

BANKING CURRENT AFFAIRS | JUNE 2018

Reserve Bank tweaked priority sector eligibility and classification norms.

1. PSL guidelines for housing loans with the Affordable Housing Scheme, the housing loan limits for eligibility under priority sector lending will be revised to **Rs 35 lakh in metropolitan centres Rs 28 lakh** earlier (with population of ten lakh and above), and to **Rs 25 lakh from Rs 20 lakh earlier in other centres**, provided the overall cost of the dwelling unit in the metropolitan centre and at other centres does not exceed Rs 45 lakh and Rs 30 lakh, respectively.
2. The existing limit for family income of Rs 2 lakh per annum for loans to housing projects for home construction economically weaker sections and low-income groups, is revised to **Rs. 3 lakh** per annum and Rs. 6 lakh per annum respectively in alignment with the income criteria specified under the Pradhan Mantri Awas Yojana.

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Yes Bank launched a deposit scheme

1. Yes Bank launched a deposit scheme, which could fetch up to **8% for a tenure of little over 18 months**. The bank is eyeing Rs 1,000 crore from the scheme 'Green Future: Deposit' in next three months.
2. This deposit account can be opened for 18 months and 8 days to 18 months and 18 days, with peak interest rate of 7.50 per cent per annum for a regular Green Future. For senior citizens, the account will offer an interest rate of 8 per cent per annum.
3. Rana Kapoor, Managing Director & CEO, said the new Green Future: Deposit is first of many green retail products that will be launched by Yes Bank in this financial year.

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- ✓ India's three major banks SBI, PNB & ICICI Bank increased their benchmark lending rates or MCLR by up to 0.1%, making loans costlier for consumers.
- ✓ Clearing the decks for the merger of IDFC Bank & Capital First, RBI issued a **no objection certificate** to the deal. Capital First is being acquired by IDFC Bank for around \$1.5 billion.
- ✓ RBI opened the doors for **urban co-operative banks (UCBs)** to convert into small finance banks giving them freer access to branches and opening up a larger market for these lenders which are so far local in nature. The **High-Powered Committee on Urban Cooperative Banks (UCB)**, chaired by **Shri R. Gandhi** recommended it.
- ✓ Britain's markets regulator fined the **UK division of India's Canara Bank** for 896,100 pounds (\$1.2 million) and blocked it from accepting new deposits for around five months for systemic anti-money laundering (AML) failures.
- ✓ Former Supreme Court judge **BN Srikrishna** will conduct an investigation into various allegations of impropriety against **ICICI Bank** Chief executive Chanda Kochhar.
- ✓ India, the second largest shareholder at the Asian Infrastructure Investment Bank (AIIB), at the banks governor's meet in Mumbai, to focus on uniting priorities of the government with bank's priorities to secure funds for projects ahead of elections in key states.

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- ✓ Microfinance lenders including private banks such as **Axis Bank, IndusInd Bank & RBL Bank raised their cumulative microloan cap per borrower by 33%** prompted by strong demand in rural India and rise in selfemployment amid poor industrial demand. The new cap proposed by Microfinance Institutions Network (MFIN) is set at Rs. 80000, up from Rs. 60000.
- ✓ **ICICI Bank** appointed former petroleum secretary **Girish Chandra Chaturvedi** as the company's non-executive chairman.

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- ✓ **RBI** decided to **take auditors to task by warning them of stern punitive actions** against them. The new framework will cover instances of divergence identified in asset classification and provisioning during RBI inspection vis--vis the audited financial statements of banks above the threshold specified in this circular.
- ✓ **The government** appointed **Arjit Basu** as managing director of the country's largest lender **State Bank of India**. He will fill the position that fell vacant following the elevation of **Rajnish Kumar** as the chairman.
- ✓ **Axis Bank** launched a **virtual assistant for customers armed with proprietary artificial intelligence and machine learning algorithms** and named it **Axis Aha**.
- ✓ **SBI managing director B Sriram** resigned from the country's largest lender after his appointment as chief executive of **IDBI**.
- ✓ **The government rejected the idea of a bad bank** and is at best lukewarm to an asset reconstruction company (ARC) that will take over state-run banks' toxic loans as it's not keen on diverting more of taxpayers' money toward their resolution in this manner.
- ✓ **The government** set up a committee under **Punjab National Bank** non-executive chairman **Sunil Mehta** to consider the establishment of an asset reconstruction company in yet another push to help resolve the bad

loan burden that afflicts the banking industry. Govt. was setting up of a committee to give recommendations on formation of an Asset Reconstruction Company for faster resolution of stressed accounts.

- ✓ **State-run lenders accounted for a staggering 85%** of nearly 6,500 fraud cases, amounting to more than **Rs. 30,000 crores**, as per the RBI's latest edition of Financial Stability Report. Top 10 banking frauds in 2018 alone lead to a financial loss of Rs. 10,000 crores. Banks had reported nearly 5,000 frauds amounting to Rs 20,000 crore in fiscal year 2017.
- ✓ A **special Pune court** granted bail to **Bank of Maharashtra's** Managing Director and **CEO Ravindra Marathe** in a cheating case involving city-based real estate developer **D S Kulkarni** and his wife, among others.
- ✓ **ICICI Bank** said that its **Chief Executive Chanda Kochhar** would go on leave until the completion of an inquiry over an alleged conflict of interest, and **named Sandeep Bakhshi**, the head of its life insurance unit, as chief operating officer (COO) of the bank.
- ✓ **Chanda Kochhar's** closest confidante **N.S. Kannan** will now head **ICICI Group's** life insurance venture.
- ✓ **Bandhan Bank** said its **board has appointed H R Khan**, a former **RBI deputy governor**, as non-executive chairman.
- ✓ **ICICI Bank** named retired bureaucrat **Girish Chandra Chaturvedi** as **non-executive chairman**.
- ✓ **JPMorgan** elevated **Madhav Kalyan**, **CEO and MD, JPMorgan Chase Bank in India**, to a regional role as the head of corporate banking in South and South-East Asia as it seeks to capitalise on the growing opportunities in the region.

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- ✓ **Punjab National Bank** opened of its first centralised loan processing centre (CLPC) as part of its efforts to strengthen internal systems and processes. Under 'Mission Parivartan', a future-facing initiative to push the bank forward on its transformation journey, many steps have been taken to position the bank as a future-ready bank. It also launched a new initiative called **Reach In Reach Out (RIRO)** as part of efforts to improve credit quality & ensure faster processing of loans.
- ✓ **Losses of public sector banks crossed a whopping Rs 87,300 crores** in 2017-18 fiscal, topped by scam-tainted Punjab National Bank. Of the 21 state-owned banks, **only two banks, Indian Bank and Vijaya Bank**, posted profits during 2017-18.
- ✓ **RBI Governor Urjit Patel** faced tough questions from a parliamentary panel on bad loans, bank frauds, cash crunch and other issues even as he assured the members that steps were being taken to strengthen the system. The panel was headed by senior Congress leader Veerappa Moily.
- ✓ **B Sriram** assumed charge as **Managing Director and CEO of IDBI Bank**. He was appointed in place of Mahesh Kumar Jain who recently took charge as deputy governor of the RBI.
- ✓ **S Raman**, the former chairman and managing director of **Canara Bank** being probed by the Central Bureau of Investigation in connection with loans to Winsome Diamonds, has resigned from the Reserve Bank of India-constituted committee on bad loans and frauds.

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