Teaching Material – Monthly Updations

CONTEMPORARY

BANKING & FINANCE

CORPORATE TRAINING & DEVELOPMENT INSTITUTE (CTDI)

Registration No. CHD / 0030 / 2009 - 11, RHI NO. CHAENG / 1997 / 4961

VOLUME - 24 No. 06 JUNE 2024

CTDI

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MONETARY POLICY STATEMENT

(Resolution of the MPC - June 7, 2024)

The Reserve Bank of India's Monetary Policy Committee (MPC) kept the repo rate unchanged in its first meeting since Lok Sabha Elections 2024. RBI decided to hold the key policy rate for the eighth consecutive time in its June 2024 meeting. The MPC had last changed the benchmark interest rate in February 2023.

➢ The RBI decision to retain the repo rate at 6.50% signifies a continuity of cautious monetary policy. This prioritizes the objective of achieving an equilibrium between curbing inflationary pressures and nurturing a robust economic environment. The MPC's policy decisions will be determined by domestic growth-inflation dynamics while considering the impact monetary policy outcomes in the advanced economies.

➢ On the other hand, the central bank's confidence on growth seems to have increased, which in RBI's Governor words, provides "greater elbow room to pursue price stability". This implies that within the growth/inflation matrix, the RBI's focus remains on navigating the last mile of disinflation. The governor did highlight the degree of disinflation that has already been achieved without hurting growth, but emphasised the commitment to align inflation with the 4% target, as sustained price stability helps to achieve stronger growth for a prolonged period.

➢ The decisions of MPC are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

TARGETS:

●**GDP OUTLOOK:** The real GDP growth for 2024-25 is projected at 7.2 per cent.

●**INFLATION:** CPI inflation for 2024-25 is projected at 4.5 per cent.

MONETARY & LIQUIDITY AGGREGATES

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee at its meeting on June 7, 2024 decided as following:

●**REPO RATE:** The policy Repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.50 per cent.

●**STANDING DEPOSIT FACILITY (SDF):** The standing deposit facility (SDF) rate also unchanged at 6.25 per cent.

●**MARGINAL STANDING FACILITY (MSF):** The MSF rate (an emergency funding window) with a spread of 25 bps above the policy rate retained at 6.75 per cent.

●**BANK RATE:** The MSF rate and the Bank Rate are calibrated to 25 bps above the repo rate. The Bank Rate thus retained at 6.75 per cent.

●**CASH RESERVE RATIO (CRR):** CRR of scheduled banks retained at 4.50 percent of their Net Demand and Time Liabilities (NDTL).

●**STATUTORY LIQUIDITY RATIO (SLR):** The SLR of scheduled commercial banks retained at 18 per cent of NDTL.

●**FIXED RATE REVERSE REPO (FRRR):** The FRRR rate has been kept as part of the RBI's toolkit and its operation will be at the discretion of the RBI.

POSITIVE ATTITUDE

As the sun dipped below the horizon, the stars emerged, each twinkling with its own brilliance. Even in the darkest of nights, there is always a light waiting to guide you.

VOLUME 24 NO. 06 JUNE 2024

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ASSESSMENT AND OUTLOOK

●GLOBAL OUTLOOK:

➢ Global growth is maintaining its momentum in 2024 and is expected to remain resilient, bolstered by a rebound in global trade. Inflation is easing, but the final phase of this disinflation process may be challenging.

➢ The US dollar and sovereign bond yields remain range-bound. While gold prices have surged due to safe haven demand, equity markets in both advanced and emerging economies have experienced gains since the last MPC meeting.

●DOMESTIC GROWTH:

➢ In the recent years, the world has gone through one crisis after another, and the pattern continues. Even against this backdrop, the Indian economy exhibits strong fundamentals, together with financial stability and positive growth momentum. The new realities brought about by technological advancements; supply chain realignments; trade and financial fragmentation; and climate change pose opportunities as well as challenges. In this milieu, India looks ready to embark upon a new era of transformation aided by a favourable demography, improving productivity and technology, and a conducive policy environment. The confluence of these factors brightens the prospects of sustained high growth in India in the years ahead.

➢ According to the provisional estimates released by the National Statistical Office (NSO) on May 31, 2024, real gross domestic product (GDP) growth in Q4:2023-24 stood at 7.8 per cent as against 8.6 per cent in Q3. Real GDP growth for 2023-24 was placed at 8.2 per cent. On the supply side, real gross value added (GVA) rose by 6.3 per cent in Q4:2023-24. Real GVA recorded a growth of 7.2 per cent in 2023-24.

➢ During 2024-25 so far, domestic economic activity has maintained resilience. Manufacturing activity continues to gain ground on the back of strengthening domestic demand. The eight core industries posted healthy growth in April 2024. Purchasing managers' index (PMI) in manufacturing continued to exhibit strength in May 2024 and is the highest globally. Services sector maintained buoyancy as evident from available high frequency indicators. PMI services stood strong at 60.2 in May 2024 indicating continued and robust expansion in activity.

➢ Private consumption, the mainstay of aggregate demand, is recovering, with steady discretionary spending in urban areas. Revival in rural demand is getting a fillip from improving farm sector activity. Investment activity continues to gain traction, on the back of ongoing expansion in non-food bank credit. Merchandise exports expanded in April with improving global demand. Non-oil non-gold imports entered positive territory. Services exports and imports rebounded and posted a strong growth in April 2024.

➢ Going forward, high frequency indicators of domestic activity are showing resilience in 2024-25. The south-west monsoon is expected to be above normal, which augurs well for agriculture and rural demand. Coupled with sustained momentum in manufacturing and services activity, this should enable a revival in private consumption. Investment activity is likely to remain on track, with high capacity utilisation, healthy balance sheets of banks and corporates, government's continued thrust on infrastructure spending, and optimism in business sentiments. Improving world trade prospects could support external demand. Headwinds from geopolitical tensions, volatility in international commodity prices, and geoeconomic fragmentation, however, pose risks to the outlook. Taking all these factors into consideration, real GDP growth for 2024-25 is projected at 7.2 per cent with Q1 at 7.3 per cent; Q2 at 7.2 per cent; Q3 at 7.3 per cent; and Q4 at 7.2 per cent with risks evenly balanced.

●FINANCIAL STABILITY:

➢ The annual financial results for 2023-24 indicate that the banking system remained sound and resilient, backed by improvement in asset quality, enhanced provisioning for bad loans, sustained capital adequacy and rise in profitability. The non-banking financial companies (NBFCs) also displayed strong financials in line with the banking sector. Notably, the gross non-performing assets (GNPAs) of scheduled commercial banks (SCBs) and NBFCs are below 3 per cent of total advances as at end of March 2024.

(Cont'd on Page no. 4)

KNOWLEDGE +

LAUNCH OF PRAVAAH, RBI RETAIL DIRECT MOBILE APPLICATION AND FINTECH REPOSITORY

Shri Shaktikanta Das, Governor, Reserve Bank of India has launched three major initiatives of the Reserve Bank of India, namely:

a) The PRAVAAH portal;
b) The Retail Direct Mobile App; and
c) FinTech Repository.

1) <u>'PRAVAAH' (Platform for Regulatory Application, VAlidation and AutHorisation) Portal</u>:

➢ The PRAVAAH portal will make it convenient for any individual or entity to apply online for various regulatory approvals in a seamless manner. This portal will also enhance the efficiency of various processes related to granting of regulatory approvals and clearances by the Reserve Bank.

➢ PRAVAAH is a secure and centralised web-based portal for any individual or entity to seek authorisation, license or regulatory approval on any reference made by it to the Reserve Bank.

<u>Key Features available in the Portal:</u>

a. Submit the application online on the portal;
b. Track and Monitor the status of the application/reference;
c. Respond to any clarification/query sought by the RBI in connection with the application/reference; and
d. Receive a decision from the Reserve Bank in a time bound manner.

➢ At present, 60 application forms covering different regulatory and supervisory departments of RBI have been made available on the portal. This also includes a general purpose form for applicants to submit their requests which are not included in any other application form. More application forms would be made available as may be required. The portal can be accessed at: **https://pravaah.rbi.org.in.**

2) <u>Mobile Application for RBI Retail Direct Portal</u>:

➢ The Retail Direct Mobile App will provide retail investors a seamless and convenient access to the retail direct platform and provide ease of transacting in government securities (G-Secs).

➢ The retail direct portal was launched in November 2021 to facilitate retail investors to open their Retail Direct Gilt accounts with the Reserve Bank of India **(https://rbiretaildirect.org.in)** under the Retail Direct Scheme. The scheme allows retail investors to buy G-Secs in the primary auctions as well as buy and sell G-Secs in the secondary market.

➢ With the launch of the retail direct mobile app, retail investors can now transact in G-Secs using the mobile app on their smartphones. The mobile app can be downloaded from the Play Store for Android users and App Store for iOS users. The mobile app can also be downloaded using the QR code.

3) <u>FinTech Repository:</u>

➢ The Fintech Repository will contain information on Indian FinTech Sector for a better understanding of the sector from a regulatory perspective and facilitate in designing appropriate policy approaches.

➢ The FinTech Repository aims to capture essential information about FinTech entities, their activities, technology uses, etc. FinTechs, both regulated and unregulated, are encouraged to contribute to the Repository accessible at the URL: **https://fintechrepository.rbihub.in.**

➢ Simultaneously, a related repository for only RBI regulated entities (banks and NBFCs) on their adoption of emerging technologies (like AI, ML, Cloud Computing, DLT, Quantum, etc.), called EmTech Repository is also being launched and can be accessed at the URL**: https://emtechrepository.rbihub.in.**

➢ The FinTech and EmTech Repositories are secure web-based applications and are managed by the Reserve Bank Innovation Hub (RBIH), a wholly owned subsidiary of RBI. The repository would enable availability of aggregate sectoral level data, trends, analytics, etc., that would be useful for both policymakers and participating industry members. Reserve Bank of India encourages the FinTechs and Regulated Entities to actively contribute to the Repositories.

COMPLIMENTS
(FROM OUR PARTICIPANTS)

AJEET SINGH 8054593250
I have been selected for promotion to senior manager.
Bank: UCO, Scale 3-4

MINUSHA ASOK 8547062250
Sir, Good Morning,
This is Minusha form IOB Promotion batch 70.
I got promoted from scale 2-3. Result declared today. Thanku you for your support and guidance.
Bank: IOB, Scale 2-3

RANJEET SINGH 9816734324
Good Morning Sir,
I have joined CTDI classes for promotion to MMG II cadre.
I have got promotion for the same. Heartfelt thanks to you Sir for your valuables guidance and support.
BANK: HPGB, Scale 2-3

ARIJIT DASGUPTA 9830355810
For the Team CTDI blessings and well wishes....finally I got promoted from Scale 2 to 3 at IDBI BANK.
BANK: IDBI 2–3

BARLEEN KAUR 9115520800
Thanku so much Sir. I have cleared my promotion exam from scale one to two with 67 marks. Now hoping to qualify interview also.
BANK: PSB Scale 2-3

GURJEET KAUR 9781160119
Hello Sir
I have cleared Punjab & Sind Bank, scale 2 to 3 exam with 16th rank pan India. Thanku you so much for your efforts and syllabus you provided. It was really worth.
BANK: PSB Scale 2-3

GURPREET KAUR 9915105499
I am very thankful to CTDI and Bhalla Sir as I have cleared my PSB Promotion Exam.
BANK: PSB Scale 2-3

PRAVEEN RATHOD 9908235676
Good afternoon Bhalla Sir,
My self Praveen Rathod Managet from UCO Bank Thank you Sir for your wonderful Teaching for Promotion Exam I have qualified in Written Exam.
BANK: UCO Scale 1-2

PALLAVI CHONA 7831072720
Good Morning Sir,
This is Pallavi Chona from HPGB.
Thanku for your guidance. I have been promoted to Scale 2.
BANK: HPGB, Scale 1- 2

(Cont'd from Page No 2)

- On the external financing side, foreign portfolio investment (FPI) flows surged in 2023-24 with net FPI inflows at US$ 41.6 billion. Since the beginning of 2024-25, however, foreign portfolio investors have turned net sellers in the domestic market with net outflows of US$ 5.0 billion (till June 5). In 2023, India retained its position as the most attractive destination for greenfield foreign direct investment (FDI) in Asia Pacific. Gross FDI remained robust in 2023-24, but net FDI moderated. External commercial borrowings (ECBs) and non-resident deposits recorded higher net inflows as compared with the previous year. The amount of ECB agreements also grew markedly during the year.
- Touching a new milestone, India's foreign exchange reserves reached a historical high of US$ 651.5 billion as on May 31, 2024. India's external sector remains resilient and the key external vulnerability indicators continue to improve. Overall, RBI is confident of meeting our external financing requirements comfortably.

INFLATION: Headline inflation has seen sequential moderation since February 2024. Food inflation, however, remains elevated due to persistence of inflation pressures. Deflation in fuel prices deepened during March-April, reflecting the cut in liquified petroleum gas (LPG) prices. Core (CPI excluding food and fuel) inflation eased further to 3.2% in April, the lowest in the current CPI series, with core services inflation also falling to historic lows.

STATEMENT ON DEVELOPMENTAL AND REGULATORY POLICIES

1) Review of limit of Bulk Deposits for SCBs (excluding RRBs), Small Finance Banks and LABs:

- Banks have discretion to offer differential rate of interest on the bulk deposits as per their requirements and Asset-Liability Management (ALM) projections. The bulk deposits limit was enhanced in the year 2019 for Scheduled Commercial Banks (SCBs) (excluding Regional Rural Banks) and Small Finance Banks (SFBs) as 'Single Rupee term deposits of Rs.2 crore and above'.
- On a review, RBI has proposed to revise the definition of bulk deposits as 'Single Rupee term deposits of Rs.3 crore and above' for SCBs (excluding RRBs) and SFBs. Further, it is also proposed to define the bulk deposit limit for Local Area Banks as 'Single Rupee term deposits of Rs.1 crore and above' as applicable in case of RRBs.

2) Rationalisation of Export and Import regulations under (FEMA), 1999:

- Keeping in view the progressive liberalisation under Foreign Exchange Management Act (FEMA 1999) and to impart greater operational flexibility to Authorized Dealer banks, Reserve Bank has decided to rationalise existing guidelines on export and import of goods and services in line with the changing dynamics of cross-border trade transactions globally. The proposed rationalisation aims to simplifying operational procedures thereby promoting ease of doing business for all the stakeholders.
- The draft regulations and directions would be placed on the Bank's website by end June 2024, for feedback from all the stakeholders before finalising the same.

3) Setting up a Digital Payments Intelligence Platform:

- The Reserve Bank, over the years, has undertaken a number of measures for the safety and security of digital payments to maintain public confidence in digital payment systems. Sustaining such confidence would require minimising incidence of frauds. Many frauds occur by influencing unsuspecting victims to make the payment or share credentials. While the payment ecosystem (banks, NPCI, card networks, payment aggregators, and payment apps) take various measures on an ongoing basis to protect customers from such frauds, a need was felt for network-level intelligence and real-time data sharing across payment systems.
- RBI has therefore, proposed to set up a Digital Payments Intelligence Platform which will harness advanced technologies to mitigate payment fraud risks. To take this initiative forward, the RBI has constituted a committee (Chairman: Shri A.P. Hota, former MD & CEO, NPCI) to examine various aspects of setting up a digital public infrastructure for Digital Payments Intelligence Platform. The Committee is expected to give its recommendations within two months.

4) Inclusion of recurring payments for Fastag, National Common Mobility Card (NCMC), etc. with auto-replenishment facility under the e-mandate framework:

- The Framework for processing of e-Mandate for recurring transactions, issued by RBI in Jan. 2020, currently enables recurring payments with fixed periodicity such as daily, weekly, monthly, etc. RBI has now proposed to include payments, such as replenishment of balances in Fastag, NCMC, etc., which are recurring in nature but without any fixed periodicity, into the e-mandate framework. These categories of payments are made as and when needed and, therefore, their replenishment is not time specific or amount specific.
- Under the e-mandate framework, RBI has proposed to introduce an automatic replenishment facility for such payments. The automatic replenishment will be triggered when the balance in Fastag or NCMC falls below a threshold amount set by the customer.
- Further, the current e-mandate framework requires a pre-debit notification at least a 24-hours before the actual debit from customer's account. RBI has now proposed to exempt this requirement for payments made from customer's account for automatic replenishment of balances in Fastag, NCMC, etc. under the e-mandate framework.

5) Introducing auto-replenishment of UPI Lite wallet - Inclusion under the e-mandate framework:

- The UPI Lite facility currently allows a customer to load his UPI Lite wallet upto Rs.2000/- and make payments upto Rs.500/- from the wallet. In order to enable the customers to use the UPI Lite seamlessly, and based on the feedback received from various stakeholders, RBI has proposed to bring UPI Lite within the ambit of the e-mandate framework by introducing an auto-replenishment facility for loading the UPI Lite wallet by the customer, if the balance goes below a threshold amount set by the customer. Since the funds remain with the customer (funds move from customers account to wallet), the requirement of additional authentication or pre-debit notification is proposed to be dispensed with.

6) RBI Hackathon HARBINGER 2024 – Innovation for Transformation:

- RBI has been continuously working towards ensuring trust, safety, security and inclusivity in the financial system focusing on inclusive access and minimisation of frauds. Technology has opened up effective possibilities of identifying and preventing financial frauds as well as widening the reach of financial services, thereby ensuring equitable access to financial products and services.
- Being part of **HaRBInger 2024** gives an opportunity to the participants to get mentored by industry experts and exhibit their innovative solutions before an eminent jury and win exciting prizes under each problem statement.
- The Bank has been encouraging innovation in identified focus areas through its annual Hackathons. The third edition of RBI's global hackathon, "HaRBInger 2024 – Innovation for Transformation" will be launched with two overarching themes viz., **'Zero Financial Frauds'** and **'Being Divyang Friendly'.** Solutions aimed at enhancing safety and security of digital transactions with focus on detecting, preventing and combating financial frauds, as also prioritising inclusivity for persons with physical disabilities, will be invited as part of HaRBInger 2024.

RBI@100

As the Reserve Bank approaches its centenary year, RBI@100, it gears up even more to remain future-ready for India's fast-growing economy. It will take steps to enhance India's global footprint. For the journey during the next decade, RBI has drawn up strategies consisting of policy actions towards positioning the Reserve Bank as a model central bank of the global south. RBI has outlined a comprehensive set of aspirational goals aimed at transforming India's financial landscape. Governor Shaktikanta Das announced a multi-year plan encompassing a broad spectrum of initiatives designed to position the RBI as a global leader, deepen financial inclusion, and modernize India's financial sector.

ASPIRATIONAL GOALS FOR RBI@100

1) MONETARY POLICY AND LIQUIDITY MANAGEMENT: The RBI aims to establish itself as a leader among emerging market economies by refining its monetary policy framework. The key focuses include:

- Balancing price stability and economic growth from an Emerging Market Economy (EME) perspective;
- Refinements in monetary policy communication; and
- Spillovers to EMEs from private and public debt overhang in systemically important economies.

2) GLOBALISATION OF INDIA'S FINANCIAL SECTOR: To elevate India's financial sector on the global stage, the RBI plans significant reforms, including:

- Expanding banking domestically in consonance with national growth;
- Positioning 3-5 Indian banks among top 100 global banks in terms of size and operations;
- Deepening and modernisation of financial markets/institutions/infrastructure; and
- Supporting International Financial Services Centres Authority (IFSCA) to make GIFT City a leading international financial centre.

3) MAKING RESERVE BANK'S SUPERVISION A GLOBAL MODEL: Enhancing supervisory practices is a key goal. The RBI will focus on risk-focused supervisory culture for effective risk discovery covering:

- Building 'Through the Cycle' Risk Assessment Framework by continuous Horizon Scanning and Holistic Risk Assessment;
- Customer-centric supervision: Improving the conduct of SEs to protect and promote customers' interests through appropriate supervisory focus;
- Effective Corrective Actions: Focus on prudent supervisory judgement and assessing supervisory effectiveness; and
- Creating a Data Analytics Universe.

4) DEEPENING AND UNIVERSALISATION OF DIGITAL PAYMENT SYSTEMS – DOMESTICALLY AND GLOBALLY: The RBI aims to internationalize India's payment systems, including:

- Internationalisation of India's Payment Systems – UPI/RTGS/NEFT;
- Participation in Payment Systems Linkage Projects across countries – bilateral & multilateral;
- Increasing the domestic usage of digital payments – Har Payment Digital; and
- Phased implementation of Central Bank Digital Currency (e - Rupee).

5) DEEPENING FINANCIAL INCLUSION:

- Focusing on Accessibility, Availability and Quality of financial services to all sections of the society.

6) EXPANDING CREDIT AVAILABILITY:

- Strengthen data collection;
- Comprehensive Credit Information Repository (CCIR) for supporting credit needs and monitoring;
- Unified Loan Interface (ULI); and
- Review of priority sector guidelines to proactively address emerging needs.

7) CAPITAL ACCOUNT LIBERALISATION AND INTERNATIONALISATION OF THE INDIAN RUPEE (INR):

- Enabling availability of INR to non-residents for facilitating cross-border transactions in INR;
- Enhancing accessibility of INR accounts to Persons Resident Outside India (PROIs);
- Adopting a calibrated approach towards interest-bearing Non-Resident Deposits; and
- Promoting Indian Multi-national Corporations (MNCs) and Indian global brands through overseas investments.

8) DEALING WITH CLIMATE CHANGE: The RBI will develop a regulatory framework to manage climate-related financial risks. This includes:

- Regulatory/Supervisory framework for addressing challenges arising from climate change;
- Finalising guidance for Regulated Entities (REs) to stress test their asset portfolio to assess impact of climate change;
- Macro stress testing the impact of climate change on REs from a financial stability perspective;
- Strengthening payment systems' resilience to climate risks;
- Developing climate risk disclosure norms for REs;
- Providing inputs to government for finalising taxonomy on climate risks; and
- Publishing a risk management framework for managing climate-related financial risks.

9) ADOPTION OF ARTIFICIAL INTELLIGENCE/MACHINE LEARNING (AI/ML) IN RBI: An AI policy will guide the use of AI/ML for:

- Leveraging RegTech/SupTech for effective supervision;
- Management of Cyber Risk; and
- Forecasting, Nowcasting and Surveys.

10) FINANCIAL SECTOR CLOUD INFRASTRUCTURE:

- Indian Financial Cloud: Establish a cost-effective cloud facility for the financial sector to enhance the security, integrity and privacy of financial sector data while facilitating scalability and business continuity; and
- Internal AI Cloud: Develop an enterprise-wide platform with AI/ML capabilities to enhance operational efficiency, productivity, data analytics, risk management, decision making and customer experience.

11) TRANSFORMATIONAL SHIFTS IN DATA COLLECTION, PROCESSING AND STORAGE:

- Developing Data Mesh with REs;
- Cloud Quantum Computing Services for Analytics; and
- Geo-tagging for supporting high frequency data analysis.

12) SAFEGUARDING USERS AGAINST PAYMENT FRAUDS:

- Widening and deepening consumer awareness;
- Making payment systems more safe and secure; and
- Identifying and implementing solutions for proactive prevention and quick redressal of frauds.

13) DEVELOPING A SECURE GLOBAL FINANCIAL MESSAGING HUB:

- Exporting financial networks and messaging systems as alternative platforms.

14) MAKING RESERVE BANK'S HUMAN RESOURCES AND INFRASTRUCTURE FUTURE READY.

FACTORING & FORFAITING SERVICES

FACTORING:

The Factoring Act, 2011 defines Factoring as 'the business of acquisition of receivables of assignor by accepting assignment of such receivables or financing, whether by way of making loans or advances or in any other manner against the security interest over any receivables'.

- Receivables form a major part of the current assets of a company and management of such receivables is a matter of concern especially for MSMEs. Factoring is a financial option for the management of receivables. It is a type of financing in which a business sells its accounts receivable/invoice to a third party, known as a factor, in exchange for an immediate advance on the invoice amount. The factor who purchases the invoice then immediately advances up to 80% of the total invoice amount. The 20% balance amount, minus the factoring fee, is paid only at the end of the maturity period once the customer pays the factor.
- Under this arrangement, it's the factors' responsibility to collect payments from the buyer (customer), while the seller has no role to play in collecting dues. Hence, businesses can fulfill their urgent cash flow requirements, as factoring ensures the immediate availability of funds.
- It is a system where 'factors' usually banks are an intermediary between the seller and the buyer, discount trade bills etc., of their clients at an agreed rate and service charges on an ongoing basis. It covers collections of bills, discounting of bills and maintenance of account books.
- Factoring replaces high-cost market credit and enables purchases on cash basis, for availing cash discounts. The customer gets instant finance against each invoice. Factoring accelerates receivables turnover and improves operating cycle, resulting in more production, larger sales, higher profits and increased Return on Investment.

Types of Factoring: There are two types of factoring services:

a) Recourse Factoring (with recourse); and

b) Non-recourse Factoring (without recourse).

In Recourse factoring, if buyers fail to pay their invoices, the factor will recover the advanced amount from the client (seller). In Non-recourse factoring, the factor provides both financing and credit protection. If customers do not pay their invoices, the factor bears the risk of bad debts and cannot recover the amount from the client/supplier.

- **Factoring can also be classified as domestic or international, depending upon whether the sellers and buyers are in the same country (domestic) or in different countries (international). International factoring is also called cross-border factoring.**

DOMESTIC FACTORING:

- Under domestic factoring, receivables arising solely from inland trade are considered. The supplier/borrower issues bills of exchange for goods supplied, which the purchaser accepts. Once the bills of exchange are accepted, the factor makes an upfront payment of about 80% of the invoice value, after deducting its discount charges at normal interest rates for the period of the bill of exchange, to the supplier. The remaining 20% of the invoice value is paid after collecting the payment from the purchaser.
- If the purchaser fails to pay the due amount on the due dates, the supplier must cover the payment. The borrower/supplier submits the bill of exchange along with the invoice and transport receipts when requesting factoring for the transaction.
- The maximum credit period normally allowed under factoring is 150 days, including a maximum grace period of 60 days.

INTERNATIONAL FACTORING:

International factoring encompasses all the four services, i.e., pre-payments, sales ledger administration, credit protection and collections.

a) Single factor system: In this type of factoring, the import factor comes into focus only if the buyer defaults in making the payment. In such case, the export factor recovers the amount from the import factor, and it is then left to the import factor to recover the factored amount from the buyer.

b) Direct Export Factoring: In this system, there in only one factor, viz., the Export Factor. This factor manages all aspects of the factoring transaction.

c) Direct Import Factoring: In this, there is only one factor, viz., the import factor and the sellers directly deal with the import factor for all aspects of the transaction.

Taking into account the recommendation made by the Technical Committee on Facilities and Services to the Exporters (Chairman: Shri G. Padmanabhan), RBI has decided to permit AD banks to factor the export receivables on a non-recourse basis, so as to enable the exporters to improve their cash flow and meet their working capital requirements subject to conditions as under:

a) AD banks may take their own business decision to enter into export factoring arrangement on nonrecourse basis. They should ensure that their client is not over financed. Accordingly, they may determine the working capital requirement of their clients taking into account the value of the invoices purchased for factoring. The invoices purchased should represent genuine trade invoices.

b) In case the export financing has not been done by the Export Factor, the Export Factor may pass on the net value to the financing bank/Institution after realising the export proceeds.

c) AD bank, being the Export Factor, should have an arrangement with the Import Factor for credit evaluation & collection of payment.

d) Notation should be made on the invoice that importer has to make payment to the Import Factor.

e) After factoring, the Export Factor may close the export bills and report the same in the Export Data Processing and Monitoring System (EDPMS) of the Reserve Bank of India.

f) In case of single factor, not involving import Factor overseas, the Export Factor may obtain credit evaluation details from the correspondent bank abroad.

g) KYC and due diligence on the exporter shall be ensured by the Export Factor.

FORFAITING:

Forfaiting is a mechanism of financing exports by discounting bills on without recourse basis to the exporters. Forfaiting provides 100% financing and enables the exporter to avoid interest rate risk, currency risk, credit risk and political risk.

In India, Exim Bank (EB) conducts forfaiting transactions for the exporters.

The steps involved in a typical forfaiting transaction through Exim Bank are as follows:

a) Negotiation of Contract: The exporter negotiates a tentative contract with the importer, specifying the nature of goods, price, delivery schedule, etc.

b) Request for Indicative Quote: The exporter approaches Exim Bank (EB) to obtain an indicative quote for forfaiting the transaction, providing details of the contract and the destination country.

c) Obtaining Indicative Quote: EB contacts an international forfaiter and requests an indicative quote. The forfaiter provides the indicative quote to EB, which is then passed on to the exporter. The quote includes the charges to be levied by the forfaiter.

d) Finalizing the Contract: The exporter finalizes the contract, incorporating the forfaiter's fees in the pricing, and seeks the concurrence of the importer. Upon the importer's concurrence, a firm quote is obtained from the forfaiter, and agreements are entered into by the exporter with the forfaiter.

e) Submission of Shipping Documents: After the goods are exported, the exporter submits the shipping documents to the forfaiter through EB.

f) Discounting of Bills: The forfaiter discounts the bills and remits the proceeds, less its charges (and EB's commission), to the exporter.

g) Issuance of Certificate: EB issues a suitable certificate to the exporter.

h) Indication of Forfaiting Charges: The forfaiting charges are indicated in the invoice, the Export Declaration Form (EDF form), and the shipping bill to enable Customs to verify the amount of deductions due to forfaiting charges.

DIFFERENCE BETWEEN FACTORING & FORFAITING

FACTORING	FORFAITING
1) Factoring is an arrangement that converts sellers receivables into ready cash and the seller has not to wait for the payment of receivables at a future date. It is ongoing continuous arrangements. No Letter of Credit or accepted bills required. The transaction represents ordinary goods.	**1)** Forfaiting implies a transaction in which the forfaiter purchases claims from the exporter in return for cash payment. Single transaction arrangement under Letter of Credit or bank guarantee. The transaction represents capital goods.
2) Short-term transactions up to 180 days.	**2)** Financing for medium to long-term (1 year to 5 years).
3) Applicable to domestic & export receivables both.	**3)** Available usually for export receivables.
4)Financing is with or without recourse.	**4)** Always without recourse.
5) No restriction on minimum size of transactions.	**5)** Min. value of USD 1,00,000 per transaction.
6) Banks can do factoring independently.	**6)** Involvement of EXIM Bank is essential.

➢ With a view to providing greater Working Capital Finance flexibility for structuring of trade credit arrangements, RBI has decided that the resident importer can raise trade credit in Rupees after entering into a loan agreement with the overseas lender. The Trade credit can be raised for import of all items (except gold) permissible under the extant Foreign Trade Policy.

AMENDMENT IN FACTORING REGULATION ACT, 2011:

The amendment permits Trade Receivables Discounting System (TReDS) to file the particulars of assignment of receivables transactions with the Central Registry on behalf of the Factors for operational efficiency. Further, the Act empowers the RBI to make regulations prescribing the manner of grant of certificate of registration.

➢ Under the provisions of the regulations mentioned above, all existing non-deposit taking NBFC-Investment and Credit Companies (NBFC-ICCs) with **asset size of Rs.1,000 crore & above** will be permitted to undertake factoring business subject to satisfaction of certain conditions. This will increase the number of NBFCs eligible to undertake factoring business significantly.

Registration of Assignments of Receivables transactions:

1) Where any trade receivables are financed through a Trade Receivables Discounting System (TReDS); the concerned TReDS on behalf of the Factor shall, within a period of ten days, from the date of such assignment or satisfaction thereof, as the case may be, file with the Central Registry the particulars of:

a) Assignment of receivables in favour of a Factor in Form I, which shall be authenticated by the authorized person using a valid electronic signature.

b) Satisfaction of any assignment of receivables on full realization of the receivables in Form II, which shall be authenticated by the authorized person using a valid electronic signature.

2) If the particulars referred are not filed within stipulated period, the Central Registrar may, on being satisfied on an application made in this behalf stating the reasons for the delay, allow the said particulars to be filed within such additional time not exceeding ten days as he may specify, upon payment of the fee as prescribed by GoI in Registration of Assignment of Receivables Rules, 2012.

3) Every Form for registration of any transaction relating to assignment of receivables or satisfaction of receivables on realisation shall be accompanied by the fee, as prescribed by GoI in Registration of Assignment of Receivables Rules, 2012, to be paid to the Central Registrar in the manner as may be specified by the Central Registrar.

Advantages of Forfaiting:

a) Risk Reduction: Transfers credit risk associated with international trade to a forfaiter, reducing exposure to potential default or non-payment.

b) Improved Cash Flow: Provides upfront payment for goods or services, eliminating the wait for buyer payment.

c) Access to Financing: Offers a financing option for companies lacking access to traditional bank loans.

d) Flexibility: Applicable to various types of trade transactions and can be customized to meet specific needs.

e) Speed and Efficiency: Enables quick transaction completion as the forfaiter assumes the credit risk, bypassing extensive credit analysis. It eliminates the requirement for collateral, beneficial for companies without assets to pledge. Further, it simplifies international trade processes by reducing complex documentation and administrative tasks.

f) Cost-Effective: Generally, forfaiting fees are lower than traditional bank charges.

g) Confidentiality: Maintains confidentiality of trade activities, protecting business information from competitors.

Disadvantages of Forfaiting:

a) Industry Limitation and high minimum transaction size: Primarily for exporting goods/services, not suitable for other industries. Further, it requires large transactions, challenging for SMEs. The process involves many parties and extensive documentation, increasing costs and complexity.

b) Limited Control: Transfers credit risk to the forfaiter, reducing seller's control.

c) Residual Risk of Non-Payment: Reduces but doesn't eliminate credit risk; buyers may still default.

d) Limited Secondary Market: Difficult to liquidate due to a limited secondary market.

POLICY GUIDELINES

RBI's ANNUAL REPORT FOR 2023-24

The Reserve Bank of India under section 53 (2) of the Reserve Bank of India Act, 1934 released its Annual Report of the year 2023-24. The report is a statutory report of its Central Board of Directors. It covers the working and functions of Reserve Bank for the period April 2023 - March 2024.

The Annual Report provides a comprehensive analysis of the global and domestic economic environment, the working and operations of the RBI, and the prospects for the forthcoming year. The report includes detailed sections on various economic indicators, policy measures, financial inclusion, regulatory developments, and more.

HIGHLIGHTS

Global Economic Environment:

- The global economy showed resilience despite multiple challenges, including elevated inflation, tight monetary conditions, geopolitical tensions, and financial stability risks.
- Global growth is projected to weaken below its historical average in 2024, with uneven pathways across geographies and sectors. Inflation eased but remained above target in major economies, with further disinflation impeded by sticky core and services inflation and tight labor markets.
- Emerging market economies (EMEs) began rate-cutting cycles, while major advanced economies (AEs) pivoted towards rate cuts amid inflationary pressures.

Domestic Economic Environment:

- Amidst this challenging global economic environment, the Indian economy is exhibiting strength and stability with robust macroeconomic fundamentals and financial stability. India has emerged as the fastest growing major economy in the world and a leading contributor to global growth.
- **Inflation:** Inflationary pressures are abating, led by steady core disinflation and deflation in fuel prices. Food inflation, however, remains vulnerable to recurring supply shocks which are preventing a quicker alignment of headline inflation with the target.
- The Monetary Policy Committee (MPC) kept the policy repo rate unchanged at 6.50%, maintaining a stance of withdrawal of accommodation to ensure inflation aligns with the target while supporting growth.
- **Fiscal consolidation:** Fiscal consolidation is progressing along with an improvement in the quality of fiscal spending and adjustment. The central government achieved fiscal consolidation commitments, with the gross fiscal deficit (GFD) declining to 5.9% of GDP in 2023-24 from 6.4% in the previous year. Revenue spending growth was contained at 2.5%, while capital expenditure grew in double digits for the fourth consecutive year.
- **Real Economy:** The Indian economy exhibited resilience during 2023-24, notwithstanding persistent headwinds from subdued external demand, protracted geopolitical tensions and volatile global financial markets. Real GDP growth was sustained at 7 per cent and above for the third successive year in 2023-24, supported by robust growth in fixed investment on the back of the government's focus on capital expenditure. On the supply side, economic activity was lifted by the boost to the manufacturing sector's profitability from the correction in input prices and sustained momentum in services activity, even as the agricultural sector activity exhibited a slowdown.
- **Gross Fixed Capital Formation (GFCF):** GFCF accelerated to 10.2%, driven by government spending on infrastructure, while private consumption demand grew at a slower pace of 3.0%.
- **Financial Sector:** Domestic financial markets remained stable, with orderly movements in the bond and foreign exchange markets and exuberant equity markets. The Indian Rupee (INR) displayed stability, depreciating by 1.4% during 2023-24, making it one of the best-performing major EME currencies. Equity prices recorded solid gains, with the domestic equity market capitalization crossing the US$ 4 trillion mark.
- **External Sector:** India's merchandise exports fell by 3.1% in 2023-24, driven by declines in global trade volume and commodity prices, while imports fell by 5.7%.
- The current account deficit (CAD) moderated to 1.2% of GDP during April-December 2023 from 2.6% a year ago.
- There was a notable decline in FDI inflows into the manufacturing sector, which fell by 18% to $9.3 billion. Overall FDI inflows into India dropped slightly to $44.4 billion from $46 billion in the previous fiscal year.
- While there was a decrease in FDI in several sectors, including financial services and retail, the electricity transmission and generation sector saw a substantial increase in FDI inflows.
- Foreign exchange reserves rose to an all-time high of US$ 648.7 billion, covering 11.4 months of imports.
- **Regulatory and Supervisory Developments:** Several regulatory and supervisory guidelines were issued to strengthen governance, risk management practices, and capital buffers.
- Guidelines included default loss guarantee in digital lending, framework for compromise settlements and technical write-offs, and prudential norms for investment portfolios of commercial banks.
- The transmission of repo rate increases to banks' lending and deposit rates continued, with a rise in external benchmark linked loans in total outstanding floating loans.
- Unclaimed deposits in banks saw a significant increase of 26% year-on-year, reaching ₹78,213 crore by the end of March 2024. The RBI has introduced new guidelines to help banks manage and reduce these unclaimed deposits.
- The number of bank frauds increased dramatically by 166% year-on-year, with over 36,075 cases reported in FY24. But the amount involved in the total bank frauds almost halved (down by 46.7 percent) to Rs. 13,930 crore from Rs. 26,127 crore in the previous year.
- The RBI's net income surged to ₹2.11 lakh crore, primarily due to a significant rise in interest from foreign securities. The central bank's balance sheet grew by 11.08%, reaching ₹70.48 lakh crore as of March 31, 2024.
- **Financial Inclusion and Digitalisation:** The Financial Inclusion Index (FI-Index) improved from 56.4 in March 2022 to 60.1 in March 2023, reflecting deepening financial inclusion.
- The rapid momentum of online retail and e-commerce drove overall growth in card transactions, with significant growth in the Bharat Bill Payment System (BBPS).
- The UPI platform achieved significant milestones, surpassing 13 bn transactions in a single month in March 2024.
- Enhancements in various payment systems continued to facilitate user access and convenience, including the introduction of near field communication (NFC) technology in UPI-Lite and 'Conversational Payments' on UPI.

PROSPECTS FOR 2024-25:

- The outlook for the Indian economy remains bright, underpinned by strengthening macroeconomic fundamentals, robust financial and corporate sectors, and a resilient external sector.
- The government's continued thrust on capex and fiscal consolidation, along with consumer and business optimism, bode well for investment and consumption demand.
- The prospects for agriculture and rural activity appear favorable, with the expected above-normal southwest monsoon and government initiatives to support the agriculture sector.
- Emerging sectors like renewable energy and semi-conductors are expected to advance rapidly, supported by government initiatives and budget allocations.
- **To sum up,** the Indian economy is navigating the drag from an adverse global macroeconomic and financial environment. Real GDP growth is robust on the back of solid investment demand which is supported by healthy balance sheets of banks and corporates, the government's focus on capital expenditure and prudent monetary, regulatory and fiscal policies.

- As headline inflation eases towards the target, it will spur consumption demand especially in rural areas. The external sector's strength and buffers in the form of foreign exchange reserves will insulate domestic economic activity from global spillovers. Geopolitical tensions, geoeconomic fragmentation, global financial market volatility, international commodity price movements and erratic weather developments pose downside risks to the growth outlook and upside risks to the inflation outlook.
- The Indian economy would also have to navigate the medium-term challenges posed by rapid adoption of AI/ML technologies and recurrent climate shocks. Even so, it is well placed to step-up its growth trajectory over the next decade in an environment of macroeconomic and financial stability so as to achieve its developmental aspirations by reaping its demographic dividend and exploiting its competitive advantages that have placed it as the fastest growing major economy of the world.

BANKS' EXPOSURE TO CAPITAL MARKET - IRREVOCABLE PAYMENT COMMITMENTS (IPCs):

- Banks issue Irrevocable Payment Commitments (IPCs) in favour of stock exchanges on behalf of domestic mutual funds/FIIs to facilitate the transactions done by these clients.
- In order to protect the banks from the adverse movements in the equity prices and the possibility of default by the clients, while ensuring that there is no undue disruption in the functioning of the capital market in the country, RBI had prescribed risk mitigation measures.

As per extant guidelines, the Risk mitigation measures were based on T+2 rolling settlement for equities. Since the Stock Exchanges have since introduced T+1 rolling settlement, as such all IPCs issued by custodian banks should be under the T+1 settlement cycle and shall comply with the following instructions:

- Only those custodian banks will be permitted to issue IPCs, who have a clause in the Agreement with clients giving the banks an inalienable right over the securities to be received as pay out in any settlement. However, this clause will not be insisted upon if the transactions are pre-funded i.e., either clear INR funds are available in the customer's account or, in case of FX deals, the bank's nostro account has been credited before the issuance of the IPC.
- The maximum intraday risk to the custodian banks issuing IPCs would be reckoned as Capital Market Exposure (CME) at 30 percent of the settlement amount. This is based on the assumption of 20 percent downward price movement of the equities on T+1, with an additional margin of 10 percent for further downward movement of price.
- In case margin is paid in cash, the exposure will stand reduced by the amount of margin paid. In case margin is paid by way of permitted securities to Mutual Funds / Foreign Portfolio Investors, the exposure will stand reduced by the amount of margin after adjusting for haircut as prescribed by the Exchange on the permitted securities accepted as margin.
- Under T+1 settlement cycle, the exposure shall normally be for intraday. However, in case any exposure remains outstanding at the end of T+1 Indian Standard Time, capital will have to be maintained on the outstanding capital market exposure as per BASEL III norms.
- The underlying exposures of banks to their counterparties, emanating from the intraday CME, will be subject to limits prescribed under Large Exposure Framework.

INSTRUCTIONS ON MONEY CHANGING ACTIVITIES

Extant Guidelines: Full Fledged Money Changers (FFMCs)/non-bank Authorised Dealers (ADs) Category-II may obtain their normal business requirements of foreign currency notes from other FFMCs and Authorised Dealers (ADs) in India. Further, they are also required to keep balances in foreign currencies at reasonable levels to avoid build-up of idle balances.

Revised Guidelines: In this regard, RBI has decided that from July 1, 2024, value of foreign currency notes sold by FFMCs / non-bank ADs Category -II to the public for permitted purposes should not be less than 75% of the value of foreign currency notes purchased from other FFMCs/ ADs, on a quarterly basis.

- Data of such sale and purchase should be maintained and made available for audit / inspection. FFMCs/ADs selling foreign currency may also ascertain the 'sale to public' requirement of the buying FFMCs/non-bank ADs Category II, by seeking relevant data from such entities.
- Further, RBI has also decided that FFMCs/non-bank ADs Category-II shall submit their annual audited balance sheet to the concerned Regional Office of the Reserve Bank along with a certificate from their statutory auditors regarding the NOF as on the date of the balance sheet, latest by October 31 of the year concerned.
- RBI has issued these guidelines under the FEMA, 1999 and are without prejudice to permissions/approvals, if any, required under any other law.

MARGIN FOR DERIVATIVE CONTRACT DIRECTIONS 2024:

Earlier, the RBI vide circular dated 15-02-2021 notified 'Margin for Derivative Contracts'. It was issued to allow posting and collection of margin for permitted derivative contracts between a person resident in India and a person resident outside India. Based on the market feedback received, the central bank has notified RBI (Margin for Derivative Contracts) Directions, 2024. From immediate effect, these directions shall apply to AD Cat-I banks & AD Cat-III Standalone Primary Dealers.

Authorised Dealers may:

i) Post and collect margin, in India and outside India, for a permitted derivative contract entered into with a person resident outside India and receive and pay interest on such margin; and
ii) Post and collect margin, in India and outside India, for derivative transactions of their overseas branches and IFSC Banking Units and receive and pay interest on such margin.

Authorised Dealer Category-I banks may post and collect margin, in India and outside India, on behalf of their customers for a permitted derivative contract entered into with a person resident outside India and receive and pay interest on such margin.

Margin posted and collected in India shall be in the form of:

i) Indian currency;
ii) Freely convertible foreign currency;
iii) Debt securities issued by Indian Central Government and State Governments;
iv) Rupee bonds issued by persons resident in India which are: Listed on a recognized stock exchange in India; and Assigned a credit rating of AAA issued by a rating agency registered with the Securities and Exchange Board of India. If different ratings are accorded by two or more credit rating agencies, then the lowest rating shall be reckoned.
v) Certificate of Deposits; and
vi) Commercial Papers which are assigned a minimum credit rating of A1 issued by a rating agency registered with the SEBI. If different ratings are accorded by two or more credit rating agencies, then the lowest rating shall be reckoned.

Margin posted and collected outside India shall be in the form of:

i) Freely convertible foreign currency; and
ii) Debt securities issued by foreign sovereigns with a credit rating of AA- and above issued by S&P Global Ratings / Fitch Ratings or Aa3 and above issued by Moody's Investors Service. If different ratings are accorded by two or more credit rating agencies, then the lowest rating shall be reckoned.

In case of Authorised Dealers choosing to comply with the margin requirements of a foreign jurisdiction for Non-Centrally Cleared Derivative (NCCD) transactions with a person resident outside India or for NCCD transactions between two Authorised Dealers, at least one of which is a branch of a foreign bank.

In terms of the Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024:

i) Authorised Dealer may post and collect margin outside India, and receive and pay interest on such margin in the form and manner permitted by the laws and regulations of the foreign jurisdiction; and

ii) Posting and collection of margin and receipt and payment of interest on such margin may be undertaken by the Authorised Dealer or by its overseas branches or head office (including its overseas branches) as part of a global margin arrangement.

Authorised Dealer Category-I banks shall maintain a separate account in the name of persons resident outside India for the purpose of posting and collecting cash margin in India, and transactions incidental thereto.

EASE 7.0

PSB REFORMS EASE AGENDA FOR FY 2024-25

Public Sector Banks (PSB) reforms agenda for FY 2024-25, EASE 7.0, was unveiled on 25-04-2024 at an event of Indian Banks' Association with the theme **"Economic Development; Customer Delight; Resilient Banking".** A Citation event was also organized for EASE 5.0.

- EASE 7.0 is being launched with an emphasis on enabling banks to drive national priorities, maintaining a strong customer service orientation, managing operational risks and catalyzing new-age capability building.

BACKGROUND:

- EASE was launched in Jan. 2018 jointly by the Govt. and PSBs. It was commissioned through Indian Banks' Association and authored by Boston Consulting Group. EASE Agenda is aimed at institutionalizing CLEAN and SMART banking.
- **EASE Reforms Index:** The Index measures performance of each PSB on 120+ objective metrics. The Index follows a fully transparent scoring methodology, which enables banks to identify their strengths as well as areas for improvement. The goal is to continue driving change by encouraging healthy competition among PSBs.

EASE 1.0: The EASE 1.0 report showed significant improvement in PSB performance in resolution of Non Performing Assets (NPAs) transparently.

EASE 2.0: EASE 2.0 builds on the foundation of EASE 1.0 and introduces new reform Action Points across six themes to make reforms journey irreversible, strengthen processes and systems, and drive outcomes.

EASE 3.0: EASE 3.0 seeks to enhance ease of banking in all customer experiences, using technology viz., Dial-a-loan, Partnerships with FinTechs and E-commerce companies, Credit@click, Tech- enabled agriculture lending, EASE Banking Outlets etc. As part of the EASE Reforms, Doorstep Banking Services is envisaged to provide convenience of banking services to the customers at their doorstep through the universal touch points of Call Centre, Web Portal or Mobile App.

EASE - 4.0: The fourth edition of the Reforms Agenda - EASE - 4.0' focussed towards imbibing tech-enabled, simplified, collaborative banking and at institutionalising clean and smart banking. Under this PSBs would offer new age 24x7 banking with resilient technology to ensure uninterrupted availability of banking services.

EASE 5.0: Under EASE 5.0, PSBs will continue to invest in new age capabilities and deepen the ongoing reforms to respond to evolving customer needs, changing competition and the technology environment. EASE 5.0 focussed on digital customer experience and integrated & inclusive banking, with emphasis on supporting small businesses and agriculture.

EASE 6.0: With 22 Action points, EASE 6.0 focussed on 4 themes namely: Delivering excellence in customer service with digital enablement; Digital and analytics-driven business improvement; Tech and data enabled capability building; and Developing people and enhancing HR operations.

EASE 7.0: Launched with an emphasis on enabling banks to drive national priorities, maintaining a strong customer service orientation, managing operational risks effectively and catalyzing new-age capability building.

EASE 7.0 to focus on 5 key themes.

- **Theme-1:** Banking towards 'Viksit' Bharat.
- **Theme-2:** Excellence in customer service.
- **Theme-3:** Adoption of new-age technology and other advanced capabilities.
- **Theme-4:** Effective risk/fraud management, collections and recovery.
- **Theme-5:** Developing employees for emerging banking priorities.

EASE 7.0 TO FOCUS ON 21 ACTION POINTS.

Theme-1 (Banking towards 'Viksit' Bharat):

1) MSME – Broaden customer base through acquisition, retention and comprehensive digital banking.
2) Identify focus economic sectors, build deep capabilities and business.
3) Women – Deepen banking penetration, support economic development, and women entrepreneurship.
4) Accelerate CASA growth through new offerings/ segments and relationship deepening.
5) Youth – Acquire and deepen banking services.
6) Agri – Accelerate diversified agri and rural lending beyond KCC.
7) Climate – Developing capabilities for climate lending and assessing risk.

Theme-2 (Excellence in customer service):

8) Improve customer experience across banking channels.
9) Deepen customer relationships.
10) Efficient processes for customer convenience.

Theme-3 (Adoption of new-age technology and other advanced capabilities):

11) Accelerate readiness for GenAI and roll-out pilot use-cases.
12) Strengthen data governance and analytics function to drive specialized use-cases.
13) Digitally-enabled new operating models for cost optimization and quality excellence.
14) Drive cloud adoption for data and process scalability.

Theme-4 (Effective risk/fraud management, collections and recovery):

15) Resilient processes and systems for enhanced operational and cyber risk management.
16) Expediting recovery from NPA accounts in DRT, NCLT by addressing internal inefficiencies.
17) Digitization and increased efficiency of collections management.
18) Enhance business performance monitoring basis in depth considerations for credit and market risks.

Theme-5 (Developing employees for emerging banking priorities):

19) Increase employee productivity and linkages with performance management and improve gender diversity.
20) Data-driven manpower planning, succession planning and target setting.
21) Developing talent with personalized, customized learning solutions.

FOREIGN EXCHANGE MANAGEMENT (DEPOSIT) (FOURTH AMENDMENT) REGULATIONS, 2024

The Reserve Bank of India has made amendment in the Foreign Exchange Management (Deposit) Regulations, 2016 and inserted the following in Regulation 7:

'An authorised dealer in India may allow a person resident outside India to open, hold and maintain an interest-bearing account in Indian Rupees and / or foreign currency for the purpose of posting and collecting margin in India, for a permitted derivative contract entered into by such person in terms of Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020, dated October 23, 2020.

CTDI PUBLICATIONS

- **BANKER'S BRIEFCASE:** Book designed to update the knowledge and sharpen the skills for facing interview confidently. A comprehensive masterpiece developed to cover all important topics required to update you for all promotion interviews. A must have book to ensure your success in interview. (Price Rs. 800/- + 150/- Speed Post Charges). UNDER PRINT.
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JAIIB / CAIIB BOOKS: Based on new syllabus prescribed by IIBF Mumbai – All subjects with Objective Type Tests.

- **ADVANCED BANK MANAGEMENT WORKBOOK:** Contains Numerical / Case Studies based on Recollected Q's with solutions step wise. (Price Rs.600/-+100/- Speed Post Charges).
- **BANK FINANCIAL MANAGEMENT WORKBOOK:** Contains Numerical / Case Studies based on Recollected Questions with solutions step wise. (Price Rs. 600/- + 100/- Speed Post Charges).

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Broad coverage of General Knowledge related to Economy, Banking & Finance.Brain Storming Questions to test the knowledge and sharpen the skills.

BRANCH OFFICES ADDRESS:

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DISTANCE EDU MODULES

Keeping in view the request of fairly large number of staff members of different banks who are not in a position to attend the regular training program, we have started **DISTANCE EDU MODULES with the** objective of providing exam oriented inputs for their promotion.

BANK PROMOTION MODULE

- Study Kit I - Covering Banking Law & Practice – Objective Type Questions with Answer.
- Study Kit II - Loans & Advances including PS & BS Analysis.
- Banking Law and Practice Book, Mock Test Papers covering 1600 Q's with answers, Bankers Briefcase etc.
- Banking Capsule, Financial GK Capsule covering previous recollected Q's, Computer / IT Capsule.
- Other bank specific books. Password for accessing online / downloading of updated material.

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.

HIGHLIGHTS:

- Study kits contains descriptive inputs along with objective / multiple choice questions to reinforce the learning process.
- Recollected questions from previous examinations included.
- Facility of Password to access special exam oriented inputs on our website.

INCENTIVE SCHEME: Participants will get a discount of Rs.1,000/- in fee if they attend our online class module.

JAIIB / CAIIB MODULE

Module covers full syllabus of all the subjects of JAIIB / CAIIB. In addition to basic text book, it contains special objective type text booklets and study kits for each paper.

JAIIB	CAIIB
Principles & Practices of Banking	Advanced Bank Management
Accounting & Finance for Bankers	Bank Financial Management
Indian Economy & Indian Financial System	Advance Business & Financial Management
Retail Banking	Banking Regulations and Business Laws
	Rural Banking

COST OF STUDY MATERIAL: Rs.800/- per subject for JAIIB and Rs. 900/-per subject for CAIIB (inclusive of Speed post charges). The study material will comprise of one Descriptive book and one MCQ's book /workbook for CAIIB covering case studies.
The amount may be remitted on-line in CTDI's Current Account No: 7718002100000011. IFSC CODE : PUNB0771800, BANK NAME : PNB, SEC. 47, CHANDIGARH.
DESPATCH: Entire material will be sent through Speed post on receipt of the amount.

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CLASS ROOM MODULE

CHANDIGARH

- Bank Clerical Written Exam
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SALIENT FEATURES:

- Structures the mind-set of aspiring participants by updating their knowledge & sharpening of their skills to appear in the competitive exams.
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- SBI pack will contain additional subject material for the forthcoming examination.
- Practice Tests are included in the material.

COST OF PACK:

1) For Clerical Cadre : Rs. 1,600/- (Inclusive of Courier)
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The amount may be remitted online in CTDI's Current A/c No: 7718002100000011. IFSC CODE: PUNB0771800, BANK NAME : PNB, SEC. 47 D, Chandigarh.

TIT BITS

●**RECORD DIVIDEND TO GOVERNMENT FOR FY 2023-24:** The RBI has approved the transfer of Rs. 2.11 lakh crore as a dividend to the Government for the financial year 2023-24. This is the highest-ever dividend despite the Contingent Buffer Risk being increased to 6.5% for 2023-24.

●**CENTRE OF EXCELLENCE FOR AIRBUS:** L&T Technology Services Ltd. has announced the inauguration of a Simulation Centre of Excellence (CoE) for Airbus at its Bengaluru campus. This facility is set to bolster engineering support for Airbus's aircraft structural simulation activities across its European business units in France, Germany, the UK, and Spain.

●**PSBs PROFIT SURPASSES Rs.1.4 LAKH CRORE:** In the financial year ended March 2024, the cumulative profit of public sector banks (PSBs) has reached Rs.1.4 lakh crore, marking a 35% increase from the previous year's earnings of Rs.1.04 lakh crore. SBI has emerged as a major contributor, accounting for over 40% of the total earnings.

●**SIDBI PARTNERS WITH AIRBUS HELICOPTERS:** SIDBI, in collaboration with Airbus Helicopters, has entered the realm of helicopter financing in India through a recent Memorandum of Understanding (MoU). This partnership aims to facilitate the financing of Airbus helicopters for potential civil operators in the country.

●**INDIA'S MARKET CAPITALIZATION REACHES $5 TRILLION:** India's market capitalization has surged to $5 trillion, marking a historic achievement. This was accomplished in six months since surpassing the $4 trillion mark, showcasing the nation's robust economic resilience and investor confidence.

●**GOVT. RAISES RETIREMENT & DEATH GRATUITY LIMITS:** Government has raised the maximum limit of retirement gratuity and death gratuity from Rs. 20 lakh to Rs. 25 lakh, effective from January 1, 2024. This aims to enhance benefits for Central government employees.

●**RXIL'S TREDS PLATFORM SURPASSES INR 1 TRILLION:** India's MSME sector, contributing over 30% to the GDP and employing approximately 12 crore people, faces a significant credit gap of around Rs. 28.2 lakh crores. RXIL's Trade Receivables Discounting System (TReDS) platform has achieved a milestone by facilitating financing of over 50 lakh invoices worth Rs.1,00,000 crore since its inception.

●**CHINA EMERGED AS INDIA'S LARGEST TRADING PARTNER:** According to data from the Global Trade Research Initiative (GTRI), an economic think tank; China has emerged as India's largest trading partner in the fiscal year 2023-24, surpassing the United States. The two-way commerce between India and China stood at a staggering $118.4 billion, slightly edging out the $118.3 billion traded with the US.

●**NOMINATION OPTIONAL FOR JOINT MUTUAL FUND PORTFOLIOS:** SEBI has made the nomination optional for jointly-held mutual fund accounts in a bid to promote ease of doing business by June 30, 2024. Additionally, SEBI allowed fund houses to have a single fund manager to oversee commodity and foreign investments which would reduce the cost of managing the fund.

●**BANK EMPLOYEES' INTEREST-FREE LOANS TAXABLE:** The Supreme Court has ruled that interest-free or concessional loans given by banks to their employees will be considered 'frill benefits' or 'amenities' and therefore taxable. The court argued that these benefits are unique to bank employees and are in the nature of a 'perquisite'.

●**'PRUDENTIAL FRAMEWORK FOR IRACP PERTAINING TO ADVANCES':** With a view to strengthen the extant regulatory framework governing project finance and to harmonise the instructions across all regulated entities, RBI has released the draft Direction on the prudential framework applicable to financing of project loans. The Comments on the draft Direction are invited from public/stakeholders.

●**RBI REVISES GUIDELINES FOR BANKS' CAPITAL MARKET EXPOSURE IN T+1 SETTLEMENT:** RBI has updated the guidelines for custodian banks regarding the issuance of Irrevocable Payment Commitments (IPCs) due to the introduction of the T+1 settlement regime for stocks. Under these guidelines, custodian banks issuing IPCs will be subject to a maximum intraday risk, considered as capital market exposure (CME), capped at 30 percent of the settlement amount.

●**RBI LOWERS MARGIN FUNDING LIMITS TO 30%:** Following the reduction in trade settlement time from T+2 to T+1 and T+0 for select equities by stock exchanges, the RBI has decreased the maximum risk for custodian banks issuing irrevocable payment commitments (IPCs) from 50% to 30%. This decision is based on the assumption of potential downward price movements of equities purchased by foreign institutional investors/mutual funds over two successive days from the trade date.

●**INDIA LEADS GLOBAL REMITTANCES:** India has emerged as the global leader in remittances in 2022, receiving over $111 billion, surpassing the $100 billion mark for the first time. The International Organisation for Migration (IOM) highlighted India, alongside Mexico, China, the Philippines, and France, as the top five remittance recipient countries.

●**INDIA'S FIRST BFSI-FOCUSED LARGE LANGUAGE MODEL:** Setu, a leading Indian fintech company and part of the Pine Labs Group, has unveiled Sesame, India's first Large Language Model (LLM) specifically designed for the banking, financial services, and insurance (BFSI) sector. Developed in collaboration with indigenous AI research firm Sarvam AI, this initiative marks a significant milestone in the adoption of advanced AI technologies in the financial services industry.

●**UPI THROUGH INTERNATIONAL MOBILE NUMBERS:** ICICI Bank has rolled out a new facility allowing its non-resident Indian (NRI) customers to make Unified Payments Interface (UPI) transactions in India using their international mobile numbers. Previously, NRIs had to register an Indian mobile number with their NRE or NRO accounts to use UPI, limiting their ability to make payments.

●**THAILAND EXTENDS VISA EXEMPTION PROGRAM:** Thailand has extended its visa exemption program for tourists from India and Taiwan for another six months, i.e. upto November 11, 2024. The move aims to attract more foreign visitors to boost Thailand's economy, which relies heavily on tourism. This extension comes after the success of the initial waiver implemented last November.

●**BOB TO ONBOARD CUSTOMERS THROUGH BOB WORLD APP:** RBI has allowed Bank of Baroda to onboard customers through the 'BOB World' app. In October 2023, the RBI had directed BOB to suspend further on boarding of customers onto 'Bob World' mobile application, citing 'certain material supervisory concerns.

●**INDIA & MALDIVES TO PAY IN OWN CURRENCIES:** India and Maldives have agreed to pay for imports in their respective currencies instead of US dollars. This move would save the island nation almost 50 per cent of the annual $1.5 million imports bill from the two countries.

●**FM ASKS ICAI TO SET UP INDIAN 'BIG FOUR' FIRM**: FM Sitharaman has cheered the Bihar chapter of the Institute of Chartered Accountants of India (ICAI) to set up an Indian auditing firm that will grow to feature among the Big Four and seek global clients. Interacting with the ICAI in Patna, Sitharaman has sought a commitment from them to start work on the same as part of their 100-day agenda for Viksit Bharat by 2047.

●**GST REGISTRATION BASED ON AADHAAR TECHNOLOGY**: Five states, including Karnataka, Tamil Nadu and Telangana, have shown interest in rolling out Aadhaar-based authentication for GST registration. The biometric-based authentication was discussed at the third National Coordination Meeting of senior Central and State GST officers earlier this month. Currently, two states, Gujarat and Andhra Pradesh, and the Union Territory of Puducherry have launched the Aadhaar authentication of taxpayers on a pilot basis.

●**AXIS BANK TO GROOM LGBTQIA+ TALENT FOR CAREERS:** Axis Bank has introduced the 'ARISE Come As You Are' talent acquisition programme to recruit individuals from the LGBTQIA+ community across India for careers in banking. The initiative focuses on skills-based hiring, offering equal opportunities to fresh graduates and professionals up to 5 years of experience. The bank emphasizes diversity, equity, and inclusion, aiming to foster innovation and leverage talent diversity.

●**INVESTORS CAN BUY MUTUAL FUNDS WITHOUT ADDITIONAL DOCUMENTS:** The capital market regulator, SEBI, has eased KYC norms by removing temporarily the requirement to link PAN with Aadhaar for 'KYC registered' status for mutual fund transactions. All mutual fund investors can invest without having submitted additional documents. To have KYC status, one still needs to have his Aadhaar linked with PAN.

●**HDFC BANK RAISES USD 500 MN FROM IFC:** HDFC Bank has raised USD 500 million from IFC for on lending to women borrowers. The bank will extend finance for income generation, fostering financial inclusion and socio-economic growth, as per an official statement. It will provide the microloans to self-help groups and joint liability groups of women enrolled under the Sustainable Livelihoods Initiative (SLI) of the bank.

●**RBI WARNS NBFCs AGAINST ALGO CREDIT MODELS**: RBI has warned non-banking financial companies (NBFC) to exercise caution regarding over-reliance on algorithm-based credit models and avoid excessive lending in specific segments. Deputy governor Swaminathan Janakiraman highlighted potential inaccuracies in rule-based credit assessment models, in a speech published on the central bank's website.

●**BOARD-APPROVED POLICY ON COMMISSION FOR AGENTS:** The Insurance Regulatory and Development Authority of India (IRDAI) has directed all insurers to have a board approved policy on commission structure for insurance agents to ensure fairness and reasonable payments. The insurance regulatory has stated that the insurance agents, intermediaries or insurance intermediaries play a crucial role in the distribution of insurance products.

●**OPENING OF RUPEE ACCOUNT OUTSIDE INDIA TO BOOST CURRENCY USE:** The RBI has allowed opening of rupee accounts outside India as part of its strategic action plan to internationalise the domestic currency. The Reserve Bank has finalised a strategic action plan for 2024-25 and envisaged liberalisation of external commercial borrowing (ECB) framework and 'Go-live' for phase I of software platform for ECBs and trade credits reporting and approval project.

●**INDIA'S FIRST ELECTRIC VEHICLE INDEX:** NSE's index services subsidiary, NSE Indices Limited has launched a new thematic index – Nifty EV & New Age Automotive index. The Nifty EV & New Age Automotive index aims to track the performance of EV companies.

●**EASE 6.0 SBI TOP PERFORMER:** IBA has announced the results of EASE 6.0 reforms index for Q3, FY 2023-24. Bank wise top performers were SBI with score of 82.6 followed by PNB and UBI with a score of 81.2 and 80.7 respectively. SBI came out as top performer in Theme 1 and Theme 4, whereas PNB is the top performer in Theme 2 and Theme 3. Union Bank of India is ranked 3rd as per the report on EASE Reforms Index for Q3 FY 2023-24 by Indian Banks' Association (IBA).

●**EPFO ADDS 14.41 LAKH NET MEMBERS:** EPFO has added 14.41 lakh net members in the month of March, 2024. The data indicates that around 7.47 lakh new members have been enrolled during March, 2024. 18-25 age group, constituting a significant 56.83% of the total new members added in March 2024 indicating the majority of individuals joining the organized workforce are youth.

●**DRIVING TESTS NOT MANDATORY AT RTO**: The ministry of road transport has announced new set of rules that is expected to simplify the process for driving tests. From June 1, applicants will have the option to undertake driving tests at private driving training centres, instead of state run RTOs.

●**NO INDEMNITY CLAUSE IN NPA SALE PACT**: After year-long negotiations, high-street banks and stressed asset firms have adopted a 'model agreement' for selling loans, but were unable to reach a meeting point on the tricky issue of 'indemnity' which banks typically refuse to give once sticky assets move out of their books. Lenders would also have the right to declare an account as 'fraud' and make asset reconstruction companies that acquired the stressed loan responsible for dealing with the investigative agencies looking into the offence.

●**S&P UPGRADES OUTLOOK ON SIX INDIAN BANKS:** S&P Global Ratings has revised its rating on six Indian banks, including SBI and HDFC Bank, from 'stable' to 'positive'. These six banks are Axis Bank, ICICI Bank, State Bank of India, HDFC Bank Ltd., Kotak Mahindra Bank, and Indian Bank. The rating agency also affirmed the issue ratings on the banks and has revised upwards the assessment of the stand-alone credit profile (SACP) of Axis Bank and ICICI Bank.

●**FRAMEWORK FOR SELF-REGULATORY ORGANISATIONS IN FINTECH SECTOR:** RBI has released the final framework for recognising self-regulatory organisations in the financial technology sector (SRO-FT), encouraging entities to have a representative membership from the fintech sector. The RBI has indicated that there may be more than one SRO-FT, and fintech firms would be encouraged to participate in at least one.

●**FINANCIAL FRAUDS DECLINED BY 46.7 % IN 2023-24:** RBI has reported a 46.7% drop in fraud value for 2023-24 compared to the previous year. Private sector banks reported the most frauds, mainly small digital payment frauds, while public-sector banks had the highest fraud value, primarily in loans. The report highlights a focus on regulation, supervision, and financial stability for 2024-25, including enhancing cyber response and using AI to prevent fraud.

●**NBFCS TO STICK TO LOAN CASH PAYOUT CAP:** RBI has warned some non-bank lenders against disbursing cash loans in excess of the permissible limit of Rs.20,000 to stop large cash payouts to those borrowing against gold. RBI'S advisory comes within weeks of regulatory action against IIFL Finance, for violation of cash disbursal and other norms.

BANKING & FINANCIAL NEWS

●PUBLIC SECTOR BANKS' TOTAL PROFIT CROSSES Rs. 1.4 LAKH CRORE IN FY24:

Public sector banks' (PSBs) cumulative profit crossed Rs. 1.4 trillion in the financial year ended March 2024, recording a growth of 35 per cent over the previous year on a high base of Rs 1 trillion.

➢ The 12 PSBs together had earned a net profit of Rs. 1,04,649 crore in 2022-23. Out of the total profit of Rs. 141,203 crore earned during the FY24, market leader State Bank of India alone contributed over 40 per cent of the total earnings, as per the published numbers on exchanges. SBI earned a profit of Rs. 61,077 crore 22 per cent higher than the previous financial year (Rs. 50,232 crore).

➢ In percentage terms, Punjab National Bank had the highest net profit growth with 228 per cent to Rs. 8,245 crore, followed by Union Bank of India with a 62 per cent rise to Rs. 13,649 crore and Central Bank of India with a 61 per cent increase to Rs. 2,549 crore.

➢ Among the banks which recorded over 50 per cent jump in net profit included Bank of India with a 57 per cent growth to Rs. 6,318 crore while Bank of Maharashtra with a 56 per cent rise to Rs. 4,055 crore and Indian Bank recorded a 53 per cent improvement to Rs. 8,063 crore.

➢ During the year, the only public sector bank out of 12 reported drop in profit was Punjab & Sind Bank - 55 per cent decline in annual net profit, dropping from Rs. 1,313 crore in 2022-23 to Rs. 595 crore in the fiscal year ending March 2024.

➢ The PSBs which reported an annual profit in excess of Rs. 10,000 crore are Bank of Baroda (Rs. 17,788 crore) and Canara Bank (Rs. 14,554 crore).

➢ PSB is a turnaround story from record losses of Rs 85,390 FY18 to record profit in FY24. The government had implemented a comprehensive 4R strategy: Recognising NPAs transparently, Resolution and recovery, Recapitalising PSBs, and Reforms in the financial ecosystem.

➢ As part of the strategy, the government infused an unprecedented Rs. 3,10,997 crore to recapitalise PSBs during the last five financial years - from 2016-17 to 2020-21. The recapitalisation programme provided much-needed support to the PSBs and prevented the possibility of any default on their part.

➢ The reforms undertaken by the government over the last nine years addressed credit discipline, ensured responsible lending and improved governance. Besides, there was the adoption of technology, and amalgamation of banks, and the general confidence of bankers was maintained.

●RBI BOARD APPROVES DIVIDEND OF RS. 2.11 LAKH CRORE TO GOVERNMENT FOR FY24:

The Reserve Bank of India (RBI) approved a dividend of nearly Rs. 2.11 lakh crore for the central government for the fiscal year 2024, marking a nearly 140% increase from the previous fiscal year. In FY23, the RBI had transferred Rs. 87,416 crore to the Centre as surplus.

➢ During the 608th Meeting of the Central Board held in Mumbai, the board discussed the global and domestic economic scenarios, including potential risks to the outlook. The board ultimately decided to transfer a surplus of Rs 2,10,874 crore.

➢ The RBI said in a statement that the surplus amount calculation is based on the Economic Capital Framework (ECF) adopted by the central bank on August 26, 2019, as per recommendations of the Bimal Jalan committee.

➢ Every year, the RBI transfers a certain amount to the central government through the surplus income it generates from investments, fluctuations in the valuation of its dollar reserves, and revenue earned from currency printing fees. Besides, the RBI board also agreed to raise the Contingency Risk Buffer (CRB) to 6.5% from 6% previously - reflecting the continued robustness and resilience of the economy.

➢ The final dividend amount approved is significantly higher than experts predictions. This surplus transfer will not only bolster the government's finances but also assist in meeting its budget deficit target.

●INDIA RECEIVED OVER $111 BILLION IN REMITTANCES IN 2022:

According to the United Nations migration agency report, India received over $111 billion in remittances in 2022, the largest in the world, **becoming the first country to reach and even surpass the $100 billion mark.**

HIGHLIGHTS:

➢ The International Organisation for Migration (IOM), in its World Migration Report 2024, said that in 2022, India, Mexico, China, the Philippines and France were the top five remittance recipient countries.

➢ India was well above the rest, receiving more than $111 billion, the first country to reach and even surpass the $100 billion mark. Mexico was the second-largest remittance recipient in 2022, a position it also held in 2021 after overtaking China, which historically had been the second-biggest recipient after India.

➢ India was the top country receiving remittances in 2010 ($53.48 billion), 2015 ($68.91 billion), and 2020 ($83.15 billion), with the remittances crossing the $100 billion mark to reach $111.22 billion in 2022.

➢ A very large number of migrant workers from the subregion, Southern Asia receives some of the largest inflows of remittances globally.

➢ Three countries in Southern Asia - India, Pakistan and Bangladesh, rank among the top ten recipients of international remittances in the world, underscoring the significance of labour migration from the subregion.

➢ Pakistan and Bangladesh were the sixth and eighth largest international remittance recipients in 2022, receiving nearly USD 30 billion and USD 21.5 billion, respectively.

➢ While remittances remain a lifeline for many people in the subregion, migrant workers from these countries continue to face a myriad of risks, including financial exploitation, excessive financial debt due to migration costs, xenophobia and workplace abuses.

➢ Migrants continue to comprise high proportions of the total populations in many Gulf Cooperation Council (GCC) States. In the United Arab Emirates, Kuwait and Qatar, migrants made up 88 per cent, nearly 73 and 77 per cent of the national populations, respectively.

➢ India is also the origin of the largest number of international migrants in the world, with large diasporas living in countries such as the United Arab Emirates, the United States and Saudi Arabia. India came in 13th as the destination country for immigrants, with 4.48 million.

●PSBs TO IDENTIFY ONE 'CHAMPION SECTOR':

India's Public Sector Banks (PSBs) are set to identify and concentrate efforts on one specialised “champion sector” each as part of their business plans until 2026-27, to expand significant presence in it by developing specific sector capabilities. This strategic move aims to enable PSBs to expand their presence significantly in their chosen sectors by developing tailored capabilities.

➢ The banks will design segment-specific lending products and build internal capacities such as stress testing models and early warning signal systems for these champion sectors.

➢ This initiative is part of the Viksit Bharat (developed nation) strategy for PSBs, which includes onboarding sector-specific advisors and developing credit underwriting models to expedite loan approvals. The move seeks to complement the government's efforts under the Production Linked Incentive scheme that seeks to develop manufacturing capabilities in select identified areas.

➢ Banks will focus on non-traditional sectors and collaborate to leverage the expertise developed among them. While most PSBs have reported profits for the last quarter of 2023-24, there are concerns that a decline in credit growth may impact profit margins.

➢ Earlier this month, rating agency ICRA revised its outlook for the Indian banking sector to stable' from 'positive', citing moderation in credit growth and profitability due to a decline in interest margins. According to the rating agency, a larger proportion of corporate advances helped the public sector banks report better performance on slippages than the private sector ones, which have a sharper focus on retail and small business loans.

➢ In addition to the champion sector focus, PSBs' business plans encompass strategies to increase low-cost deposits, raise capital, resolve non-performing assets, enhance cybersecurity, and undertake financial inclusion drives.

➢ These measures form part of the Enhanced Access and Service Excellence reform version 7.0, under which banks will be assessed on various parameters.

➢ Lenders will use analytics-driven scorecards for faster loan sanctions, end-to-end automation and improved risk management and will aim to retain existing customers while acquiring new ones.

●CREDITORS' HAIRCUTS IN BANKRUPTCY CASES JUMP TO 73% IN FY24: ICRA

According to the ICRA Report, there has been a worsening of the haircuts which are taken by the creditors through the Insolvency and Bankruptcy Code (IBC) process to a steep 73 per cent as against 64 per cent in FY23. The haircuts, or sacrifices, in comparison to the total dues, which are done by lenders when it comes to corporate insolvency resolutions has led to some concerns in the past about the value at which a new bidder is getting the assets.

HIGHLIGHTS OF THE REPORT:

➢ A total of 269 resolution plans were approved by the National Company Law Tribunals (NCLTs) in FY24, up from 189 in the year-ago period.

➢ The new admissions declined to 987 in FY24 from the 1,263 in FY23, attributing the same to a higher base in the previous fiscal because of the Covid-19 pandemic-related stress.

➢ The bankruptcy law envisaged a resolution to take 330 days. However, the average time taken for a resolution has increased to 843 days in FY24, up from 831 days because of the litigations, and called it out as among the reasons why the haircuts have also gone up. In addition to the CIRPs, the NCLT also passed liquidation orders for 446 corporate debtors in FY24 against 400 in FY23.

➢ The agency feels the average recoveries for lenders will continue to be in the 30-35 % range in FY25.

➢ The decline in fresh additions has helped to bring down the ongoing CIRPs at NCLTs to 1,920 as on March 31, 2024, from 1,953 a year ago.

➢ In addition to the CIRPs, the NCLT also passed liquidation orders for 446 corporate debtors in FY24 against 400 corporate debtors in FY23.

➢ The number of CIRPs that have resulted in liquidation continues to be significantly high, at 45% of the 5,467 closed CIRPs, since the inception of IBC.

➢ Only 17% yielded a resolution plan with the remaining cases withdrawn post NCLT admission, the agency said, adding that liquidation for 960 corporate debtors had been completed by March 2024 wherein the creditors realised a partly 4 % of their total admitted claims.

➢ More than 75% of the CIRPs that entered into liquidation had been defunct entities or were already under the Board of Industrial and Financial Reconstruction (BIFR) at time of admission under the IBC.

●DELAY IN INSOLVENCY PROCESS ERODING ASSET VALUE: IBBI CHAIRMAN

As per Ravi Mittal, Chairperson, Insolvency and Bankruptcy Board of India (IBBI), the delay in the corporate insolvency resolution process (CIRP) under the insolvency and bankruptcy code (IBC) erodes the stressed-asset's value and minimises recovery for the creditors; hence, it's important for all the stakeholders to expedite decision making.

➢ The IBBI Chairman said that, on an average, the CIRP is taking 679 days to conclude as against the standard timeline of 330 days. Data of 947 resolved cases as of March 2024 indicates a direct correlation between the length of the CIRP and the recovery rate.

➢ As per the data, the recovery rate for creditors stands at 49.2% if the CIRP is concluded within 330 days. It reduces to 36%, if the CIRP process concludes between 330- 599 days; and beyond 600 days, the recovery rate stands at mere 26.1%.

➢ Mittal highlighted that the insolvency regulator has taken various measures to reduce delays in the CIRP such as putting a cap on number of modifications in the resolution plan, sharing of information by creditors with the resolution professional (RP) etc.

➢ Mittal shared that continued efforts to streamline the resolution process, enhance transparency, and provide greater clarity on regulatory requirements are underway to further bolster the effectiveness of IBC.

●SEBI UNVEILS SCORES 2.0: ENHANCING INVESTOR COMPLAINT REDRESS SYSTEM:

➢ In its continuous pursuit of protection of interests of investors in the securities market, the Securities and Exchange Board of India (SEBI) has launched SCORES 2.0, an upgraded version of its Complaint Redress System (SCORES). The new version, strengthens the investor complaint redress mechanism by making the process more efficient through auto-routing, auto-escalation, monitoring by the designated bodies and reduction of timelines.

➢ SEBI Complaint Redress System (SCORES) is an online platform launched in June 2011, allowing investors to lodge complaints in the securities market via web URL and an app.

Impact on Investors:

a) Investors can now only lodge complaints through SCORES 2.0 as of April 1, 2024.

b) Existing complaints from the old SCORES can be viewed, but new complaints must be lodged through the updated system.

Key Features of SCORES 2.0:

a) Auto-Routing and Auto-Escalation: Complaints are automatically directed to the concerned regulated entity, reducing time lapses. Non-adherence triggers auto-escalation to the next level.

b) Uniform Timelines: A standard redressal timeline of 21 calendar days from complaint receipt is enforced across the securities market.

c) Two-Level Review: Dissatisfied investors can seek a first review by the **'Designated Body'** and a second review by SEBI.

d) Integration with KYC Registration Agency: Seamless registration of investors onto SCORES via integration with KYC Registration Agency database.

Lodging Complaints Online:

a) Mandatory Registration: Investors must register on SCORES to lodge complaints.

b) Registration Process: Click on "Register here" under "Investor Corner" on the SCORES portal homepage.

c) Complaint Registration: Click on "Complaint Registration" after logging in and provide complaint details, select complaint category, entity name, and nature of complaint.

d) Confirmation: A system-generated unique registration number will be displayed upon successful submission. An email acknowledging the complaint, along with the registration number, will be sent to the provided email address.

●NABARD PARTNERS WITH RBI INNOVATION HUB TO FAST-TRACK DIGITAL AGRI LENDING:

In a landmark partnership aimed at revolutionizing digital agri lending, the National Bank for Agriculture and Rural Development (NABARD) will integrate its e-KCC loan origination system portal with the Public Tech Platform for Frictionless Credit (PTPFC) of Reserve Bank Innovation Hub (RBIH).

- NABARD, India's apex development bank, developed the Loan origination system portal to facilitate digital Kisan Credit Card (KCC) loan processing for cooperative banks and Regional Rural Banks (RRBs). Through the integration with PTPFC, about 351 district and state cooperative banks and 43 RRBs will gain access to a range of services including digital state land records, satellite data, KYC, credit history and transliteration for more effective credit underwriting.
- The digitisation of agricultural lending will ensure instant doorstep delivery of credit to farmers while improving the efficiency of banks, advancing NABARD's mission of fostering rural prosperity.
- The collaboration between NABARD and RBIH, will streamline the lending process and reduce the turnaround time for loans from three to four weeks to just five minutes for India's 120 million farmers. The PTPFC has seen the participation of over 10 states in making digital land records available to facilitate the seamless flow of credible information for lenders.
- The pilot phase of the partnership will see implementation in select RRBs including the Karnataka Gramin Bank and Maharashtra Gramin Bank and cooperative banks in Andhra Pradesh. The goal is to scale the digital lending platform to cover about 5 crore KCC loans across all cooperative banks and RRBs nationwide.

●INCENTIVE SCHEME FOR CUSTOMER SERVICE POINTS OF BANKS IN HILLY STATES/UTs:

A pilot scheme for providing financial assistance to CSPs/BCs of Banks operating in North Eastern States was introduced by NABARD in August 2023. NABARD has decided to extend the similar scheme to CSPs/BCs of banks operating in Hilly States/UTs viz., Himachal Pradesh, Jammu & Kashmir, Ladakh and Uttarakhand. The incentive under this scheme will be over and above the fixed commission and variable commission already being paid by the Banks.

HIGHLIGHTS:

- The operative period of the scheme will be one year, i.e., from 01 April 2024 to 31 March 2025. The scheme will be applicable to all Banks operating in hilly states/UTs (Himachal Pradesh, Jammu & Kashmir, Ladakh, Uttarakhand).

Eligible Individuals: Operators directly engaged by Banks or Operators engaged by Banks through Corporate BCs. In other words, the individual providing the service will be eligible for the incentive and not the agency which has engaged them.

Eligible Locations: The Operators working in rural centres, i.e., Tier 5 & Tier 6 Centres (population up to 9,999) as per population Census 2011.

- Financial Incentive of Rs.1,000/- per month to be paid to Operators of banks placed in hilly states/UTs for performing 50 and above financial transactions per month on an average, subject to a maximum of two top performing Operators per village.

●INDIAN BANKING INDUSTRY INCREASES THEIR CYBER INSURANCE COVER IN FY24:

The increase in cyber related incidents, frequency of claims and enhanced regulatory focus is nudging banks to increase cyber insurance cover. The coverage by banks and financial institutions increased by nearly 8 per cent in 2023-24 as compared to the previous financial year.

- The cyber insurance claims ratio by the banking industry in India has increased to over 50% in financial year 2022-23 as compared to 40% in financial year 2021-22.
- Usually, cyber risk insurance and cybercrime insurance are two separate policies. However, for banks it is combined because they also have a traditional policy called 'Bankers Blanket Indemnity policy'.
- The cyber threat landscape continues to evolve from phishing schemes to ransomware attacks posing challenges to the financial institutions in safeguarding their digital assets while maintaining trust and confidence among its customers. Further, outsourcing IT services to third party is a major area of risk for these institutions.

FINANCIAL INCLUSION - 35% BANK ACCOUNTS ARE INACTIVE:

According to the Global Findex Database 2021 Financial inclusion in India has improved over the past decade with a significant increase in access to bank accounts and digital payment systems. However, true financial inclusion involves having a healthy mix of financial instruments in household portfolios and ensuring individuals have the necessary financial literacy to make informed choices.

- India still has the highest number of inactive bank accounts, with 35% of accounts being unused, and the majority of household financial assets are still held in bank deposits and fixed deposits. Financial inclusion is also unevenly spread across the country, with the penetration of financial products mainly concentrated in urban areas.
- Gender gaps persist, with women having a larger number of dormant bank accounts and lower participation in investment decisions. Improving financial inclusion requires a multifaceted approach, including designing products that meet diverse populations' needs, promoting financial literacy, and establishing robust grievance redress processes.

●PSBs, LED BY SBI AND PNB, HOLD BULK OF UNCLAIMED DEPOSITS:

- Money with banks in India for which there are no takers has gone up 2.5x times in the post-Covid period. Driven largely by savings accounts turning inoperative or dormant and fixed deposits not redeemed, unclaimed deposits with scheduled banks crossed Rs.2,000 crore as of March 2023.
- With the pandemic disrupting lives, deposits with banks across current accounts, savings accounts, FDs and other instruments that are unclaimed by customers stood at Rs.39,900 crore as of December 2022, more than double from Rs.18,379 crore in December 2019, as per RBI's granular data. This includes balances with public sector, private, foreign, regional rural banks, and others. Despite tech initiatives and public awareness campaigns, the unclaimed monies held by public and private sector banks alone reached Rs.42,270 crore as of March 2023, as per data revealed in Parliament.
- PSBs hold the bulk of deposits at Rs.33,303 crore (83% of the total) as of Dec'22. SBI, holds 2.16 crore accounts worth Rs.8,069 crore of deposits. While PNB with Rs.5,298 crore, held the second-highest value of deposits. Among private banks, ICICI Bank holds 31.8 lakh accounts worth Rs.1,074 crore of deposits as of Dec. 2022, and HDFC Bank holds Rs.447 crore deposits, which has doubled from 2019.

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

CAIIB SPEICAL

CASE STUDY – I

EXPORT FINANCE

A Textile exporter, with estimated export sales of Rs.300 lacs during the last year and projected sales of Rs.500 lacs for the current year, approaches the bank for granting credit facilities. The Bank sanctions following facilities in the account:
Packing credit limit (PCL)/ Foreign Bill Purchased (FBP)/ Foreign usuance bill discounted (FUBD): Rs.100 lacs
Sub limits:
PCL (25% margin on FOB value) Rs. 50.00 lacs
FBP (15% margin on bill amount) Rs. 50.00 lacs
The exporter gets an order for USD 50,000/- CIF, for exports of textiles – dyed / hand printed, to UK, with shipment to be made by 15-9- 2019. On 2-6-2019, he approaches the bank for Packing credit, against the order for USD 50,000
On 31-8-2019, the exporter submits export documents for USD 48,000, against the order for USD 50,000. The documents are drawn on 30 days usance (D/A) as per terms of the order. The bank discounts the document at the days applicable rate, adjusts the PCL outstanding and credits the balance to the exporter's account, after recovering interest up to notional due date. Interest on PCL recovered separately.
The documents are realized on 29-10-2019, value date 27-10-2019, after deduction of foreign bank charges of USD 250. The bank adjusts the outstanding post shipment advance allowed against the bill on 31-8-2019. Bank charges interest at: PCL 8.50% upto 180 days, and post shipment at 8.50% upto 90 days and 10.50% thereafter. Overdue interest is charged at 14.50%.
The USD / INR rates were: 2-6-2019: Bill Buying 60.20, Bill Selling 60.40
31-8-2019: TT Buying 59.92, Bill Buying 59.85, TT Selling 60.08, Bill Selling 60.15, premium for 30 days was quoted as 04/06 paise.

ANSWERS TO THE FOLLOWING:

1) What is the amount that the bank allows as Packing Credit to the exporter against the given export order considering insurance and freight costs of 12%.
a) Rs. 26,48,800 b) Rs. 19,86,600 c) Rs. 30,10,000.00 d) Rs. 23,47,800
2) What exchange rate will the bank apply for purchase of export bill for USD 48,000.00 tendered by the exporter?
a) 60.20 b) 59.85 c) 59.89 d) 60.08
3) What is the amount of Post shipment advance allowed by the bank under FUBD, for the bill submitted by the exporter?
a) Rs. 28,72,800 b) Rs. 33,05,928 c) Rs. 24,43,512 d) Rs. 28,74,720
4) What will be the notional due date of the bill submitted by the exporter:
a) 30-1-2019 b) 30-9-2019 c) 25-10-2019 d) 27-10-2019
5) Total interest on the export bill discounted, will be charged up to:
a) Notional due date b) One day before value date of credit 26-10-2019
c) Date of realization 30-10-2019 d) Date of credit to Nostro account 29-10-2019
6) _________ is not a Pre-shipment advance:
a) Packing Credit b) Packing credit in foreign currency c) Factoring d) a & b
7) As per RBI guidelines, 'Pre-shipment / Packing Credit' can be granted for____:
a) Purchase, processing, manufacturing of goods b) Trading in exportable good
c) Working capital expenses towards rendering of services d) All of the above
8) Banks do insist on the following pre-requisites ________ while assessing a customer for Export Finance.
a) The customer should not be on the RBI's exporters caution list b) They should not be on the Specific Approval list of ECGC
c) They should have Import / Export number (IEC). d) All of the above

CASE STUDY - II

PROFIT PLANNING

One of the core function of Treasury Manager is Profit Planning. Suppose, a Bank has Rs. 1,500 to invest or lend. The Treasury manager has four different investment opportunities as given.
Answer Q.1-8 so as to enable the Treasury manager to take investment decision.

	Investment options	I	II	III	IV
a)	Investment in Govt. Securities with yield 7% and risk weightage of 0%	1500	800	600	600
b)	Lending to AAA rated customers with yield 9% p.a. and risk weightage of 20%	0	700	600	600
c)	Lending to AA rated customers with yield of 10% p.a. and risk weightage of 50%	0	0	300	150
d)	Lending to A rated customers with yield of 12% p.a. and risk weightage of 100%	0	0	0	150
	TOTAL INVESTMENT	1500	1500	1500	1500

1) Calculate total yield under Option III.
a) 6.0 % b) 8.4% c) 6.2% d) 7%
2) Total yield will be minimum in Option_____.
a) Option I b) Option II c) Option III d) Option IV
3) Which of the given Option possesses highest lending risk for banks?
a) Option IV b) Option II c) Option III d) Option I
4) Calculate Total RWA under Option IV.
a) 270 b) 140 c) 345 d) 120

5) RWA will be zero in Option_________.

a) Option I b) Option II c) Option III d) Option IV

6) Capital fund required @ 8% CRAR will be ___________ in Option III.

a) 9.6 b) 28.8 c) 21.6 d) 24.8

7) If the CRAR to be maintained as per RBI guidelines is 9%, what will be the risk weight and CAR in case of Option II.

a) 270;21.6 b) 260;10.8 c) 140;12.6 d) 180;9.6

8) The Cooke ratio is a measure of ___________:

a) A measure of credit exposure
b) A measure of capital in relation to risks
c) A measure of risk weighted assets covering credit exposure
d) A measure of risks in off balance sheet items

CASE STUDY - III

The daily closing price of ABC Forgings Ltd. in NSE for the given period is furnished below. Using the given data, you are required to answer the following questions.

S.NO.	MONTH / YEAR	PRICE
1	02-May-2019	890
2	03-May-2019	900
3	04-May-2019	908
4	05-May-2019	912
5	06-May-2019	920
6	10-May-2019	925
7	11-May-2019	915
8	12-May-2019	918
9	13-May-2019	922
10	14-May-2019	900

Using the given data, you are required to answer the following questions:

1) The variance of the given data is _____________ :

a) 118 b) 110 c) 115.6 d) 120

2) The volatility or standard deviation of the above data is:

a) 10.75 b) 12 c) 9.75 d) 11.75

3) The mean of the closing price of the shares of ABC Forgings for Bthe given period is ______:

a) 915 b) 918 c) 920 d) 911

4) Monthly volatility of the above scrip is :

a) 60 b) 55.550 c) 58.880 d) 59.960

5) Find daily volatility over a time period of one month when daily volatility of an investment portfolio is 1%

a) 6.22 b) 8.25 c) 5.48 d) 5.90

6) Find daily volatility over a period of one month, when daily volatility of an investment portfolio is 1.8%?

a) 8.23 b) 9.86 c) 10 d) 5.4

7) Find the volatility per day if volatility per annum is 25% and the no. of trading days per annum is 252.

a) 1.58% b) 2.26 c) 1.99 d) 2.1

8) A 5 year semi annual bond has a BPV of RS. 150. The yield on the bond has increased by 10 basis points. What is the profit or loss suffered due to increase in yield?

a) Rs.2000 b) Rs.1000 c) Rs.1500 d) Rs.750

9) A bank has a portfolio of Rs.15 crore. It takes a position in trading book of 1000 shares of Rs. 800 per share i.e. Rs.8 lakhs. It is estimated from average volatility that price is expected to fluctuate 4% daily. What would be the VaR at 98% confidence level if the price of 1000 shares changes by 2%.

a) 32,000 b) 80,000 c) 64,000 d) 3,20,000

10) 1 day VaR of a Portfolio is Rs. 10,00,000 with 95% confidence level. In a period of 6 months, how many times may the loss on the portfolio exceeds Rs. 10,00,000 if price fluctuates by 1%

a) 60,000 b) 62,500 c) 31,250 d) 1,25,000

11) A bond of Face value of Rs. 100 at market yield of 9% is quoted at Rs.95. If the yield falls to 8.90%, the price of the bond increases to Rs.95.20. Calculate BPV from the above information.

a) Rs. + 0.02 b) Rs. -0.02 c) Rs. +0.05 d) Rs. – 0.05

12) Market risk is also referred as ________:

a) Price risk b) Interest rate risk c) Strategic risk d) Operational risk

13) _______ is the means of describing a bond's price sensitivity to yield changes with a single number. This is equivalent to time, on average, that the holder of the bond must wait to receive the present value of the cash flows. In other words this represents cash flow 'Centre of Gravity or Fulcrum':

a) Monte Carlo Duration b) McCauley's Duration c) Downside risk d) Value at risk

ANSWERS (CAIIB SPECIAL)

CASE STUDY-I:	1	B	2	C	3	C	4	C	5	B	6	C	7	D	8	D										
CASE STUDY-II:	1	B	2	A	3	A	4	C	5	A	6	C	7	C	8	B										
CASE STUDY-III:	1	C	2	A	3	D	4	C	5	C	6	B	7	A	8	C	9	D	10	B	11	A	12	A	13	B

STEPWISE CALCULATION IN NEXT MONTHS ISSUE

RECOLLECTED QUESTIONS

1) Using UPI lite, limit of small value digital payments in offline mode is up to Rs. ____ within the overall limit of Rs. _____ per payment instrument.
a) 200, 2000 b) 500, 2000 c) 1000, 3000 d) 1000, 5000

2) The interest subvention under Agriculture Infrastructure Fund (AIF) is available for a maximum loan amount of Rs. ___ crore although the loan amount can be higher.
a) 1 b) 2 c) 3 d) 5

3) Reserve Bank Innovation Hub (RBIH) recently collaborated with which Payment bank for innovations in Financial Product and Services?
a) Fino Payments Bank b) Jio Payments Bank
c) India Post Payments Banks d) Aditya Birla Payments Bank

4) Self-employment scheme for rehabilitation of manual scavengers' scheme is run by which ministry?
a) Ministry of Social Justice & Empowerment b) Ministry of Agriculture
c) Ministry of MSME d) Ministry of Finance

5) What is the letter 'S' stands in PFMS?
a) Scheme b) System c) Structure d) Set-up

6) Banknotes with dog-ears with an area of more than ____mm² and a minimum length of the smaller edge greater than __mm shall be sorted as unfit. Chipped notes shall also be sorted as unfit.
a) 50, 2 b) 75, 4 c) 100, 5 d) 200, 10

7) As per KYC policy, "controlling ownership interest" means, ownership of entitlement to more than ____ of shares/capital/profit of the Company.
a) 10 b) 15 c) 20 d) 25

8) Each Business Correspondent/Agent have to clear the exam conducted by______.
a) IIB b) IIBF c) IBFC d) None

9) What is the risk categorization of a Politically exposed person?
a) Highest Risk b) Higher Risk c) High Risk d) Medium Risk

10) What is the maximum LTV allowed under gold loan scheme?
a) 50% b) 60% c) 70% d) 75%

11) The RBI has increased the gold loan limit under the bullet repayment scheme for urban co-operative banks (UCBs). The limit has been raised from Rs.2 lakhs to Rs. _____lakhs for UCBs that have met the overall target and sub-targets under Priority Sector Lending as of March 31, 2023.
a) 3 b) 4 c) 5 d) 10

12) What is the age limit for enrollment under NPS?
a) 18-65years b) 18-70 years c) 18-75 years d) 18-80 years

13) What is the Credit Conversion Factor (CCF) applicable in case of guarantee issued on behalf of Contractors like EMD and bids?
a) 30% b) 40% c) 50% d) 60%

14) Under New Pension System, for getting the same day NAV, Direct remittance (D-Remit) is to be carried out to Trustee Bank (currently _____) instead of going through the intermediary (service provider) account. D-Remit is an electronic system through which money can be directly transferred from your Bank account to the Trustee Bank so that you can get same day NAV for your investment in NPS.
a) BOB b) UBI c) SBI d) AXIS Bank

15) Alternate Reference Rate (ARR) in India is quoted by___
a) FBBL b) FIBL c) FBIL d) None

16) The "Agri-Clinics and Agri-Business Centres" (ACABC) scheme is being implemented by ________, with NABARD acting as subsidy channelizing agency.
a) Ministry of Agriculture and Farmers' Welfare
b) Ministry of MSME c) Ministry of Finance d) None

17) PSBs should provide doorstep Banking facility for senior citizens aged____ years and above.
a) 60 b) 65 c) 70 d) 80

18) The Central Statistics Office (CSO) under the Ministry of Statistics and Program Implementation is responsible for:
a) Calculating the GDP of India b) Macroeconomic data gathering
c) Statistical record keeping d) All of the above

19) As per Section 115BBH, what is the rate of income-tax calculated on the income from transfer of such virtual digital assets?
a) 15% b) 20% c) 30% d) 40%

20) What is the full form of CAPTCHA?
a) Completely Automated Public Turing test to tell Computers and Humans Apart
b) Completely Automatic Public Turing test to tell Computers and Humans Apart
c) Completely Automated Public Turning test to tell Computers and Humans Artificial intelligence
d) None of the above

21) In case of a fraudulent digital banking transaction in BSBDA account, where there is no fault of account holder nor bank, in how many working days of receiving request from customer, bank have to refund the amount?
a) 10 b) 15 c) 20 d) 25

22) What is the maximum tenor under Gold monetization scheme?
a) 10 years b) 15 years c) 20 years d) 25 years

23) Which of the following service is not provided by Payment Banks?
a) Accepting small deposits b) Remittances
c) ATM/Debit card issuance d) Providing small value loans

24) Which of the following is not a direct tax?
a) GST b) Capital gains tax c) Corporate Tax d) Income Tax

25) In an IFSC code, which are the alpha characters that represent the Bank?
a) First three alpha characters b) Last three numeric characters
c) First four alpha characters d) Last four numeric characters

26) Tokenization is the process of replacing the customer's ____ details with a unique code or token, allowing the customer to make online purchases without revealing sensitive card details.
a) Account b) Card c) Identity d) None

27) Bank holidays are declared in accordance to which act?
a) N.I. Act b) RBI Act c) B.R. Act d) None

28) Green Climate Fund has made an agreement with which financial institution for green finance to MSMEs by the later?
a) NABARD b) SIDBI c) SBI d) PNB

29) After how many times of dishonor of cheque under NACH (ECS) the cheque can't be presented again for payment?
a) Two times b) Three times c) Four times
d) No limit, but frequent dishonour will be dealt with individual banks board approved policy

30) What is the minimum and maximum deposit allowed under Gold Monetization scheme 2015?
a) 10 gm, no maximum limit b) 10 gm, 5 kg
c) 5 gm,1 kg d) 2.5 gm, 500 gm

31) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, ____ Act provides proper guidelines for preventing sexual harassment in the workplace.
a) PSOH b) POSH c) PHOS d) None

32) While opening current account, the customer has to declare that his/her CCOD limit from banking system is less than Rs.____ crore and when their borrowal limit from banking system crosses Rs.____ crore he will inform to bank.
a) 5, 5 b) 6, 6 c) 8, 8 d) 10, 10

33) For the purpose of verifying the identity of customers at the time of accounts, Banks may rely on customer due diligence done by a third party with a condition that, Records or the information of the customer due diligence carried out by the third party is obtained within a period of_____day(s) from the third party or from the Central KYC Records Registry.
a) 1 b) 2 c) 3 d) 4

34) A _____ is a rough statistical estimate or an estimate of value otherwise unknown established for purposes in whatever negotiation or planning is underway.
a) Ballpark figure b) Guesstimate c) Approximation d) Estimation

ANSWER KEY

1	B	**2**	B	**3**	C	**4**	A	**5**	B
6	C	**7**	A	**8**	B	**9**	C	**10**	D
11	B	**12**	B	**13**	C	**14**	D	**15**	C
16	A	**17**	C	**18**	D	**19**	C	**20**	A
21	A	**22**	B	**23**	D	**24**	A	**25**	C
26	B	**27**	A	**28**	B	**29**	D	**30**	A
31	B	**32**	A	**33**	B	**34**	A		

LATEST GENERAL KNOWLEDGE

●RBI has appointed ______as Executive Director with effect from May 09, 2024**: Shri R. Lakshmi Kanth Rao**

●_______has been appointed as MD & CEO of the National Asset Reconstruction Company (NARCL), India's state-owned Bad Bank**: P Santhosh**

●_______ the CMD of ITC Ltd., has been elected as the President of the Confederation of Indian Industry (CII)**:Sanjiv Puri**

●_____has been appointed as Chairman of the Colombo Process for the first time since the forum's establishment in 2003**: India**

●The RBI has granted approval for the appointment of ____as the Part-time Chairman of ICICI Bank**: Pradeep Kumar Sinha**

●Retired Justice ______ has been appointed as the President of the GST Appellate Tribunal (GSTAT)**: Sanjaya Kumar Mishra**

●______has been appointed as the new Country Manager for India by Visa, the global digital payments platform**: Sujai Raina**

●RBI has approved reappointment of _____ as part time chairman of HDFC bank for 3 years**: AT-Anu Chakraborty**

●_______has been appointed as MD & CEO of Ujjivan Small Finance Bank**: Sanjeev Nautiyal**

●_______ has been re-elected for a third term to the International Narcotics Control Board (INCB) at the United Nations**: Jagjit Pavadia**

●____ has received approval from the RBI to operate as a payment aggregator**: Worldline ePayments India**

●____has obtained approval from the RBI to establish a subsidiary in Gujarat International Finance Tech-City (GIFT), Gandhinagar**: Rural Electrification Corporation Limited**

●________a start-up in revenue-based finance (RBF), has obtained a NBFC license from the RBI**: GetVantage**

●_____has been honoured for Outstanding Contribution to Corporate Social Responsibility**: Dr. Bina Modi**

●German author ______ have won the International Booker Prize for their novel "Kairos."**: Jenny Erpenbeck and translator Michael Hofmann**

●Oxford Bookstores announced _____ as the winner of the 9th edition of the Oxford Bookstore Book Cover Prize for her book "The Book Beautiful"**: Bhavi Mehta**

●____has been honored with the 15th CIDC Vishwakarma Award in the 'Achievement Award for Best Construction Projects' category**: GAIL (India) Limited**

●________, an Indian-origin U.S. scientist has been awarded the Shaw Prize in Astronomy for 2024**: R. Kulkarni**

●______ has been given the '2024 John Dirks Canada Gairdner Global Health Award' for her achievements in global health research**: Dr. Gagandeep Kang**

●World Anti-Doping Agency (WADA) report 2022 states that ____ has the highest percentage of doping offenders**: India**

●____in Maharashtra's Sangli district is known for its craftsmanship in making musical instruments, particularly sitars and tanpuras**: Miraj**

●WTO report stated that, ___exports has reached $257 billion, marking a 17 percent growth in digitally delivered services globally**: India's**

●____the CMD of Hindustan Shipyard Limited (HSL), has been bestowed with the esteemed 'PSU Samarpan Award'**: Cmde Hemant Khatri**

●The Indian Army and the Punit Balan Group joined hands to inaugurate the nation's first ____ in Pune**: Constitution Park**

●_____ has unveiled a feature allowing NRI customers to utilize UPI transactions through their international mobile numbers**: ICICI Bank**

●______ joins India's Top 5 companies with market cap surpassing Rs. 8 Trillion**: ICICI Bank**

●_____has secured the third rank in the world for the Talent Development category at the ATD BEST Awards 2024**: NTPC**

●____ of India, have been recognized as some of the world's most influential companies by TIME magazine for 2024**: Reliance Industries Limited, Tata Group and Serum Institute**

●____ has forged a partnership with fintech platform Karma Life to extend micro loans to gig workers**: The Small Industries Development Bank of India (SIDBI)**

●_____have been inscribed on UNESCO's Memory of the World Asia-Pacific Regional Register**: The Ramcharitmanas, Panchatantra, and Sahṛdayāloka-Locana**

●_____, the renowned educationist and Founder/CEO of Chandra Admission Consultants, was honoured with the Global Excellence Award 2024**: Chandrakant Satija**

●_____ has announced the creation of a Global Artificial Intelligence (AI) Centre of Excellence in the Paris**: TCS**

●The eminent author ______ has been bestowed with the Sahitya Akademi Fellowship, the highest honour conferred by India's premier literary organization, the Sahitya Akademi**: Ruskin Bond**

●_____have made it to the top 15 world's super-rich list of the Bloomberg Billionaires Index**: Mukesh Ambani & Gautam Adani**

●YES Bank has introduced _____a premium banking service designed to provide tailored financial and lifestyle solutions**: 'YES Grandeur'**

●____has ascended to the 39th spot in the World Economic Forum's Travel & Tourism Development Index 2024, from its 54th position**: India**

● Doordarshan 'DD Kisan' has introduced ___ the first AI anchors in India's government broadcasting history**: 'Krish and Bhoomi'**

●India is embarking on Mission _______, aimed at consolidating its fragmented airspace management into a single, unified system headquartered in Nagpur**: ISHAN**

●_____, an entrepreneur and fitness enthusiast from Madhya Pradesh, has become the oldest Indian woman to conquer Mount Everest**: Jyoti Ratre**

●____, India's premier hydropower company, has been bestowed with the 'The Economic Times HR World Future Ready Organization Award 2024-25'**: NHPC**

●Nepalese climber ______ has achieved the extraordinary accomplishment of climbing Mount Everest three times during the current season**: Purnima Shrestha**

●____ has achieved a significant milestone with the commissioning of its first green hydrogen plant located in Vijaipur, Madhya Pradesh**: GAIL (India) Ltd**

●The Indian gymnast _____ has scripted history by becoming the first-ever Indian to secure a gold medal in any Asian Championships**: Dipa Karmakar**

●Poonawalla Fincorp Limited, in partnership with IndusInd Bank, has introduced the co-branded**: 'IndusInd Bank Poonawalla Fincorp eLITE RuPay Platinum Credit Card'.**

●_____, an Indian serving with the UNO Stabilization Mission in the Republic of the Congo, has been awarded the 2023 UN Military Gender Advocate of the Year Award**: Major Radhika Sen**

●Indian mountaineer _____ has become the first person to scale Mt. Everest and Mt. Lhotse twice in a single season**: Satyadeep Gupta**

KEY INDICATORS

REPO RATE	**6.50%**	**FOREX RESERVES-Rs. (in Cr)**	**5373798**
CRR	**4.50%**	**FOREX RESERVES US ($ Million)**	**646673**
SLR	**18.00%**	**SCB's AGGREGATE DEPOSITS - (Cr)**	**20714644**
BANK RATE & MSF	**6.75%**	**SCB's BANK CREDIT - (Cr)**	**16093855**
SDF	**6.25%**	**FIXED RATE REVERSE REPO**	**3.35%**