the end of this month as it has sought comments from stakeholders on the draft exposure by March 20.
The motor insurance portfolio for non-life insurance companies has been bleeding for many years now and past hikes have enabled insurers to cover some of the previous losses. The incurred claims ratio of the Motor segment decreased to 77.14% in FY15 from the previous year's ratio 79.5%. Apart from hike in the rates, insurers want a cap on liability and certain time period within which a claim can be filed, unlike the current scenario where the claim amount in unlimited and one can file the claim any time after the accident

Kidney claims highest among youngsters - Business Standard – 13th March 2016

Insurance claims for kidney-related ailments is on the rise. Data from ICICI Lombard General Insurance show kidney disease-related claims have been increasing over the past few years in India. From 2011 to 2015, the highest number of claims was from the 19-25 years age group. This shows younger people are getting diagnosed with kidney-related ailments. The next vulnerable age group is 45-60 years. About 30 per cent of the claims come from that age group.

CAPITAL MARKET NEWS

FPIs turn net buyers, pour in $2.5 billion in Inidan capital markets in March, 2016 (http://economictimes.indiatimes.com/markets/stocks/news/)

Overseas investors have pumped in close to Rs.16,500 crores ($2.5 billion) into Indian capital markets in March 2016.
Market experts attributed the huge inflows to continued hopes that Reserve Bank of India would bring down the monetary policy rate at its first monetary policy meet of 2016-17 in April first week.
FPIs have become net buyers of equity in March after pulling out a massive Rs.41,661 crore from the market in the previous 4 months.

Sebi Hikes FPI Investment Limit For Government Debt(http://profit.ndtv.com/news/economy)

To boost inflows of foreign funds into Indian capital markets, regulator Sebi on Tuesday raised the FPI investment limit in central government securities to Rs 1,40,000 crore from April 4.
It will be further increased to Rs 1,44,000 crore from July 5.
The Securities and Exchange Board of India (Sebi) said there will be a separate limit for investment by all Foreign Portfolio Investors (FPIs) in the state development loans (SDLs).

Infibeam Makes Debut On Bourses, Lists At Rs.458(http://profit.ndtv.com/news/ipo)

Shares of Infibeam Incorporation debuted on the stock exchanges on Monday and listed at Rs 458 on BSE, a premium of 6 per cent over its issue price of Rs 432.
The e-commerce firm, which has raised Rs 450 crore through the initial public offer (IPO) is the first e-commerce player in the country to make a stock market debut.
On NSE the shares were listed at Rs 453, a premium of 4.86 per cent. Started in 2007, Infibeam runs several e-commerce services like Infibeam.com, BuildaBazaar, Incept and Picsquare.
The IPO, which opened during March 21-23 was subscribed 1.11 times at a price band of Rs 360-432 per share.

ECONOMY

RBI's professional forecasters' survey sees growth at 7.8%(IIBF-Vision March 2016)

RBI's Professional forecasters' survey says that the country's Gross Value Added (GVA) economic growth will be at 7.4% in 2015-16 and at 7.8% in 2016-17.

CSO pegs 2015-16 growth at 7.6%(IIBF-Vision March 2016)

According to the Central Statistics Office (CSO), the growth in Gross Domestic Product (GDP) during 2015-16 is estimated at 7.6 per cent as compared to the growth rate of 7.2 per cent in 2014- 15

OTHERS:

PPF AND POST OFFICE DEPOSIT RATES REVISED DOWNWARDS:

The new rates are as under w.e.f.1st April, 2016:

Revision of Interest Rates

Instrument	Before	Now
Public Provident Fund Scheme	8.7	8.1
5 Year National Savings Certificate	8.5	8.1
Kisan Vikas Patra	8.7	7.8
1 Year Time Deposit	8.4	7.1
2 Year Time Deposit	8.4	7.2
3 Year Time Deposit	8.4	7.4
5 Year Time Deposit	8.5	7.9
5 Year Recurring Deposit	8.4	7.4
5 Year Senior Citizens Savings Scheme	9.3	8.6
5 Year Monthy Income Account Scheme	8.4	7.8
Sukanya Samriddhi Account Scheme	9.2	8.6
Savings Deposit	4	4

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FINSCAPE

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From Editorial Desk

Dear Readers,

Welcome to the April 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

Head lines:

BANKING & FINANCE

RBI allows additional 3% of NDTL under FALLCR
RBI has allowed banks to reckon Government securities (G-secs) held by them up to another 3% of their NDTL under the Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) within the mandatory SLR requirement as level one High Quality Liquid Assets (HQLA) for computing the Liquidity Coverage Ratio (LCR).

RBI buys Rs.10,000 crore via OMOs
To ease liquidity in the bond market, RBI has purchased Rs.10,000 crore of bonds through its Open Market Operations (OMOs).

Performance-linked capital infusion will add value to banks(IIBF-Vision March 2016)
Mr. R. Gandhi, Deputy Governor, RBI, said "the move to link budgetary capital allocation with performance needs to be seen as a serious attempt to convey the right signals to all banks to introspect and, if necessary, redefine their business strategies. In other words, in the long run, the new norms will be value enhancing for the public sector banks"

Balance-sheet clean-up hits banks for long-term good (IIBF-Vision March 2016)
Dr. Raghuram Rajan, Governor, RBI has said, "while the profitability of some banks may be impaired in the short run, the system, once cleaned, will be able to support economic growth in a sustainable and profitable way. The economic assets of our public sector banks, such as the trust they are held in by the population, their knowledgeable employees, their location and reach, and the low-cost funding they have access to, can then be fully realized"

Retail investors can now invest in government securities through ATMs (http://www.businesstoday.in/money/banking)
Retail investors can now invest in government securities through ATMs, IDBI Bank said Wednesday while announcing the launch of its G-Sec Investment Facility.
The bank in a statement said that it has "inaugurated the nation's first of its kind 'G-Sec Investment Facility through ATM for Retail Investors' on March 15".
The facility is unique and will provide easy access to retail investors to invest in government securities, it said.
The service was launched at the Bank's ATM at Corporate Centre in Mumbai.
The retail customers of the Bank can register, one time, for this facility and invest in G-Sec through any of the Bank's ATMs

RBI allows banks to bring down SLR to 20.50% by March 2017 (http://www.businesstoday.in/money/banking)
The Reserve Bank of India on Thursday permitted banks to bring down the statutory liquidity ratio (SLR) securities under held-to-maturity (HTM) category by 1.25 per cent to 20.50 per cent by January 2017.
The move is expected to unlock funds for lending.
SLR is the portion of deposit to be mandatorily invested in government securities.
SLR was reduced to 21.50 per cent of net demand and time liabilities (NDTL), or total deposits, with effect from February 7, 2015.

INSURANCE

RBI notifies 49% FDI under automatic route in insurance–The Times of India– 31st March 2016
Reserve Bank has notified 49 per cent foreign direct investment (FDI) under automatic route in insurance sector.

"The extant FDI policy for insurance sector has since been reviewed by the Government of India and accordingly it has been decided to enhance the limit of foreign investment in insurance sector from 26 to 49 percent under the automatic route subject to certain terms and conditions which have been notified on March 30," RBI said in a notification today.
"The foreign investment up to 49 percent of the total paid-up equity of the Indian Insurance Company shall be allowed on the automatic route subject to approval or verification by the Insurance Regulatory and Development Authority of India," it said.

The foreign equity investment cap of 49 per cent will apply on the same terms as above to Insurance Brokers, Third Party Administrators, Surveyors and Loss Assessors and Other Insurance Intermediaries appointed under the provisions of the Insurance Regulatory and Development Authority Act, 1999.

Regulator issues set of rules for Lloyd's – Asia Insurance Review
The India insurance regulator has issued long-awaited regulations to enable specialist insurance market Lloyd's to set up business in India.
The move comes about a year after the insurance law was amended to allow Lloyd's to operate in the country.
The IRDAI regulations stipulate that each Lloyd's syndicate has to retain a minimum of either 30% or 50% of the Indian reinsurance business depending on the type of the certificate or registration it holds.
In addition, Lloyd's India, being a market, shall ensure that the market and the constituents are housed within an office location of Lloyd's India for the conduct of reinsurance business, IRDAI said. The constituents of Lloyd's India include members of Lloyd's, as well as service companies and syndicates of Lloyd's India.
Syndicates of Lloyd's India through their service company would transact reinsurance business with Indian insurers, as well as reinsurance business outside India in accordance with their laid down underwriting policy, said IRDAI.

Largest state-owned non-life insurer to list in FY2016-17 – Asia Insurance Review
New India Assurance, the country's largest general insurer, has confirmed that it is all set to be publicly listed in the next fiscal year which starts on 1 April, according to a top company official.
"We are in the early stages of formalities for listing. The valuation process is yet to start. We expect it to go through quickly once the process starts," the Hindu Business Line reported, citing Mr G Srinivasan, Chairman and Managing Director of the company.
Mumbai-headquartered New India Assurance is expected to be the first among the country's four state-owned general insurance companies to get listed. The other three are National Insurance Company, The Oriental Insurance Company, and United India Insurance.
In his Budget speech delivered on 29 February, Finance Minister Arun Jaitley announced that the central government plans to list all four companies to ensure higher transparency and accountability.

Chennai floods largest natural catastrophe in India in 2015: Swiss Re - The Hindu Business Line – 30th March 2016
India's total economic losses from all disasters, including natural and man-made events exceeded USD 6.2 billion (or 6.8 per cent of worldwide losses) in 2015, down from USD 13.4 billion (11.9 per cent of global losses) in 2014, said a study by Swiss Re.
The global reinsurer said that the total insured losses in India were USD 1 billion in 2015, up from USD 971 million the year before. The severe flash floods in Chennai in November were the largest disaster, causing estimated economic losses of USD 2.2 billion. Insured losses were estimated at around USD 755 million, making these floods the second costliest insurance event in India and a large part of the losses originated from commercial lines. The event highlighted the vulnerability of rapidly growing urban areas to flash floods caused by heavy rains, said the company in its report.

Insurers to keep away from perpetual bonds issued by public sector banks - The Hindu Business Line – 17th March 2016
The insurance regulator plans to stick to it's stand of not allowing insurers to invest in perpetual bonds issued by public sector banks to shore up their tier-1 capital. In the past, the RBI had pitched for insurers such as Life Insurance Corporation (LIC), which are large domestic institutional investors, to subscribe to these bonds arguing that it could be an important source for raising the Basel-III compliant tier-1 capital
A perpetual bond is a financial instrument with no maturity date. These bonds are not redeemable but pay a steady stream of interest forever. Incidentally, some public sector banks have reportedly approached cash-rich PSUs to subscribe to these bonds.
In January, Dena Bank raised Rs. 1,000 crore and last month Andhra Bank raised Rs. 800 crore through private placement of non-convertible Basel-III compliant perpetual bonds at a coupon rate of 10.95 per cent.

Higher motor insurance rates from Apr 1, how it will affect you - The Financial Express – 15th March 2016
From next month, the mandatory third-party motor premium will rise across most category of vehicles. The hike for private cars with engine capacities below 1,000cc would be up to 30% and cars with engine capacities over 1,000cc would see a hike of about 25%. The hike for two-wheelers would be in the range of 10 to 25% and for commercial vehicles from 15 to 30%.
The proposed hike in April by Insurance Regulatory and Development Authority of India (Irdai) will the sixth one in six years as the regulator revises the mandatory-cover rate every year after factoring the inflation. The Motor business continued to be the largest non-life insurance segment with a share of over 44% and the segment reported growth rate of 10.5% in FY15, supported by the mandatory insurance requirement. Motor insurance comprises own-damage and third-party insurance. The final rates, however, will be put out by the regulator towards

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