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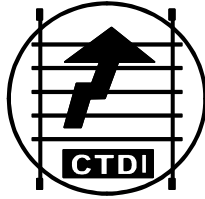
**BANKING & FINANCE****CORPORATE TRAINING & DEVELOPMENT INSTITUTE (CTDI)**

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**CONTENTS**

● OPERATIONAL RISK MANAGEMENT & OPERATIONAL RESILIENCE	1
● FORENSIC AUDITING	3
● INCENTIVE FOR CURRENCY DISTRIBUTION & EXCHANGE SCHEME.	4
● SCHEME OF PENALTIES - CURRENCY CHESTS.	5
● POLICY GUIDELINES	6
● TIT BITS	11
● BANKING & FINANCIAL NEWS	13
● BRAIN STORMING	16
● RECOLLECTED QUESTIONS	19
● LATEST CURRENT GK	20

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Hyderabad-500027. Mob. 9395140742**SCAN THE QR CODE TO JOIN US ON TELEGRAM****OPERATIONAL RISK MANAGEMENT AND OPERATIONAL RESILIENCE**

The Reserve Bank of India has placed on its website “Guidance Note on Operational Risk Management and Operational Resilience.” This Guidance Note updates the “Guidance Note on Management of Operational Risk” dated October 14, 2005. It has been prepared based on the Basel Committee on Banking Supervision (BCBS) principles documents issued in March 2021, viz., (a) ‘Revisions to the Principles for the Sound Management of Operational Risk’ to promote and further improve the effectiveness of Operational Risk Management of the REs; and

(b) ‘Principles for Operational Resilience’, while adopting the global best practices including those on operational resilience given the interconnections and interdependencies, within the financial system, that result from the complex and dynamic environment in which the REs operate.

With the issuance of this Guidance Note the “Guidance Note on Management of Operational Risk” dated October 14, 2005, stands repealed.

● **Operational Risk is defined** in the capital framework as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

**● OBJECTIVES OF GUIDANCE NOTE:**

➤ Operational Risk is inherent in all banking/ financial products, services, activities, processes, and systems. Effective management of Operational Risk is an integral part of the Regulated Entities’ (REs) risk management framework. Sound Management of Operational Risk shows the overall effectiveness of the Board of Directors and Senior Management in administering the RE’s portfolio of products, services, activities, processes, and systems.

➤ An operational disruption can threaten the viability of an RE, impact its customers and other market participants, and ultimately have an impact on financial stability. It can result from man-made causes, Information Technology (IT) threats (e.g., cyber-attacks, changes in technology, technology failures, etc), geopolitical conflicts, business disruptions, internal/external frauds, execution/ delivery errors, third party dependencies, or natural causes (e.g., climate change, pandemic, etc.).

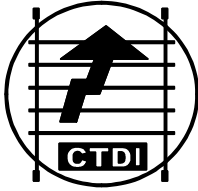
➤ An RE needs to factor in the entire gamut of risks (including the aforesaid risks in its risk assessment policies / processes), identify and assess them using appropriate tools, monitor its material operational exposures and devise appropriate risk mitigation/management strategies using strong internal controls to minimize operational disruptions and continue to deliver critical operations, thus ensuring operational resilience. The Guidance Note has adopted a principle-based and proportionate approach to ensure smooth implementation across REs of various sizes, nature, complexity, geographic location and risk profile of their businesses.

● **The Guidance Note has been built on three pillars namely:**

**PILLAR I: PREPARE AND PROTECT****PILLAR II: BUILD RESILIENCE****PILLAR III: LEARN AND ADAPT**

These pillars support a holistic approach of Operational Risk and Operational Resilience and create a feedback loop that fosters perpetual embedding of lessons learned into an RE’s preparation for operational disruptions and its performance during actual occurrence of disruptions.

**POSITIVE ATTITUDE****SUCCESS IS NOT FINAL****FAILURE IS NOT FATAL****IT IS THE COURAGE TO CONTINUE THAT COUNTS**



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### ●KEY CHANGES:

Key changes carried out in this Guidance Note vis-à-vis the repealed Guidance Note are given below:

#### 1) Particulars: Focus

**Repealed Guidance:** Operational risk management.

**Guidance Note:** Operational resilience as an outcome of operational risk management.

#### 2) Particulars: Applicability

**Repealed Guidance:** It is applicable to Scheduled Commercial Banks.

**Guidance Note:** It is applicable to all Commercial Banks, all Non-Banking Financial Companies (NBFCs), all Co-operative Banks, and All India Financial Institutions (AIFIs).

#### 3) Particulars: Three lines of defence model.

**Repealed Guidance:** It does not contain guidance on 'Three lines of defence' model.

**Guidance Note:** It explicates the 'Three lines of defence model' wherein:

- Business unit forms the first line of defence;
- Organizational operational risk management function (including compliance function) forms the second line of defence, and
- Audit function forms the third line of defence.

#### 4) Particulars: Typical organisational set up.

**Repealed Guidance:** It provides a typical organisational setup for operational risk management.

**Guidance Note:** As now a variety of regulated entities (REs) are covered, for whom the organisational setup would vary based on the size and nature of activities, the typical organisational setup has not been specified.

#### 5) Particulars: Change management.

**Repealed Guidance:** It has not explicitly specified change management.

**Guidance Note:** It has an updated guidance on change management with a specifically detailed Principle on it.

#### 6) Particulars: Mapping of internal and external interconnections and interdependencies, Incident management, Information and communication technology (ICT), and Disclosures.

**Repealed Guidance:** It is silent on the mapping of internal and external interconnections and interdependencies, incident management, ICT, and disclosures.

**Guidance Note:** It has separate Principles for mapping of internal and external interconnections and interdependencies, incident management, ICT, and disclosures.

#### 7) Particulars: Third-party relationships.

**Repealed Guidance:** It has scattered guidance on outsourcing.

**Guidance Note:** It has a focused Principle on Third-party relationship, which is a broader concept than outsourcing.

#### 8) Particulars: Lessons learned and feedback.

**Repealed Guidance:** It has very limited/no guidance on lessons learnt exercise and continuous feedback mechanism.

**Guidance Note:** It has introduced separate Principles on lessons learned exercise and continuous feedback mechanism.

Direction on Minimum Capital Requirements for Operational Risk" dated June 26, 2023, once the same comes into effect.

#### 9) Particulars: Approaches for operational risk capital calculation

**Repealed Guidance:** Included detailed approaches for operational risk capital calculation.

**Guidance Note:** It has dropped the approaches for operational risk capital calculation for Local Area Banks, Small Finance Banks, Payments Banks, Regional Rural Banks, NBFCs, and Co-operative Banks, as they are not required to maintain separate regulatory capital for operational risk. For Public Sector Banks, Private Banks, and Foreign Banks, the approach is detailed in the "Master Circular – Basel III Capital Regulations" (April 1, 2024), which would be replaced by the "Master Direction on Minimum Capital Requirements for Operational Risk" effective June 26, 2023.

#### 10) Particulars: Operational Risk - Detailed loss event type classification.

**Repealed Guidance:** Provided a detailed operational risk loss event type classification.

**Guidance Note:** Excludes detailed loss event type classification, as it is specified in the "Master Direction on Minimum Capital Requirements for Operational Risk" dated June 26, 2023, for REs to refer to.

**KNOWLEDGE +  
FORENSIC AUDITING**

'FORENSIC AUDITING' refers to the specific procedures aimed at legal determination of whether fraud has actually occurred and also to quantify the amount of fraud. It involves examination of legalities by blending the techniques of propriety -Value For Money (VFM) audit, regularity and investigative and financial audits. The objective is to find out whether or not true business value has been reflected in the financial statements and in the course of examination to find whether any fraud has taken place.

➤ Audit techniques are used to identify and to gather evidence to prove, for example, how long the fraud has been carried out, and how it was conducted and concealed by the perpetrators. Evidence may also be gathered to support other issues which would be relevant in the court case.

● **Such Issues could include:**

- The suspect's motive and opportunity to commit fraud.
- Whether the fraud involved collusion between several suspects.
- Any physical evidence at the scene of the crime or contained in documents.
- Comments made by the suspect during interviews and/or at the time of arrest.
- Attempts to destroy evidence.

● **APPLICATION:**

Forensic Accounting and Audit may be applied in the following areas besides fraud detection:

- a) Conducting due-diligence (especially for segment wise profitability analysis).
- b) Business valuation.
- c) Management auditing.
- d) Assessing loss before settling insurance claims.

● The RBI has issued guidelines on conducting forensic audit in banks which aims to ensure that forensic audits are conducted in a systematic and effective manner, and that the results are reported to the appropriate authorities in a timely and accurate manner.

According to the RBI guidelines, banks and financial institutions should conduct forensic audits in the following situations:

**a) Suspected Fraud or Financial Irregularity:** When there is a suspicion of fraud or financial irregularity, banks and financial institutions should conduct a forensic audit to determine the nature and extent of the irregularity.

**b) Regulatory Requirements:** Banks and financial institutions may be required by regulatory authorities to conduct forensic audits in certain situations, such as in cases of insider trading or market manipulation.

**c) Internal Risk Management:** Banks and financial institutions may conduct forensic audits as part of their internal risk management process to identify and mitigate potential risks.

➤ The RBI guidelines also outline the scope and methodology of forensic audits. The scope of a forensic audit should be determined based on the nature and extent of the suspected irregularity. The methodology of the forensic audit should be designed to obtain and evaluate evidence in a manner that is legally admissible.

➤ Additionally, the guidelines state that the forensic auditor should be independent and impartial, and should have the necessary expertise and experience to conduct a thorough forensic audit. The forensic auditor should also maintain confidentiality and adhere to ethical standards during the audit process.

➤ For Forensic Audit the limit of Rs. 50 Crores has to be considered for irrespective of the lending agreement. i.e., Solo Banking or Consortium. As soon as Early Warning Signal (EWS) is triggered in any such account the same has to be immediately reported to Central Repository of Information on Large Credits (CRILIC) platform. Under existing norms, in the case of an account with multiple lenders, a forensic audit has to be completed within three months once authorised by the Joint Lenders Forum (JLF). Besides, within 30 days of the RBI reporting, the bank commissioning / initiating the forensic audit should lodge a complaint with the CBI on behalf of all banks in the consortium / MBA.

➤ Overall, the RBI guidelines on forensic audit aim to promote transparency and accountability in the banking and financial sector in India, and to prevent and detect financial irregularities that can have serious consequences for the economy and society at large.

**ASPECTS COVERED UNDER FORENSIC AUDITING:**

Forensic auditor shall have to examine voluminous and in totality, records and witnesses, if permitted by law. Proper documentation is vital in substantiating the findings. The outcome shall focus on the following:

- a) Proving the method / motive.
- b) Establishing guilt knowledge.
- c) Identifying other beneficiaries.
- d) Proving the responsibility for the loss.

*(To be Cont'd in next month issue)*

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**(OUR SUCCESSFUL PARTICIPANTS)**

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8	GURHIRAT	6284970188
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**INCENTIVES FOR CURRENCY DISTRIBUTION & EXCHANGE SCHEME INCLUDING CURRENCY CHESTS BASED ON PERFORMANCE IN RENDERING CUSTOMER SERVICE**

In terms of Section 45 of the RBI Act, 1934 and Sec 35-A of the Banking Regulation Act, 1949; RBI issues guidelines for realising the objectives of Clean Note Policy as part of currency management. With a view to furthering these objectives, the RBI has formulated a framework of incentives titled Currency Distribution and Exchange Scheme to encourage all the bank branches to provide better customer services to the members of public keeping in view the objectives of Clean Note Policy.

As per the scheme, banks are eligible for the following financial incentives/service charges for setting up requisite infrastructure and facilitating exchange/distribution of notes and coins:

<b>Sr. No.</b>	<b>NATURE OF SERVICE</b>	<b>PARTICULARS OF INCENTIVES/SERVICE CHARGES</b>
i)	Opening of and maintaining currency chests at centres having population of less than Rs. 1 lakh, in underbanked states.	<p><b>a) Capital Cost:</b> Reimbursement of 50% of capital expenditure subject to a ceiling of Rs.50 lakh per currency chest (inclusive of all taxes). In the North Eastern region, up to 100% of capital expenditure is eligible for reimbursement subject to the ceiling of Rs.50 lakh (inclusive of all taxes).</p> <p><b>b) Revenue Cost:</b> Reimbursement of 50% of revenue expenditure for the first 3 years (inclusive of all taxes). In the North Eastern region, 50% of revenue expenditure is eligible for reimbursement for the first 5 years (inclusive of all taxes).</p>
ii)	Exchange of soiled notes / adjudication of mutilated notes over the counter at bank branches.	<p><b>a) Exchange of soiled notes:</b> Rs.2 per packet for exchange of soiled notes up to denomination of Rs.50</p> <p><b>b) Adjudication of mutilated notes:</b> Rs 2 per piece</p>
iii)	Distribution of Coins.	<p><b>a)</b> Rs.65 per bag for distribution of coins.</p> <p><b>b)</b> An additional incentive of Rs.10/- per bag shall be paid for coin distribution in rural and semi-urban areas on the submission of a Concurrent Auditor (CA) certificate to this effect.</p>
iv)	Cash deposit by non-chest branches under Linkage scheme with Currency Chests.	<p>Service charge to be levied by the Currency Chests (CCs) on the non-chest branches:</p> <p><b>a)</b> Large modern CCs- Rs.8/- per 100 pieces.</p> <p><b>b)</b> Other CCs –Rs.5/- per 100 pieces.</p>

**Other Operational instructions on payment of Performance-based Incentives:**

- The incentives shall be paid on the soiled notes actually received in the Issue Office of the RBI.
- Incentive shall be paid in respect of the adjudicated notes received along with the soiled note remittances or sent separately by registered / insured post in a sealed cover to the RBI.
- The incentive for distribution of coins shall be paid on the basis of net withdrawal from the currency chest.
- Banks do not need to submit a separate claim for the incentives. Currency chest branch shall pass on the incentive to the linked branches/chests for the soiled notes deposited/ coins distributed/ mutilated notes adjudicated by them on pro-rata basis.
- The distribution of coins shall be verified by RBI Regional Offices through inspection of currency chest / incognito visits to branches, etc.

**●Banks to provide Coins to Bulk Customers:** With a view to meet the coin requirements of bulk customers (requirement of more than 1 bag in a single transaction) banks are advised to provide coins to such customers purely for business transactions. The banks may also endeavour to provide such services as part of their Board approved policy on 'Door Step Banking' services. Such customers should be KYC compliant constituents of the bank and the record of coins supplied should be maintained. Banks are advised to exercise due diligence to ensure that such facility is not misused. Disbursement of coins to retail customers through counters of bank branches shall continue as hitherto.

**●Engaging Business Correspondents (BCs) for distribution of Coins:** RBI has reiterated that banks should enhance the engagement of their BCs for distribution of coins to public and may also incentivise such activities as per their Board approved policy. To ensure steady supply of coins to bulk customers and BCs for onward distribution, all banks may ensure that each of their branches maintains a minimum stock of one bag of coins in each denomination.

**●Engaging Cash in Transit (CIT) entities for distribution of Coins:** With respect to distribution of Banknotes and Coins – Alternative Avenues, banks were advised to explore the possibility of engaging the services of CIT entities for the purpose of distribution of banknotes and coins. RBI has reiterated that banks may engage CIT entities to further enhance distribution of coins to public. Implementation of coin distribution measures may be commented upon by officers deputed to undertake bi-monthly and half-yearly verification as a part of internal control and supervision by the currency chest maintaining bank. Senior Officers of banks on visits to currency chests and branches may be advised to specifically comment on the implementation of the above measures in their visit reports.

**SCHEME OF PENALTIES FOR BANK BRANCHES AND CURRENCY CHESTS FOR DEFICIENCY IN RENDERING CUSTOMER SERVICE TO MEMBERS OF PUBLIC**

In terms of the Section 45 of the RBI Act, 1934 and Section 35 A of the Banking Regulation Act, 1949; RBI issues guidelines for realising the objectives of Clean Note Policy and enhancing the operational efficiency as part of currency management. The Scheme of penalties for bank branches including currency chests has been formulated in order to ensure that all bank branches / currency chests provide better customer service to the members of public / linked bank branches.

**PENALTIES:** Penalties to be imposed on banks for deficiencies in remittances sent to RBI, compliance with operational guidelines and Memorandum of Agreement, exchange of notes and coins, operations of currency chests, replenishment of cash in ATMs, etc.

SR.NO.	NATURE OF IRREGULARITY	PENALTY
i)	<b>Shortages of notes in soiled note remittances and shortages of notes and coins in currency chest balances.</b>	<p><b>For notes in denomination up to Rs.50:</b> Rs.50/- per piece in addition to the loss.</p> <p><b>For notes in denomination of Rs.100 &amp; above.</b> Equal to the value of the denomination per piece in addition to the loss.</p> <p><b>For Coins in all denominations:</b> Equal to the value of the denomination per piece in addition to the loss. The recovery of loss and imposition of penalty shall be done immediately on detection of shortage, irrespective of number of pieces.</p>
ii)	<b>Counterfeit notes detected in soiled note remittances and currency chest balances.</b>	Penalty shall be levied in terms of extant guidelines
iii)	<b>Mutilated notes(including deliberately cut notes and built-up notes) detected in soiled note remittances and currency chest balances.</b>	Rs.50/- per piece irrespective of the denomination in addition to the loss. The recovery of loss and imposition of penalty shall be done immediately on detection, irrespective of number of pieces.
iv)	<p><b>Non-compliance with operational guidelines by currency chests detected by RBI officials e.g.</b></p> <p>a) Non-functioning of CCTV, non-compliance with rules / guidelines pertaining to CCTV, recording preservation period and related issues.</p> <p>b) Branch cash / documents kept in strong room (CC's vault).</p> <p>c) Non-utilization of Note Sorting Machines (NSMs) for sorting of notes (NSMs not used for sorting of high denomination notes, i.e., notes of denomination Rs.100 and above, received over the counter or not used for sorting notes remitted to chest/ RBI).</p> <p>d) Non-conduct of surprise verification of currency chest balances at</p> <p>(i) bimonthly intervals by officials unconnected with the operations of currency chest and</p> <p>(ii) six-monthly intervals by officials from the Controlling Office.</p>	Penalty of Rs.5,000 for each instance of irregularity. Penalty shall be enhanced to Rs.10,000 in case of repetition / recurrence of irregularity in consecutive inspection cycles or earlier. Penalty shall be levied immediately.
v)	<p><b>Violation of any of the terms of agreement with RBI (for opening and maintaining currency chests) or deficiency in service in providing exchange facilities, as detected by RBI officials e.g:</b></p> <p>a) Non-issue of coins over the counter to any member of public despite having stock.</p> <p>b) Refusal by any bank branch to exchange soiled notes / refusal by any currency chest branch to adjudicate mutilated notes tendered by any member of public.</p> <p>c) Denial of facilities / services to linked branches / linked CCs of other banks.</p> <p>d) Non acceptance of lower denomination notes (i.e. denomination of Rs.50 and below) tendered by members of public and linked bank branches for exchange/deposit.</p> <p>e) Detection by RBI of mutilated, built up, counterfeit notes in re-issuable packets prepared by the currency chest branches.</p>	<p>Rs.10,000 for any violation of agreement or deficiency of service.</p> <p>Rs.5 lakh in case there are more than 5 instances of violation of agreement/deficiency in service by the currency chest /branch, in consecutive inspection cycles or earlier. The levy of such penalty shall be placed in public domain.</p> <p>Penalty shall be levied immediately.</p>
vi)	<b>Non-replenishment of ATMs:</b>	Penalty shall be levied in terms of extant guidelines.

● **COMPETENT AUTHORITY:** The Competent Authority to decide the nature of irregularity shall be the Officer-in-Charge of the Issue Department of the Regional Office under whose jurisdiction the defaulting currency chest/bank branch is located.

● **APPELLATE AUTHORITY:** Appeal against the decision of the Competent Authority may be made by the Controlling Office of the currency chest/branch to the Regional Director/CGM/Officer-in-Charge of the Regional Office concerned, **within one month from the date of debit**, who shall decide whether the same can be accepted/ rejected.

Penalty waiver request would be considered new/untrained, lack of awareness, corrective action having been taken/ shall be taken, etc., shall not be considered.

**POLICY GUIDELINES**

**HEDGING OF GOLD PRICE RISK IN OVERSEAS**

**MARKETS:**

Resident entities were permitted to hedge their exposure to price risk of gold on exchanges in the International Financial Services Centre (IFSC) recognised by the International Financial Services Centres Authority (IFSCA).

➤ Hedging refers to the activity of undertaking a derivative transaction to reduce an identifiable and measurable risk. For the purpose of these directions, the relevant risks are commodity price risk and freight risk.

➤ **To provide further flexibility to resident entities to hedge their exposures to price risk of gold**, RBI vide notification dated 15-4-2024 has decided to permit resident entities to hedge their exposures to price risk of gold using OTC derivatives in the IFSC in addition to the derivatives on the exchanges in the IFSC, subject to the stipulated guidelines.

● **Eligible entities:** Eligible entities refers to residents other than Individuals.

● **Direct Exposure to Commodity Price Risk:** An eligible entity will be said to have direct exposure to commodity price risk if:

- (a) It purchases/sells a commodity (in India or abroad) whose price is fixed by reference to an international benchmark; or
- (b) It purchases/sells a product (in India or abroad) which contains a commodity and the price of the product is linked to an international benchmark of the commodity.

● **Indirect Exposure to Commodity Price Risk:** An eligible entity will be said to have indirect exposure to commodity price risk if it purchases/sells a product (in India or abroad) which contains the commodity and the price of the product is not linked to an international benchmark of the commodity.

● **Exposure to Freight Risk:** An eligible entity will be said to have exposure to freight risk if it is engaged in the business of refining oil or is engaged in the business of shipping.

● **Eligible commodities:** Commodities whose price risk may be hedged are:

(i) **In case of direct exposures** to commodity price risk: All commodities (except Gems and Precious stones). Price risk of gold may only be hedged.

(ii) **In case of indirect exposures** to commodity price risk: Aluminium, Copper, Lead, Zinc, Nickel, and Tin. This list of eligible commodities would be reviewed annually.

● **Permitted products:** Permitted products refer to the following:

(i) **Generic Products:**

- (a) Futures and forwards;
- (b) Vanilla options (call option and put option);
- (c) Swaps.

(ii) **Structured Products:**

- (a) Products which are combination of either cash instrument and one or more generic products;
- (b) Products which are combination of two or more generic products.

● **Hedging of Commodity Price Risk:**

(i) Eligible entities having exposure to commodity price risk for any eligible commodity may hedge such exposure in overseas markets using any of the permitted products.

(ii) Eligible entities having exposure to price risk of gold may hedge such exposure in the International Financial Services Centre (IFSC), subject to the stipulated guidelines.

● **Hedging of Freight risk:** Eligible entities having exposure to freight risk may hedge such exposure in overseas markets by using any of the permitted products.

● **Other Operational Guidelines:**

(i) Banks may permit eligible entities to hedge commodity price risk and freight risk overseas, including IFSC, using permitted products and may remit foreign exchange in respect of such transactions after satisfying themselves that:

- (a) The entity has exposure to commodity price risk or freight risk, contracted or anticipated.

(b) The quantity proposed to be hedged and the tenor of the hedge are in line with the exposure.

(c) In case of OTC derivatives, the requirement to undertake OTC hedges is justified.

(d) In case of hedging using a benchmark price other than that of the commodity exposed to, the requirement to undertake such hedges is justified.

(e) Such hedging is taken up by the management of the entity under a policy approved by the Board of Directors of a company or equivalent forum for other.

(f) The entity has the necessary risk management policies in place.

(g) The entity has reasonable understanding of the utility and likely risks associated with the products proposed to be used for hedging.

(ii) OTC contracts shall be booked with a bank or with non-bank entities which are permitted to offer such derivatives by their regulators. For this purpose, a list of acceptable jurisdictions shall be specified by FEDAI.

(iii) Structured products may be permitted to eligible entities who are

- (a) listed on recognized domestic stock exchanges, or
- (b) fully owned subsidiaries of such entities, or
- (c) unlisted entities whose net worth is higher than INR 200 crore, subject to the condition that such product are used for the purpose of hedging as defined under these directions.

(iv) All payments/receipts related to hedging of exposure to commodity price risk and freight risk shall be routed through a special account with the bank for this purpose.

(v) Banks shall keep on their records full details of all hedge transactions and related remittances made by the entity.

(vi) Banks shall obtain an annual certificate from the statutory auditors of the entity confirming that the hedge transactions and the margin remittances are in line with the exposure of the entity. The statutory auditor shall also comment on the risk management policy of the entity for hedging exposure to commodity price risk and freight risk and the appropriateness of the methodology to arrive at the quantum of these exposures.

(vii) Banks shall undertake immediate corrective action in case of any irregularity or misuse of these Directions. All such cases should be reported to the Chief General Manager, Financial Markets Regulation Department, Reserve Bank of India.

● **Standby Letters of Credit (SBLC) / Guarantees:** Banks are permitted to issue Standby Letters of Credit (SBLC) / Guarantees, for a maximum period of one year, on behalf of their clients in lieu of making a remittance of margin money for commodity hedging transactions entered into by their customers. Banks should ensure that these SBLCs / Guarantees are used by their clients for the intended purposes.

● **Realisation and repatriation of foreign exchange:** Realisation and repatriation of foreign exchange due or accruing to an eligible entity resulting from permitted transactions under this direction shall be guided by the provisions of the Foreign Exchange Management (Realisation, repatriation and surrender of foreign exchange) Regulations, 2015.

● **Report to RBI:** Banks shall submit a quarterly report to CGM, Financial Markets Regulation Deptt., RBI through Centralised Information Management System (CIMS) in the format provided by the 15th of the month following the end of the quarter.

**RBI CANCELS CERTIFICATE OF REGISTRATION OF M/S ACEMONEY (INDIA) LIMITED:**

In exercise of the powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, the RBI has cancelled the Certificate of Registration (CoR) issued to the NBFC, M/s Acemoney (India) Limited on account of violation of RBI guidelines on managing risks and code of conduct in outsourcing of financial services in its digital lending operations undertaken through third party apps. The company was also not complying with the extant regulations pertaining to charging of excessive interest and ensuring confidentiality of customer information.

**KEY FACTS STATEMENT (KFS) FOR LOANS & ADVANCES:**

➤ As announced in the Statement on Developmental and Regulatory Policies dated February 8, 2024, RBI vide notification dated 15-04-2024 has decided to harmonize the instructions on the subject. This is done to enhance transparency and reduce information asymmetry on financial products being offered by different regulated entities, thereby empowering borrowers for making an informed financial decision. The harmonised instructions shall be applicable in cases of all retail and MSME term loan products extended by all regulated entities (REs).

➤ The guidelines are issued under Sec 21, 35A and 56 of the B.R. Act, 1949, Sec 45JA, 45L and 45M of the RBI Act, 1934, and Sec 30A and 32 of the National Housing Bank Act, 1987.

**Following terms have been defined in the circular:**

**a) Key Facts** of a loan agreement between an RE/a group of REs and a borrower are legally significant and deterministic facts that satisfy basic information required to assist the borrower in taking an informed financial decision.

**b) Key Facts Statement (KFS)** is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format.

**c) Annual Percentage Rate (APR)** is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility.

**d) Equated Periodic Instalment (EPI)** is an equated or fixed amount of repayments, consisting of both the principal and interest components, to be paid by a borrower towards repayment of a loan at periodic intervals for a fixed number of such intervals; and which result in complete amortisation of the loan. EPIs at monthly intervals are called EMIs.

➤ REs shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format. The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that he has understood the same.

➤ Further, the KFS shall be provided with a **unique proposal number** and shall have a validity period of **at least three working days** for loans having tenor of seven days or more, and a validity period of **one working day** for loans having tenor of less than seven days. Validity period refers to the period available to the borrower, after being provided the KFS by the RE, to agree to the terms of the loan. The RE shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.

➤ The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the RE.

➤ Charges recovered from the borrowers by the REs on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever the RE is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

➤ Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the REs to the borrower at any stage during the term of the loan, without explicit consent of the borrower. The KFS shall also be included as a **summary box** to be exhibited as part of the loan agreement.

➤ **Credit card receivables** are exempted from the provisions contained under this circular.

➤ REs shall put in place the necessary systems and processes to implement the above guidelines at the earliest. In any case, all new retail and MSME term loans sanctioned on or after Oct 1, 2024, including fresh loans to existing customers, shall comply with the above guidelines.

**DEALING IN RUPEE INTEREST RATE DERIVATIVE PRODUCTS - SMALL FINANCE BANKS:**

➤ Extant guidelines permit Small Finance Banks (SFBs) to use only Interest Rate Futures (IRFs) for the purpose of proprietary hedging.

➤ In order to expand the avenues available to the SFBs for hedging interest rate risk in their balance sheet and commercial operations more effectively as well as with a view to provide them with greater flexibility, RBI vide notification dated 23-04-2024 has decided to allow them to deal in permissible rupee interest rate derivative products for hedging interest rate risk in terms of the Rupee Interest Rate Derivatives (RBI) Directions, 2019 dated June 26, 2019, as amended from time to time.

➤ This circular is applicable to all Small Finance Banks and the instructions shall come into force with immediate effect.

**LIMITS FOR INVESTMENT IN DEBT AND SALE OF CREDIT DEFAULT SWAPS BY FPIs:**

➤ The RBI vide notification dated 26-04-2024 has decided that the limits for Foreign Portfolio Investors (FPIs) investment in government securities (g-secs), state government securities (SGSs) and corporate bonds shall remain unchanged at 6 per cent, 2 per cent and 15 per cent respectively, of the outstanding stocks of securities for 2024-25.

➤ As hitherto, all investments by eligible investors in the 'specified securities' shall be reckoned under the Fully Accessible Route (FAR) in terms of extant guidelines.

➤ The allocation of incremental changes in the g-sec limit (in absolute terms) over the two sub-categories: 'General' and 'Long-term' – shall be retained at 50:50 for 2024-25.

➤ The entire increase in limits for SGSs (in absolute terms) has been added to the 'General' sub-category of SGSs.

**VOLUNTARY TRANSITION OF SMALL FINANCE BANKS (SFB) TO UNIVERSAL BANKS:**

The RBI vide notification dated 26-04-2024 has issued guidelines in exercise of the powers conferred on the Reserve Bank of India under Section 22 (1) of the Banking Regulation Act, 1949, for a transition path for Small Finance Banks (SFBs) to convert into Universal Banks.

**ELIGIBILITY CRITERIA FOR AN SFB TO TRANSITION INTO A UNIVERSAL BANK:**

**a)** Scheduled status with a satisfactory track record of performance for a minimum period of **five years**;

**b)** Shares of the bank should have been **listed on a recognised stock exchange**;

**c)** Having a minimum **net worth of Rs.1,000 crore** as at the end of the previous quarter (audited);

**d)** Meeting the prescribed CRAR requirements for SFBs;

**e)** Having a net profit in the last two financial years; and

**f)** Having **GNPA and NNPA of less than or equal to 3 percent and 1 percent respectively** in the last two financial years.

**CONDITIONS WITH REGARD TO SHAREHOLDING PATTERN:**

**a)** There is no mandatory requirement for an eligible SFB to have an identified promoter. However, the existing promoters of the eligible SFB, if any, shall continue as the promoters on transition to Universal Bank.

**b)** Addition of new promoters or change in promoters shall not be permitted for an eligible SFB while transitioning to Universal Bank.

**c)** There shall be no new mandatory lock-in requirement of minimum shareholding for existing promoters in the transitioned Universal Bank.

**d)** There shall be no change to the promoter shareholding dilution plan already approved by the Reserve Bank.

**e)** The eligible SFBs having diversified loan portfolio will be preferred.

➤ The eligible SFB may submit its application for transition to Universal Bank, in the prescribed form (Form III) in terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949 to Reserve Bank of India.

**SUPERVISORY ACTION AGAINST KOTAK****MAHINDRA BANK LIMITED:**

In exercise of its powers under Section 35A of the Banking Regulation Act, 1949, RBI on 24-04-2024 has directed Kotak Mahindra Bank Limited to cease and desist, with immediate effect, from:

- (i) On boarding of new customers through its online and mobile banking channels, and
- (ii) Issuing fresh credit cards.

The bank shall, however, continue to provide services to its existing customers, including its credit card customers.

➤ RBI has found the actions necessitated which are based on significant concerns arising out of Reserve Bank's IT Examination of the bank for the years 2022 and 2023 and the continued failure on part of the bank to address these concerns in a comprehensive and timely manner.

➤ The Reserve Bank's decision to place certain business restrictions on the bank is in the interest of customers and to prevent any possible prolonged outage which may seriously impact not only the bank's ability to render efficient customer service, but also the financial ecosystem of digital banking and payment systems.

➤ Serious deficiencies and non-compliances were observed in the areas of IT inventory management, patch and change management, user access management, vendor risk management, data security and data leak prevention strategy, business continuity and disaster recovery, rigor and drill, etc.

➤ For two consecutive years, the bank was assessed to be deficient in its IT Risk and Information Security Governance, contrary to requirements under Regulatory guidelines. During the subsequent assessments, the bank was found to be significantly non-compliant with the Corrective Action Plans issued by the Reserve Bank for the years 2022 and 2023, as the compliances submitted by the bank were found to be inadequate, incorrect or not sustained.

➤ In the absence of a robust IT infrastructure and IT Risk Management framework, the bank's Core Banking System (CBS) and its online and digital banking channels have suffered frequent and significant outages in the last two years, the recent one being a service disruption on April 15, 2024, resulting in serious customer inconveniences. The bank is found to be materially deficient in building necessary operational resilience on account of its failure to build IT systems and controls commensurate with its growth.

➤ RBI has also observed that, of late, there has been rapid growth in the volume of the bank's digital transactions, including transactions pertaining to credit cards, which is building further load on the IT systems.

➤ The restrictions imposed by RBI will be reviewed upon completion of a comprehensive external audit to be commissioned by the bank, and remediation of all deficiencies that may be pointed out in the external audit as well as the observations contained in the RBI Inspections, to the satisfaction of the Reserve Bank.

**RBI COMMEMORATES ITS 90TH YEAR:**

The RBI has set up under the RBI Act, 1934, commenced its operations on April 1, 1935, marked the 90th year from its establishment. A commemorative coin was released by the Prime Minister to mark this special occasion of 'RBI@90'.

The Prime Minister addressed the opening ceremony and highlighted the RBI's significant history, and praised its global reputation for professionalism and commitment. Modi stressed the next decade's importance for achieving a "Viksit Bharat" (Developed India).

**ALTERATION IN NAME OF "AB BANK LIMITED" TO "AB BANK PLC" IN THE 2<sup>ND</sup> SCHEDULE TO THE RBI ACT:**

RBI has advised that the name of "AB Bank Limited" has been changed to "AB Bank PLC" in the Second Schedule to the Reserve Bank of India Act, 1934 by Notification dated January 25, 2024.

**FAIR PRACTICES CODE FOR LENDERS – CHARGING****OF INTEREST:**

The Reserve Bank of India, through a notification dated April 29, 2024, has reviewed the guidelines on the Fair Practices Code issued to various Regulated Entities (REs) since 2003. These guidelines emphasize fairness and transparency in the charging of interest by lenders, while granting REs sufficient autonomy regarding their loan pricing policies.

➤ During the course of the onsite examination of REs for the period ended March 31, 2023, RBI came across instances of lenders resorting to certain unfair practices in charging of interest. **Some of the unfair practices observed are:**

a) Charging of interest from the date of sanction of loan or date of execution of loan agreement and not from the date of actual disbursement of the funds to the customer. Similarly, in the case of loans being disbursed by cheque, instances were observed where interest was charged from the date of the cheque whereas the cheque was handed over to the customer several days later.

b) In the case of disbursement or repayment of loans during the course of the month, some REs were charging interest for the entire month, rather than charging interest only for the period for which the loan was outstanding.

c) In some cases, it was observed that REs were collecting one or more instalments in advance but reckoning the full loan amount for charging interest.

➤ These and other such non-standard practices of charging interest are not in consonance with the spirit of fairness and transparency while dealing with customers. Wherever such practices have come to light, RBI through its supervisory teams has advised REs to refund such excess interest and other charges to customers. REs are also being encouraged to use online account transfers in lieu of cheques being issued in a few cases for loan disbursement.

➤ Therefore, in the interest of fairness and transparency, RBI has directed all REs to review their practices regarding mode of disbursement of loans, application of interest and other charges and take corrective action, including system level changes, as may be necessary, to address the issues highlighted above.

**RBI FLAGS UNAUTHORISED FOREX ENTITIES****OFFERING EXORBITANT RETURNS:**

➤ The Reserve Bank of India has flagged unauthorised entities offering foreign exchange (forex) trading facilities with promises of exorbitant returns. The central bank said that authorised dealers should promptly report such transactions to the Enforcement Directorate when they detect such instances.

➤ Upon investigation, the RBI noted that to facilitate unauthorised forex trading, these entities have employed local agents to open accounts at various bank branches for the purpose of collecting money related to margins, investments, charges, and more. These accounts are established under the names of individuals, proprietary concerns, trading firms, etc.

➤ The RBI observed that in several instances, the transactions conducted in these accounts do not align with the stated purpose for their establishment. Additionally, these entities are offering residents the option to remit or deposit funds in Indian Rupees for engaging in unauthorised forex transactions via domestic payment systems such as online transfers and payment gateways.

➤ RBI has emphasized need for greater vigilance to prevent the misuse of banking channels in facilitating unauthorised forex trading. The authorised dealers were advised to be more vigilant and exercise greater caution in this regard.

**FORMATION OF NEW DISTRICT IN THE STATE OF ASSAM:**

The Government of Assam has notified formation of a new district, viz., Tamulpur in the state of Assam vide Gazette Notification dated Sept. 07, 2023. Accordingly, it has been decided to designate State Bank of India as the Lead Bank of the new district.



**SUBMISSION OF STATUTORY RETURNS (FORM A, FORM VIII AND FORM IX) ON CIMS PORTAL:**

In terms of the Master Direction - Reserve Bank of India, Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) Directions - 2021, banks submit the statutory Form A, Form VIII and Form IX (on unclaimed deposits) Returns in electronic form on the extensible Business Reporting Language (XBRL) Portal.

➤ Following the launch of Reserve Bank's next generation data warehouse, viz., the Centralised Information Management System (CIMS), RBI vide notification dated 15-04-2024 has decided to shift the submission of Form A, Form VIII and Form IX Returns from the XBRL Portal to the CIMS Portal. Accordingly, banks shall submit the fortnightly Form A Return from the Reporting Friday June 14, 2024, monthly Form VIII Return from May 2024 and the annual Form IX Return from December 31, 2024 respectively on the CIMS Portal only.

➤ Banks shall continue to submit Form A & Form VIII both on XBRL as well as CIMS portals concurrently till the date/month indicated above.

**FOREX MANAGEMENT (MODE OF PAYMENT & REPORTING OF NON-DEBT INSTRUMENTS):**

The Reserve Bank of India has made the following amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019:

**Amendment to Regulation of the Principal Regulations:****A) Purchase or Subscription of Equity Shares of Companies Incorporated in India on International Exchanges Scheme by Permissible Holder:**

The amount of consideration for purchase / subscription of equity shares of an Indian company listed on an International Exchange shall be paid:

(i) through banking channels to a foreign currency account of the Indian company held in accordance with the Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015, as amended from time to time; or

(ii) as inward remittance from abroad through banking channels. Explanation: The proceeds of purchase / subscription of equity shares of an Indian company listed on an International Exchange shall either be remitted to a bank account in India or deposited in a foreign currency account of the Indian company held in accordance with the Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015, as amended from time to time.

**B) Remittance of Sale proceeds:** The sale proceeds (net of taxes) of the equity shares may be remitted outside India or may be credited to the bank account of the permissible holder maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

**C) In sub-regulation (8) of Regulation 4 of the Principal Regulations, the existing provision shall be substituted by the following, namely:**

**“LEC(FII): (i)** The AD Category I banks shall report to the Reserve Bank in Form LEC (FII) the purchase / transfer of equity instruments by FPIs on the stock exchanges in India.

**(ii)** The Investee Indian company through an Authorised Dealer Category I bank shall report to the RBI in Form LEC (FII) the purchase/subscription of equity shares (where such purchase / subscription is classified as Foreign Portfolio Investment under the rules) by permissible holder, other than transfers between permissible holders, on an International Exchange.

**INTERNET BANKING FACILITIES TO CLIENTS OF IBUs:**

The International Financial Services Centres Authority (IFSCA) has directed all IFSC Banking Units (IBUs) situated within GIFT IFSC in Gandhinagar to mandatorily provide internet banking services to their clients within the next six months.

➤ IBUs are directed to benchmark their services against global standards and submit implementation plans within 45 days. IFSCA has also asked IBUs to ensure secure, user-centric platforms with minimal downtime.

**FOREIGN EXCHANGE MANAGEMENT (FOREIGN CURRENCY ACCOUNTS BY A PERSON RESIDENT IN INDIA):**

The Reserve Bank of India has issued a notification amending the Foreign Exchange Management Act, 1999, which aims to update regulations regarding foreign currency accounts for residents in India.

As per the amendment, subject to compliance with the conditions in regard to raising of External Commercial Borrowings (ECB) or raising of resources through American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) or through direct listing of equity shares of companies incorporated in India on International Exchanges, the funds so raised may, pending their utilisation or repatriation to India, be held in foreign currency accounts with a bank outside India.

**RBI PROPOSES 'DIGITAL VIEW' OF LOANS TO ENSURE TRANSPARENCY TO BORROWERS:**

The RBI has come out with draft guidelines for 'Digital Lending-Transparency in Aggregation of Loan Products from Multiple Lenders'. This is to ensure that lending service providers (LSPs) provide a digital view of the loans they offer to customers in partnership with other entities. It is set to bring in the much-needed transparency in the system.

➤ The banking regulator, in a draft circular on digital lending, said the identity of a potential lender may not be known to a borrower in cases where an LSP has arrangements with multiple lenders.

➤ This comes on the back of the RBI's observation that many LSPs offering aggregation services for loan products have outsourcing arrangements to multiple lenders.

➤ A digital view will provide a host of details to ensure that customers have prior information about potential lenders to make an informed decision on a loan product.

➤ These details will include names of the regulated entities (REs) extending the loan offer, amount and tenor of loan, the annual percentage rate (APR) and other key terms and conditions. These enable a borrower to make a fair comparison between various offers.

➤ A link to the key facts statement (KFS) will also be provided in respect of each RE, the RBI said in its draft guidelines.

➤ The RBI has stated that the content displayed by LSPs should be unbiased and not promote products of a particular RE. They should not use any deceptive practices such as dark patterns that mislead borrowers into choosing a particular loan.

➤ RBI has sought public comments on this draft circular by May 31, 2024.

**RBI MANDATES OFFLINE PAYMENT AGGREGATORS****TO VERIFY KYC FOR MERCHANTS:**

The Reserve Bank of India's has issued draft regulation for payment aggregators (PAs) which will enable PAs to manage risks on their platform with well-defined Know Your Customer (KYC) norms for merchants.

➤ In the draft guidelines, the RBI outlined KYC procedures for small and medium-sized merchants. RBI has stated that a PA will need to undertake Contact Point Verification (CPV) and duly verify the bank account in which the funds of small merchants are settled.

➤ Physical merchants that are undertaking only proximity or face-to-face transactions with business turnover less than the threshold limit of Rs. 5 lakh per annum and those not registered under Goods and Services Tax (GST) are defined as 'small merchants' as per the draft norms.

➤ RBI has added that for 'medium merchants', PAs shall carry out the CPV. PAs shall also obtain and verify one Officially Valid Document (OVD) of the proprietor, beneficial owner or person holding attorney. They will be required to verify one OVD of the business.

➤ It has defined medium merchants as those with business turnover less than the threshold limit of Rs.40 lakh per annum and those not registered under GST.

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**COST OF PACK:** Rs. 2,700/- (including Speed Post Charges) (vide DD favouring CTDI payable at Chandigarh). Or through **CA NO :** 7718002100000011 & **NEFT / IFSC CODE :** PUNB0771800, **BANK NAME :** PNB, SECTOR -47, CHANDIGARH. **DESPATCH:** Entire Material will be sent through Speed Post on receipt of amount.

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## TIT BITS

● **DIVIDEND FROM PSUs EXCEED TARGET:** According to data from the Department of Investment and Public Asset Management (DIPAM), dividend collected by the Govt. from public sector undertakings (PSUs) has touched Rs.62,929.27 crore and exceeded the target by nearly 26 per cent during financial year 2023-24.

● **WHOLLY OWNED SUBSIDIARY OF CRISIL GETS SEBI NOD:** CRISIL ESG Ratings & Analytics Ltd., a wholly owned subsidiary of CRISIL Ratings Ltd., has got approval of SEBI as a Category 1 provider of environmental, social and governance (ESG) ratings. In July 2023, the market regulator amended the Credit Rating Agencies Regulations to include a chapter on ESG Rating Providers, to ensure that no entity provides ESG Rating unless it is certified by SEBI.

● **INSURANCE POLICIES IN ELECTRONIC FORMAT:** The Insurance Regulatory and Development Authority of India (IRDAI) has made it mandatory for insurers to issue fresh policies digitally. At present, four insurance repositories: CAMS Repository, Karvy, NSDL Database Management and Central Insurance Repository of India facilitate the opening of e-insurance accounts.

● **HIGHER OFFICIALS CAN PROBE INTO GST, OTHER SENSITIVE MATTERS:** The Central Board of Indirect Taxes and Customs (CBIC) has made it mandatory for higher officials of the rank of principal commissioner or above, to approve investigations, searches, or questioning in GST matters related to large industrial houses, multinationals, and those with national implications.

● **SBI CARD MILES LAUNCHES THREE TRAVEL-FOCUSED CREDIT CARD VARIANTS:** SBI Card has introduced three variants of its travel-centric credit card, SBI Card MILES, catering to diverse travel needs. The variants - SBI Card MILES ELITE, SBI Card MILES PRIME, and SBI Card MILES are designed to offer curated benefits to travelers, from frequent flyers.

● **DIGITAL INDIA TRUST:** The RBI is considering establishing a Digital India Trust Agency (DIGITA) to stop the mushrooming of illegal lending apps. DIGITA will enable verification of digital lending apps and maintain a public register of verified apps. Apps not carrying the 'verified' signature of DIGITA should be considered unauthorised for the purpose of law enforcement.

● **MUTUAL FUND RECORDS DOMESTIC STOCKS IN MARCH:** Domestic mutual funds injected a record of Rs.45,120 crore into domestic stocks in March 2024, marking their highest ever buying in a month. This surge in domestic fund inflows took place amid a selloff in small cap and midcap stocks, and the execution of large block trades in blue chip companies.

● **ADANI GREEN ENERGY - INDIA'S 1<sup>ST</sup> 'DAS HAZARI' IN RENEWABLES SECTOR:** Adani Green Energy Ltd has commissioned 2,000 MW of solar capacity at the Khavda solar park in Gujarat that has made it the first company in India with an operating portfolio of 10,934 MW of renewable energy capacity.

● **HOUSEHOLDS SHIFTING SAVINGS FROM FINANCIAL TO REAL ASSETS:** V Anantha Nageswaran, Chief Economic Advisor has stated that Indian households are moving their savings from financial assets to real assets. RBI data shows that the growth of household financial liabilities went up from 3.8 per cent in 2021-22 to 5.8% in 2022-23 and financial assets increased from 10.99 % to 11.1%. This is an accretion to household financial savings.

● **INDIA'S DEMAT TALLY CROSSES PAST 150 MILLION MARK:** The number of dematerialised (demat) accounts required to hold shares and other securities in electronics format, crossed the 150 million mark for the first time. In March 2024, 3.12 million new demat accounts have been added, taking the total count to 151.4 million.

● **UNION BANK RAISES RS. 42,000 CR FROM DIFC:** Union Bank of India has raised \$500 million (about Rs.4,200 crore) from foreign markets to fund overseas business growth through Dubai International Financial Centre (DIFC), Dubai Branch, UBI.

● **FINMIN SETS VEHICLE CONDEMNATION, SCRAP TIMELINE:** The Finance Ministry has fixed a timeline for scrapping various types of vehicles. According to Delegation of Financial Power Rules (DOFR) 2024, the life of a motorcycle will be 7 years or covering a distance of 1.20 lakh kms, whichever is earlier. In case of LCVs, it will be 6 ½ years or 1.5 lakh kms of running and for HCVs, the duration would be 10 years or 4 lakh kms of running. For all other categories, the maximum life duration is 15 years. Vehicles that have been condemned also need to be scrapped once they are 15 years old.

● **INDIAN TRAVELLERS CAN NOW USE PHONE-PE TO MAKE PAYMENTS VIA UPI IN SINGAPORE:** Fintech firm Phone-Pe has stated that its users can now make payments through UPI in Singapore under a pact signed by the company with The Singapore Tourism Board. The collaboration has been built upon the existing Unified Payments Interface (UPI) linkage between India and Singapore, which allows customers to instantly make cross-border transactions between the two countries directly from their existing Indian bank accounts.

● **CANARA BANK LAUNCHES LOANS FOR HEALTHCARE, SAVINGS ACCOUNTS FOR WOMEN:** Canara Bank has launched healthcare focused loan product 'Canara Heal', which will meet the shortfall in hospitalization expenditure while settling insurance claims of self and/or dependents. Bank has also launched a customized savings account for women 'Canara Angel' with unique features like Cancer Care policy, pre-approved personal loan 'Canara Ready Cash' and an Online Loan against term deposit product 'Canara My Money'.

● **GOVT. LAUNCHES MY-CGHS APP TO EXPAND ACCESS TO ELECTRONIC HEALTH RECORDS AND SERVICES:** The Union Health Ministry has launched the innovative 'my-CGHS' app aiming to boost access to Electronic Health Records, information, and resources for the beneficiaries of the Central Government Health Scheme (CGHS). Developed by the technical teams of the National Informatics Centre (NIC) Himachal Pradesh and NIC Health Team, the my-CGHS app brings many health services to the fingertips of CGHS beneficiaries.

● **COMMERCIAL PAPER ISSUANCES TOUCH A 4-YEAR HIGH:** Issuances of commercial papers (CP) have hit a four-year high, touching Rs.1.2 lakh crore, as companies seek to diversify funding sources. CP issuances are still not as high as 2018 levels when they touched Rs 3.1 lakh crore in July-September, as NBFCs look for other funding avenues like securitisation, where volumes peaked in FY24 at Rs. 1.9 lakh crore.

● **STOP USING THE TERM 'HEALTH DRINK OR ENERGY DRINK' FOR MALT BASED DRINKS:** The Food Safety and Standards Authority of India (FSSAI) has directed all ecommerce companies to not to refer to dairy based beverages, cereal based beverages or malt based beverages as 'health drink or energy drink' as the term 'health drink' has not been defined under the food laws of the country and 'energy drink' refers to carbonated and non-carbonated water based flavoured drinks under the laws.

● **'INFLATION EXPECTATIONS' & 'CONSUMER CONFIDENCE' SURVEYS FOR MONETARY POLICY INPUTS:** The RBI has launched two new surveys, the 'Inflation Expectations Survey of Households' and the 'Consumer Confidence Survey,' ahead of its June monetary policy review. The 'Inflation Expectations Survey' will collect data on price changes and inflation expectations from households in 19 cities. Meanwhile, the 'Consumer Confidence Survey' will gather views on the general economic situation, employment, prices, income, and spending.

**●GOVT EXTENDS FREE IMPORT DUTY REGIME ON YELLOW PEAS:**

According to a Directorate General Foreign Trade (DGFT) notification, Govt. has extended duty-free import of yellow peas used as substitute of chana (gram) by two months i.e. upto 30<sup>th</sup> June 2024. All imports of yellow peas where the bill of lading (shipped on board) is dated on or before June 30 shall be subject to compulsory registration under the online import monitoring system.

**●GEM MODEL FOR PUBLIC PROCUREMENT:** The scorching growth of India's public procurement portal Government e Market place (GEM) has drawn the attention of countries in Africa and Asia and many of them are looking to replicate the model. In 2023-24, government procurement through GeM touched Rs.4 trillion, which was double of what was achieved in 2022-23.

**●HDFC CREDILA RAISES USD 100 MN THROUGH ECB:** HDFC Credila Financial Services has raised USD 100 million in external commercial borrowing (ECB). The funds will be used for growing the retail education loan franchise.

**●CAMS GETS RBI'S NOD TO OPERATE AS AN ONLINE PAYMENT AGGREGATOR:** Computer Age Management Services (CAMS) Ltd. has been granted RBI's authorisation to operate as an online payment aggregator after the business became regulated consequent to the issue of 'Guidelines on Regulation of Payment Aggregators and Payment Gateways' (Guidelines) in March 2020.

**●INDIGO BECOMES WORLD'S 3RD LARGEST AIRLINE BY MARKET CAP:** Shares of Inter Globe Aviation Limited scaled fresh record high on April 10 by trading 5 percent higher at Rs. 3,801 a piece, thus extending their gains for fourth day in a row. The 22 percent rally in the last one month has taken the stock of Inter Globe Aviation, the operator of IndiGo airline in India, to over Rs 1,46,000 cr in total value, as per Bloomberg data.

**●INDIAN UNIVERSITIES MAKE IT TO QS WORLD UNIVERSITY RANKINGS:** A total of 69 Indian universities with 424 entries have made it to the QS World University Rankings by subject, marking a 19.4% rise from the previous year's 355 entries achieved by 66 universities. India is the second most represented country in Asia for the number of ranked universities (69), after mainland China with 101.

**●RBI EXTENDS KEY FACT STATEMENT RULES TO ALL RETAIL, MSME BORROWERS:** RBI has extended the applicability of Key Fact Statement or KFS to borrowers of all retail and micro, small and medium enterprise (MSME) term loans as part of enhancing transparency in loan deals. As per the RBI direction, banks cannot charge additional fees which are not mentioned in the KFS of loans from the borrower without the consent from borrower.

**●BANK OF INDIA PARTNERS WITH IMGC FOR MORTGAGE GUARANTEE BACKED PRODUCTS:** Bank of India and India Mortgage Guarantee Corporation (IMGC) have partnered to offer mortgage guarantee backed home loan products, focusing on salaried and self employed customers in the affordable housing segments. The Bank has launched a Home Loan product with a mortgage guarantee provided by IMGC to strengthen the credit delivery system and facilitate flow of credit to the housing sector.

**●NEARLY HALF OF POPULATION HAVE PAN:** As per latest data from the Income Tax Department, approx. half of India's population has got Permanent Account Number (PAN). According to the data, over 74.67 crore PANs have been issued till March 31, 2024 which is 10 per cent higher than 67.67 crore as of March 31, 2023.

**●ALL-IN-ONE PAYMENT DEVICE - BHARATPE ONE:** Indian fintech major BharatPe has launched BharatPe One, an all-in-one payment product that integrates POS (point of sale), QR code, and speaker into one device.

**●NFRA TAKES ACTION AGAINST AUDITORS OF RELIANCE**

**CAPITAL FOR LAPSES AND FRAUD:** The National Financial Reporting Authority (NFRA), the regulatory body overseeing auditors and audit firms for listed and large companies, has taken action against Pathak HD & Associates (PHD), the joint auditor for Reliance Capital, formerly an Anil Ambani group company, along with its two auditors. This move comes in response to multiple failures highlighted by the resigning auditor, Price Waterhouse (PW), which also flagged suspected fraud amounting to Rs 12,571 crore by the company.

**●UPI CREDIT LINE: NPCI MAY GO EASY ON INTERCHANGE FEE FOR TRANSACTIONS:** To increase the adoption of credit UPI, National Payments Corporation of India (NPCI) is looking at an interchange fee for transactions lower than that for a credit-card transaction which could be 1-1.2 per cent. Fintech participants concur with the view that the interchange fee is expected to be lower than that for a credit-card transaction.

**●CASH WITHDRAWALS FROM ATMs INCREASE BY 5.51%:** India's leading cash logistics company and CMS Info systems have revealed a notable 5.51% growth in the monthly average cash withdrawals from ATMs, reaching Rs 1.43 crore in FY24. Despite the increasing popularity of digital payment modes like UPI, which has led to speculation about a decline in cash usage, the report indicates a steady demand for cash across the country.

**●RIL AS A FIRST INDIAN COMPANY TO CROSS RS. 1 LAKH CRORE PRE-TAX PROFIT THRESHOLD:** Reliance Industries Ltd. (RIL) has become the first Indian company to cross the Rs. 1 lakh crore mark in annual pre-tax profit driven by continued growth momentum in consumer businesses and upstream business. Net profit for this year rose by 7% to Rs.79,020 crore from last year.

**●LIBERALISED FDI NORMS FOR SPACE SECTOR TO BOOST FOREIGN INVESTMENT:** Govt. has made amendments to the foreign direct investment policy in the space sector to attract offshore investors in satellite manufacturing and satellite launch vehicles segments. The gazette notification dated April 16, 2024 of the Govt., prescribes liberalized entry route and provides clarity for FDI in satellites, launch vehicles and associated systems or subsystems, creation of spaceports.

**●CHANGES IN NET-WORTH FOR PAYMENT AGGREGATORS:** RBI has proposed the net-worth norms for payment aggregators (PAs) which facilitate face-to-face or proximity payment transactions. The entities providing services need to have a minimum net worth of Rs.15 crore at present while applying to the RBI for authorization. According to draft norms, they should have a minimum net worth of Rs. 25 crore by March 2028.

**●NEW EPF RULE ON AUTO WITHDRAWAL CLAIMS:** The Employees' Provident Funds Organization (EPFO) has increased the qualifying limit from Rs 50,000 to Rs 1 lakh for auto claims processing. EPF subscribers can apply for the EPF Scheme for their own and their dependents' medical expenses.

**●AGE LIMIT OF 65 YEARS FOR INDIVIDUALS BUYING HEALTH INSURANCE POLICIES REMOVED:** The Insurance Regulatory and Development Authority of India (IRDAI) has lifted the age cap on purchasing health insurance policies, effective from April 1, 2024. Previously, individuals were restricted to buying new insurance policies only until the age of 65 years. IRDAI has also directed health insurance providers to introduce tailored policies for specific demographics, such as senior citizens, and establish dedicated channels for handling their claims and grievances.

**●PAYMENT FRAUDS RISING SHARPLY:** As per RBI data domestic payment frauds jumped by 70.64 per cent to Rs. 2,604 crore during the six-month period ended March 2024 from Rs. 1,526 crore in the same period of last year.

# BANKING & FINANCIAL NEWS

## ●INDIAN BANKS AMONG BEST-PERFORMING LENDERS VERSUS PEERS IN ASIA: S&P GLOBAL

➤ Three Indian banks made it to the list of top 50 banks by assets in the Asia-Pacific region in 2023, up from two in 2022, according to a report by S&P Global Market Intelligence. These Indian banks are the SBI, HDFC Bank, and ICICI Bank.

### HIGHLIGHTS:

➤ According to the financial information and analytics firm, Indian banks have been among the best performing lenders among peers in Asia. Improvement in financial metrics, coupled with high credit growth in a robust economic environment, has boosted banks' assets in recent years.

➤ The aggregate assets of the banks rose sharply by 50.5 per cent to USD 1.510 trillion in 2023. A large part of the increase was due to the merger of HDFC Bank Ltd. with its parent Housing Development Finance Corp. HDFC Bank's assets jumped 51.3 per cent to USD 466.35 billion after the merger, propelling the bank up 13 places to 33 in the top 50 ranking.

➤ S&P Global Market Intelligence, quoting RBI data, noted that credit growth in India, currently the world's fastest-growing major economy, stood at 15.6 per cent as of December 29, 2023. The credit growth was 14.9 per cent a year ago, according to Reserve Bank of India data, as reported by S&P.

➤ According to India's official data, the country grew at a massive 8.4 per cent during the October-December quarter of the financial year 2023-24 and the country continued to remain the fastest-growing major economy.

## ●INDIA MUST INVEST MORE IN EDUCATION, HEALTH TO CAPITALISE ON DEMOGRAPHIC DIVIDEND: IMF

➤ The IMF has emphasized the importance of India making substantial investments in education and healthcare to ensure that its burgeoning young population is effectively employed.

➤ The World Bank, the IMF's counterpart in the realm of multilateral institutions, previously highlighted that India and other South Asian nations are not fully capitalizing on their demographic dividend. Krishna Srinivasan, head of the IMF's Asia and Pacific Department, noted, "We have 15 million people being added to the labour force every year. If India truly wants to benefit from this influx, it must make significant investments in both education and health." With around 65% of the Indian population under the age of 35, equipping the labor force with the necessary skills to compete in an AI-driven world is crucial.

➤ Despite the high youth unemployment rate estimated at just above 40% for 2022-23, the IMF projects India's economy to grow at a rate of 6.8% in FY2024-25. This growth is driven by public investment and private consumption. Although public capital expenditure, such as infrastructure spending, has had a very beneficial impact on growth, the IMF official questioned whether it had effectively stimulated private investment.

➤ Thus, for India to fully leverage its demographic dividend, it must significantly increase its investment in education and health sectors.

## ●ALL LAND RECORDS TO BE DIGITIZED - TOP 100 DAY AGENDA:

➤ The Government is prioritizing the digitization of land records as a key reform initiative for the upcoming administration. The Centre may allocate a budget of Rs. 1,035 crore to support the proposed plan, which aims to complete the digitization process for all land record by 2026. This Initiative is expected to streamline land acquisition procedures and accelerate project timelines.

➤ The digitization process will include rejigging land-use policies for urban, forest, and agricultural land, which is expected to expedite key infrastructure projects that are often delayed due to land acquisition and litigation issues.

➤ The cabinet secretary chaired a meeting to review the progress of the 100-day agenda and discussed how other flagship reforms were hindered by the lack of digital land records, such as land-monetization and agricultural reforms.

➤ The Unique Land Parcel Identification Number (ULPIN) system, which assigns a unique 14-digit ID to each land parcel based on geo-coordinates, is already in place and adheres to international standards. The government plans to expand the database by including ownership, usage, and risk information.

➤ This reform will have a multiplier effect, once the land record is digitized, it will also reduce land disputes, will give exact ownership and usage patterns with exact data.

## ●FIVE PSBs ASKED TO RAISE PUBLIC SHAREHOLDING TO 25% BY AUGUST:

➤ The Finance Ministry has directed five public sector banks to increase their minimum public shareholding to 25% by August 1, in line with regulatory requirements. This initiative follows the Securities Contract (Regulation) Rules, which mandate that all listed companies, including public sector entities, maintain a minimum public shareholding of 25%. Among the 12 public sector banks under review, five have not yet met this requirement. These banks are UCO Bank, Central Bank of India, Punjab & Sind Bank, Bank of Maharashtra, and Indian Overseas Bank, with public shareholdings ranging from 1.75% to 13.54%.

➤ The Securities and Exchange Board of India (SEBI) may consider granting exemptions to some public sector banks and other public sector undertakings (PSUs) to gradually achieve compliance with the 25% minimum public shareholding norms by August 2024.

➤ The five state-run banks have government stakes exceeding 75%, amounting to unsold government stakes valued at over Rs 65,000 crore at current market prices. Additionally, several other government enterprises, including IRFC and SJVN, also have government stakes exceeding 75%.

### The dilution of Govt. stake may be achieved primarily through the following methods:

**a) Qualified Institutional Placement (QIP):** This involves selling shares to institutional investors such as mutual funds, insurance companies, and pension funds. This method helps in raising capital without going through a public offering, thereby diluting the government's stake and increasing public shareholding.

**b) Follow-on Public Offer (FPO):** This is an additional issue of shares by a company that is already publicly listed. It helps in increasing the public shareholding and provides an opportunity for retail investors to participate.

**c) Offer for Sale (OFS):** This method allows the promoters (in this case, the government) to sell their shares through the stock exchange mechanism. It is a fast and efficient way to dilute the government's stake and meet regulatory requirements.

**d) Rights Issue:** Existing shareholders are given the right to purchase additional shares at a discount to the market price. This method ensures that the shareholding pattern changes, with an increase in public ownership.

### IMPACT ON SHARE PRICES:

➤ **Initial Dilution Effect:** When additional shares are issued through QIP or FPO, it may lead to a temporary dilution of the share price due to an increase in the number of shares.

➤ **Increased Market Liquidity:** An increase in public shareholding typically leads to higher trading volumes and improved liquidity in the stock. This can attract more investors and potentially stabilize or increase the share price over time.

➤ **Market Perception:** The market's perception of the bank's future prospects plays a crucial role. If investors view the increase in public shareholding as a positive move towards better governance and efficiency, it could lead to a rise in the share price.

➤ **Supply and Demand Dynamics:** The impact on share price will also depend on the demand for these shares. If the new shares are absorbed well by the market, the negative impact on the share price can be minimized.

➤ **Regulatory Compliance:** Achieving compliance with regulatory requirements is often viewed positively by the market, as it reduces regulatory risks and may enhance the bank's credibility and attractiveness to investors.

➤ Overall, while there might be short-term volatility in the share prices due to the increase in supply, the long-term impact is positive if the banks are able to improve their performance and governance standards through increased public participation.

### ● **INDIA WANTS TO BECOME THE TOP MANUFACTURING ALTERNATIVE TO CHINA:**

➤ India wants to be the top manufacturer in Asia as companies shift away from China, but first it needs to dethrone Vietnam. Analysts narrowed down the two biggest problems that must be solved for India to be on par or even overtake Vietnam's manufacturing strength - **lowering import taxes and improving supply chain efficiency**. Further, productivity, capacity, and skill sets are some of the things that stop India from replacing China in the world market as a global manufacturing hub. Despite these challenges, Vietnam's warm relationship with China could be an advantage to India.

➤ The U.S. has pursued a "friend shoring" agenda as competition with China increases. The U.S. administration has encouraged American companies to move electronics and technology manufacturing operations out of China and into friendlier countries, particularly Vietnam and India in Asia-Pacific.

➤ India and Vietnam are appealing manufacturing destinations for foreign investors and companies, primarily due to their low labor costs. However, Vietnam is currently leading, with 2023 exports reaching \$96.99 billion, compared to India's \$75.65 billion. Vietnam's proficiency in electronics manufacturing gives it a significant competitive edge.

➤ Additionally, Vietnam benefits from economies of scale in manufacturing, particularly in sectors reliant on manual labor. Industries requiring intensive manual labor and yielding low profit margins, such as apparel manufacturing, are not significantly advantageous for India.

➤ U.S. tech giants are increasingly bringing part of their supply chains to the South Asian country. The Financial Times reported in December that Apple told component suppliers it will source batteries from Indian factories for its upcoming iPhone 16. Google is also set to begin Pixel phone production in India by the second quarter.

➤ One hurdle for India's manufacturing hub ambitions is the country's 10% import duty for information and communication technologies. This is higher than Vietnam's average import duties of around 5%. India's import taxes were intended to protect domestic manufacturers, but lowering those duties will be part of the government's efforts to attract foreign firms to manufacture goods within the country.

➤ What foreign investors tend to be more concerned about is ease-of-doing business issues - especially the flexibility to hire and fire workers; than taxes and tariffs. This is Vietnam's main source of long-term advantage over India.

➤ Although India wants to be a developed economy by 2047, its infrastructure is still lacking, leading to lengthy shipment and road delivery times. A ship in Singapore can be unloaded in eight hours and be on a truck to prospective factories, but the same ship in India will be stuck in a custom warehouse for days.

➤ China is probably 10 years ahead of India on its infrastructure. India is well on that path of modernizing systems in logistics to enhance on-demand supply chain models for importers and exporters and these factors in all kinds of new roads and ports.

### ● **RBI STEPS UP GOLD BUYING AMID US DOLLAR VOLATILITY:**

➤ The RBI has stepped up gold purchases to help diversify its foreign exchange reserves base amid US dollar volatility. The rise in the value of outstanding gold reserves made up more than four-fifths of the near \$3-billion increase in forex reserves at a record \$ 648.5 billion as of April 5. In January-February this year the RBI bought 0.43 million troy ounce, or close to 13.3 tonnes of gold, from the market. That is over 80% of the total gold purchases of 0.52 million troy ounce in 2023 by the central bank.

➤ The RBI governor Shaktikanta Das in the post policy media conference stated that India is building up gold reserves. The central bank's stated objective of holding gold in reserves is mainly to diversify its foreign currency assets base, as a hedge against inflation and foreign currency risks.

➤ RBI has started to accumulate gold regularly from the market since December 2017. Its stock of gold as of end February, 2024 is 26.26 million troy ounce, up from \$17.94 million troy ounce in December 2017. RBI holds only a portion of the reserves locally.

According to the latest Report on Foreign Exchange reserves, of the total 800.79 metric tonnes of gold (including gold deposits of 39.89 metric tonnes) RBI held 388.06 metric tonnes of gold overseas in custody with Bank of England and Bank of International Settlements (BIS), and 372.84 metric tonnes of gold is being held domestically, as of Sep'2023.

### ● **INDIA OVERTAKES CHINA IN DIGITAL SERVICES**

#### **EXPORTS: KEY FINDINGS FROM WTO REPORT**

➤ In 2023, India emerged as a leader in digital services exports, surpassing China, as highlighted in a World Trade Organisation (WTO) report. The report noted significant growth in digitally delivered services globally, with India's exports reaching \$257 billion, a 17 percent increase from the previous year. This growth outpaced that of Germany and China, which each saw only a 4 percent increase. The report emphasizes a robust growth trajectory for digitally delivered services, despite a decline in global goods trade. Specifically, exports in Europe and Asia surged by 11 percent and 9 percent, respectively.

➤ Overall, digitally delivered services accounted for \$4.25 trillion in global exports, representing 13.8 percent of world exports of goods and services. The breakdown of these services shows that business, professional, and technical services made up the majority, followed by computer services, financial services, and intellectual property-related services.

➤ The report also underscores the increasing integration of artificial intelligence (AI) in various sectors, which contributes to enhanced efficiency, innovation, and economic growth. AI-driven technologies are expected to revolutionize the economy, offering opportunities for cost savings, personalization, and job creation.

#### **● **FITCH AFFIRMS RATINGS OF PSBs:****

➤ Global ratings firm Fitch has affirmed the ratings of the public sector banks it covers, maintaining a stable outlook for them. These rating decisions are consistent with India's sovereign rating, to which these banks' ratings are linked. Fitch has affirmed the ratings of Canara Bank, SBI, Bank of Baroda New Zealand, UBI, PNB, Bank of India, and Bank of India New Zealand at BBB-

➤ Fitch has also affirmed the banks' Viability Rating (VR) at 'bb' and Government Support Rating (GSR) at 'bbb-'. The key factors driving SBI's ratings include strong government support, a robust operating environment, a dominant market presence, double-digit loan growth, a lower impaired loan ratio, strong profitability, a dominant position in deposits, and modest capital buffers. For Canara Bank, additional factors such as a strong franchise and growing risk appetite were influential. For BOB New Zealand, factors like loan growth above peers and strong local reach were significant. For PNB and UBI, robust funding and liquidity were also key drivers.

## **THIRTY THREE LOSS-MAKING FIRMS DONATED ELECTORAL BONDS WORTH RS.582 CRORE:**

➤ Thirty-three companies that recorded losses or no profit over a seven-year period donated a total of Rs. 581.7 crore through electoral bonds, of which Rs. 434.2 crore was encashed by the Bharatiya Janata Party. At least 45 companies that donated electoral bonds to the ruling BJP have questionable funding sources.

### **Category A - Loss-Making Companies:**

➤ 33 companies donated Rs.576.2 crore in electoral bonds. BJP encashed Rs.434.2 crore (nearly 75%). These companies had negative or near zero profit after tax from 2016-17 to 2022-23. Aggregate net losses of these companies were over Rs.1 lakh crore. 16 out of these 33 companies paid zero or negative direct taxes in aggregate.

➤ Substantial donations by these loss-making companies suggest potential fronts for other firms or profit/loss misreporting, indicating possible money laundering.

### **Category B - Companies with Positive Net Profits but Excessive Donations:**

➤ Six companies donated Rs.646 crore in total. BJP encashed Rs.601 crore (93%).

➤ Despite having positive net profits from 2016-17 to 2022-23, the donations exceeded their aggregate net profit significantly. These companies could also have acted as fronts for other firms or misreported profits and losses.

### **Category C - Companies with Positive Net Profits but Negative Direct Taxes:**

➤ Three companies donated Rs.193.8 crore in total. BJP encashed Rs.28.3 crore (around 15%). Congress received Rs.91.6 crore (47%), Trinamool Rs.45.9 crore (24%), BRS and BJD Rs.10 crore (5% each), and AAP Rs.7 crore (3.6%).

➤ These companies had positive net profits but reported negative direct taxes from 2016-17 to 2022-23. These companies might have engaged in tax evasion.

## **SUPREME COURT RECOGNIZES RIGHT TO BE FREE FROM ADVERSE EFFECTS OF CLIMATE CHANGE:**

➤ In its first, the Supreme Court, through its judgment dated March 21, has recognized a right to be free from the adverse effects of climate change as a distinct right. The Court said that Articles 14 (equality before law and the equal protection of laws) and 21 (right to life and personal liberty) of the Indian Constitution are important sources of this right.

### **The Supreme Court passed its judgment in a case titled M K Ranjitsinh & Ors versus Union of India & Ors.**

➤ The case was regarding the protection of two critically endangered bird species on the IUCN Red List – the great Indian bustard (GIB) and the lesser florican. Both the bird species are listed under Part III of Schedule I of the Wild Life (Protection) Act, 1972.

➤ The Supreme Court has extended the ambit of Articles 14 and 21 of the fundamental right and ruled that people have the right to be free from the adverse effects of climate change. Articles 14 and 21 of the Indian Constitution guarantee fundamental rights to equality and life respectively. In a very recent event, the right to a clean environment was also considered a fundamental right under the Right to Life of Article 21.

➤ The court also highlighted the interconnection between climate change and various human rights, including the right to health, indigenous rights, gender equality, and the right to development.

➤ The Supreme Court's landmark judgment on the right against the adverse effects of climate change has far-reaching implications for India's climate policy and governance. The judgment opens the door for increased climate litigation in India, as individuals and civil society organizations can now challenge the government's climate policies and measures through Public

Interest Litigation (PIL). This can lead to more robust judicial oversight and pressure on the government to strengthen its climate actions.

➤ The Court's directive to the government to formulate a comprehensive climate change policy, aligned with international commitments, can drive the development of a more holistic and ambitious climate action plan.

➤ This has the potential to accelerate India's transition towards a low-carbon economy and build resilience against the impacts of climate change.

## **NOW, PRIVATE BANKS MUST SEEK CEIB CLEARANCE FOR HIGH-VALUE:**

The Central Economic Intelligence Bureau has mandated that private banks, like government banks, must obtain clearance from CEIB before issuing high-value loans to companies. This measure aims to ensure that no enforcement cases are pending against these firms. The "antecedent verification report" is crucial for risk assessment and helps banks avoid granting loans to companies under investigation or classified as Non-Performing Assets.

➤ In FY 2022-23, over 6,000 such reports were generated for loan requests amounting to more than Rs. 39 lakh crore, a significant increase from 1,300 applications totaling Rs. 4.5 lakh crore in FY 2021. These reports are based on data from 18 enforcement agencies and will soon be part of the National Economic Offence Record. Additionally, CEIB plans to introduce a Unique Economic Offender Code for individuals and companies accused of economic offences, linked to Aadhaar or PAN for better tracking and surveillance.

## **FITCH DOWNGRADES OUTLOOK ON CHINA TO NEGATIVE ON ECONOMIC GROWTH RISKS:**

➤ Ratings agency Fitch has revised its outlook on China's sovereign credit rating to negative, citing risks to public finances amid economic uncertainty. The agency predicts the general government deficit will increase to 7.1% of GDP in 2024 from 5.8% in 2023, the highest since 2020's 8.6%. Despite the outlook downgrade, Fitch affirmed China's IDR rating at 'A+'.

➤ Fitch expects China's economic growth to slow to 4.5% in 2024, down from 5.2% in 2023, contrasting with upward revisions from Citi and the IMF. Early 2024 indicators for factory output, retail sales, exports, and consumer inflation have been better than expected, supporting China's 5.0% GDP growth target.

➤ Fitch's revision highlights the risks associated with China's shift from property-reliant growth to a more sustainable model. Previously, Moody's also issued a downgrade warning citing financial burdens from local govt. bailouts and the property crisis.

## **PSBs DON'T HAVE POWER TO ISSUE 'LOOK OUT CIRCULARS' AGAINST DEFAULTERS:**

A division bench of Bombay High Court held as unconstitutional the clause of an office memorandum issued by the central government empowering the chairpersons of public sector banks to issue 'Look Out Circulars' (LOCs) against default borrowers. The court passed its verdict on a bunch of petitions challenging validity of the said clause.

➤ The bench said the Bureau of Immigration shall not act upon such LOCs (issued by banks against defaulters). The court also said its judgment would not affect the orders issued against any defaulter by a tribunal or a criminal court restraining them from travelling abroad. While the office memorandum issued by the Centre was not ultra vires the Constitution, the clause empowering the chairperson of a public sector bank to issue LOC was "arbitrary and without power in law", the HC said.

➤ The petitioners contended that the words "economic interest of India" cannot be equated with the "financial interests" of bank.

●SOURCE: RBI / GOVT. NOTIFICATIONS, BUSINESS STANDARD, ECONOMIC TIMES, FINANCIAL EXPRESS, LIVEMENT ETC.

**JAIIB SPECIAL**

**INDIAN ECONOMY & FINANCIAL SYSTEM**

- 1) Which category does the Indian economy fall under in terms of per capita income?
  - a) Low-income economy
  - b) Lower-middle-income economy
  - c) Upper-middle-income economy
  - d) Higher-income economy
- 2) Which of the following is an example of soft infrastructure?
  - a) Roads
  - b) Airports
  - c) Hospitals
  - d) Bridges
  - e) Power plants
- 3) Why does a bank calculate Fixed Obligation to Income Ratio (FOIR)?
  - a) To encourage excessive borrowings
  - b) To ensure a minimum net take-home pay is maintained after loan repayments
  - c) To increase interest rates on loans
  - d) To assess the borrower's credit history
- 4) Which Sustainable Development Goal (SDG) focuses on climate action?
  - a) SDG 7
  - b) SDG 11
  - c) SDG 13
  - d) SDG 15
  - e) SDG 17
- 5) Which measure of money supply includes currency with the public, demand deposits, and 'other' deposits with the RBI?
  - a) Narrow Money (M1)
  - b) M2
  - c) Broad money (M3)
  - d) M4
- 6) What were the main factors that led to the implementation of economic reforms in India in 1991?
  - a) Excessive foreign exchange reserves
  - b) Strong performance of the public sector
  - c) Decrease in government debts
  - d) Adverse balance of payments, poor public sector performance, drop in foreign exchange reserves, large government debts, and inflationary pressure
  - e) Favorable conditions set by the World Bank and IMF
- 7) According to Adam Smith, the father of modern Economics, what is the subject matter of Economics?
  - a) The study of human behavior
  - b) The study of wealth
  - c) The study of well-being
  - d) The study of resources
  - e) The study of choices
- 8) Which of the following is the correct full-form of OSOWOG initiative of the Indian Government?
  - a) One Sun, One World, One Grid
  - b) One Sun, One World, One Goal
  - c) One Source, One World, One Grid
  - d) None of the above
- 9) According to the concept of diminishing marginal utility, what is the relationship between the quantity consumed and the utility derived from each additional unit of a good?
  - a) The utility derived from each additional unit consumed remains constant.
  - b) The utility derived from each additional unit consumed increases proportionally.
  - c) The utility derived from each additional unit consumed decreases
  - d) The utility derived from each additional unit consumed fluctuates randomly.
  - e) The utility derived from each additional unit depends on the price of the good.
- 10) Which DFI was transformed into a Universal Bank?
  - a) Industrial Finance Corporation of India (IFCI)
  - b) Industrial Credit and Investment Corporation of India (ICICI)
  - c) Industrial Development Bank of India (IDBI)
  - d) Small Industries Bank of India (SIDBI)
  - e) Export-Import Bank of India (Exim Bank)
- 11) What are the distinctive features of Infrastructure?
  - a) Short gestation period and small investment
  - b) No economies of scale and absence of externalities
  - c) Large investment and long gestation period
  - d) Lack of government regulation and natural monopoly
  - e) Indirect benefits and absence of externalities
- 12) Which among the following is/are the characteristics of the Boom of Business Cycle?
  1. An accelerated and prolonged increase in demand.
  2. Demand peaks to levels that exceed sustainable output/production levels.
  3. Economy heats up and a demand-supply lag becomes apparent.
  - a) 1 and 2
  - b) 2 and 3
  - c) 3 only
  - d) 1, 2 and 3
- 13) What is market equilibrium?
  - a) A situation where demand exceeds supply
  - b) A situation where supply exceeds demand
  - c) A situation where supply equals demand
  - d) A situation where prices continuously rise
  - e) A situation where prices continuously fall

- 14) Risk-o-meter- risk levels are categorised into \_\_\_\_ levels.
  - a) 2
  - b) 5
  - c) 6
  - d) 10
- 15) What is Venture Capital?
  - a) Long-term investment in businesses with low risk and steady financial returns.
  - b) Short-term investment in established industries with predictable growth.
  - c) Long-term investment in businesses with potential for significant growth and high financial returns
  - d) Short-term investment in new and unexplored markets with uncertain returns.
  - e) Financing provided by banks exclusively to entrepreneurs with proven track records.
- 16) What is a Floater Mutual Fund?
  - I. A fund that invests primarily in fixed-rate bonds
  - II. A fund that invests only in equities
  - III. A fund that invests primarily in floating-rate debt instruments
  - IV. A fund that invests only in government securities
  - a) Only I
  - b) Only II
  - c) Only III
  - d) I, II, III, IV
- 17) The Fiscal Deficit is:
  - I. Total income of the government minus total expenditure
  - II. Fiscal deficit = Total Expenditure - Total revenue (Excluding the borrowings)
  - III. The difference between total revenue and interest payments
  - IV. Total income of the government minus total expenditure excluding borrowing
  - a) Only I
  - b) Only II
  - c) II, III
  - d) I, II, III, IV
- 18) The term 'Primary Territory' in marketing refers to:
  - I. The market segment where the business aims to be the market leader
  - II. The market segment that the business plans to enter in the future
  - III. The geographical area where a business makes the majority of its sales
  - IV. The geographical area where the business has its production units
  - a) Only I
  - b) Only II
  - c) Only III
  - d) I, II, III, IV
- 19) Which among the following explains 'Sunrise Sector'?
  - a) It is the sector which includes all those activities the end purpose of which consists in exploiting natural resources
  - b) It is the sector that covers all those activities consisting in varying degrees of processing of raw materials.
  - c) It includes all those activities in which an industry that has existed for a long time and that is less successful and making less profit than previously
  - d) It is one that is still in its infancy but has the potential for significant growth.
- 20) The Marginal Cost of Funds Based Lending Rate (MCLR) comprise of which among the following components?
  1. Marginal cost of funds
  2. Negative carry on the Cash Reserve Ratio (CRR)
  3. Operating costs
  4. Tenor premium
  - a) 1, 2 and 3 only
  - b) 1, 2, 3 and 4
  - c) 1, 3 and 4 only
  - d) 2, 3 and 4 only
- 21) Which of the following is not a Credit Rating agency?
  - a) Moody's Investors Service
  - b) Standard & Poor's Global Ratings
  - c) Fitch Ratings
  - d) Credit Rating Information Services of India Ltd.
  - e) Central Credit Rating Agency of India (CCR)
- 22) What is a critical area that India needs to prioritize for Infrastructure development?
  - a) Transportation
  - b) Housing
  - c) Education
  - d) Health
- 23) Microeconomics primarily focuses on the behavior of:
  - a) Individual consumers and firms
  - b) National or regional economies
  - c) Aggregate indicators
  - d) Government policies
- 24) What is Demand-pull inflation?
  - a) Inflation caused by increasing aggregate demand
  - b) Inflation caused by increasing aggregate supply
  - c) Inflation caused by decreasing aggregate demand
  - d) Inflation caused by decreasing aggregate supply
- 25) Who manages the funds and makes investments in various securities in a Mutual Fund?
  - a) Custodians
  - b) Sponsors
  - c) Trustees
  - d) Asset Management Companies (AMCs)
  - e) Credit Rating Agencies (CRAs)



**26) Which of the following is incorrect regarding Call & Put Option?**

- a) A call option is a right to buy an underlying asset at a fixed price at a future date.
- b) A put option is the right to sell an underlying asset at a fixed price at a future date.
- c) A put option is the obligation of the option buyer to buy an underlying asset at a fixed price at a future date.
- d) A call option is the obligation of the option writer to sell an underlying asset at a fixed price at a future date.

**27) Which among the statement(s) given below is/are correct?**

- 1. A Reverse repo transaction involves the buying of securities and lending of short-term surplus in the 1st leg and selling the security at a predetermined rate in the 2nd leg.
  - 2. The seller promises to repurchase in a Repo transaction.
  - 3. The seller of the security receives funds, while the buyer of the security receives collateral for the funds that has been lent in a Repo transaction.
  - 4. Repo is a repurchase agreement, entered between eligible counterparties for borrowing and lending of funds, on a collateralized basis.
- a) 1, 2 and 3 only                      b) 2, 3 and 4 only  
c) 1, 3 and 4 only                      d) 1, 2, 3 and 4

**28) What is Cost-push inflation?**

- a) Inflation caused by increasing aggregate demand
- b) Inflation caused by increasing aggregate supply
- c) Inflation caused by decreasing aggregate demand
- d) Inflation caused by decreasing aggregate supply
- e) Inflation caused by substantial increases in production costs

**29) What is the impact of an increase in the Money Supply on interest rates?**

- a) Increase                      b) Decrease                      c) Remain unchanged                      d) Fluctuate

**30) How does an increase in nominal income affect the money demand or Liquidity Preference curve?**

- a) It causes a rightward shift in the curve
- b) It causes a leftward shift in the curve
- c) It results in a movement along the curve
- d) It has no effect on the curve
- e) Cannot be determined from the information provided

**31) What type of repo arrangement involves a tripartite agreement between three parties?**

- a) Buy-sell back repo                      b) Hold in custody repo                      c) Classic repo
- d) Bond borrowing and lending                      e) Tri-Party Repo (TREPS)

**32) What is the minimum paid-up equity share capital required for Tri-party Agents?**

- a) ₹10 crores                      b) ₹25 crores                      c) ₹50 crores
- d) ₹100 crores                      e) There is no minimum capital requirement

**33) What is the minimum paid-up equity capital required for an entity to set up and operate TReDS?**

- a) Rs. 10 crores                      b) Rs. 15 crores                      c) Rs. 20 crores
- d) Rs. 25 crores                      e) Rs. 30 crores

**34) What is the purpose of a commitment fee in a Forfaiting transaction?**

- a) To cover the interest cost payable by the exporter.
- b) To provide 100% financing to the exporter.
- c) To compensate the exporter for assuming various risks, such as interest-rate risk and currency risk.
- d) To pay the exporter for the transfer of the forfaiting transaction to 3<sup>rd</sup> party.
- e) To secure the forfaiter's commitment to execute the forfaiting transaction within a specified time

**35) What does the Expense Ratio represent in a Mutual Fund scheme?**

- a) The annual fund operating expenses as a percentage of the fund's daily net assets
- b) The total return generated by the mutual fund scheme
- c) The number of units held by an investor in the scheme
- d) The time taken to reach the break-even point on the investment
- e) The cost of entry or exit load charged by the mutual fund

**36) The Prudential Limit for Scheduled Commercial Banks for transacting as part of Call and Notice Money market is \_\_\_\_\_ % of capital funds on a daily average basis in a reporting fortnight.**

- a) 100%                      b) 125%                      c) 225%                      d) 150%
- e) Discretion of the Bank.

**37) A \_\_\_\_\_ fund is an Open-ended debt scheme investing in government securities across maturity.**

- (a) Gilt fund                      (b) Conservative Hybrid Fund
- (c) Fund of Funds                      (d) Floater Fund

**RETAIL BANKING & WEALTH MANAGEMENT**

**38) Which of the following are the implementation models followed by Banks for retail banking:**

- a) Horizontally Organised Model                      b) Vertically Organised Model
- c) Predominantly Vertically Organised Model
- d) Predominantly Horizontally Organised Model                      e) All of above

**39) Horizontally Organized Model is a \_\_\_\_\_ structure using different process models for different products offering end to end solution product wise:**

- a) Modular                      b) Circular                      c) Conventional                      d) None

**40) Vertical Organized Model provides \_\_\_\_\_ across products with customer data base orientation and centralized customer data base is used across products:**

- a) Transparency                      b) Functionality                      c) Duplicacy                      d) None

**41) Under Segmented Approach branches are classified as:**

- a) Resource Centres                      b) Profits Centres                      c) Priority Centres
- d) General Centres                      e) All of above

**42) Price Structuring is a \_\_\_\_\_ strategy to entice the customer to avail more products so that profitability per customer is enhanced:**

- a) Cross Selling                      b) Electronic Selling                      c) Channel Selling                      d) None of these

**43) Which of the following are the parts of Technology Model basically adopted by the Banks:**

- a) In House Model                      b) Outsourced Models
- c) Partially in House and Partially Outsourced Model                      d) All of above

**44) Recovery of loans through Lok Adalats can be resorted to by banks upto a limit of:**

- a) Rs.10 lacs                      b) Rs.15 lacs                      c) Rs.20 lacs                      d) None

**45) In Retail banking risk is widespread as customer base is huge whereas in corporate banking, the risk is \_\_\_\_\_ though the customer base is relatively \_\_\_\_\_:**

- a) More ; small                      b) Small ; more                      c) Equal ; equal.                      d) None of the above.

**46) The customer segment, in retail banking, whose income level is between Rs. \_\_\_\_\_ to Rs. \_\_\_\_\_ lac is referred to as Mass Affluent.**

- a) 10 lac to 20 lac                      b) 10 lac to 50 lac                      c) 10 lac to 30 lac                      d) None

**47) In Retail banking in case a customer fails to pay the risk is called \_\_\_\_\_ and loss due to wrong strategies.**

- a) Administrative risk                      b) Business risk                      c) Credit risk                      d) None

**48) In Retail banking in case of change in market price the risk occurring is called \_\_\_\_\_ but loss due to processing failure and frauds, the risk is called \_\_\_\_\_:**

- a) Credit risk ; Market risk                      b) Operations risk ; market risk.
- c) Credit risk ; business risk.                      d) Market risk ; operational risk

**49) In the Retail banking, while following the procedure of lender's appraisal in mortgage by deposit of the title deed, there must be an \_\_\_\_\_ debt or \_\_\_\_\_ debt.**

- a) Existing ; future                      b) Agriculture ; industrial.
- c) Standard ; sub standard.                      d) None of the above.

**50) The banks are supposed to get the \_\_\_\_\_ and \_\_\_\_\_ of the title deeds offered by the borrowers as security investigated from the advocates of their choice.**

- a) System ; procedure                      b) Title ; scrutiny                      c) Rule ; regulation.                      d) None

**51) Marketing Mix refers to:**

- a) Product & Price                      b) People & Place                      c) Promotion & Place
- d) People & Process & Physical evidence                      e) All the above

**52) Which of the following stages are covered in Product Life Cycle PLC):**

- a) Introduction                      b) Growth                      c) Maturity                      d) Decline                      e) All of above

**53) From the two statements given below, which of the following is true:**

**Statement 1-** In the Introduction stage of a product, the sales volume will be low and revenue from the products will not be sufficient to cover the cost of producing, marketing and servicing it.

**Statement 2-** In the Growth stage which is the second stage in the product life cycle, the sales volumes is picked up and the product is likely to break-even and start generating profits for the organization

- a) Statement 2 is true                      b) Both the Statement are true
- c) Statement 1 is true.                      d) Both are false.

**54) The Generic Product is an \_\_\_\_\_ and undifferentiated commodity:**

- a) Branded                      b) Differentiate                      c) Unbranded                      d) None

55) The Expected Product represents the customer's minimal condition and what the customer expects from the product:

- a) Purchase    b) Capacity    c) Sales    d) Level of Income

56) The Augmented Product is augmenting or \_\_\_\_ the product voluntarily:

- a) Enhanced    b) Entitled    c) Enriching    d) None

57) Any Score over \_\_\_\_ will be considered as excellent credit score across the board:

- a) 800    b) 700    c) 500    d) 600

58) The Credit Information Bureau broadly uses which of the following weightage to arrive at the score:

- a) Payment History-35%    b) Amount Owed- 30%  
c) Length of credit history-15%    d) New Credit-10%    e) All of above

59) \_\_\_\_ ATMs in India will be owned and operated by Non Bank entities. From such ATMs customer from any bank will be able to withdraw money, but will need to pay a fee for the services. These ATMs will not display logo of any particular bank and are likely to be located in non traditional places.

- a) White Label    b) Brown label    c) Plastic Label    d) Code label

60) \_\_\_\_ ATMs are those Automated Teller Machines where hardware and the lease of the ATM machine is owned by a service provider, but cash management and connectivity to banking networks is provided by a sponsor bank whose brand is used on the ATM.

- a) White Label    b) Brown label    c) Plastic Label    d) Code label

61) Which of the following major distinctions are available between Retail and Wholesale Banking?

- a) Retail Banking targets at the individual segment while corporate banking deals mainly in corporate clients.  
b) Retail Banking is a mass market banking model whereas wholesale / corporate banking looks at a relatively smaller segment of business.  
c) Retail Banking is a B2C approach whereas corporate banking is a B2B approach (Business to Business)  
d) The ticket size of loans in retail banking is low whereas the ticket size is high in corporate loans.  
e) All the above.

62) Which of the following ways a bank attempts to settle Price structuring for products and services?

- a) Stand alone pricing for different products and services.  
b) Special quotes for high value deposits and retail assets.  
c) Bundled pricing / Holistic pricing based on total relationship  
d) None of the above    e) All the above.

63) The customer segment whose income level is between Rs.10 lacs to Rs.50 lacs is referred to as

- a) Mass Affluent    b) Super Affluent    c) HNWI    d) All the above.

64) Customer Relationship Management (CRM) basically takes care of which of the following factors:

- a) Views customer profile.    b) Dynamically tracking their requirements.  
c) Offering matching products and services.    d) Cross selling relevant products.  
e) All of above

65) Which of the following are fundamental ingredients of an effective marketing mix in Retail Banking?

- a) Product and Price.    b) Promotion and Place.    c) Place, People  
d) Process and Physical evidence.    e) All the above.

66) Product architecture consists of the following component/s:

- a) The Generic Product -the core product.  
b) The Expected Product – adding additional features.  
c) The Augmented Product - adding value in addition to features.  
d) The Potential Product –futuristic features in anticipation.    e) All the above

67) Baby boomers are described for babies born

- a) After World War II upto early 1960s    b) Before World War II  
c) After World War I    d) None of the above

68) A construction company plans to purchase a new earthmover for Rs.5 lac in 10 years. Determine the annual savings required to purchase the earthmover if the return on investment is 10% p.a.:

- a) Rs. 33,545    b) Rs. 32,546    c) Rs. 31,374    d) Rs. 32,741

69) What is the maximum transaction limit per day for a single bank account linked to BHIM?

- a) 100,000    b) 20,000    c) 30,000    d) 10,000

70) If you wish an annuity to grow to Rs. 20,000 over 4 years so that you can then replace your car. What monthly savings would be required, if you could invest @15% p.a. compounded monthly:

- a) Rs. 315    b) Rs. 307    c) Rs. 410    d) Rs. 300

71) A plant has been installed at a cost of Rs. 3,50,000. Assume its salvage value to be Rs. 50,000 at the end of 5 years. Determine the amount of depreciation for each year under straight line method.

- a) Rs. 40,000    b) Rs. 58,300    c) Rs. 60,000    d) Rs. 45,000

72). What is the key difference between the Financial Year (FY) and the Assessment Year (AY) in the context of taxation?

- a) FY starts on April 1st, while AY starts on January 1st.  
b) FY is when taxes are paid, and AY is when income is earned.  
c) FY is when income is assessed, and AY is when taxes are filed.  
d) FY is the year income is earned, and AY is the year income is assessed for tax and taxes are paid

73). In the context of wealth management, what does "Assets Under Management (AUM)" refer to?

- a) The fees charged for financial services  
b) The total wealth of the wealth management advisor  
c) The total value of assets that a wealth management firm manages on behalf of clients  
d) The client's financial liabilities

74). \_\_\_\_ Portfolio Management involves the PMS suggesting investment ideas, while the investor makes the final decisions and timing.

- a) Active    b) Non-discretionary    c) Discretionary    d) Passive

75) A home loan for Rs. 10 lacs at an interest rate of 10% with tenure of 15 years is sanctioned by ABC Bank to Mr. Sunil. You are required to calculate yearly equated instalment for this case?

- a) 1,31,476    b) 1,10,000    c) 1,66,667    d) None

76) Which of the following is not a characteristic of Retail Banking:

- a) Banking facilities targeted at individual customers.  
b) Retail Banking focuses on B2B (Business to business).  
c) Extended to small and medium size business  
d) Focuses on mass market segment covering a large population of individual.

77) Which of the following are the approaches of Retail Banking activities followed by Banks:

- a) Strategic Business Unit (SBU) Approach    b) Departmental Approach  
c) Integrated Approach    d) All of above

78) Which of the following statements regarding contactless cards are correct?

- I. These cards work on Near Field Communication Technology  
II. The maximum transaction value for a contactless card is capped at Rs. 1,00,000.  
III. The customer can pay through a contactless card without entering a PIN (for amount under Rs. 5000)

- (a) I and II only    (b) II and III only  
(c) I and III only    (d) I, II and III

79) Which of the following statements are correct regarding Sovereign Gold Bonds?

- I. Interest on Bonds as well as capital gains are exempted.  
II. The maximum subscription limit for individuals is 4kg.  
III. The Bond is issued by Reserve Bank of India on behalf of Government of India.

- a) I and II only    b) I and III only    c) II and III only    d) I, II and III

**ANSWER KEY**

1	B	2	C	3	B	4	C	5	A
6	D	7	B	8	A	9	C	10	B
11	C	12	D	13	C	14	C	15	C
16	C	17	B	18	C	19	D	20	B
21	E	22	D	23	A	24	A	25	D
26	C	27	D	28	E	29	B	30	A
31	E	32	B	33	D	34	E	35	A
36	E	37	A	38	E	39	A	40	B
41	E	42	A	43	D	44	C	45	A
46	B	47	C	48	D	49	A	50	B
51	E	52	E	53	B	54	C	55	A
56	C	57	A	58	E	59	A	60	B
61	E	62	D	63	A	64	E	65	E
66	E	67	A	68	C	69	A	70	B
71	C	72	D	73	C	74	B	75	A
76	B	77	D	78	C	79	C		

**LATEST RECOLLECTED QUESTIONS**

1) In cybersecurity, a \_\_\_\_\_ is a security tool that can help computer systems defend against cyber attacks in unique ways. This network-attached system is used as a decoy to distract cyber attackers from their real targets, deflect and study hacking attempts to gain unauthorized access to information systems.

a) Honeycomb b) Hackpot c) Honeypot d) Sweetpot  
 2) TDS on salary is deducted as per which section of IT Act?

a) 189 b) 190 c) 191 d) 192

3) \_\_\_\_\_ (RAT) is malware designed to allow an attacker to remotely control an infected computer. Once the RAT is running on a compromised system, the attacker can send commands to it and receive data back in response. Full form of RAT is:

a) Remote access Trojan b) Rural access Tenacious  
 c) Rural access Torjan d) None

4) All cross border wire transfers of the value of more than \_\_\_\_\_ lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India needs to be reported by the 15th of the succeeding month to FIU-IND.

a) 3 b) 4 c) 5 d) 6

5) All eligible borrowers can raise External Commercial Borrowing up to USD \_\_\_\_\_ million or equivalent per financial year under the automatic route.

a) 500 b) 750 c) 800 d) 1000

6) A \_\_\_\_\_ is a rough numerical estimate or approximation of the value of something that is otherwise unknown. These are commonly used by accountants, salespersons, and other professionals to estimate current or future results. A stockbroker could use a ballpark figure to estimate how much money a client might have at some point in the future, given a certain rate of growth.

a) Estimating figure b) Regression  
 c) Correlation coefficient d) Ballpark figure

7) Under Prepacked Insolvency Resolution Process (PIRP), the debtor must obtain approval of at least \_\_\_\_\_% of its financial creditors (in value of debt due to creditors) who are not related parties of the debtor.

a) 65 b) 66 c) 67 d) 68

8) What is the interest payable by Bank in case of delay in outstation cheque collection after 14 days upto 90 days?

a) Term Deposit rate  
 b) Savings Bank (SB) rate  
 c) Term Deposit rate or SB rate whichever is less for the corresponding period  
 d) None of the above

9) With reference to SLR securities kept by banks, the enhanced Held to Maturity (HTM) limit of 23 per cent shall be restored to \_\_\_\_\_ percent by 31st March 2025 in a phased manner, beginning from the quarter ending June 30, 2024.

a) 18 b) 18.5 c) 19 d) 19.5

10) What is meant by AgroSilvopasture system?

a) Reserved Forest for wood and grazing animals  
 b) Reserved Forest for rubber and grazing animals  
 c) Reserved Forest for wood and wild animals  
 d) Reserved Forest for rubber and wild animals

11) Govt has launched \_\_\_\_\_ on the national crop insurance portal aimed at expediting the disbursement of insurance claims to farmers who have availed themselves of crop insurance under PMFBY:

a) On-lineINSclaim b) DigitalClaim  
 c) DigiClaim d) PMFBYDigiClaim

12) Which of the following is not a part of 'Cyber security management strategy'?

a) Identify b) Protect c) Detect d) Respond  
 e) Recover f) Learn g) Teach

13) A shared, immutable ledger using cryptography to keep exchanges secure, \_\_\_\_\_ provides a decentralized database, or digital ledger, of transactions that everyone on the network can see:

a) Cryptochain b) Blockchain  
 c) Distributed Ledger chain d) Unicornchain

14) Which is the website of PSB59Loans?

a) psbloansin59minutes.com b) psbloanin59minutes.co.in  
 c) psbloansin59minute.com d) None of the above

15) NPS offers investors two types of accounts to invest in Tier I and Tier II. Tier I is a mandatory account for all NPS investors while Tier II is voluntary. NPS Tier I account is a mandatory account for all NPS investors. Additional deductions of up to Rs. \_\_\_\_\_ can be claimed for self-contribution.

a) 25000 b) 50000 c) 75000 d) 100000

16) Issue of Lookout circular is regulated by

a) Police b) High Court c) Ministry of Home Affairs d) None

17) What is the maximum loan KCC limit for interest subvention in case of Animal Husbandry and Fisheries?

a) Rs.2 lac b) Rs.3 lac c) Rs.4 lac d) Rs.5 lac

18) Under the ECB framework, all eligible borrowers can raise ECB up to USD 750 million or equivalent per financial year under the automatic route. The automatic route limit stands increased from USD 750 million or equivalent to USD \_\_\_\_\_ billion or equivalent. This relaxation is available for ECBs to be raised till December 31, 2022.

a) 1 b) 1.5 c) 2 d) 2.5

19) The claim period for invocation of guarantee by Banks for loans covered under 'Credit Guarantee Scheme for Skill Development' is \_\_\_\_\_ year from date of NPA, if NPA is after lock-in period or within \_\_\_\_\_ year of lock-in period, if NPA is within lock-in period.

a) 1, 1 b) 2, 2 c) 3, 3 d) None

20) The commission payable by RBI to Banks on receipt/deposit of challans is Rs. \_\_\_\_\_ per transaction in physical mode and Rs. \_\_\_\_\_ per transaction in electronic mode and for Pension payments it is Rs. \_\_\_\_\_:

a) 40, 9, 55 b) 45, 9, 60 c) 40, 9, 60 d) 40, 9, 75

21) AD Category-I banks are permitted to allow Startups to raise ECB under the automatic route upto USD \_\_\_\_\_ million or equivalent per financial year either in INR or any convertible foreign currency or a combination of both with minimum average maturity period of \_\_\_\_\_ years. The borrowing should be denominated in any freely convertible currency or in Indian Rupees (INR) or a combination thereof. In case of borrowing in INR, the non-resident lender, should mobilise INR through swaps/outright sale undertaken through an AD Category-I bank in India.

a) 3 ; 3 b) 5 ; 3 c) 3 ; 5 d) 3 ; 7

22) An Expert Group on Foreign Exchange Markets in India was set up, which submitted its report in June 1995, provided additional impetus to the development of the Indian foreign exchange market. The committee was named as \_\_\_\_\_:

a) HR Khan Committee  
 b) Abid Hussain Committee  
 c) Sodhani Committee  
 d) Bhawe Committee

23) As per PML Act Banks should preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least \_\_\_\_\_ years.

a) 4 b) 5 c) 6 d) 7

**ANSWER KEY**

1	C	2	D	3	A	4	C	5	B
6	D	7	B	8	C	9	D	10	A
11	C	12	G	13	B	14	A	15	B
16	C	17	A	18	B	19	A	20	D
21	A	22	C	23	B				

**LATEST GENERAL KNOWLEDGE**

- \_\_\_\_\_ has been reappointed as Deputy Governor of the RBI for a one-year term by the Appointments Committee of the Cabinet (ACC): **T. Rabi Sankar**
- The World Bank Group has appointed former RBI deputy governor \_\_\_\_\_ as a member of its Economic Advisory Panel: **Rakesh Mohan**
- \_\_\_\_\_ has been re-appointed as MD of IMF for a new 5-year term: **Kristalina Georgieva**
- Former Revenue Secretary, \_\_\_\_\_ has been appointed as the head of the US-India Tax Forum by the US-India Strategic and Partnership Forum (USISPF): **Tarun Bajaj**
- \_\_\_\_\_ has been appointed as President of ASSOCHAM: **Sanjay Nayar**
- \_\_\_\_\_ has assumed charge as the Principal Director General, Press Information Bureau: **Ms Sheyphali B. Sharan**
- The RBI has approved the appointment of \_\_\_\_\_ as MD & CEO of Dhanlaxmi Bank: **Ajith Kumar KK**
- \_\_\_\_\_ Principal of Kalindi College, Delhi University, has been awarded the 'International Culture Award' for the year 2024: **Meena Charanda**
- \_\_\_\_\_ MD of the Times Group has received the Exchange4 Media News Broadcasting Awards' Lifetime Achievement Award 2023: **Vineet Jain**
- \_\_\_\_\_, a Maharatna Central Public Sector Enterprise, has been bestowed with the SKOCH ESG Award 2024 in the 'Renewable Energy Financing' category: **REC Limited**
- \_\_\_\_\_ has been honored with 15th CIDC Vishwakarma Award in the 'Achievement Award for Best Construction Projects' category: **GAIL (India) Ltd.**
- \_\_\_\_\_ has been honored with American President's Volunteer Award 2024 for his work which impacted communities and inspired those around him: **Jain Acharya Lokesh Muni**
- \_\_\_\_\_, convener of Chhattisgarh Bachao Andolan, has been selected for the prestigious 2024 Goldman Environmental Prize, known as the Green Nobel Prize: **Alok Shukla**
- Indian-American actress, \_\_\_\_\_, has been honored with the "South Asian Person of the Year" award by Harvard University for her role in musical comedy "Mean Girls": **Avantika Vandanapu**
- \_\_\_\_\_ has won National Women's Carrom Title for the 12th time in the Indian carrom history: **Rashmi Kumari**
- The traditional products from Tripura, \_\_\_\_\_ have received the Geographical Indication (GI) tag: **Matabari pera prasad and Rignai pachara textiles'**
- \_\_\_\_\_ of Miraj in Maharashtra's Sangli district have been awarded Geographical Indication (GI) tags: **Sitars and Tanpuras**
- \_\_\_\_\_ of Varanasi have been included in the Geographical Indication (GI) category: **Tiranga Barfi and Dhalua Murti Metal**
- The Indian Space Research Organisation (ISRO)'s \_\_\_\_\_ has been awarded the 2024 John L. "Jack" Swigert, Jr. Award for Space Exploration by the US-based Space Foundation: **Chandrayaan-3 mission team**
- \_\_\_\_\_, a renowned Kannada poet, writer, academic and activist has won the World Literary Prize from the World Organization of Writers (WOW): **Mamta G. Sagar**
- Global Hepatitis Report 2024 of The World Health Organisation (WHO) reveals that \_\_\_\_\_ is second only to China with 3.5 crore cases of Hepatitis B and C infections: **India**
- \_\_\_\_\_ has been honoured with the prestigious 'Best Scientific Poster Award' at the 2024 Annual Meeting of the American Society for Cataract and Refractive Surgery: **Dr. Agarwal's Eye Hospital's research team**
- Fitch Ratings has upheld issuer default rating (IDR) of "BBB-" for both the \_\_\_\_\_ and also maintains a "stable" outlook for these state-run lenders: **SBI and Canara Bank**
- The World Economic Forum has named \_\_\_\_\_, the co-founder of Nykaa and CEO of Nykaa Fashion, as a '2024 Young Global Leader': **Adwaita Nayar**
- Delhi's \_\_\_\_\_ secured the tenth position among the busiest airports worldwide in 2023, according to the report released by the Airports Council International (ACI): **Indira Gandhi Airport**
- \_\_\_\_\_ chairperson, Hindustan Zinc, and non-executive director, Vedanta Limited, has been selected as one of the five Indians to join the prestigious Young Global Leaders Class of 2024 by the World Economic Forum: **Priya Agarwal Hebbbar.**

- SIDBI has forged a partnership with fintech platform KarmaLife to extend: **Micro loans to gig workers**
- \_\_\_\_\_ has become the first nation to introduce the innovative Men5CV vaccine, recommended by the WHO, targeting five strains of meningococcal bacteria: **Nigeria**
- \_\_\_\_\_ has been included in TIME Magazine's '100 Most Influential People of 2024' which underscores her remarkable ascent as a global icon: **Alia Bhatt**
- \_\_\_\_\_ has secured the top position in the QS World University Rankings by Subject 2024: **Jawaharlal Nehru University (JNU)**
- In 2023, \_\_\_\_\_ emerged as a frontrunner in digital services exports, surpassing China, as outlined in the World Trade Organisation (WTO) report: **India**
- RBI data reveals \_\_\_\_\_ breach of 100 Million Mark in India: **Credit Cards**
- \_\_\_\_\_ becomes First Private Bank to Open its Branch at Kavaratti Island in Lakshadweep: **HDFC Bank**
- \_\_\_\_\_ has been honored with the 'Best Airport Staff in India & South Asia 2024' award by Skytrax: **GMR Hyderabad International Airport Ltd (GHIAL)**
- Ministry of Education, through the UDISE+ (Unified District Information System for Education Plus) portal has made the use of \_\_\_\_\_ by every student mandatory from the academic year 2024-25: **Permanent Education Number (PEN)**
- RuPay, in collaboration with the NPCI, introduces the \_\_\_\_\_ campaign during the Indian Premier League (IPL) 2024: **'Link it, Forget it'**
- Bandhan Life Insurance has rebranded itself with the tagline \_\_\_\_\_, reflecting its commitment to empowering the aspirations of India: **'Bharat Ki Udaan, Bandhan Se'**
- Airtel Payments Bank has introduced NCMC-aligned debit and prepaid cards in collaboration with NPCI, powered by RuPay to support India's \_\_\_\_\_ initiative: **One Nation, One Card**
- In celebration of Earth Day, the Council of Scientific & Industrial Research (CSIR) unveiled India's largest \_\_\_\_\_ at its headquarters in New Delhi: **Climate Clock**
- \_\_\_\_\_ ranks as the second cheapest worldwide, with the UAE passport claiming the top spot for affordability as per study conducted by Australian firm 'Compare the Market AU': **Indian passport**
- \_\_\_\_\_ have won the "Crash and Burn" and the "Rookie of the Year" awards respectively at the NASA Human Exploration Rover Challenge (HERC): **'KIET Group of Institutions' from Delhi-NCR and 'Kanakia International School' from Mumbai**
- \_\_\_\_\_ has received Authorized Economic Operator (AEO) status from the Ministry of Finance: **The Gem & Jewellery Export Promotion Council (GJEPC)**
- \_\_\_\_\_ snatches the crown of 4th largest private bank from Kotak Mahindra Bank in market value terms: **Axis Bank**
- \_\_\_\_\_ secures contract worth Rs 233 crore from NABARD for core banking solution upgradation & migration on ASP Model: **Dynacons**
- \_\_\_\_\_ gets RBI's nod to operate as an online payment aggregator: **Computer Age Management Services (CAMS)**
- CBDT extends due date for filing \_\_\_\_\_ up to June 30, 2024: **Form 10A/10AB for charitable and religious trusts**
- \_\_\_\_\_ ranks highest for global implementation of AI projects as per a report by NetApp: **India**
- \_\_\_\_\_ pips China to become the largest electric 3W market globally in 2023: **India**
- \_\_\_\_\_ becomes India's 1st 'das hazari' in renewable sector with over 10,000 MW portfolio: **Adani Green Energy**
- \_\_\_\_\_ builds World's Largest Renewable Energy Park in Khavda, Gujarat: **Adani Green Energy**

**KEY INDICATORS**

REPO RATE	6.50%	FOREX RESERVES- Rs. (in Cr)	5317256
CRR	4.50%	FOREX RESERVES US (\$) (Million)	637922
SLR	18.00%	SCB's AGGREGATE DEPOSITS - (Cr)	20643270
BANK RATE & MSF	6.75%	SCB's BANK CREDIT - (Cr)	15973464
SDF	6.25%	FIXED RATE REVERSE REPO	3.35%