VOLUME-18

ASSOCHAM INDIA

ASSOCHAM
Banking e-Bulletin

November, 2016

The Associated Chambers of Commerce and Industry of India

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Top Banking News

- **Panel To Prepare Ground For Kerala Cooperative Bank:** The Kerala government took one more step towards making the proposal to set up a Kerala Cooperative Bank a reality by constituting an expert committee to submit a detailed report after studying the various aspects of the project. The government has decided to give serious consideration to the proposal to merge the Kerala State Cooperative Bank with the 14 District Cooperative Banks for the formation of Kerala Cooperative Bank. The expert committee will be headed by M S Sreeram, professor, IIM Bangalore. VS Senthil, additional chief secretary, Planning Department, CP Mohan, former GM of Nabard, and TP Balakrishnan will be the other members while P Venugopal, special secretary, Cooperation Department, will be the member secretary. The government's intention to set up a Kerala Cooperative Bank was mentioned in the governor's address in June and in the budget speech in July. The terms of reference of the panel include an analysis of the proposed structural changes, prepare a detailed scheme for merger incorporating the assets and liabilities of the different banks, to review the human resource and prepare a scheme for cadre merger and suggest scope for new technology adoption.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/panel-to-prepare-ground-for-kerala-cooperative-bank/articleshow/54618633.cms

Dated: 1 October, 2016

- **SBI Chairperson Smt. Arundhati Bhattacharya Gets A Year's Extension:** Government has given one-year extension to SBI chief Arundhati Bhattacharya amid the lender's consolidation with its associate banks. According to top government sources, the incumbent SBI chairman has been given one-year extension. This will provide continuity at a time when the process of consolidation is going on. Earlier this year, the Cabinet gave its nod for merger of State Bank of India (SBI), its associate lenders and Bharatiya Mahila Bank (BMB) that would make the state-owned lender a global-sized bank. SBI has five associate lenders- State Bank of Bikaner and Jaipur, State Bank of Travancore, State Bank of Patiala, State Bank of Mysore and State Bank of Hyderabad. State Bank of Bikaner and Jaipur, State Bank of Mysore and State Bank of Travancore are listed. The merged entity will become a banking behemoth, which could compete with the largest in the world, with an asset base of Rs 37 Lakhs Cr. (Over USD 555 billion), 22,500 branches and 58,000 ATMs. It will have over 50 Cr. customers. All SBI associate banks and BMB will be merged into it, which will add an additional Rs 8 Lakhs Cr. to its assets. It has close to 16,500 branches, including 191 foreign offices across 36 countries. SBI first merged State Bank of Saurashtra with itself in 2008. Two years later, State Bank of Indore was merged with it.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-chairman-arundhati-bhattacharya-gets-a-years-extension/articleshow/54625643.cms

Dated: 1 October, 2016

- **SBI, IIT Kharagpur To Collaborate On Fintech Innovation:** State Bank of India (SBI) has signed a MoU with IIT Kharagpur to foster innovation in the financial technology space. The wider programme includes ideation, incubation, experimentation and commercialization of new technology driven products and services for the banking sector. These institutions of national importance have come together to bring the benefits of synergy and complementing each other's capabilities to take innovation and fin-tech. The action plan includes collaborative research, Centre of Excellence (CoE) and running proof of concepts in various areas.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-iit-kharagpur-to-collaborate-on-fintech-innovation/articleshow/54660990.cms

Dated: 3 October, 2016

- **RBI Likely To Maintain Easy Liquidity Stance:** The Reserve Bank of India may tweak its policy of infusing cash into the banking system if there is an increase in overseas investments in India. The central bank has added cash in the system by conducting open market operations through government bond purchases in the recent past, helping to pass on the benefit of earlier rate cuts to borrowers. The RBI may reduce the frequency of OMOs if overseas investment rises. When investing in India, foreigners convert dollars and other overseas currencies into rupees. If, as a result, the local currency rises sharply, the RBI may initiate the sale of rupees to curb volatility in the currency market. This in turn, improves rupee liquidity in the banking system. The central bank cut the policy rate by a quarter %age point to 6.25%. Some researchers now expect another 25 basis point rate reduction by March as the RBI sees mitigated upside risk to inflation, a key to interest rate reductions. The policy speaks of pragmatism taking cognisance of global developments. Overseas investors should draw inspiration from this policy. The benchmark bond yield fell 6 basis points, while short-term government bond yields dipped as much as 9 basis points, pushing prices up. The benchmark bond yield was 6.72% versus 6.78%. The government bond maturing in 2020 yielded 6.62% compared with 6.71%. Market participants are taking the rate cut positively. The expectation of at least one more rate cut in this fiscal, coupled with the easy liquidity stance, will keep the market supported from investors and traders alike. September was the best month for Indian bonds, with foreign investments touching a record Rs 9,789 Cr. according to data from the National Securities Depository Ltd.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-likely-to-maintain-easy-liquidity-stance/articleshow/54679564.cms

Dated: 4 October, 2016

- **Banks Promise Diwali Gift, To Swiftly Transmit RBI's 0.25% Rate Cut:** In a good news for consumers ahead of Diwali, bankers have promised to swiftly pass on the 0.25% rate cut effected by the Reserve Bank to borrowers, a move that would lower home, auto and corporate loans. For the busy season of the financial year, a cut in repo rate by 25 basis point is indeed a welcome sign. With MCLR already stabilized, the pass through of this cut is expected to be quite swift. With benign inflation trajectory going forward, RBI's policy stance is expected to remain accommodative. Banks will continue to transmit rates based on evolving liquidity scenario. The rate cut will boost investment as well as consumption. The strong focus by the government on supply side measures, which have resulted in containing inflation, has provided room to RBI to support growth through this rate cut. In independent India's first collective interest rate setting decision, the 6-member Monetary Policy Committee, which has three members nominated by the government and the rest from the Reserve Bank, lowered repo rate to 6.25% from 6.50%. The reverse repo rate stands at 5.75% and Marginal Standing Facility rate at 6.75%. The rate cut along with reduction in small savings rates by the government will encourage banks to pass on the benefit to the borrowers. The easy liquidity conditions engendered by the Reserve Bank's operations should also enable the smooth transmission of the policy action through various market segments. First in six months, today's cut came amidst big clamor for easing rates especially after the departure of former Governor Shri Raghuram Rajan, who was often accused by some sections, including those from the ruling BJP, of stifling growth by keeping rates too high. The policy is clearly led by pragmatism. The unanimous decision of the Monetary Policy Committee to cut rates by 25 bps clearly signals continuation along the direction of growth.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-promise-diwali-gift-to-swiftly-transmit-rbis-0-25-rate-cut/articleshow/54680657.cms

Dated: 4 October, 2016

- **ICICI Bank Cuts Its MCLR By 5 Basis Points Effective From October 1:** ICICI Bank has cut its Marginal Cost of funds based Lending Rate (MCLR) by 5 basis points effective from October 1, just hours after the RBI reduced its benchmark repo rate by 25 basis points to 6.25%. One year lending rate of the bank is now 9.05% while the one month and three month rate is identical at 8.85%. The new MCLR regime, which was implemented from the current fiscal year, applies to all new borrowers and is closely linked to bank deposits rates. All new floating rate loans are now linked to MCLR. The key difference between MCLR and the previous base rate regime is that the new rates are divided into different baskets corresponding to bank deposits.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-cuts-its-mclr-by-5-basis-points-effective-from-october-1/articleshow/54681488.cms

Dated: 4 October, 2016

- **ICICI Bank Acquires 11% Stake In ABG Shipyard, All Lenders Own 49%:** Shares of ABG Shipyard rose 9.20% after the company announced that the private lender, ICICI Bank, acquired 11% stake in the company by converting its debt into equity. Lenders now have 49% stake in the company and are actively scouting for an investor to sell their stake. Other lenders such as State Bank of India and Punjab National Bank have 7% stake each by converting debt into equity. After the company failed to repay their dues and infuse capital into the company to sustain its operations, lenders appointed investment banker Rothschild to find a buyer for their 49% stake. The company has outstanding loans of Rs 16400 Cr. ICICI Bank has acquired 11.08% stake by exercising its option of converting CCPS or compulsorily convertible preference shares into equity. As per the Corporate Debt Restructuring package debt amounting to Rs 450 Cr. was converted into CCPS a couple of years ago. These CCPS are now converted into equity at Rs 41 per shares. These CCPS were converted into equity as per the SEBI formula taking average price between February and July of this year which works out to be Rs 41 a share. Since the shares of the company closed at Rs 33.50 a share, banks will have to make a significant mark to market provisions on these shares. Lenders had initiated SDR or Strategic Debt restructuring which involves conversion of debt into equity. However, shareholders were unable to pass the resolution at an annual general meeting since the 210 days within which the shares had to convert into equity had lapsed. Other lenders include Andhra Bank, Bank of Baroda, LIC and Syndicate Bank with a combine 8% stake in the company as on June 2016.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-acquires-11-stake-in-abg-shipyard-all-lenders-own-49/articleshow/54699735.cms

Dated: 5 October, 2016

- **Canara Bank, Kotak Bank Cut Lending Rates By Up To 0.10%:** Canara Bank, Indian Bank and Kotak Mahindra Bank has cut lending rates by up to 0.10% following the 0.25% repo rate cut by the RBI. Canara Bank has effected downward revision in the base rate by 0.05% to 9.60% from 9.65%. The new rate would be effective from October 11. Indian Bank has reduced marginal cost of funds based lending rate (MCLR) by up to 0.10 %. For 1-year tenor loan, Indian Bank has reduced MCLR rate by 0.01 % from 9.45% to 9.35%, effective October 7. For all other tenures, the rate of reduction is 0.05 %. Private sector Kotak Mahindra Bank has reduced base rate by 0.10% to 9.40% from 9.50%. It, however, has not cut the main marginal cost of funds based lending rate (MCLR) on which banks price their assets now. The cut in the base rate will help its existing borrowers as prior to this April. The MCLR framework came into being from April 1 this year. Our MCLR meeting will be held at the end of the month and the movement will be in the same direction. Another private sector lender Karur Vysya Bank has announced reduced MCLR rate by 0.35% on various maturities. These lenders join others, including ICICI Bank and Syndicate Bank which have cut their rates.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/canara-bank-kotak-bank-cut-lending-rates-by-up-to-0-1-per-cent/articleshow/54722833.cms

Dated: 6 October, 2016

- **RBI Releases Operating Guidelines For Payments And Small Finance Banks:** The Reserve Bank of India has given a fresh nudge to country's financial inclusion drive by allowing payments banks and small finance banks use digital banking to open bank accounts while streamlining their risk mitigating norms to make the experiment of differentiated banking a robust one. The central bank has also permitted mobile phone users to open bank accounts with the payments banks promoted by telecom companies seamlessly, provided all the KYC (know your customer) formalities are already met. Both small finance banks and payments banks can open accounts without a wet signature, relying completely on the digital signatures and electronic verification, which makes on-boarding of customers easy for geographically distant places where opening a physical branch might not be viable. Allowing digital signatures for account opening should make the process extremely easy which will help us to get more customers within the banking fold. As per RBI, the KYC done by payments banks promoted by telecom companies such Vodafone, Airtel, Reliance and Idea, is of the same quality as prescribed for a banking company, bank account can be opened without any document. It may obtain the KYC details from the telecom company. It has also set the operating rules for small finance banks, allowing to use interest rate futures for the purpose of proprietary hedging. Payments banks will be allowed to participate in call money and CBLO market as both borrowers and lenders. Both these structures would need to keep a minimum 15% capital adequacy, in line with the rules for non-banking companies, while regular banks are stipulated to keep 9%. Payments banks cannot lend and will not take deposits above Rs 1 Lakhss, the regulator imposed capital requirement norms on them in line with the Small Finance Banks. For both the category of new banks the minimum capital requirement has been fixed at 15%. Since the Payments Banks will not lend and anyway they will be working on wafer thin margins for them to have 15% of their assets locked as minimum capital will be difficult for them. While mandating that 25% of the small finance banks' branches should be in the rural areas within the first year of operation, RBI has allowed their business correspondents to function inter-operably except for opening of savings and current accounts. The payments banks do not need a base branch for a certain number of BCs as mandated for scheduled commercial banks.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-releases-operating-guidelines-for-payments-and-small-finance-banks/articleshow/54720559.cms

Dated: 6 October, 2016

- **Banks Getting Rid Of Bad Loans For 'Cleaner' September Quarter Show:** ICICI & Axis sell Rs 3,700 Cr. stressed assets, SBI in market to offload Rs 1,800 Cr. such loans. Two private-sector banks, ICICI Bank and Axis Bank, sold. Rs 3,700 Cr. of their bad loans to Asset Reconstruction Companies (ARCs) a week ago -a sign that lenders are becoming active in getting rid of their stressed portfolio. Removing such a significant stock of bad loans from their books would reflect favorably when the two report their September-quarter results. The country's largest bank, State Bank of India too, is in the market to Rs 1,800 Cr. of corporate loan that sell has turned sour. ICICI Bank sold 11 accounts with outstanding loans worth Rs 1,300 Cr. to JM Financial ARC, while Axis Bank transferred 26 accounts amounting to Rs 2,400 Cr. to Edelweiss ARC just before the end of second fiscal quarter. According to sources, ICICI Bank sold the loans at a 50% discount and accepted 15% cash and the balance 85% as security receipts. ICICI Bank did not respond to an email seeking comment. One of the accounts that ICICI Bank sold was of Gujarat NRE Coke, which had Rs 450 Cr. outstanding. The rest included loans to construction and jeweler firms. An Essar Steel account was the biggest among the 26 accounts that Axis Bank sold to Edelweiss ARC. It, too, sold the loans at a steep discount and accepted 15% cash and balance as security receipts. Axis Bank is the fourth bank to sell Essar Steel loans. HDFC Bank, Federal Bank and ICICI Bank had previously sold Essar Steel loans, all to Edelweiss ARC. SBI has called for bids for six accounts totaling Rs 1,800 Cr. SBI has not sold all the accounts yet due to difference on the valuation. Negotiations are on for 3-4 accounts with 900 Cr. outstanding loans. These include Maitreya Doshi-promoted Premier and Paramount Communications. Lenders have of late been waging a war on bad loans as mounting NPAs (nonperforming assets) put pressure on their earnings. Besides selling sticky loans to ARCs, they are looking at every option to recover their dues from defaulting companies by either changing promoters or dragging them to court. Last year, ICICI Bank sold just seven accounts with outstanding loan of Rs 670 Cr. The net NPA of ICICI Bank was 3% at the end of June 2016, while that of Axis Bank was 1.08%.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-getting-rid-of-bad-loans-for-cleaner-september-quarter-show/articleshow/54729873.cms

Dated: 7 October, 2016

- **SBI Says 'Consistently' Passed On RBI's Rate Cut To Borrowers:** SBI has consistently passed on RBI's rate cuts to borrowers and would further reduce the lending rate in the near term, benefiting auto and home loan seekers. As per State Bank of India (SBI) Chairperson Smt. Arundhati Bhattacharya, out of the 1.75% rate cut by the RBI since January 2015, it has already passed on up to 0.95% to the borrowers. Of the 175 bps (1.75%) cut that the Reserve Bank (RBI) has done, we as a bank have passed on 95 bps (0.95%). More will get passed on in the near term rather than in the longer term. SBI might not have cut the interest rate by big dollops of 0.25%, but the bank has been cutting the rate consistently on a month-on-month basis and has passed on up to 0.95% so far. On prospects of further rate cut by RBI going forward, she hoped that inflation will keep coming down. Our own in house research indicates that the inflation numbers will keep coming down and if they keep coming down surely there will be space for further rate cuts. Actually if they are part of a supply chain and if the large corporate is stressed then it is pretty difficult for them to not be stressed as well because at the end of the day the bills have to be paid. So, these are issues that have to be worked out. It is not something that can be solved in isolation. It will have to happen as the economy revives.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-says-consistently-passed-on-rbis-rate-cut-to-borrowers/articleshow/54779444.cms

Dated: 10 October, 2016

- **J&K Bank Willing To Offer Islamic Banking:** As per Jammu and Kashmir Bank chairman Shri Parvez Ahmad, bank is willing to offer Islamic banking to customers in the state and would examine the proposal after taking the Reserve Bank on board. Few clients who do not want to have the interest on their saving bank accounts bank does not have the mechanism how to take care of that particular component. But bank will examine the proposal and will also have to take RBI on board. The subject to the proper examination of the proposal and the acceptance by the regulator RBI, the bank is "very much willing to offer this type of product line to the customers in J&K". So far as the competition is concerned, do not compare apples with oranges. "So far as the JK Bank positioning is concerned, it has 63% share on the asset side, 62% share on the deposit side, out of 862 branches, 745 are in the state, out of 1030 ATMs, 950 in JK state, 90% of the population is dealing with JK Bank, banks have branch in every block of the state. Other banks are only offering products and services, J&K are more concerned about the development of JK state as a whole.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/jk-bank-willing-to-offer-islamic-banking-says-chairman-parvez-ahmad/articleshow/54782551.cms

Dated: 10 October, 2016

- **PNB Makes Home, Auto Loans Attractive For Government Staff:** To cash in on the 7th Pay Commission payout to government employees, state-owned Punjab National Bank(PNB) is offering them home and auto loans at attractive rates of 9.30-9.80% beginning this month. Besides, the bank will offer loans to these segments without any processing or upfront fee and no documentation charges will be levied on them. The rate of interest is with effect from October 1, 2016. The objective of the drive christened as 'PNB Pride' is to "ensure availability of housing and vehicle loan at attractive rates and ensure a house and a car for all government employees". For housing loan, the floating interest rate has been fixed at Marginal Cost of Lending Rate

(MCLR) for one year at 9.30%. For those availing the housing loan on a fixed rate basis, it will be a floating one of interest plus 0.50% (i.e, 9.80%). For car loan, customers will be charged MCLR of one year plus 0.25% (9.55%) on a floating basis. As for fixed interest rate with a reset clause of 3 years, it will be MCLR of one year plus 0.25%, or 9.55%. Permanent employees of central and state governments, defense personnel and paramilitary forces will be able to avail of the benefits of lower rates under the PNB Pride scheme. All other terms and conditions of the existing housing and car loan scheme will be applicable to the borrowers.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/pnb-makes-home-auto-loans-attractive-for-government-staff/articleshow/54791430.cms

Dated: 11 October, 2016

- **Utkarsh Raises Rs 395 Cr. Complies With RBI Norms:** Small finance bank license holder Utkarsh Micro Finance has raised Rs 395 Cr. by selling fresh shares from a clutch of Indian investors which will help it comply with one of Reserve Bank of India's (RBI) conditions to start banking operations. Varanasi based Utkarsh has sold shares to eight Indian institutional investors which will reduce its foreign shareholding to 48.50% from 85% helping to comply with RBI norms which stipulate that foreign ownership in these new banks must be at 49% or below. HDFC Ergo General Insurance Co. Ltd, HDFC Standard Life Insurance Co Ltd, ICICI Prudential Life Insurance Co Ltd, RBL Bank Ltd., Shriram Life Insurance Co. Ltd, Small Industries Development Bank of India (SIDBI) and local private equity funds such as Arpwood Investments and Faering Capital haver all bought stakes in the company. It did not give details of their ownership. UK government's development finance institution CDC, World Bank Group's International Finance Corp (IFC), US-based non-profit Rockefeller Foundation backed Lok Capital and Norwegian Microfinance Initiative (NMI) are foreign investors in the company according to its website. Utkarsh is also in process of completing secondary transactions by providing complete/partial exit to few funds which have been part of company's growth journey for more than 5 years. Tthe fresh funds raised will be used to expand business, particularly in introducing new banking products. The investment will take care of capital requirements for the next 3-4 years. ICICI Securities & Avendus Capital were the financial advisors to the company whereas BMR Legal was the legal advisor. Utkarsh is based in the Hindi heartland of UP, Bihar, Jharkhand, Madhya Pradesh and Chhattisgarh.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/utkarsh-raises-rs-395-Cr.-complies-with-rbi-norm/articleshow/54809415.cms

Dated: 12 October, 2016

- **Interest Earned By Indians on Bank Deposits At Record Low:** The amount of interest earned by millions on their small savings and fixed deposit accounts has hit an all-time low. This has been revealed in the Indian Public Finance Statistics for 2015-16. The interest rates on a normal savings account have remained constant under the NDA government at 4%. With consumer inflation above five % in August this year, a regular savings account holder is actually losing money. While savings account rates were a constant, there has been a decline in all other term rates. A Fixed Deposit for three years was earning an interest rate of 8.4 % under the erstwhile UPA-II regime and first year of the NDA government. However, over the last year, the interest rates on such deposits have declined by a %. Those with one and two-year maturities now earn 7.10% and 7.20%, respectively. The popular tax saving and long-term planning instrument of the middle class the 5 year fixed deposit now carries an interest rate of 7.90%, instead of 8.40% a year ago. At the start of the 21st Century, the interest earned on a fixed deposit was more than 11%. Those looking to save for a car or a honeymoon with a recurring deposit too have been left in the lurch. Interest rates on these regular saving schemes are down by a % to 7.40%, compared with last year. Also hit hard in this low-interest rate regime are retirees and senior citizens who rely on the monthly income scheme of India Post. The return on their savings is down to 7.80% from a high of 8.50% during UPA-II. The Senior Citizens Savings Scheme (SCSS) rates have fallen by close to a % as compared to 9.30% last year. People looking to save tax and accumulate money for a future exigency through the National Savings Certificate (NSC) have also been impacted. Not only did the government discontinue the high interest yielding 10 year NSC in December 2015, the interest rates on five-year NSC's too have fallen to 8.10%, compared with 8.50% last year. Public Provident Fund (PPF) the preferred post retirement corpus of millions of Indians, now gives 8.10% interest to depositors, compared with 8.70% in the previous year. Finance Minister Shri Arun Jaitley has been advocating for lower interest rates as a measure to reinvigorate investment in India. If banks pay their depositors less interest, they would be able to lend at lower rates to businesses, which would encourage them to borrow more invest more and in the process create more jobs for 13 million Indians entering the workforce every year. But banks haven't really reduced the rates at which they lend while reducing the interest they pay to depositors. Despite the fact that the RBI, under Shri Raghuram Rajan, had cut its benchmark rates by 1.50% since 2015. One of the reasons for the banks' behavior is their astronomical Non-Performing Assets (NPAs) that have touched Rs 5.40 Lakhss Cr. in 2016. Banks have reduced interest rates in a bid to clean their books. If banks cannot recover their loans from defaulters like Kingfisher Airlines, then the losses will have to be offset by reducing the interest rate on the savings of ordinary depositors.

Source: http://www.business-standard.com/article/finance/interest-earned-by-indians-on-bank-deposits-at-record-low-116101301448_1.html

Dated: 14 October, 2016

- **Australian Watchdog Says Bank 'Oligopoly' Needs More Reform:** Australia's major banks are an "oligopoly" and must undertake reform to boost confidence in the financial system following a series of scandals that have fuelled calls for a sweeping judicial inquiry. The firm language will be read as a warning to the "Big Four" banks – Commonwealth Bank of Australia, Australia and New Zealand Banking Group, Westpac Banking Corp and National Australia Bank– that regulators are watching how they respond to public anger over the perception that they abuse their market power. The four lenders together control four-fifths of the industry in Australia and have enjoyed years of record profits thanks largely to their dominance of the mortgage market. But a string of scandals including alleged interest-rate rigging, poor financial advice and insurance scams has exposed them to allegations that their power has fostered a culture of exploitation and unaccountability. In appearances before another parliamentary committee last week, bank chiefs expressed regret over any wrongdoing but characterized the problems as aberrations. They have rejected calls from whistleblowers and the opposition Labor Party for a powerful Royal Commission inquiry, and have the backing of the ruling Liberal Party. As per Medcraft and Australian Prudential Regulatory Authority Chairman Wayne Byres, forcing banks to increase transparency in relation to advertising mortgage products would improve competition, as would cut penalties for borrowers who changed lender. Byres offered a brighter assessment of the sector however, suggesting it was generally more compliant with regulations since the global financial crisis and more proactive in weeding out poor practices. Having got the message they need to do better, they are looking harder for instances of where things have gone wrong and where people have been mistreated.

Source: http://www.financialexpress.com/industry/banking-finance/australian-watchdog-says-bank-oligopoly-needs-more-reform/417761/

Dated: 14 October, 2016

- **HDFC Raises Rs 500 Cr. Through 4th Issue Of Masala Bonds:** Housing Development Finance Corporation (HDFC) has raised another Rs 500 Cr. by issuing rupee-denominated Masala Bonds to overseas investors, taking the tally to Rs 5,000 Cr. so far. With reference to the earlier letter dated October 12, 2016, informing about the opening of the fourth issue of rupee-denominated bonds to overseas investors, aggregating an amount up to Rs 500 Cr. In this connection, Housing Development Finance Corporation has now informed BSE that the corporation has closed the issue on October 14, 2016. The issue carries a coupon rate of 7.25% per annum payable semi-annually. The bonds will mature on January 9, 2020. The corporation has raised a total of Rs 5,000 Cr. through issuance of rupee-denominated bonds in four tranches. The Masala Bonds are instruments through which Indian entities can raise funds by accessing overseas capital markets while bond investors hold the currency risk. HDFC will use the issue proceeds for the housing finance business as well as general corporate purposes.

Source: http://www.business-standard.com/article/finance/hdfc-raises-rs-500-cr-through-4th-issue-of-masala-bonds-116101400950_1.html

Dated: 15 October, 2016

- **Bank Non-performing Assets Much Bigger Scam Than 2G (Sitaram Yechuri):** More than Rs 11 Lakhss Cr. has been borrowed by Indian corporate form Nationalized Banks which they did not repay. Not only the government did not do anything to recover them, but waived off Rs 1.12 Lakhss Cr. owed by the corporate in the last two years. It is a humongous scam. A scam 10 times bigger than the 2G spectrum. When you ask to waive off the loans of the farmers who are committing suicide due to distress, the government is unwilling to do so, saying it does not have enough resources, but (it) can waive off corporate loans to the extent of Rs 1.12 Lakhs Cr. The suggestion of creating a bad bank is a bad idea, as it lets big defaulters get away scot-free. You just cannot restructure the nationalized banks so that they are once again able to dole out loans to the corporate. All this money which has been misappropriated in this fashion belongs to the public. Instead of creating a bad bank the government must take immediate steps to recover the loans from the corporate.

Source: http://indianexpress.com/article/india/india-news-india/bank-non-performing-assets-much-bigger-scam-than-2g-sitaram-yechury-3084058/

Dated: 15 October, 2016

- **Watchdog Says About 15 Swiss Banks In Money Laundering 'Red Zone' (Sonntags Zeitung):** As per FINMA, roughly 15 Swiss banks are in a "red zone" of lenders particularly exposed to money laundering risks, the head of Swiss banking watchdog. Swiss federal prosecutors have opened criminal proceedings against Zurich-based Falcon Private Bank for alleged failure to prevent suspected money laundering linked to Malaysia's scandal-tainted 1MDB fund. Falcon is the second Swiss bank, after BSI, to face a criminal investigation by Switzerland's Office of the Attorney General over links to 1Malaysia Development Berhad (1MDB). The move is partly based on an investigation by FINMA, which has also opened proceedings against several other lenders. Roughly 15 banks are in the red zone here. That means they are particularly exposed. Banks on the list are monitored more closely and must provide FINMA with additional information, but the watchdog wants them to understand the emerging markets in which they operate rather than withdraw from them. Some banks are increasingly willing to take risks in relation to money laundering as they come under growing economic pressure to find new clients, but banks have also reported more suspicious cases in recent months. In addition to investigations linked to 1MDB and a separate scandal involving Brazil's state-controlled oil producer Petrobras, FINMA is investigating an unnamed Swiss bank in relation to FIFA, the world soccer governing body mired in corruption probes.

Source: http://economictimes.indiatimes.com/news/international/business/watchdog-says-about-15-swiss-banks-in-money-laundering-red-zone-sonntagszeitung/articleshow/54881585 .cms

Dated: 16 October, 2016

- **BRICS Development Bank To Lend $2.5 Billion Next Year:** The development bank set up by the BRICS group of emerging economies will ramp up lending to $2.50 Billion next year after making its first loans to back green projects. The BRICS- Brazil, Russia, India, China and South Africa- agreed to create the New Development Bank (NDB) in July 2014 with initial authorized capital of $100 billion. The lender was officially launched a year later. The fact is that these countries, collectively, have for the last few years contributed to more than 50% of incremental economic wealth that has been generated globally. The NDB, headquartered in Shanghai, will expand its staff to 300 over the next three years but run a tight operation that seeks to take quick decisions and transfer experience across all five BRICS member states. It has already approved loans totaling $900 million to green projects in each member state. It has also started a renminbi-denominated borrowing program, issuing a 3 Billion Yuan ($450 Million) bond. There was plenty of room for new lenders like the NDB and the Chinese-led Asian Infrastructure Investment Bank (AIIB), in addition to established institutions like the World Bank. Infrastructure alone has needs globally of $1-1.5 Trillion a year- all the multilateral banks put together can do maybe 15% of this.

Source: http://timesofindia.indiatimes.com/india/BRICS-development-bank-to-lend-2-5-billion-next-year/articleshow/54878712.cms

Dated: 16 October, 2016

- **Sale of Essar Oil Significant For Indian Banking System:** The sale of Essar Oil is quite significant for the Indian banking system as the Rs 85,000 Cr. deal may release Rs 45,000 Cr. cash for Essar Group and help in deleveraging. According to Kotak Institutional Equities, the sale of Essar Group's 'entire' holding in Essar Oil and Vadinar port to Rosneft, Trifugra and UCP will allay the market's concerns about Indian banks' exposure to Essar Group. The Rs 850 billion transaction will release Rs 450 Billion of cash (our estimate) for Essar Group, which can be potentially used to repay debt of Rs 235 Billion in Essar Global Holdings and reduce debt in financially stressed entities such as Essar Steel and Essar Power. Indian banks have large exposure to Essar Group and following this deal their exposure may reduce significantly. The report noted that the combined and coordinated efforts of the Indian government, RBI and banks will likely result in manageable levels of loss-given default (LGD) despite likely high NPLs in the country's banking system. Essar Group has total debt of Rs 1.3-1.4 Trillion, with most of it raised from Indian banks. VTB, a Russian bank, will finance around Rs 260 Billion of Essar Oil's debt (Rs 315 billion as per FY2015 Annual Report) as part of the deal, which will further reduce Indian banks' exposure to Essar Group. Meanwhile, Essar plan to utilize proceeds from the stake sale to deleverage the Group and pave the way for strategic consolidation and growth in other businesses. Deal will help Essar deleverage almost 50% of its Rs 88,000 Cr. debt and substantially reduce interest costs.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/sale-of-essar-oil-significant-for-indian-banking-system-kotak/articleshow/54897656.cms

Dated: 17 October, 2016

- **UK Bank Freezes Russian State-Channel RT's Accounts:** A British bank has withdrawn banking services from Russia's state-owned news channel RT, drawing condemnation from Moscow. A statement published on RT's website included a copy of the letter from NatWest announcing the closure. In the letter, the bank stated the decision to close the account was final and it was not prepared to enter into any discussion in relation to it. These decisions are not taken lightly by the bank. The bank accounts remain open and are still operative. The UK Treasury Office would not comment on the issue but sources confirmed that there were no new obligations put on British banks in their dealings with Russia since February 2015. The British government is the majority shareholder in the Royal Bank of Scotland group, which owns Natwest. Russian Foreign Ministry spokeswoman, Ms. Maria Zakharova, accused the UK of abandoning its commitment to free expression. While there was no evidence of British government involvement, the decision could result in reciprocal measures by Russian institutions against UK outlets. The Russian press is framing the move by NatWest as the beginning of a new round of western sanctions despite the Treasury's denial. It's possible that there could be some pressure applied to BBC Moscow in retaliation, but the rationale and benefit are unclear aside from their PR value in domestic politics. Most Russians do not distinguish between western sanctions and Putin's own 'counter-sanctions, and they are unlikely to question the state media's interpretation of this particular move. The bank's move comes a week after British MPs met to discuss Russia's bombing campaign in the Syrian city of Aleppo, with many calling for a new set of sanctions on the country. The British Foreign Secretary also discussed the possibility of new sanctions on Moscow during a meeting with US Secretary of State John Kerry on Sunday. No new measures have been announced, but the EU and US continue to enforce sanctions against Russia for its involvement in the war in eastern Ukraine.

Source: http://www.aljazeera.com/news/2016/10/uk-freezes-russian-state-channel-rts-accounts-161017145934580.html

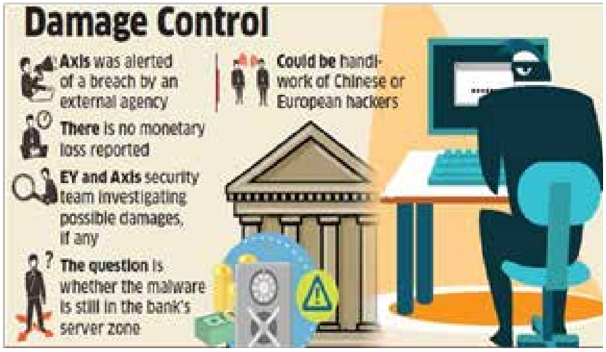
Dated: 17 October, 2016

- **Inflation To Soften On Good Rains, Economic Revival Visible:** The Reserve Bank of India (RBI) has released the minutes of the first meeting of the six-member Monetary Policy Committee (MPC) on October 3 and 4. The minutes showed that while all the members favored a cut in repo rate by 25 basis points, they also felt inflation would soften in the days to come on back of good monsoon. The outlook for economic expansion also seemed to be better with signs of revival, the members felt. According to the minutes, the members were of the opinion that the rate cut was in line with the target to keep retail inflation within a band of 4% plus or minus two %age points, while supporting growth. The members felt growth momentum would improve with monsoon boosting agricultural growth and rural demand, and also by the stimulus to the urban consumption spending from the Pay Commission's award. The accommodative stance of the monetary policy and comfortable liquidity conditions should support a revival of credit to the productive sectors, the minutes added. As per RBI governor Shri Urjit Patel, the central bank's model-based projections indicated upside risks to the target, a calibrated policy judgment was warranted, given that some space for policy action had opened up with the fall in inflation in the August reading. Nonetheless, inflation outcomes in the fourth quarter will have to be carefully and continuously monitored as upside risks, albeit lower now than before, persist. The risks to India's growth from a still-fragile global economy have increased, particularly through the trade channel. However, risks to inflation from global factors might be easing, going by the observed high intensity and spread of global disinflation. Retail inflation based on Consumer Price Index in September dropped to 13-month low of 4.31% mainly on account of easing vegetables prices, creating headroom for further rate cut by the Reserve Bank in the coming months.

Source: http://www.business-standard.com/article/finance/inflation-to-soften-on-good-rains-economic-revival-visible-mpc-116101801455_1.html

Dated: 18 October, 2016

- **Bank Informs RBI Of Security Breach: Axis Suffers Cyber Attack, Hires EY To Probe Damage:** A month ago, an official of Axis Bank received an unexpected telephone call. The caller, an engineer at Kaspersky Lab, the well-known Moscow-headquartered cyber security firm, rattled off the names of several Axis computers which, he claimed, have been breached. As per Kaspersky man his firm had stumbled on the information in the course of a separate probe. When an Axis team looked into the bank's servers, it found out that there was indeed an unauthorized login by an unnamed, offshore hacker. Last week, Axis filed a preliminary report about the breach to RBI. The bank has hired EY, the audit and advisory firm, to carry out an investigation. Till now there are no reports of any fund transfers but the bank and EY are trying to figure out the extent of damage, data loss if any, and most importantly whether the virus is still crawling in the institution's server zone. The bank has strict security protocols and procedures in place and all its online properties are monitored round the clock by its in-house team of security experts. The bank also engages best in class international and national agencies who regularly identify and neutralize threats and audit the Bank's online ecosystem. Safety and security of our systems and processes is of paramount importance to us and we constantly monitor and are vigilant in our efforts to combat any potential threats. In cyber parlance, a malware creeping into a bank's server with the possibility of the virus finding its way to multiple servers is known as "lateral movement" and can pose, what is known as, Advanced Persistent Threat (or, ABT). Recently, a team of Pakistani hackers had temporarily defaced the website of a large Indian depository. In early August, a hacker from across the border, who called himself Faisal, defaced the website of a large public sector bank by inserting a malicious page and trying to block some of the bank's e-payment services. A bank runs multiple servers which house a mountain of information and details of various operations like credit cards, ATMs, real time gross settlements, ATMs and Swift the global financial messaging service banks use to move millions of dollars every day. RBI has advised bank chairmen to review funds lying in their bank's (overseas) NOSTRO accounts and carry out hourly reconciliation of payment emails by comparing outward messages with SWIFT confirmations. Over the past few years, banks have been fighting cyber strikes like "distributed denial of service" (or DDoS) which slows down a bank's system to frustrate customers, worms that make ATMs spew out cash, and some that can divert funds to a secret destinations. Most Indian banks, including institutions which

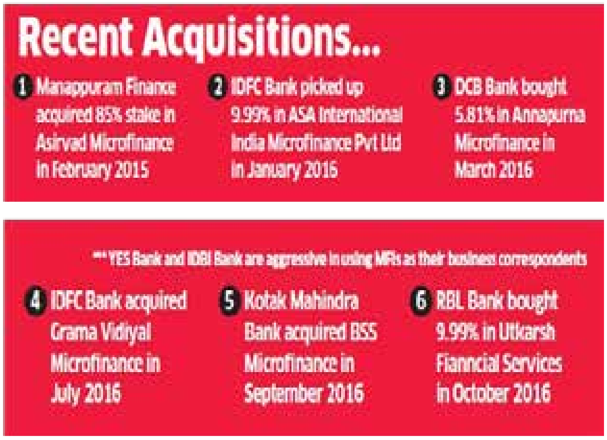


are listed abroad, keep cyber-attacks under wraps and rarely inform the regulator.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-yet-to-figure-out-extent-of-server-breach-damage-if-any/articleshow/54927032.cms

Dated: 19 October, 2016

- **Bharat Beckons Lenders, Banks Sets Their Eyes On Small Towns, Villages:** Billionaire Shri Uday Kotak has signed off on his Kotak Mahindra Bank valued at Rs 1.4 Lakhs Cr. for buying BSS Micro Finance, a tiny lender which does not even have 1% of the assets the bank has and Kotak is not alone in the hunt for companies which make money out of lending to people who need a few thousand rupees to do their business like a vegetable vendor, a carpenter, or an auto rickshaw driver. Those who minted money lending to businessmen in South Mumbai and in New Delhi for their BMWs or Mercs, are setting their eyes on towns and villages like Sanchi or Mettur. Things may be falling in place for small towns and villages which have been credit starved despite the lofty principles of making credit available to everyone on which banks were nationalized. A near total collapse of big corporate after their binge during good times has led to evaporation of banks' appetite for lending big. Nor do the conglomerates have any stomach to borrow more. Simultaneously, smaller towns and independent businesses, or services like beauty parlors, or roadside eateries are booming, making those attractive even if they are worth a few thousand or Lakhss of rupees unlike thousands of Cr. worth steel or power plants. With the spreading of financial literacy, the rural market has started opening up more effectively than ever. It's now important how quickly banks capture these customers in their balance sheets. Every MFI is popular within certain communities and pockets and it would be difficult for outsiders to do business with them easily. The easiest and the fastest way is to tie-up with MFIs or payments banks who bring in specialized skills in this segment. Shri Uday Kotak is among the latest to jump on the micro finance bandwagon. In fact, new kid on the bloc, IDFC Bank, has made acquisition of small lenders a cornerstone of its growth strategy as it believes the potential in villages is huge which remains untapped. Bharat Financial Inclusion (formerly SKS Microfinance) grew outstanding portfolio by 76% to Rs 8,463 Cr. at the end of June from Rs 4,797 Cr. a year ago. The blistering pace of growth is also reflected in investor enthusiasm for stocks with such businesses. Backed by Michael Susan Dell Foundation, Bellwether Microfinance Trust and International Finance Corporation, Ujjivan Financial Services received overwhelming response from investors for its initial public offer



of 882 Cr. with the issue being subscribed 40 times. The stock returned 10.50% to investors on listing over the IPO price of Rs 210 per share.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/bharat-beckons-lenders-banks-sets-their-eyes-on-small-towns-villages/articleshow/54926564.cms

Dated: 19 October, 2016

- **Security Breach, SBI Blocks Over 6 Lakhss Debit Cards:** In one of the biggest card replacements in Indian banking, State Bank of India will re-issue around 6 Lakhss debit cards to customers, which have been blocked following a malware-related security breach in a non-SBI ATM network. A few ATMs have been affected by a malware. When people use their card on infected switches or ATMs, there is a high probability that their data will be compromised. Several customers of the bank have found their ATM cards to be blocked. SBI has informed branches about the cards being blocked and fresh cards would be issued to customers. Customers need not panic. They can approach their branch, call up phone banking or use the internet for re-carding. They can also set their PINs from their homes using internet banking. Hitachi had initiated a detailed audit of their systems through a certified agency SISA. Preliminary reports of the audit conducted have been submitted and the report does not establish any system-level breach at Hitachi Payment Services. At present, the RBI does not require banks to report to the public any security breach in their network. Banks whose ATMs have been infected must come forward and declare those infected ATMs. The onus is on them to stop this. Until the problem is addressed customers who use their cards in the ATMs of affected banks will continue to be at risk. A branch manager in Pune confirmed that the bank has blocked a few of its customers' cards. The banks have sent SMSs to customers informing them that their card was blocked. However, affected customers were largely clueless about this development. According to numbers on RBI website, as on July 2016, there were 20.27 Cr. active debit cards from SBI. At the same time, SBI's associate banks had a total of 4.75 Cr. active debit cards.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/security-breach-sbi-blocks-over-6l-debit-cards/articleshow/54933861.cms

Dated: 19 October, 2016

- **From NPAs To Revival, J&K Bank New Chief Has His Task Cut Out:** Undeterred by the Kashmir turmoil, Rs 4,300 Cr. of NPAs and a big fall in profitability, J&K Bank's new Chairman and CEO has set out to clean things up and is hopeful of a turnaround in fortunes soon. Asserting that there is no substantial impact of Kashmir unrest on J&K Bank's business operations, loan accounts affected by the unrest are being restructured. There is no serious effect on J&K Bank due to unrest. No substantial impact is on J&K Bank. Once the situation revives, cash flow which is down by 30% will be back, the state's only listed company, reported a net loss of over Rs 56 Cr. in the quarter to March a first in its operational history of 75 years which is mostly attributed to bad loans. In the first quarter, the fall in bottom line was sharp as much as 85%. As of March 2016, the bank's gross Non-Performing Assets (NPAs) soared to Rs 4,368.62 Cr. that is nearly 10% of gross advances. The tense conditions in Kashmir spanning over 100 days following street violence have hit business, industry, trade and travel sectors hard, impacting the business of J&K Bank.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/from-npas-to-revival-jk-bank-new-chief-has-his-task-cut-out/articleshow/54935162.cms

Dated: 19 October, 2016

- **SBI To Raise Rs 3,300 Cr. Via Additional Tier-1 Bonds:** State Bank of India, is planning to raise up to Rs 3,300 Cr. through Additional Tier-1 (AT-1) bonds to shore up capital adequacy. This is the second time in recent months that the bank is looking to raise funds through this route. In September, it had issued AT-1 bonds worth Rs 2,100 Cr. to YES Bank at a coupon (Interest Rate) of 9%. CRISIL has assigned 'AA+' for these bonds. For arriving at the ratings, CRISIL has combined the business and financial risk profiles of SBI and its subsidiaries, including associate banks, collectively referred to as the SBI group. This is because the associate banks and subsidiaries are an integral part of SBI's growth strategy. According to a senior SBI executive, the rates on long-term paper have softened since the start of September. The yield on five-year government paper has moved down from 7.02 % in early September to 6.71 %; for 10-year paper, it has seen a fall from 7.12 % level to 6.73 % now. CRISIL's ratings on SBI's debt instruments continue to factor in the SBI group's dominant market position in the Indian banking sector, strong resource profile, adequate capitalization, and profitability. The ratings also factor in the continued strong support the bank is expected to receive from its majority owner, the Government of India, both on an ongoing basis and in the event of distress. These rating strengths are partially offset by the SBI group's modest asset quality. In the middle of September, SBI also floated the country's first overseas AT-1 bond offering and raised $300 million. Although it pruned issue size from $500 million to $300 million on its tight pricing stance, SBI fixed the coupon at 5.50 %. The price for this issue is expected to become the bench mark for other Indian banks planning similar overseas bond offering. SBI's Capital Adequacy Ratio (CAR) was 14.01% in June 2016, against 12% a year ago. Common equity tier-1 (CET-1) was 10.71 % in June this year, against 9.59 % last year. SBI's CAR improved substantially in the first quarter of FY17 due to gains from revaluation of real estate assets. It boosted CET-1 by Rs 14,383 Cr. (72 basis points).

Source: http://www.business-standard.com/article/finance/sbi-to-raise-rs-3-300-cr-via-additional-tier-1-bonds-116101901490_1.html

Dated: 20 October, 2016

- **3.2 Million Debit Cards Compromised; SBI, HDFC Bank, ICICI, YES Bank And Axis Worst Hit:** Banks in India will either replace or ask users to change the security codes of as many as 3.2 million debit cards in what's emerging as one of the biggest ever breaches of financial data in India. Several victims have reported unauthorized usage from locations in China. Of the cards, 2.6 million on the Visa and MasterCard platform and 600,000 on the RuPay platform. The worst-hit of the card-issuing banks are State Bank of India, HDFC Bank, ICICI Bank, YES Bank and Axis Bank. The breach have originated in malware introduced in systems of Hitachi Payment Services, enabling fraudsters to steal information allowing them to steal funds. Hitachi, which provides ATM, Point of Sale (PoS) and other services. A forensic audit has now been ordered by Payments Council of India on Indian bank servers and systems to detect the origin of frauds that might have hit customer accounts. The Times of India had reported that SBI would reissue 600,000 debit cards following a malware-related security breach. SBI has asked customers to change their PIN numbers as well. Therefore, as a precautionary measure, bank has blocked Six Lakhss debit cards. Banks had been receiving multiple complaints from customers about cards being used in China at various ATMs and point of sale terminals. They in turn alerted Visa and MasterCard. A forensic audit is being conducted by Bengaluru-based payment security specialist SISA. The malware infection took about 6 weeks to detect, compromising transactions that took place during this period. As many as 3.2 million cards were used on the Hitachi network during this time.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/3-2-million-debit-cards-compromised-sbi-hdfc-bank-icici-yes-bank-and-axis-worst-hit/articleshow/54945561 .cms

Dated: 20 October, 2016

- **ATM Compromise, Yes Bank Says Vendors Need To Do More:** In wake of a system-wide security scare triggered by a malware attack on systems of its vendor Hitachi Payment Systems, Yes Bank sought to distance itself from the breach and stressed on need to police service providers in a better way. There needs to be a lot more vigilance where there are outsourcing partners to make sure they don't endanger the delivery and system risk, and there's a fair amount of policing as far as outsourcing risks are concerned. According to media reports, systems of Hitachi Payment Systems which counts on Yes Bank as one of its major customers are suspected to have been breached. Asserting that there have not been breaches with the bank, there is a need for vigilance on the outsourced aspects because a bank does not do every function in-house. The confidence in the security architecture of the National Payments Corporation of India (NPCI). Following the discovery of the breach, the bank has initiated some cautionary measures to ensure that its customers do not get affected. After the suspected breach came to light for the first time, it had advised all its customers to change their secret Personal Identification Numbers (PINs). Also, to ensure that they indeed change the PINs and minimize the risk, it capped withdrawal at Rs 5,000 per transaction till the PIN gets changed. According to reports, over 32 Lakhss cards stand at risk following the suspected security breach and banks have taken a slew of actions to thwart any untoward possibilities by either replacing the cards or asking them to change the PINs.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/atm-compromise-yes-bank-says-vendors-need-to-do-more/articleshow/54960192.cms

Dated: 20 October, 2016

- **Bank Board Bureau To Now Advise On Capital Raising Plans And Business Strategies:** The government has expanded the role of Banks Board Bureau, which beside selection of candidates will also help banks in their capital raising plans and develop business strategies. The biggest mandate that has been given to BBB is to advise the government on extension of tenure or termination of services of the board of directors in state run banks and financial institutions. This means that if the managing director or a board level employee of a state run bank is not performing, BBB can advise the government to terminate her services. BBB, led by Chairman Shri Vinod Rai, will also advise the government on the desired structure at the board level, and, for senior management personnel. It will also help banks to build a data bank containing data relating to the performance of banks and financial institutions. The expanded role of BBB will also include advising the government on the formulation and enforcement of a code of conduct and ethics for managerial personal in banks and financial institutions. The government had set up BBB in February 2016 with a mandate to recommend candidates for the top post in state run banks and financial institutions. It was also given the mandate to help banks in developing strategies and capital raising plans. BBB, now, will also advise the government on evolving suitable training and development programmes for management personnel in banks and further develop a robust leadership succession plan for critical positions that would arise in future through appropriate HR processes including performance management systems.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/bank-board-bureau-role-expanded-to-advise-on-capital-raising-plans-and-business-strategies/articleshow/ 54959779.cms

Dated: 20 October, 2016

- **Reserve Bank of India To Meet Top Bankers On Classifying Bad Loans:** The Reserve Bank of India will meet top bank executives as it finalizes operational details related to relaxations in the way banks can classify restructured stressed loans. RBI had introduced the scheme for sustainable structuring of stressed assets (S4A) in June that involved splitting loans into sustainable and unsustainable portions. Banks have lobbied for easier asset classification rules to make the scheme more effective. The scheme is meant for large loans where projects are up and running and provides an opportunity for reworking the financial structure of entities facing genuine difficulties and requiring coordinated intervention. Easing the S4A scheme may include reviewing 5/25 norms, future tenure of loans and amortization timelines of 8-12 quarters at least. The smoothening of the S4A rules would pave the way for easier resolution of stressed assets and provide relief to the banking system. Total stressed assets, restructured debt plus non-performing assets, in Indian banks were at 11.50 % of outstanding loans worth Rs 75 Lakhss Cr. at the end of March. This proportion was 14.50% for public sector banks. Under S4A, banks convert unsustainable debt into equity or equity related instruments. On the one hand, the debt burden of the borrower is reduced as is the promoter's stake. The idea is that banks benefit if the company can be revived besides giving borrowers a second chance. RBI will release detailed guidelines by October end.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/reserve-bank-of-india-to-meet-top-bankers-on-classifying-bad-loans/articleshow/54987206.cms

Dated: 22 October, 2016

- **ICICI Bank, Axis Bank, StanChart Get Back $2.5 Billion Of Essar Loans:** Within days of Essar Group signing a mega $12.9-billion asset sale in its oil business, 3 top lenders ICICI Bank, Axis Bank and StanChart have got back an estimated $2.5 billion as part of the first payment for their debt exposure to the Ruias-led conglomerate. The two Indian lenders which together had an exposure of $1.5 Billion will get back nearly half of their money or about $770 million in cash while further $750 million of debt will get transferred to Rosneft-led consortium and Essar's ports and other businesses. Out of the total cash component, nearly $350 million was paid in cash to the two Indian banks last night, which together with interest payout of about $100 million takes their total collection from Essar to about $450 million. Between the two Indian lenders, ICICI Bank's share is nearly three-fourths while that of Axis Bank is about one-fourth in the total exposure as well as repayments. In the case of StanChart, whose total exposure was much higher at over $3.3 billion, the bank has decided to opt for a larger cash component of about $2.1 billion for repayment of its loans. The StanChart got back the entire cash component at one go last night while nearly $400 million of its debt will get transferred to ports and other businesses of the Essar Group. Besides, it has decided to write off nearly $850 million of its exposure. Payments totaling about $2.5 billion were made to the three lenders last night as part of the first tranche of the repayment schedule while payout of the remaining cash component (over $300 million) to the two Indian banks will happen soon. The loans totaling about $1.2 billion will get transferred to the Rosneft-led consortium, which has acquired 98 % stake in Essar Oil, and to other businesses of Essar. The transferred loans will be backed by sufficient collaterals while the Indian lenders' decision to opt for only half cash component showed their confidence in Rosneft's commitment to the India growth story and in the future prospects of ports and other infrastructure sectors. No immediate comments could be obtained from the Essar Group and the three banks.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-axis-bank-stanchart-get-back-2-5-billion-of-essar-loans/articleshow/54997574.cms

Dated: 22 October, 2016

- **Passwords Compromised In Majority Of Debit Card Fraud Transactions:** As per State Bank of India officials, amid reports of wide spread debit card security breaches the passwords were compromised in majority of cases. As per Prima facie information a lot of password compromise is happening. But audit trail are being checked for the transaction history of all customers who have suffered to see if there is any kind of malware problem. The bank had blocked the debit cards whose security was reportedly breached due to the malware attack. Some of the country's top private banks like HDFC Bank, ICICI Bank and YES Bank among others too are facing similar issues and several of the customers' debit cards are reportedly being compromised. SBI had blocked close to 6 Lakhss debit cards following a malware-related security breach in a non-SBI ATM network. Several other banks such as Axis Bank, HDFC Bank and ICICI Bank too have admitted being hit by similar cyber attacks forcing Indian banks to either replace or request users to change the security codes of as many as 3.20 Million debit cards over the last 2 months. There were also reports of fraudsters robbing customers by of their bank deposits by calling them up and forcing them to give out details of debit cards on the threat of blocking the debit cards. The customers should not to divulge details like pin, card verification value, or any other identity information to anybody.

Source: http://economictimes.indiatimes.com/industry/

banking/finance/banking/passwords-compromised-in-majority-of-debit-card-fraud-transactions/articleshow/55000263.cms

Dated: 22 October, 2016

- **ASSOCHAM Says It Warned On Likelihood Of Bank Card Fraud:** As per industry body ASSOCHAM, following the unprecedented security breach reported earlier this week that has "compromised" card data of many private and state-run banks, it had earlier cautioned about such frauds. India has become a favorite hunting ground for global hackers and criminals. The study found mobile frauds to be an area of concern for companies, as 35-40% of financial transactions are done via mobile devices and this menace is expected to grow to 60-65% by 2017. These attacks have been observed to be originating from the cyberspace of a number of countries, including the US, Europe, Brazil, Turkey, China, Pakistan, Bangladesh, Algeria and the UAE. Andhra Pradesh, Karnataka and Maharashtra have occupied the top three positions for cyber crimes registered under the new IT Act in India. Internet frauds alone have cost India a whopping $4 billion (about Rs 24,630 Cr.) in 2013 as cyber criminals are using more sophisticated means like ransom ware and spear-phishing. During the years 2011, 2012, 2013 and 2014, a total number of 21,699, 27,605, 28,481 and 36,554 Indian websites were hacked, respectively, by various hacker groups spread across worldwide. As per ASSOCHAM, there is urgent need for having Public-Private-Partnership (PPP) in cyber security for protecting the critical online data and creating awareness amongst the public. The government and regulators should develop comprehensive cyber security policies and frameworks from the perspective of incentives, tax breaks and technological development. India should ensure active collaboration with the other countries and global cyber security agencies through international treaties in order to understand the latest threats and take proactive security measures. In an unprecedented security breach affecting both private and state-run banks, 32 Lakhss debit cards are estimated to have been "compromised" by cyber malware attack in some ATM systems. Fraudulent withdrawals have been reported from 19 banks so far. While several of these, including state-run State Bank of India, have recalled a number of cards, others have blocked the ones suspected to have been compromised. The government reassured the public that there was no cause for any panic, and promised swift action in the matter once a detailed report it has sought is received.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/assocham-says-it-warned-on-likelihood-of-bank-card-fraud/articleshow/55016051.cms

Dated: 23 October, 2016

- **Debit Card Scare, Why You Need To Change The ATM PIN Immediately:** Recently, many customers have got mails and messages from their banks to change the ATM PIN of their debit cards. Around 3.20 Million accounts in 5 leading banks- State Bank of India, Axis Bank, ICICI Bank, HDFC Bank & YES Bank are compromised. Bankers and cyber experts advise that ideally an ATM PIN should be changed every 3 to 6 months. Several banks have already asked their customers to change their card security details and to stick to own ATM networks. There are reports of customers reporting transactions on their debit cards in China, which is how banks came to know of the breach of data security. A certain foreign payment services company, whose system is believed to have been compromised, is going for a forensic audit. An ATM breach means the PIN numbers of not only that bank's customers but all those who use that bank's ATM network could be compromised. For most customers, using the card at an ATM would seem a safe transaction, being monitored by the bank. However not always so. About 70% of ATMs in India are running on outdated Operating Systems (OS), making it easier for fraudsters to exploit. Microsoft withdrew all support to Windows XP about 2 years before. But, there are still many ATMs running on Windows XP OS, which makes them vulnerable to malware and fraud. Most banks also use ATM machines of different vendors, due to which standardization of networks and technology is not possible. This also opens the system to possible fraud. Fraudsters have developed devices to infect all types of ATMs.

Source: http://www.business-standard.com/article/finance/debit-card-scare-why-you-need-to-change-the-atm-pin-immediately-116102000446_1.html

Dated: 24 October, 2016

- **57 Borrowers Owe Banks Whopping Rs 85,000 Cr. SC Informed:** Only 57 borrowers have defaulted on bank loans worth a whopping Rs 85,000 Cr.. The Supreme Court stated after perusing a report submitted by RBI about persons who have taken loan worth over Rs 500 Cr. and defaulted and asked the central bank why their names should not be made public. If the bar was lowered below Rs 500 Cr., then the default amount would cross over Rs 1 Lakhs Cr.. Observing that if people file an RTI query, they must know who the defaulters are, it asked the Reserve Bank of India (RBI) why the information on defaulters should be withheld. People should know how much money a person has borrowed and how much money he needs to pay back. The amount payable should be known to public. Advocate Shri Prashant Bhushan, appearing for NGO Centre for Public Interest Litigation (CPIL), favored disclosure of the outstanding loan amount and cited an apex court verdict of December 2015 to claim that RBI has to provide all information. The bench will hear on October 28 the matter on the aspect of disclosure of names of defaulters. The apex court had earlier expressed concern over the growing amount of loans not being returned and people are taking thousands of Cr. and running away by declaring their companies insolvent, but poor farmers who take small amounts of Rs 20,000 or Rs 15,000 suffer.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/57-borrowers-owe-banks-whopping-rs-85000-cr-sc-informed/articleshow/55032300.cms

Dated: 24 October, 2016

- **RBI To Conduct Cybercrime Audit On Banks To Check Loopholes:** A month after the biggest financial data leak from Indian banks, regulator Reserve Bank of India is looking to take matters in its own hands and scrutinize security of banks. The RBI is looking to rope in outside help that would try and exploit holes in the Information Technology (IT) systems of the bank to fortify them against similar breaches of security in the future. It (the exercise) won't be investigations per say, but I would say it will be like an audit. RBI would check cyber security of the banks from the inside as well as outside. The security codes of about 3.2 million debit cards were found to be at risk from fraudsters who had stolen vital data for six weeks through July and August. While the RBI had come down hard on banks and directed them to submit a report on the security breach at their ATMs, the audit would directly deal with the loopholes in IT systems of banks. RBI has already put a team in place that would be headed by Shri Nandkumar Sarvade, a retired IPS officer and an expert in bank fraud and terrorism cases. The RBI is also looking to hire techies in the coming months whose job brief will include checking IT systems of the banks. The RBI is also planning to involve outside help, mainly certified cyber security companies. The RBI has already communicated to some banks about its latest plan. At least two bankers that ET spoke to confirmed they have been apprised of this upcoming audit.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-to-conduct-cybercrime-audit-on-banks-to-check-loopholes/articleshow/55039932.cms
Dated: 25 October, 2016

- **Private Sector Banks Reap Q2 Profit Boost, Bad Loans Ease:** Indian private sector lenders HDFC Bank Ltd and Kotak Mahindra Bank Ltd reported 2nd quarter net profit rose on higher interest and fee income, while their bad-loan ratios were lower than the previous quarter. HDFC Bank, net profit for July-September climbed 20% from a year ago to 34.55 Billion Rupees ($517 Million), just beating analysts' estimate of 34.15 Billion Rupees. India's banking sector has been burdened with about $138 Billion of stressed loans, but the bulk of the bad assets are with nearly two dozen state-run banks. HDFC's gross bad loans were 1.02% of total loans outstanding as of Sept. 30, down from 1.04% at the end of June. The bank, an investor favorite due to its strong retail banking business and relatively small exposure to project finance, has the lowest bad-loan ratio among the bigger lenders. Kotak Mahindra, second-quarter net profit rose 43 % from a year ago to 8.13 billion rupees. Its gross bad-loan ratio narrowed to 2.49 % at end-September, from 2.50 % at end-June. Federal Bank, a smaller private sector lender, reported a better-than-expected 25 % rise in second-quarter net profit to 2.01 Billion Rupees, sending its shares more than 4 % higher. Its gross bad-loan ratio was 2.78 % at end-September, lower than 2.92 % at end-June. Shares in HDFC Bank were trading 0.6% down after the results, while Kotak Mahindra was up 0.1 %.

Source: http://economictimes.indiatimes.com/industry/

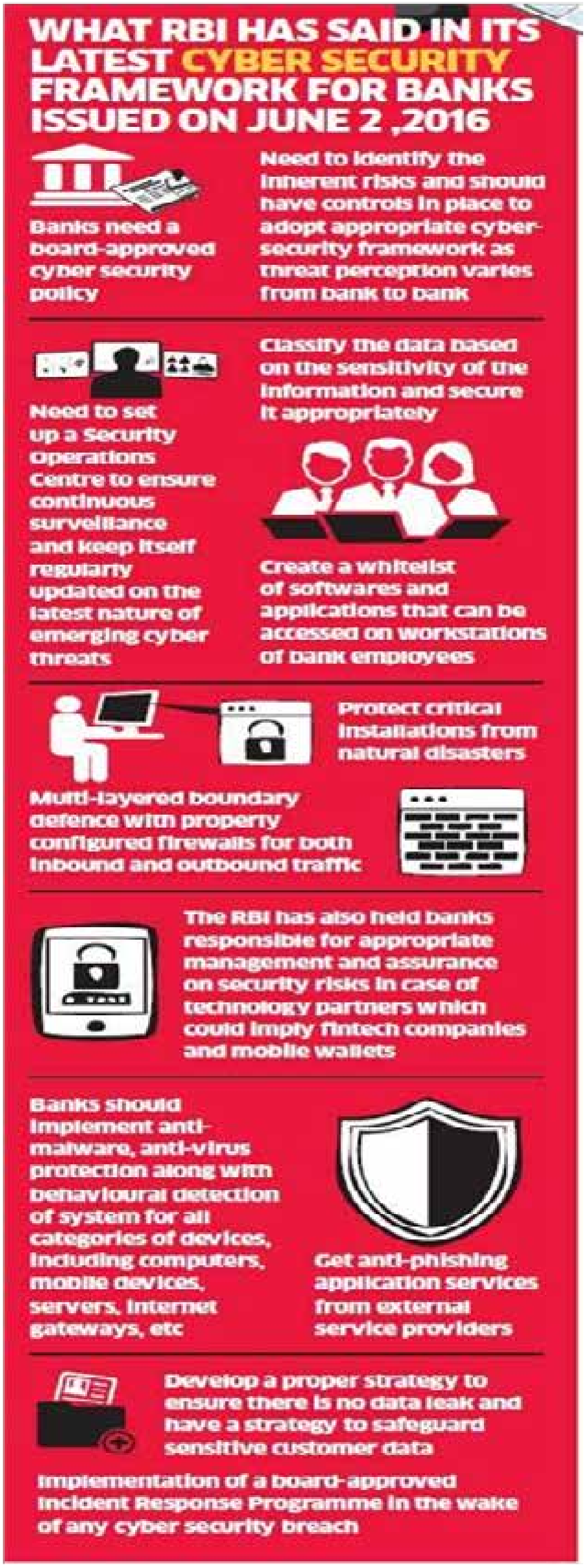
banking/finance/banking/private-sector-banks-reap-q2-profit-boost-bad-loans-ease/articleshow/55048115.cms

Dated: 25 October, 2016

- **Security Breach, Time To Build A Strong Security Matrix:** The US bank spends nearly $600 million a year on cyber security. Pose the same question to Indian banks, the top ones, including State Bank of India, ICICI Bank, HDFC Bank and Axis Bank, are not even willing to engage in conversations over the topic. Canara Bank is the only bank which replied saying that they have budgeted Rs 520 Cr. for IT security for the current financial year. Unlike the banks in the West, Indian lenders still do not appear to be sensitized to the threat from the cyber world, and their reactions to the possible theft of details of 3.2 million account holders in the biggest ever security attack reflect either their lack of seriousness or hesitation in admitting to the threat fearing dent to their reputation. Monetarily the damage from cyber attacks so far has been very limited, but it has the potential to get bigger and disrupt the nation's financial architecture and even result in the collapse of the system. Most of the crimes here have been aimed at disruption rather than to steal money on a large scale, unlike in cases like Bangladesh where $81 million was lost. Cyber crime is an issue that can actually bring down companies, and, at this point, banks need a more strategic approach in dealing with this. It's important that they identify cyber crime as a key agenda for the board. Information from 19 banks were compromised with an estimated financial loss of Rs 1.3 Cr. in a mission that lasted for as long as six weeks before the banks woke up to the crime. While the regulator mandates that banks report any breach immediately, banks are reluctant to do so fearing damage to their reputation. The malware, reportedly introduced into the systems of Hitachi Payment Services, was lying undetected for weeks before consumer complaints exposed the technology deficiency of the banks and that of the service provider. No banker wanted to speak on record on this issue. In Japan, the hackers made away with around $13 million with credit card data stolen from a South African bank. A major card skimming act was also discovered in Bangladesh in February this year where media reports from the country pegged the affected numbers at six ATM booths and three banks. The bigger problem is this network of hackers and fraudsters is usually a global symposium and cards defrauded here have been found to be used in the US or China where they do not have a second factor of authentication." It is not just the technology installed in banks that would help detect such frauds, but the conduct of staff and internal policies and practices that are more important. In case of Bangladesh, for instance, the employees of the central bank were lured to visit certain websites and the moment an employee would visit a certain site, the malware would get downloaded into the bank's systems. 80% of the threats are coming from internal sources rather than external sources. The discussions that are happening internally is that how do we make our employees aware how to beef up internal securities. Indian banks are not the only ones exposed to cyber attacks, even the most sophisticated of the networks like the global payments messaging system SWIFT are also being attacked. With the interconnected nature of the industry, the financially weak state-run banks' ability to invest in technology is also being questioned. Banks are already considering several cost reduction strategies to address cost pressures in managing non-performing assets and shrinking margins. Banks will need to take a risk-based approach while building advanced capabilities. However, they may not be able to avoid baseline investments. Regulator plays the most important role though in the wake of the recent fraud attack, it has only passed a statement instructing banks to adhere to its guidelines and review existing cyber security arrangements. In a country where banks are not willing to share even the list of defaulters to protect their own interests, to come out openly and share technology failures seems a distant dream. The RBI has issued guidelines for cyber security and it more or less covers all of it. What's most important is how victims respond to such incidents. In Europe, there is something called the Cyber Defence Alliance. This alliance ensures that there is information sharing among various banks because cyber security is an issue which is faced by all financial institutions.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/security-breach-time-to-build-a-strong-security-matrix/articleshow/55058924.cms

Dated: 26 October, 2016



Top Banking Development

- **United Bank of India Rejigs Operation To Set Up Hyderabad Regional Office:** In an organizational restructuring, state-run United Bank of India (UBI) has set up its 36th Regional Office in Hyderabad to boost business in Andhra Pradesh and Telengana. The Kolkata-based lender has carved this new regional division out of the Bangalore region to increase its focus in the twin states. UBI's advances in Bangalore region was seven times of what it collected as deposits. The bank's business for the new region now stands at is Rs 2,935 Cr. following the operational rejig with deposits at Rs 450 Cr. and advances at Rs 2,485 Cr. The new region has 34 branches while UBI plans to open 8 more this year. The undivided Bangalore region had 67 branches with a total business of Rs 5,381 Cr.. Total deposit was Rs 755 Cr. while advances were Rs 4,626 Cr. About 58% of UBI's 2008 branches are located in the eastern part of the country. It has 4.10 Cr. customers. The opening of Hyderabad Region would strengthen bank's outreach in the state of Telangana and Andhra Pradesh.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/united-bank-of-india-rejigs-operation-to-set-up-hyderabad-regional-office/articleshow/55070791.cms

Dated: 26 October, 2016

- **Submit Your Form 15 G/H Through Mobile, Courtesy Axis Bank:** Axis Bank has launched 'Insta Services', to enable electronic submission of Form15G/H through its mobile application. With this service, you need not visit the bank's branch can submit the forms at ease from your home, in a totally paperless manner. You just need to click an image through mobile camera or upload the scanned copy of KYC documents. Form 15G/H are self-declaration forms required to be furnished by the assessee to the banker for nil deduction / lower deduction of TDS (Tax Deducted at Source) on interest income. Form 15H is for senior citizens (60 years or older), while Form 15G is for everybody else. The bank also offers services like updation of address, email, PAN, linking of Aadhaar for Government and other such benefits. NRI customers can avail this facility to update their passport and visa. 'Insta Services' on the Mobile App further reinforces our commitment to improve our customers' online experience by deploying cutting-edge technology solutions that provide both security and convenience". Axis Bank is the first Bank in the country to enable electronic submission facility for Forms 15G/H for its customers. This initiative is in sync with our objective of creating a tax environment with minimum cost and maximum convenience for all stakeholders and is also well aligned to the Government's vision of 'Digital India''.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/submit-your-form-15-g/h-through-mobile-courtesy-axis-bank/articleshow/55072394.cms

Dated: 26 October, 2016

- **ICICI Bank UK's Money Transfer From Sweden, Norway, Denmark:** The British subsidiary of ICICI Bank- ICICI Bank UK Plc has announced the launch of online money transfer services to facilitate transaction from any bank accounts in Sweden, Norway and Denmark to any recipient account based in India. The service called 'Money2India Europe' verifies the credentials of the customers over video call from Money2India Europe website. The website is owned by ICICI Bank UK Plc. Using this service anyone residing in these countries can initiate money transfer round-the-clock for 365 days from their local bank account to any bank account in India in a quick and convenient manner. The Money2India Europe service is now available in 20 countries in Europe. The service is completely online and can be completed within 15 minutes. It eliminates the need to courier the Know Your Customer (KYC) documents. ICICI Bank UK Plc has partnered with Inpay A/S, a global payments service provider, to bring this service to consumers in Sweden, Norway and Denmark. With NRIs being away from the country, digital channel becomes a very powerful tool for them to connect with India. With the expansion of Money2India Europe, we intend to comprehensively fulfill the money transfer needs of the NRI diaspora in Sweden, Norway and Denmark. Consumers can transfer money to India within one working day for the accounts at ICICI Bank and two working days for accounts with other banks in India.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-uks-money-transfer-from-sweden-norway-denmark/articleshow/55093071.cms

Dated: 27 October, 2016

- **Six Lakhs SBI Customers To Get New Debit Cards:** Over 6 Lakhs customers of State Bank of India (SBI) will get new debit cards soon as the bank has moved swiftly to contain the damage caused by a recent malware-related security breach. The move has been dubbed the biggest card replacement exercise in the history of Indian banking. Over 6.29 Lakhs cards have been dispatched already. A total of 95.50% of the blocked cards were dispatched by October 26. For the rest, we are trying to get their contact details because they failed to update their information with the respective branch. Such customers can also approach the branch to get their details updated and get a new card. SBI did not block cards immediately as it first tried to contain the problem. However, when it found that not many customers changed their PINs, it decided to block these cards.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/six-lakh-sbi-customers-to-get-new-debit-cards/articleshow/55139329.cms

Dated: 30 October, 2016

- **Banks To Report Frauds Of Rs 1 Cr. And Above To CVC:** With several high-ticket alleged frauds like Shri Vijay Mallya loan default case coming to fore, Central Vigilance Commission has now made it mandatory for the public sector banks to report to it all such matters involving funds over Rs 1 Cr. Based on the reports, the anti-corruption watchdog, which has hired four General Manager ranked officers from bank as advisors, will recommend whether CBI probe can be ordered. According to CBI data, in 2015, the agency had probed 171 cases of bank frauds involving funds of Rs 20,646 Cr. In addition, CBI is also investigating the Ponzi schemes involving funds of over Rs 1.20 Lakhs Cr. The Commission will also call regular monthly meetings of senior officials of Reserve Bank of India (RBI), CBI and banks to monitor probe in suspected bank frauds of Rs 50 Cr. and above. The banks have been asked to share their reports of Fraud Monitoring and Reporting (FMR) mechanism with the CVC in the suspected fraud cases of Rs. 1 Cr. and above. Till now this report was shared with the RBI only. The banks will also now have to report the modus operandi of all the alleged frauds to the CVC which will share these details with other banks to ensure that systemic changes can be brought in to prevent such cases being repeated. Frauds were being reported by the Central Vigilance Officers of the banks to the RBI through the Fraud Monitoring and Reporting (FMR) mechanism. Now the Commission has decided that fraud of Rs 50 Cr. and above will be regularly followed up by the CVC.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/banks-to-report-frauds-of-rs-1-crore-and-above-to-cvc/articleshow/55154093.cms

Dated: 31 October, 2016

India's Foreign Trade (Merchandise)

- **Merchandise Trade:-**
  - **Exports (Including Re-Exports):** Exports during September,2016 has shown sign of revival registering a growth of 4.62 per cent in dollar terms (5.45 per cent higher in Rupee terms) valued at US$ 22880.56 million (Rs.152699.59 crore) in September 2016 than the level of US$ 21869.36 million (Rs.144814.06 crore) during September, 2015. Cumulative value of exports for the period April-September 2016-17 was US$ 131400.50 million (Rs.879475.63 crore) as against US$ 133723.24 million (Rs.858622.52 crore) registering a negative growth of 1.74 per cent in Dollar terms and positive growth of 2.43 per cent in Rupee terms over the same period last year. Non-petroleum exports in September 2016 are valued at US$ 20330.31 million against US$ 19282.01 million in September 2015, an increase of 5.44%. Non-petroleum exports during April to September 2016 are valued at US$ 117314.05 million as compared to US$ 116767.85 million for the corresponding period in 2015, an increase of 0.47%. The growth in exports have fallen for USA (-6.42%), EU (-8.39 %), China (-4.36%) but Japan exhibited positive growth (1.92%) for July 2016 over the corresponding period of previous year as per latest WTO statistics.
  - **Imports:** Imports during September 2016 were valued at US$ 31220.13 million (Rs.208356.00 crore) which was 2.54 per cent lower in Dollar terms and 1.78 per cent lower in Rupee terms over the level of imports valued at US$ 32035.32 million (Rs.212130.85) in September,2015. Cumulative value of imports for the period April-September 2016-17 was US$ 174409.62 million (Rs.1167458.25 crore) as against US$ 202269.62 million (Rs.1298646.11 crore) registering a negative growth of 13.77 per cent in Dollar terms and 10.10 per cent in Rupee terms over the same period last year.
  - **Crude Oil & Non-Oil Imports:** Oil imports during September, 2016 were valued at US$ 6886.36 million which was 3.13 percent higher than oil imports valued at US$ 6677.58 million in the corresponding period last year. Oil imports during April-September, 2016-17 were valued at US$ 39297.17 million which was 18.59 per cent lower than the oil imports of US$ 48271.11 million in the corresponding period last year. Non-oil imports during September, 2016 were estimated at US$ 24333.77

million which was 4.04 per cent lower than non-oil imports of US$ 25357.74 million in September, 2015. Non-oil imports during April-September 2016-17 were valued at US$ 135112.45 million which was 12.26 per cent lower than the level of such imports valued at US$ 153998.51 million in April-September, 2015-16.

- **Trade In Services (For August, 2016, As Per The RBI Press Release Dated 14th October 2016):-**
  - **(Receipts):** Exports during August 2016 were valued at US$ 13381 Million (Rs.89571.88 Crore) registering a positive growth of 4.74 per cent in dollar terms as compared to negative growth of 4.11 per cent during July 2016 (as per RBI's Press Release for the respective months).
  - **Imports (Payments):** Imports during August 2016 were valued at US$ 8054 Million (Rs. 53913.15 Crore) registering a positive growth of 8.71 per cent in dollar terms as compared to negative growth of 11.68 per cent during July 2016 (as per RBI's Press Release for the respective months).
- **Trade Balance:-**
  - **Merchandise:** The trade deficit for April-September, 2016-17 was estimated at US$ 43009.12 million which was 37.26 % lower than the deficit of US$ 68546.38 million during April-September, 2015-16.
  - **Services:** As per RBI's Press Release dated 14th October 2016, the trade balance in Services (i.e. net export of Services) for August, 2016 was estimated at US$ 5327 million. The net export of services for April- August, 2016-17 was estimated at US$ 26889 million which is lower than net export of services of US$ 28178 million during April- August, 2015-16. (The data for April-August 2015-16 and 2016-17 has been derived by adding April-August month wise QE data of RBI Press Release).
  - **Overall Trade Balance:** Overall the trade balance has improved. Taking merchandise and services together, overall trade deficit for April- September 2016-17 is estimated at US$ 16120.12 million which is 60.07 percent lower in Dollar terms than the level of US$ 40368.38 million during April-September 2015-16. (Services data pertains to April-August 2016 as August 2016 is the latest data available as per RBI's Press Release dated 14th October 2016).

MERCHANDISE TRADE

Exports & Imports (US $ Million)		
	September	**April-September**
Exports (Including Re-Exports)		
2015-16	21869.36	133723.24
2016-17	22880.56	131400.50
% Growth 2016-17/ 2015-16	**4.62**	**-1.74**
Imports		
2015-16	32035.32	202269.62
2016-17	31220.13	174409.62
%Growth2016-17/ 2015-16	**-2.54**	**-13.77**
Trade Balance		
2015-16	-10165.96	-68546.38
2016-17	-8339.57	-43009.12
Exports & Imports : (Rs. Crore)		
	September	**April-September**
Exports (Including Re-Exports)		
2015-16	144814.06	858622.52
2016-17	152699.59	879475.63
%Growth2016-17/ 2015-16	**5.45**	**2.43**
Imports		
2015-16	212130.85	1298646.11
2016-17	208356.00	1167458.25
%Growth2016-17/ 2015-16	**-1.78**	**-10.10**
Trade Balance		
2015-16	-67316.79	-440023.59
2016-17	-55656.41	-287982.62

SERVICES TRADE

Exports & Imports (Services) : (US $ Million)	
	August 2016-17
Exports (Receipts)	13381.00
Imports (Payments)	8054.00
Trade Balance	5327.00
Exports & Imports (Services): (Rs. Cr.)	
	August 2016-17
Exports (Receipts)	89571.88
Imports (Payments)	53913.15
Trade Balance	35658.72

Top Banking Appointment

- **Shri Parvez Ahmad Appointed Chairman of J&K Bank:** Reserve Bank of India (RBI) has approved the appointment of Shri Parvez Ahmad as Chairman and Chief Executive Officer (CEO) of the Jammu & Kashmir Bank for a period of three years with effect from October 6, 2016. Shri Parvez Ahmad will be the first in-service and second in-house Chairman and CEO of the bank. Having rich experience of almost two decades in banking and financial services, Shri Parvez Ahmad is currently the senior most Executive President of the bank. Notably, J&K Bank Board of Directors had forwarded a panel of three candidates topped by Shri Parvez Ahmad for chairmanship to the RBI for approval.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/parvez-ahmad-appointed-chairman-of-jk-bank/articleshow/54626389.cms

Dated: 1 October, 2016

- **Shri Rajeev Rishi Elected IBA Chief:** The Managing Committee of the Indian Banks' Association (IBA) at its meeting has elected Shri Rajeev Rishi, Chairman & Managing Director, Central Bank of India, as the Chairman, of the Association for the term 2016-17. The other Office-bearers of the Association elected are Smt. Arundhati Bhattacharya, Chairman, State Bank of India; Ms. Chanda Kochhar, Managing Director & CEO, ICICI Bank; and Shri Arun Tiwari, Chairman & Managing Director, Union Bank of India as Deputy Chairmen. Shri Jatinderbir Singh, IAS, Chairman & Managing Director, Punjab & Sind Bank, as Honorary Secretary of the Association for the year 2016-17.

Source: http://www.thehindubusinessline.com/money-and-banking/rajeev-rishi-elected-as-iba-chairman/article9198135.ece

Dated: 7 October, 2016

- **Ms. Asha Kharga, Marketing Head Of Brooke Bond & Lipton, Joins Axis Bank:** Ms. Asha Kharga, marketing head of Brooke Bond & Lipton, Hindustan Unilever has joined Axis Bank as their head of marketing. Ms .Kharga in the last two years, lead the strategic marketing and innovation program for a portfolio of brands. They include core tea brands and new categories like Green Tea and Round Boilable Tea Bags. Shri Rajiv Anand, Executive Director of Axis Bank confirmed the appointment.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/asha-kharga-marketing-head-of-brooke-bond-and-lipton-joins-axis-bank/articleshow/54833171.cms

Dated: 13 October, 2016

- **ICICI Bank Appoints Shri Anup Bagchi Retail Banking Head In Major Rejig:** In a major rejig of senior management positions, ICICI Bank has appointed its brokerage business head Shri Anup Bagchi as Executive Director of the bank and head of retail banking, replacing Shri Rajiv

Sabharwal. The board also took on record the resignation of Shri Rajiv Sabharwal as Executive Director consequent to his decision to pursue opportunities outside the ICICI group, effective January 31, 2017. In a major rejig of senior management positions, ICICI Bank today appointed its brokerage business head Shri Anup Bagchi as Executive Director of the bank and head of retail banking, replacing Shri Rajiv Sabharwal. Ms. Shilpa Kumar will replace Shri Bagchi as MD and CEO of ICICI Securities. Ms. Shilpa will be succeeded by Shri B Prasanna as Group Executive and Head of Markets and Proprietary Trading at ICICI Bank, as per the decisions taken by its board. The board also took on record the resignation of Shri Sabharwal as Executive Director consequent to his decision to pursue opportunities outside the ICICI group, effective January 31, 2017. Shri Sabharwal has been with the group for 22 years, except for a brief spell when he had moved to Sequoia Capital.

Source: http://www.financialexpress.com/industry/banking-finance/icici-bank-appoints-anup-bagchi-retail-banking-head-in-major-rejig/418550/

Dated: 14 October, 2016

- **Shri Ashok Chawla Takes Over as Non-Executive Chairman of Yes Bank:** Former finance secretary and Competition Commission of India chairman Shri Ashok Chawla has taken charge as Non-Executive Chairman of Yes Bank. Ms Radha Singh, Non-Executive Part-time Chairperson of the Bank has completed her tenure as Non-Executive Part-time Chairperson of bank as on October 29, 2016 and accordingly ceases to be Director on the Board of the Bank at the close of business on October 29, 2016. A former IAS officer, Singh was non-independent director on the bank's board since April 2008 and was appointed chairperson in 2014. In March this year, Shri Chawla was appointed additional non executive director on the bank's board. He was to be appointed as non executive chairman of the bank after the end of Singh's term the bank had then informed the bourses.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/ashok-chawla-takes-over-as-non-executive-chairman-of-yes-bank/articleshow/55141772.cms

Dated: 30 October, 2016

RBI Circulars

Circular Number	Date of Issue	Department	Meant For
RBI/2016-2017/103 A.P. (DIR Series) Circular No. 13	27.10.2016	Foreign Exchange Department	All Category-I Authorized Dealer Banks
RBI/2016-2017/102 DCM(FNVD) No.1134/16.01.05/2016-17	27.10.2016	Department of Currency Management	The Chairman & Managing Director Chief Executive Officers All Banks
RBI/2016-2017/101 A.P. (DIR Series) Circular No. 12	27.10.2016	Foreign Exchange Department	All Category - I Authorized Dealer Banks
RBI/2016-2017/97 DPSS.CO.OD. No.1082/06.08.005/2016-17	20.10.2016	Department of Payment and Settlement Systems	Authorised Payment system operators / banks
RBI/2016-2017/95 DBR.BP.BC. No.20/21.06.001/2016-17	20.10.2016	Department of Banking Regulation	All Scheduled Commercial Banks (Excluding Regional Rural Banks)
RBI/2016-2017/94 DBR.CID. BC.27/20.16.040/2016-17	20.10.2016	Department of Banking Regulation	All Credit Institutions
RBI/2016-2017/93 A.P. (DIR Series) Circular No.11	20.10.2016	Foreign Exchange Department	All Category - I Authorised Dealer Banks
RBI/2016-2017/92 A.P. (DIR Series) Circular No.10	20.10.2016	Foreign Exchange Department	All Category - I Authorised Dealer Banks
RBI/2016-2017/91 A.P. (DIR Series) Circular No.09	20.10.2016	Foreign Exchange Department	All Category - I Authorised Dealer Banks
RBI/2016-2017/90 A.P. (DIR Series) Circular No.08	20.10.2016	Foreign Exchange Department	All Category - I Authorised Dealer Banks
RBI/2016-2017/89 A.P. (DIR Series) Circular No.07	20.10.2016	Foreign Exchange Department	All Category - I Authorised Dealer Banks
RBI/2016-2017/88 A.P. (DIR Series) Circular No.06	20.10.2016	Foreign Exchange Department	All Category - I Authorised Dealer Banks
RBI/2016-2017/84 FIDD.FSD. BC.No.18/05.05.010/2016-17	13.10.2016	Financial Inclusion and Development Department	The Chairman and Managing Director/ CEOs All Scheduled Commercial Banks (Excluding RRBs)

Circular Number	Date of Issue	Department	Meant For
RBI/2016-2017/83 DBR.No.Ret. BC.15/12.02.001/2016-17	13.10.2016	Department of Banking Regulation	All Commercial Banks, Primary (Urban) Co-operative Banks (UCBs), State and Central Co-operative Banks (StCBs/ CCBs)
RBI/2016-2017/82 DGBA. GAD.881/15.02.005/2016-17	13.10.2016	Department of Government and Bank Accounts	The Chairman/Chief Executive Officer Agency Banks handling Public Provident Fund, Kisan Vikas Patra- 2014, Sukanya Samriddhi Account, Senior Citizen Savings Scheme-2004
RBI/2016-2017/77 FMOD.MAOG. No.115/01.18.001/2016-17	04.10.2016	Financial Markets Operation Department	All Scheduled Commercial Banks (excluding RRBs)
RBI/2016-2017/76 FMOD.MAOG. No114/01.01.001/2016-17	04.10.2016	Financial Markets Operation Department	All Scheduled Commercial Banks (excluding RRBs), Scheduled Urban Co-operative Banks and Standalone Primary Dealers
RBI/2016-2017/75 REF.No.MPD. BC.381/07.01.279/2016-17	04.10.2016	Monetary Policy Department	All Primary Dealers
RBI/2016-2017/74 DBR.No.Ret. BC.19/12.01.001/2016-17	04.10.2016	Department of Banking Regulation	The Chairperson / CEOs of all Scheduled and Non-Scheduled Banks

Top Expert Reports

- **Private Banks May See Q2 Profit Growth, PSB Woes To Persist (Motilal Oswal):** Private sector banks are likely to see about 5% uptick in earnings while profit of state-owned lenders may drop 12.70% for the second quarter of this fiscal. According to brokerage firm Motilal Oswal private sector banks would continue to outperform Public Sector Lenders in quarterly earnings. Continued asset quality stress and focus on balance sheet health would drive banks to make high provisions, which could impact earnings. It noted that RBI's tough stance on the cleanup of balance sheets by March next year would weigh on banks' asset quality. However, following the RBI's Asset Quality Review (AQR) and the cleanup exercise taken by banks, the stress will see a decline on quarter-on-quarter basis. Besides, the factors such as lagged impact/ harmonization of account status of RBI's AQR, banks' continued cleanup exercise, non-fund-based exposure turning into non-performing assets for some stressed corporate and impact on the supply chain of stressed large corporate could weigh on banks' performance. Noting that recovery efforts have accelerated, but are yet to materialize. The weak trend can be estimated in recoveries for large corporate exposure and continued healthy trend in SME exposure. Banks like Punjab National Bank, BOB, Union Bank of India, which have aggressively recognized stress loans over the last one year may surprise positively on this front. As per the report, employee expenses would be a key enabler for earnings growth for state-owned banks.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/private-banks-may-see-q2-profit-growth-psb-woes-to-persist-study/articleshow/54737503.cms

Dated: 7 October, 2016

- **Loss Making Banks May Lose Ability To Service AT-1 Bond Coupon (CRISIL):** As per credit rating company CRISIL, Public sector banks which made losses or experienced sharp dip profit in the last fiscal could lose their ability to service coupon on additional tier 1 bonds issued under Basel III capital regulations. A sharp dip in profitability and mounting losses could wipe out the revenue reserves of some public sector banks. As many as 13 of the 21 public sector lenders (taking the State Bank of India and its associates as a consolidated entity) reported losses for fiscal 2016, and almost half of them could do so again this fiscal. CRISIL however did not divulge the name of the banks which are in risk of defaulting AT-1 bond coupon payment. As on date, 14 banks have Rs 22,600 Cr. of additional tier 1 bonds outstanding. While the government has committed capital support to the banks it owned to sustain their capital ratios above regulatory minimum of 9%, the coupon on AT1 bonds can only be serviced through current year's profit or from revenue reserves and hence any capital infusion by government alone cannot improve the bank's ability to service coupon on these bonds. Apart from high probability of posting losses this fiscal, negative or low revenue reserves are likely to make six PSBs vulnerable. Of these, four have AT-1 bonds outstanding, where continued losses could wipe out their revenue reserves and pose a challenge when it comes to coupon servicing. Four other PSBs are also expected to post losses in the near term, but they have adequate revenue reserves (after adjusting for expected losses) to service coupon on AT1 bonds outstanding. However, their ability to continue to do so over the medium term will depend on a return to profitability. Some banks are reporting revenue reserves in their audited balance sheets without adjusting for profit and losses account. Instead, these losses are being shown as a negative 'Balance in P&L Account' on the liability side. As a result, reported revenue reserves do not deplete despite losses. For loss-making banks, the ability to service coupon on AT1 bonds depends only on adequacy of revenue reserves. The Basel III-compliant AT1 bonds are meant to be loss-absorbing in times of stress and hence when rating them. CRISIL considers revenue reserves net of P&L losses to assess a bank's ability to service coupon.

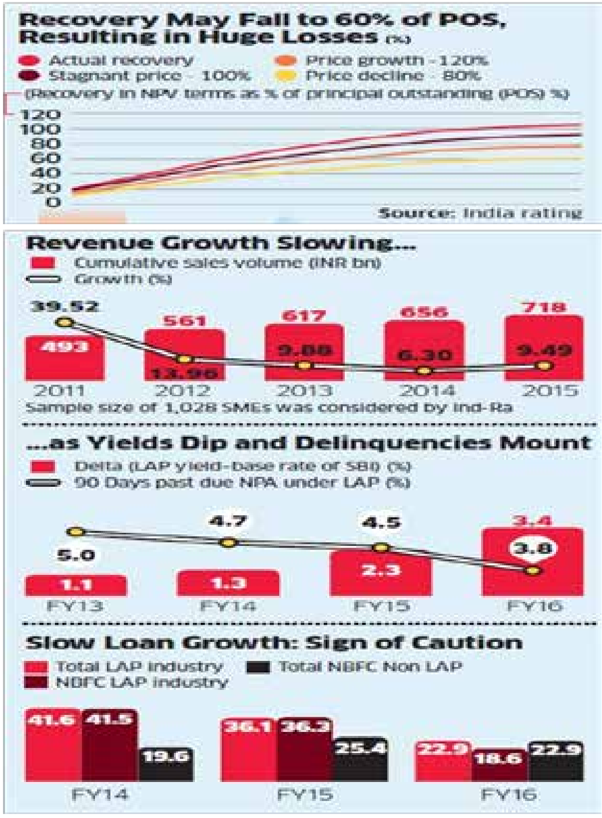
Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/loss-making-banks-may-lose-ability-to-service-at1-bond-coupon/articleshow/54810873.cms

Dated: 12 October, 2016

- **It's Stress Time For Loan Against Property Deals (Ind-Ra):** As per a report by ratings firm India Ratings and Research (Ind-Ra), delinquencies in Loan Against Property (LAP) extended by NBFCs could significantly increase in the next four quarters. The signs of early stress are visible in the LAP business loan pools assessed by it. As per Ind-Ra, there could be a sharp rise in 90 days past due delinquencies for some of the large players resulting in revenue losses. A combination of stagnant property prices, especially in metros and large cities which are the primary markets for large and medium-ticket LAP, and a squeeze on refinancing due to risk aversion are bringing stress to the fore.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/its-stress-time-for-loan-against-property-deals/articleshow/54926777.cms

Dated: 19 October, 2016



- **Rural India Can Get Financial Cover Via Mobile Services (E&Y):** As per London-based professional services firm Ernst & Young (E&Y), there is a large untapped rural population in India waiting to be covered under the financial net, which is only possible through mobile-based services. With over 90% of the villages in India without a commercial bank branch, and over 350 million rural mobile subscribers, there is a large (nearly 47%) untapped population to be covered under the financial net. M-commerce, according to the study, is another driver for mobile financial services growth, and the m-commerce market in India is expected to grow by 55% from $2 billion in 2015 to $19 billion by 2019. The government is banking on mobile-driven citizens' financial empowerment services, and has recently allowed various subsidiaries of telecom services providers such as Bharti Airtel, Vodafone India and Idea Cellular to set up payments banks. E&Y believes that the introduction of payment bank licenses and the central government's Endeavour are steps in this direction and Indian telecom operators are well positioned to take forward the financial inclusion agenda with their wide reach and experience in mobile money services. Initiatives such as the Jan Dhan Yojana that led to the opening of 125 million new bank accounts within a year indicate the appetite of financial services in the country, for telecommunications providers it acts as an additional revenue stream and can help the industry cross-sell services.

Source: http://economictimes.indiatimes.com/industry/banking/finance/banking/rural-india-can-get-financial-cover-via-mobile-services-ey/articleshow/55040294.cms

Dated: 25 October, 2016

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Forthcoming Program and Bulletins

Infrastructure Summit-2016	ASSOCHAM's 6th National Summit On Infrastructure Finance- 2016	15th November 2016, Hotel Four Seasons, Mumbai
Bond Market India's New Financial Order	National Conference on Bond Market India's New Financial Order	21st November 2016, Hotel Four Seasons, Mumbai
ASSOCHAM Banking Bulletin	Vol-19	10th December 2016

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Social Banking Excellence Awards, 2016

ASSOCHAM Social Banking Excellence Award 2016 is a way to recognize to reward and celebrate models of inclusive growth and sustainable development as well as innovative approaches to creating value for society and business together.

The underlying principle is that Banks make social banking an integral part of the way they do business and implement social banking projects or programs that have a significant impact. Equally important is that they are sustainable in all appropriate areas of operation and exert positive influence on their stakeholders, their peers and their communities.

The awards seek to identify and honor companies as well as provide role models of best practices for other companies.

Ashvin Parekh Advisory Services LLP (APAS) are the knowledge partners of this Initiative.

In this context, First jury meeting held on 10th October 2016 at APAS office, Mumbai to deliberate on categories and the parameters of ASSOCHAM Social Banking Excellence Award 2016. The meeting was attended by Shri Anand Sinha, Former Deputy Governor, Reserve Bank of India, Shri D K Mittal, Former Secretary, Ministry of finance, Government of India, Dr. Kshatrapati Shivaji, Chairman & Managing Director, SIDBI, Shri M Narendra, Chairman, ASSOCHAM National council for Banking and finance and Shri Ashvin Parekh, Managing Partner, Ashvin Parekh advisory services LLP.

The nominee can apply under any of the following classes of awards:

1) **Large Bank (Total Business of more than 4,00,000 Crore Rs.)**
2) **Medium Bank (Total Business of 2,00,000-4,00,000 Crore Rs.)**
3) **Small Bank (Total Business of less than 2,00,000 Crore Rs.)**

The awards will be given under the following categories:

1. **Agricultural Banking**
2. **Priority Sector Lending – in categories other than agriculture**
3. **Participation in Government Schemes**
4. **Overall : Best Social Bank**

1) Agricultural Banking

Agriculture Banking aims at studying the efforts made by the bank in improving the access to financial system as available to small and marginal farmers and rural agricultural laborers. We would like to reward the excellence in Agricultural banking by recognizing the efforts made by the bank in serving the agricultural communities. Such efforts include providing basic banking services to activities leading to increased financial awareness and inclusion. Any non-banking activities that are undertaken for the benefit of agricultural community are also recognized.

2. Priority Sector Lending

Priority Sector refers to those sectors of the economy which may not get timely and adequate credit in the absence of this special dispensation. Priority Sector Lending is an important role given by the Reserve Bank of India (RBI) to the banks for providing a specified portion of the bank lending to few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections. This is essentially meant for an all round development of the economy as opposed to focusing only on the financial sector. We would like to reward the excellence in priority sector lending by recognizing the efforts made by the bank in serving categories other than agriculture.

3) Government Schemes

The Indian government in the last one year has launched several initiatives for the purpose of financial inclusion. Approximately 170 million Jan Dhan accounts have been opened under the scheme and DBT transfers under LPG scheme has been initiated via Aadhar card linkage. This has helped mobilize Rs 22000 crores in these accounts with the total no. of zero balance accounts reducing to 45% from ~70% earlier. The government, in the union budget for Financial Year 2015-16, has also launched the Atal Pension Yojana, PM Jeevan JyotiBimaYojanaand PM Suraksha BimaYojana to provide insurance benefits to the marginalized and the poor. This award aims at recognizing the efforts made by the bank in this category.

4) Best Social Bank

This award aims at awarding those financial institutions that have been successful in creating a fundamentally strong and resilient social bank. This includes recognizing the efforts made by the bank in complying with PSL norms and CSR requirements along with creating new opportunities in SME/ MSME lending and social infrastructure segment amongst other social banking and financial inclusion initiatives.

Methodology of the Evaluation process:

Step 1: Questionnaire/ Entries scrutiny by an independent Agency with understanding and experience of evaluating Social Banking parameters and Financial Statements of Banks.

Step 2: On the basis of evaluation, short listing of banks - four in each category.

Step 3: Discussions with the Top Management, HR/CSR Head/ Social Banking Head etc.

Step 4: Field Visits, if required, for further evaluation.

Step 5: Reporting of the shortlisted companies with full details / as per marks and evaluation

Step 6: Jury discussion on short listed companies in presence of Evaluation Partner, ASSOCHAM

Officials and regulatory check partner to participate. In case of further clarification/ information sought by Jury, be submitted.

Step 7: Final Jury meeting to decide awards.

ASSOCHAM 12th Annual Banking Summit cum Award Ceremony: This will be followed by a Gala Event on Banking cum Award Ceremony- the dates will be announced at an appropriate time and in prominent dailies.

Submission of Questionnaires:

1. The questionnaires can be filled out on the soft copy of the form below. Answers should be legible and attachments clearly indicated.
2. The printed forms in hard copy should be sent to ASSOCHAM along with all additional required documents. The entire set of information may also be submitted on a CD.

Duly filled in applications/Questionnaires along with the applicable processing charges & supporting documents may be emailed or sent to the following address latest by **Tuesday, 15th December, 2016.**

Application cum Nomination form may be downloaded from our website: www.assocham.org

For Further details, please contact:

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