

BANKING Awareness

for SBI & IBPS Bank Clerk/ PO/ RRB/ RBI/ LIC Exams



Practice
Exercises
Level 2

Past Year
Exercises
Level 1

Complete
Updated
Theory

Includes

- Budget, New Policies & Schemes
- Financial Awareness
- Financial Schemes of Government
- Monetary Policy
- Digital Banking
- Marketing in Banking
- Current Development in Banking
- 2015 – 2021 Past years Questions

Covers
1800+ MCQs

5th Edition

BANKING Awareness

for SBI & IBPS Bank Clerk/ PO/ RRB/ RBI/ LIC Exams

Corporate
Office

DISHA PUBLICATION

45, 2nd Floor, Maharishi Dayanand Marg,
Corner Market, Malviya Nagar, New Delhi - 110017
Tel : 49842349 / 49842350

No part of this publication may be reproduced in any form without prior permission of the publisher. The author and the publisher do not take any legal responsibility for any errors or misrepresentations that might have crept in. We have tried and made our best efforts to provide accurate up-to-date information in this book.

All Right Reserved

© Copyright
Disha

Typeset by Disha DTP Team



www.dishapublication.com

Books &
ebooks for
School &
Competitive
Exams



www.mylearninggraph.com

Etests
for
Competitive
Exams



Write to us at feedback_disha@aiets.co.in



Contents

	Budget 2021-22	N-1-5
	Current Banking Awareness	N-6-10
	Banking schemes & Policies	N- 11-15
	Past and Practice MCQ's	N-16-20

1.	Evolution and Development of Banking in India	1-8
2.	Types of Banking in India	9-16
3.	RBI and its Functions	17-31
4.	Nationalisation of Banks	32-36
5.	Financial Markets in India	37-47
6.	Financial Organizations in India	48-54
7.	NBFCs in India	55-57
8.	All about the Basel Norms	58-61
9.	Important Committees in Banking Sector	62-67
10.	MUDRA Bank	68-70
11.	Small Finance Banks & Payment Banks in India	71-78
12.	Credit card-Debit card-Smart card ATMs in India	79-89

13. Banks Board Bureau & Indian Banks' Association	90-92
14. NPCI and its Products	93-97
15. Banking and NBFC Ombudsman	98-102
16. World Bank-IMF-IDA-ADB-NDB-AIIB	103-109
17. Mutual Funds	110-114
18. Cheques and its types	115-118
19. Risks in Banking Sector	119-124
20. 'Indradhanush' Strategy to Revamp PSU Banks	125-127
21. Headquarters and Taglines of Public Sector Banks	128-132
22. Miscellaneous Terms used in Banking Sector	133-144
23. Types of Money	145-151
24. Financial Schemes of Government	152-159
25. Priority Sector Lending	160-165
26. Insurance Industry	166-171
27. Deposit Insurance and Credit Guarantee Corporation	172-176
28. Financial Inclusion and the Related Schemes	177-186
29. Monetary Policy of RBI & Monetary Policy Committee	187-192
30. NPA & SARFAESI	193-198
31. Shares and Debentures	199-203
32. Negotiable Instruments	204-210
33. Financial Terms & Abbreviations	211-217
34. Currency System in India	218-223
35. Union Budget 2020-21 & Recent Economic Developments	224-288

BUDGET 2021-22

The Budget proposals for 2021-2022 rest on 6 pillars.

1. Health and Wellbeing
2. Physical & Financial Capital, and Infrastructure
3. Inclusive Development for Aspirational India
4. Reinvigorating Human Capital
5. Innovation and R&D
6. Minimum Government, Maximum Governance

1. Health Systems

A new centrally sponsored scheme, **PM AtmaNirbhar Swasth Bharat Yojana**, will be launched with an outlay of about ₹ 64,180 crores over 6 years. This will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases. This will be in addition to the National Health Mission.

Nutrition

Supplementary Nutrition Programme and the Poshan Abhiyan will be merged to launch the Mission Poshan 2.0. There will be adoption of an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts.

Universal Coverage of Water Supply

The Jal Jeevan Mission (Urban), will be launched. It aims at universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, as well as liquid waste management in 500 AMRUT cities.

Swachh Bharat, Swasth Bharat

For further swachhta of urban India, there will be focus on complete faecal sludge management and waste water treatment, source segregation of garbage, reduction in

single-use plastic, reduction in air pollution by effectively managing waste from construction-and-demolition activities and bio-remediation of all legacy dump sites.

Scrapping Policy

A voluntary vehicle scrapping policy will be brought to phase out old and unfit vehicles. This will help in encouraging fuel- efficient, environment friendly vehicles. Vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles.

Vaccines

The Pneumococcal Vaccine, a Made in India product, is presently limited to only 5 states will be rolled out across the country.

₹35,000 crores have been given for Covid-19 vaccine in BE 2021-22.

2. Physical and Financial Capital and Infrastructure

Textiles

A scheme of Mega Investment Textiles Parks (MITRA) will be launched in addition to the PLI scheme. This will create world class infrastructure with plug and play facilities to enable create global champions in exports. 7 Textile Parks will be established over 3 years.

Infrastructure

The National Infrastructure Pipeline (NIP) was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects. Around 217 projects worth ₹1.10 lakh crores under some key infrastructure Ministries have been completed.

Sharp Increase in Capital Budget

In the BE 2020-21, govt. had provided ₹4.12 lakh crores for Capital Expenditure and it is likely to end the year at around ₹4.39 lakh crores (RE 2020-21). For 2021-22, there will be a sharp increase in capital expenditure and

thus have provided ₹5.54 lakh crores which is 34.5% more than the BE of 2020-21. Over and above this expenditure, Centre would also be providing more than ₹2 lakh crores to States and Autonomous Bodies for their Capital Expenditure.

Roads and Highways Infrastructure

By March 2022, Govt. would be awarding another 8,500 kms and complete an additional 11,000 kms of national highway corridors.

Railway Infrastructure

Indian Railways have prepared a National Rail Plan for India – 2030. The Plan is to create a 'future ready' Railway system by 2030.

It is expected that Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022.

Power Infrastructure

The distribution companies across the country are monopolies, either government or private. There is a need to provide choice to consumers by promoting competition. A framework will be put in place to give consumers alternatives to choose from among more than one Distribution Company.

Hydrogen Energy Mission is proposed in 2021-22 for generating hydrogen from green power sources.

Ports, Shipping, Waterways

Major Ports will be moving from managing their operational services on their own to a model where a private partner will manage it for them. For the purpose, 7 projects worth more than ₹2,000 crores will be offered by the Major Ports on Public Private Partnership mode in FY21-22.

Petroleum & Natural Gas

Ujjwala Scheme which has benefited 8 crores households will be extended to cover 1 crores more beneficiaries.

100 more districts to be added in next 3 years to the City Gas Distribution network. A gas pipeline project will be taken up in Union Territory of Jammu & Kashmir.

Financial Capital

To instill confidence amongst the participants in the Corporate Bond Market during times of stress and to generally enhance secondary market liquidity, it is proposed to create a permanent institutional framework. The proposed body would purchase investment grade debt securities both in stressed and normal times and help in the development of the Bond market.

Increasing FDI in Insurance Sector

It is proposed to amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies and allow foreign ownership and control with safeguards. Under the new structure, the majority of Directors on the Board and key management persons would be resident Indians, with at least 50% of Directors being Independent Directors, and specified percentage of profits being retained as general reserve.

Recapitalization of PSBs

To further consolidate the financial capacity of PSBs, further recapitalization of ₹20,000 crores is proposed in 2021-22.

Deposit Insurance

Last year, Government had approved an increase in the Deposit Insurance cover from ₹1 lakh to ₹5 lakhs for bank customers. To streamline the provisions, so that if a bank is temporarily unable to fulfil its obligations, the depositors of such a bank can get easy and time-bound access to their deposits to the extent of the deposit insurance cover. This would help depositors of banks that are currently under stress.

Company Matters

There will be revision of the definition under the Companies Act, 2013 for Small Companies by increasing their thresholds for Paid up capital from "not exceeding ₹50 Lakh" to "not exceeding ₹2 Crore" and turnover from "not exceeding ₹2 Crore" to "not exceeding ₹20 Crore".

Disinvestment and Strategic Sale

A number of transactions for strategic disinvestment namely BPCL, Air India,

Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited among others would be completed in 2021-22. Other than IDBI Bank, govt proposes to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22.

Govt will also bring the IPO of LIC.

To similarly incentivise States to take to disinvestment of their Public Sector Companies, Centre will work out an incentive package of Central Funds for States.

Government Financial Reforms

The Government is committed to the development of Multi-State Cooperatives and will provide all support to them. To further streamline the 'Ease of Doing Business' for Cooperatives, govt proposes to set up a separate Administrative Structure for them.

3. Inclusive Development for Aspirational India

Under this pillar, Agriculture and Allied sectors, farmers' welfare and rural India, migrant workers and labour, and financial inclusion will be covered.

Agriculture

The MSP regime has undergone a sea change to assure price that is at least 1.5 times the cost of production across all commodities.

Govt is enhancing the allocation to the Rural Infrastructure Development Fund from ₹30,000 crores to ₹40,000 crores.

Fisheries

Five major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat – will be developed as hubs of economic activity. Govt will also develop inland fishing harbours and fish-landing centres along the banks of rivers and waterways.

To promote seaweed cultivation, Govt proposes a Multipurpose Seaweed Park to be established in Tamil Nadu.

Migrant Workers and Labourers

One Nation One Ration Card plan is under implementation by 32 states and UTs, reaching about 69 crores beneficiaries – that's a total of

86% beneficiaries covered. The remaining 4 states and UTs will be integrated in the next few months.

To further extend efforts towards the unorganised labour force, migrant workers particularly, govt will launch a portal that will collect relevant information on gig, building, and construction-workers among others. This will help formulate Health, Housing, Skill, Insurance, Credit, and food schemes for migrant workers.

Govt will implement the 4 labour codes. For the first time globally, social security benefits will extend to gig and platform workers. Minimum wages will apply to all categories of workers, and they will all be covered by the Employees State Insurance Corporation.

Financial Inclusion

To further facilitate credit flow under the scheme of Stand Up India for SCs, STs, and women, govt proposes to reduce the margin money requirement from 25% to 15%, and to also include loans for activities allied to agriculture.

4. Reinvigorating Human Capital

The National Education Policy (NEP) announced recently has had good reception.

School Education

More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy.

Higher Education

In Budget 2019-20, the FM had mentioned about the setting-up of Higher Education Commission of India. Govt would be introducing Legislation this year to implement the same. It will be an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding.

For accessible higher education in Ladakh, govt to set up a Central University in Leh.

Scheduled Castes and Scheduled Tribes Welfare

To establish 750 Eklavya model residential schools in tribal areas. Govt to increase the unit cost of each such school from ₹20 crores to ₹38

crores, and for hilly and difficult areas, to ₹48 crores.

5. Innovation and R&D

In 2019, govt had announced the National Research Foundation. Now the modalities have been worked out and the NRF outlay will be of ₹50,000 crores, over 5 years. It will ensure that the overall research ecosystem of the country is strengthened with focus on identified national-priority thrust areas.

Govt will undertake a new initiative – National Language Translation Mission (NTLM). This will enable the wealth of governance-and-policy related knowledge on the Internet being made available in major Indian languages.

As part of the Gaganyaan mission activities, four Indian astronauts are being trained on Generic Space Flight aspects, in Russia. The first unmanned launch is slated for December 2021.

Govt will launch a Deep Ocean Mission with a budget outlay of more than ₹4,000 crores, over five years. This Mission will cover deep ocean survey exploration and projects for the conservation of deep sea bio-diversity.

6. Minimum Government, Maximum Governance

Govt has introduced the National Commission for Allied Healthcare Professionals Bill in Parliament, with a view to ensure transparent and efficient regulation of the 56 allied healthcare professions. Additionally, to bring about transparency, efficiency and governance reforms in the nursing profession, The National Nursing and Midwifery Commission Bill will be introduced by the government for passing.

Fiscal Position

At the beginning of the current Financial Year, the pandemic's impact on the economy resulted in a weak revenue inflow. This was combined with high expenditure to provide essential relief to vulnerable sections of the society especially the poor, women, SCs and STs. As a result, against an original BE expenditure of ₹30.42 lakh crores for 2020- 2021, RE estimates are ₹34.50 lakh crores.

The capital expenditure, estimated in RE is ₹ 4.39 lakh crores in 2020-2021.

In accordance with the views of the 15th Finance Commission, Centre is allowing a normal ceiling of net borrowing for the states at 4% of GSDP for the year 2021-2022.

Direct Tax Proposals

In 2020, the return filers saw a dramatic increase to 6.48 crore from 3.31 crore in 2014. In the Direct Tax administration, govt has recently introduced the Faceless Assessment and Faceless Appeal. Govt to take further steps to simplify the tax administration, ease compliance, and reduce litigation.

Relief to Senior Citizens

Govt shall reduce compliance burden on our senior citizens who are 75 years of age and above. For senior citizens who only have pension and interest income, the government proposes exemption from filing their income tax returns. The paying bank will deduct the necessary tax on their income.

Reduction in Time for Income Tax Proceedings

To reduce this time-limit for re-opening of assessment to 3 years from the present 6 years. In serious tax evasion cases too, only where there is evidence of concealment of income of ₹50 lakh or more in a year, can the assessment be re-opened up to 10 years.

Setting up the Dispute Resolution Committee

The Government came out with the Direct Tax Vivad Se Vishwas Scheme to give taxpayers an opportunity to settle long pending disputes and be relieved of further strain on their time and resources.

Relaxation to NRI

When Non-Resident Indians return to India, they have issues with respect to their accrued incomes in their foreign retirement accounts. This is usually due to a mismatch in taxation periods. They also face difficulties in getting credit for Indian taxes in foreign jurisdictions. Govt to notify rules for removing their hardship of double taxation.

Attracting foreign investment into infrastructure sector

In the last budget, for attracting foreign investment in the infrastructure sector, Govt had granted 100% tax exemption, subject to certain conditions, to foreign Sovereign Wealth Funds and Pension Funds, on their income from investment in Indian infrastructure. In order to ensure that a large number of Funds invest in India, govt to relax some of these conditions relating to prohibition on private funding, restriction on commercial activities, and direct investment in infrastructure. In order to allow funding of infrastructure by issue of Zero Coupon Bonds, the government

proposes to make notified Infrastructure Debt Funds eligible to raise funds by issuing tax efficient Zero Coupon Bonds.

Labour Welfare

Govt has noticed that some employers deduct the contribution of employees towards Provident funds, superannuation funds, and other social security funds but do not deposit these contributions within the specified time. For the employees, this means a loss of interest or income. In cases where an employer later becomes financially unviable, non-deposit results in a permanent loss for the employees.

Budget at a Glance (In ₹ crore)					
		2019-2020 Actuals	2020-2021 Estimates	2020-2021 Revised Estimates	2021-2022 Budget Estimates
1.	Revenue Receipts	1684059	2020926	1555153	1788424
2.	Capital Receipts	1002271	1021304	1895152	1694812
3.	Total Receipts (Revenue Capital Receipts)	2686330	3042230	3450305	3483236
4.	Total Expenditure	2686330	3042230	3450305	3483236
5.	Revenue Deficit	666545	609219	1455989	1140576
6.	Effective Revenue Deficit	480904	402719	1225613	921464)
7.	Fiscal Deficit	933651	796337	1848655	1506812
8.	Primary Deficit	321581	88134	1155755	697111

CURRENT BANKING AWARENESS

RBI's 3rd Bi-Monthly Monetary Policy Statement 2020-21

Shaktikanta Das, Governor of Reserve Bank of India (RBI) announced the 3rd Bi-Monthly Monetary Policy Statement for 2020-21.

Key Points:

- The Monetary Policy Committee (MPC) evaluated domestic and global macroeconomic and financial conditions and thus has kept the repo rate under the Liquidity Adjustment Facility (LAF) unchanged to 4%.
- The reverse repo rate under LAF is also kept unchanged to 3.35%.
- There is also no change in the Marginal Standing Facility (MSF) and Bank Rate which are at 4.25%.
- Another announcement includes that RBI will introduce on-tap Targeted Long Term Repo Operations (TLTRO) for the banks to borrow up to ₹ 1 trillion from the window and invest in corporate bonds or debt instruments.
- The committee has predicted real GDP growth for FY 2021 to contract by 9.5%.

India's GDP to contract by 9.6% in FY21 - World Bank

The World Bank has predicted that India's GDP will contract by 9.6% in the financial year of 2021.

Key Points:

- This prediction is based on the current nationwide lockdown situation and due to the income shock experienced by households and businesses due to the outbreak of Coronavirus.
- Earlier in June 2020, the World Bank predicted that the Indian economy will shrink by 3.2% in FY21.
- As per the World Bank, India's growth is projected to rebound to 5.4% in 2022.

- Also, regional growth for South Asia is expected to rebound to 4.5% in 2021.
- As per predictions by the World Bank, the fiscal deficit to rise above 12% in FY2021, assuming that the combined deficit of the states is within 4.5% to 5% of GDP.

Single SBI branch for all FCRA accounts

The Union Home Ministry has asked all NGOs seeking foreign donations to open a designated FCRA account at the State Bank of India's New Delhi branch by March 31, 2021.

Key Points:

- NGOs registered under FCRA shall not receive any foreign donations in any other bank account from April 1, 2021.
- As of now there are 22,434 such NGOs and associations active under the FCRA.
- In September, the Foreign Contribution (Regulation) Act, 2020 was amended by Parliament and a new provision that makes it mandatory for all non-government organisations and associations to receive foreign funds in a designated bank account at SBI's New Delhi branch was inserted.

India's GDP to contract 10.3% in FY 2020-21 - IMF

The International Monetary Fund (IMF) has released the 'World Economic Outlook' report 2020.

Key Points:

- As per the report, the IMF has projected India's GDP to contract 10.3% in FY 2020-21.
- Earlier, IMF projected India's GDP to contract by 4.5% due to the pandemic of COVID-19.
- Also as per the report, India's GDP to grow at 8.8% in FY 2021-22. Earlier prediction for GDP was 6% for FY 2021-22.
- Also as per IMF, the world economy will contract by 4.4% in FY 2020-21.

‘CII Agro and Food Tech: India International Food and Agri Week’

Ministry for Agriculture and Farmers Welfare inaugurated first ‘CII Agro and Food Tech: India International Food and Agri Week’ during the 14th Agro and Food Tech event.

Key Points:

- The ‘CII Agro and Food Tech: India International Food and Agri Week’ was observed from 16th Oct to 22nd Oct 2020.
- It was organised by Confederation of Indian Industry (CII) in partnership with the ministry of fisheries, animal husbandry and dairying and ministry of food processing industries.
- The week was observed with an aim to use technology in the food and agriculture sector so as to boost farmers income.
- Along with this observation of the week, the Ministry of food processing also launched ‘Anna Devo Bhava’, which is an awareness campaign.

BANKING

RBI fixed minimum NOF size to HFCs at ₹ 25 crore

Reserve Bank of India, the new regulatory body for Housing Finance Companies (HFCs) has proposed changes to the prescribed HFCs.

Key Points:

- These changes are made with an aim to increase the efficiency of HFCs and address their issues related to liquidity and double financing.
- In this regard, RBI has revised the regulatory framework for HFCs under which minimum Net Owned Funds (NOF) size for HFCs is fixed to ₹ 25 crore.
- As per this, HFC having CoR (Certificate of Registration) and having NOF less than ₹ 25 crore will be required to achieve NOF of ₹ 15 crore by 31st March 2022 and ₹ 25 crore by 31st March 2023.
- Also, it would be mandatory upon such HFCs whose NOF is currently below

₹ 20 crore to submit a statutory auditor's certificate to RBI within a month evidencing compliance with the prescribed levels.

- HFCs not fulfilling the prescribed level within the stipulated amount of time will not be eligible to hold CoR.

RBI's Monetary Policy Committee Meet

The Reserve Bank of India's MPC meeting was held. It was headed by RBI Governor, Shaktikanta Das.

Key Points:

- RBI has decided to keep interest rates unchanged for the third time in a row and has maintained the policy stance at ‘accommodative’.
- As per the decisions from MPC Committee members, the repo rate or the rate at which RBI lends to the banks is unchanged to 4%.
- The reverse repo rate under the LAF is also unchanged at 3.35%.
- The Marginal Standing Facility (MSF) rate and Bank Rate is also kept unchanged at 4.25%.
- These decisions to maintain the status quo on policy rates are taken because of inflation.
- Also, the Governor stated that GDP growth for the fiscal year 2021 is at -7.5%.

World Bank-IMF Annual Meet 2020

The annual meeting of the World Bank and International Monetary Fund (IMF) was held virtually.

Key Points:

- The meeting was addressed by the Union Minister of Health and Family Welfare, Dr. Harsh Vardhan.
- The meeting was held under two themes: (a) ‘Unleashing the South Asian Century through Human Capital for All’ (b) ‘Investing in COVID-19 Vaccines and Primary Health Care Delivery System’.
- Dr. Harsh Vardhan mentioned that India followed the ‘Whole of Society, Whole

of Government' approach to tackle the pandemic situation in the country.

- Also, he appreciated the support from private firms of India in providing PPE kits, N95 masks, oxygen supply, ventilators with an aim to ensure self-sufficiency.
- He highlighted that medical infrastructure in India from March has risen from having one lab in March 2020 to 2000 labs till now.
- He focused that India's current agenda is to provide affordable COVID-19 vaccine and to ensure its equal distribution through electronic Vaccine Intelligent Network (e-Vin).
- For this purpose, the National Expert Group on Vaccine Administration under the leadership of PM Narendra Modi is set up. This expert group will ensure equal distribution of vaccines in rural and remote areas.

19th Meet of SCO Ministers of Foreign Economy and Foreign Trade

The 19th meeting of the Shanghai Cooperation Organisation (SCO) Ministers of Foreign Economy and Foreign Trade was held virtually.

Key Points:

- The meeting was chaired by Union Minister for Commerce and Industries, Piyush Goyal.
- Union Minister Piyush Goyal addressed the meeting that countries must work collaboratively to strengthen their economic strengths in order to increase trade and investment so as to achieve speedy recovery from pandemic.
- Also, the cooperation will help to achieve global economic growth as SCO nations contribute to 1/7th global trade in goods and 1/8th global trade in commercial services.
- Four major documents were adopted in the meet: (1) Statement on the response on COVID-19 (2) Statement on Multilateral Trading System (3) Statement

on SCO Cooperation on Intellectual Property Rights (4) Action Plan for the implementation of MoU for increasing cooperation in MSMEs.

- First-ever SCO Startup Forum: It was launched by Union Minister Piyush Goyal ahead of this meet. The forum will perform the role of the foundation for multilateral cooperation and will allow engagement of SCO nations to develop startup ecosystems.

Fifteenth Finance Commission

The Fifteenth Finance Commission led by Chairman N K Singh, submitted its Report to the President of India.

Key Points:

- The Report will be available in the public domain once it is tabled in the Parliament by the Union Government.
- The Finance Commission was required to submit two reports. The first report, consisting of recommendations for the financial year 2020-21, was tabled in Parliament.
- The Commission was asked to give its recommendations on many unique and wide-ranging issues in its terms of reference.
- Apart from the vertical and horizontal tax devolution, local government grants, disaster management grant, the Commission was also asked to examine and recommend performance incentives for States in many areas like power sector, adoption of DBT, solid waste management etc.
- The Commission was also asked to examine whether a separate mechanism for funding of defence and internal security ought to be set up and if so how such a mechanism could be operationalised.

REPORTS & INDICES

'Poverty and Shared Prosperity 2020: Reversal of Fortune'

World Bank Group has released a Biennial report titled 'Poverty and Shared Prosperity 2020: Reversal of Fortune'.

Key Points:

- As per the report, around 150 million people will be pushed into extreme poverty by the end of 2021 because of COVID-19 pandemic.
- Around 88 million to 115 million will be pushed to extreme poverty due to this COVID-19 pandemic in 2020.
- This report states that this time it is the first to rise in extreme poverty percentage in the past 20 years.
- The aspects which lead to an increase in global poverty are: COVID-19, Armed Conflicts and Climate Change.
- Around 82% of people from middle-income countries will be dragged into extreme poverty.

3rd Edition of CRI Index 2020

The Commitment to Reducing Inequality (CRI) Index 2020 is released by Oxfam International and Development Finance International.

Key Points:

- India has been ranked at 129th position among 158 countries. The CRI ranking index is topped by Norway. The second and third position is marked by Denmark and Germany respectively. South Sudan has the lowest ranking at 158th position in CRI Index 2020.
- The third edition of the CRI index focuses on fighting inequality during the time of COVID-19 pandemic. The index measures what governments are doing to reduce the gap between rich and poor.
- The report analyses measures adopted by the nation and its government's policies or actions in major three areas which are related to tackle and reduce inequality.

The three major areas of analysis are: Social Spending, Progressive Taxation Policies and Labour Rights.

Global Hunger Index 2020

The Global Hunger Index of 2020 has been released.

Key Points:

- India has marked the rank position of 94th among 107 countries in this index.
- As per the report, India comes under 'serious category' with a score of 27.2.
- A score of India in each assessment category: For child stunting, rate is 37.4%. Wasting rate is 17.3%, undernourishment rate is 14% and under 5 mortality rate is 3.7%.
- Other neighbouring countries of India which are under serious category are Bangladesh (75th), Myanmar (78th) and Pakistan (88th).
- Nepal (73rd) and Sri Lanka (64th) are in the moderate category in Global Hunger index 2020.

44th OECD International Migration Outlook 2020 Report

The report on the 44th edition of OECD International Migration Outlook 2020 has been released.

Key Points:

- As per this report, India has marked the 2nd rank position in terms of migrants going to OECD countries and acquiring citizenship of those countries.
- China has marked the first rank in this ranking.
- The third position is marked by Romania.
- From India, 3.3 lakh migrants moved to OECD which is an increase of 10% compared to last edition report analysis.

State of Global Air 2020

State of Global Air 2020 was released by the Health Effects Institute (HEI).

Key Points:

- The Report highlights that air pollution is the largest risk factor for death among all health risks.
- India, Bangladesh, Pakistan and Nepal are among the top ten countries with the highest PM2.5 (particulate matter) exposures in 2019.

- All these countries also experienced increases in outdoor PM2.5 levels between 2010 and 2019.
- India is also among the top ten countries with highest Ozone (O₃) exposure in 2019.
- Among the 20 most populous countries, India recorded the highest increase (17%) in O₃ concentrations in the past ten years.

5th Public Affairs Index 2020

Recently, the Public Affairs Centre has released the Public Affairs Index (PAI)-2020.

Key Points:

- It is a unique statistical tool to evaluate the performance of governance in the States.
- Kerala was adjudged the best-governed state in the country while Uttar Pradesh ended at the bottom in the large states category.
- The four southern states, namely, Kerala, Tamil Nadu, Andhra Pradesh, and Karnataka stood in the first four ranks in the large state category in terms of governance.
- Uttar Pradesh, Odisha and Bihar were at the bottom of the ranking, scoring negative points in the category i.e. -1.461, -1.201 and -1.158 points respectively.

In the small state category, Goa ranked first, followed by Meghalaya and Himachal Pradesh.

LIC - 3rd Strongest & 10th Most Valuable Insurance Brand Globally

The Life Insurance Corporation (LIC) has emerged as the 3rd strongest and the 10th most valuable insurance brand globally.

Key Points:

- This was announced by the Brand Finance Insurance 100 report for 2021.
- The report was released by Brand Finance, which is the London-based brand valuation consultancy firm.
- As per the report, the most Valuable Global Insurance Brand with 1st rank is Ping An Insurance, China.
- And the Strongest Global Insurance Brand with 1st rank is Poste Italiane, Italy.
- As per the report, LIC's brand value raised by almost 7% i.e. to \$8.65 billion in 2021.

Increased Foreign Direct Investment (FDI)

There has been an increase in Foreign Direct Investment (FDI) inflows into India recently. Measures taken by the Government regarding FDI policy reforms, investment facilitation and ease of doing business have contributed to the increase.

Key Points:

- The trends in India's FDI are:
- Highest ever total FDI inflow of US \$81.72 billion during the year 2020-21.
- It is 10% higher as compared to last year (US\$ 74.39 billion).
- Top investor countries: Singapore (29%), U.S.A (23%) and Mauritius (9%)
- Maximum FDI received sector-wise: Computer Software & Hardware (44%), Construction (Infrastructure) Activities (13%) and Services Sector (8%)
- Maximum FDI received state-wise: Gujarat (37%), Maharashtra (27%) and Karnataka (13%).

WB approved \$500mn Program to Enhance MSME Sector of India

The World Bank (WB) approved the \$500 million program to uplift the MSME sector of India.

Key Points:

- The \$500 million programs will help GOI to raise liquidity access support to the MSMEs, small businesses which are impacted severely by COVID-19.
- The funds will be utilised to revitalize the MSME sector as it has set the target to improve the performance of 555,000 MSMEs.
- The program is expected to mobilize financing of \$15.5 billion, as part of the government's \$3.4 billion MSME Competitiveness, 'A Post-COVID Resilience and Recovery Programme (MCRRP)'.
- The \$500 million support is the part of the Raising and Accelerating Micro, Small and Medium Enterprise (MSME) Performance (RAMP) Program, which is the second support from World Bank for India's MSME sector upliftment

BANKING SCHEMES & POLICIES

Production-Linked Incentive Scheme

The Union Cabinet has approved the Continuation and Revamping of the Scheme for Financial Support to Public-Private Partnership in Infrastructure Viability Gap Funding Scheme till 2024-25 with an outlay of Rs 8,100 crore.

Key Points:

- This will help to promote and strengthen PPP (Public-Private Partnership) in the social and economic infrastructure domain.
- This financial support will allow proper operation and maintenance, efficient creation of assets and will make the socially essential projects commercially viable.
- This grant amount will help to develop water supply, wastewater treatment, Health and Education sectors.
- Also, the committee said that the centre will provide 30% of the total project cost while the state governments and sponsoring ministry will have to provide additional support of up to 30% of the total project cost.

Operation Greens - Top to Total Scheme

Under Operation Greens (TOP to TOTAL) Scheme, 50% transportation subsidy is now made available for air transportation for 41 notified fruits and vegetables from North-Eastern and Himalayan States to any place in India.

Key Points:

- Airlines will provide the transport subsidy directly to the supplier by way of charging only 50% of the actual contracted freight charges and will claim the balance 50% from MoFPI as subsidy.
- The scheme was approved and the amended Scheme Guidelines were notified in November 2020.

- All consignment of notified fruits and vegetables irrespective of quantity and price would be eligible for 50% freight subsidy.
- The transportation subsidy was earlier extended under Operation Greens Scheme for Kisan Rail Scheme in December.
- Railways charge only 50% of freight charges on the notified fruits and vegetables.

Saral Jeevan Bima

The guidelines for 'Saral Jeevan Bima' have been released by IRDAI (Insurance Regulatory and Development Authority of India).

Key Points:

- IRDAI has made mandatory the offering of this insurance policy by all life insurance companies from 1st Jan 2021.
- The 'Saral Jeevan Bima' will be non-linked non-participating individual pure risk premium life insurance plan and has no maturity benefit.
- The insurance plan offers optional accident benefit and permanent disability riders. The sum assured will be paid to the nominee in case of death of the holder of the policy.
- The minimum amount for 'Saral Jeevan Bima' is Rs 5 lakh and maximum amount is up to Rs 25 lakhs. Policy term is from 5 to 40 years.
- The policy offers three premium payment options: Regular Premium, Limited premium payment term for 5 years, 10 years and Single Premium.

DAY-NRLM Special Package for J&K and Ladakh

The Union Cabinet approved a special package worth Rs. 520 crore in the Union Territories

(UTs) of J&K and Ladakh for a period of five years under the Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM).

Key Points:

- The Centre aims to universalise all centrally sponsored beneficiary-oriented schemes in J&K and Ladakh in a time-bound manner.
- The package has been approved for a period of five years till 2023-24.
- It has been decided to ensure funding on a demand-driven basis without linking allocation with poverty ratio during the extended period.
- Around two-third rural women from the UTs will be covered and 10.58 lakh women will get the benefit from the special package.
- DAY-NRLM is a centrally sponsored programme of the Ministry of Rural Development to eliminate rural poverty through the promotion of multiple livelihoods and improved access to financial services for the rural poor households across the country.

'My Town My Pride' Programme

Lieutenant Governor of Jammu and Kashmir announced a programme called 'My Town My Pride'.

Key Points:

- The programme is basically an urban connect programme which aims to provide governance facilities at the doorsteps in urban areas of J & K.
- Objectives of 'My Town My Pride' Programme: (a) To strengthen grassroots democracy (b) Public outreach in towns (c) To offer service delivery at doorsteps.
- 'My Town My Pride' Programme will look after on-the-spot addressing of grievances redressals, offer immediate service delivery to people and offer ground speedy execution of people centric schemes and projects.
- The programme also aims to offer time-bound delivery of documents like caste certificates, revenue and income certificate,

old-age and physically handicapped pension registration, ration card updation, Aadhaar card enrolments, etc. at doorsteps.

- It will ensure immediate delivery of benefits like government schemes like pensions, scholarships, PMAY, health golden cards, Ladli Beti, etc.

Safaimitra Suraksha Challenge

The Ministry of Housing and Urban Affairs launched Safaimitra Suraksha Challenge across 243 Cities to ensure that no life of any sewer or septic tank cleaner is ever lost again owing to the issue of 'hazardous cleaning'.

Key Points:

- The Challenge was launched on the occasion of World Toilet Day.
- Aim: Preventing 'hazardous cleaning' of sewers and septic tanks and promoting their mechanized cleaning.
- Representatives from 243 cities across the country took a pledge to mechanize all sewer and septic tank cleaning operations by 30th April 2021.
- The initiative is in line with the core of the Swachh Bharat Mission-Urban (SBM-U)
- The actual on-ground assessment of participating cities will be conducted in May 2021 by an independent agency and results of the same will be declared on 15 August 2021.

'Mukhya Mantri Saur Swarojgar Yojana' - Uttarakhand

The Government of Uttarakhand launched 'Mukhya Mantri Saur Swarojgar Yojana'.

Key Points:

- The yojana is launched with an aim to boost self-employment capability in youth and promote the production of Green Energy.
- The scheme is specially launched for the youths and migrants who have returned to the state and have lost their jobs due to pandemic COVID-19.

- The scheme will offer employment opportunities in the Green Energy Sector to around 10,000 youths and migrants.
- The beneficiaries will be allotted with solar plants of 25KW each.
- To set up these plants, 1.5-2 nails of land and Rs 10 lakhs at Rs 40,000 per unit is required.

‘Swanirbhar Nari: Atma Nirbhar Assam Scheme’

The Assam Government launched a new scheme named as Swanirbhar Nari: Atma Nirbhar Assam’.

Key Points:

- The scheme aims to empower women who are economically backward in Assam.
- The scheme is said to be beneficial to around 4 lakh families.
- Around 3.72 lakh Sustainable Individual Assets and 822 Community Assets will be created for this scheme.
- 5 activities will be implemented in case of Individual Asset creation and 20 activities will be implemented in case of Community Assets creation.
- The scheme will be implemented in-line with other schemes and missions of Assam like Assam State Rural Livelihood Mission, Agriculture and Horticulture, Fishery, Animal Husbandry, Handloom, textiles, and Forest.

SVAMITVA Scheme

Prime Minister Narendra Modi launched physical distribution of property card programme under SVAMITVA Scheme.

Key Points:

- SVAMITVA Scheme stands for Survey of Villages and Mapping with Improved Technology in Village Areas (SVAMITVA).
- The scheme was launched in April 2020 with an aim to grant a record of rights to document the residential properties to the

owners of village households and to issue them property cards.

- Now after the distribution of property cards, the owners will have the proof of owning their houses.
- With the help of this card, the beneficiaries can also opt for loans as loans are easily available from the bank on the basis of the record of the property. Also the property card will also provide a way to buy and sell the property without any dispute for the villagers.

Har Ghar Nal Yojana

The ‘Har Ghar Nal Yojana’ (tap water to every household) is launched by PM Narendra Modi.

Key Points:

- It is basically a rural drinking water supply project and was launched in Mirzapur and Sonbhadra districts of Uttar Pradesh.
- The project aims to provide tap water connections to around 2,995 villages which will benefit 42 lakh people.
- The estimated cost for ‘Har Ghar Nal Yojana’ Rs 5,555.38 crore.
- Out of this total amount of Rs 3212.18 crore will be utilized in Sonbhadra and Rs 2343.20 crore will be utilized in Mirzapur.
- The scheme will be completed in the next two years.

PM Jeevan Jyoti Bima Yojana

The PM Jeevan Jyoti Bima Yojana (PMJJBY) is launched by India Post Payments Bank (IPPB) in partnership with PNB MetLife India Insurance Company Limited.

Key Points:

- The PMJJBY offers protection and financial security to the underprivileged and poor who are living in unbanked and remote areas of the country.
- This low-cost insurance scheme will offer a life cover to the family in case of the death of the insured member due to any reason.
- The insurance scheme is for anyone who is having a savings account in IPPB.

- The scheme offers maximum coverage of Rs 2 lakhs.
- The annual premium amount for this scheme is Rs 330.

‘YSR Bima’ Scheme

Andhra Pradesh government launched ‘YSR Bima’ scheme under which 1.41 crore Below Poverty Line (BPL) will be provided insurance cover for death and permanent disability.

Key Points:

- The insurance cover amount will be directly credited into the bank account of the beneficiary within 15 days of making the claim.
- Immediate assistance of Rs 10,000 will be provided to the families of victims through village and ward secretaries.
- The accidental death and total permanent disability for people between age group 18-50 years is Rs 5 lakh.
- The accidental death and total permanent disability for people between age group 51-70 years is Rs 3 lakh.
- Natural death cases of the people between age 18-50 years is Rs 2 lakh.
- For partial permanent disability in an accident case of people between age 18-70 years is Rs 1.5 lakhs.

PM Modi Launched Three Projects in Gujarat

Prime Minister Narendra Modi launched ‘Kisan Suryoday Yojana’, ‘Girnar Ropeway’ and ‘Paediatric Heart Hospital in UN Mehta Heart Research Institute’ in Gujarat state.

Key Points:

- The ‘Kisan Suryoday Yojana’ has been launched to provide day time power supply for irrigation facilities in Gujarat.
- The state farmers will be provided with a power supply between 5 am to 9 pm.
- The funds allotted for ‘Kisan Suryoday Yojana’ is Rs 3500 crores, which will be used

to install transmissions lines in which each transmission line will carry 66KW of power.

- Also, 22kv substations will also be installed with the help of these funds.
- PM Modi also inaugurated a ropeway located in Mount Girnar in Junagadh district of Gujarat. This ropeway is considered as the longest ropeway in Asia.
- Total cost of this ropeway is Rs 130 crore and is 2320 meters long, with the capacity of carrying 1000 passengers in one hour.
- PM Modi also inaugurated the Paediatric Heart Hospital at UN Mehta Institute of Cardiology and Research Centre at Civil Hospital campus of Ahmedabad and Mobile Application for telecardiology. The funds utilised for this is Rs 470 crore.

PM SVANidhi

The Pradhan Mantri Street Vendors Atmanirbhar Nidhi (PM SVANidhi) scheme was launched by the Ministry of Housing and Urban Affairs.

Key Points:

- Through the PM SVANidhi scheme, the central government would extend Rs 10,000 loan as working capital to street vendors.
- This amount will help the street vendors to restart their businesses which have been hit by the Covid-19 pandemic.
- The Small Industries Development Bank of India (SIDBI) is the scheme’s implementation agency.
- This scheme will help in mainstreaming and legitimising genuine street vendors who have not got valid identity cards.
- The scheme brings in financial mainstreaming of street vendors through loans and digital payments.

‘Parivarthanam Scheme’ - Kerala

The Kerala government has launched ‘Parivarthanam Scheme’, which is a pioneering eco-sustainable programme.

Key Points:

- The scheme is launched for the betterment of the Fishing Community.

- The management and implementation of the scheme will be headed by Kerala State Coastal Area Development Corporation (KSCADC).
- The 'Parivarthanam Scheme' is launched to improve the livelihood skills of youngsters living along the coastline along with upliftment of the fishing community.
- The scheme will offer a fixed price to fish-catchers as fair compensation.
- The scheme also offers employment job opportunities to college dropouts and migrant workforce who returned to their home town due to COVID-19.

PM WANI Scheme

In a bid to fuel broadband internet proliferation across the country, the Government of India launched PM WANI (Prime Minister Wi-Fi Access Network Interface) Scheme.

Key Points:

- The scheme aims to bring large scale deployment of Wi-Fi hotspots through the country to drive up connectivity options and improve digital access.
- The scheme envisages setting up of public Wi-Fi networks and access points by local Kirana and neighbourhood shops through public data offices (PDO will be set up on the lines of Public Call Offices (PCOs)) that will not involve any licence, fee or registration.
- Apart from, Public Wi-Fi being a low-cost option to reach unserved citizens and grow the economy, it can revolutionise the tech world and significantly improve Wi-Fi availability across the length and breadth of India.
- This is being seen as an attempt by the government to elevate wireless internet connectivity in the country.

Conferences & Summits

3rd Annual Bloomberg New Economy Forum
Prime Minister Narendra Modi addressed the 3rd Annual Bloomberg New Economy Forum via video conference.

Key Points:

- The forum was held to discuss ways to restore the economy which has been affected due to pandemic COVID-19.
- The inaugural part of the forum was held in Singapore, followed by a second edition in Beijing.
- The dignitaries discussed global economic management, trade and investment, technology, urbanisation, capital markets, climate change and inclusion.
- Other speakers who addressed the forum were: Director-general of the World Health Organisation (WHO) Tedros Adhanom Ghebreyesus, former UK Prime Minister Tony Blair, former US President Bill Clinton, Microsoft founder Bill Gates, and Secretary-General of the United Nations Antonio Guterres.

15th G20 Summit

The 15th edition of the G20 Summit was held through video conference.

Key Points:

- The summit was held under the chairmanship of Saudi Arabia. King Salman bin Abdulaziz Al Saud chaired the summit.
- The Indian side was addressed by PM Narendra Modi.
- The summit held the focus on developing an inclusive, sustainable and resilient future by safeguarding the planet.
- PM Narendra Modi addressed by highlighting the need for economic recovery in the Post COVID-19 era. He mentioned the importance and adoption of effective global governance.
- He also highlighted the importance of the 2030 Agenda for Sustainable Development Goals.
- He mentioned India's agenda to follow 'Reform-Perform-Transform' strategy.

PAST YEAR BANKING AWARENESS

SOLVED QUESTIONS 2020-21

(FOR SBI & IBPS BANK CLERK/PO/RRB/RBI/LIC EXAMS)

Banking System in India & World

1. RBI nationalised on?
[IBPS Clerk Main 2021]
(a) 1st January 1948
(b) 1st January 1950
(c) 4th feb 1950
(d) 1st January 1949
(e) None of these
2. India's first small finance bank has been opened in which city?
[IBPS RRB Asst. Main 2020]
(a) Jalandhar (b) Ahmadabad
(c) Bengluru (d) Kolkata
(e) New Delhi
3. The Serum Institute of India (SII) has signed an agreement with UNICEF & GAVI to supply Pneumococcal Conjugate Vaccine (PCV) to low-income countries. Where is SII located?
[SBI Clerk Main 2020]
(a) Mumbai (b) New Delhi
(c) Pune (d) Kolkata
(e) None of these

Banking Structure & Instrument

1. What is the India's GDP growth rate for 2021-22 as estimated by the Reserve Bank of India(RBI) in its recent monetary policy?
[IBPS Clerk Main 2021]
(a) 8.7% (b) 9.2% (c) 10.5% (d) 10.2%
(e) 7.9%
2. F stands for in IFSC?
[IBPS RRB Asst. Main 2020]
(a) Fiscal (b) Forex
(c) Foreign (d) Financial
(e) None of the Above
3. Priority Sector includes which of the following categories? [IBPS RRB Scale-I Main 2020]
(a) Agriculture
(b) Micro, Small and Medium Enterprises (MSME)

- (c) Export Credit
(d) Education
(e) All of the above

4. What is Nominal Capital?
[RBI Asst. Main 2020]
(a) The amount available to shareholders
(b) The amount available to market
(c) The amount available to customers
(d) The amount available to banks
(e) None of these
5. IPPB is registered as payment bank under _____ schedule of RBI Act, 1934
[RBI Asst. Main 2020]
(a) First (b) Second
(c) third (d) fourth
(e) None of these

Banking Functions

1. RBI said all entities will upload KYC to account opened by extending the applicability of the CKYCR with respect to _____?
[SBI PO Main 2020]
(a) April 30, 2022 (b) April 1, 2021
(c) May 31, 2023 (d) April 1, 2022
2. The mutual fund is regulated by?
[IBPS Clerk Main 2021]
(a) IRDA (b) RBI
(c) SEBI (d) AMFI
(e) None of these
3. Global Trust Bank (GTB) merged with which bank? [IBPS RRB Asst. Main 2020]
(a) Oriental Bank of Commerce
(b) Indian Overseas Bank
(c) Dena Bank
(d) Bank of Baroda
(e) SBI
4. Allahabad Bank has been merged with which of the following Banks?
[IBPS RRB Scale-I Main 2020]
(a) Punjab National Bank
(b) State Bank of India

- (c) Union Bank of India
(d) Indian Bank
(e) None of these
5. SEBI enhanced the penalty against 3 rating agencies which ICRA, CARE and India Ratings and Research to `1 crore each for their lapses in giving credit rating to non-convertible debentures of which company? **[RBI Asst. Main 2020]**
(a) Tesco (b) Honda
(c) Wal-Mart (d) IL&FS
(e) None of these
6. As per the "Framework for authorisation of pan-India Umbrella Entity for Retail Payments" released by RBI what should be the minimum paid-up capital of the umbrella entity? **[SBI Clerk Main 2020]**
(a) Rs. 100 crore (b) Rs. 300 crore
(c) Rs. 500 crore (d) Rs. 1000 crore
(e) None of these

Banking Products

1. The first urban co-operative bank in India to transition to a SFB (small finance bank) under the voluntary transition scheme is— **[IBPS PO Main 2020]**
(a) Abhyudaya Co-op. Bank Ltd.
(b) Shivalik mercantile.
(c) Capital Small Finance Bank Ltd
(d) Bombay Mercantile Co-op. Bank
(e) New India Co-op. Bank Ltd.
2. Which Bank launched Home Utsav? **[SBI PO Main 2020]**
(a) HDFC Bank (b) ICICI Bank
(c) IDFC Bank (d) AXIS Bank
3. Which of the following bank has introduced a kisan credit card loan scheme for fishermen in Tamil Nadu? **[IBPS Clerk Main 2021]**
(a) ICICI Bank (b) SBI
(c) Axis Bank (d) Canara Bank
(e) Indian Bank
4. In Jan 2021, which of the following has launched a new feature "safe pay" to make digital payments more secure and reduced online payment frauds? **[IBPS Clerk Main 2021]**
(a) Google Pay
(b) Phone Pay
(c) Airtel Payments Bank
(d) India Post Payment Bank
(e) Paytm Payment Bank
5. What is the revised overdraft limit under Pradhan Mantri Jan Dhan Yojana? **[IBPS RRB Asst. Main 2020]**
(a) Rs 5,000 (b) Rs 20,000
(c) Rs 10,000 (d) Rs 2,000
(e) Rs 1,000
6. If two parallel lines are drawn on the front part of a cheque, it is called _____. **[IBPS RRB Asst. Main 2020]**
(a) Crossed Cheque
(b) Open Cheque
(c) Slate Cheque
(d) Traveller Cheque
(e) Self cheque
7. What is the full form of MSP? **[IBPS RRB Asst. Main 2020]**
(a) Minimum support prices
(b) Maximum support prices
(c) Market support prices
(d) Minimum supporting prices
(e) None of these
8. What is the limit of Mudra Scheme Tarun? **[IBPSC RRB Scale-I Main 2020]**
(a) up to ₹ 50,thousand
(b) up to ₹ 1 Lakh
(c) up to ₹ 5 Lakh
(d) up to ₹ 10 lakhs
(e) None of these
9. The value of Special Drawing Right (SDR) is determined by the basket of currencies. **[IBPSC RRB Scale-I Main 2020]**
(a) 4 (b) 8 (c) 6 (d) 7
(e) 5

Money & Finance in Banking

1. In budget 2021, Finance minister Nirmala Sitharmam how much amount proposed for Recapitalisation of Public Sector Bank (In crores)? **[IBPS Clerk Main 2021]**
(a) 15,000 (b) 25,000
(c) 20,000 (d) 35,000
(e) 50,000

2. Which company does not come under Hinduja group?

[IBPS RRB Asst. Main 2020]

- (a) Ashok Leyland
(b) IndusInd Bank
(c) NxtDigital Ltd
(d) Cyqurex Systems Private Limited
(e) HSBC
3. What is the maximum deposit allowed in India Post Payment Bank (IPPB)?
- [IBPS RRB Asst. Main 2020]
- (a) Rs. 10,000 (b) Rs. 50,000
(c) Rs. 1 lakh (d) Rs. 5 lakh
(e) No limit
4. A type of Home loan for older homeowners that requires no monthly mortgage payments is known as—
- [IBPS RRB Asst. Main 2020]
- (a) Jumbo Mortgage
(b) Interest Mortgage
(c) Adjustable Rate Mortgage
(d) Conventional Mortgage
(e) Reverse Mortgage
5. On——, The Reserve Bank of India (RBI) has released a notification revising norms of Changing in the regulatory framework for Housing Finance Companies (HFCs)
- [RBI Asst. Main 2020]
- (a) October 20, 2020
(b) October 22, 2020
(c) October 21, 2020
(d) October 23, 2020
(e) October 24, 2020
6. Which Payments bank has partnered NSDC to train rural youth?
- [SBI Clerk Main 2020]
- (a) Airtel Payments Bank
(b) Paytm Payments Bank
(c) India Post Payments Bank
(d) Jio Payments Bank
(e) None of these
7. Total expenditure in budget 2020-21 is expected to be— [SBI Clerk Main 2020]
- (a) Rs. 50,42,230 crore
(b) Rs. 30,42,000 crore
(c) Rs. 40,42,230 crore
(d) Rs. 30,42,230 crore
(e) None of these

Latest Current Affairs & Banking MCQs

1. Who has been appointed as the Chairman of the Telecom Regulatory Authority of India (TRAI)? [SBI Clerk Main 2020]
- (a) Shashi S. Vempati
(b) Sanjay Kumar Mishra
(c) PD Vaghela
(d) Ajay Kumar Bhalla
(e) None of these
2. Who has authored the book titled '10 Rules of Successful Nations? [SBI Clerk Main 2020]
- (a) Amit Shah (b) Ranjan Gogoi
(c) Ruchir Sharma (d) Roopa Pai
(e) None of these
3. Harley-Davidson to shut down its manufacturing plant in India——. [SBI Clerk Main 2020]
- (a) Gurugram (b) NOIDA
(c) Pune (d) Hyderabad
(e) None of these
4. What is the stake of State Bank of India in the Jio Payments Bank? [SBI Clerk Main 2020]
- (a) 10 per cent (b) 25 per cent
(c) 30 per cent (d) 49 per cent
(e) None of these
5. On 8th October Indian Air Force celebrated its ____ anniversary? [SBI Clerk Main 2020]
- (a) 88th (b) 70th
(c) 77th (d) 73rd
(e) None of these
6. The Central Board of Secondary Education (CBSE) has partnered with which social media platform to launch a free and comprehensive training program for teachers and students of its affiliated schools in the first phase? [SBI Clerk Main 2020]
- (a) Google (b) Facebook
(c) Microsoft (d) Twitter
(e) None of these
7. The PM KUSUM scheme has been extended to allow how much farmers to set up standalone solar pumps? [SBI Clerk Main 2020]
- (a) 10 lakh (b) 20 lakh
(c) 30 lakh (d) 40 lakh
(e) None of these

HINTS & EXPLANATIONS

Banking System in India & World

1. (d)
2. (a) Capital Small Finance Bank Ltd is the country's first small finance bank opened in Jalandhar. It is first among the 10 entities that were given the in-principle approval by the Reserve Bank of India (RBI) to set up small finance banks.
3. (c) Serum Institute of India Pvt. Lt (d) is now the world's largest vaccine manufacturer by number of doses produced and sold globally (more than 1.5 billion doses) which includes Polio vaccine as well as Diphtheria, Tetanus, Pertussis, Hib, BCG, r-Hepatitis B, Measles, Mumps and Rubella vaccines. It is estimated that about 65% of the children in the world receive at least one vaccine manufactured by Serum Institute Vaccines manufactured by the Serum Institute are accredited by the World Health Organization, Geneva and are being used in around 170 countries across the globe in their national immunization programs, saving millions of lives throughout the world.

Banking Structure & Instrument

1. (c) 2. (d)
3. (e) Priority Sector includes the categories such as Agriculture, Micro, Small and Medium Enterprises (MSME), Export Credit, Education, Housing, Social Infrastructure and Renewable Energy.
4. (a) Nominal capital simply refers to the amount of capital—in shares—a company is legally authorized to make available to shareholders. Within the U.S., the nominal capital is generally provided within the company's legal documentation.
5. (b) India Post Payments Bank (IPPB) has been included in the Second Schedule to

the Reserve Bank of India Act, 1934. India Post Payments Bank (IPPB) is a public sector payments bank from India operated by the India Post. Opened in 2018, the bank had acquired about 4.0 crore customers by December 2020. On 19 August 2015, the India Post received licence to run a payments bank from the Reserve Bank of India.

Banking Functions

1. (b) 2. (c) 3. (a)
4. (d) Allahabad Bank, one of the oldest public sector banks in the country, was merged with the Indian Bank on 15th February 2021. After Allahabad Bank's merger with the Indian Bank, new rules have come into force from 16th February.
5. (d) The Securities and Exchange Board of India (Sebi) has enhanced the penalty against three rating agencies- ICRA, CARE and India Ratings and Research to '1 crore each for their lapses in giving credit rating to non-convertible debentures of IL&FS. It is a "systemically important" Non-Deposit Accepting Core Investment Company registered with RBI.
6. (c) The Reserve Bank of India (RBI) came up with a framework for pan-India Umbrella Entity for Retail Payments, wherein the central bank has said that an entity must have a minimum paid-up capital of Rs 500 crore for setting up an umbrella entity for retail payment.

Banking Products

1. (b) 2. (b) 3. (e) 4. (c)
5. (c) To make the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme more attractive, the finance ministry decided to double the overdraft facility from Rs 5,000 to Rs 10,000.

- The PMJDY was launched by Prime Minister Narendra Modi on 15 August 2014 as a national mission for financial inclusion to ensure access of financial services like bank accounts, insurance and pensions to the masses.
6. (a) If two parallel lines are drawn on the front part of a cheque, it is called a 'Crossed' Cheque. In this type of a cheque, the payee cannot withdraw money in cash but money can transfer in payee account. This type of cheque is endorsable.
 7. (a) The full form of MSP is given in the first line of the passage and it is minimum support prices. Hence, option A is correct.
 8. (d) The loan limit on the Mudra Loan is ₹ 10 Lakh which is set according to three schemes. The schemes are Shishu- for loans up to ₹ 50,000, Kishore- for loans exceeding ₹ 50,000 to up to ₹ 5 Lakh, and Tarun- for loans amounting to ₹ 5 Lakh to 10 lakhs.
 9. (e) The value of Special Drawing Right (SDR) is determined by the basket of 5 currencies. The currencies are, US Dollar, Japanese Yen, British Pound, Chinese Yuan and Euro.
-
- Money & Finance in Banking**
-
1. (c)
 2. (e) Ashok Leyland, IndusInd Bank, NxtDigital Ltd and Cyqurex Systems Private Limited are the part of Hinduja Groups.
 3. (c) The maximum deposit allowed in India Post Payment Bank (IPPB) is Rs. 1 lakh.
- According to the guidelines, payments banks can open small savings accounts and accept deposits of up to Rs.1 lakh per individual customer and provide remittance services.
- 4.. (e)
 5. (b) On October 22, 2020, the Reserve Bank of India (RBI) has released a notification revising norms of Changing in the regulatory framework for Housing Finance Companies (HFCs). The Reserve Bank of India has prescribed that housing finance companies should have atleast 60% of total assets towards housing finance by 31 March 2024.
 6. (a) Airtel Payments Bank Ltd has collaborated with National Skill Development Corporation (NSDC) to train and skill young people in rural areas on financial services, enabling them to find jobs and become entrepreneurs in the sector, the payments bank said in a statement. Currently only six payments banks are operational in India, including Paytm Payments Bank, Airtel Payments Bank, India Post Payments Bank, Fino Payments Bank, Jio Payments Bank and NSDL Payments Bank.
 7. (d) Total expenditure in 2020-21 is expected to be ₹30,42,230 crore, which is 12.7% higher than the revised estimate of 2019-20.
-
- Latest Current Affairs & Banking MCQs**
-
1. (c) 2. (c) 3. (a) 4. (c)
 5. (a) 6. (b) 7. (b)

1 CHAPTER

Evolution and Development of Banking in India

INTRODUCTION

Banking history dates back to 2000 years which involved grain loans to farmers and traders who carried goods between cities in Mesopotamia and Babylonia. Later, it was in ancient Greece and Roman Empire, who added two important innovations: acceptance of deposits and changed money.

Bank - A financial institution which accepts different forms of deposits and lends them to the prospective borrowers as well as allows the depositors to withdraw their money from the accounts by cheque is a bank.

BANKING IN ANCIENT INDIA

Archaeological evidences in India suggest that references to banking and regulations were even found in our scriptures and ancient texts. Debt is even mentioned in our **Vedic literature**. The Vedas (2000-1400 BCE) are earliest Indian texts to mention the concept of usury whereby the lender lends money at excessive rate of interest. It was also found to contain Loan deed forms which are called rinapatra or rinalekhya which also contained the details related to name of the debtor & creditor, amount of loan, rate of interest, condition of repayment and time of repayment.

Later the concept of Modern day banking system was conceptualised by the **people of Italy under the name Banco**.

The period of **Mauryan era** (321-185 BCE) saw an instrument called **adesha**, which was an order on a banker directing him to pay

the sum on the note to a third person, which corresponds to the definition of a modern bill of exchange.

Indigenous Banking:

The indigenous bankers lend money; act as money changers and finance internal trade of India by means of hundis or internal bills of exchange. It is certainly one of the oldest banking systems which have been functioning for centuries. However, with the coming of the British, its decline started. Despite the fast growth of modern commercial banks, however, the indigenous banks continue to hold a prominent position in the Indian money market even in the present times. It includes shroffs, seths, mahajans, chettis, etc.

Defects of Indigenous Banking

- (i) Indigenous banking is unorganized and does not sensitize the need and working of the different sectors of the economy, including banking sector.
- (ii) They only do business for trade and commerce and work on commission basis resulting in trade risk in their financial business.
- (iii) They did not distinguish between short term and long term finance purposes.
- (iv) Methods of accounting were based on local practices and hence could not match with modern methods of financial accounting.
- (v) Many of the indigenous bankers charged very high rate of interest.

BANKING IN MEDIEVAL ERA

The use of loan deeds continued into the Mughal era and were called **dastawez**.

Two types of loan deeds have been recorded.

- **Dastawez-e-indultalab** - payable on demand
- **Dastawez-e-miadi** - payable after a stipulated time.

The use of payment orders by royal treasuries, called **barattes** have also been recorded. The evolution of **hundis**, a type of credit instrument, also occurred during this period and remained in use.

BANKING IN MODERN ERA

The period of coming of Europeans (15th Century) till Indian independence in 1947, laid the real foundation of Modern Banking

system in India. This period was also characterized by the presence of a large number of banks (more than 600).

First Bank of India

Modern Banking system commenced in India with the foundation of Bank of **Hindustan in Calcutta (now Kolkata) in 1770 by M/s Alexander and co**, which ceased to operate in 1832.

Presidency Banks

The British East India Company had setup various trading posts and factories in India. They needed funds to fulfil their Administrative, Economic needs and also Military ambitions. So they setup Three Presidency Banks under the charters from the British East India Company.

IMPERIAL BANKS		
Date	Bank Name	Features
June 2, 1806	Bank of Bengal in Calcutta (Now Kolkata)	• 1st Presidency Bank in collaboration with British East India Company and Government of Bengal. • Total capital was ₹ 50 lakh of which ₹ 10 lakh was share of East India Company. • On January 2, 1809, Bank of Calcutta was renamed as Bank of Bengal. • At Cawnpore in 1862, amalgamation of Dacca Bank (established in 1846) with the Bank of Bengal.
April 15, 1840	Bank of Bombay in Bombay (Now Mumbai)	• 2nd Presidency Bank • It undertook all the normal activities which a commercial bank was expected to undertake.
July 1, 1843	Bank of Madras in Madras (Now Chennai)	• 3rd Presidency Bank • Established through the amalgamation of a number of existing regional banks and headquartered in Madras.
January 27, 1921	Imperial Bank of India – was formed by amalgamation of the Bank of Bengal, the Bank of Bombay and the Bank of Madras. • It was a private entity till that time. • In 1955, this Imperial Bank of India was nationalised and renamed as State Bank of India. • Thus, State Bank of India is the oldest bank of India among the banks that exist today.	

Joint Stock Banks

A Bank that has many shareholders is called as joint stock Bank. In 1860, concept of limited liability was introduced in India leading to the establishment of Joint Stock Banks. Indian joint stock banks were generally undercapitalised and lacked the experience and maturity to compete with the presidency.

In 1863, the oldest Joint stock Bank called as **Bank of Upper India** was established which became defunct in 1913. On April 24, 1865 a group of British founded Allahabad Bank in Allahabad. The Bank is considered as one of the oldest joint stock bank which is still working and also one of the oldest public sector banks in India.

Other Notable Banks (Still Operating):

1894	Punjab National Bank	- Established in Lahore in Punjab province by Lala Lajpat Rai, Babu Purshotam Lal Tandon, S. Dayal Singh and others. - It was the first bank purely managed by Indians. - It was established by Indian nationalist people
1911	Central Bank of India,	- First Indian commercial bank wholly owned and managed by Indians. - The bank also known as the First Truly Swadeshi bank of India. - It was founded by Sir Sorabji Pochkhanawala and its First Chairman was Sir Pherozeshah Mehta.

Other Notable Banks (Now defunct):

In 1839, Indian merchants established a Bank called Union Bank but it failed within a decade.

The Bank of Upper India established in 1863, was the oldest joint stock bank of India but the bank failed in 1913.

In 1881, Oudh Commercial Bank was established at Faizabad. It was the first Bank of India with Limited Liability to be managed by Indian Board. After Independence, in 1958 this bank failed.

First Indian Bank to open a Foreign Branch (London, 1946) was Bank of India. It founded as a private entity in 1906

RESERVE BANK OF INDIA

In 1926, Royal Commission on Indian Currency and Finance popularly known as

the Hilton-Young Commission submitted its report and made recommendations to the British Government of India for creation of a central Bank.

Objectives:

- To separate the control of currency and credit from the government
- To augment banking facilities throughout the country

Finally, on April 1, 1935, Reserve Bank of India was established via the RBI Act of 1934 as the banker to the central government.

Post-Independence Period

After independence, in order to serve the economy better, the All India Rural Credit Survey Committee was set up by RBI. This Committee recommended that Imperial Bank of India be taken over and with it are merged/ integrated former state-owned and state-associate banks.

The Government of India (GOI) adopted planned economic development which basically aimed at social ownership of the means of production. However, commercial banks were in the private sector those days. It was considered that banks were controlled by business houses and thus failed in catering to the credit needs of poor sections such as cottage industry, village industry, farmers, craft men, etc. In 1950-51, there were 430 commercial banks.

1951	India implemented its First Five Year Plan for overall development of the nation
1955	State Bank of India (SBI) was constituted in 1955 under the State Bank of India Act (1955)
1959	State Bank of India (subsidiary bank) Act was passed, enabling the SBI to take over five major former state-associate banks as its subsidiaries. These were - • State Bank of Patiala • State Bank of Hyderabad • State Bank of Travancore • State Bank of Bikaner & Jaipur • State Bank of Mysore After creating a subsidiary of SBI, arrangement made was that 55 per cent of the capital will be owned by the SBI and rest 45 per cent remain with old shareholders. However, this arrangement also saw some weaknesses like reduced bank profitability, weak capital base, and banks getting / burdened with large amounts of bad loans (unrecovered loans).
1966	• Cooperative Banks came within the regulations of the RBI. • Rupee was devaluated for the first time.

MERGER OF BANKS (2017-2020)

The Union Cabinet approves merger of 10 Public Sector Undertaking (PSU) banks will into four banks from 1 April 2020.

In the biggest consolidation exercise in the banking space, the government in August 2019 had announced the merger of 10 public sector lenders into four bigger and stronger banks.

With this, the number of public sector banks in India will come down to 12 from 27 in 2017.

- Oriental Bank of Commerce (OBC) and United Bank of India will be merged into **Punjab National Bank (PNB)**. After the merger, these together will form the 2nd largest public sector bank in the country, after State Bank of India (SBI).
- Syndicate Bank will be merged into **Canara Bank**, which will make it the fourth-largest public sector lender.
- Indian Bank will be merged with Allahabad Bank.
- **Union Bank of India** will be merged with Andhra Bank and Corporation Bank
- Customers of merging banks will be treated as customers of the banks in which these banks have been merged with effect from 1 April 2020.
- After the merger, there will be 12 PSUs - 6 merged banks and 6 independent public sector banks.
- Earlier the Government of India merged 5 associates of SBI and the Bharatiya Mahila Bank (BMB) with the State Bank of India (SBI) with effect from 1 April 2017.

This merger made the SBI, the country's largest lender among the top 50 banks in the world.

➤ **State Bank of India**

- State Bank of Bikaner and Jaipur (SBBJ),
- State Bank of Hyderabad (SBH),
- State Bank of Mysore (SBM),
- State Bank of Patiala (SBP)
- State Bank of Travancore (SBT) and
- Bharatiya Mahila Bank (BMB),

On 17 September 2018, the Government of India proposed the merger of Dena Bank and Vijaya Bank with the Bank of Baroda. The merger was approved by the Union Cabinet and the boards of the banks on 2 January 2019, creating the third-largest bank by loans in the country.

➤ **Bank of Baroda**

Dena Bank
Vijaya Bank

List of 12 Public Sector banks in India➤ **Merged banks (6)**

- State Bank of India (SBI)
- Bank of Baroda
- Punjab National Bank (PNB)
- Canara Bank
- Union Bank of India
- Indian Bank

➤ **Independent banks (6)**

- Indian Overseas Bank,
- UCO Bank,
- Bank of Maharashtra,
- Punjab and Sind Bank
- Bank of India
- Central Bank of India.

PAST YEAR MCQs

- The Reserve Bank of India (RBI) has proposed a four-tier banking structure as opposed to the existing two-tier model in order to enhance competition and finance higher growth in the country.

Which of the following will not come under the third tier of the proposed system ?
(IBPS RRB Main 2017)
 - Old private sector banks
 - Regional rural banks
 - Multi-state urban cooperative banks
 - Branches of foreign banks in India
 - None of these
- The IFSC is an 11-character code with the first four alphabetic characters representing the bank name, and the last six characters (usually numeric, but can be alphabetic) representing the branch. The fifth character is 0 (zero) and reserved for-
(SBI PO Main-2019)
 - Future use
 - Cash scheme
 - Account Information
 - Balance Rate
 - Cash Withdraw

ANSWER KEYS

1.	(d)	2.	(a)								

PRACTICE MCQs

1. In India, the first bank of limited liabilities managed by Indians and founded in 1881 was
 - (a) Hindustan Commercial Bank
 - (b) Oudh Commercial Bank
 - (c) Punjab National Bank
 - (d) Punjab and Sind Bank
 - (e) National Bank
2. Match the following:

List I		List II	
A.	Allahabad Bank	1.	1894
B.	Oriental Bank of Commerce	2.	1943
C.	Punjab National Bank	3.	1943
D.	UCO Bank	4.	1865

Codes:

A	B	C	D	A	B	C	D
(a) 2	4	3	1	(b) 2	3	4	1
(c) 4	3	1	2	(d) 4	1	3	2
(e) 3	1	4	2				
3. Consider the following statements:
 1. Allahabad Bank was the first bank established exclusively by Indians.
 2. Seven banks forming subsidiary of State Bank of India were nationalised in 1960.

Which of the statements given above is/ are correct?

 - (a) Only 1
 - (b) Only 2
 - (c) Both 1 and 2
 - (d) Neither 1 nor 2
 - (e) Can't say
4. When was the Avadh Commercial Bank established?
 - (a) 1881
 - (b) 1894
 - (c) 1898
 - (d) 1899
 - (e) 1864
5. Imperial Banks were amalgamated and changed as
 - (a) Reserve Bank of India
 - (b) State Bank of India
 - (c) Subsidiary Banks
 - (d) Union Bank of India
 - (e) Corporation Bank
6. _____ was established in 1786.
 - (a) General Bank
 - (b) Reserve Bank of India
 - (c) Bank of Bengal
 - (d) State Bank of India
 - (e) None of these
7. The first wholly Indian Bank was set-up in

(a) 1794	(b) 1894
(c) 1896	(d) 1902
(e) 1918	
8. When was SBI established?
 - (a) 1st April, 1935
 - (b) 31st July, 1969
 - (c) 5th May, 1955
 - (d) 1st July, 1955
 - (e) 5th May, 1960
9. The origin of the State Bank of India goes back to the first decade of the 19th century with the establishment of
 - (a) Bank of Calcutta
 - (b) Bank of Bengal
 - (c) Bank of Bombay
 - (d) Bank of Madras
 - (e) None of these

10. Which bank came into existence in 1921 when three banks namely, Bank of Bengal (1806), Bank of Bombay (1840) and Bank of Madras (1843) were reorganised and amalgamated to form a single banking entity?
 - (a) Imperial Bank of India
 - (b) State Bank of India
 - (c) Reserve Bank of India
 - (d) Punjab National Bank
 - (e) None of the above
11. Which bank became the State Bank of India in 1955?
 - (a) General Bank of India
 - (b) Bank of Hindustan
 - (c) Imperial Bank of India
 - (d) Federal Bank of India
 - (e) None of the above
12. Which of the following banks has acquired the 'Centurion Bank of Punjab'?
 - (a) ICICI Bank (b) IDBI Bank
 - (c) HDFC Bank (d) AXIS Bank
 - (e) None of these
13. Name the premier institution that is taking care of the financial needs of importers and exporters of our country which was established in the year 1981.
 - (a) EXPO Bank
 - (b) Export Import Bank (EXIM)
 - (c) Merchant Bank
 - (d) ECGC
 - (e) None of the above
14. The Largest and Oldest Bank still in existence is
 - (a) Punjab National Bank
 - (b) Reserve Bank of India
 - (c) State Bank of India
 - (d) Punjab National Bank
 - (e) None of The Above
15. Which among the following statements is correct?
 - (a) State Bank of India originated as the Bank of Calcutta in June 1806.
 - (b) "Bank of Calcutta" was renamed as "Bank of Bengal".
 - (c) Both of above
 - (d) None of these
16. Which one of the public sector bank has completed 100 years of its establishment on 21st December, 2011?
 - (a) Central Bank of India
 - (b) State Bank of India
 - (c) Punjab National Bank
 - (d) Bank of Baroda
 - (e) Allahabad Bank
17. Which institution provides long run finance to industries?
 - (a) UTI (b) LIC
 - (c) GIC (d) IFCI
 - (e) All of these
18. Open Added Money Market Scheme was firstly introduced by
 - (a) UTI (b) IDBI
 - (c) ICICI (d) LIC
 - (e) None of these
19. The Export Import Bank of India was set up in
 - (a) July, 1969 (b) April, 1970
 - (c) January, 1982 (d) April, 1982
 - (e) None of the above
20. Industrial Development Bank of India (IDBI) was established in-
 - (a) 1964 (b) 1963
 - (c) 1965 (d) 1966
 - (e) None of these
21. Tier-2 banking structure is designed to have
 - (a) 5 to 10 banks (b) 8 to 10 banks
 - (c) 7 to 9 banks (d) 2 to 5 banks
 - (e) None of these

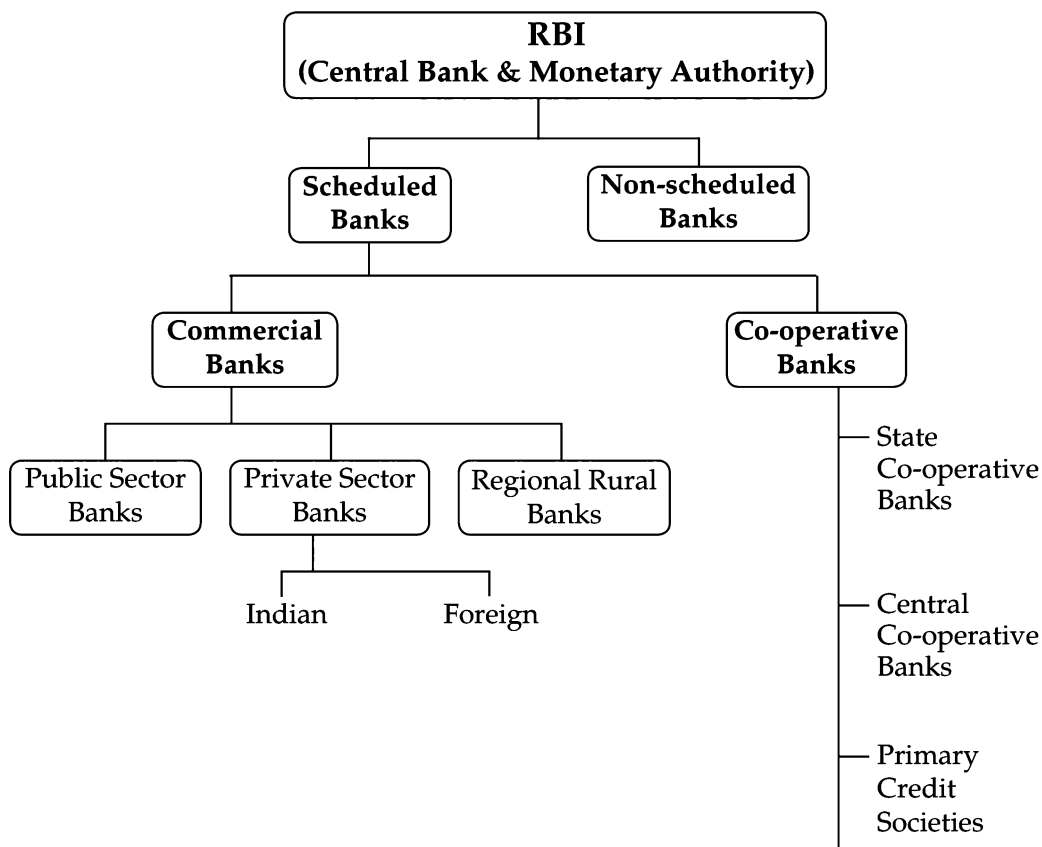
22. Exim Bank extends facility of
 (a) rediscounting of foreign bills of commercial banks
 (b) advisory services to the exporters
 (c) research and market surveys
 (d) All of the above
 (e) None of these
23. The branding line of Bank of Baroda is
 (a) International Bank of India
 (b) India's International Bank
 (c) India's Multinational Bank
 (d) World's Local Bank
 (e) None of the above
24. Which of the following banks has been included in the second Schedule to the RBI Act, 1934 with effect from 21st August, 2004 and thus, is the latest entrant in Indian banking as a new generation private sector bank?
 (a) ICICI Bank Limited
 (b) HDFC Bank Limited
 (c) Kotak Mahindra Bank Limited
 (d) Yes Bank Limited
 (e) None of the above
25. Which of the following is/are correct regarding the objectives of bank reforms in the 1990s?
 (a) Greater flexibility in banking operations
 (b) Greater accountability to shareholders
 (c) Greater control over bank functions
 (d) All the above
 (e) None of these
26. The formation of the 15th Finance Commission in India has been finalized. Who has been appointed to head the commission?
 (a) D. Subba Rao
 (b) N. K. Singh
 (c) Montek Singh Ahluwalia
 (d) Raghuram Rajan
 (e) Rakesh Mohan
27. Which of the following was/were suggested by Narasimham Committee-II report on banking?
 (a) Mergers of the **public sector banks** (PSBs) and the financial institutions.
 (b) Creating a 2-tier banking structure
 (c) Strengthening of legal framework of loan recovery
 (d) Both (a) and (c)
 (e) None of these
28. Bank of Upper India was established in
 (a) 1865 (b) 1863
 (c) 1866 (d) 1867
 (e) None of these
29. Which of the following was suggested by Hilton-Young Commission's report on the creation of a central Bank?
 (a) To separate the control of currency and credit from the government
 (b) To augment banking facilities throughout the country
 (c) Both (a) and (b)
 (d) None of these

ANSWER KEYS

1.	(b)	2.	(c)	3.	(b)	4.	(a)	5.	(b)
6.	(a)	7.	(b)	8.	(d)	9.	(a)	10.	(a)
11.	(c)	12.	(c)	13.	(b)	14.	(c)	15.	(c)
16.	(a)	17.	(d)	18.	(b)	19.	(c)	20.	(a)
21.	(b)	22.	(d)	23.	(b)	24.	(d)	25.	(d)
26.	(b)	27.	(d)	28.	(b)	29.	(c)		

INDIAN BANKING SYSTEM

The organized banking system in India can be broadly divided into three categories viz., the central bank of the country known as the Reserve Bank of India, the commercial banks and the co-operative banks. Another and more common classification of banks in India is between scheduled and non-scheduled banks. The Reserve Bank of India is the supreme monetary and banking authority in the country and has the responsibility to control the banking system in the country. It keeps the cash reserves of all scheduled banks and hence is known as the "Reserve Bank".



Scheduled and Non-Scheduled banks

A bank is said to be a scheduled bank when it has a paid up capital and reserves as per the prescription of RBI and is included in the second schedule of RBI Act 1934.

Non-scheduled banks are those commercial banks which are not included in the second schedule of RBI Act 1934.

RESERVE BANK OF INDIA

The Reserve Bank of India (RBI) was set up in 1935 (by the RBI Act, 1934) as a private bank with two extra functions—regulation and control of the banks in India and being the banker of the government. After nationalization in 1949, it emerged as the central banking body of India and it did not remain a 'bank' in the technical sense. Since then, the governments have been handing over different functions to the RBI, which stand today as given below:

- (i) It is the issuing agency of the currency and coins other than rupee one currency and coin (which are issued by Ministry of Finance itself with the signature of the Finance Secretary on the note).
- (ii) Distributing agent for currency and coins issued by the Government of India.
- (iii) Banker of the government.
- (iv) Bank of the banks/Bank of last resort.
- (v) Announces the credit and monetary policy for the economy.
- (vi) Stabilizing and targeting (CPI-C) the rate of inflation.
- (vii) Stabilizing the exchange rate of rupee.
- (viii) Keeper of the foreign currency reserves.
- (ix) Agent of the Government of India in the IMF.
- (x) Performing a variety of developmental and promotional functions under which.

Commercial Banks

Commercial bank is an institution that accepts deposits, makes business loans and offers related services to general public and businessmen. Commercial banks in India are largely Indian public sector and private sector with a few foreign banks. The public sector banks account for more than 80 percent of the entire banking business in India occupying a dominant position in the commercial banking. These are a profit making institution owned by government or private or both.

a. Public sector banks

- Owned and operated by the government, who has a major share in them.
- Major focus of these banks is to serve the people rather earn profits.
- Examples include State Bank of India, Punjab National Bank etc.

The public sector accounts for 80 percent of total banking business in India and State Bank of India is the largest commercial bank in terms of volume of all commercial banks.

b. Private sector banks

Private sector banks are those whose equity is held by private shareholders. For example, ICICI, HDFC etc. Private sector banks play a major role in the development of Indian banking industry.

c. Foreign Banks

Foreign banks are those banks which have their head offices abroad. These banks have their registered head offices in a foreign country, while they operate their branches in India. They can operate in India either through wholly-owned subsidiaries or through branches. CITI bank, HSBC, Standard Chartered etc. are the examples of foreign banks in India.

Regional Rural Bank (RRB)

These are state sponsored regional rural oriented banks. They provide credit for agricultural and rural development. The main objective of RRB is to develop rural economy. Their borrowers include small and marginal farmers, agricultural labourers, artisans etc. NABARD holds the apex position in the agricultural and rural development.

After nationalization of banks in 1960, there were problems which made it difficult for commercial banks even under government ownership to lend to farmers. Government set up Narasimham Working Group in 1975. On the basis of this committee's recommendations, a Regional Rural Banks Ordinance was promulgated in September 1975, which was replaced by the Regional Rural Banks Act 1976.

First RRB: Prathama Grameen Bank sponsored by Syndicate Bank established on 2nd October 1975 with its Head Office at Moradabad.

The RRBs are owned by three entities with their respective shares as follows:

Central Government-50%

State Government -15%

Sponsor bank-35%

Co-operative Banks

Cooperative banks are so called because they are organised under the provisions of the Cooperative Credit Societies Act of the states. The major beneficiary of the Cooperative Banking is the agricultural sector in particular and the rural sector in general.

The cooperative credit institutions operating in the country are mainly of two kinds: agricultural (dominant) and non-agricultural. There are two separate cooperative agencies for the provision of agricultural credit: one for short and medium-term credit, and the other for long-term credit. The former has three tier and federal structure.

Three tier structures exist in the cooperative banking:

- i. State cooperative banks (SCB) at the apex level.
- ii. Central cooperative banks (CCB) at the district level.
- iii. Primary cooperative banks (PCB) at the base or local level.

PAST YEAR MCQs

1. India got its first private bank in 11 years as the Bandhan Bank commenced operations on 23 Aug with 501 branches. What is the punch line of the bank?
(IBPS PO Main 2015)
 - (a) Apna Bhalai, Aapki Bhalai
 - (b) Aapka Bhalai, Sabki Bhalai
 - (c) Banking the Unbanked
 - (d) Khayal Aapka
 - (e) None of these
2. Which agency in India provides refinance of export credit? (IBPS PO Main 2016)
 - (a) SIDBI
 - (b) NABARD
 - (c) RBI
 - (d) EXIM Bank
 - (e) Government of India
3. Which bank has launched India's first internationally-listed certified green bond to finance climate change solutions around the world at London Stock Exchange (LSE)? (SBI PO Main 2017)
 - (a) Yes Bank
 - (b) ICICI Bank
 - (c) Axis Bank
 - (d) HDFC Bank
 - (e) None of these

4. As we know commercial banks accept deposits from the public. What do banks do with this money?
(SBI PO Main 2017)
 - (a) This is a type of credit creation. Bank gives this on loan
 - (b) This is an income for the bank
 - (c) Banks give this money directly to the Govt. for developmental projects
 - (d) This money is deposited with the RBI who in turn gives some interest on it banks
 - (e) None of these
5. Which of the following bank is generally not considered as Commercial bank?
(SBI PO Main 2017)
 - (a) Public Sector Bank
 - (b) Private Sector Bank
 - (c) Development Bank
 - (d) Foreign Bank
 - (e) None of these
6. Refinance facility is provided by NABARD. Which institution can avail this facility? (IBPS RRB Main 2017)
 - (a) Commercial Banks
 - (b) State Co-operative Banks
 - (c) Regional rural Banks
 - (d) State agricultural Development Finance Companies
 - (e) All of the above
7. All Regional Rural Banks (RRBs) are advised to achieve and maintain a minimum CRAR of _____ on an ongoing basis. (SBI PO Main 2018)
 - (a) 15%
 - (b) 11%
 - (c) 5%
 - (d) 9%
 - (e) 7%
8. The government has identified how many Regional Rural Banks (RRBs) for listing on stock exchanges in line with the Union Budget 2018-19. (SBI PO Main 2018)
 - (a) five
 - (b) two
 - (c) four
 - (d) three
 - (e) one
9. YONO (You Only Need One) app is launched by which of the following?
(SBI PO Main 2018)
 - (a) ICICI Bank
 - (b) Bank of Baroda
 - (c) PNB
 - (d) SBI
 - (e) HDFC Bank
10. Which of the following fund transfer mechanisms, can be moved from one bank to another and where transaction is settled instantly without being bunched with any other transaction?
(IBPS PO 2015)
 - (a) RTGS
 - (b) NEFT
 - (c) TT
 - (d) EFT
 - (e) MT
11. Which of the following is not a primary function of a bank? (IBPS PO 2016)
 - (a) Facilitating import of goods
 - (b) Remittance facility
 - (c) Safe custody of articles
 - (d) Foreign Exchange
 - (e) Purchase and Sale of Foreign Exchange
12. Bandhan bank deals mainly in
(IBPS PO RRB Main 2017)
 - (a) Customer credit
 - (b) Microfinance
 - (c) Control of Money supply
 - (d) Both (a) and (b) are correct
 - (e) None of these

13. Who pays the Rural Area Business Correspondents for their services?
(IBPS PO RRB Main 2017)
- Banks
 - Ministry of Finance
 - Ministry of Labour & Employment
 - Ministry of Rural Development (India)
 - None of these
14. Which of the following State-owned Bank has partnered with M1Xchange Trade Receivables Discounting System (TReDS) platform for MSME bill discounting?
(SBI PO Main-2019)
- Canara Bank
 - Bank of Maharashtra
 - Bank of Baroda
 - Indian Bank
 - Central Bank of India

ANSWER KEYS

1.	(b)	2.	(d)	3.	(c)	4.	(a)	5.	(c)	6.	(e)	7.	(d)
8.	(c)	9.	(d)	10.	(a)	11.	(a)	12.	(a)	13.	(c)	14.	(b)

PRACTICE MCQs

- Consider the following statements:
 - In Indian Commercial Banking System, the number of the Non-scheduled Bank is more than the Scheduled Banks.
 - The Non-scheduled Banks in Indian Commercial Banking Systems are even less than a dozen in number.
 Which of the statements given above is/are correct?
 - Only 1
 - Only 2
 - Both 1 and 2
 - Neither 1 nor 2
 - Can't say
- Which one of the following banks can be included in the Scheduled Commercial Banking System of India?
 - Regional Rural Banks
 - Private Sector Banks
 - Foreign Banks in India
 - All of the above
 - None of these
- Consider the following statements:
 - Scheduled Commercial Banks are those which have been included in the First Scheduled of RBI Act, 1934.
 - Non-scheduled Commercial Banks are those which have been included in the Second Scheduled of RBI act, 1934.
 Which of the statements given above is/are correct?
 - Only 1
 - Only 2
 - Both 1 and 2
 - Neither 1 nor 2
 - Can't say
- A scheduled bank is the one which is included in the
 - II Schedule of Banking Regulation Act
 - II Schedule of Constitution
 - II Schedule of RBI Act
 - All of these
 - None of these

5. Presently, the number of the public sector banks in India is
 - (a) 8 (b) 20
 - (c) 21 (d) 14
 - (e) None of these
6. Which of the following is popular 'saving bank' among the poor children?
 - (a) Core banking
 - (b) Credit banking
 - (c) Debit banking
 - (d) Merchant banking
 - (e) Piggy banking
7. When banks accept fixed sum of money from an individual for a definite term and pay on maturity with interest, the deposit is known?
 - (a) Term deposit
 - (b) Demand deposit
 - (c) Bond
 - (d) Mortgage
 - (e) Advance
8. Which one of the following whose activities are not systematically coordinated by the monetary authority?
 - I. Organised sector
 - II. Unorganised sector
 - III. Co-operative sector

Select the correct answer using the codes given below

 - (a) Only II (b) I and III
 - (c) Only I (d) II and III
 - (e) Only III
9. Which one of the following dominates the organised sector?
 - (a) RBI
 - (b) Commercial Bank
 - (c) Co-operative Bank
 - (d) RRBs
 - (e) SBI
10. A scheduled bank is one
 - (a) which conforms to the requirements of Schedule III of the Banking Regulation Act, 1949
 - (b) which has been declared as a scheduled bank by the Government of India
 - (c) which has deposits exceeding ₹ 10 crore
 - (d) which has its name added to the second schedule of the Reserve Bank of India Act, 1934
 - (e) None of the above
11. Which of the following can be identified as a demat account?
 - (a) Accounts which can have zero balance
 - (b) Accounts opened to facilitate repayment of loan
 - (c) Accounts in which shares of companies are traded in electronic form
 - (d) Accounts maintained by mutual fund companies for investors
 - (e) None of the above
12. How many banks are presently associates of State Bank of India?
 - (a) 8 (b) 7
 - (c) 6 (d) 5
 - (e) None of these
13. The paid-up capital of non-scheduled bank is less than
 - (a) ₹ 5 lakh (b) ₹ 10 lakh
 - (c) ₹ 12 lakh (d) ₹ 15 lakh
 - (e) None of these
14. Which financial entities can issue Certificate of Deposits (CDs)?
 - (a) Scheduled Commercial Banks, excluding RRBs
 - (b) Financial Institutions permitted by RBI
 - (c) Both (a) and (b)

- (d) None of the above
(e) None of these
15. Which of the following is not the part of the scheduled banking structure in India?
(a) Money lenders
(b) Public sector banks
(c) Private sector banks
(d) Regional rural banks
(e) State co-operative banks
16. BCSBI stands for
(a) Banking Codes and Standards Board of India
(b) Banking Credit and Standards Board of India
(c) Banking Codes and Service Board of India
(d) Banking Credit and Service Board of India
(e) None of the above
17. Banking has been defined under _____
(a) Banking Regulation Act Section 5(b)
(b) Banking Regulation Act Section 17
(c) RBI Act Section 2 (2)
(d) Negotiable Instruments Act Section 1
(e) None of these
18. 'Unit Banking System' is that system where an individual bank undertakes the banking business
(a) through a single office
(b) through a few branches operating within a limited area
(c) All of the above
(d) through a few branches
(e) None of these
19. Kisan Credit Card is an effective way of reaching out to the farmers by the banks. What assistance does the farmer receive in this way?
(a) Credit facility for crops etc against an approved limit
(b) Short-term credit facility against value of his crops
(c) Long-term credit is provided against his land holdings
(d) Loan is permissible against crops sold, but payment yet to be received by the farmer
(e) None of these
20. Which of the following cannot be endorsed?
(a) A fixed deposit receipt
(b) A bank draft
(c) A Promissory note
(d) A usance bill of exchange
(e) None of these
21. In economics, it is generally believed that the main objective of a public sector financial company like bank is to
(a) employ more and more people
(b) maximise total profits
(c) maximise total production
(d) sell the goods at subsidised cost
(e) All of these
22. Which of the following is not required for opening a bank account?
(a) Identity proof
(b) Address proof
(c) Recent photographs
(d) Domicile certificate
(e) None of the above
23. Which of the following is a primary function of banks?
(a) Collection and payment of cheques, rent, interest etc on behalf of their customers
(b) Buying, selling and keeping in safe custody, the securities on behalf of their customers
(c) Acting as trustee and executors of the property of their customers on their advice
(d) Remitting money from one place to the other through bank drafts or mail or telegraphic transfers
(e) Accepting deposits

24. The banker is under an obligation to take utmost care in keeping secrecy of the details of the customer. However, the obligation of secrecy is not considered essential when
- a banker is required to give evidence in the court
 - there is national emergency and disclosure is essential in the public interest
 - there are clear proofs of reason to the state and when consent is given by the customer to provide information for the preparation of balance sheet
 - All of the above
 - None of the above
25. Regional Rural Bank was promulgated in
- 1975
 - 1974
 - 1970
 - 1976
 - 1973
26. The first regional rural bank was
- Prathama Grameen Bank
 - Allahabad UP Gramin Bank
 - Arunachal Pradesh Rural Bank
 - Assam Gramin Vikash Bank
 - None of these
27. Which of the following is/are correct about Cooperative Banks?
- They are organised under the provisions of the Cooperative Credit Societies Act.
 - The major beneficiary of the Cooperative Banking is the agricultural sector.
 - The cooperative credit institutions are of agricultural and non-agricultural type.
 - All of these

ANSWER KEYS

1.	(b)	2.	(d)	3.	(d)	4.	(c)	5.	(c)	6.	(e)	7.	(a)
8.	(a)	9.	(b)	10.	(d)	11.	(c)	12.	(e)	13.	(a)	14.	(d)
15.	(a)	16.	(a)	17.	(a)	18.	(c)	19.	(a)	20.	(a)	21.	(b)
22.	(d)	23.	(e)	24.	(d)	25.	(a)	26.	(a)	27.	(d)		

3 CHAPTER

RBI and its Functions

RESERVE BANK OF INDIA

RBI was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934.

- The Central bank was formed under the recommendations from John Hilton Young Commission 1926, also called Royal Commission of Indian Currency and Finance.
- The Central Office of the Reserve Bank was initially established in Calcutta but was permanently moved to Mumbai in 1937.

Though originally privately owned, since nationalization in 1949, the Reserve Bank is fully owned by the Government of India.

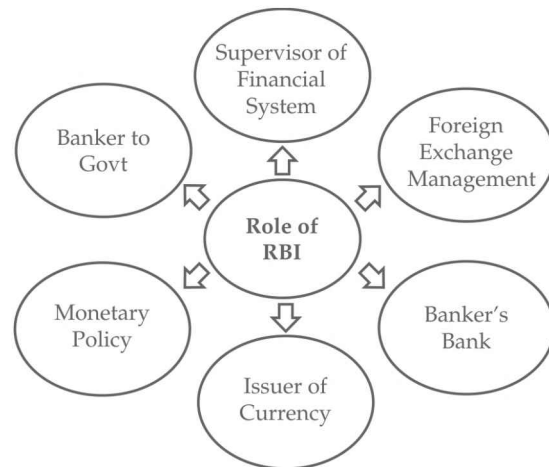
CONSTITUTION

The Reserve Bank's affairs are governed by a central board of directors. The board is appointed by the Government of India in keeping with the Reserve Bank of India Act.

- Appointed/nominated for a period of four years.
- Governor
- Deputy Governors

First Governor of RBI - Sir Osborne Smith
First Indian Governor of RBI - C. D. Deshmukh

Functions of Reserve Bank of India



Monetary Authority:

Formulates, implements and monitors the monetary policy.

Objective: maintaining price stability and ensuring adequate flow of credit to productive sectors.

Regulator and supervisor of the financial system:

Prescribes broad parameters of banking operations within which the country's banking and financial system functions.

Objective: maintain public confidence in the system, protect depositors' interest and provide cost-effective banking services to the public.

Manager of Foreign Exchange:

Manages the Foreign Exchange Management Act, 1999.

Objective: to facilitate external trade and payment and promote orderly development and maintenance of foreign exchange market in India.

Issuer of currency:

Issues and exchanges or destroys currency and coins not fit for circulation.

Objective: to give the public adequate quantity of supplies of currency notes and coins and in good quality.

Developmental role:

Performs a wide range of promotional functions to support national objectives.

Banker to the Government:

Performs merchant banking functions for the central and the state governments; also acts as their banker.

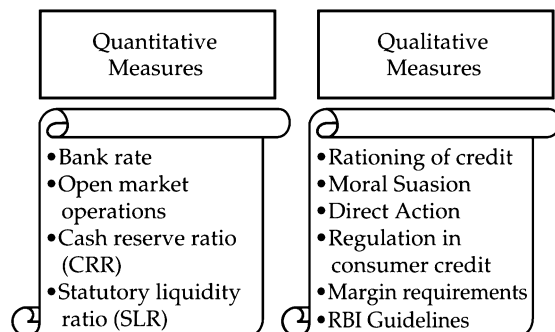
Banker to banks:

Maintains banking accounts of all scheduled banks.

INSTRUMENTS OF MONETARY POLICY - QUANTITATIVE & QUALITATIVE TOOLS

The instruments of monetary policy are tools or devices which are used by the monetary authority in order to attain some predetermined objectives.

ELEMENTS OF MONETARY POLICY



REPO AND REVERSE REPO RATE

Repo is a transaction wherein securities are sold by the RBI and simultaneously repurchased at a fixed price. This fixed price is determined in context of an interest rate called the repo rate. The higher the repo rate, more costly are the funds for banks and hence, higher will be the rate that banks pass on to customers. A high rate signals that access to money is expensive for banks; lesser credit will flow into the system that helps bring down liquidity in the economy. Reverse repo rate is the rate of interest at which the RBI borrows funds from other banks in the short term. This is done by RBI selling government bonds/securities to banks with the commitment to purchase them at a future date. RBI can reduce the liquidity in the banking system by increasing the rate at which it borrows from banks.

CASH RESERVE RATIO (CRR)

This is the percentage of a bank's total deposit that needs to be kept as cash with the RBI. The central bank can change the ratio to a limit. A high percentage means banks have less to lend, which curbs liquidity; a low CRR does the opposite. The RBI can reduce or raise CRR to tighten or ease liquidity as the situation demands.

OPEN MARKET OPERATIONS

This refers to buying and selling of government securities by RBI to regulate short-term money supply. If RBI wants to induce liquidity or more funds into the system, it will buy government securities and inject funds, and if it wants to curb the amount of money out there, it will sell these to banks, thereby reducing the amount of cash that banks have. RBI uses this tool actively even outside of its monetary policy review to manage liquidity on a regular basis.

STATUTORY LIQUIDITY RATIO

This is the percentage of banks' total deposits that they are needed to invest in government approved securities. The lesser the amount

of SLR, the more banks have to lend outside. The ratio of liquid assets to net demand and time liabilities (NDTL) is called statutory liquidity ratio (SLR). It is in the form of liquid assets like cash, gold and unencumbered securities. Banks have to report to the RBI every alternate Friday their SLR maintenance, and pay penalties for failing to maintain SLR as mandated.

BANK RATE

This is the re-discounting rate that RBI extends to banks against securities such as bills of exchange, commercial papers and any other approved securities. In recent years, it has been the repo rather than the bank rate that has acted as a guideline for banks to set their interest rates. Directionally, bank rate follows repo.

In addition to these measures, RBI also uses many qualitative tools to regulate credit flow and cost of credit to the economy and specific sectors within it.

Current Rates:
CRR- 3%
SLR-18.0%
REPO- 4.0%
REVERSE REPO- 3.35%
MSF AND BANK RATE- 4.25%

QUALITATIVE TOOLS:

Qualitative credit is used by the RBI for selective purposes. Some of them are

1. **Margin requirements:** This refers to difference between the securities offered and amount borrowed by the banks.
2. **Consumer Credit Regulation:** This refers to issuing rules regarding down payments and maximum maturities of installment credit for purchase of goods.
3. **RBI Guidelines:** RBI issues oral, written statements, appeals, guidelines, warnings, etc. to the banks.
4. **Rationing of credit:** The RBI controls the Credit granted / allocated by commercial banks.
5. **Moral Suasion:** psychological means and informal means of selective credit control.
6. **Direct Action:** This step is taken by the RBI against banks that don't fulfill conditions and requirements. RBI may refuse to rediscount their papers or may give excess credits or charge a penal rate of interest over and above the Bank rate, for credit demanded beyond a limit.

Demonetisation and RBI

- The government had "advised" the Reserve Bank to junk ₹500/1000 notes on November 7, 2016.
- The RBI's Central Board met the very next day to consider the government's advice.
- After "deliberations," RBI decided to "recommend that the legal tender status of the banknotes in the high denominations of ₹500 and ₹1000 be withdrawn.

RBI under the Section 20 of the RBI Act 1934 has the obligation to undertake the receipts and payments of the Central Government and to carry out the exchange, remittance and other banking operations, including the management of the public debt of the Union.

State Government transactions are carried out by RBI in terms of the agreement entered into with the State Governments in terms of section 21 A of the Act. As of now, such agreements exist between RBI and all the State Governments **except Government of Sikkim**.

Recently the Reserve Bank of India has said that 99.3% of demonetized currency or 15.31 lakh of 15.41 lakh crore demonetized has been returned. Also, household financial savings in currency touched a high 2.8 % of gross national disposable income- the highest in 6 years.

RBI Offices

RBI – 27 Regional offices.
– 04 Sub-offices

Training Establishments

06 training establishments

- RBI Academy,
- College of Agricultural Banking and
- Reserve Bank of India Staff College.
- National Institute for Bank Management,
- Indira Gandhi Institute for Development Research (IGIDR)
- Institute for Development and Research in Banking Technology (IDRBT)

Fully owned subsidiaries of Reserve Bank of India

- Deposit Insurance and Credit Guarantee Corporation of India (DICGC)
- Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)
- Reserve Bank Information Technology Private Limited (ReBIT)
- Indian Financial Technology and Allied Services (IFTAS)

MONETARY POLICY COMMITTEE

The **Monetary Policy Committee** of India is a committee of Reserve Bank of India that is responsible for fixing the benchmark interest rate in India. The committee was created in 2015 after amending the RBI Act, to bring transparency and accountability in fixing India's Monetary Policy.

The committee comprises six members - three officials of the Reserve Bank of India and three external members nominated by the Government of India. The Governor of RBI is the ex-officio chairperson of the committee. Decisions are taken by majority with the Governor having the casting vote in case of a tie. The current mandate of the committee is to maintain 4% annual inflation until March 31, 2021 with an upper tolerance of 6% and a lower tolerance of 2%. The committee has to meet at least 4 times in a year.

Strong recommendations to set monetary policy committee in India had come from Urjit Patel panel report. Prior to this, the B N Srikrishna headed financial sector legislative reforms Commission (FSLRC) had also suggested framing a MPC to meet the challenge of the growing complex economy.

Governors of Reserve Bank of India

No.	Name	Term of office	
		Began	Ended
1	Osborne Smith	1 April 1935	30 June 1937
2	James Braid Taylor	1 July 1937	17 February 1943
3	C. D. Deshmukh	11 August 1943	30 June 1949
4	Benegal Rama Rau	1 July 1949	14 January 1957
5	K. G. Ambegaonkar	14 January 1957	28 February 1957
6	H. V. R. Iyengar	1 March 1957	28 February 1962
7	P. C. Bhattacharya	1 March 1962	30 June 1967
8	L. K. Jha	1 July 1967	3 May 1970
9	B. N. Adarkar	4 May 1970	15 June 1970
10	S. Jagannathan	16 June 1970	19 May 1975
11	N. C. Sen Gupta	19 May 1975	19 August 1975
12	K. R. Puri	20 August 1975	2 May 1977
13	M. Narasimham	3 May 1977	30 November 1977
14	I. G. Patel	1 December 1977	15 September 1982

No.	Name	Term of office	
		Began	Ended
15	Manmohan Singh	16 September 1982	14 January 1985
16	Amitav Ghosh	15 January 1985	4 February 1985
17	R. N. Malhotra	4 February 1985	22 December 1990
18	S. Venkitaramanan	22 December 1990	21 December 1992
19	C. Rangarajan	22 December 1992	21 November 1997
20	Bimal Jalan	22 November 1997	6 September 2003
21	Y. V. Reddy	6 September 2003	5 September 2008
22	D. Subbarao	5 September 2008	4 September 2013
23	Raghuram Rajan	4 September 2013	4 September 2016
24	Urjit patel	4 September 2016	11 December 2018
25	Shakti kanta Das	11 December 2018	<i>Incumbent</i>

Reserve Bank of India - Brief History	
1926	Royal Commission on Indian Currency and Finance popularly known as the Hilton–Young Commission submitted its report and made recommendations to the British Government of India for creation of a central Bank. Objectives: - To separate the control of currency and credit from the government - To augment banking facilities throughout the country.
1933	White Paper on Indian Constitutional Reforms recommended the creation of a Reserve Bank. A fresh bill was introduced in the Legislative Assembly.
1934	The Bill was passed and received the Governor General's assent
April 1, 1935	- Reserve Bank of India was established via the RBI Act of 1934 as the banker to the central government. - RBI launched its operations from April 1, 1935. - Its headquarters were in Kolkata in the beginning, but it was shifted to Shaheed Bhagat Singh Marg, Mumbai in 1937. - RBI started as a privately owned bank. It started with a Share Capital of ₹ 5 Crore, divided into shares of ₹ 100 each fully paid up. - In the beginning, this entire capital was owned by private shareholders. Out of this ₹ 5 Crore, the amount of ₹ 4,97,8000 was subscribed by the private shareholders while ₹ 2,20,000 was subscribed by central government.
1942	Reserve Bank ceased to be the currency issuing authority of Burma (now Myanmar).
1947	Reserve Bank stopped acting as banker to the Government of Burma.
1948	Reserve Bank stopped rendering central banking services to Pakistan.
1949	- Government of India nationalized the Reserve Bank under the Reserve Bank (Transfer of Public Ownership) Act, 1948. - Thus, the government passed Reserve Bank (Transfer to Public Ownership) Act, 1948 and took over RBI from private shareholders after paying appropriate compensation. Thus, nationalisation of RBI took place in 1949 and from January 1, 1949, RBI started working as a government owned central bank of India. - Banking Regulation Act was enacted.

Acts administered by Reserve Bank of India

- Reserve Bank of India Act, 1934
- Public Debt Act, 1944/Government Securities Act, 2006
- Government Securities Regulations, 2007
- Banking Regulation Act, 1949
- Foreign Exchange Management Act, 1999
- Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- Credit Information Companies (Regulation) Act, 2005
- Payment and Settlement Systems Act, 2007
- Payment and Settlement Systems Regulations, 2008 and Amended up to 2011 and BPSS Regulations, 2008
- The Payment and Settlement Systems (Amendment) Act, 2015 - No. 18 of 2015
- Factoring Regulation Act, 2011
- State Bank of India Act, 1955
- Companies Act, 1956/ Companies Act, 2013
- Securities Contract (Regulation) Act, 1956
- State Bank of India Subsidiary Banks) Act, 1959
- Deposit Insurance and Credit Guarantee Corporation Act, 1961
- Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
- Regional Rural Banks Act, 1976
- Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980
- National Bank for Agriculture and Rural Development Act, 1981
- Recovery of Debts Due to Banks and Financial Institutions Act, 1993
- Competition Act, 2002
- Indian Coinage Act, 2011 : Governs currency and coins
- Banking Secrecy Act
- The Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003
- The Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993

Other relevant Acts

- Negotiable Instruments Act, 1881
- Bankers' Books Evidence Act, 1891

RBI Committees in Recent Times

Committee	Date	Headed by
Working Group on Core Investment Companies	October 2019	Tapan Ray
To Review Agricultural Credit	September 2019	Mahesh Kumar Jain
Development of Housing Finance Securitisation Market	September 2019	Dr. Harsh Vardhan
Development of Secondary Market for Corporate Loans	August 2019	T. N. Manoharan
To Review the Extant Economic Capital Framework of the Reserve Bank of India	August 2019	Dr. Bimal Jalan
On Offshore Rupee Markets	July 2019	Usha Thorat
Report on MSMEs	June 2019	U.K. Sinha
On Deepening of Digital Payments	May 2019	Nandan Nilekani
On Public Credit Registry for India	June 2018	Y. M. Deosthalee

Report of the Inter-Regulatory Working Group on FinTech and Digital Banking	February 2018	Sudarshan Sen
To Review of the Guidelines for Hedging of Commodity Price Risk by Residents in the Overseas Markets	November 2017	Chandan Sinha
Household Finance Committee	August 2017	Dr. Tarun Ramadorai
To Speed up the Process of Recalibration of ATMs	November 2016	S.S. Mundra
To study the regulatory issues relating to Financial Technology (Fintech) and Digital Banking in India	June 2016	SudarshanSen
To Review Governance of Boards of Banks in India	June 2016	P J Nayak
To look at the various facets of household finance in India and to benchmark India's position	August 2016	Dr. TarunRamadorai
Development of corporate bond	August 2016	H.R. Khan
Working Group on Import Data Processing and Monitoring System	April 2016	A. K. Pandey
Working group on Interest Rate Options	February 2016	P. G. Apte
Committee on Differential Premium System for Banks in India	September 2015	Jasbir Singh
Working Group on Compilation of Flow of Funds Accounts for Indian Economy August	August 2015	D. K. Mohanty
High Powered Committee on Urban Co-operative Banks (UCBs)	June 2015	R. Gandhi
Committee on Data Standardization	March 2015	LP. Parthasarathi
Committee on Capacity Building in Banks and Non Banks	September 2014	G. Gopalakrishna
Committee on Implementation of Countercyclical Capital Buffer	July 2014	B. Mahapatra
Committee on Data and Information Management in the Reserve Bank of India	July 2014	D. K. Mohanty
Committee on productivity growth for the Indian Economy	June 2014	B. N. Goldar
Committee to Review Governance of Boards of Banks in India	May 2014	P. J. Nayak
Working group on resolution Regime for Financial Institutions	May 2014	Anand Sinha
Committee on licensing of new Urban Cooperative Banks	September 2011	Malegam Committee
Committee on issues and concerns in the NBFC Sector	August 2011	Usha Thorat

PAST YEAR MCQs

1. The Reserve Bank of India has issued a licence to which of the following to launch operations in India?
(IBPS RRB PO Main 2018)
 - (a) CITIC Ka Wah Bank Limited
 - (b) China Construction Bank
 - (c) Bank of China
 - (d) Chong Hing Bank Limited
 - (e) Bank of East Asia Limited
2. Who is the first Chief Financial Officer of RBI?
(RBI Grade-B 2018)
 - (a) Urjit Patel
 - (b) S. Mahalingam
 - (c) Sudha Balakrishnan
 - (d) V. Balakrishnan
 - (e) None of these
3. What is Cash Reserve Ratio?
(IBPS PO Main 2016)
 - (a) Deposits of banks in government securities
 - (b) Rate at which banks borrow funds from the RBI
 - (c) Deposits (as cash) which banks have to keep/maintain with the RBI
 - (d) Rate at which RBI borrows money from the banks
 - (e) Rate at which RBI borrows money from the government
4. Cash Reserve Ratio (CRR) is a specified minimum fraction of the total deposits of customers, which commercial banks have to hold as reserves either in cash or as deposits with the central bank. CRR is set according to the guidelines of the central bank of a country. CRR controls-
(SBI PO Main 2016)
 - (a) It cheaper for banks to borrow money
 - (b) Is a tool, which central bank uses for short-term purposes
 - (c) Greater control to the central bank over money supply
 - (d) Marking a shift from earlier method of calibrating various policy rates separately
 - (e) None of these
5. In which form is the Cash Reserve Ratio (CRR) to be maintained with the Reserve Bank of India ?
(IBPS Clerk 2013)
 - (a) Minimum cash reserves
 - (b) Gold
 - (c) Approved Securities
 - (d) Both (a) and (b)
 - (e) All of the above
6. Which of the following is correct regarding the Statutory Liquidity ratio (SLR)?
(IBPS Clerk 2013)
 - (a) It restricts commercial bank's leverage in pumping more money into the economy
 - (b) It is maintained only in form of cash
 - (c) It controls liquidity in banking system
 - (d) It does not ensure the solvency of commercial banks
 - (e) None of these
7. Reverse Repo is a tool used by RBI to.....
(IBPS RRB Main 2017)
 - (a) Increase liquidity of banking system
 - (b) Absorb liquidity
 - (c) Inject liquidity
 - (d) Keep the liquidity a one level
 - (e) None of these
8. The Monetary Policy Committee (MPC) of India is responsible for fixing the benchmark interest rate in India. Who is not in MPC?(IBPS RRB Asst. Main 2018)
 - (a) Urjit R Patel
 - (b) Arun Jaitley
 - (c) Viral V Acharya
 - (d) Michael Debabrata Patra
 - (e) Ravindra H Dholakia

9. Which of the following three year roadmap finalized by The Reserve Bank of India (RBI) to improve regulation and supervision, among other functions of the central bank? **(SBI PO Main-2019)**
 (a) Utkarsh 2021 (b) Utkarsh 2022
 (c) Utkarsh 2023 (d) Utkarsh 2024
 (e) Utkarsh 2025
10. What is the percentage of RRB sponsor bank contribution?
(RBI Assistant 2015)
 (a) 75% (b) 35%
 (c) 45% (d) 50%
 (e) None of these
11. According to a recent Reserve Bank's Instructions on Banking matters. Banks cannot accept interest free deposits other than in **(IBPS Clerk 2013)**
 (a) Demand deposit account
 (b) Term deposit account
 (c) Current account
 (d) Both (a) and (b)
 (e) None of these
12. Which of the following is/are traditional type of open market operations used by the Reserve Bank of India ?
(IBPS Clerk 2013)
 (a) Outright purchase
 (b) CRR (Cash reserve ratio)
 (c) SLR (Statutory Liquidity Ratio)
 (d) Repurchase agreement (REPO)
 (e) Both (a) and (d)
13. The deposit of cash under cash reserve ratio(CRR) requirement with the RBI is a **(SBI PO Main 2017)**
 (a) Contributory requirement
 (b) Discretionary requirement
 (c) Mandatory requirement
 (d) Voluntary requirement
 (e) None of these
14. Which one of the following rates is not decided by RBI? **(SBI PO Main 2017)**
 (a) Repo rate
 (b) Prime Lending Rate
 (c) Bank rate
 (d) Marginal Standing Facility (MSF) rate
 (e) None of these
15. Base Rate of loans are **(IBPS RRB Main 2017)**
 (a) Set by the Reserve Bank of India
 (b) Fixed by individual banks
 (c) Applicable to all new loans after July 2010
 (d) Both a and b
 (e) Both b and c
16. Which of the following is/are not the function/functions of RBI?
(IBPS PO RRB Main 2017)
 1. Issue of Notes
 2. Bankers of Bank
 3. Issue of One Rupee note
 (a) Only 1 (b) Only 2
 (c) Only 3 (d) Only 2 and 3
 (e) All 1, 2 and 3
17. The RBI has recently constituted a 10-member 'High Level Task Force on Public Credit Registry (PCR) for India', who is the head of Public Credit Registry?
(IBPS PO Main 2018)
 (a) Sekar Karnam
 (b) Rashesh Shah
 (c) Vishaka Mulye
 (d) Sriram Kalyanaraman
 (e) YM Deosthalee
18. The RBI has asked banks authorised to deal in foreign exchange (Authorised Dealer-I Banks) to share data with which of the following? **(IBPS PO Main 2018)**
 (a) Ministry of Finance
 (b) Securities and Exchange Board of India
 (c) Directorate of Revenue Intelligence
 (d) Intelligence Bureau
 (e) Comptroller and Auditor General of India

19. The rate of interest charged by the central bank for short term on the cash borrowed by commercial banks is called _____.
(IBPS RRB Asst. Main 2018)
- Repo Rate
 - Reverse Repo Rate
 - Bank Rate
 - Cash Reserve Ratio
 - Base Rate
20. Statutory Liquidity Ratio (SLR) is defined as 'the share of bank's total deposit that it needs to maintain itself as liquid assets'. The current rate of SLR is _____.
(IBPS RRB Asst. Main 2018)
- 19.75%
 - 20.00%
 - 19.50%
 - 20.25%
 - 19.25%
21. The rate on which banks borrow loan from RBI is _____.
(IBPS RRB PO Main 2018)
- Reverse Repo Rate
 - Repo Rate
 - Cash Reserve Ratio
 - Base rate
 - Marginal Standing Facility
22. To provide relief to the medium and small enterprises sector, the RBI announced that GST registered MSME borrowers will get a further _____ day window to pay dues if their accounts were standard as on August 31st 2017.
(IBPS RRB PO Main 2018)
- 30 days
 - 150 days
 - 90 days
 - 120 days
 - 180 days
23. What is rate of SLR?
(RBI Grade-B 2018)
- 19.5%
 - 18.5%
 - 16.25%
 - 15.5%
 - None of these
24. In order to address the twin balance sheet problem of the banking sector and the corporate sector, the RBI made a strong case for setting up a _____ in India.
(IBPS Clerk Main 2019)
- Public Credit Registration
 - Public Credit Registry
 - Public Credit Review
 - Public Credit Reminder
 - Public Commerce Registry.
25. T.N. Manoharan Committee was launched by? (SBI Clerk Main-2019)
- RBI
 - Ministry of Finance
 - SIDBI
 - SEBI
 - None of these
26. RBI constituted a six-member committee to strengthen the corporate governance framework of systematically important CICs. What is the full form of CIC?
(IBPS RRB Clerk Main-2019)
- Core Investment Company
 - Committed Investor Company
 - Core Information Cell
 - Cost of Investment Company
 - None of these
27. RBI has instructed banks on cash withdrawal at POS for tier III to Tier VI
(IBPS Clerk Main-2020)
- 500/- per day
 - 1000/- per day
 - 1500/- per day
 - 2000/- per day
 - 2500/- per day
28. RBI has increased the timeline for conversion of minimum KYC detail for prepaid payment instruments (PPIs) to full KYC compliant PPIs:
(IBPS Clerk Main-2020)
- 6 months to 12 months
 - 12 months to 18 months
 - 18 months to 24 months
 - 1 months to 6 months
 - 24 months to 30 months

29. The government has named _____ outside experts as members of the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI), moving to a model followed in the developed world. **(SBI PO Main 2016)**
 (a) One (b) Two
 (c) Three (d) Four
 (e) Five
30. The Reserve Bank of India has started housing loans of up to ₹_____ for dwellings costing less than ₹ 45 lakh, will be treated as priority sector lending in metropolitan centre (with population of ten lakh and above). **(IBPS RRB PO Main 2018)**
 (a) ₹ 42 lakhs (b) ₹ 40 lakhs
 (c) ₹ 32 lakhs (d) ₹ 35 lakhs
 (e) ₹ 30 lakhs

ANSWER KEYS

1.	(c)	2.	(c)	3.	(c)	4.	(c)	5.	(a)
6.	(a)	7.	(b)	8.	(b)	9.	(b)	10.	(b)
11.	(c)	12.	(e)	13.	(c)	14.	(b)	15.	(e)
16.	(c)	17.	(e)	18.	(c)	19.	(a)	20.	(c)
21.	(b)	22.	(e)	23.	(a)	24.	(b)	25.	(a)
26.	(a)	27.	(d)	28.	(c)	29.	(c)	30.	(d)

PRACTICE MCQs

- Which of the following training establishment is not run by Reserve Bank of India?
 (a) Bankers Training College, Bombay
 (b) College of Agricultural Banking, Pune
 (c) NIBM
 (d) All of the above
 (e) None of these
- The currency notes issued by RBI have a cent percent cover in
 (a) approved assets
 (b) gold
 (c) foreign exchange
 (d) trustee securities
 (e) None of these
- Which of the following do not fall within the functions of the Reserve Bank of India?
 (a) Regulation of currency
 (b) Control of credit
 (c) Banker of the government, banker's bank and lender of the last resort
 (d) Accepting deposits and making loans and advances to public
 (e) None of the above
- Which of the following are the main functions of the Reserve Bank of India?
 (a) Granting licences to commercial banks for opening branches in rural areas
 (b) Accepting deposits from the public
 (c) Regulating foreign exchange business
 (d) Acting as note issuing authority, bankers' bank and banker to the government
 (e) None of the above

5. The Public Debt Office of the Reserve Bank of India
 - (a) is a central depository for all types of Government securities except Treasury Bills
 - (b) attends to the function of note issue the Reserve Bank of India
 - (c) is responsible for maintaining external value of rupee
 - (d) controls balance of payment position of the Government of India
 - (e) None of the above
6. Which of the following are the instruments of Credit Control in the hands of the RBI?
 - I. Lowering or raising the discount and interest rates.
 - II. Raising the minimum support price of the major agro products.
 - III. Lowering or raising the minimum cash reserves maintained by the commercial banks.

Select the correct answer using the codes given below

 - (a) Only I (b) Only II
 - (c) Only III (d) Both I and III
 - (e) Both II and III
7. RBI's open market operation transactions are carried out with a view to regulate.
 - (a) liquidity in the economy
 - (b) prices of essential commodities conflation
 - (c) borrowing power of the banks
 - (d) All of the above
 - (e) None of these
8. Which of the following functions are not being performed by the Reserve Bank of India?
 - (a) Regulation of banks in India
 - (b) Regulation of foreign direct investment in India
 - (c) Foreign currency management in India
 - (d) Control and supervision of money supply
 - (e) Currency management in India
9. The exchange rate in India is dependent upon
 1. Government policy
 2. Demand-supply forces
 3. Monetary policy objectives
 - (a) Only 2 (b) 2 & 3
 - (c) 1 & 2 (d) 1, 2 & 3
10. Prior approval (as also a licence) of RBI is required for opening
 - (a) personal banking branches
 - (b) merchant banking branches
 - (c) asset recovery branches
 - (d) All of the above
 - (e) None of these
11. Who acts as the banker to the Government of India?
 - (a) State Bank of India
 - (b) Reserve Bank of India
 - (c) NABARD
 - (d) Nationalised Banks
 - (e) Central Bank of India
12. Who decides on the quantity of coins to be minted?
 - (a) The Government of India
 - (b) RBI
 - (c) SEBI
 - (d) All of the above
 - (e) None of these
13. What is the animal of the insignia of the RBI?
 - (a) Lion (b) Tiger
 - (c) Panther (d) Elephant
 - (e) Horse
14. Which of the following is NOT a source of funds of a commercial bank?
 - (a) Capital
 - (b) Borrowings from RBI
 - (c) Call money
 - (d) Cash reserves with RBI
 - (e) None of these
15. The methods of credit control by the Reserve Bank of India may be broadly divided into
 - (a) Open and close

- (b) Quantitative and Qualitative
(c) Monetary and fiscal
(d) Rural and urban
(e) None of these
16. When was Reserve Bank of India Nationalised?
(a) 1947 (b) 1948
(c) 1949 (d) 195
(e) 1960
17. Many Regional Rural Banks are given licence to open branches in small cities and towns. These licences are given by
(a) Cabinet Committee on Economic Affairs
(b) Reserve Bank of India
(c) NABARD
(d) Indian Banks' Association
(e) None of these
18. The RBI has adopted model, in which mobile banking is promoted through business correspondents of banks.
(a) Bank Led (b) Bank Mobile
(d) Mobile (d) All of these
(e) None of these
19. Which of the following is/are known as banker's bank?
(a) SBI (b) NABARD
(c) RBI (d) All of these
(e) None of these
20. Section 14 of Banking Regulation Act, 1949
(a) prohibits a banking company from creating a charge upon any unpaid capital of the company
(b) contains a system of licensing of banks by the RBI
(c) provides that the subscribed capital of a banking company should not be less than one-half of its authorised capital
(d) All of the above
(e) None of these
21. Open market operations, one of the measures taken by RBI in order to control credit expansion in the economy, means
(a) sale or purchase of government securities
(b) issuance of different types of bonds
(c) auction of gold
(d) to make available direct finance to borrowers
(e) None of these
22. Under which section of the Reserve Bank of India Act, the Reserve Bank has the sole right of note issue?
(a) Section 20 (b) Section 22
(c) Section 25 (d) Section 28
(e) Section 30
23. From the given options, bring out the one which is not a function/power of Reserve Bank of India?
(a) To assume the responsibility meeting directly or indirectly all reasonable demands for accommodation
(b) To hold cash reserves of the commercial banks and make available financial accommodation to them
(c) To enjoy monopoly of the note issue
(d) To assume responsibility of all banking operations of the government
(e) The assume the responsibility of statistical analysis of data related to macro economy of India
24. Who supplies interest-charts for different maturities and for different rates of interest?
(a) IBA
(b) RBI
(c) Government of India
(d) IBRD
(e) Other than the given options
25. All venture Capital Funds must be registered with
(a) RBI
(b) SEBI
(c) Registrar of Companies
(d) Either (a) or (b)
(e) None of these

26. Which of the following statements is correct?
- RBI is just like any ordinary commercial bank
 - RBI is responsible for the overall Monetary Policy
 - The Fiscal Policy of India is approved by RBI
 - RBI has Deputy Chairman Planning Commission on its board
 - None of these
27. The RBI is not expected to perform the function of
- the banker to the government
 - accepting deposit from commercial banks
 - accepting deposit from commercial public
 - issue of currency
 - None of these
28. RBI stipulates a healthy mix of CASA in the business figures of banks. What does it denote?
- Customer Analysis and Savings Pattern
 - Cost Appreciation and Selling Analysis
 - Current Account and Savings Account
 - Credit and Savings Aggregate
 - None of these
29. Which of the following is/are functions of the RBI?
- Acts as the currency authority.
 - Controls money supply and credit.
 - Manages foreign exchange.
 - Serves as a banker to the government.
- Select the correct answer using the codes given below:
- I and II
 - II and III
 - I, II and III
 - All of these
 - None of these
30. The first Governor of the Reserve Bank of India from 1st April, 1935 to 30th June, 1937 was
- Sir Osborne Smith
 - Sir James Taylor
 - CD Deshmukh
 - Sir Benegal Rama Rao
 - KG Ambegaonkar
31. Headquarters of Reserve Bank of India is in
- New Delhi
 - Mumbai
 - Kolkata
 - Chennai
 - Hyderabad
32. When RBI acts as a banker to the government, what does it do?
- RBI keeps bank accounts of the government
 - RBI carries out government transactions
 - RBI advises the government on all financial and monetary matters
 - All of the above
 - None of these
33. A bank which acts as a banker of other banks is called
- saving bank
 - commercial bank
 - investment bank
 - development bank
 - central bank
34. RBI provides Ways and Means Advances (WMA) to
- Central Government
 - State Government
 - Both
 - None
35. An average citizen cannot open a Savings account in which of the following?
- Commercial bank
 - Post office
 - Co-operative bank
 - RBI
 - None of these

36. The Reserve Bank of India had diverted its stake in State Bank of India to
- IDBI Bank
 - LIC
 - ICICI Bank
 - Government of India
 - None of these
37. In January, 1998, the Reserve Bank of India introduced new regulatory framework for safeguarding the interest of depositors. The guidelines comprises
- NBFCs falling short of the stipulated minimum Net Owned Funds (NOF) were precluded from accepting public deposits
 - An NBFC not having minimum credit rating as prescribed by RBI is not eligible to accept fresh deposits
 - Ceiling on the quantum public deposits was related to the level of credit rating given by the approved credit rating agencies
 - All of the above
 - None of these
38. The financial year for banks is April-March, but what is the financial year for RBI?
- January - December
 - April - March
 - July - June
 - October - September
 - June-May
39. Under provisions of which one of the following Acts does the RBI issue directives to the Banks in India ?
- RBI Act
 - Banking Regulation Act
 - Essential Commodities Act
 - RBI and Banking Regulation Act
 - None of these
40. Which one of the following tools is used by RBI for selective credit control ?
- It advises banks to lend against certain commodities
 - It advises banks to recall the loans for advances against certain commodities
 - It advises banks to charge higher rate of interest for advance against certain commodities.
 - It discourages certain kinds of lending by assigning higher risk weights to loans it deems undesirable.
 - None of these
41. The government of India has decided to allow Currency Futures in India. Besides Ministry of Finance, which is/are the other organisation(s) whose permission/ approval is needed for such operations in India?
- International Monetary Fund
 - Reserve Bank of India
 - Securities and Exchange Board of India
 - Both (b) and (c)

ANSWER KEYS

1.	(c)	2.	(a)	3.	(d)	4.	(d)	5.	(a)
6.	(d)	7.	(a)	8.	(b)	9.	(c)	10.	(d)
11.	(b)	12.	(a)	13.	(b)	14.	(d)	15.	(b)
16.	(c)	17.	(b)	18.	(d)	19.	(c)	20.	(a)
21.	(a)	22.	(b)	23.	(a)	24.	(a)	25.	(b)
26.	(b)	27.	(c)	28.	(c)	29.	(d)	30.	(a)
31.	(b)	32.	(d)	33.	(e)	34.	(b)	35.	(d)
36.	(d)	37.	(d)	38.	(c)	39.	(d)	40.	(b)
41.	(d)								

4 CHAPTER

Nationalisation of Banks

NATIONALISATION OF BANKS

The Government of India had some social objectives like ensuring social welfare, credit availability to the needy sectors such as Agriculture, Small and Village Industries, checking private monopolies, Reducing Regional Imbalance and so on. These commercial banks failed helping the government in attaining these objectives. Thus, the government decided to nationalize 14 major commercial banks on 19th July, 1969. All commercial banks with a deposit base over ₹50 crores were nationalized.

List of 14 Banks Nationalized in 1969 (1st Phase)

1. Central Bank of India
2. Bank of Maharashtra
3. Dena Bank
4. Punjab National Bank
5. Syndicate Bank
6. Canara Bank
7. Indian Bank
8. Indian Overseas Bank
9. Bank of Baroda
10. Union Bank of India
11. Allahabad Bank
12. United Bank of India
13. UCO Bank
14. Bank of India

2nd Phase of Nationalisation

This process was followed again in 1980 when another lot of six banks were nationalized

under **Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.**

The stated reason for the nationalisation was to give the government more control of credit delivery. With the second phase of nationalisation, the Government of India controlled around 91% of the banking business in India.

The 6 banks nationalized in 1980 are as follows:

List of 6 Banks Nationalized in 1980 (2nd Phase)

1. Punjab & Sind Bank
2. Oriental Bank of Commerce
3. New bank of India (now merged with Punjab National Bank)
4. Vijay Bank
5. Andhra Bank
6. Corporation Bank

In 1993 the New bank of India was merged with another bank that traced its roots to Lahore – Punjab National Bank. The New bank of India thus become the first nationalized bank to be merged with another.

After merging the New bank of India total nationalized banks are 19.

On the State Banks (Repeal and Amendment) Bill of 2017

In August 2017, the Lok Sabha passed the State Banks (Repeal and Amendment) Bill of 2017 to amend the State Bank of India (SBI) Act of 1955 to remove references related to subsidiary banks.

After the acquisition of subsidiary banks by the SBI, subsidiary banks have ceased to exist. Therefore, the government found it necessary to repeal the SBI (Subsidiary Banks) Act of 1959 and the State Bank of Hyderabad Act of 1956.

The government has also found it unnecessary to retain certain provisions in the SBI Act, 1955, which apply to subsidiary banks. These subsidiary banks – State Bank of Bikaner and Jaipur, State Bank of Mysore, State Bank of Patiala, and State Bank of Travancore – were constituted under the SBI (Subsidiary Banks) Act of 1959.

The State Bank of Hyderabad was originally constituted as Hyderabad State Bank under the Hyderabad State Bank Act and renamed as the State Bank of Hyderabad under sub-section (1) of Section 3 of the State Bank of Hyderabad Act of 1956.

To rationalise resources, reduce costs, improve profits, for lower cost of funds leading to better rate of interest for the public, and to improve productivity and customer service, the SBI, with the sanction of the Central government and in consultation with the Reserve Bank of India (RBI), entered into negotiations with the State Bank of Bikaner and Jaipur, the State Bank of Mysore, the State Bank of Patiala, the State Bank of Travancore and the State Bank of Hyderabad for acquiring their business, including assets and liabilities. The schemes relating to such acquisitions were agreed upon by the Central Board of the SBI and the respective boards of the subsidiary banks and approved by the RBI. In exercise of the powers conferred by sub-section (2) of Section 35 of the SBI Act, 1955, the Central government accorded its sanction.

Accordingly, the Central government issued the following orders, sanctioning the scheme of acquisition: (a) the Acquisition of State Bank of Bikaner and Jaipur Order, 2017; (b) the Acquisition of State Bank of Mysore Order, 2017; (c) the Acquisition of State Bank of Patiala Order, 2017; (d) the Acquisition of State Bank of Travancore Order, 2017; and (e) the Acquisition of State Bank of Hyderabad

Order, 2017. As per these, the business of these subsidiary banks is to be carried out by the SBI in accordance with the SBI Act, 1955, with effect from April 1, 2017.

Impact of Nationalisation

After the two major phases of nationalization in India, the 80% of the banking sector came under the public sector / government ownership. The nationalization of banks imparted major impetus to branch expansion in un-banked, rural and semi-urban areas, which in turn resulted in huge deposit mobilization, thereby giving boost to the overall savings rate of the economy. It also resulted in scaling up of lending to agriculture and its allied sectors. After the nationalisation of banks, the branches of the public sector banks in India rose to approximately 800 per cent in deposits, and advances took a huge jump by 11,000 per cent. Government ownership gave the public implicit faith and immense confidence in the sustainability of public sector banks.

Demerits of Nationalisation of Banks in India

Though the nationalisation of commercial banks was undertaken with tall objectives, in many senses it failed in attaining them. In fact it converted many of the banking institutions in the loss making entities. The reasons were obvious lethargic working, lack of accountability, lack of profit motive, political interference, etc. Under this backdrop, it is necessary to have a critical look at the whole process of nationalisation in the period after nationalisation.

The major limitations of the nationalisation of banks in India are:-

- **Inadequate banking facilities** : Even though banks have spread across the country, still many parts of the country are unbanked. Especially in the backward states such as the Uttar Pradesh, Bihar, Madhya Pradesh, Chhattisgarh and north-eastern states of India.

- **Limited resources mobilized and allocated** : The resources mobilized after the nationalisation is not sufficient if we consider the needs of the Indian economy. Sometimes the deposits mobilized are enough but the resource allocation is not as per the expansions.
- **Lowered efficiency and profits** : After nationalisation, banks fell into the government sector. Many times political forces pressurized them. Banking was not done on professional and ethical grounds. It resulted in lower efficiency and poor profitability of banks.
- **Increased expenditure** : Due to huge expansion in a branch network, large staff administrative expenditure, trade union struggle, etc. banks expenditure increased to a dangerous levels.
- **Political and Administrative Interference**: Many public sector banks badly suffered due to the political interference. It was seen in arranging loan melas. It ultimately resulted in huge non-performing assets (NPA) of these banks and inefficiency.

Apart from these, there are certain other limitations as well, such as weak infrastructure, poor competitiveness, etc.

But after Economic Reforms of 1991, the Indian banking industry has entered into the new horizons of competitiveness, efficiency and productivity. It has made Indian banks more vibrant and professional organizations, removing the bad days of bank nationalisation.

BANKING REFORM PHASE

Commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture but long term financial needs were left for other agencies or government to meet. There was no coordination between commercial banks and long term lending organizations. Hence when one was available the other was not available.

As such with the growing need for long term funds for financing industrial

projects, Government established Industrial Development Bank of India (IDBI) in 1964 to help industrial sector with long term financial resources to boost industrial growth.

The Government of India initiated measures to play an active role in the economic life of the nation, and the Industrial Policy Resolution adopted by the government in 1948 envisaged a mixed economy. This resulted in greater involvement of the state in different segments of the economy including banking and finance. The major steps to regulate banking included:

The Reserve Bank of India, India's central banking authority, was established in April 1935, but was nationalised on 1 January 1949 under the terms of the Reserve Bank of India (Transfer to Public Ownership) Act, 1948 .

In 1949, the Banking Regulation Act was enacted, which empowered the Reserve Bank of India (RBI) "to regulate, control, and inspect the banks in India." The Banking Regulation Act also provided that no new bank or branch of an existing bank could be opened without a license from the RBI, and no two banks could have common directors.

One important feature of the reforms of the 1990s was the permission to open new private sector banks. Following this decision, new banks such as ICICI Bank, HDFC Bank, IDBI Bank, Development Credit Bank (DCB), Kotak Mahindra Bank, Indusind Bank, Yes Bank, UTI Bank (now Axis bank), Bandhan Bank, RBL(Ratnakar Bank Limited) were set up.

From 1991 onwards till today, banking industry has seen the reforms in terms of their management and business policies. The main aim of reforms is to create a vibrant financial sector that is efficient, competitive and responsive to the needs of the economy and the people at large.

1. How many banks were first nationalised?
(a) 10 (b) 12
(c) 14 (d) 16
(e) 24
2. When was the second phase of nationalisation done?
(a) 9th July, 1969
(b) 10th July, 1968
(c) 16th August, 1985
(d) 15th April, 1980
(e) None of the above
3. How many banks were in second phase of nationalisation?
(a) 4 (b) 5
(c) 6 (d) 7
(e) 9
4. Which of the following Indian Banks is not a Nationalised Bank?
(a) Corporation Bank
(b) Dena Bank
(c) Federal Bank
(d) Vijaya Bank
(e) Oriental Bank of Commerce
5. The first nationalisation of banks exercise was done on
(a) 19th June, 1969 (b) 19th June, 1970
(c) 19th June, 1967 (d) 15th July, 1967
(e) None of the above
6. Nationalisation of banks aimed at all of the following, except
(a) provision of adequate credit for agriculture, SME and exports
(b) removal of control by a few capitalists
(c) provision of credit to big industries only
(d) access of banking to masses
(e) encouragement of a new class of entrepreneurs
7. The limitations of the bank nationalisation in India are:
(a) Inadequate banking facilities
(b) Lowered efficiency and profits
(c) Increased expenditure
(d) All of the above
(e) None of these
8. In July 1969, how many commercial banks were nationalised?
(a) 13 (b) 14
(c) 15 (d) 16
(e) 20
9. What was the deposits criteria of 14 banks nationalised on 19th July, 1969?
(a) ₹ 1000 crore (b) ₹ 500 crore
(c) ₹ 100 crore (d) ₹ 50 crore
(e) None of these

[illegible]

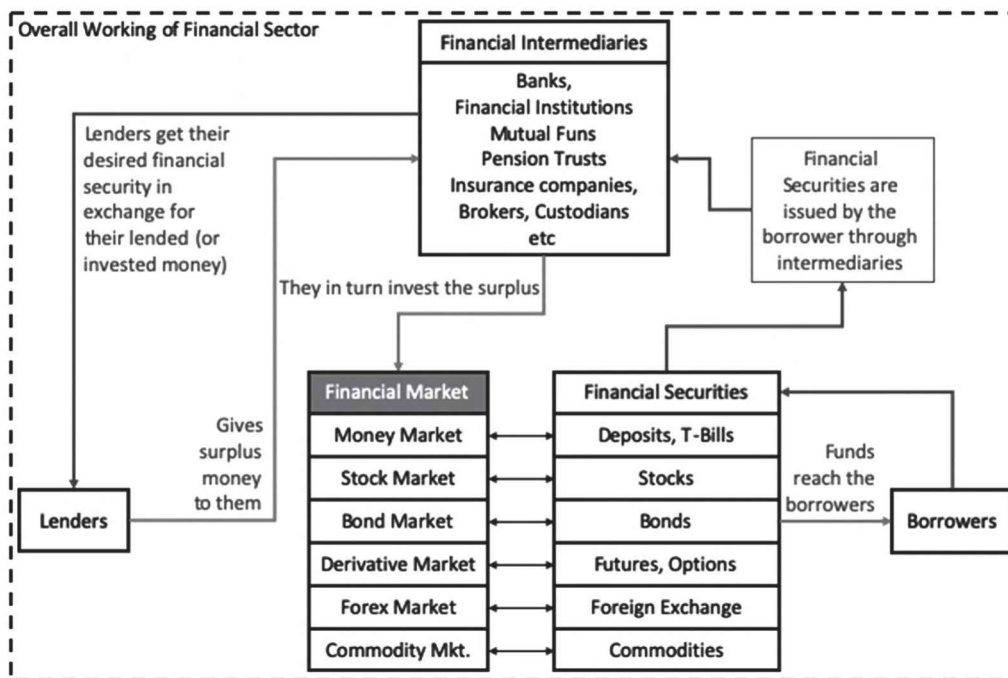
5 CHAPTER

Financial Markets in India

Financial market denotes the total infrastructure which facilitates the *trade of financial securities*.

Financial securities can be like *currency, bonds, stocks, derivatives, commodities, forex etc.*

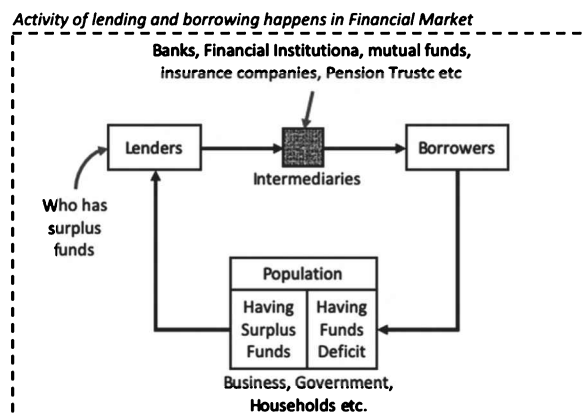
When we buy/sell *stocks*, this trade happens in a financial market. People trading in *forex, derivatives, commodities* etc do so in a financial market. Even our banks, insurance companies, mutual funds, pension trusts etc are a participant of financial market.



FINANCIAL MARKET

Financial market enables efficient trade of securities, and transfer of funds, between lenders and borrowers. It is the financial market which creates securities for investment. People who have surplus funds invests in these securities to earn return on their investments.

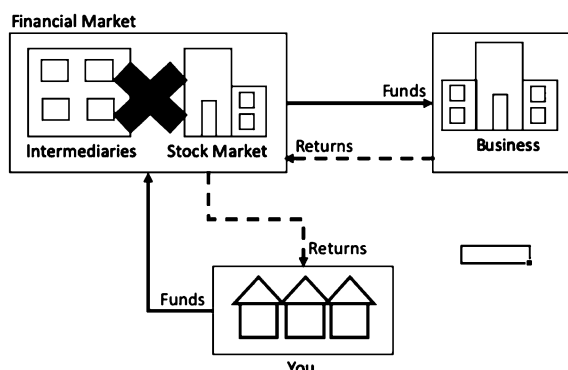
In a financial market, there is an endless activity of lending and borrowing taking place between lenders and borrowers. A typical & simplified representation of financial market is shown below:



- **Lenders:** These are people who have surplus funds. They invest their money in securities available in the financial market. The lenders in a financial market can be the population of an economy (like business, government, households etc).
- **Borrowers:** These are people who are in need of funds. They are in capital deficit. They borrow money from lenders through financial market and market intermediaries. Again, the borrowers in a financial market can be the population of an economy (like business, government, households etc).
- **Market Intermediaries:** These are the agencies who work in an assisting role. They execute the function of fund collection from lenders, and *disbursement of capital* to borrowers. They also *handle financial securities* (stocks, mutual fund units, bonds, deposit certificates etc) on behalf of the lender and borrowers. In financial market, intermediaries can be banks, brokers, custodians, depository, depository participant etc. Without intermediaries, financial market cannot run seamlessly and efficiently.

NEED

For a moment, imagine a situation where you are living in an economy which has no financial market.



You are a person who has some surplus money. You would like to invest it for growth. Similarly, there is a business which

needs funds to expand. The business would like to borrow money, and is ready to pay an interest.

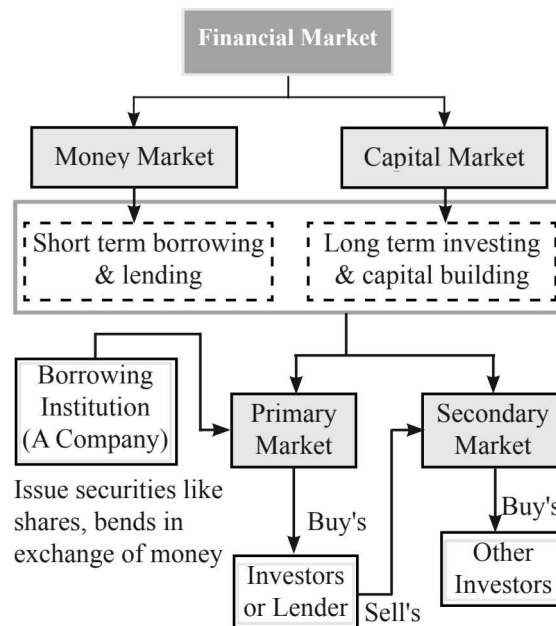
You live in Mumbai and business is located in New Delhi. As there is no financial market, the only way you can invest is by self-searching a worthy borrower. For the business, the situation is same. It can borrow money by only self-search of a good lender.

This kind of market is **inefficient**. Hence many lenders and borrowers might lose the chance of investing & borrowing. Such markets are not economic-activity friendly.

In presence of an efficient financial market, the same task becomes easy. A financial market becomes a one stop shop for all lenders/investors and borrowers. Hence the market becomes an effective source for capital generation and investment.

STRUCTURE OF INDIAN FINANCIAL MARKET

There are two main types of financial market where majority of trading is happening. The first one is money market and second one is capital market.



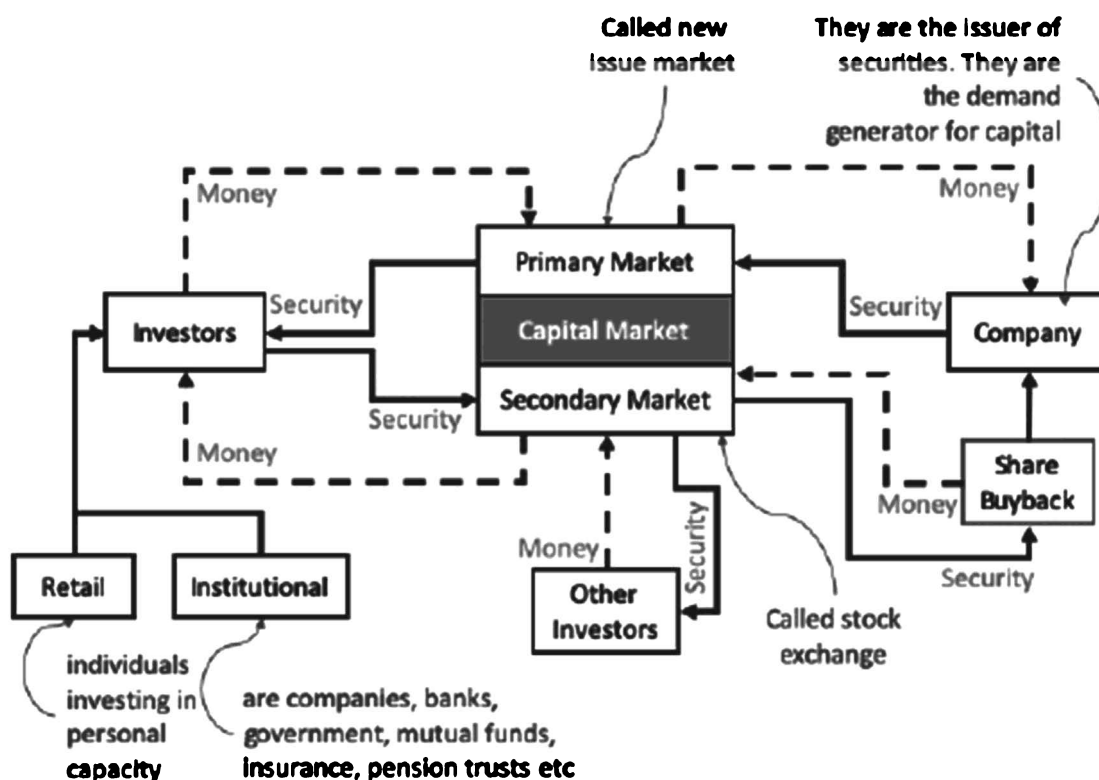
1. MONEY MARKET

1. Money Market: Money market is a type of market which trade in such securities which has a short maturity periods (less than one year). Such securities are often risk free. As their maturity periods are smaller (more liquid), and the risk of loss (volatility) is also smaller, hence their yield is also less. Common men generally invest in money market through *money market mutual funds*.

Securities which trade in money market

are T-Bills, Certificate of Deposits (CD's), Commercial Papers (CP's), Repo etc.

2. Capital Market : On one hand Indian household has small savings. On other other hand corporates need funds to meet their capital requirements. If an Indian household want to invest in business, it can be done through the security market. How? By buying stocks, bonds from the capital market (stock market). Capital market has further two branchings. Read: How to buy bonds.



- **(a) Primary Market:** This market is also called the new issue market. Company raise capital here to fund its business activity. In the primary market, companies issue their securities for the first time to public (in form of shares or bonds). It is here where the IPO's are issued by companies.
- **(b) Secondary Market:** Households who've bought the security in primary

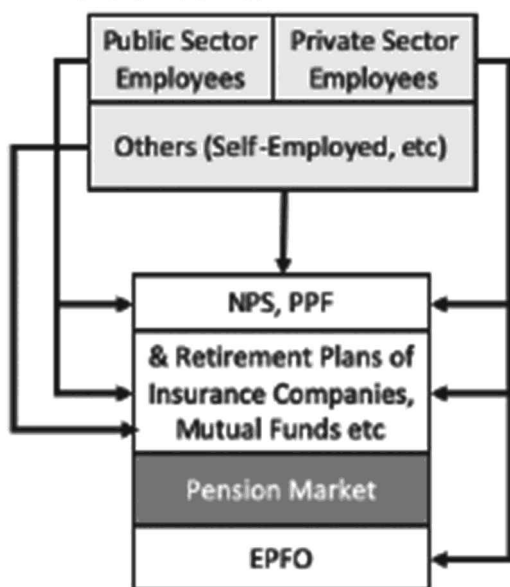
market can sell (exit) it in secondary market. When we say "stock exchange" we are actually referring to the secondary market. Here the already issued securities are traded between buyers and sellers independent of the issuers intervention. If the issuer (company) wants to buyback its shares, they have to do it in secondary market.

3. Banking System : Banks and financial institution is a part of financial market. The banking system consists of commercial banks, co-operative banks, payment banks, small finance banks etc. All the banks are overall regulated by the Reserve Bank of India (RBI). All types of banks along with RBI makes a banking system.

The primary function of banks is to collect deposits from public (lenders with surplus money), and give credits. The credits are offered in form of loans to individuals, companies etc who need capital. In this role, the bank acts as an intermediary.

While issuing the loans, banks also checks the borrowers credit worthiness. If a borrower is credit worthy, loan will be disbursed.

4. Pension Market :

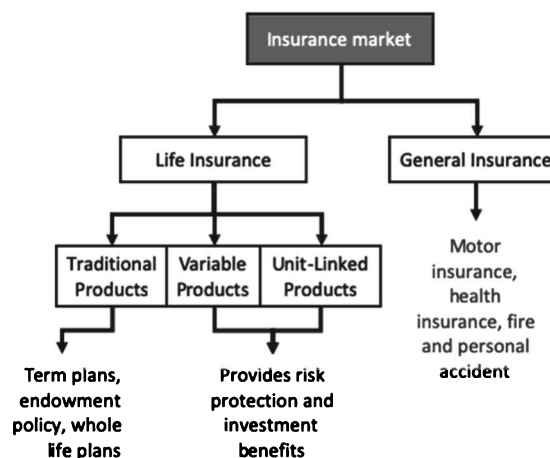


This market caters to the need of elderly. It provides securities tailor made to benefit the elderly population. As on today, still majority of Indian customers do not avail retirement benefits. Pension market aims to include all such people who has still not come under the ambit of retirement benefits.

People who work for government, or are employed by private companies are covered

under NPS, EPF or PPF. But a large majority of self-employed people do not avail the retirement benefits. Pension market aims to include even them here.

5. Insurance Market :



Like pension market, insurance market also has a small penetration in India. People who buy insurance mainly do it to get tax benefits (like life insurance). There are other who buy insurance as it is obligatory (like motor insurance). But insurance market is growing. With rise of financial literacy, and rise in purchasing power of the population, insurance products are selling more these days. Insurance products like medical policies, motor policies, term plans etc are picking demand.

6. Foreign Exchange Market : Forex (Foreign Exchange) Market is an online place where people can trade in currencies. As this market deals with currencies, it is the most liquid market of all. Hence traders and speculators love Forex market.

As exchange rate of currencies vary, people **trade** between currencies to take advantage of the rate fluctuations. The trade happens in Foreign Exchange Market. Every country has their own Forex market. All such markets are connected online – *giving rise to a giant, decentralised global forex market.*

Indian law permits forex trading only in currency derivatives. In India, RBI and SEBI strictly controls trading in foreign currencies. Hence, Forex Trading in India is not as popular as stock market or money market.

But Forex trading still happens in India. As per RBI rules, forex trading through *currency*

derivatives is allowed. Currency pairs available for derivative trading are USDINR, EUROINR, GBPINR, JPRINR.

Currency trading is allowed in NSE, BSE and MCI etc exchanges in India. Other exchanges which deals in forex trading are shown below.

Exchange Name	
(Stock exchanges where Forex trading takes place in India)	BOMBAY STOCK EXCHANGE LIMITED BSE LTD India International Exchange (BSE) CLEARING CORPORATION INDIA INTERNATIONAL EXCHANGE (IFSC) LIMITED INDIAN CLEARING CORPORATION LIMITED (ICCL) METROPOLITAN CLEARING CORPORATION METROPOLITAN STOCK EXCHANGE NATIONAL STOCK EXCHANGE OF INDIA LIMITED NSCCL NSE Clearing Limited NSE IFSC LIMITED UNITED STOCK EXCHANGE OF INDIA LTD

To start trading, one must open the accounts with those brokers who have been permitted to *trade in currency derivatives*.

Angel Broking Limited.

- Axis Bank.

- Bajaj Financial Securities.
- Bank of India.
- Bank of Baroda.
- ICICI Bank.
- HDFC Bank. etc.

7. Commodity Market : Commodity trading takes place in the following exchanges in India:

SL	Name	Traded Commodities
1.	MCX : Multi Commodity Exchange	Bullion, metals, fibre, energy, spices, plantations, pulses, petrochemicals, cereals among others
2	ICEX : Indian Commodity Exchange	Gold, silver, diamond, copper, lead, crude oil, natural gas, mustard, soya bean, jute, iron ore.
3	NCDEX : National Commodity and Derivatives Exchange	Cereals, pulses, fibres, oils & oil seeds, spices, gold, silver, steel, copper, crude oil, and brent crude oil among others.
4	NMCE : National Multi Commodity Exchange	Castor seeds, rapeseed, mustard, soya bean, sesame, copra, black pepper, gram, gold, aluminium, rubber, copper, lead, zinc, jute, and coffee among others

REGULATORS

The process of regulating the Indian financial market is a Top Down approach. It starts from the Finance Ministry of India. The head of finance ministry is the Finance Minister. Under the umbrella of Finance Ministry comes the following regulatory bodies:

- **RBI:** Reserve Bank of India (RBI) makes and regulates the Monetary policies, Forex policies, Credit policies, and also regulates all banks. The control of RBI over these policies in turn influences the supply of money & credit in the market. This control in turn influences the interest rates (of deposits, loans etc). Read: About a flaw in banking system.
- **SEBI:** The Security and Exchange Board of India (SEBI) is the main regulatory which regulates the primary and secondary market (stock exchange etc).
- **IRDAI:** The Insurance Regulatory and Development Authority of India (IRDAI) regulates the insurance sector of India. It also gives licence to insurance companies. IRDAI also controls the "Tariff Advisory Committee". This committee in turn

decides the price of general insurance products. IRDAI also regulates how the insurance funds should be invested by insurance companies.

- **PFRDA:** The Pension Fund Regulatory and Development Authority (PFRDA) regulates the pension sector of India. It was PFRDA who has designed the structure of pension products like NPS, EPF and PPF. It is PFRDA which has decided the constituents of National Pension System (NPS). PFRDA has the responsibility of registering participants of pension fund like custodians, CRA, trustee bank, fund managers etc.

CONCLUSION

The Indian financial market is structured in a way to promote saving, investment and resource utilisation. Finance ministry of India makes financial policies for the public.

The participants of the financial market implements those policies for the larger good of the public and the economy as a whole. A robust and efficient financial market is not only good for the home country, but it also helps other economies of the world (as all are connected these days).

PAST YEAR MCQs

1. The chief regulator of commodity exchanges in India is
(IBPS Clerk 2013)
 - (a) Securities and Exchange Board of India
 - (b) Reserve Bank of India
 - (c) Competition Commission of India
 - (d) Forward Markets Commission
 - (e) Ministry of Consumer Affairs, Food and Public Distribution.
2. The center has done away with sub-limits for foreign investments in Indian companies. Which of the following will not be considered a foreign investment in an Indian firm?
(SBI PO Main 2017)
 - (a) Foreign Portfolio Investors (FPIs)
 - (b) Qualified Foreign Investors (QFIs)
 - (c) Non-Resident Indians (NRIs)
 - (d) Depository Receipts (DRs)
 - (e) None of these

3. 'FLASHremit' service to offer an instant bank transfer service to the Indians residing in the Gulf nation has been launched by which bank in association with UAE exchange?
(IBPS PO 2015)
- (a) HDFC bank (b) SBI
(c) Axis bank (d) ICICI bank
(e) None of these
4. What is the minimum period for which a fixed deposit can be opened in India?
(IBPS Clerk 2013)
- (a) 3 days (b) 7 days
(c) 15 days (d) 30 days
(e) 60 days
5. Which bank in partnership with First Hive has launched SME Empower?
(IBPS Clerk Main-2020)
- (a) ICICI Bank (b) IDBI Bank
(c) HDFC Bank (d) Yes bank
(e) Axis Bank
6. Which of the following is not a part of Money Market?
(SBI PO Main 2015)
- (a) Treasury Bill
(b) Commercial Papers
(c) Mutual Funds
(d) Certificate of Deposits
(e) None of these
7. Which among the following is the difference in value between a country's imports and exports?
(IBPS PO Main 2016)
- (a) Balance of Trade
(b) Balance of Payment
(c) Balance of power
(d) Credit Balance
(e) None of the above
8. If the rupee depreciates, how the exporters are affected?
(IBPS PO Main 2016)
- (a) They are unaffected
(b) They are in loss
(c) They are in profit
(d) They get credit crunch
(e) None of these
9. India has signed a Grant Agreement for Additional Financing in Financing Energy Efficiency at MSMEs Project- Programmatic Framework for Energy Efficiency with _____.
(IBPS PO Main 2016)
- (a) Asian Development Bank (ADB)
(b) International Fund for Agricultural Development (IFAD)
(c) European Bank for Reconstruction and Development (EBRD)
(d) International Bank for Reconstruction and Development (IBRD)
(e) World Bank
10. In a bid to boost credit growth in the economy, the Centre announced a sum of how much crore for recapitalisation of 13 public sector banks?
(SBI PO Main 2016)
- (a) ₹ 22,915 crore (b) ₹ 27,110 crore
(c) ₹ 10,000 crore (d) ₹ 50,207 crore
(e) ₹ 38,500 crore
11. Which of the following Derivatives Contract gives the buyer/holder of the contract the right (but not the obligation) to buy/sell the underlying asset at a predetermined price within or at end of a specified period? (IBPS RRB Main 2017)
- (a) Option contracts
(b) Future contracts
(c) Swap contracts
(d) Forward contracts
(e) Hedge contracts
12. The government has applied a 10% surcharge amount on which income group in the budget, 2017-18?
- (a) Where total income exceeds ₹5 lakh up to ₹10 lakh
(b) Where total income exceeds ₹10 lakh up to ₹50 lakh
(c) Where total income exceeds ₹50 lakh up to ₹1 crore
(d) Where the total income exceeds ₹1 crore
(e) None of these
13. Which of the following is not included in National income account?
(IBPS Clerk Main 2017)
- (a) Transfer of payment
(b) Transactions in stock market
(c) Second hand goods
(d) (a) and (c) only
(e) All of the above

14. Which of the following is a part of Marketing Management? **(SBI Clerk 2015)**
 - (a) Identification of Business opportunities
 - (b) Understanding the customer needs
 - (c) Producing according to customer needs
 - (d) Delivering as per customer convenience
 - (e) All of the above
15. Consumer buys _____. **(SBI Clerk 2015)**
 - (a) Goods
 - (b) Services
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
 - (e) None of these
16. Which of the following is not correct with regard to marketing? **(SBI Clerk 2015)**
 - (a) Marketing is management function
 - (b) Marketing is a philosophy
 - (c) Marketing is not related to business activity alone
 - (d) Marketing means selling.
 - (e) Objective of marketing is to achieve customer satisfaction.
17. If a company wants to reach masses of buyers that were geographically dispersed at a low cost per exposure, which promotional form company would choose? **(SBI Clerk 2015)**
 - (a) Advertising
 - (b) Personal selling
 - (c) Public relations
 - (d) Sales promotion
 - (e) None of these
18. The process of evaluating each market segment's attractiveness and selecting one or more segments to enter is called _____. **(SBI Clerk 2015)**
 - (a) Mass Marketing
 - (b) Market segmentation
 - (c) Market targeting
 - (d) Market positioning
 - (e) None of these
19. Which strategy calls for using the sales force and trade promotion to move the product through channels. **(SBI Clerk 2015)**
 - (a) Push strategy
 - (b) Pull strategy
 - (c) Blocking strategy
 - (d) Integrated strategy
 - (e) None of these
20. Online marketing is useful for marketing of **(SBI Clerk 2015)**
 - (a) Saving accounts
 - (b) Credit card
 - (c) Home loans
 - (d) NRI deposits
 - (e) Business accounts
21. Digital marketing is similar to _____. **(SBI Clerk 2015)**
 - (a) Online marketing
 - (b) Cold calling
 - (c) Web designing
 - (d) Market for cost
 - (e) Outdoor marketing
22. Target group means **(SBI Clerk 2015)**
 - (a) All purchasers
 - (b) All sales persons
 - (c) Targeted purchasers
 - (d) All consumers
 - (e) Delivery persons
23. Referral means _____. **(SBI Clerk 2015)**
 - (a) Sales person
 - (b) All customers
 - (b) Lead provided by operation staff
 - (c) Calling the existing purchasers
 - (e) All purchasers
24. Market segmentation means **(SBI Clerk 2015)**
 - (a) Segmentation of sales team
 - (b) Allocation of territory
 - (c) Sales arrangement
 - (d) Segmentation of target group according to their needs
 - (e) All hospitals

25. A marketing technique where marketer plays a specific role in a particular segment is called -
(SBI PO Main 2015)
- Mass Marketing
 - Niche marketing
 - Strategic Marketing
 - Communication Marketing
 - None of these
26. Good marketing strategy envisages good and proper _____.
(SBI PO Main 2015)
- Product distribution
 - Networking of branches
 - High Pricing
 - Placement of counter staff
 - Relationship management
27. Marketing in banks has been necessitated due to
(SBI PO Main 2015)
- globalisation
 - excess staff
 - nationalisation of bank
 - complacency among the staff
 - poor customer service
28. Effective Selling Skills depends on-
(SBI PO Main 2015)
- Number of languages known to the DSA
 - Data on marketing staff
 - Information regarding IT market
 - Knowledge of related market
 - Ability to talk fast
29. The long term objective of marketing is-
(SBI PO Main 2015)
- Customer satisfaction
 - Profit maximization
 - Cost cutting
 - Profit maximization with customer satisfaction
 - None of these
30. For the buying and selling of precious metals such as Gold and Silver, the market established is termed as _____.
(IBPS PO Main 2016)
- Capital Market
 - Money Market
 - Bullion Market
 - wholesale cash market
 - None of the Above
31. The social aspect of marketing ensures
(IBPS RRB Main 2017)
- Social good
 - Delivery of effective and efficient social change programs
 - Customer engagement
 - All of these
 - Both (a) and (b)
32. Which of the following E-commerce giant is the most attractive employer brand in the country followed by Microsoft India and Sony India?
(SBI PO Main-2019)
- Amazon
 - Snapdeal
 - Flipkart
 - Paytm
 - Myntra

ANSWER KEYS

1.	(d)	2.	(e)	3.	(d)	4.	(b)	5.	(a)	6.	(c)
7.	(a)	8.	(c)	9.	(d)	10.	(a)	11.	(a)	12.	(c)
13.	(e)	14.	(e)	15.	(c)	16.	(d)	17.	(a)	18.	(c)
19.	(a)	20.	(d)	21.	(a)	22.	(c)	23.	(c)	24.	(d)
25.	(b)	26.	(e)	27.	(a)	28.	(d)	29.	(d)	30.	(c)
31.	(d)	32.	(a)								

PRACTICE MCQs

1. Which one of the following statements is not correct?
 - (a) The National Association of Securities Dealers Automated Quotations, known as NASDAQ, is an American stock exchange.
 - (b) Nikkei is the stock market of index for the Tokyo Stock Exchange
 - (c) S&P CNX Nifty is the index of 50 large companies on the Bombay Stock Exchange
 - (d) Hang Seng Indexes record daily changes of the largest companies of the Hong Kong Stock Market
2. What is “gilt-edged” market?
 - (a) Gold and silver market
 - (b) Industrial securities market
 - (c) Market for safe (such as government) securities
 - (d) Market for software technology/ service products
3. A rise in “Sensex” means
 - (a) A rise in prices of shares of all companies registered with the Bombay Stock Exchange
 - (b) An overall rise in prices of shares of all companies registered with the National Stock Exchange
 - (c) An overall rise in prices of shares of group of companies registered with the Bombay Stock Exchange
 - (d) A rise in prices of shares of all companies belonging to a group of companies registered with the Bombay Stock Exchange
4. In which year the BSE was established ?
 - (a) 1860 (b) 1875
 - (c) 1912 (d) 1950
5. Which of the following statements is/are correct?
 1. Nifty is based on 50 companies in India
 2. Nifty is governed and regulated by the Reserve Bank of India

Select the correct answer using the codes given below:

 - (a) 1 only (b) 2 only
 - (c) Both 1 and 2 (d) None of these
6. Consider the following statements about India INX:
 1. India INX is India’s first international exchange
 2. India INX is a wholly owned subsidiary of the Bombay Stock Exchange (NSE)

Which of the statements given above is/are correct?

 - (a) 1 only (b) 2 only
 - (c) Both 1 and 2 (d) None
7. Which of the following are the core objectives of the Financial Stability and Development Council (FSDC):

Acts as an apex level forum to strengthen and institutionalize the mechanism for maintaining financial stability

Enhance inter-regulatory coordination and promoting financial sector development in the country

Which of the statements given above is/are correct?

 - (a) 1 only (b) 2 only
 - (c) Both 1 and 2 (d) None
8. Which of the statements given below is/are correct regarding “bear market”?
 1. It refers to fall in the value of investments
 2. Investors rush to sell stocks instead of buying

Select the correct answer using the codes given below:

 - (a) 1 only (b) 2 only
 - (c) Both 1 and 2 (d) None

9. What is the difference between primary and secondary markets?
1. Primary markets help in capital formation, while secondary capital provides liquidity to the investor
 2. Initial public offerings are undertaken in both primary and secondary markets
 3. Stock exchanges are an example of secondary markets
- Select the correct answer using the codes given below:
- (a) 3 only (b) 2 and 3 only
(c) 1 and 3 only (d) 1, 2 and 3
10. In which year the World Bank issued the first green bond
- (a) 2000 (b) 2008
(c) 2012 (d) 2018
11. Why venture capital is considered risky in nature?
1. The business plan in which venture capitalists invest is usually non-conventional in nature
 2. Venture capitalists contribute towards a debt of the product
 3. Venture capitalists contribute money for a long time period
- Select the correct answer using the codes given below:
- (a) 3 only (b) 1 and 3 only
(c) 1 and 2 only (d) 1, 2, and 3

ANSWER KEYS

1.	(c)	2.	(c)	3.	(c)	4.	(b)	5.	(a)
6.	(c)	7.	(c)	8.	(a)	9.	(c)	10.	(b)
11.	(b)								

NABARD (NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT)

It was established on the recommendations of Shivaraman Committee, on 12 July 1982 to implement the National Bank for Agriculture and Rural Development Act 1981. It replaced the Agricultural Credit Department (ACD) and Rural Planning and Credit Cell of Reserve Bank of India, and Agricultural Refinance and Development Corporation. It is one of the premier agencies to provide credit in rural areas. NABARD is India's specialized bank for Agriculture and Rural Development in India.

It is an apex development bank in India having headquarters based in Mumbai and other branches are all over the country. The Committee was to Review Arrangements for Institutional Credit for Agriculture and Rural Development.

The initial capital of NABARD was Rs. 100 crore. Consequent to the revision in the composition of share capital between Government of India and RBI, the paid up capital as on 31 March 2013, stood at 4000 crore with Government of India holding 3,980 crore (99.50%) and Reserve Bank of India 20.00 crore (0.50%). As on 31 March 2014, NABARD paid up capital stood at Rs. 4700 crore.

Roles of NABARD

1. Serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas.
2. Takes measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel etc.
3. Co-ordinates the rural financing activities of all institutions engaged in developmental work at the field level and maintains liaison with Government of India, State governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation.
4. Undertakes monitoring and evaluation of projects refinanced by it.
5. NABARD refinances the financial institutions which finances the rural sector.
6. The institutions which help the rural economy, NABARD helps develop.
7. NABARD also keeps a check on its client institutes.
8. It regulates the institution which provides financial help to the rural economy.
9. It provides training facilities to the institutions working in the field of rural upliftment.
10. It regulates the cooperative banks and the RRB's, and manages talent acquisition through IBPS CWE.
11. The Reserve Bank of India and NABARD has laid out certain guidelines on 06-07 for the commercial banks, Regional Rural Banks and Cooperative Banks to provide the data to RBI and data regarding loans given by banks to the microfinance institutions.

NABARD and CSR (Corporate Social Responsibility) : NABARD has been instrumental in grounding rural, social innovations and social enterprises in the rural hinterlands. This Endeavour is perhaps unparalleled in the country, it has in the process partnered with about 4000 partner organizations in grounding many of the interventions be it, SHG-bank Linkage programmed, tree-based tribal communities' livelihoods initiative, watershed approach in soil and water conservation, increasing crop productivity initiatives through lead crop initiative or dissemination of information flow to agrarian communities through Farmer clubs. Despite all this, it pays huge taxes too, to the exchequer figuring in the top 50 tax payers consistently.

NABARD virtually ploughs back all the profits for development spending, in their unending search for solutions and answers. Thus the organization had developed a huge amount of trust capital in its 3 decades of work with rural communities.

IFCI (Industrial finance corporation of india)

It is an Indian government owned development bank to cater to the long-term finance needs of the industrial sector. It was the first Development Financial Institution established by the Indian government after independence. In 1993 it was reconstituted as a company to impart higher degree of operational flexibility. IFCI was allowed to access the capital markets directly.

Functions

1. The main objective of IFCI is to provide medium and long term financial assistance to large scale industrial undertaking, particularly when ordinary bank accommodation does not suit the undertaking or finance cannot be profitably raised by the concerned by the issue of shares.

2. The corporation grants loans and advances to industrial concerns.
3. Granting of loans both in rupees and foreign currencies.
4. The corporation underwrites the issue of stocks, bonds, shares etc.
5. The corporation can grant loans only to public limited companies and co-operatives but not to private limited companies or partnership firms.
6. The loan is granted to any type of industries enlisted in Government gazette.

IDBI (Industrial Development Bank of india)

It was established in 1964 by an Act of Parliament to provide credit and other financial facilities for the development of the fledgling Indian industry. It is a Universal Bank with its operations driven by a cutting edge core Banking IT platform. The Bank offers personalized banking and financial solutions to its clients in the retail and corporate banking arena through its large network of Branches and ATMs, spread across length and breadth of India. We have also set up an overseas branch at Dubai and have plans to open representative offices in various other parts of the Globe, for en-cashing emerging global opportunities. The experience of financial markets will help the customers to effectively cope with challenges and capitalize on the emerging opportunities by participating effectively in our country's growth process. It is currently 10th largest development bank in the world in terms of reach, with 3000 ATMs, 1746 branches, including one overseas branch at Dubai, and 1285 centers, including two overseas centers at Singapore & Beijing.

Functions

- (i) To provide financial assistance to industrial enterprises.
- (ii) To promote institutions engaged in industrial development.

- (iii) To provide technical and administrative assistance for promotion management or expansion of industry.
- (iv) To undertake market and investment research and surveys in connection with development of industry.

SIDBI (Small Industries Development Bank of India)

It is an independent financial institution aimed to aid the growth and development of micro, small and medium-scale enterprises (MSME) in India. Set up on April 2, 1990 through an act of parliament, it was incorporated initially as a wholly owned subsidiary of Industrial Development Bank of India. Currently the ownership is held by 33 Government of India owned or controlled institutions. Besides, it has been playing the development role in several ways such as support to micro-finance institutions for capacity building and on lending. Recently it has opened seven branches christened as Micro Finance branches, aimed especially at dispensing loans up to ₹ 5 lakh. It is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities.

Functions

1. To initiate steps for technological up-gradation and modernization of existing units.
2. To expand the channels for marketing the products of SSI sector in domestic and international markets.
3. To promote employment oriented industries especially in semi-urban areas to create more employment opportunities and thereby checking migration of people to urban areas.
4. The SIDBI's financial assistance to small-scale industries is channelized through the existing credit delivery system

comprising State Financial Corporation, State Industrial Development Corporations, Commercial Banks, and Regional Rural Banks.

5. The SIDBI introduced two new schemes during 1992-93; equipment finance scheme for providing direct finance to existing well-run small-scale units taking up technology up-gradation modernization, and refinance for resettlement of voluntarily retired workers of the National Textile Corporation (NTC).
6. The other new scheme launched was venture capital fund exclusively for small-scale units, with an initial corpus of ₹ 10 crore. It enrolled itself as an institutional member of the OTC Exchange of India (OTCEI). SIDBI also provides financial support to National Small Industrial Corporation (NSIC) for providing leasing, hire-purchase, and marketing support to the industrial units in the small-sector.

EXIM (Export-Import Bank of India)

It is the premier export finance institution in India, established in 1982 under the Export-Import Bank of India Act 1981. Since its inception, Exim Bank of India has been both a catalyst and a key player in the promotion of cross border trade and investment. Commencing operations as a purveyor or export credit, like other Export Credit Agencies in the world, Exim Bank of India has, over the period, evolved into an institution that plays a major role in partnering Indian industries, particularly the Small and Medium Enterprises, in their globalization efforts, through a wide range of products and services offered at all stages of the business cycle, starting from import of technology and export product development to export production, export marketing, pre-shipment and post-shipment and overseas investment.

Functions

1. To ensure and integrated and coordinated approach in solving the allied problems encountered by exporters in India.
2. To pay specific attention to the exports of capital goods
3. Export projection
4. To facilitate and encourage joint ventures and export of technical services and international and merchant banking
5. To extend buyers' credit and lines of credit
6. To tap domestic and foreign markets for resources for undertaking development and financial activities in the export sector.
7. Planning, promoting and developing exports and imports
8. Providing technical, administrative and managerial assistance for promotion, management and expansion of export sector.
9. Planning, promoting and developing exports and imports
10. Providing technical, administrative and managerial assistance for promotion, management and expansion of exports and
11. Undertaking market and investment surveys and techno-economic studies related to development of exports of goods and services.

ICICI (INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA)

It is an Indian multinational banking and financial services company headquartered in Vadodara, Gujarat, India, with its corporate headquarters in Mumbai. It offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialized subsidiaries in the areas of investment banking, life, non-life insurance, venture capital and asset management. ICICI Bank is one of the Big Four banks of India, along with State Bank of India, Punjab

National Bank and Bank of Baroda. The bank has subsidiaries in the United Kingdom and Canada; branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar, Oman, Dubai International Finance Centre and China.

Objectives and Functions

1. To assist in the creation, expansion and modernization at industrial units in the private sector.
2. To encourage the inflow and participation of foreign capital in the private sector industrial units.
3. To expand the investment market in India.
4. To sponsor and underwrite new issues.
5. To provide medium and long-term loans to industrial units in the private sector.
6. To guarantee loans taken from other private sources.
7. To furnish managerial, technical and administrative advice to industrial units by the private sector.
8. To make funds available for reinvestment.
9. To advance loans in foreign currency towards the cost of imported capital equipment's.
10. To extend guarantee for deferred payments.
11. To purchase the shares and debentures of new companies.

National Housing Bank (NHB)

The National Housing Bank (NHB) is a state owned bank. The National Housing Policy, 1988 envisaged the setting up of NHB as the Apex level institution for housing. In pursuance of this, NHB was set up on July 9, 1988 under section 6 of the National Housing Bank Act, 1987 with its head office in New Delhi. It was established to promote private real estate acquisition. The NHB is regulating and re-financing social housing programs and other activities like research etc. Its vision is promoting inclusive expansion with stability in housing finance market. Reserve Bank of India contributed the entire

paid-up capital during that time. The general superintendence, direction and management of the affairs and business of NHB vest, under the Act, in a Board of Directors. During financial year 2017-18, the Finance Act, 2018 amended certain provisions of the National Housing Bank Act, 1987 inter alia, enabling

transfer of share capital of NHB from Reserve Bank to Central Government. With this the NHB is now fully owned by the Government of India. The Government of India announced the establishment of Affordable Housing Fund in NHB.

PAST YEAR MCQs

1. Which banks have been designated as Domestic Systemically Important Banks (D-SIBs)? **(IBPS PO Main 2015)**
 - (a) ICICI & SBI (b) PNB & SBI
 - (c) HDFC & SBI (d) ICICI & PNB
 - (e) None of these
2. NABARD (National Bank for Agriculture and Rural Development) established JLG to extract the productive capability from rural population. JLG stands for ? **(SBI PO Main 2015)**
 - (a) Junior Link Group
 - (b) Join Life Group
 - (c) Joint Line Group
 - (d) Joint Liability Group
 - (e) None of these
3. Which of the following agencies/ institutions report asked the income tax department to ensure that a single tax payer is not issued multiple PAN cards because gap between PAN holders and the number of returns filed was 617.1 lakh? **(IBPS PO Main 2016)**
 - (a) IRDA (b) SEBI
 - (c) RBI
 - (d) Comptroller and Auditor General
 - (e) None of these
4. Name the department that was set up by Union Finance Ministry to streamline government borrowings and better cash management with the overall objective of deepening bond markets. **(SBI PO Main 2016)**
 - (a) Debt Management Cell
 - (b) Department of Debt Management
 - (c) Cell for management of debt
 - (d) All of the above
 - (e) None of these
5. Antidumping duty is applied on issuance of notice from which ministry? **(IBPS Clerk Main 2017)**
 - (a) Ministry of External Affairs
 - (b) Ministry of Home Affairs
 - (c) Ministry of Statistics and Programme Implementation
 - (d) Ministry of Commerce & Industry
 - (e) Ministry of Defence
6. Receivables Exchange of India Ltd (RXIL) was incorporated on 25th February 2016 as a joint venture between- **(SBI PO Main-2019)**
 - (a) ASSOCHAM (b) RBI
 - (c) NABARD (d) SIDBI
 - (e) FICCI
7. LIC has how much crore in unclaimed money? **(SBI Clerk Main-2019)**
 - (a) ₹96,000 crores (b) ₹10,000 crores
 - (c) ₹10,500 crores (d) ₹11,200 crores
 - (e) ₹11,500 crores

ANSWER KEYS

1.	(a)	2.	(d)	3.	(d)	4.	(a)	5.	(c)
6.	(d)	7.	(c)						

PRACTICE MCQs

1. The industrial Finance Corporation of India provides loans to
 - (a) government companies only which are in core sector (i.e., power generation, steel, coal and cement, etc)
 - (b) newly established industries in backward districts
 - (c) industries in private sector
 - (d) joint stock companies and cooperative societies engaged in the manufacturing and processing of goods
 - (e) None of the above
2. Where is the headquarter of SIDBI?
 - (a) Varanasi
 - (b) Lucknow
 - (c) New Delhi
 - (d) Kolkata
 - (e) Mumbai
3. Board for Financial Supervision (BFS) constituted in 1994 by RBI to undertake consolidated supervision of
 - (a) commercial banks
 - (b) financial institutions
 - (c) non-banking finance companies
 - (d) All of the above
 - (e) None of these
4. Which of the following mobilise (s) the savings of the public to specifically invest in the industrial securities?
 - (a) UTI
 - (b) LIC
 - (c) GIC
 - (d) All of these
 - (e) None of these
5. Mutual funds fall within supervisory purview of
 - (a) SBI
 - (b) RBI
 - (c) SEBI
 - (d) IRDA
 - (e) None of these
6. The main objective(s) of National Housing Bank is/are
 - (a) to promote and develop specialised housing finance institutions for mobilisation of resources and extending finance for housing activities
 - (b) to extend refinance facilities to housing finance institutions and to scheduled banks
 - (c) to provide guarantee and underwriting facilities of housing finance institutions
 - (d) All of the above
 - (e) None of these
7. Which is the principal institution for promotion, financing and development of small scale industries in the country?
 - (a) RBI
 - (b) SBI
 - (c) IDBI
 - (d) SIDBI
 - (e) None of these
8. Which of the following acts regulates underwriting of issues for merchant banking activities?
 - (a) Negotiable Instrument Act, 1881

- (b) Banking Regulation (Companies) Rules, 1949
- (c) Section 19(2) & (3) of the Banking Regulation Act, 1949
- (d) Factoring Act Rules, 2011
- (e) None of these
9. Money Market Mutual Funds (MMMFs) are regulated by
- (a) RBI
- (b) SEBI
- (c) All India Financial Institutions
- (d) All of the above
- (e) None of these
10. The apex body which deals with refinance for agriculture and rural development in India is:
- (a) NABARD
- (b) SEBI
- (c) SIDBI
- (d) IDBI

ANSWER KEYS

1.	(d)	2.	(b)	3.	(d)	4.	(d)	5.	(c)
6.	(d)	7.	(d)	8.	(c)	9.	(b)	10.	(a)

7 CHAPTER

NBFCs in India

NBFC (NON-BANKING FINANCIAL COMPANY)

NBFCs engaged in the business of loans and advances, acquisition of bonds/debentures/securities issued by Government or local authority or other marketable securities, leasing, hire-purchase, insurance business, chit business. It does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods or providing any services and sale or purchase of immovable property.

REQUIREMENTS FOR REGISTRATION OF NBFCs

It should be a company registered under the Companies Act, 1956 and desirous of commencing business of non-banking financial institution as defined under Section 45 1(a) of the RBI Act, 1934 and should have a minimum net owned fund of ₹ 200 lakh.

Difference between Banks & NBFCs

- NBFC cannot accept demand deposits
- NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself
- Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

There is no Ombudsman for hearing complaints against NBFCs. In respect of credit card operations of an NBFC, which is a subsidiary of a bank if a complainant does not get satisfactory response from the NBFC

within a maximum period of thirty 30 days from the date of lodging the complaint, the customer will have the option to approach the Office of the concerned Banking Ombudsman for redressal of his grievances.

Types of NBFCs

- I. **Asset Finance Company:** Company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.
- II. **Investment Company:** Company which is a financial institution carrying on as its principal business the acquisition of securities.
- III. **Loan Company:** Company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.
- IV. **Infrastructure Finance Company:** NBFC which deploys at least 75% of its total assets in infrastructure loans and has a minimum Net Owned Funds of ₹ 300 crore, and has a minimum credit rating of 'A' or equivalent with a CRAR of 15%.

- V. **Systemically Important Core Investment Company:** NBFC with asset size of 100 crore or above accepting public funds and involved in the business of acquisition of shares and securities holds not less than 90% of its total Assets in the form of investment in equity shares, preference shares, debt or loans in group companies. Its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its total Assets. It does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment and it does not carry on any other financial activity referred to in Section 45 1(c) and 45 1(f) of the RBI act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
- VI. **Infrastructure Debt Fund:** NBFC registered to facilitate the flow of long term debt into infrastructure projects and raise resources through issue of Rupee or Dollar denominated bonds of minimum 5 year maturity and sponsored through Infrastructure Finance Companies.
- VII. **NBFC-MFI:** It is non-deposit NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy various criteria that include loan amount does not exceed ₹ 50,000 in the first cycle and ₹ 1,00,000 in subsequent cycles.
- VIII. **NBFC-Factors:** It is a non-deposit NBFC engaged in the principal business of factoring and the financial assets in the factoring business should constitute at least 50% of its total assets.
- IX. **Mortgage Guarantee Companies-** Financial institutions with at least 90% of the business turnover is mortgage guarantee business or at least 90% of the gross income is from mortgage guarantee business and net owned fund is ₹ 100 crore.
- X. **NBFC-NOFHC-** Financial institution through which promoters will be permitted to set up a new bank.

PAST YEAR MCQs

- CIBIL score is used by banks and NBFCs to ascertain your credit worthiness and the likelihood of you repaying your loan on time. How many digit numbers are there in CIBIL Score?
(IBPS PO Main-2019)
 - 1 digit number
 - 2 digit number
 - 5 digit number
 - 3 digit number
 - 4 digit number
- The government has decided to increase the foreign direct investment (FDI) limit in private banks from the existing 74% to
(IBPS PO Main 2016)
 - 90%
 - 100%
 - 95%
 - 80%
 - None of these

ANSWER KEYS

1.	(d)	2.	(e)								

PRACTICE MCQs

1. Which agency regulates and supervises NBFCs?
 - (a) Finance Ministry
 - (b) SEBI
 - (c) RBI
 - (d) Respective state government
2. Under NBFC– Peer to Peer Lending Platform Directions, 2017 by RBI, what is the aggregate exposure limit of a single lender to all borrowers at any point of time, across all P2Ps?
 - (a) Rs 1 lakh
 - (b) Rs 2 lakh
 - (c) Rs 10 lakh
 - (d) Rs 15 lakh
3. How much percent of foreign investment is allowed for NBFC?
 - (a) 25%
 - (b) 50%
 - (c) 75%
 - (d) 100%
4. Under NBFC– Peer to Peer Lending Platform Directions, 2017 by RBI, what is the aggregate loan limit of a single borrower at any point of time, across all P2Ps?
 - (a) Rs 10 lakh
 - (b) Rs 15 lakh
 - (c) Rs 20 lakh
 - (d) Rs 50 lakh
5. Which among the following does not have Ombudsman office for NBFC?
 - (a) Kolkata
 - (b) Hyderabad
 - (c) Chennai
 - (d) New Delhi
6. Under the Ombudsman scheme for NBFC, who is the appellate authority for handling the complaints?
 - (a) Chief General Manager, RBI
 - (b) Deputy Governor
 - (c) Finance Secretary
 - (d) Revenue Secretary
7. Which among the following NBFC are not excluded from the Ombudsman scheme for NBFC?
 - (a) Deposit accepting NBFCs
 - (b) NBFC-IFC
 - (c) Core Investment Company (CIC)
 - (d) IDF-NBFC
8. Consider the following statements
 1. Chit Funds are type of NBFC
 2. All NBFCs are ruled by RBI
 3. RBI said any purchase of a stake of 26% or more in a company, or a change in more than 30% of its directors, would need the central bank's permission.
 Which of the above statements is/are correct?
 - (a) 1,2
 - (b) 2,3
 - (c) 1,3
 - (d) All
9. What is the maximum amount of award that can be passed by Ombudsman for NBFC?
 - (a) Rs 20 lakh
 - (b) Rs 15 lakh
 - (c) Rs 10 lakh
 - (d) Rs 5 lakh
10. The financial assets in the NBFC factoring business should constitute what percent of its total assets?
 - (a) 15%
 - (b) 20%
 - (c) 50%
 - (d) 75%

ANSWER KEYS

1.	(c)	2.	(c)	3.	(d)	4.	(a)	5.	(b)
6.	(b)	7.	(a)	8.	(c)	9.	(c)	10.	(d)

8 CHAPTER

All about the Basel Norms

BASEL NORMS

Basel is a city in Switzerland which is also the headquarters of Bureau of International Settlement (BIS). BIS fosters co-operation among central banks with a common goal of financial stability and common standards of banking regulations. Currently there are 27 member nations in the committee.

Basel guidelines refer to broad supervisory standards formulated by this group of central banks- called the Basel Committee on Banking Supervision (BCBS). The set of agreement by the BCBS, which mainly focuses on risks to banks and the financial system are called Basel accord. The purpose of the accord is to ensure that financial institutions have enough capital on account to meet obligations and absorb unexpected losses. India has accepted Basel accords for the banking system.

Basel I

In 1988, BCBS introduced capital measurement system called Basel capital accord, also called as Basel 1. It focused almost entirely on credit risk. It defined capital and structure of risk weights for banks. Naturally if the capital with the banks is adequate to cover the risks (e.g. a power plant) they have invested in, then the bank is safe.

The minimum capital requirement was fixed at 8% of risk weighted assets (RWA). RWA means assets with different risk profiles. For example, an asset backed by collateral would carry lesser risks as compared to personal loans, which have no collateral. India adopted Basel 1 guidelines in 1999. The

Basel norms are set up by the Basel committee on banking supervision.

It is important to understand that the Basel accords have been the result of cooperation by the countries over the years.

Basel II

In 2004, Basel II guidelines were published by BCBS, which were considered to be the refined and reformed versions of Basel I accord. The guidelines were based on three parameters.

1. Banks should maintain a minimum capital adequacy requirement of 8% of risk assets; In India, such a practice is equivalent to maintaining a Capital Adequacy ratio (CAR).
2. Banks were needed to develop and use better risk management techniques in monitoring and managing all the three types of risks that is credit and increased disclosure requirements; increased disclosure requirements raise the confidence of investors and depositors in the bank. The more transparent a bank is the more stable it is deemed to be.
3. Banks need to mandatorily disclose their risk exposure, etc to the central bank; this is important so that the central bank (RBI in India) is aware of the risks that the banking system is going through.

There is a practice in India to publish bi-annual Financial Stability reports by the RBI. The latest report published recently is of June 2014.

Basel II norms in India and overseas are yet to be fully implemented.

Basel III

In 2010, Basel III guidelines were released. These guidelines were introduced in response to the financial crisis of 2008.

A need was felt to further strengthen the system as banks in the developed economies were under-capitalized, over-leveraged and had a greater reliance on short-term funding. Too much short-term funding makes the banks prone to risks. Banks generally rely on short-term funding because it is profitable.

Also the quantity and quality of capital under Basel II were deemed insufficient to contain any further risk. This was because the banking system was growing. The world economy was growing too. Hence, what is sufficient earlier was not sufficient now.

Basel III norms aim at making most banking activities such as their trading book activities more capital-intensive. The guidelines aim to promote a more resilient banking system by focusing on four vital banking parameters viz. capital, leverage, funding and liquidity.

Capital

The capital requirement (as weighed for risky assets) for Banks was more than doubled. (E.g. 4.5% from 2% in Basel-II accord for common equity)

Leverage

Leverage basically means buying assets with borrowed money to multiply the gain. The underlying belief is that the asset will return the investor more than the interest he has to pay on the loan.

Obviously doing so is risky business. Thus the Basel III puts a limit on the banks for

doing this. The numbers are not important here. Getting the concept is important.

Funding and liquidity

Banks can be subjected to a lot of risk if all depositors come and ask all their money at the same time. This is a hypothetical situation but it has happened in real with Lehman Brothers – the bank whose collapse gave us the 2008 recession.

So, Basel III puts a requirement for the banks to maintain some liquid assets all the time. Liquid assets are those which can be easily converted to cash.

In India, this practice can be correlated with that of maintaining CRR and SLR.

Implementation of Basel III norms in India

The RBI has earlier postponed the implementation of these norms to 2019, and now till 2023.

It is important to note that it is not easy to implement these norms as it requires several changes in the present banking system.

There are several challenges in the successful implementation of Basel III norms.

1. **Higher capital requirement for banks** – The private banks have the autonomy to raise capital from the markets. But the Public sector banks have to rely on the government mostly. The government has recently decided to infuse 12000 Cr. rupees in the PSBs. In the coming years even more will be required.
2. **More technology deployment** – Implementing the norms would require much more sophisticated technology and management styles that the Indian banks are presently using. Upgrading both will impose

huge cost on the banks and hurt their profitability in the coming years.

3. **Liquidity crunch** – Banks would need to invest more on liquid assets. These assets do not give handsome returns usually which would reduce the bank's operating profit margin. Further higher deployment of more funds in liquid assets may crowd out good private sector investments and also affect economic growth.

Deferment of Basel-III Norms to 2023

In view of the coronavirus pandemic, the implementation of Basel-III norms for banking services has been deferred by a year till January 1, 2023. Among other steps, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads

of Supervision (GHOS), has decided on deferring the implementation of the norms which were scheduled to come into effect from January 1, 2022.

According to the BIS statement the implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to January 1, 2023. The accompanying transitional arrangements for the output floor has also been extended by one year to January 1, 2028.

Further, the implementation of the revised market risk framework and the revised pillar-3 disclosure requirements have also been deferred by one year to January 1, 2023.

These standards were finalised with the objective of complementing the initial set of Basel III standards.

PRACTICE MCQs

1. The first Basel Concordat was concerned with
 - (a) The possibility that third world countries might renege on their debts
 - (b) The division of responsibilities among national supervisory authorities
 - (c) The capital adequacy of banks
 - (d) The off-balance-sheet activities of banks
 - (e) None of these
2. Which of the following is/are to be followed by Commercial Banks for risk management?
 - (a) Basel II norms
 - (b) Basel III norms
 - (c) Basel I norms
 - (d) Solvency II norms
 - (e) None of these
3. 'Basel Committee on Banking Supervision' is also known as
 - (a) Bank for International Settlements Committee
 - (b) Banking Regulation Committee
 - (c) Financial Stability Board
 - (d) Global Financial System
 - (e) None of these
4. What is the full form of BCBS?
 - (a) Basel Committee on Banking Supervision
 - (b) Basel Committee on Bureau Success
 - (c) Basel Committee on Bureau Supervision
 - (d) Basel Committee on Banking Society
5. Basel III capital regulations were released by Basel Committee on Banking Supervision (BCBS) as a Global Regulatory Framework for more resilient banks and banking systems on _____.
 - (a) December 2010
 - (b) March 2011
 - (c) December 2011
 - (d) December 2012

6. Basel I Mainly Focuses on which of the following risks?
- (a) Credit Risk , Capital requirements and Structure of risk weights.
 (b) Operational Risk, Capital requirements
 (c) Credit Risk, RWA
 (d) Credit Risk, non Risk weight assets
7. Basel III capital regulations are based on 3 mutually reinforcing pillar. These pillars are
- I. Minimum Capital Standards
 II. Supervisory Review of Capital Adequacy
 III. Risk Management
- (a) Only I & II (b) Only I & III
 (c) Only II & III (d) All are correct
8. As per the Basel III implementation in India, minimum Tier 1 capital must be _____ % of risk weighted assets on ongoing basis
- (a) 5.5% (b) 7%
 (c) 9% (d) 11%
9. The net stable funding ratio (NSFR) under Basel-III was implemented in India from _____
- (a) January 1, 2017 (b) April 1, 2017
 (c) January 1, 2018 (d) April 1, 2018
10. As per Basel III, the risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices is called _____
- (a) Credit Risk (b) Market Risk
 (c) Pricing Risk (d) Liquidity Risk
11. From which date the RBI implemented the Basel-III recommendations in India?
- (a) January 1, 2013 (b) March 31, 2014
 (c) April 1, 2013 (d) September 30, 2014
12. The banks are expected to maintain a leverage ratio in excess of under **Basel III**.
- (a) 1% (b) 3%
 (c) 5% (d) 6%

ANSWER KEYS

1.	(b)	2.	(a)	3.	(a)	4.	(c)	5.	(a)
6.	(a)	7.	(a)	8.	(b)	9.	(c)	10.	(b)
11.	(c)	12.	(b)						

9 CHAPTER

Important Committees in Banking Sector

Committee		Objective
K C Chakrabarthy	Committee	Rehabilitation of Sick industries
V G Kannan	Committee	Issue of ATM charges and to improve rural penetration of teller machines.
A R Dave	Committee	Reforms in the pension sector.
A C Shah	Committee	Non-Banking Financial Companies (NBFCs) Reforms
A Ghosh	Committee	Frauds & Malpractices In India
Nandan Nilekani	Committee	Measures to strengthen the safety and security of digital payments
A K Khandelwal	Committee	HR Issues Of Public Sector Banks
Abid Hussain	Committee	For Small Scale Industries
Aditya Puri	Committee	For Dissemination Of Credit Information
Ajay Shankar	Committee	Review The Functioning Of PPP Cell
Ak Bhuchar	Committee	Coordination Between term lending Institutions & Commercial Banks
Amitabh Chaudhry	Committee	Analysis the existing framework Of IRDA-Linked &Non-Linked Insurance Product Regulations
S S Johl	Committee	Assistance to distressed farmers
Balakrishna Eradi	Committee	Insolvency Law
Arvind Mayaram	Committee	For Giving Clear Definitions to FDI & FII
Bhandari	Committee	For Reconstruction Of RRBs
Bhide	Committee	Coordination Between Commercial Banks &SFC's
Bimal Jalan	Committee	To Scrutinize Applications For New Bank Licenses
B. D. Shah	Committee	Stock Lending Scheme
B Sambamurthy	Committee	For Mobile Banking
B Siaraman	Committee	Institutional Credit for Agricultural &Rural development
C Rangarajan	Committee	For Poverty Scale Estimates In The Country
Chelliah	Committee	For Tax Reforms
Chesi	Committee	For Direct Taxes
Cook	Committee	For Capital Adequacy of Banks

Committee		Objective
Y B Damle	Committee	Introducing of MICR/OCR Technology for Cheque Processing
Damodaran	Committee	For Improvement Of Customer Services In Banks
Dave	Committee	For Pension Scheme For Unorganized Sector
Deepak Mohanty	Committee	Data & Information Management In The Rbi
Deepak Parekh	Committee	For Financing Infrastructure Sector
Dinesh Sharma	Committee	To Propose New Regulation Related To Digital/Virtual Currencies
D. K. Mittal	Committee	To Improve Financial Condition Of Railways
D. R. Gadgil	Committee	Agricultural Finance
Godwala	Committee	Rural Finance
Hathi	Committee	For Soiled Bank Notes
J Reddy	Committee	Reforms in Insurance Sector
James Raj	Committee	Functioning Of Public Sector Banks
Janakiraman	Committee	To Investigate the Security Transactions Of The Bank
Justice M B Shah	Committee	Commission On Black Money
Karve	Committee	For Small Scale Industry
K M Chandrasekhar	Committee	For Rationalization Of Foreign Investment Norms
K Madhav Das	Committee	Urban Cooperative Banks
P J Nayak	Committee	Governance Of Boards Of Bank In India
Parthasarathi Shome	Committee	Guidelines for General Anti Avoidance Rules (GAAR)
K S Shere	Committee	For proposing Legislation On Electronic Funds Transfer (EFT) & other Electronic Payments
K.U.B. Rao	Committee	For Setting up Bullion Corporation Of India
H R Khan	Committee	To Evaluate Unclaimed PPP & Post Office Saving
I.T. Vaz	Committee	Working Capital Finance In Banks
K.V.Kamath Panel	Committee	To Examine the financial architecture For MSMEs
Kelkar	Committee	For tax Structure reforms
Paneer Selvam	Committee	Non -Performins Assets (NPA)
Khandelwal	Committee	HR Issues of Public Sector Banks
Khusrau	Committee	Agricultural Credit
Lakdawala	Committee	Poverty Line
L K Jha	Committee	Indirect Taxation Enquiry
Marathe	Committee	Licensing of New Banks
MBN Rao	Committee	To Prepare The Blueprint Of India's First Women's Bank
M J Ferwani	Committee	Stock Exchange

Committee		Objective
M L Dhantwala	Committee	Regional Rural Banks
M.S. Ahluwalia	Committee	Employment Opportunities
Narasimham	Committee	Banking Sector Reforms
N Rangachary	Committee	To Examine Taxation Policies For IT Sector
N. K Singh	Committee	To Review The Fiscal Responsibility & Budget Management Act
Nachiket Mor	Committee	Comprehensive Financial Services For Small Businesses & Low-Income Households
Narasimham	Committee	For Banking Sector Reforms
Naresh Chandra	Committee	For 14 Member Task Force On Security Issues
Pillai	Committee	For Pay Scales of Bank Officers
P Selvam	Committee	For Non Performing Assets (NPA)
Pulak Kumar Sinha	Committee	To Study The Feasibility Of Aadhaar As An Additional Factor
R. V. Easwar	Committee	Simplify Income Tax Act, 1961
R. V. Gupta	Committee	For Small Savings
R. Jilani	Committee	Inspection System In Banks
R.H. Khan	Committee	Harmonization Of Role Of Financial Institution In Banks
Thakkar	Committee	For Credit Schemes to Self Employed
Thingalaya	Committee	Restructuring of RRB
UK Sharma	Committee	NABARD's Role In RRB
R.K. Hajara	Committee	Differential Interest Rates Scheme
Raghuram Rajan	Committee	For Financial Sector Reforms
Raja Mannar	Committee	For Changes in Banking laws, bouncing of cheques,
Rakesh Mohan	Committee	Small Savings
Rashid Jilani	Committee	Cash Credit System
Rattan P Watal	Committee	To Boost Digital Payment System In India
Rekhi	Committee	For Indirect Taxes
R.N. Malhotra	Committee	Reforms in Insurance Sector
R.S. Gujral	Committee	To Suggest Measures To Boost MSME Exports
S.P. Talwar	Committee	For Restructuring Of Weak Public Sector Bank
Shyamala Gopinath	Committee	For Suggestions On Post Office Small Saving Schemes
Tandon	Committee	Follow Up For Bank Credit
Urjit Patel	Committee	To Examine The Current Monetary Policy Framework
S.N. Verma	Committee	For Restructuring The Commercial Banks
S.S. Nadkarni	Committee	Trading In Public Sector Banks

Committee		Objective
Sodhani	Committee	Foreign Exchange Markets in NRI Investment in India
Sudharshan Sen	Committee	To Study Regulatory Issues Relating to Financial Technology & Digital Banking
Sukhamoy Chakravarty	Committee	On Monetary Policy
Suma Verma	Committee	To Update, & Revise The Banking Ombudsman Scheme, 2006
Tambe	Committee	For Term Loans to SSI
Usha Thorat	Committee	Financial Sector Plan for NER
Vaghul	Committee	For Money Market In India
Vipin Malik	Committee	Consolidated Accounting By Banks
Vyas	Committee	Rural Credit
Wanchoo	Committee	For Direct Taxes Enquiry
W.S. Saraf	Committee	Technology issues in Banking Industry
YV Reddy	Committee	Reforms in Small Savings
B Mahaptara	Committee	Restructuring of advances

PAST YEAR MCQs

- The Concept of 'Universal Banking' was implemented in India on the recommendations of:
(SBI PO Main 2015)
 - Abid Hussain Committee
 - R H Khan Committee
 - S Padmanabhan Committee
 - YH Malegam Committee
 - None of these
- The first-ever niche banking license award process will start soon as the external advisory committee headed by _____ has given its report to the RBI in this regard.
(SBI PO Main 2017)
 - Bimal Jalan
 - Nachiket Mor
 - R Gandhi
 - Urjit Patel
 - None of these
- Which of the following is not correct regarding FSLRC ?
(IBPS RRB Main 2017)
 - It reviews, simplifies and rewrites the legislations affecting the financial markets in India
 - It evolves a common set of principles for governance of financial sector regulatory institutions
 - It streamlines the regulatory architecture of financial markets
 - It was formed in 2013
 - None of these
- U K Sinha committee was constituted for?
(IBPS RRB Clerk Main-2019)
 - RBI panel on NPA reforms
 - RBI panel on Rural Banks reforms
 - RBI panel on Payment Banks reforms
 - RBI panel on MSME reforms
 - None of these

5. RBI has formed a committee to review regulatory guidelines and supervisory framework applicable to core investment companies (CICs). This committee is headed by- **(SBI Clerk Main-2019)**
- (a) Bimal Jalan
(b) Smt. Usha Thorat
(c) Tapan Ray
(d) Shri T. N. Manoharan
(e) None of these
6. The 11-member committee, headed by former Finance Secretary Ratan P Watal is related with which among the following committee?
- (SBI PO Main 2016)**
- (a) Incentivise transactions through cards and digital
(b) One Rank One Pension
(c) Indo-Pakistani war and Simla Agreement
(d) Financial inclusion or inclusive financing
(e) None of these

ANSWER KEYS

1.	(b)	2.	(b)	3.	(d)	4.	(d)	5.	(c)
6.	(a)								

PRACTICE MCQs

- Which of the following is not a recommendation of the Narasimham Committee, 1991?
 - Reduction of CRR and SLR
 - Phasing out directed Credit Programme
 - Reduction of capital adequacy ratio
 - Establishment of ARF fund
 - Autonomy to public sector bank
- On the recommendations of which of the following committees Regional Rural Banks (RRB) were established?
 - Tarpore Committee
 - Narasimham Committee
 - Karmakar Committee
 - Kelker Committee
 - Jha Committee
- Which of the following committees recommended the formation of Debt Recovery Tribunals?
 - Narasimham Committee
 - A C Shah Committee
 - Abid Hussain Committee
 - Adhyarjina Committee
 - None of these
- Which among the following committees had recommended Income Recognition and assets classification norms?
 - Rangarajan committee
 - Goiporia committee
 - Narasimhan committee;
 - Jankiraman committee
 - None of these
- Khan Commission was set up in 2004 to
 - review monetary policy
 - introduce loan schemes
 - prepare report on financial inclusion
 - review the financial status of public sector banks
 - None of these

6. Committee on Financial Inclusion headed by Dr C Rangarajan was set up in
 - (a) 2004
 - (b) 2006
 - (c) 2009
 - (d) 2002
 - (e) None of these
7. Which of the following committees suggested initiatives on Medium-term Path on Financial Inclusion?
 - (a) R. Gandhi Committee
 - (b) Deepak Mohanty Committee
 - (c) Usha Thorat Committee
 - (d) Nachiket Mor Committee
 - (e) None of these
8. According to Nachiket Mor Committee, every adult should have bank account by
 - (a) 2016
 - (b) 2017
 - (c) 2018
 - (d) 2020
 - (e) None of these
9. NABARD was established on the recommendations of
 - (a) Shivaraman Committee
 - (b) Malhotra Committee
 - (c) Kumarmangalam Committee
 - (d) None of the Above
10. Which of the following statements is/are correct about Tarun Ramadorai Committee?
 - i. It was set up to study various facets of household finance in India.
 - ii. It will evaluate households' demands in financial markets for assets such as pensions as well as liabilities.
 - (a) (i) only
 - (b) (ii) only
 - (c) Both (i) and (ii)
 - (d) None of the above
11. Which of the following committees was formed to review the governance of Board of Banks in India?
 - (a) P J Nayak committee
 - (b) A. C. Gosh Committee
 - (c) B. Eradi Committee
 - (d) Abid Hussain Committee
12. Who was given the charge of the task force set up by the RBI on 14 November 2016 to oversee the recalibration of ATM machines as the government introduced new ₹ 500 and ₹ 2,000 notes?
 - (a) BP Kanungo
 - (b) S.S. Mundra
 - (c) Urjit Patel
 - (d) Viral Acharya
13. Who was appointed the first head of India INX, India's first international exchange?
 - (a) V. Balasubramanian
 - (b) Ashish Chauhan
 - (c) J. Ravichandran
 - (d) Amit Santra
14. The concept of Universal Banking was implemented in India after the recommendations of
 - (a) R.H. Khan Committee
 - (b) Dutta Committee
 - (c) P. Selvam Committee
 - (d) None of the above
15. Which committee has recommended the setting up of Special Tribunals to reduce the time required for settling cases?
 - (a) Kelkar committee
 - (b) Justice Reddy committee
 - (c) Rangarajan Committee
 - (d) Narasimham Committee

ANSWER KEYS

1.	(c)	2.	(b)	3.	(a)	4.	(c)	5.	(c)
6.	(b)	7.	(b)	8.	(a)	9.	(a)	10.	(c)
11.	(a)	12.	(b)	13.	(a)	14.	(a)	15.	(d)

Micro Units Development and Refinance Agency Bank or MUDRA Bank is a public sector financial institution in India. It provides loans at low rates to micro-finance institutions and non-banking financial institutions which then provide credit to MSMEs.

FORMATION

The formation of the agency was initially announced in the Union budget FY 2015-16 of India in February 2015. MUDRA was registered as a company in March 2015 under the Companies Act 2013 and as a Non Banking Finance Institution with the RBI on 07 April 2015. It was formally launched on 08 April 2015.

ROLES

MUDRA has been formed with primary objective of developing the micro enterprise sector in the country by extending various supports including financial support in the form of refinance, so as to achieve the goal of funding the unfunded. Subsequently GOI has also decided that MUDRA will provide refinance support, monitor the PMMY data by managing the web portal, facilitate offering guarantees for loans granted under PMMY and take up other activities assigned to it from time to time. Accordingly MUDRA has been carrying out these functions over the last one year.

FUNCTIONS

The MUDRA banks were set up under the Pradhan Mantri MUDRA Yojana (PMMY) scheme. It provides its services to small entrepreneurs outside the service area of regular banks, by using last mile agents. About 5.77 crore (57.6 million) small business have been identified as target clients using the NSSO survey. Only 4% of these businesses get finance from regular banks. The bank will also ensure that its clients do not fall into indebtedness and will lend responsibly.

The bank have an initial capital of ₹200 billion and a credit guarantee fund of ₹30 billion. The bank initially functioned as a non-banking financial company and a subsidiary of the Small Industries Development Bank of India (SIDBI). Later, it was made into a separate company. However, it will regulate Microfinance institutions.

The bank will classify its clients into three categories and the maximum allowed loan sums will be based on the category:

S. No.	Category	Maximum allowed loan	Allocation of additional fund (₹ 1 trillion)
1	Shishu	up to ₹ 50,000	40%
2	Kishor	up to ₹ 5 lakh	35%
3	Tarun	up to ₹ 10 lakh	25%

MUDRA bank refines loans to following categories including,

- Small manufacturing unit

- Shopkeepers
- Fruit and vegetable vendors
- Artisans

Pradhan Mantri Mudra Yojana (PMMY) was launched along with the launching of MUDRA bank and the detailed guidelines were issued by Government of India to all banks and

Microfinance institutions. MUDRA bank was given the responsibility of monitoring the programme by collecting the information on regular basis. Accordingly, MUDRA has put in place a monitoring portal which captures the data on lending under PMMY, in a granular fashion.

PRACTICE MCQs

- The MUDRA Bank will initially come under
 - NABARD
 - SIDBI
 - HUDCO
 - CIDCO
 - None of these
- Which of the following statements is/are correct about Micro Units Development Refinance Agency (MUDRA)?
 - CGF (Credit Guarantee Fund) is expected to guarantee more than 1,00,000 crore rupees worth of loans to micro and small units in the first instance.
 - It will reduce the credit risk to banks and other financial intermediaries.
 - Only 1
 - Only 2
 - Both
 - None
- Which of the following scheme is for collateral free loans to Small/Micro business enterprises and individuals in the non-agricultural sector?
 - Pradhan Mantri Jan Dhan Yojana (PMJDY)
 - Pradhan Mantri Suraksha Bima Yojana(PMSBY)
 - Pradhan Mantri Kisan SAMman Nidhi (PMKISAN)
 - Pradhan Mantri MUDRA Yojana (PMMY)
- Which of the following financial Institutions cannot grant loans under MUDRA Yojana?
 - Scheduled Commercial Banks
 - Non-Banking Finance Companies
 - Payments Bank
 - Micro Finance Institutions
- Which of the following statements about MUDRA Yojana is correct ?
 - MUDRA) was set up on April 08, 2015 as a wholly owned subsidiary of SIDBI for “funding the unfunded” micro enterprises in the country
 - The beneficiaries can get loan assistance from ₹ 50,000 to ₹ 10 lakh.
 - MUDRA has created three products namely ‘Shishu’, ‘Kishore’ and ‘Tarun’ to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur.
 - The MUDRA bank has corpus of ₹ 20,000 crore and credit guarantee corpus of ₹ 3000 crore.

Choose the correct answer using following options:

 - Only b, c and d
 - Only a, b and c
 - Only a, c and d
 - All are correct
- What is the maximum loan limit under the KISHOR category of MUDRA Yojana?
 - ₹ 50,000
 - ₹ 1 lakh
 - ₹ 5 lakh
 - ₹ 10 lakh
- What is the outlay of the Credit Guarantee Fund for MUDRA loans?
 - ₹ 1,000 crore
 - ₹ 5,000 crore
 - ₹ 3,000 crore
 - ₹ 4,000 crore
- What is the minimum loan limit under the KISHOR category of MUDRA Yojana?
 - ₹ 50,000
 - ₹ 1 lakh
 - ₹ 5 lakh
 - ₹ 10 lakh

9. Which of the following activities can be preferentially granted loan under MUDRA Yojana?
- (a) purchase of Transport Vehicle
(b) Food Products Sector
(c) Cosmetics Products Sector
(d) Agricultural Loans
10. What is the initial capital amount of MUDRA Bank?
- (a) 100 billion
(b) 200 billion
(c) 400 billion
(d) 500 billion
11. MUDRA bank initially functioned as a subsidiary of which of the following?
- (a) SIDBI (b) IFCI Ltd.
(c) EXIM Bank (d) IBA
12. What is the maximum limit of loans that MFIs can give under the MUDRA Yojana?
- (a) ₹ 50000 (b) ₹ 100000
(c) ₹ 200000 (d) ₹ 500000
13. What is the maximum loan limit under the SHISHU category of MUDRA Yojana?
- (a) ₹ 50,000 (b) ₹ 1 lakh
(c) ₹ 5 lakh (d) ₹ 10 lakh

ANSWER KEYS

1.	(b)	2.	(c)	3.	(d)	4.	(c)	5.	(d)
6.	(c)	7.	(c)	8.	(a)	9.	(d)	10.	(b)
11.	(a)	12.	(b)	13.	(a)				

Small Finance Banks & Payment Banks in India

PAYMENTS BANKS AND SMALL FINANCE BANKS

In order to expedite financial inclusion, RBI had created a framework for licensing Payments Banks / Small Banks and other differentiated banks. These local area banks, payment banks and Small Banks are expected to meet credit and remittance needs of small businesses, unorganized sector, low income households, farmers and migrant work force. **Airtel** was the first entity to launch India's first Payments Bank service in **Rajasthan**.

SMALL FINANCE BANKS AND PAYMENT BANKS

The concept of differentiated banks is not entirely new. In fact, and in a sense, the Urban Co Operative Banks (UCBs), the Primary Agricultural Credit Societies (PACS), the Regional Rural Banks (RRBs) and Local Area Banks (LABs) could be considered as differentiated banks as they operate in localized areas.

But the present concept of differentiated banks can be said as first discussed in 2007. Thereafter, the concept was once again discussed in a Paper "Banking Structure in India – The Way Forward", brought out by the Reserve Bank in August 2013. RBI granted in-principle approvals to 07 entities for

setting up payments banks (PBs) in August 2015 and 10 for Small Finance Bank (SFB) in September 2015.

List of Small Finance Banks in India

1. Au Small Finance Bank Ltd.
2. Capital Small Finance Bank Ltd.
3. Fincare Small Finance Bank Ltd.
4. Equitas Small Finance Bank Ltd.
5. ESAF Small Finance Bank Ltd.
6. Suryoday Small Finance Bank Ltd.
7. Ujjivan Small Finance Bank Ltd.
8. Utkarsh Small Finance Bank Ltd.
9. North East Small Finance Bank Ltd.
10. Jana Small Finance Bank Ltd.

List of Payments Banks in India

1. Airtel Payments Bank Ltd.
2. India Post Payments Bank Ltd.
3. FINO Payments Bank Ltd.
4. Paytm Payments Bank Ltd.
5. Aditya Birla Idea Payments Bank Ltd.
6. Jio Payments Bank Ltd.
7. NSDL Payments Bank Ltd.

Area	Small Finance Banks	Payment Banks
	• They are niche banks that focus and serve the needs of a certain demographic segment of the population. • The objectives of setting up of small finance banks will be to further financial inclusion by (1) the provision of savings vehicles (2) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganised sector entities, through high technology-low cost operations. • SFBs was recommended by the Nachiket Mor committee on financial inclusion.	• The objectives of setting up of payments banks will be to further financial inclusion by providing (1) small savings accounts (2) payments/remittance services to migrant labour workforce, low-income households, small businesses, other unorganised sector entities and other users. • They will not lend to customers and will have to deploy their funds in government papers and bank deposits.
Scope of activities	• The small finance banks shall primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities. • There will not be any restriction in the area of operations of small finance banks.	• Acceptance of demand deposits- Payments bank will initially be restricted to holding a maximum balance of ₹100,000 per individual customer. • Issuance of ATM/debit cards- Payments banks, however, cannot issue credit cards. • Payments and remittance services through various channels. • Business Correspondents (BC) of another bank, subject to the Reserve Bank guidelines on BCs. • Distribution of non-risk sharing simple financial products like mutual fund units and insurance products, etc. • The payments bank cannot undertake lending activities.

Area	Small Finance Banks	Payment Banks
Criteria	• Individuals/professions with 10 years of experience in finance, Non-Banking Financial Companies (NBFCs), micro finance companies, local area banks are eligible to set up SFBs. • The minimum paid-up equity capital for small finance banks shall be ₹ 100 crore. • The promoter's minimum initial contribution to the paid-up equity capital of such small finance bank shall at least be 40 per cent and gradually brought down to 26 per cent within 12 years from the date of commencement of business of the bank. • The foreign shareholding in the small finance bank would be as per the Foreign Direct Investment (FDI) policy for private sector banks as amended from time to time. • The small finance banks will be required to extend 75 per cent of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL) by the Reserve Bank. • SFBs have to maintain Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) as per RBI norms. • At least 50 per cent of its loan portfolio should constitute loans and advances of up to ₹ 25 lakh.	• Existing non-bank Pre-paid Payment Instrument (PPI) issuers; and other entities such as individuals / professionals; Non-Banking Finance Companies (NBFCs), corporate Business Correspondents (BCs), mobile telephone companies, supermarket chains, companies, real sector cooperatives; that are owned and controlled by residents; and public sector entities may apply to set up payments banks. • Promoter/promoter groups should be 'fit and proper' with a sound track record of professional experience or run their businesses for at least a period of five years in order to be eligible to promote payments banks. • The minimum paid-up equity capital for small finance banks shall be ₹ 100 crore. • Maintains minimum 75% of deposits in Government bond and maximum 25% deposits with other scheduled commercial banks. • The promoter's minimum initial contribution to the paid-up equity capital of such payments bank shall at least be 40 per cent for the first five years from the commencement of its business. • The bank should have a high powered Customer Grievances Cell to handle customer complaints. • The operations of the bank should be fully networked and technology driven from the beginning, conforming to generally accepted standards and norms.

Area	Small Finance Banks	Payment Banks
Can do	• Sell forex to customers. • Sell mutual funds, insurance and pensions. • Can convert into a full-fledged bank.	• Offer internet banking, sell mutual funds, insurance and pensions. • Have business correspondents and ATMs. • Offer bill payment service for customers • They can enable transfers and remittances from a mobile phone. • They can offer forex services at charges lower than bank • They can provide forex cards to travellers, usable as debit or ATM card all over India. • They can also offer card acceptance mechanism to third parties such as “Apple Pay”.
Can't do	• Extend large loans. • Cannot float subsidiaries and deal in sophisticated products.	• Offer credit cards • Extend loans • Handle cross-border remittances • Accept NRI deposits
Challenges	• Have to compete with existing public sector banks and RRBs. • Micro Finance Institution (MFI)/ NBFC are specialised in micro lending operations with limited exposure to banking operations; that means they have to hire, train talent from the banking industry. • The cost of deposit mobilisation will be higher for these banks as they cover rural and underserved segment.	• Low revenue-can't undertake any lending businesses and the income stream is initially restricted to charges on remittances and efficiency of operations. • Required to invest minimum 75 per cent of its “demand deposit balances” into government securities. This limits their ability to earn from the deposit base as well. • Banks are already offering most services that payments banks can and hence, for payments banks to offer a new and differentiated proposition will not be easy. • Other saving instruments like Kisan Vikas Patra, gold bonds etc have better returns than payment banks. • Experience from Jan Dhan Yojna has shown that many such no-frill accounts have remained dormant, thus affecting the viability of the banks.

PAST YEAR MCQs

1. Which of the following organisations is established mainly to promote Micro, Small and Medium industrial sector in India?
(RBI Assistant 2015)
 - (a) NABARD
 - (b) SIDBI
 - (c) IDBI Bank
 - (d) EXIM Bank
 - (e) All of these
2. Payments banks are a new model of banks conceptualized by the Reserve Bank of India (RBI). These banks can accept a restricted deposit which is currently limited to INR 1 lakh per customer account. How much amount minimum capital has requirement for Payments banks?
(SBI PO 2016)
 - (a) ₹ 1 crore
 - (b) ₹ 50 crore
 - (c) ₹ 1000 crore
 - (d) ₹ 500 crore
 - (e) ₹ 100 crore
3. Small Finance Banks (SFBs) are required to extend _____ of their adjusted net bank credit (ANBC) for priority sector lending.
(SBI PO Main 2018)
 - (a) 60%
 - (b) 50%
 - (c) 25%
 - (d) 40%
 - (e) 75%
4. _____ has announced the launch of a service to enable NRIs to send money to beneficiaries in India using social media apps such as WhatsApp and e-mail.
(SBI PO Main 2018)
 - (a) Bank of Baroda
 - (b) Axis Bank
 - (c) State Bank of India
 - (d) ICICI Bank
 - (e) HDFC Bank
5. To offer an integrated payments platform to Micro, Small and Medium Enterprise (MSME) customers, using MARG's accounting software, Marg ERP limited has partnered with _____.
(IBPS RRB PO Main 2018)
 - (a) SBI
 - (b) ICICI Bank
 - (c) PNB
 - (d) Axis Bank
 - (e) Bank of Baroda
6. Small Industries Development Bank of India (SIDBI) has launched the which portal-
(RBI Grade-B 2018)
 - (a) Karmachari Muskan Portal
 - (b) Udyami Mitra Portal
 - (c) Bharat Udhog Portal
 - (d) Unnat Udhayami Portal
 - (e) None of these
7. Social Pay service was launched by-
(RBI Grade-B 2018)
 - (a) SBI
 - (b) ICICI Bank
 - (c) Paytm
 - (d) TCS
 - (e) None of these
8. The minimum paid-up equity capital for small finance banks is _____.
(IBPS Clerk Main 2019)
 - (a) ₹ 10 crore
 - (b) ₹ 500 crore
 - (c) ₹ 100 crore
 - (d) ₹ 200 crore
 - (e) ₹ 1000 crore
9. As per guidelines of the RBI, payments banks can accept demand deposits (savings and current) up to a maximum of how much amount per customer?
(IBPS Clerk Main 2019)
 - (a) ₹ 1,00,000
 - (b) ₹ 2,00,000
 - (c) ₹ 50,000
 - (d) ₹ 5,00,000
 - (e) ₹ 10,000
10. Paytm has launched 'Paytm Money' app for mutual fund investments. The Paytm Money platform will be offering systematic investment plans (SIPs), starting at ₹ _____ per month
(IBPS Clerk Main 2019)
 - (a) ₹ 300
 - (b) ₹ 400
 - (c) ₹ 200
 - (d) ₹ 500
 - (e) ₹ 100
11. What is the minimum capital required by UCB to convert itself to SFB?
(IBPS Clerk Main-2020)
 - (a) 20 crore
 - (b) 50 crore
 - (c) 80 crore
 - (d) 100 crore
 - (e) 150 crore

12. In the Balance of Payment (BOP), the transfer of payment is included in which of the following ?
(SBI PO 2015)
- Current Account
 - Capital Account
 - Savings Accounts under Govt. Schemes
 - Official Reserve Accounts
 - All of them
13. RuPay is launched by (IBPS PO Main 2015)
- RBI
 - Finance Ministry
 - SBI
 - NPCI
 - None of these
14. Mobile Money Identification Number (MMID) is a _____ digit number of which the first four digits are the unique identification number of the bank offering Immediate Payment Service (IMPS)
(SBI PO Main 2016)
- Seven
 - Thirteen
 - Eleven
 - Nine
 - None of these
15. _____ is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. (SBI PO Main 2016)
- Real-time gross settlement systems (RTGS)
 - Electronic Funds Transfer at Point of Sale (EFTPOS)
 - Bharat Bill Payment System (BBPS)
 - Unified Payments Interface (UPI)
 - None of these
16. Which of the following banks has launched its Multi Option Payment Acceptance Device (MOPAD) for digital payments?
(IBPS PO Main 2018)
- Axis Bank
 - State Bank of India
 - Punjab National Bank
 - ICICI Bank
 - Bank of Baroda
17. Which of the following does not fall into the functions of Payments Banks?
(IBPS PO Main 2016)
- Acceptance of demand deposits
 - Internet banking
 - Kemittance services
 - Lending services
 - Sell mutual funds, insurance and pension products
18. In Basic Savings Bank Deposit Account (BSBDA), one can withdraw money _____ times in a month. (IBPS RRB Asst. Main 2018)
- six
 - two
 - five
 - three
 - four
19. Bharat QR Code will make use of QR codes system for payments across merchant outlets. Bharat QR was launched by _____.
(SBI PO Main 2018)
- FICCI
 - NPCI
 - RBI
 - SEBI
 - IRDAI
20. Banks have finalised an inter-creditor agreement to resolve the issue of mounting _____ under Project "Sashakt".
(SBI PO Main 2018)
- Fund Transfer
 - UPI
 - NPA
 - KYC
 - NEFT
21. How many batches in NEFT daily?
(IBPS Clerk Main-2020)
- 20
 - 32
 - 48
 - 64
 - 59
22. Which bank has launched Bharosa Saving Account?
(IBPS PO Main-2019)
- Jio Payments Bank.
 - India Post Payments Bank
 - Paytm Payment Bank
 - Airtel Payment Bank
 - Fino Payments Bank
23. What is the Limit for Semi Closed PPI?
(IBPS Clerk Main-2020)
- ₹ 5,000
 - ₹ 10,000
 - ₹ 15,000
 - ₹ 20,000
 - ₹ 1,000
24. Bharat Bill Payment System is a major component of the retail payment transactions in India, and is characterized by the presence of large number of billers, who provide a variety of payment options to their customers. According to information available on the RBI website, the top 20 cities are generating INR how much amount in bill payments every year ?
(SBI PO Main 2016)

- (a) INR 16,810 billion
(b) INR 4,703 billion
(c) INR 10,172 billion
(d) INR 6,223 billion
(e) None of the above
25. Loans to individuals for educational purpose including vocational courses up to _____ for studies in India and _____ for studies abroad are included under priority sector lending by banks
(SBI PO Main 2017)
(a) ₹ 5 lakh , ₹10 lakh
(b) ₹ 7 lakh , ₹15 lakh
(c) ₹10 lakh , ₹ 20 lakh
(d) ₹12 lakh, ₹ 22 lakh
(e) None of these
26. The financial assistance of loans of ₹ 10000 by bank to a small borrower will be called.....?
(SBI PO Main 2017)
(a) Business finance
(b) Government finance
(c) Micro finance
(d) Small finance
(e) KYC finance
27. What is the limit for housing loans under priority sector?
(SBI PO Main 2017)
1. Loans to individuals up to 28 lakh in metropolitan centers
2. Loans up to 20 lakh in other centres for purchase/construction of a dwelling unit per family,
3. Loans to individuals up to 40 Lakh in metropolitan centres.
(a) Only 1 (b) Only 2
(c) Only 3 (d) 1 and 2 both
(e) None of these
28. What is the maximum limit of money a person can keep in India Post Payments Bank (IPPB)?
(IBPS Clerk Main 2017)
(a) ₹ 1 Lakh (b) ₹ 2 Lakh
(c) ₹ 3 Lakh (d) ₹ 4 Lakh
(e) None of these

ANSWER KEYS

1.	(b)	2.	(e)	3.	(e)	4.	(d)	5.	(b)
6.	(a)	7.	(b)	8.	(c)	9.	(a)	10.	(e)
11.	(d)	12.	(a)	13.	(d)	14.	(a)	15.	(d)
16.	(b)	17.	(d)	18.	(e)	19.	(b)	20.	(e)
21.	(c)	22.	(d)	23.	(b)	24.	(d)	25.	(c)
26.	(c)	27.	(d)	28.	(a)				

PRACTICE MCQs

1. Headquarters of Jana Small Finance Bank Limited is _____.
(a) Bengaluru (b) Mumbai
(c) Kolkata (d) Mysuru
(e) Gauhati
2. IFCI, previously the Industrial Finance Corporation of India, was set up in which year?
(a) 1947 (b) 1949
(c) 1951 (d) 1953
(e) 1955
3. Where is the headquarters of Utkarsh Small Finance Bank ?
(a) Gandhinagar (b) Varanasi
(c) Prayagraj (d) Thrissur
(e) Pune
4. How much percentage of its funds is required to be invested by payments banks in government securities or T-bills with maturity up to 1 year?
(a) 25% (b) 40%
(c) 50% (d) 75%
5. The headquarters of North East Small Finance Bank is _____.
(a) Mumbai (b) Gauhati
(c) Kochi (d) Lucknow
(e) Patna
6. What is the maximum amount of balance can be maintained an individual in payments bank?
(a) 10000 (b) 500000
(c) 100000 (d) 2500000
7. The headquarters of Au Small Finance Bank Limited is _____.
(a) Kochi (b) Badodara
(c) Nainital (d) Moradabad
(e) Jaipur
8. How much percentage of its funds can be held by payments banks in current and time deposit with Scheduled Commercial Bank?
(a) 25% (b) 40%
(c) 50% (d) 75%
9. The headquarters of FINCARE Small Finance Bank Limited is _____.
(a) Pune (b) Kochi
(c) Bengaluru (d) Kohima
(e) Mysuru
10. Which among the following activities are not permitted to payments banks?
(a) Remittance services
(b) Issuing ATM cards
(c) Issuing credit cards
(d) Accepting demand deposits
11. The headquarters of Equitas Small Finance Bank is _____.
(a) Gandhinagar (b) Thrissur
(c) Salem (d) Chennai
(e) Kochi
12. What is the maximum limit on deposits for savings account in IPPB?
(a) 25000 (b) 50000
(c) 100000 (d) 500000
13. The headquarters of Suryoday Small Finance Bank is _____.
(a) Pune (b) Navi Mumbai
(c) Kochi (d) Kohapur
(e) Kanpur
14. Which of the following is the Headquarters of Capital Small Finance Bank ?
(a) Jalandhar (b) Patiala
(c) Lucknow (d) Firozabad
(e) Mumbai

ANSWER KEYS

1.	(a)	2.	(b)	3.	(b)	4.	(d)	5.	(b)
6.	(c)	7.	(e)	8.	(a)	9.	(c)	10.	(c)
11.	(d)	12.	(c)	13.	(b)	14.	(a)		

Credit card-Debit card-Smart card ATMs in India

Technology has transformed the global world of banking and financial services beyond recognition. No other industry offers more complex challenges and more exciting opportunities than banking. Computerization of the business of banks has been receiving great importance. The banking institutions have already crossed 70% level of computerization of their businesses.

AUTOMATED TELLER MACHINE (ATM)

Automated Teller Machine is a computerized machine that provides the customers of banks the facility of accessing their account for dispensing cash and to carry out other financial and non-financial transactions without the need to actually visit their bank branch.

The services offered by ATMs include Cash Deposit, Cash Withdrawal, Mini Statement, Balance Enquiry, Money Transfer, Bill Payment etc.

Types of ATMs

- **Onsite ATMs:** This type of ATM is situated either within the branch premises or in very close proximity to the branch.
- **Offsite ATMs:** It is not situated within the branch premises but is located at other places, such as malls, petrol pumps, railway stations etc.
- **Worksite ATMs:** It is located within the premises of an organisation and is generally meant only for the employees of the organisation.

- **White Label ATMs (WLA):** ATM is set up, owned and operated by non-banks is called White Label ATM. Non-ATM operators are authorized under Payment & Settlement Systems Act, 2007 by the RBI. However in White ATMs acceptance of cash deposits is not permitted.

First white label ATM in India is launched by TATA and brand named as IndiCash.

- **Biometric ATMs:** Biometric ATMs offer ATM type interface along with atleast one biometric capture device like Finger Print Scanner, Iris Camera, Palm/Finger Vein Scanner, Face-Recognition Camera. These are often-called as multi-biometrics ATM, wall mount biometrics ATM, Biometric devices. With the wide acceptance of biometrics new generation of biometric ATMs are being deployed for wide range of applications globally.
- **Brown Label ATMs:** 'Brown label' ATMs are those owned and maintained by a service provider, but cash management and connectivity to banking networks is provided by a sponsor bank whose brand used the ATM.
- **Mobile ATMs:** These ATMs are mobile ATMs that moves on a vehicle in various locations for customers to carry out transactions

ATM and Re-calibration of ATMs

- At present, there are over 200,000 ATMs across the country. NCR Corporation India, with a market share of 47 per cent

and almost 1 lakh ATM machines from Kashmir to Kanyakumari in India, is the leading player.

- In an ATM, there are what can be called cassettes configured to dispense ₹ 2,000, ₹ 500, ₹ 200 and ₹ 100 notes. These cassettes have an electronic setting at the back-end, so, when docked to a machine, it will tell the machine that the cassette is configured for Particular Denomination.
- Then there is the software setting that helps dispense the types of notes. For instance, a cassette is configured for ₹2,000 notes, and likewise other cassettes carry denominations of ₹ 500, ₹ 200 and ₹ 100. When ₹ 3000 IS withdrawn, the software will pick up one note of ₹ 2,000 and the remainder in ₹ 500, ₹ 200 or ₹ 100 notes, which will depend on the logic built into the machine. The banks usually decide on the software logic behind the dispensing of cash.

Credit Card

A credit card is a Plastic card issued by Banks to enable the cardholder to pay a merchant for goods and services, based on the cardholder's promise to the card issuer to pay them for the amounts so paid plus other agreed charges. Central Bank of India was the first public bank to introduce Credit card.

- Banks in India can undertake credit card business either departmentally or through a subsidiary company set up for the purpose. They can also undertake domestic credit card business by entering into tie-up arrangement with other banks already having arrangements for issue of credit cards.
- Prior approval of the Reserve Bank is not necessary for banks desirous of undertaking credit card business either

independently or in tie-up arrangement with other card issuing banks.

- Banks can do so with the approval of their Boards. However, only banks with net worth of 100 crore and above should undertake credit card business.

Debit Cards

Debit Cards, on the other hand, do not allow credit. The account usually debited immediately or on the same day when the card has been used to draw money or make purchases. No credit period is allowed.

Prepaid cards

A prepaid card works a bit like a gift card — you top it up with money, and you can only spend up to that amount. Often it is used by travellers to carry holiday money and by anyone without a normal bank account — generally kids, teens and people with poor credit ratings.

Smart card

It contains an electronic chip which is used to store cash. This is most useful when you have to pay for small purchases. For example bus fares and coffee bills. No identification, signature or payment authorisation is required for using this card. The exact amount of purchase is deducted from the Smart card during payment and is collected by smart card reading machines. No change is given.

Co-branded cards

They are credit cards issued by card companies that have tied up with a popular brand for the purpose of offering certain exclusive benefits to the consumer. For example, the Citi-Times card gives you all the benefits of a Citibank credit card along with a special discount on Times Music cassettes, free entry to Times Music events, etc.

RuPay Card

RuPay is the Indian version of the card network which is started by National Payment Corporation of India on 26th March, 2012. RuPay primarily provides debit cards. Apart from this, RuPay also issues 'Kisan Credit Cards' for farmers.

- RuPay is the combination of two terms Rupee and Payment. The RuPay Visual Identity is a modern and dynamic unit.
- RuPay competes with other card-based payment system providers such as MasterCard, Visa and Amex in India. RuPay has over 36% of market share in Indian card payment scheme behind Visa which has over 50% of the market share.
- India is now the sixth country in the world to have domestic payment gateway system (the other five countries are US, Japan, China, Singapore and Brazil).

Kisan Credit Card

The Kisan Credit Card (KCC) introduced by the NDA Government in August 1998 has emerged as an innovative credit delivery mechanism to meet the production credit requirements of the farmers in a timely and hassle-free manner. The card is valid for five years and subject to annual renewals.

This KCC card offering Credit to the farmers in two types viz.

- Cash Credit
- Term Credit (For allied activities such as pump sets, land development, plantation, drip irrigation)

The scheme is under implementation in the entire country by the vast institutional credit framework involving Commercial Banks, RRBs and Cooperatives and has received wide acceptability amongst bankers and farmers. It was first proposed in the Budget 1998-99 by then Finance Minister Yashwant Sinha. In the

subsequent years, NABARD prepared a Model Kisan Credit Card Scheme in consultation with the major Banks on the recommendations of **R V Gupta Committee**.

Repayment:

Cash Credit: Crop loans as well as working capital for agriculture and allied activities to be provided as revolving cash credit limit repayable in 12 months

Term Loan: Repayable within a maximum period of 5 years, depending on the type of activity/ investment and repayment capacity

Point of Sale Machine

A point-of-sale (POS) terminal is a computerised replacement for a cash register which can process credit and debit cards. A customer needs to enter a card PIN to complete the transaction using the POS terminal.

Electronic Funds Transfer at Point of Sale—(EFTPOS)

EFTPOS is an electronic payment system involving electronic funds transfers based on the use of payment cards, such as debit or credit cards, at payment terminals located at points of sale.

MICR (Magnetic Ink Character Recognition)

It is a technology which allows machines to read and process cheques enabling thousands of cheque transactions in a short time. MICR code is usually a **nine digit code**. First three digits: Represent the city code that is the city in which the bank branch is located. Next three digits: Bank code; Last three digits: Bank branch code; for example, if you have an account with Axis Bank, New Delhi (Defence Colony) then its nine digit - MICR code will be 110211001 where:

110, the first three digits representing the city code for New Delhi.

211, the next three digits representing the bank code for Axis bank;

And 001, the last three digits representing the bank branch code for Parliament Street.

IFSC (Indian Financial System Code)

The Payment Systems such as National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS) & Centralized Funds Management System (CFMS) used IFS Codes. IFSC is developed by the Reserve Bank of India.

The code consists of 11 Characters:

First 4 characters represent the entity

Fifth position has been defaulted with a 0 (Zero) for future use

Last 6 characters denotes the branch identity e.g. UTIB0000117 (Axis Bank, Parliament Street, Delhi)

SWIFT Code

It is a unique identification code for both financial and non-financial institutions approved by the International Organization for Standardization (ISO). SWIFT Standards, a division of the Society for Worldwide Interbank Financial Telecommunication (SWIFT), handles the registration of these codes.

- SWIFT Codes are used when transferring money between banks, particularly for international wire transfers, and also for the exchange of other messages between banks. It is also known as Bank Identifier Code (BIC). It generally consists of 8 or 11 characters.

Electronic Clearing Service (ECS)

The Reserve Bank of India offers the Electronic Clearing System (ECS) for faster payments and collections.

- ECS is an electronic mode of payment/ receipt for transactions that are repetitive and periodic in nature. By 'repetitive and periodic' means that the transactions occur repetitively and after a fixed time interval.

- ECS is used by institutions for making bulk payment of amounts or for bulk collection of amounts.
- Examples for bulk payment of amounts include paying of interest, salary, pension, etc.
Examples for bulk collection of amounts includes telephone, electricity, water bills, cess/ tax collections, loan instalment repayments, periodic investments in mutual funds, insurance premium, etc.
- ECS is used for faster payments and collections. It is used for either making bulk payment of amounts or for bulk collection of amounts. The institutions which apply for ECS can initiate the process; there is no need to go to bank branch again and again.

Mobile Banking (M-Banking)

Mobile phone banking takes one step ahead of internet and tele-banking. The customer can do a banking activity, without even making a phone call. The most obvious advantage of mobile phone banking over tele-banking and internet banking is that it is truly "Any Time Any Where Banking". There are broadly two types of services that a customer could avail through mobile phone.

- a) Alert Services – Alert services help a customer keep a track of the activity on his accounts and;
- b) Request – Allows a customer call for information pertaining to his bank accounts and transactions. The mobile banking works through a set of text messages. The use of mobile phones in the country has become revolutionary; therefore, it is no surprise that banks are offering services over mobile phones as part of their tech banking initiatives.

Internet banking

Bank on the Net Internet banking has become a necessity in today's busy lifestyles. Using

this mode to transact saves precious time and effort. From across the seven seas, as long as the customer has an access to the internet, he can have an access to his bank. Internet banking allows a customer to conduct a plethora of banking activities using the net. The best part about internet banking is the convenience offered along with total confidentiality and safety. The virtual ease with which a customer can bank today is reassuring.

Fund Transfers

Fund Transfers Internet banking or online banking allows a customer to transfer funds from one account to another, across branches and cities. Some banking institutions have gone one step ahead by offering the customers the facility to transfer money from his account to that of any person with an account at the same bank or any bank, any time and from anywhere. All the customer has to do is submit a signed declaration stating that he wants to access this facility.

RTGS, NEFT and IMPS

Real Time Gross Settlement (RTGS) is based on the gross settlement where the transaction is settled on an instruction by instruction basis. In RTGS, the minimum amount should be above ₹ 2 lakh and maximum amount is ₹ 10 Lakh.

National Electronic Funds Transfer (NEFT) is an electronic fund transfer system that operates on a Deferred Net Settlement (DNS) basis which settles transactions in batches. NEFT has no limit either minimum or maximum - on the amount of funds that could be transferred.

Immediate Payment Service (IMPS) basically involves a transfer mechanism using the mobile phone. Many banks allow the transfer through this mechanism including the reputed banks like State Bank of India, ICICI Bank and Axis Bank. Here is the limit set by the bank.

For example, State Bank of India permits only one beneficiary in a calendar day which means one cannot send money through IMPS for more than one beneficiary in a day.

Pay Utility Bills

The customers can now even pay telephone, mobile and electricity bills over the net. However, some banks limit the facilities like these and creation of new fixed deposits and demand drafts requests to regular banking hours. In case, the customer puts in the request after banking hours, the bank promptly executes it on the next working day. So it is definitely better than standing in queues at utility offices or banking premises on a working day.

Virtual currency

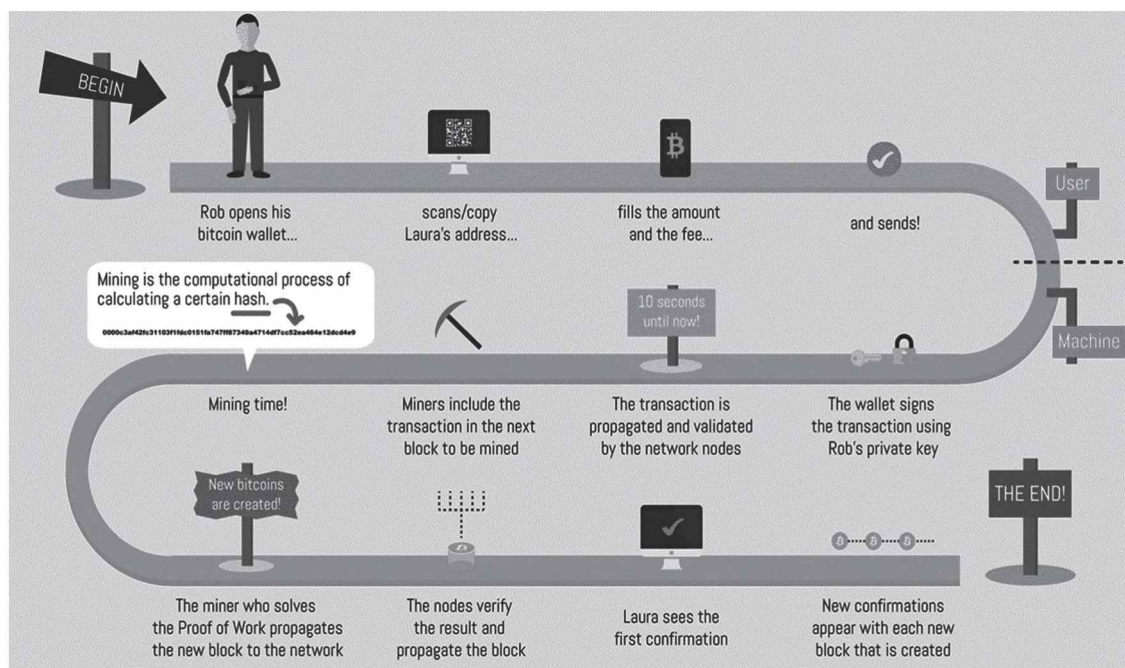
Virtual currency is a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value. In some environments, it operates like “real” currency, that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance, but it does not have legal tender status in any jurisdiction.

Cryptocurrency

Cryptocurrency is a type of virtual currency that utilizes cryptography to validate and secure transactions that are digitally recorded on a distributed ledger, such as a blockchain. Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as “convertible” virtual currency.

Bitcoin

Bitcoin is one example of a convertible virtual currency. Bitcoin can be digitally traded between users and can be purchased for, or exchanged into, U.S. dollars, Euros, and other real or virtual currencies.



(Fig. source Patricia Estevia)

Example -Bitcoin Transaction between Person 1 (Rob) to Person 2 (Laura)

Virtual Currencies in India

A high-level Inter-Ministerial Committee was constituted in November 2017 to study the issues related to virtual currencies and propose actions to be taken. The Committee submitted its report on February 28, 2019. The Committee recommended that all private cryptocurrencies, except any cryptocurrency

issued by the State, be banned in India and any activity connected with cryptocurrencies be criminalised through a law. Further, it recommended that the government may establish a Standing Committee to take into account the global and local technological developments in the field and revisit the issues related to virtual currencies, as and when required.

PAST YEAR MCQs

1. Basic Savings Bank Deposit Account (BSBDA) is a Zero Balance Savings Account that takes care of your simple banking needs with Free ATM card, monthly statement, and cheque book. How much amount has withdrawal and transfer limit under BSBDA?
(SBI PO Main 2016)
 - (a) ₹ 1,00,000 per month
 - (b) ₹ 20,000 per month
 - (c) ₹ 50,000 per year
 - (d) ₹ 10,000 per month
 - (e) No Limit
2. The Aadhar-Enabled Payment System (AEPS) is a bank-led model that facilitates banking facilities through banking correspondents across banks. However, Aadhaar-enabled basic types of banking transactions do 'not' include?
(SBI PO Main 2017)
 - (a) Aadhaar to Aadhaar funds transfer
 - (b) Small overdraft facility
 - (c) Cash withdrawal
 - (d) Balance enquiry
 - (e) Cash deposit
3. Credit cards are also known as which of the following? (SBI PO Main 2017)
 - (a) Plastic money
 - (b) Hard money
 - (c) Silver money
 - (d) Easy money
 - (e) None of these
4. The Non-Bank entities which set up, owned and operate the ATMs are known as? (IBPS PO Main-2019)
 - (a) Orange Label ATM
 - (b) Brown Label ATM
 - (c) Yellow Label
 - (d) Onsite ATMs
 - (e) White Label ATMs
5. Apple Inc has jointly launched the "Apple Card" a virtual credit card for iPhones with which company?
(IBPS RRB PO Main-2019)
 - (a) Walmart Inc
 - (b) Goldman Sachs Group Inc
 - (c) J.P. Morgan
 - (d) Deutsche Bank
 - (e) Morgan Stanley

ANSWER KEYS

1.	(d)	2.	(b)	3.	(a)	4.	(e)	5.	(b)		

PRACTICE MCQs

1. A 'Debit Card' is issued by a bank to
 - (a) all customers of a bank
 - (b) all customers having savings bank account with a bank
 - (c) all customers having loan account with a bank
 - (d) a bank customer who is income tax assessee
 - (e) all corporate salary account holder
2. Which of the following is the limitation of the ATMs owing to which people are required to visit branches of the bank?
 - I. It does not accept deposits.
 - II. It has a limited cash disbursement capacity.
 - III. Lack of human interface.

Select the correct answer using the codes given below:

 - (a) Only I (b) Only II
 - (c) Only III (d) III, II and I
 - (e) None of these
3. Real time gross settlement benefits
 - (a) the customers
 - (b) the banks
 - (c) Reserve Bank of India
 - (d) Both (a) and (b)
 - (e) None of these
4. Which of the following banks has opened the country's first, 'Cash Factory' in Lucknow which will issue currency notes to all its branches and ATM in that area?
 - (a) Bank of India
 - (b) Bank of Baroda
 - (c) State Bank of India
 - (d) Union Bank of India
 - (e) None of these
5. As we all know, more and more countries/ organisations are now going for non-cash transactions and accordingly banks have launched many new products in the market for the same. Which of the following products is a non-cash transaction product?
 - (a) Only ATM Card
 - (b) Only Credit Card
 - (c) Only Prepaid Card
 - (d) Only Debit Card
 - (e) All are non-cash transaction products
6. A-card stores and provides identification authentication, data storage and application processing applications
 - (a) Debit Card (b) Smart Card
 - (c) Credit Card (d) ATM Card
 - (e) None of these
7. Which of the following is a leading electronic payment technology firm? (The logo of the firm can be seen printed on credit cards/ATM centres etc.
 - (a) Visa (b) Max
 - (c) BSE (d) Sensex
 - (e) SWAP
8. To use smart cards/debit cards/credit cards for the purchase of an item or for payment of a service at a merchant's store, the card has to be swiped in a terminal known as
 - (a) point of sale terminal
 - (b) real time terminal
 - (c) shopping terminal
 - (d) All of the above
 - (e) None of these
9. All Inter-Bank Funds Transfer System, where funds are transferred as and when the transactions are triggered, is called
 - (a) internet banking

- (b) mobile banking
(c) bill payment service
(d) real time gross settlement
(e) None of these
10. The money market in India consists of two sectors namely the organised and the unorganised sector. Which of the following fall under unorganised sector?
(a) RBI, commercial banks and SBI
(b) LIC and GIC
(c) Unit Trust of India
(d) Indigenous banks
(e) None of these
11. Currently, banks claim that they have achieved 100% CBS. What are they referring to?
(a) It means all their branches are technology driven with core banking solutions
(b) It suggests complete banking services
(c) It is an indication of customised banking services
(d) All of the above
(e) None of these
12. Opening of maximum number of ATMs is an example of
(a) indirect marketing
(b) direct marketing
(c) social marketing
(d) All of these
(e) None of these
13. Telebanking service is based on
(a) virtual banking
(b) online banking
(c) voice banking
(d) core banking
(e) None of these
14. The best alternative banking service to branch banking to be the part of financial inclusion?
(a) Establishment of small branches
(b) Set-up ATMs
(c) Issuing of ATM cards
(d) Giving credit cards
(e) Mobile banking
15. Which of the following is/are the major concepts visible in today's banking industry in India?
I. Risk-based management
II. Growing competition
III. IT initiatives
Select the correct answer using the codes given below:
(a) Only I (b) Only II
(c) Only III (d) I and III
(e) All of these
16. 'National Financial Switch' has been set-up to facilitate connectivity between the bank's switches and their ATMs and inter-bank payment gateway for authentication and routing the payment details of various e-commerce transactions. Which organisation has set-up this switch?
(a) IBRD (b) IDBRT
(c) SBI (d) SIDBI
(e) None of these
17. Banks and other institutions have issued debit and credit cards, the purpose of both are
(a) the same, to make paperless payments
(b) different, since in credit card, the account is credited with the amount while in debit card the account is debited
(c) the same, there is risk weight-age of 125% in both the cards.
(d) different, since in debit cards interest for delayed period is charged while in credit cards no such interest is charged by banks
(e) None of these

18. When we talk of smart money what are we referring to?
 - (a) Foreign currency
 - (b) Internet banking
 - (c) Credit cards
 - (d) Treasury bills
 - (e) None of these
19. Which of following is necessary to transfer funds through the RTGS facility?
 - (a) Beneficiary's bank account number
 - (b) The IFSC number of the beneficiary's bank branch
 - (c) There is a minimum amount specified for transfer
 - (d) All of the above
 - (e) None of these
20. In E-commerce what is meant by B2B?
 - (a) It means trade between business to business
 - (b) The deals between business to banks
 - (c) It suggests transactions between banks and capitalists
 - (d) All of the above
 - (e) None of these
21. What is the name given to the online payment services that all internet banking customers can use?
 - (a) E pay
 - (b) E-commerce
 - (c) ECS
 - (d) All of these
 - (e) None of these
22. The ATMs which are set up, owned and operated by non-banks are called
 - (a) White Label ATMs
 - (b) Brown Label ATMs
 - (c) Blue Label ATMs
 - (d) None of these
23. Which of the following types of accounts is/are not applicable for free transactions at ATMs?
 - (a) Basic Savings Bank Deposit Accounts
 - (b) Savings Account
 - (c) Current Account
 - (d) Both (a) and (b)
 - (e) None of these
24. What amount does a bank have to pay to customers for delays in re-crediting the amount beyond 7 working days in case of failed ATM transaction?
 - (a) ₹ 100
 - (b) ₹ 200
 - (c) ₹ 300
 - (d) ₹ 500
 - (e) None of these
25. Which of the following statements is/are correct regarding credit card?
 - i. Banks in India can undertake credit card business either departmentally or through a subsidiary company set up for the purpose.
 - ii. Prior approval of the Reserve Bank is not necessary for banks desirous of undertaking credit card business.
 - (a) i only
 - (b) ii only
 - (c) Both i and ii
 - (d) None of these
26. Citi-Times card is an example of
 - (a) Co-branded cards
 - (b) debit card
 - (c) smart card
 - (d) prepaid card
 - (e) None of these
27. Which of the following statements is/are correct about Kisan Credit Card?
 - i. It was introduced in August 1999.
 - ii. It offers credit in terms of cash credit and term credit.
 - (a) i only
 - (b) ii only
 - (c) Both i and ii
 - (d) None of these
28. Electronic Funds Transfer at Point of Sale involves funds transfers based on the use of
 - (a) debit cards

- (b) credit cards
(c) both (a) and (b)
(d) None of these
29. Indian Financial System Code is used for
(a) National Electronic Funds Transfer
(b) Real Time Gross Settlement
(c) Centralized Funds Management System
(d) All of the above
(e) None of these
30. Transferring money between banks for international wire transfers uses
(a) SWIFT Codes
(b) MICR Codes
(c) IFSC Codes
(d) None of these
31. Which payment mode is used for making bulk payment of amounts?
(a) NEFT
(b) RTGS
(c) IMPS
(d) ECS Credit
(e) None of these
32. National Automated Clearing House (NACH) has been launched for
(a) clearing cheques
(b) facilitating interbank electronic transactions
(c) clearing loans
(d) both (a) and (b)
(e) None of these
33. Which cryptocurrency has hit its highest level in 3 years following India's demonetisation?
(a) Bitcoin
(b) Rupay
(c) USSD
(d) UPI
(e) None of these

ANSWER KEYS

1.	(b)	2.	(b)	3.	(d)	4.	(c)	5.	(e)
6.	(a)	7.	(a)	8.	(a)	9.	(d)	10.	(d)
11.	(a)	12.	(b)	13.	(c)	14.	(e)	15.	(e)
16.	(b)	17.	(a)	18.	(c)	19.	(d)	20.	(a)
21.	(a)	22.	(a)	23.	(a)	24.	(a)	25.	(c)
26.	(a)	27.	(b)	28.	(c)	29.	(d)	30.	(a)
31.	(d)	32.	(b)	33.	(a)				

Banks Board Bureau & Indian Banks' Association

BANKS BOARD BUREAU

Banks Board Bureau is autonomous body of eminent professionals and officials for public sector banks (PSBs).

Genesis

- The Banks Board Bureau has its genesis in the recommendations of The Committee to Review Governance of Boards of Banks in India, May 2014.
- It was announced by Union Government in August 2015 as part of seven point Indradhanush Mission to revamp PSBs
- On February 28, 2016, the Government of India announced the constitution and composition of the Bureau.
- The Bureau started functioning from April 01, 2016 as an autonomous recommendatory body.
- It had replaced Appointments Board of Government.
- It is housed in Reserve Bank of India's central office in Mumbai, Maharashtra.
- BBB is considered as the first step towards Bank Investment Company as recommended by P J Nayak committee.

Functions

- Give recommendations for appointment of full-time Directors as well as non-Executive Chairman of PSBs.
- Give advice to PSBs in developing differentiated strategies for raising funds

through innovative financial methods and instruments and to deal with issues of stressed assets.

- Guide banks on mergers and consolidations and governance issues to address bad loans problem among other issues.

Roles

As part of its mandate, and guided by a spirit of collaboration, the Bureau is engaging with various stakeholders. The objective of such engagement being to help prepare the banks in the public sector universe to take on the competition, have the ability to appropriately manage and price risk across business cycles, develop resilience to generate internal capital and have the capacity to generate external capital warding of the moral hazard in counting on the scarce budgetary resources of tax payers. The Bureau is also engaging with the Public Sector Banks (PSBs) to help build capacity to attract, retain and nurture both talent and technology - the two key differentiators of business competencies in the days to come. In its endeavour, the Bureau is mindful of the need to have a fully empowered board in each and every PSB. While the Bureau is working towards attracting the best personages on the boards, it is these boards which should drive the overall strategy of a bank within its risk capacity and also act as custodians who should reconcile the diverse interests of various stakeholders.

Composition:

- 3 ex-officio members (from government) and
- 3 expert members (2 of which are from private sector in addition to Chairman.

The Banks Board Bureau has recommended a new MD and CEO for Central Bank of India and Indian Overseas Bank and also a new MD for State Bank of India.

Ashwani Bhatia as MD for SBI

P.P. Sengupta as MD and CEO for IOB

Matam Venkata Rao as MD and CEO for CBI

INDIAN BANKS' ASSOCIATION (IBA)

Indian Banks' Association (IBA) is an association of Indian banks and financial

institutions. It was formed on 26 September 1946 in Mumbai as a representative body of management of banking operating in India. With an initial membership representing 22 banks in India in 1946, IBA currently represents 246 banking companies operating in India. IBA was formed for development, coordination and strengthening of Indian banking, and assist the member banks in various ways including implementation of new systems and adoption of standards among the members. Indian Banks' Association is managed by a managing committee, and the current managing committee consists,

- 1 Chairman
- 3 Deputy Chairmen
- 1 Honorary Secretary
- 26 Members

PAST YEAR MCQs

- The Securities and Exchange Board of India is the regulator for the securities market in India. The present chairman of SEBI is _____.
(IBPS RRB Asst. Main 2018)
 - Urjit Patel
 - Subhash Chandra Khuntia
 - Ajay Tyagi
 - Ram Sewak Sharma
 - Harsh Kumar Bhanwala
- NPCI was set up with the guidance and support of-
(RBI Grade-B 2018)
 - SIDBI
 - RBI
 - SBI
 - IFCIL
 - None of these
- Who among the following is the chairman of Indian Banks' Association (IBA) which was formed as a representative body of management of banking in India? (IBPS Clerk Main 2019)
 - Jatinder Bir Singh
 - Dinabandhu Mohapatra
 - Sunil Mehta
 - Rajnish Kumar
 - Chanda Kochhar

ANSWER KEYS

1.	(c)	2.	(b)	3.	(c)				

PRACTICE MCQs

1. Name the body of 'eminent' professionals and officials, which will replace the Appointments Board for appointment of Whole-time Directors as well as non-Executive Chairman of Public Sector Banks?
(a) NITI Aayog (b) NIYATAM
(c) Bank Board Bureau
(d) Bureau of Banking Standards
(e) None of these
2. Banks Board Bureau (BBB) was established on the recommendations of which committee?
(a) P.J. Nayak Committee
(b) C. Rangarajan Committee
(c) Lakdawala Committee
(d) Usha Thorat Committee
3. Name the body of 'eminent' professionals and officials, which replaced the Appointments Board for appointment of Whole-time Directors as well as non-Executive Chairman of PSBs?
(a) NITI Aayog
(b) NIYATAM
(c) Bank Board Bureau
(d) Bureau of Banking Standards
4. Which of the following has been selected by the Banks Board Bureau (BBB) as the Chairman and Managing Director (CMD) of the Oriental Insurance Company (OIC).
(a) M R Kumar (b) SN Rajeswari
(c) Ashwani Bhatia
(d) Tajinder Mukherjee
(e) None
5. How many members are there in Banks Board Bureau in addition to Chairman?
(a) Five (b) Six
(c) Seven (d) Eight
6. From which date Banks Board Bureau started its working?
(a) 1st April, 2013 (b) 1st April, 2014
(c) 1st April, 2015 (d) 1st April, 2016
7. Which among the following is not one of the functions of Banks Board Bureau?
(a) Responsible for selection and appointment of heads of PSB
(b) To help banks in developing business strategies
(c) To help banks in approving corporate credit proposals
(d) To build a data bank containing data related to performance of management of PSB
8. In which year Indian Banks' Association (IBA) was formed ?
(a) 1934 (b) 1942
(c) 1946 (d) 1950
9. From which of the following the members of Indian Banks' Association (IBA) can not be chosen ?
(a) Public Sector Banks,
(b) Private Sector Banks,
(c) Co-operative Banks,
(d) None
10. Who is the current Chairman of Indian Banks' Association (IBA)
(a) Rajnish Kumar
(b) M.R. Kumar
(c) Sunil Mehta
(d) S.S. Mallikarjuna Rao
11. In which year the Indian Banks' Association (IBA) signed MoU with Nepal Bankers' Association ?
(a) 2017-18 (b) 2018-19
(c) 2019-20 (d) 2020-21

ANSWER KEYS

1.	(c)	2.	(a)	3.	(c)	4.	(b)	5.	(b)
6.	(d)	7.	(c)	8.	(c)	9.	(d)	10.	(a)
11.	(b)								

NPCI and its Products

NATIONAL PAYMENTS CORPORATION OF INDIA (NPCI)

National Payments Corporation of India (NPCI) is an umbrella organization for all retail payments in India. It was set up with the guidance and support of the Reserve Bank of India (RBI) and Indian Banks Association (IBA).

Genesis

It was set up under the provisions of the Payment and Settlement Systems Act, 2007, for creating a robust Payment & Settlement Infrastructure in India. NPCI has been incorporated as a "Not for Profit" Company under the provisions of Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013), with an intention to provide infrastructure to the entire Banking system in India for physical as well as electronic payment and settlement systems. The Company is focused on bringing innovations in the retail payment systems through the use of technology for achieving greater efficiency in operations and widening the reach of payment systems.

Promoter banks

- State Bank of India,
- Punjab National Bank,
- Canara Bank,
- Bank of Baroda,
- Union Bank of India,
- Bank of India,
- ICICI Bank,
- HDFC Bank,

- Citibank and
- HSBC.

Products

Some of the important **National Payments Corporation of India (NPCI)**- products are as follows:

Aadhaar Enabled Payment System (AePS)

Aadhaar Enabled Payment System (AePS) is a bank-led model which allows basic interoperable banking transactions at PoS (Micro ATM) through the Business correspondent of any bank by using Aadhaar authentication. It is a network of Micro ATMs using Aadhaar authentication.

Bharat Bill Payment System

The Bharat Bill Payment System is a Reserve Bank of India (RBI) conceptualised system driven by the NPCI. It is a one-stop ecosystem for payment of all bills, providing an interoperable and accessible "Anytime Anywhere" bill payment service to all customers across India with certainty, reliability and safety. Bharat BillPay has multiple modes of payment and provides instant confirmation of payment via an SMS or receipt. It offers myriad bill collection categories like electricity, telecom, DTH, gas, water bills etc. through a single window. More categories may be added in the future, to include insurance premium, mutual funds, school fees, institution fees, credit cards, local taxes, invoice payments, etc. An effective mechanism for handling consumer complaints has also been put in place. Bharat BillPay transactions can be initiated through multiple payment channels like Internet,

Internet Banking, Mobile, Mobile-Banking, POS, Mobile Wallets, MPOS (Mobile Point of Sale terminal), Kiosk, ATM, Bank Branch, Agents and Business Correspondents. Bharat BillPay supports multiple payment modes. This includes Cards (Credit, Debit and Prepaid), NEFT Internet Banking, UPI, Wallets, Aadhaar based Payments and Cash.

BHARAT QR

Bharat QR system helps in enabling digital payments to reduce the usage of card swiping machines for payment. A number of banks supported Bharat QR, before the system was launched, and got ready to deploy it. It was launched in September 2016 with an aim of facilitating India in transition to a less-cash society.

Bharat QR primarily works by scanning QR codes, it is not the only way to make payments. It allows users to pay through Aadhaar number, UPI payment address or through account number and IFSC code, thus, minimizing the need to pay using debit and credit card which are, supposedly, less secure than Bharat QR. The system, also, supports Dynamic QR code generation which eliminates the need of entering the amount for payment.

This payment system supports RuPay, Mastercard, Visa, American Express and other national banks. Multiple cards can be linked to Bharat QR supported bank apps and can be selected any one of them to handle transactions conveniently for bank customers, partners, merchants. Bharat QR enables faster & secure mode of transactions with Immediate Payment Service (IMPS). There is no need to share mobile number or account details, CVV with anyone.

BHIM

BHIM (Bharat Interface for Money) is a Indian mobile payment App developed by the National Payments Corporation

of India (NPCI), based on the Unified Payments Interface (UPI). Named after B. R. Ambedkar and launched on 30 December 2016, it is intended to facilitate e-payments directly through banks as part of the 2016 Indian banknote demonetisation and drive towards cashless transactions.

The app supports all Indian banks which use UPI, which is built over the Immediate Payment Service (IMPS) infrastructure and allows the user to instantly transfer money between bank accounts of any two parties. It can be used on all mobile devices.

BHIM allow users to send or receive money to or from UPI payment addresses, or to non-UPI based accounts (by scanning a QR code with account number and IFSC code or MMID (Mobile Money Identifier) Code).

Unlike mobile wallets (PayTM, Mobi Kwik, mPesa, Airtel Money, etc.) which hold money, the BHIM app is only a mechanism which transfers money between different bank accounts.

Cheque Truncation System (CTS)

Cheque truncation means stopping the flow of the physical cheques issued by a drawer to the drawee branch. The physical instrument is truncated at some point in route to the drawee branch and an electronic image of the cheque is sent to the drawee branch along with the relevant information like the MICR fields, date of presentation, presenting banks etc. This eliminates the need to move the physical instruments across branches, except in exceptional circumstances.

Immediate Payment Service (IMPS)

- Immediate Payment Service (IMPS) is an instant payment inter-bank electronic funds transfer system in India. IMPS offers an inter-bank electronic fund transfer service through mobile phones. Unlike RTGS, the service is available 24x7 throughout the year including bank holidays.

National Automated Clearing House (NACH)

National Automated Clearing House was introduced by National Payments Corporation of India. It is a centralised clearing service that aims at providing interbank high volume, low value transactions that are repetitive and periodic in nature. Offering credit and debit service to corporates, banks, and financial institutions, the service, aimed at integrating all regional ECS into one National Payment System, is claimed to be better than its predecessor, Electronic Clearing Service.

National Financial Switch (NFS)

NFS is the largest domestic ATM network in the country and has been in the fore front in providing inter bank ATM services to maximum customers. Various services including the following are available in the NFS network

- Cash Withdrawal
- Balance Enquiry
- PIN Change
- Mini Statement

To enable the member banks of NFS to offer greater utility to their customers, NPCI has introduced the below mentioned functionalities as value added services to enable customers to use these services at any participating bank ATMs.

Card to Card Fund transfer (ATM/Debit Card to ATM/Debit Card) : Using this service, a Card holder of a participating NFS Member Bank will be able to remit funds to another Card holder of a participating NFS Member Bank. The funds will be transferred basis the Beneficiary's 'Card Number' which the remitter will be required to input at the

time of the transaction. The main features of the service are mentioned below:

- Inter Operable
- Instant Fund Transfer
- 24/7 Availability
- Paper Less
- Secure
- Better Fund Management

RuPay

RuPay facilitates electronic payment at all Indian banks and financial institutions. NPCI maintains ties with Discover Financial, JCB to enable RuPay card scheme gain international acceptance This scheme was conceived and launched by the National Payments Corporation of India (NPCI) on 26 March 2012.

Unified Payments Interface (UPI)

Unified Payments Interface (UPI) is a real time inter bank payment system that allows sending or requesting money. Any UPI client app may be used and multiple bank accounts may be linked to single app. Money can be sent or requested with the following methods:

- **Virtual Payment Address (VPA) or UPI ID:** Send or request money from/to bank account mapped using VPA.
- **Mobile number:** Send or request money from/to the bank account mapped using mobile number.
- **Account number & IFSC:** Send money to the bank account.
- **Aadhaar:** Send money to the bank account mapped using Aadhaar number.
- **QR code:** Send money by QR code which has enclosed VPA, Account number and IFSC or Mobile number.

PRACTICE MCQs

1. BBPS stands for _____.
 - (a) Broad Band Plug-in Spectrum
 - (b) Budgeting and Business Planning Security
 - (c) Bharat Bill Product System
 - (d) Bharat Bill Payment System
 - (e) None of these
2. _____ is a standard format of Bank Identifier Codes (BIC) for banks to identify banks and financial institutions globally.
 - (a) RTGS
 - (b) IFSC
 - (c) NEFT
 - (d) SWIFT
 - (e) None of these
3. Which among the following benefits is/are associated with RuPay?
 - (a) International transactions lead to higher transactions costs. Such costs can be reduced by using RuPay card since processing will be done within the country.
 - (b) Users will get alerts for every transaction made through RuPay Card.
 - (c) Processing fees for RuPay card compared with regular debit/credit cards will be considerably lower.
 - (d) All of the above
 - (e) None of these
4. Which among the following products is not a product of NPCI?
 - (a) Unified Payments Interface (UPI)
 - (b) Bharat Interface for Money (BHIM)
 - (c) Single Euro Payments Area (SEPA)
 - (d) Bharat Bill Payment System (BBPS)
 - (e) None of these
5. Which card is a new card payment scheme launched by NPCI?
 - (a) Maestro card
 - (b) Visa Card
 - (c) Master Card
 - (d) RuPay
 - (e) None of these
6. HDFC Bank has announced its UPI will also be available on Chillr, a multi-bank mobile payments app. What is the meaning of "I" in UPI?
 - (a) Instant
 - (b) Interface
 - (c) Initial
 - (d) International
 - (e) None of these
7. Kerala-based NBFC Manappuram Finance will launch its own co-branded prepaid card in the tie-up with _____ to promote digital financial transactions.
 - (a) Canara Bank
 - (b) HDFC Bank
 - (c) Yes Bank
 - (d) ICICI Bank
 - (e) None of these
8. IMPS is an instant interbank electronic fund transfer service through mobile phones. IMPS stands for
 - (a) Indian Mobile Payment Service
 - (b) Immediate Payment System
 - (c) Immediate Payment Service
 - (d) Immediate Product Service
 - (e) None of these
9. Which of the following agencies developed the Unified Payments Interface?
 - (a) RBI
 - (b) National Payments Corporation of India
 - (c) Department of Electronics & Information Technology
 - (d) None of these

10. Which of the following channels can be used for transactions with RuPay card?
 - (a) ATMs
 - (b) Point of Sales (PoS)
 - (c) Aadhaar-based micro ATM
 - (d) All of the above
 - (e) None of these
11. Which of the following statements is/are correct?
 - i. In new Unified Payments Interface (UPI) based payment model, money transfer is possible in send mode only.
 - ii. There is a limit of Rs.1 lakh per transaction through the UPI platform.
 - (a) i only
 - (b) ii only
 - (c) Both i and ii
 - (d) None of these
12. Which of the following statements is/are correct about BBPS?
 - i. The policy guidelines for the implementation of BBPS were issued by the Reserve Bank of India.
 - ii. It offers interoperable bill payment service to customers.
 - (a) i only
 - (b) ii only
 - (c) Both i and ii
 - (d) None of these
13. Which of the following inputs is required for a customer to do a transaction with AEPS?
 - (a) Issuer Identification Number
 - (b) Finger Print
 - (c) Aadhar Number
 - (d) All of the above
 - (e) None of these
14. Which of the following statements is/are correct about Unified Payment Interface?
 - i. It allows a customer to pay directly from a bank account to different merchants using IFSC code.
 - ii. No charges are applicable for making fund transfer.
 - (a) i only
 - (b) ii only
 - (c) Both i and ii
 - (d) None of these
15. An open source platform for mobile-to-mobile fund transfers without account details launched by NPCI was?
 - (a) Payment Interface
 - (b) Unique Payment Interface
 - (c) Unified Payment Interface
 - (d) People's Payment Interface
 - (e) None of these
16. Which of the following statements is correct with RuPay?
 - (i) International transactions lead to higher transactions costs. Such costs can be reduced by using RuPay card since processing will be done within the country.
 - (ii) Transactions will be faster.
 - (iii) Users cannot get alerts for every transaction made through RuPay Card.
 - (iv) Processing fee for RuPay card compared with regular debit/credit cards will be considerably lower.
 - (a) i only
 - (b) i and ii
 - (c) i, ii and iv
 - (d) All of the above
 - (e) None of these

ANSWER KEYS

1.	(d)	2.	(d)	3.	(d)	4.	(c)	5.	(d)
6.	(b)	7.	(c)	8.	(c)	9.	(b)	10.	(d)
11.	(b)	12.	(c)	13.	(d)	14.	(d)	15.	(c)
16.	(c)								

Banking and NBFC Ombudsman

BANKING OMBUDSMAN

The Banking Ombudsman is a senior official appointed by India's Central Bank i.e. Reserve Bank of India (RBI) to redress customer complaints against deficiency in certain banking services covered under the grounds of complaint specified under Clause 8 of the Banking Ombudsman Scheme 2006 (As amended up to July 1, 2017).

Banking Ombudsman Scheme

- The Banking Ombudsman Scheme is an expeditious and inexpensive forum for bank customers for resolution of complaints relating to certain services rendered by banks.
- The Banking Ombudsman Scheme is introduced under Section 35 A of the Banking Regulation Act, 1949 by Reserve Bank of India (RBI) with effect from 1995.
- Banking Ombudsman Scheme 2006 (as amended upto July 1, 2017) is in operation currently.

Scheme Coverage

Banking Ombudsman Scheme 2006 covers following banks,

- All Scheduled Commercial Banks
- Regional Rural Banks (RRBs)
- Scheduled Primary Co-operative Banks

Currently 20 Banking Ombudsmen have been appointed with their offices located mostly in state capitals.

Grounds of complaints

The Banking Ombudsman can receive and consider any complaint relating to the deficiency in banking services.

Other than loans and advances

Some of these service deficiencies (**other than loans and advances**) include-

- failure to issue or delay in issue of drafts, pay orders or bankers' cheques;
- non-adherence to prescribed working hours ;
- refusal to open deposit accounts without any valid reason for refusal;
- levying of charges without adequate prior notice to the customer;
- failure to provide or delay in providing a banking facility (other than loans and advances) ;
- refusal to close or delay in closing the accounts;
- non-adherence to the fair practices code as adopted by the bank;
- forced closure of deposit accounts without due notice or without sufficient reason;
- non-observance of reserve bank guidelines on engagement of recovery agents by banks;
- complaints from NRIs having accounts in India in relation to their remittances from abroad, deposits and other bank related matters;
- non-adherence to the instructions of RBI on ATM / debit card and prepaid card operations
- non-adherence by the bank or its subsidiaries to the instructions of reserve bank on credit card operations
- non-adherence to the instructions of Reserve bank with regard to mobile banking / electronic banking service in India by the bank

- non-disbursement or delay in disbursement of pension
- refusal to accept or delay in accepting payment towards taxes,
- non-adherence to reserve bank guidelines on insurance / mutual fund / other third party investment products by banks
- any other matter relating to the violation of the directives issued by the reserve bank in relation to banking or other services.

Related to Loans and advances

In addition to above mentioned deficiencies in services a customer can also lodge a complaint on the following grounds of deficiency in service with respect to **loans and advances**

- non-observance of reserve bank directives on interest rates;
 - delays in sanction, disbursement or non-observance of prescribed time schedule for disposal of loan applications;
 - non-acceptance of application for loans without furnishing valid reasons to the applicant; and
 - non-adherence to the provisions of the fair practices code for lenders as adopted by the bank or code of bank's commitment to customers, as the case may be;
 - non-observance of any other direction or instruction of the reserve bank as may be specified by the reserve bank for this purpose from time to time.
- **The banking ombudsman may also deal with such other matter as may be specified by the reserve bank from time to time.**
- One can file a complaint before the Banking Ombudsman if the reply is not received from the bank within a period of one month after the bank concerned has received one's complaint, or the bank rejects the complaint, or if the complainant is not satisfied with the reply given by the bank.

NBFCS OMBUDSMAN

In addition to the Ombudsman for the Banks the Reserve Bank of India (RBI) has introduced an Ombudsman Scheme for customers of Non-Banking Financial Companies (NBFCs) too. The Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the Scheme), is an expeditious and cost free apex level mechanism for resolution of complaints of customers of NBFCs, relating to certain services rendered by NBFCs. The Scheme is being introduced under Section 45 L of the Reserve Bank of India Act, 1934, with effect from February 23, 2018.

NBFCs, as defined in Section 45-I (f) of the Reserve Bank of India Act, 1934 and registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934, which (a) are authorised to accept deposits; or (b) have customer interface, with assets size of one billion rupees or above, as on the date of the audited balance sheet of the previous financial year, or of any such asset size as the RBI may prescribe, are covered under the Scheme. The Scheme initially covers NBFCs authorized to accept deposits, and would be gradually extended to cover other identified NBFCs.

Appointments and duty of NBFCs Ombudsman

The NBFC Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against NBFCs for deficiency in certain services covered under the grounds of complaint specified under Clause 8 of the Scheme.

Location of NBFCs Ombudsman

NBFC Ombudsman have been appointed with their offices located at

- Chennai,
- Kolkata,
- New Delhi and
- Mumbai.

Grounds of complaints with NBFCs Ombudsman

As per Clause 8 of the Scheme, the NBFC Ombudsman can receive and consider any complaint on the following grounds:

- non-payment or inordinate delay in the payment of interest on deposits;
- non-adherence to the Reserve Bank directives, if any, applicable to rate of interest on deposits;
- non-repayment or inordinate delay in the repayment of deposits;
- non-presentation or inordinate delay in the presentation of post-dated cheques provided by the customer;
- failure to convey in writing, the amount of loan sanctioned along with terms and conditions including annualised rate of interest and method of application thereof;
- failure or refusal to provide sanction letter/ terms and conditions of sanction in vernacular language or a language as understood by the borrower;
- failure or refusal to provide adequate notice on proposed changes being made in sanctioned terms and conditions in vernacular language as understood by the borrower;
- failure or inordinate delay in releasing the securities/ documents to the borrower on repayment of all dues;
- levying of charges without adequate prior notice to the borrower/customer;
- failure to provide legally enforceable built-in repossession clause in the contract/ loan agreement;
- failure to ensure transparency in the contract/ loan agreement regarding (i) notice period before taking possession of security; (ii) circumstances under which the notice period can be waived; (iii) the procedure for taking possession of the security; (iv) provision of final chance to be given to the borrower for repayment of loan before the sale/ auction of the

security; (v) the procedure for giving repossession to the borrower and (vi) the procedure for sale/ auction of the security;

- non-observance of directions issued by Reserve Bank to the NBFCs;
- non-adherence to any of the other provisions of Reserve Bank Guidelines on Fair Practices Code for NBFCs.
- The Ombudsman may also deal with such other matter as may be specified by the Reserve Bank from time to time.

For redressal of grievance, the complainant must first approach the concerned NBFC. If the NBFC does not reply within a period of one month after receipt of the complaint, or the NBFC rejects the complaint, or if the complainant is not satisfied with the reply given by the NBFC, the complainant can file the complaint with the NBFC Ombudsman under whose jurisdiction the branch/ registered office of the NBFC falls.

Appellate Authority

- One can file appeal against the award or the decision of the NBFC Ombudsman rejecting the complaint, within 30 days of the date of receipt of communication of Award or rejection of the complaint.
- The Appellate Authority may, if he/ she is satisfied that the applicant had sufficient cause for not making an application for appeal within time, also allow a further period not exceeding 30 days.

The appellate authority may act as given under:

- dismiss the appeal; or
- allow the appeal and set aside the Award; or
- send the matter to the NBFC Ombudsman for fresh disposal in accordance with such directions as the Appellate Authority may consider necessary or proper; or
- modify the Award and pass such directions as may be necessary to give effect to the modified award; or
- pass any other order as it may deem fit.

PAST YEAR MCQs

1. Any party that is registered under section _____ (43 of 1951) and has secured at least 1% of the votes polled in the most recent General elections or Assembly elections is eligible to receive Electoral Bonds.
(IBPS PO Main-2019)
 - (a) 29 of the Representation of the Peoples Act, 1951
 - (b) 29A of the Representation of the Peoples Act, 1951
 - (c) 29B of the Representation of the Peoples Act, 1951
 - (d) 29C of the Representation of the Peoples Act, 1951
 - (e) 29D of the Representation of the Peoples Act, 1951
2. What is the cap on individual cash donation to political parties as Election Bond cash money?
(IBPS RRB PO Main-2019)
 - (a) ₹ 1000
 - (b) ₹ 2000
 - (c) ₹ 2500
 - (d) ₹ 3000
 - (e) ₹ 4000
3. Banking ombudsmen is appointed by
(IBPS PO Main 2015)
 - (a) SBI
 - (b) Indian Government
 - (c) RBI
 - (d) President
 - (e) Prime minister
4. Which is a hybrid security, combining features of preferred stock and corporate bonds?
(SBI PO Main 2016)
 - (a) UPI
 - (b) NPCI
 - (c) NEFT
 - (d) MIPS
 - (e) RTGS
5. Who was the chairman of a working group on Social Stock Exchange constituted by SEBI?
(IBPS PO Main-2019)
 - (a) Bibek Debroy
 - (b) Ajay Tyagi
 - (c) Ishaat Hussain
 - (d) Suresh Mathur
 - (e) Amitabh Kant
6. Commercial paper is an unsecured promissory note with a fixed maturity of not more than-
(SBI Clerk Main-2019)
 - (a) 300 days
 - (b) 365 days
 - (c) 235 days
 - (d) 290 days
 - (e) 270 days
7. Persons resident in India as defined under Foreign Exchange Management Act, 1999 are eligible to invest in Sovereign Gold Bond (SGB). Eligible investors include Individuals, HUFs, trusts, _____ and charitable institutions.
(SBI PO Main-2019)
 - (a) Universities
 - (b) PSBs
 - (c) NBFC
 - (d) Foreign customers
 - (e) Leaders

ANSWER KEYS

1.	(b)	2.	(b)	3.	(c)	4.	(d)	5.	(c)
6.	(e)	7.	(e)						

PRACTICE MCQs

1. The Banking Ombudsman Scheme was introduced under:
 - (a) Banking Regulation Act, 1935
 - (b) Banking Regulation Act, 1949
 - (c) Banking Regulation Act, 1985
 - (d) Banking Regulation Act, 1998
 - (e) None of these
2. Banking Ombudsman is appointed for
 - (a) handling and redressal of banks' complaints against customers' behaviour
 - (b) handling and redressal of customers' complaints against deficiency in certain banking services
 - (c) providing decision on important banking operations like - CRR, SLR and MSF etc.
 - (d) All of the above
 - (e) None of these
3. Who will settle the grievances of customers of banks?
 - (a) Reserve Bank of India
 - (b) State Bank of India
 - (c) Local Courts
 - (d) Ombudsman
 - (e) Governor of RBI
4. Who introduced the Banking Ombudsmen Scheme?
 - (a) RBI
 - (b) SBI
 - (c) Ministry of Finance
 - (d) NABARD
 - (e) None of these
5. When was current Ombudsman Scheme first introduced?
 - (a) November 2006
 - (b) October 1981
 - (c) January 2006
 - (d) January 1998
 - (e) July 1996
6. Banking Ombudsman Scheme is applicable to the business of
 - (a) all scheduled commercial banks excluding RRBs
 - (b) all scheduled commercial banks including RRBs
 - (c) only public sector banks
 - (d) all banking companies
 - (e) all scheduled banks except private banks
7. Who is a banking ombudsman?
 - (a) The chief vigilance officer of a bank
 - (b) The chairman of a bank
 - (c) An official in the Finance Ministry, Government of India
 - (d) An independent authority appointed by RBI to address customer complaints
 - (e) None of these

ANSWER KEYS

1.	(b)	2.	(b)	3.	(d)	4.	(a)	5.	(c)
6.	(b)	7.	(d)						

WORLD BANK

The World Bank is an international organization dedicated to providing financing, advice, and research to developing nations to aid their economic advancement. The bank predominantly acts as an organization that attempts to fight poverty by offering developmental assistance to middle- and low-income countries.

Functions of World Bank

The World Bank is a provider of financial and technical assistance to individual countries around the globe. The bank considers itself a unique financial institution that sets up partnerships to reduce poverty and support economic development.

The World Bank supplies qualifying governments with low-interest loans, zero-interest credits, and grants, all for the purpose of supporting the development of individual economies. Debt borrowings and cash infusions help with global education, healthcare, public administration, infrastructure, and private-sector development.

The World Bank also shares information with various entities through policy advice, research and analysis, and technical assistance. It offers advice and training for both the public and private sectors.

- The World Bank is dedicated to providing financing, advice, and research to developing nations to aid their economic advancement.
- The World Bank and International Monetary Fund were founded simultaneously under the Bretton-Woods Agreement with generally the same focus to help serve international governments globally.
- The World Bank Group offers a multitude of proprietary financial assistance products and solutions for international governments as well as a range of research-based thought leadership for the global economy at large.

Headquarters

The World Bank is headquartered in Washington, D.C. The World Bank currently has more than 10,000 employees in more than 170 countries with 189 member countries.

World Bank Group

Through the years, the World Bank has expanded from a single institution to a group of five unique and cooperative institutional organizations, known as the World Banks or collectively as the World Bank Group.

S.No.	Organization	Functions
1	International Bank for Reconstruction and Development (IBRD)	Provides debt financing to middle income countries
2	International Development Association (IDA)	Provides interest-free loans to the governments of poor countries.
3	The International Finance Corporation (IFC)	Provides developing countries with investment financing and financial advisory services.
4	International Centre for Settlement of Investment Disputes (ICSID)	Provides arbitration on international investment disputes
5	Multilateral Investment Guarantee Agency (MIGA)	Promotes foreign direct investments in developing countries.

INTERNATIONAL MONETARY FUND (IMF)

The International Monetary Fund (IMF) is an organization of 189 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

IMF was created in 1945 at the Bretton-Woods Conference. The Bretton-Woods Conference, officially known as the United Nations Monetary and Financial Conference, was a gathering of delegates from 44 nations that met from July 1 to 22, 1944 in Bretton-Woods, New Hampshire, to agree upon a series of new rules for the post-WWII international monetary system. The two major accomplishments of the conference were the creation of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD).

The IMF is governed by and accountable to the 189 countries that make up its near-global membership.

Functions

The IMF's primary purpose is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries

(and their citizens) to transact with each other. The Fund's mandate was updated in 2012 to include all macroeconomic and financial sector issues that bear on global stability.

The IMF has a management team and 17 departments that carry out its country, policy, analytical, and technical work. One department is charged with managing the IMF's resources. This section also explains where the IMF gets its resources and how they are used.

Most resources for IMF loans are provided by member countries, primarily through their payment of quotas.

Headquarters

The headquarters of the International Monetary Fund (IMF) is in Washington, D.C.

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

International Development Association (IDA) is one of the five organizations that form the World Bank Group. IDA is one of the largest sources of assistance for the world's 76 poorest countries and is the single largest source of donor funds for basic social services in these countries. IDA aims to reduce poverty by providing loans and grants for programs that

boost economic growth, reduce inequalities, and improve people's living conditions.

Functions of IDA

IDA lends money on concessional terms. This means that IDA credits have a zero or very low interest charge and repayments are stretched over 30 to 38 years, including a 5- to 10-year grace period. IDA also provides grants to countries at risk of debt distress.

In addition to concessional loans and grants, IDA provides significant levels of debt relief through the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI).

IDA is a multi-issue institution, supporting a range of development activities that pave the way toward equality, economic growth, job creation, higher incomes, and better living conditions. IDA's work covers primary education, basic health services, clean water and sanitation, agriculture, business climate improvements, infrastructure, and institutional reforms.

IDA complements the World Bank's original lending arm—the International Bank for Reconstruction and Development (IBRD). IBRD was established to function as a self-sustaining business and provides loans and advice to middle-income and credit-worthy poor countries.

Headquarters

The headquarters of the International Development Association (IDA) is in Washington, D.C., United States.

ASIAN DEVELOPMENT BANK (ADB)

The Asian Development Bank (ADB) is a type of regional development bank. ADB was conceived in the early 1960s as a financial institution that would be Asian in character and foster economic growth and cooperation in one of the poorest regions

in the world. The ADB was established on 19 December 1966 to promote social and economic development in Asia. The ADB admits the members of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and non-regional developed countries. The member countries of the ADB are now reached up to 68.

Functions

ADB assists its members, and partners, by providing loans, technical assistance, grants, and equity investments to promote social and economic development. *ADB maximizes the development impact of its assistance by facilitating policy dialogues, providing advisory services, and mobilizing financial resources through co-financing operations that tap official, commercial, and export credit sources.*

The Asian Development Bank (ADB) envisions a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty in the region. Despite the region's many successes, it remains home to a large share of the world's poor: 263 million living on less than \$1.90 a day and 1.1 billion on less than \$3.20 a day.

Headquarters

The headquarters of Asian Development Bank is located in Mandaluyong, Metro Manila, Philippines.

NEW DEVELOPMENT BANK (NDB)

The NDB is a multilateral development bank established by Brazil, Russia, India, China and South Africa with the objective of financing infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries. During the sixth BRICS Summit in Fortaleza (2014),

the BRICS leaders signed the Agreement establishing the New Development Bank (NDB). Bank's Articles of Agreement specify that all members of the United Nations could be members of the bank, however the share of the BRICS nations can never be less than 55% of voting power.

Functions

The Bank main functions revolve around mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries. The bank also provides technical assistance for projects to be supported by the NDB and engage in information, cultural and personnel exchanges with the purpose of contributing to the achievement of environmental and social sustainability.

Headquarters

The headquarters of New Development bank is in **Shanghai**, China.

ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB)

The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank with a mission to improve social and economic outcomes in Asia. AIIB began operations in January 2016 and have now grown to 102 approved members worldwide. It was established by a multilateral treaty of AIIB Articles of Agreement. AIIB started with 57 founding members. India is a member of Asian Infrastructure Investment Bank since 2016.

Functions

AIIB functions by investing in sustainable infrastructure and other productive sectors in Asia and beyond. The agenda of the AIIB comprises way to connect people, services and markets that over time will impact the lives of billions and build a better future.

Headquarters

The headquarters of Asian Infrastructure Investment Bank (AIIB) is in **Beijing**, China.

PAST YEAR MCQs

- The Federal Reserve System also known as the Federal Reserve or simply as the Fed is the central banking system of?
(IBPS Clerk 2015)
(a) China (b) France
(c) UK (d) USA
(e) None of these
- The World Bank, an international financial institution, provides loans to countries of the world for capital projects. Where is it Headquartered?
(IBPS RRB Asst. Main 2018)
(a) New York, USA
(b) Geneva, Switzerland
(c) Paris, France
(d) Washington DC, USA
(e) Vienna, Austria
- The European Investment Bank is the European Union's nonprofit long-term lending institution established in 1958 under the Treaty of Rome. Where is the European Investment Bank headquartered?
(IBPS RRB Asst. Main 2018)
(a) Warsaw (b) Luxembourg
(c) Sofia (d) Vienna
(e) Hungary
- and Commonwealth Bank of Australia (CBA) was the organiser and main buyer of the issue of the "Bondi" bond, short for Blockchain Offered New Debt Instrument. (SBI PO Main-2019)
(a) World Bank
(b) New Development Bank

- (c) Asian Development Bank
 (d) Development Band of Singapore Bank
 (e) Asian Infrastructure Investment Bank
5. Name the first foreign bank to set up unit in Gujarat International Finance Tec-City (GIFT). **(SBI Clerk Main-2019)**
- (a) Citi Bank
 (b) DBS Bank
 (c) HSBC Bank
 (d) Barclays Bank
 (e) Standard Chartered Bank

ANSWER KEYS

1.	(d)	2.	(d)	3.	(b)	4.	(a)	5.	(e)

PRACTICE MCQs

- Which one of the following countries is the first borrower of fund from the International Monetary Fund?
 - United States
 - France
 - Spain
 - India
 - Sri Lanka
- Which one of the following statements is true regarding IMF?
 - It is not an agency of UNO
 - It can grant loan to any country of the world
 - It can grant loan to State Government of a country
 - It grants loan only to member nations
 - All of the above
- Voting rights in the IMF are distributed on the basis of
 - one country, one vote
 - proportion to the share of the income of the country in the world income
 - proportion to contributions given by each country
 - proportion to quota allotted to countries from time to time
 - None of the above
- The headquarters of IMF and World Bank are located at
 - Geneva and Montreal
 - Geneva and Vienna
 - New York and Geneva
 - Washington DC
 - Nigeria
- Which one of the following institutions publish the report of 'World Economic Outlook'?
 - IMF
 - World Bank
 - RBI
 - UNCTAD
 - Citi Bank
- The capital of IMF is made up by contribution of the
 - credit
 - deficit financing
 - member nations
 - borrowing
 - All of these
- Special drawing right is an international practice of drawing funds. Which of the following institutions control this special finding facility?
 - World Bank
 - Asian Development Bank
 - Federal Reserve
 - European Common Market
 - All of the above

8. "Doing Business" report is released by which of the following organisations every year?
 - (a) Asian Development Bank (ADB)
 - (b) World Bank
 - (c) International Monetary Fund (IMF)
 - (d) World Trade Organisation (WTO)
9. Which of the following regulators has directed banks to swap customer related information so that the frauds and defaults may be prevented in future?
 - (a) Bombay Stock Exchange (BSE)
 - (b) Indian Bank's Association (IBA)
 - (c) Securities & Exchange Board of India (SEBI)
 - (d) Reserve Bank of India (RBI)
10. The International Monetary Fund (IMF) is important because:
 - (a) It has sufficient financial resources to deal with a major global financial crisis.
 - (b) It has sufficient financial resources to help individual countries facing balance of payments problems.
 - (c) Emerging economies can exercise significant influence on it.
 - (d) It fixes exchange rates.
 - (e) None of these.
11. Headquarter of 'World Bank' is located in
 - (a) Geneva, Switzerland
 - (b) Washington D.C, United States
 - (c) Berlin, Germany
 - (d) Brussels, Belgium
 - (e) New York
12. The headquarter of World Trade Organisation is in:
 - (a) Montreal
 - (b) Seattle
 - (c) Geneva
 - (d) The Hague
 - (e) Washington DC
13. The International Development Association, a lending agency is administered by the:
 - (a) International Bank for Reconstruction and Development
 - (b) International Fund of Agricultural Development
 - (c) United Nations Development Programme
 - (d) United Nations Industrial Development Organisation
 - (e) None of these
14. Regarding the International Monetary Fund, which one of the following statements is correct?
 - (a) It can grants loans to any country
 - (b) It can grant loans to only developed countries
 - (c) It grants loan to only member countries
 - (d) It can grants loans to the central bank of a country
 - (e) It grants loans to only European country
15. The main function of the World Trade Organisation (WTO) is:
 - (a) Enforcing of Uruguay Round Agreements
 - (b) Administering trade dispute settlement procedures
 - (c) Facilitating multilateral trade relations of member countries and reviewing trade policies.
 - (d) a and b both
 - (e) None of these
16. Which Indian city has been chosen by the World Bank for setting up its back office operations?
 - (a) Bangaluru
 - (b) Chennai
 - (c) Kolkata
 - (d) New Delhi
 - (e) Mumbai

17. Which institutions is known as 'soft loan window' of the World Bank?
 (a) International Development Forum
 (b) International Monetary Fund
 (c) International Development Agency
 (d) International Finance Corporation
 (e) None of these
18. Headquarter of International Fund for Agricultural Development is located in
 (a) Vienna, Australia
 (b) Moscow, Russia
 (c) Berlin, Germany
 (d) Rome, Italy
 (e) Geneva, Switzerland
19. International Monetary Fund is classified as
 (a) intergovernmental organization
 (b) international organization
 (c) interregional organization
 (d) One state organization
 (e) None of these
20. Goals of World Bank includes
 (a) promotion of foreign investment
 (b) promotion of international trade
 (c) facilitation of capital investment
 (d) All of above
 (e) None of these
21. First developed private sector of 'Wing of World Bank' is
 (a) International Development Association
 (b) International Monetary Fund
 (c) International Finance Corporation
 (d) Interdependent Fairness of Corporation
 (e) None of these
22. The insurance arm of world bank is
 (a) IDA (b) IFC
 (c) IBRD (d) MIGA
 (e) All of these
23. Which of the following UN agencies focuses on poverty reduction and the improvement of living standards worldwide?
 (a) World Bank (b) IMF
 (c) WHO (d) ILO
 (e) None of these
24. Which of the following organizations has helped stabilize currency exchange rates?
 (a) World Trade Organization (WTO).
 (b) International Monetary Fund.
 (c) Bank for International Settlements.
 (d) World Bank.
 (e) None of these

ANSWER KEYS

1.	(b)	2.	(d)	3.	(d)	4.	(d)	5.	(a)
6.	(c)	7.	(a)	8.	(b)	9.	(d)	10.	(b)
11.	(b)	12.	(c)	13.	(a)	14.	(d)	15.	(c)
16.	(b)	17.	(c)	18.	(d)	19.	(b)	20.	(d)
21.	(a)	22.	(d)	23.	(a)	24.	(b)		

A mutual fund is an investment vehicle where many investors pool their money to earn returns on their capital over a period. This corpus of funds is managed by an investment professional known as a fund manager or portfolio manager. It is one's job to invest the corpus in different securities such as bonds, stocks, gold and other assets and seek to provide potential returns. The gains (or losses) on the investment are shared collectively by the investors in proportion to their contribution to the fund.

Investment in Mutual Fund

There are many benefits of investing in mutual funds. Here are some important ones -

1. **Professional expertise:** Investing in financial markets requires a certain amount of skill. You need to research the market and analyse the best options available. You need knowledge on matters such as macro economy, sectors, company financials, from an asset class perspective. This requires a significant amount of time and commitment from you. But if you don't have the skill or the time to delve deep into the market, investing in mutual funds can be an excellent alternative. Here, a professional fund manager takes care of your investments and strives hard to provide reasonable returns. And just as you would pay the driver for his chauffeuring services, you have to pay specific fees for the professional management of your mutual fund investments.
2. **Returns :** One of the biggest mutual fund benefits is that you have the opportunity to earn potentially higher returns than traditional investment options offering assured returns. This is because the returns on mutual funds are linked to the market's performance. So, if the market is on a bull run and it does exceedingly well, the impact would be reflected in the value of your fund. However, a poor performance in the market could negatively impact your investments. Unlike traditional investments, mutual funds do not assure capital protection. So do your research and invest in funds that can help you meet your financial goals at the right time in life.
3. **Diversification:** When you invest only in a single asset, you could risk a loss if the market crashes. However, you can avoid this problem by investing in different asset classes and diversifying your portfolio. If you were investing in stocks and had to diversify, you would have to select at least ten stocks carefully from different sectors. This can be a lengthy, time-consuming process. But when you invest in mutual funds, you achieve diversification instantly. For instance, if you invest in a mutual fund that tracks the BSE Sensex, you would get access to as many as 30 stocks across sectors in a single fund. This could reduce your risk to a large extent.
4. **Tax benefits:** Mutual fund investors can claim a tax deduction of up to Rs. 1.5 lakh by investing in Equity Linked Savings Schemes (ELSS). This tax benefit is eligible under Section 80C of the Income Tax Act. ELSS funds come with a lock-

in period of 3 years. Hence, if you invest in ELSS funds, you can only withdraw your money after the lock-in period ends. Another tax benefit is indexation benefit available on debt funds. In case of traditional products, all interest earned is subject to tax. However, in case of debt mutual funds, only the returns earned over and above the inflation rate (embedded in cost inflation index {CII}) are subject to tax. This could also help investors earn higher post tax returns.

Types of mutual funds

Based on asset class:

1. **Debt funds:** Debt funds (also known as fixed income funds) invest in assets like government securities and corporate bonds. These funds aim to offer reasonable returns to the investor and are considered relatively less risky. These funds are ideal if you aim for a steady income and are averse to risk.
2. **Equity funds:** In contrast to debt funds, equity funds invest your money in stocks. Capital appreciation is an important objective for these funds. But since the returns on equity funds are linked to market movements of stocks, these funds have a higher degree of risk. They are a good choice if you want to invest for long term goals such as retirement planning or buying a house as the level of risk comes down over time.
3. **Hybrid funds:** What if you want equity as well as debt in your investment? Well, hybrid funds are the answer. Hybrid funds invest in a mix of both equity and fixed income securities. Based on the allocation between equity and debt (asset allocation), hybrid funds are further classified into various sub-categories.

Based on structure:

1. **Open-ended mutual funds:** Open-ended funds are mutual funds where an investor can invest on any business day. These funds are bought and sold at their Net Asset Value (NAV). Open-ended

funds are highly liquid because you can redeem your units from the fund on any business day at your convenience.

2. **Close-ended mutual funds:** Close-ended funds come with a pre-defined maturity period. Investors can invest in the fund only when it is launched and can withdraw their money from the fund only at the time of maturity. These funds are listed just like shares in the stock market. However, they are not very liquid because trading volumes are very less.

Based on investment objective:

1. **Growth funds:** The main objective of growth funds is capital appreciation. These funds put a significant portion of the money in stocks. These funds can be relatively more risky due to high exposure to equity and hence it is good to invest in them for the long-term. But if you are nearing your goal, for example, you may want to avoid these funds.
2. **Income funds:** As the name suggests, income funds try to provide investors with a stable income. These are debt funds that invest mostly in bonds, government securities and certificate of deposits, etc. They are suitable for different-term goals and for investors with a lower-risk appetite.
3. **Liquid funds:** Liquid funds put money in short-term money market instruments like treasury bills, Certificate of Deposits (CDs), term deposits, commercial papers and so on. Liquid funds help to park your surplus money for a few days to a few months or create an emergency fund.
4. **Tax saving funds:** Tax saving funds offer you tax benefits under Section 80C of the Income Tax Act. When you invest in these funds, you can claim deductions up to Rs 1.5 lakh each year. Equity Linked Saving Scheme (ELSS) are an example of tax saving funds.

PAST YEAR MCQs

1. According to SEBI, investors will be permitted to purchase mutual funds worth up to how much amount through digital wallets?
(IBPS RRB PO Main 2018)
(a) Rs 1,50,000 (b) Rs 1,00,000
(c) Rs 50,000 (d) Rs 5,000
(e) Rs 25,000
2. Mutual Fund Agents are compensated through (IBPS RRB Main 2017)
(a) Salaries
(b) Commissions
(c) An annual fee
(d) Not in cash but in kind
(e) Any of these depending upon his/her quarterly performance
3. Which of the following types of mutual funds is not marked with BROWN color?
(IBPS Clerk 2013)
(a) Diversified funds
(b) Income funds
(c) Sectoral funds
(d) Index funds
(e) Large-cap funds
4. Investments made by a mutual fund on behalf of investors are accounted as (IBPS RRB Main 2017)
(a) Assets
(b) Liabilities
(c) Capital
(d) Hedge Fund
(e) Collateral
5. Which of the following does not correctly explain Mutual Fund?
(IBPS RRB Main 2017)
(a) It is a collective investment scheme
(b) It is regulated and sold to the general public
(c) It is managed by an Asset Management Company
(d) It is a depository financial intermediary
(e) None of these
6. A Mutual Fund's NAV calculated on a day is known as (IBPS RRB Main 2017)
(a) Asset value per Fund
(b) Price value per share
(c) Asset value per stock
(d) Price value per Fund
(e) Net asset price
7. In a mutual fund, investors' subscriptions are accounted for as (IBPS RRB Main 2017)
(a) Liabilities (b) Deposits
(c) Unit Capital (d) Assets
(e) None of these
8. What is the name given to a type of mutual fund or exchange-traded fund (ETF) that emphasizes current income, either on a monthly or quarterly basis, as opposed to capital gains or appreciation?
(IBPS Clerk Main-2020)
(a) Index fund (b) Equity fund
(c) Specialty fund (d) Income fund
(e) None of these

ANSWER KEYS

1.	(c)	2.	(b)	3.	(b)	4.	(a)	5.	(d)
6.	(b)	7.	(c)	8.	(d)				

PRACTICE MCQs

1. Which of the following risks do not affect a debt fund?
 - (a) default by issuer on payment of interest or principal
 - (b) price fluctuations of the debt securities
 - (c) share price movements
 - (d) interest volatility
 - (e) None of the above
2. Certificates of Deposits (CDs) are issued by
 - (a) Regional Rural Banks
 - (b) Corporate India
 - (c) Schedules commercial banks
 - (d) Central banks
 - (e) None of the above
3. In declining interest rate scenario, which of the following is better?
 - (a) Conventional debt investments like bank deposits
 - (b) Conventional debt schemes
 - (c) Floaters
 - (d) Gold schemes
 - (e) Unconventional debt schemes
4. Mutual fund schemes pay tax on capital gains at
 - (a) 10% each on LTCG & STCG
 - (b) 15% each on LTCG & STCG
 - (c) 30% each on LTCG & STCG
 - (d) 10% LTCG & 15% STCG
 - (e) 50% LTCG & 15% STCG
5. To satisfy a young investor's need for growth, a greater proportion of investment should be advised in
 - (a) Gilt funds
 - (b) Income Funds
 - (c) Equity Growth funds
 - (d) Liquid funds
 - (e) gold funds
6. Capital Protection Oriented Schemes are always _____.
 - (a) Open-ended
 - (b) Closed-ended
 - (c) Interval funds
 - (d) Exchange-traded funds
 - (e) Specific funds
7. Investor pays a tax on the dividend that he receives from a mutual fund scheme at
 - (a) 10%
 - (b) 15%
 - (c) 35%
 - (d) 45%
 - (e) Tax is not applicable
8. Mutual funds in India are permitted to invest in
 - (a) Securities
 - (b) Securities and Gold
 - (c) Securities other than real estate
 - (d) Securities, gold and real estate
 - (e) None of the above
9. You have won Rs 1 Crore in Lottery. What would your immediate action be?
 - (a) Invest the entire amount without any delay in "Old Economy stocks" – since they are back in favor
 - (b) Invest the entire amount immediately in an Equity Index Fund since the index is at historic low
 - (c) Invest in very safe liquid investment options and take the time needed to work out a financial plan
 - (d) Invest immediately in IT stocks, since their valuations are low
 - (e) None of the above

10. Investments in mutual fund can be made using
- Cheque / DD
 - Remittance
 - ASBA
 - Any of the above
 - None of the above
11. SIP is best example of
- Rupee Cost Averaging
 - Value Averaging
 - Buy and Hold
 - Purchase
 - None of the above
12. The rights of investors in a mutual Fund scheme are laid down in
- Offer Document of that scheme
 - Quarterly Reports
 - Annual reports
 - Marketing Brochures
 - None of the above
13. For older investors who want to transfer their wealth
- No financial planning is required.
 - The right investment strategy depends upon who the beneficiaries are.
 - The right investment strategy depends upon the state of the stock market.
 - All the funds can be invested in aggressive equity funds
 - None of the above
14. Which of the following is not a benefit from a Mutual Fund?
- Investor is able to diversify risk
 - Investor has custody of securities where fund invests
 - Investor can save costs
 - Professional Management of money
 - None of the above
15. The most important advantage of a money market mutual fund is
- quick capital appreciation
 - high regular income
 - safety of principal
 - no loads
 - None of the above
16. What type of portfolio asset mix would you choose when you are 55 years old plan to retire at the age of 58?
- 40% in equity schemes 60% in debt
 - 40% in equity 60% in balanced
 - 20% in equity 20% in liquid 60% in debt
 - 100% in monthly income schemes
 - 50% in monthly income schemes

ANSWER KEYS

1.	(c)	2.	(c)	3.	(b)	4.	(d)	5.	(c)
6.	(b)	7.	(e)	8.	(d)	9.	(c)	10.	(d)
11.	(a)	12.	(a)	13.	(b)	14.	(b)	15.	(c)
16.	(a)								

Cheques and its types

Cheques and their Types

A cheque is a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand.

It is an agreement between two individuals or organizations to make a payment. In simple words, Cheque is an order to a bank to pay a stated sum from the drawer's account, written on a specially printed form. Cheque is used to make safe and convenient payment. It is less risky and the danger of loss is minimized.

Drawer

A person writing the cheque and having a transaction banking account where their money is held is a drawer. The drawer writes the various details including the monetary amount, date, and a payee on the cheque, and signs it, ordering their bank, known as the Drawee, to pay that person or company the amount of money stated.

Classification of Cheque

Cheque is mainly, classified in two types

1. Bearer cheque
2. Order cheque

Bearer Cheque

A bearer cheque is payable to the bearer and the banker is discharged from liability by payment in due course to the bearer of the cheque, unless the form of drawing, bearer is changed to order. A bearer cheque is always a bearer one and no endorsement can make it payable otherwise than to the bearer thereof. Bearer cheque can be transferred from one to another by mere transfer of the same.

Order cheque

The cheque in which "or order" is written after the name of the payee is called an Order Cheque which indicate that the drawee is bound to pay its value to payee or the ordered person only. This type of cheque is transferred by endorsement. Where an order cheque has been endorsed by the payee in favour of another, the endorsee must also sign it to receive the payment and the drawee banker is discharged from liability by payment in due course.

Cheque is classified in to more types.

- Open cheque
- Crossed cheque.

Open Cheque

In Open-cheque the person whose name appears on the cheque can write the name of another person on it and the money will be paid to them. The amount of such cheques can be collected by the payee over the counter of the bank.

Crossed Cheque

In crossed cheques 2 lines are crossed on top corner and the words 'account payee' written. This type of cheque can only be paid into the bank account of the person named on the cheque. These types of cheques are considered safe as compared to open cheques.

Antedated cheque/backdated cheque

Where a cheque bears a date before the date of its issue, it is known as an antedated cheque & is not invalid. A cheque antedated for more

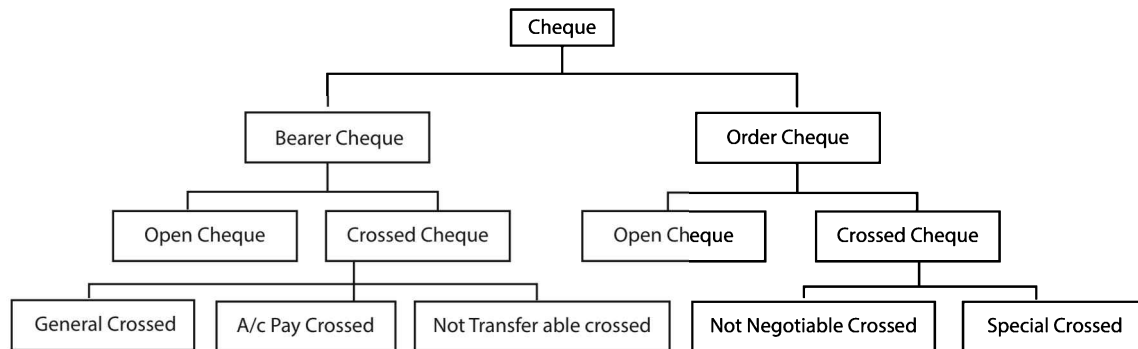
than 3 months becomes stale or out of date as per banking practice.

Stale Cheque

As per banking custom a cheque becomes stale when it remains in circulation for more than 3 months. Though there is no legal sanction in this respect. Such an instrument is not honored by the drawee banker, unless revalidated by the drawer. But it does not appear established that the drawer or the endorser of such an instrument is discharged from liability unless barred by limitation of three years.

Post dated cheque (Future date)

A post dated cheque is one which bears a future date as its date of issue. Such a cheque is valid and its negotiability is not impaired simply because it is post dated. But the banker cannot pay it earlier than its date because the drawer's mandate is not to pay it earlier. If the banker pays it before its ostensible date, the payment is not a payment in due course and as such, he loses legal protection and is liable to his customer for any loss that may arise out of his action.



Stop payment of cheque

Account holder may stop payment of the cheque issued by him. "Stop payment of cheque" instruction means stopping payment by the bankers which may come from cheque maker through written application or telephonic message if acceptable to the Bank.

The following persons or institutions can stop the payment of cheque

1. Account holder can direct to stop payment of his cheque.
2. Court can impose injunction against the payment of any cheque.
3. Bank can stop the payment of cheque of any account holder hearing the news of death, insanity and bankruptcy.

PAST YEAR MCQs

1. When the signature of the drawer of a cheque is not genuine, such a cheque is called **(SBI PO Main 2017)**
 - (a) Cross Cheque (b) Stale cheque
 - (c) Forged cheque (d) Postdatedcheque
 - (e) None of these
2. For how long the cheques, Drafts, Pay Orders and Banker's Cheques are valid from the date of instrument? **(IBPS Clerk Main 2019)**
 - (a) 4 months (b) 1 months
 - (c) 6 months (d) 3 months
 - (e) 5 months
3. Who can file a criminal case against the drawer of a dishonored cheque? **(SBI PO Main 2017)**
 - (a) The payee
 - (b) The holder in due course
 - (c) Both of the above
 - (d) The paying banker
 - (e) None of these

ANSWER KEYS

1.	(c)	2.	(d)	3.	(c)				

PRACTICE MCQs

1. Consider the following statements:
 - I. If the beneficiary of a cheque has lost the cheque, he can instruct the paying bank to stop payment of the cheque without waiting for the account holder's instruments.
 - II. While outsourcing, the only consideration should be cost savings. Which of the statements given above is/are correct?
 - (a) Only I (b) Only II
 - (c) Both I and II (d) Neither I nor II
 - (e) Either I or II
2. Travellers cheque is
 - (a) a supplementary credit card
 - (b) a cheque issued by a bank or finance institution which functions as capital
 - (c) a certificate issued by a bank or finance institution in lieu of cash
 - (d) a cheque issued by a bank or finance institution which functions as a bond
 - (e) a prepaid instrument issued by a bank or finance institution which can be substitute of cash
3. Which of the following is a primary function of banks?
 - (a) Collection and payment of cheques, rent, interest etc on behalf of their customers
 - (b) Buying, selling and keeping in safe custody, the securities on behalf of their customers
 - (c) Acting as trustee and executors of the property of their customers on their advice
 - (d) Remitting money from one place to the other through bank drafts or mail or telegraphic transfers
 - (e) Accepting deposits

4. Sub-prime refers to
 - (a) lending done by banks at rates below PLR
 - (b) funds raised by the banks at sub libor rates
 - (c) group of banks which are not rate as prime banks as per banker's almanac
 - (d) lending done by financing institutions including banks to customers not meeting with normally required credit appraisal standards
 - (e) None of these
5. A cheque presented for payment after three months from the date of the issue is called
 - (a) anti-Dated Cheque
 - (b) post-dated Cheque
 - (c) stale Cheque
 - (d) All of the above
 - (e) None of these
6. Truncation of cheques means
 - (a) scanning of the cheques and transmission of electronic image instead of physical cheque
 - (b) debiting of drawer's account through internet
 - (c) Both a and b
 - (d) None of the above
7. The effect of a crossing a cheque is
 - (a) The payee can obtain payment only through a bank account
 - (b) The payee Is compelled to open an account
 - (c) The payee will have to endorse the cheque to a bank
 - (d) None
8. The drawer of a cheque is always a
 - (a) Bank
 - (b) Company
 - (c) Customer
 - (e) Firm
9. The banker has a statutory obligation to.....
 - (a) Honour customers' cheque
 - (b) Exercise lien
 - (c) Maintain secrecy of his customers' accounts
 - (d) Honour customers' bill
10. The period allowed in India for the presentation of a cheque is.....
 - (a) 2 Months
 - (b) 3 Months
 - (c) 6months
 - (d) 9 Months
11. The document drawn by a debtor on the creditor agreeing to pay a certain sum is called.....
 - (a) Bill of Exchange
 - (b) Cheque
 - (c) Draft
 - (d) Promissory Note

ANSWER KEYS

1.	(d)	2.	(e)	3.	(e)	4.	(d)	5.	(c)
6.	(a)	7.	(a)	8.	(c)	9.	(a)	10.	(b)
11.	(d)								

Risks in Banking Sector

INTRODUCTION

- Due to the large size of some banks, overexposure to risk can cause bank failure and impact millions of people. By understanding the risks posed to banks, governments can set better regulations to encourage prudent management and decision-making.
- The ability of a bank to manage risk also affects investors' decisions. Even if a bank can generate large revenues, lack of risk management can lower profits due to losses on loans. Value investors are more likely to invest in a bank that is able to provide profits and is not at an excessive risk of losing money.
- A bank faces many different types of risks and these need to be managed very carefully. The risks in Banks arise due to the occurrence of some expected or unexpected events in the economy or the financial markets.
- Risks can also arise from staff oversight or mala fide intention, which causes erosion in the values of assets thus leading to a reduction the bank's intrinsic value.

Risk management system comprises:

- Risk management strategy and policies, as well as procedures for risk identification and measurement, i.e. for risk assessment and risk management;
- Appropriate internal organization, i.e. bank's organizational structure;

- Effective and efficient risk management process covering all risks the bank is exposed to or may potentially be exposed to in its operations;
- Adequate internal controls system;
- Appropriate information system;
- Adequate process of internal capital adequacy assessment.

In their operations banks are particularly exposed to the following risks:

- **Liquidity risk:** It is the risk of potential occurrence of adverse effects on the bank's financial result and capital due to the bank's inability to meet the due liabilities caused by the withdrawal of the current sources of funding, that is, the inability to raise new funds (funding liquidity risk), aggravated conversion of property into liquid assets due to market disruption (market liquidity risk);

Availability of cash risk, due to rising NPA, bank fear to give credit or loans, which result in less flow of money in the market and it results in **less liquidity**.

Due to a substantial risk of non-repayment of credit, the credit capacity of the bank reduces. Due to absence of sufficient liquidity (cash inflow) banks were unable to provide the loan to their genuine customer.

Liquidity risk is a consequence of large credit loss and business loss of investment by the bank.

- **Credit risk:** It is the risk of potential occurrence of adverse effects on the bank's financial result and capital due to debtor's default to meet its obligations to the bank.
- **Residual risk:** It is the possibility of occurrence of adverse effects on the bank's financial result and capital due to the fact that credit risk mitigation techniques are less efficient than expected or their application does not have sufficient influence on the mitigation of risks to which the bank is exposed;
- **Dilution risk:** It is the possibility of occurrence of adverse effects on the bank's financial result and capital due to the reduced value of purchased receivables as a result of cash or non-cash liabilities of the former creditor to the borrower;
- **Settlement/Delivery risk:** It is the possibility of occurrence of adverse effects on the bank's financial result and capital arising from unsettled transactions or counterparty's failure to deliver in free delivery transactions on the due delivery date;
- **Counterparty credit risk :** It is the possibility of occurrence of adverse effects on the bank's financial result and capital arising from counterparty's failure to settle their liabilities in a transaction before final settlement of transaction cash flows, or, settlement of monetary liabilities in the transaction in question;
- **Market risk :** It entails foreign exchange risk, price risk on debt securities, price risk on equity securities, and commodity risk;
- **Interest rate risk:** It is the risk of possible occurrence of adverse effects on the bank's financial result and capital on account of banking book items caused by changes in interest rates;
- **Foreign exchange risk :** It is the risk of possible occurrence of adverse effects on the bank's financial result and capital on account of changes in foreign exchange rates;
- **Concentration risk:** It is the risk which arises directly or indirectly from the bank's exposure to the same or similar source of risk, or, same or similar type of risk;
- **Bank exposure risks:** It comprise risks of bank's exposure towards a single person or a group of related persons.
- **Bank's investment risk:** It comprise risks of its investments into non-financial sector entities and in fixed assets and investment property.
- **Country risk:** It is a risk relating to the country of origin of the person to which the bank is exposed, that is, the risk of negative effects on the bank's financial result and capital due to the bank's inability to collect receivables from such person for reasons arising from political, economic or social circumstances in such person's country of origin.
- **Operational risk :** It is the risk of possible adverse effects on the bank's financial result and capital caused by omissions (unintentional and intentional) in employees' work, inadequate internal procedures and processes, inadequate management of information and other systems, as well as by unforeseeable external events. Operational risk also includes legal risk.
- **Legal risk :** It is the risk of loss caused by penalties and sanctions originating from court disputes due to breach of contractual and legal obligations, and penalties and sanctions pronounced by a regulatory body.

- **Risk of compliance of the bank's operations :** It is the possibility of occurrence of adverse effects on the bank's financial result and capital as a consequence of failure to comply its operations with the law and other regulations, standards of operations, anti-money laundering and counter-terrorist financing procedures, and other procedures as well as other acts governing the bank's operations, particularly encompassing the risk of sanctions by the regulatory authority, risk of financial losses and reputational risk.
- **Reputational risk:** It is related with the possibility of the occurrence of losses due to adverse effects on the bank's market positioning.
- When risk arising from negative public opinion due to big fraud or scam and inability of the bank to control operational risk. It creates---

1. no repayment of loan
2. large debt
3. rising NPA

All such case creates a negative image of banks. (Example of PNB & ICICI Bank). This negative image led to damage to the reputation of the bank. This type of risk called "reputation risk"

Credit loss + Business loss = reputation loss for Bank.

- **Strategic risk:** It is the possibility of occurrence of adverse effects on the bank's financial result and capital due to the absence of appropriate policies and strategies, their inadequate implementation, as well as changes in the environment where the bank operates or absence of appropriate response of a bank to those changes.

PAST YEAR MCQs

1. The time limit to Bankruptcy resolution process in Insolvency and Bankruptcy Code (IBC) is _____.
(SBI PO Main 2018)
(a) 100 days (b) 60 days
(c) 90 days (d) 120 days
(e) 30 days
2. Which of the following bank has reportedly drawn up plans for a radical restructuring that will involve the creation of a "bad bank"?
(SBI Clerk Main-2019)
(a) Industrial and Commercial Bank of China
(b) Deutsche Bank
(c) HSBC Bank
(d) Barclays Bank
(e) None of these
3. Currency risk is the potential risk of loss from fluctuating foreign exchange rates when an investor has exposure to foreign currency or in foreign-currency-traded investments. Currency risk is sometimes referred to as-
(SBI PO Main 2016)
(a) Monetary Rate (b) Export Rate
(c) Trade Rate (d) Exchange-rate risk
(e) None of the above

ANSWER KEYS

1.	(b)	2.	(b)	3.	(d)				

PRACTICE MCQs

1. Which of the following acts is specially launched to facilitate banks in recovery of bad loans?
 - (a) RBI Act
 - (b) Banking Regulation Act
 - (c) Companies Act
 - (d) Income Tax Act
 - (e) SARF AESI Act
2. The objectives of forming SHG is/are
 - I. to build mutual trust and confidence between the bankers and the rural poor people.
 - II. to encourage banking activities, both on the thrift as well as credit sides, in a segment of the population that the formal financial institutions usually find difficult to cover.
 - III. to meet the needs of the poor by combining the flexibility, sensitivity and responsiveness of the Informal Credit System with the strength of technical and administrative capabilities and financial resources of the formal credit institutions.

Select the correct answer using the codes given below:

 - (a) Only I
 - (b) I and II
 - (c) I and III
 - (d) II and III
 - (e) All of the above
3. Which among the following is related to bank risks?
 - (a) Deposits
 - (b) Bank funds
 - (c) NPA
 - (d) All of these
 - (e) None of these
4. Which of the following acts was framed specially to deal more effectively with the problem of non-performing assets in banking system?
 - (a) Companies Act
 - (b) Banking Regulation Act
 - (c) Foreign Exchange Management act
 - (d) Industrial Dispute Act
 - (e) SARFAESI Act
5. Where is the headquarter of SIDBI?
 - (a) Varanasi
 - (b) Lucknow
 - (c) New Delhi
 - (d) Kolkata
 - (e) Mumbai
6. Banking and financial services all over the world are regulated usually by the Monetary Authority of the land. Who controls this function in India?
 - (a) Ministry of Finance
 - (b) SEBI
 - (c) RBI
 - (d) IRDA
 - (e) FEDAI
7. Which bank in India has introduced vertical credit cards?
 - (a) Kotak Bank
 - (b) Yes Bank
 - (c) HDFC Bank
 - (d) ICICI Bank
 - (e) SBI
8. BEF is the statement which banks submit to RBI relating to :
 - (a) Transactions in US Dollars
 - (b) Importers who have not submitted documentary evidence for import within stipulated time period
 - (c) Overdue export bills
 - (d) Non performing assets
 - (e) Excess overnight limit position of the bank

9. Which of the following is true about RBI's decision regarding sick micro and small enterprises?
- (a) These guidelines made on recommendations of the working group chaired by Deputy Governor K. C. Chakrabarty
 - (b) RBI has suggested that an MSE is considered 'sick' when: any of the borrowed amount of the enterprise remains a non-performing asset (NPA) for three months or more
 - (c) RBI also suggested if there is erosion in the net worth due to accumulated losses to the extent of 50 percent of its net worth during the previous accounting year
 - (d) The stipulation that the unit should have been in commercial production for at least two years has been removed.
 - (e) All of the above
10. Which of the following conditions result(s) in stressed assets?
- (a) Bounced cheques
 - (b) Stock shortages
 - (c) Request for frequent overdrawal
 - (d) All of the above
 - (e) None of these
11. The assets which get an extended repayment period at reduced interest rate are called
- (a) stressed assets
 - (b) restructured assets
 - (c) substandard assets
 - (d) tangible assets
 - (e) None of these
12. The convention of conservatism is applicable in
- (a) providing for discount on creditors
 - (b) making provision for bad doubtful debts
 - (c) providing depreciation
 - (d) All of the above
 - (e) None of these
13. Restructured loan is also called as
- (a) strong loan
 - (b) weak plan
 - (c) bad loan
 - (d) None of these
14. Loss on sale of plant and machinery should be written off against
- (a) share premium
 - (b) depreciation fund account
 - (c) sale account
 - (d) profit and loss account
 - (e) None of these
15. Which of the following would not be found on a standardized balance sheet?
- (a) Tangible Assets
 - (b) Amounts written off Investments
 - (c) Debtors
 - (d) Share Premium Account
 - (e) None of these
16. Which of the following creates the need for higher level of capital adequacy of banks?
- (a) Basel III Capital norms
 - (b) Credit demand
 - (c) Deterioration in asset quality
 - (d) All of the above
 - (e) None of these
17. Capital Adequacy Ratio (CAR) is defined as
- (a) the ratio of a bank's capital in relation to its risk weighted assets and current liabilities
 - (b) the ratio of a bank's assets and current liabilities
 - (c) the ratio of a bank's bad debt and current liabilities
 - (d) None of these

18. Which of the following constitutes Tier-I Capital?
 (a) Paid-Up Capital
 (b) Statutory Reserves
 (c) Capital Reserves
 (d) All of the above
 (e) None of these
19. Which of the following statements is/are correct?
 i. Union government has the power to direct the RBI to take necessary steps to initiate the NPA resolution.
 ii. Only the President can direct the RBI to take necessary steps to initiate the NPA resolution.
 (a) i only
 (b) ii only
 (c) Both (a) and (b)
 (d) None of these
20. Subordinated Debt forms the part of
 (a) tier-II Capital
 (b) tier-I Capital
 (c) both (a) and (b)
 (d) None of these
21. Which of the following statements is/are correct?
 i. Indian scheduled commercial banks are required to maintain a CAR of 9%.
 ii. Indian public sector banks need to maintain a CAR of 12%.
 (a) i only
 (b) ii only
 (c) Both (a) and (b)
 (d) None of these
22. Which of the following is/are not reflected in Balance Sheet?
 (a) Liabilities (b) Equity capital
 (c) Total debt (d) All of the above
 (e) None of these
23. Which of the following include(s) risk weighted assets?
 (a) Credit risk
 (b) Market risk
 (c) Operational risk
 (d) All of the above
 (e) None of these
24. Which of the following statements is/are correct about Strategic Debt Restructuring (SDR)?
 i. Under SDR, banks which have given loans to a corporate borrower have the right to convert the full or part of their loans into equity shares.
 ii. The existing promoters are discontinued to hold majority stake in distressed companies.
 (a) i only
 (b) ii only
 (c) Both (a) and (b)
 (d) None of these

ANSWER KEYS

1.	(e)	2.	(e)	3.	(c)	4.	(e)	5.	(b)
6.	(c)	7.	(a)	8.	(b)	9.	(b)	10.	(d)
11.	(b)	12.	(b)	13.	(b)	14.	(b)	15.	(b)
16.	(d)	17.	(a)	18.	(d)	19.	(a)	20.	(c)
21.	(c)	22.	(d)	23.	(d)	24.	(c)		

20 CHAPTER

'Indradhanush' Strategy to Revamp PSU Banks

Indradhanush Strategy was launched by Finance minister to revamp functioning of public sector banks. This seven pronged plan was launched in August 2015. It is also known as A2G for public sector banks. The seven elements include,

- Appointments
- Banks Board Bureau
- Capitalization
- De-stressing
- Empowerment
- Framework of Accountability, and
- Governance Reforms.

Banks board of bureau replaced existing appointments board. Its members appointed in the next six months and headed by the RBI governor. Banks board bureau also hold assets of public sector banks.

MISSION

To revamp and improve the functioning of public sector banks. Indradhanush strategy mainly focuses on systemic changes in state-run lenders, including a fresh look at hiring,

a comprehensive plan to de-stress bloated lenders, capital infusion, accountability incentives with higher rewards including stock options and cleaning up governance.

The plan is called Indradhanush because it contains following seven elements,

Appointments

- Executives from the private sector have been hired to run state-owned banks. Separate post of CMDs and MD & CEO in PSU. Private sector candidates can also apply for the position of MD & CEO.

Bank Board Bureau:

It replaced existing appointments board. Click here to read about Bank Board Bureau.

Capitalization

Under capitalisation plans for Public Sector Banks, 13 banks received Rs 20,058 crore. The rest Rs 5,000 crore was allocated based on efficiency criteria. The State Bank of India (SBI) received the highest Rs 5,511 cr, followed by Bank of India at Rs 2,455 cr, IDBI at Rs 2,229 cr, PNB at Rs 1,732 cr and IOB at Rs 2,009 cr.

S. No	Name of Bank	Capital Allocation	
		(Rs. in Crore)	Capital Adequacy Ratio (in %)
1	State Bank of India	5531	12
2	Bank of India	2455	11.2
3	IDBI	2229	11.9
4	Bank of Baroda	1786	13.1
5	Punjab National Bank	1,732	12.9
6	Canara Bank	947	10.7
7	Indian Overseas Bank	2,009	10.1
8	Union Bank of India	1,080	10.2
9	Corporation Bank	857	11.1
10	Andhra Bank	378	10.7
11	Bank of Maharashtra	394	11.9
12	Allahabad Bank	283	10.4
13	Dena Bank	407	10.9
Total		20,088	

De-stressing

- The focus was on de-stressing the banks from their Non-Performing Assets or Bad Loans. Asset reconstruction companies were strengthened to deal with the bad loan situation.

and CMDs of all PSBs and FIs. The Gyan Sangam recommendations included strengthening of risk management practices. Each bank agreed to nominate a senior officer as Chief Risk Officer of the bank.

Empowerment:

- Under this, the government made it easier for PSBs to hire. The government also looked at introducing Employee Stock Ownership Plan (ESOPs) for the PSU bank managements.

Indradhanush 2.0:

In 2017, Government of India came out with 'Indradhanush 2.0', a comprehensive plan for recapitalisation of public sector lenders, with a view to make sure they remain solvent and fully comply with the global capital adequacy norms, BASEL-III. 'Indradhanush 2.0' also considered completion of the Asset Quality Review (AQR) by the Reserve Bank.

Framework of Accountability:

- The government also announced a new framework of key performance indicators for state-run lenders to boost efficiency in functioning while assuring them of independence in decision making on purely commercial considerations.

Under Indradhanush roadmap announced in 2015, the government had announced to infuse Rs 70,000 crore in state-run banks over four years while they will have to raise a further Rs 1.1 lakh crore from the markets to meet their capital requirement in line with global risk norms, known as Basel-III. In line with the plan, public sector banks were given Rs 25,000 crore in 2015-16.

Governance Reforms:

- The process of governance reforms started with "Gyan Sangam" – a conclave of PSBs and Financial Institutions organized at the beginning of 2015 in Pune which was attended by all stakeholders including Prime Minister, Finance Minister, MoS (Finance), Governor, RBI

Indradhanush 2.0' mainly aimed at Post Asset Quality Review (AQR) exercise by the RBI to clean up the balance sheets of PSBs, and a revised programme of capitalisation.

PRACTICE MCQs

1. The Government launched the "Indradhanush 2.0" programme after the finalization of the completion of Asset Quality Review (AQR) by the RBI. The deadline set for AQR was?
 - (a) March 2017
 - (b) June 2017
 - (c) September 2017
 - (d) December 2017
 - (e) July 2017
2. Which one of the following is a component of Mission Indradhanush to revamp PSU?
 - (a) Capitalization
 - (b) Empowerment
 - (c) Bank Board Bureau
 - (d) De- stressing
 - (e) All of the above
3. The Bank Board Bureau is a –
 - (a) Autonomous body
 - (b) Public committee
 - (c) Central government board
 - (d) Private council
 - (e) None of the above
4. The search committee for members of the bank board bureau comprise of –
 - (a) Governor, RBI
 - (b) Secretary, Financial Services
 - (c) Secretary, DoPT
 - (d) All of these
 - (e) None of the above
5. The Bank Board Bureau will have how many ex- officio members ____
 - (a) 2
 - (b) 3
 - (c) 4
 - (d) 5
 - (e) 6
6. The tenure of all the appointees will be ____ years.
 - (a) 2
 - (b) 3
 - (c) 4
 - (d) 5
 - (e) 6
7. Out of the total requirement the Government of India proposes to make available Rs ____ crore.
 - (a) 40,000
 - (b) 50,000
 - (c) 60,000
 - (d) 70,000
 - (e) 80,000
8. How many plans have the Indradhanush mission to revamp PSBs?
 - (a) 5
 - (b) 6
 - (c) 7
 - (d) 8
 - (e) 9
9. The Indradhanush mission was launched by ____
 - (a) Arun Jaitley
 - (b) Rajnath Singh
 - (c) Narendra Modi
 - (d) Nirmala Sitharaman
 - (e) None of the above
10. The Indradhanush mission was launched in which year?
 - (a) 2015
 - (b) 2016
 - (c) 2017
 - (d) 2018
 - (e) 2019
11. Gyan Sangam is a ____
 - (a) Banker's retreat
 - (b) Industrialist meeting
 - (c) Businessmen meeting
 - (d) A general meeting
 - (e) None of the above

ANSWER KEYS

1.	(a)	2.	(e)	3.	(a)	4.	(d)	5.	(b)
6.	(a)	7.	(d)	8.	(c)	9.	(a)	10.	(a)
11.	(a)								

21

CHAPTER

Headquarters and Taglines of Public Sector Banks

List of Public Sector Banks their Head offices and Slogans:

S. NO.	Bank	Head Office	Slogan (taglines)
1	State Bank of India	Mumbai	The Nation banks on us; Pure Banking nothing else; With you all the way
2	Punjab National Bank	New Delhi	The Name you can Bank Upon
3.	Bank of Baroda	Vadodara	India's International Bank
4.	Bank of India	Mumbai	Relationships beyond Banking
5.	Bank of Maharashtra	Pune	One Family One Bank
6.	Canara Bank	Bengaluru	It's easy to change for those who you love; Together we Can
7.	Central Bank of India	Mumbai	Build A Better Life Around Us; Central to you since 1911.
8.	Indian Bank	Chennai	Taking Banking Technology to Common Man; Your Tech-friendly bank
9.	Indian Overseas Bank	Chennai	Good people to grow with
10.	Punjab & Sind Bank	New Delhi	Where service is a way of life
11.	UCO Bank	Kolkata	Honours Your Trust
12.	Union Bank of India	Mumbai	Good people to bank with

List of Public Sector Banks, Year of Establishment and logo

S. NO.	Bank Name	Year of Establishment	Logo
1	State Bank of India	1955	 State Bank of India

2	Punjab National Bank	1895	 पंजाब नैशनल बैंक punjab national bank
3.	Bank of Baroda	1908	 बैंक ऑफ़ बड़ौदा Bank of Baroda
4.	Bank of India	1906	 Bank of India <i>Relationship beyond banking</i>
5.	Bank of Maharashtra	1840	 बैंक ऑफ़ महाराष्ट्र Bank of Maharashtra भारत सरकार का उद्यम एक परिवार एक बैंक
6.	Canara Bank	1910	केनरा बैंक Canara Bank 
7.	Central Bank of India	1911	 सेन्ट्रल बैंक ऑफ़ इंडिया Central Bank of India
8.	Indian Bank	1907	 इंडियन बैंक Indian Bank आपका अपना बैंक • YOUR OWN BANK
9.	Indian Overseas Bank	1937	 इण्डियन ओवरसीज़ बैंक Indian Overseas Bank आपकी प्रगति का सच्चा साथी Good people to grow with
10.	Punjab & Sind Bank	1908	 पंजाब और सिंध बैंक Punjab & Sind Bank (A GOVT. OF INDIA UNDERTAKING)

11.	UCO Bank	1943	यूको बैंक  UCO BANK
12.	Union Bank of India	1919	यूनियन बैंक ऑफ इंडिया  Union Bank of India अच्छे लोग, अच्छा बैंक Good people to bank with भारतीय बैंकिंग कोड एवं मानक बोर्ड के सदस्य Member of Banking Codes & Standards Board of India

PAST YEAR MCQs

1. Where is the Head-quarter of Indian Bank? **(IBPS PO Main 2015)**
(a) Chennai (b) Mumbai
(c) Delhi (d) Bengaluru
(e) Hyderabad
2. Where is the headquarters of Central bank of India located? **(IBPS PO Main 2015)**
(a) New Delhi (b) Mumbai
(c) Pune (d) Bangalore
(e) None of these
3. The Antwerp Diamond Bank is a small, 75-year-old bank that specializes exclusively in serving the diamond and the diamond jewelry sector. Where is the headquarter of the Antwerp Diamond Bank? **(SBI PO Main 2016)**
(a) Vienna, Austria
(b) Antwerp, Belgium
(c) Frankfurt, Germany
(d) Beijing, China
(e) Washington DC, USA
4. Corporation Bank is a public sector banking company headquartered in.....? **(SBI PO Main 2016)**
(a) Kolkata (b) Mangalore
(c) Chennai (d) Bengaluru
(e) Mumbai
5. The headquarters of Asian Infrastructure Investment Bank- **(RBI Grade-B 2018)**
(a) Cape Town (b) New Delhi
(c) Beijing (d) Rio de Janeiro
(e) None of these
6. Where is the headquarter of ADB (Asian Development Bank) situated? **(IBPS RRB Clerk Main-2019)**
(a) Laos (b) Philippines
(c) Thailand (d) Brunei
(e) None of these
7. Which among the following is the slogan of Allahabad Bank?**(RBI Assistant 2016)**
(a) A tradition of trust
(b) World wise
(c) Honour your trust
(d) Invest with confidence
(e) Trusted family bank

ANSWER KEYS

[illegible]

PRACTICE MCQs

1. Where was Canara Bank first set up in 1906?
(a) Mangalore (b) Varanasi
(c) Madras (d) Lahore
2. Which public sector bank has the tag line "Your Tech-friendly bank"?
(a) Dena bank (b) Bank of Baroda
(c) Indian bank (d) United Bank
3. Where is the head office of Indian Overseas Bank located?
(a) Chennai (b) Madurai
(c) Gurgaon (d) Patna
4. What is the Tag line of Axis Bank?
(a) We understand your world
(b) Trusted Family Bank
(c) Everything is the same except the name
(d) The name you can bank upon
5. Where is the headquarters of UCO Bank?
(a) New Delhi (b) Mumbai
(c) Chennai (d) Kolkata
6. Logo of which of the following banks has one star in it?
(a) Bank of India
(b) Bank of Maharashtra
(c) Bank of Baroda
(d) State Bank of India
7. What is the tag line of Karur Vysya Bank?
(a) Taking Banking technology to common man
(b) Good People to grow with
(c) Smart way to Bank with
(d) The Changing face of prosperity
8. Which of the following Public sector banks has its head office in Mumbai?
(a) IDBI Bank
(b) ICICI
(c) Union Bank of India
(d) Punjab National Bank
9. "Taking Banking Technology to common man" is the tag line used by which bank?
(a) Indian Bank
(b) Indain Overseas Bank
(c) UCO Bank
(d) Punjab National Bank
10. Central bank of India started functioning from which year in India ?
(a) 1911 (b) 1921
(c) 1935 (d) 1929
11. What is the tag line of HDFC Bank?
(a) Good people to bank with
(b) We understand your world
(c) Hum Hai na
(d) A Tradition of Trust
12. Where is the headquarters of Canara Bank?
(a) Chennai (b) Kolkata
(c) Bengaluru (d) Pune
13. Where is the headquarters of Indian Overseas Bank?
(a) Chennai (b) Kolkata
(c) Bengaluru (d) Pune
14. "World's Local bank" is the tag line of which bank?
(a) South India Bank
(b) HSBC
(c) Federal Bank
(d) Karnataka Bank
15. Which banks is headquarterd in Mangaluru?
(a) Federal Bank
(b) HSBC
(c) Bandhan Bank
(d) Karnataka Bank

16. What is the tag line of Dhanalakshmi Bank?
 (a) Tann. Mann. Dhan
 (b) Serving To Empower
 (c) Serving to society
 (d) Together we can
17. What is tag Line for Bank of Baroda?
 (a) World's Local bank
 (b) Prosperity to all
 (c) One family, One bank
 (d) India's International Bank
18. Which of the Banks pair headquartered in Karur?
 (a) Bank of Maharashtra & HSBC
 (b) Lakshmi Vilas Bank & Karur Vysya Bank
 (c) Canara Bank & Karur Vysya Bank
 (d) Lakshmi Vilas Bank & Vijaya Bank
19. Where is the headquarters of IndusInd Bank?
 (a) Mumbai (b) New Delhi
 (c) Kolkata (d) Chennai
20. Select the correct tag Line of ICICI Bank?
 (a) Hum Hai na
 (b) Banking for All
 (c) We Make You Feel Richer
 (d) Tann. Mann. Dhan
21. Where is the headquarters of South Indian Bank?
 (a) Thrissur (b) Mangalore
 (c) Srinagar (d) Kochi
22. What is the tag line of Jammu & Kashmir Bank?
 (a) Serving to Empower
 (b) Prosperity to all
 (c) Together we can
 (d) Smart way to Bank with

ANSWER KEYS

1.	(a)	2.	(c)	3.	(a)	4.	(c)	5.	(d)
6.	(a)	7.	(c)	8.	(c)	9.	(a)	10.	(a)
11.	(b)	12.	(c)	13.	(a)	14.	(b)	15.	(d)
16.	(a)	17.	(d)	18.	(b)	19.	(a)	20.	(a)
21.	(a)	22.	(a)						

Miscellaneous Terms used in Banking Sector

Accrued Interest:

Interest that has been earned but not yet paid.

Automated Teller Machines (ATMs)

Automated teller machines (ATMs) conduct transactions along with different bank services with electronically using ATM/debit Card.

Automated Clearing House (ACH):

A computerized facility used by member depository institutions to electronically combine, sort, and distribute inter-bank credits and debits. ACHs process electronic transfers of government securities and provide customer services, such as direct deposit of customers' salaries and government benefit payments (i.e., social security, welfare, and veterans' entitlements), and preauthorized transfers.

Availability Date:

Bank's policy as to when funds deposited into an account will be available for withdrawal.

Available Balance:

The balance of an account less any hold, uncollected funds, and restrictions against the account.

Available Credit:

The difference between the credit limit assigned to a cardholder account and the present balance of the account.

Bank Account

A bank account allows the account holder to deposit, safeguard his money, earn interest, and make cheque payments.

Bank Rate

Bank Rate is the rate at which the RBI lends funds to commercial banks. This is usually a long-term loan. RBI's long-term monetary policies govern the Bank Rate.

Bounced Cheque

A bounced cheque is a normal cheque which a bank refuses to pay. The reasons for refusing it include insufficient funds, signature mismatch, or some other valid reason.

Billing Cycle:

The time interval between the dates on which regular periodic statements are issued.

Billing Date:

The month, date, and year when a periodic or monthly statement is generated. Calculations have been performed for appropriate finance charges, minimum payment due, and new balance.

Cheque

A cheque is a negotiable instrument. By definition, a negotiable instrument is a document that includes a promise to pay a certain amount of money to the intended beneficiary. A cheque instructs the bank to pay a certain amount of money from the issuer's bank to the receiver of the cheque.

Clearing

Clearing of a cheque is done by the Clearing House. Further, in this process, the amount of the cheque is debited from the issuer's account and credit to the beneficiary's account.

Certificate of Deposit:

A negotiable instrument issued by a bank in exchange for funds, usually bearing interest, deposited with the bank.

Collateral:

Assets that are offered to secure a loan or other credit. For example, if you get a real estate mortgage, the bank's collateral is typically your house. Collateral becomes subject to seizure on default.

Collected Funds:

Cash deposits or cheques that have been presented for payment and for which payment has been received.

Conventional Fixed Rate Mortgage:

A fixed-rate mortgage offers you a set interest rate and payments that do not change throughout the life, or "term," of the loan.

Co-Signer:

An individual who signs the note of another person as support for the credit of the primary signer and who becomes responsible for the obligation. (Also known as a Co-maker.)

Credit Application:

A form to be completed by an applicant for a credit account, giving sufficient details (residence, employment, income, and existing debt) to allow the seller to establish the applicant's creditworthiness. Sometimes, an application fee is charged to cover the cost of loan processing.

Credit Bureau/Credit Reporting Agency:

An agency that collects individual credit information and sells it for a fee to creditors so they can make a decision on granting loans. Typical clients include banks, mortgage lenders, credit card companies, and other financing companies.

Credit Report:

A detailed report of an individual's credit history prepared by a credit bureau and used

by a lender in determining a loan applicant's creditworthiness.

Credit Score:

A number, roughly between 300 and 800, that measures an individual's credit worthiness.

Banks use a credit score to help determine whether you qualify for a particular credit card, loan, or service.

Cut-Off Time:

A time of day established by a bank for receipt of deposits. After the cut-off time, deposits are considered received on the next banking day. Cornerstone Bank's cut-off time is 4:00 pm.

Debit:

A debit may be an account entry representing money you owe a lender or money that has been taken from your deposit account.

Debit Card:

A debit card allows the account owner to access their funds electronically. Debit cards may be used to obtain cash from automated teller machines or purchase goods or services using point-of-sale systems. The use of a debit card involves immediate debiting and crediting of consumers' accounts.

Deferred Payment:

A payment postponed until a future date.

Delinquency:

A debt that was not paid when due.

Demand Deposit:

A deposit of funds that can be withdrawn without any advance notice.

Deposit Slip:

An itemized memorandum of the cash and other funds that a customer presents to the bank for credit to his or her account.

Direct Deposit:

A payment that is electronically deposited into an individual's account at a depository institution.

Electronic Banking:

A service that allows an account holder to obtain account information and manage certain banking transactions through a personal computer via the financial institution's Web site on the Internet. (This is also known as Internet or online banking.)

Electronic Cheque Conversion:

Electronic cheque conversion is a process in which your cheque is used as a source of information-for the cheque number, your account number, and the number that identifies your financial institution. The information is then used to make a one-time electronic payment from your account-an electronic fund transfer. The cheque itself is not the method of payment.

Electronic Funds Transfer (EFT):

The transfer of money between accounts by consumer electronic systems-such as automated teller machines (ATMs) and electronic payment of bills-rather than by cheque or cash. (Wire transfers, cheques, drafts, and paper instruments do not fall into this category.)

Encoding:

The process used to imprint or inscribe MICR characters on cheques, deposits, and other financial instruments. [Magnetic Ink Character Recognition (MICR) is a character-recognition technology adopted mainly by the banking industry to facilitate the processing of cheques. Each cheque is encoded at the bottom with the dollar amount of the cheque. If that information is entered incorrectly, there is an encoding error.]

Fixed Rate Loan:

The interest rate and the payment remain the same over the life of the loan. The consumer makes equal monthly payments of principal and interest until the debt is paid in full.

Fixed Rate Mortgage:

A mortgage with payments that remain the same throughout the life of the loan because the interest rate and other terms are fixed and do not change.

Foreclosure:

A legal process in which property that is collateral or security for a loan may be sold to help repay the loan when the loan is in default.

Foreign Transaction Fees:

A fee assessed by your bank for making a transaction at another bank's ATM.

Forged Cheque:

A cheque on which the drawer's signature has been forged.

Forgery:

The fraudulent signing or alteration of another's name to an instrument such as a deed, mortgage, or cheque. The intent of the forgery is to deceive or defraud.

Hold:

Used to indicate that a certain amount of a customer's balance may not be withdrawn until an item has been collected, or until a specific cheque or debit is posted.

Home Equity Loan:

A home equity loan allows you to tap into your home's built-up equity, which is the difference between the amount that your home could be sold for and the amount that you still owe. Homeowners often use a home-equity loan for home improvements, to pay for a new car, or to finance their child's college education. The interest paid is usually tax-deductible. Because the loan is secured by your home's equity, if you default, the bank may foreclose on your house and take ownership of it. This type of loan is sometimes referred to as a second mortgage or borrowing against your home.

IFSC-

IFSC is short for Indian Financial System Code and represents the 11 digit character that you can usually see on your bank's cheque leaves, or other bank sponsored material. This 11 character code helps identify the individual bank branches that participate in the various online money transfer options like NEFT and RTGS.

Insufficient Funds:

When a depositor's chequeing account balance is inadequate to pay a cheque presented for payment.

Insured Deposits:

Deposits held in financial institutions that are guaranteed by the Federal Deposit Insurance Corporation (FDIC) against loss due to bank failure.

Interest:

The term interest is used to describe the cost of using money, a right, share, or title in property.

Interest Rate:

The amount paid by a borrower to a lender in exchange for the use of the lender's money for a certain period of time. Interest is paid on loans or on debt instruments, such as notes or bonds, either at regular intervals or as part of a lump sum payment when the issue matures.

Late Charge:

The fee charged for delinquent payment on an installment loan, usually expressed as a percentage of the loan balance or payment.

Line of Credit:

A pre-approved loan authorization with a specific borrowing limit based on creditworthiness. A line of credit allows borrowers to obtain a number of loans without re-applying each time as long as the total of borrowed funds does not exceed the credit limit.

Loan-to-Value Ratio (LTV):

The ratio of the loan principal (amount borrowed) to the appraised value (selling price).

Loan Fee:

A fee charged by a lender to make a loan (in addition to the interest charged to the borrower).

MICR –

MICR is short for Magnetic Ink Character Recognition. This is a 9 digit code to identify the location of the bank branch. The MICR Code is a numeric code that uniquely identifies a bank-branch participating in the ECS Credit scheme. The MICR Code allotted to a bank branch is printed on the MICR cheques issued by bank branches.

Minimum Balance:

The amount of money required to be on deposit in an account to qualify the depositor for special services or to waive a service charge.

Mortgage:

A debt instrument used in a real estate transaction where the property is the collateral for the loan. A mortgage gives the lender a right to take possession of the property if the borrower fails to pay off the loan.

Mortgage Loan:

A loan made by a lender to a borrower for the financing of real property.

Mortgagee:

The lender in a mortgage loan relationship.

Mortgagor:

The borrower in a mortgage loan relationship. (Property is used as collateral to make payment.)

Official Cheque:

A cheque drawn on a bank and signed by an authorized bank official. (Also known as a cashier's cheque.)

Offset, Right of:

Banks' legal right to seize funds that a guarantor or debtor may have on deposit to cover a loan in default. It is also known as right of setoff

Online Banking:

A service that allows an account holder to obtain account information and manage certain banking transactions through a personal computer via the financial institution's web site on the Internet. (This is also known as Internet or electronic banking.)

Outstanding Cheque:

A cheque written by a depositor that has not yet been presented for payment to or paid by the depositor's bank.

Overdraft:

When the amount of money withdrawn from a bank account is greater than the amount actually available in the account, the excess is known as an overdraft, and the account is said to be overdrawn.

Overdraw:

To write a cheque for an amount that exceeds the amount on deposit in the account.

Over limit:

An open-end credit account in which the assigned dollar limit has been exceeded.

Payment Due Date:

The date on which a loan or installment payment is due. It is set by a financial institution. Any payment received after this date is considered late; fees and penalties can be assessed.

Payoff:

The complete repayment of a loan, including principal, interest, and any other amounts due. Payoff occurs either over the full term of the loan or through prepayments.

Periodic Rate:

The interest rate described in relation to a specific amount of time. The monthly

periodic rate, for example, is the cost of credit per month; the daily periodic rate is the cost of credit per day.

Periodic Statement:

The billing summary produced and mailed at specified intervals, usually monthly.

Personal Identification Number (PIN):

Generally a four-character number or word, the PIN is the secret code given to credit or debit cardholders enabling them to access their accounts. The code is either randomly assigned by the bank or selected by the customer. It is intended to prevent unauthorized use of the card while accessing a financial service terminal.

Point of Sale (POS):

The location at which a transaction takes place. It also include the systems that allow bank customers to effect transfers of funds from their deposit accounts and other financial transactions at retail establishments.

Power of Attorney:

A written instrument which authorizes one person to act as another's agent or attorney. The power of attorney may be for a definite, specific act, or it may be general in nature. The terms of the written power of attorney may specify when it will expire. If not, the power of attorney usually expires when the person granting it dies.

Preauthorized Electronic Fund Transfers:

An EFT authorized in advance to recur at substantially regular intervals.

Preauthorized Payment:

A system established by a written agreement under which a financial institution is authorized by the customer to debit the customer's account in order to pay bills or make loan payments.

Prepayment Penalty:

A penalty imposed on a borrower for repaying the loan before its due date. (In the

case of a mortgage, this applies when there is not a prepayment clause in the mortgage note to offset the penalty.)

Repo Rate

Repo Rate or the Repurchase Rate is the rate at which a bank borrows money from the Reserve Bank of India (RBI). The bank pledges or sells government securities to the RBI for the same.

Reverse Repo Rate

When banks have surplus funds and they deposit them with the RBI for short periods, the RBI offers them a Reverse Repo Rate.

Revolving Credit:

A credit agreement (typically a credit card) that allows a customer to borrow against a preapproved credit line when purchasing goods and services. The borrower is only billed for the amount that is actually borrowed plus any interest due. (Also called a charge account or open-end credit.)

Safekeeping:

A service provided by banks where securities and valuables are protected in the vaults of the bank for customers.

Service Charge:

A charge assessed by a depository institution for processing transactions and maintaining accounts.

Signature Card:

A card signed by each depositor and customer of a bank which may be used as a means of identification. The signature card represents a contract between the bank and the depositor.

Stale-Dated Cheque:

Presented to the paying bank 180 days (6 months) or more after the original issue date. Banks are not required by the Uniform Commercial Code to honor stale-dated cheques and can return them to the issuing

bank unpaid. The maker of a cheque can discourage late presentment by writing the words "not good after X days" on the back of the cheque.

Stop Payment:

An order not to pay a cheque that has been issued but not yet cashed. If requested soon enough, the cheque will not be debited from the payer's account. Most banks charge a fee for this service.

Variable Rate:

Any interest rate or dividend that changes on a periodic basis.

Accrued Interest

Accrued interest is the interest accumulated over an investment but not yet paid. It is also termed as interest receivable. Some banks call it 'Interest earned but not yet paid'.

Annuities

From a banking perspective, annuities are contracts. These contracts guarantee income or returns in exchange for a huge sum of money. This money is either deposited as a lump sum or with the help of periodic payments.

Automated Clearing House (ACH)

This is a nation-wide electronic clearinghouse that monitors and manages the process of cheque and fund clearance between banks. In simple words, when you deposit a cheque issued on a different bank into your bank account, the ACH manages the clearing process. Further, being electronic, it reduces manual work and distributes the credit and debit balances automatically.

A guarantor creates a trust which takes the responsibility of repayment of a loan. Usually, a guarantor is not liable for the repayment of the loan. However, in some cases, the liability and responsibility of repaying the loan lie with the guarantor.

Internet Banking

Most banks allow account holders to access their accounts using the internet. You can also perform certain transactions using this system. This is internet banking or online banking or e-banking.

Letter of Credit (Loc)

A bank issues a letter of credit on behalf of a buyer or an importer of goods. The Loc states the bank's commitment to pay the seller or exporter a specific amount for the purchase of goods by the buyer.

In order to receive the payment, the seller must fulfill the conditions specified in the Loc and submit the required documents. Usually, Locs are used in international trade transactions of huge amounts.

Mortgage

A mortgage is related to real estate. It is a legal agreement between a lender and a borrower. Further, the real estate property of the borrower is used as collateral for the loan. This also helps in securing the payment of the debt. Usually, in a mortgage agreement, the

lender has a right to confiscate the property if the borrower stops paying the installments.

Overdraft

It is the amount of cheque above the balance in the account of the issuer. Further, some banks allow certain account holders to overdraft up to a certain limit.

Time Deposit

A time deposit is a type of a bank deposit. In this deposit, the investor cannot withdraw his funds before a fixed time elapses.

Wholesale Banking

Many banks offer banking services to corporate entities, large institutions, and even other financial institutions. This segment forms the Wholesale Banking segment of a bank.

Zero-balance Account

Usually, account holders are required to maintain a certain minimum or average balance in their account. However, banks at times offer accounts which do not have this minimum or average balance requirement. This is a zero-balance account.

PAST YEAR MCQs

1. What term is used for maximum capital which the company can raise in its life time? **(IBPS PO Main 2015)**
 - (a) Authorized Capital
 - (b) Registered Capital
 - (c) Nominal Capital
 - (d) All of them
 - (e) None of these
2. The lock-in period in case of a term deposit means - **(SBI PO Main 2016)**
 - (a) Locker service is not available
 - (b) Premature withdrawal is not possible
 - (c) Another account cannot be opened
 - (d) No further investment is possible
 - (e) None of these
3. What does the term 'Call Money' refer to? **(IBPS PO Main 2016)**
 - (a) A loan made for a very short period of a few days or a week
 - (b) Student loans to help cover the cost of higher education
 - (c) Loans to allow consumers to buy homes they can't pay for upfront
 - (d) Personal loans for any personal expenses which don't have a designated purpose
 - (e) Loans to veterans and their families

4. In India, the National Income is measured on the basis of — **(IBPS PO/MT 2015)**
 - (a) Flow of goods only
 - (b) Number of employed youth only
 - (c) Volume of tax collected per annum
 - (d) Earning of people working in PSUs and Government jobs
 - (e) All of these
5. Which one of the following a measure of Fiscal Reforms, has Government of India adopted ? **(IBPS PO/MT 2015)**
 - (a) Bringing down fiscal deficit to a particular level by an Act of Law
 - (b) Fixing higher rate of growth
 - (c) Allocation of more funds to job oriented schemes
 - (d) Allocation of more funds to provide education to children who are 6–14 years of age
 - (e) None of these
6. The difference between the outflow and inflow of foreign currency is known as — **(SBI PO Main 2015)**
 - (A) Foreign Exchange Reserves
 - (B) Current Account Deficit
 - (C) Fiscal Deficit
 - (D) Balance of Payments
 - (a) Only A (b) Only B
 - (c) Only C (d) Only D
 - (e) None of these
7. Zero-based budgeting (ZBB) means- **(SBI PO Main 2015)**
 - (a) A tool of marketing cost
 - (b) a tool for financial analysis
 - (c) each year, budgeting starts from a scratch.
 - (d) a certain percentage of sales
 - (e) Both (a) & (b).
8. Which of the following statement is true about the Competition Commission? **(IBPS PO Main 2015)**
 1. The Competition has been established to prevent practices which do not support healthy business competition.
 2. The Commission will have five members including the chairman
 3. The Commission has to ensure that the financial operation of any business entity does not get concentrated in the hands of few people.
 - (a) Only 1 (b) Only 2
 - (c) Only 3 (d) All of them
 - (e) None of them
9. In a customer database, a customer's surname would be keyed into a _____. **(IBPS RRB Assistant 2015)**
 - (a) row (b) text filed
 - (c) record (d) computed field
 - (e) None of these
10. Control in design of an information system is used to _____. **(IBPS RRB Assistant 2015)**
 - (a) inspect the system and check that it is built as per specifications
 - (b) ensure that the system processes data as it was designed to and that the results are reliable
 - (c) ensure privacy of data processed by it
 - (d) protect data from accidental or intentional loss
 - (e) None of the above
11. Teleconferencing is _____. **(IBPS RRB Assistant 2015)**
 - (a) It refers to electronic meetings that involve people who are at physically different sites.
 - (b) Telecommunication technology allows participants to interact with one another without travelling to the same direction.
 - (c) It refers to electronic meetings that do not involve people
 - (d) Both a and b
 - (e) None of these

12. Electronic commerce or e-commerce as _____. **(IBPS RRB Assistant 2015)**
- (a) It is popularly known refers to the paperless exchange of business information
 - (b) They use Electronic Data Interchange, Electronic mail, Electronic Bulletin Boards, Electronic Fund Transfer and other network based technologies.
 - (c) EC is associated with buying and selling of products and services over computer communication networks.
 - (d) All of the above
 - (e) None of these
13. Which of the following describes changes in individuals behaviour arising from experience? **(SBI Clerk 2015)**
- (a) Modeling (b) Motivation
 - (c) Perception (d) Learning
 - (e) None of these
14. Anything can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need is called a(n). **(SBI Clerk 2015)**
- (a) Idea (b) Demand
 - (c) Product (d) Service
 - (e) None of these
15. _____ is the general term for buying and selling process that is supported by electronic means. **(SBI Clerk 2015)**
- (a) Internet commerce
 - (b) Web commerce
 - (c) Computer commerce
 - (d) Electronic commerce
 - (e) None of these
16. In terms of special product life cycles, a _____ is a basic and distinctive mode of expression. **(SBI Clerk 2015)**
- (a) Genre (b) Style
 - (c) Fashion (d) Fad
 - (e) None of these
17. Which of the following factors are the most popular bases for segmenting customer groups. **(SBI Clerk 2015)**
- (a) Geographic (b) Demographic
 - (c) Psychographic (d) Behavioral
 - (e) None of these
18. What is 'Globalization'? **(SBI Clerk 2015)**
- (a) Opening the economy for world trade
 - (b) Export and import trade
 - (c) Foreign tour
 - (d) Marketing foreign products
 - (e) None of these
19. Web marketing involves _____. **(SBI Clerk 2015)**
- (a) Selling web cameras
 - (b) Web advertisements
 - (c) E-mail chatting
 - (d) Browsing the web
 - (e) Door-to-door canvassing
20. In Marketing Mix 4 P's imply - **(SBI PO Main 2015)**
- (a) Product, Price, Place, Promotion
 - (b) Product, Price, Policy, Place
 - (c) Place, People, Product, Promotion
 - (d) All of the above
 - (e) None of these
21. For the buying and selling of precious metals such as Gold and Silver, the market established is termed as _____. **(IBPS PO Main 2016)**
- (a) Capital Market
 - (b) Money Market
 - (c) Bullion Market
 - (d) wholesale cash market
 - (e) None of the Above
22. Which of the following is not correct regarding Product Mix ? **(IBPS RRB Main 2017)**
- (a) It is the combination of products offered for sale by a retail outlet
 - (b) It takes into account both the variety and quantity of goods

- (c) It is used to attract a certain demographic of shoppers to the store
 (d) It is a number of products grouped together based on similar characteristics
 (e) It is more than Just inventory
23. What is the term when a seller tries to sell the same good at different prices ?
(IBPS RRB Main 2017)
- (a) Price Differential
 (b) Dumping
 (c) Price Discrimination
 (d) Bullying
 (e) None of these
24. Which of the following does not constitute customer identification process in the banking sector? **(IBPS RRB Main 2017)**
- (a) confirming the date of birth from an official document
 (b) confirming the permanent address
 (c) contacting the customer by telephone, by letter or by email to confirm the Information supplied after an account has been opened
 (d) confirming the marital status of the customer
 (e) confirming the validity of the official documentation provided through certification
25. What is the term for fixing high price for new product? **(IBPS RRB Main 2017)**
- (a) Decoy Pricing
 (b) Skimming
 (c) Freemium
 (d) Absorption Pricing
 (e) Odd Pricing
26. Making, issuing or circulating any written or oral statement that misrepresents the benefits, conditions, or terms of any insurance policy, or transaction is an example of: **(IBPS RRB Main 2017)**
- (a) Twisting
 (b) Unfair
 (c) Misrepresentation
 (d) Concealment
 (e) All of these
27. Grouping and processing all of a firm's transactions at one time is called –
(IBPS RRB Main 2017)
- (a) a database management system
 (b) batch processing
 (c) a real-time system
 (d) an on-line system
 (e) None of these

ANSWER KEYS

1.	(d)	2.	(b)	3.	(a)	4.	(e)	5.	(a)
6.	(b)	7.	(c)	8.	(d)	9.	(c)	10.	(b)
11.	(d)	12.	(d)	13.	(d)	14.	(c)	15.	(d)
16.	(b)	17.	(b)	18.	(a)	19.	(b)	20.	(a)
21.	(c)	22.	(d)	23.	(c)	24.	(d)	25.	(b)
26.	(c)	27.	(c)						

PRACTICE MCQs

1. A company which pools money from investors and invests in stocks, bonds and shares is called
 - (a) a bank
 - (b) an insurance company
 - (c) bank assurance
 - (d) mutual fund
 - (e) None of these
2. Association of National Exchange Members of India (ANMI) is a body consisting of
 - (a) Bankers and SEBI
 - (b) SEBI and IBA
 - (c) Brokers Operating in the National Exchanges
 - (d) Bankers, SEBI, IBA and RBI
 - (e) None of these
3. Banks borrow money from the RBI on which of the following rates?
 - (a) Reverse repo rate
 - (b) Repo rate
 - (c) SLR
 - (d) CRR
 - (e) Savings rate
4. The Interest rate at which the RBI lends to commercial banks in the short-term to maintain liquidity is known as
 - (a) interest rate
 - (b) repo rate
 - (c) reverse repo rate
 - (d) bank rate
 - (e) All of the above
5. Reverse repo means
 - (a) injecting liquidity by the Central Bank of a country through purchase of government securities
 - (b) absorption of liquidity from the market by sale of government securities
 - (c) balancing liquidity with a view to enhance economic growth rate
 - (d) improving the position of availability of the securities in the market
 - (e) All of the above
6. The rate on which banks borrow from the RBI is called
 - (a) SLR
 - (b) CRR
 - (c) Interest Rate
 - (d) Bank Rate
 - (e) Repo Rate
7. Which of the following is the full form of the term SLR as used in the banking sector?
 - (a) Social Lending Ratio
 - (b) Statutory Liquidity Ratio
 - (c) Scheduled Liquidity Rate
 - (d) Separate Lending Rate
 - (e) None of these
8. Which of the following is/are objective(s) of our Monetary Policy?
 - I. To anchor inflation expectations.
 - II. To actively manage liquidity.
 - III. To maintain interest rate regime consistent with price output and financial stability.Select the correct answer using the codes given below
 - (a) Only I
 - (b) Only II
 - (c) I and III
 - (d) All of the above
 - (e) None of these

9. If the cash reserve ratio is lowered by the RBI, its impact on credit creation will be to
- (a) increase it (b) decrease it
(c) no impact (d) constant
(e) None of these
10. The liquidity risk informs about a firm's
- (a) Ability to satisfy all future obligations
(b) Historical growth rates
(c) Profitability
(d) All of the above
(e) None of these
11. What does liquidity mean?
- (a) It means how cash is converted into gold.
(b) It means how easily and quickly an asset is converted into other assets.
(c) It means how cash is converted into SDR (Special Drawing Rights).
(d) It means how uncertain the money market conditions are.
(e) None of these

ANSWER KEYS

1.	(d)	2.	(c)	3.	(b)	4.	(b)	5.	(b)
6.	(e)	7.	(b)	8.	(d)	9.	(a)	10.	(a)
11.	(b)								

MONEY

Money is anything that is widely accepted in exchange for goods and services.

Types of Money**Commodity Money**

Commodity money is the type of Money that is in the form of a commodity with intrinsic value which means it has value outside of its use as money. The commodity itself represents money, and the money is the commodity. Example: Gold, silver, copper, salt, peppercorns, rice, large stones, etc.

Representative Money

It actually represents Money. It is exchangeable for a commodity. Examples: Token coins, or any other physical tokens like certificates.

Fiat Money

It is whose value is not derived from any intrinsic value or any guarantee that it can be converted into valuable commodity (like gold). It has value as money because a government decreed that it has value for that purpose.

MONEY MARKET

Money Market is a short-term credit market. The Money Market is regulated by the Reserve Bank of India. It is the centre in which short-term funds are borrowed and lent. It consists of borrowers and lenders of short-term funds.

The lenders are commercial banks, insurance companies, finance companies and the central bank. The money market brings together the lenders and the borrowers.

RBI Approach of Money Supply

The RBI controls the money supply in the economy by various means.

Various measures of money supply are:

(M0): Reserve Money

- = Currency in circulation + Bankers' deposits with the RBI + 'Other' deposits with the RBI
- = Net RBI credit to the Government + RBI credit to the commercial sector + RBI's claims on banks + RBI's net foreign assets + Government's currency liabilities to the public – RBI's net non-monetary liabilities.

M1

- = Currency with the public + Deposit money of the public (Demand deposits with the banking system + 'Other' deposits with the RBI).

M2

- = M1 + Savings deposits with Post Office savings banks.

M3: (Broad concept of money supply)

- = M1 + Time deposits with the banking system
- = Net bank credit to the Government + Bank credit to the commercial sector + Net foreign exchange assets of the banking sector + Government's currency liabilities to the public – Net non-monetary liabilities of the banking sector (Other than Time Deposits).

M4

- = M3 + All deposits with post office savings banks (excluding National Savings Certificates).

Liquidity of money

As we move from M1 to M4 the liquidity (inertia, stability, spend ability) of the money goes on decreasing and in the opposite direction, the liquidity increases.

Narrow money

In banking terminology, M1 is called narrow money as it is highly liquid and banks cannot run their lending programmes with this money.

Broad money

The money component M3 is called broad money in the banking terminology. With this money (which lies with banks for a known period) banks run their lending programmes.

3. Certificate of Deposit
4. Banker's Acceptance
5. Repurchase Agreement
6. Call Money

Treasury Bills

Treasury bills (T-bills) offer short-term investment opportunities, generally up to one year. They are thus useful in managing short-term liquidity. At present, the Government of India issues four types of treasury bills through auctions, namely, 14-days, 91-day, 182-day and 364-days. There are no treasury bills issued by State Governments.

Minimum Price

Treasury bills are available for a minimum amount of ₹ 25,000 and in multiples of ₹ 25,000. Treasury bills are issued at a discount and are redeemed at par.

Treasury bills are also issued under the Market Stabilization Scheme (MSS).

MONEY MARKET INSTRUMENTS

1. Treasury Bills
2. Commercial Papers

Difference between Commercial Paper and Certificates of Deposits

Certificate of Deposit	Commercial Paper (CP)
Certificate of Deposit (CD) is a negotiable money market instrument and issued in demat form or as a Usance Promissory Note against funds deposited at a bank or other eligible financial institution for a specified time period.	Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note. It was introduced in India in 1990 with a view to enabling highly rated corporate borrowers.
CDs can be issued by (i) scheduled commercial banks (excluding Regional Rural Banks and Local Area Banks); and (ii) select All-India Financial Institutions (FIs) that have been permitted by RBI.	Corporates, primary dealers (PDs) and the All-India Financial Institutions (FIs) are eligible to issue CP. (the tangible net worth of the company, as per the latest audited balance sheet, is not less than ₹4 crore)
Minimum amount of a CD should be ₹1 lakh , i.e., the minimum deposit that could be accepted from a single subscriber should not be less than ₹1 lakh, and in multiples of ₹1 lakh there after.	CP can be issued in denominations of ₹ 5 lakh or multiples thereof.

The maturity period of CDs issued by banks should not be less than 7 days and not more than one year, from the date of issue. The FIs can issue CDs for a period not less than 1 year and not exceeding 3 year from the date of issue.	CP can be issued for maturities between a minimum of 7 days and a maximum of a up to one year from the date of issue. However, the maturity date of the CP should not go beyond the date up to which the credit rating of the issuer is valid.
CDs can be issued to individuals, corporations, companies (including banks and PDs), trusts, funds, associations, etc. Non-Resident Indians (NRIs) may also subscribe to CDs, but only on non-repatriable basis, which should be clearly stated on the Certificate. Such CDs cannot be endorsed to another NRI in the secondary market.	Individuals, banking companies, other corporate bodies (registered or incorporated in India) and unincorporated bodies, NRIs and Foreign Institutional Investors (FIIs) etc. can invest in CPs. However, investment by FIIs would be within the limits set for them by Securities and Exchange Board of India (SEBI) from time-to-time.

Commercial Paper

- Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note. CP, as a privately placed instrument, was introduced in India in 1990 with a view to enable highly rated corporate borrowers to diversify their sources of short-term borrowings and to provide an additional instrument to investors.
- Individuals, banking companies, other corporate bodies (registered or incorporated in India) and Unincorporated bodies, Non-Resident Indians (NRIs) and Foreign Institutional Investors (FIIs) etc. can invest in CPs. However, investment by FIIs would be within the limits set for them by SEBI from time-to-time.

Who is permitted to issue CP

Subsequently, primary dealers (PDs) and all-India financial institutions (FIs) were also permitted to issue CP to enable them to meet their short-term funding requirements. **However, the corporate issuing CP should meet the following conditions**

1. The tangible net worth of the company, as per the latest audited balance sheet, is not less than ₹4 crore.

2. The company has been sanctioned working capital limit by banks or FIs; and
3. The borrowal account of the company is classified as a Standard Asset by the financing bank/institution.
4. The minimum credit rating shall be 'A-2' as per rating symbol and definition prescribed by SEBI

Minimum and Maximum period of maturity

CP can be issued for maturities between a minimum of 7 days and a maximum of up to one year from the date of Issue.

Denomination

CP can be issued in denominations of ₹5 lakh or multiples thereof.

Other Conditions

- Only a scheduled bank can act as an IPA for issuance of CP.
- CP can be issued either in the form of a promissory note or in a dematerialised form through any of the depositories approved by and registered with SEBI. Banks, FIS and PDS can hold CP only in dematerialized form.

Certificate of Deposit (CD)

Organised in 1989, the CD is used by banks and issued to the depositors for a specified period ranging less than one year – they are negotiable and tradable in the money market. Since 1993 the RBI allowed the financial institutions to operate in it – IFCI, IDBI, IRBI (IIBI since 1997) and the Exim Bank – they can issue CDs for the maturity periods above one year and up to three years.

Bankers' acceptance (BA)

A bankers' acceptance (BA) is a short-term credit investment created by a non-financial firm and guaranteed by a bank to make payment. Acceptances are traded at discounts from face value in the secondary market. Banker's acceptances are considered very safe instruments and are used extensively in foreign trade.

Repurchase Agreements

A repurchase agreement, also known as a **repo**, is the sale of securities together with an agreement for the seller to buy back the securities at a later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest, sometimes called the repo rate. The party that originally buys the securities

effectively acts as a lender. The original seller is effectively acting as a borrower, using their security as collateral for a secured cash loan at a fixed rate of interest.

Call and Notice Money Market

The money market is a market for short-term financial assets that are close substitutes of money. The most important feature of a money market instrument is that it is liquid and can be turned into money quickly at low cost and provides an avenue for equilibrating the short-term surplus funds of lenders and the requirements of borrowers.

- "Call Money" means deals in overnight funds.
- "Notice Money" means deals in funds for 2 -14 days.
- "Term Money" means deals in funds for 15 days - 1 year.

Participants

Scheduled commercial banks (excluding RRBs), co-operative banks (other than Land Development Banks) and Primary Dealers (PDs), are permitted to participate in call/notice money market both as borrowers and lenders.

PAST YEAR MCQs

1. What is MZM in money market?
(SBI PO Main 2015)
 - (a) Money with highest return
 - (b) Money with zero maturity
 - (c) Money with sovereign guarantee
 - (d) Monetary base or total currency
 - (e) None of these
2. The rate of inflation increases when the purchasing power of money _____
(IBPS PO Main 2016)
 - (a) Decreases (b) Increases
 - (c) Stable (d) Decrease just half
 - (e) None of these
3. The central government issued Treasury bills to fulfil which requirements of banks?
(RBI Assistant 2016)
 - (a) CLR
 - (b) SLR
 - (c) MSF
 - (d) RRR
 - (e) None of these
4. The value of goods and services in terms of money is _____
(IBPS RRB Main 2017)
 - (a) M_1 (b) NNP
 - (c) GDP (d) PPP
 - (e) M_3

ANSWER KEYS

1.	(b)	2.	(a)	3.	(b)	4.	(c)				

PRACTICE MCQs

1. Which of the following statements is/are correct?
 - i. Data on M_0 are published on monthly basis
 - ii. Data on M_1 and M_3 are available on weekly basis
 - (a) (i) only
 - (b) (ii) only
 - (c) both (i) and (ii)
 - (d) None of these
2. In terms of Section 24 of the Reserve Bank of India Act, 1934, the Reserve Bank of India may issue bank notes for the maximum denomination of
 - (a) ₹ 500
 - (b) ₹ 5000
 - (c) ₹ 10000
 - (d) ₹ 1000
 - (e) None of these
3. The monetary authority in India, viz Reserve Bank of India, is bound to maintain a reserve against the notes issued, whatever may be the amount. This system is called is
 - (a) minimum reserve system
 - (b) proportional reserve system
 - (c) maximum fiduciary issue system
 - (d) simple deposit system
 - (e) None of these
4. The note-issue system in India is based on
 - (a) Gold Deposit System
 - (b) Minimum Reserve System
 - (c) Proportional Reserve System
 - (d) Simple Deposit System
 - (e) None of these
5. The Indian rupee is a
 - (a) token coin
 - (b) standard-token coin
 - (c) standard coin
 - (d) gold coin
 - (e) None of these
6. Which of the following about money supply measures adopted in 1977 is correct?
 - (a) $M_2 = M_1 + \text{demand deposits with post offices}$
 - (b) $M_3 = M_1 + \text{term deposits with banks}$
 - (c) $M_4 = M_3 + \text{total deposits with post offices}$
 - (d) All the above
 - (e) None of these
7. The approved assets against which currency notes are issued by RBI comprise of
 - (a) gold coin and billion and rupee coin
 - (b) foreign securities and Government of India rupee securities of any maturity
 - (c) bills of exchange and promissory notes payable in India which are eligible for purchase by RBI
 - (d) All of the above
 - (e) None of these
8. Who is the final authority for deciding the design, form and material of bank notes?
 - (a) Central Government
 - (b) Reserve Bank of India
 - (c) Indian Banks Association
 - (d) Note Issuing Authority of India
 - (e) None of these
9. Whenever somebody needs foreign currency against Indian Rupee, banks give equivalent amount of desired currency based on prevalent?
 - (a) Bank rate
 - (b) Currency rate
 - (c) Policy rate
 - (d) Exchange rate
 - (e) Base rate

10. Which one of the following is the major component of the money supply in the Indian Economy?
 - (a) Currency component
 - (b) Deposit component
 - (c) Treasury bill with public
 - (d) Both (a) and (b)
 - (e) Both (b) and (c)
11. In India, Fixed Fiduciary System of note issue was in force from
 - (a) 1816 to 1920 (b) 1920 to 1945
 - (c) 1945 to 1950 (d) 1947 to 1952
 - (e) 1965 to 1972
12. Which one of the following methods is currently used in India to issue note?
 - (a) Fixed Fiduciary System
 - (b) Maximum Fiduciary System
 - (c) Proportional Reserve System
 - (d) Percentage Reserve System
 - (e) Minimum Reserve System
13. On 25th September, 1975, rupee was delinked from pound sterling and was linked to
 - (a) US dollar
 - (b) gold
 - (c) basket of currencies
 - (d) All of these
 - (e) None of these
14. The Reserve Bank of India began production of notes in 1938, issuing ₹ 25,10,1000 notes. ₹ 500 note was re-introduced again in
 - (a) 1987 (b) 2000
 - (c) 2003 (d) 2006
 - (e) 2010
15. Who decides on the quantity of coins to be minted?
 - (a) The Government of India
 - (b) RBI
 - (c) SBI
 - (d) All of the above
 - (e) None of these
16. Under Bretton Woods System, as a member of IMF, India declared its par value of rupee in terms of
 - (a) British pound
 - (b) US dollar
 - (c) A basket of currency
 - (d) Gold
 - (e) None of these
17. The merit of issuing notes with RBI can be seen is
 - (a) uniformity
 - (b) stability in currency
 - (c) control of credit
 - (d) All of these
 - (e) None of these
18. The association of the rupee with pound sterling as the intervention currency was broken in
 - (a) 1990 (b) 1991
 - (c) 1992 (d) 1993
 - (e) None of these
19. Currency notes and coins are called Fiat money because
 - (a) they do not have intrinsic value like gold or silver.
 - (b) they are made on special imported paper.
 - (c) they are printed by government.
 - (d) they exchange for goods and services.
 - (e) None of these
20. If banks and the private sector decide to hold less cash, the money multiplier will be
 - (a) unchanged (b) larger
 - (c) smaller (d) unstable
 - (e) None of these
21. Which of the following is/are correct for Money Market?
 - (a) It is a short-term credit market.
 - (b) It is regulated by the Reserve Bank of India
 - (c) It consists of borrowers and lenders of short-term funds.
 - (d) All the above
 - (e) None of these

22. Which of the following is/are Money Market instruments?
 (a) Treasury Bills
 (b) Commercial Papers
 (c) Certificate of Deposit
 (d) All the above
 (e) None of these
23. Treasury bills (T-bills) issued by the Government of India consists of three types, namely
 (a) 91-day (b) 182-day
 (c) 364-day (d) All the above
 (e) None of these
24. Capital Market deals in
 (a) long-term debt
 (b) equity claims
 (c) government securities
 (d) all the above
 (e) None of these
25. Mutual Fund can benefit from economy of scale because of
 (a) portfolio diversification
 (b) risk reduction
 (c) large volume of trades
 (d) All of the above
 (e) None of these
26. Stagflation implies a case of :
 (a) galloping inflation
 (b) recession plus inflation
 (c) adverse balance of trade
 (d) rising wages and employment
 (e) None of these
27. Cheap Money implies :
 (a) low rate of interest
 (b) low level of savings
 (c) low level of income
 (d) excess of bank money
 (e) None of these
28. Deficit financing aims to put more money into the economy by creating additional paper currency to fill the gap between expenditure and revenue. The device aims at economic development but if it fails, it generates :
 (a) inflation
 (b) devaluation
 (c) deflation
 (d) demonetisation
 (e) None of these
29. A steady increase in the general level of prices as a result the aggregate demand is increasing in unsustainable rate as compared to aggregate supply is termed as:
 (a) demand-pull inflation
 (b) cost-push inflation
 (c) stagflation
 (d) structural inflation
 (e) None of these
30. Broad money in India is :
 (a) M_1 (b) M_2
 (c) M_3 (d) M_4
 (e) None of these

ANSWER KEYS

1.	(d)	2.	(c)	3.	(a)	4.	(b)	5.	(b)
6.	(d)	7.	(d)	8.	(a)	9.	(d)	10.	(d)
11.	(a)	12.	(e)	13.	(c)	14.	(a)	15.	(a)
16.	(d)	17.	(d)	18.	(c)	19.	(a)	20.	(b)
21.	(d)	22.	(d)	23.	(d)	24.	(d)	25.	(d)
26.	(b)	27.	(a)	28.	(a)	29.	(a)	30.	(c)

Financial Schemes of Government

Government Schemes in India are launched by the government with the purpose of addressing the social and economic welfare of the citizens of this nation. These schemes play a crucial role in solving many socio-economic problems that beset Indian society and thus their awareness is a must for any concerned citizen.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

- Hon'ble Prime Minister announced Pradhan Mantri Jan Dhan Yojana as the National Mission on Financial Inclusion in his Independence Day address on 15th August 2014, to ensure comprehensive financial inclusion of all the households in the country by providing universal access to banking facilities with at least one basic bank account to every household, financial literacy, access to credit, insurance and pension facility.
- Under this, a person not having a savings account can open an account without the requirement of any minimum balance and, in case they self-certify that they do not have any of the officially valid documents required for opening a savings account, they may open a small account. Further, to expand the reach of banking services, all of over 6 lakh villages in the country were mapped into 1.59 lakh Sub Service Areas (SSAs), with each SSA typically comprising of 1,000 to 1,500 households, and in the 1.26 lakh SSAs that did not have a bank branch, Bank Mitras were deployed for branchless banking.
- Thus, PMJDY offers unbanked persons easy access to banking services and awareness about financial products through financial literacy programmes. In addition, they receive a RuPay debit card, with inbuilt accident insurance cover of Rs. 2 lakh, and access to overdraft facility upon satisfactory operation of account or credit history of six months. Further, through Prime Minister's Social Security Schemes, launched by the Hon'ble Prime Minister on 9th May 2015, all eligible account holders can access through their bank accounts personal accident insurance cover under Pradhan Mantri Suraksha Bima Yojana, life insurance cover under Pradhan Mantri Jeevan Jyoti Bima Yojana, and guaranteed minimum pension to subscribers under Atal Pension Yojana.
- PMJDY was conceived as a bold, innovative and ambitious mission. Census 2011 estimated that out of 24.67 crore households in the country, 14.48 crore (58.7%) had access to banking services. In the first phase of the scheme, these households were targeted for inclusion through opening of a bank account within a year of launch of the scheme. The actual achievement, by 26th January 2015, was 12.55 crore.
- As on 27.3.2019, the number of accounts has grown to 35.27 crore. Further, in 2011, only 0.33 lakh SSAs had banking facility and through provision of Bank Mitras in 1.26 lakh branchless SSAs, banking services were extended throughout rural India. The inclusive aspect of this is evident from the fact that 20.90 crore (60%) of PMJDY accounts are in rural areas and 18.74 crore (over 53%) PMJDY account holders are women.

- The deposit base of PMJDY accounts has expanded over time. As on 27.3.2019, the deposit balance in PMJDY accounts was Rs. 96,107 crore. The average deposit per account has more than doubled from Rs. 1,064 in March 2015 to Rs. 2,725 in March 2019.
- The Bank Mitra network has also gained in strength and usage. The average number of transactions per Bank Mitra, on the Aadhaar Enabled Payment System operated by Bank Mitras, has risen by over eightyfold, from 52 transactions in 2014-15 to 4,291 transactions in 2016-17.
- *With the outbreak of Covid-19 in India, the Finance Minister of India, Nirmala Sitharaman made an announcement to provide Rs. 500 per month to every Women Jan-Dhan Account Holders for the next three months. This announcement was made on 26th March, 2020 as an initiative towards the loss caused by the outbreak.*

From Jan Dhan to Jan Suraksha

- For creating a universal social security system for all Indians, especially the poor and the under-privileged the Hon'ble Prime Minister launched three Social Security Schemes in the Insurance and Pension sectors on 9th of May, 2015.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

- The PMJJBY is available to people in the age group of 18 to 50 years having a bank account who give their consent to join / enable auto-debit. Aadhar is the primary KYC for the bank account. The life cover of Rs. 2 lakh is for the one year period stretching from 1st June to 31st May and is renewable. Risk coverage under this scheme is for Rs. 2 lakh in case of death of the insured, due to any reason.
- The premium is Rs. 330 per annum which is to be auto-debited in one installment from the subscriber's bank account as per the option given by him on or before

31st May of each annual coverage period under the scheme. The scheme is being offered by the Life Insurance Corporation and all other life insurers who are willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose.

- As on 31st March, 2019, cumulative gross enrollment reported by banks subject to verification of eligibility, etc. is over 5.91 crore under PMJJBY. A total of 145763 claims were registered under PMJJBY of which 135212 have been disbursed.

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

- The Scheme is available to people in the age group 18 to 70 years with a bank account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis.
- Aadhar would be the primary KYC for the bank account. The risk coverage under the scheme is Rs. 2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability.
- The premium of Rs.12 per annum is to be deducted from the account holder's bank account through 'auto-debit' facility in one instalment. The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company who are willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose.
- As on 31st March, 2019, cumulative gross enrolment reported by Banks subject to verification of eligibility, etc. is over 15.47 crore under PMSBY. A total of 40,749 Claims were registered under PMSBY of which 32,176 have been disbursed.

Atal Pension Yojana (APY)

- APY was launched on 9th May, 2015 by the Prime Minister. APY is open to all saving bank/post office saving bank

account holders in the age group of 18 to 40 years and the contributions differ, based on pension amount chosen.

- Subscribers would receive the guaranteed minimum monthly pension of Rs. 1,000 or Rs. 2,000 or Rs. 3,000 or Rs. 4,000 or Rs. 5,000 at the age of 60 years. Under APY, the monthly pension would be available to the subscriber, and after him to his spouse and after their death, the pension corpus, as accumulated at age 60 of the subscriber, would be returned to the nominee of the subscriber.
- The minimum pension would be guaranteed by the Government, i.e., if the accumulated corpus based on contribution earns a lower than estimated return on investment and is inadequate to provide the minimum guaranteed pension, the Central Government would fund such inadequacy. Alternatively, if the returns on investment are higher, the subscribers would get enhanced pensionary benefits.
- In the event of pre-mature death of the subscriber, Government has decided to give an option to the spouse of the subscriber to continue contributing to APY account of the subscriber, for the remaining vesting period, till the original subscriber would have attained the age of 60 years.
- The spouse of the subscriber shall be entitled to receive the same pension amount as that of the subscriber until the death of the spouse. After the death of both the subscriber and the spouse, the nominee of the subscriber shall be entitled to receive the pension wealth, as accumulated till age 60 of the subscriber.
- As on 31st March, 2019, a total of 149.53 lakh subscribers have been enrolled under APY with a total pension wealth of Rs. 6,860.30 crore.

Pradhan Mantri Mudra Yojana (PMMY)

- The scheme was launched on 8th April 2015. Under the scheme a loan of upto

Rs. 50,000 is given under sub-scheme 'Shishu'; between Rs. 50,000 to 5.0 Lakhs under sub-scheme 'Kishore'; and between 5.0 Lakhs to 10.0 Lakhs under sub-scheme 'Tarun'.

- Loans taken do not require collaterals. These measures are aimed at increasing the confidence of young, educated or skilled workers who would now be able to aspire to become first generation entrepreneurs; existing small businesses, too, will be able to expand their activities.
- As on 31.03.2019, Rs. 3,21,722 crores sanctioned (Rs. 142,345 cr. - Shishu, Rs. 104,386 cr. Kishore and Rs. 74,991 cr. - Tarun category), in 5.99 crores accounts.

Stand Up India Scheme

- Government of India launched the Stand Up India scheme on 5th April, 2016. The Scheme facilitates bank loans between Rs.10 lakh and Rs.1 crore to at least one Scheduled Caste/ Scheduled Tribe borrower and at least one Woman borrower per bank branch for setting up greenfield enterprises.
- This enterprise may be in manufacturing, services or the trading sector. The scheme which is being implemented through all Scheduled Commercial Banks is to benefit at least 2.5 lakh borrowers. The scheme is operational and the loan is being extended through Scheduled Commercial Banks across the country.
- Stand Up India scheme caters to promoting entrepreneurship amongst women, SC & ST category i.e those sections of the population facing significant hurdles due to lack of advice/ mentorship as well as inadequate and delayed credit.
- The scheme intends to leverage the institutional credit structure to reach out to these underserved sectors of the population in starting greenfield enterprises. It caters to both ready and trainee borrowers.

- To extend collateral free coverage, Government of India has set up the Credit Guarantee Fund for Stand Up India (CGFSI). Apart from providing credit facility, Stand Up India Scheme also envisages extending handholding support to the potential borrowers. It provides for convergence with Central/ State Government schemes. Applications under the scheme can also be made online on the dedicated Stand Up India portal(www.standupmitra.in).
- As on 31.03.2019, Rs. 16,085 crore has been sanctioned in 72,983 accounts (59,429 – women, 3,103-ST and 10,451 – SC).

Pradhan Mantri Vaya Vandana Yojana (PMVVY)

- The 'Pradhan Mantri Vaya Vandana Yojana' has been launched by the Government to protect elderly persons aged 60 years and above against a future fall in their interest income due to the uncertain market conditions, as also to provide social security during old age. The scheme is implemented through the Life Insurance Corporation of India (LIC) and provides an assured return of 8% per annum for 10 years. Mode of pension payment under the Yojana is on a monthly, quarterly, half-yearly or annual basis depending on the option exercised by the subscriber.
- The scheme was initially open for subscription for a period of one year i.e. from 4th May, 2017 to 3rd May, 2018. Further, the minimum purchase price under the scheme was Rs.1.5 lakh per family for a minimum pension of Rs. 1,000/- per month and the maximum purchase price was Rs.7.5 lakh per family for a maximum pension of Rs.5,000/- per month.
- In pursuance to Budget Announcement 2018-19, the Pradhan Mantri Vaya Vandana Yojana has been extended up to 31st March, 2020. The limit of

maximum purchase price of Rs. 7.5 lakh per family under the scheme has also been enhanced to Rs 15 lakh per senior citizen. Accordingly, the maximum pension admissible under the scheme is now Rs.10,000/- per month.

Gold Monetization Scheme

- The scheme was announced in Budget 2015-16 with the aim of mobilizing the gold lying idle with households and trusts and deploying it for productive use. The scheme was launched by the Prime Minister of India on 5th November, 2015.
- The scheme will benefit the manufacturers of gold jewellery who are largely small and medium scale enterprises, by making gold available to them. It will also benefit the common man by allowing him/her to earn interest on their holdings of gold.

Sovereign Gold Bond Scheme

- The scheme was announced in Budget 2015-16 with the view to provide a new financial instrument of investment to public at large and for reducing the demand for physical gold. The scheme was launched by the Prime Minister of India on 5th November, 2015.
- In the long-run, this scheme will help in reducing the country's demand for import of gold, to a large extent. In the first tranche issuance of the bonds which was open from 6th November, 2015 to 30th November, 2015 approximately 250 crore worth SGBs were subscribed to.

Indian Gold Coin

- The scheme was announced in Budget 2015-16 with the view to promote indigenously minted national gold coins. The scheme is aligned with the 'Make in India' programme of the Government. The scheme was launched by the Prime Minister of India on 5th November, 2015.

Tax free bonds

- Government of India has allowed the issuance of Tax-free bonds of Rs 40000

crore during the Financial Year 2015-16, by Central Public Sector Enterprise (CPSE) such as National Highways Authority of India (NHAI), Indian Railways Finance Corporation (IRFC), Housing and Urban Development Corporation (HUDCO), Indian Renewable Energy Development Agency (IREDA), **Power Finance Corporation Limited (PFC)**, **Rural Electrification Corporation Limited (REC)**, National Thermal Power Corporation Limited (**NTPC**).

- The following categories of investors can subscribe to these Bonds: Retail Individual Investors (RIIs), Qualified Institutional Buyers (QIBs), Corporates (including statutory corporations), trusts, partnership firms, Limited Liability Partnerships, co-operative banks, regional rural Banks and other legal entities, subject to compliance with their respective Acts, and High Networth Individuals (HNIs). These Bonds are issued for ten (10) or fifteen (15) or twenty (20) years.

Startup India

Startup India is a flagship initiative of the Government of India, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India. The scheme was launched on 16th January, 2016, and this Initiative has rolled out several programs with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers. These programs are managed by a dedicated Startup India Team, which reports to the Department for Industrial Policy and Promotion (DPIIT).

Main Objectives

The main objective of the scheme is to build a strong ecosystem that is conducive for the growth of startup businesses, to drive sustainable economic growth and generate

large scale employment opportunities. The Government through this initiative aims to empower startups to grow through innovation and design.

The 19-Point Startup India Action Plan envisages several incubation centres, easier patent filing, tax exemptions, ease of setting-up of business, a INR 10,000 Crore corpus fund, and a faster exit mechanism. The broad scope of Startup India's programs is outlined in the Action Plan.

Sustainable Finance Scheme

SIDBI has introduced a new scheme called the Sustainable Finance Scheme for funding sustainable development projects that contribute energy efficiency and cleaner production but not covered under the international or bilateral lines of credit. All sustainable development projects such as renewable energy projects, Bureau of Energy Efficiency (BEE) star rating, green microfinance, green buildings and eco-friendly labelling, etc. are applicable for the scope of this scheme.

Overview

The scheme develops the entire value chain of energy efficiency (EE)/ cleaner production (CP) and sustainable development projects that lead to necessary improvements in EE/ CP/ sustainable development in the MSMEs that presently not covered under the viable financing lines of credit.

Main Objectives

- According to the definition laid down by the MSMED Act 2006, new/ existing MSME units would be eligible for assistance under the scheme.
- Existing units must have a satisfactory track record of the past performance and sound financial position and should not be in default to institutions/ banks
- The units should have a minimum credit rating of investment grade or its equivalent according to the internal credit rating model.

- Renewable energy projects such as solar power plants, wind energy generators, mini hydel power projects, biomass gasifier power plants, etc. for captive/ non-captive use.
- Any potential CP investments that include waste management
- Suitable assistance to OEMs that manufacture energy efficient/ cleaner production/ green machinery/ equipment. Further, the OEM has to be an MSME, or it has to supply its products to a substantial number of MSMEs

PAST YEAR MCQs

- KVP is a fixed income, long term and risk free government-run product. The minimum investment amount required to start with is ₹1,000. What is the maximum limit? (IBPS PO Main 2015)
 - ₹ 20,000
 - ₹ 50,000
 - ₹ 1,00,000
 - No maximum limit
 - None of these
- What is KVP lock period? (IBPS PO Main 2015)
 - 36 Months
 - 48 Months
 - 24 Months
 - 30 Months
 - 40 Months
- Nirmala Sitharaman said public sector banks will provide loans to retail, agriculture, and MSME loans and farmers under _____ category which can also be availed in 400 districts. (IBPS PO Main-2019)
 - RAM
 - ARM
 - MRA
 - MAR
 - RMA

ANSWER KEYS

1.	(d)	2.	(d)	3.	(a)						

PRACTICE MCQs

- What is the theme of the 'Pradhan Mantri Jan Dhan Yojana' (PMJDY) ?
 - Bringing more people under financial inclusion
 - Providing cash subsidy to farmers
 - Creating awareness about the value of money encouraging people to buy gold
 - Providing cash to people to participate in Mutual Funds market
- Which one of the following is the tag line of 'PMJDY'?
 - Hamara Khatha Hamara Swabhiman
 - Khatha Kholo, Paisa Bachao
 - Mera Khatha Bhagya Vidhata
 - Hamara Khatha Bhagya Vidhata
- How many no frill accounts opened under PMJDY on the day of launch?
 - 1.5 crore
 - 2.5 crore
 - 3.5 crore
 - 4.5 crore

4. Under PMJDY, every account holder will get a
 - (a) RuPay debit card
 - (b) Visa International debit card
 - (c) Master Card debit card
 - (d) EVM debit card
5. After six months of satisfactory operations, the account holder would be eligible overdraft facility under PMJDY.
 - (a) ₹ 5,000 (b) ₹ 15,000
 - (c) ₹ 25,000 (d) ₹ 35,000
6. What is the accidental insurance cover provided to account opened under PMJDY?
 - (a) ₹ 1 lakh (b) ₹ 2 lakhs
 - (c) ₹ 5 lakhs (d) ₹ 3 lakhs
7. What is the focus of 'Pradhan Mantri Jan Dhan Yojana' (PMJDY) ?
 - (a) Employees
 - (b) House wives
 - (c) Rural youth
 - (d) House holds
8. Stand Up India Scheme is to promote entrepreneurship among
 1. SC/ST 2. Minority
 3. Women
 - (a) Only 1 (b) Only 2
 - (c) 1 and 3 (d) All
9. What is the annual premium amount of Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)?
 - (a) ₹ 12 (b) ₹ 240
 - (c) ₹ 330 (d) ₹ 561
10. What is assured rate of return under Pradhan Mantri Vaya Vandana Yojana (PMVVY)?
 - (a) 4% (b) 5%
 - (c) 8% (d) 10%
11. What is the current Overdraft limit under Pradhan Mantri Jan Dhan Yojana (PMJDY)?
 - (a) ₹ 5000 (b) ₹ 6000
 - (c) ₹ 7500 (d) ₹ 10000
12. Which of the following statements is/are true about Pradhan Mantri JI-VAN Yojana?
 - (A) The target is to achieve 10% blending of ethanol in Petrol by 2022
 - (B) Provide incentive to domestic ethanol industry

Select the correct answer from below codes:

 - (a) Only A (b) Only B
 - (c) Both A and B (d) None
13. Which of the following about Pradhan Mantri Suraksha Bima Yojana (PMSBY) is correct?
 - (a) Life insurance scheme
 - (b) Pension guarantee scheme
 - (c) Accidental insurance scheme
 - (d) All of these
14. What is the maximum age limit for enrolling under Pradhan Mantri Suraksha Bima Yojana (PMSBY) ?
 - (a) 50 (b) 60
 - (c) 70 (d) 80
15. What is the annual premium under Pradhan Mantri Suraksha Bima Yojana (PMSBY)
 - (a) ₹ 12 (b) ₹ 18
 - (c) ₹ 330 (d) ₹ 365
16. What is the coverage period of PMSBY in a year?
 - (a) 1 January to 31 December
 - (b) 1 April to 31 March
 - (c) 1 June to 31 May
 - (d) 1 July to 30 June

17. In which year MGNREGA was enacted?
 (a) 26th January 2005
 (b) 15th August 2005
 (c) 23rd August 2005
 (d) 2nd October 2005
18. What is the annual income support provided to the eligible farmers under PM-KISAN scheme?
 (a) ₹ 3,000 (b) ₹ 6,000
 (c) ₹ 8,000 (d) ₹ 12,000
19. The Union Government on 24 January 2017 approved how much interest subsidy on loans of up to ₹ 2 lakh for all households which are not covered under Pradhan Mantri Aawas Yojana (Grameen)?
 (a) 3% (b) 4%
 (c) 5% (d) 6%
20. The Economic Survey 2016-17 has recommended which tool as an alternative to the various subsidy focused social welfare schemes?
 (a) Universal Basic Income
 (b) Employment Status
 (c) Universal Monthly Income
 (d) None of the above

ANSWER KEYS

1.	(a)	2.	(c)	3.	(a)	4.	(a)	5.	(a)
6.	(a)	7.	(d)	8.	(c)	9.	(c)	10.	(c)
11.	(d)	12.	(c)	13.	(c)	14.	(c)	15.	(a)
16.	(c)	17.	(c)	18.	(b)	19.	(a)	20.	(a)

Priority Sector Lending

Priority Sector Lending is the process of lending to those important sectors of the economy like agriculture and allied activities which may not get timely and adequate credit in the absence of this special dispensation.

Priority Sector Lending is an important role given by the (RBI) to the banks for providing a specified portion of the bank lending to few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections. The purpose of the Priority Sector is all round development of the economy.

Classification of different categories under priority sector

- (i) Agriculture
- (ii) Micro, Small and Medium Enterprises (MSMEs)
- (iii) Export Credit
- (iv) Education
- (v) Housing
- (vi) Social Infrastructure
- (vii) Renewable Energy
- (viii) Others

The targets and sub-targets set under priority sector lending for all small finance banks operating in India are as under:

Categories	Target
Total Priority Sector	75 per cent of Adjusted Net Bank Credit (ANBC)
Agriculture	18 per cent of ANBC. Within the 18 per cent target for agriculture, a target of 8 per cent of ANBC is prescribed for Small and Marginal Farmers.
Micro Enterprises	7.5 per cent of ANBC
Advances to Weaker Sections	10 percent of ANBC

Limits for investment in plant and machinery/ equipment:

The limits for investment in plant and machinery/equipment for manufacturing / service enterprise, as notified by Ministry of Micro, Small and Medium Enterprises.

Manufacturing Sector	
Enterprises	Investment in plant and machinery
Micro Enterprises	Does not exceed twenty-five lakh rupees
Small Enterprises	More than twenty-five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
Service Sector	
Enterprises	Investment in equipment
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

Eligible Categories under Priority Sector Lending

Agriculture

The lending to agriculture sector has been defined to include (i) Farm Credit (which will include short-term crop loans and medium/long-term credit to farmers) (ii) Agriculture Infrastructure and (iii) Ancillary Activities. A list of eligible activities under the three sub-categories is indicated below:

Farm credit

Loans to individual farmers [including Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual farmers, provided banks maintain disaggregated data of such loans] and Proprietorship firms of farmers, directly engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture. This will include:

- Crop loans to farmers, which will include traditional/non-traditional plantations and horticulture, and, loans for allied activities.
- Medium and long-term loans to farmers for agriculture and allied activities (e.g. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm, and developmental loans for allied activities.)
- Loans to farmers for pre and post-harvest activities, viz., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce.
- Loans to farmers up to ₹50 lakh against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months.
- Loans to distressed farmers indebted to non-institutional lenders.
- Loans to farmers under the Kisan Credit Card Scheme.

- Loans to small and marginal farmers for purchase of land for agricultural purposes.

Loans to corporate farmers, farmers' producer organizations/companies of individual farmers, partnership firms and co-operatives of farmers directly engaged in Agriculture and Allied Activities, viz. diary, fishery, animal husbandry, poultry, bee-keeping and sericulture up to an aggregate limit of ₹2 crore per borrower.

Agriculture infrastructure

- i. Loans for construction of storage facilities (warehouse, market yards, godowns and silos) including cold storage units/cold storage chains designed to store agriculture produce/products, irrespective of their location.
- ii. Soil conservation and watershed development
- iii. Plant tissue culture and agri-biotechnology, seed production, production of bio-pesticides, bio-fertilizer, and vermi composting.

For the above loans, an aggregate sanctioned limit of ₹100 crore per borrower from the banking system, will apply.

Ancillary activities

- Loans up to ₹5 crore to co-operative societies of farmers for disposing of the produce of members.
- Loans for setting up of Agriclincs and Agribusiness Centres.
- Loans for Food and Agro-processing up to an aggregate sanctioned limit of ₹100 crore per borrower from the banking system.
- Loans to Custom Service Units managed by individuals, institutions or organizations who maintain a fleet of tractors, bulldozers, well-boring equipment, threshers, combines, etc., and undertake farm work for farmers on contract basis.

- Outstanding deposits under RIDF and other eligible funds with NABARD on account of priority sector shortfall.

Important Points

- For classification under priority sector, no limits are prescribed for bank loans sanctioned to Micro, Small and Medium Enterprises engaged in the manufacture or production of goods under any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 and as notified by the Government from time to time. The manufacturing enterprises are defined in terms of investment in plant and machinery under MSMED Act 2006.
- Bank loans to Micro, Small and Medium Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSMED Act, 2006, irrespective of loan limits, are eligible for classification under priority sector, w.e.f. March 1, 2018.
- Bank loans up to a limit of ₹ 50 million per borrower for building social infrastructure for activities namely schools, health care facilities, drinking water facilities and sanitation facilities (including loans for construction/ refurbishment of toilets and improvement in water facilities in the household) in Tier II to Tier VI centres are eligible for classification under priority sector.
- Bank credit to Micro Finance Institutions (MFI) extended for on-lending to individuals/ members of SHGs/ JLGs for water and sanitation facilities is also eligible for classification as priority sector loans under 'Social Infrastructure' subject to certain criteria.
- Bank loans up to a limit of ₹ 150 million to borrowers for purposes like solar based power generators, biomass based power generators, wind mills, micro-hydel plants and for non-conventional energy based public utilities viz. street lighting systems, and remote village electrification are eligible to be classified under priority sector loans under 'Renewable Energy'. For individual households, the loan limit is ₹ 1 million per borrower.
- Loans to individuals for educational purposes including vocational courses upto ₹ 1 million irrespective of the sanctioned amount are eligible for classification under priority sector.
- Loans to individuals up to ₹3.5 million in metropolitan centres (with population of ten lakh and above) and loans up to ₹2.5 million in other centres for purchase/ construction of a dwelling unit per family, are eligible to be considered as priority sector provided the overall cost of the dwelling unit in the metropolitan centre and at other centres does not exceed ₹ 4.5 million and ₹ 3 million, respectively. Housing loans to banks' own employees are not eligible for classification under priority sector.
- Priority Sector Lending Certificates (PSLCs) are a mechanism to enable banks to achieve the priority sector lending target and sub-targets by purchase of these instruments in the event of shortfall. This also incentivizes surplus banks as it allows them to sell their excess achievement over targets thereby enhancing lending to the categories under priority sector. Under the PSLC mechanism, the seller sells fulfilment of priority sector obligation and the buyer buys the obligation with no transfer of risk or loan assets.

PAST YEAR MCQs

1. Base rate is the rate below which no bank can allow their lending to anyone. Who set up this base rate for banks?
(IBPS PO Main 2015)
 - (a) Individual Banks Boards
 - (b) Ministry of Commerce
 - (c) Ministry of Finance
 - (d) RBI
 - (e) Interest Rate Commission of India
2. Which bank has partnered with Srei Equipment Finance Limited to offer loans to MSMEs and retail customers under a co-lending arrangement?
(IBPS PO Main-2019)
 - (a) Punjab National bank
 - (b) State Bank of India
 - (c) Corporation Bank
 - (d) United Bank of India
 - (e) Axis Bank
3. Which bank launched "Dhanchayat" an Educational film, to raise awareness on the dangers of borrowing money from unorganized sources? (IBPS O/S-I 2015)
 - (a) ICICI
 - (b) SBI
 - (c) HDFC
 - (d) PNB
 - (e) None of these
4. Trading of priority sector lending certificates (PSLCs) on the government's _____ portal by banks will attract integrated goods and services tax.
(SBI PO Main-2019)
 - (a) e-dhan
 - (b) e-indra
 - (c) e-kuber
 - (d) e-mudra
 - (e) e-surya

ANSWER KEYS

1.	(a)	2.	(d)	3.	(c)	4.	(c)				

PRACTICE MCQs

1. Which of the following correctly describes what sub-prime lending is?
 - I. Lending to the people with less than ideal credit status.
 - II. Lending to the people who are high value customers of the banks.
 - III. Lending to those who are not a regular customer of a bank.
 Select the correct answer using the codes given below:
 - (a) Only I
 - (b) Only II
 - (c) Only III
 - (d) All of these
 - (e) None of these
2. Sub-prime lending refers to
 - (a) lending done by banks at rates below PLR
 - (b) funds raised by the banks at sub libor rates
 - (c) group of banks which are not rate as prime banks as per banker's almanac
 - (d) lending done by financing institutions including banks to customers not meeting with normally required credit appraisal standards
 - (e) None of these

3. Which of the following means of lending is considered as a priority sector loan?
 - (a) Loan for purchase of gold for marriage of daughter
 - (b) Car loan
 - (c) Housing loan
 - (d) Loan for purchase of tractor
 - (e) Education loan
4. Which of the following sectors is/are eligible for Interest Subvention Scheme?
 - (a) Textile (b) Automobile
 - (c) Agriculture (d) Both (a) and (c)
 - (e) None of these
5. Priority sector lending focuses on which of the following sectors?
 - (a) Education
 - (b) Agriculture
 - (c) Small scale industries
 - (d) All of the above
 - (e) None of these
6. What amount can be availed as housing loans in metro cities under priority sector lending?
 - (a) ₹ 28 lakh (b) ₹ 20 lakh
 - (c) ₹ 15 lakh (d) ₹ 10 lakh
 - (e) None of these
7. 'Sub prime lending' is a term applied to the loans made to
 - (a) these borrowers who do not have a good credit history
 - (b) those who wish to take loan against the mortgage of tangible assets
 - (c) those who have a good credit history and are known to bank since 10 years
 - (d) Both (a) and (b)
 - (e) None of the above
8. Which of the following aspects are outlined by the loan policy of a bank?
 - (a) Rating standards
 - (b) Lending procedures
 - (c) Financial covenants
 - (d) All of the above
 - (e) None of the above
9. An unsecured loan extended by one corporate to another is called
 - (a) commercial papers
 - (b) treasury bill
 - (c) inter-corporate deposits
 - (d) certificates of deposits
 - (e) All of the above
10. Since, acceptance of deposits and granting of loans are the two general functions of a bank, the relationship arising out of these two main activities is known as
 - (a) principal and agent relationship
 - (b) financier and financee relationship
 - (c) bailor and bailee relationship
 - (d) general relationship
 - (e) specific relationship
11. Which of the following lendings qualifies as a priority sector loan?
 - (a) Loan for purchase of gold for marriage of daughter
 - (b) Loan for consumer durables
 - (c) Housing loan
 - (d) Loan for purchase of tractor
 - (e) None of the above
12. Which one of the following does not qualify as priority sector lending by commercial banks?
 - (a) Software exports
 - (b) Small business loans
 - (c) Education loans
 - (d) Small industries loan
 - (e) None of the above

13. Which of the following means of lending is considered as a priority sector loan?
- Loan for purchase of gold for marriage of daughter
 - Car loan
 - Housing loan
 - Loan for purchase of tractor
 - Education loan
14. Which of the following does not qualify as priority sector lending?
- Agricultural lending
 - Education loans
 - Auto loans
 - Loans to small scale sector
 - Housing loan
15. Which of the following would be treated as an unsecured loan?
- Agricultural loan
 - Personal loan
 - Educational loan
 - Vehicle loan
 - Housing loan
16. The rate of interest banks charge its main/major and prime customers is popularly called as
- Risk Premium
 - Prime Lending Rate
 - Repo Rate
 - Reverse Repo Rate
 - Cost of Fund

ANSWER KEYS

1.	(a)	2.	(d)	3.	(d)	4.	(d)	5.	(d)
6.	(a)	7.	(a)	8.	(d)	9.	(c)	10.	(d)
11.	(d)	12.	(a)	13.	(d)	14.	(c)	15.	(b)
16.	(b)								

Insurance is a contract in which an insurer indemnifies another against losses from specific contingencies and/or perils. Alternatively it can be defined as an arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium.

Types of Insurance

Insurance can be categorised into Life Insurance or Non- life Insurance. It can be further divided into different types of General Insurances.

Life Insurance

Life Insurance is a financial cover for a contingency linked with human life, like death, disability, accident, retirement etc. Human life is subject to risks of death and disability due to natural and accidental causes. When human life is lost or a person is disabled permanently or temporarily, there is loss of income to the household and the insurance provides a hedge against the risk of uncertain loss.

Health Insurance

Health Insurance is the type of insurance that covers medical expenses related to medical-aid expenses. A health insurance policy like other policies is a contract between an insurer and an individual / group in which the insurer agrees to provide specified health insurance cover at a particular "premium" subject to terms and conditions specified in the policy.

General Insurance & Types

Travel Insurance

It provides insurance protection during travel. Depending upon the travel and policy requirement, it covers domestic travel or overseas travel or both. Travel Insurance protects you and/or family against travel related accidents, unexpected medical expenditure during travel, losses such as baggage loss, loss of passport etc and interruption or delays in flights or delayed arrival of baggage etc.

Motor Insurance

This type of insurance provides protection to the vehicle owner against, damages to his/her vehicle; pays for any third party liability determined as per law against the owner of the vehicle. The owner of the vehicle is legally liable for any injury or damage to third party life or property caused by or arising out of the use of the vehicle in a public place. Driving a motor vehicle without insurance in a public place is a punishable offence and hence needed during ownership of a motor vehicle.

Property Insurance

It covers insurance of buildings, machinery, stocks etc against Fire and Allied Perils, Burglary Risks and so on. Goods in transit via Sea, Air, Railways, Roads and Courier can be insured under Marine Cargo Insurance. Hulls of ship and boats can be insured under Marine Hull Insurance. Further, there are specialized policies available such as Aviation Insurance Policy for insurance of planes and helicopters. Thus Property Insurance is a vast category of General Insurance and the type of

cover depends upon the type of property one is seeking.

Public Sector Insurance Companies in India

Life Insurance Corporation of India (LIC)

Head Office- Mumbai

Chairman- M R Kumar

Managing Directors -

- **Vipin Anand**
- **TC Suseel Kumar**
- **Mukesh Kumar Gupta**
- **Raj Kumar**

Tagline- "Yogaksheman Vahamyaham"

- **LIC is the sole public sector company dealing with the Life Insurance.**
- Life Insurance Corporation of India LIC of India was incorporated on 1st September, 1956 by amalgamating 243 Companies by the Act of Parliament called Insurance Act, 1956.
- LIC is governed by the Insurance Act-1938, LIC Act-1956, LIC Regulations-1959 and Insurance Regulatory and Development Authority.
- The Corporation has branch Offices in Fiji, Mauritius and United Kingdom.
- LIC hold 51% stake in IDBI bank thus making it the only insurer in India to own a bank.
- Finance Minister in the annual budget 2020-21 had said that the government would sell a part of its 100 percent holding in LIC through an IPO in the next fiscal year.

General Insurance corporation of India (GIC)

Head office- Mumbai

CMD- Devesh Srivastava

Tagline- "Aapatkale Rakshisyami"

- The General insurance industry was nationalized in 1972 and 107 insurers were grouped and amalgamated into four Companies – National Insurance Co. Ltd., The New India Assurance Co. Ltd., The

Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd.

- The GIC was incorporated in the year 1972 and the other four companies became its subsidiaries.
- GIC was notified as the Indian Reinsurer, and its supervisory role over its subsidiaries was brought to an end (Nov. 2000)
- GIC's role as a holding company of its subsidiaries also came to an end and the ownership of the subsidiaries was transferred to the Government of India (March 2003).
- GIC has 2 foreign subsidiaries (GIC Re South Africa and GIC Re India Corporate Member Ltd. in UK).
- GIC ranked 11th among the top 40 global reinsurance groups by S&P Ranking

Oriental Insurance Company Limited

Head Office- New Delhi

Cmd- A V Girija Kumars

Tagline- "Prithivi, Agni, Jal, Akash, Sab Ki Suraksha Hamare Pass"

- Oriental Insurance Company Ltd was incorporated in the year 1947.
- In 2003 all shares of the company held by the General Insurance Corporation of India were transferred to the Government of India.
- The company provides insurance services to the customers catering to almost all segments of general Insurance business.

United India Insurance Company Limited (UIIC)

Head office- Chennai

CMD- Girish Radhakrishnan

Tagline- "Rest Assured With Us"

- United India Insurance Company Limited was incorporated in 1938.
- With the nationalization of General Insurance business in India, 12 Indian Insurance Companies, 4 Cooperative Insurance Societies and Indian operations

of 5 Foreign Insurers, besides General Insurance operations of southern region of Life Insurance Corporation of India were merged with United India Insurance Company Limited.

- The company provides insurance services to the customers catering to almost all segments of general insurance business.

The New India Assurance Company Limited

Head Office- Mumbai

CEO- Atul Sahai

Tagline- "India's Premier General Insurance Company"

- It was founded by Sir Dorabji Tata on July 23rd, 1919 and nationalized in 1973 with merger of Indian companies.
- The company provides insurance services to the customers having over 170 products catering to almost all segments of general insurance business.

National Insurance Company Limited

Head Office- Kolkata

CMD- Tajinder Mukherjee

Tagline- "Trusted Since 1906"

- The Company was incorporated in the year 1906. After nationalization it was merged, along with 21 foreign and 11 Indian companies, to form National Insurance Company Ltd.
- The company provides insurance services to the customers catering to almost all segments of general insurance business.

The government aims to complete merger of three state-owned general insurance companies - National Insurance Co Ltd, United India Insurance Co Ltd, and Oriental Insurance Co Ltd. Their combined net worth is Rs 9,243 crore with total employee strength of around 44,000 spread over 6,000 offices.

REGULATORY AUTHORITY

Insurance Regulatory and Development Authority of India (IRDAI)

Head Office- Hyderabad

Chairman- S C Khuntia

Tagline- "Promoting Insurance Protecting Insured"

- IRDAI is the regulatory authority for Indian insurance industry.
- It was established to protect the interests of the policyholders and work for the orderly growth of the industry.
- IRDAI frames regulations for insurance industry in terms of Section-114 -A of the Insurance Act-1938
- It strictly monitors activities of insurance sector for healthy development of the industry and protection of policyholders' interests

Insurance Ombudsman

- Insurance Ombudsman scheme was created by the Government of India for individual policyholders to have their complaints settled out of the courts system in a cost-effective, efficient and impartial way.
- Any policy holder/person who has a grievance against an insurer, may himself or through his legal heirs, nominee or assignee, make a complaint to the specified Insurance ombudsman based on the location.

Some facts about insurance

- There are 68 insurers operating in India; of which 24 are life insurers, 27 are general insurers, 6 are Standalone health insurers exclusively doing health insurance business and 11 are re-insurers including foreign reinsurers branches and Lloyd's India.
- There are 68 insurers presently in operation, 8 are in the public sector and the remaining 60 are in the private sector.
- Two specialized insurers, namely ECGC and AIC, one life insurer namely LIC of India (LIC), four in general insurance and one in reinsurance namely GIC Re. are in public sector.

- 23 life insurers, 21 general insurers, 6 standalone health insurers and 10 reinsurers including foreign reinsurers' branches and Lloyd's India are in private sector.

Market Size

- Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes.
- Gross direct premiums of non-life insurers in India reached US\$ 20.33 billion in FY20 (up to December 2019), gross direct premiums reached Rs 410.71 billion (US\$ 5.87 billion), showing a year-on-year growth rate of 14.47 per cent. Overall insurance penetration (premiums as per cent of GDP) in India reached 3.69 per cent in 2017 from 2.71 per cent in 2001.
- In FY20 (till February 2020), gross direct premiums of non-life insurers reached US\$ 24.82 billion, showing a year-on-year growth rate of 14.03 per cent.
- Private sector insurers saw a 17 per cent growth in premium collection; the state-owned non-life insurers registered a nine per cent growth in the same period.
- The market share of private sector companies in the non-life insurance market rose from 13.12 per cent in FY03 to 55.70 per cent in FY20 (up to April 2019).

Investments and Recent Developments

- In November 2019, Airtel partnered with Bharti AXA Life to launch prepaid bundle with insurance cover.
- In September 2019, Competition Commission of India (CCI) approved acquisition of shares in SBI General Insurance by Napean Opportunities LLP and Honey Wheat.
- HDFC Ergo acquired Apollo Munich Health Insurance at a valuation of around Rs 2,600 crore (US\$ 370.05 million).

The Government of India has taken a number of initiatives to boost the insurance industry. Some of them are as follows:

- As per Union Budget 2019-20, 100 per cent foreign direct investment (FDI) permitted for insurance intermediaries.
- In September 2018, National Health Protection Scheme was launched under Ayushman Bharat to provide coverage of up to Rs 500,000 (US\$ 7,723) to more than 100 million vulnerable families. The scheme is expected to increase penetration of health insurance in India from 34 per cent to 50 per cent.
- Over 47.9 million farmers were benefitted under Pradhan Mantri Fasal Bima Yojana (PMFBY) in 2017-18.
- The Insurance Regulatory and Development Authority of India (IRDAI) plans to issue redesigned initial public offering (IPO) guidelines for insurance companies in India, which are to looking to divest equity through the IPO route.
- IRDAI has allowed insurers to invest up to 10 per cent in additional tier 1 (AT1) bonds that are issued by banks to augment their tier 1 capital, in order to expand the pool of eligible investors for the banks.
- The future looks promising for the life insurance industry with several changes in regulatory framework which will lead to further change in the way the industry conducts its business and engages with its customers.
- The overall insurance industry is expected to reach US\$ 280 billion by 2020. Life insurance industry in the country is expected grow by 14-15 per cent annually for the next three to five years.
- Demographic factors such as growing middle class, young insurable population and growing awareness of the need for protection and retirement planning will support the growth of Indian life insurance.

PAST YEAR MCQs

1. Which bank announced that it had entered into agreements with private insurers Cigna TTK and Reliance General Insurance to provide health and general insurance services to its customers?
(RBI Assistant 2016)
 - (a) Tamilnadu Merchantile Bank
 - (b) Bank of Baroda
 - (c) Maharashtra Bank
 - (d) Andhra Bank
 - (e) None of these
2. An insurance policy qualifies as micro-Insurance policy if the benefits don't exceed
(IBPS RRB Main 2017)
 - (a) ₹ 10,000
 - (b) ₹ 25,000
 - (c) ₹ 50,000
 - (d) ₹ 1 lakh
 - (e) ₹ 2 lakh
3. An individual has secured a \$12,000 loan from the bank to purchase a boat, which is scheduled for repayment in monthly Instalments over 48 months. Which life insurance would protect the lender should the borrower die prior to retiring the debt ?
(IBPS RRB Main 2017)
 - (a) Level Term
 - (b) Enhanced Whole Life
 - (c) Modified Premium Life
 - (d) Decreasing Term
 - (e) None of these
4. Under which of the following sections of Insurance act 1938, the Amalgamation and Transfer of Insurance Business came?
(IBPS RRB PO Main 2018)
 - (a) section 23
 - (b) section 35
 - (c) section 40
 - (d) section 32
 - (e) section 56
5. Name the insurance company who has announced the launch of 'Wings', a specially designed mentorship program to empower the female workforce?
(SBI PO Main-2019)
 - (a) Kotak Mahindra Life Insurance
 - (b) Max Life Insurance
 - (c) Aditya Birla Sun Life Insurance
 - (d) Bajaj Allianz Life Insurance
 - (e) Aviva Life Insurance
6. IRDAI has directed all third-party insurance companies to include vehicle insurance policies cover to vehicle owners-drivers of all vehicles (two-wheelers, three-wheelers, passenger vehicles and commercial vehicles). How much is that additional premium?
(IBPS Clerk Main 2019)
 - (a) ₹ 500
 - (b) ₹ 750
 - (c) ₹ 10000
 - (d) ₹ 1000
 - (e) ₹ 5000

ANSWER KEYS

1.	(d)	2.	(c)	3.	(d)	4.	(b)	5.	(e)	6.	(b)

PRACTICE MCQs

1. Banks which undertake financial services such as insurance business, underwriting, and equipment leasing, are called
 - (a) Traditional Banking
 - (b) Para Banking
 - (c) CASA Banking
 - (d) Narrow Banking
 - (e) None of these
2. Banks are allowed to form subsidiaries as per
 - (a) Section 19(1) of the Banking Regulation Act, 1949
 - (b) The Reserve Bank of India Act, 1934
 - (c) The Subsidiary Banks General Regulation, 1959
 - (d) SIDBI General Regulations, 1990
 - (e) None of these
3. Which of the following is/are subsidiaries of banks that offer para banking services?
 - (a) SBI Pension Funds Private Ltd
 - (b) SBI Mutual Fund
 - (c) ICICI Ventures
 - (d) All of the above
 - (e) None of these
4. Which of the following statements is/are correct about bank's insurance business?
 - (a) Banks can set up a subsidiary/joint venture, as well as undertake insurance broking/ insurance agency.
 - (b) Banks do not need prior approval of RBI for setting up a subsidiary/joint venture.
 - (c) Both (a) and (b)
 - (d) None of these
 - (e) Only (b)
5. Bank's involvement in the Pension Fund Management (PFM) business is allowed under
 - (a) Pension Fund Regulatory and Development Authority (PFRDA) Act, 2013
 - (b) Section 6 of the Banking Regulation Act, 1949
 - (c) The Pensions Act, 1871
 - (d) General Provident Fund (Central Services) Rules, 1960
 - (e) None of these
6. Life insurance in its modern form came to India from England in the year
 - (a) 1818
 - (b) 1896
 - (c) 1905
 - (d) 1907
 - (e) 1919
7. Since, acceptance of deposits and granting of loans are the two general functions of a bank, the relationship arising out of these two main activities is known as
 - (a) principal and agent relationship
 - (b) financier and financee relationship
 - (c) bailor and bailee relationship
 - (d) general relationship
 - (e) specific relationship
8. Loans and advances a bank, provides come under which of the following category?
 - (a) Assets
 - (b) Liabilities
 - (c) Costs
 - (d) All of these
 - (e) None of these
9. Bancassurance means
 - (a) banks promising to give loans
 - (b) banks promising to pay interest
 - (c) banks selling insurance products
 - (d) assurance to repay loans.
 - (e) None of these
10. What is the interest rate under the Varishtha Pension Bima Yojana (VPBY) 2017, the senior citizen pension plan that was approved by the Union Cabinet on 24 January 2017?
 - (a) 7.0%
 - (b) 7.5%
 - (c) 8%
 - (d) 8.5%
 - (e) None of these

ANSWER KEYS

1.	(b)	2.	(a)	3.	(d)	4.	(a)	5.	(b)
6.	(a)	7.	(d)	8.	(a)	9.	(c)	10.	(c)

Deposit Insurance and Credit Guarantee Corporation

Deposit Insurance and Credit Guarantee Corporation (DICGC)

DICGC is one of the wholly owned subsidiary of the Reserve bank of India (RBI). It was established on 15 July 1978 under Deposit Insurance and Credit Guarantee Corporation Act, 1961 for the purpose of providing insurance of deposits and guaranteeing of credit facilities to the customers of banks.

The money of customers who deposit money in the banks is insured by DICGC. And the customers who take loans from banks are guaranteed of money by DICGC. Before DICGC, there were two corporations named Deposit Insurance Corporation (DIC) and Credit Guarantee Corporation of India Ltd. (CGCI) which were merged to form DICGC with a view to integrate the functions of both DIC and CGCI.

History of DICGC

- The concept of insuring deposits kept with banks received attention for the first time in the year **1948 after the banking crises in Bengal**. The question came up for reconsideration in the year 1949, but it was decided to hold it in abeyance till the **Reserve Bank of India** ensured adequate arrangements for inspection of banks.
- Subsequently, in the year 1950, the Rural Banking Enquiry Committee also supported the concept. Serious thought to the concept was, however, given by the Reserve Bank of India and the Central Government after the crash of the **Palai Central Bank Ltd., and the Laxmi Bank Ltd. in 1960**.
- The **Deposit Insurance Corporation (DIC)** Bill was introduced in the Parliament on **August 21, 1961**. After it was passed by the Parliament, the Bill got the assent of the President on December 07th 1961 and the **Deposit Insurance Act, 1961 came into force on January 1, 1962**.
- The Deposit Insurance Scheme was initially extended to functioning commercial banks only. This included the **State Bank of India and its subsidiaries**, other **commercial banks** and the branches of the **foreign banks operating in India**.
- The Reserve Bank of India also promoted a public limited company on **January 14, 1971**, named the **Credit Guarantee Corporation of India Ltd. (CGCI)**. The main thrust of the Credit Guarantee Schemes, introduced by the **Credit Guarantee Corporation of India Ltd.**, was aimed at encouraging the commercial banks to cater to the credit needs of the hitherto neglected sectors, particularly the weaker sections of the society engaged in non-industrial activities, by providing guarantee cover to the loans and advances granted by the credit institutions to small and needy borrowers covered under the priority sector.
- With a view to integrating the functions of deposit insurance and credit guarantee, the above two organisations (**DIC & CGCI**) were merged and the present Deposit Insurance and Credit Guarantee Corporation (**DICGC**) **came into existence on July 15, 1978**. Consequently, the title of Deposit Insurance Act, 1961

was changed to 'The Deposit Insurance and Credit Guarantee Corporation Act, 1961'.

The objective of DICGC

- The functions of the DICGC are governed by the provisions of 'The Deposit Insurance and Credit Guarantee Corporation Act, 1961' (DICGC Act) and 'The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961' framed by the Reserve Bank of India in exercise of the powers conferred by sub-section (3) of Section 50 of the said Act.

Features of DICGC

- DICGC charges 10 paise per ₹ 100 of deposits held by a bank. The premium paid by the insured banks to the Corporation is paid by the banks and is not to be passed on to depositors.
- DICGC last revised the deposit insurance cover to ₹ 1 lakh on May 1, 1993, raising it from ₹ 30,000 since 1980. The protection cover of deposits in Indian banks through insurance is **among the lowest in the world**.
- The **Damodaran Committee on 'Customer Services in Banks' (2011)** had recommended a five-time increase in the cap to ₹5 lakh due to **rising income levels and increasing size of individual bank deposits**.
- Recently in February 2020 as per the budget provision, the Deposit Insurance and Credit Guarantee Corporation (DICGC), raised the limit of insurance cover per depositor from Rs 1 lakh to Rs 5 lakh
- The corporation covers all individual bank deposits -- savings, fixed, current and recurring -- at all commercial and co-operative banks. Banks, including regional rural banks, local area banks, foreign banks with branches in India, and cooperative banks, are mandated to take

deposit insurance cover with the DICGC.

- The primary cooperative societies, however, are not insured by the DICGC. With the latest change, the insurance limit for each depositor in a bank, will be capped at Rs 5 lakh, including both principal and interest amounts.
- In case a bank goes into liquidation, depositors would get the insurance money as per their deposits for a maximum of up to Rs 5 lakh. The demand for the change in limits to Rs 5 lakh became stronger after the collapse of Punjab Mumbai Co-operative (PMC) Bank.

The insurance premium is paid by the insured banks itself. This means that the benefit of deposit insurance protection is made available to the depositors or customers of banks free of cost.

- The Corporation has the power to cancel the registration of an insured bank if it fails to pay the premium for three consecutive half-year periods.
- The Corporation may restore the registration of the bank, which has been de-registered for non-payment of premium, if the concerned bank makes a request in this behalf and pays all the amounts due by way of premium from the date of default together with interest.

Management of DICGC

- **The authorised capital** of the Corporation is **50 crore**, which is fully issued and subscribed by the **Reserve Bank of India (RBI)**. The management of the Corporation vests with its Board of Directors, of which a **Deputy Governor of the RBI is the Chairman**. The Head Office of the Corporation is in **Mumbai**. An Executive Director is in overall charge of its day-to-day operations. It has four Departments, viz. **Accounts, Deposit Insurance, Credit Guarantee and Administration**, under the supervision of other Senior Officers.

Banks covered by Deposit Insurance Scheme

1. **All commercial banks** including the branches of **foreign banks** functioning in India, **Local Area Banks and Regional Rural Banks**.
2. **Co-operative Banks** – All eligible co-operative banks as defined in Section 2(gg) of the **DICGC Act** are covered by the Deposit Insurance Scheme. All State, Central and Primary co-operative banks functioning in the States/Union Territories which have amended their Co-operative Societies Act as required under the **DICGC Act, 1961**, empowering RBI to order the Registrar of Co-operative Societies of the respective States/Union Territories to wind up a co-operative bank or to supersede its committee of management and requiring the Registrar not to take any action for winding up, amalgamation or reconstruction of a co-operative bank without prior sanction in writing from the RBI, are treated as eligible banks. At present all Co-operative banks are covered by the Scheme. The Union Territories of **Lakshadweep and Dadra and Nagar Haveli** do not have Co-operative Banks.

Insurance coverage

Initially, under the provisions of Section 16(1) of the **DICGC Act**, the insurance cover was limited to **1,500/- only per depositor(s)** for deposits held by him (them) in the “same right and in the same capacity” in all the branches of the bank taken together. However, the Act also empowers the Corporation to raise this limit with the prior approval of the Central Government. Accordingly, the insurance limit was enhanced from time to time as follows:

- 5,000/- with effect from **1st January 1968**
- 10,000/- with effect from **1st April 1970**

- 20,000/- with effect from **1st January 1976**
- 30,000/- with effect from **1st July 1980**
- 1,00,000/- with effect from **1st May 1993 onwards**.
- 5,00,000/- with effect from **4th February 2020 onwards**.

Types of Deposits Covered

DICGC insures all bank deposits, such as **saving, fixed, current, and recurring, etc.** except the following types of deposits.

- Deposits of foreign Governments.
- Deposits of Central/State Governments.
- Inter-bank deposits.
- Deposits of the State Land Development Banks with the State co-operative banks.
- Any amount due on account of and deposit received outside India.
- Any amount which has been specifically exempted by the corporation with the previous approval of the RBI.

Accounts

The Corporation maintains the following Funds:

- Deposit Insurance Fund
- Credit Guarantee Fund
- General Fund

The first two are funded respectively by the insurance premier and guarantee fees received and are utilised for settlement of the respective claims.

The General Fund is utilised for meeting the establishment and administrative expenses of the Corporation.

Administration

The Administration Department of DICGC attends to all staff and establishment related functions in respect of the employees of the Corporation who all are the employees of RBI. DICGC is treated as an independent salary drawing unit.

PAST YEAR MCQs

1. DICGC, Act is related to which sector?
(a) Banking (b) Agricultural
(c) Industrial (d) Sport
(e) None of these
(RBI Assistant 2015)
2. The maturity period of Public Provident Fund (PPF) account is how many years?
(a) 15 years (b) 7 years
(c) 10 years (d) 5 years
(e) None of these
(IBPS PO Main 2016)

ANSWER KEYS

1.	(a)	2.	(a)								

PRACTICE MCQs

1. Deposit Insurance and Credit Guarantee Corporation Act was passed in....
(a) 1985 (b) 1991
(c) 2001 (d) 1961
(e) 2002
2. Where is the headquarters of DICGC
(a) Hyderabad (b) Kolkata
(c) Pune (d) Bengaluru
(e) Mumbai
3. Authorised capital of DICGC is Rs.50 crore, which is fully issued and subscribed by
(a) RBI (b) SBI
(c) LIC
(d) State government of Maharashtra
(e) NABARD
4. Which of the following types of banks are covered by the Deposit Insurance Scheme of DICGC is
(a) Public sector banks
(b) Private Sector banks
(c) Foreign banks
(d) Co-operative banks as defined in Section 2(gg) of the DICGC Act
(e) All of the above
5. Insurance cover of Deposit Insurance and Credit Guarantee Corporation limited to.....
(a) ₹ 1,000 (b) ₹ 5,000
(c) ₹ 50,000 (d) ₹ 1,00,000
(e) ₹ 5,00,000
6. The deposits covered under the DICGC Act is ?
(a) Savings Account
(b) Current Account
(c) Fixed Deposit
(d) Recurring Deposit
(e) All of the above
7. The deposits not covered under DICGC Act is.....
(a) Deposits of Central/ State governments
(b) Inter-bank deposits
(c) Any amount due on account of and deposit received outside India
(d) Deposits of foreign governments
(e) All of the above

8. Premium to be paid for insurance of bank deposits under Deposit Insurance and Credit Guarantee Corporation currently.....
- (a) Deposits in rupees rounded to thousands $\times 0.05 / 100$
 (b) Deposits in rupees rounded to thousands $\times 1.00 / 100$
 (c) Deposits in rupees rounded to thousands $\times 0.50 / 100$
 (d) Deposits in rupees rounded to thousands $\times 02.00 / 100$
 (e) None
9. Under DICGC Act, the insured bank is required to remit premium not later than the last day of May and each year.....
- (a) November (b) December
 (c) October (d) July
 (e) None
10. The concept of insuring deposits kept with banks received attention for the first time in the year 1948 after the banking crises in....
- (a) Kerala (b) Maharashtra (c) Delhi (d) Ahmedabad
 (e) None
11. Which committee supported the insuring of banking deposits in 1950?
- (a) Hilton-Young commission
 (b) C. Ranga Rajan Committee
 (c) Rural Banking Enquiry Committee
 (d) V. K. Rao committee
 (e) None
12. Insurance covered under the DICGC....
- (a) only principle amount deposit
 (b) only interest accrued on principle
 (c) principle and interest accrued for the first three months on principle
 (d) both principle and interest
 (e) interest accrued first year only
13. Who pay the insurance premium to cover the ₹ 1 lakh bank deposits?
- (a) Customer
 (b) RBI
 (c) Insured Bank
 (d) Nominee of the customer
 (e) None

ANSWER KEYS

1.	(d)	2.	(e)	3.	(a)	4.	(e)	5.	(e)
6.	(e)	7.	(e)	8.	(a)	9.	(a)	10.	(e)
11.	(c)	12.	(d)	13.	(c)				

Financial Inclusion and the Related Schemes

“Financial inclusion is delivery of banking services at an affordable cost (‘no frills’ accounts,) to the vast sections of disadvantaged and low income group. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy.”

Importance of FINANCIAL INCLUSION

The policy makers have been focusing on Financial Inclusion of Indian rural and semi-rural areas primarily for three most important pressing needs.

1. **Creating a platform for inculcating the habit to save MONEY** – The lower income category has been living under the constant shadow of financial duress mainly because of the absence of savings. The absence of savings makes them a vulnerable lot. Presence of banking services and products aims to provide a critical tool to inculcate the habit to save. Capital formation in the country is also expected to be boosted once financial inclusion measures materialize, as people move away from traditional modes of parking their savings in land, buildings, bullion, etc.
2. **Providing formal credit avenues** – So far the unbanked population has been vulnerably dependent of informal channels of credit like family, friends and moneylenders. Availability of adequate and transparent credit from formal banking channels shall allow the entrepreneurial spirit of the masses to increase outputs and prosperity in the countryside.
3. **Plug gaps and leaks in public subsidies and welfare programmes** – A considerable sum of money that is meant

for the poorest of poor does not actually reach them. While this money meanders through large system of government bureaucracy, much of it is widely believed to leak and is unable to reach the intended parties. Government is therefore, pushing for direct cash transfers to beneficiaries through their Bank Accounts rather than subsidizing products and making cash payments.

Steps taken to support FINANCIAL INCLUSION

- **Banking services reach homes through business correspondents** – The banking systems have started to adopt the business correspondent mechanism to facilitate banking services in those areas where banks are unable to open brick and mortar branches for cost considerations. Business Correspondents provide affordability and easy accessibility to this unbanked population. Armed with suitable technology, the business correspondents help in taking the banks to the doorsteps of rural households. So far, 110,000 business correspondents have been employed through the business facilitator and business correspondent (BC) models and set up goals for banks to provide access to formal banking to all 74,414 villages with population over 2000.
- **No-frills accounts:** These accounts provide basic facilities of deposit and withdrawal to accountholders. It makes banking affordable by cutting down on extra frills that are of no use for the lower section of the society. These accounts are expected to provide a low-cost mode to access Bank Accounts. RBI also eased KYC (Know Your customer) norms for opening of such accounts.

- **Kisan Credit Card (KCC)** – was introduced by NABARD from the year 1998-99, to meet production credit requirements and short-term credit needs in a timely and hassle-free manner credit for crop production.
 - **Lead Bank Scheme** – 1969: aimed at forming a coordinated approach for providing banking facilities. To enable banks to assume their lead role in an effective and systematic manner, all districts in the country (except the metropolitan cities of Mumbai, Kolkata, Chennai and certain Union Territories) were allotted among Public Sector Banks and a few Private Sector Banks. The Lead bank role is to act as a consortium leader for co-coordinating the efforts of all credit institutions in each of the allotted districts for expansion of branch banking facilities and for meeting the credit needs of the rural economy. For the preparation of District Credit Plans and monitoring their implementation a Lead bank Officer (LBO) now designated as Lead District Manager was appointed in 1979.
 - **Local Area Banks** (1996) –are expected to bridge the gap in credit availability and strengthen the institutional credit framework in the rural and semi-urban areas. Although the geographical area of operation of such banks will be limited, they will be allowed to perform all functions of a scheduled commercial bank. Licences are given out in under-banked or unbanked areas of the country. Some of these local area banks could eventually become full-fledged banks. At some stage the local area banks are likely to have a capital adequacy ratio higher than 15% to offset higher risk arising from being geographically focused. The scheduled commercial banks are required to have a capital adequacy ratio — ratio of capital fund to risk weighted assets expressed in percentage terms — of 12%
 - **Swabhiman** – Opening of Bank accounts covering the habitations with minimum population at least through Business correspondent model providing cash services. Habitations with population more than 2000 in plain areas and 1000 in north-eastern and hilly states as per 2011 census are covered.
 - **Direct Benefit Transfer:** Cash transfer through Aadhar Payment Bridge requires Bank accounts which lead to financial inclusion.
 - **Interest subvention scheme:** facilitates access to cheap credit from the banks indirectly through interest subsidies from the govt. It is a subsidy of interest given by Government to certain sectors like Textiles, Farm. For example, a textile company borrow from Bank at 10% and Government gives subvention of 2%. Hence net bank takes interest from textiles companies 8%. Other sectors have to pay 10% to the bank. Likewise, Farm or Agriculture sectors borrows from Bank at 10% and they will get 4% subvention from the govt. Certain sectors are covered by the system of Differential rate interest (DRI) which is less than base rate e.g. Educational loans, export credit, agriculture, credit to weaker sections.
 - **Priority Sector Lending:** Reserve Bank of India allows banks to provide a specified portion of the bank lending to a few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections. The highlights of priority sector lending is given below:
 - It aims at an all round development of the economy as opposed to focusing only on the financial sector.
 - Broad categories of priority sector for all scheduled commercial banks are:
 - a) Agriculture and Allied Activities;
 - b) Small Scale Industries (Direct and Indirect Finance);
 - c) Small Business / Service Enterprises;
 - d) Micro Credit;
 - e) Education loans;
 - f) Housing loans.
- Rashtriya Mahila Kosh (RMK)-** to facilitate credit support to poor women for their socio-economic upliftment;

- **Pradhan Mantri Jan Dhan Yojana (PMJDY)** is India's National Mission for Financial Inclusion to ensure access to financial services, namely Banking, Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. It is run by Department of Financial Services, Ministry of Finance. Till 28 February 2018, over 31 crore bank accounts were opened and almost ₹755 billion was deposited under the scheme. Under the scheme:
 1. Account holders will be provided bank accounts with no minimum balance.
 2. RuPay debit cards will be issued.
 3. Accidental insurance cover of ₹1 lakh.
 4. After six months of opening of the bank account, holders will be eligible for ₹ 5,000 overdraft from the bank.
 5. With the introduction of new technology introduced by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones.
 6. Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together.
- **Basic Savings Bank Deposit Account (BSBDA)**
The aim of introducing BSBDA is part of the efforts of RBI for furthering financial inclusion. The Basic Savings Bank Deposit Account allows you to bank with a zero minimum balance requirement. All the existing 'No-frills' accounts opened by the banks are now converted into BSBDA in compliance with the guidelines issued in 2012 by the Reserve Bank of India as well as fresh accounts opened under the said circular should be treated as BSBDA.
- **RBI guidelines:**
 - Basic Savings Bank Deposit Account should be considered as a normal banking service available to all customers (Any individual, including poor or those from weaker section of the society), through branches.
 - BSBDA guidelines are applicable to "all scheduled commercial banks in India, including foreign banks having branches in India".
 - The services available in the account will include deposit and withdrawal of cash at bank branch as well as Free ATM-cum-Debit Card, Receipt/credit of money through electronic payment channels or by means of deposit/collection of cheques drawn by Central/State Government agencies and departments.
 - There will be no limit on the number of deposits that can be made in a month; account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals.
 - No charge will be levied for nonoperation/activation of inoperative 'Basic Bank Deposit Account'.
 - Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank deposit account in that bank. If a customer has any other existing savings bank deposit account in that bank, he/she will be required to close it within 30 days from the date of opening a 'Basic Bank Deposit Account'.
 - One can have Term/Fixed Deposit, Recurring Deposit etc. and accounts in the bank where one holds 'Basic Savings Bank Deposit Account'.
 - **Payment Banks and Small Finance Banks-** On recommendation of Nachiket Mor committee there are various measures for opening of two special kinds of banks in India which are:
 - **Payment banks-** These banks only accept deposit from public and will not lend loans, these payment banks will provide payment services and deposit products to its target customers which will be small businesses and low-income households. Till date 11 licenses have been granted out of which four banks are functional which are – Paytm, Airtel, Indian postal payment bank, Finopayment

- **Small finance banks-** Small finance banks are a type of niche banks in India. Banks with a small finance bank license can provide basic banking service of acceptance of deposits and lending
- **Financial Literacy Programme:** Financial Literacy Centers were started by commercial banks at the request of RBI to give awareness and education to the public to access financial products. Here, RBI's policy is that financial inclusion should go along with financial literacy. RBI provides support to Financial Literacy and Credit Counseling Centers (FLCCs).

COMMITTEES ON FINANCIAL INCLUSION

Khan Commission

RBI set up a commission (Khan Commission) in 2004 to look into financial inclusion and the recommendations of the commission were incorporated into the mid-term review of the policy (2005–06) and urged banks to review their existing practices to align them with the objective of financial inclusion. RBI also exhorted the banks and stressed the need to make available a basic banking 'no frills' account either with 'NIL' or very minimum balances as well as charges that would make such accounts accessible to vast sections of the population.

Rangarajan Committee Report on Financial Inclusion

In 2006, Government of India constituted a "Committee on Financial Inclusion" which was headed by Dr C Rangarajan, the then Chairman, Economic Advisory Council to the Prime Minister.

- **National Mission on Financial Inclusion**
- The Committee feels that the task of financial inclusion must be taken up in a mission mode as a financial inclusion plan at the national level. A National Mission on Financial Inclusion (NaMFI) comprising representatives from all stakeholders may be constituted to aim at achieving universal financial inclusion within a specific time frame. The Mission should be responsible

for suggesting the overall policy changes required for achieving the desired level of financial inclusion, and for supporting a range of stakeholders – in the domain of public, private and NGO sectors – in undertaking promotional initiatives.

- **National Rural Financial Inclusion Plan (NRFIP)** - A National Rural Financial Inclusion Plan (NRFIP) was launched/ during the 12th five year plan with a clear target to provide access to comprehensive financial services, including credit, to at least 50% of financially excluded households, say 55.77 million by 2012 through rural/ semi-urban branches of Commercial Banks and Regional Rural Banks. The remaining households, with such shifts as may occur in the rural/urban population, had to be covered by 2015. Semi-urban and rural branches of commercial banks and RRBs may set for themselves a minimum target of covering 250 new cultivator and non-cultivator households per branch per annum, with an emphasis on financing marginal farmers and poor non-cultivator households.

4 major reasons for lack of financial inclusion

- *Inability to provide collateral security*
- *Poor credit absorption capacity,*
- *Inadequate reach of the institutions*
- *Weak community network*

There is a need to organize Urban/peri-Urban poor people into Neighbourhood Groups (NHGs) on the same pattern as has been adopted for the rural poor. (Need to extend the mandate of NABARD to cover beyond rural areas)

To alter the emphasis somewhat from the large Bank led, public sector dominated, mandate ridden and branch-expansion-focused strategy to Micro Banks.

Nachiket Mor Committee

Committee on Comprehensive Financial Services for Small Businesses and Low Income Households was set up by the RBI in Sep 2013 under the chairmanship of Nachiket Mor, an RBI board member.

Key Recommendations

- Providing a universal bank account to all Indians above the age of 18 years by January 1, 2016. To achieve this, a vertically differentiated banking system with payments banks for deposits and payments
- Wholesale banks for credit outreach - These banks need to have Rs.50 crore by way of capital, which is a tenth of what is applicable for new banks that are to be licensed.
- Aadhaar will be the prime driver towards rapid expansion in the number of bank accounts. Monitoring at the district level such as deposits and advances as a percentage of gross domestic product (GDP).
- Adjusted 50 per cent priority sector lending target with adjustments for sectors and regions based on difficulty in lending.
- Increase the Priority Sector Lending Mandate – The Mor committee has recommended that the priority sector lending mandate for banks should be raised from the current 40 per cent to 50 per cent. At the same time, the banks must be freed from all pricing and other restrictions.
- Allow differentiated Licenses - The committee has taken ahead the case of differentiated banking licences. It has proposed that three new categories of banks viz. payment, wholesale investment and wholesale consumer should be allowed. At the same time, the regulations for non-banking financial companies, or NBFCs should be streamlined. The biggest problem here would be the business viability of such banks. One example of differentiated banking license is Regional Rural Banks, which were started off with great promises but ultimately broke down.
- Meaningful Financial Inclusion - The Nachiket Mor committee has suggested two specific district-level penetration metrics viz.

the credit-GDP and life cover-GDP ratios to monitor the meaningful financial inclusion. This is a slight departure from the number of accounts formula of financial inclusion. It is a meaningful recommendation and must be taken ahead.

DEEPAK MOHANTY COMMITTEE

The Reserve Bank of India (RBI) on 15 July 2015 constituted a committee to work out a five-year (medium-term) action plan for financial inclusion. The 14-member panel is headed by RBI executive director Deepak Mohanty.

- The Committee will work to spread the reach of financial services to unbanked population.
- To review the existing policy of financial inclusion including supportive payment system and customer protection framework taking into account the recommendations made by various committees set up earlier.

Key Recommendations:

1. Augment the government total cash transfer in order to increase the personal disposable income of the poor
2. Banks should make special efforts to step up account opening for females belonging to low income as a welfare measure
3. More reliance on mobile technology to improve last mile connectivity.
4. Aadhar should be linked to each individual account as a unique biometric identifier
5. Corporate should be encourages to nurture SHGs as part of Corporate Social Responsibility (CSR) initiative
6. Agricultural interest subvention scheme should be phased out.
7. Government should replace current agricultural input subsidies on fertilizers, irrigation and power by a direct income transfer scheme as a part of second generation reforms

PAST YEAR MCQs

1. Loan and Advances of a bank come under the category of _____.
(IBPS PO Main 2016)
(a) Deposits (b) Expenditure
(c) Liabilities (d) Assets
(e) None of the above
2. Which Bank has introduced new Fixed Deposit Scheme "FD Health" offering dual-benefit of investment growth via FD (Fixed Deposit) and protection through a critical illness coverage?
(IBPS PO Main-2019)
(a) State Bank of India
(b) Punjab National Bank
(c) Corporation Bank
(d) HDFC Bank
(e) ICICI Bank
3. Every woman in Self-Help Group (SHG) was eligible for a loan up to _____ under the MUDRA Scheme.
(SBI Clerk Main-2019)
(a) ₹ 0.5 lakh (b) ₹ 1 lakh
(c) ₹ 1.5 lakh (d) ₹ 2 lakh
(e) ₹ 2.5 lakh
4. India was the highest ranked country by capital investment in 2015, with how much worth of FDI projects announced according to FDI Intelligence?
(IBPS PO Main 2016)
(a) \$63 billion (b) \$63 million
(c) \$66 billion (d) \$44 billion
(e) \$44 million
5. Which of the following banks has raised its stake in microlender Swadhaar FinServe to 100 per cent to help expand its financial inclusion?
(SBI PO Main 2018)
(a) State Bank of India
(b) South Indian Bank
(c) Kotak Mahindra Bank
(d) ICICI Bank
(e) RBL Bank

ANSWER KEYS

1.	(d)	2.	(e)	3.	(b)	4.	(a)	5.	(e)		

PRACTICE MCQs

1. Which of the following banking concepts emphasizes on the delivery of banking services at an affordable cost?
(a) Social Banking
(b) Mass Banking
(c) Financial Inclusion
(d) None of these
2. Financial inclusion creates a platform for
(a) money saving
(b) providing formal credit avenues
(c) promoting transparency in public subsidies and welfare programmes
(d) All of the above
3. Which of the following promote(s) financial inclusion?
(a) Business correspondent mechanism
(b) No-frills accounts
(c) Lead Bank Schemes
(d) All of the above
(e) None of these

4. Which of the following types of bank accounts provides a low-cost access to customers?
 - (a) No-frills accounts
 - (b) Savings account
 - (c) Current Accounts
 - (d) Both (b) and (c)
 - (e) None of these
5. Cheque book can be issued on a Kisan Credit Card Account if the loan amount is above
 - (a) ₹ 25,000 (b) ₹ 50,000
 - (c) ₹ 1,00,000 (d) ₹ 75,000
6. With reference to India, consider the following
 1. Lead Bank Scheme
 2. No-frills accounts
 3. Differential Rate of Interest scheme
 4. Teaser loans

Which of the above can be considered as steps taken to achieve “financial inclusion” in India?

 - (a) 1, 3, 4 (b) 2, 3, 4
 - (c) 3, 4 (d) All of the above
 - (e) None of these
7. Which of the following cities was/were exempted from the Lead Bank Scheme?
 - (a) Delhi (b) Mumbai
 - (c) Varanasi (d) both (a) and (b)
 - (e) None of these
8. Which of the following statements is/are correct about Local Area Banks?
 - i. They will be allowed to perform all functions of a scheduled commercial bank.
 - ii. They are likely to have a capital adequacy ratio higher than 15% to offset business risk.
 - (a) (i) only
 - (b) (ii) only
 - (c) Both (i) and (ii)
 - (d) None of these
9. Which of the following statements is/are correct about Swabhiman scheme?
 - i. It focuses on the opening of bank accounts in rural areas.
 - ii. Banks to operate in areas with population of more than 1600 in plain areas and 1000 in north-eastern and hilly states.
 - (a) (i) only
 - (b) (ii) only
 - (c) Both (i) and (ii)
 - (d) None of these
10. Which of the following sectors is/are eligible for Interest Subvention Scheme?
 - (a) Textile (b) Automobile
 - (c) Agriculture (d) Both (a) and (c)
 - (e) None of these
11. Priority sector lending focuses on which of the following sectors?
 - (a) Education
 - (b) Agriculture
 - (c) Small scale industries
 - (d) All of the above
 - (e) None of these
12. What amount can be availed as housing loans in metro cities under priority sector lending?
 - (a) ₹ 28 lakh (b) ₹ 20 lakh
 - (c) ₹ 15 lakh (d) ₹ 10 lakh
 - (e) None of these
13. Which of the following programmes aims at promoting savings among rural women?
 - (a) Rashtriya Mahila Kosh
 - (b) Mahila Samriddhi Yojna
 - (c) Indira Mahila Yojna
 - (d) Jawahar Rozgar Yojna
 - (e) None of these

14. Which of the following is not a feature of the Pradhan Mantri Jan Dhan Yojana?
 - (a) No provision of minimum balance accounts
 - (b) Accidental insurance cover of ₹ 3 lakh
 - (c) Issuance of RuPay debit cards
 - (d) All of the above
 - (e) None of these
15. What is the full form of NUUP?
 - (a) National Unique USSD Platform
 - (b) National Unified USSD Platform
 - (c) National Uniform USSD Platform
 - (d) National Umbrella USSD Platform
 - (e) None of these
16. Which of the following statements is/are correct about Basic Savings Bank Deposit Account?
 - i. It has been introduced by RBI with an aim to promote financial inclusion.
 - ii. It allows opening of a bank account with ₹ 500 as minimum balance.
 - iii. All the existing 'No-frills' accounts opened by the banks are converted into BSBDA.
 - (a) i only
 - (b) i and iii
 - (c) ii and iii
 - (d) i, ii and iii
 - (e) None of these
17. Khan Commission was set up in 2004 to
 - (a) review monetary policy
 - (b) introduce loan schemes
 - (c) prepare report on financial inclusion
 - (d) review the financial status of public sector banks
 - (e) None of these
18. Committee on Financial Inclusion headed by Dr C Rangarajan was set up in
 - (a) 2004
 - (b) 2006
 - (c) 2009
 - (d) 2002
 - (e) None of these
19. Which of the following committees suggested initiatives on Medium-term Path on Financial Inclusion?
 - (a) R. Gandhi Committee
 - (b) Deepak Mohanty Committee
 - (c) Usha Thorat Committee
 - (d) Nachiket Mor Committee
 - (e) None of these
20. According to Nachiket Mor Committee, every adult should have bank account by
 - (a) 2016
 - (b) 2017
 - (c) 2018
 - (d) 2020
 - (e) None of these
21. What is/are the main reason(s) for the lack of financial inclusion in India?
 - (a) Inability to provide collateral security
 - (b) Poor credit absorption capacity
 - (c) Inadequate reach of the institutions
 - (d) All of the above
 - (e) None of these
22. Which of the following statements is/are correct about National Rural Financial Inclusion Plan?
 - i. It focuses on providing credit to at least 50% of financially excluded households.
 - ii. Commercial Banks and Regional Rural Banks have been selected for the implementation of the plan.
 - (a) i only
 - (b) ii only
 - (c) Both i and ii
 - (d) None of these
23. How many 'Basic Savings Bank Deposit Accounts (BSBDA)' can be opened by an individual?
 - (a) One
 - (b) Three
 - (c) Two
 - (d) Four
 - (e) None of these
24. Which of the following is promoted through National Unified USSD Platform?
 - (a) Mobile banking
 - (b) Net banking
 - (c) Credit cards distribution
 - (d) Cyber security
 - (e) None of these

25. Which of the following is/are eligible for priority sector lending in the agricultural sector?
- Farm credit
 - Agriculture infrastructure
 - Ancillary activities
 - All of the above
 - None of these
26. Kisan Credit Cards are an effective way of reaching out to the farmers by the banks. What assistance does a farmer receive in this way?
- Credit facility for crops against an approved limit
 - Short-term credit facility against value of his crops
 - Long-term credit is provided against his land holdings
 - Loan is permissible against crops sold, but payment yet to be received by the farmer
 - None of these
27. Which of the following made the initial contribution for setting up Financial Inclusion Fund and Financial Inclusion Technology Fund?
- Government of India, NABARD and RBI
 - NABARD, UTI and RBI
 - SIDBI, Government of India and IDBI Bank
 - SIDBI, NABARD and UTI
 - None of these
28. Which of the following statements is/are correct about Aadhar Payment Bridge?
- It ensures financial inclusion.
 - It aims at credit disbursements based on UID number.
- i only
 - ii only
 - Both i and ii
 - None of these
29. Which of the following was/were recommended by the Nachiket Mor Committee?
- Providing a universal bank account to all Indians above the age of 18 years by January 1, 2016
 - Establishing wholesale banks for credit outreach
 - Adjusting 50 per cent priority sector lending target with adjustments for sectors and regions based on difficulty in lending
 - Allowing differentiated licences for banks
- ii only
 - i and iv
 - i, ii and iii
 - i, ii, iii and iv
 - None of these
30. Which of the following is impacted by life cover to GDP ratio?
- Meaningful Financial Inclusion
 - Loan Disbursement
 - Inflation
 - Deflation
 - None of these
31. In financial inclusion, business correspondent scheme is also a part of it. Which of the following services is/are provided by the business correspondent scheme?
- Disbursal of small credit only
 - Cash deposit
 - Recovery of loan
 - All of the above
 - None of these
32. Which of the following committees has given its recommendations on Financial inclusions?
- Rakesh Mohan committee
 - Rangarajan committee
 - Sinha committee
 - Gadgil committee
 - None of these

33. Which of the following policies of the financial sectors is basically designed to transfer local financial assets into foreign assets freely at market determined exchange rates?
- Capital account convertibility
 - Financial deficit management
 - Minimum support price
 - Restrictive trade practices
 - None of these
34. Which of the following efforts fall under Financial Inclusion Plan (FIP) of RBI/ government?
- Nationalization of banks
 - Priority Sector Lending (PSL) targets
 - Zero balance accounts, like BSBDA, Jan-Dhan Account, Small Account
 - All of the above
 - None of these
35. According to the new proposal on priority sector lending, what sub-target is to be created for Micro Enterprises in India?
- 7 %
 - 7.5 %
 - 8 %
 - 8.5 %
 - None of these
36. Which of the following committees recommended religion and caste as new below poverty line (BPL) criteria?
- N C Saxena Committee
 - C Rangarajan Committee
 - Kelkar Committee
 - All of the above
 - None of these
37. RBI encourages provision of affordable financial services like
- zero-balance
 - no-frills bank accounts
 - access to payments and remittance facilities
 - All of the above
 - None of these
38. The Reserve Bank of India established which of the following boards to encourage transparency in lending and fair pricing
- Securities and Exchange Board of India
 - Lending Standards Board
 - Banking Codes and Standards Board of India
 - Banks Board Bureau
 - None of these
39. Loans of very small amounts given to low income groups are called
- Cash credit
 - Simple overdraft
 - No-frills loans
 - Micro credit
 - None of these
40. Which of the following focus areas is monitored by the Bank Board Bureau?
- Forming strict norms to stop NPA
 - Implementation of BASEL norms on banking
 - Appointment of top bank personal
 - Attract financial inclusion plan
 - None of these

ANSWER KEYS

1.	(c)	2.	(d)	3.	(d)	4.	(a)	5.	(a)
6.	(d)	7.	(d)	8.	(c)	9.	(c)	10.	(d)
11.	(d)	12.	(a)	13.	(b)	14.	(b)	15.	(b)
16.	(b)	17.	(c)	18.	(b)	19.	(b)	20.	(a)
21.	(d)	22.	(c)	23.	(a)	24.	(a)	25.	(d)
26.	(a)	27.	(a)	28.	(c)	29.	(d)	30.	(a)
31.	(d)	32.	(b)	33.	(a)	34.	(d)	35.	(b)
36.	(a)	37.	(d)	38.	(c)	39.	(d)	40.	(c)

Monetary Policy of RBI & Monetary Policy Committee

Monetary policy refers to the policy of the central bank with regard to the use of monetary instruments under its control to achieve the goals specified in the Act. The Reserve Bank of India (RBI) is vested with the responsibility of conducting monetary policy. This responsibility is explicitly mandated under the Reserve Bank of India Act, 1934. The primary objective of monetary policy is to maintain price stability while keeping in mind the objective of growth. Price stability is a necessary precondition to sustainable growth.

Instruments of Monetary Policy

There are several direct and indirect instruments that are used for implementing monetary policy.

Repo Rate: The (fixed) interest rate at which the Reserve Bank provides overnight liquidity to banks against the collateral of government and other approved securities under the liquidity adjustment facility (LAF).

Reverse Repo Rate: The (fixed) interest rate at which the Reserve Bank absorbs liquidity, on an overnight basis, from banks against the collateral of eligible government securities under the LAF.

Liquidity Adjustment Facility (LAF): The LAF consists of overnight as well as term repo auctions. Progressively, the Reserve Bank has increased the proportion of liquidity injected under fine-tuning variable rate repo auctions of range of tenors. The aim of term repo is to help develop the inter-bank term money market, which in turn can set market based benchmarks for pricing of loans and deposits, and hence improve transmission of monetary policy. The Reserve Bank also conducts variable interest rate reverse repo auctions, as necessitated under the market conditions.

Marginal Standing Facility (MSF): A facility under which scheduled commercial banks can borrow additional amount of overnight money from the Reserve Bank by dipping into their Statutory Liquidity Ratio (SLR) portfolio up to a limit at a penal rate of interest. This provides a safety valve against unanticipated liquidity shocks to the banking system.

Corridor: The MSF rate and reverse repo rate determine the corridor for the daily movement in the weighted average call money rate.

Bank Rate: It is the rate at which the Reserve Bank is ready to buy or rediscount bills of exchange or other commercial papers. The Bank Rate is published under Section 49 of the Reserve Bank of India Act, 1934. This rate has been aligned to the MSF rate and, therefore, changes automatically as and when the MSF rate changes alongside policy repo rate changes.

Cash Reserve Ratio (CRR): The average daily balance that a bank is required to maintain with the Reserve Bank as a share of such per cent of its Net demand and time liabilities (NDTL) that the Reserve Bank may notify from time to time in the Gazette of India.

Statutory Liquidity Ratio (SLR): The share of NDTL that a bank is required to maintain in safe and liquid assets, such as, unencumbered government securities, cash and gold. Changes in SLR often influence the availability of resources in the banking system for lending to the private sector.

Open Market Operations (OMOs): These include both, outright purchase and sale of government securities, for injection and absorption of durable liquidity, respectively.

Market Stabilisation Scheme (MSS): This instrument for monetary management was

introduced in 2004. Surplus liquidity of a more enduring nature arising from large capital inflows is absorbed through sale of short-dated government securities and treasury bills. The cash so mobilised is held in a separate government account with the Reserve Bank.

The Monetary Policy Committee

The Monetary Policy Committee (MPC) constituted by the Central Government under Section 45ZB determines the policy interest rate required to achieve the inflation target. The Reserve Bank's Monetary Policy Department (MPD) assists the MPC in formulating the monetary policy. Views of key stakeholders in the economy, and analytical work of the Reserve Bank contribute to the process for arriving at the decision on the policy repo rate. The Financial Market Committee (FMC) meets daily to review the liquidity conditions so as to ensure that the operating target of monetary policy (weighted average lending rate) is kept close to the policy repo rate.

In May 2016, the Reserve Bank of India (RBI) Act, 1934 was amended to provide a statutory basis for the implementation of the flexible inflation targeting framework.

The amended RBI Act also provides for the inflation target to be set by the Government of India, in consultation with the Reserve Bank, once in every five years. Accordingly, the Central Government has notified in the Official Gazette 4 per cent Consumer Price Index (CPI) inflation as the target for the period from August 5, 2016 to March 31, 2021 with the upper tolerance limit of 6 per cent and the lower tolerance limit of 2 per cent.

The Central Government notified the following as factors that constitute failure to achieve the inflation target:

- the average inflation is more than the upper tolerance level of the inflation target for any three consecutive quarters; or
- the average inflation is less than the lower tolerance level for any three consecutive quarters.

Prior to the amendment in the RBI Act in May 2016, the flexible inflation targeting framework was governed by an Agreement on Monetary

Policy Framework between the Government and the Reserve Bank of India of February 20, 2015.

The amended RBI Act explicitly provides the legislative mandate to the Reserve Bank to operate the monetary policy framework of the country.

The framework aims at setting the policy (repo) rate based on an assessment of the current and evolving macroeconomic situation; and modulation of liquidity conditions to anchor money market rates at or around the repo rate. Repo rate changes transmit through the money market to the entire the financial system, which, in turn, influences aggregate demand – a key determinant of inflation and growth.

Once the repo rate is announced, the operating framework designed by the Reserve Bank envisages liquidity management on a day-to-day basis through appropriate actions, which aim at anchoring the operating target – the weighted average call rate (WACR) – around the repo rate.

The operating framework is fine-tuned and revised depending on the evolving financial market and monetary conditions, while ensuring consistency with the monetary policy stance. The Monetary Policy Process

Section 45ZB of the amended RBI Act, 1934 also provides for an empowered six-member monetary policy committee (MPC) to be constituted by the Central Government by notification in the Official Gazette. Accordingly, the Central Government constitutes the MPC as under:

Constitution of the Monetary Policy Committee

1. Governor of the Reserve Bank of India – Chairperson, ex officio;
2. Deputy Governor of the Reserve Bank of India, in charge of Monetary Policy – Member, ex officio;
3. One officer of the Reserve Bank of India to be nominated by the Central Board – Member, ex officio;
4. Member;
5. Member; and
6. Member.

(Members referred to at 4 to 6, will hold office for a period of four years or until further orders, whichever is earlier.)

The Reserve Bank's Monetary Policy Department assists the MPC in formulating the monetary policy. Views of key stakeholders in the economy, and analytical work of the Reserve Bank contribute to the process for arriving at the decision on the policy repo rate. The Financial Markets Operations Department operationalises the monetary policy, mainly through day-to-day liquidity management operations. The Financial Markets Committee meets daily to review the liquidity conditions so as to ensure that the operating target of the weighted average call money rate.

Before the constitution of the MPC, a Technical Advisory Committee (TAC) on monetary policy with experts from monetary economics, central banking, financial markets and public finance advised the Reserve Bank on the stance of monetary policy. However, its role was only advisory in nature. With the formation of MPC, the TAC on Monetary Policy ceased to exist.

Under the amended RBI Act, the monetary policy making is as under:

- The MPC is required to meet at least four times in a year.
- The quorum for the meeting of the MPC is four members.
- Each member of the MPC has one vote, and in the event of an equality of votes, the Governor has a second or casting vote.
- The resolution adopted by the MPC is published after conclusion of every meeting of the MPC in accordance with the provisions of Chapter III F of the Reserve Bank of India Act, 1934.

On the 14th day, the minutes of the proceedings of the MPC are published which include:

- the resolution adopted by the MPC;
- the vote of each member on the resolution, ascribed to such member; and
- the statement of each member on the resolution adopted.
- Once in every six months, the Reserve Bank is required to publish a document called the Monetary Policy Report to explain:
 - the sources of inflation; and
 - the forecast of inflation for 6-18 months ahead.

PAST YEAR MCQs

- _____ has the sole right to mint coins of all denominations.
(IBPS RRB Main 2017)
 - Govt. of India
 - Ministry of Finance Govt. of India
 - Reserve bank of India
 - State bank of India
 - None of these
- The surcharge was levied on individuals with a total income more than ₹1 crore at the rate of- (SBI Clerk Main-2019)
 - 10%
 - 15%
 - 20%
 - 25%
 - 30%
- The Reserve Bank of India introduced a fluorescent blue ₹ 50 currency note, with an incredible _____ motif on the reverse side as a nod to India's syncretic past. (SBI PO Main 2018)
 - Temple
 - Star
 - Hampi
 - Sun
 - Moon

ANSWER KEYS

1.	(a)	2.	(a)	3.	(c)						

PRACTICE MCQs

1. Bank rate means
 - (a) the rate of interest charged by commercial banks on advances
 - (b) the rate at which commercial banks discount bills of exchange for their clients
 - (c) the rate of interest allowed by banks on the deposits
 - (d) the standard rate at which the Reserve Bank of India is prepared to buy or rediscount bills of exchange other commercial paper eligible for purchase under the Reserve Bank of India Act, 1934
 - (e) None of the above
2. Banks and other financial institutions in India are required to maintain a certain amount of liquid assets like cash, precious metals and other short-term securities as a reserve all the time in banking world, this is known as
 - (a) CRR
 - (b) Fixed asset
 - (c) SLR
 - (d) PLR
 - (e) None of these
3. The ratio of the Cash Reserves that the banks are required to keep with the RBI is known as
 - (a) Liquidity Ratio
 - (b) SLR
 - (c) CRR
 - (d) Net Demand and Time Liability
 - (e) None of the above
4. Which of the following is not a measure adopted by the Government or RBI to control inflation?
 - (a) Monetary policy
 - (b) Fiscal policy
 - (c) Public distribution system
 - (d) Price control
 - (e) Financial inclusion
5. RBI has introduced "Marginal Standing Facility" with the objective of
 - (a) Controlling Inflation
 - (b) Containing instability in long term inter-bank rates
 - (c) Containing instability in the overnight inter-bank rates
 - (d) All of the above
 - (e) None of these
6. As we all know, banks in India are required to maintain a portion of their demand and time liabilities with the Reserve Bank of India. This portion is called
 - (a) statutory liquidity ratio
 - (b) cash reserve ratio
 - (c) bank deposit
 - (d) reverse repo
 - (e) government securities
7. The percentage of total deposits of a bank which it has to keep with itself in the form of liquid assets is called
 - (a) Statutory Liquidity Ratio
 - (b) Cash Reserve Ratio (CRR)
 - (c) Statutory Reserve Ratio
 - (d) Cash Ratio
 - (e) None of these
8. The interest rate at which the RBI lends to commercial banks in the short term to maintain liquidity is known as
 - (a) interest rate
 - (b) repo rate
 - (c) reverse repo rate
 - (d) bank rate
 - (e) None of these
9. The bank rate is
 - (a) free to fluctuate according to the forces of demand and supply
 - (b) set by the RBI
 - (c) set by the RBI is directed by the Union Ministry of Finance
 - (d) set by the RBI as advised by the Indian Banks Association
 - (e) set by the Government of India on the recommendation of the Planning Commission

10. Consider the following
 - I. Bank Rate Policy
 - II. Open Market Operations
 - III. Devaluation of Rupee
 Which of the above are called fiscal measures?
 - (a) Only II
 - (b) Both I and II
 - (c) Both I and III
 - (d) Only III
 - (e) None of these
11. What is the full form of 'CRR' as used in banking sector?
 - (a) Crucial Reserve Rate
 - (b) Cash Reserve Ratio
 - (c) Compulsory Return Rate
 - (d) Credit and Reserve Ratio
 - (e) None of these
12. CRR refers to the share of that banks have to maintain with RBI of their net demand and time liabilities.
 - (a) soft cash (b) forex reserves
 - (c) gold (d) liquid cash
 - (e) None of these
13. Objective of Monetary Policy of RBI is to
 - (a) control inflation
 - (b) discourage loading of commodities
 - (c) encourage flow of credit into neglected sector
 - (d) All of the above
 - (e) None of these
14. Bank rate as fixed by RBI, means
 - (a) rate of interest charged by banks from borrowers
 - (b) rate of interest on bank deposits
 - (c) rate of interest charged by RBI on its loans to banks
 - (d) rate of interest on inter-bank loans
 - (e) None of these
15. The Monetary and Credit Policy of India is the responsibility of which of the following?
 - (a) Planning Commission
 - (b) Finance Ministry
 - (c) RBI
 - (d) National Advisory Council
 - (e) None of these
16. Quantitative instrument of RBI can be
 - (a) Bank Rate Policy (BRP)
 - (b) Cash Reserve Ratio (CRR)
 - (c) Statutory Liquidity Ratio (SLR)
 - (d) All of the above
 - (e) None of these
17. The bank rate means
 - (a) rate of interest charged by commercial banks from borrowers
 - (b) rate of interest at which commercial banks discounted bills of their borrowers
 - (c) rate of interest allowed by commercial banks on their deposits
 - (d) rate at which RBI purchases or rediscounts bills of exchange of commercial banks
 - (e) None of the above
18. At which rate the RBI lends short-term money to the bank?
 - (a) PLR
 - (b) CRR
 - (c) Repo rate
 - (d) Reverse repo rate
 - (e) None of these
19. Which of the following is/are key policy rates used by RBI to influence interest rates?
 - I. Bank rate and repo rate
 - II. Reverse repo rate
 - III. CRR and SLR
 Select the correct answer using the codes given below
 - (a) Only I (b) Only II
 - (c) Only III (d) All of these
 - (e) None of these
20. Which of the following rates signals the RBI's long-term outlook on interest rates?
 - (a) Repo rate
 - (b) Reverse repo rate
 - (c) Bank rate
 - (d) SLR
 - (e) CRR

21. As we all know, Cash Reserve Ratio (CRR) is the percentage of the deposits keep in reserve with them. This ratio is also known as
 (a) Repo rate
 (b) Reverse repo rate
 (c) SLR
 (d) Liquidity ratio
 (e) None of these
22. At which of the following rates does the Central Bank lend to banks against government securities?
 (a) Repo Rate
 (b) Reverse Repo Rate
 (c) Bank Rate
 (d) SLR
 (e) CRR
23. RBI generally reviews the Monetary Policy after every
 (a) 3 months (b) 6 months
 (c) 9 months (d) 10 months
 (e) None of these
24. Which of the following rates is decided by the market conditions and not by RBI?
 (a) Bank rate (b) SLR
 (c) CRR (d) Inflation rate
 (e) None of these
25. Which of the following is/are objective(s) of our Monetary Policy?
 I. To anchor inflation expectations.
 II. To actively manage liquidity.
 II. To maintain interest rate regime consistent with price output and financial stability.
- Select the correct answer using the codes given below
 (a) Only I (b) Only II
 (c) I and III
 (d) All of the above
 (e) None of these
26. If the cash reserve ratio is lowered by the RBI, its impact on credit creation will be to
 (a) increase it (b) decrease it
 (c) no impact (d) constant
 (e) None of these
27. Which of the following statements is/are correct about the Monetary Policy Committee (MPC)?
 i. It is a nine-member committee of the Reserve Bank of India.
 ii. It has been entrusted with the task of fixing the benchmark repo rate required to contain inflation within the specified target level.
 iii. The meetings of the MPC will be held at least 4 times a year.
 (a) (ii) only (b) (i) and (ii)
 (c) (i), (ii) and (iii) (d) (ii) and (iii)
 (e) None of these
28. Which of the following is not a member of the MPC?
 (a) Chetan Ghate
 (b) Ravindra H. Dholakia
 (c) R Dholakia
 (d) Indira Nanu
 (e) Dr. Janak Raj

ANSWER KEYS

1.	(d)	2.	(c)	3.	(c)	4.	(e)	5.	(c)
6.	(b)	7.	(a)	8.	(b)	9.	(b)	10.	(d)
11.	(b)	12.	(d)	13.	(d)	14.	(c)	15.	(c)
16.	(d)	17.	(d)	18.	(c)	19.	(d)	20.	(c)
21.	(d)	22.	(a)	23.	(a)	24.	(d)	25.	(d)
26.	(a)	27.	(d)	28.	(d)				

NON-PERFORMING ASSETS (NPA)

A Non-Performing Asset (NPA) is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days.

An assets, including a leased asset, becomes an NPA when it ceases to generate income for the bank. An NPA is a loan or an advance where;

- (i) the interest and/or instalment of principal remain overdue for a period of more than ninety days in respect of a term loan.
- (ii) an account remains 'out of order' as indicated in the paragraph below, in respect of an overdraft/cash credit (OD/CC),
- (iii) a bill remains overdue for a period of more than ninety days, in the case of bills purchased and discounted,
- (iv) an instalment of the principal or the interest thereon remains overdue for two crop seasons for short duration crops,
- (v) an instalment of the principal or the interest thereon remains overdue for one crop season for long duration crops.

Banks should classify an account as an NPA only if the interest charged during any quarter is not serviced fully within ninety days from the end of the quarter.

Presidential Ordinance on NPA

- The Presidential Ordinance empowered the Reserve Bank of India to enforce expeditious resolution of non-performing assets of banks.

- This initiative will boost legal empowerment of the central bank to crack down on NPAs of banks.
- The ordinance will have impact on the economy, the banking sector's lending behaviour and the country's investment climate.
- Union government has now empowered itself to direct the RBI to take necessary steps to initiate the NPA resolution process once a default has been established.
- It projects the role of the political establishment as a proactive agent in bank NPA resolution.
- It can also lead to a political risk because this will expose the government and the political establishment to charge of having used discretion to pick and choose the default cases requiring NPA resolution.
- The provisions of the Bankruptcy Code have now been linked to the Banking Regulation Act.
- It also allows the RBI to set up oversight committees for banks with NPAs.

'Out of Order' Status

An account treated as 'out of order', if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases, where the outstanding balance in the operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for ninety days as on the date of balance sheet

or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

Overdue

Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

Asset Classification

Categories of NPAs

Bank are required to classify non-performing assets into the following three categories based on the period for which the asset has remained non-performing and the realability of the dues:

- (a) Substandard Assets
- (b) Doubtful Assets
- (c) Loss Assets

Substandard Assets

With effect from 31 March, 2005, a substandard asset would be one, which has remained a NPA for a period less than or equal to twelve months.

A general provision of ten percent on total outstanding should be made without making any allowance for ECGC guarantee cover and securities available. The unsecured exposure, which are identified as 'substandard' would attract additional provision of ten per cent, i.e., a total of twenty per cent on the outstanding balance. The provisioning requirement for unsecured 'doubtful' assets is 100 per cent. Unsecured exposure is defined as an exposure where the realisable value of the security, as assessed by the bank/approved values/Reserve Bank's inspecting officers, is not more than ten per cent, ab initio, of the outstanding exposure. 'Exposure'

shall include all funded and non-funded exposures (including underwriting and similar commitments). 'Security will mean tangible security properly discharged to the bank and will not include intangible securities like guarantees, comfort letters, etc.

Doubtful Assets

With effect from 31 March, 2005 an asset would be classified as doubtful if it has remained in the substandard category for a period of twelve months.

Loss Assets

A loss asset is one, where the bank or the internal or external auditors or the RBI inspection has identified the loss but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is no warranted although there may be some salvage or recovery value.

Provisioning Norms for different types of assets

Banks should make provisions against substandard assets, doubtful assets and loss assets as below:

- **Loss Assets**
Loss assets should be written off. If loss assets are permitted to remain in the books for any reason, 100 per cent of the outstanding should be provided for.
- **Doubtful Assets**
 - (i) Hundred per cent of the extent to which the advance is not covered by the realisable value of the security to which the bank has a valid recourse and the realisable value is estimated on a realistic basis.
 - (ii) In regard to the secured portion,

provision may be made on the following basis, at the rates ranging from twenty per cent to hundred per cent of the secured portion depending upon the period for which the asset has remained doubtful.

- **Standard Assets**
- (i) Banks should make general provisions for standard assets at the following rates for the funded outstanding on global loan portfolio basis:
 - (a) direct advances to agricultural and SME sectors at 0.25 per cent;
 - (b) advances to specific sectors i.e., personal loans, loans and advances qualifying as capital market exposures, residential housing loans beyond Rs. 20 lakh and commercial real estate loans at one per cent;
 - (c) all other advances not included in (a) and (b) at 0.40 per cent.
- (ii) As regards the additional facilities sanctioned as per the package finalised by BIFR and/or term lending institutions, provision on additional facilities sanctioned need not be made for a period of one year from the date of disbursement.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002

SARFAESI Act (The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002) was enacted to regulate securitization and reconstruction of financial assets and enforcement of security interest created in respect of Financial Assets to enable realization of such assets.

The SARFAESI Act provides for the

manner for enforcement of security interests by a secured creditor without the intervention of a court or tribunal. If any borrower fails to discharge his liability in repayment of any secured debt within 60 days of notice from the date of notice by the secured creditor.

Important points

- The SARFAESI Act essentially empowers banks and other financial institutions to directly auction residential or commercial properties that have been pledged with them to recover loans from borrowers.
- The SARFAESI Act was passed on December 17, 2002, in order to lay down processes to help Indian lenders recover their dues quickly.
- Prior to SARFAESI Act, financial institutions had to take recourse to civil suits in the courts to recover their dues, which is a lengthy and time-consuming process.

Powers to Bank

- As per the SARFAESI Act, if a borrower defaults on a loan financed by a bank against collateral, then the bank gets sweeping powers to recover its dues from the borrower.
- After giving a notice period of 2 months (60 days), the lender can take possession of the pledged assets of the borrower, take over the management of such assets, appoint any person to manage them or ask debtors of the borrower to pay their dues too, with respect to the asset.
- This recovery procedure saves banks and financial institutions a lot of time which otherwise would be long drawn out due to the intervention of courts.

- One of the major drawbacks of the Act is that it is not applicable to unsecured creditors. This and other drawbacks in the recovery mechanisms were plugged in the Insolvency and Bankruptcy Code, 2016.
- ARCs or Asset Reconstruction Companies which buy out distressed assets are the other alternative that banks use to offload doubtful debt, to ensure more focussed and efficient resolution.

- Co-operative banks initially were not covered under the definition of banks for which the SARFAESI Act was applicable.
- In 2003, a notification was issued (without amending the law) to bring co-operative banks within the class of banks entitled to use SARFAESI.
- In 2013, the government amended the Act to include co-operative banks formally under the definition of banks eligible to use it.
- However, petitions were filed questioning the authority of the notification and the power of Parliament to amend the SARFAESI Act.
- On May 5, 2020, the Supreme Court resolved this by ruling in favour of co-operative banks invoking the SARFAESI Act.

- This move helps co-operative banks avoid inordinate delays in the recovery of their bad loans due to the involvement of civil courts and co-operative tribunals.
- The Indian banking system has more than 1500 urban co-operative banks (UCBs) and about 1 lakh rural co-operative banks, with substantial deposits from retail investors.
- Considering their size, for the smooth functioning of these co-operative banks, speedy recovery of defaulting loans is critical.

The RBI has been placing lending and deposit-taking restrictions on several co-operative banks in the past couple of years with PMC Bank and CKP Bank being cases in point. When cooperative banks come under the RBI diktat, depositor money is usually stuck for years, with the banks taking a number of years to wind up their operations and repay dues. Allowing co-op banks recourse to the SARFAESI Act can expedite the process of liquidation or resolution. For a depositor in a co-op bank, this is good reason to feel safe about their security deposit as easier recoveries by the bank, going ahead, will reflect on the safety of the deposits.

1. Bad advances of a bank are called (c) non performing assets
(IBPS PO Main 2015) (d) out of order account
(a) standard accounts (e) overdrawn accounts
(b) book debt

[illegible]

PRACTICE MCQs

1. Non-performing assets are cause for serious concerns for banks. Why are these loans known as non-performing?
 - (a) Recovery of bank's funds are difficult
 - (b) Interest on these accounts are not charged
 - (c) Banks have to make provision for these loans in their balance sheet
 - (d) All of the above
2. Which among the following is called as non performing assets?
 - (a) Assets that can exchange income;
 - (b) Assets that cease to earn interest income
 - (c) assets that have not been commented upon by the auditors
 - (d) All of the above
3. Which of the following does not pertain to non performance assets?
 - (a) Sub standard assets
 - (b) doubtful assets
 - (c) loss assets
 - (d) standard assets
4. Which among the following defines a non performing asset?
 - (a) In a loan account, the principal due has not been paid for more than ninety days
 - (b) In a loan account, the interest due has not been paid for more than ninety days
 - (c) Both (a) and (b) as mentioned above
 - (d) Assets that have not been commented upon by the bank auditors
5. Which of the following is not a category of nonperforming assets?
 - (a) Substandard Assets
 - (b) Doubtful Assets
 - (c) Loss Assets
 - (d) Tangible Assets
6. As per guidelines issued by the Reserve Bank of India, Banks may classify a loan as Non-Performing Asset (NPA), only if the interest due and the principal during any quarter is not serviced fully within
 - (a) 90 days from the end of the quarter
 - (b) 60 days from the end of the quarter
 - (c) 30 days from the end of the quarter
 - (d) None of these
7. Assets which have remained NPA for a period of less than or equal to 12 months are called
 - (a) substandard assets
 - (b) doubtful assets
 - (c) loss assets
 - (d) None of these
8. Which of the following statements is/are correct about Presidential ordinance on NPA?
 - i. It empowered the Reserve Bank of India to enforce expeditious resolution of non-performing assets of banks.
 - ii. The provisions of the Bankruptcy Code have been linked to the Banking Regulation Act.
 - (a) i only
 - (b) ii only
 - (c) Both i and ii
 - (d) None of these
9. Which of the following empowered RBI to set up oversight committees for banks with NPAs?
 - (a) Presidential ordinance
 - (b) Reserve Bank of India Act, 1934
 - (c) Banking Regulation Act, 1949
 - (d) All of the above

10. If a borrower wishes to file an appeal with DRAT against the decision of DRT under SARFAESI Act, how much amount will he require to deposit?
- (a) 75% of the amount
(b) 50% of the amount
(c) 25% of the amount
(d) 10% of the amount
11. Which of the following acts has been introduced to regulate securitization and reconstruction of financial assets and enforcement of security interest?
- (a) SARFAESI Act, 2002
(b) Reserve Bank of India Act, 1934
(c) Banking Regulation Act, 1949
(d) None of the above

ANSWER KEYS

1.	(d)	2.	(b)	3.	(d)	4.	(c)	5.	(d)
6.	(a)	7.	(a)	8.	(c)	9.	(a)	10.	(b)
11.	(a)								

Shares and Debentures

SHARES

- Shares are small divisions of a company's capital. When a company goes public for the first time and gets listed on the stock exchanges to raise capital from the market, investors buy a share or number of shares in the company.
- Purchasing the shares gives shareholders entitlement to the ownership of the company. In other words, you become owners of the company in proportion to the percentage of shares you own. Shareholding of 50% or more makes the shareholders the biggest owners of the company whereas other shareholders get an entitlement to the ownership.
- As shareholders of the company, you are entitled to dividend payouts given in a certain regular fashion. The dividend payouts can come only if the company is recording profits. Otherwise, shareholders can participate in trading in the stock market to get some value out of their investment.
- Shareholders are part owners of the company. They got voting rights in the company, a share of the profits in the form of dividends however being the owners in the company they do stand to lose if the company is in debt or has to go for liquidation as the owners of the company, no matter their contribution is paid out last.

Types of shares

There are primarily three types of shares that a company issues:

- **Equity shares:** Equity shares are the shares that are traded on the stock exchange. They are also called ordinary shares. The owners of these shares have voting rights, entitled to dividends, and are the most common type of shares that are traded.
- **Preference shares:** Preference shares are shares that give 'preference' to its shareholders to the dividends of the company ahead of equity shareholders. The amount of dividend is fixed however these shares do not carry voting rights like equity shares. Preference shareholders get priority over equity shareholders in the event of company liquidation as well. There are also convertible preference shares that can be converted into equity shares at a later date.

However, these limitations are applied only on preference shares issued by public companies or private companies which have a public subsidiary. A private company through its articles of association can issue preference shares with similar voting rights as well.

Debentures

Debentures are long term debt instruments that a company issues under its seal. One difference between share and debentures is that debentures become borrowed capital for the company. It is like a loan that a company has taken from the debenture holders which is supposed to pay back with interest in due time.

If you have invested in the company's long term debt instruments and in effect lending

money to the company, you get paid in the form of interest in regular intervals. The interest payments come over and above the company's profit so they won't get held back if the company is running in losses.

Debenture holders are creditors to the company. The money invested by debenture holders is basically borrowed capital for the company that it has to pay back with regular interest. This makes debenture holders creditors to the company and at a higher status than shareholders.

This means that if the company runs into major debts and is going under liquidations, the creditors of the company including banks, debenture holders, and others will be paid off first. Shareholders are given the last priority. However, unlike shareholders, debenture holders do not get voting rights. This is a major feature that can help you distinguish between shares and debentures.

Types of debentures

- **Registered and bearer debentures:** A registered debenture is registered in the company and can be transferred by the issuance of a transfer deed. Bearer debentures, on the other hand, have no

record of them in the company registers and can be transferred by mere delivery.

- **Secured and unsecured debentures:** Secured debentures have a charge on the company's assets. So secured debenture holders can recover their principal amount or any unpaid interest out of the company's mortgaged assets. Unsecured debentures have no such charge or rights.
- **Redeemable and non-redeemable debentures:** Redeemable debentures' principal amount is paid back in a fixed amount of time whereas non-redeemable debentures cannot be paid back in the lifetime of the company and only on liquidation.
- **First and second debentures:** First debentures are those that are repaid before other debentures whereas second debentures are those that are repaid thereafter.
- **Convertible and non-convertible debentures:** Convertible debentures are those that can be converted into shares according to pre-decided terms and conditions. Non-convertible debentures cannot be converted into shares.

Difference Between Shares and Debentures

	Shares	Debentures
Capital/debt	Shares represent the capital of the company.	Debentures represent the debt of the company.
Holder	The holder of shares is known as shareholder.	The holder of debentures is known as debenture holder.
Status	Owners	Creditors
Ownership/borrow	The shares are the owned funds of the company.	The debentures are the borrowed funds of the company.
Deduction from profit	Dividend is an appropriation of profit and so it is not allowed as deduction.	Interest is a business expense and so it is allowed as deduction from profit.
Security payment	No	Yes

	Shares	Debentures
Rights of Voting	The holders of shares have voting rights.	The holders of debentures do not have any voting rights.
Return	Shareholders get the dividend.	Debenture holders get the interest.
Payment	Dividend can be paid to shareholders only out of profits.	Interest can be paid to debenture holders even if there is no profit.
Repayment	Shares are repaid after the payment of all the liabilities.	Debentures get priority over shares, and so they are repaid before shares.

PAST YEAR MCQs

- What is the Maturity period fixed for BHARAT ETF? **(IBPS Clerk Main-2019)**
 - 1 years and 5 years
 - 2 years and 7 years
 - 3 years and 10 years
 - 4 years and 12 years
 - 5 years and 8 years
- Shareholders purchase and sell a fund at the fund's net asset value (NAV), which is calculated daily. NAV is the price used for all Mutual fund share transactions which include **(IBPS RRB Main 2017)**
 - New purchases
 - Sales (redemptions)
 - Exchanges from one fund to another within the same fund family
 - Both 1 and 2
 - All of these
- Marketing share means _____ **(SBI Clerk 2015)**
 - Paid up capital
 - Share held by employees
 - Share of business volume as compared to other companies
 - Share price of the company quoted in the market
 - Sensex

ANSWER KEYS

1.	(c)	2.	(e)	3.	(c)						

PRACTICE MCQs

- Shareholders are :
 - Customers of the Company
 - Owners of the Company
 - Creditors of the Company
 - None of these

2. Who are the real owners of a company?
 - (a) Government
 - (b) Board of Directors
 - (c) Equity shareholders
 - (d) Debentureholders
3. Liability of a shareholder is limited to of the shares allotted to him :
 - (a) Paid up Value
 - (b) Called up value
 - (c) Face value
 - (d) Reserve Price
4. Capital of a Company is divided in units which is called :
 - (a) Debenture (b) Share
 - (c) Stock (d) Bond
5. Equity shares cannot be issued for the purpose of:
 - (a) Cash Receipts
 - (b) Purchase of assets
 - (c) Redemption of debentures
 - (d) Distribution of dividend
6. A company cannot issue :
 - (a) Redeemable Equity Shares
 - (b) Redeemable Preference Shares
 - (c) Redeemable Debentures
 - (d) Fully Convertible Debentures
7. To whom dividend is given at a fixed rate in a company?
 - (a) To equity shareholders
 - (b) To preference shareholders
 - (c) To debenture holders
 - (d) To promoters
8. A preference share which does not carry the right of sharing in surplus profits is called
 - (a) Non-Cumulative Preference Share
 - (b) Non-participating Preference Share
 - (c) Irredeemable Preference Share
 - (d) Non-convertible Preference Share
9. Which shareholders have a right to receive the arrears of dividend from future profits :
 - (a) Redeemable Preference Shares
 - (b) Participating Preference Shares
 - (c) Cumulative Preference Shares
 - (d) Non-Cumulative Preference Shares
10. The following statements apply to equity/preference shareholders. Which one of them applies only to preference shareholders?
 - (a) Shareholders risk the loss of investment
 - (b) Shareholders bear the risk of no dividends in the event of losses
 - (c) Shareholders usually have the right to vote
 - (d) Dividends are usually given at a set amount in every' financial year.
11. Nominal Share Capital is
 - (a) that part of authorised capital which is issued by the company
 - (b) the amount of capital which is actually applied by the prospective shareholders
 - (c) the amount of capital which is actually paid by the shareholders
 - (d) the maximum amount of share capital which a company is authorised to issue
12. Which of the following is not shown under the heading 'Share Capital' in a Balance Sheet:
 - (a) Subscribed Capital
 - (b) Issued Capital
 - (c) Reserve Capital
 - (d) Authorised Capital

13. In case of private placement of shares, the lock in period is :
 (a) 1 Year
 (b) 2 Years
 (c) 3 Years
 (d) None of the above
14. In case of private placement of shares, to raise the amount of capital a company :
 (a) invites the public through prospectus
 (b) does not invite the public
 (c) invites the public through advertisement
 (d) invites the public through memorandum of association
15. Shares issued by a company to its employees or directors in consideration of 'Intellectual Property Rights' are called:
 (a) Right Equity Shares
 (b) Private Equity Shares
 (c) Sweat Equity Shares
 (d) Bonus Equity Shares
16. Issue of shares at a price lower than its face value is called :
 (a) Issue at a Loss
 (b) Issue at a Profit
 (c) Issue at a Discount
 (d) Issue at a Premium

ANSWER KEYS

1.	(b)	2.	(c)	3.	(c)	4.	(b)	5.	(d)
6.	(a)	7.	(b)	8.	(b)	9.	(c)	10.	(d)
11.	(d)	12.	(c)	13.	(c)	14.	(b)	15.	(c)
16.	(c)								

Negotiable Instruments

INTRODUCTION

In 1881, the Negotiable Instruments Act was enacted, in India. Prior to its enactment, the provision of the English Negotiable Instrument Act was applicable in India, and the present Act is also based on the English Act with certain modifications. It extends to the whole of India. The Act operates subject to the provisions of Sections 31 and 32 of the Reserve Bank of India Act, 1934.

MEANING OF NEGOTIABLE INSTRUMENTS

According to Section 13 (a) of the Act, "Negotiable instrument means a promissory note, bill of exchange or cheque payable either to order or to bearer, whether the word "order" or "bearer" appear on the instrument or not."

Provisions of Negotiable Instruments Acts

- A promissory note cannot be made payable to the bearer, no matter whether it is payable on demand or after a certain time.
- A bill of exchange cannot be made payable to the bearer on demand though it can be made payable to the bearer after a certain time.
- But a cheque (though a bill of exchange) payable to bearer or demand can be drawn on a person's account with a banker.

Characteristics of a Negotiable Instrument

A negotiable instrument has the following characteristics:

- **Property:** The possessor of the negotiable instrument is presumed to be the owner of the property contained therein. A negotiable instrument does not merely

give possession of the instrument but right to property also.

- **Title:** The transferee of a negotiable instrument is known as 'holder in due course.' A bona fide transferee for value is not affected by any defect of title on the part of the transferor or of any of the previous holders of the instrument.
- **Rights:** The transferee of the negotiable instrument can sue in his own name, in case of dishonour. A negotiable instrument can be transferred any number of times till it is at maturity.
- **Presumptions:** Certain presumptions apply to all negotiable instruments e.g., a presumption that consideration has been paid under it. It is not necessary to write in a promissory note the words 'for value received' or similar expressions because the payment of consideration is presumed.
- **Prompt payment:** A negotiable instrument enables the holder to expect prompt payment because a dishonour means the ruin of the credit of all persons who are parties to the instrument.

Presumptions as to Negotiable Instrument

Sections 118 and 119 of the Negotiable Instrument Act lay down certain presumptions which the court presumes in regard to negotiable instruments. In other words these presumptions need not be proved as they are presumed to exist in every negotiable instrument.

Until the contrary is proved the following presumptions shall be made in case of all negotiable instruments:

- **Consideration:** It shall be presumed that every negotiable instrument was made drawn, accepted or endorsed for consideration.
- **Date:** Where a negotiable instrument is dated, the presumption is that it has been made or drawn on such date, unless the contrary is proved.
- **Time of acceptance:** Unless the contrary is proved, every accepted bill of exchange is presumed to have been accepted within a reasonable time after its issue and before its maturity.
- **Time of transfer:** Unless the contrary is presumed it shall be presumed that every transfer of a negotiable instrument was made before its maturity.
- **Order of endorsement:** Until the contrary is proved it shall be presumed that the endorsements appearing upon a negotiable instrument were made in the order in which they appear thereon.
- **Stamp:** Unless the contrary is proved, it shall be presumed that a lost promissory note, bill of exchange or cheque was duly stamped.
- **Holder in due course:** Until the contrary is proved, it shall be presumed that the holder of a negotiable instrument is the holder in due course. Every holder of a negotiable instrument is presumed to have paid consideration for it and to have taken it in good faith.
- **Proof of protest:** Section 119 lays down that in a suit upon an instrument which has been dishonoured, the court shall on proof of the protest, presume the fact of dishonour, unless and until such fact is disproved.

Types of Negotiable Instrument

Section 13 of the Negotiable Instruments Act states that a negotiable instrument is a promissory note, bill of exchange or a cheque payable either to order or to bearer. Negotiable instruments recognised by statute are:

(i) Promissory notes (ii) Bills of exchange (iii) Cheques.

Negotiable instruments recognised by usage or custom are:

(i) Hundis (ii) Share warrants (iii) Dividend warrants (iv) Bankers draft (v) Circular notes (vi) Bearer debentures (vii) Debentures of Bombay Port Trust (viii) Railway receipts (ix) Delivery orders.

Promissory notes

Section 4 of the Act defines, "A promissory note is an instrument in writing (note being a bank-note or a currency note) containing an unconditional undertaking, signed by the maker, to pay a certain sum of money to or to the order of a certain person, or to the bearer of the instruments."

Bill of exchange

Section 5 of the Act defines, "A bill of exchange is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument".

Classification of Bills

Bills can be classified as:

- (1) Inland and foreign bills.
- (2) Time and demand bills.
- (3) Trade and accommodation bills.

(1) Inland and Foreign Bills

Cheques

Section 6 of the Act defines "A cheque is a bill of exchange drawn on a specified banker, and not expressed to be payable otherwise than on demand".

A cheque is bill of exchange with two more qualifications, namely, (i) it is always drawn on a specified banker, and (ii) it is always payable on demand.

Hundis

A "Hundi" is a negotiable instrument written in an oriental language. The term hundi

includes all indigenous negotiable instrument whether they be in the form of notes or bills.

PARTIES TO NEGOTIABLE INSTRUMENTS

Parties to Bill of Exchange

- **Drawer:** The maker of a bill of exchange is called the 'drawer'.
- **Drawee:** The person directed to pay the money by the drawer is called the 'drawee'.
- **Acceptor:** After a drawee of a bill has signed his assent upon the bill, or if there are more parts than one, upon one of such parts and delivered the same, or given notice of such signing to the holder or to some person on his behalf, he is called the 'acceptor'. 19
- **Payee:** The person named in the instrument, to whom or to whose order the money is directed to be paid by the instrument is called the 'payee'. He is the real beneficiary under the instrument. Where he signs his name and makes the instrument payable to some other person, that other person does not become the payee.
- **Indorser:** When the holder transfers or indorses the instrument to anyone else, the holder becomes the 'indorser'.
- **Indorsee:** The person to whom the bill is indorsed is called an 'indorsee'.
- **Holder:** A person who is legally entitled to the possession of the negotiable instrument in his own name and to receive the amount thereof, is called a 'holder'. He is either the original payee, or the indorsee. In case the bill is payable to the bearer, the person in possession of the negotiable instrument is called the 'holder'.
- **Drawee in case of need:** When in the bill or in any endorsement, the name of any person is given, in addition to the drawee, to be resorted to in case of need, such a person is called 'drawee in case of

need'. In such a case it is obligatory on the part of the holder to present the bill to such a drawee in case the original drawee refuses to accept the bill. The bill is taken to be dishonoured by non-acceptance or for non-payment, only when such a drawee refuses to accept or pay the bill.

- **Acceptor for honour:** In case the original drawee refuses to accept the bill or to furnish better security when demanded by the notary, any person who is not liable on the bill, may accept it with the consent of the holder, for the honour of any party liable on the bill. Such an acceptor is called 'acceptor for honour'.

Parties to a Promissory Note

- **Maker-**He is the person who promises to pay the amount stated in the note. He is the debtor.
- **Payee-**He is the person to whom the amount is payable i.e. the creditor.
- **Holder-**He is the payee or the person to whom the note might have been indorsed.
- **The indorser and indorsee-**(the same as in the case of a bill).

Parties to a Cheque

- **Drawer-**He is the person who draws the cheque, i.e., the depositor of money in the bank.
- **Drawee-**It is the drawer's banker on whom the cheque has been drawn.
- **Payee-**He is the person who is entitled to receive the payment of the cheque.
- **The holder, indorser and indorsee-**(the same as in the case of a bill or note).

ENDORSEMENT

The word 'endorsement' in its literal sense means, writing on the back of an instrument. But under the Negotiable Instruments Act it means, the writing of one's name on the back of the instrument or any paper attached to it with the intention of transferring the rights therein.

The person who affects an endorsement is called an 'endorser', and the person to whom negotiable instrument is transferred by endorsement is called the 'endorsee'.

Classes of endorsement

An endorsement may be:

- (1) Blank or general.
- (2) Special or full.
- (3) Partial.
- (4) Restrictive.
- (5) Conditional.

INSTRUMENTS WITHOUT CONSIDERATION

A person cannot pass a better title than he himself possesses. A person who is a mere finder of a lost goods or a thief or one who obtains any article by fraud or for an unlawful consideration does not get any title to the thing so acquired. The true owner can recover it not only from him but from any person to whom he may have sold it. But there is a difference between the transfer of ordinary goods and negotiation of negotiable instruments.

Lost instruments

Where the holder of a bill or note loses it, the finder gets no title to it. The finder cannot lawfully transfer it. The man who lost it can recover it from the finder.

Stolen instrument

The position of thief of an instrument is exactly the same as that of a finder of lost instruments. A thief acquires no title to an instrument if he receives payment on it the owner can sue him for the recovery of the amount.

Instruments obtained by fraud

It is of the essence of all contracts including those on negotiable instruments, that they must have been brought about by free consent of the parties competent to contract. Any contract to which consent has been obtained by fraud is voidable at the option of the person whose consent was so obtained. A person who obtains an instrument by fraud gets a defective title.

Instrument obtained for an unlawful consideration

The general rules as to the legality of object or consideration of a contract apply to contracts on negotiable instruments also. An instrument given for an illegal consideration is void and does not convey a valid title to the holder.

Forged instrument

Forgery confers no title and a holder acquires no title to a forged instrument. A forged instrument is treated as a nullity.

Forgery with the intention of obtaining title to an instrument would include:

- (1) fraudulently writing the name of an existing person,
- (2) signing the name of a fictitious person with the intention that it may pass that of a real person, or
- (3) signing one's own name with the intention that the signature may pass as the signature of some other person of the same name.

DISHONOUR OF A NEGOTIABLE INSTRUMENT

When a negotiable instrument is dishonoured, the holder must give a notice of dishonour to all the previous parties in order to make them liable. A negotiable instrument can be dishonoured either by nonacceptance or by non-payment. A cheque and a promissory note can only be dishonoured by non-payment but a bill of exchange can be dishonoured either by non-acceptance or by non-payment.

Dishonour by non-acceptance (Section 91)

A bill of exchange can be dishonoured by non-acceptance in the following ways:

1. If a bill is presented to the drawee for acceptance and he does not accept it within 48 hours from the time of presentment for acceptance. When there are several drawees even if one of them

makes a default in acceptance, the bill is deemed to be dishonoured unless these several drawees are partners. Ordinarily when there are a number of drawees all of them must accept the same, but when the drawees are partners acceptance by one of them means acceptance by all.

2. When the drawee is a fictitious person or if he cannot be traced after reasonable search.
3. When the drawee is incompetent to contract, the bill is treated as dishonoured.
4. When a bill is accepted with a qualified acceptance, the holder may treat the bill of exchange having been dishonoured.
5. When the drawee has either become insolvent or is dead.
6. When presentment for acceptance is excused and the bill is not accepted. Where a drawee in case of need is named in a bill or in any indorsement thereon, the bill is not dishonoured until it has been dishonoured by such drawee.

Dishonour by non-payment (Section 92)

A bill after being accepted has got to be presented for payment on the date of its maturity. If the acceptor fails to make payment when it is due, the bill is dishonoured by non-

payment. An instrument is also dishonoured by non-payment when presentment for payment is excused and the instrument when overdue remains unpaid (Sec 76).

Effect of dishonour: When a negotiable instrument is dishonoured either by non-acceptance or by non-payment, the other parties thereto can be charged with liability. For example if the acceptor of a bill dishonours the bill, the holder may bring an action against the drawer and the indorsers.

Notice of dishonour: Notice of dishonour means the actual notification of the dishonour of the instrument by non-acceptance or by non-payment. When a negotiable instrument is refused acceptance or payment notice of such refusal must immediately be given to parties to whom the holder wishes to make liable.

Notice by whom: Where a negotiable instrument is dishonoured either by non-acceptance or by non-payment, the holder of the instrument or some party to it who is liable thereon must give a notice of dishonour to all the prior parties whom he wants to make liable on the instrument (Section 93). The agent of any such party may also be given notice of dishonour.

PAST YEAR MCQs

1. A is a negotiable financial instrument issued by a bank to represent a foreign company's publicly traded securities. (SBI PO Main 2017)
 - (a) Participatory notes
 - (b) Cross-linked stock
 - (c) Buyer's credit
 - (d) Depository receipt
 - (e) None of these
2. Truncation of cheques means (SBI PO Main 2017)
 - (a) Scanning of the cheques and transmission of electronic image instead of physical cheque in the clearing cycle
 - (b) Debiting of drawer's account through internet
 - (c) Both of the above
 - (d) None of the above
 - (e) (a) or (b)

3. Which of the following is an unsecured money market instrument ?
(IBPS RRB Main 2017)
- Treasury Bills
 - Certificates of Deposit
 - Commercial Paper
 - Bankers' Acceptances
 - All of these
4. Truncated Cheques come under which act? (RBI Grade-B 2018)
- Negotiable Instruments Act, 1881
 - Negotiable Instruments Act, 1901
 - Negotiable Instruments Act, 1867
 - Negotiable Instruments Act, 1884
 - None of these
5. Which of the following Acts helps a bank in its day to day activities ?
(IBPS PO 2015)
- Competition Act
 - Negotiable Instruments Act
 - Hindu Marriage Act
 - Hindu Succession Act
 - NRI Act

ANSWER KEYS

1.	(d)	2.	(a)	3.	(c)	4.	(a)	5.	(b)

PRACTICE MCQs

- Section 131 of Negotiable Instrument Act, 1881 extends protection to the
 - paying banker
 - collecting banker
 - advising banker
 - issuing banker
 - All of these
- Which of the following statements is incorrect about negotiable instruments?
 - Pay A or Order
 - Pay to Order to A
 - Pay A and B
 - Pay A only
 - Pay Bearer
- Which of the following is not a negotiable instrument?
 - Promissory note
 - Bill of exchange
 - Cheque
 - Bank draft
 - Share certificate
- Which of the following is not the essential requirement for the endorsement as per Negotiable Instrument Act, 1881?
 - It should be on the instrument
 - It should be made by the holder or the maker
 - Signatures should be in ink and not by pencil or rubber stamp
 - It should contain unconditional order
 - The endorser should sign the endorsement in the same style and with the same spellings as written in the instrument
- Under the Negotiable Instrument Act, 1881, an instrument which is incomplete in some respects, is called a/an
 - foreign instrument
 - inland instrument
 - inchoate instrument
 - ambiguous instrument
 - fictitious instrument

6. All of the following are examples of Quasi negotiable instruments, under the Negotiable Instrument Act, 1881, except
 (a) dividend warrants
 (b) share warrants
 (c) bearer debentures
 (d) promissory note
 (e) None of these
7. Transfer of any instrument to another person by signing on its back or face or on a slip of paper attached to it is known as
 (a) promissory note
 (b) bill of lading
 (c) bill of exchange
 (d) endorsement
 (e) None of these
8. Which of the following statements is correct about promissory note?
 (a) It need not be in writing
 (b) An implied promise is enough to constitute a valid promissory note
 (c) The promise to pay must be definite and unconditional
 (d) The name of the payee need not be mentioned
 (e) The payment can be in kind
9. Which of the following statements is/are correct about bills of exchange?
 i. It represents a promise to pay a fixed amount of money at a specific point of time in future.
 ii. It can also be encashed earlier through discounting process of a commercial bank.
 iii. It acknowledges an amount of money owed in consideration of goods received.
- (a) (ii) only
 (b) (i) and (iii)
 (c) (i) and (ii)
 (d) (i), (ii) and (iii)
 (e) None of these
10. Which section of the Negotiable Instruments Act deals with Cheque?
 (a) Section 5
 (b) Section 6
 (c) Section 7
 (d) Section 8
 (e) None of these
11. A bill of exchange is:
 (a) A conditional promise to pay
 (b) An unconditional order to pay
 (c) An unconditional promise to pay
 (d) A conditional order to pay
 (e) None of these
12. How many parties are involved in case of a Promissory Note?
 (a) 2 Parties
 (b) 3 Parties
 (c) 5 Parties
 (d) 6 Parties
 (e) None of these
13. Section 4 of the Negotiable Instruments Act deals with:
 (a) Cheques
 (b) Hundis
 (c) Bill of Exchange
 (d) Promissory Note
 (e) None of these
14. Which of the following is correct about a Cheque?
 (a) Payable on demand
 (b) Type of bill of exchange
 (c) Includes electronic image of a truncated cheque
 (d) All of the above
 (e) None of these

ANSWER KEYS

1.	(b)	2.	(d)	3.	(d)	4.	(d)	5.	(c)
6.	(d)	7.	(d)	8.	(c)	9.	(d)	10.	(b)
11.	(b)	12.	(a)	13.	(d)	14.	(d)		

Financial Terms & Abbreviations

FINANCIAL TERMS

Amortization - A debt may be amortized with a specific schedule for paying back the principal and interest in equal payments by the end of the loan-term.

Annual Percentage Rate - The APR is expressed as a percentage, indicating the interest and fees charged for a loan over a one-year period.

Annuity - An investment may pay annuities to an investor, which are equal payments occurring at regular intervals. Annuities include compounded interest, also.

Appreciate - An asset or investment may appreciate in value, which means that its worth increases.

Asset - An asset is something you own, such as property, structures, money, or investments like stocks or bonds.

Audit - An audit is an in-depth examination of an individual's or company's finances, performed by an auditor.

Balance - A balance may be the amount of money present in a checking or savings account. Balance can also indicate the amount of money remaining to be repaid on a loan.

Bankruptcy - When an individual or a company has insurmountable debt and cannot repay it, it's possible to declare bankruptcy to receive legal protection from the debts. Bankruptcy involves a legal process, possibly including the sale of assets to reduce the debt amount.

Bond - The government or a corporation may issue bonds to investors indicating a specific debt between the business entity and

the investor. The government or corporation agrees to pay the investor the face value of the bond and interest for the term of the bond.

Budget - A budget is a written or electronic accounting plan to help you manage your finances and save money.

Certificate of Deposit - A certificate of deposit (or CD) is an investment that involves the deposit of a specific amount of money into an account. You must keep your money in the account for a specified term to earn interest. Early withdrawal will result in a penalty.

Charge - Making a charge involves a purchase on a revolving credit account. The consumer borrows the money, which will result in interest charges unless the borrower pays the amount in full before the grace period ends.

Collateral - Some loans require property to assure repayment of the loan. This property is called collateral.

Commodities - Commodities are investment in tangible goods, such as gold or wheat. Investors hope prices of commodities will increase, resulting in a profit.

Cosigner - Some lenders require an additional party, or cosigner, to be added to the contract to guarantee payment if the borrower defaults.

Credit - Credit encompasses money borrowed that a borrower will need to repay.

Credit History - As consumers manage finances, borrowing and repaying money, they develop a credit history that details these transactions. Future loans depend on a solid credit history, because lenders check this information.

Debt - A debt is money or goods owed to another individual or to another entity.

Default - A default occurs if a payment is not made according to the terms of an agreement.

Deposit - Placing money into an account is a deposit.

Depreciation - An asset's value may go down over a period of time due to wear and tear, known as depreciation.

Diversify - An investor will typically spread out investment capital among various types of investments, known as diversification. This practice helps reduce investment risks.

Dividend - A company pays its stockholders in dividends to share company profits.

Earned Income - People who work for their wages receive earned income.

Expenses - Spending money on needs and wants is sometimes referred to as paying expenses.

Finance Charge - Lenders charge borrowers finance charges as fees for lending money. Borrowers who pay off a balance within a grace period can avoid finance charges.

Fixed Expenses - Some payments do not change from month to month, making them fixed expenses. An example of a fixed expense might be a car payment.

Foreclosure - If a borrower does not make payments on a secured debt, the lender may initiate legal foreclosure proceedings to seize the property associated with the debt. Default on a mortgage could result in foreclosure and auction of the property.

Grace Period - Revolving credit card lending involves grace periods, wherein borrowers do not have to pay finance charges or interest if they pay balances in full.

Insufficient Funds - If an account holder makes a bookkeeping error and writes a check without having at least this much money in a checking account, the bank may return the check due to insufficient funds. Banks often charge penalty fees for insufficient funds.

Interest - Lenders charge a percentage of loan amounts as a fee for the loan, known as interest.

Interest Rate - The percentage charged in interest is known as the interest rate.

Invest - People who wish to earn a profit from their money may make purchases or place their money into specific types of accounts, known as investing.

Lien - A lender may place a lien on property in connection with a debt, giving the lender legal right to the property if the borrower defaults on the loan.

Loan - A lender and a borrower can make a legal contract for the borrower to use money given by the lender. The borrower usually pays interest for use of the money, and must agree to pay back the money within a specified time.

Minimum Payment - A loan may specify the smallest payment amount due by the borrower, which would be the minimum payment. Borrowers can pay more than the minimum payment.

Money Market Account - Investors may deposit money into money market accounts to earn interest on the balance. Investors must maintain a minimum balance.

Mortgage - The loan involved for purchase of real estate is a mortgage.

Mutual Fund - A group of investors may hold a collection of different types of assets together. This type of investment provides investors with diversification, which can reduce risks.

Overdraw - Attempting to withdraw money from an account, exceeding the account balance, is overdrawing the account.

Points - Lenders may add points to the principal amount of a loan. Points are a percentage of the loan amount, due as a lump sum payment.

Principal - The amount borrowed for a loan without interest is the principal. The amount of money invested by an investor is also the principal.

Profit - An investor may make a profit after subtracting the principal invested and any additional amount of money spent in connection with the investment.

Return - The amount of money returned to an account holder is typically referred to as the return.

Risk - The risk of an investment is the likelihood that the investor will lose money from the transaction.

Secured Credit Card - A young consumer trying to develop a positive credit history may use a secured credit card. With this type of account, the consumer deposits money to create a balance. The consumer can then make charges up to this balance to demonstrate responsible use of the account.

Securities - Securities may be paper or electronic instruments verifying ownership of stocks or bonds.

Service Charges - A financial institution may levy service charges to account holders for the upkeep and maintenance of bank accounts.

Share - Investors who own a piece of a corporation own a share of the company.

Sole Proprietor - When one person owns a company, this person is the sole proprietor of the company.

Stock - Companies may issue stock to investors to certify ownership of a part of the company.

Taxes - A government typically charges its citizens compulsory fees to help maintain the government.

Unearned Income - When people make money from interest, they are making unearned income.

Variable Expenses - Some expenses change from month to month, making them variable expenses. Examples of variable expenses include groceries or utility bills.

Withdrawal - Removing money from an account is known as withdrawing the money.

Financial Abbreviations

- **AIFI** - All India Financial Institutions
- **AIR** - Assumed Interest Rate
- **ALD** - Aggregate Liabilities to the Depositors
- **ALM** - Asset Liability Management
- **AMFI** - Association of Mutual Funds in India
- **AML** - Anti Money Laundering
- **AMS** - Aggregate Measures of Support
- **AoA** - Agreement on Agriculture
- **APDRP** - Accelerated Power Development and Reform Programme
- **APL** - Above Poverty Line
- **APR** - Annual Percentage Rate
- **APM** - Administered Price Mechanism
- **ARC** - Asset Reconstruction Company
- **ARM** - Adjustable Rate Mortgage
- **BBPCU** - Bharat Bill Payment Central Unit
- **BIS** - Bank for International Settlements
- **BoP** - Balance of Payments
- **BPL** - Below Poverty Line
- **BPLR** - Benchmark Prime Lending Rate
- **BPO** - Business Process Outsourcing
- **BSE** - Bombay Stock Exchange
- **CBLO** - Collateralized Borrowing and Lending Obligation
- **CCP** - Cheque Collection Policy
- **CD** - Certificate of Deposit
- **CDR** - Corporate Debt Restructuring
- **CHI** - Clearing House Interface
- **DNSS** - Deferred Net Settlement System
- **DP** - Depository Participant
- **ECB** - External Commercial Borrowing
- **EFT** - Electronic Funds Transfer

➤ ETF	- Exchange Traded Funds	➤ NAV	- Net Asset Value
➤ FDIC	- Federal Deposit Insurance Corporation	➤ NCND	- Non-Circumvent and Non-Disclosure
➤ FOREX	- Foreign Exchange	➤ NDA	- Non-Disclosure Agreement
➤ FRB	- Federal Reserve Board	➤ P&L	- Profit and Loss
➤ FRBM	- Fiscal Responsibility and Budget Management	➤ P/E	- Price-to-earnings ratio
➤ FRL	- Full Reservoir Level	➤ QTD	- Quarter-to-Date
➤ GDR	- Global Depository Receipt	➤ ROA	- Return on assets
➤ GFCF	- Gross Fixed Capital Formation	➤ ROE	- Return on Equity
➤ GFD	- Gross Fiscal Deficit	➤ ROI	- Return on Investment
➤ GRF	- Guarantee Redemption Fund	➤ RPT	- Risk Profile Template
➤ GST	- Goods and Services Tax	➤ RTGS	- Real Time Gross Settlement
➤ GNP	- Gross National Product	➤ SFMS	- Structured Financial Messaging System
➤ IDF	- Infrastructure Debt Fund	➤ SLR	- Statutory Liquidity Ratio
➤ INFINET	- Indian Financial Network	➤ SME	- Small and Medium Enterprise
➤ IPO	- Initial Public Offering	➤ SMP	- Statutory Minimum Price
➤ LOI	- Letter Of Intent	➤ SIV	- Structured Investment Vehicle
➤ MMKT	- Money Market	➤ TIN	- Tax Information Network
➤ NAV	- Net Asset Value	➤ TSR	- Total Shareholder Return
➤ NSDL	- National Securities Depository Ltd.	➤ VaR	- Value at Risk
➤ NSE	- National Stock Exchange	➤ VAT	- Value Added Tax
➤ NSF	- Net Satisfaction Factor	➤ WADR	- Weighted Average Discount Rate
➤ PSP	- Profit Sharing Plan	➤ WCDL	- Working Capital Demand Loan
➤ REER	- Real Effective Exchange Rate	➤ WDM	- Wholesale Debt Market
➤ SEC	- Securities Exchange Commission	➤ WMA	- Ways and Means Advance
➤ SWIFT	- Society for Worldwide Interbank Financial Telecommunications	➤ WOS	- Wholly Owned Subsidiaries
➤ TSA	- Tax-Sheltered Annuity	➤ WPI	- Wholesale Price Index
➤ YTM	- Yield To Maturity	➤ WC	- Working capital
➤ CAGR	- Compound annual growth rate	➤ YTD	- Year-to-date
➤ CAPEX	- Capital Expenditures	➤ ADTV	- Average Daily Trading Volume
➤ COB	- Close of Business	➤ AMEX	- American Stock Exchange
➤ EPS	- Earnings per share	➤ CB	- Current Bid
➤ LLC	- Limited Liability Company	➤ CMP	- Current Market Price
➤ MPC	- Monetary Policy Committee	➤ PFD	- Preferred stock
➤ MTD	- Month-to-Date	➤ QTE	- Quote
		➤ YTM	- Yield-to-Maturity

PAST YEAR MCQs

1. What is the full form of the term PMI? It is an indicator of business activity both in the manufacturing and services sectors?
(SBI PO Main 2017)
 - (a) Purchasing Monitors' Index
 - (b) Purchasing Management Index
 - (c) Purchasing Market Index
 - (d) Purchasing Managers' Index
 - (e) None of these
2. Many a times, we read in newspaper that the RBI has revised certain rates/ratios under LAF. What is full form of LAF?
(IBPS PO Mains 2015)
 - (a) Legal Adjustment Facility
 - (b) Liquidity Adjustment Facility
 - (c) Longterm Achievement Facility
 - (d) Legal Adjustment Formality
 - (e) None of these
3. Full form of "MANI" app launched by RBI
(IBPS Clerk Main-2020)
 - (a) Mobile Application Note Identifier
 - (b) Mobile Aided Note Identifier
 - (c) Mobile Aided Number Identity
 - (d) Mobile App Note Identity
 - (e) Mobile Apps No Identifier
4. What is the Full form of M in MDR?
(IBPS Clerk Main-2020)
 - (a) Merchant (b) Money
 - (c) Merchant (d) Mechanism
 - (e) None of these
5. What does stand for "S" in RTGS?
(IBPS O/S-I 2015)
 - (a) Security (b) Services
 - (c) Settlement (d) System
 - (e) None of these
6. The form 'ITR-1' is a form for using
(RBI Assistant 2015)
 - (a) Income Tax Challan
 - (b) Excise Duty
 - (c) Customs Duty
 - (d) Income Tax Return
 - (e) None of these
7. What does the letter 'M' denote in the abbreviated term 'MRTP', an act which was applicable in India till recently?
(RBI Assistant 2015)
 - (a) Money (b) Moral
 - (c) Minimum (d) Monopolies
 - (e) Market
8. In economic terms, the total market value of all final goods and services produced in a country in a given year is known as _____
(RBI Assistant 2015)
 - (a) GNI (b) GDP
 - (c) Inflation (d) PPP
 - (e) Wealth of a nation
9. What does 'GIFT' stand for?
(IBPS PO Main 2016)
 - (a) Gujarat Institute of Fashion Technology
 - (b) Government of India Foreign Trade
 - (c) Gapping Income Free Of Tax
 - (d) Gujarat International Financial Tech
 - (e) Gujarat Institute of Future Technologies
10. What is the full form of NBFC as used in the financial sector?
(IBPS PO Main 2016)
 - (a) New Banking Finance Company
 - (b) National Banking & Finance Corporation
 - (c) Non Business Fund Company
 - (d) New Business Finance & Credit
 - (e) None of these

11. What is the full form of MCLR?
(IBPS RRB Clerk Main-2019)
- Marginal Cost of Funds based Lending Rate
 - Manual Cost of Funds based Leading Rate
 - Minimum Cost of Funds by Leading Rate
 - Maximum Cost of Funds based Large Rate
 - None of these
12. Making, issuing or circulating any written or oral statement that misrepresents the benefits, conditions, or terms of any insurance policy, or transaction is an example of: (IBPS RRB Main 2017)
- Twisting
 - Unfair
 - Misrepresentation
 - Concealment
 - All of these

ANSWER KEYS

1.	(d)	2.	(b)	3.	(b)	4.	(a)	5.	(c)
6.	(d)	7.	(d)	8.	(b)	9.	(d)	10.	(e)
11.	(a)	12.	(c)						

PRACTICE MCQs

- RTGS stands for
 - Real Time Gross Settlements
 - Reduced Time Gross Settlements
 - Relative Time Gross Settlements
 - Real Total Gross Securities
- NFS is the largest network of shared automated teller machines (ATMs) in India. NFS stands for-
 - National Financial Service
 - National Financial Switch
 - National Financial Stand
 - National Financial Security
- What does R stands in FRBM –
 - Revenue
 - Responsibility
 - Response
 - Real
- What does I stands in CHI with relation to Cheque Truncation System (CTS)?
 - Investment
 - Interface
 - Instrument
 - Information
- The security, integrity, non-repudiation and authenticity of the data and image transmitted in CTS are ensured using the PKI. What does P stands for in PKI?
 - Private
 - Public
 - Privacy
 - Product
- What does P stands for in CCP with respect to Cheques?
 - Private
 - Privacy
 - Policy
 - Product
- What does L stands for in LAF?
 - Liquid
 - Liquidity
 - Liability
 - Loss
- What does C stands for in BBPCU?
 - Control
 - Currency
 - Central
 - Corporation

9. What does O stands for in WLAO with respect to ATMs?
 (a) Organiser (b) Operator
 (c) Order (d) Obligation
10. IDF is an investment vehicle which can be sponsored by commercial banks . What does I stands for in IDF?
 (a) Investment (b) Infrastructure
 (c) International (d) India
11. What does B stands for in CBLO?
 (a) Bank (b) Borrowing
 (c) Basic (d) Basel
12. What does E stands for in ECB?
 (a) Equity (b) External
 (c) Export (d) Electronic
13. What does F stands for in SFMS?
 (a) Fund (b) Financial
 (c) Federation (d) Finance
14. What is the term used for loan involved in purchase of real estate
 (a) Lieh (b) Mortgage
 (c) Overdraw (d) Finance
15. Which of the following is part of unearned income?
 (a) Freelancer's income
 (b) Take away salary
 (c) Withdrawal amount
 (d) Money received from interest

ANSWER KEYS

1.	(a)	2.	(b)	3.	(b)	4.	(b)	5.	(b)
6.	(c)	7.	(b)	8.	(c)	9.	(b)	10.	(b)
11.	(b)	12.	(b)	13.	(b)	14.	(b)	15.	(d)

Currency System in India

INTRODUCTION

Coins: Coins in India are presently being issued in denominations of one rupee, two rupees, five rupees and ten rupees. Coins in the denomination of 1 Paise, 2 Paise, 3 Paise, 5 Paise, 10 Paise, 20 Paise and 25 Paise have been withdrawn from circulation with effect from June 30, 2011 and are, therefore, no more legal tender.

Currency: Banknotes in India are currently being issued in the denomination of ₹ 10, ₹ 20, ₹ 50, ₹ 100, ₹ 200, ₹ 500 and ₹ 2000. These notes are called banknotes as they are issued by the Reserve Bank of India (Reserve Bank). The printing of notes in the denominations of ₹ 2 and ₹ 5 has been discontinued as these denominations have been coined. Government of India vide their Notification no. 2652 dated November 8, 2016 have withdrawn the Legal Tender status of ₹ 500 and ₹ 1,000 denominations of banknotes of the Mahatma Gandhi Series issued by the Reserve Bank of India till November 8, 2016. Currency paper is composed of cotton and cotton rag.

- The highest denomination note ever printed by the Reserve Bank of India was the ₹ 10000 note in 1938 and again in 1954. These notes were demonetized in 1946 and again in 1978.

The Indian currency (INR)

The Indian currency is called the Indian Rupee (INR) and the coins are called paise. One Rupee consists of 100 paise. The symbol of the Indian Rupee is ₹. The design resembles both the Devanagari letter "₹" (ra) and the Latin capital letter "R", with a double horizontal line at the top.

The role of the Reserve Bank of India in currency management

- The Reserve Bank derives its role in currency management from the Reserve Bank of India Act, 1934. The Reserve Bank manages currency in India. The Government, on the advice of the Reserve Bank, decides on various denominations of banknotes to be issued.
- The Reserve Bank also co-ordinates with the Government in the designing of banknotes, including the security features. The Reserve Bank estimates the quantity of banknotes that are likely to be needed denomination-wise and accordingly, places indent with the various printing presses.
- The aim of the Reserve Bank is to provide good quality notes to members of public. Towards this aim, the banknotes received back from circulation are examined and those fit for circulation are reissued and the others (soiled and mutilated) are destroyed so as to maintain the quality of banknotes in circulation.

The role of Government of India

- In terms of Section 25 of RBI Act, 1934 the design of banknotes is required to be approved by the Central Government on the recommendations of the Central Board of the Reserve Bank of India.
- The responsibility for coinage vests with the Government of India on the basis of the Coinage Act, 2011 as amended from time to time. The Government of India is also responsible for the designing and minting of coins in various denominations.

The decision on the figure to be printed on a new note

- The Government of India in consultation with the Reserve Bank of India decides the design of banknotes.

Banknotes and coins be issued

- The Reserve Bank can also issue banknotes in the denominations of five thousand rupees and ten thousand rupees, or any other denomination that the Central Government may specify.
- There cannot be banknotes in denominations higher than ten thousand rupees in terms of the current provisions of the Reserve Bank of India Act, 1934. Coins can be issued up to the denomination of Rs 1000 in terms of The Coinage Act, 2011.

The languages appear in the language panel of Indian banknotes

- There are fifteen languages appearing in the language panel of banknotes in addition to Hindi prominently displayed in the centre of the note and English on the reverse of the banknote.

The meaning of "I promise to pay" clause

- According to Section 26 of Reserve Bank of India Act, 1934, the Bank is liable to pay the value of banknote. This is payable on demand by RBI, being the issuer.
- The Bank's obligation to pay the value of banknote does not arise out of a contract but out of statutory provisions.
- The promissory clause printed on the banknotes i.e., **"I promise to pay the bearer the sum of Rupees ..."** is a statement which means that the banknote is a legal tender for the specified amount.
- The obligation on the part of the Bank is to exchange a banknote with bank notes of lower value or other coins which are legal tender under the Indian Coinage Act, 2011, of an equivalent amount.

The currency to people

- The Reserve Bank presently manages the currency operations through its 19 Issue offices located at Ahmedabad, Bengaluru, Belapur, Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Jammu, Kanpur, Kolkata, Lucknow, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram, a currency chest at Kochi and a wide network of currency chests.
- These offices receive fresh banknotes from the banknote printing presses. The Issue Offices of RBI send fresh banknote remittances to the designated branches of commercial banks.
- The Reserve Bank offices located at Hyderabad, Kolkata, Mumbai and New Delhi (Mint linked Offices) initially receive the coins from the mints. These offices then send them to the other offices of the Reserve Bank who in turn send the same to currency chests and small coin depots.
- The banknotes and rupee coins are stocked at the currency chests and small coins at the small coin depots. The bank branches receive the banknotes and coins from the Currency Chests and Small Coin Depots for further distribution among the public.

The process when the banknotes and coins return from circulation

- Banknotes returned from circulation are deposited at the Issue offices of the Reserve Bank. The Reserve Bank subjects these to processing, authenticates banknotes for their genuineness, and segregates them into notes fit for reissue and those which are unfit, for cancellation.
- The banknotes which are fit for reissue are sent back in circulation and those which are unfit for reissue are destroyed by way of shredding after completion of examination process. Coins do not come back from circulation, except those which are withdrawn.

SOILED, MUTILATED AND IMPERFECT NOTES

Soiled Notes

Soiled notes are those which have become dirty and slightly cut. Notes which have numbers on two ends, i.e. notes in the denomination of ₹ 10 and above which are in two pieces, are also considered as soiled note. Such notes can be exchanged at the counters of any public sector bank branch, any currency chest branch of a private sector bank or any Issue Office of the Reserve Bank of India. There is no need to fill any form for doing this.

Mutilated Notes

Mutilated banknote has a missing portion or composed of more than two pieces.

Essential portions in a currency note are name of issuing authority, guarantee, promise clause, signature, Ashoka Pillar emblem/ portrait of Mahatma Gandhi, water mark. Refund value of these notes is, however, paid as per RBI (Note Refund) Rules.

These can also be exchanged at the counters of any public sector bank branch, any currency chest branch of a private sector bank or any Issue Office of the RBI without filling any form.

Imperfect banknote

Any banknote, which is wholly or partially, obliterated, shrunk, washed, altered or indecipherable but does not include a mutilated banknote.

Other facilities for exchange

For public convenience, the exchange facility for mutilated notes is also offered through TLR (Triple Lock Receptacle) covers. Members of public can obtain from the Enquiry Counter of the Reserve Bank a TLR cover and put their notes in the cover with particulars, such as, name, address, denominations of notes deposited, etc. filled in the columns provided on the cover, close it and deposit it in a box called Triple Lock Receptacle against issue of a paper token.

Excessively soiled, brittle, burnt notes

Excessively soiled, brittle or burnt notes can be exchanged only at Issue Office of the RBI. Persons holding such notes may go to the Officer-in-charge of the Claims Section, Issue Department of the Reserve Bank.

- Indian Rupee Notes are printed in four presses. The Security Printing and Minting Corporation of India (SPMCIL) has presses at Nashik in Maharashtra and Dewas in Madhya Pradesh. The other two are owned by RBI, through a subsidiary, Bharatiya Reserve Bank Note Mudran (BRBNML), at Mysuru, Karnataka, and Salboni in Bengal.
- Coins are made at four government-owned mints : at Mumbai, Hyderabad, Kolkata and Noida.

Currency Flow

Printing presses --- RBI offices---currency chests---- bank branches ---public.

- RBI manages the currency operations through its offices in 18 cities. RBI offices receive notes from presses and coins from mints. These offices then send them to the other offices of the Reserve Bank. The notes and rupee coins are stocked at the currency chests and small coins at the small coin depots. RBI offices are located at
- Ahmedabad, Bangalore, Bhopal, Bhubaneswar, Belapur (Navi Mumbai), Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Lucknow, Mumbai (Fort), Nagpur, New Delhi, Patna and Thiruvananthapuram.
- Reserve Bank offices located at Kolkata, Hyderabad, Mumbai and New Delhi initially receive the coins from the mints.

Currency Chests

- The RBI offices in various cities receive the notes from note presses and coins from the mints. These are sent to the currency chests and small coin depots from where they are distributed to bank branches.

- The RBI has set up over 4,075 currency chests all over the country. Besides these, there are around 3,746 bank branches working as small coin depots to stock small coins.

Movement of Currency

- Banks officials are responsible for movement from chest to a branch. Chests distribute currencies to branches depending on specific demand. Branches demand currencies based on business volume. The bank branches receive the bank notes and coins from the currency chests and small coin depots for further distribution among the public.
- Specially built trucks for short distance (journey completed during the day), railways for long distance Guarded by police, remittance accompanied by officials of RBI to chests. Further movement from chest to a branch done by the bank concerned.
- Banks replenish cash into ATM based on daily withdrawal propensity. Many banks outsource tasks of replenishing off site ATMS.

Clean Note Policy

- Reserve Bank of India has been continuously making efforts to make good quality banknotes available to the members of public. The Clean Note Policy contains initiatives and instructions to make currency notes clean.
- To help RBI and banking system, the members of public are requested to ensure the following:
 - Not to staple the banknotes.
 - Not to write / put rubber stamp or any other mark on the banknotes.
 - Store the banknotes safely to prevent any damage.

Demonetization of High Denomination Notes

- **Objective:** Demonetization of high currency notes has a two objective –

Firstly, stopping the funding process of militancy and terrorism from across the border. In the last few years large number of counterfeit notes were regularly discovered in states infested with terror activities. Secondly, to fight against corruption.

- **Implications of Demonetization:** There are many economic implications of demonetization and create mixed results. First, it would inspire confidence of international community that India is serious about its commitment to fight corruption. This will enhance India's ranking in ease of doing business as well as in various global indices of corruption.
- The immediate pain in terms of non-availability of required currency notes if not corrected soon, may reflect in reduction of output in agriculture because of its timing being close to sowing season and which may spillover to industry and services.

On the basis of macroeconomic analysis, due to liquidity constraint of short period, consumption would not be impacted nor would be business investment which is largely based on overall climate and interest rates.

The severity of demonetization could result in enhancing fear of placing deposits in banks to avoid detection, and people may pursue other alternatives. Further, people may even be cautious in holding high denomination currency in their homes, which may get diverted to investing in gold, real estate and other activities.

The transport sector including taxis, auto/cycle rickshaws, horse carriages and bullock carts are all on cash payment as also most of local markets/shops/dhabas and similar business outlets, especially in rural areas. In addition, low volume of business in rural shops, shopping sheds, rural make - shift Kiosks may not justify the cost of installing equipment to read and safely secure the data on plastic money.

PAST YEAR MCQs

1. Rupee coins are the legal tender in India under the provisions of
(a) Indian coinage Act, 1906
(b) Reserve Bank of India Act, 1934
(c) Negotiable instruments Act, 1881
(d) Banking Regulation Act, 1949
(e) None of these
(IBPS RRB Main 2017)
2. In India, the system of decimal coinage was introduced on...
(a) 26th Jan. 1949 (b) 1st April, 1957
(c) 15th August, 1957 (d) All of the above
(e) None of these
(IBPS RRB Main 2017)
3. The highest currency note ever printed by the Reserve Bank of India (RBI) was a ₹ 10,000 note during the British Raj. It was printed first in-
(a) 1919 (b) 1946
(c) 1938 (d) 1912
(e) 1978
(SBI PO Main 2016)

ANSWER KEYS

1.	(a)	2.	(b)	3.	(c)						

PRACTICE MCQs

1. The Indian currency system was converted into a decimal system by which was brought into force from 1 April, 1957.
(a) Banking Companies Act, 1946
(b) Coinage Act, 1956
(c) Indian Coinage Act, 1955
(d) Banking Regulation Act, 1949
(e) None of these
2. In India Currency notes of denomination ₹ 1, 2, 5, 10, 50, 500 and 1000 are in circulation. This series of number is called as
(a) British Series
(b) Indian Currency Series
(c) Ambedkar Series
(d) Mahatma Gandhi Series.
(e) None of these
3. All the currency notes except bear the signature of the Governor of the RBI.
(a) One Rupee note
(b) Hundred Rupee note
(c) Five Rupee note
(d) Two Rupee note
(e) None of these
4. Distribution and administration of all currency is done by the as an agent of the GOI.
(a) RBI
(b) World Bank
(c) SBI
(d) Finance Department
(e) None of these
5. In became a member of IMF and the exchange value of the rupee came to be fixed by IMF standards.
(a) 1947 (b) 1950
(c) 1956 (d) 1987
(e) None of these

6. Paper currency in India was introduced in by the British government.
 - (a) 1919 (b) 1890
 - (c) 1920 (d) 1861
 - (e) None of these
7. The first devaluation take place in June
 - (a) 1947 (b) 1889
 - (c) 1949 (d) 1935
 - (e) None of these
8. refers to the withdrawal of currency from circulation which is done to ambush black market currency and unaccounted money.
 - (a) Devaluation (b) Decentralisation
 - (c) Denomination (d) Demonetization
 - (e) None of these
9. The Banking Companies Act was amended in 1949 and its name changed to the
 - (a) Banking Laws Act
 - (b) Reserve Bank of India Act
 - (c) Banking Transfer Act
 - (d) Regulation Act
 - (e) None of these
10. The first bank in India managed by Indians was the
 - (a) RBI
 - (b) Oudh Commerical Bank
 - (c) Corporation Bank
 - (d) Bank of India
 - (e) None of these
11. In which year (prior to 2016) were the high value currency notes demonetized?
 - (a) 1978 (b) 1977
 - (c) 1976 (d) 1979
 - (e) 1980
12. The rate at which the Reserve Bank of India lends money to commercial banks is known as –
 - (a) Repo Rate (b) Base Rate
 - (c) Bank Rate (d) Reverse Repo Rate
 - (e) None of these
13. The new 2000 rupee note has the image of -
 - (a) INS Vikramaditya
 - (b) Mangalyaan
 - (c) Red Fort
 - (d) Thiruvalluvar
 - (e) None of these
14. Where in Karnataka is RBI's Note Press located?
 - (a) Mysore (b) Mangalore
 - (c) Kalaburagi (d) Dharwad
 - (e) None of these
15. The rate at which RBI borrows money from banks is known as –
 - (a) Bank rate
 - (b) Repo rate
 - (c) Reverse Repo rate
 - (d) Base rate
 - (e) None of these
16. In which year was the decimal system of currency introduced in India?
 - (a) 1955 (b) 1957
 - (c) 1961 (d) 1963
 - (e) 1960
17. Upto what denomination can coins be issued by the RBI?
 - (a) ₹ 10 (b) ₹ 100
 - (c) ₹ 500 (d) ₹ 1000
 - (e) ₹ 200
18. Which of the following currency notes has the image of the Parliament of India?
 - (a) ₹ 50 (b) ₹ 100
 - (c) ₹ 500 (d) ₹ 2000
 - (e) ₹ 200

ANSWER KEYS

1.	(c)	2.	(d)	3.	(a)	4.	(a)	5.	(a)
6.	(d)	7.	(c)	8.	(d)	9.	(d)	10.	(b)
11.	(a)	12.	(a)	13.	(b)	14.	(a)	15.	(c)
16.	(b)	17.	(d)	18.	(a)				

Union Budget 2020-21 & Recent Economic Developments

BUDGET 2020: HIGHLIGHTS

This year's Union Budget centres around three ideas — Aspirational India, Economic development, A Caring Society. From the common man to industry and market — all have a wide range of expectations from this year's budget.

This year's Economy Survey projected economic growth to rebound and hit 6%-6.5% in the next financial year starting April 1.

Personal tax rates reduced

- 10% income tax for income tax for income between ₹5 - ₹7.5 lakh
- For income tax between ₹7.5 lakh- ₹10 lakh, he or she will have to pay 15%
- Those earning ₹10 lakh- ₹12.5 lakh, will be charged 20% income tax
- Proposed an outlay of ₹27,300 crore for the development of industry and commerce during 2020-21

Power to power sector

- To provide ₹273 billion or promotion of industry and commerce
- Firms operating old thermal power plants advised to shut units if emission norms not met
- To allocate ₹44 billion for clean air incentives in cities with over 1 million people
- FY21 divestment target pegged at ₹2.1 lakh crore

Skill India initiative

- Proposed ₹3,000 crore for 'Skill India' to provide relevant skill training to the youth in the country.

- To sell govt stake in IDBI Bank to private investors
- Plans to sell stake in LIC through IPO
- FY21 fiscal deficit target pegged at 3.5% of GDP

Connecting India

- ₹6,000 crore allocated for BharatNet programme
- Around 1 lakh gram panchayats to be linked with BharatNet

To clean air and pollution free cities

- Power plants with emissions above prescribed limits will be asked to close down.
- India's commitment towards tackling climate change made at Paris conference kickstarts from January 1, 2021.
- ₹4,400 crore allocated for states that work towards clean air.

Your money becomes safer

- Deposit insurance coverage increased to ₹5 lakh from the existing ₹1 lakh.

Swachh Bharat Mission

- The total allocation proposed for Swachh Bharat Mission is ₹12,300 crore

For health sector

- Provided an additional ₹69,000 crore for the health sector
- Proposed to attach a medical college to a district hospital in PPP model

Say 'no' to pollution

- Govt will encourage states which formulate plans for air pollution scheme soon. ₹4,400 crore allocated for 2020-21

- ₹8,000 crore allocated over 5 years for National Mission on Quantum Technology.

For Indian Railways

- 4 station re-development projects in railways via PPP models
- To develop solar capacity in Indian railways
- Plan more Tejas like trains to connect tourist locations
- To launch ₹18,600 crore worth Bengaluru Suburban Transportation project

Push for renewable energy sector

- ₹20,000 crore for the renewable energy sector
- To construct 2500 access control highway; 9000 km eco-development corridors; 200 coastal and port roads; 2000 km strategic highways
- Delhi-Mumbai expressway and 2 other corridors will be completed by 2023

Transport infrastructure

- Proposed to provide ₹1.7 lakh crore for transport infrastructure in 2020-21
- Centre to provide 20% equity for Bengaluru Suburban Transportation Raj
- 100 more airports to be developed by 2024 to support Central government's "Udaan" scheme

For agricultural sector

- Pegged the agricultural credit target at ₹15 lakh crore for fiscal 2020-21
- Indian Railways will set up Kisan Rail in public-private partnership (PPP) mode for cold supply chain to transport perishable goods
- NABARD refinance scheme will be expanded

For education sector

- 150 higher education institutions to offer apprenticeship diplomas by March 2021; will promote 'Study In India' initiative.

- To provide ₹99,300 crore for educational sector in FY21

- By 2030, India will have largest working age population in the world. This population needs both job and life skills. New education policy to be announced soon.
- Proposed to attach a medical college in existing district hospitals

16 action points plan for farmers

- Krishi Udan scheme to boost agricultural exports in both international as well as domestic routes
- Target for Agricultural credit has been increased to ₹ 15 lakh crore from ₹ 12 lakh crore
- Agriculture and irrigation has been allotted ₹ 2.83 lakh crore for FY21
- Rural Development and Panchayati Raj have been allotted ₹ 1.23 lakh crore
- Expansion of NABARD Refinancing Scheme while MGNREGS to be used to develop fodder farm
- Fish production to be raised to 200 lakh tonnes by 2022-23
- By 2025, milk processing capacity to be doubled to 108 MT
- Government proposes measures to improve situation in 100 water-stressed districts
- Government to set up 20 lakh to benefit farmers
- Kisan Rail to be set up in PPP mode for perishable goods
- One product for one district, so that focus is given at district level for horticulture to gain momentum
- Government to focus on Zero Budget farming
- e-NAM to be integrated with financing of negotiable warehousing receipts
- Farm markets to be liberalised
- Balanced use of fertilizers in the farm lands

- In a bid to liberalise agricultural markets, the govt plans handhold farmers

ATMANIRBHAR BHARAT ABHIYAN - COVID-19 RELIEF PACKAGE

- The COVID-19 pandemic has adversely affected the Indian economy and society in varied ways. In this article, you can read the details of the Atmanirbhar Bharat Abhiyan – which is the name given to the full-fledged economic stimulus package announced by the Union Government. This comes under the economy, polity, disaster management and current affairs segments of the UPSC syllabus.
- The government had initially announced the Pradhan Mantri Garib Kalyan Yojana (PMGKY) as interim measures for those affected by the COVID-19 pandemic. To read about all the important government schemes for the UPSC exam and other government exams, click on the linked article.
- The Atmanirbhar Bharat Abhiyan (meaning self-reliant India scheme) was announced in four tranches by the Union Finance Minister Nirmala Sitharaman in May 2020.
- The economic stimulus relief package announced by the government is touted to be worth ₹ 20 Lakh crores. This includes the already announced ₹ 1.70 lakh crore relief package, as the PMGKY, for the poor to overcome difficulties caused by the coronavirus pandemic and the lockdown imposed to check its spread.

Important Facts about Atmanirbhar Bharat Scheme

The Prime Minister announced that an Atmanirbhar Bharat or a self-reliant India should stand on the following five pillars:

- Economy
- Infrastructure
- 21st century technology driven arrangements and system
- Demand
- Vibrant Demography

The 20 lakh crore worth package is almost 10% of the GDP of the country.

The package emphasises on land, labour, liquidity and laws.

The package includes measures across many sectors such as MSME, cottage industries, middle class, migrants, industry, etc.

Several reforms are announced to make India a self-reliant economy and mitigate negative effects in the future. Some of the reforms are:

- Simple and clear laws
- Rational taxation system
- Supply chain reforms in agriculture
- Capable human resources
- Robust financial system

India's relief package stands in comparison to those announced by other countries:

Country	Percentage of GDP
USA	13% (2.7 trillion USD – largest in absolute monetary terms)
Japan	21.1%
Sweden	12%
Australia	10.8%
Germany	10.7%

In the following sections, the four tranches of the economic relief package is illustrated as announced by the FM.

Atmanirbhar Bharat Abhiyan - Tranche 1

The first tranche contained 16 specific announcements and they spanned across the MSME, NBFC, real estate, power sectors, etc.

Category	Measures
Employees/tax payers	➤ Extended deadline for income tax returns for the financial year 2019-20 (due date pushed to 30 Nov 2020) ➤ The rates of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) have been cut by 25% for the next year. ➤ EPF support, provided to low-income organised workers in small units under the PMGKY, is being extended for another 3 months. ➤ PF payments have been reduced from 12% to 10% for both employers and employees for the next 3 months.
MSMEs	➤ The ₹3 lakh crore emergency credit line announced will ensure that 45 lakh units will have access to working capital to resume business activity and safeguard jobs. ➤ Provision of ₹20,000 crore as subordinate debt for 2 lakh MSMEs which are stressed or deemed non-performing assets. ➤ A ₹50,000 crore equity infusion is planned, through an MSME fund of funds with a corpus of ₹10,000 crore. ➤ The definition of an MSME is being expanded to allow for higher investment limits and the introduction of turnover-based criteria. Read more on May 20, 2020 CNA. ➤ Global tenders will not be allowed for government procurement up to ₹200 crore. ➤ The government and central public sector enterprises will release all funds due to MSMEs within 45 days.
NBFCs	➤ ₹ 30,000 crore special liquidity scheme, under which investment will be made in investment grade debt papers of NBFCs. ➤ Partial credit guarantee scheme extended under which the govt. guarantees 20 per cent of the first loss to the lenders — NBFCs, HFCs and MFIs with low credit rating.
Discoms	➤ ₹90,000 Cr. liquidity Injection has been announced.
Real Estate	➤ States and UTs have been advised to extend the registration and completion date of real estate projects by six months.

Atmanirbhar Bharat Abhiyan - Tranche 2

The second tranche focuses on providing free food grains to migrant workers who do not possess ration cards.

Provision	Details
Free food grains	➤ The Centre will spend ₹3,500 crore for providing free food grains for migrant workers without ration cards for the next 2 months. This is an extension of the PMGKY.

Credit facilities	➤ Street vendors will be given access to easy credit through a ₹5,000 crore scheme, which will offer ₹10,000 loans for initial working capital. ➤ Plans to enrol 2.5 crore farmers who are not yet part of the Kisan Credit Cards scheme, along with fish workers and livestock farmers, and provide them with ₹2 lakh crore worth of concessional credit. ➤ NABARD will provide additional refinance support worth ₹30,000 crore to rural banks for crop loans.
Subvention relief	➤ Small businesses who have taken loans under the MUDRA-Shishu scheme, meant for loans worth ₹50,000 or less, will receive a 2% interest subvention relief for the next year.
Affordable rental housing	➤ A scheme to build rental housing complexes through PPP mode would be launched under the existing Pradhan Mantri Awas Yojana (PMAY) scheme. ➤ Both public and private agencies will be incentivised to build rental housing on government and private land, while existing government housing will be converted into rental units. ➤ The credit linked subsidy scheme for lower middle class housing under PMAY will also be extended by one year to March 2021.
One Nation One Ration Card Scheme	➤ By August 2020, the ration card portability scheme will allow 67 crore NFSA beneficiaries in 23 connected States to use their cards at any ration shop anywhere in the country.
MGNREGA	➤ States are directed to enrol migrant workers returning to their native places in the MGNREGA scheme.

Atmanirbhar Bharat Abhiyan - Tranche 3

The third tranche of the economic relief package focuses on agricultural marketing reforms. Many of the reforms announced are long pending and are expected to have a positive impact for both the farmers and the consumers.

Provision	Details
Inter-state trade	➤ Plans to enact a central law to permit barrier-free inter-State trade of farm commodities and e-trading. ➤ This will allow farmers to sell produce at attractive prices beyond the current mandi system.
Contract farming	➤ Plans to ensure a facilitative legal framework to oversee contract farming. ➤ This would provide farmers with assured sale prices and quantities even before the crop is sown and also allow private players to invest in inputs and technology in the agricultural sector.

Deregulating produce	➤ The Centre will be deregulating the sale of six types of agricultural produce, including cereals, edible oils, oilseeds, pulses, onions and potatoes, by amending the Essential Commodities Act, 1955. ➤ Stock limits will not be imposed on these commodities except in case of national calamity or famine or an extraordinary surge in prices. These stock limits would not apply to processors and exporters.
Agriculture infrastructure	➤ Investment of 1.5 lakh crore rupees to build farm-gate infrastructure and support logistics needs for fish workers, livestock farmers, vegetable growers, beekeepers and related activities.

Atmanirbhar Bharat Abhiyan - Tranche 4

The final tranche focuses on the sectors of defence, aviation, power, mineral, atomic and space. There is a huge emphasis on privatisation. One concern with this set of reforms is that they look more like industrial reforms rather than an economic reform package or stimulus.

Sector	Provisions
Defence	➤ Provisions for banning the import of some weapons and platforms to indigenise defence production. ➤ There is a provision for a separate budget for domestic capital procurement. This would help reduce the defence import bill and encourage domestic production. ➤ The FDI limit in defence manufacturing under automatic route will be raised from 49% to 74%. ➤ Ordnance Factory Boards (OFB) would be corporatized and listed on the stock market to improve autonomy, efficiency and accountability.
Minerals	➤ The government monopoly on coal would be removed with the introduction of commercial mining on a revenue sharing basis. ➤ The private sector would be allowed to bid for 50 coal blocks. Private players would also be allowed to undertake exploration activities.
Space	➤ Private involvement in space will be encouraged. ➤ A level playing field for private players will be created in the space sector, allowing them to use ISRO facilities and participate in future projects on space travel and planetary exploration. ➤ The government will ease geo-spatial data policy to make remote-sensing data more widely available to tech entrepreneurs, with safeguards put in place.
Aviation	➤ Six more airports are up for auction on private public partnership mode, while additional private investment will be invited at 12 airports. ➤ Measures to ease airspace restrictions have been announced which would make flying more efficient. ➤ Rationalising of the MRO (maintenance, repair and operations) tax structure with an aim to make India an MRO hub.

Power	➤ Power departments/utilities and distribution companies in U.T.s would be privatized based on a new tariff policy to be announced.
Atomic	➤ Research reactors in PPP mode would be set up for the production of medical isotopes.

FDI IN INDIA RISES UP BY 18 PER CENT TO REACH USD 73 BILLION IN 2019-20

Union Commerce and Industry Minister, Piyush Goyal on May 28 stated that the total Foreign Direct Investment (FDI) in India has grown by 18% to reach 73 billion in FY 2019-20. He further asserted that this long-term investment will help in job creation.

As per the data released by the Department for Promotion of Industry and Internal Trade (DPIIT), this jump in the investment has been the highest in four years. The Union minister further added that the total FDI has doubled up from 2013-14 when it was only USD 36 billion.

Piyush Goyal attributed the investment inflow as a strong vote of confidence in Make in India Programme launched by Narendra Modi's Government.

The Union Minister shared the news of increased investment in India on his official twitter account mentioning that this will spur the job creation in India.

RBI GOVERNOR'S ADDRESS: POLICY REPO RATE REDUCED FROM 4.4% TO 4%, REVERSE REPO RATE REDUCED TO 3.35%

The Reserve Bank of India's Governor Shaktikanta Das addressed the impact of coronavirus on the global and Indian economy during his address on May 22, 2020. In a major announcement, the RBI Governor announced reduction in policy repo rate by 40 basis points from 4.4 percent to 4 percent. The reverse repo rate has been reduced to 3.35 percent.

The RBI Governor revealed that its Monetary Policy Committee had met over the last 3 days in an emergency meeting to review to current

global and domestic outlook and the depth of the impact of COVID-19. The six-member MPC then voted 5:1 to reduce repo rate by 40 basis points in interest rate. The reverse repo rate was also reduced to maintain an accommodative stance. It was decided that that deduction in policy rate will be provided as long as necessary to mitigate growth.

NABARD RELEASES ₹ 20,500 CRORE TO CO-OPERATIVE BANKS AND RRBs

National Bank for Agriculture and Rural Development (NABARD) on May 18 had announced that it has released ₹ 20,500 crore to regional rural banks and co-operative banks for on-lending to the farmers.

The disbursed amount is part of the ₹ 25,000 crore which was a refinance facility provided by the Reserve Bank of India (RBI) to NABARD. It aimed at refinancing regional rural banks, microfinance institutions (MFIs) and co-operative banks.

NABARD had lent ₹ 5000 crore to RRB's and co-operative banks, in the first quarter of the last fiscal year.

The fund given by NABARD aims at a means of front-loading the resources of the co-operative banks and RRBs which will ensure the adequate liquidity with them to finance the farmers for taking up the Kharif and pre-monsoon 2020 operations.

MSME

Finance Minister Nirmala Sitharaman addressed media on May 13, 2020 announcing few economic measures under the Rs 20 lakh crore Atmanirbhar Bharat Abhiyaan to revive the economy of India amid the COVID-19 pandemic. The package announces bold reforms to boost businesses with the major

focus on the Micro Small and Medium Enterprises (MSME) sector. The Finance Minister redefined the MSME on the basis of investment limit and turnover size. Know here what all measures have been announced to boost MSME sector including its new definition and increased investment limits.

As per the PDF File released by Government on Atmanirbhar Bharat Abhiyaan, there are a total of 6 reforms to revive the MSME sector. These are:

- ₹ 3 lakh crores Collateral free Automatic Loans
- ₹ 20,000 crore Subordinate Debt for MSMEs
- ₹ 50,000 crore equity infusion through MSME Fund of Funds
- New definition of MSMEs
- Global tender to be disallowed up to ₹ 200 crores
- Other interventions for MSMEs

Now, let's have a look at each of the above measure in detail below:

Definition of MSME

There have been a fear among the MSMEs that if they outgrow the threshold limits. they will lose the benefits they have been enjoying. The fear has been killing their urge to grow in terms of size and turnover. Taking this into consideration, the FM changed the definition of MSME in their favour.

In order to redefine the MSME, government has taken following measures:

- Increased Investment Limit
- Introduced additional criteria of turnover
- Eliminated difference between Manufacturing and Service sector
- Amendments to law will be made

New definition of MSMEs

Micro Units: Companies with Investments up to ₹ 1 crore and Turnover of below ₹ 5 crore.

Small Units: Companies with Investment of up to ₹ 10 crore and Turnover of below ₹ 50 crore

Medium Units: Companies with Investment of up to ₹ 20 crore and Turnover of below ₹ 100 crore

UNEMPLOYMENT RATE IN INDIA REACHES 27.11% AMID COVID-19 PANDEMIC: CMIE

Centre for Monitoring India Economy (CMIE) has shown data that reports the unemployment rate in India has reached 27.11% for the week ending on May 3 from the level of 6.74% in the week that ended on March 15, 2020.

Since the government has suspended all the economic activities to combat the spread of COVID-19, the unemployment rate in India has spiked tremendously.

The Mumbai based think tank stated that the unemployment rate was seen highest in the urban areas, constituting most of the red zones due to the highest number of COVID-19 cases.

The unemployment rate had a moderation of 21.05 per cent in the week which ended on April 26 from 26.19% in the week before.

- The unemployment rate of 29.22 per cent can be seen in urban areas while rural areas reported the rate to be 26.16 per cent.
- In the week ending on April 26, the unemployment rate in urban areas stood at 21.45% and in rural areas, it was 20.88 percent.
- As per the data from CMIE, the monthly unemployment rate in April was 23.52 percent from March's 8.74%.

MGNREGA GETS SANCTION OF ₹ 33,300 CRORES BY CENTRE

Rural Development Minister Narendra Singh Tomar on April 29 announced that the Centre has sanctioned ₹ 33,300 crores under MGNREGA so far in the current fiscal year.

The sanction has been done to liquidate the outstanding dues of previous years as well as to meet the expenditure till June 2020.

Narendra Singh Tomar interacted with various rural development ministers of various states through a video conferencing and stated that focus should be on groundwater recharge, irrigation works, and water conservation.

- The sanction of ₹ 33,300 crore has been done under MGNREGA, out of it ₹ 20,624 crores have been given to liquidate all the outstanding dues of the previous year towards material and wages.
- The amount sanctioned by the government will be enough to meet the expenses of the scheme until June 2020.
- Rural Development minister also assured the state's and UT's that sufficient financial resources have been made available for different rural development schemes and Centre has already released ₹ 36,400 crores to them.

MSMES TO GET LIQUIDITY SUPPORT SCHEME FROM SIDBI

Small Industries Development Bank of India (SIDBI) has announced the launch of the Liquidity support scheme for micro, small and medium enterprises (MSMEs) that have been hugely impacted by COVID-19 pandemic.

SIDBI stated that it has received ₹ 15,000 crore from Reserve Bank of India (RBI) in order to provide financial help to MSMEs. RBI provided the help through a Special Liquidity Facility (SLF).

SIDBI will provide the liquidity lines to non-banking finance companies (NBFC's), microfinance institutions (MFI's), and banks who will refinance the MSME's.

In its measures to support COVID-19 hit businesses, Reserve Bank of India (RBI) stated that the funding was provided to SIDBI. The announced schemes will cover

all eligible entities with an investment-grade rating, irrespective of an organization's size to ensure wide coverage.

INDIA'S FOREIGN EXCHANGE RESERVES CROSS HALF TRILLION DOLLARS FOR THE FIRST TIME

India's foreign exchange reserves has crossed the milestone \$500 billion mark for the first time ever in the country's history. The foreign exchange reserves had risen to \$8.2 billion in the week of June 5.

As per the data released by the central bank on June 12, the healthy surge in the foreign exchange was largely on the back of capital raising rounds by Kotak Mahindra and Reliance as the foreign currency asset held by RBI rose \$8.4 billion and stood at a record \$463 billion in the reporting week.

India's central bank has been shoring up its foreign reserves for over a year and has surpassed South Korea and Russia as the third biggest holder of forex reserves only behind Japan and China.

- Foreign currency assets that are expressed in US Dollars include the effect of appreciation or depreciation of non-US currencies such as pound, euro, and yen held in the reserves.
- The earlier decision of rating company S&P's to not downgrade India's sovereign rating and outlook has also been expected to improve the foreign fund flow from global investors.
- RBI's reserve management policy's prime objective is the safety of reserves and liquidity.
- As per the latest RBI data, other components of Indian foreign reserve such as its reserve held in gold declined by \$329 million in the reporting week and stood at \$32.352 billion.
- Central Bank's and SDR reserve positions at IMF stood at \$4.2 billion and \$1.4 billion respectively.

THE RISE OF FOREIGN EXCHANGE RESERVES

Saugata Bhattacharya, Chief Economist at Axis Bank mentioned that the inflows coming in on account of Foreign Direct Investment and Debt raising exercises by non-banking companies and domestic financial institutions would have largely contributed to the rise in inflow. The chief economist added that the news is a significant psychological milestone in times like this.

K Harhar of First Rand Bank mentioned that something which differentiates our reserves from Japan and China is the sporadic FDI inflows and the contribution of inward remittances. However, in recent months, the capital flows to some of the largest corporates indicate that not just sunrise sectors but the mature industries are also finding interest among global investors.

RESERVE BANK SETS UP DIGITAL PAYMENTS INFRA FUND OF RS. 500 CRORE

The Reserve Bank of India announced on June 5 that it has set up a Payment Infrastructure Development Fund (PIFD) of Rs. 500 Crore. The fund will improve and support the development of the digital payments ecosystem in the northeast and rural districts in India.

The initial contribution of Rs. 250 crore to the PIFD has been made by the central bank while the other half of the fund is expected to be contributed by all card-issuing banks and the network operators.

The fund set up by the central bank will be governed through an advisory council and it will be administered and managed by the Reserve Bank of India.

Objective of PIFD

The objective of the Payment Infrastructure Development Fund (PIFD) as mentioned by the Reserve Bank of India has been to encourage acquirers to deploy Points of Sale

(PoS) infrastructure in both the digital and physical modes in tier-3 to tier-6 centers and northeastern states.

RBI statement on PIFD

Reserve Bank of India in a press release stated that over the years, the payments ecosystem in India has evolved with a wide range of options such as mobile banks, bank accounts, cards, etc. To provide a boost to the digitisation of payment systems, it has become necessary to give impetus to acceptance infrastructure across the country and more importantly in underserved areas.

PIFD will also receive annual recurring contributions to cover the operational expenses from the card-issuing cards and bank networks, while RBI will also be making contributions from time to time to cover for yearly shortfalls.

Payment companies and ecosystem players had raised concerns earlier following the Finance Ministry's decision to waive off Merchant Discount rate on RuPay and UPI instrument the deployment of POS machines would take a hit.

They also claimed that without any monetary incentives, payment companies and banks will be reluctant to deploy their machines and acquire merchants in the rural zones as the cost of maintenance has been higher.

Merchant Discount Rate of MDR is the fee charged by acquiring banks from the merchants for providing payment services. The fee was earlier waived off for select National Payments Corporations of India operated instruments in January 2020.

FINANCE MINISTRY DIRECTS DEPARTMENTS TO NOT INITIATE ANY NEW SCHEME, USE RESOURCES PRUDENTLY AMID COVID-19 CRISIS

The Union Ministry of Finance has asked all Ministries and Departments to not initiate any new scheme in the current fiscal year, stating that there is a need to use resources

prudently in the wake of the COVID-19 crisis. The Department of Expenditure, which comes under the Finance Ministry, stated that there is an unprecedented demand of public financial resources amid COVID-19 pandemic and hence, the resources need to be used prudently in accordance with emerging and changing priorities.

The department stated that it has been receiving new proposals for in-principle approval from various ministries or departments. However, it directed that no new proposals for a scheme or sub-scheme should be initiated during this financial year from 2020-21 except the proposals announced under the Pradhan Mantri Garib Kalyan Package and Aatmanirbhar Bharat Abhiyan package or any other special package or announcement.

The department announced that schemes that had already been approved for the current financial year will remain suspended till March 31, 2020. These include the schemes for which in-principle approval has been given by the department.

Which schemes will continue?

The funds announced for schemes under the Pradhan Mantri Garib Kalyan Package, the Aatmanirbhar Bharat Abhiyan package and any other special package by the Finance Ministry will be allocated.

Regarding ongoing schemes, the department said that it has already given an interim extension till March 31, 2021, or till the date when the recommendations of the 15th Finance Commission will come into effect, whichever is earlier.

Further, the department stated that no funds will be released for schemes that are not in strict conformity to the instructions. No budgetary provisions will also be made available by re-appropriation to such schemes. It added saying that any exceptions to these guidelines would require the approval of the expenditure department.

MOODY'S DOWNGRADES INDIA'S RATINGS TO BAA3

Moody's Investors Service has downgraded India's credit rating to the lowest investment grade Baa3 from Baa2 while maintaining a negative outlook. The agency reveals that the economy of India is expected to face slower growth for a prolonged period due to the financial crisis amid the COVID-19 pandemic, rising debts and weakening of debt affordability.

While downgrading India's rating, Moody's was of the view that it will be challenging for the Indian policymaking institutions to implement policies for the mitigation and containment of financial risks.

Have a look at the ratings downgraded by Moody's:

Rating	Downgraded Rating	Previous Rating
India's Local Currency Senior Unsecured Rating	Baa3	Baa2
Short-Term Local Currency Rating	Prime-3	Prime-2
Short-Term Foreign-Currency Bank Deposit Ceiling	Prime-3	Prime-2
India's Long-Term Foreign-Currency Bond	A2	A1
Bank Deposit Ceilings	A2	A1

What is Baa3 Rating?

Baa3 is the subdivision of Baa, a credit rating for long-term bonds and investments by Moody's. The Baa is divided into - Baa1, Baa2, Baa3 and Baa. A Baa represents a bond or investment of relatively low-risk. Banks are permitted to make investment in Baa rated bonds.

Baa3 is the lowest investment grade in the Moody's rating scale. If an economy is rated as Baa3, it implies that it is just one notch above the junk or non-investment grade.

Baa3 rating represents a relatively low-risk investment or bond. Investors, who look forward to make low-risk investments, exercise caution in Baa3, especially when the rating has been downgraded recently.

In November 2017, Moody's upgraded India's ratings to Baa2, which was based on expectations that the implementation of key reforms will strengthen India's credit profile. However, since then the implementation of reforms has been relatively weak and did not result into improvement in material credit.

India's GDP was estimated at 4.2 percent in the year 2019-20, which is the slowest rate since 2009. Moody's forecasts that India's GDP will contract to 4% in the current fiscal 2020-21. Even the RBI Governor Shaktikanta Das has accepted that the Indian economy will contract in 2020-21.

PM SVANIDHI SCHEME LAUNCHED BY GOVT TO PROVIDE AFFORDABLE LOANS TO STREET VENDORS

The central government launched PM SVANIDHI- Pradhan Mantri Street Vendor's Atmanirbhar Nidhi- scheme on June 1. This special micro-credit facility scheme will provide affordable loans to street vendors.

The scheme was launched by the Housing and Urban Affairs Ministry in pursuance of the announcement made by Finance Minister Nirmala Sitharaman in May 2020. Through this scheme, the government will recognize the significant role of the street vendors at making goods and services available at the doorstep.

The launched scheme will benefit over 50 lakh vendors who have been vending on or before March 24, 2020, in urban areas. The duration of the scheme will be until March 2022.

Objective of PM SVANIDHI Scheme:

PM SVANIDHI scheme launched by the central government aims at enabling the street vendors to resume their livelihood which has

been adversely affected due to the ongoing COVID-19 pandemic and the subsequent lockdown by the government.

- The vendors will be able to avail of a working capital loan of up to ₹ 10,000, which will be repayable in monthly installments in the tenure of one year.
- On early or timely repayment of the loan, an interest subsidy at the rate of 7% per annum will be credited to the beneficiary's bank account through Direct Benefit Transfer (DBT) on six -month basis.
- The Ministry also informed that if the beneficiaries repay the installments earlier or on time, they will develop the credible score that will make him eligible for the higher amount of term loan to ₹ 20,000 or so on.

Role of Urban Local Bodies in the implementation of the scheme

Urban local bodies will be playing a pivotal role in the implementation of the scheme as the lending institutions under the scheme include, Regional Rural Banks, Scheduled Commercial Banks, Cooperative Banks, Small Finance Banks, Micro Finance Institutions, NBFCs, and Self-Help Groups.

It is the first time that NBFCs/MFIs/SHG Banks have been allowed in a scheme for urban poor. The change is because of their ground-level presence and proximity to the urban poor including the street vendors.

Also, for the fast implementation of the scheme for transparency, a digital platform with a mobile app and web portal has also been developed to administer the scheme with end to end solutions. This platform will also help in integrating the vendors in a formal financial system.

The scheme will also incentivise digital transactions by the street vendors through monthly cashback.

CANARA BANK ANNOUNCES CREDIT SUPPORT TO BORROWERS AFFECTED BY COVID-19

Canara Bank, one of the largest public sector banks owned by the Indian government, has announced credit support for all its borrowers, who have been affected by the COVID-19 pandemic.

The Canara Credit Support will be extended as a quick and hassle-free loan to all its borrowers to help them overcome temporary liquidity mismatches such as payment of statutory dues, salary, electricity bills, rent and wages.

The bank in a statement announced that it has so far sanctioned nearly six lakh loans amounting to ₹ 4300 crore under agriculture, SHGs and retail categories.

The bank has also sanctioned advances worth over ₹ 60,000 crore to corporates and MSMEs from March 2020 to date.

Speaking on the same, Canara Bank's MD and CEO L V Prabhakar, said that the bank is confident that once the lockdown is completely lifted, its customers will be able to avail the sanctioned facilities to the full extent and improve their business.

The bank is using different strategies such as emails, call centres, personal calls and SMS to reach out to all the eligible borrowers to explain the facility in order to sanction the loan.

RBI ANNOUNCES SPECIAL LIQUIDITY SUPPORT WORTH RS 50,000 CRORE TO MUTUAL FUNDS

The Reserve Bank of India announced a **special liquidity facility for mutual funds** worth ₹ 50,000 crore on April 27, 2020. According to RBI, the heightened volatility in capital markets due to the COVID-19 pandemic has imposed liquidity strains on mutual funds (MFs).

The liquidity strains on mutual funds have only intensified in the wake of redemption

pressures related to the closure of some debt MFs and potential contagious effects therefrom. The stress is, however, confined to the high-risk debt mutual fund segment at this stage, while the larger industry remains liquid. Hence, the RBI has decided to open a special liquidity facility for mutual funds worth ₹ 50,000 crore to ease the liquidity pressures on mutual funds.

The main objective behind the move is to preserve financial stability and mitigate the economic impact of COVID-19.

- Under the special liquidity facility scheme for mutual funds (SLF-MF), the RBI will conduct repo operations of 90 days tenor at a fixed repo rate.
- The scheme is on-tap and open-ended and the banks can submit their bids to avail funding on any day from Monday to Friday excluding the holidays.
- The scheme has been brought into effect starting from today, April 27 till May 11, 2020 or up to utilization of the allocated amount, whichever is earlier.
- The Reserve Bank will review amount and the timeline, depending upon market conditions.
- The ₹ 50,000 crore worth funds made available under the special scheme will be used by the banks exclusively to meet the liquidity requirements of mutual funds by:
 1. Extending loans
 2. Undertaking outright purchase or repos against the collateral of investment-grade corporate bonds, commercial papers (CPs), debentures and certificates of Deposit (CDs) held by MFs.
- The liquidity support availed under the SLF-MF scheme will be eligible to be classified as held to maturity (HTM) even in excess of 25 per cent of total investment permitted to be included in the HTM portfolio.

- The exposures under this facility will not be reckoned under the Large Exposure Framework (LEF). The face value of the securities acquired under the SLF-MF scheme and kept in the HTM category will not be reckoned for computation of adjusted non-food bank credit (ANBC) to determine priority sector targets/sub-targets.
- The support extended to MFs under the SLF-MF shall be exempted from banks' capital market exposure limits.
- The special repo window will be available to all Liquidity Adjustment Facility(LAF) eligible banks against eligible collateral and can be availed only for on-lending to Mutual funds.
- The eligible banks can place their bids electronically on the CBS platform between 9 am-12 pm every day.
- A LAF Repo issue will be created every day for the amount remaining under the scheme.
- The bidding process, settlement and reversal of SLF-MF repo would be similar to the existing system being followed in the case of LAF/MSF.
- In case of over-subscription of the notified amount on any given day, the allotment will be done on a pro-rata basis.
- The RBI will, however, reserve the right to inject a marginally higher amount than the notified amount due to rounding effects.
- The minimum bid amount would be Rs one crore and multiples thereof and the allotment would be in multiples of Rs one crore.
- A market participant can place bids of an amount less than or equal to the notified amount of the issue announced on a given day. The RBI can reject participant bids if the total bid amount submitted by the participant exceeds the notified amount of the issue.
- The eligible collateral and the applicable haircuts will remain the same as applicable for LAF.
- All other terms and conditions as applicable to LAF operations, including a facility for security substitution in terms of extant guidelines dated April 12, 2017 will also be applicable to these special operations.

15TH FINANCE COMMISSION MEETING HIGHLIGHTS: RECOVERY OF ECONOMY TO BE GRADUAL, REAL GDP GROWTH TO BE REVISED

15th Finance Commission Meeting

Highlights: The 15th Finance Commission held virtual meetings with its advisory council on April 23-24, 2020. The two-day meeting chaired by Finance Commission Chairman NK Singh discussed various issues related to the impact of COVID-19 pandemic on the growth of India's Gross Domestic Product. The meeting was attended by all members and senior officials of the Commission.

Four members of the commission's advisory council- Neelkanth Mishra, Dr. Omkar Goswami, Dr. Sajjid Z Chinoy and Dr. Prachi Mishra attended the virtual meeting on April 23, while the remaining members including Dr. Krishnamurthy Subramanian, Dr. Indira Rajaraman, Dr. Arvind Virmani, Dr. DK Srivastava, Dr. Sudipto Mundle and Dr. M Govinda Rao attended on April 24.

This is the 15th Finance Commission's second round of meetings with the Advisory Council, after the submission of its report for the year 2020-21.

Recovery of Economy to be Gradual: Advisory Council

- According to the advisory council members, the impact of COVID-19 pandemic and the ensuing national lockdown may come through a slowdown in the domestic activity, its impact on the cash flows of financial institutions and

business enterprises and loss of global demand for Indian products due to steep global recession.

- The members unanimously suggested that projections of real GDP growth made before March 2020 need to be re-looked into entirely and revised downwards considerably.
- The advisory council members felt that once the lockdown is lifted, the recovery of the economy will be gradual, depending on the ability of the workforce to get back to work soon, restoration of cash flows, supplies of intermediates and demand for output.
- Hence, the full magnitude of the economic impact of coronavirus will only be clear only over a course of time.

Impact on Public Finances: Massive shortfall in tax, other revenue

- According to the Finance Commission's advisory council members, the magnitude of the impact of COVID-19 outbreak on public finances is uncertain currently.
- They, however, felt that the governments will have substantial expenditure burden on account of health, support to poor and other economic agents.
- Further, they felt that there will be a massive shortfall in tax and other revenues due to subdued economic activity. Hence, they suggested that the fiscal response to the crisis should be much more nuanced.
- The council members suggested that it is important not to just look at the size of fiscal response but also carefully at its design.
- The advisory council further apprised the Finance Commission regarding the different suggestions floating around in terms of public expenditure support to the economy.

Following are some of the key suggestions made by the advisory council members

1. Development of a **support mechanism to help cash-starved small-scale enterprises**. The small scale enterprises were cash-starved even before the COVID-19 pandemic. Their activity levels and cash flows were hit further during the health crisis.
2. Appropriate **measures to be formulated to avoid bankruptcies** and deepening of Non-Performing Assets (NPAs) in the financial sector such as partial loan guarantee. The council has suggested that the RBI will play a significant in ensuring that the financial institutions are well-capitalized. The non-banking financial companies were also impacted majorly by the slowdown.
3. The council has suggested that the **finances of the centre and state governments** need to be watched carefully. Currently, adequate provision for ways and means advances will help the governments to manage cash-flow mismatches but more options for financing the additional deficit will need to be figured out for the future. The council members highlighted that it is important to ensure that the state governments get access to adequate funds to support their fight against the pandemic.
4. The council also noted that the **revival of activity in different States will be at a varied pace**, as different states may come out of the severity of the impact of the pandemic in different stages.

India's growth forecast has been cut majorly over in the wake of COVID-19 pandemic and the resulting nation-wide lockdown. The International Monetary Fund reduced India's GDP growth projection to 1.9 percent in 2020 from 5.8 percent estimated in January 2020. The IMF has predicted the global economy to hit its worst recession since the Great Depression in 1930 due to the health crisis.

World Bank has also forecasted India's GDP growth to be between 1.5 to 2.8 percent in 2020-21, the worst growth rate since 1991 liberalisation. The Indian economy is estimated to have grown by 5 percent in the 2019-2020 fiscal.

World Bank has also forecasted India's GDP growth to be between 1.5 to 2.8 percent in 2020-21, the worst growth rate since 1991 liberalisation. The Indian economy is estimated to have grown by 5 percent in the 2019-2020 fiscal.

GOVERNMENT DECLARES BANKING INDUSTRY AS PUBLIC UTILITY SERVICE TILL OCTOBER 21

The Union Government has declared the banking industry as a public utility service for six months till October 21 under the provisions of the Industrial Disputes Act.

The move means that the banking sector would not see any strikes by employees or officers during the operation of the act starting from April 21.

The Department of Financial Services announced that Labour and Employment Ministry has declared the banking industry as a public utility service for six months till October 21. The labour ministry issued the notification on April 17, 2020 amid the lockdown imposed due to coronavirus pandemic. The lockdown has significantly impacted economic activities.

- The banking industry has been declared as a public utility service for six months till October 21.
- Bringing banking services under the provisions of the Industrial Disputes Act means that the employees and officers of the unionised banking sector would not be able to go on strike besides certain other activities. The law has been brought into effect from April 21, 2020.
- There are more than a dozen employees and officers unions in the banking sector.
- The banking unions enjoy a considerable say in the wage negotiations, which the

Indian Banks' Association has to deal with in every three years.

- All public sector banks and old generation private sector banks are a part of the Indian Banks' Association such as ICICI, HDFC, Axis Bank and Federal Bank.
- Some of the old generation foreign banks HSBC, Citibank and Standard Chartered Bank are also a part of it.
- All of these banks come under wage settlements and other employee issues that are taken up by IBA.
- The new generation private sector banks such as IndusInd, Yes Bank and Kotak Bank are outside the purview of IBA norms.

REMITTANCES TO INDIA LIKELY TO FALL BY 23%: WORLD BANK

The World Bank has stated that remittances to India are likely to drop down by 23% due to COVID-19 which has led to the global recession. The drop will be from USD 83 billion last year to USD 64 billion this year.

Globally remittances will see a sharp decline by about 20 percent in 2020 due to the economic crisis started by the pandemic and shutdowns, as per the World Bank's report on the impact of COVID-19 on migration and remittances which was released on April 22.

World Bank's President David Malpass stated that remittances are a vital source of income, specifically for the developing countries.

Reason for the projected fall

The fall which will be the sharpest decline in recent history will be largely due to the fall in employment and wages of the migrant workers. They tend to be more vulnerable to the loss of employment and wages at the time of an economic crisis in the host country.

President David Malpass also added that an ongoing economic recession caused by COVID-19 is impacting the ability to send

money home which makes it more important that the time to recovery must be shortened for the advanced economies.

Measures by the World Bank

As the World Bank Group has been working to implement fast and broad actions to support the countries, the group will also be working to keep remittances channels open and will safeguard the poorest communities access to the basic needs. The remittances help families to afford, healthcare, food, and basic amenities.

Expected fall in remittance flows across World Bank Regions

- In India, the projected fall will be about 23% in 2020 to USD 64 billion which will be a striking contrast with a growth of 5.5% and receipt of USD 83 billion in 2019.
- In Europe and Central Asia (27.5%)
- Sub-Saharan Africa (23.1%)
- North Africa and Middle East (19.6%)
- South Asia (22.1%)
- East Asia and the Pacific (13%)
- The Caribbean and Latin America (19.3%)
- In Pakistan (23%)
- In Bangladesh (22%)
- In Nepal (14%)
- In Sri Lanka (19%)

NDB SHOULD INCREASE EMERGENCY FACILITY TO USD 10 BILLION: FINANCE MINISTER

Union Finance Minister Nirmala Sitharaman on April 20 has asked the New Development Bank (NDB) to enhance the emergency facility to USD 10 billion in the fight against COVID-19.

The finance minister participated in the 5th Annual meeting of Board of governors of NDB through video conferencing.

In the meet, Nirmala Sitharaman appreciated NDB's efforts on providing financial assistance to BRICS countries to combat the COVID-19

pandemic. She also outlines various measures taken by the Indian government to control the ongoing health crisis.

- Finance Minister recognized NDB's effort on fast-tracking the financial assistance of USD 5 Billion to BRICS countries, which also includes emergency assistance of USD 1 billion to India.
- Nirmala Sitharaman noted that the bank has the financial capacity to enhance the assistance to USD 10 billion.
- Amid the discussion, she also talked about the financial measures taken in India which included the allocation of USD 2 billion by Narendra Modi's government.
- Union Minister encouraged NDB to take the required actions in order to join the G-20 forum along with other International Financial Institutions (IFS's)/Multilateral Development Bank (MDB's).
- It was also suggested by the minister that NDB must follow innovative practices that will support BRICS nations to support their sustainable development goals.
- New Development Bank (NDB) has so far approved 14 projects of an amount of USD 4,183 million in India.

About the New Development Bank (NDB)

New Development Bank (NDB) which was formerly referred to as BRICS Development Bank was established by BRICS states (Brazil, Russia, India, China, and South Africa) in 2014. It is headquartered in Shanghai, China and its first regional office is in Johannesburg, South Africa.

The purpose behind the establishment of the bank was to mobilize resources for sustainable development and infrastructure projects in BRICS as well as other emerging market economies and developing countries.

RBI launches its latest quarterly survey 'OBICUS'

The Reserve Bank of India launched its 49th round of order books, inventories and

capacity utilisation survey (OBICUS) of the manufacturing sector on April 16, 2020. The survey covers the reference period between January-March 2020.

The RBI has been conducting the OBICUS survey on a quarterly basis since 2008. The survey provides valuable information required for the formulation of monetary policy.

The company-level data collected during the survey is treated as confidential and never disclosed.

- The information collected during the 49th OBICUS survey includes quantitative data on the new orders received during the reference quarter, backlog of orders at the quarter's beginning and pending orders towards the end.
- The survey also collects information such as total inventories left at the end of the quarter including work-in-progress and finished goods inventories and item-wise production in terms of quantity and value during the quarter with regard to the installed capacity from the targeted group.
- The survey estimates the level of capacity utilisation (CU) from these responses.
- The bank will approach selected manufacturing companies during this quarter.

The RBI had covered around 704 manufacturing companies in the 48th round of OBICUS survey for the reference quarter-October-December 2019. As per the survey, the capacity utilisation (CU) had declined to 68.6 percent from 69.1 percent in the previous quarter. The orders received during the period were also lower than in the previous quarter.

RBI GOVERNOR ADDRESS LIVE: REVERSE REPO RATE REDUCED BY 25 BASIS POINTS FROM 4 PERCENT TO 3.75 PERCENT

RBI Governor Shaktikant Das addressed the media live at 10 am on April 17, 2020. During

the address, the RBI Governor reiterated that humanity faces trial of its time with COVID Pandemic. He said that in this environment, the RBI has been very proactive and has been coming out with announcements every second or third day.

The RBI Governor said that he felt it was necessary to address the nation to convey the resolve of the RBI at this time and the way forward.

- RBI is doing everything to fight the epidemiological challenge that the world is facing.
- The IMF global growth projections released on April 14 reveal that the global economy is expected to plunge into worst recession since 'The Great Depression'.
- The cumulative loss to the global GDP is expected to be around USD 9 trillion, which is greater than economies of Germany and Japan combined. The lockdown is being called as "The Great Lockdown".
- The economic situation has worsened since we last spoke. The macroeconomic and financial landscape has deteriorated precipitously in some areas since March 27. However, light still shines through bravely in some others.
- The IMF projections for 2020-21 reveal sizeable recoveries, close to 9 percentage points for the global GDP.
- India is expected to post a turnaround and resume after the COVID-19 pandemic by growing at 7.4 percent in 2020-21.
- India is among the handful of countries, which will report positive growth of 1.9 percent this year as per IMF. India's growth this year is expected to be the highest among the G20 nations.

Key Announcements

- Fixed Reverse Repo Rate reduced by 25 basis points from 4 percent to 3.75 percent with immediate effect, Policy Repo rate unchanged. The RBI absorbed Rs 6.9 lakh

crore on April 15 by means of reverse repo rate.

- The Way and Means Advances (WMA) limit of the States has been increased by 60 percent over and above the level as on March 31, 2020. The increased limit will be available till September 30, 2020.
- Non-banking finance companies can also avail relaxed non-performing assets (NPA) classification to their borrowers. The NPA classification will exclude moratorium period.
- The period of resolution plan for NPAs to be extended by 90 days. The 90-Day NPA norm to exclude the lockdown period.
- RBI to start TLTRO 2.0, beginning with ₹ 50,000 crore in tranches of appropriate sizes to small and mid-size NBFCs and MFIs. The funds will be made available to small and mid-size firms and banks will have to disburse funds in a month's time. The amount of Rs 50,000 core can be increased.
- RBI to provide Rs 50,000 crores to Small Industries Development Bank of India, National Housing Bank and National Bank for Agriculture & Rural Development (NABARD) to meet their credit needs. The sum can be increased as and when required.
- The RBI to bring down the LCR requirement of scheduled commercial banks from 100 percent to 80 percent with immediate effect. This shall be restored to 90 percent by October 2020 and 100 percent by April 2021.
- RBI to provide 60% more funds to states.
- NBFCs to be allowed to extend real estate loans by 1 year, if projects get delayed.
- Banks, Co-operative Banks not required to pay any dividends.

This is the RBI Governor's second media address after the COVID-19 outbreak. The RBI Governor had earlier on March 27, 2020 announced some relief measures for the

finance sector to counter the impact of the first lockdown imposed to control the spread of novel coronavirus. The relief measures were approved by RBI's Monetary Policy Committee (MPC).

INDIA TO REPORT SLOWEST GROWTH IN FY21: WORLD BANK

World Bank in its South Asia Economic Focus report has stated that India will be recording its worst growth performance in FY21 since the 1991 economic reforms. The slow growth will be the result of a Coronavirus outbreak which has disrupted the economy severely.

As per the report, the COVID-19 outbreak happened when India's economy was already slowing due to financial sector weaknesses. The precautions taken by India against the virus will supposedly result in a sharp growth declaration in FY21.

World Bank also added that the economic result in the prolonged lockdown will be much worse than the given prediction.

- As per World Bank, India's economy is expected to grow 1.5 percent to 2.8 percent in FY21 which started on April 1. The earlier estimated growth for India was 4.8 percent to 5 percent in 2019-20 FY that ended on March 30.
- The Government imposed lockdown, suspending flights, shutting factories and businesses, restricting the mobility of goods and people will impact the service sector.
- As per the World Bank, the growth is expected to rebound 5% in Fiscal 2022 as the impact of COVID-19 decreases.
- In its report, World Bank saw the South Asian Regions, mainly comprising of eight countries, to grow by 1.8-2.8 percent this year. It was down from 6.3 percent that it projected six months ago.
- As per World Bank's report, India has set aside just over 1 percent of GDP for programs that will compensate the

unemployed and will increase health sector spending, with also the bulk of the money going towards free food, interest-free loans, and cash transfers.

India's growth estimates by other International Agencies

- The Asian Development Bank sees India's economic growth rate down to 4 percent in the current fiscal.
- Standard & Poor's Global Ratings have slashed its GDP forecast for India to 3.5 percent from a previous downgrade of 5.2 percent.
- Fitch Ratings has put India's estimated growth at 2 percent.
India Ratings & Research has estimated India's growth to be 3.6 percent from 5.5 percent earlier.
- Moody's Investor Services has slashed the estimated growth to 2.5 percent from an earlier estimation of 5.3 percent.

Suggested measures by the World Bank to address this challenge

- To focus on mitigating the spread of the disease and making sure that everybody has food.
- There should be a focus on temporary job programmes, especially at local levels.
- To prevent bankruptcies especially of small and medium-sized enterprises.

World Bank and India working together to overcome this challenge

World Bank has approved USD 1 billion to India and the first portion of the amount has already released. The first portion of the fund will deal with the emergency in the health care sector, including the delivery of civilian diagnostic equipment. It will include additional capacity to deal with testing and making tests available that will benefit the entire population.

Apart from this, World Bank is also working with India on two additional operations and they are expected to be ready in a few weeks. The operations include banking and micro, employment, small and medium enterprises sector.

WHAT IS HELICOPTER MONEY AND HOW IT CAN HELP RBI TO REVIVE INDIAN ECONOMY FROM COVID-19 CRISIS?

Helicopter Money explained: Amid rising concerns over economic crisis that has been triggered by the COVID-19 lockdown; Helicopter Money is one concept that is being considered by authorities' world over? In fact, Telangana Chief Minister K. Chandrashekar Rao has suggested RBI to adopt the concept of Helicopter Money to help state governments tide over the current crisis and kickstart economic activity in India. While, the word 'Helicopter Money' has been doing regular rounds in the news, very few people actually know what does it mean.

So let's try and decode what actually is Helicopter Money and how it can help manage the current COVID-19 pandemic!

What is Helicopter Money?

According to media reports, the term Helicopter Money was given by American Economist Milton Friedman in his famous "The Optimum Quantity of Money". By definition, Helicopter Money is a monetary policy tool for Quantitative Easing (QE), which aims at "unexpectedly dumping money onto a struggling economy with the intention to shock it out of a deep slump."

How will Helicopter Money help Indian Economy?

Simply put, Helicopter Money means extension of non-repayable money transfer from the central bank to the state and central governments, to infuse liquidity in

the system. The policy aims at putting more money into the pockets of people to nudge them to spend more money and in turn pick-up economic activity in the country. The direct impact of Helicopter Money is rise in disposable incomes of the people, increase in money supply with an intention to boost demand and inflation in the economy.

Why is Helicopter Money in News?

As reported earlier, the term helicopter money has found frequent mention in news stories and editorials nowadays, in both domestic as well as foreign media news publications. The policy is being actively considered by governments' world over to help revive the economies that have come to a stand-still due to the lockdown.

In Indian context, the term came to limelight after Telangana CM K. Chandrashekar Rao suggested the measure as a way out to restart the dwindling Indian economy due to COVID-19 lockdown. He has asked RBI

to release 5% funds from GDP as a measure of Quantitative Easing (QE). KCR also added that "To counter (economic crisis) this we need a strategic economic policy. RBI should implement quantitative easing policy. This is called Helicopter Money. This will facilitate the states and financial institutions to accrue funds. We can come out of the financial crisis. Release 5 per cent of funds from the GDP through Quantitative Easing Policy."

Apart from Telangana CM, Confederation of Indian Industry(CII) has also recommended a similar arrangement in which a direct cash transfer of ₹ 5000/- will be made by the central government in to accounts of all adults who have annual income below Rs 5 lakhs. The industry body also recommended that the cash transfer for more vulnerable sections including senior citizens can be raised to Rs 10000/-. The body recommended this move as a one-time measure to boost demand in its action note on COVID-19 submitted to PMO.

PAST YEAR MCQs

- Who among the following has been appointment as the first chairman of the proposed Banks Board Bureau (BBB)?
(IBPS Clerk 2015)
(a) Vinod Rai (b) Anil Khandelwal
(c) HN Sinor (d) Roopa Kudwa
(e) None of these
- How many cities will be chosen for the AMRUT (Atal Mission for Rejuvenation and Urban Transformation) project?
(IBPS Clerk 2015)
(a) 100 (b) 250
(c) 200 (d) 500
(e) None of these
- _____ signed 50:50 Joint Venture for TV Commerce with DEN Network
(IBPS PO Main 2015)
(a) Flipkart (b) Snapdeal
(c) Myntra (d) Ebay
(e) Olx
- Which IT firm in India has unveiled three new service lines called Aikido, a combination of three words - Ai, Ki and Do, which in Japanese mean combining, spirit and path/way?
(IBPS PO Main 2015)
(a) Wipro (b) TCS
(c) Infosys (d) Tech Mahindra
(e) HCL

5. The _____ committee on minimum alternate tax (MAT) has recommended to the finance ministry that the levy shouldn't be imposed for the period preceding Apr 1, 2015.
(IBPS PO Main 2015)
- (a) Altamas Kabir
(b) HL Dattu
(c) AP Shah
(d) Rajendra Mal Lodha
(e) Mukul Mudgal
6. Largest shareholder (in percentage shareholding) of a nationalized bank is.
(SBI PO Main 2015)
- (a) RBI (b) NABARD
(c) LIC (d) Govt. of India
(e) IBA
7. In June 2016, India and United States signed for Four Poseidon- 8I Longrange Surveillance and antisubmarine warfare aircraft. The amount of the deal is
(IBPS RRB 2016)
- (a) \$3 billion (b) \$4 billion
(c) \$1 billion (d) \$2 billion
(e) None of these
8. India positioned to which rank in World Economic Freedom Index according to the Economic Freedom of the World 2016 Annual Report?
(IBPS RRB 2016)
- (a) 111 (b) 113
(c) 112 (d) 114
(e) None of these
9. India has been elected as the chair for the year _____ by the Gem & Jewellery Export Promotion Council (GJEPC) for Kimberly Process (KP) Certificate Scheme.
(IBPS RRB 2016)
- (a) 2017 (b) 2019
(c) 2018 (d) 2020
(e) 2016
10. Grama Vidiyal Microfinance, a Trichy-based microfinance company has acquired by which among the following Banks?
(SBI PO Main 2016)
- (a) Punjab National Bank
(b) Bandhan Bank
(c) ICICI Bank
(d) State Bank of India
(e) IDFC Bank
11. RBI believes this boost to consumption will lead to gross value added (GVA) growth of _____ for 2016-17?
(SBI PO Main 2016)
- (a) 7.1 per cent (b) 7.0 per cent
(c) 7.9 per cent (d) 7.6 per cent
(e) 7.3 per cent
12. The Reserve Bank of India (RBI) has released the Report of the Internal Working Group (IWG) on Rationalisation of Branch Authorisation Policy. The Group is chaired by.....?
(SBI PO Main 2016)
- (a) Bibek Debroy (b) Madhukar Gupta
(c) NR Nagendra (d) Ratan P Watal
(e) Lily Vadera
13. To release wages under the Mahatma Gandhi National Rural Employment Guarantee Scheme direct and faster, an electronic fund management system has been launched by _____.
(IBPS PO Main 2016)
- (a) State Bank of Hyderabad
(b) State Bank of Travancore
(c) State Bank of India
(d) Oriental Bank Corporation
(e) Exim Bank
14. To make India a cashless economy by pushing cashless transaction, which committee is constituted by the government?
(IBPS PO Main 2016)
- (a) Adhyarjuna Committee
(b) Amitabh Kant Committee

- (c) A Ghosh Committee
(d) Abid Hussain Committee
(e) AK Bhuchar Committee
15. Which of the following is the first micro finance company to start operation as a commercial bank? **(IBPS PO Main 2016)**
(a) Oriental Bank of Commerce
(b) State Bank of India
(c) Reserve Bank of India
(d) Punjab National Bank
(e) Bandhan Bank
16. To curb black money in the economy, which of the following committees has been formed in 2016?
(IBPS PO Main 2016)
(a) Deepak Mohanty Committee
(b) Suresh Prabhu Committee
(c) Justice BM Shah committee
(d) Nachiket Mor Committee
(e) Justice CS Dharmadhikari Committee
17. Which e-commerce website has partnered with National Highways Authority of India (NHAI) to enable cashless payments at all national and city toll plazas?
(IBPS PO Main 2016)
(a) Paytm (b) Mobikwik
(c) Freecharge (d) Oxigen
(e) UPI
18. According to 2016-17 budget, What is the current FDI limit of NBFC sector ?
(RBI Assistant 2016)
(a) 51% (b) 49%
(c) 74% (d) 100%
(e) None of these
19. Who has been appointed as MD and CEO of Bank of Maharashtra in September 2016 ? **(RBI Assistant 2016)**
(a) P. Srinivas
(b) Pawan kumar Bajaj
(c) Sushil Muhnot
- (d) Ravindra Prabhakar Marathe
(e) None of these
20. Who has been appointed as a Chairperson of Insolvency and Bankruptcy Board of India for a period of five years?
(RBI Assistant 2016)
(a) Madan Kumar
(b) Madhusudan Sahoo
(c) Manish Goyal
(d) Mohan Das
(e) None of these
21. Who is the chairman of SEBI?
(RBI Assistant 2015)
(a) Rajeev Sinha (b) Anand Sinha
(c) U.K. Sinha (d) Rajendra Sinha
(e) None of these
22. What is the cost of Delhi National Memorial Cost? **(IBPS PO Main 2015)**
(a) 100 crore (b) 1000 crore
(c) 500 crore (d) 250 crore
(e) None of these
23. LIC (Life Insurance Corporation of India) started business in which country?
(SBI PO Main 2015)
(a) Nepal (b) Myanmar
(c) Bangladesh (d) Bhutan
(e) Sri Lanka
24. Which country recently launched the first ATM with face recognition?
(SBI PO Main 2015)
(a) China (b) Nepal
(c) India (d) Sri Lanka
(e) Bangladesh
25. China signed a currency swap deal with which country? **(SBI PO Main 2015)**
(a) Sri Lanka (b) Russia
(c) India (d) Chile
(e) None of these

26. Who among the following is the head of the committee formed by SEBI to frame a single set of guidelines for all types of foreign investors? **(SBI PO Main 2015)**
- (a) Prabhat Kumar
 - (b) T.R. Prasad
 - (c) K.M. Chandrashekhar
 - (d) Kamal Pande
 - (e) None of these
27. Two professors from Harvard and MIT have been awarded the Nobel Prize in economics for contributions to _____ **(SBI PO Main 2016)**
- (a) Financial and real estate markets
 - (b) Private prisons
 - (c) Contract theory
 - (d) Essential to the functioning
 - (e) None of these
28. What is the Ramanujam committee constituted for? **(IBPS PO Main 2016)**
- (a) To keep tab on the child trafficking
 - (b) To check corruption in Banks
 - (c) To oversee the foreign trade
 - (d) To avoid obsolete laws
 - (e) To check border dispute with Bangladesh
29. How much per cent of the Indian population have access to internet in India in 2015? **(IBPS PO Main 2016)**
- (a) 20 percent (b) 23 percent
 - (c) 29 percent (d) 26 percent
 - (e) None of the above
30. According to the 2016 Jane's Defence Budgets Report, India's position among the global defence spender is _____. **(IBPS PO Main 2016)**
- (a) Fourth (b) Third
 - (c) Ninth (d) Fifth
 - (e) Seventh
31. India signed an MoU with which country for strengthening cooperation in the field of Tourism? **(IBPS PO Main 2016)**
- (a) Tajikistan
 - (b) Turkmenistan
 - (c) Uzbekistan
 - (d) Kyrgyzstan
 - (e) UAE
32. The high-security banknote production facility which is credited with the design of the ₹ 2000 banknote has been set up at _____. **(IBPS PO Main 2016)**
- (a) Nasik (b) Dewas
 - (c) Mysuru (d) Noida
 - (e) Kolkata
33. Government planned to double the number of schemes under DBT to _____ by March 2017 for paying subsidy directly via bank accounts of beneficiaries. **(RBI Assistant 2016)**
- (a) 147 (b) 157
 - (c) 167 (d) 177
 - (e) None of these
34. Hindustan Copper Limited inaugurated India's first nickel production facility in _____ on August 10, 2016. **(RBI Assistant 2016)**
- (a) Odisha
 - (b) Jharkhand
 - (c) Rajasthan
 - (d) Nagaland
 - (e) None of these
35. Which mobile application has been launched by Karnataka Bank Limited built on the Unified Payments Interface platform of the NPCI? **(RBI Assistant 2016)**
- (a) empower (b) SMARTZ
 - (c) MobiEase (d) mPay
 - (e) None of these

36. PM Narendra Modi launched "Urja Ganga", 1500 km long gas pipeline project which costing ₹ 51,000 crore to provide piped cooking gas to residents of which place within two years?
(RBI Assistant 2016)
- (a) Nagpur (b) Pune
(c) Bareilly (d) Varanasi
(e) None of these
37. Islamic Development Bank to open its first branch in which city of India?
(RBI Assistant 2016)
- (a) Mumbai (b) Patna
(c) Ahmedabad (d) Pune
(e) None of these
38. Which country has launched the world's longest secure quantum communication line?
(RBI Assistant 2016)
- (a) China (b) Japan
(c) USA (d) Russia
(e) None of these
39. Name the American multinational technology company, who has acquired a business technology start-up 'Synergyse' founded by an Indian-origin entrepreneur?
(SBI PO Main 2017)
- (a) Yahoo (b) Microsoft
(c) Google (d) TCS
(e) None of these
40. The China-led Asian infrastructure bank (AIIB) has approved the first set of loans totaling US 509 million dollar to finance projects in four countries viz. Bangladesh, Pakistan, Indonesia and Tazikistan. At what interest rate they will repay to AIIB?
(SBI PO Main 2017)
- (a) 1.50% (b) 2.25%
(c) 1.15% (d) 2.50%
(e) None of these
41. The National Investment and Infrastructure Fund (NIIF) Ltd has signed a MoU with which country Investment Authority to facilitate investment in Indian infrastructure sector?
(SBI PO Main 2017)
- (a) Bangladesh (b) Qatar
(c) Oman (d) Myanmar
(e) None of these
42. Under whom has the Reserve Bank of India set up an expert committee to examine the current monetary policy framework of RBT and recommend what needs to be done to revise and strengthen it?
(IBPS RRB Main 2017)
- (a) P.J. Nayak (b) Urjit Patel
(c) J.P. Morgan (d) Chetan Ghate
(e) Sajid Chenoy
43. Which of the following recently launched a new health scheme 'Stri Swasthya Suraksha Yojana for women? '
(IBPS RRB Main 2017)
- (a) CII (b) NDMC
(c) SEBI (d) IRDA
(e) NABARD
44. Kisan credit scheme was prepared by which institution?
(IBPS RRB Main 2017)
- (a) RBI (b) SIDBI
(c) NABARD (d) RRB
(e) SBI
45. Which country will be the world's largest economy by 2050?
(IBPS RRB Main 2017)
- (a) United Kingdom (b) USA
(c) Japan (d) India
(e) China
46. Who is the head of the Panel set up by RBI to develop a comprehensive public credit registry (PCR)?
(IBPS RRB Main 2017)
- (a) YM Deosthalee
(b) Sekar Karnam
(c) Sriram Kalyanaraman
(d) Vishaka Mulye
(e) Vishaka Mulye

47. The Budget 2017-18 provided NABARD with an additional amount of?
(IBPS RRB Main 2017)
- (a) ₹ 20,000 crore (b) ₹ 25,000 crore
(c) ₹ 28,000 crore (d) ₹ 30,000 crore
(e) None of these
48. Which of the following states has earned the top position under the Pradhan Mantri Surakshit Matritav Abhiyan (PMSMA)? (IBPS PO Main 2018)
- (a) Andhra Pradesh
(b) Madhya Pradesh
(c) Uttar Pradesh
(d) Himachal Pradesh
(e) Arunachal Pradesh
49. The allocation on Digital India Project under Union budget 2018-19 is _____.
(IBPS PO Main 2018)
- (a) ₹ 1014 crore (b) ₹ 3073 crore
(c) ₹ 5054 crore (d) ₹ 2315 crore
(e) ₹ 9432 crore
50. 'One Person One Car' policy has been launched by _____.
(IBPS PO Main 2018)
- (a) West Bengal (b) Kerala
(c) Madhya Pradesh (d) Rajasthan
(e) Gujarat
51. The Government has notified the Electoral Bond Scheme 2018. The Electoral Bond shall be valid for _____ days from the date of issue. (IBPS PO Main 2018)
- (a) 90 (b) 30
(c) 15 (d) 10
(e) 20
52. Which of the following banks has been ranked as the best PSU bank in the overall digital transaction's category in India?
(IBPS PO Main 2018)
- (a) Bank of India
(b) State Bank of India
(c) Union Bank of India
(d) Punjab National Bank
(e) Bank of Baroda
53. NABARD has tied up with which of the following banks to provide collateral-free credit through Joint Liability Groups in Telangana? (IBPS PO Main 2018)
- (a) BOB (b) ICICI Bank
(c) SBI (d) Axis Bank
(e) PNB
54. The Government of India has signed a loan agreement worth USD 200 million with the World Bank for _____.
(IBPS PO Main 2018)
- (a) APY (b) PMKSY
(c) NIRVAAN (d) POSHAN
(e) ATAL
55. Under project 'SASHAKT' an asset management company/ alternative investment fund (AIF)-led resolution approach to deal with NPAs of more than _____.
(IBPS PO Main 2018)
- (a) ₹ 100 crore (b) ₹ 200 crore
(c) ₹ 300 crore (d) ₹ 400 crore
(e) ₹ 500 crore
56. "Rashtriya Gram Swaraj Abhiyan" was launched by Prime Minister Narendra Modi at Ramnagar, tribal-dominated district of Madhya Pradesh. The scheme aims to strengthen the country's _____.
(IBPS PO Main 2018)
- (a) NPA Loss System
(b) Corruption Based System
(c) Politics System
(d) Labour System
(e) Panchayati Raj System
57. The government announced a scheme for informants of benami transactions under which one can get a reward of up to ₹ _____ for providing vital information to the tax authorities.
(IBPS PO Main 2018)
- (a) ₹ 1 crore (b) ₹ 7 crore
(c) ₹ 4 crore (d) ₹ 10 crore
(e) ₹ 5 crore

58. NITI Aayog has presented India's Voluntary National Review Report on the implementation of the _____.
(IBPS PO Main 2018)
- UN Member Countries
 - International Review of Progress
 - Sustainable development Goals
 - All of the above
 - None of the given options is true
59. Which of the following banks has entered into an agreement with CDSL Commodity Repository Limited (CCRL) and it is first Public Sector Bank to become the Repository Participant for Pledge Finance under the Repository Ecosystem for registered/accredited warehouses by WDRA?
(IBPS PO Main 2018)
- Bank of India
 - State Bank of India
 - Union Bank of India
 - Bank of Baroda
 - Punjab National Bank
60. As per a survey, for the first time in India's history five States Maharashtra, Gujarat, Karnataka, Tamil Nadu and Telangana account for a _____ of India's exports. (IBPS PO Main 2018)
- 50%
 - 80%
 - 70%
 - 40%
 - 60%
61. The government will boost exports of agriculture commodities which have the potential of reaching _____ billion.
(IBPS PO Main 2018)
- \$100 billion
 - \$500 billion
 - \$200 billion
 - \$700 billion
 - \$1500 billion
62. Rana Kapoor is an Indian billionaire, and the founder, Managing Director and CEO of _____. (IBPS RRB Asst. Main 2018)
- Yes Bank
 - ICICI Bank
 - Axis Bank
 - HDFC Bank
 - Kotak Mahindra Bank
63. The GDP prediction of India by Central Statistical Office (CSO) in 2018-19 is _____. (IBPS RRB Asst. Main 2018)
- 7.9%
 - 7.7%
 - 7.1%
 - 7.3%
 - 7.5%
64. The government recently proposed the merger of which of three banks for the purpose of creating the country's third-biggest lender?
(IBPS RRB Asst. Main 2018)
- Punjab National Bank, Vijaya Bank and Dena Bank
 - Bank of Baroda, Corporation Bank and Dena Bank
 - Bank of Baroda, Vijaya Bank and IDBI Bank
 - Bank of Baroda, Vijaya Bank and Dena Bank
 - Bank of Baroda, United Bank of India and Union Bank of India
65. Who is heading the Estimates Committee of Parliament which has asked the Prime Minister's Office (PMO) to depose and provide details on what action the government initiated on a list of large corporate houses, which had amassed a large amount of non-performing assets (NPAs). (IBPS RRB Asst. Main 2018)
- Shatrughan Sinha
 - Sunil Mehta
 - Hukmdev Narayan Yadav
 - Lal Krishna Advani
 - Murli Manohar Joshi
66. Gross Value Added by agriculture, forestry and fishing is estimated at ₹ _____ trillion (US\$ 274.23 billion) in Financial Year 2018. (IBPS RRB Asst. Main 2018)
- ₹ 16.47 trillion
 - ₹ 22.45 trillion
 - ₹ 23.32 trillion
 - ₹ 17.67 trillion
 - ₹ 43.12 trillion

67. PM Narendra Modi has set which of the following years as the deadline for the launch of India's maiden human space flight program?
(IBPS RRB Asst. Main 2018)
- (a) 2024 (b) 2025
(c) 2022 (d) 2020
(e) 2030
68. As per RBI, what percent of demonetised banknotes have been recovered?
(IBPS RRB Asst. Main 2018)
- (a) 93% (b) 90%
(c) 88% (d) 95%
(e) 99%
69. Who has recently been appointed the first ever chief financial officer (CFO) of the Reserve Bank of India (RBI)?
(SBI PO Main 2018)
- (a) YV Reddy
(b) Sudha Balakrishnan
(c) Lakshi Reddy
(d) CNR Rao
(e) Sunil Mehta
70. Government will introduce a ₹ 350 commemorative coin to mark 350th birth anniversary of _____, the 10th and last Sikh Guru.
(SBI PO Main 2018)
- (a) Guru Har Krishan
(b) Guru Gobind Singh
(c) Guru Tegh Bahadur
(d) Guru Amar Das
(e) Guru Ram Das
71. By 2022, the new telecom policy or National Digital Communications Policy aims to attract investments in the digital communications sector to the tune of _____.
(SBI PO Main 2018)
- (a) \$100 billion (b) \$50 billion
(c) \$10 billion (d) \$500 billion
(e) \$1000 billion
72. The government has set up a 13-member committee to upgrade the norms for computation of economic data at states and districts. The Committee for Sub-National Accounts will be headed by _____.
(SBI PO Main 2018)
- (a) Subhash Chandra Khuntia
(b) Ravindra H Dholakia
(c) Pradeep Kumar Sinha
(d) A K Goel
(e) PJ Joseph
73. Which of the following countries has emerged as the top export destination for India with USD 47.9 billion worth of shipments last fiscal?
(SBI PO Main 2018)
- (a) USA (b) Russia
(c) Singapore (d) UAE
(e) Japan
74. Which of the following organisations has organised India's First Global Mobility Summit?
(SBI PO Main 2018)
- (a) IRDAI
(b) SEBI
(c) Finance Ministry
(d) NITI Aayog
(e) RBI
75. As per a new trade report by the UN, the foreign direct investment to India decreased to _____ billion dollars last year from 44 billion dollars in 2016 while outflows from India, the main source of investment in South Asia, more than doubled.
(SBI PO Main 2018)
- (a) 40 billion dollars
(b) 42 billion dollars
(c) 38 billion dollars
(d) 45 billion dollars
(e) 35 billion dollars

76. The Cabinet Committee on Economic Affairs has approved an initial Corpus of _____ crore for setting up of a dedicated "Micro Irrigation Fund" (MIF) with NABARD under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY).
(SBI PO Main 2018)
- (a) ₹ 1,000 crore (b) ₹ 2,000 crore
(c) ₹ 3,000 crore (d) ₹ 4,000 crore
(e) ₹ 5,000 crore
77. Atal Pension Yojana (APY) Scheme's subscriber base crossed 1 Crore on completion of 3 years. What is the current number of subscribers?
(SBI PO Main 2018)
- (a) 1.90 Crore (b) 1.70 Crore
(c) 1.50 Crore (d) 1.30 Crore
(e) 1.10 Crore
78. Singapore state investment arm Temasek has struck its third back-to-back deal in India by inking an agreement to pick up a stake of around 4.8% in _____.
(SBI PO Main 2018)
- (a) AU Small Finance Bank Ltd
(b) State Bank of India
(c) FINO PayTech Bank
(d) ICICI Bank
(e) Bandhan Bank
79. What is allocation announced in Union Budget 2018-19 for Operation Greens?
(SBI PO Main 2018)
- (a) ₹ 100 crores (b) ₹ 200 crores
(c) ₹ 400 crores (d) ₹ 500 crores
(e) ₹ 300 crores
80. RBI has granted permission to which of the following to operate offices in India recently?
(SBI PO Main 2018)
- (a) Bank of England
(b) Bank of China
(c) Bank of Hong Kong
(d) Bank of Paris
(e) Bank of Germany
81. Petrol and diesel prices will be revised on _____.
(SBI PO Main 2018)
- (a) weekly basis (b) daily basis
(c) hour basis (d) yearly basis
(e) monthly basis
82. The interest rate for the Rabi Food & Oilseeds crops in Pradhan Mantri Fasal Bima Yojana (PMFBY) is _____.
(IBPS RRB PO Main 2018)
- (a) 2.0% (b) 1.5%
(c) 5.0% (d) 3.5%
(e) 4.0%
83. Name the bank which is all set to roll out a capacity building project with farmers in Haryana and Rajasthan under its 'Livelihood and Water Security' CSR initiative?
(IBPS RRB PO Main 2018)
- (a) ICICI Bank
(b) Bank of India
(c) State Bank of India
(d) Kotak Mahindra Bank
(e) Yes Bank
84. Who was conferred the 'Chief Minister of the Year' award for his/ her remarkable work in e-governance at the 52nd Skoch Summit held in New Delhi?
(IBPS RRB PO Main 2018)
- (a) Vasundhara Raje Scindia
(b) Jai Ram Thakur
(c) Shivraj Singh Chouhan
(d) Raman Singh
(e) Devendra Fadnavis
85. India is now the second largest mobile phone producer in the world after _____, as reported by Indian Cellular Association. (IBPS RRB PO Main 2018)
- (a) Japan (b) USA
(c) Singapore (d) China
(e) Vietnam

86. The World Bank has approved ₹6000 crore to Central Sector Scheme of the Ministry of Water Resources, River Development and Ganga Rejuvenation for _____.
(IBPS RRB PO Main 2018)
- Pradhan Mantri Fasal Bima Yojana
 - Atal Bhujal Yojana
 - Atal Pension Yojana
 - Pradhan Mantri Garib Kalyan Yojana
 - Atal Mission for Rejuvenation and Urban Transformation
87. The Ministry of Human Resource Development (MHRD) has launched a program called "Unnat Bharat Abhiyan" with which of the following purposes?
(IBPS RRB PO Main 2018)
- Connect institutions of higher education
 - Ensure better Crop Insurance services
 - One-year life insurance scheme, renewable from year to year
 - Income declaration scheme
 - None of these
88. The RBI has launched "financial literacy week" in Jammu & Kashmir with an aim for good practices for safe digital banking experience. The theme was _____.
(IBPS RRB PO Main 2018)
- Money and education
 - Consumer protection
 - How to recover NPA
 - Know your rights
 - Bank power
89. The government is planning to merge four banks which had reported a combined loss of ₹ 21,646.38 crore in the year ended 31 March 2018. Name these banks.
(IBPS RRB PO Main 2018)
- Bank of Baroda, Bank of India, Oriental Bank of Commerce and Indian Bank
 - Punjab National Bank, IDBI Bank, Indian Overseas Bank and Central Bank
 - Union Bank of India, IDBI Bank, Oriental Bank of Commerce and United Bank of India
 - Bank of Baroda, IDBI Bank, Oriental Bank of Commerce and Central Bank of India
 - Bank of Baroda, Corporation Bank, Allahabad Bank and Central Bank of India
90. Who among the following has been appointed as the Chairman of Economic Advisory Council to PM (EAC-PM)?
(IBPS RRB PO Main 2018)
- Shashikant Sharma
 - Ratan Watal
 - Rajiv Kumar
 - Bibek Debroy
 - Rajiv Mehrishi
91. Sukanya Samriddhi Account which was ₹ 1,000 earlier can now be opened with a minimum deposit of _____.
(IBPS RRB PO Main 2018)
- ₹ 250
 - ₹ 500
 - ₹ 750
 - ₹ 1250
 - ₹ 2000
92. The Ministry of Culture has introduced a new scheme namely 'Seva Bhoj Yojna' with a total outlay of ₹ 325 Crore for Financial Years 2018-19 and 2019-20. "Seva Bhoj Yojana" is related to _____.
(IBPS RRB PO Main 2018)
- Reimburse Central Share of CGST and IGST on Food/Prasad/Langar/Bhandara offered by Religious Institutions
 - Sustainable ground water management with community participation in select over-exploited and ground water stressed areas in seven States

- (c) Government-backed pension scheme in India targeted at the unorganised sector
- (d) Focus to establish infrastructure that could ensure adequate robust sewage networks and water supply for urban transformation by implementing urban revival projects
- (e) None of these
93. As per the International Labour Organisation (ILO)'s report "World Employment and Social Outlook Trends 2018", it is projected that the number of unemployed persons in India is expected to rise from 18.3 million in 2017 to 18.6 million in 2018 and 18.9 million by 2019. However, unemployment rate is expected to remain static at _____ per cent during the same period.
(IBPS RRB PO Main 2018)
- (a) 5.5 per cent (b) 2.5 per cent
(c) 3.5 per cent (d) 4.5 per cent
(e) 0.5 per cent
94. Under the "Income Tax Informants Reward Scheme, 2018", one can get reward up to which amount for giving information to the designated officers of Investigation Directorates in Income Tax Department about substantial evasion of tax on income or assets in India?
(IBPS RRB PO Main 2018)
- (a) ₹ 10 lakh (b) ₹ 05 lakh
(c) ₹ 50 lakh (d) ₹ 60 lakh
(e) ₹ 90 lakh
95. As per an Uber-commissioned study, the top four Indian cities are 149 per cent more congested than comparable cities in Asia and the country is losing over \$22 billion a year in peak traffic hours compared to travel time during non-peak hours in those cities. Which of the following cities is not included?
(IBPS RRB PO Main 2018)
- (a) Delhi (b) Mumbai
(c) Bengaluru (d) All of the above
(e) Hyderabad
96. Modi government last year set a target of raising annual health spending to 2.5% of India's GDP by _____ from 1.15% now- one of the lowest proportions in the world. (IBPS RRB PO Main 2018)
- (a) 2025 (b) 2020
(c) 2022 (d) 2030
(e) 2019
97. The SEBI has recently accepted 40 out of 80 recommendations suggested by the Uday Kotak Committee on Corporate Governance. Reduction in the maximum number of listed entity directorships is to _____ by April 01, 2019 and to 7 by April 1, 2020. (IBPS RRB PO Main 2018)
- (a) 05 (b) 12
(c) 08 (d) 10
(e) 15
98. _____ have reportedly concluded price negotiations for the procurement of five regiments of Russian-made S-400. (RBI Grade – B 2018)
- (a) India and France
(b) India and Russia
(c) India and USA
(d) India and Japan
(e) None of these
99. Shanghai Cooperation Organisation (SCO) will be held in the Qingdao, a city of- (RBI Grade – B 2018)
- (a) Japan (b) China
(c) South Korea (d) Indonesia
(e) None of these
100. PhonePe is launched by
(RBI Grade – B 2018)
- (a) Bajaj Allianz (b) Flipkart
(c) SBI (d) Airtel
(e) None of these

101. Which state attracted 300% FDI
(RBI Grade – B 2018)
(a) Karnataka (b) Madhya Pradesh
(c) Goa (d) Himachal Pradesh
(e) None of these
102. Walmart partnered with _____ for Digital Boost. (RBI Grade – B 2018)
(a) Flipkart (b) Amazon
(c) Paytm Mall (d) Myntra
(e) None of these
103. Who among the following is the Chairman of HDFC Bank?
(IBPS Clerk Main 2019)
(a) Aditya Puri
(b) Deepak Parekh
(c) Shikha Sharma
(d) Amitabh Chaudhary
(e) Sandeep Bakhshi
104. RBI had recently announced that _____ percentage of demonetized money was back. (IBPS Clerk Main 2019)
(a) 79.30 (b) 93.30
(c) 88.30 (d) 99.30
(e) 91.30
105. The current reverse repo rate of RBI is _____. (IBPS Clerk Main 2019)
(a) 6.50% (b) 6.25%
(c) 6.75% (d) 4.00%
(e) 19.50%
106. Who is currently heading the committee of the merger of the public sector banks?
(IBPS Clerk Main 2019)
(a) Raghuram Rajan
(b) Bimal Jalan
(c) Arun Jaitley
(d) YV Reddy
(e) Piyush Goyal
107. The 11th BRICS Summit scheduled for October 2019 will be hosted by _____.
(IBPS Clerk Main 2019)
(a) India (b) China
(c) South Africa (d) Germany
(e) Brazil
108. India aims to reduce the emissions intensity of its GDP by 33-35% by 2030 from 2005 levels. It achieves what percentage of its cumulative electric power of around 350GW installed capacity from non-fossil fuel-based energy resources, mainly renewable power.
(IBPS Clerk Main 2019)
(a) 20% (b) 40%
(c) 50% (d) 30%
(e) 10%
109. India stands _____ largest in terms of number of World Heritage properties in ASPAC (Asia and Pacific) region.
(IBPS Clerk Main 2019)
(a) fourth (b) third
(c) second (d) fifth
(e) first
110. After six months of satisfactory conduct of the account of Pradhan Mantri Jan Dhan Yojana, how much amount is made available to one account holder of per household? (IBPS Clerk Main 2019)
(a) ₹ 5,000 (b) ₹ 10,000
(c) ₹ 2,000 (d) ₹ 15,000
(e) ₹ 20,000
111. The global Multidimensional Poverty Index (MPI) is an international measure of acute poverty covering over 100 developing countries. Which of the following maintains Global Multidimensional Poverty Index?
(IBPS Clerk Main 2019)
(a) UNESCO (b) UNCTAD
(c) UNDP (d) OECD
(e) UNEP

112. _____ has approved a \$25-30 billion commitment plan for India for the period of 2019-22. **(IBPS Clerk Main 2019)**
- (a) United Nations
(b) World Bank
(c) UNCTAD
(d) New Development Bank
(e) International Monetary Fund
113. The government has announced to fix MSP at a level of at least what per cent of the cost of production for kharif crops 2018-19 which redeems the promise made in the Union Budget for 2018-19. **(IBPS Clerk Main 2019)**
- (a) 50 per cent (b) 250 per cent
(c) 200 per cent (d) 100 per cent
(e) 150 per cent
114. As per a Central Statistics Office (CSO) report, nearly _____ crore jobs have been created in India in the 10-month period till June 2018. **(IBPS Clerk Main 2019)**
- (a) 2.4 crore (b) 3.5 crore
(c) 6.9 crore (d) 1.2 crore
(e) 7.5 crore
115. Which of the following banks has bagged Hindi implementation award Rajbhasha Kirti Award for outstanding performance in implementing the Official Language Policy during 2017-18? **(IBPS Clerk Main 2019)**
- (a) Union Bank of India
(b) Indian Bank
(c) Punjab National Bank
(d) State Bank of India
(e) Bank of Baroda
116. The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, hosted a conference on Global Digital Content Market (GDCM) 2018 at _____. **(IBPS Clerk Main 2019)**
- (a) New Delhi (b) Bengaluru
(c) Mumbai (d) Kolkata
(e) Chennai
117. Which of the following company recently tied up with Allahabad Bank for the development of a dedicated eAuction platform? **(IBPS PO Main-2019)**
- (a) MSTC Limited
(b) MOIL Limited
(c) NMDC Limited
(d) IOC Limited
(e) HDFC Limited
118. Karnam Sekar has taken over as the new Managing Director and CEO of Indian Overseas Bank. He was the former Managing Director of which bank? **(IBPS PO Main-2019)**
- (a) State Bank of India
(b) Punjab National Bank
(c) Corporation Bank
(d) Dena Bank
(e) Bank of Baroda
119. What is India's GDP growth rate for the financial Year 2017-18 as per economic survey 2018? **(IBPS PO Main-2019)**
- (a) 7.5% (b) 7.4%
(c) 7.3% (d) 7.2%
(e) 7.1%
120. The government has announced the setting up of ₹ 25,000 crore Alternative Investment Fund (AIF) as a relief measure for which sector? **(IBPS PO Main-2019)**
- (a) Health Sector
(b) Women Protection
(c) Real Estate Sector
(d) Manufacturing Sector
(e) Education Sector

121. Asian Development Bank has signed USD 451 million loan agreement with Indian Government to strengthen power connectivity of southern and northern part of which state?
(IBPS PO Main-2019)
- (a) Kerala (b) Karnataka
(c) Tamil Nadu (d) Andhra Pradesh
(e) Rajasthan
122. Which Institute has formally launched its Global Alumni Endowment Fund with an initial commitment of ₹ 250 crore?
(IBPS PO Main-2019)
- (a) Indian Institute of Technology Goa
(b) Indian Institute of Management Ahmedabad
(c) Indian Institute of Management Calcutta
(d) Indian Institute of Technology Delhi
(e) Indian Institute of Technology Mumbai
123. The Reserve Bank of India has enhanced the limit for withdrawal to ₹50,000, inclusive of ₹40,000 allowed earlier. What percent of the depositors of the bank will be able to withdraw their entire account balance with the above relaxation?
(IBPS PO Main-2019)
- (a) 55% (b) 65%
(c) 75% (d) 78%
(e) 85%
124. India and Asian Development Bank has signed \$200 million loan agreement for the development of the roads of which of the following state?
(IBPS PO Main-2019)
- (a) Haryana (b) Punjab
(c) Maharashtra (d) Kerala
(e) Tamil Nadu
125. Which state has launched the ABADHA scheme?
(IBPS PO Main-2019)
- (a) Haryana (b) Punjab
(c) Karnataka (d) Odisha
(e) West Bengal
126. What is the name of the resolution scheme launched to solve the NPA problem through a market-led approach?
(IBPS PO Main-2019)
- (a) Shakti (b) Sashakt
(c) Utkarsh (d) Nishtha
(e) Shaurya
127. Which of the following international organizations signed a Loan Agreement of USD 250 million with the Union Government and the Government of Kerala for the First Resilient Kerala Program to enhance the State's resilience against the impacts of natural disasters and climate change?
(SBI PO Main-2019)
- (a) New Development Bank
(b) International Monetary Fund
(c) World Bank
(d) Asian Development Bank
(e) None of these
128. Finance Minister Nirmala Sitharaman has announced that the public sector banks (PSBs) will be provided with a capital infusion of _____ in the Budget 2019 speech.
(SBI PO Main-2019)
- (a) ₹ 70,000 crore (b) ₹ 60,000 crore
(c) ₹ 50,000 crore (d) ₹ 90,000 crore
(e) ₹ 80,000 crore
129. The Union Budget has allocated ₹ _____ crore outlay for Indian Railways for the financial year 2019-20, in a bid to expand the rail infrastructure.
(SBI PO Main-2019)
- (a) ₹ 1,00,000 crore
(b) ₹ 78,350 crore
(c) ₹ 37,404 crore
(d) ₹ 65,837 crore
(e) ₹ 56,229 crore

130. Mukhyamantri Yuva Swabhiman Yojana launched in which state?
(SBI PO Main-2019)
(a) Uttar Pradesh (b) Madhya Pradesh
(c) Bihar (d) Jharkhand
(e) Andhra Pradesh
131. Finance Minister Nirmala Sitharaman had set a fiscal deficit target of _____ per cent for the current fiscal (FY2019-20).
(SBI PO Main-2019)
(a) 4.0% (b) 3.5%
(c) 2.7% (d) 3.0%
(e) 3.3%
132. Which Bank was ranked No 1 in India by customers in the 'World's Best Banks' survey conducted by Forbes magazine?
(SBI PO Main-2019)
(a) Yes Bank (b) HDFC Bank
(c) Bank of Baroda (d) Axis Bank
(e) Central Bank of India
133. The Reserve Bank of India has constituted a six-member committee to review the existing state of mortgage securitisation in India. The committee will be headed by-
(SBI PO Main-2019)
(a) Salil Parekh
(b) NR Narayana Murthy
(c) Harsh Vardhan
(d) Arvind Mayaram
(e) Nandan Nilekani
134. G20 Finance Ministers and Central Bank Governors Meeting was held in-
(SBI PO Main-2019)
(a) Beijing, China (b) Fukuoka, Japan
(c) Dubai, UAE (d) New Delhi, India
(e) Paris, France
135. The government has set up an 18-member working group for the revision of the current series of Wholesale Price Index under the Chairmanship of-
(SBI PO Main-2019)
(a) NR Narayana Murthy
(b) Nandan Nilekani
(c) Arvind Panagariya
(d) VK Saraswat
(e) Ramesh Chandra
136. Who is present Managing Director of NHB?
(SBI PO Main-2019)
(a) Mohammad Mustafa
(b) Ajay Tyagi
(c) Gurbachan Singh
(d) Rajnish Kumar
(e) Sharad Kumar Hota
137. Who has been appointed as additional director on the board of Yes Bank recently?
(SBI PO Main-2019)
(a) Chitra Ramkrishna
(b) R. Gandhi
(c) Sima Kamil
(d) Romesh Sobti
(e) Viral Acharya
138. The First Indian State to issue Masala Bond-
(SBI Clerk Main-2019)
(a) Maharashtra
(b) Kerala
(c) Madhya Pradesh
(d) Goa
(e) Meghalaya
139. According to some newspaper reports, one-third of the total wilful defaulter is which bank?
(SBI Clerk Main-2019)
(a) Punjab National Bank
(b) State Bank of India
(c) Karnataka Bank
(d) Bank of Baroda
(e) Central Bank of India
140. Who has lead Indian delegation for G-20 meeting on trade in Japan?
(SBI Clerk Main-2019)
(a) Shri Nitin Jairam Gadkari
(b) Shri Raj Nath Singh
(c) Piyush Goyal
(d) Smt. Harsimrat Kaur Badal
(e) None of these

141. What is the first instalment amount for PM Matru Vandana Yojana?
(SBI Clerk Main-2019)
(a) ₹ 500 (b) ₹1000
(c) ₹1200 (d) ₹1500
(e) ₹2000
142. Anshula Kant is the MD and CFO of?
(SBI Clerk Main-2019)
(a) State Bank of India
(b) Asian Development Bank
(c) International Finance Corporation
(d) World Bank
(e) None of these
143. India has signed a deal of ₹ 200 Crore to acquire Strum Ataka with which of the following countries?
(SBI Clerk Main-2019)
(a) Russia (b) Brazil
(c) Canada (d) South Africa
(e) Oman
144. Pradhan Mantri Karam Yogi Maandhan (PM-KYM) Scheme All PM Karam Yogi Maan Dhan Scheme beneficiaries must have annual turnover less than _____.
(SBI Clerk Main-2019)
(a) ₹ 1 crore (b) ₹ 1.2 crore
(c) ₹ 1.5 crore (d) ₹ 1.8 crore
(e) ₹2 crore
145. BRICS Summit 2019 was held at –
(SBI Clerk Main-2019)
(a) Canada (b) Brazil
(c) Chile (d) Argentina
(e) None of these
146. Budget 2019 has proposed to levy tax deduction at source (TDS) of 2 per cent on the cash withdrawal of more than _____ from a bank account.
(SBI Clerk Main-2019)
(a) ₹0.5 crore (b) ₹1 crore
(c) ₹1.5 crore (d) ₹1.8 crore
(e) ₹2 crore
147. Who is the HRD Minister of India?
(IBPS RRB PO Main-2019)
(a) Amit Shah
(b) Raj Nath Singh
(c) D.V. Sadananda Gowda
(d) Ramesh Pokhriyal 'Nishank'
(e) Nitin Jairam Gadkari
148. Name the country which will host the G20 summit in 2020.
(IBPS RRB PO Main-2019)
(a) Saudi Arabia (b) Paris
(c) Geneva (d) London
(e) New York
149. Who is the present Chief Economist of International Monetary Fund?
(IBPS RRB PO Main-2019)
(a) Anshula Kant
(b) Raghuram Rajan
(c) Gita Gopinath
(d) Urjit Patel
(e) Krishnamurthy Subramanian
150. How many Padma Bhushan awards were conferred in 2019?
(IBPS RRB PO Main-2019)
(a) 12 (b) 14
(c) 16 (d) 18
(e) 19
151. Name the organisation which celebrated the 100th anniversary of its establishment in 2019?
(IBPS RRB PO Main-2019)
(a) International Labor Organisation
(b) World Trade Organization
(c) World Bank
(d) UNESCO
(e) International Monetary Fund
152. The GST rate on all electric vehicles has been reduced from 12% to?
(IBPS RRB PO Main-2019)
(a) 3% (b) 2%
(c) 10% (d) 5%
(e) 8%

153. Which company topped the list of biggest company by revenue in the fiscal year 2018-19? **(IBPS RRB PO Main-2019)**
- Reliance Industries
 - Tata Consultancy Services
 - Infosys Limited
 - Accenture plc
 - WIPRO Limited
154. From which date the BS-VI fuel norms will be implemented in India? **(IBPS RRB PO Main-2019)**
- November, 2019
 - December, 2019
 - January, 2019
 - March, 2019
 - April, 2020
155. Who is the present Chairman of SEBI? **(IBPS RRB Clerk Main-2019)**
- Urjit Patel
 - Ajay Tyagi
 - Ashok Kumar Gupta
 - Upendra Kumar Sinha
 - None of these
156. Where is the informal BRICS summit held? **(IBPS RRB Clerk Main-2019)**
- Brasilia, Brazil
 - Johannesburg, S. Africa
 - Washington, U.S.A.
 - Osaka, Japan
 - None of these
157. Careem to become a wholly-owned subsidiary of _____, operating as an independent company under the Careem brand and led by Careem founders. **(IBPS RRB Clerk Main-2019)**
- Ola
 - Uber
 - Swiggy
 - Zomato
 - None of these
158. Which of the following banks has been merged with Punjab National Bank? **(IBPS Clerk Main-2020)**
- United Bank of India
 - Bank of India
 - Union Bank of India
 - Indian Bank
 - None of these
159. What is the deadline for Digital Payment Number? **(IBPS Clerk Main-2020)**
- 31st April 2020
 - 31st March 2022
 - 31st December 2021
 - 31st January 2023
 - 31st April 2024
160. Bombay High Court has appointed Vijayakumar V Iyer as a liquidator of? **(IBPS Clerk Main-2020)**
- Airtel Payments Bank
 - Fino Payments Bank
 - Jio Payments Bank
 - India Post Payments Bank
 - Aditya Birla Payments Bank
161. PM Narendra Modi Visited Brussels recently. Brussels is the capital of which country? **(IBPS Clerk Main-2020)**
- Belgium
 - Portugal
 - Germany
 - Andorra
 - Czech Republic
162. CLCSS Scheme is to facilitate technology up-gradation in MSEs by providing an upfront capital subsidy of _____. **(IBPS Clerk Main-2020)**
- up to ₹ 0.5 crore.
 - up to ₹ 1 crore.
 - up to ₹ 1.5 crore.
 - up to ₹ 2 crore.
 - up to ₹ 2.5 crore.

ANSWER KEYS

1.	(a)	2.	(d)	3.	(b)	4.	(c)	5	(c)
6.	(d)	7.	(c)	8.	(c)	9.	(c)	10.	(e)
11.	(d)	12.	(e)	13.	(b)	14.	(b)	15.	(e)
16.	(c)	17.	(a)	18.	(d)	19.	(d)	20.	(b)
21.	(c)	22.	(c)	23.	(c)	24.	(a)	25.	(d)
26.	(c)	27.	(c)	28.	(d)	29.	(d)	30.	(a)
31.	(d)	32.	(c)	33.	(a)	34.	(b)	35.	(b)
36.	(d)	37.	(c)	38.	(c)	39.	(c)	40.	(c)
41.	(b)	42.	(b)	43.	(b)	44.	(c)	45.	(d)
46.	(a)	47.	(a)	48.	(d)	49.	(b)	50.	(a)
51.	(c)	52.	(d)	53.	(c)	54.	(d)	55.	(e)
56.	(e)	57.	(a)	58.	(c)	59.	(d)	60.	(c)
61.	(a)	62.	(a)	63.	(e)	64.	(d)	65.	(e)
66.	(d)	67.	(c)	68.	(e)	69.	(b)	70.	(b)
71.	(a)	72.	(b)	73.	(a)	74.	(d)	75.	(a)
76.	(e)	77.	(e)	78.	(a)	79.	(d)	80.	(b)
81.	(b)	82.	(b)	83.	(e)	84.	(a)	85.	(d)
86.	(b)	87.	(a)	88.	(b)	89.	(d)	90.	(d)
91.	(a)	92.	(a)	93.	(c)	94.	(c)	95.	(e)
96.	(a)	97.	(c)	98.	(b)	99.	(b)	100.	(b)
101.	(a)	102.	(a)	103.	(b)	104.	(d)	105.	(b)
106.	(c)	107.	(e)	108.	(b)	109.	(c)	110.	(b)
111.	(c)	112.	(b)	113.	(e)	114.	(d)	115.	(c)
116.	(a)	117.	(a)	118.	(d)	119.	(d)	120.	(c)
121.	(c)	122.	(d)	123.	(d)	124.	(c)	125.	(d)
126.	(b)	127.	(c)	128.	(a)	129.	(d)	130.	(b)
131.	(e)	132.	(b)	133.	(c)	134.	(b)	135.	(e)
136.	(e)	137.	(b)	138.	(b)	139.	(b)	140.	(c)
141.	(b)	142.	(d)	143.	(a)	144.	(c)	145.	(b)
146.	(b)	147.	(d)	148.	(a)	149.	(c)	150.	(b)
151.	(a)	152.	(d)	153.	(a)	154.	(e)	155.	(b)
156.	(d)	157.	(b)	158.	(c)	159.	(b)	160.	(e)
161.	(a)	162.	(b)						

PRACTICE MCQs

1. Kisan Rail will be set up by Indian Railways on PPP for transportation of what type of goods?
 - (a) A Perishable goods
 - (b) Consumer goods
 - (c) Capital goods
 - (d) Agriculture goods
2. How much amount does Union Government allocate as a relief package for the Country to become self-reliant?
 - (a) ₹ 20 lakh crore.
 - (b) ₹ 21 lakh crore.
 - (c) ₹ 19 lakh crore.
 - (d) None of these.
3. How much percentage of GDP is the declared amount for this relief package?
 - (a) 8% (b) 10%
 - (c) 12 % (d) 14%
4. How much is allocated for NPAs/ Stressed MSMEs?
 - (a) ₹ 20,000 crore (b) ₹ 21,000 crore
 - (c) ₹ 22,000 crore (d) ₹ 23,000 crore
5. Which is not among the 3 themes of budget 2020-21?
 - (a) Aspirational India
 - (b) Economic Development
 - (c) Growing India
 - (d) Caring Society
6. Which scheme has been launched for women self-help group in the Budget?
 - (a) Vidya Lakshmi scheme
 - (b) Maha Lakshmi scheme
 - (c) Nari Lakshmi scheme
 - (d) Dhaanya Lakshmi scheme
7. How many tax payers have been added in GST?
 - (a) 6 million (b) 8 million
 - (c) 9 million (d) 4 million
8. Which one of the following is not the part of the 5 Pillars of the Self-Reliant India?
 - (a) Income (b) Infrastructure
 - (c) Demography (d) Economy
9. What is the main focus of Atmanirbhar Bharat Abhiyan?
 - (a) Land, Labour and Laws
 - (b) Land, Labour, Liquidity and Real Estate
 - (c) Land, Labour, Liquidity and Laws
 - (d) None of these
10. Between 2006-2016, how many people were pulled out of poverty?
 - (a) 271 million (b) 152 million
 - (c) 362 million (d) 412 million
11. How many water-stressed districts in the country will be covered to boost the income of people and enhance their purchasing power?
 - (a) 50 (b) 75
 - (c) 100 (d) 125
12. Through NABARD refinance scheme, Agri credit target for 2020-21 has been proposed at?
 - (a) ₹ 10 lakh crore
 - (b) ₹ 15 lakh crore
 - (c) ₹ 20 lakh crore
 - (d) ₹ 25 lakh
13. How much has been provided for the healthcare sector in The Union Budget ?
 - (a) 49,000 crore (b) 69,000 crore
 - (c) 89,000 crore (d) 1,19,000 crore
14. How much has been allocated to Jal Jeevan Mission has been approved?
 - (a) ₹ 3.6 lakh crore
 - (b) ₹ 1.4 lakh crore
 - (c) ₹ 5.8 lakh crore
 - (d) ₹ 8.7 lakh crore

15. To meet the huge demand for teachers, nurses, paramedical staff and care givers abroad, how much has been allocated for skill development?
(a) ₹ 7000 crore
(b) ₹ 2000 crore
(c) ₹ 5000 crore
(d) ₹ 3000 crore
16. Which scheme has been launched for faster claims settlement of Exporters?
(a) Nirvik (b) Daivik
(c) Vaishvik (d) Navik
17. How much has been allocated for development of industry and commerce in FY21?
(a) ₹ 58,500 crore
(b) ₹ 37,600 crore
(c) ₹ 27,300 crore
(d) ₹ 19,200 crore
18. How many projects will come under National Infrastructure Pipeline?
(a) 3,500 projects
(b) 4,500 projects
(c) 5,500 projects
(d) 6,500 projects
19. How much has been allocated for transport infrastructure in FY21?
(a) ₹ 1.7 lakh crore
(b) ₹ 2.5 lakh crore
(c) ₹ 3.8 lakh crore
(d) ₹ 4.1 lakh crore
20. Which Indian city Suburban Transportation has been given special focus in Budget 2020-21?
(a) Delhi (b) Mumbai
(c) Pune (d) Bengaluru
21. How much is the gross enrollment of girls in elementary levels?
(a) 94.32% (b) 96.62%
(c) 91.32% (d) 98.62%
22. How much allocation has been made in nutrition – related programmes in FY21.?
(a) ₹ 75,900 crore (b) ₹ 28,900 crore
(c) ₹ 55,600 crore (d) ₹ 35,600 crore
23. Five archaeological sites will be set up with museums. Which is not one of the site?
(a) Rakhi Gadi in Haryana
(b) Ellora in Maharashtra
(c) Hastinapur in UP
(d) Dholavira in Gujarat
24. How many more airports will be developed under UD A N by 2024?
(a) 50 (b) 75
(c) 100 (d) 200
25. India will host G-20 residency in 2022 during 75th year of India's independence. How much allocation has been made towards it?
(a) 50 crore (b) 100 crore
(c) 500 crore (d) 1000 crore
26. How much capital has been Infused into PSU banks?
(a) ₹ 2.5 lakh crore
(b) ₹ 5.5 lakh crore
(c) ₹ 1.5 lakh crore
(d) ₹ 3.5 lakh crore
27. How many MSMEs got benefited from debt restructuring in 2019-20?
(a) More than 2 lakh
(b) More than 5 lakh
(c) More than 7 lakh
(d) More than 10 lakh
28. The FPI Limit in corporate bonds has been raised from 9% to?
(a) 10% (b) 12%
(c) 14% (d) 15%
29. Government has decided to raise capital in LIC. It will done through which method?
(a) IPO (b) FPO
(c) Issuing Bonds (d) None of the above

30. What is the estimated fiscal deficit for FY 2019-20?
- (a) 3.2% (b) 3.3%
(c) 3.6% (d) 3.8%
31. What is the estimated total expenditure for FY21?
- (a) ₹ 25.62 lakh crore
(b) ₹ 28.92 lakh crore
(c) ₹ 30.42 lakh crore
(d) ₹ 33.22 lakh crore
32. What will be the new income tax slab for income between ₹ 7.5 lakh-10 lakh?
- (a) 5% (b) 10%
(c) 15% (d) 20%
33. How much is revenue foregone due to abolition of Dividend distribution tax?
- (a) ₹ 5,000 crore (b) ₹ 10,000 crore
(c) ₹ 20,000 crore (d) ₹ 25,000 crore
34. Which scheme has been launched to clear 4.83 direct tax cases pending in various forums?
- (a) Vivad se Vishwaas Scheme
(b) Vishwaas se Vivad Scheme
(c) Vishwaas Scheme
(d) Vivad Scheme
35. How many trains will run under the public private partnership (PPP) mode?
- (a) 50 (b) 150
(c) 300 (d) 500
36. Which Private sector bank of India has launched Banking service in WhatsApp (March 2020)?
- (a) HDFC Bank (b) Axis Bank
(c) ICICI Bank (d) IndusInd Bank
(e) RBL Bank
37. Name the Indian ministry which has launched the portal named "Stranded in India".
- (a) Ministry of Tourism
(b) Ministry of Home Affairs
(c) Ministry of Health and Family welfare
(d) Ministry of External Affairs
(e) Ministry of Science and Technology
38. Name the person who headed the team which developed corona virus testing kit called 'Mylab PathoDetect COVID-19 Qualitative PCR kit'.
- (a) Minal Dakhve Bhosale
(b) Kiran Mazumdar-Shaw
(c) Rosemary Joyce
(d) Priyamvada Natarajan
(e) Mangala Narlikar
39. Arjun Dev who passed away in March 2020 is _____.
- (a) Mathematician (b) Historian
(c) Biologist (d) Chemist
(e) Physician
40. As per report titled "East Asia and Pacific in the Time of COVID-19 the poverty is estimated to rise by 11 million in East Asia pacific region. Name the Organisation which released the report.
- (a) World Economic Forum
(b) World Bank
(c) International Monetary Fund
(d) Organisation for Economic Cooperation and Development
(e) Food and Agriculture Organisation
41. What is the amount that was offered by World Bank to India for the proposed COVID-19 emergency response & health systems preparedness project?
- (a) USD 10 million (b) USD 50 million
(c) USD 1 Billion (d) USD 150 million
(e) USD 2 Billion
42. Name the person who heads the advisory committee which recommends increasing the WMA limit by 30% from the current limit for all states & UTs for 1st half of FY21?

- (a) Tapan Ray (b) TN Manoharan
(c) Surjit S Bhalla (d) U K Sinha
(e) Sudhir Shrivastava
43. Philip Warren Anderson who passed away in April 2020 is the Nobel laureate in which field?
(a) Literature (b) Economics
(c) Physics (d) Chemistry
(e) Medicine
44. Name the Central government's 1st comprehensive COVID-19 tracking app.
(a) Aarogya me
(b) Covid-19 check
(c) Coronaless India
(d) Aarogya Setu
(e) Covid track
45. Which Indian institute has developed the prototype for indigenous ventilator under project Praana?
(a) IIT Kanpur (b) IIT Delhi
(c) IISc Bengaluru (d) AIIMS Delhi
(e) NIIT Trichy
46. Name the country which host the 3rd edition of Asian youth games in 2021.
(a) Japan (b) India
(c) Thailand (d) South Korea
(e) China
47. With which company National Health Authority (NHA) has partnered to provide transport services to frontline health workers?
(a) Baxi (b) Jugnoo
(c) Uber (d) Ola
(e) Easy Cabs
48. When was International Transgender Day of Visibility was observed annually?
(a) March 8 (b) March 31
(c) February 23 (d) January 18
(e) April 2
49. Name the Indian state which topped all-India level for micro-irrigation (MI), under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) for FY20 (2019-20).
(a) Punjab (b) Maharashtra
(c) Karnataka (d) Tamil Nadu
(e) Telangana
50. Name the person who has been conferred with Hero to Animal award given by PETA.
(a) Ashok Gehlot
(b) Naveen Patnaik
(c) Amarinder Singh
(d) Sarbananda Sonowal
(e) Yogi Adityanath
51. By which year NASA has planned to set up 'Artemis' the first human base camp in South pole of moon?
(a) 2022 (b) 2025
(c) 2023 (d) 2021
(e) 2024
52. What is the amount that was granted as loan by Asian Development Bank (ADB) to Aavas financiers to improve women's access to housing in India?
(a) \$100 million (b) \$80 million
(c) \$20 million (d) \$40 million
(e) \$60 million
53. Name the Country which Host FIFA U17 women's World cup in 2020 (postponed).
(a) Germany (b) Panama
(c) Japan (d) China
(e) India
54. Which Indian ministry has designated DigiLocker as the sole National Academic Depository (NAD).
(a) Ministry of Commerce and Industry
(b) Ministry of Information and Broadcasting
(c) Ministry of Communications and Information Technology
(d) Ministry of Science and Technology
(e) Ministry of Human Resource and Development

55. Name the person who has been appointed as the chairman of National Association of Software and Services Companies (NASSCOM).
 - (a) Debjani Ghosh
 - (b) UB Pravin Rao
 - (c) Rekha M Menon
 - (d) Keshav Muruges
 - (e) UK Sinha
56. Name the initiative which was launched by Human Resource and Development Ministry along with AICTE for students to fight covid-19.
 - (a) Shagun
 - (b) Samrath
 - (c) Samridhhi
 - (d) Samadhan
 - (e) Sathi
57. Which Organisation/Institute along with Wipro 3D to create full face shield for healthcare personnel treating coronavirus patients?
 - (a) ISRO
 - (b) DRDO
 - (c) IIT-Hyderabad
 - (d) IIT-Kanpur
 - (e) IIT-Madras
58. Name the University which has launched world's 1st COVID-19 Government Response tracker.
 - (a) Columbia University
 - (b) University of Cambridge
 - (c) University of Oxford
 - (d) Stanford University
 - (e) Harvard University
59. How many people working in informal sector in India have risk of falling into poverty as per International Labour Organization (ILO) report?
 - (a) 150 million
 - (b) 100 million
 - (c) 400 million
 - (d) 250 million
 - (e) 300 million
60. Name the 1st English player since 2005 to be named as Wisden's leading male cricketer of the world 2020.
 - (a) Jofra Archer
 - (b) Jonny Bairstow
 - (c) Eoin Morgan
 - (d) Ben stokes
 - (e) Jos Butler
61. Name the Country which has become world leader in International patent fillings at WIPO's Patent Cooperation Treaty (PCT).
 - (a) Germany
 - (b) Japan
 - (c) United States
 - (d) India
 - (e) China
62. Which Department has launched 1st of its kind iGOT portal in DIKSHA platform of Ministry of Human Resource and Development?
 - (a) Department of Social Justice and Empowerment
 - (b) Department of Personnel and Training
 - (c) Department of School Education and Literacy
 - (d) Department for Promotion of Industry and Internal Trade
 - (e) Department of Higher Education
63. RBI has approved re-appointment of Sanjay Agarwal as MD&CEO of AU small finance bank (HQ-Jaipur). Who has been appointed as part-time chairman of the bank?
 - (a) Sumanth Sharma
 - (b) P R Ravi Mohan
 - (c) Nitin Chugh
 - (d) Samit Ghosh
 - (e) Raj Vikash Verma
64. Name the Mobile company which has acquired the weather app named Dark Sky.
 - (a) Sony
 - (b) Realme
 - (c) Apple
 - (d) Samsung
 - (e) Nokia

65. The Indian Council of Medical Research has approved to use diagnostic machine of which Disease to coronavirus (on April 10, 2020)?
(a) Malaria (b) Tuberculosis
(c) Dengue (d) Swine Flu
(e) Cholera
66. Name the small finance bank which launched digital banking platform named 'DigiGen'
(a) AU Small Finance Bank
(b) Ujjivan Small Finance Bank
(c) ESAF Small Finance Bank
(d) Equitas Small Finance Bank
(e) Jana Small Finance Bank
67. Name the Indian former RBI governor who has been part of IMF's 12-member External Advisory Group.
(a) Bimal Jalan
(b) Y Venugopal Reddy
(c) C Rangarajan
(d) S Venkitaraman
(e) Raghuram Rajan
68. With which smartphone company Google ties up to create coronavirus contact tracing technology using Bluetooth signals?
(a) Xiaomi (b) Samsung
(c) Apple (d) Lenovo
(e) Nokia
69. Name the 1st Indian state which gets ICMR approval to conduct clinical-trial of plasma therapy treatment (for SCTIMST) for COVID-19.
(a) Maharashtra
(b) Karnataka
(c) Telangana
(d) Kerala
(e) Tamil Nadu
70. What is the annual global share of production of Hydroxychloroquine by India as per Indian Pharmaceutical Alliance (IPA)?
(a) 60% (b) 65%
(c) 70% (d) 40%
(e) 55%
71. Name the Indian Ministry which has launched the web portal named 'YUKTI' to record and monitor the effectiveness and initiatives of the ministry.
(a) Ministry of Finance
(b) Ministry of External Affairs
(c) Ministry of Communications
(d) Ministry of Health and Family Welfare
(e) Ministry of Human Resource and Development
72. Name the 1st state in India which integrates Ayurveda and Allopathy to boost immunity of covid-19 patients.
(a) Goa (b) Kerala
(c) Tamil Nadu (d) Gujarat
(e) Andhra Pradesh
73. As per study of which world organisation, only 1/4th of Indians pay for news, but 2/3rd willing to pay?
(a) Organisation for Economic Cooperation and Development
(b) World Trade Organisation
(c) World Bank
(d) World Economic Forum
(e) Common Wealth Nations
74. What is the Theme for International Children's Book Day 2020 which was celebrated on April 2 (annually)?
(a) Theme: "The small is big in a book"
(b) Theme: "A Hunger for words"
(c) Theme: "Let Us Grow With the Book"
(d) Theme: "Once Upon a time"
(e) Theme: "Many Cultures one Day"

75. "One Cop One Gangster" was launched in Which State?
 (a) Assam (b) Goa
 (c) Haryana (d) Punjab
 (e) Uttar Pradesh
76. Under which Article of Indian constitution the Consolidated fund of India is constituted?
 (a) Article 264 (1) (b) Article 265 (1)
 (c) Article 266 (1) (d) Article 267 (1)
 (e) Article 268 (1)
77. Name the 1st Indian state which is going to measure Gross Environment Product (GEP)?
 (a) Uttarakhand (b) Andhra Pradesh
 (c) Tamil Nadu (d) Rajasthan
 (e) Arunachal Pradesh
78. Jim Corbett National park has become India's 1st Quarantine centre for animals. Where does Jim Corbett National park located?
 (a) Uttarakhand
 (b) Odisha
 (c) Madhya Pradesh
 (d) Rajasthan
 (e) Assam
79. Find the airline company which launches India's first cargo-on-seat flights to carry essentials amid Covid-19.
 (a) IndiGo (b) AirIndia
 (c) GoAir (d) Vistara
 (e) SpiceJet
80. With which Public Sector Bank, the government telecom operator BSNL has partnered to launch Bharat InstaPay, UPI-based payment platform.
 (a) UCO Bank
 (b) Punjab National Bank
 (c) State Bank of India
 (d) Allahabad Bank
 (e) Andhra Bank
81. Name the Indian cricketer who has been appointed as the brand ambassador of PokerStars India.
 (a) Sachin Tendulkar
 (b) MS Dhoni
 (c) Virat Kohli
 (d) Rohit Sharma
 (e) Sourav Ganguly
82. Name the company which has won the Edison Award 2020 for its campaign named 'Club Enerji #Switchoff2SwitchOn'.
 (a) JSW Energy
 (b) SJVN power
 (c) Reliance power
 (d) Tata power
 (e) NHPC ltd
83. Name the company which has launched an initiative named 'Pragati' to drive women entrepreneurship and to spread awareness and adoption of technology among women in India.
 (a) Whatsapp (b) Microsoft
 (c) Google (d) Twitter
 (e) Facebook
84. The theme for International Day of Mathematics (IDM) 2020 is 'Mathematics is Everywhere'. When was IDM celebrated annually (1st instance started in 2020)?
 (a) June 28 (b) March 14
 (c) August 28 (d) March 30
 (e) April 17
85. Name the 1st Indian city which announced face mask is mandatory in public places.
 (a) Mumbai (b) Chennai
 (c) Cochin (d) Indore
 (e) Hyderabad
86. What is the current reverse repo rate of India as announced by RBI (April 17, 2020)?
 (a) 3.5% (b) 3%
 (c) 3.25% (d) 4%
 (e) 3.75%

87. Name the person who has been appointed as the ambassador of World Wildlife Fund (WWF) India's environment education programme.
- (a) Rani Rampal
 - (b) Virat Kohli
 - (c) Viswanathan Anand
 - (d) Sharath Kamal
 - (e) Koneru Humpy
88. Name the company which has launched new virtual Braille keyboard named 'TalkBack'.
- (a) Apple
 - (b) Google
 - (c) Facebook
 - (d) Microsoft
 - (e) Samsung
89. Name the person who authored the book titled ""Shuttling to the Top: The Story of P V Sindhu"".
- (a) Taslima Nasreen
 - (b) Om Swami
 - (c) Arunava Sinha
 - (d) Krishnaswamy V
 - (e) Chetan Bhagat
90. Name the person who heads the high-level task force formed by central government for vaccine and drug testing for covid-19.
- (a) Vinod Paul
 - (b) Krishnaswamy VijayRaghavan
 - (c) Rajiv Garg
 - (d) Both (a) and (b)
 - (e) Both (a) and (c)
91. Name the 1st state in the country to get geotag for community kitchens (tied-up with Google for Geo-map location).
- (a) Goa
 - (b) Uttar Pradesh
 - (c) Kerala
 - (d) Bihar
 - (e) Odisha
92. Name the company which has become the 1st member of India's gas trading platform named "Indian Gas Exchange (IGX)".
- (a) Adani Power Limited
 - (b) Indane Power Limited
 - (c) Reliance Power Limited
 - (d) HP Power Limited
 - (e) Manikaran Power Ltd
93. Name the private bank in India which has launched voice assistance-based banking services on its integrated AI chatbot 'iPal' with Amazon Alexa and Google Assistant.
- (a) ICICI Bank
 - (b) HDFC Bank
 - (c) Axis Bank
 - (d) Yes Bank
 - (e) IndusInd Bank
94. Name the person who authored the book titled "How the Onion Got Its Layers".
- (a) Sudha Murty
 - (b) Anita Desai
 - (c) Kamila Shamsie
 - (d) Kiran Desai
 - (e) Anuja Chauhan
95. RBI has cancelled the license to conduct banking business of which urban cooperative bank (based on Goa).
- (a) The Akola Janata Commercial Co-operative Bank
 - (b) Mapusa Urban Co-operative Bank
 - (c) TJSB Sahakari Bank
 - (d) SBPP Co-operative Bank
 - (e) Kalyan Janata Sahakari Bank
96. Noel Quinn has been appointed as the CEO of which multinational bank?
- (a) HSBC Bank
 - (b) BNP Paribas
 - (c) Deutsche Bank
 - (d) Standard Chartered Bank
 - (e) Bank of China
97. Find the Indian badminton player who has been named as one of the ambassadors of Badminton World Federation's (BWF) 'I am badminton' campaign.
- (a) Lakshya Sen
 - (b) PV Sindhu
 - (c) Srikanth Kidambi
 - (d) Sai Praneeth
 - (e) Saina Nehwal

98. The central government (MoSPI) appointed committee suggested a complete restructure of how states collect and compile data for state-level gross domestic product (GDP) and other estimates. Name the person who heads the committee.
- V K Paul
 - Tapan Roy
 - Ravindra H Dholakia
 - Amit Khare
 - Vijay Raghavan
99. Norway topped 'The World Press Freedom Index 2020' compiled by Paris-based Reporters Sans Frontieres (RSF) among 180 countries, what is the rank of India in the index?
- 142
 - 110
 - 135
 - 120
 - 89
100. Name the tech giant company which has acquired 9.99% stake in Reliance Jio for Rs. 43,574 crores (largest FDI in telecom sector).
- Facebook
 - Twitter
 - Microsoft
 - Google
 - Apple
101. The tropical butterfly conservatory has been developed in which Indian state to create awareness about butterfly and its importance in ecology?
- Karnataka
 - Telangana
 - Andhra Pradesh
 - Kerala
 - Tamil Nadu
102. The theme for 50th edition of Earth day is "Climate Action". When was the Earth day celebrated annually?
- March 23
 - March 28
 - April 22
 - June 12
 - October 6
103. Name the term which is used by central bank under which funds are transferred from the Central Bank to the state and Union governments which empowers the public with money to buy things.
- Train Money
 - Helicopter Money
 - Bus Money
 - Ship Money
 - Jet Money
104. Where is the HQ of International Court of Justice (ICJ) located?
- Hague, Netherlands
 - New Delhi, India
 - Rome, Italy
 - Vienna, Austria
 - London, UK
105. Name the country which has become the 1st 'Dark Sky Place' by International Dark-Sky Association?
- New Zealand
 - Tonga
 - Samoa
 - Niue
 - Cook Islands
106. "Noor" is the 1st military satellite of which country?
- Turkey
 - Kuwait
 - Israel
 - Iraq
 - Iran
107. Name the organisation which has launched "Lockdown Learners" series of online dialogues with students and educators in India on COVID-19.
- United Nations Industrial Development Organization (UNIDO)
 - United Nations Educational, Scientific and Cultural Organization (UNESCO)
 - World Meteorological Organization (WMO)
 - United Nations Office on Drugs and Crimes (UNODC)
 - United Nations Children's Fund (UNICEF)

108. Name the 1st Arab nation which is going to legalise cannabis (marijuana) farming.
- (a) Lebanon (b) Yemen
(c) Saudi Arabia (d) Oman
(e) Libya
109. Name the organisation in its report titled "COVID-19 Crisis: Through a Migration Lens" projected 23% decline in Migrants Remittances to India in 2020 due to COVID-19.
- (a) International Monetary Fund
(b) World Bank
(c) World Trade Organisation
(d) Organisation for Economic Cooperation and Development
(e) Commonwealth Nations
110. Mirabai Chanu and Jeremy Larinnunga who is in news recently belongs to which sports?
- (a) Wrestling (b) Boxing
(c) Shooting (d) Weightlifting
(e) Badminton
111. What is the coal production target of the country for the Financial Year 2020-21 as per Union Coal and Mines Minister Pralhad Joshi?
- (a) 710 MT (b) 1000 MT
(c) 920 MT (d) 655 MT
(e) 840 MT
112. To which Indian state world bank approved Rs. 585 Crore for upgradation of roads and modernization of public works department (PWD)?
- (a) Uttar Pradesh
(b) Madhya Pradesh
(c) Andhra Pradesh
(d) Arunachal Pradesh
(e) Himachal Pradesh
113. The Ministry of Shipping has given its consent for re-constitution of 16-member National Shipping Board (NSB) recently. Name the person who heads NSB.
- (a) T. Swaminathan
(b) Malini Shankar
(c) S. Rajagopal
(d) Rajiv Gauba
(e) Kamail Pande
114. What is the name of the high-pressure ventilator which was developed by US space agency NASA to fight covid-19?
- (a) VIRAL (b) INFECT
(c) FIGHT (d) VITAL
(e) EMERGE
115. April 24-30 has been observed as World Immunization week. What is the theme for the year 2020?
- (a) Vaccines to save you
(b) Vaccines Work for All
(c) Close the immunization gap
(d) Vaccines Work
(e) Protected Together
116. Name the first non-bank company which gets RBI nod to enter into co-branding arrangements for prepaid Instruments.
- (a) Transcorp International Limited
(b) Indian Oil Corporation
(c) Simpleclick International Limited
(d) Yatra International Limited
(e) Etihad guest International Limited
117. Name the person who has been appointed as the Central Vigilance Commissioner (CVC).
- (a) Sudhir Bhargava
(b) Bimal Julka
(c) Suresh Patel
(d) Amita Pandove
(e) Sanjay Kothari
118. On occasion of Chinese space day April 24, 2020, the china has named its 1st mars exploration mission as _____.
- (a) Kaituoze-1 (b) Shenzhou-1
(c) Jiuquan-1 (d) Tiangong-1
(e) Tainwen-1

119. What is the rank of India in military spending among the world with USD 71.1 Billion, as per report of Stockholm International Peace Research Institute (SIPRI)?
- (a) 3 (b) 1
(c) 2 (d) 4
(e) 6
120. Kerala based innovator Vasini Bai has developed 10 varieties of which flower by cross pollination recently?
- (a) Phalaenopsis
(b) Anthurium
(c) Chrysanthemum
(d) Dianthus
(e) Lilium
121. R V Bhuskute who passed away recently is _____.
- (a) Freedom fighter
(b) Environmentalist
(c) Theatre Actor
(d) Photographer
(e) Painter
122. What is the grant that was approved to give to India as Loan by Asian Development Bank (ADB) to combat Covid-19?
- (a) \$2 Billion
(b) \$1 Billion
(c) \$1.5 Billion
(d) \$2.5 Billion
(e) \$5 Billion
123. Who among the following is the part of Texere Publishing Limited's "The Medicine Maker Power List 20 For 2020"?
- (a) Glenn Saldanha
(b) Dilip Shanghvi
(c) Umang Vohra
(d) Sharvil Pankajbhai Patel
(e) Kiran Mazumdar-Shaw
124. Name the IIT which has designed 'Warbot' which can deliver medicines and food to COVID-19 patients.
- (a) IIT Delhi (b) IIT Bombay
(c) IIT Ropar (d) IIT Mandi
(e) IIT Kharagpur
125. Cricketer Umar Akmal who was banned from International cricket for 3 years for match fixing belongs to which country?
- (a) Australia (b) South Africa
(c) Afghanistan (d) Pakistan
(e) Oman
126. The Asian Development Bank has approved to provide USD 346 loan for which state to provide better power connection in rural areas?
- (a) Goa
(b) Himachal Pradesh
(c) Gujarat
(d) Maharashtra
(e) Punjab
127. Suresh N Patel has been appointed as the vigilance commissioner in Central Vigilance Commission (CVC). He is the former chief of which Bank?
- (a) Andhra Bank (b) Allahabad Bank
(c) Canara Bank (d) Syndicate Bank
(e) Bank of Baroda
128. Indian women's team has qualified for ODI women's world cup 2021. Name the country which is going to host the tournament.
- (a) New Zealand
(b) South Africa
(c) Australia
(d) England
(e) Bangladesh

129. Irrfan Khan who passed away recently is _____.
(a) Law Maker (b) Painter
(c) Freedom fighter (d) Actor
(e) Cyclist
130. Rohtang Pass is located in which Indian state/UT?
(a) Arunachal Pradesh
(b) Sikkim
(c) Nagaland
(d) Ladakh
(e) Himachal Pradesh
131. Galos are the tribal in which Indian state?
(a) Arunachal Pradesh
(b) Sikkim
(c) Nagaland
(d) Ladakh
(e) Himachal Pradesh
132. What is the approved amount under 'India COVID-19 Emergency Response and Health System Preparedness Package' by Government of India?
(a) 5,000 crores (b) 10,000 crores
(c) 25,000 crores (d) 15,000 crores
(e) 20,000 crores
133. Name the Indian state which has launched 'Food Bank' initiative with the theme 'Help End Hunger Today' for poor and needy people.
(a) Nagaland
(b) Arunachal Pradesh
(c) Meghalaya
(d) Assam
(e) Manipur
134. What is the revised PPF interest rate for 1st quarter of FY21 (lowest since 1977)?
(a) 8% (b) 7.7%
(c) 6.4% (d) 7.1%
(e) 5.2%
135. What is the revised Ways and Means Advances (WMA) limit for Central government for 1st half of FY21?
(a) 1.50 lakh crore
(b) 1.65 Lakh crore
(c) 2.00 Lakh crore
(d) 1.75 Lakh crore
(e) 2.15 Lakh crore
136. Muhyiddin bin Haji Muhammad Yassin has been appointed as the Prime Minister of which of the following country (March 2020)?
(a) Bangladesh (b) Qatar
(c) Sri Lanka (d) Singapore
(e) Malaysia
137. Who won the 27th edition of Mexican Open (Abierto Mexicano Telcel) held between February 24-29, 2020 in Men's singles Category?
(a) Dominic Thiem (Austria)
(b) Novak Djokovic (Serbia)
(c) Roger Federer (Switzerland)
(d) Rafael Nadal (Spain)
(e) Taylor Harry Fritz (America)
138. Name the Indian City which is going to host the 108th Indian Science Congress in 2021 (January 3-7, 2021) based on the theme 'Science and Technology for Sustainable Development with Women Empowerment'.
(a) Hyderabad (b) Cochin
(c) New Delhi (d) Pune
(e) Ahmedabad

139. Recently (March 2020) State Bank of India (SBI) has switched to CBBA method from "Projected Balance Sheet (PBS)" method of Fund Based Working Capital (FBWC) limits for assessment of the working capital requirement for corporates or large advances. The 'C' in CBBA denotes?
- (a) Current (b) Code
(c) Capital (d) Credit
(e) Cash
140. The World Wildlife Day (WWD) celebrated on 3rd March every year to raise awareness of the world's wild animals and plants. What is the theme of WWD 2020?
- (a) Theme: "The future of wildlife is in our hands"
(b) Theme: "Listen to the young voices"
(c) Theme: "Sustaining all life on Earth"
(d) Theme: "Big Cats"
(e) Theme: "Life below Water: for People and Planet"
141. Name the Indian university, which signed MoU with the Indian Air Force (IAF) to establish the chair of excellence named "Marshal of the Air Force Arjan Singh Chair of Excellence" (Feb 2020).
- (a) University of Delhi
(b) Savitribai Phule Pune University
(c) Banaras Hindu University
(d) University of Calcutta
(e) Jawaharlal Nehru University
142. The person, who has been honored with Dr. Syama Prasad Mukherjee Award for Politics in Swarajya Awards 2020.
- (a) YS Jagan Mohan Reddy
(b) Biplab Kumar Deb
(c) Pramod Sawant
(d) Sarbananda Sonowal
(e) Bhupesh Baghel
143. Name the Indian University which topped the medal tally of 1st Khelo university games held at Bhubaneswar, Odisha (February 22 – March 1, 2020).
- (a) Savitribai Phule Pune University
(b) Anna University
(c) Panjab University
(d) Kalinga Institute of Industrial Technology University
(e) Punjabi University
144. The Central government notifies National Chambal sanctuary as Eco-sensitive zone recently (March 2020). The National Chambal sanctuary is located at which Indian state?
- (a) Tamil Nadu
(b) Madhya Pradesh
(c) Gujarat
(d) Odisha
(e) West Bengal
145. Which Indian digital payment platform's subsidiary has received the Brokerage License from Insurance Regulatory and Authority of India (IRDAI)?
- (a) PhoenPe (b) PayU
(c) Paytm (d) BitPay
(e) DigiCash
146. Name the Private Sector Bank which ties-up with online food ordering and delivery app Zomato to launch co-branded credit card powered by MasterCard?
- (a) RBL Bank
(b) ICICI Bank
(c) HDFC Bank
(d) CUB Bank
(e) IndusInd Bank

147. Jack Welch who passed away recently (March 2020) is the former Chairman and CEO of which Multinational Company?
- (a) Philips
 - (b) Siemens
 - (c) General Electric
 - (d) 3M
 - (e) Schneider Electric
148. The Union Ministry of Environment, Forest and Climate Change (MoEFCC) has sanctioned Rs 33 Crore financial assistance to Kaziranga Tiger Reserve, under Project Tiger scheme. The Kaziranga National Park is located in which Indian state?
- (a) Maharashtra
 - (b) Assam
 - (c) Uttarakhand
 - (d) Madhya Pradesh
 - (e) Mizoram
149. Name the country which becomes first nation in the world to make all the public transport free from 29 February, 2020.
- (a) Iceland
 - (b) Austria
 - (c) UAE
 - (d) Luxembourg
 - (e) Finland
150. National Bank for Agriculture and Rural Development (NABARD) has granted Rs. _____ in the Rural Banking system during the fiscal year 2020.
- (a) 2.32 Lakh crore
 - (b) 1.21 Lakh crore
 - (c) 1.46 Lakh crore
 - (d) 1.12 Lakh crore
 - (e) 1.64 Lakh crore
151. Name the person who has been named as the 128th winner of Commonwealth points of light award.
- (a) Sumaira Abdulali
 - (b) Kinkri Devi
 - (c) Chandi Prasad Bhatt
 - (d) Jadav Payeng
 - (e) Sunderlal Bahuguna
152. Name the food delivery business company which was acquired by Zomato for \$206 million.
- (a) UberEats
 - (b) Holachef
 - (c) Foodpanda
 - (d) Cookaroo
 - (e) Freshmenu
153. The Union Cabinet approves the amalgamation of 10 Public Sector Banks into _____ Public Sector Banks in effect from April 1, 2020.
- (a) 2
 - (b) 4
 - (c) 5
 - (d) 3
 - (e) 6
154. Name the Indian state which announced Gairsain town as summer capital.
- (a) Manipur
 - (b) Uttarakhand
 - (c) Arunachal Pradesh
 - (d) Himachal Pradesh
 - (e) Mizoram
155. Janez Jansa has been appointed as the Prime Minister of Slovenia. What is the Capital & Currency of Slovenia?
- (a) Zagreb & US Dollar
 - (b) Ljubljana & Euro
 - (c) Budapest & Pound
 - (d) Zagreb & Euro
 - (e) Ljubljana & Pound
156. The Union Ministry of Tribal Affairs has constituted a committee to examine and recommend Community Forest Resources (CFR) Guidelines under the Forest Rights Act, 2006 (FRA). Who heads the Committee?
- (a) TN Manoharan
 - (b) Tapan Ray
 - (c) UK Sinha
 - (d) Surjit S Bhalla
 - (e) Naresh Chandra Saxena

157. Javier Perez de Cuellar who passed away recently (March 2020) is the former Secretary General of which world Organisation?
- World Trade Organization (WTO)
 - World Health Organization (WHO)
 - United Nations Organization (UNO)
 - Organization for Economic Co-operation and Development (OECD)
 - International Labor Organization (ILO)
158. Name the Indian state which organizes 3-day 'Namaste Orchha' festival (March 6-8, 2020).
- Odisha
 - Uttar Pradesh
 - Chhattisgarh
 - Madhya Pradesh
 - Jharkhand
159. As per MicroSave Consulting's (MSC) report titled 'The real story of women's financial inclusion in India', women's ownership of bank accounts under Pradhan Mantri Jan Dhan Yojana (PMJDY) is increased from 43% in 2014 to _____% in 2017.
- 67
 - 72
 - 68
 - 77
 - 81
160. Under which section of Banking Regulation Act, 1949, the Ministry of Finance has imposed moratorium on Yes Bank (March 5, 2020 till April 3, 2020).
- Section 47
 - Section 35
 - Section 49
 - Section 45
 - Section 36
161. Denys Shymgal succeeds Oleksi Honcharuk to become the Prime Minister of which of the following country?
- Uzbekistan
 - Georgia
 - Kazakhstan
 - Armenia
 - Ukraine
162. Amrit Kaur has been honored as 'Women of the year' for 1947 in '100 women of the year' project by TIME magazine. Name the person who has been honored as 'Women of the year' for 1976.
- Pratibha Patil
 - Kalpana Chawla
 - Indira Gandhi
 - Sucheta Kripalani
 - Sarojini Naidu
163. Name the Indian who has been honoured with 'Sportsman of the year' award in Times of India sports award 2019 (TOISA 2019).
- Bajrang Punia
 - Mary Kom
 - Rohit Sharma
 - Vinesh Phogat
 - PV Sindhu
164. Name the Indian Institute which developed Artificial Intelligence (AI) powered drone to counter 'Rogue Drones' (Unregulated UAV).
- IIT-Kharagpur
 - IIT-Madras
 - IIT-Kanpur
 - IIT-Delhi
 - IIT-Bombay
165. Name the Life Insurance company, which is going to provide football coaching to the under-privileged girls under 'Bachpan Ka Rakshakaran' programme in association with 'Oscar Foundation'.
- Kotak Mahindra Life Insurance
 - ICICI Prudential Life Insurance
 - Bajaj Allianz Life Insurance
 - SBI Life Insurance
 - TATA AIA Life Insurance

166. As per United Nations Global Compact (UNGC) India study, India's female labour-force participation declined from 34% in 2006 to _____% in 2020.
- (a) 30.6 (b) 24.8
(c) 32.4 (d) 28.2
(e) 26.8
167. Name the person who has become the first player in the world to play 500 T20 matches.
- (a) Virat Kohli (b) Dwayne Bravo
(c) Chris Gayle (d) Kieron Pollard
(e) MS Dhoni
168. With which world organization the Ministry of Women and Child Development (MoWCD) had organized a discussion Programme on the topic "The Future of Work: Women in India's Workforce" at New Delhi.
- (a) World Trade Organisation (WTO)
(b) International Monetary Fund (IMF)
(c) United Nations Organisation (IMF)
(d) World Bank (WB)
(e) International Labour Organisation (ILO)
169. Name the Organisation which in collaboration with UN women and Plan international has released the report titled "A New Era for Girls: Taking stock on 25 years of progress".
- (a) Word Bank (WB)
(b) United Nations Organisation (UNO)
(c) Equality Now
(d) International Women Forum (IWF)
(e) United Nations Children's Fund (UNICEF)
170. Indian Coastal Guard 's 9th edition of rescue exercise "SAREX-2019", conducted at which Indian state?
- (a) Karnataka (b) Kerala
(c) Goa (d) Tamil Nadu
(e) Gujarat
171. Name the Indian state which is 1st in the country to own a separate department for Self Help Groups (SHGs) named 'Department of Mission Shakti'.
- (a) Madhya Pradesh
(b) Telangana
(c) Punjab
(d) Odisha
(e) Tamil Nadu
172. Name the Indian state which is going to launch a digital literacy drive named 'I am also digital' to create awareness about e-governance (March 2020).
- (a) Kerala (b) Karnataka
(c) Telangana (d) Tamil Nadu
(e) Andhra Pradesh
173. Name the person who has been honoured with 'The World Games Athlete of the year 2019' award in Hockey India's 3rd annual awards 2019.
- (a) Harmanpreet Singh
(b) Rani rampal
(c) Manpreet Singh
(d) Vivek Sagar Prasad
(e) Lalremsiami
174. As per the paper "Rethinking Gender Representation across Value Chains" released during the 3rd Gender Equality Summit 2020, If Women's labour force is same as Men's labour force then it can boost India's GDP by _____.
- (a) 12% (b) 42%
(c) 27% (d) 19%
(e) 33%

175. The Government of India (GoI) sets up 12-member panel to prepare investigation manual for Serious Fraud Investigation Office (SFIO). Name the person who heads the panel.
- (a) AK Gupta (b) Rajiv Gauba
(c) Injeti Srinivas (d) G. Sateesh Reddy
(e) Rajiv Kumar
176. Name the person who has been appointed as the head of Delimitation Commission for the delimitation of Assembly and Parliamentary constituencies of J&K (UT) & Assam, Nagaland, Arunachal Pradesh, Manipur (NE states).
- (a) Kuldeep Singh
(b) Ranjana Prakash Desai
(c) Arvind Saxena
(d) Kuldip Singh
(e) Sushil Chandra
177. Name the Indian state which topped in the list for domestic solar rooftop installations throughout the country (as on March 2, 2020).
- (a) Punjab (b) Maharashtra
(c) Gujarat (d) Tamil Nadu
(e) Goa
178. Name the world organization which released the 1st edition of 'Gender Social Norms Index (GSNI) 2020'.
- (a) World Bank (WB)
(b) International Labour Organization (ILO)
(c) United Nations Industrial Development Organization (UNIDO)
(d) United Nations Development Programme (UNDP)
(e) United Nations Educational, Scientific and Cultural Organization (UNESCO)
179. Name the Technological company, which unveils 'DigiPivot' an 18-week long skill development Programme for women.
- (a) Facebook India
(b) Google India
(c) Twitter India
(d) Youtube India
(e) Yahoo India
180. Name the person, who has won the BBC's poll for 'Greatest Leader of All Time' (March 2020).
- (a) Amílcar Cabral
(b) Winston Churchill
(c) Karl Marx
(d) Maharaja Ranjit Singh
(e) Abraham Lincoln
181. Name the person who has Authored the Book 'Lady, You're the Boss'.
- (a) Kiran Desai
(b) Anita Nair
(c) Apurva Purohit
(d) Tahira Kashyap
(e) Kamala Suraiyya
182. In which Indian City, the India post launched India's 1st digital parcel locker service.
- (a) Chennai (b) New Delhi
(c) Kolkata (d) Ranchi
(e) Hyderabad
183. Name the world's 1st Digital solutions exchange cloud which was launched in India.
- (a) GODIGITAL
(b) DIGCLOUD
(c) GOKADDAL
(d) CLOUDGO
(e) GETDIGIT

184. Name the person who has been appointed as 1st ever ambassador of IDFC First bank.
- (a) Akshay Kumar
 - (b) Amitabh Bachchan
 - (c) Irrfan Khan
 - (d) Salman Khan
 - (e) Ranveer Singh
185. The World Kidney Day for the year 2020 is celebrated on _____.
- (a) November 14
 - (b) April 13
 - (c) May 15
 - (d) March 12
 - (e) February 17
186. As per RBI's report titled 'Developments in India's Balance of Payments during the third quarter (October-December) of 2019-20', the Current Account Deficit (CAD) fell to ____ of GDP for Oct-Dec 2019 quarter.
- (a) \$ 1.8 Billion
 - (b) \$ 1.4 Billion
 - (c) \$ 2.0 Billion
 - (d) \$ 0.8 Billion
 - (e) \$ 1.2 Billion
187. Which of the following, is the portal of MSME ministry which spreads awareness about the Government schemes.
- (a) OECMS
 - (b) SPICe+
 - (c) NIPUN
 - (d) Samadhaan
 - (e) Udyam Shakti
188. The Cabinet has approved the "Yes Bank Ltd. Reconstruction Scheme, 2020" proposed by RBI for yes bank, which among the following bank will lead the proposed bank?
- (a) ICICI Bank
 - (b) Kotak Mahindra Bank
 - (c) HDFC Bank
 - (d) Axis Bank
 - (e) State Bank of India
189. Name the person who has been appointed as the MD&CEO of Yes Bank (March 2020).
- (a) Prashant Kumar
 - (b) Sunil Mehta
 - (c) Mahesh Krishnamurthy
 - (d) Atul Bheda
 - (e) Rana Kapoor
190. WINGS INDIA 2020 an international exhibition and conference based on the theme "Flying for all", held at which Indian city?
- (a) Bengaluru
 - (b) New Delhi
 - (c) Pune
 - (d) Hyderabad
 - (e) Kolkata
191. The RBI has revised the exposure limit for Urban Cooperative Banks (UCBs) of Tier-I capital to a group of borrowers from 40% to ____%.
- (a) 15
 - (b) 20
 - (c) 35
 - (d) 30
 - (e) 25
192. Name the person who has been appointed as the officiating Chairperson of National Company Law Appellate Tribunal (NCLAT) in March 2020.
- (a) Krishnamurthy Subramanian
 - (b) Sudhakar Shukla
 - (c) Bansi Lal Bhat
 - (d) S.J. Mukhopadhyaya
 - (e) M.S. Sahoo
193. As per Commerce Ministry data, the Gold imports down by ____% during April – February of financial year 2019-20.
- (a) 6.74
 - (b) 7.84
 - (c) 5.72
 - (d) 8.86
 - (e) 8.97

194. PM Modi has proposed the creation of COVID-19 Emergency fund in SAARC region during video conference meet of SAARC representatives. Also India has offered _____ (USD) for the fund.
- (a) 100 million (b) 5 million
(c) 10 million (d) 50 million
(e) 25 million
195. The National Vaccination Day is observed annually on _____.
- (a) August 24 (b) March 16
(c) December 26 (d) April 15
(e) January 18
196. What percentage of road accident deaths in India has decreased within five months of the enactment of the Motor Vehicles (Amendment) Act 2019?
- (a) 15% (b) 25%
(c) 10% (d) 50%
(e) 5%
197. Along with which software company, NASSCOM Foundation has launched the 'Innovative for accessible Indian campaign' aimed to empower people with disabilities.
- (a) Google India
(b) Infosys
(c) Microsoft India
(d) Tata Consultancy Service
(e) Cognizant
198. Name the team that won the 6th edition of the ISL Cup for 2019-20 and also third ISL trophy for that team.
- (a) FC Goa (b) Chennaiyin FC
(c) Bengaluru FC (d) ATK FC
(e) Pune City FC
199. Name the 1st country in the world which shuts the Financial market due to COVID-19 outbreak.
- (a) Philippines (b) Finland
(c) Switzerland (d) Austria
(e) Belgium
200. As per RBI's new guidelines for Payment Aggregators (PAs), what is the minimum net worth required for entities to be set up as PAs (earlier it was 100 crore)?
- (a) 50 Crore (b) 25 Crore
(c) 30 Crore (d) 10 Crore
(e) 15 Crore
201. Adnan al-Zurfi has been appointed as the Prime Minister of which of the following country?
- (a) Kuwait (b) Iraq
(c) Qatar (d) Iran
(e) Syria
202. Name the person who Authored the book 'My Encounters in Parliament'.
- (a) Hamid Ansari
(b) D Raja
(c) Bhalchandra Mungekar
(d) Sitaram Yechury
(e) Sharad Pawar
203. Who has written the book "Invincible – A Tribute to Manohar Parrikar"?
- (a) Tarun Vijay
(b) Anil Baluni
(c) Mahendra Singh Mahra
(d) Jairam Ramesh
(e) Shashi Tharoor
204. What is the approved fund under Pradhan Mantri Awas Yojana (Urban) – PMAY (U) (till March 2020) as per MoHUA?
- (a) 3.89 Lakh Crore
(b) 6.16 Lakh Crore
(c) 2.48 Lakh Crore
(d) 7.96 Lakh Crore
(e) 5.76 Lakh Crore

205. Find the messaging app which launched Coronavirus information hub in partnership with WHO-UNICEF-UNDP and donated \$1million to International Fast-Checking Network (IFCN) to avoid fake information about the disease.
- (a) Snapchat (b) Telegram
(c) Whatsapp (d) Skype
(e) Viber
206. To which Indian company, RBI has extended the validity of authorisation for setting up, own and operate WLA (White Label ATMs) till March 31, 2021?
- (a) BTI Payments Ltd
(b) Vakrangee Ltd
(c) Hitachi Ltd
(d) Communications solutions Ltd
(e) Indicash Ltd
207. Name the country which is going to host virtual G20 summit to formulate coordinated response to COVID-19 pandemic and its human implications.
- (a) India (b) Nepal
(c) Germany (d) Saudi Arabia
(e) Austria
208. The Defence Acquisition council (DAC) has approved the procurement of 83 Tejas Mark -1A jets from which company for the Indian Air Force (IAF) to boost 'Make in India' programme.
- (a) Indian Rotorcraft
(b) Raj Hamsa Ultralights
(c) Hindustan Aeronautics Limited
(d) Anand Technologies
(e) Mahindra Aerospace
209. Name the State which announced to call Sanitary Personal in the state to be called as 'Cleanliness Workers'.
- (a) Kerala
(b) Telangana
(c) Karnataka
(d) Andhra Pradesh
(e) Tamil Nadu
210. Name the 1st Indian who climbs highest Volcanoes of all the 7 continents and entered into 'Limca Book of Records'.
- (a) Satyarup Siddhanta
(b) Arunima Sinha
(c) Mohan Singh Gunjyal
(d) Malavath Purna
(e) Bachendri Pal
211. Name the person who Authored the book 'Messiah Modi: A tale of Great expectations'?
- (a) Andy Marino
(b) Prabhat Prakashan
(c) Shashi Tharoor
(d) Nilanjan Mukhopadhyay
(e) Tavleen Singh
212. The IRDAI has constituted a 16-member panel to strengthen its guidelines on corporate governance. Name the person who heads the panel.
- (a) Tapan Roy
(b) UK Sinha
(c) TN Manoharan
(d) Nandan Nilekani
(e) Pravin Kutumbe
213. Kenneth Ray Rogers who passed away recently is _____ (March 2020).
- (a) Football Player
(b) Law Maker
(c) Singer
(d) Environmentalist
(e) Actor

214. The International Day of Forests (IDF) is observed annually on March 21. What is the theme for IDF 2020?
- "Forests and Sustainable Cities"
 - "Forests and Energy"
 - "Forests and Biodiversity"
 - "Forests and Education"
 - "Forests and Water"
215. Name the 1st Indian state police in the country to introduce taser guns.
- West Bengal
 - Tamil Nadu
 - Bihar
 - Gujarat
 - Uttar Pradesh
216. Which Bank has introduced the pre-paid card 'Enkasu'?
- HDFC Bank
 - ICICI Bank
 - City Union Bank
 - IndusInd Bank
 - Karur Vysya Bank
217. Which is the 1st Bank to launch COVID 19 emergency credit line (CECL) to provide funds to businesses affected by the infectious coronavirus?
- Punjab National Bank
 - Canara Bank
 - State Bank of India
 - Syndicate Bank
 - Andhra Bank
218. Name the 1st company in India which to begin supply of BS-VI fuel across country.
- Gas Authority of India Limited
 - Bharat Petroleum Corporation Limited
 - Hindustan Petroleum Corporation Limited
 - Indian Oil Corporation
 - Chennai Petroleum Corporation Limited
219. The government of India constitutes 21-member high-level technical committee of public health experts to guide the people in preventive & control activities of COVID-19. Name the person who heads the committee.
- Vivek Pandit
 - Kirit Parikh
 - V K Paul
 - Sachidananda Tripathi
 - K M Soni
220. What is India's rank in the 26th edition of Economic Freedom Index 2020 released by Heritage Foundation?
- 120
 - 93
 - 144
 - 87
 - 126
221. Name the medicine which was recommended by National task force for novel coronavirus constituted by ICMR for health care workers who treats COVID-19 patients.
- Amoxicillin
 - Hydroxychloroquine
 - Acetaminophen
 - Hydrocodone
 - Atorvastatin
222. What is the maximum limit of on-lending allowed for NBFCs for 'term lending' component under agriculture per borrower as per revised norms of RBI?
- 5 Lakh
 - 15 Lakh
 - 10 Lakh
 - 25 Lakh
 - 50 Lakh

223. Name the Company, which become 1st Indian firm to make diagnostic test kit for COVID-19?
- (a) TransIndia (b) Mylab
(c) Vitrolab (d) NucliSENS
(e) Altona
224. Shivraj Singh Chouhan has become the Chief Minister for 4th time to which Indian State/UT?
- (a) Haryana
(b) Mizoram
(c) Madhya Pradesh
(d) New Delhi
(e) Uttar Pradesh
225. How much has been allocated for Health care by central government to combat COVID-19.
- (a) 10,000 Cr (b) 5,000 Cr
(c) 15,000 Cr (d) 20,000 Cr
(e) 25,000 Cr
226. The Central government has raised the threshold for invoking insolvency under IBC from 1 lakh to _____.
- (a) 10 Lakh (b) 1 Crore
(c) 25 Crore (d) 50 Crore
(e) 5 Crore
227. Name the COVID-19 self-screening Bot, which was the product of Microsoft's Azure Healthcare and US CDC foundation.
- (a) Alexa (b) Amy
(c) Siri (d) Ross
(e) Clara
228. Which is the 1st city in India to use drones to sanitize the city amid COVID-19 crisis?
- (a) Lucknow (b) Indore
(c) Pune (d) Hyderabad
(e) Mumbai
229. Abdul Latif who passed away recently belongs to which sports?
- (a) Cricket (b) Snooker
(c) Tennis (d) Football
(e) Hockey
230. What is the amount of relief package announced by Finance minister under PM Garib Kalyan Yojana for the poor to tackle COVID-19 crisis?
- (a) 1.50 Lakh Crore
(b) 1.70 Lakh Crore
(c) 1.25 Lakh Crore
(d) 1.66 Lakh Crore
(e) 1.80 Lakh Crore
231. As per 7th Bi-monthly Monetary Policy Statement, 2019-20, What is the current reverse repo rate in India?
- (a) 4.40% (b) 4%
(c) 4.90% (d) 5.15%
(e) 3%
232. Name the World organisation which has launched the Policy Tracker to track the policies of governments to combat COVID-19 pandemic.
- (a) Organisation for Economic Cooperation and Development
(b) Common Wealth
(c) World Health Organisation
(d) World Bank
(e) International Monetary Fund
233. What is the amount that was infused into banking system to maintain stability in financial system during COVID-19 Crisis as declared by RBI?
- (a) 1.70 lakh crore
(b) 3.74 lakh crore
(c) 2.32 lakh crore
(d) 2.48 lakh crore
(e) 1.86 lakh crore

234. The Central Government has approved the medical insurance scheme for Healthcare workers announced under Pradhan Mantri Garib Kalyan Package. What is the amount of insurance provided per health worker under the scheme?
- (a) 5 Lakh (b) 25 Lakh
(c) 10 Lakh (d) 20 Lakh
(e) 50 Lakh
235. Name the Indian Institution which has developed the "Corontine" and "Safe" mobile app to track violations by people supposed to be in quarantine.
- (a) IIT Madras (b) IIT Bombay
(c) IIT Delhi (d) IIT Calcutta
(e) IIT Gandhinagar
236. Name the private sector bank which has partnered with Maruti Suzuki to offer retail financing schemes to its customers?
- (a) ICICI Bank (b) HDFC Bank
(c) Axis Bank (d) YES Bank
237. What is the estimated GDP of India in last quarter (Q 4) of FY20 as per SBI Ecowrap report?
- (a) 1.6% (b) 1.4%
(c) 1.2% (d) 1.1%
238. The US based equity giant KKR has bought _____% stake in Jio platforms.
- (a) 1.12 (b) 1.75
(c) 1.92 (d) 2.32
239. Which Private sector bank of India has launched Banking service in WhatsApp?
- (a) HDFC Bank (b) Axis Bank
(c) ICICI Bank (d) IndusInd Bank
240. Name the small finance bank which launched digital banking platform named 'DigiGen'?
- (a) AU Small Finance Bank
(b) Jana Small Finance Bank
(c) Ujjivan Small Finance Bank
(d) ESAF Small Finance Bank
241. Name the Indian former RBI governor who has been part of IMF's 12-member External Advisory Group?
- (a) Bimal Jalan
(b) Y Venugopal Reddy
(c) Raghuram Rajan
(d) S Venkitaraman
242. Which Indian digital payment platform's subsidiary has received the Brokerage License from Insurance Regulatory and Authority of India (IRDAI)?
- (a) Paytm (b) PayU
(c) BitPay (d) DigiCash
243. Name the Private Sector Bank which ties-up with online food ordering and delivery app Zomato to launch co-branded credit card powered by MasterCard?
- (a) RBL Bank (b) HDFC Bank
(c) ICICI Bank (d) Indus Ind Bank
244. Which committee has been set up as per the budget 2020-21 announcement to promote a flawless supply chain for perishables?
- (a) Kisan Yatri (b) Kisan Rail
(c) Rail Krishi (d) Krishi Yatri
245. Consider the following statements about Cord Blood Banking.
1. It involves taking the umbilical cord blood, which is a rich source of stem cells, and preserving it for future use.
 2. Cord blood banking is recommended as a source of stem cells for all types of cancers and disorders.
- Which of the statement(s) given above is/are correct?
- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2

246. Consider the following statements about AT1 Bonds.
1. They are unsecured and long term bonds with maturity periods of 25 years.
 2. Banks issue these bonds to shore up their core capital base to meet the Basel-III norms.
- Which of the statement(s) given above is/are correct?
- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2
247. Recently, The government has put a private sector lender _____ under moratorium and capped deposit withdrawal at ₹ 50,000/month in the wake of it's declining financial positions.
- (a) Yes Bank
(b) ICICI
(c) Kotak Mahindra Bank
(d) RBL Bank
248. In March 2020, Supreme Court has lifted the ban imposed by the Reserve Bank of India on trade in virtual currency and cryptocurrency. Consider the following statements:
1. Crypto Currency is an encrypted centralized digital currency.
 2. These currencies are regulated by a central monetary authority.
- Which of the statements given above is/are correct?
- (a) 1 only (b) 2 only
(c) 1 and 2 both (d) Neither 1 nor 2
249. Recently, who has been appointed as the new Finance Secretary of India?
- (a) Atanu Chakraborty
(b) Ajay Bhushan Pandey
(c) Tuhin Kant Pandey
(d) T V Somanathan
250. Recently, the RBI has imposed a moratorium on which bank limiting cash withdrawals to Rs 50,000 per account due to its inability to raise capital to deal with the NPAs and mounting bad loans?
- (a) ICICI (b) PMC Bank
(c) Yes Bank (d) IDBI
251. The Pradhan Mantri Fasal Bima Yojana was launched in which year?
- (a) 2014 (b) 2016
(c) 2018 (d) 2019
252. The Ministry of Finance has announced a uniform Goods and Service Tax (GST) of _____% to be levied on lotteries from 1st March 2020?
- (a) 12% (b) 14%
(c) 18% (d) 28%
253. Consider the following statements with reference to Masala Bonds, sometimes seen in the news:
1. They are the rupee-denominated bonds issued in China to invest in India.
 2. In February 2020, Asian Development Bank (ADB) has listed its 10-year masala bonds worth Rs 850 crore on the global debt listing platform of India INX.
- Select the correct answer using the code given below.
- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2
254. The headquarter of the Financial Action Task Force (FATF) is in which city?
- (a) Geneva
(b) Paris
(c) Washington D.C.
(d) Cologny

255. The mascot for the 13th Conference of Parties (COP) of the Convention on the Conservation of Migratory Species (CMS) of Wild Animals is
 (a) Tiko (b) Misshi
 (c) Shiro (d) Gibi
256. The Moody's Investors Service has recently slashed India's 2020 Gross Domestic Product (GDP) growth projection to _____ from 6.6% forecast earlier.
 (a) 6.1% (b) 5.9%
 (c) 5.7% (d) 5.4%
257. "Formation and Promotion of Farmer Producer Organizations (FPOs) scheme has been launched to form and promote _____ new FPOs in five years period from 2019-20 to 2023-24.
 (a) 5,000 (b) 10,000
 (c) 50,000 (d) 1,00,000
258. In February 2020, which state/union territory government has launched the Financial Inclusion Outreach Campaign in the region?
 (a) Jammu & Kashmir
 (b) Ladakh
 (c) Uttar Pradesh
 (d) Madhya Pradesh
259. The Wholesale prices-based inflation (WPI) accelerated to a 10-month high of _____ in January 2020.
 (a) 3% (b) 3.1%
 (c) 3.2% (d) 3.4%
260. The RBI weekly statistical supplement report released on 14th February 2020 showed that the Indian banks' loans rose _____ in the two weeks to 31st January 2020.
 (a) 6.9% (b) 7%
 (c) 7.1% (d) 7.9%
261. In February 2020, the RBI increased the Insurance cover on bank deposits per depositor for all banks in the country from current Rs 1 lakh to _____.
 (a) Rs 4 lakh (b) Rs 5 lakh
 (c) Rs 7 lakh (d) Rs 10 lakh
262. Consider the following statements regarding Dividend Distribution Tax (DDT).
 1. DDT is a tax levied on dividends that a company pays to its shareholders out of its profits.
 2. Union budget 2020 has proposed to levy it at the hands of the company instead of the receiving shareholders.
 (a) 1 only (b) 2 only
 (c) Both 1 and 2 (d) Neither 1 nor 2
263. Recently, who has been appointed as the chairman of Central Board of Indirect Taxes and Customs (CBIC)?
 (a) Muttoli Ajit Kumar
 (b) Sandeep Mohan Bhatnagar
 (c) Ashok Kumar Pandey
 (d) Raj Kumar Barthwal
264. The World Bank has recently signed a \$210 million loan agreement with the government of India to support smallholder farmers of which Indian state?
 (a) Madhya Pradesh
 (b) Jharkhand
 (c) Bihar
 (d) Maharashtra
265. Recently, RBI has issued the revised guidelines for MTT under the Foreign Exchange Management Act (FEMA), 1999. What does the letter 'M' stand for in the abbreviation MTT?
 (a) Market (b) Multi
 (c) Merchanting (d) Multiple
266. Who has been appointed as the Chief Executive of Indian Banks' Association in January 2020?
 (a) Rajesh Kumar Yaduvanshi
 (b) Lingam Venkata Prabhakar
 (c) Sunil Mehta
 (d) Agney Kumar Azad

ANSWER KEYS

1.	(a)	2.	(a)	3.	(b)	4.	(a)	5.	(c)
6.	(d)	7.	(a)	8.	(a)	9.	(c)	10.	(a)
11.	(c)	12.	(b)	13.	(b)	14.	(a)	15.	(d)
16.	(a)	17.	(c)	18.	(d)	19.	(a)	20.	(d)
21.	(a)	22.	(d)	23.	(b)	24.	(c)	25.	(b)
26.	(d)	27.	(b)	28.	(d)	29.	(a)	30.	(d)
31.	(c)	32.	(c)	33.	(d)	34.	(a)	35.	(b)
36.	(c)	37.	(a)	38.	(a)	39.	(b)	40.	(b)
41.	(c)	42.	(e)	43.	(c)	44.	(d)	45.	(c)
46.	(e)	47.	(c)	48.	(b)	49.	(d)	50.	(b)
51.	(e)	52.	(e)	53.	(e)	54.	(e)	55.	(b)
56.	(d)	57.	(b)	58.	(c)	59.	(c)	60.	(d)
61.	(e)	62.	(b)	63.	(e)	64.	(c)	65.	(b)
66.	(e)	67.	(e)	68.	(c)	69.	(d)	70.	(c)
71.	(e)	72.	(a)	73.	(d)	74.	(b)	75.	(e)
76.	(c)	77.	(a)	78.	(a)	79.	(e)	80.	(c)
81.	(b)	82.	(d)	83.	(e)	84.	(b)	85.	(a)
86.	(e)	87.	(c)	88.	(b)	89.	(d)	90.	(d)
91.	(b)	92.	(e)	93.	(a)	94.	(a)	95.	(b)
96.	(a)	97.	(b)	98.	(c)	99.	(a)	100.	(a)
101.	(e)	102.	(c)	103.	(b)	104.	(a)	105.	(d)
106.	(e)	107.	(d)	108.	(a)	109.	(b)	110.	(d)
111.	(a)	112.	(e)	113.	(b)	114.	(d)	115.	(b)
116.	(a)	117.	(e)	118.	(e)	119.	(a)	120.	(b)
121.	(a)	122.	(c)	123.	(e)	124.	(c)	125.	(d)
126.	(d)	127.	(a)	128.	(a)	129.	(d)	130.	(e)
131.	(a)	132.	(d)	133.	(e)	134.	(d)	135.	(c)
136.	(e)	137.	(d)	138.	(d)	139.	(e)	140.	(c)
141.	(b)	142.	(d)	143.	(c)	144.	(b)	145.	(c)
146.	(a)	147.	(c)	148.	(b)	149.	(d)	150.	(c)
151.	(d)	152.	(a)	153.	(b)	154.	(b)	155.	(b)
156.	(e)	157.	(c)	158.	(d)	159.	(d)	160.	(d)
161.	(e)	162.	(c)	163.	(e)	164.	(b)	165.	(e)
166.	(b)	167.	(d)	168.	(d)	169.	(e)	170.	(c)
171.	(d)	172.	(a)	173.	(b)	174.	(c)	175.	(c)
176.	(b)	177.	(c)	178.	(d)	179.	(b)	180.	(d)
181.	(c)	182.	(c)	183.	(c)	184.	(b)	185.	(d)
186.	(b)	187.	(e)	188.	(e)	189.	(a)	190.	(d)
191.	(e)	192.	(c)	193.	(d)	194.	(c)	195.	(b)

196.	(c)	197.	(c)	198.	(d)	199.	(a)	200.	(e)
201.	(b)	202.	(c)	203.	(a)	204.	(b)	205.	(c)
206.	(b)	207.	(d)	208.	(c)	209.	(e)	210.	(a)
211.	(e)	212.	(e)	213.	(c)	214.	(c)	215.	(d)
216.	(e)	217.	(c)	218.	(d)	219.	(c)	220.	(a)
221.	(b)	222.	(c)	223.	(b)	224.	(c)	225.	(c)
226.	(b)	227.	(e)	228.	(b)	229.	(d)	230.	(b)
231.	(b)	232.	(e)	233.	(b)	234.	(e)	235.	(b)
236.	(a)	237.	(c)	238.	(d)	239.	(c)	240.	(b)
241.	(c)	242.	(a)	243.	(a)	244.	(b)	245.	(a)
246.	(b)	247.	(a)	248.	(d)	249.	(b)	250.	(c)
251.	(b)	252.	(d)	253.	(b)	254.	(b)	255.	(d)
256.	(d)	257.	(b)	258.	(a)	259.	(b)	260.	(c)
261.	(b)	262.	(a)	263.	(a)	264.	(d)	265.	(c)
266.	(c)								