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Editor: **Dr. Sanjay****Think A While**

Nothing remains always the same. If there is day, there will be night. If there is summer, there will be winter. If there is war, there will be peace. If there is storm, there will be calm.

Take the case of Rio de Janeiro. The Brazilian city was the cynosure of all eyes last year. The motto was "Um mundo novo", Portuguese for "a new world". But the hype was short-lived. Writes Nancy Armour in USA Today: "The legacy of the Rio Olympics is a farce." Barely six months after the closing ceremony, "several of the venues are abandoned and falling apart. The Olympic Park is a ghost town, the lights have been turned off at the Maracana and the athletes village sits empty."

Or, the US foreign policy. Time was when, in the early 1970s, former US President Richard Nixon and National Security Adviser Henry Kissinger thawed relations with Beijing to counter the Soviet Union. Today, President Donald Trump views Russia as a partner to balance China.

Closer home, look at the fortunes of VK Sasikala. After the death of AIADMK supremo J Jayalithaa she was unanimously elected as the Legislature Party Leader by a meeting of all the MLAs in the party on 5 Feb this year. On 14 February, the Supreme Court of India held her guilty of laundering illicit wealth worth over Rs 60 cr in the 1990s in a criminal conspiracy with Jayalithaa and convicted her for a four-year jail term.

The world of business is no exception. The Tata group has perhaps been the most respected business house in India. Infosys lays a similar claim in the modern era. And yet both business houses have been rattled with acrimonious battles. Four months ago Ratan Tata questioned the competence of Cyrus Mistry, the professionally appointed Tata chairman. And now Vishal Sikka and NR Narayana Murthy are at loggerheads with each other on governance issues.

So what is the lesson? Since nothing is permanent, we need to preserve our equanimity in all situations. Learn from your failures; don't get disappointed. Be happy with your success; don't be overjoyed.

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Automobiles

Tata Motors launches TAMO

In a bid to regain the lost ground in passenger vehicles segment, homegrown auto major Tata Motors has launched a sub-brand TAMO with an aim to introduce new technology-equipped vehicles faster to the market. Under the TAMO sub-brand, the company will launch vehicles that are low in volumes requiring low investment. It is also looking at a different buying experience for TAMO vehicles, although for the time being it has not confirmed if it would set up a separate retail chain as market leader Maruti Suzuki has done with Nexa.

Banking

RBI's sixth bimonthly monetary policy

The Reserve Bank of India unexpectedly left its key policy rates unchanged and signalled the end of its rate-cut cycle as it moved to keep inflation under check in its sixth bimonthly policy statement on 8 Feb.

Highlights

- The policy repo rate unchanged at **6.25%**.
- The reverse repo rate under the liquidity adjustment facility (LAF) remains unchanged at **5.75%**.
- The statutory liquidity ratio (SLR) will remain at **20.50%**.
- The cash reserve ratio (CRR) unchanged at **4%**.
- The marginal standing facility (MSF) rate and the Bank Rate kept at **6.75%**
- Economic growth for FY17 lowered to **6.9%**; growth for FY18 pegged at **7.4%**
- Inflation projected in the range of **4-4.5%** in the first half of 2017-18 and **4.5-5%** in the second half
- The RBI shifted its monetary policy stance from 'accommodative' to 'neutral', keeping in mind transitory effect of demonetisation.

RRBs can now lend more against gold

The Reserve Bank of India on 16 Feb doubled the quantum of loan that Regional Rural Banks (RRBs) can give against security of gold/gold ornaments to **₹2 lakh** with bullet repayment option. Such loans will be subject to the conditions that the period of the loan cannot exceed 12 months from the date of sanction; interest will be charged on the amount at monthly rates but will become due for payment along with principal only at the end of 12 months from the date of sanction. Further, RRBs are required to maintain a Loan to Value (LTV) ratio of 75 per cent (that is, if the value of gold ornaments pledged with a bank is ₹1 lakh, then it will give a loan of ₹75,000) on the outstanding amount of loan, including the interest on ongoing basis, failing which the loan will be treated as a non-performing asset.

Merger of SBI Associates

The Cabinet has approved the merger of five associate banks with the State Bank of India (SBI).

Highlights

- The merger will catapult a bank from India which will feature among top 50 global lenders for the first time. SBI will be the **45th** biggest bank in the world
- The merger **does not include Bharatiya Mahila Bank**.
- The five associate banks are **State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore**.
- The merger would lead to a synergy in operations and lower State Bank of India's cost of funds. An official statement said the savings would be over **₹1,000 cr** in the first year.
- The merger will create a bank with a projected asset book of **₹37 lakh cr** by Mar 31. As of Dec 2016, the asset book was ₹33.5 lakh cr.
- SBI's asset base will now be five times

larger than its nearest rival **ICICI Bank**.

- After the merger, SBI will have **22,500** branches, **58,000** automated teller machines (ATMs) and over **500 mn** customers.
- The five associate banks had a market share of 5.30 per cent in deposits and 5.33 per cent in advances on Mar 31, 2016.
- In earlier rounds of consolidation, State Bank of Saurashtra and State Bank of Indore had merged with State Bank of India in **2008** and **2010**, respectively.

FDI in non-cooperative countries stops

The Reserve Bank on 25 Jan prohibited Indian entities from making direct investments in any entity located in 'non co-operative countries and territories', as identified by the inter-governmental body FATF. The **Financial Action Task Force (FATF)** currently comprises two regional organisations and 35 member jurisdictions, including India, US, UK, China and the European Commission. The prohibition on investment is "in order to align" instructions under FEMA with the objectives of the FATF. At present, there is no restriction on an Indian entity with regard to the countries where it can undertake Overseas Direct Investment.

HDFC Bank increases fees

In a bid to discourage cash transactions, the country's second-largest private sector lender HDFC Bank has decided to steeply increase the fees for savings account holders on a slew of activities involving cash. HDFC Bank has decided to steeply raise the charges on certain transactions, capping cash component in others and also introducing charges on certain transactions from Mar 1. The bank has capped the third-party transactions at **₹25,000** a day, reduced the number of free cash transactions at branches to four from five earlier and also raised the fee for non-free transactions by a steep 50 per cent to ₹150.

SBI Exclusif

The State Bank of India has launched 'SBI Exclusif,' its **wealth management offering**, in Kochi, Kerala. It will be rolled out in other cities in the state during the course of the year. SBI Exclusif is targeted at the fast-growing affluent segment and was launched in Bengaluru and Delhi in 2016. It aims to provide a comprehensive

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