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GENERAL KNOWLEDGE  
BANKING AND FINANCE

# CAPSULE

23RD - 29TH SEPTEMBER 2018

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# WEEKLY GENERAL KNOWLEDGE BANKING & FINANCE CAPSULE (23<sup>rd</sup> to 29<sup>th</sup> September 2018)

## Banking & Financial News

### BSNL in collaboration With NTT and Softbank to kickstart 5G in India.

- BSNL has signed a deal with Japan's Softbank and Nippon Telegraph and Telephone (NTT) Communications to kickstart 5G and Internet of things (IoT) technology in India.
- BSNL will look ahead at the collaborating with Softbank for its satellite constellation which will have around 900 satellites.
- In India 3G was launched seven years after the technology was already in use in other foreign markets and 4G services after another four years.
- As stated by BSNL CMD Anupam Shrivastava 5G will be launched in India in 2020 as soon the standards are freezed by ITU.

#### Nippon Telegraph and Telephone

- CEO - Tetsuya Shoji
- Headquarters: Tokyo

#### SoftBank

- CEO - Masayoshi Son
- Headquarters: Tokyo

### RBI Eases Cash Reserve Rules aiming to ease Liquidity in the market.

- The Reserve Bank of India allowed banks to hold more of the statutory cash reserves in a bid to ease a **liquidity squeeze afflicting the nation's money markets**.
- The main concern behind this move of the Central bank is to over tight **liquidity conditions and banks'** unwillingness to lend to NBFCs.
- As per the RBI, banks could now create up to 15% of holdings under the statutory liquidity reserves to meet their liquidity coverage ratio (LCR) requirements as compared to 13% now.

#### Reserve Bank of India

- 24th Governor: Urjit Patel
- Headquarters: Mumbai
- Founded on : 1 April 1935

### RBI denies Bandhan Bank to further open New Branches.

- The Reserve Bank of India (RBI) strictly has barred Bandhan Bank from further opening of new branches and ordered freezing of the bank's CEO salary over failure to stick to shareholding rules.
- As required under the licensing condition, the Bank was not able to bring down the shareholding of Non-Operative Financial Holding Company (NOFHC) to 40%, hence general permission to open new branches stands withdrawn.
- Therefore in order to open a new branch Bandhan Bank has to fulfil the guidelines as prescribed by the RBI.



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### BRICS approves Loan for Infrastructure Projects in MP.

- The BRICS New Development Bank has approved a \$525-million loan for infrastructure projects in India.
- The loan aims to improve connectivity of the rural interior with the national and state highways.
- The loan will be used by the Indian government for on-lending to the Madhya Pradesh government for rehabilitating major district roads with a total length of about 2,000 km.

### Government to consolidate regional rural banks to bring it down to 36.

- The government has initiated consolidation of regional rural banks along with the public sector lenders and targets to bring down their number from existing 56 to 36.
- **RRB's were formed under the RRB Act, 1976**, with an objective to provide credit and other facilities to small farmers, agricultural labourers and artisans in rural areas
- The proposed consolidation of RRBs and bringing down their tally from the existing 56 to 36 will result into better scale-efficiency, higher productivity, robust financial health of such banks, improved financial inclusion and greater credit flow to rural areas.
- This move will also help RRBs to minimise their overhead expenses, optimise their use of technology and enhance their capital base and area of operation.

### Federal Bank soon to anchor Unicorn's maiden debt fund.

- Targeting a corpus of Rs 600 crores Unicorn India Ventures has brought on board Federal Bank as the anchor investor (limited partner) for its maiden venture debt fund.
- The debt fund will be sector agnostic and largely focused on technology enabled businesses.
- Targeting Startups that are at a pre series-A level; having raised capital from marquee venture capital investors while demonstrating a strong cash flow to serve the debt.
- The venture debt fund is looking to invest in up to 12 startups each year with the investments likely to begin once the fund makes its first close.

### Finally Dena Bank board approves its merger with BoB.

- Consolidation of Dena Bank along with BOB and Vijaya Bank would enable creation of a bank with business scale comparable to global banks and capable of competing effectively in the country and globally.
- Amalgamation would also provide impetus for building banks with scale, ramping up credit growth, adoption of best practices across amalgamating entities for cost efficiency and improved risk



management and financial inclusion through wider reach.

- The combined business of amalgamated entities would make it second largest state-run bank, after State Bank of India with better financial strength.
- Post-merger of BoB, Vijaya Bank and Dena Bank, the number of PSU banks will come down to 19.

#### Punjab National Bank ask for capital infusion from government.

- After the assurance given by the Finance Minister to all state owned banks, Punjab National Bank plans to seek Rs 5,431 crore capital support from the government.
- The government infused Rs 2,816 crore as capital infusion via preferential allotment of equity shares this month to meet regulatory ratio.
- PSBs are also planning to tap the markets to raise more than Rs 50,000 crore this fiscal to shore up their capital base for business growth and meeting regulatory global risk norms.
- The ultimate aim of the government is to help them meet their regulatory capital requirement.

#### UCB promoter to set up Public Ltd Company before transitioning into small finance banks.

- As per RBI, Urban Cooperative Banks (UCBs) will have to first promote a public limited company and then transfer its assets and liabilities into that new entity before transitioning into small finance banks.
- After following this exercise, RBI will issue an in-principle approval for transitioning of the UCB into SFB for which the regulator will allow a maximum period of 18 months to start a business as Small Finance Bank.
- RBI will issue SFB licence only after meeting the minimum net worth requirements and after the execution of sale agreement to transfer the assets and liabilities of the UCB to the new company.

#### Karur Vysya Bank fined by RBI.

- The Reserve Bank of India has imposed a penalty of Rs 5 crore on Karur Vysya Bank for non-compliance of its directives.
- Karur Vyasa Bank has been fined for non-compliance with "Income Recognition and Asset Classification (IRAC) norms, reporting of frauds, and discipline at the time of opening of current accounts.
- This action is purely based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

#### Mukesh Ambani consecutively topped Barclays Hurun Rich List for 7th Time in a frame.

- **Chairman of India's second-most valued firm** Reliance Industries Mukesh Ambani, has topped the

'**Barclays Hurun India Rich List 2018**' consecutively for the seventh year, with the total net worth of INR 371,000 crore.

- Barclays Hurun India Rich List 2018, a compilation of the individuals in India having a net worth of INR 1,000 crore or more, featured 831 Indians compared to 617 last year.
- Other than Mr Ambani, S.P. Hinduja, L.N. Mittal, and Azim Premji are also in the list.

#### Business worth Rs. 12,000 crore achieved by GeM.

- The Minister of Commerce and Industry, Suresh Prabhu, on 5th of September 2018 launched The National Mission on Government e Marketplace (GeM).
- This was followed by the launch of the Mission in 19 States and Union Territories and GeM recorded till date more than 8 lakh transactions worth over Rs.12,239 crore.
- The Government of India decided to launch a six week long National Mission on GeM from 6th Sept. to 17th Oct 2018 in order to increase awareness, accelerate the use of GeM.
- It will also pave way for proven benefits of procurement through GeM for all government departments and organisations.

#### FDI nearly jumped Five times in last three years in Telecom industry.

- FDI in the telecom sector has jumped nearly five times in the last three years from USD 1.3 Billion in 2015-16 to USD 6.2 Billion in 2017-18.
- According to Union Minister of Communications Shri Manoj Sinha, the draft National Digital Communications Policy, 2018 aims to attract investment of USD 100 billion or about Rs.6.5 lakh crore in the Digital Communications Sector.
- India has also announced plans to launch commercial 5G networks by the year 2020 and this provides a big opportunity for investing in the newer emerging technologies like 5G, AI, IoT, Data analytics etc.
- Also a publication was released titled "**Telecom Sector Growth & FDI: A Way Ahead**".

#### Telecom Regulatory Authority of India

- **Chairman** : Ram Sewak Sharma
- **Headquarters**: New Delhi
- **Founded on** : 1997

#### Financial Schemes & MoUs

**Fitch forecasted India growth rate to 7.8% this fiscal year.**

- Global research agency Fitch has forecasted India's growth rate to the fiscal 7.8 per cent from the earlier fiscal 7.4 per cent.
- Fitch has also forecasted growth rate for the next two fiscal to 7.3 per cent.

- Comparatively growth rate estimation is lower as projected by Reserve Bank of India and Government than FITCH.
- International Monetary Fund (IMF) cut its projection to 7.3 per cent from 7.4 per cent.

**MoU Signed to Enhance Cooperation in MSME Sector by Morocco and India.**

- Morocco and India have signed a MoU for widening its cooperation in the MSME sectors of the two countries in Rabat, Morocco.
- Bilateral meetings were held with Joint Secretary of Ministry of MSME, Secretary of State in the Ministry of Industry, Investment and Trade and Digital Economy and also with other related Departments for enhancing cooperation in MSME Sector.
- The move is aimed at supporting India's transition to a higher middle-income country by addressing some of its key development priorities such as resource efficient and inclusive growth, job creation and building its human capital.

**"Jan Dhan Darshak" mobile app launched by Finance ministry.**

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**Keith Enright appointed as new Chief Privacy Officer by Google.**

- Google has appointed its privacy lawyer, Keith Enright, as Chief Privacy Officer as the company proposed policies for potential federal regulation of data.
- Enright will be in charge of crafting Google's strategy on privacy issues.
- Before Google, Enright worked as the Chief Privacy Officer at Macy's and was also a senior consultant at IBM.

**National Informatics Centre**

- Director General - Neeta Verma
- Headquarters – New Delhi
- Founded on : 1976

**Appointments and Resignations**

**Rangachari Sridharan appointed chief of NFRA.**

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**Facebook India appoints Ajit Mohan as MD & VP.**

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