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Financial Awareness Capsules

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Highlights after Second Bi-Monthly

DESCRIPTION	RATES
Repo Rate	6.5 %
Reverse Repo Rate	6.0 %
Marginal Standing Facility (MSF)	7.0 %
Bank Rate	7.0 %
Cash Reserve Ratio	4 %
Statutory liquidity Ratio (SLR)	21.25 %
Base Rate -	9.30 to 9.70%
Saving Deposit Rate	4 %
Term Deposit Rate	7 to 7.5 %
Inflation	6 %

FDI Limit in Various Sectors

SECTORS	LIMIT IN %
Advertisement	100%
Agriculture	100%
Air Transport Service	100%
Power & Electricity	100%
Hotel & Tourism	100%
Construction	100%
NBFC	100%
Petroleum Product Marketing	100%
Road, Highways, Ports and Harbors	100%
Education	100%
Railways Infrastructure	100%
Broadcasting	74%
Mining	74%
Private Sector Banking	74%
Trading	51%
Multi Brand Sector	51%
Single Brand Sector	Up to 49%
Airlines	49%
Civil Aviation	49%
Insurance	49%
Defence	49%
Pension	49%
Stock Exchange	49%
Print Media	26%
Public Sector Bank	20%

New Appointment in various Financial Organisation

1. N S Vishwanathan appointed as the new deputy governor of RBI
2. K V Thomas appointed as the Chairman of Public Accounts Committee (PAC)
3. Mrugank Paranjape MD and CEO of MCX
4. Ashok Chawla appointed as the NSE chairman
5. Sanjiv Misra appointed as the Chairman OF Axis Bank
6. Govind Rajan appointed as the CEO of Freecharge
7. Anantha Radhakrishnan appointed as the MD of Infosys BPO
8. Ashok Lavasa appointed as the Finance Secretary
9. CR Sasikumar takes charge as MD, State Bank of Travancore
10. N.K. Chari appointed as the MD, State Bank of Mysore
11. Chetan Chauhan named NIFT new Chairman
12. Bipin R Patel appointed as President of Gujarat Chamber of Commerce and Industry
13. Mahendra Singh Dhoni becomes brand ambassador of Exide Life Insurance
14. PayPal appoints Anupam Pahuja as India Country Manager and MD
15. Sujoy Bose appointed as CEO of National Investment and Infrastructure Fund
16. Rajeev Talwar appointed as the Chairman of National Real Estate Development Council
17. S. Ravindran appointed as the Chairman of Karnataka Vikas Grameena Bank (KVGB)
18. Ken Miyuchi appointed as the President & Coo, SoftBank
19. Anupam Pahuja appointed as the MD, PayPal India

CREDIT RATING AGENCIES IN INDIA AND WORLD

SL. No.	Name of Agency	Full Form	Headquarter
1.	CRISIL	Credit Rating Information Services of India Ltd.	Mumbai
2.	ICRA	Investment Information & Credit Rating agency	Gurgaon
3.	CARE	Credit Analysis & Research	Mumbai
4.	S&P 500	Standard & Poor Rating Agency	New York
5.	Moody's	It's a name Itself	New York
6.	Fitch	It's a name Itself	Mumbai

RANK PUBLISHED BY VARIOUS ORGANISATION

World Economic Outlook	IMF
World Investment Report	UNCTAU
Global Competitiveness Index	World Economic Forum
Global Corruption Index	Transparency International
Global Peace Index	Institute of Economic & Peace
Global Hunger Index	International Food Policy Research Institute
Gender Inequality index	UNDP

FIVE YEAR PLAN AT A GLANCE

PLAN	EMPHASIS OF PLAN	TARGET GROWTH RATE	ACHIEVED GROWTH RATE
1 ST Plan - Harrod Domar Model ; 1951-56	1/3 rd of total Exp. Kept aside for agriculture	2.1%	3.6%
2 nd Plan – P.C.Mahalanobis Model ; 1956-61	Rapid Industrialisation	4.5%	4.2%
3 rd Plan ; 1961-66	Self Reliant and self generating was the goal	5.6 %	2.5%
Plan holiday ; 1966-69	Due to Indo-Pak War , Two successive years of drought	–	–
4 th Plan; 1969-74	Garibi Hatao was the main objective	5.7%	3.2%
5 th Plan ; 1974-78	DP Dhar formulate it , Removal of proverty& attainment of self reliance	4.4%	5.0%
Rolling Plan – Gunar Myrdal ; 1979-80	By Janta Party Government Under Morarji Desai	–	–
6 th Plan ; 1980-85	Removal of proverty through strengthen of proverty & both agriculture	5.2%	5.5%
7 th Plan ; 1985-90	Food , work and productivity was main objective	5.0%	5.5%
Annual Plan ; 1990-92	Cound not to due to fast political change	–	–
8 th Plan ; 1992-97	Inprove life quality of common man	5.6%	6.5%
9 th Plan ; 1997-2002	Growth with social Justice	6.5%	5.5%
10 th Plan ; 2002-07	The plan set certain quity related social & montorable targets	8.35	7.6%
11 th Plan ; 2007-12	Towards fast & more inclusive growth	8.1%	7.9%
12 th Plan ; 2012-17	Faster & sustainable growth in Agriculture , Education , Industry & Services	8%	Not Completed yet

FAST - FACTS RELATED TO FINANCIAL ORGANISATION

- **World Bank** – Motto of world bank - Working for a World Free of Poverty . It was Established in July 1944 . Headquarter at Washington D.C (USA) . IT has 189 Member . President - Jim Yong Kim
- **WBG** – World Bank Group . These 6 International Financial Organisation is termed as WBG .
- IMF – 27TH DEC 1945
- IFC – 24TH JULY 1956
- IDA – 1960
- IBRD – 1944
- ICSID – 1965
- MIG – 1988

- **IMF** – International Monetary Fund Was created in 1944 at Bretton woods conference . It was finally established in 1945 . Its started goal was to stabilise exchange rates . Headquarter at Washington DC (USA) , Both these IMF and World Bank are also known as '**Bretton Woods Twins**'. C.E.O of IMF - Christine Lagarde .

- **IFC** – International financial Corporation was set up in 1956. It promoted economic development by encouraging private enterprise in its member country . It's a part of World Bank . It is locate in Washington DC (USA). C.E.O -Philippe Le Hou  rou

- **IDA** – International Development Association was setup in 1960 It is an affiliate of world bank . It is locate in Washington DC (USA). Head - Jim Yong Kim

- **SEBI** – IT was got Constitutional status in 1992 . It promote the development of security market 7 to protect the interest of the investors . It also Regulate security market . It was established under SEBI ACT 1992 .

- **SIDBI** – Is made specially responceble for empowering Micro , Small & Medium Enterprises in India . It also provide financial support to small & medium scale industry . Established in 1989 . C.E.O - Dr. Kshatrapati Shivajia .

- **IDBI** – Was Established in 1964 . It also provide financial support to small & medium scale industry. It was changed into a bank in 2004 . IDBI is headquartered at Mumbai .

- **IFCI** – Industrial Financial Corporation of India wa Established in 1948 . It was the first Development Financial Institute in the country . It cater to long term finance needs to industry. In 1993 it was converted into a company under Indias company Act 1956 .

- **NHB** – National Housing Bank was formed in 1988 . Its function was to develop housing finance sector . It is an apex level institute for housing sector . It was wholly owned by RBI . Headquarter of NHB- Delhi .
- **SARFAESI – Securitisation 7 Reconstruction of Financial Assets 7 Enforcement of Security Interest Act 2002** . According to the Act bank or other financial institution can take over the assets , Sell the assets , Lease the Assets if one can't pay the Loan Amount or Wilful Defaulter . **1) Prior to sell of assets** – Bank would take over the property by selling a 60 days Notice period . **2) On Notice** - Customer raise any objection If objection is not accepted , Bank will take over the assets with in 15 Days .

BUDGET OF INDIA

Nine Pillars Concept -

The Union Government has shaped its budget around their agenda for the next year, to further the 'Transform India' initiative. The Budget proposal is built on nine distinct pillars, which are:

1. Agriculture and Farmers Welfare
2. Rural Sector Development
3. Social Sector including Healthcare
4. Education, Skills and Job Creation
5. Infrastructure and Investment
6. Finance Sector Reforms
7. Governance Reforms for Ease of Doing Business
8. Fiscal Discipline
9. Tax Reforms

Highlights of Union Budget of India 2016

Taxes

- Existing income tax slabs retained.
- 13 different cesses by various ministries with collections less than Rs.50 crore a year to be abolished.
- Direct Tax proposal will result in revenue loss of Rs. 1,060 crore and Indirect tax proposals will results in gain of Rs. 20,670 crores.
- No retrospective taxation in future. However, one time tax dispute resolution proposed.
- Limited tax compliance window for declaring undisclosed income between June 1 to September 30.

- General Anti-Avoidance Tax Rule to be implemented from 1st April 2017.
- Corporate tax rationalisation for new companies.
- Companies with revenue less than Rs. 5 crore to be taxed at 29% plus surcharge.
- No tax for startups for first three years.
- 15% surcharge on those whose income is above Rs. 1 crore.
- A 1% service tax on purchase of cars over Rs. 10 lakh and in-cash purchase of goods and services over Rs. 2 lakhs.
- 4% high capacity tax for SUVs. Luxury cars to be more expensive as well.
- Pollution cess of 1% on small petrol, LPG and CNG cars; 2.5% on diesel cars of certain specifications; 4% cent on higher-end models.
- Excise duty on tobacco products (except beedis) increased from 10% to 15%.
- Excise 1% on articles of jewellery, excluding silver.
- 0.5% Krishi Kalyan Cess to be levied on all services.
- Dividend in excess of Rs. 10 lakh per annum to be taxed at additional 10%.

Personal Finance & Housing

- Rs. 1,000 crore earmarked for new EPF (Employees' Provident Fund) scheme.
- Government will pay EPF contribution of 8.33% for new employees for up to three years.
- Rent paid deduction is being raised from Rs. 24,000 to Rs. 60,000.
- Additional tax exemption of Rs. 50,000 for Housing Loan up to Rs. 35 lakh (provided the cost of home is less than Rs. 50 lakh).
- 40% of withdrawal at the time of retirement under National Pension Scheme to be tax exempt.
- Service tax exempted for housing construction of houses less than 60 sq. m.

Social

- Rs. 38,500 crore for Rural Employment program – MNREGA.
- Rs. 9,500 crores allocated for Swachh Bharat Abhiyan.
- Rs. 2.87 lakh crore granted to gram panchayats and municipalities – 228% jump from last year.
- Establishment of hub to support SC/ST entrepreneurs.
- Rs 2,000 crore allocated for 5 years to provide cooking gas to all BPL families. Scheme to provide LPG connection in women's name.
- 300 urban clusters to be set up under Shyama Prasad Mukherji Rurban Mission.
- Four schemes for animal welfare.

Health

- A new health protection scheme with cover of up to Rs. 1 lakh per family.
- Senior citizens to get additional cover of Rs. 30,000.
- National Dialysis Service program to assist people with kidney disorders.
- PM Jan Aushadhi Yojana to be expanded with 300 more generic drug stores.

Education & Skill Development

- A digital repository is proposed to be created for educational certificates.
- 1000 crore allocated for higher education financing.
- 1700 crore allocated for 1500 multi skill development centres.
- 1 crore youth to be trained (skilled) in the next 3 years under PM Kaushal Vikas Yojana.
- So far, National Skill Development Mission has imparted training to 76 lakh youth. 1500 additional multi-skill training institutes to be set up.
- Scheme to get Rs.500 crore for promoting entrepreneurship among SC/ST.
- 10 public and 10 private educational institutions to be made world-class.
- 62 new Navodaya Vidyalayas to provide quality education.
- Digital Literacy Scheme to be launched to cover 6 crore additional rural households.
- Entrepreneurship training to be provided across schools, colleges and massive online open courses.

Energy

- Rs. 3000 crore allocated for nuclear power generation.
- Government to incentivize deepwater gas exploration.

Infrastructure & Investments

- 65 eligible habitats to be connected via 2.23 lakh kms of road. Current construction pace is 100 kms/day.
- Rs. 55,000 crore allocated for roads and highways. Total allocation for road construction under all schemes will be Rs. 97,000 crores.
- Total allocation for infrastructure will be Rs. 2,21,246 crore including for railways.
- 100% FDI in marketing of food products produced and marketed in India.
- Government to amend Motor Vehicle Act to allow innovation in passenger vehicle segment.
- Dept. of Disinvestment to be renamed as Dept. of Investment and Public Asset Management.
- MAT will be applicable for startups that qualify for 100% tax exemption.

Agriculture

- Agriculture and farmer welfare allocation of Rs. 35,984 crores.
- 28.5 lakh hectares of land to be brought under irrigation.
- 5 lakh hectares of land to be brought under organic farming in three years.
- Rs. 60,000 crore for recharging of groundwater to combat drought.
- A irrigation fund in NABARD of Rs. 20,000 crore to be created.
- Looking to double farmer's income by 2022.
- Nominal premium and highest ever compensation in case of crop loss guaranteed under the PM Fasal Bima Yojna.

Banking

- Rs. 25,000 crore towards recapitalisation of public sector banks.
- Disbursement target under MUDRA increased to Rs. 1,80,000 crores.
- General Insurance companies to be listed in the stock exchange.
- Post offices to get more ATMs, micro-ATMs in next three years.

Miscellaneous

Other proposals and reforms are as under

- 100% village electrification by 2018.
- Small and Medium shops to be given option to be open all 7 days a week.
- Bill to amend Companies Act to create favourable environment for Start Ups.
- Plan and Non Plan classification of expenditures to be done away with from 2017-18

The budget on whole tries to revive the economy by reviving agriculture and rural sector; the other area of intervention appears to be in social sector and infrastructure.

Highlights of Economic Survey of India 2016

The Economic Survey is one of the most important documents to be presented during the Budget Session. It forms not only the basis for the budget but also presents a bird's eye view of the economy and its course. Studying the Economic Survey is important for a good understanding of the budget. The Economic Survey for Budget 2016 was drafted by a team headed by Arvind Subramanian, the Finance Ministry's Chief Economic Adviser.

GDP & GROWTH:

- The Economic Survey 2016 projects Indian economy to grow between 7-7.75 % in fiscal year 2016-17.
- It expects India's growth rate over the next two years to be 8 %.
- The Central Statistics Office estimates that the growth rate for the current fiscal year (2015-16) is 7.6 %.
- These numbers are lower than the 8.1-8.5 % predicted by the Economic Survey of 2015.
- However, there is still twin causes for optimism and concern. The economy has still to realise its full potential, which is pegged at 8-10 % in the long run.

FISCAL DEFICIT:

- The 2015-16 fiscal deficit target of 3.9 % seems achievable.
- However, 2016-17 will be challenging from the fiscal point of view.
- A realistic target of 3.5 per cent of GDP can be adhered to.
- This is the right term to review medium-term fiscal framework.
- Two key factors complicate the task of reducing fiscal deficit in the year 2016-17 and beyond.
- The first is the Seventh Pay Commission recommendations that wages and allowances of government employees be increased significantly.
- The second is the pressing need to ramp up public investment that will meet the pressures of infrastructure backlog.

INFLATION:

- Inflation based on Consumer Price Index (CPI) is expected to decline to 4.5-5 % range in the fiscal year 2016-17.
- Low inflation has set in. Also, price stability has improved. These have improved the outlook of the economy.
- By March 2017, the RBI should be able to meet 5 % inflation target.
- Oil prices are expected to be low for some time. This will likely dampen inflationary expectations.

CURRENT ACCOUNT DEFICIT:

- The current account deficit is likely to be between 1-1.5% of GDP for 2016-17.

CURRENCY:

- China's recent devaluation of the yuan may lead to further currency turmoil in Asia, including the Indian Rupee. India must prepare for major currency readjustment.
- Monetary relaxation must be a tool used to set the Rupee's value fairly. Strengthening the rupee must be avoided.
- Gradual depreciation in rupee can be allowed in case capital inflows become weak.

TAXES & SUBSIDIES:

- It proposes that the tax net must be widened from 5.5 % of earning individuals to more than 20%. This means that more people should be required to pay taxes.
- The easiest way to do this is to avoid increasing exemption limits.
- The economic survey, in fact, favours reviewing and gradual phasing out of tax exemptions.
- Tax revenues are expected to be higher than the budgeted levels in 2015-2016.
- The Survey calls for unpopular reforms such as making agricultural incomes taxable, rationalisation of fertiliser subsidies estimated at Rs. 75,000 crore (excluding arrears), and the withdrawal of tax benefits which mainly benefit the rich.
- It also recommends restricting cooking gas subsidy to 10 cylinders from 12 at present.
- It calls for raising levels of property tax while leaving the income tax threshold unchanged.
- Subsidy bill is expected to be below 2% of GDP

AGRICULTURE, INDUSTRY & SERVICES:

- The industrial growth rate is likely to be around 3.1 % for 2016-17.
- For the same year, the services growth rate is expected to be around 9.2 %.
- Agricultural growth seems to be stagnating.
- Current year's crop production is expected to be around 253 million tonnes, compared to last year's 252 million tonnes.

BANKING & CORPORATE SECTOR:

- Corporate and Bank balance sheets seem stretched and this will affect private investments revival.
- Banks have an estimated capital requirement of 1.8 trillion rupees by 2018-19.
- The government proposes to make available 700 billion rupees to banks in coming years via budgetary allocations.
- Government could also sell off certain non-financial companies to infuse capital in state-run banks.
- Underlying stressed assets in corporate sector should be sold or rehabilitated.

- It stated that the \$143-billion Information Technology-Business Process Management sector being impacted by increased protectionism, even as India is being urged to open up its markets under various trade agreements.

CHALLENGES TO INDIAN ECONOMY

- The strong political mandate that the current government received will not last forever. So reforms for long term benefits only will be risky.
- Twin Balance Sheet (TBS) Problem is a major challenge to private investment and subsequent full-fledged economic recovery. TBS is the impaired financial positions of public sector banks and some corporate houses.
- There is a long list of unfinished agenda including Goods & Services Tax, Strategic Disinvestment, De-stressing of Balance Sheet of both banks and private companies, and Rationalisation of Subsidies.
- India fares worse amongst the BRICS nations in terms of investment in health and education.
- There have been four consecutive seasons of weak rainfall, leading to adverse effects on agriculture industry.
- Only 5.5 % of earning Indian population pays taxes.
- The survey emphasises creation of 'good jobs' i.e. in the formal sector.

Highlights of Railway Budget of India 2016

Numbers

The Railways envisages a capital expenditure of Rs. 1.21 lakh crore. This is the capital plan in the Rail Budget 2016. It will borrow Rs. 18,580 crore in the fiscal year 2016-17. LIC has agreed to fund Rs. 1.5 lakh crore in 2016-17. The Railways will aim at generating 10-20 per cent revenue from non-tariff sources. The aim is to achieve an operation ratio of 92 per cent. There have been savings of Rs. 8720 crore from last year's estimates. 139 items of the 2015-16 Budget had action taken.

No hike in Railway Fares

For the second year in a row, there will be no hike in railway fares. The tariffs of both passenger and goods trains will remain unchanged.

New Trains for Unreserved Passengers

A long distance, superfast train service, Antyodaya Express will be introduced on fully unreserved basis. In addition, two to four Deen Dayalu coaches will be added to some long distance trains for unreserved travel, with facilities for drinking water and more mobile charging points.

New Trains for Reserved Passengers

Three select train services were announced for reserved passengers. Tejas will operate at speeds of 130 kmph and above, along with onboard services like Wi-Fi, entertainment and local cuisine. There will be one service provider for all these services, ensuring accountability and improved customer satisfaction.

Humsafar will be a fully air-conditioned 3AC train with optional meal services. UDAY (Utkrisht DoubleDecker Air-Conditioned Yatri) Express will be a double-decker train that will ply on the busiest routes to cater to overnight business travellers. The move will increase carrying capacity along these routes by 40%.

SMART Coaches

Newer, better designed coaches are being planned to cater to growing and emerging demands of passengers. The design and layout of coaches will be reimagined to include higher passenger carrying capacity while providing amenities such as bio-vacuum toilets, automatic doors, ergonomic seating, vending machines, entertainment screens, LED lit advertising boards, PA system, bar-code readers, accessible dustbins, water-level indicators and improved aesthetics among others.

These SMART (Specially Modified Aesthetic Refreshing Travel) coaches will compete with low-cost airlines.

Swacch Railways & Clean My Coach

More emphasis will be laid on cleanliness in trains. The Railways is to introduce a 'Clean my Coach' service on pan-India basis. A passenger can request for his/her coach and toilets to be cleaned on demand simply through an SMS. Some 30,000 additional bio-toilets will also be installed. Currently, the world's first bio-vacuum toilet is in use on the Dibrugarh Rajdhani Express.

Improved Customer Interface

The Railways will install information boards in trains which will relay GPS-based real-time information inside coaches about upcoming halts. It will also provide information detailing all the

onboard services available. There will be one person accountable for all facilities on the train to facilitate customer satisfaction.

The Railways is also planning to invite FM radio stations to install PA systems on trains and provide onboard entertainment.

Mobile App Services

The Railways plans to unify all digital solutions for ticketing into one mobile app. A second app will deal with grievance redressal, suggestions, receipts and other issues.

Rail Mitra Sewa & Accessible India

In the spirit of the “Accessible India” campaign, the Railways plans to ensure that all stations under redevelopment are accessible by Divyang (disabled). There will be at least one Divyang friendly toilet on each platform at A1 class stations. Wheelchair facilities at these stations will also be boosted.

The Railways has already introduced the Sarathi Seva in the Konkan Railways, for assisting old and disabled passengers at stations. These free services will be expanded to include paid services like battery operated cars, porter services. The services will be extended to more stations as well.

Insured Travel

The Railways plans to partner with insurance companies to offer optional travel insurance on rail journeys. This facility will be available at the time of booking and will help minimize financial losses incurred by passengers because of unfortunate incidents.

Ticketing Facilities

The Railways will start selling tickets for suburban and short-distance travel through hand-held terminals. This will ensure multiple ‘Points of Sale’ with minimal infrastructure requirement. Platform tickets will be made available through ticket vending machines compatible with cash, credit cards as well as debit cards.

The Railways has also promised, in the next 3 months, to open e-ticketing facilities to cater to foreign tourists and NRIs by accepting foreign debit and credit cards. Ticketless travel will be hindered by the use of bar-coded tickets, scanner and access control. This will be started on pilot basis at major stations.

Similarly ticket cancellation will be made possible via phone calls on the 139 helpline number.

Tatkaal Counter Measures

CCTV coverage will be made possible at Tatkaal counters to deal with issues at these places. The Railways plans to invite a system of periodic third-party audits and certifications.

Station Redevelopment

400 Railway Stations will be re-developed through PPP (Public-Private Partnership). More stations will be developed. CCTVs will be introduced at major stations.

WiFi Enabled Stations

In addition, 400 Railway Stations will be equipped with wifi. This year alone, 100 stations will be wifi enabled. Also, wireless enabled 'Rakshak' devices will intimate gangmen about approaching trains.

Coolies to Sahayaks

Henceforth, porters will not be called coolies, but Sahayaks. They will be trained in soft-skills.

Beautification

Pilgrimage Centres will be in focus as these stations will be beautified on priority. These include Ajmer, Amritsar, Gaya, Mathura, Nanded, Nashik, Puri, Tirupati, Varanasi, Nagapattinam. These stations will also be provided passenger amenities on priority. Walls of several stations will be converted to murals.

Logistics, Auto-Hubs & Factories

India's first Railway auto-hub will be inaugurated soon in Chennai. Logistics and Warehouse parks will be created on PPP basis. The Railways has finalized bids for setting up two locomotive factories. The new factories will be set up with an order book of Rs. 40,000 crore.

Reorganization & Upgradation

The Railway Board is to be re-organized to aim for increased efficiency and better utilization of funds. A revamped internal audit system will bring efficiency to working practices. The Railways plans to continue to use Social media to bring better transparency.

Foreign Rail Technological Cooperation scheme will be formulated for technological upgradation. A National Railway plan will be formulated to integrate the Railway network with other modes of transport. All unmanned level crossings will be done away with by 2020. Freight trains will also be timetabled by 2020.

Rail University

A Rail University will be established at the Indian Rail Academy in Vadodara.

Diesel Procurement

The Railways will start direct procurement of diesel to help save Rs. 1500 crore in the year 2016-17.

For Waitlisted Passengers

Under the Vikalp scheme, wait listed passengers will be provided choice of accommodation on specific trains.

Monetization

Rail revenue will be raised from non-freight sources by monetisation of land. This will be done by leasing land out for horticulture and tea plantations. The possibility of a holding company will be explored to monetize other assets of the Railway companies.

Reserve Bank of India (RBI) in News

The Union Cabinet gave its ex-post facto approval to the memorandum of understanding (MoU) between the Reserve Bank and the Central Bank of United Arab Emirates (UAE) on co-operation on currency swap agreement

RBI releases draft norms for universal bank licences on tap

- The Reserve Bank of India (RBI) released draft guidelines for on-tap licensing of universal banks in the private sector, allowing individuals with 10 years of experience in banking and finance to apply for a licence.
- Apart from individuals, existing NBFCs controlled by residents having a successful track record for at least 10 years are eligible to apply for a licence.
- Entities in the private sector that are owned and controlled by residents and have a successful track record for at least 10 years, provided that if such entity has total

assets of Rs 5,000 crore or more, the non-financial business of the group does not account for 40% or more in terms of total assets in terms of gross income.

- According to the draft guidelines, the initial minimum paid-up voting equity capital required is Rs 500 crore, and thereafter the bank should maintain a minimum net worth of Rs 500 crore at all times.

RBI to issue Rs 1000 banknotes with inset letter 'R'

- The Reserve Bank of India will shortly issue Rs 1000 denomination banknotes in the Mahatma Gandhi Series-2005 with the inset letter 'R' in both the number panels.
- The banknotes will also have on the obverse, all the other security features, including ascending size of numerals, bleed lines and enlarged identification mark as well as the signature of Dr. Raghuram G. Rajan, Governor, Reserve Bank of India.
- These banknotes will also have the year of printing '2016' printed on the reverse.

RBI issues norms for branch offices by foreign entities

- The Reserve Bank on 13 May said that entities from Pakistan, China, Bangladesh and four other regions will require its prior approval to establish branch office or project office in India.
- Other countries and regions are Sri Lanka, Afghanistan, Iran and Hong Kong or Macau, RBI said while releasing guidelines for foreign entities to open a branch office (BO) or a liaison office (LO) or a project office (PO) in India.
- Permission of RBI will also be required for opening a BO/LO/PO in Jammu and Kashmir, North East region and Andaman & Nicobar Islands.
- The approval is also required if the applicant is a Non-Government Organisation (NGO), a Non-Profit Organisation, or a Body/ Agency/ Department of a foreign government.
- It will also be needed if the principal business of the applicant falls in the four sectors -- defence, telecom, private security and information and broadcasting.

RBI proposes higher provisions, risk weight for loans exceeding threshold

- The Reserve Bank of India (RBI) has said that there is a build-up of high concentration of credit risk in the banking sector and has proposed, in a discussion paper, higher provisioning norms if loans exceed a certain threshold.
- The discussion paper proposed the new norms to be applicable from 2017-18.

- The central bank has conducted an analysis of bank loans to 77,036 corporate borrowers, of Rs.1 crore and above.
- It is proposed that from 2017-18 onwards, incremental exposure of the banking system to a specified borrower beyond the threshold limit will carry 3 per cent standard asset provisioning and additional 75 per cent risk weight.
- RBI also said that banks may subscribe to bonds issued by highly leveraged groups from 2017-18.

NATIONAL & INTERNATIONAL FINANCIAL NEWS

India to pay 1.5% interest on \$6.5 bn Iran oil dues

- India has agreed to pay Iran an interest of 1.5 per cent on \$6.5-billion that refiners like Essar Oil and Mangalore Refinery owe it in oil dues, as a 'goodwill gesture'.
- Iran had sought an interest rate of Libor-plus 75 basis points on the \$6.5 billion Indian refiners owe it in past oil dues, to make up for the foreign exchange losses.

NSE to launch platform for financing SMEs against bills

- The National Stock Exchange (NSE) is planning to launch a new trading platform for bill discounting or trade receivables of micro, small and medium enterprises (MSME).
- The country's largest exchange has forged a joint venture with the Small Industries Development Bank of India (Sidbi) for the new platform.

Kotak Mahindra Bank opens IFSC banking unit at GIFT City

- Kotak Mahindra Bank Ltd became the fourth bank to open its IFSC Banking Unit (IBU) at India's first and only International Financial Services Centre (IFSC) at Gujarat International Finance Tec-City (GIFT) City.
- With over \$250 million worth of business transactions done at IFSC in the past six months, GIFT is attracting interest from the BFSI sector in India, especially from banks, insurance companies and other financial services players who want to tap the global markets.

ADB, AIIB sign landmark partnership deal in show of cooperation

- Asian Infrastructure Investment Bank President Jin Liqun and Asian Development Bank President Takehiko Nakao signed a memorandum of understanding during the Manila-based institution's 49th annual meeting held in Frankfurt, Germany.

IDBI Bank opens IFSC Banking Unit at GIFT City

- Public sector lender, IDBI Bank announced opening of its IFSC Banking Unit (IBU) at India's first and only International Financial Services Centre (IFSC) at Gujarat International Finance Tec - City (GIFT) near Gandhinagar.
- The bank informed that it became the first Public Sector bank to start functions in GIFT-IFSC.

Wilful defaulters one Rs 66,000 cr to govt banks

- There were 7,686 wilful defaulters owing Rs 66,190 crore to state-owned banks as of December 2015, Jayant Sinha, minister of state for finance.
- Sinha also said that the total outstanding amount in top 100 non-performing accounts (NPAs) with public sector banks (PSBs) was Rs 1.73 lakh crore as of December 2015.

IREDA may be converted into a Green Bank

- State-run Indian Renewable Energy Development Agency (IREDA) might be converted into a Green Bank to enable it to access funding from overseas banks.
- IREDA might be converted in to Green Bank without under going any alteration in its basic structure to enable it access funding from overseas banks that are currently not supporting the solar and wind funding, barring well-known KFW

ICICI Bank signs MoU with New Development Bank

- ICICI Bank has signed a Memorandum of Understanding (MoU) to establish a strategic partnership with the New Development Bank (NDB), a multilateral development bank established by the BRICS states, namely Brazil, Russia, India, China and South Africa.
- KV Kamath, president, New Development Bank, who was the chairman of ICICI Bank before assuming his present role.
- ICICI Bank is the first Indian bank to sign an MoU with NDB.

I-T refunds worth Rs.1.22 lakh cr issued in FY'16

- The Income Tax Department has issued 2.1 crore refunds totalling more than Rs.1.22 lakh crore in 2015-16, which saw 94 per cent of the returns being filed online.
- During FY 2015-16, more than 2.10 crore refunds amounting to Rs.1,22,425 crore were paid compared to Rs.1,12,188 crore in the financial year 2014-15 and Rs.89,664 crore in the financial year 2013-14.

YES Bank gets SEBI nod to act as custodian of securities

- Securities market regulator SEBI has granted in-principle approval to YES Bank for it to act as custodian of securities (CoS).
- A 'Custodian of Securities' licence-holder allows the entity to offer custodial services to financial market participants, including FIIs and foreign portfolio investors (FPIs).

India ranks ninth in crony-capitalism index

- India is ranked at ninth position in crony-capitalism with crony sector wealth accounting for 3.4 per cent of the gross domestic product (GDP), according to a new study by The Economist.
- In India, the non-crony sector wealth amounts to 8.3 per cent of the GDP.
- Russia tops the list followed by Malaysia, the Philippines and Singapore.

ICICI Bank launches business credit card with Jet Airways

- ICICI Bank on 12 May 2016 launched the country's first contactless business credit card in association with Jet Airways for small and mid-sized enterprises (SMEs) and their employees.
- ICICI christened his first contactless card with 'Jet Airways ICICI Bank Business Advantage Card'.
- The card is powered by the 'VISA payWave' contactless technology that enables the cardholder to make payments by simply tapping the card at contactless enabled terminals in more than 48 countries, including India.

Indian economy poised to grow 7.3 % in 2016: U.N. report

- Notwithstanding delays in domestic policy reforms, India's economy "is slowly gaining momentum" and "is projected to grow by 7.3 per cent this year," a United Nations report forecast on 13 May 2016.
- The World Economic Situation and Prospect report, in its mid-2016 update, has said India is expected to achieve a 7.5 per cent GDP growth in 2017 and the economic prospects of the South Asian region will be "contingent" on the growth trajectory of India and Iran.
- China, which grew at about 6.9 per cent in 2015, will continue to witness slowdown in growth, with its GDP projected to grow 6.4 per cent in 2016 and 6.5 per cent in 2017.

NITI Aayog to replace Nehruvian 5-year plans with 15-year vision documents

- NDA government at the Centre, led by Prime Minister Narendra Modi, has decided to get rid of the Nehruvian five-year plans, and replace them with 15-year vision documents.
- The current 12th Five-Year Plan will be terminated in the current financial year, 2016-17.
- The first 15-year vision document will start from 2017-18, along with a seven-year National Development Agenda which will lay down the schemes, programmes and strategies to achieve the long-term vision.
- For the first Development Agenda, the review would be done in 2019-20, in line with the termination year of the 14th Finance Commission.
- The Five-Year Plans first started in 1951 under the country's first prime minister Jawaharlal Nehru.

EPFO paid Rs.8,200 crore as monthly pension in 2015-16

- The Employees Provident Fund Organisation (EPFO) disbursed Rs.8,200 crore as monthly pension and Rs.47,630 crore as member benefits in 2015-16.

India's GDP likely to expand by 7.7% in FY17: NCAER

- Economic think-tank NCAER projected India's economic growth rate to improve marginally to 7.7 per cent in 2016-17 against the backdrop of IMD's forecast of better monsoon rains this year.
- The agriculture sector has witnessed feeble growth on account of drought for two successive years. The average rate of growth in the agricultural and allied sectors' GDP for 2014-15 and 2015-16 has been a low 0.5 per cent.

World Bank approves \$625 m loan to support rooftop solar programme in India

- The board of World Bank has approved a \$625 million loan to support the central government's programme to generate electricity from rooftop solar power plants.
- The board also approved a co-financing loan of \$120 million on concessional terms and a \$5 million grant from the Climate Investment Fund's Clean Technology Fund.

IT dept launches e-nivaran portal to fast track taxpayers grievances

- The Income Tax (IT) department has launched electronic grievance redressal system 'e-nivaran' to fast track taxpayer grievances and ensure early resolution of their complaints.
- The e-nivaran system also called as unified grievance management system seeks to integrate all online and physical complaints gathered by the department, which will be monitored by the Assessing Officer of the case upto the supervisory officers in a paperless environment.

RBS to close retail banking operations in India

- Royal Bank of Scotland (RBS) will close down its retail operations in the country which will result in shutting down of 10 branches. It will exit its retail operations in a phased manner.

SBI seeks to take over 5 associate PSBs, Bhartiya Mahila Bank

- The country's largest lender, State Bank of India (SBI) has decided to merge its five associate public sector banks (PSBs) and the Bharatiya Mahila Bank (BMB) with itself.

- The merged entity will increase SBI's market share from 17 per cent to 22.5-23 per cent the country with total business of over Rs. 35 lakh crore.
- The merged entity will also increase branch network by 6,000.
- At present, SBI alone has more than 15,000 branches in the country.

Nepal SBI Bank launches payment gateway

- Nepal SBI Bank, one of the largest overseas subsidiaries of SBI, has launched payment gateway to facilitate online trade and non-trade transactions between the Himalayan nation and India.
- The Payment Gateway was inaugurated by SBI Managing Director B Sriram, and Indian Ambassador to Nepal Ranjit Rae.
- Besides, Sriram also handed over a cheque for Rs 5.21 crore to Nepal Prime Minister K P Oli for PM Natural Disaster Relief Fund.

PNB tops list of worst losses in Indian banking history

- State-run Punjab National Bank posted the largest quarterly loss ever reported by an Indian lender after being forced to set aside more funds as bad loans more than doubled from the year earlier.
- The Delhi-based lender made a net loss of Rs 5,367 crore in the January-March quarter compared with a profit of Rs 307 crore in the year earlier.

HDFC Bank launches SmartUp for startups

- India's second-largest private sector lender HDFC Bank has launched SmartUp, a dedicated solution for startups to fulfil all their banking needs.
- It was launched in association with a Mumbai-based start-up accelerator Zone Startups India (ZSI). It is a complete banking solution meant for startups. It will be offering banking and payment solutions, along with forex and advisory services to startups.
- SmartUp will provide facility of current account. It will also provide HDFC's 'PayZapp' for business – a payment and collection solution and a dedicated relationship manager.

India to grow at 7.5% in 2016, 2017: Moody's

- Forecasting Indian economy to grow 7.5 per cent in the current and next year, Moody's Investors Service said the expansion is primarily driven by rising consumption and sustained improvement in private investment was needed to maintain the momentum.
- The rating agency forecast G20 emerging markets growth at 4.2 per cent for 2016 and 4.8 per cent for 2017 compared with 4.4 per cent in 2015.
- It maintained expectation of Chinese economy gradually slowing down to around 6.3 per cent in 2016 from 6.9 per cent in 2015, with significant fiscal and monetary policy support.

IFC likely to invest \$68 million in Apollo Hospitals' subsidiary

- International Finance Corporation (IFC), an arm of the World Bank, is likely to invest \$68 million in India's Apollo Health & Lifestyle Limited (AHLL).
- AHLL is a subsidiary of Apollo Health Enterprises Limited and includes a network of primary healthcare clinics across the country.
- This investment is part of the overall raise of \$135 million or Rs 900 crore.
- IFC is considering an equity investment of approximately \$68 million, including approximately \$34 million for its own account and approximately \$34 million for IFC's Asset Management Company.

SEBI tightens P-note norms

- The market regulator Securities and Exchange Board of India (SEBI) has tightened the Participatory Notes (P-note) norms.
- Participatory Notes are offshore/overseas derivative instruments (ODIs) issued by registered foreign institutional investors (FII) to overseas investors.

India Post payments bank will be functional by March 17

- India Post's payments bank will start functioning from March 2017 and serve as a wider platform to implement financial inclusion programmes.

India, World Bank ink US\$ 100 million loan agreement

- India and World Bank have signed the Loan and Project Agreements for World Bank (IBRD) assistance of US 100 million dollars for Karnataka Urban Water Supply Modernization project.
- The project has four broad components: (i) Capital Investment Program (ii) Technical Assistance for Sector Development (iii) Institution Building and (iv) Project Management.

Govt revises norms of Performance in Credit Rating Scheme

- Government approved the revision in guidelines of the Performance in Credit Rating Scheme, aiming to increase its credibility and effectiveness for both borrowers and banks.
- For turnover up to Rs 50 lakh, the fee to be reimbursed by the MSME Ministry will constitute 75 per cent of the fee charged by the rating agency subject to a ceiling Rs 15,000.
- For turnover between Rs 50 lakh and 2 crore, the fee to be reimbursed will be 75 per cent of the fee charged by the rating agency subject to a ceiling of Rs 30,000.
- Similarly, for micro and small enterprises having turnover above Rs 2 crore, the fee to be reimbursed will be 75 per cent of the fee charged by the rating agency subject to a ceiling of Rs 40,000.

Govt waives over Rs 9,000-cr loans of HFCL

- Union Cabinet on May 26 waived off loans worth more than Rs 9,079 crore owed by Hindustan Fertilizer Corporation Ltd (HFCL) as part of a financial restructuring package for the PSU.
- The Cabinet also approved transfer of 56 acres of ash dyke land of Barauni unit to Bihar State Power Generation Company Ltd to settle dues of HFCL for faster revival of the unit.

Yes Bank gets nod for raising FDI limit to 74%

- The Cabinet Committee on Economic Affairs approved Yes Bank's request for an increase in the foreign investment limit to 74 per cent from the existing limit of 41.87 per cent without any sub-limits.

- This will result in a foreign direct investment of \$1 billion (approximately Rs.6,885 crore) in the country.

Islamic banking to debut in Gujarat

- Jeddah-based Islamic Development Bank (IDB) is set to start its India operations from Gujarat.
- The international financial institution from Saudi Arabia has chosen Gujarat to set up its first branch in India.
- IDB's main objective is to foster the economic development and social progress of member countries as well as the Muslim community in accordance with principles of Shariah (Islamic law).The bank has 56 Islamic countries as its members.IDB had signed a \$55-million pact with Rashtriya Institute of Skill and Education (RISE) to provide medical care to rural poor in India.

EPFO doubles insurance for subscribers to Rs 6 lakh

- The government has finally enforced the decision of retirement fund body EPFO to almost double the maximum sum assured under its insurance scheme to Rs 6 lakh for its 4 crore subscribers.
- In September, Employee Provident Fund Organisation's apex decision making body Central Board of Trustees (CBT) had decided to increase benefits under the Employees' Deposit Linked Insurance (EDLI) scheme from Rs 3.6 lakh to Rs 6 lakh.
- Besides, he said, the decision to provide 8.8 per cent rate of interest to over 4 crore EPFO subscribers for 2015-16 has also been notified.

Cabinet nod for rail infra projects worth Rs 10,736 cr

- Railway projects worth Rs 10,736 crore were cleared by the government for improving infrastructure in various states, including Uttar Pradesh and Gujarat that go to polls next year.

The projects, including three for doubling of existing rail lines for 763 kms and two for laying a third rail line on busy routes for 514 kms, were cleared by the Cabinet Committee on Economic Affairs (CCEA) at its meeting chaired by Prime Minister Narendra Modi.

- In Gujarat the CCEA has given approval for doubling of Surendranagar-Rajkot project at an estimated cost of Rs 1,002.39 crore with expected completion cost of Rs 1,137.17 crore with 5 per cent escalation per annum.
- The length of the railway line will be 116.17 kms. The completion period of the project will be four years.

‘Number of public sector banks to come down to 8-10’

- Minister of State for Finance Jayant Sinha on May 27 said that the number of PSU banks will come down dramatically from 27 to around 8-10 once the "dust settles" and the consolidation phase ends.
- Currently, the number of inactive accounts are 22 crore, compared to 70 crore a few months back.

Indian economy to grow 7.7% in current fiscal: Survey

- Indian economy will grow 7.7 per cent in the ongoing fiscal (2016-17) amid likely improvement in the industrial and agricultural sectors' performance on account of good monsoon, though the investment cycle is expected to take at least 6 months to witness a pick-up according to the the Federation of Indian Chambers of Commerce and Industry's Economic Outlook Survey.
- The Reserve Bank last month had forecast a 7.6 per cent growth for the current fiscal on the back of favourable monsoon, a notch lower than the upper end of government's range of 7 per cent to 7.75 per cent.
- Industrial growth is expected to grow by 7.1 per cent in 2016-17, while services sector growth is estimated at 9.6 per cent.

YES Bank, Click&Pay team up for cashless transactions

- YES Bank has joined hands with Click&Pay to offer cashless, secure and flexible transactions for its customers.
- The start-up allows its customers to pay at designated shops with just one click and help them find special offers in the locality.

Union Govt launches Pradhan Mantri Ujjwala Yojana

- The Union Government launched Pradhan Mantri Ujjwala Yojana (PMUY) for providing free of cost LPG (cooking gas) connections to women from BPL Households.
- It was launched by Prime Minister Narendra Modi from Maldepur Morh, Ballia in Uttar Pradesh. The tagline for the scheme is Swachh Indhan, Behtar Jeevan.
- Under PMUY, each of the beneficiaries will receive monetary support of about 1,600 rupees to get a connection of cooking gas.

Union Govt launches UJALA Scheme

- The Union Government has launched National LED programme – Unnat Jyoti by Affordable LEDs for All (UJALA).
- The UJALA scheme is being implemented by Energy Efficiency Services Limited (EESL), a joint venture of PSUs under the Union Ministry of Power.
- It is LED based Domestic Efficient Lighting Programme (DELP).
- Under it, 3 crore 9W energy efficient LED Bulbs will be distributed in Madhya Pradesh in the next 6 months.

SBI launches card-less payment solution for offline transactions

- State Bank of India, the country's largest public sector bank, has launched a mobile payment solution that will enable customers to make digital payments at offline stores by scanning a QR (quick response) code on their smartphones.
- The service has been launched in Bengaluru with a sizable number of merchants and will soon expand into other cities.

Projects worth Rs. 2446 Crore approved under Namami Gange Programme

- Giving a major fillip to Namami Gange programme the Empowered Steering Committee (ESC) of the National Ganga River Basin Authority (NGRBA) has approved projects for Development of Ghats and crematoria in the stretch from Haridwar to Uttarakhand Border in Uttarakhand, Garhmukteshwar in UP, Buxar, Hajipur and Sonapur of Bihar, Sahibganj, Rajmahal and Kanhaiya Ghat of Jharkhand and Delhi and afforestation along the banks of river Ganga.
- The total estimated cost of the projects is Rs. 2446 crore.

Uday Kotak sole Indian financier in Forbes' most powerful list

- Kotak Mahindra Bank Chief Uday Kotak, who has a net worth of about \$7.1 billion, is the sole Indian in Forbes' list of 40 of the most powerful people in the financial world who control the flow of trillions of dollars around the global economy.
- He is ranked 33rd in the Forbes list of 'Money Masters: The Most Powerful People In The Financial World' .
- The list is topped by Blackstone Group's CEO Stephen Schwarzman, who has a net worth of \$10.2 billion and oversees assets worth \$344 billion.

Cabinet approves pact between SEBI , FSRA Abu Dhabi

- The Union Cabinet approved signing of a pact between markets regulator Sebi and Financial Services Regulatory Authority, Abu Dhabi for mutual co-operation and technical assistance.
- It will promote further development of economic links and cooperation between the two signatories and will help create conditions for development of securities markets in the two countries

Cabinet approves country's first IPR policy

- The Cabinet has approved the national intellectual property rights (IPR) policy with a view to promoting creativity, innovation and entrepreneurship.
- It aims to create awareness about economic, social and cultural benefits of IPRs among all sections of society.

NHAI awards Rs.2,640-cr Gujarat projects

- The National Highways Authority of India (NHAI) has picked builders for four-laning the Bhavnagar-Somnath national highway stretch in Gujarat at a cost of Rs.2,640 crore.
- The road connects religious and tourist places such as the Island of Diu, Somnath Temple, Gir National Park, Porbandar and Dwarka.

Hyderabad Angels to invest Rs. 15 cr in 12 start-ups

- Hyderabad Angels has committed investments to the tune of Rs. 15 crore in 12 start-ups in the current financial year. The network has about 100 investors from India, the US, Japan and Singapore.
- The network has so far invested Rs. 30 crore in over 20 start-ups.

India to develop regional connectivity projects worth \$5 billion in South Asia

- India is planning to develop regional connectivity projects worth \$5 billion in South Asia, Economic Affairs Secretary Shaktikanta Das told at the South Asia Sub-regional Economic Cooperation (SASEC) 2025 workshop.
- The South Asia Sub-regional Economic Cooperation (SASEC) Program brings together Bangladesh, Bhutan, India, the Maldives, Nepal, and Sri Lanka and is supported by the Asian Development Bank (ADB).

India, China and four others courtiers sign pact on tax info sharing

- India and other 5 countries viz. Canada, Iceland, Israel, New Zealand and China have signed OECD's (Organisation for Economic Co-operation and Development) Multilateral Competent Authority Agreement in Beijing (China).
- The multilateral agreement aims at boosting automatic exchange of information on tax issues and developing new tools to tackle the tax evasion.

World Bank launches \$500 million insurance fund to fight pandemics

- The World Bank is launching a \$500 million, fast-disbursing insurance fund to combat deadly pandemics in poor countries, creating the world's first insurance market for pandemic risk
- Japan has committed the first \$50 million towards the facility, which will combine funding from reinsurance markets with the proceeds of a new type of World Bank-issued high-yield pandemic "catastrophe" bond, the bank said.
- The facility was developed in conjunction with the World Health Organization and reinsurers Swiss Re and Munich Re, which are acting as insurance providers.

Paytm ties up with Wipro for payments bank

- Paytm, India's largest mobile payments, has joined hands with Wipro Ltd to create the requisite technology infrastructure for its upcoming payments bank business.
- According to Paytm, Wipro will be implementing the core banking solution for Paytm and also programme managing the integration of other key systems like the anti-money laundering solution and the regulatory reporting solution.
- Paytm had received an in-principle approval to set up a payments bank in August last year.
- Payments banks can accept demand deposits and savings bank deposits from individuals and small businesses, up to a maximum of Rs 1 lakh per account.

Uday Kotak sole Indian financier in Forbes' most powerful list

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- The list is topped by Blackstone Group's CEO Stephen Schwarzman, who has a net worth of \$10.2 billion and oversees assets worth \$344 billion.

India chases to 41st slot on competitiveness ranking

- India rose its and standard and ranked at 41st position on the IMD World Competitiveness Scoreboard, 2016.
- Hong Kong takes the place of US by the World's most competitive economy.

SBI, ICICI Bank heads among four Indians in Forbes „Powerful Women“ list

- Four Indian women, including SBI Managing director Arundhati Bhattacharya and ICICI Bank Managing director Chanda Kochhar, are in the new list of Forbes' world's 100 most powerful women who are building billion-dollar brands and calling the shots in the financial markets.
- The Forbes „100 Most Powerful Women“ in the world list 2016, topped by German Chancellor Angela Merkel.

- Bhattacharya, ranked 25th on the list. While Kochhar comes in at the 40th spot. However, Mazumdar-Shaw is ranked 77th on the list and Bhartia is ranked 93rd on the list. Nooyi is ranked 14th on the list.

Union Government announced new Print Media Advertisement policy

- Ministry of Information and Broadcasting has announced new Print Media Advertisement Policy for Directorate of Advertising and Visual Publicity to Focus Transparency and Equity.
 - It's main Objective is to Promote transparency and accountability in issuing of advertisements in Print Media.
- Four month window to disclose black money opens
- The Income Declaration Scheme which seeks to provide an opportunity to all person who have not declared their income correctly in previous years to come forward and declare undisclosed incomes, will open today and will remain in force till 30th of September, 2016.
 - The Scheme is part of Finance Act, 2016 and will provide an opportunity to domestic black money holders to come clean by paying tax and penalty of 45 % on undisclosed assets.

Aadhaar to be linked with caste, domicile certificates

- Union Government in June 2016 asked all state governments to link Aadhaar with caste and domicile certificates of school students. Under first-of-its-kind initiative, the states have been asked to ensure that such certificates are issued within 60 days time to the students when they are studying either in Class V or VIII.
- To make sure that the scholarships will be granted on time to students belonging to Scheduled Caste and Scheduled Tribes and without causing any harassment to SC/STs students. There have been complaints of delay in grant of scholarships and harassment.
- To facilitate access of bona fide candidates belonging to Scheduled Castes and Scheduled Tribes to the reserved posts and services under the State or Central governments.

- To secure admission in educational institutions and get other facilities.

Andhra Pradesh joins UDAY scheme Andhra Pradesh became the 13th State to sign the agreement and formally join the Central scheme for reviving financially-stressed electricity distribution utilities, called the Ujwal DISCOM Assurance Yojana (UDAY).

- This move will help Andhra Pradesh's electricity sector get a Rs. 4,400 crore benefit over the next three financial years.

World Bank releases India Development Update 2016

- The World Bank Group on 20 June 2016 released the mid-year edition of India Development Update 2016: Financing Double-Digit Growth. The report finds that India's economy expanded at a faster pace in FY 2016.
- It expects India's economic growth to be at 7.6 percent in 2016-2017, followed by a modest acceleration to 7.7 percent in 2017-2018 and 7.8 percent in 2018-2019.

LIC Chairman S K Roy resigns

- S.K. Roy, the head of state-run Life Insurance Corp (LIC), the biggest single investor in the country, has tendered his resignation two years before his term was due to end.
- Roy has written to the finance ministry but his resignation is yet to be confirmed.
- Roy had been with the insurer more than three decades after rising through the ranks to be appointed chairman in 2013.

RBI has announced Second Bi-monthly Monetary Policy Statement Reserve Bank of India Governor Raghuram Rajan has announced the Second Bi-monthly Monetary Policy Statement for the year 2016-17.

- This time he keeps repo rate unchanged at 6.5%, reverse repo rate stays at 6.00 %, and CRR remains at 4%. While, LAF will remain unchanged at 6.0 %, and the MSF rate and the Bank Rate at 7.0 %.

India, ADB sign \$120 million loan pact for irrigation in Odisha

- India and the Asian Development Bank (ADB) signed a \$ 120 million loan pact to improve irrigation and water management infrastructure in Odisha.

- Raj Kumar, Joint Secretary in Department of Economic Affairs and M Teresa Kho, Country Director, ADB's India Resident Mission signed the loan agreement.
- The soft loan is the second tranche of a \$ 157.5 million financing facility under the Orissa Integrated Irrigated Agriculture and Water Management Investment Program. Selected areas for investment program are Baitarani, Brahmani, Budhabalanga and Subernarekha river basins and parts of Mahanadi delta.

RBI nod for online bidding platform for Sovereign Gold Bond scheme

- BSE, Asia's oldest bourse, has received the Reserve Bank approval to start an online bidding platform for Sovereign Gold Bond scheme.
- The bond is issued by RBI on behalf of government and investors can apply for the bonds at the price as disseminated by RBI.

World Bank slashes India's growth forecast to 7.6 per cent

- The World Bank Group President Jim Yong Kim has slashed India's 2016 growth forecast to 7.6 per cent.
- The bank has also slashed down 2016 global growth forecast by 0.5 per cent to 2.4 per cent.
- It is critically important for governments to pursue policies that boost economic growth and improve the livelihood of those living in extreme poverty.
- The cut in forecast was due to advanced economies experiencing mediocre growth, while low commodity prices, weak global trade and stilted capital flows also impacted.

Axis Bank launches India's first certified green bond at London Stock Exchange

- Axis Bank has launched India's first internationally-listed certified green bond to finance climate change solutions around the world at London Stock Exchange (LSE).
- The proceeds of the bond will be invested by Axis Bank in green energy, transportation, and infrastructure projects. The green bonds of Axis Bank were certified by the Climate Bonds Standards Board.

IMF releases \$1.5 billion loan to Sri Lanka International Monetary Fund (IMF) formally approved the loan to Sri Lanka = to support the South Asian island nation's economic reform agenda.

- The Executive Board of the IMF accepted this 36-month extended arrangement under its Extended Fund Facility (EFF) with Sri Lanka under special drawing rights.
- The IMF has signed off on the loan with the first tranche of \$168.1 million released and the remainder available in six instalments subject to quarterly reviews.

India Post launches logo, tagline design contest for payments bank

- The Department of Posts launched a logo and tagline design contest on the MyGov portal. The Open Contest invites participation from all Indian citizens, institutions, agencies and entities for a period of one month, until 9th July 2016.
- The best entry will be awarded Rs 50,000/-. An expert panel will help shortlist 20 best entries which will thereafter be put up for voting on the MyGov platform to choose the winner.
- Earlier Union cabinet cleared a proposal of Rs. 800 crore to set up India Post Payments and a plan for 650 branches operational by September 2017.

SBI, Spain's Caixa Bank ink pact to fund Indo-Spanish JVs, local business

- SBI and Spain's CaixaBank have inked pact to provide loans to Indo-Spanish joint ventures and local enterprises here.
- State Bank of India (SBI) and CaixaBank have signed a memorandum of agreement to enhance business synergies.
- As per the agreement, they will expand banks' guarantee transaction businesses by jointly providing credit to Indian-Spanish joint ventures and Indian local enterprises, SBI said in a statement.
- The banks will also cooperate through introduction of business opportunities and partnering on possible infrastructure funds

Amazon, Flipkart, Snapdeal top 3 sites for sellers: Nielsen

- Amazon followed by Flipkart and Snapdeal were the most preferred e-commerce websites among sellers, with highest top of the mind recall, a recent study has revealed.
- The findings came as a result of a study by Nielsen for the January-March quarter, which surveyed 1,184 online sellers.
- It revealed that 39 per cent of online sellers "explore two or more e-commerce websites as an option to sell products on and grow their business."

Panel to list RBI Governor candidates

- The government has made a selection committee headed by cabinet secretary P K Sinha to shortlist the candidates for Reserve Bank of India governor post.
- The decision in this regard was taken earlier by the Prime Minister in consultation with the finance minister.

No tax deduction for PF withdrawals of up to Rs. 50,000 from June 1

- The government has notified that it has raised the threshold limit of PF withdrawal for deduction of tax (TDS) from existing Rs 30,000 to Rs 50,000. So there will be no deduction for PF withdrawals of up to rs. 50,000.
- Also, no tax is deducted if employee withdraws PF after a period of five years. The provision will come into effect from June 1, 2016.

Nomura lowers India's GDP growth to 7.7% for FY17

- Nomura today marked down India's GDP growth forecast marginally to 7.7 per cent for the current fiscal, from 7.8 per cent earlier, saying there is still no sign of an export or private capex turnaround.
- The Indian economy grew at 7.9 per cent in the fourth quarter of 2015-16 taking the overall GDP growth for the last fiscal to a five-year high of 7.6 per cent.
- Nomura said the headline GDP data suggests that the underlying recovery continues at a gradual pace but it is narrowly based, driven primarily by private consumption.

India and World Bank sign agreement for efficient bus service

- The Government of India and the World Bank has signed a 9.2 million US dollar grant agreement under the World Bank-Global Environment Facility (GEF) Programme for the Efficient and Sustainable City Bus Service Project.
- The project aims to improve the efficiency of the transport and reduce greenhouse gas emissions in selected Indian cities which include- Chandigarh, Jaipur and Mira Bhayandar municipality in the Thane district of Maharashtra.
- The IBRD will be the implementing agency of the GEF for the project. The total cost of the programme is \$113 million, out of which \$9.2 million will come as a grant from the World Bank and \$103.07 million will be funded by the Centre, state and city governments for the funding of buses and ancillary infrastructure.

Union Government approved setting up of India Post Payments Bank

- Union Government headed by Prime Minister Narendra Modi has given its approval for setting up the India Post Payments Bank (IPPB) as a Public Limited Company under the Department of Posts with 100% Government of India (GOI) equity share.
- Total Expenditure incurred will be Rs. 800 Crore. Beneficiaries will be all Indian Citizens and 40% of the Country's People in outside the country.

ADB, India ink \$200 million loan agreement for Jharkhand roads

- The Indian government and the Asian Development Bank (ADB) have signed an agreement for a \$200 million loan to upgrade 176-km roads in Jharkhand.
- The agreement will help upgrade the existing sections of four state roads and also support improvements in the design, safety and maintenance of the road network.

DCB Bank launches Aadhaar enabled ATM in Bengaluru

- DCB Bank launched Bengaluru's first ATM that accepts Aadhaar number and Aadhaar fingerprint (biometric) instead of ATM/Debit Card and PIN to dispense cash.
- The "cardless and PIN less" ATM was launched by former Chairman of the Unique Identification Authority of India, Nandan Nilekani.

Cabinet approves SBI takeover of units **A cabinet chaired by Prime Minister Narendra Modi has approved the takeover by State Bank of India (SBI) of several subsidiaries.**

- As earlier proposed, SBI wants to take over five units that had been running at arms-length, as well as state-run Bharatiya Mahila Bank.
- The merged entity will create a banking giant, which can compete with the largest in the world with an asset base of almost Rs 37 lakh crore, with 22,500 branches and 58,000 ATMs as on December 2015.
- SBI alone has close to 16,500 branches, including 198 foreign offices spread across 36 countries.

Florida bank issues first US credit card for use in Cuba

- A small regional Florida bank, Stonegate Bank has made history by issuing the first credit card that can be used in Cuba. That could make it easier for Americans to travel and work on an island largely.
- Until now, Americans have generally had to bring cash to Cuba and change it either at state institutions that impose a 10 percent penalty on the dollar or in informal exchanges with locals.

State Bank of India creates a dedicated Rs 200 crore fund for Fintech startups
India's largest public sector lender State Bank of India has created IT innovations and startup fund and have allotted Rs 200 crore for investment in promising startups.

- The fund would be covering upto Rs 3 crore for any India registered entity for their business promotion in India using information technology for banking.

Max Life, Max Fin Services to merge into HDFC Standard Life

- HDFC Standard Life and Max Life and Max Financial Services are entered into merger agreement that will create the largest private player in India's insurance sector.
- The proposed merger between the companies will create an entity with assets worth over Rs 1 lakh crore.
- A combination of the entities would be overtaking ICICI Prudential Life Insurance Co. Ltd

- The agreement facilitates for a commonly agreed exclusivity period for due diligence and discussions between the parties in relation to a proposed transaction.

Boeing, Tata to set up joint aerospace facility in Hyderabad Union Defence Minister Manohar Parrikar laid the foundation stone of Tata Boeing Aerospace Limited (TBAL) which will be set up under the government's „Make in India“ initiative in Hyderabad.

- Upon this American player Boeing and Tata Advanced Systems Limited (TASL) jointly to set up a facility to co-produce Boeing AH-64 Apache helicopter fuselages and other aero structures at the aerospace Special Economic Zone (SEZ) at Adibatla in Hyderabad.
- The production facility will eventually be the only producer of AH-64 which is the world's most advanced multi-role combat helicopter and used by the US forces as well as many other countries, including India.

Union Government approves 100% FDI in Aviation, Defence and e-commerce sectors

- The Union Government has radically liberalized the foreign direct investment (FDI) norms by permitting 100 % FDI under government approval route for almost every sector including defence to give impetus to job creation and ease of doing business in the country.
- Current 49% FDI in broadcasting sector has now been extended to 100 % with the amendments in rules.
- While, FDI in defence will only be allowed for small arms and their parts, according to Arms Act, 1959.

SBI in 'Hall of Shame' of banks funding cluster bomb makers

- State-run banking behemoth SBI has been named in a 'Hall of Shame' list of 158 banking and financial institutions globally that have invested billions of dollars in companies making cluster bombs.
- State Bank of India (SBI) is the only Indian entity on the list, which includes global giants like JP Morgan, Barclays, Bank of America and Credit Suisse.

- They invested over \$28 billion in seven producers of cluster munitions between June 2012 and April 2016.

RBI releases framework on payments systems

- Reserve Bank of India (RBI) has released its much awaited 'Vision-2018' document.
- The Payment and Settlement Systems in India: Vision-2018" aims at building best of class payment and settlement systems for a „less-cash“ India and ensuring access to mobile banking services to even basic phone users.
- RBI expects the Vision to result in a continued decrease in the share of paper-based clearing instruments.
- Tech Mahindra Ltd acquires UK-based BIO Agency Ltd Technology services provider Tech Mahindra Ltd (TechM) has acquired UK-based digital transformation firm The BIO Agency Ltd for 4.5 crore pound(45 million).
- Tech Mahindra will acquire 100 percent of shares of the company. The move will help Tech Mahindra to strengthen its digital portfolio in providing better digital strategy, services and customer experience.
- The acquisition is expected to be in July this year.

ADB approved \$500-million loan for river bridge in Bihar ADB, multilateral lending agency based in Manila, Philippines, has approved a 500 million dollars loan to build a bridge across the Ganga River in Bihar.

- The loan funds will be used to build 9.8 km road bridge in Bihar on the Ganga River. On completion of the project it will be the India"s longest river bridge.
- The new river bridge will provide a vital transport link between the northern and southern parts of the state and neighbouring Nepal.

AIIB approves first loans for projects in four countries

- The China-led Asian Infrastructure Investment Bank (AIIB) has approved first set of loans totaling US 509 million dollars to finance projects in four countries namely- Bangladesh, Pakistan, Indonesia, and Tajikistan.
- These loans for the four projects were approved in Board of Directors meeting of AIIB held at its headquarters in Beijing, China.

- AIIB was founded last year with an authorized capital of \$ 100 billion. China is the largest shareholder with 26.6 percent of the voting shares. India is the second largest shareholder with 7.5 percent share. Russia's share in the bank is 5.93 percent, while Germany's 4.5 percent.

World Bank approves \$63 million for Tejaswini Project in Jharkhand

- The World Bank Board approved the 63 million US dollar project, Tejaswini: Socioeconomic Empowerment of Adolescent Girls and Young Women in Jharkhand.
- Tejaswini is the first World Bank project in India that is solely focused on the welfare of adolescent girls and young women.
- The project will support adolescent girls and young women between the ages of 14 and 24 to complete their secondary level education. It will also help them to acquire relevant skills for the job market.

Japan to lend Rs.14,000 crore for Indian projects

- The Government of Japan has committed a loan of JPY 242.2 billion (around Rs.14,251 crore) for various projects across India, including Jharkhand, Odisha, Madhya Pradesh and the North East.

2. NSE launches Nifty MidSmallcap 400 index

- NSE has launched a new Nifty MidSmallcap 400 index, which will represent the mid and small market capitalisation segments of the stock market. India Index Services and Products, an NSE group company which manages the index, said that the index will be added to the exchange's family of broad market indices.
- The Nifty MidSmallcap 400 is a well-representative index consisting of 150 midcap and 250 smallcap stocks across 18 sectors.

Union Govt imposes safeguard duty on import of steel products

- The Union Finance Minister has extended the safeguard duty on import of some steel products by two years i.e till March 2018.

- In this regard, the Central Board of Excise and Customs (CBEC) has issued a notification mentioning that safeguard duty will be reduced to 10% in stages till 2008 from current 20%.

India seeks \$500M AIIB loan for solar power projects in 2016

- India expects to get one of the first loans for its solar power projects from Asian Infrastructure Investment Bank (AIIB) later this year.
- The China-led AIIB which has authorized capital of \$100bn plans to join global clean-energy initiatives by funding into eco-friendly investment projects.
- India being bank's second major shareholder after China will borrow to back PM Modi's ambitious plan of increasing solar capacity to 100 gigawatts by 2022.

India signs \$100 million draft export pact with ICD

- India has signed an agreement with the Islamic Development Bank (IDB) for a possible \$100 million line of credit to facilitate exports to IDB's member countries.
- The memorandum of understanding (MoU) was inked between the IDB's private sector arm, the Islamic Corporation for the Development of the Private Sector (ICD) and the Export-Import Bank of India (EXIM Bank), a specialised financial institution, wholly owned by the government of India to finance and facilitate foreign trade.
- ICD's mandate is to support economic development and promote the development of the private sector in its member countries through providing financing facilities and investments which are in accordance with the principles of Sharia.

WTO cuts 2016 global trade forecast to 2.8%

- The World Trade Organization (WTO) has revised its 2016 global trade updated forecast for 2016 downward by more than one percentage point to 2.8% from 3.9%.
- The main reasons for cutting the forecast rate is slowdown in China and broad market volatility that continues to threaten growth.

SIDBI signs MoU with LIC for Fund-of-Fund operations

- In a bid to boost the startup ecosystem in the country, Small Industries Development Bank of India (SIDBI) signed a Memorandum of Understanding [MoU] with Life

Insurance Corporation of India (LIC) for supplementing Government's efforts under Fund-of-Fund operations for the Venture Fund industry.

- The MoU was executed with LIC for contributing to the corpus of MSME focused venture capital funds along with India Aspiration Fund (IAF) being managed by SIDBI.
- As part of its Fund-of-Fund operations, SIDBI has set up IAF with a corpus of Rs.2,000 crore pursuant to budget announcement of 2015.

\$200-mn pact inked to study TAPI project

- Shareholders of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) Pipeline Company Limited signed an agreement to invest \$200 million in studies and engineering for the \$10 billion project to transport natural gas to energy-hungry countries like India.

Federal Bank–Phillip Capital tie-up announced at Singapore

- Kerala based private sector lender Federal Bank, tied up with Phillip Capital (India), a subsidiary of the Singapore headquartered Phillip Capital group, for managing the NRI Portfolio Investment Scheme (PIS).
- PIS is a route designated by the Reserve Bank of India for Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs) to invest in Indian Equity Markets for purchase of shares and convertible debentures listed on registered stock exchanges in India.

India links \$20 bn investment in Tehran to favourable terms

- Stepping up its energy ties with Iran, India has lined up USD 20 billion as investment in oil and gas as well as petrochemical and fertiliser projects in the Persian Gulf country subject to provision of concessional rights.
- Oil Minister Dharmendra Pradhan, on a two-day visit to Tehran from April 9, also discussed with his Iranian counterpart the repayment of nearly USD 6.5 billion that Indian refiners owe to Iran, but there is no agreement yet on rights to develop Farzad-B gas field in the Persian Gulf discovered by OVL.

IMF retains India's GDP forecast at 7.5% for 2016-17

- Retaining its 7.5 per cent GDP expansion forecast for India in 2016 and 2017, IMF on 12 April 2016 asked the government to cut down subsidies, initiate labour reforms and dismantle infrastructure bottlenecks to sustain strong growth.
- In its World Economic Outlook, the International Monetary Fund (IMF) said India should continue fiscal consolidation, underpinned by revenue reforms and further reduction in subsidies.
- IMF, however, upgraded its China growth forecast by 0.2 percentage point for this year and the next to 6.5 per cent and 6.2 per cent, respectively.

Federal Bank launches campus wallet for students

- Federal Bank ties up with Chillar Payment Solutions Pvt. Ltd., a technology driven start-up company to promote the start-up's technology product - 'Campus Wallet'.
- This is a student Identity Card integrated with banking technology.
- Campus Wallet is a futuristic ID card that facilitates students to make petty payments within their school/college campus without opening a bank account.

India world's largest remittance recipient in 2015: World Bank

- As per recently report of World Bank, India remained the world's largest remittance recipient in 2015. In 2015, India attracted about 69 billion US dollars in remittances, down from 70 billion in 2014.

NPCI launches Unified Payments Interface

- The National Payments Corporation of India (NPCI) has launched "Unified Payments Interface (UPI)" to revolutionise mobile payment system in the country.
- It was launched by the Reserve Bank of India (RBI) Governor Raghuram Rajan.
- 29 banks have agreed to join the platform.
- UPI seeks to provide uniform mobile payment system by leveraging digital trends such as increasing smart phone adoption and deeper penetration of mobile data.

Nauru becomes 189th member of IMF, World Bank The Republic of Nauru, a tiny South Pacific island nation in Pacific Ocean became the 189th member of the International Monetary Fund (IMF) and World Bank i.e. Bretton-Woods institutions.

- Its initial subscription quota for IMF will be of SDR (Special Drawing rights) 2 million or about \$2.81 million. It will be the second smallest member of the Fund, after Tuvalu.
- The capital of The Republic of Nauru is Yaren District.

World Bank and AIIB Sign First Co-Financing Framework Agreement

- World Bank Group President Jim Yong Kim and Asian Infrastructure Investment Bank President Jin Liqun today signed the first co-financing framework agreement between the two institutions.
- The agreement outlines the co-financing parameters of World Bank-AIIB investment projects, and paves the way for the two institutions to jointly develop projects this year.
- In 2016, the AIIB expects to approve about \$1.2 billion in financing, with World Bank joint projects anticipated to account for a sizable share.

BRICS bank disburses \$250 million loan for renewable energy project to Canara Bank

- India was among the first four countries to get a loan from the newly established BRICS New Development Bank which gave a USD 250 million funding to Canara Bank for a renewable energy project.
- The China-based NDB has approved four green renewable energy projects from India, China, Brazil and South Africa entailing Bank financing of USD 811 million.

G20 Countries seek to crackdown on tax havens, terror financing

- The G20 countries including India have sought a crackdown on tax heavens, shell companies and terror financing in the wake of the 'Panama Papers' scandal. PSU bank OBC to raise over Rs 178 crore via issue of shares to LIC .
- Public sector lender Oriental Bank of Commerce (OBC) on 16 April 2016 said it will raise over Rs 178 crore by issuing shares to LIC on a preferential basis.

Banks to share all transaction details in standard format

- A standard format has been designed for banks to share transaction related details with revenue intelligence and central security agencies looking into money laundering and financial fraud cases.

RBL becomes first private sector bank to open dedicated branch for startups

- The RBL Bank (formerly Ratnakar Bank) became the first private sector bank in India to open dedicated branch for startups.
- The dedicated branch was inaugurated at Koramangala, Bengaluru by Nandan Nilekani, noted entrepreneur and former chairman of UIDAI.

Government rolls back restrictions on withdrawal of provident fund

- Bowing to pressure from trade unions, the government has set aside the controversial provident fund (PF) withdrawal norms that had restricted complete withdrawal from PF account before the retirement age of 58 years.
- The February 10 notification had restricted the withdrawal of employers' contribution of 3.67% and interest earned on it under the EPF scheme till retirement or 58 years instead of 54 years earlier.

India pips China as top FDI destination in 2015

- According to FDI Intelligence Report India has replaced China as the top Foreign Direct Investment (FDI) destination by attracting \$63 billion worth FDI projects in 2015.
- FDI Intelligence is a division of international media company – The Financial Times Limited. India was the highest-ranked country by capital investment in the year 2015, with 63 billion dollars-worth of FDI projects announced.
- Gujarat was the top destination for FDI in 2015 in India which had attracted \$12.4 billion.
- Maharashtra was second attracting \$8.3 billion respectively in 2015.
- Fin. Minister approves 8.7% interest on EPF for 2015-16 The Finance Ministry has approved 8.7 per cent interest on PF deposits for over 5 crore subscribers of retirement body EPFO, lower than 8.8 per cent decided by the Central Board of Trustees (CBT).

- DBS Bank on 26 April launched a 'mobile-only bank' in India.
- The 'digibank' uses technologies, such as biometrics and artificial intelligence, to enable paperless, signature-less and branchless bank.

New Zealand's 'stunning' \$5 bill named best banknote of the year

- New Zealand's five-dollar (\$5) polymer note has been named the banknote of the year for 2015, a "clear winner" among nearly 40 eligible designs from a record 20 countries.
- The honour is awarded every year by the International Bank Note Society.
- Geoff Bascand is the deputy governor of the Reserve Bank of New Zealand.

Experian India unveils fraud detection mechanism

- Experian, the global information services company, launched the 'Hunter Fraud Score', a new scoring mechanism that measures the probability of fraud in a credit application across banking and insurance industries. Businesses will be able to identify applications that should be screened for potential fraud, and prioritise those that have a high probability of being fraudulent.

NABARD partners with Germany for food security initiative

- The National Bank for Agriculture and Rural Development (NABARD) has entered into collaboration with German Government for a special programme on 'Soil Protection and Rehabilitation for Food Security'.
- The programme is part of the German government's recently introduced special initiative 'One World, No Hunger' initiative.
- As part of the collaboration NABARD is anchoring two programmes.

SIDBI signs MoU with SAARC Development Fund

- Small Industries Development Bank of India (SIDBI) and Saarc Development Fund (SDF) has entered into a Memorandum of Understanding (MOU) for mutual cooperation and collaboration.

- The MoU envisages SDF and SIDBI to work together in co-funding of projects in Indian MSMEs on risk sharing basis in identified sectors, development of suitable financial products for SME financing for MSMEs of other Saarc states.

FINANCIAL RELATED POINTS WITH EXPLANATION

RBI Governor calls it quits

- Raghuram Rajan, the current Reserve Bank of India (RBI) Governor has not been offered a second term by the Government of India. Raghuram Rajan has decided to return to academia after his tenure as RBI Governor Ends. It has been revealed that the decision was mutual. According to Government sources, Arundhati Bhattacharya, the current SBI chairperson and RBI Deputy Governor Urjit Patel are frontrunners to replace Raghuram Rajan as the RBI Governor. Raghuram Rajan is set to vacate his office on 4th September 2016.

SBI Launches IT Innovation start-up to assist start-ups

- India's largest lender State Bank of India (SBI) has launched IT Innovation Start-up Fund to support start-ups in the financial technology space. The total fund is 200 crore rupees. It will provide assistance of up to 3 crore rupees to a company registered in India for promoting their business innovations using information technology for banking and related activities. SBI also has formed a mentoring team to assist start-ups which will facilitate and guide business, extending help in various areas including additional funding requirement The team will also monitor and make a report on the progress and the utilisation of the funds by the start-ups. Besides, it will also give financial and external legal assistance to start-ups as and when required. SBI already has launched InCube, a single window banking relationship support for start-ups to provide financial advisory through their dedicated branch in Bengaluru.

India, South Korea launch Korea Plus to promote investments

- India and South Korea have launched a platform Korea Plus to promote and facilitate Korean Investments in India. It was launched by the Union Commerce and Industry Minister- Nirmala Sitharaman and her South Korean counterpart Joo Hyunghwan in New Delhi.

- **Key Facts:** The Korea Plus platform covers the entire investment spectrum including supporting Korean enterprises entering the Indian market for the first time. It will be also looking into issues faced by Korean companies doing business in India and policy advocacy to the Indian Government on their behalf. It shall comprise a representative each from the South Korean Ministry of Industry, Trade and Energy (MoI TE) and Korea Trade Investment and Promotion Agency (KOTRA). Besides, it also includes three officials from Invest India.
- **Background:** A Memorandum of Understanding (MoU) for establishing Korea Plus was signed between two countries in January 2016. The MoU was an outcome of the official state visit of Indian Prime Minister Narendra Modi to South Korea in May 2015.

Union Cabinet approves merger of 5 associate banks with SBI

- The Union Cabinet has approved merger of country's largest lender State Bank of India (SBI) and its associate banks in order to bring the state-owned entity on a par with global lenders. 5 associate banks of SBI are: (i) State Bank of Bikaner and Jaipur, (ii) State Bank of Hyderabad, (iii) State Bank of Mysore, (iv) State Bank of Patiala and (v) State Bank of Travancore. Apart from these 5 associate banks, the Bharatiya Mahila Bank (BMM) will also be merged with the SBI.
- **Key Facts:** The merged entity will increase SBI's market share from present 17% to 22.5-23% with total business of over 37 lakh crore rupees. It will have one-fourth of the deposit and loan market in the country and SBI's staff strength will increase by 35-49%. The merged entity will have nearly 24,000 branches and increase SBI's network by 6,000 branches. It will also have strong network of about 58,700 ATMs across the country as of March 2016-end and shall employ around 2.85 lakh people in 2014-15.
- **Background:** The merger move of SBI and its associate banks comes after the Union Government had announced a road map for bank consolidation during Union Budget of year 2016-17. This was seen as necessary to meet the huge infrastructure financing needs of the country. This merger also seeks to feature Indian Bank in the top 50 banks of the world in terms of size as currently no bank in the country features in it.

RBI introduces Scheme for Sustainable Structuring of Stressed Assets

- The Reserve Bank of India (RBI) has issued guidelines called Scheme for Sustainable Structuring of Stressed Assets (S4A). The main aim of these guidelines is to
 - ❖ Strengthen the lenders' ability to deal with stressed assets and
 - ❖ Put real assets back on track of entities facing genuine difficulties by providing an avenue for reworking financial structure.
- **Key Facts:** The RBI has formulated the S4A as a framework for the resolution of large stressed accounts. The S4A determines sustainable debt level of a stressed borrower by dividing the outstanding debt into sustainable debt and equity instruments. The sustainable debt and equity instruments are expected to provide upside to the lenders when the borrower turns around. The resolution plan will be prepared by credible professional agencies in order to make sure that entire exercise is carried out in a transparent manner. Besides, an Overseeing Committee comprising of eminent experts will be set up by the Indian Banks Association (IBA) in consultation with the RBI. The committee will independently review the processes involved in preparation of the resolution plan under the S4A.

Axis Bank launches India's first certified green bond

- Axis Bank has launched India's first internationally-listed certified green bond to finance climate change solutions around the world at London Stock Exchange (LSE). The proceeds of the bond will be invested by Axis Bank in green energy, transportation and infrastructure projects. It will play important role in reinforcing India's commitment to produce 175,000 MW of renewable power by 2022. The green bonds of Axis Bank were certified by the Climate Bonds Standards Board. It has raised 500 million dollars at the LSE after it launched.

Q. What are Green Bonds?

ANS - Bonds basically are debt instruments which help issuer to get capital while the investors receive fixed income in the form of interest. In case of Green Bonds, the issuer gets capital from the investors only if the investment (capital) is being raised to fund green projects relating to renewable energy or emission reductions etc.

BRICS Bank to issue first Yuan dominated bonds

- The New Development Bank (NDB) of the BRICS countries is set to issue its first yuan-denominated bonds to finance sustainable development projects. The NDB's first five-year yuan-denominated bonds (or green bonds) will be issued after receiving a rating from international ratings agencies as well as getting authorities' approval. Further, the NDB plans to release more bonds in local currencies including in Indian Rupee if the bank's board and local authorities endorse the project plans. The Shanghai-based New Development Bank (NDB) has been founded by Brazil, Russia, India, China and South Africa (BRICS). It is headed by eminent Indian banker K V Kamath. The bank plans to finance sustainable development projects in the emerging markets and developing countries. It announced its first batch of loans on April 2016, providing \$300 million to Brazil, \$81 million to China, \$250 million to India and \$180 million to South Africa.

India Ranked 2nd on GRD Index

- India has been ranked second as per 2016 Global Retail Development (GRD) Index. India has jumped 13 positions from last year (2015) to rank second among 30 developing countries on ease of doing business.
- **Key Highlights of 2016 GRD:** The sharp pick up in GDP growth and better clarity regarding FDI regulations have helped India achieve a second ranking. India's retail sector has expanded at a compound annual growth rate of 8.8% between 2013 and 2015, with annual sales crossing the US 1 trillion dollars mark. India has also become the world's fastest growing economy and more attractive market due to its large population base and easing of FDI regulations in retail sector. India's retail sector has also benefited from the rapid growth in e-commerce. Being world's second largest internet market and increasing smartphone and internet penetration has contributed to the expansion of e-commerce.

Insolvency & Bankruptcy Code, 2015 Passed

- The Lok Sabha has unanimously passed Insolvency and Bankruptcy Code, 2015 by a voice vote. The code seeks to ensure time-bound settlement of insolvency, faster turnaround of businesses and create a unified data base of serial defaulters.

- **Highlights of the Code:** The Code creates time-bound processes for resolution of the insolvency of companies and individuals. These processes will be completed within time-bound 180 days. If insolvency is resolved in stipulated time, the assets of the borrowers may be sold to repay creditors. The resolution of the insolvency of processes will be conducted by licensed insolvency professionals (IPs). These IPs will be members of insolvency professional agencies (IPAs). IPAs under insolvency resolution will also furnish performance bonds equal to the assets of a company.
- Bankruptcy is a legal status usually imposed by a Court, on a firm or an individual who is unable to meet debt obligations. India's new Bankruptcy Bill attempts to create a formal Insolvency Resolution Process (IRP) for business. During the IRP, financial creditors assess whether the debtor's business is viable to continue and the options for its rescue and revival. If the IRP fails or financial creditors decide to wind down and distribute the assets of the debtor the debtor's business is liquidated.

ICICI Bank sign MoU with BRICS's New Development Bank

- India's largest private sector lender ICICI Bank has inked a MoU with the BRICS promoted New Development Bank (NDB) for a partnership in bond issuances, co-financing, treasury management and human resources. With this, ICICI Bank becomes first financial institution in the country to tie up with the BRICS Grouping-promoted NDB.
- The MoU was signed by NDB's first President and ICICI Bank veteran KV Kamath and ICICI Bank Chief Chanda Kochhar in Mumbai, Maharashtra.
- **Key facts:** The MoU will help NDB in exploring rupee-denominated bonds in the domestic and international markets. It will make both the lenders collaborate to fund development projects in India. They will also leverage a mutually beneficial partnership in other areas such as treasury risk management, human resource development and account and cash management services. The MoU will help NDB to leverage the deep market access and insight of ICICI Bank in the India's financial markets.
- **About New Development Bank:** NDB is a multilateral development bank promoted by BRICS nations viz. Brazil, Russia, India, China and South Africa. It is outcome of 6th BRICS Summit being held in Fortaleza, Brazil. It is headquartered in Shanghai, China. It will have a regional office in Johannesburg, South Africa. NDB began its operations in July 2015 with an initial capital of 100 billion dollars. The goal of the

bank is to fund infrastructure projects in emerging economies for sustainable development. In the NDB, each participant country has been assigned one vote, and none of the countries have veto power.

Union Cabinet approves National Capital Goods Policy 2016

- The Union Cabinet has given its approval for National Capital Goods Policy 2016 to give a push to the capital goods sector and the Make in India initiative.
- This is first ever policy for Capital Goods sector framed by the Union Government (Ministry of Heavy Industry & Public Enterprise).
- **Key features of Policy Objectives:** Increase production of capital goods from 230,000 crore rupees in 2014-15 to 750,000 crore rupees in 2025. Raise direct and indirect employment from the current 8.4 million to 30 million. Increase exports from the current 27% to 40% of production. Increase the share of domestic production in India's demand from 60% to 80% to make India a net exporter of capital goods.
- **Aim of Policy:** Facilitate improvement in technology depth across sub-sectors, ensure mandatory standards, increase skill availability and promote growth and capacity building of MSMEs, help in realising the vision of 'Building India as the World class hub for Capital Goods' and also play a pivotal role in overall manufacturing as the pillar of strength to the vision of 'Make in India'. The Department of Heavy Industry (DHI) will meet the objectives of the policy in a time bound manner through obtaining approval for schemes as per the roadmap of policy interventions.
- **Background:** The idea of a National Capital Goods Policy was first presented by the DHI to the Prime Minister in the 'Make in India' workshop held in December, 2014. It has been framed and finalized after extensive stakeholder consultations with industry, academia, different ministries etc. It has been framed to create game changing strategies for the capital goods sector by addressing some of the key issues. It includes availability of finance, innovation and technology, raw material, productivity, quality and environment friendly manufacturing practices, creating domestic demand and promoting exports.

RBI to issue Rs 1000 banknotes with inset letter R

- The Reserve Bank of India (RBI) will shortly issue banknotes of 1000 rupees denominations with inset letter 'R' in both the number panels. These new banknotes

will be issued in the Mahatma Gandhi Series – 2005. Besides, all the banknotes in the denomination of 1000 rupees issued by RBI in the past would continue to be legal tender.

- **New features:** The design of these new 1000 rupees banknotes is similar in all respects to the earlier issued banknotes of same denominations in Mahatma Gandhi Series – 2005. On the obverse side: These banknotes will have all the other security features, including ascending size of numerals, bleed lines and enlarged identification mark. On the reverse side: These banknotes will bear signature of RBI Governor Raghuram G Rajan. It will also have the year of printing '2016' printed.

ICICI Bank launches India's First Contactless Credit Card

- India's largest private sector bank ICICI Bank has launched country's first contactless business credit card in association with Jet Airways for small and mid-sized enterprises (SMEs). The card has been christened as the 'Jet Airways ICICI Bank Business Advantage Card'.
- **Key facts:** The card is powered by 'VISA PayWave' contactless technology. The technology enables cardholder to make payments by simply tapping card at contactless enabled terminals in more than 48 countries including India. The card can also be used by dipping or swiping at non-contactless merchants. It offers dual advantage of reward programme on the expenses and repayments of the credit card. With this ICICI Bank became the first bank globally to offer a dual advantage reward programme.

Islamic Development Bank to open first branch in India

- Saudi Arabia's Islamic Development Bank (IDB) has decided to open its first branch in India at Ahmedabad, Gujarat. In this regard, IDB and its private sector arm, Islamic Corporation for the Development of the Private Sector (ICD), already have met with top officials of the Reserve Bank of India (RBI), EXIM Bank and India's other nationalized banks.
- This announcement comes as part of MoU signed between IDB and India's EXIM Bank during Prime Minister Narendra Modi visit to United Arab Emirates (UAE) in April 2016. As part of the MoU a US 100 million dollars line-of-credit (LoC) was to be given to IDB's member countries to facilitate exports. Besides, IDB also has decided to provide Gujarat state 30 medical vans as part of its social sector initiatives.

- **About Islamic Development Bank:** The IDB is a multilateral development financing institution based in Jeddah, Saudi Arabia. Presently, it has 56 Islamic countries as its members. It was founded in 1973 by the Finance Ministers at the first Organisation of the Islamic Conference (now Organisation of Islamic Cooperation). IDB's objective is to foster the economic development and social progress of member countries as well as the Muslim community in accordance with principles of Islamic (Shariah) law.

HDFC Bank launches Smartup to help upcoming start-ups

- India's second-largest private sector lender HDFC Bank has launched SmartUp, a dedicated solution for start-ups to fulfil all their banking needs. It was launched in association with a Mumbai-based start-up accelerator Zone Start-ups India (ZSI).
- **Key facts:** SmartUp is tailored to meet all the requirements of a start-up. It is a complete banking solution meant for start-ups. It will be offering banking and payment solutions, along with forex and advisory services to start-ups. Smartup will provide facility of current account. It will include waiver of AMB (average monthly balance) for the first six months and extendable to 12 months. It will also include salary account for employees by waiving the minimum number of employees' criteria. SmartUp will also provide HDFC's 'PayZapp' for business – a payment and collection solution and a dedicated relationship manager. Account holders will also get recommendations of regulatory and compliance issues and also chartered accountant for tax related issues. Start-ups will also get the opportunity to showcase their products on SmartBuy to 32 million HDFC Bank customers.

SBI seeks to take over 5 Associate Banks, BMB

- The country's largest lender, State Bank of India (SBI) has decided to merge its five associate public sector banks (PSBs) and the Bharatiya Mahila Bank (BMB) with itself. In this regard, SBI has informed the Bombay Stock Exchange (BSE) that it is seeking in-principle approval for acquisition from the Union Government. 5 subsidiary banks are:
 - ❖ State Bank of Bikaner and Jaipur
 - ❖ State Bank of Hyderabad
 - ❖ State Bank of Mysore

- ❖ State Bank of Patiala
- ❖ State Bank of Travancore.

- Besides, the boards of the subsidiary banks and the SBI also met individually in Mumbai to begin merger talks to acquire the businesses including assets and liabilities.
- **Key facts:** The merged entity will increase SBI's market share from 17 per cent to 22.5-23 per cent the country with total business of over Rs. 35 lakh crore. It will have one-fourth of the deposit and loan market in the country and SBI's staff strength will increase by 35-49 per cent. The merged entity will also increase branch network by 6,000. At present, SBI alone has more than 15,000 branches in the country.
- **Background:** The merger move comes after the Union Government had announced a road map for bank consolidation during the 2016-17 Union Budget. This was seen as necessary to meet the huge infrastructure financing needs of the country. It also seeks to feature Indian Bank in the top 50 banks of the world in terms of size as no bank in the country features in it.

IDBI Bank first state-run bank to open branch at IFSC

- Mumbai based IDBI Bank has decided to open an international banking unit (IBU) at the International Financial Services Centre (IFSC) in Gandhinagar. This is the first state-run bank to open for IBU centre. Yes Bank, Federal Bank and ICICI Bank have been operating branches in GIFT city. Recently Private player Kotak Mahindra Bank opened its branch at the IFSC as these would provide full range of corporate banking services and would meet foreign currency funding needs of it clientele. Over USD 250 million worth of business transactions were conducted at GIFT City in the past six months.

Indian 9th in Crony-Capitalism Index

- India is ranked at ninth position in crony-capitalism index for the year 2015. There has been no change in its position from the previous year. Crony sector wealth accounts for 3.4 per cent of the gross domestic product (GDP). As per the latest crony-capitalism index, the non-crony sector wealth amounts to 8.3 per cent of the GDP. Germany is the cleanest with least number of crony capitalists. Russia tops the list followed by Malaysia, the Philippines and Singapore.

SEBI to tighten KYC, transfer norms for Participatory Notes

- Mumbai based Securities and Exchange Board of India (SEBI) is likely to tighten the norms for participatory notes (P-Notes) to curb round-tripping and restrict money laundering to follow recommendations made by Special Investigation Team on black money.
- The changes include requirement of increased disclosures on transfer and prior consent of issuer on transfer, bringing P-Notes under know-your-customer and anti-money laundering norms and reporting suspicious transactions to the financial intelligence unit.
- Under these rules, KYC review will be done on the basis of risk classification assigned to subscriber. The Market regulator will have to take remedial action in case of any breaches.

IFC launched its first Uridishi Masala bond

- Mobilizing \$ 4.3 billion IFC, a member of World Bank group has launched its first Uridishi masala bond in India to mobilize 300 million rupees from Japanese household investors to promote private sector investment in India. Masala bonds are rupee-denominated instruments sold only to offshore investors. Uridishi bonds are sold to Japanese household investors. The three-year bond builds has raised the equivalent of \$1.7 billion from international investors for investment in India. Uridishi Masala bonds will be used to support private sector investment in India.

Indo-WB inked Financing Agreement

- A deal worth \$300 Million for MPHEQIP Washington D.C. headquartered World Bank, Government of India and Government of Madhya Pradesh has inked a credit concord worth of US \$300 million for the Madhya Pradesh (MP) Higher Education Quality Improvement Project. The credit has been given by the International Development Association (IDA), the World Bank's concessionary lending arm. It is sanctioned for a period of 25 years, including a 5 year grace period.

RBI unlocks 40000 crores to capitalize banks

- RBI announced relaxation of certain norms in the balance sheet which will unlock 40,000 crores to support the capital requirement of Indian banks.

- **Key facts:** Indian banks are facing a huge loss due to the increase in Non-Performing assets which have eroded the Capital of these banks. The revised RBI norms will give public sector banks (PSB) access to additional capital of INR 35,000 crore. It could be about INR 5,000 crore for private sector banks.

Reliance Infra-led Reliance Defence Ltd

- Reliance Infra-led Reliance Defence Ltd has signed a strategic partnership agreement with 3 Ukrainian state firms to collaborate on a range of military products. These three Ukrainian state-owned firms are Ukroboronprom, Spetstechno Exports and Antonov.
- **Key facts:** The strategic collaboration will be for range of military products including transport aircraft, armoured vehicles, maritime gas turbines and unmanned aerial vehicles. Under the agreement with Antonov, both companies will jointly bid for the medium military transport aircraft programme of the Hindustan Aeronautics Ltd (HAL). In addition they will also collaborate for assembly, manufacture and maintenance, repair and overhaul (MRO) of Antonov series of aircraft. This collaboration will mainly address the requirements of the Indian market and also the agreed global markets.

NABARD partners with Germany for food security

- The National Bank for Agriculture and Rural Development (NABARD) has entered into collaboration with German Government for a special programme on 'Soil Protection and Rehabilitation for Food Security'. The programme is part of the German government's recently introduced special initiative 'One World, No Hunger' initiative. As part of the collaboration NABARD is anchoring two programmes viz. Soil conservation and rehabilitation of degraded land programme in Madhya Pradesh and Maharashtra. Innovation of watershed development and climate change adaptation programmes in five states Telangana, Andhra Pradesh, Gujarat, Maharashtra and Rajasthan. Germany's 'One World, No Hunger' addresses areas such as food and nutrition security, protection and sustainable use of natural resources in rural areas, promotion of innovation and promotion of responsible land use and access to land. India is the only country in Asia chosen for this initiative.

RBL becomes first private sector bank to open dedicated branch for start-ups

- The RBL Bank (formerly Ratnakar Bank) became the first private sector bank in India to open dedicated branch for start-ups. The dedicated branch was inaugurated at Koramangala, Bengaluru by Nandan Nilekani, noted entrepreneur and former chairman of UIDAI.
- **About RBL Bank:** The RBL Bank is a scheduled commercial bank headquartered in the Kolhapur, Maharashtra. Founded in August 1943, RBL is one of the oldest private sector banks in India. The Bank currently services approximately 1 million customers and has a total business size of over 20,000 Crore rupees.

BRICS New Development Bank approves first loans for Renewable Energy

- The BRICS New Development Bank (NDB) has approved its first package of loans worth 811 million dollars for four renewable energy projects in Brazil, China, South Africa and India. The decision to approve the first loans was approved by the NDB board of governors on the side-lines of the International Monetary Fund (IMF) and World Bank spring meetings in Washington DC, US.
- **Key facts:** The NDB in its first loan tranche will provide \$300 million to Brazil, \$250 million to India, \$180 million to South Africa and \$81 million to China. These funds will be used in area of green and renewable energy projects with a combined capacity of 2.37MW together. On completion of these projects, they will help to reduce the amount of harmful emissions by 4 million tons annually.
- **About New Development Bank:** The New Development Bank is a multilateral bank created by BRICS nations - Brazil, Russia, India, China and South Africa. It had started its operations in July 2015 with initial authorized capital of \$100 billion. It is headquartered in Shanghai, China. The goal of the bank is to fund infrastructure projects in emerging economies for sustainable development. In the NDB, each participant country has been assigned one vote, and none of the countries have veto power. Renowned Indian banker Kundapur Vaman Kamath is the President (first) of NDB.

India is world's largest remittance recipient 2015

- It was revealed by the World Bank's annual report Migration and Development Brief. In 2015, India attracted about 69 billion US dollars in remittances, down from 70 billion in 2014. Key Highlights of Report Other large remittance recipients in 2015 were China (64 billion dollars), Philippines (28 billion), Mexico (25 billion) and Nigeria (21 billion dollar).
- **Global scenario:** In 2015, global remittances which include those to high-income countries contracted by 1.7% to 581 billion US dollar compared to 592 billion in 2014.
- **Indian scenario:** Remittances to India in 2015 decreased by 2.1% to USD 68.9 billion. This marks the first decline in remittances since 2009.
- **Developing countries:** Officially recorded remittances to developing countries amounted to 431.6 billion dollars in 2015, an increase of 0.4% over 430 billion dollars in 2014. The growth pace of remittances to developing countries in 2015 was seen as the slowest since the global financial crisis.
- **India's neighbours:** The growth of remittances in 2015 slowed from 8% in 2014 to 2.5% for Bangladesh, from 16.7% to 12.8% for Pakistan, and from 9.6% to 0.5% for Sri Lanka.

DO YOU KNOW ?

Q. What is the meaning of Currency/ Rupee Depreciation?

ANS - Depreciation is the loss in the value of a currency with respect to other currencies. For example, today's value of rupees w.r.t. Dollar is \$1 = 67 rupees. If tomorrow the value becomes \$1 = 70 rupees, it would mean that value of rupee has decreased in comparison to the dollar.

Q. How has the Rupee's value varied over the years?

ANS - In 1947, 1 Indian Rupee was equal to 1 US Dollar. However, the present value is 1 US Dollar = 67 Indian Rupees. You can notice the huge depreciation in the value of rupee here. This rupee depreciation can be due to several factors.

Q. What are the causes of Rupee Depreciation?

ANS - The value of a currency depends on factors that affect the economy. These factors include but are not limited to the following:

Demand for Dollar: When the demand of a currency increases, its value increases. So, if the demand for dollar increases, its value increases. If the rupee cannot keep up its demand in the international market, then rupee depreciation occurs. Thereby Rupees' value against the dollar decreases.

Inflation: Inflation means increase in the prices of the commodities. When price of the commodities increase, you can buy lesser and lesser in the same amount of money. Thereby, this decreases the value of the rupee. Very high inflation may lead to the economic recession.

Unemployment: Higher unemployment leads to decline in the GDP growth. This, therefore, leads to rupee depreciation.

Changes in International Trade: With the increase in prices or quantities of the products that we import, we have to pay more dollars. This leads to the increase in the demand of dollar. As demand for the dollar increases, its value increases and hence, value of rupee in comparison to the dollar decreases.

Trade Deficit: If a nation's imports are more than exports, it's called Trade Deficit or Trade Gap. If exports are less, demand for rupee decreases in the international market. It leads to a sustained rupee depreciation.

Budget Deficit: If the expenditure is more than the income, it is called Budget Deficit. When budget deficit occurs, the country may not attract foreign investors and hence the currency value decreases.

Trade Embargos: Sanctions and trade embargos can lead to a fall in the demand for a certain currency. Sanctions against India after the Pokhran Nuclear Tests had led to rupee depreciation.

Effects of Rupee Depreciation

- Exporters are at benefit as they get more rupees for same amount of dollars.
- Importers are at loss as they pay more rupees for the same amount of dollars.
- Foreign investors lose confidence in country's economy and start withdrawing their investments, leading to further depreciation of rupee.
- The price of the imported goods increases.
- Foreign trips and studies in foreign countries become expensive.
- NRIs are at benefit as they will get more rupees for the same amount of dollars.

Even though there are some temporary benefits due to currency depreciation, it's not good for the country's economy in the long run. The government must take necessary steps to appreciate the value of Rupee.

Q. What is Inflation?

ANS - It is a sustained (continuous, uninterrupted) increase in the general level of prices for goods and services. It is measured as an annual percentage increase. As inflation rises, every rupee you own buys a smaller percentage of a good or service. The value of a rupee does not stay constant when there is inflation.

Deflation is the opposite of inflation i.e. general decline in prices. It is generally associated with contracting economy i.e. recession and is much more dangerous than inflation. A small inflation is, generally, an indicator of a healthy economy.

Q. What is Unified Payments Interface (UPI)?

ANS - The Unified Payments Interface is a system for instant, electronic payments through your smart phone. It authenticates the identity of the user like a debit card does using the phone as a tool instead of a separate card. It is an advanced version of Immediate Payment Service (IMPS) which was used to transfer money between bank accounts. Like IMPS, UPI will facilitate round-the-clock funds transfer service. It works 24x7, 365 days, unlike RTGS or NEFT services which have specific working hours.

Q. What are NPAs?

ANS - NPA stands for Non-Performing Assets of the banks. It simply means: Bank gives a loan to a person. Person fails to pay loan instalment for 3 months. (Even after repeated notices from the bank). Banks declare such loans as 'bad loans' or NPA. The combined NPAs of all 24 PSBs and the State Bank of India (SBI) group was around 4 lakh crore by the end of December, 2015.

STEPS INTRODUCED TO FIGHT FOR NPA

- Debt Recovery Tribunals (DRT)
- SARFAESI Act 2002
- Asset Reconstruction Company (ARC)
- Bank Board Bureau (BBB)
- Reserve Bank of India

- BASEL-III Norms
- Strategic Debt Restructuring Scheme (SDR)
- Framework for Distressed Assets
- Joint Lenders Forum (JLF)
- Central Registry of Information on Large Credits (CRILC)
- Banks Restructured assets

Employees Provident Fund Organisation (EPFO)

1. EPFO comes under administrative control of Ministry of Labour and Employment.
2. It is a 3 party board called the Central Board of Trustees.
3. It has 3 different schemes-
 - The Employees' Provident Funds Scheme, 1952 (EPF).
 - The Employees' Deposit Linked Insurance Scheme, 1976 (EDLI).
 - The Employees' Pension Scheme, 1995 (EPS).

Provident Fund and Pension Fund are two schemes under EPFO, in which an employee (worker) can get a consideration for the services rendered by him for years

SHORT NOTES ON UIDAI

UIDAI

- UIDAI has been shifted from the administrative control of NITI Aayog to the Ministry of Communication and Information Technology keeping in mind the government's 'Digital India' programme.
- It is made up of a chairperson, two part-time members and a chief executive officer.
- The chairperson and other members must have experience and knowledge of at least 10 years in matters relating to technology, governance, law, development, economics, finance, management, public affairs or administration

Functions & Powers of UIDAI

- To specify the type of demographic and biometric information that must be collected for registration.
- To issue Aadhaar numbers to residents and perform verifications.
- To specify the subsidies and various services for which Aadhaar will be necessary.

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