

# Banking events Update



Those who win, are those, who think they can

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**BANKING  
POLICY****Maintenance of SLR**

RBI decided on Oct 04, 2017, to reduce the SLR requirement of banks from 20% of their Net Demand and Time Liabilities (NDTL) to 19.5% from the fortnight commencing October 14, 2017.

Currently, the banks are permitted to exceed the limit of 25 per cent of the total investments under HTM category, provided the excess comprises of SLR securities and total SLR securities held under HTM category are not more than 20.5 per cent of NDTL. In order to align this ceiling on the SLR holdings under HTM category with the mandatory SLR, RBI decided to reduce the ceiling from 20.5 per cent to 19.5 per cent in a phased manner, i.e. 20 per cent by December 31, 2017 and 19.5 per cent by March 31, 2018.

As per extant policy, banks may shift investments to/from HTM with the approval of the Board of Directors once a year, and such shifting will normally be allowed at the beginning of the accounting year. In order to enable banks to shift their excess SLR securities from the HTM category to AFS/HFT to comply with instructions as indicated above, RBI decided to allow such shifting of the excess securities and direct sale from HTM category. This would be in addition to the shifting permitted at the beginning of the accounting year, i.e., in the month of April. Such transfer to AFS/HFT category as well as sale of securities from HTM category, to the extent required to reduce the SLR securities in HTM category in accordance with the regulatory instructions, would be excluded from the 5 per cent cap prescribed for value of sales and transfers of securities to/from HTM category under paragraph 2.3 (ii) of the Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks.

**Over-the-Counter Government Securities Transaction by Foreign Portfolio Investors (FPIs) – Settlement Period**

In terms of RBI circular dated 20.03.15, Foreign Portfolio Investors (FPIs) are required to settle transactions in Government Securities in the Over-the-Counter-(OTC) market on a T+2 basis. On 16.11.2017, RBI decided to permit FPIs to settle OTC secondary market transactions in Government Securities either on T+1 or on T+2 basis. It may be ensured that all trades are reported on the trade date itself.

**Secondary market transactions in Government Securities – Notional Short Sale**

As per extant directions (28.12.2011) market participants undertaking 'notional' short sale are not permitted to use securities from their HTM/AFS/HFT portfolio for delivery against the short sale.

On 16.11.2017, RBI decided that market participants undertaking 'notional' short sale need not compulsorily borrow securities in the repo market. While the short selling entity may ordinarily

borrow securities from the repo market, in exceptional situations of market stress (e.g. short squeeze), it may deliver securities from its own HTM/AFS/HFT portfolios. If securities are delivered out of its own portfolio, it must be accounted for appropriately and reflect the transactions as internal borrowing. All 'notional' short sales must be closed by an outright purchase in the market. It may be ensured that the securities so borrowed are brought back to the same portfolio, without any change in book value. The short selling entity must adhere to the extant regulations and accounting norms governing sale or valuation of securities in its portfolios. The bank may frame a Board approved policy for this purpose.

**Agency Commission for GST receipt transactions**

Agency banks are required to submit their claims for agency commission in the prescribed format to CAS Nagpur in respect of Central government transactions and the respective Regional Office of Reserve Bank of India for State government transactions. As per RBI directions (16.11.17), agency commission claims with respect to GST receipt transactions will be settled at Mumbai Regional Office of Reserve Bank of India only and accordingly all agency banks, authorized to collect GST, have been advised to submit their agency commission claims pertaining to GST receipt transactions at Mumbai Regional Office only.

**Introduction of Legal Entity Identifier for large corporate borrowers**

The Legal Entity Identifier (LEI) code is conceived as a key measure to improve the quality and accuracy of financial data systems for better risk management post the Global Financial Crisis. LEI is a 20-digit unique code to identify parties to financial transactions worldwide.

2. The LEI for the participants of the OTC derivatives market was implemented by RBI on 01.06.2017.

3. In its Oct 2017 monetary policy review it was indicated by RBI that LEI system for all borrowers of banks having total fund based and non-fund based exposure of Rs.5 crore and above will be introduced in a phased manner.

Accordingly, RBI decided (02.11.2017) that the banks shall advise their existing large corporate borrowers having total exposures of Rs.50 crore and above to obtain LEI as per the schedule given below.

Borrowers who do not obtain LEI as per the schedule are not to be granted renewal / enhancement of credit facilities. A separate roadmap for borrowers having exposure between Rs. 5 crore and upto Rs. 50 crore would be issued in due course.

Banks should encourage large borrowers to obtain LEI for their parent entity as well as all subsidiaries and associates.

Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the Global Legal Entity Identifier Foundation (GLEIF) – the entity tasked to support the implementation and use of LEI. In India, LEI code may be obtained from Legal Entity Identifier India Ltd (LEIIL), a subsidiary of the Clearing Corporation of India Limited (CCIL), which has been recognised by the Reserve Bank as issuer of LEI under the Payment and Settlement Systems Act, 2007 and is accredited by the GLEIF as the Local Operating Unit (LOU) in India for issuance and management of LEI.

After obtaining LEI code, banks shall also ensure that borrowers renew the codes as per GLEIF guidelines.

#### Schedule for implementation of LEI

Total Exposure to SCBs	To be completed by
Rs. 1000 crore and above	Mar 31, 2018
Between Rs. 500 crore and Rs.1000 crore	Jun 30, 2018
Between Rs.100 crore and Rs.500 crore	Mar 31, 2019
Between Rs.50 crore and Rs.100 crore	Dec 31, 2019

#### Interest rates for Small Savings Schemes

RBI informed (Oct 12, 2017) banks that the Government of India, vide their Office Memorandum (OM) dated September 29, 2017 has stated that the interest rates on small savings schemes for the third quarter of financial year 2017-18 starting 1st October, 2017 shall remain unchanged from those notified for the second quarter of FY 2017-18. The rates notified for 2<sup>nd</sup> quarter are reproduced as under:

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
Senior Citizen Savings Scheme	8.4	8.3	Quarterly
5 Year Monthly Income A/c	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 A/c	8.4	8.3	Annually

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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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## Hedging of Trade Exposure invoiced in Indian Rupees

As per Master Directions (05.07.16 - facilities for Persons Residents outside India) non-residents are permitted to hedge the currency risk arising out of INR invoiced exports from and imports to India with AD Category I banks in India. On a review of this facility, RBI decided (12.10.17) to permit the central treasury (of the group and being a group entity) of such non-residents to undertake hedges for and behalf of such non-residents with AD Category I banks in India. The revised operational guidelines, terms and conditions are as under:

**Purpose :** To hedge the currency risk arising out of genuine trade transactions involving exports from and imports to India, invoiced in Indian Rupees, with AD Category I banks in India.

**Products :** Forward forex contracts with rupee as one of the currencies, foreign currency-INR options.

### Operational Guidelines, Terms and Conditions

The AD Category I banks can opt for either [Model I](#) or [Model II](#) as given below:

#### Model I

Non-resident exporter / importer or its central treasury (of the group and being a group entity) dealing through their overseas bank (including overseas branches of AD banks in India)

- i. Non-resident exporter / importer, or its central treasury approaches his banker overseas with appropriate documents with a request for hedging their Rupee exposure arising out of a confirmed import or export order invoiced in Rupees.
- ii. The overseas bank in turn approaches its correspondent in India (AD bank) for a price to hedge the exposure of its customer along with documentation furnished by the customer that will enable the AD bank in India to satisfy itself that there is an underlying trade transaction (scanned copies would be acceptable).
- iii. A certification on the end client KYC may also be taken as a one-time document from the overseas bank by the AD bank in India.
- iv. The AD bank in India based on documents received from the overseas correspondent should satisfy itself about the existence of the underlying trade transaction and offer a forward price (no two-way quotes should be given) to the overseas bank who, in turn, will offer the same to its customer. The AD bank, therefore, will 'not be' dealing directly with the overseas importer / exporter.

v. The amount and tenor of the hedge should not exceed that of the underlying transaction and should be in consonance with the extant regulations regarding tenor of payment / realization of the proceeds.

vi. On due date, settlement to be done through correspondent bank's Vostro or AD bank's Nostro a/cs.

vii. The contracts, once cancelled, cannot be rebooked.

viii. The contracts may, be rolled over on or before maturity subject to maturity of the underlying exposure.

ix. On cancellation of the contracts, gains may be passed on to the customer subject to the customer providing a declaration that he is not going to rebook the contract or that the contract has been cancelled on account of cancellation of the underlying exposure.

#### Model II

Non-resident exporter / importer or its central treasury (of the group and being a group entity) dealing directly with the AD bank in India

i. The overseas exporter / importer or its central treasury approaches the AD bank in India with a request for forward cover in respect of underlying transaction for which he furnishes appropriate documentation (scanned copies would be acceptable), on a pre-deal basis to enable the AD bank in India to satisfy itself that there is an underlying trade transaction, and details of his overseas banker, address etc.

ii. The AD bank may obtain certification of KYC/AML. The format can be obtained through the overseas correspondent / bank through SWIFT authenticated message. In case the AD bank has a presence outside India, the AD may take care of the KYC/AML through its bank's offshore branch.

iii. AD banks should evolve appropriate arrangements to mitigate credit risk. Credit limits can be granted based on the credit analysis done by self / the overseas branch.

iv. The amount and tenor of the hedge should not exceed that of the underlying transaction and should be in consonance with the extant regulations regarding tenor of payment / realization of the proceeds.

v. On due date, settlement is to be done through the correspondent bank's Vostro or the AD bank's Nostro accounts. AD banks may release funds only after sighting funds in Nostro / Vostro accounts.

vi. The contracts, once cancelled, cannot be rebooked.

vii. The contracts may, however, be rolled over on or before maturity subject to maturity of the underlying exposure.

viii. AD banks shall report hedge contracts booked to CCIL's trade repository with a special identification tag.

## Interest Subvention Scheme for NRLM

The revised guidelines for the year 2017-18 on Interest Subvention Scheme under DAY- NRLM, as received from the Ministry of Rural Development, Government of India, were by RBI on 18.10.2017 for implementation by 21 Public Sector Banks and 19 Private Sector Banks.

### I. Interest subvention scheme on Credit to Women SHG during the year 2017-18 in 250 districts

i. All women SHGs are eligible for subvention on credit upto Rs. 3 lakhs.  
 ii. Banks will lend to all the women SHGs in rural areas at the rate of 7%.  
 iii. Banks will be subvented to the extent of difference between the Weighted Average Interest Charged (WAIC as specified by Department of Financial Services, Ministry of Finance for the year 2017-18 – and 7% subject to the maximum limit of 5.5% for the year 2017-18.

iv. Further, the SHGs will be provided with an additional 3% subvention on the prompt repayment of loans. For the purpose of Interest Subvention of additional 3% on prompt repayment, an SHG account will be considered prompt payee if it satisfies the following RBI criterion.

a. For Cash Credit Limit:

i. Outstanding balance shall not have remained in excess of the limit/drawing power continuously for more than 30 days  
 ii. There should be regular credit and debits in the accounts. In any case there shall be at least one customer induced credit during a month  
 iii. Customer induced credit should be sufficient to cover the interest debited during the month.

b. For the Term loans: A term loan account where all of the interest payments and/or instalments of principal were paid within 30 days of the due date during the tenure of the loan, would be considered as an account having prompt payment.

v. The scheme is limited to Women Self Help Groups in rural areas only  
 vi. The funding for the scheme will be met out of Central Allocation under DAY- NRLM

vii. The scheme shall be implemented for 2017-18, through Canara Bank (Nodal Bank). The Nodal Bank will operationalize the scheme through a web based platform.

viii. To be eligible for interest subvention under the scheme, banks will have to operate under a Core Banking Solutions (CBS).

ix. The claims submitted by banks should be accompanied by claim certificate (in original) certifying the claims for subvention as true and correct. The claims of any Bank for the quarter ending March 2018 will be settled by MoRD only on receipt of the Statutory Auditor's certificate for the complete FY17-18 from the Bank.

### II. Interest subvention scheme for Category II Districts (Other than 250 districts).

All women SHGs under DAY- NRLM will be eligible for interest subvention to avail the loan facility at an interest rate of 7%. The funding for this subvention will be provided to the State Rural Livelihoods Missions (SRLMs) from the allocation for DAY- NRLM. In the Category II districts, Banks will charge the SHGs as per their respective lending norms and the difference between the lending rates and 7% subjected to a maximum limit of 5.5% for the FY17-18 will be subvented in the loan accounts of the SHGs by the SRLM.

## Insolvency & Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 passed by Parliament during May 2016 offers a comprehensive insolvency legislation for companies, partnerships and individuals (other than financial firms). The Code allows the creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation.

### Insolvency Resolution Process for Companies

For initiating the insolvency process the default should be at least Rs.100,000 (USD 1495). There are two independent stages:

**1. Insolvency Resolution Process**, during which financial creditors assess the viability and the options for rescue and revival. A financial creditor (for a defaulted financial debt) or an operational creditor (for an unpaid operational debt) can initiate an IRP at the National Company Law Tribunal (**NCLT**). The defaulting corporate debtor, its shareholders or employees, may also initiate voluntary insolvency proceedings.

**2. Liquidation**, if the insolvency resolution process fails or financial creditors decide to wind down and distribute the assets of the debtor. A corporate debtor may be put into liquidation in the following scenarios:

(i) A 75% majority of the creditor's committee decides to liquidate the corporate debtor;

(ii) The creditor's committee does not approve a resolution plan within 180 days (or within the extended 90 days);

(iii) The NCLT rejects resolution plan submitted to it; or

(iv) The debtor contravenes the agreed resolution plan and an affected person makes an application to the NCLT to liquidate the corporate debtor.

On NCLT passing the order of liquidation, a moratorium is imposed on the pending legal proceedings against the corporate debtor, and the assets of the debtor (including the proceeds of liquidation) vest in the liquidation estate.

### Priority of Claims

1. The costs of insolvency resolution,
2. Secured debt together with workmen dues for the preceding 24 months.
3. Central and state Government dues.
4. Workmen dues, employee dues and other unsecured financial creditors.

## Penal Interest related to Currency Chest

RBI updated its Master Direction on Levy of Penal Interest for Delayed Reporting/Wrong Reporting/Non-Reporting of Currency Chest Transactions and Inclusion of Ineligible Amounts in Currency Chest Balances on 12.10.17. A summary of these is reproduced.

### 1. Penal interest for Delayed Reporting/Wrong Reporting/Non-Reporting of Currency Chest Transactions

*Reporting of Currency Chest Transactions:* The minimum amount of deposit into/withdrawal from currency chest will be Rs. 1,00,000 and thereafter, in multiples of Rs. 50,000/-.

*Time limit for Reporting:* Report all transactions on the same day by 9 PM to respective link offices. Link offices should report the consolidated position to the Issue Offices by 11 PM.

The Sub-Treasury Offices (STOs) should report all transactions directly to the Issue Office of the Reserve Bank by 11 PM on the same day.

*Relaxation in respect of strike period in banks:* Relaxation in the reporting period on account of general/specific strike situation will be considered by RBI on case-to-case basis.

### Levy of penal interest for delays

1) In the event of delay in reporting currency chest transactions, penal interest at 2% over prevailing bank rate will be levied on the amount due from the chest holding bank for the period of delay. Penal interest will be calculated on T+0 basis i.e. penal interest will be levied in respect of transactions not reported by Link Office to the Issue Office by 11 PM on the same business day.

2) Penal interest will also be charged for delay in submission of chest slips in the case of single chest / STOs directly linked to Issue Department of the circle.

*Wrong reporting and levy of penal interest :* Penal interest will be levied for all cases of wrong reporting in the same manner till the date of receipt of corrected advice by Reserve Bank.

*Reporting of Soiled note remittances to RBI / diversion to other chests:* Soiled note remittances to RBI/diversion to other currency chest/s should not be shown as withdrawal by chest/s / link offices. In case such remittances are wrongly reported as 'withdrawals', a penalty of Rs.50,000/- will be levied irrespective of the value of remittance and period of such wrong reporting.

*Maximum penal interest to be charged:* Penal interest will be recovered in all applicable cases, irrespective of the amount of the transaction concerned/amount of penal interest subject to rounding off the penal interest amount to the nearest Rupee.

### Penal interest for inclusion of ineligible amounts in the currency chest balances

1) Penal interest will be levied in all cases where the bank has enjoyed 'ineligible' credit in its current account with Reserve Bank on account of wrong reporting / delayed reporting/non-reporting of transactions. Penal measures will also be taken in cases of shortages in chest balances / remittances, shortages due to pilferage / frauds, counterfeit banknotes detected in chest balances / remittances as per the prevailing "scheme of Penalties".

2) Further, only cash held in the custody of joint custodians and 'freely available' to them is eligible for inclusion in the chest balances. Thus, cash kept for safe custody in sealed covers for whatever reasons/cash in trunks/bins under the lock and key of any official/s other than the Joint Custodians or bearing a third lock put by any official in addition to the two locks of the Joint Custodians is not eligible for being included in the chest balances.

**Rate of penal interest :** Penal interest shall be levied at the rate of 2% over the prevailing Bank Rate for the period of delayed reporting/wrong reporting/non-reporting /inclusion of ineligible amounts in chest balances.

**Levy of penal interest in respect of currency chests at treasuries:** The above instructions shall be applicable to currency chests at treasury/sub-treasury offices also.

**Representations :** Representations, if any, on account of genuine difficulties faced by chests especially in hilly/remote areas and those affected by natural calamities, etc., may be made to the Issue Office concerned through the Head / Controlling office of the bank concerned within a month from the date of debit of the bank concerned.

In the case of wrong reporting representations for waiver will not be considered.

Pleas by banks for waiver of penal interest on grounds that delayed/wrong/non-reporting did not result in utilization of the Reserve Bank's funds or shortfall in the maintenance of CRR/SLR or that they were the result of clerical mistakes, unintentional or arithmetical errors, first time error, inexperience of staff etc., will not be considered as valid grounds for waiver of penal interest. Further, RBI will take a serious view of all such lapses.

### Practical Problems based on Banking Ombudsman Decisions

1) The complainant had requested his bank to undertake two import remittances for making direct payment to the beneficiary's account in bank in foreign country. He had provided SWIFT code and account number with name and address of the beneficiary bank. Subsequent to the two remittances, the complainant suspected a fraud since the overseas party was not traceable. He informed the bank accordingly and sought to recall the funds. However, when bank contacted the counterpart, they received a confirmation that the payment had already been effected. The bank informed BO that they had remitted funds in good faith to the SWIFT code and account number furnished by the complainant. The postal address was not deliberated upon since SWIFT code is the key access for credit of fund. BO found no deficiency in the service on the part of the bank, hence rejected the complaint. The complainant preferred an appeal for getting his money back and also other expenses incurred by him. The appellate authority also agreed with BO finding and rejected the appeal.

2) One customer complained that five transactions amounting to total of Rs.36,767/- were done on April 27, 2015 by using his credit card without his knowledge. He had further submitted that his chip based card was replaced by the bank in April 2014 and he never used it till the date of the disputed transaction.

The bank informed the customer that the insurance claim submitted by the bank for refund of disputed amount was rejected and hence he cannot be compensated. The customer approached OBO to direct the bank to refund Rs.36,767/- and waive penalty / late payment charges that were debited to his card account.

During the conciliation meeting the bank was advised to make payment subject to the complainant submitting a copy of FIR and also furnishing an indemnity to the bank giving them freedom to recover the amount if any complicity was proved on his part during course of investigation by the bank. On submission of necessary documents by the complainant, the bank paid Rs.52,629.71, which included charges levied for non-payment of disputed amount.

3) The complainant who had applied for a Visa credit card with a photo was issued a card on April 17, 2001 without the photo. He complained to the bank. On May 2, 2001, he received a call allegedly from the bank and handed over the card to an official having the bank's identity card. Later he received a bill for Rs 21,578/- towards card usage on the same day. The complainant reported the fraud to the bank and police authorities. He did not make payment for fraudulent transactions. The bank subsequently sold its Credit Card portfolio to ARC in 2010. The ARC started harassing the complainant for recovery quoting an outstanding of Rs 2,85,000/-. He therefore lodged a police complaint against the ARC and sent a letter to the bank. The bank advised him to address all the communication to ARC. In December 2011, the advocate of ARC advised him over phone to pay Rs 55,000/- in settlement of his dues.

On receipt of the complaint from the OBO, the bank retrieved the card application and noted that the complainant had applied for a non-photo card. Also, during the investigation by the Fraud Detection Team of the bank, the complainant had himself admitted that the card was handed over to the sales person on May 02, 2001 for the reason that he was not in receipt of the ATM PIN along with the card. As the disputed transaction had taken place on May 02, 2001, i.e. before the card was handed over to the bank personnel, the bank argued that it was liability of the complainant as he was in possession of the card which was active.

In a conciliation meeting bank was advised to furnish an offer that could be acceptable by the complainant. The bank proposed to settle the account for Rs.5000/- which was accepted by the complainant. ●

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### Scheme for Simplified Hedging Facility

RBI circulated the scheme on 09.11.2017 and it will become effective from 01.01.2018. The salient features are provided.

**Users:** Resident and non-resident entities, other than individuals.

**Purpose:** To hedge exchange rate risk on transactions, contracted or anticipated, permissible under Foreign Exchange Management Act (FEMA), 1999.

Rupee denominated bonds issued overseas may be hedged provided it is permitted under contracted exposure hedging.

**Products:** Any Over the Counter (OTC) derivative or Exchange Traded Currency Derivative (ETCD) permitted under FEMA, 1999.

**Cap on Outstanding Contracts:** USD 30 million, or its equivalent, on a gross basis.

**Designated Bank:** Any Authorised Dealer Category-I (AD Cat-I) bank designated as such by the user.

#### *Operational Guidelines, Terms and Conditions*

i) The user shall appoint an AD Cat-I bank as its "Designated Bank". The designated bank will assess the hedging requirement of the user and set a limit up to the stipulated cap on the outstanding contracts.

ii) If hedging requirement of the user exceeds the limit in course of time, the designated bank may re-assess and, at its discretion, extend the limit up to 150% of the stipulated cap.

iii) Hedge contracts in OTC market can be booked with any AD Cat-I bank, provided the underlying cash flow takes place with the same bank.

iv) Cost reduction structures can be booked by users provided that resident unlisted companies can use such structures only if they have a minimum net worth of Rs.200 crores

v) Users are not required to furnish any documentary evidence for establishing underlying exposure under this facility. Users may, however, provide basic details of the underlying transaction in a standardised format, only in the case of OTC hedge contracts.

Standardized format will be devised by Foreign Exchange Dealers Association of India (FEDAI) and will include details like transaction type, i.e. current account (import, export) or capital account (ECB, FPI, FDI etc.), amount, currency and tenor.

vi) Cancelled contracts may be freely rebooked with the same bank.

vii) In case of hedge contracts booked in OTC market, while losses will be recovered from the user, net gains i.e. gains in excess of cumulative losses, if any, will be transferred at the time of delivery of the underlying cash flow. In case of part delivery, net gains will be transferred on a pro-rata basis.

viii) For hedge contracts on underlying capital account transactions, gains/losses may be transferred to the user as and when they accrue if the underlying asset/liability is already in existence.

ix) On full utilisation of the limit or in case of breach of limit, user shall not book new contracts under this facility. In such a case, contracts booked earlier under this facility will be allowed to continue till they expire or are closed. Any further hedging requirements thereafter may be booked under other available hedging facilities.

x) Users booking contracts under this facility shall not book contracts under any other facility in OTC or ETCD market except as provided in para (ix).

xi) At the end of each financial year, the user will provide the designated bank with a statement signed by the head of finance or the head of the entity, to the effect that,

a. Hedge contracts booked in both OTC and ETCD market, under this facility, are backed by underlying exchange rate exposures, either contracted or anticipated.

b. The exposures underlying the hedge contracts booked under this facility are not hedged under any other facility.

xii) On being appointed, the designated bank shall report the details of the users and limits granted to the Trade Repository (TR). On a request by the TR, the exchanges shall report all contracts booked by such users to the TR on a daily basis.

xiii) The TR will compute user wise outstanding position (across OTC and ETCD market) and provide this information to the designated bank for monitoring. If the outstanding contracts of a user exceeds the limit (or the extended limit, if applicable) the designated bank shall advise the user to stop booking new contracts under this facility.

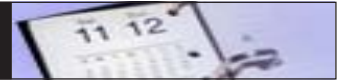
xiv) When user migrates to other available facilities, the designated bank shall report this information to the TR. The TR shall update this information in its records and notify the recognized stock exchanges to stop reporting data for the user concerned.

xv) Banks shall have an internal policy regarding the time limit up to which a hedge contract for a given underlying can be rolled-over or rebooked by the user.



- GOVT. ANNOUNCES PACKAGE FOR AILING PUBLIC SECTOR BANKS:** The Government announced a fresh package for ailing Public Sector Banks through Rs.2.11 Lakh Crore infusion that will provide them share capital for lending and revive investment which is also crucial for job creation in the economy. During the current financial year and next year, the government will also use the Recapitalisation Bonds to the tune of Rs.1.35 Lakh Crore. Further, the Government will also provide budgetary support of Rs.18, 000 Crore and Rs.58, 000 Crore will be raised by banks through a fresh issue of shares while ensuring that government holding stays above 52%.
- GOVT. INTRODUCED TUS TO REVIVE POWERLOOM SECTOR:** The Union Ministry of Textiles has introduced a Technology Up-gradation Scheme (TUS) in association with the Energy Efficiency Services Ltd. (EESL) to revive the ailing powerloom Sector. The initiative-”SAATHI” (Sustainable and Accelerated Adoption of efficient Textile technologies to Help small Industries) entails complete replacement of age-old technology with the most modern one without any upfront cost to be paid by powerloom owners. EESL would procure energy-efficient power-looms, motors and repair kits in bulk and provide them to the small and medium powerloom units at no upfront cost.
- SUPREME COURT RULING ON FORFEITING EARNEST MONEY:** (Case-Sunil Kumar VS State of MP) The Government of MP auctioned certain plots in 1996 and Sunil Kumar’s bid was the highest. He deposited Rs.3 Lakh but later some new four conditions were stipulated in the contract which he refused. The government forfeited the amount. Sunil Kumar moved to the Civil Court and High Court but he failed. However after 21 years, he won the case from Supreme Court. The Apex Court chastised the MP Government for forfeiting the earnest money in the auction and asked to refund the money to the depositor with 9% interest and pay costs. The Supreme Court told the MP Government that it should act “Like an Honest Person while dealing with the case of an individual citizen”.
- NEW PPF AND NSCs RULES FOR NON-RESIDENTS:** Under the new rules issued by the Government, Indian Residents having investments in Public Provident Fund or National Savings Certificates will not enjoy high returns under these schemes if they become Non-Residents. These investments will be deemed to be closed on the day the investor becomes Non-resident.

## Financial Events

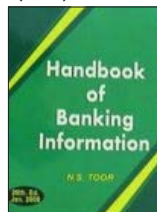


Subsequently, they will be paid interest at the much lower post office savings bank rates.

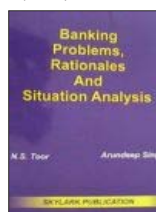
- BHIM TO PROMOTE UPIAS SINGLE MEANS FOR MOBILE PAYMENTS:** BHIM emerged as a direct competitor for Bank-led UPI Apps like Axis Pay, SBI Pay as well as non-bank UPI Players like Flipkart-owned PhonePe. Now, with the rebranding, bank-led UPI Apps are being renamed as Bhim SBI Pay, Bhim Axis Pay. National Payments Corporation of India (NPCI) which runs the BHIM Application and manages the UPI railroads has notified banks to place BHIM/UPI prominently at merchant checkout locations.
- FINMIN CLARIFIES CASH SALE OF CROPS:** The Finance Ministry has clarified that cash sale of agricultural produce of up to Rs.2 Lakh by the farmer to the trader will not result in disallowance of expenditure or require the farmer to quote his PAN number or Form No.60. Such a transaction will also not lead to prohibition against the farmer under the newly inserted section 269 ST of the Income Tax Act that bars cash dealings above Rs.2 Lakh on a single day.
- SEBI INTRODUCED ONLINE MECHANISM FOR CLEARING CORPORATIONS:** SEBI has introduced an online mechanism for clearing corporations to make it convenient for them to do business. The digital platform would help clearing corporations to complete registration and other regulatory filings with SEBI much faster and in a more cost-effective manner. All applicants desirous

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of seeking registration/renewal as a clearing corporation shall now submit their applications online only.

- **SUPREME COURT RULING ON “TRIBUNALS”:** (Case-International Asset Reconstruction Co. VS Official Liquidator of Aldrichpharma & others) The Supreme court has ruled that the time limit for moving an appeal to the Debt Recovery Tribunals is different from the period set in the Limitation Act because the Recovery of Debts and Bankruptcy (RDB) Act is a special law and the rules set by it should be followed. The Apex Court further said that a Tribunal is not a court though it has the trappings of a court. It is not limited by the rules of the Code of Civil Procedure and can devise its own procedure.
- **NCC RULING ON SMS ALERTS:** The National Consumer Commission (NCC) has directed ICICI Bank to pay compensation to Karan Singh who did not get SMS Alerts while his savings account was being pilfered by unknown persons. The Bank defended itself, arguing that the Card and PIN were only with Singh and therefore it was not responsible. Haryana State Commission rejected the plea stating that the SMS Alerts service was not used to inform of the debits. It asked the bank to refund the losses and pay compensation with interest. That decision was upheld by the National Consumer Commission.
- **INSOLVENCY CODE –FRAMEWORK TIGHTENED FOR RESOLUTION PROCESS:** The Insolvency and Bankruptcy Board of India (IBBI), the insolvency regulator-has tightened the due diligence framework on resolution applicants including promoters. Corporate resolution applicants including promoters will now be put through a stringent test as regards credibility and creditworthiness before a resolution plan is approved by the committee of creditors. Prior to approval of a resolution plan, the committee of creditors has now been empowered to take into account the antecedents, creditworthiness and credibility of a resolution applicant, including promoters.
- **IRDA TO INSURANCE COMPANIES ON AADHAR & PAN:** IRDA made it mandatory for companies to link Aadhar with every individual policy. The move comes as the Supreme Court has asked banks not to spread panic through text messages on deadlines for linking bank accounts to Aadhar. The implication is that the insurers may hold claims until policy holders submit their Aadhar and PAN Number. IRDA has quoted the Central Government’s Gazette Notification dated June 1, 2017 which has made Aadhar and PAN/Form No.60 mandatory for availing of financial services including insurance.
- **GST COUNCIL MADE CHANGES IN GST RULES:** GST Council decided to lower the tax rate on 178 items leaving just 50 items in the top 28% rate slab under GST. The Council has also decided to increase the threshold for the Composition Scheme to an annual turnover of Rs.1.5Crore. However an amendment to the GST Law will first have to be passed by Parliament. Further a uniform tax rate of 1% will be levied under

the scheme, which allows for quarterly filing of returns and payment of taxes. GST Council also decided to do away with the distinction of AC and Non-AC Restaurants and levy a flat 5% tax with no input credit on all eateries.

- **LOGISTICS SECTOR GETS INFRASTRUCTURE STATUS:** The Logistic Sector has been granted “Infrastructure Status” –allowing investment in warehousing subject to conditions by the Government in the 14<sup>th</sup> Institutional Mechanism meeting held on November 10. The move will enable the logistic sector to avail itself of infrastructure lending at easier terms with enhanced limits, access to larger amounts of funds as External Commercial Borrowings (ECB), access to longer tenor funds from Insurance Companies and Pension Funds and be eligible to borrow from India Infrastructure Financing Company Ltd. To access these funds, the minimum investment should include Rs.50 Crore and minimum area of 10 acres. Additionally, it should have investment in either cold chain or in a warehousing facility.
- **UNION CABINET APPROVES WAGE POLICY FOR CPSEs:** The Union Cabinet has approved the 8<sup>th</sup> round of Wage Negotiations for Workmen in Central Public Sector Enterprises (CPSEs). As per Framework, no budgetary support would be provided by the government for any wage increase and the entire financial implication would be borne by the respective CPSEs from their internal resources. In case of CPSEs for which the government has approved restructuring/ revival plan, the wage revision will be done as per the provisions of approved plan only. Further CPSE managements are free to negotiate wage revision for workmen where the periodicity of wage settlement of five years or 10 years has expired. However the managements are to ensure that the negotiated pay scales do not exceed the existing scales.
- **UNION CABINET APPROVES 15<sup>TH</sup> FINANCE COMMISSION:** The Union

Cabinet has approved the setting up of the 15<sup>th</sup> Finance Commission that will prescribe the formula for devolution of taxes between the Centre and States for the five years commencing from April 1, 2020. The Finance Commission is a Statutory Body under Article 280(1) of the Constitution and it is set up every five years to decide on how the net proceeds of taxes would be shared between the Centre and States. It also decides the principles of Grants-in-Aid of the revenues of the States out of the consolidated Fund of India.

- PRESIDENT SIGNS ORDINANCE TO AMEND BANKRUPTCY CODE:** The President has signed the Ordinance to amend the Insolvency and Bankruptcy Code. The amendments aim to keep out such persons who have willfully defaulted, are associated with NPA or are habitually non-compliant and therefore, are likely to be a risk to successful resolution of insolvency of a company. It also places restrictions for such persons to participate in the resolution or liquidation process. Companies, promoters and associate companies undergoing insolvency resolution or liquidation under the code would not be eligible to be bid for the stressed assets.
- SUPREME COURT VERSION ON ARBITRATION AND SARFAESI:** (Case-MD Frozen Foods Exports VS Hero Fincorp Ltd) Supreme Court has ruled that the proceedings under the SARFAESI Act and Arbitration can proceed simultaneously. The Apex Court further said that the SARFAESI proceedings are in the nature of enforcement proceedings, while arbitration is an adjudicatory process.
- KOTAK PANEL RECOMMENDATIONS ON CORPORATE GOVERNANCE OF LISTED COMPANIES:** Kotak Panel has given their recommendations on the corporate governance of the Listed Companies. According to the recommendations, any listed entity should have at least 6 against existing 3 directors on the Company Board. Every listed entity should have at least one woman director on its board. Minimum meetings should be increased from four to five. Maximum number of directorship should be reduced from ten to seven by April 1, 2020. Further, at least half the number of directors of a listed entity should be independent by April 1, 2020.
- ECB TO ASK BANKS TO COVER BAD LOANS BY 100% PROVISION:** The European Central Bank (ECB) plans to ask Euro Zone Banks to set aside enough cash to cover 100% of their non-performing loans over the next several years. Euro Zone Banks are having nearly Euro1 Trillion bad loans, clogging up their balance sheets and holding back lending. The main problem of the banks is

that the weak credit growth offsets the stimulus they are trying to provide through low interest rates.

- RBI ISSUES FINAL GUIDELINES ON P2P FIRMS:** RBI has finally issued final guidelines for the existing Peer-to-Peer (P2P) lending platforms in the country. From now onwards, all the P2P platforms will be known as “NBFC-P2P”. As per RBI guidelines, all the existing P2P players in the country will be required to obtain a Certificate of Registration to become an “NBFC-P2P”. Such players shall have a net-owned fund of more than Rs.2 Crore. AP2P firm can not raise deposits or lend on its own. It is also not allowed to cross-sell any products except loan specific insurance products.
- RBI TO SWITCH OVER TO “EXTERNAL BENCHMARK” FROM “INTERNAL BENCHMARK”:** An Internal RBI Group, formed after the August 2017 Policy Review, had suggested switching over to an external benchmark in a time-bound manner so that better rates were available to borrowers. The Study Group observed that internal benchmarks such as the base rate/MCLR have not delivered effective transmission of the monetary policy. RBI had pulled up the Lenders for keeping interest rates on loans at a higher level and said it would make another system to fix rates for such loans.
- SEBI ISSUES NORMS TO NEX CLONES IN MF SCHEMES:** In a bid to end duplication of schemes launched by Mutual Funds (MFs) SEBI has categorized schemes under five different heads to bring in uniformity. SEBI has categorized MF Schemes under the broad

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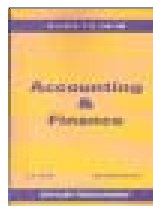
Adv Bank Mgmt  
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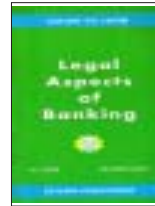
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heads of Equity, Debt, Hybrid, Solution-Oriented and Others. SEBI said that different schemes launched by MFs needed to be distinct in terms of asset allocation and investment strategy.

- **SUPREME COURT RULING ON BOUNCED CHEQUE:** (Case- Chandigarh-based Company M/ S Meters and Instruments Pvt. Ltd. and Others) The Supreme Court has allowed a court to discharge an accused in a cheque bounced case from prosecution as the complainant was willing to compensate the accused. As of now, the courts were not empowered to discharge the accused without the consent of complainant even if the accused had agreed to pay the amount to the complainant. Now the Supreme Court has ruled that where the cheque amount with interest and cost, as assessed by the court is paid by a specified date, the court is entitled to close the proceedings in exercise of its powers under Section 143 of the Act read with Section 258 CRPC.
- **CENTRE TO DISQUALIFY FIRMS CONVICTED FOR FRAUD:** According to new Disinvestment Guidelines, the Centre will disqualify any company convicted for fraud and serious corporate offences from participating in the privatization of state-owned enterprises. Any firm facing a conviction by a court of law or indictment/ adverse order by SEBI will be disqualified. While selecting bidders earlier, the Centre used to look into the criteria like net-worth and experience. It has now been decided to look into these additional criteria for qualification or disqualification of parties seeking to acquire stakes in CPSEs.
- **SEBI IMPOSES STERN ACTION FOR NON-COMPLIANCE OF SHARE-HOLDING NORMS:** SEBI has tightened the rules on listed companies not adhering to norms with regard to Minimum Public Share-holding (MPS). The Listed Companies which are non-compliant will have to pay a fine of Rs.5000 a day. In addition, the entire promoter holding except for compliance to MPS, will be frozen by depositories. The promoter group and directors of the particular company will not be allowed to hold any position in other companies. Further, if non-compliance continues for over one year the amount of fine will be doubled to Rs.10, 000 and such companies may even face compulsorily de-listing of their shares from stock exchanges.
- **BASEL REGULATORS NEAR TO FINAL**

**DEAL ON CAPITAL RULES:** The Basel Committee met to finalise its “Basel-III Rules” aimed at averting another global banking meltdown as seen in 2007-09. Most of the rules of Basel-III are in force, but the committee has hit resistance to finalise the last part of the regulatory package. Europe and US have disagreed over the extent which banks can use their own risk models to calculate their capital requirements. Now Basel Committee is trying to set an “Output Floor” that would limit the extent to which a bank’s capital requirements based on the lender’s own risk model can diverge from how they would be calculated under a more conservative model set by regulators. Europe wanted a floor set at 70% while the US has called for a tougher level of 75%.

- **SUPREME COURT VERSION ON DEPRICIATION:** (Case- Plasiblends India ltd. VS Commissioner of Income Tax) The Supreme Court dismissed appeals of a large number of companies against the Bombay High Court Ruling. As per Ruling, “Even assuming that the assessee had an option to disclaim current depreciation in computing the business income, the depreciation had to be reduced for computing the profits eligible for deduction under Section 80-IA of the Income tax Act”. The ruling of the High Court was upheld by the Supreme Court rejecting the argument of the company that depreciation can not be thrust on them and it was optional.
- **SEBI ALLOWS FIIs TO TRADE IN IFSC:** SEBI has allowed Indian and Foreign Entities to set up a company in the International Financial Services Centre (IFSC) to act as trading members of stock exchanges. There may not be a need to form a separate company. The same rule will be applicable to any such entity keen on operating as clearing member of a clearing corporation in the IFSC. Earlier, the guidelines said that trading members and clearing members desirous of operating in IFSC as an intermediary, would need form a company to provide such financial services relating to the securities market.
- **GOVT. FRAMES VALUATION RULES FOR UNLISTED FIRMS:** Ministry of Corporate Affairs framed valuation rules for unlisted companies that will do away with arbitrariness at the time of mergers and acquisitions (M&As) and transfer of shares. These rules are limited to valuers and do not have the all-important component of methodology of valuation. Till time the methodology is framed by a committee to be set up, International Standards will be followed. India has never had rules for all companies, though there are separate norms for listed companies by SEBI. Currently, SEBI has its own set of valuation guidelines for listed companies on takeovers, preferential allotment of shares and so on.

## GENERAL AWARENESS

- India has pipped Canada to become- **World's Eighth Largest Stock Market by Capitalisation.**
- Index in which India slipped 21 places and ranked to a Lowly 108- **World Economic Forum's Global Gender Index.**
- Saudi Arabia's First High-Speed Train which will link two Muslim Holy Places ("Mecca and Madina") and will cover the destination within two and half hours- **Haramain Express.**
- While German Chancellor Angela Merkel topped the list compiled by "Forbes", India's Chanda Kochar, MD&CEO of ICICI Bank ranked 32<sup>nd</sup> – **World's 100 Most Powerful Women.**
- "Fake News", the Term heavily popularized by US President Donald Trump, has been named – **"Word of the Year"-By Collins Dictionary.**
- 23<sup>rd</sup> UN Climate Conference of 196 countries held at Bonn on 6<sup>th</sup> which is known as- **COP23.**
- Report according to which, India has been ranked 4<sup>th</sup> in Asia Pacific Millionaire List- **2017 Asia Pacific Wealth Report.**
- Logo which has been launched by FSSAI for Organic Food Products- **Jaivik Bharat.**
- India has been ranked as the 6<sup>th</sup> Most Vulnerable Country in the World in terms of facing extreme whether events- **Global Climate Risk Index.**
- UK will leave the European Union on March 29, 2019 at 11PM (Local Time)- **British Prime Minister Theresa.**
- A 12-year old Indian Girl Sucheta Satish of Indian High school at Dubai by singing in 85 languages broke- **Guinness World Records.**
- The 163.41 Carat Flawless D Colour Diamond which was auctioned for record \$34 million in Geneva- **World's Largest Diamond.**
- As per Forbe's List of Asia's 50 Richest Families, Top Family is- **Mukesh Ambani Family of India.**
- Though Fitch and Standard & Poor's has maintained "BBB" rating with a Stable Outlook for India, the only Rating Agency which has upgraded India's Sovereign Rating after 13 years since 2004- **Moody's.**
- Justice Dalveer Bhandari has been re-elected as Judge in- **International Court of Justice.**
- Cruise Missile "Brahmos" successfully fight-tested for the First Time from the Indian Air Force's Frontline Fighter "Sukhoi-30 MKI"- **World's Fastest Supersonic Cruise Missile.**
- Rating Agency which refused to upgrade India's Sovereign Rating and retained it at the Lowest Investment Grade with a Stable Outlook- **Standard & Poor's.**
- Stock Exchange which is the Largest Masala Bond Centre Globally- **London Stock Exchange.**
- US Geneticists Jeffrey, Michael Rosbash and Michael W Young have been awarded for shedding light on the biological clock that governs the sleep-wake cycles of most living things- **Noble Medicine Prize.**
- India's First IFSC, which has been featured at the 10<sup>th</sup> Place in the Latest 2017 Global Financial Centres Index, London- **Gujarat International Finance Tec-City (GIFT).**
- First and Largest Exchange of Trading of Electricity and Renewable Energy Certificates-

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- “Oxford Honour” bestowed on Myanmar’s De Facto Leader Anug Sen Suu Kyi, has been withdrawn due to- **Plight of Rohingya Muslims**
- Rajnish Kumar, who has been MD of NBG which oversees the functioning of over 95% of SBI’s 24, 000-odd branches, has been appointed as- **Chairman of SBI.**
- Prize, which Jacques Dubochet of Switzerland, Jochim Frank of Germany and Richard Henderson of Scotland won for developing cryo-electron microscopy, allowing researchers to see biological molecules frozen in action- **Noble Chemistry Prize.**
- British Novelist Kazuo Ishiguro won for his literature- **Noble Prize 2017.**
- The World’s Top Call- Centre Nation- **Philippines.**
- According to latest Govt. Notification, for “Jewellery transactions exceeding Rs.50, 000”- **Aadhar not Mandatory.**
- Nuclear Disarmament group ICAN which won the Prize for its decade-long campaign to rid the World of the Atomic Bomb- **Noble Peace Prize.**
- Murder case which is to be re-opened by the Supreme Court- **Mahatma Gandhi Murder Case.**
- While US retained the Top position, India ranked on 8<sup>th</sup> position- **Most Valuable Nation Brand 2017.**
- Prize which US Academic Richard Thaler of the University of Chicago, received for his contribution to Behavioral Economics - **Noble Prize in Economics 2017.**
- Scheme under which PERDA has raised the Entry Age Limit from 60 years to 65 years- **National Pension System Scheme.**
- Platform on which the transactions jumped 85% and crossed 3-Crore mark- **Unified Payment Interface (UPI) Platform.**
- Charkha which has been launched by KVIC for the first time after independence for Coarse Khadi Products- **Innovated Six and Eight-Spindle Charkha.**
- Actor Anupam Kher has been appointed by the Government as- **New Chairman of Film & Television Institute of India .**
- After the US lifted decades-old trade sanctions on the northern African country, which for the first time in 20 years begun receiving foreign currency inflows- **Sudan.**
- Index in which India slips 3 notches to 100 among 119 countries- **Global Hunger Index, 2017.**
- Payment System which China has established to reduce risks and improve the efficiency of its foreign exchange transactions- **Yuan-Ruble Payment System.**
- Sector in which NITI Aayog has started Ranking to make services better- **Hospitals.**
- An Indian-origin Teenager, Akshay Ruparelia, 19 years of age has become- **UK’s Youngest Millionaire (£12 million).**
- Haryana Girl Kavita who has become First Indian Woman to sign- **World Wrestling Entertainment (WWE).**
- Toilet constructed across the country under the Swachh Bharat Mission would now be called- **Izzat Ghar.**
- High-Profile Literary Award which American Author George Saunders, won for his First Novel “Lincoln in the Bardo”- **Man Booker Prize,2017.**
- Floating Offshore Wind Farm, which started delivering electricity to the grid in the north of Scotland- **World’s First Floating Offshore Wind Farm.**
- Nation which reluctantly bid farewell to its Auto Manufacturing Industry- **Australia.**
- Country in which 2020 Special Olympics is to be held- **Tokyo.**
- 31, year old Conservative Leader Kurz has been invited by Austria’s President to form the Government who has become- **World’s Youngest Leader.**
- Maruti Suzuki India, after dethroning Hyundai Motor India has become- **Largest Passenger Vehicles Exporter from India.**
- As per new valuation rules issued by Govt., A Company Secretary is now recognised as- **Registered Valuer.**
- Company which becomes First Indian Company to cross Rs.6 Lakh Crore Market Cap- **Reliance Industries Ltd.**
- Parliament whose country declared “Independence” while Spanish Govt. moved to impose direct rule over it- **Catalonia.**
- India jumped up 30 notches into Top 100th Ranking among 190 countries- World Bank’s Ease of Doing Business Report 2017.
- A Rare 37.30 carat Diamond “Raj Pink” will go for auction on November 15 in Hong Kong – **World’s Largest “Fancy Intense Pink Diamond”.**
- For having consistency in enforcing food safety regulations and standards across states, FSSAI is to launch its initiative- **One Nation One Food Law.**
- Country which is to be Asia’s new \$1 Trillion Economy- **Indonesia.**
- Japan’s Parliament formally re-elected Shinzo Abe as Prime Minister- **Country’s Longest-Serving Prime Minister.**
- While Reliance and Airtel has IInd and IIIrd ranking respectively, the Company which has topped the List of “Most Valuable Brand” in India- **Tata Group.**
- Asset Class which is growing faster than any other Asset Class in the World- **Bitcoin.**



## MOCK-TEST PAPER

### Questions on Latest RBI Policy

- 01** Pensioners can submit physical life certificate in the month of November each year at:
- same bank branch where pension account is maintained
  - any bank branch of any bank
  - any branch of the bank where pension account is maintained
  - none of the above is correct
- 02** RBI has advised banks that they should be provided cheque book with min \_\_\_ leaves, free of charge, in saving bank accounts, in a financial year:
- 10
  - 20
  - 25
  - 50
- 03** A fully KYC compliant account should be converted in to \_\_\_\_\_ based on the date of birth available on record of the bank, if the customer attains age of 60.
- Senior Citizen Account
  - Special Care Account
  - Special facilities account
  - Privileged account
- 04** For senior citizens of \_\_\_ years of age, banks are required to make concerted effort to provide basic banking facilities, at the premises/residence of such customers.
- 60 years or more
  - more than 70 years
  - more than 75 years
  - more than 80 years
- 05** Under simplified hedging facility introduced by RBI in November 2017, for resident and non-resident

- entities, the cap on outstanding contracts is:
- USD 15 million
  - USD 25 million
  - USD 30 million
  - USD 45 million
- 06** Under simplified hedging facility introduced by RBI in November 2017, if hedging requirement of the user exceeds the limit in course of time, the designated bank may re-assess and, at its discretion, extend the limit up to \_\_\_% of the stipulated cap.
- 50%
  - 75%
  - 100%
  - 150%
- 07** Under simplified hedging facility introduced by RBI in November 2017, resident unlisted companies can use such structures only if they have a minimum net worth of Rs. \_\_\_crores
- Rs.100 cr
  - Rs.200 cr
  - Rs.300 cr
  - Rs.500 cr
- 08** Legal Entity Identifier (LEI) code is conceived as a key measure to improve the quality and accuracy of financial data systems for better risk management, post the Global Financial Crisis. LEI is a \_\_\_ digit unique code
- 10 digit
  - 12 digit
  - 15 digit
  - 20 digit
- 09** RBI has decided to introduce, Legal Entity Identifier (LEI) system for all borrowers of banks having total fund based and non-fund based exposure of

- \_\_\_\_\_ in a phased manner.
- Rs.1 cr and above
  - Rs.5 cr and above
  - Rs.50 cr and above
  - Rs.100 cr and above
- 10** Under RBI time schedule for introduction of Legal Entity Identifier (LEI) system for all borrowers of banks, the borrowers with exposure of Rs.1000 cr and above are to obtain LEI by:
- 31.12.17
  - 31.03.18
  - 30.06.18
  - 31.12.18
- 11** As per RBI directives, what is the minimum amount of withdrawal from or deposit into currency chest?
- Rs.20000
  - Rs.50000
  - Rs.100000
  - Rs.200000
- 12** The currency chests should invariably report all transactions through ICCOMS on the same day to the Issue Offices latest by \_\_\_\_\_ :
- 11 pm
  - 8 pm
  - 6 pm
  - 5 pm
- 13** Soiled note remittances to RBI / diversion to other currency chest/s should not be shown as withdrawal by chest/s / link offices. In case such remittances are wrongly reported as 'withdrawals', a penalty of \_\_\_\_\_ will be levied irrespective of the value of remittance and period of such wrong reporting.
- Rs.20000

**Disclaimer :** We have taken every care to provide information, we believe to be accurate and reliable and do not assume responsibility of any kind nor shall be liable for losses & consequence arising from use thereof. Since this information is based on the published reports mostly, correctness or otherwise thereof may be verified by the user with the original sources, in advance. ....**Editor**



We strongly believe that the subscribers are the best consultants, we have. Based on their feed back, we keep on redesigning and restructuring this publication. Kindly send your suggestions and views.

- b Rs.50000  
c Rs.100000  
d Rs.200000
- 14** Penal interest shall be levied at the rate of \_\_\_ over the prevailing Bank Rate for the period of delayed reporting/wrong reporting/non-reporting /inclusion of ineligible amounts in currency chest balances.
- a 5%  
b 3%  
c 2%  
d 1%
- 15** With effect from the fortnight commencing Oct 14, 2017, the rate of statutory liquidity ratio (SLR) is \_\_\_ of net demand and time liabilities:
- a 19.5%  
b 19.75%  
c 20%  
d 20.25%
- Recalled Questions**
- 16** Under CGT-MSE guarantee scheme, the amount of guarantee cover in case of an women MSE for loan up to Rs.5 lac is:
- a 75% of the balance on date of NPA maximum Rs.3.75 lac  
b 80% of the balance on date of NPA maximum Rs.4.00 lac  
c 85% of the balance on date of NPA maximum Rs.4.25 lac  
d 90% of the balance on date of NPA maximum Rs.4.50 lac
- 17** As part of its Award, the Ombudsman can award compensation to the customer for an amount up to:
- a actual loss suffered by the customer  
b Rs.10 lac  
c actual loss or Rs.20 lac whichever is lower  
d actual loss or Rs.20 lac whichever is higher
- 18** Actuarial premium rate (APR) is charged under Pradhan Mantri Fasal Bima Yojna, which is presently fixed at \_\_\_ in case of Khariff Crops:
- a 2% of sum insured or actuarial rate whichever is less  
b 1.5% of sum insured or actuarial rate whichever is less  
c 5% of sum insured or actuarial rate whichever is less  
d at rates negotiated by the bank and insurance company
- 19** The method in which the computer devices are interconnected in LAN, is called
- a protocol b topology  
c multiplexer d token ring
- 20** The guarantors can also be declared willful defaulter by banks due to the legal provisions as contained in:
- a Section 128, Banking Regulation Act 1949  
b Section 22, RBI Act 1934  
c Section 128, Indian Contract Act  
d Regulatory requirement of RBI.
- 21** Statutory Central Auditors (SCAs), are required to cover \_\_\_ of advances and NPAs, in the half yearly/quarterly review, through Core Banking System of the banks and management inputs:
- a 20%  
b 60%  
c 30%  
d 50%
- 22** Under provisions of SARFAESI Act, a bank wants to sell its distressed assets (NPA). It can sell these to which of the following:
- a CRILC  
b CIBIL  
c CRISIL  
d ARCIL
- 23** Which of the following is correct regarding break-even:
- a breakeven is the level of production or sale where sale = expenses  
b breakeven is the level of production or sale where sale = fixed cost  
c breakeven is the level of production or sale where sale = variable cost  
d breakeven is the level of production or sale where sale = production cost
- 24** What is the extent of claim, that can be entertained by a Lok Adalt:
- a up to Rs.5 lac  
b up to Rs.10 lac  
c up to Rs.20 lac  
d no limit
- 25** A risk weight of 20% is to be assigned to all loans and advances granted by the banks to their own employees.
- a where the loans are unsecured  
b where the loans are secured by mortgages only  
c where the loans are secured by superannuation benefits only  
d where the loans are secured by superannuation benefits or mortgages  
e where the loans are secured by 3rd party guarantees
- 26** How the Break-even point is worked out of the following:
- a sales /contribution  
b variable cost / contribution  
c fixed cost / sales  
d fixed cost / variable cost  
e fixed cost / contribution
- 27** Which of the following organizations, provide credit history of the borrowers:
- a CIBIL  
b SEBI  
c RBI  
d CCIL
- 28** In one of current accounts at



- your New Delhi branch, you receive a cheque crossed as 'and Indore' and otherwise in order. You will:
- Not pay as crossing is related to Nagpur
  - Not pay the cheque as it is a vague crossing
  - Pay the cheque as place has no significance in crossing
  - cheque will be returned unpaid
- 29** A bearer cheque of Rs.500 is presented for payment in the saving bank account of Mr. Tarsem Chander who maintains substantial balance. The cheque bears two endorsements one by its payee 'Balbir Singh' reading 'Balveer Singh' and other by the first endorsee Mr. Shiva Parshad, reading 'Shiv Prasad'.
- the cheque will be paid as the amount is very small
  - the cheque will be paid as endorsements on a bearer instrument are not to be recognised by the paying bank
  - the cheque will be returned, as it bears irregular endorsement and bank will not get protection for irregular endorsements.
  - the cheque will be paid to be presenter but indemnity will be obtained.
- 30** \_\_\_\_ is a device, that takes the image of specimen signature card and converts it into a digital form which is stored on the hard disk of the computer system.
- modem
  - scanner
  - router
  - digital signature
- 31** \_\_\_\_ is a mechanism under which there are multiple debit entries and single credit:
- NEFT
  - RTGS
  - ECS-Debit
  - ECS-Credit
- 32** A farmer has approached for a loan against pledge of crop-produce so that he could sell the produce at a remunerative price, at an appropriate time.
- No loan can be sanctioned as it is covered by selective credit control
  - loan up to Rs.1 lac can be allowed for a period of 6 months
  - loan up to Rs.50 lac can be allowed for a period of 12 months
  - loan up to Rs.20 lac can be allowed for a period of 12 months
- 33** A bill is presented on May 15, 2011 and accepted on 16.05.2011. Its due date of payment will be ... if it has to be paid within 2 months of the presentment:
- July 15, 2011
  - July 19, 2011
  - July 16, 2011
  - July 12, 2011
- 34** An exporter wants to open an EEFC account to deposit the exchange earnings. The account can be opened as a :
- saving bank account
  - current account
  - term deposit account
  - any of the accounts but without payment of interest
- 35** Which of the following statement regarding PMEGP subsidy is correct:
- it is to be kept as an interest free term deposit for 3 years
  - it will be kept as term deposit for 3 years, with appropriate interest rate
  - it will be kept in subsidy reserve fund with a lock in period according to total repayment period
  - it will be kept in subsidy reserve fund with a lock in period of 3 years
- 36** Which of the following is part of the priority sector advance of a bank:
- Only investment made in securitized assets representing eligible priority sector advances
  - Only outright purchase of priority sector advances from another bank if not disposed off within 6 months from date of purchase.
  - only investment made in inter-bank participation certificates

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- representing priority sector advances and held for at least 180 days
- d a and b only  
e a, b and c all
- 37** An assignee is a person who:  
a Is appointed by court for administration of a will  
b Has been appointed by the court to look after property of the insolvent person  
c appointed by the will of the deceased person  
d person appointed by legal heirs as their attorney
- 38** Which of the following statement regarding liability of the drawer in a usance bill of exchange is correct: (1) before acceptance he is primarily liable (2) after acceptance by the drawee, he has no liability (3) after acceptance by drawee, he has secondary liability while drawee has primary liability (4) drawer not liable at all in case of bill of exchange, only the drawee is liable.  
a 1 and 2      b 1 and 3  
c 2 and 3      d 2 and 4
- 39** Any participating bank or institution may, by giving a notice of \_\_\_\_\_, withdraw from the NEFT System.  
a 10 days      b 20 days  
c one month  
d two months
- 40** A contract that provides for

- performance of or discharge of the liability of the principal debtor in case of his default, is classified as:  
a contract of indemnity  
b contract of agency  
c contract of guarantee  
d contract of assignment  
e contract of mutual agency
- 41** In case of collection of local cheques, banks are required to permit usage of the shadow credit afforded to the customers' account immediately after closure of relative return clearing and in any case, withdrawal shall be allowed on \_\_\_\_\_ subject to usual safeguards.  
a next day  
b same day or next day  
c same day or within an hour of the commencement of business on the next working day.  
d same day or immediately on the commencement of business on the next working day.
- 42** Minimum no. of directors in a public limited company is:  
a 4              b 3  
c 7              d 10
- 43** On the nomination form, the signatures of the account holder are to be attested by:  
a one witness  
b two witness  
c no. of witnesses at bank discretion

- d no witness required
- 44** As per balance sheet of a partnership firm the current ratio works out to be 2:1 and the net working capital at Rs.50000. What will be amount of current liabilities ?  
a Rs.1 lac      b Rs.50000  
c Rs.2 lac      d Rs. zero
- 45** In a balance sheet of a firm, the debt equity ratio is 2:1. The amount of long term sources is Rs.12 lac. What is the amount of tangible net worth of the firm:  
a Rs.12 lac  
b Rs.8 lac  
c Rs.4 lac  
d Rs.2 lac
- 46** A business firm has earned a profit of Rs.5 lac after providing for depreciation of Rs.3 lac and interest of Rs.2 lac on long term loans. If the annual amount of repayment of term loan and other long term liabilities is Rs.3 lac, what is the debt service coverage ratio:  
a 1.5              b 1.75  
c 2                d 2.5
- 47** The balance sheet of a proprietorship firm has total of Rs. 32 lac. Its long term sources are Rs. 20 lac. If the current ratio of the firm is 1.5:1, what the amount of long term uses of the firm:  
a Rs.18 lac  
b Rs.16 lac  
c Rs.14 lac  
d Rs.12 lac

SUBSCRIPTION FORM

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

### Scheme of Penalty for bank branches based on performance in rendering customer service to members of public in exchange of notes/coins

The scheme of Penalties for bank branches including currency chests has been circulated by RBI on 12.10.17, in order to ensure that all bank branches provide better customer service to members of public with regard to exchange of notes and coins, in keeping with the Clean Note Policy.

**Penalties:** Penalties to be imposed on banks for deficiencies in exchange of notes and coins/remittances sent to RBI/operations of currency chests etc. are as follows:

#### *i. Shortages in soiled note remittances and currency chest balances :*

For notes in denomination upto Rs.50 : Rs.50/- per piece in addition to the loss.

For notes in denomination of Rs.100 & above: Equal to the value of the denomination per piece in addition to the loss.

Shortages of 100 pieces and above per remittance shall be debited immediately. Penalty may be levied on reaching a limit of 100 pieces in a cumulative manner.

*ii. Counterfeit notes detected in soiled note remittances and currency chest balances :* Penalty on account of detection of counterfeit notes by RBI from soiled note remittance of banks and in currency chest balances shall be levied in terms of the instructions dated 20.07.17.

*iii. Mutilated notes detected in soiled note remittances and currency chest balances:* Rs. 50/- per piece irrespective of the denomination.

Mutilated notes of 100 pieces and above per remittance shall be debited immediately. Penalty may be levied on reaching a limit of 100 pieces in a cumulative manner.

#### *iv. Non-compliance with operational guidelines by currency chests detected by RBI officials*

a) Non-functioning of CCTV

b) Branch cash/documents kept in strong room

c) Non-utilization of NSMs for sorting of notes (NSMs not used for sorting of high denomination notes received over the counter or not used for sorting notes remitted to chest/RBI)

Penalty of Rs. 5000 for each irregularity shall be levied immediately and increased to Rs.10000 in case of repetition.

v. Violation of any term of agreement with RBI (for opening and maintaining currency chests) or deficiency in service in providing exchange facilities, as detected by RBI officials e.g.,

a) Non-issue of coins over the counter to any member of public despite having stock.

b) Refusal by any bank branch to exchange soiled notes / refusal by any currency chest branch to adjudicate mutilated notes tendered by any member of public

c) Non conduct of surprise verification of chest balances, at least at bimonthly intervals, by officials unconnected with the custody thereof and by the officials from the Controlling Office once in six months.

d) Denial of facilities/services to linked branches of other banks.

e) Non acceptance of lower denomination notes (i.e. denomination of Rs.50

and below) tendered by members of public and linked bank branches.

f) Detection of mutilated /counterfeit notes in re-issuable packets prepared by the currency chest branches.

**Penalty :** Rs.10,000 for any violation of agreement or deficiency of service. Rs. 5 lakh in case there are more than 5 instances of violation of agreement/deficiency in service by the branch. The levy of such penalty will be placed in public domain. Penalty will be levied immediately.

#### *3. Operational Guidelines on levy of penalties –*

1)The Competent Authority to decide the nature of irregularity will be the Officer-in-Charge of the Issue Department of the Regional Office .

2) i. Appeal against the decision of the Competent Authority may be made by the Controlling Office of the currency chest/branch to the Regional Director of the Regional Office concerned, within one month from the date of debit, who may decide whether the same can be accepted/ rejected.

ii. Appeals for waiver of penalty made on grounds such as staff being new/untrained, lack of awareness of staff, corrective action having been taken/ will be taken, etc. will not be considered.

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## Facilities for Senior Citizens /differently abled persons

RBI reiterated that it is imperative to be sensitive to the requirements of senior citizens and differently abled persons. RBI directed banks (09.11.2017) to put in place appropriate mechanism (by Dec 31, 2017) with the following specific provisions to meet needs of such customers so that they are able to avail of the bank's services without difficulty.

**(a) Dedicated Counters/Preference to Senior Citizens, Differently abled persons :** Banks to provide a clearly identifiable dedicated counter or a counter which provides priority to senior citizens and people who are differently abled including visually impaired persons.

**(b) Ease of submitting Life Certificate :** As per extant guidelines issued by Government, in addition to the facility of Digital Life Certificate under "Jeevan Praman" Scheme, pensioners can submit physical Life Certificate form at any branch of the pension paying bank. Sometimes, it is not updated promptly by the receiving branch in CBS system of the bank, resulting in avoidable hardship to the pensioners. RBI advised that banks shall ensure that when a Life Certificate is submitted in any branch, including a non-home branch, of the pension paying bank, the same is updated/ uploaded promptly in CBS by the receiving branch itself, to avoid any delay in credit of pension.

**(c) Cheque Book Facility:** (i) Banks shall issue cheque books to customers, whenever a request is received, through a requisition slip.

(ii) Banks should provide minimum 25 cheque leaves every year, if requested, in savings bank account, free of charge.

(iii) Banks shall not insist on physical presence of any customer including senior citizens and differently abled persons for getting cheque books.

(iv) Banks may also issue cheque books, on requisition, by any other mode as per bank's laid down policy.

**(d) Automatic conversion of status of accounts:** In some banks, even fully KYC - compliant accounts are not automatically converted into 'Senior Citizen Accounts' on the basis of date of birth in bank's records. A fully KYC compliant account should automatically be converted into a 'Senior Citizen Account' based on the date of birth available in bank.

**(e) Visually impaired customers:** The facilities provided to sick/old/incapacitated persons (regarding operations of accounts through identification of thumb/toe impression/mark by two independent witnesses and authorising a person who would withdraw the amount on behalf of such customers) shall be extended to visually impaired customers.

**(f) Ease of filing Form 15G/H:** Banks to provide senior citizens and differently abled persons Form 15G/H once in a year (preferably in April) to enable them to submit the same, within the stipulated time.

**(g) Door Step Banking:** In view of the difficulties faced by senior citizens of more than 70 years of age and differently abled or infirm persons (having medically certified chronic illness or disability) including those who are visually impaired, banks are advised to make concerted effort to provide basic banking facilities, such as pick up of cash and instruments against receipt, delivery of cash against withdrawal from account, delivery of demand drafts, submission of Know Your Customer (KYC) documents and Life certificate at the premises/ residence of such customers.

## DATA COLUMN

### Business of Banks

(Rs.in cr)	Mar31'17	Nov10'17
Aggregate deposits	10805150	10886970
Cash in hand/RBI	570490	508340
Investments	3043660	3390830
Bank Credit:	7881890	7957780
-Food	53930	68230
-Non-Food	7827960	7889550
Cash-Deposit Ratio	5.27	4.95
Investment-Deposit	28.14	31.09
Credit-Deposit	72.95	72.64

### Money Stock

(Rs.in cr)	Mar31'16	Nov10'17
M3 (Out of which)	12844790	13234020
(a) Currency with public	1263710	1572050
(b) Demand deposits-Banks	1410630	1236990
(c) Time Deposits - Banks	10148950	10402330
(d) Other deposits with RBI	21090	22650

### Sources of Money Supply

(a) Net Bank credit to Govt	3869090	4097690
(b) Bank credit to Comrcl sector	8451430	8528700
(c) Net Forex assets of Banks	2492010	2707770

### Important Banking Indicators

Statutory Liquidity Ratio	19.50%	(10.10.2017)
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	05.75%	(02.08.2017)
Repo Rate	06.00%	(02.08.2017)
MSF Rate	06.25%	(02.08.2017)
Bank Rate	06.25%	(02.08.2017)

### 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-Nov16	end-Nov17
Dollar-spot TT (Rs.)	66.78	64.46
BSE - Sensex (points)	27527	32832
NSE - Nifty(S&P CNX)	8514	10122
Foreign reserves (Million \$)	367140	400742
Gold /Oz in USD)	1291	1274

## INDIAN ECONOMY-IMPORTANT PARAMETERS

RBI's growth estimate for 2017-18	: 7.6%
GDP growth-2016-17 (revised estimate)	: 7.1%
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 (2016-17)	: 379.6 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 (Jun 2017) US \$	: 485.8 Bn
Tax-GDP ratio (2014-15)	: 9.93%
Apr- Oct17:Export \$ 170.3 bn\$ Imports	: 256.4 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 - Dec 7 / 10, 2017