



# BBI CHROME

M. L. DAHANUKAR COLLEGE OF COMMERCE

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## RBI VISION 2019-2021: THE WAY FORWARD

The Indian payments industry has witnessed remarkable growth, innovation and regulatory support over the last few years. The evolution of the digital payments ecosystem in India has been particularly noteworthy. Various stakeholders such as banks, public transport operators, OEMs, payment system operators including card networks, PPI issuers, and financial market infrastructure providers have played an important role in developing the digital payments space in India.

To realise the Government's vision of a "less cash" society, it is imperative to create an inclusive system design, maximising stakeholder participation. With this in mind, RBI in May 2019 released a vision document on Payment and Settlement Systems in India for 2019-2021, actionable by various stakeholders for further enhancing the digital payments architecture in India

## SBI SIGNS ANOTHER \$1 BILLION LOAN AGREEMENT WITH JBIC

In the last year covid-19 crisis has delivered a significant shock to global trade, disrupted production lines and depressed global demand. SBI take initiative to promote the smooth flow of funds for the whole range of business operations of Japanese automobile manufacturers in India. SBI is one of the India's largest lender said that, on 31st march 2021 Wednesday, they signed a loan of \$1 billion with Japan Bank for International Co-operation (JBIC). The bank had signed a similar deal with JBIC in October last year as well. JBIC is wholly owned by the Japanese government. This is collaboration between SBI & JBIC to extending loan facility to entire supply chain of Japanese automobile industry including suppliers, dealers and ultimately to the end users. This opening of a special credit window by India's largest lender is expected to benefit the entire supply chain and retail ecosystem of Japanese automakers.

## LOAN EMI CAN BE PAID FORM G-PAY, PAYTM: KOTAK MAHINDRA



Kotak Mahindra Bank Limited (KMBL) announced the launch of a new way customers can make payment for a missed EMI or an overdue loan instalment using any payment app such as Google Pay, PhonePe, Paytm etc. Kotak Loans is now live on the Bharat Bill Payment System (BBPS) platform. In order to make the payment, customers have to choose "Kotak Mahindra Bank Loan" as the biller name on the payment app of their choice. Details of any EMIs that are past the due date will be displayed and the payment will reflect in the customer's loan account on a real-time basis.

This repayment option is available on all KMBL term loans, including Personal Loans, Home Loans, Consumer Durable Loans, Business Loans, Gold Loans, Loans Against Property, Commercial Vehicle Loans.

## Banks sanction Rs 15 lakh crore under Mudra Yojana in last 6 years

The Finance Ministry on Wednesday said banks and financial institutions have sanctioned Rs 14.96 lakh crore to over 28.68 crore beneficiaries in the last six years. Pradhan Mantri MUDRA Yojana (PMMY) was launched by Prime Minister Narendra Modi on April 8, 2015 to promote entrepreneurship. Ministry of Finance is committed to provide financial inclusiveness and support to the marginalized and hitherto socio-economically neglected classes. It further said that 4.20 crore PMMY loans were sanctioned in 2020-21, and Rs 2.66 lakh crore was allocated in 2020-21 as on March 19, 2021. Under PMMY collateral free loans of up to Rs 10 Lakh are extended by Member Lending Institutions (MLIs) viz Scheduled Commercial Banks, Regional Rural Banks (RRBs), Small Finance Banks (SFBs), Non-Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs) etc.

## ICICI Bank, PhonePe tie up for issuance of FASTags

### SECTIONS

ICICI Bank and digital payment wallet PhonePe have partnered for issuance of FASTag, which facilitates electronic payment of fee at toll plazas. Under the partnership, the issuance of FASTag will take place by using UPI on the PhonePe app. This integration allows over 28 crore registered PhonePe users to order and track the ICICI Bank FASTag conveniently on the app. FASTag is a brand name owned by Indian Highways Management Company Ltd (IHMCL), which carries out electronic tolling and other ancillary projects of the National Highway Authorities of India (NHAI). the association comes in handy even for users who are not customers of ICICI Bank, as it allows them to order and later recharge with the convenience of UPI.



**State Bank  
of India**

## SBI Card sees over growth in its online payments

The SBI Cards and Payments Services (SBI Cards) stock has gained about five per cent since its December quarter (Q3) results. SBI Cards and Payment Services (SBI Card) has been seeing over 50 per cent of its transactions via online payments such as on groceries, utility bills, insurance premium, and hopes the trend to go up further as point of sale purchases are yet to pick up.

The company's card-in-force grew 15 per cent to 1.15 crore in the third quarter of the fiscal ended March 2021 against one crore in the year ago same period.



## **BANKS FEAR 2ND WAVE OF DEFAULTS AS CURBS DAMAGE**

Bankers fear the lockdown-like curbs, including curfews, travel restrictions and mall shutdowns, are likely to hurt borrowers, triggering a second wave of defaults. Without a repayment moratorium like the one announced by the RBI last year, the defaults are likely to pinch banks harder

The second wave also puts bankers at risk. Around 600 bank staff died during the pandemic, data from the Indian Banks' Association showed.

## **PUNJAB NATIONAL BANK LAUNCHES DIGITAL INITIATIVE PNB**

On its 127th foundation day, PNB announced other digital initiatives such as instant opening of online saving account via video-KYC, insta pre-approved loan, insta demat account and insurance facility through internet and mobile banking services.

On its foundation day, the bank also unveiled a coffee table book, portraying a detailed journey and successful amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India with Punjab National Bank.

## **NPAS OF BANKS MAY CROSS 18% IN EXTREME CASE**

Given the second COVID-19 wave all over the country, non-performing assets (NPAs) or bad loans of public sector banks (PSBs) could cross 18 per cent if there is deterioration in economic activity due to the pandemic. As per the Financial Stability Report released by the Reserve Bank of India (RBI), the NPAs of the banking sector were projected to surge to 13.5 per cent of advances by September 2021, from 7.5 per cent in September 2020, under the base line scenario.

Don't go for total privatisation and have 33 per cent as a golden share because in any case, you (government) have to underwrite bank failure today or tomorrow if there is a bank failure. You cannot escape whether public or private," former RBI Governor said.

Lending to the infrastructure sector was majorly done by public sector lenders not by the private sector. Adding asset quality cannot be a distinguishing factor between private and public sector as some of the private sector players too are in bad shape.

There is a difference in perspective, where private sector runs with profitability as the prime motive while bedrock for public sector banks is accountability.

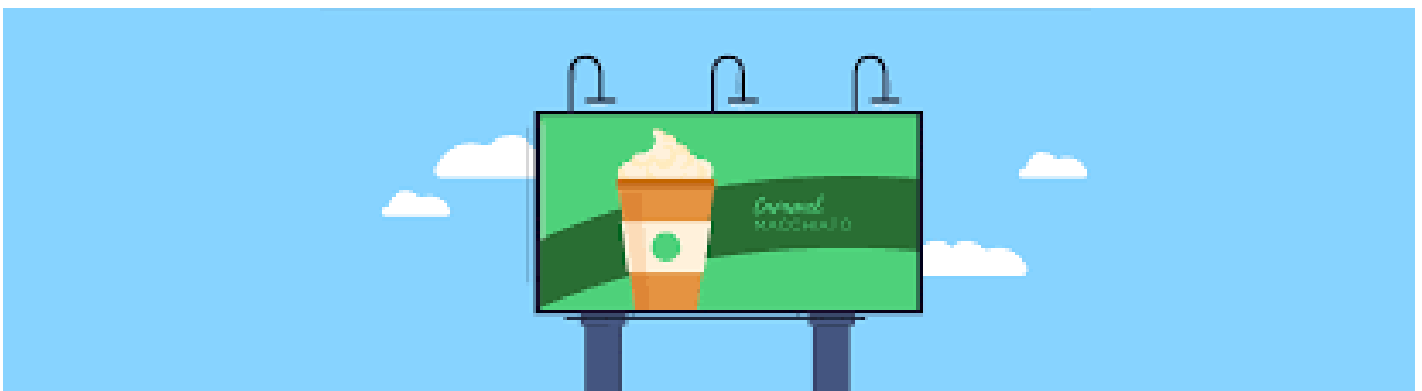
# Insurance Sector

## IRDAI ALLOWS LIFE INSURERS TO ISSUE E-POLICIES FOR ANOTHER SIX MONTHS

IRDAI issued a circular exempting the life insurance companies from the requirement of issuing policy documents and copy of proposal form in physical form, subject to certain conditions. The regulator further said there will be a mandatory 30-day free look period for all such electronic policy documents. Also, the insurer will be required to obtain the express consent of the policyholder to receive an electronic policy bond. If a policyholder insists on hard copy, the same has to be issued without any charge, it added. Meanwhile, the regulator has also permitted the life insurers to file quarterly investment returns electronically

## IRDAI NOTIFIES REGULATIONS ON ADVERTISING RULES FOR INSURANCE COMPANIES

IRDAI has notified restrictions and regulations for insurance companies on advertising policies to safeguard consumer interests. "To ensure that the insurers, intermediaries or insurance intermediaries adopt fair, honest and transparent practices while issuing advertisements and avoid practices that tend to impair the confidence of the public", said IRDAI via circular issued on 12 April. Using design, content or format which disguise, obscure or diminish the significance of any statement, warning or other matter which an advertisement should contain. Using terms/phrases that convey a fabricated sense of security. Where features or benefits prominently displayed are the features or benefits that are applicable under extreme or exceptional scenarios.



## BHARTI AXA, FINCARE JOIN HANDS FOR PARTNERSHI P

Under the partnership, Bharti AXA Life Insurance will offer its comprehensive suite of life insurance products, including protection, savings and investment plans, to the customers of Fincare Small Finance Bank across its 747 branches and digital network presence across the country. This alliance will make life insurance solutions reachable to over 26.5 lakhs customers of Fincare Small Finance Bank and provide financial security to them, according to a joint release issued on Wednesday.

## IRDAI FINES FUTURE GENERALI ₹17 LAKH FOR SELLING UNAPPROVED ADD-ON COVERS



IRDAI has fined Future General India Insurance Company ₹17 lakh for selling unapproved add-on covers with its motor insurance policies without approval of the authority. In a sample of 17 motor insurance policies, IRDAI found that an add-on cover referred as “Plan 1-C” was offered by insurer without filing and taking approval from the regulator. IRDAI had conducted on-site inspection of the insurance company during 15-25 January 2018. For the violation of product filing guideline by offering the add-on cover prior to the approval, the regulator has levied a penalty of ₹1 lakh, and for offering the add-on cover without obtaining consent of policyholder, IRDAI has levied a penalty of ₹16 lakh.

# IRDAI PROPOSES GUIDELINES ON TRADE CREDIT INSURANCE

The IRDAI on Wednesday issued draft proposals on regulatory framework to promote sustainable and healthy development of trade credit insurance for businesses. Trade credit insurance protects businesses against the risk of non-payment for goods and services by buyers. It will enable general insurance companies to offer trade credit insurance with customised covers to improve businesses for the SMEs and MSMEs, considering the evolving insurance risk needs of these sectors.” On the other hand, Commercial risks will cover insolvency or protracted default of the buyer, banks’ responsible for payment in case of a letter of credit transactions and stock holding agent in case of consignment transactions.



# LIC COLLECTS HIGHEST EVER NEW PREMIUM AT RS 1.84 LAKH CRORE



Even as the COVID-19 pandemic rages on, India’s largest life insurer, Life Insurance Corporation collected its highest ever new business premium at Rs 1.84 lakh crore. It also paid out claims worth Rs 1.34 lakh crore to policyholders.

The insurer grabbed 81% shares of the total policies in March and more than 74% for the full year. In the fiscal year gone by, LIC achieved its highest ever First Year Premium Income of Rs.56,406 crores under Individual Assurance Business with a 10.11% growth over last year.

LIC has also booked 2.10 crore policies, out of which 46.72 lakhs were procured in the month of March alone, with a growth of 298.82% over last year for the corresponding month.



# INSURANCE COMPANIES NOW CAN INVEST IN STARTUPS

The insurance regulator Irdai has eased the rules for Indian insurers investing in domestic Fund of Funds (FoF) including those which back startups. The move comes as a major fillip to scores of startups looking at alternative modes of financing other than foreign private equity and venture capital funds. This will also allow Indian insurance companies to widen their portfolios from conservative modes of investment avenues such as government bonds and public infrastructure projects. However, insurers are not allowed to invest in fund of funds that invest in overseas companies



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