification](#)

About Insurance Regulatory and Development Authority of India (IRDAI):

Establishment– 2000 (following the recommendations of the Malhotra Committee report)

Chairperson– Debasish Panda

Headquarters– Hyderabad, Telangana

FidyPay Partners with Yes Bank to Promote Financial Inclusion

FidyPay, a financial technology (fintech) API platform, has partnered with Yes Bank to offer **Yes Bank** customers with seamless connected banking experience.

- This initiative will let a wide range of businesses, including Small and Medium Enterprises (SMEs), Fintechs, and start-ups, access digital services.
- FidyPay will also serve as the solution provider for Unified Payments Interface (UPI) services.

The partnership is a part of the bank's larger connected banking strategy, which aims to make banking more inclusive and accessible to a varied and increasing customer base.

Key Points:

i. As a result of the strategic partnership, FidyPay will be able to expand its existing product line and establish itself as a trusted technology partner for banks, corporates, Micro, Small & Medium Enterprises (MSMEs), SMEs, start-ups, allowing it to serve a larger market.

ii. FidyPay is also collaborating with Yes Bank on a wide array of applications, including UPI, Application Programming Interface (API) banking, prepaid cards, escrow accounts, Payment Aggregators (PA) licencing, and eRUPI (a digital voucher), amongst others.

About FidyPay:

FidyPay is one of the industry's leading Financial Inclusion and Digital Payment companies.

Founder & CEO – Manan Dixit

Establishment – 2017.

Headquarters – Indore, Madhya Pradesh

About YES Bank Ltd.:

MD & CEO – Prashant Kumar

Establishment – 2004

Headquarters – Mumbai, Maharashtra

Tagline – Experience Our Expertise

DBS Bank partners with Anthill and Headstart to launch DBS Business Class founded

DBS Bank India has partnered with **Anthill Ventures**, an investment and scaling platform for startups, and **Headstart Network Foundation**, India's largest 'Volunteer-driven, Grassroot level, Startup Ecosystem Enabler, to launch **DBS Business Class founded**.

- This is in line with DBS Bank's vision to support entrepreneurs and innovators.
- This forum will be held across Indian cities to celebrate modern-day founders, innovators, and game-changers to foster co-innovation and collaboration in the startup ecosystem.
- The 1st DBS Business Class founded event was held in Hyderabad, Telangana with Actor investor, and entrepreneur Rana Daggubati as keynote speaker.

HDFC ERGO Launches 'Pay as You Drive' Program to Reduce Costs of Premium

HDFC ERGO General Insurance Company, a renowned private sector general insurance company, announced the launch of its "**Pay as you Drive**" program. It is an insurance solution that provides distance-based insurance under its own damage section in order to lower upfront insurance premiums.

- The offer has been extended as a pilot with Maruti Suzuki India Limited to its customers purchasing a new car as a value proposition to save on insurance premiums.
- Owners of new Maruti Suzuki automobiles in select cities will be eligible for the scheme until May 14, 2022. Under the regulatory sandbox, this program is limited to 10,000 policies or Rs. 50 lakhs in premiums, whichever comes first, and is only available through Maruti Suzuki Insurance Broking Private Limited.

Highlights:

i. Many customers do not use their vehicles frequently and end up paying the same insurance premiums as everyday vehicle users. This policy is best suited for customers who like to drive less or have many cars, some of which are driven less than others.

- Based on the distance slabs chosen by the customer, the driving distance will be estimated with the help of a telematics device in the vehicle, allowing customers to save between 10% – 20% on their "Own Damage" premium.

About HDFC ERGO General Insurance Company Ltd:

HDFC ERGO General Insurance Company Ltd. is a joint venture between HDFC Ltd., India's premier Housing Finance Institution and ERGO International AG, the primary insurance entity of Munich Re Group.

MD & CEO – Ritesh Kumar

Establishment – 2002

Headquarters – Mumbai, Maharashtra

World Bank Approves USD 47 Million Program to Strengthen India's Public Sector Capability

The **World Bank's** Board of Executive Directors has approved a **USD 47 million** project to support the Government of India's **Mission Karmayogi**, a national programme to strengthen civil service capacity.

i. This loan from the International Bank for Reconstruction and Development (**IBRD**) has a final maturity of 11 years with a 4.5-years grace period.

ii. The Bank's funding is intended to help the Indian government achieve its goal of improving the functional and behavioural competencies of about four million civil servants. It will be divided into three sections:

- Competency Framework Development and Implementation
- Development Of an Integrated Learning Platform
- Programme Monitoring, Evaluation, and Management

Mission Karmayogi:

i. The National Programme for Civil Services Capacity Building (**NPCSCB**)—"Mission Karmayogi"—was launched in September 2020.

ii. By implementing Mission Karmayogi, the government intends to make the nation's civil service force more future-ready and capable of handling twenty-first-century issues.

Key Points:

i. The project will assist Mission Karmayogi by developing competency frameworks for Central Ministries, Departments, and Agencies, creating an online training platform that can offer targeted training content, and evaluating and measuring the effectiveness of the training provided.

ii. The project is in line with the India Country Partnership Framework (**CPF**) FY18–22, which emphasizes building public sector institutions as one of the World Bank's four areas of engagement in India.

iii. The project also supports the World Bank's twin goals of eradicating extreme poverty and fostering shared prosperity.

About World Bank:

Together, the International Bank for Reconstruction and Development (**IBRD**) and International Development Association (**IDA**) form the World Bank. The **World Bank Group** consists of five development institutions: IBRD, IDA, International Finance Corporation (**IFC**), Multilateral Investment Guarantee Agency (**MIGA**) & International Centre for Settlement of Investment Disputes (**ICSID**).

President of World Bank Group – David Malpass

Establishment – 1944

Headquarters – Washington, DC, United States of America

SEBI Modifies Operational Guidelines for FPIs, Depository Participants; Slaps Rs 6 lakh fine on Pace Stock Broking in NSE Co-Location Case

On April 29, 2022, the Securities and Exchange Board of India (SEBI) has modified the operational guidelines, issued in November 2019, for Foreign Portfolio Investors (FPIs), Designated Depository Participants (DDPs), and Eligible Foreign Investors pertaining to Certificate of Registration, and Name change w.e.f. May 9, 2022.

- This modification by SEBI has been done by exercising its powers conferred under **Section 11 (1)** of the SEBI Act, 1992.
- These will be applicable from May 9, 2022.

Key points:

i. With regard to registration certificate for FPIs, the DDPs will grant the certificate of registration, bearing the registration number generated by SEBI.

ii. With regard to name change, DDPs will effect the name change in the certificate of registration if they get the request for name change. They will issue a letter and fresh registration certificate to such applicant acknowledgement from its database including a statement that the name changes has been granted.

Background:

This modification follows the SEBI notified rules in January 2022 for generation of FPI registration number by SEBI. Subsequently, the Ministry of Finance in March 2022 amended the Common Application Form (CAF), wherein both the depositories NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Ltd) have been allowed to host the CAF (Common Application Form) for FPI registration.

- In order to operationalize the same, SEBI decided to modify the operational guidelines.

[Click Here for Official Notification](#)

SEBI cancels registration of Alpha Commodity & Slaps Rs 6 lakh fine on Pace Stock Broking in NSE co-location case

i. SEBI imposed Rs 6 lakh penalty on New Delhi (Delhi)-based Pace Stock Broking Services for malpractices related to National Stock Exchange's (NSE) co-location facility. The order came after SEBI received multiple complaints against the broker.

- It should be noted that NSE has given preferential access to the **tick-by-tick** (TBT) data feed to certain trading members (Pace Stock Broking was on one of it), however, the secondary source for TBT data is to be used in the event of non-availability of the TBT primary source, but Pace Stock Broking continued to log in to the secondary server.
- ii. It also cancelled the registration of Alpha Commodity for facilitating its clients to trade in illegal contracts on **National Spot Exchange Ltd** (NSEL) and failing to fulfil the fit and proper criteria.
- Sebi has asked the broker to allow its existing clients to withdraw or transfer their securities or funds held in its custody within 60 days.
- In case of failure of any clients to withdraw or transfer their securities or funds within this period, the broker will transfer the funds and securities to another broker within 30 days thereon

Other orders by SEBI:

- Meanwhile, in a separate order, SEBI has barred nine entities from participating in the capital market for 3 months over price manipulation in the securities of Super Sales India Ltd.
- In another order, it has levied a fine of **Rs 5 lakh** on Champa Devi Jalan for indulging in non-genuine trades in illiquid stock options at BSE (Formerly Bombay Stock Exchange).

About Securities and Exchange Board of India (SEBI):

Chairperson– Madhabi Puri Buch

Headquarters– Mumbai, Maharashtra

MSME Minister Narayan Rane launches 2nd Phase of MSME RuPAY Credit Card

Union Minister Narayan Rane, Ministry of Micro, Small and Medium Enterprises (M/oMSME) launched the second phase of MSME RuPAY Credit Card with National Payments Corporation of India (NPCI) and four banks, viz. Kotak Mahindra Bank, Bank of Baroda, SBM Bank (India) and HDFC Bank.

- The launch was made during the 'National conference of MSME- Development Institutes, Testing Centres and Technology Centres', that held in New Delhi, Delhi.

Key Points:

- This card will provide a simplified payment mechanism to MSMEs to meet their business-related operational expenses.
- This conference is a part of **Enterprise India** under Azadi ka Amrit Mahotsav Campaign.
- The aim of this conference was to have interaction with officials of field offices of Development Commissioner (MSME), Ministry of MSME for future planning of MSME schemes.
- The RuPay Card offers benefits like anytime digital payments, interest-free period of up to 50 days and will carry interest rate similar to the rate charged for loans, among others.

Other Participants:

Minister of State (MoS) **Bhanu Pratap Singh Verma**; senior officers of Ministry of MSME and officials of MSME-Development Institutes, Testing Centres, Technology Centres, NPCI and bank executives

IIFL & Open Financial Technologies Forms JV To Launch India's First Neo-bank for MSMEs

IIFL Finance Limited, a Non-Banking Finance Company (NBFC) and **Open Financial Technologies Private Ltd**, Asia's largest Small and Medium Enterprises (SMEs) focused neo-banking platform have entered into a joint venture (JV) to launch India's first neo-bank to serve the banking and credit requirements of Micro, Small and Medium Enterprises (MSMEs).

- The new joint venture would be known as "**IIFL Open Fintech Private Limited**", with an initial capital of Rs. 120 crores. The ratio of IIFL Finance to Open Financial Technologies Private Ltd. in the joint venture is 51:49.

In India, there are 63.3 million MSMEs, with 99% of them being micro enterprises. One of the reasons for the sector's underserved status is a lack of data for credit assessment.

- To satisfy this requirement, IIFL Finance will utilize Open Financial Technologies Private Ltd. consumer neo-banking platform to provide more services to its clients.

What is a Neo-Bank?

A neo-bank is a type of digital bank that does not have any physical locations. They use artificial intelligence and technology to provide personalized services to clients while lowering operating expenses.

Salient Features:

- i.** This neo-bank offers a one-of-a-kind User Interface (UI) system designed specifically for small merchants.
- ii.** It will provide an alternative to traditional banking by providing a simple banking interface and seamless interaction with accounting, finance, and payroll, among other things.
- iii.** Customers will also be able to apply for credit from IIFL Finance on the app. These customers will also have access to personalised savings, insurance, payment, card, and other solutions.
- iv.** For providing technical services to the JV, Open Financial Technologies Private Ltd. would get a recurring annual SAAS (Software as a service) fee per customer through this JV.

About IIFL Finance Limited:

IIFL Finance is a retail-focused NBFC that operates in the loan and mortgage market with its subsidiaries IIFL Home Finance and IIFL Samasta Finance.

Managing Director(MD) – Venkatraman Rajamani

Establishment – 1995

Headquarters – Mumbai, Maharashtra

FISME & Eqaro Inks MoU to Launch India's First Collateral Free Digital Lending Platform for MSMEs

The **Federation of Indian Micro, Small and Medium Enterprises (FISME)**, India's largest MSMEs organisation, has inked a Memorandum of Understanding (MoU) with **Eqaro Guarantees**, an Indian financial institution that provides surety solutions, to establish India's first collateral free digital financing platform for MSMEs.

The platform is set to begin in 2022 and would allow MSMEs with access to collateral-free finance of up to Rs. 25 lakhs following due diligence of their businesses. The credit would be backed by guarantees from Eqaro. The MoU was signed between Prashant Patel, founder of FISME and Eqaro's Chief Executive Officer Vikash Khandelwal.

Features:

- i.** This facility functions as an overdraft, with a limit of Rs. 25 lakhs, that can be used at anytime from anywhere by an MSME in need of funds.
- ii.** Due to the fact that lending has always been based on collateral, this unique and first-of-its-kind initiative in India would allow MSMEs gain quicker access to finance backed by a surety guarantee without having to put up collateral.
 - A surety is essentially a risk transfer mechanism in which the surety firm guarantees the contractor's performance to the project owner.
 - While surety guarantees are a well-established financial instrument in developed nations such as the United States, they are still in their budding stage in India.
- iii.** Union Finance Minister Nirmala Sitharaman indicated in her 2022 budget speech that surety bonds would be accepted as an alternative for bank guarantees in government purchases.
 - As a result, the Insurance Regulatory and Development Authority (IRDAI) has established a framework for insurance companies to issue surety bonds.

About Federation of Indian Micro and Small & Medium Enterprises (FISME):

President – Prashant Patel

Establishment – 1995

Headquarters – New Delhi, Delhi

About Eqaro Guarantees:

India's First & Only Surety Company providing the entire range of guaranteeing solutions.

CEO – Vikash Khandelwal

Establishment – 2019

Headquarters – Mumbai, Maharashtra

Canara Bank launches Skill Loans in association with ASAP

Canara Bank has launched 'skill loans' in association with the Additional Skill Acquisition Programme (ASAP), Kerala the government company under the Higher Education Department. The loan was launched by Dr R.Bindu Kerala's Minister for Higher Education in the presence of S. Premkumar, General Manager of Canara Bank and convener of State Level Bankers' Committee(Kerala).

- Students pursuing skill training programmes offered by ASAP Kerala or other Central or State government-recognised agencies conducting National Skills Qualifications Framework (NSQF) or National Skill Development Corporation (NSDC) courses can avail of loans ranging from **Rs 5,000 to Rs 1.5 lakh**.
- The loans will also be provided to students interested in pursuing skill training programmes.
- This loan will be provided without any collateral and has a repayment period of 3 to 7 years.
- Students can also avail themselves of a moratorium on repayment for the duration of the course and for an additional 6 months.

SEBI Imposed Rs 73 lakh on 11 Entities for fraudulent Trading and Disclosure Lapses

Securities and Exchange Board of India(SEBI) imposed penalties totalling Rs 73 lakh on 11 entities for fraudulent trading and disclosure lapses. SEBI has imposed a **Rs 17 lakh** fine on Esteem Bio Organic Food Processing Ltd; **Rs 8 lakh** on Brij Kishore Sabharwal; **Rs 7 lakh** on Goldline International Finvest Ltd; **Rs 6 lakh** on Vinod Kumar Garg and **Rs 5 lakh each** on Satendra Kumar, Madhukar Dubey, Ram Prakash, Avisha Credit Capital Pvt Ltd, Neel Kanth Trading Co, Amsons Apparels Pvt Ltd and Gracious Software Pvt Ltd.

- In a separate order, SEBI levied a fine of **Rs 20 lakh** on Karvy Capital Limited and **Rs 10 lakh** on Vistra ITCL Ltd for flouting norms with respect to the issuance of non-convertible debentures.
- **SEBI also imposed a fine of Rs 5 lakh** on Ambrikav Bizcom for non-genuine trades in illiquid stock options on BSE which violates the provisions of PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) norms.

India Gets Its 100th Unicorn Start-Up as Neo-Bank 'Open' Crosses USD 1 Bn

Open Financial Technologies Pvt Ltd, a neo-banking start-up, reached a valuation of USD 1 billion (bn) after its Series D round of fundraising, bringing the total number of **Unicorns** in the Indian start-up ecosystem to 100.

In a Series D funding round, Open Financial Technologies Private Ltd. received USD 50 million from IIFL Finance Ltd, along with existing investors – Singaporean state holding company Temasek, American investment

firm Tiger Global, and another Indian firm, 3one4 Capital. This contributed to its valuation exceeding USD 1 billion.

Unicorn: A privately held start-up company with a valuation of over \$1 billion is referred to as a "unicorn" in the venture capital industry.

Note:

- **Neo-Bank:** It is a type of digital bank that does not have any physical locations. It provides customers with a more affordable alternative to traditional banks.
- InMobi, a mobile ad platform, was the first unicorn to be declared in 2011.

Indian Unicorn Landscape with 100 Unicorns

i. According to the Economic Survey, 2021-22, this funding reflects the enthusiasm in India's start-up

ecosystem, which is the world's third-largest after the United States of America (USA) and China, and India has overtaken the United Kingdom to reach the spot.

- As of March 25, 2022, India had 94 unicorns with a total valuation of USD 319.67 billion.

ii. The Sector in the Lead: Fintech is the second start-up sector to surpass the 20-unicorn milestone, following e-commerce, which has 23 unicorns. With 17 unicorns from the sector, enterprise tech is on track to join the club next.

iii. According to data from Venture Intelligence, Indian start-ups raised more than USD 10 billion in the first quarter of 2022, up from USD 5.7 billion in the same period of 2021.

Accomplishments of Open Financial Technologies Private Ltd.:

i. With this new strategic investment from IIFL Finance Ltd, Open Financial Technologies Private Ltd. will be able to expand its product offerings to small and medium-sized enterprises.

ii. Open Financial Technologies Private Ltd. has become not only India's 100th unicorn, but also the fintech sector's 20th unicorn. Apart from that, Open Financial Technologies Private Ltd. is the third neo-banking start-up to join the club, following Zeta and Razorpay, both of which provide neo-banking services.

iii. Open Financial Technologies Private Ltd. plans to launch three new SME lending products, including "Open Flo," a revenue-based financing product for ecommerce enterprises, "Open Settl," an early settlement credit offering, and "Open Capital," a working capital lending offering for small and medium enterprises (SMEs).

About Open Financial Technologies Pvt Ltd:

Founder & CEO – Anish Achuthan

Establishment – 2017

Headquarters – Bengaluru, Karnataka

UBI Becomes 1st Public Sector Bank to Go Live in Account Aggregator Framework

Union Bank of India (UBI) has become the first Public Sector Bank (PSB) to go live on the **Account Aggregator (AA) Framework**, an initiative of **Reserve Bank India (RBI)** to improve credit delivery.

With significant participation from banks and Non-Banking Financial Companies (NBFCs) in India, the Account Aggregator (AA) Framework went live in September 2021.

Account Aggregators Framework- Initiative of Reserve Bank India (RBI)

The RBI announced the AA framework on September 2, 2016, with the objective of enhancing the aggregation of overall financial assets of an individual.

- The approach was to make sharing and aggregation of financial data possible in a secure, transparent, and efficient manner by establishing an intermediary that would also be responsible for managing customers' consent.
- These intermediaries are AAs, which are also registered with the RBI as Non-Banking Financial Companies (NBFCs).

How The Framework Works:

An Account Aggregator obtains information about a customer's financial assets from data providers (referred to as Financial Information Providers (**FIPs**)) and aggregates, consolidates, and delivers it to the customer or specified users (referred to as Financial Information Users (**FIUs**)).

- The customer's explicit consent is required for the sharing of such information, and the response is bound to occur in real time.
- The aggregator can't store or use the data for anything else, and it can only share it with regulated financial companies.

UBI on AA Framework:

i. UBI strives to serve as both a FIP and a FIU, allowing its customers to share data digitally in real time.

ii. The technology stack was implemented by UBI in accordance with the Reserve Bank Information Technology (ReBIT) requirements.

Note:

- Major private sector banks such as HDFC Bank, ICICI Bank, Axis Bank, and Kotak Mahindra Bank are already operational as FIPs and FIUs in the AA framework.
- So far, 34 banks, non-banking financial companies (NBFCs), and other institutions have been listed on AA, including Federal Bank, IDFC First Bank, and IndusInd Bank.

About Union Bank of India (UBI):

MD & CEO – Rajkiran Rai G.

Establishment – 1919

Headquarters – Mumbai, Maharashtra

Tagline – Good People to Bank with

SEBI Restructures Secondary Market Advisory Panel

The Securities and Exchange Board of India (**SEBI**) has restructured its **Secondary Market Advisory Committee (SMAC)**, which makes recommendations to the capital markets regulator on improving market safety, efficiency, and transparency.

i. Gurumoorthy Mahalingam, a former full-time member of SEBI, will now chair the 18-member advisory body.

- The panel previously consisted of 17 members and was headed by SEBI chairperson Madhabi Puri Buch.

About the Secondary Market Advisory Committee (SMAC):

Apart from Gurumoorthy Mahalingam, the panel includes CEOs of stock exchanges and depositories, representatives of various stakeholders, and senior SEBI officials.

Other panellists are: Nithin Kamath, co-founder and CEO of Zerodha; Dhiraj Relli, MD and CEO of HDFC Securities; Jaideep Hansraj, MD of Kotak Securities; Naresh Yadav, MD and CEO of SBICAP Securities; and Leo Puri, Chairman, JP Morgan, South & Southeast Asia.

Some Of the Terms of Reference of The Committee:

i. To review the developments in the Secondary market and recommend changes if required in the regulatory framework in the secondary market.

ii. To recommend measures for changes and improvements in market structure in view of the impending changes.

iii. To suggest measures for reducing transaction costs and recommend changes if required in the risk management / margin system.

iv. To review the investor protection measures in the stock exchanges and suggest improvements.

About Securities and Exchange Board of India (SEBI):

The Securities and Exchange Board of India was established as a statutory body under the provisions of the Securities and Exchange Board of India Act, 1992.

Chairperson – Madhabi Puri Buch

Establishment – 1992

Headquarters – Mumbai, Maharashtra

NABARD Plans to Formulate Farmer Misery Index to provide appropriate support package

National Bank for Agriculture and Rural Development (**NABARD**) plans to formulate Farmer Distress Index(FDI) to track, identify, and assist the really needy and distressed farmers. This index will not be consistent across the country because stress levels vary from place to place. FDI will benefit the financial industry, government agencies and insurance businesses.

- This will support the government and financial institutions to offer suitable package of help based on the severity of the distress instead of distributing uniform distress packages to all farmers.

Indian Bank Launches Digital Broking Solution 'E-Broking'

Indian Bank, a public sector bank, has introduced its digital broking solution – '**E-Broking**', as a strategic move toward comprehensive digitalisation of its customer products.

- E-Broking, an instant and paperless demat & trading account opening service, is now available through the bank's mobile banking app, **IndOASIS**.

The product was introduced in collaboration with Fisdom, the bank's financial technology partner.

Highlights:

- i. The E-Broking initiative will assist the bank in increasing its CASA (Current Account Savings Account).
- ii. This initiative also enables the customers to invest in the ongoing Life Insurance Corporation of India (LIC) Initial Public Offering (IPO) effectively.
- iii. IndOASIS, the bank's mobile banking app, would provide users with a unified experience ranging from demat and trading account opening to reduced broking services backed by research-based investment in the secondary market, starting with equity, futures, options, and initial public offerings on a single platform.

About Indian Bank:

MD & CEO – Shanti Lal Jain

Establishment – August 15, 1907

Headquarters – Chennai, Tamil Nadu

Tagline – Taking Banking Technology To The Common Man

SEBI forms Advisory Committee for ESG-related matters; Headed by Navneet Munot

The Securities and Exchange Board of India (SEBI) has formed an advisory committee for advising on Environmental Social and Governance (ESG) related matters pertaining to the securities markets.

- The committee will be chaired by **Navneet Munot**, the Chief Executive Officer (CEO) of HDFC Mutual Fund.

Key Responsibilities of committee:

- i. In terms of the Business Responsibility and Sustainability report the committee will look at reviewing leadership indicators.
- ii. It will also examine evolving disclosures relevant to the Indian context, as well as suggesting areas for assurance and a plan for implementation.
- iii. It will oversee the development of a second or parallel approach for ESG ratings as per emerging markets, such as a focus on 'S' including job creation, and so on.
 - This will also include developing uniform indicators of 'G' as input to ESG ratings and / or credit ratings.
- iv. It will assess the ongoing improvement of disclosures relevant to ESG Mutual Fund Schemes, with a special focus on risk mitigation of mis-selling and greenwashing hazards.
- v. Examine whether ESG funds need to have prudential norms, if any. Long term plan to prescribe ESG disclosures for all Mutual Fund schemes.

Other Members:

They include MD & CEO of Tata Chemicals, C Siva Kumar, executive director of NTPC, Amit Talgeri, chief risk officer, Axis Bank, Sharad Kalghatgi, ESG head Cipla, Amit Tandon, Institutional Investor Advisory Services, J N Gupta, founder & MD of Stakeholders Empowerment Services, Rama Patel, Director Crisil Ratings and Ramnath.

[Click here for full list](#)

LIC IPO subscribed 2.9 times; Govt to raise ~Rs 21,000cr

An initial public offering (IPO) of Life Insurance Corporation (LIC), India's biggest public offer, was subscribed 2.95 times on the last day of offer period i.e. on May 9, 2022. This will help the government to raise about Rs 21,000 crore.

- Notably, against 16,20,78,067 shares on offer, 47,83,25,760 bids were received.
- With this IPO, the government has diluted its **3.5% stake** in LIC through the Offer for Sale (OFS).

Data on Shares Offered and Bids:

- i. The Qualified Institutional Buyers (QIBs) category was subscribed 2.83 times.

- 11.20 crore bids were received for the 3.95 crore shares earmarked for the segment.
- ii. For Non-Institutional Investors (NIIs), a total of 8,61,93,060 bids were received for 2,96,48,427 shares reserved for the category, reflecting a subscription of 2.91 times.
- iii. Retail individual investors bid for 13.77 crore shares as against 6.9 crore shares on offer for the segment.
- This results into an over-subscription of 1.99 times.
- iv. The policyholders' portion was subscribed over 6 times, while that for employees was subscribed 4.4 times.

LIC Price Band for Issue:

LIC had fixed the price band at **Rs 902-949 per equity share** for the issue. The offer includes a reservation for eligible employees and policyholders. The retail investors and eligible employees will get a discount of Rs 45 per equity share, while policyholders will get a discount of Rs 60 per share.

Points to be noted:

- i. So far, the amount mobilised from the IPO of Paytm in 2021 was the largest ever at Rs 18,300 crore, followed by Coal India (2010) at nearly Rs 15,500 crore and Reliance Power (2008) at Rs 11,700 crore.
- ii. LIC was formed by merging and nationalising 245 private life insurance companies on September 1, 1956, with an initial capital of Rs 5 crore.
- Its product portfolio comprises 32 individual plans (16 participating and 16 non-participating) and seven individual optional rider benefits. The insurer's group product portfolio comprises 11 group products.

About Life Insurance Corporation (LIC):

Chairperson– Mangalam Ramasubramanian Kumar

Managing Directors– Raj Kumar, Siddhartha Mohanty, Ipe Mini, Bishnu Charan Patnaik

Headquarters– Mumbai, Maharashtra

HDFC Bank Launches Industry First Digital New Car Loan – 'Xpress Car Loan'

HDFC Bank, a private sector lender, has introduced 30-minute '**Xpress Car Loans**', an end-to-end digital new car loan solution for both existing and non customers. The bank has integrated its lending application with automobile dealers throughout India.

It is the industry's first automotive lending experience, and it is expected to change the way automobile financing is done in India.

Key Points:

- i. The facility will be offered at all of the bank's branches, dealerships, and, eventually, on third-party aggregator platforms.
- ii. This comprehensive, faster, more convenient, and inclusive digital journey for car buyers will simplify the automobile purchase process and boost car sales across India, particularly in semi-urban and rural locations.
- iii. As it has integrated its lending application with vehicle dealers across India, it anticipates 20%–30% of clients to use this loan facility of up to Rs. 20 lakhs
- iv. Currently, the facility is only available for four-wheelers, and it will be gradually extended to include two-wheeler loans.

Note: In the next 5-7 years, India's automotive sector is expected to grow to 35 million new car units per year, making it the world's third largest. This is expected to result in over 350 million 4-wheelers and over 250 million 2-wheelers on the road within 10 years.

About HDFC Bank Ltd:

MD & CEO – Sashidhar Jagdishan

Establishment – 1994

Headquarters – Mumbai, Maharashtra

Tagline – We Understand Your World

UPI hits record 5.58 Bn transactions worth Rs 9.83 trillion in April 2022

According to the National Payments Corporation of India (NPCI), Unified Payments Interface (UPI), India's flagship digital payments platform, has recorded 5.58 billion(bn) transactions worth Rs 9.83 trillion in April 2022. This is the highest ever number of transactions recorded by UPI.

- The monthly UPI recorded a 3.33 % increase in transaction volume from 5.4 billion transactions worth Rs 9.6 trillion in March 2022.
- Compared to April 2021, the transaction volume increased by 111% and the transaction value increased by nearly 100%. In April 2021, UPI processed 2.64 billion transactions worth Rs 4.93 trillion.

The UPI had breached the USD 1 trillion mark in transaction values in the financial year 2021-22.

ICICI Bank Join Hands with Santander UK for India-UK Business Ease

On May 10, 2022, a Memorandum of Understanding (MoU) was signed between ICICI Bank, and London-based Santander UK (United Kingdom) Plc, under which, a framework will be established between both the banks to ease the financial service requirements of corporate customers operating within the India-UK corridor.

Signatories:

It was signed by **Sriram H Iyer**, Head of the International Banking Group, ICICI Bank, and **John Carroll**, Head of International and Transactional Banking at Santander UK, in Mumbai, Maharashtra.

Key Points:

- i.ICICI Bank will provide banking solutions across trade, cross-border payments, supply chain, treasury solutions and retail banking to the UK corporates operating in India.
- ii.On the other hand, Santander UK will support Indian corporates and new age businesses for their banking requirements in the UK.
- iii.According to official government statistics, the UK is the **6th largest investor** in India's economy, with cumulative Foreign Direct Investment (FDI) inflows of USD 31.7 billion and contributing 6% to India's total FDI inflows.

[Click Here for Official Notification](#)

About ICICI Bank:

Managing Director & CEO– Sandeep Bakhshi

Headquarters– Mumbai, Maharashtra

Tagline– Khayal Apka

Bharti AXA Life Insurance Launched Financial Literacy Campaign 'InspiHE₹'

Bharti AXA Life Insurance has launched the financial literacy campaign '**InspiHE₹-Enabling an empowered future**', a special initiative to enhance financial awareness among women and empower them to make informed financial decisions for a secure future.

The campaign was launched in line with "International Mother's Day" (May 8, 2022) and ahead of the "International Day of Families" (May 15, 2022).

- Bharti AXA Life Insurance is a joint venture between Bharti Enterprises, one of India's leading business groups, and AXA, a French multinational insurance firm headquartered in Paris, France.

Significance of financial literacy among women: Financial literacy is crucial for women since it is the backbone of empowered women, notably mothers, who are selfless caregivers in society.

- This campaign will help them prepare for emergencies, manage rising living costs and inflation, make confident financial decisions, and educate their children how to achieve financial independence.

Note: According to research, 55% of women do not make well-informed financial decisions, & 59% of women do not have health or life insurance. Bharti AXA intends to improve this situation gradually.

Salient Features of The Campaign:

i.Through this campaign, the company hopes to increase awareness of a financially secure future for women by engaging with women, notably mothers, their families, and close to 1 million citizens of India on Facebook, Twitter, Instagram, and LinkedIn.

ii. The 'InspiHE[₹]' campaign will commence in Mumbai, Maharashtra, with on-the-ground education sessions for a group of mothers.

iii. In addition to the on-ground education initiative, employees of Bharti AXA Life Insurance contribute to this initiative by voluntarily educating their mother, house helps, and other family members the fundamentals of financial planning.

About Bharti AXA Life Insurance:

MD & CEO – Parag Raja

Establishment – 2006

Headquarters – Mumbai, Maharashtra

Bank Of Maharashtra Launches Range of Digital Products

The **Bank of Maharashtra (BoM)**, a public sector bank, has introduced a series of digital products, including Mahabank Leads, Digital Mahabank Kisan Credit Card (MKCC), Virtual Visiting Card (V-Card), and others, with the goal of strengthening its digital channels and improving customer convenience.

Understanding the Digital Platforms

- 'Mahabank Leads' is an application for enhanced customer engagement and direct sales of various loan products.
- The 'Mahabank Kisan Credit Card' (MKCC) digital facility aims to provide farmers with adequate and timely credit support through a simple digital experience.
- A 'V-card' is a virtual visiting card that allows BoM employees to keep their visiting cards on fingertips and access them on the go, fostering a paperless environment that can be shared with a simple click via WhatsApp.

Key Points:

i. By effectively exploring digital channels, the BoM intends to be among India's top three banks in terms of efficiency.

ii. The bank has also launched applications to improve procedural efficacy, such as a TAT (turnaround time) monitor, private cloud, marketing kit, customer handbook, and collection application.

iii. The bank anticipates a significant boost in its efforts to capture the evolving digital business and to establish a robust digital ecosystem with the purpose of providing a smooth and hassle-free digital journey.

About Bank of Maharashtra (BoM):

MD & CEO – A S Rajeev

Establishment – 16 September 1935

Headquarters – Pune, Maharashtra

Tagline – Ek Parivaar, Ek Bank (One Family One Bank)

SEBI Grants Recognition to NDML As an Accreditation Agency

The Securities and Exchange Board of India (SEBI) has given **NSDL Database Management Limited (NDML)**, a wholly owned subsidiary of National Securities Depository Limited (NSDL), recognition as an accreditation agency for a term of three years, with effect from May 10, 2022.

- The recognition was granted under Regulation 2(1) (aa) of the SEBI (Alternative Investment Funds) Regulations 2012, and its renewal is subject to satisfactory performance by NDML.

Previously, in August 2021, SEBI introduced the framework for '**Accredited Investors**' in the Indian Securities Market.

- An accreditation agency issues an accreditation certificate to investors requesting accreditation.
- The accreditation agency will be in charge of verifying applicants' documentation, processing applications on time and issuing accreditation certificates, maintaining data on accredited investors, and verifying accreditation status.

Accredited Investors Framework:

i. Under the Accredited Investors framework, accredited investors may benefit from flexibility in the minimum

investment amount (lower ticket size) or concessions from specific regulatory requirements applicable to investment products.

- It is subject to the terms and conditions that apply to certain products or services.
- The investment providers include Alternative Investment Funds (AIFs), Portfolio Management Services (PMS) and investment advisors.

ii. According to the norms, a person will be identified as an accredited investor based on their net worth or income.

- Individuals, Hindu Undivided Families (HUFs), family trusts, sole proprietorships, partnership firms, trusts and body corporates can get accreditation based on financial parameters specified by SEBI.

iii. Earlier, SEBI had granted recognition as an accreditation agency to BSE Administration and Supervision Ltd (BASL), a wholly owned subsidiary of BSE Ltd and CDSL Ventures Limited (CVL), a wholly owned subsidiary of Central Depository Services (India) Limited (CDSL) for a period of three years with effect from February 1, 2022. [Click here to read more about the eligibility Criteria.](#)

About Securities and Exchange Board of India (SEBI):

Chairperson – Madhabi Puri Buch

Establishment – 12 April 1992

Headquarters – Mumbai, Maharashtra

MoS for Home Affairs Ajay Kumar Mishra Launches 'Repco Subhiksham' Special Schemes of REPCO Bank & App For RFML

Ajay Kumar Mishra, Union Minister of State (MoS), Ministry of Home Affairs (MoHA), has launched special schemes of Repatriates Cooperative Finance and Development Bank Ltd., (REPCO Bank) and Repco Micro Finance Limited (RFML) in Chennai, Tamil Nadu.

The schemes include a New Repatriate Welfare Scheme, "Repco Subhiksham"—a special deposit scheme for senior citizens & super senior citizens, a microfinance loan scheme, and an app for Repco Micro Finance Ltd. (RFML).

Special Schemes:

i. Repco Subhiksham: A Special scheme of Fixed deposits for Senior Citizens (above 60 years of age) and Super Senior Citizens (above 80 years of age) to earn income from their savings. This scheme is valid up to 30.09.2022. The features of the schemes are:

- Eligibility – All Senior and Super Senior Members customers
- Period – 15 Months
- Rate Of Interest – 7.15 % per annum for Senior Citizens & 7.25 % per annum for Super Senior Citizens.
- Interest Payable – Monthly/Quarterly /On Maturity [Simple Interest]
- The scheme offers a loan on deposit, with pre-closure charges similar to fixed deposit charges.

ii. Repatriate Youth Development Scheme: It is open to 'A' class repatriate members from Myanmar or Sri Lanka, as well as their family members. The sponsorship amount is capped at Rs. 25,000, and applicants must be aged between 18 years and 35 years.

iii. Repco Mahila Samridhhi Scheme: It is a scheme for Self-Help Groups (SHGs) and it intends to assist income creation for the underprivileged segments. Women with a household income of up to Rs. 3 lakhs will be eligible for a no-collateral loan. The loan amount would range from Rs. 50,000 to Rs. 2.5 lakhs.

About Repatriates Cooperative Finance and Development Bank Ltd., (REPCO Bank):

Repco Bank was registered as a cooperative society under the Union Ministry of Home Affairs with the primary objective of rehabilitation of repatriates from Myanmar and Sri Lanka.

MD – R.S. Isabella

Establishment – 1969

Headquarters – Chennai, Tamil Nadu

Worldline India & Bank of India Partners to Digitise E-Challan Collections for MP Police

Department

The **Bank of India** (BoI), a public sector bank and **Worldline India**, a global leader in payment services, have teamed to digitise e-challan collections for the Madhya Pradesh (MP) Police Department.

The BOI and the MP Police Department, Government of India (GoI), inked a Memorandum of Association (MoA) to integrate POS terminals with the police department's e-challan portal.

- The MoA was exchanged between G. Janardhan, ADG, PTRI, MP Police, GoI and Lokesh Krishna, GM, Bank of India in Bhopal, Madhya Pradesh.

What is E-challan?

An E-challan is an electronically generated challan (Online Generated System Challan) and is handled through the Electronic Challan System.

- A challan is a payment that citizens must make if they violate any traffic rules set forth by the traffic department.

Features:

i. The Bank of India has provided the MP Police Department with around 600 Worldline Android Terminals to facilitate e-collection through credit and debit cards.

- This initiative will encompass three zones, namely Jabalpur, Rewa, and Shahdol, covering 12 districts in MP.

ii. This initiative would allow the MP Police to take online challan payments on the go, providing people with convenience. Residents of Madhya Pradesh can also use Bank of India POS terminals powered by Worldline to settle their challan payments instantly.

iii. This initiative will assist the MP police in thoroughly monitoring all collections, ensuring transparency in the ecosystem, increasing resident confidence, and acting as a deterrent to reduce accidents.

iv. The Bank of India plans to provide all types of banking services through this collaboration with the MP Police Department by leveraging its extensive presence of over 500 bank branches in MP and Chhattisgarh.

About Bank of India (BoI):

MD & CEO – Atanu Kumar Das

Establishment – 7 September 1906

Headquarters – Mumbai, Maharashtra

Tagline – Relationship Beyond Banking

Union Bank of India launches Online Platform 'Trade nxt' for Export-Import Transactions

The Union Bank of India (UBI) has launched an online platform, 'Trade nxt', which enable corporate, and MSMEs (Micro, Small & Medium Enterprises) to transact all cross-border export-import transactions from the comfort of their place, i.e. eliminates the need for companies to visit a bank branch for the same.

- It is a 24/7 safe and secure solution.

Key Points:

i. It offers seamless entry and processing of letters of credit (LC), bank guarantees, export/import bills, disbursement of export credit, outward & inward remittances, dealer financing etc.

ii. 'Trade nxt' platform will also enable the regulatory online auto reporting through Import Data Processing & Monitoring System (IDPMS), Export Data processing & Monitoring System (EDPMS) and other statutory reporting to Overseas Direct Investment (ODI)/ Foreign Direct Investment (FDI)/ Liberalised Remittance Scheme (LRS) which will make the process much more convenient.

[Click here for official Notification](#)

Points to be noted:

i. The Ministry of Electronics & Technology (MeitY) recently felicitated UBI for achieving highest percentage of digital payments transactions under the category of large and medium banks at Digital Payment Utsav.

ii. UBI also became **first public bank** to go live on Account aggregator (AA) ecosystem.

About Union Bank of India (UBI):

Managing Director & CEO– Rajkiran Rai G

Merged Banks– Andhra Bank, and Corporation Bank

Headquarters– Mumbai, Maharashtra

Tagline– Good People to Bank with

Exim Bank to Provide USD 190 Million LoC Backed by GoI to Mauritius for Metro Express & Infrastructure Projects

The **Export-Import Bank of India** (Exim Bank) has entered into an agreement with the SBM (Mauritius) Infrastructure Development Company Ltd. (SBMIDCL) to provide the latter with a USD 190 million Government of India (GoI)-backed Line of Credit (LoC).

The agreement was made for the purpose of financing Exim Bank's participation in the ongoing Metro Express Project and other infrastructure projects in Mauritius through Redeemable Preference Shares in public sector entities.

- The Agreement under the LoC has become effective from April 18, 2022.
- The credit facility is an addition to SBMIDCL's existing USD 500 million credit line, which was extended under the terms and conditions of the Dollar Credit Line Agreement dated May 27, 2017.

Terms Of the Agreement:

i. Exports of eligible goods and services from India, as specified by the agreement, would be permitted if they were eligible for export under the Indian government's Foreign Trade Policy and whose purchase could be agreed to be financed by the Exim Bank.

- The seller must supply goods and services worth at least 75% of the contract price from India to qualify for Exim Bank's total credit under the agreement.
- The remaining 25 % of goods and services may be procured by the seller for the purpose of the eligible contract from outside India.
- Meanwhile, Indian content will account for 30% of the contract price for the Metro Express Project in Mauritius.

ii. The terminal utilisation period under the LoC is 60 months from the project's scheduled completion date.

iii. According to instructions issued by the Reserve Bank of India (RBI) from time to time, shipments under the LoC must be notified in an Export Declaration Form.

iv. Under the above LoC, no agency commission is payable for export. If necessary, the exporter may use his own funds or balances in his Exchange Earners' Foreign Currency Account to pay commissions in free foreign exchange.

v. The directions were given under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

About Export-Import Bank of India (Exim Bank):

Export-Import Bank of India is the premier export finance institution of India.

MD – Harsha Bangari

Founded – 1982

Headquarters – Mumbai, Maharashtra

India Contributes USD 800,000 To Promote Hindi Language At UN

The government of India has contributed **USD 800,000** to the United Nations (UN) as part of the initiative which aims to enhance public outreach of the organisation in Hindi.

R Ravindra, India's Deputy Permanent Representative to the United Nations, handed over a cheque for the '**Hindi @ UN**' project to Mita Hosali, Deputy Director and Officer-In-Charge (News and Media Division), UN Department of Global Communications (DGC).

- The project was launched by India in 2018 in collaboration with the UN Department of Public Information to disseminate information about the UN to the Hindi-speaking population across the world.

- Since 2018, India has been partnering with the UN DGC by providing an extra-budgetary contribution to mainstream news and multimedia content of DGC in Hindi.

Morgan Stanley cuts India's FY23 growth forecast to 7.6%

Morgan Stanley downgraded India's growth forecast to 7.6% from 7.9% for FY2023 amid slowdown in global growth, higher commodity prices and risk aversion in global capital markets.

- This 7.6% forecast is a baseline forecast for India while its bearish and bullish growth projections are **6.7%** and **8%**, respectively.
- For FY24, it lowered its growth forecast to **6.7%** from 7% estimated earlier.
- However, Indian economy will expand at above pre-pandemic growth rates in FY23 and FY24.
- On global front, it projected a growth at **2.9%** in calendar year 2022 as compared to 6.2% growth in 2021.

Key Points:

i. The rising geopolitical tension, and increasing commodity prices are also one of the reasons behind this decline.

ii. Earlier, Reserve Bank of India (RBI) has revised downwards its growth projection for FY23 to 7.2% from 7.8%.

iii. World Bank (WB) also slashed its FY23 growth forecast for India to 8% from 8.7% estimated in January 2022.

iv. Within Asia, India would be the economy which will be most exposed to upside risks to inflation.

v. CPI (Consumer Price Index) inflation is expected to be 6.5% for FY23.

vi. The current account deficit to widen to a 10-year high of 3.3% of GDP (Gross Domestic Product) in FY23.

SpiceJet And Axis Bank Launch Co-Branded Credit Card

SpiceJet, an Indian low-cost airline, has partnered with **Axis Bank**, India's third largest private sector bank, to launch the most lucrative co-branded credit cards, which are available in 2 variants: **SpiceJet Axis Bank Voyage and Voyage Black**. It will be powered by Visa and will provide customers with a variety of privileges and benefits.

In the presence of Ajay Singh, Chairman and MD of SpiceJet, and Amitabh Chaudhry, MD and CEO of Axis Bank, the credit cards were officially launched at Indira Gandhi International Airport in Delhi, where they unveiled a special SpiceJet-Axis Bank credit card livery aboard a SpiceJet Boeing 737 MAX aircraft.

- It aims to provide travellers with an exceptional travel experience through SpiceClub, India's first frequent flyer Program by a low-cost carrier.

Highlights:

i. The products are designed to allow users to utilize their daily spending rewards to book flights and add-ons, encouraging both travel and digital payments while also incorporating SpiceJet's SpiceClub frequent flyer club benefits.

ii. The Voyage Black credit card, which is a top-tier offering in the travel credit card segment, offers customers up to 7% in rewards.

- Furthermore, there are no blackout periods or festival demand restrictions on the redemption of earned points, and it is done on a first-come, first-served basis.

iii. Cardholders will receive an exclusive SpiceClub membership with direct entry into the silver or gold tiers, and special benefits like complimentary or discounted travel add-ons, priority check-in, SpiceMax upgrade, preferred seat selection, complimentary meals, and more.

About Axis Bank:

MD & CEO – Amitabh Chaudhry

Establishment – 1993 (Began Operation- 1994)

Headquarters – Mumbai, Maharashtra

Tagline – Badhti Ka Naam Zindagi

PAN Or Aadhaar Made Mandatory for Cash Deposits or Withdrawals Above Rs 20 Lakh

The Indian government has made the requirement of a Permanent Account Number (PAN) or Aadhaar number mandatory for deposits or withdrawals of Rs. 20 lakh or more in a fiscal year, or for creating a current account. On May 10, 2022, the Central Board of Direct Taxes (CBDT) issued a notification in this regard called [the Income-tax \(Fifteenth Amendment\) Rules, 2022](#). The new regulations will take effect from May 26, 2022. The move is likely to aid the Income Tax Department in monitoring high-value cash transactions, deposits, and withdrawals where the individual would not otherwise pay tax on his or her income.

PAN or Aadhaar will be required for the following transactions under the new rules:

- Cash deposit or deposits aggregating to Rs 20 lakh or more in a financial year, in one or more account of a person with a banking company or a co-operative bank or a Post Office;
- Cash withdrawal or withdrawals aggregating to Rs 20 lakh or more in a financial year, in one or more account of a person with a banking company or a co-operative bank or a Post Office;
- Opening of a current account or cash credit account by a person with a banking company, a co-operative bank, or a post office.

New Rules:

- i.** Banks, post offices, and co-operative societies would be required to report deposits and withdrawals aggregating to Rs 20 lakh or more in a financial year.
 - PAN is currently required for cash deposits of Rs 50,000 or more per day. With these rules, a threshold of Rs 20 lakh has been set for the entire financial year.
- ii.** For the purposes of authentication referred to in section 139A, an individual's PAN or Aadhaar number, along with demographic information or biometric information, shall be submitted to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), or the person authorized by either with the approval of the Board.
 - It also stipulates that anyone intending to make these transactions apply for a PAN at least seven days before the transaction date.

How will this benefit the tax department?

- i.** The prerequisite of obtaining a PAN for deposits and withdrawals would aid the government in tracking movement of cash in the financial system.
- ii.** These guidelines are likely to close more loopholes, in addition to the existing provision of Tax Deduction at Source (TDS) under Section 194N of the Income-tax Act, 1961.
 - Section 194N was introduced in Union Budget 2019 for Tax Deduction at Source (TDS) on cash withdrawals exceeding Rs 1 crore.
 - The TDS threshold limit under Section 194N was reduced to Rs 20 lakh in Budget 2020 for taxpayers who had not filed their income tax returns for the past 3 years.
- iii.** The interchangeable Aadhaar-PAN provision in the rules would allow a bank or financial institution to seek Aadhaar if an individual stated that he or she did not have a PAN.
 - The Finance Act, 2019, made PAN and Aadhaar interchangeable. Every person who is required to provide, intimate, or quote his PAN under the Income Tax Act and who has not been assigned a PAN but has an Aadhaar number may provide, intimate, or quote his Aadhaar in lieu of a PAN.

About Aadhaar:

Aadhaar is a Unique Identification number (UID) issued by the Unique Identification Authority of India (UIDAI), which is a statutory authority established under the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 ("Aadhaar Act 2016").

UIDAI was established on 12 July 2016 by the Government of India, under the Ministry of Electronics and Information Technology (MeitY).

- The Aadhaar Act 2016 has been amended by the Aadhaar and Other Laws (Amendment) Act, 2019.

India remains World's Top Remittance Recipient in 2021: World Bank

The World Bank (WB) has released a report titled 'Migration and Development Brief 36, May 2022: A War in a Pandemic: Implications of the Ukraine crisis and COVID-19 on Global Governance of Migration and Remittance Flows'. In accordance to this, India has emerged as the largest remittance receiving country globally in 2021 worth **\$89.4 billion** as compared to **\$82.73 billion** in 2020.

- It is followed by **Mexico** at 2nd place and **China** at 3rd, **Philippines** (4th), and **Egypt** (5th).
- The Migration and Development Brief reports are an update on migration and remittance flows as well as salient policy developments in the area of international migration and development.

Key Points:

i. Though India retained its position as the top recipient of remittances globally, however, in comparison to its economy, remittances accounted for only **3% of GDP** (Gross Domestic Product) in 2021.

ii. For 2022, India's remittances are expected to grow at 5%.

iii. For 2023 too, India's, remittances are projected to grow 5%.

iv. The region of South Asia saw 7% gain in remittances to **\$157 billion** in 2021.

v. Globally, the average cost of sending **\$ 200** was 6% but it was the cheapest to send money to South Asia (4.3%) and most expensive to send to Sub-Saharan Africa (7.8%).

vi. The remittance flows to Low-and Middle-Income Countries (LMICs) saw a growth of 8.6% during 2021, when remittance flows reached \$605 billion, exceeding the WB's estimates.

- In total, remittance flows to LMICs are expected to increase by 4.2% to reach \$ 630 billion in 2022.

vii. Bangladesh was the 7th highest recipient of remittance from abroad in 2021.

[Click Here for Official Link](#)

About World Bank (WB):

President- David Malpass

Headquarters- Washington, DC, United States

Member Countries- 189(including India)

Frauds in PSBs dip over 51% to Rs 40,295 cr: RBI Data

In accordance with the Reserve Bank of India (RBI) data on frauds reported by the 12 Public Sector Banks (PSBs) in all categories during FY22, there is over 51% dip in the amount involved in frauds to **Rs 40,295.25 crore** during FY22 as compared to Rs 81,921.54 crore in FY21.

- However, the pace of fraud cases was declined to 7,940 in FY22 as compared to 9,933 incidents reported in FY21.
- This information was provided by RBI in response to an application under the Right to Information (RTI) Act, filed by Madhya Pradesh-based RTI activist Chandrashekhar Gaur.

Key points:

i. The highest amount in fraud cases was reported by the **Punjab National Bank** (PNB) worth Rs 9,528.95 crore involving 431 such incidents.

ii. Among the incidents of a large number of small value frauds, **State Bank of India** (SBI) reported maximum frauds worth Rs 6,932.37 crore in 4,192 cases.

iii. Among the transactions of high value frauds, **Canara Bank** reported frauds worth Rs 3,230.18 crore in just 90 cases.

Table showing PSBs' Fraud Data:

PSBs	No. of Fraud Cases	Amount (Rs/crore)
Punjab National Bank (PNB)	431	9,528.95
State Bank of India (SBI)	4,192	6,932.37
Bank of India (BOI)	209	5,923.99
Bank of Baroda (BOB)	280	3,989.36

Union Bank of India (UBI)	627	3,939
Canara Bank	90	3,230.18
Indian Bank	211	2,038.28
Indian Overseas Bank	312	1,733.80
Bank of Maharashtra (BoM)	72	1,139.36
Central Bank of India (CBI)		773.37
UCO Bank	114	611.54 crore
Punjab & Sind Bank	159	455.04

About Reserve Bank of India (RBI):

Establishment – 1st April 1935

Headquarters – Mumbai, Maharashtra

Governor – Shaktikanta Das

Deputy Governors – Mahesh Kumar Jain, Michael Debabrata Patra, T. Rabi Sankar, M. Rajeshwar Rao

World Bank Sanctions USD 350 Million Aid For SRESTHA-Gujarat Project

The **World Bank** has approved USD 350 million in funding for the **Systems Reform Endeavour for Transformed Health Achievement in Gujarat (SRESTHA-G)** project's implementation.

- The SRESTHA-G project will be worth USD 500 million, with the World Bank contributing USD 350 million. The project will encompass the transformation of key health delivery systems in Gujarat.

Gujarat Chief Minister Bhupendra Patel approved the SRESTHA-G project, after which the proposal was forwarded to the Union Finance Ministry.

- The Gujarat government will implement the programme through the Health and Family Welfare Department (HFWD).

Key Points:

i. The Program Development Objective is to improve service delivery in Gujarat by improving primary health care quality, equity, and comprehensiveness, improving service delivery models for adolescent girls, and increasing disease surveillance system capacity.

ii. Gujarat's health sector has a clear mission: to extend life expectancy through various health and medical care measures, contributing to overall improvement in Gujarat's Human Development Index to a level equivalent to developed countries

- The SRESTHA-G will support the Government of Gujarat's aim to advance human capital gains.

About World Bank:

Together, International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) make up the World Bank.

- The **World Bank Group** consists of five development institutions: IBRD, IDA, International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) & International Centre for Settlement of Investment Disputes (ICSID).

President of World Bank Group – David Malpass

Establishment – 1944

Headquarters – Washington, DC, United States of America (USA).

SEBI notifies rules to Strengthen Regulatory Framework for CIS

The Securities and Exchange Board of India (SEBI) has amended **Collective Investment Scheme (CIS)** regulations, 1999 which have not been reviewed since their first notification in 1999. Under this, there is enhancement in net worth criteria and track record requirements for entities managing such schemes.

- These new guidelines will strengthen the regulatory framework for CIS.

Key Amendments:

- i.** SEBI has mandated a minimum of 20 investors and a subscription amount of at least Rs 20 crore for each CIS.
 - Currently, CIS rules do not mandate minimum number of investors, maximum holding of a single investor or minimum subscription amount.
 - No single investor will hold more than 25 per cent of the assets under management of such schemes.
- ii.** SEBI has also put a cap on cross-shareholding in **Collective Investment Management Company (CIMC)** to 10% to avoid conflict of interest.
 - These rules will also empower the CIMCs to effectively discharge their responsibilities towards the investors.
- iii.** CIS will not be open for subscription for more than 15 days. At present, this limit is for 90 days.
 - However, the scheme may be kept open for subscription for a maximum of another 15 days subject to issuance of a public notice by the CIMC before the expiry of initial 15 days.
- iv.** SEBI has rationalized fees and expenses to be charged for the scheme. Also, unit certificates against acceptance of application will be allotted as soon as possible but not later than 5 working days from the date of closure of the initial subscription list.

Eligibility:

- i.** The applicant should have been carrying out business in the relevant field in which CIS schemes are proposed to be launched, for a period of **at least 5 years**; net worth should be positive in all the immediately preceding five years and should **have profits in three** out of the five years.
- ii.** CIMCs are required to have a minimum net worth of **Rs 50 crore** as compared to the present requirement of Rs 5 crore.
- iii.** The applicant has a net worth of not less than Rs 50 crore on a continuous basis: Provided that the applicant shall have a net worth not less than Rs 100 crore till it has profits for five consecutive years.

About CIS:

CIS is a pooled investment vehicle in closed-ended investment space and the units of the schemes are listed on an exchange. The structure of CIS is a two-tier i.e. two entities involved in the process — the **CIMC and trustees**.

- CIMC is created to float and manage a CIS and the trustee is appointed as guardian of the funds and assets

PNB MetLife Launches India's 1st Dental Health Insurance Plan; AXA To Launch India's 1st Mental Health Insurance in Indian Group Policies

PNB MetLife India Insurance Company Limited (**PNB MetLife**) has launched India's first dental health insurance plan. Similarly, AXA France Vie's India division, with its Indian insurance partners, is set to launch India's first-ever mental health insurance cover in its group policies.

PNB MetLife-India's First Dental Health Insurance Plan

PNB MetLife India Insurance Company Limited (**PNB MetLife**), a private insurer, has launched a dental health insurance plan. This is India's first insurance plan to cover fixed-benefit outpatient expenses as well as provide financial assistance with costs associated with general dental health.

- It's a one-of-a-kind standalone dental health insurance plan that covers significant dental procedures without requiring hospitalisation.

Highlights:

- i.** PNB MetLife's new Dental Care Plan will assist customers in managing their dental health.
- ii.** PNB MetLife has partnered with more than 340 dental clinics across India, including Clove Dental and Sabka Dentist, two of India's largest dental clinic chains, with locations in important cities where policyholders may take advantage of their benefits in full.

AXA To Launch India's 1st Mental Health Insurance in Indian Group Policies

AXA France Vie's India division, with its Indian insurance partners, is set to launch India's first-ever mental health insurance cover in its group policies.

- The mental health insurance would cover up to Rs 1 lakh for hospitalisation and Rs 25,000 for virtual consultations with therapists, psychiatrists, and life coaches, among others.

The cover would also provide free mental health assessment tests, as recommended by the World Health Organization (WHO).

Free Mental Health Helpline:

Arjun Ram Meghwal, Minister of State for Parliamentary Affairs and Culture, launched a free mental health helpline run by AXA France Vie's India division and the Manas Foundation, a Delhi-based non-governmental organisation.

- The 24X7 PAN India Helpline will offer mental health help and counselling from counsellors and psychologists. Anyone can call "080 6909 6909" at any time and receive free assistance from this helpline.

About PNB MetLife India Insurance Company Limited (PNB MetLife):

MD & CEO – Ashish Kumar Srivastava

Established in India – 2001

Headquarters – Mumbai, Maharashtra

India's Forex Reserves fall by \$28.05bn in September-March 2022: RBI's 38th Report on Management of Foreign Exchange Reserves

The Reserve Bank of India (RBI) released the '38th half-yearly report on Management of Foreign Exchange Reserves: October 2021-March 2022' stating India's foreign exchange reserves fell by \$28.05 billion in the second half of FY22 i.e. H2FY22.

- India's forex reserves decreased from \$635.36 billion at the end of September 2021 to **\$607.31 billion** at the end of March 2022.
- These reports are prepared half yearly with reference to the position as at end-March and end-September each year.
- During the week ended April 29, the forex reserves had dipped by \$ 2.695 billion to \$597.728. This is the lowest level of India's forex reserves in a year.

What are Foreign Exchange Reserves?

These are assets denominated in a foreign currency that are held by the Central Bank of the country. These may include foreign currencies, bonds, treasury bills, and other government securities.

Key Points:

- i. The total Foreign Currency Assets (FCA) stood at \$540.72 billion as of March 31, 2022.
- ii. Reserves in securities declined to \$363.03 billion by March 2022 compared to \$383.74 billion in September 2021.
- iii. Reserves in deposits with other central banks & Bank of International Settlements (BIS) dropped to \$140.54 billion in H2FY22 compared to \$147.86 billion in H1FY22.
- iv. Reserves in deposits with commercial banks overseas fell to \$37.16 billion at the end of March 2022 compared with \$42 billion at the end of September 2021.
- v. **Gold reserves** were at \$42.55 billion; **Special Drawing Rights (SDRs)** at \$18.89 billion; and **Reserve Tranche Position (RTP)** at \$5.14 billion.
- vi. In value terms, the share of gold in the total foreign exchange reserves increased from about 5.88% at the end of September 2021 to about **7.01%** at the end of March 2022.
 - As of March 2022, RBI held 760.42 metric tonnes of gold (including gold deposits of 11.08 metric tonnes). While 453.52 metric tonnes of gold is held overseas in safe custody with the Bank of England and the BIS, 295.82 metric tonnes of gold is held domestically.
- vii. On a Balance of Payments (BoP) basis (i.e. excluding valuation effects), foreign exchange reserves increased by \$63.5 billion during April-December 2021 as compared to \$83.9 billion during April-December 2020.
 - At the end of December 2021, foreign exchange reserves' cover of imports (on BoP basis) declined to **13.1 months** from 14.6 months at end-September 2021.

vii. The net forward asset (receivable) of RBI in the domestic foreign exchange market stood at \$65.79 billion at the end of March 2022.

[Click Here for Full Report](#)

About Reports on Management of Foreign Exchange Reserves:

RBI publishes half-yearly reports on management of foreign exchange reserves as part of its efforts towards enhanced transparency and levels of disclosure.

RBI imposes Rs 59 lakh penalty on KEB Hana Bank

RBI in exercise of powers conferred under the provisions of **Section 47 A (1) (c)** read with sections 46 (4) (i) of the Banking Regulation (BR) Act, 1949, has imposed a monetary penalty of Rs 59 Lakh on KEB Hana Bank for non-compliance of Reserve Bank of India (Interest Rate on Deposits) Directions, 2016.

Key Non-Compliances by KEB Hana Bank:

- i. Interest rates offered on deposits were not consistent and transparent,
- ii. Details of interest rates were not available in the Core Banking System for supervisory review
- iii. Interest rates offered were not uniform for all customers and were discriminatory in nature.

BIAL Collaborates with Kotak Mahindra Bank & Phi Commerce to Provide First-Of-Its-Kind One-Stop Payment Solution

Bangalore International Airport Limited (**BIAL**), the operator of **Kempegowda International Airport, Bengaluru (BLR Airport) in Karnataka**, has launched an innovative omnichannel payment solution across the airport ecosystem in collaboration with Kotak Mahindra Bank Limited (“KMBL”/“Kotak”) and Phi Commerce Pvt Ltd. (Phi Commerce).

The facility is created with the intention of providing customers with a seamless payment experience. This is the first time any Indian airport has adopted such an initiative.

Key Points:

- i. The one-stop payment solution, designed specifically for the airport will provide a secure, scalable, and unified payment experience across the airport.
- ii. The solution will enable B2B (business to business) and B2C (business to consumer) payments in both online and offline channels.
- iii. It will make transactions easier at the domestic terminal, international terminal, airport city, concert arena, airport hotels, retail, recreation, dining, and entertainment (RDE) destinations, airport parking, cargo, and BIAL subsidiaries.

Note:

- Kempegowda International Airport, Bengaluru (BLR Airport) in Karnataka is the busiest airport in South India and the third busiest in India.
- It has the unique distinction of being the first Greenfield Airport in India, established on a Public-Private Partnership (PPP) model. It commenced operations on May 24, 2008.

About Bangalore International Airport Limited (BIAL):

It was established under the Companies Act of 1956 to build, own, and operate the Kempegowda International Airport in Bengaluru (BLR Airport) for a 60-year concession period.

MD & CEO – Hari K Marar

Incorporation – January 2001

Headquarters – Devanahalli, Bengaluru, Karnataka

IIFL Home Loan Partners with ADB To Provide Green Affordable Home Loans in Telangana, Andhra Pradesh By 2025

IIFL Home Finance Limited (**IIFL HFL**) organized the 9th chapter of its flagship event ‘Kutumb’, with the theme ‘Andhra Pradesh and Telangana – Urgent Need for Green Affordable Housing’—the 3rd event in collaboration with the Asian Development Bank (**ADB**).

- This initiative would promote green affordable housing in Andhra Pradesh (AP) and Telangana (TS), with a goal of Rs. 7,200 crores in home loans by 2025.
- It aims to raise awareness about the importance of building climate-resilient housing that is also cost-effective and energy efficient.

The event was held in a hybrid format at Hyderabad (TS), Vijayawada (AP), Visakhapatnam (AP), Rajamahendravaram (Rajahmundry) in AP, and Nellore (AP).

What is Kutumb?

Kutumb is a knowledge ecosystem developed by IIFL Home Loan to promote green affordable housing in India and provide a better understanding of the available green design, rating, and financing options.

Key Points:

i. IIFL HFL has disbursed a total loan of over Rs. 2,448 crores in both Andhra Pradesh and Telangana (over Rs. 1,491 crores in TS and Rs. 956 crores in AP) until March 31, 2022, with over 85 branches in both states.

- By 2025, IIFL HFL aims to disburse more than Rs. 7,200 crores in home loans in Andhra Pradesh & Telangana (over Rs. 4,320 crores in AP & Rs. 2,880 crores in TS).

ii. It has funded over 645 Beneficiary-Led Construction (BLC) units in AP with a loan disbursement of more than Rs. 12 crores.

- BLC is a centrally-sponsored scheme that provides up to Rs 1.5 lakh per house in assistance to eligible families from the Economically Weaker Sections (EWS) to either build new houses or improve existing ones.

About IIFL Home Finance Limited (IIFL HFL):

It is a wholly owned subsidiary of IIFL Finance Limited, one of India's largest non-banking financial companies (NBFCs), and a National Housing Bank (NHB) registered housing finance company.

Executive Director (ED) & CEO – Monu Ratra

Commenced Operation – 2009

Headquarters – Gurugram, Haryana

KVG Bank won 6 National Awards from PFRDA for APY enrollment

Karnataka Vikas Grameena (KVG) Bank, the leading regional rural bank, headquartered in Dharwad, Karnataka, has won **6 national awards** from Pension Fund Regulatory and Development Authority (PFRDA) in different categories for outstanding achievement under enrolment of Atal Pension Yojana (APY).

On 13th May 2022, P Gopi Krishna, Chairman of KVG Bank received the awards from Supratim Bandyopadhyay, Chairman, PFRDA, at the Summit "Atal Pension Yojana Felicitation and Strategy Review Program" held in Chennai, Tamil Nadu.

- PFRDA regulates the flagship Atal Pension Yojana (APY) and the National Pension System (NPS).

Key People:

Ananta Gopal Das (AG Das), Executive Director PFRDA, Deepak Mohanty, a whole-time member of the PFRDA and others were present during the event.

Key Points:

i. The KVG Bank has enrolled 264817 accounts (cumulative) under the APY and in the last Fiscal year 2021-2022, the KVG Bank has enrolled 58603 accounts.

ii. The bank is also playing a vital role in implementing the 3 social security schemes of the Government of India (GoI): Pradhan Mantri Suraksha Bima Yojana (PMSBY); Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY).

About Atal Pension Yojana (APY):

i. Atal Pension Yojana (APY) was launched on 9th May 2015 to create a universal social security system for all Indians, especially the poor, the underprivileged and the workers in the unorganised sector.

ii. APY is open to all bank account holders in the age group of 18 to 40 years and the contributions differ, based on the pension amount chosen.

iii. The subscriber of APY would receive a guaranteed minimum monthly pension of Rs. 1000 or Rs. 2000 or Rs.

3000 or Rs. 4000 or Rs. 5000 at the age of 60 years.

About Karnataka Vikas Grameena (KVG) Bank:

Chairman- P Gopi Krishna

Headquarters- Dharwad, Karnataka

CCI Approved Acquisitions of Equity in Magma HDI by Sanoti Properties & by Serum Institute Life Sciences in Biocon Biologics

The Competition Commission of India, Government of India has approved the acquisition/merger of two proposed deals –

- Acquiring Majority Stake in Magma HDI General Insurance by Sanoti Properties LLP.
- Merger of Cloudshield Technologies Private Limited with Biocon Biologics by Serum Institute of Life Sciences.

CCI Approves Deal for Acquiring Stake in Magma HDI

The Competition Commission of India (CCI) has approved the acquisition of a **55.39** percent stake in the Magma HDI General Insurance Company Limited by Sanoti Properties LLP under Section 31(1) of the Competition Act, 2002.

- The deal would involve buying shares of Magma HDI held by certain shareholders such as Poonawalla Fincorp Limited and Serum Institute of India Private Limited.

Reason for acquisition:

i. The proposed deal is being undertaken in order to ensure the compliance with mandatory regulations of the Insurance Regulatory and Development Authority of India (IRDAI).

Ministry of Finance Announces New Government Guarantee Policy

The **Ministry of Finance** (MoF) has announced a new **Government Guarantee Policy** (GGP), which replaces a 12-year-old policy and intends to incorporate all changes in General Financial Rules (GFR) and financial policies.

The need for a new GGP has become essential as the volume of sovereign guarantees undertaken during a financial year is capped under the Fiscal Responsibility and Budget Management (FRBM) Act of 2003.

- The Act states that the Central Government will not provide guarantees aggregating to an amount more than 0.5 % of GDP in any financial year.

How Does the Process Function?

i. The Ministries/Departments are required to submit an initial proposal using the designated portal and then send a physical copy to the budget division for processing.

ii. Through a guarantee portal, approval or disapproval will be communicated to Ministries and Departments. The Ministry or Department may enter into a guarantee agreement once it has been approved.

iii. The applicable guarantee fee will be paid by the Ministry/Department on the day the agreement is signed and on April 1 of every year afterwards. They will regularly update information in the platform, such as loan drawn and repayments, among other things. In addition, they must provide a review report to the budget division.

Categorisation of Guarantee Fee

i. Based on the risk assessment, the guarantee fee is divided into two categories – Category A & Category B.

- The fee for category 'A' will be 0.5-0.6 % depending on the tenor, while it will be 0.7-0.9 % for category 'B'.

ii. The government guarantee aims to increase the viability of projects or activities carried out by central government entities that have considerable social and economic advantages.

- It also allows the Central Public Sector Undertakings (CPSUs) to raise funds at lower interest rates or on better terms.

iii. Its objective is to achieve the requirement when a sovereign guarantee is required for concessional loans to CPSUs from bilateral or multilateral institutions.

Categories Of Guarantees Provided by The Government

A government guarantee is usually issued in one of five categories.

Category 1: It covers principal and interest repayment guarantees provided to the RBI, other banks, and industrial and financial institutions; cash credit facilities; financing of seasonal agricultural operations; and/or supplying working capital to companies, corporations, cooperative societies, and banks.

Category 2: It establishes guarantees for repayment of share capital, payment of a minimum annual dividend, and repayment of bonds, loans, and debentures issued or raised by statutory corporations and CPSUs.

Category 3: It provides guarantees given in accordance with agreements entered into by the Government of India with international financial institutions, foreign lending agencies, foreign governments, contractors, suppliers, consultants, and others, for repayment of principal, interest, and/or commitment charges on loans, and/or for payment against supplies of material and equipment.

Category 4: These are Counter guarantees to banks in consideration for the banks issuing Letters of Credit or authorisation to foreign suppliers for goods supplied or services delivered.

Category 5: These are related to guarantees issued to railways for prompt and timely payment of dues by central government companies or corporations.

Significant Policy Specifications

i. The policy reiterates that because guarantees create contingent liability, they should be examined in the same way as a loan proposal, taking into account the borrower's creditworthiness.

- It also mandates considering the magnitude of the risks sought to be covered by a sovereign guarantee, the terms of the borrowing, the justification and public purpose to be served, the probability of invocation and the possible costs of such liabilities.

ii. If the entity/organization fails to meet the requirements of the guarantee, the government will be obligated to pay.

About the Ministry of finance (MoF):

Union Minister of Finance – Nirmala Sitharaman (Rajya Sabha – Karnataka)

Departments under the MoF – Department of Expenditure; Department of Economic Affairs; Department of Revenue; Department of Financial Services; Department of Investment and Public Asset Management; Department of Public Enterprises.

NDB Issues CNY 7 billion Bond in China Interbank Bond Market

On May 18, 2022, the **New Development Bank (NDB)** issued a Chinese yuan (CNY) 7 billion bond (about USD 1.04 billion) in the China Interbank Bond Market with a 3-year maturity period.

This is the largest Panda Bond transaction ever issued by a Multilateral Development Bank (MDB).

- Panda Bonds are bonds issued by international issuers denominated in Chinese yuan (CNY) and traded in mainland China's domestic market.

Significance:

Despite the unstable market conditions, the transaction attracted a large number of high-quality investors. The scale of the transaction has established a new standard for high-quality international issuers, particularly MDBs, looking to extend their funding in the world's second-largest bond market and largest local currency market.

Key Points:

i. The NDB will have issued a total of Renminbi (RMB) 30 billion bonds in the China Interbank Bond Market, under its RMB bond programmes, upon completion of the transaction, making it China's largest and most successful MDB issuer.

ii. The net proceeds from the bond sale will be added to NDB's onshore general corporate resources and utilised to finance infrastructure and sustainable development projects in the Bank's member nations.

iii. The lead underwriter for the bond was the Bank of China (BOC). Joint-lead underwriters included the Industrial and Commercial Bank of China, the Agriculture Bank of China, China Construction Bank, China Development Bank, Postal Savings Bank of China, and China International Capital Corporation.

Note:

Renminbi (RMB) is the official currency of China, which means 'people's currency'.

- The term 'Renminbi' refers to the name of the currency while 'yuan' refers to the basic unit of the Chinese currency.

Chinese yuan (CNY) is RMB that is traded on mainland China.

About New Development Bank (NDB):

The BRICS countries — Brazil, Russia, India, China, and South Africa – established the New Development Bank (NDB) to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging market economies and developing countries. All United Nations members are eligible to join the bank.

In 2021, the NDB began expanding its membership by welcoming the United Arab Emirates (UAE), Uruguay, Bangladesh, and Egypt as new members.

President – Marcos Troyjo

Establishment – 2015

Headquarters – Shanghai, China.

UN projects India to grow 6.4% in 2022: S&P cuts FY23 India growth forecast to 7.3%

The United Nations Department of Economic and Social Affairs (UN-DESA) in its '**World Economic Situation and Prospects (WESP) Mid-year Update 2022**' has declined India's GDP (Gross Domestic Product) growth projections from 6.7% to 6.4% for 2022-23.

- For **2023-24**, 6% GDP growth forecasted for India as against 6.1%. In 2021, India economy grew at 8.8%.
- The growth outlook for South Asia is also downgraded by 0.4 percentage points to **5.5%** in 2022.
- The reasons for this decline are Ukraine-Russia Conflict, higher commodity prices and potential negative spillover effects from monetary tightening in the United States (US).

Global Scenario:

i. The world economy is projected to grow by **3.1%** in 2022, down from the 4% growth forecast released in January 2022.

ii. Global inflation is projected to increase to 6.7 per cent in 2022, twice the average of 2.9 per cent during 2010-2020.

Key Points:

i. Higher prices and shortages of farming inputs including fertilizers will negatively impact the agricultural sector in India, Bangladesh, Pakistan, and Sri Lanka.

ii. South Asia's Consumer Price Inflation (CPI) is expected to accelerate to **9.5%** in 2022, from 8.9% in 2021.

iii. South Asia's economic output is projected to expand by **5.5%** in 2022.

iv. The developing countries, as a group, are projected to grow by **4.1%** in 2022, down from 6.7% in 2021.

[Click Here for Official Report](#)**S&P cuts FY23 India growth forecast to 7.3% on rising inflation**

S&P Global Ratings in its **Global Macro Update to Growth Forecasts** also slashed India's growth forecast to 7.3% from 7.8% for FY23 amid rising inflationary pressure and Russia-Ukraine war.

- For FY24, the growth is projected at **6.5%**.

Key Points:

i. Indian economy's GDP estimated a growth of 8.9% in FY22.

ii. CPI or retail inflation in the current fiscal at 6.9%

iii. The World Bank in April 2022 slashed India's GDP forecast for fiscal 2022-23 to 8% from 8.7% predicted earlier, while IMF has cut the projections to 8.2% from 9%.

iv. Asian Development Bank (ADB) has projected India's growth at 7.5 per cent

v. RBI, last month, cut its forecast to 7.2% from 7.8%.

Note:

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Management Anand (IRMA), Gujarat to prepare its rural initiative strategy which will look at consumer behaviour, customer satisfaction, service design, and service delivery.

- Earlier, rural banking was a part of the wider retail branch banking vertical. Now to make the bank future ready, this decision has been taken.

Key Points:

i. Under the rural vertical, bank will build new products and services related to rural transport economy, forest economy, agri economy, and other allied activities. It will act as **one stop shop solution** to small farmers, workers, and traders.

ii. HDFC will open 1,064 branches under the rural banking vertical in FY23 as against 1,000 branches opened in the last two fiscal years.

- At present, the semi-urban and rural areas have 6,342 or 50 per cent of its branches.

iii. In 2021, **Axis Bank** announced the 'Bharat Banking' initiative aimed at the rural segment.

HDFC launches Spot Home Loan offer on WhatsApp

The bank also rolled out a 'Spot Offer' on WhatsApp to provide an in-principle home loan approval to home buyers within two minutes. This 24x7 facility is developed by bank in association with **Cogno AI**, and can be availed by salaried resident Indians.

- To avail the offer, users have to send the message on HDFC's WhatsApp number (+91 9867000000) and provide some basic information, on the basis of which a provisional/conditional home loan offer letter is generated instantaneously.

Volopay partners with Visa to issue their Own Cards in APAC region

Volopay, a Y Combinator-backed corporate cards and payable management company, has joined hands with Visa's Fintech Fast Track Program to offer financial management solutions.

- This Program will allow Volopay to start issuing their own Visa cards to their client businesses in the Asia-Pacific (APAC) region.
- The partnership program was founded by Visa in order to support innovative financial services and solutions.

India recorded Highest ever annual FDI inflow of USD 83.57bn in FY22.

In accordance with the data released by the Department for Promotion of Industry and Internal Trade (DPIIT), India's foreign direct investments (FDI) inflow was increased by 1.95% on-year to the highest ever annual figure of USD 83.57 billion in the FY22 (2021-2022) as compared to \$81.97 billion in FY21. This constituted an '**endorsement**' of India's status among global investors.

- In India, **Singapore** is the top investing country with 27% of the equity inflows. It is followed by the United States (US) with inflows at 18% and Mauritius at 16% in FY22.
- Among states, **Karnataka** is the top recipient state for another year i.e. FY22 with 38% share of the total FDI equity inflows which were maximum in the computer software and hardware sector (35%), automobile industry (20%), and education (12%). It is followed by **Maharashtra** at 26% and **Delhi** at 14%.
- FDI inflow has increased by 23% post-Covid (March, 2020 to March 2022: USD 171.84 billion) in comparison to FDI inflow reported pre-Covid (February, 2018 to February, 2020: USD 141.10 billion) in India.

Key Points:

i. Total FDI includes equity capital of unincorporated bodies, reinvest earnings and other capital.

ii. India's FY22 FDI overtook FY21's FDI by USD 1.60 billion despite military operation in Ukraine and COVID-19 pandemic

iii. Computer Software & Hardware has emerged as the top recipient sector of FDI Equity inflow during FY22 with around 25% share followed by Services Sector (12%), and Automobile Industry (12%).

- Under the sector Computer Software & Hardware, the major recipient states of FDI Equity inflow are Karnataka (53%), Delhi (17%) and Maharashtra (17%) during FY22.

iv.In Manufacturing sector, India is rapidly emerging as a preferred country for foreign investments which has increased by **76%** in FY22 (\$21.34 billion) compared to previous FY21 (\$12.09 billion).

Why is India regarded as the Preferred FDI destination?

In order to keep India an attractive and investor friendly destination, the Central Government reviews the FDI Policy from time to time which results in liberal and transparent guidelines. Most of the sectors are open to FDI under the **automatic route**. Already the Government has undertaken reforms in sectors such as coal mining, contract manufacturing, digital media, single brand retail trading, civil aviation, defence, insurance and telecom.

About Department for Promotion of Industry and Internal Trade (DPIIT):

It works under the aegis of the Ministry of Commerce and Industry (MoCI).

Secretary– Anurag Jain

Headquarters– New Delhi, Delhi

IDBI Bank Divests its Entire 19.18% Stake in ARCIL

IDBI Bank has divested its entire holdings of 6,23,23,800 fully paid-up equity shares constituting 19.18% of the total equity share capital of Asset Reconstruction Company (India) Limited(ARCIL) to Avenue India Resurgence Pte. Limited.

The value of the deal was not disclosed.

HDFC Bank & Retailio Launch Co-Branded Credit Cards for Chemists, Pharmacies

HDFC Bank, one of India's major private banks, has announced the launch of a new range of **co-branded credit cards targeted primarily at chemists and pharmacies** in the merchant segment, in collaboration with **Retailio**, India's largest B2B pharma marketplace.

The partnership aims to provide superior value and improve the customer experience, and it is expected to reach around 1.4 lakh merchants in its first phase.

Key Points:

i.HDFC intends to expand this partnership into the pharmaceutical sector with a customised offering for Retailio merchants such as pharmacies, distributors, and hospitals.

ii.Its objective is to this tie-up to help expand the eco-system of chemists and pharmacies, and to provide a differentiated, tailored experience for clients to satisfy their changing demands. This co-branded project is a step toward recognising the value of pharmacies.

iii. The credit cards will be available to over 1 lakh Retailio customers, including existing merchants and new customers.

- Retailio has a network of over 1,000 healthcare and pharmaceutical companies, 3,000 pharmaceutical distributors, and 1 lakh pharmacies, hospitals, and nursing homes in over 1,000 cities.

iv.The co-branded credit card has benefits such as an interest-free credit period of up to 50 days; reward points on spending and purchases at all merchants; no cost and low-cost EMI options for all credit card customers; and term loan eligibility for business purposes.

About HDFC Bank:

MD & CEO – Sashidhar Jagdishan

Establishment – 1994

Headquarters – Mumbai, Maharashtra

Tagline – We Understand Your World

FDI Equity Inflows marginally down at \$58.77 billion in FY22: DPIIT Data

In accordance with the data from the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry (MoCI) showed, the foreign direct investment (FDI) equity inflows into India contracted marginally by 1 per cent to \$58.77 billion (~ INR 437,188 Crores) during FY22 as compared to \$59.63 billion (~INR 442,569 Crores) during FY21.

- However, total foreign direct investment into India rose by 1.95% to the highest ever \$83.57 billion in 2021-22. [Click Here to Read](#)

Key Points:

i. During 2021-22, Singapore was the top source of FDI into India with USD 15.87 billion worth of investments.

- It was followed by the **United States-US** (\$10.55 billion), **Mauritius** (\$9.4 billion), the **Netherlands** (\$4.62 billion), **Cayman Islands** (\$3.81 billion), and the United Kingdom-UK (\$1.65 billion).

ii. The computer software and hardware sector attracted the highest inflows of \$14.5 billion during FY22. It was followed by services (\$7.1 billion), automobile industry (\$7 billion), trading (\$4.5 billion) construction (infrastructure) activities (\$3.3 billion) and pharma (\$1.4 billion).

PhonePe to acquire WealthDesk, OpenQ for USD 75 million

PhonePe, owned by Walmart Inc-controlled Flipkart group, is set to acquire 2 investment technology platforms, **WealthDesk** (Wealth Technology & Services Private Limited) and **OpenQ** (Quantech Capital Investment Advisors Private Limited) for a total enterprise value of USD 75 million.

- PhonePe will acquire WealthDesk for USD 50 million and acquire OpenQ at USD 25 million. Both the acquisition deals will be a mix of cash and stock.
- In December 2021, PhonePe has applied for a mutual fund license with the Securities and Exchange Board of India (**SEBI**).

SEBI reviews Framework for Debt ETFs and Index Funds; Introduces Passive ELSS Scheme Category for MFs

The Securities and Exchange Board of India (SEBI) reviewed the regulatory framework for passive funds i.e. **Exchange-traded funds** (ETFs), and **Index Funds** through a Working Group (WG) amid growing popularity of such funds as an investment product for retail investors.

Now, on the recommendations of the WG, SEBI has laid down norms for debt ETFs and index funds, its constitution, market making framework for ETFs, investor education and awareness charges, disclosure guidelines and other provisions. These will come into effect from July 1, 2022.

- Notably, the total Assets Under Management (AUM) of index funds, ETFs and fund of funds investing overseas were Rs 5.27 lakh crore as of April, 2022.

Key Norms under the Framework:

i. Debt ETFs or Index Funds could be based on indices comprising corporate debt securities or government securities (G-sec), T-bills (Treasury Bills) and/or state development loans (SDLs). It could also be a combination of corporate debt securities and G-sec/T-bills/SDLs (Hybrid debt indices).

ii. In order to enhance liquidity in units of ETFs on the stock exchange platform, SEBI has decided that direct transaction with AMCs (asset management company) will be allowed for **Rs 25 crore and above**.

iii. Investors can also directly approach the AMC for redemption of units of ETFs above Rs 25 crore without any exit load, in case of certain scenarios.

iv. It also said that the minimum subscription amount at the time of new fund offer (NFO) for debt ETFs/index funds will be **Rs 10 crore**, and other ETFs/index funds will be **Rs 5 crore**.

v. AMCs have to redeem the units if total bid size on the exchange is less than half of creation units size daily, averaged for seven consecutive trading days

vi. AMCs need to appoint at least two market makers (MMs), who are members of the stock exchanges, for ETFs to provide continuous liquidity on the exchange platform.

- vi.** For an index with at least **80%** weightage of corporate debt securities, single issuer limit will be 15% for AAA rated securities; 12.5% for AA rated and 10% for A and below rated securities.
- vii.** For a hybrid index with up to **80%** weightage of corporate debt securities, the limit for AAA rated securities of a single issuer has been set at 10% though such securities by a PSU & PFI issuer can go up to 15%.
- viii.** The index cannot have more than 25% weightage in a particular group (excluding securities issued by PSUs, PFIs and Public Sector Banks).
- ix.** At no point of time the securities of issuers not forming part of an index exceed 20% of the net asset value of the ETF/ Index fund.

SEBI introduces a New Passive ELSS scheme category

SEBI also allowed Mutual Funds (MFs) to launch **Equity-Linked Savings Schemes (ELSS)** to save taxes under **Section 80C** of the Income-tax Act, 1961. ELSS will be passively-managed funds based on an index that comprises top 250 companies in terms of market capitalization.

- However, a fund house can either have an active or a passive ELSS, but not both.

[Click Here for Official Notification](#)

About Securities and Exchange Board of India (SEBI):

Chairperson– Madhabi Puri Buch

Headquarters– Mumbai, Maharashtra

Mahagram Ties Up with IndusInd Bank to Enhance Digital Payments Ecosystem

Mahagram, a rural financial technology (FinTech) company that connects neighbourhood merchants to banking services, has teamed up with **IndusInd Bank** to improve India's digital payments ecosystem.

- In the current fiscal year (2022–23), the partnership intends to enrol 15 million (1.5 crore) small merchants to the Unified Payments Interface (UPI) Quick Response (QR).

The partnership will aid in increasing financial inclusion, promoting socio-economic development, reducing the risks of a shadow economy, and hastening the transition to a cashless society.

Key Points:

i. IndusInd Bank's goal is to play a key role in increasing digital transaction adoption across India, particularly in the rural sector. Digital payments will increase transparency and empower merchants.

- The digital payments ecosystem promotes economic growth while also facilitating customer transactions via mobile phones, making it a safer, easier, and more convenient method of payment.

ii. Although numerous sectors have adapted to technology since the commencement of the digital India campaign in 2015, rural households still lack quick access to deposits and ATMs are not always easily available.

- Mahagram intends to address this by empowering rural women to save money at local kirana stores rather than travelling miles to the nearest bank branch.

iii. Mahagram has recently launched 'GramSevak.com,' a citizen service delivery portal, to provide basic doorstep banking and e-governance services to all citizens in rural and urban areas.

About IndusInd Bank:

MD & CEO – Sumant Kathpalia

Establishment – 1994

Headquarters – Mumbai, Maharashtra

Tagline – We Make You Feel Richer

UCO Bank Signed Co-Lending Agreement with NBFC Paisalo Digital Limited for Agriculture Business

UCO Bank has entered into a co-lending agreement for agricultural business with **Paisalo Digital Limited**, a Non-Banking Financial Company (NBFC).

The co-lending agreement aims to tap into the Rs. 8 lakh crore market for small-ticket loans for the 365 million people who are unbanked and underserved.

Co-Lending Model (CLM)

Under the co-lending model (CLM), banks will be allowed to co-lend with all registered NBFCs, including housing finance companies (HFCs) based on a prior agreement.

- The primary goal of CLM is to increase the flow of credit to the unserved and underserved sections of the economy and make funds available to the ultimate beneficiary at an affordable cost, taking into account the lower cost of funds from banks and the broader reach of NBFCs.

Key Points:

- i. Co-lending is a growing area of priority sector finance, with the Indian government placing a strong emphasis on assisting farmers and other small borrowers, who form the backbone of the Indian economy.
- ii. The partnership will aid UCO bank's agricultural advancements, and it is a win-win situation for both the bank and the Paisalo Digital Limited NBFC, with advantages reaching the bottom of the society.

About UCO Bank:

MD & CEO – Soma Sankara Prasad

Establishment – 1943

Headquarters – Kolkata, West Bengal

Tagline – Honours your Trust

India Post Payments Bank Introduced AePS Issuer Charges

The **India Post Payments Bank (IPPB)**, Department of Post (DoP), Ministry of Communication has introduced issuer charges for the **Aadhaar Enabled Payment System (AePS)**. AePS Issuer transaction charges will be in effect from June 15, 2022.

Aadhaar Enabled Payment System (AePS)

i. AePS is a bank-led model that enables online interoperable financial inclusion transactions at the Point of Sale (MicroATM) using Aadhaar verification through any bank's business correspondent. AePS provides six different transaction types.

- This payment service allows a bank customer to use Aadhaar as his/her identification to access his/her respective Aadhaar-enabled bank account and perform basic banking operations such as balance enquiry, cash deposit, cash withdrawal, and remittances via a Business Correspondent.
- ii. AePS offers banking services such as: Cash Deposit; Cash Withdrawal; Balance Enquiry; Mini Statement; Aadhaar to Aadhaar Fund Transfer; Authentication; BHIM Aadhaar Pay.
- Other services offered by AePS include: eKYC; Best Finger Detection; Demographic Authentication; Tokenization; Aadhaar Seeding Status

India Post Payments Bank (IPPB) AePS charges

i. The monthly first 3 cumulative AePS Issuer transactions, such as cash withdrawal, cash deposit, and mini statement, will be provided free of charge.

ii. Over the free transaction limit, AePS issuer cash withdrawals and cash deposits will be charged Rs. 20 plus GST each transaction, and mini statement transactions will be charged Rs. 5 plus GST per transaction.

iii. A transaction requires simply a customer's bank name, Aadhaar number, and a fingerprint collected during enrolment.

IPPB And DoP Sign Sub-Membership Agreement

IPPB has also entered a sub-membership agreement with the Department of Post (DoP) to facilitate their customers with eligible accounts to make National Electronic Funds Transfer (NEFT)/Real Time Gross Settlement (RTGS) transactions.

- A dedicated IFSC (Indian Financial System Code) 'IPOS0000DOP' has been generated to facilitate inward and outward transactions to and from DoP customer accounts. This code will be used only for transactions in DoP customer accounts.

About India Post Payments Bank (IPPB):

India Post Payments Bank Limited is a public limited company that was established as a Payments Bank under the Companies Act, 2013, and the Banking Regulation Act, 1949. It is completely owned by the Government of

India through the Department of Post under the Ministry of Communication. IPPB is a division of the Indian Post.

MD & CEO – J Venkatramu

Establishment – 2018

Headquarters – New Delhi, Delhi.

Tagline – Aapka Bank, Aapke Dwaar.

BOB Financial & HPCL Launch Co-Branded Contactless RuPay Credit Card

In collaboration with National Payments Corporation of India (NPCI), BOB Financial Solutions Limited (BFSL), a wholly-owned subsidiary of Bank of Baroda (BoB), and Hindustan Petroleum Corporation Ltd. (HPCL), a Central Public Sector Enterprise (CPSE), has launched the **HPCL BoB co-branded contactless RuPay Credit Card**.

Key Points:

- i. The card has a number of advantages, including rewards for utility, grocery, and department store purchases.
- ii. Through the JCB network, an international payment brand based in Japan, this card can be used at shops and ATMs worldwide.
- iii. Customers will be rewarded for spending at HPCL fuel pumps as well as on the HP Pay app using this card.

About BOB Financial Solutions Limited (BFSL):

BFSL is a Non-Banking Financial Company (NBFC) fully owned by the Bank of Baroda (BoB).

MD & CEO – Shailendra Singh

Establishment – 1994

Headquarters – Mumbai, Maharashtra

HDFC Securities Launches Robo-Advisory Platform for Mutual Fund Investments

HDFC Securities has introduced **HDFC Money**, a robo-advisory platform for all mutual fund investments. HDFC Money is a fully digital platform that does not require the opening or maintenance of a Demat Account.

- HDFC Money focuses solely on mutual fund investments, giving investors a variety of choices based on their preferences and risk tolerance.

Apart from mutual funds, users can access, manage, and track portfolios, start goal planning, insurance planning, create E-wills, and manage & file taxes.

The key features of HDFC Money are as follows:

- i. HDFC Money Robo advisory would assist investors in planning and executing with a more defined target while taking risk and tenure into account.
 - To achieve the desired objective, the plan takes into account the mode of investment, such as lump sum, staggered, or a combination over time.
- ii. Customers are onboarded by digitally completing basic know your customer (KYC) documentation, and there are no account opening or maintenance fees charged by the platform.
- iii. Customers can access funds of their choice as well as reports on the performance history of funds, fund manager, and other information such as the last disclosed asset allocation, top sector, and stock holdings through the portal.
 - The e-Will services assist in the creation of a Will regarding the distribution of wealth and other assets.
 - The e-tax returns can be easily filed with HDFC Money by the customer himself or through a chartered accountant.

About HDFC Securities:

HDFC Securities is one of the leading stock broking companies in India and is a subsidiary of HDFC Bank.

MD & CEO – Dhiraj Relli

Founded – 2000

Headquarters – Mumbai, Maharashtra

BRICS's NDB to open India's regional office in Gujarat's GIFT City

New Development Bank (NDB) formerly referred to as the BRICS (Brazil, Russia, India, China, and South Africa) Development Bank, is set to open its regional office in India at the Gujarat International Finance Tec-City (GIFT City), Gujarat, to offer infrastructure and sustainable development needs of India and Bangladesh, contributing to economic growth and sustainable development in South Asia.

- Indian Regional Office (IRO), in coordination with NDB Headquarters (Shanghai), will focus on initial project preparation and technical assistance, pipeline development, project implementation and monitoring as well as regional portfolio management.

SBI introduces Xpress Credit on YONO

The State Bank of India (SBI) has launched the personal loan product 'Xpress Credit' for salaried customers on its digital banking platform "YONO". The eligible customers can avail of personal loans, **Real-time Xpress Credit (RTXC)**, up to Rs 35 lakhs through the YONO app, without any paperwork.

- This will enable the customers to experience a digital, hassle-free and paperless loan process.
- Under the RTXC, the central and state government and defence salaried customers are not required to visit the branch to avail of personal loans. The credit checks, eligibility, sanction and documentation will be done digitally in real-time.

IRDAI Sets up Committees Through GIC to Overhaul Insurance Sector

Insurance Regulatory and Development Authority of India (IRDAI) has formed various committees through the General Insurance Council (GIC) to overhaul the insurance sector. The committees formed through GIC will suggest reforms in the various areas of general, reinsurance and life insurance.

- These committees were set up after new IRDAI Chairman Debasish Panda held an interaction with insurance industry players in April 2022.
- IRDAI has also decided to review areas like reducing the compliance burden for the industry, rationalising investment norms, and others.

About the Committee and Panels:

i. Around 5 committees have been formed to suggest the changes in the general insurance, and non-life insurance and 2 panels to explore the reinsurance segment.

ii. The members of these panels include heads of private and public sector insurance companies, members of IRDAI and representatives from the GIC.

iii. The panels are established to explore the areas of regulation, products, distribution, finance, health, finance, taxation, ease of doing business, and others

Key Points:

i. The representatives of the insurance industry were asked to highlight the issues they face and suggest steps that can be taken. Some recommendations have already been submitted to IRDAI.

ii. These panels would suggest changes that can be made in regulations and legislation which would be considered by IRDAI and the Department of Financial Services.

iii. Loknath Kar, the former ex-legal head of ICICI Lombard and PwC (PricewaterhouseCoopers), was roped in to draft the reports.

Additional info:

GIC is expected to change its compensation structure in order to attract candidates from the private sector for the position of secretary-general, which was held by former heads of public sector insurance companies.

About General Insurance Council (GIC):

GIC has been constituted under section 64C of the Insurance Act, 1938 since 2001 by IRDAI. It is a significant link between IRDAI and the non-life insurance industry.

Secretary-General– Nagaraja Sarma Maddipatla (M N Sarma)

Headquarters– Mumbai, Maharashtra