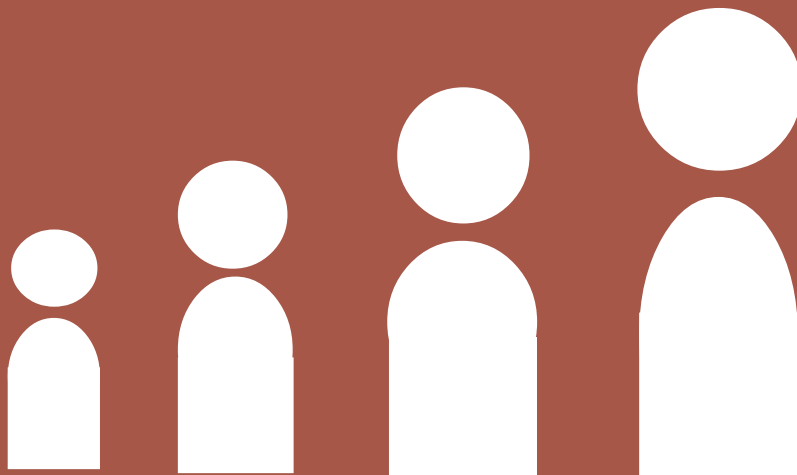


22nd Year of Publication

Banking events Update



Those who win, are those, who think they can

Corporate & Distribution Office
1008, Sector 45-B, Chandigarh
Phone 0172 2665 623
eMail - bankingupdate123 @ gmail.com

www.bankingindiaupdate.com

Registration RNI No.67802/98
Volume - XXII No.1 : January 2019

Contents of this Issue

BANKING POLICY : 2 & 3

- Maintenance of SLR
- Average base rate for MFI
- Limit for stock of ECB
- Basel III LCR for NBFC/HFC loans
- Security charge falling with CERSAI
- Committee on Economic Capital

BANKING FEATURES : 4-8, 20

- Forex Borrowing & Lending Rules
- MSME loan restructuring
- DAY - NRLM
- NPCI - RuPay insurance scheme
- Loan System of Credit Delivery

DIARY OF EVENTS : Dec-2018: 9

- Policy, Economy
- Banking Developments
- Capital Markets & Insurance

General Awareness : 13-14

Multi-Option questions:15-18

Data Bank : 20

Executive Editor - S. Chand Singh

Editor in Chief - Sh. N S Toor

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

As announced by RBI on 05.12.18, RBI decided to reduce the SLR requirement of banks by 25 basis points every calendar quarter from 19.50 per cent of their Net Demand and Time Liabilities (NDTL) to:

- (i) 19.25 per cent from January 5, 2019
- (ii) 19.00 per cent from April 13, 2019
- (iii) 18.75 per cent from July 6, 2019
- (iv) 18.50 per cent from October 12, 2019
- (v) 18.25 per cent from January 4, 2020
- (vi) 18.00 per cent from April 11, 2020.

Applicable Average Base Rate to be charged by NBFC-MFIs for the Quarter Beginning January 01, 2019

In its circular dated 07.02.14 regarding pricing of credit, RBI had, informed NBFC-MFIs, that RBI will, on the last working day of every quarter, advise the average of the base rates of the five largest commercial banks for the purpose of arriving at the interest rates to be charged by NBFC-MFIs to its borrowers in the ensuing quarter. On 31.12.2018, RBI communicated that the applicable average base rate to be charged by Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFIs) to their borrowers for the quarter beginning January 01, 2019 will be 9.15 per cent.

Limit for the stock of External Commercial Borrowings

On 20.12.2018, RBI decided, in consultation with the Government of India to have a rule-based dynamic limit for outstanding stock of External Commercial Borrowings (ECB) at 6.5 per cent of GDP at current market prices. Based on the GDP figures as on March 31, 2018, the stock limit works out to USD 160 billion for the current financial year. The outstanding stock of ECB as on September 30, 2018 stood at USD 126.29 billion.

Basel III Framework**on Liquidity Standards - Liquidity Coverage Ratio (LCR), FALLCR against credit disbursed to NBFCs and HFCs**

On 19.10.18, banks were permitted by RBI to reckon government securities as Level 1 HQLA under FALLCR within the mandatory SLR requirement upto 0.5 per cent of the bank's NDTL in respect of their incremental lending to NBFCs and HFCs after October 19, 2018. This facility is available up to December 31, 2018. Further, the single borrower limit for NBFCs (not financing infrastructure) was increased from 10 per cent to 15 per cent of capital funds till December 31, 2018.

In order to further facilitate banks to lend to NBFCs and HFCs as indicated above, RBI decided on 28.12.18, to extend the aforesaid facilities upto March 31, 2019.

It may be noted that with effect from April 1, 2019, banks shall be guided by the instructions as per circular dated 01.12.16, in

terms of which banks' exposures to a single NBFC shall be restricted to 15 percent of their eligible capital base (Tier-1 capital).

Filing of Security Interest relating to Immovable (other than equitable mortgage), Movable and Intangible Assets in CERSAI

In its circular dated 26.05.11, RBI had advised banks/financial institutions(FIs) to register the transactions relating to securitization and reconstruction of financial assets and those relating to mortgage by deposit of title deeds with CERSAI.

The Government of India had subsequently issued a Gazette Notification dated January 22, 2016 for filing of the following types of security interest on the CERSAI portal:

- a. Particulars of creation, modification or satisfaction of security interest in immovable property by mortgage other than mortgage by deposit of title deeds.
- b. Particulars of creation, modification or satisfaction of security interest in hypothecation of plant and machinery, stocks, debts including book debts or receivables, whether existing or future.
- c. Particulars of creation, modification or satisfaction of security interest in intangible assets, being know how, patent, copyright, trademark, licence, franchise or any other business or commercial right of similar nature.
- d. Particulars of creation, modification or satisfaction of security interest in any 'under construction' residential or commercial or a part thereof by an agreement or instrument other than mortgage.

CERSAI had started registration of the data in respect of paragraphs 2 (a) to (c) above, for the security interests created on or after January 22, 2016, w.e.f. May 25, 2016 for Scheduled Commercial Banks and w.e.f. July 1, 2016 for all other entities registered with them. Further, the registration of data in respect of paragraph 2(d) above was commenced since June 8, 2017 for all banks and FIs registered with CERSAI. Meanwhile, the banks/ FIs have also started registering the security interests created before January 22, 2016 (subsisting records). However, RBI observed that the extent of

registration on the CERSAI portal is very low, both for current and subsisting records.

On 27.12.18, Banks/FIs have been advised by RBI to complete filing the charges pertaining to subsisting transactions by March 31, 2019. Banks/FIs have also been advised to file the current charges relating to all transactions with CERSAI on an ongoing basis.

Special Deposit Scheme (SDS)-1975

Payment of interest for calendar year 2018

RBI informed banks that gazette notifications related to interest rates for SDS 1975 are available in Government of India website viz. egazette.nic.in which can be perused for guidance. Banks have been advised on 06.12.18, to ensure that interest for the calendar year 2018 for SDS 1975 is disbursed to the account holders as per the rates mentioned in the gazette.

RBI further added that interest for the calendar year 2018 may be disbursed to the SDS account holders preferably through electronic mode on **January 01, 2019** itself.

Expert Committee on Economic Capital Framework

RBI in consultation with the Government of India, constituted an Expert Committee to review the extant Economic Capital Framework of the RBI with Dr. Bimal Jalan (former RBI Governor) as Chairman.

The terms of reference of the Committee are given below:

Keeping in consideration (i) statutory mandate under section 47 of the RBI Act that the profits of the RBI shall be transferred to the Government, after making provisions 'which are usually provided by the bankers', and (ii) public policy mandate of the RBI, including financial stability considerations, the Expert Committee would:

1. review status, need and justification of various provisions, reserves and buffers presently provided for by the RBI; and
2. review global best practices followed by the central banks in making assessment and provisions for risks which central bank balance sheets are subject to;
3. suggest an adequate level of risk provisioning that RBI needs to maintain;
4. determine whether RBI is holding provisions, reserves and buffers in surplus / deficit of required level of such provisions, reserves and buffers;
5. propose a suitable profits distribution policy taking into account all the likely situations of the RBI, including the situations of holding more provisions than required and the RBI holding less provisions than required;
6. Any other related matter including treatment of surplus reserves, created out of realised gains, if determined to be held.

The Expert Committee will submit its report within a period of 90 days from the date of its first meeting.

SIDE-POCKETING

Segregation of bad debts or illiquid debt instruments from liquid portfolio is known as "Side-pocketing". SEBI, recently allowed mutual fund, this facility based on credit events to soothe the nerves of Indian players who were worried over the fact that the illiquid bad debts were overshadowing the returns generated by their liquid portfolio. ●

CORRESPONDENCE COURSE

PROMOTION EXAM

Based on latest trends of IBPS exam. A large no. of bankers already succeeded by using the course material. If unable to attend class room program, this is the best option.

Course Kit : The course kit include:

- (a) subject-wise basic study material,
- (b) assignment to improve retention
- (c) objective type practice exercise
- (d) recalled questions
- (e) mock test papers.

Fee : May differ from bank to bank. May be checked before remittance). Fee to be paid in advance.

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).

CAIB/ JAIIB

Course is based on exam pattern of IIB&F. A large no. of candidate have succeeded in all 3 papers in first attempt with our study material.

Course Kit : The course kit include:

- (a) subject-wise basic study material,
- (c) objective type practice exercise
- (d) mock test papers.

Fee : Fee differs for different papers. Fee payable in advance, for which details may be obtained by calling 01722665623 .

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

DS Institute of Banking

Office:SCO No.32, Sector 33-D,
Chandigarh 160 020

Phone: 0172-2665623, 09988221167
email - banking121@gmail.com

www.bankingindiaupdate.com

Forex Management (Borrowing and Lending) Regulations 2018

RBI circulated the Regulations on 17.12.18.

A person resident in India can (i) borrow or lend in forex from or to a person resident in or outside India and/or (ii) can borrow in rupees from, or lend in rupees to, a person resident outside India as per RBI directions only.

Borrowing overseas in Forex by a Resident in India

A. By an AD or its branch outside India:

- i) AD may borrow from HO or branch or correspondent outside India or any other entity up to specified limit.
- ii) An overseas branch of AD, being a bank incorporated in India, may borrow overseas in forex for business.
- iii) An AD may borrow in forex from a bank or FI outside India, to give pre-shipment/post-shipment credit in FC.
- iv) An AD may raise ECB as per Schedule I.

B. Borrowing by Persons other than AD:

- i) Eligible resident entities may raise ECB overseas as per provisions contained in Schedule I.
- ii) Trade Credit may be raised from outside India for capital or non-capital goods as per Foreign Trade Policy as per provisions contained in Schedule II.
- iii) A resident in India may borrow from overseas bank, where export of goods or services is to be made on deferred payment terms or in execution of a turnkey project or a civil construction contract.
- iv) FIs, set up under an Act of Indian Parliament, may raise forex borrowings with prior approval of Govt. of India for onward lending.

Explanation: Borrowings, which are in nature of ECB, shall be subject to provisions contained in Schedule I.

- v) An individual resident in India may borrow up to USD 250,000 or its equivalent, from relatives outside India.
- vi) An individual resident in India studying abroad may raise loan abroad up to USD 250,000 or its equivalent for payment of education fees abroad and maintenance.

Lending in Forex by a Person Resident in India

A. Lending by AD in India or its branch outside India

- i) AD in India or its branch overseas may extend FC ECL to overseas borrower as per Schedule III.
- ii) An AD may grant loans to its constituents in India for forex needs or for their rupee requirements.
- iii) An AD may give FC loans to another AD, in India.
- iv) Branches outside India of AD banks may extend forex loans against security of funds in NRE/ FCNR a/c.

B. Lending by persons other than AD

Eligible resident entity may extend FC denominated ECL to a borrower abroad as per provisions in Schedule III.

Borrowing in INR by a Person Resident in India

A. Borrowing by an AD

An AD may raise Rupee denominated ECB from outside India as per provisions in Schedule I.

B. Borrowing by persons other than AD

- i) Eligible resident entities may raise Rupee denominated ECB as per provisions in Schedule I.
- ii) Eligible resident entities, may borrow from overseas Multilateral Financial Institutions/International Development Financial Institutions, where source is Rupee denominated bonds issued overseas or resources raised domestically, or approved by Govt. of India.
- iii) Trade Credit may be raised overseas in INR for import of capital or non-capital goods under Foreign Trade Policy as per provisions in Schedule II.
- iv) Any foreign investment in the nature of debt arising out of transfer or issue of security, not covered by these regulations, to be as per Regulations dated 09.11.2017.
- v) Any person resident in India accepting any deposit from, or making any deposit with, a person resident outside India, including loans/ overdrafts against security of funds held in such accounts, should be in compliance with RBI Regulations dated 01.04.2016.
- vi) A person resident in India (other than a company), may borrow in INR from a NRI/OCI Cardholders relative, as per RBI terms. The borrower should ensure that borrowed funds are not used for restricted end uses.
- vii) FIs, under an Act of Parliament, may raise INR loans overseas with Govt. approval for onward lending.

Lending in INR by a Person Resident in India

A. Lending by an AD

- i) An AD in India may grant loan to a NRI/OCI Cardholder for personal / business purposes/acquisition of a residential accommodation or acquisition of motor vehicle in India / or for any purpose as per bank policy.
- ii) *Overdraft in rupee account maintained with AD in India by a bank outside India:* An AD may permit a temporary OD, up to Rs. 5 billion, in rupee accounts maintained with it by its overseas branch or correspondent or Head Office outside India.

B. Lending by persons other than AD

- i) A registered NBFC or a housing finance institution in India or any other FI, may provide housing loan or vehicle loan to a NRI/OCI Cardholder.
- ii) Indian entity may give INR loan to its employee who is a NRI/OCI Cardholder under Staff Welfare Scheme.
- iii) A resident individual may grant Rupee loan to a NRI/OCI Cardholder relative within overall LRS limit.

SCHEDULE I**Overseas borrowings by a person resident in India**

Eligible entities may raise ECB from overseas source, as per provisions contained in this Schedule.

1. Currency : ECB can be raised in any freely convertible foreign currency as well as in Indian Rupees.
2. Forms: ECB can be raised in the forms as prescribed by RBI including certain hybrid instruments.
3. Eligibility : All entities eligible to receive FDI as per FEMA Regulations (07.11.17), including Start-ups.
4. Maturity : Minimum average maturity will be 3 years.
5. Lenders should be from FATF or IOSCO compliant country. Multilateral and Regional FIs where India is a member country can be included in recognised lenders.
6. All-in-cost : (a) For FC ECBs, maximum spread over benchmark of 6-month LIBOR or applicable benchmark for the respective currency will be 450 basis points p.a. (b) For INR ECBs maximum spread will be 450 basis points p.a. over the prevailing yield of Govt. of India securities of corresponding maturity.
7. End-uses: The proceeds of overseas borrowing can be used for all purposes except for those activities prescribed in the negative end-use list by RBI/Govt.
8. Individual Limits of borrowing: All eligible borrowers/ category of borrowers may raise ECB of up to USD 750 million or equivalent per financial year. For Startups it is limited to USD 3 million or equivalent per financial year.
9. Security: The borrower may provide security to lender / suppliers including corporate and / or personal guarantee. Banks, FIs and NBFCs shall not provide (issue) any guarantee in favour of overseas lender on behalf of their constituents for their borrowings.
10. Parking of loan amount abroad: The proceeds of borrowings may, pending utilisation for permissible end-uses, be parked abroad or in India as per RBI directions.
11. Drawal of Loan: Draw-downs of borrowing shall be made only after obtaining the loan registration number from RBI or from the ADs.
12. Reporting: The borrower shall adhere to the reporting procedure as specified by RBI.
13. Debt Servicing: The designated AD shall have the general permission to make remittances of principal, interest and other charges in conformity with the guidelines on borrowing under this Schedule.
14. Available routes for raising ECB

All ECBs can be raised under the automatic route if it conforms to the parameters. All other cases will be considered by RBI under the approval route.

SCHEDULE II**Trade Credit for Imports**

Importers may raise trade credits from outside India.

1. Purpose: Trade Credits can be raised for import of non-capital and capital goods and for purchase of non-capital and capital goods within a Special Economic Zone (SEZ) or from a different SEZ.
2. Currency : Trade credits can be raised in any freely convertible FC as well as in Indian Rupees.
3. Amount of borrowing: Importers can raise trade credit up to USD 50 million equivalent per import transaction for import of capital or non-capital goods.
4. Period: The period of trade credit reckoned from the date of shipment shall be as under:
 - (a) For import of non-capital goods – Maximum period of up to one year and linked with the operating cycle.
 - (b) For import of capital goods – Max period of 3 years.
5. Recognised Lenders: Overseas suppliers, banks and other FIs, foreign equity holders and FIs in International Financial Services Centres (IFSCs) in India or any other entities as decided by RBI.
6. Cost (a) For FC trade credits, maximum spread over benchmark of 6-month LIBOR or applicable benchmark for the respective currency will be 250 basis points p.a. (b) For INR trade credit, all-in-cost shall be commensurate with prevailing market conditions or as prescribed by RBI.
7. Security and guarantee: The borrower may provide security to lender / suppliers, as specified by RBI including corporate and / or personal guarantee. AD Category I banks can issue bank guarantees in favour of overseas supplier, bank or financial institution.

SCHEDULE III**Lending overseas by a person resident in India**

Eligible entities may extend ECL to overseas borrowers.

1. An AD in India may extend FC ECL to a foreign entity where Indian entity has made overseas direct investment.
2. Foreign branches of Indian banks may extend forex loans in normal course of banking business outside India.
3. An eligible entity (notification dated 07.07.2004), may lend in forex to a foreign entity in which it has made direct investment as per provisions under said regulations.
4. A person resident in India may lend in forex out of funds held in his/her EEFC account, for trade related purposes to his/her overseas importer customer.
5. Indian companies may grant loans in forex to the employees of their branches outside India for personal purposes under Staff Welfare Scheme / Loan Rules.

MSME Sector - Restructuring of Loans

RBI had circulated the above scheme on 07.02.1018. With a view to facilitate meaningful restructuring of MSME accounts {MSME as defined in the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006} that have become stressed, RBI decided on 01.01.19, to permit a one-time restructuring of existing loans to MSMEs classified as 'standard' *without a downgrade* in the asset classification, subject to the following conditions:

- i. The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed Rs.250 million (25 cr) as on Jan 1, 2019.
- ii. The borrower's account is in default but is a 'standard asset' as on Jan 1, 2019 and continues to be classified as a 'standard asset' till the date of implementation of the restructuring.
- iii. The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration.
- iv. The restructuring of the borrower account should be implemented on or before March 31, 2020.

A restructuring would be treated as implemented if the following conditions are met:

a. all related documentation, including execution of necessary agreements between lenders and borrower / creation of security charge / perfection of securities are completed by all lenders; and

b. new capital structure and / or changes in the terms and conditions of the existing loans get duly reflected in the books of all the lenders and the borrower.

v. A provision of 5% in addition to the provisions *already held*, shall be made in respect of accounts restructured under these instructions. Banks will, however, have the option of reversing such provisions at the end of the "specified period", subject to the account demonstrating satisfactory performance during the specified period.

{ 'Specified Period' means a period of 1 year from commencement of first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under restructuring package terms.

'Satisfactory Performance' means no payment (interest and/or principal) shall remain overdue for a period of more than 30 days. In case of cash credit / overdraft account, satisfactory performance means that the outstanding in the account shall not be more than the sanctioned limit or drawing power, whichever is lower, for a period of more than 30 days.}

vi. Post-restructuring, NPA classification of these accounts shall be as per the extant IRAC norms.

vii. Banks and NBFCs shall make appropriate disclosures in their financial statements, under 'Notes on Accounts', relating to the MSME accounts restructured under these instructions.

viii. All other instructions applicable to restructuring of loans to MSME borrowers shall continue to be applicable.

Board approved policy : Banks and NBFCs desirous of adopting this scheme shall put in place a Board approved policy on restructuring of MSME advances under these instructions within a month from the date of this circular. The policy shall, *inter alia*, include framework for viability assessment of the stressed accounts and regular monitoring of the restructured accounts.

RBI has clarified that accounts classified as NPA can be restructured. But extant asset classification norms governing restructuring of NPAs, will continue to apply. It should be noted that as a general rule, barring this one-time exception, any MSME account which is restructured must be downgraded to NPA upon restructuring and will slip into progressively lower asset classification and higher provisioning requirements as per extant IRAC norms. Such an account may be considered for upgradation to 'standard' only if it demonstrates satisfactory performance during the specified period.

Consolidated balance sheet of Banks

(Amount in Rs. billions)

Parameter	31.03.17	31.03.18
Capital	993	1161
Reserves	10108	10798
Deposits	111114	117940
Borrowings	12807	16823
Other liabilities	6724	5811
Cash/bank balances	6805	7303
Money at call	7374	5948
Investments	36523	41263
Loans and advances	81161	87460
Fixed Assets	1509	1419
Other assets	8376	9141
Total Assets/Liabilities	141746	152533
Cost of funds	5.6%	5.1%
Return on Funds	8.4%	7.9%
Gross NPAs to gross advances	9.3%	11.2%
Net NPA to net advances	5.3%	6.0%
No. of ATMs	208354	207052

(Source - RBI Report on Trend and Progress of Banking 2017-18)

Practical Problems based on Banking Ombudsman Decisions

1) A complainant who wanted to invest funds in debt fund was mis-sold an insurance product with annual premium of Rs.2 lakh. The bank demanded the second annual premium and informed the complainant that in case, she fails to deposit the next installment, the amount of the first installment will be seized.

The bank submitted that the complainant had signed the document for issuance of the investment insurance product. However she decided to cancel the policy and sought refund of the amount. BO observed that though the bank had agreed to refund the amount, it was liable to compensate the complainant for the financial losses suffered for the time the amount was in the insurance product and yielded no returns. BO advised the bank to pay interest to the complainant at FD rate of interest.

2) A Company was having a term loan and cash credit facility with a bank. Without informing the company the bank debited its account with Rs.15 lakh towards a life insurance product. On account of this unauthorised debit, a few cheques issued by the company were dishonoured. As the bank did not resolve the complaint, the company approached the OBO. On taking up the matter with the BO, the bank realised its mistake of debiting the company's account without obtaining a consent and mandate from the borrower and immediately initiated steps to resolve the complaint.

3) An 86 years old lady alleged that she was not paid the additional pension of 30% applicable after attaining 85 years of age. In fact, she was not even paid the eligible additional pension of 20% when she reached 80 years of age. The bank stated that the date of birth was not appearing in the Pension Payment Order and hence it was not possible to release additional amount applicable on attaining 80 and 85 years of age. The reply of the bank was not considered satisfactory since the complainant has been drawing family pension from the bank since the year 1994 and the date of birth of the complainant should be in the record of the bank. Moreover, the complainant had submitted an affidavit of her birthdate. The bank was advised to pay the eligible amount of pension including the arrears.

4) In RTGS funds transfer the amount was not credited to the beneficiary account with the disbursing branch of another bank. Complainant stated that disbursing branch had credited the proceeds to a wrong account presumably due to incorrect a/c details furnished by the originating bank.

The originating bank stated that RTGS payment instructions form submitted across the counter by the remitter had clearly mentioned the account details. The bank also informed that the disbursing bank had frozen the account of the wrong beneficiary. The disbursing bank stated that the credit was afforded to the account number furnished by the originating bank.

The original counterfoil and carbon copy of the mandate form revealed that the remitter of the funds had correctly filled up the mandate form and the originating bank had wrongly furnished the beneficiary's account number to the disbursing bank branch. The disbursing bank admitted that the discrepancy in the account number and the name were not verified by them at the time of affording the credit to the account. The disbursing bank agreed to refund the money. The BO advised originating bank to make good the loss along with interest. ●

eLearning Study Material

MOCK TEST - CDs Features of CDs

- Explanation for each question/answer.
- Improve understanding and retention.
- Remove confusions. .
- Improve time management. Set your own time during practice.
- Test your preparation before Exam.
- Practice on-line without use of internet.
- Questions are shuffled when used again.
- Large no. of questions based on latest guidelines and memory recalled questions.

Bank Promotion Exam - Rs.300

Bank Promotion Interview - Rs.300

Banking Ready Recknor - Rs.300

CAIIB (New Syllabus)

• Bank Financial Mgmt - Rs.300

• Advanced Bank Mgmt - Rs.300

• Retail Banking - Rs.300

• Risk Management - Rs.300

CAIIB (Case Studies)

• Advanced Bank Mgmt -Rs.300

• Bank Financial Mgmt -Rs.300

JAIIB - All three papers Rs.300 (each)

Economics Mock Test - Rs.150

Book-Keeping Mock Test - Rs.150

Online Mock Tests

Promotion,CAIIB/JAIIB, log in
nstorBankingonline.com

IBPS Bank PO / Clerk Exam

Score High with Latest Study Kits

Anywhere Anytime Learning

E-Books CDs, Videos

Contact

09814 331 661

01722665623

Deendayal Antyodaya Yojna - National Urban Livelihood Mission (DAY-NULM)

The Ministry of Housing & Urban Affairs, Govt. of India, by restructuring, the then existing Swarna Jayanti Shahari Rozgar Yojana (SJSRY), launched NULM on Sept 24, 2013 in all district headquarters (irrespective of population) and all the cities with population of 1 lakh or more. Govt. amended operational guidelines of Self-Employment Programme (SEP) under DAY-NULM. Based on this, RBI revised the guidelines on 06.12.18.

Self Employment Program (SEP) of NULM focuses on providing financial assistance through provision of interest subsidy on loans.

Lending Target : Women beneficiaries : min 30%. SCs and STs : proportion of their strength in the city/town population of poor, Differently-abled : 3% and Minorities : 15%.

Selection of Beneficiary & Sponsoring of Applications:

Community Organizers (COs) and professionals from Urban Local Body (ULB) will identify the prospective beneficiaries from among the urban poor. SHGs and Area Level Federations (ALFs) may also refer individual and group entrepreneurs for financial assistance. The beneficiaries may directly approach ULB for assistance. Banks may also identify beneficiaries and forward such cases to ULB. Banks may also use empaneled Business Correspondents (BCs) and Business Facilitators (BFs) to increase the outreach. Due diligence will be undertaken as per the Banks' policy, in this regard.

- 1) The application for individual and group enterprise loans will be sponsored by ULB which will be the sponsoring agency.
- 2) Beneficiaries can submit application to ULB throughout the year.
- 3) ULB will call the beneficiaries in order of the waiting list.
- 4) Task Force/s constituted (CEO of ULB as Chairman) at ULB level will scrutinize the applications.
- 5) The task force will recommend the applications to the concerned banks for disposal within 15 days.
- 6) Banks may also directly accept the loan applications of urban poor beneficiaries without prior sponsoring from ULB.

Educational Qualifications and Training Requirement:

No minimum educational qualification is required.

- 1) Loan should be given only after prospective beneficiary has acquired required skills for running the proposed micro-enterprise.
- 2) In addition to skill training of the beneficiaries, ULB will also arrange to conduct Entrepreneurship Development Program for 3-7 days for individual and group entrepreneurs.

Pattern of Financial Assistance:

The financial assistance will be in the form of Interest subsidy on the bank loans. Interest subsidy, over and above 7% rate of interest will be available on a bank loan. The difference between 7% p.a. and prevailing rate of interest charged by the bank will be provided to banks. Interest subsidy will be given only in case of timely repayment of loan.

An additional 3% interest subvention will be provided to all Women Self Help Groups (WSHGs) who repay their loan in time. The banks should credit the amount of 3% interest subvention to the eligible WSHGs accounts and thereafter seek the reimbursement.

Procedure I for subsidy: The settlement of claims made by

banks would be done on quarterly basis by the ULBs. The submission of claims should be monthly. In case the claims of the banks are not settled for a period of 6 months, SLBC is can stop the scheme temporarily. In such eventualities, the claims settlement should prospectively be given to the Lead District Bank.

Procedure - II : Nodal Agency for releasing interest subsidy: A public sector bank may be engaged by each State as nodal bank in consultation with the convener of the respective State Level Bankers' Committee (SLBC).

Individual Enterprises (SEP-I)-Loan & Subsidy

An urban poor individual beneficiary desirous of setting up an individual micro-enterprise for self-employment can avail benefit of subsidized loan under this component from any bank. The norms/ specifications for individual micro-enterprise loans are as follows:

Age: 18 Years at the time of applying for loan.

Project Cost (PC): Maximum unit Project Cost for an individual micro-enterprise is Rs. 2,00,000.

Collateral Guarantee on Bank Loan: No collateral required. The banks may approach CGTMSE or any other appropriate guarantee fund for the purpose of availing guarantee cover.

Repayment: 5 to 7 Years after initial moratorium of 6-18 months.

Margin Money: No margin money for a loan up to Rs. 50,000. For higher loans, margin shall be 5% to 10% of the project cost.

Type of Loan Facility: Term Loan or Cash Credit. Or Composite Loans.

Group Enterprises (SEP-G) -Loan & Subsidy

Eligibility Criteria: The group should have minimum of 3 members (each aged min 18 years) with a minimum of 70% of the members from urban poor families. (only one person from same family can be in the same group).

Project Cost (PC): The group will be eligible for a maximum loan of Rs. 2 Lakh per member or Rs. 10 Lakh, whichever is lower.

Type of Loan: Loan can be extended either as a single loan to the group functioning as one borrowing unit or each member of the group can be provided individual loans up to 2 lakhs and an overall cap of 10 lakhs based on the principal of joint liability of the group.

Type of Loan Facility, Loan and Margin Money: Project Cost minus the beneficiary contribution (Margin Money) would be made available as loan. Type of loan, collateral security, margin and repayment requirement is same as for individual case.

RBI guidelines for prompt repayment are as follows:

a. For Cash Credit Limit to SHGs:

i) Outstanding balance shall not have remained in excess of the sanctioned limit/drawing power continuously for more than 30 days.

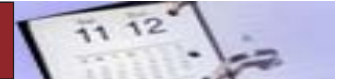
ii) There shall be regular credits and debits in the account. In any case there shall be at least one customer induced credit during the month.

iii) Customer induced Credits during a month shall be sufficient to cover the interest debited during the month.

b. For Term Loan to SHGs: 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 entire tenure of the loans would be considered as an account having prompt payment.

- **NITIAaYOG UNVEILS PLAN TO MAKE INDIA \$4 TRILLION ECONOMY:** The NITI Aayog unveiled “Strategy for New India @75” document with an aim to accelerate growth to 9-10% and make the country a \$4 trillion economy by 2022-23. Independent India will also turn out to 75 years on August 15, 2022. Under the strategy investment rate will grow from 29% to 36% besides increase in the size of Indian Economy from \$2.7 trillion in 2017-18 to \$4 trillion by 2022-23. Export of goods and services will be raised from \$478 billion to \$800 billion. Tax-to-GDP ratio will be improved from 17% to 22%. Inflation will also be kept within the targeted range of 2-6% of GDP.
- **NCLT RULING ON PERSONAL GUARANTORS:** (Case-Lalit Mishrs & Others VS. Sharon Bio Medicine Ltd.) The National Company Law Appellate Tribunal (NCLAT) has ruled that a personal guarantor’s right to subrogation against a corporate debtor can be taken away in a resolution plan under the Insolvency and Bankruptcy Code (IBC). Simply put, a personal guarantor has no right to step into the shoes of a creditor against a corporate debtor in case of a resolution plan under the IBC.
- **GOVT. FOR INDEPENDENT REGULATOR FOR SPOT EXCHANGES:** The Centre will announce a separate regulator for Spot Exchanges on the lines of SEBI. The Centre wants greater transparency in the price discovery of the physical bullion trading market, for which it is imperative to have spot exchanges. Currently, jewelers charge their own rates while buying and selling gold in the spot market, with little regulation. There is a marked difference between the bullion futures price and the spot price of jewelers. Also in most cases, the price and purity of bullion vary. Spot Exchanges can potentially put the entire physical bullion market on an exchange platform.
- **GOVT. TIGHTENS E-COMMERCE POLICY:** The Government has tightened e-commerce policy to check misuse by online players. The policy bars any entity related to e-commerce platforms from selling on that site and imposes limit on how much one vendor can sell on a particular portal. The policy also prohibits e-commerce platforms from giving any preferential treatment to any supplier. Norms have also been tightened around ownership and control over inventory by an e-commerce entity providing a marketplace service. The inventory of a vendor will be deemed to be controlled by the e-commerce marketplace entity if more than 25% of (the total) purchases of such a vendor are made from the marketplace

Financial Events

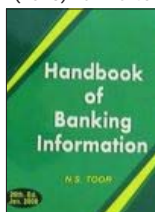


entity or its group companies. The norms will come into effect from Feb 1, 2019.

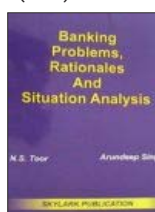
- **GENERAL INSURERS FOR REGISTRY OF SERIOUS OFFENDERS:** Concerned over rising cases of fraudulent claims, the General Insurance Industry is working together on a common registry of repeat offenders that can be accessed by all insurers. They are working on a Credit Bureau kind of Registry to identify fraudsters who routinely make claims with fake policies or seek exaggerated claims. This is being done at the level of the General Insurance council where all general insurers are trying to come together and make a common list. It can be updated and accessed by any insurer at any time.
- **BANKS TO IBBI ON “RESOLUTION ISSUE” OF STRESSED ASSETS:** To curb the practice for delaying in the resolution of stressed assets by bidders, Bankers have approached the Insolvency and Bankruptcy Board of India (IBBI) to introduce deterrent provisions in IBC rules. The banks have suggested that the bidders should be asked to cough up 0.5-1% of the loan amount owed by a company undergoing resolution as a deposit with the NCLAT each time they go on appeal. If the requirement of putting money on a table is incorporated in the IBC rules, it will deter repeated appeals by bidders and promoters to delay or derail the resolution process.
- **RBI TO SET UP PORTAL TO TRACK CYBERSECURITY COMPLIANCE:** RBI plans to set up an Integrated Compliance and Tracking System Portal to supervise cyber security measures of payment

**OUR
WIDELY
READ
BANKING
PROMOTION
BOOKS**

Most-used book
by bankers 47th
(2018) Edn Rs.400



Banking Problems
& Rationales 13th
(2016) Edn Rs.300



Practice Sets
Mock Tests 17th
Edn Rs.225



For Banking information in Hindi
11th Edn Rs.275



For all types of bank interviews
11th Edn Rs.200



system providers (PSPs). RBI also plans to expand the portal to cover other regulated entities. Payment system providers are required to establish mechanisms for monitoring, handling and follow up of cyber security breaches. The number of cyber crimes in 2017-18 stood at 2059 cases with a total value of Rs.10.96 billion, a steep rise against 1372 cases of total value of Rs.423 million in 2016-17.

- **ESAF GETS RBI NOD FOR SCHEDULED BANK:** ESAF Small Finance Bank Ltd. has received the RBI's approval for inclusion in the second schedule of the RBI Act 1934 within two years of its commencement of operations. This makes ESAF Small Finance Bank the fifth scheduled bank from Kerala.
- **RBI SETS BASIC RULE FOR FUTURE PAYOUTS:** Board of RBI has set the basic rule that would determine future payout by RBI to the Government. The Board has recorded the decision that RBI will not touch the "Unrealized Gains" in its balance sheet for dividend distribution to its sole shareholder, the Government. Unrealized Gain is valuation gain in currency and gold. To tap this, it has to be realized or converted in the market. Of total Reserves of Rs.10.46 Lakh Crore of RBI, about Rs.6.9 Lakh Crore is recorded under "Currency and Gold Revaluation Account" while Rs.2.32 Lakh Crore is "Contingency Fund".
- **GOVT. TO INFUSE FUNDS IN PSBs:** The Government proposes to infuse over Rs.83, 000 Crore into public sector banks (PSBs). It will help some of the PSBs come out of the RBI's Prompt Corrective Action (PAC) framework.
- **SEBI PLANNING SANDBOX FRAMEWORK:** SEBI is planning to come out with a policy on Sandbox Framework, which would essentially allow companies working in the capital markets space to experiment innovations in a closed environment. The idea behind the policy on sand box is to support technological innovations in the financial services space, popularly known as Finetech. The Framework set will allow companies to roll out products on an experimental basis., like pilot projects, under a regulator's supervision.
- **GOVT. NOTIFICATION ON "SNOOPING INTO COMPUTER":** According to the notification, the Government has authorised 10 Central Agencies including Intelligence Bureau, Enforcement Directorate and CBI to intercept, monitor and decrypt any information generated, transmitted, received or stored in any computer in the country. The notification is analogous to the authorisation issued under the Telegraph Act. The entire process is subject to a "robust review mechanism as in the case of the Telegraph Act". Every individual case will continue to require the prior approval of the Ministry or the State Govt. and it has not delegated its powers to any law enforcement or security agency.
- **RBI SHORTLISTS IT COMPANIES FOR PUBLIC CREDIT REGISTRY:** RBI has shortlisted six major IT companies including TCS, Wipro and IBM India to set up a wide-based

digital Public Credit Registry (PCR) for capturing details of all borrowers and willful defaulters. The proposed PCR will include data from SEBI, Corporate Affairs Ministry, Goods and Services Tax Network and Insolvency, and Bankruptcy Board of India to enable banks and FIs to get a 360-degree profile of existing as well as prospective borrowers on real-time basis.

- **GOVT. FOR 3-TIER GST WITH SINGLE RATE:** The Union Finance Minister has said that the number of GST slabs might be rationalised to just three- 0%, 5% and a standard rate. He also suggested drawing a roadmap to merge the 12% and 18% standard rates into one. Presently, if we take the broad view, then 183 products are taxed at 0%, 308 at 5%, 178 at 12% and 517 at 18%. Only 28 items fall in the 28% slab.
- **SEBI PLANS STIFF SETTLEMENT FORMULA FOR SERIOUS VIOLATIONS:** After the AR Dave Committee suggested broad-basing the settlement mechanism, SEBI is revisiting its formula to impose stiffer settlement fees. Under the new formula, the fee will be based on the gravity of the offence and be more punitive. Currently, SEBI follows a bargaining system for settlement of cases, wherein an indicative amount is put up by the regulator and the parties are allowed to negotiate. The new formula is likely to consider the amount of alleged gains that the entity involved may have made. It may also consider the wrongdoer's net-worth as well as stature- whether an individual or a corporate with larger resources.
- **GOVT. MAJOR POLICY DECISION ON EDs OF BANKS:** In a major policy decision, the Government has permitted Executive Directors (EDs) of the Nationalised Banks to be selected as MD of SBI. Moving away from tradition, DMDs of SBI were appointed MDs in several Nationalised Banks earlier this year. Now the Government has allowed vice-versa by making EDs eligible to become MDs of SBI. Traditionally, nationalised banks' EDs were elevated to position of MD, while DMDs were made MDs of SBI.
- **HAWKISH PROMOTION POLICY OF**

RBI: A new promotion policy in RBI was announced recently after Shaktikanta Dass joined the bank as RBI Governor. According to new Bell Curve Policy, RBI said 25% of officers in Level “B” to Level “E” will be put in the lowest performance bracket as against 10% rule earlier. This means they will become “Non-promotable”. Earlier 90% of the officers in “Level “B” used to get automatic promotion to level “C” after 7 years while officers in level “D” used to get promoted to level “E” after 5 years. Now the ratio will down to 75%. Bell Curve Policy was introduced in RBI by Raghuram Rajan, Former RBI Governor.

- **NPCI URGES BANKS, CORPORATES TO ADOPT E-MANDATE:** The National Payments Corporation of India (NPCI) is pushing Banks and Corporate Entities to sign up for electronic verification of customers through channels such as net banking and debit cards, as an alternative to the Aadhar-based process that has been suspended. Many financial technology companies were entirely dependent on Aadhar-based electronic KYC, which was a quick, cheap and secure method. NPCI said that the banks need to speed up adoption of alternative electronic mandate processes.
- **SEBI PLANS UNIFORM LEVERAGE NORMS:** SEBI is planning to introduce uniform standards for margin funding that traders get from brokerages. The move is aimed at clamping down on practices where brokerages allow traders to borrow much more than what they can afford, posing risks to the system. SEBI’s panel will introduce a system to bring in a cap on the max amount a client can borrow to trade. The volatility of the stock will also be a factor.
- **RBI FOR EXCLUSION OF RECAP BONDS FROM PSL TARGET:** In a bid to alleviate the pressure on public sector banks (PSBs) to meet higher priority sector lending (PSL) target due to their investments in recapitalisation bonds, RBI has excluded these bonds for the purpose of arriving at this target. The Government had issued the recapitalisation bonds in January 2018 aggregating Rs.80, 000 Crore for subscription by 20 public sector banks (PSBs). As the money raised via this route was to be used to recapitalize these banks, it will not be considered as an eligible investment for meeting SLR and can be held under Held-to-maturity.
- **SEBI GIVES NOD TO MUTUAL FUNDS FOR SIDE-POCKETING:** The mutual fund industry has been stuck with illiquid debt instruments following the recent debt crises and the IL&FS fiasco. Now SEBI has allowed the domestic funds to segregate the bad debts and this facility is known as “Side-pocketing”. The facility

will be available to mutual funds based on credit events. This move of SEBI should soothe the nerves of Indian players who were worried over the fact that the illiquid bad debts were overshadowing the returns generated by their liquid portfolio.

- **IRDAI GUIDELINES ON STANDALONE PERSONAL ACCIDENT POLICIES:** According to IRDAI guidelines, Vehicle Owners and drivers have the choice of buying a standalone personal accident cover or purchase it as a bundled product along - with their third party motor insurance. As per guidelines, a person with two or more cars can purchase a single compulsory personal accident (CPA) cover. The cover will extend to all the vehicles driven by the policy holder and have a validity of one year. IRDAI has asked insurers to file new standalone CPA products by January 15. Further the Regulator has said that if an owner-driver already has a 24-hour personal accident cover he/she need not take a separate CPA cover.
- **ICICI BANK TO WORKING WOMEN WITH VARIOUS INCENTIVES:** ICICI Bank has launched a savings account that is focused on working women termed as “Advantage Woman Aura savings Account”. It offers benefits that include cash- back of Rs.750 per month on usage of debit cards across key segments, 50% discount on locker rentals and processing fees on home, auto and personal loans. It also offers unlimited free transactions on ICICI Bank as well as Non-ICICI bank ATMs in India, thereby providing exceptional flexibility. Further it also offers insurance benefits.
- **IRDAI FOR RISK-BASED CAPITAL**

OUR CAIB & JAIB BOOKS

Bank Fin Mgmt
4th Edn Rs.200



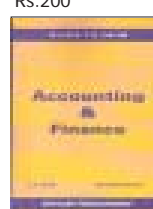
Adv Bank Mgmt
4th Edn Rs.175



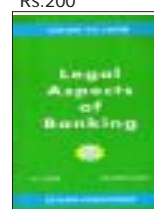
Banking/General
Awareness



Accounting &
Finance 8th Edn
Rs.200



Legal Aspects of
Banking 8th Edn
Rs.200



Principles of
Banking 8th Edn
Rs.200



FRAMEWORK: Currently, Insurance Companies need to have paid-up capital of Rs.100 Crore, irrespective of the sector in which they operate. Now IRDAI is preparing Risk-based Capital Framework which is likely to be in place by 2020-21. This will benefit insurers who are niche players and can manage their risk well as it will ensure that the additional capital does not remain idle.

- **NSE FOR BROKERS TO BE IN RISK-REDUCTION MODE:** To enhance the risk management capabilities, NSE has said that Trading Members will be compulsorily placed in risk reduction mode from 17th December when 90% of their capital is utilised towards margin. The stock broker will be moved back to normal risk management mode as and when the utilisation goes below 85%. In case a member moves into risk reduction mode, all the unexecuted orders will be cancelled. Fresh orders placed by members to reduce open positions will be accepted. However, fresh orders would be checked for sufficiency of margins and those which do not satisfy sufficiency of margins would be rejected.
- **SEBI EASES NORMS FOR CLUBBING INVESTMENT LIMITS BY FIIs:** SEBI has relaxed the norms for clubbing of investment limits by well regulated Foreign Portfolio Investors (FIIs). Currently, the FIIs are treated as part of the same investor group and the investment limits of all such entities are clubbed to derive the investment limit as applicable to a single FII. Under the new norm, multiple entities having common ownership, directly or indirectly, of more than 50% will be treated as part of the same investor group and their investor limits would be clubbed. The clubbing would not be applicable to entities having common control, if the FIIs are appropriately regulated public retail funds.
- **RBI WAVES ED THREAT TO EXPORTERS:** In a bid to crack down on hedging against the rupee, RBI has warned exporters that they could be reported to the Enforcement Directorate (ED) if they failed to record their export proceeds with the banks. RBI has warned the exporters on the basis of the Software “Export Data Processing and Monitoring System” that was introduced in 2014. This software is used by banks in their business with the exporters. The system has helped exporters greatly by allowing them to get out of the maze of paper entries in their dealings with

banks.

- **BANKS PUT IN PLACE NEW GROUND RULES FOR CONSORTIUM:** To ensure that large borrowers do not game the banking system, banks have stitched together a Standard Operating Procedure (SOP) for consortium lending so that there is effective coordination among them during the life-cycle of a loan pre-sanction, post sanction/disbursement and monitoring. The SOP has been necessitated to overcome herd mentality among banks in following the loan appraisal by the Lead Bank, information asymmetry among banks, multiple financing against the same security and time lags in reporting defaults/ frauds. It is also aimed at arresting fresh accretion of bad loans.
- **PANEL FOR ALLOWING DIRECT LISTING OF DESI FIRMS ON FOREIGN BOURSES:** A seven-member committee has recommended SEBI to allow direct listing of Indian Companies on overseas bourses and vice versa. However, the committee has recommended listing only on stock exchanges in 10 countries. In this connection, FEMA regulations are also to be amended to specifically permit investments by resident Indians in securities of companies incorporated outside India and listed on Indian stock exchanges and enable resident Indians to transfer securities of companies incorporated outside India and listed on Indian Stock Exchanges.
- **CASH WITHDRAWAL FROM ATM USING UPI APP:** Account Holders may soon withdraw cash from ATMs by scanning a QR Code on the machine’s screen. AGS Transact Technologies which provides ATM services to banks has developed a solution that enables use of the Unified Payments Interface (UPI) platform for withdrawing cash. The UPI cash service does not require users to sign on to any new service or download any new APP. The customer needs to scan the QR Code as if he were making a UPI payment. Both UPI and ATM networks run on the same financial switch and UPI has been proven to be a secure transaction platform.
- **E-WALLET USERS TO RECOVER CASH LOST TO UNAUTHORISED TRANSACTIONS:** RBI issued instructions on limiting customer liability for unauthorised electronic payments involving Prepaid Payment Instruments. Customers, who carry out transactions on mobile wallets such as Paytm, PhonePe etc., will not lose their money in case of a cyber attack or negligence of the platform on which the transaction is taking place. So far, the facility was only provided for electronic banking transactions (internet and mobile) and for credit card transactions issued by the NBFCs where a customer would not bear any monetary loss if the Unauthorised transaction is reported to the bank/ NBFC.

GENERAL AWARENESS

- India's only Olympic Gold Medalist, Abhinav Bindra has been awarded- **Blue Cross-Shooting's Highest Honour.**
- Country which devalued its currency for the Fifth Time this year as the Nation negotiates a bailout with the IMF- **Pakistan.**
- Combined Turnover which surged sharply to Rs.132.24 Lakh Crore this year which is 65% higher than Rs.80 Lakh Crore recorded in 2017- **Exchange Traded Currency Derivatives.**
- Aiming to position the State as one of the Top Five Finetech Hubs Globally, the State which launched its First Finetech Accelerator Programme- **Maharashtra.**
- Country which has refused India's proposal to carry out Bilateral Trade in Local Currencies – **China.**
- Summit which is to be hosted in India in 2022 when the Nation completes its 75 Years since Independence- **G-20 Summit.**
- Crypto-Exchange which is planning to provide Blockchain Solutions after being unsure about the future of crypto currencies in the country- **Koinex Crypto-exchange.**
- State which is all set to top the list of States and UTs in the first-ever Ranking of the Start-up eco-system across the country- **Gujarat.**
- Country with which India has inked "Currency Swap Deal" that allows trading in their own currency without a third benchmark currency like US dollar- **UAE.**
- Stock Exchange which through its Electronic Bidding Platform, facilitated a Rs.2000 Cr Debt-fund raising programme for SBI- **NSE.**
- PM inaugurated the Rail/Road Bridge on Brahmaputra on December 25- **India's Longest Rail/Road Bridge.**
- Celebrity List in which Salman Khan continued to claim the Top Spot- **Forbes India Celebrity List for 2018.**
- Indian Advertising Veteran Piyush Pandey is First Indian to assume the role of – **Worldwide Creative Director.**
- France overtook Denmark as- **Most Taxed Country in 2017.**
- Bank which is the only Lender in India that uses External Benchmark for Home Loans- **City Bank.**
- Report according to which "Number of International Migrant Labourers in the World has increased by 9% to 164 million between 2013 and 2017"- **ILO Report.**
- India has been ranked 4th Highest Emitter of Carbon Dioxide in the World after – **China, US and European Union.**
- India is 2nd Biggest purchaser of Iranian Oil after- **China.**
- Iran is Third Largest Supplier of crude oil after- **Iraq and Saudi Arabia.**
- Airline which became First Indian Carrier to have 200 Aircraft in its fleet with a brand new Airbus – **IndiGo.**
- Krishnamurthy Subramanian has been appointed by the Govt. for a term of 3 years as- **Chief Economic Adviser.**
- Game in which Ajay Rohera created World Record for Highest First-class debut score as he hit unbeaten 267 against Hyderabad- **Ranji Trophy .**
- Big Loan Defaulter of India for whom the UK Chief Magistrate has ordered "Extradition" – **Vijay Mallya.**
- Comptroller and Auditor General

OUR USEFUL BOOKS FOR BANKERS

Hanbdook of Banking Information - 2018, 46th Edition by N S Toor	Rs. 400
Bank Credit Management (2017) edition by N S Toor	Rs. 300
Banking Problems / Rationals and Situation Analysis (2017) N S Toor & Arundeeep Toor	Rs. 300
Model Test Papers for Bank Promotion (2018) N S Toor	Rs. 225
Analysis of Balance Sheet (2017) N S Toor	Rs. 175
How to Face Bank Interviews? (2018) N S Toor	Rs. 200
Bhartiya Banking (Hindi) (2017) N S Toor	Rs. 275
Model Papers in Hindi N S Toor	Rs. 150
Banking Rationals and Problems (Hindi) N S Toor	Rs. 125
JAIBB Objective Type (all books by N S Toor and Arundeeep Toor):	
• Principles of Banking	Rs. 200
• Accounting and Finance for bankers	Rs. 200
• Legal Aspects of Banking	Rs. 200
CAIIB Objective Type (all books by N S Toor and Arundeeep Toor):	
• Adv Bank Management	Rs. 175
• Bank Fin Management.	Rs. 200
IBPS Bank PO/Clerk	
• Study Kits	Rs. 3000
• Banking & Financial GK	Rs. 400
• E-Books	Rs. 1500
• E-Learning through Video - DVDs covering reasoning ability, quantitative aptitude, English language, computers awareness, Banking & general awareness	Rs. 3000
To order these books, please call 0172-2665623 (10 am to 6 pm) on any working day. OR	
Call Skylark Publications, New Delhi (Ph 011 23361966)	

of India Rajiv Maharishi has become the – **Vice-Chairman of UN Panel of Auditors.**

- In a bid to improve the Tourism Infrastructure in Tamilnadu, loan agreement has been signed with the Centre by – **Asian Development Bank.**
- Former Bureaucrat Shantikanta Dass has been appointed by the Government as- **RBI Governor.**
- Over 15, 700 Indian Websites this year up to November- **Hacked.**
- Bank which has launched a new Home Loan Product aimed at helping home buyers save on the interest component- **Axis Bank.**
- Election Commission of India proposing for Citizens to link their Electoral Photo ID with Aadhar **on Mandatory basis.**
- Regulator which remains “Insolvent” having capital of \$39 billion against Losses of \$66.5 Billion- **US Federal Reserve.**
- Supreme Court ruled that operational Creditors of firms undergoing corporate resolution Process should have voting rights proportional to the debt owed to them.
- Country which is the Largest Sugar Importer from India- **Sri Lanka.**
- Bank which has announced to make full-fledged entry into e-commerce- **India Post Bank.**
- Country which has banned the use of Indian Currency Notes above the denomination of Rs.100 as earlier Rs.500, Rs.1000, Rs.2000 were being accepted- **Nepal.**
- Award, which, for the First time since its inception has been received by Amitav Ghosh, Writer in English Language- **Jnanpith Award.**
- Govt. to launch for raising Rs.100 Billion- **Bharat-22 ETF.**
- Sandeep Somany, Vice-Chairman & MD of HSIL Ltd has been elected for 2018-19 as- **President of FICCI.**
- Scheme which has been expanded the ambit to cover all those seeking LPG Connections- **Pradhan Mantri Ujjwala Yojana.**
- Union Cabinet has approved “Voluntary Use” of Aadhar for- **Bank Account and Mobile User Verification.**
- Rating Agency according to which “the increasing involvement of the Indian Govt. in the affairs of RBI is “Negative” for bank ratings- **S&P Rating Agency.**
- Index in which India has been ranked “Second”, while Brazil topped the list as Most Spammed Country in the World- **Spam Call Index.**
- Bank which is to boost loan generation in rural areas with “Hub and Spoke Model”- **Union Bank of India.**
- Report according to which India has been ranked 108th- **WEF’s Global Gender Gap Report 2018.**
- Chinese Internet Giant who opened First Hi-tech Hotel with facial recognition to access services- **Alibaba.**
- State which has emerged as the “Best Performer” in terms of

providing the right eco-system to Start-ups in the First-ever exercise of States and UTs by the Centre- **Gujarat.**

- Index in which HP, Kerala and Tamil Nadu besides Union Territories of Chandigarh and Puducherry have been ranked on the Top position- **UN Sustainable Development Goals Index.**
- Currency Note which RBI will soon introduce with additional features- **Rs.20 Currency Note.**
- Former Prime Minister whose Memorial has been dedicated to the Nation on his 94th Birth Anniversary- **Atal Bihari Vajpayee.**
- National Cancer Institute will be inaugurated in Haryana’s Jhajjar District by the Government in January 2019 which is touted as- **Largest Cancer Hospital in India.**
- Separate High Court Created which started functioning from January 1, 2019- **Andhra Pradesh High Court.**
- First Indigenously developed Electronic “Chipset” named “Pruthvi-3” has been launched by Bengaluru-based Saankhya Labs – **World’s First and Most Advanced Next Generation Chipset.**
- Out of 111 Districts, while Virudhunagar in Tamilnadu has emerged as “Best Performer”, Pakur District in Jharkhand is the “Worst Performer”- **Backward Districts Rankings.**
- Deficit which has risen to 2.9% of GDP in July-September from 1.9% in the first quarter of 2018- **Current Account Deficit.**
- India is set in Sensex to end 2018 as- **Best Performing Asian Market.**
- According to UN Special Reporter of Freedom of Expression, US President Trump has been named- **Worst Perpetrator of Misinformation on Internet.**
- Payment Bank which was the First to start operations and is the Largest Player at present- **Airtel Payment Bank.**
- Framework which SEBI has expanded to all companies with market capitalisation of Rs.1000 Crore and above- **Offer-for-sale Framework.**
- Person who filed civil case in the court on May 5, 1951 is pending for Final Decree for the last 60 years- **Rahul Pathak of Buxar.**



MOCK-TEST PAPER

Questions on latest RBI Policy

- 01** With effect from Jan 05, 2019, Statutory Liquidity Ratio shall be cut by ___ basis points every quarter?
- 10 basis points
 - 20 basis points
 - 25 basis points
 - 50 basis points
- 02** Statutory liquidity ratio shall be cut in stages on quarterly basis to bring it to ___% of net demand and time liabilities by 11.04.2020?
- 18.00%
 - 18.50%
 - 18.75%
 - 19.00%
- 03** Average base rate of 5 largest commercial banks to be used by NBFC-Micro Finance Institutions for Jan-Mar 2019 quarter is?
- 9.00%
 - 9.15%
 - 9.25%
 - 9.35%
- 04** RBI has fixed the limit on stock of External Commercial Borrowing at ___ % of GDP at current market prices?
- 5%
 - 5.5%
 - 6%
 - 6.5%
- 05** Based on GDP figures as on 31.03.18, what is the limit on stock ECB fixed for the current financial year 2018-19?
- USD 160 billion
 - USD 150 billion
 - USD 142 billion
 - USD 139 billion
- 06** Expert Committee appointed by RBI for Economic Capital Framework for RBI is headed by:
- Dr. Urjit Patel
 - Dr. YB Reddy
 - Dr. Bimal Jalan
 - Dr. Rakesh Mohan
- 07** As per RBI's Forex Management (Borrowing and Lending) Directions 2018, an individual resident can borrow up to _____ from relative outside India?
- USD 100000
 - USD 150000
 - USD 200000
 - USD 250000
- 08** As per RBI's Forex Management (Borrowing and Lending) Directions 2018, an Indian student studying abroad can borrow up to _____ to meet fee and expenses.
- USD 100000
 - USD 150000
 - USD 200000
 - USD 250000
- 09** As per RBI's Forex Management (Borrowing and Lending) Directions 2018, an AD in India holding VOSTRO account of a foreign bank, can allow OD up to Rs.____:
- Rs.100 cr
 - Rs.250 cr
 - Rs.500 cr
 - Rs.1000 cr
- 10** As per RBI's Forex Management (Borrowing and Lending) Directions 2018, an importer in India can raise trade credit for import up to ___ per transaction:
- USD 10 million
 - USD 50 million
 - USD 100 million
 - USD 200 million
- 11** As per RBI's Forex Management (Borrowing and Lending) Directions 2018, an Indian import can raise trade credit with a minimum average maturity of ___ for non-capital goods?
- 1 year
 - 2 years
 - 3 years
 - 5 years
- 12** As per RBI's Forex Management (Borrowing and Lending) Directions 2018, an Indian import can raise trade credit with a minimum average maturity of ___ for capital goods?
- 1 year
 - 2 years
 - 3 years
 - 5 years
- 13** As per RBI directions (Jan 2019) for MSME restructuring loans of GST-registered MSMEs can be restructured for total exposure up to?
- Rs.1 cr
 - Rs.5 cr
 - Rs.10 cr
 - Rs.25 cr
- 14** As per RBI directions (Jan 2019) for MSME restructuring loans of GST-registered MSMEs can be restructured. On restructure of such loan, the asset classification

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.

- shall be:
- downgraded to SMA
 - downgraded to sub-standard
 - will not be downgraded
 - bank discretion
- 15** As per RBI directions (Jan 2019) for MSME restructuring loans of GST-registered MSMEs can be restructured. Such restructuring should be implemented by:
- 31.03.19
 - 30.06.19
 - 31.12.19
 - 31.03.20
- 16** As per RBI directions (Jan 2019) for MSME restructuring loans of GST-registered MSMEs can be restructured. For such accounts, what is additional provision, which banks have to make?
- | | |
|-------|------|
| a 10% | b 5% |
| c 3% | d 1% |
- 17** As per revision in DAY-NRLM scheme, the min no. of members in a group enterprise, for the purpose of financing can be:
- | | |
|-----|------|
| a 3 | b 5 |
| c 7 | d 10 |
- 18** As per RBI guidelines, the Loan System of Credit Delivery w.e.f. 1.4.19 is applicable for corporate borrowers availing fund based working capital of ___ from banking system?
- Rs.1500 million
 - Rs.1000 million
 - Rs.500 million
 - Rs.100 million
- 19** As per RBI guidelines on Loan System of Credit Delivery, the working capital loan components should be ___ of availed working capital limit, to start with?
- | | |
|-------|-------|
| a 80% | b 60% |
| c 50% | d 40% |
- 20** As per RBI guidelines on Loan System of Credit Delivery, what is min repayment period of working capital loan?
- 7 days
 - 15 days
 - 30 days
 - 3 months
- 21** XYZ Ltd are availing fund based working capital of Rs.200 cr. Availment as on 31.04.19 is Rs.173 cr. As per RBI guidelines on Loan System of Credit Delivery, what can be the amount of availment of CC component?
- 173 cr
 - 37 cr
 - 93 cr
 - cannot be calculated
- Recalled Questions**
- 22** Provisions on Standard loan accounts made by a bank are placed in the balance sheet as part of:
- Schedule 4 - Borrowing
 - Schedule 5 – Other liabilities and provisions - others
 - Schedule 2 – Reserves and surplus
 - Schedule 9 – Deduction from standard advances
- 23** Purchase now and pay later, is a feature of :
- smart card
 - magnetic card
 - credit card
 - debit card
- 24** Which of the following is correct regarding an out of order or overdue or irregular a/c
- it is to be classified as an NPA account
 - provision is the same as applicable for sub-standard account
- interest in such account cannot be debited
 - it is part of standard accounts and provisions will be made as applicable for standard accounts
 - it is irregular account and it will be classified as semi-NPA account
- 25** Garnishee order has been received in the name of Mr. X who is associated with following accounts. Which of these accounts shall be attached
- Cash credit account of XYZ, a partnership firm, where limit is unavailed and X is partner in the firm
 - An overdraft account in the name of X
 - An account of a Trust where he is a trustee
 - An account styled as 'Y – u/gship of X'
 - none of the above
- 26** For a firm, the major source to finance, the current assets is:
- trade creditors only
 - trade creditors and bank working capital limits only
 - trade creditors, bank working capital limits and net working capital only
 - trade creditors, bank working capital limits, net working capital and cash
- 27** In a foreign exchange transaction, a customer is to deliver foreign exchange currency notes and to receive the Indian rupees. Such transaction, for the bank is called ___ on which _____ rate would be applicable:
- buying transaction, forward rate
 - buying transaction, TT buying rate

- c selling transaction, TT rate
d selling transaction, forward rate
e selling transaction, spot rate
- 28** Which of the following has not been discontinued by RBI?
a BEF b XOS
c R-Return d GR
- 29** National Bank issued a bank guarantee on behalf of its customer XYZ Limited. The amount of guarantee shall be shown by the bank, in its balance sheet as:
a intangible assets under loans and advances
b borrowing from others
c other liabilities and provisions
d contingent liability, as a contra entry
- 30** A share certificate is in the electronic form, which is called
a securitisation
b rematerialisation
c dematerialisation
d derivative
- 31** Which of the following ratios is calculated to examine the long term solvency or leverage of a firm:
a debt equity ratio
b debtor turnover ratio
c debtor velocity ratio
d any of the given options
- 32** The foreign exchange operations in India under FEMA 1999, are regulated by which of the following:
a RBI
b DGFT
c RBI and DGFT
d RBI and FEDAI
- 33** Under KYC, what is true with regard to reporting of transactions:
a report of suspicious transactions is to be made within 7 days of reaching the conclusion
b report of large cash transactions of above Rs.10 lac is required to be made within 15 days of close of the month
c for suspicious transactions report would be sent where the transactions are integrally connected and are of suspicious nature
d Reporting is to be made to the Director, Financial Intelligence Unit
e all the above
- 34** Which among the following would be called a 'holder for value':
a X, getting a gift cheque from Y
b Z, getting a cheque from A for sale of goods to A
c National Bank, purchasing a cheque from its customer K, under instant credit facility
d National Bank, receiving a cheque from its customer for collection
e all the above
- 35** Where the physical movement of a paper cheque is stopped and for collecting the payment, its image is used by the collecting bank:
a the image is called truncated cheque
b the image is called electronic cheque
c the cheque is called truncated cheque
d the cheque is called electronic cheque
- 36** A customer of your branch proposes to visit Nepal on a private visit. How much foreign exchange he can obtain from the bank without RBI permission:
a USD 5000
b USD 10000
c USD 25000
d none of the above
- 37** Balance sheet of a borrower shows prepaid expenses of Rs.1 lac, preliminary expenses of Rs.1 lac, outstanding expenses of Rs.2 lac, goodwill of Rs.3 lac. The amount of intangible assets would be:
a Rs.3 lac
b Rs.4 lac
c Rs.5 lac
d Rs.6 lac
e Rs.7 lac
- 38** National Bank has come out with a policy to open deposit accounts without conditions of minimum balance and without high service charges. Such accounts are called
a low cost deposits
b KYC relaxed accounts
c no-charges accounts
d basic saving bank accounts
e no-condition accounts
- 39** As per RBI directives, while getting the valuation of properties, the banks should obtain minimum two Independent Valuation Reports for properties valued at Rs._____:
a Rs.10 lac and above
b Rs.50 lac and above
c Rs.100 lac and above
d Rs.50 cr and above
- 40** The term 'FEDAI' stands for which of the following:
a Foreign Exchange Dealers' Assets in India
b Floating Exchange Dealings Areas in India
c Foreign Exchange Dealers' Association of India
d Foreign Exchange Dealers' Association International

- 41** The term 'hot listing' of the credit card refers to:
- a enhancing the credit limit
 - b reducing the credit limit
 - c list of card holders who default in payment of dues to the issuer
 - d any of the above
- 42** In terms of the NEFT / NECS / ECS Procedural Guidelines member banks need to afford credits to beneficiary accounts or return transactions (not credited for whatever reason) to the originating / sponsor bank within the prescribed timeline. Any delays in doing so attract penal provisions specified therein. The penal interest rate would be:
- a RBI LAF reverse repo rate + 2%
 - b RBI LAF repo rate + 2%
 - c RBI Bank rate + 2%
 - d BPLR of the concerned bank
- 43** What is not true with regard to Innovative perpetual debt instrument, issued under Basel 2?
- a this are part of Tier I capital fund
 - b bank can exercise call option after 5 years.
 - c maximum amount along with perpetual non-cumulative preference shares cannot exceed 40% of Tier I capital fund
 - d the maturity period is restricted to 15 years.
- 44** Under Money Transfer Service Scheme (MTSS), what is maximum amount that can be paid as cash to the beneficiary:
- a Rs.50000
 - b less than Rs.50000
 - c less than Rs.1 lac
 - d less than Rs.20000
- 45** Collateralized Borrowing & Lending Obligation is :
- a a loan given by RBI to govt.
 - b a money market instrument

- c a capital market instrument
 - d borrowing and lending arrangement between state governments
- 46** What function is performed by a modem?
- a it converts digital signals to analogue signals and vice versa
 - b it receives and sends the emails
 - c it is used to give security protection to a network
 - d all the above
- 47** What is not correct out of the following regarding the agency commission payable by Govt. to banks for handling govt. business.
- a for payments Rs.50 per transactions
 - b for pension payments Rs.65 per transaction
 - c for receipts Rs.50 per transaction
 - d for payments 5.5 paise per Rs.100 turnover
- 48** Under mobile banking, what is the maximum amount of transactions:
- a Rs.50000 for funds transfer
 - b Rs.10000 for purchase of goods
 - c at discretion of banks
 - d a and b both
- 49** The concept of duration gap analysis is used by banks in connection with:
- a Operational risk in Basel II
 - b Market risk in Basel II
 - c Asset Liability Management
 - d Credit risk management
 - e Operational risk management
- 50** What is the prescribed time for customer transactions through RTGS on Saturday?
- a 9.00 – 11.00 hours
 - b 9.00 – 12.00 hours
 - c 8.00 – 12.30 hours

- d 8.00 – 16.30 hours
- 51** 3rd Pillar in Basel 2 relates to:
- a market discipline
 - b supervisory review
 - c minimum capital
 - d risk management
- 52** If a guarantee is issued by a bank on behalf of a broker on a stock exchange, what is the cash margin requirement within the overall margin of 50%:
- a 10% b 20%
 - c 25% d 50%
- 53** The interest subvention for short term agricultural loans is to be calculated on the crop loan:
- a from date of disbursement till date of actual payment or up to the due date fixed by the bank whichever is earlier, subject to maximum period of one year.
 - b from date of disbursement till date of actual payment or up to the due date fixed by the bank whichever is later, subject to minimum period of one year.
 - c from date of disbursement till date of actual payment or up to the due date fixed by the bank whichever is later, subject to maximum period of 6 months.
 - d from date of disbursement till date of actual payment or up to the due date fixed by the bank whichever is earlier, subject to minimum period of 6 months.

Answers					
01 c	02 a	03 b	04 d	05 a	
06 c	07 d	08 d	09 c	10 b	
11 a	12 c	13 d	14 c	15 d	
16 b	17 a	18 a	19 d	20 a	
21 c	22 b	23 c	24 d	25 e	
26 c	27 b	28 c	29 d	30 c	
31 a	32 a	33 e	34 c	35 c	
36 d	37 d	38 d	39 d	40 c	
41 c	42 b	43 d	44 a	45 b	
46 a	47 a	48 c	49 c	50 d	
51 a	52 c	53 a			

NPCI's RuPay Card Insurance Program FY 2018-19

RuPay Card Scheme is a domestic network set-up to provide secured, robust, scalable, simple, transparent, inclusive, user friendly and affordable solutions to entities eligible to issue cards in India. As a value added service, NPCI had introduced insurance cover of Rs.1 Lac for Non-Premium cards, Rs.2 Lac for RuPay Premium cards and Variable higher sums for RuPay Select Cardholders (accidental death or Permanent Total Disability only) to eligible RuPay Cardholders.

RuPay Insurance program for FY 2017-18 was extended by NPCI on 05.04.18 which will continue for financial year 2018-19, i.e. from April 1, 2018 up to March 31, 2019 with The New India Assurance Co. Ltd.

Salient features are given as under:

1. The New India Assurance Co. Ltd. will continue to be the Insurance partner with NPCI for RuPay Insurance Program 2018-19.
2. All accidental claims where incident has occurred on or after 1st April, 2018 and upto 31st March, 2019, will come under the purview of the RuPay Insurance Program 2018-19.
3. Banks need to report all such claims to The New India Assurance Co. Ltd. for intimation and subsequent assessment.

A) Terms and Conditions:

1. All RuPay Card holders (valid for Physical or Virtual RuPay card holder) i.e. Cards issued on an IIN assigned by RuPay will be eligible for the benefit under the RuPay Insurance Program 2018-19.

2. Benefits of Insurance will be available to the Cardholders who have performed minimum one successful transaction as under:

- financial or non-financial transaction at any Channel both Intra and Inter-bank i.e. on-us (ATM / MicroATM / POS /e-com/ Business Correspondent of the bank at locations by any payment instrument) within 90 days prior to date of accident including accident date of *Non-Premium Cardholders* or off us (same bank channels- Bank Customer/RuPay cardholder transactions at other bank channels).

- financial or non-financial card transaction at any Channel both Intra and Inter-bank i.e. on-us (ATM/ MicroATM /POS /e-com /Business Correspondent of the bank) within 45 days prior to date of accident including accident date of *Premium/Select Cardholders* or off us (same bank channels-Bank Customer/RuPay cardholder transactions at other bank channels).

RuPay cardholders are eligible for the compensation on only for 1 eligible RuPay card per cardholder or per customer, even if multiple cards held by cardholder of same / different bank are meeting the eligibility criteria. The choice of the card for the claim would rest with the customer.

4. The Personal Accident Insurance Death and Permanent Total Disability would be an open policy for any kind of accident related to death or permanent total disability.

5. In the event that the date of accident is:

- a. within 45 days prior to date of accident including accident date for Premium/Select Cardholders and
- b. within 90 days prior to date of accident including accident date of Non-Premium Cardholders.

from the date of issuance of the RuPay card, the policy would respond in favour of the cardholder even if no transaction has been carried out using the card.

6. Personal Accident Insurance is open to all RuPay cardholders above 5 years of age.

B) Procedure for Claim

1. Claim for insurance benefit against policy will need to be submitted by the member bank.

3. Claim intimation should be made within ninety (90) days from the date of accident. In case where a person is hospitalized (and under a critical condition) and is unable to file claim within 90 days of loss/incident such claim cases will be accepted by The New India Assurance Co. Ltd. for investigation and honoured, if all terms under the policy are met as on date of accident.

4. All supporting documents relating to the claim must be submitted within sixty (60) days from the date of claim intimation.

5. The claims will be settled in ten (10) working days from the date of receiving the complete document set and assessment of entitlement by The New India Assurance Co. Ltd.

Capital to Risk Asset Ratios

(shown in %age)

Country	2017	2018
Australia	14.55	14.62
Canada	14.81	14.64
UK	20.50	20.19
US	14.53	14.55
China	13.65	13.57
India	12.82	12.31

Net NP Ratios

Country	2017	2018
Finland	1.6	1.3
France	3.5	3.2
Germany	2.4	1.7
Greece	46.2	45.3
European Union	4.8	3.9

Loan System of Delivery of Bank Credit

RBI released the revised guidelines on Dec 05, 2018.

Objective of framework : To enhance credit discipline among the larger borrowers enjoying working capital facility from the banking system.

The delivery of bank credit for such borrowers shall be as under:

1. Minimum level of 'loan component' and Effective date

W.e.f. 01.04.2019, in respect of borrowers having aggregate fund based working capital limit (WC limit) of Rs.1500 million and above from the banking system, a minimum level of 'loan component' (Working Capital Loan -WCL) shall be 40% of sanctioned fund based WC limit, including ad hoc limits and TODs. To these borrowers, drawings up to 40% of total fund based WC limits shall only be allowed from WCL. Drawings beyond minimum WCL threshold may be allowed as cash credit facility. Working examples for bifurcation of WC limit is as under (Rs. mn):

(1) Scenario	(2) Total WC	(3) O/s bal	(4) WCL	(5) CC
Scenario 1	Rs.2100	Rs. 780	Rs.780	Nil
Scenario 2	Rs.2100	Rs.1700	Rs. 840	Rs.860
Scenario 3	Rs.2100	Rs.1600	Rs.840	Rs.760
Scenario 4	Rs.2100	Rs.2000	Rs.840	Rs.1160
Scenario 5	Rs.2100	Rs.2050	Rs.840	Rs.1210

The bifurcation of WC limit into loan and cash credit components shall be after *excluding the export credit limits (pre-shipment and post-shipment) and bills limit for inland sales* from WC limit. Investment by the bank in commercial papers issued by the borrower shall form part of the loan component, provided the investment is sanctioned as part of WC limit.

2. Sharing of Working Capital Finance in case of consortium loans

The ground rules for sharing of CC and loan components may be laid down by consortium, subject to guidelines on bifurcation as above. All lenders in the consortium shall be *individually and jointly* responsible to make sure that at the aggregate level, the 'loan component' meets the above requirements. Under Multiple Banking Arrangements (MBAs), each bank shall ensure adherence to these guidelines at individual bank level.

3. Amount and tenor of the loan

It may be fixed by banks in consultation with borrowers, with a min of *not less than 7 days*. Banks may decide to split the loan component into WCLs with different maturity periods as per the needs of the borrowers.

4. Repayment/Renewal/Rollover of Loan Component

Banks/consortia/syndicates will have the discretion to stipulate repayment of the WCLs in instalments or by way of a "bullet" repayment, subject to IRAC norms. Banks may consider rollover of the WCLs at the request of the borrower, subject to compliance with the extant IRAC norms.

5. Risk weights for undrawn portion of cash credit limits

From April 1, 2019, undrawn portion of CC / overdraft limits sanctioned to these large borrowers, irrespective of whether unconditionally cancellable or not, shall attract a credit conversion factor of 20%.

6. The guidelines will be effective from April 1, 2019 covering both existing as well as new relationships. The 40% loan component will be revised to 60%, with effect from July 1, 2019.

DATA COLUMN

Business of Banks

(Rs.in cr)	Mar31'18	Dec21'18
Aggregate deposits	10805150	11818210
Cash in hand/RBI	570490	551300
Investments	3043660	3347920
Bank Credit:	7881890	9287750
-Food	53930	77340
-Non-Food	7827960	9210410
Cash-Deposit Ratio	5.27	4.66
Investment-Deposit	28.14	28.81
Credit-Deposit	72.95	77.11

Money Stock

(Rs.in cr)	Mar31'18	Dec21'18
M3 (Out of which)	13962590	14551570
(a) Currency with public	1759710	1950940
(b) Demand deposits-Banks	1483710	1302530
(c) Time Deposits - Banks	10695260	11273030
(d) Other deposits with RBI	23910	25070

Sources of Money Supply

(a) Net Bank credit to Govt	4001400	4234670
(b) Bank credit to Comrcl sector	9213720	9877150
(c) Net Forex assets of Banks	2922300	2882600

Important Banking Indicators

Statutory Liquidity Ratio	19.25%	(04.01.2019)
Cash Reserve Ratio	04.00%	(15.02.2013)
Overnight LAF (of NDTL)	0.25%	
14-days term Repo(of NDTL)	0.75%	
Reverse Repo Rate	06.25%	(02.08.2018)
Repo Rate	06.50%	(02.08.2018)
MSF Rate	06.75%	(02.08.2018)
Bank Rate	06.75%	(02.08.2018)

Small Savings Interest Rates

PPF	8.0%	(01.10.2018)
NSC	8.0%	(01.10.2018)
Sukanya Smridhi	8.5%	(01.10.2018)
Senior Citizen Saving	8.7%	(01.10.2018)

Capital & Money Market Indicators

Parameter	end-Dec17	end-Dec18
Dollar-spot TT (Rs.)	63.56	69.72
BSE - Sensex (points)	33793	35695
NSE - Nifty(S&P CNX)	10443	10727
Foreign reserves (Million \$)	404922	393404
Gold /Oz in USD)	1304	1286

INDIAN ECONOMY-IMPORTANT PARAMETERS

RBI's growth estimate for 2018-19	: 7.4%
GDP growth-2016-17 (revised estimate)	: 6.7%
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	: 3.2%
Money Supply (M3) expansion	: 13.4%
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 2018) US \$: 514.4 Bn
Tax-GDP ratio (2014-15)	: 9.93%
Apr- Nov18:Export \$ 217.5bn\$ Imports	: 345.6 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 - Jan 7 / 10, 2019