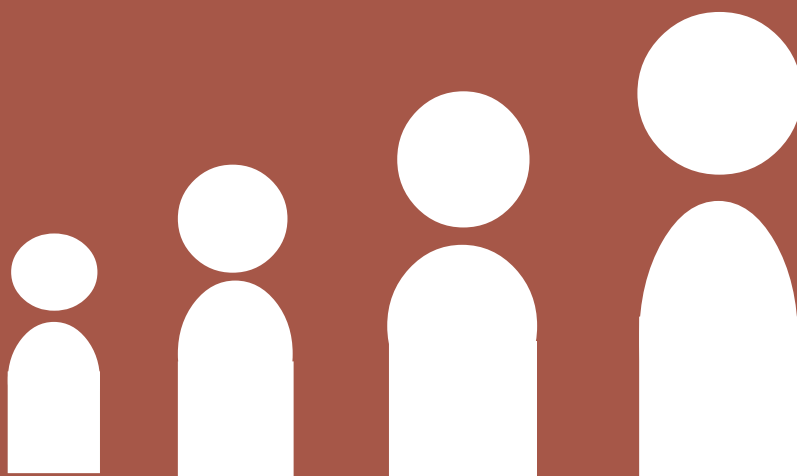


Registration RNI No.67802/98

Volume - XXI No.05 : May 2018

Banking events Update



Those who win, are those, who think they can

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**BANKING
POLICY****Reporting of Transactions under LRS**

Currently, the transactions under Liberalized Remittance Scheme (LRS) are being permitted by AD banks based on the declaration made by the remitter. The monitoring of adherence to the limit is confined to obtaining such a declaration without independent verification, in the absence of a reliable source of information. In order to improve monitoring and also to ensure compliance with the LRS limits, RBI decided (Apr 12, 2018) to put in place a daily reporting system by AD banks, of transactions undertaken by individuals under LRS, which will be accessible to all the other ADs.

Accordingly, w.e.f. 12.04.2018, all AD Category-I banks are required to upload daily transaction-wise information undertaken by them under LRS at the close of business of the next working day. In case no data is to be furnished, AD banks shall upload a 'Nil' report. AD banks can upload the LRS data as CSV file (comma delimited), by accessing XBRL site.

Cassette - Swaps in ATMs

RBI had constituted a Committee on Currency Movement (CCM) [Chair: Shri D.K. Mohanty, ED] to review the entire gamut of security of the treasure in transit. The recommendations of the Committee were examined by RBI and in order to mitigate risks involved in open cash replenishment/ top-up, RBI advised (12.04.18) that banks may consider using lockable cassettes in their ATMs which shall be swapped at the time of cash replenishment.

This may be implemented in a phased manner covering at least one third ATMs operated by the banks every year, such that all ATMs achieve cassette swap by March 31, 2021.

The banks are required to furnish a quarterly report to the Issue Department of Regional Office of RBI, under whose jurisdiction their Head Office is situated, within 15 days of the close of every quarter commencing June 30, 2018 by email.

Action Points for Lead Banks on Enhancing the Effectiveness of Lead District Managers (LDMs)

Lead Bank Scheme was last reviewed by the "High Level Committee" in 2009. In view of changes that have taken place in the financial sector over the years, RBI had constituted a "Committee of Executive Directors" of RBI to study the efficacy of the Scheme and suggest measures for improvement. The Committee's recommendations were discussed with various stakeholders and based on their feedback, RBI decided (06.04.18) that the following 'action points' will be implemented by the Lead Banks.

1. In view of the critical role played by LDMs, it may be ensured that officials posted as LDMs possess requisite leadership skills.
2. Apart from the provision of a separate office space, technical infrastructure like computers, printer, data connectivity, etc. which are basic necessities for LDMs to discharge their core

responsibilities may be provided to LDMs' Office without exception.

3. It is suggested that a dedicated vehicle may be provided to LDMs' to facilitate closer liaison with the bank officials, district administration officials as also to organise/ attend various financial literacy initiatives and meetings.

4. The absence of a specialist officer/assistant for data entry/analysis is a common and major issue faced by LDMs. Liberty to hire the services of skilled computer operator may be given to the LDMs to overcome the shortage of staff/ in case appropriate staff is not posted at LDM office.

Prohibition on dealing in Virtual Currencies (VCs)

RBI has repeatedly, through its public notices on December 24, 2013, February 01, 2017 and December 05, 2017, cautioned users, holders and traders of virtual currencies, including Bitcoins, regarding various risks associated in dealing with such virtual currencies.

In view of the associated risks, RBI decided (06.04.18) that, with immediate effect, entities regulated by RBI shall not deal in VCs or provide services for facilitating any person or entity in dealing with or settling VCs. Such services include maintaining accounts, registering, trading, settling, clearing, giving loans against virtual tokens, accepting them as collateral, opening accounts of exchanges dealing with them and transfer / receipt of money in accounts relating to purchase/ sale of VCs.

Regulated entities which already provide such services shall exit the relationship within 3 months from the date of this circular.

Comprehensive Guidelines on Derivatives: Modifications

In terms of RBI circular dated 02.11.11, 'user suitability and appropriateness' are applicable to all generic and structured derivative products except forex forward contracts.

The instructions have been reviewed by RBI (06.04.18) and RBI decided that stand-alone plain vanilla forex options (without attached structures) purchased by clients will be exempt from the 'user suitability and appropriateness' norms, and the regulatory requirements will be at par with forex forward contracts.

Investment by Foreign Portfolio Investors (FPI) in Government Securities - Medium Term Framework – Review

After consultation with the Government of India, the FPI limits have been revised by RBI (06.04.18) as below:

Revision of Investment Limits

- The limit for FPI investment in Central Govt. securities (G-secs) would be increased by 0.5% each year to 5.5% of outstanding stock of securities in 2018-19 and 6% of outstanding stock of securities in 2019-20.
- The limit for FPI investment in State Development Loans (SDLs) would remain unchanged at 2% of outstanding stock of securities.
- The overall limit for FPI investment in corporate bonds will be fixed at 9% of outstanding stock of corporate bonds. All the existing sub-categories under the category of corporate bonds will be discontinued and there would be a single limit for FPI investment in all types of corporate bonds.
- No fresh allocation has been made to the 'Long-term' sub-category under SDLs. Out of the existing limit of Rs.13,600 crore for this sub-category, an amount of Rs.6,500 crore has been transferred to the G-secs category.
- The allocation of increase in G-sec limit over the two sub-categories – 'General' and 'Long-term' – remains at the current ratio of 25:75. However, based on an assessment of investment interest, this ratio has been re-set at 50:50 for the year 2018-19.
- Coupon reinvestment by FPIs in G-secs, which was hitherto outside the investment limit, will now be reckoned within the G-sec limits. FPIs may, however, continue to reinvest coupons without any constraint, as they do now. Only at the time of periodic re-setting of limits, coupon investments would be added to the amount of utilization. Accordingly, for the year 2018-19, the stock of coupon investment of Rs.4,760 crore as on March 31, 2018, would be added to the actual utilization under the 'General' sub-category of G-secs. Since this is a new policy, as a one-time measure, the investment limit in the 'General' sub-category of G-secs has been increased by an amount equal to the stock of coupon reinvestment as on March 31, 2018. This increase in limit on account of coupon investment amount is over and above the limit indicated above. Accordingly, the revised limits for the various categories, after rounding off, would be as under:

Table 1 - Revised Limits for FPI Investment in Debt - 2018-19
(Rupees crore)

	G-Sec General	G-Sec- Long T	SDL - General	SDL- Long T	Corp Bonds	Total Debt
Current Limit	191,300	65,100	31,500	13,600	244,323	545,823
Revised Limit#	207,300*	78,700	34,800	7,100	266,700	594,600
Revised Limit+	223,300*	92,300	38,100	7,100	289,100	649,900

* Includes Rs.4,760 crore one-time addition to limit to provide for inclusion of coupon investment amount in utilization.

#for the HY Apr-Sep, 2018 +for the HY Oct 2018-March, 2019

Interest rates for Small Savings Schemes

Govt. of India, has vide their Office Memorandum (OM) dated March 28, 2018 has stated that the interest rates on Small Savings Schemes for the first quarter of financial year 2018-19 starting 1st April, 2018 shall remain unchanged from those notified for the fourth quarter of FY 2017-18. ●

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Revision in Lead Bank Scheme Action points for SLBC/Lead banks

The Lead Bank Scheme (LBS) was last reviewed by the “High Level Committee” in 2009. In view of changes that have taken place in the financial sector over the years, RBI had constituted a “Committee of Executive Directors” of RBI to study the efficacy of the Scheme and suggest measures for improvement. RBI has decided (06.04.18) that the following ‘action points’ will be implemented by the SLBC Convener Banks/Lead Banks.

i. State Level Bankers’ Committee (SLBC) meetings should primarily *focus on policy issues* with participation of only the senior functionaries of the banks/ Govt. Departments. All routine issues may be delegated to sub-committee(s) of SLBC. A Steering Sub-committee may be constituted in the SLBC to deliberate on agenda proposals from different stakeholders and finalise a compact agenda for the SLBC meetings. Typically, the Sub-Committee could consist of SLBC Convener, RBI & NABARD representatives & senior State Govt. representative from the concerned department, e.g. Finance/ Institutional Finance and 2 to 3 banks having major presence. Other issue-specific sub-committees may be constituted as required.

ii. Where Managing Director/Chief Executive Officer/ Executive Director of SLBC Convener Bank is unable to attend SLBC Meetings, Regional Director of the RBI shall co-chair the meetings along with Additional Chief Secretary/Development Commissioner of State.

iii. The corporate business targets for branches, blocks, districts and states may be aligned with the Annual Credit Plans (ACP) under the Lead Bank Scheme to ensure better implementation. The Controlling Offices of the banks in each State should synchronize their internal business plans with the ACP under Lead Bank Scheme.

iv. At present, discussions at the Quarterly Meetings of the various LBS fora viz. State Level Bankers’ Committee (SLBC), District level Consultative Committee (DCC) and Block Level Bankers’ Committee (BLBC) primarily focuses on the performance of banks in the disbursement of loans vis-a-vis the allocated target under the Annual Credit Plan. The integrity & timeliness of the data submitted by banks for the purpose has been an issue as a significant portion of this data is manually compiled and entered into the Data Management Systems of the SLBC Convener Banks. The extent to which this data corresponds with the data present in the CBS of the respective banks also varies significantly. Therefore, there is need of a standardized system to be developed on the

website maintained by each SLBC to enable uploading and downloading of the data pertaining to the Block, District as well as the State. The relevant data must also be directly downloadable from the CBS and/ or MIS of the banks with a view to keeping manual intervention to a minimal level in the process. Necessary modifications may be made on the SLBC websites and to the CBS & MIS systems of all banks to implement the envisaged data flow mechanism.

v. To strengthen the BLBC forum which operates at the base level of the Lead Bank Scheme, it is necessary that all branch managers attend BLBC meetings and enrich the discussions with their valuable inputs. Controlling Heads of banks may also attend a few of the BLBC meetings selectively.

vi. Rural Self Employment Training Institutes (RSETIs) should be more actively involved and monitored at various fora of LBS particularly at the DCC level. Focus should be on development of skills to enhance the credit absorption capacity in the area and renewing the training programmes towards sustainable micro enterprises. RSETIs should design specific programmes for each district/ block, keeping in view the skill mapping and the potential of the region for necessary skill training and skill up gradation of the rural youth in the district.

Annex-1: Revised Agenda for SLBC Meetings

1. Review of financial inclusion initiatives, expansion of banking network and Financial Literacy
 - a. Status of opening of banking outlets in unbanked villages, CBS-enabled banking outlets at the unbanked rural centres (URCs)
 - b. Review of Operations of Business Correspondents
 - c. Progress in increasing digital modes of payment in the State, provision of continuous connectivity with sufficient bandwidth, resolving connectivity issues/ connectivity options (Bharat Net, VSAT, etc.), installation of ATMs and PoS machines and status of implementation of e-receipts and e-payments in the State
 - d. Status of rollout of Direct Benefit Transfer in the State.
 - e. Review of inclusion of Financial Education in the School Curriculum, financial literacy initiatives by banks
 - f. Creating awareness about various schemes, subsidies, facilities e.g. crop insurance, renewable energy
 - g. Review of efforts towards end to end projects involving all stakeholders in the supply chain
2. Review of credit disbursement by banks
 - a. Achievement under ACP of the State, Priority Sector Lending,
 - b. Discussion on lending towards DAY-NRLM, DAY-NULM, MUDRA, Stand-Up India, PMEGP, etc. and impact of these schemes
 - c. Flow of credit to MSMEs and for affordable housing
 - d. KCC loan, crop insurance under PMFBY
 - e. Grant of Education Loans
 - f. Progress under SHG-bank linkage
3. Doubling of Farmers’ Income by 2022
4. CD Ratio, Review of Districts with CD Ratio below 40% and working of Special Sub-Committees of the DCC (SCC).

5. Position of NPAs for schematic lending, Certificate Cases and Recovery of NPAs
6. Review of restructuring of loans in natural calamity affected districts in the State
7. Discussion on policy initiatives of the Central/State Govt./RBI (Industrial Policy, MSME Policy, Agriculture Policy, Start-Up Policy), and expected involvement of banks
8. Discussion on improving rural infrastructure/ credit absorption capacity.
 - a. Any large project conceived by the State Government to help improve C-D Ratio.
 - b. Explore the scope of state-specific potential growth areas and the way forward .
 - c. Discussion on findings of region-focused studies, if any, and implementing the suggested solutions
 - d. Identification of gaps in rural and agriculture infrastructure which need financing (rural godowns, solar power, agro processing, horticulture, allied activities etc.)
 - e. Implementation of Model Land Leasing Act 2016 (exploring possibility)
9. Efforts towards skill development on mission mode partnering with KVK, Horticulture Mission, National Skill Development Corporation, ASCI, etc. including a review of functioning of RSETIs
10. Steps taken for improving land record, progress in digitization of land records and seamless loan disbursements.
11. Sharing of success stories and new initiatives at the district level that can be replicated in other districts or across the State
12. Discussion on Market Intelligence Issues e.g.
 - a. Ponzi Schemes/ Illegal Activities of Unincorporated Bodies/ Firms/ Companies Soliciting Deposits from the Public
 - b. Banking Related Cyber Frauds, phishing, etc.
 - c. Instances of usurious activities by lending entities in the area, cases of over indebtedness
 - d. Credit related frauds by borrower groups etc.
13. Issues remaining unresolved at DCC/DLRC meeting
14. Timely submission of data by bank, adhering the schedule of SLBC meeting
15. Any other item, with the permission of the Chair.

Annex II: Management of Data Flow at LBS Fora – Procedure

- i. Each bank's CBS should have a provision to generate a report pertaining to all LBS related data/ tables to Excel. This data should have information pertaining to all the branches operating in the state including fields/ columns for District & Block name. Access to Download & Export this data from bank CBS should be given to the Controlling Offices of the Banks who would be solely responsible for the process of 'Data Feeding' for all districts/ blocks within their jurisdiction.
- ii. 'Data Feeding' process is the process of uploading this Excel file (downloaded in step (i) above) on SLBC websites. SLBC Websites should have a provision to 'Import/ Upload' all the data present in the Excel Sheet on the database of the SLBC Website. This would obviate any manual 'data entry' at SLBC/ Controlling Office level.
- iii. To facilitate the above functionality, each SLBC Convenor Bank would have to add this 'Import/ Upload' functionality to their SLBC website along with the requisite capabilities at the back-end.
- iv. The SLBC website would, thus, effectively work as a data aggregation platform. Further, data analysis capabilities could also be added to the SLBC websites depending on the available resources.
- v. The SLBC websites should provide access to LDMs to download district and block specific data directly from this website.
- vi. There could still be some data pertaining to State Govt. Schemes/ other data that is not available on the CBS or MIS of the banks. This would have to be collated at the Controlling Office level as is done now. At the SLBC website, functionalities could be provided to enter this data too. This could then be downloaded by the LDMs for district/ block level reports. Banks may also add Open Format fields like 'text boxes' for data or information that is special or is entered/ used once in a while.
- vii. Such a system ensures that LDMs & SLBC Convenor Banks have to do zero or minimal data entry/ feeding and all data is entered by a single 'custodian of data' which is the Controlling Office of each Bank. Any information to be provided by Government extension agencies could also be similarly uploaded.

Storage of Payment System Data

In recent times, there has been considerable growth in the payment ecosystem in India. Such systems are also highly technology dependent, which necessitate adoption of safety and security measures, which are best in class, on a continuous basis.

RBI observed that not all system providers store the payments data in India. In order to ensure better monitoring, it is important to have unfettered supervisory access to data stored with these system providers as also with their service providers / intermediaries/ third party vendors and other entities in the payment ecosystem. Accordingly RBI decided (06.04.18) that:

1. All system providers shall ensure that the entire data relating to payment systems operated by them are stored in a system only in India. This data should include the full end-to-end transaction details / information collected / carried / processed as part of the message / payment instruction. For the foreign leg of the transaction, if any, the data can also be stored in the foreign country, if required.
2. System providers shall ensure compliance of (i) above within a period of six months and report compliance of the same to the Reserve Bank latest by October 15, 2018.
3. System providers shall submit the System Audit Report (SAR) on completion of the requirement at (i) above. The audit should be conducted by CERT-IN empaneled auditors certifying completion of activity at (i) above. The SAR duly approved by the Board of the system providers should be submitted to the Reserve Bank not later than December 31, 2018.

Cash Management Activities: Engagement of Service Providers

In view of the increasing reliance of the banks on outsourced service providers and their sub-contractors in cash management logistics, certain minimum standards have been prescribed by RBI (06.04.18). Banks are to put in place these standards and are to review their existing outsourcing arrangements and bring them in line with these instructions within 90 days.

The cash held with the service providers and their sub-contractors continue to remain the property of the banks and the banks are liable for all associated risks, the banks shall put in place appropriate Business Continuity Plan.

A. Eligibility Criteria

(1) Minimum net worth requirement of Rs.1 billion, which should be maintained at all times.

[Net worth requirement will come into force with immediate effect for all future outsourcing agreements. In case of existing agreements, the banks shall ensure that criteria is met as on Mar 31, 2019 (audited balance sheet to be submitted to bank by June 30, 2019) or at the time of renewal of agreement].

B. Physical / Security Infrastructure

(1) Minimum fleet size of 300 specifically fabricated cash vans (owned / leased).

(2) Cash should be transported only in the owned / leased security cash vans of Service Provider or its first level sub-contractors. Each cash van should be a specially designed and fabricated Light Commercial Vehicle (LCV) having separate passenger and cash compartments, with a CCTV covering both compartments.

(3) Passenger compartment should accommodate two custodians and two armed security guards (gunmen).

(4) No cash van should move without armed guards. The gunmen must carry their weapons in a functional condition along with valid gun licenses. List of employed gunmen should be submitted, to police authorities.

(5) Each cash van should be GPS enabled and monitored live with geo-fencing mapping with additional indication of nearest police station in the corridor for emergency.

(6) Each cash van should have tubeless tyres, wireless (mobile) communication and hooters. The vans should not follow the same route and timing repeatedly. Staff should be rotated and assigned only on the day of the trip. With regard to security, additional regulations / guidelines as prescribed by Private Security Agencies (Regulation) Act, 2005, the Govt. of India and the State Governments from time to time must be adhered to.

(7) Night movement of cash vans should be discouraged. All cash movements should be carried out during daylight. There can be some relaxation in metro and

urban areas though depending on the law and order situation. If the cash van has to make a night halt, it necessarily has to be in a police station. In case of inter-state movement, changeover of security personnel at the border crossing must be pre-arranged.

(8) Proper documentation including a letter from the remitting bank should be carried in the cash van, at all times, particularly for inter-state movement of currency.

(9) ATM operations should be carried out only by certified personnel having completed minimum hours of classroom learning. The content of such training may be certified by a Self-Regulatory Organisation (SRO) of Cash-in-Transit (CIT) Companies / Cash Replenishment Agencies (CRAs) who may tie up with agencies like National Skill Development Corporation for delivery of the courses.

(10) Staff associated with cash handling should be adequately trained and duly certified through an accreditation process.

(11) Character and antecedent verification of all crew members associated with cash van movement, should be done meticulously. Strict background check of the employees should include police verification of at least the last two addresses. Such verification should be updated periodically and shared on a common database at industry level. In case of dismissal of an employee, the CIT / CRA concerned should inform the police with details.

(12) *Safe and secure premises of adequate size for cash processing / handling and vaulting:* The premises should be under electronic surveillance and monitoring round the clock. Technical specifications of the vault should not be inferior to the minimum standards for Chests prescribed by RBI. The vault should be operated only in joint custody and should have colour coded bins for easier storage and retrieval of different types of contents.

(13) All fire safety gadgets should be available and working in the vault which should also be equipped with other standard security systems live CCTV monitoring with recording for at least 90 days, emergency alarm, burglar alarm, hotline with the nearest police station, lighting power backup and interlocking vault entry doors.

(14) Work area should be separate from cash area. The premises should be under security of armed guards whose number should have reference to the scale of operations specific to the location but not less than five in any case.

(15) Critical information like customer account data should be kept highly secure. Access to the switch server should be restricted to banks. Interfaces where a bank gives access to the service provider or its sub-contractor to the bank's internal server should be limited to relevant information and secured.

Practical Problems based on Banking Ombudsman Decisions

1) Complainant had availed an agricultural loan @ 7% and he was eligible for 3% interest subvention on repayment of loan within the stipulated time. The complainant made repayment but came to know that the interest charged by bank was @12% which was against the terms and conditions of loan agreement. On examining the complaint with documents and bank's comments, BO observed that the loan agreement for agricultural loan had indicated interest rate of 7%. However, the bank had charged 12% erroneously and failed to submit subsidy claim to Government. As the bank had made the mistake, BO observed that the borrower could not be held responsible. The BO directed the bank to pay the interest subsidy.

2) The complainant's father had availed an agricultural loan against jewellery, which was eligible for interest subsidy, provided the account was closed before completion of one year. Meanwhile, the borrower expired and his son approached the bank to close the account. He paid outstanding loan as directed by the bank and was advised by bank that he would be eligible for interest subsidy but the pledged ornaments would be released only on procurement of legal heirship certificate. Thereafter, he was told that the interest serviced by him would cover only the interest up to Nov 2013. By that time, the loan period exceeded one year and the customer was deprived of the subsidy. The facilities were finally liquidated on payment of additional interest.

On taking up the matter with the bank, BO observed that bank had not followed principles of transparency and fairness as per charter of customer rights / fair practice code by not revealing the correct amount to be paid for closure leading to deprivation of interest subsidy benefit to customer. Therefore, BO directed the bank to pay the interest subsidy to the customer with SB interest up to the date of final payment, presuming the date of actual payment as deemed to be the correct date of closure of the loan.

3) The complainant had availed a home loan at 8.50% p.a., with reset every 5 years from date of disbursement of first instalment. The complainant alleged that after lapse of first year, rate of interest was changed to 9.50%, then 10%, and then to 12.20% without prior intimation. On taking up the complaint with the bank, it was observed that for loans above Rs.5 lac and up to Rs.20 lac, interest was to be charged at 9.25% p.a. fixed with reset every five year. But in the arrangement letter, interest rate was erroneously indicated as 8.50% p.a. fixed for the first 5 years instead of 9.25%. BO observed violation of fair and transparent practices of lending by bank and directed the bank to refund the difference amount between the amount of interest calculated at 9.25% and 8.5% as per arrangement letter for the period of first five years.

4) In a complaint about recovery of Rs.1012 as non-home branch charges for cash withdrawal transactions undertaken by complainant from a particular branch, the complainant stated that he had given advance intimation of withdrawal of cash to his home branch. However, as the home branch was small in size, he was directed by the home branch to undertake the transaction from the particular non-home branch. The complainant, therefore contended that the transaction was undertaken at the non-home branch at the instance of the bank. On taking up the matter, the bank accepted that adequate cash was not available at the home branch and hence they directed the customer to withdraw the money from the non-home branch. The bank accordingly reversed the charges levied by them. ●

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The Fugitive Economic Offenders Ordinance 2018

It is an Ordinance (promulgated by President on 21.04.18) to provide for measures to deter fugitive economic offenders from evading the process of law in India by staying outside the jurisdiction of Indian courts.

Fugitive economic offender : An individual against whom a warrant for arrest in relation to a Scheduled Offence has been issued by any Court in India, who—

- (i) has left India so as to avoid criminal prosecution; or
- (ii) refuses to return to India to face criminal prosecution;

Declaration of fugitive economic offenders (FEO):

As per Section-4, where the Director or any other officer not below the rank of Deputy Director authorised by the Director (to be called authority - same as in PML Act), has reason, to be recorded in writing, to believe, that any individual is a FEO, he may file an application (with proper information & documents) in a Special Court (*Court of Session designated as a Special Court*), that such individual may be declared as a FEO.

Such authority, with the permission of the Special Court, attach any property mentioned in the application u/s 4 by an order in writing:

(a) for which there is a reason to believe that the property is proceeds of crime, or is a property owned by an individual who is a FEO; and

(b) which is being or is likely to be dealt with, in a manner resulting in property being unavailable for confiscation:

The authority which provisionally attaches the property shall, within a period of 30 days from the date of attachment, file an application u/s 4 before Special Court.

(3) The attachment shall continue for 180 days from date of order of attachment or period extended by the Special Court before the expiry of such period.

The authority shall, have powers similar to a civil court, for the purposes of section 4 to:

(a) enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that such records or proceeds of crime are kept;

(b) break open lock of door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (a) where the keys thereof are not available;

(c) seize record or property found during such search;

(d) place marks of identification on such record or property, or make or extracts or copies therefrom;

(e) make a note or an inventory of such record; and

(f) examine on oath any person, who is found to be in possession or control of any record or property, in respect of all matters relevant for the purposes of any investigation under this Ordinance.

If the authority has reason to believe that any person has secreted about his person or anything under his possession, ownership or control, any record or proceeds of crime which may be useful for or relevant to any proceedings under this Ordinance, he may search that person and seize such record or property which may be useful for or relevant to any proceedings under this Ordinance, subject to certain conditions.

Action by Special Court : Where an application has been filed, Special Court shall issue a notice to the person alleged to be a FEO. The notice shall (a) require the individual to appear at a specified place max within six weeks from the date of issue of notice; and (b) state that failure to appear on the specified place and time shall result in a declaration of the individual as FEO and confiscation of property under this Ordinance.

The Special Court may also give a week's period to the person to whom notice has been issued, to file a reply.

(1) After hearing the application, if the Special Court is satisfied that an individual is FEO, it may, by an order, declare him, FEO for reasons to be recorded in writing.

(2) On such declaration, the Special Court may order that any of the following properties stand confiscated to the Central Govt. (a) proceeds of crime in India or abroad, whether or not such property is owned by FEO; and (b) any other property or benami property in India or abroad, owned by FEO.

An appeal shall lie from any judgment, not being an interlocutory order, of a Special Court to the High Court, within 30 days from the date of the judgment or order appealed from.

High Court may entertain an appeal after the expiry of the said period of 30 days, if it is satisfied that the appellant had sufficient cause for not preferring the appeal within the period of thirty days:

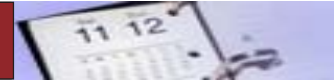
No appeal shall be entertained after the expiry of the period of ninety days.

No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Special Court is empowered by or under this Ordinance.

No injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Ordinance.

- **CENTRE TO MANDATE ANNUAL HEALTH CHECKS FOR WORKERS:** The Centre has proposed to make it compulsory for companies to conduct health checks of factory workers every year. This is part of the Draft Code on occupational safety, health and working conditions, put forward by the Ministry of Labour and Employment. Annual health checkups will lead to higher productivity in a factory. Besides, the Centre has been empowered to prescribe standards on occupational safety and health. The Centre might mandate compulsory health check-ups for all workers above the age of 40 years.
- **RBI CHANGES METHODOLOGY FOR BOND VALUATION:** In a bid to prevent the possibility of manipulation in the prices of securities, especially government securities on the last trading day of a quarter, RBI has changed the methodology used in debt market players, including banks and primary dealers for their valuation. As per RBI directive, security/bond valuation will be based on the weighted average price of the last half-an-hour of trading on the last trading day of every quarter against the last trading price earlier.
- **REGISTRATION NORMS FOR INSOLVENCY PROFESSIONALS REVISED:** National Insolvency Examination requirement has been done away with from April 1, 2018 to qualify as an “Insolvency Professional” (IP). However, an individual must clear the Limited Insolvency Examination in the 12 months prior to the date of his application for enrolment with an IP Agency. Also, he must have cleared a pre-registration educational course from an IP Agency after his enrolment as a professional member. An individual with the required experience of 10/15 years is eligible for registration as insolvency professional.
- **SUPREME COURT RULING ON FINANCIAL BID:** (Case-Municipal Corporation VS. BVG India Ltd.) Supreme Court has ruled that even if the Financial Bid of a party in a tender is lower than its competitors, the Employer is not bound to accept it as Public Interest should prevail.
- **RBI ALLOWS BANKS TO STAGGER BOND PORTFOLIO LOSSES:** RBI has provided relief to the banks which posted huge treasury losses in the third quarter and faced the prospect of posting losses in the fourth quarter too. RBI has allowed them to spread the provisioning towards the depreciation of the bond portfolio over four quarters, commencing from the quarter in which the loss was first incurred. This relaxation also comes in

Financial Events

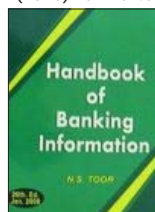


the backdrop of the possibility of banks facing huge provisioning burden towards bad loans in the fourth quarter.

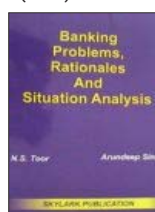
- **UIDAI LAUNCHES “VIRTUAL ID”:** The Unique Identification Authority of India (UIDAI) launched the VIRTUAL ID (VID) for Aadhar, which provides a more secure way of protecting the 12-digit biometric number by masking it and generating 16-digit randomly generated VID instead. UIDAI has claimed that the new system would provide the required anonymity with the randomly generated number that could be deactivated and regenerated according to one’s need. Now the service providers have until June 1, to start accepting VIDs failing which their authentication facilities can be revoked.
- **CBDT NOTICES UNDER “OPERATION CLEAN MONEY”:** CBDT had launched Operation Clean Money soon after demonetization of high value notes of Rs.500 and Rs.1000 in November 2016 to investigate cash deposits over Rs.2 Lakh. Since then, it had identified around 22.69 Lakh persons who deposited a total of Rs.5.27 Lakh Crore of cash during demonetization but their tax profile was inconsistent with these transactions. Now CBDT said that verification in all pending cases of high value and non-PAN transactions, including deposits, during demonetization should be completed by June 30.
- **GOVT. UNVEILED “EXPORT ALERT MONITORING PORTAL”:** The Government has launched three portals for faster certification of food and farm products and efficient monitoring of alerts

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raised by importing countries on non-compliances of standards. The portals not only provide an opportunity for ease of export but also play an important role in the 'Go Green' initiative by reducing paper usage. The "One Lab One Assessment" portal provides unified approach to all stake holders by bringing them together on a common platform. Simplified procedures for granting joint certification and taking joint decisions help in reducing cost, time and multiplicity of assessment.

- **RBI CUTS PROVISIONING NORM FOR ACCOUNTS BEFORE NCLT:** RBI has reduced the provisioning requirement for large accounts referred to the National Company Law Tribunal (NCLT) up to March 31, 2018. This comes on fears that banks may be worse off due to bad loans provisioning when they declare their financial results for FY 2018. Provisioning for the secured portion of the large accounts (From the RBI's First and Second list) which are currently undergoing corporate insolvency resolution process under the Insolvency and Bankruptcy Code has been brought down from 50% to 40%.
- **CENTRE CLARIFICATION ON PENSION:** The Centre has clarified that the taxpayers who receive pension from their former employer are entitled to the standard deduction benefit announced in this year's budget. They can claim a deduction of Rs.40, 000 or the amount of pension whichever is less, as a deduction. The standard deduction was discontinued from the assessment year 2006-07 but was reintroduced in 2018-19 budget.
- **COMMITTEE FORMED ON TAXATION OF SUPER-RICH:** CBDT has formed a committee to look into the tax complications of rich leaving the country to settle abroad and also arrive the country's stand on such migrations. It has been reported that 23, 000 dollar-millionaires have left India since 2004, the Highest in percentage terms among all countries in the world. There has been a trend of high-net worth individuals migrating from their country of residence to other jurisdictions. Such migration is a substantial tax risk since they may treat themselves as non-residents for taxation purposes in the first jurisdiction even though they may have strong personal and economic ties with that jurisdiction.
- **INDIA DRAGGED BY US ON EXPORT SUBSIDIES:** The US has dragged India to the WTO's dispute settlement body complaining that India's export subsidies were harming American companies. It identified five popular export promotion schemes including the Merchandise Export from India Scheme (MEIS) violating the WTO's Agreement on Subsidies and Countervailing Measures. US Complaint is based on the fact that since India's per capita Gross National Income exceeded the threshold of \$1000 for three years in a row in 2015, as per WTO rules, it is no longer eligible to extend export subsidies.
- **NCC JUDGEMENT ON CONSUMER:** (Case- Selection Point

Bazar VS. Kinetic Elevators Ltd.) The National Consumer Commission (NCC) dismissed the appeal of the Firm that installed a lift for its five-storey commercial complex and the lift was allegedly defective. The Commission stated that the firm procured the Lift for the market for enhancing the business by providing facilities to the customers and the public. Therefore it did not fall in the definition of consumer who can move the consumer forum. According to the definition, those who obtain goods for resale or for any commercial purposes are not consumers entitled to move consumer forums.

- **STATE CONSUMER COMMISSION PENALISED SC BANK:** The Maharashtra State Consumer Commission has reprimanded and penalized Standard Chartered Bank (SC Bank) for losing the Original Sale Deed of a Mumbai resident Pradeep Shetty who had availed a housing loan of Rs. 9 Lac and had repaid it. Shetty was unable to sell the flat in the absence of a document which is mandatory for sale. Bank was ordered by the Commission to pay compensation of Rs.1.15 Lakh to Shetty and was also ordered to pay monthly compensation of Rs. 50, 000 if the documents are not handed over within three months. Bank to obtain a certified copy from Sub-registrar and hand over the same to Shetty.
- **GSTN TO BE CONVERTED INTO GOVT-OWNED FIRM:** The Union Finance Minister has asked the Finance Secretary Hasmukh Adhia to examine the possibility of converting GSTN into a company in which the government holds a majority stake which can go up to 100%. Currently, the Centre and the states hold 24.5% each in GSTN. The rest is held by banks and financial institutions. The move came after there were reports of leakages of data, including those allegedly by Facebook and Cambridge Analytica.
- **EPFO TO BANKS ON AADHAR FOR PENSIONERS:** The Employee Provident Fund Organisation (EPFO) has asked banks not to deny monthly pension to people for



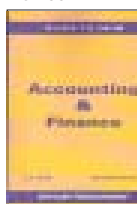
want of Aadhar and alternate means for identification should be used. It further asked banks to ensure that pensioners are facilitated for Aadhar enrolment and a paper life certificate is accepted in place of a digitally generated one for pensioners who have enrolled for Aadhar.

- **SEBI TIGHTENS KYC NORMS FOR FPIs:** SEBI has tightened some KYC norms for foreign investors. According to the new norms, in a Foreign Portfolio Investor (FPI) structured as a company, a person owning 25% stake would be considered the beneficial owner (BO). If structured as trust or partnership entity, the threshold is 15%. If the fund originates from a high-risk jurisdiction, any person owning 10% stake or more in an FPI would be considered a BO. Also, all investors from such jurisdictions would have to comply with the KYC requirement for category-III FPIs.
- **NABARD TO ISSUE BONDS TO BOOST RURAL ECONOMY:** NABARD has been rated “AAA” by the Credit Rating Agencies. This is a Zero (Net) Non-Performing Assets Institution and having strong Capital Adequacy Ratio at 18%. Now the Institution is planning to raise about Rs.40, 000 Crore through Bond issuance in FY 2019. NABARD had raised Rs.33, 000 Crore I FY 2018 and Rs.25, 000 Crore in FY 2017. NABARD,s balance sheet size increased by 17% year-on-year basis to Rs.4,06,473 Crore in FY 2018.
- **SEBI TO MAKE PHYSICAL SETTLEMENT MANDATORY:** SEBI has said that the physical settlement of stock derivatives will be made mandatory in a phased manner. Currently, equity derivatives are cash settled, which means the difference between the entry price and exit price is either debited or credited in cash. In physical settlement, traders will have to take delivery of shares on the settlement day against the derivatives positions. The move is expected to revive the stock lending and borrowing market but it could impact activity in futures and options.
- **TAX EXEMPTION RULES RELAXED FOR START-UPS:** The Government has relaxed the rules for Angel Tax exemption for Start-Ups by making entities incorporated before the current cut-off date of April 2016 eligible for the benefit, provided the total funds raised is not more than Rs.10 Crore. However, the April 2016 cut-off date for eligibility for 100% deduction of the profits and gains for income of start-ups for three years remains unchanged.
- **CBIC ISSUED INSTRUCTIONS ON E-WAY BILL**

VERIFICATION: The Central Board of Indirect Taxes and Customs (CBIC) has issued the detailed instructions on the procedures to be followed by field officers for e-way bill verification and interception of vehicles for inspection/detention of goods under the GST Regime. These instructions are intended to ensure uniformity in the implementation of the provisions of CGST Act. With responsibilities like time-bound uploading or reports/forms by revenue authorities, time bound closure of cases where goods have been detained, instructions to release goods where there are no prima facie irregularities and so on, it is expected that e-way bill inspections may not entail unwarranted hardships to businesses.

- **CENTRE CLARIFIES FOR CORPORATE ASSESSEES ON PAN AND TAN:** The centre has clarified that the Corporate Assesseees can use the PAN and TAN numbers mentioned in the certificate of incorporation issued by the Corporate Affairs Ministry. This also will be treated as sufficient proof of Permanent Account Number (PAN) and Tax Deduction and Collection Account Number (TAN) for the said company assesseees. It may be recalled that Finance Act 2018 had removed the requirement of issuing PAN in the form of a laminated card.

- **INSURERS REPRICING COVER FOR BANK DIRECTORS:** Insurance companies that sell Liability Insurance have begun to reprice the costs of their cover they offer to the Directors of Bank Boards. Most of the listed banks take out insurance policies to cover the action of

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their directors on the boards against any claims, whether of shareholders, customers or even stakeholders. ICICI Bank and HDFC bank which are listed abroad, have D&O Policies that would be valued at \$100 Million. Other banks too have signed for these policies and the combined exposure of these banks could be close to \$1 Billion. The risks for Non-life insurance Companies have risen sharply because of NPAs crises of the banks and so the repricing of insurance cover becomes significant.

- **NBFCs BAD LOAN RISING AS RBI TIGHTENS NPA NORMS:** The tightening of NPA norms for NBFCs, announced by RBI in 2014 has led to deterioration in their asset quality over the past three years. In a bid to bring the asset classification norms (90 days cut off) RBI directed NBFCs to implement tighter NPA norms in a phased manner.- 150 days by March 2016, 120 days by March 2017 and 90 days by March 2018. Migrating to the new norms, some NBFC players have seen a significant rise in their NPAs over the past three years. For instance, Gross NPAs (GNPA) ratio increased to 11.6% in December 2017 from 5.9% in case of Mahindra & Mahindra Financial Services.
- **NCLAT RULING ON FINANCIAL DEBT:** The National Company Law Appellate Tribunal (NCLAT) has ruled that arrears of assured returns and money owed by a builder to a buyer with whom an agreement is in place to make regular payments qualifies as “Financial Debt”. Persons getting assured returns can be termed as “Financial Creditors” and can file for a corporate insolvency resolution process under Insolvency and Bankruptcy Code.
- **POST PAYMNET BANK TO BE LAUNCHED:** The government will launch the India Post Payments Bank (IPPB). Most of the work has been completed and only approval from RBI is awaited regarding the software used for integration of various services. The IPPB, which is currently running pilot services in Raipur and Ranchi, needs go ahead from RBI for the software used for system integration.
- **UIDAI UPDATES QR CODE FOR OFFLINE AADHAR VERIFICATION:** To provide an extra layer of privacy to Aadhar, the Unique Identification of Authority of India (UIDAI) has introduced an updated “QR Code” that holds non-sensitive details like name, address, photo and date of birth and can be used for offline user verification without the 12-digit ID number. Aadhar holders can download and print their biometric ID with the QR Code from the website of the UADAI or its mobile app. Users can manually blacken the Aadhar number and use the printout with the new QR Code for establishing their identity, offline too.
- **SBI FOR FREE WITHDRAWAL FROM POS MACHINES:** SBI said that people in smaller towns can withdraw up to Rs.2000 a day from its point-of sale (POS) machines at retail outlets free of charge, a move aimed at easing cash crunch in some parts of the country. According the RBI guidelines, the withdrawal limit from POS Machines at retail outlets in Tier-I and Tier-II cities is Rs.1000 per card per day and Rs.2000 in smaller towns.
- **CCEA APPROVES RESTRUCTURED SCHEME FOR LOCAL BODIES:** The Cabinet Committee on Economic Affairs (CCEA) gave its approval for restructured Centrally Sponsored Scheme of Rashtriya Gram Swaraj Abhiyan (RGSA). The total outlay for the scheme during April 1 this year to March 31, 2022 is Rs.7255.50 Crore of which the Centre’s share will be Rs.4500 Crore. The scheme will be extended to all states and UTs. The Finance Minister in his budget speech for 2016-17 announced the launch of a new restructured scheme of RGSA, for developing governance capabilities to deliver on the sustainable development goals.
- **PANEL PROPOSED SEBI AS REGULATOR FOR SPOT COMMODITY EXCHANGES:** The Chand Committee under the chairmanship of Ram Chand, NITI Aayog member was appointed by the Finance Ministry to recommend on steps for integration of commodity spot and derivative markets. Panel recommended that SEBI is best suited to regulate pan-India electronic spot commodity exchanges as this involves attendant risk management, clearing and settlement etc. Further, the existing institutional infrastructures of commodity exchanges may also be utilised to the extent possible, to create a spot exchange for commodities.
- **CENTRE OFFERS WALLET-LIKE FACILITY TO STATES:** The Central Government has developed a wallet-like facility for states to ensure timely payment for the goods and services they buy for the official use. Commerce Ministry-led Government e-Marketplace (GeM) has designed “Pool Accounts” where states can make advance payment for their purchases but can’t debit, thereby eliminating the chance of non-availability of funds. The Pool Account is an automated system where the amount due to the seller is credited and helps states fulfill their contractual part.

GENERAL AWARENESS

- State which has raised the retirement age of Government staff to 62 years- **Madhya Pradesh.**
- As per Business Standard Annual Awards 2017, Company of the Year- **Maruti Suzuki.**
- Banker of the Year 2017- **Arundhati Bhattacharya, Former SBI Chairman.**
- Life-time Achievement Award to- **Deepak Parekh, HDFC Group Chairman.**
- State which has topped the list in providing Housing to Rural Poor under PMAY by scoring more than double the National Average- **UP.**
- State which is the Only State which has implemented the e-way bill system within the state- **Karnataka.**
- World's Longest Ice-Cream Dessert set in US got- **Guinness Worlds of Record.**
- Scheme whose validity period has been extended by the Corporate Affairs Ministry from March 31 to April 30 for Defaulting Companies – **Condonation of Delay Scheme 2018.**
- Oracle launches Autonomous Database Cloud Service- **World's First Service.**
- Debjani Ghosh, Former MD of Cip-maker Intel South Asia taken over as- **Nasscom President.**
- Network which went live when three online bill-discounting exchange platforms came together and implemented a solution for their operations- **India's First Blockchain Network.**
- Scheme under which states allowed by Govt. to set up their own Insurance Companies for implementation – **Pradhan Mantri Fasal Bima Yojana.**
- Institutes which have been adjudged the Best among Engineering and Management Institutes for the third time in row on National Institutional Rankings 2018– **IIMs and IITs.**
- Trading of currency which has been banned by RBI- **Crypto Currency Trading.**
- Segment in which SEBI to fine against 14, 720 entities that indulged in Sham Transactions- **Equity Derivatives Segment.**
- Firms which have been told by RBI to store data in India to ensure safety- **Global Payment Firms**
- Securities in which the Govt. has hiked FPI Investment limit from 5% of outstanding stock now to 5.5% in 2019 and 6% in 2020- **Central Govt. Securities (G-Sec)**
- Multilateral Funding Agency which has approved a Rs.2700 Crore loan to improve water harvesting structures of Vidarbha and Marathwada of Maharashtra- **World Bank.**
- Bank which has shut three Foreign Branches and sold 50% stake to SBI in Russia as part of rationalisation of overseas branch network- **Canara Bank.**
- World's Top Four Accounting Firms which will face potential Fines of \$14 million for serious rule breaches- **PWC, KMPG, EY and Deloitte.**
- India's Airport which has been ranked at Sixteenth Position in Busiest Airports in the world out of 20 Airports- **Indira Gandhi International Airport.**
- Of all major Political Parties in India, the Political Party which is the Richest Party- **BJP.**
- Satellite which is to be launched by ISRO- **First Privately-built Satellite.**

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- Masazo Nonaka (Aged 112 Years) from Japan has been recognised in Guinness Worlds of Records as- **World's Oldest Living Man.**
- State Financial Corporation which has become First Corporation to adopt Base-Rate Regime over PLR Regime- **Kerala Financial Corporation.**
- Bhanu Pratap Singh, former Chairman of Recruitment & Assessment Centre, DRDO has been appointed by the Govt. as- **Chairman of Banks Board Bureau.**
- Bank which has decided to lend to MSMEs based on their GST Returns- **Yes Bank.**
- Small Finance Bank which takes a Radio and Cinema for its Brand Promotion- **Ujjivan Small Finance Bank.**
- Former Pakistan Prime Minister who has been disqualified for holding an elected position for life by the Supreme Court- **Nawaz Shariff.**
- Scheme under which LED Bulbs will be Star rated- **Ujala Scheme.**
- 65th National Film Awards recognized the contribution of Vinod Khanna and Sridevi by honouring them posthumously with - **Dadasaheb Phalke and Best Actress Awards.**
- Shekhar Gupta, Founder and Editor-in-Chief of News Portal ThePrint has been elected as- **President of Editors Guild.**
- In view of Target of \$1 Trillion digital economy by 2022, the programme which is to be launched by Govt. by Mid-June- **Digital India-2.**
- While India has total so far 502 "Commonwealth Games Medals" the country which leads with 2416 medals- **Australia.**
- City which has retained its position as India's Highest Paying City with an average Annual cost to Company of Rs.10.8 Lakh for Talent across all levels- **Bengaluru.**
- After introducing savings, wealth management and a host of other services, the newly-formed Bank which is set to foray into Foreign Exchange and Cross-Border Payments- **Paytm Payment Bank.**
- Two Women Scientists –Mamta Sharma and Pooja Bhatnagar have won- **Highest Margaret Mashler Award 2018.**
- Bank which integrates 250 companies on its Blockchain Platform for trade finance- **ICICI Bank.**
- Company which tops the 3G and 4G Download Speed Chart- **Bharti Airtel.**
- Co-operative Bank on whom, RBI has issued "Directions" whereby restrictions have been imposed on it vis-a-vis undertaking banking business till its financial position improves- **Mumbai-based-The City Co-operative Bank Ltd.**
- Report according to which India has been recorded the Highest growth Rate amongst BRICS countris- **KPMG Report.**
- Country in which a Volcano erupted in its Southern Part for the First Time in 250 Years- **Japan.**
- Regulatory Authority which has made mandatory for subscribers of NPS to furnish their bank account details and mobile number to Central Record Keeping Agency- **PFRDA.**
- Bank which has appointed Global Leadership Advisory Firm Egon Zehnder to appoint a new MD&CEO of the Bank- **AXIS Bank.**
- Ordinance which has been promulgated by the President to attach and confiscate the proceeds of crime and properties of Economic Offenders fleeing the country- **Fugitive Economic Offenders Ordinance 2018.**
- The Multilateral Lender whose shareholders have approved \$13 billion increase in its Paid-Up Capital to boost lending reforms- **World Bank.**
- Only Indian Company in IT Sector to cross market capitalisation of \$100 billion- **Tata Consultancy Services.**
- According to Randstad Employer Brand Research 2018, India's Best Employer – **Microsoft India.**
- Regulator which bars Insolvency Professionals (IPs) from accepting new mandates- **Insolvency Regulator IBBI.**
- India inks \$125-m loan Pact for "Innovate in India for Inclusiveness Project" with- **World Bank.**
- Merger of two companies which will create the Second-Largest Telecommunication Tower Company in the World- **Bharti Airtel and Indus Towers.** Bank which has celebrated its 154th Foundation Day on April 24- **Allahabad Bank.**
- City Peru in which there has been largest instance of ancient mass child sacrifices- More than 140 children- **Mass Child Sacrifice in the World.**
- Heads of two countries who agreed in the meeting to finally end a "Seven-decade War" and pursue the "Complete Denuclearisation" –**North Korean Leader Kim Jong and South Korean Leader Moon Jae.**
- First Woman Advocate who has been sworn in as Judge directly in the Supreme Court- **Indu Malhotra.**
- Rating Agency which has retained India's rating for the 12th year in a row at "BBB-" the Lowest Investment grade with a stable outlook- **FITCH.**
- Bank which posts First-ever Loss of \$21.8 Billion in March quarter- **AXIS Bank.**



MOCK-TEST PAPER

Questions on Latest RBI Policy

- 01** For remittance allowed by authorized dealers, under Liberalized Remittance Scheme of RBI, the report of transactions is to be sent ____ from April 2018 onwards:
- on a daily basis
 - on a weekly basis
 - on a fortnightly basis
 - on a monthly basis
- 02** In order to mitigate the risk involved in open cash replenishment / top up in case of ATM cash replenishment, RBI has directed banks to use:
- replaceable cassettes in their ATMs
 - lockable cassettes in their ATMs
 - lockable bins in their ATMs
 - replaceable chambers in their ATMs
- 03** In order to mitigate the risk involved in open cash replenishment / top up in case of ATM cash replenishment, RBI has directed banks to complete the implementation of using lockable cassettes in their ATMs, latest by:
- 31.03.2019
 - 31.03.2020
 - 31.03.2021
 - 31.03.2022
- 04** In view of high risk associated, RBI has advised banks not to deal with or provide any support to entities dealing with:
- credit cards
 - virtual currencies
 - electronic payments
 - all the above
- 05** All payment system providers are required to store entire data relating

to payment systems operated by them:

- in secured servers
 - system located anywhere
 - system located in India
 - system located anywhere but controlled in India
- 06** If a bank engages services of a service provider for cash management logistic, the networth of the service provider, should be:
- Rs.1 cr or above
 - Rs.10 cr or above
 - Rs.100 cr or above
 - Rs.1000 cr or above
- 07** If a bank engages services of a service provider for cash management logistic, the fleet size of the service provider, should be:
- at least 100 specifically fabricated cash vans owned
 - at least 100 specifically fabricated cash vans leased
 - at least 300 specifically fabricated cash vans owned
 - at least 300 specifically fabricated cash vans owned or leased
- 08** If a bank engages services of a service provider for cash management logistic, the no. of cash custodians and security guards should be:
- 1 + 1
 - 1 + 2
 - 2 + 1
 - 2 + 2
- 09** Under The Fugitive Economic Offenders Ordinance, 2018, the authorized officer can file application for declaration of a person as Fugitive Economic

Offender (FEO), in :

- Lok Adalt
 - High Court
 - Debt Recovery Tribunal
 - Special Court
- 10** Under The Fugitive Economic Offenders Ordinance, 2018, if the authorized officer provisionally attaches the property it has to file application in the competent court within:
- 7 days
 - 10 days
 - 15 days
 - 30 days
- 11** Under The Fugitive Economic Offenders Ordinance, 2018, appeal against decision of Special Court can be made to:
- Debt Recovery Appellate Tribunal
 - National Company Law Tribunal
 - High Court
 - Supreme Court
- 12** In normal course, generation of E-Way Bill under GST is mandatory where the value of goods to move, is:
- in all cases
 - more than Rs.50000
 - more than Rs.1 lac
 - more than Rs.2 lac
- 13** Under GST regime, the validity period of E-Way bill where the distance is up to 100 kms is:
- One day
 - two days
 - 3 days
 - one week

Recalled Questions

- 14** Exposure ceiling for infrastructure projects in case of single and group are ____ of capital fund

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



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- a 15%, 40%
b 20%, 45%
c 20%, 50%
d 25%, 55%
- 15** Which of the following is not correct in respect of PPF account:
a scheme is operated by public sector banks and private sector banks
b minimum amount of deposit per annum is Rs.500
c maximum amount of deposit per annum is Rs.100000
d account is opened for 15 years.
- 16** A micro enterprise dealing with your branch has received an export order on FOB terms. In this case:
a the cost of insurance is to be borne by the exporter
b the cost of freight is to be borne by the exporter
c the cost of goods and also the insurance and freight is to the account of exporter
d cost of insurance and freight is to be borne by the importer
e cost of insurance and freight is to borne by the importer and exporter on equal basis
- 17** On rent payment, TDS is to be deducted when the amount of total payment in a financial year:
a is Rs.180000 or more
b is more than Rs.180000
c is Rs.120000 or more
d is more than Rs.120000
- 18** What is not true of the following in connection with the payment to DICGC for deposit insurance:
a it is payable half yearly
b premium is 10 paise p.a. for Rs.100 of deposit
c insurance is obtained on mandatory basis
d deposits of govt. departments are not to be got insured
- e max eligible amount of deposit for insurance is restricted to Rs.1 lac.
- 19** When the no. of directors in public limited company is more than ____, shareholders' approval is required:
a 8
b 10
c 12
d 15
- 20** The quarterly return on Form 26Q, of TDS is to be submitted
a within 31 days, but for March by May 31
b within 15 days, but for March by May 31
c within 30 days, but for March by May 15
d within 30 days, but for March by May 31
- 21** If the account number, to which an amount is to be credited, has been conveyed incorrectly in an RTGS transaction, who will be responsible:
a customer, if he has conveyed the incorrect details
b customer, irrespective of the fact whether he has conveyed the correct details or not, if indemnity has been obtained
c concerned bank in all circumstances
d the settlement authority
- 22** An administrator is:
a A person appointed by court, when a person dies without a will.
b A person appointed by share holders at the time of winding up a Company
c A person appointed at the time of insolvency of a firm
d a and b
- 23** In a trust, one of the trustees who is singly authorised to operate the account has been declared insolvent. Your branch receives a cheque drawn by him for payment.
a You can return the cheque
b You can pay the cheque
c You can pay if other trustees confirm it
d a and b
- 24** Which of the following qualifies to be the business of financial services as per RBI guidelines under Banking Regulation Act 1949:
a business of credit information companies
b operations of a depository under Depositories Act
c business of a credit rating agency
d all the above
- 25** When a bank grants a loan to a borrower on the basis of hypothecation of the assets, with whom does the possession and ownership remain?
a possession with borrower & ownership with bank
b possession with bank and ownership with borrower
c both with bank
d both with borrower
- 26** On the information that the draft has been lost, a duplicate has been issued after taking indemnity bond. The original and duplicate are presented for payment through clearing, by two different banks on the same day. Both the drafts have been branded with the stamp payee's account credited. The bank:
a Will pay the duplicate
b Will pay the original
c Will return both
d both will have to be paid
- 27** According to Banking Companies Nomination Rules 1985, nomination in favour of a non-resident person:
a Is allowed with RBI permission
b Is not allowed

- c Is allowed.
d a and c
- 28** A usance bill of exchange is presented by the payee to its drawee Mr. Narayan Dutt who accepts the same. It is endorsed by the payee Mr. Sarwan Lal to Mr. Ramesh Kumar, who is a handicap. Looking into this fact, Mr. Sarwan Lal also writes that in case of dishonour, he may not be given notice and would continue to be liable. Which of the following kinds of endorsement has been made by Mr. Sarwan Lal:
- Conditional endorsement
 - Facultative endorsement
 - Sans recourse endorsement
 - Partial endorsement
 - Blank endorsement
- 29** What is the minimum capital requirement under Basel 3 as per Bank for International Settlement, prescription:
- 6%
 - 8%
 - 9%
 - 10%
- 30** In case of currency chest transactions, penal interest charged by RBI is:
- 2% over BPLR of the bank
 - 2% over the prevailing Bank Rate
 - 3% over the bank rate
 - 6% flat
- 31** A customer of a current account has deposited two cheques worth Rs.15000 which have been sent in clearing and have been credited, but the time for returning of the clearing has yet not expired. Meanwhile a garnishee order is received in the account:
- order will be applicable on the amount of cheques.
 - order will not be applicable on the amount of cheques
 - order will be applied after seeking confirmation from paying banker
 - order will become applicable from next day if cheques have not been returned unpaid
- 32** What is the limitation period available to a holder of cheque dishonoured due to insufficiency of funds, to file suit u/s 138 of NI Act?
- 3 years from date of demand
 - 3 years from date of non-payment after expiry of the notice period
 - one month from date of refusal by the drawer
 - one month from date of cause of action
 - 15 days from date of non-payment
- 33** For which among the following instruments, the amount of stamp duty can be different in different States:
- promissory note
 - bill of exchange
 - money receipt
 - guarantee deed
 - all the above
- 34** A fixed deposit receipt is maturing for payment on Sunday. It shall be deemed to be payable with interest on:
- succeeding day i.e. Monday
 - same day
 - preceding day i.e. Saturday
 - any day after that
 - a or d
- 35** Which of the following case would not require a report to RBI, as a fraud
- theft, burglary only
 - theft, robbery only
 - burglary, dacoity and robbery only
 - theft, burglary, dacoity and robbery all
- 36** Housing loan (per family) for purchase or construction of house, can sanctioned in metropolitan centres with population of 10 lac and above for classification as priority sector, where the overall cost of such house is restricted to:
- Rs.30 lac
 - Rs.35 lac
 - Rs.25 lac
 - Rs.20 lac
- 37** Corporate Bank is approached by M/s Delhi Enterprises Limited to sanction to them a term loan of Rs.50 lac for road construction

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machinery along with a cash credit limit of Rs.20 lac as they have received a contract for construction of road. The objective clause in the Memorandum of Association states the objectives of the company as manufacturing and trading in goods and any other activity undertaken by the company. The loan is granted and subsequently turns out to be sub-standard asset. What options are available to the bank to recover this loan?

- a to enforce its securities through a normal court of law
- b to take possession of the securities under the Securitisation Act and sell the same
- c to file a suit in DRT having territorial jurisdiction
- d any of a to c
- e the loan cannot be recovered from the company as it is ultra-vires the company due to non-inclusion of activity of road construction as permissible objective in the Memorandum of Association

38 A company has been sanctioned a term loan of Rs.60 cr by the bank and its credit rating is A. What is the risk weight for capital adequacy ratio purpose:

- a 20%
- b 30%
- c 50%
- d 100%

39 Who among the following can endorse a negotiable instrument drawn or endorsed in his favour:

- a A insolvent
- b A lunatic
- c An illiterate person
- d a and b only
- e none of the above

40 A customer fails to inform the bank about forgery made in a cheque, which was in his knowledge:

- a bank is not discharged of its liability if pays,
- b if customer is involved in forgery and he has to compensate the bank,
- c customer cannot absolve itself by putting the blame on the bank
- d a & b above
- e a to c

41 Z issues a cheque in favour of Y and X steals it. By forging Y's signatures, he delivers it to W, who obtains the payment of the cheque from your branch. As a paying bank can you get protection ?

- a Yes u/s 85 (1)
- b Yes u/s 131 & 10
- c No it is forgery
- d No not permitted u/s 118
- e no protection is available

42 Which of the following is a form of post-shipment advance:

- a purchase or discounting of post-shipment bills

b advance against collection of post-shipment bills

- c advance against duty draw back claims
- d all the above

43 In a letter of credit, by adding a confirmation, the confirming bank undertakes the liability similar to the:

- a negotiating bank
- b advising bank
- c issuing bank
- d b and c

44 The life certificate is obtained from pensioners by the bank:

- a once in a year, in November
- b twice a year during May and November
- c thrice a year during Jan, July and November
- d there is no need for such certificate as long as the pensioner is alive

45 Mutilated note is one which is:

- a half note
- b altered note
- c mismatched note
- d whose portion is missing
- e c and d

46 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%

- a 25%
- b 35%
- c 50%
- d 75%

SUBSCRIPTION FORM

Name: _____

Address: _____

Pin _____

E-Mail Id _____ Mobile: _____

Draft No _____ Date _____ drawn on _____ Bank, for Rs _____ fvg
Banking & Management Academy. PERIOD from _____ to _____

(Old Subscn No. _____)

Answers

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

Public Provident Fund Accounts

Public Provident Fund (PPF) is a government backed, long term small savings scheme under Public Provident Fund Act, 1968.

Who are eligible for Public Provident Fund Scheme Accounts ?

- Individuals, who are residents of India.
- Mother or father on behalf of a minor.
- Only one PPF account can be maintained by an Individual.
- Non-resident Indians (NRIs) are not eligible to open a new account. However a resident who becomes an NRI during the tenure prescribed under PPF Scheme, may continue to subscribe to the fund until its maturity.
- Since 13th May 2005, Hindu Undivided Family can not open an account.

Where PPF Account can be opened?

- (a) Branches of designated banks,
- (b) Selected Post Offices across India.

Important Rules

Maturity period : Account gets matured after completion of 15 years from end of the year in which the account was opened. On maturity this period can be extended any number of times for a block of 5 years each time.

Premature closure : No premature closure is allowed except in certain special cases such as death, ailment, children education etc. 1% of the interest earned on deposits, shall be charged as a penalty for premature closure in cases other than death.

Annual contribution : A minimum yearly deposit of Rs. 500 is required to open and maintain a PPF account. The maximum deposit of Rs.150000 can be made in a year.

The investments can be made in multiples of Rs. 500 either as a whole sum, or in instalments (maximum instalments should be 12 in a year).

What are the benefits of PPF Account ?

- Deposits upto Rs 1,50,000 p.a. into your PPF account are deductible under Section 80C of Income Tax Act 1961.
- The balance in PPF account cannot be attached to any claim in case of debt or liability.
- The entire interest received is tax free.

Rate of interest on PPF Account:

The rate of interest payable on PPF balances is fixed on quarterly basis from 1st April 2016 onwards (previously it was fixed on yearly basis). It was 7.6% for q.e. March 2018.

Interest calculation : Interest is calculated on the minimum balance in the account between the 5th and the last day of every month.

Eligibility for Loan from PPF Account ?

A person having PPF account can avail the loan facility from 3rd financial year upto end of 5th financial year. The loan amount is limited to 25% of the balance outstanding to the subscriber's credit at the end of the second year immediately preceding the financial year in which the loan is requested.

Repayment of Loan Amount : The loan can be repaid in monthly instalments within 36 month period.

Withdrawals from PPF account?

Withdrawal is allowed annually starting from 7th year. The first withdrawal can be done after the expiry of 5th financial years from the end of the year in which initial subscription was made. The amount of withdrawal will be

limited to 50% of the outstanding balance credit at the end of the 4th year immediately preceding the year in which the amount is to be withdrawn, or the balance at the end of the preceding year, whichever is lower. Thereafter one withdrawal per year.

Example- An account opened in April 2012 shall be eligible for partial withdrawal from 1st April, 2018. For a partial withdrawal requested in April 2018, the amount of withdrawal will be limited to 50% of the lower of the balances standing to his / her credit as on 31st March, 2015 or as on 31st March, 2018.

Default in annual contribution:

In case minimum subscription amount of Rs 500/ not made in a FY, account is marked as deactivated account and shall be again activated by paying a nominal penalty of 50.

Nomination in PPF account :

PPF Scheme allows nomination of one or more persons. No nomination is allowed in case of minor account.

What are the rules for transfer of PPF account from one bank to another bank?

Subscribers can transfer their PPF account from one authorised bank or Post office to another.

·The subscriber should approaches the bank / Post office where he /she has current PPF account and makes an application for transfer of PPF account to the Bank Branch / Post Office where he intends to transfer the same.

The existing bank/Post office will process the application and send the original documents such as a certified copy of the account, the account opening application, nomination form, specimen signature etc. to Bank branch / Post office where the account needs to be transferred, along with a cheque/DD for the outstanding balance.

E-Way Bills under GST

Under GST platform, E-Way bills system has been implemented by Govt. w.e.f. 1.4.2018. Rule 138 of CGST Rules, 2017 provides that *information should be furnished prior to the commencement of movement of goods and e-way bill should be issued.*

E-way Bill is a compliance mechanism in electronic form which is required to be generated on GST Portal, by every registered person causing movement of goods of consignment value exceeding Rs. 50,000. The movement can be, in relation to a supply or reasons other than supply or due to inward supply from unregistered person.

E-way bill can be generated by, both registered and unregistered persons. But, where supply is made by an unregistered person to a registered person, the receiver will have to ensure that all the compliances are met as if they were the supplier.

Who can generate an e-way bill?

- E-way bill must be generated when there is a movement of goods of more than Rs 50,000 in value to or from a Registered Person.
- A Registered person or the transporter may choose to generate and carry e-way bill even if the value of goods is less than Rs 50,000.
- Unregistered persons or their transporters may also choose to generate an e-way bill.

How to generate an e-way bill?

- Every registered person shall furnish the information in relation to goods being transported in Part-A of EWB-01, electronically on common portal.
- Where the Registered person is consignor or consignee (mode of transport may be owned or hired) OR is recipient of goods, he may generate the e-way bill in FORM GST EWB-01 electronically on the common portal after furnishing information in Part B of FORM GST EWB-01.
- Upon its generation, a unique e-way bill number (EBN) shall be generated which shall be available to the supplier, recipient, and the transporter.
- A consolidated e-way bill can be generated (in FORM GST EWB-02) where multiple consignments are intended to be transported in one conveyance.

Validity of an e-way bill

As per Rule 138(10) of CGST Rules, 2017, an e-way bill or a consolidated e-way bill generated shall be valid for one day when distance is up to 100 km and one additional day for each 100 km or part thereof, thereafter.

Cancellation of an e-way bill: If the good fails to be shipped on the date of generation, the e-way bill can be cancelled within 24 hours but if it is verified in transit then, no cancellation can be made.

Exceptions to e-way bill requirement

No e-way bill is required in the following cases:

- Goods being transported by a non-motorised conveyance;
- Goods being transported from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs;
- Consignment value less than Rs. 50,000.

DATA COLUMN

Business of Banks

(Rs.in cr)	Mar31'17	Apr13'18
Aggregate deposits	10805150	11377730
Cash in hand/RBI	570490	508460
Investments	3043660	3396670
Bank Credit:	7881890	8478460
-Food	53930	31970
-Non-Food	7827960	8446490
Cash-Deposit Ratio	5.27	4.70
Investment-Deposit	28.14	30.29
Credit-Deposit	72.95	79.36

Money Stock

(Rs.in cr)	Mar31'17	Apr13'18
M3 (Out of which)	12791940	13962100
(a) Currency with public	1264120	1808680
(b) Demand deposits-Banks	1396740	1303580
(c) Time Deposits - Banks	10109980	10827090
(d) Other deposits with RBI	21090	22750

Sources of Money Supply

(a) Net Bank credit to Govt	3856610	4222020
(b) Bank credit to Comrcl sector	8411490	9063620
(c) Net Forex assets of Banks	2558230	2911800

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	7.6%	(01.04.2018)
NSC	7.6%	(01.04.2018)
Sukanya Smridhi	8.1%	(01.04.2018)
Senior Citizen Saving	8.3%	(01.04.2018)

Capital & Money Market Indicators

Parameter	end-Apr17	end-Apr18
Dollar-spot TT (Rs.)	64.42	66.84
BSE - Sensex (points)	29868	34915
NSE - Nifty(S&P CNX)	9314	10618
Foreign reserves (Million \$)	371138	420366
Gold /Oz in USD)	1264	1313

INDIAN ECONOMY-IMPORTANT PARAMETERS

RBI's growth estimate for 2018-19	: 7.4%
GDP growth-2016-17 (revised estimate)	: 7.1%
GDP@constant mkt prices (cr)2017-18	: 12985363
GVA@2011-12 basic prices (cr) 2017-18	: 11871321
GDP projected by Govt. for 2018-19	: 18722302
Fiscal Deficit Target (2018-19) 3.3% of GDP	: 624276 cr
Revenue Deficit Target (2018-19) 2.2% of GDP	: 416034 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- Feb18:Export \$ 273.7 bn\$ Imports	: 416.9 bn
Per capita Income 2017-18 (Rs.)	: 111782
Indian economy's ranking in PPP terms	: 3rd
Indian economy's ranking in world in value:	: 6th

OUR PUBLICATIONS : REFER PAGE 9,11

● DATE OF DESPATCH - May 7 / 10, 2018