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### EXECUTIVE SUMMARY

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<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>
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<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 at a CAGR of 11.66 per cent, during FY07-18 and are further poised for growth, backed by demand for housing and personal finance.</td>
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<td>Higher ATM penetration</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 by 2021.</td>
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</table>
| Rising rural penetration      | - As of December 2018, 56 regional rural banks are functioning in the country.  
- RBI has allowed, regional rural banks with net worth of at least US$ 15.28 million to launch internet banking facilities.  
- 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. |

**Notes:** ATM - Automated Teller Machine, FIP – Financial Inclusion Plan, RBI – Reserve Bank of India  
**Source:** India Banking Association, Reserve Bank of India
ADVANTAGE INDIA
Increase in 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.

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”; TechSci Research
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 2019-2020, Provision coverage ratio of banks reached highest in 7 years
- As per RBI, as of November 30, 2018, India recorded foreign exchange reserves of approximately US$ 393.72 billion.

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

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 FY07-18, credit off-take grew at a CAGR of 10.94 per cent. As of Q3 FY19, total credit extended surged to Rs 93,751.17 billion (US$ 1,299.39 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.

Note: *CAGR till FY18
Source: Reserve Bank of India (RBI), TechSci Research
During FY07–18, deposits grew at a CAGR of 11.66 per cent and reached US$ 1.6 trillion by FY17. Deposits at the end of Q3 FY19 (as of Dec 2018) stood at Rs 120,818.92 billion (US$ 1,866.22 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 increased to Rs 100865.66 crore (US$ 14.43 billion) and 361.4 million accounts were opened in India( up to July 10, 2019).

Source: Reserve Bank of India (RBI), TechSci Research
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.

Note: Data is updated yearly, update is expected by August 2019
Source: Reserve Bank of India (RBI), TechSci Research, 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% for non-banking financial companies and micro finance institutions borrowers for quarter beginning of July.

**Note:** Data is updated yearly, update is expected by August 2019  
**Source:** Reserve Bank of India, IBA (Indian Banks Association), TechSci Research
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.

Note: Data is updated yearly, update is expected by August 2019
Source: Indian Bank’s Association, TechSci Research, 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, Foreign banks data expected to be updated by August 2019

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

### Improved risk management practices
- Indian banks are increasingly focusing on adopting integrated approach to risk management.
- 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.
- Most of the banks have put in place the framework for asset-liability match, credit & derivatives risk management.
- 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.

### Diversification of revenue stream
- 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 & are further poised for growth, backed by demand for housing and personal finance.
- 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.

### Technological innovations
- 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.
- The digital payments system in India has evolved the most among 25 countries, including UK, China and Japan, with the IMPS being the only system at level 5 in the Faster Payments Innovation Index (FPII). India stepped up to 28th position on the government's adoption of e-payments ranking in 2018.
- By 2022, digital assistants, social media and third-party channels are projected to act as primary channels for banking.

*Source: Indian Bank’s Association, Indian Banking Sector 2020, TechSci 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. As per RBI, a total of US$ 237.17 billion was deposited in banks till August 30, 2017.
- 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, TechSci Research
### 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.
- Under the Jan Dhan Yojana, Rs 983.20 billion (US$ 14.07 billion) were deposited and 357.5 million accounts were opened in India (up to May 29, 2019).
- 278.3 million ‘Rupay’ debit cards were issued to users (as of April 24, 2019).

**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 183.33 million in volume and amounted to Rs 1.80 trillion (US$ 25.98 billion) in value in May 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.

*Source: Indian Bank’s Association, Indian Banking Sector 2020, Pradhanmantri Jan Dhan Yojna, Business India, TechSci Research, 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>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19E</th>
<th>FY20E</th>
<th>FY21E</th>
<th>FY22E</th>
<th>FY23E</th>
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<tr>
<td></td>
<td>33</td>
<td>46</td>
<td>58</td>
<td>75</td>
<td>110</td>
<td>150</td>
<td>200</td>
<td>270</td>
<td>350</td>
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*Note: E – Estimate, Ondiyar 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.
- Only 40 per cent of the adult population has bank accounts.
- Debit card holders constitute only 13 per cent of the population & only 2 per cent have a credit card.
- 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 57.13 per cent in FY19.

Source: TRAI, TechSci Research
MOBILE BANKING TO PROVIDE A COST-EFFECTIVE SOLUTION … (2/2)

Robust asset growth

- 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 733.54 million in May 2019.

- Total value of transactions stood at Rs 1.33 trillion (US$ 19.10 billion) during the month.

STRATEGIES ADOPTED
### STRATEGIES ADOPTED

<table>
<thead>
<tr>
<th><strong>Increased use of technology</strong></th>
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<tr>
<td>As per Union Budget 2019-2020, 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.</td>
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<tr>
<td>State Bank of India has created SBI Digi Bank, which has a financial superstore, an online market place and a digital bank for end to end digitisation for all products and services.</td>
</tr>
<tr>
<td>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.</td>
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<th><strong>Cross-selling</strong></th>
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<td>Major banks tend to increase income by cross-selling products to their existing customers.</td>
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<td>Foreign banks have been able to grow business, despite a much lower customer coverage.</td>
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<th><strong>Capture latent demand</strong></th>
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<td>Expansion in unbanked rural regions helps banks to garner deposits.</td>
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<tr>
<td>Increasing tele-density and support of regulators have aided rural expansion.</td>
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<td>Overall tele density reached 91.45 per cent at the end of March 2019.</td>
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<th><strong>Overseas expansion</strong></th>
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<td>As of November 2017, State Bank of India (SBI) is planning to set up more branches in Nepal and re-enter Vietnam under its three-year aim of growing its international operations to 15 per cent of its total business.</td>
</tr>
<tr>
<td>Although at a nascent stage, private &amp; public banks are gradually expanding operations overseas.</td>
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<tr>
<td>Internationally, banks target India-based customers &amp; investors, settled abroad.</td>
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*Source: Indian Bank’s Association, Indian Banking Sector 2020, TechSci Research*
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 six economies with a GDP of US$ 2,597 in 2017 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 the Union Budget 2018-19, the Indian infrastructure sector requires an investment of Rs 50 lakh crore (US$ 772 billion).

**Government initiatives**
- Reserve Bank of India (RBI) has decided to set up Public Credit Registry (PCR) an extensive database of credit information which is accessible to all stakeholders.
- 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.

**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 an increase in the fraction of the Indian population that uses banking services.

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

**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 2.88 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: * 2nd revised estimates, ** 1st advance estimates, *** 2nd Advance Estimate
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.

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 to 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.

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)
- 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

#### 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 134.8 million. (as of April 2018)

#### 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 53.3 million (as of April 2018).

#### 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.
- 8.6 million enrolments (as of February 2018) have been made under this scheme since its launch and the PFRDA is targeting 10 million accounts by March 2018.
- In May 2018, the total number of subscribers were 11 million.

#### 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.

#### Pradhan Mantri Jan Dhan Yojana
- 316.7 million accounts were opened (as of May 23 2018).
- 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 an 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).

**Note:** PFRDA – Pension Fund Regulatory and Development Authority of India  
**Source:** News Articles, Pradhanmantri Jan Dhan Yojna, PMO, TechSci Research
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.
- 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.
- In 2017, RBL Bank Limited increased its stake in Swadhaar Finserve Private Limited from 30 per cent to 58.4 per cent.
- In 2017, Fortune Financial Services (India) Limited (FFSIL) amalgamated with Fortune Integrated Assets Finance Limited (FIAFL) by acquiring its remaining 75 per cent stake in FIAFL from Wind Construction Private Limited.
- The biggest merger deal of 2017 was in the microfinance segment of IndusInd Bank Limited and Bharat Financial Inclusion Limited of US$ 2.4 billion.
- The total equity funding's of microfinance sector grew at the rate of 39.88 year-on-year to Rs 96.31 billion (US$ 4.49 billion) in 2017-18 from Rs 68.85 billion (US$ 1.03 billion).

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, Microfinancies Institution Network
KEY INDUSTRY ORGANISATIONS
<table>
<thead>
<tr>
<th><strong>Indian Banks' Association</strong></th>
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</thead>
<tbody>
<tr>
<td>World Trade Centre, 6th Floor</td>
</tr>
<tr>
<td>Centre 1 Building,</td>
</tr>
<tr>
<td>World Trade Centre Complex,</td>
</tr>
<tr>
<td>Cuff Parade, Mumbai - 400 005, India</td>
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<tr>
<td>E-mail: <a href="mailto:webmaster@iba.org.in">webmaster@iba.org.in</a></td>
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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

### Exchange Rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Equivalent of one US$</th>
</tr>
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<tbody>
<tr>
<td>2004–05</td>
<td>44.95</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.28</td>
</tr>
<tr>
<td>2006–07</td>
<td>45.29</td>
</tr>
<tr>
<td>2007–08</td>
<td>40.24</td>
</tr>
<tr>
<td>2008–09</td>
<td>45.91</td>
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<td>2011–12</td>
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<td>2014–15</td>
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<tr>
<td>2015–16</td>
<td>65.46</td>
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<tr>
<td>2016–17</td>
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<tr>
<td>2017–18</td>
<td>64.45</td>
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<tr>
<td>2018–19</td>
<td>69.89</td>
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</tbody>
</table>

### Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Equivalent of one US$</th>
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<tbody>
<tr>
<td>2005</td>
<td>44.11</td>
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<tr>
<td>2006</td>
<td>45.33</td>
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<tr>
<td>2007</td>
<td>41.29</td>
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<tr>
<td>2008</td>
<td>43.42</td>
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<td>2014</td>
<td>61.03</td>
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<td>2015</td>
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<tr>
<td>2016</td>
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<td>2017</td>
<td>65.12</td>
</tr>
<tr>
<td>2018</td>
<td>68.36</td>
</tr>
</tbody>
</table>

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