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# **CLASSES**

# **BANKING**

**July-2022**

**English**

**Part-1**



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**CLASSES**

# Banking, Finance & Economy PDF 2022 - July

## Table of Contents

<b>Banking, Finance &amp; Economy News: July 2022 .....</b>	<b>6</b>
<b>Banking, Finance &amp; Economy Q&amp;A: July 2022 .....</b>	<b>76</b>

# Banking, Finance & Economy News: July 2022

## RBI IN NEWS

### Bank Deposit Growth Moderates to 10% on Year in March 2022: RBI

As per the latest data on **Deposits with 'Scheduled Commercial Banks – March 2022'** released by Reserve Bank of India (RBI), the share of current and savings accounts (CASA) deposits of commercial banks has increased to 44.8% as of March 2022 end, from 41.7% three years ago.

- They accounted for 60.9% and 55.6% of incremental deposits during 2020-21 and 2021-22, respectively.
- The seven states of Maharashtra, National Capital Territory (NCT) of Delhi, Uttar Pradesh, Karnataka, Tamil Nadu, West Bengal, and Gujarat together accounted for 63.3% of bank deposits in fiscal 2021-22.

#### Key Points:

i. Bank deposit growth (y-o-y) moderated to 10% in March 2022 as compared with 11.9% a year ago.

ii. Current, savings and term deposits increased by 10.9%, 13.3% and 7.9%, respectively, during 2021-22.

iii. Metropolitan branches of banks, which account for over half of total deposits, accounted for 51.5% in incremental deposits in FY 2021-22. The same stood at 59.6% in the year-ago period.

iv. Female depositors accounted for 19.8% of total deposits in March 2022.

- Their share in incremental bank deposits during 2021-22 increased to 34.3% from 15.2% in the previous year.

v. General government and financial corporations together accounted for over one-fourth of the incremental deposits as compared to 5.8% share in 2020-21.

vi. Large size deposits (i.e., Rs 1 crore and above) nearly accounted for 40% share in total term deposits.

### Banking Frauds of Over Rs 100 Crore Witness Significant Decline in FY22

Bank fraud involving sums over Rs. 100 crore has declined substantially, with banks reporting cases worth Rs. 41,000 crore in Fiscal Year 2021-22 (FY22), compared to Rs. 1.05 lakh crore in FY21.

#### Key Data:

i. According to official data, the number of fraud cases in private and Public Sector Banks (PSBs) decreased to 118 in FY22 from 265 in FY21.

- The overall number of fraud cases involving over Rs. 100 crore have decreased for PSBs, from 167 in FY21 to 80 in FY22, while they have decreased for private sector lenders, from 98 in FY21 to 38 in FY22.

ii. The cumulative amount for PSBs has decreased from Rs. 65,900 crore in FY21 to Rs. 28,000 crore in FY22.

- The decrease for private sector banks in FY22 is from Rs. 39,900 crore in FY21 to Rs. 13,000 crore in FY22.

#### RBI's Effort to Check Frauds

In collaboration with **Reserve Bank Information Technology Private Limited (ReBIT)**, the Reserve Bank of India (RBI) conducted research in 2021-2022 on the implementation of the Early Warning System (EWS) framework in a select group of Scheduled Commercial Banks. Machine Learning (ML) algorithms were utilized to assess the efficacy of EWS in a few banks.

- The RBI has taken many initiatives to prevent fraud, including enhancing the fraud governance and response system, boosting data analysis for transaction monitoring, and establishing a dedicated Market Intelligence (MI) Unit for frauds.

#### Banks That Reported Fraud

i. One of India's largest bank frauds, totalling 22,842 crore, was reported by the State Bank of India (SBI) earlier in 2022 perpetrated by ABG Shipyard & promoters.



- It was much higher than the case that involved Nirav Modi and his uncle Mehul Choksi, who are accused of defrauding the Punjab National Bank (PNB) of around Rs. 14,000 crore by using fraudulent Letters of Undertaking (LoUs).

ii. The largest bank fraud investigation by the Central Bureau of Investigation (CBI) was reported in June 2022, when the agency charged Dewan Housing Finance Ltd (DHFL), its former Chairman and Managing Director (CMD) Kapil Wadhawan, Director Dheeraj Wadhawan, and others in a new case involving Rs 34,615 crore.

- According to a consortium of lenders led by Union Bank of India (UBI), the company allegedly used a credit facility worth Rs. 42,871 crore.

### **RBI launches 58th OBICUS of Manufacturing Sector; Imposes Monetary Penalty on Kotak Mahindra, IndusInd & 3 Cooperative Banks**

On July 4, 2022, the Reserve Bank of India (RBI) launched the 58th round of OBICUS i.e. **Order Books, Inventories and Capacity Utilization Survey** of the manufacturing sector for April-June 2022 (Q1:2022-23).

- The results of the survey will provide valuable inputs for monetary policy formulation.
- RBI will approach the selected manufacturing companies for the survey.
- RBI has also launched the 2021-22 round of its Survey on **International Trade in Banking Services (ITBS)**.

#### **About OBICUS:**

RBI is conducting OBICUS of the manufacturing sector on a quarterly basis since 2008. The information collected in the survey includes quantitative data on new orders, backlog of orders at the beginning of the quarter, pending orders at the end of the quarter, and total inventories with a breakup between finished goods, among others.

- It provides information on financial services rendered by branches/ subsidiaries/joint ventures of Indian banks operating abroad and branches/subsidiaries of foreign banks operating in India.

### **RBI imposes Monetary Penalty on Kotak Mahindra Bank, IndusInd Bank, and 4 Cooperative Banks**

RBI in exercise of powers vested 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 1,05,00,000** (Rs 1 crore and 5 lakh ) on Kotak Mahindra Bank Limited.



- The reason behind this penalty is contravention of the provisions of sub-section (2) of Section 26A of the BR Act, 1949 read with paragraph 3 of 'The Depositor Education and Awareness Fund Scheme, 2014' and for non-compliance with the directions on 'Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions', and 'Loans and Advances – Statutory and Other Restrictions'.

### **Key Points:**

**i.** In simple terms, Kotak Mahindra Bank failed to transfer unclaimed money to the Depositor Education and Awareness (DEA) Fund, reversing unauthorized electronic transfers in time and not maintaining margins on advances to brokers.

**ii.** Banks are required to transfer unclaimed deposits, if there is no customer-initiated transaction for 10 years, into the DEA Fund.

### **Penalty on IndusInd Bank:**

RBI also imposed a monetary penalty of **Rs 1 crore** on IndusInd Bank Ltd for non-compliance with certain directions issued by RBI on 'Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016'.

- This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with section 46 (4) (i) of BR Act, 1949.

IndusInd Bank did not adhere to the due diligence in accounts opened using OTP (One Time Password) -based e-KYC, in a non-face-to-face mode where required.

### **Penalties on Co-operative Banks by RBI:**

RBI in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46(4)(i) and Section 56 of the BR Act, 1949 has imposed monetary penalties on the following cooperative banks:

**i.** Rs 2 lakh on **Nav Jeevan Co-operative Bank Ltd.**, Ulhasnagar (the bank) for non-compliance with the directions issued by RBI on Exposure Norms and Statutory / Other Restrictions – UCBs (Urban Cooperative Banks).

**ii.** Rs 1 Lakh on **Balangir District Central Cooperative Bank Limited**, Balangir, Odisha (the bank) for non-adherence with the provisions of Section 9 of the BR Act 1949 and the directions issued by RBI in this regard (Disposal of Non-banking Assets).

**iii.** Rs 2 lakh on the **Dhakuria Cooperative Bank Limited**, Kolkata, West Bengal (the bank) for non-adherence with the directions issued by RBI to Urban Cooperative Bank on (i) 'Exposure Norms and Statutory / Other Restrictions – UCBs' and (ii) Know Your Customer (KYC) Direction.

**iv.** RBI has also imposed a penalty on The Palani Co-operative Urban Bank Limited, Palani, Dindigul District, Tamil Nadu.

A monetary penalty of Rs. 2.00 lakh has been imposed on The Palani Co-operative Urban Bank Limited for non-adherence to / violation of directions issued under Exposure Norms and Statutory / Other Restrictions –UCBs.

### **RBI: Gives No Objection for HDFC Bank & HDFC Merger; DICGC Pays Eligible Depositors**

On 4th July 2022 HDFC Bank received no objection letter from Reserve Bank of India (RBI) merging **HDFC** (Housing Development finance Corporation) Ltd and **HDFC Bank**. BSE Limited and NSE (National Stock Exchange) have also issued observation letters for the proposed **merger**.

- The approval from various statutory and regulatory authorities are still pending, including approvals from the Competition Commission of India (CCI), the National Company Law Tribunal (NCLT) and the respective shareholders and creditors of the companies that are involved in the Scheme.

### **Background:**

**i.** On 4th April 2022, the board of HDFC Bank agreed to take over HDFC with a deal value of around **USD 40 billion**, subject to approvals.

**ii.** After amalgamation, The proposed entity would have a combined asset base of around **Rs 18 lakh crore** and will complete the merging by the 2nd or 3rd quarter of FY24, subject to approvals.



iii. The merger would be the largest in Indian corporate history, the new HDFC entity with a \$169-billion market capitalisation (the second-largest in India) and will be among the 10 most valued banks in the world and it will be twice the size of ICICI Bank, the second largest private bank in the country.

#### **Shares after amalgamation:**

i. Once the deal is effective, HDFC Bank will be 100 percent owned by public shareholders, and existing shareholders of HDFC will own 41 percent of the bank.

- Every HDFC shareholder will get 42 shares of HDFC Bank for every 25 shares held.

**Note** – HDFC Investments and HDFC Holdings boards have also approved the merger of their respective companies into HDFC Limited.

#### **RBI's DICGC Pays Eligible Depositors of two Co-operative Banks**

Reserve Bank of India's (RBIs), Deposit Insurance and Credit Guarantee Corporation (**DICGC**) will pay the eligible depositors of 2 Maharashtra based banks that includes, **Shankarrao Pujari Nutan Sahakari Bank**, Ichalkaranji, and **Harihareshwar Sahakari Bank**, Wai in August 2022.

#### **Key Highlights:**

i. Depositors of the Shankarrao Pujari Nutan Sahakari Bank will get the amount credited to the aadhaar linked alternate bank account specified by them on **10th August 2022** and those of Harihareshwar Sahakari Bank on **28th August 2022**.

ii. RBI has imposed several restrictions, including on withdrawals by depositors.

#### **About DICGC:**

i. DICGC is a wholly-owned subsidiary of the Reserve Bank of India (RBI) which provides an insurance cover of up to Rs 5 lakh on bank deposits.

ii. DICGC's Deposit insurance covers all commercial banks, including local area banks and regional rural banks as well as co-operative banks in all the states and Union Territories.

- DICGC settled aggregate claims of Rs 8,516.6 crore under different channels during 2021-22.

iii. Under the 2021 Deposit Insurance and Credit Guarantee Corporation (Amendment) Act, the Corporation is liable to pay the insured deposit amount to depositors of an insured bank when that bank undergoes liquidation, reconstruction or any other arrangement under a scheme, and merger or acquisition by another bank.

**Chairman** – Michael Debabrata Patra (M.D. Patra)

**Establishment** – 15th July 1978

**Headquarters** – Mumbai, Maharashtra

### **India emerged as Leader in Large-Value Digital Payment System in RBI Report; Issues New Guidelines for Non-Bank PSOs**

The Reserve Bank of India (RBI) released the report titled '**Benchmarking India's Payment Systems – Follow-on exercise**' in which India has shown a significant progress, and emerged as leader in large-value digital payment systems i.e. RTGS (Real Time Gross Settlement).

- India's Payment Systems performance is based upon **40 indicators** in which it was categorized as 'leader' in 16 indicators, 'strong' in 9 indicators, 'moderate' in 7 indicators, and 'weak' in 8 indicators.
- In other words, India was categorized as a 'leader' or 'strong' in respect of 25 (21 in the previous exercise) out of 40 indicators and categorized as 'weak' in respect of 8 (12 in the previous exercise) indicators.
- Leader indicates 1st or 2nd or 3rd rank; Strong means in the top half of the countries other than the leaders; Moderate means in the bottom half of countries other than the bottom 5; and Weak is in the bottom 5.

#### **Aim Behind Report:**

i. To provide a comparative position, and to assess the progress of India's payments ecosystem against other major countries

ii. To ascertain the strengths and shortcomings of the Indian payments ecosystem

iii. To examine the user preferences for payment systems and instruments



### Assessment:

The data used for the exercise is for the year 2020 with CAGR (Compound Annual Growth Rate) for relevant indicators considered over the three-year period since the last benchmarking exercise, viz. from 2017 to 2020.

- It should be noted that the pilot exercise was undertaken in 2019 for 21 countries (including advanced economy countries, Asian economies and BRICS (Brazil, Russia, India, China and South Africa) nations), where payment systems are considered robust, diverse and efficient. This present exercise is a follow-on benchmarking exercise to examine India's present relative position as compared to the last report.

### Key Highlights:

i. India's leadership position in large value payment systems and fast payment systems contributed to rapid growth in digital payments.

- India is one of the few countries where the large value RTGS system is available round the clock.

ii. There is scope for improvement in acceptance infrastructure i.e. ATMs (Automated teller machines) and PoS (Point of Sales) terminals. The Payments Infrastructure Development Fund (PIDF) scheme was operationalised in 2021 to enhance the acceptance infrastructure and bridge the gap.

iii. The reason behind the decline in India's rating in some parameters was due to the increased demand for cash as a store of value during the Covid-19 pandemic related lockdown and the slowdown in economic growth during 2020.

iv. India has two fast payment systems, viz. Immediate Payment Service (IMPS) and Unified Payments Interface (UPI).

- The National Electronic Funds Transfer (NEFT) system operated by RBI is available 24x7 and ensures settlement in half hourly batches.

v. India's domestic card network, RuPay, dominates the debit card segment with respect to card issuance.

- However, RuPay is lagging in the credit card segment with below 3% share of total cards issued.

vi. India has the third largest number of ATMs deployed, but remains weak with regard to **people served per ATM** due to its sizeable population.

vii. In 2020, the share of card payments in total payment systems transactions was the second lowest in India (14.7%), with only Indonesia witnessing a lower share (7.2%).

viii. The report has recommended India to explore further actions on enhancing cross-border payment arrangements including **internationalization of Indian rupee** which will facilitate greater integration with the rest of the world, in terms of foreign trade and international capital flows.

ix. According to the report, India reported the second-highest compounded annual growth rate (CAGR) of 21 percent (2017-2020), behind only Saudi Arabia, which registered an annualized growth of 26 percent.

[Click Here for Official Report](#)

### RBI's New Guidelines for Non-Bank PSOs

RBI in exercise of its powers conferred under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 issues new guidelines for non-bank payment system operators (PSOs).

- PSOs are institutions, which have been authorized to operate payment systems.

### Key Mandates:

i. Non-bank PSOs mandated to require prior approval of RBI in the following cases –

- Takeover / Acquisition of control, which may / may not result in change of management
- Sale / Transfer of payment activity to an entity not authorised for undertaking similar activity

ii. Non-bank PSOs mandated to inform RBI within 15 calendar days in the following cases –

- **Change in management / directors:** In case of acquisition or takeover, non-bank or transfer PSO are mandated to submit an application to RBI with information about the proposed directors and complete details about the new shareholders.
- **Sale / Transfer of payment activity to an entity authorized for undertaking similar activity:** Seller or transferor non-bank PSO will apply to the RBI to obtain prior approval and minimum appropriate details.

RBI will respond to applications within 45 days after receiving complete details from both the entities. This timeline is not applicable to overseas principals under the **Money Transfer Service Scheme**.



### **About Reserve Bank of India (RBI):**

- i. The Reserve Bank of India was established on April 1, 1935, in accordance with the provisions of the Reserve Bank of India 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.

### **RBI Cancels Licence of Shri Anand Co-operative Bank Due to Lack of Capital**

On 7th July 2022 Reserve Bank of India (RBI) cancelled the licence of **Shri Anand Co-operative Bank Limited, Chinchwad, Pune** as the lender does not have enough capital to pay present depositors in full.

- The bank ceases to carry on banking businesses including acceptance of deposits and repayment of deposits as defined in section 5(b) read with section 56 of the Banking Regulation Act, 1949, with effect from **7th July 2022**.

#### **Key Points:**

- i. The bank has failed to comply with the requirements of Sections 22(3) (a), 22 (3) (b), 22(3)(c), 22(3) (d) and 22(3)(e) read with Section 56 of the Banking Regulation Act, 1949.
- ii. The Commissioner for Cooperation and Registrar of Cooperative Societies, Maharashtra has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank.
  - On liquidation, every depositor would be entitled to receive deposit insurance claim amount of deposits up to Rs 5,00,000 from Deposit Insurance and Credit Guarantee Corporation (DICGC) subject to the provisions of DICGC Act, 1961.
- iii. As per the data from the bank, more than 99% of the depositors are entitled to receive the full amount of their deposits from DICGC.
  - As on **18th May 2022**, DICGC has already paid Rs. 9.42 crore of the total insured deposits under the provisions of Section 18A of the DICGC Act, 1961.

### **About Reserve Bank of India (RBI):**

**Governor** – Shaktikanta Das

**Deputy Governor** – T. Rabi Sankar, M. Rajeshwar Rao, M.D. Patra, M.K. Jain

**Establishment** – 1st April 1935

**Headquarters** – Mumbai, Maharashtra

### **Razorpay, Pine Labs & Stripe Receives Payment Aggregator Gateway Licences from RBI**

Online payment providers Razorpay, Pine Labs and American payments player Stripe are the **1st players** to receive in-principle approval from Reserve Bank of India for **payment aggregator (PA)** and Gateway licence.

#### **Key Points:**

- i. **In March 2020**, the payment aggregator framework was formally introduced which mandates that only firms approved by the RBI can acquire and offer payment services to merchants.
  - The firms that were authorised to operate as PA's will come under the direct purview of the RBI.
- ii. PA's are expected to show a net worth of Rs 15 crore on the date of their applications or as of March-end 2021 and of Rs 25 crore by the end of FY23.
  - If the PA applicant's licence is rejected, merchants must stop using the gateway's service for 3 months.

### **About Razorpay:**

**Co-Founder & CEO** – Harshil Mathur

**Headquarters** – Bengaluru, Karnataka



## **RBI: Imposes Restrictions on Four Co-op Banks; Penalises FB & BOI for Violating Regulations**

On 8th July 2022 the Reserve Bank of India (RBI) imposed various restrictions on 4 cooperative banks under the Banking Regulation Act, 1949 for 6 months which also included a cap on withdrawals by depositors.

### **Highlights:**

i. The **4 banks** are Ramgarhia Co-operative Bank, New Delhi, Sahebrao Deshmukh Co-operative Bank, Mumbai, Maharashtra, Sangli Sahakari Bank, Mumbai; and Sharada Mahila Co-operative Bank Limited, Tumkur, Karnataka.

- As per the RBI directives, restriction became effective after the closure of business hours from 8th July 2022.

ii. **Cap on withdrawals** – A withdrawal cap of Rs. 50,000 per depositor is imposed on Ramgarhia Co-operative Bank, Sahebrao Deshmukh Cooperative Bank is imposed with a cap of Rs. 50,000, a cap of Rs. 45,000 per depositor on Sangli Sahakari Bank the Bank and Rs. 7000 per depositor on Sharada Mahila Co-operative Bank.

### **RBI penalises FB, BOI & Dhani Loans and Services for Violating Regulations**

The Reserve Bank of India (RBI) by an order dated **7th July 2022**, imposed a monetary penalty on Federal Bank (FB) Limited, Bank of India (BOI) and Dhani Loans and Services Limited.

### **Highlights:**

i. A penalty of **Rs 5.72 crore** has been imposed on FB Limited for non-compliance with certain provisions of its Know Your Customer (KYC) guidelines.

- This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with section 46 (4) (i) of the Banking Regulation Act, 1949

ii. Monetary penalty of **Rs 70 lakh** on BOI for non-compliance with certain provisions of the Reserve Bank of India's KYC Direction, 2016 and circular instructions on Compliance Function in Banks issued by RBI.

- This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with section 46 (4) (i) and Section 51 (1) of the Banking Regulation Act, 1949

iii. Dhani Loans and Services Limited, Gurugram was imposed with Rs 7.60 lakh for non-compliance with the RBI's KYC Directions, 2016 issued by RBI.

### **About Reserve Bank of India (RBI):**

**Governor** – Shaktikanta Das

**Deputy Governor** – T. Rabi Sankar, M. Rajeshwar Rao, M.D. Patra, M.K. Jain

**Establishment** – 1st April 1935

**Headquarters** – Mumbai, Maharashtra

## **RBI 22nd Systemic Risk Survey states Credit demand to improve in next 3 months; Eases FPI, NRI Deposit Norms to Prevent Rupee slide**

According to the Reserve Bank of India's (RBI) 22nd round of Systemic Risk Survey (SRS), which was conducted in May 2022 demand for credit, is expected to see **marginal to considerable improvement** in the next three months.

- This credit demand will be backed by recovery in GDP (Gross Domestic Product) growth, higher consumer spending, pick up in manufacturing sector activity, public investment in infrastructure and higher demand for working capital.

### **Key Highlights from Assessment:**

The SRS was conducted among 48 respondents in May 2022 and presented in the Financial Stability Report (FSR), which was released on June 30, 2022. The key highlights from feedback are as follows:

i. Demand for credit is expected to **'increase marginally'** according to 67.4% of the respondents and **'increase considerably'** as per 4.3% of the respondents.

ii. On the other hand, the demand for credit is expected to **'decrease marginally'** and **'remain unchanged'** according to 17.4% and 10.9% of the respondents, respectively.

iii. Around 38% of the respondents expected **'marginal deterioration'** in asset quality of the banking sector over the next three months.



iv. There is 'high' to 'very high' probability of occurrence of a high impact event in the global financial system in the short run.

v. There is also a 'medium' to 'high' possibility of a high impact event in the domestic financial system in the short run.

#### Key Points:

i. Bank credit growth is picking up steadily and is in double digits (11.5 per cent for all scheduled commercial banks as at March-end 2022)

ii. Banks have also strengthened their capital and liquidity positions along with improvement in asset quality through FY22.

iii. The credit demand also depends upon factors such as Covid-19 induced regulatory forbearance, improved asset quality recognition, higher input costs, supply chain bottlenecks impacting profit margins of firms and tightening of monetary and liquidity conditions.

iv. Global spillovers and financial market volatility have moved to the 'high' risk category. Macroeconomic uncertainty, though rising, remained a 'medium' risk.

- A bearish outlook on domestic economic growth, inflation, current account balance, capital flows and fiscal deficit has led to intensification of overall macroeconomic risks.

v. According to FSR, Scheduled Commercial Banks' (SCBs) Gross Non-Performing Assets (GNPAs) Ratio declined from 7.4% in March 2021 to a six-year low of 5.9% in March 2022.

- Net Non-Performing Assets (NPAs) Ratio also fell by 70 basis points during FY22 and stood at 1.7% as against 2.4% as at March-end 2021.

#### [Click Here for Official Survey](#)

#### RBI eases FPI, NRI Deposit Norms to Prevent Rupee slide, & boost Forex Inflows

The RBI has announced a series of measures to prevent a Rupee slide, and support foreign exchange reserves. A slide in the rupee means a higher valuation of RBI's assets held in dollars.

- These include relaxation in foreign investment in debt, external commercial borrowings (ECBs), and Non-Resident Indian (NRI) deposits.
- The measures are expected to further expand the sources of forex funding, mitigate volatility, and decrease global spillovers.

#### Key Points:

i. As of July 5, 2022, the rupee depreciated 4.1% to 79.30 against the United States Dollar (USD\$). FPIs (Foreign Portfolio Investors) pulled out Rs 2.32 lakh crore in 6 months, and USD50 billion was shaved off forex reserves over the last nine months.

ii. India's foreign exchange reserves stood at USD 593.3 billion on June 24, 2022.

iii. The new measures are expected to boost inflows as nearly a third of India's external debt of USD621 billion is due for maturity in the coming months.

#### Measures taken by RBI:

##### Interest Rates on FCNR(B) and NRE Deposits:

i. RBI has allowed banks temporarily to raise fresh Foreign Currency Non-Resident Bank i.e., FCNR(B) and Non-Resident External (NRE) deposits without reference to the current regulations on interest rates w.e.f. July 7, 2022.

ii. This relaxation will be available till October 31, 2022.

iii. Currently, the overnight alternative reference rate (ARR) for the applicable currency/swap plus 250 basis points for deposits with maturities of 1 year to less than 3 years and overnight ARR plus 350 basis points for deposits with maturities of 3 years and above and up to 5 years are the maximum interest rates that can be levied on foreign currency non-resident bank (FCNRB) deposits.

iv. At present, Interest rates on NRE deposits must not be higher than those provided by the banks on equivalent domestic rupee term deposits that can be levied.



### **Exemption from Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) on Incremental FCNR(B) and NRE Term Deposits:**

i. From July 30, 2022, incremental FCNR(B) and NRE deposits with reference base date of July 1, 2022, will be exempt from the maintenance of cash reserve ratio and statutory liquidity ratio (SLR). This relaxation will be available for deposits mobilized up to November 4, 2022.

ii. Transfers from Non-Resident (Ordinary) (NRO) accounts to NRE accounts shall not qualify for the relaxation.

iii. Before this Exemption, banks are required to include all Foreign Currency Non-Resident (Bank) [FCNR(B)] and Non-Resident (External) Rupee (NRE) deposit liabilities for computation of Net Demand and Time Liabilities (NDTL) for maintenance of CRR and SLR.

### **FPI Investment in Debt:**

In order to encourage foreign portfolio investment, the following changes to the regulatory regime relating to FPI investment in debt flows are being put in place:

i. In order to increase the choice of G-Secs available for investment by non-resident investors under the Fully Accessible Route (FAR) as also to augment liquidity across the sovereign yield curve, it has been decided that all new issuances of G-Secs of 7-year and 14-year tenors will be designated as specified securities.

Note: All central government securities (G-Secs) with 5-year, 10-year and 30-year tenors are categorized as "specified securities" under the FAR.

ii. Investments by FPIs in government securities and corporate debt under the Medium-Term Framework (MTF) made between July 08, 2022 and October 31, 2022, will be exempted from the limit on short-term investments till maturity

- Currently, not more than 30% of investments each in government securities and corporate bonds can have a residual maturity of less than one year.

This direction has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

iii. Further, As part of the macroprudential framework under the MTF, FPIs will be provided with a limited window till October 31, 2022, during which they can invest in corporate money market instruments like commercial paper and non-convertible debentures with an original maturity of up to one year.

- FPIs can continue to stay invested in these instruments till their maturity or sale.
- These investments will not be included for reckoning the short-term limit for investments in corporate securities.

### **Note:**

Foreign Portfolio Investors (FPIs) can invest in government securities and corporate bonds through three channels:

i. Medium-Term Framework (MTF) (introduced – October 2015)

ii. Voluntary Retention Route (VRR) (introduced -March 2019)

iii. Fully Accessible Route (FAR) (introduced – April 2020)

### **External Commercial Borrowings (ECBs)**

RBI increased the limit under the automatic route for ECBs from USD 750 million or its equivalent per financial year to USD 1.5 billion. The all-in cost ceiling under the ECB framework is also being raised by 100 basis points.

- The above dispensations are available up to December 31, 2022

### **Foreign Currency Lending by Authorised Dealer Category I (AD Cat-I) Banks:**

RBI has decided that AD Cat-I banks can utilize overseas foreign currency borrowing (OFCBs) for lending in foreign currency to entities for a wider set of end-use purposes. This is available till October 31, 2022.

i. This will facilitate foreign currency borrowing by a larger set of borrowers who may find it difficult to directly access overseas markets.

ii. Before this change, AD Cat-I banks can undertake overseas foreign currency borrowing (OFCB) up to a limit of 100 percent of their unimpaired Tier 1 capital or US\$10 million, whichever is higher. The funds so borrowed cannot be used for lending in foreign currency except for export finance.



## **RBI released its 25th Financial Stability Report; Gross NPAs of banks fall to six-year low of 5.9% in March 2022**

The Reserve Bank of India (RBI) released the 25th issue of the Financial Stability Report (FSR) which reflects the collective assessment of the Sub-Committee of the **Financial Stability and Development Council (FSDC)** on risks to financial stability and the resilience of the financial system.

- As per the report, the global economy outlook is **considerably uncertain** because of the Russia-Ukraine war, front-loaded monetary policy normalization by central banks due to high inflation and multiple waves of the COVID-19 pandemic.
- In the latest systemic risk survey (**SRS**) conducted by the Reserve Bank in May 2022, global spillovers and financial market volatility moved to the 'high' risk category.

### **Key Highlights:**

**i.** Indian economy will remain on the path of recovery, though inflationary pressures, external spillovers and geopolitical risks require close monitoring.

**ii.** Banks and non-banking financial institutions have sufficient capital buffers to tackle severe stress scenarios.

**iii.** Scheduled commercial banks (SCBs) maintained robust capital positions, with the Capital to Risk Weighted Assets Ratio (**CRAR**) and Common Equity Tier 1 (**CET-1**) **Ratio** of SCBs as high as 16.7 per cent and 13.6 per cent, respectively in March 2022.

- The CRAR of urban co-operative banks (UCBs) rose to 15.8 per cent in March 2022 while that of NBFCs stood at 26.9 per cent.

**iv.** The number of demat accounts of individuals increased 3.4 times on Central Depository Services (India) Limited, and 1.5 times on National Securities Depository Limited (NSDL) since January 2020.

**v.** Indian stocks' capitalisation was 1.12 times GDP, above its 10-year average of 0.79.

**vi.** The **Bond-Equity Earnings-Yield Ratio (BEER)**, a measure of the relative attractiveness of equities vis-à-vis bonds – has also dipped below its long-term average of 1.61.

**vii.** There is widening of the investor base due to the decline in real returns on fixed income investments, simplification of Know Your Customer (KYC) registration processes, effective use of digital technology and opening of online accounts, enhanced availability of investment information on digital modes and growing public awareness.

### **Gross NPAs of banks fall to six-year low of 5.9% in March 2022**

As per the report Gross Non Performing Assets (GNPAs) of SCBs fell to a six-year low of 5.9 per cent in March 2022 and could fall further to 5.3% by March 2023 This is based upon the under the baseline scenario driven by higher expected bank credit growth and declining trend in the stock of GNPAs, among other factors.

- If the macroeconomic environment worsens to a medium or severe stress scenario, the GNPA ratio may rise to 6.2% and 8.3% respectively.
- It may be noted that GNPAs of SCBs were at 7.4% in March 2021.
- Net NPA ratio also fell by 70 basis points (bps) during 2021-22 and stood at 1.7% at the year-end while the **Provisioning Coverage Ratio (PCR)** improved to 70.9% in March 2022 from 67.6% in March 2021.
- India's NPA ratio is one of the highest among other comparable countries. Russia's NPA ratio stood at 8.3% followed by India with 5.9%, South Africa stood at 5.2%, France at 2.7%, Indonesia at 2.6%, and China 1.8%.

### **About Reserve Bank of India (RBI):**

**i.** The Reserve Bank of India was established on April 1, 1935, in accordance with the provisions of the Reserve Bank of India 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.



## **RBI allows Trade transactions with Sri Lanka may be Settled outside ACU; Imposes Fines on 3 co-operative banks for Non-Compliance**

The Reserve Bank of India (RBI) has allowed all eligible current account transactions including trade transactions with Sri Lanka to be/may be settled in any permitted currency outside the **Asian Clearing Union (ACU)** mechanism with immediate effect.

- This provision has been made after reviewing clause b of sub-Regulation 2 of Regulation 3 and clause c of sub-Regulation 2 of Regulation 5 of Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016.
- Currently, ACU settlements are done in three currencies: US dollar, the euro, and the Japanese yen

### **About ACU:**

Established in 1974 and headquartered in **Tehran**, Iran, ACU is an initiative of the **United Nations Economic and Social Commission for Asia and Pacific (ESCAP)**, for promoting regional cooperation and trade among member countries. It facilitates payments for eligible transactions on a multilateral basis. This economizes the use of foreign exchange reserves, and transfer costs.

- Currently, there are 9 members of the ACU viz. the Central Banks and Monetary Authorities of Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.

It should be noted that all instruments of payments under ACU have a common unit of account i.e. **Asian Monetary Unit (AMU)** and is denominated as ACU dollar, ACU euro and ACU yen, which is equivalent in value to one US dollar, one euro and one Japanese yen respectively.

- Settlement of such instruments is made by **Category-I Banks** through the ACU dollar accounts, ACU euro accounts and ACU yen accounts, which should be distinct from the other US dollar, euro and Japanese yen accounts respectively maintained for non-ACU transactions.

### **RBI imposes Fines on 3 co-operative banks for Non-Compliance**

On July 11, 2022, the RBI imposed penalty on three cooperatives banks for deficiencies in regulatory compliance by exercising its powers conferred under provisions of **Section 47 A (1) (c)** read with Section 46 (4) (i) and Section 56 of the Banking Regulation (BR) Act, 1949.

- The banks are Nasik Merchant's Co-operative Bank Ltd in Nashik (Maharashtra); Maharashtra State Co-operative Bank Ltd in Mumbai (Maharashtra); and National Central Cooperative Bank Limited in Bettiah (Bihar).

### **Penalties:**

#### **Nasik Merchant's Co-operative Bank Ltd**

RBI imposed a monetary penalty of Rs 50 Lakh for non-compliance with the directions issued by RBI on 'Placement of deposits with other banks' and 'Interest Rate on Deposits'.

#### **Maharashtra State Co-operative Bank Ltd**

RBI imposed a monetary penalty of Rs 37,50,000 ((Rupees Thirty Seven Lakh and Fifty Thousand) for non-compliance with the directions issued by **National Bank for Agriculture and Rural Development (NABARD)** on 'Frauds- Guidelines for Classification, Reporting and Monitoring'.

#### **National Central Cooperative Bank Limited, Bettiah**

RBI imposed a monetary penalty of Rs 2 Lakh for non-compliance with the directions issued by RBI on (i) The Depositor Education and Awareness Fund and (ii) Know Your Customer (KYC).

## **RBI sets up mechanism to Settle International Trade Payments in Rupees**

On July 11, 2022, the Reserve Bank of India (RBI) unveiled a rupee settlement system i.e. invoicing, payment, and settlement of exports/imports in INR for international trade INR under Foreign Exchange Management Act, 1999 (FEMA), with immediate effect.

- It aims to promote growth of global trade with emphasis on exports from India.
- However, the banks interested in this system need to seek prior approval from the Mumbai based Foreign Exchange Department of RBI.



- The directions have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999).

### **What is in the new system?**

The framework for International Trade Settlement for cross border trade transactions in INR include the following

**i.Invoicing:** All exports and imports under this arrangement will be denominated and invoiced in INR.

**ii.Exchange Rate:** Exchange rate between the currencies of the two trading partner countries may be market determined.

**iii.Settlement:** The settlement of trade transactions under this arrangement will be in INR.

**iv.**In terms of Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016, AD (Authorized dealer) banks in India have been permitted to open Rupee Vostro Accounts.

- Exporters and importers can now use a Special Vostro account linked to the correspondent bank of the partner country for receipts and payments denominated in rupees

**v.**The bank guarantee, setting-off export receivables, advance against exports, use of surplus balance, approval process, documentation, etc., related aspects would be covered under FEMA rules,

**vi.**Letter of Credit (LC) and other trade related documentation will be decided mutually between banks of the partner trading countries under the overall framework of **Uniform Customs and Practice for Documentary Credits (UCPDC)** and incoterms(International Commercial Terms).

### **RBI Cancels Certificate of Registration of Four NBFCs; Fined Ola Financial Services Rs. 1.67 Crore for Violating Norms**

The **Reserve Bank of India** (RBI), in exercise of powers conferred on it under Section 45-IA (6) of the Reserve Bank of India Act, 1934, has cancelled the Certificate of Registration (CoR) of the following **four** Non-Banking Financial Companies (**NBFCs**) and mandated them to not transact the business of an NBFC, as defined in clause (a) of Section 45-1 of the RBI Act, 1934.

#### **The four NBFCs are:**

**i.** Kanva Shree Credit Private Limited(formerly known as MCI Leasing Private Limited) in Bengaluru, Karnataka.

**ii.**Williamson Magor & Co. Ltd inKolkata, West Bengal

**iii.** Galaxy Capital Finance Limited in Kanpur, Uttar Pradesh

**iv.**SRS Finance Limited in Faridabad, Haryana

- The RBI issued cancellation order for Kanva Shree Credit Private Limited (formerly known as MCI Leasing Private Limited) on June 8, 2022.
- For the other three NBFCs the cancellation order was issued on June 29, 2022.

**Note** – Further, three more NBFCs – PKC Credit Pvt Ltd, Gajanand Lefin Pvt Ltd and Harita Malini Private Limited — surrendered their certificate of registration to the RBI.

#### **RBI Fined Ola Financial Services Rs. 1.67 Crore for Violating Norms**

The RBI issued a monetary penalty of Rs. 1,67,80,000/- (Rupees One Crore Sixty-Seven Lakh Eighty Thousand Only) on **Ola Financial Services Private Limited** (the entity) in accordance with Section 30 of the Payment and Settlement Systems Act of 2007.

- The entity was non-compliant with the directions issued by RBI on Know Your Customer (KYC) requirements and has been fined for failing to follow certain provisions in the Master Directions on PPIs dated August 27, 2021 (as updated from time to time) and the Master Direction – Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (as updated from time to time).

This course of action is based on regulatory compliance shortcomings and is not meant to pronounce on the validity of any transaction or agreement the company has made with its customers.



## **RBI signs its renewed Statement of Commitment to the FX Global Code**

On July 20, 2022, the Reserve Bank of India (RBI) signed its renewed Statement of Commitment (SoC) to the FX Global Code.

- The Code is being implemented globally by the **Global FX Committee** (GFXC) in co-ordination with the Local FX Committee (LFXC) in each jurisdiction.
- FX stands for Foreign Exchange.
- RBI is a member of GFXC.

### **What is FX Global Code?**

The Code is a compilation of best practices for foreign exchange market participants. It was formulated by Central Banks and market participants, and was developed under the aegis of **Bank for International Settlements** (BIS), Basel, Switzerland.

- It aims to promote the integrity and effective functioning of the wholesale foreign exchange market.
- Launched on May 25, 2017, was subsequently reviewed holistically and the updated Code was published by the GFXC on July 15, 2021.
- RBI, along with **four major Central Banks** such as Bank of Korea (**BOK**), the Hong Kong Monetary Authority (**HKMA**), the Monetary Authority of Singapore (**MAS**), and the Reserve Bank of Australia (**RBA**) had welcomed the publication of the Code through joint media release dated May 25, 2017.

### **Applicability of Code:**

i. It is applicable to the Wholesale FX market participants covering sell-side, buy-side and financial intermediaries, and is voluntary in nature.

ii. It does not impose any legal or regulatory obligation. It is a supplement to the local laws, rules and regulations.

### **India's Support to Code:**

RBI continues to support the principles of good practices within the Code. RBI had also facilitated the formation of the **India Foreign Exchange Committee** (IFXC) to promote adoption and adherence of the Code among FX market participants in India.

[Click Here for the Official Link](#)

## **RBI's Digital Payments Index rises to 349.30 in March 2022**

The Reserve Bank of India's (RBI) composite Digital Payments Index (RBI-DPI) has risen to 349.30 in March 2022 against 270.59 in March 2021, which states rapid utilization and deepening of digital payments across India.

### **Key Points:**

i. The index was at 304.06 in September 2021.

- The index was up at 153.47 in March 2019 and 207.84 in March 2020.

ii. The index states the extent of digitization of payments across India.

iii. It has been constructed with March 2018 as the base period—DPI score for March 2018 is set at 100.

### **Basis of Assessment:**

The RBI-DPI comprises 5 broad parameters that enable measurement of deepening and penetration of digital payments in the country over different time periods. These parameters are:

- i. Payment Enablers (weight 25 per cent),
- ii. Payment Infrastructure – Demand-side factors (10 per cent),
- iii. Payment Infrastructure—Supply-side factors (15 per cent),
- iv. Payment Performance (45 per cent)
- v. Consumer Centricity (5 per cent).

Each of these parameters have sub-parameters which, in turn, consist of various measurable indicators.

### **Statistics of digital modes of payments**

- The number of transactions using Real Time Gross Settlement (**RTGS**) increased by 30.5 per cent during 2021-22. In terms of value, RTGS transactions registered an increase of 21.8 per cent.



- Transactions through the National Electronic Funds Transfer (NEFT) system also witnessed an increase of 30.6 per cent and 14.3 per cent in volume and value, respectively.
- Payment transactions carried out through credit cards increased by 27 per cent and 54.3 per cent in terms of volume and value.
- Transactions through debit cards decreased by 1.9 per cent in terms of volume, though in terms of value, it increased by 10.4 per cent.

### **RBI Imposes Restrictions on two Co-Operative Banks, Caps Withdrawal Amount**

On **28th July 2022** the Reserve Bank of India (RBI) imposed several restrictions on two Uttar Pradesh (UP) based cooperative banks, **Lucknow Urban Co-operative Bank** and **Urban Co-operative Bank Limited** from Sitapur, including restriction on withdrawal of funds.

#### **Key points:**

- The restrictions were imposed under the Banking Regulation Act which will remain in force for 6 months.
- The withdrawal limit has been restricted to Rs. 30,000 per customers of Lucknow Urban Co-operative Bank and Rs 50,000 per customer of Urban Co-operative Bank.
- These two banks cannot grant loans, make investments, incur any liability including borrowal of funds or acceptance of deposits, disburse funds or dispose assets without permission of RBI.

#### **About Reserve Bank of India:**

**Governor** – Shaktikanta Das

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

**Establishment** – 1935

**Headquarters** – Mumbai, Maharashtra

### **RBI Extends Window for Payment Aggregators to Apply for License**

The **Reserve Bank of India** (RBI) has given another window to **Payment Aggregators (PAs)** in existence as of March 17, 2020 to apply to the RBI for a license by September 30, 2022.

- PAs are mandated to have a minimum net worth of Rs 15 crore as on March 31, 2022.

#### **Payment Aggregators (PAs)**

PAs are entities that facilitate e-commerce sites and merchants to accept various payment instruments from customers for completion of their payment without the need for merchants to create separate payment integration systems of their own.

- They let merchants connect with acquirers by receiving payments from customers, pooling them, and transferring them to merchants after a period of time.

#### **Key Points:**

**i.** The Payment Aggregator (PA) framework, which the RBI formally launched in March 2020, mandates that only entities authorized by the RBI to acquire and provide payment services to merchants.

- While banks do not require separate approval, non-bank firms providing PA services were required to apply to the RBI for license by June 2021, a deadline that was later extended.
- However, the RBI had permitted them to keep operating until they received communication from the regulator regarding the status of their application.
- The criteria for obtaining such a license had been specified by RBI.

**ii.** The firms that have been granted permission to act as PAs in India will be directly supervised by the RBI when providing payment services to merchants.

- The timeline of March 31, 2023, for achieving the net worth of Rs 25 crore would remain.

**iii.** Under the strict evaluation process set forth by the RBI, more than 185 fintech enterprises and startups submitted their applications for a license to operate as PA.

So far, licences have been granted to Razorpay, 1Pay, Innoviti, and Stripe.



## **RBI Imposes Restrictions on Three Urban Cooperative Banks**

The Reserve Bank of India (RBI) has imposed restrictions on three urban co-operative banks (UCBs) including Durga Co-operative Urban Bank, Jaiprakash Narayan Nagari Sahakari Bank and Karmala Urban Co-operative Bank.

- The Directions will remain in force for 6 months from the close of business on **29th July 2022**, and are subject to review.
- The UCBs can **continue** to undertake banking business with restrictions until their financial position improves.

### **Highlights:**

i. Under RBIs Directions, these UCBs cannot grant or renew any loans and advances or make any investment, incur any liability, including borrowal of funds and acceptance of fresh deposits without prior approval of RBI.

ii. **Durga Co-operative Urban Bank, Vijayawada (Andhra Pradesh)** – Depositors withdrawal limit must **not exceed Rs. 1.50 lakh** of the total balance across all savings bank or current accounts or any other account, subject to RBIs direction.

iii. **Jaiprakash Narayan Nagari Sahakari Bank, Basmatnagar (Maharashtra)** – The customers **cannot withdraw amounts** due to the bank's liquidity position but are allowed to set off loans against deposits subject to RBIs direction.

iv. **The Karmala Urban Co-operative Bank, Solapur (Maharashtra)** – Depositors will be allowed to withdraw not more than **Rs. 10,000** of the total balance across all savings bank or current accounts or any other account, subject to RBIs direction.

### **About Urban Co-operative Banks (UCBs):**

i. The term Urban Co-operative Banks (UCBs) are not formally defined but it refers to primary cooperative banks located in urban and semi-urban areas.

ii. Until **1996**, these banks were allowed to lend money only for non-agricultural purposes and now they essentially lend to small borrowers and businesses. UCBs are supervised under the Registrar of Cooperative Societies.

## **RBI stipulates 4-Tier Regulatory Structure for UCBs; Restricts 3 cooperative banks from Conducting Banking Activity**

On July 19, 2022, the Reserve Bank of India (RBI) prescribed the following four-tier regulatory structure with differentiated regulatory prescriptions for urban cooperative banks (UCBs) to strengthen their financial resilience, and to enhance their ability to fund their growth:

- **Tier-I:** All unit UCBs and salary earners' UCBs, irrespective of deposit size, and all other UCBs with deposits of up to Rs100 crore
- **Tier-II:** UCBs with deposits of more than Rs 100 crore and up to Rs 1,000 crore
- **Tier III:** UCBs with deposits of over Rs 1,000 crore and up to Rs 10,000 crore
- **Tier-IV:** UCBs with deposits of over Rs 10,000 crore

The differentiated regulatory approach was mainly recommended for key parameters such as net worth, Capital to Risk-weighted Assets Ratio (CRAR), branch expansion and exposure limits.

### **Net Worth:**

RBI has stipulated a minimum net worth of **Rs 2 crore** for Tier-I UCBs operating in a single district and **Rs 5 crore** for all other UCBs of all tiers.

### **Capital-to-Risk Weighted Assets Ratio (CRAR)/Capital Adequacy Ratio:**

i. RBI retained the minimum CRAR requirement for Tier-I UCBs at the present level of 9%.

ii. For UCBs of all other tiers, RBI revised the minimum capital adequacy ratio to 12% to strengthen their capital structure.

iii. 1,274 UCBs of the total 1,534, have a capital adequacy ratio of over 12% as on March 1, 2021.



iv.UCBs that do not meet the revised capital adequacy requirements can do it in tranches over three years. Accordingly, these banks will have to achieve a CRAR of 10% by the financial year ended March 31, 2024, 11% by March 31, 2025; and 12% by March 31, 2026.

#### **Formation of Working Group:**

In order to examine the issues concerning recommendation for capital augmentation under the provisions of **Section 12** of the Banking Regulation Act, 1949, a Working Group comprising the representatives from RBI, Securities and Exchange Board of India (SEBI), and Ministry of Co-operation, Government of India has been constituted.

#### **Background:**

In February 2021, the RBI constituted the committee headed by former Deputy Governor **N S Vishwanathan** to examine issues in the urban cooperative banking sector, provide a medium-term road map and suggest measures for faster resolution of UCBs, among others. After the committee submitted the report, the RBI invited comments in August 2021.

- Now on the basis of the recommendations of committee, this four-tier regulatory structure has been prescribed by RBI.

#### **RBI restricts 3 cooperative banks from conducting Banking Activity due to Poor Liquidity Position**

The RBI in exercise of its powers conferred under sub section (1) of **Section 35 A** of the Banking Regulation Act, 1949, read with Section 56 of the Banking Regulation Act, 1949, imposed restrictions on the following three cooperative banks due to their poor liquidity position:

- Nashik Zilla Girna Sahakari Bank Limited, Nashik (Maharashtra)
- Sri Mallikarjuna Pattana Sahakari Bank Niyamita, Maski (Karnataka)
- Raigad Sahakari Bank Limited, Mumbai (Maharashtra)

The restrictions will remain in force for a **period of six months** w.e.f. July 18, 2022.

#### **What are the restrictions?**

- The above mentioned banks can not grant or renew any loans and advances without prior approval of RBI in writing.
- The cannot make any investment, incur any liability including borrowal of funds and acceptance of fresh deposits, disburse or agree to disburse any payment, enter into any compromise or arrangement and sell, transfer or otherwise dispose of any of its properties or assets
- No amount from the total balance across all savings bank or current accounts or any other account of a depositor is allowed to be withdrawn for above mentioned banks **i & ii**, but are allowed to set off loans against deposits, subject to the conditions.
  - For **bank iii** i.e. Raigad Sahakari Bank Limited, a sum not exceeding Rs 15,000 of the total balance across all savings bank or current accounts or any other account of a depositor is allowed to be withdrawn.

Failing to comply with the RBI directions can result in cancellation of banking license by RBI.

#### **About Reserve Bank of India (RBI):**

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



## APPOINTMENTS & RESIGNATIONS

### Aviva Life Insurance appoints Asit Rath as CEO and MD

Aviva Life Insurance Company India has appointed **Asit Rath** as Chief Executive Officer (CEO) and Managing Director (MD). Asit Rath will succeed Amit Malik and will come into effect on 11th July 2022.

i. Asit Rath is currently the CEO of Prudential Myanmar Life Insurance, having 22 years of banking and insurance experience in India and Myanmar and distribution experience with ICICI Bank, ICICI Prudential Life in India.

ii. Aviva Life Insurance Company India Limited is a joint venture between Dabur Invest Corp and Aviva International Holdings Limited, a UK-based insurance group.

### SBI General Insurance appoints Paritosh Tripathi as the new MD & CEO

State Bank of India (SBI) General Insurance appointed **Paritosh Tripathi** as **Managing Director** (MD) and **Chief Executive Officer** (CEO), effective from 5 July 2022.

- He succeeded Prakash Chandra Kandpal, who was appointed as Deputy Managing Director (DMD)- (P&RE) at the Corporate Center, SBI.

#### About Paritosh Tripathi:

i. He has banking experience of 32-years and has worked in various departments including MSME, mid-corporate segment, international banking and bancassurance.

ii. Prior to joining SBI General Insurance, he was managing operations, internal banking group with SBI. He also served on the board of Sterling Bank, Nigeria and SBI Canada.

iii. From 2017 to 2020, he was head – bancassurance, firstly with SBI Mutual Fund and then with SBI General Insurance.

- He was also the CEO of SBI DIFC (Dubai International Financial Center) branch in Dubai, United Arab Emirates (UAE).
- He was Head of FI Relations (East Asia) in Hong Kong

#### About State Bank of India (SBI) General Insurance:

**MD & CEO-** Paritosh Tripathi

**Headquarters-** Mumbai, Maharashtra

**Founded-** 2009

### RBI Approves Appointment of Meena Hemchandra as Part-Time Chairman of KVB

On 12th July 2022 Reserve Bank of India (RBI) approved the appointment of former RBI executive **Meena Hemachandra** as **part-time chairman** of Karur Vysya Bank (KVB), a private sector lender, for 3 years with effect from taking charge.

- She held the position of an **Additional Director in KVB under Independent Category from 26th May 2022.**

#### About Meena Hemachandra:

i. Meena Hemachandra has an experience of 35 years in banking in various departments of RBI.

ii. Previously, she held various positions that also included Executive Director of RBI from June 2015 to November 2017 and was the **Principal** of the RBI's College of Agricultural Banking.

- Post retirement, she also held directorial positions with Suryoday Small Finance Bank Limited and CFM ARC Private Limited.

iii. She has **9 years** of experience in banking boards that includes Boards of Union Bank of India, Canara Bank and ECGC and is an expert in the field of treasury management, foreign exchange regulations.

iv. She also headed the Department of **External Investment and Operations** that manages India's forex between 2005 and 2011.



### **About Karur Vysya Bank (KVB):**

**MD & CEO** – B. Ramesh Babu

**Establishment** – 1916

**Headquarters** – Karur, Tamil Nadu (TN)

### **NIACL appointed Madhulika Bhaskar as CMD for Three Months**

On 12 July 2022, **New India Assurance Company Ltd (NIACL)** appointed its General Manager **Madhulika Bhaskar** as the Chairman-cum-Managing Director (CMD) for a period of three months with effect from the date of assumption of charge. She was given additional charge.

- She succeeded Atul Sahai as the CMD, whose tenure ended on February 28, 2022 following his superannuation.

The proposal of the Department of Financial Services for entrusting financial and administrative powers and functions of the post of CMD of NIACL was approved by the Appointments Committee of the Cabinet (ACC).

### **About Madhulika Bhaskar:**

- Madhulika Bhaskar worked as general manager, financial advisor and chief of internal audit, with GIC Re.
- She joined the GIC Re as a direct recruit officer in March 1988.
- For 25 years of her over 33 years of continuous service with the corporation, she has worked in reinsurance operations, aviation and technical department.

### **About New India Assurance Company Ltd (NIACL):**

**Headquarters**- Mumbai, Maharashtra

**Founded**-1919

### **FSIB Recommends Rajkiran Rai G as MD of NaBFID**

Financial Services Institutions Bureau (**FSIB**) has recommended **Rajkiran Rai G**, Former Managing Director (**MD**) of Union Bank of India, for the position of MD at the National Bank for Financing Infrastructure and Development (**NaBFID**).

- He is the first ever candidate to be recommended by FSIB, an autonomous professional body tasked to identify the persons for appointment as Wholetime directors (**WTDs**) and non-executive chairpersons (**NEC**) in public sector banks, public sector insurers and financial institutions.
- NaBFID is a newly created Development Finance Institution (DFI) which aims to support the development of long-term non-recourse infrastructure financing. The government of India had infused Rs 20000 crore into NaBFID.
- FSIB had subsumed the Banks Board Bureau, which now ceases to exist.

### **World Bank appoints Indermit Gill as Chief Economist & Senior Vice President**

The World Bank appointed Indian national **Indermit Gill**, as the **Chief Economist of the World Bank Group (WBG) and Senior Vice-President** for development economics. His appointment will be effective from 1st September 2022.

- Indermit Gill will be the 2nd Indian, after Kaushik Basu, to serve as the chief economist at the world bank.
- Kaushik Basu was the chief economist of the World Bank from 2012 to 2016.

### **About Indermit Gill:**

i. A student of Nobel Laureates Gary Becker and Robert E Lucas Jr, he holds a PhD in Economics from the University of Chicago.

ii. He is currently Vice President for Equitable Growth, Finance, and Institutions (EFI) at the World Bank Group (WBG).

- He has also taught at Georgetown University and the University of Chicago.



- He also served as a professor of public policy at Duke University and a non-resident senior fellow in the Global Economy and Development program at the Brookings Institution.

iii. He spearheaded the 2009 World Development Report on Economic Geography. His other pioneer works include introducing the concept of the “**middle-income trap**” to describe how developing countries stagnate after reaching a certain level of income.

**About World Bank:**

**Headquarters**-Washington, D.C., United States (US)

**President**- David Malpass

**Founded**-1944

**Ravi Kishan Takkar Appointed as Additional Director on LIC HFL’s Board**

The Board of Directors of LIC (Life Insurance Corporation of India) **Housing Finance Limited (LIC HFL)** has approved the appointment of **Ravi Kishan Takkar**, former Managing Director (MD) and Chief Executive Officer (CEO) of UCO Bank, an additional Director (Independent) on the LIC HFL’s Board.

- He will hold the office up to the 33rd Annual General Meeting of LIC HFL and upon the regularisation of his appointment by the members of the board, he will hold the office as Independent Director for 5 years effective from the date of appointment (25th July 2022).

**OTHER NEWS**

**Airtel Payments Bank & Axis Bank Collaborates to Digitise the Cash Collection**

On 29th June 2022 Airtel Payments Bank partnered with Axis Bank to digitise the **cash collection system** in Tier III cities and semi-urban regions.

**Key Points:**

- i. Under this partnership, Airtel Payments Bank will support Axis Bank in digitisation of last-mile cash collections through its digital-led neighbourhood banking model.
- ii. Axis Bank’s agents can now deposit the amount at any Airtel Payments Bank outlet for transferring to the Axis Bank accounts instead of reaching out to the branch for depositing the collected Equated Monthly Income (EMI) amount.
  - This reduces time and speeds up the payment cycle of the customers across India.

**About Airtel Payments Bank:**

**Managing Director (MD) & CEO** – Anubrata Biswas

**Establishment** – 2017

**Headquarters** – New Delhi, Delhi

**Max Life Launches Insta-COI+ to Deliver Superior Customer Experience**

Max Life Insurance Company Limited has launched ‘Insta confirmation of insurance (Insta-COI)’, for the customers who buys the ‘Max Life Smart Fixed-return Digital Plan’ (UIN: 104N123V01), a non-linked, non-participating, individual life insurance savings plan on Max Life website or Policybazaar platform.

**Key Highlights**

- i. The Insta-COI enables intimation to the customer regarding the commencement of the risk cover pending release of the policy contract with a hassle-free onboarding.
- ii. This initiative is strengthened by AI-enabled smart underwriting which is applicable for certain low-risk prospects for a sum assured of up to Rs. 25 Lakh.

**Note** – Recently, Max Life has also introduced innovative digital experiences like chatbot and WhatsApp servicing.



### **About Max Life Insurance Company Limited:**

Max Life Insurance Company Limited is a Joint Venture between **Max Financial Services Limited** and **Axis Bank Limited** that offers long-term savings life insurance solutions, through its multi-channel distribution including agency and third-party distribution partners.

**Managing Director (MD) & CEO** – Prashant Tripathy

**Headquarters** – New Delhi, Delhi

### **World Bank Approves USD 1 Billion Loans to Support India's Health Sector**

The World Bank (**WB**) Board of Executive Directors has approved 2 complementary loans of **USD 500 million each** to support India's health sector. The two complementary combined loans of USD 1 billion will be offered to support India's flagship Pradhan Mantri-Ayushman Bharat Health Infrastructure Mission (**PM-ABHIM**) which was launched in October 2021, to improve the public healthcare infrastructure across India.

- This loan will be prioritized for seven states including Andhra Pradesh, Kerala, Meghalaya, Odisha, Punjab, Tamil Nadu, and Uttar Pradesh to improve the health sector.

#### **India's Health Sector:**

i. According to WB estimates, India's life expectancy has improved to 69.8 in 2020 from 58 in 1990 which is higher than India's average income level.

ii. The other indicators have also shown improvement such as under-five mortality rate (36 per 1,000 live births), infant mortality rate (30 per 1,000 live births), and maternal mortality ratio (103 per 100,000 live births).

#### **Other Highlights:**

i. The two loans from International Bank for Reconstruction and Development (**IBRD**) supports Public Health Systems for Pandemic Preparedness Program (**PHSPP**) and Enhanced Health Service Delivery Program (**EHSDP**) with a final maturity of 18.5 years including a grace period of 5 years.

ii. The **PHSPP** helps India to prepare to detect and report epidemics of potential international concern, enhances India's capacity to detect pathogens, including zoonotic diseases, and **strengthen coordination and build institutional capacity**

iii. The **EHSDP** will strengthen service delivery through primary health care model, supports the National Quality Assurance Standards certification across Health and Wellness Centres (HWCs) to improve the quality of healthcare, and transform health sector governance and accountability.

#### **Recent WB approved loans for India :-**

- In June 2022, WB has approved the financing of \$250 million to support the Government of India's Program for Strengthening Road Safety.
- World Bank has approved three loans totalling USD 562 million (about Rs 4,393.70 crore) to fund an education project in Gujarat, a social protection programme in Tamil Nadu and a project to help recovery in the fisheries sector post the pandemic.

### **About World Bank (WB):**

**President** – David Robert Malpass

**Establishment** -1944

**Headquarters** – Washington D.C, United States (US)

### **ICICIdirect Launches Learning App to Help Customers in Investment**

On 29th June 2022 ICICI Securities (**I-Sec**) launched **ICICIdirect iLearn**, a learning app for investors (beginners or expertise) to easily learn about several financial products and market topics.

- **Aim** –To provide investors with well-researched and simplified content by expertise for taking better investment decisions.

#### **Highlights:**

i. The ICICIdirect iLearn app currently hosts more than **550 content pieces** across various sections that will be updated on regular intervals on different topics including current market developments.



ii. As per the data from BSE, the total number of investors as on June, 2022 stands around **109 million**, with 51% increase year-on-year (Y-o-Y).

- I-Sec, millennials and Gen Z formed more than 80% of its active customer base out of overall customer base in the past 3 years.

**Note** – A platform ‘iCommunity’ will soon be launched to enable an opportunity of learning through fellow investors.

#### **About ICICI Securities (I-Sec):**

ICICI Securities (I-Sec) is a subsidiary of ICICI Bank Limited

**Chairman** – Vinod Kumar Dhall

**Establishment** – 1995

**Headquarters** – Mumbai, Maharashtra

#### **GoI Retains Same Interest Rates on Small Savings Schemes for Q2 FY23**

In spite of high inflation and rising interest rates, the **Government of India (GoI)** decided to retain the same interest rates on small savings schemes like the **Public Provident Fund (PPF)** and **National Savings Certificate (NSC)** for the second quarter (Q2) [July 1, 2022–September 30, 2022] of the Financial Year 2022-23 (FY23).

- In Q2 of FY23, the annual interest rates for PPF and NSC will remain at 7.1% and 6.8%, respectively.
- This is the ninth quarter in a row that small savings interest rates have remained unchanged. Since the first quarter of 2020-21, the interest rate on small savings plans has not been changed.

#### **Key Points:**

New investments made into these schemes during the Q2 of FY 2022-23 will yield the same interest rates as indicated for the Q1 (April 01, 2022 – June 30, 2022) for FY23.

#### **Table showing Interest Rates on Small Saving Schemes for Q2 FY23 (July 1, 2022–September 30, 2022)**

Instrument	Maturity (years)	Interest (%)	Compounding Frequency	Minimum amount for Opening Account (Rs)
Post Office Saving Account (SB)	–	4	Annually	500
1-year Post Office Time Deposit Account (TD)	1	5.5	Quarterly	1000
2-year Post Office TD	2	5.5	Quarterly	1000
3-year Post Office TD	3	5.5	Quarterly	1000
5-year Post Office TD	5	6.7	Quarterly	1000
5-year Post Office Recurring Deposit Account (RD)	5	5.8	Quarterly	100/month
Senior Citizens Savings Scheme Account (SCSS)	5	7.4	Quarterly and paid	1000
Monthly Income Account (MIS)	5	6.6	Monthly and paid	1000
National Savings Certificate (NSC) (VIII Issue)	5	6.8	Annually	1000
Public Provident Fund (PPF)	15	7.1	Annually	500
Kisan Vikas Patra (KVP)	124 months	6.9	Annually	1000
Sukanya Samridhhi Account (SSA)	21	7.6	Annually	250



- In order to tackle high inflation, the State Bank of India (SBI), the largest lender in India, increased the interest rate on one-year fixed deposits to 5.10%, following two consecutive increases in benchmark rate by 90 basis points.
- The Reserve Bank of India (RBI) hiked the repo rate by 40 basis points & 50 basis points in May 2022 and June 2022, respectively.
- Recently, the Employee's Provident Fund (EPF) Deposit interest rate was reduced to a four-decade low of 8.1% for 2021-22 from 8.5%.
- For the fifth consecutive month, retail inflation exceeded the RBI's tolerance level in May 2022, coming in at 7.04 %.
- PPF has a maturity period of 15 years after which you can choose to withdraw funds from your PPF account. Partial withdrawals are also allowed before the account matures (after the 6th financial year from account opening)

### **How often the Rate of Interest will be revised?**

The Rate of Interest of Small Savings Scheme will be revised by the Ministry of Finance once in 3 Months (every Quarter of the FY) (i.e. (April-June), (July – September), (October – December),(January-March)).

**Note:** The Shyamala Gopinath committee in 2011 had recommended making small savings scheme savings schemes market linked.

### **Axis Bank partners EazyDiner to launch premium dining experience programme**

Axis Bank has partnered with **EazyDiner**, India's leading table reservation, food discovery and restaurant payment platform, to launch Dining Delights, a unique dining experience for the bank customers.

i. The program will offer benefits such as the option to choose from over 10,000 premium restaurants across India and Dubai, instant confirmation on table reservations, and exclusive offers on dining reservations made through the EazyDiner app.

ii. This new initiative is aligned to serve an increasing number of customers who want choice, variety and convenience while dining out, all at one go.

### **National Chartered Accountant Day 2022 – July 1**

The National Chartered Accountants (CA) Day is annually observed across India on 1st July to commemorate the formation of the Institute of Chartered Accountants of India (ICAI) on 1st July 1949. It is also known as 'ICAI Foundation Day'.

- 1st July 2022 marks the observance of the 74th National Chartered Accountants (CA) Day.

#### **Key points:**

i. As a part of the 74th Chartered Accountants Day celebration, the ICAI has organized an event in New Delhi. The chief guest was Girish Chandra Murmu, Comptroller and Auditor General of India (CAG).

#### **India to host 21st WCOA:**

ii. In November 2022, India will host the 21st **World Congress of Accountants (WCOA)** for the first time.

- Theme for **WCOA 2022**- "Building Trust Enabling Sustainability".

#### **About Institute of Chartered Accountants of India (ICAI):**

i. The ICAI is India's **first** professional accounting body and it was created as a statutory body by the Parliament under the Chartered Accountants Act 1949.

ii. ICAI is the only licensing cum regulating body of the financial audit and accountancy profession in India.

iii. It sets the managing guidelines for chartered accountants, administers the exams, grants certificates of practice, etc.

iv. The ICAI is the second largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest.

**President-** Dr. Debashis Mitra

**Headquarters-** New Delhi.



## **Goods and Services Tax Day 2022 – July 1**

Goods and Services Tax (GST) Day is annually observed across the globe on 1st July to commemorate the implementation of the Goods and Services Tax (GST) system, the unprecedented reform of Indian taxation.

- **GST Day 2022** marks the celebration of the **5th anniversary** of the implementation of GST system (**5th GST Day**).
- The observance of the Day across India is led by the Central Board of Indirect Tax and Customs(**CBIC**) across India.

### **Background:**

i. On 1st July 2017, the GST was launched in a majestic ceremony held in the Central Hall of Parliament, New Delhi, Delhi.

ii. In 2018, the Government of India decided that 1st of July shall be commemorated as the GST day.

iii. The GST day was first observed on 1st July 2018, which marked the one year anniversary of the implementation of the GST system.

### **Events 2022:**

Union Finance Minister Nirmala Sitharaman inaugurated the celebration of the 5th GST day at Vigyan Bhawan, New Delhi, Delhi.

### **Key People:**

Pankaj Chaudhary, Minister of State, Ministry of Finance (guest of honour of the event), Vivek Johri, Chairman of CBIC were present at the event.

### **Highlights:**

i. The event includes a broad presentations on the impact of GST across various levels over the past 5 years.

ii. A booklet "**GST@5**" was also released during the event.

### **About GST:**

i. GST was introduced with the idea of "One Nation- One Market- One Tax".

According to the Article 366(12A) of the Constitution as amended by 101st Constitutional Amendment Act, 2016, the Goods and Services tax (GST) is defined as a tax on supply of goods or services or both.

ii. GST is a indirect "consumption-based tax" system that subsumes several taxes at Centre and State level.

- **At central level**, Central Excise Duty, Duties of Excise, Additional Duties of Excise, Service Tax, Additional Customs Duty commonly known as Countervailing Duty (CVD), and Special Additional Duty of Customs.
- **At state level**, State Value Added Tax (VAT)/Sales Tax, Entertainment and Amusement Tax, Central Sales Tax, Octroi and Entry tax, Purchase Tax, Luxury tax, and Taxes on lottery, betting and gambling.

iii. Main components of GST are Central GST (CGST); State GST (SGST); Union Territory GST (UTGST); and Integrated GST (IGST).

### **Goods and Services Tax Council:**

i. The GST Council is comprised of the Union Finance Minister (who is the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers as members.

ii. It is empowered to make recommendations to the Union and the States on all GST related issues.

### **Gross GST revenue of June 2022:**

i. The Gross GST revenue collected in **June 2022** has increased by 56 per cent year-on-year to **Rs 1,44,616 crores**, of which Rs 25,306 is CGST, Rs 32,406 crore is SGST, Rs 75,887 crore is IGST and cess is Rs 11,018 crore.

ii. This is the 2nd highest collection next to the April 2022 collection of Rs 1.68 lakh crore.

## **SBI Card Partners with Aditya Birla Finance to Launch 'Aditya Birla SBI Card'**

SBI Cards and Payment Services collaborated with Aditya Birla Finance Limited (**ABFL**), the lending subsidiary of Aditya Birla Capital for the launch of '**Aditya Birla SBI Card**'. This card has been designed to award customers with reward points on their spending in telecom, fashion, travel, dining, entertainment, and hotels.



### **Key Points:**

- i. The card has been launched in two variants, 'Aditya Birla SBI Card SELECT' and 'Aditya Birla SBI Card', on the Visa platform and benefits 35 million (3.5 crore) customers of Aditya Birla Capital
- ii. The joining or annual renewal fee for 'Aditya Birla SBI Card' and 'Aditya Birla SBI Card SELECT' is Rs 499 and Rs 1499 respectively.

### **About SBI Cards and Payment Services Ltd:**

**MD & CEO** – Rama Mohan Rao Amara

**Establishment** – 1998

**Headquarters** – Gurugram, Haryana

### **ACC Establishes FSIB for Appointments in Financial Institutions**

The Appointments Committee of the Cabinet (**ACC**) headed by the Prime Minister (PM) has approved the establishment of Financial Services Institutions Bureau (**FSIB**) with one chairperson and two members.

- It is a single entity constituted for making recommendations for appointments of Wholetime Directors and Non-Executive Directors in public sector banks (PSBs), public sector insurers (PSIs) and financial institutions (FIs) including selection of General Managers and Directors in non-life PSIs.

### **Highlights:**

**i. Head** – The former Banks Board Bureau Chairman **Bhanu Pratap Sharma** to be the 1st chairman of the entity for 2 years, with 2 other members.

**ii. Other appointment for the members of FSIB –**

- Animesh Chauhan, former Chairman and Managing Director of Oriental Bank of Commerce, has been appointed in the ex-banker from public sector category.
- Shailendra Bhandari, former Managing Director & CEO of ING Vysya Bank, have been appointed as Members of FSIB in the ex-banker from Private Sector category.

**ii.** With this approval, Department of Financial Services (DFS) in the Finance Ministry is expected to carry out necessary modifications in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme of 1970/1980 with the approval of the Finance Minister Nirmala Sitharaman.

**ii.** The establishment of FSIB brings an end to the Banks Board Bureau (BBB), that was **established in 1st April 2016** as an autonomous body for the appointments for the Board of Public Sector Banks, Public Sector Financial Institutions and Public Sector Insurance Companies and also to recommend in improvement of the financial institutions.

### **Edelweiss General Insurance joins hands with Avanse Financial for student travel insurance**

Edelweiss General Insurance has partnered with **Avanse** Financial Services, an education-focused NBFC, to provide travel insurance to Indian students going abroad for higher education.

**i.** Under this partnership, EGI plans to offer complete coverage against medical, stay and travel inconvenience-related covers, thereby ensuring a worry-free, study and stay period for students and students will also have the choice to customize their plan with optional covers as per their needs and requirements from universities

**Note-** Industry reports suggest that this number is expected to reach 1.8 million by 2024, which will also lead to an increase in spending.

### **Muthoot Finance launches updated version of web application**

On 29, June 2022, **Muthoot Finance**, a Non-Banking Financial Company (NBFC), has launched the new upgraded version of 'Muthoot Online' (<https://online.muthootfinance.com/>) web application, offering an extended range of features which promises an omni channel experience to its customers.

**i.** There are a plethora of features loaded in the web application for all types of loan repayments- including repayment of Gold Loan, Home Loan, Personal Loan and Vehicle Loans offered by Muthoot Finance.



ii. By this Launch, customers can have a hassle-free user experience to avail these services from the comfort of their homes and Customers can avail and repay gold loan, home loan, personal loan and vehicle loan, buy Insurance & zero interest products online along with accessing host of other facilities 24x7.

### **CRISIL Cuts India's GDP Growth Estimate to 7.3% for FY23**

CRISIL (Credit Rating Information Services of India Limited) has decreased India's real Gross Domestic Product (GDP) growth forecast to **7.3% from 7.8% for FY23** due to slowing of export demand and high inflation and the country's recent revision of higher oil prices.

- The decrease is also due to a lot of factors like high commodity prices, elevated freight prices, export prices and weak demand-side driver of private consumption.
- The GDP predictions are in line with the Reserve Bank of India (RBI's) estimates, which projected the economy to grow at 7.2% for FY23, from earlier guidance of 7.8%.

#### **From the report:**

i. The **inflation** stood at an average 6.8% in FY23 against 5.5% in FY22 reducing purchasing power that would revive consumption which is the largest component of GDP.

ii. Due to high commodity prices, slowing global growth and supply chain snarls, the current account widens to 3% of GDP in FY23 from 1.2% in FY22 which reduces the rupee value on dollar that is estimated to Rs.78 in March 2023, compared to Rs.76.2 in March 2022.

iii. The **global crude** is estimated to average between USD 105-110 per barrel in FY23, which is higher by 35% compared to FY22 and is highest since 2013.

#### **About CRISIL:**

Credit Rating Information Services of India Limited is a subsidiary of American company S&P Global.

**Managing Director (MD) & CEO** – Amish Mehta

**Headquarters** – Mumbai, Maharashtra

### **ONDC & NABARD Jointly Organised Grand Hackathon to Promote E-commerce in Agri Sector; Launched by Piyush Goyal**

Union Minister Piyush Goyal virtually launched the **3-day 'Grand Hackathon'**, a hybrid event with the physical event held at the Bombay Stock Exchange (BSE) in Fort, Mumbai, Maharashtra.

- It was organised by the Open Network for Digital Commerce (**ONDC**), a project initiated by the Department for Promotion of Industry and Internal Trade (**DPIIT**) in collaboration with National Bank for Agriculture and Rural Development (**NABARD**).
- The "Grand Hackathon" is subdivided into two categories: the Agri Grant Challenge and the Agri Innovation Hackathon, which will highlight the ideas to support the adoption of eCommerce in the agricultural sector.

#### **Highlights:**

i. **Aim** – To build an open network for buyers and sellers to democratise the current e-commerce ecosystem, particularly the Farmer Producer Organisations (FPOs), mandis, processors, exporters, Micro, Small & Medium Enterprises (MSMEs) and the small retailers.

ii. The event also includes **Rs. 1.2 Crore** rewards or financial incentives for its winning participants.

- It is also backed by many credited national initiatives or organisations like Start-Up India, Atal Innovation Mission, Beckn & Protean.

iii. ONDC will work with Small Industries Development Bank of India (SIDBI), state SMEs, to encourage and build smart solutions that can help farmers and farm producers to make their product catalogue digitised and publish it on ONDC protocol with tracking option of orders and payments.

iv. The pilot project of the network is already open in 6 cities including Delhi, Bangalore (Karnataka), Coimbatore (Tamil Nadu), Shillong (Meghalaya), Lucknow (Uttar Pradesh), and Bhopal (Madhya Pradesh).



## **SEBI Extends the Deadline for Introducing DDPI System to September 1, 2022**

The Securities and Exchange Board of India (**SEBI**), the capital markets regulator, has extended the deadline for implementation of the guidelines, related to the **Demat Debit and Pledge Instruction (DDPI)** for pledging and repledging of stocks for margin purposes, by 2 months, from its original date of July 01, 2022 to September 01, 2022.

- The guidelines are intended to prevent the misuse of Power of Attorney (PoA) granted by clients to stock brokers, and once implemented, PoA will be replaced with a DDPI document.

**Objective:** To protect the interests of investors in securities, and to promote the development and regulation of securities markets.

- The action is taken in accordance with Section 11(1) of the Securities and Exchange Board of India Act, 1992, and Section 19 of the Depositories Act, 1996.

### **Demat Debit and Pledge Instruction (DDPI) system**

**i. Significance:** Since DDPI is designed to prevent misuse of client securities by brokers using the POA system, it will be a reliable mechanism for stock brokers to gain consent from their clients for debiting and pledging their securities in the demat account.

**ii.** With the DDPI, clients will explicitly grant permission for the stock broker and depository participant to have access to the accounts of their beneficial owners for the limited purpose of meeting pay-in obligations for the settlement of trades they have conducted.

**iii.** A client can use the DDPI or complete the settlement by issuing physical Delivery Instruction Slip (DIS) or electronic Delivery Instruction Slip (eDIS) themselves.

**iv.** Existing PoAs, on the other hand, will be valid until revoked by the client. So, if a client refuses to execute the DDPI, the stock broker and depository participant will not directly or indirectly force the client to do so or deny services to the client.

**v. Limitations of DDPI:** DDPI will only be used for two purposes.

- One is for the transfer of securities held in the beneficial owner account of the client towards stock exchange related deliveries or settlement obligations resulting from trades made by such a client.
- The second purpose will be to pledge or re-pledging securities in favour of the trading member or clearing member in order to satisfy the client's margin requirements.
- Once the guidelines are implemented, PoA will no longer be performed for these two purposes.

**vi.** Stock Exchanges and Depositories are required to inform their members / participants of these provisions and publish the same on their websites.

## **Indian Bank Signed MoU with Haryana to Distribute Mobile Phones**

The **Indian Bank** has signed a Memorandum of Understanding (**MoU**) with the **Government of Haryana** regarding the distribution of mobile phones to consumers through e-Unified Payment Interface (**e-upi**) system.

- Under this MoU, the Indian bank will provide e-upi coupons to the beneficiaries, which can be redeemed without any credit or debit card. This allows the customers to avail a mobile phone from a designated vendor.
- Under this initiative, the Indian Bank in Haryana will organise the Mobile distribution melas.

## **Edelweiss General Insurance Launches Comprehensive Motor Insurance: SWITCH**

**Edelweiss General Insurance** has launched **SWITCH**, a comprehensive motor insurance product under Insurance Regulatory and Development Authority's (Irdai) Sandbox initiative.

### **About SWITCH**

**i. SWITCH** is an application that is a **completely digital**, India's 1st mobile telematics-based motor policy which detects motion and automatically activates insurance when the vehicle is driven. This helps customers to pay only for how much they drive.

**ii.** This not only measures the quantity but also the **quality of driving** and calculates premium accordingly.



- Customers are also given a **driving score** based on several parameters such as overspeeding, distracted driving, sudden braking, among others.
- In addition, the app will also change the policy if the policyholders use a car and will be tracked by the insurance company as your location will be shared.

iii. The vehicle will be covered 24/7/365 against fire and theft.

**Note** – Certain policies like **'pay as you drive'** charge a lower premium when the vehicle is driven less and charge higher when driven more.

**About Edelweiss General Insurance:**

**Executive Director and CEO** – Shanai Ghosh

**Headquarters** – Mumbai, Maharashtra

**47th GST Council 2022: Revises GST Rates & Makes Recommendations**

On June 29, 2022, the **47th Goods and Services Tax (GST) Council 2022** convened in Chandigarh under the chairmanship of Union Minister Nirmala Sitharaman, Ministry of Finance.

Union Minister of State for Finance Pankaj Choudhary, as well as Finance Ministers from states and union territories, and top officials from the Ministry of Finance and states/union territories, attended the meeting (UTs).

- The GST Council has, among other things, suggested changes to the law and procedure governing GST, as well as changes to the GST rates applied to the supply of goods and services. The rate changes recommended by the 47th GST Council will be made effective from **July 18, 2022**.

**Recommendations of 47th GST Council Meeting**

S. No.	Description	From	To
<b>GOODS</b>			
	LED Lamps, lights and fixture, their metal printed circuits board;	12%	18%
2	Solar Water Heater and system;	5%	12%
3	Prepared/finished leather/chamois leather / composition leathers;	5%	12%
<b>SERVICES</b>			
1	Job work in relation to processing of hides, skins and leather	5%	12%
2	Works contract for roads, bridges, railways, metro, effluent treatment plant, crematorium etc.	12%	18%

The exemption in the form of a concessional rate of GST is being rationalised in the following goods:

S.No.	Description of goods	From	To
<b>GST rate changes</b>			
1	Petroleum/ Coal bed methane	5%	12%
2	Scientific and technical instruments supplied to public funded research institutes	5%	Applicable rate
3	E-waste	5%	18%

[Click here to know about the complete list of the rate changes](#)

**South Indian Bank Partners with Kerala's Forest & Wildlife Dept for Digital Payment Collection**

The **South Indian Bank (SIB)** has signed an agreement with Kerala's **Forest and Wildlife Department** to enable digital collection of payments at eco-tourism centres, Vanasree shops, mobile Vanasree units and eco-shops across Kerala.

- The partnership will commence by setting up **124 Point-of-sale (POS)** machines under 36 forest department agencies across Kerala.



### **Key Highlights:**

i. After this partnership, the digital collection system of South Indian Bank will now be available at all **124 tourist spots** that fall under the Forest Department.

ii. The Forest Department has set up Vanasree shops and units with the objective of marketing forest products, conserving and managing biodiversity, protecting the rich and sensitive ecosystem and uplifting the living standards of the tribals working in the area.

### **About South Indian Bank (SIB):**

**MD & CEO** – Murali Ramakrishnan

**Establishment** – 1929

**Headquarters** – Thrissur, Kerala

**Tagline** – Experience Next Generation Banking

### **SBI General Insurance Launches Cyber Insurance Cover for Individuals : Cyber VaultEdge**

**SBI General Insurance** has launched the **Cyber VaultEdge** insurance plan, a comprehensive cyber insurance cover for protecting individuals against financial losses arising from cyber risks and attacks.

- **Aim** – To secure individuals by minimising financial losses arising due to internet-based risk or cyber risks through a comprehensive and affordable product.

### **Key Highlights:**

i. It has been designed to address the risks occurring due to cybercrime and instances of reputation damage, fraudulent transactions with credit cards, debit cards, theft of personal information, etc.

- It also covers unauthorised e-transactions, loss of wages resulting from identity theft and instances impacting online reputation including social media trolling, bullying, and stalking.

ii. **Expenses** – Cyber VaultEdge takes care of the **legal expenses** arising on any legal actions taken for the incidents against 3rd parties and **reimbursement** is done to restore data by availing Information Technology (IT) specialists.

- It also covers consultation expenses of **psychologists** to individuals for trauma or stress arising due to such incidents.

**Note** – According to CERT-In, cyber security problems raised to Rs. 14.02 lakh in 2021 from Rs. 2.08 lakh in 2018 and the losses due to cybercrime, ATM/debit card, credit card and internet banking fraud were estimated at Rs. 63.4 crore in 2020-21 in both private and public banks.

### **About SBI General Insurance:**

**Managing Director (MD) & CEO** – Paritosh Tripathi

**Establishment** – 2009

**Headquarters** – Mumbai, Maharashtra

### **In a First, MoD Approves Private Sector Banks for Financial Services in Overseas Procurement**

For the first time, the **Ministry of Defence (MoD)** has entrusted 3 private sector banks—**HDFC Bank Ltd., ICICI Bank, and Axis Bank Ltd.**—to provide financial services such as Letter of Credit (LoC) and Direct Bank Transfer operations for overseas procurement.

- The authorization is in line with the Department of Financial Services, MoD, extending the allocation of government business to private sector banks.

Until now, the MoD had relied entirely on authorised Public Sector Banks (PSBs) to provide these services.

### **Key Points:**

i. A Letter of Credit (LC) transaction of Rs 2000 crore may be granted to the selected banks concurrently for a year on both the capital and revenue sides (Rs. 666 Crore for each bank under both capital as well as revenue).

- A Letter of Credit (LC), or a "credit letter," is a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and in the exact amount.

ii. The performance of these banks will be monitored on a regular basis in order to take any necessary actions in future.



iii. The Principal Controller of Defence Accounts (PCDA), New Delhi (Delhi), on behalf of the MoD, recently signed Memorandums of Understanding (MoUs) with each of these three banks for the provision of financial services for overseas procurement.

iv. In terms of market valuation, HDFC Bank is the largest bank, followed by ICICI Bank, State Bank of India (SBI), Kotak Mahindra Bank, and Axis Bank.

- HDFC Bank, ICICI Bank, and SBI are among the top ten most valuable firms on the BSE (formerly Bombay Stock Exchange).

Bank Name	MD & CEO	Establishment	Headquarters	Tagline
HDFC Bank Ltd.	Sashidhar Jagdishan	1994	Mumbai, Maharashtra	We Understand Your World
ICICI Bank	Sandeep Bakhshi	1994	Mumbai, Maharashtra	Hum Hai Na Khayal Apka
Axis Bank Ltd.	Amitabh Chaudhry	1993	Mumbai, Maharashtra	Badhti Ka Naam Zindagi

### **Fi Money Introduces 'Ally Annexure': A Queer Community Financial Inclusion Initiative**

**Fi Money**, a neobank based in Bengaluru (Karnataka), has launched '**Ally Annexure**', an initiative to empower LGBTQ (lesbian, gay, bisexual, and transgender) customers have better access to financial services. The initiative is currently in its initial stages.

- The "Ally Annexure" initiative seeks to educate institutions about the need of being more receptive to the financial needs of LGBT customers.

It was launched in collaboration with **Pride Circle**, a diversity and inclusion firm and will be sponsored by Kochi (Kerala) – based **Federal Bank**, a banking partner of Fi Money.

**Note:** Neobanks are digital banks with no physical locations. These firms provide software, apps, and other technology to simplify mobile and internet banking.

#### **Concerns of the Queer Community**

i. The most frequently cited barriers to the accessibility of financial solutions by the queer community are going to the bank branch and in-person interactions with institutional staff.

ii. Although homosexuality in India was decriminalised by the Supreme Court of India in a landmark decision on September 6, 2018, by decriminalizing Section 377 of the Indian Penal Code (IPC), currently there is no legal framework that permits queer people to access financial services without difficulty or discrimination.

- Lack of awareness and a biased structure in the financial services industry are considered to be the major cause for this problem.

#### **The Ally Annexure: Solving for Financial Inclusion**

i. Using the "Ally Annexure," a manual, staff members can educate themselves about the needs, preferences, and issues that the LGBT community faces on a daily basis.

ii. The objective is to make this document into a uniform set of guidelines that banks and other financial institutions can use anywhere.

- The Ally Annexure and an overview of the initiative can be accessed at <https://pride.fi.money/>

#### **About Fi Money**

- CEO of Fi Money – Sujith Narayanan

Recently, Fi Money has launched multiple financial products through its neobanking app, including mutual funds and Fi Jump, a peer-to-peer investment product.

### **Salesforce: Announces USD 2 million Grant for education, workforce development in India; Ties up with HDFC**

On 6th July 2022 **Salesforce, Inc**, a Customer Relationship Management (CRM) firm, announced **USD 2 million** (about Rs.15.85 crore) in grants to over 22 Non-Profit Organisations (NPO) across India.

- The grant would impact over 40,000 individuals across India and includes entities that are working towards child welfare, workforce development, and providing quality education for all.



### **Key Highlights:**

i.Salesforce will partner with institutions such as Meghshala Trust, Inquilab Foundation, Learning Curve Foundation and others for giving quality education to children.

- Thus, students will have access to Hybrid learning spaces, Social Emotional Learning, STEM (Science, technology, engineering, and mathematics) and early education.

ii.As a part of **onetrillion.org**, planting **43.5 million trees** globally and one million trees in India by 2030 is another Salesforce initiative.

iii.Additionally, Salesforce also partners with organisations such as Katalyst, Navgurukul and Feminist Approach is equipping individuals with skills to help improve their employment opportunities.

### **HDFC Partners with Salesforce to reimagine the customer lifecycle**

**HDFC Limited**, a mortgage lender has partnered with **Salesforce** for supporting growth priorities as HDFC wanted to build the **next generation** of integration backbone, to easily connect backend and frontend systems including Salesforce.

### **Key Points:**

i.With the help of an innovative API-led integration approach and low code integration capabilities of Mulesoft, HDFC will innovate quickly around connecting systems and create new experiences.

ii.The central idea of providing Cloud-based solutions that are intuitive and customized will reimagine the customer lifestyle.

### **About Salesforce:**

Globally, Salesforce has reached over half a billion dollars in all-time philanthropic giving (a total of USD 532 million) in grants since its founding and it also surpassed USD 100 million in annual donations for 2022.

**CEO** – Marc Benioff

**Headquarters** – San Francisco, California, United states (US)

**CEO of Salesforce India** – Arundhati Bhattacharya

### **SBI: Renews MoU with Indian Air Force for Defence Salary Package: Partners with Samunnati for Financing FPOs**

On 6th July 2022 State Bank of India (SBI) renewed the Memorandum of Understanding (MoU) with the Indian Air Force (IAF) for the Defence Salary Package (DSP) scheme.

### **About DSP Scheme:**

The DSP scheme offers various **benefits** and features such as complimentary personal accidental insurance, air accidental insurance, and additional cover in case of on-duty death to all serving and retired Air Force personnel and their families.

- It also includes Insurance cover for permanent total disability or partial disability.
- This partnership will enable Samunnati to scale up its outreach to FPOs with customised financial solutions at affordable interest rates, leveraging the vast resources available with SBI.

### **Enhanced benefits:**

i.In case of death of the Air Force personnel, the family of the deceased can avail add-on covers for child education including the marriage of girl child and also the retired personnel will be eligible for complimentary personal accidental insurance, irrespective of their age.

ii.These enhanced benefits will be automatically extended to all the Air Force personnel who are covered under its DSP after renewal.

### **SBI Partners with Samunnati to Finance FPOs**

State Bank of India (SBI) has signed a non-financial Memorandum of Understanding (MoU) with **Samunnati**, an agri finance company for financing farmer producer organisations (FPOs) with an initial outlay of Rs. **100 crore**.

- This helps in mainstreaming FPOs as an asset class and increase the awareness of farmer-owned institutions in the banking sector.



### **Key Highlights:**

- i.**In **November 2020**, the Reserve Bank of India (RBI) issued guidelines for co-lending by scheduled commercial banks and non-banking financial companies (NBFCs).
- ii.**SBI is one of the 1st banks to participate in a co-lending programme aimed at mainstreaming FPOs as an asset class.
- iii.**Samunnati works with a network of over 3,000 farmer collectives with six million-plus members and solutions spanning agri finance, agri Commerce, and advisory services.
  - This partnership will enable Samunnati to scale up its outreach to FPOs with customised financial solutions at affordable interest rates, leveraging the vast resources available with SBI.

### **About State Bank of India (SBI):**

**Chairman** – Dinesh Kumar Khara

**Establishment** – 1st July 1955

**Headquarters** – Mumbai, Maharashtra

### **Bajaj Allianz launches QR Code-enabled services for customers**

Bajaj Allianz Life Insurance, one of India's leading private life insurers, has launched Industry-first **QR Code Enabled Services** to help the customers self-service their needs offering immediate closure of their requirements.

- i.** The QR-Code Enabled service is available across all 509 branches of Bajaj Allianz Life Insurance and provides a unique digital self-service feature to Customers access to 15 services on the phone. All the customer has to scan the QR Code available in the Bajaj Allianz Life's branches and self-service their life insurance policy.
- ii.** The Pune based Bajaj Allianz Life which began operations in 2001 as a joint venture between Bajaj Finserv and the German financial services major Allianz, serves millions of customers through its 509 branches and over 96,000 agents.

### **Cognizant bags multi-year contract from National Insurance Company Limited**

The US-based Information Technology (IT) company, **Cognizant** has been selected as a strategic technology provider by public sector general insurance company, National Insurance Company Limited (**NICL**), to accelerate and help manage its digital transformation.

- i.** NICL has awarded a multi-year contract to Cognizant to elevate its technology roadmap, help manage its centralised web-based core insurance solution consisting of multiple applications, underlying technology infrastructure and security, and provide consulting services, among others.
- ii.** Cognizant will also support NICL's technology roadmap by leveraging digital technologies such as machine learning, artificial intelligence, automation, and microservices-based architecture. It will also help NICL improve customer experience.

### **Power Finance Corporation Inks Loan Pact for JPY 30 bn with JBIC**

On 7th July 2022, Power Finance Corporation (PFC) Limited, a state-owned and a leading Non-Banking Finance Company (NBFC) in the Indian power sector signed a loan agreement for Japanese Yen (JPY) 30 billion (~USD 220.83 million) with Japan Bank for International Cooperation (JBIC).

- The loan agreement was signed by Ravinder Singh Dhillon, Chairman & Managing Director (CMD), PFC and Kazushige Gobe, Director General, Social Infrastructure Finance Department, JBIC in the presence of Parminder Chopra, Director (Finance) at PFC, Rajiv Ranjan Jha, Director (Projects) at PFC and Toshihiko Kurihara, Chief Representative, JBIC New Delhi office.

### **Key Highlights:**

- i.** JBIC has provided the loan under the initiative, 'Global action for Reconciling Economic growth and Environmental preservation' (**GREEN**).
  - **JBIC** provides financing for projects that effectively reduce greenhouse gas emissions and work towards the conservation of the global environment.



ii. The funds under the facility would be used by PFC to finance its renewable energy portfolio and would also help PFC in providing competitive rates for renewable power projects.

**About Power Finance Corporation (PFC) Limited:**

**Chairman & Managing Director (CMD)** – Ravinder Singh Dhillon

**Establishment** – 1986

**Headquarters** – New Delhi, Delhi

**BoB & WWB Announce the Launch Of “Baroda Jan Dhan Plus” In Uttar Pradesh & Uttarakhand**

**Bank of Baroda (BoB)**, one of India’s leading public sector banks, has partnered with **Women’s World Banking (WWB)**, a global Non-Profit Organization (NPO), to launch the broader **Phase 3** of the ‘**Baroda Jan Dhan Plus**’ to inculcate savings behaviour in customers.

- It will be rolled out in all 13 districts of Uttarakhand & 25 districts in Uttar Pradesh.

**Aim:** To enhance access to and promote the participation of low-income women with formal financial services.

- The primary objective of WWB is to provide low-income women with access to financial resources that will lead to their long-term financial security and prosperity.

**Significance:**

i. The phase 3 of ‘Baroda Jan Dhan Plus’ will cover existing BoB Jan Dhan clients via financial literacy camps and business correspondents (BC).

ii. The **Pradhan Mantri Jan Dhan Yojana (PMJDY)** Overdraft (OD) facility and other social security schemes will be used to disseminate the benefits of saving and enable access to formal credit.

- PMJDY is a National Mission on Financial Inclusion that employs an integrated strategy to ensure comprehensive financial inclusion of all households in India.

iii. Baroda Jan Dhan Plus relies on the strong base of the PMJDY, which has enrolled almost 25.11 crore, or 251.1 million women, in the financial system through Jan Dhan bank accounts.

**Features of ‘Baroda Jan Dhan Plus’:**

i. The initiative will train and work with over 2000 business correspondents (BC) and 1000 BC Sakhis (women business correspondents) to educate them to assist female clients in their respective locations.

- It encourages women account holders to deposit Rs. 500 monthly for five months, which may qualify them for a PMJDY OD loan of up to Rs. 10,000.

ii. The 3 core pillars of ‘Baroda Jan Dhan Plus’

- Making the banking ecosystem more welcoming to low-income women
- Making savings more relatable and profitable for women, and
- Training and capacity building for BC agents in soft skills with a gender focus to help them better understand and meet the demands of women customers.

**Note:** Between January 2020 and January 2022, the first two pilot projects of Baroda Jan Dhan Plus featured 170 BoB branches in Mumbai (Maharashtra), Delhi, Chennai (Tamil Nadu), and Shahjahanpur (Uttar Pradesh)

**About Bank of Baroda (BoB):**

**MD & CEO** – Sanjiv Chadha

**Establishment** – 1908

**Headquarters** – Vadodara, Gujarat

**Tagline** – India’s International Bank

**Max Life Launches New Life Insurance Product – Smart Capital Guarantee Solution**

**Max Life Insurance Company Limited** has launched ‘**Smart Capital Guarantee Solution**’, a life insurance product solution that merges the benefits of 2 existing products, **Max Life Smart Wealth Plan** and **Max Life Flexi Wealth Advantage Plan**.

- The product will offer wealth creation through market-linked returns and simplifies premium payments with additional financial protection.



**Key features:**

i. From the 2 existing products, the **capital guarantee** is offered through maturity benefit of **Max Life Smart Wealth Plan** and the **market-linked returns** will be through a part of the premium paid towards the **Max Life Flexi Wealth Advantage Plan**.

ii. Unique and customised storyboards created to meet various financial needs through lump sum benefits, regular income, or whole-life income benefit

iii. Flexibility to choose from different premium term payment options with comprehensive protection and death-benefits

iv. Tax benefits can be availed under section 80C and Section 10 (10D) of the Income Tax Act 1961.

**About Max Life Insurance Company Limited:**

Max Life Insurance Company Limited is a Joint Venture between Max Financial Services Limited and Axis Bank Limited that offers long-term savings life insurance solutions, through its multi-channel distribution including agency and third-party distribution partners.

**Managing Director (MD) & CEO – Prashant Tripathy**

**Establishment – 2000**

**Headquarters – New Delhi, Delhi**

**Gita Gopinath becomes first woman and 2nd Indian to feature on IMF's 'Wall of former Chief Economists'**

Indian American Economist **Gita Gopinath** was featured on the 'Wall of Former Chief Economists' of the International Monetary Fund (IMF). She became the first woman and second Indian to get this achievement.

- The first Indian was Raghuram Rajan, who was Chief Economist and Director of Research of IMF between 2003 and 2006.

**Key points:**

i. In October 2018 Gita Gopinath was appointed as IMF Chief Economist by its managing director Christine Lagarde.

- She served as the first female Chief Economist of IMF between 2019 and 2022.

ii. In 2021 She was promoted as the IMF's First Deputy Managing Director, (Appointed by IMF's managing director Kristalina Georgieva).

**About Gita Gopinath:**

i. Gita Gopinath was born on 8 December 1971 in Kolkata, West Bengal. She is an Indian-American economist.

ii. Before joining the faculty of Harvard University in 2005, she was an assistant professor of economics at the University of Chicago's Booth School of Business.

iii. She is also a co-director of the international finance and macroeconomics program at the National Bureau of Economic Research (NBER) and also worked as the honorary economic adviser to the Chief Minister of Kerala.

**Note**– she is the recipient of the Pravasi Bharatiya Samman, the highest honour conferred on overseas Indians by the Government of India.

**About International Monetary Fund:**

**Headquartered**– Washington, D.C, United States (US)

**Managing Director**-Kristalina Georgieva

**Founded**- 1944

**UBI Launches Metaverse Virtual Lounge, 'Uni-verse', & Open Banking Sandbox Environment**

**Union Bank of India (UBI)**, one of India's leading Public Sector Banks (PSBs), announced the launch of '**Uni-verse**', the bank's Metaverse Virtual Lounge, and the Open Banking Sandbox Environment at an event in Mumbai, Maharashtra.

By launching 'Uni-verse', UBI has become the first Indian bank to open a virtual shop for publicity.

**The Metaverse Virtual Lounge: 'Uni-verse'**

i. 'Uni-verse' will provide a unique experience of banking to the customers. Similar to a real-world scenario,



customers can explore the lounge and obtain information on the bank's deposit, loan, government welfare schemes, digital initiatives, etc.

- In the initial phase, 'Uni-verse' will host product information and videos of UBI.

ii. The Metaverse Virtual Lounge initiative is a collaboration with Tech Mahindra, which offers creative and customer-centric digital experiences.

- Tech Mahindra is a subsidiary of the Mahindra Group, an Indian multinational conglomerate founded in 1945.

#### **Note:**

In February 2022, **JPMorgan Chase & Co**, the largest financial institution in the United States (US) became the **1st global bank** to open a lounge named '**Onyx**' in blockchain technology-based Metaverse platform Decentraland.

#### **The Open Banking Sandbox Environment**

i. UBI will collaborate with FinTechs (financial technology firms) and Start-Up partners through the Open Banking Sandbox environment to develop and introduce cutting-edge banking products.

ii. The Sandbox environment will serve as a platform for FinTechs and developers to put their ideas into action.

#### **About Union Bank of India (UBI):**

UBI has a mobile banking app, 'nxt' that provides a host of services such as balance enquiry, mini statement etc.,

**MD & CEO** – A Manimekhalai

**Establishment** – 1919

#### **AIIB to establish an Interim Operational Hub in Abu Dhabi, UAE**

Asian Infrastructure Investment Bank (**AIIB**) has approved the establishment of an Interim Operational Hub, its first overseas office in Abu Dhabi, United Arab Emirates (UAE), pending formal agreement to be finalised.

i. The hub will provide AIIB with a robust platform to enable effective supervision of its growing investment portfolio, and strengthen its project monitoring and implementation services across the globe.

ii. AIIB Starting with 57 founding members (UAE is one of them) in 2016 at headquarters Beijing, China, now AIIB has 105 members and developed a portfolio of 181 projects in 33 member countries with a total amount of USD 35.7 billion.

iii. The bank is headed by former Chinese Vice Minister for Finance, Jin Liqun. Urjit Patel, Former Reserve Bank Governor (India) is one of its five Vice Presidents.

**Note-** India is the second-largest shareholder of the Asian Infrastructure Investment Bank (AIIB) after China.

#### **SBI, KDEM Partners to Offer Collateral Free Loans to Start-ups in Karnataka**

The Karnataka Digital Economy Mission (**KDEM**) has signed a memorandum of understanding (MoU) with State Bank of India (**SBI**) to support the start-up ecosystem of Karnataka.

- The MoU will further allow SBI and KDEM to participate in cluster funds under Karnataka Information Technology Venture Capital Fund (**KITVEN**), which has focused on long term investment in seed or rapid growth opportunities within Karnataka.

#### **Key Highlights:**

As per the MoU, SBI will utilise the Credit Guarantee Fund Trust for Micro and Small Enterprises (**CGTMSE**) scheme to provide loan up to **Rs.2 crore loan** without collateral recognised under KDEM's Elevate programme, that support around 1000 start-ups.

- The **Elevate-Idea2PoC** was launched by the Department of Electronics, Information Technology (IT), BT, and Science & Technology (S&T), Government of Karnataka to identify and nurture innovative start-ups and provide them the necessary boost at various stages through funding or mentoring.

ii. SBI will open a start-up desk in the Innovation Tower at **HSR layout, Bengaluru, Karnataka** to offer services to start-ups. Similar desks will be set up in the other three hubs in Belagavi, Hubballi and Mangaluru as part of the KDEM's 'Beyond Bengaluru' initiative.



- Additionally, SBI will also contribute to the **Rs 75-crore** equity cluster fund to develop the three hubs along with **Rs. 25 crore** from the Government of Karnataka.

### **About Karnataka:**

**Governor** – Thawar Chand Gehlot

**Stadium** – Koramangala Indoor Stadium, Mangala Stadium, Srikantadatta Narasimha Raja Wadeyar Ground (Gangotri Glades Cricket Ground)

**Lakes** – Hirekolale Lake, Ayyanakere Lake

### **Tata MF partners with CAMSPay to launch UPI Autopay facility for SIPs**

Tata Mutual Fund has partnered with Computer Age Management Services Limited, **CAMSPay** to introduce Unified Payments Interface (UPI) Autopay for immediate Systematic Investment Plan (SIPs), UPI Autopay will enable investors in mutual funds to use their Virtual Payment Address (VPA) or UPI handle to mandate an Autopay facility for their SIP contributions.

- i. The inclusion of UPI Autopay option makes the process easy and may increase investors' willingness to invest.
- ii. Under this process, CAMSPay's UPI AutoPay offers real time Third Party Payment validation (TPV) and same-day settlement hence investors receive NAV benefits.

### **Axis bank signs MoU with Indian Air Force to manage salary accounts**

Private sector lender **Axis Bank** signed a Memorandum of Understanding (MoU) with the Indian Air Force (IAF) to manage salary accounts of the defense personnel under its 'Power Salute' initiative.

- i. The signing ceremony was held at Air Force Headquarters, with the IAF, represented by Air Vice-Marshal Ashok Saini in the presence of Air Chief Marshal V R Chaudhari and Axis Bank representatives, Reynold D' Souza, Executive Vice President.
- ii. Under the MoU, the bank will offer benefits to all ranks of Indian Air Force personnel including the veterans, cadets/recruits It includes a personal accident cover of up to Rs 56 lakh, total permanent disability cover benefit of Rs 46 lakh, air accident covers of Rs 1 crore among others.
- iii. There will be no processing fee to open the account, while as many as 12 EMI waivers will be given on home loans and it will also offer additional zero balance accounts for 3 family members with no charges.

### **City Union Bank partners with Shriram General Insurance for distribution of insurance products**

**City Union Bank** signed a corporate agency agreement with Shriram General Insurance Company for the distribution of the insurance products through the Bank's network across India.

i. Under the agreement, Shriram General Insurance would offer both personal lines of insurance products (motor, personal accident, home and travel) and commercial lines of insurance products (property, marine and engineering insurance) to the Bank's customers.

- Managing Directors (MD) and Chief Executive Officers (CEO) of City Union Bank – N. Kamakodi.
- Managing Directors (MD) and Chief Executive Officers (CEO) of Shriram General Insurance company- Anil Kumar Aggarwal.

### **PNB Signs MoU with IAF on PNB Rakshak Plus Scheme for Defence Personnel**

Punjab National Bank (**PNB**) has signed a Memorandum of Understanding (MoU) with the Indian Air Force (**IAF**) to provide specially designed products to the defence personnel under the '**PNB Rakshak Plus**' scheme. It is a Zero Balance Salary/ Pension Account For Serving & Non- Serving Defence Personnel i.e. all three wings of Defence.

- The agreement was exchanged between Atul Kumar Goel, MD and CEO of PNB, and Chief of Air Staff, Air Chief Marshal Vivek Ram Chaudhari, PVSM, AVSM, VM, ADC on behalf of the IAF in a ceremony at the Indian Air Force Auditorium, New Delhi.



- This scheme covers personal accidental insurance and air accidental insurance to serving, retired and trainees of the defence forces, central armed police forces, state police force, metro police and retired defence pensioners.
- PNB Rakshak Plus Scheme also includes *Border Security Force (BSF), Central Reserve Police Force (CRPF), Central Industrial Security Force (CISF), Indo-Tibetan Border Police (ITBP), State Police Force, Metro Police (Cities which follows Police Commissionerate System- like Delhi Police, Mumbai Police, Kolkata Police etc.), Research and Analysis Wing (RAW), Intelligence Bureau (IB), Central Bureau of Investigation (CBI)* Indian Coast Guard Personnel & Para-Military personnel, Gentlemen cadets and Special Forces at Central & State level.

### Features of the scheme:

**i.** Personal accidental (death) cover – Rs 50 lakh; Air accidental (death) Insurance cover – Rs 100 lakh; Personal accidental (permanent total disability) cover – Rs 50 lakh.

- Additionally, sweep facility – initial threshold amount – Rs 10000; minimum sweep In/Out – Rs 1000; multiples of – Rs 1000.

**ii.** No Cash Handling Charges are levied for the transactions with free SMS Alerts for every transaction in the account and debit or credit cards and hence branches from all over India are considered as home branches.

- Concession in locker rent with 25 percent Annual Maintenance Charges (AMC) waived off for 3 years from date of issue.

**iii.** Overdraft (OD) up to last 3 months net salary or pension amounting from Rs 75000 to Rs 3 lakh and unlimited free Demand Drafts (DDs)/POs with a ceiling of Rs 50,000 per free DD/PO.

- Zero balance saving account to family members including concession in rate of interest and service charges under Housing, Car, Education and Personal Loan Schemes.

**iv.** Education loan under **PNB Pratibha** for the children of the Primary Account holder who takes admission in the Army Educational institutions.

- Also, financial assistance of Rs. 1 lakh per year for 4 years or the actual expenditure whichever is less for 2 surviving and dependent children of a PAI on death.

**v.** Gorkha personnel can remit the amount from his PNB account in India to their linked account in Everest Bank Limited (EBL) at Nepal and vice-versa, free of charge.

**vi.** Benefits of PNB Rakshak Plus scheme are also extended to all the pensioners who choose to draw their pensions through PNB Branches and pension is credited through **Centralised Pension Payment Centre (CPPC)** i.e. processed & credited through our bank. Accounts where pension is received by Cheque/NEFT(**National Electronic Funds Transfer**)/RTGS(**Real Time Gross Settlement**) etc will not be covered under scheme.

**Note** – At present, PNB serves for the armed forces through 120 cantonment branches in India. Nine of these have been transformed into special branches honouring the martyrs. **For an instance :-** Martyr Branch at Jalandhar, is named after Flying Officer Nirmaljit Singh Sekhon, PVC (Posthumous).

### **About Punjab National Bank (PNB):**

**Managing Director (MD) & CEO** – Atul Kumar Goel

**Headquarters** – New Delhi, Delhi

**Tagline** – The Name you can Bank Upon

### **NPCI collaborates with JBIMS to offer master's degree program in Digital Payments**

National Payments Corporation of India (NPCI) has collaborated with Mumbai-based Jamnalal Bajaj Institute of Management Studies (JBIMS) to co-create a master's programme in management studies in digital payments for its employees.

**i.** The Degree was launched under NPCI's "**Learn while you Earn**" higher education programme with its first batch commencing in June 2022. The launch aims to integrate aspects of technology, finance and information system and management studies into a single Master's specialisation in digital payments.

**ii.** The programme is designed in hybrid mode where employees will take weekend classes and spend only one



week on campus per semester thereby allowing them to learn while they continue to earn at NPCI.

iii. Additionally, NPCI employees also have the opportunity to pursue super-specialization and Doctor of Philosophy (Ph.D.) after the completion of the Master's program

### **SBICAP Ventures Signs MoU with MEA For TDC Fund**

**SBICAP Ventures Ltd.** (SVL), an Indian alternative asset manager, has signed a Memorandum of Understanding (MoU) with the **Ministry of External Affairs** (MEA) to create the **Trilateral Development Cooperation Fund** (TDC Fund) for joint projects with global partners.

- SVL is a wholly owned subsidiary of SBI Capital Markets Limited, which is in turn is a subsidiary of the State Bank of India (SBI), the largest Public Sector Bank (PSB) in India.

India would contribute approximately Rs. 175 crore (£17.5 million) to the Global Innovation Development Fund (GIP Fund) through the TDC Fund.

- According to the Securities and Exchange Board of India (Alternative Investment Funds) Regulations [SEBI AIF Regulations], 2012, the TDC Fund would function as a "Fund of Funds."

#### **Note:**

- SVL is presently actively managing three funds– Neev Fund, SWAMIH Investment Fund I and SVL-SME fund.
- MD & CEO of SBICAP Ventures Ltd (SVL) – Suresh Kozhikote

### **The Trilateral Development Cooperation Fund (TDC Fund)**

The Trilateral Development Cooperation (TDC) Fund, a platform recently launched by the MEA, will integrate the public and private sectors with state support for large-scale investments in the Indo-Pacific region (which includes the tropical waters of the Indian Ocean, the western and central Pacific Oceans, and the seas connecting the two in the general area of Indonesia) and other regions.

- TDC is aimed at providing an alternative to the Chinese development partnership model, the Belt-Road Initiative (BRI), formerly known as One Belt One Road or OBOR for short, is a global infrastructure development strategy adopted by the Chinese government in 2013 to invest in nearly 70 countries and international organizations.

### **The Global Innovation Development Fund (GIP Fund)**

Under the India-United Kingdom (UK) Global Innovation Partnership (GIP), the GIP Fund is intended to be established as an Alternative Investment Fund (AIF) in collaboration with the Foreign, Commonwealth and Development Office (FCDO).

- The GIP Fund will invest primarily in small and medium-sized enterprises (SMEs) in India that address development challenges in accordance with the goals and objectives of the GIP.

#### **Specific Objectives:**

i. The GIP Fund will target innovative Indian enterprises that are at an advanced stage but do not have access to funding for expansion to other developing countries.

ii. In addition to facilitating the GIP programme for MEA, SVL will serve as the TDC Fund's administrator-cum-advisor (Investment Manager).

iii. Similar to the GIP Fund, established in collaboration with other partner nations under the TDC framework, MEA may in the future use the TDC Fund to contribute to AIFs.

iv. India aims to contribute to the GIP through the TDC Fund, which would globalise Indian start-ups and innovations through grants, development capital investment, and technical assistance.

#### **Key Highlights:**

i. MEA is dedicated to the growth and development of Indian businesses overseas, and GIP will aid in expanding the global reach of Indian innovations.

ii. The TDC Fund will demonstrate and reduce risk perception in the transfer of innovation.

iii. This partnership will serve as a foundation for structuring investments into innovative Indian enterprises, in addition to facilitating the further development, transfer, and scale-up of successful technologies to developing partner nations.



### **About Ministry of External Affairs (MEA):**

**Union Minister** – Dr. Subrahmanyam Jaishankar (Rajya Sabha – Gujarat)

**Minister of State (MoS)** – V Muraleedharan (Rajya Sabha – Maharashtra); Meenakashi Lekhi (New Delhi, NCT of Delhi); Dr. Rajkumar Ranjan Singh (Inner Manipur, Manipur)

### **TATA AIA Life Insurance & City Union Bank Partners to Offer Health and Life Insurance**

**Tata AIA Life Insurance Company Ltd.**, (Tata AIA Life), one of India's leading life insurance providers has formed a strategic collaboration with **City Union Bank (CUB)**, a private sector Scheduled Commercial Bank (SCB), in order to provide life and health insurance solutions to the bank's customers.

- Tata AIA Life Insurance Company Limited (Tata AIA Life) is a joint venture between Tata Sons Pvt. Ltd. and AIA Group Ltd. (AIA).

Through this partnership, both partners will be able to effectively promote insurance awareness and financial planning among consumers across physical and digital consumer-facing platforms.

#### **Future Prospects of the Partnership**

i. Through this agreement, Tata AIA Life's diverse and innovative products and services, including term insurance, savings and investment, retirement, and health care, will be more accessible to both current and new customers of CUB.

ii. It will enable Tata AIA Life to broaden its distribution through CUB's 700+ branches, significantly contributing to the life insurance penetration in India.

iii. Both the entities emphasise on offering consumers with a digitally enabled experience and mobile-first solutions.

#### **Key Facts:**

i. CUB has decided to offer a wider range of innovative health insurance products to its customers after the regulator, the Insurance Regulatory and Development Authority of India (IRDAI), permitted banks to have tie-ups with three standalone health insurance providers.

ii. CUB will have tie-up with eight insurers in total, three in life [Life Insurance Corporation (LIC), Tata AIA Life Insurance Co. Ltd, & Bajaj Allianz Life Insurance Co. Ltd.]; three in health [Star Health & Allied Insurance Co. Ltd., Aditya Birla Health Insurance, & Care Health Insurance]; and two in general insurance [Shriram General and Royal Sundaram General Insurance Co. Ltd.]

### **About City Union Bank Ltd. (CUB):**

Incorporated as 'The Kumbakonam Bank Limited' in 1904. The Bank's name was changed to 'City Union Bank Limited' with effect from December, 1987.

**MD & CEO** – Dr. N. Kamakodi

**Establishment** – 1904

**Headquarters** – Kumbakonam, Tamil Nadu

**Tagline** – Trust and Excellence Since 1904

### **IRDAI Sets up Task Forces to Resolve Issues of Insurers & Reinsurers**

On 11th July 2022 Insurance Regulatory and Development Authority of India (**IRDAI**) set up two task forces to resolve issues between insurers and reinsurers. The task force will submit the reports in **3 weeks**.

#### **Key Highlights:**

**First Panel** – It consists of **9 members** to sort out the issues between non-life insurers and re-insurers. It is headed by Bhargav Dasgupta, MD & CEO, ICICI Lombard General Insurance.

- The panel gives suggestions on applicability of compliance requirements, and faster settlement and payment mechanism among the re-insurers and cross border reinsurers (CBRs).

**Second Panel** – The **life insurance** sector consists of **7 members to sort out the life insurance segment and re-insurers**. It is headed by Naveen Tahilyani, MD & CEO, Tata AIA Life Insurance.

- The team will analyse and recommend on stabilisation of reinsurance rates, capacity constraints with reinsurers, securitisation of mortality risk and financial reinsurance solutions.



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

**Chairman** – Debasish Panda

**Establishment** – 1999

**Headquarters** – Hyderabad, Telangana

**Note** – **Bima Manthan** is the platform for continuous engagement of IRDAI and the top brass of the insurers which promotes discussion and churning on ideas in a free, frank and constructive way.

### **What is Reinsurance?**

Reinsurance support refers to insurance companies transferring a part of the risk they underwrite to other firms.

## **ReNew Power Becomes First Indian RE Firm to Refinance Dollar-Denominated Bonds**

**ReNew Power** ("ReNew"), India's leading Renewable Energy (RE) company, has successfully refinanced its 2024 maturity dollar-denominated bonds with amortising project debt from an Indian nonbank financial company.

- With this, ReNew has become the first Indian renewable energy firm to refinance dollar-denominated bonds.
- ReNew issued bonds worth USD 525 million in 2019, which were set to mature in 2024.

### **Key Highlights:**

- ReNew has demonstrated strong and continued access to domestic debt capital and the capacity to proactively manage refinancing risk by refinancing the dollar-denominated bonds ahead of time.
- Due to this refinancing, the INR (Indian Rupee) interest rate on the bonds was reduced by 200 basis points, fixed for three years, and the maturity date was extended to the end of the fiscal year 2027.
- The rate reduction, rate fixing, and tenor extension have taken place against the backdrop of a rising interest rate environment in the broader markets.
- This pre-emptive refinancing mitigates near-term refinancing risk for bonds and provides liquidity to bond investors.

### **ReNew Power:**

- ReNew's gross total portfolio has recently increased by more than 25% to 12.8 GW (gigawatt), up from 10.2 GW at the start of 2022.
  - ReNew Power headquartered at Gurugram in Haryana founded in 2011. It is a subsidiary of ReNew Energy Global PLC.
  - Founder, Chairman & CEO of ReNew Power – Sumant Sinha

## **Star Health & MeitY Partners towards Health Insurance to Reach Rural India**

**Star Health and Allied Insurance Company Limited** and Common Services Centres (**CSC**), under the Ministry of Electronics and Information Technology (**MeitY**), have partnered to take health insurance to rural India.

- **Aim** – To increase awareness of health insurance and to increase its penetration in rural India with the help of additional distribution networks which further increase market share and strengthen its presence across India.
- The partnership provides around 5 lakh CSCs to a range of Star Health insurance products that would meet the needs of rural customers across the tier-II, tier-III cities, and rural markets across India.

### **About Common Services Centres (CSC):**

- The CSCs will provide features such as e-services through a single-delivery platform, localised help-desk support, and sustainability for village level entrepreneurs (VLEs) through a maximum commission sharing model of operation.
- These 5 Lakh CSCs in Gram Panchayats are being managed by **VLE's** and delivers easy access to the health insurance products to the unreachable.



## **About Star Health and Allied Insurance Company Limited:**

**Chairman & CEO** – V. Jagannathan

**Establishment** – 2006

**Headquarters** – Chennai, Tamil Nadu

## **Arohan launches digital lending app expects to raise loan portfolio by Rs 600cr by FY23**

Non-Banking Financial Companies – Microfinance Institutions (NBFC-MFIs) **Arohan Financial**

**Services** launched a digital lending app, **ApnaArohan**, for its existing customers having a good repayment track record to provide them an experience equivalent to that of privilege banking and to raise collection efficiency ratio.

i. The app, ApnaArohan, will help its customers make repayments and other transactions through the digital mode and reduce physical interaction with the loan officers of the MFI.

ii. The AI-powered app will provide the microfinance company the “first mover advantage” and help increase the outstanding portfolio (by Rs 600cr) from Rs 4,500 crore, as on June 2022, to around Rs 5,100 crore by the end of the current FY 2022-23.

## **AMFI to launch mutual funds distributor recruitment campaign “Karein Shuru?”**

The Association of Mutual Funds in India (AMFI) has launched a mutual fund (MF) distributor recruitment campaign, “Karein Shuru?” (Can we start?).

- The comprehensive campaign includes commercial films to reinforce the need and attractiveness of MF distribution as a career option with long-term earning potential for individuals with entrepreneurial aspirations.
- The Indian mutual fund industry has the potential to cross Rs 100 trillion in Assets Under Management (AUM) before 2030.

## **Nomura cuts 2023 India GDP forecast to 4.7% amid recession fears**

Nomura has cut India’s gross domestic product (GDP) forecast to 4.7% from its earlier projection of 5.4% amid recession fears and rising interest rates

### **Reason behind lowering the forecast**

Higher inflation, monetary policy tightening, dormant private capex growth, the power crunch and the global growth slowdown pose medium-term headwinds.

### **Key Highlights:**

i. There are upside risks to inflation due to higher input costs, services reopening pressures, pending electricity tariff revisions and elevated inflationary expectations.

ii. India’s Consumer Price Index (CPI) retail inflation rate is at 7.01% in June 2022 versus 7.04% in May 2022.

- This is the sixth consecutive month that the CPI inflation has remained above the Reserve Bank of India’s (RBI’s) comfort zone of 2–6%.
- Recently, Reserve Bank of India’s (RBI) Monetary Policy Committee (MPC) raised the repo rate by 50 basis points to 4.90% which is the biggest in more than a decade.

iii. Nomura expects headline inflation in India to average 6.9 per cent in 2022, and 5.9 per cent in 2023 .

iv. There is current CPI inflation estimate of 7% for F23.

v. Indian economy is rising above the pre-pandemic level, led by a sharp recovery in the services sector, easy financial conditions, a public capex push and a rise in real bank credit growth.

vi. The Index of Industrial Production (IIP) increased to 19.6% in May 2022, as compared to 6.7% in April 2022.



## **ADB & Singapore Govt Partners to Enhance Investment in Asia & the Pacific Region**

On 14th July 2022 Asian Development Bank (ADB) and the Singapore government signed a Memorandum of Understanding (MoU) to promote investments in the Asia and Pacific region and to recognize the importance of private sector finance as well as catalysing public sector resources for sustainable and inclusive development.

- The MoU was signed by **Masatsugu Asakawa**, ADB president and Singapore Deputy Prime Minister and Finance Minister **Lawrence Wong**.
- The signing ceremony was held on the sidelines of the Group of 20 (G20) Finance Ministers meeting and Central Bank Governors meeting in **Bali, Indonesia**.

### **Highlights:**

i. Under the MoU, both sides cooperate to support private sector development projects that contribute to infrastructure, social and financial needs for Sustainable Development Goals (SDG) commitments in Asia and the Pacific regions.

- This **replaces** the **2012 MoU** signed between ADB and Singapore on knowledge sharing and cooperation in governance, public policy, climate change including private sector development.
- The new MoU aims to build on these areas of collaboration by focusing on mobilising investment, financing, management skills, and technologies for private sector development projects in ADB Developing Member Countries (DMCs).

ii. Both sides will further cooperate on digital innovation, promoting new technologies in the field of financial marketing and climate change.

### **ADB & Singapore:**

i. Singapore was a founding member of ADB and its Singapore office plays the central role in enhancing investments under the MoU.

ii. Initially, Singapore had borrowed funds from ADB but from 2001, it became a **contributor** towards ADB's concessional fund, Asian development fund and technical assistance special fund.

- Singapore is also an active partner in the Association of SouthEast Asian Nations (ASEAN) **infrastructure fund** that is supported by ADB.

### **About Asian Development Bank (ADB):**

**President** – Masatsugu Asakawa

**Establishment** – 1966

**Headquarters** – Manila, Philippines

**Members** – 68 members (48 from Asia & Pacific region)

## **YES Bank Signs Term sheet with JCF ARC LLC & JC Flowers for Sale of Stressed Loans**

YES Bank has signed a binding term sheet with JCF ARC LLC and JC Flowers Asset Reconstruction Private Limited for the sale of bad loans worth **Rs. 48000 crore**.

- JC Flowers ARC will be the base bidder for the proposed bad loan and the term sheet has become effective from 15th July 2022.

### **Highlights:**

i. Based on Reserve Bank of India (RBI) guidelines, YES Bank will run a transparent bidding process for the sale of bad loans on swiss challenge basis using JC Flowers bid as the base bid.

- This was also approved by the Board of directors and Board Credit committee.

ii. In March 2022, YES bank had total gross non-performing exposure Rs 36,479 crore and total gross restructured loans Rs 6,752 crore respectively.

- This largest sale of bad loans results in YES Bank becoming nearly a zero non-performing asset (NPA) bank and making it easier for the bank to raise capital.



### **About YES Bank:**

**MD & CEO** – Prashant Kumar

**Establishment** – 2004

**Headquarters** – Mumbai, Maharashtra

**Tagline** – Experience Our Expertise

### **Kotak Mahindra Bank: First Private Bank to Integrate with New Income Tax Portal**

Kotak Mahindra Bank has become the **1st private sector bank** to be fully integrated with the new e-filing portal of the Income Tax department after the completion of its technical integration with the new **e-filing portal**.

- Customers, both Individual and corporate can pay direct taxes through the portal's e-pay tax tab using Kotak net banking.

**Note** – In October 2021, Kotak Mahindra Bank became the 1st private sector bank to receive approval as a collections partner for taxes.

### **About e-filing portal:**

i. In May 2021, the new income tax portal (<https://www.incometax.gov.in/>) was launched for the taxpayers to file Income Tax Returns (ITR), seek refunds and raise complaints.

- Other communication regarding penalties, exemptions and appeals are also done on the portal

### **About Kotak Mahindra Bank:**

**MD & CEO** – Uday Kotak

**Establishment** – 2003

**Headquarters** – Mumbai, Maharashtra

**Tagline** – Let's Make Money Simple

### **Quantum MF Launches India's 1st Nifty 50 ETF FoF – Quantum Nifty 50 ETF**

Quantum Mutual Fund (MF) launches **Quantum Nifty (QNifty) 50** Exchange Traded Fund (ETF), **India's first Nifty 50** and an open-ended Fund of Fund (FoF) that invests in units of Quantum Nifty 50 ETF that is approximately equal to the price of 1/10 (one-tenth) of the Nifty 50 Index.

- The scheme opens for subscription on 18th July 2022 and closes on 1st August 2022. the scheme will re-open for subscription and redemption on an ongoing basis from 10th August 2022.
- Hitendra Parekh will be the fund manager, who is managing Quantum 50 ETF since 10th July 2008.
- **Objective** – To provide capital by investing in units of Quantum Nifty 50 ETF replicating/tracking Nifty 50 Index.

### **Key Highlights:**

i. The FoF allows investors to invest in Nifty 50 without a Demat account. The scheme allows them to invest in units of Quantum Nifty 50 ETF, a passive scheme that is active for the past 14 years.

- Quantum Nifty 50 has an expense ratio of 15 basis points for direct plans and 27 basis points for regular plans, which is at the lower end of the expense ratio range of the existing Nifty 50 index funds.
- The scheme is suitable for long-term capital appreciation by investing in equity and equity-related securities of companies in Nifty 50.

ii. According to Quantum MF's Asset Allocation strategy, investors allocate 20 % of investable money towards Gold and the remaining 80 % to **equity**.

- The investors can allocate **85 %** of their **equity investment** to Quantum Nifty 50 ETF FoF and the rest **15 %** to Quantum India Environment, Social & Governance (ESG) equity fund.



## **Indian Bank Secured SHG Linkage Award from NABARD**

**Indian Bank** was awarded with the '**Best Performing Bank Award**' in Tamil Nadu for the Fiscal Year 2021-22 under 'SHG (Self Help Group)Bank Linkage Programme' category from **National Bank for Agriculture and Rural Development(NABARD)**.

- The award was presented by the Tamil Nadu finance minister, Dr Palanivel Thiaga Rajan to S L Jain, Managing Director (MD) & Chief Executive Officer (CEO), and V Chandrasekaran, general manager (Rural Banking) during NABARD 41st foundation day(12th July 2022).

### **NABARD's 41st foundation day:**

i.On **12 July 2022**, the **National Bank for Agriculture and Rural Development (NABARD)** celebrated its 41st Foundation Day.

ii.The Finance Minister of Tamil Nadu, Dr. Palanivel Thiaga Rajan was the Chief Guest of the function organized in Chennai.

iii.He inaugurated the "**Bank on wheels**" of Kancheepuram DCCB (District Central Cooperative Bank Ltd) and also inaugurated FPO (Farmers Producer Organization) stalls.

### **Note:**

Financial assistance by NABARD in Tamil Nadu reached a new growth of 20% , of Rs. 32,443 crore in FY'22 up from Rs.27,135 crore in the FY'21. For Rural Infrastructure Rs.3,111 crore of projects sanctioned in FY'22

### **About National Bank for Agriculture and Rural Development:**

**Founded-** 12 July 1982

**Headquarters-** Mumbai, Maharashtra

**Chairperson-** GR Chintala

## **BOI & PFRDA Launches Platform for Opening NPS Account through Mobile phone**

Bank of India (**BoI**) and Pension Fund Regulatory and Development Authority (**PFRDA**) in association with k-fintech launched a digital platform which allows customers to open National Pension System (**NPS**) **accounts** using mobile phones.

- PFRDA chairman Supratim Bandhyopadhyay inaugurated the digital platform in the presence of Atanu Kumar Das, MD & CEO of BOI and Swarup Dasgupta, executive director, BOI.

### **Key points:**

i.The NPS account can be opened by scanning the **QR code**, that takes to the website, where customers can fill in the aadhaar number to fetch pictures and other details from **DigiLocker**.

ii.K-fintech provides Software as a Service (**SaaS**) based end-to-end transaction management, channel management and compliance solutions.

- It also provides data analytics services and various other digital services for asset managers and also outsourcing services for global players.

### **Additional info:**

i.Pension Fund Regulatory and Development Authority (PFRDA) works under the Department of Financial Services under the Ministry of Finance.

ii.PFRDA is set to launch Minimum Assured Return Scheme (MARS), which will provide savers and people from the salaried class an option for their investments.

### **About Bank of India (BoI):**

**MD & CEO** - Atanu Kumar Das

**Establishment** - 1906

**Headquarters** - Mumbai, Maharashtra

**Tagline** - Relationship beyond banking

## **DBS named 'World's Best SME Bank 2022' by Euromoney for 2nd Time**

**DBS Bank** was recognised as the '**World's Best SME Bank**' by **Euromoney** for the second time (the first time in 2018). The bank has established its position as a global industry leader in association with Small to Medium



Enterprises (SMEs) to enhance growth and development.

The DBS bank also clinched three first-time awards at **Euromoney's Awards for Excellence 2022** –

1. World's Best 'Financial Innovation of the year' 2022,
2. 'Asia's Best Bank for Wealth Management 2022'
3. 'Asia's Best Bank for SME award 2022'

**Other awards:**

- Euromoney magazine has named **Bank of America** the World's Best Bank for 2022.
- **Goldman Sachs** has been named the World's best investment bank 2022.

[click here to know all the winners of Euromoney's Awards for Excellence 2022](#)

**Key points:**

i. DBS bank developed algorithmic models powered by Artificial Intelligence (AI) and advanced data analytics. It alerts the bank to potential signs of trouble faced by SMEs.

ii. DBS' Fixed Income Execution (**FIX**) **Marketplace** received the **World's Best 'Financial Innovation of the year'** award.

- FIX Marketplace, launched in 2021, was Asia's first automated digital bond issuance platform where issuers can directly connect with investors on the platform at their sole discretion.
- FIX Marketplace aims to boost the efforts to create a more efficient and accessible capital market through digitalisation and create more inclusive and accessible markets for issuers.

**About DBS Bank:**

The DBS Bank was formerly known as "**the Development Bank of Singapore Limited**".

**Headquarters**– Singapore

**CEO**– Piyush Gupta

### **Third G20 Finance Ministers and Central Bank Governors Meeting 2022 Held in Bali, Indonesia**

On July 15-16, 2022, the **G20 Finance Ministers and Central Bank Governors (FMCBG)** attended the **3rd FMCBG Meeting 2022** under Indonesia's G20 Presidency in the Finance Track, which officially began as a hybrid event in Nusa Dua, Bali, Indonesia.

- This meeting did take place following those in February 2022 (in Jakarta, Indonesia) and April 2022 (Washington, D.C. in the United States).
- The FMCBG meeting was conducted over two days and was preceded by a hybrid Finance & Central Bank Deputies (FCBD) meeting on July 13-14, 2022, also at the same location.

The aim of the G20 FMCBG Meeting 2022 is to facilitate a coordinated global economic recovery in the face of numerous new difficulties.

**Dignitaries of the 3rd G20 FMCBG Meeting 2022**

The meeting was attended by G20 members, with 407 foreign delegations attending in person and another 120 virtually, invited countries (including Ukraine), and international and regional organizations. In addition, 19 Finance Ministers and 11 Central Bank Governors also attended the meeting in person.

**Host of the 3rd G20 FMCBG Meeting 2022** – Mulyani Indrawati, Finance Minister of Indonesia and Perry Warjiyo, Governor of Bank Indonesia.

- The Fourth G20 FMCBG Meeting will be held in October 2022 in Washington DC, USA.

**Seven Priority and Legacy Agendas Discussed Within the Financial Track**

i. Global economy and risks – A discussion was held regarding the latest global economic dynamics and appropriate policy response to achieve a solid, sustainable, balanced and inclusive global economic recovery in the face of various challenges.

- The challenges included the escalating inflationary pressures, global supply chain disruptions, supply and demand imbalances as well as rise in energy and commodity prices due to the COVID-19 pandemic and ongoing war in Ukraine.

ii. Global health issues – All G20 members and several non-G20 countries along with international organisations have pledged their support and commitment to a multilateral fund.



- This is an effort to revitalise the global health architecture to prepare, prevent and respond to future pandemics.

**iii. International financial architecture** – The G20 sought ways to improve debt management for poor countries and strengthen long-term global financial resilience.

- It included the efforts to maintain sustainable foreign capital flows, while mitigating the risks posed to capital flow volatility and strengthening the global financial safety net.

**iv. Financial sector issues** – It discussed policy normalisation (exit) strategies, ways to mitigate the scarring effect in the financial sector, efforts to strengthen the global financial sector through risk management, technology optimisation and digitalisation, as well as the regulation of cross-border payments.

- In addition, the G20 is increasing efforts to promote financial inclusion among vulnerable groups through digitalisation.

**v. Sustainable finance** – The Indonesia's G20 Presidency in 2022 focusses on advancing three priority agendas, namely

- Developing a transition finance framework and increasing the credibility of commitments made by financial institutions towards the green economy.
- Enhancing sustainable finance by expanding access to green instruments as well as discussing policy instruments that could provide financing and
- investment incentives to support the transition

**vi. Infrastructure development** – A discussion was held regarding sustainable, inclusive, accessible and affordable infrastructure. The G20 is also formulating a framework that will expand private sector participation in development of sustainable infrastructure.

**vii. International taxation** – G20 Finance Ministers and Central Bank Governors have also advanced the international taxation agenda by ensuring implementation of two G20/ Organisation for Economic Co-operation and Development (OECD) pillars as agreed in 2021.

### **FM Sitharaman Highlights the Need to Enhance the Effectiveness of G20 Common Framework**

Nirmala Sitharaman, Union Finance Minister, attended the third session of the International Financial Architecture in Bali, Indonesia.

- She highlighted the need to enhance the effectiveness of the G20 Common Framework while attending the Sustainable Finance for Climate Transition forum.
- She has also reemphasized the necessity for leveraged private financing and blended finance to meet Sustainable Development Goals (SDG).

### **Highlights**

**i.** Nirmala Sitharaman lauded the Multilateral Development Bank expert panel's work and recommended creating a roadmap for putting its suggestions into practice.

**ii.** She discussed India's two-pronged energy transition plan, which encourages the use of renewable energy sources in the energy mix and adopting innovative policy solutions to improve energy security and efficiency.

**iii.** Additionally, she took part in the discussion of the G20 FMCBG 2022's health agenda, which included pandemic preparedness and response strategies.

**iv.** She demanded the establishment of a global coordinating mechanism with the World Health Organization (WHO) at its core.

**v.** The Union Finance Minister also met with Canada's Deputy Prime Minister and Finance Minister, Chrystia Freeland in Bali, Indonesia.

### **RBI, Bank Indonesia Agree to Expand Cooperation in Payment Systems**

The **Reserve Bank of India (RBI)** and the **Bank Indonesia (BI)** signed a Memorandum of Understanding (MoU) on July 16, 2022 in Bali, Indonesia, on the sidelines of the G20 FMCBG Meeting 2022 to improve mutual cooperation between the two central banks.

- The MoU was signed by RBI Deputy Governor Michael Debabrata Patra and BI Deputy Governor Dody Budi Waluyo in the presence of RBI Governor Shaktikanta Das and BI Governor Perry Warjiyo.



### **Significance of the MoU**

i. With this MoU, the RBI and BI committed to fostering closer ties and enhancing communication and collaboration in the field of central banking, including payment systems, digital innovation in payment services, and the regulatory and supervisory framework for combating money laundering and terrorism financing (AML-CFT).

- The MoU will be implemented through policy dialogue, technical collaboration, exchange of information and joint work.

ii. The MoU will also serve as a foundation for mutual understanding, the development of efficient payment systems, and the achievement of cross-border payment connectivity.

iii. These initiatives will be executed through

- Regular interaction on recent economic and financial developments and issues
- Technical cooperation through training and joint seminars; and
- Joint work to explore the establishment of cross-border retail payment linkages.

### **Genesis of G20 (Group of Twenty)**

Following the Asian financial crisis, the G20 was established in 1999 to bring together the Finance Ministers and Central Bankers of 20 of the major developed and developing nations.

- It serves as a strategic, multilateral platform connecting the major developed and developing economies in the world.

The G20 is made up of 19 countries and the European Union. The 19 countries are Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, the Russian Federation, Saudi Arabia, South Africa, South Korea, Turkey, the UK, and the US.

- The 2021 G20 Presidency – Italy

### **About Republic of Indonesia:**

**President** – Joko Widodo,

**Capital** – Jakarta

**Currency** – Indonesian Rupiah (IDR)

### **JCB Nominates Karnataka Bank as Preferred Financier and Signs MoU**

**Karnataka Bank** has signed a Memorandum of Understanding (MoU) with **JCB India Limited**, a manufacturer of earthmoving and construction equipment in India for nominating Karnataka bank as its preferred Financier.

#### **Highlights:**

i. As a preferred financier, Karnataka Bank will offer loans to individuals, contractors, companies and partnership firms at competitive interest rates for purchasing a wide range of equipment from JCB India Limited.

ii. The bank will provide loans under its Micro Small and Medium Enterprises (MSME) portfolio and also various schemes will be open for the purchase of machinery and equipment.

#### **About Karnataka Bank:**

**MD & CEO** – Mahabaleshwara M.S

**Establishment** – 1924

**Headquarters** – Mangaluru, Karnataka

### **Go Digit Insurance launches 'Pay As You Drive' add-on cover for Motor Insurance OD Policies**

**Go Digit General Insurance Limited** launched 'Pay as you Drive' (PAYD), an add-on feature for motor insurance Own Damage (OD) policies.

- It became India's first insurance company to introduce the add-on for its customers.

The approval was given by the Insurance Regulatory and Development Authority of India (IRDAI) to introduce such tech-enabled concepts in motor OD policies.

#### **Key points:**

i. It is especially designed for people who do not drive their car regularly but pay the same premium as a driver



with heavy usage.

ii. Those individuals who drive less than 10,000 kilometres per year on average will receive discounts upto 25%.

iii. Go Digit General Insurance will use odometer reading, telematics data and annual kilometre opted to give the discount.

**Go Digit General Insurance Limited:**

**Chairman-** Kamesh Goyal

**Federal Bank associates with CBDT to launch the New Online Tax Payment Service**

On 18 July 2022 the **Federal Bank** in collaboration with the **Central Board of Direct Taxes (CBDT)** launched its new online tax payment service.

- Federal Bank also registered under **Tin 2.0 platform** of Income Tax Department.

**Note-** Technology Investment Notification (TIN) is a repository of India's Tax related information. It was established by Protean eGov Technologies Limited (formerly NSDL e-Governance Infrastructure Limited) on behalf of ITD.

**Key points:**

i. The service will provide assistance to taxpayers in making their payments via the e-pay tax facility in the e-filing portal of the income tax.

- There is no need for Permanent Account Number (PAN)/Tax Deduction Account Number (TAN) registration for taxpayers.

ii. Any individual can now pay their taxes instantly via any of their payment modes such as Debit/Credit Card, UPI, Net banking, cash, NEFT/RTGS etc.

iii. For NRIs (Non-resident Indians), Domestic Customers of the bank and any tax-paying citizen in India can generate a tax challan and make the payment through the Bank's branches.

**About Federal Bank limited:**

**CEO & MD-** Shyam Srinivasan.

**Headquarters-** Aluva, Kerala

**Founded-** 1931

**India's share of Remittance from Gulf Region Declined in FY21: RBI**

The Reserve Bank of India (RBI) conducted the 5th round of the Survey on Remittances for the year 2020-21. The article for the same titled '**Headwinds of COVID-19 and India's Inward Remittances**' is prepared by the officials in the Department of Economic and Policy Research (DEPR), RBI.

- As per it, the share of inward remittances from the Gulf Cooperation Council (GCC) region is estimated to have declined from more than 50% in 2016-17 to about 30% in 2020-21 amid COVID-19 induced economic stress.
- The **United States (US)** surpassed the United Arab Emirates (UAE) as the top source country, accounting for 23% of total remittances in 2020-21.
- India remained the top recipient country, accounting for 12% of total global remittances, recording a marginal decline of 0.2% in 2020 and a growth of 8% in 2021.

**Analysis of the Survey:**

It analyzed the factors contributing to the resilience of remittances and to understand to what extent the pandemic has changed the underlying dynamics of remittances flow.

- It should be noted that the views expressed in the article are those of the authors and **do not represent the views of the RBI.**

**Key Highlights:**

i. Advanced economies like the US, the United Kingdom (UK), and Singapore emerged as important sources for the country for remittances, accounting for 36% of the total payments in 2020-21.

ii. The decline in remittances from the Gulf countries during 2020-21 reflects a slower pace of migration and a



larger presence of Indian diaspora in informal sectors which was adversely affected during the pandemic period.

- This resulted in the increase of small size transactions in total remittances in 2020-21.

iii. The share of the remittance recipient states of Kerala, Tamil Nadu (TN), and Karnataka, has almost halved in 2020-21, accounting for only 25% of total remittances since 2016-17.

Meanwhile, **Maharashtra** has emerged as the top recipient state (with about 35% of the total share in remittance receipts) surpassing Kerala (about 10%).

iv. The migration from Uttar Pradesh (UP), Bihar, Odisha and West Bengal (WB) to the GCC nations has increased in recent years.

- According to the Ministry of External Affairs (MEA) data, more than 50% of the approved emigration clearances for the GCC region in 2020 were for these states.

v. India's inward remittances are resilient source of current account receipts.

vi. The majority of the remittances are routed through **private sector banks**, followed by public sector banks, and foreign banks, particularly from Singapore.

vii. India is the second cheapest remittance receiving market in the G20 group after Mexico.

#### **Recommendations:**

i. Policy measures need to be undertaken to expand the scope of the Money Transfer Service Scheme (MTSS).

ii. Remittance service providers need to adapt digital technologies.

[Click Here for Official PDF](#)

### **Central Govt declares 'Zero Coupon Zero Principal Instruments' as Securities**

The Central Government has declared 'Zero Coupon Zero Principal Instruments' as securities, for the purposes of the Securities Contracts (Regulation) Act, 1956. This declaration is a run up to setting up a social stock exchange (SSE).

#### **About Zero Coupon Zero Principal Instruments:**

These are the instruments issued by a Not for Profit Organisation (NPO) which will be registered with the SSE segment of a recognized stock exchange. These will be governed by rules made by the Securities and Exchange Board of India (SEBI).

#### **About SSE:**

The idea for the SSE was induced by the Union Minister Nirmala Sitharaman, Ministry of Finance in her Budget Speech 2019-20. It will serve private and non-profit sector providers by channeling greater capital to them.

- It will be a separate segment of the existing stock exchanges.
- In September 2021, SEBI's board cleared a framework for SSE for fund raising by social enterprises.
- NPOs desirous of raising funds on the SSE will be required to be registered with the exchange.

#### **Eligibility:**

i. Social enterprises eligible to participate in the SSE should have social intent and impact as their primary goal.

ii. They will have to engage in a social activity out of the list of 15 broad activities approved by SEBI.

iii. Eligible NPOs may raise funds through equity, zero coupon zero principal bonds, mutual funds, social impact funds, and development impact bonds.

### **India is among 7 Nations where 1.4 bn Adults are without Access to Formal Banking: WB's Global Findex Database 2021**

The World Bank (WB) has released the 4th edition of its Global Financial Inclusion Database/Report titled '**The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19**'. As per it, India is among seven countries which home to half the world's 1.4 billion adults without access to formal banking.

- Sub-Saharan Africa, young adults (ages 15-24) make up almost 40% of those without access to banking.



- India, China, Pakistan, and Indonesia together with Bangladesh, Egypt and Nigeria i.e. these **7 nations have 54% or 740 million people** of the global unbanked population.
- People without an account at a financial institution or a mobile money service provider are classified as unbanked.

### Who Prepared the Report?

The Global Findex 2021 database was prepared by the Finance and Private Sector Development team of the Development Research Group in the World Bank's **Development Economics Vice Presidency (DEC)**.

### Assessment:

The WB surveyed about 125,000 adults in 123 economies to state how people accessed and used financial services during COVID-19, when mobility restrictions and health policies increased the demand for digital services.

- This edition also includes new series measuring financial health and resilience and contains more granular data on digital payments adoption.

### Key Highlights from Report:

**i.** Large shares of the global population without formal banking lives in India (130 million) and China (230 million) because of their size. They are followed by Pakistan (115 million), and Indonesia (100 million).

**iii.** Globally, 64% of unbanked adults have primary education or less.

- In Sub-Saharan Africa, 74% of the unbanked have only primary education or less.

**iv.** Women are more likely to be unbanked than men as they are often excluded from formal banking services because they lack official forms of identification, do not own a mobile phone or other forms of technology and have lower financial capability.

### Why 24% of Global Adults are unbanked?

The Global Findex 2021 also conducted a survey to find out why 24% of adults are unbanked globally. As per it, **Lack of Money** is one of the multiple reasons.

**i.** Worldwide, according to 36% of unbanked adults, financial services are too expensive.

- This share was almost twice as high (60%) in Latin America and the Caribbean.

**ii.** **Distance Barrier:** 31% of unbanked adults mark distance as a barrier to financial services.

- In some economies, the share was higher, with 53% of unbanked adults in Liberia where financial institutions were too far away.
- Other countries with a higher share of unbanked adults cited distance as a barrier were Bolivia (47%), **India (43%)** and Uganda (41%).

**iii.** **Religion Barrier:** 10% of the unbanked adults globally cited religion as a barrier. In Iraq this percentage is 24%, and in Morocco it is 19%.

**iv.** **Identification Documents:** The survey also noticed that mobile phone ownership and identification documents are significant barriers to mobile money accounts, especially for women in Sub-Saharan Africa.

- Larger gender gaps among the unbanked with no ID were observed in Benin, Cote d'Ivoire and Liberia.

**v.** Globally, 30% of unbanked adults said they do not have an account because a family member already has one.

### POSITIVE ASPECTS

#### COVID-19 boosted the Adoption of Digital Financial Services in Developing Nations:

**i.** There are 40% of adults in developing economies excluding China who made a digital merchant payment using a card, phone, or the internet, and one-third of adults who paid a utility bill directly from an account, did so for the first time after the start of the pandemic.

- In China, 80 percent of adults made a digital merchant payment, whereas in other developing economies 20% of adults did so.

**ii.** Globally, Two-thirds of adults worldwide now make or receive a digital payment, with the share in developing economies growing from **35%** in 2014 to **57%** in 2021.

**iii.** As of 2021, 76% of adults **globally** now have an account at a bank, other financial institution, or with a mobile money provider, up from 68% in 2017 and 51% in 2011.



## **Account Ownership:**

**i.**In 2021, The global account ownership has reached 76% of the worldwide population and 71% of people in developing countries.

- From 2017 to 2021, the average rate of account ownership in developing economies increased by 8 percentage points, from 63 percent of adults to 71 percent of adults.
- In developing economies, 40 percent of adults who paid utility bills (18 percent of adults ) did so directly from an account.
- Mobile money is driving growth in account ownership, particularly in Sub-Saharan Africa, where 33 percent of adults have a mobile money account.

**ii.**Among developing countries, 71% of people in developing countries have an account at a bank, other financial institution, or with a mobile money provider, up from 63% in 2017 and 42% in 2011.

**iii.**As per the survey, the percentage of account ownership increased by double digits in 34 countries since 2017.

**iv.**Over the last decade much of the growth related to the same was concentrated in **India** and **China**.

**v.**The gender gap in account ownership across developing economies has decreased to 6 percentage points from 9 percentage points.

- Notably, Brazil, China, Kenya, Russia and Thailand have relatively high account ownership rates, yet a majority of those still unbanked are women.

**vi.**Among low-income economies account ownership varies from 6 percent

in South Sudan to 66 percent in Uganda. Among high-income economies, Uruguay has the lowest account ownership rate at 74 percent, and 10 high-income economies have 100 percent account ownership.

- Thailand boasts the highest account ownership rate among upper-middle-income economies at 96 percent. And in lower middle-income economies, account ownership ranges from 21 percent in Pakistan to 98 percent in Mongolia.

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### **About Global Findex Database:**

Since 2011, it has been published every 3 years. It is a definitive source of data on global access to financial services from payments to savings and borrowing. It identifies gaps in access to and usage of financial services by women and poor adults. It also tracks the progress toward the United Nations (UN) Sustainable Development Goals (SDGs).

### **About World Bank (WB):**

**Member Nations**- 189

**President**- David Malpass

**Five Institutions**- The International Bank for Reconstruction and Development (IBRD), The International Development Association (IDA), The International Finance Corporation (IFC), The Multilateral Investment Guarantee Agency (MIGA), and The International Centre for Settlement of Investment Disputes (ICSID)

## **Agritech Startup nurture.farm Partners with SBI General Insurance & Future Generali for Insurance Solutions**

On 13th July 2022, **nurture.farm**, an agri-tech startup partnered with **SBI General Insurance** and **Future Generali India Insurance Company** to expand its insurance solutions for its 1.9 million farmers.

- **Aim** - To offer insurance solutions to around 2 million farmers in 2022-23.

### **About nurture.farm:**

**i.**The agri-tech nurture.farm is an **open digital platform** for farm growers, farming communities and food systems and has recently stepped into insurance.

**ii.**The nurture.farm has received a licence from the Insurance Regulatory and Development Authority of India (IRDAI) on providing insurance to help farmers with insurance solutions at cost-effective prices.



### **About SBI General Insurance Company:**

**MD & CEO** – Paritosh Tripathi

**Headquarters** – Mumbai, Maharashtra

### **HDFC Bank Partners With NIIT to Train and Hire Data Engineers**

National Institute of Information Technology (NIIT), Institute of Finance, Banking and Insurance (IFBI), a subsidiary of **NIIT Limited**, has entered into a partnership with HDFC Bank to build digital talent for the banking industry.

- The partnership aims to nurture talent in the tech field of data science and empower them to leverage data meaningfully and deliver useful business insights.
- The first learning program to be launched is the HDFC Bank Data Digits-Post Graduate (PG) Program in Data Engineering. The learning programs will be delivered through live, instructor-led sessions, and guest lectures from senior executives of HDFC Bank. Through this program, the bank aims to hire close to 100 data scientists in one year.

### **Jubilant Pharma arm to raise USD 400 million loan from Standard Chartered Bank to repay debt**

Jubilant Pharma Holdings Inc (JPHI) has signed an agreement with **Standard Chartered Bank** (SCB) for a five-year loan of USD 400 million (about Rs 3,186 crore) for repayment of existing term loan and bonds aggregating USD 350 million (about Rs 2,787 crore) and additional tranche of USD 50 (about Rs 400 crore) million for capital expenditure.

Jubilant Pharma Holdings Inc (JPHI), a subsidiary of Jubilant Pharma Limited is the wholly-owned subsidiary of Jubilant Pharmova Limited (Parent Organisation).

### **Jayanti Prasad Takes Charge as Whole-Time Member of IBBI**

**Jayanti Prasad**, 1986 batch Indian Audit and Accounts Service (IAAS) officer and former Deputy Comptroller & Auditor General (CAG) (Human Resources and International Relations) has taken charge as a **whole-time member** of the Insolvency and Bankruptcy Board of India (IBBI). Prior to joining IBBI, he had held various key positions at the Office of Comptroller and Auditor General of India and in the United Nations (UN).

- He has served as the Chief Auditor at the UN for six years and also served as the Custodian under the Special Court (Trial of Offences Relating to Transactions in Securities - TORTS) Act, 1992 in the Department of Financial Services, Ministry of Finance.
- UN has awarded him for his contributions as Chief Auditor for the Oil for Food Program resulting in significant impact and cost savings for the UN.

### **Standard Chartered Bank, EaseMyTrip launches Co-Branded Credit Card**

On July 19, 2022, Standard Chartered Bank launched a co-branded credit card namely '**EaseMyTrip Standard Chartered Credit Card**' with online travel platform EaseMyTrip.

- The credit card will provide a flat **20% instant discount** on domestic and international hotel bookings with EaseMyTrip of up to Rs 5,000 and Rs 10,000 respectively with no minimum booking amount.
- There will also be a flat 10% instant discount on domestic and international flight bookings on EaseMyTrip up to Rs 1000 and Rs 5000 respectively with no minimum booking amount.

#### **Key Features of Card:**

i. Cardholders can earn reward points on flight, hotel bookings at standalone airlines and hotel websites and apps.

ii. These reward points can be redeemed on the rewards catalogue of Standard Chartered Bank.

iii. Cardholders will also have access to instant discount benefits on flights and hotels **throughout the year** on



the EaseMyTrip.

iv. They will also get one domestic lounge access per calendar quarter and two international lounge accesses per year.

**Point to be noted:**

The Bank has recently extended its sponsor agreement with Liverpool Football Club by 4 years i.e. till the end of 2026-27 season.

**About Standard Chartered Bank**

- **Group Chief Executive** – Bill Winters
- **Headquarters** – London, United Kingdom
- **CEO of Standard Chartered Bank India** – Zarin Daruwala

**Bajaj Allianz Life Partners DBS Bank India to Offer Life Insurance Products**

**Bajaj Allianz Life Insurance Company Limited (Bajaj Alliance Life)** and **DBS Bank India**, the wholly owned subsidiary of DBS Bank Limited, Singapore, have entered into a strategic partnership to offer a wide range of life insurance solutions to the customers of DBS Bank.

- The corporate agency agreement was signed by the Managing Director (MD) & Chief Executive Officer (CEO) of Bajaj Allianz Life Insurance, Tarun Chugh and Prashant Joshi, MD & Head, Consumer Banking Group, DBS Bank India in Mumbai, Maharashtra.

**Highlights:**

i. Through the partnership, both sides aim to empower the customers to 'live more and bank less' by investing in life insurance products.

ii. **As a part of this partnership**, The new and existing customers from more than 500 branches of DBS bank can choose from Bajaj Allianz Life's retail products including term, savings, retirement and investment products.

**About Bajaj Allianz Life Insurance Company Limited:**

The company is a partnership between Bajaj Finserv Limited and Allianz SE, one of the world's leading asset managers and insurers.

**MD & CEO** – Tarun Chugh

**Establishment** – 2001

**Headquarters** – Pune, Maharashtra

**NITI Aayog Releases Report on Digital Banks; Proposes a Licensing and Regulatory Regime for India**

The Central Government think tank, National Institution for Transforming India (NITI) Aayog releases its report on digital banks, titled '**Digital Banks: A proposal for Licensing and Regulatory Regime for India**' offering a template and roadmap for licensing and regulatory regime for India.

- It focuses on avoiding any regulatory or policy arbitrage and offers a level playing field to incumbents as well as competitors.
- The report was released by NITI Aayog Vice Chairman **Suman Bery**; and CEO (Chief Executive Officer) **Parameswaran Iyer**; and Senior Adviser Anna Roy, in the presence of other officials.

**Report Assessment:**

It is based on an equally weighted Digital Bank Regulatory Index which comprises of four factors viz:

- Entry barriers
- Competition
- Business restrictions
- Technological neutrality

The elements of these four factors are then mapped against the five benchmark jurisdictions of Singapore, Hong Kong, United Kingdom (UK), Malaysia, Australia and South Korea.



### Recommendations by Report:

i. Issue of a restricted digital bank licence: It will be restricted in terms of volume/value of customers serviced and the like.

ii. Enlistment (of the licensee) in a regulatory sandbox framework enacted by the Reserve Bank of India (RBI).

iii. Issue of a full-scale digital bank licence: It will be contingent on satisfactory performance of the licensee in the regulatory sandbox, including salient, prudential and technological risk management.

As per the report, Digital Business bank may be required to bring in **Rs 20 crore** of minimum paid-up capital in the restricted phase. Upon progression from the sandbox a full-scale Digital Business bank will be required to bring in **Rs 200 crore**.

### What is a Digital Bank?

A digital bank would be a bank defined in the Banking Regulation Act, 1949, and will have its own balance sheet and legal existence. It will be different from the 75 Digital Banking Units (DBUs), which was announced by Finance Minister Nirmala Sitharaman in the Union Budget 2022-23.

### India's Financial Inclusion:

India has made rapid strides in furthering financial inclusion. However, credit penetration remains a challenge, especially for India's 63-million-odd MSMEs (Micro, Small & Medium Enterprises) that contribute 30% to GDP (Gross Domestic Product), 45% to manufacturing output, and 40% to exports, while creating employments.

i. A broader Digital India revolution catalyzed by Pradhan Mantri Jan Dhan Yojana (**PMJDY**), India Stack, e-KYC and UPI led a paradigm shift in the way India interacted with and consumed financial services.

- **Pradhan Mantri Jan-Dhan Yojana (PMJDY)** is National Mission for Financial Inclusion to ensure access to financial services, namely, a basic savings & deposit accounts, remittance, credit, insurance, pension in an affordable manner.

ii. Jan Dan-Aadhar-Mobile (JAM) trinity and Aadhaar, Unified Payments Interface (UPI) catalyzed financial inclusion/ digitization in India.

- Aadhaar authentications have passed 55 trillion.

ii. UPI recorded over 4.2 billion transactions worth Rs 7.7 trillion in October 2021.

iii. Direct Benefit Transfer (DBT) was also made digitally under Pradhan Mantri Kisan Samman Nidhi (**PM-KISAN**) and PM Street Vendor's AtmaNirbharNidhi (**PM-SVANIDHI**).

iv. India will also operationalize its own version of open **banking** through the **Account Aggregator (AA)** regulatory framework enacted by RBI. Once commercially deployed, the AA framework is envisaged to catalyze credit among under-served groups.

### About National Institution for Transforming India (NITI) Aayog:

It was formed via a resolution of the Union Cabinet of the Government of India.

**Establishment**– 1 January 2015

**Headquarters**– New Delhi, Delhi

### European Investment Bank joins India-led Coalition for Disaster Resilient Infrastructure

The European Investment Bank (EIB), the lending arm of the European Union (EU), has joined the India-led Coalition for Disaster Resilient Infrastructure (CDRI) as part of efforts to limit damage caused by climate change.

- EIB also plans to double its annual investments in India from about €500 million in the next two years.

### Key Points:

i. EIB has been investing in sustainable infrastructure in India and the region for more than 25 years, and its CDRI membership is expected to strengthen the India-EU connectivity partnership.

ii. The EIB will help CDRI to develop the research and knowledge-management capabilities of its members by offering advisory and financial support to CDRI members.

iii. EIB will work with national governments, United Nations (UN) agencies, multilateral development banks and the private sector that are part of CDRI to promote the development of certification relevant infrastructure



resilient to climate change and natural disasters around the world.

**iv.**EIB, as the EU's climate bank, also has extensive experience supporting climate action projects worldwide.

**v.**Multilateral development banks like the EIB will have a crucial role in mobilising private and public finance for climate adaptation projects.

- In 2019, these institutions committed to doubling their collective total level of adaptation finance to €15 billion annually by 2025.
- In 2020, their adaptation finance totalled €13.6 billion, up from €11.9 billion in 2019 and €10.9 billion in 2018.

**vi.**Since the beginning its operations in India in 1993, the EIB has supported 17 projects in transport, energy, agriculture, fisheries and forestry with investments of nearly €4.2 billion.

**vii.**Notably, Developing countries currently require annual investments in climate adaptation in the range of €60 billion, and by 2030, these countries will need between €120 billion and €250 billion each year.

#### **About CDRI:**

Launched at the UN Climate Action Summit in 2019 at the initiative of India, it facilitates the sharing of knowledge and resources among its members.

- It also helps countries meet the UN Sustainable Development Goals (SDGs) and expand access to basic services.

#### **About European Investment Bank (EIB):**

**President**– Werner Hoyer

**Established in** – 1958

**Headquarters**– Luxembourg, Europe

#### **World Bank to Fund USD 200 Million for HP Power Sector Reforms**

Government of India (GOI) will provide a financing facility worth **USD 200 million** (around Rs. 1600 Crore) through the World Bank (WB) for the Himachal Pradesh (HP) Power Sector Development Program.

- The total cost of HP Power Sector Development Program will be estimated as approximately **2000 crores along with state equity**.
- The funding from the WB is expected to be available by the beginning of 2023 and the project duration will be completed in five years from **2023 – 2028**.

#### **Highlights:**

**i.**The **areas of target** include improvement in utilisation of HP's power sector resources such as Hydro & Solar, improvement in the reliability of power grid at the transmission & distribution level and strengthening of institutional capabilities of various power utilities or agencies in HP.

**ii.**This program will be finalised by the WB and the Department of MPP & Power, HP, under which efforts are taken towards the **integrated resource planning**.

- This allows comprehensive resource planning of the power sector, technical utilisation of existing hydropower assets for integrating with other renewable resources, piloting demand response management and establishing a single trading desk.

#### **About World Bank (WB):**

**President** – David Malpass

**Established in** – 1944

**Headquarters** – Washington D.C, United States (US)

**Members** – 189 member countries

#### **NDB Approves 5 New Projects Worth USD 875 Million for Various Departments in Brazil, China & India**

The New Development Bank (NDB) has approved 5 new projects, worth USD 875 million, for water, sanitation, eco-tourism and transport. This investment will that support investment commitment by Brazil, China and India toward Sustainable Development Goals (SDG).



### **Highlights:**

**i. Brazil** – NDB will channel **USD 300 million** for the projects that will be implemented by São Paulo state utility SABESP, a water and sanitation company.

- The projects include connecting 592,000 households to water supply, 727,000 to sewage collection networks in São Paulo (Brazil) and also promotes environmental protection through waste water treatment and other environmental development.

**ii. China** – NDB approved invested **EUR 265 million** for the expansion of the Lanzhou Zhongchuan International Airport and Renminbi (**RMB**) **805 million** for the expansion of the Xi'an Xianyang International Airport which leads to energy conservation, low carbon emission and optimization of resource consumption.

- These two projects will also contribute to the construction of 5 new runways with taxiway system, 2 new terminal buildings, an apron with 187 aircraft stands, cargo facilities and supporting infrastructure.
- After the expansion of the airports, the number of flying passengers will increase by over 4 times to 38 million at Lanzhou Zhongchuan International Airport and over 3 times to 83 million at Xi'an Xianyang International Airport.

**iii. India** – NDB has approved **USD 79 million** for the Meghalaya Ecotourism Infrastructure Development project which will contribute to the development of 5 eco-tourism circuits including construction of 114 km of roads and bridges.

- NDB will also directly approve another USD 70 million to Lamphelpat Waterbody Rejuvenation project that contributes to the development of the waterbody, greenspaces and tourism facilities.
- For the improvement of efficiency in flood prevention and for the timely recovery of flood-affected regions, a **technology-driven real-time flood management** with early warning capacity will also be set up.

### **About New Development Bank (NDB):**

NDB is a multilateral development bank established by the **BRICS states** (Brazil, Russia, India, China and South Africa).

**Chair** – China

**Establishment** – July 2015

**Headquarters** – Shanghai, China

### **IndusInd Bank & EazyDiner Partners to Launch Co-branded Credit Card**

On 21st July 2022, IndusInd bank and EasyDiner partnered to launch EasyDiner IndusInd Bank Credit Card, a co-branded credit card that aims at enhancing customers dining experience.

#### **Benefits:**

**i.** The benefits include a complimentary 1-year **EasyDiner prime membership** which offers **25 % discount** across 2000 restaurants with an initial welcome bonus of 2000 reward points.

- An additional **25 % discount** is given to the customers on dining every time when the customer pays the bill using EasyDiner app via PayEazy.
- Complimentary premium of alcohol beverage for every diner on the table at over 200 restaurants.

**ii.** Customers earn 10 reward points for every Rs.100 spent on dining, entertainment and shopping.

- The 3X EazyPoints (reward points) can be redeemed against hotel stays, meals, exclusive restaurant openings and any events across India.

**iii.** The cardholder also receives a complimentary stay voucher worth **Rs. 5000** at 'The Postcard Hotel' across India, Sri Lanka and Bhutan and also complimentary domestic lounge visits per quarter at airports across India.

#### **About IndusInd Bank:**

**Managing Director (MD) & CEO** – Sumant Kathpalia

**Establishment** – 1994

**Headquarters** – Pune, Maharashtra



## **SBI to Raise Rs. 11,000 Crore in Basel III Bonds in FY23**

The State Bank of India (SBI), the largest lender in India, has received approval from its Board of Directors to issue bonds to raise up to Rs. 11,000 crores via additional tier-I and tier II bonds during the current fiscal year 2022–23 (FY23).

- Of the total earmarked fund-raise, the approval is for additional tier-1 (AT-1) capital up to Rs. 7,000 crore, subject to concurrence from the Government of India (GoI).
- The remaining Rs. 4,000 crore will be in the form of tier-2 capital.

SBI is raising funds to meet regulatory requirements and to support business growth.

### **Additional Tier-1 (AT-1) Bonds**

- AT-1 bonds, often known as perpetual bonds, have no maturity date but contain a call option at the end of five years.
- These are issued by banks to increase their core equity base and so comply with Basel III standards.

### **Key Points:**

i. SBI's Central Board approved the plan to raise capital through the issuance of Basel III compliant debt instruments in Indian Rupee (INR), United States Dollar (USD), or any other convertible currency.

At the end of March 2022, SBI's Capital Adequacy Ratio (CAR) was 13.83 %, with Tier-1 at 11.42 % and Tier-2 at 2.41 %.

### **Other Public Sector Banks with Fund Raising Plans**

i. Punjab National Bank (PNB) raised Rs. 2,000 crore in capital in early July 2022 through Tier-I bonds at an interest rate of 8.75%.

ii. Union Bank of India (UBI) and Canara Bank intend to generate Rs. 4,000 crore by issuing AT1 bonds.

iii. SBI had issued AT1 bonds in December 2021 to generate about Rs 3,974 crore.

- The coupon on these bonds was fixed at 7.55%, which is 17 basis points lower than the bank's previous issuance in September 2021, when it issued AT1 bonds worth Rs. 4,000 crore at 7.72%.

### **Note:**

The SBI Board approved a proposal in May 2022 to raise up to USD 2 billion in FY23 through debt securities on the international market.

## **Bajaj Allianz General Insurance Launches PAYC Motor insurance add-on cover**

On 21 July 2022 Bajaj Allianz General Insurance Company Limited becomes the first company to launch **Pay As You Consume (PAYC)**, an add-on motor insurance cover under the Insurance Regulatory and Development Authority of India's (IRDAI's) **Sandbox Regulations**.

- This can be opted by the customers along with the Own Damage (OD) plan under package product, bundled and standalone OD cover.
- This add-on cover is in line with IRDAI's recent circular to allow PAYC under annual motor products.

### **Highlights:**

i. Customers can now choose the insurance coverage based on their **vehicle usage** (kilometres covered) for which the premium will be calculated.

- Customers can also avail an additional benefit in their coverage premium for **safe driving**.

ii. The customers driving behaviour is analysed based on the telematics device installed in the vehicle, driving metrics recorded on their '**Caringly Yours**' mobile application or through the information provided by the customers, etc.,

- If the opted kilometres get exhausted, the customers can always choose to add kilometres through a top-up plan and Bajaj Allianz has also at the time of policy claim, Bajaj Allianz has offered a unique concept of 'Grace km' gratification.



### **About Bajaj Allianz General Insurance Company Limited:**

Bajaj Allianz General Insurance Company Limited is a joint venture between **Bajaj Finserv Limited** and **Allianz SE**.

**MD & CEO** – Tapan Singhel

**Establishment** – 2001

**Headquarters** – Pune, Maharashtra

### **India's GDP Growth Forecast for FY23: ADB slashes it to 7.2% & FICCI downgrades it to 7%**

On July 21, 2022, the Asian Development Bank (ADB) in its '**Asian Development Outlook (ADO) Supplement, July 2022**' downgraded its economic growth forecast for India to 7.2% for 2022-23 (FY23) from 7.5% amid higher-than-expected inflation and monetary tightening. For **FY24** also, it lowered the GDP (Gross Domestic Product) growth estimate to **7.8%** from the 8% estimated earlier.

- Meanwhile, the inflation forecast for India increased to **6.7%** from the 5.8% estimated earlier for FY22, and the inflation projection for FY23 was raised from 5% to **5.8%**.
- India's retail inflation, measured by the Consumer Price Index (CPI), is hovering at more than 7% and is expected to remain elevated in the coming months.

#### **Key Highlights:**

**i.** High inflation has declined consumer purchasing power.

**ii.** Private investment would soften due to the higher cost of borrowing for firms as the Reserve Bank of India (RBI) continues to raise policy rates to contain inflation.

- The RBI's monetary policy committee hiked the repo rate by 90 basis points in two consecutive months, May (an off-cycle policy review) and June, raising the repo rate to 4.9%.

**iii.** Net exports will shrink due to subdued global demand and a rising real effective exchange rate

**iv.** The rupee touched an all-time low of 80.06 against the dollar on July 20, 2022.

**v.** The domestic currency has depreciated about 7.5% against the greenback in 2022 so far.

**vi.** On the supply side, higher commodity prices will boost the mining industry but manufacturing firms will bear the brunt of higher input costs due to rising oil prices.

**vii.** The services sector, hit hard by covid-19 since 2020, will do well in FY2022.

**viii.** India will continue to surpass China which is expected to grow by 4% in 2022 as against the earlier estimate of 5%. In 2023 also, China is expected to grow by 4.8%.

#### **South Asia:**

For the South Asian region, it has lowered the growth forecast from 7.4% to **7.1%** for 2023, mainly due to the economic crisis in Sri Lanka, high inflation and associated monetary tightening in India.

#### **Developing Asia:**

**i.** Developing Asia is now projected to grow more slowly: 4.6% in 2022 and 5.2% in 2023.

**ii.** Owing to higher energy and food prices, inflation forecasts are revised up from 3.7% to **4.2%** for 2022, and from 3.1% to 3.5% for 2023.

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### **FICCI downgrades India's GDP Growth Forecast for FY23 to 7%**

The Federation of Indian Chambers of Commerce and Industry (FICCI) in its latest round of Economic Outlook Survey (July 2022)/ Quarterly Survey projected Indian annual median GDP growth forecast at 7% in FY23, lower than a previous estimate of 7.4% in April 2022.

- India's minimum and maximum growth estimate is 6.5% and 7.3% respectively.
- This decline is also due to the high inflation amid the Ukraine-Russia War which reduced consumer demand.

#### **Key Points:**

**i.** RBI is expected to keep a **hawkish stance** to tackle elevated inflation.

**ii.** CPI based inflation in India stood at **7.01%** during June 2022, the sixth consecutive month when the inflation remained above the RBI's tolerance limit of 6%.



iii.RBI will hike the repo rate further to 5.65% by the end of the fiscal year in March 2023.

iv. Annual consumer inflation has remained above the RBI's 2%-6% tolerance band for six straight months to June.

v. India's GDP grew 8.7% for FY22.

vi. Morgan Stanley also lowered its forecast for India's FY23 growth to 7.2% from 7.6% earlier this week, citing weakening global trade.

The survey was conducted in June where economists were asked to provide forecasts for key macroeconomic variables for FY23 and for Q1 FY23 and Q2FY23.

#### **About Asian Development Bank (ADB):**

**Establishment**- 1966

**President**- Masatsugu Asakawa

**Members**- 68 Nations (49 are from within Asia and the Pacific and 19 outside)

**Headquarters**- Mandaluyong City, Metro Manila, Philippines

#### **17th CII-EXIM Bank Conclave on India-Africa Project Partnership held in New Delhi**

The 17th Confederation of Indian Industry (CII) Exim Bank Conclave on India-Africa Growth Partnership was held in New Delhi, Delhi on July 19-20, 2022 in Hybrid format.

- It was organized by CII in partnership with Ministry of Commerce & Industry (MoCI); and Ministry of External Affairs (MEA), Government of India.
- After the Covid-19 pandemic, this was the first such high-level investment meet in Delhi.
- The forum is being held under the theme '**creating shared futures**'.

#### **Participants From India:**

It was attended by Union Minister Subrahmanyam Jaishankar, Ministry of External Affairs (MEA), Minister of State (MoS) Vellamvelly Muraleedharan, MEA, among others

#### **Focus of Conclave:**

i. Strategic role of India-Africa partnership in changing geo-political scenario

ii. Strengthening bilateral engagements and discuss emerging economic opportunities with regard to African Continental Free Trade Area (AfCFTA)

iii. Infrastructure development and trade finance, education and training, agriculture and food processing, consultancy services, and healthcare in addition to other areas where Indian companies have steadily increased their presence over the years in Africa.

#### **Key Highlights:**

i. The conclave saw the participation of 40 high-level ministers from 22 countries including Cameroon, Burkina Faso, Eswatini, Republic of the Congo, Ethiopia, Gabon, Equatorial Guinea, Ghana, Niger, Malawi, Mauritius, Sudan, Namibia, Nigeria, Sierra Leone, Zambia, Tanzania, Togo, Guinea, South Sudan, Zimbabwe, and The Gambia.

ii. Bilateral and regional discussions were held, and also opportunities were also presented in services sector viz. Healthcare, IT & ITES, besides the traditional sectors of partnerships, Agriculture & Food processing, Power and Energy and Infrastructure.

iii. Notably, Trade between the African subcontinent and India increased from \$7.2 billion in 2001 to \$59.9 billion in 2017, making India the continent's fourth-largest national trading partner.

#### **MoU & Other Agreement Signed:**

**NTPC signs MoU with Moroccan Agency for Sustainable Energy for cooperation in renewable energy**  
NTPC (formerly known as National Thermal Power Corporation Limited), and Masen (Moroccan Agency for Sustainable Energy) signed a Memorandum of Understanding (MoU) for cooperation in the renewable energy sector.



### **Signatories:**

It was signed by Rachid Bayed, Executive Director of Operations and Acting Director of Development, MasenASEN, Morocco, and Narinder Mohan Gupta, Chief General Manager and Head of International Business from NTPC Limited, India.

- It was signed in the presence of Mohamed Maliki, Ambassador of His Majesty the King of Morocco to India, and Puneet Kundal, Joint Secretary, MEA, Government of India.

### **What is in the MoU?**

- Joint development of utility-scale projects based on renewable energy in Africa.
- To support services for capacity building, share experience, know-how, and expertise in the areas of mutual interest, especially in the field of Research and Development.

### **India, Namibia sign three MoUs on sidelines of 17th CII EXIM Bank Conclave**

The MoUs signed between India and Namibia are on 'Wildlife Conservation and Sustainable Biodiversity Utilization, the agreement between Namibia and India on 'Authorizing Spouses and Dependents of Members of the Diplomatic Mission to Engage in Gainful Employment and the MoU between National Forensic Science University (NFSU) of India and Namibian Police Forensic Science Institute (NPFISI).

### **Other highlights:**

i. India has extended concessional loans of over 12.3 billion dollars to Africa.

ii. As per CII, Indian investments in Africa can go up to US\$ 150 billion by 2030.

iii. Since April 1996, India has invested \$74 billion in Africa.

iv. Union Minister of State for Commerce & Industry (MoS), Smt. Anupriya Patel met Mrs. Amal Salih Saad Mohamed, Minister of Trade and Supply, Sudan, and reviewed the bilateral relations with a focus on trade and investment, defence & maritime cooperation.

- Both sides agreed to further strengthen and diversify trade and economic linkages.

iv. Mauritius Vice President Marie Cyril Eddy Boissezon, Vice-President of Gambia Badara A. Joof also attended the conclave.

### **About CII-EXIM Bank Conclave on India-Africa Project Partnership**

It was launched in the year 2005 with the support of the MEA and the MoCI. Over the last sixteen editions, the Conclave has played a pivotal role in encouraging Indian companies to establish and grow their footprints in Africa.

### **About Export-Import Bank of India (EXIM):**

**Managing Director**– Harsha Bangari

**Headquarters**– Mumbai, Maharashtra

### **Canara Bank launches its Mobile App, Canara ai1**

Canara Bank has launched its mobile banking app namely, Canara ai1, which is a one-stop solution with more than 250 features to cater to the banking needs of its customers. It is available in 11 languages to cater to multiple sections of society in their preferred language.

### **Aim:**

To have multiple mobile apps working in silos for availing different specific services.

### **Key Points:**

i. The app has advanced features such as an intuitive user interface (UI) and user experience (UX) with personalization.

ii. It caters to various social security schemes including Public Provident Fund (PPF) accounts, Sukanya Samriddhi Accounts, Senior Citizens' Savings Accounts, Kisan Vikas Patra, and others.

iii. It enables the customer to use traditional and modern banking and financial services in digital mode, and there are features for all age groups.

iv. It can be used to compare & shop, make utility bill payments, flight/ hotel/ cab bookings, open deposits, make loan repayments, etc.

v. The core vision of the bank is E-transactions for Everyone, Everywhere, Every Time by utilizing technology in



order to enable customers to perform banking at their fingertips.

**About Canara Bank:**

**Establishment**– 1906 (Nationalization- 1969)

**Managing Director (MD) and Chief Executive Officer (CEO)**– Lingam Venkata Prabhakar

**Headquarters**– Bengaluru, Karnataka

**ADB Approves USD 96.3 Million Loan for Safe Drinking Water Project in Himachal Pradesh**

Asian Development Bank (ADB) has approved USD 96.3 million (~Rs.770 crores) loan to provide safe drinking water, sanitation services and improve water supply in Himachal Pradesh under the Himachal Pradesh Rural Drinking Water Improvement and Livelihood Project.

**Highlights:**

**i.Aim** – To upgrade water supply infrastructure and strengthen institutional capacity for safe, sustainable, and inclusive rural water supply management and sanitation services.

**ii.**The project will raise public awareness on the health benefits through improved water supply, sanitation, and hygiene practices.

**iii.**The community-based organisations and project stakeholders will also be trained on water management and provide livelihood skills for women self-help groups.

**About the project:**

**i.Water** – The project helps in construction of 48 groundwater wells, 80 surface water intake facilities, 109 water treatment plants, 117 pumping stations, and 3,000 kilometres of water distribution pipelines.

- More than 90 per cent of the rural population has access to drinking water but the infrastructure is inefficient.
- The project will connect 75,800 households by providing an uninterrupted water supply to about 370,000 residents across 10 districts.

**ii.Sanitation** – Faecal sludge management and sanitation programme, a pilot project will be implemented in **Sirmaur District**, Himachal Pradesh.

**KeyNote:**

**i.**The water project meets the objectives of the **Government of India's Jal Jeevan Mission**, a national flagship program that will provide piped water to all rural households by **2024**.

**ii.**The project will also strengthen the **Jal Shakti Vibhag** of the **Government of Himachal Pradesh**, village water and sanitation committees of gram panchayat including water tariff policy reforms.

**About Asian Development Bank (ADB):**

**President** – Masatsugu Asakawa

**Establishment** – 1966

**Headquarters** – Manila, Philippines

**Members** – 68 (49 from Asia & Pacific region)

**National Income Tax Day 2022- 24 July**

The **Central Board of Direct Taxes (CBDT)** annually celebrates Income Tax Day (also known as Aaykar Diwas) on 24 July to commemorate the introduction of income tax in India.

- The year 2022 marked the **162nd anniversary** of Income Tax Day in India.

**Background:**

**i.**The income tax was first introduced in India by Scottish businessman Sir James Wilson in 1860. In 1860, Income Tax was first levied as a duty and the Income Tax Authority, the authority to levy the duty, came into force on 24th July 1860.

- It was done in order to compensate for the losses suffered by the British regime during the first war of independence in 1857.

**ii.**'Aaykar Diwas' was celebrated for the first time on July 24, 2010, to mark 150 years of income tax in India.



### **Income Tax Day celebrations**

i. Several programmes are held across India to promote tax payment as a value norm, and to sensitize potential taxpayers that paying taxes is an ethical duty of the citizens.

ii. Principal Chief Commissioner of Income Tax, Mumbai organized a Cyclothon of 13 km. famous celebrities including Leander Paes, Punam Raut, Rajkumar Rao, Jackie Shroff and Tiger Shroff were present to grace the occasion

- In the Cyclothon, more than 250 cyclists enthusiastically participated in the event.

### **Additional info:**

The Department registered the highest ever net collections of Rs. 14.09 lakh crore in FY 2021-22.

### **About Central Board of Direct Taxes (CBDT):**

The Central Board of Direct Taxes is a statutory authority functioning under the Central Board of Revenue Act, 1963.

CBDT is a part of the Department of Revenue under the Ministry of Finance.

**Chairman-** Nitin Gupta

**Established-** 1924

**Headquarters-** New Delhi, Delhi

### **CUB Forms Bancassurance Tie-Up with Aditya Birla Health, Bajaj Allianz Life Insurance & Royal Sundaram General Insurance**

**City Union Bank (CUB)**, an old private sector lender, has formed bancassurance partnerships with the following insurers:

i. Aditya Birla Health Insurance Co Ltd (ABHICL)

ii. Bajaj Allianz Life Insurance Company Limited (Bajaj Allianz Life)

iii. Royal Sundaram General Insurance Co Ltd (Royal Sundaram)

- CUB formed this partnership to provide its customers with health, life, and general insurance options.

### **Backdrop**

The Open Architecture of the **Insurance Regulatory and Development Authority of India (IRDAI)** has permitted banks to have tie-ups with three companies each for general insurance, life insurance and health insurance.

**Note** – CUB has tie-up with eight insurers – three each in life [LIC, Tata AIA and Bajaj Alliance] and health [Star Health, Aditya Birla and Care Insurance] and two in general insurance [Shriram General and Royal Sundaram].

### **CUB & Aditya Birla Health Ink Bancassurance Pact**

CUB and **Aditya Birla Health Insurance Co Ltd (ABHICL)**, the health insurance arm of Aditya Birla Capital Ltd, have established a bancassurance partnership for the distribution of health insurance products of ABHICL through CUB's network of branches in India.

- This is CUB's third partnership in the health insurance sector after signing similar bancassurance partnerships with Star Health & Allied Insurance Co., Ltd. and Care Health Insurance (formerly known as Religare Health Insurance Co.).
- This is ABHICL's 14th arrangement with a bank for the bancassurance partnership.

### **Key Points:**

i. According to the pact, more than 4.4 million CUB customers will have access to ABHICL's range of health insurance plans across 727 branches in 153 Indian districts.

- During the Financial Year 2021-2022 (FY22), CUB's health insurance partnerships generated Rs. 4-5 crore revenue.

ii. Some of ABHICL's innovative health plans that will be available to CUB clients include: Day 1 coverage for asthma, high blood pressure, high cholesterol, and diabetes; wellness coaching on nutrition and fitness; mental health counselling; incentivized wellness benefits of up to 100% Health Returns; and a chronic management programme, among others.

iii. CEO of Aditya Birla Health Insurance Co Ltd (ABHICL) – Mayank Bathwal



### **CUB Forms Strategic Partnership with Bajaj Allianz Life Insurance**

CUB and **Bajaj Allianz Life Insurance Company Limited** (Bajaj Allianz Life), a private life insurer, have entered into a strategic partnership to offer a variety of life insurance solutions to CUB's existing and potential clients through its 727 branches.

#### **Key Points:**

- i.** Through this partnership, customers of CUB will be able to meet their long-term financial goals by investing in Bajaj Allianz Life's value-packed products such as term, savings, retirement, and investment solutions.
- ii.** The partnership will enable Bajaj Allianz Life in expanding its foothold in the southern states and beyond.
- iii.** CUB has also formed partnerships with two other life insurers: Life Insurance Corporation (LIC) & Tata AIA Life Insurance Co. Ltd.
- iv.** MD & CEO of Bajaj Allianz Life Insurance – Tarun Chugh
  - Bajaj Allianz Life is a partnership between Bajaj Finserv Limited, one of India's most diversified Non-Banking Financial Institution and Allianz SE, one of world's leading asset manager and insurer headquartered in Munich, Germany.

### **CUB Partners Royal Sundaram General Insurance**

CUB has also formed a bancassurance tie-up with general insurer **Royal Sundaram General Insurance Co Ltd.** (Royal Sundaram). This partnership will enable the customers of CUB to access general insurance products of Royal Sundaram across its branches

#### **Key Points:**

- i.** The range of general insurance products offered by Royal Sundaram includes coverage for health, motor, personal accidents, and travel as well as home insurances in retail and insurance against fire, marine, industrial and other risks under commercial lines.
  - With this, CUB has taken a step toward being a one-stop shop (point) for all the financial needs of its customers.
- ii.** Recently, the CUB has signed a corporate agency agreement with Shriram General Insurance Co. Ltd., a Joint Venture (JV) between Shriram Capital Ltd. and Sanlam Limited (South Africa).
  - In accordance with this arrangement, Shriram General Insurance will provide CUB's customers with both personal lines of insurance, including motor, personal accident, home and travel, as well as commercial lines of insurance, including property, marine, and engineering insurance.
- iii.** MD of Royal Sundaram General Insurance Co. Ltd., – M.S. Sreedhar

#### **About City Union Bank Ltd. (CUB):**

Incorporated as 'The Kumbakonam Bank Limited' in 1904. The Bank's name was changed to 'City Union Bank Limited' with effect from December, 1987.

**MD & CEO** – Dr. N. Kamakodi

**Establishment** – 1904

**Headquarters** – Kumbakonam, Tamil Nadu

**Tagline** – Trust and Excellence Since 1904

### **JICA Extends ODA loan for Mumbai-Ahmedabad High Speed Rail Project**

On 25th July 2022, Japan International Cooperation Agency (**JICA**) signed a loan agreement with the **Government of India** to provide Japanese Official Development Assistance (ODA) loan of up to a total of **100,000 million yen (JPY)** (~Rs 6000 crore) as Tranche 3 for the Project for the construction of Mumbai-Ahmedabad High-Speed Rail (**MAHSR**) (**III**).

- The loan agreement was signed between Rajat Kumar Mishra, Additional Secretary, Department of Economic Affairs, Ministry of Finance and Watanabe Jun, Senior Representative, JICA India.

**Background** – This loan agreement has been signed after the 250,000 million JPY (~Rs. 18,000 crores) package of JICA's commitment towards the development of India's first High-Speed Rail initiative in 2017.

#### **About the Project:**

- i.** The project aims to develop a high-frequency mass transportation system by constructing the High-Speed Rail



along the **500 km system** between Mumbai, Maharashtra and Ahmedabad, Gujarat.

ii. This enhances mobility in India contributing towards regional economic development and also development towards Sustainable Development Goals (SDGs), **Goals 8** (Decent work and economic growth), **Goal 9** (Industry, innovation and infrastructure), **11** (Sustainable cities and communities), and **Goal 13** (Climate Action).

**Key Points:**

i. The MAHSR has been constructed using **Japan's Shinkansen technology**, which is also known as the bullet train.

ii. The project is being executed by the National High-Speed Rail Corporation Limited (**NHSRCL**), an executing agency.

**Note** – NHSRCL has also given a tender for the design and construction of another underground terminal and tunnel at **Bandra Kurla Complex** worth **Rs. 1.1 lakh-crore project**.

**About Japan International Cooperation Agency (JICA):**

**President** – TANAKA Akihiko

**Establishment** – 1974

**Headquarters** – Tokyo, Japan

**India Headquarters** – New Delhi, Delhi

**HDFC Securities Partners with Equitas SFB to Offer Demat, Trading Services**

**HDFC Securities Ltd.**, (HDFC Securities), one of the top stock broking companies of India has partnered with **Equitas Small Finance Bank** (Equitas SFB) to provide its clients a demat account and its broking or investment services.

- Equitas SFB provides products and services to individual customers, corporates, and Small and Medium Enterprises (SMEs).
- HDFC Securities provides investment and direct trading services through the purchase and sale of equities, as well as currency derivatives, mutual funds, Non-Convertible Debentures (NCDs), Fixed Deposits (FDs), bonds, and so on.

HDFC Securities is a subsidiary of the prominent private sector bank HDFC Bank.

**Key Points:**

i. As a result of this collaboration, Equitas SFB will be able to provide its clients with a 3-in-1 account that enables them to access the services of HDFC Securities.

- This partnership gives Equitas SFB the chance to offer more investment options to its clients through a strong investment platform.

ii. All customers of Equitas SFB will be able to open demat and trading accounts to buy and sell shares as well as trade in futures, options, commodities, and even currencies.

iii. HDFC Securities will manage the complete experience of the customers of Equitas SFB, from account opening to regular share transactions.

iv. MD & CEO of HDFC Securities Ltd – Dhiraj Relli

**About Equitas Small Finance Bank Ltd:**

**MD & CEO** – Vasudevan Pathangi Narasimhan

**Founded** – 2016

**Headquarters** – Chennai, Tamil Nadu

**Tagline** – It's Fun Banking

**LIC Reduces Stake by 2% in Sun Pharma to 5.024%**

On 25th July 2022, Life Insurance Corporation of India (LIC) reduced its shareholding in **Sun Pharmaceutical Industries Ltd. (Sun Pharma)** by selling 2.002% stake for around Rs 3882 crore, decreasing its shareholding from 7.026% to 5.024% of the paid-up capital.

- LIC's shareholding in Sun Pharma has diluted to 12,05,24,944 equity shares from 16,85,66,486.