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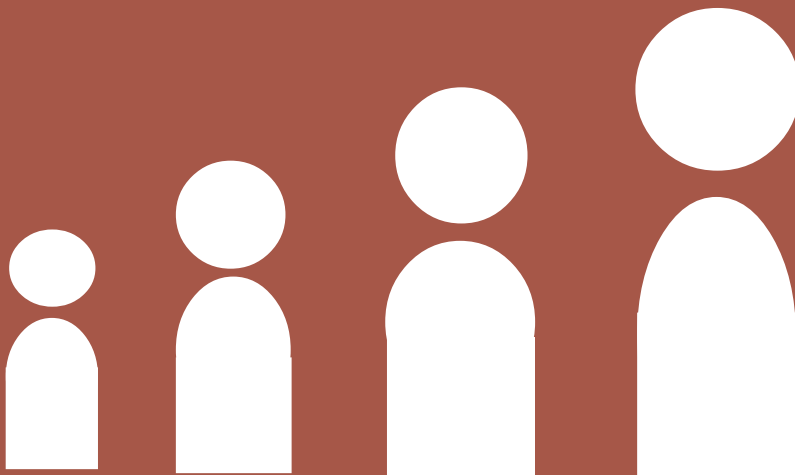
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Those who win, are those, who think they can

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**BANKING
POLICY****Bank Deposit Insurance Cover**

On 05.02.20, RBI informed banks that with a view to providing a greater measure of protection to depositors in banks, the Deposit Insurance and Credit Guarantee Corporation, a wholly owned subsidiary of the Reserve Bank of India, has raised the limit of insurance cover for depositors in insured banks from the present level of Rs.1 lakh to Rs.5 lakh per depositor with effect from February 4, 2020 with the approval of Government of India.

If DICGC has already incurred liability before 04.02.20, the cover will be limited to Rs.1 lac.

On 05.02.20, DICGC intimated banks that, the rate of premium payable by insured banks will be raised from 10P/100/p.a. to 12P/100 of assessable deposits /p.a. w.e.f. the HY beginning 01.04.2020.

Incentivising Bank Credit to Specific Sectors – Exemption from CRR Maintenance

On Feb 10, 2020, RBI permitted banks to deduct the equivalent amount of incremental credit disbursed by them as retail loans to automobiles, residential housing, and loans to micro, small and medium enterprises (MSMEs), over and above the outstanding level of credit to these segments as at the end of the fortnight ended January 31, 2020 from their net demand and time liabilities (NDTL) for maintenance of the cash reserve ratio (CRR).

Banks have been advised that they can claim the first such deduction from the NDTL of February 14, 2020 for the amount equivalent to the incremental credit extended to the sectors indicated above over the outstanding level of credit as at the end of the fortnight ended January 31, 2020.

An amount equivalent to the incremental credit outstanding from the fortnight *beginning January 31, 2020* and up to the fortnight *ending July 31, 2020* will be eligible for deduction from NDTL for the purpose of computing the CRR for a period of 5 years from the date of origination of the loan or the tenure of the loan, whichever is earlier.

Banks are required to report the exemption availed at the end of a fortnight under “exemptions/others” in the Section-42 return, prescribed in Annex A to Form A.

Further, proper fortnightly records of net incremental credit extended to the select sectors/NDTL exemption claimed, duly certified by the Chief Financial Officer (CFO) or an equivalent level officer, are to be maintained by banks for supervisory review.

Clarification issued by RBI on CRR exemption (25.02.20)

1. How to compute equivalent amount of incremental credit that can be deducted/exempted from the NDTL for the purpose of CRR?

Clarification = The outstanding retail loans to automobiles,

residential housing and loans to MSMEs (hereafter called as the specified segments) as on every reporting Friday beginning reporting February 14, 2020 and up to the reporting Friday ending July 31, 2020, will be deducted from the outstanding credit to the respective segments as on January 31, 2020. If the difference between the outstanding credit is positive, the equivalent amount of difference be deducted from NDTL for the purpose of CRR maintenance. If the difference in credit to any of the specified segment is negative, it should be ignored. The incremental credit will be calculated segment-wise.

2. The factoring units of MSMEs discounted under the ‘Trade Receivables Discounting System (TReDs) are eligible for exemption/ deduction.

3. For how long such deductions/ exemptions are allowed?

Clarification = The amount of incremental credit as on July 31, 2020 (over the outstanding credit as on January 31, 2020) will be reduced to the extent of repayments and NPAs and the net amount of incremental credit will be eligible for the benefit of deduction from NDTL for a maximum period of 5 years, i.e., up to the fortnight ending January 24, 2025, or the tenure of the loan, whichever is earlier.

Interest Subvention Scheme for MSMEs

Operational guidelines were issued by RBI for the scheme contained in circular on ‘Interest Subvention Scheme for MSMEs’ dated 21.02.19.

It has been decided by the Government of India to bring, inter alia, following modifications in the operational guidelines (RBI Cir 05.02.20):

1. Submission of statutory auditor certificate by June 30, 2020 and in the meantime, settle claims based on internal / concurrent auditor certificate.

2. Acceptance of claims in multiple lots for a given half year by eligible institutions.

3. Requirement of Udyog Aadhar Number (UAN) may be dispensed with for units eligible for GST. Unit not required to obtain GST, may either submit Income Tax Permanent Account

Number (PAN) or their loan account must be categorized as MSME by the concerned bank.

4. Allow trading activities also without Udyog Aadhar Number (UAN)

Merchant Acquiring Business using Aadhaar Pay etc. by Regional Rural Banks

On 06.02.20, RBI decided to allow RRBs to act as merchant acquiring banks using Aadhaar Pay – BHIM app and POS terminals. The features of the scheme, are as under:

1. All RRBs intending to act as merchant acquiring banks (Aadhaar pay – BHIM app), shall be permitted to deploy their own devices subject to fulfilling the conditions as under:

a) The RRB should have the permission for mobile banking from the Reserve Bank

b) Additionally, the RRB shall be required to fulfil the following conditions:

1. The bank's IT systems & CBS should have been subjected to an IS Audit not earlier than six months from the date of application to confirm that the system is adequately secure.

2. The bank must ensure necessary infrastructure for application development, safety and security of the transactions and handling of customer grievance.

3. A customer grievance redressal mechanism duly approved by the bank's board should be in place;

4. The bank should have a board approved policy on merchant acquisition for card transactions;

5. There should not be any restrictions imposed on the bank for accepting deposits/ withdrawals by Reserve Bank of India.

6. No penalty should have been imposed in last two financial years.

All RRBs intending to act as merchant acquiring bank (POS terminals), shall be permitted to deploy their own devices provided they meet the above conditions, as also the conditions given hereunder:

c) In the preceding financial year, the RRB should have

1. Net worth of Rs.100.00 crore or more as on March 31 of the preceding financial year

2. Minimum CRAR at 9%

3. Net NPA below 5%.

In addition, the RRBs may be required to comply with instructions and guidelines on Merchant Acquisition for card transactions and POS issued by Department of Payment and Settlement Systems, RBI from time to time.

Reporting : RRBs shall inform the respective Regional Offices of Reserve Bank, within a period of 15 days from the date of operationalising the merchant acquisition business.

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Digital KYC

On 19.08.19 and 13.11.19, Government of India, notified amendment to Prevention of Money-laundering (Maintenance of Records) Rules, 2005. Further, RBI decided (on 09.01.20) to permit Video based Customer Identification Process (V-CIP) as a consent based alternate method of establishing the customer's identity, for customer onboarding. Accordingly, KYC directions (25.2.16) have been amended as under:

A. Changes due to amendments to the PML Rules

a) As per Section 3, "Digital KYC" means capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the Reporting Entity (RE).

b) As per Section 3, "Equivalent e-document" means an electronic equivalent of a document, issued by the issuing authority of such document, with valid digital signature, including documents issued to the digital locker account of the customer as per Rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.

Amendment to Section 16 :

I. Customer, for the purpose of Customer Due Diligence (CDD) process, shall submit:

- a) Aadhaar number if desirous of receiving any benefit or subsidy under any scheme ; or he decides to submit his Aadhaar number voluntarily **or**
- b) the proof of possession of Aadhaar number where offline verification can be carried out; **or**
- c) the proof of possession of Aadhaar number where offline verification cannot be carried out **or**
- d) any Officially Valid Document (OVD) or the equivalent e-document thereof containing the details of his identity and address; **and**
- e) PAN or equivalent e-document thereof or Form No. 60; **and**
- f) such other documents including in respect of the nature of business and financial status of the client, or the equivalent e-documents thereof as may be required by the RE.

II. Provided that where the customer has submitted

- a) Aadhaar number, such bank or RE shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India.

b) proof of possession of Aadhaar where offline verification can be carried out, the RE shall carry out offline verification

c) an equivalent e-document of any OVD, the RE shall verify the digital signature;

d) proof of possession of Aadhaar number where offline verification cannot be carried out, the RE shall carry out verification through digital KYC as specified in Master Directions.

Provided, for a period not beyond such date as may be notified by the Government for a class of REs, instead of carrying out digital KYC, the RE pertaining to such class may obtain a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph where an equivalent e-document is not submitted.

III. Equivalent e-document has also been permitted for accounts of non-individual customer.

IV. Where a customer has provided his Aadhaar number for identification and wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the Regulated Entity.

B. Changes due to introduction of Video based Customer Identification Process (V-CIP)

The process of V-CIP has been specified in Section 18 in terms of which, REs may undertake live V-CIP, to be carried out by an official of the RE, for establishment of an account based relationship with an individual customer, after obtaining his informed consent and shall adhere to the following stipulations:

i. The official of the RE performing the V-CIP shall record video as well as capture photograph of the customer present for identification and obtain the identification information as below:

Banks: can use either OTP based Aadhaar e-KYC authentication or Offline Verification of Aadhaar for identification. Further, services of Business Correspondents (BCs) may be used by banks for aiding the V-CIP.

Other REs: can only carry out Offline Verification of Aadhaar for identification.

ii. RE shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority.

iii. Live location of the customer (Geotagging) shall be

captured to ensure that customer is physically present in India

iv. The official of the RE shall ensure that photograph of the customer in the Aadhaar/PAN details matches with the customer undertaking the V-CIP and the identification details in Aadhaar/PAN shall match with the details provided by the customer.

v. For offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.

vi. All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process.

vii. RE shall ensure that the process is a seamless, real-time, secured, end-to-end encrypted audiovisual interaction with the customer and the quality of the communication is adequate to allow identification of the customer beyond doubt. RE shall carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations.

viii. To ensure security, robustness and end to end encryption, the REs shall carry out software and security audit and validation of the V-CIP application before rolling it out.

ix. The audiovisual interaction shall be triggered from the domain of the RE itself, and not from third party service provider, if any. The V-CIP process shall be operated by officials specifically trained for this purpose. The activity log along with the credentials of the official performing the V-CIP shall be preserved.

x. REs shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp.

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Issuers:

- Municipalities and Govt. entities in USA for funding capital expenditure and expensive infrastructure projects.
- Small companies needing smaller amount of funds or investment banks, for on-lending to small and medium size business entities.

Advantage

- These bonds provide investment opportunity to retail investors, not having funds to buy large denomination bonds.
- Issuers get investments from retail investors while the large funds and investors do not find them attractive.

REVISED LIQUIDITY MANAGEMENT FRAMEWORK

On 06.02.20, RBI announced the details of this framework. Accordingly, RBI liquidity facilities under the revised Liquidity Management Framework w.e.f. 14.02.2020, would be as under:

A. Instruments under LAF framework to manage short-term/transient liquidity

1. *14-day variable-rate repo/reverse repo auction* (Main operation)

Process : Auction amount will be decided by the Reserve Bank and a single auction (either repo or reverse repo) will be conducted based on the assessment of liquidity conditions by the Reserve Bank.

Time : On reporting Friday (2.30 PM – 3.00 PM)

(If reporting Friday is a holiday, the auction will be conducted on preceding working day in Mumbai)

2. *Variable Rate Term Repo/Reverse Repo auction*

Tenor: overnight and up to 13 days. (Fine-tuning operations).

Process : The auction amount will be decided by the Reserve Bank, based on an assessment of the liquidity conditions.

Time : At RBI discretion

3. *Fixed Rate Reverse Repo*

Amount : No restriction on amount

Periodicity : Daily (Including Saturdays, Sundays and holidays) between 5.30 PM and 11.59 PM

4. *Marginal Standing Facility (MSF)*

Individual banks can draw funds up to excess SLR + 2 per cent below SLR.

5. *FX Swaps*

The amount will be decided by the Reserve Bank, based on the assessment of the liquidity conditions

6. *Standing Deposit Facility (SDF)*

The amount will be decided by the Reserve Bank, based on the assessment of the liquidity conditions

B. Instruments to manage durable liquidity

1. *Long Term Variable Rate Repo (LTR)* Tenor: beyond 14 days

2. *Long Term Variable Rate Reverse Repo (LTRR)* Tenor: beyond 14 days

3. *FX Swap Auctions*

4. *Open Market Operations (OMOs)*

The auction amount will be decided by RBI, based on an assessment of the liquidity conditions.

Practical Problems based on Banking Ombudsman Decisions

1) The complainant alleged that her sister did not receive scholarship of Rs.30,000 granted by the Ministry of Minority Affairs, which had been remitted by issuing bank. Bank informed that the funds could not be credited to beneficiary's account as it was frozen due to non-compliance with KYC norms. The amount was returned to the remitting bank. BO observed that the bank did not observe RBI guidelines which stipulate that banks can impose partial freeze in a phased manner i.e. after giving due notice of 3 months to the customer followed by a reminder giving another 3 months for compliance. The bank was advised to pay Rs.30,000 to the complainant.

2) The complainant had transferred Rs.0.2 million to an account towards advance for franchisee license. He was informed that the amount was credited to a/c number given by complainant. BO observed that complainant was lured by a fake advertisement. It seemed to be a case of fraud by a 3rd party. KYC documents of beneficiary a/c holder indicated discrepancies. As such the beneficiary bank was advised to mark lien in beneficiary's a/c and refund the disputed amount to complainant. The bank reversed Rs.2,498 (funds available in beneficiary's a/c) and marked lien for balance amount until availability of funds in the a/c. The complainant again requested to revisit the case as similar instances of fraudulent transfers having same modus operandi had come to his notice. A meeting was held with beneficiary bank and it was observed that the said beneficiary's a/c was opened only to pool proceeds of such fraudulent transfers. BO advised the bank to compensate the complainant with the balance amount due to non-compliance with RBI's KYC norms.

3) The complainant alleged that he had approached the bank to withdraw money from his mother's pension account as she was bed ridden and had difficulty in speaking but the bank refused. Upon enquiry, the bank informed that the complainant's mother was above 90 years of age, bed ridden and unconscious for last 3 years. As the complainant was not an authorized signatory or a legal heir, the bank could not allow withdrawal. It further informed that payment could be made to the legal heirs, provided the following documents are submitted : (i) a consent letter verified by two outside parties and the branch manager from legal heirs authorising one of them to withdraw the balance in SB account of the complainant's mother; and (ii) a medical certificate from the doctor who has been treating complainant's mother certifying her inability to sign / execute documents. The bank, on receipt of the same later transferred an amount of Rs.16,500 to the complainant's a/c.

4) The complainant, a pensioner on receipt of the revised pension order dated October 28, 2016 requested the bank to release the pension arrears w.e.f. Jan 1, 2006. He alleged that the bank had not credited the arrears and the papers were pending with Central Pension Processing Centre (CPPC) of bank for last one year. The bank submitted that the pensioner had received the arrears on August 31, 2016 as per 7th Central Pay Commission. Upon enquiry regarding the PPO dated October 28, 2016 the bank informed that the same pertained to 6th Central Pay Commission and the arrears had not been paid as its CPPC had not received the revised order from Central Pension Accounting Office (CPAO). The bank on advice of the BO took up with CPAO and credited the arrears on November 27, 2017. BO further advised the bank to pay interest for the delayed period as per extant instructions.

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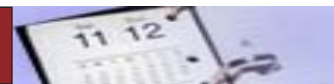
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- **CBDT NOD TO SEVEN ELECTRONIC MODES:** The Central Board of Direct Taxes (CBDT) has included 7 new electronic modes that will be accepted for making non-cash payments. These modes include payments using- Debit Card, Credit Card, Net Banking, IMPS, UPI, RTGS and BHIM. These modes can be utilised for making payments and availing various benefits and relief under the Income Tax Act 1962. Till now, the accepted payment channels for payment were Account Payee Cheque, Demand Draft and ECS which could be used under various Income Tax Provisions instead of cash. This is an enabling Rule introduced in the Income Tax Law which will significantly encourage businesses to accept payments through contemporary electronic modes of payments and promote the Government's initiative of "Digital India".
- **GOVT. TO DILUTE ITS STAKE IN LIC OF INDIA:** Union Budget proposed an IPO for LIC of India through which the Govt. will dilute its stake in it. Finance Minister assured 30 Crore policyholders of LIC that their interests would be protected when the Government dilutes its stake. They are bringing an Initial Public Offering (IPO) of LIC and not selling it completely. There will be no change in the ownership. It has also been assured that the LIC policies will not lose their "Sovereign Guarantee".
- **CAPITAL INFUSION BY GOVT. FOR PSU GENERAL INSURERS:** While State-run Banks did not get any allocation for capital infusion, the budget set aside Rs.6950 Crore for recapitalisation of the three Public Sector General Insurance Companies- National Insurance, Oriental Insurance and United India Insurance which are to be merged. The Centre had previously infused Rs.2500 Crore in the three insurers through the first supplementary demand for grants for 2019-20 in December last year. According to the Rating Agency ICRA, "The recapitalisation capital outlay for the public sector insurance companies would be credit positive for the 3 companies (All are undercapitalised).
- **IMMUNITY SCHEME FOR DIRECT TAX DISPUTES:** The Government has introduced an Immunity Scheme – "Vivvad se Vishwas" for 5 months till June 30, 2020 for citizens to settle disputes on income tax, offering relief from a "Vexatious litigation process". Under the proposed scheme, one is required to pay only the amount of the disputed tax. By doing so, the person will get complete waiver of interest and penalty provided the payment is made by March 31, 2020. For a disputed penalty, where interest

Financial Events

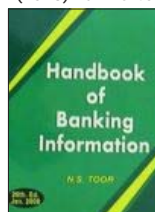


and fee are not connected with the disputed tax, one is required to pay only 25% of this total for settling the dispute. If repaying after March 31, one shall be required to pay 110% of the disputed tax.

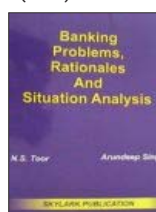
- **GOVT. TO DIVEST ITS ENTIRE OWNERSHIP IN IDBI BANK:** IDBI was itself classified as a development financial institution (DFI) and converted into a bank only in 2004. With LIC buying the majority stake, it was reclassified as a private sector bank last year. Loss-making IDBI Bank has been picked as the first public sector bank in which the Government will divest its entire ownership. Last year LIC acquired a 51% stake in IDBI Bank following which the Government now owns 47% stake. The Government now plans to sell its remaining equity in the secondary market.
- **RBI TO BANKS TO SET UP CELLS TO MONITOR LVC EXPOSURES:** RBI is likely to ask banks to set up dedicated cells for market intelligence and monitoring Large Value Credit (LVC) exposures. This is expected to address issues relating to large divergences observed in asset classification and provisioning in bank's credit portfolios vis-a-vis RBI's supervisory assessment and the rising incidence of frauds. RBI may also direct banks to leverage data analytics more to monitor credit exposures.
- **GOVT. TO USE E-BIDDING PLATFORM FOR DISINVESTMENT:** The Government is ready with an Electronic Bidding System to make public sector strategic sale process more

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transparent and will do away with paper bids that have been the norm. The Platform which has been developed by state-run MSTC will allow suitors for state-run companies to not just submit bids online but will encrypt them so that even the transaction advisors and government officials dealing with the sale can not access them. The latest platform has already been tested and is based on the recommendations of the independent external monitoring group comprising former Chief Justice RC Lahoti, former CAG VK Shunglu and former Chief Vigilance Commissioner.

- **MERGED BANKS TO GAIN FROM TAX:** The Union Budget has allowed carry forward of losses and depreciation for state-run banks and general insurance companies that are being merged, a move that would substantially reduce tax outgo of recently merged state-run banks. Banks are allowed to carry forward depreciation and net loss in their books for up to 8 years and use them to offset their future profits and pay lower tax. However, as per the current regulations, in the event of a merger they can not take either depreciation or loss on the books of the merged entity.
- **MCA NOTIFICATION ON MAJORITY SHAREHOLDERS TO BUY MINORITY STAKE:** According to a February 3 notification by the Ministry of Corporate Affairs (MCA) majority shareholders planning to buy minority investors from an unlisted public or private company will now have to deposit 50% of the acquisition price in a separate bank account. The notification also stipulated that shareholders with a 75% stake can now make an offer to buy out the remaining shareholders holding 25%. Prior to the February 3 notification, rules provided that shareholders with a 90% stake could buy out the remaining 10% stake. Majority shareholders through special resolution always had an ability to cause reduction of capital and achieve squeeze-out of minority shareholders.
- **COs TO PAY STIFF PENALTY FOR FAKING EXPENSES:** The Government has said that the fake bills to lower profits and evade tax through artificial expenses will attract a stiff penalty from the next financial year. Companies caught with false entries in their account books will have to cough up a penalty as high as the total value of the invoice—over and above the amount of tax it will have to pay. The penalty will now be 100% of the aggregate of the amount of such false or omitted entry and not the tax evaded, as per old provisions. Now the law has a new provision primarily targeted at bogus purchases, capital gains or expenses.
- **SBI PLANS EVALUATION METRICS FOR OFFICERS:** SBI has decided to link grant of extension for officers to evaluation metrics comprising parameters such as performance, attitude and credentials, compliance and integrity, conduct and benchmark-qualifying score. The cases of officers for the

purpose of grant of extension in service or otherwise will be reviewed in two stages under the evaluation metrics: First Stage on completion of 30 years of service/pensionable service or on attaining 55 years of age, whichever occurs first. (For grant of extension in service up to 58 years of age). Second stage will be on attaining 58 years of age for grant of extension/continuation in service up to 60 years of age, being the age of retirement.




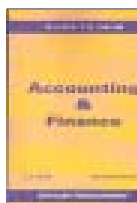
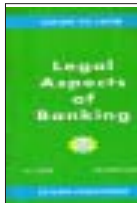

- **CABINET NOD TO AMEND BR ACT ON CO-OP BANKS:** The Cabinet has given its nod to amend the Banking Regulation (BR) Act so as to put certain co-operative banks under the regulatory ambit of RBI. Under the proposed amendments, co-operative banks will need to take the RBI approval for the appointment of CEO. Besides, such co-operatives banks will also come under the RBI's supervision in terms of audit. The Regulator will also have power to supersede the board of multi-state Co-operative Banks. Currently, there are 1540 Co-operative Banks.
- **RBI TO LAUNCH DIGITAL PAYMENTS INDEX:** RBI would launch in July a Digital Payments Index (DPI) to capture the extent of digitisation of payments in the country. The DPI would be based on multiple parameters and shall reflect accurately the penetration and deepening of various digital payment modes. The Index will help the regulator to understand the impact and spread of digital payments in rural, urban and semi-urban areas as well as understanding the impact of policy decisions made by it.
- **SEBI ISSUES NORMS FOR AIF BENCHMARKING:** SEBI has issued the guidelines for benchmarking the performance of Alternative Investment Funds (AIFs) with a view to streamlining disclosure standards and helping investors in assessing scheme performance. Benchmarking will apply to all schemes that have completed at least one year from the date of "First Close". Funds incorporated overseas with India track record shall also

provide the data to agencies when they seek registration as AIFs. Performance benchmarking shall be done on a half-yearly basis based on data as on September 30 and March 31 of each year.

- WhatsApp PAY GETS APPROVAL FROM NPCI:** Facebook-owned messaging service WhatsApp has secured regulatory approval for launching its digital payment platform- “WhatsApp Pay” –in a phased manner, around two years after a small-scale pilot run. The National Payments Corporation of India (NPCI) granted permission to the company to operate the platform that would cater to 10 million users in India in the first phase. The NPCI’s approval followed the RBI’s go-ahead. WhatsApp assured RBI and NPCI that it would comply with data localisation norms.
- SBI’s NEW ATMs TO HOLD/DISPENSE NOTES OF ANY DIMENSION:** SBI wants to ensure that its new ATMs, which will be installed under the fully outsourced model, are equipped with adjustable cassettes that can hold and dispense currency notes of any dimension. To minimise disputes between customers and the bank, the new ATMs will have a camera at the cash slot to capture the movement of cash from the presenter belt and final withdrawal by the customer. Besides enabling the usual transactions, such as cash withdrawal, balance enquiry, mini-statement, PIN change and cheque book request, SBI wants its ATMs to provide value-added services.
- INDIAN MNCs TO PAY TAX ON PRE-NEGOTIATED INCOME:** The Government has allowed the Multi National Companies (MNCs) having a permanent establishment (PE) in India to enter into Advance Pricing Agreements (APA) with the Income Tax Authorities and they can negotiate how much of the margin on profits accrued in India would be taxed for having PE in India. Until now, such an arrangement was possible only in transfer-pricing matters. The new provision will allow about 3500 foreign firms and 1400 PEs to access APAs or a safe harbour regime in which they can pre-decide the income for at least nine years (Including the rollback of four years) and accordingly pay tax. At present, the rate of tax on PEs is 43% including cess and surcharge, while subsidiaries of MNCs come under the corporate tax structure.
- SUPREME COURT RULING ON INCIDENT INFORMATION:** (Gurshinder Singh VS. Shriram General Insurance) In this case the person whose tractor was stolen had lodged a complaint with police but the vehicle could not be traced. He filed a claim but the insurer rejected the claim due to delay of 52 days. The District

Consumer Forum and the National Consumer Commission also rejected the case on the same ground. The Party then appealed the Supreme Court which held and ruled as follows- “When the party had lodged the FIR immediately after the theft and when the police after investigation have lodged a final report that the vehicle was not traced and when the surveyors/ investigators appointed by the company have found the claim of the theft to be genuine, mere delay in intimating the insurance company can not be a ground to deny the claim”.

- IRDAI REVISES NORMS FOR INSURERS TO MONITOR INVESTEE FIRMS:** IRDAI has issued revised set of stewardship guidelines for insurance companies to closely monitor the companies they invest in, intervene if required and also compulsorily vote if they own more than a specified amount of equity in the firm. Insurers have been asked to have a clear policy on voting and disclosure of voting activity every quarter. Revised guidelines focus more on voting activities.
- NPCI’S MONOPOLY IN PAYMNETS AND SETTLEMENT TO END:** Currently, National Payments Corporation of India (NPCI) is the sole organisation operating retail payments and settlement systems in India. As many as 56 member banks are shareholders in NPCI. Now NPCI’s reign as the sole umbrella organisation could come to an end with RBI allowing private entities to apply for a licence to set up rival umbrella entities. RBI said that entities keen on setting up a pan-India New Umbrella Entity (NUE) for retail payments system

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can incorporate a company in India under the Companies Act, 2013. The NUE should have a minimum paid-up capital of Rs.500 Crore.

- **CBDT FOR SHARING INFORMATION TO SEBI FOR FRAUD PROBE:** CDBT, which frames policy for the tax department, has issued an order in this context on Feb 10, 2020. The Income Tax Department will share all taxpayers' data, such as PAN information with SEBI in order to help the Market Regulator in its probe against various entities including those involved in stock market manipulation. The sharing of information will be under three broad heads- Request-based Exchange of Data, Suo Moto and lastly Automatic.
- **SUPREME COURT DIRECTION TO POLITICAL PARTIES ON "CRIMINALS":** The Supreme Court has directed the political parties to upload on their respective websites and social media platforms the details of pending criminal cases against candidates contesting on their party symbols, the reasons for selecting them and for not giving a ticket to those without criminal antecedents. The Apex Court further said that these details should be published within 48 hours of the selection of the candidate or at least two weeks before the first date for filing of nominations whichever is earlier.
- **PMO TO BANKS ON NPA CASES TO BE REFERRED TO NCLT:** Banks find it safer option to refer all bad loan cases to NCLT as they fear that resolutions through one time settlement or sale to an Asset Reconstruction Company could invite scrutiny from investigative agencies. As a result, most banks especially public sector banks, are using NCLT as an escape route rather than a tool to empower and keep companies running. In view of such type of situation, the Prime Minister's Office (PMO) has suggested to banks that they should refer cases to a Tribunal where the loan amount is at least Rs.200 Crore. This is aimed at declogging the overburdened NCLT ecosystem. Where the loan amount is less than Rs.200 Crore, the PMO wants banks to work with the current promoters to find long term solution to prevent closure of companies and job losses.
- **IRDAI TO SET UP COMMON ELECTRONIC PLATFORM:** IRDAI plans to set up a Common Electronic Platform for settling health insurance claims. The idea to form this platform is that all

are there on a single platform- Insurer, Insured and Hospital- and the claims will be processed on this platform. This will give a rich wealth of data apart from standardising settlement and ensuring that settlements are done within a specified period in time. The Regulator has already formed a committee for this purpose and the platform will be developed by the Insurance Information Bureau.

- **NHAI TO ADOPT PROJECT-BASED FUNDING MODEL FOR FUTURE PROJECTS:** National Highway Authority of India plans to adopt a project based funding model for future projects to reduce debt. They will convert each project into a Special Purpose Vehicle (SPV). The funds will be arranged by that company. They have a list of 22 expressways and access-controlled highways where they plan to implement this model. According to the proposal, every project would have an SPV seed funded by NHAI to the tune of 30% equity and remaining 70% would be sourced through debt which would be serviced by SPV from the toll revenue.
- **SEBI ISSUES TIGHTER NORMS FOR INVESTMENT ADVISORS:** SEBI has issued the tighter norms for Investment Advisors. SEBI has barred use of titles like independent "financial advisors" by those dealing in distribution of securities unless they are registered as investment advisors also. The Regulator requires investment advisors and distributors of financial products to segregate their services. Distributors of financial products will no longer be able to act as investment advisors to the same clients.
- **SUPREME COURT RULING ON PERMANENT COMMISSION FOR WOMEN IN ARMY:** The Supreme Court ruled and ordered the Government to grant permanent service to women officers in the Army's non-combat support units on par with their male counterparts, should they wish to continue with it after completing their short service commission. Denial of such an opportunity combined with the Army Policy of not giving them command posts of (Colonel and beyond based on performance index) lowered their status to that of a jawan/JCO.
- **GOVT. REVAMPS CROP COVER SCHEME PMFBY:** The Government has announced that it would reduce its share in premium subsidy for the flagship crop insurance scheme –PM Fasal Bima Yojana (PMFBY)-to 30% and 25% respectively for un-irrigated and irrigated crops from the existing 50% for major states, even as it made the crop protection cover voluntary for farmers. Further the central share in the premium subsidy would be increased to 90% for the north-eastern states.

GENERAL AWARENESS

- Sector in which growth recovered 1.3% in Dec 2019 after remaining in the negative zone in the previous four months- **Core Sector**.
- Collections which has reached to Rs.1.1Lakh Crore in January 2020 rising nearly 8% compared to Rs.1.02 Lakh Crore in January 2019- **GST Collections**.
- Company which is exempt from tax on income for transactions of crude oil stored in its strategic caverns, provided it replenishes the removed fuel within 3 years- **Indian Strategic Petroleum Reserves Ltd. (ISPRL)**.
- Turnover which has been increased from Rs.1 Crore to Rs.5 Crore- **Tax Audit Turnover**.
- Scheme in which the Govt. will provide enhanced insurance cover with reduced premium for Small Exporters- **Niryat Rin Vikas Yojana (NIRVIK) Scheme**
- M Ajit Kumar, 1984 batch IRS officer, has been appointed as- **Chairman of Central Board of Indirect Taxes and Customs**.
- Frauds which have been reported involving Rs.1.13 Lakh Crore in the first half of current financial year- **Frauds in Banks and Financial Institutions**.
- Net savings by Indian Households dropped to 6.5% of GDP in 2018-19- **Lowest in last Eight Years**.
- Shaktikanta Dass, RBI Governor has been named by Banker Magazine as “Central Banker of the Year, Asia-Pacific 2020”.
- Rating Agency which said that “Economic growth projections made in the Union Budget appear ambitious given the structural and cyclical challenges facing the Indian economy”- Moody’s
- Sector in which Index rose to 55.5 –”7-year High” in January 2020- **Services Sector**.
- Scheme for which the Bill has been introduced in Lok Sabha to settle the disputed direct tax cases- **Direct Tax Vivvad se Vishwas Scheme**.
- India’s Largest Payments Platform which has launched an “All-in-One Android POS Device” for merchant partners across the country- **Paytm**.
- Ranking in which Ace Cricketer Virat Kohli has retained the Top Slot for the third successive year- **Celebrity Brand Valuation Ranking**.
- Survey according to which “Unemployment rate in the country was 6.1% in 2017-18- **New periodic Labour Force Survey**.
- Index in which India has slipped to 40th position out of 53 Global Economies- **International Intellectual Property Index**.
- Onetime Billionaire who has pleaded “Poverty” in London Court in his dispute with three Chinese Banks seeking \$680 million in defaulted loans- **Anil Ambani**.
- Bill which was withdrawn in August 2018 after a backlash on a clause that put the onus on depositors to bail-in, in case of bank failure, is going to be reintroduced by the Govt. - **Financial Resolution and Deposit Insurance Bill**.
- Index which has fallen to 83.7, Lowest since March 2015- **Consumer Confidence Index**.
- Two Indices to be introduced by the Govt. to help improve the quality of life and civic amenities across major cities in

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the country- **Ease of Living Index and Municipality Performance Index.**

- Bank, for the First Time in India, which was held by the Govt, would become Private not by disinvestment but Govt. exiting it- **IDBI Bank.**
- According to the Business Standard Annual Awards 2019, “Larsen & Toubro” has been adjudged as- **Company of the Year.**
- As per BS Annual Awards 2019, “Bhaskar Bhatt, Former MD of Titan Company” has been adjudged as- **CEO of the Year.**
- Azim Premji, Founder Chairman of Wipro, has got- **Lifetime Achievement BS Annual Award 2019.**
- At about 7.5% of GDP, the Revenue-to-Expenditure Gap in India is- **Highest among Major Emerging Markets.**
- Business Standard Journalist Somesh Jha has won- **Best Business and Economic Reporter Award 2020.**
- Commission for which the Govt. has clarified that it “would not give any Permanent Status” to it but it will be formed for fixed period as per past practice- **Finance Commission.**
- Top Three Profitable PSUs in 2018-19- **ONGC, IOC and NTPC.**
- Top Three Highest Loss-making PSUs in 2018-19- **BSNL, Air India and MTNL.**
- As per Govt’s decision, name of the National Institute of Financial Management (NIFM) , Faridabad has been renamed as- **Arun Jaitly National Institute of Financial Management.**
- Capital infusion of Rs.2500 Crore by the Govt. in three General Insurers ahead of their proposed merger by the end of March is to meet- **Regulatory Solvency Ratio.**
- Chitetsu Watanabe, Japanese Man of 112-years old has entered in Guinness Record as- **World’s Oldest Living Man.**
- Indian-origin Politician Rishi Sunak, Son-in-law of Infosys Co-founder Narayana Murthy, has been appointed as- **UK’s New Finance Minister.**
- Rating Agency S&P has retained India’s Ratings due to Economy’s Weak Fiscal Position as at- **Lowest Investment Grade “BBB-” with Stable Outlook.**
- Senior Bureaucrat Rajiv Bansal, presently Additional Secretary in the Ministry of Petroleum and Natural Gas, has been appointed as- **CMD of Air India.**
- Mobile Operator which has been emerged as the Second-Most Valuable Telco in Emerging Asia behind China- **Bharti Airtel.**
- Newspaper which has bagged the “Association of National Exchanges Members of India Award” for the “Most Diversified Coverage-Newspaper”- **Business Line.**
- Regulator which issued guidelines that the Portfolio Managers can not charge upfront fee from clients- **SEBI.**
- The International Audit Firm which has decided to stop non-audit services to Public Interest Entities that they audit under the laws and regulations in India- **Deloitte Haskins & Sells.**
- Indian Companies now have the option to list their Global Depository Receipts (GDRs) at the International Financial Services Centre (IFSC) Gujarat.
- IT Service Provider which is shutting its “Free Wi-Fi Programme in India” which was available across 400 Railway Stations- **Google.**
- Report as per which India has emerged as the World’s Fifth Largest Economy by overtaking the UK and France in 2019- **US-based Think Tank World Population Review.**
- Inflows which has dipped to 11 year Low of Rs.64, 537 Crore till December 2019- **Participatory Notes.**
- London-headquartered Bank which is to shed 35000 jobs with aim to cut costs from 2, 35, 000 to 2, 00, 000 only- **HSBC Bank.**
- Farmers for whom the Govt. has decided to increase interest subvention from 2% to 2.5%-**Dairy Farmers.**
- Three States in the Country accounted for almost 70% of Solar Installations in 2019 and Karnataka tops followed by- **Rajasthan and Tamilnadu.**
- Supretim Bandyopadhyay has been appointed as- **Chairman of Pension Fund Regulatory and Development Authority of India (PFRDA).**
- Biocon Chairman Kiran Mazumdar Shaw has got- **EY’s Entrepreneur of the Year Award.**
- Cayman Islands has overtaken Switzerland and got Top position in the newly released **-Financial Secrecy Index FSI2020.**
- Scheme under which the Govt. has decided to make it “Voluntary” for Loanee farmers from Kharif 2020 onwards- **Pradhan Mantri Fasal Bima Yojana (PMFBY)**
- The First 5G-enabled Handset in India to be launched by – **Chinese Smartphone Maker-Realme.**



MOCK-TEST PAPER

Questions on RBI Policy

- 01** RRBs can act as merchant acquiring banks using Aadhaar Pay – BHIM app and POS terminals, if their net worth as on March 31 of previous financial year was:
- Rs.100 cr
 - Rs.200 cr
 - Rs.500 cr
 - Rs.1000 cr
- 02** RRBs can act as merchant acquiring banks using Aadhaar Pay – BHIM app and POS terminals, if their capital adequacy ratio, as on March 31 of previous financial year was:
- min 8%
 - min 8.5%
 - min 9%
 - min 9.5%
- 03** RRBs can act as merchant acquiring banks using Aadhaar Pay – BHIM app and POS terminals, if their net NPAs as on March 31 of previous financial year was:
- below 2%
 - below 3%
 - below 4%
 - below 5%
- 04** Banks can deduct the equivalent amount of incremental credit disbursed by them as _____, over and above the outstanding level of credit to these segments as at the end of the fortnight ended January 31, 2020 from their net demand and time liabilities (NDTL) for maintenance of the cash reserve ratio (CRR)
- retail loans to automobiles, residential housing, and loans to micro, MSMEs
 - retail loans to consumer goods, residential housing, and loans to micro, MSMEs
 - retail loans to personal loans, residential housing, and loans to micro, MSMEs
 - retail loans to residential housing, and loans to micro, MSMEs only
- 05** One time restructuring facility is available for MSME sector, where the loan amount is up to ___ as on 01.01.20:
- Rs.10 lac
 - Rs.100 lac
 - Rs.1000 lac
 - Rs.2500 lac
- 06** One time restructuring facility is available for MSME sector, where the loan amount was within prescribed limit, as on 01.01.20 and :
- standard account as on 01.01.20
 - restructuring is implemented before 31.12.20
 - borrower is GST registered
 - all
- 07** Banks can deduct the equivalent amount of incremental credit disbursed by them as retail loans to automobiles, residential housing, and loans to micro, small and medium enterprises (MSMEs), from their net demand and time liabilities (NDTL) for maintenance of the cash reserve ratio (CRR), for ___ years, till _____
- 5 years, 24.01.2025
 - 4 years, 24.01.2024
 - 3 years, 24.01.2023
 - 1 year, 24.01.2021
- 08** Under bank deposit insurance scheme of DICGC, the deposit insurance cover has been increased from ___ to ___ wef 4.2.2020.
- Rs.1 lac to Rs.3 lac
 - Rs.1 lac to Rs.4 lac
 - Rs.1 lac to Rs.5 lac
 - Rs.1 lac to Rs.10 lac
- 09** Under bank deposit insurance scheme of DICGC, the premium payable on deposit insurance cover has been increased from 10 paise per Rs.100 per annum to ___ wef 1.4.2020.
- 11 paise
 - 12 paise
 - 12.5 paise
 - 15 paise
- 10** Which of the following is not an instrument used by RBI under Liquidity Adjustment Framework to manage short-term / transient liquidity, as part of new Liquidity Management Framework w.e.f. 14.02.20?
- 14 days variable rate repo / reverse repo auctions
 - up to 13 days, variable rate term repo / reverse repo auction
 - fixed rate reverse repo
 - open market operations
- 11** Which of the following is not an instrument used by RBI under Liquidity Adjustment Framework to manage durable liquidity, as part of new Liquidity Management Framework w.e.f. 14.02.20?
- Long Term Variable Rate Repo

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.

- (LTR) - Tenor: beyond 14 days
- b Long Term Variable Rate Reverse Repo (LTRR) - Tenor: beyond 14 days
- c FX Swap Auctions
- d Standing Deposit Facility (SDF)
- 12** Under RBI's liquidity adjustment framework w.e.f. 14.02.20, what is the min time period of long term variable rate repo?
- a more than 14 days
- b more than 28 days
- c more than 1 year
- d more than 3 years
- 13** Under RBI's liquidity adjustment framework w.e.f. 14.02.20, what is the max time period of variable rate repo and reverse repo (called fine tuned operations)?
- a up to 1 day
- b up to 3 days
- c up to 10 days
- d up to 13 days
- 14** Under Long Term Repo Operation (LTRO), what is min bid amount?
- a Rs.1 lac
- b Rs.10 lac
- c Rs.25 lac
- d Rs.100 lac
- 15** Under Long Term Repo Operation (LTRO), the interest compounding is annual and payment is made:
- a in advance
- b periodically
- c on maturity
- d at discretion of investor
- 16** Capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the Reporting Entity (RE) is called:
- a Electronic validation
- b E-KYC
- c Digital KYC
- d online validation
- 17** Geotagging is mandatory in digital KYC process (video based customer identification procedure), which means:
- a permanent address of the customer
- b live location of the customer
- c current address of the customer
- d address of the branch, performing digital KYC
- 18** In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than ___ from the date of carrying out V-CIP.
- a one day
- b 2 days
- c 3 days
- d 5 days
- 19** All accounts opened through V-CIP can be made operational only after:
- a after physical verification
- b after concurrent audit
- c after customer visits the branch
- d after regular inspection
- 20** Under, Framework for imposing monetary penalty on authorised payment system operators / banks under the Payment and Settlement Systems Act 2007, what is max penalty which RBI can impose for quantifiable contraventions:
- a Rs.10 lac
- b Rs.5 lac
- c Rs.2 lac
- d Rs.1 lac
- 21** Under, Framework for imposing monetary penalty on authorised payment system operators / banks under the Payment and Settlement Systems Act 2007, what is max penalty which RBI can impose for non-quantifiable contraventions:
- a min Rs.1 lac max Rs.10 lac
- b min Rs.2 lac max Rs.20 lac
- c min Rs.3 lac max Rs.50 lac
- d min Rs.5 lac max Rs.100 lac
- Recalled Questions**
- 22** The CERSAI created under SARFAESI Act 2002, is an abbreviation for which of the following:
- a Central Electronic Registry of Secured Asset and Reconstruction of Security Interest of India
- b Central Electronic Registry of Securitization Asset Reconstruction and Security Interest of India
- c Central Electronic Registration of Securitization Asset Reconstruction and Security Interest
- d Compulsory Electronic Registry of Securitization Asset Reconstruction and Security Interest
- 23** As per Government of India notification, it is mandatory to file the particulars for registration of mortgage by deposit of title deeds within _____ of creation of the mortgage with Central Electronic Registry of Securitization Asset Reconstruction and Security Interest of India in respect of all mortgages created on or after 31st March 2011.

- a 7 days b 15 days
c 30 days d 45 days
- 24** Your branch has sanctioned a bills purchasing limit of Rs.80 lac to M/s Rameshwar Hardware Limited under which demand bills of exchange accompanied by Railway Receipts or Goods Receipts are purchased. The company forgot to file the particulars of the charge with Registrar of Companies and inspecting official has raised an objection. Which of the following remedies is available to the company/bank?
- a seek ROC permission who has discretion to waive delay up to 60 days
b No need to file particular for such limits as it is in the nature of pledge by way of constructive possession
c seek permission from National Company Law Tribunal which has replaced CLB.
d seek permission from Ministry of Company Affairs
- 25** In the beginning of the financial year, the capital of a firm was Rs.24000. The firm earned a profit of Rs.4500 and paid tax at 20%. The partners also withdrawn Rs.1500. What is the closing balance in the capital account.
- a Rs.24000
b Rs.26100
c Rs. 27000
d inadequate information
- 26** What period is available as limitation in case of mortgage:
- a 3 years from date of mortgage
b 12 from date of mortgage
c 12 years from the date when the mortgage money has become due
- d 12 years from date of loan
e 12 years from date of loan or date or mortgage, whichever lower.
- 27** Within how many days does the annual return of unclaimed deposit accounts is required to be submitted by banks to RBI, following the days after close of the calendar year:
- a 15 days b 23 days
c 30 days d 45 days
e 60 days
- 28** Which of the following will be considered a micro enterprise:
- a engaged in manufacturing and maximum investment in equipment restricted to Rs.25 lac
b engaged in services and maximum investment in plant and machinery restricted to Rs.10 lac
c engaged in manufacturing and maximum investment in plant and machinery restricted to Rs.10 lac
d engaged in services and maximum investment in equipment restricted to Rs.10 lac
- 29** In which situation, in the loan accounts the interest can be debited and taken to income to in-crease the profits:
- a It has become due
b It has become due and stands recovered if it is NPA account
c It has become due and account has not been a non-performing account
d b and c above
e: None of the above
- 30** A customer Y, deposits Rs.3000 with the bank for remittance by way of telegraphic transfer for credit of Z's account at other station which the bank has done. The relationship between Z and bank in this case is that of a
- a principal and agent
b beneficiary and trustee
c debtor and creditor
d bank and a customer
e trustee and beneficiary
- 31** Unclaimed deposit with a company would be shown in their balance sheet as:
- a Current asset.
b Contingent liability
c Intangible assets
d current liability
- 32** All frauds are to be reported to RBI on ____ within ____:
- a FMR 3, 2 weeks
b FMR 2, 1 week
c FMR 1, 3 weeks
d FMR 1, one week
- 33** Non-Convertible Debentures shall not be issued for maturities of less than ____ from the date of issue:
- a 7 days
b 15 days
c 30 days
d 90 days
- 34** How would you determine the status of a minor person U/s 3 of Majority Act:
- a Who is below age of 18 years.
b Who is below age of 21 years
c Who is below 18 years of age in case natural guardian is alive and below 21 years if guardian is a person appointed by court.
d who declares himself that he is a major

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

Long Term Repo Operations (LTRO) Guidelines

RBI introduced LTRO as part of liquidity management framework on 06.02.20 and made it operative w.e.f. 14.02.20.

The salient features of the operational guidelines are reproduced.

a) LTROs conducted under this scheme is in addition to the existing Liquidity Adjustment Facility (LAF) and marginal standing facility (MSF) operations. The total amount of liquidity injected through these operations would be up to Rs.1,00,000 crores.

b) LTROs will be conducted on CBS (E-KUBER) platform. The operations would be conducted at a fixed rate.

Banks would be required to place their requests for the amount sought under LTRO during the window timing at the prevailing policy repo rate. Bids below or above policy rate will be rejected.

c) In case of over-subscription, the allotment will be done on pro-rata basis. RBI reserves the right to inject marginally higher amount than the notified amount due to rounding effects.

d) The minimum bid amount would be Rupees one crore (Rs.1 cr) and multiples thereof. The allotment would be in multiples of Rupees one crore. There will be no restriction on the maximum amount of bidding by individual bidders.

e) The reversal of these operations would take place at the 'start of day' on the day of maturity.

f) The eligible collateral for LTROs and the applicable haircuts will remain the same as applicable for LAF.

g) All other terms and conditions as applicable to LAF operations, including facility for security substitution, will also be made applicable to the LTROs, mutatis mutandis.

h) The Reserve Bank had announced Long Term Repo Operations (LTROs) for one-year and three-year tenors.

Clarifications issued by RBI

1. A market participant can place bids of amount less than or equal to the notified amount.

RBI may reject all the bids of the participant if the total bid amount submitted by the participant exceeds the notified amount.

2. The interest payment will have to be made upon maturity of LTRO, i.e. on the reversal date.

3. The LTROs will be conducted on a fixed-rate basis and the rate will remain fixed for the tenor of the operation. The interest will be compounded on an annual basis.

4. The residual maturity of the securities offered as collateral under LTRO should be equal or more than the tenor of the LTRO at inception.

At any point of time, the residual maturity of replacement securities should not be less than the remaining tenor of the LTRO.

The securities offered as a collateral for LTROs will be marked to market on a quarterly basis, on the basis of latest prices published by Financial Benchmarks India Pvt. Ltd. (FBIL).

DATA COLUMN

Business of Banks

| (Rs.in cr) | Mar31'19 | Feb14-20 |
|--------------------|----------|----------|
| Aggregate deposits | 10805150 | 13235538 |
| Cash in hand/RBI | 570490 | 634363 |
| Investments | 3043660 | 3785772 |
| Bank Credit: | 7881890 | 10041689 |
| -Food | 53930 | 73324 |
| -Non-Food | 7827960 | 9968365 |
| 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 | Feb14-20 |
|-----------------------------|----------|----------|
| M3 (Out of which) | 15430670 | 16370023 |
| (a) Currency with public | 2052230 | 2258272 |
| (b) Demand deposits-Banks | 1626310 | 1481205 |
| (c) Time Deposits - Banks | 11720590 | 12597119 |
| (d) Other deposits with RBI | 31740 | 33427 |

Sources of Money Supply

| | | |
|----------------------------------|----------|----------|
| (a) Net Bank credit to Govt | 4387790 | 5000266 |
| (b) Bank credit to Comrc'l sectr | 10380180 | 10694121 |
| (c) Net Forex assets of Banks | 2977860 | 3614368 |

Important Banking Indicators

| | | |
|---------------------------|--------|--------------|
| Statutory Liquidity Ratio | 18.25% | (10.01.2020) |
| 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-Jan19 | end-Feb20 |
|-------------------------------|-----------|-----------|
| Dollar-spot TT (Rs.) | 70.91 | 70.22 |
| BSE - Sensex (points) | 36064 | 38144 |
| NSE - Nifty(S&P CNX) | 10864 | 11133 |
| Foreign reserves (Million \$) | 399217 | 476122 |
| Gold /Oz in USD) | 1299 | 1621 |

INDIAN ECONOMY-IMPORTANT PARAMETERS

| | |
|--|-------------|
| Growth estimate for FY 2020-21 | : 6-6.5% |
| GDP@constant mkt prices (cr) 2019-20 | : 20442233 |
| GVA@2011-12 basic prices (cr) 2018-19 | : 12906936 |
| GDP projected by Govt. for 2020-21 | : 22489420 |
| Fiscal Deficit Target (2020-21) 3.5% of GDP | : 796337 cr |
| Revenue Deficit Target (2020-21) 2.7% of GDP | : 609219 cr |
| Wholesale Price Index | : 2.7% |
| 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- Jan20:Export \$ 265.3 bn Imports | : 398.5 bn |
| Per capita Income 2018-19 (Rs.) | : 126406 |
| Indian economy's ranking in PPP terms | : 3rd |
| Indian economy's ranking in world in value: | : 7th |

OUR PUBLICATIONS : REFER PAGE 9,11

DATE OF DESPATCH - Mar 7/ 10, 2020