



BBI CHROME

M. L. DAHANUKAR COLLEGE OF COMMERCE

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INTRODUCTION

Banking Sector



SBI TO AUCTION 12 BAD ACCOUNTS TO RECOVER 506 CRORE OF OUTSTANDING RECIEVABLES

The State Bank of India (SBI) will conduct e-auctions of 12 lousy accounts this month to recuperate dues of over Rs 506 crore below sale to asset reconstruction firm (ARC) mechanism.

"In terms of the bank's policy on sale of financial assets, in line with the regulatory guidelines, we place these accounts for sale to ARCs/banks/NBFCs /FIs, on the terms and conditions indicated there against," SBI said in sale notifications. Banks usually auction such assets in a final attempt to recover whatever value is left.

The Accounts belong to the following companies:

Aarya Industrial Products Ltd Rs 72.24 crore, Heavy Metal & Tubes Ltd (Rs 116.91 crore); Shree Vaishnav Industries (Rs 58.92 crore), Sri Balmukund Polyplast (Rs 49.73 crore); Times Ferro Alloys (Rs 41.25 crore); and Bihar Raffia Industries Ltd, Joharilal Agarwala Sales Pvt Ltd (Rs 24.70 crore); Megha Granules Pvt Ltd (Rs 23.21 crore), Abhinandan Interexim (Rs 14.16 crore), Timespac India (Rs 14.03 crore) and Shyam Sales (Rs 2.18 crore).

The first account, which belongs to Aarya Industrial Products, will be auctioned on March 16.

All-India strike by bank employees on 15th and 16th March

The two-day nationwide strike by the public sector bank (PSB) unions was conducted to show their disapproval towards the proposed privatisation. Various services like cash withdrawals, deposits, cheque clearances, remittances and loan approvals were disrupted. The umbrella body of Union Forum of Bank Unions (UFBU) of nine unions had called for it. Business transactions as well as government treasury operations were also impacted.

The central government has been pitching for more privatisation in the public sector. So far, it has merged 14 state-owned banks in the last four years. Basically bank unions are protesting against Finance Minister Nirmala Sitharaman's proposed decision in Union Budget 2021 to privatise public sector banks (PSBs). Private banks functioned normally during this 2 day strike



YES BANK LAUNCHES Scheme for Women's Day



On the occasion of International women's day, Yes bank launched its Yes Essence scheme to provide preferential services to women. This scheme was only launched from 8th to 10th March.

The bank offered a bouquet of solutions, including complimentary healthcare benefits, preferential pricing on loans, fee waiver on Demat and trading account, wealth management, offers on upskilling through partnerships, attractive lifestyle and shopping offers.

The service with exclusive privileges aims to empower women and support them in the pursuit of their dreams and aspirations while also making their banking experience a rewarding one

The scheme was divided into different sections like Benefits for homemakers, salaried women, women entrepreneurs, senior citizens to provide relevant services.

YES BANK

SBI'S DIGITAL TRANSACTIONS HAVE SKYROCKETED TO 67%

State Bank of India has had a favourable increase in the number of digital transactions at its multiple digital channels, with the percentage moving from 60 per cent to 67 per cent from pre pandemic to present. State Bank's digital lending platform - Yono (You Only Need One App) has achieved significant growth during the current financial year.

At present, there are 35 million registered users of Yono and the bank is opening over 35,000-40,000 saving accounts per day with the help of the mobile app.

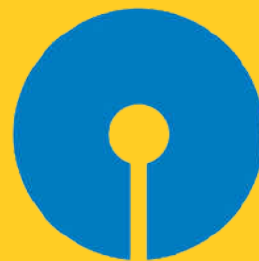
During the current financial year, around Rs 16,000 crore worth of pre-approved personal loans (PAPL) have been disbursed to 12.82 lakh customers through Yono. While 59,000 crore car loans aggregating to around Rs 4,000 crore were sanctioned, the bank could generate 15,000 home loan leads worth Rs 4,000 crore with the help of Yono

The platform also helps in distributing products of the bank's subsidiaries including SBI Life Insurance, SBI General Insurance. The bank is constantly augmenting the infrastructure required to support an increasing number of transactions through all its digital channels.

NEW PAYMENT ENTITY 'NUE' TO BE SET UP BY RBI

New Umbrella Entity will be a non-profit entity that will set-up, manage and operate new payment systems, especially in the retail space such as ATMs. It also provides Aadhaar-based payments and remittance services. In addition to this, they will develop new payment methods, standards and technologies as well as operate clearing and settlement systems.

Only those entities that are owned and controlled by Indian citizens with at least three years of experience in the payments segment can become promoters of NUEs. Also, foreign investment is allowed in NUEs as long as they comply with the existing guidelines. According to reports, several companies have either tied up banks or major tech players to apply for NUEs. Reliance Industries, along with Facebook and Google – which have invested in Jio Platforms



**State Bank
of India**

SBI FINED RS 2 CRORES BY REGULATORY AUTHORITY

Reserve bank of India imposed a penalty of Rs 2 crore on State Bank of India for violation of rules, including specific directions to the lender on remuneration to its employees

Examination of the correspondence with the bank regarding payment of remuneration to its employees in the form of commission, revealed violation of the provisions of the Act and the directions.

After considering SBI's replies, RBI came to the conclusion that "the charges were substantiated and warranted imposition of monetary penalty"

SOLVENCY RATIOS IN THE RECKONING

Dr. Sudha Subramaniam
Core Faculty, M.L. Dahanukar College of Commerce



Risk Management in the face of uncertainty calls for a horde of situational decision-making, flexible strategies and continued vigilance. Although the global Banking Sector is gearing to ensure the Capital Adequacy norms, the regular conduct of business is to a great extent dependent on the solvency ratio. The need to meet short-term and long-term liabilities arising from non-payment of interest and dues by recipients of loans and other banking facilities has the Banking empire perched on a rocking foundation.

Recently, in India, the Supreme Court lifted the stay on the classification of loans as NPAs. Banks have definitely been preparing for such a situation and they are analysing the strategies to continue the activities of lending with sufficient risk management. Bad loans will rise by approximately Rs.1.3 crores after the Supreme Court's assent for the NPA tag. The interest on interest relief has been scaled up to cover all borrowers and this additional relief to large borrowers is quite a surprise. Putting the best foot forward and starting on a clean slate will mean an increase in performance efficiency by Banks as well as by the borrowers. If the economy simultaneously braces with increase in growth indices, we could sustain the value- addition in terms of real-income. Monitoring the growth parameters and regulating the velocity of money in circulation is a needed exercise to ensure stability. Especially considering the fact that volatility needs to be kept in check with strong money-control measures through a combination of monetary and fiscal policy measures.



JP MORGAN IMPROVES AND EXPANDS THIER BLACK RECRUITMENT PROGRAM

JPMorgan Chase & Co is expanding a recruitment program to fast-track more Black college students to internships and jobs in the investment bank, commercial bank and asset & wealth management businesses.

The Advancing Black Pathways fellowship is a six-week paid, professional development program that started in JPMorgan's consumer bank as part of efforts to increase workforce diversity.

Among the students who completed the Advancing Black Pathways fellowship in 2019, 85% returned as JPMorgan interns in 2020. Roughly three-quarters of those interns were hired as full-time analysts this year, according to a JPMorgan spokesman.

NEW CHALLENGE TO ARISE IN FRONT OF UK BANKING SECTORS

More than regulatory pressure is driving banks to manage climate risk. Financing a green agenda is also a commercial imperative—but specialized skills are needed to protect balance sheets.

Despite the COVID-19 pandemic, firms and regulators are keen that the climate risk agenda continues to progress. The Bank of England has continued to emphasize that climate risk is a strategic priority and the Prudential Regulation Authority (PRA)'s 2020-21 Business Plan clearly sets out that climate change brings financial risks that need to be managed now. There is therefore a clear regulatory expectation that firms should continue to make progress executing the plans they submitted in response to the PRA's Supervisory Statement on managing climate risk (SS3/19)

PRA's Supervisory Statement on managing climate risk (SS3/19) key pointers:-

- 1) 71% of respondents state that climate risk is embedded in the firm's long-term corporate strategy...but only 29% have set a science-based target or Net Zero strategy
- 2) 70% of respondents are in the process of defining metrics to quantify their exposure to climate risk with a wide range of metrics under consideration and little consistency between firms.

- 3) 94% of respondents have used initial climate change analysis to explore new business opportunities...but only 53% have incorporated this analysis into risk assessments
- 4) 65% of respondents have not explicitly defined climate risk within their Group Risk Appetite Statement
- 5) 53% of respondents have conducted scenario analysis...but 100% of respondents cite lack of data as a key challenge to conducting the exercise
- 6) 94% of respondents agreed that TCFD-aligned disclosures should become mandatory

BMO TARGETS NET ZERO EMISSIONS IN LENDING BY 2050

Bank of Montreal said on Wednesday it is targeting net zero emissions in its lending portfolio by 2050 and will double its sustainable financing commitment to C\$300 billion (\$237 billion) by 2025, but stressed the need to avoid “abrupt” change. BMO will set an intermediate target for 2030, and is also targeting a 30% reduction in greenhouse gas (GHG) emissions in its operations by 2030 from a 2019 baseline, Canada’s fourth-largest lender said in a statement.

BMO’s Global Asset Management unit will also aim to have only net zero assets under advisement by 2050, it said. The bank also said it is creating a climate institute to find solutions to climate change. Richard Brooks, climate finance director of advocacy group Stand Earth, said BMO “is just following the pack” with a climate announcement that “misses the most important point: the need to end financing of the worst carbon emitters - fossil fuel companies.” “You can’t take leadership action on climate by continuing to fund the expansion of coal and tar sands projects,” he said in a statement.

RUPEES 40 CR. LOAN DEFAULTED BY RELIANCE (RHFL)

Reliance home finance limited has defaulted alone of over rupees 40cr and an interest of rupees 15 lakhs from Punjab and Sind bank. RHFL said in regulatory filings that the companies total obligation is of rupees 200 crores on 5 years 10 your secure term loan at 9.25% per annum from Punjab and Sind bank. Company's total outstanding borrowing from banks and financial institutions is Rs.4358.cr. As per the court order RHFL is prohibited from disposing, alienating, encumbering either directly or indirectly the possession of any it's assets thus directly impacting the ongoing debt resolution. RHFL also said to NHB to impose penalty of Rs. 30,000 on the company for contravention of certain provision

Rates Of Banks

LOAN RATE

For loans, the interest rate is applied to the principal, which is the amount of the loan. The interest rate is the cost of debt for the borrower and the rate of return for the lender.

HOME LOANS

HDFC BANK

10.75 %

For Women less rate of interest is offered

SBI BANK

7.00 %

Upto 30 lacs. On further increases in amount, rates increase by a few percent only

AXIS BANK

7.40 %

It is Latest Updated from 18th Feb 21

ICICI BANK

6.8 %

The Loan Processing Charges / Origination charges which are non-refundable are Upto 2.25 % of loan amount plus GST.

DEPOSIT RATE

In a Fixed Deposit, you put a lump sum in your bank for a fixed tenure at an agreed rate of interest. At the end of the tenure, you receive the amount you have invested plus compound interest. FDs are also called term deposits.

FIXED DEPOSIT

*Rates for ONE year

*Deposits below 2 years

HDFC BANK

4.9 %

Senior citizens are offered more interest.

SBI BANK

4.90 %

Senior Citizens get 0.5% more interest on FDs

AXIS BANK

5.15 %

Domestic Fixed Deposits. (1Yr < 1Yr 5 days)

ICICI BANK

4.90 %

Interest rates (per cent per annum) w.e.f. Oct 21, 2020

RBI RATES

1. POLICY RATES

CURRENT REPO RATE

4.00%

Repo rate or repurchase rate is referred to as the rate at which the central bank (RBI) lends money to the commercial banks for meeting short term fund requirements, in order to maintain liquidity and control inflation.

REVERSE REPO RATE

3.35%

Reverse repo rate is the rate at which the central bank of a country borrows money from commercial banks within the country

MSF RATE

4.25%

Marginal Standing Facility (MSF) rate refers to the rate at which the scheduled banks can borrow funds overnight from RBI against government securities.

BANK RATE

4.25%

Bank rate is the rate charged by the central bank for lending funds to commercial banks

2. RESERVE RATIO

CRR RATE

3%

Cash Reserve Ratio (CRR) is the amount of funds that banks have to maintain with the Reserve Bank of India (RBI) at all times.

SLR RATE

18%

Statutory Liquidity Ratio or SLR is a minimum percentage of deposits that a commercial bank has to maintain in the form of liquid cash, gold or other securities.

MINUTES OF RBI

RBI reducing Bank stakes in Insurers

RBI wants banks to limit ownership stakes of banks in insurance companies at a maximum 20%

MAR 02
03

03
03 MAR

RBI raises concerns over money-laundering checks

RBI has raised concerns around these the anti-money laundering monitoring mechanisms for at least 50 entities

MAR 10
03

RBI takes IDBI Bank out of PCA framework

Prompt Corrective Action (PCA) is a framework under which financially weak and mismanaged banks are put under watch by the RBI

12
03 MAR

RBI finding solutions to better online lending

RBI has reached out to various digital associations like Google etc, for inputs on ways to regulate digital lenders

15
03 MAR

RBI asks banks to apply CTS

RBI asked banks to implement the image-based Cheque Truncation System (CTS) in all branches, a move aimed at faster settlement of cheques resulting in better customer service.

MAJOR EVENTS IN MARCH

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03 All India Bank Strikes 2020-21

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03 Closing Year 2020-21

Insurance Sector

AMENDMENT IN OMBUDSMAN RULE

Insurance policyholder can now solve their grievances online. Financial minister spoke under the amended rules that the timelessness and cost effectiveness of the redressal mechanism has been strengthened. According to the new rules an official gazette also paved way for setting up a complaint management system to enable policyholders to track the status of their complaints online. Ombudsman may use video conferencing for hearing the grievances. According to IRDAI's annual report of financial year 2020 banks and brokers each received about 10,000 mis-selling complaint

ICICI LOMBARD'S UNIQUE INSTASPECT SERVICE CROSSES 10 LAKH MOTOR INSURANCE CLAIMS

General Insurance (ICICI Lombard) on Thursday said its virtual assessment-based motor claims approval facility has settled over 10 lakh cases since its launch in 2018. The DIY (Do-it-yourself) feature InstaSpect is the part of company's IL TakeCare app. The customers can live stream the damage to the insurer, eliminating physical survey. InstaSpect is a virtual survey solution that helps process motor claims more quickly. With InstaSpect, a garage operator can conduct a video survey of a vehicle using the mobile app and an ICICI Lombard surveyor can instantly process the claim based on the video survey. Customers can also report a claim via our ICICI Lombard Insure app and get in touch with insurer instantly via video streaming to do the survey on the spot and get assistance on filing claim and finding the right garage for repairing the vehicle. These have resulted in significantly enhanced customer experience and a reduction in the time taken to process a claim.



FOR PRODUCT APPROVALS, IRDAI MAY SHIFT TO 'FILE AND USE' SYSTEM

IRDAI is considering the change in insurance product approval process by shifting to 'file and use' procedure. According to IRDAI Journal file and use is defined as "An insurer, who wishes to introduce a new product, shall file an application for such product with the Authority and use the product for sale in the market, after getting approvals from the authority. Actuaries need to factor in uncertainties and threats such as climate change and future pandemics while designing appropriate products and determining the pricing in a way that it would provide protection to the public at large at the times of need.



Under the use and file system, insurers are permitted to market products without the regulator's prior approval.

LIFE INSURANCE POLICIES ARE EXPECTED TO BECOME MORE EXPENSIVE AFTER 1ST APRIL



Prices are expected to increase in the new Financial Year starting from April 1, 2021. Some of the insurers have already started hiking their prices. Insuring life is set to get more expensive and harder in the fiscal year starting April. Increased risks due to the pandemic and the adverse loss of global reinsurers are set to weigh on how life covers are priced. The increase in term insurance rates can range between 10% and 15%. Life insurance companies are increasing term insurance premiums because reinsurers have revised their premiums (which life insurers have to pay for re-insuring their risk) upwards. Re-insurers increased their premium rates as the number of claims has been rising. Given the increase in reinsurance premiums, some sources have calculated that life insurance companies are expected to increase premiums by upto a maximum of 40 percent.

SBI GENERAL FORGES TIE-UP WITH INDIAN OVERSEAS BANK

SBI General Insurance said it has tied-up with Indian Overseas Bank (IOB) for a bancassurance partnership for selling its non-life products. SBI General will offer a range of general insurance solutions and innovative products to IOB customers. IOB has over 3,200 branches all over the world.

The alliance is planning for penetration in urban, tier II, and tier III markets and help create awareness about personal lines of insurance.

WHY SMOKERS PAY HIGH PREMIUM FOR TERM INSURANCE?



Life insurance premium is often calculated considering the job profile of the policy seeker. By splitting each industry into smokers and non-smokers to assess their respective premiums, the data revealed that a smoker in a relatively low-risk job profile industry will still be paying significantly more each month for life insurance than a non-smoker in a high-risk job profile.

An important reason why smoking has a much bigger impact on the life insurance premiums than most job profiles are proven detrimental effects of smoking on people's health. Smoking tobacco for long has been associated with rising incidents of life-threatening diseases like lung cancer, tuberculosis, heart ailments, strokes, bronchitis, infertility, and peptic ulcer.

Smoking is a health hazard that increases the risk of ailments. This, in turn, increases the mortality risk for smokers. Thus, smokers are charged a higher premium because they have a higher mortality risk compared to non-smokers.

INCREASING IMPORTANCE OF TRAVEL INSURANCE

Around thirty-four countries across the globe have made travel insurance coverage compulsory for travelers. The ongoing pandemic situation has changed the traveler's perspective of taking risks completely. Travel insurance is taken more seriously than ever before. Travel Insurance not only covers the medical expenses but also covers some significant setbacks or non-medical reasons they face while they are on the travel. It is essential because it is the only credible source of international border assistance. Moreover, it protects everyone from undue costs in cases of a medical emergency, individual accountability, or even other emergencies such as luggage loss.

WORLD'S 1ST BOND TO COVER DAMAGES OF VOLCANIC ERUPTIONS



The Danish Red Cross is offering the world's first catastrophe bond for volcanic eruptions, which is designed to improve the provision and efficiency of humanitarian relief after eruptions of 10 volcanoes across three continents.

The bond aims to raise up to \$3 million from investors for aid in the aftermath of an eruption. Initial investors are three insurance linked securities (ILS) specialists, Plenum Investments, Schroder Investment Management and Solidum Partners.

The 10 volcanoes were selected (Chile, USA, Indonesia, Cameroon, Mexico, Columbia) for the significant humanitarian threat they represent, with at least 700,000 individuals living within 60 miles (100 kilometers) radius of a potential eruption. By using advanced modeling developed by Mitiga Solutions and blockchain technology developed by Replexus, the bond will allow aid to be released more quickly and effectively while offering uncorrelated returns for investors.

AUSTRALIAN FLOODS TO PRESSURIZE ON INURERS

The floods, expected to be among the worst to hit the region in the past 60 years, have led to extensive property damage and the evacuation of thousands of people from their homes. As a result these floods are expected to hit general (or property/casualty) insurers’ underwriting margins and earnings in 2021, while putting more upward pressure on reinsurance rates. Although it is too early to determine the full extent of the damage from the March floods or the cost to Australia’s general insurers, estimated initial cost of claims to be \$483 million with more than 29,000 claims filed.



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BANKING • INSURANCE • CURRENTS AFFAIRS	
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CO_ORDINATOR BCOM (B&I)

DR. MITALI SHELANKAR +91 9833715091

FACULTY

Ms. PRIYA TIWARI +91 9022710333

Ms.RAKHI PITKAR +91 9769438710

EDITOR-IN-CHIEF

SAIRAAJ KARNIK ,+91 8451866924

EDITORS

SIMRAN KHANSALI

simran.khansali@mldc.edu.in

ROHAN PARAB

+91 7738104249

TANVEE SONAWANE

tanvee.sonawane@mldc.edu.in

WRITING

DWEEP KINI

SIDDHI BHOSALE

SHREYA KADAM

JANHAVI PARAB

LAVANYA PATIL

If you wish to contribute to the periodical
Kindly email your articles at
bbiperiodical@gmail.com