

BANKING AND FINANCIAL AWARENESS**DIGEST: MAY 2020****AIIB TO PROVIDE \$500 MN LOAN TO INDIA FIGHT COVID-19**

- Asian Infrastructure Investment Bank (AIIB) will provide a loan of \$500 million for fighting against the pandemic COVID-19.
- This loan will be provided under AIIB's Covid-19 Crisis Recovery Facility to help countries to counter the situation due to coronavirus.

**MOODY'S DECREASES INDIA'S GDP GROWTH FORECAST TO
2.5%**

- Moody's Investor Service has cut its GDP forecast for India to 2.5% in 2020.
- Earlier, Moody's projected India's GDP growth to be 5.3%.
- This decrease in the growth forecast is due to the COVID-19 and lockdown in the country.
- However, the agency expects India's GDP to recover in 2021 and the growth rate can be 5.8%. But this rate is subject to the situations due to coronavirus.

**PNB HOUSING FINANCE LIMITED SIGNED AN AGREEMENT
WITH IIT DELHI TO DEVELOP REUSABLE PPE KITS**

- Punjab National Bank Housing Finance Limited has joined hands with the Indian Institute of Technology Delhi for providing support in the research and development of unique prototype material that is used in the manufacture of reusable Personal Protective Equipment(PPE) surgical gowns and masks.
- These kits are being used by the doctors, nurses and other healthcare workers across the country.
- Jacquard knitting technology will be used for the designing and development of PPE kits.

BHARAT DYNAMICS SIGNED AN AGREEMENT WITH IIT KANPUR TO MANUFACTURE VENTILATORS

- A defence public sector undertaking, Bharat Dynamics has entered into an agreement with Indian Institute of Technology Kanpur in order to manufacture ventilators for COVID-19 patients.
- The agreement was actually signed between Bharat Dynamics, IIT Kanpur, its incubator Foundation for Innovation and Research in Science and Technology (FIRST) and Nocca Robotics Pvt Ltd. (NRPL).
- The basic aim of the agreement is to manufacture affordable ventilators.

SIDBI TO LAUNCH INDIA SME SERVICES PLATFORM

- Small Industries Development Bank of India (SIDBI) has announced to launch India SME Services Platform.
- It is an initiative to digitize inclusive access to the enterprise ecosystem.
- The bank said that looking at the current situation due to COVID-19, it is important that Micro, Small and Medium Enterprises (MSME) employ digital platforms and digital payment methods.

DBS BANK CUTS INDIA'S GDP GROWTH FORECAST TO 1% FOR FY21

- Singapore's DBS Bank has revised its forecast for India's GDP growth for the FY21 to 1% from 1.5% earlier.
- The growth forecast of 1.5% was made on April 9 by the bank.
- This is due to the impact of COVID-19.

RBI CANCELLED CKP CO-OP BANK'S LICENSE

- The Reserve Bank of India has cancelled the license Mumbai's 105-year old co-operative bank – The CKP Cooperative Bank Ltd.
- The license of the bank is not valid after April 30.
- This has been done because the financial condition of the bank has deteriorated and it was unable to repay its depositors.
- The depositors of the bank will get a maximum amount of 5 Lakh from the Deposit Insurance and Credit Guarantee Corporation (DICGC) according to the law.
- The law was changed this year only to increase the DICGC limit from 1 lakh to 5 lakh.

'VIKAS ABHAYA'—BY KARNATAKA VIKAS GRAMEENA BANK

- Karnataka Vikas Grameena Bank (KVGB) which is a regional rural bank has launched 'Vikas Abhaya' a loan scheme to provide some relief to Micro, Small, and Medium Enterprise (MSME) borrowers.
- The loan scheme is launched for those borrowers whose business activities are disrupted because of the COVID-19 pandemic in Dharwad, Karnataka.

**RBI EXTENDS REGULATORY BENEFITS UNDER SLF-MF
SCHEME**

- The Reserve Bank of India (RBI) extended the regulatory benefits announced under the special liquidity facility for mutual funds (SLF-MF) scheme to all banks, irrespective of whether they avail funding from RBI or deploy their own resources under the scheme.
- Any bank that meets with the liquidity requirements of mutual funds by extending loans and undertaking outright purchase or repos against the collateral of investment-grade corporate bonds, commercial papers, debentures and certificates of deposit held by mutual funds will be eligible to claim all regulatory benefits.

ATMANIRBHAR BHARAT ABHIYAN ECONOMIC PACKAGE

- Prime Minister Narendra Modi announced a special "Atma nirbhar Bharat Abhiyan economic package" while addressing the nation.
- Stressing on being vocal for local products in India, Modi said that the package is of Rs. 20 lakh crore which is 10 per cent of GDP of the country in this financial year.
- This package is for achieving economic self-reliance. The package aims to provide relief to MSMEs, laborers, street vendors, small traders, farmers and many more.

RBI EXTENDED INTEREST SUBSIDY SCHEME FOR EXPORTERS**TILL 31 MARCH 2021**

- The Reserve Bank of India has extended the interest subsidy scheme for exporters till 31 March 2021.
- This interest subsidy is provided on export credit both before and after shipment of goods to exporters.
- The subsidy scheme named as "Interest Equalization Scheme for pre and post shipment Rupee Export Credit" was ended on March 31, 2020.

FEDERAL BANK, MONEYGRAM JOINED HANDS FOR DIRECT**BANK DEPOSITS IN INDIA**

- Private sector Federal Bank and MoneyGram Payment System have joined hands to provide a facility for direct bank deposits to the customers.
- They have partnered to provide a way to get deposits directly into the bank accounts of customers in India.
- So, non-resident Indians can easily use the service for transferring money to India.

GOVERNMENT RAISES ITS MARKET BORROWING ESTIMATE FOR 2020-21 TO RS 12 LAKH CRORE

- The Indian government has raised its market borrowing limit for 2020-21 to Rs 12 lakh crore.
- Earlier, this market borrowing estimate was Rs 7.80 lakh crore. So, the government has increased the limit by Rs 4.2 lakh crore.
- This limit has been increased to deal with the current COVID-19 situation.

GOLDMAN SACHS AND NOMURA DECREASE THEIR FY21 GDP FORECASTS FOR INDIA

- American Investment Bank Goldman Sachs and Japanese Investment Bank Nomura have decreased their GDP growth forecasts for India for FY21.
- Nomura has decreased its GDP forecast for India to a negative 5 per cent (from -0.5 per cent forecast earlier) for 2020. However, it has increased its forecast for 2021 for the country to 7.9 per cent from 7.3 per cent earlier.
- Goldman Sachs also predicted that Indian economy will contract by 0.4 per cent in FY21.

FM NIRMALA SITHARAMAN LAUNCHES INR-USD FUTURES AND OPTIONS CONTRACTS AT TWO EXCHANGES

- Union Finance Minister Nirmala Sitharaman launched the Rupee Derivatives (INR-USD) for two exchanges- NSE IFSC and BSE-India INX through video conferencing.
- NSE is the National Stock Exchange while BSE-India INX is India International Exchange Limited which was previously known as Bombay Stock Exchange.

STATE BANK OF INDIA CUTS BENCHMARK LENDING RATE BY 15 BPS

- State Bank of India (SBI) cuts its Marginal Cost of Funds based Lending Rate (MCLR) by 15 basis points (bps) across all tenors.
- It also reduced interest rates on retail term deposits by 20 bps for a tenor of up to three years.
- With the newly announced cut, the MCLR (Marginal Cost of Funds based Lending Rate) reduced to 7.25%, from 7.40% with effect from 10 of May.

IBM JOINED HANDS WITH INTELLECT DESIGN ARENA FOR LAUNCHING CLOUD SERVICES FOR BANKS

- IBM has signed an agreement with Intellect Design Arena Ltd to launch Intellect iTurmeric FinCloud on the public cloud of IBM.
- It is a platform that will help the banks and other financial institutions to modernise.
- It is an API-first and cloud-ready microservices-based platform that will provide cloud-based solutions to banks and financial institutions to increase digital transformation.

ICRA PROJECTS INDIA'S GDP GROWTH FORECAST TO BE MINUS 5% FOR FY21

- Credit Rating Agency ICRA has forecasted that the GDP growth rate of India will be minus 5% in the current fiscal year.
- The agency has warned for deep recession in the country.
- The agency has also revised its forecasts for Q1 and Q2. As per revised forecast, growth contraction will be 25% in Q1 which was earlier forecasted as 16-20% while the growth rate will be minus 2.1 per cent in Q2 as compared to previous forecast of 2.1 per cent growth.

KOTAK MAHINDRA BANK INTRODUCES VIDEO-KYC FACILITY FOR SAVINGS ACCOUNT HOLDERS

- Kotak Mahindra Bank has become the first bank in the country to launch video-KYC facility for its Savings Account holders.
- This facility will be provided through the digital banking platform of the bank-Kotak 811.
- Under this video KYC facility, verification of documents and signature will be done through video call.

FLIPKART JOIN HANDS WITH BAJAJ ALLIANZ GENERAL INSURANCE COMPANY FOR DIGITAL MOTOR INSURANCE

- E-commerce Company Flipkart has entered into an agreement with Bajaj Allianz General Insurance Company for providing digital motor insurance to the customers on its platform.
- Through this agreement, customers will be able to buy insurance for their two-wheelers and four wheeler vehicles through Flipkart.

GOLDMAN SACHS REVISES INDIA'S GDP GROWTH FORECAST; SAYS COUNTRY'S ECONOMY TO CONTRACT BY 5%

- American investment bank and financial services company, Goldman Sachs has revised its GDP growth forecast for India.
- The bank has projected that country's GDP growth will be contract by 5% in the current financial year.
- Bank has revised this growth rate because of two factors- poor economic growth of the country in March and extension of lockdown till May end.

CANARA BANK LAUNCHES SPECIAL BUSINESS VERTICAL FOR GOLD LOANS

- Canara Bank has launched a special business vertical for gold loans.
- The bank has launched this special vertical to provide quick, hassle-free gold loans to customers at low interest rates.
- The bank also launched a special gold loan campaign valid till June 30. Interest rate during this campaign is 7.85% per annum.

CENTRE GOVERNMENT, WB SIGNED LOAN AGREEMENTS WITH WORLD BANK AND AIIB

- Government of India and West Bengal government has signed loan agreements with the World Bank and Asian Infrastructure Investment Bank (AIIB) for West Bengal Major Irrigation and Flood Management Project.
- The project is aimed to improve irrigation services and flood management in West Bengal's Damodar Valley Command Area.
- The total expenditure of the project is \$413.8 million. Both World Bank and AIIB will provide \$145million loan under this agreement and West Bengal Government will infuse \$123.8 million in this project.

WORLD BANK APPROVES \$1 BILLION SUPPORT FOR INDIA FOR FIGHTING AGAINST COVID-19

- World Bank has approved USD 1 billion as a support for India in fighting against COVID-19.
- This support will be provided under Accelerating India's COVID-19 Social Protection Response Program.

NABARD SANCTIONED RS 1,500 CRORES TO THE FARMERS OF PUNJAB

- The National Bank for Agriculture and Rural Development (NABARD) has sanctioned an amount of Rs 1,500 crores to the farmers of Punjab state.
- The amount will help to ensure the continuous credit flow to the farmers in the lockdown situation of COVID-19.

RBI ANNOUNCED RS 15,000 CRORE TO EXIM BANK

- Reserve Bank of India has announced a Rs 15,000 crore line of credit (LoC) to the Export-Import Bank of India (EXIM).
- RBI has decided to offer the support to EXIM Bank as it has failed to raise its operation due to pandemic situation of COVID-19.
- The LoC of Rs.15,000 crore for a period of 90 days from the date of availing with rollover up to a maximum period of one year will be granted to EXIM Bank by RBI.

INCREASE IN TRADE CREDIT POLICY COVER LIMIT FROM 85% TO 90%~ IRDAI

- Insurance Regulatory and Development Authority of India (IRDAI) has recommended an increase in protection against finances granted to the policyholders under Trade Credit Insurance (TCI) from 85% to 90%.
- This recommendation has been made by the committee consisting of 9 members expert panel headed by Atul Sahai, New India Assurance Chairman and MD.
- Also, the committee proposed protection against finances for MSMEs to be 95%, in order to grant relief in the event of loss situation.

GOI TO CEASE 7.75% SAVING BONDS

- 7.75% Saving Bonds or Taxable bonds are to be ceased by the Government of India due to the fact of declining interest rates as RBI has lowered the repo rate (repo rate is 4%).
- The 7.75% Saving Bonds or Taxable bonds as commonly known as Reserve Bank of India Bonds or Government of India Bonds.
- These bonds offer higher interest rates as compared to Fixed deposits of banks.

INDIAN ECONOMY TO CONTRACT @ 5% IN FY21

- S&P Global Ratings, which is an American credit rating agency has projected that Indian economy to contract @ 5% in FY21.
- However, for fiscal year 2021-22, the growth is predicted at 8.5%.
- Previously, Fitch and Crisil has also predicted a negative growth of 5% in Indian Economy.

INDIA'S GDP TO BE 4.2% IN 2019-20

- National Statistical Office has released the data describing that economic growth for India has slowed to an 11 year low of 4.2% for FY 2019-2020.
- The GDP was 6.1% in 2018-2019, whereas for 2019-2020 it is marked to be 4.2% and has been marked as the slowest GDP in the 11 years.
- The GDP for the fourth quarter is estimated to be 3.1%