



people said. Other Allergan executives are expected to join the firm, too.

MF assets hit record high of Rs 13.24 lakh crore in October – NDTV Profit news

Driven by strong inflows in equity and liquid schemes, the asset base of country's mutual fund industry surged 11.5 per cent to an all-time high of over Rs 13.24 lakh crore in October.

The country's 44 fund houses together had an average assets under management (AUM) of over Rs 11.87 lakh crore in September, the latest data of the Association of Mutual Funds in India (AMFI) showed.

OTHER NEWS

Trade Deficit narrowed to 9.77 billion \$ in October.

The trade deficit of India reduced to \$9.77 billion in October as compared to about \$12 billion in March 2015, as exports contract for the 11th straight month. Exports contracted 17.5% from a year ago to \$21.3 billion and imports shrank 21.2% to \$31.1 billion resulting in the narrowing of trade deficit, according to data released by the commerce ministry on 16th Nov. (Mint – 17th Nov.)

Flow of Indian Students to US sees 29% jump (Mint – 17th Nov.)

The number of Indian students studying in US rose significantly by 29% in 2014-15 after a lull of about five years. From 1,02,673 students enrolled in US institutions in 2013-14, the number rose to a record 1,32,888 in 2014-15. Greater economic stability in US contributed to the increase in the number of Indian students going in search of quality education, Mathew K. Asada, first secretary at the US embassy in New Delhi said while releasing the data.

China tops the list of international students enrolled in US with a record no. of 3,04,040, a 10.8% jump as compared to previous year. US earned approx. \$30 billion from international students during the year 2014-15.

Indian Government implements 0.5% Swatch Bharat cess on taxable services. (Mint – 17th Nov.)

Industry protests notwithstanding, the government, beginning 15th Nov., implemented a 0.5% Swatch Bharat Cess on all taxable services to fund the pet cleanliness project of Prime Minister Narendra Modi. This is the latest addition to the growing number of Special Levies- such as Cess, Surcharge and additional/special duties – that have accounted for an increasing share of tax collections in the last 20 years: from 7.5% in 1998-99 to a projected 18.6% in 2015-16.

Japan slips into recession for second consecutive quarter: (Mint – 17th Nov.)

Japan's GDP declined by 0.8% for the quarter July-Sept. quarter, which is the 2nd consecutive quarter after Prime Minister Shinzo Abe, took office in December 2012. Japanese economy slipped by 0.7% in first quarter.

India does not have much exposure to Japan, so the negative impact will be negligible, Crisil Ltd. Chief Economist D.K. Joshi said. If Japan adopts a more liberal liquidity policy, it could counter the imminent US interest rate hike and could have positive impact on India, said Madan Sabnavis, Chief economist at Care Ratings.



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From Editorial Desk

Dear Readers,

Welcome to the December-2015 edition of FINSCAPE.

The unprecedented rainfall has caused widespread havoc in Chennai and its neighbouring districts in A.P. – Nellore and Chittoor. Bankers have come up with slew of measures to give relief to the victims in terms of banking facilities. The steps taken by top banks like SBI, ICICI and HDFC like providing mobile ATMS and waiving off of penalty charges on EMI payments are appropriate looking at the plight of the victims and are to be appreciated. Insurers are likely to have severe impact with the burden of claims expected at Rs.1500 crores.

Two major merger deals have occurred recently – Pfizer with Allergan in Pharma sector and Marriot with Starwood in hospitality industry. Both these deals have created No.1 companies in the world in their respective sectors.

Happy reading.

Regards,

Venugopal Rajamanuri
Co-ordinator- CFS

Prof. Srinivas R Gangidi
Director

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BANKING & FINANCE

- RBI revises priority sector lending norms for RRBs
- PSU banks are biggest losers in BSE 200 in 2015 on rising NPAs, poor profits
- Banks play good Samaritan for Chennai flood victims

INSURANCE

- Chennai floods to cost insurers over Rs. 1,500 cr
- Sun Life to up Birla Sun Life Insurance stake to 49%
- ICICI Bank to sell Rs.1950 crore stake in Life Insurance arm.
- Nippon Life increases its stake in Reliance Life to 49%
- 95% of the middle class in India underinsured for healthcare
- Awareness of travel insurance high, usage low: ICICI Lombard study

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- Pfizer, Allergan Agree on Historic Merger Deal
- Gold Bond Plan ended on 20th Nov., Poor response to Gold monetisation scheme

OTHER NEWS

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BANKING & FINANCE

RBI revises priority sector lending norms for RRBs - By: FE Bureau | Mumbai | December 4, 2015

The Reserve Bank of India (RBI) on Thursday revised the priority sector lending target for regional rural banks (RRBs) to 75% of total outstanding loans from 60% earlier, effective January 2016.

Categories of the priority sector include medium enterprises, social infrastructure and renewable energy, with a cap of 15% of total outstanding. Agriculture should constitute 18% of total outstanding; target of 8% of total outstanding for small and marginal farmers within agriculture.

PSU banks are biggest losers in BSE 200 in 2015 on rising NPAs, poor profits(Financial Express – Dec.8)

PSU banks constituted half of the top 10 losers in the BSE 200 universe in 2015 as rising NPAs and poor profits eroded investor confidence in these counters.

Bank of India (BOI), Oriental Bank of Commerce (OBC), Indian Overseas Bank (IOB), UCO Bank and Jammu & Kashmir Bank are among the worst performers in the BSE 200 in the year so far, Bloomberg data showed, with their values declining anywhere between 45% and 60%. The NSE PSU Bank index has lost 28.32% during the year so far while the broader banking index has lost close to 10%.

In Q2FY15, public sector lenders as a group earned Rs 533 crore less than private banks and in the July-September quarter, this gap widened significantly to Rs 2,898 crore due to higher provisioning owing to the larger share of NPAs.

BOI has been the biggest wealth destroyer in the current calendar year as its scrip has slumped nearly 60%. BOI had reported a loss of Rs 1,126 crore in Q2FY16 — highest among its peers — as its provisions at Rs 3,237 crore increased more than three times on an annualised basis. The OBC scrip lost 57.7% during the year while the IOB stock was reduced to nearly half during calendar 2015.

Banks play Good Samaritan for Chennai flood victims

Banks & financial institutions have decided to waive charges on home loan overdue and cheque bounce - By: FE Bureau | Chennai | December 8

In a relief to flood-affected Chennai residents, banks and financial institutions have provided relief measures such as waving charges on home loan overdue and cheque bounce, among others. The banks had worked on Sunday in Chennai to extend cash transactions to flood-hit customers.

An ICICI Bank spokesperson said: "ICICI Bank will not levy any penalty for its customers in Chennai for delay in EMI payments for the month of November. It will also waive off charges for cheque bounce in the same period."

SBI announced a slew of measures for Chennai's flood victims. The bank has taken steps to make cash available to the needy customers at their doorsteps in the affected localities by opening cash points through innovative modes such as boats, auto-rickshaws, mobile vans, mobile ATM, hand-held devices and business correspondents.

"In view of extensive damage to property and personal assets, as a goodwill gesture SBI has decided waiver of penalty for late payment of EMI for November and December for home, car and personal loans," SBI said in a statement.

INSURANCE

Chennai floods to cost insurers over Rs. 1,500 cr(FINANCIAL EXPRESS NEWS)

Insurance companies are likely to face claims worth over Rs. 1,500 crore in the wake of devastating floods in Tamil Nadu. Industry officials said they expected a large number of these claims from property, automobiles and small and medium enterprises (SME) sectors.

Sun Life to up Birla Sun Life Insurance stake to 49% at Rs. 1,664 crore-Aditya Birla Nuvo will continue to hold 51% in the joint venture(FINANCIAL EXPRESS NEWS)

Sun Life Financial of Canada will increase its stake in Birla Sun Life Insurance (BSLI), a joint venture with Aditya Birla Nuvo (ABNL), from 26% to 49% at an investment R1,664 crore. The transaction is expected to close by the end of current financial year,

subject to the regulatory approvals in India and Canada and customary closing conditions.

ICICI Bank to sell Rs.1950 crore stake in Life Insurance arm. (Mint – 17th Nov.)

Private Sector lender ICICI Bank on 16th Nov. said that its board of directors has approved the sale of 6% stake in its life insurance joint venture ICICI prudential Life Insurance. Of this 4 % stake will be sold to Premji Invest and its affiliates. The remaining 2% stake will go to Compassvale Investments Pvt. Ltd.

A wholly owned subsidiary of Singapore based Investment Company Temasek Holdings, the bank said in its notification to stock exchanges. The proposed transaction values the company at Rs.32,500 crore. Upon completion of the transaction ICICI bank will hold approx. 68% in Ipru.

Nippon Life increases its stake in reliance life to 49% India: 95% of the middle class underinsured for healthcare – Asia Insurance Review

Around 95% of middle-class Indians lack adequate health insurance to cover some of the most common procedures and ailments in the country, according to a report by BigDecisions.com, one of India's leading personal finance advice platforms.

Consumers above 45 who are at higher risk of health problems and closer to retirement, are least prepared for emergencies as they are under-insured by an average of 69%, reported the Indiaonline website citing the report.

The Big Decisions study is based on data obtained from 10,000 consumers across eight major cities, aged 25 to 45+ and in the income bracket ranging from INR600,000 (US\$9,000) to INR3.6 million annually.

Awareness of travel insurance high, usage low: ICICI Lombard study - The Economic Times – 2nd December 2015

Despite high awareness levels regarding travel insurance amongst younger travellers, most shy away from buying the cover during their trips abroad, a survey conducted by private general insurance major ICICI Lombard has found.

Over 90 per cent of millennials polled said they were aware of travel insurance, out of which only 40 per cent respondents had purchased the cover. The awareness level

has gone up significantly from last year's survey, when it stood at 80 per cent.

For over 75 per cent respondents, travel agents were the source of information about travel covers, followed by friends or relatives (48 per cent) and portals as well as search engines (36 per cent).

An overwhelming majority (79 per cent) of those surveyed was clear that the main purpose of buying travel cover was to take care of medical emergencies.

Insuring their baggage was a key consideration for close to 60 per cent respondents. Among those who were not votaries of travel insurance, 38 per cent were of the view that there was no need for separate overseas travel cover. Another 27 per cent did not buy travel insurance as they felt it only covers accident, theft and loss of baggage, but not medical support. A quarter of such respondents cited expensive premiums as the reason for not opting for one.

CAPITAL MARKET NEWS

Marriott buys Starwood Hotels. (Mint – 17th Nov.)

Marriott International Inc. will buy Starwood Hotels & Resorts Worldwide Inc for \$12.2 billion to create the World's largest hotel chain with top brands including Sheraton, Ritz Carlton and the Autograph collection. The combined co-any will own or franchise more than 5,500 hotels with 1.1 million rooms worldwide and give Marriott greater presence in markets such as Europe, Latin America and Asia including India and China.

Gold Bond Plan ended on 20th Nov. , mopped up approx.. 150 crores. Poor response to Gold monetisation scheme – only 400 grams collected till 19th Nov.(Mint – 20th Nov.)

Pfizer, Allergan Agree on Historic Merger Deal.(FINANCIAL EXPRESS NEWS) Deal, valued at more than \$150 billion, would create world's biggest drug maker.

Pfizer Chief Executive Ian Read will lead the combined company with Allergan CEO Brent Saunders serving as his No. 2, with the titles of president and chief operating officer, some of the