

22nd Year of Publication

Registration RNI No.67802/98

Volume - XXII No.11 : November 2019

Contents of this Issue

BANKING POLICY : 2 & 3

- Lending by banks to InvITs
- Expanding Digital Payment Ecosystem
- Central Information- Bkg infra

BANKING FEATURES : 4-6, 16

- DICGC
- Sovereign Gold Bond Scheme
- On-tap authorization - Payment Sys

DIARY OF EVENTS : Oct-2019: 7

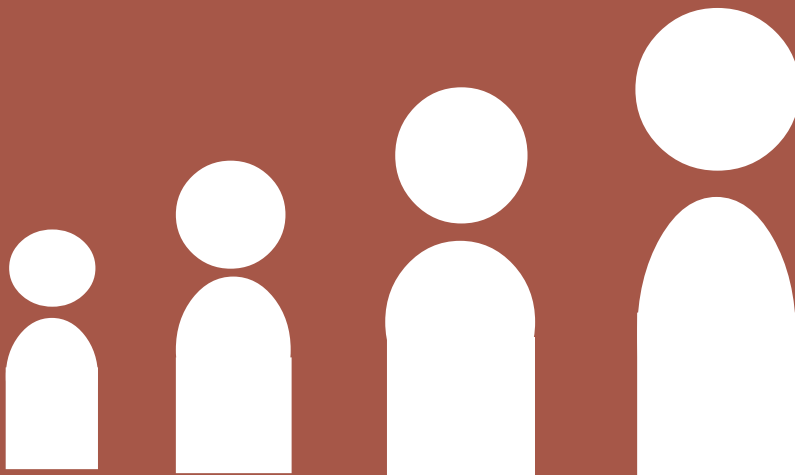
- Policy, Economy
- Banking Developments
- Capital Markets & Insurance

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****Lending by banks to InvITs**

As per RBI circular dated 18.04.17, banks can invest in units of InvITs subject to the specified conditions.

Banks and other stakeholders have been seeking clarity on provision of credit facilities to InvITs. RBI examined and decided (14.10.19) that banks can lend to InvITs subject to the following conditions:

- i) Banks shall put in place a Board approved policy on exposures to InvITs which shall inter alia cover the appraisal mechanism, sanctioning conditions, internal limits, monitoring mechanism, etc.
- ii) Without prejudice to generality, banks shall undertake assessment of all critical parameters including sufficiency of cash flows at InvIT level to ensure timely debt servicing. The overall leverage of the InvITs and the underlying SPVs put together shall be within the permissible leverage as per the Board approved policy of the banks. Banks shall also monitor performance of the underlying SPVs on an ongoing basis as ability of the InvITs to meet their debt obligation will largely depend on the performance of these SPVs. As InvITs are trusts, banks should keep in mind the legal provisions in respect of these entities especially those regarding enforcement of security.
- iii) Banks shall lend to only those InvITs where none of the underlying SPVs, which have existing bank loans, is facing 'financial difficulty'.
- iv) Bank finance to InvITs for acquiring equity of other entities shall be subject to the conditions.
- v) The Audit Committee of the Board of banks shall review the compliance to the above conditions on a half yearly basis.

Expanding and Deepening of Digital Payments Ecosystem

With a view to expanding and deepening the digital payments ecosystem, RBI decided (07.10.19) that all State/ UT Level Bankers Committees (SLBCs/ UTLBCs) shall identify one district in their respective States/ UTs on a pilot basis in consultation with banks and stakeholders. The identified district shall be allotted to a bank having significant footprint which will endeavour to make the district 100% digitally enabled within one year, in order to enable every individual in the district to make/ receive payments digitally in a safe, secure, quick, affordable and convenient manner. This would, inter alia, include providing the necessary infrastructure and literacy to handle such transactions.

SLBCs/ UTLBCs shall endeavour to ensure that to the extent possible, districts identified are converged with the 'Transformation of Aspirational Districts' programme of the Government of India. The allotment of the identified district to a bank should be done, as far as possible, through mutual consultation and voluntary acceptance by the bank.

Further, SLBC/ UTLBC Convenor Banks are to monitor the progress made in this regard on a quarterly basis and report the

same to concerned Regional Offices/ Sub-Offices of the Reserve Bank of India.

Bank / Branch details under the Central Information System for Banking Infrastructure (CISBI)

RBI maintains the directory of all bank branches / offices / Non-Administratively Independent Offices (NAIOs) / Customer Service Points (CSPs) in India, [known as the "Master Office File" (MOF) system], which is updated based on Proforma-I and Proforma-II, submitted by banks through e-mail. The system allots Basic Statistical Return (BSR) code / Authorised Dealer (AD) code to bank branches / offices / NAIOs / CSPs.

Consistent with the needs of branch licencing and financial inclusion policies as well as the need for requisite coverage of additional dimensions / features, a new reporting system, viz., Central Information System for Banking Infrastructure (CISBI) (<https://cisbi.rbi.org.in>), has been web-deployed by RBI (11.10.19) to replace the legacy MOF system.

Under the new system, all co-operative banks are required to submit their information in a single Proforma online on CISBI portal, as compared with the earlier system of submitting Proforma-I & Proforma-II separately through e-mail. All the past information reported by banks has been migrated to CISBI and additional information should be reported in CISBI henceforth. The CISBI portal contains the relevant circulars, user manuals and other relevant documents to facilitate reporting.

RBI has provided login credentials to Nodal Officers of banks for submitting their information in CISBI. Banks should submit information on CISBI portal as per guidelines and thereafter bank branch / office / NAIO / CSP codes would be allotted by CISBI after due validations. In case of status change, banks need to edit only the relevant part. All co-operative banks should submit immediately and in any case not later than one week, the information relating to opening, closure, merger, shifting and conversion of bank branches / offices / NAIOs / CSPs online

through CISBI portal.

To ensure correctness of data on CISBI, in the last week of every month, banks shall generate a 'NIL Report' in CISBI for position as on last day of the previous month, indicating the total number of functioning branches, offices, NAIOs, CSPs; and submit it through CISBI after authenticating its correctness. Banks can also use the facility to access / download the data related to them.

RBI further advised that CISBI also has provision to maintain complete bank level details (e.g. bank category, bank-group, bank code, type of license issued, registration details, area of operation, addresses of offices, contact details of senior officials, etc.) and history of all the changes with time stamp. After gaining first time access of the system, banks shall ensure to submit correct and updated Bank Level information in all the fields where submission / updation rights are available with the bank. After initial submission of information on CISBI portal, a one-time confirmation stating that "Correct and updated Bank level information has been submitted on CISBI" shall be sent by banks to the concerned Regional Office of Department of Co-operative Bank Supervision within one month of issuance of this circular. Any subsequent changes in the bank level information shall be submitted for updation on the CISBI portal on immediate basis by the banks.

Wholesale Price Index (WPI)

WPI measures the average change of the price of a fixed set of goods at first point of bulk sale in a commercial transaction in the domestic market over a given period of time. The monthly WPI presented in the table are compiled and published by the Office of the Economic Adviser, under the Ministry of Commerce and Industry, Govt. of India.

The current WPI series (Base 2011-12 = 100) has 697 items in the commodity basket, for which 8,331 price quotations are obtained. All items having large transactions in the economy are considered for compilation of the index to the extent feasible. Thus the series has a representative basket of commodities as well as their varieties/grades and markets. These items are aggregated at sub-group/group/major group/all commodities index.

The first release of monthly WPI is generally after two weeks at the month-end, which is 'provisional' in nature because some price quotations are received belatedly. The 'final' index is released a month after the provisional index, as by that time almost all the required price quotations become available.

The index numbers are compiled on the basis of Laspeyres' formula as weighted average of price relatives.

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:

- subject-wise basic study material,
- assignment to improve retention
- objective type practice exercise
- recalled questions
- 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:

- subject-wise basic study material,
- objective type practice exercise
- 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

Deposit Insurance and Credit Guarantee Corporation (DICGC)

The functions of DICGC are governed by “The Deposit Insurance and Credit Guarantee Corporation Act, 1961” (DICGC Act) and “The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961” framed by RBI. The credit guarantee scheme was discontinued in April 2003 and deposit insurance remains the principal function of the Corporation.

The Deposit Insurance Act, 1961 came into force on January 1, 1962 after the failure of the Palai Central Bank Ltd. and Laxmi Bank Ltd. in 1960. The Scheme was initially extended to all functioning commercial banks and later on extended to co-operative banks.

The functions of 2 organisations, viz. the Deposit Insurance Corporation (DIC) and Credit Guarantee Corporation of India Ltd., were merged and the DICGC came into existence on July 15, 1978. The Deposit Insurance Act, 1961 was thoroughly amended and it was renamed as ‘The Deposit Insurance and Credit Guarantee Corporation Act, 1961’.

Eligible institutions:

(i) All **commercial banks** including Indian branches of foreign banks, Local Area Banks, Regional Rural Banks, Small Finance Banks and Payment Banks.

(ii) All eligible **co-operative banks** i.e. State, Central and Primary co-operative banks functioning in the States/ Union Territories (UTs), which amended their Co-operative Societies Act empowering RBI to order the Registrar of Cooperative Societies of the respective States/ UTs to wind up a co-operative bank.

Registration:

All eligible banks are required under DICGC Act, 1961 to be registered by the Corporation. DICGC can register a primary credit society becoming a primary co-operative bank.

Insurance coverage

The insurance cover was originally limited to Rs.1,500 only per depositor for deposits held by him in “the same capacity and in the same right” at all the branches of a bank taken together. Later on, insurance limit was enhanced as under:

January 1, 1968 Rs.5000/-

April 1, 1970 Rs.10,000/-

January 1, 1976 Rs.20,000/-

July 1, 1980 Rs.30,000/-

May 1, 1993 Rs.1,00,000/-

Eligible deposits:

DICGC insures all bank deposits, such as savings, fixed, current, recurring, *etc.* except the deposits in the name of :

- (i) foreign governments;
- (ii) Central/ State Governments;
- (iii) State Land Development Banks with the State co-operative banks;
- (iv) inter-bank deposits;
- (v) deposits received outside India, and
- (vi) deposits specifically exempted by the Corporation with the prior approval of RBI.

Insurance Premium

DICGC collects insurance premia from insured banks which is computed on the basis of *their assessable deposits*. Insured banks pay advance insurance premia semi-annually within two months from the beginning of each financial half year, based on their deposits as at the end of previous half year. The premium paid by the insured banks is required to be borne by the banks themselves and is not passed on to the depositors. For delay in payment of premium, an insured bank is liable to pay interest at the rate of 8% above the Bank Rate on the default amount from the beginning of the relevant half-year till the date of payment. The premium rates have been raised over the years as under:

1-01-1962 Rs.0.05

1-10-1971 Rs.0.04

1-07-1993 Rs.0.05

1-04-2004 Rs.0.08

1-04-2005 Rs.0.10

Cancellation of registration:

Under the DICGC Act, DICGC can cancel the registration of an insured bank if it fails to pay the premium for 3 consecutive half-year periods. It may restore the registration if the deregistered bank makes a request, paying all the dues in default including interest, provided the bank is otherwise eligible to be registered as an insured bank.

Supervision and inspection of insured banks

DICGC is empowered to have free access to the records of an insured bank and to call for copies of such records. On Corporation’s request, RBI is required to undertake / cause the inspection / investigation of an insured bank.

Settlement of claims

(i) In case of the winding up or liquidation of an insured bank, every depositor is entitled to payment of an amount

equal to the deposits held by him at all the branches of that bank put together, standing as on the date of cancellation of registration (i.e., the date of cancellation of licence or order for winding up or liquidation) subject to set-off of his dues to the bank, if any. The payment to each depositor is subject to the limit of the insurance coverage.

(ii) When a scheme of compromise or arrangement or re-construction or amalgamation is sanctioned for a bank and the scheme does not entitle the depositors to get credit for the full amount of the deposits on the date on which the scheme comes into force, the DICGC pays the difference between the full amount of deposit and the amount actually received by the depositor under the scheme or the limit of insurance cover in force at the time, whichever is less.

(iii) The liquidator of an insured bank which has been wound up or taken into liquidation, has to submit to DICGC a list showing separately the amount of the deposit in respect of each depositor and the amount of set off and certified to be correct by the liquidator, within 3 months of his assuming charge as liquidator.

(iv) In the case of a bank/s under scheme of amalgamation/reconstruction, etc. sanctioned by competent authority, a similar list has to be submitted by the Chief Executive Officer of the concerned transferee bank or insured bank, as the case may be, within 3 months from the date on which the scheme of amalgamation/reconstruction, etc. comes into effect.

(v) DICGC is to pay the amount within 2 months from the date of receipt of claim. DICGC gets the list certified by a firm of Chartered Accountants (CAs) which conducts on-site verification.

(vi) The Corporation generally makes payment of the eligible claim amount to the Liquidator/ Chief Executive Officer of the transferee/ insured bank, for disbursement to the depositors.

Sovereign Gold Bond Scheme (SGB) 2019-20

Govt. of India announced Sovereign Gold Bond Scheme 2019-20 Series V/VI/VII/VIII/IX/X. Main features include, the following:

Investors: The Bonds may be held by an individual, resident in India, or on behalf of minor child, or jointly with any other individual, Trust, HUFs, Charitable Institution and University..

Form of Security: As Govt. Stock. Investors will get Holding Certificate. The Bonds shall be eligible for conversion into de-mat form.

Denomination: Units of 1 gram of gold or multiples thereof. Min investment shall be 1 gram with a max limit of per fiscal year of 4 kg for individuals or Hindu Undivided Family (HUF) and 20 kg for trusts.

Issue Price: The nominal value of the Bonds shall be Rs.3,835 per gram of gold (simple average of closing price of gold of 999 purity published by India Bullion and Jewellers Association Limited (IBJAL) for last 3 working days of the week preceding the subscription period). The issue price will be Rs 50 per gram less to investors applying online and the payment against the application is made through digital mode.

Period of subscription : Between 15.10.19 to 11.03.2020.

Interest : From date of issue @ 2.50% (fixed rate) p.a. on nominal value. Interest shall be paid in half-yearly rests.

Receiving Offices: Commercial Banks (excluding RRBs, Small Finance Banks and Payment Banks), Post Offices, SHCIL and NSE and BSE.

Payment Options: Payment shall be accepted in Indian Rupees through cash up to a max Rs. 20,000 or DD/Cheque/Electronic banking.

Redemption: i) The Bonds shall be repayable on the expiration of 8 years from the date of issue. Pre-mature redemption is permitted after 5th year. Repayments shall be made on next interest payment date.

ii) The redemption price in Indian Rupees shall be based on simple average of closing price of gold of 999 purity of the previous 3 working days, published by IBJAL.

Eligibility for SLR: Bonds acquired by banks shall be counted towards Statutory Liquidity Ratio.

Loan against Bonds: The Bonds may be used as collateral for loans. LTV will be same as for ordinary gold loan. The lien shall be marked appropriately in E-kuber portal by the Receiving Offices /Depository.

Tax : Interest shall be taxable as per Income-tax Act, 1961. The capital gains tax arising on redemption of SGB to an individual is exempted.

Nomination: Nomination and its cancellation shall be made in Form 'D' and Form 'E', respectively. An individual NRI may get the security transferred in his name on a/c of being a nominee of a deceased investor.

Transferability: The Bonds issued in the form of Stock Certificate shall be transferable by execution of an Instrument of transfer.

Tradability of bonds: The Bonds shall be eligible for trading from such date as may be notified by the Reserve Bank of India.

Commission for mobilizing subscription: Commission shall be paid @ Re.1 per hundred of the total subscription received by the receiving offices and they shall share at least 50% of the commission so received with the agents or sub-agents for the business procured through them.

Practical Problems based on Banking Ombudsman Decisions

1) The complainant alleged that the bank had debited his savings account towards payment of premium of 11 insurance policies without obtaining his consent or mandate. During the conciliation meeting, representatives of bank and insurance company stated that the complainant had given his consent over the welcome calls made by the insurance company. Further, a 15 days free look-in period was also offered within which policy could be returned but the complainant did not raise a dispute. The customer reiterated that the premia were deducted without his consent and also informed that the annual premium to be paid for all policies was much more than his annual income. The bank's representative agreed to re-examine the issue and later confirmed that the premium debited from his account was returned.

2) The complainant stated that he deposited a cheque. The proceeds were not credited by bank to his account. Due to this other cheques issued by him were dis-honoured. On taking up with bank, he was informed that his cheque was lost in transit. BO observed that bank had not adhered to extant RBI instructions as it had not informed complainant of loss of cheque and non-credit of proceeds of the disputed cheque. As a result the other cheques issued by the complainant were dis-honoured. Further, bank failed to take any proactive measure and matter was investigated after it was escalated to OBO. BO advised the bank to credit the complainant's account with the amount of the disputed cheque along with compensation of Rs.20,000/- for loss of time, harassment and mental agony caused to the complainant.

3) The complainant after death of her husband claimed insurance amount under Pradhan Mantri Jeevan Jyoti Bima Yojana from the bank and produced an undated acknowledgement receipt issued by bank to submit relevant application form by her husband. The bank informed her that there was no policy in the name of her husband and no premium had ever been deducted from his account. The bank was unable to find the application form for the undated acknowledgement issued to the deceased. BO observed that there was negligence on the part of the bank in issuing an undated acknowledgement receipt and not being able to trace the related application. A conciliation meeting was held wherein the bank accepted its negligence and agreed to reimburse insurance amount to the complainant along with a compensation of Rs.5,000 for mental agony, loss of time and expenses incurred.

4) The complainant had opened a joint savings bank account with her husband and opted for insurance under PMJJBY. After demise of her husband, she claimed insurance amount. Bank rejected the claim stating that premium on policy could not be paid through auto-debit due to insufficient funds. Hence the policy had not been renewed. The complainant alleged that automatic deduction of undue charges for non-maintenance of minimum balance and inoperative account had resulted in insufficient balance. BO observed that bank's contention that charges were recovered automatically without manual intervention was not acceptable as wrong parameters were fed in CBS resulting in erratic deduction of charges from the account. As such, the insurance policy could have been renewed. Had there been no wrong / excessive charges debited to the account, the complainant would have been entitled to receive Rs.0.2 million towards claim against the policy. BO advised the bank to reimburse the entitled amount against the policy to 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
nstoorkankingonline.com

IBPS Bank PO / Clerk Exam

Score High with Latest Study Kits

Anywhere Anytime Learning

E-Books CDs, Videos

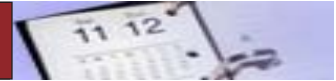
Contact

09814 331 661

01722665623

- SEBI FOR “MARKET INFRA INSTITUTION TAG” FOR RATING FIRMS:** SEBI and Ministry of Corporate Affairs (MCA) are planning to change the ownership and governance structures for Credit Rating Agencies (CRAs). SEBI is considering whether CRAs should be classified as “Market Infra Institution” (MIIs). Systematically important institutions such as Stock Exchanges, Clearing Corporations and Depositories are considered as MIIs. The Ministry has also proposed that over 50% of the board members of CRAs should be independent directors or public interest directors. There should also be a Nominee Director of the Regulator.
- GSTN TO CREATE MESSAGING PLATFORM:** The GST Network (GSTN) will create a special facility to allow buyers and sellers to converse with each other after the new simplified GST return system is rolled out on April 1. With the new return system in place, about 22.73% of GST Assesseees with NIL turnover will only need to send an SMS to GSTN to complete their compliance and then confirm it with an OTP. Prakash Kumar, CEO of GSTN also said that it could also be developed into an SMS facility that will allow businesses to settle invoice issues expeditiously.
- GOVT. NOTIFIES SPECIAL RULES FOR STARTUPS IN DEFENCE:** The Government has notified special exceptions in its defence procurement policy to promote Start-ups and will encourage them to bid for contracts valued less than Rs.150 Crore without the burden of providing financial credentials. The Defence Ministry has stipulated that for these relatively smaller contracts, Start-ups will be encouraged if they can prove technical experience. It has also made a clear distinction between Start-ups and new entrants in the field, ruling that mid to large-sized groups venturing into defence manufacturing will still need to meet financial criteria that include credit rating, revenue and net worth. The new set of guidelines has been issued for the “Make in India” purchases being planned by the armed forces.
- CBDT CLARIFICATION ON DEPRICIATION AND MAT CREDIT:** The Finance Minister had announced the lowering of the maximum corporation tax rate to 22% from the earlier 30%. An ordinance was promulgated to make this effective from the current financial year (Assessment year 2020-21). Further according to the ordinance “A domestic company shall, at its

Financial Events

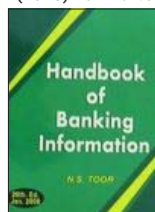


option, pay tax at 22% for any previous year relevant to the assessment year beginning on or after April 1, 2020 subject to certain conditions, including that the total income should be computed without claiming any deduction or exemption”. Corporates sought clarification on two issues- Allowability of brought forward loss on account of additional depreciation and the Allowability of brought-forward MAT credit. CBDT clarified that since there is no time frame set for opting for a lower tax, a company can first set off the losses it accumulated and then go for the lower tax. The same will also be valid for accumulated MAT credit. (

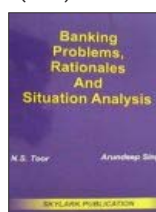
- BOB SIGNS MOU WITH INDIAN ARMY:** Bank of Baroda has signed a MOU with Indian Army under which the bank will offer customised services along with a host of facilities to account holders. The MOU includes free personal accident insurance cover, free air accident insurance cover of Rs.15 Lakh to Rs.50 Lakh and an overdraft facility up to three times of the monthly net salary. The features are also applicable for pensioners of Indian Army up to the age of 70 years.
- SBI, BOB SQUEEZE MICRO-ATM TRANSACTIONS OF OTHER BANKS:** Public Sector Lenders SBI and Bank of Baroda (BOB) have limited the cash withdrawals of customers using micro-ATMs of other banks to just four times a month, in what could cause transactions undertaken through the Aadhar-enabled Payment System route to fall significantly. While BOB is allowing customers to do

**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



four transactions a day, SBI has limited it to just one. SBI account holders who are not the part of the Government's direct benefit transfer scheme are allowed to do five transactions a month. These limits only apply in case the Micro-ATM terminal of another bank.




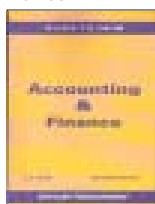

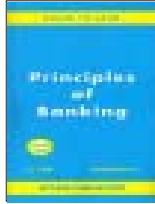
- **CBDT LAUNCHES DIN SYSTEM FOR IT COMMUNICATIONS:** CBDT has launched a computer-generated Documentation Identification Number (DIN) system which provides for a transparent and recorded communication between the income tax department and the taxpayers. A DIN will be mandatory from October 1 onwards for every type of communication with the income tax department. Without it, the document and communication will be deemed invalid.
- **RBI RELAXES BAN OF INDIAN COs TO BUY STAKE OF FOREIGN FIRMS:** Presently, no Indian company, partnership firm or LLP can acquire a stake in an offshore company that has investments in an Indian entity. Also, Indian companies can not set up their subsidiaries through their foreign wholly-owned subsidiaries or joint ventures. RBI has clarified that there would be no "Blanket ban" on Indian companies wanting to buy stakes in overseas firms which already have investments in India under the automatic route. However, approval from RBI will be required.
- **RBI INCREASE LENDING CAP FOR MICRO-FINANCE INSTITUTIONS:** RBI has raised the lending caps for Micro-finance Institutions to increase credit availability to lower income groups. The household income limit for borrowers of NBFC-MFIs in rural areas will be hiked to Rs.1.25 Lakh from the current Rs.1 Lakh, while for urban and semi-urban areas it will be increased to Rs.2Lakh from the current Rs.1.6 Lakh. RBI has also announced raising the lending limit to every eligible borrower to Rs.1.25 lakh from the current Rs.1 Lakh.
- **RBI GIVES LIQUIDITY SUPPORT FOR DIGITAL PAYMENTS:** In a bid to encourage digital payments, RBI came out with a series of measures for the sector, including liquidity support for 24x7 National Electronic Fund Transfer (NEFT) and the setting up of an Acceptance Development Fund (ADF) for card infrastructure. RBI will extend the collateralised liquidity support round-the-clock for NEFT to work on 24x7 basis from December. At present, the collateralised liquidity support is available till 7.45PM. This will help in better funds management by banks.
- **SUPREME COURT RULING ON LAND COMPENSATION RULE:** (Case- Union Bank of India VS. Tarsem Singh) The Supreme Court has declared unconstitutional a provision in the National Highways Act (NHA) which discriminated between those whose land was compulsorily acquired for building roads and the owners of land acquired for "Public purposes" under the Land Acquisition Act (LAA). While those who lost land

under the LAA are entitled to solatium and interest, those whose land was taken over for road building were denied that benefit. The landowners moved the Punjab & Haryana High Court against the discrimination, arguing that solatium and interest are integral parts of compensation awardable to persons whose land has been compulsorily expropriated. The High Court accepted the arguments but when the Government appealed to the Supreme Court, the Apex Court also ruled that it is immaterial that the land is acquired under the NHA and not the LAA, solatium can not be denied on account of that fact alone.

- **BANKS TO RECLASSIFY LOANS GIVEN TO HDIL AS FRAUD:** Lenders to HDIL will have to reclassify their loans to the developer as fraud and will need to set aside more money for these advances in their balance sheet. This is because the provisioning norm for loans where fraud is committed by the borrower is different from those governing regular advances. According to RBI's guidelines on Prudential Norms, the entire amount due to a bank (Irrespective of the quantum of security held) or for which the bank is liable is to be provided over a period not exceeding four quarters.
- **INDIA'S BANK DEPOSIT INSURANCE LOWEST GLOBALLY:** Protection of depositors in Indian Banks through insurance is the lowest globally. Insurance up to Rs.1 Lakh per bank account (About \$1508) is well below the level in developed economies and even other BRICS nations. While the deposit insurance extended in India covers 70% of depositors in terms of number, only 7.8% of the deposit base comprises deposits below Rs.1 Lakh. It means that risk-averse people who choose bank deposits to park their life savings could lose a large chunk of their funds if there is a bank failure. Insurance coverage up to \$2.5 Lakh per account is available in US.
- **IRDAI ISSUES HEALTH INSURANCE RULES:** IRDAI has introduced a bunch of guidelines that is set to make health policies

more comprehensive and policyholder friendly. At present insurers had been excluding lifestyle and genetic disorders from cover. Now these have to be covered. If eight years have passed by after the policy was issued, and has been periodically renewed, the insurer can not reject any claim on grounds other than fraud. To ensure that policyholders get the benefit of modern treatment methods, the regulator has listed some procedures that all insurers should cover.

- GOVT. TO INTRODUCE TIME-BOUND e-BIDDING PROCESS FOR IBC:** The Government is considering to introduce a time bound e-Bidding process in Corporate Insolvency cases to improve transparency and reduce litigation. Currently, creditors of a company undergoing insolvency proceedings are free to negotiate with potential bidders individually which has led to offers being revised, bids coming in after the deadline and associated litigation, prolonging the process. The centre aims to quicken resolution proceedings by setting a time limit for financial bids. Once a resolution applicant submits a plan and the plan meets the basic eligibility criteria, eligible ones can be shortlisted and time limit say 48 hours may be given to him to do financial bidding on a platform.
- SUPREME COURT RULING ON SERVICE TAX ON SUPPLIES:** The Supreme Court on October 3 ruled that the supply of food or beverages or any services by a club to its members do not form a sale transaction and thus concluded that there is no requirement to collect sales tax or service tax in such cases. Now it is to be seen whether the rationale applied by the Supreme Court as above will also apply to GST. Presently, GST Law mentions specifically that transactions of providing goods and services by a club to its members are taxable.
- BANKS START LINKING HOME LOAN RATES TO CREDIT SCORE:** Three Public Sector Banks—Bank of Baroda, Union Bank of India and Syndicate Bank—have taken the first steps in transparently segregating retail loans into their own versions of prime and subprime risk exposure, using third party scores of potential borrowers to offer them different home financing rates. Such floating rate loans at Bank of Baroda are linked to an external benchmark and the interest rate would not depend upon either the quantum or duration of loans. All three lenders will use credit scores provided by CIBIL.
- RULES FOR INPUT TAX CREDIT TWEAKED:** In an effort to curb the menace of fake invoices and boost cash flow, the Government has limited the input tax credit (ITC) to be availed by GST Assesseees, in case the details have not been uploaded by the supplier. Based on the new notification, the input tax credit claimed in GSTR 3b in respect of vendors who have not uploaded invoice details as GST portal will not exceed 20% of the total eligible credit.
- SEBI UNVEILS NORMS FOR LISTING OF DRs ON GIFT EXCHANGE:** SEBI has issued the detailed framework for issuance of depository receipts (DRs) through GIFT city exchanges in Gujarat. Depository receipts of listed companies on the NSE and the BSE can now be listed on exchanges in GIFT and traded there. Only foreign institutional investors and entities are allowed to trade on GIFT exchange while domestic retail players are barred. DR is originally a physical certificate of an underlying equity and allows investors to hold them and be traded on an exchange platform.
- UCBs TO GET UMBRELLA BODY FOR LIQUIDITY SUPPORT:** Urban Co-operative Banks (UCBs) are expected to have an umbrella organisation for liquidity support and self regulation. At present, UCBs are under the dual control of state governments and the RBI which is also a reason for uneven regulation. Top bosses in UCBs are selected through election, often governed by political factors. This is unlike banks where professionals are handpicked. Earlier, RBI

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
						

had given the option of converting UCBs into Small Finance Banks, but UCBs have turned down the proposal. RBI had also given permission for the umbrella organisation. However, the Federation requires an NBFC Licence from the RBI.

- **RBI UNIFIED REGULATION AND SUPERVISION DEPTS TO GO LIVE:** RBI has decided to operationalise the unified department for supervision and regulation with effect from November 1, 2019 in a bid to strengthen its oversight of commercial banks, UCBs and NBFCs. RBI will have a dedicated and specialised cadre of officers for ensuring a state-of-the-art supervisory framework for banks.
- **FASTag –ENABLED TOLL PLAZAS ACROSS THE COUNTRY:** The use of FASTag on national highways is set to increase exponentially from December 1, 2019 as all toll plazas in all the highways across the country will start accepting payments through the electronic mode. At present, the rule mandates at least one lane accepts FASTag, a REID-enabled device used to make electronic payments at toll plazas. From December, making toll payments by cash will become tedious for highway users. As per notification, only one lane will be allowed to accept toll in cash. Use of FASTag will lower queuing time at toll plazas. This will also be good from the security aspect.
- **UK SINHA COMMITTEE ON GROUP INSOLVENCY:** The UK Sinha-led working group on “Group Insolvency” has made a case for allowing “Subordination of claims” of other companies in exceptional situations. However, it has stipulated that subordination of claims should be done only by the adjudicating authority (Like NCLT) and that too, only in cases where there is any evidence of fraud and diversion of funds. A subordination means a claim though payable at par will be ranked lower in priority and will be paid after settlement of another claim.
- **GOVT. TO REVIVE FRDI BILL:** The Finance Ministry has started work on reviving the contentious Financial Resolution and Deposit Insurance (FRDI) Bill, a year after the proposed law for ushering insolvency of financial institutions was withdrawn by the Union Government. The Government intends to consider the issue related to the controversial “Bail-in” clause in the earlier bill, will explore hiking the deposit insurance cover

of customers and also decide whether the resolution framework should apply to public sector banks. The move comes at a time when financial institutions, especially NBFCs and Co-op Banks are showing signs of distress. The Insolvency and Bankruptcy Code 2016 takes care of the resolution process for ailing non-financial firms and does not cover deposit taking financial companies.

- **PSBs TO START DOORSTEP BANKING:** State-run banks are set to implement doorstep banking for millions of consumers- including the facility to deposit and withdraw cash, making life easier for senior citizens and disabled. UCO Bank has floated a “Request for Proposal” on behalf of all public sector banks seeking private players to run the facility that will come with a call centre, website and a mobile app through which service requests can be lodged. Initially, the doorstep banking facility will be available to senior citizens and the disabled who often find it tough to visit branches.
- **GOVT. DIRECTS BANKS TO TAKE NON-IBC ROUTE:** The Union Government has directed public sector banks to look for an alternative resolution mechanism outside the Insolvency and Bankruptcy Code (IBC). The Government has further told them to build “resilient credit risk control systems” for high value loans, and has set a deadline for 45 days to decide upon consortium lending. These measures are part of second round of reforms under the Enhanced Access and Service Excellence Programme, known as EASE2.0 sent by the Finance Ministry to all public sector banks. The banks will be bound to follow EASE 2.0 because the 64-point measures will be part of the annual performance appraisal of bank executives of the DGM and above level.
- **IRDAI TIGHTENS AD NORMS FOR INSURANCE COMPANIES:** IRDAI has said in a Master Circular that all insurers should ensure that communications are clear, fair and not misleading whatever is the mode of communication. All advertisements must clearly state the availability of the underlying element of life insurance coverage to clearly identify the product as an insurance product. In respect of ULIPS, the actual asset mix of various underlying funds vis-a-vis the asset composition of approved asset pattern shall be placed on the web portal of the respective life insurance companies at least on half yearly basis. The insurers should not highlight the positive financial condition of the parent (Promoting partner) without mentioning the financial condition of the insurer and/or indicate the assets of the parent company and can be banked upon when desired.

GENERAL AWARENESS

- Rajnish Kumar, Chairman of SBI has been elected as- Chairman of Indian Banks' Association (IBA)
- Govt. has appointed SA Bobde as Next Chief Justice of India.
- Kolkata-born Abhijit Banarjee, his wife Esther Duflo and Michael Kremer of Harvard University have won the Prize for their experimental approach to alleviating Global Poverty- Noble Economics Prize.
- Three Researchers William Kaelin and Gregg Semenza of US and Britain's Peter Ratcliffe shared the Prize for discoveries on how cells sense and adapt to oxygen availability- Noble Medicine Prize.
- Canadian-American Cosmologist James Peebles and Swiss Astronomers Michal Mayer and Didier Queloz won the prize for research increasing our understanding of our place in the universe- Noble Physics Prize.
- Prize which Ethiopia PM Abiy Ahmed won for his efforts to achieve peace and international cooperation- Noble Peace Prize.
- Polish Novelist Olga Tokarczuk and Austrian Author Peter Handke won the prize in Literature for 2018-19- Noble Literature Prize.
- Three Researchers Johan Goodenough of US, Britain's Stanley Whittingham and Japan's Akira Yoshino won the Prize for the development of lithium-ion batteries, paving the way for Smartphone and a fossil fuel-free society- Noble Chemistry Prize.
- Lady of Meerut (UP) became the First-ever Indian to reach the Finals of the Woman's Javelin in the World Athletics Championships- Annu Rani.
- Kerala State has got the Top Ranking among all states in India- School Education Quality Ranking.
- Rating Agency according to which, "Indian Banks are the Most Vulnerable in Asia-Pacific" because they have lower capital ratios and their capital will be wiped out under stress scenario- Moody's.
- Bank which has launched Digital Fixed Deposit Product and can be opened in three minutes without opening a savings account – AXIS Bank
- Bank which got RBI approval for raising the Authorised Capital from Rs.800 Crore to Rs.1100 Crore.-Yes Bank.
- Bank which has opened its Melbourne Office becoming the First Indian Bank to have a branch in the Australian State of Victoria- SBI.
- Eminent Economist has been appointed as Executive Director for India on the Board of International Monetary Fund (IMF)- Surjit S Bhalla.
- Banks which have also been included as members by the Credit Guarantee Fund Trust by which they may avail the guarantee cover for loans given to MSMEs- Scheduled Urban Co-operatives Banks.
- Bank Fraud case in which Sarang Wadhawan and Rakesh Wadhawan, Promoters of Housing Development Infrastructure Limited, have been arrested by the police- PMC Bank Fraud Case.
- IPO Issue of Indian Railway Catering and Tourism Corporation (IRCTC) subscribed 112 times (Rs.70, 000 Crore subscribed against

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
CAIB 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)

- Rs.640 Crore Offered)- Highest for State-owned Company.
- Growth Forecast which has been sharply reduced from earlier 7.4% to 6.1% by RBI- India's GDP Growth Forecast.
- Semi-bullet Corporate Train on Agra-Varanasi route has been flagged off by UP CM – India's First Private Train by IRCTC.
- IT System which has been inaugurated to eliminate the interface between an Assessing Officer and a Taxpayer- Faceless e-Assessment System.
- Scheme which has been amended by the Govt. for allowing Exchanges from the IFSC, set up at GIFT City to issue depository receipts- Depository Receipts Scheme.
- Pakistan's Prime Minister Imran Khan has become the 6th Most Popular World Leader while US President Donald Trump is First Most Popular World Leader.
- India slips 10 places to 68th ranking on- Global Competitiveness Index.
- Rating Agency which has cut the GDP Growth Forecast of India to 5.8% which is the Lowest among all the forecasts after RBI trimmed its forecast to 6.1% recently- Moody's.
- India jumped two levels to 7th Position from the 9th last year in-Brand Finance Nation Ranking 2019.
- RBI has given nod to Kerala State Government to set up its own bank by merging district cooperative banks – Kerala Bank.
- While Mumbai has been ranked at 12th Place out of 20 Richest Cities in the World, City which has topped the list- New York City.
- State whose Discoms have retained their top performance in the integrated ratings of the Country's Discoms- Gujarat.
- Mukesh Ambani, Chairman of Reliance Industries retains top position followed by Infrastructure Tycoon Gautam Adani- Forbes' List of Richest Indians.
- Club in which Number has increased from 81, 344 in 2017-18 to 97, 689 in 2018-19 showing income above Rs.1 Crore- India's Crorepati Club.
- HCL Technologies Chairman Shiv Nadar has topped the list followed by Azim Premji, Chairman of Wipro and Mukesh Ambani, Chairman of Reliance Industries- List of India's Most Generous Philanthropists.
- Act under which Maharashtra has topped in the country with 22, 455 registrations- Real Estate Registration Act (RERA).
- Cricketer Saurav Ganguli will become Second Indian Cricketer after Maharaja of Vijayanagram in 65 years to be- President of Board of Control for Cricket in India.
- India's GDP Growth Forecast has been cut to 6.1% for the current fiscal by- IMF.
- Data which shows that the Indian stocks are the "Least Attractive" in terms of Dividend Returns in Asia- Refinitiv Data.
- Index in which India has been ranked at 102nd spot out of 117 Nations – Global Hunger Index.
- India has been ranked Third, while China has topped the- Hurun Global Unicorn List 2019.
- Sophia has been named at 28th IEEE Conference on Robot and Human Interactive Communication- World's First Robot Citizen.
- Legislative Council which was created in 1957 following adoption of new Constitution has been abolished by- J&K Govt.
- As per Index released by NITI Aayog, Karnataka has topped the list followed by Tamilnadu and Maharashtra- First Innovation Index.
- Company which has become "India's First Company" to hit a market capitalisation of Rs.9 Lakh Crore.- Reliance Industries Ltd.
- Country whose GDP growth came down to 6% to its Weakest Pace in almost 3 Decades- China .
- In past 10 years, DICGC has settled 427 claims of Co-operative Banks but they have settled the claim of – Only One Commercial Bank.
- Regulator which has banned the use of Direct Selling Agents (DSAs) to source retail loans and carry out physical verification of documents of borrowers- RBI.
- Public Sector Telecom Companies for which the Central Government took decision for "Their Merger"- BSNL and MTNL.
- India moves up 14 ranks to 63rd Ranking in- Ease of Doing Business 2020 Survey.
- Bureau which has recommended the name of Challa Sreenivasulu as MD at SBI- Banks Board Bureau.
- A Joint Venture between the BSE and US-based Insurance Exchange EBIX has received In-principle Approval from IRDAI to act as- Direct Insurance Broker.
- According to the Harvard Business Review List, Adobe's Shantanu Narayen, MasterCard's Ajay Banga and Microsoft Satya Nadella have been ranked as- Best Performing Chief Executives in the World.
- Persons who will now be eligible to apply for the National Pension System at par with NRIs- Overseas Citizens of India.



MOCK-TEST PAPER

Questions on RBI Policy

- 01** Deposit Insurance and Credit Guarantee Corporation (DICGC) does not provide deposit insurance for which of the following?
- commercial banks
 - cooperative banks
 - small finance banks and payment banks
 - none of the above
- 02** What is the max eligible amount of deposit for insurance cover as per Deposit Insurance and Credit Guarantee Corporation (DICGC) scheme?
- Rs.10000
 - Rs.50000
 - Rs.100000
 - Any amount of eligible deposit
- 03** What is the max amount of claim that shall be paid by DICGC in case of need, per customer per bank, in same name and same capacity:
- Rs.10000
 - Rs.50000
 - Rs.100000
 - Any amount of eligible deposit
- 04** Which of the following deposit is eligible for insurance under DICGC scheme?
- inter-bank deposit
 - deposit of Central and State Govt.
 - deposit of a bank in overseas branch
 - none of the above
- 05** The premium payable on DICGC deposit insurance cover is ___ per Rs.100 per annum.
- 2 p
 - 5 p

- 10 p
 - 12 p
- 06** Deposit insurance claim is payable by DICGC, in which of the following events?
- winding up of a bank
 - amalgamation of a bank
 - reconstruction of a bank
 - any of the above
- 07** Under on-tap authorisation of payment system guidelines of RBI, which of the following is eligible to apply for authorization?
- Bharat Bill Payment Operating Unit
 - Trade Receivables Electronic Discounting System
 - White Label ATM
 - any of the above
- 08** Under on-tap authorisation of payment system guidelines of RBI, what is min net worth condition of Bharat Bill Payment Operating Unit?
- Rs.100 cr
 - Rs.50 cr
 - Rs.25 cr
 - Rs.10 cr
- 09** Under on-tap authorisation of payment system guidelines of RBI, what is min paid up equity capital condition of Trade Receivables Electronic Discounting System?
- Rs.100 cr
 - Rs.50 cr
 - Rs.25 cr
 - Rs.10 cr
- 10** For expanding and deepening the digital payments ecosystem, State/ UT Level Bankers Committees (SLBCs/ UTLBCs) shall identify one district in their respective States/ UTs in consultation with banks and

stakeholders to make at least — 100% digitally enabled, on pilot basis?

- one division
- one district
- one tehsil
- one village

Recalled Questions

- 11** Banks/FIs are required to report information on their non-cooperative borrowers to _____ on a quarterly basis:
- CIBIL
 - Any credit information company
 - CRILC
 - RBI
- 12** The bank received garnishee order on saving bank account of Mr. Ram at 10.50 a.m., who deposits Rs. 5000 at 12.10 p.m.:
- The order would apply to this amount also.
 - The bank will refuse to accept the deposit as no amount can be accepted after garnishee order
 - The order will not apply to this amount
 - order will apply if court is informed about this
- 13** For the purpose of change in classification of an advances from standard to sub-standard category due to non-payment of the loan, in case of crop based agriculture advances, which of the following is taken:
- two harvest seasons
 - two crop seasons
 - one crop season
 - two crop seasons for short

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.

- duration crop and one crop season for long duration crop
- e two harvest seasons with maximum of one year.
- 14** As per _____, the banks cannot allow loans and advance to their Directors and the firms in which they hold substantial interest:
- a Section 19 (2) of RBI Act
b Section 19 (2) of Banking Regulation Act
c Section 20 (1) of RBI Act
d Section 20 (1) of Banking Regulation Act
- 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:
- Rs.55 lac
 - Rs.60.00 lac
 - Rs.37.50 lac
 - 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% b 40%
 - 30% d 25%
- 30** Risk Weightage on Consumer Credit/Credit Cards, for capital adequacy ratio purpose is:
- 75% b 100%
 - 125% d 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.

Answers									
01 d	02 d	03 c	04 d	05 c					
06 d	07 d	08 a	09 c	10 b					
11 c	12 c	13 d	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					

On-tap Authorization of Payment Systems

On 15.10.19, RBI fixed the following authorization criteria for non-bank PSOs for following 3 entities:

1. Bharat Bill Payment Operating Unit (BBPOU)

- Rs.100 cr Net worth (to be maintained at all times)
- Applicant must have domain experience in the field of bill collection for a minimum period of one year.

2. Trade Receivables Discounting System (TReDS)

- Minimum paid up equity capital – Rs. 25 cr
- Non-promoters, to have shareholding up to 10 per cent of equity capital

3. White Label ATMs (WLA) Operators (WLAOs)

- Rs.100 cr Net worth (to be maintained at all times)
- ATMs deployment ratio: 1:2:3 for Metro & Urban : Semi-Urban : Rural.
- Among the various regions, the ratio will be in favour of rural regions. If a WLAO deploys adequate ATMs in a rural region, it need not deploy ATMs in metro, urban or semi-urban regions to meet the ratio requirements. If a WLAO deploys ATMs in a semi-urban region, it shall deploy adequate ATMs in a rural region as per the ratio and may not deploy any ATM in a metro or urban regions.

Common to all:

- Company registered under the Companies Act, 2013.
- Entities with FDI / FPI / FII shall meet the capital requirements as applicable under the extant Consolidated FDI policy guidelines.
- The Memorandum of Association must cover the specific activity.
- Fit and Proper criteria will be assessed by RBI.
- The overall financial strength of the promoters / entity; sound technological basis to support its operations; management; governance etc. shall be other important criteria.

Other requirements:

- The Entity / Promoters / Promoter Groups, shall conform to the Reserve Bank's 'fit and proper' criteria including but not limited to:
 - The entity shall have a past record of sound credentials and integrity.
 - Director of a Promoter Company / Group Company shall have a record of financial integrity; good reputation and character; honesty; etc.
- Such person shall not have incurred any of the following disqualifications –
 - Convicted by a court for any offence involving moral turpitude or any economic offence or any offence under laws administered by the RBI;
 - Declared insolvent and not discharged;
 - An order, restraining, prohibiting or debarring the person from accessing / dealing in any financial system, passed by any regulatory authority, and the period specified in the order has not elapsed;
 - Found to be of unsound mind by a court of competent jurisdiction and the finding is in force; and
 - Is financially not sound.
- The payment system operators should ensure interoperability among different retail payment systems.

DATA COLUMN

Business of Banks

(Rs.in cr)	Mar31'18	Oct11-19
Aggregate deposits	10805150	12937530
Cash in hand/RBI	570490	613635
Investments	3043660	3705464
Bank Credit:	7881890	9788499
-Food	53930	60290
-Non-Food	7827960	9728209
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	Oct11-19
M3 (Out of which)	15430870	15886434
(a) Currency with public	2052230	2130480
(b) Demand deposits-Banks	1626310	1455618
(c) Time Deposits - Banks	11720590	12267489
(d) Other deposits with RBI	31740	32847

Sources of Money Supply

(a) Net Bank credit to Govt	4387790	4905711
(b) Bank credit to Comrc'l sectr	10380180	10402934
(c) Net Forex assets of Banks	2977860	3322293

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-Oct18	end-Oct19
Dollar-spot TT (Rs.)	73.89	70.93
BSE - Sensex (points)	34377	40286
NSE - Nifty(S&P CNX)	10316	11881
Foreign reserves (Million \$)	400525	440751
Gold /Oz in USD)	1198	1493

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
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 - Nov 10, 2019