



# BBI TIMES

## NEWSLETTER

Banking & Insurance

**“Education is what people do to you. Learning is what you do to yourself. Focus on being connected, always learning, fully aware and super present.”**



### OBJECTIVE

- Creating awareness about the Banking & Insurance sector.
- To make learners independent for organizing the events.
- Enhancing the skills and sharpen their knowledge.

### PRINCIPAL

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### VICE PRINCIPAL

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## State Bank and its Associates

1. State Bank of India
2. State Bank of Patiala
3. State Bank of Mysore
4. State Bank of Travancore
5. State Bank of Bikaner and Jaipur
6. State Bank of Hyderabad

## Nationalized Banks

1. Allahabad Bank
2. Andhra Bank
3. Bank of Baroda
4. Bank of India
5. Bank of Maharashtra
6. Canara Bank
7. Central Bank of India
8. Corporation Bank
9. Dena Bank
10. Indian Bank
11. Indian Overseas Bank
12. Oriental Bank of Commerce
13. Punjab & Sind Bank
14. Punjab National Bank
15. Syndicate Bank
16. UCO Bank
17. Union Bank of India
18. United Bank of India
19. Vijaya Bank

## Other public sector banks

1. IDBI Bank
2. Bharatiya Mahila Bank

## Reserve Bank of India



The old RBI Building in Mumbai

The **Reserve Bank of India** (RBI, Hindi:भारतीय रिज़र्व बैंक) is India's **central banking** institution, which controls the **monetary policy** of the **Indian rupee**. It commenced its operations on 1 April 1935 during the British Rule in accordance with the provisions of the **Reserve Bank of India Act, 1934**. The original share capital was divided into shares of 100 each fully paid, which were initially owned entirely by private shareholders. Following India's independence on 15 August 1947, the RBI was **nationalized on 1 January 1949**.

The RBI plays an important part in the Development Strategy of the **Government of India**. It is a member bank of the **Asian Clearing Union**. The general superintendence and direction of the RBI is entrusted with the 21-member Central Board of Directors: the **Governor**, 4 Deputy Governors, 2 **Finance Ministry** representatives, 10 government-nominated directors to represent important elements from India's economy, and 4 directors to represent local boards headquartered at Mumbai, Kolkata, Chennai and New Delhi. Each of these local boards consists of 5 members who represent regional interests, and the interests of co-operative and indigenous banks.

The bank is also active in promoting financial inclusion policy and is a leading member of the **Alliance for Financial Inclusion**.

## Structure of RBI

RBI runs a monetary museum in Mumbai

The Central Board of Directors is the main committee of the Central Bank. The **Government of India** appoints the directors for a 4-year term. The Board consists of a Governor, and not more than 4 Deputy Governors, 4 Directors to represent the regional boards, 2 from the Ministry of Finance and 10 other directors from various fields. RBI wants to create a post of Chief Operating Officer (COO) and re-allocate work between the five of them(4 Deputy Governor and COO).

The bank is headed by the Governor and the post is currently held by economist **Raghuram Rajan**. There are 4 Deputy Governors, **Dr.Urjit Patel**, **R Gandhi S.SMundra** and **N.S Vishwanathan**. Two of the four Deputy Governors are traditionally from RBI ranks, and are selected from the Bank's Executive Directors. One is nominated from among the Chairpersons of public sector banks and the other is an economist. An **Indian Administrative Service** officer can also be appointed as Deputy Governor of RBI and later as the Governor of RBI as with the case of **Y.Venugopal Reddy**. Other persons forming part of the central board of directors of the RBI are Dr. **Nachiket Mor**, **Y C Deveshwar**, **Prof Damodar Acharya**, **Ajay Tyagi** and **Anjuly Duggal**.



**The Governor and the post is currently held by economist **Raghuram Rajan**.**

## Policy rates and reserve ratios

### Policy Rates, Reserve Ratios, Lending and Deposit Rates as of 17 June 2016

<b>Bank Rate</b>	<b>7.00%</b>
<b>Repo Rate</b>	<b>6.50%</b>
<b>Reverse Repo Rate</b>	<b>6.00%</b>
<b>Cash Reserve Ratio (CRR)</b>	<b>4%</b>
<b>Statutory Liquidity Ratio (SLR)</b>	<b>21.00%</b>
<b>Base Rate</b>	<b>9.30%–9.70%</b>
<b>Savings Deposit Rate</b>	<b>4%</b>
<b>Term Deposit Rate for &gt; 1 year</b>	<b>7.00%–7.50%</b>

### **Bank Rate**

RBI lends to the commercial banks through its **discount window** to help the banks meet depositors' demands and reserve requirements for long term. The interest rate the RBI charges the banks for this purpose is called **bank rate** or **repo rate**. If the RBI wants to increase the liquidity and money supply in the market, it will decrease the bank rate and if RBI wants to reduce the liquidity and money supply in the system, it will increase the bank rate.

## Reserve requirement Cash Reserve Ratio (CRR)

Every commercial bank has to keep certain minimum cash reserves with **Reserve Bank of India**. Consequent upon amendment to sub-Section 42(1), the Reserve Bank, having regard to the needs of securing the monetary stability in the country, RBI can prescribe Cash Reserve Ratio (CRR) for scheduled banks without any floor rate or ceiling rate. Before the enactment of this amendment, in terms of Section 42(1) of the RBI Act, the Reserve Bank could prescribe CRR for scheduled banks between 3% and 15% of total of their demand and time liabilities

## Statutory Liquidity Ratio (SLR)

Apart from the CRR, banks are required to maintain liquid assets in the form of gold, cash and approved securities. Higher liquidity ratio forces commercial banks to maintain a larger proportion of their resources in liquid form and thus reduces their capacity to grant loans and advances, thus it is an anti-inflationary impact Generally RBI uses

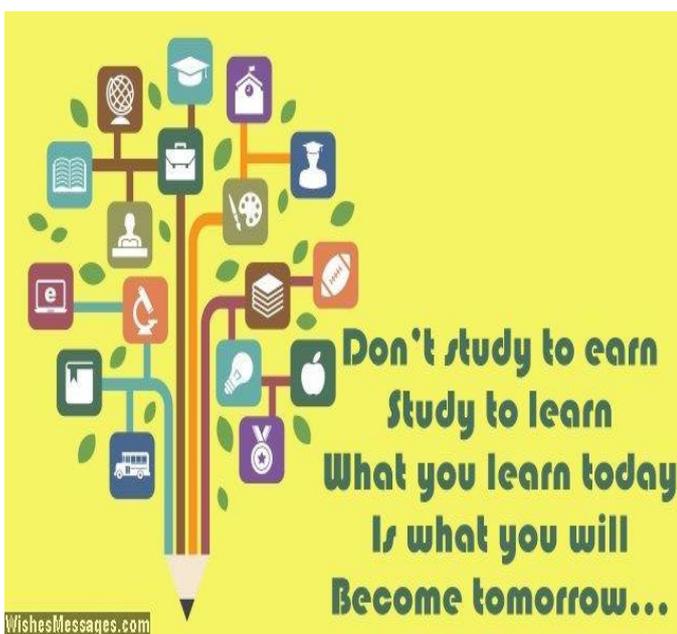
1. Minimum margins for lending against specific securities.
2. Ceiling on the amounts of credit for certain purposes.
3. Discriminatory rate of interest charged on certain types of advances.



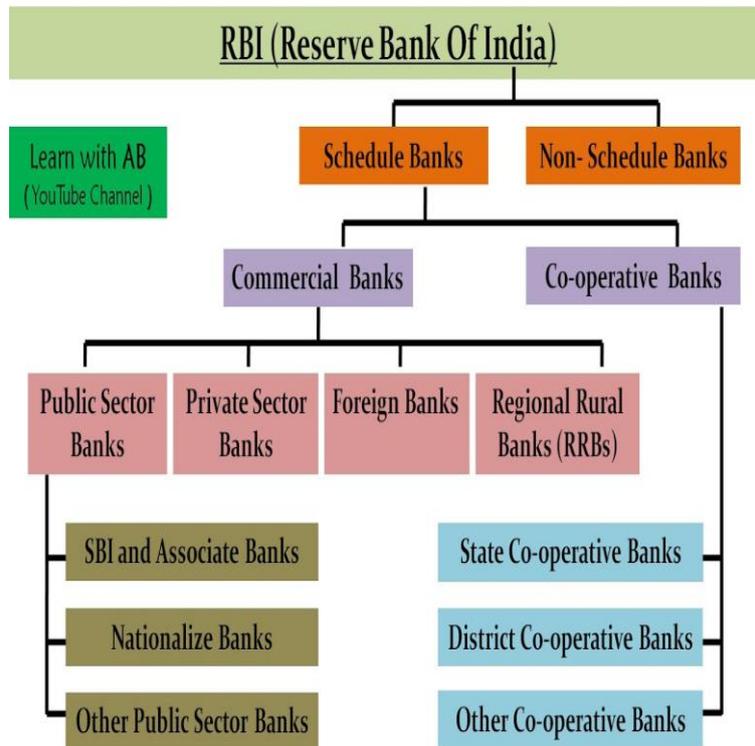
## 1<sup>st</sup> event – BBI department organized a BBI Orientation for FYBBI on 21st July, 2016



## 2<sup>nd</sup> event- Inauguration of BBI Times Wall Magazine on 1st August, 2016



## Banking in India



**Banking in India**, in the mod sense, originated in the last decades of the 18th century. Among the first banks were the Bank of Hindustan, which was established in 1770 and liquidated in 1829-32; and the General Bank of India, established in 1786 but failed in 1791.

The largest bank, and the oldest still in existence, is the **State Bank of India (S.B.I)**. It originated as the **Bank of Calcutta** in June 1806. In 1809, it was renamed as the **Bank of Bengal**. This was one of the three banks funded by a **presidency government**, the other two were the **Bank of Bombay** and the **Bank of Madras**. The three banks were merged in 1921 to form the **Imperial Bank of India**, which upon India's independence, became the **State Bank of India** in 1955. For many years the presidency banks had acted as quasi-central banks, as did their successors, until the **Reserve Bank of**

India was established in 1935, under the [Reserve Bank of India Act, 1934](#).

In 1960, the State Banks of India was given control of eight state-associated banks under the State Bank of India (Subsidiary Banks) Act, 1959. These are now called its [associate banks](#). In 1969 the [Indian government nationalized](#) 14 major private banks. In 1980, 6 more private banks were nationalized.<sup>[7]</sup> These nationalized banks are the majority of lenders in the [Indian economy](#). They dominate the banking sector because of their large size and widespread networks.

The Indian banking sector is broadly classified into [scheduled banks](#) and non-scheduled banks. The scheduled banks are those included under the 2nd Schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into: nationalized banks; [State Bank of India](#) and its associates; [Regional Rural Banks](#) (RRBs); foreign banks; and other Indian private sector banks. The term commercial banks refers to both scheduled and non-scheduled commercial banks regulated under the [Banking Regulation Act, 1949](#).

Generally banking in India is fairly mature in terms of supply, product range and reach—even though reach in rural India and to the poor still remains a challenge. The government has developed initiatives to address this through the State Bank of India expanding its branch network and through the [National Bank for Agriculture and Rural Development](#) with facilities like microfinance.



## INSURANCE

# Insurance Regulatory and Development Authority

**Insurance Regulatory and Development Authority of India (IRDAI)** is an [autonomous](#) apex statutory body which regulates & develops the [insurance](#) industry in India. It was constituted by a [Parliament of India](#) act called ***Insurance Regulatory and Development Authority Act, 1999*** and duly passed by the [Government of India](#).

The agency operates from its headquarters at [Hyderabad, Telangana](#) where it shifted from [Delhi](#) in 2001.

IRDAI battled for a hike in the foreign direct investment (FDI) limit to 49 per cent in the insurance sector from the erstwhile 26 per cent. The FDI limit in insurance sector was raised to 49% in July 2014.



## T.S.VIJAYAN

### Chairman

Insurance Regulatory and Development Authority  
Hyderabad, India.

## Why You Need General Insurance



Buy Home Insurance / House Insurance Policy which will protect not only your home, but also the belongings / content inside it.

Buy or renew car insurance policies online. Buy car insurance policy in easy steps. Get 24x7 spot assistance cover Car Insurance policy.

A hundred things can go wrong when you travel. Something that's an inconvenience at home can ruin your holiday when you're abroad. Travelling abroad to a foreign land alone entails a lot of risk. Medical emergencies, losses, and delays can be expensive and cause great inconvenience to you. Are you covered?

**Health Insurance**  
With Health Insurance by your side, you can get access to the best medical care and treatment while being financially protected. In case of a medical emergency, a health insurance policy guarantees peace of mind and ensures that you and your family will receive the best treatment at a hospital of your choice.



**Home Insurance**  
everything to protect it. Go a step further and give your home the best possible protection from unforeseen events with our My Home Insurance plan.



**Motor Insurance**  
Your motor insurance policy should contain cashless settlement in preferred workshops along with 24x7 claims support.



**Travel Insurance**

can be a costly substitute. What you can opt for instead is a lump sum fixed benefit plan that gives you additional cover for hospitalization, surgeries, and critical illnesses. This plan should cover you for a range of surgeries, as these are medical procedures that cost the most. It must also provide cover for a number of critical illnesses, such as cancer, Alzheimer's, kidney failure, etc. As these diseases are on the rise and a reimbursement based Health Insurance plan which pays for actuals will not cover all expenses- you need a lump sum pay-out that can be used to cover all costs involved - be it pre or post hospitalization.

### Sources:

1. <http://www.financialexpress.com/article/healthcare/happening-now/indias-employees-want-more-medical-benefits>.

## Is Employer's Health Insurance Enough?

Jun 10, 2016, 03.59 PM IST

Most of us are offered Health Insurance as a perquisite or benefit attached to our jobs. Because this insurance is built into our contract, we rarely analyze or compare it with other plans, never putting in the due diligence we would otherwise to buy other types of insurance. However, just because one does not have the option of rejecting employer's health insurance does not mean one should not analyze the pros and cons of these group plans. More often than not, these plans are limited in the cover they provide and come with problematic loopholes. So how do you ensure you are well covered? Getting a [health insurance plan](#) that requires you to pay premium regularly and in return only get reimbursement for actual expenses,



**list of insurance companies in india**

## 6 smart things you must know about insurance policy riders

Jul 04, 2016, 06.30 AM IST



1. Riders are options that allow you to enhance your **insurance** cover, qualitatively and quantitatively. They are basically additional benefits that one may buy and add to the policy.
2. Riders are terminated once they have been used or when the main policy itself terminates.
3. They can be mixed and matched, based on one's preference, for a small additional cost.
4. As a 'one size fits all' approach does not apply to insurance, covering risks based on factors unique to each insured individual makes sense.
5. Insurance companies also find it convenient to offer a few basic policies and a number of riders that can be added as required.
6. Riders are usually taken at the time of buying an **insurance policy**. However, they can also be attached during the course of the policy term.

## **Banking Jobs**

The list of banking exams that one can appear for after graduation:

**SBI PO Exams:** State Bank of India conducts this exam for the **recruitment of Probationary officers (PO)**. Candidates graduated from any stream can appear for this exam.

### **IBPS PO/Management Trainee**

**Exams:** **IBPS PO CWE** is a national level Bank PO exam conducted by the Institute of Bank Personnel Selection (IBPS) for hiring PO and MT in public sector banks.

**IBPS Clerk Exams:** This clerical entrance exam is conducted for recruitment of clerks in public and private sector banks, except SBI.

### **National Bank for Agriculture & Rural Development**

**(NABARD):** NABARD conducts this admission exam for graduates seeking positions as Development Officers and others in the bank.

### **RBI Grade A and Grade B**

**Exams:** An entrance exam for graduates conducted by the **Reserve Bank of India** to recruit Grade A and B officers.

**ICICI PO Exams:** **ICICI Bank PO** exams is for Indian Nationals for appointment of Probationary Officer. ICICI Bank Probationary Officers Recruitment includes one-year training programme on selection.

## **Insurance Jobs**

### **L.I.C/ G.I.C Competitive**

**Exams:** Another exam for graduates to get jobs in various positions in Life Insurance and General Insurance Companies including L.I.C Officers' Exam, G.I.C Officers' Exam, L.I.C Development Officers' Exam, G.I.C. Assistants Exam etc.

### 3<sup>th</sup> event – PPT competition of SYBBI on 11<sup>th</sup> August, 2016



### Winners in PPT competition

#### 1<sup>st</sup> position



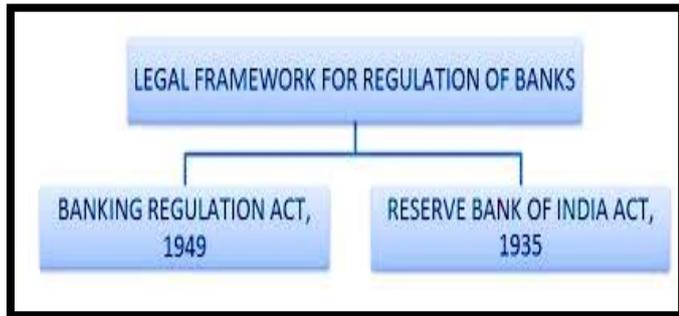
#### 2<sup>nd</sup> position



### Tips for how to give presentation

<p><b>Structure</b> Have a logical order: introduction, middle with your main points &amp; a conclusion</p>	<p><b>Practice</b> Practice beforehand in front of a mirror, with a recorder or in front of a friend</p>	<p><b>Body Language</b> Smile, make eye contact, stand up straight &amp; move around a bit. Don't hide behind the podium!</p>
<p><b>Notes &amp; Handouts</b> Have brief notes on postcard sized cards. Have a handout that the audience can take away afterwards</p>	<p><b>PRESENTATION SKILLS</b></p>	<p><b>Speech</b> Speak clearly, confidently, concisely &amp; not too fast. Use everyday language rather than jargon</p>
<p><b>PowerPoint</b> Keep slides clean &amp; simple. Don't have lots of text on each slide. Use charts, diagrams &amp; pictures</p>	<p><b>Interaction</b> Build a rapport with your audience. Get them involved by asking &amp; encouraging questions. Use humour if appropriate</p>	<p><b>Nervousness</b> It's normal to be a bit nervous: this helps make you more energised. Preparation &amp; practice will reduce nerves!</p>

# Legal Framework



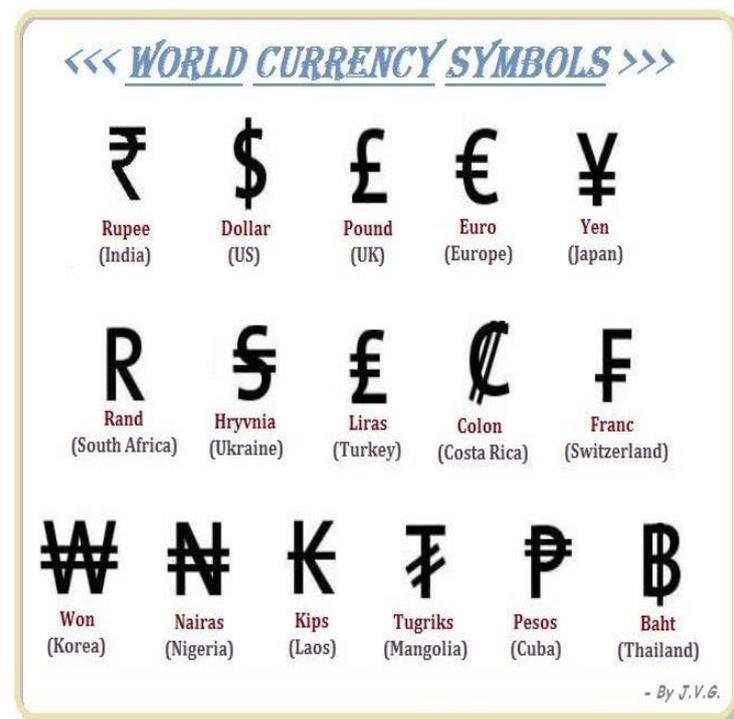
## Acts administered by Reserve Bank of India

- Reserve Bank of India Act, 1934
- Public Debt Act, 1944/Government Securities Act, 2006
- Government Securities Regulations, 2007
- Banking Regulation Act, 1949
- Foreign Exchange Management Act, 1999
- Securitizations and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- Credit information Companies (Regulation) Act, 2005
- Payment and Settlement Systems Act, 2007
- Payment and Settlement Systems Regulations, 2008 and Amended up to 2011 and BPSS Regulations, 2008
- The Payment and Settlement Systems (Amendment) Act, 2015 - No. 18 of 2015
- Factoring Regulation Act, 2011

### Other relevant Acts

- Negotiable Instruments Act, 1881
- Bankers' Books Evidence Act, 1891
- State Bank of India Act, 1955
- Companies Act, 1956/ Companies Act, 2013
- Securities Contract (Regulation) Act, 1956

- State Bank of India Subsidiary Banks) Act, 1959
- Deposit Insurance and Credit Guarantee Corporation Act, 1961
- Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
- Regional Rural Banks Act, 1976
- Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980
- National Bank for Agriculture and Rural Development Act, 1981
- National Housing Bank Act, 1987
- Recovery of Debts Due to Banks and Financial Institutions Act, 1993
- Competition Act, 2002
- Indian Coinage Act, 2011 : Governs currency and coins
- Banking Secrecy Act
- The Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003
- The Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993.



## 4<sup>th</sup> event- Quiz Competition on 7<sup>th</sup> January, 2017



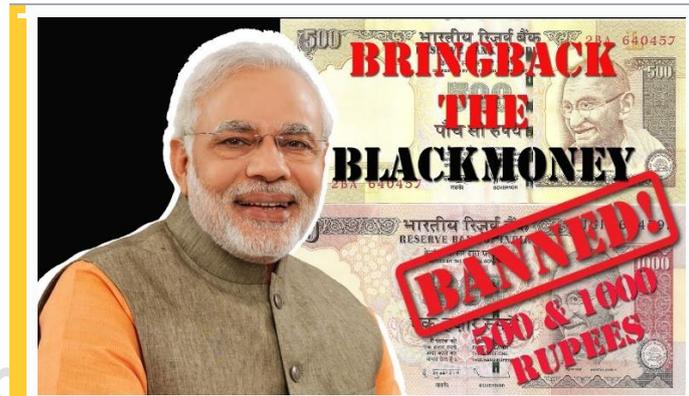
### Good Thought

"Aim for success, not perfection. Never give up your right to be wrong, because then you will lose the ability to learn new things and move forward with your life. Remember that fear always lurks behind perfectionism."

David M. Burns

# 2016 Indian Banknote Demonetization

This article is about the 2016 decision to demonetise 500- and 1000-rupee banknotes. It is not to be confused with [The High Denomination Bank Notes \(Demonetisation\) Act, 1978](#).



### 2016 Indian banknote demonetisation

Queues outside a bank to exchange ₹500 and ₹1000 banknotes in Salt Lake City, Kolkata

**Time** 20:15 IST (14:45 UTC)

**Date** 8 November 2016

**Location** India

*This article is about the 2016 decision to demonetize 500- and 1000-rupee banknotes. It is not to be confused with [The High Denomination Bank Notes \(Demonetisation\) Act, 1978](#)*

**On 8 November 2016, the Government of India announced the demonetisation of all ₹500 (US\$7.80) and ₹1,000 (US\$16) banknotes of the Mahatma Gandhi Series.**

The government claimed that the action would curtail the shadow economy and crack down on the use of illicit and counterfeit cash to fund illegal activity and terrorism. The sudden nature of the announcement—and the prolonged cash shortages in the weeks that followed—created significant disruption throughout the economy, threatening economic output. The move was heavily criticized as poorly planned and unfair, and was met with protests, litigation, and strikes.

Prime Minister of India Narendra Modi announced the demonetisation in an unscheduled live televised address at 20:00 Indian Standard Time (IST) on 8 November. In the announcement, Modi declared that use of all ₹500 and ₹1000 banknotes of the Mahatma Gandhi Series would be invalid past midnight, and announced the issuance of new ₹500 and ₹2000 banknotes of the Mahatma Gandhi New Series in exchange for the old banknotes.

**₹ 500**  
**₹ 1000**  
**NOTES CEASE TO BE LEGAL TENDER**

**HERE IS WHAT YOU CAN DO:**

Deposit old notes of Rs 500 or Rs 1000 in bank or post office accounts from 10th November till 30th December 2016 without any limit. There will be a limit on withdrawal of Rs 10,000 per day and Rs 20,000 per week. This limit will be increased in the coming days.

Exchange old notes of Rs 500 or Rs 1000 at any bank, head post office or sub post office while showing ID proof. The limit for this is Rs 4000 upto 24th November

No restriction of any kind on non-cash payments by cheques, demand drafts, debit or credit cards and electronic fund transfer.

Check out RBI notification for more details

On 9th November and in some places on 10th November also, ATMs will not work. In the first few days, there will be a limit of Rs 2000 per day per card. This will be raised to Rs 4000 later.

The BSE SENSEX and NIFTY 50 stock indices fell over 6 percent on the day after the announcement. In the days following the demonetisation, the country faced

severe cash shortages with severe detrimental effects across the economy. People seeking to exchange their bank notes had to stand in lengthy queues, and several deaths were linked due to the rush to exchange cash.

**Queues outside a bank to exchange ₹500 & ₹1000 banknotes – From 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016.**



Initially, the move received support from several bankers as well as from some international commentators. It was heavily criticised by members of the opposition parties, leading to debates in both houses of parliament and triggering organised protests against the government in several places across India. The move is considered to have reduced the country's GDP and industrial production. As the cash shortages grew in the weeks following the move, the demonetisation was heavily criticised by prominent economists and by world media.

**Withdrawal of ₹ 500 and ₹ 1000 notes**

New high-security Rs 500 and Rs 2,000 currency notes to be available in ATMs from **NOVEMBER**

**Cash withdrawal restrictions to ease once supplies of new Rs 2,000 and Rs 500 notes improve**

Replacement currency to be in market in **3-4 weeks**

**New Currency Exchange**

	Max Limit (₹)	Duration
Old Notes Exchange	4000	Nov 10- Nov 24
Bank Note Withdrawal	10000 Daily	Nov 10 onwards
Bank Note Withdrawal	20000 Weekly	Nov 10 onwards
ATM Note Withdrawal	2000 Daily	Nov 10- Nov 18
ATM Note Withdrawal	4000 Daily	Nov 19 onwards
Old Note Deposit	No Limit	Nov 10- Dec 30

■ A lot of money otherwise lying unused will now come into formal economy  
■ Political funding will be impacted

RBI GRAPHICS