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ASSOCHAM
Celebrating 100 Years

Banking e-Bulletin

CONTENTS

THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

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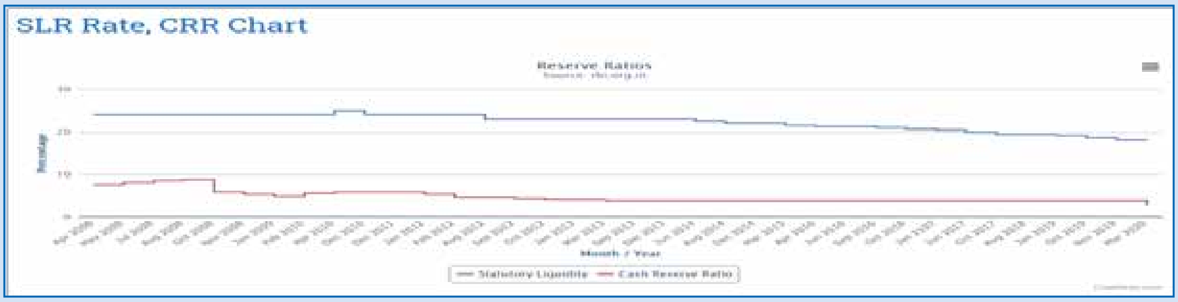
RBI ANNOUNCEMENT IN SEVENTH BI-MONTHLY MONETARY POLICY 2019-20 AS REGULATORY PACKAGE FOR DEALING WITH COVID-19

- Reduce the policy repo rate under the liquidity adjustment facility (LAF) by 75 basis points to 4.40 per cent from 5.15 per cent with immediate effect.
- Accordingly, the marginal standing facility (MSF) rate and the Bank Rate stand reduced to 4.65 per cent from 5.40 per cent.
- Further, consequent upon the widening of the LAF corridor as detailed in the accompanying Statement on Developmental and Regulatory Polices, the reverse repo rate under the LAF stands reduced by 90 basis points to 4.0 per cent.
- All banks and NBFCs are being permitted to allow a 3-month moratorium on payment of term loans.
- RBI to undertake repo operation of up to ₹1 lakh crore to infuse liquidity into market.
- NSFAR implementation deferred by 6 months.
- Monetary policy committee refrains from giving out growth, inflation outlook for coming fiscal on uncertain outlook.
- **Working Capital Facilities:** In respect of working capital facilities sanctioned in the form of cash credit/ overdraft ("CC/OD"), lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020 ("deferment").
- **Extension of realisation period of export proceeds:** Presently value of the goods or software exports made by the exporters is required to be realized fully and repatriated to the country within a period of 9 months from the date of exports. In view of the disruption caused by the COVID-19 pandemic, the time period for realization and repatriation of export proceeds for exports made up to or on July 31, 2020, has been extended to 15 months from the date of export.

For more details please find the link : https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49581

Policy Rates (*As On 05-April-2020)	
Policy Repo Rate	**4.40%**
Reverse Repo Rate	**4.00%**
Marginal Standing Facility Rate	**4.65%**
CRR	**3.00 %**
SLR	**18.25%**



ASSOCHAM'S COMMENT ON POST RBI ANNOUNCEMENT

On behalf of the ASSOCHAM, we appreciate the Monetary Policy Committee (MPC) members of Reserve Bank of India (RBI) for the announcement made during the Seventh Bi-Monthly Monetary Policy Statement for 2019-20.

We at the ASSOCHAM believes that the RBI's decision has been very bold and very impressive in terms of addressing current challenges faced by the economy. All the measures taken, whether Repo rate reduction, CRR cut, TLTRO, moratorium on repayments, infusion of liquidity, etc have been unprecedented and in right context. Although the rate cut is big, we request to all the Commercial banks, Co-Operative Banks, All India Financial Institutions and NBFCs to pass out the 100 % benefit to all the beneficiary with the immediate effect.

On measures, the RBI was very accommodating and announced a moratorium. To ensure liquidity, the cut in CRR was announced. The Repo rate was lowered by 75 bp and the window/ band between Repo and Reverse Repo was widened to encourage banks to lend. The Hon'ble Governor provided forward guidance which must be appreciated, given difficult times.

To mitigate the adverse effects on economic activity leading to pressures on cash flows across sectors, the Reserve Bank will conduct auctions of targeted term repos of up to three years tenor of appropriate sizes for a total amount of up to ₹1,00,000 crore at a floating rate, linked to the policy repo rate. Liquidity availed under the scheme by banks has to be deployed in investment grade corporate bonds, commercial paper and non-convertible debentures over and above the outstanding level of their investments in these bonds as on March 27th 2020. Therefore, we request all the banks to pass out the low-cost credit to the industry with immediate effect.

Going forward, the situation of production and trading in the economy will continue to suffer for at least next 3 months. The crude prices are low and expected to continue for some more months. Inflation could be low too. In view of large-scale unemployment and disruption in the unorganized sector, demand will be low too. The stress of the corporate sector and businesses will reflect on the balance sheet of commercial banks.

Therefore, the Govt and the RBI will have to be prepared for assisting the banks we would expect another round of big decline in Repo Rate and further widening of the corridor between Repo and Reverse Repo. The RBI may also consider pressing a pause button on the Basel Norms, especially on risk weights, to facilitate banks to accommodate firms/corporates with shattered businesses. Thus, easy monetary policy is expected to continue for some more months.

The large rate cut, the adjustment in capital conservation buffer, the moratorium on repayments and the bazooka of conventional CRR cut and unconventional liquidity measure of incentivising banks to support CP market all will help financial markets stabilise, lead to immediate rate transmission and address the credit needs of the real economy. The decision of allowing Indian Banks to participate in NDF market is a positive step in broadening the market participants and better rate discovery. Given that we are in exceptional times, RBI has played the role of championing the cause for the economy and financial system

Finally, the RBI needs to have a sectoral approach to help revive the economy. The standing crop of Wheat in North India could adversely impact the banking sector, given agricultural loans. The MSMEs have come to a grinding halt. The area of aviation, tourism, export led manufacturing, travel and transport is badly impacted and something focused on these would have to be announced. The revival of the economy would start sometimes in June/July, and the supporting RBI's Monetary Policy will be helpful in the process.

All these measures we believe are positive for the markets. It is also encouraging to hear the governor state that they are constantly monitoring the situation and will take further appropriate actions if needed.

Thanking you and with warm regards,

Deepak Sood
Secretary General
ASSOCHAM

ASSOCHAM 15th ANNUAL BANKING SUMMIT

Held on Friday, 06th March 2020, Mumbai

Inaugural Address by Shri Shaktikanta Das, Hon'ble Governor, Reserve Bank of India during ASSOCHAM 15th Annual Banking Summit held on 6th March 2020

(Micro Small and Medium Enterprises : Challenges and Way Forward)

At the outset, I wish to thank ASSOCHAM for inviting me to their 15th Annual Banking Summit. More so because this is ASSOCHAM's centenary year. It is a remarkable accomplishment and I extend warm greetings to all those associated with ASSOCHAM. Over the years, ASSOCHAM has transformed itself into a forceful, proactive, forward-looking organisation to meet the aspirations of Indian business. I am certain that ASSOCHAM's journey towards excellence will continue.

In a country like India with a population size of about 1.3 billion, the Micro, Small and Medium Enterprises (MSME) sector has a vital role in the economy. It fosters entrepreneurship and generates large employment opportunities. As MSMEs absorb the surplus agricultural labour, they help reduce the problem of disguised unemployment in rural areas. MSMEs are also complementary to large industries as ancillary units and also play an important role in the whole eco-system of the secondary and tertiary sector.

We all are aware that the MSME sector is passing through a challenging phase. The theme of today's Summit - 'Structural Reforms in MSME Funding' - chosen by ASSOCHAM, therefore, could not be more apt and timelier. In my address today, I would begin by underlining the importance of the MSMEs to the economy. I would then delve into some challenges faced by them and discuss some of the measures undertaken by the Reserve Bank. I shall also list out some issues as a way forward.

I. Importance to the Economy

Let me begin by highlighting a few stylised facts on the contribution of MSME sector in India. The MSME sector contributes in a significant way to the growth of the Indian economy with a vast network of about 6.3 crore units and a share of around 30 per cent in nominal GDP in 2016-17. The share of the sector in total manufacturing output was even higher at 45 per cent. Taking cognisance of the wider set of benefits that the sector offers to the rest of the economy, the Government has envisioned to increase its contribution to GDP to over 50 per cent in next few years as the country aspires for a ₹5 trillion economy.

As per the 73rd round of National Sample Survey (NSS) conducted during the period 2015-16, the estimated employment in MSME sector was around 11 crore. Within MSME sector, each of the three sub-sectors, namely, trade, manufacturing and other services accounted for about a third of total employment. Around 50 per cent of the total MSMEs operate in rural areas and provide 45 per cent of total employment. Interestingly, the micro enterprises account for 97 per cent of total employment in MSME sector. This relates to the problem of what is called the missing middle, which suggests that micro firms have failed to grow into smaller and medium firms and so on over time. This seems to have kept the micro sector bereft of enjoying economies of scale, investment into fixed assets, adoption of technology and innovation.

The share of MSME sector in India's merchandise exports stood at around 48 per cent in 2018-19. This signifies that Indian MSMEs are becoming globally competitive and their products/services are being accepted overseas. In this background, special attention needs to be given to improve the competitiveness and technology up-gradation endeavours. Various schemes and programmes of the Government, therefore, should be continued and effectively implemented.

II. Challenges in the MSME sector

Despite the MSME sector contributing significantly to the economy, it continues to face several challenges. The major challenges include physical infrastructure bottlenecks; absence of formalisation; inertia to technology adoption; capacity building; backward and forward linkages; lack of access to credit and risk capital; and the perennial problem of delayed payments, among others. Let me now elaborate on some of these issues.

Infrastructure bottlenecks and Competition: Notwithstanding various efforts to upgrade the infrastructure, the MSME clusters, particularly the micro enterprises, are inadequately equipped with necessary support systems which not only impede their day-to-day business operations but also their future growth prospects. While infrastructure constraint is only one side of the story, I believe that MSMEs also need to do their bit to improve competitiveness. They need to shed their inhibition to adopt new technologies; accept e-payments; and foster in-house innovation which will help them manage their businesses digitally and compete globally. Given the current scenario of global trade, the age-old methods of operating business with low levels of technology adoption deprives them of potential economies of scale. Lack of expertise in product development, designing, packaging and marketing strategy due to their small size add up to the pressure of adapting to the changing environment around them. The strategy for MSMEs should be to gradually expand in size and reduce the dependence on the incentive structure provided by the Government. Their aim should be eventually to compete on a global scale.

Access to Credit and Formalization: Credit plays a vital role in development of MSME sector as funds at a reasonable cost can increase their competitiveness. Credit disbursal to this sector has, however, remained sluggish in recent periods. At an aggregate level, the total credit outstanding from banks and NBFCs to the MSME sector was approximately ₹ 16.6 lakh crore as at end of September, 2019. Scheduled commercial banks account for 90 per cent of the share of total credit outstanding. As many MSMEs mainly operate in the informal space, assessing their creditworthiness can be difficult due to information asymmetry, particularly with respect to the financial performance of their businesses. In the absence of collateral, under-writing the customer often entails higher operating cost. Furthermore, due to their small-scale operations, MSMEs are not able to raise risk capital. They are also unable to take advantage of most of the Government schemes which are mostly based on digital infrastructure and require beneficiaries to have some form of digital identify and presence. With the implementation of structural reforms like GST and JAM trinity, the informal units are, however, getting integrated with the mainstream in recent years.

Delayed Payments: A large number of MSMEs are ancillary units catering to the needs of large industries, both in the public and private sector. They often face the problem of delayed payments, affecting their cash flow and working capital availability. Most of the time, delay in realisation of such receivables increases their operating cycle and reduces their ability to procure new orders or fulfil the existing ones. A primary survey conducted by Reserve Bank in December 2019 showed that 44 per cent of MSMEs engaged in manufacturing activities faced delay in payments. The ones not receiving timely payment mainly belonged to basic metal and metal products, engineering, construction and infrastructure related industries. On the other hand, delay in payments was lower at 27 per cent for services sector. Here transport operators mostly faced such situations. Although Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 contains provisions related to penalty in case of delayed payments by the buyers, weak bargaining power and the fear of losing the business prevents MSMEs to invoke this provision.

III. Expert Committee on MSMEs

In order to understand the structural bottlenecks and factors affecting the performance of the MSMEs, RBI had set up an Expert Committee on MSMEs under the Chairmanship of Shri U.K Sinha in January 2019. The Committee has undertaken comprehensive review of the sector and given several recommendations for the economic and financial sustainability of the MSME sector. These recommendations are wide-ranging and broadly relate to legislative changes; infrastructure development; capacity building; technological upgradation; improving backward and forward linkages; improving financial support from formal sources; newer technological interventions for robust underwriting practices; and credit delivery, among others. While some of the recommendations of the Committee have already been implemented, others are under consideration by the authorities concerned.

IV. Measures Undertaken by RBI

Measures to Improve the Credit Flow: The Reserve Bank has taken several measures in the recent period to improve the flow of credit to the MSME sector. Banks form the predominant source of formal credit to MSMEs with all such loans by banks qualifying for Priority Sector Lending classification. In August 2019, we have further incentivised banks to lend to MSMEs through the NBFC sector. Consequently, bank credit to registered NBFCs (other than Micro Finance Institutions) for on-lending to micro and small enterprises up to ₹ 20 lakh per borrower are eligible for classification as priority sector lending. A scheme of one-time restructuring without an asset classification downgrade was permitted to GST registered MSME accounts that were in default but standard as on January 1, 2019. As the process of formalisation of the MSME sector has a positive impact on financial stability and this process is still underway, the scheme has been extended to accounts that are standard but in default as on January 1, 2020 and restructuring, wherever eligible, has to be implemented latest by December 31, 2020. This will enhance the scope of the scheme by benefitting the eligible MSME entities which could not be restructured under the provisions of the circular dated January 1, 2019 as also the MSME entities which have become stressed thereafter. So far, banks have restructured 6 lakh accounts out of 15 lakh eligible accounts under the scheme. Our primary survey suggested lack of awareness about the scheme among the MSMEs. We have announced last month that incremental loans to MSMEs along with retail loans for automobiles and residential housing will be exempted from CRR from fortnight ending January 31, 2020 up to fortnight ending July 31, 2020. Subsequent to the introduction of an external benchmark system in October 2019, the monetary policy transmission has improved where new floating rate loans to the micro and small entrepreneurs were linked to the external benchmark. With a view to further strengthening monetary policy transmission, all new floating rate loans to medium enterprises extended by banks from April 01, 2020 will also be linked to the external benchmarks.

Addressing Delayed Payments: As I have mentioned earlier, delay in getting payments is one the perennial problems faced by MSMEs. To address this issue, the Reserve Bank introduced the Trade Receivables Discounting System (TReDS) in 2014. TReDS is an electronic platform where receivables of MSMEs drawn against buyers (large corporates, PSUs, Government departments) are financed through multiple financiers at competitive rates. This is done through an auction-based mechanism. To widen the scope of TReDS and to incentivise more players to be part of this platform, banks' exposure through this platform were brought under priority sector lending in 2016. Presently, three entities [viz., Receivables Exchange of India Ltd. (RXIL), A. TReDS, and Mynd Solutions] licensed by the Reserve Bank are operating the platform for more than two years. Further, the Reserve Bank recently allowed 'on tap' authorization to entities desirous to provide platforms for TReDS. Hence, in coming years, competition in receivables discounting space is bound to increase with the entry of new players. This requires the corporates, both in the public and private sector, to join the TReDS platform and make the system more efficient. In 2018, the Government made it mandatory for all companies with a turnover greater than ₹ 500 crores to register with TReDS. As on February 2020, while 8211 MSME sellers were registered while only 1530 buyers were participating on the platforms. I would appeal to the ASSOCHAM to encourage and handhold all its members to participate in the TReDS platform. In the Union Budget 2020-21, the Government has announced app-based invoice financing products to obviate the problem of delayed payments of MSME. The mechanism may prove complementary to the TReDS platform and would further alleviate the problem of delayed payments.

V. Way forward

As the MSME sector holds immense potential, the need is to have a right set of policies and enabling framework which guide and support MSMEs to effectively handle their existing problems and venture into new areas. While both the Government and the RBI have introduced a plethora of measures for improving access to finance and to promote growth of the sector, the small size of individual units and informal nature of the sector continue to pose challenges. The traditional bank lending system by banks is based on financial statements and collateral of the borrower. With increased availability of data from several sources, including GSTN, income tax, credit bureaus, etc., it is now possible to appraise the MSME loan proposals expeditiously by doing due diligence online. Further, with the help of Account Aggregators (AA), lenders will have access to potential borrower's financial information at a single point, of course, with his/her consent. Furthermore, emergence of FinTech companies has made it possible to assess credit worthiness of MSMEs by utilising unexplored data sources such as digital transaction trails, data generated through e-commerce sites, etc. Some lenders are collaborating with FinTech companies to take advantage of such surrogate data for speedier credit underwriting for extending loans to MSME sector. These new architectures would expand the reach of credit. While the new models are beneficial for those units which are digitally active, a large segment of MSME units access credit through traditional lending models. While micro enterprises act as a starting stage of entrepreneurship that requires low investment in technology, units graduating to small and medium enterprises have to enhance their technical capacity and explore newer markets in order to stay competitive for sustainable growth. Recent policy efforts will provide an enabling environment and facilitate the MSME sector seize the new emerging opportunities. I must add that as a regulator, we in RBI have to safeguard financial stability while ensuring wider access to finance. Banks and other players on their part have to ensure prudent lending. Besides, we in RBI have started launching cohorts under the Regulatory Sandbox. First such cohort was launched in November 2019 with the theme of 'Retail Payments' to spur innovation in digital payments space to design and test newer payment services for the unserved and underserved segments. In due course, we propose to run a regulatory sandbox for cohorts focussed on lending. This would promote innovation in MSME lending segment. The project on Public Credit Registry (PCR) will fundamentally address the information asymmetry that impedes access to credit for micro and small entrepreneurs. The PCR has been envisaged as a database of core credit information. The registry would play crucial role in reducing credit gap in the segment. Given the fact that the MSME sector contributes significantly to exports, it is essential that they should be integrated with global value chains (GVC) to remain competitive as it offers unique opportunity to become technologically and digitally empowered. Being part of GVC would enable MSMEs to produce quality goods and services which will have greater acceptability in the global market. The major challenges for the sector to connect to the GVC are lack of information, knowledge of markets and quality standards. In this regard, I see a greater role for cooperation among all stakeholders.

Let me conclude by reiterating that industry bodies like the ASSOCHAM will need to extend their role and assist MSMEs embrace best business practices in line with the fast-changing business environment.

Source: https://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=1095

TOP BANKING NEWS

- **Bank Credit Growth Dips to 8.5Pc in January:**
  Bank credit growth declined to 8.5 per cent in January from 13.5 per cent in the year-ago period led by a sharp slowdown in loans to the services sector, according to RBI data. Growth in advances to the services sector decelerated to 8.9 per cent from 23.9 per cent in January 2019. Bank loan growth to non-banking financial companies (NBFCs) slowed to 32.2 per cent in the reporting month from a growth of 48.3 per cent a year-ago. During the month, personal loans segment grew by 16.9 per cent. Within personal loans, credit to housing segment grew by 17.5 per cent from 18.4 per cent, while education loan showed a negative growth of 3.1 per cent as against a negative growth of 2.3 per cent in January 2019, RBI data showed. Advances growth to agriculture and allied activities contracted to 6.5 per cent from 7.6 per cent rise last year. Credit growth to industry decelerated to 2.5 per cent from 5.2 per cent. Within industry, loan growth to paper and paper products, rubber plastic and their products and construction accelerated. "However, credit growth to textile, food processing, chemical & chemical products, basic metal & metal products, all engineering and infrastructure decelerated," RBI said. For further details, please click the below link.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-credit-growth-dips-to-8-5-pc-in-january-rbi-data/articleshow/74424073.cms
Dated: Mar 01, 2020

- **'Companies May Default On Rs 2.54-L Cr Bank Loans In Next 3 Years':**
  An additional 4% of outstanding corporate borrowings from banks, translating roughly into Rs 2.54 lakh crore could tip into default over the next three years if the pace of economic expansion doesn't pick up sufficiently. A study of top 500 private sector companies by India Ratings & Research showed that about Rs 10.5 lakh crore of their debt could turn vulnerable, which means borrowers could face difficulty in servicing these loans. These 500 debt-heavy borrowers have an outstanding loan book of Rs 39.28 lakh crore. Out of this, the existing default amounts to Rs 7.35 lakh crore loans. The size of system level corporate loan book stands at around Rs 64 lakh crore. The rating firm has done the study for its clients. "The problem emanates from the inability of corporates to deploy their funds productively. The share of productive assets in the system has gone down sharply as incremental debt continues to be used to fund losses and even large sums of related-party transactions. This makes it imperative to strengthen corporate governance standards," said Arindam Som, an analyst at India Rating & Research. The predictions are based on the assumptions of 6% average real GDP growth in FY21 and FY22, with input cost not rising more than 4% and rupee not depreciating by more than 5%. Even if the average GDP growth rises to 7% over the same period, the incremental slippages could still be

around Rs 1.98 lakh crore over the next three years, the analyst said. The Indian economy grew at 4.7% during the third quarter of FY20. India Ratings has predicted 5.5% GDP growth for FY21. In case the average real GDP growth slows to 4.5% over FY21-FY22, incremental delinquencies could be higher by an additional 159 basis points to 5.59% of the system debt, the study said. Som said the sectors that are most vulnerable now are iron & steel, residential real estate, engineering, procurement & construction (EPC), conventional power generation and telecom. The fresh default of Rs 2.54 lakh crore is likely to result in around Rs 1.37 lakh crore in credit costs, putting banks' profitability under more pressure. According to Reserve Bank of India's new rule, companies that delay in loan repayment by a single day are considered defaulters. A default does not necessarily mean that it would translate into non-performing assets. An account is classified as NPA if it is not serviced for 90 days. The report identified the quantum of vulnerable debt by analysing the refinancing risk and asset quality for 11 sectors and places each sector in its vulnerability matrix. The report further discussed the components of refinancing risk – business risk, liquidity and financial flexibility of the players in each sector. The firm had conducted a similar analysis in 2016 & said that the predictive ability of the analysis was very high, with around 67% of the extremely vulnerable issuers actually defaulting since then.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/ companies-may-default-on-rs-2-54-l-cr-bank-loans-in-next-3-years/articleshow/74429956.cms

Dated: Mar 02, 2020

- **NABARD Infuses Rs 1.46 Lakh Crore In Rural Banking System In 2019-20:**

  National Bank for Agriculture and Rural Development on Tuesday said it has infused Rs 1.46 lakh crore in the rural banking system during the current fiscal. Nabard has been extending financial support to the banks operating in rural areas to help them deploy their resources effectively for meeting the credit needs of rural people, including farmers. "As on February 28, 2020, Rs 87,069 crore has been extended to cooperative banks and regional rural banks in short-term refinance. In addition, long-term refinance of Rs 59,502 crore has also been provided to these banks as well as other financial institutions," National Bank for Agriculture and Rural Development (Nabard) said in a release. So far in the current fiscal, the development financE institution has extended Rs 66,397 crore in short-term credit and Rs 6,704 crore long-term credit to rural cooperative banks. Regional rural banks have availed Rs 14,141 crore in short-term credit and Rs 8,417 crore in long-term credit. In addition, other banks, including small finance banks, have obtained long-term refinance of Rs 37,895 crore, the release said. It provides short-term refinance, which is essentially production credit, to banks to allow farmers meet their operational costs. Long-term refinance is aimed at supporting sectors like dairy, poultry, fishery, farm mechanisation, irrigation, and non-farm sectors, among others. The development is also directing its resources to increase institutional credit to rural sectors through non-banking financial institutions (NBFCs). It has also extended Rs 4,638 crore to NBFCs and MFIs so far in FY20.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/nabard-infuses-rs-1-46-lakh-crore-in-rural-banking-system-in-2019-20/articleshow/74459281.cms

Dated: Mar 03, 2020

- **Fino Payments Bank To Increase Presence In Rural Kerala:**

  Fino Payments Bank is hoping to triple its transactions in a year in Kerala by expanding its presence in the rural area. The bank is currently doing 50 crore transactions monthly in the state. ''We have launched our new campaign to go deeper into the interiors of the state where we have 700 merchants as banking points of which close to 200 are BPCL outlets. Our plan is to triple our merchants by 2021," said Shailesh Pandey, chief sales &distribution head (south, west and central) of the bank. The bank has strong merchant network in Ernakulam, Malapuram, Idukki, Thrissur, Kollam and Kozhikode. The bank plans to expand further in the rest of the districts. According to Pandey of the 7421 bank branches in Kerala as per state level bankers committee data as of March 2019, only 6.5% are present in rural areas. Fino Payments Bank follows phygital approach, a mix of physical outlets and digital platforms to bring banking service closer to customers. With this approach, neighbourhood shops such as kirana stores and mobile repair shops are equipped with micro ATM devices to become Fino banking points.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/fino-payments-bank-to-increase-presence-in-rural-kerala/articleshow/74513863.cms

Dated: Mar 06, 2020

- **Meltdown At Yes Bank Has Digital Payment Companies Running For Cover:**

  Curbs on Yes Bank's operations have hit digital payments, with nearly all payment platforms of National Payments Corporation of India (NPCI) reporting disruptions on Friday. A giant exercise is currently underway where payment companies are migrating from the Yes Bank application programming interface (API), or channel used for instant settlement of payments, to the APIs of other partner banks, people in the know said. Several merchant acquirers and service providers most notably PhonePe and BharatPe have also undertaken an exercise to replace small-store QR stickers powered by Yes Bank, replacing them with stickers from other banks. Current accounts of merchants opened with Yes Bank for point of sale deployment companies would also be required to be shifted to banking accounts of other channels. "The entire process will likely take weeks," said an industry insider on condition of anonymity. "The priority of the ecosystem is to ensure that core systems are up and running as soon as possible and to provide the customers and merchants, whose funds have been stuck due to freezing of Yes Bank accounts and servers on Thursday, with an adequate redressal mechanism." The Reserve Bank of India (RBI) on Thursday night superseded the Yes Bank board and imposed a moratorium for a month as its financials deteriorated. The regulatory action follows an extended period of inability of the bank management to raise funds that would have helped provide against loan losses. After the central bank announcement, several banks and payment gateways stopped processing transactions routed through the channels of the stressed lender. Cards issued by Yes Bank have also been reportedly become dysfunctional whereas merchants with Yes Bank current accounts have also been frozen out of accepting payments. The bank has deployed more than 90,000 point of sale machines, 8.27 lakh credit cards and 28.5 lakh debit cards, as per latest RBI data. Concerns emanated on other fronts as well. NPCI's popular payments interface UPI was the worst hit due to the RBI restrictions. Yes Bank, at more than 40% of all transactions on the platforms, not only processes the most volumes on UPI but also has the highest number of tie-ups with third-party players on the platform. Several leading UPI players saw their operations crippled due to the withdrawal restrictions placed on Yes Bank by the regulators. Most notably, services of Walmart backed PhonePe was down temporarily as CEO and founder Sameer Nigam took to Twitter to explain the cause of outage as moratorium placed "on our partner bank (Yes Bank)" by the RBI. For further details, please click the below link.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/digital-payments-hit-cos-tap-alternatives/articleshow/74520306.cms

Dated: Mar 07, 2020

- **YES Bank Crisis, RBI's Moratorium On Lender To Be Lifted On March 18:**

  The moratorium on Yes Bank will be lifted by March 18 and the new board led by CEO and MD Prashant Kumar will be put in place by the end of this month, the government said. The government notified the Yes Bank Reconstruction Scheme 2020 late on Friday. Under the plan, SBI cannot reduce its stake in the bank to below 26 per cent for a period of three years, while other investors and existing shareholders will have a lock-in period of three years for 75 per cent of their investment in Yes Bank. However, the lock-in period will not apply to shareholders with less than 100 shares. Apart from Kumar, the reconstructed board of Yes Bank will have Sunil Mehta (former PNB non-executive chairman) as non-executive chairman, and Mahesh Krishnamurthy and Atul Bheda as non-executive directors. The Yes Bank Reconstruction Scheme 2020 shall come into force on March 13, 2020, the gazette notification said. The RBI had on March 5 put a moratorium on Yes Bank, restricting withdrawals to Rs 50,000 per depositor till April 3. It superseded the board of the troubled private sector lender and appointed Prashant Kumar as administrator. "The order of moratorium on the reconstructed bank issued by the government... shall cease to have effect on the third working day at 18:00 hours from the date of commencement of this scheme," the notification said. "The office of the administrator of the reconstructed bank shall stand vacated immediate after 7 calendar days from the date of cessation of moratorium ... and a new board of directors shall be reconstituted...," the notification said. State Bank of India (SBI), which will hold up to 49 per cent stake in Yes Bank, will nominate two directors on the newly-constituted board and RBI can appoint one or more additional directors. Any investor, other than SBI, with voting right of

15 per cent in the private lender can nominate one director on Yes Bank's board. ICICI Bank, Housing Development Finance Corp Ltd, Axis Bank, Kotak Mahindra Bank and Bandhan Bank will also join the SBI-led consortium and invest in Yes Bank. HDFC will invest Rs 1,000 crore in Yes Bank through the purchase of 100 crore shares, Axis Bank will invest Rs 600 crore by buying 60 crore shares, Kotak Mahindra Bank Rs 500 crore through 50 crore shares and Bandhan Bank another Rs 300 crore through the purchase of 30 crore shares. The authorised capital of the reconstructed lender has been fixed at Rs 6,200 crore. All employees of the bank will continue with the same remuneration and service conditions. However, services of 'key managerial personnel' may be discontinued at any time by the new board, the notification said.

Source: https://www.business-standard.com/article/finance/yes-bank-crisis-rbi-s-moratorium-on-lender-to-be-lifted-on-march-18-120031400188_1.html

Dated: Mar 14, 2020

- **Bandhan Bank To Invest Rs 300 Cr In Yes Bank As Part Of Reconstruction Plan:**

  Private sector Bandhan Bank said it will invest Rs 300 crore in Yes Bank as part of RBI's reconstruction plan for the crisis-hit lender. In a late night filing on Friday, Bandhan Bank said its board has "granted approval for an equity investment of Rs. 300 crore for acquiring upto 30 crore equity shares of Rs 2 each of YES Bank Limited, for cash, at a premium of Rs 8 per equity share, under the proposed Scheme of Reconstruction of YES Bank Limited under the Banking Regulation Act, 1949, subject to regulatory and government approval". ICICI Bank, Housing Development Finance Corp Ltd, Axis Bank and Kotak Mahindra Bank too on Friday said they will join the SBI-led consortium and invest in Yes Bank. ICIC Bank and HDFC will invest Rs 1,000 crore each, Axis Bank will invest Rs 600 crore by buying 60 crore shares and Kotak Mahindra Bank Rs 500 crore through buying 50 crore shares. On Thursday, SBI said it will invest Rs 7,250 crore in Yes Bank, which is much higher than the Rs 2,450 crore it had planned initially for 49 per cent stake in the private sector lender that began operations in 2004.

Source: https://www.business-standard.com/article/finance/bandhan-bank-to-invest-rs-300-cr-in-yes-bank-as-part-of-reconstruction-plan-120031400333_1.html

Dated: Mar 14, 2020

- **Federal Bank To Invest Rs 300 Cr In Yes Bank At Rs 10 Per Equity Share:**

  Kerala-based Federal Bank Limited has decided to invest Rs 300 crore in Yes Bank and has issued an equity commitment letter to subscribe to the ailing lender's equity shares. The Bank said it has issued an equity commitment Letter for subscription of 300 million shares of Yes Bank at a price of Rs 10 per equity share. The commitment is pursuant to the scheme of reconstruction of Yes Bank proposed by the Reserve Bank of India under section 45 of the Banking Regulation Act, 1949 and subject to regulatory approvals and other conditions as set out in the Letter. On Friday, the Union Cabinet, headed by Prime Minister Narendra Modi, approved the Yes Bank rescue plan backed by the State Bank of India (SBI). SBI has proposed to invest Rs 7,250 crore in Yes Bank by purchasing 7,250 million shares at Rs 10 apiece. LIC, HDFC, ICICI, Axis and Kotak Mahindra and the other investors have already come forward to invest in the cash-starved Yes Bank.

Source: https://www.business-standard.com/article/finance/federal-bank-to-invest-rs-300-cr-in-yes-bank-at-rs-10-per-equity-share-120031400732_1.html

Dated: Mar 14, 2020

- **Yes Bank Reports Rs 18,564.2-Crore Loss In Q3, NPAs Saw A Sharp Rise:**

  Private sector lender YES Bank on Saturday reported a net loss of Rs 18,564.24 crore for the December quarter (Q3FY20), as against a net profit of Rs 1,000.57 crore in the corresponding period of FY19. The troubled bank, which announced its Q3 numbers after weeks of delay, reported a pre-tax loss of Rs 24,778 crore in Q3FY20 compared with a pre-tax profit of Rs 1,442 crore in the year-ago period. It had posted a net loss of Rs 629 crore in the quarter ended September 2019. Gross non-performing assets (NPAs) saw a sharp rise to 18.87 per cent compared with a meagre 2.10 per cent in the same period of FY19. In absolute terms, the gross NPA figure for the December quarter stands at Rs 40,709 crore compared with Rs 5,158 crore in Q3FY19, a rise of over 600 per cent. At the end of Q2FY20, the gross NPA of the bank stood at 7.39 per cent. The net NPA of the bank at the end of the December quarter stood at 5.97 per cent. In Q3FY19, the bank reported net NPA of 1.18 per cent. The lender has made provisions to the tune of Rs 15,422 crore in the quarter ended December

31, 2019, as against Rs 550 crore in Q3FY19. Sequentially, the bank had set aside Rs 1,336.25 crore in September 2019 quarter as provisions and contingencies. The bank has recognised additional NPAs to the tune of Rs 5,150 crore and made additional provisioning of Rs 772.5 crore. At the end of December 2019, the bank breached the regulatory requirements of maintaining the minimum CET1 (Common Equity Tier 1) ratio. The CET 1 ratio of the bank stood at 0.60 per cent as compared to the minimum requirement of 7.375 per cent. The breach is primarily on account of the increase in the provision for advances during the quarter ended 31 December 2019 as the bank has decided, on a prudent basis, to enhance its provision coverage ratio on its non-performing loans over and above RBJ loan level provisioning and also considered slippages. The bank has also breached the minimum statutory liquidity ratio (SLR) and liquidity coverage ratio (LCR) requirements of the RBI during the quarter and has provided an amount of Rs 86 crore for the expected penalty on the SLR breach. "The RBI proposed a draft reconstruction scheme on 6 March 2020 which envisaged that the Bank would be able to write down Additional Tier 1 (' A Tl') securities amounting to Rs 8,695 crore to equity. The final Scheme issued by the Government of India does not contain any reference to the write down of the A Tl securities. These conditions, along with other matters as stated in the said note, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern," said the bank's auditor.

Source: https://www.business-standard.com/article/finance/yes-bank-reports-rs-18-564-2-crore-loss-in-the-december-quarter-120031401162_1.html

Dated: Mar 15, 2020

- **IDFC First Bank Plans To Invest Rs 250 Crore In Crisis-Hit YES Bank:**

  IDFC First Bank on Sunday said it would make an equity investment of Rs 250 crore in beleaguered YES Bank, to acquire 250 million equity shares. "...duly authorised committee of the Board of Directors of IDFC FIRST Bank had at its meeting held on March 14 accorded approval for an equity investment of up to Rs 250 crore comprising up to 250 million equity shares at a price of Rs 10 each and face value of Rs 2 each, under the proposed Scheme of Reconstruction of YES Bank under the Banking Regulation Act, 1949, subject to regulatory and government approval(s), if any," the bank said in a BSE filing. The Centre on Saturday notified the YES Bank Reconstruction Scheme, 2020, a day after the Cabinet approved a reconstruction plan proposed by the Reserve Bank of India for bailing it out. The authorised capital of Yes Bank has been increased to Rs 6,200 crore, Finance Minister Nirmala Sitharaman said on Friday. As per the reconstruction scheme, moratorium on the troubled lender will be lifted on March 18. Under the plan, state-run SBI will infuse Rs 7,250 crore in the crisis-ridden bank and take 49% equity. As per the rescue plan, ICICI Bank will invest Rs 1,000 crore, mortgage lender HDFC ₹1,000 crore, Axis Bank ₹600 crore, Kotak Mahindra Bank Rs 500 crore, Bandhan Bank and Federal Bank Rs 300 crore each.There will be a three year lock-in period for all the investors. However, the lock-in period for SBI would be only for 26 per cent of shareholding. It would be 75 per cent in case of other investors.

Source: https://www.business-standard.com/article/finance/idfc-first-bank-plans-to-invest-rs-250-crore-in-crisis-hit-yes-bank-120031600017_1.html

Dated: Mar 16, 2020

- **Don't Rush To Withdraw Deposits From YES Bank:**

  Reserve Bank of India (RBI) Governor Shaktikanta Das said deposits in YES Bank were safe, after announcing long-term repo operations (LTRO) of Rs 1 trillion to infuse liquidity in the banking system and, of another round of dollar sell-buy swaps to address the currency's shortage. Bond yields had fallen sharply in the day, reacting to the hastily called press conference by the Indian central bank after its American counterpart lowered its policy rate to zero. The expectation was that RBI, too, would announce a rate cut, besides other measures by banks to ease the pain of businesses witnessing a slowdown due to COVID-19. Nothing of that sort happened. Ten-year bond yields had dipped to 6.12 per cent around 1 pm, from the previous close of 6.32 per cent. These climbed to close the day at 6.21 per cent, as no rate cut came. Das said the RBI had enough instruments for use if needed – they would be deployed at a time that would maximise impact. He also indicated the next rate cut might not come before the first week of April, when the Monetary

Policy Committee is to meet. An out-of-turn meet is possible, though. Rather, the governor and his deputies took the opportunity to allay worries on YES Bank.

Source: https://www.business-standard.com/article/economy-policy/don-t-rush-to-withdraw-deposits-from-yes-bank-says-shaktikanta-das-120031601808_1.html

Dated: Mar 17, 2020

- **RBI Tells Banks To Put In Place Biz Continuity Plans To Prevent Disruption:**

  The Reserve Bank of India (RBI) told banks on Monday to take stock of critical processes and revisit their business continuity plans to prevent any disruption of services, while encouraging customers to use digital banking. Banks must constitute a quick response team, "which shall provide regular updates to the top management on significant developments and act as a single point of contact with regulators/ outside institutions/agencies", the RBI said. Banks and regulated entities "should also assess the impact on their balance sheet," it said.

Source: https://www.business-standard.com/article/finance/rbi-tells-banks-to-put-in-place-biz-continuity-plans-to-prevent-disruption-120031700076_1.html

Dated: Mar 17, 2020

- **RBI Receives Rs 27,096 Cr Bids In 5th LTRO Conducted For Rs 25,000 Cr:**

  The Reserve Bank of India (RBI) on Wednesday said it has received Rs 27,096 crore worth of bids in the fifth long-term repo operations (LTROs) conducted for an amount of Rs 25,000 crore with a tenure of three years. Earlier this week, the RBI had announced to conduct additional LTROs for up to a total amount of Rs 1 trillion at the policy repo rate after reviewing the current financial conditions and to further improving monetary transmission. The central bank received 21 bids in Wednesday's LTRO which has a reversal date on March 17, 2023. "The total bids received amounted to Rs 27,096 crore, implying a bid to cover ratio (i.e. the amount of bids received relative to the notified amount) of 1.1," it said in a release. The RBI allotted an amount of Rs 25,012 crore, with a pro-rata allotment percentage to 92.27 per cent. The central bank has already conducted four such operations of Rs 25,000 crore each since February 14 with huge success.

Source: https://www.business-standard.com/article/pti-stories/rbi-receives-rs-27-096-cr-bids-in-5th-ltro-120031801665_1.html

Dated: Mar 18, 2020

- **YES Bank Gets Rs 60 K Cr Line Of Credit From RBI To Resume Operations:**

  The Reserve Bank of India (RBI) has extended a credit line of Rs 60,000 crore to YES Bank to ensure that the bank is able to meet its obligations to depositors as it resumed its full-service operations on Wednesday, according to sources familiar with the development. RBI Governor Shaktikanta Das on Monday had said the regulator was ready to offer liquidity if required. "YES Bank has enough liquidity to meet any requirements. If required, the RBI will provide necessary liquidity support to it," he said. "Never in the history of banks (in India) have depositors lost money. The point is, depositors' money is absolutely safe," Das had said in a conference, adding that the central bank's support should come as a "comforting factor for depositors". However, this is a case of the RBI being the "lender of the last resort", and, in accordance with the terms of the arrangement, the bank will have to use its immediate liquid assets before it can touch the credit line, sources said. This is perhaps for the first time that the RBI has come with such an arrangement. In the past it preferred merging troubled banks with solvent ones. There is a technical reason for that even as the RBI officials did not spell it out in the press conference on Monday. "RBI rules say if a bank is both illiquid and insolvent, it must be merged with others. If it is illiquid but solvent, a line of credit can be offered to keep the bank running. That is also part of the RBI's lender of the last resort function," said a person with knowledge of the credit line. The RBI's assessment found YES Bank had liquidity issues but no solvency problem. And so, the bank was allowed to continue with its business after it was given a bailout, in which public and private banks participated as equity holders, with State Bank of India holding 49 per cent in the bank. Rating agency Moody's on Monday had raised the bank's ratings, and upgraded its outlook to positive after the RBI assured liquidity support.

Source: https://www.business-standard.com/article/finance/yes-bank-gets-rs-60k-cr-line-of-credit-from-rbi-to-resume-operations-120031900043_1.html

Dated: Mar 19, 2020

- **10 Banks To Bear The Name Of 4 Anchor Banks:**

  The four bigger banks that will come into being from April 1 following the merger of 10 banks will bear the name of the anchor banks -- i.e. Punjab National Bank, Union Bank of India, Indian Bank and Canara Bank.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/psb-banks-merger-10-banks-to-bear-the-name-of-4-anchor-banks/articleshow/74718572.cms

Dated: Mar 19, 2020

- **Bank of Baroda Waives Digital Transaction Charges For Three Months:**

  Bank of Baroda on Thursday said it will not levy any charges on digital transactions for the next three months in the wake of the coronavirus pandemic. Bank of Baroda announces zero charges on digital transactions for three months, to provide enhanced and uninterrupted banking experience to its customers, it said in a release. To this effect, Bank of Baroda has rolled out the 'Stay Safe..Bank Safe..' initiative to encourage more customers to avail banking services digitally, without visiting branches. This assumes significance at a time when people across the globe are resorting to social distancing, have adopted to work from home and minimised non-discretionary activities amid the coronavirus outbreak. The bank has rolled out a range of digital products such as Debit Cards, Baroda M Connect Plus, Baroda Connect and Baroda FASTag under the umbrella campaign, 'Khushiyon Ka Remote Control'. Bank of Baroda Executive Director Vikramaditya Singh Khichi said, "In the wake of the Covid-19 outbreak, Bank of Baroda would like to assure its customers of enhanced banking experience, as they avail the bank's services from remote locations. 'Khushiyon Ka Remote Control' is a major step taken by the bank in its endeavours to drive consumers towards a digital ecosystem in times like these." The pandemic has killed over 9,000 persons and sickened lakhs of people around the globe.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/coronavirus-bank-of-baroda-waives-digital-transaction-charges-for-three-months/articleshow/74717182.cms

Dated: Mar 19, 2020

- **Indian Bank To Retain Its Name After Merger With Allahabad Bank CEO Ms. Padmaja Chunduru:**

  Indian Bank will retain its name after its merger with Allahabad Bank, bank chief executive Padmaja Chunduru said, exuding confidence that merged entity could leverage on the pan-India presence it would have now. The merger is scheduled to come of force from April 1.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-bank-to-retain-its-name-after-merger-with-allahabad-bank-ceo-padmaja-chunduru/articleshow/ 74713102.cms

Dated: Mar 19, 2020

- **Govt Transfers 8 Executive Directors Of State-Run Banks:**

  The Centre has transferred eight executive directors of state-run banks with effect from the financial year beginning April 1, according to an official order. The Appointments Committee of the Cabinet (ACC), led by Prime Minister Narendra Modi, approved the proposals of the Department of Financial Services on Wednesday. Sanjay Kumar, Executive Director (ED) of United Bank of India (UBI) has been appointed as ED, Punjab National Bank (PNB) until September 19, 2021; and Vijay Dube, ED, Oriental Bank of Commerce (OBC) appointed as ED of PNB until October 31, 2021, according to the order issued by the Department of Personnel and Training. Ajit Kumar Das, ED, UBI was appointed as ED, Punjab and Sind Bank (PSB) until his superannuation on March 31, 2021. He will preside over Govind N Dongre, it said. Birupaksha Mishra, ED, Corporation Bank was appointed as ED, UBI until his superannuation on January 31, 2021; and Krishnan S, ED, Syndicate Bank was appointed as ED, Canara Bank until October 31, 2020, the order said. Ajay K Khurana, ED, Syndicate Bank has been appointed as ED, Bank of Baroda until September 19, 2021; and K Ramachandran, ED, Allahabad Bank was appointed as ED, Indian Bank until June 30, 2021, it said. P R Rajagopal, ED of Allahabad Bank has been appointed as ED of Bank of India with effect from the date of assumption of office until February 28, 2022, the order said. Besides Rajagopal, all the appointments have been made with effect from April 1, 2020.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/govt-transfers-8-executive-directors-of-state-run-banks/articleshow/74712110.cms

Dated: Mar 19, 2020

- **Yes Bank Transfers Puri Jagannath Temple's Rs 389-Crore FD Account To SBI:**

  Yes Bank on Thursday said it has transferred a Rs 389-crore fixed deposit account of Shree Jagannath

Temple Administration, Puri, to State Bank of India. The fixed deposit (FD) account of the temple has accrued a total interest of Rs 8.23 crore. "As per the term of condition of FD placed with us, Yes Bank Ltd has fully paid all the quarterly interest on time up to December 31, 2019. The remaining interest that has accrued till March 19, 2020, has been remitted along with the principal amount of Rs 389 crore to SBI account of Jagannath Temple Corpus Fund," Yes Bank on Thursday said in a letter, accessed by. In the letter addressed to Chief Administrator Krishan Kumar of the famous temple shrine in eastern India, Yes Bank said it has two more FDs of Rs 156 crore which will be transferred by the end of this month. These FDs of Rs 156 crore are also under no-premat option which does not allow the bank to pay prematurely, the letter said. "As the extended guidelines of the regulator, we shall remit the principal amount of Rs 156 crore and interest up to date on the date of maturity that is March 30, 2020, to the designated account of Jagannath Temple Corpus Fund...to SBI Main Branch Puri," Yes Bank said in the letter undersigned by its Senior Vice-President Jaydev Das. Yes Bank resumed its full banking services from Wednesday evening and customers started visiting the branches from the morning of Thursday.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-transfers-puri-jagannath-temples-rs-389-crore-fd-account-to-sbi/articleshow/74710945.cms

Dated: Mar 19, 2020

- **HDFC, ICICI Urge Customers To Use Digital Banking Services:**

Private sector banks HDFC and ICICI have asked customers to use digital means for transactions and said they have reduced their staff in office as a precautionary measure against the spread of coronavirus. HDFC Bank has changed its working hours and will function from 10 am to 2 pm till March 31, except on Saturday. The private sector lender has also temporarily suspended passbook update and foreign currency purchase services. "In the interest of public health and safety, we will be withdrawing the following services temporarily of passbook updates and foreign currency purchase," it said in a communication sent to its customers on Sunday. ICICI Bank informed its customers through SMS that "our branches shall remain open with required hygiene steps and reduced staff". "For the same reason, our contact centre will also function with reduced staff. We urge you to stay safe and bank from home using iMobile/Internet Banking for all essential banking services," it said in the communication. HDFC Bank has urged people to use cheque drop boxes to help reduce crowding in branches. However, customers can go digital to avail passbook updation and forex card reload, it said. NEFT, RTGS, IMPS and UPI services are among the digital transactional modes. It said customers can pay for their utility bills through UPI and PayZapp platforms. According to Indian Banks Association (IBA) Chief Executive Sunil Mehta, during the lockdown in several states to contain the spread of Covid-19, banks will ensure at least four essential services – cash deposits and withdrawals, cheque deposition, remittances, and government transactions – at their branches from Monday. For the rest, depending on the situation in each branch, the banks may suspend other services. To carry out basic essential transactions, the IBA has asked banks to open only selective branches in areas that have been placed under lockdown across the country in view of the coronavirus pandemic. The association asked the CEO of banks to empower their regional or zonal or circle heads to take appropriate decision in the matter. Private lender Kotak Mahindra Bank also sent out advisories to customers, encouraging them to use mobile or internet banking as its offices "will operate with reduced staff due to Covid-19". Banks have been taking precautions to protect both employees and customers from infection. The movement of customers inside the premises of Bank of India at a branch in Masangaon, Madhya Pradesh has been semi-prohibited and a cordon has been set up using ropes from the cash counter to the passbook printing counter. No more than five-six customers are allowed to enter the branch at a time.

Source: https://www.business-standard.com/article/finance/covid-19-impact-hdfc-icici-urge-customers-to-use-digital-banking-services-120032300142_1.html

Dated: March 23, 2020

- **RBI May Soon Allow Repurchase Ops In Corporate Bonds Over Covid-19 Outbreak:**

The Reserve Bank of India is considering allowing corporate bonds as collateral for repurchase operations as they seek to cool the recent spike in corporate borrowing costs in the wake of the coronavirus outbreak, two sources told Reuters. "We have to work it out. Under the RBI Act, we are not allowed to take any other collateral other than government securities. But we are not looking upon that as an impediment," a senior official source with knowledge of the matter said. "We will look at ways in which we can directly reach the corporates. We're saying just give us time to work our way through these regulations and all, but we are indeed looking at directly helping them out," he added. Both of the sources declined to be named as the matter is still under discussion and the talks are private. "The government is in discussion with the RBI about this among other things. We will see what is possible," a second official involved in the discussions said. The Indian authorities handling the matter, the Finance Ministry and Reserve Bank of India, both declined to comment on the story. India has confirmed more than 350 cases of coronavirus, with seven deaths so far. Experts have said the number of cases reflect rates during the early stages of the outbreak in other countries, which then spiked sharply in subsequent weeks.

Source: https://www.business-standard.com/article/finance/rbi-may-soon-allow-repurchase-ops-in-corporate-bonds-over-covid-19-outbreak-120032300542_1.html

Dated: Mar 23, 2020

- **RBI Extends Priority Sector Classification For Bank Loans To NBFCs:**

  The Reserve Bank of India has extended the priority sector classification for bank loans to non-banking financial companies (NBFCs) for on-lending for FY21. The classification benefit was to be available till March 31.This is part of steps to provide support for financial sector entities to deal with slowdown and aftermath of COVID-19.Further, existing loans disbursed under the on-lending model will continue to be classified under priority sector till the date of repayment/maturity, RBI said in communication to banks. The credit to NBFCs, other than micro-finance institutions and housing finance companies, for on-lending will be allowed up to an overall limit of five percent of bank's total priority sector lending. Further, banks will compute the eligible portfolio under on-lending mechanism by averaging across four quarters, to determine adherence to the prescribed cap.

Source: https://www.business-standard.com/article/finance/rbi-extends-priority-sector-classification-for-bank-loans-to-nbfcs-120032301815_1.html

Dated: March 23, 2020

- **Ujjivan Small Finance Bank's Director Resign:**

  Ujjivan Small Finance Bank on Monday said its independent director Luis Miranda has resigned from its board to abide by conflict of interest norms. The bank in a regulatory filing said that it has received a letter from Luis Miranda tendering his resignation as an Independent Director of the Bank with effect from March 22.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/ujjivan-small-finance-banks-director-resign/articleshow/74777663.cms

Dated: Mar 23, 2020

- **SBI Commits 0.25% of Annual Profit to Help Fight COVID-19:**

  India's largest lender State Bank of India has announced to commit 0.25% of its fiscal year 2020 profit to fight COVID-19 outbreak situation in India. The fund used to fight COVID-19 pandemic will be spent from CSR funds. This is in line with Ministry of Corporate Affairs' notification of spending CSR funds for COVID-19 as an eligible CSR activity. The bank will use this fund for various activities related to COVID-19 mainly to support health care for underprivileged people in cooperation with health care professionals and industry. Some of the initiatives will centre around promotion of healthcare, including preventive health care and sanitation and disaster management. "This is a time for the nation to be united. We at SBI will continue our support towards the people and communities of India amidst this critical period in the best possible way.," said Rajnish Kumar, Chairman, SBI. "I also urge all the responsible corporate citizens to come forward and not only take all precautionary preventive measures for entire staff, their families and people around but also contribute generously to support fellow countrymen who need financial help in these unprecedented difficult times."

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-commits-0-25-of-annual-profit-to-help-fight-covid-19/articleshow/74781148.cms

Dated: Mar 23, 2020

- **Banks Offer Fresh Lines Of Credit To SME Firms Amid Lockdown:**

  Despite State Bank of India, Bank of India, and Bank of Baroda announcing fresh credit lines for troubled companies, they are expecting a series of defaults by small and medium companies as the financial year draws to an end. Union Bank and Indian Bank also announced similar measures to increase working capital limits. Banks are also asking the Reserve Bank of India (RBI) to delay non-performing asset (NPA) classification by three months (from the end of 90 days of non-servicing of loan). If a loan is not serviced for 90 days, it becomes a bad debt for the bank and provision is made. To ease pressure due to the coronavirus lockdown, corporates had asked banks and the government for a six-month liquidity line, so that they can pay off their suppliers and employees.

Source: https://www.business-standard.com/article/finance/coronavirus-banks-offer-fresh-lines-of-credit-to-sme-firms-amid-lockdown-120032501424_1.html

Dated: March 25, 2020

- **Pressure Mounts on Govt to Defer PSB Merger Amid Lockdown:**

Pressure is mounting on the government to postpone the merger of public sector banks amidst 21-day nationwide lockdown which began on Wednesday and will continue till April 13. The merger deadline is set at 1st April, 2020.

Source: https://www.business-standard.com/article/finance/coronavirus-pressure-mounts-on-govt-to-defer-psb-merger-amid-lockdown-120032501374_1.html

Dated: Mar 26, 2020

- **Indian Bank Announces Special Emergency Loan Schemes To Address Lockdown:**

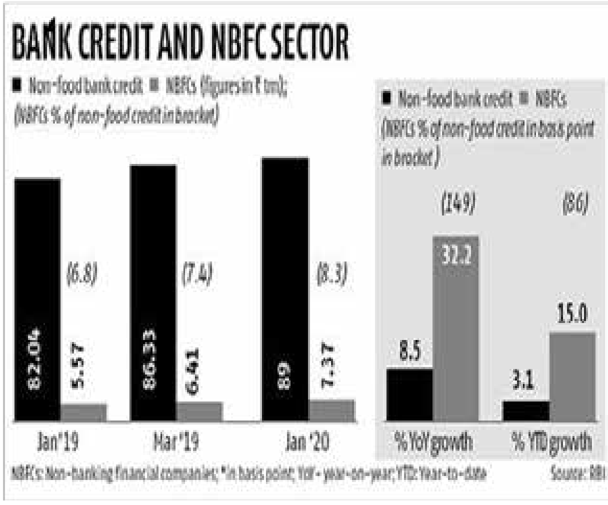
Indian Bank on Wednesday announced five special emergency loan schemes for customs to cushion effect of economic slump and lockdown. It will be the second bank after State Bank of India (SBI) to come out with such schemes as mentioned below:

- IND-COVID Emergency Credit Line (IBCECL)
- IND-MSE COVID Emergency Loan – (INDMSE-CEL)
- SHG-COVID - SAHAYA LOAN.
- IND-COVID Emergency salary Loan
- IND-COVID-Emergency Pension Loan

Source: https://www.business-standard.com/article/finance/indian-bank-announces-special-emergency-loan-schemes-to-address-lockdown-120032501137_1.html

Dated: Mar 25, 2020

- **NBFCs to use RBI's Liquidity Boost to Focus on Refinancing Debt Obligations:**



India's cash-starved shadow banking sector will get a breather out of the liquidity boost the Reserve Bank of India (RBI) has given. Part of it will be used by the shadow lenders to refinance their debt obligations at a time when their cash flows could be affected with a moratorium on term loans. On Friday, the Reserve Bank of India (RBI) came up with policy measures to ensure there is enough liquidity in the system. The central bank said it would conduct auctions of targeted term repos of Rs 1 trillion of a three-year tenor at a floating rate linked to the repo. Moreover, measures like relaxation in the cash reserve ratio (CRR) and increase in accommodation under the marginal standing facility (MSF) will also release Rs 1.37 trillion each into the system. All three measures will inject liquidity of Rs 3.74 trillion to the system. The RBI has said the liquidity banks avail of under the long-term repo scheme has to be deployed in investment-grade corporate bonds, commercial paper, and non-convertible debentures over and above the outstanding level of their investments in these bonds as on March 25, 2020.

Source: https://www.business-standard.com/article/finance/nbfcs-to-use-rbi-s-liquidity-boost-to-focus-on-refinancing-debt-obligations-120032701742_1.html

Dated: Mar 27, 2020

- **RBI Opens Up Intervention Avenue In Offshore Rupee Derivative Market:**

The RBI has allowed Indian lenders to enter offshore rupee markets, "to improve efficiency of price discovery," but in reality, this also gives a window to the central bank to enter these offshore markets in order to intervene and stamp out speculators influencing domestic exchange rates, even sitting a thousand miles away. RBI Governor Shaktikanta Das said even as banks are not participating in the rapidly growing non-deliverable forward (NDF) market, there are benefits of these markets.

Source: https://www.business-standard.com/article/finance/rbi-opens-up-intervention-avenue-in-offshore-rupee-derivative-market-120032701713_1.html

Dated: Mar 27, 2020

- **Realty Firms See Liquidity Improving, Demand Boost Over RBI Rate Cut:**

  The rate cut announcement by the Reserve Bank of India will boost housing demand and improve the liquidity conditions of real estate companies, said property developers and consultants. "The 75 basis points' cut (in repo rate) would give a big boost to credit appetite among new home buyers. The moratorium of three months on term loans, including home loans, would provide relief and enable real estate companies to focus more on the operational requirement and recalibrate their business strategies," said Kamal Khetan, chairman at Mumbai-based Sunteck Realty. Sanjay Dutt, managing director at Tata Realty & Infrastructure, said the new announcements would help lift home buyer sentiment, kick-starting the demand cycle for mid-range homes and in affordable housing. "With the stock market witnessing a lot of fluctuation in these times of uncertainty, we anticipate that a lot of people will consider investing in property, as that is a more stable, long-term asset," he said. Realty developers have been battling lower sales and tight liquidity for some years. The liquidity crunch since September 2018 at non-bank finnancial compnaies has severely hit their refinancing arrangements. Ashish R Puravankara, managing director at Bengaluru-based Puravankara, said: "With no registrations and no visibility now on new launches, this (rate cut) will help with cash flow management and better allocation of resources once the lockdown is over." Home sales and launches are down by 42 per cent each in the first quarter of the current calender year, due to the lockdown, according to a recent report from Anarock Property Consultants.

Source: https://www.business-standard.com/article/finance/realty-firms-see-liquidity-improving-demand-boost-over-rbi-rate-cut-120032701921_1.html

Dated: Mar 27, 2020

- **RBI Extends Deadline to Meet Last Tranche of CCB By 6 Months:**

  In view of hardship faced by outbreak of COVID-19, the Reserve Bank of India on Friday extended the deadline for meeting last tranche of capital conservation buffer (CCB) by another six months. The move would leave about Rs 35,000 crore capital in the hands of banks for lending to on-lending to productive sectors of the economy. This would help banks increase lending by over Rs 3.5 trillion by leveraging ten times of the capital.

Source: https://www.business-standard.com/article/finance/coronavirus-rbi-extends-deadline-to-meet-last-tranche-of-ccb-by-6-mnths-120032701339_1.html

Dated: Mar 27, 2020

- **Moratorium A Good Option for the Cash-Starved, Banks to take Final Call:**

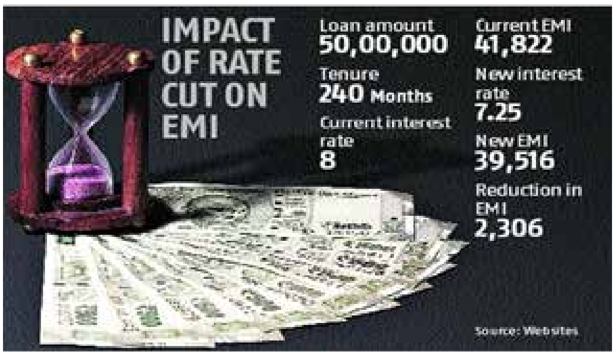
  The Reserve Bank of India's (RBI's) decision to cut rates as well as provide a three-month moratorium for equated monthly instalments (EMIs) will come as a significant relief to borrowers. This is because many fear job losses or salary cuts or delays due to the coronavirus (COVID-19) outbreak. For instance, the aviation sector has already cut salaries or given leave without pay to many employees. Reduction of financial burden now would help their cash flows significantly. Others who will benefit from this move include self-employed persons, who usually avail cash credit/overdraft facility as working capital.

Source: https://www.business-standard.com/article/finance/moratorium-a-good-option-for-the-cash-starved-banks-to-take-final-call-120032701893_1.html

Dated: Mar 27, 2020

- **RBI Relief Package to Help Sustain Businesses During Coronavirus:**

  Will the Reserve Bank of India's (RBI's) relief package for the financial sector lead to an uptick in



credit growth? The department said the government and regulators are committed to ensure stability and growth of the economy.

Source: https://www.business-standard.com/article/finance/rbi-relief-package-to-help-sustain-businesses-during-coronavirus-bankers-120032701941_1.html

Dated: Mar 27, 2020

- **Corporate Bonds Get Rs 1 Trn Relief As Coronavirus Ignites Large Sell Offs:**

  The Reserve Bank of India's (RBI) move to address India Inc's liquidity issue brought some relief to the corporate bond market, as yields nosedived after the Rs 1-trillion liquidity line for banks to buy such papers. The RBI on Friday said it will give banks Rs 1 trillion through targeted long-term repo operations (TLTROs), of up to three-year maturity, to deploy in "investment-grade corporate bonds, commercial paper, and non-convertible debentures over and above the outstanding level of their investments in these bonds as of March 27, 2020."

Source: https://www.business-standard.com/article/finance/corporate-bonds-get-rs-1-trn-relief-as-coronavirus-ignites-large-sell-offs-120032701689_1.html

Dated: Mar 27, 2020

- **ESAF Small Finance Bank Gets SEBI Approval To Float Rs 976 Crore IPO:**

HOW THE YIELDS MOVED In %

	26-March	27-March
Gsec 10-year	6.22	6.14
HDFC (March, 2022)	8.25	6.60
Reliance Industries (Aug, 2022)	8.55	7.25
LIC Housing (August, 2022)	8.70	7.20

Source: *BS* Research Bureau

SEBI issued the final observations to the lenders proposal on March 20, 2020. According to the DRHP, the IPO comprises of a fresh issue worth Rs 800 crore and an Offer for Sale (OFS) aggregating up to Rs 176.2 crore. The bank, in consultation with its Book Running Lead Managers (BRLMs) may consider a pre-IPO placement of up to Rs 300 crore. If it is undertaken, the amount raised will be reduced from the fresh issue, the DRHP states. The BRLMs to the offer are Axis Capital Limited, Edelweiss Financial Services Limited, ICICI Securities Limited and IIFL Securities Limited. According to the DRHP, not less than 75 per cent of the offer will be available for allocation to qualified institutional buyers (QIBs). Further, not more than 15 per cent of the offer will be available for allocation on a proportionate basis to non-institutional bidders and not more than 10 per cent of the offer will be available for the allocation to retail individual bidders. The net proceeds from the fresh issue will be used to augment the bank's tier 1 capital (primarily loans/advances and investment portfolio) to meet future capital requirements. One of the leading small finance banks in terms of yield on advances, AUM growth rate and share of retail deposits as per a CRISIL report, ESAF Small Finance Bank currently operates in 16 states and 1 union territory through its 403 branches and 38 ultra-Small branches, serving over 3.73 million customers. Microfinance loans accounted 95.75 per cent of the total gross advances. ESAF's loan book outside Kerala has grown from Rs 5490 million in March 2017 to Rs 25,402.45 million as at September 30, 2019 which is 48.46 per cent of the total microfinance loan book size, while the total gross advance as at September 30, 2019 stood at Rs 54,742.35 million. The bank's net profit increased from Rs 240.60 million in September 2018 to Rs 924.40 million in September 2019 and the interest earned increased from Rs 4722.58 million in September 2018 to Rs 6606.83 million in September 2019. The DRHP states that it will continue to focus on its rural and semi urban franchisees and increase deposits across NRIs and CASA. As on date, it stands to have the highest share of retail deposits as a percentage to the total deposits when compared to the other small finance banks.

Source: https://www.business-standard.com/article/finance/esaf-small-finance-bank-gets-sebi-approval-to-float-rs-976-crore-ipo-120032601336_1.html

Dated: Mar 26, 2020

- **Fitch Cuts Banks' Score Of Operating Environment:**

  Faced with the adverse fallout of COVID-19 on the banking sector in India, Fitch on Thursday revised its mid-point score for banks' operating environment to 'BB' from 'BB+' earlier. Increasing challenges from the pandemic are expected to worsen an already difficult operating environment, it said. ICICI Bank and Axis Bank are susceptible to a downward viability rating pressure, even though they have better income and capital buffers than their peers.

Source: https://www.business-standard.com/article/finance/coronavirus-impact-fitch-cuts-banks-score-of-operating-environment-120032700062_1.html

Dated: Mar 27, 2020

- **Depositors Withdraw Rs 53,000 Crore Cash In 15 Days:**

  Indians have been withdrawing cash from banks this month to prepare themselves for likely emergencies, with the Covid-19-induced shutdown in the last week of the month putting the spotlight on access to essential goods for billion-plus consumers.Cash withdrawals from banks hit a 16-month high when the public withdrew Rs 53,000 crore during the fortnight ended March 13, according to the data released by the Reserve Bank of India (RBI). Such huge cash withdrawals are seen only during festivals or elections.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/ depositors-withdraw-53000-crore-cash-in-15-days/articleshow/74836501.cms

Dated: Mar 27, 2020

- **Bank Employees Seek Transportation, Police Protection For Working:**

  The bank employees association has sought necessary transportation of its staff to bank branches after government announced various relief measures for citizens affected by the coronavirus lockdown. The association also sought police protection saying these relief measures may lead to large number of customers rushing to the banks.

Source: https://www.business-standard.com/article/finance/covid-19-bank-employees-seek-transportation-police-protection-for-working-120032800965_1.html

Dated: Mar 28, 2020

- **Keep Banking Channels Up And Running, Maintain Smooth Cash Withdrawals:**

  The Union government has asked all banks to ensure that their banking channels branches, ATMs, and the business correspondent network are up and running across India for transactions, especially cash withdrawals. Banks are expected to witness a surge in transactions across channels next week, owing to salary payments to employees. Pensioners will also be visiting branches in the first few days of April.

Source: https://www.business-standard.com/article/finance/keep-banking-channels-up-and-running-maintain-smooth-cash-withdrawals-fm-120032900024_1.html

Dated: Mar 29, 2020

- **Banks Face operational hurdles in implementing 90-Day Loan Moratorium:**

  The 90-day moratorium on all term loans given to customers is a big relief for banks as well as borrowers, but the initial feedback from the industry is that the documentation process may entail some hardships. Bankers anticipate operational challenges with respect to communicating the Reserve Bank of India's (RBI's) dispensation to customers, documenting their consent to exercise the option and the requisite paperwork that comes along with it. In the context of the nationwide lockdown and banks operating on bare-bone infrastructure, bankers say some of the basic processes could be difficult to implement in the current scenario. For instance, most of the branches operate with skeletal human resource to carry out just basic work during the lockdown period.

Source: https://www.business-standard.com/article/finance/banks-face-operational-hurdles-in-implementing-90-day-loan-moratorium-120032900591_1.html

Dated: Mar 29, 2020

- **IBBI Gives Time-Limit Breather For IBC Cases:**

  The Insolvency and Bankruptcy Board of India (IBBI) has issued fresh guidelines that will give them more time on account of the lockdown. The guidelines stated that "the period of lockdown imposed by the central government in the wake of Covid-19 outbreak shall not be counted for the purposes of the timeline for any activity that could not be completed due to such lockdown, in relation to a corporate insolvency resolution process." The IBBI notification came into effect from March 29. The government had recently raised the threshold for default from Rs 1 lakh to Rs 1 crore to prevent triggering of insolvencies. The step was taken especially to safeguard the small and medium enterprises facing the brunt of lockdown. The government may also consider scrapping the provision for triggering insolvencies for a period of six months by suspending section 7, 9 and 10 of IBC which enables a financial creditor, operational creditor or the promoter respectively to initiate proceedings against a company. As Covid-19 grips the markets and economy, companies and lenders are bracing for the impact it would have on corporate bankruptcies.

Source: https://www.business-standard.com/article/finance/coronavirus-lockdown-ibbi-gives-time-limit-breather-for-ibc-cases-120032901095_1.html
Dated: Mar 29, 2020

- **Defaulting Promoters May Get Lifeline, Lenders May Defer Pledged Share Sale:**

  Several promoter entities that are facing a deadline of March 31 to either repay loans or lose control over their companies, are likely to get a lifeline with public sector lenders planning a “deep restructuring” of their loans.

Source: https://www.business-standard.com/article/finance/defaulting-promoters-may-get-lifeline-lenders-may-defer-pledged-share-sale-120032900954_1.html

Dated: Mar 30, 2020

- **RBI Changes SLBC Conveners Over Merger of 10 PSBs Into 4 from April 1:**

  The Reserve Bank on Monday proposed to change the convenors of State Level Bankers’ Committee (SLBC) in view of the merger of 10 public sector banks into 4 with effect from April 1. With the mega merger, 6 public sector banks will cease to exist from April 1, necessitating changes in the convenorship. The convenorship of merged banks will be transferred to anchor banks. The government on March 4 notified the amalgamation scheme as part of its consolidation plan to create bigger and stronger banks in the public sector. As per the scheme, Oriental Bank of Commerce and United Bank of India will be merged into Punjab National Bank (PNB); Syndicate Bank into Canara Bank; Allahabad Bank into Indian Bank; and Andhra Bank and Corporation Bank into Union Bank of India. Following the merger, PNB will become the SLBC convenor of Delhi. Currently, the responsibility rests with Oriental Bank of Commerce, RBI said in a notification. For Tripura and West Bengal too, convenorship will be transferred to PNB from United Bank of India, it said. The new SLBC convenor for Andhra Pradesh will be Union Bank of India as Andhra Bank is being amalgamated with the Mumbai-based lender. Even for Karnataka, Syndicate Bank will transfer the responsibility to Canara Bank which is going to acquire the former. Similarly, district lead bankers would also be revamped. As many as 111 districts will see new lead bankers beginning next fiscal. SLBC came into existence under Lead Bank Scheme as per RBI guidelines. SLBC is an inter-institutional forum at state level ensuring coordination between the government and banks on matters pertaining to banking development. The forum plays a vital role in various matters including financial inclusion and promotion of government schemes.

Source: https://www.business-standard.com/article/finance/rbi-changes-slbc-convenors-over-merger-of-10-psbs-into-4-from-april-1-120033000888_1.html

Dated: Mar 30, 2020

- **IndusInd Bank Updates Analysts on Coronavirus Impact, Bad Loans Scenario:**

  In its first analyst call after the appointment of SumantKathpalia as the bank’s new managing director and chief executive officer, IndusInd Bank on Monday provided an update to analyst mainly to discuss the impact of covid-19 and the steps it is taking to strengthen the business. Among key points of discussion, IndusInd Bank expects its credit cost (bad loan provisioning as a percentage of loan book) to be around 200 to 210 basis point in March 2020 quarter, which indicates a rise in bad loans. This is way higher than the average 37 basis points seen in the past three quarters, said an analyst with a domestic brokerage. In order to cover the increase in bad loans, the bank is targeting to increase the provision coverage ratio (PCR) to 60 per cent going ahead, from around 53 per cent in December quarter. It also aims to maintain a high threshold for CET1 capital.

Source: https://www.business-standard.com/article/markets/indusind-bank-updates-analysts-on-coronavirus-impact-bad-loans-scenario-120033001903_1.html

Dated: Mar 31, 2020

- **A Battered IndusInd Bank Lays Bare RBI’s Financial Stability Challenge:**

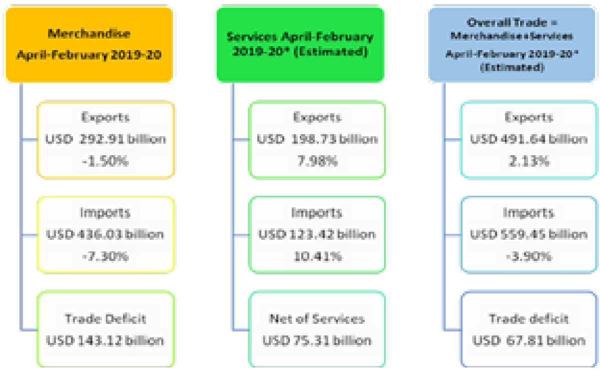
  India’s private sector banks are facing their toughest test yet, with a virus outbreak putting their earnings at risk even as the collapse of a peer has raised serious questions over deposits. IndusInd Bank is the worst hit right now. The bank’s stock has slumped over 10% so far Tuesday after it revealed, in an investor call, that it has lost 10% of its deposits since peer Yes Bank went belly up earlier this year. That is a big jump from the 2% erosion the bank had indicated just two weeks ago. The reason is that state governments no longer think it is safe to keep money in the bank. What is making it worse for the bank is its exposure to vulnerable sectors in the wake of the lockdown to check the spread of covid-19.

Source: https://www.livemint.com/market/mark-to-market/a-battered-indusind-bank-lays-bare-rbi-s-financial-stability-challenge-11585634396063.html

Dated: Mar 31, 2020

INDIA'S FOREIGN TRADE

India's overall exports (Merchandise and Services combined) in April-February 2019-20* are estimated to be USD 491.64 billion, exhibiting a positive growth of 2.13 per cent over the same period last year. Overall imports in April-February 2019-20* are estimated to be USD 559.45 billion, exhibiting a negative growth of (-) 3.90 per cent over the same period last year.



***Note:** The latest data for services sector released by RBI is for January 2020. The data for February 2020 is an estimation, which will be revised based on RBI's subsequent release.*

- **Merchandise Trade:-**
  - o **Exports (Including Re-Exports):** Exports in February 2020 were USD 27.65 billion, as compared to USD 26.87 billion in February 2019, exhibiting a positive growth of 2.91 per cent. In Rupee terms, exports were Rs. 1,97,646.12 crore in February 2020, as compared to Rs. 1,91,345.27 crore in February 2019, registering a positive growth of 3.29 per cent. In February 2020, major commodity groups of export showing positive growth over the corresponding month of last year are:

  Cumulative value of exports for the period April-February 2019-20 was USD 292.91 billion (Rs. 20,67,408.73 crore) as against USD 297.36 billion (Rs. 20,80,407.94 crore) during the period April-February 2018-19, registering a negative growth of (-) 1.50 per cent in Dollar terms (negative growth of (-) 0.62 per cent in Rupee terms).Non-petroleum and Non-Gems and Jewellery exports in February 2020 were USD 21.23 billion, as compared to USD 20 billion in February 2019, exhibiting a positive growth of 6.16 per cent. Non-petroleum and Non-Gems and Jewellery exports in April-February 2019-20 were USD 218.83 billion, as compared to USD 217.60 billion for the corresponding period in 2018-19, an increase of 0.57 per cent.

  - o **Imports:** Imports in February 2020 were USD 37.50 billion (Rs. 2,68,063.75 crore), which was 2.48 per cent higher in Dollar terms and 2.86 per cent higher in Rupee terms over imports of USD 36.59 billion (Rs 2,60,603.47 crore) in February 2019. Cumulative value of imports for the period April-February 2019-20 was USD 436.03 billion (Rs. 30,76,266.13 crore), as against USD 470.36 billion (Rs. 32,90,920.85 crore) during the period April-February 2018-19, registering a negative growth of (-) 7.30 per cent in Dollar terms (negative growth of (-) 6.52 per cent in Rupee terms). Major commodity groups of import showing negative growth in February 2020 over the corresponding month of last year are:
- **Trade In Services:-**
  - o **Exports (Receipts):** As per the latest press release by RBI dated 13th March 2020, exports in January 2020 were USD 18.99 billion (Rs. 1,35,389.25 crore) registering a positive growth of 6.99 per cent in dollar terms, vis-à-vis January 2019. The estimated value of services export for February 2020* is USD 19.48 billion.
  - o **Imports (Payments):** As per the latest press release by RBI dated 13th March 2020, imports in January 2020 were USD 12.00 billion (Rs. 85,583.69 crore) registering a positive growth of 8.83 per cent in dollar terms, vis-à-vis January 2019. The estimated value of service import for February 2020* is USD 12.43 billion.
- **Trade Balance:-**
  - o **Merchandise:** The trade deficit for February 2020 was estimated at USD 9.85 billion as against the deficit of USD 9.72 billion in February 2019.
  - o **Services:** As per RBI's Press Release dated 13th March 2020, the trade balance in Services (i.e. Net Services export) for January 2020 is estimated at USD 6.98 billion.
  - o **Overall Trade Balance:** Taking merchandise and services together, overall trade deficit for April-February 2019-20* is estimated at USD 67.81 billion as compared to USD 100.74 billion in April-February 2018-19.

Source: https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1606360

TOP BANKING APPOINTMENTS

- **YES Bank Okays Board Reconstitution, Shri Prashant Kumar to be New MD & CEO:**

  For further details, please click the below link.

  Source: https://www.business-standard.com/article/finance/yes-bank-okays-board-reconstitution-prashant-kumar-to-be-new-md-ceo-120031601608_1.html

  Dated: Mar 16, 2020

- **HSBC Appoints Interim Boss Noel Quinn as Chief Executive Officer:**

  For further details, please click the below link.

  Source: https://www.business-standard.com/article/finance/hsbc-appoints-interim-boss-noel-quinn-as-chief-executive-officer-120031800031_1.html

  Dated: Mar 18, 2020

- **IndusInd Bank Appoints Shri Sumant Kathpalia as Managing Director and CEO:**

  For further details, please click the below link.

  Source: https://www.business-standard.com/article/finance/indusind-bank-appoints-sumant-kathpalia-as-managing-director-and-ceo-120032400415_1.html

  Dated: Mar 24, 2020

- **Govt Extends Term of RBI Deputy Governor Shri B P Kanungo by One Year:**

  For further details, please click the below link.

  Source: https://www.business-standard.com/article/finance/govt-extends-term-of-rbi-deputy-governor-b-p-kanungo-by-one-year-120033101521_1.html

  Dated: Mar 31, 2020

TOP BANKING DEVELOPMENTS

- **DBS Bank, Bharti AXA Join Hands for Insurance Plan Covering Covid-19:**

  DBS Bank India on Tuesday said it has tied-up with Bharti AXA to roll out a complimentary insurance plan covering all medical conditions, including Covid-19. The plan would cover all medical conditions, including Covid-19, and up to 10 days of hospitalisation, with a cover of Rs 5,000 per day, for a 30-day period, DBS Bank India said in a release. Additionally, all DBS customers can purchase health insurance products that are currently offered on the digibank app through their general insurance partners. The bank is conducting periodic meetings with its insurance partners to ensure seamless and end-to-end online access to these facilities and improvisation to the products, it said. This includes guarantee of payments for hassle-free hospitalization and arrangement of emergency medical evacuation for NRIs with dependents in the country. It is also offering an Emergency Global Medical Assist Program that provides 24x7 access to medical support. The coronavirus pandemic outbreak has claimed three lives in India so far and the number of people who have tested positive is 137.

Source: https://www.business-standard.com/article/pti-stories/dbs-bank-bharti-axa-join-hands-for-insurance-plan-covering-covid-19-120031701703_1.html

Dated: Mar 18, 2020

- **Indian Bank Launches Mobile ATM to Help Public Deal with Covid-19 Crisis:**

  Indian Bank has launched a mobile ATM initiative to provide services to people at risk of travelling for withdrawal of cash. A mobile van carrying ATM will be moving around Chennai city and will remain in each place for a specific period, since the outbreak and spread of the Coronavirus is disrupting normal and routine life, said bank officials. Banking is an essential service during this crisis, because of which all the branches of Indian Bank are functioning to offer basic services to their customers, said the Bank. Customers of Indian Bank and other banks can use the services of these ATMs. It has plans to cover five stops for 30-40 minutes each in a day between 10 a.m. and 2 p.m. The service is availlable in Chennai currently.

Source: https://www.business-standard.com/article/finance/indian-bank-launches-mobile-atm-to-help-public-deal-with-covid-19-crisis-120032900255_1.html

Dated: Mar 29, 2020

- **Punjab National Bank Unveils New Logo:**

  Punjab National Bank (PNB) has unveiled a new logo as it merges United Bank of India and OBC with it, with effect from April 1. The new logo will bear distinct signages of all the three public sector lenders. With this, PNB is set to become the second largest lender in the country. "#Punjab National Bank is here with #Oriental Bank of Commerce& #United Bank of India in an all new avatar. Be a part of the #Together For The Better journey with us and experience a smoother and smarter way of banking," PNB said in a tweet on Monday. Assuaging concerns regarding the merged entity, PNB also said there is no reason to worry as the three banks are coming together to be better, bigger and stronger."Together we are bigger, stronger & faster. People & Banking will now be closer than ever before. You will have products fine tuned to your needs," it said in another tweet. PNB also appealed to its customers to stay indoors due to the coronavirus outbreak and access its services through net banking and PNBONE app. "Now, pay your tax, get interest certificates, track your investments and more with just one app. Have you downloaded #PNBONE app yet? #Bank From Home And Stay Safe #COVID 18," the lender said. Ten state-owned banks are to be merged into four bigger and stronger banks with effect from April 1.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/punjab-national-bank-unveils-new-logo/articleshow/74888223.cms

Dated: Mar 30, 2020

TOP EXPERT REPORTS

- **YES Bank Insolvency May Tighten Credit Markets, Widen Economic Pain (S&P):**

S&P Global Ratings on Monday said quick resolution of Yes Bank's insolvency will keep India's banking sector contagion at bay, but as credit markets tighten there could be a possibility of wider economic pain in the country. The Reserve Bank last week imposed a moratorium on the capital-starved Yes Bank, capping withdrawals at Rs 50,000 per account and superseding the board of the private sector lender with immediate effect. Following this, country's largest lender State Bank of India (SBI) on Saturday said it will invest Rs 2,450 crore in the troubled private sector bank against 245 crore shares. "The Indian government is working with the SBI to inject capital into Yes Bank, a troubled private-sector bank with 1.8 per cent of the country's bank deposits (as of March 31, 2019). "Quick resolution of Yes Bank's insolvency will keep India bank-sector contagion at bay, though it poses pain for investors in bank hybrid securities. As credit markets tighten, we also see a possibility of wider economic pain in the country," S&P Global Ratings said. It said the Indian government has consistently supported weak commercial banks by promoting the merger of distressed institutions with stronger lenders and has historically not allowed commercial banks to fail and has in the past swiftly stepped in to address trouble. "The current weak economic and high-fear global investment environment, in our view, has prompted the government to support the recovery of Yes Bank. However, in better times, we believe the government would think twice about pushing such a package for relatively small banks," S&P said. SBI will own a minimum of 26 per cent of Yes Bank for the next three years. SBI's ownership should give confidence to depositors and lenders about the bank's solvency, it added. The Reserve Bank has put out a draft resolution plan for Yes Bank allowing SBI to acquire 49 per cent stake. The ents follow Yes Bank's failure to raise capital to address loan losses, sparking a withdrawal of deposits. India's central bank has highlighted serious governance issues at Yes Bank, lapses that have contributed to the institution's steady decline in recent years. Any delay in, or uncertainty about, the implementation of the resolution plan may roil markets, S&P said. "In our view, India's financial sector broadly needs to raise governance standards and restore trust. In the past few years, regulators have identified many governance shortcomings among Indian lenders, most recently at Punjab and Maharashtra Cooperative (PMC) Bank Ltd," S&P said. It said if Yes Bank's resolution process is prolonged, there is a risk the broader banking environment may take a hit. This may raise investors' perception of credit risk in the system, tightening funding. "Many mutual funds hold Yes Bank securities, including subordinated debt and AT-1s. A depreciation in the value of these instruments would hurt credit funds, potentially triggering capital outflows. This could widen spreads and drain the credit available to lower-rated entities," S&P said. The speed of the government action will be critical to provide clarity, it noted. In the past cases of bank failures--such as the collapse of Global Trust Bank Ltd., Nedungadi Bank Ltd., United Western Bank Ltd., Bank of Rajasthan Ltd. and Sangli Bank

Ltd. we have seen swift action that nipped contagion in the bud, S&P added.

Source: https://www.business-standard.com/article/pti-stories/yes-bank-insolvency-may-tighten-credit-mkt-widen-economic-pain-s-p-120030900535_1.html

Dated: Mar 09, 2020

- **NBFCs' Challenges Could Intensify Following Yes Bank Restructuring (Fitch):**

  India's non-bank financial institutions (NBFI) will likely face renewed pressure on funding and liquidity following the RBI's takeover of Yes Bank this month, Fitch Ratings said on Wednesday."The consequences will compound the credit squeeze across the country's financial system, adding to current economic uncertainty," it said.The move on Yes Bank comes as the impact of the coronavirus is beginning to be felt in India, raising further risks to economic growth and non-banking finance companies' asset quality. "Rising asset quality and funding risks will place pressure on ratings if conditions worsen materially," it said.The Reserve Bank of India (RBI) last week seized Yes Bank after noticing a surge in withdrawals by depositors."The NBFI sector's direct exposures to Yes Bank should be modest as a whole. Yes Bank's issues have been known for some time, and companies have had time to pare back any exposure to the bank over the past year."Yes Bank's advances to NBFIs equated to roughly 1-2% of the NBFI sector's total bank funding, and the sector's asset exposures to the bank would be similarly moderate," Fitch said, adding the recent announcement may bring about broader contagion effects for NBFI funding conditions.The RBI's planned reconstruction scheme broadly protects the deposits and liabilities of the bank, but calls for a writedown of its Basel III AT1 instruments at present. "This may trigger another round of investor risk aversion that tightens market access and raises overall funding costs for borrowers, with wholesale NBFIs likely to remain more vulnerable in this situation," it said. There may also be knock-on effects for NBFIs if smaller private banks start to face deteriorating depositor confidence. Banks have been an important source of liquidity for NBFIs amid the funding squeeze in the local debt markets over the past 18 months, and any weakness in bank deposit funding would constrict liquidity available for lending to the NBFI sector. "An extended credit squeeze will likely exacerbate asset quality risks for the financial sector including NBFIs, which are already facing pressure from a general economic and property-sector slowdown, and an evolving COVID-19 situation," it said. "The asset quality risks that have been largely centred on wholesale property development would, in Fitch's view, start to broaden if the economy becomes more adversely affected." These events add to the challenging operating environment for Indian NBFIs, with rising uncertainty over funding conditions in the near term. Fitch said it will be monitoring the rated NBFIs' funding access and liquidity positions closely over the near term, and will assess the broader economic impact of recent developments on potential asset quality trends for any signs of deterioration that may have an impact on the ratings.

Source: https://www.business-standard.com/article/pti-stories/nbfcs-challenges-could-intensify-following-yes-bank-restructuring-fitch-120031101076_1.html

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Circular Number	Date Of Issue	Department	Subject
RBI/2019-2020/204 DoR.Appt.No.58/29.67.001/2019-20	31.3.2020	Department of Regulation	Appointment of Managing Director and Chief Executive Officer (MD & CEO) / CEO/ part-time Chairperson (PTC) in Banks – 'Declaration and Undertaking' and allied matters
RBI/2019-2020/203 DOR.CO.Leg.BC.No.59 /09.07.005/2019-20	31.3.2020	Department of Regulation	Doorstep Banking Services for Senior Citizens and Differently Abled Persons
RBI/2019-2020/202 FIDD.CO.FSD. BC.No.23/05.02.001/2019-20	31.3.2020	Financial Inclusion and Development Department	Short Term Crop Loans eligible for Interest Subvention Scheme (ISS) and Prompt Repayment Incentive (PRI) through KCC
RBI/2019-2020/201 FMRD.FMSD. No.25/14.01.006/2019-20	30.3.2020	Financial Markets Regulation Department	'Fully Accessible Route' for Investment by Non-residents in Government Securities - (specified securities)
RBI/2019-2020/200 A.P. (DIR Series) Circular No. 25	30.3.2020	Financial Markets Regulation Department	'Fully Accessible Route' for Investment by Non-residents in Government Securities
RBI/2019-2020/199 A.P.(DIR Series) Circular No. 24	30.3.2020	Financial Markets Regulation Department	Investment by Foreign Portfolio Investors (FPI): Investment limits
RBI/2019-2020/198 DPSS.CO.RPPD. No./1864/03.01.03/2019-20	30.3.2020	Department of Payment and Settlement Systems	Special Clearing Operations on March 31, 2020
RBI/2019-2020/197 FIDD.CO.LBS. BC.No.22/02.01.001/2019-20	30.3.2020	Financial Inclusion and Development Department	Amalgamation of Public Sector Banks - Assignment of SLBC/ UTLBC Convenorship and Lead Bank responsibilities
RBI/2019-2020/196 DOR.NBD.No.44/16.13.218/2019-20	28.3.2020	Department of Regulation	'Guidelines for Licensing of Small Finance Banks in Private Sector' dated November 27, 2014 – Modifications to existing norms
RBI/2019-2020/195 DOR.AML. BC.No.58/14.06.001/2019-20	27.3.2020	Department of Regulation	Implementation of Section 51A of UAPA, 1967 - Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List - Deletion of one individual
RBI/2019-2020/194 DGBA.GBD. No.1799/42.01.029/2019-20	27.3.2020	Department of Government and Bank Accounts	Annual Closing of Government Accounts – Transactions of Central / State Governments – Special Measures for the Current Financial Year (2019-20)
RBI/2019-2020/193 A.P. (DIR Series) Circular No.23	27.3.2020	Foreign Exchange Department	Risk Management and Inter-bank Dealings- Participation of Banks in Offshore Non-deliverable Rupee Derivative Markets
RBI/2019-2020/192 DOR.No.Ret. BC.51/12.01.001/2019-20	27.3.2020	Department of Regulation	Section 42(1) of the Reserve Bank of India Act, 1934 - Change in Daily Minimum Cash Reserve Maintenance Requirement
RBI/2019-2020/191 DOR.No.Ret. BC.49/12.01.001/2019-20	27.3.2020	Department of Regulation	Maintenance of Cash Reserve Ratio (CRR)
RBI/2019-2020/190 DOR.No.Ret. BC.53/12.01.001/2019-20	27.3.2020	Department of Regulation	Change in Bank Rate
RBI/2019-2020/189 DOR.No.Ret. BC.52/12.01.001/2019-20	27.3.2020	Department of Regulation	Section 24 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR) – Marginal Standing Facility (MSF)
RBI/2019-2020/188 DOR.BP.BC. No.45/21.06.201/2019-20	27.3.2020	Department of Regulation	Basel III Capital Regulations- Review of transitional arrangements

RBI/2019-2020/187 DOR.BP.BC. No.46/21.04.098/2019-20	27.3.2020	Department of Regulation	Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR)
RBI/2019-2020/186 DOR.No.BP. BC.47/21.04.048/2019-20	27.3.2020	Department of Regulation	COVID-19 – Regulatory Package
RBI/2019-2020/185 FMRD.FMID. No.24/11.01.007/2019-20	27.3.2020	Financial Markets Regulation Department	Legal Entity Identifier: Extension of deadline
RBI/2019-2020/184 REF.No.MPD. BC.390/07.01.279/2019-20	27.3.2020	Monetary Policy Department	Standing Liquidity Facility for Primary Dealers
RBI/2019-2020/183 FMOD.MAOG. No.139/01.18.001/2019-20	27.3.2020	Financial Markets Operation Department	Marginal Standing Facility
RBI/2019-2020/182 FMOD.MAOG. No.140/01.01.001/2019-20	27.3.2020	Financial Markets Operation Department	Liquidity Adjustment Facility – Repo and Reverse Repo Rates
RBI/2019-2020/181 FIDD.CO.LBS. BC.No.21/02.08.001/2019-20	26.3.2020	Financial Inclusion and Development Department	Formation of new district in the State of Chhattisgarh – Assignment of Lead Bank Responsibility
RBI/2019-2020/180 FIDD.CO.LBS. BC.No.20/02.01.001/2019-20	26.3.2020	Financial Inclusion and Development Department	Formation of new Union Territory of The Dadra and Nagar Haveli and Daman and Diu - Assignment of UTLBC Convenorship
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RBI/2019-2020/177 A. P. (DIR Series) Circular No. 22	17.3.2020	Foreign Exchange Department	Settlement system under Asian Clearing Union (ACU) Mechanism
RBI/2019-2020/176 DOR.No.BP. BC.41/08.12.014/2019-20	17.3.2020	Department of Regulation	Issue of Long Term Bonds by Banks – Financing of Infrastructure and Affordable Housing
RBI/2019-2020/175 DOR.BP.BC. No.42/21.04.141/2019-20	17.3.2020	Department of Regulation	Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)
RBI/2019-2020/174 DPSS.CO.PD. No.1810/02.14.008/2019-20	17.3.2020	Department of Payment and Settlement Systems	Guidelines on Regulation of Payment Aggregators and Payment Gateways
RBI/2019-2020/173 DGBA.GBD. No.1744/42.01.029/2019-20	17.3.2020	Department of Government and Bank Accounts	Reporting and Accounting of Central Government Transactions of March 2020
RBI/2019-2020/172 DoS.CO.PPG. BC.01/11.01.005/2019-20	16.3.2020	Department of Supervision	COVID-19- Operational and Business Continuity Measures
RBI/2019-2020/171 DOR (PCB).BPD.Cir No.10/13.05.000/2019-20	13.3.2020	Department of Regulation	Limits on exposure to single and group borrowers/ parties and large exposures and Revision in the target for priority sector lending – UCBs
RBI/2019-2020/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20	13.3.2020	Department of Regulation	Implementation of Indian Accounting Standards
RBI/2019-2020/169 DOR.AML. BC.No.40/14.06.001/2019-20	06.3.2020	Department of Regulation	Implementation of Section 51A of UAPA, 1967 - Addition of three entities to 1267 List

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