



Download Your E-Copy of NEWSLETTER Vol. X Issue 1 dated 15th February, 2025 from branch /department webmail or write to us at newsletter@bmcbank.co.in

Welcome to the February 2025 edition of the Newsletter. We will be pleased to inform you that the Newsletter has completed 10 years of uninterrupted publication. Many thanks for making the Newsletter a trusted source for enhancing your professional knowledge, keeping you abreast with the latest developments. I congratulate the entire Newsletter team, on behalf of the Board of Directors, for their efforts in reaching this milestone.



We wish to place on record our gratitude to Dr. M. Shah Alam Khan for his services to the bank as the Managing Director and are pleased to welcome Mr. Imran Amin Siddiqui to the BMC Bank family as the Interim Managing Director.

Mr. Siddiqui assumed charge as the Managing Director on the 28th of January 2025. He is an Engineering Graduate from HBTI, Kanpur and a CAIIB. He has diversified experience of more than 36 years in the field of banking. His last assignment was as Executive Director in the Indian Bank, for a period of 3 years. We are confident that under his able guidance and leadership, our bank will not only regain its past glory but also achieve greater heights in the coming years. I, on behalf of the Board of Directors assure him full cooperation in achieving many milestones in the years to come. We wish him success and are sure that the staff members would work with a new zeal to achieve the targets set for March 2025. I would urge the Insurance team to ensure that the insurance targets for Jan-Mar 2025, are achieved.

We appreciate the hard work put in by the staff members, in the month of January 2025, in opening more than 2000 savings accounts of our new product - NISA Account (for Women) and hope the number will multiply manifold in the months to come. Congratulations to the entire team.

As the holy month of Ramzan approaches, I pray to the Almighty, that may this holy month bring you peace, joy and blessings beyond measure. Happy 'Ramzan ul Mubarak' to all.

ZEESHAN MEHDI

PHOTO GALLERY



**We welcome our
Managing Director
Mr. Imran Amin Siddiqui.**

Shri Amit Shah, Union Home Minister inaugurates IYC 25; Moots 12-month program of co-operative growth

Union Home Minister and Minister of Cooperation Amit Shah inaugurated the International Year of Cooperatives (IYC) 2025 calendar and launched the National Urban Cooperative Finance and Development Corporation (NUCFDC) office in Mumbai. This event also marked the initiation of training for 10,000 new Multipurpose Primary Agricultural Cooperative Societies (M-PACS) members. Key dignitaries, including Maharashtra Deputy Chief Ministers Eknath Shinde and Ajit Pawar, were present. Shah announced that the Ministry of Cooperation has developed a 12-month program to celebrate IYC 2025, aimed at expanding the cooperative sector, ensuring transparency, and enhancing inclusivity.

He highlighted that by the end of the International Year in December 2025, India's cooperative movement would grow symmetrically, significantly contributing to the nation's vision of "Sahkar Se Samridhi" (Prosperity through Cooperation).

He emphasized the cooperative sector's pivotal role in achieving India's long-term goals of becoming a global economic powerhouse and a developed nation by 2047. Shah highlighted the importance of social harmony, equality, and inclusivity in advancing cooperatives.

The launch of NUCFDC aims to bring urban cooperative banks to par with national and private banks within three years, enhancing services such as digital banking, mobile banking, and international trade transactions. The corporation will integrate over 1,465 urban cooperative banks and 8.25 lakh cooperative institutions, focusing on improving resources, banking processes, and unifying accounting systems.

Shah also highlighted the government's efforts to resolve issues with urban cooperative banks through coordination with the Reserve Bank of India. The umbrella organization will enable seamless financial transactions among cooperatives, improving trust and business opportunities.

He reiterated the government's commitment to "Sahkar Se Samridhi" and "Samridhi Se Aatmanirbharta" (Self-reliance through Prosperity), envisioning a future where cooperatives play a significant role in driving employment, agriculture and rural development across India.

RBI announces measures to manage liquidity conditions

On a review of current **liquidity** and **financial** conditions, RBI has recently decided to conduct the following operations to **inject liquidity** into the banking system:

- a) **Open Market Operation (OMO)** purchase auctions of Government of India securities for an aggregate amount of ₹ 60,000 crore in three tranches of ₹ 20,000 crore each to be held on **January 30, 2025, February 13, 2025 and February 20, 2025.**
- b) 56-day **Variable Rate Repo (VRR)** auction for a notified amount of ₹ 50,000 crore to be held on **February 7, 2025.**
- c) **USD/INR Buy/Sell Swap** auction of **USD 5 billion** for a tenor of **six months** held on **January 31, 2025.**

KNOWLEDGE HUB

Cap on hike in health insurance premium applicable to Senior citizens

Following multiple reports of health insurance companies significantly increasing premiums for senior citizens upon renewal of health insurance policies, the Insurance Regulatory and Development Authority of India (IRDAI) has recently issued a directive that mandates insurers to not revise health insurance premiums for senior citizens by more than 10 per cent annually, with immediate effect.

If an insurer needs to increase premium by more than 10 per cent in a year, prior approval from the IRDAI would be required. Prior approval of the regulator would also be required in case of withdrawal of individual health insurance products offered to senior citizens.

TDS limit for interest income from bank FD hiked in Budget 2025

Budget 2025 proposal to hike TDS limit

Budget 2025 proposed to increase the limit for tax deduction at source (TDS) on interest earned by general (non-senior) citizens from fixed deposits from banks from the present Rs 40,000 to Rs 50,000 per financial year. These amendments will take effect from the 1st day of April 2025.

What is TDS

Banks are required to deduct tax at source when interest paid to account holders exceeds specified threshold in one financial year. This threshold is different for senior citizens and non-senior citizens. Currently, banks are required to deduct TDS at the rate of 10% from interest paid on fixed deposits to account holders if PAN is available.

Who deducts TDS on fixed deposit?

TDS is the tax deducted on income at source, any financial institution or bank offering investments in Fixed Deposit schemes is responsible for deducting TDS on fixed deposit interest. As a general practice, the TDS on Fixed Deposit interest is an automatic deduction that takes place at the end of every financial year."



TDS when PAN is not available

TDS on FD is deducted at a flat rate of 10% rate in a given fiscal year where PAN details are available. The rate of TDS on Fixed Deposit interest increases to 20% if the PAN details of the investor are not available.

TDS in case of joint account

In the case of Fixed Deposits held in joint names, the TDS on FD is made for the primary account holder. The second holder is not liable for any deductions relating to TDS on FD.

Things to note on TDS

TDS on FD is applicable only if the interest earned on fixed deposits exceeds the threshold limits in a given financial year. The bank or the financial institution in which the Fixed Deposit is held is responsible for deducting TDS on FD. The TDS on FD deductions happen at the end of each financial year when the interest is credited and not once at the time of the final maturity of the Fixed Deposit.

RBI MONETARY POLICY KEY POINTS (7TH FEBRUARY 2025)

Despite rate cut of 25bps market is seeing selling pressure and prices are down. Reasons:

1. 25bps was already factored in
2. No change in stance to Accommodative from Neutral was negative
3. Neutral stance means no further rate cut in near term and also Neutral liquidity
4. No major announcement on liquidity front like CRR or SLR cut

Repo Rate cut : 0.25%

SDF : 6.00 %

Repo rate : 6.25%

Budget proposals to give a fillip to bank credit growth

Bank credit could get a fillip over the next few years as the Union Budget for FY25 has proposed a host of measures, including increase in Kisan Credit Card (KCC) limit to 5 lakh (from 3 lakh), introduction of customised credit cards with a 5 lakh limit for micro enterprises and doubling of credit guarantee cover for loans extended to Micro and Small Enterprises (MSEs) to 10 crore, among others.

These announcements come in the backdrop of the GDP growth sliding to a seven-quarter low of 5.4 per cent in the second quarter of FY25 against 6.7 per cent in Q1FY25 and moderation in non-food credit growth of scheduled commercial banks to 12.4 per cent in December 2024 as compared to 15.8 per cent in December 2023.

Finance Minister Nirmala Sitharaman, in her FY26 Union Budget speech, said the enhancement in credit through KCC will facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers.

Bank Rules: Banking calls will come only from these 2 numbers; you will be free from fraudulent calls

RBI has given 1600 and 140 phone number series to banks and financial institutions for financial transactions, marketing calls and SMS. This initiative will provide relief to users from fraud and scams.

These days, the phenomenon of getting fraud calls has become common. You must also be getting such spam calls. You must have also seen news of scamming and fraud on calls these days. To put a full stop to all this, the Reserve Bank of India (RBI) has taken a concrete step. If you are a mobile user, then this news will definitely make you happy. The Reserve Bank of India (RBI) has launched 2 dedicated phone number series for financial institutions to make transaction and marketing calls to their customers. This new initiative has been taken to protect mobile users from fraud.

RBI's latest notice states that banks will now have to use only phone numbers starting with 1600 for all transaction-related calls. In other words, if you get a call about a transaction or any other financial matter, it should come only from a number starting with 1600. This measure will help people stay away from fraudulent calls.

For marketing calls and SMS

Just like RBI has allotted number series starting with 1600 for banking services, RBI has also allotted phone number series starting with 140 exclusively for marketing calls and SMS notifications to customers. So, if a bank is actually offering you services like personal loans, credit cards or insurance, you can expect them to be from numbers starting with 140.

This step will help users to avoid fraudsters who falsely claim to provide loans or credit cards on behalf of banks. Let us tell you that in the recent past, incidents of fraud online and through calls have increased. Fraudsters extort huge amounts of money from people by claiming to be from the bank. In such a situation, this step of RBI can prove to be a relief to a great extent.

Budget 2025 increases gross borrowings by 6% to Rs 15 lakh crore in FY26

Budget 2025 raised gross market borrowings by 5.7 percent to Rs 14.8 lakh crore for FY26 to finance a fiscal deficit of 4.4 percent, up from Rs. 14.10 lakh crore target set for FY25.

Manish Jain, Director – Institutional Business (Equity & FI) at Mirae Asset Capital Markets, highlighted that higher gross borrowings could push up bond yields, which would, in turn, impact banks' treasury income.

When the government borrows more, it increases the supply of government bonds, leading to a rise in yields. Banks, which hold a significant portion of these bonds in their treasury portfolios, face mark-to-market (MTM) losses when bond prices fall, negatively affecting their earnings.

Additionally, increased government borrowing could tighten liquidity in the banking system, making it more expensive for banks to raise funds.

With more money in their hands, people are likely to consumer more and save more, serving the dual purpose of improving retail credit growth and deposit rates for banks, analysts believe
To encourage household deposits, some analysts have also suggested taxing interest income from deposits at a lower rate. However, the finance minister did not address this.
Besides this, the Finance Minister announced FY26 capex at Rs 11.1 lakh crore, marking an increase of 0.9 percent from FY25 capex. Analysts expect the increased capex to spur investment opportunities and thus credit demand for banks.

RBI fines Equitas SFB, India Post Payments Bank for compliance lapses

The Reserve Bank of India (RBI) said it has imposed penalties on Equitas Small Finance Bank and India Post Payments Bank for deficiencies in regulatory compliances.

In a statement, the RBI said it has imposed a penalty of Rs 65 lakh on Equitas Small Finance Bank for non-compliance with certain directions on 'Levy of Foreclosure Charges/Pre-payment Penalty on Floating Rate Term Loans' and 'Credit Flow to Agriculture -- Collateral free agricultural loans'.

A penalty of Rs 26.70 lakh has been imposed on India Post Payments Bank Ltd for non-compliance with certain directions on 'Customer Service in Banks', it said in another statement.

Further, a penalty of Rs 3.10 lakh has also been imposed on Aptus Finance India Pvt Ltd for contravention of certain provisions of norms related to non-banking financial company.

Win a prize of Rs.1000/- to Rs. 5000/-and a certificate of appreciation from the Managing Director for the best article on banking with a beautiful slogan concerning banking activity. The slogan should not be more than 30 words. **Send your reply with slogan in sealed envelope mentioning your Name, Code No. and branch to Treasury Department, 2nd Floor, 78, Mohammedali Road, Mumbai – 400 003.**

QUESTIONNAIRES

- Q.1 OMO stands for.....
Q.2 VRR stands for
- Q.3 TDS limit for senior citizen F.Y. 2025-2026.
(a) Rs. 50,000/- (b) Rs. 60,000/- (c) Rs. 1,00,000/-
- Q.4 TDS limit for General citizen F.Y. 2025-2026.
(a) Rs. 50,000/- (b) Rs. 40,000/- (c) Rs. 60,000/-
- Q.5. RBI increased Repo rate in its Monetary policy 7th February 2025.
(a) True (b) False
- Q6. Repo rate is
(a) 6.00% (b) 6.25% (c) 6.50%
- Q.7. 1600 number marketing call and SMS notification
(a) True (b) False
- Q.8. SDF rate is
(a) 6.25% (b) 6.00%
- Q.9 Personal Income Tax limit revised to Rs.....
(a) Rs. 3.00 Lakhs (b) Rs. 3.50 Lakhs (c) Rs. 4.00 Lakhs
- Q.10. No tax on income upto Rs. 12.00 Lakhs
(a) True (b) False

**Your reply should reach
us on or before
27.02.2025**

Quiz result of VOL IX Issue 12

Quiz Answer :

1. (b) 2. (c) 3. (d) 4. (c) 5. (c)
6. (d) 7. (Anti Money Laundering)
8. (b) 9.(National Common Mobility card) 10.(d)

NO WINNER



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