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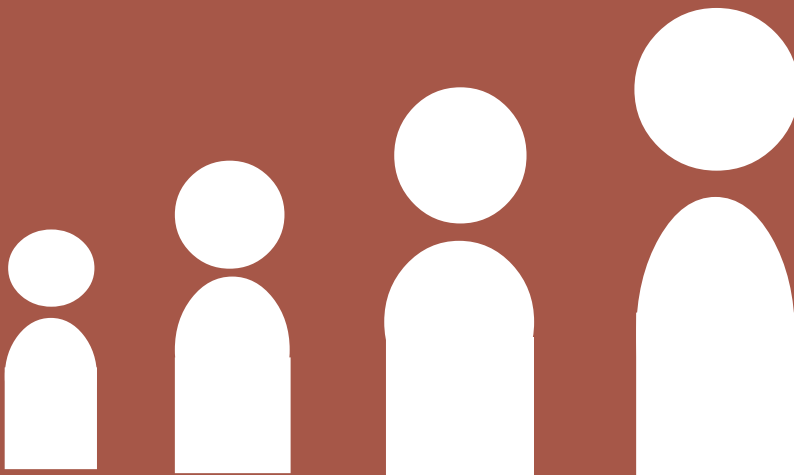
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# Budget Special

Editor in Chief - Sh. N S Toor

# Banking events Update



Those who win, are those, who think they can

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## **BANKING POLICY** Agency Commission on Govt. Transactions

Since 01.07.2012, when charges were revised there has been an expansion in volume and value of government receipts and payments, and coverage of bank branches handling government transactions. These changes have necessitated a review of the costs incurred by the banks in handling govt. business, which has been carried out by a Committee set up for this purpose. On 20.6.19, RBI advised that agency commission rates shall be revised w.e.f July 01, 2019 shall be as under:

Sr.	Transaction	Old	New
1	Receipts - per transaction Physical	Rs. 50	Rs.40
2	Receipts -per transaction – e-mode	Rs. 12	Rs.9
3	Pension Payments-per transaction	Rs. 65	Rs.75
4	Payments other than Pension (Per Rs. 100 turnover)	Rs. 5.5p	Rs.6.5p

**Claim:** A review of claim process was done. Based on review and also taking into consideration, the references received from agency banks in this regard, RBI decided to replace the current process of centralised claims submission with a system whereby applicable GST (18% at present) shall be paid along with agency commission by respective ROs of RBI / CAS, Nagpur.

For eligible government transactions done with effect from July 01, 2019, agency banks shall submit the agency commission claims, including applicable GST amount, as per revised agency commission rates indicated above, to RBI at respective ROs / CAS, Nagpur as per the extant instructions issued by RBI in this regard. TDS on GST shall be deducted as applicable by RBI at the time of making agency commission payment.

### **Basel III Regulations- Implementation of Leverage Ratio**

On Jun 28, 2019, RBI decided that the minimum Leverage Ratio shall be 4% for Domestic Systemically Important Banks (DSIBs) and 3.5% for other banks.

Both the capital measure and exposure measure along with Leverage Ratio are to be disclosed on a quarter-end basis. Banks must meet the minimum Leverage Ratio requirement at all times. These guidelines become effective from the quarter commencing October 1, 2019.

### **National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) systems – Waiver of charges**

RBI reviewed the various charges levied by it on the member banks for transactions processed in the RTGS and NEFT systems. To provide an impetus to digital funds movement, RBI on 11.06.19, decided that with effect from **July 1, 2019**, processing charges and time varying charges levied on banks by Reserve Bank of India (RBI) for outward transactions undertaken using the RTGS system, as also the processing charges levied by RBI for transactions processed in NEFT system will be waived by RBI. The banks are advised to pass on the benefits to their customers for undertaking transactions using the RTGS and NEFT systems with effect from July 1, 2019.

## **Banking Services – Basic Savings Bank Deposit Account (BSBDA)**

The Basic Savings Bank Deposit (BSBD) Account was designed as a savings account which will offer certain minimum facilities, free of charge, to the holders of such accounts. In the interest of better customer service, RBI decided (on 10.06.19) to make certain changes in the facilities associated with the account. Banks are to offer the following basic minimum facilities in the BSBD Account w.e.f 01.07.19, free of charge, without any requirement of minimum balance.

1. Cash deposit at branch or ATMs/CDMs
2. Receipt/ credit of money through any electronic channel or by means of deposit / collection of cheques drawn by Central/State Government agencies and departments
3. No limit on number and value of deposits that can be made in a month.
4. Minimum of four withdrawals in a month, including ATM withdrawals
5. ATM Card or ATM-cum-Debit Card

The BSBD Account shall be considered a normal banking service available to all.

Banks can provide additional value-added services, including issue of cheque book, beyond the above minimum facilities, which may/may not be priced (in non-discriminatory manner). The availment additional services shall be at option of customers. Banks shall not require the customer to maintain a minimum balance. Offering such additional services will not make it a non-BSBD Account, if prescribed minimum services are provided free of charge.

The holders of BSBD Account will not be eligible for opening any other savings bank deposit account in that bank. If a customer has any other existing savings bank deposit account in that bank, he/she will be required to close it within 30 days from the date of opening a BSBD Account. Before opening a BSBD account, a bank to take a declaration from that he/she is not having a BSBD account in any other bank.

### **Security Measures for ATMs**

RBI decided to implement following recommendations of Committee on Currency Movement (CCM) [Chair: Shri D.K. Mohanty] as per circular dated RBI-14.06.2019:

- a) All ATMs shall be operated for cash replenishment only with digital One Time Combination (OTC) locks.
- b) All ATMs shall be grouted to a structure (wall, pillar, floor, etc.) by Sept 30, 2019, except ATMs installed in highly secured premises such as airports, etc. which have adequate CCTV coverage and are guarded by state / central security personnel.
- c) Banks may also consider rolling out a comprehensive e-surveillance mechanism at the ATMs for timely alerts and quick response.

#### **Discontinuation of the requirement of Paper to Follow (P2F) for State Government Cheques**

With a view to enhancing efficiency in cheque clearing, Reserve Bank has introduced Cheque Truncation System (CTS) for clearance of cheques, facilitating the presentation and payment of cheques without their physical movement. P2F was discontinued for Central Govt. cheques with effect from February 2016. Taking this initiative forward, RBI decided (20.06.19) in consultation with the Office of the Comptroller & Auditor General of India (C&AG), Government of India, to dispense with the current requirement of forwarding the paid State Government cheques in physical form (commonly known as P2F) to the State Government departments/treasuries.

#### **Complaint Management System of RBI**

On 24.06.19, RBI launched The Complaint Management System (CMS). It is a software application to facilitate RBI's grievance redressal processes. Members of public can access the CMS portal at RBI's website to lodge their complaints against any of the entities regulated by RBI. CMS has been designed to enable on-line filing of complaints.

#### **Salient Features:**

1. It provides acknowledgement through SMS/Email notification(s), status tracking through unique registration number, receipt of closure advices and filing of Appeals.
2. It provides voluntary feedback on customer's experience.
3. It facilitates the regulated entities to resolve customer complaints received through CMS by providing seamless access to their Principal Nodal Officers/Nodal Officers.
4. It generates a diverse set of reports to monitor & manage grievances by Regulated Entities. They can use the information from CMS for undertaking root cause analyses and initiating appropriate corrective action, if required.
5. RBI officials handling the complaints can track the progress of redressal. The information available in CMS could also be used for regulatory and supervisory interventions, if required.
6. With the launch of CMS, the processing of complaints received in the offices of Banking Ombudsman (BO) and Consumer Education and Protection Cells (CEPCs) of RBI has been digitalized.

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## Union Govt. Budget 2019-20

The final budget was presented on 05.07.19. Key highlights are provided:

### 10-point Vision for the decade

1. Building Team India with Jan Bhagidari: Minimum Government Maximum Governance.
2. Achieving green Mother Earth and Blue Skies through a pollution-free India.
3. Making Digital India reach every sector of the economy.
4. Launching Gaganyaan, Chandrayan, other Space program.
5. Building physical and social infrastructure.
6. Water, water management, clean rivers.
7. Blue Economy.
8. Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables.
9. Achieving a healthy society via Ayushman Bharat, well-nourished women & children, safety of citizens.
10. Emphasis on MSMEs, Start-ups, defence, automobiles, electronics under Make in India.

### Towards a 5 Trillion Dollar Economy

- Indian economy to become a 3 trillion dollar economy in the current year.
- We aspire to make India a 5 trillion dollar economy.
- Need for investment in Infrastructure, Digital economy, Job creation in small and medium firms, Initiatives to be proposed for kick-starting the virtuous cycle of investments.

### Measures related to MSMEs

#### Pradhan Mantri Karam Yogi Maandhan Scheme

- Pension benefits to about 3 crore retail traders & small shopkeepers with annual turnover less than Rs. 1.5 crore.
- Enrolment to be kept simple, requiring only Aadhaar, bank account and a self-declaration.
- Rs. 350 crore allocated for FY 2019-20 for 2% interest subvention (on fresh or incremental loans) to all GST-registered MSMEs, under Interest Subvention Scheme.
- Payment platform for MSMEs to be created to enable filing of bills and payment thereof, to eliminate delays in government payments.

### FAME

- Regulatory roadmap for making India a hub for aircraft financing and leasing activities (FAME) from Indian shores, to be laid by the Government.
- Outlay of Rs. 10,000 crore for 3 years approved for Phase-II of FAME Scheme.
- Only advanced-battery-operated and registered e-vehicles to be incentivized under FAME Scheme.

### Measures to enhance the sources of capital for infrastructure financing:

- Credit Guarantee Enhancement Corporation to be set up in 2019-2020.
- Action plan to be put in place to deepen the market for long term bonds with focus on infrastructure.
- Proposed transfer/sale of investments by FIIs/FPIs (in

debt securities issued by IDNBFCs) to any domestic investor within the specified lock-in period.

### Measures to deepen bond markets:

- Stock exchanges to be enabled to allow AA rated bonds as collaterals.
- User-friendliness of trading platforms for corporate bonds to be reviewed.

### Social stock exchange:

- Electronic fund raising platform under SEBI.
- Listing social enterprises and voluntary organizations.
- To raise capital as equity, debt or as units like a MF.
- SEBI to consider raising the threshold for minimum public shareholding in the listed companies from 25% to 35%.
- KYC norms for FPI to be made more investor friendly.
- Government to supplement efforts by RBI to get retail investors to invest in government
- treasury bills and securities, with further institutional development using stock exchanges.

### Steps to make India a more attractive FDI destination

- FDI in sectors like aviation, media (animation, AVGC) and insurance sectors can be opened further after multi-stakeholder examination.
- Insurance Intermediaries to get 100% FDI.
- Local sourcing norms to be eased for FDI in Single Brand Retail sector.
- Government to organize an annual Global Investors Meet in India, using National Infrastructure Investment Fund.
- Statutory limit for FPI in a company is proposed to be increased from 24% to sectoral foreign investment limit.
- FPIs to be permitted to subscribe to listed debt securities issued by REITs and InvITs.
- NRI-Portfolio Investment Scheme Route is proposed to be merged with the Foreign Portfolio Investment Route.
- Cumulative resources garnered through new financial instruments like Infrastructure Investment Trusts (InvITs), Real Estate Investment Trusts (REITs) as well as models like Toll-Operate-Transfer (ToT) exceed Rs. 24,000 crore.

### Direct Taxes

- No change in income tax slabs for individuals/HUF. Tax rebate available for income less than Rs.5 lac.
- Surcharge for 50 lac to 1 cr =10%, 1-2 cr = 15%, 2-5 cr =25% and above 5 cr =37%
- Tax rate reduced to 25% for companies with annual turnover up to Rs. 400 crore

### Tax Simplification and Ease of living - making compliance easier by leveraging technology:

- Those not having PAN can file tax returns using Aadhaar.
- Aadhaar can be used wherever PAN is required.
- Pre-filled tax returns with details of several incomes and deductions to be made available.
- Faceless e-assessment with no human interface .

### Affordable housing

Additional deduction up to Rs. 1.5 lakhs for interest paid on loans borrowed up to 31<sup>st</sup> March, 2020 for purchase of house valued up to Rs. 45 lakh.



### Boost to Electric Vehicles

- Additional income tax deduction of Rs. 1.5 lakh on interest paid on electric vehicle loans.

### Relief for Start-ups

- Capital gains exemptions from sale of residential house for investment in start-ups extended till FY21.
- Angel tax issue resolved- start-ups and investors filing requisite declarations and providing information in their returns not to be subjected to any kind of scrutiny in respect of valuations of share premiums.
- Funds raised by start-ups to not require scrutiny from Income Tax Department
- E-verification mechanism for establishing identity of the investor and source of funds.

### NBFCs

- Interest on certain bad or doubtful debts by deposit taking as well as systemically important non-deposit taking NBFCs to be taxed in the year in which interest is actually received.

### International Financial Services Centre (IFSC)

- 100 % profit-linked deduction in any ten-year block within a fifteen-year period.
- Exemption from dividend distribution tax from current and accumulated income to companies and mutual funds.
- Exemptions on capital gain to Category-III Alternative Investment Funds (AIFs).

### Securities Transaction Tax (STT)

- STT restricted only to the difference between settlement and strike price in case of exercise of options.

### Grameen Bharat / Rural India

- Electricity and clean cooking facility to all willing rural families by 2022.
- Pradhan Mantri Awas Yojana – Gramin (PMAY-G) aims to achieve “Housing for All” by 2022:
- Eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).

### Pradhan Mantri Matsya Sampada Yojana (PMMSY)

- A robust fisheries management framework through PMMSY to be established by the Department of Fisheries.
- To address critical gaps in the value chain including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.

### Pradhan Mantri Gram Sadak Yojana (PMGSY)

- Target of connecting the eligible and feasible habitations advanced from 2022 to 2019.
- 30,000 kilometers of PMGSY roads have been built using

Fund allocation for Govt. Schemes	Green Technology, Waste Plastic and Cold Mix Technology, thereby reducing carbon footprint.	
	FY19	FY20
PM Kisan	20000	75000
Food subsidy	171098	184000
MGNREGA	61084	60000
Rural development	135109	140762
Swachh Bharat	16978	12644
National Health mission	31187	33651
Director benefit transfer	16478	29500

• 1,25,000 kms of road length to be

upgraded in 5 years under PMGSY III (estimated cost - Rs. 80,250 crore).

### Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI)

- Common Facility Centres (CFCs) to be setup to facilitate cluster based development for making traditional industries more productive, profitable and capable for generating sustained employment opportunities.
- 100 new clusters to be setup during 2019-20 with special focus on Bamboo, Honey and Khadi, enabling 50,000 artisans to join the economic value chain.
- Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) consolidated.
- 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) to be setup.
- 75,000 entrepreneurs to be skilled in agro-rural industry.

### India's water security

- New Jal Shakti Mantralaya to look at the management of our water resources and water supply in an integrated and holistic manner
- Jal Jeevan Mission to achieve Har Ghar Jal (piped water supply) to all rural households by 2024
- 1592 critical and over exploited Blocks spread across 256 District being identified for the Jal Shakti Abhiyan.

### New National Education Policy

- Major changes in both school and higher education
- Better Governance systems
- Greater focus on research and innovation.
- Rs. 400 crore provided for “World Class Institutions”.
- Study in India proposed to bring foreign students to study in Indian higher educational institutions.
- Stand-Up India Scheme to be continued during 2020-25.

### Self-Help Groups (SHG)

- Women SHG interest subvention program proposed to be expanded to all districts.
- Overdraft of Rs. 5,000 to be allowed for every verified women SHG member having a Jan Dhan Bank Account.
- One woman per SHG to be eligible for a loan up to Rs. 1 lakh under MUDRA Scheme.

### Banking and Financial Sector

- Rs. 70,000 crore proposed to be provided to PSBs.
- PSBs to leverage technology, offering online personal loans and doorstep banking, and enabling customers of one PSBs to access services across all PSBs.
- Steps to be initiated to empower accountholders to have control over deposit of cash by others in their accounts.
- Reforms for strengthening governance in PSBs.
- Proposals for strengthening the regulatory authority of RBI over NBFCs to be placed in the Finance Bill.
- Creation of Debenture Redemption Reserve will be done away with to allow NBFCs to raise funds in public issues.
- Steps to allow all NBFCs to directly participate on the TReDS platform.
- Return of regulatory authority from NHB to RBI proposed, over the housing finance sector.

- Steps to be taken to separate the NPS Trust from PFRDA.
- Reduction in Net Owned Fund requirement from Rs. 5,000 crore to Rs. 1,000 crore proposed
- New series of coins of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees, easily identifiable to the visually impaired to be made available for public use shortly.

#### Digital Payments

- TDS of 2% on cash withdrawal > Rs. 1 crore in a year from a bank account
- Business establishments with annual turnover > Rs. 50 crore to offer low cost digital modes of payment to customers without charges or MDRs

#### Achievements during 2014-19

- 1 trillion dollar added to Indian economy over last 5 years (compared to over 55 years taken to reach the first trillion dollar).
- India is 6th largest economy, compared to 11th largest five years ago.
- Indian economy is globally the 3rd largest in Purchasing Power Parity terms.

#### Budget at a Glance

Rs.in crore	31.03.18	31.03.19	31.03.19	31.03.20
	Actual	Budget estimates	Revised Estimates	Budget Estimates
1. Revenue Receipts	1435233	1725738	1729682	1962761
2. Tax Revenue (Net to Centre)	1242488	1480649	1484406	1649582
3. Non Tax Revenue	192745	245089	245276	313179
4. Capital Receipts	706740	716475	727553	823588
5. Recovery of Loans	15633	12199	13155	14828
6. Other Receipts	100045	80000	80000	105000
7. Borrowings and Other Liabilities	591062	624276	634398	703760
8. Total Receipts (1+4)	2141973	2442213	2457235	2786349
9. Total Expenditure (10+13)	2141973	2442213	2457235	2786349
10. On Revenue Account of which	1878833	2141772	2140612	2447780
11. Interest Payments	528952	575795	587570	660471
12. Grants in Aid for creation of capital assets	191034	195345	200300	207333
13. On Capital Account	263140	300441	316623	338569
14. Revenue Deficit (10-1)	443600	416034	410930	485019
	(2.6)	(2.2)	(2.2)	(2.3)
15. Effective Revenue Deficit (14-12)	252566	220689	210630	277686
	(1.5)	(1.2)	(1.1)	(1.3)
16. Fiscal Deficit [9-(1+5+6)]	591062	624276	634398	703760
	(3.5)	(3.3)	(3.4)	(3.3)
17. Primary Deficit (16-11)	62110	48481	46828	43289
	(0.4)	(0.3)	(0.2)	(0.2)

**Notes:** GDP for BE 2019-2020 has been projected at 21100607 crore assuming 12.0 % growth over the estimated GDP of 18840731 crore for 2018-2019 (RE).

Rupee comes from (source) in paise		Rupee goes to (use)	
Corporate Tax	21	Centrally sponsored schemes	09
Income tax	16	Central Sector schemes	13
Customs duty	04	Interest payments	18
Union excise duty	08	Defence	09
Goods-Services Tax	19	Subsidies	08
Non-tax revenue	09	Finance commission transfers	07
Non-debt capital receipts	03	State share of taxes	23
Borrowing	20	Pensions	05
		Other expenditure	08
<b>Total</b>	<b>100</b>	<b>Total</b>	<b>100</b>

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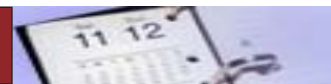
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- GOVT. EXTENDS PM KISAN SCHEME TO ALL FARMERS:** The Union Cabinet of the new Government has decided to extend the Pradhan Mantri Kisan Samman Nidhi to all farmers in the country irrespective of their holdings. The Rs.75, 000 Crore PM Kisan Scheme, first announced in the interim budget on February 1 was meant only for small and marginal farmers. According to the scheme, poor farmers would be given a total of Rs.6000 annually, in three equal instalments. A total of 12.5 Crore farmers who constitute 86% of the total farming community in the country are eligible for the scheme.
- UNION CABINET APPROVES FARMERS PENSION SCHEME:** The Union Cabinet has also approved a “Farmer Pension Scheme” which is available only to small and marginal farmers. The farmers in the age group of 18-40 years will be able to enrol the pension scheme and draw a monthly pension of Rs.3000 upon attaining the age of 60 years. Depending upon their age at the time of enrolment, farmers have to put in an amount between Rs.55 to Rs.200 per month and the Government will contribute a matching amount.
- GOVT. APPROVES PENSION SCHEME FOR SMALL RETAILERS:** The newly-inducted Union Cabinet has approved a new scheme which assures minimum monthly pension of Rs.3000 per month to small shop keepers, retail traders and the self employed people after attaining the age of 60 years. All small shopkeepers and self-employed persons as well as the retail traders with GST turnover below Rs.1.5 Crore and aged between 18-40 years can enrol themselves for this scheme. This enrolment can be done through more than 3.25 Lakh common service centres across the country. The Government will make matching contribution in the subscribers’ account.
- SUPREME COURT RULING ON BOUNCED CHEQUES:** (Case-Surinder Singh VS. Virender Gandhi) The Supreme Court has ruled in the case that the amended provision in the Negotiable Instruments Act tightening curbs on those accused of issuing bounced cheques shall be applicable *with retrospective effect*. Sec 148 states that in an appeal by the drawer of the cheque against the conviction, the Appellate Court may order him to deposit at least 20% of the fine or compensation awarded by the trial court.
- GOVT. MAKES CHANGES IN PMUY SCHEME:** The Pradhan Mantri Ujjwala Yojana (PMUY) Scheme was launched on May 1, 2016 with a target of 50 million women in families below the

## Financial Events

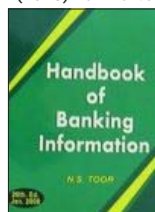


poverty line. The Scheme’s ambit was later extended to 80 million covering all poor families. The scheme for providing cooking gas connections to the poor was held as one of the key social sector schemes that helped the Government to win the General Elections. To answer the opposition criticism that the poor in some areas are unable to afford a refill, the Govt. decided to allot only 5-KG Cylinders in areas where the rate of refill is low, instead of the regular 14.5 KG cylinder.

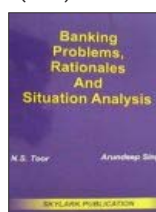
- MFI TO BANKS/NBFCs TO HAVE COMMON LENDING CODE:** In view of the aggressive lending by banks and financial institutions in the microfinance space, these companies are seeking a level-playing field where all lenders in the segment come under a Common Code for Responsible lending. Latest RBI regulations governing over-indebtedness in micro-lending applies only to NBFCs-MFIs and Not-for-Profit MFIs. According to RBI regulations, the total loan amount to a single borrower should not exceed Rs.60, 000 in the first cycle and Rs.1 Lakh in subsequent cycles by not more than two microfinance lenders at a time. The four parameters which the code is seeking to mandate for all include restricting the number of lenders to single borrower to three, putting a cap of Rs.1 Lakh, borrowing by a single borrower not lending to borrowers whose account has turned NPA previously and lending backed by latest Credit Bureau Report.
- NILEKANI PANEL PROPOSES CICO NETWORK:** A High-level Nandan

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WIDELY  
READ  
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BOOKS**

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Nilekani-led Panel has suggested the RBI to rope in local retail stores to act as cash points in semi-urban centres. With banks already cutting down on their ATM deployment, such a model may replace teller machines as the primary source of cash in semi-urban centres. The “Cash In Cash Out” (CICO) Network proposed by the committee is a network of cash disbursement points where a customer can seamlessly convert digital money to physical cash, using interoperable mechanism such as QR code and Aadhar-enabled payment channels.

- **GOVT. SET TO UPGRADE CPI AND IIP SERIES:** The Government is to bring out a new series for two key macroeconomic indicators- Index of Industrial Production (IIP) and the Consumer Price Index (CPI) in 2020. Both IIP and CPI are released on the 12<sup>th</sup> of every month. The new series of the IIP will have a base year of 2017-18 and for the CPI, it will be 2019. Both indices are prepared and released by the Central Statistics Office which operates under Ministry of Statistics and Programme Implementation.
- **RBI TO ALLOW ON-TAP LICENCING OF SFBs:** RBI will allow on-tap licencing of Small Finance Banks (SFBs) to drive financial inclusion. A review of performance of SFBs reveals that they have achieved their priority sector targets and thus attained their mandate for furthering financial inclusion. Hence, there is a case for more players to be included in the field. RBI will issue draft guidelines for on-tap licencing of SFBs by the end of August. This will allow aspirants to apply for SFB licence at any time provided they fulfil specified requirements.
- **RBI WAIVES NEFT AND RTGS CHARGES:** RBI has decided to waive all charges on RTGS and NEFT transactions-two preferred routes for instantly transferring funds digitally. RBI which levies a minimum charge on banks for transactions routed through the RTGS meant for large value, instantaneous fund transfers and the NEFT system for other fund transfers has directed all banks to pass these benefits to their customers.
- **GOVT. TO RE-INTRODUCE BOT MODEL FOR HIGHWAY PROJECTS:** The Union Government will be back with the classic road construction model-Build-Operate-Transfer (BOT)-four years after it introduced the hybrid-annuity mode for execution of highway projects. Under Hybrid-annuity model (HAM) projects, the Central Government invests 40% equity and the remaining amount is arranged by the highway developer. Under BOT, however, a bidder is eligible to subsidy or a grant up to 40% of the project cost, though the one bidding lowest subsidy bags the project. The tolling risk or the earning from the traffic is completely borne by the project operator. HAM is a mix of engineering, procurement and construction (EPC) and BOT formats with the Government and the private companies sharing the total project cost in the ratio of 40:60 respectively.
- **GOVT'S SAVINGS FROM DBT GROW MANIFOLD:** The Government has saved over Rs.50, 000 Crore through “Direct

Benefit Transfer” (DBT) in FY 2019. This is more than half of the cumulative saving between FY 2014 and FY 2018. Under DBT, benefits or subsidies are transferred directly to the beneficiaries’ accounts, thus cutting wastage and ensuring the effective use of resources for schemes such as the LPG subsidy or wages under the rural employment guarantee programme. As on date, 439 schemes implemented by 55 ministries use DBT. Data reveals that the estimated savings from DBT in FY 2019 were Rs.51, 664.85 Crore while cumulative savings since inception of the scheme till FY 2018 were a little over Rs.90, 000 Crore.

- **SEBI PROPOSE MECHANISM ON INSIDER TRADING VIOLATIONS:** SEBI has proposed a mechanism to formalise the process of receiving information from whistle-blowers who expose insider trading violations. It also suggested measures to protect and award such informants. The monetary reward would be considered under certain conditions. The monies disgorged should be at least Rs.5 Crore. The total amount of monetary reward shall be 10% of the monies collected but shall not exceed Rs.1 Crore or such higher amount as may be specified. An interim reward not exceeding Rs.10 Lakh may be given at the stage of issuance of the final order by SEBI against the person directed to disgorge.
- **RBI RELAXES NORM FOR BASIC ACCOUNT HOLDERS:** RBI has eased the regulations for Basic Savings Bank Deposit (BSBD) accounts, popularly known as “No-frill” accounts. Now banks are free to provide value-added services, including issue of cheque book and banks can not ask account holders to maintain minimum balance in lieu of such facilities.
- **J&K BANK TO COME UNDER PURVIEW OF RTI AND CVC:** With instances of loans being granted and recruitment made allegedly on the recommendations of influential politicians coming to light, J&K State Government, main promoter of the bank swung into action and removed Parvez Ahmad from the post



of CMD and appointed RK Chhibber as Interim CMD for three months. It also announced a host of measures including splitting of the post of Chairman and Managing Director and bringing the bank under the purview of the Right to Information (RTI) Act and the Central Vigilance Commission (CVC).

- NEW GST RETURN MECHANISM TO BE IMPLEMENTED IN PHASES:** The Finance Ministry has unveiled a roadmap for the implementation of the new GST Return Mechanism. It has also put in place a transition mechanism. The new mechanism will be used on trial basis from July to September. For the large taxpayers (those whose aggregate annual turnover in the previous fiscal was more than Rs.5 Crore) Form GST ANX will replace GSTR1 from October. Small players with turnover up to Rs.5 Crore who file on a quarterly basis will have to use this in January for the October-December quarter. Form GST RET-1 will replace GSTR-3B and it will be mandatory from January for all taxpayers.
- NAFCUB TO SET UP UMBRELLA ORGANISATION FOR UCBS:** National Federation of Urban Cooperative Banks and Credit Societies (NAFCUB) plans to set in motion the process of establishing an Umbrella Organisation (UO) for 1551 Urban Coop Banks (UCBs) in the country. This is to cater to their technology, liquidity and capital needs and also to ensure that banks in the sector do not close down. UO will be set up as NBFC and could be converted into a bank down the line. The UO will be a shelter for all UCBS- Unit banks (with a single branch), Tier-1 banks (with less than Rs.100 Crore deposits) and tier-II banks (with more than Rs.100 Crore deposits, including multi-state banks).
- SEBI ON ASSET TRANSFER FOR FPIs:** SEBI has not been giving permission for Foreign Portfolio Investors (FPIs) to transfer assets through a provision which was previously in common use. An FPI could earlier transfer assets between its arms, in the wake of merger of schemes or similar reorganisation through an application to the SEBI. This “free of cost” transfer was allowed if end-beneficiaries were the same in both entities. Now SEBI has stopped giving approval to such transfers due to tax fears.
- GOVT. REDUCED CONTRIBUTION RATE FOR ESI SCHEME:** The Government has announced reducing the total rate of contribution made by workers and employers towards the Employees’ State Insurance (ESI) scheme from 6.5% to 4% for the first time in over two decades. Nearly 4.75% of a worker’s monthly salary goes towards ESI as the employer’s contribution, 1.75% of the income is the employee’s share at present. Now 3.25% will be the employer’s share and 0.75% of the employee’s. This will be effective from July 2019.
- INDIA PITCHES MODEL TO BETTER EASE OF DOING BUSINESS:** India has presented to the World Bank a unique “Red, Amber and Green” Model to promote faster customs clearance, strengthening the case for improvement in case of doing business rankings for the current year as it aims to get into the top 50. With the introduction of the “nudge model” the Customs Department is able to visually track the performance of officers, jurisdictions, ports, brokers and sectors in real-time across the country through a colour dashboard, blinking red, amber and green.
- SEBI TO TIGHTEN SCREWS ON RATING FIRMS:** SEBI is going to put in place a rigorous disclosure regime for credit rating agencies (CRAs). In their score card relating to a particular user, the CRAs now have to specify upfront key details which they think could lead to a default. They should also provide their rationale for their rating. Public funds in India mainly invest in debt instruments based on ratings from CRAs which now have to list out sensitive factors, including financials and sectoral details that could impact the rating of a debt instrument. They should also delineate various probabilities that could constitute a default. The exercise should not look like a listing of general risk factors but stress on areas specific to the debt issuer.
- SEBI TO REJIG MF NORMS TO**

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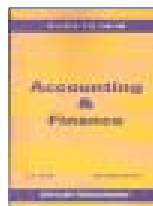
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**CURB CREDIT RISK:** SEBI had introduced scheme categorisation guidelines in October 2017, with an aim to declutter the fund ecosystem and distinguish schemes based on asset allocation and investment strategy. SEBI may rework the current categorisation norms to mitigate risk in medium and shorter tenure debt mutual funds that take credit risks. Currently, most debt funds categories do not have restrictions on amount of credit risk they can take. Credit risk funds and corporate bond funds are the only categories that define credit exposure- for former 65% of total assets has to be in papers rated “AA” or below and for the latter 80% of assets has to be in the highest-rated papers.

- **SUPREME COURT RULING ON MINIMUM WAGES:** (Case-Faridabad Industries Association VS. State of Haryana) The Supreme Court ruled in the case that while implementing the Minimum Wages Act, a government can not alter the terms of employment. It can only fix wages of employees. Other components of employment remain same. For example, Government can not define skilled and unskilled workers and put them in separate categories. Similarly, the government can not fix the period of training of apprentices. Such contracts can not be interfered with by Govt. while exercising its powers under the Act.
- **SUPREME COURT RULING ON RETRENCHMENT BENEFIT:** (Case- Bihar State SC/ST Cooperative Development Ltd. VS. State of Bihar) Supreme Court has ruled in the case that termination of an employee on the ground that his initial appointment was illegal would amount to retrenchment. The consequence is that Sec 25F of Industrial Disputes Act dealing with retrenchment will be applicable to him and he will be eligible for certain labour welfare benefits. The Act does not cover “Invalid Appointment”.
- **SEBI TO TIGHTEN LAS NORMS:** SEBI is likely to lay down a slew of measures to improve transparency and risk management practices for the Mutual Fund Industry’s Loan against Shares (LAS) exposure. Recently, the stress in LAS exposure prompted fund houses to take divergent action in the absence of formal norms governing such investments. Now SEBI is considering mandatory listing of LAS-related debentures, so that these entities are required to disclose financials and keep investors abreast of company-specific developments. SEBI may also lay down norm as

stipulated by RBI. For example, RBI requires NBFCs to ensure at least 2X equity cover for loans given against shares. MFs have given such loans for a lower share cover.

- **NEW INCOME-TAX GUIDELINES TIGHTEN SCEW ON EVADERS:** The CBDT has issued revised guidelines for “compounding of offences under Direct Tax Laws 2019 which will be executed under the IT Act 1961. The fresh guidelines state certain offences will generally not be compounded if the person has been found involved in any manner, in any anti-national or terrorist activity or is investigated by the ED or any other Central or State agency. Compounding in IT parlance means that the taxman does not file a prosecution case against the offender or tax evader in the court in lieu of payment of due taxes and surcharges.
- **HR KHAN PANEL PROPOSES ON FPI REGULATIONS:** SEBI had formed a committee under the Chairmanship of RBI Deputy Governor HR Khan to review the existing FPI regulations. Khan Panel proposes separate registration for sub-funds with segregated portfolios. Sub-funds will need to register separately as FPIs and get separate PAN. Existing FPIs will have to liquidate their Indian portfolio to transfer securities to sub-funds. Sub-funds may need additional money for share purchase and manage their risks. After implementation, sub-funds will no longer be able to set off losses against each other.
- **IBA DRAFTS NEW ICA FOR STRESSED ASSETS:** Indian Banks’ Association (IBA) has drawn up an Inter-Creditor Agreement (ICA) to establish the ground rules for the resolution of stressed assets. The proposed ICA has added a provision under the resolution plan to regularise the borrower’s account by payment of all overdue amounts to all lenders by the borrower. This could effectively mean a one-time settlement or actual repayment of overdues within a short time. The ICA could be adopted by the lenders for each of the cases which are required to be resolved through implementation of a resolution plan under the prudential Framework of RBI with changes or modifications.
- **SEBI ALLOWS FUTURE TRADING IN COMMODITY INDICES:** SEBI has allowed Exchanges to launch future trading in commodity indices. The move will further facilitate mutual fund and institutional participation in commodity exchanges. Bourses willing to start commodity indices future trading has to submit last three years data of the index constructed along-with data on monthly volatility, roll-over yield for the month and monthly return while seeking approval from SEBI.

## GENERAL AWARENESS

- Rating Agency according to which the performance of India's Banking Sector is likely to be below average for the next two years due to poor asset quality and weak core capitalisation- **FITCH Agency**.
- Business Line Two Journalists have bagged Awards for- **Excellence in Financial Journalism**.
- Bank which has introduced Interoperability of six key services for SF and CA deposits including cash deposits and withdrawals of less than Rs.50, 000 w.e.f June 1- **Bank of Baroda**.
- India's Top Oil and Gas Producer which has toppled Indian Oil Corporation to become India's Most Profitable Public Sector Co- **ONGC**.
- An EY Network Firm which has been barred from taking up any statutory audit assignments in Commercial Banks for one year starting April 1.- **SR Batliboi & Co**.
- As per Study "World's 15 Hottest Places are in India and Pakistan"- **Study by Metrological Department, Churu**.
- Report according to which over 6800 cases of Bank Frauds involving an unprecedented Rs.71, 500 Crore have been reported in 2018-19- **RBI Report**.
- Rajiv Maharishi, Comptroller and Auditor General of India has been elected as- **External Auditor of World Health Organisation**.
- Bank promoted Trustee which became the First Trustee to start operations at Gujarat International Financial Tec- City (GIFT) - **AXIS Bank-promoted Axis Trustee Services**.
- Index in which India has been ranked at 95<sup>th</sup> ranking Globally out of 129 Countries- **Sustainable Development Goals Gender Index**.
- State Government which has decided to reduce the minimum age for becoming a Panchayat Head from the existing 35 years to 25 years- **Assam Government**.
- Udaan which has received NBFC Licence to selectively offer credit to retailers and sellers on its platform- **B2B Online Market-place**.
- As per the Latest Financial Times Executive Education Rankings, the Institute which has been ranked 43<sup>rd</sup> among the Top 50 Institutes Globally- **Indian Institute of Management Bangalore**.
- Space Rocket which China has launched for the First Time- **Sea-based Space Rocket**.
- Google's India-born CEO Sunder Pichai has been chosen for- **Global Leadership Awards 2019**.
- Index which the Industry Body CII has introduced to assess the quality of budgets presented by the Centre and State Governments- **Fiscal Performance Index**.
- Policy Think-Tank, reconstitution of which has been approved by PM renaming Rajiv Kumar as its Vice-Chairman along with Amit Shah, Home Minister as its Ex-Officio Member- **NITI Aayog**.
- Panel set up by RBI on review of ATM Charges and Fees will be headed by- **VG Kannan, CEO of IBA**.
- Bank which has introduced Repo-linked Home Loan

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product- **SBI**.

- On the lines of CA Institute, Govt. is planning to set up – **National Institute for Valuers**.
- Auditors of IL&FS for whom the MCA has moved the NCLT to debar from business for five years- **Deloitte Haskins & Sells and BSR & Associates**.
- Company which has surpassed Reliance Industries to become the Most Valued Firm by market valuation- **Tata Consultancy Services (TCS)**
- Asif Ali Zardari who has been arrested in the Fake Bank Accounts Case by the country's top Anti-corruption Body- **Former Pakistan President**.
- Bank which has closed all Regional Offices under its Mumbai Zone for adopting Vertical Structures to achieve operational synergies- **Bank of Baroda**.
- Bank whose ratings has been put under review for Downgrade by the Rating Agency Moody's- **Yes Bank**.
- New Legislation which will be introduced after merging 44 labour laws under four categories-Wages, Social Security, Industrial safety and welfare and Industrial relations- **Labour Bill**.
- US Retail Giant which has dethroned Google and has become World's Most Valuable Brand- **Amazon**.
- Two Women Ritu Kridhal and M Vanitha will head the Project and Mission director respectively for launching Chandrayan-2 on July 15 which will land on Moon on Sept.6/7- **First-Time in History of ISRO**.
- India slips 5 places to 141 ranking out of 163 Countries while Iceland has topped the List- **Global Peace Index 2019**.
- India's Largest e-Pharmacy and Healthcare Platform by sales- **Medlife**.
- Scheme which Bihar has launched and has become the First Indian State under which Rs.400 per month will be credited in the account of persons aged 60 years and above- **Universal Old-age Pension Scheme**.
- According the Annual List of Top CEOs compiled by Barron's, CEO who has emerged as Top CEO Globally with top track records of revenue growth, earnings and shareholder returns- **Microsoft CEO Satya Nadella**.
- Regulator which is now 10<sup>th</sup> Largest Gold Reserve Holder in the World- **RBI**.
- Rating Agency which has lowered the India's Growth Forecast for FY20 to 6.6%- **FITCH**.
- India has emerged as the 5<sup>th</sup> Largest Country Globally in "Flexi-staffing" (Temporary jobs) after- **US, China Brazil and Japan**.
- Report according to which India will overtake China as World's

Most Populous Country in just eight years- **UN Report**.

- Rating Agency which has lowered India's growth forecast to 6.6% from 6.8% for the current fiscal- **FITCH**.
- World's Biggest Social Network which is set to unveil a bid to bring Cryptocurrency payments into the mainstream- **Facebook**.
- To boost employment opportunities, Govt. to do away with the requirement of minimum educational qualification (who has passed VIII Class) for getting- **Driving Licence**.
- Bank which has installed a 50 KWp Rooftop Solar Power Plant at its Corporate Office in Bengaluru and plans for similar set up at its properties spread across the Country as part of its "Go Green" initiative- **Canara Bank**.
- Centre has decided to waive the registration charges for- **Electric Vehicles**.
- 21<sup>st</sup> June has been celebrated all over the world as- **International Yoga Day**.
- Summit which PM Modi to attend in Osaka, Japan from June 28-29- **G-20 Summit**.
- Cell which was set up to fast-track infrastructure projects has resolved 615 of the 1038 projects that came under its review- **Project Monitoring-Invest India Cell**.
- UP continues to be the Worst State in terms of overall performance while Kerala has topped in the second successive time- **NITI Aayog Health Index**.
- Index for which the Government has set up a working group for revision of the current series of- **Wholesale Price Index**.
- Govt. has asked the banks to appoint GM-level officer to resolve the problems being faced by- **MSMEs**.
- **MN Sharma, Former CMD of United India Insurance has been named as-Secretary General of General Insurance Council**.
- **Investment which has increased by 6% to \$42 billion in 2018-** Foreign Direct Investment.





## MOCK-TEST PAPER

### Questions on Budget 2019-20

- 01** As per Union Govt. final Budget for 2019-20, what is *projected nominal GDP* growth rate?
- 13%
  - 12%
  - 11%
  - 10%
- 02** As per Union Govt. final Budget for 2019-20, that is *fiscal deficit* as %age of GDP?
- 3.5%
  - 3.4%
  - 3.3%
  - 3.1%
- 03** As per Union Govt. final Budget for 2019-20, that is *revenue deficit* as %age of GDP?
- 2.2%
  - 2.3%
  - 2.4%
  - 2.1%
- 04** As per Union Govt. final Budget for 2019-20, that is *effective revenue deficit* as %age of GDP?
- 1.3%
  - 1.2%
  - 1.1%
  - 0.9%
- 05** As per Union Govt. final Budget for 2019-20, that is *primary deficit* as %age of GDP?
- 0.4%
  - 0.35%
  - 0.3%
  - 0.2%
- 06** As per Union Govt. final Budget for 2019-20, interest on home loan for 1<sup>st</sup> time buyer to purchase house valued up to Rs.45 lac, will get total tax deduction up to:
- Rs.4 lac
  - Rs.3.50 lac
  - Rs.3 lac
  - Rs.2.00 lac
- 07** As per Union Govt. final Budget for 2019-20, surcharge on income tax for individuals increased from \_\_\_ to \_\_\_ with taxable income of Rs.2 cr to Rs.5 cr.
- 15% to 25%
  - 15% to 20%
  - 10% to 20%
  - 10% to 15%
- 08** As per Union Govt. final Budget for 2019-20, surcharge on income tax for individuals increased from \_\_\_ to \_\_\_ with taxable income above Rs.5 cr.
- 15% to 22%
  - 15% to 28%
  - 15% to 37%
  - 15% to 42.7%
- 09** As per Union Govt. final Budget for 2019-20, individuals and HUFs to deduct 5% tax at source on payments made to resident contractors and professionals where aggregate payments exceed Rs.\_\_\_ during a financial year?
- Rs.60 lac
  - Rs.50 lac
  - Rs.45 lac
  - Rs.40 lac
- 10** As per Union Govt. final Budget for 2019-20, filing of income tax return is mandatory if amount spent on foreign travel exceeds Rs.\_\_\_ or annual electricity bill exceed Rs.\_\_\_ or the balance in their current account with a bank is more than Rs.\_\_\_
- Rs.2 lac or Rs.1 lac or Rs.1 cr
  - Rs.3 lac or Rs.1 lac or Rs.1 cr respectively.
  - Rs.2 lac or Rs.2 lac or Rs.1 cr respectively.
  - Rs.2 lac or Rs.1 lac or Rs.10 lac respectively.
- 11** As per Union Govt. final Budget for 2019-20, entire lumpsum withdrawal from National Pension Scheme which is limited to \_\_\_ of accumulated amount, shall be exempted from tax as against 40% presently.
- 70%
  - 65%
  - 60%
  - 55%
- 12** As per Union Govt. final Budget for 2019-20, a listed company which wants to buy back its shares, has to pay \_\_\_ tax on buy back.
- 12.5%
  - 15%
  - 17.5%
  - 20%
- 13** As per Union Govt. final Budget for 2019-20, corporate tax has been reduced to 25% for companies with turnover up to Rs.\_\_\_ in 2017-18?
- Rs.500 cr
  - Rs.400 cr
  - Rs.300 cr
  - Rs.250 cr
- 14** As per Union Govt. final Budget for 2019-20, TDS shall be \_\_\_ on cash withdrawals exceeding Rs.1 cr duing an year from an account bank or post-office.
- 2%
  - 1.5%

**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.

- c 1%  
d 0.5%
- 15** As per Union Govt. final Budget for 2019-20, business with turnover exceeding Rs. \_\_\_ cr to provide for electronic mode of payment without levying any charges or MDR.  
a Rs.100 cr  
b Rs.75 cr  
c Rs.50 cr  
d Rs.25 cr
- 16** As per Union Govt. final Budget for 2019-20, if a business with prescribed turnover fails to provide for electronic mode of payment without levying any charges, the penalty will be \_\_\_ per day.  
a Rs.10000  
b Rs.7500  
c Rs.6000  
d Rs.5000
- 17** As per Union Govt. final Budget for 2019-20, the highest effective tax rate on an individual including cess and surcharge shall be:  
a 25%  
b 29%  
c 42.7%  
d 46.7%
- 18** As per Union Govt. final Budget for 2019-20, where PAN is required, a person can provide details of \_\_\_ instead of PAN.  
a Aadhaar  
b pass-port  
c driving licence  
d voter-ID
- 19** As per Union Govt. final Budget for 2019-20, the disinvestment target is Rs.\_\_\_\_.  
a Rs.105000 cr  
b Rs.100000 cr  
c Rs.90000 cr  
d Rs.76000 cr
- 20** As per Union Govt. final Budget for 2019-20, the govt. will provide additional capital to public sector banks to the tune of Rs.\_\_\_\_  
a Rs.80000 cr  
b Rs.70000 cr  
c Rs.60000 cr  
d Rs.50000 cr
- 21** As per Union Govt. final Budget for 2019-20, a life line of Rs.\_\_\_\_ has been provided by Govt. to ease shortage of credit to fundamentally sound NBFCs by promising to bear the first loss of up to 10% of assets purchased by PSBs from NBFCs, for 6 months?  
a Rs.60000 cr  
b Rs.75000 cr  
c Rs.90000 cr  
d Rs.100000 cr
- 22** As per Union Govt. final Budget for 2019-20, under National Pension Scheme, the contribution for all central govt. employees has been enhanced from existing 10% to \_\_\_ of basic pay?  
a 15%  
b 14%  
c 12%  
d 8%
- 23** As per Union Govt. final Budget for 2019-20, on interest on loan taken for purchase of electric vehicle, interest up to Rs.\_\_\_\_ will get additional income tax deduction?  
a Rs.150000  
b Rs.120000  
c Rs.100000  
d Rs.75000
- 24** As per Union Govt. final Budget for 2019-20, companies with large promoter stake can have max \_\_\_% of share capital compared to 75% previously?  
a 70%  
b 68%  
c 65%  
d 62.5%
- 25** As per Union Govt. final Budget for 2019-20, which authority shall be new regulator in case of housing finance companies?  
a NHB  
b RBI  
c Ministry of Urban Housing  
d SEBI
- 26** As per Union Govt. final Budget for 2019-20, what can be the level of foreign direct investment in insurance intermediaries?  
a 100%  
b 76%  
c 51%  
d 34%
- 27** As per Union Govt. final Budget for 2019-20, govt. proposes to lower stake in non-financial public sector undertakings below:  
a 33%  
b 39%  
c 43%  
d 51%
- 28** As per Union Govt. final Budget for 2019-20, the standup India scheme has been extended up to the year:  
a 2022  
b 2023  
c 2025  
d 2027
- Recalled Questions**
- 29** Reply is required to be given under Right to information Act in maximum within \_\_\_ days:  
a 10 days  
b 15 days  
c 20 days  
d 30 days
- 30** In a foreign letter of credit, the date for shipment is stated as 'on and about' 25<sup>th</sup> January 2016:  
a Shipment has to be made by 25<sup>th</sup>

- Jan 2016 only
- b the word 'around' will be ignored
- c shipment can be made 5 working days before or after
- d shipment can be made 5 calendar days before or after
- 31** A farmer who has not raised crop loan from the bank, wants loan against agricultural produce stored in a warehouse, before its marketing. What is the maximum amount of loan that banks can allow:
- a Rs.5 lac
- b Rs.10 lac
- c Rs.15 lac
- d Rs.50 lac
- e loan cannot be allowed
- 32** What is the margin % for advances against shares in demat format:
- a 25% for all
- b 40% for all
- c 50% for companies
- d 40% for individuals
- e 50% for all
- 33** What is true regarding the ownership and possession of security in respect of pledge, hypothecation and mortgage.
- a in all these cases, the possession is with bank and ownership with borrower
- b the ownership is with owner in all cases, but possession is with bank for pledge and with borrower for others
- c the ownership is with owner in all cases, but possession is with bank for pledge and hypothecation and with borrower for mortgage
- d the ownership is with owner in all cases, but possession is with bank for pledge and mortgage and with borrower for hypothecation
- 34** The term 'core capital or going concern capital' in the context of Basel 3 represents which of the following:
- a paid up capital and reserves
- b Tier I capital funds
- c Tier II capital funds
- d Total capital funds comprising Tier 1, Tier II and Tier III
- 35** In the balance sheet of a company, the income accrued and not received is shown as:
- a current liability
- b net worth
- c current asset
- d non-current asset
- e net profit
- 36** Payments Banks are restricted to hold a maximum credit balance of Rs. \_\_\_\_\_ per individual customer in deposit account.
- a Rs.10000
- b Rs.50000
- c Rs.100000
- d Rs.200000
- 37** An FD is in A and B's name payable to either or survivor. On maturity date A comes to bank for payment with original FDR. Legal heirs of B inform that they have filed suit in court. A copy of plaint is submitted by them:
- a Bank will pay to A because it is payable to either or survivor
- b Bank will wait for court's decision
- c Bank will pay 1/2 share and the balance will be decided on court decision.
- d bank will pay to the survivor on the basis of an indemnity bond
- 38** Banks and NBFCs can co-originate priority sector loan as per RBI guidelines. What is the minimum percent of credit risk by way of direct exposure, that the NBFC has to take?
- a 10% of credit risk
- b 20% of credit risk
- c 25% of credit risk
- d 30% of credit risk
- 39** A minor gives guarantee to secure a loan given to his mother (borrower). On attaining the majority he undertakes that he would continue to be liable on the guarantee. If the loan becomes, NPA, bank can recover the outstanding loan amount from:
- a borrower and guarantor any one
- b borrower only
- c guarantor only
- d bank cannot recover from any one because a non-competent person is party to the transaction.
- 40** Pre-operative expenses are shown in the balance sheet of a firm, as
- a current liabilities
- b intangible assets
- c current assets
- d non-current assets
- e part of the net-worth
- 41** What enables computers to interact with other network/computer through telephone lines:
- a internet connection
- b mouse
- c modem
- d monitor
- 42** Which among the following represents reverse repo transaction:
- a sale and purchase of govt. securities by RBI
- b Purchase of govt. securities by banks
- c sale of govt. securities by banks
- d sale of govt. securities by RBI i.e. absorption of liquidity

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

## FX-Retail for retail participants

Introduction of an electronic trading platform for buying/selling foreign exchange by retail customers of banks was announced by RBI on 06.06.19. On Jun 20, 2019, RBI informed that FX-Retail platform, is ready for rollout by Clearing Corporation of India Limited (CCIL) on Aug 05, 2019.

This will provide transparency while enhancing competition and lead to better pricing for retail customers. Banks may charge their retail customers a pre-agreed flat fee towards administrative expenses, which should be publicly declared.

It would bring down the total cost for retail customer in forex market. Facilitating direct access of retail customers to the market, rather than through price-setting by their banks, would also bring down the risk that banks face in warehousing transactions.

FX-Retail can be accessed by customers of a bank (through <https://www.fxretail.co.in>) who needs to purchase or sell US Dollar against Rupee for delivery on cash basis (same day), tom basis (next day) or spot basis (2 days after date of transaction), subject to the following:

- There is no cap on no. of transactions during a day. The total amount of a customer shall be subject to the limit assigned by its bank.
- The size of a single transaction is not allowed to exceed \$5 million.
- A transaction charge of 0.0004% shall be charged by the CCIL for transactions in excess of USD 50,000 per day (NIL up to USD 50000).

**Fees charged by banks** shall be indicated on FX-Retail. Banks may recover from customers transaction or settlement charges levied by CCIL.

In view of the advantages of transparency and pricing to retail customers, and systemic advantage of improved price discovery, banks shall facilitate on-boarding of retail customers to the platform expeditiously.

A quarterly return shall be submitted by banks on distribution of customer transactions (across FX-Retail, other electronic trading platforms and other channels) and the fees charged by them.

**Operational guidelines**, shall be issued by the CCIL. The customer registration process on the platform commenced on July 01, 2019 and the platform shall be available for transactions from August 05, 2019.

### Permission to acquire financial asset from other Asset Reconstruction Companies (ARCs)

In view of amendment to the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002, RBI decided (28.06.19) to permit ARCs to acquire financial asset from other ARCs on following conditions:

- The transaction is settled on cash basis;
- Price discovery for such transaction shall not be prejudicial to the interest of Security Receipt holders;
- The selling ARC will utilize the proceeds so received for the redemption of underlying Security Receipts;
- The date of redemption of underlying Security Receipts and total period of realisation shall not extend beyond eight years from the date of acquisition of the financial asset by the first ARC.

## DATA COLUMN

### Business of Banks

(Rs.in cr)	Mar31'18	Jun07-19
Aggregate deposits	10805150	12540230
Cash in hand/RBI	570490	586920
Investments	3043660	3497310
Bank Credit:	7881890	9651920
-Food	53930	77600
-Non-Food	7827960	9574320
Cash-Deposit Ratio	5.27	4.63
Investment-Deposit	28.14	28.03
Credit-Deposit	72.95	76.91

### Money Stock

(Rs.in cr)	Mar31'19	Jun07-19
M3 (Out of which)	15430870	15478180
(a) Currency with public	2052230	2132240
(b) Demand deposits-Banks	1626310	1407470
(c) Time Deposits - Banks	11720590	11720590
(d) Other deposits with RBI	31740	29650

### Sources of Money Supply

(a) Net Bank credit to Govt	4387790	4706820
(b) Bank credit to Comrc'l sectr	10380180	10261440
(c) Net Forex assets of Banks	2977860	3055950

### Important Banking Indicators

Statutory Liquidity Ratio	18.75%	(06.07.2019)
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	05.50%	(06.06.2019)
Repo Rate	05.75%	(06.06.2019)
MSF Rate	06.00%	(06.06.2019)
Bank Rate	06.00%	(06.06.2019)

### Small Savings Interest Rates

PPF	7.9%	(01.07.2019)
5-year NSC	7.9%	(01.07.2019)
Sukanya Smridhi	8.4%	(01.07.2019)
Senior Citizen Saving	8.6%	(01.07.2019)

### Capital & Money Market Indicators

Parameter	end-Jun18	end-Jun19
Dollar-spot TT (Rs.)	66.74	69.95
BSE - Sensex (points)	35645	39687
NSE - Nifty(S&P CNX)	10770	11866
Foreign reserves (Million \$)	407816	426416
Gold /Oz in USD)	1263	1395

## INDIAN ECONOMY-IMPORTANT PARAMETERS

RBI's growth estimate for FY 2019-20	: 7.2%
GDP@constant mkt prices (cr) 2018-19	: 14077586
GVA@2011-12 basic prices (cr) 2018-19	: 12906936
GDP projected by Govt. for 2019-20	: 21007439
Fiscal Deficit Target (2019-20) 3.4% of GDP	: 703999 cr
Revenue Deficit Target (2019-20) 2.2% of GDP	: 470214 cr
Wholesale Price Index	: 3.2%
Money Supply (M3) expansion - YoY	: 10.3%
Exports during 2018-19	: 331.0 bn
Imports during (2018-19)	: 507.06 Bn
Export target - 2017-18 (in \$)	: 310 bn
India's share in world merchandise export	: 1.70%
India's currency rating (S&P)	: BB Postv
India's external debt (Mar 2019) US \$	: 543.0 Bn
Tax-GDP ratio (2018-19)	: 12.1%
Apr- Mar19:Export \$ 331.0bn\$ Imports	: 507.0 bn
Per capita Income 2018-19 (Rs.)	: 126406
Indian economy's ranking in PPP terms	: 3rd
Indian economy's ranking in world in value:	: 5th

## OUR PUBLICATIONS : REFER PAGE 9,11

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