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# Financial Awareness Capsule April 2016 in PDF

Financial Awareness has become an important section of Bank PO and Bank Clerk exams like SBI Clerk and SBI PO. If you haven't already been following Financial Awareness Capsule April 2016, then now is the time!

Now let us take a look at the Financial Awareness Capsule April 2016! This is the most comprehensive Financial Awareness Capsule May 2016. It covers everything important you need to know for your Financial Awareness/General Awareness/Banking Awareness section of SBI PO & SBI Clerk. Before we dig into Financial Awareness Capsule April 2016, take a look at:

# <u>General Awareness & Financial Awareness for SBI</u> <u>Clerk - Preparation Tips</u>

# Notes from Financial Awareness Capsule April 2016

Let us take a look at some of the important happenings from the financial world in April 2016.

# IFC launched its first Uridishi Masala bond

Mobilizing \$ 4.3 million 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.

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#### **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

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aircraft. This collaboration will mainly address the requirements of the Indian market and also the agreed global markets.

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Cooperation between Reliance Defence and Spetstechno Exports will focus on upgrade programs for the BMP 2 and Armoured Vehicles, Unmanned Aerial Vehicles (UAVs) and Marine Gas Turbines for the Indian Navy Frigate program in India. Reliance Defence is a wholly owned subsidiary of Reliance Infrastructure led by Anil Ambani. Antonov is globally known as the manufacturer of the largest transport aircraft in the world. Currently, the Indian Air Force (IAF) operates more than 100 AN-32 aircraft, which forms the backbone of its transport fleet.

#### **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.

# <u>RBL becomes first private sector bank to open</u> <u>dedicated branch for start-ups</u>

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



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at Koramangala, Bengaluru by Nandan Nilekani, noted entrepreneur and former chairman of UIDAI.

Key facts: The first exclusive bank branch for start-ups will offer a bouquet of banking products to service the end-to-end needs of the emerging entrepreneurial eco-system. The branch will assist entrepreneurs in setting up new enterprises or companies. It will offer them host of banking products including, foreign exchange services, remittances and cash management. The Branch will also provide a range of value added services including legal and tax formalities, registration etc. through its affiliates and partners.

**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

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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.













# <u>Global rating agency Fitch Maintains Forecast of</u> <u>India's growth at 7.5%</u>

Global rating agency Fitch has maintained its growth forecast for India at 7.5% this fiscal and sees higher growth over the next two financial years.

**Key facts:** Fitch also claims an 8% growth in short term is not possible. Fitch has maintained its Gross Domestic Product (GDP) growth forecast for India for the fiscal year ending March 2016 at 5%. Growth is expected to gradually accelerate to 7% in 2016-17 and 7.9% in 2017-18. Higher real disposable income, a normal monsoon and a substantial wage increase for central government employees will support economic recovery.

#### **RBI cuts repo rate 25 basis points to 6.5%**

The Reserve Bank of India (RBI) has cut down repo rate by 25 basis points to 6.5% from 6.75%, with immediate effect. It was announced in the first bi-monthly monetary policy review of the RBI for the 2016-17 fiscal.

First bi-monthly monetary policy for the 2016-17 says

**Repo rate:** RBI has reduced the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 6.75% to 6.5%. It is the rate at which RBI lends to the financial system.

**Cash reserve ratio (CRR):** RBI has unchanged CRR and kept it at 4.0% of net demand and time liabilities (NDTL).

**Reverse repo rate:** RBI has adjusted (hiked) reverse repo rate under the LAF to 6%. It is the rate at which banks can keep excess funds with the RBI. The RBI also introduced number of measures to smoothen liquidity supply so that banks can lend to the productive sectors.







# <u>Government slashed the interest rates of PPF from</u> <u>8.7% to 8.1%</u>

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The government announced that Interest rate on Public Provident Fund (PPF) scheme will be cut to 8.1% for the period April 1 to June 30, from 8.7%. The rates of Public Provident Fund was slashed by 60 basis points, and Kisan Vikas Patra, by 90 basis points.

Schemes suffering reduction: The new interest rates for 12 small savings schemes, including term deposits of one to five years' maturity, five-year recurring deposit, five-year Senior Citizen Savings Scheme, five-year Monthly Income Scheme, Sukanya Samriddhi Account Scheme, and National Savings Certificate

#### **New Rates:**

Five-Year National Savings Certificates will earn an interest rate of 1% as against
8.5%.

- Five-year Monthly Income Account will fetch 7.8% as opposed to 8.4%.

Two-year time deposit will now earn 2% instead of 8.4%, three-year time deposit will earn 7.4% instead of 8.4%, five-year time deposit will earn 7.9% instead of 8.5%.
Five-year recurring deposit will earn 4% instead of 8.4%.

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