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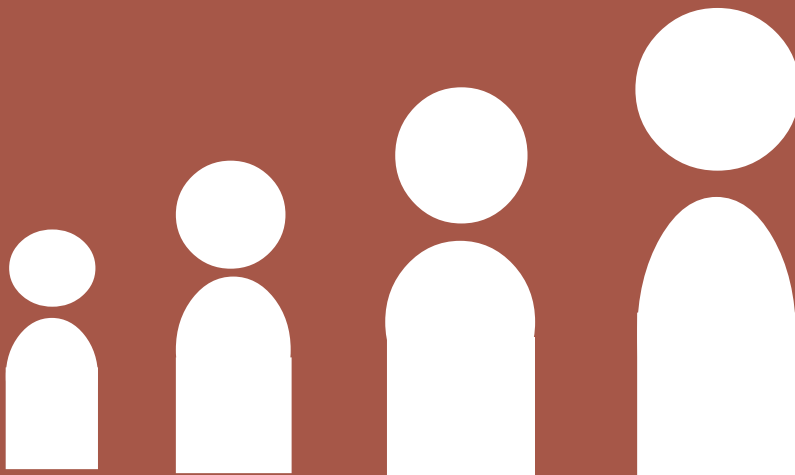
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Banking events Update



Those who win, are those, who think they can

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**BANKING
POLICY****Priority Sector Lending by UCBs**

Further to guidelines dated 10.05.2018, on 24.04.20, RBI decided that, with effect from March 31, 2021, all Urban Cooperative Banks - UCBs (excluding those under all-inclusive directions) will contribute to Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD / NHB / SIDBI / MUDRA Ltd., against their priority sector lending (PSL) shortfall vis-à-vis the prescribed target. The operational details in this regard are as under:

1. The PSL achievement will be determined at the end of the financial year based on the average of priority sector target / sub-target achievement as at the end of each quarter of the year. UCBs (excluding those under all-inclusive directions) having shortfall in PSL lending targets will be allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD and other relevant funds, as decided by the Reserve Bank from time to time.
2. The interest rates on UCBs' contribution to RIDF and other funds, tenure of deposits, etc. will be fixed by Reserve Bank of India from time to time.
3. The misclassifications reported by the Reserve Bank's Department of Supervision, if any, would be adjusted / reduced from the achievement of that year to which the amount of declassification / misclassification pertains, for allocation to various funds in subsequent years.

The non-achievement of PSL targets will not be included as one of the criteria for classifying a UCB as Financially Sound and Well Managed (FSWM) with effect from March 31, 2021. However, it will continue to be taken into account while granting regulatory clearances/approvals for various purposes.

Provisioning on interbank exposure of Primary (Urban) Co-operative Banks (UCBs) under All Inclusive Directions

The imposition of All-inclusive Directions (AID) on an Urban Co-operative Bank (UCB), inter alia, restricts the bank from discharging its liabilities except as permitted by RBI. This impacts the withdrawal of interbank deposits placed by other UCBs with such bank as also timely discharge of interbank exposures such as discounted bills drawn under Letter of Credit (LC) issued by the UCB under AID.

On 20.04.20, RBI decided as under:

- a) The interbank exposures arising from deposits placed by UCBs with a UCB under AID and their non-performing exposures arising from discounted bills drawn under LCs issued by a UCB under AID shall be fully provided within five years at the rate of 20% annually. Further, the interest receivable on the deposits shall not be recognised as income by the UCBs.
- b) If the UCBs choose to convert such deposits into long term perpetual debt instruments (e.g. Innovative Perpetual Debt

Instrument - IPDI) which may be recognised as capital instrument under a scheme of restructuring/ revival of a UCB under AID, provision on the portion of deposits converted into such instruments shall not be required.

Electronic Cards for Overdraft Accounts

As per master circular dated 1.7.15, banks have been permitted by RBI, to issue debit cards to customers having Saving Bank/Current Accounts but not to cash credit/loan account holders. On 23.04.20, RBI decided to permit banks to issue electronic cards to natural persons having Overdraft Accounts that are only in the nature of personal loan without any specific end-use restrictions. The card shall be issued for a period not exceeding the validity of the facility and shall also be subject to the usual rights of the banks as lenders.

The facility shall be allowed to be used for domestic transactions only. The restriction on cash transaction will not apply to overdraft facility provided along with Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts.

Interest Subvention (IS) and Prompt Repayment Incentive (PRI) for Short Term Crop Loans during years 2018-19 and 2019-20: Extended Period due to Covid-19

Further to circular dated 07.03.19, RBI informed banks on 21.04.20 that to ensure that farmers do not have to pay penal interest and at the same time continue getting the benefits of interest subvention scheme, Government has decided to continue the availability of 2% IS and 3% PRI to farmers for the extended period of repayment up to 31.05.2020 or date of repayment, whichever is earlier, for short term crop loans up to Rs.3 lakh per farmer which have become due between March 01, 2020 and May 31, 2020.

Internal ML/TF risk assessment by REs - Amendment to Master Direction (MD) on KYC

On 20.04.20, RBI advised banks that a new section (5A) has been added to chapter II of the MD on KYC requiring REs to carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take

effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc. While assessing the ML/TF risk, the REs are required to take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with REs from time to time. Further, the internal risk assessment carried out by the RE should be commensurate to its size, geographical presence, complexity of activities/structure, etc.

Also, the REs shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and should have Board approved policies, controls and procedures in this regard.

REs should be completed by June 30, 2020 and thereafter reviewed periodically.

COVID19 Regulatory Package - Asset Classification and Provisioning

On 17.04.20, RBI made following changes to existing policy:

(i) Asset Classification under the Prudential norms on Income Recognition, Asset Classification (IRAC)

As per circular dated 27.03.20, the lending institutions were permitted to grant a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 ('moratorium period'). As such, in line with the clarification provided by the Basel Committee on Banking Supervision, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC norms. Similarly in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), the Regulatory Package permitted the recovery of interest applied during the period from March 1, 2020 upto May 31, 2020 to be deferred ('deferment period'). Such deferment period, wherever granted in respect of all facilities classified as standard, including SMA, as on February 29, 2020, shall be excluded for the determination of out of order status.

(ii) Provisioning : For such accounts in default but standard lending institutions shall make general provisions of not less than 10 per cent of the total outstanding of such accounts, to be phased over two quarters as under:

(i) Quarter ended March 31, 2020 – not less than 5 per cent

(ii) Quarter ending June 30, 2020 – not less than 5 per cent

These provisions shall not be reckoned for arriving at net NPAs till they are adjusted against the actual provisioning requirements. Further, till such adjustments, these provisions shall not be netted from gross advances but shown separately in the balance sheet as appropriate.

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Revised Sovereign Gold Bond (SGB) Scheme of Govt. of India

SGB are issued by Govt. of India (GOI) as GOI Stock as per Sec 3 of Govt. Securities Act, 2006. The Scheme was first launched by Govt. (GOI) on Oct 30, 2015. Till 31.03.20, 37 tranches of Bonds have been issued. On 13.04.20, RBI notified the calendar for issue of SGB 2020-21- Series I, II, III, IV, V, VI between 20th April to Sep 08, 2020. The Subscription shall be open from Monday to Friday. RBI also issued consolidated instructions superseding all the previous directions.

Procedural Guidelines for servicing the bonds:

1. *Nodal Branches/Offices* : The Receiving Offices (ROs) and other entities entrusted with the responsibility of issue/ servicing the bonds may identify a nodal office/ branch. The applications received at various branches or offices may be forwarded to the nodal branch/office for further processing after preliminary scrutiny.

2. *Application* : a) ROs can receive Application Form-A from at the branches directly or through agents.

b) Application must be accompanied by the PAN details.

c) The Investor ID generated from RBI's E-Kuber is a unique id which is created while applying for SGB.

d) All payments shall be accepted in Indian Rupees through cash up to Rs 20,000 or cheque/ demand drafts/ electronic banking, in favour of the RO.

e) On receipt of complete application as above, the ROs shall issue an acknowledgement receipt in Form B.

f) The cancellation of application is permitted till the closure of issue. Part cancellation is not permitted.

g) ROs are to enter data or carry out bulk upload for subscriptions received by them in RBI's E-Kuber portal.

h) The applicants shall be paid interest on the subscription amount @ savings bank rate from the date of application/realisation, up to the date of allotment. No interest is payable, in case the application is rejected for any reason attributable to the investor.

i) Any delay on the part of ROs to refund the amount to any applicant, whose application is rejected will attract penalty @ Repo rate +2% for each day of delay.

3. *Allotment of Bonds and Generation of "Certificates of Holding (COH)"*: (i) On the date of allotment, COH are generated for successful subscriptions by RBI. These may be printed in colour on A4 size 100 GSM paper in the prescribed Form C.

(ii) SGB is transferable/tradable and mere possession of COH should not be construed as proof of title.

4. *Nomination* : One or max 2 person can be made

nominee (Form D). It is not available for investment on behalf of minor. For cancellation Form E can be used.

On the death of the holder, nominee's/nominees' claim may be recognized. The claimant can be asked to furnish a bond of indemnity. If the claim is found to be in order, the name/s of the nominee/s will be substituted as the bond holder/s in place of the deceased holder - and a fresh COH will be issued.

5. *Forms of holding and dematerialisation*: SGBs are issued as Bond Ledger Account (BLA) with RBI or with Depositories viz NSDL/CDSL in the demat account. These can be got rematerialized later.

6. *Transfer of Bonds*: The Bonds are transferable before maturity to eligible transferees either wholly or in part by execution of an instrument of transfer in Form 'F'.

7. *SGB of deceased sole holder or joint holders and right of survivors of joint holders or several payees (when no valid nomination exists)* : RO/Depository, may recognize claims as per Sec 7 of GS Act 2006 and Regulation 6 of the Govt. Securities Regulation 2007.

8. *Loan against the bonds and creation of pledge, hypothecation or lien*: The bonds may be used as collateral security for any loan subject to loan to value ratio rules of RBI.

9. *Payment of Interest*: The interest shall be paid on a half yearly basis by crediting bank account of the holder.

10. *Repayment of Bonds*: RO/depository shall inform the investor about the date of maturity of the Bond one month before its maturity. The Bond shall be repayable on the expiration of 8 years from the date of issue. Premature redemption is permitted after 5 year from the date of issue. The request for pre-mature redemption shall be submitted at least 10 days before the next interest payment date.

Bonds shall be redeemed and the redemption price shall be based on simple average of closing price of gold of 999 purity of previous week (Monday to Friday) for SGBs issued under tranche 1 to 9 and previous three working days for tranches issued thereafter at the rate published by the India Bullion and Jewellers' Association Limited.

11. *Payment of brokerage*: ROs may appoint agents. Commission to such agents shall be paid @ Rs.100 of the total subscription received. ROs shall share at least 50% of the commission with the agents / sub-agents.

12. *Preservation of Records*: The application forms and other requests may be preserved till the maturity of the bond. Premature redemption request may be preserved for three years from the date of payment of proceeds.

RBI 's 7th Bi-monthly Monetary Policy Statement, 2019-20 (March 27, 2020)

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) decided to:

1. reduce the policy repo rate under LAF by 75 basis points to 4.40% from 5.15% with immediate effect;
2. accordingly, marginal standing facility (MSF) rate and Bank Rate stand reduced to 4.65% from 5.40%;
3. further, due to widening of the LAF corridor to 65 basis points, reverse repo rate under the LAF stands reduced by 90 basis points to 4.0 per cent.

I. Liquidity Measures:

Targeted Long Term Repo Operations (TLTRO)

RBI will conduct auctions of targeted term repos of up to 3 years tenor of appropriate sizes for a total amount of up to Rs.1,00,000 crore at a floating rate, linked to the policy repo rate. Liquidity availed under the scheme by banks has to be deployed in investment grade corporate bonds, commercial paper and non-convertible debentures over and above the outstanding level of their investments in these bonds as on March 25, 2020. Eligible instruments comprise primary market issuances and secondary market purchases, including from mutual funds and non-banking finance companies. Investments made by banks under this facility will be classified as held to maturity (HTM) even in excess of 25% of total investment permitted to be included in the HTM portfolio. Exposures under this facility will also not be reckoned under the large exposure framework.

Cash Reserve Ratio (CRR)

RBI decided to reduce CRR of all banks by 100 basis points to 3.0 per cent of net demand and time liabilities with effect from the reporting fortnight beginning March 28, 2020 for a period of one year. This reduction in the CRR would release primary liquidity of about Rs.1,37,000 crore uniformly across the banking system in proportion to liabilities of constituents rather than in relation to holdings of excess SLR.

Furthermore, taking cognisance of hardships faced by banks in terms of social distancing of staff and consequent strains on reporting requirements, RBI decided to reduce the requirement of minimum daily CRR balance maintenance from 90 per cent to 80 per cent, effective from the first day of the reporting fortnight beginning March 28, 2020. This is a one-time dispensation available up to June 26, 2020.

Marginal Standing Facility (MSF)

In view of the exceptionally high volatility in domestic

financial markets which brings in phases of liquidity stress and to provide comfort to the banking system, RBI decided to increase the accommodation under MSF from 2 per cent of the statutory liquidity ratio (SLR) to 3 per cent with immediate effect. This measure will be applicable up to June 30, 2020.

Widening of the Monetary Policy Rate Corridor

In view of persistent excess liquidity, RBI decided to widen the existing policy rate corridor from 50 bps to 65 bps. Under the new corridor, the reverse repo rate under the liquidity adjustment facility (LAF) would be 40 bps lower than the policy repo rate, as against existing 25 bps. The marginal standing facility (MSF) rate would continue to be 25 bps above the policy repo rate.

Moratorium on Term Loans

All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) ("lending institutions") have been permitted to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020.

Deferment of Interest on Working Capital Facilities

In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions have been permitted to allow a deferment of three months on payment of interest in respect of all such facilities outstanding as on March 1, 2020. The accumulated interest for the period will be paid after the expiry of the deferment period.

The moratorium on term loans and the deferring of interest payments on working capital will not result in asset classification downgrade.

Easing of Working Capital Financing

In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions have been allowed to recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers. Such changes will not result in asset classification downgrade.

The moratorium on term loans, the deferring of interest payments on working capital and the easing of working capital financing will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies (CICs) by the lending institutions. Hence, there will be no adverse impact on the credit history of the beneficiaries.

Practical Problems based on Banking Ombudsman Decisions

1) The complainant alleged that his system was hacked and an amount of Rs.2 lakhs was transferred from his account to another account in some other bank. The amount was withdrawn through the latter bank's ATM and the party was not traceable on the address mentioned in the KYC documents. BO observed that the bank had not introduced One Time Password (OTP) for addition of third party and transfer of amount as also there was no cooling period for third party addition. Further, the SMS alert for addition of third party was sent after the money was transferred. As regards other bank, BO observed that the bank had given a platinum card with Rs.2 lakh withdrawal limit per day for a new customer who had no relationship with bank earlier and whose income was Rs.50,000/- to Rs.2 lakh per month as per the application. The customer was given a product which was not suitable to his profile. Though, as per the bank's policy last three months' land line bills were required as proof of residence, the bank had accepted the mobile bill of same month as proof of residence. BO directed both the banks to share the disputed amount and refund it to the complainant.

2) The complainant received a telephone call demanding the OTP which he had just received by SMS although, according to him, he had not conducted any net banking transaction at that point of time. He reportedly did not disclose the information sought by the unknown caller. But, immediately thereafter, he received an SMS for debit of Rs.1,28,000/- from his account. Although the bank claimed that the complainant might have responded to the call and passed on confidential information, it did not submit any proof in support. The bank further informed that the fund had been transferred to the account of a different bank from which they had claimed the amount. It was observed by BO that the transaction took place without any cooling period for new beneficiary addition and actual transfer of funds to beneficiary account, as required under extant RBI instruction. The complainant noticed the SMS in his mobile phone when transfer of funds from his account had already been effected. On receipt of the complaint, the bank had blocked the complainant's debit card on the same day. However, the bank had informed the other bank to recover the amount almost after 24 hours. During this time, the beneficiary had withdrawn entire amount. Further, as revealed from correspondence with the beneficiary's bank, one more fraudulent transfer of Rs.61,000/- to the same account had taken place at that time. It was thus evident that the account was opened with the ulterior objective of perpetrating fraud and the beneficiary's bank had failed to follow due diligence in KYC compliance as per RBI guidelines. BO observed that owing to the above deficiencies on the part of the both the banks, the perpetration of the fraud was possible and, therefore, the complainant's bank should refund the entire amount with applicable FD interest to the complainant against a simple indemnity and half of this amount should, thereafter, be shared by the beneficiary's bank.

3) An amount of Rs.20,000/- was debited from current account of the complainant through net banking in 10 transactions of Rs.2,000/- each for Vodafone re-charge, without his knowledge. The bank informed that the transactions done by him were fully secured with two sets of passwords (login password and transaction password) and the complainant had compromised the confidential credentials unintentionally or intentionally. It was ascertained that OTP was not furnished to the complainant. The bank was advised to clarify the additional factor of authentication put in place by them for the 'card not present' transactions in the absence of OTP to which the bank replied that the customer had rejected the OTP facility during the initial stage of e-banking facility activation. BO directed the bank to pay the disputed amount to the complainant.

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RBI direction based questions

- 01** As per RBI's 24.04.20 guidelines, in case of shortfall in achievement of priority sector lending targets, the Urban Coop Banks have to deposit the amount with (a) RIDF of NABARD (b) other funds with NABARD or NHB or SIDBI (c) MUDRA (d) EXIM Bank
- a a to d all
b a to c only
c a and b only
d a only
- 02** As per RBI's 24.04.20 guidelines, the Urban Coop Banks have to calculate the achievement of priority sector lending targets with reference to the following:
- a outstanding PS loans as on 31st March
b outstanding PS loans as on last Friday of March
c average outstanding PS loans at end of 4 quarters
d none of the above
- 03** Banks were required to maintain liquidity coverage ratio of 100% w.e.f.1.1.19. To provide Covid-19 relief, the LCR can be maintained at ___ % till 30.09.20 and is to be restored back to 100% w.e.f. 31.03.21.
- a 95%
b 90%
c 85%
d 80%
- 04** On Apr 17, 2020 RBI put restrictions on bank for ___ till further instruction:
- a payment of salary to staff
b payment of dividend
c payment of bonus to directors
- d all the above
- 05** On Apr 17, 2020, RBI decided to reduce to 3.75%, which of the following:
- a repo rate
b reverse repo rate
c marginal standing facility
d bank rate
- 06** As part of relief package, RBI allowed the exporter to realize the foreign currency on account of exports made up to 31.07.20, within a period of:
- a 9 months
b 12 months
c 15 months
d 18 months
- 07** Banks in India can offer door step banking services to senior citizens on pan India basis. Age of senior citizen in this case should be:
- a at least 60 years
b at least 65 years
c more than 70 years
d more than 80 years
- 08** With effect from 1.4.2020, interest subvention in case of short term crop loans is available only if:
- a farmer is regularly repaying the due amount
b advance is allowed through KCC
c farmer not aged beyond 60 years
d advance is covered under PM Fasal Bima Yojna.
- 09** For investment by non-residents in Govt. securities, a new route has been implemented. It is called:
- a approval route
b automatic route
c fully accessible route
- d complete freedom route (CFR)
- 10** RBI decided on 17.04.20, to conduct targeted long-term repo operations for an aggregate amount of Rs.50,000 crore, to begin with, in tranches of appropriate sizes. The funds availed by banks under this should be invested in ___ of NBFCs, with at least 50 per cent of the total amount availed going to small and mid-sized NBFCs and MFIs.
- a investment grade bonds
b commercial paper
c non-convertible debentures
d all the above
- 11** RBI decided on 17.04.20, to conduct targeted long-term repo operations for an aggregate amount of Rs.50,000 crore, to begin with, in tranches of appropriate sizes. The funds availed by banks should be invested in different type of instruments of NBFCs, with at least ___ of the total amount availed going to small and mid-sized NBFCs and MFIs.
- a 50%
b 40%
c 25%
d 10%
- 12** On 17.04.20, RBI decided to provide special refinance facilities for a total amount of Rs. 50,000 crore to NABARD, SIDBI and NHB to enable them to meet sectoral credit needs. This will comprise (1) Rs. 25,000 crore to NABARD for refinancing (2) Rs. 15,000 crore to SIDBI for on-lending (c) Rs. 10,000 crore to NHB for supporting housing finance

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- companies (HFCs).
- a 1, 2 and 3 are correct
b only 1 is correct
c only 1 and 3 is correct
d only 2 and 3 is correct
- 13** Application for Sovereign Gold Bonds can be made by depositing cash or cheque or demand draft etc. But cash can be deposited for an amount up to:
- a Rs.10000
b Rs.20000
c Rs.35000
d Rs.50000
- 14** Under Sovereign Gold Bonds scheme, any delay on the part of receiving office to refund the amount to any applicant, whose application is rejected will attract penalty @ _____ rate +2% for each day of delay.
- a saving bank rate of 5 top banks
b bank rate of RBI
c repo rate of RBI
d MCLR of SBI
- 15** Under Sovereign Gold Bonds scheme, which of the following statement is correct in connection with nomination?
- a only one nomination is allowed
b max 2 nominees are allowed
c nomination can be made only when application is sent
d nomination facility is not available
- 16** The maturity period of Sovereign Gold Bonds is:
- a 8 years
b 7 years
c 6 years
d 5 years
- 17** The premature payment of Sovereign Gold Bonds is possible on completion of:
- a 8 years
b 7 years
c 6 years
d 5 years
- 18** A bank branch wants a letter to be written to its Head Office justifying its failure to achieve the budgets for profits and quality of assets. Which among the following software will be used to write this letter
- a MS Excel
b MS Excess
c MS Power Point
d MS Word
e Any of the above
- 19** Which of the following account can be opened by NRI, jointly with resident Indian ?
- a Resident Foreign Currency Account
b Foreign Currency non-resident account
c Non-resident external rupee account
d Non-resident ordinary account
- 20** A bank sold more foreign currency than it purchased during a particular day. The situation would be known as:
- a over-bought position
b short position
c long position
d overnight position
- 21** Bank Z is selling 3rd party products and gets commission for that. It faces, which of the following type of risk:
- a reputation risk
b settlement risk
c operational risk
d liquidity risk
- 22** A complaint has been rejected by the Ombudsman. The customer:
- a cannot file suit in a court of law
b can file suit in a court against Ombudsman
c can appeal within 45 days to Appellate Authority
d can appeal within 30 days of date of receipt of information about rejection
- 23** Under which of the following, RBI adopts selective credit control measures:
- a Section 22 of RBI Act 1934
b Section 85 Negotiable Instruments Act
c Section 21 of Banking Regulation Act 1949
d Section 21 of RBI Act
- 24** Beyond the minimum amount of Rs.1 lac for a Certificate of Deposit (CD), it can be issued in the multiple of Rs.:
- a 10 lac b 5 lac
c 1 lac d Rs.0.5 lac
- 25** Commencement of employees' working hours should be 15 minutes before the commencement of business hours. Which of the following committees gave these recommendations ?
- a Jankiraman Committee
b Talwar Committee
c M Narasimham Committee
d Goiporia Committee
- 26** On which of the following dates, Hindi was declared Official Language of the Union, due to which Hindi Diwas is observed on that day?
- a January 26, 1949
b August 15, 1950
c September 14, 1949
d January 26, 1956
e August 15, 1957
- 27** Which of the following is categorized as a banking outlet as per RBI branch authorization policy 2017?
- a ATMs
b Mobile branches
c E-lobbies

- d none of the above
- 28** A person going abroad can carry, currency notes and coins as per following limits (which one is correct)
- a in normal cases up to USD 3000
b in case of Iraq and Libya up to USD 5000
c Iran, Russia and CIS countries without any ceiling
d all the above
- 29** The Attachment order will be applicable only when the banker and customer would be having following relationship:
- a Trustee and beneficiary
b Principal and agent
c Bailor and bailee
d Debtor and creditor
e creditor and debtor
- 30** Which of the following is called revenue deficit in the Central Govt.'s budget exercise ?
- a total receipts less total expenses
b total payments less total revenue
c revenue receipts less revenue payment
d capital receipts less capital payment
e a and c
- 31** Apiculture relates to which of the following:
- a flower production
b bee-keeping
c fruit production
d mulberry production
- 32** If the bank is to square the oversold position and the rates of exchange are declining at that time, the bank:
- a gains b loses
c it may gain or may lose
d there is not change
- 33** U/s 77 of the Companies Act 2013, the filing of particulars of charge with Registrar of Companies has to be done from
- date of creation of charge within:
- a 35 days b 37 days
c 60 days d 30 days
- 34** A proprietorship concern has net profit of Rs.20 lac, depreciation Rs.5 lac and annual interest payable on long term liabilities Rs.5 lac. Its DSCR is 2. What is the amount of annual instalment of the long term liabilities ?
- a 15 lac b 12 lac
c 10 lac d 8 lac
e Rs.4 lac
- 35** Which of the following accounts can be opened by a non-resident, who has permanently returned to India recently:
- a NRE account
b FCNR account
c NRO Account
d none of the above
- 36** As per Income-tax (22nd Amendment) Rules, 2015 (Rule 114E), w.e.f. 1.4.2016, banks are to send report to Income Tax Department, through the Statement of Financial Transactions about cash deposit or cash withdrawal (including through bearer cheques) aggregating to Rs. ___ or above in a financial year from current account of a person:
- a Rs.10 lac b Rs.20 lac
c Rs.50 lac d Rs.1 cr
- 37** Cash Reserve Ratio is maintained under the provisions of which of the following:
- a Section 42 of RBI Act
b Section 24 of Banking Regulation Act
c Section 42(1) of RBI Act
d Section 42(2) of RBI Act
e Section 24 (2) of Banking Regulation Act
- 38** An ATM complaint relating to debit of account and non-disbursal of cash, if not resolved
- within 7 days, which of the following is not correct:
- a Bank will pay compensation to the customer
b Amount of compensation will be Rs.100 per day
c Compensation will be till date of credit to the account
d Compensation will be given on request from the customer
- 39** Interest on CRR balances is:
- a not allowed wef 31.3.2007
b not allowed wef 01.4.2008
c allowed at saving bank rate for the entire amount
d allowed at bank rate for the entire amount maintained as CRR
- 40** Which of the following kinds of charges is created on the book debts while allowing cash credit advances, by banks:
- a Pledge
b Assignment
c Hypothecation
d mortgage
- 41** A contract is entered between an exporter and importer to exchange foreign currency flows. This is known as:
- a arbitrage
b swap
c forward contract
d futures
- 42** For a home loan to be classified in priority sector lending, the cost of house in places with population below 10 lac is restricted to:
- a Rs.20 lac b Rs.25 lac
c Rs.35 lac d Rs.30 lac

Answers									
01	b	02	c	03	d	04	b	05	b
06	c	07	c	08	b	09	c	10	d
11	a	12	a	13	b	14	c	15	b
16	a	17	d	18	d	19	d	20	b
21	c	22	d	23	c	24	c	25	d
26	c	27	d	28	d	29	d	30	c
31	b	32	a	33	d	34	c	35	d
36	c	37	c	38	d	39	a	40	b
41	b	42	d						

Summary of RBI Governor's Statement of 17.04.20

Assessment of the Current Economic Situation:

On April 14, the IMF released its global growth projections, revealing that in 2020, the global economy is expected to plunge into the worst recession since the Great Depression, far worse than the Global Financial Crisis. The IMF's Economic Counsellor has named it the 'Great Lockdown', estimating the cumulative loss to global GDP over 2020 and 2021 at around 9 trillion US dollars – greater than the economies of Japan and Germany, combined. India's GDP growth for 2020 shall be 1.9%.

Additional Measures announced by RBI:

Targeted Long Term Operations (TLTRO) 2.0

RBI decided to conduct targeted long-term repo operations (TLTRO 2.0) for an aggregate amount of Rs.50,000 crore, to begin with, in tranches of appropriate sizes. The funds availed by banks under TLTRO 2.0 should be invested in *investment grade bonds, commercial paper, and non-convertible debentures of NBFCs*, with at least 50 per cent of the total amount availed, going to small and mid-sized NBFCs and MFIs. These investments have to be made within one month of the availment of liquidity from the RBI. As in the case of TLTRO auctions conducted hitherto, investments made by banks under this facility will be classified as, held to maturity (HTM) even in excess of 25 per cent of total investment permitted to be included in the HTM portfolio. Exposures under this facility will also not be reckoned under the large exposure framework.

Refinancing Facilities for All India Financial Institutions (AIFIs)

RBI decided to provide special refinance facilities for a total amount of Rs. 50,000 crore to NABARD, SIDBI and NHB to enable them to meet sectoral credit needs. This will comprise Rs. 25,000 crore to NABARD for refinancing regional rural banks (RRBs), cooperative banks and micro finance institutions (MFIs); Rs. 15,000 crore to SIDBI for on-lending/refinancing; and Rs. 10,000 crore to NHB for supporting housing finance companies (HFCs). Advances under this facility will be charged at the RBI's policy repo rate at the time of availment.

Ways and Means Advances for States

On April 1, 2020 the RBI had announced an increase in the ways and means advances (WMA) limit of states by 30 per cent. RBI decided to increase the WMA limit of states by 60 per cent over and above the level as on March 31, 2020 to provide greater comfort to the states for undertaking COVID-19 containment and mitigation efforts, and to plan their market borrowing programmes better. The increased limit will be available till September 30, 2020.

Declaration of dividends by banks

Banks in India were granted general permission to declare dividends, subject to compliance with guidelines of RBI circular dated 04.05.2005. On 17.04.20, RBI decided that all banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions. This restriction shall be reassessed by the Reserve Bank based on the financial results of banks for the quarter ending September 30, 2020.

DATA COLUMN

Business of Banks

(Rs.in cr)	Mar31'19	Apr10-20
Aggregate deposits	10805150	13714927
Cash in hand/RBI	570490	486791
Investments	3043660	3925665
Bank Credit:	7881890	10339299
-Food	53930	54073
-Non-Food	7827960	10285226
Cash-Deposit Ratio	5.27	3.75
Investment-Deposit	28.14	28.33
Credit-Deposit	72.95	75.39

Money Stock

(Rs.in cr)	Mar31'19	Apr10-20
M3 (Out of which)	15430870	16991626
(a) Currency with public	2052230	2391299
(b) Demand deposits-Banks	1626310	1601947
(c) Time Deposits - Banks	11720590	12958954
(d) Other deposits with RBI	31740	39426

Sources of Money Supply

(a) Net Bank credit to Govt	4387790	5331924
(b) Bank credit to Comrdl sectr	10380180	10991984
(c) Net Forex assets of Banks	2977860	3839237

Important Banking Indicators

Statutory Liquidity Ratio	18.00%	(10.04.2020)
Cash Reserve Ratio	03.00%	(28.03.2013)
Overnight LAF (of NDTL)	0.25%	
14days term Repo(of NDTL)	0.75%	
Reverse Repo Rate	03.75%	(17.04.2020)
Repo Rate	04.40%	(27.03.2020)
MSF Rate	04.65%	(27.03.2020)
Bank Rate	04.65%	(27.03.2020)

Small Savings Interest Rates

PPF	7.1%	(01.04.2020)
5-year NSC	6.8%	(01.04.2020)
Sukanya Smridhi	7.6%	(01.04.2020)
Senior Citizen Saving	7.4%	(01.04.2020)

Capital & Money Market Indicators

Parameter	end-Apr19	end-Apr20
Dollar-spot TT (Rs.)	69.39	75.38
BSE - Sensex (points)	38638	33717
NSE - Nifty(S&P CNX)	11620	9860
Foreign reserves (Million \$)	418515	479455
Gold /Oz in USD)	1286	1711

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

DATE OF DESPATCH - May 7, 2020