



BBI CHROME

M. L. DAHANUKAR COLLEGE OF COMMERCE

BANKING • INSURANCE • CURRENT AFFAIRS

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INTRODUCTION

Banking Sector



What is an ARC?

An Asset Reconstruction Company buys the NPAs or bad assets from banks and financial institutions

- Indian Economy

Budget 2020-21: Setting up of ARC and Privatization of government banks

Finance Minister Nirmala Sitharaman announced setting up an asset reconstruction company (ARC) and an asset management company (AMC) – potentially on the lines of bad banks in the West - to house toxic assets now denting bank books. The proposed privatization of IDBI Bank and two others, yet unnamed, underscored the Centre's intent to enhance efficiency in the financing industry that is crucial to undergird growth – and individual incomes.

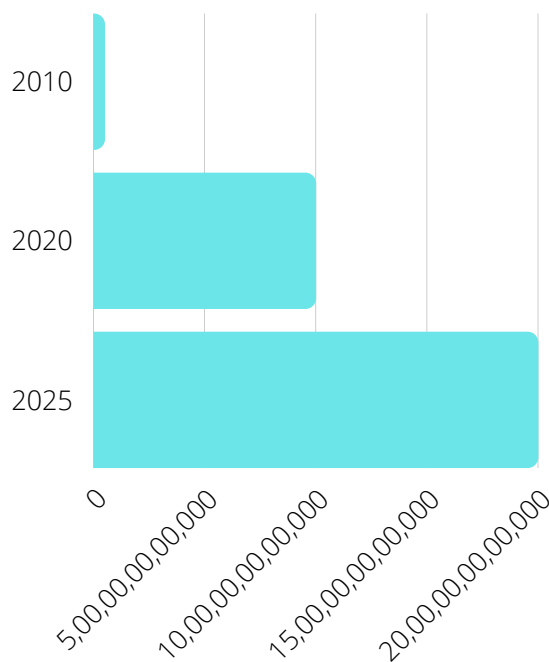
The move to privatize IDBI Bank and two others cheered the markets. Both Nifty Banks and Nifty PSU Banks rallied 8% each, their biggest single-day gains since April 7, 2020. IndusInd Bank NSE 1.90 % and ICICI Bank shares jumped 12% each to their 52-week highs while State Bank of India and RBL Bank NSE -1.56 % shares gained 10% each.

SBI aims to double home loan portfolio in next 5 years to Rs 10 trillion

SBI witnessed a growth in home loans from Rs 89,000 crores to Rs 5 trillion in past 10 years and its aim is to double that to Rs 10 trillion in next five years!

SBI holds a market share of 34% in home loans. Yet SBI's biggest competitors in mortgage lender is HDFC and its asset under management were Rs 5.52 trillion as of December, without discounting the loans it has sold. Due to this SBI is strengthening its underwriting capability to improve delivery.

The bank is looking to use artificial intelligence (AI), block chain to propel not just the home loan business, but also other ventures



Citi Bank made one of 'The Biggest Errors' in banking history

Citi Bank has accidentally transferred \$900 million to the lenders of a cosmetic company.

In reality only \$8 million was meant to be transferred. But due to "Human Error" such a huge amount was transferred.

Some of these lenders returned the amount \$380 million. But rest of the lenders refused to return this amount which was accidentally transferred.

The Bank has assured the people that they will do everything in their power to recover this amount. The rule related to such accidental transfers is known as "Discharge for value defense."

Former SBI chief appointed as advisor to Kotak Groups

Rajnish Kumar, who is the former chairman of SBI is appointed as the executive advisor of Kotak Group \$1 billion stressed asset fund

Mr. Kumar retired as the chairman of the State Bank Of India in October last year after an over four-decade career.

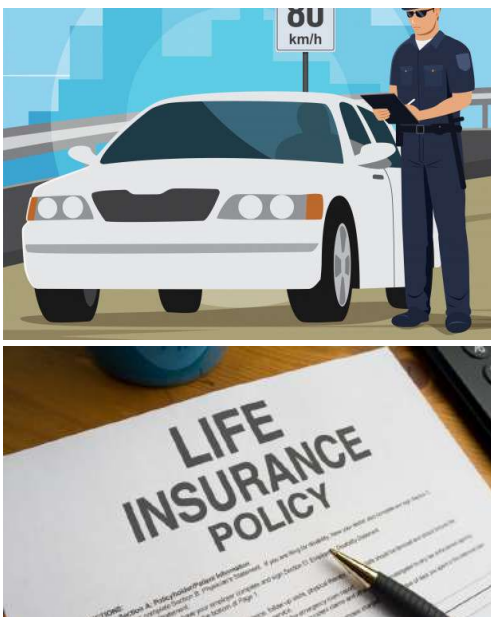
When the asset is not performing because they become doubtful and NPAs
 Stressed assets= NPAs + restructured loans + Written Off Assets.

ICICI COLLABS WITH JAPAN'S MUFG BANK

ICICI bank and Japan's MUFG bank tied up together with an eye on the eastern Asian companies which are based in India. Both the banks have signed an official statement already. It states, that Japan has cumulative foreign direct investment of USD 34.15 billion contributing 7% to India's FDI during that period. The statement has some rules of partnership between the two banks including various aspects like treasury, investment, trade and retail banking which will help both the banks to grow.



BANK UNIONS THREATENED TO GO ON STRIKE...



Bank Unions decided to go on a strike on March 15 and 16 against the government's plan to privatize banks. In the meeting of united forum, the bank Unions urged upon Government to reconsider the demands of the farmers. In the meeting various issues were discussed which was presented in Budget regarding privatization of IDBI Bank, two public sector banks and one general insurer, setting up of a bad bank, disinvestment in LIC, allowing FDI in Insurance Sector up to 74 per cent, etc.

"The meeting observed that all these measures are retrograde and hence need to be protested and opposed," said Venkatachalam General Secretary of (AIBEA). He also said, after deliberations, the meeting decided that intensive struggle programmes and agitational actions have to be launched to fight back these policies of the Government.



WHEN IN NEED COMMERCIAL BANKS ARE MOVING AWAY!!

The Union Budget 2021-22 proposed new DFI with capital of Rs. 20,000 crore. The govt. set a target of Rs. 5 lakh crore in coming 3 years. The earlier DFIs like ICICI, IDBI and IDFC and have all converted into commercial banks . These DFIs had struggled to get long term funds to finance projects. The banking sector did support infrastructure sector, but recent mismatches in asset and liabilities. the new DFI will needs risk mitigation strategies because of credit concentration in few sectors which would put the institution at risk in view of any adverse event. At a time when economy needs banks and institutions to finance long term infra projects, the commercial banks are moving away.

NEW KOTAK MAHINDRA APP TO ALLOW USERS TO TRANSFER MONEY ABROAD



Kotak Mahindra launches its outward forex remittance service, Kotak Remit, which will allow users to transfer money abroad through a digital platform from their mobiles!

Kotak Mahindra's aim is to take banks to a next level by transforming international payment systems and entering a new digital phase. Kotak Remit offers remittances in 15 currencies!

SBI APPLIES BLOCK CHAIN TECHNOLOGY TO SPEED UP PAYMENTS

SBI tied up with JP Morgan Bank to utilize their block chain based payment network. This will speed up SBI's overseas transaction process.

Using blockchain technology reduces alot of overseas transaction time and charges. This will help better cross border payments using very limited steps involved. Block chain is also associated with Bitcoin network

MINUTES OF RBI

RBI appoints audit on HDFC

RBI appoints external firm to audit HDFC's IT infrastructure due to repetitive internet banking service outage

RBI issued Risk Based Internal Audit (RBIA) circular

Aimed at strengthening Internal Audit Function, which work as guidelines and security

RBI conducts Financial Literacy Week [8-12]

Aimed at providing financial education and importance

RBI issues draft guidelines for CDS

CDS is a Credit Derivative Contract in which a protection buyer will pay a premium to the protection seller, which will take care of any loss arising in the event of any default

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RBI's Monetary Policy Committee meet

Aimed to set a benchmark for the interest rates in the market. Outcome will be announced on 5th February

RBI announces a new government borrowing programme

It is aimed at encouraging small investors to become direct investors in government bonds

RBI sets up a panel to strengthen UCBs

This panel is aimed at strengthening and drawing out the potential of Urban Cooperative Banks

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Insurance Sector



OVER RS.1 LAKH CRORE OF PREMIUM SUMMONED BY LIC PENSION AND GROUP SCHEMES.

The LIC of India bags over 1 lakh crore of premium during the first 10 months of the current fiscal year over the pension and group schemes. LIC added, this is the very first time where any single vertical of an insurer has crossed gigantic premium figure for successively for two years and it holds great significance as it was in between of covid-19.

These pension and group schemes of The Life Insurance Corporation of India holds around an amount of 80% market share in the new business premium post the opening of life insurance sector. This vertical of LIC manages over 7 lakh crore through over 80,000 gratuity and leave encashment schemes.

FINMIN TO INFUSE RS 3,000 CR IN GENERAL INSURANCE COMPANIES

The infusion of ₹3,000 crores capital in general insurance companies by Finance Ministry to improve their financial condition will be done after the after grants are passed by Parliament.

Privatisation of one general insurance company was announced. This means the insurance sector needs to absorb changes and enhance the capacity to raise resources and improve risk management.

The cabinet will also increase the share capital of NICL to ₹7,500 crores and that of UIICL and OICL to ₹5,000 crores

LOCKING AWAY INSURED'S WORRIES WITH FACILITY OF DIGILOCKER

Insurance Regulator IRDAI has come up with a new initiative of Digilocker. Digilocker will help citizens to get authentic documents/certificates in digital format from original issuers of the same. Digilocker will help citizens to get authentic documents in digital format from original issuers of the same.

As per the circular, NeGD [National E-Governance Division] will provide help in any technical or logistical support.

This is a step to eliminate used of physical documents making this a customer friendly service.

Alliance between ESIC and NHA under PM Jan Arogya Yojana



Employees' State Insurance Corporation (ESIC) has joined hands with National Health Authority (NHA) facilitate medical facility for it's beneficiary to leverage the medical infrastructure available under Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) in the state of Maharashtra.

This implies that in addition to the hospitals already empanelled by ESIC in the state, a broad network of 807 PMJAY empanelled hospitals would now be available to provide medical care to such

“**Employees be like “Abhi Nirogi din ayenge”**”



STAR HEALTH AND ALLIED INSURANCE

Star Health and Allied Insurance announced the launch of its Arogya Sanjeevani policy and this policy will be offered on PhonePe (digitalised payment gateway). PhonePe users can opt to this scheme and get their families insured.

The policy covers all care procedures, lifelong renewals, cumulative bonus, Cataract treatment and Ayush Treatment to the limit of sum insured.

"For a sum 1 lakh, this policy will be available at an annual premium of only ₹2985, excluding GST"

So haven't taken any health insurance?

Take advantage of this facility

AUTO DEALERS AS A SALES CHANNEL FOR MOTOR INSURANCE

Auto dealers can choose to become sub-brokers, sub-agents or broker or corporate agent for Motor Insurance.

In the profession, business sourced through Motor Insurance Service Providers through insurers make up for 25% of the total motor insurance business or 11.25% of the overall general insurance business



'TRAFFIC VIOLATION PREMIUM' TO BE A PART OF MOTOR INSURANCE

A working group constituted by the regulator recommends adding "traffic violation premium" in motor insurance policies in addition to other motor insurance benefits. If a person wants to buy a policy of any type of motor insurance they will be assessed for any traffic violations which need to be paid. The premium has to be paid by the owner of the vehicle and thereby will have to take full responsibility of the traffic violation irrespective of the driver of the vehicle.

If vehicle is sold, traffic violation shall start from ground zero. This will be run on a pilot basis, every vehicle which gets insured will have to pay traffic violation premium.

The working group also orders all general insurance to modify their motor insurance policy and to make changes in their IT systems to mandatorily collect premium as a separate and additional fifth section.

Every motor insurance buyer, when he/she approaches any general insurer for any type of motor insurance, Own damage or Third party or package, will be assessed for his traffic violation points and traffic violation premium he/she needs to pay.

ICICI COLLAB WITH FLIPKART TO OFFER 'HOSPICASH' BENEFIT TO CONSUMERS

Flipkart has partnered with ICICI Lombard to offer GroupSafeguard insurance policy to consumers. Group SafeGuard allows consumers to avail a payout for each day of hospitalisation.

'Hospicash' benefit under Group SafeGuard insurance will provide cover to Flipkart consumers. The reinsurance is affordable, paperless, and flexible covering both accidental hospitalisations or planned surgeries or any other treatment



EDELWEISS GENERAL INSURANCE (EGI) HAS ENTERED INTO PARTNERSHIP WITH OKINAWA AUTOTECH



Edelweiss General Insurance (EGI) has entered into partnership with Okinawa Autotech, to offer e-bike insurance to their customers. Edelweiss's policy for electric two-wheelers covers the vehicle end to end, including the battery which takes 30 % of vehicle cost. The insurance company will also introduce covers to protect damage to chargers/ cables that are not a part of the vehicle and are used for charging at home. Speaking about the partnership, Shanai Ghosh, CEO of Edelweiss General Insurance,

He said that this partnership reflects the company's strategic focus on the electric vehicle market in the country. Ghosh further added that Edelweiss believes the progressive transition to electric vehicles is integral to India's journey towards eco-friendly transportation; it will help India to contribute toward sustainable growth.

FIRE AND HEALTH INSURANCE GREW, CROP AND MOTOR INSURANCE FELL

In the month of January, health and fire insurers witnessed robust growth in premium collection by 6.7%. On the other hand crop insurance and motor insurance industries observed a downfall.



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