Contents of this Issue

BANKING POLICY : 2 & 3
• Cash withdrawal at PoS
• Financial Benchmark Directions
• Voluntary retention route for FPIs
• Investment by FPIs in debt
• Enhancing security of Card Transcns

BANKING FEATURES : 4-6, 16
• Central Govt. Budget 2020-21
• Budget features
• Income Tax rates for 2020-21
• Merchanting Trade transactions

DIARY OF EVENTS : Jan-2020: 7
• Policy, Economy
• Banking Developments
• Capital Markets & Insurance

General Awareness : 11-12
Multi-Option questions: 13-15
Data Bank : 16
**Banking Policy**

**Cash withdrawal using PoS Terminals**
In terms of extant RBI directions, banks are required to obtain one time permission from the Reserve Bank of India (RBI) for offering the facility of cash withdrawal at PoS terminals deployed by them.

RBI decided on 31.01.20, that requirement of obtaining permission from the RBI be dispensed with and that henceforth, banks may, based on the approval of their Board, provide cash withdrawal facility at PoS terminals. The designated merchant establishments may be advised to clearly indicate / display the availability of this facility along with the charges, if any, payable by the customer.

**Financial Benchmark Administrators Directions, 2019**
On 01.01.20, RBI notified following benchmarks administered by Financial Benchmarks India as a ‘significant benchmark’:
1. Overnight Mumbai Interbank Outright Rate (MIBOR)
2. Mumbai Interbank Forward Outright Rate (MIFOR)
3. USD/INR Reference Rate
4. Treasury Bill Rates
5. Valuation of Government Securities
6. Valuation of State Development Loans (SDL)

The person administering the ‘significant benchmark’, shall make an application to the Reserve Bank within a period of three months from the date of this notification for authorization to continue administering these benchmarks.

**Voluntary Retention Route’ (VRR) for Foreign Portfolio Investors (FPIs) investment in debt – relaxations**
On a review, RBI made the following changes (on 23.01.20) made to the Directions governing investment through the Voluntary Retention Route (VRR).
1. Investment cap increased to Rs.150000 cr from Rs. 75000 cr.
2. FPIs that have been allotted investment limits under VRR may, at their discretion, transfer their investments made under the General Investment Limit to VRR.
3. FPIs are also allowed to invest in Exchange Traded Funds that invest only in debt instruments.

**Investment by Foreign Portfolio Investors (FPI) in Debt**

a) Short-term investments by an FPI shall not exceed 20% of the total investment of that FPI in either Central Government Securities (including Treasury Bills) or State Development Loans. This short-term investment limit has been increased from 20% to 30%.

b) Short-term investments by an FPI shall not exceed 20% of the total investment of that FPI in corporate bonds. This short-term investment limit has been increased from 20% to 30%.

c) FPI investments in Security Receipts are currently exempted from short-term investment limit and issue limit. These exemptions shall also extend to FPI investments in the following securities:

1. Debt instruments issued by Asset Reconstruction Companies;
2. Debt instruments issued by an entity under the Corporate Insolvency Resolution Process as per the resolution plan approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016

**Setting up of IFSC Banking Units (IBUs) – Permissible activities**
Based on recommendations of Task Force on Offshore Rupee Markets chaired by Smt. Usha Thorat, on 21.01.20, RBI permitted IBUs to participate in exchange traded currency derivatives on Rupee (with settlement in FC) listed on stock exchanges set up at IFSCs.

Banks shall ensure that their IBUs have necessary expertise to price, value and compute the capital charge and manage the risks associated with the products / transactions intended to be offered and should also obtain their Board’s approval for undertaking such transactions. IBUs shall follow all other risk mitigation and prudential measures as applicable and detailed in the circular while participating in these products.

**Enhancing Security of Card Transactions**
To improve user convenience and increase the security of card transactions, on 15.01.20, RBI decided as under:

a) At the time of issue / re-issue, all cards (physical/virtual) shall be enabled for use only at contact based points of usage [viz. ATMs and Point of Sale (PoS) devices] within India. Issuers shall provide cardholders a facility for enabling card not present (domestic and international) transactions, card present (international) transactions and contactless transactions.

b) For existing cards, issuers may take a decision, based on their risk perception, whether to disable the card not present (domestic and international) transactions, card present (international) transactions and contactless transaction rights. Existing cards which have never been used for online (card not present) / international / contactless transactions shall be mandatorily disabled for this purpose.

c) Additionally, the issuers shall provide to all
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:**
(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.

---

**CORRESPONDENCE COURSE**

**CAIIB/ JAIIB**

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.
Central Govt. Budget 2020-21

The Budget was presented by the Finance Minister on Feb 01, 2020. Prominent themes of Budget are:

a) aspirational India
b) economic development
c) caring society

Budget at a Glance (in Rs. crore)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Receipts</td>
<td>1552916</td>
<td>1962761</td>
<td>1850101</td>
<td>2020926</td>
</tr>
<tr>
<td>Tax Revenue (Net to Centre)</td>
<td>1317211</td>
<td>1649582</td>
<td>1504587</td>
<td>1635909</td>
</tr>
<tr>
<td>Non Tax Revenue</td>
<td>235705</td>
<td>313179</td>
<td>345514</td>
<td>385017</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>762197</td>
<td>823588</td>
<td>848451</td>
<td>1021304</td>
</tr>
<tr>
<td>Recovery of Loans</td>
<td>18052</td>
<td>14828</td>
<td>16605</td>
<td>14967</td>
</tr>
<tr>
<td>Other Receipts</td>
<td>94727</td>
<td>105000</td>
<td>65000</td>
<td>210000</td>
</tr>
<tr>
<td>Borrowings/Other Liabilities</td>
<td>649418</td>
<td>703760</td>
<td>676846</td>
<td>796337</td>
</tr>
<tr>
<td>Total Receipts (1+4)</td>
<td>2315113</td>
<td>2786349</td>
<td>2698552</td>
<td>3042230</td>
</tr>
<tr>
<td>Total Expenditure (10+13)</td>
<td>2315113</td>
<td>2786349</td>
<td>2698552</td>
<td>3042230</td>
</tr>
<tr>
<td>On Revenue Account</td>
<td>2007399</td>
<td>2447780</td>
<td>2349645</td>
<td>2630145</td>
</tr>
<tr>
<td>: of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Payments</td>
<td>582648</td>
<td>660471</td>
<td>625105</td>
<td>708203</td>
</tr>
<tr>
<td>Grants in Aid for creation of capital assets</td>
<td>191781</td>
<td>207333</td>
<td>191737</td>
<td>206500</td>
</tr>
<tr>
<td>On Capital Account</td>
<td>307714</td>
<td>338569</td>
<td>348907</td>
<td>412085</td>
</tr>
<tr>
<td>Revenue Deficit (10-1)</td>
<td>454483</td>
<td>485019</td>
<td>499544</td>
<td>609219</td>
</tr>
<tr>
<td>( % of GDP )</td>
<td>(2.4)</td>
<td>(2.3)</td>
<td>(2.4)</td>
<td>(2.7)</td>
</tr>
<tr>
<td>Effective Revenue Deficit (14-12) ( % of GDP )</td>
<td>262702</td>
<td>277686</td>
<td>307807</td>
<td>402719</td>
</tr>
<tr>
<td>(14-12) ( % of GDP )</td>
<td>(1.4)</td>
<td>(1.3)</td>
<td>(1.5)</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Fiscal Deficit</td>
<td>649418</td>
<td>703760</td>
<td>766846</td>
<td>796337</td>
</tr>
<tr>
<td>[9-(1+5+6)] ( % of GDP )</td>
<td>(3.4)</td>
<td>(3.3)</td>
<td>(3.8)</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Primary Deficit (16-11)</td>
<td>66770</td>
<td>43289</td>
<td>141741</td>
<td>88134</td>
</tr>
<tr>
<td>( % of GDP )</td>
<td>(0.4)</td>
<td>(0.2)</td>
<td>(0.7)</td>
<td>(0.4)</td>
</tr>
</tbody>
</table>

Notes:
(i) GDP for BE 2020-2021 has been projected at Rs.22499420 crore assuming 10.0 % growth over the estimated GDP of Rs.20442233 crore for 2019-2020 (RE).
(ii) Individual items in this document may not sum up to the totals due to rounding off
(iii) Figures in parenthesis are as a percentage of GDP

15th Finance Commission Report

Most of recommendation of interim report of 15th Finance Commission is accepted. States’ share in divisible pool shall be 41% instead of 42% as per 14th Finance Commission. The formula to decide a State’s share is based on population (15%), area (15%), forest and ecology (10%), income distance (45%), demographic performance (12.5%) and tax effort (2.5%).

Sector-wise allocation

Agriculture (1.60 lac cr) Rural development (1.23 lac cr), SC/ST/OBC welfare (1.37 lac cr), MGNREGA (61600 cr), Swachh Bharat (Rs.12294 cr), defence (3.37 lac cr), transport infrastructure (1.7 lac cr), railways (70000 cr)

Summary edited by : Arundeep Toor - Source RBI website.
who are not liable to tax in any other country or territory, shall be deemed to be residents of India and taxed accordingly.

- **2-streams of personal income tax payers introduced:** One is the existing system, with different type of deductions and another with concessional rates of tax, but without any deductions.

Simplified regime for income tax papers – Tax can be paid at concessional rates, where the tax payers opts not to claim various types of deductions.

**Details are given below:**

*Here rebate for Sec 80C (PPF, NPS, Life insurance premium, standard deduction, house loan interest and other exemptions not to be availed)*

- **Employees offered ESOPs will not have pay tax on allotment of shares.** Tax incidence will arise on completion of 5 years from allotment date or termination of employment or sale of such shares, whichever is earlier. Capital gains shall still be payable on sale.

- **Donations:** A donor can get deduction ranging from 50% to 100% of donation made to a charitable institution. It can be claimed if such institution provides details of donations received to Income Tax Department.

- **Interest on loan for affordable housing:** Deduction of Rs.1.50 lac for interest on loan for affordable residential house extended to loans sanctioned from 1.4.20 to 31.3.21.

- **Stamp duty of property transfers:** No adjustment to sale consideration on transfer of immovable property where variation between stamp duty value and sale consideration is not more than 10% of latter (5% earlier)

- **Dividend Declaration Tax (DDT):** Companies exempted from payment of dividend declaration tax (DDT) @, on distribution of profit. Dividend will now be taxed in hands of recipient taxpayer. Under Dividend Tax system the tax was paid by company @10% for income exceeding Rs.10 lac.

- **Ceiling on Employer’s contribution to PF, NPS and Superannuation Fund – Amount exceeding Rs.7.50 lac to be taxable as salary, in employee’s hands.**

- **Tax holiday benefit for eligible developers of affordable housing projects extended by 1 year.**

- **Tax audit turnover for manufacturers raised from Rs.1 cr to Rs.5 cr (if cash receipts or payment are not more than 5%).** For professionals it is Rs.50 lac.

- **Beneficial tax rate of 5% on interest on external commercial borrowing or rupee denominated bonds extended by 3 years.**

- **E-appeals and E-penalty:** New scheme of e-appeals and e-penalty to be introduced on the lines of e-assessment for greater efficiency and transparency.

- **Taxpayers’ Charter to be introduced to save taxpayers from harassment.**

- **Allotment of PAN:** PAN to be allotted instantly via Aadhaar

- **Simplified GST return from 1.4.20 to be filed.**

- **E-invoicing under GST to be introduced in phases starting from Feb 2020.**

- **New dispute resolution scheme to be introduced allowing settlement of tax disputes, by waiving interest and penalty upon payment of only disputed tax till March 31, 2020.**

- **Stamp duty of property transfers:** No adjustment to sale consideration on transfer of immovable property where variation between stamp duty value and sale consideration is not more than 10% of latter (5% earlier)

- **Dividend Declaration Tax (DDT):** Companies exempted from payment of dividend declaration tax (DDT) @, on distribution of profit. Dividend will now be taxed in hands of recipient taxpayer. Under Dividend Tax system the tax was paid by company @10% for income exceeding Rs.10 lac.

- **Ceiling on Employer’s contribution to PF, NPS and Superannuation Fund – Amount exceeding Rs.7.50 lac to be taxable as salary, in employee’s hands.**

- **Tax holiday benefit for eligible developers of affordable housing projects extended by 1 year.**

---

### Effective income tax rates

<table>
<thead>
<tr>
<th>Income</th>
<th>Existing tax slabs</th>
<th>Effective Rate under Optional Tax Regime*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to Rs.2.5 lac</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>&gt;2.5 lac to Rs.5 lac</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>&gt;5 lac to Rs.7.50 lac</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>&gt;7.50 lac to 10 lac</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>&gt;10 lac to 12.5 lac</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>&gt;12.5 lac to 15 lac</td>
<td>30%</td>
<td>25%</td>
</tr>
<tr>
<td>&gt;15 lac to 50 lac</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>&gt;50 lac to 1 cr</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>&gt;1 cr to 2 cr</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>&gt;2 cr to 5 cr</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Above 5 cr</td>
<td>30%</td>
<td>30%</td>
</tr>
</tbody>
</table>

*Here rebate for Sec 80C (PPF, NPS, Life insurance premium, standard deduction, house loan interest and other exemptions not to be availed)
investment made up to 31.03.24, to be exempted from Income tax.
- Generation of electricity to be treated manufacturing. New electricity companies set up w.e.f. 1.4.20 to pay concession corporate tax of 15%.
- Pre-filled tax return forms shall be available.
- If an entity is subject to tax audit, return can be filed up to 31st Oct instead of 30th Sep.

**Banking Sector:**
- Bank deposit insurance – Claim amount in case of bank deposit insurance increased from Rs.1 lac to Rs.5 lac. While it will increase depositors’ confidence, it will also result into higher premium payment by banks.
- Eligibility limit for NBFCs for debt recovery under SARFAESI Act, to be revised to asset size of Rs.100 cr (from existing Rs.500 cr) or loan size of Rs.50 cr (from existing Rs.100 cr).
- Provision for subordinated debt to be given by banks on CGTMSE Guarantee to MSMEs to partly off set equity issues faced by them.
- NBFCs to be enabled to offer invoice financing under TReDS.
- Handholding scheme for exports with a corpus of Rs.1000 cr to be promoted by EXIM Bank and SIDBI by contributing Rs.50 cr each and remaining by debt funding from banks.
- RBI advised to extend restructuring in MSME sector till 31.03.2021.
- Expansion of existing partial credit guarantee scheme to cover securities issued by NBFCs and HFCs (earlier it was available for PSBs for purchase of pooled assets of Rs.1 lac cr.)
- Govt. equity in IDBI Bank: Remaining 40% holding of Govt. to be sold.
- Disinvestment target : Rs.210000 cr (including LIC of India, which shall be through IPO route)
- FPI limit for corporate bonds to be increased to 15% of outstanding stock. (from existing 9%)
- New debt ETF proposed mainly for Govt. securities.
- Online market places such as Flipkart, Amazon, Uber to deduct 1% tax at source while crediting payments to vendors on their platform.

**Commodity Transaction Tax (CTT):** Sellers of commodity futures to pay CTT @ 0.01%, purchaser of commodity call or put option based on actual commodity will pay CTT @ 0.0001% if delivery is given. If trade is squared off put/call, purchaser will pay 0.125% and a seller of call or put on options on goods will pay CTT of Rs.5000 / per crore.
- Govt. proposes to set up International Bullion Exchange in GIFT city.
- TCS on foreign remittances : For foreign remittance above Rs.7 lac under liberalized remittance scheme (LRS) of RBI, tax collection at source to be done @5% of amount.
- Higher education : In higher education, FDI and ECB permitted. Allocation is Rs.99300 cr. IND-SAT exam in Asian and African countries for entry into Indian higher education institutions on the pattern of GRE.
- Online degree courses : Top 100 higher educational institutions will offer degree level on-line education programs. On a pilot basis UGC already approved 7 such institutions including IGNOU.
• **SEBI ALLOWS TRADING IN OPTIONS ON COMMODITIES:** SEBI has allowed the Stock Exchanges to start trading in options on goods which could potentially bring down the risk of trading in commodities like gold, silver, rubber and garments. This will allow traders to take delivery of goods on which they buy options. Till now, futures on commodities were allowed and options’ trading was limited to contracts on those futures, while direct trading in options contracts on commodities were not allowed.

• **PANEL TO VET BANK FRAUDS BEFORE PROBE AGNÉCIES:** All big cases of suspected banking frauds will have to be vetted by a Panel before banks ask agencies such as CBI to initiate action. Such step is a framework designed to allow bankers to take decisions without fear. The “Advisory Board on Banks and Financial Frauds” has been set up by the CVC to examine complaints against bankers. The five member board will function as the first level of examination for all alleged cases of fraud involving Rs.50 Crore or above and official of the rank of General Manager and above.

• **GOVT. MAKES EASIER FOR PENSIONERS TO SUBMIT LIFE CERTIFICATES:** To avoid discontinuation of pension due to pensioners’ inability to submit a life certificate by November 30 every year, the Department of Pension and Pensioners’ Welfare has asked the disbursing banks to send the pensioners reminders via SMS/ e-Mail four times before the stipulated date and also ask them if they would like to avail of a doorstep service. The pension disbursing banks have been asked to send SMS/ e-Mails to the pensioners on October 24, November 1, November 15 and November 25 every year reminding them to submit the annual life certificate by the stipulated date.

• **SUPREME COURT RULING ON BANK NEGLIGENCE:** (Case-DAV Public School VS. Indian Bank) The bank accounts of the School were without net banking facility. But when the principal opened a savings net banking account for transferring funds to the three school accounts, it was found that Rs.25 Lakh was unauthorisedly transferred from the school accounts. Moreover it was found that a duplicate SIM card was used to transfer money. On appeal, the Supreme Court said that the bank linked the school accounts to that of the principal without any request from the school. Therefore, neither the school nor the principal was responsible for the loss but the bank should compensate the loss to the school.

• **GOVT. APPOINTS CHIEFS OF THREE PSBs:** The Government has announced the appointment of Lingam Venkata Prabhakar as MD&CEO of Canara Bank, Sanjiv Chaddha as MD& CEO of Bank of Baroda and Atanu Kumar Dass as MD&CEO of Bank of India. Further the Appointment Committee of the Cabinet approved the appointment of Challa Sreenivasulu Setty as MD of SBI.

• **SEBI NOTIFIED NORMS FOR PMS:** SEBI has notified its norms for Portfolio Management Services (PMS) doubling the minimum investment amount to be taken from clients to Rs.50 Lakh and asking such managers to raise their net worth to Rs.5 Crore within three years of notification. Under PMS, portfolio managers offer customised investment advice to clients, typically high net worth individuals. The regulator has disallowed portfolio managers from charging upfront fees to clients, either directly or indirectly. SEBI has asked the portfolio managers not to leverage the portfolio of clients for investment in derivatives and not indulge in speculative transactions that are not accompanied by actual delivery.

• **SEBI ISSUES NEW FRAMEWORK ON LISTING GUIDELINES:** SEBI has issued the stricter mechanism to deal with non-compliance of listed conditions under which stock exchanges will have powers to slap penalties of up to Rs.50, 000 for certain violations. At present, a stock exchange is allowed to charge a maximum amount of Rs.10, 000 for each violation
Banking Events

**February 2020**

**Financial Events**

- **GOVT. TO COME OUT WITH NATIONAL BUSINESS REGISTER:** Govt. will come out with a National Statistical Business Register that will have data on all business enterprises in the country based on the results of the ongoing 7th Economic census. The register will list district-wise all business enterprises and establishments engaged in production of distribution of goods or services and it will be updated regularly using data from other official data-bases such as GSTN. The data collected is expected to help improve the quality of national accounts and provide input for the proposed annual survey of services.

- **RBI DOUBLES FPIs’ DEBT INVESTMENT LIMIT:** In a bid to attract more investment in Government and Corporate debt, RBI has doubled the investment cap for Foreign Portfolio Investors (FPI) under the “Voluntary Retention Route” (VRR) to Rs.1.5 Lakh Crore. The VRR was introduced in March 2019 to enable FPIs invest in debt. These limits will be available “on tap” and allotted on “First come first served” basis. The new VRR scheme also allows FPIs to invest in Exchange Traded Funds (ETFs) that invest only in debt instruments. So far, they could invest only in government and corporate debt. The minimum retention period for these investments is three years.

- **SEBI TIGHTENS MARGIN NORMS ON COMmodity DERIVATIVES:** SEBI has tightened norms for commodity futures trading by categorising commodities based on their volatility and by imposing identical margins across exchanges. A commodity with realised volatility above 20% will be categorised as High Risk while those with 15-20% and 0.15% will be termed as Medium and Low Risk. SEBI has prescribed a formula for calculating the realised annualised volatility of each commodity. High-risk non-agricultural commodities will have a minimum initial margin of 10% while it will be 12% for agricultural commodities. Medium and low risk non-agricultural commodities will carry an initial margin of 8% and 6%. It will be 10% and 8% for agricultural commodities.

- **SEBI STEPS SCRUTINY OF DEALS BY ARMS POST IL&FS FALLOUT:** It came to light in the IL&FS scam that the company had used beneficiaries as a conduit to extend loans to related parties and other group companies. So, SEBI Working Group has now recommended that transactions by arms of listed companies also be included in the definition of “Related-Party Transactions” (RPTs). All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity. Provided that a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party shall acquire prior approval of the audit committee. The committee also needs to specify if the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary.

- **GOVT. CONSTITUTES ABBFF OF SUSPECTED FRAuds:** The Government has constituted an Advisory Board for Banking and Financial Frauds (ABBFF) for the first level of examination of suspected frauds in excess of Rs.50 Crore. The personal responsibility of MD&CEO of Public Sector Banks (PSBs) for compliance has been done away with. Powers have been delegated to the Boards of PSBs by the Department of Financial Services to put in place a suitable mechanism for ensuring compliance of the various timelines laid down by RBI and CVC circulars. The Centre has also aligned the norm requiring compulsory examination of fraud for all NPA Accounts exceeding Rs.50 Crore with the CVC circular of Jan.15 this year, whereby all such cases of suspicious fraud are to be initially referred to ABBFF.

- **IRDAl ISSUES NORMs ON POLICY HOLDERS OF MERGING PSBs:** The Insurance Regulator has come up with the guidelines to protect the interests of Group insurance policy holders of merging state-run banks. The Regulator said that upon the merger of Public Sector Banks, group health insurance policies of customers of the merged banks shall continue to be serviced by the insurer till the end of the policy period. The insurance companies shall make suitable arrangements with the acquiring banks to this effect.

- **UNIFORM STAMP DUTY REGIME STARTS:** The uniform stamp duty regime has started in the country. Till now, brokers used to collect stamp duty at different rates based on the state they reside, from traders. The stamp duty rate will be Rs.1500 per Rs.1 Crore for delivery (Holding of shares for more than one day) and Rs.300 per Rs.1 Crore in case of non-delivery (intra-day) trades. However, the new rates are only on
the buy-side and not on both buy and sell sides, as currently charged.

- **RBI ALLOWS KYC PROCESS ON MOBILE VIDEO**: RBI has amended its norms to allow the “Know Your Customer” (KYC) process to be completed through a mobile video conversation. RBI has also facilitated e-KYC and digital KYC by allowing use of Aadhar or other e-documents in the customer due diligence process.

- **RBI ISSUES GUIDELINES FOR UNIVERSAL ACCESS TO FINANCIAL SERVICES**: RBI’s National Strategy for Financial Inclusion (NSFI) 2019-24 has recommended increasing the outreach of banking outlets to provide universal access to financial services to every village within a 5 kilometre radius/hamlet of 500 households in hilly areas by March 2020. NSFI has suggested that the digital infrastructure must be expanded through better networking of Bank Branches, Business Correspondents, Micro ATMs, POS Terminals and stable connectivity. It also recommended extending the digital financial infrastructure to co-operative banks and other specialised banks (payments banks, small finance banks) as well as other non-bank entities to provide efficiency and transparency in the services offered to customers.

- **SUPREME COURT RULING ON PRE-DEPOSIT IN CHEQUE CASES**: (Case- Standard Chartered Bank VS. Heavy Engineering Corporation) In this case the Supreme Court has ruled that if the demand to encash the bank guarantee is in terms of the contract it is not open for a bank to determine whether the invocation was justified. It can not decide on its own whether it was a fraud, irretrievable injustice or special equities.

- **SEBI GIVES TWO MORE YEARS TO SPLIT CMD POST**: SEBI has given India Inc two more years to separate the positions of chairman and managing director in companies. The move follows resistance by big companies and industry bodies, which cited a compliance burden amid a downturn in the economy. Previously, the regulator had mandated the top 500 Listed Companies by market value to separate the chairman and managing director posts by April 1, 2020. Despite SEBI giving ample time to India Inc to meet the requirement, many firms were yet to comply with this, with less than three months left for the deadline. Now SEBI has postponed the deadline to April 2022.

- **FRAUDULENT CLAIMS FOR INPUT TAX CREDIT TO BE NON-BAILABLE OFFENCE**: Government is likely to make fraudulent claims for input tax credit a non-bailable offence in the hands of recipients of goods and services in the upcoming budget by tightening the GST Law. CEOs, directors and employees directly responsible for making such claims can also be penalised as per the proposed changes aimed at tackling evasion under the Indirect Tax Regime. The threshold of Rs.5 Crore will apply for the offence being treated as bailable and beyond that it will be non-bailable. The stringent provision already applies to suppliers of goods and services. These are to be expanded to include recipients found guilty of colluding in such fraud.

- **RBI ON VALID DOCUMENT FOR KYC PROCESS**: As per RBI’s directive to banks, a letter from the National Population Register (NPR) containing details of name and address is now among the list of “Officially Valid Document” (OVDs) to be accepted by banks for opening of an account or for meeting any other KYC norms. The others among the OVD list are Permanent Account Number (PAN) Card, Driving Licence, NREGA Job Card and the Aadhar Card. Banks are gearing up to accept NPR data following the direction. RBI released a notification asking its customers to submit KYC details before January 31, 2020. The list of KYC documents that it sought included the NPR letter. Those who fail to submit the details can not withdraw/transfer money.

- **HALLMARKING OF GOLD JEWELLERY MANDATORY**: Consumer Affairs Minister has said that the jewellers can sell only hallmarked jewellery and artefacts made of 14, 18 and 22 carat gold from January 15, 2021...
and violation of this will attract penalty and imprisonment of one year. Jewellers have been given one year time to register with the Bureau of Indian Standards (BIS) and implement the mandatory hallmarking of gold jewellery to ensure purity of the precious metal. Consumers have to watch out for four marks on hallmarked gold jewellery – BIS mark, Purity in Carat, Assay Centre’s name and Jewellers’ Identification mark.

- **SEBI MODIFIES NORMS FOR CRAs ON NON-CO-OP FIRMS:** In a move to further strengthen the credit rating process, SEBI has directed the Credit Rating Agencies (CRAs) to downgrade an instrument to “Non-investment Grade” with “Issuer not Co-operating Status”, if all outstanding ratings of the issuer remain non-cooperative for more than six months. If non-cooperation by the issuer continues for a further six months from the date of downgrade to non-investment grade or CRA should assign any new rating to such issuer, until the company resumes cooperation or the rating is withdrawn.

- **SEBI UNVEILS NEW FRAMEWORK FOR CORE SETTLEMENT GF:** SEBI has come out with a new framework for Core Settlement Guarantee Fund (GF) and liability of non-defaulting members of clearing corporations. The Core Settlement Guarantee Fund (Core SGF) is a corpus used for settlement of trades during defaults and all intermediaries – stock exchanges, clearing corporations and brokers – contribute towards it. The requisite contributions to the core SGF by various contributors for any month will be made by the contributors before the start of the month.

- **RBI NOD TO SHIVALIK MERCHANTILE TO CONVERT INTO SFB:** RBI has set the ball rolling on the conversion of Urban Co-operative Banks (UCBs) into Small Finance Banks (SFB) by granting “in-principle approval” to Shivalik Merchantile Co-operative Bank for conversion into Small Finance Bank. This is the first such approval after RBI came up with a “Scheme on Voluntary Transition of UCB into SFB” in September 2018. The approval granted by RBI is valid for 18 months to enable the applicant to comply with the requirements under the scheme. The minimum net-worth of the proposed SFB should be Rs.100 Crore from the date of commencement of business. As SFBs are required to maintain a minimum capital adequacy ratio of 15% of its Risk Weighted Assets on a continuous basis, the availability of adequate capital should be ensured. Promoters should maintain at least 26% of the paid-up equity capital.

- **GOVT. TO LAUNCH NIRYAT RIN VIKAS YOJANA:** Govt. is working on measures to arrest the declining exports. For that, it plans to come out with an export financing scheme to offer lower interest rates in rupee and dollar terms as well as reduced premium cost for small businesses. In this direction, the government is going to launch a Niryat Rin Vikas Yojana Scheme wherein the interests rates will likely fall to 3.15% for export credit in dollar terms and 7.35% in rupee terms. Currently, interest rates are pegged at 3 to 6% for credit in foreign currency and around 10% in rupee terms.

- **GOVT. NOTIFIES MANDATORY SECRETARIAL AUDIT FOR COMPANIES.** The Corporate Affairs Ministry has notified the mandatory secretarial Audit for Private Firms with total outstanding borrowings of Rs.100 Crore or more from banks and financial institutions. Under the previous rules, only public companies with a paid-up share capital of Rs.50 Crore or more or those with a turnover of Rs.250 Crore or more were required to submit secretarial audit reports along-with their board report.

- **MCA CLARIFIES ON RULES FOR CO. SECRETARY IN PVT. FIRMS:** Ministry of Corporate Affairs (MCA) has brought clarity into the appointment of company secretaries by private companies. It has now stipulated that all private companies with a paid-up capital of Rs.10 Crore or above should have a whole-time company secretary. The earlier norms on this front were quite ambivalent with no specific rule governing the appointment of company secretaries in private companies. The private companies with Rs.5 Cr or more paid up capital were covered by inference in around-manner but now rules provide for direct coverage and with a higher threshold of Rs.10 Cr or more.

- **GOVT. ANNOUNCES NIP WORTH RS.102 LAKH CRORE:** Govt. announced a National Infrastructure Pipeline (NIP) with projects worth Rs.102 Lakh Cr over 5 years. The Centre will ensure timely implementation of projects spread across 18 states and UTs. The govt. expects that with more states/UTs submitting their proposals, another Rs.3 Lakh Crore will be added to the total expenditure shortly. Of the capex to be undertaken for the infra sector, the Centre (39%) and states (39%) are to have an equal share with the private sector chipping in with the rest (22%). The Centre expects the private sector’s share to go up to 30% by 2025.
Rating Agency which has downgraded Renewable Energy Sector from “Stable” to “Negative” on rising headwinds- ICRA.

Bank which plans to float 42 Billion Distressed Asset Fund during 2020- SBI.

Company which has been penalised by IRDAI with fine of Rs.2.18 Crore for violating norms on motor insurance service providers- Hero Insurance Broking India.

National Highways Authority of India (NHAI) has started Electronic Toll Collection and issued- 11.5 Million FASTags.

Lead Bank with 15 Consortium Banks has been allowed by a Special Court in Mumbai to liquidate movable assets of Vijay Mallya to repay debt- SBI.

Country which has cut Bank’s Reserve Ratio and released $115 Billion to spur economy- China.

Vinod Kumar Yadav who assumed office as Chairman of Railway Board is likely to be it’s – First-ever CEO of Railway Board.

Austria Sebastian Kurz, 33 who formed Coalition Government is- World’s Youngest Leader.

Quantas (Australia) has been named in the Asia Pacific Region as- World’s Safest Airline.

Scheme under which record 87.5% eligible taxpayers have opted for- Legacy Dispute Resolution Scheme.

Central Depository Services Ltd. (CDSL) inaugurated its First IFSC Branch at the GIFT-International Financial Services Centre and has become- First Depository.

Portability which has been rolled out by the Govt. on pilot basis in 6 states and then it is to be implemented throughout the country from June 1, 2020- One-Nation One Ration Card Portability.

India’s largest Payments Platform which has launched its “All-in-one Quick Response” (QR) for merchants across the country- Paytm.

Bank which has celebrated its 109th Foundation Day on 21.12, 2019- Central Bank of India.

India is proposing to rate its National Highways on parameters including safety and mobility among others so as to improve – Quality of Highways Network in the Country.

Bank which has launched a Value-added service for Religious Bodies, Societies, clubs wherein the users will be able to pay donations and make other payments- HDFC Bank.

Index in which Haryana, Karnataka and Kerala have topped- State Energy Efficiency Index 2019.

Scheme which the Govt. is to start for the assesses to declare the additional income of the previous five-six years without penalty or prosecution- Direct Tax Immunity Scheme.

Stock Exchange which introduced Cross-Margining Facility to offset positions in correlated equity indices- BSE.

By January 2020, all users in India will have to register Drones to regulate their numbers- On Digital Sky Platform.

Michael Debabrata Patra, presently ED in Monetary Policy Department of RBI, has been appointed as- Deputy Governor of RBI.

Bank which has launched an

**OUR USEFUL BOOKS FOR BANKERS**

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

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)
API Banking Portal which will enable partner companies to co-create customer solutions in a faster and simpler manner- ICICI Bank.

Bank which has been barred by RBI from carrying out operations such as granting new loans, making investments or accepting new deposits- Bengaluru-based Sri Guru Raghvendra Cooperative Bank.

Gold Jewellery and Artifacts below 2 Grams have been exempted by the Govt. for- Mandatory Hallmarking.

Country whose Economy has slumped to its lowest level at 6.1% in 29 years- China.

Corporation which has raised Rs.750 million through issuance of Overseas Bonds to fund business expansion plans- Power Finance Corporation.

Regulator which now holds 625.2 tonnes of Gold or 6.6% of its Forex Reserves- RBI.

Tax on which the Centre has clarified that the lawyers are exempted and there is no move to impose the levy on them for providing legal services- Service Tax.

Govt. is to provide universal social security coverage to unorganized workforce and for this purpose it is to maintain- National Database for Workers in Informal Sector.

West Bengal has overtaken Uttar Pradesh and emerged as - Top Vegetable Production State.

Exchange which has become the First Exchange to receive SEBI’s approval for launch of weekly contracts on Interest-Rate-Futures (IRFs)- Metropolitan Stock Exchange of India.

International Agency which has slashed India’s GDP estimate from 6.1% to 4.8% for 2019-20- International Monetary Fund.

Executive Capital of Andhra Pradesh will be- Vishakhapatnam.

Being member’s contribution, India made the advance payment of Swiss Franc 44, 55, 445 (Rs.33 Crore) to – World Trade Organisation.

Process of printing of the Union Budget starts with – Halwa Ceremony.


Rating Agency which said that the credit risk will remain high in the country despite recognition of legacy stressed assets and capital infusion by Govt.- Standard & Poor’s.

Index in which India is having poor ranking and stands at 76th out of 82 Countries globally while Denmark has topped the index- Social Mobility Index.

India has slipped 10 places to 51 in 2019 out of 167 Countries globally while Norway has topped the Index- Democracy Ranking Index.

Company whose Brand Value has increased nearly six-fold since 2010 to $13.5 billion and made it the “Fastest Growing Brand of the Decade”- TCS.

Switzerland has minted a 2.96 millimeter Gold Coin- World’s Smallest Gold Coin.

Company on which SEBI has slapped a total penalty of Rs.10.7 Crore relating to manipulation in issuance of Global Depository Receipts- Jindal Cortex Ltd.

Study as per which it is revealed that 75% Indians want to continue working beyond retirement age- Study by Credit Suisse Research Institute.

Submission of Aadhar/ PAN by Employee to Employer “Mandatory” failing which 20% TDS to be deducted by the Employer- CBDT

Forum which has formed the First Global Consortium focused on designing a framework for the “Governance of Digital Currencies”- World Economic Forum.

Among UPI (Unified Payments Interface) Apps., while BHIM contributed 6%, Paytm 7% and PhonePe 26%, the maximum contribution of 59% goes to- Google Pay.

Bank which has added a new feature that analyses “rogue” apps on user devices that may trigger fraudulent transactions and advises users to uninstall such apps- Paytm Payments Bank.

Sunil Mehta, retired MD&CEO of PNB has taken over as- Chairman of IBA.


As per report of Tom Tom Traffic Index, Bengaluru is the- “Most Traffic Congested City in the World”

According to Survey in which Assam has emerged as “Top State in formulation of Best Budgetary Practices” – Survey by Transparency International.

Rating Agency which revised Wind Energy Sector Outlook from “Stable” to “Negative” due to payment delays by Discoms and tight financing environment- ICRA.

Asia’s 2nd Biggest Cement Company by Market Capitalisation- Ultra Tech.
**Union Budget 2020-21**

**01** As per Central Govt. Budget for 2020-21, GDP growth rate is:
- a 10%
- b 10% based on base prices
- c 10% based on current prices
- d 9% based on base prices

**02** As per Central Govt. Budget for 2020-21, the amount of GDP projected is:
- a Rs.21849240 cr
- b Rs.22489420 cr
- c Rs.21498420 cr
- d Rs.22984240 cr

**03** As per Central Govt. Budget for 2020-21, the fiscal deficit is projected at:
- a 3.5% of GDP
- b 3.8% of GDP
- c 3.3% of GDP
- d 3% of GDP

**04** As per Central Govt. Budget for 2020-21, the revenue deficit is projected as:
- a 2.8% of GDP
- b 2.7% of GDP
- c 2.6% of GDP
- d 2.5% of GDP

**05** As per Central Govt. Budget for 2020-21, the effective revenue deficit shall be:
- a 1.5% of GDP
- b 1.6% of GDP
- c 1.7% of GDP
- d 1.8% of GDP

**06** As per Central Govt. Budget for 2020-21, the primary deficit shall be:
- a 0.4% of GDP
- b 0.5% of GDP
- c 0.6% of GDP
- d 0.7% of GDP

**07** As per Central Govt. Budget for 2020-21, short term crop loan disbursement target is:
- a Rs.1250000 cr
- b Rs.1300000 cr
- c Rs.1350000 cr
- d Rs.1500000 cr

**08** As per Central Govt. Budget for 2020-21, non-resident Indian, for the purpose of Income Tax rules, means a person who stays outside India for a period of:
- a 120 days or above
- b above 182 days
- c 182 days or above
- d 245 days or more

**09** As per Central Govt. Budget for 2020-21, an Indian citizens who are not liable to tax in any other country or territory, shall be deemed to be residents of India and taxed as:
- a Indian citizen
- b as NRI
- c as a foreigner
- d none of these

**10** As per Central Govt. Budget for 2020-21, which of the following has been withdrawn?
- a securities transaction tax
- b dividend distribution tax
- c commodity transaction tax
- d bank cash withdrawal tax

**11** As per Central Govt. Budget for 2020-21, Employer’s contribution to PF, NPS and Superannuation Fund exceeding ___ to be taxable as salary, in employee’s hands.
- a Rs.7.50 lac
- b Rs.6.00 lac
- c Rs.5.25 lac
- d Rs.2.50 lac

**12** As per Central Govt. Budget for 2020-21, tax audit turnover for manufacturers has been raised from Rs.1 cr to ___ if cash receipts or payment are not more than 5%.
- a Rs.2 cr
- b Rs.3 cr
- c Rs.5 cr
- d Rs.10 cr

**13** As per Central Govt. Budget for 2020-21, TDS on payments to technical services providers (such as software development) has been reduced from 10% to:
- a 7.5%
- b 5%
- c 2.5%
- d 2%

**14** As per Central Govt. Budget for 2020-21, insurance cover for bank deposits has been increased from Rs.1 lac to ___:
- a Rs.10 lac
- b Rs.5 lac
- c Rs.3 lac
- d Rs.2 lac

**15** As per Central Govt. Budget for 2020-21, entire Govt. equity holding in which of the following is to be divested?
- a LIC of India
- b State Bank of India
- c IDBI Bank
- d SIDBI

**16** As per Central Govt. Budget for 2020-21, a part of its equity holding shall be divested by Govt. through an IPO in case of:
- a LIC of India
- b State Bank of India
- c IDBI Bank
- d SIDBI

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 feedback, we keep on redesigning and restructuring this publication. Kindly send your suggestions and views.
<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 As per Central Govt. Budget for 2020-21, FPI limit for corporate bonds to be increased to ___ % of outstanding stock, from existing 9%.</td>
<td>a 10% b 12.5% c 15% d 17.5%</td>
</tr>
<tr>
<td>18 As per Central Govt. Budget for 2020-21, authorized dealers are required to collect tax at source if the amount of foreign remittance under LRS of RBI is ___ in a financial year.</td>
<td>a Rs.10 lac or above b above Rs.10 lac c above Rs.7.50 lac d above Rs.7 lac</td>
</tr>
<tr>
<td>19 As per Central Govt. Budget for 2020-21, online course are proposed to offer by top 100 institutions in India for which level of exams?</td>
<td>a up to 10th class b up to 10 + 2 class c up to graduation d up to post-graduation</td>
</tr>
<tr>
<td>20 As per Central Govt. Budget for 2020-21, which of the following is not a theme of Budget?</td>
<td>a aspirational India b economic development c caring society d ease of doing business</td>
</tr>
<tr>
<td>21 As per Central Govt. Budget for 2020-21, which of the following has largest shares in revenue receipts?</td>
<td>a GST b Excise Duty c Custom Duty d Income tax</td>
</tr>
<tr>
<td>22 As per Central Govt. Budget for 2020-21, PM-KUSUM is a scheme for?</td>
<td>a covering 20 lac farmers for stand alone solar pumps b covering 10 lac farmers for grid connected pumps</td>
</tr>
<tr>
<td>23 As per Central Govt. Budget for 2020-21, government proposes to put in place a framework for development, management and conservation of marine fishery resources. It relates to:</td>
<td>a Blue economy b Blue revolution c Blue culture d Blue resources</td>
</tr>
<tr>
<td>24 As per Central Govt. Budget for 2020-21, the limit for NBFCs to be eligible for debt recovery under SARFAESI Act 2002 is proposed to be reduced from Rs. 500 crore to asset size of:</td>
<td>a Rs.250 cr b Rs.100 cr c Rs.50 cr d Rs.10 cr</td>
</tr>
<tr>
<td>25 As per Central Govt. Budget for 2020-21, As per Central Govt. Budget for 2020-21, the limit for NBFCs to be eligible for debt recovery under SARFAESI Act 2002 is proposed to be reduced from loan size of Rs.1 crore to:</td>
<td>a Rs.75 lac b Rs.50 lac c Rs.25 lac d Rs.20 lac</td>
</tr>
<tr>
<td>26 As per Central Govt. Budget for 2020-21, Govt. proposes to introduce a scheme to provide subordinate debt for entrepreneurs of MSMEs by banks, which would count as ___ and would be fully guaranteed through the Credit Guarantee Trust for Medium and Small Entrepreneurs (CGTMSE).</td>
<td>a Equity b debt c quasi equity d hybrid equity</td>
</tr>
<tr>
<td>27 Negative gap between total revenue receipts and total revenue expenditure, is called:</td>
<td>a fiscal deficit b revenue deficit c effective revenue deficit d primary deficit</td>
</tr>
<tr>
<td>28 Negative gap between (revenue receipts plus non-debt capital receipts) and total expenditure, is called:</td>
<td>a fiscal deficit b revenue deficit c effective revenue deficit d primary deficit</td>
</tr>
<tr>
<td>29 Effective revenue deficit is calculated as:</td>
<td>a fiscal deficit less grants for creation of capital asset b revenue deficit less grants for creation of capital assets c fiscal deficit less interest payments d primary deficit plus revenue deficit</td>
</tr>
<tr>
<td>30 Primary deficit is calculated as:</td>
<td>a fiscal deficit less grants for creation of capital asset b revenue deficit less grants for creation of capital assets c fiscal deficit less interest payments d primary deficit plus revenue deficit</td>
</tr>
<tr>
<td>31 The document that contains the government’s proposals for levy of new taxes, modification of the existing tax structure or continuance of the existing tax structure beyond the period approved by Parliament, which is submitted to Parliament along with the Budget for its approval, is called:</td>
<td>a Annual budget b Grants in aid c finance bill d budget memorandum</td>
</tr>
<tr>
<td>32 Which of the following is a revenue expenditure?</td>
<td>(1)</td>
</tr>
</tbody>
</table>
expenses relating to running of the govt. (2) interest paid by govt. on borrowing (3) expenses on construction of roads (4) grants given by Central govt. to state governments.

**33** Which of the following group of receipts has only the revenue receipts:

| a | taxes, dividends, interest on loans |
| b | taxes, borrowing, dividends |
| c | taxes, recovery of loans, dividends |
| d | interest paid on borrowing, taxes, dividends |

**34** Which of the following group of receipts has all the capital receipts:

| a | loans repayment, recovery of loans granted to state governments, disinvestment in public sector undertakings |
| b | loans raised from market, recovery of loans granted to state governments, disinvestment in public sector undertakings |
| c | loans raised from market, recovery of loans granted to state governments, investment in public sector undertakings |
| d | loans raised from market, repayment of loans obtained from RBI, disinvestment in public sector undertakings |

**35** Which of the following statement is correct out of the following (1) Direct taxes are imposed directly on the individuals or companies (2) Direct taxes include Corporate tax (3) Direct taxes include Income tax (4) Direct taxes include excise duty.

| a | 1 to 4 all |
| b | 1 to 3 only |
| c | 1, 2 and 4 only |
| d | 1, 3 and 4 only |

**36** Which of the following statement is correct out of the following (1) Indirect taxes are imposed on goods and services (2) Indirect taxes include Corporate tax (3) Indirect taxes include custom duty (4) Indirect taxes include excise duty.

| a | 1 to 4 all |
| b | 1 to 3 only |
| c | 1, 2 and 4 only |
| d | 1, 3 and 4 only |

**37** The ______ deficit is the help extended to the Central government’s borrowing program by the Reserve Bank of India.

| a | Fiscal deficit |
| b | Monetized deficit |
| c | primary deficit |
| d | budget deficit |

**38** When the expenditure is more than revenues and as a result the budgetary exercise is considered a failure, as there is shortage of funds, it is called ____.

| a | Fiscal deficit |
| b | Monetized deficit |
| c | primary deficit |
| d | budget deficit |

**39** Which of the following statement is correct (1) Value added tax (VAT) a tax that is imposed on a company or firm in respect of the percentage of its value addition (2) VAT is imposed to prevent the increasing effects of taxes through the different production processes (3) The sum determined by finding the difference between value of inputs and outputs is the basis of the value-added tax.

| a | 1 to 3 all |
| b | 1 and 3 only |
| c | 2 and 3 only |
| d | 1 and 2 only |

**40** The ______ is the document presented to Parliament for approval, so that the govt. can withdraw from the Consolidated Fund, the amounts required for meeting the expenditure.

| a | demands for grant |
| b | appropriation bill |
| c | budget estimates |
| d | capital budget |

**41** For the purpose of Budget, the payments for acquisition of assets like land, buildings, machinery, equipment, as also investments in shares and loans and advances granted by the Central govt. to State and UT Govt., government companies, corporations etc. is part of:

| a | plan expenditure |
| b | non-plan expenditure |
| c | capital expenditure |
| d | revenue expenditure |

**42** Loans raised by Govt. from public (market loans), borrowings by Govt. from RBI and other parties, through sale of Treasury Bills, loans received from foreign govt. and bodies and recoveries of loans granted by Central govt. to state and UT govt. and other parties, proceeds from disinvestment of govt. equity in public enterprises is categorised as.

| a | plan receipts |
| b | capital receipts |
| c | revenue receipts |
| d | non-plan expenditure |

---

**Answers**

| 01 | c | 02 | b | 03 | a | 04 | b | 05 | d |
| 06 | a | 07 | d | 08 | d | 09 | a | 10 | b |
| 11 | a | 12 | c | 13 | d | 14 | b | 15 | c |
| 16 | a | 17 | c | 18 | d | 19 | c | 20 | d |
| 21 | a | 22 | a | 23 | a | 24 | b | 25 | b |
| 26 | c | 27 | b | 28 | a | 29 | b | 30 | c |
| 31 | c | 32 | b | 33 | a | 34 | b | 35 | b |
| 36 | d | 37 | b | 38 | d | 39 | a | 40 | b |
| 41 | c | 42 | b |
RBI issued revised guidelines on 23.01.20, as under:

1. For a trade to be classified as merchanting trade, goods acquired shall not enter the Domestic Tariff Area. In case of goods requiring specific processing/ value-addition, transformation of goods may be allowed subject to the AD bank satisfaction.

2. MTT shall be undertaken for goods permitted for exports / imports under prevailing Foreign Trade Policy of India as on the date of shipment.

3. The entire merchanting trade is to be routed through the same AD bank. The AD bank shall verify the documents like invoice, packing list, transport documents and insurance documents (if originals are not available, Non-negotiable copies duly authenticated by the bank handling documents may be taken) and satisfy itself about the genuineness of the trade. AD bank shall ensure that the requisite details are made available / retrievable at the time of Inspection/Audit/investigation of the transactions.

4. The entire MTT shall be completed within an overall period of nine months. There shall not be any outlay of forex beyond four months. The commencement date of merchanting trade shall be date of shipment / export leg receipt or import leg payment, whichever is first. The completion date shall be the date of shipment / export leg receipt or import leg payment, whichever is the last.

5. Short-term credit by way of suppliers’ credit or buyers’ credit may be extended for MTT to the extent not backed by advance remittance for export leg, including the discounting of export leg LC by the AD bank, as in the case of import transactions. However, Letter of Undertaking (LoU)/ Letter of Comfort (LoC) shall not be issued for supplier’s/ buyer’s credit.

6. Any receipts for the export leg, prior to payment for import leg, may be parked either in Exchange Earners Foreign Currency a/c or in an interest-bearing INR account till the import leg liability arises. If such receipts are kept in interest-bearing INR account, hedging thereof may be allowed at the request of its customer. No fund/non-fund-based facilities shall be extended against these balances.

7. Payment for import leg may also be allowed to be made out of the balances in EEFC account of the merchant trader.

8. Merchandising traders may be allowed to make advance payment for import leg on demand made by overseas supplier. It may be ensured that any such advance payment for an import leg beyond USD 500,000/- per transaction, shall be made against Bank Guarantee / an unconditional, irrevocable standby LC from an international bank of repute.

9. LC to the supplier for the import leg is permitted against confirmed export order, keeping in view the foreign exchange outlay of four months and completion of the MTT within nine months and subject to compliance with the instructions issued by Department of Banking Regulation on “Guarantees and Co-acceptances”, as amended from time to time.

10. AD bank shall ensure one-to-one matching in case of each MTT and report defaults in any leg by the traders to the concerned Regional Office of RBI, on half yearly basis, within 15 days from close of half year.

11. Merchant traders with outstanding of 5% or more of their annual export earnings shall be liable for caution listing.