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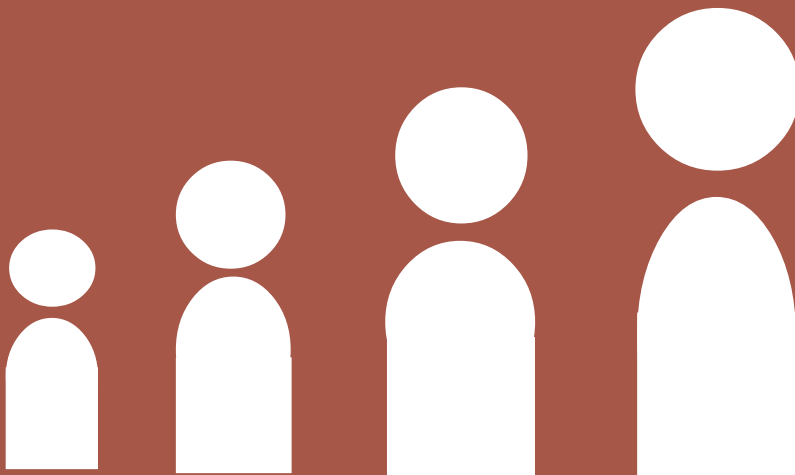
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# Banking events Update



Those who win, are those, who think they can

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**BANKING  
POLICY****Interest Subvention - Agricultural Loans**

On 21.04.20, RBI had advised banks about the Governments' decision to continue the availability of 2% Interest Subvention (IS) and 3% Prompt Repayment Incentive (PRI) to farmers for Short Term Loans for Agriculture including Animal Husbandry, Dairy and Fisheries for extended period of repayment upto May 31, 2020 or date of repayment, whichever is earlier, on account of Covid-19.

In view of the extension of lockdown and continuing disruption due to COVID-19, on 23.05.20, RBI permitted all lending institutions to extend moratorium by another three months, i.e., upto August 31, 2020. In order to ensure that farmers do not pay higher interest during the extended moratorium period, the Government has decided to continue the availability of 2% IS and 3% PRI to farmers for the extended period of repayment upto August 31, 2020 or date of repayment, whichever is earlier. This benefit will be applicable to all short term loans for Agriculture and Animal Husbandry, Dairy and Fisheries (AHDF) upto Rs.3 lakh per farmer (upto Rs.2 lakh for AHDF farmers).

**Section 42(1) of the Reserve Bank of India Act, 1934 -  
Change in Minimum Daily Maintenance of the Cash  
Reserve Requirement**

As announced in the Statement of Developmental and Regulatory Policies of March 27, 2020, the minimum daily maintenance of the Cash Reserve Ratio (CRR) was reduced from 90 per cent of the prescribed CRR to 80 per cent effective the fortnight beginning March 28, 2020 till June 26, 2020.

Keeping in view the continuing of hardships faced by banks in terms of social distancing of staff and consequent strains on reporting requirements, RBI decided on 26.06.20, to extend the relaxation of the minimum daily maintenance of the Cash Reserve Ratio of 80 per cent for a further period of three months, i.e., up to September 25, 2020.

**Section 24 of the Banking Regulation Act, 1949 –  
Maintenance of Statutory Liquidity Ratio (SLR) –  
Marginal Standing Facility (MSF)**

As announced in the Statement of Developmental and Regulatory Policies dated March 27, 2020, the borrowing limit of scheduled banks under the MSF scheme, by dipping into the prescribed SLR, was increased from 2 per cent to 3 per cent of their Net Demand and Time Liabilities (NDTL) outstanding at the end of the second preceding fortnight with immediate effect. This relaxation was available up to June 30, 2020.

On a review, RBI decided on 26.06.20, to extend this enhanced limit till September 30, 2020.

**Loans Sourced by Banks and NBFCs over Digital Lending  
Platforms: Adherence to Fair Practices Code and  
Outsourcing Guidelines**

RBI observed that many digital platforms have emerged in the financial sector claiming to offer hassle free loans to retail individuals, small traders, and other borrowers. Banks and NBFCs are also seen to be engaging digital platforms to provide loans to their customers. In addition, some NBFCs have been registered with RBI as 'digital-only' lending entities while some NBFCs are registered to work both on digital and brick-mortar channels of credit delivery. Thus banks and NBFCs are observed to lend either directly through their own digital platforms or through a digital lending platform under an outsourcing arrangement.

RBI also observed that the lending platforms tend to portray themselves as lenders without disclosing the name of the bank/ NBFC at the backend, as a consequence of which, customers are not able to access grievance redressal avenues available under the regulatory framework. Of late, there are several complaints against the lending platforms which primarily relate to exorbitant interest rates, non-transparent methods to calculate interest, harsh recovery measures, unauthorised use of personal data and bad behavior.

Although digital delivery in credit intermediation is a welcome development, concerns emanate from non-transparency of transactions and violation of extant guidelines on outsourcing of financial services and Fair Practices Code, etc. issued to banks and NBFCs.

RBI reiterated on 24.06.20, that banks and NBFCs, irrespective of whether they lend through their own digital lending platform or through an outsourced lending platform, must adhere to the Fair Practices Code guidelines in letter and spirit. They must also meticulously follow regulatory instructions on outsourcing of financial services and IT services.

RBI emphasized that outsourcing of any activity by banks/ NBFCs does not diminish their obligations, as the onus of compliance with regulatory instructions rests solely with them. Wherever banks and NBFCs engage digital lending platforms as their agents to source borrowers and/ or to recover dues, they must follow the following instructions:

a) Names of digital lending platforms engaged as agents shall be disclosed on the website of

banks/ NBFCs.

- b) Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the bank/ NBFC on whose behalf they are interacting with him.
- c) Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the bank/ NBFC concerned.
- d) A copy of the loan agreement along with a copy each of all enclosures quoted in loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
- e) Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the banks/ NBFCs.
- f) Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

#### **Increasing Payment Frauds – Enhancing Public Awareness Campaigns Through Multiple Channels**

On safety and security of digital transactions, Reserve Bank has been taking measures to improve awareness through its e-BAAT programmes and organising campaigns on safe use of digital payment modes, to avoid sharing critical personal information like PIN, OTP, passwords, etc.

In spite of these initiatives, incidence of frauds continue to bedevil digital users, often using the same modus operandi users were cautioned about, such as luring them to disclose vital payment information, swapping sim cards, opening links received in messages and mails, etc. There are also cases of users being tricked into downloading spurious apps that access critical information stored on devices. It is, therefore, essential that all payment systems operators and participants – banks and non-banks – continue and reinforce efforts to spread awareness about digital safety.

All authorised payment systems operators and participants have been advised by RBI on 22.06.20, to undertake targeted multi-lingual campaigns by way of SMSs, advertisements in print and visual media, etc., to educate their users on safe and secure use of digital payments.

#### **Assignment of Risk Weights on Credit Facilities Guaranteed Emergency Credit Line**

Further to circular no. 2842/NCGTC/ECLGS dated May 23, 2020 issued by National Credit Guarantee Trustee Company (NCGTC) in respect of the captioned scheme announced by the Government of India to extend guaranteed emergency credit line to MSME borrowers, RBI decided on 21.06.20, that Member Lending Institutions shall assign zero percent risk weight on the credit facilities extended under this scheme to the extent of guarantee coverage, as credit facilities extended under the scheme guaranteed by NCGTC are backed by an unconditional and irrevocable guarantee provided by Government of India

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## Emergency Credit Line Guarantee Scheme (ECLGS) of NCGTC

The National Credit Guarantee Trust Company (NCGTC) launched the scheme in May 2020. The credit product under ECLGS has been named as 'Guaranteed Emergency Credit Line (GECL)'

### Purpose of the Scheme:

To provide 100% guarantee coverage for GECL, sanctioned in the form of *additional* working capital term loan (by banks and Financial Institutions) and additional term loan (by NBFCs) to eligible Business Enterprises / Micro, Small and Medium Enterprise (MSME) borrowers, including loans under Pradhan Mantri Mudra Yojana (PMMY), in view of COVID-19 crisis, as a special Scheme.

**Member Lending Institution(s)(MLI) :** Banks, Financial Institutions, NBFC (in operation for 2 years as on 29th February, 2020).

**Duration :** Scheme is applicable to all loans sanctioned under GECL from 23.05.20 to 31.10.20, or till an amount of Rs 3,00,000 crore by all in aggregate, is sanctioned under GECL, whichever is earlier.

**Eligible borrower :** All *existing borrower* as Business Enterprises / MSME / PMMY accounts with outstanding loans of up to Rs. 25 crore as on 29.2.2020, and annual turnover of up to Rs. 100 crore in FY 2019-20.

- Borrower accounts should be less than 60 days past due as on 29th February, 2020 in order to be eligible. i.e. all borrowers which have not been classified as SMA 2 or NPA by any of the MLIs as on 29th February, 2020 will be eligible for the Scheme
- The business Enterprises can be constituted as Proprietorship, Partnership, registered company, trusts and Limited Liability Partnerships (LLPs) shall be eligible under the Scheme.
- For loans having co-applicant, only those existing loans where entity is the primary co-applicant are covered.
- Loans provided in individual capacity are not covered.
- An 'opt-out' option should be provided to the eligible Business Enterprises / MSME borrowers to enable them to choose whether they wish to opt out of the GECL facility.
- For the purpose of this Scheme it is not necessary that the existing loans of the borrowers should be covered under the existing NCGTC or CGTMSE Scheme.

### Loan Amount eligible under Guarantee Coverage

- The amount would be up to 20% of their total

outstanding loans up to Rs. 25 crore as on 29th February, 2020.

- Total Outstanding amount would comprise of the on-balance sheet exposure (WC loans, term loans and WCTL loans) only. Off-balance sheet and non-fund based exposures will be excluded.
- In case a borrower has existing limits with multiple lenders, GECL may be availed either through one lender or multiple lenders depending upon the agreement between the borrower and the MLI.
- No NOC will, be required if the GECL availed from a particular lender is limited to the proportional 20% of the outstanding credit that the borrower has with that lender.

### Interest Rate of Credit under the Scheme:

- For Banks and FIs, lending rate linked to one of the external benchmark rates prescribed by RBI +1% subject to a maximum of 9.25% per annum.
- For NBFCs, the interest rate on GECL shall not exceed 14% per annum.
- no additional processing fee shall be charged by MLIs to borrowers.

### Nature of account and Tenor of Credit under the Scheme

- A separate loan account should be opened for the borrower, distinct from the existing loan account(s), for coverage under the Scheme.
- The tenor of loans provided under GECL shall be for a period of four (4) years from the date of disbursement. No pre-payment penalty shall, however, be charged by the MLIs in case of early repayment.
- Moratorium period of one year on the principal amount shall be provided during which interest shall be payable
- The principal shall be repaid in 36 installments after the moratorium period is over.
- Pre-payment of facilities to be allowed at no additional charge to the borrower.
- The account may be operated in combination with applicable Interest Subvention Scheme(s) as far as feasible.

**Security :** The additional WCTL facility shall rank *pari passu* with the existing credit facilities and no additional collateral shall be asked for additional funding under GECL.

**Guarantee Fee:** No Guarantee Fee shall be charged from the MLIs by NCGTC for the Credit facilities provided under the Scheme.

**Extent of the Guarantee Coverage:** The Trustee Company shall provide 100% Guarantee coverage on

## Extension of timeline for compliance with various payment system requirements

Keeping in view the present situation RBI decided to extend the timeline for compliance in respect of a few areas detailed as under:

1. PPI-MD dated October 11, 2017 (as updated from time to time):
  - (i) All existing non-bank PPI issuers (at the time of issuance of PPI-MD) to comply with the minimum positive net-worth requirement of Rs. 15 crore for the financial position as on March 31, 2020 (audited balance sheet).
  - (ii) Authorised non-bank entities shall submit the System Audit Report, including cyber security audit conducted by CERT-IN empanelled auditors, within two months of the close of their financial year to the respective Regional Office of DPSS, RBI. Financial position as on Sept 30, 2020.  
Existing time line : By August 31, 2020 Revised : By October 31, 2020
2. Implementing provisions of circular on “Enhancing Security of Card Transactions”.  
Existing time line : w.e.f. June 16, 2020. Revised - By September 30, 2020
3. “Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems”, “calendar days” to be read as “working days”.  
Existing time line : w.e.f. March 24, 2020 Revised : Until Dec 31, 2020
4. “Guidelines on Regulation of Payment Aggregators and Payment Gateways”, the activities for which specific timelines are not mentioned and were supposed to come into effect from April 1, 2020. Existing time line - w.e.f. June 01, 2020. Revised - By September 30, 2020

### RBI GROUP TO REVIEW OWNERSHIP FOR PRIVATE BANKS:

RBI has constituted an internal working group to review ownership guidelines and corporate structure for private banks. One of the key terms in RBI's reference is to “examine and review the norms for promoter shareholding at the initial/licencing stage and subsequently, along-with the timelines for dilution of shareholding”. As per the existing shareholding norms, a private banks' promoter must bring down his stake to 40% within three years of its launch, Thereafter, the promoter stake must be further reduced to 20% within 10 years and 15% within 15 years.

*from previous page*

the outstanding amount for the credit facility provided under the Scheme as on the date of NPA.

**Invocation of guarantee :** MLIs are to inform the date on which the account was classified as NPA *within 90 days of the account being classified as NPA*. NCGTC shall pay 75 per cent of the guaranteed amount within 30 days of preferring of *eligible claim* by the lending institution. The balance 25 per cent of the guaranteed amount will be paid on conclusion of recovery proceedings or till the decree gets time barred, whichever is earlier.

**Appropriation of amount realized by the lending institution in respect of a credit facility after the guarantee has been invoked :** Post invocation of the guarantee claim, if any recoveries are made, MLIs shall first adjust such recoveries towards the legal costs incurred by them for recovery of the amount and shall thereafter remit to NCGTC the balance recoveries.

## Reduction in Rate of Tax Deduction at sources (TDS) and Tax Collection at Sources (TCS)

In order to provide more funds at the disposal of the taxpayers for dealing with the economic situation arising out of COVID-19 pandemic, Ministry of Finance Govt. of India notified on 13.05.20 that the rates of Tax Deduction at Source (TDS) for some non-salaried specified payments made to residents, has been reduced by 25% for the period from 14<sup>th</sup> May, 2020 to 31<sup>st</sup> March, 2021:-

Further, the rate of Tax Collection at Source (TCS) for specified receipts has also been reduced by 25% for the period from 14<sup>th</sup> May, 2020 to 31<sup>st</sup> March, 2021.

Therefore, TDS on the amount paid or credited during the period from 14<sup>th</sup> May, 2020 to 31<sup>st</sup> March, 2021 shall be deducted at the specified reduced rates. Similarly, the tax on the amount received or debited during the period from 14<sup>th</sup> May, 2020 to 31<sup>st</sup> March, 2021 shall be collected at the specified reduced rates.

It is further stated that there shall be no reduction in rates of TDS or TCS, where the tax is required to be deducted or collected at higher rate due to non-furnishing of PAN/Aadhaar. For example, if the tax is required to be deducted at 20% under section 206AA of the Income-tax Act due to non-furnishing of PAN/Aadhaar, it shall be deducted at the rate of 20% and not at the rate of 15%.

## Practical Problems based on Banking Ombudsman Decisions

**Settlement of deceased borrower's loan account covered by insurance policy:** Loan covered by Personal Accident Insurance Policy under corporate tie up with an Insurance Company (IC) was granted to an ex-serviceman who died in a road accident when the policy was in force. The customer's wife became family pensioner and serviced the loan. Later, after learning about insurance policy, she requested the branch to lodge a claim with IC and settle the loan account. As per guidelines of IC, the accidental death should have been intimated to them immediately and the claim should be lodged within a period of 60 days from the date of death. The bank lodged claim after repeated requests which was declined by IC on account of "delayed intimation". A complaint was lodged with OBO stating that due to ignorance of the family and negligence of the branch, Equated Monthly Instalment (EMI) on the loan continued to be paid from family pension, until it was known that the loan was covered under insurance policy. No action was taken by the bank despite repeated requests. In conciliation meeting, BO directed the bank to settle the case within 15 days and close the loan account without asking for any payment. However, the branch did not resolve the issue. The BO observed that the bank had failed to lodge the claim in time with the IC. Further, in its reply to RTI query, the bank stated that no information regarding the death of late customer was recorded in the branch; whereas, his wife was drawing family pension from the same branch after submitting death certificate of her husband. The borrower was not given any document informing him that the loan was covered under insurance policy. The bank failed to submit some of the documents asked. Keeping this in view, the BO passed an Award and advised bank to settle the case by closing the loan account without asking for any payment towards principal and interest and issue a no dues certificate. Aggrieved by the Award, the bank preferred an appeal before the Appellate Authority. Bank in its appeal mentioned, inter alia, that at the time of processing of family pension, the basic document relied upon was the death certificate. The complainant did not mention anything in her application about the housing loan availed by the deceased and the availability of insurance policy in the housing loan account. AA observed that when wife of the deceased borrower submitted the family pension claim documents, the bank did not inform her about the deceased borrower being covered by the insurance policy. Further, she was neither a coborrower nor guarantor for housing loan availed by the deceased and the bank was not legitimately entitled to collect EMIs from widow of the deceased. In view of the above, the AA rejected the appeal and upheld the Award of the BO directing the bank not to recover any outstanding principal and interest from the wife of deceased borrower and to refund all the EMIs and interest of the loan collected / received after demise of the borrower, along with interest and to settle the case by closing the loan account and issue a no dues certificate.

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## Financial Events in June 2020

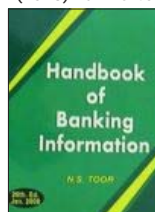
- **YES BANK SENIORS TO HAVE CTC AS VARIABLE PAY:** Yes Bank has restructured the salaries of senior leadership team for the current financial year by moving up to 30% of their total cost to company (CTC) to variable pay category. The Leadership Team has taken a voluntary decision for restructuring of their compensation package. Earlier the compensation on CTC basis was fixed at 100%. As per RBI guidelines, the variable pay could be in the form of share-linked instruments or a mix of cash and share-linked instruments. The entire variable pay can be in cash only in cases where rules and regulations do not permit share-linked instruments. At Yes Bank, the bonus-performance linked compensation was outside of CTC.
- **GDP, CPI BASE YEAR REVISION PROCESS DERAILED:** The recession forecast caused by the covid-19 pandemic has derailed the Government's plan to carry out the consumer expenditure survey in 2020-21. Base year revision process is recommended on a 5 year basis to keep up with the structural changes in spending patterns; but it should be a normal economic year. The Government had earlier decided to revise the base year from 2011-12 to 2017-18. If the survey is conducted in 2021-22 or 2022-23, the base year revision would finally happen much after 2025-26, an over 15-year gap in revision. Former chief statistician of India Pronab Sen, heads the committee to improve quality of Indian Statistics.
- **SEBI FOR ONE-TIME LISTING WINDOW FOR UNLISTED NCDs:** SEBI is considering an unprecedented one-time listing window for existing unlisted non-convertible debentures to ease stress at various mutual funds. Such funds holding illiquid, lower-rated securities would be able to use this opportunity to offload them to buyers. The rise in risk aversion after Covid-19 lockdown had made it very difficult for funds to sell these securities without incurring heavy losses. SEBI would permit a two-month window for trades in these securities on the stock exchanges. This will be the first time the SEBI is permitting existing NCDs to be listed.
- **FOREIGN BANKS TO OFFLOAD INDIA LOANS:** Foreign Banks with large exposure to Indian corporates may be forced to sell their loans after Moody's downgraded India's Sovereign rating to the *lowest Investment grade*. Most foreign banks follow the sovereign ceiling policy practised by all major rating agencies which means that if there is downward revision of sovereign rating,

the credit rating of corporate debt issuers of the country will fall in tandem, irrespective of the issuer's financial rating. In such situation, they typically reduce their exposure by exiting or part selling their loan portfolios.

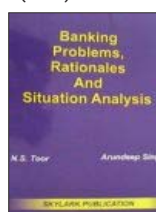
- **SEBI FOR EASIER FUNDRAISING FOR ALL Cos VIA PREFERENTIAL ROUTE:** SEBI is considering a relaxation in pricing rules to make it easier for all companies to raise capital by making preferential equity sale to financial and strategic investors in the wake of the Covid-19 that has impacted stock prices and earnings. SEBI is to make the preferential allotment regulation more realistic not just for stressed companies but to any listed entity which is struggling in the present environment despite a viable business model.
- **UNION CABINET APPROVES "ONE INDIA-ONE AGRI-MKT ORDINANCE:** Union Cabinet approved 3 ordinances intended to create "One India-One Agriculture Market". The 1st one enables farmers to sell their produce outside regulated mandis. There will be no restrictions on inter-state and intra-state trade. 2nd provides an agreement on price assurance that the farmers can engage with processors, aggregators, wholesalers, large retailers and exporters through contract on pre-agreed prices. It will eliminate intermediaries resulting in full realisation of price. Under 3rd Ordinance, cereals, pulses, oilseeds, edible oils, onion and potatoes will be removed from list of Essential Commodities. There will be freedom to hold, move, distribute and supply will lead harnessing of economies of scale.

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- **GOVT. TIGHTENS IMPLEMENTATION OF NEW SCHEMES:** Union Finance Ministry has put the brakes on the implementation of new schemes other than those announced in the Rs.20 Trillion package to revive the economy and help vulnerable sections amid the Covid-19 crisis. New schemes up to Rs.500 Crore which were given in-principle approval would also be suspended in the current FY. The Ministry has already given interim approval for continuation of the existing schemes for 2020-21. However, this would be subject to the assessment of the resource position of the exchequer after the acceptance of the recommendations of the 15<sup>th</sup> Finance Commission later this year.
- **RBI SETS UP FUND TO BOOST E-PAYMENTS:** RBI has set up a Payment Infrastructure Development Fund (PIDF) with a corpus of Rs.500 Crore, with an aim to give a push to digital payments nationwide. RBI has made an initial contribution of Rs.250 Crore covering half the fund. The remaining will come from the card-issuing banks and card networks operating in the country. This fund has been created to encourage acquirers to deploy Point of Sale infrastructure, both physical and digital in the tier-3 to tier-6 centres and north-eastern states. This is in line with the measures proposed by the Vision Document on Payment and Settlement Systems in India 2019-21.
- **GOVT. ISSUES ORDINANCE ON IBC:** Govt. has notified an Ordinance to suspend insolvency proceedings for up to one year against fresh default from March 25. The move will potentially provide breather to thousands of firms battered by Covid-19 Pandemic crisis. Hence, no application for initiation of corporate insolvency resolution process of a corporate debtor shall be filed for any default arising on or after March 25, 2020 for a period of 6 months or such further period not exceeding one year from such date. However, insolvency applications filed for default before March 25 will be entertained.
- **SEBI ISSUES REGULATORY SAND BOX FRAMEWORK:** SEBI has released guidelines for the regulatory sandbox, enabling entities regulated by SEBI to test their new solutions in a live environment and on a limited set of real customers with necessary safeguards.
- **CENTRE TO DESIGNATE BANKING AS STRATEGIC SECTOR:** The Centre is likely to designate the banking as strategic sector under the new privatisation policy. According to the new privatisation policy, announced by the Union Finance Minister as part of the “Atmnirbhar Bharat” package, the Govt. will come up with a list of strategic sectors. In each strategic sector, no more than four state-owned companies will exist. After the latest round of consolidation of public sector banks, there are currently 12 public sector banks. The long term plan will involve having four mega-public sector banks through mergers or privatisation.
- **SUPREME COURT RULING ON LIABILITY:** (case- Telengana Power Distribution Co. VS. Srigdhaa Beverages) In this case a unit of a mineral water bottling company was sold through auction by invoking the Securitisation Act as the owner could not repay a loan given by Syndicate Bank. The distribution company demanded the dues of the defaulting company from the new buyer, leading to litigation. Supreme Court ruled that the liability to pay electricity dues of the previous owner falls on the auction purchaser if the terms of the sale recites “As is where is, what is there is and without any recourse basis’ as per Security Interest (Enforcement) Rules.
- **SUPREME COURT RULING ON GRATUITY OF CHARGED OFFICER:** (Case- Mahanadi Coalfields VS. Rabindranath) In this case the Supreme Court has ruled that an Employer has the right to withhold the gratuity of an employee during the pendency of the disciplinary action even if he has retired. Further, the employer has can impose the penalty of dismissal even if he has attained the age of superannuation.
- **GOVT. CONSIDERING NEW CLASS OF FUND FOR STRESSED ASSETS:** The Govt. is considering a new category of Alternate Investment Fund which will focus on acquiring stressed assets from banks and shadow lenders, a move aimed at resolving some of the highest bad debt in the world. The Fund will be allowed to buy stressed assets directly from the banks and non-banking financial companies. At present, investors can only access bad loans through securities issued by asset reconstruction companies but the new fund category will allow them to do so directly.
- **RBI ISSUES DRAFT FRAMEWORK FOR SECURITISATION OF STANDARD ASSETS:** RBI has released a draft framework for the securitisation of standard assets, proposing an easing of minimum holding requirements for mortgage-backed securities and a modification in the definition of the term “securitisation” to apply it to single-asset transaction as well. Only



transactions that result in multiple tranches of securities being issued reflecting different credit risks will be treated as securitisation transactions and accordingly covered under the guidelines. For residential mortgages against which Mortgage-backed Securities (RMBS) will be issued by the Special Purpose Entity, the minimum holding period (MHP) applicable will be six months or period covering six instalments whichever is later. The Minimum Retention Requirements (MRR) on RMBS for the originator shall be 5% of book value of the loans being securitised.

- **RBI ISSUES FRAMEWORK FOR SALE OF LOAN EXPOSURES:** RBI has issued draft comprehensive framework for sale of loan exposures. The lenders can sell stressed assets only on cash basis. The entire sale consideration should be received upfront and the asset can be taken out of the books of the transferor only on receipt of the entire sale consideration. RBI said that the lenders shall hold purchased stressed assets on their books for at least 12 months before selling it to other party. The regulator has mandated assigning 100% risk weight for NPA acquisition if the acquirer is classifying it as “Standard Asset” in its books. The purchasing lenders shall adjust recoveries in respect of an NPA purchased from other lenders against its acquisition cost only. Thereafter, recoveries in excess of acquisition cost can be recognised as profit.
- **SEBI RULING ON PROMOTER’S KIN:** Owner of Red Tape, a Brand of Shoes, sought guidance from SEBI whether married daughters of MD / Promoter, holding > 10% of the voting rights in the listed company but living separate lives with no involvement in the firm’s management, can be reclassified from the promoter group to the public category. SEBI has held that a promoter’s kin can not be re-categorised as public shareholder even if they live independent lives or uninvolved in affairs of the company.
- **SEBI MAKING BOARD OF DIRECTORS ACCOUNTABLE:** SEBI is making the Board of Directors accountable for investment decisions taken by Alternative Investment Funds (AIFs) that hire external advisors and are often a preferred choice of wealthy foreign and local investors betting on Indian businesses. The Board of Fund’s Asset Management Company typically delegates the investment powers to an investment committee. SEBI has made it clear that if there are external third parties in the investment committee, the board of directors and senior employees would be responsible for the investment and not the committee.
- **GST COMPLIANCE NORMS FOR SMALL BIZ EASED:** GST

Council has eased the compliance burden for small businesses by slashing late fees and halving the interest rate on them. In order to clean up pendency in return filing, the council decided to waive late fees for not furnishing GSTR3B or summary returns in the case of NIL liability, whereas in cases of tax liability, late fees has been capped at Rs.500 per return for the period between July 2017 and January 2020. Further interest rate has been halved to 9% for late filing of returns for small companies for supplies made between Feb and April.

- **FIRST NATURAL GAS EXCHANGE TO START:** Indian Gas Exchange (IGX) the Country’s First Natural Gas Exchange will start operations. IGX, set up by the Indian Energy Exchange (IEX) will offer option of both just buying the product as well as purchase along-with delivery. The delivered transactions will require ensuring pipeline availability with operators. Spot contract for the day-ahead market gas will be delivered the next day. Additionally, there will be forward contracts too, that will be daily, weekly, monthly and fortnightly markets. The Exchange is coming up without any regulatory framework in place. Currently, neither Govt. nor the Petroleum and Natural Gas Regulatory Board have any regulations for LNG.
- **GOVT. FOR NO LEGAL ACTION OVER DATA GAPS:** Govt. will not invoke a legal provision that empowers it to penalise the companies refusing to submit data for key statistics such as Index of Industrial Production. The country’s statistics body did not release

## OUR CAIB & JAIB BOOKS

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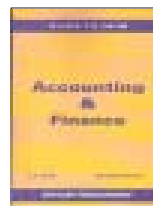
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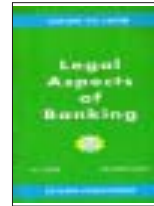
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headline numbers for Index of Industrial Production (IIP) for April and Consumer Price Index (CPI) for April and May when India was in lockdown due to the spread of Covid-19 pandemic. As per the Collection of Statistics Act, 2008, whoever refuses to supply the data particulars for statistical purposes is punishable with a fine of up to Rs.1000 or in the case of a company, with a fine of Rs.5000.

- **INSOLVENCY REGULATOR FOR NO BAR ON INVOKING INSOLVENCY AGAINST GUARANTOR:** As per latest Ordinance, insolvency proceedings was suspended for 1 year against fresh default from March 25. Insolvency Regulator clarified that it does not stop creditors from initiating bankruptcy process against a personal guarantor to a corporate debtor. SBI recently took Anil Ambani to the NCLT for personal guarantee given on loans worth over Rs.1200 Crore to Reliance Communications.
- **RBI EASES TARGETS FOR WLA FIRMS:** RBI has relaxed the deployment norms for White-Label ATM (WLA) Firms, who will now not need to put up thousands of units every year. RBI is for manageable annual targets, a major departure from the stiff run rates set under the licence terms in 2012. Deployment by WLA firms has been poor at 23, 597 units, 7 years after they began operations. As many as 200,000 WLATMs would have been deployed if the run rate had been maintained.
- **SEBI EASES PREFERENTIAL ALLOTMENT, QIP NORMS:** SEBI has eased the capital raising norms for listed companies to tide over the liquidity crisis created by the Covid-19 pandemic. SEBI has amended the takeover code to allow promoters to acquire up to 10% in a FY without triggering an open offer. However, such an acquisition can be done only through the preferential issue of equity shares. Promoters will have to infuse fresh capital into their company and not simply acquire shares from the secondary market. SEBI has also relaxed the norms for qualified institutional placements (QIP). The Regulator has eased the mandatory 6-month cooling-off period between two QIPs to just two weeks.
- **RBI TIGHTENS RULES FOR HOUSING FINANCE LENDING:** RBI has proposed a host

of changes to the rules that govern housing finance companies (HFCs). These include doubling the net-owned funds to Rs.20 Crore, at least 75% of half of HFCs' net assets should be individual housing loans and proposed that no prepayment penalty should be levied for floating rate loans. The changes have been initiated as HFCs came under direct supervision of RBI in early August 2019 from National Housing Bank. RBI draft rules also said that non-deposit taking HFCs with asset size of Rs.500 Crore and above and all deposit-taking HFCs irrespective of their asset size will be treated as "Systematically Important HFCs".

- **FINMIN ASKS BANKS TO CUT NON-ESSENTIAL EXPENSES:** The Finance Ministry has asked public sector banks to cut non-core business expenses by 20% and instructed lenders to avoid incurring non-essential expenditure like purchase of staff cars, refurbishment of guest houses or spend on interior decoration items.
- **RBI ALLOWS WITHDRAWAL LIMIT IN PMC BANK:** RBI had imposed restrictions on the Bank on September 23, 2019 after it found that 75% of the loans were fraudulently given to HDIL Group which subsequently went bad. Now RBI has allowed that the depositors can withdraw up to Rs.1 Lakh from their bank accounts enhancing the limit which was earlier Rs.50,000. However, other restrictions will continue for another six months.
- **SEBI EASES NORMS FOR BROKERS:** SEBI has extended the deadline for brokers to submit reports on client funding and daily margin till July 31 in the wake of covid-19 crises. Besides, SEBI has given more time for submitting compliance certificate on margin trading, risk-based supervision, internal audit report as well as net worth certificates of brokers for half year ended March 31, 2020. The imposition of penalty was effective from April 1, and the relaxation in this regard was given till June 2020. Reporting of non-collection/ short collection of margins in the cash segment shall continue.
- **CO-OP BANKS TO COME UNDER RBI SUPERVISION:** The Union Government has decided to take the Ordinance Route to give more powers to RBI to supervise co-operative banks akin to commercial banks. In February, the Government had said that the audit of such co-operative banks will be in accordance with the RBI regulations and the best management practices laid down by the Regulator will also apply to them. RBI will get powers to supersede the board of Co-operative Banks.

## GENERAL AWARENESS

- Package under which PFC, REC to offer loans to State Discoms @9.5%- Liquidity Infusion Package of Rs.90, 000 Crore.
- Rupee set to enter a new era on 1<sup>st</sup> June, as Local Banks to trade rupee in- Overseas Non-deliverable forwards (NDF) Market.
- Bank which has approved \$177 million Loan to upgrade state highways in Maharashtra- Asian Development Bank.
- Rating Agency which has downgraded India's rating to the Lowest Investment grade of Baa3 from Baa2 with Negative Outlook for first time in 22 years- Moody's.
- Proposal "that Non-profit Organisations can directly list on Social Stock Exchanges" has been approved by Panel set up by SEBI which is headed by- Ishaat Hussain.
- Uday Kotak, CEO of Kotak Mahindra Bank has been appointed as- President of Confederation of Indian Industry.
- Country which has launched a probe against India for imposing Digital Services Tax on e-commerce Players- United States.
- Public Rights Issue of Rs.53, 124 Crore of Reliance Industries under Covid-19 Pandemic situation oversubscribed 1.6 times- Largest Offering by Non-financial Company in World.
- Bank which has launched SIB Insta, a paperless quick Online Account opening platform that facilitates instant account opening with zero human contact- South Indian bank.
- Standard Chartered Bank has started operations at IFSC GIFT City, Gandhinagar and becomes- First Global Bank.
- Regulator which has decided to publish on daily basis data on volume and value of transactions through various Payments Systems- RBI.
- Regulator which has asked all insurers to obtain a Legal Identifier Code before July 31- IRDAI.
- Biocon Executive Chairperson, Kiran Mazumdar Shaw has become the First Woman Entrepreneur in India to win- EY World Entrepreneur Award 2020.
- Department which is to roll out First Phase of Countrywide faceless assessment of Consignments to improve transparency- Customs Department.
- Index in which Gujarat, Tamilnadu and Maharashtra have topped in the Country ensuring food safety in 2019-20- FSSAI Food Safety Index.
- Bank which has been adjudged "Best Domestic Bank" at the Asiamoney Best Bank Awards 2020- HDFC Bank.
- Bank which projects that India's economy to contract by 3.2% in the current fiscal which is sharp downgrade from its April projection of 1.5% -2.8% growth- World Bank.
- New Zealand lifted all social and economic restrictions declaring that it was free of Coronavirus- First Country in World to return Pre-pandemic Normality.
- Index according to which the Hiring Activities/ Recruitment declines 61% in May due to Nationwide Lockdown- Nakuri-Jobspeak Index.

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- Bank which has invited application of Chief Financial Officer (CFO) on contract with salary up to Rs.1 Crore a year, more than the standard salary of the Bank's Chairman- SBI.
- IIT Mumbai has retained its status as India's Premier University at 172<sup>nd</sup> Global Rank- World University Rankings.
- Rating Agency which affirmed its Sovereign Rating for India at "BBB"-Lowest Investment Grade- Standard and Poor's Rating Agency.
- Ranking Framework in which IIT Madras retained the Top Spot as India's Best Institute in both the "Overall and Engineering Categories"- National Institutional Rankings Framework.
- Network which will be used by EPFO for Life Certification of its Pensioners- Common Service Centres Network
- Court which ruled that "Reservation of Seats to Certain Communities is not a Fundamental Right"- Supreme Court.
- Bank which re-launched its Aadhar-based instant digital facility in which "Insta Savings Bank Account" will offer a complete paperless and instant digital savings account opening with just PAN and Aadhar- SBI.
- Authority which becomes 1<sup>st</sup> in Construction sector to go "Fully Digital"- National Highways Authority of India.
- Reserves which crossed the \$500 Billion Mark on June 5 for the First Time which is the Highest weekly increase since September 28, 2007- Foreign Exchange Reserves.
- Regulatory Authority which said that the Health Insurers will not be allowed to contest the claims once the premium has been paid for continuous period of eight years- IRDAI.
- Bank which has extended paperless OD facility to Salary Account Holders- ICICI Bank.
- Index which entered the Deflationary Zone for First time in over four and half years as the market fell 3.2% in May- Wholesale Price Index.
- Bank which has extended \$216 Million Line of Credit to Malawi to help project exporters from India to execute drinking water supply schemes- EXIM Bank of India.
- Index in which India continues to remain Ranked 43<sup>rd</sup> on- Annual World Competitive Index.
- India received \$51 Billion in foreign investment in 2019- World's 9<sup>th</sup> Largest Recipient of FDI.
- Court which sees "No Merit in charging interest on unpaid interest for deferred loan payment instalments during 6 month Covid-19 moratorium period" and asked RBI and Govt. to reconsider the issue- Supreme Court.
- Bank which approved an additional \$750 Million Loan to India to fight Covid-19 pandemic crises- Beijing-based Asian Infrastructure Investment Bank.
- Rating Agency which downgraded India's sovereign rating to BBB- and its Outlook as Negative- FITCH Rating Agency.
- Former RBI Governor Urjit Patel has been appointed as- Chairman of National Institute of Public Finance and Policy.
- Think Tank which has recommended "Indigenous 4G for BSNL"- NITI Aayog.
- Company with Market Capitalisation crossing Rs.11 Trillion for First Time has also become "Net-Debt Free"- Reliance Industries Ltd.
- K.Paul Thomas, MD&CEO of ESAF Small Finance Bank has been elected as- Chairman of Sa-Dhan, Largest Association of Community Development Finance Institutions in India.
- India has become after holding worth \$157.4 Billion on April-end- 12<sup>th</sup> Largest Holder of US Govt. Securities.
- Nita Ambani with Reliance Foundation is the only Indian in the Global List of- Top Philanthropists 2020.
- Banks whose outlook has been revised to "Negative" on IDRs by FITCH Rating Agency- SBI and PNB.
- Mukesh Ambani, Chairman of Reliance Industries Ltd whose net worth has jumped to \$64.5 Billion and making him the -Only Asian Tycoon in Exclusive Club of World's Top 10 Richest People.(HT)
- Rating Agency which has projected Indian economy to shrink 3.1% in 2020- MOODY's.
- Guideline made Mandatory through which Sellers to enter the "Country of Origin" while registering new products on it- Govt e-Marketplace (GeM).
- Country whose Central Bank has suspended "WhatsApp Digital Payment System"- Brazil Central Bank.
- Bank which has launched its Digital wallet "Yuva Pay" to enable contactless payments- YES Bank.
- Govt. notified Ordinance in which Co-op. Banks to come under- RBI Supervision.
- Govt has notified amending Rule-93 relating to "Dimensions of Motor Vehicles" under the Central Motor Vehicles Rules 2989- At par with Global Standards.



## MOCK-TEST PAPER

### Questions on RBI /Govt. Policy

- 01** Which of the following provides credit default guarantee for loans under Guaranteed Emergency Credit Line (GECL) for MSMEs and business enterprises
- CGTMSE
  - DICGC
  - NCGTC
  - RBI
- 02** What is extent of guarantee cover for loans under Guaranteed Emergency Credit Line (GECL) for MSMEs and business enterprises
- 100%
  - 80%
  - 75%
  - 50%
- 03** What is extent of loan that can be sanctioned as additional loan under Guaranteed Emergency Credit Line (GECL) for MSMEs and business enterprises?
- 20% of loan o/s as on 29.02.20
  - 25% of loan o/s as on 29.02.20
  - 30% of loan o/s as on 29.02.20
  - at bank discretion
- 04** To be eligible for loan under Guaranteed Emergency Credit Line (GECL) for MSMEs and business enterprises, what is the max o/s balance in loan accounts as on 29.02.20
- Rs.1 cr
  - Rs.10 cr
  - Rs.20 cr
  - Rs.25 cr
- 05** Under Guaranteed Emergency Credit Line (GECL) for MSMEs and business enterprises, which among the following accounts is not eligible:
- normal standard loans
  - standard loans SMA0
  - Standard loans SMA1
  - Standard loans SMA2
- 06** To be eligible for loan under Guaranteed Emergency Credit Line (GECL) for MSMEs and business enterprises, what is the max annual turnover for the financial year 2019-20:
- Rs.100 cr
  - Rs.50 cr
  - Rs.25 cr:
  - Rs.10 cr
- 07** The type of enterprises that are eligible under Guaranteed Emergency Credit Line (GECL), do not include which of the following:
- business enterprises
  - PM Mudra Yojna
  - MSMEs
  - Loans to individuals
- 08** What is the rate of interest that can be charged for Guaranteed Emergency Credit Line (GECL) by banks?
- external benchmark prescribed by RBI + 2%
  - external benchmark prescribed by RBI + 1%
  - external benchmark prescribed by RBI + 0.5%
  - at bank discretion
- 09** What is the max rate of interest that can be charged for Guaranteed Emergency Credit Line (GECL) by banks?
- 7%
  - 7.25%
  - 9%
  - 9.25%
- 10** What is tenor of the loan under Guaranteed Emergency Credit Line, from date of disbursement, including moratorium period?
- 5 years
  - 4 years
  - 3 years
  - 1 year
- 11** What is no. of monthly instalments for loan under Guaranteed Emergency Credit Line?
- 12
  - 24
  - 36
  - 48
- 12** Member Lending Institutions (MLIs) can invoke the guarantee under Guaranteed Emergency Credit Line, by informing NCTGC, the date on which the account was classified as NPA within \_\_\_days of the account being classified as NPA
- 30 days
  - 60 days
  - 90 days
  - 120 days
- 13** NCGTC is required to make \_\_\_ % payment of claim to MLIs under Guaranteed Emergency Credit Line, within?
- 50% within 30 days and remaining on conclusion of recover process
  - 75% within 30 days and remaining on conclusion of recover process
  - 100% within 30 days
  - case to case differs.
- 14** Who is eligible to invest in Floating Rate Saving Bonds 2020 (Taxable)?

**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*



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- a an individual in individual capacity or on joint basis  
 b an individual in individual capacity or on one or survivor basis  
 c father / mother / legal guardian on behalf of their minor child  
 d all the above
- 15** Subscription to Floating Rate Saving Bonds 2020 (Taxable) can be made in cash for an amount :
- a up to Rs.20000  
 b less than Rs.20000  
 c up to Rs.50000  
 d less than Rs.50000
- 16** The coupon rate for coupon due on 1.1.2021 for Floating Rate Saving Bonds 2020 (Taxable) has been fixed at?
- a 6.5%  
 b 6.95%  
 c 7.15%  
 d 7.25%
- 17** The coupon rate in case of Floating Rate Saving Bonds 2020 (Taxable) will be linked/pegged with prevailing National Saving Certificate (NSC) rate with a spread of (+) \_\_\_\_ bps over the respective NSC rate.
- a 7 basis points  
 b 14 basis points  
 c 28 basis points  
 d 35 basis points
- 18** In case of Floating Rate Saving Bonds 2020 (Taxable), brokerage at the rate of \_\_\_\_ of the amount mobilized will be paid to the Receiving Offices
- a 0.75%  
 b 0.50%  
 c 0.40%  
 d 0.25%
- 19** For capital adequacy ratio, the risk weight for loans under Guaranteed Emergency Credit Line, has been prescribed by RBI as:
- a 0%                      b 20%  
 c 35%                     d 75%
- Recalled Questions**
- 20** What will be due date for a bill dated Nov 10, 2016 payable 4 months after date and accepted on Nov 15, 2016:
- a March 12, 2017  
 b March 13, 2017  
 c March 15, 2017  
 d March 11, 2017
- 21** With effect from 15.09.2018, while issuing demand draft, pay order, banker's cheque, etc., the issuing bank shall include:
- a name of the purchaser  
 b date of expiry  
 c name of the persons who sign on behalf of the bank clearly  
 d mode of payment by purchaser for purchase of DD
- 22** X, a loan customer of the bank, had purchased a demand draft for purchase of goods from Y. The goods have been received but these have been found defective. The DD has not been presented by Y so far and X wants the bank to stop the payment.
- a bank cannot stop the payment  
 b bank can stop the payment on the request of purchaser  
 c bank can stop the payment on the request of purchaser if the purchaser proves defect  
 d bank cannot stop the payment as there is no proof of defect in the same goods
- 23** What is the eligible age group in respect of Atal Pension Yojna?
- a 18-40 years  
 b 18-50 years  
 c 18-60 years  
 d 18-70 years
- 24** Banks can take deposit from the customer, maximum to the extent of \_\_\_\_, while allotting locker to a customer:
- a up to Rs.50000  
 b covering a rent for 6 months  
 c covering a rent for 3 years and locker breaking open charges  
 d covering a rent for 5 years and locker breaking open charges
- 25** Which of the following can not be appointed as a nominee:
- a a minor aged 5 years  
 b an insolvent person  
 c an NRI living in UK  
 d a Trust
- 26** A firm has capital of 200, reserves of 300, debentures 50, goodwill 30, pre-paid expenses of 10. What is net worth and tangible net worth:
- a 500, 500  
 b 500, 470  
 c 470,470  
 d 500, 530
- 27** A firm has stocks of 30, debtors 50, creditors 20, preliminary expenses 10, bank overdraft 30. What is the current ratio
- a 1.33:1  
 b 1.50:1  
 c 1.60:1  
 d 1.75:1
- 28** Customer day is observed by the bank branch on:
- a 1<sup>st</sup> of every month  
 b 15<sup>th</sup> of every month  
 c last day of each month  
 d 1<sup>st</sup> day of the quarter
- 29** Which of the following is not a domestic rating agency that has been accredited by RBI/SEBI for the purpose of risk weighting the claims of banks for capital adequacy purpose:
- a Fitch India  
 b ICRA  
 c CARE

- d Standard and Poors'
- 30** Generally, tenure of external concurrent auditors with a bank shall not be more than \_\_\_ years on continuous basis
- a 7 years  
b 5 years  
c 3 years  
d 2 years
- 31** Banks can open branches without RBI permission in Tier 3 to Tier 6 centres. These centres have population up to \_\_\_ as per census 2011:
- a 9999  
b 49999  
c 99999  
d 100000
- 32** Which of the following features is not present in a non-negotiable crossed cheque:
- a it can be endorsed any no. of times  
b it can be transferred from one person to another any no. of times  
c this cheque has only a holder and not holder in due course  
d none of the above
- 33** Your branch has a locker in the joint names of A and B operated as either or survivor. You receive information of death of B
- a A can operate the locker with legal heirs of B  
b For operations of locker permission of court is needed  
c A can operate the locker  
d a and b
- 34** The minimum and maximum court fee that is required to be paid for filing a suit in a Debt Recovery Tribunal is:
- a Rs.5000, Rs.1 lac  
b Rs.10000, Rs.1.50 lac  
c Rs.12000, Rs. 1.50 lac  
d Rs. 12000, no maximum
- e Rs.150 per Rs.1 lac without any minimum and maximum
- 35** What is the stipulated time requirement for giving a notice to the drawer by the holder of a cheque where he wants to lodge a complaint u/s 138 of Negotiable Instrument Act against the drawer?
- a within 15 days from date of dishonour  
b within 15 days from date of intimation from the bank to the holder about dishonour  
c within 30 days from date of intimation by the bank to the holder about the dishonour  
d within 30 days of date of receipt of information from the bank by the holder  
e within 15 days of date of receipt of information from the bank by the holder
- 36** Which of the following is not a material alteration:
- a the payee changes the amount from Rs.5000 to Rs.55000  
b the payee cancels the crossing  
c the payee converts a bearer cheque into an order cheque  
d the payee forges the signatures of the drawer, to confirm change in name of payee
- 37** Jurisdiction of Distt. Commission under Consumer Protection Act 2019 is for cases an amount of:
- a Less than Rs. 20 lac  
b Less than Rs. 10 lac  
c Less than Rs..5 lac  
d up to Rs.100 lac  
e up to Rs.1000 lac
- 38** Agency banks are required to spread disbursement of pension over the last \_\_\_ of the month, except for the month of March:
- a last 4 working days  
b last 3 working days
- c last 2 working days  
d last 2 calendar days
- 39** The participatory note are:
- a derivative instruments  
b shares  
c debentures  
d global depository receipts  
e Indian depository receipts
- 40** X has a current account with the bank and he agrees to receive a cheque of Rs.10 lac from B and on the strength of this amount of Rs.10 lac, he issues 5 cheques of Rs.1.90 each in the name of 5 different persons and retains the balance amount as his commission. Such type of transaction is known as:
- a money agency transaction  
b money pipe transaction  
c money mule transaction  
d money flow transaction
- 41** What is rate of provision on a more than one year but up to 3 year doubtful account?
- a 15% for secured balance and 100% for unsecured balance  
b 25% for secured balance and 100% for unsecured balance  
c 40% for secured balance and 100% for unsecured balance  
d 100% for the entire balance
- 42** Capital 20, reserves 30, debentures 100, bank overdraft 10, prepaid expenses 10. The debt equity ratio is:
- a 2.1:1      b 2.05:1  
c 2:1      d 1.95:1

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

## Floating Rate Savings Bonds 2020 (Taxable)

Government of India launched Floating Rate Savings Bonds 2020 (Taxable) scheme, with effect from July 01, 2020. The salient features are:

**1. Eligibility for Investment:** (i) a person resident in India, in individual capacity, or on joint basis, or any one or survivor basis, or on behalf of a minor as father/mother/legal guardian (ii) a Hindu Undivided Family

**2. Subscription** - In the form of cash (upto Rs. 20,000/- only)/drafts/cheques or any electronic mode acceptable to the Receiving Office.

**3. Form of the Bonds** - It will be issued in electronic form and held at the credit of the holder in an account called Bond Ledger Account (BLA), opened with the Receiving Office (RO).

**4. Receiving Offices** - SBI, Nationalised Banks and 4 private sector banks.

**5. Nomination** – Nomination and its cancellation shall be as per Govt. Securities Act, 2006 and Govt. Securities Regulation, 2007.

**6. Transferability** - The Bonds shall not be transferable, except transfer to a nominee(s)/legal heir in case of death of the holder of the bonds.

**7. Interest (Floating) –**

**(i) Option** – The interest will be payable at HY intervals on Jan 1st and July 1st every year. No option to pay interest on cumulative basis.

**(ii) Rate** – The coupon/interest would be reset half yearly starting with Jan 1st, 2021 and thereafter every July 1st and Jan 1st. The coupon rate for first coupon period, payable on January 1, 2021 is fixed at 7.15%.

**(iii) Base Rate** – It will be linked/pegged with prevailing National Saving Certificate (NSC) rate with a spread of (+) 35 bps over NSC rate.

**Procedural aspects :** Receiving Offices (RO) shall open an account styled 'Bond Ledger Account' in the name of each subscriber, by allotting a six digit code with an alpha prefix denoting the bank and its branch code.

The branches shall issue a Certificate of Holding to the subscriber/s, within 7 days.

ROs should ensure that the subscription amount is remitted to RBI, Central Account Section, Nagpur within 3 (three) days of the realisation.

**Maturity period :** The bonds shall be repayable on expiry of seven years from the date of subscription.

The facility of **premature encashment** of bonds is available after Lock in period of 4, 5, and 6 years in the age bracket of 80 years and above, between 70 to 80 years and 60 to 70 years respectively.

50% of interest due and payable for the last six months period of the holding period shall be recovered as penalty from the investor for premature encashment.

ROs shall be paid the following amount for managing the Savings Bond Scheme as per the schedule of charges/periodicity given below:

1. Brokerage : 0.50 paise per Rs.100 (on monthly basis). Min 50% of the brokerage to be shared with brokers/sub brokers registered with them.

2. Handling charges : 1/16 of 1% of subscription amount mobilized (on monthly basis)

3. Turnover commission : 6.5 paise per Rs.100 on interest paid, principal repaid for accounts held under BLA Scheme (on quarterly basis).

## DATA COLUMN

### Business of Banks

(Rs.in cr)	Mar 31 '19	19.06.20
Aggregate deposits	10805150	13867114
Cash in hand/RBI	570490	538545
Investments	3043660	4141999
Bank Credit:	7881890	10245030
-Food	53930	89288
-Non-Food	7827960	10155742
Cash-Deposit Ratio	5.27	3.75
Investment-Deposit	28.14	28.33
Credit-Deposit	72.95	75.39

### Money Stock

(Rs.in cr)	31.03.20	19.06.20
M3 (Out of which)	16799930	17315324
(a) Currency with public	2349715	2562967
(b) Demand deposits-Banks	1737692	1572957
(c) Time Deposits - Banks	12674016	13140724
(d) Other deposits with RBI	38507	38716

### Sources of Money Supply

(a) Net Bank credit to Govt	4906583	5499589
(b) Bank credit to Comrc'l sectr	11038644	10899640
(c) Net Forex assets of Banks	3798902	4041348

### 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	03.35%	(22.05.2020)
Repo Rate	04.00%	(22.05.2020)
MSF Rate	04.25%	(22.05.2020)
Bank Rate	04.25%	(22.05.2020)

### 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-Jun19	end-Jun20
Dollar-spot TT (Rs.)	68.94	74.98
BSE - Sensex (points)	37675	35254
NSE - Nifty(S&P CNX)	11523	10249
Foreign reserves (Million \$)	418515	506838
Gold /Oz in USD)	1286	1784

## 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 - Jul 7, 2020