

22nd Year of Publication

Registration RNI No.67802/98

Volume - XXII No.10 : October 2019

Contents of this Issue

BANKING POLICY : 2 & 3

- PS Lending - Export Loans
- PS Loans - Non-corporate farmers
- Bharat Bill Payment Systems
- Large Exposure Framework
- Risk weight for personal loans
- Remittance of Govt. receipts

BANKING FEATURES : 4-6, 16

- Taxation Law (Amendment) Ordinance
- Turn-around time - E-transactions
- Bi-monthly review of Monetary Policy
- Concurrent Audit System
- Banking Ombudsman Decisions

DIARY OF EVENTS : Sep-2019: 7

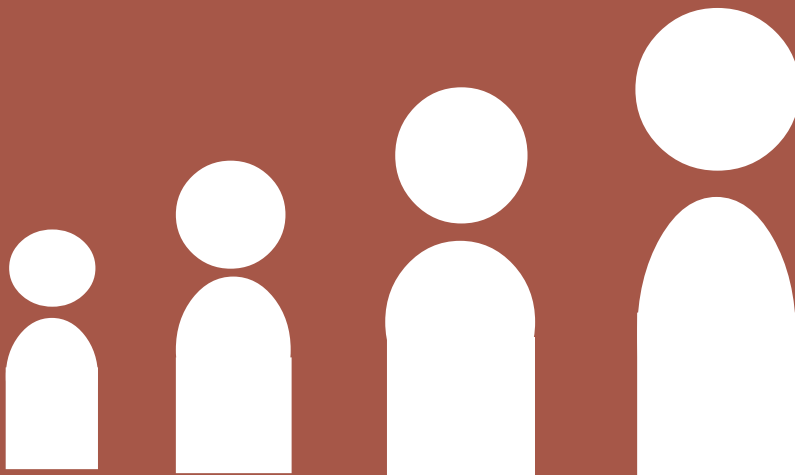
- Policy, Economy
- Banking Developments
- Capital Markets & Insurance

General Awareness : 11-12

Multi-Option questions:13-15

Data Bank : 16

Banking events Update



Those who win, are those, who think they can

Corporate & Distribution Office
1008, Sector 45-B, Chandigarh
Phone 0172 2665 623
eMail - bankingupdate123 @ gmail.com

www.bankingindiaupdate.com

Executive Editor - S. Chand Singh

Editor in Chief - Sh. N S Toor

**BANKING
POLICY****Priority Sector Loans - Export Credit**

In order to boost the credit to export sector, RBI decided (on 20.09.19) to effect following changes pertaining to export credit:

1. Enhance the sanctioned limit, for classification of export credit under PSL, from Rs.250 million per borrower to Rs.400 million per borrower.
2. Remove the existing criteria of 'units having turnover of up to Rs.1 billion'

The existing guidelines for domestic scheduled commercial banks to classify 'Incremental export credit over corresponding date of the preceding year, upto 2 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher' under PSL will continue.

Priority Sector Targets - Lending to Non-Corporate Farmers – FY 2019-20

The system-wide average of the last 3 years achievement with regard to overall direct lending to non-corporate farmers is notified by RBI every year.

The applicable system wide average figure for computing achievement under priority sector lending for the FY 2019-20 is 12.11 percent as per RBI notification dated 19.09.19.

Bharat Bill Payment System - Expansion of biller categories

As per RBI guidelines dated 28.11.14, BBPS, is an interoperable platform for repetitive bill payments, which currently covers bills of five segments viz. Direct to Home (DTH), Electricity, Gas, Telecom and Water.

RBI decided (on 16.09.19) to expand the scope and coverage of BBPS to include all categories of billers who raise recurring bills (except prepaid recharges) as eligible participants, on a voluntary basis.

Large Exposures Framework

As per RBI circular dated 03.06.19, on "Large Exposures Framework (LEF)", banks' exposures to a single NBFC is restricted to 15 percent of their available eligible capital base, while general single counterparty exposure limit is 20 percent, which can be extended to 25 percent by banks' Boards under exceptional circumstances.

RBI decided (12.09.19) that a bank's exposure to a single NBFC (excluding gold loan companies) will be restricted to 20 percent of that bank's eligible capital base.

Risk Weight for Consumer Credit except credit card receivables

As per extant instructions, consumer credit, including personal loans and credit card receivables but excluding educational loans, attracts a higher risk weight of 125 per cent or higher, if warranted

by the external rating of the counterparty.

On a review, RBI decided (12.09.19) to reduce the risk weight for consumer credit, including personal loans, but excluding credit card receivables, to 100%. Other stipulations remain the same.

Remittance of government receipts (physical receipts) to Government account

Office of Controller General of Accounts, Ministry of Finance has prescribed revised timelines (on 19.09.19) for credit of physical government receipts into government accounts at RBI, in supersession of earlier instructions on this matter. As per these time lines, the period is T + 1 day (including put through). For branches in North Eastern States the period is T + 2 days (including put through).

There is no change e-receipts time line which continues to be T + 1 working day as per Govt. circular dated 9.3.16.

The instructions become effective from October 1, 2019.

Recovery of Interest on delayed remittance of Government Receipts into Government Account

As per RBI circular dated 13.02.13, in order to bring uniformity in the procedure of reporting both central and State government transactions to Reserve Bank, it was advised that the petty claims of delayed period of penal interest involving amount of Rs.500/- or below will be ignored and excluded from the purview of penal interest.

To bring further uniformity in the procedure for reporting both central and state government transactions to RBI, it decided (26.09.19) with the approval of Comptroller and Auditor General of India that instructions given in para 7.4 of CGA's OM S-11012/1(31)/AC(22)/2015/RBD/332-424 dated March 9, 2016, will be made applicable to State government transactions also i.e ignoring petty claims of penal interest involving an amount of Rs.500/- or below and excluding them from the purview of penal interest, and applying the limit of penal interest of Rs.500/- on per transaction basis.

External Benchmark Based Lending

RBI amended its instructions contained in Master Direction dated 03.03.2016, on 4.9.19, as under:

(a) All new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to Micro and Small Enterprises extended by banks from October 01, 2019 shall be benchmarked to one of the following:

1. Reserve Bank of India policy repo rate
2. Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Ltd (FBIL)
3. Govt. of India 6-Months Treasury Bill yield published by FBIL
4. Any other benchmark market interest rate published by FBIL.

(b) Banks are free to offer such external benchmark linked loans to other types of borrowers as well.

(c) In order to ensure transparency, standardisation, and ease of understanding of loan products by borrowers, a bank must adopt a uniform external benchmark within a loan category; in other words, the adoption of multiple benchmarks by the same bank is not allowed within a loan category.

Spread under External Benchmark

Banks are free to decide the spread over the external benchmark. However, credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract. Further, other components of spread including operating cost could be altered once in three years.

Reset of Interest Rates under External Benchmark

The interest rate under external benchmark shall be reset at least once in three months.

Transition to External Benchmark from MCLR/Base Rate/BPLR

Existing loans and credit limits linked to the MCLR/Base Rate/BPLR shall continue till repayment or renewal:

Other conditions

1. Other existing borrowers shall have the option to move to External Benchmark at mutually acceptable terms.
2. The switch-over shall not be treated as a foreclosure of existing facility.
3. Interest rates on fixed rate loans of tenor below 3 years shall not be less than the benchmark rate for similar tenor.
4. There shall be no lending below the benchmark rate for a particular maturity for all loans linked to that benchmark.
5. All floating rate rupee loans sanctioned and renewed between 1.7.2016 and 31.03.16, shall be priced with reference to the Base Rate which will be the internal benchmark for such purposes.
6. All floating rate rupee loans sanctioned and renewed w.e.f. April 1, 2016 shall be priced with reference to the Marginal Cost of Funds based Lending Rate (MCLR) which will be the internal benchmark for such purposes subject to the provisions contained in Master Direction.
7. The periodicity of the reset under MCLR shall correspond to the tenor/maturity of the MCLR to which the loan is linked.●

Video Lessons

CAIIB-JAIB-Promotion Exam
B-Sheet Analysis
Certified Credit Professionals
Foreign Exchange Operations

- Use lap top / Smart Phone, as our class room
- No travelling - no boarding/lodging charges
- Learn as per your time and place convenience
- Watch any video any no. of times during validity

www.bankingindiaupdate.com

CORRESPONDENCE COURSE

PROMOTION EXAM

Based on latest trends of IBPS exam. A large no. of bankers already succeeded by using the course material. If unable to attend class room program, this is the best option.

Course Kit : The course kit include:

- (a) subject-wise basic study material,
- (b) assignment to improve retention
- (c) objective type practice exercise
- (d) recalled questions
- (e) mock test papers.

Fee : May differ from bank to bank. May be checked before remittance). Fee to be paid in advance.

How to enrol : Call us at the numbers given below.

CAIIB/JAIB

Course is based on exam pattern of IIB&F. A large no. of candidate have succeeded in all 3 papers in first attempt with our study material.

Course Kit : The course kit include:

- (a) subject-wise basic study material,
- (c) objective type practice exercise
- (d) mock test papers.

Fee : Fee differs for different papers. Fee payable in advance, for which details may be obtained by calling 01722665623 .

How to enrol : To enrol, advise name, address for correspondence, eMail id, mobile phone, bank name, subjects for enrolment.

DS Institute of Banking

Office:SCO No.32, Sector 33-D, Chandigarh 160 020
Phone: 0172-2665623, 09988221167

Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems

RBI observed that a large number of customer complaints emanate on account of unsuccessful or 'failed' transactions'.

A 'failed transaction' is a transaction not fully completed due to any reason not attributable to the customer. It could be failure in communication links, non-availability of cash in an ATM, time-out of sessions, credits could not be effected to the beneficiary account due to lack of full information or lack of proper information and delay in initiating a reversal transaction.

On 20.09.19, framework for TAT for failed transactions and compensation therefor was circulated by RBI.

The principle behind the TAT is based on the following :

1. If the transaction is a 'credit-push' funds transfer and the beneficiary account is not credited while the debit to originator has been effected, then credit is to be effected within the prescribed time period failing which the penalty has to be paid to the beneficiary;
2. If there is delay in initiation of a transaction at the originator bank's end beyond the TAT, then penalty has to be paid to the originator.

General Instructions covering the TAT :

1. The prescribed TAT is the outer limit for resolution of failed transactions.
2. Wherever financial compensation is involved, the same shall be effected to the customer's account suo moto, without waiting for a complaint or claim from customer.
3. Customers who do not get the benefit of redress of the failure as defined in the TAT, can register a complaint to the Banking Ombudsman of Reserve Bank of India.
4. This directive comes into effect from Oct 15, 2019.
5. 'T' is the day of transaction and refers to the calendar date. 'R' is the day on which the reversal is concluded and funds are received by issuer / originator. Reversal should be effected at issuer / originator end on same day when the funds are received from the beneficiary end.
6. Domestic transactions (i.e. originator and beneficiary are in India) are covered under the framework.

Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems

1. **ATM/Micro ATM:** Customer's account debited but cash not dispensed.

Pro-active reversal (R) of failed transaction within T + 5 days.

- 2.a : **Card to card transfer-** Card a/c debited but the

beneficiary card account not credited.

Transaction to be reversed (R) latest within T + 1 day
 2.b : **Point of Sale (PoS)** (Card Present)- including Cash at PoS *A/c debited but confirmation not received at merchant location i.e., charge-slip not generated.*

Auto-reversal within T + 5 days.

2.c : **Card Not Present (CNP)** (e-commerce) *Account debited but confirmation not received at merchant's system.* Auto-reversal within T + 5 days.

3: **IMPS** : Account debited but the beneficiary account is not credited.

If unable to credit to beneficiary account, auto reversal (R) by Beneficiary bank on T + 1 day.

4.a : **UPI** : Account debited but the beneficiary account is not credited (transfer of funds).

If unable to credit the beneficiary account, auto reversal (R) by Beneficiary bank on T + 1 day.

4.b: **UPI** : Account debited but transaction confirmation not received at merchant location (payment to merchant). Auto-reversal within T + 5 days.

5.a : **AEPS** : A/c debited but transaction confirmation not received at merchant location. Acquirer to initiate "Credit Adjustment" within T + 5 days.

5.b : **AEPS** : A/c debited. Beneficiary a/c not credited. Acquirer to initiate Credit Adjustment within T + 5 days.

6: **APBS** : Delay in crediting beneficiary's account.

Beneficiary bank to reverse within T + 1 day.

7.A : **NACH** : Delay in crediting beneficiary's account or reversal of amount.

Beneficiary bank to reverse within T + 1 day.

7.B: **NACH** : Account debited despite revocation of debit mandate with the bank by the customer.

Customer's bank responsible for debit. Resolution within T + 1 day.

8.a : **PPIs- Cards / wallets** : Off-Us transaction: The transaction will ride on UPI, card network, IMPS, etc., as the case may be. The TAT and compensation rule of respective system shall apply.

8.B: **PPIs- Cards / wallets** : On-Us transaction: Beneficiary's PPI not credited. PPI debited. Transaction confirmation not received by merchant. R e v e r s a l effected in Remitter's account within T + 1 day.

Compensation : Rs.100 per day in all cases, beyond the period of time limit.

IMPS = Immediate Payment System, **UPI** = Unified Payments Interface, **AEPS** = Aadhaar Enabled Payment System (including Aadhaar Pay), **APBS** = Aadhaar Payment Bridge System, **NACH** = National Automated Clearing House, **PPI** = Prepaid Payment Instruments- Cards / Wallets

Bi-monthly review of RBI Policy (04.10.2019)

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) decided to reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 5.15 per cent from 5.40 per cent with immediate effect.

Consequently, reverse repo rate stands reduced to 4.90% and the marginal standing facility (MSF) rate and Bank Rate to 5.40%.

1. Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI)

Based on the recommendations of the Malegam Committee, Non-Banking Financial Company-Micro Finance Institution (NBFC-MFI) were created. RBI proposes to revise these criteria as under:

- i. Increase the household income limit for borrowers of NBFC-MFIs from the current level of Rs.1.00 lakh for rural areas and Rs.1.60 lakh for urban/semi urban areas to Rs.1.25 lakh and Rs.2.00 lakh, respectively.
- ii. Raise the lending limit from Rs.1.00 lakh to Rs.1.25 lakh per eligible borrower.

2. Offshore Rupee Markets

The Task Force on Offshore Rupee Markets (Chairperson: Smt. Usha Thorat) recommended several important measures to incentivize non-residents to access the onshore foreign exchange market. RBI proposes to accept the following recommendations:

- i. Allowing domestic banks to freely offer forex prices to non-residents at all times, out of their Indian books, either by a domestic sales team or through their overseas branches; and
- ii. Allowing rupee derivatives (with settlement in foreign currency) to be traded in International Financial Services Centres (IFSCs).

3. Non-resident Rupee Account – A Review of Policy

RBI has been taking steps for popularising the cross-border transactions in Indian rupee (INR), especially in respect of external commercial borrowing (ECB), trade credit and exports and imports, thereby reducing the exchange risk for persons resident in India. Continuing these efforts, RBI decided to enhance the scope of non-interest bearing Special Non-resident Rupee (SNRR) Account by permitting persons resident outside India to open such accounts to facilitate rupee denominated ECB, trade credit and trade invoicing. Further, restriction on the tenure of SNRR account, which is currently 7 years, is also proposed to be removed for the aforesaid purposes.

4. Liquidity Support for the Proposed 24x7 National Electronic Funds Transfer (NEFT) System

It was announced on 7.8.2019, that RBI will make available the facility of National Electronic Funds Transfer on 24x7 basis for members of public from December, 2019. To facilitate smooth settlement of these transactions in the accounts of the banks maintained with RBI, RBI decided that RBI will extend the collateralised liquidity support, which is currently available till 7.45 pm on NEFT working days, round the clock. This will help in better funds management by banks.

5. Internal Ombudsman by large non-bank Prepaid Payment Instrument (PPI) Issuers

To strengthen the grievance redressal mechanism at the entity level itself, RBI decided to institutionalise an internal ombudsman scheme at the large non-bank PPI issuers (entities who have more than 10 million prepaid payment instruments outstanding). The internal ombudsman is intended to facilitate a swift and cost-effective complaint redressal mechanism within the entity and provide an additional tier for grievance redressal.

6. Payment System Data Dissemination

RBI publishes data (in the RBI Bulletin and on the RBI Website) on various payment and settlement system indicators. RBI decided to disseminate more granular information on payment data covering the payment systems authorised by RBI. With this, the entire gamut of payment systems data will be available in the RBI Bulletin/Website.

7. Acceptance Development Fund

With the rapid growth in the issuance of cards in the country, there is a need to ensure growth of acceptance infrastructure across the country, especially in Tier III to Tier VI centres. To increase digitisation in these areas, RBI decided to create an 'Acceptance Development Fund' (ADF) in consultation with the stakeholders.

8. Expanding and Deepening of Digital Payments Ecosystem

To expand and deepen the digital payments ecosystem, RBI decided that State/UT Level Bankers Committees (SLBCs/ UTLBCs) shall identify one district in their respective States/UTs on a pilot basis. The identified district may be allocated to a bank with significant footprint which will endeavour to make the district 100% digitally enabled.

Practical Problems based on Banking Ombudsman Decisions

1).The complainant alleged that he had no regular income and had received money from the sale of land / properties, which he wanted to place as fixed deposits but the bank instead mis-sold to him an insurance policy without explaining terms and conditions and having an annual premium of Rs.99,000 for five years. Further, he had approached the bank within the look-in period and thereafter for cancellation, but the bank did not consider his requests stating that the product sold to the customer pertained to insurance company and it did not have authority to refund the amount. BO observed that the bank had not examined suitability / feasibility of the product while selling it to the complainant as it had ignored the fact that the complainant was unemployed without any regular income. Further, the application form wrongly mentioned that the complainant was employed with a regular income even though he was dependent on his father's paltry family pension. BO advised the bank to refund premium paid by complainant and interest as applicable for deposits of more than 1 year from date of selling insurance policy till date of refund and Rs.10,000 as compensation towards loss of time & harassment.

2).The complainant stated that the bank was paying him double pension and despite reminders, had not rectified the error. The bank realized its mistake after considerable period and sanctioned him a loan to recover the excess pension, which was a financial burden on him. The bank submitted that the complainant was enjoying double pension for 19 months and had not reported the matter. After realizing the mistake, a loan was sanctioned after obtaining his consent and with proper documentation. BO observed that bank did not take any corrective action despite the complainant informing them about double pension was being received by him. Further, it had adopted an incorrect procedure of sanctioning a loan to recover the excess pension credited to the complainant's account. BO therefore advised the bank to close the loan account and adjust the interest charged on the loan against the outstanding amount to be recovered. Bank was advised to recover in monthly instalments.

3)The complainant had opened a Fixed Deposit (FD) and authorized the bank to allow M/s. XYZ Enterprises to use the same as a guarantee for opening a Letter of Credit (LC) for import transactions of the latter. The complainant alleged that the bank extended a loan facility against this FD to the enterprise without his consent and prior information to him. He further alleged that on becoming aware of the same, he withdrew his guarantee / permission and instructed the bank not to allow any more withdrawals. However, the bank continued to allow the same and later informed him that his FD would be released only after adjusting the outstanding loan amount and interest thereon, extended to the enterprise. On enquiry, the bank submitted that even though the intention of the complainant was to give FD as collateral security for LC but as the 'Proforma Invoice' did not permit issuance of LC, the bank had sanctioned a loan against the same. BO observed that the complainant had authorized branch to allow to use his fixed deposit as guarantee to open LC but, bank without obtaining his consent extended loan facility against FD. Further, his instruction regarding withdrawal of guarantee and not allowing any further debit was not acted upon by the bank. In view of the above, the BO directed the bank to credit the amount of FD along with interest till the date of actual credit to the account of the complainant.

eLearning Study Material

MOCK TEST - CDs Features of CDs

- Explanation for each question/answer.
- Improve understanding and retention.
- Remove confusions. .
- Improve time management. Set your own time during practice.
- Test your preparation before Exam.
- Practice on-line without use of internet.
- Questions are shuffled when used again.
- Large no. of questions based on latest guidelines and memory recalled questions.

Bank Promotion Exam - Rs.300

Bank Promotion Interview - Rs.300

Banking Ready Recknor - Rs.300

CAIIB (New Syllabus)

• Bank Financial Mgmt - Rs.300

• Advanced Bank Mgmt - Rs.300

• Retail Banking - Rs.300

• Risk Management - Rs.300

CAIIB (Case Studies)

• Advanced Bank Mgmt -Rs.300

• Bank Financial Mgmt -Rs.300

JAIIB - All three papers Rs.300 (each)

Economics Mock Test - Rs.150

Book-Keeping Mock Test - Rs.150

Online Mock Tests

Promotion,CAIIB/JAIIB, log in
nstorBankingonline.com

IBPS Bank PO / Clerk Exam

Score High with Latest Study Kits

Anywhere Anytime Learning

E-Books CDs, Videos

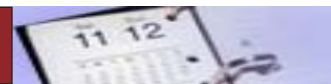
Contact

09814 331 661

01722665623

- IBBI SPEEDS PROCESS OF DEBTOR DEFAULT AUTHENTICATION:** Insolvency Regulator IBBI has taken a crucial step to hasten the process of authentication and verification of information of default by borrowers for bankruptcy cases. It has now strengthened the role of an information utility (IU) by allowing it to access the data of MCA-21 database and CERSAI portals to speed up the process of debtor default authentication.
- CBDT NOTIFIES NORMS FOR FACELESS IT ASSESSMENT:** In a big relief to taxpayers, the Government has set the ball rolling on faceless and paperless income tax proceedings with the notification of the income tax e-assessment scheme. Under the scheme, the national centre will send notices to Assessee explaining the issues for selection of their case for assessment and the assessee will have 15 days to respond. The centre will then allocate the case to an assessing officer using an automated system. All communication will be conducted electronically and an assessee or his representative will not have to be physically present. A personal hearing will be allowed in case a modification is proposed in the draft assessment order and an opportunity is provided to the assessee. Assessee would be allowed to make their submissions or present their case in any unit and the hearings will be conducted exclusively through video links or any other such facility.
- NPCI RATIONALISES MDR FOR RUPAY DEBIT CARD DEALS:** To boost the use of debit cards, the National Payments Corporation of India (NPCI) has rationalised the Merchant Discount Rate (MDR) for RuPay debit card transactions across Point-of-sale (POS), eCom, and Bharat QR code-based merchant transactions. The MDR has been revised to 0.60% for transactions above Rs.2000 with a maximum cap of Rs.150. This is, at present, capped at 0.90% for transactions above Rs.2000 with a higher cap of Rs.1000 per transaction. Additionally, for card-based QR transactions (Bharat QR) the MDR has also been reduced to 0.50% with a maximum cap of Rs.150 per transaction.

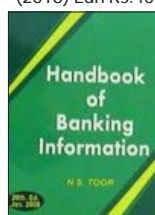
Financial Events



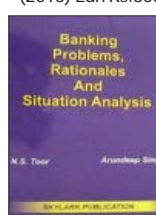
- 15TH FINNACE COMMISSION TO MAKE OWN JUDGEMENT ON GF:** NK Sing, Chairman of the 15th Finance Commission has said that the Commission is not obliged to go by the Government's "Growth Forecasts" (GF) and will arrive at its own independent judgement while finalising formula for devolution of funds to states by the Centre for 5 years commencing April 1 2020. The Commission is to submit its report to the Government by November 30. The Country's GDP Growth fell to an over six-year low of 5% in the first quarter of the fiscal. The Commission is not bound to accept the numbers on the nominal GDP as submitted to the Commission. The Commission is duty-bound under the Constitution to arrive at its own independent judgement.
- SUPREME COURT RULING ON LIMITATION PERIOD:** (Case-Vashdeo Bhojwani VS. Abhyudaya Co-operative Bank Ltd.) In this case the Supreme Court has ruled that a claim for payment under the Insolvency and Bankruptcy Code (IBC) should be made within 3 years of it becoming due. It set aside the rulings of the National Company Law Tribunal (NCLT) and the appellate tribunal in which the Tribunal maintained that debt is a continuing liability and it could not be time-barred.

**OUR
WIDELY
READ
BANKING
PROMOTION
BOOKS**

Most-used book
by bankers 47th
(2018) Edn Rs.400



Banking Problems
& Rationales 13th
(2016) Edn Rs.300



Practice Sets
Mock Tests 17th
Edn Rs.225



For Banking information in Hindi
11th Edn Rs.275



For all types of
bank interviews
11th Edn Rs.200



- **ECGC SCHEME UNDER EXPANDED SCHEME:** The expansion of the scheme offering higher insurance cover for export credit was announced by the Finance Minister. Cost of credit for exporters will go down significantly with foreign and rupee export credit interest rates likely to be below 4% and 8% respectively under the ECGC expanded export Credit Insurance Scheme. To facilitate banks, the Ministry has enhanced insurance cover for banks up to 90% for the working capital loans for both principal and interest and modernisation in premium incidence for the MSME Sector. For accounts with limits below Rs.80 Crore the premium rates will be moderated to 0.60% per annum and for those exceeding Rs.80 Crore it will be 0.72% p.a. for the same enhanced cover.
- **MICRO FINANCE INDUSTRY GETS CRL:** Microfinance Institutions Network (MFIN) and Sadhan, the RBI-recognised self-regulatory organisation and industry association for the microfinance industry along with FIDC have jointly released the “Code for Responsible Lending” (CRL) for the micro credit industry. The CRL is sector-specific and entity-agnostic. In addition to the CRL, a revised Industry Code of Conduct (COC) was also released for Microfinance Institutions (MFIs) that will act as a binding and compulsory set of principles with respect to lending practices. This is a significant self-regulatory step across all RBI-regulated entities and others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance.
- **GOVT. TO START ISSUING UIN FOR LAND HOLDINGS:** The Government will soon start issuing Unique Identity Number (UIN) for Landholdings as part of an exercise that is expected to bring transparency and end the issue of dubious land ownerships. Work has already been started on assigning a standardised unique land parcel number to each surveyed plot. The unique identity number will have details of state, district or zila, tehsil or taluka, block level and street information, wherever applicable and all relevant information about the plot including its size and ownership details. The unique identification number could subsequently be linked to the Aadhar and revenue court system.
- **NFRA ON AUDITORS OF PUBLIC SECTOR BANKS:** The National Financial Reporting Authority (NFRA) has made it clear that it has oversight powers on the auditors of public sector banks. There was a contention that PSBs do not fall within the definition of banking companies under the NFRA rules and therefore auditors of PSBs can not be subjected to regulatory oversight by NFRA. However, NFRA has now amended the rules to include even “new corresponding banks” (Basically all PSBs) within its scope. This would mean that NFRA has been empowered to monitor and enforce compliance with accounting standards and auditing standards; oversee the quality of service rendered by auditors in public sector banks and even undertake investigation of the auditors of the PSBs. NFRA will have sweeping powers to act against erring auditors and auditing firms.
- **CONTROL OF EPFO CORPUS TO BE WITH CENTRAL BODY:** The Labour Ministry has proposed to hand over control of the over Rs.10 Lakh Crore corpus of provident fund, pension and insurance schemes under the Employees Provident Fund Organisation (EPFO) to a Central body which will be headed by a Central Government-appointed Chairman. The Labour Minister will no longer be the Chairman of the Board, unlike the Central Board of Trustees of the EPFO. The Ministry has also proposed that the Government will create dedicated funds for all 3 schemes that will be administered by Central Board, thus undermining autonomy of these institutions.
- **FM ANNOUNCES TAX RELAXATION FOR INDIA INC:** The Union Finance Minister has announced tax relaxations for India INC. Corporate tax rate has been slashed at 22% if the corporate forego all exemptions. Effective tax rate will be 25.17% inclusive of cess and surcharge and there will be no minimum alternate tax. Businesses enjoying tax holidays currently are to continue paying tax at the old rate. They can opt for the new rate of 22% when the tax holidays expire. Further, local firms incorporated on or after October 1, are to pay tax at 15% if they forego

exemptions. These companies are required to begin production by March 31, 2023. Their effective tax rate will be 17.01% inclusive of cess and surcharge. FM also said that the enhanced surcharge on sale of securities including derivatives by FPIs stands scrapped. Moreover tax on buybacks of shares announced prior to July 5, 2019 also stands scrapped.

- **SUPREME COURT RULING ON SECURED ASSET:** (Case-Bajrang VS. Central Bank of India) In this case, there was a residential flat in Mumbai which was a secured asset. When the bank tried to take possession of it, invoking the SARFAESI Act, the tenant obtained a stay against the landlord who sought his eviction. The bank alleged that the landlord and tenant were in collusion to defeat its rights. The Bombay High Court gave judgement in favour of the bank. When the tenant appealed to the Supreme Court, the apex Court ruled that the tenant was overstaying and the right of the secured creditor was above that of the tenant.
- **SEBI EASES NORMS FOR REGISTRATION OF FPIs:** SEBI has issued a notification for easing the process for on-boarding overseas investors. The notification states that the foreign portfolio investors (FPIs) are no longer required to meet the broad-based criteria under which at least 20 investors were required to establish a fund. However, in order to ensure the money coming is clean, the FPI contributing a minimum of 25% or identified on the basis of control should not be part of the Sanctions List notified by the UN Security Council and also should reside in the country identified in the public statement of the Financial Action Task Force as delinquent countries.
- **SUPREME COURT RULING ON LOAN RECOVERY PROCESS:** The Supreme Court has settled differences among various high courts and declared that the chief judicial magistrate (CJM) is competent to assist the secured creditor to take possession of the asset in case of default under SARFAESI Act.
- **TRAINING TO UPGRADE SKILL UNDER MNREGA SCHEME:** Starting October, the Ministry of Rural Development would train labourers enrolled in Mahatma Gandhi National Rural

Employment Guarantee (MNREGA) Scheme to upgrade their skill and equip them with better employment opportunities. To ensure that these MNREGA workers attend the skill training programmes, the Ministry would make good the loss of daily livelihood of the family-to the tune of Rs.200-250 daily. The Ministry has tied up with Krishi Vigyan Kendras to train the MNREGA workers in preparation of organic manure and basic storage of crop produce.

- **SBI TO LEND NHAI WHICH OFFERS HIGHWAYS AS LOAN SECURITY:** The National Highway Authority of India (NHAI) is to raise money by keeping its assets as collateral. According to the terms of agreement, SBI will lend the NHAI 80% of the project cost and the rest of the money will be arranged by the Highways Authority itself. The loan would be repaid over at least 15 years. The money to repay the loan will be earned through toll revenue from securitised highways. The new method has been named as “Securitisation Model”. Only SBI has agreed-in-principle for securitisation model. More banks are expected to adopt it in future.
- **PSB FRAUD DETECTION EXCHANGE TO BE FORMED:** The idea to create the Exchange is the brainchild of three public sector banks-Bank of India, Bank of Baroda and

OUR CAIB & JAIB BOOKS

Bank Fin Mgmt
4th Edn Rs.200



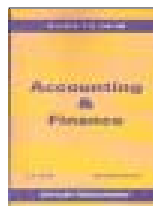
Adv Bank Mgmt
4th Edn Rs.175



Banking/General
Awareness



Accounting &
Finance 8th Edn
Rs.200



Legal Aspects of
Banking 8th Edn
Rs.200



Principles of
Banking 8th Edn
Rs.200



Allahabad Bank-which were entrusted by the Government to look into the rising of the number of frauds in the banking system. The banks have recommended to the Government forming a “Fraud Detection Exchange” with a 74% private partnership for sharing the data on a real-time basis. Banks would soon be able to seamlessly share data on frauds through a dedicated exchange just like credit reports if the proposal to form a specialised exchange gets the Government’s nod. According to RBI report, the banking sector reported 6801 frauds involving 71, 542.93 Crore in FY 2019 as against 5916 cases involving 41, 167.04 Crore in FY 2018.

- **GOVT. TOLD PSB CHIEFS TO REFORM BOARDS:** The Department of Financial Services has asked the heads of public sector banks to initiate the process of reforming their boards in line with the governance changes announced by the Union Finance Minister as part of the mega banking reform package. The banks may give the risk committee of its board a mandate to periodically review adherence to the risk appetite framework of the bank and to fix accountability in the event of breach of approved risk appetite. Banks have also been asked to form a risk management committee and to combine the nomination and remuneration committees. The management will be accountable towards the board of the PSBs by way of the board appraising the general manager and above ranks including the managing director.
- **SEBI GUIDELINES ON UNPAID SHARES:** Small and mid-cap stocks worth thousands of Crores of rupees which are lying with the brokers because clients have not fully paid to purchase them, could come for sale in the market due to recent SEBI’s circular. As per guidelines, with effect from October 1, brokers will not be able to keep unpaid shares in various accounts or even pledge them. Data collected by brokers show that the value of pledged shares stand at around Rs.1 Lakh Crore and these are part of the non-promoter and retail segment. Brokers

have made representation to the SEBI for deadline extension by a few months since the circular may otherwise will lead to heavy selling.

- **FINMIN ALLOWS PSBs TO CREATE POST OF CGM:** The Finance Ministry has allowed the Public Sector Banks (PSBs) to create posts of Chief General Managers (CGM) as per their business needs. CGM posts can be created in banks that have a total business of Rs.10 Lakh Crore or higher. Such CGMs will act as an administrative and functional layer between the existing levels of General Manager and Executive Director. The number of CGM posts created should not exceed the ratio of 1:4 between the total number of posts of CGM and GM. For the posts of CGM, the qualifying PSBs have been allowed to consider GMs with a minimum of two years of experience. However this norm may be relaxed up to 50% with the approval of the Bank’s Board.
- **BSE STARTUPS PLATFORM TO RAISE CAPITAL:** The BSE has launched its start-up listing platform in December 2018 to facilitate funding for deserving start-ups by enabling them to raise capital from the market. For listing on the BSE start-up platform, the start-up should be registered with MSME/DIPP or have a minimum paid up capital of Rs.1 Crore. The company should have been operational for a minimum of two years before the date of filing; it should have a positive net worth among other financial criteria. The post-issue paid up capital of the company (Face value) shall not be more than Rs.25 Crore. The BSE had become the first stock exchange to get the approval from SEBI and launch its start-ups platform in December 2018. Now Alphalogic Techsys and Transpact Enterprises have become the First Companies to get listed.
- **GOVT. LAUNCHES UPDATED TECH SCHEME FOR MSMEs:** Govt.has launched the updated Credit Linked Capital Subsidy Scheme (CLCSS) to allow MSME access to capital. The Scheme provides an upfront subsidy of 15% on institutional credit up to Rs.1 Crore for MSMEs in the specified 51 sub-sectors. In the re-launched scheme, there is an additional 10% subsidy for SC/ST entrepreneurs while special provisions have been made for 117 aspirational districts, hill states and the northern region.

GENERAL AWARENESS

- Air Marshal Rakesh Kumar Singh Bhadauria has been appointed as-Chief of Air Staff.
- The Indian Institute of Technology Bombay leads India representation with a 111-120 Band Ranking in - QS Graduate Employability Rankings 2020.
- EPF interest has been approved by the Government at 8.65% for 2018-19 against 8.55% last approved for 2017-18.
- For First Time in History, as per decision taken by Supreme Court, Single Judge is to decide-Bail and Anticipatory Bail Cases.
- Madhukar Kamath, Chairman of Mudra Group and Mentor of Interbrand India has been elected as- Chairman of Audit Bureau of Circulations for 2019-20.
- 178-Year Old Debt-plagued Group of UK which became bankrupt and collapsed after leaving 6 Lakh holidaymakers stranded and sparked the UK's Biggest repatriation since World war-II- *Thomas Cook*.
- Bank which is to link all Floating Rate Loans to Repo Rate from October 1- *SBI*.
- Amitabh Bachchan who entertained and inspired for 2 generations has been selected unanimously for - *Dada Sahab Phalke Award*.
- Indian Company which has been rated 3rd Best Regarded Company Globally- *Infosys*.
- List, according to which Mukesh Ambani, Chairman of Reliance Industries Ltd. has topped the list of Richest Indians with Rs.3.8 Lakh Cr Net Worth- *Wealth Hurun India Rich List 2019*.
- Bank whose withdrawal limit has been raised by RBI from Rs.1000 to Rs.10, 000- *Punjab and Maharashtra Cooperative Bank (PMC Bank)*
- India has advanced four places to 44th position globally - *Digital Competitiveness Rankings Index*.
- Network which unveiled an online refund process- *GST Network*.
- Payment Bank which got in-principle approval from RBI in August 2015, to start operations shortly- *NSDL Payments Bank*.
- CBDT clarified that "Person for Income Tax e-Assessment will not be eligible" without- *e-Filing Account or PAN*.
- Sanjiv Mehta, MD of Hindustan Unilever has got ET Award and declared-Business Leader of the Year.
- Borrowings which grew over two-fold to \$4.98 billion in July over the same month a year ago- *India Inc's Foreign Borrowings*.
- Currently 4 Banks, which are under Prompt Corrective Action (PCA) Framework, may come out from the Framework with the induction of capital funds by the Government- *IOB, CBI,*

OUR USEFUL BOOKS FOR BANKERS

Hanbdook of Banking Information - 2018, 46th Edition by N S Toor	Rs. 400
Bank Credit Management (2017) edition by N S Toor	Rs. 300
Banking Problems / Rationals and Situation Analysis (2017) N S Toor & Arundeeep Toor	Rs. 300
Model Test Papers for Bank Promotion (2018) N S Toor	Rs. 225
Analysis of Balance Sheet (2017) N S Toor	Rs. 175
How to Face Bank Interviews? (2018) N S Toor	Rs. 200
Bhartiya Banking (Hindi) (2017) N S Toor	Rs. 275
Model Papers in Hindi N S Toor	Rs. 150
Banking Rationals and Problems (Hindi) N S Toor	Rs. 125
JAIB Objective Type (all books by N S Toor and Arundeeep Toor):	
• Principles of Banking	Rs. 200
• Accounting and Finance for bankers	Rs. 200
• Legal Aspects of Banking	Rs. 200
CAIIB Objective Type (all books by N S Toor and Arundeeep Toor):	
• Adv Bank Management	Rs. 175
• Bank Fin Management.	Rs. 200
IBPS Bank PO/Clerk	
• Study Kits	Rs. 3000
• Banking & Financial GK	Rs. 400
• E-Books	Rs. 1500
• E-Learning through Video - DVDs covering reasoning ability, quantitative aptitude, English language, computers awareness, Banking & general awareness	Rs. 3000

To order these books, please call 0172-2665623 (10 am to 6 pm) on any working day. OR

Call Skylark Publications, New Delhi (Ph 011 23361966)

UCO and United Bank of India.

- As per CBDT notification, PAN to be generated automatically, if Taxpayer uses- *Aadhar for filing IT Returns.*
- National Body of Automobile Retailers in India in which Ashish Harsharaj Kale has been re-elected as President- *Federation of Automobile Dealers Associations.*
- Index in which India has moved up six places to rank 34th – *World Travel and Tourism Competitiveness Index.*
- Bank which has launched a DigiSmart Credit Card that is focused on millennials - *Standard Chartered Bank.*
- Rating Agency which has upgraded the outlook for Punjab National Bank to “Positive” from “Stable”- *Moody's.*
- To examine the need for an Institutional Framework for Regulation and Development Valuation Professionals, the Govt. constituted a Committee which is to be headed by- *IBBI Chairman MS Sahoo.*
- Index in which Vienna has been named the “World’s Most Pleasant City”- *Global Liveability Index.*
- Country to which India has extended \$1 billion Line of Credit which is “Unprecedented”- *Russia.*
- Bank which has extended Rs.6000 Crore Loan to Andhra Pradesh Government for undertaking social infrastructure projects in the state- *New Development Bank formed by BRICS Nations.*
- Country which has injected \$126 billion into its slowing Economy- *China.*
- There are “Eight Maharatna” and “Sixteen Navratnas” in the country- (CPSCs) *Central Public Sector Enterprises.*
- Small Finance Bank which has been barred by RBI from opening new branches for failing to meet the deadline for getting its shares listed- *Equitas Small Finance Bank.*
- Country, which for First time since 1995 has been downgraded by Fitch as Recent Political Turmoil raises doubts about its Governance- *Hong Kong.*
- South Mumbai’s Tardeo has been- *Country’s Costliest Residential Location.*
- Rating Agency which has revised its outlook for NBFCs to “Negative” from “Stable” and also cut its Growth Forecast to 10-12% from 15%- *India Ratings.*
- NDTV India’s Senior Executive Director “Ravish Kumar” has received- *Magsaysay Award.*
- Countries which have inaugurated the First-ever cross border petroleum pipeline in South Asia to help the landlocked Himalayan Nation- *India and Nepal.*
- Govt. holding has shot up in Public Sector Banks over the last five years from 60-70% to over 90%.
- Country which has scrapped Foreign Investment Limit in Stock and Bond Markets almost 20 years after it first allowed access- *China.*
- Rankings according to which “No Indian University has come in Top 300 in the World”- *Times Higher Education World University Rankings 2020.*
- Digital Transactions increased from 1013 Cr on 2016-17 to 3134 Cr in 2018-19.
- Bank which has been penalised with a fine of Rs.12 Lakh by SEBI for Disclosure Lapses- *ICICI Bank.*
- Bank which has cut its deposit rates to a record low -0.5% from -0.4%- *European Central Bank (ECB)*
- Gujarat State has retained the Top Slot in the Country- *Logistics Performance Index.*
- Bank which will provided Rs.3000 Crore funds to finance mini and mega Food Parks across the Country- *World Bank.*
- India’s First Cricket World Cup Winning Skipper Kapil Dev has been made- *Chancellor of Haryana Sports University, Sonapat-*
- Rating Agency which has assigned “Stable to Negative” Outlook to Power Sector- *India Ratings & Research.*
- Maharashtra Government has decided to set up at Wardha to mark Mahatma Gandhi’s 150th Anniversary- *Swachh Bharat World University.*
- Ordinance has been cleared by Union Cabinet to- *Ban E-Cigarettes in the Country.*
- Report according to which Hyderabad International Airport Passenger Growth has been “3rd Highest Globally”- *World Airport Traffic Report.*



MOCK-TEST PAPER

Questions on RBI Policy

- 01** In case of a failed ATM transactions (a/c debited but cash not dispensed), the turn-around time (restoration of amount) fixed by RBI w.e.f. 1.10.19, is:
- 7 calendar days
 - 7 working days
 - T + 7 days
 - T + 5 days
- 02** The turn-around time in respect of failed e-transaction does not match in which of the following:
- card to card transfer = T + 1 day
 - Point of sale (card present) = T + 5 days
 - IMPS = T + 5 days
 - UPI = T + 1 day
- 03** In which of the following failed e-transactions, the turn-around time is not T + 5 days
- National Automated clearing house
 - Point of sale
 - UPI – Merchant transaction
 - Aadhaar Enabled Payment
- 04** A 'failed transaction' is a transaction which has not been fully completed due to any reason not attributable to the customer. This does not include, which of the following?
- failure in communication links
 - non-availability of cash in an ATM
 - time-out of sessions
 - all the above
- 05** Incremental export credit over corresponding date of the preceding year can be included in priority sector lending classification, where the export credit to an individual borrower is up to Rs. ___ ?
- Rs.50 cr
 - Rs.40 cr
 - Rs.25 cr
 - Rs.10 cr
- 06** Incremental export credit over corresponding date of the preceding year can be included in priority sector loans in case of eligible exporters. The total such amount on aggregate basis can be upto ___ per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher?
- 2%
 - 1.5%
 - 1%
 - 0.5%
- 07** Generally, tenure of external concurrent auditors with a bank shall not be more than ___ years on continuous basis
- 7 years
 - 5 years
 - 3 years
 - 2 years
- 08** No concurrent auditor shall be allowed to continue with a branch/business unit for a period of more than ___ years.
- 7 years
 - 5 years
 - 3 years
 - 2 years
- 09** The system-wide average of the last 3 years achievement of priority sector targets with regard to overall direct lending to non-corporate farmers is notified by RBI every year. The applicable system wide average figure for computing achievement under priority sector lending for the FY 2019-20 is ____.
- 11.34%
 - 11.79%
 - 12.11%
 - 12.97%
- 10** Effect from April 1, 2019, a bank's exposure to a single NBFC is restricted to ___ per cent of its Tier I capital:
- 10%
 - 15%
 - 20%
 - 25%
- 11** Consumer credit, including personal loans but excluding credit card receivables attracts a risk weight of ___ per cent for capital adequacy purpose?
- 50%
 - 75%
 - 100%
 - 125%
- 12** Agency banks are required to spread disbursement of pension over the last ___ of the month, except for the month of March:
- last 4 working days
 - last 3 working days
 - last 2 working days
 - last 2 calendar days
- 13** Agency banks are required to credit the pension for the month of March on:
- 31st Mar
 - 1st April
 - 1st working day of April
 - 1st week of April
- 14** Bank branches are required to have structured interaction with a cross section of pensioners serviced at the branch on quarterly basis, where the number of pensioners of all governments and departments exceeds a fixed number, say:
- 1000 or 2000
 - 500 or 1000
 - 200 or 500

Disclaimer : We have taken every care to provide information, we believe to be accurate and reliable and do not assume responsibility of any kind nor shall be liable for losses & consequence arising from use thereof. Since this information is based on the published reports mostly, correctness or otherwise thereof may be verified by the user with the original sources, in advance.*Editor*



We strongly believe that the subscribers are the best consultants, we have. Based on their feed back, we keep on redesigning and restructuring this publication. Kindly send your suggestions and views.

d 100 or 200

Recalled Questions

15 Mr N issued cheque for Rs 8000/- and left some blank space after the amount in words and figures and gave it to his clerk. His clerk added one zero after amount written in figures and Y in the amount written in words, making it as eighty and 80000/-. The account is debited for 80000/-. Who is responsible?

- a there is material alteration and bank is negligent. Hence bank liable.
- b there is forgery due to which the bank is liable
- c customer is negligent in writing the cheque due to which the alteration has taken place, hence customer is liable for the loss.
- d since bank has paid the amount of an altered cheque and customer was negligent, the loss to be borne by both of them equally.

16 A loan of Rs.4 lac was sanctioned during April 2015 and it started showing irregularity in the month of Oct 2015. This account will be classified as ____ as on Mar 31, 2018:

- a special mention account
- b sub-standard account
- c doubtful up to one year
- d doubtful above 1 year but up to 3 year

17 Corporate Bank had opened a saving bank account in the name of Mr. Subramanian and Murlidhar operated as 'former or survivor'. The wife of Mr. Subramanian, who is nominee in the account comes to your branch and informs you that Mr. Subramanian has expired a month back. She also hands over the death certificate and requests for payment of the balance.

- a the payment to the nominee will be made on proper identification

as she is also having the death certificate.

- b the payment will be made to the wife of deceased being legal heir of the former.
- c the payment will not be made as with the death of the former, nomination has been cancelled.
- d the payment will not be made as with the death of the former, survivor gets the authority to operate the account and nominee comes in to picture only when none of the account holders is available

18 Prepaid Payment Instrument (PPI) for Mass Transit Systems (PPI-MTS) issued may be reloadable in nature and at no point of time the value / balance in PPI can exceed the limit of ____:

- a Rs.1000
- b Rs.2500
- c Rs.2000
- d Rs.10000

19 For service oriented micro enterprises, the investment ceiling in equipment excluding land and building is:

- a Rs.20 lac
- b Rs.3 lac
- c Rs.5 lac
- d Rs.10 lac

20 As per provisions of which of the following, the nominated bank gets a period of ____ days to verify the documents drawn under a documentary credit:

- a RBI guidelines, 7 banking days
- b FEDAI rules, 5 banking days
- c UCPDC, 5 calendar days
- d none of these is correct

21 As per Section 20-A of Banking Regulation Act, the loans in the name of bank directors can be remitted (written off) with permission of which of the following:

- a Management Committee within

the bank

- b Board of Directors of the bank
- c Reserve Bank of India
- d cannot be written off

22 A business firm has been sanctioned working capital limits of Rs.6 lac at 25% margin by the bank and book debt limit of Rs.4 lac at 50% margin. What will be total margin requirement to avail the limit fully

- a 4 lac
- b 5 lac
- c 6 lac
- d 6.5 lac
- e 8 lac

23 What is the maximum time available to a customer for lodging complaint to Ombudsman:

- a 1 month from date of complaint made to bank and no reply received
- b 1 month from date of complaint, reply received but customer not satisfied
- c 1 year from date of receipt of reply from the bank but customer is not satisfied
- d 1 year from date of lodgement of complaint with the bank + 1 month, where reply has not been received.

e c or d

24 CGTMSE amount of guarantee cover for a balance of Rs. 80 lakhs in case of an eligible normal MSE borrower in other than NE states, will be:

- a Rs.55 lac
- b Rs.60.00 lac
- c Rs.37.50 lac
- d Rs.52.50 lac

25 Ravi your customer of a saving bank account is approached by a person called Ram to give an introduction to enable him to open a saving bank account with your branch to which he agrees. Subsequently it is proved that Ravi gave introduction though he really did not know much about

- Ram. In such situation:
- Bank can hold Ravi responsible as he carelessly gave the introduction
 - Bank cannot hold Ravi responsible as Ravi has not violated introduction rules
 - Bank can recover 50% of amount from Ravi
 - any of the above
- 26** For which of the following category of loans the risk weightage for Capital Adequacy ratio purpose is 125%:
- exposure to capital market
 - exposure to real estate
 - loans to strategically important non-deposit taking NBFCs
 - exposure to NPA account in housing finance loans
- 27** If director of another bank requires a loan of Rs.____, the loan can be sanctioned by Board of Directors or Management Committee:
- up to Rs.10 lac
 - Rs.25 lac and above
 - less than Rs.25 lac
 - up to Rs.50 lac
- 28** In a public limited company, maximum and minimum no. of share-holders is:
- 50 and 10
 - No limit and 7
 - 100 and 2
 - 1000 and 100
 - any number at the discretion of the company
- 29** A uniform margin of _____ is to be applied on all advances / financing of IPOs / issue of guarantees on behalf of share and stockbrokers or on behalf of commodity brokers in favour of commodity exchanges viz. National Commodity & Derivatives Exchange (NCDEX), Multi Commodity Exchange of India Ltd. (MCX) and National Multi Commodity Exchange of India Ltd. (NMCEIL):
- 50%
 - 40%
 - 30%
 - 25%
- 30** Risk Weightage on Consumer Credit/Credit Cards, for capital adequacy ratio purpose is:
- 75%
 - 100%
 - 125%
 - 150%
- 31** In a partnership firm, the no. of partners cannot go beyond 100 depending upon the nature of business. The provision regarding this maximum no. of partners is mentioned in:
- Indian Partnership Act 1932
 - Indian Contract Act 1972
 - Companies Act 2013
 - Banking Regulation Act 1949
- 32** A kite flying transaction represents which of the following:
- when overdraft is allowed by a bank to a firm
 - when additional loan is allowed by a bank to a firm to cover the amount of irregularity in the account
 - when a bill is drawn without consideration by seller of goods on buyer of good.
 - when loan is allowed for low amount transaction
- 33** Financial literacy centres are eligible for funding support of maximum Rs. ____ per financial literacy camps?
- Rs.10000
 - Rs.15000
 - Rs.20000
 - Rs.25000
- 34** When a loan is given by a bank on the security of railway receipt (RR) or goods receipt (GR) issued by a transport company, which type of charge is created
- pledge
 - lien
 - hypothecation
 - assignment
- 35** What is the effect of not negotiable crossing:
- The collecting banker should confirm about the genuineness of holder before collection of his cheque
 - The not negotiable cheque cannot be further negotiated.
 - Collection of not negotiable cheque will not get protection under NI Act
 - A transferee cannot get better title than a transferor and he also cannot transfer a better title than he possesses.
- 36** The cause of action has arisen on Jan 22, 2017 under Consumer Protection Act. In this case, the suit can be filed by which of the following dates:
- Feb 21, 2017
 - Jan 21, 2018
 - Jan 21, 2019
 - Jan 22, 2020
- 37** A fake Demand Draft has been paid. The reporting to RBI for this will be made by:
- the branch that appears to have issued the DD
 - the branch /bank that has presented the DD for collection
 - the branch that has paid the DD
 - RBI shall decide as to who is to report
- 38** Against which of the following securities, the banks cannot grant loans:
- shares of approved companies
 - mutual fund units
 - debentures of companies
 - certificate of deposit issued by banks

Answers				
01 d	02 c	03 a	04 d	05 b
06 a	07 b	08 c	09 c	10 b
11 c	12 a	13 c	14 d	15 c
16 c	17 d	18 c	19 d	20 d
21 c	22 c	23 e	24 b	25 b
26 a	27 b	28 b	29 a	30 c
31 c	32 c	33 b	34 a	35 d
36 c	37 c	38 d		

Concurrent Audit System - Revised RBI directions

Concurrent audit aims at shortening the interval between a transaction and its independent examination. It is regarded as part of a bank's early warning system to ensure timely detection of serious errors which helps in averting fraudulent transactions and preventive vigilance in banks.

Based on recommendations of Expert Committee (headed by Shri Y H Malegam) RBI reviewed and the revised guidelines (18.09.19) as under:

A. Coverage

1. Can be decided by Head of Internal Audit of banks, with prior approval of Audit Committee of Board (ACB) of the bank.
2. Minimum areas of coverage are given in [Annex](#).

B. Appointment of Auditors

1. Concurrent audit can be done by bank's own staff or external auditors (including retired staff of that bank).
2. If any partner of a CA firm is a Director on bank Board, no partner of the firm should be appointed as concurrent auditor in the same bank.

C. Accountability

1. In case of external firms if any serious acts are noticed in their working, appointments may be cancelled after giving them reasonable time .
2. Bank should frame a policy for fixing accountability noticed in working of bank's own staff or retired staff, working as concurrent auditors.

D. Tenure

ACB/ LMC of the bank can decide the maximum tenure of external concurrent auditors with the bank. Generally, tenure of external concurrent auditors with a bank shall not be more than 5 years on continuous basis. The age limit for retired staff engaged as concurrent auditors may be capped at 70 years. No concurrent auditor shall be allowed to continue with a branch/business unit for a period of more than 3 years.

Annex - Minimum areas of coverage under Concurrent Audit

1. Cash transactions including physical verification of cash, etc.
2. Loans & Advances including physical verification of securities, delegation of Powers for sanction, Security Charge Creation, end use verification of funds, monitoring of accounts with excess drawings.
3. Adherence to KYC / AML guidelines including monitoring of transactions in accounts, FATCA and CRS, monitoring of transactions in new accounts/ staff accounts, reporting of CTR/STR, etc.
4. Remittances/ Bills for Collection including SWIFT transactions, monitoring of overdue statements.
5. House Keeping including reconciliation of accounts, monitoring of General Ledger/Subsidiary General Ledger/Parking Accounts etc.
6. Treasury operations.
7. Non fund based business.
8. Foreign Exchange transactions.
9. Clearing transactions.
10. Verification of Merchant Banking Business.
11. Verification of Credit Card / Debit card business.
12. Conduct of employees, mis-selling of products, etc.
13. Compliance to RBI guidelines and internal Policy guidelines issued from time to time.

DATA COLUMN

Business of Banks

(Rs.in cr)	Mar31'18	Sep13-19
Aggregate deposits	10805150	12722830
Cash in hand/RBI	570490	604316
Investments	3043660	3605284
Bank Credit:	7881890	9701160
-Food	53930	64736
-Non-Food	7827960	9636424
Cash-Deposit Ratio	5.27	4.63
Investment-Deposit	28.14	28.03
Credit-Deposit	72.95	76.91

Money Stock

(Rs.in cr)	Mar31'19	Sep13-19
M3 (Out of which)	15430870	15648476
(a) Currency with public	2052230	2108258
(b) Demand deposits-Banks	1626310	1428383
(c) Time Deposits - Banks	11720590	12081271
(d) Other deposits with RBI	31740	30564

Sources of Money Supply

(a) Net Bank credit to Govt	4387790	4769366
(b) Bank credit to Comrcr sectr	10380180	10315486
(c) Net Forex assets of Banks	2977860	3254183

Important Banking Indicators

Statutory Liquidity Ratio	18.50%	(12.10.2019)
Cash Reserve Ratio	04.00%	(15.02.2013)
Overnight LAF (of NDTL)	0.25%	
14days term Repo(of NDTL)	0.75%	
Reverse Repo Rate	04.90%	(04.10.2019)
Repo Rate	05.15%	(04.10.2019)
MSF Rate	05.40%	(04.10.2019)
Bank Rate	05.40%	(04.10.2019)

Small Savings Interest Rates

PPF	7.9%	(01.07.2019)
5-year NSC	7.9%	(01.07.2019)
Sukanya Smridhi	8.4%	(01.07.2019)
Senior Citizen Saving	8.6%	(01.07.2019)

Capital & Money Market Indicators

Parameter	end-Sep18	end-Sep19
Dollar-spot TT (Rs.)	73.89	70.75
BSE - Sensex (points)	34377	37673
NSE - Nifty(S&P CNX)	10316	11175
Foreign reserves (Million \$)	400525	433594
Gold /Oz in USD)	1198	1521

INDIAN ECONOMY-IMPORTANT PARAMETERS

RBI's growth estimate for FY 2019-20	: 7.2%
GDP@constant mkt prices (cr) 2018-19	: 14077586
GVA@2011-12 basic prices (cr) 2018-19	: 12906936
GDP projected by Govt. for 2019-20	: 21007439
Fiscal Deficit Target (2019-20) 3.4% of GDP	: 703999 cr
Revenue Deficit Target (2019-20) 2.2% of GDP	: 470214 cr
Wholesale Price Index	: 3.2%
Money Supply (M3) expansion - YoY	: 10.3%
Exports during 2018-19	: 331.0 bn
Imports during (2018-19)	: 507.06 Bn
Export target - 2017-18 (in \$)	: 310 bn
India's share in world merchandise export	: 1.70%
India's currency rating (S&P)	: BB Postv
India's external debt (Mar 2019) US \$: 543.0 Bn
Tax-GDP ratio (2018-19)	: 12.1%
Apr- Jul19:Export \$ 107.4 bn Imports	: 166.8 bn
Per capita Income 2018-19 (Rs.)	: 126406
Indian economy's ranking in PPP terms	: 3rd
Indian economy's ranking in world in value:	: 7th

OUR PUBLICATIONS : REFER PAGE 9,11

DATE OF DESPATCH - Oct 10, 2019