

Banking events Update



Those who win, are those, who think they can

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**BANKING
POLICY****Small Saving Schemes : Interest Rates**

On the basis of the decision of the Government (notification dated 16.02.2016), interest rates for small savings schemes are to be notified on quarterly basis. Accordingly, Ministry of Finance, Govt. of India, Department of Economic Affairs, (vide notification dated Jun 30, 2017) changed the interest rate on Small Savings Schemes, for the second quarter of financial year 2017-18 starting 1st July, 2017, and ending on 30th September, 2017. The interest rates and compounding / payment built-in in the schemes, shall be as under: (*rates given in %*)

Instrument (wef)	1.4.07	1.7.07	Compounding
Savings Deposit	4.0	4.0	Annually
1 Year Time Deposit	6.9	6.8	Quarterly
2 Year Time Deposit	7.0	6.9	Quarterly
3 Year Time Deposit	7.2	7.1	Quarterly
5 Year Time Deposit	7.7	7.6	Quarterly
5 Year Recrng Deposit	7.2	7.1	Quarterly
5 Year Senior Citizen Savings Scheme	8.4	8.3	Quarterly
5 Year Monthly Income Account	7.6	7.5	Monthly
5 Year NSC	7.9	7.8	Annually
Public PPF	7.9	7.8	Annually
Kisan Vikas Patra	7.6	7.5 (maturity 115 M)	
Sukanya Samriddhi Account Scheme	8.4	8.3	Annually

Individual Housing Loans: Rationalisation of Risk-Weights and Loan to Value (LTV) Ratios

On Jun 07, 2017, as a countercyclical measure, the LTV ratios, risk weights for capital adequacy ratio and standard asset provisioning rate for individual housing loans sanctioned on or after the date of this circular have been revised by RBI as under:

- 1) *Up to Rs.30 lakh* : if LTV ratio is up to 80%, RW will be 35% and if LTV is more than 80% but upto 90%, RW will be 50%.
- 2) *Above Rs.30 lakh up to Rs.75 lac* the LTV ratio can be max 80% and the RW will be 35%.
- 3) *Above Rs.75 lac* the LTV ratio can be max 75% and the RW will be 50%.

For these loans in Standard category, provisions shall be 0.25%

Issuance of Rupee denominated bonds overseas

On a review of the laid down framework for issuance of Rupee denominated bonds overseas (Masala Bonds) and with a view to harmonize the various elements of the ECB framework, on Jun 07, 2017, RBI decided that any proposal of borrowing by eligible Indian entities by issuance of these bonds will be examined at the Foreign Exchange Department, Central Office, RBI, Mumbai. Further, RBI decided to revise the provisions in respect of maturity period, all-in-cost ceiling and recognized lenders (investors) of

Masala Bonds as under:

1. **Maturity period:** Minimum original maturity period for Masala Bonds raised upto USD 50 million equivalent in INR per financial year should be 3 years and for bonds raised above USD 50 million equivalent in INR per financial year should be 5 years.
2. **All-in-cost ceiling:** The all-in-cost ceiling for such bonds will be 300 basis points over the prevailing yield of the Government of India securities of corresponding maturity.

Maintenance of Statutory Liquidity Ratio

RBI decided on Jun 07, 2017, to reduce the Statutory Liquidity Ratio (SLR) of commercial banks, primary (urban) co-operative banks (UCBs), state co-operative banks and central co-operative banks from 20.5 per cent of their Net Demand and Time Liabilities (NDTL) to 20.00 per cent from the fortnight commencing June 24, 2017.

RBI further clarified that notwithstanding the reduction in the SLR, the ceiling on amount of SLR securities that can be held under 'Held to Maturity' category remains unchanged.

Aligning roadmap for unbanked villages having population more than 5000 with revised guidelines on Branch**Authorisation Policy**

On Dec 31, 2015, SLBCs were advised by RBI to identify villages with population above 5000 without a bank branch of a scheduled commercial bank in their State and allot these villages among scheduled commercial banks (including Regional Rural Banks) for opening brick and mortar branches.

Subsequently on 18.05.17, RBI issued 'Rationalisation of Branch Authorisation Policy - Revision of Guidelines' wherein final guidelines on 'Banking Outlets' have been issued with a view to facilitate financial inclusion as also to provide flexibility to banks on the choice of delivery channel.

In the circumstances, SLBC Convenor banks have been advised by RBI on Jun 08, 2017, to review and identify the unbanked rural centres (URCs) in villages with population above 5000, in light of the revised guidelines on rationalisation of branch authorisation policy and ensure that such unbanked rural centres in villages with

population above 5000, if any, are banked forthwith by opening of CBS enabled banking outlet. A confirmation stating that all unbanked rural centres in villages with population above 5000 have been banked, may be furnished to the respective Regional Office of Financial Inclusion and Development Department of Reserve Bank of India latest by December 31, 2017.

Recording of PPO Number in the passbook of Pensioners / Family Pensioners

It was decided earlier, to record the PPO number in all the pension passbooks of the pensioners/family pensioners issued to them. This was to alleviate the difficulties reported by pensioners/family pensioners to get duplicate Pension Payment Orders (PPO) in case of missing of original PPO, transfer of pension account from one bank/branch to another bank/branch, commencement of family pension to spouse or dependent children after the death of pensioner, etc. in the absence of ready availability of PPO numbers.

RBI noticed that a few agency banks have not yet implemented the instructions in all their branches. Accordingly all agency banks have been advised by RBI on Jun 08, 2017, to record the PPO numbers on the passbook of pensioners/family pensioners.

Prudential Guidelines on Capital Adequacy and Market Discipline- New Capital Adequacy Framework (NCAF) - Eligible Credit Rating Agencies – INFOMERICS Valuation and Rating Pvt Ltd. (INFOMERICS)

In terms exant guidelines, six domestic credit rating agencies viz. CARE, CRISIL, FITCH India, ICRA, Brickwork Ratings and SMERA have been accredited for the purpose of risk weighting the banks' claims for capital adequacy purposes. The long term and short term ratings issued by these domestic credit rating agencies have been mapped to the appropriate risk weights applicable as per the Standardised Approach under the Basel II Framework.

On Jun 13, 2017, RBI advised that banks may also use the ratings of the INFOMERICS Valuation and Rating Pvt Ltd. (INFOMERICS) for the purpose of risk weighting their claims for capital adequacy purposes in addition to the existing six domestic credit rating agencies. The rating-risk weight mapping for the long term and short term ratings assigned by INFOMERICS will be the same as in case of other rating agencies.

Period for Submission of Agency Commission Claims

As per circular dated 06.05.1999, all agency banks were advised by RBI to submit their eligible agency commission claims to the Reserve Bank of India within two quarters from the end of the quarter during which the transactions have been conducted. On a review, RBI decided on Jun 15, 2017, to reduce the time period allowed to agency banks to furnish their claim on agency commission to Reserve Bank from two quarters to 90 days from the end of the quarter in which the transactions have been conducted. If the banks fail to lodge the claims within the stipulated period mentioned above they may forward the same only after giving reasons for delay.

This will be applicable for the agency commission claims for the quarter ended June 30, 2017 onwards. ●

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How to enrol : To enrol, advise (a) name, (b) address for correspondence (c) Email address, (d) bank name, (e) scale for which appearing, (f) phone / Cell number and (f) details of subjects for the exam (relevant course material, other than internal bank guidelines shall be sent).

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- (c) objective type practice exercise
- (d) mock test papers.

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How to enrol : To enrol, advise name, address for correspondence, eMail id, mobile phone, bank name, subjects for enrolment.

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Revised BANKING OMBUDSMAN SCHEME

RBI's notified the Banking Ombudsman Scheme 2006 (on Dec 26, 2005) on Jan 01, 2006 u/s 35A of Banking Regulation Act, 1949. The scope of the scheme has been further expanded w.e.f. 01.07.2017. It covers all commercial banks, regional rural banks and scheduled primary co-operative banks.

Objective: To facilitate resolution of complaints through conciliation and mediation between bank and customer OR by passing an Award.

A report of activities is to be submitted by BO, to Governor RBI as on 30th June each year.

Banking Ombudsman (BO) : It can be CGM/GM of RBI (appointed for a period not exceeding 3 years at a time). The cost of BO Secretariat is borne by RBI. As on Jun 30, 2017, the no. of BOs was 20.

Who can file a complaint : A person himself /his authorised representative (other than an advocate), on paper OR through electronic media (eMail) OR forwarded by RBI or Central Govt.

Jurisdiction : For Credit card, the jurisdiction is with reference to Ombudsman having jurisdiction over the billing address of the card holder. For other accounts, it is as per location of the branch.

Conditions: Complaints can be made within 1 year if :

a: the complaint was made to the bank and bank had rejected it OR no reply was received by complainant within one month OR the complainant is not satisfied with the reply given by the bank;

b: the complaint is not for issues already settled/dealt with by Ombudsman OR for which proceedings before court, tribunal or arbitrator or any other forum is pending or a decree or Award or order has been passed;

c: the complaint is within limitation period under Indian Limitation Act 1963.

Rejection of Complaint by Ombudsman

Rejection can be at any stage if it appears to be frivolous or vexatious, malafide; OR without sufficient cause; OR not pursued by the complainant with diligence; OR there is no loss or damage or inconvenience caused to the complainant; OR is beyond the pecuniary jurisdiction of Ombudsman.

Customer can **appeal against grounds of rejection** to Appellate Authority (Dy Gov - RBI) within 30 days of receipt of communication regarding rejection.

Process of redressal of grievance

By sending copy of the complaint to the bank, endeavour shall be made by BO for a settlement by agreement

through conciliation or mediation. The proceedings shall be summary in nature.

Award by the Ombudsman

Where a complaint could not be settled by agreement within **one month** from the date of receipt of the complaint, Ombudsman may pass an Award or reject the complaint, on the basis of evidence, the principles of banking law and practice and RBI directions and guidelines.

Award & Compensation: Award shall specify the amount of compensation, if any, to be paid by bank, not more than actual loss suffered as direct consequence of act of omission or commission of the bank OR Rs.20 lac (Rs.1 lac in case of credit card), whichever is lower. In addition, the compensation up to Rs.1 lac, can be allowed for expenses, mental agony etc. A copy of the Award shall be sent to the complainant and the bank.

Effect of award : Award shall be binding on a bank only if the complainant sends acceptance of Award in full and final settlement, within 30 days from the date of receipt of the Award.

Implementation: Customer is to send acceptance of the award within 30 days of date of receipt of the award. Bank is to implement the award within one month from the date of receipt of the acceptance from the complainant and intimate compliance to the Banking Ombudsman.

Appeal : The customer can file an appeal to Appellate Authority (Dy. Governor RBI) within 30 days of date of receipt of Award (which could be extended by 30 days by Appellate Authority).

The **appeal by banks** should be filed with sanction of the CMD /ED / CEO. For banks 30 days period for filing appeal begins from date of receipt of customer's acceptance. The Appellate Authority may dismiss/allow the appeal; OR set aside the Award; OR remand the matter to Ombudsman for fresh disposal OR modify the Award or pass any order as it may deem fit.

Nodal officers : The banks shall appoint Nodal Officers at their RO/ZO and inform the Ombudsman, who shall represent the bank/furnish information to the Ombudsman.

Ground of complaint

A complaint may relate to following aspects including loans and advances alleging deficiency in banking or other services:

- a** non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.;
- b** non-acceptance, of small denomination notes

tendered for any purpose, and for charging of commission in respect thereof;

c non-acceptance, without sufficient cause, of coins tendered and for charging of commission in respect thereof;

d non-payment or delay in payment of inward remittances ;

e failure or delay to issue of drafts, pay orders or bankers' cheques;

f non-adherence to prescribed working hours ;

g failure to honour guarantee or letter of credit commitments ;

h failure/delay to provide a banking facility (other than loans) promised in writing by a bank or its direct selling agents;

i delays, non-credit of proceeds to parties' accounts, non-payment of deposit or non-observance of RBI directives, applicable to rate of interest on deposits in any savings, current or other a/c

j delays in receipt of export proceeds, handling of export bills, collection of bills etc., for exporters provided the said complaints pertain to the bank's operations in India;

k complaints from NRIs having a/c in India;

l refusal to open deposit a/c without any valid reason;

m levying of charges without adequate prior notice;

n non-adherence by the bank or its subsidiaries to the instructions of RBI on ATM/Debit card operations or credit card operations or pre-paid cards (such as account debited and cash not dispensed or less cash dispensed by ATM, debit of account without use of card, unsolicited or threatening calls, wrong billing, wrong reporting to credit information companies);

o non-disbursement or delay in disbursement of pension (to the extent the grievance can be attributed to the action on the part of the bank concerned, but not with regard to its employees);

p refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government;

q refusal / delay in issuing, or failure to service or delay in servicing or redemption of Government securities;

r forced closure of deposit a/c without due notice/sufficient reason;

s refusal to close or delay in closing the accounts;

t non-adherence to fair practices code or code of bank's commitment, as adopted by the bank;

u Internet payments, delay in affecting online payments etc.

Complaints pertaining to loans and advances

a non-observance of RBI Directives on interest rates;

b delays in sanction, disbursement or non-observance of time schedule for disposal of loan applications;

c non-acceptance of application without furnishing valid reasons

d non-observance of any other direction of RBI.

Internal Ombudsman

RBI advised (May 11, 2015) all public sector banks and some private sector and foreign banks to appoint an internal Ombudsman, to be designated Chief Customer Service Officer (CCSO). The CCSO should not have worked in the bank in which he/she is appointed as CCSO.

Agency Commission for Govt. Receipts

On 22.05.2015, RBI had issued guidelines related to rationalisation and revision of agency commission payable to agency banks on government transactions undertaken by them. On 22.06.2017, RBI has clarified that the agency commission on government receipts is paid by Reserve Bank per transaction basis. In this connection, with reference to the implementation of Goods and Service Tax (GST) regime, RBI advised that a single Common Portal Identification Number (CPIN), processed successfully leading to generation of a Challan Identification Number (CIN), under GST payment process, may be treated as a single transaction, even if multiple major head/sub major head/minor head of accounts are credited. This means that CGST, SGST, IGST and Cess etc. paid through a single challan would constitute a single transaction. Thus, all such records clubbed under a single challan i.e., CPIN have to be treated as a single transaction for the purpose of claiming agency commission. This will come into effect from July 1, 2017.

In case of transactions not covered under GST, RBI emphasised that a single challan (electronic or physical) should be treated as single transaction only and not multiple transactions, even if the challan contains multiple major head/sub major head/minor head of accounts that will get credited. We reiterate that records clubbed under a single challan processed successfully have to be treated as a single transaction for the purpose of claiming agency commission.

Submission of Annual Information Return relating to issue of Bonds for Rs.5 lakh or more under Section 285 BA of Income Tax Act, 1961-Change thereof

RBI observed that a few Agency banks were submitting Annual Information Returns (AIR, now changed to SFT) in respect of Savings Bonds to Income Tax Authorities as well as to RBI. As RBI too, consolidates and submits this information to IT Department. In order to avoid the duplication of data relating to Savings Bonds, RBI advised on May 30, 2017, that Agency banks/SHCIL may henceforth ensure that the required information is furnished only to Public Debt Offices of the respective jurisdiction. They need not submit this information to Income Tax Authorities separately.

Recording of details of transactions in the Passbook or Statement of Account

On the recommendation of Committee on Procedures and Performance Audit on Public Services - Report No. 3 - Banking Operations : Deposit Accounts and Other Facilities Relating to Individuals (Non-Business)” RBI had advised banks on 10.04.2004, to avoid inscrutable entries in passbooks/ statements of account and ensure that brief, intelligible particulars are invariably entered in passbooks/ statements of account with a view to avoiding inconvenience to depositors.

In the interest of better customer service, RBI decided on 22.06.2017, that banks shall at a minimum, provide the relevant details in respect of entries in the accounts as, indicated hereunder:

Illustrative narrations to be recorded in the Statement of Account/ Passbook

Debit entries

a. Payment to third parties

- (i) Name of the payee
- (ii) Mode – Transfer, clearing, inter-branch, RTGS/ NEFT, cash, cheque (number)
- (iii) Name of the transferee bank, if the payment is made through clearing/ inter-branch transaction/ RTGS/ NEFT

b. Payment to ‘self’

- (i) Indicate “Self” as payee
- (ii) Name of the ATM/ branch if the payment is made by ATM/ another branch

c. Issuance of drafts/ pay orders/ any other payment instrument:

- (i) Name of the payee (in brief/ acronym)
- (ii) Name of the drawee bank/ branch/ service branch

d. Bank charges

- (i) Nature of the charges – fee/ commission/ fine/ penalty etc.
- (ii) Reasons for the charges, in brief – e.g. return of cheque (number), commission/ fee on draft issued/ remittance (draft number), cheque collection charge (number), issuance of cheque book, SMS alerts, ATM fees, additional cash withdrawals, etc.

e. Reversal of wrong credits

- (i) Date of the original credit entry reversed
- (ii) Reasons for reversal, in brief

f. Recovery of instalments of a loan/ interest on loan

- (i) Loan account number
- (ii) Name of the Loan account holder

g. Creation of fixed deposit/ recurring deposit

(i) Fixed Deposit/ Recurring Deposit Account/ Receipt number

(ii) Name of the Fixed Deposit/ Recurring Deposit Account holder

h. Transactions at POS

- (i) Transaction date, time and identification number
- (ii) Location of the POS

i. Any other

(i) Provide adequate details on the same lines as mentioned above.

Note: In case of single debit in account with multiple credits, the payee name/ account number/ branch/ bank shall not be recorded. However, the fact of “multiple payees” will be indicated.

Credit Entries

a. Cash deposit

- (i) Indicate that it is a “cash deposit”
- (ii) Name of the depositor – self/ third party

b. Receipt from third parties

- (i) Name of the remitter/ transferor
- (ii) Mode – Transfer, inter-branch, RTGS/ NEFT, cash, etc.

(iii) Name of the transferor bank, if the payment is received through inter-branch transaction, RTGS/ NEFT

c. Proceeds of clearing/ collection/ draft etc. paid

- (i) Name of the draft issuing bank
- (ii) Date and number of the cheque/ draft

d. Reversal of wrong debits (including charges)

- (i) Date of the original debit entry reversed
- (ii) Reasons for reversal, in brief

e. Interest on deposits

(i) Mention if it is interest paid on the Savings Account/ Fixed Deposit

(ii) Mention the respective Fixed Deposit Account/ Receipt Number if it is interest paid on Fixed Deposit(s)

f. Maturity proceeds of fixed deposit/ recurring deposit

- (i) Name of the Fixed Deposit/ Recurring Deposit holder
- (ii) Fixed Deposit/ Recurring Deposit account/ receipt number
- (iii) Date of maturity

g. Loan proceeds

- (i) Loan account number

h. Any other

(i) Provide adequate details

Banks branches may note that, these are only illustrative narrations to be recorded in the Statement of Account/ Passbook.

Practical Problems based on Banking Ombudsman Decisions

1) The complainants, wife and husband, had taken travel cards from a bank for a visit to Dubai. The cards were used in Dubai for cash withdrawal and balance enquiry. As against normal charges (viz., AED 7.25 for cash with withdrawal and AED 1.75 for balance enquiry each time), they were charged exorbitant amounts which were not specified anywhere. They wanted refund of excess charges of AED 1322.38 (on wife's card) and AED 1149.62 (on husband's card). The bank stated that the customers had availed travel currency card (currency- AED) and had utilized it for balance enquiry and ATM withdrawal transactions in UAE. The bank stated that acquiring banks in UAE, have started offering "Dynamic Currency Conversion (DCC)" on their networks. In such cases, the machine recognizes the travel currency card (TCC), as a card issued in India and automatically offers customer an option to convert funds from home currency to local currency without recognizing that TCC is already denominated in foreign currency. Hence funds were converted from AED to INR back to AED and 3.5% mark-up was charged by the acquiring bank for cross currency transactions. Further, since customer's card is not INR denominated, at the card issuing bank, a conversion again happens from INR to AED and additionally, a 3% mark-up gets charged for cross currency transactions. Eventually, a customer gets charged double cross currency conversion of 6.5%. The bank in its response stated that it cautions travel card users about the aforesaid process being followed in certain countries and also suggests them not to go for DCC through user's guide and Important Usage Details provided in card welcome kit though they do not mention the country where this could happen. The BO observed that since the bank had not specified the country in documents, the customer did not have the opportunity to take an informed decision whether to avail of Forex card despite double conversion of currency. The BO directed the bank to refund the double conversion charge.

2) The complainant maintained an FD for Rs. 3.00 lakh with the bank with maturity of five years. Before maturity, complainant came to know that the bank had deducted TDS @ 20% during last 4 years citing non-availability of PAN. The complainant was also not given any TDS certificate for any of the years. The bank submitted that at the time of opening of FD, the complainant was advised to furnish PAN. Since the complainant had not submitted PAN, the bank had deducted TDS at higher rate. It further stated that the bank was issuing interest certificates to the complainants for filing tax return every year. It was observed that the bank had not provided TDS certificate to the complainant and their contention of providing the interest certificate for filing income tax was not acceptable. Further, it was mandatory on the part of the bank to issue TDS certificate under section 203 of Income Tax Act, 1961, in Form 16-A specifying the amount of tax deducted and other particulars. While the complainant stated that PAN had already been submitted in respect of her SB account, the bank could not furnish any evidence of having asked the complainant to submit the PAN copy in respect of her FD account. Therefore, there was deficiency of service on the part of the bank. Accordingly, the bank was advised to refund the excess TDS against indemnity, arrange to file revised documents with IT authorities and also provide TDS certificates to the complainant.

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Foreign Currency Accounts of Persons Resident in India

Exchange Earners Foreign Currency (EEFC) Account

Who can open the account : Exchange Earners

Joint account : Jointly with eligible persons; or with resident relative(s) on former or survivor' basis. (Relative as defined under Companies Act, 2013 are members of HUF, spouse, parents, step-parents, son, step-son, daughter-in-law, daughter, son-in-law, brother/sister, step-brother/ step-sister)

Relative joint account holder cannot operate the account during the life time of the account holder

Type of Account: Current only

Interest : Non-interest earning

Permitted Credits :

- 1) 100% of foreign exchange received on account of export transactions.
- 2) Advance remittance received by an exporter towards export of goods or services
- 3) Repayment of loans given to foreign importers
- 4) Disinvestment proceeds on conversion of ADR/ GDR
- 5) Professional earnings like director's/ consultancy/ lecture fees, honorarium and similar other earnings received by a professional by rendering services in his individual capacity
- 6) Re-credit of unutilised foreign currency earlier withdrawn from the account
- 7) Payments received in foreign exchange by an Indian startup arising out of sales/ export made by the startup or its overseas subsidiaries

Permitted debits :

- 1) Any permissible current or capital account transaction
- 2) Cost of goods purchased
- 3) Customs duty
- 4) Trade related loans and advances

Resident Foreign Currency (Domestic) [RFC (D)] Account

Who can open the account : Resident Individual

Joint Accounts : Jointly with any person eligible to open the account

Type of account : Current Account

Interest : Non-interest earning

Permitted credits:

- 1) Foreign exchange received as payment/ service/ gift/ honorarium while on visit abroad or from a non-resident who is on a visit to India
- 2) Unspent amount of foreign exchange acquired from AD for travel abroad
- 3) Gift from close relative
- 4) Earning through export of goods/ services, royalty
- 5) Proceed on conversion of shares into ADR/ GDR
- 6) Foreign exchange received as earnings of LIC claims/ maturity/ surrendered value settled in forex from an Indian

insurance company

Permitted debits : Can be used for any permissible current/ capital account transactions.

Resident Foreign Currency (RFC) Account

Who can open : Returning Indian Individuals

Joint account : Same as in EEFC

Type of accounts : Current/ savings/ term deposits

Rate of interest : Bank discretion

Permitted credits

- 1) Foreign exchange received as superannuation/ other monetary benefits from overseas employer
- 2) Foreign exchange realised on conversion of the assets referred to in Sec 6(4) of FEMA
- 3) Gift/ inheritance received from a person referred to in Sec 6(4) of FEMA
- 4) Foreign exchange acquired before the July 8, 1947 or any income arising on it held outside India with RBI permission
- 5) Foreign exchange received as earnings of LIC claims/ maturity/ surrendered value settled in forex from an Indian insurance company
- 6) Balances in NRE/ FCNR (B) accounts on change in residential status

Permitted debits:

No restrictions on utilisation in/ outside India.

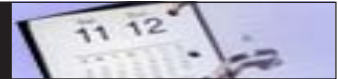
Foreign currency account of residents outside India

A resident individual can open a foreign currency account with a bank outside India in the following cases:

- 1) A resident student who has gone abroad for studies for the period of stay abroad. All credits to the account from India should be made in accordance with FEMA. On the student's return to India after completion of studies, the account will be deemed to have been opened under the Liberalised Remittance Scheme (LRS).
- 2) A resident who is on a visit to a foreign country for the period of stay abroad. The balance in the account should be repatriated to India on return of the account holder to India.
- 3) A person going abroad to participate in an exhibition/ trade fair for crediting the sale proceeds of goods. The balance should be repatriated to India within one month from the date of closure of the exhibition/ trade fair.
- 4) The following persons for remitting/ receiving their entire salary payable to them in India:
 - A foreign citizen resident in India, who is an employee of a foreign company and is on deputation to the office/ branch/ subsidiary/ joint venture/ group company in India;
 - An Indian citizen who is an employee of a foreign company and is on deputation to the office/ branch/ subsidiary/ joint venture/ group company in India; and
 - A foreign citizen who is a resident in India and is employed with an Indian company.
- 5) For the purpose of sending remittances under LRS.

- **MCA GIVES “LEGAL DEFINITION” TO START-UP:** Ministry of Corporate Affairs, GOI has defined “Start-Up” as a private company incorporated under the Companies Act 2013 and recognised as a “Start-Up”. The relaxations relate to allowing start-ups to raise deposits from members (Shareholders) with exemption from procedural compliance for 5 years. Also, Start-ups would not be required to prepare cash flow statements. Relaxation has also been provided on the board meetings front. A company secretary of a start-up or a director can now sign the annual return.
- **GOVT. ALLOCATE FUNDS TO HELP SMEs TO MEET GST COMPLIANCE:** The Government has set aside Rs.100 Crore to help Small and Medium Enterprises (SMEs) to tide over the GST compliance issues. The cash would not be transferred to the companies but would be used to set up help desks, awareness camps and such infrastructure the SMEs can utilize to solve their technology problems related to compliance. According to the Government estimates, the SME sector consisted of 36 million units in 2016, providing direct and indirect employment to over 80 million people. The Sector contributes about 8% to GDP, 45% to manufacturing output and 40% to the exports from the country.
- **GOVT. DIRECTS CBSE TO STOP PUBLISHING OPERATIONS:** Union HRD Ministry has directed the Central Board of Secondary Education (CBSE) to stop publishing textbooks as this is not part of its mandate. The Board-the only one under the Central Government-publishes about 300 school textbooks and most affiliated schools subscribe to. Nearly 19, 000 schools are currently affiliated to CBSE.
- **CIBIL UNVEILS SOLUTIONS FOR BANKS:** Credit Information Company TransUnion CIBIL launched a new solution to help banks expand their customer base. The product, *CreditVision*, looks at the past credit behavior of a consumer, predicts risks and helps banks to expand credit opportunities by studying his payment, exposure and spend behavior. CreditVision could enable credit access to an incremental 15 lakh borrowers annually without compromising on risk.
- **SEBI PROPOSES NORMS TO REGULATE INDEX PROVIDERS:** SEBI has proposed new norms for index providers with emphasis on more disclosures and greater transparency while reworking indices by including or excluding stocks. Indices are generally composed by subsidiaries of stock exchanges and foreign entities such as S&P. At present, these entities are not under the regulatory ambit of SEBI. The Regulator has proposed a new code of conduct for index providers and measures to address issues such as avoiding conflict of interest, creation of robust audit mechanism and whistle-blower framework to facilitate early detection of misconduct.

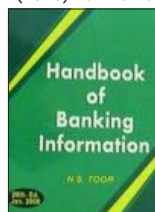
Financial Events



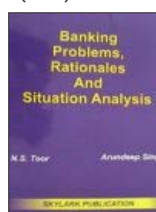
- **BBB POWERS CURTAILED:** In a major setback to the independent body Banks Board Bureau (BBB), the Government has taken away the mandate to select candidates for financial institutions. The move is also seen as conflict of interest, since some finance ministry officials are eying CEO positions themselves. The bureau was mandated with the task to select candidates for IIFCL, IFCI, SIDBI and EXIM Bank where the CEO post is vacant. Previously, the government had overruled BBB in selection of the top posts. The Government swapped CEOs of two PSU banks –IDBI Bank and Indian Bank without consulting the BBB.
- **RBI TO IMPLEMENT LEI CODE:** RBI will implement the Legal Entity Identifier (LEI) system for all participants in the over-the-counter markets for rupee interest rate derivatives, foreign currency derivatives and credit derivatives in India, in a phased manner. The LEI code has been conceived as a key measure to improve the quality and accuracy of financial data systems for better risk management post the global financial crises. RBI has said that the entities without an LEI code would not be eligible to participate in the OTC derivative markets after the date specified in the schedule. According to the schedule for implementation of LEI, entities regulated by various financial sector regulators and corporate with net worth above Rs.1000 Crore have to obtain LEI by August 1, 2017.
- **SEBI ASKS BANKS TO EXPLAIN BAD LOAN UNER-REPORTING:** SEBI is examining the conduct and quality of audits and disclosures at YES Bank, Axis Bank and ICICI Bank on their bad loans. The regulator has sought explanations from the private

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sector lenders on whether they adhered to disclosure requirements. The move comes after the RBI's report on huge divergence in actual non-performing assets and those disclosed by banks. As directed by RBI, disclosures on divergence will be made as part of the notes to accounts of audited financial results of the bank for March 2017.

- **RBI INITIATES PCA FOR DENA BANK:** RBI has initiated prompt corrective action (PCA) for Dena Bank in view of high net non-performing assets and negative return on assets. Last month, RBI had initiated PCA for IDBI Bank and UCO Bank in view of their high MNPA and negative ROA.
- **GOVT. TO CONDUCT NEW ANNUAL SURVEY ON UNEMPLOYMENT:** Amid attack on the government over alleged jobless growth, NITI Aayog Vice Chairman has said that the Government has decided to conduct an annual household survey at both rural and urban areas to arrive at correct picture of the number of employed and unemployed in the country. The survey would be updated on quarterly basis.
- **ANTI-PROFITEERING AGENCY UNDER GST:** The proposed National Anti-profiteering Agency will have enough powers to ensure that companies pass on the benefit of reduced taxes under GST to customers. The new agency can summon representatives of any company against which a complaint has been filed and also initiate investigations through other government wings. Apart from ordering an immediate reduction in prices, the proposed authority may also be allowed to levy a fine or call for a refund from the erring company. The authority is likely to be notified soon so as to ensure that companies do not hike prices in anticipation of GST which is to be rolled out from July 1, 2017.
- **SUPREME COURT RULING ON BOUNCED CHEQUE:** (Case-Kumaran VS. State of Kerala) Supreme Court has ruled that those who issue cheques which are dishonoured by the bank can not get away from the payment of compensation by undergoing imprisonment. They must still pay compensation to the payee as ordered by the criminal court, according to new interpretation of the provisions of the Negotiable instruments Act, Criminal Procedure Code and the Indian Penal Code.
- **SUPREME COURT RULING ON TDS :** (Case-Palam Gas Service VS. CIT) The Supreme Court has said that the TDS provision was mandatory and was applicable both in the situation of actual payment as well as of the credit of the amount. It covered not only those cases where the amount was payable but also when it was paid. It operated irrespective of the method of accounting followed, cash or mercantile. The intention of the lawmakers was to bring within the fold of all such people who were liable to come within the network of taxpayers.
- **CBDT NOTIFIES NEW RULES FOR CAPITAL GAINS TAX EXEMPTION:** CBDT notified rules specifying equity transactions that will attract capital gains tax if securities transaction tax (STT) was not paid on them. The move comes after the Finance Act 2017 that aimed to curb the practice of declaring unaccounted income as exempt long term capital gain by entering into sham transactions. CBDT has specified transactions where payment of STT would be mandated to get the benefit of exemption from capital gains tax.

These include listed equity shares through preferential issues, allotment to financial institutions pursuant to debt restructuring scheme acquisitions by banks and securitisation companies and also by modes such as gifts, holding subsidiaries, mergers and acquisitions would also be exempt from the new rules.

- **CENTRE ON FDI PROPOSALS POST THE FIPB ABOLITION:** The Government had last month scrapped the 25 year old Foreign Investment Promotion Board (FIPB) as it looks to attract more FDI by providing quick approvals under a single-window Clearance Scheme. The Finance Ministry said subsequent to the abolition of FIPB, concerned administrative ministries have been allotted the work of granting approval for foreign investment in the specific sector. The respective ministries will have to decide on FDI proposals within 60 days of the application and any rejection will need the concurrence of the Department of Industrial Policy and Promotion.
- **5-CITY PILOT PROJECT ON PETROL AND DIESEL TO BE ROLLED OUT NATIONWIDE:** The Pilot Project for daily pricing of petrol and diesel was first initiated in Puduchery, Vishakhapatnam, Udaipur, Jamshedpur and Chandigarh from May 1, 2017. Under the daily revision exercise, the moving average of product price for the preceding 15 days with a lag of two days is taken into consideration for deciding the retail price. Now the project will be rolled out nationwide in the second fortnight of this month. The outlets that are not automated will follow the fortnightly revision till these are brought under the automation regime.
- **RBI WARNING ON FARM LOAN WAIVERS:** RBI warned that large scale farm loan waivers by state governments will severely harm the country's fiscal health and may spur inflation. RBI Governor Urjit Patel said that unless state governments' budgets allow that fiscal space to go for a loan waiver, it would be risky to tread on that path. Like RBI, NABARD also flagged adverse effects of waiving off credit. There should not be omnibus waivers and such schemes should be designed only for the needy.
- **GOVT. TO UNVEIL PORTAL ON FDI PROPOSALS:** The Government will soon

unveil a portal to replace the website of the Foreign Investment Promotion Board (FIPB) that has been dismantled as part of the ease-of-doing business drive. DIPP will be the administrative body to manage the portal that will provide guidance on foreign direct investment. The website's focus will be more on facilitation than approvals.

- INDIA SIGNS OECD PACT TO PLUG TAX TREATY LOOPHOLES:** India has signed a ground-breaking multilateral convention that will close loopholes in thousands of tax treaties worldwide. The OECD convention aims to crack down on tax evasion around the world, be it companies or investors, trying to create a structures primarily to avoid or evade taxes. The convention will modify India's treaties to curb revenue loss through treaty abuse and BEPS (Base Erosion and Profit Shifting) strategies by ensuring that profits are taxed where substantive economic activities generating the profits are carried out.
- GOVT. ISSUED NEW SAFE HARBOUR RULES:** Introduced by the CBDT in 2009, safe harbor refers to the circumstances under which income tax authorities will accept the transfer price declared by the assessee without any question or scrutiny. The new rules notified by the CBDT allow for operating profit margins up to 24%. These were earlier as high as 30% for some sectors and led to a tepid response from taxpayers, many of whom chose to instead go for advance pricing agreements. The new safe harbor regime is available for transactions limited to Rs.200 Crore and is applicable even for assessee in the current regime.
- SUPREME COURT RULES OUT AADHAR FOR TAX RETURNS:** The Finance Act 2017 had made Aadhar Card mandatory for tax returns and PAN applications beginning July 1. For this, Section 139A was inserted in the Income Tax Act. The Finance Minister had said in the Parliament that in a situation where it has come to light that one citizen has up to five PAN cards, to avoid that, PAN has been linked to Aadhar. However the validity of section 139A had been challenged in the court. Petitioners had contended that the Centre can not "belittle" the Apex Court's 2015 Order holding the Unique Identification Number as voluntary. Now the Supreme Court has ruled that the Aadhar Card was not mandatory for filing income tax returns for 2017-18. But all Aadhar Cardholders must link the unique identity number with the permanent account number (PAN).
- NCC VERSION ON INSURANCE SETTLEMENT:** The National Consumer Commission has insisted that once an insurance company accepts an offer of settlement by the insured person, the amount shall be paid within seven days. Otherwise, it would be "deficiency in service" defined in the Consumer Protection Act, entailing payment of compensation.
- GOVT. FIRM ON FARM LOAN WAIVERS:** The Union Finance Minister has said that the Farm Loan Waiver Schemes announced by the states will not be financially supported by Central Government. States have been asked to raise their own resources for it. Government's stand has come in the backdrop of loan waiver demands from farmers' organisations across the country, after state governments of UP and Maharashtra waived off the agricultural loans.
- GST CONCIL GIVES RELIEF TO DIAMOND PROCESSING INDUSTRY:** In a relief to the Diamond Processing Industry, The Goods and Services Tax Council has exempted import of cut and polished diamonds after testing from payment of Integrated GST (IGST). An exporter with an annual turnover of Rs.5 Crore for each of the last three years may export cut and polished diamond for testing. On their re-import within three months of export, these cut and polished diamonds will be exempt from customs duty as well as IGST. Similarly, the council has also exempted from IGST import of diamonds for certification, grading and their subsequent re-export.
- CIC TO RBI ON RTI REQUEST:** Activist Subhash Aggarwal had sought information about printing of Rs.1 Note, which was returned saying it was not addressed to the right Central Public Information Officer (CPIO). Aggarwal approached the Central Information Commission (CIC) with a prayer seeking direction to the RBI to nominate a Nodal Officer so that even if an RTI application is not addressed to the CPIO of a particular department of RBI, it may be directed to the concerned department and is not returned to the RTI applicant. On this, CIC asked RBI to appoint the Nodal Officer

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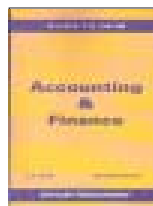
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as they are not agreed with the current practice of RBI.

- **SEBI SETS CRITERIA FOR OPTIONS TRADING:** SEBI has set a minimum average daily turnover limit of Rs.200 Crore for agriculture and agriculture-processed commodities to be eligible for options trading and of Rs.1000 Crore for other commodities. To be listed on the options trading platform, both agriculture and non-agriculture commodities should have met the daily turnover criteria for the past 12 months. Further the commodity on which options are traded should be among the top five future contracts in terms of total trading turnover value for 12 months.
- **GOVT TO ISSUE NEW NORMS UNDER PMAY (URBAN):** The Government will come out with the supplementary guidelines for the Prime Minister Awas Yojana (PMAY) Urban to enable private investment in affordable housing. So far, only public partnership was allowed under PMAY (Urban). The government has approved construction of 20, 25, 573 affordable houses for urban poor so far. M Venkaiah Naidu, Minister for Urban Development said that with cities now moving forward on the path of well thought out course of infrastructure development, a City Liveability Index will be launched on June 23 which will measure the quality of life in various cities.
- **NEW SCHEME FOR WOMEN FOR PURCHASE OF SMALL COMMERCIAL VEHICLES:** The Centre will launch a new scheme to provide interest-free loan to women self-help groups in rural areas for purchase of small commercial vehicles to boost public transport and generate employment. The new scheme is likely to be called "Pradhan Mantri Gram Parivahan Yojana" and to be launched on 15th August. There will be a ceiling of Rs.6 lakh on the loan amount. An individual can earn up to Rs.6000-9000 per month. To begin with, the scheme will be implemented in 250 blocks across the country and the Centre will provide interest-free loan for at least 1500 commercial vehicles with a sitting capacity of 10 each.
- **CBDT ISSUES DRAFT NORMS UNDER POEM:** CBDT issued norms for transitional provisions for foreign companies in the first year of becoming resident firms based on their place of effective management. However it has been clarified that the tax on foreign companies qualifying as resident firms due to their Place Of Effective Management (POEM) will be same as that for any company -40%. The draft notifications by the CBDT provides exceptions, modifications and adaptation for computation of total income, treatment of unabsorbed depreciation, set off or carry forward of losses, collection, recovery

and special provisions for tax avoidance.

- **SEBI TIGHTENS DISCLOSURE NORMS:** SEBI has tightened compliance norms by levying hefty penalty and provision to prosecute promoters of companies that do not comply with disclosure norms. SEBI has prescribed a penalty of up to Rs.1 Crore and initiating enforcement action on defaulting companies. SEBI has further said that the stock exchanges should levy the fine if companies breach certain provisions of the Issue of Capital and Disclosure Regulations. Exchanges to impose a fine of Rs.20, 000 a day on companies that delay the completion of bonus issue and do not approach the bourse for listing of equity shares within 20 days from allotment of bonus shares.
- **GOVT. MADE AADHAR MANDATORY FOR OPENING BANK ACCOUNTS:** The Government has made the Aadhar Card mandatory for opening bank accounts and for financial transactions of Rs.50,000 and above. Existing bank account holders have been asked to submit the Aadhar number issued by UIDAI by December 31, 2017, failing which the account will be deemed invalid. After June 1, if a person does not have an Aadhar Number at the time of opening of account, then he has to furnish proof of application of enrolment for Aadhar and submit the number to the bank within six months of opening of account.
- **GOVT. NOTIFIED INSOLVENCY RESOLUTION FOR START-UPS:** The Government has notified provisions for fast-track resolution of insolvency proceedings as a major relief to struggling Start-ups. Under the Code, insolvency proceedings will be completed in 90 days. As per Industry data, around 95% of Start-ups are unsuccessful ventures and wind up within two years of operations. The main code formulated for insolvency proceedings mandate a firm's restructuring or exit within 180 days.
- **CVC ASKS BANKS ON FRAUDS REPORTING:** The Central Vigilance commission (CVC) has asked public sector banks not to report frauds below Rs.1 lakh to local police unless their staff is involved in such crime. Earlier banks were mandated to report frauds of above Rs.10000 and below Rs.1 Lakh to police. The cases of frauds of up to Rs.1 lakh and not below Rs.10, 000 are to be scrutinized by the bank officials concerned for further action.
- **GST COUNCIL EASES RULES FOR RETURN FILING:** GST Council has relaxed the rules for filing of returns as the GST is to be rolled out on July 1, 2017 as already made the deadline. The GST Council has eased for return filing by trade and industry for the first two months. This will give the GST Suvidha providers and assessee sufficient time to prepare their systems. Accordingly, for July, assessee will have to self declare and pay the GST through Form 3B by August 20 and for August by September 20. While they have to upload invoice-wise data on the GST Common Portal, the deadline for July has now been pushed back to September 5 and for August to September 20. No late fees or penalty would be levied.

GENERAL AWARENESS

- New Notes which will be circulated by RBI with pink and green colours on obverse and reverse - **One Rupee Notes.**
- Largest Lender to State Electricity Boards- **Power Finance Corporation with REC**
- Scheme under which black money Rs.5000 Crore only declared- **Pradhan Mantri Garib Kalyan Yojana.**
- Financial Year 2017-18 may be used as - **Base Year for Next GDP Series-**
- India's Top Luxury Carmaker which launched its long wheelbase E-Class 220d, a new variant of its luxury sedan E-class- **Mercedes-Benz.**
- A free Application which has been launched by Global Software giant Adobe that allows users to turn their mobile or tablet into scanning tool that automatically recognises text- **Adobe Scan.**
- Haryana Govt. has renamed Haryana Urban Development Authority (HUDA) as- **Haryana Sehkari Vikas Pradhikaran (HSVP)-**
- Accord from which US President Donald Trump withdrew his Nation – **Paris Climate Change Accord.**
- SEBI has set up a Committee to advise it on issues relating to corporate governance in Indian firms and the committee to be headed by- **Uday Kotak, CMD of Kotak Mahindra Bank.**
- Annual Global List in which India ranked on 45th Rank after losing 4 spots while Hong Kong topped for second year in row- **Competitiveness.**
- Government Subsidy for which the Aadhar Card has now been made Mandatory on- **Purchase of kerosene and benefits of Atal Pension Yojana.**
- The Elevator which can operate at a record-breaking speed of 1260 metres per minute is to be installed in a skyscraper in China- **World's Fastest Elevator.**
- Index in which India has surpassed China to secure the top position among 30 developing countries- **2017 Global Retail Development Index.**
- In order to create large scale awareness on key topics, RBI is observing from 5th June- **Financial Literacy Week.**
- Stock Exchange which launched its International Exchange at GIFT-IFSC, Gandhi Nagar- **National Stock Exchange of India.**
- ISRO successfully launched its Most Powerful Rocket which can carry a four-tonne communication satellite- **GSVL Mk-III (Nicked name- Fat Boy).**
- India's Number One Phone Company which received statutory approval from CCI for proposed merger with Norway's Telenor- **Bharti Airtel.**
- Govt. to create one Large State-run NBFC for demands of Infrastructure Sector by merging- **IIFCL and IFCL.**
- The Global Economy headed for six year high to 3.5% this year before nudging up to 3.6% in 2018 as per report of- **OECD.**
- Bank which made the Largest Share Sale in the Secondary Market by raising Rs.15,000 Crore by selling 52.2 Crore shares through QIP- **SBI.**
- The Sole Sportsperson from India to feature among the World's 100 Highest paid Athletes in the Forbes List- **Indian Cricket Captain Virat Kohli.**
- First Sikh Woman to enter British Parliament- **Preet Kaur Gill.**
- A Pizza almost 2KM long, made in California- **World's Longest Pizza.**
- Regulator which has taken over the administration of Sahara India Life Insurance, a first of its kind in the Sector- **IRDAI.**
- Kolkata High Court Judge, who had been sentenced to six months prison for contempt by the

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Supreme Court and who has not been seen in public since then, retired from service on 12th June- **Justice CS Karnan.**

- IDBI Bank has been the only Public Sector Bank that got “High H” (85 score out of 100) rating in two successive surveys- **Code Compliance under Banking Codes and Standards Board of India.**
- RBI lists 12 NPA Accounts for- **Insolvency Proceedings.**
- Technology which will be used by 50% of banks by 2020 as per Infosys report- **Blockchain Technology.**
- Indian Superstars Shah Rukh Khan, Salman Khan and Akshay Kumar are the Highest Earning Entertainers in the world while American Sean Combs tops- **Forbes’ List of Highest-paid Celebrities 2017.**
- FIMIN allows carry forward of unavailed Cenvat Credit by Telcos Firms under- **GST Regime.**
- Price which will be revised at 6 a.m every day from 16th June on- **Petrol and Diesel.**
- Bank on which RBI invokes Prompt Corrective Action (PCA) in view of high NPA and negative return on assets- **Central Bank of India.**
- New Scheme which is to be launched on 15th August by Govt. for women to buy and operate cabs- **Pradhan Mantri Gram Parivahan Yojana.**
- Rankings in which India again missed a spot- **Times Higher Education World Reputation Rankings 2017.**
- Full-fledged commercial launch to be made of its RuPay Credit Cards by- **National Payments Corporation of India.**
- RBI’s recent move to reduce risk-weights and standard asset provisioning on individual housing loans are credit negative for the banking sector- **Moody’s Report.**
- India’s First Smart Industrial Port City is to be set up at- **Kandla ,Gujarat.**
- 20 Indian Companies have featured in –**Asia’s Top 100 Lists.**
- Actress Priyanka Chopra has taken the Top Spot on Top Actors Chart – **Hollywood Reporters’ Inaugural Top Charts.**
- India has been ranked 60th in the list of 130 most-innovative countries in the World as per –**Global Innovation Index.**
- First Bonds which will be issued under Small Cities Scheme by three Civic Bodies-Delhi, Pune and Ahmedabad to raise funds for providing amenities- **Municipal Bonds.**
- Commercial Place in India which has been ranked 9th Most Expansive Prime Office Market in the World- **Connaught Place New Delhi.**
- Scheme under which people can now enrol and subscribe digitally- **Atal Pension Yojana.**
- Dam whose all the 30 Gates have been closed by the Gujarat Government for the First Time raising the water level of the Reservoir- **Sardar Sarovar Dam.**
- Country which eased the visa rules in which Indians can use the on-line visitor visa facility from July 1, 2017 and can visit the country more conveniently- **Australia.**
- UN Convention which has been ratified by India and becomes 71st Country to ratify- **United Nations TIR Convention.**
- Two Chinese Super Computers have been declared by US and Germany Researchers “Fastest in the World” – **China’s Sunway**

Taihulight and Tianhe-2.

- Country whose King appointed his 31-year old son Mohd. Bin Salman as Crown Prince from the line of succession- **Saudi Arabia.**
- No future or ongoing real estate projects can be advertised without registration with- **Real Estate Regulatory Authority.**
- Bank which has bagged “Nine Skoch Awards” including “Best Bank in Public Sector”- **Vijaya Bank.**
- Chairman of RBI Overseeing Committee- **Pradeep Kumar, Former MD of SBI.**
- Company which has been ranked as “Top Employer of US Talent in IT Sector” over the past five years as per study by Cambridge Group- **Tata Consultancy Services (TCS)**
- Passports will now be in Hindi and English both – **Instead of English only.**
- World’s 1st Turbaned Sikh Woman Judge appointed as a Judge in the Supreme Court of British Columbia, Canada- **Punjab’s born Palbinder Kaur Shergill.**
- China’s Fastest Bullet Train with a maximum speed of 400 KMPH- **Fuxing.**
- An Incredible 676 Children in UK having Largest Gathering dressed as Herry Potter to mark 20 years since publication of his First Book got- **Guinness World Records.**
- Bhumika Sharma, Dehradun has become the First Indian Woman to win- **Miss World Body Building Championship Award.**
- State where the Dignitaries visiting will now be offered Books and not Bouquets as a Token of Love- **Uttarakhand.**
- Word, which has become the New Last Word in the Oxford English Dictionary- **Xyzyva-a Tropical Beetle.**
- World’s First ATM opened on June 27, 1967 at Branch of Barclays Bank, London, celebrated its 50th Birthday whose Inventor was- **Scottish Shepherd-Barron.**
- Airline in which the Government has given its approval for disinvesting stake in- **State-owned AIR India.**
- As per Govt. Notification, Individuals having Permanent Account Number (PAN) will have to link it from July 1, 2017 with- **Aadhar Number.**
- For the First Time, Note which will be issued by RBI- **Note of Rs.200 Denomination.**
- India’s Communication Satellite which became third Satellite launched from French Guiana- **GSA-17.**



MOCK-TEST PAPER

Questions on Latest RBI Policy

- 01** Banking Ombudsman Scheme 2006 as modified w.e.f. July 01, 2017, covers:
- commercial banks and all financial entities
 - commercial banks, RRB and scheduled primary cooperative banks
 - commercial banks, RRB and scheduled primary cooperative banks and all financial entities
 - commercial banks only
- 02** Which of the following statement is not correct with reference to Banking Ombudsman Scheme 2006 as modified w.e.f. July 01, 2017:
- Ombudsman can be GM or CGM of RBI
 - Ombudsman's term can be max 3 years, at a time
 - expenses of Ombudsman Secretariat are borne by participating banks
 - Ombudsman is appointed by RBI
- 03** A customer can file complaint with Banking Ombudsman. In this respect which statement is not correct?
- complaint can be filed if bank rejects the complaint
 - complaint can be filed if customer is not satisfied with bank reply
 - complaint can be filed, if does not receive any replay within 15 days
 - complaint can be filed within one year, in the above circumstances.
- 04** Customer can appeal against grounds of rejection of complaint by Ombudsman to Deputy Governor, the Appellate Authority,
- within ___ days of receipt of communication regarding rejection.
- 7 days
 - 10 days
 - 15 days
 - 30 days
- 05** Where a complaint could not be settled by Banking Ombudsman by agreement within ___ from the date of receipt of the complaint, Ombudsman may pass an Award or reject the complaint
- 10 days
 - 15 days
 - one month
 - two months
- 06** Banking Ombudsman can award compensation to be paid by bank to the complainant, not more than actual loss suffered as direct consequence of act of omission or commission of the bank OR ____, whichever is less:
- Rs.25 lac
 - Rs.20 lac
 - Rs.15 lac
 - Rs.10 lac
- 07** Banking Ombudsman can also award compensation to be paid by bank to the complainant up to Rs.____, on account of expenses, mental agony etc.
- Rs.1 lac
 - Rs.2 lac
 - Rs.5 lac
 - Rs.10 lac
- 08** Banking Ombudsman can award compensation in case of Credit Card issue, to be paid by bank to the complainant, not more than actual loss suffered as direct consequence of act of omission or commission of the bank OR ____, whichever is less:
- Rs.1 lac
 - Rs.2 lac
 - Rs.5 lac
 - Rs.10 lac
- 09** Customer is required to send acceptance of the award of Ombudsman within ___ days of date of receipt of the award.
- 7 days
 - 10 days
 - 15 days
 - 30 days
- 10** Bank is to implement the award of Ombudsman within _____ and intimate compliance to the Banking Ombudsman.
- one month from the date of receipt of the acceptance from the complainant
 - two months from the date of receipt of the acceptance from the complainant
 - one month from the date of receipt of the award of Ombudsman
 - two months from the date of receipt of the award of Ombudsman
- 11** The complainant can file an appeal to Appellate Authority (Dy. Governor RBI) against Award of Ombudsman within ___ of date of receipt of Award
- 3 months
 - 2 months
 - 30 days
 - 15 days
- 12** The Bank can file an appeal to Appellate Authority (Dy. Governor RBI) against Award of

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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- Ombudsman within ___ of date of receipt of acceptance of customer, with permission of CMD or MD or ED or CEO:
- 3 months
 - 2 months
 - 30 days
 - 15 days
- 13** The Appellate Authority (Dy. Governor RBI) can extend the specified period, to make appeal against Award of Ombudsman by complainant, by ___ :
- 3 months
 - 2 months
 - 30 days
 - 15 days
- 14** Who can represent a bank before the Ombudsman on issues relating to complaints under Ombudsman Scheme?
- Chief Customer Service Officer
 - Internal Ombudsman of the bank
 - Nodal Officer at Regional/Zonal Office of the bank
 - Any officer of the bank
- 15** As per RBI guidelines, what is the minimum original maturity period for Masala Bonds raised upto USD 50 million equivalent in INR per financial year ?
- 2 years
 - 3 years
 - 5 years
 - 7 years
- 16** As per RBI guidelines, what is the minimum original maturity period for Masala Bonds raised above USD 50 million equivalent in INR per financial year ?
- 2 years
 - 3 years
 - 5 years
 - 7 years
- 17** What is the risk weight for capital adequacy ratio purpose, of a home loan up to Rs.30 lac, where the loan to value ratio is
- max 80%
- 25%
 - 35%
 - 50%
 - 75%
- 18** What is the risk weight for capital adequacy ratio purpose, of a home loan up to Rs.30 lac, where the loan to value ratio is above 80% but max 90%
- 25%
 - 35%
 - 50%
 - 75%
- 19** What is the risk weight for capital adequacy ratio purpose, of a home loan above Rs.30 lac up to Rs.75 lac, where the loan to value ratio is max 80%
- 25%
 - 35%
 - 50%
 - 75%
- 20** What is the risk weight for capital adequacy ratio purpose, of a home loan above Rs.75 lac, where the loan to value ratio is max 75%
- 25%
 - 35%
 - 50%
 - 75%
- 21** What is the rate of provision on a standard home loan, where the loan to value ratio is between 75% to 90% according to size of the loan amount:
- 25%
 - 35%
 - 50%
 - 75%
- 22** The State Level Bankers' Committees are required to send a confirmation to RBI by ____, that that all unbanked rural centres in villages with population above 5000 have been banked.
- 30.06.17
 - 30.09.17
 - 31.12.17
 - 31.03.18
- 23** What is the no. of domestic credit rating agencies approved by RBI for prudential guidelines on capital adequacy ratio, as on 30.06.2017?
- 10
 - 8
 - 7
 - 6
- 24** Which of the following is the latest credit rating agency approved by RBI for credit rating for the purpose of prudent guidelines on capital adequacy ratio?
- SMERA
 - INFOMERICS
 - BRICKWORK RATING
 - FITCH Rating
- 25** The agency banks can furnish their claim on agency commission to Reserve Bank within ___ from the end of the quarter in which the transactions have been conducted, starting with June 2017.
- 30 days
 - 60 days
 - 90 days
 - 180 days
- 26** With reference to the implementation of Goods and Service Tax (GST) regime, the term CPIN stands for :
- Common Portal Identification Number (CPIN)
 - Central Portal Identification Number (CPIN)
 - Central Portal Information Number (CPIN)
 - Common Payment Identification Number (CPIN)
- 27** For the quarter July to September, what is the rate of

<p>interest on Senior Citizens Saving Scheme:</p> <p>a 7.5%</p> <p>b 7.8%</p> <p>c 8.3%</p> <p>d 9.1%</p> <p>28 For the quarter July to September, what is the rate of interest on Public Provident Fund Scheme:</p> <p>a 7.5%</p> <p>b 7.8%</p> <p>c 8.3%</p> <p>d 9.1%</p> <p>29 For the quarter July to September, what is the rate of interest on Sukanya Samridhi Account Scheme:</p> <p>a 7.5%</p> <p>b 7.8%</p> <p>c 8.3%</p> <p>d 9.1%</p> <p>30 For the quarter July to September, what is the rate of interest on Kissan Vikas Patra Scheme:</p> <p>a 7.5%</p> <p>b 7.8%</p> <p>c 8.3%</p> <p>d 9.1%</p>	<p>lac are destroyed. What will be amount of insurance claim the party will be able to obtain from the insurance company in case their claim is accepted</p> <p>a due to under insurance, no claim will be entertained</p> <p>b the amount of claim will be restricted to 50% of the amount of loss</p> <p>c since the loss is 1/4th of the value stocks, the insurance cover will be 25%</p> <p>d the claim available for loss will be in the ratio of insurance amount as percentage of the value of stocks (i.e. 75%)</p> <p>e b or c, whichever is lower</p> <p>32 A authorised B for operating his locker. B approaches the bank for surrender there of. How would you react:</p> <p>a B can surrender the locker</p> <p>b B cannot surrender the locker</p> <p>c If contents are nil he can surrender</p> <p>d b and c</p> <p>33 The term supplementary capital or gone concern capital in the context of Basel 3 represents which of the following:</p> <p>a Tier I capital funds</p> <p>b Tier II capital funds</p> <p>c Perpetual non-cumulative shares</p> <p>d innovative perpetual debt</p>	<p>instruments</p> <p>34 Which among the following can not issue a commercial paper ?</p> <p>a Companies</p> <p>b Financial Institutions</p> <p>c Primary dealers</p> <p>d commercial banks</p> <p>e none of the above</p> <p>35 What is the maximum amount for which a commercial paper can be issued?</p> <p>a Rs.5 lac</p> <p>b Rs.25 lac</p> <p>c Rs.10 lac</p> <p>d Rs.15 lac</p> <p>e No ceiling</p> <p>36 In the account of Raja, your saving bank account holder, a cheque in which, the amount in words indicated as Rupees five lac and in figures as Rs.5000 is presented for payment. How would you make the payment of amount ?:</p> <p>a the amount in words shall be paid</p> <p>b the amount in figures shall be paid</p> <p>c In words or figures whichever less shall be paid</p> <p>d It is safe to return the cheque</p> <p>37 A cheque issued by a director of a Limited Company is presented for payment after death of the director which the bank pays. The company observed that the deceased director had issued</p>
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Recalled Questions

31 A firm, trading in goods and services obtains an insurance policy for various risks for Rs.15 lac whereas they maintain average inventory in the range of Rs.20 lac. Unfortunately a fire takes place and the goods worth Rs.4

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cheque to benefit himself. It raises the claim on the plea that bank cannot pay such cheque after death of the director:

- a Bank cannot pay the cheque as the drawer expired
- b Bank can pay the cheque as the company is still a legally competent person to contract and the director signed as agent of the company
- c Bank should contact the Co. because loss will be of the company in case of dispute
- d b and c

38 Credit card business can be conducted by banks only if their net worth is at least Rs.____:

- a Rs.100 cr
- b Rs.200 cr
- c Rs.300 cr
- d Rs.500 cr

39 Interest rate on NRE-Rupee Accounts can be:

- a at discretion of banks but not more than domestic interest rates
- b LIBOR/SWAP rate + 1.00%
- c LIBOR/SWAP rate + 0.75%
- d LIBOR/SWAP rate + 0.50%

40 eTDS return for Sept is to be filed

- a by 7th Oct
- b by 15th Oct
- c by 31st Oct
- d by 15th Nov

41 Renewal of a term deposit can be considered by banks from

date of maturity in case the request is received after maturity but the overdue period should not exceed

- a 7 days
- b 10 days
- c 14 days
- d 30 days

42 As per RBI guidelines, the banks should impose 'partial freezing' on KYC non-compliant accounts in a phased manner. Partial freezing after the first 6 months period, includes:

- a transactions at the discretion of the bank
- b only credits to be permitted
- c only debits to be permitted
- d no debit and no credit to be permitted

43 What is the minimum maturity period of a commercial paper ?

- a 7 days b 15 days
- c 29 days
- d 45 days
- e 60 days

44 In order to ensure that a coloured photo copy or scanned coloured image of the cheque is not used, which of the following features is included in the cheque under CTS 2010 standards?

- a ultra-violet ink
- b intaglio
- c void pantograph
- d UV enabled scanning

45 What is the minimum value of stock of gold coins, bullion and foreign securities, which RBI has to maintain at any point of time, against issue of currency?

- a Rs.200 cr
- b Rs.215 cr
- c Rs.115 cr
- d Rs.500 cr
- e Rs.1000 cr

46 While renewing the working capital limits of a partnership firm, the loan officer observes that the long terms uses are 25% more than the long terms sources during the previous year. This will lead to:

- a improvement in the debt equity ratio
- b deterioration in debt equity ratio
- c deterioration in current ratio
- d improvement in current ratio
- e improvement in debt service coverage ratio

47 If the current assets are 36 and net working capital is 12, what is the current ratio:

- a 1.17:1 b 1.25:1
- c 1.33:1 d 1.50:1

48 Which of the following instruments represents the share in Indian companies in India and traded in America/Europe?

- a GDR/ADR
- b IDR/ADR
- c GDR/IDR
- d Zero Coupon Bonds
- e Debentures

SUBSCRIPTION FORM

Name: _____

Address: _____

Pin _____

E-Mail Id _____ Mobile: _____

Draft No _____ Date _____ drawn on _____ Bank, for Rs _____ fvg
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(Old Subscn No. _____)

Answers

01 b	02 c	03 c	04 d	05 c
06 b	07 a	08 a	09 d	10 a
11 c	12 c	13 c	14 c	15 b
16 c	17 b	18 c	19 b	20 c
21 a	22 c	23 c	24 b	25 c
26 a	27 c	28 b	29 c	30 a
31 d	32 b	33 b	34 d	35 e
36 a	37 b	38 a	39 a	40 c
41 c	42 d	43 a	44 c	45 c
46 c	47 d	48 a		

RBI's Financial Stability Report (FSR) June 2017

RBI released above FSR on 30.06.17, which is a biannual publication and the 15th in the series. FSR reflects the overall assessment on the stability of Indian financial system and its resilience to risks from global and domestic factors. It also covers development and regulation of the financial sector. The highlights are summarised: *Overall assessment of systemic risks* : India's financial system remains stable, even though the banking sector continues to face significant challenges.

Global and domestic macro-financial risks

1. The global economy seems poised for a turnaround.
2. In past business cycles, credit growth acceleration preceded an uptick in GDP growth but growth in private credit to non-financial corporations is muted.
3. The divergence in 'interest rate outlook' between the US Federal Reserve and other advanced economies (AEs) may have implications for some of the commodity-centric currencies.
4. Domestically macroeconomic conditions remained stable and the expectations of accelerated reforms and political stability further reinforced the overall positive business sentiment. The real gross value added (GVA) growth declined to 6.6% in 2016-17 as compared with 7.9% in 2015-16.
5. Reforms in foreign direct investment, implementation of GST and revival in external demand, are likely to contribute to a better growth outlook.
6. Under asset quality pressures, credit intermediation by banks has retrenched and that by NBFCs and mutual funds has increased significantly.

Financial Institutions: Soundness and resilience

1. During 2016-17, the deposit growth of scheduled commercial banks picked up, but credit growth remained sluggish putting pressure on net interest income (NII), particularly of the public sector banks (PSBs).
2. Profitability ratios of SCBs showed a marginal increase, but PSBs continue to show a negative return on assets (RoA).
3. The gross non-performing advances rose but stressed advances ratio declined between Sep 2016 and March 2017 due to fall in restructured standard advances.
4. Capital to risk-weighted assets ratio (CRAR) improved from 13.4% to 13.6% between Sept 2016 and March 2017.
5. Share of large borrowers declined between Sept 2016 & March 2017.
6. At the system level, the CRAR of scheduled urban co-operative banks (SUCBs) increased from 13% to 13.6% between Sept 2016 and March 2017.
7. While the aggregate balance sheet of the NBFC sector expanded by 14.5 per cent during 2016-17, their net profit was down by 2.9 per cent.
8. Assets under management by Mutual Funds (AUM) touched an all-time high of more than Rs.17.5 trillion by end-March 2017.
9. SCBs continued to be the dominant players accounting for nearly 51% of the bilateral exposure followed by asset management companies managing mutual funds (AMC-MFs), non-banking financial companies (NBFCs), all-India financial institutions (AIFIs), insurance companies and housing finance companies (HFCs).

Financial sector: Regulation and development

1. Imminent transition to Ind AS will be challenging for Indian banks in terms of skills as well as the requirement of higher amount of provisioning.
2. RBI tightened its disclosure and standard assets provisioning requirements, while adopting a more pro-active approach in resolution of stressed assets.
3. RBI tightened its supervisory and enforcement frameworks by revising the prompt corrective action framework and establishing an Enforcement Department.

4. Lower impairment in home loans and overall weak credit growth have facilitated the RBI to take a counter-cyclical measure of reducing risk weights and standard asset provisioning for individual housing loans.

5. The prudential norms on masala bonds have been harmonised broadly with that for external commercial borrowing (ECB).

6. SEBI, along with the RBI, allowed derivative transactions in the International Financial Services Centres (IFSCs), while making the disclosure requirements for top listed entities more comprehensive. Investor protection measures were further enhanced by SEBI.

7. To enhance the effectiveness of grievance redressal mechanism at Market Infrastructure Institutions (MIIs), SEBI has comprehensively reviewed the existing framework in consultation with the Stock Exchanges and Depositories

8. PFRDA allowed the second record keeping agency to bring down operating charges and enhancing long-term returns to the investors.

9. Concerns arising from frauds and cyber-attacks remain elevated with the recent global ransomware attacks. Various responses by the regulators in this regard include setting up of an Inter-disciplinary Standing Committee on Cyber Security by the RBI.

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Ways and Means Advances (WMA) to State Governments

RBI as banker to State Governments provides financial accommodation to the States banking with RBI, through agreement to tide over temporary mismatches in the cash flow of their receipts and payments called, WMA. Based on the recommendations of the Advisory Committee on Ways and Means Advances Scheme for the State Governments, 2015 (Chairman: Shri Sumit Bose), RBI had revised the WMA scheme wef 01.02.2016:

WMA Limits : As per the revised formula, the WMA quantum works out to Rs.32,225 crore as against Rs.15,360 crore for all the States.

Special Drawing Facility (SDF) Limits : The facility of availing of SDF continues to be linked to the quantum of investments in the GoI securities. The SDF is available before availing of WMA.

Consolidated Sinking Fund (CSF) /Guarantee Redemption Fund (GRF) Investments and SDF Eligibility

a. The incremental investments in CSF/GRF continues to be the determining factor for the SDF limit.

b. As an incentive, all incremental investments (at present SDF restricted upto WMA limit) are allowed for availing SDF without any limit.

c. As the CSF facilitates availing of SDF at times of temporary cash flow mismatches and to repay any liabilities at times of need, few remaining States may consider joining the scheme.

Interest Rates on SDF and WMA : The interest rate on SDF and WMA are linked with the Repo rate of the RBI. The interest will be charged for all the days of outstanding of SDF/WMA. On SDF which is provided against the collateral of the State Governments' investments, it attracts Repo rate minus 1% for all the days it is outstanding.

The WMA is generally restricted to a maximum of 3 months from the date of making the advance. The interest rate on WMA is the Repo rate. In case WMA outstanding continues for more than 3 months from the date of such advance, a higher interest of Repo rate plus 1% is charged.

Overdraft (OD) Facility

There is no change in the existing Overdraft Regulation Scheme. The existing scheme provides that :

i. A State can be in overdraft for 14 consecutive working days. If overdraft continues beyond 14 consecutive working days, the RBI and its agencies shall stop payments in respect of the concerned State Government.

ii. If the overdraft exceeds 100% of the WMA limit for 5 consecutive working days for the first time in a financial year, the RBI will advise the State to bring down the overdraft level within the 100% of WMA limit. If such irregularity occurs on a second or subsequent occasion in the financial year, the RBI will stop payments.

iii. No State Government is allowed to be in overdraft for more than 36 working days in a quarter. If this is not adhered to, payments is stopped.

iv. The rate of interest on overdraft will be as under:

(a) Overdraft up to 100% of WMA limit - 2% above the Repo rate, and

(b) Overdraft exceeding 100% of WMA limit - 5% above the Repo rate.

Implementation and Review : The revised limits would continue for two years. A review will be undertaken by the RBI in 2017-18. The WMA limits for FY 2018-19 will be based on average base of 3 years total expenditure upto 2015-16.

DATA COLUMN

Business of Banks

(Rs.in cr)	Mar31'17	Jun09'17
Aggregate deposits	10805150	10577950
Cash in hand/RBI	570490	504400
Investments	3043660	3250570
Bank Credit:	7881890	7658200
-Food	53930	57950
-Non-Food	7827960	7600260
Cash-Deposit Ratio	5.27	4.55
Investment-Deposit	28.14	30.36
Credit-Deposit	72.95	71.82

Money Stock

(Rs.in cr)	Mar31'16	Jun07'17
M3 (Out of which)	12844790	12784080
(a) Currency with public	1263710	1446200
(b) Demand deposits-Banks	1410630	1186960
(c) Time Deposits - Banks	10148950	10132950
(d) Other deposits with RBI	21090	17960

Sources of Money Supply

(a) Net Bank credit to Govt	3869090	4140240
(b) Bank credit to Comrcl sector	8451430	8226820
(c) Net Forex assets of Banks	2492010	2543330

Important Banking Indicators

Statutory Liquidity Ratio	20.00%	(24.06.2017)
Cash Reserve Ratio	04.00%	(15.02.2013)
Overnight LAF (of NDTL)	0.25%	
14-days term Repo(of NDTL)	0.75%	
Reverse Repo Rate	06.00%	(07.01.2017)
Repo Rate	06.25%	(04.10.2017)
MSF Rate	06.50%	(07.01.2017)
Bank Rate	06.50%	(07.01.2017)

Small Savings Interest Rates

PPF	7.8%	(01.07.2017)
NSC	7.8%	(01.07.2017)
Sukanya Smridhi	8.3%	(01.07.2017)
Senior Citizen Saving	8.3%	(01.07.2017)

Capital & Money Market Indicators

Parameter	end-Jun16	endJun17
Dollar-spot TT (Rs.)	67.04	64.47
BSE - Sensex (points)	26654	31216
NSE - Nifty(S&P CNX)	8157	9625
Foreign reserves (Million \$)	360905	382531
Gold /Oz in USD)	1222	1232

INDIAN ECONOMY-IMPORTANT PARAMETERS

RBI's growth estimate for 2016-17	: 7.6%
GDP growth-2014-15 (revised estimate)	: 7.6%
GDP@constant mkt prices (cr)	: 10656925
GVA@2011-12 basic prices (cr)	: 9857672
GDP projected by Govt. for 2017-18	: 16847455
Fiscal Deficit Target (2017-18) 3.2% of GDP	: 546532 cr
Revenue Deficit Target (2017-18) 1.9% of GDP	: 321163 cr
Wholesale Price Index	: 1.5%
Money Supply (M3) expansion	: 12.9%
Exports during 2016-17	: 274.0 bn
Imports during (2015-16)	: 379.6 Bn
Export target - 2015-16 (in \$)	: 310 bn
India's share in world merchandise export	: 1.70%
India's currency rating (S&P)	: BB Postv
India's external debt (Sep 2016) US \$: 484.3 Bn
Tax-GDP ratio (2014-15)	: 9.93%
Apr- Feb17:Export \$ 245.4 bn\$ Imports	: 340.7 bn
Per capita Income 2015-16 (Rs.)	: 93293
Indian economy's ranking in PPP terms	: 3rd
Indian economy's ranking in world in value:	: 10th

OUR PUBLICATIONS : REFER PAGE 9,11

DATE OF DESPATCH - Jul 7 / 10, 2017