



ASSOCHAM

Banking e-Bulletin



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The Associated Chambers of Commerce and Industry of India

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Top Banking News

- **Demonetization, Bank Union Seeks Overtime For Extra Working Hours:**

Days after Prime Minister praised bank employees for the hard work done during the demonetization period, a bank union has demanded overtime for the extra hours put in by staff during the 50-day window that ended on December 30. National Organization of Bank Workers (NOBW), an affiliate of Bharatiya Mazdoor Sangh, in a letter to the Prime Minister stated Bank employees have worked 12 to 18 hours a day during the last 50 days. Only few banks have considered overtime for extra working. Kindly advise the management to consider the overtime for beyond working hours worked by bank employees. It also called for stepping up recruitment activities and banks are under staff for implementing all schemes. Wage revision of bank employees is due in November 2017. Your government has already advised IBA to implement it on due date. Kindly give a good rise to bank employees and bring them at par with Govt employees.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-bank-union-seeks-overtime-for-extra-working-hours/articleshow/56294128.cms>

Dated: 2 January, 2017

- **Some Delhi-NCR ATMs Giving Cash, But Most Are Still Cash-Starved:** Automated Teller Machines, or ATMs, across Delhi are

yet to regain their operations level at par with the pre-demonetization days. While some of them were found dispensing cash, many others were still dry. Only three of the 10 ATMs visited by the IANS team in East Delhi were found to have any cash. However, those dispensing cash had barely 10-15 persons standing in queues in contrast to the scenes barely a fortnight ago. But, it was complete chaos at the Punjab National Bank (PNB) in Nangloi in West Delhi area, where the ATM has not seen any cash since the demonetization on November 8 last year. Nearly 100-130 people waited outside the bank in the hope of getting cash through cheques, while people breaking the queue to get it out of turn created the chaos. They (Sashastra Seema Bal) are not letting us in, telling us to come in queue. But they keep letting in the ones known to them. Two ATMs at the Indian Institute of Technology Delhi (IIT-D) those of Canara Bank and the State Bank of India were found to have some cash but no seekers. Similarly, the Canara Bank ATM in Green Park area was cash-filled, but there were hardly any cash seekers. The PNB ATM at Sansad Marg in New Delhi area dispensed cash, but also had around 50 people in queue a number which only went on to grow as the day progressed. Whether the ATMs were filled with cash, were dispensing the notes in

desired denomination, or working at all was equally uncertain and unpredictable in Noida region. The IndusInd Bank ATM in Noida Sector-75, the only one in this locality, had “No Cash” message displayed before it. Most ATMs in Sector 16 of Noida were found to be either without cash or out of order, barring an IndusInd ATM, which did dispense money. Many ATMs of the HDFC Bank, Kotak Bank, State Bank of India (SBI) and the PNB were either non-functional or cashless.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/some-delhi-ncr-atms-giving-cash-but-most-are-still-cash-starved/articleshow/56298178.cms>

Dated: 2 January, 2017

- SBI Pushes Merger Of 5 Associate Banks, BMB To Next Fiscal:** The merger of the five associate banks with State Bank of India (SBI) will be postponed to by a quarter due to the demonetization exercise. The bank had announced in May plans to merge its five associate banks with itself by March 2017 to emerge as a global bank in order to compete with peers in emerging markets. There is a separate team working on this and they are not into demonetization exercise. The focus of banks had shifted to serving customers at front office following the move to scrap the high value Rs 500 and Rs 1000 notes on November 8. Due to restriction in cash withdrawals and several cash crunch, the bank had deployed many banks staff from corporate office to branches to manage customers who had queued up to withdraw cash. During these 50 days the bank opens 89 Lakhssssss

new accounts in order to provide banking services to underprivileged class of the society. In May, SBI cleared proposal to merger with itself five associate banks State Bank of Bikaner and Jaipur, State Bank of Travancore, State Bank of Mysore, State Bank of Patiala, State Bank of Hyderabad and one PSU bank - Bharatiya Mahila Bank.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-pushes-merger-of-5-associate-banks-bmb-to-next-fiscal/articleshow/56295671.cms>

Dated: 2 January, 2017

- Banks, CPSEs In A Bind Over Bad Asset Takeover:** Banks may have to take bigger haircuts on their loans gone sour, as the government pushes state-run companies to take over their stressed assets. It was decided that banks and central public sector enterprises (CPSEs) will sit jointly and assess some of these cases. There has been some reluctance on the part of

Difficult Choices

- Govt wants banks to take over assets of loan defaulters in steel, power and shipping 
- Banks and CPSE officials to hold a meeting, assess cases
- Govt also wants state-run cos to manage the acquired assets
- Govt may review capex plans of CPSEs and nudge them to manage assets
- But bankers say CPSEs not interested in stressed assets
- CPSEs say banks need to lower valuations to make assets viable



RBI: GNPA ratio for banks may rise to
9.8% by March 2017,
10.1% by March 2018

CPSEs. Banks need to be more realistic on the valuations. The banking regulator had noted that GNPA ratio may increase from 9.1 % in September 2016 to 9.8 % by March 2017 and further to 10.1 % by March 2018. If the macroeconomic conditions deteriorate, the GNPA ratio may increase further under such consequential stress scenarios. It is not going to help banks if they keep these assets on their balance sheet. They should be reasonable and willing to lower valuations in some cases. Valuations are negotiable but if there is an inherent reluctance that cannot be addressed. The bank is a lead bank in a power sector consortium loan and was in discussion to sell stake in a loss-making power sector project. The banks need to lower valuations so the assets are financially viable.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-cpses-in-a-bind-over-bad-asset-takeover/articleshow/56302526.cms>

Dated: 3 January, 2017

- **Return Of Debit Card, ATM Fee Worry Cash-Strapped People:** With effects of demonetisation still being felt across the country, customers are upset that the government has not rolled back ATM usage charges or capped debit card transaction fees, till situations turns normal. The industry was expecting the waiver (on ATM transaction charges) to continue even after December 31. But the RBI was silent on ATM transaction charges, which in effect made banks resume charging the ATM transaction fee. The first five transactions will be free of cost. After that

it will be left to the discretion of the banks and the card category of the customer. Banks generally have an agreement with individual customers on charges levied. Many banks were not charging premium customers before demonetization. Before demonetization, banks like State Bank of India, Punjab National Bank and ICICI Bank were charging Rs 15 per transaction as they had a wider ATM network and larger users than other banks. Most other banks charged Rs 20 per ATM transaction before the November 8 announcement. SBI and PNB did not respond to request for comments on current charges for ATM usage. Cash is not freely available. There are only about 20% of ATMs operational. While MDR or merchant discount rates have been capped, merchants on many occasions have not passed "waiver of charges" to customers before December 31 or after. Uptil December 31, the apex bank had waived all transaction charges for debit and credit cards, but many customers had been charged by jewellers, clothing retailers.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/return-of-debit-card-atm-fee-worry-cash-strapped-people/articleshow/56306220.cms>

Dated: 3 January, 2017

- **RBI Advises Banks To Increase Cash Supply To Villages:** The Reserve Bank of India has advised banks to increase supply of fresh notes and directed currency chests to ensure daily reporting of note supply in far flung areas. The decision was taken after observing that bank notes, being supplied to rural areas, at present, were

not commensurate with the requirements. Banks should advise their currency chests to step up issuance of fresh notes to rural branches of RRBs, DCCBs and commercial banks, White Label ATMs in rural areas and post offices in rural areas on priority basis which are considered main rural channels of distribution. The banking regulator has also asked banks to ensure that at least 40% bank notes are supplied to rural areas. The central bank also advised banks to adopt a need based approach as the requirements in rural areas could vary depending on the relative share of CASA deposits and number of deposit accounts in each district. The Reserve Bank has also asked banks currency chests to issue lower denomination notes in villages and rural centers. Chests should issue bank notes in denominations of Rs 500 and below. Existing stock of other denominations notes below Rs 100 should be issued liberally. The regulator has also asked currency chests to furnish daily issuances of notes to link offices who in turn will report to RBI regional office.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-advises-banks-to-increase-cash-supply-to-villages/articleshow/56309572.cms>

Dated: 3 January, 2017

- **Finmin Seeks Report On Malpractices By Bank Officials:** Days after Prime Minister warned those who indulged in malpractices during the 50 day demonetization drive, the Finance Ministry has asked public sector banks to submit a report on the involvement of officials illegally changing currency notes. Banks will give

details of officials who violated law or government and RBI directions during the demonetization period. Although vigilance proceeding against directors are carried out by the Finance Ministry, the department or criminal proceedings against officials are carried out by the bank itself. Some of the officials tried to subvert the system during the demonetization. For example, CBI registered a case against a Bank of Baroda official in Kolkata for converting old currency in violation of rules. Some officials of State Bank of India, State Bank of Bikaner and Jaipur and State Bank of Mysore along with other banks were also mentioned in one of the FIRs filed by investigative agency during the demonetization period. Meanwhile, senior bankers also feel that there could be RBI inspection also to check whether there were any lapses at branches on banks' side. During the demonetization period, the Enforcement Directorate had done random inspection of select branches to check money-laundering activity.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/finmin-seeks-report-on-malpractices-by-bank-officials/articleshow/56313641.cms>

Dated: 3 January, 2017

- **RBI Turns Away People Wanting To Exchange Old Notes:** Hundreds thronging the RBI office to exchange old Rs 500 and 1,000 notes returned empty handed as the central bank is allowing the facility only for NRIs or those who were abroad during the 50-daydemonetisation period. The central bank on December 31 designated its five offices- Mumbai, New

Delhi, Chennai, Kolkata, and Nagpur to exchange defunct currency notes post 50 day demonetization period that ended on December 30. RBI has imposed conditions for availing extended facility for note exchanges, NRIs and Indians returning from abroad will have to physically show the junked 500 and 1,000 rupee notes to Customs officials at the airport and get a declaration form stamped before they can deposit the demonetized currency in RBI during the grace period. Indians who were abroad during November 9 to December 30 have been given a 3-month grace period till March 31 to deposit the junked notes, while for the NRIs, it is 6 months till June 30. While there is no limit on deposit of defunct notes by an Indian national who was abroad when the 50 day window was in operation, NRIs can deposit only Rs 25,000 as per FEMA law restrictions. However, this facility is not available for Indian citizens resident in Nepal, Bhutan, Pakistan and Bangladesh. The government had declared 500 and 1,000 denomination bank notes as illegal tender from November 9, 2016. Subsequently, the President approved the promulgation of the Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 on December 30. It makes holding, transfer and receiving of the demonetized notes a criminal offence, punishable with a fine of Rs 10,000 or five times the cash held, whichever is higher.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-turns-away-people-wanting-to-exchange-old-notes/articleshow/56316623.cms>

Dated: 3 January, 2017

- **Some Banks Begin Levying MDR Charges On Debit Card Payments:** A few banks have restored levy of transaction fee for use of debit card for payment in absence of any clear direction from the government or the Reserve Bank. However, a few others like Citi is still providing waiver on Merchant Discount Rates (MDR) till January 7. The MDR charges waiver has been extended till January 7 and the review would be done after that. With regard to cap on free-of-charge withdrawals from ATMs, which also varies from banks to banks, Some of the public sector banks like Bank of India have extended this facility on their own till March 31, 2017. Prior to demonetization, bank customers in six metros- Delhi, Mumbai, Chennai, Kolkata, Hyderabad and Bengaluru were allowed to withdraw money free of charge only five times a month from their home ATMs and every transaction beyond this limit was charged Rs 20 per use. However, ATM transactions were made free-of-charge during the demonetization period. Thus, the waiver was applicable on transactions (inclusive of both financial and non-financial transactions) done at ATMs from November 10 till December 30. Although cash withdrawal limit from ATMs has been reviewed and raised by RBI to Rs 4,500 from the earlier limit of Rs 2,500 on December 30, there is no official communication as far as free-of-charge transaction limit is concerned. According to December 16 notifications, RBI lowered MDR charges on payments made through debit cards to 0.25% for payment up to Rs 1,000 from January 1 to March 31. The

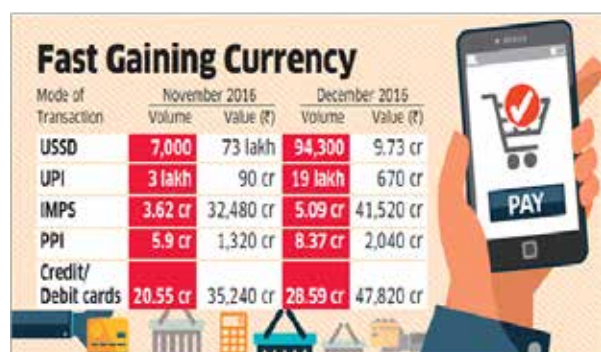
MDR for debit card payments, including payments made to government, will be capped at 0.25% for transactions up to Rs 1,000 and 0.50 % between Rs 1,000 and Rs 2,000. Similarly, it had asked banks and prepaid payment instrument issuers not to levy any charges for transactions up to Rs 1,000 from January 1 to March 31. This would cover transactions through Immediate Payment Service (IMPS), USSD-based *99# and Unified Payment Interface (UPI) systems.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/some-banks-begin-levying-mdr-charges-on-debit-card-payments/articleshow/56317854.cms>

Dated: 3 January, 2017

- Phone Banking Gaining Currency In Masses As Govt Rolls Out Incentives:** Belying sceptics, phone-based banking made rapid advances among the less advantaged last month as they adopted digital payment modes following demonetization, according to RBI data, with incentives helping to boost the shift. Hashtag banking on basic feature phones, supported by Unstructured Supplementary Service Data (USSD), made a 13-fold jump in volume in December to 94,300 transactions from 7,000 in November and close to 14 times in terms of value to Rs 10 Cr. from Rs 73 Lakhsssss in the preceding month. The USSD platform, which is hosted by the National Payments Corporation of India (NPCI), allows transactions to be conducted on the cheapest phones without the need for an Internet connection. Users can make peer-to-peer payments, generate

mini statements and carry out other transactions by dialling *99# on GSM phones. The government and NPCI have been working to make digital transactions possible for even small amounts without the need for smartphones. While there are many such initiatives, NPCI has been at the heart of the transformation since it's mostly backed by state-run banks that have a clear social agenda. The government has been encouraging people to use phones for banking, recently unveiling the BHIM (Bharat Interface for Money) app that runs on the NPCI's Unified Payment Interface (UPI). Under the Lucky Grahak Yojana, the government has created a fund of Rs 340 Cr. to be disbursed to lottery winners. Those who make payments through RuPay cards, Aadhaar-Enabled Payment Systems (AEPS), USSD and UPI qualify for the lottery. Around Rs 1.5 Cr. has been paid since December 25 and the scheme is expected to run until April 14. The usage of UPI, NPCI's flagship product, has also surged. Almost 20 Lakhsssss transactions took place on the UPI platform a payment option enabling transactions across banks in December, up from 3 Lakhsssss in the previous month. Transaction value jumped to Rs 670 Cr. from Rs 90 Cr.



Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/phonebanking-gaining-currency-in-masses-as-govt-rolls-out-incentives/articleshow/56321610.cms>

Dated: 4 January, 2017

• **Paytm Chooses UP For Payments Bank Launch In February 2017:**

After a long wait, online mobile wallets major Paytm is finally going to launch its payments bank in February this year. The company will launch its services first in Uttar Pradesh and then expand operations to the Northeast. In the first phase the bank would have around 100,000 banking correspondents. In the first phase, they will be targeting as many as 200 million wallets, current and savings accounts. Paytm payments bank was waiting for the final nod from the Reserve Bank of India (RBI) for the last five months to start the operations. In the last one year, Paytm postponed the opening of the payments bank six times. The payments bank would start its operations with Rs 400-Cr. initial capital and the first branch would be set up in Noida, UP. The first branch in Northeast would be opened in Guwahati. Exactly three years ago, on January 3rd 2014, they launched our mobile wallet- Paytm. Paytm has become the category leader and changed the way India pays. From villages to cities, from corner vegetable stalls to

milk booths, small shops to large retailers, everyone embraced the new way to pay by Paytm. Last year, during demonetization Sharma was in Hong Kong for a stake sale for setting up the bank.

Source: http://www.business-standard.com/article/finance/paytm-chooses-up-for-payments-bank-launch-in-february-2017-117010301067_1.html

Dated: 4 January, 2017

• **Banks Report 10 Fold Rise In 'Suspect Transactions':**

Facing pressure from tax and enforcement authorities, banks are not taking any chances in reporting "suspicious transactions" with some of the private players reporting an increase of up to 10 times. A private bank, which used to report around 275-300 transactions a month, saw the number for Suspicious Transaction Reports (STR) filings with the Financial Intelligence Unit rise to almost 3,000 during December. The enforcement directorate and the tax department have been closely tracking the deposit of old Rs 500 and Rs 1,000 notes especially in private banks-and have also arrest five executives on allegations of illegally helping people convert black money. A series of action, which included ED visiting 50 branches of 10 banks, some of the very prominent that see large transactions. Separately, 547 branches have been identified by tax authorities for heightened scrutiny as they saw abnormal activity compared to the average daily business undertaken by them earlier. The repeated queries and surveys from the agencies prompted the banks to increase the "alerts". The government is analyzing data on bank deposits and



FAST FACTS: PAYTM PAYMENTS BANK

- 200 million by end of 2017: Number of accounts targeted
- 100,000: Number of banking correspondents
- ₹400 crore: Initial investment
- 65: Core group of executives in Paytm Payments Bank

"IN THE FIRST PHASE WE ARE TARGETING AS MANY AS 200 MILLION WARRANT, CURRENT AND SAVINGS ACCOUNTS. WHILE NORMAL BANKS TARGET SAVINGS AND CURRENT ACCOUNTS, WE WILL TARGET THE WARRANTS AS WELL"

VIJAY SHEKHAR SHARMA, Founder and CEO, Paytm

tallying it with tax returns in a bid to go after those who may have sought to use demonetization as an initiative to deposit unexplained cash.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-report-10-fold-rise-in-suspect-transactions/articleshow/56324006.cms>

Dated: 4 January, 2017

- **Demonetization Results In Contraction In Bank Loan Book In Third Quarter:** A major fall out of demonetization of high value currency notes has been on bank credit. Commercial banks' loan book contracted by 2.3% in the third quarter between October 01 and ending December 23'16 compared to a growth of 2.7% in the same period a year ago. But with banks lowering their lending rates, they expect a pickup in credit towards the end of the fiscal. The latest data released by the Reserve Bank shows that bank credit amounted to Rs 73.48 Lakhsssss Cr. as of December 23. On annualized basis, the growth in credit works out to 5.1%, a 54 year low. But it has contracted by 2.3% or Rs 1.72 Lakhsssss since end September'16, compared to a growth of 2.7% in the same period previous year. Banks have been anyway struggling to grow their loan book on account of weak corporate demand. But the government move to scrap the Rs 500 and Rs 1000 notes on November 08 has resulted in contraction of credit in the quarter during which almost 50 days were devoted by banks is collecting banned notes from the public and surrendering them to the central bank. From the borrower's side, many traders and small and medium sized businesses were

seen repaying their loans through their deposits of the stock of high value notes. But they were not seen borrowing due to general contraction in demand. But with the deadline for submitting banned notes with the banks now over, banks are slowly focusing on selling loans. After the prime minister announced sops for borrowing for low cost housing and also farm loans, bankers are expecting loans to pick up in coming months. Besides, banks have lowered their marginal cost-based lending rates by as much as 90 basis points (1 basis points is 0.01%), which is expected to revive corporate demand.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-results-in-contraction-in-bank-loan-book-in-third-quarter/articleshow/56339035.cms>

Dated: 4 January, 2017

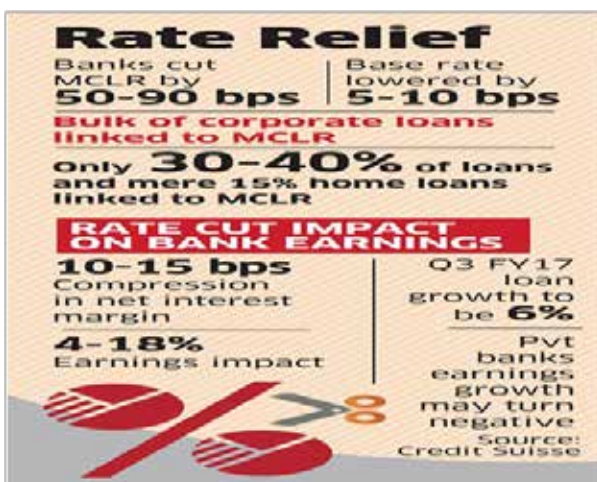
- **Big Corporate Over Retail Borrowers To Benefit Most From Rate Cuts:** The sharpest rate cut by banks in more than seven years is likely to benefit big corporate more than retail borrowers. Companies can renegotiate contracts immediately, taking advantage of reductions of as much as 90 basis points, while more than 60% of retail borrowers are stuck in the earlier base rate regime where the drop has been a much narrower 5-10 basis points. Corporate loans are mostly pegged to the marginal cost of funds based lending rate (MCLR), which came into force in April 1 last year. Banks will pass on the rate benefits to large corporate as they have been able to raise money from money markets, so the bigger game lies in the industrial sector.

The move is also expected to revive credit growth as companies borrow to invest and thereby bolster growth in the wake of the November 8 demonetization. The better-rated corporate have an option of going to the wholesale markets because they can bargain for better rates from banks, so they will be better placed to enjoy benefits of lower rates as compared to poorly rated corporate. Starting April 1 last year, all loans have been pegged to MCLR. Companies with loans from before that date would have mostly shifted to the new system as these get renewed annually but home borrowers would have stayed put because of the switching fee involved. Most of the corporate loans get renewed in the last quarter because the audited balance sheet comes only after September, so the main shift has happened during the last quarter and the rest of the corporate book will shift by the end of this year. Prima facie, the cut in lending rates appears to be quite steep and does raise concern if this is simply a reflection of the decline in recent cost of funds or the bank is looking to avenues to restart lending in the economy.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/big-corporates-over-retail-borrowers-to-benefit-most-from-rate-cuts/articleshow/56341302.cms>

Dated: 4 January, 2017

- Finance Ministry Sends Joint Secretary To Coordinate RBI Cash Operations:** In an unusual move and in another sign of the government's effort to be on top of demonetization management, the finance ministry has sent a joint secretary to Reserve Bank of India to coordinate the central bank's currency chest operations. Currency chests are branches of select banks authorized by Reserve Bank to hold notes and coins. The central bank manages currency chests. RBI and finance ministry are working together on a number of issues as they always do. As per finance ministry, official is there to discuss a host of issues including credit to micro, small and medium enterprises (MSMEs), sending a finance ministry bureaucrat to RBI was aimed at maximizing the effort to distribute currencies to all groups and areas in an efficient manner. Chests should issue bank notes in denominations of Rs 500 and below. In particular ATMs may be issued Rs 500s and Rs 100s Off-site ATMs should be allocated higher proportion of cash as against onsite ATMs as they are more important in last mile currency connectivity. Currency supply situation has steadily improved from end-December over a month after demonetization of Rs 500 and Rs 1,000 notes was announced on November 8. The government's and RBI's focus on rural areas is to ensure that the weeks till end-February see as



little disruption as possible in heavily cash-dependent rural economies. Swift remonetisation to get the wheels of the economy moving should be a joint effort of the government and the Reserve Bank of India. Together the two run four presses that print all the legal tender. The appointment of a central government official to coordinate currency chest operations is more about overseeing the logistics to hasten the pace of introducing new notes. So, the perception that this infringes on the regulator's autonomy is entirely misplaced.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/finance-ministry-sends-joint-secretary-to-coordinate-rbi-cash-operations/articleshow/56341548.cms>

Dated: 5 January, 2017

- **Consolidation In PSU Banks A Long Drawn Process:** As per Banks Board Bureau (BBB) chief Shri Vinod Rai, terming consolidation in public sector banks a "long drawn process" and it should gather momentum in 2-3 years. Finance Minister in his Budget speech talked about consolidation of banks. Prime Minister has made references to the idea that there should be 6 or 8 large banks. The entire process is being thought of but it's not that it is going to materialize in two or three months. A lot of work has to be done. Once the road map is ready it will be rolled out. On the recommendation of BBB, the process of merger of five associate banks of SBI with the parent is underway. Bharatiya Mahila Bank is also being merged with SBI. The merger would make SBI a global-sized bank and make it

amongst the top 50 lenders in the world, with an asset base of Rs 37 trillion or over \$555 billion, with 22,500 branches and over 58,000 ATMs and more than 50 Cr. customers. SBI has three listed associate banks - State Bank of Bikaner and Jaipur (SBBJ), State Bank of Mysore (SBM), State Bank of Travancore (SBT) and two unlisted associate banks - State Bank of Patiala and State Bank of Hyderabad.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/consolidation-in-psu-banks-a-long-drawn-process-vinod-rai/articleshow/56358578.cms>

Dated: 5 January, 2017

- **Axis Bank Retains Top Slot In Debt Investment Banking:** Axis Bank has left behind large foreign banks, known for their investment banking skills, as it has retained the top investment banking rank in the past 10 consecutive years. With its market share surging to 20.4%, the private sector lender has cut 327 deals worth 81,100 Cr. that companies raised by selling bonds in 2016. HDFC Bank, State Bank of India were other top two banks in the Bloomberg 2016 league table beating global biggies. Both the institutions have collectively done deals, which are marginally higher than Axis Bank alone. India bond market is gradually emerging as a potential source of long-term funding for domestic companies seeking long-term funds. One of the innovative deals was the Oriental Nagpur Betul Highway deal. The company, a subsidiary of Oriental Structural Engineers Private, has raised 2,786 Cr. through its maiden bond sales, offering 8.28% and

8.78% in two tranches. National Highway Authority of India has awarded them the project with 20 years of concession period. Maturities range from six months to 13.5 years with fixed annuity repayments. Axis Bank was the sole arranger. Barclays, HSBC, Standard Chartered and Deutsche Bank ranked 13th, 15th, 18th and 23rd respectively, with all of them losing market share in the range of 1.6-4%. All the top three arrangers including Axis Bank, HDFC Bank and SBI have increased their market share by 3-5%. Axis Bank clenched nearly 5% market over the year, the sharpest rise. Last year, many companies tried to tap the debt capital market as they found it cheaper than bank loans. Credit Suisse and DBS group, although lower in the rank, have gained market share by about half percent at a time when many foreign banks have shut India operations to support their overseas businesses.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-retains-top-slot-in-debt-investment-banking/articleshow/56380237.cms>

Dated: 6 January, 2017

- **Demonetization, Bank Credit Growth Slowest In Decades, Say Economists:**

Growth of bank credit fell to a multi-decade low of 5.1% for the fortnight ended December 23, as drying up of demand in the last two months of the year saw businesses cutting down on borrowing. Data released by RBI showed that as of December 23, bank lending to businesses individuals and the farm sector stood at Rs 73.48 Lakhsssss Cr. an increase of 5.1% over the same period of last year. Going by readily

available RBI data, this is the slowest rate of growth since 2000. At 5.1%, credit growth slide reaching a point of no return' A slowdown to 5.1% in December seems to indicate that credit growth is reaching a point of no return in this financial year. While there is marginal growth year-on-year, on a year-to-date basis (from April 2016) credit has declined in many sectors. Year-on-year credit growth in the previous fortnight ended December 9 was also a low 5.76%. The economy was looking up, there was the pay commission hike, there were good rains, and some interest rate cuts were being passed on to borrowers, which would have created more demand for credit. The second half of the year is when banks advance the bulk of their loans. Demonetization has hurt activity across all corners of the economy. Purchasing Managers Index (PMI) data shows that both manufacturing and services have contracted in December. The PMI order-to-inventory ratio suggests that upcoming manufacturing activity will also remain weak. Input prices have been rising, but have not yet been passed on to final prices, suggesting that corporate margins have worsened. According to Jefferies India an investment bank, credit growth could slip to 6% in FY17. "Deleveraging of corporate balance sheets, halt in fresh capex, and increased access to corporate bond market have led to a negative growth in banks' credit to corporate. Given that 56% of bank loans and 88% of non-performing assets are with large borrowers, they hold the key to bank credit growth pick-up and asset

quality improvement. RBI numbers show that corporate loans are shrinking. Since end-September bank loans have shrunk by Rs 1.72 Lakhsssss Cr. (2.30%). The sectors which saw a slowdown or drop in credit include infrastructure, food processing, chemical and chemical products, all engineering, textiles and basic metal and metal products.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/demonetisation-bank-credit-growth-slowest-in-decades-say-economists/articleshow/56366040.cms>

Dated: 6 January, 2017

- **Axis Bank To Open 300-400 Branches In FY-18 Despite Digital Push:** Private sector Axis Bank looks to open 300 to 400 branches next fiscal even as 88% of its transactions happen through digital channels such as net banking and mobile banking. The number of new branches planned is akin to what it did this fiscal. It has already opened 300 branches in the first nine months since April. Deeper in the country, customers want to see our physical existence of our branches. Axis Bank has 3220 branches at presence, along with 13726 ATMs.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-to-open-300-400-branches-in-fy18-despite-digital-push/articleshow/56378154.cms>

Dated: 6 January, 2017

- **Reserve Bank of India To Give Nepal Rs. 1 Billion In 100-Rupee Notes:** The Reserve Bank of India (RBI) has agreed to provide Rs. 1 billion to the Nepal Rastra Bank (NRB) after its request that the country was facing a shortage of Indian currency in 100 denomination banknotes. The NRB's plan

to import Rs. 100 denomination notes was delayed due to the Indian government's move to demonetize Rs. 500 and Rs. 1,000 currency notes on November 8. The RBI had earlier asked the Nepali central bank to wait till the situation normalizes post demonetization. After demonetization in India, the Nepal Rastra Bank had also lowered exchange limit of Indian banknotes in Nepal. Currently, it is providing an exchange facility of up to Rs. 2,000 on basis of citizenship identification. Similarly, it is providing Rs. 10,000 to those who submit a copy of air or train ticket to travel to India and Rs. 25,000 for those travelling to India for medical check-up. The limit of Indian rupee exchange will not be reviewed until the RBI is able to provide regular exchange facility. The RBI has been extending Rs. 6 billion exchange facility to Nepal every year (based on Indian fiscal year calendar) but this year Nepal is unlikely to get this facility due to the demonetization move. The NRB has brought only Rs. 1.20 billion this year. Currently, the NRB has around Rs. 3.5 billion in its coffers and after bringing another Rs. 1 billion, NRB will be able to provide exchange facility to Nepali and Indian nationals in Nepal for the next eight to nine months.

Source: <http://www.ndtv.com/india-news/reserve-bank-of-india-to-give-nepal-rs-1-billion-in-100-rupee-notes-1645971?pfrom=home-topstories>

Dated: 6 January, 2017

- **SBI Says Home-Loan Queries Jump Three-Times Since Rate Cut:** State Bank of India (SBI) is leaving no stones unturned to kick-start the credit off take, and last

week's steep 0.90 bps lending rate cut has resulted in a huge number of enquiries, especially for home loans. Credit growth has been very, very subdued so far. In fact, our loan book has not grown at all after the note ban announcement on November 8. Now, the focus is on growing the loan book. It can be noted that system as a whole has seen the worst contraction in credit growth since 1997 in December due to the note ban impact. As per the latest RBI data, bank credit grew at the slowest pace in past 19 years in December at 5.1 per cent against 10.6 per cent a year ago. The RBI data indicates lack of credit demand is across all segments and not just companies, including retail, wherein the only segment where a growth is registered is in auto loans. After demonetisation, the bank has seen over three-and-a-half times rise in debit cards use at merchant terminals and on e-commerce sites. Similarly, the wallets and other methods of payment through mobile have also seen a healthy increase in both in volume and value.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-says-home-loan-queries-jump-three-times-since-rate-cut/articleshow/56392278.cms>

Dated: 7 January, 2017

- **I-T Probes Rajkot Bank That Got Suspicious Rs 871 Cr. Deposits:** The Income Tax department has detected huge alleged discrepancies in the transactions of a Rajkot-based cooperative bank where Rs 871 Cr. deposits were made, over 4,500 new accounts opened and more than five dozen accounts having same mobile

number initiated, making it one of the biggest cases of black fund generation post November 8. The department's Ahmedabad probe wing has now initiated action under tax laws and has sought full details from the bank after it conducted survey operations against it sometime back and found large irregularities. The department's investigation till now has found that cash deposits of Rs 871 Cr., majorly using the old notes of Rs 500 and Rs 1000, was made in this bank between November 9-December 30 last year while Rs 108 Cr. was withdrawn during the same period in a highly suspicious manner not commensurate with the bank's activities during the same period in 2015 or at other times. The sleuths have identified at least 25 high value cash deposits post demonetization where Rs 30 Cr. monies have been transacted in an alleged suspicious and unsatisfactory manner and in accounts with purported weak KYC norms in place. An IT analysis report prepared in this regard states that Rs 10 Cr. funds were deposited in a number of "dormant" accounts post the currency scrap, including in that of a petroleum firm where Rs 2.53 Cr. was deposited. What has startled the taxman has been the fact that a total of "4,551 new accounts were opened in the bank post demonetization as against the average 5,000 of such accounts usually opened in the full year while 62 of these were opened using one mobile number. The case of the Rajkot-based cooperative bank in Gujarat has become one of the most prominent when it comes to

generation and circulation of black money post the currency ban, the department is still investigating the case from multiple angles.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/i-t-probes-rajkot-bank-that-got-suspicious-rs-871-Cr.-deposits/articleshow/56403241.cms>

Dated: 8 January, 2017

- **Now, Yatra Allows UPI Payments Across All Business Lines:** Online travel agent yatra.com has introduced Unified Payment Interface (UPI) as a paying method on its website, across all business lines. UPI is a system that allows account holders of all banks to send or receive money from their smartphones without the need to enter their net banking user id or password. Users can download an UPI app such as ICICI Bank's Pockets and create a VPA, linking it to their account in any bank to start using the system developed by National Payments Corporation of India (NPCI), the agency that handles all retail payments in India. Yatra.com is the first in the online travel agency segment to offer UPI on its platform. It has tied up with ICICI Bank for technical integration of the payment method. The system, which merges several banking features on a single mobile application to enable seamless fund routing and merchant payments, was launched in August. Yatra.com already allows customers to make online payments through net banking, mobile wallets and credit/debit cards. The government has been promoting the use of UPI, and the Prime Minister launched a UPI-based app called Bharat Interface for

Money (BHIM) on December 30, which has seen over 5 million downloads so far, and is widely seen as an alternative to popular mobile wallets. Yatra had approximately 4.4 million cumulative customers as of June 30, 2016. In the last financial year, 74 per cent transactions were from repeat customers, and 59 per cent customer traffic was from mobile.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/now-yatra-allows-upi-payments-across-all-business-lines/articleshow/56409539.cms>

Dated: 9 January, 2017

- **Axis Bank Becomes Third Lender To Offer Block Chain Service:** Private sector Axis Bank became the third lender in the country to announce usage of block chain solutions for its operations, after its peers ICICI Bank and Yes Bank. The Axis bank will be using the upcoming technology for cross-border remittances. Block chain solutions is a distributed database that maintains a continuously growing list of ordered records called blocks. It will reduce turnaround times, is transparent and also ensures zero errors. Axis Bank has tied up with fintech firm Ripple to offer the solution. As against the current system which takes up to five days for transfer money, block chain can do so instantaneously. Given its status as the fastest-growing major economy in the world and the top market for remittances, India is a very important market that is ripe for payments innovation. Axis Bank's larger peer ICICI Bank was the first to announce block chain solutions in for international trade finance and remittances last October.

This was followed up by mid-sized rival Yes Bank last week under which it will be using the technology for vendor financing.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-becomes-third-lender-to-offer-block-chain-service/articleshow/56424441.cms>

Dated: 9 January, 2017

- **Government, RBI Ask Banks To Boost ATM Cash Supply:** The government and the RBI have asked banks to make ATMs fully functional and more cash should be diverted to vending machines and rural areas. Almost two months since the demonetization decision of November 8, and despite currency presses working overtime, ATMs across the country continue to run dry in quick time or remain shuttered. Complaints of lack of cash in ATMs have poured in from across the country. Banks have been asked to divert more cash to ATMs and also ensure adequate supplies of funds in rural and far-flung areas. Availability of cash at ATMs has improved significantly in the past few days. Over 66% of the country's 2.12 Lakhssss ATMs have been fully functional which means that they are dispensing cash. The next focus is to ensure that 100% of the ATMs have cash throughout and are fully functional, all the ATMs to function fully by the end of the month or early February. The cash supplies from printing presses have also been stepped up and the availability of Rs 500 notes has improved. A large chunk of the ATMs has been starved of cash as banks have been focusing on dispensing currencies to customers at branches. The

daily limit on cash withdrawals at ATMs and the weekly limit is likely to be eased by end January or middle of February.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-waives-mdr-charges-for-small-merchants-for-one-year/articleshow/56424770.cms>

Dated: 9 January, 2017

- **SBI Waives MDR Charges For Small Merchants For One Year:** SBI has waived Merchant Discount Rate (MDR) on debit card transactions for all small merchants with annual turnover of up to Rs 20 Lakhsssss for one year. This, SBI has been done with a view to helping small merchants overcome apprehensions towards joining the "journey by installation" of PoS terminals in their shops. State Bank of India has decided to waive completely, the MDR charges on debit card transactions for all small merchants having annual turnover of up to Rs 20 Lakhsssss, for a period of one year up to December 31, 2017. The move is targeted primarily towards a segment of population and small merchants, who have not yet experienced the convenience of Card Payments and, by actively canvassing the smaller merchants, the Bank is trying to live up to its motto of being a 'Banker to every Indian', while affirming its commitment to promoting the government's digital initiative. To build-up the PoS acceptance infrastructure across the country, especially in areas which hitherto had low digital penetration, SBI has been deploying terminals in smaller towns, semi urban and rural areas since beginning. Close to 70 per cent of its PoS

terminals are deployed in non-metro centers, and these can be found in more than 4,400 centres.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/government-rbi-ask-banks-to-boost-atm-cash-supply/articleshow/56413343.cms>

Dated: 9 January, 2017

- **To Avoid Wrongdoings, Banks Conducting Sting On Erring Employees:** A prospective customer walked into the rural branch of one of India's largest banks last month. He wanted to exchange Rs 5 Lakhs in old currency notes with new ones for a 50 per cent 'fee'. One bank employee agreed, not knowing it was a trap that was part of a broader cleanup exercise by the bank itself. Private sector banks, including multinationals, are seeking to prevent wrongdoing by employees and keeping them under scrutiny after multiple reports of alleged fraud by employees following the November 8 demonetisation announcement that cancelled Rs 500 and Rs 1,000 notes. Many are conducting exercises such as the one cited above, in which forensic experts pose as customers and seek services that violate rules. Banks are also checking backgrounds for any criminal records besides other verification exercises. Banks are cracking down after the Reserve Bank of India and tax department began raiding branches and uncovering large-scale unauthorized exchange of currency notes. Many bank employees have been arrested and dismissed as a result. They are laying traps and doing sting operations on their own employees. After demonetization, many banks have

become conscious that merely having a controls framework is not enough. As a result they have started using specialized services like 'mystery shopping' exercises in addition to their review mechanism to test not only the robustness of their process control but also efficacy of the manual controls and their vulnerabilities. Bankers and forensic experts were silent on how many employees have been caught and what action was taken against them. Increasing the rigor of vulnerability tests as part of ongoing monitoring procedures in financial institutions is vital and one of the best ways to address this for banks is to be innovative in leveraging the large volume of data that they already have to eliminate and/or reduce fraud. Background screening firm First Advantage has seen a 10 per cent increase in client queries in the last month. In the last three weeks, three large banking customers have approached us to conduct comprehensive background checks of their existing employees.

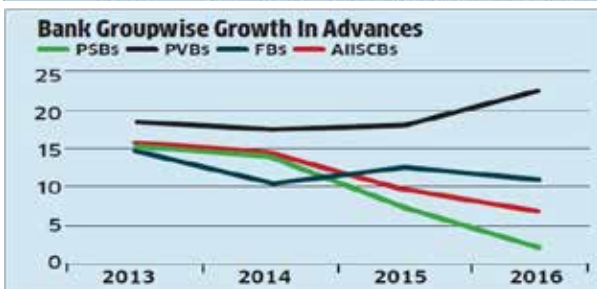
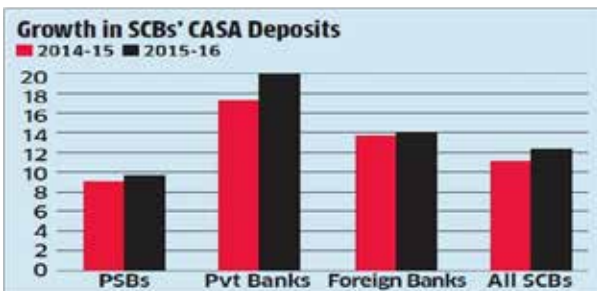
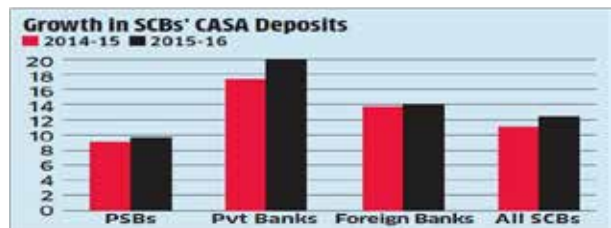
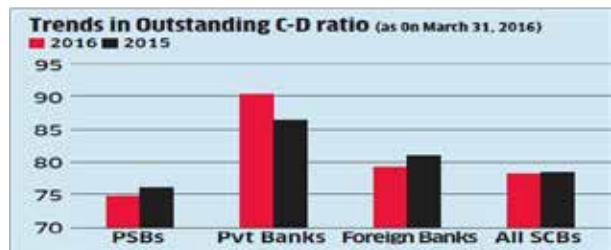
Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/to-avoid-wrongdoings-banks-conducting-sting-on-erring-employees/articleshow/56429703.cms>

Dated: 10 January, 2017

- **Higher Current And Savings Accounts, Credit-Deposit Ratio Helped Private Banks:** Banking sector asset growth has slowed down in the past few years as bankers have turned cautious on asset quality concerns. But among various bank groups, private sector banks have managed to earn better returns on assets and equity compared to their public sector peers. An

analysis of various parameters indicates that private sector banks have been more successful in raising low-cost funds, that is demand deposits in their current and savings accounts, or CASA. Private Banks' CASA has gone up by close to 20 per cent in the last two years, while that of public sector banks rose by less than 10 per cent. Besides, they have been more successful in deploying the funds in more profitable lending activities. While the credit-deposit ratio of public sector banks was around 75 per cent in the last two years, for private sector peers it was close to 85 per cent. As a result, while public sector banks posted a negative return on assets and equity, the same for private banks was in double digits.

	RETURN ON ASSETS		RETURN ON EQUITY	
	2014-15	2015-16	2014-15	2015-16
Public sector Bank	0.46	-0.2	7.76	-3.47
Nationalised banks	0.37	-0.49	6.44	-8.52
SBI group	0.66	0.42	10.56	6.78
Private Banks	1.68	1.5	15.74	13.81
Foreign Banks	1.84	1.45	10.24	8
All commercial banks	0.81	0.31	10.42	3.59



Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/higher-current-and-savings-accounts-credit-deposit-ratio-helped-private-banks/articleshow/56464297.cms>

Dated: 11 January, 2017

- **Since November 8, Rs 80,000 Cr. Of Loan Repayment In Old Notes, Says I-T Department:** The government's financial intelligence agencies have detected bank loan repayments to the tune of nearly Rs 80,000 Cr. in cash after the government demonetized old Rs 500 and Rs 1,000 notes two months ago. As it analyses data from multiples sources including bank post demonetization, the government has found that an estimated Rs 3-4 Lakhssss Cr. of tax-evaded income could have found its way in form of deposits during 50-day window provided to get rid of junked Rs 500/ 1,000

notes. The income tax department has been asked to scrutinize details and send notices to the depositors. The total amount deposited in these accounts is more than Rs 7.34 Lakhss Cr.. Over Rs 10,700 Cr. in cash was deposited in different accounts in the north-eastern states since November 9. Separately, the income tax department and the enforcement directorate are looking into deposits to the tune of Rs 16,000 Cr. in different accounts in cooperative banks. The data has brought to light cash deposits of as much as Rs 25,000 Cr. in dormant bank accounts. Prime Minister Narendra Modi on November 8 last year announced that Rs 500 and Rs 1,000 notes would cease to be legal tender and holders of the old currency were given the option to exchange or deposit them in bank accounts by December 30. Law enforcement agencies have been provided with cash deposit data from terrorism-affected states. The official cash deposits of Rs 2 Lakhss to Rs 2.5 Lakhss per account totaling Rs 42,000 Cr. were found to have common Permanent Account Numbers, mobile number or address. This would be looked into detail by the income tax department. Deposits in the Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts too have been analyzed in detail and cash deposited under different thresholds in different regions of the country have been shared with the I-T department. All cash deposits of more than Rs 1 Lakhss under PMJDY accounts would also be looked into based on intelligence inputs. The income tax department has undertaken numerous actions, both intrusive and non-intrusive,

based on the intelligence and referred many cases for parallel probe by the enforcement directorate and the central bureau of investigation. The department has also unearthed non-filers, huge amounts of unaccounted income and shell companies.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/since-november-8-rs-80000-Cr.-of-loan-repayment-in-old-notes-says-i-t-department/articleshow/56439834.cms>

Dated: 11 January, 2017

- **13 Cooperative Banks Deposited Rs 1,600 Cr. In Banned Notes Post Demonetization:**

An ongoing investigation by the Enforcement Directorate against 50 bank branches of ten leading banks across the country has raised suspicions of big money laundering operations across the country post demonetization, using dormant and newly opened accounts. In one case, 13 cooperative banks had deposited around Rs 1,600 Cr. in the Mumbai branch of a commercial bank. Another cooperative bank in Surat deposited Rs 20 Cr. in demonetized notes in its account with the Bank of Baroda. These 14 cooperative banks are among 300 the ED is currently investigating for suspected money laundering. According to sources, an ED audit of the ICICI Bank's BKC branch revealed that Rs 1,596 Cr. in banned currency notes were deposited by 13 cooperative banks between November 16 and 21 in accounts they had with the bank. The ED registered a case in Delhi and arrested two managers of Axis Bank and a chartered accountant for laundering Rs 39 Cr., after they were found misusing the banking channels. The

audit of bank branches revealed dormant accounts were used for deposit of banned notes. At the Axis Bank's Ranchi branch, details of 16 newly opened accounts were found which were used for deposits of banned notes. In Axis Bank's Jaipur branch, 11 cases of third party deposits without proper authorization were found.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/13-cooprative-banks-deposited-rs-1600-Cr.-in-banned-notes-post-demonetisation/articleshow/56466971.cms>

Dated: 11 January, 2017

- **Mobile Banking Gains The Most Immediately After Note Ban:** Mobile banking has turned out to be the real winner so far among all digital payment options as Prime Minister demonetizes Rs 500 and Rs 1000 currency notes, according to Reserve Bank of India's data. Banks have recorded 9.4% month-on-month rise in number of mobile banking transactions with the value growing 20.9% in November. Credit cards and mobile-wallets have also grown in terms of numbers in November but they failed to capture month-on-month growth in volume of payment, perhaps due to the shrinking economic post demonetization. RBI data on payment and settlement system recorded 8.55 Cr. mobile banking transactions worth Rs 137278 Cr. in first month of note ban, compared with 7.81 Cr. transactions worth Rs 113564 Cr. in October. Private sector Axis Bank, which enjoys a 13% share in mobile banking, recorded 37% rise in mobile banking registration in West Bengal and 97% in the North-East. Despite the traction in mobile banking, security and malware

issues related to mobile phones kept consumers concerned. To overcome this, offline digital cash solution providers such as PaySe are making attempts to capture the opportunity. RBI data showed that 9.8 Cr. credit card transaction worth Rs 26432 Cr. took place in November, compared with 8.95 Cr. transactions worth Rs 30242 Cr. in the preceding month. Debit card usage has fallen too both in terms of value and volume. M-wallet providers registered 38.6% jump to 13.80 Cr. transactions in November, compared to 9.96 Cr. in the month back, but volume fell to Rs 3305 Cr. from Rs 3385 Cr..

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/mobile-banking-gains-the-most-immediately-after-note-ban/articleshow/56471519.cms>

Dated: 11 January, 2017

- **Now, Rs 500 Note With One Printed Side Found In Madhya Pradesh:** Less than a week after some farmers in Madhya Pradesh's Sheopur district had received newly printed Rs 2000 notes with Mahatma Gandhi's image missing, another case of misprinted currency notes came to light in Madhya Pradesh. This time, some ATMs in Khargone district gave out 500-rupee notes which were blank on one side. When a resident of Segaoon village in Khargone district withdrew Rs 1,500 from a SBI ATM, he found that two of the 500-rupee currency notes were printed only on one side. Only the side with Mahatma Gandhi's image was printed. The other side was blank. The person immediately reported the matter to the bank, which replaced

the notes. As per SBI's Khargone currency chest in charge, around four misprinted currency notes with one side blank were received and replaced. They tried to ensure that the customers didn't face any trouble. The matter has been reported to the RBI another incident was reported in Khargone city when one person withdrew Rs 4,500 from an ATM in New Radhavallabh Market.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/now-rs-500-note-with-one-printed-side-found-in-madhya-pradesh/articleshow/56490223.cms>

Dated: 12 January, 2017

- **Airtel Rolls Out Payments Bank, To Invest Rs 3,000 Cr.:** Bharti Airtel will invest Rs 3,000 Cr. in its payments bank, as it became the first off the block to launch the new model of banks aimed at taking financial services to the millions who are outside the banking system. The company plans to tap into its telecom customer base and sign up as many as 100 million of them initially for the services, giving it a large base to keep off competition from digital wallet players and others set to enter the segment. The company launched Airtel Payments Bank services across 2,50,000 banking points in all the 29 states. The reach will be more than the number of ATMs in the country, the company claimed. The banking points will be raised to 6,00,000 in a year. It's a target within Airtel to convert at least 100 million of our 270 million customers with Airtel payments bank accounts. Airtel has already invested Rs 1,000 Cr. in technology, platforms, people, marketing and distribution for

the payments bank. Bharti Airtel owns 80 % of the payments bank unit, with Kotak Mahindra Bank holding the rest. More equity partners would be brought into the business overtime. Airtel is the first to go live since the Reserve Bank of India in April last year issued payments bank licences to several players. At Airtel Payments Bank, each account will be identified by the customer's mobile number. It will offer annual interest of 7.25 % and an insurance cover of Rs 1 Lakh, a hook that the company feels will help excite customers outside the Airtel brand as well to use the services. The rate of interest being offered at present, however, is a "welcome offer" and will eventually be lowered. Before going live, Airtel conducted pilot programmes in four states and already has nearly 1 million customers for the payments bank services. The company had learned from Africa, where in countries like Kenya 90 % of the money moved over mobile phones. In India, where a large number of people still have feature phones, payment bank services will be available through voice and SMS services in 12 regional languages. In order to facilitate payments, smartphone customers would be able to access the payments bank through the MyAirtel app, and do transactions through a virtual debit card. The company would not charge any fee from customers and merchants for digital transactions. The company had already on-boarded 1 million merchants and aimed to develop a nation-wide digital payments ecosystem with over 5 million merchants, by March this year. Merchants

including kirana stores, chemist shops and many others would be able to download the merchant app of Airtel Payment Bank. At a later stage, it could tie up with a non-banking finance company, act as a referral bank and route loans to customers and earn commission in the process.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/airtel-payments-bank-launches-nationwide-operations/articleshow/56502339.cms>

Dated: 12 January, 2017

- **Use Plastic Money At Petrol Pumps And Get 0.75% Cash Back Within Next 3 Days:** The government, caught between a rock and a hard place as far as fee on the use of plastic money in petrol pumps is concerned, is now relying on banks to pacify customers. It has directed all banks to immediately inform customers that their cash back would be credited to them soon. The government has directed them to notify customers through SMS that 0.75% cash back would be credited to their accounts soon after they make a payment using digital mode. Further, banks are also asked to credit the amount to the customers' accounts within three working days. Bankers are worried that poor connectivity in various places may make it difficult for them to send an SMS on cash back immediately. This was decided mid-last week at a close-door meeting chaired by Dharmendra Pradhan, minister for state for petroleum and natural gas and attended by CEOs of large commercial banks and finance ministry officials. In the backdrop of the current cash crunch, the government has announced many measures to promote

digital platforms for making payments one of them included a cashback of 0.75% on the purchase of petrol or diesel. Further, it has also been decided that oil marketing companies will bear the merchant discount rate or MDR cost (which is 0.25% on Rs 1,000 and 0.5% on transactions above Rs 1,000) and the government will reimburse the cashback of 0.75% to banks. Pradhan had tweeted last week that customers will not have to bear any cost for using the digital banking channel and the matter will be resolved between banks and oil marketing companies by January 16. As things will work out now, the entire amount will be debited from the customer's account, subsequently, cashback of 0.75% and merchant discount rate that is charged in case debit card will be credited back to the customer's account. The oil marketing companies will bear the MDR cost for debit cards and government will bear the cost of cashback. The issue gains significance as one-third of the country's petrol pump had stopped accepting debit and credit cards of three large private banks after they decided to levy charges on card transactions. This levy was waived during the demonetization exercise to promote a cashless economy. Of the total 53,840 petrol pumps in the country, PoS terminals have been deployed at nearly 37,000 outlets. According to dealers, HDFC Bank caters to 60% of that market.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-to-give-cash-back-in-3-days-notify-customers-immediately-on-using-digital-banking-at-petrol-pump/articleshow/56571466.cms>

Dated: 15 January, 2017

- Cutting Free ATM Withdrawals To Three Being Considered:** The government is considering a proposal to reduce the free withdrawals by more than half to just three, instead of the nearly 8-10 now, including from banks where one has accounts. This proposal, floated by bankers, was discussed in the pre-budget consultations with the finance ministry, and the feeling was that this is one of the ways to push digital. A proposal to bring down free ATM transactions to three per month has been discussed with the finance ministry, and this is one of the measures being considered to disincentives use of cash. For non-customers, banks offer three free transactions in top six metros- Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad and five free transactions in the remaining cities. These rules have been there since Nov 2014. According to most banks, ATM transactions since November have been sporadic and have fallen anywhere between 10% and 20%. If they drop further, costs will rise making the ATM business unviable. If the number

of transactions on ATMs comes down, then a strategy will be made to discourage cash. Banks charge an interchange fee which ranges from Rs 15 to Rs 20 if a customer uses the ATM of a non-home bank. This is a fee the customer's bank pays to the one that maintains the ATM. The first three transactions at other ATMs are free but after this, the bank can choose to pass on the cost to the consumer.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/cutting-free-atm-withdrawals-to-three-being-considered/articleshow/56583306.cms>

Dated: 16 January, 2017

- ICICI Bank Blocks Payments For Its Customers On Flipkart's Wallet Phonepe:**

In a sign of the growing turf war between banks and new economy fintech companies, ICICI Bank has blocked payments by its customers on Flipkart's wallet and payments app PhonePe, citing "restrictive practices" and security concerns over data. The move comes after the country's largest lender, SBI, barred top ups through net banking and cards on mobile wallets last year, citing security issues. PhonePe has partnered with Yes Bank for UPI (Unified Payment Interface) transactions, since currently only banks are allowed access to the UPI payment system. However, according to UPI guidelines, any bank customer can use any banks' UPI app for payments. ICICI Bank customers have not been able to make UPI-based transactions on PhonePe. Some banks, including us, have raised security-related concerns at appropriate forums about the access to UPI data to a non-banking application. Further,



this entity is following restrictive practices allowing users to make payments with only its UPI handle, which is in contravention to the UPI guidelines of interoperability and choice that empowers a customer to choose any app to make payments through UPI. More than 6,000 transactions originating from PhonePe which uses the Yes Bank handle has been blocked by ICICI Bank resulting in widespread complaints being raised on social media. The move comes as banks are looking to promote adoption of their mobile applications through merchant tie-ups and QR code-based payments as aggressive growth in customer base of these third party applications threatens their business models. Even ICICI Bank is in the process of rolling out EasyPay for small merchants to allow digital transactions over the counter through QR code, UPI and others instead of using bulky PoS (point-of-sale) terminals. Simultaneously, even State Bank of India is onboarding merchants on its SBI Buddy platform. The ICICI Bank statement added that it was the “first few banks to introduce UPI through its mobile banking apps”. ICICI Bank’s wallet and UPI-based payments platform Pockets, first launched in February 2015, has exceeded just 5 million downloads on GooglePlay Store. Compared to Pockets, PhonePe crossed 10 million downloads in just six months of its launch.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-blocks-payments-for-its-customers-on-flipkarts-wallet-phonepe/articleshow/56584496.cms>

Dated: 16 January, 2017

- **RBI Arm Tests Tech Behind Bitcoin:** In a boost to use of blockchain technology in banking, the RBI’s research arm has completed the first ever end-to-end test of the technology behind Bitcoin in a project involving regulators, banks, financial institutions and clearing houses. The RBI’s arm, Institute for Development and Research in Banking Technology (IDRBT), conducted the project using the technology behind Bitcoin in a trade application with banks and the National Payments Corporation of India(NPCI) participating too. Blockchain is a public ledger that enables historical recording of all transactions that has occurred in a network in a way that it cannot be altered. Following the project, IDRBT last week released a white paper titled, ‘Applications of blockchain technology to banking and financial sector in India’. In a foreword to the white paper, As per RBI deputy governor Shri R Gandhi, the banking industry world over was looking at the technology, which has the potential to disrupt financial business applications. The white paper concluded that the overall proof of concept provided a good demonstration of the use-cases and helped broaden the understanding of the technology and its potential to other real-life applications. The technology partner for the project was New York-based MonetaGo, which provided the actual platform for test cases including payments with its proprietary enhanced information payments system (EIPS) and trade finance. In another pilot conducted last year, ICICI Bank demonstrated that trade

finance deals can be concluded instantly as against days using the technology. Earlier this month, Yes Bank implemented a multi-nodal blockchain transaction to fully digitise vendor financing for Bajaj Electricals. Axis Bank tied up with distributed financial technology company Ripple to offer cross-border payments solution through technology innovation. According to Chenard, it is still too early for the network effect to kick in for use of BCT. Most bank experiments to date have been either with single institutions or with only a couple of parties to a transaction. And then again, those have been in closed sandbox environments that were deployed simply for testing purposes. Other than the public Bitcoin, blockchain and a few other similar projects, there still haven't been any actual productionised platforms, he added.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-arm-tests-tech-behind-bitcoin/articleshow/56588911.cms>

Dated: 16 January, 2017

- **Third-Party Apps Leaking Info, Claim Banks:** Large banks like ICICI Bank and SBI have raised concerns over non-banks getting access to their customer information through third-party applications developed for the Unified Payments Interface (UPI) platform. ICICI Bank has blocked customers from accessing their accounts using the PhonePe UPI application citing these concerns. Flipkart-owned PhonePe is a third-party app but it is able to be part of UPI through a partnership with Yes Bank. Flipkart recently integrated UPI payments on its website, and is offering customers

cashback on their e-wallet on PhonePe UPI payment. However, users have discovered that they cannot add their ICICI Bank account to the PhonePe UPI app. One of the requirements of being part of the UPI platform is that banks should facilitate interoperability — they should allow customers to be part of the UPI platform through any other bank's app. PhonePe CEO Sameer Nigam raised the issue first on Twitter on Saturday. Wallet companies like Mobikwik and Paytm have been lobbying for access to the UPI interface for wallets. However, PhonePe has been the first off the block thanks to the partnership with Yes Bank. According to industry experts, these developments are clear sign of banks not wanting emerging companies to emerge as a strong competitor in the space. This is similar to what happened between e-commerce firms and offline retailers turf war. Now lot of new age companies have gained strong user base in payments space and banks don't like that so issue will have more friction from both these parties as people migrate further towards digital payments. Banks are however raising the issue of regulatory arbitrage.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/third-party-apps-leaking-info-claim-banks/articleshow/56588531.cms>

Dated: 16 January, 2017

- **ATM Withdrawal Upped To Rs 10,000 Per Day:** The Reserve Bank of India has upped the withdrawal limits from ATMs and current accounts with immediate effect. This move probably shows that the central bank has pushed more cash into the banking system after it drew flak from the

public and opposition parties on the cash crunch triggered by the scrapping of high-value Rs. 500 and Rs. 1,000 bank notes. The limit on withdrawals from ATMs has been enhanced from Rs. 4,500 to Rs. 10,000 per day per card, within the existing overall weekly withdrawal limit of Rs. 24,000. The limit on withdrawal from current accounts, which have been operational for the last three months or more, has been enhanced from Rs. 50,000 to Rs. 1 Lakh per week, and it extends to overdraft and cash credit accounts also. With effect from January 1, 2017, this limit was upped from Rs. 2,500 to Rs. 4,500 per day per card. Cash withdrawals from bank accounts, over the bank counters, were restricted to Rs. 10,000 per day subject to an overall limit of Rs. 20,000 a week from November 9 till end of business on November 24. The limits were to be reviewed after this. On November 13, the weekly limit of Rs. 20,000 for withdrawal from bank accounts was increased to Rs. 24,000 and the daily limit of Rs. 10,000 per day was withdrawn.

Source: <http://www.thehindubusinessline.com/money-and-banking/rbi-increases-withdrawal-limit-to-rs-10000/article9482995.ece>

Dated: 16 January, 2017

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the technology behind Bitcoin in a trade application with banks and the National Payments Corporation of India (NPCI) participating too. Blockchain is a public ledger that enables historical recording of all transactions that has occurred in a network in a way that it cannot be altered. Following the project, IDRBT last week released a white paper titled, 'Applications of blockchain technology to banking and financial sector in India'. The technology partner for the project was New York-based MonetaGo, which provided the actual platform for test cases including payments with its proprietary enhanced information payments system (EIPS) and trade finance. As with any new technology, entrants rely on different platforms and methodologies and it will take some time for standards to evolve. MonetaGo provides blockchain solutions to financial institutions and central banks. It also helps institutions identify and deploy software that integrates with existing banking systems, processes, and settlement mechanisms. However, one of the interesting things for regulators when it comes to this new technology is its ability to provide greater visibility and transparency in real time into the actual transaction records than was previously possible. This innovation has the potential to bring about additional financial stability and market efficiency, which is why many regulators are taking a cautionary but optimistic approach.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-arm-tests-tech-behind-bitcoin/articleshow/56588911.cms>

Dated: 16 January, 2017

- **ATMs Closer To Pre-November 8 Cash Position:** Demonetization seems to have changed the way consumers withdraw money from ATMs, straining the cash dispensing machines at a time when they are yet to start getting their full quota of cash. Compared to pre- demonetization days when there were an average 125 withdrawals from each of the nearly 2.2 Lakhss ATMs, the number has gone up as account holders are using multiple debit cards to stash money at home. This is despite the government raising the withdrawal limit to Rs 4,500 a day (and to Rs 10,000 now). The average withdrawal amount at one go was around Rs 3,500 before Prime Minister decision to do away with old Rs 500 and Rs 1,000 notes. With the withdrawal limits rising, account holders now prefer to go to ATMs instead of going to bank branches where the formalities are more. At the peak of the cash crunch - when there were long queues outside branches and ATMs - banks were making just around Rs 2,000 Cr. available for dispensing through the cash vending machines. With more money being printed at the currency presses, the situation has certainly eased. Estimates suggest that around Rs 9 Lakhss Cr. has been pumped into the system through new Rs 500 and Rs 2,000 notes, and Rs 1-1.25 Lakhss Cr. was available with currency chests across the country. In all, Rs 15.44 Lakhss Cr. had been sucked out of the system through demonetisation and the estimates suggest that close to 60% of the cash is back in the system. As a result, demand still outstrips

supply, resulting in several bank customers not getting their full entitlement of Rs 24,000 a week.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/atms-closer-to-pre-november-8-cash-position/articleshow/56617758.cms>

Dated: 17 January, 2017

- **Many PSU Banks May Skip Dividend Payout This Fiscal:** Hit by demonetization and mounting bad loans, some public sector banks (PSBs) may skip paying dividend which will have implications for government receipts in the current fiscal. Some PSU bankers have already indicated to the Finance Ministry that it may not be possible for them to pay dividend as their profits are likely to remain subdued due to lower credit off take and rising NPAs. As a result, it is expected that the revenue from dividend from public sector banks is likely to be less than Rs 1,000 Cr. as many banks are going to skip dividend payment this financial year. Gross NPAs of PSBs rose to Rs 6,30,323 Cr. at the end of September 30, as against Rs 5,50,346 Cr. by June, 2016. According to analysts, normal banking operation was hit for almost two months due to demonetization leading to decline in income operation of banks. The credit off take hit a record low of 5.3 per cent following note-ban. At this point of time, it seems difficult proposition that banks would be able to pay dividend this year when all of them are seeking higher capital. The government, which is the majority shareholder in all the public sector banks, witnessed 67 per cent decline in dividend receipt from PSU banks at Rs

1,444.6 Cr. as against Rs 4,336.22 Cr. in the previous fiscal. According to the Finance Ministry data, the highest dividend was paid by SBI to government at Rs 1,214.6 Cr. during 2015-16, 22 per cent lower than the previous fiscal. As regards Union Bank of India, the dividend payout was one-third of the previous fiscal at Rs 85 Cr.. For Oriental Bank of Commerce, it was one-fifth compared to the previous financial year at Rs 12.4 Cr. despite increase in government holding due to capital infusion. Those which skipped dividend payments included Allahabad Bank, Bank of Baroda, Bank of India, Canara Bank, Central Bank of India, Corporation Bank, Punjab National Bank, Dena Bank and Syndicate Bank.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/many-psu-banks-may-skip-dividend-payout-this-fiscal/articleshow/56625511.cms>

Dated: 17 January, 2017

- **Over 100 Bank Employees Penalised For Malpractices During Note Ban:** The government has suspended or transferred more than a hundred employees of banks for mismanagement during the demonetization drive. While some employees from state-run lenders have been suspended, others have been transferred. Investigations are on in some cases and if they are found to be guilty, they will be removed from their jobs. Investigating agencies have also zeroed in on some of the most common methods used to launder money. The government had on November 8 announced withdrawal of Rs 500 and Rs 1,000 notes as legal tender, rendering worthless nearly 86 per cent of the total currency in circulation. In

some cases it was found that an account was opened without fulfilling the Know Your Customer (KYC) norms and cash (in old currency) was deposited in these accounts, only to close the account the next day, and a demand draft was issued for the amount deposited. The other method, which was also used in connivance with bank officials, was to use the suspense account of the bank. Suspense account is an account where transactions, both deposits and withdrawals, are kept until they are classified. The demonetized currency was deposited in the suspense accounts and later the amount was transferred into various accounts. The other common methods which were used across banks and branches were loan foreclosures, backdated fixed deposits and new salary accounts opened for a firm. The misuse of Jan Dhan accounts came down drastically after the first week, as it was highlighted the most and both banks and agencies were quick to react. Also, the impact of exchanging old demonetized notes for new currency was put to check by swift action from the government. On November 25, the government revoked the cash exchange facility under which the demonetized Rs 500 and Rs 1,000 notes were allowed to be exchanged for new currency. This was announced a week after the government curtailed the exchange limit from Rs 4,500 to Rs 2,000 a day. Banks are also proactively looking into large deposits or withdrawal done by their staff in their accounts.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/over-100-bank->

*employees-penalised-for-malpractices-during-note-ban/
articleshow/56633722.cms*

Dated: 18 January, 2017

- **Currency In Circulation Grows For The First Time Since Note Ban:** For the first time in 10 weeks, the currency in circulation has shown a growth for the week ended January 13. Total currency in circulation, which as a major component of reserve money or base money printed by Reserve Bank of India, amounted to Rs 9.5 Lakhs Cr. as on January 13, up Rs 52,790 Cr. during the week. This is the first time since high value note ban on November 08, that there is a growth in currency in circulation. At the current levels, the total currency in circulation is still 47% than the pre-ban levels which was 17.97 Lakhs Cr. on November 08. According to estimates by State Bank of India Research, the currency situation could be normalised by end February. Based on the published numbers, going by the pace at which RBI is printing notes, it appears that the Reserve Bank is focusing on printing Rs 500 notes. This is a healthy sign as it is an indication cash and currencies are being pushed more as a medium of exchange rather than store of value. RBI governor Shri Urjit Patel told a Parliamentary panel that Rs. 9.2 Lakhs Cr. have been introduced in new currency so far, which is about 60% of extinguished currencies according to an SBI estimate. The value of high denomination notes of Rs 500 and Rs 1,000 demonetised on November 8 was estimated to be Rs 15.44 Lakhs Cr. But he refused to divulge how much of the demonetised currency

has been deposited into banks. There has been some confusion regarding the exact amount of cash that ceased to be legal tender starting November 9. According to the weekly data that RBI puts out, between November 4 and December 30, total currency in circulation contracted from Rs 17.97 Lakhs Cr. to Rs 9.38 Lakhs Cr. However, in its reply to a Right to Information (RTI) query, the total cash amounted to Rs 24 Lakhs Cr. on November 8 and of this, Rs 500 and Rs 1,000 notes added up to Rs 20.51 Lakhs Cr., or 85%. An affidavit filed by the government in the Supreme Court pegged the proportion of withdrawn notes at 86% or Rs 15.25 Lakhs Cr. out of a total Rs 17.74 Lakhs Cr.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/currency-in-circulation-grows-for-the-first-time-since-note-ban/articleshow/56649193.cms>

Dated: 18 January, 2017

- **SBI Eyes Up To \$1.5 Billion Capital Raising Next Fiscal Year:** India's biggest lender by assets, State Bank of India could tap capital markets next fiscal year to raise up to \$1.5 billion though it first complete planned merger with its subsidiary banks. The lender would look to raise funds from stake sales in its life insurance unit that could list in a year to 18 months, and by paring its holding in UTI Asset Management Company, which is looking to go public. They do plan to raise some capital. However, this is dependent on the fact that there is a merger that they are planning to do. SBI which is merging its five subsidiary banks with itself and taking over a small state run

lender for women, previously expected the merger to be completed by March. The deals could now get delayed by a quarter, as banks are still busy replacing withdrawn banknotes after India's sudden move to cancel 86 percent of its currency. As long as the merger is not over, it could be difficult to approach the capital markets. The lender could look to raise between \$1 billion and \$1.5 billion from the markets. Activities are slowly getting back to normal as effects of the banknote ban subside, although it would still take until the end of February to fully gauge the impact. Smt Bhattacharya hoped recent lending rate cuts by banks including SBI, after they were flush with billions of dollars of deposits following the banknote ban, would help kickstart credit growth, which is hovering near two decade lows. They feel that credit growth will pick up definitely by the second half of next fiscal and they should see substantial pick up. Ratings agency Fitch estimates India's banks will need about \$90 billion to meet global Basel III rules which are due to be fully implemented by March 2019. Indian banks face a March deadline from the country's central bank to identify and make provisions for the troubled assets. It's unlikely now to be finished by March 2017, but probably in another quarter or two it should be at least many of the large ones would have found some kind of resolution. SBI's partner in its life insurance arm was no longer interested in picking up 10 percent more in SBI Life at current valuations. The two sides have been in talks over the stake after India allowed higher foreign holdings

in the insurance sector. In separate deals, SBI last month agreed to sell stakes in SBI Life to KKR and Temasek.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-eyes-up-to-1-5-billion-capital-raising-next-fiscal-year/articleshow/56692145.cms>

Dated: January 20, 2017

- **Restructured Education Loans Not To Be Treated As NPAs:** As per RBI, to encourage banks to provide education loans, rescheduling of payment period of such loans due to unemployment of borrower will not be treated as restructured accounts for computing NPAs. Banks may allow up to three spells of moratorium (not exceeding 6 months each) during life cycle of education loan, taking into account spells of unemployment/underemployment, "without treating the exercise as restructuring". However, banks would be required to maintain a higher provisioning of 5 per cent during the additional moratorium period and one year thereafter. The RBI's response was on a clarification sought by the IBA whether the education loans with extended repayment period be treated as restructured loans. The facility of extended repayment period and increased number of moratorium for repayment may be extended to existing borrowers whose accounts are classified as 'standard'. As per RBI's Master Circular of July 2015, accounts that are restructured from April 2015 will attract higher provisioning and will be classified as NPA. In 2013, the Department of Financial Services (DFS) had notified that if the repayments in education loans

are extended due to revision in the repayment period, the same may not be treated as restructuring. IBA had written to RBI to confirm that the notification of DFS of 2013 “holds good even now” and that banks need not treat such extended repayment period of education loans as restructuring. The relaxation in repayment of loans is needed as “it may so happen that a borrower fails to get a good income or a job if the market has a slow-down”. On the other hand, the student may not get a job, due to macroeconomic conditions, which may result in default and spoils the credit score of both the student and his parents who are usually co-borrowers.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/restructured-education-loans-not-to-be-treated-as-npas-rbi/articleshow/56715563.cms>

Dated: January 20, 2017

- **I-T Department Expands List Of Deposits, Transactions Under Scrutiny:** The income tax department has expanded the list of high value financial transactions that have to be reported by banks, companies, post offices and businesses to include cash deposits of Rs 2.5 lakh or more during the demonetization period. While the Rs 2.5 lakh threshold is for deposits made by individuals across all bank accounts, the floor for current account holders has been fixed at Rs 12.5 lakh. Banks will have to report all cash deposits and fixed deposits above Rs 10 lakh made during the year. For these depositors, the Central Board of Direct Taxes which released the detailed guidelines has sought details of all deposits made since April 2016 . Bank drafts and

prepaid instruments of Rs 10 lakh or more purchased using cash will also have to be reported to the tax department. The latest measures from the tax department are expected to help honest taxpayers breathe easy as a threshold has been fixed below which the authorities are unlikely to harass individuals. The government’s move to scrap some high value notes in early November and its drive against black money has triggered concern about possible harassment of taxpayers by authorities. Over the years, the government has been collecting information on high value transactions which are tallied with tax returns of individuals and companies to ensure there is no tax evasion. In recent years, several transactions without a permanent account number have been detected where the government has sought details from taxpayers and also realized unpaid taxes. The fresh guidelines from the tax department are part of the government’s drive against black money. Post-demonetization, there has been heightened scrutiny by the authorities to plug any evasion and ensure that individuals and companies have not turned black money into white using the banking and financial system. The tax department has already amassed huge data on large cash deposits. Officers are poring through the numbers and emphasis is on high value deposits, and those in dormant and Jan Dhan accounts. In addition, special attention is being paid to cooperative banks, some of which have come under the scanner.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/i-t-department-expands-list-of-deposits-transactions-under-scrutiny/articleshow/56678119.cms>

Dated: January 20, 2017

- **SWIFT To Introduce Security Framework For Member Banks:**

Rising instances of cyber attacks on banks had led to SWIFT, the global network that enables trillions of dollars transfers each day, to introduce a Customer Security Framework that mandates its member banks to upgrade their systems or face the threat of naming and shaming among other member banks. Under this framework, banks have to adhere to 16 mandatory controls and 11 advisory controls, and requires each bank to confirm compliance on an annual basis. Banks which fail to adhere to these controls will be reported to the Reserve Bank of India as well. Between November and December last year, SWIFT India started engaging banks to generate awareness about the new framework. This framework will be released to member banks by the first quarter of the next financial year. While SWIFT will start collecting details on these mandatory controls from Q2 2017, the enforcement of mandatory requirements will start from January 2018. SWIFT will then conduct inspections from internal and external auditors to ensure compliance of these controls. Applying these standards will help raise the security bar for customers on the SWIFT network and support to prevent and detect fraudulent use of their infrastructure. Implementation of these standards will also increase security awareness and education in the

on-going fight against cyber-related wire fraud. In the last eight months, at least four government-owned banks were hit by hackers to create fake trade documents that may have been used to raise finance abroad or facilitate dealings in banned items. As per the audit done with the current member banks, SWIFT has observed that there is a significant opportunity to strengthen the transaction banking channels of Indian banks. According to data with the ministry of finance, top 51 banks in India have lost 485 crore from April 2013 to November 2016. Nearly 56% of the money lost was due to net-banking thefts and card cloning. As per estimates, there are at least 15 ransomware attacks per hour in the country and one in three Indians fall prey to it.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/swift-to-introduce-security-framework-for-member-banks/articleshow/56700360.cms>

Dated: January 21, 2017

- **Bank Unions Call Strike On February 7:**

Demanding solution to the demonetization problems and recovery of bad loans, bank employees and officers unions called for an all India strike on February 7. In a joint statement, the All India Bank Employees Association, All India Bank Officers Association and the Bank Employees Federation of India communicated that ever since the central government announced the demonetization scheme on November 8, 2016, the entire banking sector plunged in turmoil. But even now they find that there is acute shortage of cash supply to the banks with the result

that bank branches are not able to honour even the restricted payments. Most of the ATMs are still non functional and even where they are functioning, there is no cash to dispense. The unions also alleged that there is no transparency in supply of cash to banks. While most of the banks are still suffering from short supply of cash, one cannot understand how few private banks get uninterrupted cash supply. It was reported that when branches were starved of cash supply, huge new currency notes were found with some big people. But there is no answer as to how such huge cash has gone out of the banks. The unions also alleged that when the ordinary and common people are made to face such problems in the name of curbing black money, the big defaulters of bank loans are getting scot free. No action is being taken against the increasing menace of huge bad loans in the banks except provisions from profits, write offs and desperate sale of NPAs.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/bank-unions-call-strike-on-february-7/articleshow/56694352.cms>

Dated: January 21, 2017

- **Two Small Finance Banks Begin Journey, Bringing 19 Lakh In Banking Fold:** Utkarsh Micro Finance and Suryoday Microfinance have commenced banking journey, making it double bonanza for the country's unbanked population. Both have offered higher deposit rates to their customers than the rates offered by universal banks such as State Bank of India and ICICI Bank. The access to public deposits would

reduce their costs of fund as they would not have to rely on banks for funds for lending. Utkarsh is predominately present in the northern states like Uttarakhand and Uttar Pradesh while Suryoday operates mostly in Maharashtra. Utkarsh has 12 lakh borrower-customers while Suryoday has 6.4 lakh. Before this, Capital Small Finance Bank and Equitas Small Finance Bank have begun journey while Reserve Bank of India has offered primary licenses to 10 financial services companies including eight micro lenders. Many of these lenders such as Ujjivan Financial Services and ESAF Microfinance. Meanwhile, Bharti Airtel promoted Airtel Payments Bank became the first payments bank to launch operation on January 12.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/two-small-finance-banks-begin-journey-bringing-19-lakh-in-banking-fold/articleshow/56739312.cms>

Dated: January 23, 2017

- **Centre Pushes For Fingerprint Money Transactions Through Aadhaar Pay:** Keen to push digital payments among the poor and illiterate in rural areas of the country, the government is pushing to popularise Aadhaar Pay which ensures financial transactions by just using fingerprint. Aadhaar Pay, which is merchant version of the already in use Aadhaar-enabled payment system (AEPS), will become an alternative for all online and card transactions which require password and PIN. The app facilitates merchants to take cashless payments from a customer who is only required to give his Aadhaar number,

name of the bank (from where the money is to be deducted) and finger print for authentication. In order to popularise the use of Aadhaar Pay among merchants, the government has asked banks to enrol 30-40 merchants per branch so that they are able to take cashless payments from customers. At present five banks- Andhra Bank, IDFC Bank, IndusInd Bank, State Bank of India and Syndicate Bank have gone live over Aadhaar Pay and several banks are in the process of launching pilots on the app. The plan is to identify Aadhaar Pay transactions separately and to incentivise merchants for long-term sustainability and scalability of the system. As it needs a biometric device costing about Rs 2,000, the government is also working on an incentive model so that cost of the device is amortised over time and the merchants are encouraged to use it. Besides the merchant using the app being enrolled in the bank and the customer's bank account linked to Aadhaar, the biometric data get encrypted leaving little scope for any misuse. Fingerprints can't be copied as it get encrypted. Even if any merchant or customer tries to misuse the fingerprints, he will be caught immediately as the location of merchants using the app is known to the bank. The AEPS platform, launched in December 2012, enabled people to carry out banking transactions over hand-held devices (micro ATM) using the Aadhaar number and fingerprints. The Andhra Pradesh government has launched cashless payments at most of the fair price shops (FPS) and Gujarat, in partnership with CSC e-governance, has launched

cashless payments using AEPS platform at over 3,000 fair price shops.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/centre-pushes-for-fingerprint-money-transactions-through-aadhaar-pay/articleshow/56726868.cms>

Dated: January 23, 2017

- **Banking Board To Organise 'Know Your Rights' Programme In Urban, Rural Areas Soon:** In a bid to create awareness about a bank's commitment towards their customers, the Banking Codes and Standards Board of India will organise "Know Your Rights" programme in select urban and rural areas of the country to enhance awareness on Banking Codes at the grassroot level. BCSBI plans to organise "Know Your Rights" programme in selected urban and rural segments countrywide to enhance awareness on Banking Codes at the grassroot level. . BCSBI for the first time organized a "Know Your Rights" programme for less privileged women in Kerala in association with Kudumbashree. The session focused on simplifying the technicalities of the banking codes in a simple language through a skit and a puppet show, drew participation of over 100 women. At the session the women were enlightened on the Banking Codes and how they protect their rights while using banking services in their day-to-day financial transactions. The interactive session 'interalia' highlighted the importance of having a nominee for their banking products like savings accounts and fixed deposits, the process of exchanging soiled/torn notes, ways to protect their

privacy and confidentiality, introduction to digital banking and the Codes coming to their aid during an unauthorized transaction, grievance redressal mechanism, etc. BCSBI is an independent institution set up to monitor and ensure that the Banking Codes and Standards adopted by banks are adhered to in true spirit while delivering their services. BCSBI also reached out to around 300 customers belonging to the educated sections of society and increased awareness about their bank's commitment towards them.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banking-board-to-organise-know-your-rights-programme-in-urban-rural-areas-soon/articleshow/56737504.cms>

Dated: January 23, 2017

- **Yes Bank To Offer Exclusive Banking Services To Telugu NRIs:** Yes Bank has forged a strategic partnership with Andhra Pradesh Non-Resident Telugu (APNRT) Society to offer exclusive banking services to all Telugu-speaking NRIs in the state. Yes Bank will offer financial services to Telugu-speaking NRIs across the world. Yes Bank has entered into a strategic partnership with Andhra Pradesh Non-Resident Telugu (APNRT) Society, a government of Andhra Pradesh initiative to unite the Telugu diaspora worldwide. The services will provide the community with a platform to engage with their motherland in symbiotic means. The programme will not only cover the NRIs, but their family residing in India as well. GIB will offer services such as savings account, international debit card, state-of-the-art digital banking solutions,

remittance, foreign currency fixed deposits, mediclaim insurance and insurance etc. Yes Bank will also depute a dedicated relationship manager to take care of all banking-related needs of the community. A brainchild of Naidu and Reddy, APNRT is dedicated exclusively to cater to the needs of the non-resident Telugu diaspora.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-to-offer-exclusive-banking-services-to-telugu-nris/articleshow/56756623.cms>

Dated: January 24, 2017

- **NABARD To Raise Rs 20,000 Crore For On-Lending To Co-Op Banks:** Cabinet permitted Nabard to raise about Rs 20,000 crore from the market for on-lending to cooperative banks at 4.50 percent interest with an aim to provide cheaper crop loans to farmers. In the light of good monsoon and expectation of increased credit demand and in order to boost agricultural production, the farmers need to be supported through cooperative banks, which purvey credit at their doorstep, to enable them to scale up their agricultural operation. Nabard will make short term borrowings at prevailing market rate of interest for approximately Rs 20,000 crore for on-lending to cooperative banks at 4.50 percent. Additional capital of Rs 2,000 crore is to be provided to Nabard for this purpose through the Union Budget. To start with, additional capital of Rs 500 crore may be released to Nabard during 2016-17 itself, an interest subvention of about 1.80 percent and Nabard's administrative cost of 0.20 percent will be provided as per the scheme of Department

of Agriculture, Cooperation and Farmers Welfare (DAC&FW). The extent of interest subvention may vary depending on the rate at which Nabard raises funds. The approval will ensure increased availability of short term crop loans to farmers through cooperative banks at reduced rate of interest. National Bank for Agriculture and Rural Development (Nabard) will also coordinate the conversion of operative/live Kisan Credit Cards (KCCs) into RuPay/ATM-enabled KCCs by cooperative banks and Regional Rural Banks (RRBs) in a mission mode. The conversion of operative/live KCCs into RuPay/ ATM-enabled KCCs will enable easy and hassle free availability of credit and in keeping with the spirit of 'Digital' India, will facilitate digital and cashless transactions by farmers.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/nabard-to-raise-rs-20000-crore-for-on-lending-to-co-op-banks/articleshow/56759562.cms>

Dated: January 24, 2017

- **Big Banks Plan Interbank Blockchain Platform:** India's largest banks are building a consortium to test an interbank blockchain platform, putting the country at the cutting edge of adoption of the technology that forms the backbone of cryptocurrency Bitcoin. The move comes after the central bank's technology arm the Institute for Development and Research in Banking Technology (IDRBT) released a white paper, for a blockchain platform to settle trade finance transactions, had been successful. The banks involved in the larger pilot, including State Bank of India

are working with New York-based startup MonetaGo, which will provide the platform. MonetaGo was also the technology provider in IDRBT's pilot. The banks have been working on their own blockchain pilots. But this will create a platform that everyone will build on. However, the banks involved were responsible for over 80% of all transactions in the country. Blockchain which uses a distributed system for recording transactions called hyperledger would help allow the banks to settle transactions more efficiently. Unlike existing technology systems in which a bank maintains its own database, a blockchain system would allow banks to maintain a copy of the transactions. As they occur, the system would update all the records simultaneously, removing the need to reconcile transactions between different banks. In about six months, the platform will get set up and get into production. MonetaGo is part of IDRBT's working group on blockchain technologies. The group includes the top Indian banks and technology firms such as Tata Consultancy Services, Infosys and IBM Research and MonetaGo. The group released a white paper of the pilot for the first blockchain which involved trade finance. It is not that IDRBT chose trade finance or MonetaGo as the sole application or sole partner for the proof-of-concept. Both emerged as part of deliberations of the working group and for an immediate PoC. As of now, the white paper is for circulation among all stakeholders. Indian financial institutions have been experimenting with different

aspects of the blockchain. ICICI, Yes Bank and Axis Bank are some of those who have talked about their moves to use the technology. The Mahindra Group has tied up with IBM to use blockchain to improve its supply chain finance business.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/big-banks-plan-interbank-blockchain-platform/articleshow/56770736.cms>

Dated: January 25, 2017

- **New Round Of Capital Infusion For PSBs**

Soon: The government is likely to soon announce the second tranche of capital infusion in state-run lenders, as it tries to assess their requirements to help them maintain appropriated regulatory capital. Around six banks may get more than Rs 10,000 crore in the second round. Banks have made presentations to the finance ministry on their requirements. It is being discussed with banks. Due to the demonetisation drive, some lenders have not been able to meet the conditions as per the capitalisation programme. There requirements are being reviewed, the government is inclined to have a more lenient approach now, given the pressure banks have to face in the wake of the demonetisation drive. In a recent report, ICRA pegged capital requirement of public sector banks between Rs 1.5 lakh crore and Rs 1.8 lakh crore till FY 17-2019 to meet the Basel III requirements. Most banks have requested that the regulation for capital conservation buffer should be relaxed. RBI has mandated that banks maintain an extra 2% of their assets as capital over the mandatory requirement of 7%.

To infuse more capital, the government should vest the ownership of all banks in a single holding company. It can hold a 51% stake, and the remaining 49% can come as private capital. The holding company can borrow funds from market to garner capital many times its size that can be infused into banks.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/new-round-of-capital-infusion-for-psbs-soon/articleshow/56767380.cms>

Dated: January 25, 2017

- **Iris Scans For Aadhaar Authentication Can Soon Be A Reality In DCB Bank:**

DCB Bank will soon let customers carry out transactions, including opening bank accounts across all its branches using iris scan for Aadhaar authentication. The bank ran a pilot programme at around 10 branches in rural or semiurban branches over the past three weeks, processing about 200 accounts, including opening 100 fresh accounts. More than 100-crore Indians have Aadhaar. Many customers complain about not receiving the debit cards or PIN. In addition to fingerprint, you can also use iris scan to authenticate a person with Aadhaar. The process is simple. For opening an account, a customer only has to share their Aadhaar number, and using an iris scan-enabled phablet, like the one provided by Samsung, the bank will scan their iris. A bank representative points the camera directly at the person's eyes for about three to five seconds, and the Aadhaar details are retrieved from the Aadhaar database. Immediately it could be seen if the photograph matches with the

customer, and address etc, which means that eKYC is done on the spot. DCB Bank also operates nearly 70 Aadhaar-based ATMs in the country, which it had launched last year in June in Bengaluru. The ATMs use fingerprint authentication through Aadhaar instead of ATM/debit card and PIN to dispense cash. The new bank accounts opened by DCB using iris scans during the pilot were pre-opened, which means once eKYC is done using the iris scan, the bank only takes about a day to map the customer's details to a particular account. Existing customers can also update their Aadhaar number using the iris scan. DCB will gradually roll out the feature to all of its nearly 250 branches across the country within the next six months. The Unique Identification Authority of India (UIDAI) had asked smartphone manufacturers to consider making their phones Aadhaar-enabled so that people can authenticate their Aadhaar biometrics on the phone itself to avail the various services.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/iris-scans-for-aadhaar-authentication-can-soon-be-a-reality-in-dcb-bank/articleshow/56803385.cms>

Dated: January 27, 2017

- **Wary SBI May Play Safe With Troubled Borrowers:** The arrest of former bankers who had approved loans to Vijay Mallya's Kingfisher Airlines will hold back India's largest lender State Bank of India (SBI) from throwing a lifeline to a troubled company and proactively rejigging loans to give a business house a second chance. In the course of meetings that followed last week's highprofile arrests by the Central

Bureau of Investigation, the state-owned high-street bank has chosen to let future restructuring of corporate loans be decided through proceedings under the bankruptcy code. Banks often come together to lower interest charge, convert debt into equity, and stretch loan repayment period to help borrowers tide over difficult times and deal with failed businesses. But with bankers who had approved loans to Kingfisher being taken into custody, bank employees want to ring fence themselves against actions taken by government enforcement agencies probing loan defaults and alleged money laundering by Mallya. A public, transparent process of loan restructuring, approved by the National Company Law Tribunal (NCLT), cannot be questioned. NCLT passes orders for insolvency resolution after a creditor initiates proceedings under the bankruptcy law. Among other things, dealing with stressed borrowers and mode of loan restructuring is likely to crop up when bank chief executives meet on February 1 as managing committee members of the Indian Banks' Association, a bank lobby. Under the bankruptcy code, a loan restructuring plan is prepared by an 'insolvency practitioner' whose appointment has to be cleared by NCLT in consultation with banks. Within 180 days of NCLT passing an 'insolvency resolution order', the practitioner takes possession of the assets of the defaulting company, takes over the management, runs it as a going concern, and collects data from the company and banks to formulate the restructuring plan which becomes

operational after three-fourth of the banks agree. If the plan is rejected, NCLT orders liquidation of the company and the insolvency practitioner is appointed as the liquidator. According to regulations, the secured creditors can take possession of the pledged and mortgaged assets to sell them and recover a part of their dues.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/wary-sbi-may-play-safe-with-troubled-borrowers/articleshow/56861685.cms>

Dated: January 30, 2017

- **Mastercard To Tap Growing Indian E-Commerce Market:** Identifying India as one of the fastest growing e-commerce nations, Mastercard will expand its investment by over 30 per cent in tune with the Indian government's "digital India" initiative. "India is one of the top priorities in the region. Mastercard's, one of the world's largest financial transaction firms, investment plans were in line with the Indian government's "digital India" initiative and would help Indian consumers in digital payments in their daily lives. The company was looking at a number of digital payment innovations which were to be launched in India in future, including face recognition, Masterpass and other online payment methods. The mobile penetration in India was the highest and termed it as the key to get the users' access to such digital payment innovations. The investments will also be channelised towards the digital and e-commerce engine giving consumers what they need. The company is eyeing to tap movie launches and sponsoring local sports as a part of its marketing campaigns.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/mastercard-to-tap-growing-indian-e-commerce-market/articleshow/56871582.cms>

Dated: January 30, 2017

- **India Post Payments Bank Starts Pilot Services:** India Post Payments Bank (IPPB) kicked off its operations by rolling out pilot services in Raipur and Ranchi. The bank will offer an interest rate of 4.50% on deposits up to Rs 25,000; 5% on deposits of Rs. 25,000-50,000 and 5.50% on Rs 50,000-1,00,000. The paid up equity of the new bank is Rs 800 crore, of which the government has already infused Rs 275 crore. The idea is to have a branch in every district and make 3 lakh postmen come alive in payment bank function. Also 1,000 ATMs of India Post will be transferred to IPPB. India Post Payments Bank is the third entity to receive payments bank permit after Airtel and Paytm. Payments banks can accept deposits up to Rs 1 lakh per account from individuals and small businesses. The new model of banking allows mobile firms, super market chains and others to cater to banking requirements of individuals and small businesses. It will be set up as a differentiated bank and will confine its activities to acceptance of demand deposits, remittance services, Internet banking and other specified services. In 2015, RBI had granted 'in-principle' approval to 11 entities, including the Department of Posts, to set up payments banks and proposed to give such licences 'on tap' basis in future.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/india-post-payments-bank-starts-pilot-services/articleshow/56877193.cms>

Dated: January 30, 2017

Current Rates (*As On 08/ February/2017)

• Policy Rates:-

Policy Repo Rate	6.25%*
Reverse Repo Rate	5.75%*
Marginal Standing Facility Rate	6.75%*
Bank Rate	6.75%*

• Reserve Ratios:-

Policy Repo Rate	6.25%*
Reverse Repo Rate	5.75%*

• Exchange Rates:-

1 USD/ INR	67.31*
1 Euro/ INR	71.86*
100 Jap. YEN/ INR	59.92*
1 British Pound/ INR	84.17*

• Commodity Rates:-

Gold	29284.00*
Silver	42346.00*
Crude Oil	3477.00*
Natural Gas	210.70*

India's Foreign Trade (Merchandise): December, 2016

- **Merchandise Trade:-**

- o **Exports (Including Re-Exports):** In consonance with the revival exhibited by exports in the last three months, during December, 2016 exports continue to show a positive growth of 5.72 per cent in dollar terms (valued at US\$ 23884.97 million) and 7.79 per cent in Rupee terms (valued at Rs. 162179.89 crore) as compared to US\$ 22593.35 million (Rs. 150461.57 crore) during December, 2015. Cumulative value of exports for the period April-December 2016-17 was US\$ 198807.75 million (Rs. 1333913.57 crore) as against US\$ 197333.62 million (Rs. 1278004.37 crore) registering a positive growth of 0.75 per cent in Dollar terms and positive growth of 4.37 per cent in Rupee terms over the same period last year. Non-petroleum exports in December 2016 were valued at US\$ 21117.73 million against US\$ 20036.19 million in December 2015, an increase of 5.4 %. Non-petroleum exports during April - December 2016-17 were valued at US\$ 176831.24 million as compared to US\$ 172960.12 million for the corresponding period in 2015, an increase of 2.2%. The growth in exports is negative for USA (-1.21%), China (-7.45%) and EU (-6.27%) but exhibited positive growth

in case of Japan (3.79%) for October 2016 over the corresponding period of previous year as per latest WTO statistics.

- o **Imports:** Imports during December 2016 were valued at US\$ 34254.32 million (Rs. 232588.18 crore) which was 0.46 per cent higher in Dollar terms and 2.43 per cent higher in Rupee terms over the level of imports valued at US\$ 34096.49 million (Rs. 227067.28 crore) in December, 2015. Cumulative value of imports for the period April-December 2016-17 was US\$ 275355.92 million (Rs. 1848099.10 crore) as against US\$ 297410.85 million (Rs. 1926024.55 crore) registering a negative growth of 7.42 per cent in Dollar terms and 4.05 per cent in Rupee terms over the same period last year.

- o **Crude Oil And Non-Oil Imports:** Oil imports during December, 2016 were valued at US\$ 7645.42 million which was 14.61 percent higher than oil imports valued at US\$ 6670.61 million in December 2015. Oil imports during April-December, 2016-17 were valued at US\$ 60921.83 million which was 10.76 per cent lower than the oil imports of US\$ 68267.37 million in the corresponding period last year. Non-oil imports during December, 2016 were

estimated at US\$ 26608.90 million which was 2.98 per cent lower than non-oil imports of US\$ 27425.88 million in December, 2015. Non-oil imports during April-December 2016-17 were valued at US\$ 214434.09 million which was 6.42 per cent lower than the level of such imports valued at US\$ 229143.48 million in April-December, 2015-16.

- **Trade In Services:-**

- o **Exports (Receipts):** Exports during November 2016 were valued at US\$ 13338 Million (Rs. 90199.16 Crore) registering a positive growth of 1.72 per cent in dollar terms as compared to negative growth of 4.79 per cent during October 2016 (as per RBI's Press Release for the respective months).
- o **Imports (Payments):** Imports during November 2016 were valued at US\$ 8323 Million (Rs. 56284.87 Crore) registering a positive growth of 8.37 per cent in dollar terms as compared to negative growth of 7.51 per cent during October 2016 (as per RBI's Press Release for the respective months).

- **Trade Balance:-**

- o **Merchandise:** The trade deficit for April-December, 2016-17 was estimated at US\$ 76548.17 million which was 23.51% lower than the deficit of US\$ 100077.23 million during April-December, 2015-16.
- o **Services:** As per RBI's Press Release dated 13th January 2017, the trade balance in Services (i.e. net export

of Services) for November, 2016 was estimated at US\$ 5015 million. The net export of services for April- November, 2016-17 was estimated at US\$ 42806 million which is lower than net export of services of US\$ 46706 million during April- November, 2015-16. (The data for April-November 2015-16 and 2016-17 has been derived by adding April-November month wise QE data of RBI Press Release).

- o **Overall Trade Balance:** Overall the trade balance has improved. Taking merchandise and services together, overall trade deficit for April- December 2016-17 is estimated at US\$ 33742.17 million which is 36.78 percent lower in Dollar terms than the level of US\$ 53371.23 million during April-December 2015-16. (Services data pertains to April-November 2016-17 as November 2016 is the latest data available as per RBI's Press Release dated 13th January 2017).

MERCHANDISE TRADE

Exports & Imports (US \$ Million)		
	December	April-December
Exports (Including Re-Exports)		
2015-16	22593.35	197333.62
2016-17	23884.97	198807.75
% Growth 2016-17/ 2015-16	5.72	0.75
Imports		
2015-16	34096.49	297410.85
2016-17	34254.32	275355.92
% Growth 2016-17/ 2015-16	0.46	-7.42
Trade Balance		
2015-16	-11503.14	-100077.23
2016-17	-10369.35	-76548.17
Exports & Imports (Rs. Crore)		
	December	April-December
Exports (Including Re-Exports)		
2015-16	150461.57	1278004.37
2016-17	162179.89	1333913.57
% Growth 2016-17/ 2015-16	7.79	4.37
Imports		
2015-16	227067.28	1926024.55
2016-17	232588.18	1848099.10
% Growth 2016-17/ 2015-16	2.43	-4.05
Trade Balance		
2015-16	-76605.71	-648020.18
2016-17	-70408.29	-514185.53

SERVICES TRADE

Exports & Imports (Services) : (US \$ Million)	
(Provisional)	November 2016-17
Exports (Receipts)	13338.00
Imports (Payments)	8323.00
Trade Balance	5015.00
Exports & Imports (Services): (Rs. Crore)	
(Provisional)	November 2016-17
Exports (Receipts)	90199.16
Imports (Payments)	56284.87
Trade Balance	33914.29

Top Banking Development

- **Bank of Baroda Ties Up With CNX Corporation:** Public sector lender Bank of Baroda has entered into a partnership with CNX Corporation (CNX) with an objective to provide collateral management services towards the loans against warehouse receipt sanctioned to the farmers through the network of the bank's branches across the country. CNX is engaged in providing warehouse management services relating to commodities and inventories which include collateral management services, field warehousing arrangements, inventory audit services, storage and preservation services, procurement services, testing and certification services, inspection services, monitoring services. This relationship of Bank of Baroda, one of the premier banks of our country, with CNX Corporation (CNX) will immensely benefit the farmers from distress sale of their commodities.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/bank-of-baroda-ties-up-with-cn-x-corporation/articleshow/56296623.cms>

Dated: January 2, 2017

- **Yes Bank Upbeat On Using Blockchain, To Add More Processes:** Mid-sized private lender Yes Bank has entered into a tie-up with Bajaj Electricals for vendor financing using blockchain solution, and announced to use the technology more aggressively as it saves over 70 % in cost. As part of the tie-up, the bank has completely digitalized

its processes when it comes to transactions with Bajaj Electricals and its vendors in such a way that blockchain solutions can be implemented. This will help in clearing short-term working capital loans to Bajaj's vendors almost instantaneously as against the present manual practices which take upwards of four days. There is an over 70% cost reduction because of blockchain and the payback for our investments is 6-8 months. The bank will now look at deploying the same supply-chain financing solutions with more clients and is also keen on leveraging the benefits of blockchain solution to other areas like international payments and trade finance. The bank is at a fairly advanced stage when it comes to international payments and is targeting to start processes within a month, while trade finance will take three months. Blockchain is the future and in the next 2- 3 years every bank will be using it in multiple processes.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-upbeat-on-using-blockchain-to-add-more-processes/articleshow/56314280.cms>

Dated: January 3, 2017

- **RBI Permits Paytm To Launch Its Payments Bank:** India's central bank has given a nod to Delhi-based founder of One97 Communications to launch the Paytm Payments Bank. At Paytm Payments Bank,

our aim is to build a new business model in banking industry, focused on bringing financial services to 100's of millions of un-served or underserved Indians. Paytm's wallet was launched 3 years ago and has garnered the maximum share of market post demonetization. It's imperative to note that the Paytm Payments Bank was expected to be launched in the latter half of 2016 but was stuck in regulatory approvals. Sharma will be associated with the Paytm Payments Bank as a full-time executive. In December, Paytm will transfer its wallet business to the newly-incorporated Paytm Payments Bank Limited (PPBL) after receipt of necessary RBI approvals. The company had incorporated a new company called Paytm E-commerce Pvt Ltd. for its marketplace business in August, 2016.

Source: http://www.moneycontrol.com/news/business/rbi-permits-paytm-to-launch-its-payments-bank_8204681.html

Dated: January 4, 2017

- **Droom Partners With Axis Bank For Quick Sanction Of Loans:** Online automobile marketplace Droom as tied up with Axis Bank to provide quick sanction of loans on both new as well as used cars. This is a step towards becoming a complete ecosystem for buyers to have an impeccable automobile owning experience. Loans will be provided for up to 85% of the value of the car with tenure of 1-5 years. Furthermore, loans on Used Cars can be availed on vehicles upto the age of 10 years at the end of the loan tenure. The recent collaboration is another step in our attempt to provide holistic facilities to our users and enhance the car-buying experience.

Axis bank is globally recognized as one of the most reputed financing organizations with a successful track record of disbursing loans in a quick turn-around time.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/droom-partners-with-axis-bank-for-quick-sanction-of-loans/articleshow/56330382.cms>

Dated: January 4, 2017

- **SBI Partners Coca-Cola, HCCBPL To Promote Digital Payment:** State Bank of India, Coca-Cola India and Hindustan Coca-Cola Beverages have signed an agreement to enable over 2.6 million retailers and 5,000 distributors in conducting business transactions digitally. To aid a smooth transition process, Coca-Cola and SBI will provide training to the retailers on new and evolving digital business transaction solutions. They also act as the tip of the spear for on boarding consumers and merchants to our larger range of financial products. The digital payment solutions in business transactions will help further strengthen our retail chain ecosystem covering over 2.6 million retailers and 5,000 distributors and will substantially reduce the dependence on cash. As India moves towards digitization, "it is critical that the country's un-organized retail sector adopt digital payment systems which will provide them an opportunity to further grow their businesses. HCCBPL and CCIPL will leverage "Coca-Cola University on Wheels" (CCU) under its "Parivartan" programme to train the retailers and distributors on handling digital payments. HCCBPL is the bottling arm of Coa-Cola India in the country. The

training will integrate SBI's developed digital payments module into the training capsule.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-partners-coca-cola-hccbpl-to-promote-digital-payment/articleshow/56337114.cms>

Dated: January 4, 2017

- **SBI To Launch Its Own Version Of Digital Only Bank Soon:** SBI will take the lead among state-run lenders to launch branch less banking. The latest launch from the lender - SBI Digi Bank will have a financial superstore, a market place and end to end digitization for all products and services. SBI will soon rub shoulders with the likes of Europe's M-Bank and Canada's Tangerine Bank as it prepares to launch its own version of Digital only bank in the next 3-6 months. The digital-only bank, which will be device-agnostic, will use the Aadhar infrastructure for not only on-board customers but also provide them services online. Completely zero assisted mode may not be possible initially, so there could be couple of our people who will help customers in our InTouch branches. The bank is working towards removing the use of paper from its branches for end-to-end digitization. It also recently improved its network bandwidth from 64 Kbps to 2 Mbps link to help with this latest project. It plans to increase the network strength from 8 to 10 Mbps which will bring it on par with several other global banks. The bank also plans to deploy software robotics in its back office to increase efficiency. SBI also plans to redeploy branch workforce on ground to sell its products.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-to-launch-its-own-version-of-digital-only-bank-soon/articleshow/56367231.cms>

Dated: January 6, 2017

- **Karnataka Bank Revamps Mobile App:** Karnataka Bank has launched a new version of its mobile app KBL Mobile. It is a complete makeover compared to the earlier platforms and has many new features and enhancements. KBL Mobile app is available in Android, Windows and iOS platforms and customers can download it free of cost.

Source: <http://www.thehindubusinessline.com/money-and-banking/karnataka-bank-revamps-mobile-app/article9464535.ece>

Date: January 6, 2017

- **UCO Bank Launches Suvidha Prepaid Card:** State run UCO Bank has launched its UCO Suvidha Prepaid Card. The prepaid card is a hassle free alternative to cash which can be used for cash withdrawals purchase at Points of Sale or over the Internet. The bank's own customers as well as walk in customers can avail of the card from all branches of the bank. The prepaid card offers the flexibility to load & reload amount as and when required and is targeted by corporate government departments, institutions and other organizations.

Source: <http://www.thehindubusinessline.com/money-and-banking/uco-bank-launches-suvidha-prepaid-card/article9463783.ece>

Date: January 6, 2017

- **Soon, Bank With Humanoid Ira At An HDFC Bank Branch In City:** The private lender HDFC Bank HAS launched what it claimed to be the first `humanoid' in the domestic banking space, and also is looking to

partner with start-ups having technological solutions for rural operations. The bank showcased human-sized robot Ira, developed in association with Kochi-based Asimov Robotics, and will be deployed at a city branch within a fortnight. It will not replace jobs done by humans. As per August 2016 media report, the robot will perform a limited role and act largely as a receptionist, though the humanoid can also move around in the branch. City Union Bank last year introduced robot `Lakshmi', which uses artificial intelligence to handle 125 topics. HDFC Bank also launched the second edition of a summit which offers a platform for start-ups to showcase their innovations aimed at helping the bank.

Source:<http://economictimes.indiatimes.com/industry/banking/finance/banking/soon-bank-with-humanoid-ira-at-an-hdfc-bank-branch-in-city/articleshow/56423711.cms>

Dated: January 9, 2017

- **Utkarsh To Launch Small Finance Bank On January 23:** UK's Commonwealth Development Corporation (CDC)-backed Utkarsh Micro Finance is ready to begin its banking journey and plans to disrupt the market with higher deposit rates. As the bank, it will remove 1% loan processing fee for new borrowers to start with, while look to reduce lending rates in the future. At present it will lend at 15-25% annual rate. This is the first one to launch operation after demonetisation in this small finance bank space. CDC has pumped in Rs 150 crore in tier II capital in the company barely 10-12 days back. Utkarsh Micro Finance with Rs 700 crore net worth

will be the holding company for the new bank, which will cater to the poor in largely in the northern belt. CDC is its key equity investor along with International Finance Corporation and Aavishkaar Goodwell. Utkarsh raised Rs 395 crore from local investors four months back to bring down foreign holding to below 49%, a norm for small finance banks. Utkarsh becomes the third player in this space after Capital Small Finance Bank and Equitas Small Finance Bank. Reserve Bank of India has offered in-principle license to 10 financial services companies including eight micro lenders.

Source:<http://economictimes.indiatimes.com/industry/banking/finance/banking/utkarsh-to-launch-small-finance-bank-on-january-23/articleshow/56718520.cms>

Dated: January 22, 2017

- **HDFC Bank To Deploy 20 Humanoids In Its Branches In Next 2 Years:** India's second largest private sector lender HDFC bank will deploy atleast 20 humanoids in its branches in the next two years. A fortnight ago the bank had announced that it will soon introduce a humanoid IRA - intelligent robotic assistant to help its branch staff in servicing customers. Specific humanoids will be built to cater to needs of customers in those branches. Developed using Robotics and Artificial Intelligence technologies, IRA will be positioned near the Welcome Desk, where it will greet customers and guide them to the relevant counter in the branch such as Cash Deposit, Foreign Exchange, Loans, among others in the first phase. In the next phase, IRA's capabilities will be enhanced further by introducing features

such as Voice and Face recognition for customer identification, Voice-guided navigation, Balance enquiry, and Cheque deposit among others. The bank also has plans to connect its core banking platform to the humanoid to enable it to perform banking transactions.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-bank-to-deploy-20-humanoids-in-its-branches-in-next-2-years/articleshow/56814621.cms>

Dated: January 27, 2017

- **IndiaPost Becomes 3rd Entity To Receive Licence To Start Payment Bank Operations:** IndiaPost has become the third entity to receive a final license last week from the Central Bank to start its payment bank operations. Country's largest telcom service provider Bharti Airtel and digital payments firm Paytm are the other two to have received the license while only Airtel has started operations so far. The government has also appointed Shri AP Singh as interim MD and CEO of the

India Post Payment Bank. A 1986 Indian Postal Service Officer he was earlier Joint Secretary in the department of disinvestment, ministry of Finance and Deputy Director General incharge of financial inclusion and payments systems at Unique Identification Authority of India (UIDAI). Singh was one part of the founding team that launched Aadhaar and was stationed at the department of Post prior to UIDAI. As per the initial road map, each post office in the country will offer the post bank services. The department of post has an existing network of around 1,55,000 post offices currently. The idea is that the 650 branches will be located in postal district headquarters and all the branches under that particular head post office will be enabled by the payment bank services.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/indiapost-becomes-3rd-entity-to-receive-licence-to-start-payment-bank-operations/articleshow/56817032.cms>

Dated: January 28, 2017

Top Banking Appointments

- **Bank of India Approves Appointment Of Chief Financial Officer:** Bank of India has appointed Shri Shanker Iyer, General Manager as Chief Financial Officer of Bank of India w.e.f. January 01, 2017.

Source: http://www.equitybulls.com/admin/news2006/news_det.asp?id=198393

Dated: January 1, 2017

- **Reserve Bank of India Appoints Smt. Surekha Marandi As New ED:** The Reserve Bank of India has appointed Smt. Surekha Marandi as Executive Director (ED) consequent upon superannuation of Shri U.S. Paliwal who retired on December 31, 2016. Smt. Marandi took charge on January 2, 2017. As Executive Director Smt. Marandi will look after Consumer Education and Protection Department, Financial Inclusion and Development Department and Secretary's Department. She has also served on the Boards of United Bank and Bank of Baroda. Prior to being promoted as ED, Smt. Marandi was Principal Chief General Manager and Chief Vigilance Officer in the Reserve Bank.

Source: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=39135

Dated: January 3, 2017

- **RBL Bank Appoints Shri Vincent Valladares As Head Of The Bank's Commercial Banking Division:** Newly listed RBL Bank Ltd has appointed former Citibank

executive Shri Vincent Valladares as head of the bank's commercial banking division. Shri Valladares will be responsible for driving RBL Bank lending to small and medium enterprises (SMEs) and mid-sized companies with revenues under Rs. 2000 Cr. He will report to MD & CEO Shri Vishwavir Ahuja. Shri Valladares has been a Citibank executive for 22 years. Prior to joining RBL Bank, he was Managing Director, Middle East, and head of the Citibank's commercial banking division.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/rbl-bank-appoints-vincent-valladares-as-head-of-the-banks-commercial-banking-division/articleshow/56419763.cms>

Dated: January 9, 2017

- **HSBC Elevates Shri Sandeep Uppal As Regional Head:** HSBC has elevated current India commercial banking head Shri Sandeep Uppal, as regional head of International Subsidiary Banking (ISB), Asia-Pacific with effect from 1 June 2017. Shri Uppal will be responsible for subsidiaries of commercial banking clients across 19 markets in Asia-Pacific. In India, Shri Uppal will be succeeded by Shri Rajat Verma as head of commercial banking in India also with effect from 1 June 2017. Shri Verma is currently HSBC's head of corporates for commercial banking in India and has been with HSBC for more than 19 years. International companies wanting to

manage their subsidiaries in Asia-Pacific come to HSBC for our extensive geographic presence and our local expertise. With over 25 years of banking experience in India, the Philippines, the UK, Hong Kong and Mauritius, Shri Sandeep brings a wealth of experience that will be invaluable to our growth strategy within the region.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/hsbc-elevates-sandeep-uppal-as-regional-head/articleshow/56601538.cms>

Dated: January 16, 2017

- **Shri AP Singh Is Interim Head Of Postal Bank:** India Post Payments Bank (IPPB), floated by the postal department, has received Reserve Bank of India's final nod to commence commercial operations. The Centre has appointed Shri AP Singh, who was earlier Joint Secretary in the Department of Investment and Public Asset Management, as the interim Managing Director and CEO of IPPB. Shri Singh was also in the founding team of the Unique Identification Authority of India.

Source: <http://www.thehindubusinessline.com/money-and-banking/ap-singh-is-interim-head-of-postal-bank/article9508280.ece>

Dated: January 29, 2017

Top Expert Report

- **NPA Pains To Spill Over Into Next Fiscal (Moody's-ICRA):**

As per a report by global credit rating agency Moody's together with its Indian affiliate ICRA, profits of Indian banks will continue to be hit by deteriorating asset quality in the next couple of years resulting in depressed return on equity. Though the pace of asset quality deterioration will slow, it will still remain a key challenge for banks in the next 18 months. Asset quality will remain a negative driver of the credit profiles of most rated Indian banks and the stock of impaired loans. Non-performing loans (NPLs) and standard restructured loans will still rise during the horizon of our outlook. However, asset quality deterioration is not due to fresh stress but largely a legacy issue linked to the strong credit growth seen between 2009 and 2012, when corporate investments were on an upswing. Though asset quality remains under stress the underlying asset trend for Indian banks will be stable because of a generally supportive operating environment. While corporate balance sheets stay weak, a further deterioration in key credit metrics such as debt/equity and interest coverage ratios has been arrested. However, the government's plan to infuse Rs 45,000 Cr. into public sector banks between the current fiscal and fiscal year ended March 2019 is far short

of the Rs 1.5 Lakhssss Cr. to Rs 1.8 Lakhssss Cr. needed by these lenders. Banks can raise around Rs 80,000 Cr. to Rs 95,000 Cr. by issuing AT1 instruments, but risk of servicing these bonds has increased especially for public sector banks after the losses in the last few quarters. In this context, the government may need to materially increase the quantum of capital infusions into the public sector banks, in view of the fact that investor appetite for common equity remains subdued, as evidenced by weak share price multiples. Six public sector banks have Tier I capital of less than the minimum 8.25%, which makes minimum 9.5% target by March 2019 difficult. The Reserve Bank of India's (RBI) asset quality review (AQR) in 2015 was crucial as it helped in pushing banks to recognize some large accounts as being impaired, getting them closer to the "true" level of impaired loans which the rating agency now estimates to be around 1-1.5 percentage points higher than the latest reported numbers. Banks will hence increase focus on resolving large problem accounts but will be limited by their weak reserves and continued pressure on profitability.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/npa-pains-to-spill-over-into-next-fiscal-says-moodys/articleshow/56419610.cms>

Dated: January 9, 2017

- **PSBs Need Equity Worth Rs 1.7 Lakhssss Cr. By March 2019 (Assocham-Crisil):** As per a recent ASSOCHAM- CRISIL joint study has revealed, the public sector banks (PSBs) will by March 2019 need equity worth Rs 1.7 Lakhssss Cr., which can turn out to be higher on an increased credit growth. The public sector banks need equity of Rs 1.7 Lakhssss Cr. by March 2019, which is a tall order considering that banks have so far contributed to nearly half of the debt funding needed in the infrastructure space. The study titled 'Building a new India' was conducted by industry body Associated Chambers of Commerce and Industry of India (Assocham) with global research firm Crisil.

A sharp fall in profitability has reduced capital generation from internal accrual of banks, while weak performance has diminished their ability to raise capital from external sources and the capital needs can turn out to be higher if credit growth is stronger. These constraints would necessitate a large part of infrastructure needs to be met from the corporate bond market. Over the past 10 years, bank lending to the infrastructure sector has grown at a compound annual growth rate (CAGR) of 28 %, which is faster than the overall credit growth. Besides, the infrastructure's share of bank credit has doubled from 7.5 % in 2005 to 15 % in 2016. The study suggested that the ideal mode of financing infrastructure projects is for banks to focus on funding up to the pre-commissioning stage of projects. After the project is commissioned

and stable, banks must refinance the debt through bonds to long-term investors, as such refinancing will free up considerable funds for banks to enable their redeployment in new projects. The report also highlighted that credit enhancement would be the key to making corporate bonds attractive to investors.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-need-equity-worth-rs-1-7-Lakhssss-Cr.-by-march-2019-study/articleshow/56441482.cms>

Dated: January 10, 2017

- **Demonetization Would Not Have A Significant Impact On Economy (Nomura):** As per Japanese financial services firm Nomura, the impact of demonetization on the economy, investment cycle and earnings will not be significant. Nomura has projected about 20% returns for the SENSEX by the end of 2017 as multiples are likely to rise with normalizing growth. The firm is overweight on a mix of public and private sector banks, downstream oil and gas, utilities, four-wheeler and select industrial companies, while it is underweight on telecom and pharmaceutical sectors. It has listed HDFC Bank, State Bank of India, Maruti Suzuki India, Zee Entertainment Enterprises and Indian Oil Corporation as its top stock picks. On November 8, 2016, the government had pulled out 86% of the currency in circulation by demonetizing Rs 500 and Rs 1,000 notes. The equity market tumbled after that but has since gained momentum and is now back to pre-demonetization levels. Nomura estimated that overall impact

of demonetization on earnings could be 3-5% and since expectations of earnings for the SENSEX have been slashed 3% since demonetization, further risk to earnings would be minimal. This factor, combined with cheaper valuation, strong domestic flows and revival in global commodity prices should bode well for Indian equities. It (Indian market) remains cheaper than its five year averages, markets appear cheap in comparison with fixed income after demonetization. The case for higher multiples remains strong also because outlook for other investment options such as real estate looks shaky. Currency circulation worries are also likely to come down. The rising currency in circulation to 6.50% of GDP as of January 20 from an all-time low of 5.90% on January 6 points to good progress in remonetisation. Currency in circulation was at 11.8% of GDP on November 4, before the demonetization. Nomura expects currency-to-GDP ratio to rise to about 9% by March-end. The government is unlikely to take a populist stance in the upcoming Union Budget on February 1.

Source: <http://economictimes.indiatimes.com/markets/stocks/news/demonetisation-would-not-have-a-significant-impact-on-economy/articleshow/56802371.cms>

Dated: January 27, 2017

- **Banks Credit Growth To Remain Subdued At 5-6 Per Cent In FY-17 (ICRA):** According per the report by rating agency ICRA, bank credit growth is likely to remain subdued at 5-6 per cent in the current financial

year on weak loan demand and as debt market continues to offer better priced. Deposit growth is likely to ease further to 12 per cent by end-March 2017, with banks cutting deposit rates and easing cash availability in the system, from 14.7 per cent as on January 6. Credit growth is likely to remain muted at 5-6 per cent at the end of the financial year 2016-17, as demand is yet to display a revival and the debt markets continue to offer more attractive pricing. The deposit growth is likely to drop from the current levels of 14.7 per cent to 12 per cent at end-March 2017 as the improvement in cash availability would enable continued CASA withdrawals over the rest of the quarter. Deposits of the banking system surged sharply after the note ban, from Rs 101.4 trillion as on September 30 to Rs 105.2 trillion on December 23, and further to Rs 105.8 trillion on January 6. Accordingly, bank deposit on a Y-o-Y basis grew from 11.3 per cent on September 30 to 15.2 per cent on December 23, before easing to 14.7 per cent on January 6, on the back of the sharp uptick in deposits in the corresponding reporting fortnight of January 2016. The bonds and commercial paper (CP) continue to be important sources of funds for higher rated entities, as the flows into key investor segments such as mutual funds and insurance companies remain high. Though the absolute CP issuances in the third quarter of the fiscal 2016-17 were lower than the previous two quarters, the CP outstanding recorded a 17.3 per cent YoY increase at

end-December 2016. Despite a fall in sequential bond issuance volumes, the corporate bonds outstanding witnessed a 19.1 per cent YoY growth in December 2016. Notwithstanding the continued growth in the amount outstanding of bonds and CP, the slowdown in the bank credit pulled down the aggregate lending growth from 12.7 per cent in December 2015 to 8.3 per cent YoY in December 2016.

Source: <http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-credit-growth-to-remain-subdued-at-5-6-per-cent-in-fy17-icra/articleshow/56875533.cms>

Dated: January 30, 2017

Top RBI Circulars

Circular Number	Date of Issue	Department	Meant For
RBI/2016-2017/218 Ref. No. IDMD/1977/08.02.032/2016-17	30.1.2017	Internal Debt Management Department	Auction of Government of India Dated Securities
RBI/2016-2017/217 DCM (Plg) No.2905/10.27.00/2016-17	30.1.2017	Department of Currency Management	Limits on Cash withdrawals from Bank accounts and ATMs - Restoration of status quo ante
RBI/2016-2017/216 A.P. (DIR Series) Circular No. 28	25.1.2017	Foreign Exchange Department	Prohibition on Indian Party from making direct investment in countries identified by the Financial Action Task Force (FATF) as "Non Co-operative countries and territories"
RBI/2016-2017/215 Ref. No. IDMD/1860/08.02.032/2016-17	23.1.2017	Internal Debt Management Department	Auction of Government of India Dated Securities
RBI/2016-2017/214 Ref. No. IDMD/1805/08.02.032/2016-17	16.1.2017	Internal Debt Management Department	Auction of Government of India Dated Securities
RBI/2016-2017/213 DCM (Plg) No. 2559 /10.27.00/2016-17	16.1.2017	Department of Currency Management	Enhancement of withdrawal limits from ATMs and Current Accounts
RBI/2016-2017/212 A.P. (DIR Series) Circular No. 27	12.1.2017	Foreign Exchange Department	Evidence of Import under Import Data Processing and Monitoring System (IDPMS)
RBI/2016-2017/211 A.P. (DIR Series) Circular No. 26	12.1.2017	Foreign Exchange Department	Exim Bank's Gol supported Line of Credit of USD 0.17 million to the Government of the Republic of Burundi

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Forthcoming Program and Bulletins

Banking Summit-2016	ASSOCHAM's 12 th Banking Summit cum Social Banking Excellence Awards-2016	1 st Week of March, Mumbai
Bond Market Series	ASSOCHAM's National Conference on Bond Market-2017	21 st February 2017, Hotel Taj Bengal, Kolkata
		23 rd March 2017, Hotel Taj Coromandel, Chennai
		7 th April 2017, Hotel Taj Vivanta, M G Road, Bengaluru
ASSOCHAM Banking Bulletin	Vol-22	10 th March 2017
ASSOCHAM Insurance Bulletin	Vol-2	10 th March 2017