BANKING
### EXECUTIVE SUMMARY

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robust asset growth</td>
<td>• Value of public sector bank assets increased to US$ 1.56 trillion in FY18 from US$ 1.52 trillion in FY17.</td>
</tr>
<tr>
<td>Growing lending and deposit</td>
<td>• Total lending has increased at a CAGR of 10.94 per cent during FY07-18 and total deposits have increased by 17.21 per cent in FY19 and are further poised for growth, backed by demand for housing and personal finance.</td>
</tr>
<tr>
<td>Higher ATM penetration</td>
<td>• As on March 31, 2019, the total number of ATMs in India increased to 2,21,703 and is further expected to increase to 407,000 by 2021.</td>
</tr>
<tr>
<td>Rising rural penetration</td>
<td>• As of September 2019, 44 regional rural banks are functioning in the country.</td>
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<td></td>
<td>• RBI has allowed, regional rural banks with net worth of at least US$ 15.28 million to launch internet banking facilities.</td>
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<td></td>
<td>• As of September 2018, the Government of India has launched India Post Payments Bank (IPPB) and has opened branches across 650 districts to achieve the objective of financial inclusion.</td>
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</tbody>
</table>

**Notes:** ATM - Automated Teller Machine, FIP – Financial Inclusion Plan, RBI – Reserve Bank of India

**Source:** India Banking Association, Reserve Bank of India
Increasing working population & growing disposable incomes will raise demand for banking & related services.

Housing & personal finance are expected to remain key demand drivers.

Rural banking is expected to witness growth in the future.

Mobile, Internet banking & extension of facilities at ATM stations to improve operational efficiency.

Vast un-banked population highlights scope for innovation in delivery.

In October 2019, the Department of Post launched the mobile banking facility for all post office savings account holders of the CBS (core banking solutions) post office.

Rising fee incomes improving the revenue mix of banks.

High net interest margins, along with low NPA levels, ensure healthy business fundamentals.

Wide policy support in the form of private sector participation & liquidity infusion.

Healthy regulatory oversight & credible Monetary Policy by the Reserve Bank of India (RBI) have lent strength & stability to the country’s banking sector.

Note: NPA – Non Performing Assets

Source: IBA report titled “Being five-star in productivity - Roadmap for excellence in Indian banking”
MARKET OVERVIEW
EVOLUTION OF THE INDIAN BANKING SECTOR

- Closed market
- State-owned Imperial Bank of India was the only bank existing.

Imperial Bank expanded its network to 480 branches.
- In order to increase penetration in rural areas, Imperial Bank was converted into State Bank of India.

In 2003, Kotak Mahindra Finance Ltd received a banking license from RBI and became the first NBFC to be converted into a bank.
- In 2009, the government removed the Banking Cash Transaction Tax which had been introduced in 2005.

- RBI was established as the central bank of country.
- Quasi central banking role of Imperial Bank came to an end.

Nationalisation of 14 large commercial banks in 1969 & 6 more banks in 1980.
- Entry of private players such as ICICI intensifying the competition.
- Gradual technology upgradation in PSU banks.

As per Union Budget 2019-20, Provision coverage ratio of banks reached highest in 7 years
- As per RBI, as of February 14, 2020, India recorded foreign exchange reserves of approximately US$ 476.09 billion.

Note: RBI - Reserve Bank of India
Source: Indian Bank’s Association, BMI
THE STRUCTURE OF INDIAN BANKING SECTOR

Reserve Bank of India

Banks

- Scheduled Commercial Banks (SCBs) (as of September, 2019)
  - Public sector banks (18)
  - Private sector banks (22)
  - Foreign banks (46)
  - Regional Rural Banks (RRB) (53)
  - Urban cooperative banks (1,542)
  - Rural cooperative banks (94,384)

- Cooperative credit institutions

Financial Institutions

- All-India financial institutions
- State-level institutions
- Other institutions

Source: Reserve Bank of India’s ‘Report on Trend and Progress of Banking in India’
INDIAN BANKING SECTOR HAS GROWN AT A HEALTHY PACE...(1/2)

- Credit off-take has been surging ahead over the past decade, aided by strong economic growth, rising disposable incomes, increasing consumerism & easier access to credit.

- During FY07-19, credit off-take grew at a CAGR of 5.74 per cent. As FY19, total credit extended surged to US$ 1,400.03 billion. Demand has grown for both corporate & retail loans; particularly the services, real estate, consumer durables & agriculture allied sectors have led the growth in credit.

- Credit to non-food industries increased by 12.3 per cent year-on-year reaching Rs 86,334 billion (US$ 1.24 trillion) in March 29, 2019 and reached Rs 100.41 lakh crore (US$ 1.45 trillion) as on February 14, 2020.

Note: *CAGR till FY19, *- till Feb. 14,2020
Source: Reserve Bank of India (RBI)
INDIAN BANKING SECTOR HAS GROWN AT A HEALTHY PACE...(2/2)

- During FY07–19, deposits grew at a CAGR of 11.11 per cent and reached US$ 1.86 trillion by FY19. Deposits as of Feb 2020, stood at Rs 132.35 lakh crore (US$ 1,893.77 billion).
- Strong growth in savings amid rising disposable income levels are the major factors influencing deposit growth.
- Access to banking system has also improved over the years due to persistent government efforts to promote banking-technology and promote expansion in unbanked and non-metropolitan regions.
- At the same time India’s banking sector has remained stable despite global upheavals, thereby retaining public confidence over the years.
- Deposits under Pradhan Mantri Jan Dhan Yojana (PMJDY) have crossed Rs 1 lakh crore (US$ 14.03 billion).

**Note:** *CAGR till FY19, *- till Feb. 14,2020  
**Source:** Reserve Bank of India (RBI)
FY13-18 saw growth in assets of banks across sectors. Total banking sector assets (including public, private sector and foreign banks) have increased at a CAGR of 7.01 per cent to US$ 2.36 trillion during FY13–18.

In FY18, total assets in public and private banking sector were US$ 1,557.04 billion and US$ 666.99 billion, respectively.

Assets of public sector banks, which account for 66.03 per cent of the total banking assets (including public, private sector and foreign banks).

Private sector assets expanded at a CAGR of 12.68 per cent during FY13–18, while foreign banks posted a growth of 4.25 per cent during FY13–18.

Foreign banks assets reached Rs 8.65 trillion (US$ 134.12 billion) in FY18.

**Source:** Reserve Bank of India (RBI), Tech, Indian Banks Association
Interest income has seen robust growth

- Public sector banks accounted for over 64.98 per cent of interest income in the sector in FY18.
- Public sector banks lead in interest income growth with a CAGR of 6.61 per cent over FY09-18.
- Overall, the interest income for the sector (including public, private sector and foreign banks) has grown at 7.55 per cent CAGR during FY09-18.
- Interest income of Public Banks was witnessed to be US$ 102.46 billion in FY18.
- In FY18, private banking sector (interest income) reached US$ 47.39 billion. Interest income of foreign banks stood at Rs 503.98 billion (US$ 7.8 billion) during the same period.
- In June 2019, RBI sets average base rate of 9.18 per cent for non-banking financial companies and micro finance institutions borrowers for quarter beginning of July.

Source: Reserve Bank of India, IBA (Indian Banks Association)
GROWTH IN ‘OTHER INCOME’ ALSO ON A POSITIVE TREND

- Public sector banks account for about 58.92 per cent of other income.
- ‘Other income’ for public sector banks has risen at a CAGR of 8.01 per cent during FY09-18.
- ‘Other income’ for public sector banks stood at US$ 17.80 billion in FY18.
- Overall, ‘other income’ for the sector has risen at 7.54 per cent CAGR during FY09-18.
- In FY18, private banking sector (other income) was US$ 10.37 billion. Foreign banks (other income) reached Rs 131.43 billion (US$ 2.04 billion) during the same period.

Source: Indian Bank’s Association, BMI
Loan-to-Deposit ratio for banks across sectors has increased over the years.

Private and foreign banks have posted high return on assets than nationalised & public banks.

This has prompted most of the foreign banks to start their operations in India.

**Note:** Data for Return on Assets and Loan to Deposit Ratio is in percentage, NA - Foreign Banks data for FY18 not available

**Source:** Reserve Bank of India (RBI), IBA Indian Banks Association
NOTABLE TRENDS
### NOTABLE TRENDS IN THE BANKING INDUSTRY SECTOR … (1/4)

<table>
<thead>
<tr>
<th>Improved risk management practices</th>
<th>Diversification of revenue stream</th>
<th>Technological innovations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Indian banks are increasingly focusing on adopting integrated approach to risk management.</td>
<td>• Total lending has increased at a CAGR of 10.94 per cent during FY07-18 and total deposits has increased at a CAGR of 11.66 per cent, during FY07-18 &amp; are further poised for growth, backed by demand for housing and personal finance.</td>
<td>• As of September 2018, total number of ATMs in India increased to 205,866 and is further expected to increase to 407,000 ATMs in 2021.</td>
</tr>
<tr>
<td>• Banks have already embraced the international banking supervision accord of Basel II.; interestingly, according to RBI, majority of the banks already meet capital requirements of Basel III, which has a deadline of March 31, 2019.</td>
<td>• India’s retail credit market is the fourth largest in the emerging countries. It increased to US$ 281 billion on December 2017 from US$ 181 billion on December 2014.</td>
<td>• MDR scrapping to boost Unified Payment Interface-Based transaction, government has proposed scrapping of all charges for payments facilitated through these modes (UPI) at businesses with annual turnover of more than Rs 50 crore (US$ 7.15 million).</td>
</tr>
<tr>
<td>• Most of the banks have put in place the framework for asset-liability match, credit &amp; derivatives risk management.</td>
<td>• The NPAs(Non-Performing Assets) of commercial banks has recorded a recovery of Rs 400,000 crore (US$ 57.23 billion) in last four years including record recovery of Rs 156,746 crore (US$ 22.42 billion) in FY2019.</td>
<td>• By 2022, digital assistants, social media and third-party channels are projected to act as primary channels for banking.</td>
</tr>
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<td>• The NPAs(Non-Performing Assets) of commercial banks has recorded a recovery of Rs 400,000 crore (US$ 57.23 billion) in last four years including record recovery of Rs 156,746 crore (US$ 22.42 billion) in FY2019.</td>
<td></td>
<td>• In October 2019, Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services.</td>
</tr>
</tbody>
</table>

Source: Indian Bank’s Association, Indian Banking Sector 2020, Research, FIS report, Bank for International Settlement (BIS), 10th annual ‘Innovation in Retail Banking’ report by Infosys Finacle
### Focus on financial inclusion
- To capture the rural areas, Indian banks are expanding their businesses. According to RBI, Under Financial Inclusion Plan, 598,093 banking outlets were provided in villages as on March 2017.
- As of September 2018, Ministry of Finance, Government of India launched the Financial Inclusion Index. This index will measure access, usage and quality to financial services.
- As of September 2018, Department of Financial Services (DFS), Ministry of Finance and National Informatics Centre (NIC) launched Jan Dhan Darshak as a part of financial inclusion initiative. It is a mobile app to help people locate financial services in India.

### Derivatives and risk management products
- The increasingly dynamic business scenario & financial sophistication has increased the need for customised exotic financial products.
- Banks are developing innovative financial products & advanced risk management methods to capture the market share.
- Bank of Maharashtra tied up with Cigna TTK, to market their insurance products across India.

### Consolidation
- With entry of foreign banks, competition in the Indian banking sector has intensified.
- Banks are increasingly looking at consolidation to derive greater benefits such as enhanced synergy, cost take-outs from economies of scale, organisational efficiency & diversification of risks.

### Demonetisation
- The effects of demonetisation are also visible in the fact that bank credit plunged by 0.8 per cent from November 8 to November 25, 2016, as US$ 9.85 billion were paid by defaulters.
- Debit cards have radically replaced credit cards as the preferred payment mode in India, after demonetisation. As of September 2018, debit cards garnered a share of 87.14 per cent of the total card spending.

*Source: Indian Bank’s Association, Indian Banking Sector 2020,*
## NOTABLE TRENDS IN THE BANKING INDUSTRY SECTOR … (3/4)

### Focus towards Jan Dhan Yojana
- Key objective of Pradhan Mantri Jan Dhan Yojana (PMJDY) is to increase the accessibility of financial services such as bank accounts, insurance, pension, credit facilities, etc. mostly to the low-income groups.
- As of September 2018, the Government of India has made the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme an open-ended scheme and has also added more incentives.
- Deposits under Pradhan Mantri Jan Dhan Yojana (PMJDY) stood at Rs 1.06 lakh crore (US$ 15.17 billion) with 37.34 crore accounts registered.
- There are around 1,100 banks that are issuing around 600 million RuPay cards.

### Wide usability of RTGS, NEFT and IMPS
- Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) are being implemented by Indian banks for fund transaction.
- Securities Exchange Board of India (SEBI) has included NEFT & RTGS payment system to the existing list of methods that a company can use for payment of dividend or other cash benefits to their shareholders & investors.
- The number of transactions through IMPS increased to 189.2 million in volume and amounted to Rs 1.82 trillion (US$ 26.04 billion) in value in July 2019.

### Know Your Client
- RBI mandated the Know Your Customer (KYC) Standards, wherein all banks are required to put in place a comprehensive policy framework in order to avoid money laundering activities.
- The KYC policy is now mandatory for opening an account or making any investment such as mutual funds.

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**Source:** Indian Bank’s Association, Indian Banking Sector 2020, Pradhanmantri Jan Dhan Yojna, Business India, NPCI website
Digital influence in the Indian banking sector has been growing faster due to the rising digital footprint.

India’s digital lending stood at US$ 75 billion in FY18.

Digital lending is estimated to reach US$ 1 trillion by FY2023 driven by the five-fold increase in the digital disbursements.

Digital lending to micro, small and medium enterprises (MSMEs) in India is expected to reach US$ 100 billion by 2023.

**India’s Digital Lending Forecast (US$ billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecast (US$ billion)</th>
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<tbody>
<tr>
<td>FY15</td>
<td>33</td>
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<tr>
<td>FY16</td>
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<tr>
<td>FY17</td>
<td>58</td>
</tr>
<tr>
<td>FY18</td>
<td>75</td>
</tr>
<tr>
<td>FY19E</td>
<td>110</td>
</tr>
<tr>
<td>FY20E</td>
<td>150</td>
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<tr>
<td>FY21E</td>
<td>200</td>
</tr>
<tr>
<td>FY22E</td>
<td>270</td>
</tr>
<tr>
<td>FY23E</td>
<td>350</td>
</tr>
</tbody>
</table>

**Note:** E – Estimate, Omdiyar Network and the Boston Consulting Group (BCG)

**Source:** Digital Lending Report 2018 - BCG
MOBILE BANKING TO PROVIDE A COST-EFFECTIVE SOLUTION … (1/2)

Banking penetration in rural India picking pace

- Of the 600,000 village habitations in India only 5 per cent have a commercial bank branch.
- As of 2017, 80 per cent of the adult population has bank accounts.
- As on March 31, 2019 the number of debit and credit cards issued were 925 million and 47 million, respectively.
- 51.4 per cent of nearly 89.3 million farm households do not have access to any credit either from institutional or non-institutional sources.
- Only 13 per cent of farm households are availing loans from the banks in the income bracket of < US$ 1000.
- Agriculture requires timely credit to enable smooth functioning. However, only one-eighth of farm households avail bank credit.
- Local money-lending practices involve interest rates well above 30 per cent therefore making bank credit a compelling alternative.

Soaring rural tele-density opens avenue of mobile banking (in per cent)

- Tele-density in rural India soared at a CAGR of nearly 6.82 per cent during 2011 to 2018.
- Banks, telecom providers & RBI are making efforts to make inroads into the un-banked rural India through mobile banking solutions.
- Rural tele density reached 58.21 per cent in 2019.

Source: TRAI,
Mobile banking allows customers to avail banking services on the move through their mobile phones. The growth of mobile banking could impact the banking sector significantly.

Mobile banking is especially critical for countries like India, as it promises to provide an opportunity to provide banking facilities to a previously under-banked market.

RBI has taken several steps to enable mobile payments, which forms an important part of mobile banking; the central bank has recently removed the transaction limit of INR 50,000 (US$ 745.82) & allowed banks to set their own limits.

Transactions through Unified Payments Interface (UPI) stood at 1.2 billion in November 2019 worth Rs 1.89 lakh crore (US$ 27.08 billion).

Source: PWC, ‘Searching for new frontiers of growth’, Reserve Bank of India
Banking

STRATEGIES ADOPTED
## STRATEGIES ADOPTED

### Increased use of technology
- As per Union Budget 2019-20, the government has proposed fully automated GST refund module and an electronic invoice system that will eliminate the need for a separate e-way bill.
- State Bank of India has created SBI Digi Bank, which has a financial superstore, an online marketplace and a digital bank for end-to-end digitization for all products and services.
- In March 2019, India’s eleven largest banks including ICICI Bank, Kotak Mahindra Bank, HDFC Bank, Yes Bank, Standard Chartered Bank, RBL Bank, South Indian Bank, and Axis Bank have launched the first ever blockchain-linked loan system in the country.
- RBI introduced mobile app ‘MANI’ for visually challenged people, which can help in identifying currency notes.

### Cross-selling
- Major banks tend to increase income by cross-selling products to their existing customers.
- Foreign banks have been able to grow business, despite a much lower customer coverage.

### Capture latent demand
- Expansion in unbanked rural regions helps banks to garner deposits.
- Increasing tele-density and support of regulators have aided rural expansion.
- Overall tele-density reached 90.34 per cent at the end of August 2019.

### Overseas expansion
- Although at a nascent stage, private & public banks are gradually expanding operations overseas.
- Internationally, banks target India-based customers & investors, settled abroad.
- In September 2019, State Bank of India (SBI) became first Indian bank to open branch in the Australian state of Victoria.

Source: Indian Bank’s Association, Indian Banking Sector 2020.
GROWTH DRIVERS AND OPPORTUNITIES
GROWTH DRIVERS OF INDIAN BANKING SECTOR

### Economic and demographic drivers
- Favourable demographics and rising income levels.
- India ranks among the top 7th economies with a GDP of US$ 2.73 trillion in 2018 and economy is forecasted to grow at 7.3 per cent in 2018.
- The sector will benefit from structural economic stability and continued credibility of Monetary Policy.

### Policy support
- The government passed the Banking Regulation (Amendment) Bill 2017, which will empower RBI to deal with NPAs in the banking sector.
- The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill has been passed by Rajya Sabha and is expected to strengthen the banking sector (as of Jan 2018).
- In May 2018, the Government of India provided Rs 6 trillion (US$ 93 billion) loans to 120 million beneficiaries under Mudra scheme.

### Infrastructure financing
- India currently spends 6 per cent of GDP on infrastructure; NITI Aayog expects this fraction to grow going ahead.
- As per Union Budget 2019-20, investment-driven growth requires access to low cost capital which an requires investments of Rs 20 lakh crores (US$ 300 billion) every year.

### Government initiatives
- Government has smoothly carried out consolidation, reducing the number of Public Sector Banks by eight.
- The Government of India will invest Rs 48,239 crore (US$ 6.78 billion) in 12 public sector banks (PSBs) in FY20, to help maintain regulatory capital requirements and financial growth in India.
- The Government of India will invest Rs 5,042 crore (US$ 730.88 million) in Bank of Baroda post its merger with two other public sector lenders Dena Bank and Vijaya Bank.

### Common Service Center (CSC)
- The Government of India plans to allow Common Service Centers (CSC) to offer banking services.
- CSC will offer free internet through BharatNet till March 2020.

### Pradhan Mantri Vaya Vandana Yojna
- The scheme was launched on March 28, 2018 to provide social security to elderly people by providing Rs 10,000 (US$ 155) pension per month.
- The scheme has subscription limit till 31st March 2020.
- The scheme has investment limit of Rs 15 lakh (US$ 23,274).

Notes: GDP - Gross Domestic Product, KYC - Know Your Customer, RBI - Reserve Bank of India, NPA – non-performing assets
Source: World Development Indicators database by World Bank, WEO Update July 2018
Rising per capita income will lead to increase in the fraction of the Indian population that uses banking services.

Population in 15-64 age group is expected to grow strongly going ahead, giving further push to the number of customers in banking sector.

As per Economic Survey 2018-19, working age population to grow by 9.7 million per year during 2021-31 and 4.2 million per year during 2031-41.

*Note:* E - Expected, GDP - Gross Domestic Product

*Source:* World Bank
The real annual disposable household income in rural India is forecasted to grow at a CAGR of 3.6 per cent over the next 15 years.

- GVA from India’s agriculture, forestry & fishing sector has grown to US$ 381.91 billion in 2018-19*** grew at a CAGR of 9.98 per cent over FY 12 – FY19***.
- Rising incomes are expected to enhance the need for banking services in rural areas & therefore drive growth of the sector. Programmes like MNREGA have helped in increasing rural income, which was further aided by the recent Jan Dhan Yojana.

**Note:** * 3rd revised estimates, ** 2nd revised estimates, *** 1st revised estimate, CAGR in Rs
Source: McKinsey estimates, Ministry of Agriculture,
HOUSING AND PERSONAL FINANCE HAVE BEEN KEY DRIVERS … (1/2)

- Rapid urbanisation, decreasing household size & easier availability of home loans has been driving demand for housing.
- Personal finance, including housing finance provide an essential cushion against volatility in corporate loans.
- Housing units worth up to Rs 45 lakh (US$ 63,107) will rise on account of additional Rs 1.5 lakh (US$ 2,103) tax deduction.
- The recent improvement in property value have reduced the ratio of loan to collateral value.
- Credit to housing sector increased at a CAGR of 11.91 per cent during FY09–19, wherein, value of credit to housing sector increased from US$ 114.1 billion in FY16 to US$ 151.2 billion in FY18 and stood at Rs 11,601 billion (US$ 165.99 billion) in FY19.
- Demand in the low- & mid-income segments exceeds supply 3 to 4-fold.
- This has propelled demand for housing loan in the last few years.

Source: Reserve Bank of India (RBI)
HOUSING AND PERSONAL FINANCE HAVE BEEN KEY DRIVERS … (2/2)

- Growth in disposable income has been encouraging households to raise their standard of living & boost demand for personal credit.

- Credit under the personal finance segment (excluding housing) rose at a CAGR of 9.23 per cent during FY09–19 and stood at US$ 144.9 billion in FY18 and stood at Rs 10,606 billion (US$ 151.75 billion) in FY19.

- Unlike some other emerging markets, credit-induced consumption is still less in India.

Source: Reserve Bank of India (RBI)
### SCHEMES BY GOVERNMENT

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Details</th>
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| **Pradhan Mantri Suraksha Bima Yojana** | - **This scheme** is mainly for accidental death insurance cover for up to Rs 2 lakh (US$ 2,983.29).  
  - **Premium:** Rs 12 (US$ 0.18) per annum.  
  - **Risk Coverage:** For accidental death and full disability - Rs 2 lakh (US$ 2,983.29) and for partial disability – Rs 1 lakh (US$ 1,491.65).  
  - Gross enrolment under the scheme reached 154 million (as of FY19). |
| **Pradhan Mantri Jeevan Jyoti Bima Yojana** | - **This scheme** aims to provide life insurance cover.  
  - **Premium:** Rs 330 (US$ 4.92) per annum. It will be auto-debited in one instalment.  
  - **Risk Coverage:** Rs 2 lakh (US$ 2,983.29) in case of death for any reason.  
  - Gross enrolment under the scheme reached 59 million in FY19. |
| **Atal Pension Yojana** | - **Under the scheme,** subscribers would receive the fixed pension of up to Rs 5,000 (US$ 74.58) at the age of 60 years (depending on their contributions).  
  - The Central Government will also co-contribute 50 per cent of the subscriber’s contribution or Rs 1,000 (US$ 14.92) per annum, whichever is lower, to each eligible subscriber account, for a period of 5 years.  
  - Till October 2019, the total number of subscribers were 19 million. |
| **Pradhan Mantri Jan Dhan Yojana** | - 373.4 million accounts were opened (as of August 2019).  
  - Under Pradhan Mantri Jan Dhan Yojana (PMJDY), more than Rs 1.06 lakh crore (US$ 15.17 billion) have been deposited till August 2019.  
  - Under the scheme, each & every citizen will be enrolled in a bank for opening a Zero balance account.  
  - Each person getting into this scheme will get Rs 30,000 (US$ 447.49) life cover with opening of the account.  
  - Overdraft limit under such accounts is Rs 5,000 (US$ 74.58). |

### Capital Infusion Scheme
- **Approved extension** of Rs 343 crore (US$ 51.16 million) to be infused for three years till FY20 in regional rural banks (RRBs) which will strengthen their lending capacity.

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**Note:** PFRDA – Pension Fund Regulatory and Development Authority of India  
**Source:** News Articles, Pradhanmantri Jan Dhan Yojna, PMO,
INCREASING M&A AND INVESTMENT ACTIVITIES

- The consolidated M&A activities are driven by NBFC and banking sector.
- The total value of mergers and acquisition during 2017 in NBFC, diversified financial services and banking was US$ 2,564 million, US$ 103 million and US$ 79 million respectively.
- Under the Budget 2019-20, government has proposed Rs 70,000 crore (US$ 10.2 billion) to the public sector bank.
- The Government of India has approved the amalgamation scheme for Bank of Baroda, Vijaya Bank and Dena Bank, the commencement of which will start from April 01, 2019.
- The total equity funding of microfinance sector grew at the rate of 42 year-on-year to Rs 14,206 crore (US$ 2.03 billion) in 2018-19.
- In August 2019, the government announced major mergers of public sector banks. United Bank of India and Oriental Bank of Commerce merged with Punjab National Bank; Allahabad Bank merged with Indian Bank; Andhra Bank and Corporation Bank merged with Union Bank of India.

Note: * - 2018 update expected by Sep 2019 from the EY Transaction Annual Report highlights
Source: News Articles, EY Transaction Annual Report highlights of 2017 and Outlook 2018, Microfinance Institution Network
KEY INDUSTRY ORGANISATIONS
### Indian Banks' Association

World Trade Centre, 6th Floor  
Centre 1 Building,  
World Trade Centre Complex,  
Cuff Parade, Mumbai - 400 005, India  
E-mail: webmaster@iba.org.in
USEFUL INFORMATION
GLOSSARY

- ATM: Automated Teller Machines
- CAGR: Compound Annual Growth Rate
- FY: Indian Financial Year (April to March)
- GDP: Gross Domestic Product
- INR: Indian Rupee
- KYC: Know Your Customer
- NIM: Net Interest Margin
- NPA: Non-Performing Assets
- RBI: Reserve Bank of India
- US$: US Dollar

Wherever applicable, numbers have been rounded off to the nearest whole number.
### Exchange Rates (Fiscal Year)

<table>
<thead>
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<th>Year</th>
<th>INR Equivalent of one US$</th>
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<td>2016–17</td>
<td>67.09</td>
</tr>
<tr>
<td>2017–18</td>
<td>64.45</td>
</tr>
<tr>
<td>2018–19</td>
<td>69.89</td>
</tr>
</tbody>
</table>

### Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Equivalent of one US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>44.11</td>
</tr>
<tr>
<td>2006</td>
<td>45.33</td>
</tr>
<tr>
<td>2007</td>
<td>41.29</td>
</tr>
<tr>
<td>2008</td>
<td>43.42</td>
</tr>
<tr>
<td>2009</td>
<td>48.35</td>
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<td>2010</td>
<td>45.74</td>
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<tr>
<td>2011</td>
<td>46.67</td>
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<tr>
<td>2012</td>
<td>53.49</td>
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<tr>
<td>2013</td>
<td>58.63</td>
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<tr>
<td>2014</td>
<td>61.03</td>
</tr>
<tr>
<td>2015</td>
<td>64.15</td>
</tr>
<tr>
<td>2016</td>
<td>67.21</td>
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<tr>
<td>2017</td>
<td>65.12</td>
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<tr>
<td>2018</td>
<td>68.36</td>
</tr>
<tr>
<td>2019</td>
<td>69.89</td>
</tr>
</tbody>
</table>

**Source:** Reserve Bank of India, Average for the year
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