

These products would have a standard structure of features with standard pricing. These products are expected to be low-ticket basic insurance coverage in the areas of life insurance, health insurance, motor insurance, and cattle insurance.

Similarly, a universal health insurance scheme is set to be launched in 2016. This might even have the Rashtriya Swasthya Bima Yojana merged with it. Family covers for four members would be available with options of including a senior citizen in it. This, however, could alter the pricing.

IRDAI is also exploring ways to make insurance popular online via e-commerce. It has formed two groups —comprising life insurers and general insurers, respectively —to look into the opportunities in insurance e-commerce.

According to the regulator, insurance e-commerce would lower the costs and bring in higher efficiencies and ensure greater reach. This would also leverage the government's Digital India initiative, aimed at creating a digitally empowered society and knowledge economy.

CAPITAL MARKET NEWS

Mutual Funds May be Asked to Disclose Agent Commission in Statements – NDTV profit – 18th January 2016

After capping agent commission, mutual fund industry body and front-line regulator AMFI may now ask fund houses to disclose the individual distributor commission in the account statements sent to investors.

The AMFI (Association of Mutual Funds in India) plans to take up the issue of "disclosing distributors commission in Statement of Accounts" in its board meeting this week.

The move is aimed at making distribution commissions more transparent as part of efforts to

the total amount being paid by their Asset Management Company (AMC) as distributor commission from their investments in Mfs. The industry also hopes that such a step will help address the issue of trust deficit about commission payouts, something which has been a matter of serious concern to the investors and the regulators lately. Till now, the Statement of Account sent to each investor includes details about their folio number, investment amount, gains/loss, and certain KYC details.

Domestic capital markets not ready for us, feel India's top startups – economic times

India's most valuable tech and internet companies like online retailer Flipkart and mobile ad network InMobi would like to list in domestic public markets, but do not think the markets are deep enough for them. These companies cited issues ranging policy and amount of capital available here as issues in a panel moderated by Minister of State for Finance Jayant Sinha at the Startup India summit on Saturday.

Barclays cuts 1000 jobs, shuts equity capital markets and broking in India – economic times
MUMBAI: UK-based lender Barclays Plc has shrunk operations in Asia, cutting about 1,000 jobs in countries, including India, as it focuses on markets where it's competitive and conserves capital amid expectations of prolonged global uncertainty.

The bank has shut operations in Taiwan, South Korea, Malaysia, Thailand, Australia, the Philippines and Indonesia and also closed its only office in Russia. In India, the bank will discontinue its equity broking and capital markets businesses.

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From Editorial Desk

Dear Readers,

Welcome to the February Edition of FINSCAPE.

The Central Government's move to pass on 2.5% commission to banks in the gold monetisation scheme and the relaxation in terms of premature withdrawal facility are the steps in right direction. The scheme, prior to the introduction of these two initiatives, has so far collected only 900 kg of gold across the country.

The result of the new initiatives taken by the government is eagerly awaited.

Meanwhile, the popular Scheme of the Central Govt. - Jan Dhan Yojana – has mopped up 30000 crores giving a big boost to the Financial inclusion scheme..

Happy reading.

Regards,

Venugopal Rajamanuri
Co-ordinator- CFS

Prof. Srinivas R Gangidi
Director

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BANKING & FINANCE

Finance Ministry Seeks Banks' View on More Capital Infusion – Economic times

Pursuant to public sector banks' revamp plan, Indradhanush, Finance Ministry has asked NPA-laden state-run lenders to present their business plans to understand their incremental capital requirement following the RBI directives to clean up their books.

Some banks have already made their presentations to the North Block and the remaining are being called in now.

The Indradhanush plan envisages Rs 70,000 crore of capital infusion over the next four years. Of this Rs 25,000 crore each will be infused in FY16 and FY17 and Rs 10,000 crore each in FY18 and Fy19.

The government estimates that state-run lenders would require Rs 1.8 trillion over the next four years. Banks will have to raise the balance Rs 1.10 trillion from the market. But the calculation has changed after RBI identified top 150 defaulters and asked banks to make provisions for those accounts and clean their books by March, 2017.

Following this, the banks are demanding higher capital infusion from the government as they are unable to raise funds from the market in prevailing conditions, wherein their stocks are trading on an average almost 60 per cent below their March, 2015 high,

Following this, the banks are demanding higher capital infusion from the government as they are unable to raise funds from the market in prevailing conditions, wherein their stocks are trading on an average almost 60 per cent below their March, 2015 high, and also as higher provisioning norms have left them cash starved.

Under Indradhanush, the government had already infused Rs 20,088 crore into 13 public sector banks last September and the remaining Rs 5,000 crore would be given in the March quarter looking at the performance in the first nine months.

Higher provisioning norms are going to impact banks profitability over the next few quarters.

SEBI raises banks' exposure limit to currency derivatives – business standard-Jan.15

Capital markets regulator SEBI allowed bank stock brokers to have a greater exposure in the currency derivatives market, as compared to the limits permitted for the non-bank stock brokers.

The gross open position limit for all brokers currently stands at up to 15 per cent of the total open interest or USD 100 million, whichever is higher. "However, for bank stock brokers, as authorised by RBI, the gross open position across all contracts shall not exceed 15 per cent of the total open interest or USD 1 billion, whichever is higher," SEBI said in a circular.

The move is aimed at maintaining orderly conditions in the domestic foreign exchange market and the decision is based on the recommendation from RBI, SEBI said.

Gold monetisation scheme: Banks to get 2.5% commission – Financial express – 25th Jan.2016

The finance ministry on Sunday said government will pay banks a 2.5 per cent commission for mobilising gold under the gold monetisation scheme and depositors will be permitted premature withdrawal of the deposited metal.

"It is expected that the above modifications will make the scheme more attractive for potential depositors," the Finance Ministry said in a statement spelling out the revised guidelines.

Under the modified rules, government will pay the participating banks a fees for their services — gold purity testing charges, refining, storage and transportation charges, among others — on medium and long term gold deposits.

The government has already mobilised 900 kgs of gold in over two-and-a-half months time through the scheme. (Reuters)

India imports about 1,000 tonnes of gold every year and the precious metal is the second-highest

component of the imports bill after crude oil. An estimated 20,000 tonnes of gold are lying with households and temples.

During April-December this fiscal, gold imports increased to \$26.45 billion as against \$25.85 billion in the same period last year.

Deposits in Jan Dhan accounts cross Rs 30,000 crore – Business standard – 22nd Jan.

Deposits in accounts opened under the government's flagship financial inclusion programme — Pradhan Mantri Jan DhanYojana (PMJDY) — have crossed the Rs 30,000 crore mark. As many as 20.38 crore bank accounts were opened under the PMJDY as on the January 20, as per the latest data available. These bank accounts had deposits of Rs 30,638.29 crore (about USD 4.5 billion).

The accounts that can be opened under PMJDY are Basic Savings Bank Deposit Accounts (BSBDA) which can be of zero balance, as per RBI guidelines.

INSURANCE

MUNICH RE TO BUY ADDITIONAL 23.7% STAKE IN APOLLO MUNICH HEALTH INSURANCE FOR RS.163 CRORES.- economic times – 27th January 2016

The transaction values the company at Rs.703 crores. The buy will take the German company's stake to 48.75%. 51% is with Apollo group and remaining with employees

Insurance sector may get over Rs 12,000 cr FDI in 2016: Assocham – Business Standard -25th January.

Insurance sector is likely to attract FDI of over Rs 12,000 crore in 2016 as more than a dozen foreign companies plan to raise their stake in private sector insurance joint venture this year, industry body Assocham today said.

The investment push has come as a result of liberalisation of foreign investment ceiling from 26% to 49%

The Bill was passed by Parliament in March clearing decks for foreign entities to increase their stake in private sector insurance companies.

Companies including AXA of France, Bupa of the UK,

Nippon Life Insurance of Japan had recently announced raising stake in their respective joint ventures.

More than a dozen foreign companies including BNP Paribas Cardif, Insurance Australia Group, Aviva Plc, Standard Life Plc, AIA, QBE Insurance Group and Fairfax Financial Holdings of Canada are expected to raise stakes in their ventures during this year, the industry body said.

Soon, you could buy vehicle insurance through ATMs! -The Hindu Business Line --- 6th January 2016

Soon, it may be possible to buy vehicle insurance through bank ATMs. The Insurance Regulatory and Development Authority of India (IRDAI) plans to permit insurance companies tie up with banks in this regard, its Executive Director Sriram Taranikanti told BusinessLine.

To begin with, the mandatory motor third party insurance will be made available through ATMs.

"There are seven crore vehicles plying without insurance, creating a huge social and economic hazard for victims of road accidents, and this needs to be curtailed," the official said. This also dilutes the safety net and has adverse impact on the compensation available for the common man in case of any grievous injury arising out of use of uninsured vehicles.

Insurance sales to see reforms in 2016 - Business Standard-5th January 2016

Insurance sales might undergo changes in 2016. With more number of telematics devices hitting the market and simple over-the-counter (OTC) products being sold by companies, it would be a win-win situation for policyholders.

Low insurance penetration (below five per cent of the gross domestic product) has been a cause of concern for the sector as well as the regulator, Insurance Regulatory Authority of India (Irdai). One of the solutions has come up in the form of simple OTC products, which could be sold in rural as well as urban areas. IRDAI Chairman T S Vijayan had also said the regulator was looking at allowing such products in life and general insurance.